

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application ) Application No. C-938  
by LDDS Communications, Inc. to )  
acquire by transfer the assets and ) GRANTED  
certificate of authority of Tela- )  
Marketing Investments, Ltd. ) Entered: September 15, 1992

APPEARANCES

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BY THE COMMISSION

P R E L I M I N A R Y M A T T E R S

Telamarketing Investments, Ltd. (TMI), LDDS Communications, Inc. (LDDS), LDDS's wholly-owned operating subsidiary, and MidAmerican Communications Corporation (MCC) seek approval of a transfer of authority and assets of TMI to LDDS.<sup>1</sup> TMI is a certificated reseller operating in Nebraska as authorized by the Commission's order in Application No. C-709. LDDS will then assign the assets to MCC and also subsequently pledge those assets as collateral for LDDS's pre-existing loans. The application for transfer was filed July 6, 1992 and notice was published in the Omaha DAILY RECORD

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<sup>1</sup>Transfer applications are governed by Neb. Rev. Stats. §§75-146 to 75-151 (Reissue 1990).

the following day. No protests were filed; therefore the application will be processed by modified procedure.<sup>2</sup>

LDDS Communications, Inc.'s address is:

LeFleur's Bluff Tower  
Suite 500  
4780 I-55 North  
Jackson, MI 39211  
(601) 364-7000  
(601) 364-7103 (FAX).

TelaMarketing Investments, Ltd.'s address is:

123 N.W. Fourth Street  
Suite 503 Court Building  
Evansville, IN 47708.

## OPINION AND FINDINGS

LDDS is a publicly held Tennessee corporation whose principal office is in Jackson, Mississippi. LDDS is a parent company of a number of non-dominant carrier subsidiaries, including MCC, which resell domestic and international long distance service from various facilities-based carriers. In Nebraska, intrastate services are provided by MCC (doing business as LDDS), a non-facilities based reseller. MCC is a wholly-owned operating subsidiary of MidAmerican Technologies, Inc., which in turn is a wholly-owned subsidiary of LDDS. MCC originally operated under the name MidAmerican Long Distance Company pursuant to a grant of authority in Application Nos. C-758 and C-796. The entity became MCC with the Commission's approval in Application No. C-900. According to the financial information filed in Exhibit B of the application, LDDS has annual revenues exceeding \$263 million.

TMI is an Indiana limited partnership whose sole general partner is TelaMarketing Investments, Inc. TMI provides digital service over facilities leased from various interexchange carriers on a 24 hour per day basis, 7 days per week. TMI also does business in five other states on a regulated or unregulated basis. Current financial information regarding TMI is found in Exhibit C of the application.

<sup>2</sup>Title 291 Neb. Admin. Regs. Ch. 1, Rule 018.03.

LDDS and TMI have negotiated an Asset Purchase Agreement (Exhibit D) by which LDDS intends to acquire the assets of TMI. Prior to closing, LDDS intends to assign those assets to its wholly-owned subsidiary, MCC. As part of this agreement, LDDS will acquire substantially all the assets of TMI including its tariffs and certificates of authority, but not certain billing equipment. In exchange, LDDS will pay TMI \$21 million plus an amount based on annual revenues. LDDS will also assume certain obligations and liabilities of TMI.

After the transaction is completed, TMI's assets will be held by MCC. Initially following consummation of this transaction, MCC will hold the TMI assets separate from its pre-existing operations and will continue to provide those services to TMI's customers, under the TMI name, for which TMI was previously certificated, pursuant to TMI's tariff. Therefore, the transaction will be transparent initially to TMI's customers. Eventually, LDDS will consider consolidating the operations of MCC and TMI<sup>3</sup> or employing a uniform name for both MCC and TMI operations.

After the assets are acquired by MCC, they will be pledged as collateral for a pre-existing LDDS loan facility to which MCC is already a signatory. The terms of the loan facility require that each LDDS subsidiary become party to the agreement and pledge its assets, including those acquired thereafter, as part of the collateral for the loan commitment.

There are no complaints pending against MCC in Nebraska. Approval of the above-described transfer does not appear to alter or affect adversely the management or policies of MCC (and LDDS) as they pertain to its operations in Nebraska.

The application is fair and reasonable; approval is in the best interest of the public, MCC's customers, MCC, and LDDS. The application for transfer should be granted.

#### O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-938 be, and it is hereby, granted. Transfer of TelaMarketing Investments, Ltd.'s assets and certificate of operating authority are hereby trans-

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<sup>3</sup>We remind the applicants that a subsequent application to this Commission will be necessary to revoke the TMI certificate upon this eventuality coming to pass.

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ferred to LDDS Communications, Inc. for assignment to MidAmerican Communications Corporation.

IT IS FURTHER ORDERED that the applicants are authorized to complete the necessary transactions contemplated to carry out this order.

MADE AND ENTERED at Lincoln, Nebraska this 15th day of September, 1992.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING

*Daniel G. Unwill*  
*Duane D. Hay*

//s//Frank E. Landis, Jr.  
//s//James F. Munnelly  
//s//Eric Rasmussen

*Paul J. Landis*  
Chairman

ATTEST:

*D. R. [Signature]*  
Executive Director