

**KELLEY DRYE & WARREN**

A PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

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WASHINGTON, D. C. 20036

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September 9, 1996

BY UNITED PARCEL SERVICE

Ms. Blanca Bayo  
Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0864

Re: Application to Transfer Assets and Certificate of Public  
Convenience and Necessity from Keystone Telecommunications, Inc.  
to Chadwick Telecommunications Corp.

Dear Ms. Bayo:

Enclosed for filing with the Florida Public Service Commission please find an original and twelve (12) copies of an Application for Approval to Transfer Assets and the Certificate of Public Convenience and Necessity of Keystone Telecommunications, Inc. to Chadwick Telecommunications Corp. Enclosed please also find a duplicate of this filing and a self-addressed stamped envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided.

Please do not hesitate to contact me at (202) 955-9767 if you have any questions.

Very truly yours,

*Andrea D. Pruitt*  
Andrea D. Pruitt

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09609 SEP 10 96

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Before the  
STATE OF FLORIDA  
PUBLIC SERVICE COMMISSION

Application for Approval of )  
Transfer of Assets and Certificate )  
of Public Convenience and Necessity from ) Docket No.  
KEYSTONE TELECOMMUNICATIONS, INC. )  
to CHADWICK TELECOMMUNICATIONS CORP. )

APPLICATION

Chadwick Telecommunications Corp. ("Chadwick") and Keystone Telecommunications, Inc. ("Keystone") (referred to jointly herein as the "Applicants"), by their attorneys, hereby respectfully request authority from the Florida Public Service Commission ("Commission") to transfer selected assets from Keystone to Chadwick. In addition, the Applicants respectfully request authority pursuant to Fla. Stat. § 364.345 to transfer Keystone's Certificate of Public Convenience and Necessity to Chadwick. In support of this Application, the Applicants provide the following information:

*I. The Applicants*

Chadwick is a privately-held Pennsylvania corporation that is headquartered at 3 Bethlehem Plaza, Suite 100, Bethlehem, Pennsylvania 18018. Chadwick currently operates as a reseller of interexchange services in 4 states. Chadwick also provides interstate and international telecommunications services pursuant to authority granted by the Federal Communications Commission ("FCC"). Chadwick is authorized to transact business in Florida as a foreign corporation. Chadwick's registered agent for service of process is Corporation Service Company, 1201 Hays Street, Suite 105, Tallahassee, Florida 32301.

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Keystone also is a privately-held Pennsylvania corporation. Keystone is headquartered at 2690 Commerce Drive, Harrisburg, Pennsylvania 17110. Keystone provides telecommunications services in 20 states, including Florida. Keystone was granted authority to provide telecommunications services in Florida on December 23, 1993 in Docket No. 930888-TI, Certificate No. 3505, Order No. PSC-93-1722-FOF-TI. Keystone 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 Z. Machida  
Andrea D. Pruitt  
KELLEY DRYE & WARREN LLP  
1200 19th Street, N.W.  
Suite 500  
Washington, D.C. 20036  
(202) 955-9600

Copies of any correspondence should also be sent to the following designated representatives of the Applicants:

For Keystone:

Jeffrey Diamond  
KEYSTONE TELECOMMUNICATIONS, INC.  
2690 Commerce Drive  
Harrisburg, Pennsylvania 17110

For Chadwick:

R Chadwick Paul, Jr.  
President  
CHADWICK TELECOMMUNICATIONS CORP.  
3 Bethlehem Plaza  
Suite 100  
Bethlehem, Pennsylvania 18018

*III. Request for Authority to Transfer Assets from Keystone to Chadwick*

On August 17, 1996, Keystone and Chadwick signed an Asset Purchase Agreement ("Asset Agreement") pursuant to which they agreed that Chadwick will acquire selected assets from Keystone.<sup>1</sup> The assets to be acquired include: (1) customer accounts, including all contracts, arrangements and other understandings between Keystone and its customers; (2) all furniture, computer equipment, equipment other than computer equipment, machinery, motor vehicles, fixtures and other capital assets; (3) accounts receivable; (4) and all books, records, files, promotional materials and other documents relating to the business.

The transfer of assets will be made in a seamless fashion that will not adversely affect the provision of telecommunications services in Florida. Customers will be able to purchase the same high quality services from Chadwick that they currently purchase from Keystone. Chadwick will file a tariff that duplicates the service offerings, rates, terms and conditions currently available to Keystone's customers. Thus, Keystone's former customers will continue to receive the same services that they presently receive at the same rate levels.

In addition, all of Keystone's customers will be sent appropriate and timely notice of the transaction. All affected customers will be permitted to select a different service provider at no cost. Thus, current Keystone customers will not be affected adversely by the proposed acquisition. Indeed, the Applicants believe that Keystone customers will benefit from operational improvements and enhancements offered by the combined firm.

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<sup>1</sup> Because the Asset Agreement contains highly confidential information, it is not being provided as an attachment to this Application. The Asset Agreement will be provided to the Commission upon request.

*IV. Request for Transfer of Certificate of Public Convenience and Necessity to Chadwick*

Chadwick is not presently authorized to provide intrastate telecommunications services in Florida. In order to provide uninterrupted service to Keystone's existing customers, the Applicants respectfully request that Keystone's existing Certificate of Public Convenience and Necessity be transferred to Chadwick.<sup>2</sup> This will permit Chadwick to commence providing telecommunications services to Keystone's customers immediately upon closing of the transaction and avoid any disruption in service.

Chadwick intends to operate exclusively as a reseller of interLATA and intraLATA interexchange services. Chadwick will provide a full range of "1+" interexchange services, including MTS, WATS, 800 and calling card services. As stated previously, Chadwick's initial tariff will duplicate the service offerings, rates, terms and conditions currently offered by Keystone. Thus, Keystone's former customers will be able to purchase from Chadwick the same services under the same rates, terms and conditions that they currently purchase from Keystone.

Chadwick is well qualified to provide telecommunications services to Keystone's customers and other consumers of telecommunications services in Florida. Chadwick has provided a wide range of interexchange telecommunications services on an uninterrupted basis for over a decade. During that time, the company has expanded its service offerings substantially and experienced steady revenue growth. This successful operational experience is

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<sup>2</sup> If the Commission determines that a transfer of Keystone's existing authority is not appropriate, the Applicants respectfully request that the Commission treat this Application as a request for new authority for Chadwick.

evidence of Chadwick's technical and managerial capability to deliver the services discussed above in a fashion that is satisfactory to consumers.

Chadwick also possesses adequate financial resources to provide the proposed services. The company is solidly profitable and has sufficient assets. Since Chadwick is already operational in other states, and the company intends to initiate service on a resale basis, a relatively small investment will be required to begin service in Florida. As stated previously, Chadwick is a privately-held company. Therefore, it does not release its financial information to the public. However, recent financial information about Chadwick is available to the Commission on a confidential basis upon request.

Chadwick's officers and directors are as follows:

R. Chadwick Paul, Jr.	President and Director
John G. Englesson	Executive Vice President and Director

Mr. Paul also has served for nearly a decade as an officer and board member of the Competitive Telecommunications Association ("CompTel"), the principal trade association representing the interest of the nation's long distance telephone industry.

#### *V. Public Interest Analysis*

Approval of the transfer of assets and authority described herein is in the public interest because it will enable Chadwick to continue expanding its operations, thereby offering new and improved services to customers in Florida. The transactions ultimately will enable Chadwick to better serve existing and future customers by introducing economies of scope and scale, and thereby will enhance competition in the telecommunications market in Florida.

WHEREFORE, Keystone and Chadwick respectfully request that the Commission approve the transfer of Keystone's assets and Certificate of Public Convenience and Necessity to Chadwick.

Respectfully submitted,

**KEYSTONE TELECOMMUNICATIONS, INC. and  
CHADWICK TELECOMMUNICATIONS CORP.**

By: Andrea D. Pruitt

Brad E. Mutschelknaus  
Marieann Z. Machida  
Andrea D. Pruitt  
KELLEY DRYE & WARREN LLP  
1200 19th Street, N.W.  
Suite 500  
Washington, D.C. 20036  
(202) 955-9600

Their Attorneys

DATED: September 9, 1996

VERIFICATION

I am authorized to represent Chadwick Telecommunications Corp. 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: [Signature], Pres.

Name: R. Chadwick Paul, Jr.

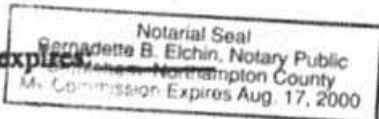
Title: PRESIDENT

Date: August 30, 1996

Sworn and subscribed to before me this 30<sup>th</sup> day of August, 1996.

[Signature]  
Notary Public

My Commission expires





VERIFICATION

I am authorized to represent Keystone Telecommunications, 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: Jeffrey Diamond

Name: JEFFREY DIAMOND

Title: V.P.

Date: 8/30/96

Sworn and subscribed to  
before me this 30  
day of August, 1996.

Paula K. Smith  
Notary Public

My Commission expires: \_\_\_\_\_

NOTARIAL SEAL  
PAULA K. SMITH, Notary Public  
Harrisburg, Dauphin County  
My Commission Expires Sept. 25, 1999