

Page 2.

(c) The Office of Special Assistants, with the support of the Law Bureau, recommends that the Commission adopt the draft Order which (1) finds that the transaction is jurisdictional, and (2) determines that the substantive matters of the case support approval of the application and (3) directs the Law Bureau to report to the Commission on procedures to clarify the relevant provisions of Chapter 11 of the Public Utility Code.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

October 21, 1993

IN REPLY PLEASE
REFER TO OUR FILE

A-310800
Folder 6

JEAN L KIDDOO ESQUIRE
SWIDLER & BERLIN CHARTERED
3000 K STREET, N.W., SUITE 300
WASHINGTON DC 20007

Joint Application of Commonwealth Telephone Company, Commonwealth Long Distance Company and Paging Plus, Inc., for approval of the transfer of a majority voting interest in the stock of the utilities' direct or indirect parent, C-TEC Corporation, to RCN Corporation.

Dear Ms. Kiddoo:

This is to advise you that the Commission at Public Meeting held October 21, 1993 adopted an Opinion and Order in connection with the above entitled proceeding.

A copy of the Opinion and Order and Certificate of Public Convenience is enclosed for your records.

Very truly yours,

John G. Alford, Secretary

DOUGLAS
FOLDER

JZ
Encls.
Certified Mail
Receipt Requested

Copy of Opinion and Order to: Norman Kenanrd Esquire
Tucker Arensberg PC
116 Pine Street
Harrisburg PA 17101

OCT 27 1993

PENNSYLVANIA

PUBLIC UTILITY COMMISSION

IN THE MATTER OF THE APPLICATION OF:

A-310800, Folder 6

Joint Application of Commonwealth Telephone Company, Commonwealth Long Distance Company and Paging Plus, Inc., for approval of the transfer of a majority voting interest in the stock of the utilities direct or indirect parent, C-TEC Corporation, to RCN Corporation.

The Pennsylvania Public Utility Commission hereby certifies that after an investigation and/or hearing, it has, by its report and order made and entered, found and determined that the granting of the application is necessary or proper for the service, accommodation, convenience and safety of the public and hereby issues to the applicant this **CERTIFICATE OF PUBLIC CONVENIENCE** evidencing the Commission's approval of the right to operate as a common carrier.

In Witness Whereof, The PENNSYLVANIA PUBLIC UTILITY COMMISSION has caused these presents to be signed and sealed, and duly attested by its Secretary at its office in the city of Harrisburg this 21st day of October, 1993.

FOUNDER



Secretary

OCT 27 1993

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

DU
FO

Public Meeting held October 21, 1993

Commissioners Present:

David W. Rolka, Chairman
Joseph Rhodes, Jr. Vice-Chairman
John M. Quain, Dissenting
Lisa Crutchfield
John Hanger

OCT 27 1993

Joint Application of Commonwealth Telephone Company, Commonwealth Long Distance Company and Paging Plus, Inc., for approval of the transfer of a majority voting interest in the stock of the utilities' direct or indirect parent, C-TEC Corporation, to RCN Corporation.

A-310800.F0006

OPINION AND ORDER

BY THE COMMISSION:

On October 1, 1993, Commonwealth Telephone Company ("CTCo"), Commonwealth Long Distance Company ("CLD") and Paging Plus, Inc. ("PPI") filed the above-captioned application pursuant to Chapter 11 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§1101, et seq. Notice was published as required and the protest period ended October 19, 1993 with no protests having been received.

BACKGROUND

CTCo is a direct, wholly-owned subsidiary of C-TEC Corporation ("C-TEC"), a publicly-owned corporation. CLD is a direct, wholly-owned subsidiary of C-TEC Properties, Inc. ("C-TEC Properties"), which in turn is 100 percent owned by C-TEC. PPI is a direct, wholly-owned subsidiary of Cellular Plus, Inc., ("Cellular Plus") which also is 100 percent owned by C-TEC. Having been granted its initial certificate of public convenience at A-310800, CTCo is a

jurisdictional utility, as are CLD (A-310071) and PPI (A-0033007). C-TEC, C-TEC Properties and Cellular Plus are not Pennsylvania utilities.

CTCo is a local exchange carrier which provides service to approximately 190,000 business and residential customers in portions of 20 counties in eastern Pennsylvania. CLD is a provider of long distance service in 23 eastern Pennsylvania counties and plans to expand its service to cover all of Pennsylvania. PPI offers one-and two-way paging services to approximately 3500 customers in numerous Pennsylvania municipalities.

Certain of C-TEC's shareholders, acting as the (unincorporated) C-TEC Control Group, have entered into an agreement with RCN Corporation ("RCN") providing for the transfer to RCN of 5.7 million shares of Common Stock and Class B Common Stock of C-TEC currently owned by members of the C-TEC Control Group. The shares to be transferred constitute in the aggregate approximately 34 percent of the equity interest in C-TEC and approximately 57 percent of the voting interest in C-TEC. The planned transfer of shares representing a majority voting interest will result in a transfer of control of C-TEC, and through C-TEC's direct or indirect ownership of its three Pennsylvania utility subsidiaries, a transfer of control of CTCo, CLD and PPI. It is this latter control transfer for which the applicants seek Commission approval.

