

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF MIDCOM COMMUNICATIONS,)
INC. AND TELENATIONAL COMMUNICATIONS)
LIMITED PARTNERSHIP)
_____))
ALLEGED FAILURE TO COMPLY WITH KRS)
278.020(4) AND KRS 278.020(5))) CASE NO. 96-174

O R D E R

On July 26, 1995, MIDCOM Communications, Inc. ("MIDCOM") and Telenational Communications Limited Partnership ("Telenational") filed an application pursuant to KRS 278.020(4) and KRS 278.020(5) for approval of a proposed transfer of Telenational's customer base to MIDCOM. The transfer application was docketed as Case No. 95-322.¹ However, the purported transfer agreement filed with the application did not appear to state definitive terms of the proposed transfer. In addition, the parties stated in their application that Telenational wished to continue to operate as a reseller in Kentucky and to retain its Kentucky tariff. However, on August 7, 1995, the parties submitted an Adoption Notice whereby MIDCOM adopted Telenational's tariff. On August 29, 1995, the Commission ordered the parties to provide revisions to Telenational's tariff that were necessary to reflect the services that would be offered subsequent to the transfer.

¹ Case No. 95-322, Application of MIDCOM Communications, Inc. for Approval of a Transfer of Assets.

On September 15, 1995, the parties moved for an extension of time to respond to the August 29, 1995 Order. The parties stated that the terms of the transfer were still under negotiation and asked that the Commission hold the transfer application in abeyance pending execution of a definitive transfer agreement and final decisions regarding revisions to Telenational's tariff. The parties attached a waiver of the statutorily mandated 60 day period in which the Commission is required to issue a decision in transfers pursuant to KRS 278.020(5). The Commission granted the extension of time.

On February 14, 1996, the parties submitted a document entitled "Assignment, Assumption, Bill of Sale and License Agreement" dated August 15, 1995 (the "Bill of Sale"). The Bill of Sale appears to indicate that the transfer has occurred without Commission approval. Both KRS 278.020(4) and KRS 278.020(5) require parties to obtain Commission approval prior to transfer of ownership or control of a utility furnishing service in Kentucky. It appears that MIDCOM and Telenational have violated these statutes. Consequently, the Commission finds that MIDCOM and Telenational should appear before the Commission to show cause why they should not be subject to penalties pursuant to KRS 278.990 for violation of KRS 278.020(4) and KRS 278.020(5).

IT IS THEREFORE ORDERED THAT:

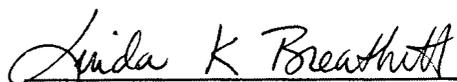
1. MIDCOM and Telenational shall appear at a hearing scheduled for June 18, 1996, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane,

Frankfort, Kentucky, to present evidence on the alleged violation of KRS 278.020(4) and KRS 278.020(5), and to show cause, if any they can, why they should not be subject to penalties pursuant to KRS 278.990.

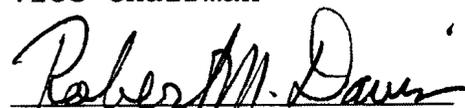
2. The parties shall file with the Commission, within 20 days of the date of this Order, any motion requesting an informal conference with Commission Staff for the purpose of clarifying issues, stipulating facts, or discussing settlement.

Done at Frankfort, Kentucky, this 29th day of April, 1996.

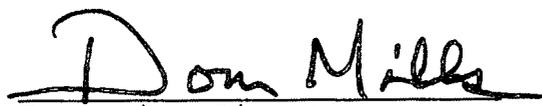
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director