

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MIDCOM COMMUNICATIONS)
INC. FOR AUTHORITY TO ISSUE)
CONVERTIBLE SUBORDINATED NOTES) CASE NO. 96-074
AND COMMON STOCK)

O R D E R

On March 22, 1996, MIDCOM Communications Inc. ("MIDCOM") filed an application for authority to issue and sell up to \$100,000,000 in convertible subordinated notes as fully described in its application. KRS 278.300 requires utilities to be authorized by Commission Order prior to issuing any securities or evidence of indebtedness or assuming any obligation or liability in respect to the securities or evidence of indebtedness of any person.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale by MIDCOM of up to \$100,000,000 of new notes are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, are reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:


1. MIDCOM be and it hereby is authorized pursuant to KRS 278.300 to assume the obligations of the notes described in the application.

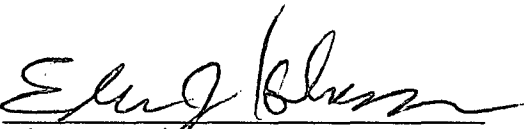
2. The proceeds from the transactions authorized herein shall be used only for the lawful purposes as set out in the application.

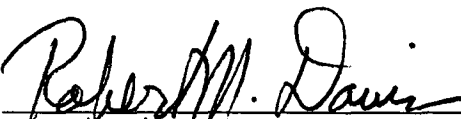
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to securities authorized herein.

Done at Frankfort, Kentucky, this 17th day of April, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director