EXHIBITS

EXHIBIT NO. 1

verizon

Lydia R. Pulley
Vice President, General Counsel & Secretary
Virginia

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July 26, 2005

Robert M. Gillespie, Esquire
State Corporation Commission
Post Office Box 1197
Richmond, Virginia 23218

Re: Case No. PUC-2005-00051
<u>Verizon Responses to Staff Set 1, Number 8</u>

Dear Mr. Gillespie:

Please note that the Attachments provided in response to Staff Set 1, Question 8, were inadvertently marked "Confidential." Specifically, eight attachments that were provided on CD, with Bates Numbers ranging from Va 00000001- Va 00000758, mistakenly bear the "Confidential" marking.

These documents are press releases and analyst reports, which are publicly available. Petitioners are not seeking to have them treated as "Confidential" under the Protective Order in this case.

Please let me know if you have any questions.

Very truly yours,

Lydia R. Pulley

Copy to:
Alexander F. Skirpan, Esquire (E-Mail)
Penny Sedgley (E-Mail)
Kathleen Cummings (E-Mail)
Steve Bradley (E-Mail)
Sheree King (E-Mail)
Robert Dalton (E-Mail)
C. Meade Browder, Jr. (E-Mail)
Ashley Beuttel, Esquire (E-Mail)
JoAnne L. Nolte, Esquire (E-Mail)
Kiva Bland Pierce, Esquire (E-Mail)
Andrea P. Edmonds, Esquire (E-Mail)
Michelle Painter, Esquire (E-Mail)
Eric M. Page, Esquire (E-Mail)
Joel H. Peck, Clerk (Letter only)

EXHIBIT NO. 2

BEAR STEARNS

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TELECOM UPDATE

HIGH GRADE RESEARCH

Thursday, February 17, 2005

Doug Colandrea
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Anthony McCutcheon
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Recommendations
Sector:
Marketweight
Overweights:
AT&T Wireless
BellSouth
SBC
Sprint
Verizon
Marketweights:
CenturyTel
Cingular
Verizon Wireless
Underweights:
ALLTEL

Verizon (VZ) A2/A+

Bear Mid A

Acquiring MCI... Will Spin Occur?

Summary of MCI Deal Terms

Verizon announced an agreement to acquire MCI for $8.9 billion, or $20.75 per share. In the first year following the closing (which should take about one year), Verizon expects EPS to be diluted by $0.10 per share (excluding acquisition costs/amortization of intangible assets). By year three management expects the acquisition to be breakeven from a EPS perspective, and cash flow positive.

Potential for Wireline Spin?

What does MCI mean for a potential wireline spin? At the very least, we believe it postpones the spin until late 2006 if it occurs at all. We would find it hard to imagine that Verizon would try to spin-off a large chunk of access lines while they are awaiting approval from the regulators (states regulators included) on MCI. We believe this would be a positive development for some of the operating telephone debt, particularly VZ Florida and VZ California.

Rating Actions Post-MCI

Moody's, S&P and Fitch all placed Verizon's ratings (A2/A+/A+) on review for downgrade as well as all of the operating telephone company debt. We believe that the highest risk for a downgrade lies at S&P. Ultimately, we believe both Moody's and Fitch will affirm Verizon's ratings once they get comfortable with Verizon's ability to realize the expected synergies of the deal.

4Q04 Access Lines Results Are Not Great

Verizon posted fourth quarter access line growth for its operating telephone companies on its website. Of the 16 operating telephone companies listed, twelve experienced a further decline in access line losses from 3Q04. In fact, nine are at the lows over the last seven quarters. One notable credit was VZ New York, where access line losses are now greater than 6.0%. GTE Southwest is not far behind at 5.8%. We expect Moody's to make further refinements to some opco ratings in the March/April timeframe.

Conclusion

Our conclusion is that we remain positive on the Verizon story. We believe that the best way to play the name is through exposure to VZ Global Funding, GTE Corp. (when it trades 5–10 cheap to VZ-GF), and select operating company paper. We believe that credits that are both strategic and are trading on top of the weakest-rated operating company (i.e. New York) are attractive. These credits include VZ Virginia, VZ Florida, VZ California and VZ New England.

Bear Stearns acted as financial advisor and rendered a fairness opinion to Verizon in its announced transaction with MCI

Please see important Regulation AC information on the last page of this report.

Vz-ELI Va 00000725

Summary of Deal Terms

Verizon announced an agreement to acquire MCI for $8.9 billion, or $20.75 per share. The total valuation is comprised of $4.8 billion in equity ($14.75 per share) and $4.1 billion in net debt. In addition, MCI shareholders will receive $488 million in cash ($1.50 per share) and $1.463 billion ($4.50 per share), which will be paid from MCI's $5.5 billion cash balance. According to management, the cash consideration could be subject to change depending on MCI's bankruptcy-related claims, which are currently capped at $1.725 billion. If claims (bankruptcy, state and international claims) exceed this amount then the $488 million will be reduced by a like amount, carrying over to the equity portion of the deal if necessary. Using a consensus 2005 EBITDA estimate of $2.1 billion, Verizon is acquiring MCI for 4.24x, compared with AT&T's acquisition multiple by SBC of 3.93x.

Financial Impact per VZ Management

In the first year following the closing (which should take about one year), Verizon expects EPS to be diluted by $0.10 per share (excluding acquisition costs/amortization of intangible assets). By year three management expects the acquisition to be breakeven from a EPS perspective, and cash flow positive. The NPV of expected savings and incremental value from the acquisition is estimated to be $7 billion, with 80%–85% coming from the expense side and remainder from revenues. Included in the NPV calculation is $1–$1.5 billion (which Verizon expects to spend on integration), and $2 billion (which will be allocated to capital investment). From an EBITDA perspective (excluding the expected $1–$1.5 billion in integration expenses), Verizon expects savings to contribute $500 million in year one, $750 million in year two, and $1 billion in year three and beyond. Savings will be derived from headcount reductions as well as network efficiencies and IT modernization.

Rating Actions

Moody's, S&P and Fitch all placed Verizon's ratings (A2/A+/A+) on review for downgrade as well as all of the operating telephone company debt. We believe that the highest risk for a downgrade lies at S&P. Ultimately, we believe both Moody's and Fitch will affirm Verizon's ratings once they get comfortable with Verizon's ability to realize the expected synergies of the deal.

Before the AT&T and MCI transactions, Moody's actually rated Verizon (A2/stable) slightly higher than SBC (A2/negative). From our perspective, we believe Verizon desires a higher credit rating than SBC. Given that AT&T was a much larger transaction—not only on an absolute basis ($22 billion in enterprise value versus $8.9 billion) but also as a percentage of the acquirer's market capitalization (20% for SBC versus 7% for VZ)—we do not see this relationship changing. In other words, we expect Verizon to continue to be recognized by Moody's as a better credit. We would expect SBC to be downgraded to A3/stable, while Verizon gets affirmed at A2 with a negative outlook.

Recommendation

What does MCI mean for a potential wireline spin? At the very least, we believe it postpones the spin until late 2006 if it occurs at all. We would find it hard to imagine that Verizon would try to spin-off a large chunk of access lines while they are awaiting approval from the regulators (states regulators included) on MCI. Could MCI cause management to reconsider their position on the wireline spin? We would not be surprised if they are and we may have seen the first sign of this on Verizon's fourth quarter conference call when management seemed less committed to the idea. We believe this would be a positive development for some of the operating telephone debt, particularly VZ Florida and VZ California, because these are fairly solid credits that are trading on top of VZ New York, which is the weakest operating company.

What About The Operating Company Debt?

Moody's also has some outstanding issues with the operating company debt. Last December, Moody's made a number of rating adjustments to the operating company debt (currently they are all on review for downgrade as a result of the MCI acquisition), and we would expect them to resolve these issues over the next few weeks (as they indicated in their December release) as fourth quarter financials become available for the operating companies. See Exhibit 5 where we highlight our methodology for ranking the operating company credit from which we then assign our Bear rating.

Exhibit 1: Moody's December 2004 Rating Actions

	Prior Status		December 2004 Actions	
GTE Southwest	A1	Watch Neg	A2	Negative
VZ New England	Aa3	Watch Neg	A2	Negative
VZ South	A1	Watch Neg	A2	Stable
VZ North	A1	Watch Pos	A1	Positive
VZ Pennsylvania	Aa3	Stable	Aa3	Watch Neg
VZ New Jersey	Aa3	Stable	Aa3	Watch Neg
VZ Wireless	A3	Stable	A3	Positive
VZ Virginia	Aa3	Stable	Aa3	Negative
VZ Maryland	Aa3	Stable	Aa3	Negative

4Q04 Access Lines Results Are Not Great

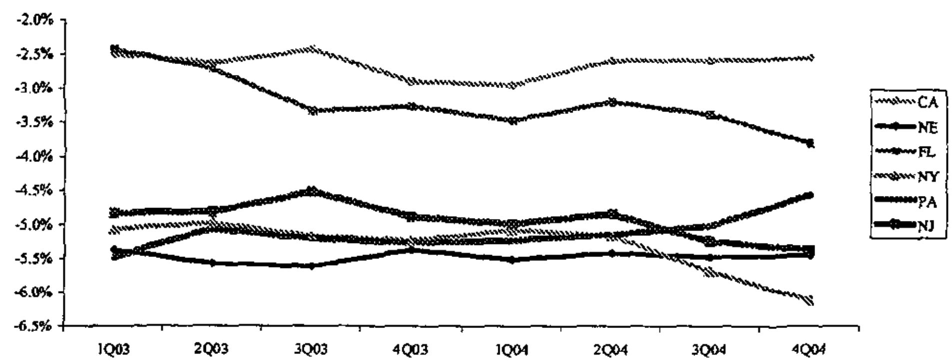
Verizon posted fourth quarter access line growth for its operating telephone companies on its website. Below, we highlight the results:

Exhibit 2: Year over Year Access Line Growth

	1Q04	2Q04	3Q04	4Q04
VZ New York	-5.1%	-5.2%	-5.7%	-6.1%
GTE Southwest	-5.6%	-5.3%	-5.5%	-5.8%
VZ New England	-5.5%	-5.4%	-5.5%	-5.4%
VZ New Jersey	-5.0%	-4.8%	-5.2%	-5.4%
VZ Pennsylvania	-5.8%	-5.7%	-5.6%	-5.1%
VZ Northwest	-3.9%	-3.1%	-3.6%	-4.2%
VZ Maryland	-2.8%	-3.2%	-3.5%	-4.1%
VZ Virginia	-2.6%	-3.7%	-3.4%	-4.1%
VZ Florida	-3.5%	-3.2%	-3.4%	-3.8%
VZ Delaware	-3.8%	-4.0%	-3.1%	-3.7%
VZ West Virginia	-1.7%	-2.9%	-2.6%	-3.6%
VZ Hawaii	-3.8%	-3.4%	-3.2%	-3.4%
VZ North	-3.2%	-2.9%	-3.0%	-3.1%
VZ California	-3.0%	-2.6%	-2.6%	-2.6%
VZ South	-2.2%	-2.0%	-2.2%	-2.5%
VZ Washington, D.C.	-1.5%	-1.2%	-1.4%	-1.0%
Total Company	**-4.3%**	**-4.2%**	**-4.4%**	**-4.6%**

Of the 16 operating telephone companies listed, twelve experienced a further decline in access line losses from 3Q04. In fact, nine are at the lows over the last seven quarters. One notable credit was VZ New York, where access line losses are now greater than 6.0%. GTE Southwest is not far behind at 5.8%. We thought we would have seen some stabilization in access lines declines, given recent UNE-P regulation that led to both AT&T and MCI pulling back from their consumer businesses. Our sense is that these rates did not take effect until late December 2004/early January 2005. We hope to see some stabilization in the first quarter of 2005 as these trends need to be monitored on a quarter-by-quarter basis. Putting Exhibit 1 together with Exhibit 2 (recognizing that we have not yet seen the 4Q04 financial statements for the operating companies), we expect Moody's to take rating action on at least VZ Pennsylvania, VZ New Jersey, VZ Virginia and VZ Maryland. One can not rule out a possible outlook change to negative at VZ New York.

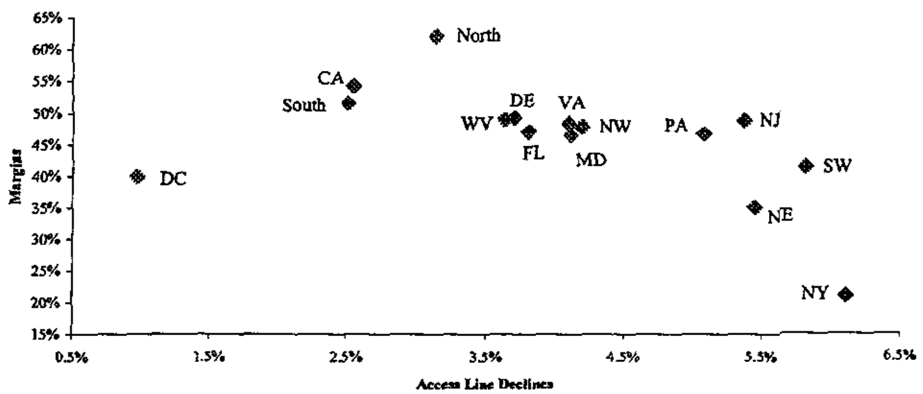
Vz-ELI Va 00000727



Ranking the Operating Companies

As we have discussed in earlier reports, Moody's seems very focused on two metrics: access line losses and EBITDA margins. Exhibit 4 below shows a graph using these two variables and it's no surprise that VZ New York and VZ New England are in the lower right quadrant (high access line losses and low EBITDA margins).

EXHIBIT 4: 4Q04 YOY ACCESS LINES DECLINES VERSUS NINE-MONTH ENDING SEPT '04 EBITDA MARGINS



Last June, we published a piece that ranked the operating company paper by strength of their credit profiles using margins and leverage as a guide (not by strategic value). Below is the prior ranking:

Ranking

1 VZ Maryland
2 VZ Virginia
3 VZ New Jersey
4 VZ California
5 VZ North
6 VZ South
7 VZ Pennsylvania
8 VZ Northwest
9 VZ Florida
10 VZ New England
11 GTE Southwest
12 VZ New York

**Note that we only ranked operating company debt that traded somewhat actively.*

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We have updated that analysis using four metrics; leverage, EBITDA margins, access line growth, and (EBITDA-capex)/interest (see Exhibit 5). We assigned equal levels of importance to these metrics by simply ranking each operating company from best to worst (1 for best and 15 for worst) in each category and then aggregating the values. We have included a column which shows our Bear credit rating as well:

EXHIBIT 5: OPCO RANKINGS

	Opco	Leverage	Margins	A/L Decline	EBITDA-Capex/ Interest Exp.	Current Moody's Rating	Bear Rating
1	VZ North	0.9	62.1%	-3.1%	19.0	A1	A1
2	VZ West Virginia	1.1	49.0%	-3.6%	25.0	Aa3	A1
3	VZ Washington, D.C.	1.2	39.9%	-1.0%	56.0	Aa3	A1
4	VZ Delaware	1.1	49.2%	-3.7%	22.6	Aa3	A1
5	VZ California	1.6	54.3%	-2.6%	11.0	A1	A1
6	VZ South	1.6	51.6%	-2.5%	5.6	A2	A2
7	VZ New Jersey	1.1	48.9%	-5.4%	12.5	Aa3	A2
8	VZ Virginia	1.2	48.4%	-4.1%	9.3	Aa3	A2
9	VZ Pennsylvania	1.1	46.8%	-5.1%	12.4	Aa3	A2
10	VZ Maryland	1.1	46.6%	-4.1%	9.2	Aa3	A2
11	VZ Florida	1.4	47.0%	-3.8%	6.1	A1	A2
12	VZ Northwest	1.6	47.8%	-4.2%	9.7	A1	A2
13	GTE Southwest	2.1	41.5%	-5.8%	5.0	A2	Baa1
14	VZ New England	2.3	35.1%	-5.4%	4.8	A2	Baa1
15	VZ New York	4.7	21.0%	-6.1%	1.5	Baa2	Baa2

It also is very important to recognize that both S&P and Fitch take a consolidated rating approach with respect to operating company debt. This took on greater significance after Lehman decided to include the Fitch ratings in their Index. This certainly will benefit credits like VZ New York if Moody's decides to take further rating action as it should limit forced selling. Below, we highlight all the ratings for the operating companies from the three major rating agencies.

EXHIBIT 6: RATINGS

	Moody's		S&P		Fitch	
VZ Communications	A2	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ Global Funding	A2	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ California	A1	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ Delaware	Aa3	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ Washington, D.C.	Aa3	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ Florida	A1	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ Hawaii	Baa1	Watch Neg	A+	Watch Neg	BB+	Watch Neg
VZ Maryland	Aa3	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ New England	A2	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ New Jersey	Aa3	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ New York	Baa2	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ North	A1	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ Northwest	A1	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ Pennsylvania	Aa3	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ South	A2	Watch Neg	A+	Watch Neg	A+	Watch Neg
GTE Southwest	A2	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ Virginia	Aa3	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ West Virginia	Aa3	Watch Neg	A+	Watch Neg	A+	Watch Neg
VZ Wireless	A3	Stable	A+	Watch Neg	A+	Watch Neg
NYNEX Corp	A3	Watch Neg	A+	Watch Neg	A+	Watch Neg
GTE Corp	A3	Watch Neg	A+	Watch Neg	A+	Watch Neg
Telecom Puerto Rico	Baa1	Stable	BBB+	Stable	BBB+	Stable

Conclusion

Our conclusion is that we remain positive on the Verizon story. We believe that the best way to play the name is through exposure to VZ Global Funding, GTE Corp. (when it trades 5–10 cheap to VZ-GF), and select operating company paper. We still believe that operating company paper should trade 20–25 bps behind VZ Global Funding. As Exhibit 7 highlights, a number of operating companies are trading 25–30 bps cheap to Global Funding.

Two credits that we believe are strategic in nature are VZ Florida and VZ California; there is some concern in the market that they are not strategic, and may be part of a possible wireline spin-off in the future. Another point is that even some of the operating companies like VZ New York and VZ New England, where we assign very little probability of being affected by a wireline spin-off, are trading on top of VZ Florida and VZ California. We believe that because the market appears to be assigning very little credit differentiation in these operating companies, herein lies the opportunity.

EXHIBIT 7: RELATIVE VALUE

10-Year	Spread to UST	Z-Spread
VZ Global Funding 4.375 6/1/13	+56	+29
VZ Global Funding 7.375 9/01/12	+53	+33
VZ Maryland 6.125 3/1/12	+56	+40
VZ Pennsylvania 5.650 11/15/11	+56	+41
VZ New Jersey 5.875 1/17/12	+58	+42
VZ New England 6.500 9/15/11	+56	+43
VZ New York 6.875 4/1/12	+68	+51
VZ Virginia 4.625 3/15/13	+78	+52
VZ Florida 6.125 1/15/13	+78	+54
VZ New England 4.750 10/1/13	+88	+58
30-Year		
VZ Maryland 5.125 6/15/33	+125	+84
VZ Global Funding 7.750 12/1/30	+123	+86
VZ Global Funding 7.750 6/15/32	+125	+87
GTE Corp 6.940 4/15/28	+130	+94
VZ New York 7.375 4/1/32	+149	+111
VZ California 6.750 5/15/27	+153	+117
VZ Florida 6.860 2/1/28	+153	+117
VZ North 6.730 2/15/28	+163	+126

We believe that credits that are both strategic and are trading on top of the weakest-rated operating company (i.e. New York) are attractive. These credits include VZ Virginia, VZ Florida, VZ California and VZ New England. We believe once there is clarity to the wireline spin-off (which we would assign a lower probability of occurring) the spreads of the remaining operating companies should compress to 20–25 bps behind Global Funding spreads. As for VZ New York, we believe the access line performance in the fourth quarter—coupled with little or no margin improvement—could lead to an outlook change. We do not consider VZ New York to be in jeopardy of falling below investment-grade at this stage. We would lighten-up on VZ New York in the near-term, because that paper could grow more attractive during the year (at the very least, we could have capacity to add to the name). We would look to add at that time.

