

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of QWEST COMMUNICATIONS)
CORPORATION and LCI INTERNATIONAL)
TELECOM CORP., for Approval of Internal)
Corporate Restructuring)

DOCKET NO. 01-2204-01
REPORT AND ORDER
Certificate No. 2204

ISSUED: June 18, 2001

SYNOPSIS

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

By The Commission:

PROCEDURAL HISTORY

On may 23, 2001, the entities, above-named, petitioned for approval of an internal corporate restructuring plan whereby LCI International Telecom Corp. (LCI), already an affiliate of Qwest Communications Corp. (Qwest), would be absorbed into the latter. Under the proposal, LCI's operating authority would be transferred to Qwest which would assume all of LCI's obligations under that authority. According to a memorandum from the Division of Public Utilities, Utah Department of Commerce (DPU), there are no current Utah customers who would need to be notified of the transfer to give their permission for the transfer of their service. Further, details of the proposal are contained in the DPU memorandum, annexed hereto and incorporated herein by this reference. As our Findings of Fact in this matter, we adopt DPU's analysis.

CONCLUSIONS OF LAW

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

ORDER NOW, THEREFORE, IT IS HEREBY ORDERED, that:

- The proposed reorganization be, and it is, approved effective the date of this Order.
- 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 18th day of June, 2001.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

[DPU LETTERHEAD]

June 4, 2001

TO: PUBLIC SERVICE COMMISSION

FROM: DIVISION OF PUBLIC UTILITIES

Lowell Alt, Director

Ingo Henningsen, Manager, Telecommunications

Peggy Egbert, Technical Consultant

Bart Croxford, Regulatory Analyst

Re: Application of Qwest Communications Corporation and LCI International Telecom for Approval of Internal Corporate Restructuring in Docket No. 01-2204-01

Issues:

On May 23, 2001, Qwest Communications Corporation ("QCC") and LCI International Telecom Corporation ("LCI") filed an application for approval of internal corporate restructuring, in which LCI will merge into QCC, with QCC as the surviving corporation.

LCI is currently a direct, wholly-owned subsidiary of LCI International, Inc, which, in turn, is a commonly-owned affiliate of QCC. The assets and certificate of authority of LCI in Utah will be transferred to QCC and service will be provided under QCC's price list and competitive contracts.

In connection with the merger of Qwest Communications International Inc. and the former U S West, Inc., customers of LCI and Phoenix Network, Inc. in Utah were transferred to Touch America. Available company records indicate that there are no customers of LCI or Phoenix Network, Inc. in Utah that would require notification or that would be required to provide authorization of the transfer of their accounts contemplated by the transactions described in this application pursuant to *Utah Code* § 54-8b-18.

The Applicants assert that the proposed restructuring is in the public interest because it will "result in efficiencies and a reduction in the administrative burdens associated with duplicative operations. A more efficient corporate structure will allow QCC and its subsidiaries and affiliates to devote additional resources to the provision of more and better services to customers. A reduction in the number of certificated entities also will reduce the number of carriers subject to regulation by this Commission, thereby conserving scarce public resources."

Recommendation:

The Division believes that the information that QCC and LCI have 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: Gregory B. Monson, Stoel Rives, LLP
Division of Public Utilities
Michael Ginsberg, Assistant Attorney General
Committee of Consumer Services