

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Petition of MPOWER)
COMMUNICATIONS CORP., for an Order)
Approving the Proposed Reorganization of)
Mpower Communications Corp.)

DOCKET NO. 00-2307-03
REPORT AND ORDER

ISSUED: February 15, 2001

SYNOPSIS

No detriment to the public interest appearing, the Commission approved the proposed reorganization.

By The Commission:

PROCEDURAL HISTORY

On November 20, 2000, Petitioner above-named sought Commission approval for a proposed corporate reorganization. The matter was referred for review and recommendation to the Division of Public Utilities, Utah Department of Commerce (DPU), which filed its memorandum January 22, 2001, recommending approval. Details of the reorganization and assessment of its effect are incorporated in the DPU memorandum annexed hereto and incorporated herein by this reference as Appendix A. No detriment to the public interest appearing, we enter the following

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

- The proposed reorganization be, and it is, approved.
- Any person aggrieved by this Order may petition the Commission for review within 20 days of the date of this Order. Failure to do so will forfeit the right to appeal to the Utah Supreme Court.

DATED at Salt Lake City, Utah, this 15th day of February, 2001.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

APPENDIX A

[DIVISION LETTERHEAD]

January 10, 2001

TO: PUBLIC SERVICE COMMISSION

FROM: DIVISION OF PUBLIC UTILITIES

Ric Campbell, Director
Ingo Henningsen, Manager, Telecommunications
Peggy Egbert, Technical Consultant
Bart Croxford, Regulatory Analyst

Re: Petition of Mpower Communications Corp. for Approval of Proposed Reorganization in Docket No. 00-2307-03

Issues:

Mpower Communications Corp. ("Mpower") filed a petition with the Commission to reorganize its corporate structure on November 20, 2000. Mpower received its Certificate of Public Convenience and Necessity on May 31, 2000 in Docket No. 00-2307-01.

Mpower is contemplating a corporate reorganization, by which its wholly-owned subsidiary, Mpower Holding Corporation ("MHC"), would become the parent corporation. Mpower would continue to provide the telecommunications services as set forth in the Application and would retain the ownership interest in the Certificate issued by the Commission. Mpower would transfer all of its ownership interest in some or all of its equipment and other operating assets that it uses to provide its telecommunications services in Utah to Mpower Lease Corporation ("MLC"). Mpower would then lease back such operating assets from MLC. Mpower would also transfer some or all of its debt and ownership interests in its non-operating assets for Mpower Management Corp. ("MMC"). When MCH becomes the parent of Mpower, MLC and MMC would become direct, wholly-owned subsidiaries of MHC.

Mpower states that its reorganization is merely a *pro forma* one and it would involve no change in control of Mpower's operations. The establishment of MHC as Mpower's corporate parent does not involve any change in the management, operation, officers or directors of Mpower, nor any change in the telecommunications services to be provided to Mpower's customers in Utah. Mpower asserts that the proposed reorganization would be transparent to Mpower's customers and would not in any way inconvenience or have a negative effect on the services to be provided by Mpower to its customers.

Mpower's financial statements would not change with this reorganization.

Mpower claims that the reorganization is in the public interest because it "would allow Mpower to realize greater operational efficiency and enhance its competitive position by providing Mpower with greater flexibility in obtaining financing for its continued expansion."

Recommendation:

The Division believes that the information that Mpower has provided is sufficient for the Division to recommend approval and should be considered under R746-110, which permits uncontested matters to be adjudicated informally.

cc: Louis J. Grimmelbein, Esq., Arent Fox Kintner Plotkin & Kahn
Division of Public Utilities
Michael Ginsberg, Assistant Attorney General
Committee of Consumer Services