

Decision 09-06-024 June 18, 2009

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Telenational Communications, Inc.  
(U6666C), Rapid Link, Incorporated, and for  
Apex Acquisitions, Inc., for Authority to Transfer  
Control of Telenational Communications, Inc.

Application 09-02-021  
(Filed February 25, 2009)

**DECISION APPROVING TRANSFER  
OF CONTROL AND IMPOSING A FINE**

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## **DECISION APPROVING TRANSFER OF CONTROL AND IMPOSING A FINE**

### **1. Summary**

This decision grants the joint application of Telenational Communications, Inc. (Telenational). Rapid Link, Incorporated (Rapid Link) and for Apex Acquisitions, Inc., (Apex), collectively Applicants, for approval of a May 3, 2006 transaction in which Rapid Link acquired 100% of the ownership of Telenational (Joint Application), pursuant to Sections 852 and 854.<sup>1</sup>

The approval is prospective in nature. Also, we impose a fine of \$1,000 for failure to obtain advance approval of the transfer.

### **2. Parties to the Transaction**

Telenational is a Delaware corporation with its principal place of business located in Omaha, Nebraska. By Decision (D.) 02-06-001, Telenational was granted a Certificate of Public Convenience and Necessity (CPCN) to provide inter- and intra-Local Access and Transport Area services. Rapid Link is a Delaware corporation with its principal place of business at the same address as Telenational in Omaha, Nebraska. Rapid Link was formerly known as Dial-Thru International Corporation in 1997 and changed its name in 2005 after purchasing the rights thereto.<sup>2</sup> It provides bundled internet and voice services to business and residential customers both domestically and internationally. Apex is also a Delaware corporation and has its principal place of business in Breckenridge, Colorado. Apex was the sole shareholder of Telenational prior to

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<sup>1</sup> All Code references are to the Public Utilities Code, unless otherwise stated.

the May 3, 2006 Stock Purchase Agreement between Apex and Rapid Link, and owns the commercial building housing the principal offices of both Rapid Link and Telenational. Neither Apex nor Rapid Link or any of Rapid Link's affiliates are authorized to provide communications services in California, and none are authorized to conduct business in California.

### **3. The Transaction**

On or about May 3, 2006, Rapid Link and Apex executed a Stock Purchase Agreement<sup>3</sup> (Agreement) whereby Rapid Link acquired all of the issued and outstanding stock of Telenational from Apex. As a result, Telenational became a wholly-owned subsidiary of Rapid Link. The Agreement did not involve the transfer of any operating authority, assets, or customers of Telenational.

Applicants failed to obtain prior approval from the Commission for Rapid Link's acquisition of ownership and control of Telenational. However, they represent that there were no changes in rates, terms or conditions of service as a result of the transfer, and Telenational continues to operate under the same name. They further represent that the transaction brought administrative efficiencies from co-location of principal offices in Omaha, expertise in serving military personnel, an ability to provide "premier"<sup>4</sup> Voice Over Internet Phone (VoIP) services in niche markets, a better slate of products, and "synergies" between Rapid Link and Telenational.

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<sup>2</sup> In 2001, Dial-Thru International Corporation purchased the assets of Rapid Link USA, Inc. including rights to the name, and later changed its name to Rapid Link, Incorporated.

<sup>3</sup> A copy of the Stock Purchase Agreement was provided as Exhibit E to the Application.

<sup>4</sup> Joint Application at 7.

#### **4. Review of Joint Application**

On March 23, 2009, assigned Administrative Law Judge (ALJ) Darling submitted questions to Applicants seeking clarification about Telenational's past filing omissions in other states, whether any principals of Rapid Link USA, Inc.<sup>5</sup> were principals of Rapid Link, and if safeguards existed to protect the financial position of Telenational from the potentially adverse position of its other affiliates. On March 27, 2009, Applicants filed a response that attributed prior regulatory filing omissions to ineffective outsourced help, which has been corrected by new review procedures and retention of local counsel. Applicants denied any relationship between principals of Rapid Link and Rapid Link USA, Inc. and eventually provided documentation<sup>6</sup> to support their claim that there was no overlap of principals at the time Dial-Thru International Corporation acquired the assets of debtor-in-possession Rapid Link USA, Inc. pursuant to bankruptcy court approval. Applicants also stated that Telenational is adequately protected financially by its form as a separate and distinct entity within the group.

