

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-2531
of Cable USA, Inc. and F&S Fiber)
Systems, L.L.C., both of)
Scottsbluff, Nebraska, and Charter) GRANTED
Fiberlink-Nebraska, L.L.C. of)
St. Louis, Missouri, seeking)
approval of transfer of control.) Entered: July 11, 2001

BY THE COMMISSION:

By joint application filed May 11, 2001, Cable USA, Inc. (Cable USA) and F&S Fiber Systems, L.L.C. (F&S) (collectively referred to as the Cable USA Group), both of Scottsbluff, Nebraska, and Charter Fiberlink-Nebraska, L.L.C. (Charter Fiberlink) of St. Louis, Missouri, seek approval of a transaction pursuant to which the Cable USA Group will transfer its collective telephony assets to Charter Communications, Inc. (Charter) which will in turn transfer and assign such telephony assets to its wholly-owned subsidiary, Charter Fiberlink. Notice of the application was published in The Daily Record, Omaha, Nebraska, on May 14, 2001. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

B A C K G R O U N D

A. Identification of the Parties

Cable USA, Inc. is a privately-held corporation organized under the laws of the state of Nebraska. Cable USA, Inc. was granted authority to provide basic local exchange services in territories served by US West Communications, Inc., GTE Midwest, Inc. and Aliant Communications Company on November 24, 1998, pursuant to Application No. C-1869. On August 3, 1999, the Commission approved Cable USA's application in Application No. C-2038 to expand its service territory to the entire state of Nebraska. Cable USA currently provides basic local exchange services through a combination of its own exiting facilities and resold facilities of other carriers.

Cable USA also operates as a resale carrier of intrastate interexchange interLATA and intraLATA telecommunications services within the state of Nebraska under the business name of Cable USA Long Distance, pursuant to the authority granted to Cable USA's affiliate, USA Paging, Inc. (Paging) on July 6, 1995, under Application No. C-1145. On March 27, 1996, Paging was merged with

and into Cable USA pursuant to a Plan and Agreement of Merger which consolidated the business activities of several affiliated entities but did not change the ultimate control of Paging. On May 26, 1999, Paging was granted authority by this Commission to operate under the trade name Cable USA Long Distance in Application No. C-2036.

F&S is a Nebraska limited liability company granted authority by the Commission to provide intrastate interexchange telecommunications services in certain areas of the state pursuant to Application No. C-1635, issued on March 16, 1998, and modified on May 5, 1998. F&S is currently providing full capacity interactive distance education services to educational institutions and other business users in the approved service territory and continues to build a dedicated fiber optic infrastructure for the provision of its services.

Charter Fiberlink is a Delaware limited liability company organized on April 4, 2001, which is qualified to do business in the state of Nebraska. Charter Fiberlink is an affiliate of Charter and was formed for the purpose of holding and operating the telephony assets of the Cable USA Group.

B. Description of the Transaction

Pursuant to an Agreement and Plan of Merger and Asset Purchase Agreement dated March 14, 2001 (the Merger Agreement), the Cable USA Group has agreed to be merged with and into Charter. Charter will be the surviving entity. Prior to the merger, however, the Cable USA Group will transfer all of its telephony assets to a newly-formed Delaware limited liability company, CC XII, LLC (CCXII), wholly-owned by the Cable USA Group. Following the merger, Charter's membership interests in CCXII will be contributed and assigned to Charter Communications Holding Company, LLC, a Delaware limited liability company (Charter Holdco). Charter Holdco will then contribute its interest in CCXII, through several wholly-owned subsidiaries, to Charter Fiberlink. Thereafter, CCXII will be merged with and into Charter Fiberlink, with Charter Fiberlink as the survivor and holder of all the telephony assets of the Cable USA Group.

By virtue of the merger agreement, the transaction will also include a transfer of the certificates of authority currently held by each entity comprising the Cable USA Group. The applicant requests that all certificates of authority granted to each member of the Cable USA Group be transferred to Charter Fiberlink and that such certificates of authority be consolidated into a single compre-

hensive certificate of authority in the name of Charter Fiberlink. Finally, the applicants request that the limited geographical authority granted to F&S for provision of its intrastate interexchange services be expanded to statewide authority.

According to the application, Charter Fiberlink will continue to implement the business plan set in place by Cable USA. Charter Fiberlink will employ many of the management personnel who have led the deployment of telecommunications services through the Cable USA Group. Charter Fiberlink intends to supplement that expertise in the areas of financial management and engineering. Concurrent with the joint application, Charter Fiberlink provided evidence on its managerial, financial and technical capacity to provide the telecommunications services once provided by the Cable USA Group. Finally, Charter Fiberlink avers that the transaction proposed will strongly promote the public interest because it will unhand the ability of the Cable USA Group and Charter Fiberlink to deploy a wide array of telecommunications services to customers in Nebraska.

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

Upon review of the evidence before us and being fully advised in the premises, we are of the opinion and find that the proposed merger satisfies the Commission's standards for granting approval. We find Charter Fiberlink possesses the financial, technical and managerial capabilities to provide the proposed services in the state of Nebraska. The limited geographical authority granted to F&S for provision of its intrastate interexchange services should be expanded to encompass statewide authority. Additionally, we find the application to be fair and reasonable and in the public interest. Therefore, this application should be granted.

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O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-2531 be, and it is hereby, granted.

IT IS FURTHER ORDERED that all certificates of public convenience and necessity granted to each member of the Cable USA Group be transferred to Charter Fiberlink and that such certificates of authority be consolidated into a single certificate in the name of Charter Fiberlink-Nebraska, LLC.

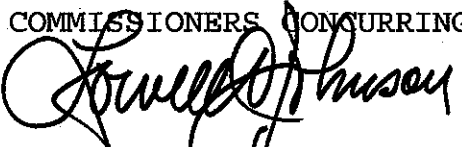

IT IS FURTHER ORDERED that Charter Fiberlink is authorized to provide intrastate interexchange telecommunications services throughout the state of Nebraska.

IT IS FURTHER ORDERED that this order be and it is hereby made the Commission's official Certificate of Public Convenience and Necessity granting Charter Fiberlink-Nebraska, LLC authority to provide local exchange and interexchange telecommunications services throughout the state of Nebraska.

MADE AND ENTERED at Lincoln, Nebraska, this day of 11th day of July, 2001.

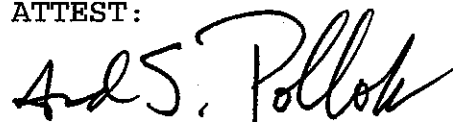
NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:


Chairman

ATTEST:



Executive Director


//s//Frank E. Landis