

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

1In the Matter of the Joint) Application No. C-3065
Application of Lightyear)
Communications, Inc. of)
Louisville, Kentucky, and)
Lightyear Network Solutions, LLC) GRANTED
of Louisville, Kentucky seeking)
Authority to Consummate a)
Corporate Reorganization)
involving a Transfer of Assets)
and Certificate of Authority.) Entered: January 21, 2004

BY THE COMMISSION:

On December 12, 2004, Lightyear Communications, Inc. (Lightyear) of Louisville, Kentucky and Lightyear Network Solutions, LLC (New Lightyear) of Louisville, Kentucky filed a joint application for authority to transfer assets and transfer authority from Lightyear to New Lightyear. Notice of the application was published in The Daily Record, Omaha, Nebraska December 15, 2003. No protests or formal interventions were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure, Rule 18.03.

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

Lightyear is a Kentucky Corporation and New Lightyear is a Kentucky Limited Liability Company wholly owned subsidiary of LY Acquisitions, LLC (LY), a Kentucky Limited Liability Company, all with their principal offices located at 1901 Eastpoint Parkway, Louisville, Kentucky. Lightyear currently holds a Certificate of Public Convenience and Necessity from this Commission to provide intrastate interexchange services within Nebraska.

Lightyear received approval from the Commission to change its name from UniDial Communications, Inc. on July 18, 2000 pursuant to Application No. C-2321. UniDial Communications, Inc. received its authority from this Commission on May 5, 1998, pursuant to Application No. C-1781 via a reorganization and name change from UniDial, Inc. This Commission granted authority to provide intrastate interexchange services within Nebraska to UniDial, Inc. on December 13, 1993, pursuant to Application No. C-1022.

Applicants propose to complete a series of transactions whereby New Lightyear will acquire substantially all of the assets of Lightyear, and thus become the provider of

telecommunications services to current Nebraska customers of Lightyear.

Since April 29, 2002, Lightyear has been operating under the protection of the United States Bankruptcy Code in a case pending in the Bankruptcy Court for the Western District of Kentucky (Bankruptcy Court). The sale of assets to LY was approved pursuant to an auction conducted under the supervision of the Bankruptcy Court on October 28, 2003. Immediately after the acquisition of assets by LY they will be transferred to New Lightyear.

New Lightyear will continue to conduct its operation in substantially the same manner in which Lightyear currently conducted its operations. Immediately after the transactions are completed, current Lightyear customers will continue to receive service under the same rates, terms and conditions that currently apply to their services. As a result, the proposed asset sale will be virtually transparent to Nebraska customers.

The transactions are not expected to materially change Lightyear's management team, which is expected to oversee New Lightyear's operations after the completion of the transactions. Applicants believe the transactions will serve the public interest because New Lightyear will not have the financial constraints that hindered Lightyear, which will allow New Lightyear to compete more effectively.

Based on the evidence, we find the application to be fair and reasonable and in the public interest. The application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-3065 be, and it is hereby, granted.

IT IS FURTHER ORDERED that the applicant shall file, in accordance with the applicable statutes on or before April 30th of each year, an annual report with this Commission consisting of: (a) a copy of any report filed with the Federal Communications Commission, (b) a copy of any annual report to stockholders and (c) a copy of the latest Form 10-K filed with the Securities and Exchange Commission. If these are not available, applicant shall submit a balance sheet and income statement for the previous year of operation, as well as the investment made in telephone plant and equipment located within

the state, accumulated depreciation thereon, operating revenues and expenses, and taxes.

IT IS FURTHER ORDERED that, to the extent applicable, the applicant shall comply with all laws pertaining to, and all rules and regulations promulgated under, the Telecommunications Relay System Act (Neb. Rev. Stat. §§ 86-301 to 86-315) and the Nebraska Telecommunications Universal Service Fund Act (Neb. Rev. Stat. §§ 86-316 to 86-329).

IT IS FURTHER ORDERED that applicant file its current tariff 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 21st day of January, 2004.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director