No protest to the Joint Application has been filed. However, a "Response" was filed on April 3, 2009 by Golden State Cellular, CalTel Connections, Inc. Sierra Tel Internet, and Volcano Internet Provider (collectively Golden State Consortium, or "GSC"). GSC explicitly did not protest the Joint Application but conveyed information it thought the Commission might consider relevant to its

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<sup>5</sup> The Certificate of Public Convenience and Necessity (CPCN) for Rapid Link USA, Inc. was revoked in 2004 by the Commission in Resolution T-16892 for failure to remit surcharges collected from customers.

<sup>6</sup> Declaration of John Jenkins, Attachment A (Bankruptcy Court Order) and Attachment B (8-K Excerpt).

review of the Joint Application. Specifically, GSC re-iterated the question about any relationship between Rapid Link and Rapid Link USA, Inc., identified Eric Shippam as an undisclosed part of Rapid Link's executive management, and attached some hearsay materials that suggest charges of consumer fraud have been made against him. Shippam is not identified in the Joint Application as a Rapid Link Principal.

On April 8, 2009, Applicants filed a Reply in which they deny Shippam is, or was, a principal of Rapid Link, and assert Shippam was employed for one year (ending in October 2008) to assist Rapid Link with integration of assets it acquired from two internet-related companies Shippam owned. Applicants claim they have severed the remaining "informal" relationship with Shippam and also re-state the lack of association between Rapid Link and Rapid Link USA, Inc. ALJ Darling requested a sworn reply from Applicants in the form of a declaration by a Rapid Link principal relating to the questions raised. On May 8, Applicants filed a Declaration of John Jenkins (Declaration), Chairman of the Board of Rapid Link, in which he affirmed that Shippam is not currently associated with or employed by Rapid Link or any of its affiliated companies, nor owns 10% or more of any of the affiliated companies. Jenkins also affirmed that Rapid Link acquired the assets of Rapid Link USA in a bankruptcy auction and provided a description of the types of inter-affiliate transactions that occur between Telenational, Rapid Link, and/or other affiliates.

## **5. Discussion**

### **5.1. Whether to Approve the Application**

Pub. Util. Code § 854(a) states that no person or corporation shall acquire control of any public utility organized and doing business in this state

without first securing authorization to do so from the Commission, and any such acquisition without that prior authorization shall be void and of no effect.<sup>7</sup>

The Commission has broad discretion to determine if it is in the public interest to authorize a transaction pursuant to § 854(a).<sup>8</sup> The primary standard used by the Commission to determine if a transaction should be authorized under § 854(a) is whether the transaction will adversely affect the public interest.<sup>9</sup> The Commission may also consider if the transaction will serve the public interest.<sup>10</sup> Where necessary and appropriate, the Commission may attach conditions to a transaction in order to protect and promote the public interest.<sup>11</sup>

In a situation where a company that does not possess a CPCN desires to acquire control of a company that does possess a CPCN, we apply the same requirements as in the case of an applicant seeking a CPCN to exercise the type of authority held by the company being acquired. Since Telenational possesses a CPCN to provide resold intra- and inter-Local Access and Transport Area services within California, we will apply the requirements for such authority to Rapid Link.

The Commission has established two major criteria for determining whether a CPCN should be granted. An applicant who desires to resell local exchange services and/or interexchange services must demonstrate that it has a minimum of \$25,000 in cash or cash equivalent, reasonably liquid and readily

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<sup>7</sup> All references are to the Public Utilities Code unless otherwise specified.

