

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF TELEPHONE AND)
DATA SYSTEMS, INC., UNITED STATES)
CELLULAR CORPORATION AND TSACONAS)
CELLULAR, INC. FOR APPROVAL OF THE) CASE NO. 93-118
ACQUISITION OF TSACONAS CELLULAR, INC.,)
BY TELEPHONE AND DATA SYSTEMS, INC. AND)
THE TRANSFER TO UNITED STATES CELLULAR)
CORPORATION)
AND)
JOINT APPLICATION OF BRANDENBURG CELLULAR)
CORPORATION, CELLULAR DIVISION OF LOGAN)
TELEPHONE COOPERATIVE, INC., NORTH)
CENTRAL TELEPHONE COOPERATIVE, INC.,)
SOUTH CENTRAL RURAL TELEPHONE COOPERATIVE) CASE NO. 93-197
CORP., INC. AND THE UNITED STATES)
CELLULAR CORPORATION FOR THE APPROVAL OF)
THE TRANSFER OF THE UNITED STATES)
CELLULAR CORPORATION'S INTEREST IN)
KENTUCKY RSA #3 CELLULAR GENERAL)
PARTNERSHIP)

O R D E R

On April 26, 1994, United States Cellular Corporation ("USCC") and the partners of RSA #3 Cellular General Partnership, Brandenburg Cellular Corporation, North Central Telephone Cooperative, Inc., the Cellular Division of Logan Telephone Cooperative, and South Central Rural Telephone Cooperative Corporation, Inc. ("the Partners") filed a proposed Settlement Agreement, a copy of which is attached hereto and incorporated herein as Appendix A. The settlement expresses the agreement of Staff, USCC and the partners of RSA #3 Cellular General Partnership on a mutually satisfactory resolution of issues in these proceedings.

After consideration of the proposed Settlement Agreement and being otherwise sufficiently advised, the Commission finds that the proposed Settlement Agreement is in accordance with the law and does not violate any regulatory principle. The Settlement Agreement is in the public interest and results in a reasonable solution of these proceedings.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement is hereby adopted and approved in its entirety as a reasonable resolution to the issues in these proceedings.

2. USCC and the RSA #3 Partners shall adhere to and comply with all provisions of the Settlement Agreement as if individually ordered herein.

3. The transfer by USCC and the acquisition of USCC's partnership interest by the four partners in RSA #3 Partnership is hereby ratified by the Commission, pursuant to KRS 278.020.

4. Each partner and USCC shall pay the agreed penalty of \$500 within 10 days of the date of this Order by certified check or money order made payable to the Kentucky State Treasurer and mailed or delivered to the Office of General Counsel of the Commission, 730 Schenkel Lane, Frankfort, Kentucky 40601.

Done at Frankfort, Kentucky, this 13th day of May, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF TELEPHONE)
AND DATA SYSTEMS, INC., UNITED)
STATES CELLULAR CORPORATION AND)
TSACONAS CELLULAR, INC. FOR)
APPROVAL OF THE ACQUISITION OF) CASE NO. 93-118
TSACONAS CELLULAR, INC., BY)
TELEPHONE AND DATA SYSTEMS, INC.)
AND THE TRANSFER TO UNITED STATES)
CELLULAR CORPORATION)

SETTLEMENT AGREEMENT

WHEREAS, Kentucky RSA #3 Cellular General Partnership ("the Partnership") is authorized to operate the wireline cellular mobile radio system serving Rural Service Area Number 3 in the Commonwealth of Kentucky; and

WHEREAS, prior to September 13, 1993, Brandenburg Cellular Corporation, North Central Telephone Cooperative, Inc., the Cellular Division of Logan Telephone Cooperative, South Central Rural Telephone Cooperative Corporation, Inc., and United States Cellular Corporation ("USCC") were equal partners in the Partnership, each holding a 20 percent share; and

WHEREAS, on March 30, 1993, USCC and Telephone & Data Systems, Inc., acting as one party, and Tsaconas Cellular, Inc., filed a Joint Application with the Commission seeking Commission approval pursuant to KRS 278.020 of the proposed acquisition of Tsaconas Cellular, Inc. by USCC and Telephone & Data Systems, Inc. At the time of the application, Tsaconas Cellular, Inc. was authorized to

operate the non-wireline cellular mobile radio system serving Rural Service Area Number 3 in the Commonwealth of Kentucky. The Joint Application was designated as Kentucky Public Service Commission Case No. 93-118; and

WHEREAS, on June 28, 1993, the Commission issued an Order in Case No. 93-118 approving the acquisition of Tsaconas Cellular by USCC and Telephone & Data Systems, Inc., subject to certain conditions, including the "prior divestiture by USCC of its 20 percent interest in Kentucky RSA #3 Cellular General Partnership;" and

WHEREAS, on May 21, 1993, the Partnership and USCC filed a Joint Application and Request for Order with the Commission informing the Commission that four partners desired to acquire, and USCC desired to transfer, an equal portion of USCC's partnership share in the Partnership and requesting that the Commission issue an Order declaring that no approval of the transfer was required pursuant to KRS 278.020. Alternatively, the Partnership and USCC requested that, if the Commission concluded such approval was required, it issue an Order granting approval for the proposed transfer. The Joint Application and Request for Order subsequently was designated as Kentucky Public Service Commission Case No. 93-197; and

WHEREAS, at the time of the filing of the Joint Application and Request for Order and thereafter, certain litigation was pending in the United States District Court for the Western District of Kentucky between the Partnership and USCC concerning

the proposed transfer and acquisition of USCC's equal partnership share; and

WHEREAS, on September 13, 1993, counsel for the Partnership and counsel for USCC informed Commission Staff that the Partnership and USCC had settled the issues between them, including the pending federal court litigation, that their clients intended to effect immediately a transfer to the Partnership, and also reiterated the good faith belief that Commission approval of the proposed transfer was not required by KRS 278.020 because:

- (1) the four acquiring partners increased their partnership shares by 5 percent, from 20 percent to 25 percent;
- (2) no new entities joined the Partnership;
- (3) the Commission previously approved the technical, financial, and managerial capabilities of all the acquiring partners in the Partnership. Final Order of the Commission, Case No. 90-307 (April 1, 1991); and
- (4) the transfer was consistent with the Commission's June 28, 1993 Order in Case No. 93-118 that made approval of USCC's acquisition of Tsaconas Cellular, Inc. contingent upon USCC's divestiture of its partnership interest in the Partnership; and

WHEREAS, on September 13, 1993, each of the four remaining partners acquired one fourth of USCC's partnership interest thereby increasing each one's partnership ownership from 20 percent to 25 percent, and on September 15, 1993 USCC and the acquiring partners filed with the Commission all of the information required by the Commission in its July 16, 1993 Order in Case No. 93-197 to be filed with it; and

WHEREAS, Commission Staff and USCC and the Partnership wish to resolve this matter without the necessity for a show cause hearing or other formal proceeding.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. This Settlement Agreement is submitted for purposes of resolving this matter only. The Settlement Agreement shall not be deemed binding upon the parties hereto in any other proceeding. This Settlement Agreement shall not estop any of the parties from taking different positions or making any argument in other proceedings. The Settlement Agreement shall not be offered or relied upon in any other proceeding. Furthermore, this Settlement Agreement shall not constitute an admission of any wrongdoing by any party hereto.

2. Each partner and USCC shall pay the amount of \$500 to be paid in full within ten days of an Order approving this Settlement Agreement. A certified check in such amount shall be made payable to the Kentucky State Treasurer and delivered to the Office of General Counsel of the Commission, 730 Schenkel Lane, Frankfort, Kentucky 40601.

3. All parties hereto recommend that Case No. 93-197 be reopened and that the transfer by USCC and the acquisition of USCC's partnership interest in RSA #3 Partnership be ratified or approved by the Commission pursuant to KRS 278.020.

4. If the Commission issues an order adopting this Settlement Agreement in its entirety and approves the transfer by USCC and acquisition by the Partnership of USCC's partnership

interest in the Partnership, the Partnership and USCC agree that they will not file an application for rehearing with the Commission nor an appeal to Franklin Circuit Court from such order.

5. If the Settlement Agreement is not adopted in its entirety, or if the Commission does not approve the transfer by USCC and acquisition by the Partnership of USCC's partnership interest in the Partnership, the Partnership and USCC reserve the right to withdraw from the Settlement Agreement and require that this matter go forward upon all or any issues involved herein, and that in such event that terms of the agreement shall not be deemed binding upon the signatories hereto, nor shall such agreement be admitted into evidence or referred to or relied on in any matter by any signatory hereto.

6. The parties hereto agree that the foregoing Settlement Agreement is reasonable, in the best interest of all concerned, and urge that Commission adopt this agreement in its entirety.

AGREED TO BY:

Anne E. Dougherty
Counsel to Public Service
Commission

April 26, 1994
Date

Mark R. Vest
Counsel for United States
Cellular Corporation

April 21, 1994
Date

See Attached Sheet for Signature
Counsel to RSA #3 Cellular
General Partnership

Date

interest in the Partnership, the Partnership and USCC agree that they will not file an application for rehearing with the Commission nor an appeal to Franklin Circuit Court from such order.

5. If the Settlement Agreement is not adopted in its entirety, or if the Commission does not approve the transfer by USCC and acquisition by the Partnership of USCC's partnership interest in the Partnership, the Partnership and USCC reserve the right to withdraw from the Settlement Agreement and require that this matter go forward upon all or any issues involved herein, and that in such event that terms of the agreement shall not be deemed binding upon the signatories hereto, nor shall such agreement be admitted into evidence or referred to or relied on in any matter by any signatory hereto.

6. The parties hereto agree that the foregoing Settlement Agreement is reasonable, in the best interest of all concerned, and urge that Commission adopt this agreement in its entirety.

AGREED TO BY:

Counsel to Public Service
Commission

Date

Counsel for United States
Cellular Corporation

Date



Counsel to RSA #3 Cellular
General Partnership

Date

4/26/94