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November 7, 2003

NOV 10 2003  
GENERAL COUNSEL

Mr. Thomas N. Dorman  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40601

Re: Notice Only Filing -- Restructuring and Certain Related Intra-Corporate Transactions Undertaken to Consummate Plan of Reorganization Under Chapter 11 of the Federal Bankruptcy Code

Dear Mr. Dorman:

On behalf of WorldCom, Inc. ("WorldCom" or "the Company") and its Kentucky public utility subsidiaries listed on Exhibit 1 hereto (together "WorldCom"), we are pleased to advise you that on October 31, 2003, Judge Arthur Gonzalez of the United States Bankruptcy Court for the Southern District of New York confirmed WorldCom's Plan of Reorganization under Chapter 11 of the Federal Bankruptcy Code (the "Plan").<sup>1</sup> The Judge's action permits the Company to undertake the final steps necessary to consummate the Plan and to emerge from bankruptcy. As we previously advised the Commission, these final steps include certain corporate restructuring and related transactions that are essential aspects of Plan and the Company's emergence from Chapter 11 bankruptcy protection. As none of the ministerial changes described herein require Commission approval<sup>2</sup>, this is a notice only filing and no relief is requested.

For the Commission's reference, this letter describes the internal corporate restructuring that will now take place and notifies the Commission of the Company's plan to

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1 The Plan of Reorganization (Ex. A to WorldCom's May 23, 2003 Disclosure Statement), the Supplement to Debtors' Disclosure Statement, dated July 3, 2003, additional Supplements to the Disclosure Statement, the Debtor's Modified Second Amended Joint Plan of Reorganization, dated October 21, 2003, and related documents are publicly available on-line at <http://global.mci.com/news/infodesk>.

2 In Administrative Cases 359 and 370, the Commission determined pursuant to KRS 278.512 and 278.514 to eliminate the requirement that IXCs and CLECs seek Commission approval prior to changes in control otherwise requiring approval under KRS 278.020(4) and (5). Moreover, the Commission has typically found that intra-corporate transactions such as those described herein are not changes in control under the statute.

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cancel the tariff of Metropolitan Fiber Systems of Kentucky, Inc. ("MFS") and the local exchange tariff of MCI WorldCom Communications, Inc. ("MCIW"), whose operations will be consolidated with those of MCImetro Access Transmission Services LLC ("MCImetro") as part of the reorganization. MCImetro will shortly be filing with the Commission an adoption notice and will then make appropriate tariff changes to reflect this internal corporate consolidation, which is described more fully below.

### **DESCRIPTION OF THE REORGANIZATION**

WorldCom is currently a global telecommunications company organized and existing under the laws of the State of Georgia with its principal places of business located at 22001 Loudoun County Parkway, Ashburn, Virginia 20147. Through various operating subsidiaries, including the Kentucky operating subsidiaries identified in Exhibit 1, the Company provides international and domestic interstate, intrastate and local telecommunications services in each of the 50 states and the District of Columbia.

On July 21, 2002 and November 8, 2002, WorldCom, Inc. and 221 of its direct and indirect domestic subsidiaries (the "Debtors") commenced cases under Chapter 11 of the United States Bankruptcy Code in the Bankruptcy Court in the Southern District of New York.<sup>3</sup> The Company's operating subsidiaries have continued to operate their utility businesses, in Kentucky and elsewhere, without interruption during the Chapter 11 reorganization proceedings. The Company has not discontinued or diminished its service to utility customers, despite its bankruptcy filing.

The recently approved Plan of Reorganization will reorganize WorldCom's capital structure. WorldCom is the parent company of various operating subsidiaries; it offers no services directly to the public and holds no certificates of public convenience and necessity issued by the Commission. Under the Plan, WorldCom's existing common stock and debt will be cancelled and holders of certain classes of claims against the Debtors will receive, in full and complete satisfaction of their claims, newly issued stock in and/or notes of New MCI (as defined below). In addition, holders of some classes of claims will receive cash payments in full or partial satisfaction of their claims.

WorldCom, Inc. will be reincorporated as a Delaware corporation and renamed MCI, Inc. To effectuate the reincorporation, the WorldCom holding company will be merged into a wholly-owned subsidiary that is incorporated in Delaware, with the subsidiary remaining as the surviving company. At the time of emergence, the subsidiary will change its name to MCI, Inc. ("New MCI"). New MCI will be authorized to issue up to 2 billion shares of new common stock, and between \$4.5 and \$5.5 billion of new notes to holders of Allowed Claims. New MCI will continue to be a widely-held public corporation. No single security

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<sup>3</sup> *In re WorldCom, Inc.*, Case No. 02-13533 (AJG) (S.D.N.Y.).

