

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of)
LDDS Communications, Inc., Jackson,)
Mississippi seeking to acquire)
control of Dial-Net, Inc., Sioux)
Falls, South Dakota.)

Application No. C-967

GRANTED

Entered: February 23, 1993

APPEARANCES

FOR THE APPLICANT

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B Y T H E C O M M I S S I O N

PRELIMINARY MATTERS

This application was filed with the Commission December 22, 1992 and notice thereof was published in the Omaha Daily Record December 28, 1992. No protests were filed; therefore the application will be processed by modified procedure.¹ By this application, the parties, LDDS Communications, Inc. (LDDS) and Dial-Net, Inc. (Dial-Net) petition the Commission to approve the merger of an LDDS subsidiary corporation, LDDS Acquisition Subsidiary (Subsidiary), and Dial-Net. The application contains Verifications by the companies' representatives: Charles T. Cannada, Chief Financial Officer, LDDS; and John H. Dennis, President, Dial-Net.

LDDS Communications, Inc.'s address is LeFleur's Bluff Tower, Suite 500, 4780 I-55 North, Jackson, Mississippi, 39211. Dial-Net, Inc.'s address is 2600 W. 49th Street, Sioux Falls, South Dakota, 57102.

¹Title 291 Neb. Admin. Regs. Ch.1, Rule 018.03.

O P I N I O N A N D F I N D I N G S

Upon consideration of the application, the governing statutes and rules², the evidence adduced at the hearing, and being fully informed, the Commission is of the opinion and finds:

LDDS Communications, Inc. is a holding company. This company currently has two subsidiary interexchange resellers operating in Nebraska, TelaMarketing Investments, Ltd (TMI) and MidAmerican Communications Corporation dba LDDS Communications, Inc. (MCC). TMI was originally granted authority by the Commission to provide intrastate interLATA interexchange reseller service December 23, 1986 (Application No. C-687). This authority was amended to include intrastate intraLATA service June 3, 1987 (Application No. C-709). LDDS's acquisition of TMI and its authority was approved by the Commission September 15, 1992 (Application No. C-938).

MCC originally began operating in Nebraska under the name MidAmerican Long Distance Company pursuant to orders issued by the Commission October 25, 1988 (Application No. C-758) and February 13, 1990 (Application No. C-796). Subsequently, MidAmerican Long Distance Company changed its name to MCC and this change was approved by the Commission January 7, 1992 (Application No. C-900).

Dial-Net is a privately held South Dakota corporation. Dial-Net originally obtained authority to provide intrastate interLATA interexchange reseller telecommunications service in Nebraska February 10, 1987 (Application No. C-706). The company's authority was expanded by the Commission May 26, 1992 to include intraLATA interexchange reseller authority (Application No. C-927).

LDDS and Dial-Net have agreed that Dial-Net shall merge into and with a wholly-owned subsidiary of LDDS (Subsidiary). Accordingly, the parties have negotiated an Agreement and Plan of Merger (Agreement) structured to allow, upon closing, Dial-Net to merge into and with Subsidiary, which will be the surviving corporation. In compliance with the South Dakota Business Corporation Act,

²Interexchange reseller applications are governed by Neb. Rev. Stats. 75-604 and 86-805 (1990 and 1987 Reissues, respectively) and Title 291 Neb. Admin. Regs. Ch. 5, Rule 003.12. Mergers and acquisitions are governed by 75-146 to 75-151 (1990 Reissue) and Ch. 5, Rule 003.01D et seq.

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Subsidiary, as a South Dakota corporation, will succeed to and assume all rights and obligations of Dial-Net. Subsidiary will formally change its name to "Dial-Net, Inc."

After completion of the merger, the new entity (for the purpose of this order we will refer to it hereinafter as "Dial-Net Subsidiary") will be a subsidiary corporation of LDDS (Dial-Net having merged into Subsidiary, a subsidiary of LDDS and not into LDDS itself).

In its application, LDDS points out that the merger only changes the underlying ownership of the common carrier entity known as "Dial-Net." Neither Dial-Net's name nor its services will change if the application is approved. Dial-Net's customers should not notice any change in service or terms in Dial-Net's current tariff.

LDDS, as a parent corporation, and Dial-Net have sufficient assets and Dial-Net, as a competing common carrier, has shown itself to be profitable. See Exhibit A. We find that the financial fitness of the participants is sufficient to warrant approval.

After the assets and authority of Dial-Net are acquired, Dial-Net Subsidiary will pledge those assets as collateral for a pre-existing LDDS loan facility to which it will be a signatory. The terms of the loan facility require that each LDDS subsidiary become a 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 Dial-Net in Nebraska. Approval of the transfer does not appear to alter or affect adversely the management or policies of Dial-Net (or the entity it is to become) as they pertain to operations in Nebraska.

Based on the applications and the exhibits, the application is fair and reasonable, is in the public interest, and should be granted.

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IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-967 be, and it is hereby, granted. Dial-Net, Inc.'s authority to operate in Nebraska and its control is hereby transferred to LDDS Acquisition Subsidiary and it is therefore authorized to operate as a resale carrier of intra-state interexchange interLATA and intraLATA telecommunications services within the state of Nebraska.

IT IS FURTHER ORDERED that the newly authorized common carrier in this matter shall file, in accordance with the applicable statutes, an annual report with this Commission consisting of (a) a copy of any report filed with the Federal Communications 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, operating expenses, and taxes.

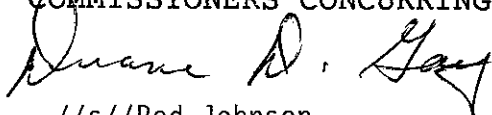
IT IS FURTHER ORDERED that the newly authorized common carrier file an updated tariff, if necessary, prior to offering service pursuant to the certificate granted in this order.

IT IS FINALLY ORDERED that this order be, and it is hereby, made the Commission's official certificate of authority to furnish the service authorized herein as a common carrier.

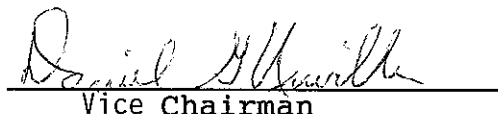
MADE AND ENTERED at Lincoln, Nebraska this 23rd day of February, 1993.

NEBRASKA PUBLIC SERVICE COMMISSION

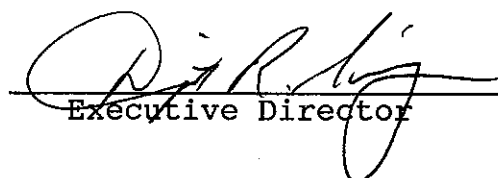
COMMISSIONERS CONCURRING



//s//Rod Johnson
//s//James Munnelly
//s//Daniel G. Urwiller


Vice Chairman

ATTEST:


Executive Director