

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION FOR AUTHORITY FOR)
AVERY COMMUNICATIONS, INC TO) CASE NO 96-258
ACQUIRE CONTROL OF HOME OWNERS)
LONG DISTANCE, INCORPORATED)

O R D E R

On June 19, 1996, Home Owners Long Distance, Incorporated ("HOLD") and Avery Communications, Inc. ("ACI") (hereinafter collectively referred to as ("Joint Applicants")) filed an application ("Joint Application") pursuant to KRS 278.020(4) and (5) for Commission approval of ACI's acquisition of a controlling interest in HOLD. ACI and HOLD currently are not affiliated with each other.

HOLD is a privately-held Texas corporation that provides domestic and international telecommunications services. It is authorized to provide intrastate telecommunications services within Kentucky pursuant to the Commission's Order dated March 14, 1994, in Case No. 94-027.¹

ACI, a holding company, was formed in 1995 to provide residential and commercial telecommunications services. It is a regional telecommunications company that provides, through its subsidiaries, domestic resold, interstate and intrastate long-distance services, international and cross border (Mexican) communications, and telecommunications and equipment installation.

¹ Case No. 94-027, Home Owners Long Distance Incorporated Application for Authorization to Provide Intrastate Telecommunications Resale Services.

Pursuant to the proposed transaction, the stockholders of HOLD will tender all of the issued and outstanding shares of HOLD in exchange for cash and common stock in ACI as part of the merger between HOLD and Avery Acquisition Sub, Inc., a wholly-owned subsidiary of ACI created specifically for purposes of consummating the transaction. HOLD will be the surviving entity following the merger, and will become a wholly-owned subsidiary of ACI.

Upon consummation of the proposed transfer, Joint Applicants state that HOLD will continue operating under its name and will remain the reseller certificate holder. Joint Applicants further state that after the transaction, HOLD will rely on many of its existing management and operational staff to provide service, and it will also draw upon the substantial expertise of ACI, its new parent.

Furthermore, Joint Applicants state that the transaction will not involve a change in the manner in which the company provides telecommunications services. Finally, they state that the transaction will not in any way disrupt service nor cause inconvenience or confusion to HOLD's customers.

Pursuant to KRS 278.020(4), all persons are required to obtain Commission approval prior to the acquisition or transfer of ownership or control of a utility that is under the jurisdiction of the Commission. Furthermore, KRS 278.020(5) prohibits any entity from acquiring control of any jurisdictional utility 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.

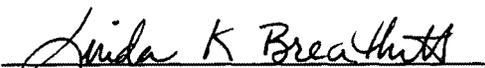
The Commission finds that the proposed transaction is consistent with the public interest and that it will take place in accordance with law and for a proper purpose. The Commission has previously determined, in Case No. 94-027, that HOLD possesses the financial, technical, and managerial abilities to provide reasonable service in Kentucky.

IT IS THEREFORE ORDERED that:

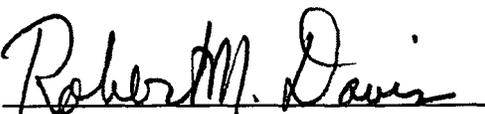
1. The proposed transaction as described by the Joint Applicants is hereby approved.
2. Joint Applicants shall notify the Commission within 10 days of the date of closing of the proposed transaction or, in the alternative, shall notify the Commission if the proposed transaction does not occur.
3. Within 30 days of the date of this Order, ACI shall file organizational charts reflecting all Kentucky telecommunications operations, all associated ownership interests, all associated corporate names, and all associated business names.

Done at Frankfort, Kentucky, this 10th day of July, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director