

State of Florida

Public Service Commission

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COMMISSION
CLERK

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DATE: FEBRUARY 20, 2003

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (HAWKINS) *BH*
OFFICE OF THE GENERAL COUNSEL (DODSON) *JD HC*

RE: DOCKET NO. 021246-TX - REQUEST FOR APPROVAL OF TRANSFER OF
ASSETS AND ALEC CERTIFICATE NO. 7500 FROM YIPES
TRANSMISSION, INC. TO YIPES ENTERPRISE SERVICES, INC., DUE
TO PLAN OF REORGANIZATION.

AGENDA: 03/04/03 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\021246.RCM

CASE BACKGROUND

On December 16, 2002, the Commission received a joint request for approval to transfer the assets and ALEC Certificate No. 7500 from Yipes Transmission, Inc. ("Old Yipes") to Yipes Enterprise Services, Inc., ("New Yipes") due to Plan of Reorganization.

The applicants emphasize that they do not currently provide service to customers in Florida and, as a result, the transactions proposed in the Plan will not inconvenience or disrupt service to any Florida customers.

DOCUMENT NUMBER DATE

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FPSC-COMMISSION CLERK

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New Yipes is a corporation organized and existing under the laws of the State of Delaware with principal offices in San Francisco, CA. Under the Plan implementation, New Yipes will be a wholly owned subsidiary of Yipes Holdings, Inc., a corporation formed under the laws of the State of Delaware. Yipes Holdings, Inc. will, in turn, be owned by institutional investors, the largest of which includes affiliates of Norwest Investing Funds, New Enterprise Investing Funds, Sprout Investing Funds, and J.P. Morgan partners investing Funds (Investors.) None of the Investors holds a controlling interest in Yipes Holdings or, therefore, in New Yipes, and as a result, ultimate corporate control of New Yipes will remain with Yipes Holdings.

Old Yipes is a corporation organized and existing under the laws of the State of California with principal offices in San Francisco. Old Yipes is authorized to provide facilities-based competitive local exchange services in more than ten states. In Florida, Old Yipes currently holds authority to operate as an alternative local exchange carrier (ALEC) pursuant to certification granted by the Commission in Docket No. 000401-TX, Order No. PSC-00-1293-CO-TX, issued on July 18, 2000.

Through the proposed Plan of Reorganization, the applicants propose to complete a series of transactions whereby New Yipes will acquire the assets and regulatory authorizations of Old Yipes. The transactions contemplated by the Plan will allow the operations of Old Yipes to emerge from bankruptcy into New Yipes. New Yipes will then have the ability to implement the business plan of Old Yipes, potentially including initiation of operations in Florida. Like Old Yipes, New Yipes will be able to provide service under the "Yipes" brand name. As a result, implementation of the Plan will be virtually transparent in Florida.

There are no delinquent Regulatory Assessment Fees for Yipes Transmission, Inc. The Commission is vested with jurisdiction in this matter pursuant to Sections 364.337 and 364.603, Florida Statutes.

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ISSUE 1: Should the Commission approve the request for approval to transfer the assets and certificate of Yipes Transmission, Inc. (holder of ALEC Certificate No. 7500) to Yipes Enterprise Services, Inc.?

RECOMMENDATION: Yes. The Commission should approve the request for approval to transfer the assets and certificate of Yipes Transmission, Inc. (holder of ALEC Certificate No. 7500) to Yipes Enterprise Services, Inc. **(HAWKINS)**

STAFF ANALYSIS: New Yipes has agreed to acquire, and Old Yipes has agreed to sell, the authorizations and assets of Old Yipes, subject to approval under the Plan of Reorganization which is jointly sponsored by the applicants and was approved by the Bankruptcy Court on November 8, 2002. Since there are no customers currently being serviced by Old Yipes, the implementation of the Plan will be virtually transparent in Florida. Therefore, staff recommends that this request be approved.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. **(DODSON)**

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a consummating order.