

any necessary tariff changes with the Commission and/or the state commission to terminate the offering of such Advanced Service by the incumbent LEC, and (ii) cease initiating any marketing or sales of such Advanced Service by the incumbent LEC. Notwithstanding the requirements of Subparagraphs a and c above, until such tariff changes are approved by the Commission and/or the state commission (including any mandatory customer notification period), the Bell Atlantic/GTE incumbent LEC shall comply with such tariffs as then in effect if the incumbent LEC receives a request for a new activation of an Advanced Service.

f. Transition Period. In the Bell Atlantic/GTE Service Areas in each Bell Atlantic/GTE State, from such time as Bell Atlantic/GTE is required to provide new activations of Advanced Services through the separate Advanced Services affiliate in that state until the time when Bell Atlantic/GTE is required to provide all Advanced Services through a separate Advanced Services affiliate in that state, Bell Atlantic/GTE shall be permitted to provision such services in that state in the following manner, which is intended to be the “functional equivalent” of provisioning service through a separate Advanced Services affiliate.

(1) Either the Bell Atlantic/GTE incumbent LEC or the separate Advanced Services affiliate may joint market Advanced Services to customers;

(2) Except for orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 7, customer orders for Advanced Services obtained by the incumbent LEC must be passed to the separate Advanced Services affiliate for processing. For customer orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 7, the incumbent LEC may, on an exclusive basis pursuant to a written agreement with the separate Advanced Services affiliate, process the order;

(3) Except for orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 7, the separate Advanced Services affiliate shall order the facilities and/or services needed to provide the Advanced Service from the incumbent LEC. Within 180 days of the Merger Closing Date, the separate Advanced Services affiliate shall order such facilities utilizing the same interfaces with the incumbent LEC as the incumbent LEC provides to unaffiliated providers of Advanced Services. For customer orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 7, the incumbent LEC may, on an exclusive basis pursuant to a written agreement with the separate Advanced Services affiliate, order the facilities needed to provide the ADSL service; and

(4) Any Advanced Services orders received by the separate Advanced Services affiliate may be passed to the incumbent LEC, which may, subject to Subparagraphs 6a and 6c, provide Advanced Services to the Bell Atlantic/GTE customer. The Bell Atlantic/GTE incumbent LEC may lease from the separate Advanced Services affiliate any Advanced Services Equipment required for the incumbent LEC to provide any Advanced Service.

7. Provisioning of Interim Line Sharing to the Separate Advanced Services Affiliate. This Paragraph shall apply only when line sharing is not required. Notwithstanding the non-discrimination provisions of Paragraph 3 above, a Bell Atlantic/GTE incumbent LEC may

provide Interim Line Sharing (as defined in Subparagraph 3d), including OI&M functions associated with Interim Line Sharing, to a separate Advanced Services affiliate on an exclusive basis in accordance with the following provisions:

a. The Bell Atlantic/GTE incumbent LEC may provide Interim Line Sharing capability to the separate Advanced Services affiliate within a certain geographic area for the provision of Advanced Services activated prior to the time that line sharing is provided to unaffiliated providers of Advanced Services within the same geographic area.

b. The Bell Atlantic/GTE incumbent LEC shall establish and make available through interconnection agreements with the separate Advanced Services affiliate (and with unaffiliated telecommunications carriers pursuant to the provisions of Paragraph 13) surrogate charges for the costs incurred in making available an unbundled local loop capable of providing Advanced Services (such as ADSL) in combination with voice grade services ("Surrogate Line Sharing Charges"). For purposes of this Section I, "voice grade service" means the transmission of an analog signal within an approximate bandwidth of 300 to 3000 Hz. The Surrogate Line Sharing Charges shall be 50 percent of the lowest monthly recurring charge, 50 percent of the lowest non-recurring line or service connection charge and 100 percent of the lowest non-recurring service order charge (i.e., there is no discount for the service order charge), for the unbundled local loop then effective that have been established by the state commission pursuant to 47 U.S.C. § 252(d)(1). The lowest non-recurring charges used in calculating the Surrogate Line Sharing Charges shall be the set of non-recurring charges contained in a tariff and/or single interconnection agreement for which the sum of the non-recurring line or service connection charge and the non-recurring service order charge is the lowest. The Bell Atlantic/GTE incumbent LEC shall charge the separate Advanced Services affiliate these Surrogate Line Sharing Charges for the affiliate's shared use of a local loop if: (i) the Bell Atlantic/GTE incumbent LEC is able to provision the Advanced Service of the separate Advanced Services affiliate over the same loop that the incumbent LEC is using to provide voice grade services on either a retail or wholesale basis, and (ii) the Advanced Service is within a spectral mask that is compatible with the incumbent LEC's voice grade service and the filters used by the incumbent LEC to provide Interim Line Sharing. The compatibility standard in the previous sentence shall be presumptively met if the Advanced Service utilizes a technology for which the spectral mask complies with an industry-recognized standard that would be compatible with both (i) the incumbent LEC's voice grade service, and (ii) the filters specified in Annex E to ANSI standard T1.413-1998. For any other technology, the separate Advanced Services affiliate may meet the compatibility standard by showing that the technology (i) would be compatible with the incumbent LEC's voice grade service and (ii) is compatible with the filters specified in Annex E to ANSI standard T1.413-1998. Surrogate Line Sharing Charges shall not apply retroactively to charges for an unbundled loop incurred prior to the effective date of the Surrogate Line Sharing Charges, but will apply to charges incurred after the effective date of the Surrogate Line Sharing Charges for both (i) recurring charges for qualifying loops in service, and (ii) recurring and non-recurring charges for new installations of qualifying loops. In order to be entitled to the Surrogate Line Sharing Charges, however, the Bell Atlantic/GTE separate Advanced Services affiliate must certify to the incumbent LEC that it is not providing voice grade service in conjunction with Advanced Services over the broadband channel. The Surrogate Line Sharing

Charge may be billed through credits, true-ups, or other billing mechanisms provided, however, that such credits, true-ups or other mechanisms are applied within 60 days of the initial billing for the service.

8. The separate Advanced Services affiliate(s) required by this Section shall, to the extent that they provide jurisdictionally interstate services, be regulated by the Commission as non-dominant carrier(s) with respect to the provision of Advanced Services. The separate Advanced Services affiliate shall comply with the Commission's rules regarding tariffs, including the Commission's rule that non-dominant telecommunications carriers that provide interstate access services are subject to permissive detariffing.

9. The Performance Measurements required by Section V of these Conditions shall be reported separately to the Commission, on a proprietary basis and in accordance with Paragraph 1 of Attachment A, by each Bell Atlantic/GTE incumbent LEC for each separate Advanced Services affiliate required by this Section I to the extent that such Performance Measurements are applicable. These Performance Measurements reports shall only be made available to other parties subject to a protective agreement. Within 30 days of the Merger Closing Date, Bell Atlantic/GTE shall propose to the Chief of the Common Carrier Bureau an additional performance measurement, or an additional sub-measurement, to measure Bell Atlantic/GTE's performance with respect to the provisioning of line sharing. Within 90 days of receiving written notice that the Chief of the Common Carrier Bureau agrees that a line sharing measurement should be implemented, Bell Atlantic/GTE shall implement the new measurement consistent with the provisions of Section V.

10. In setting the annual bonuses paid to officers and management employees of a separate Advanced Services affiliate, Bell Atlantic/GTE shall give substantial weight to the performance of the separate Advanced Services affiliate.

11. Separate Advanced Services Affiliate Sunset Provisions. The requirements of this Section I requiring Bell Atlantic/GTE to provide Advanced Services through one or more separate affiliates, as described in this Section, shall terminate immediately upon any of the following events:

a. In each Bell Atlantic/GTE State, the date that is the later of (i) 42 months after the Merger Closing Date or (ii) 36 months after the incumbent LEC ceases to process trouble reports for the separate Advanced Services affiliate on an exclusive basis under the provisions of Subparagraph 3h; or

b. The date upon which (i) legislation enacted by the U.S. Congress that specifically prohibits the Commission from requiring incumbent LECs to establish separate affiliates for the provision of Advanced Services becomes law, and (ii) the Commission modifies its rules and regulations in a manner that materially changes the substance of what is covered in this Section I (e.g., if the Commission were to establish rules that prohibit an incumbent LEC from providing joint marketing to the separate Advanced Services affiliate on an exclusive basis, or rules that prohibit an incumbent LEC from providing OI&M services to the separate Advanced

Services affiliate on a non-discriminatory basis, either such change would be an example of a change that would be considered a material change).

c. Subject to the sunset provisions of Subparagraphs 11a-b, nine months after the date upon which a final and non-appealable judicial decision by a court of competent jurisdiction determines that the separate Advanced Services affiliate must be deemed a successor or assign of the incumbent LEC for the purposes of applying 47 U.S.C. §§ 153(4) or 251(h). However, such a judicial decision that is based in whole or in substantial part on conduct of, or relationship between, the Bell Atlantic/GTE incumbent LEC and/or the separate Advanced Services affiliate not expressly permitted by these Conditions, shall not be a basis for terminating any of the separate affiliate provisions of this Section I.

12. Upon the date that Bell Atlantic/GTE determines, as a result of one or more of the provisions of Paragraph 11 above, to no longer provide Advanced Services through a separate affiliate in a particular state, then Bell Atlantic/GTE shall be required to comply with the following provisions in that state until the date that is 48 months after the Merger Closing Date:

a. The Discounted Surrogate Line Sharing Charge provisions of Paragraphs 7b and 13, if the Bell Atlantic/GTE incumbent LEC uses Interim Line Sharing (as defined in Paragraph 3d) to provide new activations of ADSL service;

b. The Advanced Services OSS discount provisions of Paragraph 25;

c. The incumbent LEC shall provide Advanced Services through a separate Advanced Services office or division within the LEC and shall comply with the following provisions:

(1) The Advanced Services office or division within the LEC will continue to use the same interfaces, processes, and procedures made available by the incumbent LEC to unaffiliated providers of Advanced Services for pre-ordering, ordering, provisioning, and repair and maintenance of Advanced Services;

(2) The Bell Atlantic/GTE retail operations within the incumbent LEC shall use the interfaces available to CLECs for processing a substantial majority (i.e., at least 75 percent of pre-order inquiries and at least 75 percent of orders) of Advanced Services orders;

d. The incumbent LEC will continue to make available to unaffiliated Advanced Services providers the OI&M services that were previously made available to such providers by the LEC pursuant to these Conditions; and

e. The incumbent LEC shall provide unaffiliated telecommunications carriers with the same OI&M services at the customer premises that it provides for its own retail operations in the same Bell Atlantic/GTE State with respect to the offering of Advanced Services.

f. The incumbent LEC shall be required to provide the enhanced OSS interfaces for provisioning Advanced Services as discussed in Paragraph 18, below.

## **II. Discounted Surrogate Line Sharing Charges**

13. This Paragraph shall apply only when line sharing is not required. The terms for Surrogate Line Sharing Charge discounts offered by Bell Atlantic/GTE to unaffiliated providers of Advanced Services for inclusion in interconnection agreements shall reflect the following:

a. In any geographic area where the Bell Atlantic/GTE incumbent LEC either (i) provides Interim Line Sharing for new activations of ADSL service to a separate Advanced Services affiliate per the provisions of Paragraph 7, above, or (ii) utilizes Interim Line Sharing to provide new activations of ADSL service provided by the incumbent LEC, the incumbent LEC shall charge unaffiliated providers of Advanced Services the same Surrogate Line Sharing Charges as described in Paragraph 7 for use of an unbundled local loop in the same geographic area, where: (i) the unaffiliated provider purchases the unbundled local loop to provide Advanced Services only and does not use the unbundled local loop to provide any voice grade service; (ii) the unaffiliated provider's Advanced Services are provided to an end user customer to whom the incumbent LEC provides voice grade service, on either a retail or wholesale basis, at the same premises; and (iii) the unaffiliated provider's Advanced Services are within a spectral mask that would, if line sharing were available, be compatible with the incumbent LEC's voice grade service and the filters used by the incumbent LEC to provide Interim Line Sharing. The compatibility standard in the previous sentence shall be presumptively met if the unaffiliated provider's Advanced Services utilize a technology for which the spectral mask complies with an industry-recognized standard that would be compatible with both (i) the incumbent LEC's voice grade service, and (ii) the filters specified in Annex E to ANSI standard T1.413-1998. For any other technology, the unaffiliated provider of Advanced Services may meet the compatibility standard by showing that the technology (i) would be compatible with the incumbent LEC's voice grade service and (ii) is compatible with the filters specified in Annex E to ANSI standard T1.413-1998.

b. Surrogate Line Sharing Charges shall not apply retroactively to charges for an unbundled loop incurred prior to the effective date of the Surrogate Line Sharing Charges, but will apply to charges incurred after the effective date of the Surrogate Line Sharing Charges for both (i) recurring charges for qualifying loops in-service, and (ii) recurring and non-recurring charges for new installations of qualifying loops. Bell Atlantic/GTE may provide the Surrogate Line Sharing Charges discounts through credits, true-ups, or other billing mechanisms, provided, however, that such credits, true-ups or other mechanisms are applied within 60 days of the initial billing for the service. To obtain the Surrogate Line Sharing Charges, a telecommunications carrier must provide written notification (which may include e-mail) to Bell Atlantic/GTE identifying the unbundled loops that it is using or will use to provide a qualifying Advanced Service. For unbundled loops ordered after the effective date of the Surrogate Line Sharing Charges, notification must be given at the time the order is placed. For unbundled loops in service prior to the effective date of the Surrogate Line Sharing Charges, the Surrogate Line Sharing Charges will only apply to unbundled loops for which such notification is received

within 30 days of the date that Bell Atlantic/GTE notifies the telecommunications carrier that the Surrogate Line Sharing Charges are in effect. Not less than 3 business days after the availability of Surrogate Line Sharing Charges in the relevant geographic area, Bell Atlantic/GTE shall provide notice of that availability to telecommunications carriers having unbundled loops in service in that geographic area as of the effective date of the Surrogate Line Sharing Charges.

c. Unaffiliated providers of Advanced Services that obtain unbundled local loops for the Surrogate Line Sharing Charges shall, on a quarterly basis, certify to Bell Atlantic/GTE and the appropriate state commission that they are using all unbundled local loops provided at the Surrogate Line Sharing Charges in accordance with Subparagraph a above. Bell Atlantic/GTE shall have the right to hire, at its own expense, an independent third-party auditor to perform all necessary audits and inspections needed to assure that unbundled local loops provided for the Surrogate Line Sharing Charges are used in accordance with Subparagraph b above. Unaffiliated providers of Advanced Services that obtain unbundled local loops for the Surrogate Line Sharing Charges shall agree to cooperate in the performance of such audits and inspections.<sup>18</sup> Audit information shall be restricted to Bell Atlantic/GTE regulatory, legal, and/or wholesale personnel, and Bell Atlantic/GTE shall prohibit those personnel from disclosing audit-related, customer-specific or company-specific proprietary information to Bell Atlantic/GTE retail personnel.<sup>19</sup> If Bell Atlantic/GTE conducts any audit of an unaffiliated Advanced Service provider's use of unbundled local loops in a state, under this Subparagraph c, Bell Atlantic/GTE's annual compliance report for the calendar year in which the investigation was concluded shall describe the uses of shared loops by Bell Atlantic/GTE's separate Advanced Services affiliate(s) in the same state.

d. Any unaffiliated provider of Advanced Services found by the appropriate state commission to have violated the use restrictions of this Paragraph or that fails to cooperate in an audit may be denied the Surrogate Line Sharing Charges on any unbundled local loop for which the use restrictions or audit provisions are violated. In addition, any such provider that intentionally and repeatedly violates the use restrictions of Subparagraph a may be denied the Surrogate Line Sharing Charges for unbundled local loops ordered or installed after the date of such a finding by a state commission.

e. Bell Atlantic/GTE shall waive all non-recurring charges for new installations of line sharing on behalf of unaffiliated providers of Advanced Services, where such new installations are (i) ordered no later than 60 days after the date on which line sharing is offered to unaffiliated providers of Advanced Services in the geographic area ("the line sharing date"), with a requested installation date of no later than 90 days after the line sharing date and (ii) installed to replace an unbundled local loop provided at the Surrogate Line Sharing Charges at the same customer premises to the same provider of Advanced Services. In addition, for line sharing installations meeting the requirements of the previous sentence, Surrogate Line Sharing Charges shall continue to apply to the unbundled loop until Bell Atlantic/GTE has completed all work necessary for the conversion to line sharing to be completed. Unless the Commission

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<sup>18</sup> Any such audit or inspection is limited to being a "technical" audit.

<sup>19</sup> This restriction includes, in particular, employees of the separate Advanced Services affiliate or Bell Atlantic/GTE personnel who perform the retail functions contemplated in Subparagraphs 3a-3c.

establishes other notification requirements for deployment of line sharing, Bell Atlantic/GTE shall provide unaffiliated providers of Advanced Services not less than 60 days advance notice of the line sharing date.

### **III. Loop Conditioning Charges and Cost Studies**

14. No later than 180 days after the Merger Closing Date, Bell Atlantic/GTE shall file cost studies and proposed rates for conditioning xDSL loops in the Bell Atlantic/GTE Service Area within each Bell Atlantic/GTE State that has not already started or completed cost proceedings for these services. Bell Atlantic/GTE's cost studies and proposed rates shall be prepared in compliance with the methodology set forth in the Commission's and the relevant state commission's pricing rules for UNEs. The cost-based rates resulting from these proceedings shall be effective in that state. In Bell Atlantic/GTE States where rates have not been approved by the state commission or are not in effect for the removal of load coils, bridged taps, and/or voice-grade repeaters, Bell Atlantic/GTE shall make available to Advanced Services providers, pending the approval of state-specific rates and subject to true-up, the rates for these xDSL loop conditioning services that are contained in any effective interconnection agreement, to which any Bell Atlantic/GTE incumbent LEC is a party, that is identified by the Advanced Services provider in any state, provided that the rates for these services provided in the agreement are greater than zero. Provided, however, that during this interim period and subject to true-up, unbundled loops of less than 12,000 feet (based on theoretical loop length) that could be conditioned to meet the minimum requirements defined in the associated technical publications of Bell Atlantic and of GTE through the removal of load coils, bridged taps, and/or voice grade repeaters will be conditioned at no charge to the requesting Advanced Services provider. Where a Bell Atlantic/GTE incumbent LEC identifies conditioning (with associated conditioning charges) that is necessary for an unbundled loop ordered by a provider of Advanced Services, Bell Atlantic/GTE will obtain the provider's authorization to perform, and agreement to pay for, each type of conditioning before proceeding with any conditioning work.<sup>20</sup> The foregoing interim provisions do not constitute or reflect any determination by the Commission regarding the lawfulness or appropriateness of the interim rates, and are not intended to delay or otherwise influence approval of state-specific rates by other state commissions in the Bell Atlantic/GTE States.

### **IV. Non-discriminatory Rollout of xDSL Services**

15. Bell Atlantic/GTE shall take the following steps to ensure that its deployment of xDSL services (viewed on an aggregated basis and including existing deployment, without regard to the entity through which Bell Atlantic/GTE provides those services) in the Bell Atlantic/GTE Service Area is not discriminatory:

a. In consultation with the relevant state commission, if the state commission chooses to engage in such consultation, Bell Atlantic/GTE shall within 90 days of the Merger

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<sup>20</sup> The rates, terms, and conditions associated with loop conditioning will be sufficiently disaggregated so that an unaffiliated telecommunications carrier may select only the conditioning it requires on a particular loop.

Closing Date reasonably classify all Bell Atlantic/GTE wire centers as either urban or rural wire centers for purposes of this Paragraph.

b. Bell Atlantic/GTE shall identify the 10 percent of urban wire centers within the Bell Atlantic/GTE Service Area in each Bell Atlantic/GTE State that have the greatest number of low-income households, as estimated by using the latest available census data ("Low Income Urban Pool"). After the date that is 180 days after the Merger Closing Date, by the time Bell Atlantic/GTE has deployed xDSL in at least 20 urban wire centers in a particular state, and for at least 36 months thereafter, at least 10 percent of the urban wire centers in which Bell Atlantic/GTE deploy xDSL in that state shall be wire centers from the Low Income Urban Pool.

c. Bell Atlantic/GTE shall identify the 10 percent of rural wire centers within the Bell Atlantic/GTE Service Area in each Bell Atlantic/GTE State that have the greatest number of low-income households, as estimated by using the latest available census data ("Low Income Rural Pool"). After the date that is 180 days after the Merger Closing Date, by the time Bell Atlantic/GTE has deployed xDSL in at least 20 rural wire centers in a particular state, and for at least 36 months thereafter, at least 10 percent of the rural wire centers in which Bell Atlantic/GTE deploys xDSL in that state shall be wire centers from the Low Income Rural Pool.

d. Bell Atlantic/GTE shall file a quarterly report with the Commission describing the status of its xDSL roll-out. This report shall include xDSL deployment information by Bell Atlantic/GTE state, including the number and name/location of urban and rural wire centers and low-income wire centers where Bell Atlantic/GTE has deployed xDSL. The report shall be submitted 180 days after the Merger Closing Date and on a quarterly basis thereafter.

## ENSURING OPEN LOCAL MARKETS

### V. Carrier-to-Carrier Performance Plan (Including Performance Measurements)

16. In the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall implement the Carrier-to-Carrier Performance Assurance Plan ("the Plan") described herein and in Attachment A. The Plan has two elements. First, it requires Bell Atlantic/GTE to report, on a monthly basis and in each of the Bell Atlantic/GTE States, its performance in the 17 measurement categories (with sub-measurements) identified in Attachments A-1a and A-1b that address functions that may have a particularly direct effect on Bell Atlantic/GTE's local competitors and their customers. This information will be made available on an Internet web-site and will provide the Commission, state commissions, and CLECs new tools to verify and benchmark Bell Atlantic/GTE's performance in these measurement and sub-measurement categories. Second, the Plan obligates Bell Atlantic/GTE to make voluntary payments of up to \$1.164 billion over 3 years to the U.S. Treasury based on Bell Atlantic/GTE's performance in the measurement categories identified in Attachments A-1a and A-1b. These payments may reach as much as \$259 million in the first year, \$389 million in the second year, and \$516 million in the third year. The \$1.164 billion total voluntary payment for which Bell Atlantic/GTE may be liable may be

reduced by up to \$125 million if Bell Atlantic/GTE completes the OSS commitments provided for in these Conditions ahead of schedule. See Attachment A, Paragraph 11. The Plan does not limit the authority of any state to adopt additional or different state performance monitoring requirements or associated remedies.

