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PUC Comments On California Attorney General's Advisory Opinion On Verizon-MCI Merger That Finds Minimal Effects On Competition

SAN FRANCISCO, September 20, 2005 - Bill Lockyer, the California Attorney General, filed an Advisory Opinion late Friday in a proceeding before the California Public Utilities Commission (PUC) finding that the merger of Verizon and MCI would not significantly impact competition.

More specifically, the opinion concluded that:

- Verizon and MCI “do not compete in any meaningful sense in the relevant markets for facilities-based mass market services.”
- “The merger will not increase concentration levels in the competitive market for Internet backbone services.”
- “The merger will not adversely affect competition in the special access services market.”

The opinion is a major milestone in this proceeding, and the outcome – the Attorney General did not oppose the merger and proposed no specific restrictions – is highly favorable to the proposed merger and to a timely completion of the California proceeding.

In a related development, PUC Commissioner Susan P. Kennedy, who is serving as the hearing officer in this proceeding, ruled that the proceeding does not require evidentiary hearings and clarified the law applicable to the transaction. As a result, a Draft Decision should be available for Commission consideration at its meeting on Nov. 18, 2005.

For more information on the PUC, please visit www.cpuc.ca.gov.

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Attachments: 1) [“Opinion of the Attorney General on Competitive Effects of Proposed Merger of Verizon Communications, Inc. and MCI, Inc.,” Sept. 16, 2005](#)

2) [“Assigned Commissioner’s Ruling Denying Motions for Hearings and Determining the Applicability of §854 to the Proposed Transaction,” Sept. 19, 2005](#)