JURISDICTION

Before further reviewing the Joint Application, it is necessary to address the legal question of whether the transaction before us is jurisdictional. The Joint Application states that the Applicants are of the position that the transaction is not jurisdictional based on prior Commission precedent in Application of Airsignal International of Pittsburgh, Pennsylvania, Inc. (Airsignal I), A-101365 (January 14, 1980) and Application of MCI

Airsignal of Pennsylvania, Inc. (Airsignal II), A-330035 (July 15, 1986) and are filing this application as a courtesy to the Commission in response to an informal request.

Airsignal I (involving a transfer of a controlling interest in the stock of a utility's second tier parent or grandparent) and Airsignal II (involving the transfer of a controlling interest in the stock of a utility's parent) both held that only the transfer of utility stock may constitute the transfer of used or useful property necessary to invoke jurisdiction pursuant to Section 1102(a)(3) of the Public Utility Code, 66 Pa. C.S. §1102(a)(3). The rationale of both Airsignal cases is that the express reference in 66 Pa. C.S. Section 1102(a)(3) to affiliated interests of public utilities as defined in 66 Pa. C.S. §2101 was intended only to establish jurisdiction over an affiliated interest's transfer of utility stock. The Airsignal cases view stock transactions at the parent or grandparent level as too remote to constitute the transfer of used or useful property.

While we agree that application of the Airsignal cases would result in a lack of jurisdiction over the instant transaction involving the transfer of stock of the C-TEC as ultimate parent of three utilities, we would emphasize that the Airsignal cases, as any other prior Commission decision, are subject to reconsideration at any time. 66 Pa. C.S. §703(g). Accordingly, we will exercise our discretion and review interpretation of Section 1102(a)(3) at this time.

Section 1102(a)(3) provides as follows in relevant part:

(3) For any public utility or an affiliated interest of a public utility as defined in section 2101 (relating to definition of affiliated interest), except a common carrier by railroad subject to the Interstate Commerce Act, to acquire from, or to transfer to, any person or corporation, including a municipal corporation, by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger,

sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service

Our attention is specifically drawn to the express reference to transactions involving affiliated interests of utilities. While it is unclear in the statute what level of stock transaction constitutes the transfer of used or useful property, we are not convinced by the rationale of the Airsignal cases. If the intent of the statutory reference to affiliated interest transactions was intended only to establish jurisdiction over an affiliate's transfer of utility stock, the reference would be unnecessary and meaningless since even without the reference, all transfers of a controlling interest in utility stock are jurisdictional regardless of whether the transferor or transferee is an affiliate. Clearly, the better interpretation is that the statutory reference to an affiliated interest's transaction applies jurisdiction to the transfer of stock of either a utility or of its parent or grandparent affiliates, regardless of the remoteness of the transaction, if the effect of such transaction is the transfer of control of the utility.

Furthermore, from a practical view, the transfer of equity control of a utility parent or grandparent can directly affect the management of the utility. Stockholders exercising a controlling interest in a parent or grandparent can affect the Board of Directors, utility personnel and utility management philosophy and can ultimately have a direct effect on the cost and quality of service to the public. Accordingly, we are convinced that the General Assembly intended that the Commission have jurisdiction over these types of stock transactions and through this order will reverse the Airsignal cases as they apply to the case at hand.

Although we will assert jurisdiction over this transaction, it is necessary to clarify this interpretation of Section 1102(a)(3)

on a generic basis. Accordingly, we will direct the Law Bureau to investigate procedures to implement our decision today on a generic basis, through either regulatory or legislative procedures, and report back to us with its conclusions.

EFFECTS OF THE PROPOSED TRANSFER

RCN is a recently-formed corporation whose principal activity has focused on the instant transaction. It is a direct wholly-owned subsidiary of Kiewit Diversified Group, Inc. ("KDG"), all of whose stock is owned by Peter Kiewit Sons', Inc. ("PKS"). PKS is an employee-owned corporation with consolidated revenues of over \$2 billion and is engaged in a variety of different industries, including telecommunications.

Through KDG, PKS controls MFS Communications Company, Inc., which provides telecommunication services to other long distance carriers and large end users, and operates fiberoptic networks in 14 cities in 11 states. Metropolitan Fiber Systems of Philadelphia, Inc., and Metropolitan Fiber Systems of Pittsburgh, Inc. were granted certificates of public convenience on March 5, 1991 at A-310004 and A-310005, respectively.

For its C-TEC stock, the C-TEC Control Group is to receive approximately \$196 million in cash, a sum which appears to be readily available to the purchasers. At June 30, 1993, KDG has \$956 million of cash and temporary investments, and long- and short-term debt totalling only \$66 million. The Kiewit companies thus seem to possess sufficient financial strength to fund the immediate acquisition.

There appears to be no diminution of service to Pennsylvania ratepayers stemming from the proposed transfer of control nor will the transaction itself lead to any increase in the rates charged for utility services.

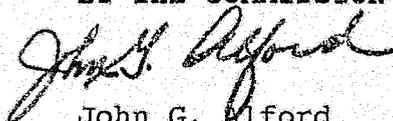
The Commission has examined the instant application and has determined that the proposed transfer of control appears necessary or proper for the service, accommodation, convenience or safety of the public, and that the application should be approved; **THEREFORE,**

IT IS ORDERED:

1. That the joint application of Commonwealth Telephone Company, Commonwealth Long Distance Company and Paging Plus, Inc., concerning the transfer of a majority voting interest in C-TEC Corporation is hereby approved, and that a Certificate of Public Convenience evidencing such approval be issued.

