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WASHINGTON STATE
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DIVISION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In re Application of Bell)
Atlantic Corporation and)
GTE Corporation for Approval) UT - 981367
of the GTE Corporation - Bell Atlantic)
Corporation Merger.)
_____)

**MOTION FOR SUMMARY DETERMINATION
AND BRIEF IN SUPPORT THEREOF**

GTE Corporation ("GTE") and Bell Atlantic Corporation ("Bell Atlantic")
(collectively, the "Joint Applicants") hereby move the Washington Utilities and Transportation
Commission (the "Commission") for an immediate Order (1) declining jurisdiction over the
GTE-Bell Atlantic merger; or, in the alternative, (2) granting authorization for the merger on
the merits.

INTRODUCTION

This case involves a merger of two holding companies, GTE and Bell Atlantic.

The threshold issue is whether the Commission has jurisdiction over the pending
merger. The statutes and available case law mandate the conclusion that the Commission does
not have such authority. The necessary conclusion is that the Commission is not required to

review this merger for at least two reasons. First, neither GTE Corporation nor Bell Atlantic Corporation are "public service companies" within the state of Washington. Second, no ownership of public utility assets in Washington is being transferred by this transaction; all such assets will continue to be owned by the regulated subsidiaries operating in the state.

Next, if the Commission determines that jurisdiction over the merger lies -- which it should not -- the Commission must determine whether the transaction is consistent with the public interest. The merger of the Joint Applicants will create another competitor in the market for nation-wide full service telecommunications; other telecommunications companies such as MCI-Worldcom, AT&T and Sprint already have developed footholds in this market. The merger also is consistent with, if not beneficial to, the public interest because it will improve the quality of services available to customers and promote economies of scale.

Accordingly, the Joint Applicants move for an Order from the Commission disclaiming jurisdiction over the transaction or, in the alternative, for an Order approving the merger.

I. STATEMENT OF UNDISPUTED MATERIAL FACTS

The facts relevant to this motion concern the nature of business conducted by the Joint Applicants; i.e., whether GTE or Bell Atlantic is a public service company within the meaning of the provisions of Washington statutes governing certain transactions in the telecommunications industry. This information is not in dispute as it is a matter of public record as set forth in the verified Joint Application and Exhibits previously filed with the Commission. Affidavits of Eileen O'Neill Odum, Regional President of GTE Northwest Incorporated ("Odum Aff."), and Louise McCarren, President, Bell Atlantic-Vermont, Inc. ("McCarren Aff."), also are submitted herewith in support of this motion.

A. GTE Corporation

GTE is a holding company created and existing under the laws of the state of New York with principal offices located in Irving, Texas. See, Joint Application at p. 1. GTE's subsidiaries provide telecommunications and other services on a regulated and unregulated basis in various locations throughout the United States and in several foreign countries. See, id. GTE's regulated incumbent local telephone subsidiaries provide service in 28 states. Among those subsidiaries is GTE Northwest Incorporated ("GTE Northwest"), which provides service to customers in Washington, subject to the Commission's regulation. See, id.

Unlike GTE Northwest, GTE itself is not a regulated telephone company within Washington (or elsewhere). See, Joint Application at p. 2. GTE Northwest is, however, is subject to regulation by the Commission. Although GTE Northwest is headquartered in Everett, Washington, GTE Northwest's accounting, support and administrative functions are conducted and maintained in Irving, Texas, and other GTE offices throughout the nation. See, Odum Aff. at ¶ [5].

B. Bell Atlantic Corporation

Bell Atlantic is a corporation created and existing under the laws of the state of Delaware with principal offices located in New York, New York. Bell Atlantic's subsidiaries provide telecommunications services on a regulated and unregulated basis in various locations throughout the United States and in several foreign countries. Bell Atlantic's regulated local telephone subsidiaries provide service in thirteen states (not including Washington) and the District of Columbia. See, Joint Application at pp. 2-3.

Bell Atlantic's subsidiaries are subject to public utility regulation in the states in which those subsidiaries conduct business; Bell Atlantic is not. Like GTE, Bell Atlantic itself is not a regulated telephone company within Washington (or elsewhere). See, id.

C. The GTE Corporation-Bell Atlantic Corporation Merger.

GTE is a holding company that owns shares in a number of subsidiary companies. GTE, itself, conducts no public utility business in Washington state. Similarly, Bell Atlantic is a holding company that owns shares in a number of subsidiary companies. Bell Atlantic, itself, conducts no public utility business in Washington state. See, Joint Application, at Exh. 1 (GTE/Bell Atlantic Joint Proxy Statement for 1999 Annual Meetings of Shareholders and Prospectus).

On July 27, 1998 GTE and Bell Atlantic signed a definitive agreement to merge (the "Agreement"). See, Joint Application, at Exh. 1. This merger will be accomplished by creating a new corporation, Beta Gamma Corporation ("BG Corp."), which will be 100% owned by Bell Atlantic, that will acquire 100% of GTE's stock. BG Corp. and GTE will then merge, with GTE becoming the surviving company. GTE will thus become a subsidiary of Bell Atlantic. See, id. Each GTE shareholder will receive 1.22 shares of Bell Atlantic stock for each share of GTE stock, and GTE shares will be retired. See, id.

The manner of handling the stock of the parent companies notwithstanding, the transaction is a "merger of equals." Pursuant to the Agreement, after the merger of BG Corp. into GTE, the Bell Atlantic Board of Directors will be reformed to consist of 50% of directors selected by Bell Atlantic and 50% of directors selected by GTE. See, id. GTE's chairman, Mr. Charles R. Lee, will become Chairman of Bell Atlantic Corporation. Mr. Lee will also

become co-CEO of Bell Atlantic, along with Mr. Ivan Seidenberg, who is currently CEO of Bell Atlantic. See, id.

The Agreement will not change the ownership of any of the shares of GTE subsidiaries; they will still be owned by GTE. The Agreement will not change the ownership of any of those subsidiaries' franchises, facilities, plant, property or other assets. They will still be used, as they are now, to provide regulated telecommunications services. See, id. There are no plans at this time to merge or to combine Bell Atlantic's and GTE's existing operating companies. Specifically, there is no current intent to change the structure of GTE Northwest Incorporated, the GTE operating company in this state. See, Odum Aff. at ¶[6]; see also, McCarren Aff. at ¶ [4]. Although the precise nature of how the accounting, support and other administrative functions will be performed for GTE Northwest after the merger is, as yet, undecided, the Joint Applicants commit that the Commission will continue to be able to review GTE Northwest's books and records as it does now. In addition, GTE Northwest's regulated rates will not be changed without Commission approval as required by law, and any new affiliate agreements will be submitted to the Commission as state law requires. Also, the level of GTE Northwest's service quality will at a minimum continue and, after the merger, may well improve. See, Odum Aff. at ¶ [7-9]; see also, McCarren Aff. at ¶ [5-7].

Bell Atlantic has two subsidiaries registered in Washington to provide resold toll services. They are registered as Bell Atlantic Communications, Inc. and NYNEX Long Distance Company d/b/a Bell Atlantic Long Distance; there are currently no plans to change the organization of these subsidiaries. See, Joint Application at Exh. 1.

On October 2, 1998, GTE formally notified the Commission of the GTE Corporation-Bell Atlantic Corporation merger. On October 26, 1998, the Commission responded by a letter from the Commission's Secretary. The letter indicated agreement with GTE's analysis that the Commission had no jurisdiction over this merger. See, Joint Application at Exh. 4. No further proceedings involving this merger have been held, until the filing of the Joint Application.

II. ARGUMENT

A. SUMMARY DETERMINATION STANDARD.

Summary determination should be granted by the Commission where "there is no genuine issue as to any material fact and the moving party is entitled to summary determination in its favor." WAC 480-09-426. Indeed, summary determination, like summary judgment, is appropriate and should be granted if, in light of the evidence, "reasonable persons could reach but one conclusion." Pierce County Housing Auth. v. Murrey's Disposal Co., Inc., 86 Wn. App. 138, 141, 936 P.2d 1 (1996); see also, WAC 480-09-426 (incorporating the standard for summary judgment set forth pursuant to Washington Superior Court Civil Rule 56).

B. THE COMMISSION LACKS JURISDICTION OVER GTE CORPORATION-BELL ATLANTIC CORPORATION MERGER.

1. The Scope of the Commission's Authority Is Limited.

In this state, the Washington Utilities and Transportation Commission is authorized to regulate the practices of telecommunications companies in Washington. RCW 80.01.040(3). This statutory authority, however, only permits the Commission to undertake those actions

authorized expressly, or by necessary implication. Washington Independent Telephone Association v. TRACER, 75 Wn. App. 356, 363, 880 P.2d 50 (1994).

The Commission has specific statutory authority to protect customer interests with regard to the services, rates and practices of the companies subject to its regulation such as GTE Northwest. However, its authority to review corporate transactions such as the GTE-Bell Atlantic merger is narrowly defined in Ch. 80.12, RCW.

The Commission's general authority over the rates, terms and conditions of regulated services does not expand the types of corporate transactions over which it may exercise prior approval authority. As our Supreme Court has noted, the Commission's jurisdiction may not rest upon simple appeals to the "public interest" requirements of RCW 80.01.040(3):

Although RCW 80.01.040(3) demands regulation in the public interest, that mandate is qualified by the following clause "as provided by the public service laws. . . ." Appellants fail to point out any Section of Title 80 which suggests that nonregulated [businesses] are within the jurisdictional concern of the Commission. An administrative agency must be strictly limited in its operations to those powers granted by the legislature. . . . We conclude that the Commission correctly determined that it had no authority to consider the effect of a regulated utility upon a nonregulated business.

Cole v. Washington Utilities and Transportation Commission, 79 Wn.2d 302, 306, 45 P.2d 71 (1971) (citations omitted). The Court of Appeals succinctly explained the law in Washington Independent Telephone Association: In the absence of any specific statutory provision authorizing Commission action¹, "reliance on RCW 80.01.040(3) is of no avail."

¹ It is for this reason that Tanner Electric Cooperative v. Puget Sound Power and Light, 128 Wn.2d 656, 911 P.2d 1301 (1996) represents no expansion of the Commission's authority under RCW 80.01.040(3). The broad statements made there concerned the Commission's failure to exercise jurisdiction when that role had been expressly assigned to it by RCW 54.48.030. Id., 128 Wn.2d at 682. Tanner did not consider the issue of whether the

75 Wn. App. at 368. Simply put, a review of a parent company, when that review is not "as provided by the public service laws," may not rest upon RCW 80.01.040(3).

2. The Commission's Authority Regarding Mergers Is Limited To Public Service Company Mergers.

The first limitation the Legislature placed on the Commission in Ch.80.12 RCW is that only transactions involving public service companies require the Commission's approval. This restriction is found throughout the chapter:

No *public service company* shall sell, lease, assign or otherwise dispose of the whole or any part of its franchises, properties or facilities whatsoever, which are necessary or useful in the performance of its duties to the public, and no *public service company* shall, by any means whatsoever, directly or indirectly, merge or consolidate any of its franchises, properties or facilities with any other *public service company*, without having secured from the commission an order authorizing it so to do: *Provided*, That this section shall not apply to any sale, lease, assignment or other disposal of such franchises, properties or facilities to a special purpose district as defined in RCW 36.96.010, city, county, or town.

RCW 80.12.020 (emphasis added).

The Commission's authority over stock transactions is limited to the acquisition of the stock of a public service company by another public service company:

No *public service company* shall, directly or indirectly, purchase, acquire or become the owner of any of the franchises, properties, facilities, capital stocks or bonds of any other *public service company* unless authorized to do so by the Commission. Nothing contained in this chapter shall prevent the holding of stocks or other securities heretofore lawfully acquired or prohibit, upon the surrender or exchange of said stocks or other securities pursuant to a reorganization plan, the purchase, acquisition, taking or holding by the owner of a proportionate amount of the stocks or

Commission would exceed its authority by exercising duties not expressly (or by implication) delegated to it by the public service laws.

other securities of any new corporation organized to take over at foreclosure or other sale, the property of the corporation, stocks or securities of which have been thus surrendered or exchanged. Any contract by any *public service company* for the purchase, acquisition, assignment or transfer to it of any of the stocks or any other securities of any other *public service company*, directly or indirectly, without the approval of the Commission shall be void and of no effect.

RCW 80.12.040 (emphasis added).

For purposes of Chapter 80.12, "public service company" means any company "engaged in business in this state as a public utility² and subject to regulation as to rates and service" by the Commission. RCW 80.12.010. The Commission has recognized that this statutory scheme creates three distinct bases upon which Commission jurisdiction might rest to review corporate transactions such as those presented here. In the Matter of the Application of PacifiCorp and Scottish Power PLC, Docket No. UE-981627 Second Supplemental Order: Commission Jurisdiction and Order Regarding Jurisdiction, March 12, 1999 (hereafter, "Scottish Power Order") at 5.³ Those three options are: (1) sale, lease, assignment or disposition by a public service company of its public utility assets, RCW 80.12.020 (the "Disposition Clause"); (2) merger or consolidation by a public service company of franchises or facilities with another public service company, RCW 80.12.020 (the "Consolidation

² "Public utility" is not a defined term in Washington's statutes. The analysis outlined above is, however, consistent with the interrelationship of definitions for all of Title 80, RCW. "Public service company" as defined for all of Title 80 "includes every . . . telecommunications company." RCW 80.04.010. A "telecommunications company" is in turn defined to include every company "owning, operating or managing any facilities used to provide telecommunications for hire, sale or resale to the general public within this state." Id.

³ The Scottish Power Order will be examined in more detail in II.B.4, below.

Clause"); or (3) acquisition by a public service company of the assets or securities of another public service company. RCW 80.12.040 (the "Acquisition Clause").

All three clauses deal with actions by a "public service company." Whether or not a firm is a "public service company" depends on its actual operations in Washington:

A corporation becomes a public service corporation, subject to regulation by the Department of Public Service, only when, and to the extent that, its business is dedicated or devoted to a public use. The test to be applied is whether or not the corporation holds itself out, expressly or impliedly, to supply its service or product for use either by the public as a class or by that portion of it that can be serviced by the utilities; or whether, on the contrary, it merely offers to serve only particular individuals of its own selection.

Inland Empire Rural Electrification, Inc. v. Department of Public Service, 199 Wash. 527, 537, 92 P.2d 258 (1939); see also West Valley Land Company, Inc. v. Knob Hill Water Association, 107 Wn.2d 359, 729 P.2d 42 (1986) (same).

The question is whether those persons dealing with the entity under consideration "stand in the same position as members of the general public needing the protection of the UTC in the matter of rates and service supplied by an independent corporation." West Valley Land Co., 107 Wn.2d at 368. No person dealing with GTE or Bell Atlantic needs the protection of the Commission because these companies do not "provide telecommunications for hire, sale or resale to the general public within the state." For the same reason, neither is a "telecommunications company" subject to the Commission's regulation. RCW 80.04.010. Any person desiring to obtain such services in Washington would do so from a GTE or Bell Atlantic subsidiary, such as GTE Northwest, fully subject to the regulation of the Commission. In the words of the test devised in Inland Empire, neither GTE nor Bell Atlantic holds itself

out to supply its "service or product" for use by anyone. As holding companies, neither conducts any business operations with any members of the public.

(a) The Disposition Clause

Considering the first of these provisions of the governing statutes, filing of the GTE-Bell Atlantic merger is not required on two different bases. First, GTE Corporation is not a "public service corporation" as defined in RCW 80.12.010. It, as opposed to its subsidiary, is not "engaged in business in this state as a public utility." The Commission has never sought to regulate the activities of GTE Corporation; all of GTE's regulated activities are undertaken by its public service company subsidiary, GTE Northwest Incorporated. (For example, all tariffs for regulated telephone service are filed by GTE Northwest Incorporated, not GTE Corporation.) Thus, no public service company is disposing of any assets by virtue of the GTE-Bell Atlantic merger.

Second, the other component of the Disposition Clause must be considered. The transaction at issue must involve the sale, lease, assignments or disposition of assets necessary or useful to the performance of the public service company's duties to the public. Here, no public utility assets are being transferred in any way. GTE Northwest Incorporated is the owner of all assets necessary or useful for the provision of telecommunications in Washington; it will remain the owner of those assets, unchanged, after the GTE-Bell Atlantic merger is completed. Moreover, GTE Corporation owns 100% of the stock of GTE Northwest Incorporated; GTE Corporation will own 100% of the stock of GTE Northwest Incorporated after the GTE Bell Atlantic Merger is consummated. There is no change, at any level, in the ownership of GTE's public utility assets in this state.

(b) The Consolidation Clause

While the Consolidation Clause governs mergers or consolidations of public service companies, RCW 80.12.020, the clause has no applicability to this transaction, for at least three important reasons. First, the Consolidation Clause only applies to actions by a "public service company." For all the reasons identified above, it thus has no application to actions by GTE Corporation. Second, the Consolidation Clause covers the merger or consolidation of "franchises, properties or facilities" with another public service company. As outlined above, no franchises, properties or facilities are being affected in any way by the merger. Finally, even if the statutory applicability to "public service companies" was somehow ignored as to GTE, the Consolidation Clause only applies to a merger or consolidation of one public service company's public utility assets with those of "any other public service company." RCW 80.12.020. Bell Atlantic does not conduct business as a "public utility" in this state, and it is therefore not a "public service company."

(c) The Acquisition Clause

Under the Acquisition Clause, public service companies may not acquire the shares of other public service companies without Commission approval. RCW 80.12.040. However, no "public service company" is acquiring shares in this transaction; the only acquisition of shares in this transaction takes place at the parent company level⁴, and neither parent company is a "public service company" within RCW 80.12.010 for all the reasons discussed above.

⁴Similarly, a public service corporation may only issue securities with the Commission's approval. RCW 80.08.040. However, no "public service company" is issuing securities in this transaction; "public service company" has the same statutory definition for purposes of that chapter, RCW 80.08.010, as is contained in RCW 80.12.010 and analyzed above.

The existence of RCW 80.12.040 negates any suggestion that RCW 80.12.020 can be read to cover an "indirect" transfer of assets through a stock transaction. RCW 80.12.020 and 80.12.040 were enacted as part of the same statute, and under longstanding rules of statutory construction, the two statutes must therefore be read together. Simply put, "a difference in language indicates a difference in legislative intent." Cazzanigi v. Gen. Elec. Credit Corp., 132 Wn.2d 433, 446, 938 P.2d 819 (1997). In RCW 80.12.040, the legislature expressly dealt with transactions involving stocks, bonds and other securities. RCW 80.12.020 contains no such provisions. It would therefore be improper to infer coverage of stock transactions in RCW 80.12.020. Again, this issue is not involved in GTE Corporation's merger with Bell Atlantic Corporation, for the critical reason identified above: neither GTE Corporation nor Bell Atlantic Corporation are "public service companies."

3. Prior Commission Precedent Establishes That GTE Corporation Is Not Subject to Ch. 80.12 RCW.

The Commission already has concluded in its formal orders that it lacks jurisdiction under RCW 80.12.020 or 80.12.040 to regulate transactions of GTE Corporation. For instance, in In the Matter of the Application of GTE Northwest Incorporated, Docket No. UT-930748, Order Granting Application dated August 4, 1993 (the "GTE Corporation Acquisition Order"), this Commission authorized the sale of \$38,000,000 of common stock from GTE Northwest Incorporated to its parent, GTE Corporation, without reviewing the transaction under RCW 80.12.020 or 80.12.040. Indeed, the Commission identified GTE Corporation as GTE Northwest Incorporated's parent and explicitly determined that GTE Northwest Incorporated "is a public service company subject to regulation by this Commission under the provisions of chapter 80.08 RCW." Importantly, no requirement was placed on GTE

Corporation to obtain Commission approval for this transaction under RCW 80.12.040.

Rather, the Commission simply -- and correctly -- dealt with the matter under the affiliate transaction provisions of Ch. 80.08, RCW. GTE Corporation Acquisition Order at pp. 1-2.

If GTE Corporation was to be treated as a "public service company," then the transaction would have clearly been covered by RCW 80.12.040. Accordingly, only one conclusion may be drawn: the Commission concluded that GTE Corporation is not a public service company. Otherwise, the Commission would have analyzed GTE Corporation's purchase of \$38,000,000 of stock - a transfer of assets - subject to the provisions of RCW 80.12.040.

The Commission reached the correct result in the GTE Corporation Acquisition Order; a contrary conclusion would statutorily require the Commission to retroactively review any and all mergers which it failed to approve pursuant to RCW 80.12.020 or 80.12.040.⁵ Furthermore, any such corporate combinations which did not obtain Commission approval would be void. RCW 80.12.030.

4. The PacifiCorp/Scottish Power PLC Transaction Is Distinguishable On Its Face.

The conclusion that the Commission is not required to review the merger is not affected by the Commission's recent decision in the Scottish Power Order. In contrast to the GTE

⁵ The Joint Applicants are aware of numerous other mergers that did not obtain Commission approval, including the MCI/WorldCom merger, Sprint's acquisition of United Telephone (a purely local exchange company) and AT&T's acquisition of TCG. Requiring Commission approval of such transactions would open up a Pandora's box of mergers not approved, including these. The difficulty with this situation cannot be overstated. If Commission approval is required for these mergers, and such approval was not obtained, the transactions are "void." RCW 80.12.030.

Corporation-Bell Atlantic Corporation merger, PacifiCorp is a public service company, and the transaction, in the Commission's view, involved the disposition of public utility assets.

Unlike GTE Corporation, PacifiCorp is the actual corporate entity operating the retail electric utility business in Washington state. The Commission's analysis turned on the Disposition Clause. Scottish Power Order, p. 9. The critical nature of this distinction can be observed from the opening words of that statutory section: "No public service company" shall engage in a covered transaction without Commission approval. PacifiCorp never disputed, as it could not, that it was and is a public service company. Indeed, PacifiCorp was blunt; the opening sentence of the "Jurisdiction" section of the PacifiCorp-Scottish Power application stated that "PacifiCorp is a public service company subject to the Commission's jurisdiction." In the Matter of the Application of PacifiCorp and Scottish Power PLC, Docket No. UE-981627, Joint Application, p. 2. GTE Corporation is not a public service company. Bell Atlantic Corporation is not a public service company. The core rationale of the Scottish Power Order simply does not apply to the GTE Corporation-Bell Atlantic Corporation merger.

This difference cannot be overstated. Although the Scottish Power Order considered other issues, those issues all rested on the factual predicate that under consideration was a transaction involving a public service company. That is the foundation of the Disposition Clause. Without that fact, the remaining portions of the statute have no applicability.

Thus, the GTE Corporation-Bell Atlantic Corporation merger falls much more closely within the situation considered by the Attorney General in 1949. There, only a few years after the 1941 enactment of the relevant statutes, the Attorney General considered the transfer of the shares controlling Prescott Telephone Company. The Attorney General concluded that the

Commission had no authority to approve or disapprove that transaction. AGO 49-51-167, at 3. In the Scottish Power Order, the Commission distinguished this Attorney General Opinion on the grounds that the Scottish Power-PacifiCorp merger did involve actions by the public service company, PacifiCorp. In contrast, the GTE Corporation-Bell Atlantic Corporation merger involves no actions by a public service company such as GTE Northwest. Thus, the conclusion of the Attorney General is as applicable to the GTE Corporation-Bell Atlantic Corporation merger as it was to the transaction involving Prescott Telephone Company:

The jurisdiction of the public service commission under the statute is over the activities of the public service company and not over the activities of its stockholders. By such act of the stockholders the public service company, the artificial entity, distinct from its stockholders, has not disposed of anything; there has merely been a change in the controlling interest of the public service company.

Id. If anything, the GTE Corporation-Bell Atlantic Corporation merger is one step further removed: the controlling interest in the public service company, GTE Northwest Incorporated, will not change. All that will change is the controlling interest in the entity which owns the controlling interest in the public service company.

In sum, the Commission has no jurisdiction over the GTE Corporation-Bell Atlantic Corporation merger.

C. THE MERGER IS CONSISTENT WITH THE PUBLIC INTEREST AND SHOULD BE APPROVED ON ITS MERITS.

Even if the Commission concludes that the GTE-Bell Atlantic merger requires Commission approval under RCW 80.12.020 or 80.12.040 -- which it does not -- the transaction is consistent with the public interest. WAC 480-143-050 provides:

If, upon examination of any application and accompanying exhibits, or upon a hearing concerning the same, the commission finds that the proposed transaction is not consistent with the public interest, it shall deny the same.

This standard does not require that customers' positions be improved; rather, the burden is satisfied if the applicants successfully demonstrate "no harm to the public interest." In the Matter of the Application of PacifiCorp and Scottish Power PLC, Docket No. UE-981627, Third Supplemental Order on Prehearing Conference dated April 2, 1999 ("Scottish Power Third Supplemental Order"). The GTE-Bell Atlantic merger readily more than satisfies this standard.

The following factors are relevant to determine whether there is anything inherent in the proposed transaction which might harm the public interest:

- Whether there are any implications on the rates, terms and conditions of service;
- How the transaction will affect the quality of service; and
- Whether the applicants provide assurances that the Commission's complete access to books and records will continue.

Scottish Power Third Supplemental Order at pp 3-5.

First, as previously addressed in the Statement of Material Facts, above, the GTE-Bell Atlantic merger will not affect the rates, terms and conditions of service. Because GTE Northwest will remain subject to Commission regulation, no changes to regulated services will occur without the Commission approval required by law.

Second, the Joint Applicants intend and anticipate that the GTE-Bell Atlantic merger will offer a host of positive benefits to the quality of service for consumers in Washington. As more fully detailed in the Joint Application, among other benefits, the merger is expected to 1)

enhance competition in the packaged services telecommunications arena; 2) strengthen GTE Internetworking's Internet and data services network; 3) increase competition in the market for long distance services; and 4) increase efficiencies by eliminating duplicate management functions, combining technological research and development efforts, and drawing upon the GTE and Bell Atlantic companies' expertise and best practices to enhance service to the public. See, Joint Application at pp. 11-14. Moreover, GTE Northwest remains subject to the Commission's rules regulating the quality of service it offers to the public. See generally WAC 480-120-500 through 480-120-535. GTE Northwest meets or exceeds all of these requirements today. It will--at a minimum--continue to do so after the GTE-Bell Atlantic merger is completed; any failing in that regard would remain fully subject to Commission jurisdiction, regardless of the merger.

Last, the Commission will continue to enjoy access to all books of account, documents, data, and records of GTE Northwest as required by the laws of Washington and the rules of the Commission. The merger of GTE Northwest's corporate parent will not change compliance with any of these requirements. As the Commission is well aware, today GTE Northwest receives accounting, support and administrative services from GTE offices throughout the country. Simply put, this will not change, although GTE's accounting, support and administrative functions may be integrated with Bell Atlantic's in ways which have yet to be determined. The Commission's day-to-day ability to regulate and monitor GTE Northwest will not be impacted by the merger.

Moreover, the real world concern expressed by the Commission in the Scottish Power Order, at p.10, is simply not implicated by the differently structured GTE Corporation-Bell

Atlantic merger. The Commission will retain full jurisdiction to regulate the rates, services and practices of GTE Northwest Incorporated, a company whose assets are in no way being disposed, nor shares transferred. This consideration answers the concerns expressed by the Commission with the "inconceivable" and "illogical" implications of a conclusion that it had no jurisdiction over the Scottish Power transaction. The Commission contrasted the admittedly jurisdictional sale by PacifiCorp of a gas-fired turbine, with a disposition of the entire company. The two transactions do, however, differently impact the Commission's ability to protect Washington consumers. If the gas-fired turbine is necessary to the provision of electric service to citizens of Washington, its transfer to a non-regulated entity might adversely impact the services received by the public service company's customers. A transfer of the stock of the company, however, leaves that company subject to all of the obligations to which it was subject before the transfer, as a long-standing principle of general corporate law. See, e.g., RCW 23B.11.060.

Here, the Commission will retain all jurisdiction to protect the telecommunications services Washington residents receive from GTE Northwest Incorporated. The Commission's genuine concern for the provision of essential services within this state is not implicated by the GTE Corporation-Bell Atlantic Corporation merger.

III. CONCLUSION

There is no dispute that GTE Corporation is not a public service company. Neither, for that matter, is Bell Atlantic Corporation nor its newly formed subsidiary, BG Corp. As such, the Commission's jurisdiction to review and authorize the GTE Corporation-Bell Atlantic Corporation merger is not implicated. The Commission nonetheless remains able to fully

protect the interests of Washington consumers, through its regulatory oversight of the activities of GTE and Bell Atlantic subsidiaries subject to its regulation, such as GTE Northwest Incorporated.

WHEREFORE, GTE Corporation and Bell Atlantic Corporation respectfully request that the Washington Utilities and Transportation Commission issue an Order (1) declining jurisdiction over the GTE-Bell Atlantic merger; or, in the alternative (2) granting any authorization it deems necessary.

RESPECTFULLY SUBMITTED this 24th day of May, 1999.

For GTE Corporation:

STOEL RIVES LLP

By 
Timothy J. O'Connell, WSBA #15372

For Bell Atlantic Corporation:

By TJF per tel. authorization
Richard A. Finnigan, WSBA #6443

AFFIDAVIT OF EILEEN O'NEILL ODUM

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**AFFIDAVIT OF EILEEN O'NEILL ODUM
IN SUPPORT MOTION FOR SUMMARY DETERMINATION**

I, Eileen O'Neill Odum, first being duly sworn on oath, depose and state as follows:

1. I am the Regional President of GTE Northwest Incorporated ("GTE Northwest").
2. GTE Corporation is a corporation organized under the laws of New York with its principal offices in Irving, Texas. GTE Corporation does not provide telecommunications for hire, sale or resale to the general public or otherwise operate as a public utility or conduct business in Washington state. GTE Corporation is a holding company and conducts no business operations with any members of the public.
3. GTE Northwest is a subsidiary of GTE Corporation and is a regulated telephone company that provides local telephone service to more than 850,000 switched access lines throughout the state of Washington.

4. GTE Northwest is engaged in business in Washington state as a public utility and is subject to regulation concerning rates and service under the laws of Washington.

5. GTE Northwest's principal offices are located in Everett, Washington. However, for many years GTE Northwest's accounting, support and administrative functions have been performed in Irving, Texas and other GTE offices throughout the nation.

6. GTE Corporation has entered into an Agreement of Merger with Bell Atlantic Corporation. Under the Agreement, GTE Corporation plans to merge into and with BG Corporation, an entity specifically created to facilitate the merger by and between GTE Corporation and Bell Atlantic Corporation. There are no plans to change the structure of GTE Northwest upon the merger.

7. The precise nature of how the accounting, support and administrative duties for GTE Northwest will be integrated after the merger is still undecided. However, the Washington Utilities and Transportation Commission (the "Commission") will continue to have the same access to all books of account, documents, data, and records of GTE Northwest Corporation as required by Washington law and the rules of the Commission. All required reports which are currently provided will continue to be provided.

8. After the merger is completed, GTE Northwest will not adjust rates or enter into affiliate transactions without required Commission approval.

9. Likewise, GTE Northwest's quality of service will not be negatively impacted in any respect by the merger between GTE Corporation and Bell Atlantic Corporation. Service quality programs will continue, and GTE Northwest's trend of continuous

improvement is expected to continue. In addition, after the parent company merger, GTE and Bell Atlantic companies will cooperate to determine each other's best practices and to bring their benefits to each other's operations and customers.



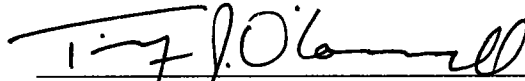
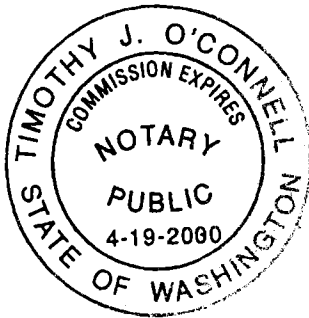
Eileen O'Neill Odum
Regional President
GTE Northwest Incorporated

STATE OF WASHINGTON

ss.

County of Snohomish

Subscribed and sworn before me this 20th day of May, 1999.



Print Name: Timothy J. O'Connell
Notary Public in and for the
State of Washington, residing at Lynnwood
My commission expires: 4/19/00

AFFIDAVIT OF LOUISE McCARREN

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

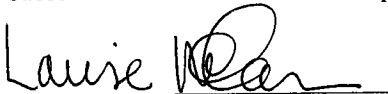
In re Application of Bell)
Atlantic Corporation and)
GTE Corporation for Approval UT - 981367)
of the GTE Corporation - Bell Atlantic)
Corporation Merger)

AFFIDAVIT OF LOUISE MCCARREN
IN SUPPORT MOTION FOR SUMMARY DETERMINATION

I, Louise McCarren, first being duly sworn on oath, depose and state as follows:

1. I am the President and Chief Executive Officer of Bell Atlantic-Vermont, Inc., a wholly-owned subsidiary of Bell Atlantic Corporation.
2. Bell Atlantic Corporation is a corporation organized and existing under the laws of the State of Delaware, with its principal headquarters in New York. Although Bell Atlantic's subsidiaries provide regulated and unregulated telecommunications services in various locations throughout the country, Bell Atlantic itself is a holding company which does not directly offer such services.
3. Bell Atlantic Corporation does not provide telecommunications for hire, sale or resale to the general public or otherwise operate as a public utility in Washington state.
4. Bell Atlantic Corporation has entered into a merger agreement with GTE Corporation, the details of which are more fully set forth in the "Joint Application" filed with the Washington Utilities and Transportation Commission ("Commission") on May 11, 1999. There are no plans related to the merger to change the structure of any subsidiaries doing business in the state of Washington, including GTE Northwest Incorporated ("GTE Northwest"). GTE's subsidiaries will remain subsidiaries of GTE.
5. The merger will not change GTE's Northwest's obligations and responsibilities to abide by all agreements, legal requirements and Commission rules in the state of Washington. The Commission's authority to ensure continued compliance with these obligations will remain undiminished by the merger. Moreover, following the merger the Commission will continue to have the same access to all books of account, documents, data, and records of GTE Northwest as required by Washington law and the rules of the Commission. All reports currently provided will continue to be provided, as required.
6. After the merger is completed, GTE Northwest will not adjust rates or enter into affiliate transactions without any required Commission approval.
7. Likewise, the merger will not result in any diminution of GTE Northwest's quality of service. In fact, as explained in the Joint Application, it is anticipated that the combined Bell Atlantic and GTE will be better able to serve customers in the future.

Subscribed and sworn to under the penalties of perjury me this 20th day of May, 1999.



Louise McCarren
President and CEO
Bell Atlantic-Vermont, Inc.

Subscribed and sworn to before me this 20th day of May, 1999, at South Burlington



Notary Public