

August 18, 2005

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VIA E-MAIL & FEDERAL EXPRESS

Ms. Carole Washburn
Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 South Evergreen Park Dr. S.W.
Olympia, WA 98504-7250

**Re: *In the Matter of the Joint Application of Verizon Communications, Inc.
and MCI, Inc. for Approval of Agreement and Plan of Merger*
WUTC Docket No. UT-050814**

Dear Ms. Washburn:

The Staff and Public Counsel have proposed a revised procedural schedule that extends the hearing dates from late September to early November, and anticipates a Commission decision by December 21, 2005. As a result of this schedule, Washington will be the last state to issue a decision on the Verizon – MCI merger. Given the importance of this issue, Verizon and MCI file this letter, which sets forth their position on the schedule and which responds briefly to some of the statements made in Staff and Public Counsel’s motion for an extension.

As Verizon and MCI explained at the start of this docket, they expect to receive all regulatory approvals of their merger by early December 2005. Accordingly, they worked with Staff and the other parties to develop a procedural schedule that would permit the Commission to issue an order in early December. In fact, the Commission adopted Staff’s proposed schedule, noting that the parties could request a change only “if a critical situation arises that would render the schedule difficult or impossible” (Order No. 1 at para. 8.) Since then, nothing has changed – Joint Applicants still expect to receive all regulatory approvals no later than December 2005, and there has been no “critical situation” that has rendered the current schedule “difficult” or “impossible” to meet. Nevertheless, in response to Staff and Public Counsel’s motion for an extension, Joint Applicants offered to give the other parties an additional two weeks for filing their testimony provided that (1) Joint Applicants are given 10 days to file their rebuttal testimony and (2) the hearings would be held as scheduled on September 26-28. Staff and Public Counsel rejected this proposal. However, Staff, recognizing the importance of getting a

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Commission decision by December 2005, proposed a schedule with a hearing date in late October. Public Counsel requested to push out the hearing date to the first week of November.

Therefore, rather than litigate this issue (and thereby engender yet more delay), Verizon and MCI reluctantly have agreed to Public Counsel's latest proposal with the expectation that the Commission will issue its decision by December 21. Joint Applicants wish to make clear, however, that they cannot acquiesce to any other requests – now or in the future – that push the schedule out further. Again, under the current proposal, Washington State will be the very last state regulatory Commission in the country to issue an order. Moreover, the Joint Applicants fully anticipate decisions from the Department of Justice, the Federal Communications Commission and all of the other ten states that are currently reviewing the merger before December 2005. It should be noted as well that thirteen states have already either approved the merger or have stated that they do not intend to review it.

Finally, and to ensure a complete record, Verizon and MCI briefly respond to Staff and Public Counsel's motion. The only reason Staff and Public Counsel proffer in support of their request for additional time is because "Verizon initially had refused to provide Staff and Public Counsel with merger savings information." (Staff and Public Counsel's Joint Motion at para. 2 (emphasis added).) By way of background, Verizon and MCI have received 223 data requests from Public Counsel and 79 from Staff. A handful of these requests asked for a "merger synergy" analysis that Verizon prepared exclusively for California because of a unique California requirement. Verizon did not prepare a Washington-specific synergy analysis and the Joint Applicants do not believe that the California analysis was relevant to Washington. Nonetheless, in a good faith attempt to resolve the discovery dispute Verizon agreed to perform a Washington-specific synergy analysis and to provide the irrelevant California analysis to Staff and Public Counsel. Verizon provided this data as promised, and has responded, or is in the process of responding, to the follow-on data requests of Staff and Public Counsel. In fact, Verizon responded to the data requests cited by Public Counsel in its motion on Friday, August 12, 2005. Thus, contrary to Staff and Public Counsel's suggestions, Verizon has, in fact, cooperated with the parties in good faith to resolve discovery issues and maintain the current schedule. Any assertions to the contrary are simply unsustainable on this record.

Verizon and MCI remain confident that there are no issues of significance regarding this parent company merger¹ in the state of Washington and that the continued efforts to extend the review

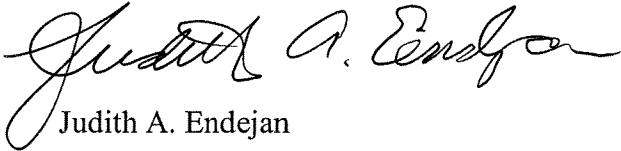
¹ As noted in other filings in this case, the Joint Applicants maintain that this Commission has no jurisdiction over this transaction and their present participation in this docket is not a waiver of this position in any respect.

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schedule will not impede the Commission's ability to render a timely decision – consistent with the schedules and decisions of its fellow regulatory bodies.

Sincerely,

GRAHAM & DUNN PC



Judith A. Endejan

JAЕ/ned

cc: ALJ Wallis
Service List

M32000-634581
