BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2001-180-C - ORDER NO. 2001-746

AUGUST 20, 2001

IN RE: Joint Application of Qwest Communications Corp., LCI International Telecom Corp., Phoenix Network, Inc. and USLD Communications, Inc. for Approval of Internal Corporate Restructuring.	)))))	ORDER APPROVING MERGER

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of a Motion for Expedited Review filed by Qwest Communications Corporation (QCC), LCI International Telecom Corp. (LCIT), Phoenix Network, Inc. (Phoenix), and USLD Communications, Inc. (USLD) (jointly referred to as "Applicants") for approval of several internal transactions being undertaken in order to effectuate an internal corporate restructuring.

Pursuant to the instructions of the Executive Director, the Applicants published a Notice of Filing one time in newspapers of general circulation in the areas affected. The Applicants filed affidavits of publication with the Commission. The Notice of Filing informed the public on how it could participate in proceedings concerning this matter before the Commission. Accordingly, the Applicants have moved for expedited review of this matter, and have furnished the verified testimony of Carol P. Kuhnow, Regional Director, Policy and Law, for Qwest Communications International, Inc. in support of the Application.

S.C. Code Ann. Section 58-9-310 (Supp. 2000) states, "No telephone utility, without the approval of the Commission after due hearing ... may sell, transfer, lease, consolidate, or merge its property, powers, franchises, or privileges or any of them ...." When there have been no Protests or Petitions to Intervene, we have often granted Motions for Expedited Review, when they are accompanied by verified testimony. We then declare the Commission meeting where the matter was considered to be the "due hearing" required by the statute.

We elect to follow this procedure in the present case, and grant the Motion for Expedited Review. We also hold that the Commission meeting of July 31, 2001, wherein the matter was considered by the Commission, to be the "due hearing" required by the statute. We have examined the verified written testimony of Carol P. Kuhnow, and find that it supports the reasoning and ultimate request found in the original joint application.

The Applicants, QCC, LCIT, Phoenix, and USLD, are all indirect wholly-owned subsidiaries of Qwest Communications International, Inc. According to the testimony, QCC is a wholly-owned subsidiary of Qwest Services Corporation, which in turn is a wholly-owned subsidiary of Qwest Communications International, Inc. Currently, Phoenix is a wholly-owned subsidiary of QCC and LCIT is a wholly-owned subsidiary of LCI International, Inc., which is a wholly-owned subsidiary of Qwest Services Corporation. Additionally, USLD is a wholly-owned subsidiary of USLD Communications Corp., which in turn is a wholly-owned subsidiary of LCI International, Inc.

Kuhnow's testimony and the Application provide detailed explanations regarding the proposed transactions. LCIT will be merged into QCC, with QCC as the surviving corporation. The certificates of authority, customers and, if any, assets of LCIT in South Carolina will be transferred to QCC, and service will be provided under QCC's tariff. The tariff of LCIT will be adopted by QCC or consolidated into the QCC tariff, as applicable. Revised tariffs will be filed upon approval of the restructuring.

Phoenix will be merged into QCC, with QCC as the surviving corporation. The certificates of authority, customers and, if any, assets of Phoenix Network, Inc. in South Carolina will be transferred to QCC, and service will be provided under QCC's tariff. The tariff of Phoenix will be adopted by QCC or consolidated into the QCC tariff, as applicable. Revised tariffs will be filed upon approval of the restructuring.

Finally, USLD will merge downstream into USLD Communications, Inc., with USLD Communications, Inc. as the surviving corporation. As a result, USLD will become a direct, wholly-owned subsidiary of LCI International, Inc. According to the Application, this merger does not affect the customers or certificates of USLD because USLD is the surviving corporation.

According to Kuhnow's testimony, the net result of the proposed transactions will be that Qwest will streamline its corporate structure causing there to be fewer Qwest affiliates certificated to provide telecommunications in the State of South Carolina. At the same time, customers of LCIT and Phoenix will be absorbed by QCC. Moreover, as USLD's parent corporation is merging downstream into USLD, no USLD customers will be affected by this aspect of the restructuring. Furthermore, the proposed transaction will

not affect the management, finances, or operations of the Applicants as QCC and USLD will remain indirect or direct subsidiaries of Qwest Services Corporation. Kuhnow also testified that the Applicants have submitted applications for approval of their internal corporate restructuring to other state regulatory bodies; however, the applicants do not know the precise date when those other regulatory bodies will approve the transaction in order that a closing may occur and the transactions may be consummated.

Moreover, the testimony reveals that once the Applicants have received all the requisite regulatory approvals and have made the necessary secretary of state filings, the Applicants will notify the Commission that the internal restructuring has been consummated. Thereafter, according to the testimony, LCIT and Phoenix will ask the Commission to cancel those certificates of authority that overlap with those maintained by QCC. Consequently, because USLD will be a surviving company, no change will result in that company's operating authority in South Carolina.

The testimony also reveals the effect the proposed transaction will have on South Carolina customers. From a customer perspective, the restructuring will be completely transparent to them. More specifically, LCIT's and Phoenix's South Carolina customer bases will not be impacted by the proposed restructuring and the proposed transactions will be entirely invisible to them without any changes in rates or terms of service; or in name, contact information and billing information.

Kuhnow also testified that approval of the proposed transaction is in the public interest. According to the testimony, approval of the restructuring will enhance the Applicants' ability to do business while not altering the service they deliver to their South

Carolina customers. Additionally, the proposed transaction will simplify Qwest's corporate structure and allow Qwest to provide even more efficient telecommunications services in the State of South Carolina.

Accordingly, we have examined the testimony and the record of this case, and hereby approve the proposed transaction, for the above-stated reasons. We believe that no customer will be adversely affected by the transaction, and the transaction is in the public interest.

IT IS SO ORDERED.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

Executive Director

(SEAL)