

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Joint Appli-)	Application No. C-969
cation of Metromedia Communications)	
Corporation, East Rutherford, New)	GRANTED AND
Jersey and Resurgens Communications)	CERTIFICATE NOS. C-771,
Group, Inc., Atlanta, Georgia for)	C-818, C-918, AND C-953
authorization to acquire shares,)	REVOKED
transfer property, effectuate a)	
plan of merger, and change name.)	Entered: March 22, 1993

APPEARANCES

For the Applicants

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PRELIMINARY MATTERS

This matter comes before the Commission pursuant to a joint application of the above-named parties filed January 21, 1993. Both parties are previously certificated by this Commission. In the case of Resurgens Communications Group, Inc. ("Resurgens"), the Commission granted authority to offer alternate operator service in the intrastate interLATA and intraLATA telecommunications long distance market in this state (See Application No. C-953, February 16, 1993). Metromedia Communications Corporation ("MCC") has appeared in several proceedings before this Commission over the years. Currently, MCC is authorized to provide intrastate interLATA interexchange resale telecommunications services in

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Nebraska (See Application No. C-771, April 20, 1989)¹. The parties seek authority to acquire and cancel shares, transfer property, effectuate a plan of merger of Metromedia into Resurgens, and to change the name of the surviving entity to Metromedia Communications Corporation.

Notice of the C-969 application was published in the Omaha Daily Record January 25, 1993. No one filed a protest. The parties moved that the Commission enter an Order on an expedited basis. Since there are no protests and both parties have previously appeared before us, we will process the application pursuant to the Commission's modified procedure rule.²

The Applicants' respective addresses are:

Resurgens Communications Group, Inc.	Metromedia Comm. Corp.
2210 Resurgens Plaza	One Meadowlands Plaza
945 East Paces Ferry Road	East Rutherford, NJ
Atlanta, GA 30326	07073
(404) 261-6190	(201) 804-8400

¹At that time, MCC was formerly ITT Communications Services, Inc. ("ITT"). MCC's history in Nebraska can be traced as follows: Metromedia received authority to provide interLATA interexchange telecommunications services in Nebraska pursuant to the Commission's order in Application No. C-771 in the name of ITT Communications Services, Inc. on July 18, 1989. On August 1, 1989, this order was amended by the Commission to delete any requirements that a new application be made for a change of control of ITT through an acquisition of all the issued and outstanding shares of ITT by Metromedia Long Distance, Inc. (a subsidiary of Metromedia Company, a Delaware general partnership). The stock acquisition was completed August 31, 1989 and notice of same was given to the Commission October 12, 1989. The company changed its name to Communications Services, Inc. and that name was changed December 24, 1990 to Metromedia Communications Corporation and notice of same was filed with the Commission April 4, 1991. Pursuant to an order of the Commission entered March 31, 1992 in Application No. C-918, the name change to Metromedia Communications Corporation was formerly approved.

²Title 291 Neb. Admin. Regs., Ch. 1, Rule 018.03.

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This application is governed by Neb. Rev. Stat. Sections 75-146 and 75-604 and Title 291 Neb. Admin. Regs. Ch. 5, Rule 003.010 (incorporating by reference Rule 002.26).

BY THE COMMISSION

O P I N I O N A N D F I N D I N G S

Upon consideration of the application, the governing statutes and rules, the evidence adduced in the application, and being fully informed, the Commission is of the opinion and finds:

On October 23, 1992, Metromedia and Resurgens signed a letter of intent whereby Metromedia would merge into Resurgens. The surviving entity will change its name to Metromedia Communications Corporation. Immediately following the merger, the former shareholders, option holders, and warrant holders of Resurgens will hold 39% of the fully diluted equity (other than conversion of a note held by Metromedia) of the surviving entity. Metromedia Company, the parent of Metromedia, and an affiliate, John W. Kluge, Trustee, will own 61% of the surviving entity (such percentage does not include conversion of a \$20 million note payable to Metromedia in connection with a loan transaction that occurred in May, 1992). Currently, both MCC and Resurgens subscribers receive telecommunications services pursuant to the respective tariffs filed with the Commission. If the application is granted, a new tariff will be filed on behalf of the new corporate entity re-named Metromedia Communications Corporation.

