

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION FOR APPROVAL OF )  
TRANSFER OF ASSETS FROM )  
PENNSYLVANIA ALTERNATIVE ) CASE NO. 96-206  
COMMUNICATIONS, INC. TO LCI )  
INTERNATIONAL TELECOM CORP. )

O R D E R

On May 21, 1996, Pennsylvania Alternative Communications, Inc. ("PACE") and LCI International Telecom Corp. ("LCI Telecom") filed a joint application requesting approval, pursuant to KRS 278.020(4) and (5), of the transfer of assets from PACE to LCI Telecom.

PACE is a privately held Pennsylvania corporation authorized to provide interexchange telecommunications services in Kentucky<sup>1</sup> and 47 other states. LCI Telecom is a Delaware corporation, wholly-owned by LCI International Management Services, Inc., a wholly-owned subsidiary of LCI International, Inc. ("LCII"). LCI Telecom was authorized to provide service in Kentucky in Case No. 10090.<sup>2</sup> LCII, the nation's sixth largest interexchange carrier, is a publicly held Delaware corporation that provides

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<sup>1</sup> Case No. 94-187, The Application of Pennsylvania Alternative Communications, Inc. for a Certificate of Public Convenience and Necessity to Resell Telecommunications Services in the state of Kentucky.

<sup>2</sup> Case No. 10090, The Application of Litel Telecommunications Corporation for a Certificate of Public Convenience and Necessity to Provide Intrastate Long Distance Telephone Service to the Public in the Commonwealth of Kentucky and for the establishment of rates.

worldwide long-distance telecommunications services and had annual revenue of \$672.9 million and net income of \$50.8 million in 1995.

PACE and LCI Telecom entered into an Agreement of Purchase and Sale of Assets ("Agreement") on April 15, 1996. The Agreement provides that LCI Telecom will acquire from PACE selected assets including: 1) all customer accounts including subscription agreements and billing information; 2) all of PACE's rights with respect to its sales agents and sales agencies; 3) all dialer equipment and other assets necessary to provide service to PACE's dialer customers; and 4) the non-exclusive right to use the name "PACE Long Distance Service" and all other names used by PACE until June 30, 1997.

The transfer should not result in any adverse affect on the telecommunications services provided by PACE or LCI Telecom in Kentucky. LCI Telecom has agreed to amend its tariff as necessary to incorporate the services, rates, terms, and conditions of service currently offered by PACE.

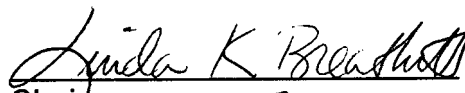
Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that LCI Telecom, as a subsidiary of LCII, has the financial, managerial, and technical abilities to provide reasonable service and the proposed transfer is in accordance with law, for a proper purpose, and is consistent with the public interest. To avoid customer confusion, PACE should send a written notice to its Kentucky customers stating its decision to cease providing telecommunications services in Kentucky and the transfer of accounts to LCI Telecom.

IT IS THEREFORE ORDERED that:

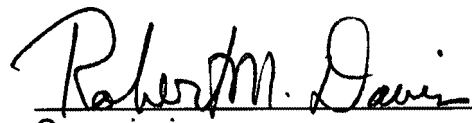
1. The proposed transfer of assets from PACE to LCI Telecom is approved.
2. PACE shall cease to provide telecommunications services in Kentucky as of the date of the transfer and the Certificate of Public Convenience and Necessity previously issued to PACE shall be canceled as of that date.
3. Within 10 days after completion of the transfer, PACE and LCI Telecom shall jointly file a notice with the Commission setting forth the date on which the transfer was completed and the date upon which customers were notified of the transfer along with a copy of such notice.
4. Within 10 days of the date of transfer, LCI Telecom shall file with the Commission an adoption notice, and shall within 10 days thereafter file new tariffs in its own name, pursuant to 807 KAR 5:011, Section 11.
5. PACE and LCI Telecom shall promptly notify the Commission in the event the transfer does not take place.

Done at Frankfort, Kentucky, this 12th day of July, 1996.

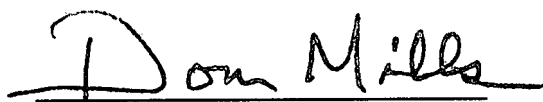
PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director