

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TWO TRANSACTIONS INVOLVING MCCAW) CASE NO.
CELLULAR COMMUNICATIONS, INC.) 89-077

O R D E R

On February 24, 1989, McCaw Cellular Communications, Inc. ("McCaw") filed a notification of two separate transactions effecting its company. McCaw asserts that neither of the transactions effect a change in ownership or control of a Kentucky utility. McCaw has requested that the Commission affirm McCaw's opinion that neither transaction requires approval from the Kentucky Commission. With this Order the Commission so affirms.

In one transaction, a wholly-owned subsidiary of British Telecommunications plc, British Telecom USA Holdings, Inc. ("BT") will purchase approximately 37 million newly-issued shares of McCaw. Both before and after the transaction, Mr. McCaw, an individual, will vote at least 51 percent of the shares of McCaw stock; there is no transfer of control of McCaw and its subsidiaries. This transaction involves the acquisition of a minority of a non-utility grandparent (McCaw) of Kentucky utilities (Central Kentucky Cellular Telephone Company and Cumberland Cellular Telephone Company, Inc.) by another non-utility (BT). The transaction will be transparent to the

Kentucky ratepayers. Thus, KRS 278.020(4) and KRS 278.020(5) are inapplicable.

In the other transaction, Affiliated Publications Inc. ("API"), owner of 47.1 percent equity interest in McCaw, and McCaw seek to restructure their relationship through a tax-free spinoff. After distributing to shareholders the shares in a new holding company owning all non-cellular subsidiaries, API will merge with McCaw; thus spinning off all non-cellular subsidiaries. Following the spinoffs, certain trusts will have a 21.37 percent equity interest in McCaw. The trusts will enter a new shareholder agreement with the McCaw family; Mr. McCaw will continue to control McCaw. This transaction involves the transfer of ownership interests in a non-utility grandparent (McCaw) of Kentucky utilities (Central Kentucky Cellular Telephone Company and Cumberland Cellular Telephone Company, Inc.) to other non-utilities (the current API shareholders). Therefore, KRS 278.020(4) and KRS 278.020(5) are inapplicable. Pursuant to KRS 278.020(6)(b), this transaction is an exempt form of corporate reorganization.

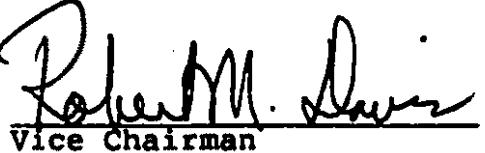
The Commission, having reviewed McCaw's filing of February 24, 1989 and being sufficiently advised, hereby finds that approval pursuant to KRS 278.020(4) and KRS 278.020(5) for the transactions discussed herein is not required.

BE IT SO ORDERED.

Done at Frankfort, Kentucky, this 3rd day of April, 1989.

PUBLIC SERVICE COMMISSION


G. E. Dabney
Chairman


Robert M. Davis
Vice Chairman


James W. Head
Commissioner

ATTEST:

Executive Director