

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application	)	Application No. C-1335
of Capital Network System, Inc. of	)	
Austin, Texas and Amnex, Inc. of	)	
New York, New York jointly seeking	)	GRANTED
authority to transfer control of	)	
Capital Network System, Inc. to	)	
Amnex, Inc.	)	Entered: June 25, 1996

PRELIMINARY MATTERS

On May 9, 1996, an application was filed by Capital Network System, Inc. of Austin, Texas and AMNEX, Inc. of New York, New York and American Network Exchange Inc. of Orlando, Florida, jointly seeking authority to transfer control to Amnex, Inc. Notice of the application was published in the Omaha Daily Record on May 14, 1996. No protests were received; therefore, we will process this application pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N   A N D   F I N D I N G S

Capital Network System, Inc. ("CNSI") is a privately-held Texas corporation that provides voice and data long distance and operator assisted telecommunications services on a resale basis to commercial and residential customers. CNSI is authorized to provide interexchange and/or operator services in 39 states, including Nebraska. CNSI received its Certificate of Public Convenience and Necessity from the Commission pursuant to Application C-1037 on February 8, 1994.

CNSI was a named defendant in Application No. C-1332/DC-19 where the Commission's Communications Department sought an order requesting CNSI to cease and desist operations and to revoke CNSI's Certificate of Public Convenience and Necessity. This complaint arose when CNSI failed to file an annual report with the Commission, pursuant to the Commission's Rules and Regulations. This complaint was officially resolved when both CNSI and the Commission agreed to enter into a stipulation for dismissal after CNSI filed their annual report and paid a \$100 civil forfeiture fine.

AMNEX, Inc. ("AMNEX") is a publicly-held New York Corporation. AMNEX provides telecommunications services throughout the United States and internationally.

American Network Exchange, Inc. ("ANEI") is a Delaware corporation that is a wholly-owned subsidiary of AMNEX. ANEI provides interexchange and operator services in 38 states.

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On June 11, 1996, the applicants filed a letter of clarification specifically narrowing their original request to seek authority to transfer the control of CNSI to AMNEX. The other steps alluded to in the original application will be completed as necessary to comply with the Commission's rules and regulations. The applicants will institute a new application before the Commission should they decide to transfer the Certificate of Public Convenience and Necessity to AMNEX.

On April 26, 1996, the shareholders of CNSI and AMNEX entered into an Agreement whereby AMNEX will acquire the business of CNSI by purchasing all of CNSI's issued and outstanding stock. CNSI will continue to operate pursuant to its existing Certificate of Authority and tariff.

The transfer of control of CNSI to AMNEX will be seamless, with CNSI's customers receiving the same services at the same rates, terms and conditions that they currently receive.

## O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application C-1335 be, and it is hereby granted that Capital Network System, Inc. is hereby authorized to transfer its assets to AMNEX, Inc.

IT IS FURTHER ORDERED that Capital Network System, Inc. and/or its successor corporation shall file annually, in accordance with the applicable statutes, a report with this Commission consisting of (a) a copy of any reports filed with the Federal Communications Commission and the Security and Exchange Commission, (b) the annual report to stockholders, and (c) for the State of Nebraska on a combined interstate-intrastate basis, the investment in telephone plant and equipment located within the state, accumulated depreciation thereon, operating revenues, expenses and taxes by April 30th of each year.

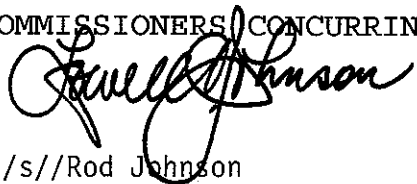
IT IS FURTHER ORDERED that Capital Network System, Inc. and/or its successor corporation shall comply with filing their annual report for 1996 by April 30, 1997, or said failure shall be deemed a willful violation subject to such penalties as the Commission's jurisdiction may impose.

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MADE AND ENTERED at Lincoln, Nebraska, this 25th day of June, 1996.

COMMISSIONERS CONCURRING:



//s//Rod Johnson

//s//Frank E. Landis

//s//James F. Munnelly

//s//Daniel G. Urwiller

NEBRASKA PUBLIC SERVICE COMMISSION

Chairman



ATTEST:



Executive Director

