

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the matter of the application) Application No. C-100
of Lincoln Telecommunications)
Company and The Lincoln Telephone)
and Telegraph Company, for appro-)
val of a corporate reorganization)
whereby Lincoln Telecommunications) GRANTED
Company (to be wholly owned by the)
present common stockholders of The)
Lincoln Telephone and Telegraph)
Company) will acquire controlling)
interest in the stock of The Lin-)
coln Telephone and Telegraph Com-)
pany.) Entered: February 23, 1981

APPEARANCES: For the Applicants
Allen L. Overcash and
Paul M. Schudel, Attorneys
1500 Sharp Building
Lincoln, Nebraska 68508

OPINION AND FINDINGS

BY THE COMMISSION:

By their application filed November 24, 1980 and amendment thereto filed January 6, 1981, The Lincoln Telephone and Telegraph Company of Lincoln, Nebraska and Lincoln Telecommunications Company of Lincoln, Nebraska, jointly seek a certificate of public convenience and necessity approving the change of control proposed in such application.

Notice of the filing of this application was published pursuant to the provisions of the rules and regulations of this Commission, and although a protest of the granting of this application was filed by Journal-Star Printing Company of Lincoln, Nebraska, such protest was later withdrawn by such protestant.

Pursuant to notice required by law, public hearing was held on the application on February 9, 1981 at 1:30 p.m. in the Commission Hearing Room, Lincoln, Nebraska with appearances as set forth above.

Upon consideration of the application, the testimony and evidence submitted at the hearing and being fully advised, the Commission is of the opinion and finds that:

1. Lincoln Telecommunications Company is a corporation duly organized and existing by virtue of the laws of the State of Nebraska with its principal place of business in Lincoln, Nebraska.

2. The Lincoln Telephone and Telegraph Company is a corporation duly organized and existing by virtue of the laws of the State of Delaware, and domesticated under the laws of the State of Nebraska, with its principal place of business in Lincoln, Nebraska, and is engaged in furnishing telephone service in twenty-two counties of Southeastern Nebraska under the authority and jurisdiction of this Commission.

3. The application concerns a merger transaction which will result in the change in ownership of the controlling interest in The Lincoln Telephone and Telegraph Company and as such, is subject to approval by this Commission as required by Section 22.1 of the rules and regulations affecting telephone companies promulgated by this Commission.

4. The reorganization to be effected by the merger transaction will establish Lincoln Telecommunications Company as a holding company, and present common stockholders of The Lincoln Telephone and Telegraph Company will have their shares of common stock converted into common stock of Lincoln Telecommunications Company on a share-for-share basis, and thereby Lincoln Telecommunications Company will be wholly owned by such common stockholders, and The Lincoln Telephone and Telegraph Company will become a subsidiary of Lincoln Telecommunications Company.

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

Application No. C-100

Page two

5. The stock ownership of The Lincoln Telephone and Telegraph Company and its present subsidiary, Lincoln Telephone Service and Supply Co. is to be transferred to Lincoln Telecommunications Company, and thereby, Lincoln Telephone Service and Supply Co. will become a subsidiary of Lincoln Telecommunications Company.

6. The amendment to the application herein and the testimony presented at the hearing on this matter supports a finding that the holding company structure will enhance the ability to separate costs of regulated and non-regulated telecommunications activities.

7. The provision of all facilities and personnel by The Lincoln Telephone and Telegraph Company or any future regulated subsidiary of Lincoln Telecommunications Company to Lincoln Telecommunications Company or any of its non-regulated subsidiaries will be appropriately allocated, separated and compensated for in accordance with accounting rules and procedures approved by the Nebraska Public Service Commission applicable to regulated telephone companies.

8. The provision of all facilities and personnel by Lincoln Telecommunications Company or any of its non-regulated subsidiaries to The Lincoln Telephone and Telegraph Company or any future regulated subsidiary of Lincoln Telecommunications Company will be compensated for under terms and conditions which are competitive with those at which such facilities and personnel are readily available from third party sources under comparable conditions.

9. Additionally, such facilities and personnel, as described in paragraphs 7 and 8 above, will be provided pursuant to agreements, memorandums of understanding, or practices and procedures agreed to by the companies involved.

10. The accounting rules and procedures approved by this Commission, the internal audit procedures and the audit and review function of the independent outside auditors of The Lincoln Telephone and Telegraph Company will, in combination, provide every reasonable assurance of proper accounting for all financial transactions of The Lincoln Telephone and Telegraph Company and prevent any cross subsidization between regulated utility operations and other non-regulated business operations.

11. The books and records of The Lincoln Telephone and Telegraph Company, including records of intercompany transactions, will be open to inspection and audit by the Commission and its staff.

12. The reorganization will enable The Lincoln Telephone and Telegraph Company to make more efficient use of personnel and resources thereby reducing costs otherwise chargeable to utility operations; provide The Lincoln Telephone and Telegraph Company sufficient flexibility to enable the company to meet continuing changes in the industry; and insulate the rate payers of The Lincoln Telephone and Telegraph Company from risks related to competitive businesses.

13. In order to keep itself informed as to the operations of Lincoln Telecommunications Company and its subsidiaries, this Commission may from time to time request a copy of the annual report and quarterly reports to stockholders of Lincoln Telecommunications Company, annual financial statements, certified by the outside auditors, of the operations of The Lincoln Telephone and Telegraph Company, and such other information as the Commission may from time to time require.

14. The proposed change in ownership of controlling interest of The Lincoln Telephone and Telegraph Company described in the application and at public hearing is of advantage to persons to whom service is to be rendered.

15. The application is fair and reasonable, is in the public interest and should be granted.

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

Application C-100

Page three

ORDER

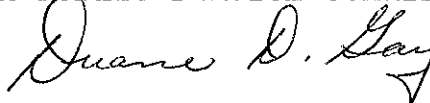
IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-100 be and it is hereby granted and Lincoln Telecommunications Company be and it is hereby authorized to acquire controlling interest of the common stock of The Lincoln Telephone and Telegraph Company as set forth in the Opinion and Findings herein.

IT IS FURTHER ORDERED that Lincoln Telecommunications Company and The Lincoln Telephone and Telegraph Company proceed with the reorganization and resulting change of control as described in their application, and that all remaining steps be taken in order to accomplish said reorganization.

IT IS FURTHER ORDERED that Lincoln Telecommunications Company and The Lincoln Telephone and Telegraph Company keep and maintain adequate records of any and all intercompany or affiliated company transactions.

MADE AND ENTERED at Lincoln, Nebraska this 23rd day of February, 1981.

NEBRASKA PUBLIC SERVICE COMMISSION



Chairman

ATTEST:



Secretary

COMMISSIONERS CONCURRING:

