

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LITEL TELECOMMUNICATIONS)
CORPORATION AND LCI INTERNATIONAL, INC.)
FOR AN ORDER DECLARING THAT NO APPROVAL IS)
REQUIRED OR ALTERNATIVELY FOR AN ORDER) CASE NO. 93-127
APPROVING THE ISSUANCE BY LCI INTERNATIONAL,)
INC. OF APPROXIMATELY \$92 MILLION IN ITS)
COMMON STOCK)

O R D E R

INTRODUCTION

On April 2, 1993, LCI International, Inc. ("LCII") and LiTel Telecommunications Corporation ("LiTel") filed an application requesting an order from the Commission declaring that Commission approval of a contemplated financing was not required or alternatively providing the requisite approvals for said financing. The petition was filed in conformity with KRS 278.020(4) and (5). Subsequently, on April 7, 1993, a motion to amend the application and notice of filing of the original petition was filed. This motion to amend resulted from a wording error in paragraph 7 of the original petition which does not materially affect the substance or conditions of the financing arrangement.

DISCUSSION

LCII is a nonjurisdictional, nonutility, holding company organized under the laws of the state of Delaware. LCII is not authorized to do business nor does it own property in Kentucky. LCII holds all of the stock of its subsidiary LiTel Communications, Inc. ("LCI"). LCI is also a nonjurisdictional, nonutility, holding

company organized under the laws of the state of Delaware. Among its assets is the stock of wholly-owned subsidiary LiTel, a jurisdictional utility authorized by the Commission to provide intrastate telecommunications service to the public in Kentucky.

THE TRANSACTION

As proposed, LCII will issue approximately 5,600,000 shares of its common stock to the public through two or more underwriters. None of the existing shareholders will tender current shares and the effect of the transaction will be to dilute existing positions resulting in a wider diffusion of ownership. The proceeds of the sale will be used to provide additional capital to LCI permitting it to reduce existing debt owed to outside entities. The completion of the sale will not in any way alter the existing composition of the boards of directors, the management or corporate relationships of LCII, LCI and LiTel; nor will it allow any outside entity to exercise control directly or indirectly over or change the direction and policies of the current management of LCII, LCI or LiTel.

ORDER

The transaction as described in the petition is not within the purview of KRS 278.020(4) or (5) and therefore approval by this Commission is not required. Additionally, the transaction as described in the application does not result in the transfer of ownership or control of a jurisdictional utility or its assets. The transaction is between a holding company and its wholly-owned subsidiary, neither of which are regulated by this Commission.

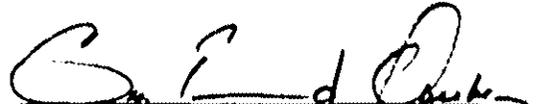
Based upon the facts presented by the applicants, this transaction is not subject to approval as a transfer of ownership or control of a jurisdictional utility to an entity not under the control of the Commission.

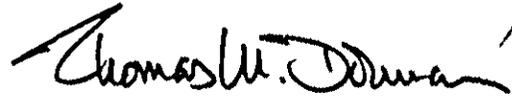
After considering the application of LCII and LiTel and being otherwise sufficiently advised, the Commission finds that approval of the transaction as proposed by the applicants in their filing dated April 2, 1993, and the amendment filed April 7, 1993 is not required.

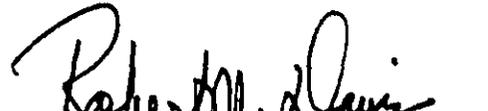
IT IS THEREFORE ORDERED that this case is hereby dismissed and removed from the Commission's docket.

Done at Frankfort, Kentucky, this 30th day of April, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director