

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 6th  
day of August, 1993.

Joint Application for authority for LDDS     )  
Communications, Inc. to merge with         )  
Metromedia Communications Corporation and   )  
Resurgens Communications Group, Inc.       )

Case No. TM-93-326

ORDER APPROVING MERGER, NAME CHANGE AND FINANCIAL TRANSACTIONS

On May 21, 1993, LDDS Communications, Inc. (LDDS) and its five (5) Missouri-certificated operating subsidiaries; Metromedia Communications Corporation (MCC); and Resurgens Communications Group, Inc. (Resurgens) (collectively Applicants) pursuant to Sections 392.290, 392.300 and 392.310 of RSMo, 1986 (Supp. 1992) and Section 240-2.060 of the Commission's regulations filed an Application requesting Commission approval of a transaction whereby LDDS will merge into and with "M/R Corporation" (M/R Corp.) (LDDS Merger). M/R Corp. is the corporation that will be the product of the contemplated merger between MCC and Resurgens (M/R Merger). The Applicant anticipates that the M/R Merger - - a transaction totally independent of the proposed merger between LDDS and M/R Corp. which is the subject of this Application -- will be consummated immediately prior to the subsequent merger between LDDS and M/R Corp.

In addition, Applicants also request Commission approval for directly-related transactions whereby: (1) in conjunction with consummation of the LDDS Merger, the surviving company, LDDS-METRO Communications, Inc. (LDDS METRO) and its subsidiaries will incur certain debt obligations, and (2) the name of M/R Corp. legally will be changed to "LDDS-METRO Communications, Inc." Applicants state that Commission approval of the proposed transaction, including the incurring of debt obligations and change of name, will permit LDDS to merge with

M/R Corp., a non-dominant carrier authorized by this Commission to provide intrastate services.

LDDS is the parent company of several operating subsidiaries which provide interstate and international telecommunications services in all fifty (50) states, and intrastate services in forty-five (45) states. As a holding company, LDDS does not itself provide telecommunications services, but five (5) of its operating subsidiaries are certificated to provide such services in the state of Missouri. Resurgens provides telecommunications services in several states, but is currently not certificated in Missouri. MCC is certificated to provide telecommunications services in thirty-seven (37) states, including Missouri.

The Commission previously approved the participation of LDDS's operating subsidiaries as guarantors of Senior Notes and a four hundred twenty-seven million dollar (\$427,000,000) Credit Facility in its Order Approving Financing effective November 1, 1992 in Case No. TP-93-54. Applicants are now requesting that the Commission extend that authority and allow LDDS-METRO to assume the Credit Facility, which would be increased to approximately six hundred thirty million dollars (\$630,000,000), and continue the guaranty of Senior Notes by LDDS's Missouri-certificated operating subsidiaries.

Applicants state that the affected customers will be sent appropriate and timely notice of the change in corporate name. Furthermore, MCC's customers would continue to be served from MCC's existing tariffs, thus the terms and conditions of service would not be changed. Also, Applicants state that neither the names of, nor the terms and conditions of services offered by LDDS's five (5) Missouri-certificated subsidiaries would be affected by the merger.

On July 14, 1993, the Commission's Staff (Staff) filed its recommendation stating therein that it had reviewed the Application and that the Commission should approve the merger and subsequent name change, as well as the

proposed financial transactions. Staff also recommended that the Commission require Applicants to file either an adoption notice or a new tariff to reflect the name change to "LDDS-METRO Communications, Inc." and to report any future address changes that may result from the merger.

After considering the Application and the Staff's recommendation, the Commission is of the opinion that the proposed merger is not detrimental to the public interest and in fact would serve the public interest by strengthening LDDS-METRO's competitive position in Missouri. Applicants state that the proposed merger would enhance LDDS-METRO's operational flexibility and efficiency as well as its financial viability. The Commission would hope that approving this merger could achieve those desirable results.

**IT IS THEREFORE ORDERED:**

1. That LDDS Communications, Inc. be hereby authorized to merge into and with M/R Corporation (the surviving entity of the planned merger of Metromedia Communications Corporation and Resurgens Communications Group, Inc.).
2. That the M/R Corporation be hereby authorized to change its name to "LDDS-METRO Communications, Inc."
3. That in conjunction with the consummation of the LDDS Communications, Inc. merger with the M/R Corporation, the surviving company "LDDS-METRO Communications, Inc." and its subsidiaries be hereby authorized: (1) to incur certain debt obligations including the assumption of the Credit Facility as set out in the Application which would be increased to approximately six hundred thirty million dollars (\$630,000,000) and, (2) to continue the guaranty of Senior Notes as set out in the Application.
4. That Applicants, emerging as "LDDS-METRO Communications, Inc.," shall file either an adoption notice or a new tariff to reflect the name change.

5. That Applicants, emerging as "LDDS-METRO Communications, Inc.," shall report any future address changes that may result from the merger herein approved.

6. That Applicants be hereby authorized to enter into, execute and perform in accordance with terms of all other documents reasonably necessary and incidental to the performance of the merger, name change and financial transactions herein described.

7. That nothing in this order shall be considered as a finding of the Commission of the value for ratemaking purposes of any properties herein involved, or as an acquiescence in the value placed upon any such properties by the Applicants herein; and the Commission reserves the right to consider the ratemaking treatment to be afforded these financial transactions and their resulting cost of capital, in any later proceedings.

8. That this order shall become effective on August 17, 1993.

BY THE COMMISSION

*Brent Stewart*

Brent Stewart  
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins  
and Kincheloe, CC., Concur.  
Crumpton, C., Absent.