EXHIBIT 8: 2005E

	VZ	MCI	Adj	PF
Revenue	75,442	18,000		93,442
Operating expenses	46,319	15.900		62,219
D&A	14,808	1,550		16,358
Total expenses	61,127	17,450		78,577
EBITDA	29,123	2,100		31,223
Margin	38.6%	11.7%		33.4%
Total Debt	37,692	5,938	7,663	45,355
Cash	1,382	5,500	3,549	4,931
Net Debt	36,310	438	4,114	40,424
Total Debt/EBITDA (x)	1.29			1.45
Net Debt/EBITDA (x)	1.25			1.29

**2005 consensus estimates for revenue and EBITDA*

EXHIBIT 9: DEAL VALUATION

Equity	4,800
Net debt	4,100
Total acquisition value	8,900
MCI 2005E EBITDA*	2,100
Multiple	4.24

**2005 consensus estimate*

EXHIBIT 10: NET DEBT CALCULATION

MCI's cash	5,500
Cash payment to MCI shareholders	(488)
Special dividend	(1,463)
Adjusted net cash	3,549
MCI total debt	5,938
New cash balance	(3,549)
Pro forma net debt	2,389
Bankruptcy claims	1,725
Adjusted net debt	4,114

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EXHIBIT 11: VERIZON—ORGANIZATIONAL CHART

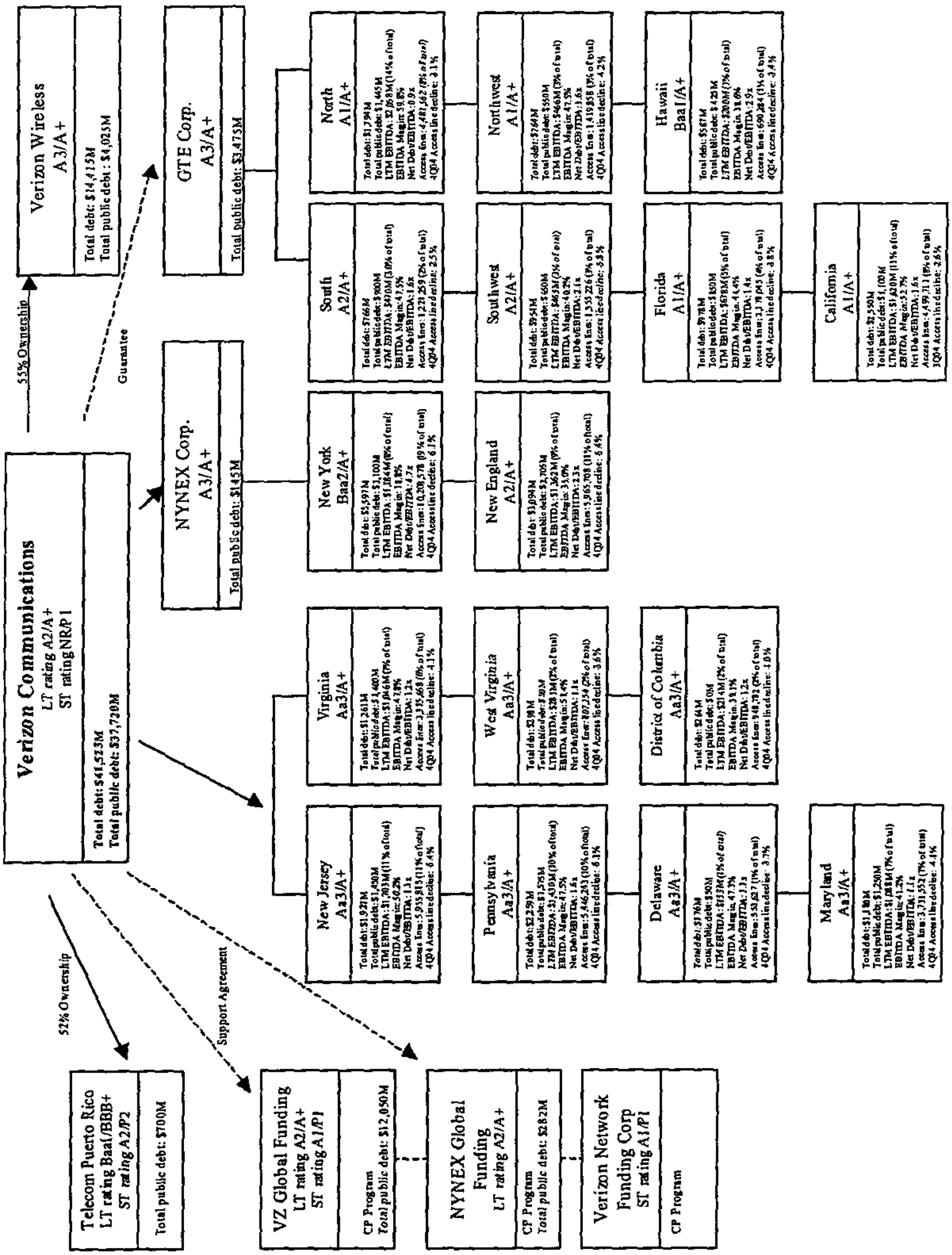

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EXHIBIT 12: VERIZON PUBLIC DEBT OUTSTANDING

Issuer	Coupon (%)	Amount Outstanding	Amount Issued	Maturity	Security Type	Callable	Putable
Verizon Maryland	6.125	$500	$500	03/01/12	Notes	MW+30	
Verizon Maryland	7.150	$250	$250	05/01/23	Debentures	5/1/13 @ 100	
Verizon Maryland	8.000	$50	$50	10/15/29	Debentures		
Verizon Maryland	8.300	$100	$100	08/01/31	Debentures		
Verizon Maryland	5.125	$350	$350	06/15/33	Bonds	MW+30	
		$1,250					
Verizon Virginia	6.125	$100	$100	07/15/05	Debentures		
Verizon Virginia	7.625	$100	$100	12/01/12	Debentures		
Verizon Virginia	4.625	$1,000	$1,000	03/15/13	Notes	MW+25	
Verizon Virginia	7.875	$100	$100	01/15/22	Debentures		
Verizon Virginia	8.375	$100	$100	10/01/29	Debentures		
		$1,400					
Verizon West Virginia	8.400	$50	$50	10/15/29	Debentures		
		$50					
Verizon Delaware	8.375	$15	$15	09/15/19	Debentures		
Verizon Delaware	7.000	$20	$20	12/01/23	Debentures	12/1/13 @ 100	
Verizon Delaware	8.625	$15	$15	10/15/31	Debentures		
		$50					
Verizon Pennsylvania	7.375	$150	$150	07/15/07	Debentures		
Verizon Pennsylvania	5.650	$1,000	$1,000	11/15/11	Notes	MW+30	
Verizon Pennsylvania	6.000	$125	$125	12/01/28	Debentures		
Verizon Pennsylvania	8.350	$175	$175	12/15/30	Debentures		12/15/02 @ 100
Verizon Pennsylvania	8.750	$125	$125	08/15/31	Debentures		
		$1,575					
Verizon New Jersey	5.875	$1,000	$1,000	01/17/12	Debentures	MW+30	
Verizon New Jersey	8.000	$200	$200	06/01/22	Debentures		
Verizon New Jersey	6.800	$100	$100	12/15/24	Debentures	12/15/08 @ 101.54	
Verizon New Jersey	7.850	$150	$150	11/15/29	Debentures		
		$1,450					
Verizon New England	7.650	$125	$125	06/15/07	Notes	MW+15	
Verizon New England	5.875	$200	$200	04/15/09	Notes	MW+15	
Verizon New England	6.500	$1,000	$1,000	09/15/11	Senior Notes	MW+30	
Verizon New England	4.750	$300	$300	10/01/13	Notes	MW+25	
Verizon New England	6.875	$250	$250	10/01/23	Debentures	10/1/03 @ 102.75	
Verizon New England	7.875	$350	$350	11/15/29	Debentures		
Verizon New England	7.000	$480	$480	03/15/42	Baby Bond	5/10/07 @ 25	
		$2,705					
Verizon New York	6.500	$200	$200	03/01/05	Debentures		
Verizon New York	6.000	$250	$250	04/15/08	Debentures		
Verizon New York	6.125	$250	$250	01/15/10	Debentures		
Verizon New York	8.625	$150	$150	11/15/10	Debentures		
Verizon New York	6.875	$1,000	$1,000	04/01/12	Debentures	MW+30	
Verizon New York	7.000	$100	$100	05/01/13	Debentures		
Verizon New York	7.000	$100	$100	06/15/13	Debentures		
Verizon New York	6.700	$250	$250	11/01/23	Debentures	11/1/13 @ 100	
Verizon New York	6.500	$100	$100	04/15/28	Debentures		
Verizon New York	7.375	$500	$500	04/01/32	Debentures	MW+35	
Verizon New York	7.000	$200	$200	12/01/33	Debentures	12/01/13 @ 100	
		[illegible]					

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VERIZON PUBLIC DEBT OUTSTANDING (CONT'D)

Issuer	Coupon (%)	Amount Outstanding	Amount Issued	Maturity	Security Type	Callable	Putable
Verizon California	7.650	$275	$225	03/15/07	Debentures	MW+15	
Verizon California	7.000	$100	$100	05/01/08	Debentures		
Verizon California	5.500	$225	$225	01/15/09	Debentures		
Verizon California	6.700	$300	$300	09/01/09	Debentures		
Verizon California	6.750	$200	$200	05/15/27	Debentures		
		$1,100					
Verizon Florida	6.250	$100	$100	11/15/05	Debentures		
Verizon Florida	6.125	$350	$350	01/15/13	Debentures	MW+40	
Verizon Florida	7.250	$100	$100	10/15/25	Debentures	10/15/05 @ 103.23	
Verizon Florida	6.860	$300	$300	02/01/28	Debentures		
		$850					
Verizon Hawaii	6.750	$125	$125	02/15/05	1st Mortgage		
Verizon Hawaii	7.000	$150	$150	02/01/06	Debentures		
Verizon Hawaii	7.375	$150	$150	09/01/06	Debentures		
		$425					
Verizon North	6.400	$150	$150	02/15/05	Debentures		
Verizon North	6.900	$250	$250	11/01/08	Debentures		
Verizon North	5.650	$250	$250	11/15/08	Debentures		
Verizon North	6.375	$200	$200	02/15/10	Debentures		
Verizon North	5.634	$92	$92	01/01/21	Debentures / Sinking	MW+25	
Verizon North	5.604	$102	$102	01/01/22	Debentures / Sinking	MW+25	
Verizon North	7.625	$200	$200	05/15/26	Debentures	5/15/06 @ 103.25	
Verizon North	6.730	$200	$200	02/15/28	Debentures		
		$1,445					
Verizon Northwest	5.550	$200	$200	10/15/08	Debentures		
Verizon Northwest	6.300	$175	$175	06/01/10	Debentures		
Verizon Northwest	7.875	$175	$175	06/01/26	Debentures	6/1/06 @ 103.23	
		$550					
Verizon South	6.125	$225	$225	06/15/07	Debentures		
Verizon South	6.000	$125	$125	02/15/08	Debentures		
Verizon South	7.500	$250	$250	03/15/26	Debentures	3/15/06 @ 103.1	
Verizon South	7.000	$300	$300	04/30/41	Baby Bond	4/30/06 @ 25	
		$900					
GTE Southwest	6.540	$250	$250	12/01/05	Debentures		
GTE Southwest	6.000	$150	$150	01/15/06	Debentures		
GTE Southwest	6.230	$150	$150	01/01/07	Debentures		
GTE Southwest	8.500	$100	$100	11/15/31	1st Mortgage		
		$650					
GTE Corporation	6.600	$75	$75	09/22/05	MTN		
GTE Corporation	6.360	$450	$450	04/15/06	Debentures		
GTE Corporation	6.460	$250	$250	04/15/08	Debentures		
GTE Corporation	7.510	$500	$500	04/01/09	Notes		
GTE Corporation	6.840	$600	$600	04/15/18	Debentures		
GTE Corporation	8.750	$300	$300	11/01/21	Debentures		
GTE Corporation	7.900	$500	$500	02/01/27	Debentures	2/1/07 @ 103.95	
GTE Corporation	6.940	$800	$800	04/15/28	Debentures		
		$3,475					

Vz-ELI Va 00000734

VERIZON PUBLIC DEBT OUTSTANDING (CONT'D)

Issuer	Coupon (%)	Amount Outstanding	Amount Issued	Maturity	Security Type	Callable	Putable
NYNEX Corp	9.550	$145	$450	05/01/10	Debentures / Sinking		
Verizon Wireless	FRN	$1,525	$1,525	05/23/05	FRN		
Verizon Wireless	5.375	$2,500	$2,500	12/15/06	Notes	MW+20	
		$4,025					
Verizon Global Funding	6.750	$1,000	$1,000	12/01/05	Notes	MW+25	
NYNEX Capital Funding	8.600	$8	$8	12/01/05	MTN		
NYNEX Capital Funding	8.610	$10	$10	05/15/06	MTN		
Verizon Global Funding	7.600	$400	$400	03/15/07	MTN		
Verizon Global Funding	6.125	$1,000	$1,000	06/15/07	Notes	MW+35	
Verizon Global Funding	4.000	$1,000	$1,000	01/15/08	Notes		
NYNEX Capital Funding	8.230	$100	$100	10/15/09	MTN		
Verizon Global Funding	7.250	$2,000	$2,000	12/01/10	Notes	MW+30	
Verizon Global Funding	6.875	$600	$600	06/15/12	Notes	MW+35	
Verizon Global Funding	7.375	$1,000	$1,000	09/01/12	Notes	MW+40	
Verizon Global Funding	4.375	$500	$500	06/01/13	Notes	MW+25	
Verizon Global Funding	0.000	$1,300	$5,442	05/15/21	Convert	5/15/06 @ 63.976	5/15/04 @ 60.277
Verizon Global Funding	7.750	$2,000	$2,000	12/01/30	Notes	MW+35	
Verizon Global Funding	7.750	$400	$400	06/15/32	Bonds	MW+40	
		$11,318					
Telecom Puerto Rico	6.650	$400	$400	05/15/06	Company Guarantee	MW+15	
Telecom Puerto Rico	6.800	$300	$300	05/15/09	Company Guarantee	MW+15	
		$700					

Source: VZ website

EXHIBIT NO. 3

16 February 2005

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Fixed Income

Verizon Communications

Implications for Bondholders of MCI Acquisition – State Regulators Gain Negotiating Leverage

United States
Telecommunications

Investment Recommendation: Overweight

Verizon Communications (VZ: A2↓/A+↓) has announced an agreement to acquire MCI (MCIP: B2↑/B+↑) for $4.8 billion in equity and $488 million in cash. In addition, MCI will pay quarterly and special dividends of $4.50 per share, totaling $1.463 billion. Verizon will also assume net debt at MCI of $4 billion.

We view this transaction as positive for Verizon as it allows them to relatively inexpensively access the enterprise segment with little impact on their credit metrics. We believe that Verizon will most likely be rated A2/A post-acquisition and we do not envision Verizon guaranteeing MCI's debt.

Verizon Global Funding

To the extent that MCI's cash resources are insufficient to retire its debt (see below), we would look for refinancing to take place at this funding arm.

Verizon Operating Companies

- Boston-to-DC Corridor (Bell Atlantic/Nynex) –we view these operations as the most strategic to Verizon and therefore expect little impact from the MCI acquisition.
- GTE "Core" (Florida, Texas, California) – these assets as likely to be linked to MCI's national network, tying their futures more closely with those of the former Bell Atlantic/Nynex operating companies.
- GTE "Non-Core" (North, South, Northwest) – the necessity of state regulatory approval for the MCI acquisition is likely to sidetrack the "repositioning" of these access lines (i.e. spin) over the near-term and to be less leveraged than originally thought when they are spun. We are moving to market weight on these credits.

Verizon Wireless

We expect VZW to remain focused on rolling out advanced data applications and leveraging its reputation as the most reliable wireless voice carrier and to continue to gain its share of new subscribers. Longer-term, we would look for VZW service to be aggressively marketed to MCI's enterprise customers.

MCI

We believe that after the close of the transaction – slated for 1H06 – Verizon will look to reduce the amount of debt at the MCI entity. We look for the 2007 and 2009 Notes to be called in mid-2006. For the 2014 Notes, we expect 35% to be clawed back as per the indentures; it is unclear whether the remaining bonds will be taken out using the make whole call in mid-2006 or called in mid-2009. In either case, we expect no debt to be outstanding in the name of MCI by mid-2009.

Refer to important disclosures on page 6. Analyst Certification on page 4.

Verizon Global Funding

We remain overweight Verizon Global Funding. To the extent that MCI's cash resources are insufficient to retire its debt, we would look for refinancing to take place at this funding arm.

Table 1: VZ-MCI pro forma estimates

	VZ	VZ-MCI	
($000s)	2004A	2005E-PF	2006E-PF
Operating Revenues			
Domestic Telecom	38,551	37,202	35,893
Domestic Wireless	27,662	31,804	34,629
International	3,615	2,014	2,014
Information	2,014	3,615	3,579
Other	(559)	(500)	(400)
MCIP	0	17,576	15,116
Total Operating Revenues	71,283	91,711	90,830
EBITDA	27,851	31,261	32,244
Margin	39.1%	34.1%	35.5%
Interest	2,384	2,644	2,432
Free Cash Flow	4,766	156	3,376
Cash	2,290	5,946	2,691
Debt	39,267	43,205	36,588
Total Debt / EBITDA	1.4x	1.4x	1.1x
Net Debt / EBITDA	1.3x	1.2x	1.1x
EBITDA / Interest	11.7x	11.8x	13.3x

Source: Company Filings, Merrill Lynch estimates

Notes and Assumptions
(1) Free Cash Flow calculated as EBITDA less Capex, Interest, Taxes, Dividends, and other as estimated; includes payment of special dividends in 2005 and acquisition cash portion and settlement of contingent liabilities in 2006
(2) Assumes $2 billion of debt reduction from VZ in 2005 and 2006
(3) Assumes call on 2007 and 2009 MCI debt and claw on 35% 2014 debt in May 2006
(4)Does not apply value of MCI's $5.9 billion of NOLs which may reduce cash taxes

MCI's Impact on Verizon's Financials

We look for Verizon post-MCI acquisition (2006) to have slightly better credit metrics than stand-alone at YE2004. We look for total debt-to-EBITDA to decline from 1.4x to 1.1x, while coverage increases to 13.3x from 11.7x. We have factored in all of the incremental capex, bankruptcy and tax settlement charges, spectrum acquisitions, and integration expense, and Verizon still ends up with the strongest balance sheet of any of the RBOCs at YE2006.

Verizon Operating Companies

Given MCI's extensive CLEC operations, Verizon will need to get regulatory approval to keep MCI operations in states where Verizon has local operations. The regulatory process is not likely to be a major issue in the former GTE territories as VZ is not the dominant metro market operator there. However, Verizon is likely to encounter a more rigorous regulatory review in the former Bell Atlantic and NYNEX territories where it is the dominant operator in metro markets, particularly in the Boston-to-Washington D.C. corridor.

Given that SBC Communications (SBC: A2↓/A) has already stated they may be required to shed portions of AT&T's CLEC operations in SBC's service territory, we would not be surprised if VZ is likewise required to divest itself of portions of MCI's in-region CLEC operations.

MCI Fast Tracked, Rural Spin Side Tracked

We believe that the need to gain state regulatory approval to acquire MCI's CLEC operations may slow down, if not sidetrack, Verizon's stated goal of divesting 10-to-12 million principally rural access lines. It may prove awkward to simultaneously ask state regulators to approve the acquisition of MCI's CLEC operations to compete in the urban enterprise market while asking the same regulators to bless an exit from their rural jurisdictions.

As a result, we believe that Verizon will fast track MCI discussions and delay spin-off conversations until a later time, possibly late 2005 or early 2006.

Nevertheless, we continue to look for Verizon to engineer a spin-off of non-core rural properties and harvest cash from these spins as they remain committed to driving fiber deeper into its residential markets then any of the other RBOCs and need the capital to do so.

Verizon North, South, Northwest, West Virginia – Culling the Herd

We believe that a portion of former GTE access lines are likely to be non-core to Verizon, as VZ sold 2.8 million access lines from the GTE footprint in 2000 and many of these lines were much more rural that what is found in the old Bell Atlantic/NYNEX area while the sale of the Hawaiian operations is slated for later in 2005.

As mentioned above, we believe that the rural spin has been side tracked for the time being and, as discussed below, we look for the SpinCo to be leveraged in the 2.5x-to-3.0x range. We believe this would translate into spread levels comparable to CenturyTel (CTL: Baa2/BBB+).

Given that the GTE North 2028 Notes trade in a +160-155 T30 framework, on top of CenturyTel 2028 Notes, we believe that this risk has been appropriately priced at this time. While we continue to believe that Verizon North, Verizon Northwest, Verizon South, and Verizon West Virginia are still the most likely candidates for spin-off, we are moving to market weight from underweight given the delay in spin timing, current spread levels, and our expectation the SpinCo could be rated low investment grade.

Table 2: Pro Forma SpinCo Leverage

	Subscribers	% of Total	Leverage	Leverage Contribution
VZ New York	2,500,000	24%	6.9x	1.7x
VZ North	4,490,857	43%	0.9x	0.4x
VZ South	1,197,772	11%	1.8x	0.2x
VZ West Virginia	807,154	8%	1.1x	0.1x
VZ Northwest	1,419,858	14%	1.7x	0.2x
Total	10,415,641	100%	NM	2.6x

Source: Company Filings, Merrill Lynch

Notes
(1) Subscribers as of 4Q04
VZ- South estimated based on division between former Bell Atlantic and former GTE in Pennsylvania
(2) LTM Leverage as of 3Q04

As table 2 illustrates, we believe that a spin off of these operating companies, plus 2.5 million access lines in upstate New York, *would be structured to look something like CenturyTel, with leverage in the 2.5x-to-3.0x range and paying out the majority of its free cash flow as a dividend. The chart above illustrates what pro forma* leverage would look like for this new SpinCo, and shows that leverage would already be within this range even without additional debt. Bondholder should also note that the pro forma leverage of spin-co shown above is almost identical to the capital structure that Sprint-Nextel is contemplating for its own spin-off of its local operations.

We think that it may be more palatable to state regulators for Verizon to do a partial IPO of SpinCo as a mechanism for returning capital to fund its fiber initiative. A partial IPO would return capital to Verizon without adding incremental leverage to SpinCo, a concept we believe state regulators would appreciate. We note that there apparently continues to be an appetite in the equity market for this type of product, as evidenced by the $1.5 billion in rural telephone companies that did IPOs in just the last 3 months (Valor, Iowa, Fairport, Alaska).

We remind investors that while one option is a spin-off of each of these former GTE operating companies, it is also possible for the company to retain a minority portion of these lines (i.e. attractive suburban markets that could be tied into the MCI nationwide network). Given that the indentures for bonds associated with these entities have asset sale provisions such that all or substantially all of the assets are sold, the bonds will travel with the assets to the new owner. This would be true for all of the operating companies listed in table 2 with the exception of Verizon New York, as it would only be divesting 2.5 million lines (less than 25% of its total lines).

■ Verizon Florida, California, Southwest – Keepers

Within the GTE footprint, Verizon has been active overbuilding fiber to the premise (FTTP) in Keller, Texas (a suburb of Dallas), Huntington Beach, California, and Tampa, Florida. Therefore, it appears unlikely that Verizon would exit those states in the intermediate-term, and we remain comfortable with VZ Florida, VZ Southwest and VZ California for now. Down the road, MCI's nationwide network will link together these 3 islands into a more coherent national strategy for Verizon, and may make them long-term strategic operations.

■ Old Bell Atlantic – Remain Core

Given that the strategy of "repositioning" access lines is to harvest capital from non-core operations to finance the FTTP strategy without leveraging up the balance sheet of the strategic operating companies, we continue to believe that the operating companies that reside within the Boston-Washington D.C. corridor will remain integral to Verizon (*with the exception of the upstate NY lines as discussed* above). Therefore, we remain market weight on these Northeastern-based operating companies.

■ Operating Companies – The Future Funding Structure

We believe that Verizon is likely to utilize Verizon Network Funding to refinance term debt that comes due at the "core" operating companies, with the exception of *Verizon New York, which will continue to be funded* through Verizon Global Funding.

It is our understanding that the FTTP assets will be owned by the local operating companies and that the local voice and DSL revenues will continue to be booked at that level. Long distance is currently booked at the holding company and, *with the addition of MCI, will become a greater focus* of the company. Moreover, video service revenues are likely to be booked at the holding company level as well. *This may create an imbalance if the full cost of FTTP is* booked at the operating company, whereas only a portion of the revenues from this undertaking will be realized at this level. This reinforces our opinion that we would prefer to be at the holding company level (Verizon Global Funding) than at a particular operating company.

Longer-term, this imbalance in credit profiles could be addressed through upstream and downstream guarantees between operating companies, Verizon Network Funding (who currently funds all of the working capital requirements of the operating companies except New York), and Verizon Communications (see Chart 1). Investors should note that this is roughly the structure that SBC and BellSouth use to finance their operating companies.

As a result, investors with a longer time horizon are likely to be indifferent between operating company paper and holding company paper. For the meantime, however, until

Verizon Network Funding initiates the long-term refinancing of operating company debt, we look for this operating company debt to trade behind Verizon Global Funding by 10-20 basis points.

Verizon Wireless

We expect VZW to remain focused on rolling out advanced data applications and leveraging its reputation as the most reliable wireless voice carrier and to continue to gain its share of new subscribers. Longer-term, we would look for VZW service to be aggressively marketed to MCI's enterprise customers.

We expect that Verizon Wireless will use its 2005 free cash flow for spectrum purchases, $4.1 billion of which have already been announced. In 2006, we estimate that Verizon Wireless will be a cash cow and will be able to start to deleverage the partnership, returning money to Verizon Global Funding through the repayment of inter-company debt.

Table 3: Verizon Wireless 2005E and 2006E Free Cash Flow, in $ billions

	2005E	2006E
EBITDA	12.7	14.6
Less:		
Capex	6.4	6.1
Interest	0.7	0.6
Dividend to parents	2.3	0
Qwest spectrum purchase	0.4	0
Nextwave Spectrum announced 4Q04	3.0	0
Auction 58	0.7	0
Other Spectrum	0	1.0
Free Cash Flow	(0.8)	6.9
Public Debt coming due	1.525	2.5

Source: Company Filings, Merrill Lynch estimates

We expect that the upcoming Verizon Wireless public debt maturity in 2005 will be refinanced (most likely into another short-term maturity). In 2006, Verizon Wireless will have the free cash flow to retire the public debt maturity if it so chooses, or to repay inter-company loans to Verizon Global Funding ($10+ billion). In either case, Verizon Communications is the net beneficiary, as the Verizon Wireless debt is consolidated on its books and, in the other case, the repayment of inter-company loans provides cash to retire Verizon Global Funding maturities.

MCI

MCI ended 2004 with approximately $5.5 billion of balance sheet cash, about $2 billion of which will be used to pay the dividends and the cash component of the deal. This will take MCI close to the cap of what can be paid to shareholders per the restricted payment covenant in the bond indenture. A portion of the remaining $3.5 billion of balance sheet cash is earmarked for the repayment of up to $1.725 billion of bankruptcy claims and state and international tax claims. This would leave $1.8 billion of cash on the MCI balance sheet.

We do not envision that Verizon will guarantee the MCI debt and will instead look to reduce the amount of debt at the MCI entity through calls, equity claw, and tender or make whole calls.

The MCI 2007 bonds will be callable beginning May 2005 at $102.454, dropping to a $100 call in May 2006. The MCI 2009 bonds become callable in May 2006 at $102.844. **We would look for both of these bonds to be called in the May 2006 timeframe.**

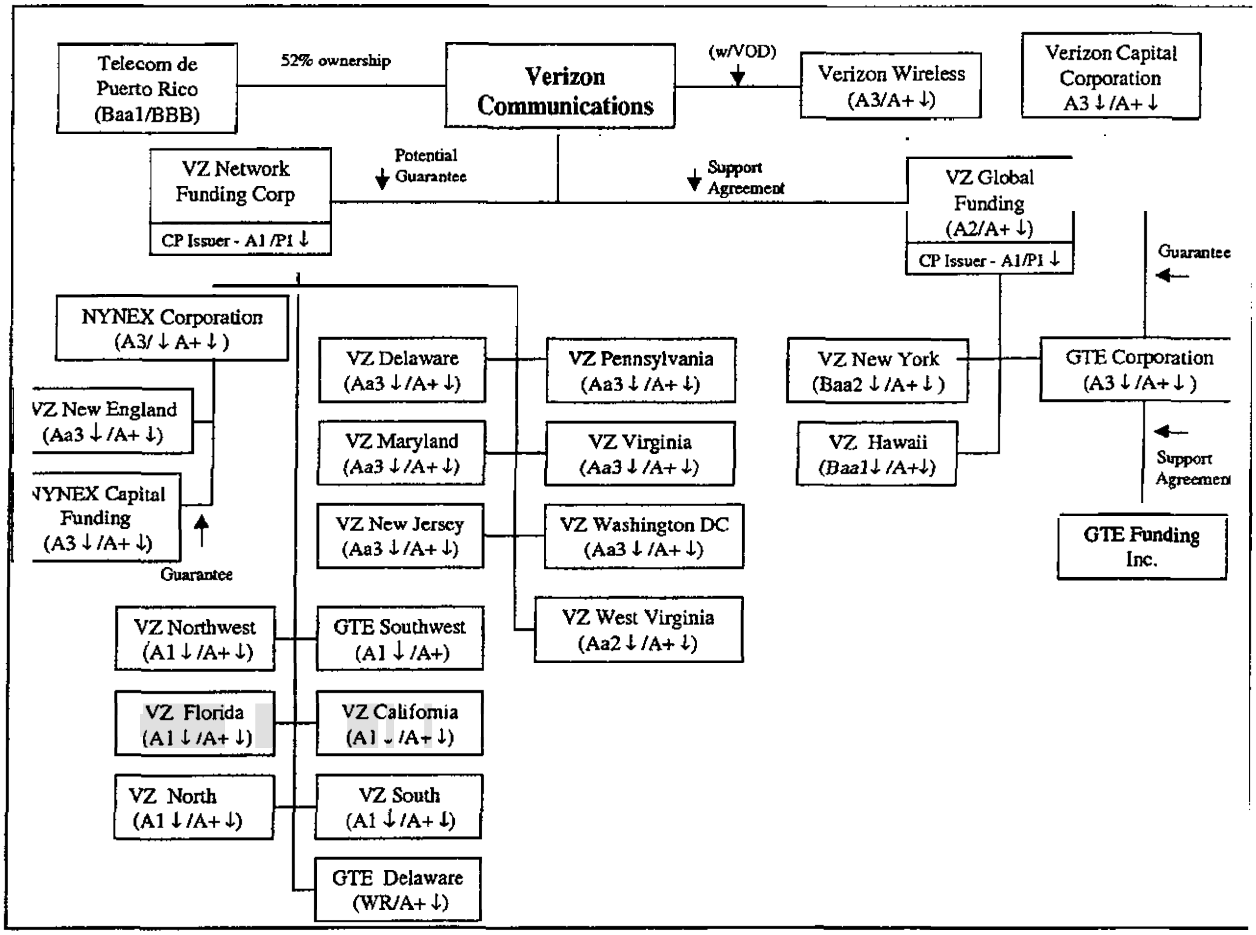
The MCI 2014 bonds are not callable until May 2009 ($103.37), but they do have a make whole call at T+84.5 bps. At current levels, this would translate into a $119 price. These bonds also have a 35% equity claw at $107.735 which we believe will be used. **Given the high dollar price, we believe that it is unclear at this time whether Verizon will look to use the make whole provision on the 2014 Note or wait until 2009 to call the issue. In either case, we expect no debt to be outstanding in the name of MCI by mid-2009.**

We think that all three of the MCI issues look cheap when spreads are compared to the Verizon Global Funding debt. Unfortunately for investment grade only accounts, it is possible that the rating agencies may never raise MCI debt to full investment grade without a guarantee. Therefore, these securities would only be suitable for core plus accounts.

Analyst Certification

I, Stuart Rossmiller, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Chart 1: Verizon Communications (VZ: A2↓/A+↓)



Source: Verizon, Company Filings, Merrill Lynch

Note: This diagram is meant to serve as a simplified organizational and funding structure and does not represent Verizon's legal structure

Vz-ELI Va 00000718

Verizon Confidential

Important Disclosures

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The company is or was, within the last 12 months, a non-securities business client of MLPF&S and/or one or more of its affiliates: Verizon Comm.
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Verizon Communications, Inc. and MCI, Inc.
Responses to
the Staff of the Virginia State Corporation Commission
Interrogatories and Requests for Production of Documents
FIRST SET
Case No. PUC-2005-00051

Exhibit 4
Public

Request No. 9

Please provide Verizon's Virginia intrastate interLATA long distance revenue for the years 2004 and 2003. This revenue should include all Verizon subsidiaries or affiliates that provide long distance services to all customers in Virginia.

Response: (Revised 6/13/05)

Petitioners object because the request is not reasonably related to any issue relevant in this case. Without waiving this objection, Verizon responds.

***** BEGIN CONFIDENTIAL AND PROPRIETARY INFORMATION *****

****** END CONFIDENTIAL AND PROPRIETARY INFORMATION ******

Respondent: Stephen J. Garcia

Verizon Communications, Inc. and MCI, Inc.
Responses to
the Staff of the Virginia State Corporation Commission
Interrogatories and Requests for Production of Documents
FIRST SET
Case No. PUC-2005-00051

Request No. 6

What affiliate subsidiary of Verizon offers interLATA long distance services to consumers in Virginia? With respect to that affiliate subsidiary please respond to the following:

a. Does that affiliate have a certificate to operate as an interexchange carrier granted by the Virginia State Corporation Commission. If not, please explain in detail why Verizon does not believe this carrier needs such a certificate.

b. Please describe what facilities this affiliate uses to provide long distance services to consumers in Virginia. Identify who owns or controls those facilities.

c. Please provide relevant information/data that estimates the long distance market share the affiliate has in Virginia in both intrastate and interstate markets.

__Response:__
Both Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance and NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions offer interLATA long distance services to consumers in Virginia.

a) Neither Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance nor NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions has a certificate to operate as an interexchange carrier granted by the Virginia State Corporation Commission. They do not have certificates because they are resellers of long distance service in Virginia and resellers are not required to obtain a certificate. See e.g., Verizon Global Networks Inc. & Verizon Global Networks Virginia Inc. - For Such Relief as may be Required Under the Utility Facilities Act, VA Code Sections 56-265.1 et seq., for Expedited Consideration and Interim Authority, Order Determining Certificates Not Required, Case No. PUC-2002-00234, Virginia State Corporation Commission (Jan. 22, 2003). See also, Commonwealth of Virginia At the Relation of the State Corporation Commission Ex Parte, Investigation of the Resale or Sharing of Foreign Exchange and Dedicated Channel Services, Final Order, Case No. PUC850009, Virginia State Corporation Commission, 88 PUR 4th 483 (Sept. 3, 1987); and Commonwealth of Virginia At the Relation of the State Corporation Commission Ex Parte: Investigation of the Resale or Sharing of Interstate Wide Area Telephone Service ("WATS"), Final Order, Case No. PUC830005, Virginia State Corporation Commission (June 7, 1983).

b)
****** BEGIN CONFIDENTIAL AND PROPRIETARY INFORMATION ******

Request No. 6 (continued):

****** END CONFIDENTIAL AND PROPRIETARY INFORMATION ******

c)
****** BEGIN CONFIDENTIAL AND PROPRIETARY INFORMATION ******

****** END CONFIDENTIAL AND PROPRIETARY INFORMATION ******

Market share data are highly unreliable and are not in themselves sufficient to gauge market power. This is so because market share measures are backward-looking – that is, they reflect the point to which a firm has come and fail to show the extent of competition from this point forward. This is a particularly critical shortcoming in a regulated industry making the transition to competition. Thus, market share is an unreliable, if not misleading, predictor of market power, particularly where a traditionally regulated firm such as Verizon CA is concerned. Given the shortcomings inherent in a market share analysis, there is strong consensus among economists that capacity to enter and expand in a market is of much greater significance when assessing competition than the percent of total customers the incumbent has lost to date.

Respondent: James Miggans

Verizon Select Services Inc.

a) Verizon Select Services Inc Virginia was granted Certificate T-614 on June 27, 2003 PUC Order 2003 - 00039.

Request No. 6 (continued):

VSSI does not have a state tariff on file and has not used this local certificate.
VSSI did not seek a certificate to operate as an interexchange carrier from the Virginia State Corporation Commission as we do not feel that was required to provide service.

b)
****** BEGIN CONFIDENTIAL AND PROPRIETARY INFORMATION******

****** END CONFIDENTIAL AND PROPRIETARY INFORMATION******

c) VSSI does not maintain marketshare data at a state level.

Respondent: James Miggans

Exhibit 6
Public

Virginia Local Exchange Market
Herfindahl Hershmann Index

Pre-Merger:

	Market Share
Verizon	Redacted
Sprint	Redacted
AT&T/SBC	Redacted
MCI	Redacted
Cox	Redacted
Cavalier	Redacted
Ntelos	Redacted
US LEC	Redacted
Telcov	Redacted
HHI:	4442

Post Merger:

	Market Share
Verizon/MCI	Redacted
Sprint	Redacted
AT&T/SBC	Redacted
Cox	Redacted
Cavalier	Redacted
Ntelos	Redacted
US LEC	Redacted
Telcov	Redacted
HHI:	4750

Note: Market shares are shown for only the larger CLECs in Virginia.

Note: Market Shares for all carriers listed reflect all lines under common ownership. For example, Ntelos owns multiple ILEC companies and CLEC companies, all access lines are combined to calculate the Ntelos market share.

PARTIES' PROPOSED MERGER CONDITIONS

Consumer Counsel

- Affirmatively require the merged companies to maintain current level of service quality. In addition, consider, in areas where current levels of service quality are inadequate, requiring Verizon to develop a specific corrective plan (i.e. directory listings).

- Require a commitment from Verizon and MCI for a minimum level of investment in their telecommunications infrastructure in Virginia.

- Limit, at least temporarily, any additional BLETS and/or OLETS rate increases presently allowable under Verizon's ARP.

- Limit price ceiling for BLETS to ½ the increase in the GDPPI (vs. the 100% allowed under ARP) and limit increases to BLETS (under the price ceiling) & OLETS to 5% per year (vs. the allowable 10% under ARP). (This could be an alternative to condition in above bullet point.)

- Require monitoring of Verizon's filings under its ARP and adopt tracking/reporting requirements regarding the merger's costs and savings (similar to what the Commission has previously approved in Bell Atlantic/GTE merger).

- Require Verizon to make the non-price terms of the interconnection agreements between Verizon and MCImetro available to any CLEC (similar to condition adopted in Bell Atlantic/GTE merger), including a requirement that commercial contracts effecting interconnection be filed with Commission.

• XO/Covad

- The Commission should specify a pricing process for UNEs to replace the time consuming process to identify forward looking costs.

- The Commission should create transition pricing rules for UNEs that Verizon and other ILECs are required to provide under § 271 of the Act.

- Rates for § 251 UNEs should be capped at the rates in effect as of July 1, 2005.

- Enforcement of Verizon's obligation to provide access to loops and transport regardless of whether impairment exists and § 251 UNEs are required.

- Require Verizon to offer DS1 and DS3 loops and transport as § 271 UNEs in all locations where high capacity loop and transport UNEs are no longer provided under § 251.

- Require Verizon to recalculate the wire center locations where § 251 high capacity loops, transport and dark fiber UNEs are providing treating AT&T and MCI as non qualifying collocators

- Require Verizon to make available high capacity loops, transport and loop transport combinations at just and reasonable rates and under such terms and conditions to offset the anti-competitive aspect of merger and to promote competition.

- Require Verizon to match the rates that MCI has offered for wholesale loop and transport facilities.

- Require Verizon to waive the cap of ten on the number of DS1 loops and transport circuits that can be ordered to a building or a particular route.

- Require Verizon existing special tariff access prices to be reset to earn no more than 11.25%. Require existing special access plans at reinitialized pricing for both interstate and intrastate.

- Require Verizon to reinitialize all existing interconnection agreements with current provisions with only approved adjustments (for periods of between 3 and 5 years; limit arbitration to only changes of law from TRO and TRRO; establish uniform contract amendments provisions).

- Commission should defer final action until the DOJ has acted to retain jurisdiction over the effects of any structural remedy.

- Recommends conditions should be required for five years.

- **Cavalier**

- Require the divestiture of MCI's UNE-P customers.

- Require the divestiture of MCI's dedicated transport facilities.

- **Cox**

- Require Verizon's commitment to offer transit services at TELRIC rates to CLECs.

- Commission should assist with arbitration as requested to CLECs.

- Require Verizon to permit CLECs to adopt whole interconnection agreements obtained with Verizon anywhere in its 29 state footprint exclusive of price and state-specific performance measures.

- Require a three year extension to existing Verizon interconnection agreements with CLECs with CLECs retaining the unilateral right to terminate any time within the three year period.

- Require Verizon to set aside adequate personnel and resources to implement reforms to its directory listing prices.

Qwest

- Require divestiture of MCI's overlapping facilities/customers in Verizon's service territory in Virginia (including but not limited to fiber rings, collocation and entrance facilities, and building entrance loops along with the customers). Should also include a period of time, post-merger, when Verizon/MCI may not market to divested customers.

- Require Verizon to continue offering special access services or equivalent services in Virginia at the lowest rates currently offered by either Verizon or MCI and to keep these rates in place for a fixed period of time.

- Require Verizon/MCI to offer special access and other services in Virginia at the same rates, terms and conditions that it receives when purchased outside the Verizon region. In addition, restrict Verizon from entering into any reciprocal arrangements with SBC that includes more favorable access rates whether based on volume or other factors.

- Require Verizon and MCI to give its wholesale customers, the option, for a period of 12 months, the right to terminate their contracts ("fresh look") with Verizon and MCI after the merger closes without incurring termination penalties.

- Require Verizon to offer stand-alone DSL on reasonable terms and free of any use restrictions.

- Require enforcement protection to assure compliance with conditions. At a minimum, compliance reporting to allow Commission to determine if requirements/conditions are not being met.

NTELOS

- Require that the Bell Atlantic/GTE merger related billing issues are fixed before the Verizon/MCI merger is allowed.

- Require Verizon to make changes to its directory listing processes before approval of the merger.

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Request No. 21

Describe the effects of any merger related employee downsizing initiatives on the quality of service provided to customers in Virginia.

Response:

Petitioners object to this request to the extent that it requests information not relevant to the subject matter involved in this case. The number of employees that Verizon Communications Inc. and has in Virginia is not relevant to whether "adequate service to the public at just and reasonable rates" will be impaired or jeopardized.

Subject to the foregoing objections and without waiving these objections, Petitioners provide the following response.

Verizon and MCI expect overall workforce reduction of 7,000 nationwide. While the companies have not engaged in any post-transaction planning, it is anticipated that the post-transaction company will reduce headcount in those areas in which the company is able to provide shared services more efficiently – i.e., areas such as finance, legal, and human resources. It is also anticipated that headcount reductions will be possible in the management of functional areas that provide opportunities for synergies – i.e., enterprise markets, mass markets, international and wholesale operations, and information technology. There has been no suggestion that the transaction will result in service-affecting reductions in headcount.

Response: (Revised 8/5/2005)

As stated above, the companies have not engaged in any post-transaction planning; however, Petitioners do not anticipate that workforce reductions will adversely affect service quality. Post-transaction, Petitioners' affiliates regulated by the Commission will continue to be subject to the Commission's service quality rules (including any rules the Commission adopts in PUC 2003-00110 at such time the rules become effective), and Petitioners are committed to complying with those rules and making the resources available necessary to do so.

Respondent: James Miggans

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Request No. 36

Have MCI and Verizon signed an interim and/or permanent UNE-P replacement service agreement to serve either current (prior to March 11, 2005) or new mass market customers in Virginia? If applicable, please respond to question separately for both existing and future UNE-P arrangements. If response to either is yes, have these agreements been filed for approval with the Virginia State Corporation Commission? If not, please explain why not.

Response:

Verizon objects to the interrogatory to the extent that it seeks information that is neither relevant to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence.

MCI and Verizon signed an Interim Agreement for UNE-P replacement services, which was not filed for approval with the Commission because it is not a 252 interconnection agreement. When Verizon and MCI executed the Interim Agreement, they also amended their interconnection agreements, and these amendments were filed with the Commission.

Verizon and MCI subsequently signed a Wholesale Advantage Agreement, which supersedes the Interim Agreement. Verizon and MCI did not amend the interconnection agreements in connection with this Wholesale Advantage Agreement, so there will be no subsequent state filings. The Wholesale Advantage Agreement itself will not be filed with the Commission because it is not a 252 interconnection agreement.

Respondent: Beth Abesamis

March 2, 2005

Subject: Publication of Verizon Wire Center Information

In connection with its implementation of the FCC's Order on Remand in WC Docket No. 04-313 and CC Docket No. 01-338, released on February 4, 2005 (the "*TRO Remand Order*"), Verizon has filed with the FCC a list of Verizon's Tier 1 and Tier 2 Wire Centers.[1] These Wire Center classifications are required by the *TRO Remand Order* to identify the interoffice routes on which the FCC has determined that CLECs are not impaired without access to Dedicated DS1 Transport, Dedicated DS3 Transport, and Dark Fiber Transport.[2] In addition, Verizon has published in the same filing a list of those Wire Centers that satisfy the FCC's non-impairment findings for DS1 and DS3 Loops.[3]

The *TRO Remand Order* imposes upon requesting carriers an obligation to exercise a reasonably diligent inquiry before submitting orders for the aforementioned unbundled network elements. You are hereby placed on notice of the Wire Center classifications referenced above, which classifications are necessarily part of any reasonably diligent inquiry you undertake, and therefore you are deemed to have actual or constructive knowledge that, to the extent the network elements requested in any order submitted to Verizon fall within the Wire Center classifications described in footnotes 2 and 3 below, such network elements are no longer subject to mandatory unbundling under Section 251 of the Act on and after March 11, 2005.

Accordingly, should you attempt to submit an order for any of the aforementioned network elements notwithstanding your actual or constructive knowledge that Verizon is no longer required to provide such facilities on an unbundled basis, and in the absence of compelling evidence to the contrary, Verizon will treat each such order as a separate act of bad faith carried out in violation of federal regulations and a breach of your interconnection agreements, and will pursue any and all remedies available to it.

The combined lists are available for your inspection at http://www22.verizon.com/wholesale/attachments/verizonwirecentersexempt.xls. They reflect the data sources specified by the FCC in the *TRO Remand Order*, including ARMIS data previously filed with the FCC. This listing reflects the data sources specified by the FCC in the *TRO Remand Order*, including ARMIS data previously filed with the FCC. As the FCC noted in the *TRO Remand Order*, the ARMIS filings are "an objective set of data that incumbent LECs already have created for other regulatory purposes... [W]e can be confident in the accuracy of the thresholds, and a simplified ability to obtain the necessary information." *TRO Remand Order*, at para. 105. If you nevertheless have questions about Verizon's wire center lists, please submit your request to contract.management@verizon.com. Verizon is prepared to provide to you under an appropriate nondisclosure agreement the backup data that was used by Verizon to develop and update the lists of wire centers. If you have actual, verifiable data that you believe demonstrates that any Wire Center identified on the lists filed by Verizon should not be included on those lists, you are requested to provide such data to your Verizon account manager before March 11, 2005.

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[1] As set forth in Section 51.319(e)(3) of the FCC's implementing regulations, Tier 1 wire centers are those incumbent LEC wire centers that contain at least four Fiber-Based Collocators, at least 38,000 business lines, or both. Tier 1 wire centers also are those incumbent LEC tandem switching locations that have no line-side switching facilities, but nevertheless serve as a point of traffic aggregation accessible by competitive LECs. Tier 2 wire centers are those incumbent LEC wire centers that are not Tier 1 wire centers, but contain at least three Fiber-Based Collocators, at least 24,000 business lines, or both.

[2] As explained with more specificity in Verizon's industry notice of February 10, 2005: (i) CLECs are not impaired without unbundled access to Dedicated DS1 Transport between any pair of Verizon Wire Centers that are both Tier 1 Wire Centers (and in no event may any CLEC obtain more than ten unbundled Dedicated DS1 Transport circuits on any Route where Dedicated DS1 Transport remains available on an unbundled basis); (ii) CLECs are not impaired without unbundled access to Dedicated DS3 Transport between any pair of Verizon Wire Centers that are both

Tier 2 Wire Centers (and in no event may any CLEC obtain more than twelve unbundled Dedicated DS3 Transport circuits on any Route where Dedicated DS3 Transport remains available on an unbundled basis); and (iii) CLECs are not impaired without unbundled access to Dark Fiber Transport between any pair of Verizon Wire Centers that are both Tier 2 Wire Centers.

[3]*As explained with more specificity in Verizon's industry notice of February 10, 2005: (i) CLECs are not impaired without unbundled access to* DS1 Loops at any building location that is served by a Wire Center with at least 60,000 Business Lines and four Fiber-Based Collocators (and in *no event may any CLEC obtain more than ten DS1 Loops at any building location where DS1 Loops remain available on an unbundled basis); (ii)* CLECs are not impaired without unbundled access to DS3 Loops at any building location that is served by a Wire Center with at least 38,000 Business Lines and four Fiber-Based Collocators (and in no event may any CLEC obtain more than one DS3 Loop at any building location where DS3 Loops remain available on an unbundled basis).

Verizon's Wire Centers Exempt from UNE Hi-Cap Loop and Dedicated Transport Ordering

Effective March 11, 2005

Updated 4-15-05

Transport (Unbundled Dedicated Transport + Unbundled Dedicated Transport portion of a *Loop-Transport combination*)

DS1 Unbundled Transport will not be offered between Wire Center CLLIs marked "Yes" in the Tier 1 column.

DS3 Unbundled Transport and Dark Fiber will not be offered between Wire Center CLLIs marked "Yes" in ***either*** the Tier 1 or Tier 2 columns.

Loop (Unbundled Loop + Unbundled Loop portion of a Loop-Transport combination)

DS1 Unbundled Loop Services will not be offered from Wire Centers marked "Yes" in the DS1 Loop column.

DS3 Unbundled Loop Services will not be offered from Wire Centers marked "Yes" in the DS3 Loop column.

		Wire Center Qualified - Yes or No			
Operated State	Wire Center	Tier 1	Tier 2	DS1 Loop	DS3 Loop
	SCTNPASC	Yes	No	No	No
	SHSAPASH	Yes	No	No	No
	STCGPAES	Yes	No	No	No
	SWKYPASE	No	Yes	No	No
	TRCKPATC	Yes	No	No	No
	TRPRPATR	No	Yes	No	No
	WAYNPAWY	Yes	No	No	No
	WCHSPAWC	No	Yes	No	No
	WKBGPAWK	Yes	No	No	No
	WLBRPAWB	No	Yes	No	No
	WLPTPAWI	No	Yes	No	No
	YORKPAXM	No	Yes	No	No
RI	ASTNRIAN	No	Yes	No	No
	CNTNRIPH	No	Yes	No	No
	NPRVRIMS	No	Yes	No	No
	PRVDRIBR	Yes	No	No	No
	PRVDRIWA	Yes	No	No	Yes
	WNSCRICL	Yes	No	No	No
	WRWKRIWS	Yes	No	No	No
TX	CLSTTXXA	No	Yes	No	No
	DNTNTXXA	No	Yes	No	No
	IRNGTXXA	Yes	No	No	No
	IRNGTXXC	Yes	No	No	No
	IRNGTXXD	No	Yes	No	No
	IRNGTXXG	Yes	No	No	No
	PLANTXXA	Yes	No	No	No
	PLANTXXB	No	Yes	No	No
	PLANTXXD	No	Yes	No	No
VA	ALXNVAAX	No	Yes	No	No
	ALXNVABA	Yes	No	No	No
	ARTNVAAR	Yes	No	No	Yes
	ARTNVACK	No	Yes	No	No
	ARTNVACY	No	Yes	No	No
	ARTNVAFC	No	Yes	No	No
	CNVIVACT	Yes	No	No	No
	FLCHVAMF	No	Yes	No	No

Verizon's Wire Centers Exempt from UNE Hi-Cap Loop and Dedicated Transport Ordering

Effective March 11, 2005

Updated 4-15-05

Transport (Unbundled Dedicated Transport + Unbundled Dedicated Transport portion of a Loop-Transport combination)

DS1 Unbundled Transport will not be offered between Wire Center CLLIs marked "Yes" in the Tier 1 column.

DS3 Unbundled Transport and Dark Fiber will not be offered between Wire Center CLLIs marked "Yes" in *either* the Tier 1 or Tier 2 columns.

Loop (Unbundled Loop + Unbundled Loop portion of a Loop-Transport combination)

DS1 Unbundled Loop Services will not be offered from Wire Centers marked "Yes" in the DS1 Loop column.

DS3 Unbundled Loop Services will not be offered from Wire Centers marked "Yes" in the DS3 Loop column.

Operated State	Wire Center	Tier 1			
	FRFXVAFF	Yes			
	HRNDVAHE	Yes	No	Yes	Yes
	MCLNVALV	Yes	No	Yes	Yes
	MNSSVAXA	No	Yes	No	No
	NRFLVABS	Yes	No	No	No
	PNTGVADF	No	Yes	No	No
	RCMDVAGR	Yes	No	No	No
	RCMDVAPE	Yes	No	No	No
	RCMDVAPS	No	Yes	No	No
	RCMDVASR	Yes	No	No	No
	RONKVALK	No	Yes	No	No
	VINNVAVN	Yes	No	No	No
	VRBHVACC	Yes	No	No	No
VT	BURLVTMA	No	Yes	No	No
WA	BOTHWAXB	No	Yes	No	No
	RDMDWAXA	Yes	No	No	No
WV	CHTNWVLE	Yes	No	No	No
Total Qualified Wire C nters		168	101	26	53

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Request No. 37

As a result of the FCC's Triennial Review Order, Verizon has discontinued the provision of certain high capacity loops (DS3 and DS1) and/or transport from certain (or between) wire centers in Virginia in accordance with a letter sent to the industry effective March 11, 2005. As the determination of applicable wire centers/routes in some instances is based on the number of fiber collocators in a wire center, and or other CLEC specific factors, please identify for all wire centers in Virginia that have been named in the industry letter, the corresponding results if MCI had been excluded from the findings. In addition, please provide Verizon's position (and supporting documentation) on whether or not the inclusion or exclusion of MCI in this wire center exemption analysis is applicable if the Verizon/MCI Merger is approved.

Response:

Verizon objects to the interrogatory to the extent that it seeks information that is neither relevant to this proceeding nor reasonably calculated to lead to the discovery of admissible evidence.

In addition to its General Objections, Verizon objects to Request No. 37 because it would require Verizon to perform a special study. Verizon further objects to Request No. 37 because it seeks information that is irrelevant to the matters at issue in this proceeding. Without waiving these objections, attached is a proprietary and confidential document VASCC_Set5_37_ATTCH1_Confidential and Proprietary with the requested information.

Further answering, Verizon states that the currently-effective FCC rules established the non-impaired wire centers as of March 11, 2005, using the criteria issued by the FCC in the *Triennial Review Remand Order ("TRRO")*. The methodology used by Verizon to identify the non-impaired wire centers for high-capacity loops and dedicated transport is consistent with the FCC's determinations in the TRRO. In conformance with the TRRO and the FCC's rules, Verizon counted fiber-based collocations by MCI and its affiliates as of March 11, 2005 in identifying non-impaired wire centers, because MCI was not an affiliate of Verizon. While the applicable FCC rules contemplate that additional non-impaired wire centers may be added to the list after March 11, 2005, they do not provide for removal of a wire center from that list once it has qualified under the FCC's non-impairment thresholds. *See, e.g.,*47 C.F.R.,Section 51.319(a)(4)("Once a wire center exceeds both of these thresholds, *no future DS1 unbundling will be required in that wire*

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center.") Therefore, a future approval of the merger between Verizon and MCI would have no impact on the list of non-impaired wire centers Verizon identified as of March 11, 2005

Respondent: Jim Miggans

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Request No. 33

Please quantify, to the extent possible, the "financial benefits," referred to on page 18, paragraph 42 of the application, specifically as related to Verizon Virginia, Verizon South, and MCImetro Access Transmission Services of Virginia. Quantify, to the extent possible, any anticipated costs and savings as a result of the proposed merger as such costs and savings relate to customers in Virginia.

Response:

Petitioners object to this request to the extent that it requests information not relevant to the subject matter involved in this case. The Transfers Act requires the Commission to approve a transaction when it is "satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized." There is no requirement that the there be "financial benefits."

Verizon objects to this discovery request to the extent that it calls for information that is not readily available and that can only be provided with the performance of a special study.

Subject to the foregoing objection and without waiving any of Verizon's or MCI's rights, Petitioners provide the following:

No such study has been done at the Virginia state level.

Respondent: James Miggans

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Request No. 2

The Commission's May 5, 2005, Order requests comments on whether any provisions of § 56-235.5:1 of the Code of Virginia are applicable to the Joint Petition.

a. Do the Joint Petitioners believe that § 56- 235.5:1 is applicable to the proposed merged. If so, please identify what provisions apply and describe impact.

b. If Joint Petitioners believe that § 56-235.5:1 is not applicable to the proposed merger, please explain why, not.

Response:

Petitioners object to this information request on grounds that it calls for a legal conclusion that cannot be sought through discovery.

Subject to the foregoing objection and without waiving any of Petitioners' rights, Petitioners provide the following response.

Section 56-235.5:1 (the Local Exchange Telephone Service Competition Policy) is not applicable to the proposed transaction for several reasons.

First, the Local Exchange Telephone Service Competition Policy, by its terms, (and by its title) applies when the Commission is "resolving issues and cases concerning local exchange telephone service." As explained more fully in Joint Petitioners' April 20, 2005 Application, this parent-level stock transaction does not affect pricing or provision of local service in the Commonwealth.[1]

Second, even if the case did involve "local exchange telephone service," the Local Exchange Telephone Service Competition Policy would still not apply because the Commission's review of the proposed merger is governed by the Transfers Act. *See* Va. Code § 56-88 *et seq.* The Transfers Act provides for approval of the proposed merger "when the Commission . . . shall be satisfied that ***adequate service to the public at just and reasonable rates will not be impaired or jeopardized.***" Va. Code § 56-90 (stating that upon such a showing, the Commission shall make such order . . . as it may deem proper and the circumstances require"). There is no further requirement nor higher standard that the transaction must meet for approval.

In particular, there is no requirement under the Transfers Act that the transaction be in the public interest, nor that it promote competition, treat all providers equitably, or reduce requirements to price services below cost as contemplated by the Local Telephone

[1] As noted in the Application, any proposed changes to local service following the acquisition will be pursued in accordance will all applicable laws and procedures.

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Request No. 2 (continued):

Exchange Competition Policy. The General Assembly determined that these are the policies that the Commission "shall . . . consider to be in the public interest" *when* the public interest is part of the governing standard. The public interest, however, is not part of the governing standard set forth in the Transfers Act.

Where the General Assembly has deemed the public interest to be the relevant standard (or part of the relevant standard), it has expressly set forth that standard. *See* Va. Code § 56-235.5 (expressly providing for review and approval of changes to regulated service under a "public interest" standard). But where the General Assembly has not expressly stated that the public interest is the relevant standard, the Commission should not, and indeed may not, apply a public interest standard in place of the standard enacted by the General Assembly.

That is the case here. In the Transfers Act, the General Assembly did not include an affirmative public interest standard for approval of transactions like this one, but instead provided for approval upon a showing that "adequate service to the public at just and reasonable rates will not be impaired or jeopardized." This deliberate legislative choice must be respected under Virginia law.

Both federal and Virginia canons of statutory construction provide that when the General Assembly includes an explicit provision in one section of a statute but not in another, the omission should be considered intentional and must be honored. *See generally* 2A Singer Statutes and Statutory Construction § 46.06 (6th ed. 2000) ("The use of different terms within related statutes generally implies that different meanings were intended."); *see also* *Williams v. Matthews*, 248 Va. 277, 283 (1994) ("When a statute contains a given provision with references to one subject, the omission of such provision from a similar statute dealing with a related subject is significant to show the existence of a different legislative intent" (quoting 2B Sutherland Statutory Construction § 51.02 (5th ed. 1992)); *City of Virginia Beach v. Virginia Restaurant Ass'n Inc.*, 231 Va. 130, 134 (1986) (focusing on the frequent use of the word "tax" elsewhere in the statute to hold that city ordinance prohibiting "regulating" of alcohol does not prohibit imposition of sales tax on the retail sale of alcohol because if the legislature intended to prohibit taxation, it would have said so explicitly). Under these precedents, reading the Local Competition Policy's public interest criteria into the Transfer Act would violate settled law and the General Assembly's clear intent to provide a different standard for mergers governed by the Transfers Act.

Indeed, construing the Local Telephone Exchange Competition Policy to transform the Transfers Act standard into one requiring that the transaction *promote* competition would

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be particularly strange. The Transfers Act standard assumes that adequate service to the public at just and reasonable rates already exists, and simply considers whether the transaction will impair or jeopardize it. It does not require any affirmative change to benefit customers. If the General Assembly wanted to require such change or an affirmative public interest showing as a condition of approval under the Transfers Act, it would have expressly provided for this condition as other states have done.[2] It did not, and that decision must be respected.

The General Assembly knows how to provide different standards for different statutory provisions, as it has done in various sections of Title 56. Nothing in the Local Telephone Exchange Competition Policy overrides, adds to, or even references the clear standard set forth in the Transfers Act. Because the Transfers Act governs the Petitioners' proposed transaction, the standard set forth in the Transfers Act is the standard that must be applied. That standard by its terms does not require a public interest showing, and there is no basis in Virginia law for importing one.

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2 For example, Virginia's Transfers Act stands in sharp contrast to the transfer of control statutes in Delaware, California, Nevada, Oklahoma and Rhode Island requiring proposed transactions to result in an affirmative public benefit. *See 26 Del. C. § 215(d) ("The Commission shall approve any such proposed* merger . . . or acquisition when it finds the same is to be made in accordance with law, for a proper purpose and is consistent with the public interest"); Cal. Pub. Util. Code § 854 ("Before authorizing the merger, acquisition, or control of any electric, gas, or telephone utility . . . the commission shall consider each of the criteria listed in paragraphs (1) to (8), inclusive, and find, on balance, that the merger, acquisition, or control proposal is in the public interest"); Nev. Rev. Stat. § *704.329* ("Before authorizing a proposed transaction pursuant to this section, the Commission shall consider the effect of the proposed transaction on the public interest and the customs in this state"); Okla. Admin. Code § 165:55-15-1(i) ("The Commission Staff may, if it determines appropriate, file a Notice in the Cause requiring the acquiring entity and/or the surviving entity to show cause that the proposed transaction and/or merger is lawful, fair to the customers and in the public interest"); R.I. Stat. § 39-3-25 ("If, after the hearing, or, in case no hearing is required, the division is satisfied that the prayer of the petition should be granted, that the facilities for furnishing service to the public will not thereby be diminished, and that the purchase, sale, or lease and the terms thereof are consistent with the public interest, it shall make such order in the premises as it may deem proper and the circumstances may require.").