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March 18, 2015

Via e-file

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
Second Floor - Room N201
Harrisburg, PA 17120

Re: Application for Approval Under the Public Utility Code of a Pro Forma
Intra-Corporate Reorganization Involving Locus Telecommunications,
Inc. a Regulated Telecommunications Provider

Dear Ms. Chiavetta:

On behalf of Locus Telecommunications, Inc., enclosed, for filing with the Pennsylvania Public Utility Commission ("Commission"), please find a General Rule Application for Approval Under the Public Utility Code of a *Pro Forma* Intra-Corporate Reorganization Involving Locus Telecommunications, Inc..

Should there be any questions with respect to this filing, please contact me at 202.342.8614 or via email at dsmith@kelleydrye.com. Thank you for your assistance with this matter.

Sincerely,



Denise N. Smith

Counsel for Locus Telecommunications, Inc.

Enclosure

cc: Service List (Certificate of Service)

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application for Approval Under the Public
Utility Code of a *Pro Forma* Intra-Corporate
Reorganization Involving Locus
Telecommunications, Inc., a
Regulated Telecommunications Provider

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Docket No. _____

GENERAL RULE APPLICATION OF LOCUS TELECOMMUNICATIONS, INC.

Edward A. Yorkgitis, Jr. (PA Bar No. 48581)
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Denise N. Smith
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Counsel for Locus Telecommunications, Inc.

Dated: March 18, 2015

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application for Approval Under the Public	§	
Utility Code of a <i>Pro Forma</i> Intra-Corporate	§	
Reorganization Involving Locus	§	Docket No. _____
Telecommunications, Inc., a	§	
Regulated Telecommunications Provider	§	
	§	

GENERAL RULE APPLICATION OF LOCUS TELECOMMUNICATIONS, INC.

Locus Telecommunications, Inc., (“Locus,” or the “Company”) requests that the Pennsylvania Public Utility Commission (“Commission”) approve a minor internal reorganization implemented by Locus’ ultimate parent company, KDDI Corporation, Inc. (“KDDI Corporation”).¹ The change will insert a new intermediary holding company into the ownership structure with no material impact to the Company or its operations. The reorganization will not, in any respect, change the party holding actual control of the Company.

In addition, the Company requests that the Commission approve a conversion of the Company’s corporate status from a corporations to a limited liability Company, scheduled to occur on or about March 31, 2015. As a result, the Company’s name will change to Locus Telecommunications, LLC. The effects of this conversion will be *pro forma* in nature and, as a practical matter, will be essentially transparent to customers. They effect no change whatsoever to the Company’s ownership or to its operations. They will, however, result in a minor change to

¹ The proposed reorganization will also involve Total Call Mobile, Inc., an affiliate of Locus that is not registered to provide a regulated telecommunications service in Pennsylvania, and Total Call International, Inc. which will be submitting a separate application. By Application dated June 13, 2013, TCI and Locus requested Commission approval of a planned merger between the companies. See Docket Nos. A-2013-2369963, A-2013-2369965. The Commission granted the Application but the companies decided not to consummate the planned merger in favor of pursuing the internal reorganization described in this Application. The companies inadvertently failed to notify the Commission of the decision not to consummate the merger transaction and will file a notice in the relevant dockets to update the record.

the Company's name. Consequently, the Company requests that the name on its operating certificates, if any, in Pennsylvania be changed accordingly and request such approvals as are necessary in connection with this change. Pursuant to 52 Pa. Code § 63.324(d), the Company hereby provides the following information.

(1) The name, address and telephone number of each party or applicant to the transaction.

Locus:
1411 W. 190th Street, Suite 650
Gardena, CA 90248
(310) 818-4300

KDDI America:
825 Third Avenue, Third Floor,
New York, NY 10022
(201) 585-3600

(2) The government, state or territory under the laws of which each corporate or partnership applicant to the transaction is organized.

- Locus – Delaware corporation (will be converted to a Delaware limited liability company)

(3) The name, title, post office address and telephone number of the officer or contact point, including legal counsel in this Commonwealth, to whom correspondence concerning the transaction is to be addressed.

Edward A. Yorkgitis, Jr. (PA Bar No. 48581)
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Denise N. Smith
Kelley Drye & Warren LLP
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Washington, DC 20007
Tel: (202) 342-8400
Email: dsmith@kelleydrye.com

with a copy to:

Ms. Keiko Nakajima
Senior Manager, Department of Corporate Planning for Affiliates (DCPA)
KDDI America Inc.
825 Third Avenue, 3rd Floor
New York, NY 10022
Tel: 212-295-1124
Email: k.nakajima@kddia.com

(4) The name, address, citizenship and principal place of business any person, party or entity that directly or indirectly owns more than 20% of the equity of the applicant, and the percentage of equity owned by each of those entities (to the nearest 1%).

KDDI America, Inc. (“KDDI America”), a New York corporation, is the direct parent and sole owner of Locus. KDDI America is authorized, essentially nationwide, to provide interexchange telecommunications services including in Pennsylvania. KDDI America is a wholly-owned subsidiary of KDDI Corporation, Japan’s second largest telecommunications carrier (“KDDI Corporation”). KDDI Corporation and its affiliates provide mobile services (voice and data) and fixed line services (broadband, domestic and international telecommunications and data center services) in Japan and globally.

(5) A summary description of the transaction.

To achieve greater organizational efficiency, on or about March 31, 2015, KDDI America will implement an internal reorganization through which a newly formed entity, KDDI US Holding, Inc. (“KDDI US”), will be inserted into the chain of ownership between Locus and its prior direct parent entity, KDDI America. Prior to the transaction, Locus will be directly held by KDDI America, which owns 100% of the equity of Locus . With this filing, the Company notifies the Commission that after the reorganization, Locus will be directly and wholly-owned by KDDI US.

Through this reorganization, there will be no change in the ultimate control of Locus. The transaction will make no changes to the Company or its operations, qualifications to operate or its available financial, technical and operational resources. Other than the insertion of a holding company in the chain of ownership, the reorganization will have no effect upon the Company. Throughout this reorganization, ultimate controlling interest in the Company is, and will continue to be, held by KDDI Corporation. Diagrams of the pre- and post-reorganization corporate structures are provided as *Attachment 1*. Note that these diagrams highlight the ownership chain of the entities impacted by the transaction; unaffected affiliate entities have been omitted or grayed out in order to provide greater clarity of the transaction.

In addition, for internal corporate purposes, on or before March 31, 2015, Locus will be converted from a Delaware corporation to a Delaware limited liability company.² In conjunction with this conversion, the Company’s name will change to Locus Telecommunications, LLC.

Under Delaware law, this conversion is treated as a continuation of the original corporate entity.³ This entity-continuity is supported by a review of the Company, post-conversion. The ownership interests in the entities will be converted from corporate stock to membership interests; however, the entities holding the ownership of the Company will not have changed. KDDI Corporation continues to wholly-own KDDI America, KDDI America will wholly-own KDDI US and KDDI US will wholly-own the Company. Similarly, there will be no change whatsoever to the assets and obligations which the Company holds as a result of these changes. Finally, the Company, as a limited liability Company, will continue to be subject to the Commission's rules and orders exactly as they are prior to the conversions and changes of operating name.

The converted entity will be registered with the Pennsylvania Secretary of the Commonwealth as a foreign limited liability company and thus will be qualified to do business in the Commonwealth.⁴ To the extent the Company has tariffs on file with the Commission, following Commission approval of the name change discussed herein, the Company will file replacement tariff materials. These filings will mirror the substantive rates, terms and conditions of any currently effective tariffs, revising the current tariff materials solely to reflect the change to the Company's name and to update certain contact information in the footers.

(6) A summary of the services and the service territories in this Commonwealth that will be affected by the transaction.

No services or service territories in Pennsylvania will be affected because following the reorganization, Locus will continue to provide the same services in the same locations as it does at present.

(7) A verified statement as to how the transaction fits into one or more of the categories subject to the general rule for notification.

This reorganization qualifies for treatment as a General Rule Transaction pursuant to Section 63.324 because, although the transaction does not affect ultimate control of either applicant, it does result in the transfer of more than 20% intermediate control of Locus.

(8) Identification of other transactions related to the transaction.

There are no other jurisdictional transactions related to this reorganization.

³ The Locus conversion has not yet been completed. Documentation evidencing the Locus conversion will be provided in a supplemental filing. Under Delaware law, the date of commencement of existence of the LLC is the same date that the corporations were originally formed. All of the assets, rights, liabilities and obligations of the corporations become those of the LLCs by operation of law. Although the Company has changed its legal form, it is not deemed to have transferred any assets to different legal entities or taken on new debt. *See* Section 214 of the Delaware Limited Liability Company Act, 6 Del. C.C. 18, § 214.

⁴ A copy of Locus' limited liability company registration with the Pennsylvania Secretary of the Commonwealth will be provided in a supplemental submission.

(9) A verified statement whether the transaction warrants special consideration because either party to the transaction is facing imminent business failure.

No party to this application is facing imminent business failure and, consequently, Locus does not request special consideration.

(10) Identification of a separately filed waiver request sought in conjunction with the transaction.

No waiver request is being made with this filing.

(11) A verified statement containing facts and allegations establishing:

(i) For a merger or similar transaction, how the transaction will affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way as required by State law.

(ii) Findings that approval for a transaction subject to 66 Pa.C.S. § 1103(a) (relating to procedure to obtain certificates of public convenience) is necessary or proper for the service, accommodation, convenience, or safety of the public.

(iii) The impact of the transaction on competition.

The reorganization described in the Application is in the public interest. KDDI America, the direct parent and sole owner of Locus will improve its corporate operations through this rearrangement. While the reorganization has no direct impact on Locus, the strengthening of KDDI America's corporate framework will provide the Company with enhanced stability and financial solidity in its owner. This, in turn, will support Locus' ability to compete in the telecommunications market in Pennsylvania and elsewhere.

At the same time, the reorganization will not have any adverse effect upon Pennsylvania consumers because, following the transaction, Locus will continue to provide the same services in the same locations as it does at present.

The Commission is authorized, pursuant to 52 PA. Code § 6.324(d) and Section 1103(a) of the Public Utility Code, 66 Pa. C.S. § 1103(a), to approve transactions upon demonstration that the approval is "necessary or proper for the service, accommodation, convenience or safety of the public."⁵ The reorganization discussed within this Application meets this standard. While the reorganization does not effectuate direct changes to the operations of the Company, it does facilitate the efficient and productive operations of the entire KDDI corporate family, including Locus. According to the company the flexibility to arrange (and re-arrange) its internal organization as deemed most beneficial allows the company to enhance the quality and availability of its services, which directly benefits the public.

⁵ 52 PA. Code § 6.324(d)(11)(ii).

Finally, the transaction will not result in the reduction of competitive telecommunications companies offering service in Pennsylvania and thus will have no adverse effect upon competition in the Pennsylvania telecommunications market.

(12) A verified statement affirming that the applicant is in compliance with Commission obligations and filings and a listing of all State and Federal proceedings when:

(i) Within the 3-year period prior to filing the application, the applicant was found to have violated either State or Federal requirements.

(ii) Within the 3-year period prior to filing the application, the applicant is alleged to have violated either State or Federal requirements.

Locus is in compliance with all Commission obligations and filings. In the three-year period prior to filing the application, Locus has not been alleged or found to have violated any State or Federal telecommunications or utility requirements.

(13) A verified statement affirming that customers received prior notice. Notice shall be accomplished using a notice approved by the Commission's Bureau of Consumer Services (BCS). Any disagreement between the applicant and BCS shall be addressed by an appeal from an action of staff mirroring the process in § 5.44 (relating to petitions for appeal from actions of the staff) of the Commission's rules of practice and procedure.

The proposed reorganization will be transparent to the customers of Locus. As previously described above, there will be no change in the services, rates, or terms and conditions of service of Locus as a result of the reorganization. Consequently, Locus believes that notice to customers regarding the reorganization is not warranted or necessary. Further, considering the entirely technical nature of the ownership changes – which do not have any effect whatsoever on ultimate ownership and control of the applicant – the Company believes that issuing notice to customers would create significant confusion outweighing any potential benefits.

