

In the Matter of the Application of Excel)
Excel Operations, Inc., Telco Holdings, Inc.)
d/b/a Dial & Save and Long Distance)
Wholesale Club, Inc. For Approval of)
Pro Forma Reorganization and Assignment)
of License)

DOCKET NO. 99-2214-01

REPORT AND ORDER

ISSUED: May 5, 1999

SYNOPSIS

Approval of the proposed reorganization and transfer of authority appearing to be in the public interest, the Commission approved the same.

Appearances:

Pamela S. Arluk and
Elizabeth Dickerson

For

Joint Applicants

By the Commission:

PROCEDURAL HISTORY

On February 10, 1999, the joint applicants above named filed their application for approval of the transfer of operating authority. The matter was referred to the Division of Public Utilities, Utah Department of Commerce, for review, and that agency filed its memorandum supporting the application March 8, 1999. The matter appearing unlikely to engender any opposition, and no evidentiary hearing appearing to be necessary or helpful, we have determined to dispose of the matter without further proceedings. The Administrative Law Judge, having been fully advised in the matter, now enters the following Report, containing proposed findings of fact, conclusions of law, and the Order based thereon.

FINDINGS OF FACT

The following findings have been taken from DPU's memorandum.

1. Excel, a Delaware corporation, maintains its principal offices at 8750 North Central Expressway, Suite 2000, Dallas, Texas. It is a wholly-owned subsidiary of Excel Telephone, Inc., which, in turn, is a wholly-owned subsidiary of ExcelCom, Inc., which, in turn, is a wholly-owned subsidiary of Excel Communications, Inc. ("ECI").
2. Pursuant to a recent corporate merger, ECI became an indirect, wholly-owned subsidiary of Teleglobe, Inc. ("TI"), which is a Canadian corporation and is publicly traded on the New York Stock Exchange, the Toronto Stock Exchange and the Montreal Exchange. Excel is not currently authorized to provide telecommunications services in Utah. It will rely on the substantial financial resources of its parent companies, ECI and Teleglobe, to provide telecommunications services in Utah.

3. Telco and LDWC are Delaware corporations qualified to do business in the state of Utah. In Utah, Telco is authorized to provide resold local exchange telecommunications services pursuant to certification granted by the Commission on February 7, 1997, in Docket No. 96-2213-01. Additionally, Telco and LDWC offer interexchange services in Utah on a deregulated basis. Together, Telco and LDWC are authorized to provide resold long distance telecommunications services and/or local exchange telecommunications services in virtually every state, pursuant to certification, registration or tariff requirements, or on an unregulated basis.

4. Telco and LDWC will not provide telecommunications services to the public. Operating authority will be transferred directly from Telco and LDWC to Excel. Thus, upon completion of the reorganization, including the grant of this application, Telco and LDWC will cease to exist, and Excel Operations will be certificated to provide telecommunications services throughout the United States, including in the state of Utah.

5. The Applicants propose to consummate the proposed reorganization by March 31, 1999, subject to the approvals of the Federal Communications Commission and various state authorities and other customary conditions. The creation of Excel and the transfer of the operating authority from Telco and LDWC to Excel will be made in a seamless fashion that will be transparent to consumers and will not in any way inconvenience or have a negative effect on the service provided to the customers of Telco and LDWC. Customers will be able to purchase the same services from Excel that they currently purchase from Telco and LDWC. In addition, upon consummation of the reorganization, Excel will maintain a tariff that duplicates the service offerings, rates, terms and conditions as filed in the current tariffs of Telco and LDWC. Thus, the former customers of Telco and LDWC will continue to receive the same services that they presently receive at the same rates.

6. The reorganization will not effect a change in officers and directors, nor will there be a change in management, operations or service quality provided to customers. In short, after regulatory approval for the reorganization has been obtained and the certificates of Telco and LDWC have been assigned to Excel, there will be no change in the manner in which service is provided to the public. Managerial and technical ability, which was investigated with Telco's original CLEC application is, therefore, unaffected by this reorganization.

7. TI's financial statements reflect strong earnings, with net income increasing consistently from \$62.8 million in 1993 to \$150.9 million in 1997. Shareholders' equity also consistently increased from \$623.2 million in 1993 to \$1,066.7 million in 1997.

8. Consolidation of Telco and LDWC operations will allow the Company to realize maximum efficiency as well as significant cost savings. Enhanced efficiency and improved financial viability will not only ensure the continued provision of quality and innovative telecommunications services to the existing customers of Telco and LDWC, but also will allow the Company to accelerate its growth as a competitive telecommunications service provider.

CONCLUSIONS OF LAW

The proposed reorganization appears to be in the public interest; accordingly, the application should be granted and the operating authority of Telco Holdings, Inc., dba Dial & Save, should be transferred to Excel Operations, Inc.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

Effective the date of this Order, Certificate of Convenience and Necessity No. 2214 be, and it is, transferred to EXCEL OPERATIONS, INC., and that the records of the Commission be amended accordingly.

Any person aggrieved by this Order may petition the Commission for review within 20 days of the date of this Order. Failure so to do will forfeit the right to appeal to the Utah Supreme Court.

DATED at Salt Lake City, Utah, this 5th day of May, 1999.

/s/ A. Robert Thurman

Administrative Law Judge

Approved and Confirmed this 5th day of May, 1999, as the Report and Order of the Public Service Commission of Utah.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary