

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-3520
of SKT Ventures, Inc., Dalton)
Holdings, Inc. and Newcastle)
Holdings, Inc., Wichita, Kansas,)
seeking approval of changes of) GRANTED
controlling interests in Elsie)
Communications, Inc. and Dalton)
Telephone Company, Inc.,)
Wichita, Kansas.) Entered: March 14, 2006

BY THE COMMISSION:

On December 20, 2005, an application was filed by SKT Ventures, Inc. (SKT), Wichita, Kansas, Dalton Holdings, Inc. (DHI), Wichita, Kansas, and Newcastle Holdings, Inc. (NHI), Charlotte, North Carolina, (Applicants) seeking approval of changes of controlling interest in Elsie Communications, Inc. (Elsie), Wichita, Kansas, and Dalton Telephone Company, Inc. (Dalton), Wichita, Kansas. Notice of the application was published in The Daily Record, Omaha, Nebraska, on December 26, 2005. No protests or interventions to this application were filed. On March 8, 2006, a request was made by the Applicants to process this application by 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

The Parties:

Elsie states that it is a corporation duly organized and existing under and by virtue of the laws of the state of Nebraska, with its principal place of business located in Wichita, Kansas. According to Elsie, it conducts and operates a general telecommunications business in Nebraska serving customers located in the Elsie, Nebraska Exchange under and by virtue of authority heretofore granted by this Commission.¹

Dalton states that it is a corporation duly organized and existing under and by virtue of the laws of the state of Nebraska, with its principal place of business located in Wichita, Kansas. According to Dalton, it conducts and operates

¹ See Application No. C-1909, *In the Matter of the Application of Elsie Communications, Inc. of Clearwater, Kansas, seeking authority to obtain a Certificate of Public Convenience and Necessity to service the City of Elsie, Nebraska, and the environs thereby*, Granted (October 26, 1998).

a general telecommunications business in Nebraska serving customers located in the Bushnell, Dalton, Dix, Gurley, and Lodgepole, Nebraska Exchanges under and by virtue of authority heretofore granted by this Commission.

SKT states that it is the sole shareholder of Elsie. SKT's principal place of business is located in Wichita, Kansas. Gregory L. Mikesell, Kendall S. Mikesell, and William R. McVey are the Chief Executive Officer, President and Chief Financial Officer of SKT and Elsie, respectively.

DHI states that it is the sole shareholder of Dalton. DHI's principal place of business is located in Wichita, Kansas. Gregory L. Mikesell, Kendall S. Mikesell, and William R. McVey are the Chief Executive Officer, President and Chief Financial Officer of SKT and Elsie, respectively.

NHI states that it is a corporation duly organized and existing under the laws of the state of North Carolina. NHI further states that is 100% owned by American Broadband Acquisition Corp.IV, a Delaware corporation which in turn is owned 40% by Signal Equity Partners II, LP, 49% by American Broadband Communications, LLC, and 11% by individual investors. American Broadband Acquisition Corp.IV's principal place of business is located in Charlotte, North Carolina.

Applicants' further state that an affiliate of American Broadband Communications, LLC, American Broadband Communications Inc., together with Signal Equity Partners II, LP, owns controlling interest in several Incumbent Local Exchange Carriers (ILECs) in Georgia, Illinois, Kansas, Mississippi, Missouri, and Pennsylvania.

Description of the Transaction:

According to the application, Elsie has 100,000 outstanding shares of common stock owned entirely by SKT. Dalton has 75 outstanding shares of common stock owned entirely by DHI. Both SKT and DHI have agreed to sell to NHI, and NHI has agreed to purchase all of SKT and DHI's outstanding shares of common stock in Elsie and Dalton (Stock Purchase). After the Stock Purchase, NHI will own controlling interests in Elsie and Dalton. NHI, through its affiliates, is currently engaged in the telecommunications industry, has the technical, managerial and financial capability of providing quality telecommunications services to the customers of Elsie and Dalton, and is a fit and proper party to acquire the controlling stock ownership interest in Elsie and Dalton.

The Applicants state that the transaction is in the best interest of Elsie and Dalton and their customers because Elsie and Dalton will be affiliated with entities that are already providing local exchange service and other telecommunications services to rural areas of multiple states. This new affiliation will ensure the same high quality service provided to the customers of NHI affiliates will be provided to Elsie and Dalton customers. NHI and its affiliate American Broadband Communications (ABB) have agreed to send informational letters about the Stock Purchase and the change in controlling interests to all Elsie and Dalton customers. The information provided to customers will also include a section of Frequently Asked Questions (FAQs) assuring customers that their telephone service will continue uninterrupted during the transition of control. Further, the telephone numbers for customer service and assistance will remain the same and be provided to all customers for questions and concerns. Finally, NHI and ABB have agreed to hold five (5) public meetings in the Elsie and Dalton areas to allow the public to meet the new owners and ask questions.

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 C-3520 be, and it is hereby, granted.

MADE AND ENTERED at Lincoln, Nebraska, this 14th day of March, 2006.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director