17. The Plan shall be effective for the Bell Atlantic/GTE Service Area within each Bell Atlantic/GTE State until the earlier of (i) 36 months after the date that Bell Atlantic/GTE is first potentially obligated to make Plan payments for that state, (ii) for the Bell Atlantic Service Areas on a state-by-state basis, the first date on which Bell Atlantic is authorized to provide in-region, interLATA services in that state pursuant to 47 U.S.C. § 271(d)(3), or (iii) on a state-by-state basis, the effective date of a comprehensive performance plan adopted by a state commission applicable to Bell Atlantic/GTE. Not later than 10 business days after the relevant deadlines under this Section V, Bell Atlantic/GTE shall file with the Secretary of the Commission notices regarding its satisfaction of the deadlines listed below.

a. In the Bell Atlantic Service Areas, Bell Atlantic/GTE shall implement the performance measurements shown on Attachments A-2a and A-5a (which are based on the performance plan adopted by the New York Public Service Commission in connection with Bell Atlantic's Section 271 proceeding) and provide the Commission with 2 months of performance data on these measurements, by the first day of the first month that begins more than 90 days after the Merger Closing Date. Beginning with the first month that starts at least 270 days after the Merger Closing Date, Bell Atlantic/GTE's performance shall be used to determine whether Bell Atlantic/GTE shall be obligated to make voluntary payments to the U.S. Treasury, as set forth in the Plan. Bell Atlantic/GTE's performance in prior months shall not be used to determine whether Bell Atlantic/GTE shall make voluntary payments.

b. For the GTE Service Areas, Bell Atlantic/GTE shall implement the performance measurements shown in Attachments A-2b and A-5b (which are based on the California Public Utilities Commission's performance plan applicable to GTE) and provide 2 months of performance data on these measurements, by the first day of the first month that begins more than 90 days after the Merger Closing Date, except for performance measurements PR-3 and NP-2 which shall be implemented no later than 150 days after the Merger Closing Date. Beginning with the first month that starts at least 270 days after the Merger Closing Date, Bell Atlantic/GTE's performance shall be used to determine whether Bell Atlantic/GTE shall be obligated to make voluntary payments to the U.S. Treasury, as set forth in the Plan. Bell Atlantic/GTE's performance in prior months shall not be used to determine whether Bell Atlantic/GTE shall make voluntary payments.

## **VI. Uniform and Enhanced OSS and Advanced Services OSS**

18. Within 90 days after the Merger Closing Date, Bell Atlantic/GTE will develop a plan to implement uniform, electronic OSS interfaces and business rules (including for pre-ordering and ordering components used to provide digital subscriber line ("xDSL") and other Advanced Services) within the Bell Atlantic Service Areas and separately within the GTE Service Areas. This plan shall also address how Bell Atlantic/GTE will implement uniform

transport and security protocols, but not business rules, across the merged Bell Atlantic/GTE Service Areas. The OSS interfaces proposed in the plan shall be commercially ready, uniform application-to-application interfaces using standards and guidelines as defined, adopted, and periodically updated by the Alliance For Telecommunications Industry Solutions ("ATIS") for OSS, e.g., Electronic Data Interchange ("EDI") and Common Object Request Broker Architecture ("CORBA") and graphical user interfaces (e.g. GUI Version 3 and WISE Phase 1) that support the pre-ordering, ordering, provisioning, maintenance/repair, and billing of resold local services and unbundled network elements ("UNEs") that meet the requirements of 47 U.S.C. § 251(c)(3). For purposes of these Conditions, "uniform interfaces" means interfaces that present telecommunications carriers that are users of the interfaces with the same version(s) of industry standards for data formatting specifications, and transport and security protocols.

19. a. The Plan shall include an assessment of Bell Atlantic's and GTE's existing interfaces and business rules, and Bell Atlantic's and GTE's plans for developing and deploying uniform application-to-application interfaces and business rules for OSS within the Bell Atlantic Service Areas and separately within the GTE Service Areas. The Plan will also report on existing commitments related to interfaces and business rules, including any outstanding scheduled changes, resulting from collaborative proceedings conducted with CLECs as part of the Petition of New York Telephone Company for Approval of its Statement of Generally Available Terms and Conditions Pursuant to Section 252 of the Telecommunications Act of 1996 and Draft Filing of Petition for InterLATA Entry Pursuant to Section 271 of the Telecommunications Act of 1996, Case 97-C-0271 proceeding before the New York Public Service Commission ("New York Proceeding"), the Commission Order Instituting Rulemaking, on the Commission's Own Motion into Monitoring Performance of Operating Systems, R.97-10-016 proceeding before the California Public Utilities Commission ("California Proceeding"), Status of Local Telephone Competition, Docket TX98010010, NJBPU, and the proceedings conducted in accordance with MCI WorldCom, Inc. and AT&T Corp. v. Bell Atlantic Corporation, File No. EAD 99-003 ("FCC Proceeding"). For those OSS interfaces and business rule changes for which collaborative proceedings have been conducted, these changes will be implemented under the schedules adopted in these proceedings. In addition, the Plan will specify OSS interface or business rule uniformity issues for the Bell Atlantic Service Areas and separately for the GTE Service Areas which Bell Atlantic and GTE determine have not been addressed in these collaborative proceedings. For these issues, the Plan will specify the type of collaborative process and schedule that will be used to address these issues. The target date for completion of the Plan is 90 days after the Merger Closing Date.

b. Where the Plan specifies a collaborative process to address OSS interface or business rule uniformity issues within the Bell Atlantic Service Areas or separately within the GTE Services Areas, the collaborative process selected will be based on the processes conducted in the New York, New Jersey, California, or FCC Proceedings, or included in the SBC/Ameritech Conditions in Applications of Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95 and 101 of the Commission's Rules, CC Docket No. 98-141 (rel. Oct. 8, 1999). The target date for completion of any necessary collaboratives is 90 days

after submission of the Plan.

c. The Plan will also include Bell Atlantic/GTE's plans for developing and deploying uniform transport and security protocols, but not business rules, across the merged Bell Atlantic/GTE Service Areas. For purposes of these Conditions, "uniform transport and security protocols" means that telecommunications carriers that are users of the interfaces will be presented with the same version(s) of industry standards for transport and security protocols, but not data format specifications. Nothing in this subparagraph or in this Section shall be construed to require that OSS business rules be uniform between the Bell Atlantic Service Areas and the GTE Service Areas.

d. The Plan will also include Bell Atlantic/GTE's plans for developing and providing to CLECs the pre-order, ordering, and maintenance/repair functions specified in Attachment B-1, and application-to-application ordering capability for the products specified in Attachment B-2. The forms, business rules, and methods for performing the specified functions and for ordering and provisioning the specified products may not be uniform between the Bell Atlantic Service Areas and the GTE Service Areas. The terms, conditions and prices or rates for the specified functions and products will be determined by tariffs, statements of generally available terms and conditions, or interconnection agreements and may not be uniform.

e. The target date for implementation of changes to OSS interfaces and business rules proposed in the plan will be implemented within 24 months after the completion of the collaborative process in Bell Atlantic Service Areas and within 24 months after the completion of the collaborative process in the GTE Service Areas. The target date for implementation of uniform transport and security protocols between Bell Atlantic and GTE Service Areas, as specified above, is 12 months after submission of the Plan. The target date for implementation of the OSS functions and product ordering capabilities specified in subparagraph d is 24 months after submission of the Plan. Nothing in this Section shall be construed to require that OSS interfaces or business rules be uniform between the Bell Atlantic Service Areas and the GTE Service Areas.

f. Within 5 years after the Merger Closing Date, Bell Atlantic/GTE will implement uniform, electronic OSS interfaces and business rules (including for pre-ordering and ordering components used to provide digital subscriber line ("xDSL") and other Advanced Services) between the Bell Atlantic and GTE Service Areas in Pennsylvania and Virginia. The OSS interfaces shall be commercially ready, uniform application-to-application interfaces using standards and guidelines as defined, adopted, and periodically updated by the Alliance For Telecommunications Industry Solutions ("ATIS") for OSS, e.g., Electronic Data Interchange ("EDI") and Common Object Request Broker Architecture ("CORBA") and graphical user interfaces (e.g. GUI Version 3) that support the pre-ordering, ordering, provisioning, maintenance/repair, and billing of resold local services and unbundled network elements ("UNEs") that meet the requirements of 47 U.S.C. § 251(c)(3).

