

<b>1. REPORT DATE:</b> November 9, 1998	<b>2. BUREAU AGENDA NO.:</b> NOV-98-FUS-1385*
<b>3. BUREAU:</b> Fixed Utility Services	<b>5. PUBLIC MEETING DATE:</b> November 19, 1998
<b>4. SECTION(S):</b> Finance/Tariffs	<b>6. APPROVED BY:</b> Director: D.H. Muth 3-5242 <i>DHm</i> Supervisor: R.F. Wilson 3-6162 Legal Review: <i>Full to Carl Haines</i> <b>7. PERSONS IN CHARGE:</b> D.T. Beebe 7-7237 / H. C. Lacey 5-0934 <i>TY</i> <b>8. DOCKET NO.:</b> <del>A-31020236E0000</del> ; A-310752; <del>A-310236E5000</del> ; <del>A-310236E2000</del>

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9. (a) **CAPTION** (abbreviate if more than 4 lines)  
 (b) **Short summary of history & facts, documents & briefs**  
 (c) **Recommendation**

(a) Joint Application of jurisdictional utilities MCI Telecommunications, Inc. (MCIT), MCImetro Access Transmission Services, Inc. (MCIATS, Inc.), MCImetro Access Transmission Services LLC (MCIATS LLC), and MCI Metro, Inc., a non-utility holding company, for: (a) approval of a merger and related intermediate transactions, whereby MCIT seeks to simplify its corporate structure; (b) approval of a merger and related transactions, whereby MCIATS, Inc. will merge with and into MCIATS LLC; (c) authority for MCIATS LLC, the surviving entity of the aforementioned merger, to begin operations as an interexchange reseller; and (d) approval for MCIATS, Inc. to abandon service in Pennsylvania.

(b) Applicants aver that the purpose of the merger and related transactions is to realize significant economic, marketing and administrative efficiencies that will ultimately benefit Pennsylvania consumers. Subsequent to Commission approval of the proposed transactions, MCIATS LLC will operate as a jurisdictional utility providing MCIATS, Inc. customers services pursuant to the MCIATS, Inc. tariff currently on file with the Commission.

(c) The Bureau of Fixed Utility Services recommends that the Joint Application be approved and that the proposed Opinion and Order be adopted.

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10. **MOTION BY:** Commissioner Chm. Quain

Commissioner Rolka - Yes  
 Commissioner Brownell - Yes  
 Commissioner Wilson - Yes

**SECONDED:** Commissioner Bloom

**CONTENT OF MOTION:** Staff recommendation adopted.

DOCUMENT  
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**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting held November 19, 1998

*Commissioners Present:*

John M. Quain, Chairman  
Robert K. Bloom, Vice Chairman  
David W. Rolka  
Nora Mead Brownell  
Aaron Wilson, Jr.

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Joint Application of MCI Telecommunications Inc. (MCIT), MCImetro Access Transmission Services, Inc., (MCIATS, Inc.) MCImetro Access Transmission LLC (MCIATS LLC) and MCI Metro, Inc. (MCI Metro) for approval of:

- |   |                |
|---|----------------|
| (a) A merger and related transactions, whereby MCI Metro, a non-jurisdictional entity, will merge with its parent company, MCIT, and cease its corporate existence;   | A-312025 F0003 |
| (b) A merger and related transactions, whereby MCIATS, Inc. will merge with and into MCIATS LLC and cease its corporate existence. MCIATS LLC, the surviving entity, will become a direct subsidiary of MCIT; | A-310236 F5000 |
| (c) MCIATS LLC beginning to furnish service as an interexchange toll reseller to the public; and  | A-310752       |
| (d) MCIATS Inc. abandonment of service as an interexchange reseller in Pennsylvania   | A-310236 F2000 |

**OPINION AND ORDER**

**BY THE COMMISSION:**

On July 31, 1998, MCI Telecommunications, Inc. (MCIT), MCImetro Access Transmission Services, Inc. (MCIATS Inc.), MCImetro Access Transmission Services LLC (MCIATS LLC), and MCI Metro, Inc. (MCI Metro) filed the above-captioned Joint Application pursuant to Chapter 11 of

the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 1101, *et seq.* The Applicants seek approval of: 1) a merger and certain related transactions whereby MCI Metro will merge with and into its parent company, MCIT, and cease its corporate existence, 2) a merger and certain related transactions whereby MCIATS Inc. will merge with and into MCIATS LLC, a newly-formed limited liability corporation, and cease its corporate existence (MCIATS LLC will survive the merger and become a direct subsidiary of MCIT), 3) MCIATS LLC beginning to offer, render, furnish, or supply interexchange services as a reseller, and 4) the abandonment of service by MCIATS Inc. in Pennsylvania.

