

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 18th
day of July, 1995.

In the matter of the Application)	
of MFS Communications Company, Inc.)	
and its Missouri-certificated)	<u>Case No. TF-95-336</u>
operating subsidiaries for approval)	
of incurring debt obligations.)	

ORDER GRANTING AUTHORITY TO INCUR DEBT OBLIGATIONS

On April 27, 1995, the Commission received a joint Application of MFS Communications Company, Inc. (MFSCC) and its Missouri-certificated subsidiaries, MFS Intelenet of Missouri, Inc. (MFSI) and Metropolitan Fiber Systems of Kansas City, Missouri, Inc. (MFSKC) to incur debt obligations. The Application was filed pursuant to § 392.290, 392.300 and 392.310 of RSMo 1994. On May 1, 1995, the joint applicants filed a motion requesting an order declining jurisdiction or, in the alternative, expedited processing of this request.

On June 29, 1995, the Telecommunications Department Staff of the Missouri Public Service Commission (Staff) filed its Memorandum in which it recommended approval of the Application herein. Staff further recommended the Commission approve the Application at its earliest convenience in order to accommodate the request of the joint applicants for expedited treatment.

MFSI was certificated by the Commission to provide interexchange telecommunications services on June 22, 1994, in Case No. TA-94-275. MFS Telecom Incorporated (Telecom) is a wholly owned subsidiary of MFSCC and is the parent company of MFSKC. MFSKC was certificated by the Commission to provide interexchange telecommunications services on October

2, 1992, in Case No. TA-92-125. MFSCC is also the parent company of MFS Intelenet Inc. (Intelenet) which in turn is the parent company of MFSI. MFSI was certificated by the Commission to provide interexchange telecommunications services on June 22, 1994, in Case No. TA-94-275. As holding companies which do not provide telecommunications services, MFSCC, Telecom and Intelenet have not applied for authority to provide telecommunications services in the state of Missouri. Therefore, it has been the Staff's position as set out in the Memorandum filed herein that MFSKC and MFSI are the only two (2) companies which come under this Commission's jurisdiction.

According to the Application, the applicants seek Commission approval of the participation of MFSI and MFSKC in two revolving credit facilities. In the proposed transaction, MFSCC will pledge the stock of its wholly owned subsidiaries, Telecom and Intelenet, which will, in turn, pledge the stock of MFSI and MFSKC to provide guarantees and to be used as collateral. Collectively, the credit facilities will provide MFSCC with a maximum of two hundred and fifty million dollars (\$250,000,000.) of senior bank revolving credit facilities. The facilities may be used for several purposes, including construction, acquisition of telecommunications assets, working capital and other capital expenditures. The applicants state that the proposed transaction will provide MFSCC with the opportunity to strengthen its competitive position with greater financial resources, thus serving the public interest by promoting competition.

Staff has stated in its Memorandum that it recognizes that the two (2) certificated companies, MFSKC and MFSI, have been classified as competitive telecommunications companies. In prior cases, the Commission has routinely granted waivers of relevant statutes concerning the need to obtain Commission approval to incur debt for competitively classified

companies. Therefore, Staff believes that applications to approve debt obligations by competitive telecommunications companies should receive minimal, if any, regulatory scrutiny.

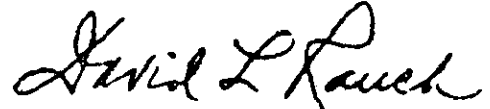
The Commission finds that the proposed transaction is reasonably calculated to provide MFSCC with the opportunity to financially strengthen its competitive position. The Commission further finds that greater financial resources may enhance a utility's ability to promote competition. The Commission further finds that this type of debt obligation by a competitive telecommunications company does not require greater than minimal regulatory scrutiny.

IT IS THEREFORE ORDERED:

1. That MFS Communications Company, Inc. and its Missouri-certificated operating subsidiaries are hereby authorized to incur debt obligations.

2. That this order shall become effective on July 28, 1995.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Kincheloe,
Crompton and Drainer, CC., Concur.