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March 18, 1998

**VIA OVERNIGHT DELIVERY**

Ms. Blanca S. Bayo  
Director, Division of Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

980375-TL

Re: Notification of IDT Corporation and IDT America, Corp. of Pro Forma Assignment of License

Dear Ms. Bayo:

On behalf of IDT Corporation ("IDT") and IDT America, Corp. ("IDT America") (together "the Parties"), this letter is to advise the Commission of the *pro forma* assignment of IDT's license to IDT America. As described below, as part of a *pro forma* corporate reorganization, IDT will assign its certificate to its wholly-owned subsidiary, IDT America. Following the transfer there will be no change in the ultimate ownership, control or management of IDT.

Upon review of the Florida statutes and Commission rules, it is the understanding of the Parties that prior Commission approval is not required for the assignment of license described herein. The Parties intend to complete the assignment no later than April 30, 1998.

**Description of the Parties**

IDT America, a New Jersey corporation that is qualified to do business in the State of Florida, is a wholly-owned subsidiary of IDT, a Delaware corporation that is publicly traded on the Nasdaq National Market System, whose principal offices are located at 294 State Street, Hackensack, New Jersey 07601. For the six months ended January 31, 1998, IDT and its subsidiaries had, on a consolidated basis, revenues of over \$125,000,000.

IDT, by Order dated August 23, 1994 in Docket No. 940576-TI, is authorized to provide interexchange telecommunications services in the State of Florida.<sup>1</sup> In addition, IDT offers a wide

<sup>1</sup> International Discount Telecommunications, Corp. was granted authority provide interexchange telecommunications services in the State of Florida, by Order No. PSC-94-1021-FOF-TI, issued August 23, 1994, in Docket No. 940576-TI. In August of 1997, pursuant to the company's request,

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range of integrated and competitively priced domestic and international long distance telephone and Internet access services in the U.S. and abroad, through its network of switches and leased lines interconnected to other domestic and foreign carriers.<sup>2</sup> IDT is also authorized by the Federal Communications Commission ("FCC") to provide international switched and private line telecommunications services between the United States and various international points. The principals of IDT have extensive technical and managerial experience in the field of telecommunications.

### **Description of the Assignment**

For internal corporate reasons, IDT determined that the operational efficiency of IDT would be improved by a *pro forma* corporate reorganization in which IDT created a wholly-owned subsidiary, IDT America, and assigned its certificate to IDT America (the "Reorganization"). The assignment will enable the Company to reduce its operating expenses and realize operational and management efficiencies and other corporate benefits that ultimately will inure to the benefit of IDT customers.

The first step of the Reorganization, the creation of IDT America as a wholly-owned first-tier subsidiary of IDT occurred on July 1, 1994. The second step of the Reorganization consists of assigning IDT's Certificate of Public Convenience and Necessity to IDT America, IDT's wholly-owned, first-tier subsidiary. Thus, upon completion of the Reorganization, IDT America will be certificated to provide telecommunications services in the State of Florida.

The creation of IDT America, and the assignment of the Certificate of Public Convenience and Necessity from IDT to IDT America will be made in a seamless fashion that will be transparent to consumers and will not in any way inconvenience or have a negative effect on the services provided to IDT's customers. Customers will be able to purchase the same high quality services from IDT America that they currently purchase from IDT. In addition, upon consummation of the Reorganization, IDT America will maintain a tariff that duplicates the service offerings, rates, terms and conditions as filed in IDT's current tariff.<sup>3</sup> Thus, IDT's

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the Commission changed the name on the certificate from International Discount Telecommunications, Corp. to IDT Corporation.

<sup>2</sup> IDT holds Section 214 authority to provide international resold switched and non-interconnected private line services between the U.S. and international points. *International Discount Telecommunications Corp., Application for Authority to Resell Services of Other Carriers to Provide Switched and Private Line Services Between the U.S. and Various International Points*, File No. I-T-C 96-194, DA 96-754 (rel. May 16, 1996). IDT also holds Section 214 "global" resale and facilities-based authority pursuant to Section 214 of the Communications Act of 1934, as amended. *Application of IDT Corporation For authority pursuant to Section 214 of the Communications Act of 1934 as Amended, for Global Authority to Operate as a Facilities-based Carrier and as an International Resale Carrier*, File No. I-T-C-97-136 (eff. April 16, 1997).

<sup>3</sup> Pursuant to discussions with Tom Williams of the Commission's staff, and in order for IDT's tariff currently on file with the Commission to reflect the assignment of IDT's Certificate to IDT America, attached hereto are labels, containing IDT America, Corp.'s name, to be placed on IDT's

customers will continue to receive the same services that they presently receive at the same rate levels from IDT America.

The officers and directors of IDT America's parent (IDT) will not change, nor will there be a change in management, operations or quality of service provided to customers. In short, after IDT's certificate has been assigned to IDT America, there will be no change in the manner in which service is provided to the public. The Reorganization is simply a paper transaction that will be virtually transparent to customers.

### Conclusion

Upon review of the Florida statutes and Commission rules, it is the understanding of the Parties that prior Commission approval is not required for the *pro forma* corporate reorganization described above. Absent receipt of written notification to the contrary within thirty (30) days, we will proceed on our understanding that no approval or other formal action with respect to this proposed transaction is required by the Commission. This letter is forwarded to the Commission for informational purposes, to be included in the appropriate file.

An original and twelve (12) copies of this letter are enclosed. Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed, stamped envelope. Please do not hesitate to contact the undersigned with any questions or comments regarding this filing.

Respectfully submitted,



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Their Counsel

cc: Tom Williams  
Diane Clark, Esq.  
Margaret M. Charles, Esq.

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existing tariff. Through the placement of the IDT America, Corp. labels on IDT's tariff, IDT America effectively adopts IDT's tariff, including all service offerings, rates, terms and conditions contained within that tariff.





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