Copies of the Applications were served upon the Office of Consumer Advocate and the Office of Small Business Advocate. Notice was not required, and no protest period was established.

The Joint applicants aver that the purpose of the proposed transactions, as the focal points of an internal corporate reorganization, is to allow MCIT to create and assume direct control of MCIATS LLC, a new limited liability corporation, and subsequently for MCIATS LLC to begin, and MCIATS Inc. to terminate, operations as interexchange (IXC) resellers in the Commonwealth of Pennsylvania. MCIT, the proposed parent of the jurisdictional utility MCIATS LLC, avers that MCIATS LLC has the corporate authority and the financial, managerial, and technical ability to function as a viable entity providing IXC services in Pennsylvania. The applicants further aver that the proposed transactions will be virtually transparent to their Pennsylvania customers, and that Pennsylvania consumers will also benefit from the proposed transactions through improved services and greater customer choice.

Subsequent to Commission approval of the aforementioned transactions, MCIATS LLC will operate as a jurisdictional utility, providing MCIATS Inc. customers the same services, without disruption, pursuant to the MCIATS Inc. tariff currently on file with the Commission. The applicants have provided financial information to support the application of MCIATS LLC.

We find that MCIATS LLC new has demonstrated that it is financially capable of providing telecommunication services as an IXC reseller. Since MCIATS LLC intends to adopt the MCIATS Inc. initial tariff, we further find that the applicants proposed services do not raise concerns at this time regarding safety, adequacy, and reliability.

Our review of the subject applications leads us to conclude that the proposed mergers and related transactions, proposed entry of MCIATS LLC, and the abandonment of service by MCIATS Inc. are necessary or proper for the service, accommodation, convenience, or safety of the public, and that the Joint Application should be approved. Upon adoption of the MCIATS Inc. initial tariff, MCIATS LLC is authorized to provide services as an IXC reseller in the Commonwealth of Pennsylvania; **THEREFORE,**

**IT IS ORDERED:**

1. That the joint application of MCI Telecommunications, Inc. (MCIT), MCImetro Access Transmission Services, Inc. (MCIATS Inc.), and MCI Metro, Inc. (MCI Metro) for approval of the merger and related intermediate transactions whereby MCI Metro will merge with and into MCIT and cease its corporate existence, allowing MCIATS Inc. to become a direct subsidiary of MCIT is approved.

2. That the joint application of MCIT, MCIATS Inc., and MCImetro Access Transmission Services LLC (MCIATS LLC) for approval of the merger and related transactions whereby MCIATS Inc. will merge with and into MCIATS LLC, and cease its corporate existence, allowing MCIATS LLC to become a direct subsidiary of MCIT, is approved.

3. That the application of MCIATS LLC for authority to operate as an interexchange reseller throughout the Commonwealth is granted, consistent with this Order.

4. That within 60 days of the date of entry of this Order, MCIATS LLC shall file a tariff supplement adopting the rates and services formerly in effect for MCIATS Inc. The initial tariff shall reflect on its face that it is an "Interexchange Reseller Toll Tariff," and shall be effective upon one days notice.

5. That if MCIATS LLC has not, within 60 days from the date of entry of this Order, complied with the requirements set forth herein, the joint application shall be deemed denied, and the authority granted herein shall be canceled without any further proceeding.

6. That the application of MCIATS Inc. at A-310236 F2000 to abandon all public utility service authorized at Docket No. A-310236 in the Commonwealth of Pennsylvania is approved.

7. That MCIT and MCIATS LLC notify this Commission within 60 days of the consummation of the proposed transactions described in Ordering Paragraphs No. 1 through 6, above.

8. That upon compliance with the requirements as set forth in Ordering Paragraph No. 7, above:  
1) certificates of public convenience be issued evidencing Commission approval of the transactions as set forth in Ordering Paragraphs No. 1 and 2, 2) the Secretary shall mark as closed all records with respect to MCIATS Inc. docketed at A-310236, and 3) the Bureau of Fixed Utility Services shall request the Assessment Section of the Office of Executive Director to delete MCIATS Inc. from the active utility list.

BY THE COMMISSION



James J. McNulty  
Secretary

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ORDER ADOPTED: November 19, 1998

ORDER ENTERED: **AUG 16 2000**