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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 22nd
day of December, 1998.

In the Matter of Davel Communications)	
Group, Inc. And Peoples Telephone)	<u>Case No. TM-99-205</u>
Company, Inc. For Approval of Merger)	
and Transfer of Control.)	

ORDER APPROVING MERGER

On November 6, 1998, Davel Communications Group, Inc. (Old Davel) and Peoples Telephone Company, Inc. (Peoples) filed an application with the Commission requesting an order approving the merger of the companies and transfer of control from Peoples to Old Davel. The applicants also filed a Motion for Expedited Consideration of Application on November 12 requesting the Commission expedite its order granting approval of the merger and transfer of control to be effective no later than December 10.

In its application for approval of merger and transfer of control, the applicants stated that Old Davel is an Illinois corporation located at 1429 Massaro Boulevard, Tampa, Florida 33619. Further, the application stated that Old Davel is the owner of two wholly-owned subsidiaries, Telaleasing Enterprises, Inc. (TEI) and Communications Central of Georgia (CCG)¹. TEI is an Illinois corporation which provides

¹ The Application also refers to "CCI", Communications Central, Inc. CCI appears to be another wholly owned subsidiary of Old Davel that provides pay phone service in states other than Missouri.

pay telephone service at various locations in 36 states and the District of Columbia. CCG is a Georgia corporation which provides pay telephone service at least in Missouri. Both subsidiaries are headquartered at the same address as Old Davel in Tampa, Florida. TEI received authority to provide private pay telephone service in Missouri on December 13, 1988, by order of the Commission in Case No. TA-89-82. The application stated that TEI also received authority to provide competitive intrastate interexchange telecommunications service in Missouri on May 11, 1994, in Case No. TA-94-256. TEI presently operates approximately 173 pay telephones in Missouri. The applicants stated that CCG received authority to provide private pay telephone service in Missouri on December 29, 1994, by order of the Commission in Case No. TA-94-347. CCG presently operates approximately 106 pay telephones in Missouri.

The applicants stated that Peoples is a New York corporation with its principal address at 2300 Northwest 89th Place, Miami, Florida 33172. The applicants also stated that Peoples received authority to provide pay telephone service in Missouri on May 22, 1990, by order of the Commission in Case No. TA-90-234. The applicants stated that Peoples provides pay telephone service at various locations in 39 states and the District of Columbia. Peoples currently operates approximately 87 pay telephones in Missouri.

The applicants have entered into an agreement whereby Peoples and Old Davel will become 100 percent indirect subsidiaries of a newly formed holding company (New Davel) pending consummation of the transaction described in the application. The applicants stated that, upon

completion of the merger, each of the existing companies, including TEI, CCI [sic] and Peoples, will continue to provide pay telephone service and interexchange service pursuant to their existing certificates. The application stated that the mergers will result in a change of ownership only and will have no adverse effect on the customers in Missouri.

The applicants stated that the proposed transaction is favorable to public interest because the Davel/Peoples enterprise will produce significant operational, financial and marketing advantages, and operating efficiencies for TEI, CCI [sic] and Peoples. The application also stated that economies of scale will allow these companies to continue to provide high quality services to their existing and prospective customers, and compete effectively in the pay telephone service market in Missouri. The application further stated that the principals and senior management personnel of the applicants have broad-based technical and managerial experience in pay telephone service provider operations as well as in related enterprises. The application stated that, upon consummation of the merger, applicants will continue operating under their current names and approved tariffs. No certificate holder name will change and this merger will not in any way disrupt service or cause inconvenience or confusion to the applicants' customers and the applicants will continue to provide high quality and affordable telecommunications services to the public.

The application stated that none of the applicants have pending or final decisions or judgments against them from the Missouri Public Service Commission or any other state or federal agency involving service

to customers or rate charges, except as listed on Exhibit A attached to the application and incorporated by reference. Exhibit A lists one pending Louisiana State proceeding against TEI and Communications Central, Inc. (CCI) alleging violations of payphone regulations and four pending dockets in a Louisiana State proceeding against Peoples for alleged violations of payphone regulations. The applicant also disclosed five closed proceedings against TEI and Peoples. The one closed docket against TEI was a Florida rate complaint which was settled. The four closed dockets against Peoples included two rate complaints, one each in Louisiana and Minnesota, and two violations of payphone regulations, one each in Michigan and North Carolina. These four items are shown only as closed dockets with no reference to resolution.

The applicants requested expedited consideration and approval of their application by December 10. In addition, the applicants stated that they waive the traditional ten-day effective date, and request the Commission's order be effective on the date issued.

On December 10, the Staff of the Commission (Staff) filed its memorandum recommending that the request for approval of merger and transfer of control filed by Old Davel and Peoples be approved. Staff confirmed that none of the companies involved have pending or final decisions or judgments against them from any state or federal agency involving service to customers or rate charges, except as listed on Exhibit A attached to the application. No specific information regarding the complaints listed on Exhibit A was provided.

Concerned about the past and current complaints listed on Exhibit A attached to the application, on December 17 the Commission issued its Order Directing Staff to File a Report. The Commission ordered Staff to review the pending and closed complaints and submit a report of the nature and disposition of the closed and pending complaint listed on Exhibit A. Old Davel was ordered to cooperate with Staff by providing a copy of the listed complaints.

On December 18, Staff filed its Motion to Submit Report providing the Commission with a summary of the complaints filed in other states. Staff stated that it continues to recommend the Commission issue its order approving the merger requested. There are no complaints against these companies who currently do business in Missouri under the certificates of service authority issued to them by the Commission.

The Commission has reviewed the application, Staff's recommendation and Staff's report concerning the complaints referred to in Exhibit A. The Commission finds that the proposed merger will have no adverse impact on the Missouri customers of Old Davel or Peoples. Therefore, the Commission finds that the transaction is not detrimental to the public interest and should be approved.

IT IS THEREFORE ORDERED:

1. That the joint application filed by Davel Communications Group, Inc. and Peoples Telephone Company, Inc. on November 6, 1998 is approved.

2. That Davel Communications Group, Inc. shall file notification and other appropriate pleadings with the Commission no later than

ten days after the closing date of the transaction authorized by this order.

3. That upon request of the Applicants, the ten day effective date is waived and this order shall become effective on December 22, 1998.

BY THE COMMISSION



~~Dale Hardy Roberts~~

Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Murray and Schemenauer, CC., concur.
Crumpton, C., dissents.
Drainer, C., absent.

Register, Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION