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8-11-16
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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of Inmate Calling Solutions, LLC dba ICSolutions (U6813C) and TKC Holdings, Inc. For Approval of an Indirect Transfer of Control of Inmate Calling Solutions, LC dba ICSolutions to TKC Holdings, Inc., Pursuant to California Public Utility Code Section 854.

Application 16-06-015
(Filed June 29, 2016)

ADMINISTRATIVE LAW JUDGE'S RULING REQUIRING APPLICANT TO FILE A RESPONSE TO INFORMATION REQUEST WITHIN 15 DAYS

On June 29, 2016, TKC Holdings, Inc., a Delaware corporation (Buyer) and Inmate Calling Solutions, LLC, a California limited liability company, dba ICSolutions (ICS) filed this Joint Application to Authorize the Transfer of Indirect Control of ICS to Buyer, pursuant to the Member Interest Purchase Agreement (Agreement) as described in the application.

Upon review of Buyer's and ICS's joint application, the Commission requires additional information regarding the Buyer in order to process this application. Since Buyer is a new applicant, Buyer must "possess the requisite managerial qualifications, financial resources, and technical competence to provide local and interexchange telecommunications services." Please provide the professional official biographies of the Buyer that indicate their respective managerial qualifications and technical competence.

As to Buyer's financial resources, Buyer must show that it has \$100,000 (or \$25,000 if only resale) that is reasonably liquid and available to meet its' first-year

expenses, including deposits required by local exchange carriers or interexchange carriers or has profitable interstate operations to generate the required cash flow.

Pursuant to Decision (D.) 14-11-004, applicants who have profitable interstate operations may meet the minimum financial requirement by submitting an audited balance sheet and income statement demonstrating sufficient cash flow. However, new applicants are permitted to use any of the following financial instruments to satisfy the applicable unencumbered cash requirements established by D.14-11-004:

- a. Cash or cash equivalent, including cashier's check, sight draft, performance bond proceeds, or traveler's checks;
- b. Certificate of deposit or other liquid deposit, with a reputable bank or other financial institution;
- c. Preferred stock proceeds or other corporate shareholder equity, provided that use is restricted to maintenance of working capital for a period of at least twelve (12) months beyond certification of the applicant by the Commission;
- d. Letter of credit, issued by a reputable bank or other financial institution, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission;
- e. Line of credit or other loan, issued by a reputable bank or other financial institution, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission, and payable on an interest-only basis for the same period;
- f. Loan, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission, and payable on an interest-only basis for the same period;

- g. Guarantee, issued by a corporation, copartnership, or other person or association, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission; and
- h. Guarantee, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond the certification of the applicant by the Commission.

On the top of page 2 of the Joint Application, reference is made to “H.I.G. Capital, LLC, as described in Exhibit E.” Please explain or highlight where within the pre or post-closing ownership structures (Exhibit E, pages 1-4) H.I.G. Capital, LLC is found?

If there are questions regarding the required information, Applicant may contact the assigned Administrative Law Judge, John A. Mikita, at (415) 703-3386 or John.Mikita@cpuc.ca.gov.

IT IS RULED that Applicant must provide within 15 days of the date of this Ruling: i) Professional Biographies of Buyer’s Key Management Personnel; ii) Proof of Buyer’s financial resources as indicated above; iii) an explanation of H.I.G. Capital, LLC, as indicated above; iv) a Description of the Buyer’s lines of businesses; and v) list and describe any fines, penalties, or other sanctions against the Buyer, Seller, their officers, or controlling or major shareholders, or managing members.

Dated August 11, 2016, at San Francisco, California.

/s/ JOHN A. MIKITA
John A. Mikita
Administrative Law Judge