

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF TELESPHERE COMMUNICATIONS,)
INC. FOR AUTHORITY TO ACQUIRE CONTROL OF) CASE NO. 90-123
A CERTIFIED RESALE CARRIER)

O R D E R

On April 30, 1990, Telesphere Communications, Inc. ("TCI") filed an application, pursuant to KRS 278.020(4) and (5), requesting authority to acquire control of National Telephone Services, Inc. ("NTS"), an interexchange resale carrier certified by the Commission to provide Kentucky intrastate telecommunications services. NTS maintains its own switching equipment and operator centers, and provides transmission capacity by reselling the services of underlying facilities-based carriers. NTS provides telecommunications services that require the assistance of an operator or which must be billed to a number other than the one on which the call originates. TCI is a holding company which provides, through a wholly owned subsidiary, a variety of long-distance services, including MTS, switched and special access WATS, and operator services.

TCI and NTS have entered into an Agreement, dated March 28, 1990, which provides that TCI will acquire NTS by purchasing all of the outstanding shares of NTS Class A and NTS Class B common stock. The NTS shareholders will receive from TCI: 1) cash in the amount of \$20 million; 2) 3,000,000 shares of TCI; and 3) a

note, payable in 24 monthly installments, in an amount equal to the difference between \$28 million and the fair market value of TCI's shares. After TCI purchases the NTS stock, NTS will be a wholly owned subsidiary of TCI and will continue to provide telecommunications services in Kentucky.

To demonstrate TCI's financial ability to provide reasonable telecommunications service, TCI's application includes a copy of its annual financial report for the year ended December 31, 1989, Form 10-K filed with the Securities and Exchange Commission. TCI's application further states that, as a result of this acquisition, the technical and managerial abilities of NTS will be strengthened. NTS will directly benefit from the expertise of TCI which currently maintains and repairs its equipment and facilities through the use of its own staff of 500 technicians supplemented by reputable outside contractors.

Based on the evidence of record and being advised, the Commission hereby finds that TCI possesses the financial, technical, and managerial ability to acquire NTS and provide adequate, efficient, and reasonable telecommunications service in Kentucky. The Commission further finds that TCI's acquisition of NTS is in accordance with law, for a proper purpose, and is consistent with the public interest.

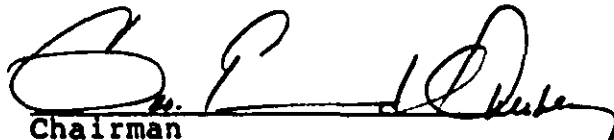
IT IS THEREFORE ORDERED that:

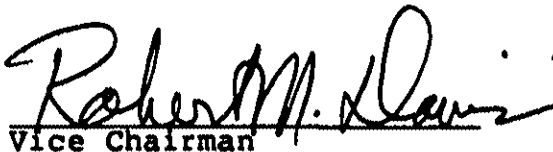
1. TCI's application to acquire ownership and control of NTS be and it hereby is approved.

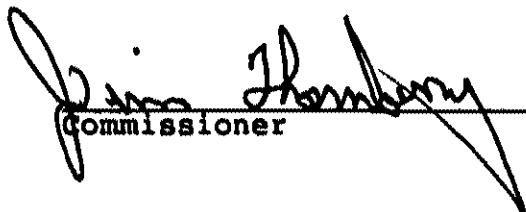
2. Within 10 days subsequent to TCI's acquisition of ownership and control of NTS, TCI shall file a notice with the Commission setting forth the date upon which ownership and control was acquired.

Done at Frankfort, Kentucky, this 3rd day of July, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Lee M. MacCracken
Executive Director