The parties offer the following rationale for approving this application:

"The market for interLATA long distance telecommunications continues to be dominated by AT&T Communications. Directly related to that dominance are economies of scale and scope realized by AT&T which are not being achieved by other long distance carriers. In the face of such economies favoring the dominant carrier and with the intense competition occurring in the interLATA long distance telecommunications market, it is essential that

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carriers seeking success in this market undertake dramatic steps to achieve cost savings, without undermining the quality of service.

"In order to remain competitive in the long distance market, a number of formerly independent long distance carriers have sought consolidation... In this environment of scope/scale economies and cost-driven consolidations, Applicants believe that the proposed transaction is essential to the maintenance of a viable ongoing position in the long distance telecommunications market. Through an integration of Resurgens' and Metromedia's network facilities, along with the operating efficiencies and service quality improvements expected therefrom, Applicants believe that the competitive position of the newly formed entity will be substantially enhanced. Thus, Commission approval of this transaction will significantly serve the public interest -- through improved service to customers and enhanced competition (which can be expected to lead to improved service for customers of other competing carriers)."

There are no complaints pending against either of the Applicants in Nebraska. Approval of the above-described transfer does not appear to alter or adversely affect the management or policies of the entity which will service Nebraska subscribers. The transaction appears transparent to those subscribers.

The application is fair and reasonable; approval is in the public interest. The application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-969 be, and it is hereby, granted and the Applicants are authorized to merge Metromedia Communications Corporation into Resurgens Communications Group, Inc. with a name change of the surviving entity to Metromedia Communications Corporation. The survivor is hereby authorized to operate as a

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resale carrier of intrastate interexchange interLATA telecommunications services within the state of Nebraska³ and to operate as an alternate operator services provider in both the interLATA and intraLATA telecommunications long distance market in the state of Nebraska⁴.

IT IS FURTHER ORDERED that the change in ownership control of the surviving entity, Metromedia Communications Corporation, by Metromedia Company and affiliate, John W. Kluge, Trustee, with their ownership of 61% in the surviving entity be, and it is hereby, approved.

IT IS FURTHER ORDERED that the transfer of telephone plants of MCC and Resurgens to the surviving entity as part of the merger described in this Application be, and it is hereby, approved.

IT IS FURTHER ORDERED that the certificates of authority previously issued to the Applicants in the Orders referred to in the body of this Order and the tariffs filed by them be, and they are hereby, revoked following the completion of the merger and the issuance of this Order.

IT IS FURTHER ORDERED that the surviving entity shall file, in accordance with the applicable statutes, an annual report with this Commission consisting of (a) a copy of any report filed with the Federal Communications Commission, (b) the annual report to stockholders, and (c) for the State of Nebraska on a combined interstate-intrastate basis, the investment in telephone plant and equipment located within the state, accumulated depreciation thereon, operating revenues, operating expenses, and taxes.

IT IS FURTHER ORDERED that the Applicant file an updated tariff prior to offering service pursuant to the certificate granted in this Order.

³Pursuant to the authority granted to MCC previously.

⁴Pursuant to the authority granted to Resurgens previously.

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IT IS FINALLY ORDERED that this Order be, and it is hereby, made the Commission's official certificate of authority to furnish the service authorized herein as a common carrier.

MADE AND ENTERED at Lincoln, Nebraska this March 22, 1993.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING

Duane D. Gay

//s//Rod Johnson
//s//Daniel G. Urwiller

Daniel G. Urwiller
Vice Chairman

ATTEST:

John W. Sullivan
Acting Executive Director