

Service Date: October 2, 1996

Department Of Public Service Regulation  
Before The Public Service Commission  
Of The State Of Montana

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IN THE MATTER of the Application )  
for Authority of HIJ Corporation to )  
merge into MFS Communications )  
Inc. )

UTILITY DIVISION  
DOCKET NO. 96.9.151  
DEFAULT ORDER NO. 5946

On September 9, 1996 WorldCom, Inc. (WorldCom) filed an application with the Montana Public Service Commission (Commission) seeking approval to merge HIJ Corp., a wholly-owned subsidiary of WorldCom, into MFS Communications Company, Inc. (MFSCC).

WorldCom is a publicly traded Georgia corporation. WorldCom is a non-dominant telecommunications company which provides a full array of domestic and international long distance voice and data communications services to business and residential customers. WorldCom and its operating subsidiaries are authorized to offer intrastate interexchange services in 48 states, including Montana, and are authorized by the FCC as non-dominant carriers to offer domestic interstate and international services nationwide.

MFSCC, a publicly traded Delaware corporation, is authorized to provide interstate and international long distance services throughout the United States. MFS Intelenet of Montana, Inc., the Montana operating subsidiary of MFSCC, is authorized to provided resold telecommunications services exempt from Montana regulation.

Pursuant to this proposed transaction, stockholders of MFSCC will exchange each issued and outstanding share of common stock of MFSCC for 2.1 shares of WorldCom common stock. After the completion of the

transaction, MFSCC, as the surviving entity, will become a wholly-owned subsidiary of WorldCom. WorldCom and MFSCC will hold meeting of their shareholders to obtain approval of the proposed merger. Following the transactions, WorldCom's Board of Directors will be comprised of an odd number of directors, with World Com designating one more director than MFSCC.

The proposed transaction will not involve a change in the manner in which the companies provide telecommunications services. According to the applicant, the transaction will cause no inconvenience or confusion to MFSCC's customers in terms of the services that they receive.

The Applicant believes that the transaction is in the public interest because by merging the two entities and establishing MFSCC as a wholly-owned subsidiary of WorldCom, they will realize significant economic and marketing efficiencies and enhancements. After completing the transaction MFSCC management personnel will continue to be involved in the management of MFSCC.

WorldCom expects that the combined entity will offer its customers a full range of competitively priced services, thereby increasing competition in the local, long distance, Internet and international market sectors. WorldCom also anticipates that by combining both their resources and experienced management, the merger of WorldCom and MFSCC will allow companies to offer consumers a viable alternative to the most powerful players in the telecommunications market.

#### ANALYSIS

The Commission finds, based on the application, that the proposed acquisition is in the public interest, and therefore, should be approved. MFSCC will have access to additional operating and administrative expertise that will enable them to continue providing quality service to its customers.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the sale or acquisition of public utilities that provide intrastate “regulated telecommunications services” as defined in § 69-3-803(3), MCA.

2. The Commission has jurisdiction over all utility activities which affect a utility’s duty to render “reasonably adequate services and facilities” at “reasonable” and “just” rates. § 69-3-201, MCA.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. Effective immediately, the proposed merger between HIJ Corporation, a wholly-owned subsidiary of WorldCom, and MFS Communications Company, Inc. is approved.

2. Approval of the proposed transfer does not constitute determination or approval of any ratemaking issues.

DONE IN OPEN SESSION at Helena, Montana, this 30th day of September, 1996, by a 5 to 0 vote.

**BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION**

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**NANCY McCAFFREE, Chair**

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**DAVE FISHER, Vice Chair**

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**BOB ANDERSON, Commissioner**

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**DANNY OBERG, Commissioner**

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**BOB ROWE, Commissioner**

**ATTEST:**

**Kathlene M. Anderson  
Commission Secretary**

**(SEAL)**

**NOTE:** Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.