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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 1st  
day of November, 1994.

In the matter of the application to transfer control of )  
WilTel, Inc., to LDDS Communications, Inc., and for ) Case No. TM-95-60  
approval of related transactions. )  
)

**ORDER APPROVING SALE AND FINANCING ARRANGEMENT**

On August 26, 1994, The Williams Companies, Inc., WTG Holdings, Inc.,  
Williams Telecommunications Group, Inc., WilTel, Inc. (WilTel), and  
LDDS Communications, Inc. (LDDS), filed an application requesting the Commission  
approve the transfer of control of WilTel to LDDS. The application indicates  
that the transfer is part of a larger transaction wherein LDDS will purchase the  
shares of WTG Holdings, Inc., and that WTG Holdings, Inc., holds all of the out-  
standing shares of WilTel. LDDS states that as part of the purchase of  
WTG Holdings, Inc., it will incur debt obligations in connection with a Credit  
Facility Agreement and it requests Commission approval of this financing.

On September 19, 1994, counsel for LDDS informed the Commission by  
letter that the amount of the Credit Facility was to be increased to \$3.5 billion  
and that no other terms of the Credit Facility would change. On October 17,  
1994, counsel for LDDS informed the Commission by letter that LDDS Communica-  
tions, Inc., does business in Missouri as LDDSMETROMEDIA Communications. Also  
by that letter, LDDS indicates that it has merged its subsidiaries pursuant to  
authority granted by this Commission in Case No. TM-94-216.

On October 25, 1994, Commission Staff filed a memorandum in which it  
recommends that the transfer of control of WilTel to LDDS be approved and that  
the financing arrangement be approved.

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Based upon the application, as supplemented by the letters from counsel for LDDS and Staff's recommendation, the Commission finds that the application to transfer control of WilTel to LDDS will be approved. The Commission will also approve the financing arrangement, which includes the authority for LDDS to increase the number of shares of common stock to 500,000,000 and preferred stock to 50,000,000, and to incur a debt obligation of \$3.5 billion pursuant to a Credit Facility Agreement. This authority includes the involvement of the WilTel companies in guarantees of the Credit Facility.

Both WilTel and LDDS are certificated interexchange telecommunications companies operating in the state of Missouri. The purchase will transfer WilTel, the fifth largest interexchange carrier in the nation, to LDDS's control, but LDDS will operate WilTel as a wholly-owned subsidiary and no change in the operations or tariffs of WilTel will occur because of the transfer. By continuing these two companies, there should be benefits from economies of scale and benefits to competition through the combination of these two large telecommunications companies.

Since both WilTel and LDDS have been classified as competitive companies pursuant to Chapter 392, R.S.Mo. (Supp. 1994), the Commission's regulatory oversight of these types of transactions is limited. Where the only change is corporate ownership and the transfer is between regulated companies, the Commission does not believe such transactions are detrimental to the public interest. In addition, the Commission is of the opinion that the debt incurred is reasonably required for the purposes specified in this order and such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

**IT IS THEREFORE ORDERED:**

1. That authority is hereby granted for the transfer of control of WilTel, Inc., a wholly-owned subsidiary of WTG Telecommunications Group, Inc., to LDDS Communications, Inc., as requested in the application filed in this case.

2. That LDDS Communications, Inc., is hereby granted authority to increase its number of shares of common stock to 500,000,000 and of preferred stock to 50,000,000.

3. That LDDS Communications, Inc., is hereby granted authority to obtain a \$3.5 billion Credit Facility Agreement as requested in the application in this case, as clarified by the letter filed September 19, 1994.

4. That LDDS Communications, Inc., is hereby authorized to take such actions consistent with Commission rules and Missouri statutes as are necessary to complete the transfer and financings approved in ordered paragraphs 1, 2 and 3.

5. That nothing in this order shall be considered a finding by the Commission of the reasonableness of the expenditures herein involved, or of the value for ratemaking purposes of the properties herein involved, or as an acquiescence in the value placed upon said properties by the applicants; and the Commission reserves the right to consider the ratemaking treatment to be afforded the financing transaction herein, and the resulting cost of capital, in any later proceeding.

6. That this order shall become effective on the 15th day of November, 1994.

BY THE COMMISSION

(S E A L)



David L. Rauch  
Executive Secretary

Mueller, Chm., McClure, Perkins  
and Crumpton, CC., concur.  
Kincheloe, C., absent.