2. That the Law Bureau is hereby directed to investigate procedures to implement this Order on a generic basis through either regulatory or legislative procedures and report back its conclusions within 30 days of the entry date of this Order.

BY THE COMMISSION



John G. Alford
Secretary

(SEAL)

ORDER ADOPTED: October 21, 1993

ORDER ENTERED: October 22, 1993

CHARLES KALLENBACH
ATTORNEY-AT-LAW

SWIDLER
&
BERLIN
CHARTERED
ORIGINAL

DIRECT DIAL
(202)424-7715

October 20, 1993

VIA FEDERAL EXPRESS

Mr. John G. Alford
Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
North Office Building, B-20
Corner of North Street and Commonwealth Avenue
Harrisburg, Pennsylvania 17120

Re: Application for Approval of Acquisition by RCN Corporation of Voting Control of C-TEC Corporation from the C-TEC Control Group (Docket No. A-310800F0006)

Dear Mr. Alford:

As requested in your correspondence of October 7, 1993, enclosed are proofs of publication of notice of the above-referenced application. As we have discussed with staff at the Commission, we have published notice in newspapers having a general circulation in the areas involved.

Should you have any questions about this filing, please do not hesitate to contact me.

Sincerely,

Charles H.N. Kallenbach

**DOCUMENT
FOLDER**

Enclosures

- cc: Alan Kohler, Esq. (PUC)
- Mr. Douglas Beebe (PUC)
- Debra M. Kriete, Esq. (PUC)
- Norman J. Kennard (Tucker)
- Kenneth E. Gaskins, Esq. (RCN/Kiewit)
- Andrew D. Lipman, Esq. (Swidler)
- Jean L. Kiddoo, Esq. (Swidler)

120023.1

RECEIVED
OCT 20 1993
SECRETARY'S OFFICE
Public Utility Commission

NVL

No. Term, 19....

Proof of Publication of Notice in Reading Eagle and Reading Times

Under Act No. 587, Approved May 16, 1929.

State of Pennsylvania, }
County of Berks } ss:

RECEIVED
OCT 20 1993
SECRETARY'S OFFICE
PUBLIC UTILITY COMMISSION

..... David Geschwindt, Assistant Secretary of the Reading Eagle Co., of the County and City aforesaid being duly sworn, deposes and says that the **READING EAGLE** established January 28, 1868 and **READING TIMES** established July 19, 1858 are newspapers of general circulation published at 345 Penn Street, City of Reading, County and City aforesaid, and that the printed notice or publication attached hereto is exactly the same as printed and published in the regular editions and issues of the said **READING EAGLE** and **READING TIMES** on the following dates, viz:

Reading Eagle... October 4th--....., A. D. 1993.,

Reading Times... October 4th--....., A. D. 1993.,

Affiant further deposes that he is duly authorized by the **READING EAGLE COMPANY**, a corporation, publisher of said **READING EAGLE** and **READING TIMES**, newspapers of general circulation, to verify the foregoing statement under oath, and affiant is not interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the foregoing statements as to time, place and character of publication are true.

David Geschwindt

Sworn to and subscribed before me this 4th

day of October 1993
Nancy A. Chambers

My Commission expires:

NOTARIAL SEAL
NANCY A. CHAMBERS, Notary Public
Reading, Berks County
Commonwealth of Pennsylvania
My Commission Expires 6-5-95

Copy of Notice or Publication

PENNSYLVANIA Public Utility Commission
NOTICE TO BE PUBLISHED

Notice is hereby given that an application has been made to the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Code, by RCN Corporation, transferee, and the C-TEC Control Group, transferor, for approval to transfer to the former by the latter majority voting control of C-TEC Corporation stock (A-31000R0006).

Notice is hereby also given that this application may be considered by the Commission without a hearing. Protests or petitions to intervene may, however, be filed with the Public Utility Commission, Harrisburg, with copy served upon applicant's attorneys on or before October 19, 1993, pursuant to Title 52 of the PENNSYLVANIA CODE.

RCN CORPORATION

Counsel for the applicants:
Jean L. Kiddoo, Esq.
Charles H.N. Kallenbach, Esq.
Swidler & Berlin, Chartered
3000 K Street, N.W.
Washington, D.C. 20007

Norman Kennard, Esq.
Tucker Arensberg P.C.
116 Pine Street
Harrisburg, PA. 17101

DOCKETED
OCT. 25 1993

Statement of Advertising Costs

RE: PA PUC
Charles H.N. Kallenbach, Esq.....
Swidler & Berlin
3000 K Street, N.W., Suite 300.....
Washington, D.C.

To **READING EAGLE-TIMES, Dr.**

For publishing the notice or publication attached hereto on the above stated dates	\$ 36.96
Probating same	\$ 2.00
Total	\$ 38.96

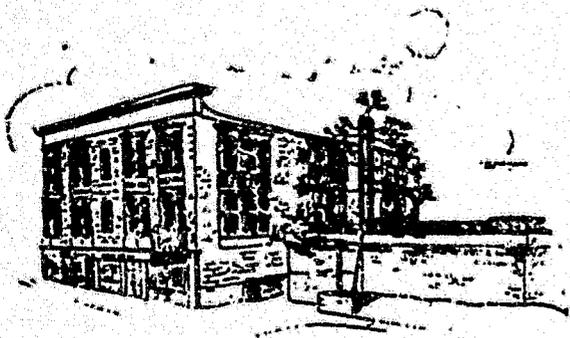
Publisher's Receipt for Advertising Costs

The **READING EAGLE COMPANY**, publisher of the **READING EAGLE** and **READING TIMES**, newspapers of general circulation, hereby acknowledges receipt of the aforesaid notice and publication costs and certifies that the same have been duly paid.

READING EAGLE COMPANY, a Corporation.

By *Michelle Arman*

DOCUMENT FOLDER



The Review
 DAILY SUNDAY
 116 MAIN STREET • P.O. BOX 503
 TOWANDA, PA 18848
 717-265-2151

Commonwealth of Pennsylvania
 Bradford County

Personally appeared before me this seventh day of October, A.D. 1993, Bonnie L. Isaacs, who being duly sworn doth depose and say that she is the Office Manager of the DAILY REVIEW, a daily newspaper of general circulation established in 1879, published in the Borough of Towanda, county aforesaid, and that the notice hereto attached is exactly as was printed in said paper once a day for one day(s) prior to this date, viz: October 4, 1993.

The affiant is not interested in the subject matter of the notice or advertising, and that all of the allegations of the statement as to the time, place, and character of publication are true.

Bonnie L. Isaacs
 Bonnie L. Isaacs
 Office Manager

Sworn and subscribed before me this seventh day of October A.D. 1993.

DOCKETED
OCT 25 1993

RECEIVED
 OCT 20 1993
 SECRETARY'S OFFICE
 Public Utility Commission

Barbara C. Davis
 Barbara C. Davis
 Notary Public

Notarial Seal
 Barbara C. Davis, Notary Public
 Towanda Boro, Bradford County
 My Commission Expires July 5, 1997
 Member, Pennsylvania Association of Notaries

**DOCUMENT
 FOLDER**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Notice To Be Published

Notice is hereby given that an application has been made to the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Code, by RCN Corporation, transferee, and the C-TEC Control Group, transferor, for approval to transfer to the former by the latter majority voting control of C-TEC Corporation stock. (A-310800F0006)

Notice is hereby also given that this application may be considered by the Commission without a hearing. Protests or petitions to intervene may, however, be filed with the Public Utility Commission, Harrisburg, with copy served upon applicant's attorneys on or before October 19, 1993, pursuant to Title 52 of the Pennsylvania Code.
RCN Corporation

Counsel for the applicants:

Jean L. Kiddoo, Esq.
Charles H.N. Kallenbach, Esq.
Swidler & Berlin, Chartered
3000 K Street, N.W.
Washington, D.C. 20007

Norman Kennard, Esq.
Tucker Arensberg P.C.
116 Pine Street
Harrisburg, PA 17101

Proof of Publication of Notice in The Patriot and The Evening News and The Sunday Patriot-News

Under Act No. 587, Approved May 16, 1929.

Commonwealth of Pennsylvania, } ss:
County of Dauphin

Michael Morrow

being duly sworn according to law, deposes and says:

Asst. Controller

That he is theof THE PATRIOT - NEWS CO., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its principal office and place of business at 812 to 818 Market Street, in the City of Harrisburg, County of Dauphin, State of Pennsylvania, owner and publisher of THE PATRIOT and THE EVENING NEWS and the SUNDAY PATRIOT-NEWS newspapers of general circulation, printed and published at 812 to 818 Market Street, in the City, County and State aforesaid; that THE PATRIOT and THE EVENING NEWS and the SUNDAY PATRIOT-NEWS were established March 4th, 1854, and February 15th, 1917 and September 18th, 1949, respectively, and all have been continuously published ever since;

That the printed notice or publication which is securely attached hereto is exactly as printed and published in their regular editions and issues which appeared on the 4th day of October 1993.

That neither he nor said Company is interested in the subject matter of said printed notice or advertising, and that all of the allegations of this statement as to the time, place and character of publication are true; and

That he has personal knowledge of the facts aforesaid and is duly authorized and empowered to verify this statement on behalf of The Patriot-News Co. aforesaid by virtue and pursuant to a resolution unanimously passed and adopted severally by the stockholders and board of directors of the said Company and subsequently duly recorded in the office for the Recording of Deeds in and for said County of Dauphin in Miscellaneous Book "M". Volume 14, Page 317.

Copy of Notice or Publication

PENNSYLVANIA PUBLIC UTILITY COMMISSION NOTICE TO BE PUBLISHED

Notice is hereby given that an application has been made to the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Code, by RCN Corporation, transferee, and the C-TEC Control Group, transferor, for approval to transfer to the former by the latter majority voting control of C-TEC Corporation stock. (A-310800F0005)

Notice is hereby also given that this application may be considered by the Commission without a hearing. Protests or petitions to intervene may, however, be filed with the Public Utility Commission, Harrisburg, with copy served upon applicant's attorneys on or before October 19, 1993, pursuant to Title 52 of the Pennsylvania Code.

RCN Corporation
Counsel for the applicants:
Jean L. Kiddee, Esq.
Charles H.N. Kallenbach, Esq.
Swidler & Berlin, Chartered
3000 K Street, N.W.
Washington, D.C. 20007
Norman Kennard, Esq.
Tucker Arensburg, P.C.
116 Pina Street
Harrisburg, PA 17101

Terry L. Russell

Sworn to and subscribed before me this 4th day of October, A. D. 1993

Notarial Seal
Terry L. Russell, Notary Public
Harrisburg, Dauphin County
My Commission Expires June 6, 1994

Notary Public

My commission expires

Statement of Advertising Costs

Swidler & Berlin, Chartered
Washington, DC 20007
To THE PATRIOT-NEWS CO., Dr.

For publishing the notice or publication attached hereto on the above stated dates -	\$ 86.01
Probating same -	\$ 1.00
Total -	\$ 87.01

Publisher's Receipt for Advertising Costs

THE PATRIOT-NEWS CO., publisher of THE PATRIOT and THE EVENING NEWS and the SUNDAY PATRIOT-NEWS, newspapers of general circulation, hereby acknowledge receipt of the aforesaid notice and publication costs and certifies that the same have been duly paid.

DOCKETED
OCT 25 1993

DOCUMENT
FOLDER

THE PATRIOT-NEWS
RECEIVED
OCT 20 1993

SECRETARY'S OFFICE
Public Utility Commission

Proof of Publication Notice in The Morning Call

Under Act No. 587, Approved May 1, 1929, and its amendments

STATE OF PENNSYLVANIA
COUNTY OF LEHIGH

SS:

COPY OF NOTICE OR ADVERTISEMENT

PENNSYLVANIA PUBLIC UTILITY COMMISSION
NOTICE TO BE PUBLISHED

Notice is hereby given that an application has been made to the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Code, by RCV Corporation, transferee, and the C-TEC Control Group, transferor, for approval to transfer to the former by the latter majority voting control of C-TEC Corporation stock. (A-319800-006)

Notice is hereby also given that this application may be considered by the Commission without a hearing. Protests or petitions to intervene may, however, be filed with the Public Utility Commission, Harrisburg, with copy served upon applicant's attorneys on or before October 19, 1993, pursuant to title 52 of the Pennsylvania Code.

RCV Corporation
Counsel for the applicants:
Jean L. Kiddoo, Esq.
Charles H.N. Kallenbach, Esq.
Swiger & Berlin, Chartered
300 K Street, N.W.
Washington, D.C. 20007

Norman Kenward, Esq.
Tucker Arenberg P.C.
114 Pine Street
Harrisburg, PA 17101

#9050 - Oct. 4

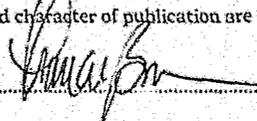
POOR ORIGINAL

Thomas Brown, Asst Controller

..... of THE MORNING CALL, INC., of the County and State aforesaid, being duly sworn, deposes and says that THE MORNING CALL is a newspaper of general circulation as defined by the aforesaid Act, whose place of business is 101 North Sixth Street, City of Allentown, County and State aforesaid, and that the said newspaper was established in 1888 since which date THE MORNING CALL has been regularly issued in said County, and that the printed notice or advertisement attached hereto is exactly the same as was printed and published in regular editions and issues of the said THE MORNING CALL on the following dates, viz.:

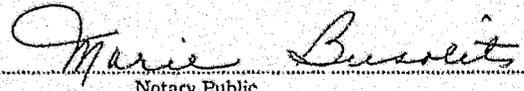
..... 4th October 93
and the..... day of..... A.D. 19.....

Affiant further deposes that he is the designated agent duly authorized by THE MORNING CALL, INC., a corporation, publisher of said THE MORNING CALL, a newspaper of general circulation, to verify the foregoing statement under oath, and that affiant is not interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the foregoing statements as to time, place and character of publication are true.



Asst. Controller
Designated Agent, THE MORNING CALL, INC.

SWORN to and subscribed before me this 4th day of
October 93



Notary Public

My Commission Expires:

Notarial Seal
Marie Busolits, Notary Public
Allentown, Lehigh County
My Commission Expires May 13, 1997

PUBLISHER'S RECEIPT FOR ADVERTISING COSTS

THE MORNING CALL, INC., publisher of THE MORNING CALL, a newspaper of general circulation, hereby acknowledges receipt of the aforesaid notice and publication costs and certifies that the same have been duly paid.

Member, Pennsylvania Association of Notaries
THE MORNING CALL, INC. a Corporation,
Publishers of THE MORNING CALL
A Newspaper of General Circulation

By: Kathleen A. Wedder

12

A-75A

DOCKETED
OCT 25 1993

DOCUMENT
FOLDER

The Scranton Times

PENN AVENUE AT SPRUCE STREET • P.O. BOX 3311 • SCRANTON, PA 18505-3311

PHONE (717) 348-9100

9 ADVERTISER-CLIENT

7 BILLED ACCOUNT NO

101959

2 BILLED ACCOUNT

SWIDLER & BERLIN
3000 K STREET, N.W. SUITE 300
WASHINGTON DC
20007

8 TERMS OF PAYMENT

SEE OTHER SIDE

5 BILLING PERIOD	
10/04/93	10/04/93
3 INVOICE NO	4 BILLING DATE
	10/04/93

LEGAL BILL

10 DATE	11 REFERENCE NUMBER	12 CHARGES OR CREDITS DESCRIPTION	13 PRODUCT CODE	14	15 SUB-DIMENSIONS	16 TIMES	17 BILLED AMTS	18 RATE	19 GROSS AMOUNT	20 NET AMOUNT
4	52699	PA PUBLIC UTILITY C			48	1	48.00			131.04
		OMMISSION								
4	52699	AFF. 10/4/93				1				3.00

THE SCRANTON TIMES
COMMONWEALTH OF PENNSYLVANIA (UNDER ACT P.L. 877 NO. 160, JULY 9, 1976), COUNTY OF LACKAWANNA

MARLENE GREGORCZYK BEING DULY SWORN ACCORDING TO LAW DEPOSES AND SAYS THAT SHE IS ACCOUNTING CLERK FOR THE SCRANTON TIMES, OWNER AND PUBLISHER OF THE SCRANTON TIMES, A NEWSPAPER OF GENERAL CIRCULATION, ESTABLISHED IN 1870, PUBLISHED IN THE CITY OF SCRANTON, COUNTY AND STATE AFORESAID, AND THAT THE PRINTED NOTICE OR PUBLICATION HERETO ATTACHED IS EXACTLY AS PRINTED IN THE REGULAR EDITIONS OF THE SAID NEWSPAPER ON THE FOLLOWING DATES,
VIZ.: 10/4/93

AFFIANT FURTHER DEPOSES AND SAYS THAT NEITHER THE AFFIANT NOR THE SCRANTON TIMES IS INTERESTED IN THE SUBJECT MATTER OF THE AFORESAID NOTICE OR ADVERTISEMENT AND THAT ALL ALLEGATIONS IN THE FOREGOING STATEMENT AS TO TIME, PLACE AND CHARACTER OF PUBLICATION ARE TRUE

SWORN AND SUBSCRIBED TO BEFORE ME
THIS 05 DAY OF OCT. A.D., 1993.

Marlene Gregorczyk
Notary Public

(NOTARY PUBLIC)

NOTARIAL SEAL
ROMAYNE A. WASHNER, Notary Public
Scranton, Lackawanna County
My Commission Expires Sept 23, 1995

24 AGING	
DOCUMENT	DOCKETED
	OCT 25 1993

21 CURRENT GROSS AMOUNT	22 CURRENT NET AMOUNT
	134.04

29 CONTRACT TYPE OF SERVICE			
EXPIRATION DATE	REQUIREMENT	CURRENT MONTH	CUMULATIVE

PLEASE PAY THIS AMOUNT →

25 TOTAL NET AMOUNT DUE

AMOUNT OF PAYMENT

26 BILLED ACCOUNT NO	27 BILLED ACCOUNT NAME

DETACH AND RETURN THIS PORTION WITH YOUR PAYMENT

The Scranton Times

REMITTANCE ADVICE

PENN AVENUE AT SPRUCE STREET • P.O. BOX 3311 • SCRANTON, PA 18505-3311
PHONE (717) 348-9100

TERMS OF PAYMENT

MONTHLY

PAYABLE LAST DAY OF MONTH FOLLOWING BILLING DATE.
A 1% PER MONTH FINANCE CHARGE WILL BE ADDED TO PAST
DUE BALANCES. THIS IS AN ANNUAL PERCENTAGE RATE OF 12%

WEEKLY: PAYABLE ON RECEIPT OF THIS INVOICE

LEGEND

The 29 elements of the Standard Advertising Invoice (SAI)

- | | |
|--|-------------------------------------|
| 1. Name and Address of Newspaper, and
Phone No. | 15. SAU/Dimensions |
| 2. Billed Account Name and Address | 16. Times Published |
| 3. Invoice/Document Number | 17. Billed Units |
| 4. Billing Date | 18. Applicable Rate |
| 5. Billing Period | 19. Gross Amount |
| 6. Terms of Payment | 20. Net Amount |
| 7. Billed Account Number | 21. Current Gross Amount |
| *8. Advertiser/Client Number | 22. Current Net Amount Due |
| 9. Advertiser/Client Name | *23. Cash Discount |
| 10. Date of Insertion | 24. Aging of Past Due Amounts |
| 11. Newspaper's Reference Number | 25. Total Net Amount Due |
| 12. Other Charges or Credits | 26. Billed Account Number |
| 13. Description | 27. Billed Account Name |
| 14. Product/Service Code | 28. Name and Address for Remittance |
| | 29. Contract Performance |

The elements shown above appear on the face of the invoice and are identified by number.

* NOT APPLICABLE

SWIDLER
&
BERLIN
CHARTERED

ORIGINAL
ORIGINAL

October 29, 1993

RECEIVED

OCT 29 1993

SECRETARY'S OFFICE
Public Utility Commission

RECEIVED
NOV 3 1993

VIA FEDERAL EXPRESS

Mr. John Alford, Secretary
Pennsylvania Public Utility Commission
North Office Building, B-20
Corner of North Street & Commonwealth Avenue
Harrisburg, PA 17120

Re: Docket No. A-310800F0006
Notification of Consummation of Transfer of Control of C-TEC Corporation
and its Subsidiaries from the C-TEC Control Group to RCN Corporation

Dear Mr. Alford:

RCN Corporation, through its undersigned attorneys, hereby notifies the Commission that the transaction whereby RCN Corporation ("RCN") agreed to purchase the C-TEC Corporation ("C-TEC") stock, previously held by the C-TEC Control Group, was consummated on October 29, 1993. RCN, therefore, now owns an aggregate stock interest in C-TEC of 5.7 million shares of C-TEC Common Stock and Class B Common Stock, representing approximately 57 percent of the voting interest and 34 percent of the equity interest in C-TEC.

RCN hereby certifies that no material deviation in the executed closing documents, including the finance plans or final terms relating to the purchase of C-TEC's stock by RCN from the terms, conditions, documents, or information provided or disclosed, occurred at closing. In all material respects, therefore, the terms and conditions delineated in the transfer petition and the Stock Purchase Agreement between the parties were adhered to at closing.

DOCUMENT
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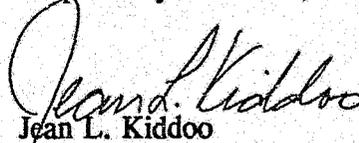
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October 29, 1993

Page 2

Any questions concerning this notice should be directed to the undersigned.

Respectfully submitted,



Jean L. Kiddoo

Charles H.N. Kallenbach

Attorneys for RCN Corporation

cc: David C. McCourt
Kenneth D. Gaskins
Raymond B. Ostroski
Norman J. Kennard
Alan Kohler
Debra M. Kriete
Douglas Beebe

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INFO. CONTROL DIV.

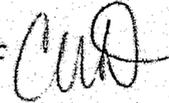
COMMONWEALTH OF PENNSYLVANIA
Public Utility Commission

June 12, 1994

SUBJECT: A-310800, F0006; Application of Commonwealth Telephone Company

TO: John G. Alford
Secretary

FROM: Cheryl Walker Davis, Director
Office of Special Assistants

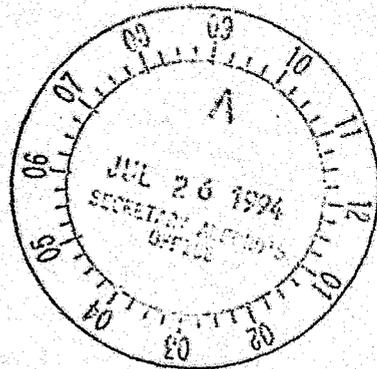


The above captioned proceeding is shown as pending on the OSA outstanding assignment listing. Please be advised that on October 22, 1993, the Commission entered the attached Opinion and Order disposing of the matter.

Please take the necessary action to remove the pending assignment from OSA and close the case.

Aggie -
OK to close
JLD
7/26/94

DOCUMENT
FOLDER



DOCKETED

AUG 03 1994

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held October 21, 1993

Commissioners Present:

David W. Rolka, Chairman
Joseph Rhodes, Jr. Vice-Chairman
John M. Quain, Dissenting
Lisa Crutchfield
John Hanger

Joint Application of Commonwealth Telephone Company, Commonwealth Long Distance Company and Paging Plus, Inc., for approval of the transfer of a majority voting interest in the stock of the utilities' direct or indirect parent, C-TEC Corporation, to RCN Corporation. A-310800.F0006

OPINION AND ORDER

BY THE COMMISSION:

On October 1, 1993, Commonwealth Telephone Company ("CTCo"), Commonwealth Long Distance Company ("CLD") and Paging Plus, Inc. ("PPI") filed the above-captioned application pursuant to Chapter 11 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§1101, et seq.. Notice was published as required and the protest period ended October 19, 1993 with no protests having been received.

BACKGROUND

CTCo is a direct, wholly-owned subsidiary of C-TEC Corporation ("C-TEC"), a publicly-owned corporation. CLD is a direct, wholly-owned subsidiary of C-TEC Properties, Inc. ("C-TEC Properties"), which in turn is 100 percent owned by C-TEC. PPI is a direct, wholly-owned subsidiary of Cellular Plus, Inc., ("Cellular Plus") which also is 100 percent owned by C-TEC. Having been granted its initial certificate of public convenience at A-310800, CTCo is a

jurisdictional utility, as are CLD (A-310071) and PPI (A-0033007). C-TEC, C-TEC Properties and Cellular Plus are not Pennsylvania utilities.

CTCo is a local exchange carrier which provides service to approximately 190,000 business and residential customers in portions of 20 counties in eastern Pennsylvania. CLD is a provider of long distance service in 23 eastern Pennsylvania counties and plans to expand its service to cover all of Pennsylvania. PPI offers one-and two-way paging services to approximately 3500 customers in numerous Pennsylvania municipalities.

Certain of C-TEC's shareholders, acting as the (unincorporated) C-TEC Control Group, have entered into an agreement with RCN Corporation ("RCN") providing for the transfer to RCN of 5.7 million shares of Common Stock and Class B Common Stock of C-TEC currently owned by members of the C-TEC Control Group. The shares to be transferred constitute in the aggregate approximately 34 percent of the equity interest in C-TEC and approximately 57 percent of the voting interest in C-TEC. The planned transfer of shares representing a majority voting interest will result in a transfer of control of C-TEC, and through C-TEC's direct or indirect ownership of its three Pennsylvania utility subsidiaries, a transfer of control of CTCo, CLD and PPI. It is this latter control transfer for which the applicants seek Commission approval.

JURISDICTION

Before further reviewing the Joint Application, it is necessary to address the legal question of whether the transaction before us is jurisdictional. The Joint Application states that the Applicants are of the position that the transaction is not jurisdictional based on prior Commission precedent in Application of Airsignal International of Pittsburgh, Pennsylvania, Inc. (Airsignal I), A-101365 (January 14, 1980) and Application of MCI

Airsignal of Pennsylvania, Inc. (Airsignal II), A-330035 (July 15, 1986) and are filing this application as a courtesy to the Commission in response to an informal request.

