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SALES & SERVICE PARTNERSHIP

ORIGINAL

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August 28, 1998

Charles A. Guyton  
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Blanca S. Bayó, Director  
Records and Reporting  
Florida Public Service Commission  
4075 Esplanade Way, Room 110  
Tallahassee, Florida 32399-0850

**By Hand Delivery**

981086-TI

REC'D  
AUG 28 11:05 AM  
1998

**RE: In Re: Request for approval of transfer of stock  
of CTS Telcom, Inc.(holder of IXC Certificate  
No. 3526) to CTS Telcom Holdings, Inc.**

Dear Ms. Bayó:

Enclosed for filing on behalf of CTS Telcom, Inc. and CTS Telcom Holdings, Inc. are the original and fifteen (15) copies of Joint Application of CTS Telcom, Inc. and CTS Telcom Holdings, Inc. For Approval of Transfer of Stock Ownership in CTS Telcom, Inc. to CTS Telcom Holdings, Inc.

If you or your Staff have any questions regarding this filing, please contact me

RECEIVED & FILED

*[Signature]*  
FPSC-BUREAU OF RECORDS

Very truly yours

*[Signature]*

Charles A. Guyton

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
- OTH \_\_\_\_\_
- RCM \_\_\_\_\_
- SEP \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

CAG/ld

cc: Martha Brown

TAI/25682-1

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**In Re: Request for approval of transfer of stock )  
of CTS Telcom, Inc.(holder of IXC Certificate )  
No. 3526) to CTS Telcom Holdings, Inc. )**

**Docket No. 981086-TI  
Filed: August 28, 1998**

**Joint Application of CTS Telcom, Inc. and  
CTS Telcom Holdings, Inc. For Approval Of  
Transfer of Stock Ownership in CTS Telcom, Inc.  
To CTS Telcom Holdings, Inc.**

Pursuant to Section 364.33, Florida Statutes (1997) and Florida Administrative Code Rules 25-22 036(3), 28-106.104, 28-106.201 and 28-106 301, CTS Telcom, Inc and CTS Telcom Holdings, Inc. apply to the Florida Public Service Commission ("Commission") for approval of the transfer of ownership of CTS Telcom, Inc to CTS Telcom Holdings, Inc. In support of this application, CTS Telcom, Inc. and CTS Telcom Holdings, Inc. state

1. The name and address of the agency affected is

Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

2. The address and telephone number for CTS Telcom, Inc and CTS Telcom Holdings,

Inc. are as follows:

CTS Telcom, Inc.  
9999 Willow Creek Road  
San Diego, California 92131  
(800) 576-5775

CTS Telcom Holdings, Inc  
9999 Willow Creek Road  
San Diego, California 92131  
(800) 576-5775

DATE

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3. CTS Telecom, Inc. is a closely held Florida corporation which holds a certificate of convenience and necessity from the Commission as an IXC (Certificate No. 3526). CTS Telecom Holdings, Inc. is a wholly owned subsidiary of Communication TeleSystems International, d/b/a WorldxChange Communications, a California corporation which is authorized to provide international and interstate telecommunications services and intrastate telecommunications services in 40 states other than Florida. This application seeks Commission approval of the transfer of control and ownership of all the issued and outstanding stock of CTS Telecom, Inc. to CTS Telecom Holdings, Inc.

4. CTS Telecom, Inc. is a closely held corporation owned by Edward S. Soren and Rosalind Abbott, who own, respectively, 38% and 62% of the issued and outstanding shares. Mr. Soren and Mrs. Abbott, in conjunction with her husband Roger Abbott, also own controlling shares, 27.70% and 53.10%, respectively, in Communication TeleSystems International, d/b/a WorldxChange Communications, the parent company which wholly owns CTS Telecom Holdings, Inc. To bring CTS Telecom, Inc. into direct affiliation with Communication TeleSystems International, d/b/a WorldxChange Communications, Mr. Soren and Mrs. Abbott will transfer, for no or nominal consideration, their shares of stock in CTS Telecom, Inc. to CTS Telecom Holdings, Inc., a wholly owned subsidiary of Communication TeleSystems International, d/b/a WorldxChange Communications. As can be seen, the sole shareholders of the corporation will continue to be controlling shareholders of the corporation owning the corporation to which they will transfer their stock. The transaction contemplated is a corporate restructuring.

5. Given that the proposed transaction is a corporate restructuring that does not result in an effective transfer of the ownership or control of CTS Telecom, Inc., there is some doubt as to whether Commission approval of this stock transfer is necessary under Section 364.33, Florida

Statutes (1997). However, because there is contemplated a transfer of the controlling stock ownership of CTS Telcom, Inc., in an abundance of caution, CTS Telcom, Inc. and CTS Telcom Holdings, Inc. seek Commission approval pursuant to Section 364.33, Florida Statutes.

6. There will be no transfer of a certificate of convenience and necessity in this transaction. There will be no change in the name of CTS Telcom, Inc. There will be no change in the tariff or services of CTS Telcom, Inc. as a result of this transaction. The transaction will be transparent to the customers of CTS Telcom, Inc. and will be consistent with the public interest.

7. CTS Telcom, Inc. and its current stock owners as well as CTS Telcom Holdings, Inc. will be substantially affected by the Commission's decision in this proceeding. The Commission's decision will determine a fundamental property right of the CTS Telcom, Inc.'s shareholders - whether they are allowed to transfer the stock they own to CTS Telcom Holdings, Inc.. All the interests attendant to owning controlling stock interest in a telecommunications company will be affected by the Commission's determination in this proceeding. Moreover, CTS Telcom, Inc. and its stock owners seek to make this stock transfer as a corporate restructuring to facilitate the running of their business, and their interests in achieving this restructuring will be substantially affected by this proceeding. Similarly, the Commission will be determining the substantial interests of CTS Telcom Holdings, Inc. in this proceeding. CTS Telcom Holdings, Inc. desires to receive the stock of CTS Telcom, Inc. as part of a corporate restructuring and to facilitate the management and operation of its and its parent's telecommunications business. Both CTS Telcom, Inc. and CTS Telcom Holdings, Inc. will suffer immediate injury to their substantial interests in the transfer and ownership of CTS Telcom, Inc. if the relief sought is not granted. This proceeding is precisely the type of

proceeding intended by statute (Section 364.33, Florida Statutes) to protect the interests of CTS  
Telcom, Inc. and CTS Telcom Holdings, Inc..

8. Neither CTS Telcom, Inc. nor CTS Telcom Holdings, Inc. are aware of any disputed  
issues of material fact in this proceeding.

9. There has been no agency decision in this proceeding; therefore, neither CTS Telcom,  
Inc. nor CTS Telcom Holdings, Inc. can provide "a statement of when and how the petitioner  
received notice of the agency decision."

10. The transfer of stock in CTS Telcom, Inc. to CTS Telcom Holdings, Inc. is a  
corporate restructuring which is in the public interest and should be approved. Section 364.33,  
Florida Statutes (1997) entitles CTS Telcom, Inc. and CTS Telcom Holdings, Inc. to relief.

WHEREFORE, CTS Telcom, Inc. and CTS Telcom Holdings, Inc. respectfully request  
the Commission to approve the transfer of all the issued and outstanding stock of CTS Telcom,  
Inc. to CTS Telcom Holdings, Inc..

Respectfully submitted,

Steel Hector & Davis LLP  
Suite 601, 215 South Monroe Street  
Tallahassee, Florida 32301  
(850) 222-2300

Attorneys for CTS Telcom, Inc. and  
CTS Telcom Holdings, Inc.

By Charles A. Goyton  
Charles A. Goyton