(1) Bell Atlantic/GTE may achieve uniformity within Pennsylvania and Virginia by implementing a software solution that masks differences between Bell Atlantic's

and GTE's systems, by promulgating uniform business rules for completing CLEC local service requests, or by modifying Bell Atlantic/GTE's network and operating support systems (including associated business processes, methods, and procedures), at Bell Atlantic/GTE's option. Bell Atlantic/GTE shall have no obligation to achieve uniformity where differences are caused by state regulatory requirements or product definitions.

(2) Bell Atlantic/GTE shall implement uniform interfaces and business rules for at least eighty (80) percent of the access lines in the GTE Service Areas in Pennsylvania and Virginia (subject to subparagraph 3, below) by converting the following percentages of such access lines that Bell Atlantic/GTE have an obligation to convert ("Obligated Access Lines"):

<b>Date</b>	<b>Percent of Obligated Access Lines</b>
No later than 24 months after Merger Closing Date	40%
No later than 36 months after Merger Closing Date	60%
No later than 48 months after Merger Closing Date	80%
No later than 60 months after Merger Closing Date	100%

(3) Bell Atlantic/GTE shall have no obligation to implement uniform interfaces and business rules for up to twenty (20) percent of the total access lines in GTE's Service Areas in Pennsylvania and Virginia if such access lines are served by wire centers in which there is no active collocator that is interconnected with and exchanging minutes of use with GTE.

(4) As access lines are converted to the uniform interfaces and business rules, they will no longer be uniform with GTE Service Areas in states other than Pennsylvania and Virginia or with unconverted GTE Service Areas in Pennsylvania and Virginia. Such non-uniformity with other GTE Service Areas shall not constitute or be considered a violation of the conditions set out in Paragraphs 18-26. In addition, as access lines are converted to the uniform interfaces and business rules, the GTE interfaces and business rules will no longer be available with respect to those lines. Bell Atlantic/GTE will provide notice of the conversion schedule for access to OSS through the Change Management Process.

20. Within 12 months after the Merger Closing Date, Bell Atlantic/GTE will adopt in each Bell Atlantic/GTE State the current Bell Atlantic change management process originally developed as part of the New York Proceeding. Implementation of this change management process in each state will be dependent upon any necessary state approvals. In any state where approval is necessary, Bell Atlantic/GTE will make a filing seeking such approval no later than 180 days after the Merger Closing Date. For purposes of this Section, "change management process" means the documented process that Bell Atlantic/GTE and the CLECs follow to facilitate communication about OSS changes, new interfaces and retirement of old interfaces, as well as the implementation timeframes; which includes such provisions as a developmental view,

release announcements, comments and reply cycles, new entrant and new release testing processes and regularly scheduled change management meetings. Bell Atlantic/GTE shall offer to include in its interconnection agreements with CLECs a commitment to follow the uniform change management process agreed upon with interested CLECs.

21. If a CLEC contends that Bell Atlantic/GTE has not developed or deployed interfaces, business rules, or change management processes in substantial compliance with this Section, it may notify the Chief of the Common Carrier Bureau and request consolidated binding arbitration. Thereafter, the Chief of the Common Carrier Bureau may require Bell Atlantic/GTE and the CLEC(s) to submit to consolidated binding arbitration, if the Chief of the Common Carrier Bureau determines in writing that arbitration is appropriate and in the public interest. Any such consolidated binding arbitration shall be conducted before an independent third-party arbitrator nominated by Bell Atlantic/GTE and approved by the Chief of the Common Carrier Bureau, in consultation with subject matter experts selected by the arbitrator from a list of 3 firms supplied by Bell Atlantic/GTE and approved by the Chief of the Common Carrier Bureau, which may include Telcordia Technologies, and shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The Chief of the Common Carrier Bureau shall direct the arbitrator that the arbitration will last no more than 60 days, unless the Chief extends that deadline. Each party to the arbitration shall pay its own costs. Bell Atlantic/GTE shall pay 50 percent of the costs of the arbitrator and expert(s), and the CLECs that are parties to the disputed issues shall pay 50 percent of the arbitrator and expert costs. If the arbitrator determines that Bell Atlantic/GTE has not developed or deployed interfaces, business rules, or change management processes in substantial compliance with this Section, Bell Atlantic/GTE shall pay an amount of up to \$10,000 per business day per state in voluntary payments to the U.S. Treasury, as determined by the arbitrator. Voluntary payments shall not exceed a total of \$110,000 per business day for all Bell Atlantic/GTE States.

22. Bell Atlantic/GTE shall offer to develop and deploy in the Bell Atlantic/GTE Service Areas, an Electronic Bonding Interface (EBI) that supports maintenance/repair of resold local services and UNEs that meet the requirements of 47 U.S.C. § 251(c)(3); provided, however, that a telecommunications carrier requesting such EBI enters into a written contract wherein (i) Bell Atlantic/GTE and the requesting telecommunications carrier agree to the precise nature of the EBI implementation, and (ii) the requesting telecommunications carrier agrees to pay Bell Atlantic/GTE for the costs of development of any enhancements to the EBI in advance of industry standards. This offer shall be made available for a period of 30 months after the Merger Closing Date. Bell Atlantic/GTE shall develop and deploy the EBI contracted for within 12 months of an executed contract. In the event an enhancement to the EBI contracted for by a telecommunications carrier becomes an industry standard, without any changes or modifications, within 12 months of deployment by Bell Atlantic/GTE, Bell Atlantic/GTE shall provide the telecommunications carrier a refund of the money the telecommunications carrier has paid Bell Atlantic/GTE for the development and deployment of the enhancement.

23. Voluntary payments of up to \$10,000 per business day per state shall be due only with respect to time periods during which Bell Atlantic/GTE is in non-compliance and that are one or more of the following: (i) a period for which Bell Atlantic/GTE acknowledges a failure to

meet the relevant target date; (ii) within the first 3 business days after the relevant missed target date; or (iii) between the date on which the arbitrator has issued a final decision that Bell Atlantic/GTE is in non-compliance and the date on which Bell Atlantic/GTE files a notice with the Chief of the Common Carrier Bureau that it has corrected that non-compliance. In addition, if the arbitrator finds in writing that Bell Atlantic/GTE intentionally and willfully failed to comply with the relevant requirement(s), and the Chief of the Common Carrier Bureau concurs in writing with such a finding, Bell Atlantic/GTE shall make an additional payment of up to \$110,000, as determined by the arbitrator, for each business day that Bell Atlantic/GTE was not in compliance. Bell Atlantic/GTE shall have the right to appeal any such finding to the Commission. Bell Atlantic/GTE shall have the right to offset, dollar for dollar, any payments due under this Section if it is required to make payments based on any state requirements or under any agreements with CLECs as a result of the same conduct for which the payment is due under this Section.

24. Notwithstanding anything else in these Conditions, the total of all voluntary payments relating to any or all milestones established under this Section shall not exceed \$20 million.

25. OSS Discounts. Until Bell Atlantic/GTE has developed and deployed OSS interfaces for pre-ordering and ordering unbundled network elements used to provide xDSL and other Advanced Services and the interfaces referenced in this Section are used by the separate Advanced Services affiliate for pre-ordering and ordering a substantial majority (i.e., at least 75 percent of pre-order inquiries and at least 75 percent of orders) of the Advanced Services components, including line-sharing, the separate Advanced Services affiliate uses in the relevant geographic area, Bell Atlantic/GTE's incumbent LECs within the Bell Atlantic/GTE Service Area shall, beginning 30 days after the Merger Closing Date, make available through inclusion of appropriate terms in interconnection agreements with telecommunications carriers or by tariff, a discount of 25 percent from the recurring and nonrecurring charges (including 25 percent from the Surrogate Line Sharing Charges, if applicable) that otherwise would be applicable for unbundled local loops used in accordance with Paragraph 7 of these Conditions to provide Advanced Services in the same relevant geographic area.

a. Such discounts shall not apply retroactively to charges incurred prior to the effective date of the discounts, but will apply to charges incurred after the effective date of the discount for both (i) recurring charges for qualifying loops in-service, and (ii) recurring and non-recurring charges for new installations of qualifying loops. By way of example, if the Surrogate Line Sharing Charges are \$8.00/month, the charge would be discounted to \$6.00/month in areas where this OSS discount is applicable. Bell Atlantic/GTE may provide promotional discounts through credits, true-ups, or other billing mechanisms, provided, however, that such credits, true-ups or other mechanisms are applied within 60 days of the initial billing for the service. To obtain such discounts, a telecommunications carrier must provide written notification to Bell Atlantic/GTE identifying the unbundled loops that it is using to provide an Advanced Service.

b. Unaffiliated providers of Advanced Services that obtain OSS discounts on unbundled local loops pursuant to this Paragraph shall, on a quarterly basis, certify to Bell

Atlantic/GTE and the appropriate state commission that they are using all unbundled local loops on which they are receiving the OSS discounts to provision an Advanced Service in compliance with the provisions of this Paragraph. Bell Atlantic/GTE shall have the right to hire, at its own expense, an independent third-party auditor to perform all necessary audits and inspections needed to assure that unbundled local loops provided under the OSS discount are used in accordance with this Paragraph. Unaffiliated providers of Advanced Services that obtain OSS discounts shall agree to cooperate in the performance of such audits and inspections. Audit information shall be restricted to Bell Atlantic/GTE regulatory, legal, and/or wholesale personnel, and Bell Atlantic/GTE shall prohibit those personnel from disclosing audit-related, customer-specific or company-specific proprietary information to Bell Atlantic/GTE retail personnel.

## **VII. OSS Assistance to Qualifying CLECs**

26. Within the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall adopt measures for assisting Qualifying CLECs in using Bell Atlantic/GTE's OSS, as follows:

a. The term "Qualifying CLEC" means (1) any CLEC that, when combined with all of the CLEC's affiliates, including its parents and subsidiaries, and the CLEC's joint ventures that provide telecommunications services, has less than \$300 million in total annual telecommunications revenues, excluding revenues from wireless services, as reported to the Securities and Exchange Commission or in other documents mutually agreeable to such CLEC and Bell Atlantic/GTE, (2) any CLEC that presently serves end users in one or more Bell Atlantic Service Areas but does not serve end users in any GTE Service Areas that seeks to extend its services into any GTE Service Area, (3) any CLEC that presently serves end users in one or more GTE Service Areas but does not serve end users in any Bell Atlantic Service Areas that seeks to extend its services to any Bell Atlantic Service Area, or (4) any CLEC that does not presently serve end users in either GTE Service Areas or Bell Atlantic Service Areas. The CLEC may certify its status as a Qualifying CLEC to Bell Atlantic/GTE. Disputes relating to the status of an entity as a Qualifying CLEC may be resolved by the appropriate state commission(s).

b. Within 90 days following the Merger Closing Date, Bell Atlantic/GTE shall designate and make available one or more teams of a sufficient number of OSS experts dedicated and empowered to assist Qualifying CLECs with OSS issues, provided that such Qualifying CLECs have contracted for OSS in their interconnection agreements with Bell Atlantic/GTE and have attended any OSS training required by their interconnection agreements. Each team shall be available to provide further training and assistance, not including the provision of any telecommunications service, to such CLECs at no additional cost for a minimum of 36 months following the designation of the team. Bell Atlantic/GTE and the Qualifying CLEC will jointly develop a plan to address the specific OSS issues of concern to that CLEC. Within 90 days following the Merger Closing Date, Bell Atlantic/GTE shall provide notice of the availability of these teams to all Qualifying CLECs certificated and operating in the Bell Atlantic/GTE Service Area.

c. Within 90 days following the Merger Closing Date, Bell Atlantic/GTE shall identify and discuss in one or more CLEC forums training and procedures that would be beneficial to Qualifying CLECs operating in the Bell Atlantic/GTE Service Areas. Within 120

days following the Merger Closing Date, Bell Atlantic/GTE shall provide schedules for such training and procedures to all Qualifying CLECs certificated and operating in the Bell Atlantic/GTE Service Area.

### **VIII. Collocation, Unbundled Network Elements, and Line Sharing Compliance**

27. Collocation. In the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall provide collocation consistent with the Commission's rules, including the First Report and Order in CC Docket No. 98-147, FCC No. 99-48 (rel. March 31, 1999) ("Collocation and Advanced Services Order"), to the extent effective.

a. Prior to the Merger Closing Date, Bell Atlantic and GTE shall, in each of the Bell Atlantic/GTE States, have filed a collocation tariff and/or offered amendments containing standard terms and conditions for collocation for inclusion in interconnection agreements under 47 U.S.C. § 252. Such tariffs and/or amendments shall contain all rates, terms, and conditions necessary to bring Bell Atlantic/GTE's provision of collocation into compliance with the Commission's governing rules.

b. Prior to the Merger Closing Date, Bell Atlantic and GTE shall retain one or more independent auditors acceptable to the Chief of the Common Carrier Bureau to perform an examination engagement and issue an attestation report resulting in a positive opinion (with exceptions noted) regarding whether the terms and conditions offered in tariffs and amendments to interconnection agreements, and the methods and procedures put in place by Bell Atlantic and GTE to implement those terms and conditions, comply with the collocation requirements contained in the Commission's rules. The engagement shall be supervised by persons licensed to provide accounting services and shall be conducted in accordance with the relevant standards of the American Institute of Certified Public Accountants ("AICPA"). The attestation report shall be in substantially the form provided as Attachment C and shall be filed with the Secretary of the Commission, for the public record, no later than 10 days after the Merger Closing Date. The Commission shall have access to working papers and supporting materials of the independent auditor, as provided below in Paragraph 55g.

c. Prior to the Merger Closing Date, Bell Atlantic and GTE shall propose to the Chief of the Common Carrier Bureau an independent auditor to perform an examination engagement and issue an attestation report resulting in a positive opinion (with exceptions noted) regarding Bell Atlantic/GTE's compliance with the Commission's collocation requirements for 4 full months after the Merger Closing Date. The audit required by this Paragraph shall be in lieu of any other audit of Bell Atlantic/GTE's compliance with the Commission's collocation requirements during the 12 months after the Merger Closing Date that otherwise would be required under these Conditions. In addition, the auditor shall take into account in accordance with the relevant standards of the AICPA any collocation audits performed within the 18 months prior to the Merger Closing Date. The independent auditor shall be acceptable to the Chief of the Common Carrier Bureau and shall not have been instrumental during the past 24 months in designing substantially all of the systems and processes under review in the audit, viewed as a whole. The engagement shall be supervised by persons licensed to provide accounting services and shall be conducted in accordance with the relevant standards of the AICPA. Bell

Atlantic/GTE shall engage the auditor within 15 days of the Bureau Chief's written acceptance of the proposed auditor. The independent auditor's report shall be prepared and submitted as follows:

(1) Not later than 45 days after the Merger Closing Date, the independent auditor shall submit a preliminary audit program, including the proposed scope of the audit and the extent of compliance and substantive testing, to the Commission's Audit Staff ("Audit Staff"). The preliminary audit program shall be afforded confidential treatment in accordance with the Commission's normal processes and procedures. The independent auditor shall consult with the Audit Staff and Bell Atlantic/GTE regarding changes to the preliminary audit program, but Commission approval of the requirements or changes thereto shall not be required.

