

KELLEY DRYE & WARREN

A PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

1200 19TH STREET, N.W.
WASHINGTON, D. C. 20036

(202) 955-9600
FAX (202) 955-9797

ORIGINAL
FILE COPY

STANFORD, CT.
PARSIPPANY, N.J.
BRUSSELS, BELGIUM
TOKYO, JAPAN

NEW YORK, N.Y.
LOS ANGELES, CA.
MIAMI, FL.
CHICAGO, IL.

February 6, 1996

By United Parcel Service

Ms. Blanca Bayo
Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0864

960136 - TI

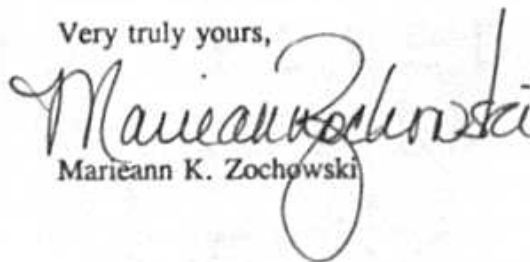
**Re: Application of LCI International Telecom Corp. and LCI
Telemanagement Corp.**

Dear Ms. Bayo:

Enclosed for filing with the Florida Public Service Commission please find an original and 12 copies of the Application of LCI International Telecom Corp. and LCI Telemanagement Corp. for approval of a merger. Enclosed please also find a duplicate of this filing and a self-addressed stamped envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided.

Please do not hesitate to contact me at (202) 955-9883 if you have any questions.

Very truly yours,


Mariann K. Zochowski

Before the
STATE OF FLORIDA
PUBLIC SERVICE COMMISSION

Application for Approval to Merge
LCI Telemanagement Corp. into
LCI International Telecom Corp.

)
)
)

Docket No. 960136-TI

APPLICATION FOR APPROVAL OF MERGER

LCI International Telecom Corp. ("LCI Telecom") and LCI Telemanagement Corp. ("LCI Telemanagement") (referred to jointly herein as the "Applicants"), by their attorneys, hereby respectfully request that the Florida Public Service Commission ("Commission") approve plans to merge LCI Telemanagement into LCI Telecom. A complete description of the merger follows, and diagrams depicting it are attached hereto as Attachment A. In support of this Application, the Applicants provide the following information:

I. The Parties

LCI Telecom is a Delaware corporation that is a wholly-owned subsidiary of LCI International Management Services, Inc. ("LCIM"). LCIM, in turn, is a wholly-owned subsidiary of LCI International, Inc. ("LCII"), the ultimate corporate parent of the LCI family of companies.¹ LCIM provides management services to LCI Telecom and holds the

¹ LCII is a publicly-held Delaware corporation whose principal offices are located at 8180 Greensboro Drive in McLean, Virginia 22102. LCII, through its operating subsidiaries, is a non-dominant worldwide long distance telecommunications company that provides a full array of voice and data communications services to business and residential customers. LCII had annual revenue of \$463.9 million in 1994, and reported net income of \$6.8 million. The company currently ranks as the nation's sixth largest interexchange carrier.

stock of LCI Telecom. LCI Telecom provides telecommunications services in 48 states, including Florida.² In addition, LCI Telecom is authorized by the Federal Communications Commission ("FCC") to provide a variety of international telecommunications services and is a non-dominant provider of interstate telecommunications service.

LCI Telemanagement is a Delaware corporation that was formed specifically for the purpose of facilitating the acquisition of Corporate Telemanagement Group, Inc. ("CTG") by the LCI family of companies in September 1995.³ LCI Telemanagement is wholly-owned by LCII and provides service to the former customers of CTG in 45 states, including Florida.⁴ LCI Telemanagement also is authorized to provide interstate and international telecommunications services pursuant to authority granted by the FCC.

II. Designated Contacts

The designated contacts for questions concerning this Application are:

Brad E. Mutschelknaus
Marieann K. Zochowski
Kelley, Drye & Warren
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036
(202) 955-9600

² LCI Telecom provides telecommunications services in Florida pursuant to a Certificate of Public Convenience and Necessity granted by the Commission on July 26, 1989 in Docket No. 890381-TI.

³ The Commission approved the merger of CTG into LCI Telemanagement on August 24, 1995 in Docket No. 950623-TI, Order No. PSC-95-1054-FOF-TI.

⁴ LCI Telemanagement received its authority to provide telecommunications services in Florida on August 24, 1995 in Docket No. 950623-TI, Order No. PSC-95-1054-FOF-TI.

With copies to:

Douglas W. Kinkoph
Director -- Regulatory/Legislative Affairs
LCI International, Inc.
Suite 800
8180 Greensboro Drive
McLean, Virginia 22102

III. Request for Authority to Merge LCI Telemanagement into LCI Telecom

Both LCI Telecom and LCI Telemanagement provide intrastate telecommunications services in Florida. They provide service pursuant to authority derived from separately granted Certificates of Public Convenience and Necessity, and in accordance with two separate tariffs on file with the Commission. In the near future, LCII and LCIM would like to merge LCI Telemanagement's operations with those of LCI Telecom to create a single operating entity in Florida. LCI Telecom would be the surviving entity. This would reestablish LCI Telecom as the sole, regulated intrastate interexchange service provider of the LCI companies.⁵

The LCI companies propose to accomplish the merger by first merging LCI Telemanagement into LCIM. In a virtually simultaneous transaction, LCI Telemanagement's

⁵ In addition to merging LCI Telemanagement into LCI Telecom, LCII intends to enter into an Amended and Restated Credit Agreement whereby the amount of an existing revolving credit facility (the "Credit Facility") will be increased to approximately \$700 million. This Credit Facility is guaranteed by LCII's subsidiaries, including LCI Telecom and LCI Telemanagement. It is the Applicants' understanding that prior Commission approval is not required for LCI Telecom and LCI Telemanagement to act as guarantors of the Credit Facility. If this understanding is incorrect, the Applicants respectfully request that this Application be deemed a request for authority for LCI Telecom and LCI Telemanagement to act as guarantors of the increased Credit Facility.

operations will be transferred from LCIM to LCI Telecom. Thereafter, LCI Telecom will provide telecommunications services to LCI Telemanagement's former customers. LCI Telecom's tariff will be amended as necessary to incorporate all of LCI Telemanagement's services at current rate levels. In order to facilitate a smooth transition, LCI Telecom respectfully requests authority to concur in LCI Telemanagement's existing tariff for an interim period of up to six months, during which time LCI Telecom will amend its own tariff as necessary to add the service offerings currently provided by LCI Telemanagement.⁶

IV. The Merger of LCI Telemanagement into LCI Telecom is in the Public Interest

The LCI companies believe that the proposed merger of LCI Telemanagement into LCI Telecom offers several important advantages. Combining operations will enable the merged firm to realize significant economies of scale, thereby operating more efficiently. In addition, the potential for customer confusion stemming from redundant operations will be eliminated. And, importantly, regulators will be able to interact with a single LCI entity, and maintain a single LCI tariff.

The exact timing of the merger of LCI Telemanagement into LCI Telecom is currently undecided, and depends on several factors. A merger cannot proceed until all requisite regulatory approvals are received; and the planned merger must be timed so as not to interfere with other important business affairs of the company. Thus, the Applicants request that the Commission *not* cancel LCI Telemanagement's existing Certificate of Public

⁶ If the Commission determines that LCI Telecom cannot concur in LCI Telemanagement's existing tariff for an interim period, LCI Telecom will amend its tariff as necessary as soon as possible.

Convenience and Necessity at the time it approves the merger of LCI Telemanagement with and into LCI Telecom. LCI Telecom and LCI Telemanagement will notify the Commission after the merger is consummated, and LCI Telemanagement's authority can be canceled at that time.

WHEREFORE, LCI Telecom and LCI Telemanagement respectfully request that the Commission approve plans to merge LCI Telemanagement into LCI Telecom and allow LCI Telecom to concur in LCI Telemanagement's existing tariff for a period of up to six months.

