

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION FOR APPROVAL OF )  
CORPORATE REORGANIZATION OF EXCEL ) CASE NO. 96-105  
TELECOMMUNICATIONS, INC. )

O R D E R

On March 7, 1996, Excel Telecommunications, Inc. ("Excel") filed an application requesting Commission approval to authorize a reorganization of its corporate structure to create a parent holding company and two tiers of subsidiary companies.

Excel, a Texas corporation, was granted a Certificate of Public Convenience and Necessity to resell telecommunications services within Kentucky in Case No. 89-359.<sup>1</sup>

This application has been filed pursuant to KRS 278.020(4) and (5) and KRS 278.300.<sup>2</sup> KRS 278.020(4) provides that no person shall acquire or transfer ownership or control, or the right to control, any utility under the jurisdiction of the Commission without prior

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<sup>1</sup> Case No. 89-359, The Application of Excel Telecommunications, Inc. for a Certificate of Public Convenience and Necessity to Transact the Business of a Reseller of Telecommunications Services Within the State of Kentucky, Final Order dated May 29, 1990.

<sup>2</sup> Though Excel cites KRS 278.300, which requires prior Commission approval for issuance of evidences of indebtedness, the application does not specify any issuance and accordingly approval pursuant to this statute is unnecessary.

approval of the Commission. KRS 278.020(5) prohibits any person or entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval. Pursuant to KRS 278.020(6)(b), subsection (5) is not applicable to transfer of a utility when, as here, the acquirer is under common control with the utility. Consequently, subsection (5) does not apply. However, KRS 278.020(4) contains no exception for corporate reorganizations and Commission approval of this transaction is necessary.

The applicant represents that there will be no impairment or interruption of service to Kentucky subscribers as a result of this transaction since Excel will continue to offer service to the public under the rates, terms and conditions of service set forth in its approved tariff on file with the Commission. The reorganization will be transparent to Excel subscribers which shall continue to receive the same quality of service presently provided by Excel.

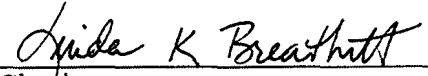
The corporate restructure involves a series of steps, including the creation of a holding company, Excel Communications, Inc., and a series of business subsidiaries. The entity operating in Kentucky will be a second-tier and wholly-owned subsidiary of the new parent holding company. Excel's officers and directors will remain unchanged.

The Commission finds that the information of record in this case filed by Excel demonstrates that it has the financial, technical, and managerial abilities to continue providing reasonable service in Kentucky. Consequently, the corporate reorganization should be approved.

IT IS THEREFORE ORDERED that the corporate reorganization of Excel is approved.

Done at Frankfort, Kentucky, this 6th day of May, 1996.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director