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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 16th
day of July, 1997.

In the Matter of the Joint Application of)
Intellicall Operator Services, Inc., and WorldCom,) Case No. TM-97-499
Inc., for Authority to Transfer Selected Assets.)
)

ORDER GRANTING MOTION FOR EXPEDITED TREATMENT
AND APPROVING SALE

On May 13, 1997, Intellicall Operator Services, Inc. (IOS) and WorldCom, Inc. (WorldCom) filed a Joint Application for authority from the Commission to transfer certain assets related to its operator services business from WorldCom to IOS under Section 392.300, RSMo.¹ WorldCom and IOS will continue to provide telecommunications services, including operator services, in Missouri after the transfer of assets is complete. IOS is a Delaware corporation which operates as a reseller of "1+" interexchange services in 43 states, including Missouri. IOS is authorized to provide operator services in 38 states, including Missouri. IOS was granted service authority on August 18, 1992 in Case No. TA-92-210. WorldCom is a Georgia corporation and is the fourth largest long distance telecommunications company in the United States, providing a wide array of telecommunications services through its network of fiber optic cables, digital microwave, and fixed and transportable satellite earth stations. WorldCom is authorized to provide telecommunications services in 48 states, including Missouri.

¹ All statutory references are to Revised Statutes of Missouri 1994.

The application states that WorldCom has agreed to sell certain network and other associated assets to IOS which assets are currently used by WorldCom in providing operator-assisted services. The assets to be acquired by IOS include: (1) certain customer premises equipment used to provide operator services at correctional facilities; (2) billing and collections assets; (3) operations and service contracts; (4) a nonexclusive limited license to WorldCom's OPUS software for a period of 25 years; (5) leases on Operator Call Center facilities with associated leasehold improvements, as well as the furniture, fixtures and equipment located therein; (6) premises leases for offices solely dedicated to WorldCom's operator services business, including furniture, fixtures and equipment located therein; (7) trade secrets, customer lists and all other rights and documents owned, required or incident to the operations of WorldCom's operator services business, including a three-month limited license to the trade or service name "WorldCom's Operator Services"; (8) other miscellaneous assets of WorldCom used primarily in WorldCom's operator services business including, but not limited to, computer equipment, computer software, telephone hardware, electrical equipment, wiring, supplies, copiers, postage machines, vehicles and other fixed assets of WorldCom's operator services business; and (9) WorldCom's DEX Switches (600E) located in Los Angeles, California and Dallas, Texas. According to the application the estimated value of the assets to be transferred is \$23 million, which will be paid for with a combination of cash and stock.

The applicants assert that the proposed transfer of assets will be transparent to consumers in Missouri and will not adversely affect the provision of telecommunications services in Missouri. IOS will assume all agreements between WorldCom and its aggregator customers, and end users in

Missouri will thereafter receive service under IOS's tariff. Thus, customers accessing IOS's network in Missouri will continue to receive high quality services at competitive rates. IOS asserts that it will incorporate the service offerings, rates, terms and conditions offered by WorldCom into its tariff as necessary to minimize the impact of the transaction on consumers in Missouri. The applicants state that the transaction will enable IOS to expand its operator services business as required to achieve the desired economies of scale and the transaction will enable WorldCom to restructure and reposition its existing operator services business.

On May 29 the applicants filed a Motion For Expedited Treatment in which the applicants indicate that the transaction is scheduled to close on July 31, and for that reason they request expedited treatment. On June 20 the Staff of the Missouri Public Service Commission (Staff) filed a memorandum to the official case file.

Staff recommends that the Commission approve the proposed transaction. Staff believes the public interest will be served as a result of the sale of assets because of the operating efficiencies gained through IOS's ability to take advantage of increased economies of scale. The Staff also recommends that the Commission grant IOS authority to incur debt obligations as necessary to consummate the transaction.

The applicants have not submitted a deadline for IOS to adopt appropriate WorldCom tariff language. Thus, Staff requests that the Commission order the applicants to have all of WorldCom's former customers transferred to IOS's tariff within 90 days of the effective date of the Commission's order, and that IOS file appropriate changes to its tariff to complete the proposed transaction. The Staff further states that under

Section 392.500, IOS should notify the Commission of any rate changes and the customers of any proposed rate increases.

The Commission has reviewed the Application and Staff's memorandum and finds that the proposed sale is not detrimental to the public interest. The Commission shall approve the proposed transaction and order that all of WorldCom's former customers be transferred to IOS's tariff no later than October 27, 1997. In addition, IOS and WorldCom should make changes to their tariffs to reflect the changes in available services occurring as a result of this transaction. These tariff revisions should be submitted and processed as 30-day tariff filings rather than tariffs filed in compliance with this order.

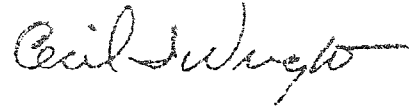
The Commission finds that the applicants' Motion For Expedited Treatment is reasonable and should be granted.

IT IS THEREFORE ORDERED:

1. That the Motion For Expedited Treatment filed by Intellicall Operator Services, Inc. and WorldCom, Inc. is granted.
2. That the Joint Application filed by Intellicall Operator Services, Inc. and WorldCom, Inc. is approved.
3. That Intellicall Operator Services, Inc. is granted authority to incur debt obligations necessary to consummate this transaction.
4. That former customers of WorldCom, Inc. be transferred to Intellicall Operator Services, Inc. no later than October 27, 1997.
5. That Intellicall Operator Services, Inc. and WorldCom, Inc. make changes to their tariffs to reflect the changes in available services occurring as a result of this transaction.

6. That this order shall become effective on July 28, 1997.

BY THE COMMISSION

A handwritten signature in cursive script, appearing to read "Cecil I. Wright".

**Cecil I. Wright
Executive Secretary**

(S E A L)

Zobrist, Chm., Crumpton,
Drainer, Murray and Lumpe,
CC., concur.

ALJ: Luckenbill