<sup>8</sup> D.95-10-045.

<sup>9</sup> D.00-06-079.

<sup>10</sup> D.00-06-005.

<sup>11</sup> D.02-12-068.

available to show minimum financial viability. In addition, the applicant is required to make a reasonable showing of technical expertise in telecommunications or a related business.

Applicants provided a copy of audited consolidated financial statements from Rapid Link and its affiliated companies that demonstrate that Rapid Link controls sufficient resources to meet our financial requirements. However, the financial statements provided were consolidated for the corporate family and it appears Telenational may be in a better financial position than Rapid Link or one or more of the affiliates.

Background information provided by Applicants on Rapid Link's management is sufficient to satisfy our requirement for technical expertise. Applicants also represented that no one associated with or employed by Rapid Link as an affiliate, officer, director, partner, or owner of more than 10% of Applicants was previously associated with any telecommunication carrier that filed for bankruptcy, or has been found either civilly or criminally liable by a court of appropriate jurisdiction for a violation of § 17000, et seq. of the California Business and Professions Code, or for any actions which involved misrepresentations to consumers, nor is currently under investigation for similar violations. We found no evidence to the contrary. Based on this record, we find that Rapid Link meets the minimum criteria for a CPCN to be granted for purposes of approving the transfer of ownership.

In addition to satisfying the above requirements, there were no changes to Telenational's rates, terms or conditions of service as a result of the transaction. Thus, Telenational's customers and the public were not harmed by the transfer of control. The public may benefit from the transfer of control to the extent the transaction enhances Telenational's ability to offer other



communications services to its customers such as VoIP. Also, there were no protests to the application.

For all of the above reasons, we find that the transaction is not adverse to the public interest, and conclude that it is reasonable to grant the application to the extent it requests prospective authority under § 854(a) for the transfer of control of Telenational. However, we have some concern about Telenational maintaining adequate capital to fulfill all of its public utility service obligations. The Declaration disclosed that there are affiliate transactions between Telenational and the Rapid Link companies. We are also concerned about several instances where Telenational did not timely or completely file compliance reports in California and other states. Based on the total facts and circumstances presented, we approve the transfer of ownership of Telenational from Apex to Rapid Link but caution that Rapid Link and its affiliates should take no action that would impair Telenational's ability to fulfill its public utility obligation to serve or operate in a prudent and efficient manner. Therefore, we will require Telenational to submit to the Commission, along with the 2009 and 2010 Annual Report, a summary of all transactions between Telenational and Rapid Link, and/or its other affiliates during the same period covered by the Annual Reports, including inter-affiliate loans and cash transfers.

The purpose of § 854(a) is to enable the Commission to review a proposed acquisition before it takes place in order to take such action as the public interest may require.<sup>12</sup> Granting the application on a retroactive basis would thwart the purpose of § 854(a). Therefore, we deny it to the extent it

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<sup>12</sup> D.99-02-061.

requests retroactive authority under § 854(a) for the transfer of control. Since we do not grant retroactive authority, the transfer of control is void under § 854(a) for the period of time prior to the effective date of this decision. The applicants are at risk for any adverse consequences that may result from having implemented the transfer of control without Commission authority.

**5.2. Whether to Impose a Fine  
for a Violation of Section 854(a)**

Applicants failed to comply with § 854(a) by effectuating the transfer of control without Commission authorization. Violations of § 854(a) are subject to monetary penalties under § 2107 which states that any public utility which violates or fails to comply with any provision of the Constitution of this state, or which fails or neglects to comply with any part or provision of any order, decision, decree, rule, direction, demand, or requirement of the Commission, in a case in which a penalty has not otherwise been provided, is subject to a penalty of not less than five hundred dollars, nor more than twenty thousand dollars for each offense.

For the following reasons, we conclude that Telenational should be fined for its failure to comply with § 854(a).<sup>13</sup> First, any violation of § 854(a), regardless of the circumstances, is a serious offense that should be subject to fines. Second, the imposition of a fine will help to deter future violations of § 854(a) by Telenational and others.

To determine the size of the fine, we shall rely on the criteria adopted by the Commission in D.98-12-075 as discussed below.

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<sup>13</sup> Since Telenational is the regulated entity, and a wholly-owned subsidiary of Rapid Link, the fine will be imposed on Telenational.

### 5.2.1. Severity of the Offense

In D.98-12-075, the Commission held that the size of a fine should be proportionate to the severity of the offense. To determine the severity of the offense, the Commission stated that it would consider the following factors:<sup>14</sup>

**Physical harm:** The most severe violations are those that cause physical harm to people or property, with violations that threatened such harm closely following.

**Economic harm:** The severity of a violation increases with (i) the level of costs imposed upon the victims of the violation, and (ii) the unlawful benefits gained by the public utility. Generally, the greater of these two amounts will be used in setting the fine. The fact that economic harm may be hard to quantify does not diminish the severity of the offense or the need for sanctions.

**Harm to the Regulatory Process:** A high level of severity will be accorded to violations of statutory or Commission directives, including violations of reporting or compliance requirements.

**The number and scope of the violations:** A single violation is less severe than multiple offenses. A widespread violation that affects a large number of consumers is a more severe offense than one that is limited in scope.

Applicants' violation of § 854(a) did not cause any physical or economic harm to others. In addition, there is no evidence that Applicants significantly benefited from their unlawful conduct, or that their actions adversely affected consumers. The only factor that indicates the violation should be considered a serious offense is our general policy of according a high level of

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<sup>14</sup> 1998 Cal. PUC LEXIS 1016 at 71-73.

severity to any violation of the Pub. Util. Code. However, this factor must be weighed against the other factors indicating that Applicants' failure to comply with § 854(a) was not an egregious offense.

### **5.2.2. Conduct of the Utility**

In D.98-12-075, the Commission held that the size of a fine should reflect the conduct of the utility. When assessing the conduct of the utility, the Commission stated that it would consider the following factors:<sup>15</sup>

**The Utility's Action to Prevent a Violation:** Utilities are expected to take reasonable steps to ensure compliance with applicable laws and regulations. The utility's past record of compliance may be considered in assessing any penalty.

**The Utility's Actions to Detect a Violation:** Utilities are expected to diligently monitor their activities. Deliberate, as opposed to inadvertent wrongdoing, will be considered an aggravating factor. The level and extent of management's involvement in or tolerance of, the offense will be considered in determining the amount of any penalty.

**The Utility's Actions to Disclose and Rectify a Violation:** Utilities are expected to promptly bring a violation to the Commission's attention. What constitutes "prompt" will depend on circumstances. Steps taken by a utility to promptly and cooperatively report and correct violations may be considered in assessing any penalty.

Applicants did not take reasonable steps to comply with § 854(a) because they did not file this application before the transaction took effect. They did not allow for the customary 30-day comment period on the application, or

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<sup>15</sup> 1998 Cal. PUC LEXIS 1016, \*73-\*75.

for any comments on a draft order before the transfer of control took effect. Applicants should have given the Commission prior notice by filing the application prior to implementation of the transaction. This would have allowed the Commission to consider the transaction on an expedited basis prior to its execution.

Applicants represent that they did not intend to violate § 854(a), and that the violation was the result of ignorance of the law by management and their counsel. We are not persuaded the mistake was wholly inadvertent. In September 2001, Apex and Telenational filed a joint application to the Nebraska Public Service Commission<sup>16</sup> seeking authority to transfer ownership and control of Telenational to Apex. Thus, Telenational knew that a change of ownership was the type of activity that could require approval by state regulatory authorities when it chose not to file a similar application in California, or any state that we could identify, four years later upon the occurrence of another change of ownership. Moreover, after the Agreement was executed and the transfer occurred, Telenational filed two annual reports with the Commission, for 2006 and for 2007, in which it failed to identify any affiliated companies, instead marking “N/A.”

Applicants explain Telenational’s failure to previously apply for a CPCN and to disclose affiliated entities in its 2006 and 2007 annual reports as a result of mistakes by an outside firm hired for regulatory compliance. However, we note that Christopher Canfield signed the erroneous 2007 annual report for Telenational while he was CEO of Rapid Link in April 2008. Furthermore, the

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<sup>16</sup> 2001 Neb. PUC LEXIS 296 (October 16, 2001).

Joint Application was not filed until after Rapid Link submitted an application to the Commission for certain grant funds relating to broadband services and was advised its ownership of Telenational had not been approved.

Applicants are responsible for their actions, including the actions or inactions of persons in its employ. Applicants state they will take the necessary steps to ensure complete compliance in the future. In particular, Applicants hired a different contractor for regulatory compliance and have said they will provide more oversight to required filings. This is appropriate action. Since the application was ultimately filed, the violation is not an egregious offense and a smaller fine will be applied.

### **5.2.3. Financial Resources Available to Telenational**

In D.98-12-075, the Commission held that the size of a fine should reflect the financial resources of the utility. When assessing the financial resources of the utility, the Commission stated that it would consider the following factors:<sup>17</sup>

**Need for Deterrence:** Fines should be set at a level that deters future violations. Effective deterrence requires that the Commission recognize the financial resources of the utility in setting a fine.

**Constitutional limitations on excessive fines:** The Commission will adjust the size of fines to achieve the objective of deterrence, without becoming excessive, based on each utility's financial resources.

Applicants provided financial information for Rapid Link and its affiliates, including Telenational, under seal. We will weigh this information when setting the amount of the fine.

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<sup>17</sup> 1998 Cal. PUC LEXIS 1016 at 75-76.

#### **5.2.4. Totality of the Circumstances**

In D.98-12-075, the Commission held that a fine should be tailored to the unique facts of each case. When assessing the unique facts of each case, the Commission stated that it would consider the following factors:<sup>18</sup>

**The degree of wrongdoing:** The Commission will review facts that tend to mitigate the degree of wrongdoing as well as facts that exacerbate the wrongdoing.

**The public interest:** In all cases, the harm will be evaluated from the perspective of the public interest.

Applicants represent that no one was harmed by the failure to comply with § 854(a) and Applicants do not appear to have materially benefited from their unlawful conduct. We have no evidence to the contrary and these facts indicate that the public interest was not significantly harmed by the violation of § 854(a). In setting the fine, we will consider the relatively small harm to the public interest from this violation.

#### **5.2.5. The Role of Precedent**

In D.98-12-075, the Commission held that any decision which imposes a fine should (1) address previous decisions that involve reasonably comparable factual circumstances, and (2) explain any substantial differences in outcome.<sup>19</sup>

In D.00-09-035, we held that our precedent of meting out lenient treatment to those who violate § 854(a) had failed to deter additional violations; and we indicated that henceforth we would impose fines in order to deter future

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<sup>18</sup> 1998 Cal. PUC LEXIS 1016 at 76.

<sup>19</sup> 1998 Cal. PUC LEXIS 1016 at 77.

violations of § 854(a). In both D.04-01-039 and D.06-01-003, the Commission fined telecommunications carriers \$500 for failure to obtain advance approval under § 854(a) for transfers of control. In this proceeding, Applicants' balance sheets and profit and loss statements show that their combined revenues, assets and equities are not far different from those of the of the Applicants in above cases. Therefore, based on a higher degree of carelessness in failing to file timely, we will impose a fine of \$1000.

#### **5.2.6. Conclusion**

We conclude, based on the facts of this case, that Telenational should be fined \$1000 for violating § 854(a). The fine is meant to deter future violations of § 854(a) by Applicants and others. The size of the fine we impose today is tailored to the unique facts and circumstances before us in this proceeding. We may impose larger or smaller fines in other proceedings if the facts so warrant.

#### **6. Request to File Under Seal**

Applicants request that the information filed with the application be kept under seal. The information consists of audited consolidated financial statements for Rapid Link and its affiliates including Telenational. Applicants represent that the information is proprietary and sensitive. The information, if revealed, would place Applicants at an unfair business disadvantage, and/or reveal information about specific customers. We have granted similar requests in the past and will do so here.

#### **7. Categorization and Need for Hearing**

In Resolution ALJ 176-3230 dated March 12, 2009, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. There is no apparent reason why the application should not be granted. Given



these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

### **8. Comments on Proposed Decision**

This is an uncontested matter in which the decision grants the relief requested. However, we have imposed a fine and, accordingly, the proposed decision of the ALJ in this matter was mailed to the Joint Applicants in accordance with Pub. Util. Code § 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. No comments were filed.

### **9. Assignment of Proceeding**

Rochelle B. Chong is the assigned Commissioner and Melanie M. Darling is the assigned administrative law judge in this proceeding.

### **Findings of Fact**

1. By D.02-06-001, Telenational was granted a CPCN to resell inter- and intra-local access and transport area services.
2. There were no changes in Telenational's terms or conditions of service as a result of the transfer of the ownership.
3. The transfer will enhance Telenational's ability to provide a wider range of communications services to its customers.
4. Rapid Link satisfies the Commission's minimum financial and technical requirements.
5. The public may benefit from Telenational's acquisition by Rapid Link to the extent the transaction enhances its ability to compete due to increased customer options.

6. The financial integrity of Telenational should be protected to ensure that Telenational remains capable of serving its customers in compliance with California law and Commission policy.

7. The Applicants did not file the application before the transaction took place.

8. There were no protests to the application.

9. Applicants' violation of § 854(a) did not cause any physical or economic harm to others, and there is no evidence that Applicants significantly benefited from their unlawful conduct or that their actions adversely affected consumers.

10. In both D.04-01-039 and D.06-01-003, the Commission fined telecommunications carriers \$500 for failure to obtain advance approval under § 854(a) for transfers of control.

11. Applicants' balance sheets and profit and loss statements show that their combined revenues, assets and equities are in the range of those of the applicants fined in D.04-01-039 and D.06-01-003.

12. Public disclosure of the information filed under seal would place Applicants at an unfair business disadvantage or reveal information about specific customers.

13. Notice of this application appeared on the Commission's Daily Calendar on March 4, 2009.

14. No hearings are necessary.

### **Conclusions of Law**

1. Section 854(a) states that no person or corporation shall acquire control of any public utility organized and doing business in this state without first securing authorization to do so from the Commission, and any such acquisition without that prior authorization shall be void and of no effect.

2. The Commission has broad discretion to determine if it is in the public interest to authorize a transaction pursuant to § 854(a) including placement of reasonable conditions on the transferor or transferee should the need for conditions arise.

3. The primary standard used by the Commission to determine if a transaction should be authorized under § 854(a) is whether the transaction will adversely affect the public interest.

4. In a situation where a company that does not possess a CPCN desires to acquire control of a company that does possess a CPCN, the Commission applies the same requirements as in the case of an applicant seeking a CPCN to exercise the type of authority held by the company being acquired.

5. An applicant who desires to provide resold local exchange services must demonstrate that it has a minimum of \$25,000 in cash or cash equivalent, reasonably liquid and readily available to meet the firm's initial costs.

6. An applicant who desires to provide resold local exchange services is required to make a reasonable showing of technical expertise in telecommunications or a related business.

7. The Commission has broad authority to inspect Telenational's books and records.

8. The Commission may require Rapid Link to submit information about inter-affiliate transactions between Telenational and companies within the Rapid Link group.

9. Telenational's acquisition by Rapid Link is not adverse to the public interest.

10. It is reasonable to grant the application to the extent it requests prospective authority under § 854(a) for the transfer of control.