Respectfully submitted,

**LCI Telemanagement Corp.,
LCI International Telecom Corp. and**

By: Marieann Zochowski

Brad E. Mutschelknaus
Marieann K. Zochowski
Kelley, Drye & Warren
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036
(202) 955-9600

Their Attorneys

DATED: February 6, 1996

VERIFICATION

I am authorized to represent LCI International, Inc. and to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are herein stated on information and belief, and as to those matters I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

By: 


Name: Douglas W. Kinkopf

Title: Director

Date: 1-26-96

Farmington, Virginia

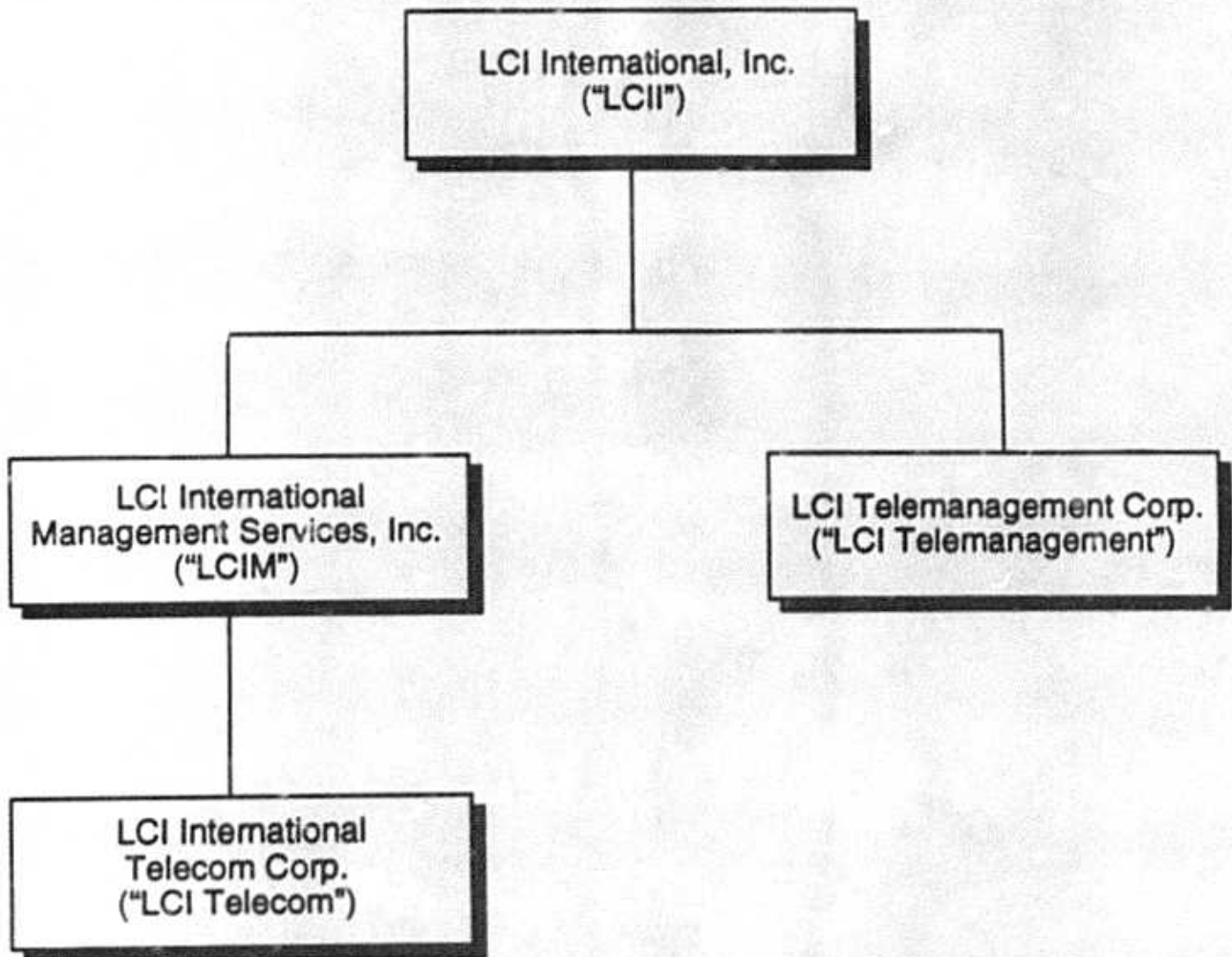
Sworn and subscribed to
before me this 26th
day of January, 1996.


Notary Public

My Commission expires: December 31, 1998

ATTACHMENT A

**CORPORATE STRUCTURE
(Pre-Transaction)**



LCI CORPORATE STRUCTURE (Post Transaction)