(2) During the course of the audit, the independent auditor shall inform the Audit Staff of any revisions to the audit program; notify the Audit Staff of any meetings with Bell Atlantic/GTE in which audit findings are discussed; and consult with the Common Carrier Bureau regarding any accounting or rule interpretations necessary to complete the audit. The independent auditor shall notify Bell Atlantic/GTE of any consultation with the Common Carrier Bureau regarding accounting or rule interpretations.

(3) The independent auditor shall have access to books, records, and operations of Bell Atlantic/GTE and its affiliates that are under the control of Bell Atlantic/GTE and are necessary to fulfill the audit requirements of this Section. The independent auditor shall notify Bell Atlantic/GTE's compliance officer of any inability to obtain such access. The auditor shall notify the Audit Staff if access is not timely provided after notification to the compliance officer.

(4) The independent auditor may verify Bell Atlantic/GTE's compliance with the collocation requirements through contacts with the Commission, state commissions, or Bell Atlantic/GTE's wholesale customers, as deemed appropriate by the independent auditor.

(5) Not later than 210 days after the filing of the attestation report in Subparagraph 27(b), the independent auditor shall submit its final audit report to the Commission's Audit Staff. A copy of the report shall be publicly filed with the Secretary of the Commission.

(6) The independent auditor's report shall include a discussion of the scope of the work conducted; a statement regarding Bell Atlantic/GTE's compliance or non-compliance with the Commission's collocation rules; a statement regarding the sufficiency of Bell Atlantic/GTE's methods, procedures, and internal controls for compliance with the Commission's collocation rules; and a description of any limitations imposed on the auditor in the course of its review by Bell Atlantic/GTE or other circumstances that might affect the auditor's opinion.

(7) For 24 months following submission of the final audit report, the Commission and state commissions in the Bell Atlantic/GTE States shall have access to the working papers and supporting materials of the independent auditor at a location in Washington, D.C. that is selected by Bell Atlantic/GTE and the independent auditor. Copying of the working papers and supporting materials by the Commission shall be allowed but shall be limited to copies required for the Commission to verify compliance with and enforce these Conditions. Any copies made by the Commission shall be returned to Bell Atlantic/GTE by the Commission. The Commission's review of the working papers and supporting materials shall be kept confidential pursuant to the Commission's rules and procedures. Prior to obtaining access to the working papers and supporting materials for review, state commissions shall enter into a protective agreement with the Chief of the Common Carrier Bureau and Bell Atlantic/GTE under which the state commission's review, including any notes, shall be kept confidential.

d. Bell Atlantic/GTE will, for 36 months after the Merger Closing Date, waive, credit or refund to telecommunications carriers 100 percent of the total nonrecurring collocation costs for qualifying collocation projects if Bell Atlantic/GTE misses the collocation due date by more than 60 calendar days unless Bell Atlantic/GTE can demonstrate that the missed due date was solely caused by equipment vendor delay beyond Bell Atlantic/GTE control.

(1) The collocation business rules in Attachments A-2a and A-2b will be used for purposes of this Paragraph. The rules apply to all requests for physical, virtual, adjacent structure, and cageless collocation in a LATA where the requesting telecommunications carrier has submitted no more than 5 collocation requests to Bell Atlantic/GTE in a LATA within a 30-day period that includes the date of the request. Requests in excess of 5 collocation arrangements per LATA will be included when the requesting telecommunications carrier meets with Bell Atlantic/GTE in advance of its submission of the requests and negotiates a mutually agreeable deployment schedule. If no such agreement is reached, this condition shall apply to the first 5 requests received from the telecommunications carrier for the LATA during the 30-day period.

(2) Unless otherwise mutually agreed, due dates for collocation requests will be established by Bell Atlantic/GTE, in compliance with the standard collocation intervals included in the approved tariff or relevant interconnection agreement existing as of the Merger Closing Date, whichever governs the provision of collocation in the relevant state. Due dates may be extended when mutually agreed to by Bell Atlantic/GTE and the telecommunications carrier, or by Acts of God or force majeure events or when such carrier fails to complete work items for which the carrier is responsible in the allotted time frame. The extended due date will be calculated by adding to the original due date the number of calendar days that Bell Atlantic/GTE and the telecommunications carrier agree were attributable to Acts of God or force majeure events or that the telecommunications carrier was late in performing said work items. Work items include, but are not limited to, the telecommunications carrier return to Bell Atlantic/GTE of corrected and complete floor plan drawings and placement of required components(s) by such carrier or its vendor. If Bell Atlantic/GTE and the carrier cannot agree on the extended due date, this dispute will be submitted to the Chief of the Common Carrier Bureau for resolution.

(3) A due date is considered met when Bell Atlantic/GTE turns the space over to the telecommunications carrier (for physical collocation), completes installation of virtually collocated equipment (or provides notification that the space is ready for installation where the carrier provides the virtually collocated equipment), or, in the case of adjacent structure collocation and cageless collocation where the carrier provides its own bays, when Bell Atlantic/GTE provides the requested interconnection and power cabling to the collocation space.

28. Unbundled Network Elements and Line Sharing. Subject to Paragraph 39 below, in the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall provide unbundled network elements and line sharing consistent with the Commission's rules.

a. Prior to Merger Closing Date, Bell Atlantic/GTE shall retain one or more independent auditors acceptable to the Chief of the Common Carrier Bureau to perform an examination engagement and issue an attestation report resulting in a positive opinion (with exceptions noted) regarding Bell Atlantic/GTE's compliance with the Commission's UNE and line sharing requirements for any 4 full months after the Merger Closing Date. The audit required by this Paragraph shall be in lieu of any other audit of Bell Atlantic/GTE's compliance with the Commission's UNE requirements during the first 12 full months after the Merger Closing Date that otherwise would be required under these Conditions. The independent auditor shall not have been instrumental during the past 24 months in designing substantially all of the systems and processes under review in the audit, viewed as a whole. The engagement shall be supervised by persons licensed to provide accounting services and shall be conducted in accordance with the relevant standards of the AICPA. The independent auditor's report shall be prepared and submitted as follows:

(1) Not later than 30 days after the Merger Closing Date, the independent auditor shall submit a preliminary audit program, including the proposed scope of the audit and the extent of compliance and substantive testing, to the Commission's Audit Staff ("Audit Staff"). The preliminary audit program shall be afforded confidential treatment in accordance with the Commission's normal processes and procedures. The independent auditor shall consult with the Audit Staff and Bell Atlantic/GTE regarding changes to the preliminary audit program, but Commission approval of the requirements or changes thereto shall not be required.

