

In the Matter of the Application of WORLDCOM,)
INC., for Approval to Transfer Control of MCI)
COMMUNICATIONS CORPORATION to)
WORLDCOM, INC.)

DOCKET NO. 97-2245-02
(TENTATIVE)
REPORT AND ORDER

ISSUED: January 14, 1997

SYNOPSIS

Applicant, a certificated telephone corporation, sought Commission approval for a merger with another certificated telephone corporation. The Commission found that Applicant had made out a prima facie case in support of the proposal, and since no protests of the proposal have been filed, the Commission issued its Tentative Report and Order approving the same. The Commission rejected a Petition for Intervention, since the Applicants asked that the matter be handled as an informal proceeding, which the Commission found was appropriate, and such disposition, by statute, precludes intervention, and in any event, the proposed intervenor's allegations in support of the same were too vague for the Commission to determine the utility of allowing such intervention.

Appearances:

Jean L. Kidoo, Kathy L. Cooper, Patricia Salazar Ives	For	WorldCom, Inc.
William Levis	"	MCI Communications Corporation
Gregory B. Monson, Tom Dethlefs	"	U S West Communications, Inc.

By the Commission:

PROCEDURAL HISTORY

By Application filed October 17, 1997, and modified by letter filed December 3, 1997, WorldCom, Inc., (hereafter "WorldCom") and MCI Communications Corporation, (hereafter "MCI") seek Commission approval of a merger of the two entities, as approved by the two entities' respective Boards of Directors, MCI to become a wholly-owned subsidiary of WorldCom. The applicants asked that the matter be resolved in an informal proceeding. By petition filed December 19, 1997, U S West Communications, Inc., (hereafter "USWC") seeks intervention in the proceeding. The Administrative Law Judge, having been fully advised in the matter, now enters the following Report, containing proposed Findings of Fact, Conclusions of Law, and the Order based thereon.

FINDINGS OF FACT

1. WorldCom is a Georgia corporation publicly traded on the NASDAQ Stock Market under the stock symbol WCOM. Its principal offices are located at 515 East Amite St., Jackson Mississippi, 39201-2702. It is a global telecommunications company with operating subsidiaries offering services throughout the United States and in more than 50 countries worldwide, providing a wide variety of facilities-based and resold local, long distance, and international voice and data communications services. Through its operating subsidiaries, WorldCom is authorized to offer intrastate telecommunications services nationwide, including in the State of Utah, and is authorized by the FCC to offer domestic interstate and international services as a non-dominant carrier nationwide.

2. MCI is a Delaware corporation publicly traded on the NASDAQ Stock Market under the symbol MCIC. Its principal offices are located at 1801 Pennsylvania Avenue, N.W., Washington, D.C. 20006-3606. MCI's operating subsidiaries offer a variety of local, long distance, and international voice and data communications services nationwide. Through its operating subsidiaries, MCI is authorized to provide intrastate interexchange services throughout the United States, including the State of Utah. MCI also is authorized to provide local telephone and competitive access services primarily through its operating subsidiary, MCImetro Access Transmission Services, Inc., in more than 30 states, including the State of Utah. MCI's non-dominant operating subsidiaries are also authorized by the FCC to offer domestic interstate and international services nationwide.

3. U S West Communications, Inc., is a telephone corporation certificated by this Commission, and is the Incumbent Local Exchange Carrier (ILEC) in the State of Utah.

4. WorldCom is financially well-qualified to consummate the proposed transaction. WorldCom is the nation's fourth largest interexchange carrier and, in 1996, had revenues of approximately \$4.5 billion. Although it had negative net income in 1996, principally because of the one-time expenses associated with its acquisitions of Choice Communications, BLT Technologies, and MFS-CC, it is showing positive net income in the first two quarters of 1997, according to its latest 10-Q filings with the SEC.

5. WorldCom's managers are highly skilled, having acquired extensive experience in all areas of the telecommunications industry. Using their experience and expertise, the WorldCom companies have developed innovative marketing strategies which, in conjunction with effective financial and operational measures, have resulted in substantial growth and performance in revenues and service.

6. WorldCom and its affiliate companies have demonstrated that they possess the technical capability to provide local service on a resale basis. These companies offer a wide range of high quality interexchange services throughout the State of Utah, the United States and in foreign countries. WorldCom has been one of the leading providers of facilities-based competitive local exchange service as well as its expansive long distance network. Its network, both local and long distance, makes use of Signaling System 7 and fiber optic technology across the country.

7. The Division of Public Utilities, Utah Department of Commerce, supports granting the Application.

DISCUSSION

WorldCom and MCI filed their joint application pursuant to §§ 54-4-28 and 29 UCA 1953, as amended, which in substance require Commission approval of mergers of utilities operating in the same line of business. The only criterion for such approval is that the transaction be in the public interest.

We believe that consummation of the proposed transaction will indeed serve the public interest since, combined, the two companies will accelerate competition by creating a company with the capital, marketing abilities, and state-of-the-art network to compete against incumbent carriers. By competing more effectively and efficiently, the Applicants will be able to invest in facilities, customer service, and technological innovation. Utah consumers will benefit by having better service and lower rates.

Since we believe the advancement of the public interest is evident, and no opposition to the merger has surfaced, nor, in our estimation, is likely, we believe that the matter is appropriate for conversion into an informal proceeding pursuant to § 63-46b-4(3), UCA 1953, as amended, and that the application of our Rule 746-110, Utah Administrative Code, providing for the summary disposition of uncontested matters, is likewise appropriate.

Our conclusion is not altered by USWC's Petition to Intervene. The petition in question states that the proposed intervenor "takes no position" on the application, and that USWC wishes to "present its position on issues that arise" in the proceeding. Since we believe the sole issue is the public interest, and we believe the record in that regard militates overwhelmingly in Applicants' favor, and the usefulness to the Commission of having USWC's advice is not specified, and is not self-evident, we believe the Petition for Intervention should be denied. Furthermore, since we propose to convert the matter into an informal proceeding, intervention is precluded by § 63-46b-5(1)(g), UCA 1953, as amended.

CONCLUSIONS OF LAW

This matter should be converted into an informal proceeding, and USWC's Petition for Intervention should be denied as being precluded by statute, and as being, in any event, too vague and uncertain to aid the Commission in its determination of this matter. The Application is in the public interest within the meaning of §§ 54-4-28 and 29 UCA 1953, as amended, and should be granted summarily pursuant to Rule 746-110, Utah Administrative Code.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

This matter be, and it is, converted into an informal proceeding.

The application for approval of merger of WORLDCOM, INC., and MCI COMMUNICATIONS CORPORATION be, and it is, approved, effective TWENTY (20) DAYS from the date of this Order, subject, nevertheless, to the provisions of the next succeeding paragraph.

Any person may file a protest hereto prior to its effective date, and if the Commission finds such protest to be meritorious, the effective date shall be suspended pending further proceedings. Absent such meritorious protest, the Order shall be effective without further Commission action.

Any person aggrieved by this Order may petition the Commission for review within 20 days of the date of this Order. Failure so to do will forfeit the right to appeal to the Utah Supreme Court.

DATED at Salt Lake City, Utah, this 14th day of January, 1998.

/s/ A. Robert Thurman
Administrative Law Judge

Approved and Confirmed this 14th day of January, 1998, as the Report and Order of the Public Service Commission of Utah.

/s/ Stephen F. Mecham, Chairman

(SEAL) /s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary