

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION FOR APPROVAL OF A)	
TRANSFER OF CERTAIN ASSETS OF WATS/800)	CASE NO. 95-315
INC. TO MIDCOM COMMUNICATIONS, INC.)	

O R D E R

On July 18, 1995, MIDCOM Communications, Inc. ("MIDCOM") and WATS/800 Inc. ("WATS/800") (hereinafter collectively referred to as "Joint Applicants") filed an application ("Joint Application") pursuant to KRS 278.020(4) and KRS 278.020(5) for Commission approval of the acquisition by MIDCOM of certain assets of WATS/800. The assets to be acquired include, inter alia, WATS/800's total customer accounts as of February 28, 1995 and accounts receivable from those accounts. Although WATS/800 has executed a covenant not to compete with MIDCOM as to the customer accounts transferred pursuant to the parties' Customer Accounts Purchase Agreement entered into on February 28, 1995 [Exhibit 3 to Joint Application], Joint Applicants assert that WATS/800 will continue to exist and to operate as a reseller under its currently filed tariff in the state of Kentucky.

MIDCOM is a Washington corporation that provides domestic and international telecommunications services. MIDCOM is authorized to provide intrastate telecommunications services in Kentucky pursuant to the Commission's Order dated October 8, 1992, in Case No. 92-

138.¹ MIDCOM's articles of incorporation were filed with the Commission in Case No. 92-138.

WATS/800 is an Indiana corporation authorized to provide intrastate telecommunications services in Kentucky pursuant to the Commission's Order dated January 9, 1992, in Case No. 91-291.² WATS/800's Articles of Incorporation were filed with the Commission in Case No. 91-291.

Joint Applicants submit that the proposed transaction will have no adverse effect on WATS/800's Kentucky customers. In addition, Joint Applicants state that the WATS/800 customers whose accounts will be transferred will be sent appropriate and timely notice of the proposed transfer and that the transferred assets will be managed after the transaction by a well-qualified team of managers consisting of existing MIDCOM Telephone personnel. On August 7, 1995, MIDCOM filed an Adoption Notice wherein it adopted, ratified, and made its own WATS/800's tariffed rates, rules, classifications and regulations for furnishing long-distance services in Kentucky.

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

¹ Case No. 92-138, Application of Mid-Com Communications, Inc. for a Certificate of Public Convenience and Necessity to Operate as a Reseller of Telecommunications Services Within the State of Kentucky.

² Case No. 91-291, Initial Application of WATS/800, Inc. for a Certificate of Public Convenience and Necessity to Operate as a Reseller of Telecommunications Services Within the State of Kentucky, Order dated January 9, 1992.

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 to the proposed transaction as described by Joint Applicants. Therefore, Commission approval is necessary.

The Commission finds that the proposed transaction is consistent with the public interest and that it will take place in accordance with law and for a proper purpose. The Commission has previously determined, in Case No. 92-138, that MIDCOM possesses the financial, technical, and managerial abilities to provide reasonable service in Kentucky.

IT IS THEREFORE ORDERED that:

1. The proposed transaction as described by the Joint Applicants is hereby approved.
2. Joint Applicants shall notify the Commission within ten days of the date of closing of the proposed transaction or, in the alternative, shall notify the Commission if the proposed transaction does not occur.
3. Within 10 days of the date of the consummation of the proposed transaction, MIDCOM shall file in its own name the tariff

of WATS/800 adopted by MIDCOM, or such other tariff as it proposes to put into effect in lieu thereof.

Done at Frankfort, Kentucky, this 18th day of September, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director