

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION FOR AUTHORITY TO TRANSFER )  
CONTROL OF INTERNATIONAL TELECHARGE, INC. )  
AND FOR AUTHORITY TO TRANSFER ASSETS OF ) CASE NO. 91-464  
TELESPHERE LIMITED, INC. )

O R D E R

On December 16, 1991, International Telecharge, Inc. ("ITI"), Telesphere Limited, Inc. ("Telesphere Limited"), and Ronald J. Haan ("Haan") filed a joint application pursuant to KRS 278.020(4) and (5) for approval of certain interrelated transactions ("proposed transaction") which have occurred or will occur in connection with an October 23, 1991 Order of the United States Bankruptcy Court for the Northern District of Illinois, and which relate to Telesphere Communications, Inc. ("Telesphere Communications") and its wholly owned subsidiaries Telesphere Limited and Telesphere Network, Inc. ("Telesphere Network").

A brief history of the bankruptcy proceedings in Illinois indicates that an involuntary Chapter 7 (liquidation) petition was filed against Telesphere Communications on August 19, 1991. On September 11, 1991, the Chapter 7 proceeding was converted to a Chapter 11 (business reorganization). Telesphere Communications' wholly owned subsidiaries, Telesphere Network and Telesphere Limited, also petitioned the bankruptcy court for relief pursuant to Chapter 11 of the Bankruptcy Code on September 11, 1991.

Telesphere Network is not a jurisdictional utility and is mentioned only for purposes of describing the bankruptcy proceeding.

During the pendency of the bankruptcy proceedings, Haan, a joint applicant, infused \$3,000,000 into Telesphere Communications to continue its operations. The bankruptcy court ordered that certain assets of Telesphere Communications, Telesphere Network, and Telesphere Limited be transferred to Haan or his designee and to ITI.

Haan has acquired 8,000,000 shares of ITI stock, a seat on its board of directors, and has obtained the right to name a majority of the board of directors upon ITI's purchase of Telesphere Limited and Telesphere Network. Haan, therefore, requests approval pursuant to KRS 278.020(5) for the acquisition of control of ITI, a jurisdictional utility.

ITI is a publicly held Delaware corporation which was granted a certificate of convenience and necessity by this Commission on March 22, 1989 to operate as a reseller in Case No. 10002.<sup>1</sup>

The transfer of Telesphere Limited (formerly NTS) to Telesphere Communications was authorized on August 3, 1989 by

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<sup>1</sup> Case No. 10002, Application of International Telecharge, Inc., for a Certificate of Public Convenience and Necessity to Operate as a Reseller of Telecommunication Services Within the State of Kentucky.

Order of this Commission in Case No. 90-123.<sup>2</sup> NTS was renamed Telesphere Limited by letter dated December 14, 1990.

Telesphere Limited and ITI are corporations under the jurisdiction of this Commission. Pursuant to the bankruptcy order, the assets of Telesphere Limited will be transferred to Haan and ITI which will assume and provide "0+" services to the former customers of Telesphere Limited and Telesphere Network. Approval of the transfer of jurisdictional assets is therefore requested, pursuant to KRS 278.020(4).

During the transition process and in accordance with bankruptcy law, Telesphere Limited and Telesphere Network subscribers, whose contracts are assumed by ITI, will be provided notice of the change in service providers by means of a "motion for assumption." Because ITI is assuming executory contracts, it will be required to provide service at Telesphere Limited and Telesphere Network current rates. ITI proposes to amend its tariff where necessary to consolidate existing Telesphere Limited and Telesphere Network rates into its current tariff. Joint Applicants submit that the proposed acquisition will be transparent to ITI's pre-existing customers.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to receive Commission approval prior

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<sup>2</sup> Case No. 90-123, Petition of Telesphere Communications, Inc. for Authority to Acquire Control of a Certified Resale Carrier.

to the acquisition or transfer of ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval.


The Commission finds that ITI and Haan, collectively, have the financial, technical, and managerial abilities, as demonstrated by this application and, by ITI in Case No. 10002, to provide reasonable service to the public. Further, the acquisition of Telesphere Limited by ITI and Haan and the acquisition of control of ITI by Haan is for a proper purpose and consistent with the public interest. The proposed transaction, as described in the joint application, is consistent with the requirements of KRS 278.020(4) and (5) and should be approved.

IT IS THEREFORE ORDERED that:

1. The proposed transaction be and it is hereby approved.
2. Within 30 days of the closing of the proposed transaction, ITI shall give notice to the Commission of the closing.
3. Within 30 days of the closing of the proposed transaction, ITI shall file its revised tariff sheets to include relevant parts of the existing Telesphere Limited tariff, in accordance with 807 KAR 5:011.
4. Joint Applicants shall notify the Commission in the event that the proposed transaction does not occur.

Done at Frankfort, Kentucky, this 14th day of February, 1992.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director