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October 20, 2006

Ms. Carole J. Washburn, Executive Secretary  
Washington Utilities and  
Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
Olympia, Washington 98504-7250

**Re: Docket No. UT-050814**

Dear Ms. Washburn:

Paragraph 171 of Order No. 7 in Docket No. UT-050814 (“Merger Order”), which approved the merger of Verizon Communications Inc. (“Verizon”), and MCI, Inc., directs Verizon Northwest Inc. (“Verizon NW”) to provide a summary of any plan it might have for conducting its merged operations in Washington (“Operations Filing Requirement”). As Verizon NW has previously noted, Verizon NW’s parent company, Verizon, and its subsidiaries do not have, and likely will not have, an overall plan for “merged operations” that can be summarized in a single document as of a particular date. Verizon NW noted as much in two filings (dated March 17, 2006 and June 2, 2006) informing the Commission of tariff changes affecting post-merger operations. Verizon NW made those notifications to comply with the Operations Filing Requirement in the absence of an overall plan that could be summarized in a single document as of a particular date.

Nonetheless, because the Commission issued the Operations Filing Requirement in response to Public Counsel’s concern that Verizon “should be prevented from operating its MCI subsidiary within Verizon’s Washington service area in a manner which would allow Verizon to circumvent Verizon’s Washington tariffs” (Merger Order at paragraph 168) and in response to concerns expressed by Public Counsel with regard to the approach taken by Verizon NW in its filings to notify the Commission as decisions are made, Verizon provides this letter to offer some additional background on its post-merger operations and to assure the Commission that Verizon NW’s Washington tariffs have not been circumvented in any manner. In the merger docket, Public Counsel expressed concern about the possibility that Verizon may operate competitive telecommunications companies in a manner “to contravene requirements imposed by law on Verizon NW.” (Merger Order at Paragraph 169). As explained below, that has not occurred, and – if anything – Verizon has taken steps in the opposite direction through efforts to concentrate the provision of certain mass market services in the Verizon NW service territory through the heavily regulated Verizon NW entity.

As a threshold matter, Verizon NW's legal structure and status have not changed. Verizon NW remains a wholly-owned subsidiary of Verizon; has not merged with any other entity; and remains Verizon's ILEC entity in Washington. Upon the January 6, 2006, closing of the Verizon/MCI merger, the holding company MCI, Inc. became MCI, LLC, a wholly owned subsidiary of Verizon. MCI, LLC has four operating subsidiaries authorized to provide service in Washington:

- MCImetro Access Transmission Services, Inc. ("MCImetro");
- MCI Communications Services, Inc. ("MCI Communications");
- Teleconnect Long Distance Services and Systems d/b/a Telecom USA; and
- TTI National, Inc.

Each of these operating entities previously was a wholly owned subsidiary of MCI, Inc. Although their corporate parent has changed, none of these companies has merged with any other entities.

MCImetro is the entity through which MCI-branded local service is provided to mass market customers, and MCI Communications is the entity through which MCI-branded long distance service is provided to mass market customers. As a result of the post-merger tariff filings described in the notifications made to the Commission, these entities now provide service to mass market customers in Washington as follows:

- MCImetro filed tariffs to grandfather its mass market local service within Verizon NW's footprint. Existing customers are unaffected, but new mass market customers cannot subscribe to MCImetro local service within Verizon NW's footprint. Within Qwest's ILEC territory, however, MCImetro continues to sell local service to mass market customers on a standalone and bundled basis.
- MCI Communications filed tariffs to grandfather its mass market "Neighborhood" offerings within Verizon NW's footprint. Existing customers are unaffected, but new customers cannot subscribe to the Neighborhood offering within Verizon NW's footprint. MCI Communications continues to sell standalone long distance service to mass market customers within Verizon NW's footprint, however, and within Qwest's ILEC footprint MCI Communications continues to sell both standalone and bundled long distance service to mass market customers.
- TTI National, Inc., a provider of long distance services, has filed tariffs that grandfather all of its services in the state of Washington. Existing customers are unaffected, but new customers can no longer subscribe to TTI National, Inc. services.
- Telecom USA, a provider of long distance services, continues to provide service in Washington as it did prior to the Verizon/MCI merger.

To the extent these companies maintained price lists in Washington, they are being eliminated pursuant to recently-enacted SSB 6473.

Ms. Carole J. Washburn

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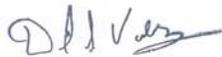
The MCI-branded services provided to mass market customers, and to small businesses, are now managed as part of the Verizon Telecom business unit, one of three Verizon business units (the others being Verizon Business and Verizon Wireless). Medium and large business customers of the former MCI, as well as government customers, are served by Verizon Business. Verizon Business also manages the provision of service to business and government customers of the former Verizon Enterprise Solutions Group.

Verizon Business, a business unit formed at the close of the Verizon/MCI merger, has its own management structure, with a president, chief financial officer, chief information officer, chief marketing officer, general counsel, and other top executives responsible for the business unit's performance. Verizon Business's president, John Killian, reports to Verizon Vice Chairman Larry Babbio.

Verizon Business delivers advanced IP, data, voice and wireless solutions to business and government customers. Verizon Business offers IP products and IT services that include wired-to-wireless network, security, hosting, application management, mobility solutions, business continuity and more. Verizon Business's global IP network spans more than 446,000 miles across 150 countries on six continents and is backed by experienced sales and service reps around the globe. Verizon Business offers the fastest speeds available over IP today.

In summary, the manner in which Verizon is conducting business post-merger should leave no doubt that Verizon NW's Washington tariffs are not being circumvented, and that Verizon is fully complying with the Merger Order.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Valdez".

David S. Valdez

DSV:kad

c: Service List