

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 27, 1998

RECEIVED

IN RE:

**PETITION OF QWEST COMMUNICATIONS
INTERNATIONAL INC. LCI INTERNATIONAL INC.
LCI INTERNATIONAL TELECOM CORP. and
USLD COMMUNICATIONS, INC. FOR APPROVAL OF A
TRANSFER OF CONTROL**

**AUG 27 1998
DOCKET NO.
98-00176
TELECOMMUNICATIONS DIVISION**

ORDER APPROVING MERGER AND TRANSFER OF CONTROL

This matter is before the Tennessee Regulatory Authority ("Authority") on the Petition of Qwest Communications International Inc. ("Qwest"), LCI International, Inc., ("LCII"), LCI International Telecom Corp. ("LCIT"), and USLD Communications, Inc. ("USLDI"), (collectively the "Petitioners") pursuant to the provisions of Tenn. Code Ann. § 65-4-112 to transfer control of LCIT and USLDI from the current shareholders of LCII to Qwest.

The Directors of the Authority considered this matter at a regularly scheduled Authority Conference on July 7, 1998. Based upon careful consideration of the Petition, the exhibits, and the entire record of this matter, the Authority finds and concludes as follows:

1. Qwest is a publicly traded Delaware corporation with its principal office and place of business located at 555 Seventeenth Street, Denver, Colorado 80202. Qwest's indirect wholly-owned subsidiary, Qwest Communications Corporation

("QCC"), provides multimedia communications services to interexchange carriers and other communications entities, businesses, and consumers, using its own facilities as well as facilities leased from other carriers. QCC (doing business as Qwest Network Construction Services) also constructs and installs fiber optic communications systems for other communications companies. QCC is authorized to provide intrastate interexchange service in 48 states, including Tennessee. QCC's operations will not be affected by the instant transfer of control.

2. LCII is a publicly held Delaware corporation headquartered at 8180 Greensboro Drive, Suite 800, McLean, Virginia 22102. LCII's primary operating subsidiary, LCIT, is the sixth largest interexchange telecommunications company in the United States based upon presubscribed telephone lines as reported by the Federal Communications Commission ("FCC"). LCIT provides a full array of local and worldwide long distance voice and data transmission services to businesses, residential customers and other carriers over its own nationwide network of digital fiber optic facilities, transmission facilities leased from other carriers, and resold telecommunications services. LCIT received authority from the Tennessee Public Service Commission ("TPSC") on April 26, 1996, in Docket No. 95-0328, to provide interexchange telecommunications services in Tennessee and on May 30, 1996, in Docket No. 96-00783 to provide local telecommunications services via resale. In addition, LCIT is authorized by the FCC to provide interstate and international telecommunications services.

3. USLDI is a Texas corporation and a wholly-owned subsidiary of LCII. USLDI was acquired by LCII in December 1997, pursuant to authorization by the

Authority in Docket No. 97-01447. USLDI received its authority in Tennessee to provide interexchange, operator services and resold local exchange telecommunications services by the TPSC on September 20, 1995, in Docket No. 95-02825. Also, USLDI is authorized by the FCC to provide interstate and international telecommunications services.

4. On March 8, 1998, Qwest and LCII entered into a definitive Agreement and Plan of Merger pursuant to which Qwest will acquire LCII by purchasing all of LCII's outstanding shares from the current LCII shareholders. The transfer of control will be accomplished through use of a special purpose subsidiary of Qwest into which LCII will be merged. LCII will be the surviving entity, and will become a wholly owned subsidiary of QCC. Since LCIT and USLDI are wholly owned by LCII, the acquisition of LCII by Qwest will result in a transfer of ultimate control of LCIT and USLDI to Qwest. The transfer of control will have no adverse impact on LCIT's and USLDI's customers in Tennessee because LCIT and USLDI will continue to operate as telecommunications service providers in Tennessee pursuant to the same names, tariffs and operating authority. ←

5. Qwest submits that it possesses all financial, managerial and technical qualifications necessary to assume ultimate control of the LCII, LCIT and USLDI. The transfer of control will result in the present certificate holders, LCIT and USLDI, continuing to provide service. Therefore, the Petition states that the transfer of control will be seamless and will have no adverse impact on the customers of LCIT and USLDI in Tennessee. Further, according to the Petition, the transfer of control will provide LCIT and USLDI access to Qwest's capital, fiber optic network, and various service

offerings which will enable them to improve their services to both existing and new customers.

