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**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 31st day of March, 1998.

In the Matter of a Joint Application for the)
Consent and Approval of Transfer of Control from) Case No. TM-98-328
Phoenix Network, Inc., to Qwest Communications)
Corporation.)
)

ORDER APPROVING MERGER

On February 3, 1998, Qwest Communications Corporation (Qwest Communications) and Phoenix Network, Inc. (Phoenix) (together Applicants) jointly filed an application for approval of a merger and transfer of control of Phoenix to Qwest. Applicants subsequently filed a Motion for Expedited Consideration of Application on March 23. In their motion, the Applicants agreed to waive the traditional 10-day effective date and requested the Commission issue an order approving the merger which would be effective no later than March 31.

Qwest is a Delaware corporation authorized to do business in Missouri with its principal offices located at 1000 Qwest Tower, 555 Seventeenth Street, Denver, Colorado 80202. Qwest is a wholly owned subsidiary of Qwest Corporation (Qwest Corp.), which is itself a wholly owned subsidiary of Qwest Communications International, Inc. (Qwest International). Both Qwest Corp. and Qwest International are Delaware corporations. The Commission granted Qwest Communications a Certificate of Service Authority to provide intrastate interexchange telecommunications services in Case No. TA-94-155 on February 18, 1994. The Commission later

expanded Qwest Communications' Certificate of Service Authority to include both intrastate interexchange and dedicated, non-switched local exchange private line service in Case No. TA-95-196 on May 22, 1995.

Phoenix is also a Delaware corporation authorized to do business in Missouri with its principal offices at 13952 Denver West Boulevard, Building 53, Golden, Colorado 80401. Phoenix was granted a Certificate of Service Authority to provide intrastate interexchange telecommunications services in Case No. TA-92-217 on July 15, 1992.

Neither Phoenix nor Qwest have any pending or final judgments against them from any state or federal agency involving service to customers or rates charged.

Pursuant to an Amended and Restated Plan of Merger dated December 31, 1997 (the Agreement), the merger consideration will consist of cash and a conversion and exchange of shares of stock between Phoenix and Qwest International with Phoenix becoming a direct, wholly-owned subsidiary of Qwest International at the effective time of the merger. After a series of internal stock transfer transactions among Qwest International, Qwest Corp., and Qwest which will occur promptly following the effective time of the merger, Phoenix will merge with Qwest 1997-5 Acquisition Corp. (Qwest Sub), a wholly owned subsidiary of Qwest. As the surviving corporation, Phoenix shall continue its corporate existence under its current name "Phoenix Network, Inc." However, the certificate of incorporation and bylaws of Qwest Sub will become the certificate of incorporation and bylaws of Phoenix. Additionally, the directors and officers of Qwest Sub will become the directors and officers of Phoenix.

The Applicants state that the transfer of control contemplated by the Agreement is in the public interest as it will provide the citizens of

Missouri with a broader array of choice in services and pricing options. Additionally, the transaction will be transparent to Phoenix's customers. After the merger, Phoenix will continue to operate under its current Certificate of Service Authority and to serve its customers using the rates, terms, and conditions in its Commission approved tariff. The Applicants state the transaction will have no impact on the tax revenues of any political subdivision in Missouri.

On May 16, 1998, the Staff of the Commission (Staff) filed a Memorandum indicating it has reviewed the joint application and believes the proposed merger complies with 4 CSR 240-2.060. Staff recommends the Commission approve the merger transaction.

After reviewing the verified application and Staff's recommendation, the Commission finds that the proposed transfer of control from Phoenix to Qwest will allow the companies to realize operational efficiencies which will increase customer choice and enhance competition. As the application indicates the proposed merger still requires approval by the shareholders of the Applicants, the Commission will direct the Applicants to file a pleading with the Commission stating the proposed merger has received shareholder approval and indicating the closing date of the transaction as a condition of approval. Subject to the condition stated above, the Commission finds the proposed merger is not detrimental to the public interest and should be approved.

IT IS THEREFORE ORDERED:

1. That the proposed merger and transfer of control from Phoenix Network, Inc., to Qwest Communications Corporation is approved subject to the condition set forth in Ordered Paragraph 4.

2. That Phoenix Network, Inc., and Qwest Communications Corporation are authorized to enter into, execute and perform in accordance with all other documents reasonably necessary to effectuate the merger and transfer of control contemplated by the application and this order.

3. That Phoenix Network, Inc., and Qwest Communications Corporation are authorized to take any and all other actions necessary to effectuate the merger and transfer of control contemplated by the application and this order.

4. That Phoenix Network, Inc., and Qwest Communications Corporation shall file a pleading with the Missouri Public Service Commission notifying the Commission of shareholder approval and the closing date of the transaction within ten (10) days after the completion of the transaction.

5. That this order shall be effective on April 10, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Drainer and
Murray, CC., concur.
Crumpton, C., absent.

Hennessey, Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION