

KELLEY DRYE & WARREN LLP
A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

ORIGINAL

1200 19TH STREET, N.W.
SUITE 500
WASHINGTON, D. C. 20036

NEW YORK, N.Y.
LOS ANGELES, CA.
MIAMI, FL.
CHICAGO, IL.
STAMFORD, CT.
PARSIPPANY, N.J.

BRUSSELS, BELGIUM
HONG KONG

AFFILIATED OFFICES
NEW DELHI, INDIA
TOKYO, JAPAN

(202) 955-9600

FACSIMILE
(202) 955-9792

WRITER'S DIRECT LINE
(202) 955-9761

WRITER'S E-MAIL
dkughes@kelleydrye.com

May 7, 1998

VIA FEDERAL EXPRESS

Ms. Blanco Bayo
Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

980635-TP

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FLORIDA PUBLIC
SERVICE COMMISSION
MAY -8 10 07
MAIL ROOM

Re: Transfer of Selected Assets from USLD Communications, Inc. to LCI International Telecom, Inc.

Dear Ms. Bayo:

LCI International Telecom Corp. ("LCIT") and its affiliate, USLD Communications, Inc. ("USLD") (jointly referred to as the "Parties"), by their attorneys hereby respectfully notify the Florida Public Service Commission ("Commission") of a transfer of selected assets from USLD to LCIT.

The assets to be transferred consist of USLD's long distance and local exchange service customers, and telecommunications equipment associated with these services. As explained hereafter, the customers subject to the transfer will receive timely notification of the change. Both LCIT and USLD hold operating authority in the State of Florida, and both companies will continue to operate in the State. Therefore, no transfer of certificates, permits or operative rights is subject to this Notification.

LCIT is a Delaware corporation headquartered at 8180 Greensboro Drive, Suite 800, McLean, Virginia 22102. LCIT is an indirect wholly-owned subsidiary of LCI International, Inc. ("LCII"), which is publicly traded on the New York Stock Exchange under the symbol "LCI". Currently, all LCIT shares are held by LCI International Management Services, Inc. ("LCIM"), which in turn is wholly-owned by LCII. LCIT is the sixth largest interexchange company in the nation 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

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FPSC-RECORDS/REPORTING

Ms. Blanco Bayo
May 7, 1998
Page 2

leased from other carriers, and resold telecommunications services. LCIT is authorized to provide intrastate interexchange services in 49 states, including Florida, and the District of Columbia. LCIT received its interexchange authority in Florida on July 26, 1989, in Docket No. 890381-TI (interexchange) and on August 19, 1993, in Docket No. T-93-415 (OSP). LCIT also is authorized to provide local exchange services in 39 states, including Florida. LCIT received its local authority in Florida on May 29, 1996, in Docket No. T-96-116.¹

Founded in 1985, USLD is a Delaware corporation with offices at 9311 San Pedro, Suite 100, San Antonio, Texas, 78216. USLD is a wholly-owned subsidiary of USLD Communications Corp. and USLD Communications Corp. was acquired by LCII on December 22, 1997 in a transaction which was approved by the Commission in Docket No. 971226-TP. USLD is a fully integrated local and long distance telecommunications company that offers a variety of services, including direct dial long distance, prepaid calling cards, travel cards, Internet access, data transmission services, and calling center services, to customers throughout the United States. USLD received its authority to provide telecommunications services in Florida on May 21, 1990, in Docket No. 900056-TI (interexchange) and on May 30, 1997, in Docket No. 970253-TX (local). USLD also is authorized by the FCC to provide interstate and international telecommunications services.

The ultimate parent company of both Parties, LCII, has developed a Plan of Reorganization whereby LCIT will acquire selected assets from USLD. Specifically, LCIT will acquire the following from USLD: (1) a customer list and associated service agreements for long distance direct dial, dedicated access, point-to-point, travel card, data services, toll free service and Local Service customers ("Customer Base"); (2) revenues, reports, documentation and goodwill associated with such Customer Base; and (3) Telecommunications Equipment associated with the operation of the 1+ Dialing Service. USLD will transfer these selected assets to LCIT solely in exchange for issuance of common voting shares in LCIT. Immediately after the transfer of such property to LCIT from USLD, LCIM will hold approximately 92.4 percent of the LCIT common stock, while USLD will own approximately 7.6 percent of the LCIT common stock. No other property or funding will be required of LCIT to complete the transfer. Accordingly, LCIT's financial ability to serve its existing customers, and those transferred from USLD, will not be impaired in any way by the transfer.²

Upon completion of the transfer, both LCIT and USLD will continue to operate as telecommunications service providers in Florida. LCIT will continue to provide a full range of interexchange services and USLD will continue to provide its prepaid calling card, operator

¹ LCII has announced its agreement to be acquired and merge with a subsidiary of Qwest Communications International Inc. ("Qwest"). An application is pending that seeks Commission approval of the resulting transfer of control of LCIT to Qwest (Docket No. 980372-TP).

² Public financial documents filed by LCI International, Inc., including its SEC Form 10-K and Form 10-Q, demonstrate the financial strength of the Parties and will be submitted upon request.

Ms. Blanco Bayo
May 7, 1998
Page 3

services, calling center and related services. The transfer is being effected in order to increase the overall efficiency of the affiliated Parties by folding duplicative operational activities together, in order to conduct such activities more effectively and efficiently. USLD's existing customers will receive LCIT-modified products that will result in the overall customer billing being equal to or less than their current USLD bill. LCIT and USLD will amend their tariffs as necessary to reflect the new or discontinued services. Affected customers will receive timely notice of the transfer, and will not experience any billing increase as a result of the transfer.

Approving the transfer of selected assets from USLD to LCIT is in the public interest. From the perspective of affected customers, their quality of service will be unaltered. In fact, any change in service quality will be improvements that result from increased operational efficiency and a heightened ability to focus corporate resources effectively. Specifically, the transfer will allow the Parties to consolidate network operations, billing systems and customer service systems as required to serve the customers of both companies more efficiently and effectively. The reorganization also will enhance LCIT's and USLD's ability to compete in the market for telecommunications services in Florida. Thus, the transfer will enable both LCIT and USLD to better serve existing and future customers, and will enhance competition in the telecommunications market in Florida.

It is the Parties' understanding that prior Commission approval is not required to consummate the transactions described herein. If this understanding is incorrect, the Parties respectfully request that the Commission notify them as soon as possible. Absent written notice to the contrary within 30 days of the date of this letter, the Parties will assume that their understanding is correct and will proceed with their plans as contemplated.

Respectfully submitted,

**LCI INTERNATIONAL TELECOM CORP. and
USLD COMMUNICATIONS, INC.**

By: 

Brad E. Mutschellnaus
Brian D. Hughes
KELLEY DRYE & WARREN LLP
1200 Nineteenth Street, N.W.
Suite 500
Washington, D.C. 20036

Their Attorneys