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BEFORE THE ARIZONA CORPORATION COMMISSION

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

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION ) DOCKET NO. T-02431A-05-0683  
OF MCI, INC. TO TRANSFER THE ASSETS ) T-03394A-05-0683  
OF MCI NETWORK SERVICES, INC. TO ) DECISION NO. 68345  
MCI COMMUNICATIONS SERVICES, INC. ) ORDER

Open Meeting  
December 6 and 7, 2005  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On September 28, 2005, MCI, Inc. ("MCI") filed an application for expedited approval to transfer certain MCI Network Services assets to MCI Communications Services, Inc.

2. On October 3, 2005, MCI filed a supplement to its September 28, 2005 application for expedited approval to transfer certain MCI Network Services assets to MCI Communications. The supplement was filed at the request of the Arizona Corporation Commission ("ACC" or "Commission") Docket Control to demonstrate MCI WorldCom Communications, Inc.'s name has been changed to MCI Communications Services, Inc. ("MCI Communications Services") and that MCI WorldCom Network Services, Inc.'s name has been changed to MCI Network Services, Inc ("MCI Network Services").

3. On October 19, 2005, MCI filed a second supplement to its September 28, 2005 application for expedited approval to transfer certain MCI Network Services assets to MCI Communications Services. The second supplement correctly filed the conformed, stamped copy of the application MCI should have filed with the October 3, 2005 supplement.

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1           4.       MCI is a corporation created and existing under the laws of the State of Delaware,  
2 with its principal office located at 22001 Loudoun County Parkway, Ashburn, Virginia 20147.  
3 Through various operating subsidiaries, including MCI Network Services and MCI  
4 Communications Services, MCI provides international and domestic interstate, intrastate and local  
5 telecommunications services. MCI is the parent company of various operating subsidiaries and  
6 offers no services directly to the public and holds no certificates of public convenience and  
7 necessity issued by the Commission. Additional information about MCI, Inc. is available at  
8 [www.mci.com](http://www.mci.com).

9           5.       MCI Network Services, Inc. is a Delaware corporation with its principal office  
10 located at 22001 Loudoun County Parkway, Ashburn, Virginia 20147. (MCI Network Services is  
11 a certificated interexchange carrier in Arizona pursuant to Decision Nos. 54507 and 59446.) MCI  
12 Network Services provides wholesale long distance telephone, data and Internet services to other  
13 carriers. MCI Network Services owns facilities used to provide non-local services. MCI, Inc. is  
14 the ultimate parent of MCI Network Services.

15           6.       MCI Communications Services, Inc. is a Delaware corporation with its principal  
16 office located at 22001 Loudoun County Parkway, Ashburn, Virginia 20147 (MCI  
17 Communications Services is a certificated interexchange carrier and provider of operator services  
18 in Arizona pursuant to Decision Nos. 59629 and 59802). MCI Communications Services is MCI's  
19 primary entity for U.S. based sales contracts. It holds MCI's customer contracts for commercial,  
20 wholesale, consumer, and the public sector and leases various facilities. It also provides long  
21 distance services to MCI's retail consumer and business customer base in all 50 states and the  
22 District of Columbia. MCI, Inc. is the ultimate parent of MCI Communications Services.

23 The Company's Request

24           7.       On September 28, 2005, MCI filed an application for expedited approval to transfer  
25 certain MCI Network Services assets to MCI Communications Services pursuant to A.R.S. § 40-  
26 285.

27           8.       MCI states that this transaction is an essential aspect of MCI's plans to streamline  
28 its corporate structure and allow it to operate in a more efficient manner. The transaction will

1 result in MCI Network Services' assets, facilities and wholesale customer contracts involving long  
2 distance telephone, data and Internet services, being transferred to MCI Communications Services.

3 9. The transfer of MCI Network Services' assets to MCI Communications Services  
4 should not impact service since MCI Network Services has no retail customers. All customers  
5 served by MCI Network Services' facilities and pursuant to contract with MCI Network Services  
6 will be served by MCI Communications Services after the transfer of assets.

7 10. MCI Communications Services has all authority necessary to provide the services  
8 currently provided by MCI Network Services. No new authority is being requested. MCI, Inc.,  
9 the ultimate parent of both companies, will retain control of both subsidiaries. There is no change  
10 of ownership of Certificate of Convenience & Necessity ("CC&N"). MCI Network Services is  
11 retaining its CC&Ns and is not asking for the cancellation of authority at this time.

12 11. MCI states that this transfer of assets and non-retail customers will not adversely  
13 affect the provision of services in Arizona. Wholesale customers will receive the same services  
14 from MCI Communications Services that they currently receive from MCI Network Services. No  
15 changes will be made to the rates, terms and conditions or service offerings. All branding will still  
16 remain MCI, making the transfer of assets transparent to all customers.

17 12. Denial or delay of this application will not have a direct impact on MCI's operating  
18 plans, however, MCI states that it will be unable to comply with tax filing obligations for about 20  
19 states, of which Arizona is not one. In Arizona, MCI files a consolidated return. In these other 20  
20 states, MCI is required to file separate returns. Without completion of this paper transaction, MCI  
21 will have an additional regulated entity that will have to file separate tax returns.

22 Staff's Conclusions

23 13. MCI Network Services did not report any business or residence local exchange  
24 lines in its 2004 Annual Report, therefore, the transfer of assets from MCI Network Services to  
25 MCI Communications Services should not present any harm to retail customers.

26 14. MCI Network Services did not report any business or residence local exchange  
27 lines in its 2004 Annual Report, therefore, the transfer of assets from MCI Network Services to  
28 MCI Communications Services should not impact facilities used for local exchange competition.



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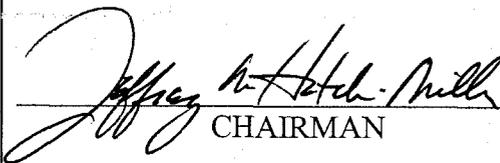
ORDER

IT IS THEREFORE ORDERED that MCI, Inc.'s application to transfer MCI Network Services' assets to MCI Communications Services pursuant to A.R.S. § 40-285 is granted.

IT IS FURTHER ORDERED that MCI Network Services shall file an application to cancel its CC&N within 60 days of a decision in this matter.

IT IS FURTHER ORDERED that this Decision shall be become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

  
CHAIRMAN

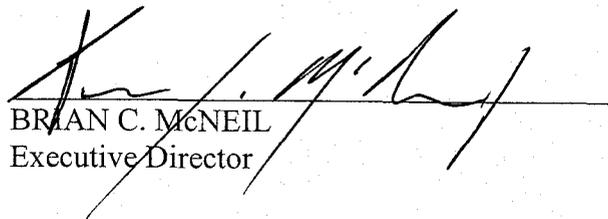
  
COMMISSIONER

  
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IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 9<sup>th</sup> day of December, 2005.

  
BRIAN C. McNEIL  
Executive Director

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:AFF:red/KL

1 SERVICE LIST FOR MCI, INC.  
2 DOCKET NOS. T-02431A-05-0683 and T-03394A-05-0683

3 Mr. Thomas Campbell  
4 Mr. Michael Hallam  
5 Lewis and Roca LLP  
6 40 North Central Avenue  
7 Phoenix, Arizona 85004-4429

8 Mr. David Adelman  
9 Mr. Frank LoMonte  
10 Sutherland Asbill & Brennan LLP  
11 999 Peachtree Street, N.E.  
12 Atlanta, Georgia 30309

13 Ms. Marsha Ward  
14 MCI, Inc.  
15 6 Concourse Parkway, Suite 600  
16 Atlanta, Georgia 30328

17 Mr. Christopher C. Kempley  
18 Chief Counsel, Legal Division  
19 Arizona Corporation Commission  
20 1200 West Washington Street  
21 Phoenix, Arizona 85007

22 Mr. Ernest G. Johnson  
23 Director, Utilities Division  
24 Arizona Corporation Commission  
25 1200 West Washington Street  
26 Phoenix, Arizona 85007