(14) A verified statement containing a copy of any Commonwealth utility certificates held by the applicant.

Locus was granted authority to provide Interexchange Telecommunications Services as a Reseller in Docket No. A-310375 on July 18, 1996. Locus will provide a copy of the certificate upon request.

(15) A verified statement on the effect of the transaction on existing Commonwealth tariffs. If applicable or in response to a request from staff, an applicant shall provide a

red-line document identifying changes in existing Commonwealth tariffs before and after the transaction for which the applicant seeks approval from the Commission.

To the extent the Company has tariffs on file with the Commission, following Commission approval of the name changes discussed herein, the Company will file replacement tariff materials. These filings will mirror the substantive rates, terms and conditions of any currently effective tariffs, revising the current tariff materials solely to reflect the change to the Company's name and to update certain contact information in the footers.

(16) A verified statement on the transaction's effect on the existing affiliate interest agreements of the applicant.

The proposed transaction will have no impact on any existing Locus affiliate interest agreements.

(17) A verified statement establishing that no State or Federal regulatory agency is expected to undertake an informal or formal investigation, complaint or proceeding relating to the transaction.

Notice of the reorganization will be filed with the Federal Communications Commission. Filings will be made with the regulatory commissions of the states in which Locus is authorized. The Company does not expect any state or federal regulatory agency to undertake an informal or formal investigation, complaint or proceeding relating to the transaction, aside from the regular processing of the Company's notices and applications.

(18) Organizational charts showing the effect on the applicant's organization before and after the transaction.

Diagrams of the pre- and post-reorganization corporate structures are provided as *Attachment I*. Note that these diagrams highlight the ownership chain of the entities impacted by the transaction; unaffected affiliate entities have been omitted or grayed out in order to provide greater clarity of the transaction.

(19) A copy of the application filed at the FCC or a notice filed with the U.S. DOJ, if any, including the electronic location on the agency's web site.

The reorganization is pro forma under the Rules of the Federal Communications Commission and does not require approval.⁶ A copy of the notice of *pro forma* transfer of control filed with the FCC will be provided in a supplemental filing.

⁶ See, 47 C.F.R. §§63.03(d), 63.24(d), 63.24(f).

(20) A verified statement setting forth the expected public effect of the transaction on the capital structure of the applicant over the next 5 years.

The proposed Transaction is not expected to have any negative effect on the Company's capital structure over the next five (5) years.

(21) For an applicant subject to a broadband deployment commitment under Federal or State law, a verified statement affirming that the applicant is in compliance with that commitment.

Locus is not subject to broadband deployment commitments.

(22) For an applicant with eligible telecommunications carrier status under Federal and State law, a verified statement affirming that the applicant is in compliance with the law and that the applicant will continue to be in compliance with the law.

The Company does not hold eligible telecommunications carrier status under either Federal or State laws.

(23) A verified statement affirming that the transaction complies with the prohibition against cross-subsidization imposed under Federal and State law.

The reorganization described in this Application complies with any applicable prohibition against cross-subsidization imposed under Federal and State law.

VI. Conclusion

Locus requests that the Commission find that the reorganization described in this Application is consistent with and conducive to the public interest of the Commonwealth; and further, that the Commission grant such approval(s) as necessary and provide such further relief as may be deemed appropriate.

Respectfully submitted,



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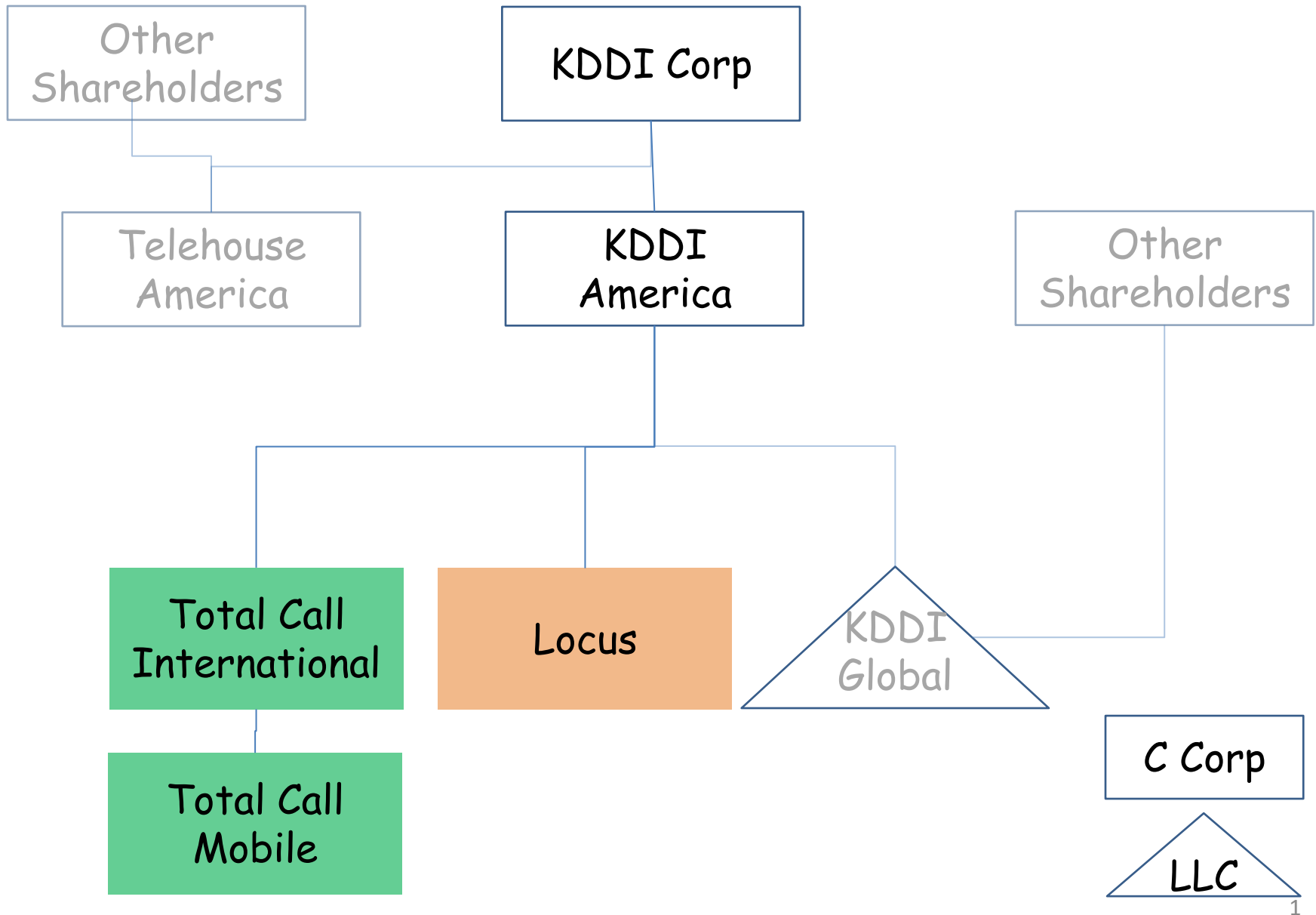
Counsel for Locus Telecommunications, Inc.

Dated: March 18, 2015

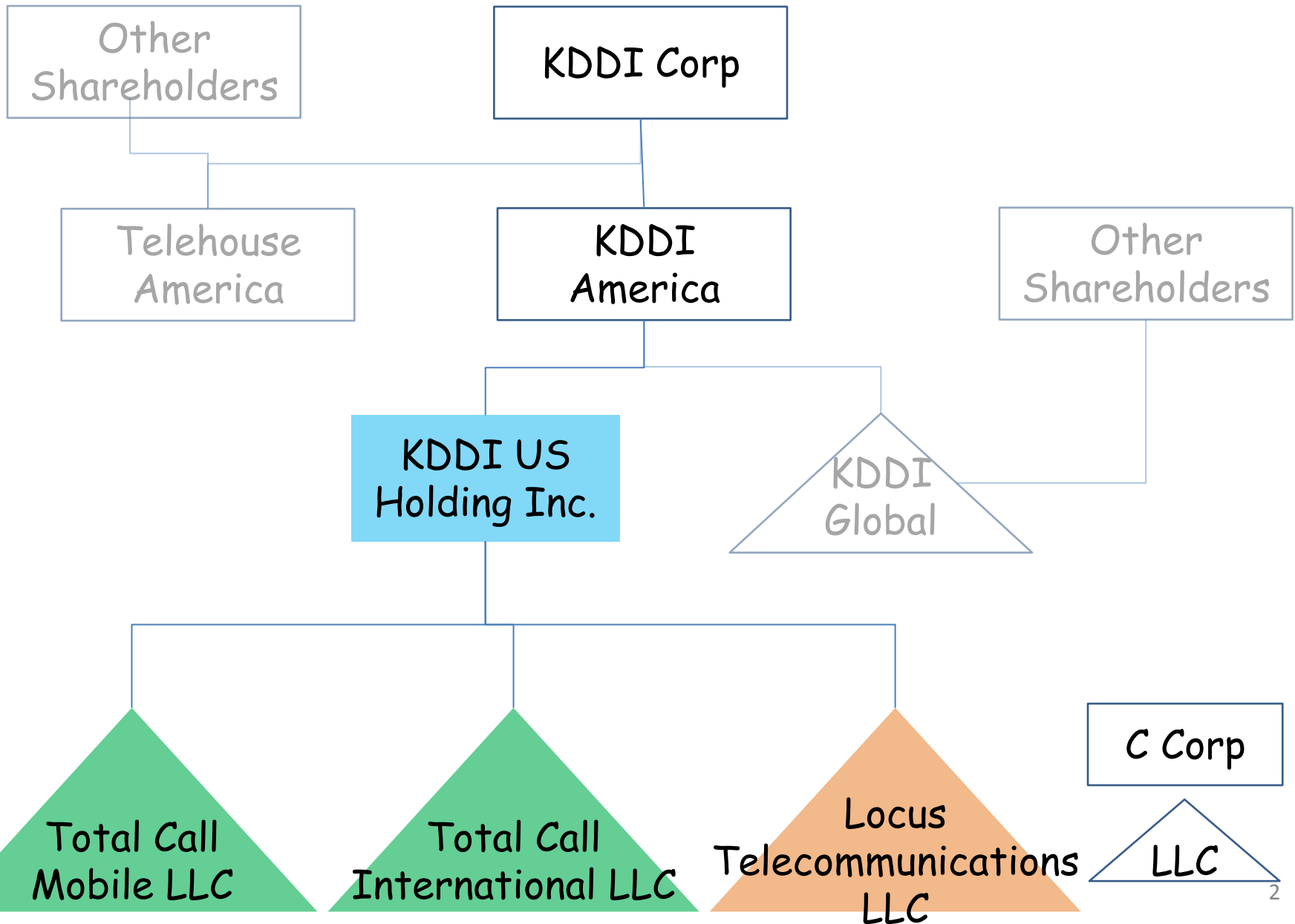
Attachment 1

Organizational Charts Pre- and Post-Reorganization

Overview of Current Structure



Overview of New Structure



VERIFICATION

I, Robert Yap, state that I am Secretary of Locus Telecommunications, Inc.; that I am authorized to make this verification on behalf of Locus Telecommunications, Inc.; and that the statements in the foregoing document relating to Locus Telecommunications, Inc., except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.



Robert Yap
Locus Telecommunications, Inc.

Subscribed and sworn to me on February 9, 2015.



Notary Public



My Commission expires: July 21, 2018

CERTIFICATE OF SERVICE

I hereby certify that I have, on this day, 18th day of March, 2015, served a true copy of the foregoing document (*Application for Approval Under the Public Utility Code of a Pro Forma IntraCorporate Reorganization Involving Locus Telecommunications, Inc., a Regulated Telecommunications Provider*, electronically filed with the Commission) upon the participants, listed below, in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant):

Office of Consumer Advocate (electronic)
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Office of Attorney General
Bureau of Consumer Protection
16th Floor, Strawberry Square
Harrisburg, PA 17120

Dated this 18th day of March, 2015.

/S/ Denise N. Smith
Denise N. Smith