

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE VERIFIED APPLICATION OF USA MOBILE )	
COMMUNICATIONS, INC. II APPROVING A CHANGE)	
IN ITS OWNERSHIP AND CONTROL AND )	CASE NO. 92-167
ESTABLISHING A HOLDING COMPANY FOR THE )	
APPLICANT )	

O R D E R

On April 9, 1992, USA Mobile Communications, Inc. II ("USA II") filed an application pursuant to KRS 278.020(4) and (5) requesting approval for change in ownership and control and for establishment of a holding company, hereinafter referred to as the "proposed transaction."

USA II is engaged in the business of providing one-way radio paging and two-way mobile radio telephone services and was granted authority to provide these services pursuant to Commission Order in Case No. 10025<sup>1</sup> dated September 14, 1987.

USA II was authorized to restructure its existing indebtedness by this Commission on December 31, 1991 in Case No. 91-450.<sup>2</sup> As a part of this restructuring plan, USA II's lenders

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<sup>1</sup> Case No. 10025, Joint Application of USA Mobile Communications, Inc., and Johnny L. Wills, d/b/a Kentucky Radio Service, Inc.

<sup>2</sup> Case No. 91-450, The Application of USA Mobile Communications, Inc. II for: (1) An Order Pursuant to KRS 278.020(4) and (5) Approving a Change in Ownership or Control; and (2) An Order Pursuant to KRS 278.300 Authorizing The Issuance of Securities or Indebtedness.

were issued stock warrants which would allow them to acquire stock in USA II upon receiving regulatory approval. USA II, in this application, seeks approval for its lenders to acquire USA stock by exercising these stock warrants. USA II lenders will acquire stock in USA II which they will then exchange for shares in USA Mobile Communications Holdings, Inc. ("USA Holdings"). After this transaction, along with the exercise of stock warrants by four of the five present shareholders of USA II, USA Holdings will become the sole owner of all shares of USA II.

USA II and USA Holdings submit that they will abide by the guidelines set forth in the Federal Communications Commission's ("FCC") Code of Federal Regulations, Uniform System of Accounts for Telecommunications companies, Part 32, and the guidelines set forth in Administrative Case No. 321.<sup>3</sup> Applicant, USA II, further submits that the proposed transaction would result in a change in ownership structure but that the day-to-day operational and technical control will remain essentially the same and that it will continue to have the financial, technical, and managerial capabilities to provide reasonable radio paging services to the public. Approximately one percent of USA II's operations are subject to this Commission's jurisdiction pursuant to previous Commission findings in Case No. 89-080<sup>4</sup> dated April 12, 1989.

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<sup>3</sup> Administrative Case No. 321, Separation of Cost of Regulated Telephone Service From Costs of Nonregulated Activities.

<sup>4</sup> Case No. 89-080, The Application of USA Mobile Communications Inc. II for an Order Authorizing the Issuance and Sale of Securities.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to receive Commission approval prior 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 KRS 278.020(4) and (5) are applicable since the proposed transaction as set forth in the application constitutes a transfer of ownership and control. The Commission finds that the proposed transaction is consistent with the requirements of KRS 278.020(4) and (5) and the public interest and, therefore, should be approved. USA II will continue to have the financial, technical, and managerial abilities to provide reasonable service.

IT IS THEREFORE ORDERED that:

1. USA II's application for approval of its lenders to acquire stock in USA II by exercising stock warrants is hereby approved.

2. USA II's application for approval to establish a Holding Company is hereby approved.

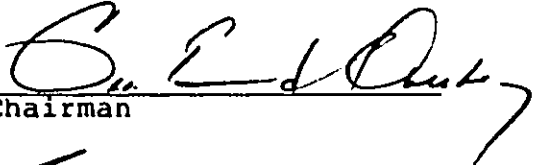
3. USA II and USA Holdings shall file copies of final documents relating to the transfer of the stock and the establishment of the Holding Company within 30 days of the closing of the transaction.

4. USA II and USA Holdings shall follow all FCC rules and regulations and procedures established in Administrative Case No. 321 relative to intercompany transactions.

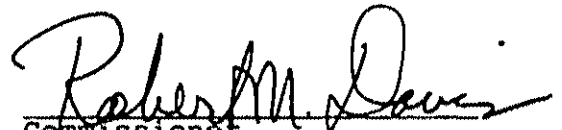
5. In the event the proposed transaction does not take place, USA II shall immediately notify the Commission in writing.

Done at Frankfort, Kentucky, this 4th day of June, 1992.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director, Acting