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July 2, 1998

Lynn Greer, Chairman  
Sara Kyle, Director  
Melvin Malone, Director  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Re: MCImetro Access Transmission Services, Inc. Reorganization

Dear Chairman and Directors:

MCI Communications Corporation (MCIC) is in the process of reorganizing MCImetro Access Transmission Services, Inc., a Delaware corporation (MCImetro ATS), a wholly owned, second-tier subsidiary of MCIC, and the entity by which competitive access and competitive local telecommunications service will be provided in Tennessee. MCImetro ATS, as a competitive access provider and a competing local provider operates under authority granted by the Tennessee Regulatory Authority (the "Authority") in Authority Docket No. 93-08793. This reorganization plan involves MCImetro ATS being converted from a Delaware corporation to a single member limited liability corporation organized under the laws of the State of Delaware. While applicable Tennessee statutes, specifically T.C.A. §§65-4-112 and 65-4-113, do not require this reorganization to be approved by the Authority<sup>1</sup>, MCIC, MCI Telecommunications

<sup>1</sup> 65-4-112. Utilities leasing, merging, or consolidating property.

- (a) No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights and franchises of any other such public utility of like character shall be valid until approved by the authority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state. (Emphasis supplied).

65-4-113. Transfer of authority to provide utility services.

- (a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority  
(continued...)

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Corporation (MCIT) and MCImetro ATS desire to provide information to the Authority concerning this reorganization and the positive benefits to Tennessee consumers resulting from the reorganization.

Clearly, MCImetro ATS is a "public utility" pursuant to T.C.A. §65-4-101, as a result of holding a certificate of public convenience and necessity enabling it to provide telephone or telecommunications services in Tennessee. MCImetro Access Transmission Services, LLC, a limited liability corporation, however, does not presently hold such a certificate, nor does it provide telephone or telecommunications services in Tennessee and, thus, is not a "public utility" pursuant to T.C.A. §65-4-101. The approval requirements set forth in T.C.A. §65-4-112(a) (quoted in footnote 1) would, therefore, not be applicable to the present situation.

(...continued)

to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

- (b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.
- (c) Following approval of the transfer pursuant to this section, the transferee shall be granted full authority to provide the transferred services subject to the continuing regulation of the authority. The transferor shall no longer have any authority to provide the transferred services, but shall retain authority to provide other services, if any are retained, which were not included in such transfer.
- (d) This section shall not apply to any transfers falling under the provisions of § 65-4-112. This section shall apply to all other utility service transfers, including, but not limited to, the transfer of the authority to provide communications services held by a land line telephone company pursuant to § 65-30-105(h).
- (e) To the extent transferees receiving authority under this section would be prohibited from performing the service by the provisions of § 65-30-104, § 65-30-105(a), or § 65-30-105(f)(2), those sections are declared inapplicable.

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Further, the merger of MCI metro ATS into an identically owned limited liability corporation that does not increase the risk to the Authority because it is the same entity in a different corporate form would not result in a "transfer" of MCI metro ATS's certificate of public convenience and necessity. Thus, the approval on transfer requirements contained in T.C.A. §65-4-113(a) (quoted in footnote 1) would not be applicable to the current situation.

In sum, the reorganization of MCI metro ATS will result in a streamlined corporate organization which is likely to generate substantial benefits for consumers of local telecommunication services in Tennessee. If you have any questions, please let me know.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By:

Jon E. Hastings

JEH/th

cc: Dennis McNamee, Esq.  
Kennard Woods, Esq.  
Susan Berlin, Esq.