

BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION
Nashville, Tennessee

June 28, 1996

**IN RE: Application for Approval of Transfer of Assets from PENNSYLVANIA
 ALTERNATIVE COMMUNICATIONS, INC. to LCI INTERNATIONAL
 TELECOM CORP.**

Docket No. 96-01020

ORDER

This matter is before the Tennessee Public Service Commission ("Commission") upon the joint Application of LCI International Telecom Corp. ("LCI Telecom") and Pennsylvania Alternative Communications, Inc. ("PACE") for authority to transfer selected assets from PACE to LCI Telecom pursuant to Tenn. Code Ann. § 65-4-112. Both LCI Telecom and PACE are authorized to provide intrastate interexchange services in Tennessee. After the transfer of assets described herein, both LCI Telecom and PACE will continue to provide telecommunications services in Tennessee pursuant to their existing Certificates of Authority.

The Commission considered this matter at a regularly scheduled Commission Conference on June 25, 1996, upon consideration of the record and the recommendation of the Commission Staff, the Commission finds that this application should be granted.

IT IS THEREFORE ORDERED:

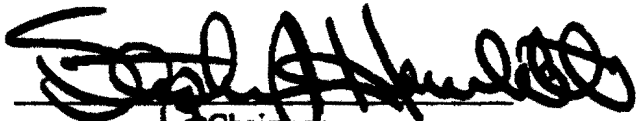
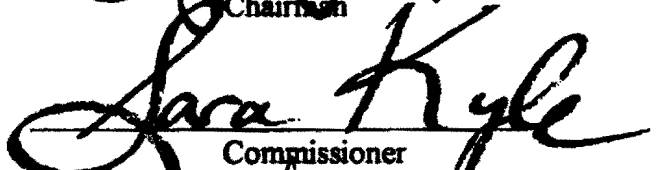

- 1) That the Joint Petition of LCI International Telecom Corp. and Pennsylvania Alternative Communications, Inc. for authority to transfer of assets from Pennsylvania Alternative Communications, Inc. to LCI International Telecom Corp. is hereby granted.

- 2) That any party aggrieved by the Commission's decision in this matter may file a Petition for Reconsideration with the Tennessee Public Service Commission within ten (10) days from and after the date of this Order.

3) That any party aggrieved by the Commission's decision in this matter may file a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.

Attest:


Executive Director


Chairman

Commissioner

Commissioner

PAC/LCI/96-01020

**Before the
STATE OF TENNESSEE
PUBLIC SERVICE COMMISSION**

REC'D TN. PUBLIC
SERVICE COMM.
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OFFICE OF THE
EXECUTIVE DIRECTOR

Application for Approval of)
Transfer of Assets from)
PENNSYLVANIA ALTERNATIVE)
COMMUNICATIONS, INC. to)
LCI INTERNATIONAL TELECOM CORP.)

Case No.

96-1020

APPLICATION FOR APPROVAL OF TRANSFER OF ASSETS

LCI International Telecom Corp. ("LCI Telecom") and Pennsylvania Alternative Communications, Inc. ("PACE") (jointly referred to as the "Applicants"), by their attorneys, hereby respectfully request authority from the Tennessee Public Service Commission ("Commission") to transfer selected assets from PACE to LCI Telecom pursuant to Tenn. Code Ann. § 65-4-112. Both LCI Telecom and PACE are authorized to provide intrastate interexchange services in Tennessee. After the transfer of assets described herein, both LCI Telecom and PACE will continue to provide telecommunications services in Tennessee pursuant to their existing Certificates of Authority. Therefore, no transfer of operating authority is requested pursuant to this Application. In support of this Application, the Applicants provide the following information:

I. The Applicants

LCI Telecom is a Delaware corporation that is a wholly-owned subsidiary of LCI International Management Services, Inc. ("LCIM"). LCIM, in turn, is a wholly-owned subsidiary of LCI International, Inc. ("LCII"), the ultimate corporate parent of the LCI

family of companies.¹ LCIM provides management services to LCI Telecom and holds the stock of LCI Telecom. LCI Telecom provides telecommunications services in 48 states, including Tennessee.² In addition, LCI Telecom is authorized by the Federal Communications Commission ("FCC") to provide a variety of international telecommunications services and is a non-dominant provider of interstate telecommunications services.

PACE is a privately-held Pennsylvania corporation headquartered at 218 South Maple Avenue, Greensburg, Pennsylvania 15601. PACE provides interexchange services in 48 states, including Tennessee.³ PACE also provides interstate and international telecommunications services pursuant to authority granted by the FCC.

II. Designated Contacts

The designated contacts for questions concerning this Application are:

Brad E. Mutschelknaus
Marieann K. Zochowski
KELLEY DRYE & WARREN
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036

¹ LCII is a publicly-held Delaware corporation whose principal offices are located at 8180 Greensboro Drive in McLean, Virginia 22102. LCII, through its operating subsidiaries, is a non-dominant worldwide long distance telecommunications company that provides a full array of voice and data communications services to business and residential customers. LCII had annual revenue of \$672.9 million in 1995, and reported net income of \$50.8 million. The company currently ranks as the nation's sixth largest interexchange carrier.

² LCI Telecom received its Certificate of Authority on April 26, 1996 in Case No. 95-03280.

³ PACE received its Certificate of Authority on August 2, 1995 in Case No. 95-02407.

Copies of any correspondence should also be sent to the following designated representatives of LCI Telecom and PACE:

For LCI Telecom:

Douglas W. Kinkoph
Director, Regulatory/Legislative Affairs
LCI INTERNATIONAL, INC.
8180 Greensboro Drive
Suite 800
McLean, Virginia 22102

For PACE:

David J. Malfara, Sr.
President
PENNSYLVANIA ALTERNATIVE
COMMUNICATIONS, INC.
218 South Maple Avenue
Greensburg, Pennsylvania 15601

III. Request for Authority to Transfer Assets from PACE to LCI Telecom

On April 15, 1996 LCI Telecom and PACE signed an Agreement of Purchase and Sale of Assets ("Asset Agreement") pursuant to which PACE will transfer selected assets relating to its telecommunications business to LCI Telecom.⁴ The assets to be transferred include: (1) all of PACE's retail long distance telecommunications services customer accounts, including, but not limited to, all customer lists, records, billing information, subscription agreements, contracts, arrangements and other understandings between PACE and its retail customers; (2) all of PACE's rights with respect to its sales agents and sales agencies and all records, payment and other information related thereto; (3) all dialer equipment and other assets necessary to provide service to PACE's dialer customers; and (4) the non-exclusive right to use the name "PACE Long Distance Service" and all other names used by PACE until June 30, 1997.

⁴ Because the Asset Agreement contains highly confidential information, it is not being submitted as an Exhibit to this Application. The Asset Agreement will be provided to the Commission upon request.

The transfer of assets will be made in a seamless fashion that will not adversely affect the provision of telecommunications service to PACE's customers in Tennessee. Customers will continue to be able to purchase the same high quality services from LCI Telecom that they currently purchase from PACE, at the same rates, and under the same terms and conditions. LCI Telecom will amend its tariff as necessary to incorporate the services, rates, terms and conditions currently offered by PACE. Thus, the transfer will have no detrimental impact on consumers in Tennessee.

Significantly, PACE will continue to operate as a telecommunications service provider in Tennessee. Therefore, the Applicants request that the Commission not cancel PACE's Certificate of Authority and tariff.

IV. Public Interest Analysis

Approval of the transfer of assets from PACE to LCI Telecom is in the public interest because it will enable the Applicants to allocate customers between them in the most efficient fashion, thus enhancing their ability to compete in the market for telecommunications services in Tennessee. From the perspective of affected customers, the transfer will be largely transparent, leaving the quality of service that they expect unaltered. The transfer will also allow LCI Telecom to realize significant economies of scale, thereby making it possible for LCI Telecom to introduce new products and services and to lower prices over time.

WHEREFORE, LCI Telecom and PACE respectfully request that the Commission approve the transfer of assets from PACE to LCI Telecom.

Respectfully submitted,

**LCI INTERNATIONAL TELECOM CORP. and
PENNSYLVANIA ALTERNATIVE COMMUNICATIONS, INC.**

By: _____
Brad E. Mutschelknaus
Marieann K. Zochowski
KELLEY, DRYE & WARREN
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036
(202) 955-9600

Dated: May 22, 1996

VERIFICATION

I am authorized to represent Pennsylvania Alternative Communications, Inc and to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are herein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty that the foregoing is true and correct.

By: 

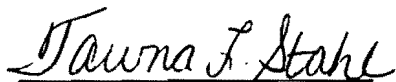
President

Name: David J. Malfara, Sr.

By: 

Name: Charles S. Houss

Sworn and subscribed to
before me this 16th
day of April, 1996.



Notary Public

My Commission expires:

Notarial Seal
Tawna L. Stahl, Notary Public
Jeannette, Westmoreland County
My Commission Expires Nov. 10, 1997
Member, Pennsylvania Association of Notaries

VERIFICATION

I am authorized to represent LCI International, Inc. and to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are herein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

By: 

Name: Douglas W. Kinkoph

Title: Director
Regulator/Legislative Affairs

Date: March 28, 1996

State of Virginia
County of Fairfax

Sworn and subscribed to
before me this 18th
day of March, 1996.


Notary Public

My Commission expires: Dec 31, 1998

TENNESSEE PUBLIC SERVICE COMMISSION

460 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243-0505

KEITH BISSELL, CHAIRMAN
STEVE HEWLETT, COMMISSIONER
SARA KYLE, COMMISSIONER



MAY 14 1996

Company ID: 00115819
LCI International Telecom, Corp.
8180 Greensboro Dr. Suite 800
McLean, VA 22107

BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION
Nashville, Tennessee April 26, 1996

Application for Authority for Operator Services and/or Resell Interexchange (Long Distance) Telecommunications Service and/or Telecommunications Operator Services in Tennessee Pursuant to Rule 1220-4-2-.57.

---ORDER---

This matter is before the Tennessee Public Service Commission upon the application of the above-mentioned company for certification as a long distance/interexchange reseller or telecommunication operator service provider in Tennessee. The Commission considered this application at its regularly scheduled Commission Conference held on April 16, 1996 and concluded that the applicant has met all the requirements for certification and should be authorized to provide the resell of interexchange telecommunications service and/or an operator service on an intrastate basis.

IT IS THEREFORE ORDERED:

1. That the above-mentioned company is issued a Certificate of Convenience and Necessity as an interexchange telecommunications reseller and/or an operator service provider for state-wide service in Tennessee as specified in its application on file with the Commission.
2. That said company shall comply with all applicable Commission rules and regulations.
3. That this order shall be retained as proof of certification with this Commission, and may be used to obtain appropriately tariffed access service and billing arrangements from Commission authorized telecommunications service providers.
4. That any party aggrieved with the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within ten (10) days from and after the date of this Order.
5. That any Party aggrieved with the Commission's decision in this matter has the right of judicial review by filing a petition with the Tennessee Court of Appeals, Middle Section within sixty (60) days from and after the date of this Order.

Eddin Robinson

Executive Director

Keith Bissell
Chairman

Steve Hewlett
Commissioner

Sara Kyle
Commissioner

TENNESSEE PUBLIC SERVICE COMMISSION

460 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243-0505

KEITH BISSELL, CHAIRMAN
STEVE HEWLETT, COMMISSIONER
SARA KYLE, COMMISSIONER



Company ID: 00115819
LCI International Telecom, Corp.
8180 Greensboro Dr. Suite 800
McLean, VA 22107

BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION
Nashville, Tennessee April 26, 1996

IN RE: CASE NUMBER: 95-03280

Application for Authority for Operator Services and/or Resell Interexchange (Long Distance) Telecommunications Service and/or Telecommunications Operator Services in Tennessee Pursuant to Rule 1220-4-2-.57.

---ORDER---

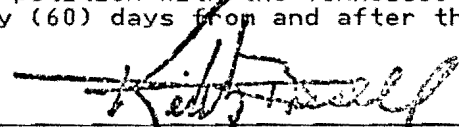
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Edwin Robinson
Executive Director



Chairman


Commissioner


Commissioner