

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| APPLICATION OF PACTEL OF KENTUCKY, INC. |) | |
| FOR ORDER REGARDING THE REORGANIZATION OF |) | CASE NO. 93-187 |
| PACIFIC TELESIS GROUP |) | |

O R D E R

On May 17, 1993, PacTel of Kentucky, Inc. ("PacTel Kentucky") filed a notice of reorganization and request for an order. The notice of reorganization was filed to inform this Commission of the proposed reorganization of Pacific Telesis Group ("Telesis") wherein Telesis will spin-off PacTel Corporation ("PacTel Corp."), one of its wholly-owned subsidiaries. PacTel Corp. is a holding company primarily engaged in wireless communications through its subsidiaries. PacTel Corp. is the parent company of PacTel Paging Inc. ("PacTel Paging") which in turn is the parent company of PacTel Kentucky a jurisdictional company authorized to provide two-way mobile service in Kentucky.¹

The applicant, PacTel Kentucky, states that the Telesis reorganization will be accomplished through an adjustment of PacTel Corp.'s capital structure to include increasing the number of shares of its common stock, increasing equity capital through sale of newly issued shares, and through the spin-off of PacTel Corp.'s

¹ Case No. 10207, Joint Application of Radio Page, Inc., AirCall, Inc. and Page Phone, Inc. for Approval of Plan of Consolidation of Kentucky Paging Subsidiaries of PacTel Paging, May 20, 1988.

holdings to Telesis shareholders in proportion to their holdings in Telesis at the date of the spin-off.

Applicant submits that PacTel Kentucky's operations will not be affected by the proposed reorganization which results in PacTel Corp. being directly owned by Telesis shareholders rather than through a subsidiary.

KRS 278.020(4) provides that "[N]o person under the jurisdiction of the commission shall acquire or transfer ownership of or control, or the right to control, any utility, by sale of assets, transfer of stock, or otherwise, or abandon the same, without prior approval by the commission." KRS 278.020(5) also prohibits any entity from directly or indirectly acquiring control of a jurisdictional utility without approval of the Commission. Telesis and PacTel Corp. are both nonjurisdictional holding companies which presently control through PacTel Paging all of the stock in PacTel Kentucky. PacTel Kentucky will be unaffected by the reorganization insofar as it currently is and will continue to be owned and controlled by PacTel Paging. PacTel Corp. will be directly owned by Telesis shareholders rather than by Telesis after the spin-off PacTel Corp. will continue to own PacTel Paging. The assets and operations of PacTel Kentucky will continue to be owned and controlled by PacTel Paging and are thus unaffected by the proposed reorganization. Since the proposed transaction will not result in a change in ownership and control of PacTel Kentucky, KRS 278.020(4) and (5) are not applicable. Applicant also represents that PacTel Kentucky will not be issuing securities or guaranteeing

any indebtedness in connection with the issuance of certain securities by PacTel Corp. Therefore, based upon Applicant's representation, the Commission also finds that KRS 278.300 is inapplicable to the proposed reorganization.

After considering the application of PacTel Kentucky and being otherwise sufficiently advised, the Commission finds that approval of the proposed reorganization as proposed by PacTel Kentucky in its May 17, 1993 application is not required.

IT IS THEREFORE ORDERED that this case is dismissed and removed from the Commission's docket.

Done at Frankfort, Kentucky, this 6th day of July, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director