

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application)	Application No. C-1419
of Capital Network System, Inc.,)	
Austin, Texas; American Network)	
Exchange, Inc., Orlando, Florida;)	
and AMNEX, Inc., New York, New York)	GRANTED
seeking authority to transfer)	
assets and Certificate of Authority)	
from Capital Network System, Inc.)	
to American Network Exchange, Inc.)	Entered: November 12, 1996

PRELIMINARY MATTERS

On September 30, 1996, an application was filed by Capital Network System, Inc., Austin, Texas; American Network Exchange, Inc., Orlando, Florida; and AMNEX, Inc., New York, New York seeking authority to transfer assets and certificate of authority from Capital Network System, Inc. to American Network Exchange, Inc. Notice of the application was published in the Omaha Daily Record on October 2, 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 newly-acquired wholly-owned subsidiary of AMNEX. CNSI is a Texas corporation that is headquartered at 600 Congress Avenue, Suite B-100, Austin, Texas 78701. CNSI is authorized to provide interexchange and/or operator services in 39 states, including Nebraska. CNSI received its certificate of authority to provide telecommunications services in Nebraska on February 8, 1994 in Application No. C-1037.

American Network Exchange, Inc. ("ANEI") is a Delaware corporation that also is a wholly-owned subsidiary of AMNEX. ANEI maintains its headquarters at 100 W. Lucerne Circle, Suite 100, Orlando, Florida 32801. ANEI provides interexchange and operator services in 38 states. ANEI is also authorized by the Federal Communications Commission ("FCC") to provide international telecommunications services.

AMNEX is a publicly-held New York corporation. Through its operating subsidiaries, including ANEI and CNSI, AMNEX provides telecommunications service for "0+" and "1+" calls transmitted throughout the United States and internationally. AMNEX maintains its principal office at 101 Park Avenue, Suite 2507, New York, New York 10178.

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Earlier this year, AMNEX acquired control of CNSI through a reverse triangular merger whereby a wholly-owned, special purpose subsidiary of AMNEX was merged into CNSI and then immediately dissolved. CNSI was the surviving entity, and became a wholly-owned subsidiary of AMNEX. The Commission approved this transfer of control on June 25, 1996 in Application No. C-1335.

At the time CNSI was acquired by AMNEX, the applicants contemplated that for an interim period, CNSI would continue to provide telecommunications services to its customers while ANEI prepared to integrate CNSI's domestic operations into its own. ANEI anticipates that by December 31, 1996, it will be prepared to complete the consolidation of its operations with those of CNSI. Once CNSI's domestic operations have been merged with those of ANEI, ANEI will provide telecommunications services to CNSI's former customers and CNSI will cease to provide service in Nebraska.

The consolidation of CNSI's domestic operations with those of ANEI will be seamless. After CNSI's operations have been merged with ANEI's, ANEI will offer to CNSI's customers the same or comparable services at the same or lower rates than they currently receive. All CNSI's customers will be sent appropriate and timely notice of the change and any customer that chooses to change carriers will be able to do so at no charge.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application C-1419 be, and it is hereby granted that Capital Network System, Inc. is hereby authorized to transfer its assets and certificate of authority to American Network Exchange, Inc.

IT IS FURTHER ORDERED that American Network Exchange, 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.

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IT IS FURTHER ORDERED that American Network Exchange, Inc. file an updated tariff within 30 days of the date of this order.

MADE AND ENTERED at Lincoln, Nebraska, this 12th day of November, 1996.

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COMMISSIONERS CONCURRING:


//s//Red Johnson
//s//Frank E. Landis
//s//James F. Munnelly
//s//Daniel G. Urwiller

Chairman

ATTEST:


Executive Director

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION
