

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 25th
day of March, 1992.

In the matter of the application of MCI)
Telecommunications Corporation, MCI)
Financial Management Corporation, Telecom*USA,)
Teleconnect Company, Teleconnect Long Distance) Case No. TO-92-134
Services and Systems Company, and American)
Communications, Inc. for approval of)
reorganization.)

ORDER APPROVING REORGANIZATION

On December 18, 1991, MCI Telecommunications Corporation (MCIT), MCI Financial Management Corporation (MCIFMC), Telecom*USA (Telecom), Teleconnect Company (Teleconnect), Teleconnect Long Distance Services (TLD), and American Communications Inc. (ACI) (Applicant) filed an Application for Approval of Reorganization. Applicant requests Commission approval of its proposed reorganization pursuant to Sections 392.300 and 392.340, RSMo 1986. In support of its request, Applicant states that MCIT and MCIFMC are wholly-owned subsidiaries of MCI Communications Corporation, which is not a party to this application. Applicant further states that MCIFMC wholly owns Telecom, which wholly owns Teleconnect, which wholly owns TLD, which wholly owns ACI. Applicant further states that MCIT, TLD, and ACI have certificates and approved tariffs to provide interexchange service in Missouri. Applicant states that the reorganization will involve the following transaction:

- MCIFMC will sell Telecom to MCIT for cash;
- Telecom will be merged into MCIT with retention of MCIT's existing Board of Directors;
- Teleconnect will become a direct subsidiary of MCIT; and

- TLD and ACI will become indirect subsidiaries of MCIT.

Applicant states that the proposed reorganization constitutes, in its entirety, solely an internal restructuring of companies already within MCI Communications Corporation's corporate organization. Furthermore, Applicant states that no external financing of any kind is contemplated or required for purposes of accomplishing this reorganization. Applicant contends that the Missouri licenses, authorizations and certificates presently held by MCIT, TLD and ACI will continue to be exercised in the provision of service to customers in the State of Missouri subsequent to this reorganization and that the reorganization will in no way affect any considerations involving public convenience and necessity, nor will it be detrimental to the public interest. Applicant states that subsequent to the reorganization, MCIT, TLD and ACI will continue to hold and operate under the certificates of public convenience and necessity granted by the Commission and that no changes in rates charged or services provided will result from this reorganization.

Applicant further states that the reorganization will benefit MCIT, TLD, ACI and the public by streamlining MCI Communications Corporation's corporate structure and more closely aligning those entities which directly provide long distance services. Applicant contends that the realignment will permit improved management and will allow MCIT, TLD, and ACI to compete more effectively in the provision of telecommunications services. Applicant submitted financial information in the form of MCI Communications Corporation's most current annual report to shareholders and affirms that no adverse impact on tax revenues of political subdivisions of the State of Missouri in which structures, facilities or equipment of the companies involved are located will result.

Applicant states that neither a formal reorganization document nor resolutions of the Board of Directors of MCIT, MCIFMC and Telecom authorizing the reorganization are currently available. Applicant requests, due to the internal nature of the reorganization, that the Commission waive the requirement that such documentation be submitted.

On March 12, 1992, the Staff of the Missouri Public Service Commission (Staff) filed its recommendation that the Commission approve Applicant's request for reorganization. In support of its recommendation, Staff states that it has no objections to the proposed reorganization as it solely represents an internal restructuring and that no existing certificates or tariffs will change as a direct result of this filing. Staff states that MCIT, TLD and ACI will continue to maintain their respective certificates of service authority and tariffs and that no changes in existing rates or services for these companies will result from the proposed reorganization.

Staff further states that MCIT has agreed to provide Board of Directors resolutions as soon as they become available, but that a formal reorganization document will not be created. Staff states it is aware of no other matter pending before the Commission which will be affected by this filing.

Upon review of the filings and its Staff's recommendation, the Commission finds that Applicant's request for reorganization should be granted and that MCIT should file Board of Directors resolutions authorizing the reorganization as soon as they are available. The Commission finds that the reorganization is solely an internal restructuring, and that it will not be detrimental to public interest nor will it affect any considerations involving public convenience and necessity. Furthermore, the Commission finds that that MCIT, TLD, and ACI will continue to maintain their respective certificates of

service authority and tariffs and that no changes in existing certificates, tariffs, rates or services for these companies will result from the proposed restructuring.

IT IS THEREFORE ORDERED:

1. That MCI Telecommunications Corporation, MCI Financial Management Corporation, Telecom*USA, Teleconnect Company, Teleconnect Long Distance Services, and American Communications, Inc.'s Application for Approval of Reorganization be hereby approved.

2. That MCI Telecommunications Corporation file Board of Directors resolutions authorizing the reorganization as soon as they are available.

3. That this order shall become effective on April 7, 1992.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

McClure, Chm., Mueller, Rauch,
Perkins and Kincheloe, CC., Concur.