

ALJ/MFG/jft

Decision 92 10 001 OCT 2 1992

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint application of Metromedia  
Communications Corporation (U-5041-C)  
and Metromedia HotelNet, Inc. (U-5203-C)  
for consent and authority to merge  
and consolidate and related matters.

Application 92-07-014  
(Filed July 7, 1992)

O P I N I O N

By this application Metromedia Communications Corporation (MCC) and Metromedia HotelNet, Inc. (HotelNet) seek authority for MCC to merge with HotelNet, resulting in MCC remaining as the surviving corporation.

Notice of this application appeared in the Commission's Daily Calendar of July 13, 1992. No protests were received; therefore, a public hearing is not necessary.

MCC, a Delaware corporation qualified to do business in California, received authority to provide California intrastate long distance services pursuant to Decision (D.) 84-06-113.

HotelNet, a Colorado corporation qualified to do business in California, received authority to provide California intrastate telecommunication services as Chernow Communications, Inc. pursuant to D.90-05-021. Currently, HotelNet has no tariffs on file with the Commission.

By its September 15, 1992 clarification letter incorporated into the record as a supplement to its application, HotelNet does not currently provide intrastate service. Instead, pursuant to an agreement between HotelNet and its affiliate MCC, intrastate calls placed by HotelNet's California customers are carried and billed by MCC pursuant to rates, regulations, and rules published in MCC's California tariff. Once merged, MCC, as the surviving entity, will offer service to both MCC's and HotelNet's customers pursuant to MCC's currently filed tariffs.

MCC and HotelNet are presently indirectly wholly owned subsidiaries of Metromedia Company, which wholly owns MLD Holdings, Inc. Appendix A to this order compares the corporate structure of Metromedia Company and MLD Holdings, Inc. before and after the merger.

MCC will continue to provide service to the customers of the merged entity with no changes in service or management. The primary intent of the merger is to seek organizational efficiencies. MCC will primarily benefit from the specialized expertise of HotelNet in the provision of operator service. In turn, HotelNet will primarily benefit from the broader resources of MCC. The merger of HotelNet into MCC will not change the nature of services presently being offered to MCC and HotelNet customers.

The merger is in effect an intra-company reorganization rather than a typical merger negotiated on an arm's length basis. Therefore, there is no sales agreement within the meaning of Rule 36(b). All of the assets, liabilities, and shares of the disappearing corporation, HotelNet, will be transferred to MCC. No cash or other form of compensation will change hands.

It can be seen with certainty that the proposed merger will not have an adverse impact on the environment because the proposed merger involves only an intra-company reorganization.

Pursuant to Ordering Paragraph 1 of D.87-10-035, this application should be approved by the Executive Director on an expedited basis because this application is noncontroversial and because applicants are nondominant telecommunications carriers. The ordering paragraph provides in relevant part that:

"...the Executive Director [may] grant noncontroversial applications by nondominant telecommunications carriers and radiotelephone utilities for authority to transfer assets or control under §§ 851-855 of the Public Utilities Code."

Findings of Fact

1. MCC and HotelNet seek authority to merge HotelNet into MCC.
2. No protests to the application have been received.
3. A public hearing is not necessary.
4. HotelNet received authority to provide intrastate telecommunications service as Chernow Communications, Inc.
5. HotelNet has no tariffs on file with the Commission.
6. Intrastate calls placed by HotelNet's California customers are carried and billed by MCC pursuant to MCC's filed tariffs.
7. MCC will be the surviving entity.
8. It can be seen with certainty that the proposed merger and consolidation will not have an adverse impact on the environment.
9. Public convenience and necessity require the granting of this application to be effective on the date signed.
10. The Executive Director may grant noncontroversial applications by nondominant telecommunications carriers and radiotelephone utilities for authority to merge and consolidate utilities under Public Utilities Code §§ 851-855.

Conclusion of Law

The application for authority to merge and consolidate should be granted.

This authority is not a finding of the value of the rights and property to be merged and consolidated.

ORDER

IT IS ORDERED that:

1. On or after the effective date of this order, Metromedia HotelNet, Inc. (HotelNet) may merge and consolidate into Metromedia

Communications Corporation, Inc. (MCC) in accordance with the terms described in the application.

2. HotelNet and MCC shall jointly notify the Commission Advisory and Compliance Division Director in writing of the actual merger date as authorized herein, within 10 days after the merger.

3. MCC and its affiliate companies which transact business with MCC shall, upon Commission staff request, make all books and records available for review and inspection.

4. When the authorized merger is completed and the conditions of this order are fulfilled, including the payment of all fees due under Public Utilities Code § 431 to the date of merger, HotelNet, formerly known as Chernow Communications, Inc., shall be relieved of its public utility obligations for the transferred telecommunications system and its Corporate Identification No. U-5203-C shall be canceled.

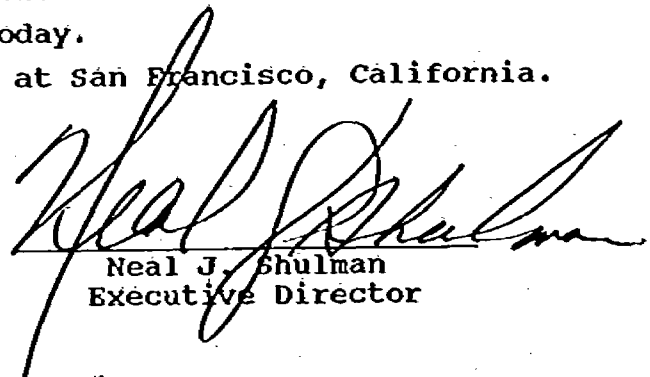
5. MCC shall continue to use its existing Corporate Identification No. U-5041-C. The number shall appear in the caption of all pleadings filed in existing cases with the Commission.

6. The authority granted in Ordering Paragraph 1 shall expire if not exercised within 12 months after the effective date of this order.

7. Application 92-07-014 is closed.

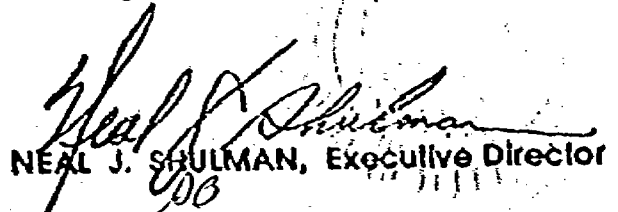
This order is effective today.

Dated OCI 2 1992, at San Francisco, California.



Neal J. Shulman  
Executive Director

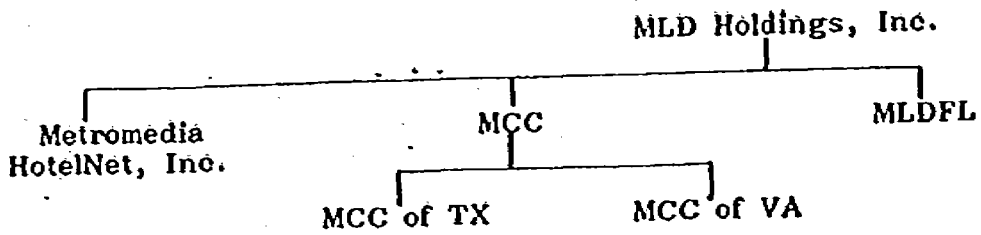
I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY



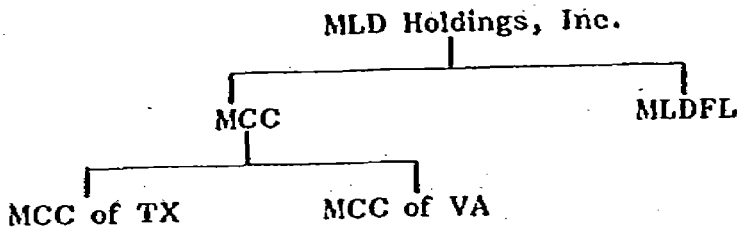
NEAL J. SHULMAN, Executive Director

APPENDIX A

The current structure of Metromedia Company is as follows:



The chart below illustrates the structure of the long distance operations post merger:



(END OF APPENDIX A)