

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application	)	Application No. C-1198
of LCI International, Inc., LCI	)	
International Telecom Corporation,	)	
LCI Telemanagement Corporation and	)	
Corporate Telemanagement Group,	)	
Inc. seeking authority to transfer	)	GRANTED
control of Corporate Telemanagement	)	
Group, Inc. to LCI International	)	
and LCI Telemanagement Corporation	)	
and to guarantee an associated	)	
credit facility.	)	Entered: August 21, 1995

PRELIMINARY MATTERS

On June 6, 1995, an application was filed by LCI International, Inc. (LCII), LCI International Telecom Corporation (LCI Telecom), LCI Telemanagement Corporation (LCI Telemanagement) and Corporate Telemanagement Group (CTG) for authority to transfer control of CTG to LCII, to transfer CTG's existing authority to LCI Telemanagement and for the approval of a \$500 million credit facility to be undertaken by LCII to finance this acquisition. Notice of the application was published in the Omaha Daily Record on June 8, 1995. A video-conference hearing was on July 31, 1995 in the Commission Library, Lincoln, Nebraska.

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

CTG is headquartered in Greenville, South Carolina and obtained a Certificate of Public Convenience and Necessity from the Commission pursuant to Application C-932 on September 1, 1992. No departmental or formal complaints have been filed against the company since its certification.

LCII is a publicly-held Delaware corporation with its principal offices located in McLean, Virginia. LCII provides a variety of voice and data communication services to business and residential customers worldwide. One of LCII's operating subsidiaries, LCI Telecom, provides telecommunications services in 47 states, including Nebraska.

LCI Telecom was certified pursuant to Commission Order C-909 on February 18, 1992. LCI Telecom was subsequently granted authority to operate as an alternate operator services provider in Nebraska in Application C-1015 on January 10, 1994. No formal or departmental complaints have been issued against the company.

LCI Telemanagement has been formed specifically for the purpose of facilitating the CTG acquisition. LCI is a Delaware

Application No. C-1198

PAGE TWO

corporation and is wholly-owned by LCII. The present transaction will be implemented by merging CTG into LCI Telemanagement.

The contemplated purchase price of the acquisition is approximately \$120 million. Not more than forty percent (40%) of the purchase price will be paid in cash, the remainder will be paid in LCII common stock.

After the acquisition is complete, CTG will cease to exist and LCI Telemanagement will provide services to the former CTG customer base. Services of equal quality will be offered by LCI Telemanagement and customers will be charged at the same rates. All customers will receive notice of the transaction.

Lastly, in order to finance the acquisition, LCII seeks authority to obtain a revolving credit facility in an amount up to \$500 million. The credit facility will also be used to refinance existing indebtedness, finance capital expenditures, make permitted acquisitions and to provide working capital. The credit facility will be managed by First Union National Bank of North Carolina and NationsBank of Texas, N.A. The term of the credit facility is five (5) years. LCI Telecom and LCI Telemanagement will act as guarantors of the credit facility.

Upon consideration of the application, the governing statutes and rules, and being fully informed, the Commission is of the opinion and finds:

The transfer of control and operating authority of Corporate Telemanagement Group to LCI International, Inc. and LCI Telemanagement Corporation is fair and reasonable, is in the public interest and should be granted. Further, the credit facility of \$500 million requested by LCI International, Inc. is fair and reasonable, is in the public interest and is hereby granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application C-1198 be, and it is hereby granted and the operating authority and control of Corporate Telemanagement Group is hereby transferred to LCI International, Inc. and LCI Telemanagement Corporation.

IT IS FURTHER ORDERED that LCI International shall continue to file, in accordance with the applicable statutes, an annual report with this Commission consisting of (a) a copy

Application No. C-1198

PAGE THREE

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 Corporate Telemangement Group shall file in accordance with the applicable statutes, an annual report for the year ending 1995 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 LCI Telemangement file an updated tariff to replace the Corporate Telemangement Group tariff prior to offering service pursuant to the authority granted in this order.

IT IS FURTHER ORDERED that the authority previously issued to Corporate Telemangement Group pursuant to C-932 is hereby revoked.

IT IS FINALLY ORDERED that this order be and 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 21st day of August, 1995.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*[Signature]*  
//s//Rod Johnson  
//s//James F. Munnelly  
//s//Daniel G. Urwiller

*[Signature]*  
Daniel G. Urwiller  
Chairman

ATTEST:

*[Signature]*  
Executive Director

