

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
August 19, 1999**

CASE NO: TM-2000-85

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Enclosed find certified copy of an ORDER and NOTICE in the above-numbered case(s).

Sincerely,



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

Uncertified Copy:

Thomas E. Taylor/Christopher J. Wilson
Cincinnati Bell, Inc
201 East Fourth St.
Cincinnati, OH 45201

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Joint Application for Approval of a)
Transfer of Control of Eclipse Tele-) <u>Case No. TM-2000-85</u>
communications, Inc., IXC Communications)
Services, Inc. and Telecom One, Inc. to)
Cincinnati Bell Inc.)

ORDER AND NOTICE

On August 3, 1999, Eclipse Telecommunications, Inc. (Eclipse), IXC Communications Services, Inc. (IXC-CSI), Telecom One, Inc. (TCO), and Cincinnati Bell Inc. (CBI) filed an application with the Commission requesting an order approving the transfer of control of Eclipse, IXC-CSI and TCO to CBI.

In its application seeking authority to transfer control of Eclipse, IXC-CSI and TCO to CBI, the applicants state that Eclipse is a Delaware corporation which maintains its headquarters at 1122 Capital of Texas Highway South, Austin, Texas 78746-6426. Further, the joint application states that Eclipse is a wholly owned subsidiary of IXC-CSI, and that IXC-CSI is a wholly owned subsidiary of IXC Communications, Inc. (IXC). The joint application states that Eclipse was authorized to provide telecommunications services in Missouri by order of the Commission issued November 19, 1993 in Case No. TA-93-296, under the name Network Long Distance, Inc., and after notice to the Commission, the company's name was later changed to Eclipse. The

joint application states that Eclipse currently operates as a reseller of intrastate interexchange services in forty-eight (48) states, including Missouri.

IXC-CSI is a Delaware corporation which maintains its headquarters at 1122 Capital of Texas Highway South, Austin, Texas 78746. The joint application notes that IXC-CSI is a wholly owned subsidiary of IXC. The joint application states that IXC-CSI was authorized to provide telecommunications services in Missouri by order of the Commission issued August 11, 1995 in Case No. TA-95-387, under the name IXC Long Distance, Inc., and after notice to the Commission, the company's name was later changed to IXC-CSI. The joint application states that IXC-CSI is currently provides intrastate interexchange services in forty-eight (48) states, including Missouri.

TCO is a Delaware corporation which maintains its headquarters at 1100 Jorie Boulevard, Suite 215, Oak Brook, Illinois 60521. The joint application states that TCO is a wholly owned subsidiary of IXC-CSI. TCO was authorized to provide telecommunications services in Missouri by order of the Commission issued April 27, 1994 in Case No. TA-94-266. The joint application states that TCO currently operates as a reseller of intrastate interexchange services in twenty-seven (27) states, including Missouri.

The joint application indicates that CBI, an Ohio corporation, is a diversified telecommunications services holding company that offers a variety of products and services such as local and long distance telecommunications services, directory

services, data networking and transport, Internet access, digital wireless PCS, and e-commerce services. The joint application also states that one of CBI's subsidiaries, Cincinnati Bell Long Distance Inc. (CBLD), was authorized to provide telecommunications in Missouri by order of the Commission on August 29, 1996, in Case No. TA-97-17. The joint application states that CBLD currently operates as a reseller of intrastate interexchange services in Missouri.

The joint application notes that Eclipse and TCO have previously applied for Commission approval of a proposed merger of TCO with Eclipse on June 23, 1999, in Case No. TM-99-605. In Case No. TM-2000-85, the parties state that they seek authority to transfer control of Eclipse, IXC-CSI and TCO to CBI. The joint applicants also state that on July 20, 1999, CBI, Ivory Merger, Inc. (Ivory), a wholly owned subsidiary of CBI, and IXC executed an Agreement and Plan of Merger (Agreement). Under this Agreement, IXC, the ultimate parent corporation of Eclipse, EXC-CSI and TCO, will become a wholly owned subsidiary of CBI after requisite regulatory approvals have been obtained. Thereafter, Eclipse and IXC-CSI will continue to operate and provide telecommunications services to current customers under their own authorizations and under existing service arrangements.

The joint application indicates that the proposed transaction is also subject to the approval of the shareholders of IXC, the approval of the shareholders of CBI with respect to the shares of CBI common stock issuable in the merger to IXC shareholders, and certain other customary conditions. Ivory is a

wholly owned subsidiary of CBI and Ivory was formed to accomplish the acquisition proposed. At the end of the proposed transaction, Ivory will be merged with and into IXC and IXC will be the surviving corporation with the board of directors of Ivory immediately prior to the effective time of the merger constituting the new board of directors of IXC. A diagram of the proposed merger is attached to the joint application and marked as Exhibit D. The proposed merger will not adversely affect the provision of telecommunications services in Missouri, the day-to-day operations of Eclipse and IXC-CSI, and will not adversely affect the current customers of Eclipse or IXC-CSI. Eclipse and IXC-CSI will continue to provide services to customers under existing service arrangements.

The joint application states that the proposed transaction will bring CBI and IXC together to create a strong company with a national presence with operating subsidiaries well positioned to provide customers with the most technologically advanced and competitive services in the rapid evolving telecommunications industry. The joint application also states that combining the resources and expertise of CBI and IXC will result in a financially stronger parent company for IXC-CSI and Eclipse, and enable IXC-CSI and Eclipse to strengthen their competitive positions in the interexchange marketplace in Missouri and elsewhere. The applicants state that the proposed transfer will benefit the public interest by enhancing the ability of IXC-CSI and Eclipse to offer a full range of competitively priced services in the interexchange marketplace thereby invigorating

competition in Missouri. The joint application states that the merger will have no impact on the tax revenues of any political subdivision of the state of Missouri.

Proper parties should be given notice and an opportunity to intervene in this matter. For good cause shown, the Commission determines that the time for filing a request for hearing or intervention shall be shortened.

The requirement of a hearing has been fulfilled when all those having a desire to be heard are offered an opportunity to be heard. If no proper party is granted intervention and neither the Commission's Staff nor the Office of the Public Counsel requests a hearing, the Commission may determine that a hearing is not necessary and that the applicants may submit their evidence in support of the application by verified statement. State ex rel. Deffenderfer Enterprises, Inc. v. P.S.C., 776 S.W.2d 494, 496 (Mo. App. 1989).

IT IS THEREFORE ORDERED:

1. That any interested party wishing to intervene in this case shall file an application to do so no later than September 3, 1999 with:

Dale Hardy Roberts, Secretary
Missouri Public Service Commission
Post Office Box 360
Jefferson City, Missouri 65102

and send copies to:

Leland B. Curtis
Curtis, Oetting, Heinz, Garrett & Soule
Attorneys at Law
130 South Bemiston, Suite 200
St. Louis, Missouri 63105

Thomas E. Taylor
Christopher J. Wilson
Cincinnati Bell, Inc.
201 East Fourth St.
Cincinnati, Ohio 45201

James E. Magee
Kristie Stokes Hassett
Reboul, MacMurray, Hewitt, Maynard & Kristol
1111 19th Street, N.W., Suite 406
Washington, D.C. 20036

and

Office of the Public Counsel
Post Office Box 7800
Jefferson City, Missouri 65102

2. That this order shall become effective on August 30,
1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Shelly A. Register, Regulatory Law Judge
by delegation of authority
pursuant to 4 CSR 240-2.120(1),
(November 30, 1995) and Section 386.240,
RSMo 1994.

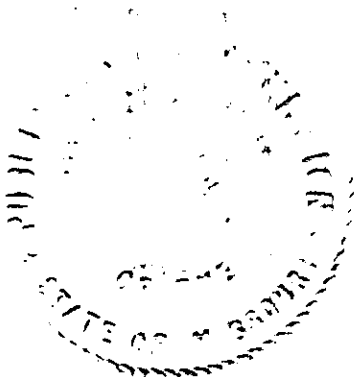
Dated at Jefferson City, Missouri,
on this 19th day of August, 1999.

**STATE OF MISSOURI
OFFICE OF THE PUBLIC SERVICE COMMISSION**

**I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson
City,**

Missouri, this 19TH day of AUGUST, 1999.



Dale Hardy Roberts

**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**