
In the Matter of the Merger of LCI INTER-) DOCKET NO. 98-2237-01
NATIONAL TELECOM CORP. and LCI)
INTERNATIONAL MANAGEMENT) REPORT AND ORDER
SERVICES INC.)

ISSUED: April 22, 1998

SYNOPSIS

The merger here at issue appearing to be in the public interest, and no evidentiary hearing appearing to be necessary or useful, the Commission approved the proposed merger.

By the Commission:

PROCEDURAL HISTORY

On March 5, 1998, LCI INTERNATIONAL TELECOM CORP. (hereafter "the Phone Company") petitioned the Commission for approval to merge with LCI INTERNATIONAL MANAGEMENT SERVICES, INC. (hereafter "the Management Company"). The Commission asked the Division of Public Utilities, Utah Department of Commerce (hereafter "DPU") to review the matter and submit a recommendation, which DPU submitted March 19, 1998. In the interim, the Commission has received no expressions of concern or opposition. It appears that no evidentiary hearing on the matter is necessary or would be useful in disposing of this matter. The Administrative Law Judge, having been fully advised in the matter, now enters the following Report, containing proposed Findings of Fact, Conclusions of Law, and the Order based thereon.

FINDINGS OF FACT

1. The Phone Company is a foreign corporation qualified to do business in Utah. It has applied for a certificate of convenience and necessity to provide local exchange telephone service in Utah. The Phone Company is a wholly-owned subsidiary of the Management Company, which is, in turn, a wholly-owned subsidiary of LCI INTERNATIONAL, INC., (hereafter "the Holding Company").
2. The Holding Company is a Delaware Corporation with principal offices located at 8180 Greensboro Drive, Suite 800 in McLean, Virginia. It is a facilities-based, long-distance telecommunications carrier that provides a broad range of domestic and international telecommunications service offerings in all market segments: commercial, wholesale and residential/small business. The Company serves its customers through leased and owned digital fiber optic facilities spanning the U.S. and more than 200 countries. The Holding Company's network includes eleven switches in Atlanta, Baltimore, Chicago, Cleveland, Columbus, Charlotte, Detroit, Delta, Jersey City, Los Angeles, and Memphis -- connecting the Holding Company to metropolitan areas that account for 95% of U.S. call volume.
3. The proposed consolidation will not adversely affect the Phone Company's customers in Utah and will simplify the three companies' corporate structure, eliminating administrative redundancy and improving overall efficiency.
4. DPU recommends approval of the merger.

DISCUSSION

We may anticipate that simplifying the corporate structure will enhance the Phone Company's efficiency and make it a stronger competitor in the Utah local exchange market. This in turn will, hopefully, afford consumers enhanced benefits in price and service from a more competitive market place. The merger, therefore, is in the public interest and should be approved.

CONCLUSIONS OF LAW

The merger should be approved.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

The corporate merger of LCI INTERNATIONAL TELECOM CORP. and LCI INTERNATIONAL MANAGEMENT SERVICES INC., 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 so to do will forfeit the right to appeal to the Utah Supreme Court.

DATED at Salt Lake City, Utah, this 22nd day of April, 1998.

/s/ A. Robert Thurman

Administrative Law Judge

Approved and Confirmed this 22nd day of April, 1998, as the Report and Order of the Public Service Commission of Utah.

/s/ Stephen F. Mecham, Chairman

(SEAL) /s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary