

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-1271
of Teledial America, Inc., d/b/a)
U.S. Signal, of Grand Rapids, Mi-)
chigan, seeking authority to) GRANTED
transfer assets to LCI Inter-)
national Telecom Corporation, of)
Dublin Ohio, and related trans-)
actions.) Entered: January 9, 1996

PRELIMINARY MATTERS

On December 6, 1995, an application was filed by Teledial America, Inc. (Teledial), of Grand Rapids, Michigan and LCI International Telecom Corp. (LCI Telecom), of Dublin, Ohio for authority to transfer assets from Teledial to LCI Telecom. Notice of the application was published in the Omaha Daily Record on December 8, 1995. No protests were received; therefore, we will process this application pursuant to the Commission's Rule of Modified Procedure.

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

Teledial is a privately-held Michigan corporation headquartered in Grand Rapids, Michigan. The company obtained a Certificate of Public Convenience and Necessity from the Commission pursuant to Application No. C-1031 on February 22, 1994. No departmental or formal complaints are pending against the company.

LCI Telecom is a wholly-owned subsidiary of LCI International Management Services, Inc. (LCIM), which is a wholly-owned subsidiary of LCI International, Inc. (LCII). LCII is the ultimate corporate parent of all the LCI companies. LCI Telecom provides telecommunications services in 48 states, including Nebraska, pursuant to the Certificate of Public Convenience and Necessity obtained on February 18, 1992 in Application No. C-909. No departmental or formal complaints are pending against the company.

On October 24, 1995, LCI Telecom and Teledial signed a letter of intent in which LCI Telecom agreed to acquire the long distance business and substantially all the assets of Teledial. The purchase price is roughly \$115 million. Upon

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closing of the transaction, LCI Telecom will provide telecommunications services to Teledial's former customer base. Customers will continue to receive the same quality services at prices, terms and condition presently offered by Teledial. Customers will be notified of the transaction and of the right to change carriers if they so desire. Teledial will continue to offer telecommunications services in the state.

LCI Telemanagement is a separate company in the LCI corporate structure that currently operates in Nebraska. LCI Telemanagement was formed specifically for the purpose of facilitating the acquisition of Corporate Telemanagement Group, Inc. (CTG) in September, 1995. LCI Telemanagement appeared before the Commission for a video-conference hearing on July 31, 1995 to obtain authority to acquire the assets of CTG. Approval of that transaction was granted on August 21, 1995 pursuant to Application No. C-1198.

To run a more efficient operation, the LCI corporate family intends to merge LCI Telemanagement's operations with those of LCI Telecom. LCI Telecom would ultimately be the surviving entity. The present applications states that the timing of the merger is currently undecided and depends on several factors.

This Commission finds the proposed merger of LCI Telecom and LCI Telemanagement cannot be approved with the present application. First, the application requests authority to transfer the assets of Teledial into LCI Telecom, not a merged company of LCI Telecom and LCI Telemanagement. Simultaneous approvals would incorrectly reflect the action requested herein. Second, details reflecting when the proposed merger will take place are not included and the Commission will not issue a blanket approval for the merger to take place at some time in the future. Therefore, when the details concerning the merger are more precise and once the acquisition of Teledial is complete, an application may be submitted to the Commission for approval of the LCI Telemanagement and LCI Telecom merger.

LCI Telecom requests that some time be allotted for the company to completely acquire the customer base and for it to amend its tariff to add the service offerings currently provided by Teledial. We find such request reasonable and therefore will permit LCI Telecom to incorporate the customer base and tariff offerings of Teledial over a six (6) month period.

Also requested in the application is approval to increase the amount of an existing credit facility to approximately \$650 million. On August 21, 1995, this Commission approved the issuance of a credit facility in an amount not to exceed \$500

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million. The purpose of the increase is to refinance existing indebtedness, finance capital expenditures, make acquisitions and provide working capital. Specifically, the increased credit facility will be used to finance the acquisition of Teledial. The Commission finds that given the prospective purchase price of Teledial, the requested increase is reasonable.

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 assets belonging to Teledial America, Inc. d/b/a U.S. Signal of Grand Rapids, Michigan to LCI Telecom of Dublin, Ohio is fair and reasonable, is in the public interest and should be granted. Further, the increase in the amount of the credit facility is also fair and reasonable, 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-1271 be, and it is hereby granted and the assets of Teledial America, Inc. are hereby transferred to LCI Telecom.

IT IS FURTHER ORDERED that LCI International, Inc may enter into an amended and restated credit agreement whereby the amount of an existing reducing revolving credit facility is increased to approximately \$650 million.

IT IS FURTHER ORDERED that Teledial America and LCI Telecom shall continue to file, in accordance with the applicable statutes, an annual report with this Commission by April 30th of each year.

IT IS FURTHER ORDERED that when LCI Telemanagement and LCI Telecom merge operations, an application must be remitted to this Commission and regulatory approval obtained before such transaction is consummated.

MADE AND ENTERED at Lincoln, Nebraska, this 9th day of January, 1996.

COMMISSIONERS CONCURRING:

//s//Rod Johnson
//s//Frank E. Landis
//s//James F. Munnelly
//s//Daniel G. Urwiller

NEBRASKA PUBLIC SERVICE COMMISSION

Chairman

ATTEST:

Executive Director

