

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
VERIZON COMMUNICATIONS INC. AND )  
MCI, INC. )  
For an Exemption and/or Waiver or, )  
Alternatively, for Approval of )  
Agreement and Plan of Merger. )  
\_\_\_\_\_ )

DOCKET NO. 05-0108

DECISION AND ORDER NO. 22023

Filed September 12, 2005  
At 12:05 o'clock P.M.

for Michen S.U.M. Kau  
Chief Clerk of the Commission

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STATE OF HAWAII

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BROOKE K. KANE  
Administrative Director  
Public Utilities Commission  
State of Hawaii

Michen S.U.M. Kau

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OF THE STATE OF HAWAII

In the Matter of the Application of)	
VERIZON COMMUNICATIONS INC. AND )	Docket No. 05-0108
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)	Decision and Order No. 22023
For an Exemption and/or Waiver or, )	
Alternatively, for Approval of )	
Agreement and Plan of Merger. )	
_____ )	

DECISION AND ORDER

By this Decision and Order, the commission: (1) denies the request of VERIZON COMMUNICATIONS INC. ("Verizon") and MCI, INC. ("MCI") (collectively, "Applicants") for an exemption or waiver of Hawaii Revised Statutes ("HRS") § 269-19 or any other applicable provisions of HRS Chapter 269 regarding Applicants' proposed transaction which would result in MCI becoming a wholly-owned subsidiary of Verizon ("Proposed Merger"); and (2) approves Applicants' alternative request for approval of the Proposed Merger.

I.

Procedural History

Applicants filed their joint application on May 6, 2005 ("Joint Application"), seeking an exemption or waiver from the provisions of HRS § 269-19 or any other applicable provisions of HRS Chapter 269 requiring commission approval of Applicants' Proposed Merger, pursuant to HRS §§ 269-16.9(a) and 269-16.9(e),

and Hawaii Administrative Rules ("HAR") § 6-80-135 ("Exemption/Waiver Request"). Alternatively, Applicants request commission approval of the Proposed Merger "as in the public interest based on the Joint Application and Exhibits as filed, without the submission of written or oral testimony."<sup>1</sup>

The Joint Application was served on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"). By Statement of Position filed on July 8, 2005, the Consumer Advocate informs the commission that while it does not support Applicants' Exemption/Waiver Request, it does not object to the approval of the Proposed Merger under HRS § 269-19 ("Statement of Position").<sup>2</sup>

## II.

### Background

#### A.

#### Description of Applicants

Verizon is a Delaware corporation with principal offices in New York, New York. Verizon is the corporate parent of Bell Atlantic Communications, Inc., dba Verizon Long Distance; Verizon Select Services Inc.; NYNEX Long Distance Company, dba Verizon Enterprise Solutions; Verizon Hawaii International Inc. ("Verizon International"); and Verizon Wireless Inc. ("Verizon Wireless"). Through its operating subsidiaries, Verizon provides telecommunications services, on a regulated and unregulated

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<sup>1</sup>See, Joint Application at 1-2.

<sup>2</sup>No "person" moved to intervene in this proceeding.

basis, to approximately fifty-three (53) million access lines in twenty-nine (29) states, Puerto Rico, and the District of Columbia.

While Verizon does not provide telecommunications services nor is it a regulated telecommunications company in the State of Hawaii ("State" or "Hawaii"), Applicants purport that Verizon's subsidiaries "provide *de minimis* amounts of lightly regulated intrastate telecommunications services in Hawaii such as calling card services, intrastate toll services, and wholesale interisland circuits."<sup>3</sup> Moreover, Verizon's wireless subsidiary, Verizon Wireless, provides wireless voice and data services in Hawaii, throughout the United States, and internationally. Applicants represent that Verizon achieved annual operating revenues of approximately \$71 billion in 2004 and, among other things, has a strong balance sheet and an investment-grade credit rating.

MCI is a Delaware corporation with principal offices in Ashburn, Virginia. It is the corporate parent of MCI Metro Access Transmission Services LLC; MCI WorldCom Network Services, Inc.; TTI National, Inc.; Teleconnect Long Distance Services and Systems Co., dba Telcom USA; and MCI WorldCom Communications, Inc. ("MCI WorldCom"). MCI's subsidiaries are purported to provide communication services throughout the United States and in several foreign countries on a lightly regulated and unregulated basis to business and government customers, including seventy-five (75) federal government agencies.

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<sup>3</sup>See, Joint Application at 3.

Similar to Verizon, MCI is not a regulated telecommunications company in the State; however, through its operating subsidiaries, MCI provides interstate long distance, intrastate toll, competitive local exchange, and other telecommunications services in the State. Applicants state that MCI had annual operating revenues of approximately \$21 billion in 2004, and that MCI employs over 42,500 employees worldwide, with a small force based in Hawaii.

B.

Proposed Merger Transaction

Applicants' Proposed Merger is specifically detailed in the Agreement and Plan of Merger dated February 14, 2005 ("Agreement"), as updated and revised by amendments to the Agreement dated March 29, 2005 and May 1, 2005 (collectively, referred to hereafter as "Merger Agreement").<sup>4</sup> In sum, under the Merger Agreement, MCI will merge into ELI Acquisition, LLC ("ELI"), a Delaware limited liability company. ELI is wholly-owned by Verizon and was newly formed to facilitate the Proposed Merger. ELI will be the surviving entity after the merger and Verizon will be its corporate parent. Applicants contend that ELI is expected to be renamed "MCI, LLC".

Under the Merger Agreement, MCI shareholders "who tender their shares will receive: (i) Verizon common stock equal to the greater of 0.5743 shares or the quotient obtained by dividing \$20.40 by the Average Parent Stock Price (as defined in

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<sup>4</sup>See, Joint Application, Exhibits 1, 2, and 3.

the [Merger] Agreement); and (ii) a special dividend in the amount of \$5.60 per share, less the per share amount of any dividends declared by MCI between February 14, 2005 and the consummation of the transaction."<sup>5</sup> Through these provisions, MCI shareholders are guaranteed a total of \$26.00 for each share of MCI stock tendered--\$5.60 directly upon their approval of the Proposed Merger, and cash and Verizon stock equal to \$20.40.

Applicants represent that the Merger Agreement does not call for: (1) the merger of any assets, operations, lines, plants, franchise, or permits of MCI's regulated subsidiaries, with the assets, operations, lines, plants, franchises, or permits of any Verizon entity; nor (2) any changes in the rates, terms, or conditions governing the provision of telecommunications services in the State. They make clear that: (1) the Proposed Merger will not occur until all necessary governmental and regulatory reviews and approvals are obtained or completed, including approvals of the United States Department of Justice, the Federal Communications Commission, and various state commissions; and (2) both corporations will continue to operate as independent entities until the transaction is completed. Applicants further contend that the Proposed Merger will not: (1) affect the regulatory authority of the commission over any of Applicants' operating subsidiaries or impact the services that they provide; nor (2) interfere with the commission's jurisdiction or impede the satisfaction of the commission's public policy goals. Moreover, Applicants represent that upon

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<sup>5</sup>See, Joint Application at 5.

completion of the Proposed Merger, MCI will become a subsidiary of Verizon and that Verizon's and MCI's state regulated subsidiaries will continue to satisfy all of their obligations and commitments under the commission's rules, regulations, and orders.

### III.

#### Parties' Positions

##### A.

#### Applicants' Representations

Applicants contend that an exemption or waiver of the approval requirements of HRS Chapter 269, including HRS § 269-19, is consistent with past commission decisions and serves the public interest, and in the alternative, argue that the Proposed Merger should be approved. Specifically, Applicants refer to our decision *In re BellSouth BSE, Inc. and BellSouth Long Distance, Inc.*, Decision and Order No. 21084, filed on June 25, 2004, in Docket No. 04-0076 ("*BellSouth*"), wherein we waived the approval requirements of HRS § 269-19, among other things.<sup>6</sup> Applicants contend that a similar finding should be made regarding this case. The disparities between the matters of this docket and *BellSouth* will be discussed in Section IV.A below. Applicants also contend that approval of their Exemption/Waiver Request is warranted since: (1) Applicants' operating subsidiaries are non-dominant carriers providing lightly regulated competitive services in the State; and (2) competition

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<sup>6</sup>See, *BellSouth* at 4-5, and 7.

in the communications market is widespread with a host of service providers including cable companies, wireless service providers, Internet and broadband providers, and VoIP<sup>7</sup> providers competing to provide communications services.

Furthermore, Applicants contend that their Exemption/Waiver Request should be granted since the Proposed Merger, among other things: (1) will be seamless and transparent to Applicants' Hawaii customers; (2) will occur at the parent-company level; (3) does not involve the underlying assets of Applicants' subsidiaries operating in the State; and (4) will not impact the rates, service quality, or any operating terms or conditions of Applicants' operating subsidiaries in the State. Applicants assure that the "maintenance and operation of these subsidiaries will continue to be effective and economically efficient, and that provision of quality service at just and reasonable rates is ensured."<sup>8</sup> Additionally, as a result of the recent sale of Verizon Hawaii Inc. ("Verizon Hawaii") to The Carlyle Group, Verizon is effectively barred for a period of two (2) years from the closing date of the sale from engaging, aside from certain noted exceptions including the provision of VoIP services, "in any profit or non-profit business or organization that provides facilities-based voice and data telecommunications services in Hawaii[.]"<sup>9</sup>

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<sup>7</sup>"VoIP" is the acronym for Voice over Internet Protocol.

<sup>8</sup>See, Joint Application at 9.

<sup>9</sup>See, Joint Application at 8.

Moreover, Applicants contend that the Proposed Merger is in the public interest. Applicants state that the Proposed Merger will combine companies with "complementary strengths in a way that will benefit the existing customers of each company by enhancing the post-transaction company's ability to deliver competitively priced wireline services, broadband services, wireless services, and IP-based services."<sup>10</sup> They assert that the primary goal of the Proposed Merger is to provide customers with long-term benefits. Aside from customers, Applicants contend that the Proposed Merger will also benefit their respective employees and the State's economy.

Combined, Applicants contend that they will be able to provide their enterprise and government customers with better service than either company could alone. For instance, upon completion of the Proposed Merger: (1) Verizon will be able to carry traffic over MCI's Internet backbone and utilize MCI's ISP connectivity to enhance its presence and improve its efficiency in this sector of the market; (2) MCI's currently limited ability to offer wireless products and services will be improved; and (3) MCI's enterprise customers will be assured of continued service through a strong communications provider that can meet their national and international needs. "[T]he ability to provide bundled wireline, broadband, and wireless offerings to MCI's and Verizon's current enterprise customers is an added benefit that both companies' customers will receive. . . . [and] Verizon's local presence, coupled with MCI's innovative

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<sup>10</sup>See, Joint Application at 9.

enterprise and government sales expertise, will allow the merged company to provide government customers -- as well as enterprise customers -- with a suite of products and services that addresses the full range of these customers' needs."<sup>11</sup>

Applicants contend that the Proposed Merger will benefit Hawaii's customers by strengthening both Verizon's and MCI's ability to compete in the State--ultimately benefiting Hawaii's communications customers. Specifically, the transaction will make MCI financially stronger, better able to improve its state-of-the-art national and global network, and allow MCI to offer its customers a full range of communications services, including wireless services. Additionally, while Verizon's local presence will be limited until 2007, aside from services provided by Verizon Wireless, its ability to compete in the future will be enhanced through its access to MCI's Internet backbone and MCI's enterprise and government product line and sales expertise.

Applicants represent that the transaction will result in a stronger company, which will provide a higher degree of stability and certainty for Applicants' employees and their families. Additionally, the communities served by Applicants will benefit since, among other things, Verizon has a "long history of corporate responsibility and good citizenship in the communities that it serves and it will continue that tradition" in Hawaii upon close of the transaction.<sup>12</sup>

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<sup>11</sup>See, Joint Application at 11.

<sup>12</sup>See, Joint Application at 12.

B.

Consumer Advocate's Position

The Consumer Advocate states that while it does not support Applicants' Exemption/Waiver Request, it will not oppose approval of the Proposed Merger.<sup>13</sup> In its analysis, the Consumer Advocate first acknowledges that Applicants do provide competitive services; however, the Consumer Advocate contends that it is impossible to definitively conclude that all of Applicants' subsidiaries providing services in Hawaii can be considered non-dominant carriers.<sup>14</sup> While the Consumer Advocate finds that the Proposed Merger could somewhat improve the current competitive environment, it contends that competition may not serve the same purpose as public interest regulation for the matters of this docket. In support of its position, the Consumer Advocate enumerates the following reasons:<sup>15</sup>

1. Up until very recently, Verizon, through its subsidiaries, was the dominant telecommunications provider in the State.
2. The prohibition preventing Verizon from providing selected telecommunications services (excluding

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<sup>13</sup>See, Statement of Position at 11.

<sup>14</sup>This position is based upon the Consumer Advocate's review of the 2002 and 2003 intrastate revenues of MCI WorldCom and Verizon Wireless. The Consumer Advocate relied on this information since Applicants, as noted by the Consumer Advocate, failed to provide any data or analysis to demonstrate that none of the entities authorized to provide telecommunications services in the State are non-dominant carriers. See, Statement of Position at 6-7.

<sup>15</sup>See, Statement of Position at 8-9.

VoIP services) in the State is only for a period of two (2) years from the date of the recent sale of Verizon Hawaii. Furthermore, the prohibition applies to only certain activities, which do not include VoIP services, which is fast becoming a significant telecommunications service in the industry. Moreover, Verizon has a contract group called Verizon Federal Inc. that performs telecommunications services on Hawaii's military bases.

3. Verizon Wireless and MCI WorldCom appear to have a presence in the State's telecommunications market.

Due to these factors, the Consumer Advocate states that it is presently questionable whether a determination can be made that competition will serve the same purpose as public interest regulation upon approval of the Proposed Merger and, thus, opposes Applicants' Exemption/Waiver Request.

Nonetheless, the Consumer Advocate maintains that it does not oppose the approval of the Proposed Merger since, among other things: (1) the transaction is expected to occur at the parent-company level, involving the transfer of common stock of one holding company for the stock of another; (2) no underlying assets of Applicants' subsidiaries operating in the State are expected to be involved; and (3) the transaction does not call for any initial changes in the rates, service, quality, or any operating terms or conditions of the subsidiaries authorized to provide services in the State. Based on these factors, the

Consumer Advocate contends that the Proposed Merger is not expected to have any negative impacts on Applicants' subsidiaries' ability to provide service to customers in the State. Moreover, the Consumer Advocate states that the commission has the authority to investigate any negative impacts that may occur subsequent to the completion of the transaction and take remedial action under HRS § 269-7(a).

#### IV.

##### Discussion

##### A.

##### Exemption/Waiver Request

The commission is "empowered with broad, discretionary authority in our review of public utility acquisitions, consolidations, and mergers under HRS § 269-19."<sup>16</sup> Specifically, HRS § 269-19 provides in part that no public utility corporation shall, "directly or indirectly, merge or consolidate with any other public utility corporation without first having secured from the . . . commission an order authorizing it so to do." The statute also states that "[e]very such sale, . . . merger, or consolidation, made other than in accordance with the order of the commission shall be void." The purpose of HRS § 269-19 is to safeguard the public interest.<sup>17</sup>

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<sup>16</sup>See, Decision and Order No. 17377, filed on November 17, 1999, in Docket No. 98-0345 (*In re GTE Corporation and Bell Atlantic Corporation*) at 6.

<sup>17</sup>See, *In re Honolulu Rapid Transit Co.*, 54 Haw. 402, 409, 507 P.2d 755, 759 (1973).

Moreover, HRS § 269-7(a) provides the commission with the power to examine the condition of a public utility, the manner in which it is operated with reference to the safety or accommodation of the public, "and all matters of every nature affecting the relations and transactions between it and the public or persons or corporations." Accordingly, the commission has the authority to examine any and all transactions of the public utility that affect or may affect the public that it serves.

Under HRS § 269-16.9(a) the commission, "upon its own motion or upon the application of any person, and upon notice and hearing, may exempt a telecommunications provider or a telecommunications service from any or all of the provisions of this chapter, except the provisions of section 269-34, upon a determination that the exemption is in the public interest."<sup>18</sup> Emphasis added. While under HRS § 269-16.9(e), "[t]he commission may waive other regulatory requirements under this chapter applicable to telecommunications providers when it determines that competition will serve the same purpose as public interest regulation." Emphasis added. Similarly, HAR § 6-80-135 allows the commission to grant an exemption from or waive the

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<sup>18</sup>We will disregard Applicants' request for an exemption under HRS § 269-16.9(a) since an exemption under this sub-section requires the commission to hold a hearing on the matter before making its determinations. Our decision is based on the following factors: (1) Applicants did not request that the commission hold a hearing, pursuant to HRS § 269-16.9(a); (2) Applicants' request that we "expeditiously approve the Joint Application" (emphasis added; see, Application at 15) is inconsistent with a HRS § 269-16.9(a) hearing; and (3) the commission's ultimate determination regarding Applicants' Proposed Merger herein.

applicability of any of the provisions of HRS chapter 269 or any rule (except provisions related to HRS § 269-34), upon a determination that an exemption or waiver is in the public interest.

Upon review, we find that until recently, Verizon, through its operating subsidiaries played an integral role in the development and advancement of Hawaii's telecommunications industry. For instance, through Verizon Hawaii, Verizon was a party to Docket No. 7702, the commission's on-going generic proceeding investigating the State's communications infrastructure. While Verizon is currently forestalled from providing certain types of communications services in the State, as a condition of the sale of Verizon Hawaii, it is not prohibited from providing VoIP and wireless services, nor is it prohibited from providing services in the State through Verizon Federal Inc. The ban on the provision of services related to the Verizon Hawaii sale will be lifted within the next two (2) years. Additionally, the Consumer Advocate's contention that "[m]any of the influences of Verizon as a dominant telecommunications carrier may still exist in Hawaii" appears to have merit.<sup>19</sup> We also agree with the various reasons enumerated by the Consumer Advocate in its opposition to Applicants' Exemption/Waiver request as set forth in its Statement of Position and rephrased above.

In support of their Exemption/Waiver Request, Applicants refer to the commission's decision in *BellSouth*,

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<sup>19</sup>See, Statement of Position at 9.

wherein we waived the approval requirements of HRS § 269-19.<sup>20</sup> Unlike Applicants, however, the regulated carriers in *BellSouth* are not (and have never been) a party to Docket No. 7702. Moreover, the entities in *BellSouth* do not have (or ever had) a presence in the State to the extent that Applicants' operating subsidiaries have (or ever had)--especially to the extent of Verizon Wireless, Verizon Hawaii, and certain MCI affiliates.

Based on the above, the commission does not find, in this instance, that competition will serve the same purpose as public interest regulation; nor do we find that an exemption or waiver of the regulatory approval requirements of HRS §§ 269-7(a) and 269-19, in this instance, is in the public interest. Accordingly, we conclude that Applicants' Exemption/Waiver Request should be denied.

B.

Commission Review

To approve the Proposed Merger, we must find that the transaction is reasonable and consistent with the public interest. A transaction is said to be reasonable and consistent with the public interest if the transaction will not adversely affect the carrier's fitness, willingness, and ability to provide intrastate telecommunications services in the State, as authorized by the commission.<sup>21</sup>

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<sup>20</sup>See, *BellSouth* at 4-5, and 7.

<sup>21</sup>See, Decision and Order No. 17369, filed on November 8, 1999, in Docket No. 99-0223 (*In re Ionex Telecommunications, Inc., et al.*) at 4.

The Proposed Merger should not adversely affect telecommunications services currently being provided to customers in Hawaii through Applicants' subsidiaries. This finding is based on Applicants' representation that the Proposed Merger does not involve the merger of any assets, lines, and operations of Applicants' subsidiaries nor call for any changes in the rates, terms, or conditions for the provision of telecommunications services in Hawaii. We also recognize that the Proposed Merger is occurring at the parent-holding company level, whereby stock of one holding company is being exchanged for another. Moreover, this finding is based on Applicants' representation that: (1) the Proposed Merger will not affect our authority or impede our jurisdiction over Applicants' certificated subsidiaries; and (2) Applicants' subsidiaries will continue to satisfy all of their obligations and commitments under our rules, regulations, and orders.

The Proposed Merger appears to be a union of two (2) complementary companies that can more effectively and efficiently provide services to their customers as a merged entity rather than on a stand-alone basis. Verizon's financial strength should stabilize MCI and assure MCI customers that they will continue to be served by a strong telecommunications provider. The Proposed Merger should provide growth opportunities for both subsidiaries of Verizon and MCI. Among other things, Verizon will have access to MCI's Internet backbone, while MCI shall have the opportunity to integrate a full range of wireless services into its line of offerings. Applicants' customers should benefit since they will

be assured communications services through providers with a strong parent company and should have access to new product lines and services. For these reasons, we find the Proposed Merger to be reasonable and in the public interest.

Based on the above, the commission concludes that Applicants' Proposed Merger should be approved, pursuant to HRS §§ 269-7(a) and 269-19. As a condition of our approval, we will require Applicants to provide notice of the consummation of the Proposed Merger by filing a copy of their Certificate of Merger with the commission and Consumer Advocate, as soon as practicable.

#### V.

##### Non-compliance with Regulatory Requirements

A public utility authorized to provide telecommunications services in the State must adhere to various regulatory requirements under, among other things, HRS Chapter 269, HAR Chapter 6-80, and various commission orders and requirements. For instance, under HRS § 269-30, each public utility subject to the commission's jurisdiction is required to pay the commission on July and December of each year a public utility fee equal to one-fourth of one percent (0.25%) of the gross income from the public utility's business during the proceeding year, or the sum of \$30, whichever is greater. State certified carriers of telecommunications services must also file their annual financial reports with the commission by March 31 of each year for the preceding calendar year, pursuant

to HAR § 6-80-91. Additionally, telecommunications carriers providing services in the State must also make an annual contribution to the State's telecommunications relay service ("TRS") fund, pursuant to HRS § 269-16.6, and Decision and Order No. 21847, filed on May 31, 2005, in Docket No. 05-0088 ("Decision and Order No. 21847").

Our records indicate that Verizon International, a Verizon subsidiary authorized to provide telecommunications services in the State,<sup>22</sup> is delinquent in: (1) submitting its July 2005 public utility fee; (2) filing its 2004 annual financial report; and (3) satisfying its TRS contribution requirements. Thus, Verizon International is in non-compliance with the requirements of HRS §§ 269-16.6 and 269-30; HAR § 6-80-91; and Decision and Order No. 21847. We find it reasonable and in the public interest to require Applicants to ensure that Verizon International fully satisfies the regulatory delinquencies described above.

Based on the above, we conclude that Applicants should ensure that Verizon International: (1) pays its July 2005 public utility fee; (2) files its 2004 annual financial report; and (3) satisfies its TRS contribution requirements.

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<sup>22</sup>See, Joint Application at 2. Verizon International, formerly known as GTE Hawaiian Tel International Incorporated, received commission authority to provide telecommunications services in the State through Decision and Order No. 16090, filed on November 18, 1997, in Docket No. 97-0383.

VI.

Orders

1. Applicants' Exemption/Waiver Request is denied.

2. The Proposed Merger, as described in the Joint Application, filed on May 6, 2005, is approved, pursuant to HRS §§ 269-7(a) and 269-19.


3. As soon as practicable, Applicants shall file a copy of their Certificate of Merger with the commission and the Consumer Advocate to provide notice of the consummation of their Proposed Merger.

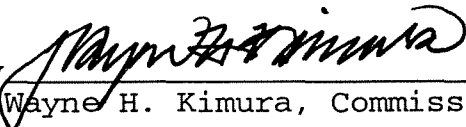
4. Applicants shall ensure that Verizon International fully complies with the requirements of HRS §§ 269-16.6 and 269-30; HAR § 6-80-91; and Decision and Order No. 21847 by: (1) paying its July 2005 public utility fee; (2) filing its 2004 annual financial report; and (3) satisfying its TRS contribution requirements, within thirty (30) days of the date of this Decision and Order.

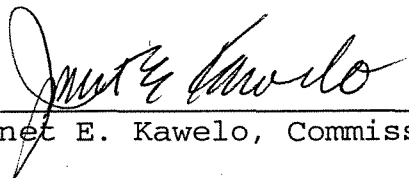
5. Applicants shall timely comply or ensure compliance with the requirements set forth in ordering paragraph nos. 3 and 4, above. Failure to timely comply with the requirements may constitute cause to void this Decision and Order, and may result in further regulatory action, as authorized by State law.

DONE at Honolulu, Hawaii September 12, 2005.


PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By   
Wayne H. Kimura, Commissioner

By   
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

  
Ji Book Kim  
Commission Counsel

05-0108.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 22023 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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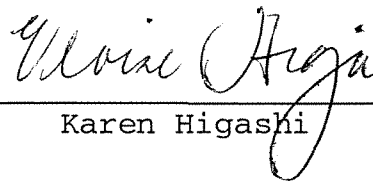
(Certificate of Service - Continued)

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\_\_\_\_\_  
Karen Higashi

DATED: September 12, 2005