11. The purpose of § 854(a) is to enable the Commission to review a proposed acquisition before it takes place in order to take such action as the public interest may require.

12. Granting the application on a retroactive basis would thwart the purpose of § 854(a).

13. The application should be denied to the extent it requests retroactive authority under § 854(a) for Telenational's acquisition by Rapid Link.

14. Since the Commission's approval of the application is prospective only, Telenational's acquisition by Rapid Link is void under § 854(a) for the period of time prior to the effective date of this decision, and Telenational and Rapid Link are at risk for any adverse consequences that may result from having implemented the transfer of control without Commission authority.

15. Applicants failed to comply with § 854(a) by effectuating the transfer of control without Commission authorization.

16. Violations of § 854(a) are subject to monetary penalties under § 2107 of not less than five hundred dollars, nor more than twenty thousand dollars for each offense.

17. Any violation of § 854(a), regardless of the circumstances, is a serious offense that should be subject to fines.

18. In D.98-12-075, the Commission held that the size of a fine should be proportionate to the severity of the offense.

19. In D.98-12-075, the Commission held that the size of a fine should reflect the conduct of the utility.

20. Since Applicants' violation of § 854(a) was not wholly inadvertent, but the application was ultimately filed, the violation is not an especially egregious offense.

21. In D.98-12-075, the Commission held that the size of a fine should reflect the financial resources of the utility.

22. In D.98-12-075, the Commission held that a fine should be tailored to the unique facts of each case.

23. The public interest was not significantly harmed by Applicants' violation of § 854(a).

24. Applicants should be fined \$1000 for violating § 854(a).

25. The application should be granted to the extent set forth herein and subject to the affiliate transaction rules and conditions set forth in Appendix A and incorporated herein.

26. Applicants' request to file information under seal should be granted for two years from the effective date of this order.

27. The following order should be effective immediately.

## **O R D E R**

### **IT IS ORDERED** that:

1. Application 09-02-021, filed by Telenational Communications, Inc., Rapid Link, Inc., and Apex Acquisitions, Inc. for authority under Pub. Util. Code § 854 for a transfer control of Telenational Communications, Inc. to Rapid Link, Incorporated is granted to the extent it requests authority effective as of the date of this order.

2. Application 09-02-021 is denied to the extent that it requests retroactive authority for the transfer of control.

3. At the time it files its 2009 and 2010 Annual Report with the Commission, Telenational Communications, Inc. shall submit a summary of all inter-affiliate transactions, including loans and cash transfers, between Telenational

Communications, Inc. and Rapid Link, Incorporated, and/or any of the affiliated companies in the group for the time period covered by the Annual Report.

4. Telenational Communications, Inc. shall pay a fine in the amount of \$1,000 for violating Pub. Util. Code § 854(a). Telenational Communications, Inc. shall pay the fine within 20 days from the effective date of this order by tendering to the Fiscal Office of the Commission a check in the amount of \$1,000 made payable to the State of California General Fund.

5. Applicants' request to have the information filed with the application kept under seal is granted for two years from the effective date of this decision. During that period the information shall not be made accessible or disclosed to anyone other than the Commission staff except on the further order or ruling of the Commission, the assigned Commissioner, the assigned Administrative Law Judge, or the Administrative Law Judge then designated as Law and Motion Judge.

6. If Applicants believe that further protection of the information kept under seal is needed, they may file a motion stating the justification for further withholding of the information from public inspection, or for such other relief as the Commission's rules may then provide. This motion shall be filed no later than one month before the expiration date.

7. Application 09-02-021 is closed.

This order is effective today.

Dated June 18, 2009, at San Francisco, California.

MICHAEL R. PEEVEY  
President  
DIAN M. GRUENEICH  
JOHN A. BOHN

RACHELLE B. CHONG  
TIMOTHY ALAN SIMON  
Commissioners