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holder will exercise either *de jure* or *de facto* control over New MCI. New MCI, like its predecessor WorldCom, Inc., will offer no services to the public and will hold no certificates issued by this Commission. The current officers of WorldCom will continue to serve as the officers of New MCI.

As another critical part of the reorganization, many of the existing operating subsidiaries and holding company subsidiaries will be merged or dissolved. This streamlining is intended to achieve operating efficiencies, cost savings, and administrative benefits. The more efficient structure also will reduce duplication of effort and confusion in the New MCI's dealings with regulators, other government agencies, vendors, and customers. As described below, this consolidation process will affect only two of WorldCom's operating subsidiaries in Kentucky; the Company's other operating subsidiaries in Kentucky will not be affected.

There are three subsidiaries of WorldCom currently operating as competitive local exchange carriers ("CLECs") in Kentucky. In addition, in Case No. 94-093, MFS was granted authority as a provider of private line and special access services. Each of these subsidiaries currently has separate authority and files its own tariffs separate from the other subsidiaries. The consolidation of CLEC operations envisioned by the Plan of Reorganization will result in the merger of most CLEC operations into MCImetro. MCImetro is the entity that is best known for providing the residential "Neighborhood" service. It will now be the primary entity providing residential and business local services for New MCI. Specifically, the operational consolidation will incorporate the following transactions:

- MFS will be merged into MCImetro and will no longer offer service in Kentucky. Therefore, as noted above, MCImetro is filing an adoption notice and will file tariff revisions so that all current customers will continue to receive service under the same rates, terms, and conditions as they currently enjoy. Insofar as MFS will no longer be providing service following the consolidation, WorldCom requests that the MFS tariff be cancelled by the Commission effective January 1, 2004, or upon the tariff changes becoming effective, whichever date is later.
- The CLEC operations of MCIW will also be merged into MCImetro, and appropriate tariff revisions will be made to incorporate its existing local rates and services into MCImetro's tariff. MCIW currently concurs in the MCImetro Kentucky tariff. This will make the tariff revision process quite simple. In contrast to the other CLEC mergers, however, MCIW will continue to operate as an interexchange carrier and offer long distance service pursuant to its existing authority and tariff following the

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consolidation. Therefore the Company is not requesting that its authority be cancelled.

- The CLEC operations of Intermedia Communications, Inc. ("ICI") will not be consolidated into MCImetro at this time. Instead, ICI will be merged into a newly-formed, wholly-owned subsidiary of New MCI at the time of emergence, but there will be no change to the rates, terms and conditions of the services being provided to Intermedia customers as a result of that restructuring.

The changes described herein are ministerial and will be transparent to customers. However, any affected customers will receive prior notice of all of these organizational changes, and this Commission will be able to review the tariff revisions to ensure that customers' rights are fully protected. A "before and after" organizational chart is attached hereto as Exhibit 2 to illustrate the organizational changes.

The Company's Plan for emergence from bankruptcy will not change the Commission's jurisdiction over any of its regulated operations. The services, rates, terms, and conditions of service provided to the customers of MCI's utility subsidiaries will remain subject to the jurisdiction of the Commission to the same extent as before emergence. New MCI's subsidiaries will continue to file tariffs, notices, and reports with state commissions, as appropriate, regarding all of their intrastate services.

#### CONCLUSION

An original and four copies of this letter are enclosed. Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed, stamped envelope. Please do not hesitate to contact us if the Commission has any questions regarding the reorganization.

Respectfully submitted,



Douglas F. Brent

**Exhibit 1**

**KENTUCKY OPERATING SUBSIDIARIES**

UTILITY NUMBERS ARE LISTED FOR EACH SUBSIDIARY

**AFFECTED**

Metropolitan Fiber Systems of Kentucky, Inc. 5106000

MCI WorldCom Communications, Inc. 44451325\* (local exchange tariff only)

**UNAFFECTED**

Intermedia Communications, Inc. 22251221 (CLEC), 5122100 (IXC)

MCI metro Access Transmission Services LLC 5200700 (CLEC), 22252007 (IXC),  
33352007 (operator services)

MCI WorldCom Communications, Inc. 5132500 (IXC), 22251325 (operator services)

MCI WorldCom Network Services, Inc. 22205118 (IXC)

SouthernNet, Inc. d/b/a Telecom\*USA 22213504 (IXC and operator services)

TTI National, Inc. 5122700 (IXC)

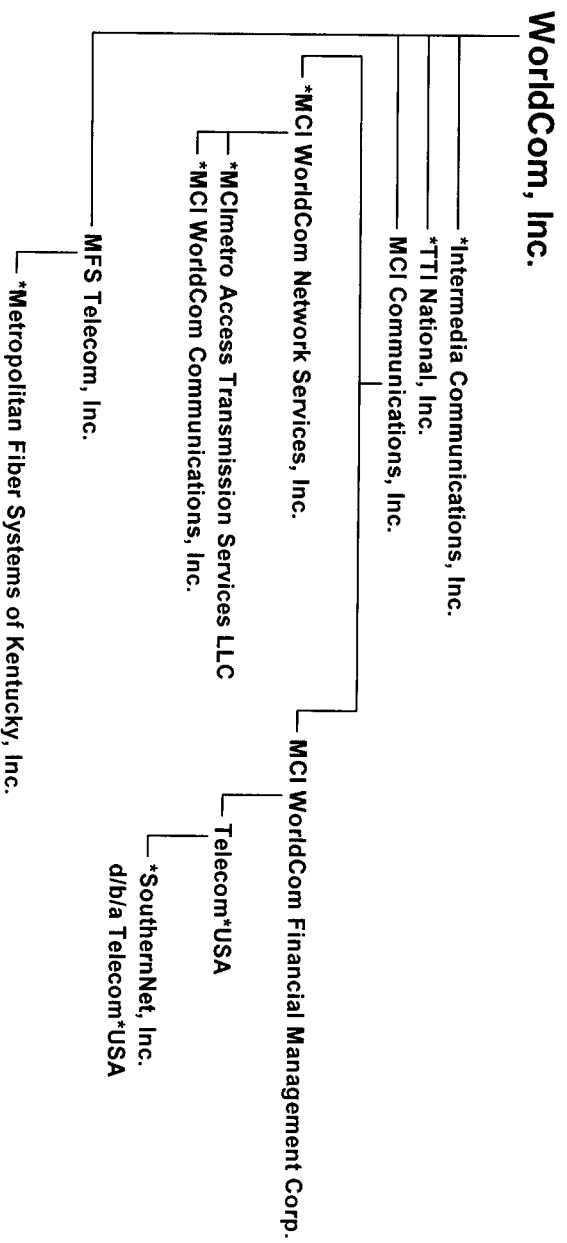
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\* The Commission's online records show this utility number as having been cancelled. However, an effective tariff and approved interconnection agreement are on file with the Commission. The transfer of operations described herein will resolve any apparent inconsistency in the Commission's records.

**Exhibit 2**

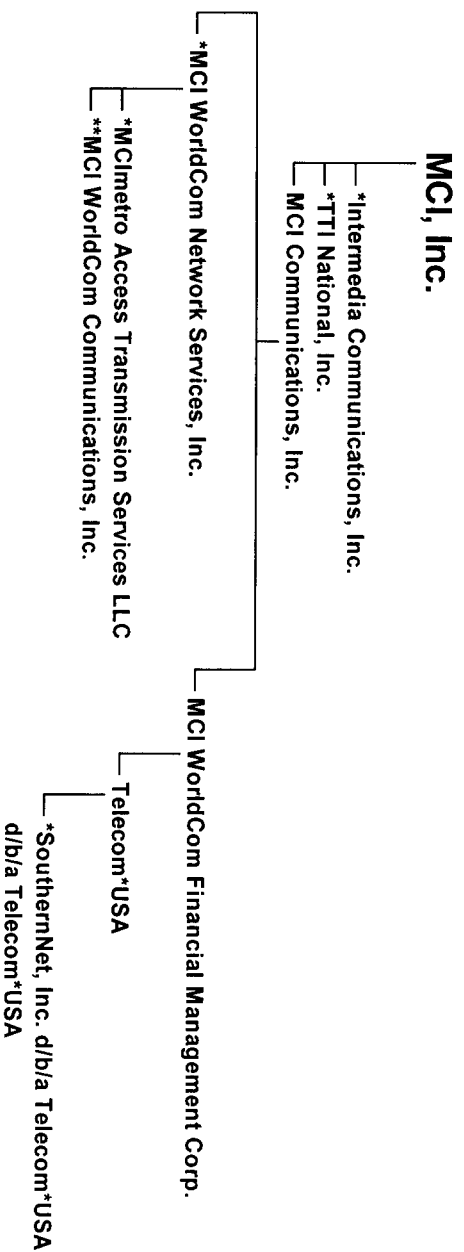
# Kentucky

## Pre-Reorganization Structure



\* Denotes entities regulated by Commission

# Kentucky Post Reorganization Structure



\*Denotes entities regulated by Commission

\*\*CLEC operations only to be merged with  
MCImetro Access Transmission Services LLC –  
Interexchange operations remain with  
MCIWorldCom Communications, Inc.