



BEFORE THE ARIZONA CORPORATION C

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COMMISSIONERS

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

2005 SEP 21 P 4: 51

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE JOINT
NOTICE OF INTENT OF VERIZON
COMMUNICATIONS, INC., AND
MCI, INC., ON BEHALF OF ITS
REGULATED SUBSIDIARIES

DOCKET NOS: 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 SUBMISSION
OF LATE FILED EXHIBITS**

Pursuant to the direction of the Administrative Law Judge ("ALJ") and as discussed at the conclusion of the hearing on September 14, 2005, Verizon Communications, Inc. ("Verizon") hereby submits the attached late-filed exhibits in this docket: Exhibit 1 - Synergies Analysis, and Exhibit 2 - Verizon's Position on Federal Preemption of State Consumer Protection Rules. Exhibit 1 contains highly confidential information, and, as such, is being provided under seal pursuant to the protective agreement in this docket.

Additionally, at the hearing, the ALJ requested that Verizon and MCI explain what the consequences would be if the Commission were to reject the proposed merger. One of the conditions precedent in Article VII, Section 7.1(d) of the Merger Agreement is the absence of a "decision, opinion or decree issued by a court or other Governmental Entity of competent jurisdiction having the effect of making the Merger illegal or otherwise prohibiting consummation of the Merger[.]" If such an order or decree were final and unappealable, it could constitute the failure of a condition precedent that would

1 permit the termination of the transaction under Article VIII, Section 8.1(b)(ii) of the
2 Merger Agreement.

3 RESPECTFULLY SUBMITTED this 21st day of September 2005.

4 SNELL & WILMER L.L.P.

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6
7 Deborah R. Scott
8 Kimberly A. Grouse
9 Attorneys For Verizon Communications, Inc.

10 A **redacted** original and 13
11 **redacted** copies of the fore-
12 going filed 09/21/05 with:

13 Docket Control
14 Arizona Corporation Commission
15 1200 West Washington
16 Phoenix, AZ 85007

17 **Unredacted** copies have been
18 Hand-delivered 09/21/05 to:

19 Comm. Jeff Hatch-Miller, Chairman
20 Comm. William A. Mundell
21 Comm. Marc Spitzer
22 Comm. Mike Gleason
23 Comm. Kristin K. Mayes
24 ALJ Dwight Nodes
25 ACC Legal Director
26 ACC Utility Director

27 

28

Exhibit 1 -- Highly Confidential
(Redacted)

Summary of Voice Transport and Other Vendor Spend Opportunity
Forecasted as of February 4, 2006

Preliminary and Subject to Subject Matter Expert Review
Verizon Confidential

Vendor Spend Expense Summary 020405a.xls
8:34 PM
9/18/2005

HIGHLY CONFIDENTIAL: USE RESTRICTED PER PROTECTIVE AGREEMENT IN DOCKET NO. T-01846D-05-0279

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File: IT CapEx Forecast 2006 -2014(Apr relooky)7.xls Tab: Apr 25 Re-Look 623c
Highly Confidential

**SYNERGY / INTEGRATION
ELI IT (Re-Look, Apr 05)
ASSUMPTIONS**

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File: IT CapEx Forecast 2006 -2014(Apr relook)v7.xls Tab: Apr 25 Re-Look Assumptions 623c
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ELI Capital Analysis

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Project ELI
Headcount Synergy Summary

DRAFT - CONFIDENTIAL AND PROPRIETARY
Not be disclosed outside Verizon companies without prior written permission.
Contains information subject to Nondisclosure Agreement.
Statements and representations contained herein are preliminary or tentative.

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Project ELI

Synergy Summary (\$M)
Nondiscounted Cash Flows

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Project ELI

Synergy Summary (\$M)

Nondiscounted Cash Flows

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Synergy Summary (\$M)

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Synergy Value

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Exhibit 2

The Position of Verizon and Verizon Wireless on Federal Preemption of State Consumer Protection Rules

A. Slamming

Verizon and Verizon Wireless recognize that, in enacting Section 258 of the Act, Congress intended to promote a state-federal partnership to deter slamming and authorized state enforcement of slamming violations for intrastate service. Accordingly, Verizon and Verizon Wireless agree that state slamming rules should not be preempted unless they conflict with or frustrate federal slamming rules.

B. Truth-in-Billing

The FCC's truth-in-billing rules prohibit, among other things, the practice known as "cramming," i.e., the placement of unauthorized or deceptive charges on telephone bills. Verizon and Verizon Wireless maintain that enforcement of the FCC's truth-in-billing rules should remain with that Commission in order to maintain a uniform federal interpretation. But federal truth-in-billing rules do not affect a state's ability to enforce its own generally applicable contract and consumer protection laws. Likewise, any state billing regulations should be preempted. Wireless line item bill regulation is already preempted.

C. CPNI

In Verizon and Verizon Wireless' view, states should not adopt state-specific CPNI rules because the FCC's rules adequately protect consumers' privacy interests. In the Arizona Commission's proceeding on CPNI, Verizon Wireless and other wireless carriers demonstrated that there was no record of Arizona-specific complaints or concerns that would justify Arizona CPNI rules. The FCC has stated that states must present evidence of the need for additional rules, and there has been no evidence presented in the Arizona proceeding.

D. Do Not Call

The position of Verizon and Verizon Wireless is that Congress granted the federal government exclusive jurisdiction over all interstate telemarketing and that any attempt by states to regulate interstate telemarketing is preempted.