

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-1532
of Dial & Save of Nebraska, Inc.)
and Telco Holdings, Inc. d/b/a)
Dial & Save of Chantilly, Virginia) GRANTED
seeking approval of a pro forma)
assignment of license and related)
activities.) Entered: June 11, 1997

BY THE COMMISSION:

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

On April 28, 1997, an application was filed by Dial & Save of Nebraska, Inc. (Dial & Save) and Telco Holdings, Inc. d/b/a Dial & Save (Telco Holdings) of Chantilly, Virginia, seeking approval of a pro forma assignment of license and related activities. Notice of the application was published in the Omaha Daily Record on April 30, 1997. No protests were received; therefore, we will process this application pursuant to the Commission's modified procedure.

Dial & Save and Telco Holdings are both Delaware corporations that are qualified to do business in the State of Nebraska. The applicants are both wholly-owned subsidiaries of Telco, a Delaware corporation that is publicly traded. Dial & Save is authorized to provide resold local and long distance telecommunications services in the State of Nebraska, pursuant to Docket Nos. C-1154 and C-1360.

For internal corporate reasons, Telco has determined that the operational efficiency of the company will be improved by the proposed reorganization. The reorganization will enable the company to reduce its operating expenses and realize operational and management efficiencies and other corporate benefits that ultimately will inure to the benefit of Dial & Save customers.

The first step of the reorganization was the creation of Telco Holdings as a wholly-owned first-tier subsidiary of Telco. At its inception, Telco Holdings was interposed between Telco and the operating carriers including Dial & Save. As a result, Dial & Save became a second-tier subsidiary of Telco and Telco Holdings became its direct parent.

The second step of the reorganization consists of merging several Dial & Save subsidiaries, including Dial & Save of Nebraska, into Telco Holdings. Thus, upon completion of the reorganization, Dial & Save of Nebraska will cease to exist, and Telco Holdings will be certificated to provide telecommunications services throughout the United States.

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The Applicants seek Commission approval to assign the certificate of Dial & Save to Telco Holdings. The creation of Telco Holdings, and the transfer of the certificate of public convenience and necessity from Dial & Save to Telco Holdings will be made in a seamless fashion that will be transparent to consumers and will not in any way inconvenience or have a negative effect on the services provided to Dial & Save's customers.

To avoid customer confusion, Telco Holdings will provide service to the public using the business name of Dial & Save. Customers will be able to purchase the same services from the Telco Holdings that they currently purchase from Dial & Save. Former customers will continue to receive the same services that they presently receive at the same rate levels.

Because Telco plans to continue its growth, the Applicants seek approval for Telco to obtain additional capital through either stock issuances or credit facility agreements. If Telco enters into such credit facility agreements, it may seek to pledge the stock of its subsidiaries, including Dial & Save, Telco Holdings, and Long Distance Wholesale Club.

Telco has determined that the proposed reorganization will improve operational efficiency, provide Telco greater flexibility to obtain financing for its continuing expansion, and will secure its competitive position in the telecommunications marketplace. Nothing in the proposed consolidation appears to conflict with Neb. Rev. Stat. 75-146 (Reissue 1996) nor the rules of the Commission. The application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application C-1532 be, and it is hereby, granted and the pro forma assignment of license and related activities are hereby approved.

IT IS FURTHER ORDERED that the issuance of additional stock or the execution of credit facility agreements as set forth above are also hereby authorized.

IT IS FURTHER ORDERED that the certificate issued to Dial & Save of Nebraska is hereby assigned to Telco Holdings, Inc. d/b/a Dial & Save and Dial & Save of Nebraska will cease to exist as a result of this reorganization.

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IT IS FURTHER ORDERED that Telco Holdings, Inc. d/b/a Dial & Save shall continue to file annually, in accordance with the applicable statutes, a report with this Commission consisting of (a) a copy of any reports filed with the Federal Communications Commission and the Security and Exchange 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, expenses and taxes by April 30th of each year.

MADE AND ENTERED at Lincoln, Nebraska, this 11th day of June, 1997.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Frank E. Landis

Chairman

Rod Johnson

Ann C. Boyle

ATTEST:

Robert B. Logsdon
Executive Director

//s//Rod Johnson
//s//Frank E. Landis

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION
