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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

IN THE MATTER OF THE JOINT NOTICE OF INTENT OF VERIZON COMMUNICATIONS, INC., AND MCI, INC. TO REORGANIZE AN EXISTING PUBLIC UTILITY HOLDING COMPANY	DOCKET NO. T-01846B-05-0279 T-03258A-05-0279 T-03475A-05-0279 T-03289A-05-0279 T-03198A-05-0279 T-03574A-05-0279 T-02431A-05-0279 T-03197A-05-0279 T-02533A-05-0279 T-03394A-05-0279 T-03291A-05-0279

NOTICE OF FILING

At the request of Administrative Law Judge Nodes, Staff of the Arizona Corporation Commission hereby files the Order of the Minnesota Public Utilities Commission entered July 25, 2005 in the Matter of the Joint Application of Verizon Communications Inc. and MCI, Inc. for Approval of Agreement and Plan of Acquisition, Docket No. PT6438.6439/PA-05-425.

RESPECTFULLY SUBMITTED this 9th day of September, 2005.

Maureen A. Scott
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

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Original and thirteen (13) copies
of the foregoing were filed this
9th day of September, 2005 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copy of the foregoing mailed this
9th day of September, 2005 to:

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer	Chair
Marshall Johnson	Commissioner
Kenneth Nickolai	Commissioner
Thomas Pugh	Commissioner
Phyllis Reha	Commissioner

Service Date: JUL 25 2005
Docket No. PT6438.6439/PA-05-425

To: Gregory R. Merz
Gray Plant Mooty
500 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402-3796

In the Matter of the Joint Application of Verizon Communications Inc. and MCI, Inc. for Approval of Agreement and Plan of Acquisition.

The above-entitled matter has been considered by the Commission and the following disposition made:

- **Approve acquisition of MCI, Inc. and its Minnesota operating subsidiaries (Intermedia Communications, Inc., MCI WorldCom Communications, Inc., MCI WorldCom Network Services, Inc., Teleconnect Long Distance Services and Systems Co. d/b/a Teleconnect Company, and TTI National, Inc.) by Verizon Communications, Inc.**

- **Verizon Communications, Inc. must file a notice of consummation of the merger within 20 days of the confirmation of the Merger Agreement.**

- **Intermedia Communications, Inc., MCI WorldCom Communications, Inc., MCI WorldCom Network Services, Inc., Teleconnect Long Distance Services and Systems Co. d/b/a Teleconnect Company, and TTI National, Inc. will continue to operate under their current authorities.**

The Commission agrees with and adopts the recommendations of the Department of Commerce which are attached and hereby incorporated in this Order.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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MINNESOTA
DEPARTMENT OF
COMMERCE

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MN PUBLIC UTILITIES COMMISSION

85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
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May 17, 2005

PUBLIC DOCUMENT

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **PUBLIC Comments of the Minnesota Department of Commerce**
Docket No. PT6438,6439/PA-05-425

Dear Dr. Haar:

Attached are the **PUBLIC** comments of the Department of Commerce in the following matter:

> The Joint Application of Verizon Communications Inc. and MCI, Inc. for Approval of Agreement and Plan of Acquisition.

The petition was filed on March 11, 2005 by:

> Gregory R. Merz
> Gray Plant Mooty
> 500 IDS Center
> 80 South Eighth Street
> Minneapolis, Minnesota 55402-3796

The Department recommends **approval** and is available to answer any questions the Commission may have.

Sincerely,

BRUCE L. LINSCHEID
Financial Analyst

BLL/ja
Attachment

PUBLIC DOCUMENT

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

PUBLIC COMMENTS OF THE MINNESOTA DEPARTMENT OF COMMERCE

DOCKET NO. PT6438,6439/PA-05-425

I. BACKGROUND

On March 11, 2005, the Minnesota Department of Commerce (the Department) received a copy of the joint application (Application) for Minnesota Public Utilities Commission (Commission) approval of the proposed acquisition of MCI, Inc. (MCI) by Verizon Communications, Inc. (Verizon)(the Transaction) (together, MCI and Verizon, the Applicants).[1]

The Applicants state that the Transaction cannot occur without required regulatory approvals, and that it will have no adverse effect on the rates or the quality of service to the Applicants' Minnesota telecommunications operating subsidiaries. Consummation of the Transaction will result in Verizon becoming the indirect parent of MCI's Minnesota subsidiaries. MCI will merge into a newly created subsidiary of Verizon, created solely to facilitate the Transaction, and the newly-formed subsidiary will be renamed MCI, LLC. Verizon's Minnesota subsidiaries will not undergo a change in ownership or control as a consequence of the merger.[2] Together, these companies will be referred to as MCI's and Verizon's Minnesota operating subsidiaries in these comments.

A. THE PARTIES

Verizon provides no services and is not a regulated telephone company within Minnesota or elsewhere. Verizon's telephone operating company subsidiaries provide telecommunications services on a regulated and unregulated basis in 30 states including Minnesota, serving 53 million access lines with 2004 revenues of $71 billion. Verizon's domestic telecommunications services include the provision of switched local residential and business exchange services,

1 Application, paragraph 1, page 1.
2 Application, paragraphs 2 and 3, page 2.

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private line, and voice, data and Centrex services. Verizon also provides intraLATA and interLATA toll service, as well as switched and special exchange access services. It also provides voice and data wireless, information and directory publishing, and electronic services. Internationally, it provides wireline and wireless communications and investments.[3] Verizon has the following Minnesota operating subsidiaries: Verizon Select Services, Inc., Verizon Enterprise Solutions d/b/a NYNEX Long Distance Co., Verizon Long Distance d/b/a Bell Atlantic Communications, Inc. (Verizon's Minnesota operating subsidiaries).[4]

MCI is also not a regulated telephone company within Minnesota or elsewhere. MCI's subsidiaries provide telecommunications services on a regulated and unregulated basis throughout the United States and in several foreign countries. Among the services they provide are Internet and voice services, including IP network technology and a full range of dedicated, dial and value-added Internet services to business and government customers. MCI subsidiaries also provide interstate long distance services, intrastate toll services, and competitive local exchange consumer services.[5] MCI has the following Minnesota operating subsidiaries: Intermedia Communications, Inc., MCI WorldCom Communications, Inc., MCI WorldCom Network Services, Inc., Teleconnect Long Distance Services and Systems Co. d/b/a Teleconnect Company, and TTI National, Inc. (MCI's Minnesota operating subsidiaries).[6]

B. THE TRANSACTION

On February 14, 2005, Verizon and MCI entered into an Agreement and Plan of Merger (Merger Agreement) whereby Verizon will acquire 100 percent of the ownership and control of MCI, and MCI will be merged into a wholly owned subsidiary of Verizon. The Verizon subsidiary is a newly formed entity, created for the specific purpose of this transaction, named ELI Acquisition, LLC (ELI). MCI, LLC will be the name of the surviving entity as a result of MCI's merger with ELI.[7] The Transaction will not occur until all necessary governmental and regulatory approvals have been obtained.[8] All MCI Minnesota operating subsidiaries will be second-tier subsidiaries of Verizon, and they will continue to operate under their current authorities. No changes in the rates, terms or conditions of service are proposed.[9]

3 Application, paragraphs 4-6, pages 2-3.
4 Verizon Select Services received interexchange and local authorities in Docket Nos. P5139/NA-95-36 (2-24-95) and 97-1395 (4-22-98 and 12-2-98) respectively; Verizon Enterprise Solutions received interexchange authority in Docket No. P5883/NA-00-242 (5-31-00); Verizon Long Distance received interexchange authority in Docket No. P5439/NA-99-1153 (10-27-99).
5 Application, paragraphs 7-10, pages 3-4.
6 Intermedia Communications received interexchange and local authority in Docket No. P5480/NA-97-379 (10-2-97); MCI WorldCom Communications obtained interexchange authority when it acquired ITT CSI in Docket No. P3012,460/PA-89-226 (August 24, 1989); MCI WorldCom Network Services received interexchange authority in Docket No. P442,444,443,421,433/NA-84-212; Teleconnect Long Distance Services received interexchange authority in Docket No. P478/NA-87-268; and TTI National obtained interexchange authority when it acquired the assets of Target Telecom, Inc. in Docket No. P5343,5027/PA-96-438 (7-11-98).
7 Application, paragraph 11, page 4 and Exhibit 1, Agreement and Plan of Merger dated as of February 14, 2005 among Verizon Communications Inc., ELI Acquisition, LLC and MCI, Inc., Article I, Section 1.1. The Merger; Certain Related Matters, pages 1-2.
8 Application, paragraph 13, page 5.
9 Application, paragraphs 14-15, pages 5-6.

C. THE PUBLIC INTEREST

The Applicants view Verizon's acquisition of MCI as positioning a strong new competitor in the industry's evolution toward more converged products and services to benefit all customers. The Applicants state that the Transaction reflects the logical next step in the continuing evolution of the telecommunications industry that is driven by customers and technology. They maintain that the industry is rapidly restructuring itself to provide a full array of services. They also state that the availability of wireline and wireless packages of "any time, any distance" minutes of use, Internet communication, and voice over Internet protocol (VOIP) services have blurred the historical lines between local and long distance service.[10]

The Applicants state that enterprise and government customers will benefit because the Transaction will create a new competitor capable of providing more services than MCI currently does. They state that AT&T will remain the largest single provider of services to enterprise customers, and enterprise customers are served by other competitors such as: global network service providers, equipment providers, CLECS/DLECs, and system integrators/IP application providers.[11] Verizon's financial strength is expected to ensure that MCI's enterprise customer will continue to be well served, and the merged company is expected to challenge the larger incumbents that now serve enterprise customers. Finally, the Applicants expect that their complementary assets will combine Verizon's local and wireless networks and MCI's national, international and Internet backbone networks.[12]

The Applicants further state that competition in the consumer and small business markets will also not be harmed. The Transaction will facilitate Verizon's transformation into a national broadband company and expand its broadband and wireless networks. They say that consumers will continue to have a choice of competitors including wireline competitors, cable telephony providers, wireless services and VOIP providers operating throughout the state.[13]

The Applicants finally state that the Transaction will not be anti-competitive. MCI's focus is on the enterprise market, Verizon's focus is on consumers and small businesses, and intermodal competition is expected to continue. Existing union contracts will be honored, although redundant management positions are expected to be consolidated. More jobs are anticipated in the long term as the Transaction positions two companies to compete more effectively in the telecommunications market.[14]

10 Application. paragraph 18-19, pages 6-7.
11 Application, paragraphs 22-23, pages 8-9.
12 Application, paragraphs 24-25, pages 9-10.
13 Application, paragraphs 27-28, page 11.
14 Application, paragraphs 35-36, page 13.

II. STATEMENT OF ISSUES

A. Does the Transaction require Commission approval?

B. Will the Transaction serve the public interest?

C. Have the Petitioners complied with Minnesota law requiring prior Commission approval of the Transaction?

III. LEGAL REFERENCES

Minn. Stat. §237.23 concerns acquiring property of another company. "It shall be unlawful for any telephone company, corporation, person, partnership, or association subject to the provisions of this chapter to purchase or acquire the property, capital stock, bonds, securities, or other obligations, or the franchises, rights, privileges, and immunities of any telephone company doing business within the state without first obtaining the consent of the commission thereto; and telephone companies, corporations, persons, partnerships, or associations are hereby given the right with the consent of the commission to purchase and acquire the property, capital stock, bonds, securities, or other obligations together with all franchises, rights, privileges, and immunities owned or enjoyed by said companies. The owner and the proposed purchaser of said property shall both join in the application filed with the commission for the approval of such transfer, and in the case of a corporation desiring to sell all of its property it shall require a vote of a majority of its stockholders to ratify the same."

Minn. Stat. §237.74, subd. 12 provides that no telecommunications carrier shall construct or operate any line, plant, or system, or any extension of it, or acquire ownership or control of it, either directly or indirectly, without first obtaining from the commission a determination that the present or future public convenience and necessity require or will require the construction, operation, or acquisition, and a new certificate of territorial authority.

Minnesota Rule 7812.2210, subp. 16 also addresses mergers and acquisitions and states: "In accordance with Minnesota Statutes, section 237.74, subdivision 12, before acquiring ownership or control of any provider of local service in Minnesota, either directly or indirectly, a CLEC must demonstrate to the commission that the present or future public convenience and necessity require or will require the acquisition. To make this determination, a CLEC must show that the merger is consistent with the public interest, based on such factors as the potential impact of the merger on consumers, competition, rates, and service quality."

IV. ANALYSIS

A. COMMISSION ACTION IS NEEDED FOR THIS TRANSACTION

The Commission has established a consistent precedent for requiring approval for any change of ownership affecting Minnesota telephone companies and telecommunications carriers. Although the Commission has found that approval is not required for corporate reorganizations in which ownership and control do not change and the operating companies are not impacted by the reorganization,[15] Minn. Stat. §§237.23 and 237.74, subd. 12, as well as Minnesota Rule 7812.2210, subp. 16 apply to the Transaction. Ownership of MCI's Minnesota operating subsidiaries will be transferred, and the Commission should determine if the Transaction is in the public interest.

B. THE COMMISSION SHOULD ENSURE THAT THE TRANSACTION IS IN THE PUBLIC INTEREST

In determining whether the Transaction is "consistent with the public interest," the Commission weighs perceived detriments or concerns against perceived benefits to the public.[16]

1. There is no evidence that the Transaction will materially impact the current concentration of competitive local exchange carriers or interexchange carriers in the Minnesota telecommunications market.

The Applicants state that AT&T will remain the largest single provider of services to enterprise customers, and enterprise customers are served by other competitors such as: global network service providers, equipment providers, CLECS/DLECs, and system integrators/IP application providers.[17] They say that consumers will continue to have a choice of competitors including wireline competitors, cable telephony providers, wireless services and VOIP providers operating throughout the state.[18] They also argue that the Transaction will not diminish competition because Verizon and MCI serve different markets.[19]

15 In the Matter of an Application for Approval of a Corporate Reorganization by Winstar Wireless, Inc., Docket No P5246/PA-00-925, August 25, 2000.

16 *Joint Petition of WorldCom, Inc. and MCI Communications Corporation for Approval of the Acquisition of All the Outstanding Shares of Stock of MCI by WorldCom*, ORDER APPROVING MERGER, Docket No. P443,3012/PA-97-1532, April 9, 1998, page 14.

17 Application, paragraphs 22-23, pages 8-9.

18 Application, paragraphs 27-28, page 11.

19 Application, paragraph 35, page 13.

A review of the reported operating revenues and local line counts of Verizon and MCI's Minnesota operating subsidiaries indicates that the Transaction will not result in Verizon controlling significantly more local customers and interexchange revenues than controlled by MCI before the Transaction. MCI is a major competitor Minnesota's interexchange market and has a small presence in the local market. Verizon has no local and minimal interexchange Minnesota operations.

[TRADE SECRET DATA HAS BEEN EXCISED]

2. *The Transaction strengthens MCI's competitive presence.*

The Applicants state that MCI has recognized that as a result of competition its consumer business is in a continuing and irreversible decline.[20] MCI's predecessor was WorldCom, Inc. (WorldCom). On June 25, 2002, WorldCom announced that it had previously issued financial statements that had not been prepared in accordance with accounting principles generally accepted in the United States. On July 21, 2002, WorldCom filed voluntary petitions for relief in the U.S. Bankruptcy Court. On April 20, 2004, WorldCom's plan of reorganization was consummated and WorldCom emerged from bankruptcy. On the emergence date, WorldCom merged with and into MCI. The separate existence of WorldCom ceased and MCI became the surviving company.[21]

A review of MCI's financial performance and position is presented in the following table. Fresh-start reporting was adopted on December 31, 2003.[22]

MCI , Inc. Selected Financial Info.	Yr ended 12-31 2000 (in billions)	Yr ended 12-31 2001 (in billions)	Yr ended 12-31 2002 (in billions)	Yr ended 12-31 2003 (in billions)	Yr ended 12-31 2004 (in billions)
Revenues	$34.4	$32.9	$28.5	$24.3	$20.7
Operating Inc/(Loss)	$(47.2)	$(11.9)	$(8.9)	$22.5	$(4.0)

2000-2003 result reflect those of the predecessor company, WorldCom. 2004 results reflect that of MCI.
2003 operating income includes a $22.3 billion reorganization gain.

	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04
Property, plant & equip	$24.5	$21.5	$14.2	$11.5	$6.3
Long-term debt	$17.2	$29.3	$1.0	$7.1	$5.9
Shareholders' equity	$1.8	$(12.9)	$(22.3)	$8.5	$4.2

12/31/00-12/31/02 reflects WorldCom. 12/31/03 and 12/31/04 reflects MCI.

20 Application, paragraph 19, page 7.
21 MCI, Inc.'s SEC Form 10-K for the fiscal year ended December 31, 2004, Item 1. Business. Company Background, pages 2-3.
22 MCI, Inc.'s SEC Form 10-K for the fiscal year ended December 31, 2004, filed 3-16-05. Item 6. Selected Financial Data, page 31.

Prior to 2002, MCI's predecessor (WorldCom) expanded through numerous acquisitions and large capital expenditure programs which contributed to a sharp increase in its outstanding debt. In filing for reorganization under U.S. bankruptcy laws, WorldCom sought to lower its operating costs and undertook initiatives to minimize decreases in revenues, including focusing on the acquisition and retention of enterprise customers. MCI expects revenues to continue to decline in 2005, most significantly in the Mass Market (residential and small business customers).[23]

In 2003, the consolidated statement of operations reported a gain of approximately $22.3 billion resulting from the difference between the amounts distributed to creditors according to the plan of reorganization approved by the bankruptcy court and their carrying values. Discharged liabilities and preferred stock of $37.5 billion and $436 million respectively were offset by the issuance of new common stock of $8.5 billion, the issuance of $5.6 billion of new debt, and amounts to be settled in cash of $1.6 million.[24]

Despite the relief obtained from the reorganization, operating results declined in 2003 and 2004. During 2003, revenues decreased $4.2 billion as compared to 2002. MCI reports that voice services declined as a result of the entrance of RBOCs into the long distance market, and lower rates in the consumer markets, which were due to product substitution to wireless phones, e-mail and prepaid cards, increased competition, and consumer migration to lower-priced calling plans. During 2004, revenues decreased by $3.6 billion as compared to 2003. MCI explains that long distance revenues declined primarily as a result of lower rates and volumes and the decision to close call centers. Data revenue services declined due to rate pressure and technology substitution to IP services.[25]

The Transaction introduces the backing of a significantly stronger company to MCI's Minnesota operating subsidiaries. The Applicants state that given Verizon's financial strength, this transaction will ensure that MCI's enterprise customers will continue to be served by a strong provider of telecommunication services.[26] Verizon reports a strong financial performance and capital position at the end of 2003 and 2004.[27]

23 MCI, Inc.'s SEC Form 10-K for the fiscal year ended December 31, 2004, filed 3-16-05, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, page 39.

24 MCI, Inc.'s SEC Form 10-K for the fiscal year ended December 31, 2004, filed 3-16-05, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, page 45

25 MCI, Inc.'s SEC Form 10-K for the fiscal year ended December 31, 2004, filed 3-16-05, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, page 41.

26 Application, paragraph 24, page 10.

27 Verizon Communications, Securities and Exchange Form 10-K for the fiscal year ended December 31, 2004, Consolidated Financial Statements, filed March 14, 2005, Exhibit 13 Portions of Verizon's Annual Report to Shareowners, Consolidated Financial Statements, pages 34-38 of 78.

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Verizon Communications	Net Income (in billions)	Operating Cash Flows (in billions)	Working Capital (in billions)	Long-term debt (in billions)	Stockholders' equity (in billions)
Year ended 12-31-03	$3.1	$22.5	($8.3)	$39.4	$33.5
Year ended 12-31-04	$7.8	$21.8	($3.6)	$35.7	$37.6

Verizon has been profitable with strong operating results and positive net operating cash flows. Revenues increased $3.8 billion to $71.3 billion in 2004 from $67.5 in 2003 primarily due to higher revenues from domestic wireless operations, partially offset by domestic telecom operations.[28] Its primary source of funds continues to be cash generated from operations. The slight decrease in cash from operations in 2004 compared to 2003 was primarily due to an increase in working capital requirements. The increase in working capital requirements was driven by higher severance payments in 2004 compared to higher severance accruals in 2003, primarily related to the fourth quarter 2003 voluntary separation plan.[29]

Verizon's working capital position improved on December 31, 2004, and its equity position also improved as long-term debt decreased and stockholders' equity increased. Cash of $5.5 million was used to reduce total debt during 2004.[30] Stockholders' equity increased largely due to the net effect of net income of $7.8 billion and dividends declared of $4.3 billion.[31] Verizon's debt as a percentage of debt combined with stockholders' equity or debt ratio was 51.1 percent at December 31, 2004 compared to 57.6 percent at December 31, 2003. Verizon's bond ratings are generally stable at A+, but both Standard & Poor's and Moody's have indicated that the proposed acquisition of MCI may result in downgrades in Verizon's debt ratings.[32]

Although Minnesota is out of Verizon's operating region as an incumbent local carrier, MCI's operating subsidiaries are expected to remain in the Minnesota telecommunications market. The Applicants state that the Transaction will not affect the regulatory authority of the Minnesota Commission over any of MCI's regulated subsidiaries, and the MCI state-regulated subsidiaries

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28 Verizon Communications. Securities and Exchange Form 10-K for the fiscal year ended December 31, 2004, Consolidated Financial Statements, filed March 14, 2005, Exhibit 13 Portions of Verizon's Annual Report to Shareowners, Management's Discussion and Analysis of Results of Operations and Financial Condition, page 3 of 78.

29 Verizon Communications, Securities and Exchange Form 10-K for the fiscal year ended December 31, 2004, Consolidated Financial Statements, filed March 14, 2005, Exhibit 13 Portions of Verizon's Annual Report to Shareowners, Management's Discussion and Analysis of Results of Operations and Financial Condition, page 19 of 78.

30 Verizon Communications. Securities and Exchange Form 10-K for the fiscal year ended December 31, 2004, Consolidated Financial Statements, filed March 14, 2005, Exhibit 13 Portions of Verizon's Annual Report to Shareowners, Management's Discussion and Analysis of Results of Operations and Financial Condition, page 20 of 78.

31 Verizon Communications. Securities and Exchange Form 10-K for the fiscal year ended December 31, 2004, Consolidated Financial Statements, filed March 14, 2005, Exhibit 13 Portions of Verizon's Annual Report to Shareowners, Consolidated Financial Statements, page 38 of 78.

32 Verizon Communications. Securities and Exchange Form 10-K for the fiscal year ended December 31, 2004, Consolidated Financial Statements, filed March 14, 2005, Exhibit 13 Portions of Verizon's Annual Report to Shareowners, Management's Discussion and Analysis of Results of Operations and Financial Condition, page 20 of 78.

will continue to meet all of their obligations and commitments under the Commission's rules, regulations and orders.[33]

The Department does not expect the Transaction to have any significant immediate anti-competitive effects in the Minnesota telecommunications market. Verizon is experienced in the consumer and small business market. The Transaction joins companies who have operated in different markets and provides the MCI operations with needed resources to continue its operations as a competitor in Minnesota's local and long distance telecommunications markets.

3. The Transaction should be transparent to customers.

The MCI Minnesota operating subsidiaries are expected to continue to exist in their current form upon consummation of the merger. Their customers will continue to receive services from the same MCI Minnesota operating subsidiaries, and customer rates, terms and conditions of service will not be affected.[34]

C. THE APPLICANTS HAVE COMPLIED WITH THE REQUIREMENT TO REQUEST PRIOR COMMISSION APPROVAL FOR THE PROPOSED TRANSFER OF CONTROL

The Merger Agreement requires all approvals required to be obtained from any state public service or public utility commission or similar regulatory body.[35] No violation of Minn. Stat. §237.74, subd. 12 occurs.

V. COMMISSION ALTERNATIVES

- Approve acquisition of MCI, Inc. and its Minnesota operating subsidiaries (Intermedia Communications, Inc., MCI WorldCom Communications, Inc., MCI WorldCom Network Services, Inc., Teleconnect Long Distance Services and Systems Co. d/b/a Teleconnect Company, and TTI National, Inc.) by Verizon Communications, Inc.

- Verizon Communications , Inc. must file a notice of consummation of the merger within 20 days of the confirmation of the Merger Agreement.

- Intermedia Communications, Inc., MCI WorldCom Communications, Inc., MCI WorldCom Network Services, Inc., Teleconnect Long Distance Services and Systems Co. d/b/a Teleconnect Company, and TTI National, Inc. will continue to operate under their current authorities.

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33 Application, paragraph15, pages 5-6.
34 Application, paragraph 17, page 6.
35 Application, Exhibit 1, Agreement and Plan of Merger, Section 3.7(b), page 17, Section 4.4(b), page 34, and Section 7.1(c), page 58.

- Approve the Application with Modifications.

- Reject the Application.

VI. RECOMMENDATION

- Approve acquisition of MCI, Inc. and its Minnesota operating subsidiaries (Intermedia Communications, Inc., MCI WorldCom Communications, Inc., MCI WorldCom Network Services, Inc., Teleconnect Long Distance Services and Systems Co. d/b/a Teleconnect Company, and TTI National, Inc.) by Verizon Communications, Inc.

- Verizon Communications, Inc. must file a notice of consummation of the merger within 20 days of the confirmation of the Merger Agreement.

- Intermedia Communications, Inc., MCI WorldCom Communications, Inc., MCI WorldCom Network Services, Inc., Teleconnect Long Distance Services and Systems Co. d/b/a Teleconnect Company, and TTI National, Inc. will continue to operate under their current authorities.

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