

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A JOINT APPLICATION OF POLAR)
COMMUNICATIONS, CORP. AND DIGITAL) CASE NO. 95-574
TECHNOLOGIES, INC. TO TRANSFER)
OWNERSHIP OR CONTROL)

O R D E R

On February 27, 1996, Polar Communications, Corp. ("Polar") and Digital Technologies, Inc. ("Digital") filed a joint application with the Commission for approval of the transfer of the capital stock of Polar, the parent corporation, to Digital, Polar's subsidiary.

Polar, a Nevada corporation, was granted a Certificate of Public Convenience and Necessity to provide telecommunications services as a reseller within Kentucky in Case No. 93-191.¹

KRS 278.020(4) provides that no person shall acquire or transfer ownership or control, or the right to control, any utility under the jurisdiction of the Commission without prior approval of the Commission. KRS 278.020(5) prohibits any person or entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval. Pursuant to KRS 278.020(6)(b), subsection (5) is not applicable to transfer of a utility when, as

¹ Case No. 93-191, The Application of Polar Communications Corporation d/b/a Polarnet Communications Corp. for a Certificate of Public Convenience and Necessity to Provide Resold Telecommunications Services, Including Operator Services, final Order dated August 19, 1993.

here, the acquirer is under common control with the utility. Consequently, subsection (5) does not apply. However, KRS 278.020(4) contains no exception for corporate reorganizations and Commission approval of this transaction is necessary.

The applicants represent that Polar's financial ability to serve its existing subscribers will not be adversely affected as a result of Digital's acquisition of its capital stock. There will be no impairment or interruption of service to Kentucky subscribers as a result of this transaction since Polar will continue to offer service to the public under the rates, terms and conditions of service set forth in Polar's approved tariff on file with the Commission. The change in stock ownership will be transparent to Polar's subscribers which shall continue to receive the same quality of service presently provided by Polar.

Digital, a Nevada corporation, filed on February 27, 1996 in Case No. 95-553² descriptions of the respective backgrounds of its General Counsel/Assistant Secretary and its President. In addition, in the instant case, Digital has filed its balance sheets as of June 30, 1993 and 1994 together with a statement of operations and retained earnings.

The Commission finds that the information of record in this case filed by the joint applicants demonstrate that Digital has the financial, technical, and managerial abilities to provide

² Case No. 95-553, A Joint Application of Amer-i-net Services Corporation and Digital Technologies, Inc. to Transfer Ownership or Control, final Order dated April 3, 1996.

reasonable service in Kentucky. Consequently, the transfer should be approved.

IT IS THEREFORE ORDERED that:

1. The transfer of the capital stock of Polar to Digital is approved.

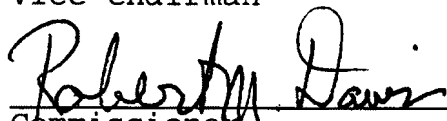
2. Within 10 days of the date of the consummation of the proposed transaction, the applicants shall file with the Commission a chart displaying the corporate structure of the Polar Communications Corporation companies as it will exist subsequent to the transfer described herein.

Done at Frankfort, Kentucky, this 16th day of April, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director