DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

STEPHANIE MILLER

DAVE SCHUNKE

JOE CUSICK

BEV BARKER

DAVID SCOTT

WORKING FILE

KAREN SNYDER

FROM:DON HOWELL

DATE:OCTOBER 23, 1997

RE:WORLDCOM, INC.’S NOTIFICATION OF ITS PROPOSED ACQUISITION OF MCI TELECOMMUNICATIONS CORPORATION

On October 21, 1997, WorldCom, Inc. filed a “Notification” advising the Commission that WorldCom proposes to acquire MCI.  WorldCom has offered MCI a proposal to acquire all the issued and outstanding stock of MCI.  If the WorldCom offer is accepted, MCI would become a wholly-owned subsidiary of WorldCom.  Both MCI and WorldCom are Title 62 interexchange carriers providing services in Idaho.  In addition, both companies have requested that the Commission issue them Certificates of Public Convenience and Necessity to provide Title 61 telecommunication services.  See Case Nos. GNR-T-97-15 (WorldCom) and GNR-T-97-1 (MCI Metro).

The Notification

In its notification letter (attached), WorldCom states that it understands “that prior Commission approval is not required for the merger described herein.”  Notification at 1.  WorldCom indicates that it is a global telecommunications company providing service throughout the United States and in more than fifty countries.  WorldCom concludes that absent notification to the contrary, it will proceed on its “understanding that no approval or other formal action with respect to the proposed merger is required by the [Idaho] Commission.”  Id. at 5.

Staff Analysis

Given the nature of this transaction, Staff believes that no formal proceedings are necessary in this particular case.  Traditionally, the acquisition, merger or disillusionment of Title 62 carriers merely requires a notification to the Commission.  In addition, neither company has been issued a Certificate of Public Convenience and Necessity to provide Title 61 basic local exchange services in Idaho.  If one Certificate had been approved and it was the desire of the companies to transfer the Certificate from one to another, then the Commission might have been required to initiate a proceeding to transfer the Certificate.  However, given the fact that neither company currently holds a Certificate, Staff believes that it is appropriate to advise WorldCom that no additional proceedings are contemplated.  If the transaction is consummated, then the companies can merely advise the Commission of their desires regarding the outstanding Certificate Applications.  Staff recommends that this item be approved via consent.

Commission Decision:

Does the Commission agree with the Staff’s recommendation that no further proceedings are necessary regarding the merger of WorldCom and MCI?

Don Howell

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