6. Finally, the Petition states that consumers in Tennessee should benefit from the availability of increased local and long distance telecommunications products and service options. Thus, according to the Petition, the approval of the merger and transfer of control will serve the public interest.

IT IS THEREFORE ORDERED THAT:




1. The Petition of Qwest Communications International Inc., LCI International, Inc., LCI International Telecom Corp., and USLD Communications, Inc., is granted;

2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order; and

3. Any party aggrieved by the Authority's decision in this matter may file a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.

ATTEST:


EXECUTIVE SECRETARY


CHAIRMAN

DIRECTOR

DIRECTOR

ORIGINAL

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

1200 19TH STREET, N.W.

SUITE 500

WASHINGTON, D.C. 20036

(202) 955-9600

NEW YORK, NY
LOS ANGELES, CA
MIAMI, FL
CHICAGO, IL
STAMFORD, CT
PARSIPPANY, NJ

BRUSSELS, BELGIUM

HONG KONG

AFFILIATE OFFICES

BANGKOK, THAILAND
JAKARTA, INDONESIA
MANILA, THE PHILIPPINES
MUMBAI, INDIA
TOKYO, JAPAN

REC'D TH
REC'D BY AUTH.

AUG 18 PM 3 07

EXECUTIVE SECRETARY

FACSIMILE

(202) 955-9792

WRITER'S DIRECT LINE

(202) 955-9765

WRITER'S E-MAIL

bmutschelknaus@kelleydrye.com

August 14, 1998

RECEIVED

AUG 18 1998

IN REGULATE
TELECOMMUNICATIONS DIVISION

BY FEDERAL EXPRESS

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

**Re: Docket No. 98-00176 – Notification of Pro Forma
Transfer of LCI Long Distance Customers to Qwest**

Dear Mr. Waddell:

On March 19, 1998, the Tennessee Regulatory Authority ("Authority") was notified of the plan to transfer control of LCI International Telecom Corp. ("LCI Telecom") to Qwest Communications Corporation ("Qwest"). The Authority determined that it would not exercise jurisdiction over the transaction. Nevertheless, Qwest and LCI Telecom wish to keep the Authority apprised of their subsequent actions. In their application, LCI Telecom and Qwest informed the Authority that "for such time as Qwest may deem strategic" after the closing of the transaction, LCI Telecom would continue to operate as a subsidiary of Qwest and would serve customers pursuant to the terms of its existing tariffs.

The transfer of control of LCI Telecom to Qwest was consummated on June 5, 1998. Since then, Qwest has revised its own tariffs in order to incorporate LCI Telecom's interexchange product line. In addition, Qwest and LCI Telecom have made substantial progress in combining their networks, billing systems and customer service operations. Therefore, consistent with their intent as described in the application for approval of the transfer of control,

Mr. David Waddell

August 14, 1998

Page Two

Qwest and LCI Telecom will further consolidate their operations by transferring most of LCI Telecom's interexchange customer accounts to Qwest. The transfer of accounts is scheduled to occur on or about September 1, 1998. *LCI Telecom's local service customers will not be affected by the consolidation described herein.*

This consolidation of customer accounts will be transparent to end users. There will be no change in rates, terms or conditions of service as Qwest has already incorporated LCI Telecom's interexchange product line into its tariffs. Also, customers will incur no charge in connection with the transfer. All affected customers will be given advance written notification of change in their long distance carrier from LCI Telecom to Qwest and will be reminded of their right to select another interexchange carrier at any time.

It is our understanding that this consolidation of customer bases falls within the scope of the Authority's decision not to exercise jurisdiction over the acquisition of LCI Telecom by Qwest. Thus, the parties will complete the consolidation of LCI Telecom's interexchange business with that of Qwest as planned unless the parties receive written notice from the Authority within ten (10) days of the date of this letter indicating otherwise.

Please feel free to call me at your convenience if you have any questions.

Respectfully submitted,

A handwritten signature in black ink, reading "Brad E. Mutschelknaus" with a stylized flourish at the end.

Brad E. Mutschelknaus

TENNESSEE PUBLIC SERVICE COMMISSION

460 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243-0505

SEP 07 1995

KEITH BISSELL, CHAIRMAN
STEVE HEWLETT, COMMISSIONER
SARA KYLE, COMMISSIONER

PAUL ALLEN, EXECUTIVE DIRECTOR



**APPLICATION FOR CERTIFICATE
TO PROVIDE OPERATOR SERVICES AND/OR
RESELL INTEREXCHANGE
TELECOMMUNICATION SERVICES IN TENNESSEE
[RULE 1220-4-2-57]**

SECTION A

Part 1: General Information

A. Name of Applicant LCI International Telecom Corp.
Address 8180 Greensboro Drive, Suite 800, McLean
State VA Zip Code 22102 Phone No. (703) 442-0220

B. Owner, Partners, or Corporate Officer

NAME	ADDRESS	CITY	STATE	ZIP CODE
<u>See attached</u>				

C. Name and telephone number of Tennessee contact person authorized to respond to Commission inquiries Monday through Friday.

Scott McMahon (800) 296-0220 (703) 848-4404
Name Tennessee Phone No. Fax No.

D. List a toll-free telephone number that consumers can call to report service problems and/or request refunds or adjustments. 1-800-860-2255

E. Check the type of telecommunication services you plan to provide in Tennessee.

☒ Resell Interexchange long distance services

☒ Operator Services

Other (describe below) _____

F. If providing operator services, list company name, address and contact person for all reseller carriers you serve in Tennessee. Provide the above information on Appendix I.

G. List the state(s) you are authorized to operate in at this time. ALL STATES
WITH THE EXCEPTION OF AK, HI, AND RI (RI IS PENDING).

(To be filled out by PSC)

Company ID Number 115819/95/325

Date Approved _____

Evaluator _____

Mail the completed application and a check for \$50.00 to: Tennessee Public Service Commission, P.O. Box 3412, Nashville, TN 37219-0412. Should you have any questions, call (615) 741-3939.

H. List any states that you have been denied authority to provide service.

NONE

I. Areas in Tennessee to be served.

LCI WILL OFFER SERVICE IN TENNESSEE ON A STATEWIDE BASIS.

J. What type of customers will the company serve?

- a. Business ☒
- b. Residential ☒
- c. Aggregators ☒
(e.g. Hotels, Payphones)
- d. Other (specify) _____

K. Do you allow a property imposed fee (PIF) to be added to the price of intrastate telephone calls over your network? If yes, specify amount. N/A

L. Are your prices for intrastate services plus any PIF equal to or less than the dominant carriers price for similar services? Yes ☒ No _____

M. Describe the type of services and price that the applicant will be offering in Tennessee on the Informational Tariff Form found in Appendix II¹.

N. What is the applicant's 10XXX or 800 access code? 10432

O. Does the applicant now have or plan to have any telecommunication's facilities (e.g. switches, fiber lines) in Tennessee? No.

P. What facility-based network will the applicant be reselling?

Worldcom - Witel, MCI and AT&T.

Q. Will the applicant be utilizing the local telephone company's billing system or billing customers direct²? Most residential customers will be LEC-billed. (96%)

A copy of a direct bill is enclosed, for business billing.

R. Describe briefly how the applicant plans to market their services in Tennessee? If an independent telemarketer is going to be used, state company name and address.

LCI will market its services via advertising on cable networks, distributors who may have agents in TN, and affiliates which may have members residing in TN. Neither LCI nor its distributors telemarket to TN, to our knowledge.

S. Describe the procedures the applicant will use to switch a consumer's preferred interexchange service. See attached

¹Applicant is required to fill out an Informational Tariff form. Failure to fill out this form will cause the applicant's request to be rejected.

²A copy of a bill is required if the applicant is going to bill the customer direct.

- T. Applicant has the ability and agrees to honor the form of call blocking that the consumer has subscribed to with their local telephone company. Yes ☒ No ☐
- U. Applicant gives permission to the local telephone company to provide the Commission a periodic sample of the reseller's intrastate toll calls. The purpose of this analysis is to audit the reseller's rates to assure they are at or below the dominant carrier's tariffed rates. Yes ☒ No ☐

Part II: Organization Structure

A. Type of Organization

☐ Individual

☒ Corporation

☐ Partnership

☐ Other (Explain on separate sheet)

B. If partnership and/or Non-resident

(1) Attach a copy of Articles of Incorporation and current by-laws.

(2) Attach a copy of Certification of Authority issued by Tennessee Secretary of State showing corporation's authority to engage in business in Tennessee.

Part III: Financial Information

- A. Attach a current financial statement showing in detail the applicant's financial condition, including balance sheet and income statement, or a copy of IRS form 1120 or 1065 filed by your business for the previous year. Attach, if available, a copy of your company's 10K and/or stockholder reports.

Part IV: Display Card

Attach a copy of the display card to be placed on the aggregators telephone which shows what operator services are to be provided. The card must contain all required information listed in the attached Rule (1220-4-2-.57, B)³, which includes a toll-free number consumers can call for service problems and refunds.

³It is the responsibility of the reseller or operator service provider to assure that the appropriate display card is affixed to the aggregates telephones.

Part V: Rule Compliance Agreement

- A. The Interexchange Reseller or Operator Service Provider applicant, hereby, affirms the following:
- Has received, read, and understands the Tennessee Public Service Commission's (TPSC) Interexchange Reseller Rules and Regulations, (Appendix III)
 - Understands the penalties for non-compliance, and all associated fees to provide such service.
 - Will comply with the TPSC Interexchange Reseller Rules and all other applicable Commission Rules and state laws, including T.C.A. Section 65-5-206 (Appendix IV),
 - That all information provided in the attached registration document is true to the best of my knowledge.

LCI INTERNATIONAL TELECOM CORP.
8100 GREENSBORO DRIVE, SUITE 800
MCLEAN, VA 22102

Company Name

Date

9/1/95

Scott N. Cohen
Company Official

REGULATORY ATTORNEY
Title

Subscribed and sworn
before me this 1 day
of September, 1995

Walter D. Linn
Notary Public

My Comm. Exps. March 31, 1998

seal

Secretary of State

Corporations Section

es K. Polk Building, Suite 1800
shville, Tennessee 37243-0306

DATE: 10/01/93
REQUEST NUMBER: 2741-0983
TELEPHONE CONTACT: (615) 741-0537
FILE DATE/TIME: 10/01/93 1015
EFFECTIVE DATE/TIME: 10/01/93 1015
CONTROL NUMBER: 0251207

TO:
T CORPORATION SYSTEM
PAULA CALLAHAN
3810 CAREW TOWER
CINCINNATI, OH 45202

RE:
LCI INTERNATIONAL TELECOM CORP.
APPLICATION FOR AMENDED CERTIFICATE OF
AUTHORITY - PROFIT

THIS WILL ACKNOWLEDGE THE FILING OF THE ATTACHED DOCUMENT WITH AN
EFFECTIVE DATE AS INDICATED ABOVE.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR
FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR AMENDED CERTIFICATE OF
AUTHORITY - PROFIT

ON DATE: 10/01/93

FROM:
T CORPORATION SYSTEM (CINCINNATI, OH.)
O CAREW TOWER
UNNATI, OH 45202-0000

RECEIVED: FEE \$10.00 TAX \$10.00
TOTAL PAYMENT: \$20.00
RECEIPT NUMBER: 00001557955
ACCOUNT NUMBER: 00000019

Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

APPLICATION FOR AMENDED CERTIFICATE OF AUTHORITY FOR

FILED

LCI International Telecom Corp.

53 OCT -1 AM 10:15

To the Secretary of State of the State of Tennessee:

Pursuant to the provisions of Section 48-25-104 of the Tennessee Business Corporation Act, the undersigned corporation hereby applies for an amended certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the corporation is LCI International Telecom Corp. (formerly: Litel Telecommunications Corporation)

If different, the name under which the certificate of authority is to be obtained is _____

2. The state or country under whose law it is incorporated is Delaware

3. The date of its incorporation is 12-7-83, and the period of duration, if other than perpetual, is Perpetual

4. The complete street address (including zip code) of its principal office is _____

4650 Lakehurst Court, Dublin, OH 43017

5. The complete street address (including zip code) of its registered office in this state and the name of its registered agent at that office is

530 Gay St., Knoxville, TN 37902, County of Knox

6. The names and complete business addresses (including zip code) of its current officers are: (Attach separate sheet if necessary.)

See attached rider

7. The names and complete business addresses (including zip code) of its current board of directors are: (Attach separate sheet if necessary.)

Secretary of State

Corporations Section

James K. Polk Building, Suite 1800

Nashville, Tennessee 37243-0306

DATE: 03/16/92

REQUEST NUMBER: 2402-0232

TELEPHONE CONTACT: (615) 741-0537

FILE DATE/TIME: 03/16/92 1303

EFFECTIVE DATE/TIME: 03/16/92 1303

CONTROL NUMBER: 0251207

TO:

CT CORPORATION SYSTEM-SUSAN J METZE
3810 CAREW TOWER

CINCINNATI, OH 45202

RE:

LITEL TELECOMMUNICATIONS CORPORATION ✓
APPLICATION FOR CERTIFICATE OF
AUTHORITY - FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE CERTIFICATE OF AUTHORITY FOR THE ABOVE CORPORATION IS VALID AS OF THE EFFECTIVE DATE INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR (EFFECTIVE JULY 1, 1990). PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION OF YOUR CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF
AUTHORITY - FOR PROFIT

RECEIVED: \$300.00

FROM:
C T CORPORATION SYSTEM (CINCINNATI, OH.)
3810 CAREW TOWER

ON DATE: 03/16/92

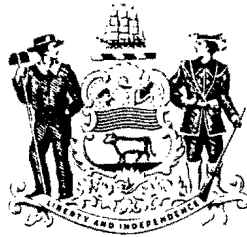
RECEIPT NUMBER: 0000132356
ACCOUNT NUMBER: 00000019

CINCINNATI, OH 45202-0000



Bryant Millsaps

BRYANT MILLSAPS
SECRETARY OF STATE



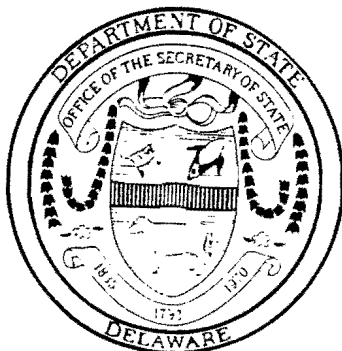
Office of Secretary of State

I, MICHAEL RATCHFORD, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY LITEL TELECOMMUNICATIONS CORPORATION IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE DATE SHOWN BELOW.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

* * * * *



722071066

A handwritten signature of Michael Ratchford.

Michael Ratchford, Secretary of State

AUTHENTICATION: *3375964

DATE: 03/11/1992