

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LDDS COMMUNICATIONS,)
INC. FOR APPROVAL OF PRIVATE) CASE NO. 92-124
PLACEMENT OF STOCK)

O R D E R

On March 31, 1992, LDDS Communications, Inc. ("LDDS"), submitted an application to the Commission seeking approval pursuant to KRS 278.020(4)(5) and KRS 278.300 for a private placement of 500,000 shares of its 6.50 percent cumulative senior perpetual convertible preferred stock ("the preferred stock") for an aggregate price of \$50,000,000.

LDDS is a publicly held company and parent of several non-dominant long-distance providers which resell services of various facilities-based long-distance carriers. Among these subsidiaries are two which are certified to provide long-distance telephone service in Kentucky.¹

Although LDDS does not specifically describe the purpose for the financing, it does assert that the issuance is necessary and appropriate and is consistent with the performance by LDDS and its subsidiaries of their services to the public. LDDS further states that the placement will not impair the ability of LDDS or its operating subsidiaries to perform such services and it is for a

¹ LDDS of Indiana, Inc. and LDDS of Kentucky, Inc.

lawful objective within the corporate purposes of LDDS and is appropriate and necessary for the purposes of LDDS and is appropriate and necessary for the purposes of LDDS.

LDDS and its subsidiaries operate in a competitive arena in which there are numerous suppliers of similar services. The exit from the market of any one of these suppliers for any reason will not be detrimental to the public interest in that the remaining providers would be ready, willing, and able to provide service to the subscribers of the departing company. Because of this, any financial injury which might arise as a result of the proposed financing would accrue entirely to the stockholders of LDDS.


The proposed private placement of preferred stock, as described in the application, will not constitute a transfer in ownership or control pursuant to KRS 278.020(4) and (5). The proposed private placement of stock could result in the acquisition of 11.5 percent of the outstanding common stock in LDDS. However, as stated in the application, the acquiring entity would be unable to exercise control over LDDS since this amount does not represent the largest single holding of stock and the placement terms permit the nomination of only one person to the board of directors. Therefore, Commission approval is unnecessary pursuant to KRS 278.020(4) and (5).

Having considered the proposed financing and being otherwise sufficiently advised, the Commission HEREBY ORDERS that the petition of LDDS to issue 500,000 shares of its preferred stock pursuant to KRS 278.300 in private placement is approved.

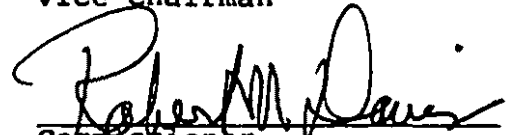
Nothing contained herein shall be construed as a finding or value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 24th day of April, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director