

Decision 98-07-080 July 23, 1998

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of IntraTel Group, Ltd. and North American Telephone Network, L.L.C., for Authority to Transfer the Stock of North American Telephone Network, L.L.C., an NDIEC Operating in California, to IntraTel Group, Ltd.

ORIGINAL

Application 98-04-012
(Filed April 9, 1998)

O P I N I O N

Summary

By this decision we grant the April 9, 1998, joint application of IntraTel Group, Ltd. (IntraTel) and North American Telephone Network, L.L.C. (NATN) seeking authority to transfer the stock of NATN to IntraTel through a subsidiary, IntraTel Acquisition/NATN Corporation.

Parties

IntraTel is a Delaware corporation having its principal place of business at 28050 U.S. Highway 19 North, Suite 202, Clearwater, Florida 34621. IntraTel does not operate as a public utility within the state of California or in any other state.

NATN is a Georgia limited liability company authorized to do business in California, having its principal place of business at 4151 Ashford Dunwoody Road, Suite 550, Atlanta, Georgia 30319. By Decision (D.) 96-08-008 issued August 2, 1996 (Application 96-04-045), NATN was granted a Certificate of Public Convenience and Necessity (CPCN) to act as a switchless reseller of intraLocal Access Transport Area (LATA) and interLATA telephone services in California, and was assigned corporate identification number U-5643-C.

In Resolution ALJ-176-2991, dated April 23, 1998, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. Given this status, public hearing is not necessary and it is not necessary to alter the preliminary determinations made in Resolution ALJ-176-2991.

The Transaction

Under an Agreement and Plan of Merger (Agreement) entered into February 27, 1998, a copy of which is attached to the application as Exhibit C, IntraTel will acquire, by virtue of the merger of NATN with and into IntraTel Acquisition/NATN Corporation, an acquisition subsidiary of IntraTel, one hundred percent (100%) of NATN's issued and outstanding equity membership interests from the individual members of NATN. As a result of this transaction, NATN will become a wholly owned subsidiary of IntraTel. Following the transfer, IntraTel Acquisition/NATN Corporation will change its name to North American Telephone Network, Inc. IntraTel does not desire to acquire the CPCN of NATN, and it is intended that NATN will continue to provide its authorized services under the name NATN, Inc. to customers in California pursuant to its tariffs currently on file with this Commission until it files new tariffs indicating the change in name from North American Telephone Network, L.L.C. to North American Telephone Network, Inc.

Management/Technical Personnel

As Exhibit G to the application, the applicants have provided information concerning IntraTel's management personnel. From a review of the information provided, it appears that the top managers of IntraTel have extensive training and experience in telecommunications and are well qualified to provide the management guidance required for this undertaking.

Financial Information

The parties have provided, as part of the application, Securities and Exchange Commission form 10-QSB for IntraTel for the quarter ended September 30, 1997 (Exhibit E), and various statements of operations for NATN for years ended 1996 and 1997 (Exhibit F). A review of this documentation indicates that IntraTel has sufficient cash or cash equivalents to meet the Commission's requirements for the type of transaction here involved. When coupled with the assets of NATN, the financial resources available to operate the enterprise are sufficient for our purposes.

Public Interest

Since NATN will continue to provide service at the same rates, terms, and conditions as before the merger, and will have access to the additional financial and managerial resources of IntraTel, the quality of service to NATN's current and future customers will likely be enhanced and competition will likely be increased, all of which is in the public interest.

Conclusion

Since service will continue to be provided by NATN to its customers at the same rates and under the same terms and conditions as provided under its current tariffs, under the ultimate direction of IntraTel's senior management, exercised through NATN's operating personnel, the transfer of control of NATN will be seamless and transparent to NATN's customers.

We will approve the acquisition of control of NATN by IntraTel.

Findings of Fact

1. This proceeding is classified as ratesetting.
2. No protest have been filed and no hearing is necessary.
3. The parties seek authority for IntraTel to acquire, by merger with an acquisition subsidiary of IntraTel, 100% of NATN's issued and outstanding

equity membership interests from the individual members of NATN, thus, making NATN a wholly owned subsidiary of IntraTel.

4. IntraTel will not acquire the CPCN currently held by NATN, and NATN will continue to provide, under the name North American Telephone Network, Inc., all services authorized by D.96-08-008.

5. IntraTel's management is experienced in telecommunications and is well qualified to provide the level of expertise required to operate NATN.

6. IntraTel has sufficient cash or cash equivalents to finance the operation undertaken.

7. NATN will retain corporate identification number U-5643-C.

8. Commission records should be amended to reflect the new name of the holder of corporate identification number U-5643-C as North American Telephone Network, Inc. rather than North American Telephone Network, L.L.C.

9. The transaction should be approved.

Conclusions of Law

1. No hearing on the application is necessary.

2. The transfer will be seamless and transparent to the customers of NATN.

3. NATN will continue to provide all services authorized by D.96-08-008 under the name North American Telephone Network, Inc., and corporate identification number, U-5643-C.

4. As a result of the transaction, no change will occur in the rates, terms, or conditions of service currently being provided by NATN.

5. NATN should retain its present corporate identification number, U-5643-C.

6. Commission records should be amended to reflect the name of the holder of corporate identification number U-5643-C as North American Telephone Network, Inc.

7. The application should be approved.

O R D E R

IT IS ORDERED that:

1. Transfer of 100% of the issued and outstanding membership interests of the individual members of North American Telephone Network (NATN) to IntraTel Group Ltd., (IntraTel), through its acquisition subsidiary, IntraTel Acquisition/NATN Corporation, is approved.

2. NATN shall continue to provide all services authorized by Decision 96-08-008 under the name North American Telephone Network, Inc. and under its tariffs currently on file with the Commission until it files new tariffs in its new name.

3. The registered holder of corporate identification number U-5643-C shall be reflected in Commission's records as North American Telephone Network, Inc.

4. Within 30 days following completion of the transfer, the parties shall notify the Commission of the name and address of the official custodian of the records of the transaction.

5. Within 30 days of the completion of the transfer, NATN shall file new tariffs in the name of North American Telephone Network, Inc.

6. Application 98-04-012 is closed.

This order is effective today.

Dated July 23, 1998, at San Francisco, California.

RICHARD A. BILAS
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners