

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DANBURY CELLULAR TELEPHONE CO., A)
CONNECTICUT CORPORATION D/B/A CELLULAR)
ONE/UNITED BLUEGRASS CELLULAR CORP., AND)
HORIZON CELLULAR TELEPHONE COMPANY OF) CASE NO.
CENTRAL KENTUCKY, L.P., A DELAWARE) 93-048
LIMITED PARTNERSHIP, FOR APPROVAL OF THE)
TRANSFER OF THE ASSETS AND LIABILITIES OF)
DANBURY CELLULAR TELEPHONE CO. TO HORIZON)
CELLULAR TELEPHONE COMPANY OF CENTRAL)
KENTUCKY, L.P., AND RELATED FINANCING)

O R D E R

On February 8, 1993, Danbury Cellular Telephone Co. ("Danbury") and Horizon Cellular Telephone Company of Central Kentucky, L. P. ("Horizon") filed a joint application requesting Commission approval of the transfer of assets and liabilities of Danbury to Horizon and related financing transactions. Danbury currently owns and operates cellular telecommunications systems in Kentucky Rural Service Area ("RSA") Nos. 5, 6, and 8. These three cellular systems have been operated by Danbury on a consolidated basis with one tariff and one price list applicable to all three.

Horizon is a Delaware limited partnership. The general and limited partners of Horizon also own Horizon Cellular Telephone Company of Spencer, L.P., a Delaware limited partnership authorized to construct and operate a cellular telecommunications system in Kentucky RSA No. 4.

Danbury and Horizon entered into an Asset Acquisition Agreement dated January 22, 1993 which provides that Danbury will

sell certain specified assets to Horizon and Horizon will assume certain specified debts and obligations of Danbury. Horizon intends to operate in Kentucky under the assumed name currently utilized by Danbury, "Cellular One/United Bluegrass Cellular Corp." The proposed transfer of the cellular systems in RBA Nos. 5, 6, and 8 is subject to the receipt of all necessary governmental approvals, including the approval of this Commission as well as the Federal Communications Commission ("FCC").

In support of the application, Horizon has filed a copy of its business plan which includes a 10 year forecast of annual financial statements. Those statements set forth projected revenues, expenses, income, plant balances, and customer usage data. Horizon has indicated that its general and limited partners have raised a total of approximately \$100,000,000 in equity. The partners currently manage and operate cellular systems in 12 other service areas, and detailed descriptions of the partners' and operating managers' qualifications and experience are included in the application. Horizon also seeks authority to borrow \$23,000,000 from Corestates Bank, N.A. and Provident National Bank for a term of eight years. The borrowed funds, along with equity capital, will be used to pay Danbury the agreed purchase price of \$41.5 million. Copies of the relevant financing documents are attached to the application.

On March 2 and March 8, 1993, the Commission received correspondence from Vivian E. Warner, a resident of Crossville, Tennessee, setting forth claims that Danbury's right to transfer

certain FCC licenses is the subject of pending litigation and certain material documents relevant to the transfer were not provided with the application. Danbury and Horizon filed separate responses objecting to the issues raised by Ms. Warner and noting that the application included all information required by Commission statutes and regulations. However, in an effort to accommodate Ms. Warner, all documents which she claimed to be relevant to a review of this transfer were filed.

Ms. Warner subsequently requested and was granted intervention, and a hearing was held at the Commission's offices on March 25, 1993. In setting this case for hearing, the Commission's March 19, 1993 Order noted that it has "no jurisdiction to determine any rights, responsibilities, or obligations with respect to any person's entitlement to a license or permit issued by the FCC, and such issues are not appropriate to be raised in this forum."

Based on the evidence of record and being advised, the Commission hereby finds that Horizon possesses the requisite financial, managerial, and technical expertise necessary to own and operate cellular telecommunications systems in Kentucky RSA Nos. 5, 6, and 8 and to provide reasonable and adequate service to the public. Horizon's acquisition of Danbury's assets is a legitimate business transaction, is in conformity with applicable provisions of KRS Chapter 278 et. seq., and is consistent with the public interest.

The Commission further finds that Horizon's issuance of notes in the amount of \$23,000,000 is for lawful objectives within its corporate purpose of operations, is appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for such purposes, and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. The transfer by Danbury to Horizon of the ownership, control, and operation of the cellular telecommunications systems in Kentucky RSA Nos. 5, 6, and 8 be and it hereby is approved.

2. Within 10 days of the date of this Order, Horizon shall file an executed adoption notice pursuant to 807 KAR 5:011, Section 11.

3. Horizon be and it hereby is authorized to incur indebtedness of \$23,000,000 and to issue notes evidencing such indebtedness as more fully described in the application.

4. Horizon shall, within 30 days after the issuance of the notes authorized herein, file with the Commission a statement setting forth the date or dates of the consummation of the transactions authorized herein, the price paid, the interest rates, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

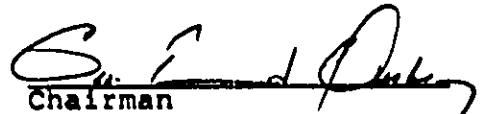
5. Within 10 days of the closing of the proposed transfer, Horizon shall file its tariff sheets in accordance with 807 KAR 5:011.

6. Danbury and Horizon shall file evidence of closing no later than 5 days after closing occurs or, in the alternative, shall notify the Commission if the proposed transfer does not occur.

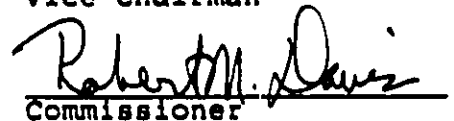
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 6th day of April, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director