Airsignal I (involving a transfer of a controlling interest in the stock of a utility's second tier parent or grandparent) and Airsignal II (involving the transfer of a controlling interest in the stock of a utility's parent) both held that only the transfer of utility stock may constitute the transfer of used or useful property necessary to invoke jurisdiction pursuant to Section 1102(a)(3) of the Public Utility Code, 66 Pa. C.S. §1102(a)(3). The rationale of both Airsignal cases is that the express reference in 66 Pa. C.S. Section 1102(a)(3) to affiliated interests of public utilities as defined in 66 Pa. C.S. §2101 was intended only to establish jurisdiction over an affiliated interest's transfer of utility stock. The Airsignal cases view stock transactions at the parent or grandparent level as too remote to constitute the transfer of used or useful property.

While we agree that application of the Airsignal cases would result in a lack of jurisdiction over the instant transaction involving the transfer of stock of the C-TEC as ultimate parent of three utilities, we would emphasize that the Airsignal cases, as any other prior Commission decision, are subject to reconsideration at any time. . 66 Pa. C.S. §703(g). Accordingly, we will exercise our discretion and review interpretation of Section 1102(a)(3) at this time.

Section 1102(a)(3) provides as follows in relevant part:

(3) For any public utility or an affiliated interest of a public utility as defined in section 2101 (relating to definition of affiliated interest), except a common carrier by railroad subject to the Interstate Commerce Act, to acquire from, or to transfer to, any person or corporation, including a municipal corporation, by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger,

sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service

Our attention is specifically drawn to the express reference to transactions involving affiliated interests of utilities. While it is unclear in the statute what level of stock transaction constitutes the transfer of used or useful property, we are not convinced by the rationale of the Airsignal cases. If the intent of the statutory reference to affiliated interest transactions was intended only to establish jurisdiction over an affiliate's transfer of utility stock, the reference would be unnecessary and meaningless since even without the reference, all transfers of a controlling interest in utility stock are jurisdictional regardless of whether the transferor or transferee is an affiliate. Clearly, the better interpretation is that the statutory reference to an affiliated interest's transaction applies jurisdiction to the transfer of stock of either a utility or of its parent or grandparent affiliates, regardless of the remoteness of the transaction, if the effect of such transaction is the transfer of control of the utility.

Furthermore, from a practical view, the transfer of equity control of a utility parent or grandparent can directly affect the management of the utility. Stockholders exercising a controlling interest in a parent or grandparent can affect the Board of Directors, utility personnel and utility management philosophy and can ultimately have a direct effect on the cost and quality of service to the public. Accordingly, we are convinced that the General Assembly intended that the Commission have jurisdiction over these types of stock transactions and through this order will reverse the Airsignal cases as they apply to the case at hand.

Although we will assert jurisdiction over this transaction, it is necessary to clarify this interpretation of Section 1102(a)(3)

on a generic basis. Accordingly, we will direct the Law Bureau to investigate procedures to implement our decision today on a generic basis, through either regulatory or legislative procedures, and report back to us with its conclusions.

EFFECTS OF THE PROPOSED TRANSFER

RCN is a recently-formed corporation whose principal activity has focused on the instant transaction. It is a direct wholly-owned subsidiary of Kiewit Diversified Group, Inc. ("KDG"), all of whose stock is owned by Peter Kiewit Sons', Inc. ("PKS"). PKS is an employee-owned corporation with consolidated revenues of over \$2 billion and is engaged in a variety of different industries, including telecommunications.

Through KDG, PKS controls MFS Communications Company, Inc., which provides telecommunication services to other long distance carriers and large end users, and operates fiberoptic networks in 14 cities in 11 states. Metropolitan Fiber Systems of Philadelphia, Inc., and Metropolitan Fiber Systems of Pittsburgh, Inc. were granted certificates of public convenience on March 5, 1991 at A-310004 and A-310005, respectively.

For its C-TEC stock, the C-TEC Control Group is to receive approximately \$196 million in cash, a sum which appears to be readily available to the purchasers. At June 30, 1993, KDG has \$956 million of cash and temporary investments, and long- and short-term debt totalling only \$66 million. The Kiewit companies thus seem to possess sufficient financial strength to fund the immediate acquisition.

There appears to be no diminution of service to Pennsylvania ratepayers stemming from the proposed transfer of control nor will the transaction itself lead to any increase in the rates charged for utility services.

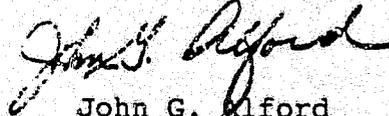
The Commission has examined the instant application and has determined that the proposed transfer of control appears necessary or proper for the service, accommodation, convenience or safety of the public, and that the application should be approved; **THEREFORE,**

IT IS ORDERED:

1. That the joint application of Commonwealth Telephone Company, Commonwealth Long Distance Company and Paging Plus, Inc., concerning the transfer of a majority voting interest in C-TEC Corporation is hereby approved, and that a Certificate of Public Convenience evidencing such approval be issued.

2. That the Law Bureau is hereby directed to investigate procedures to implement this Order on a generic basis through either regulatory or legislative procedures and report back its conclusions within 30 days of the entry date of this Order.

BY THE COMMISSION



John G. Alford
Secretary

(SEAL)

ORDER ADOPTED: October 21, 1993

ORDER ENTERED: October 22, 1993