(2) During the course of the audit, the independent auditor shall inform the Audit Staff of any revisions to the audit program; notify the Audit Staff of any meetings with Bell Atlantic/GTE in which audit findings are discussed; and consult with the Common Carrier Bureau regarding any accounting or rule interpretations necessary to complete the audit. The independent auditor shall notify Bell Atlantic/GTE of any consultation with the Common Carrier Bureau regarding accounting or rule interpretations.

(3) The independent auditor shall have access to books, records, and operations of Bell Atlantic/GTE and its affiliates that are under the control of Bell Atlantic/GTE and are necessary to fulfill the audit requirements of this Section. The independent auditor shall notify Bell Atlantic/GTE's compliance officer of any inability to obtain such access. The auditor

shall notify the Audit Staff if access is not timely provided after notification to the compliance officer.

(4) The independent auditor may verify Bell Atlantic/GTE's compliance with the UNE and line sharing requirements through contacts with the Commission, state commissions, or Bell Atlantic/GTE's wholesale customers, as deemed appropriate by the independent auditor.

(5) Not later than 180 days after the Merger Closing Date, the independent auditor shall submit its final audit report to the Commission's Audit Staff. A copy of the report shall be publicly filed with the Secretary of the Commission.

(6) The independent auditor's report shall include a discussion of the scope of the work conducted; a statement regarding Bell Atlantic/GTE's compliance or non-compliance with the Commission's UNE and line sharing rules; a statement regarding the sufficiency of Bell Atlantic/GTE's methods, procedures, and internal controls for compliance with the Commission's UNE and line sharing rules; and a description of any limitations imposed on the auditor in the course of its review by Bell Atlantic/GTE or other circumstances that might affect the auditor's opinion.

(7) For 24 months following submission of the final audit report, the Commission and state commissions in the Bell Atlantic/GTE States shall have access to the working papers and supporting materials of the independent auditor at a location in Washington, D.C. that is selected by Bell Atlantic/GTE and the independent auditor. Copying of the working papers and supporting materials by the Commission shall be allowed but shall be limited to copies required for the Commission to verify compliance with and enforce these Conditions. Any copies made by the Commission shall be returned to Bell Atlantic/GTE by the Commission. The Commission's review of the working papers and supporting materials shall be kept confidential pursuant to the Commission's rules and procedures. Prior to obtaining access to the working papers and supporting materials for review, state commissions shall enter into a protective agreement with the Chief of the Common Carrier Bureau and Bell Atlantic/GTE under which the state commission's review, including any notes, shall be kept confidential.

29. The independent auditor(s) shall submit a budget(s) for completing the audits required in this Section that do not in the aggregate exceed \$5 million. The auditor(s) may not exceed the budget(s) without first notifying the Chief of the Common Carrier Bureau and Bell Atlantic/GTE and obtaining their consent. Such consent shall not be unreasonably withheld.

#### **IX. Most-Favored-Nation Provisions for Out-of-Region and In-Region Arrangements**

30. Out-of-Region Agreements. Bell Atlantic/GTE shall make available to telecommunications carriers in the Bell Atlantic/GTE Service Area any service arrangements that an incumbent LEC (not a Bell Atlantic/GTE incumbent LEC) develops for a Bell Atlantic/GTE affiliate, at the request of the Bell Atlantic/GTE affiliate, where the Bell Atlantic/GTE affiliate operates as a new local telecommunications carrier. Specifically, if such a Bell Atlantic/GTE affiliate makes a specific request for and obtains any interconnection arrangement, UNE, or

provisions of an interconnection agreement subject to 47 U.S.C. § 251(c) from an incumbent LEC that had not previously been made available to any other telecommunications carrier by that incumbent LEC after the Merger Closing Date, then Bell Atlantic/GTE's incumbent LECs shall make available to requesting telecommunications carriers in the Bell Atlantic/GTE Service Area, through good-faith negotiation, the same interconnection arrangement or UNE on the same terms (exclusive of price and performance applicable state-specific measures). Bell Atlantic/GTE shall not be obligated to provide pursuant to this condition any interconnection arrangement or UNE unless it is feasible to provide given the technical, network and OSS attributes and limitations in, and is consistent with the laws and regulatory requirements of, the state for which the request is made and with applicable collective bargaining agreements. Disputes regarding the availability of an interconnection arrangement or UNE shall be resolved pursuant to negotiation between the parties or by the relevant state commission under 47 U.S.C. § 252 to the extent applicable. The price(s) for such interconnection arrangement or UNE shall be negotiated on a state-specific basis and, if such negotiations do not result in agreement, Bell Atlantic/GTE's incumbent LEC or the requesting telecommunications carrier shall submit the pricing dispute(s), exclusive of the related terms and conditions required to be provided under this Paragraph, to the applicable state commission for resolution under 47 U.S.C. § 252 to the extent applicable. To assist telecommunications carriers in exercising the options made available by this Paragraph, each Bell Atlantic/GTE out-of-region local exchange affiliate shall post on its Internet website all of its interconnection agreements entered into with unaffiliated incumbent LECs.

31. In-Region Post-Merger Agreements.

a. Subject to the Conditions specified in this Paragraph, Bell Atlantic/GTE shall make available to any requesting telecommunications carrier in the Bell Atlantic/GTE Service Area within any Bell Atlantic/GTE State any interconnection arrangement, UNE, or provisions of an interconnection agreement subject to 47 U.S.C. § 251(c) in the Bell Atlantic/GTE Service Area within any other Bell Atlantic/GTE State that (1) was voluntarily negotiated with a telecommunications carrier, pursuant to 47 U.S.C. § 252(a)(1), by a Bell Atlantic/GTE incumbent LEC after the Merger Closing Date and (2) has been made available under an agreement to which Bell Atlantic/GTE is a party after the Merger Closing Date. Terms, conditions, and prices contained in tariffs cited in Bell Atlantic/GTE's interconnection agreements shall not be considered negotiated provisions. Exclusive of price and applicable state-specific performance measures and subject to the Conditions specified in this Paragraph, qualifying interconnection arrangements or UNEs shall be made available to the same extent and under the same rules that would apply to a request under 47 U.S.C. § 252(i), provided that (1) the interconnection arrangements or UNEs shall not be available beyond the last date that they are available in the underlying agreement and that the requesting telecommunications carrier accepts all reasonably related terms and conditions as determined in part by the nature of the corresponding compromises between the parties to the underlying interconnection agreement and (2) interconnection arrangements or UNEs voluntarily negotiated or agreed to by a Bell Atlantic or GTE incumbent LEC prior to the Merger Closing Date cannot be extended throughout the Bell Atlantic/GTE Service Areas unless voluntarily agreed to by Bell Atlantic/GTE. The price(s) for such interconnection arrangement or UNE shall be established on a state-specific basis pursuant to 47 U.S.C. § 252 to the extent applicable. Provided, however, that pending the resolution of any negotiations, arbitrations, or cost proceedings regarding state-specific pricing, where a

specific price or prices for the interconnection arrangement or UNE is not available in that state, Bell Atlantic/GTE shall offer to enter into an agreement with the requesting telecommunications carrier whereby the requesting telecommunications carrier will pay, on an interim basis and subject to true-up, the same prices established for the interconnection arrangement or UNE in the negotiated agreement. This Paragraph shall not impose any obligation on Bell Atlantic/GTE to make available to a requesting telecommunications carrier any terms for interconnection arrangements or UNEs that incorporate a determination reached in an arbitration conducted in the relevant state under 47 U.S.C. § 252, or the results of negotiations with a state commission or telecommunications carrier outside of the negotiation procedures of 47 U.S.C. § 252(a)(1). Bell Atlantic/GTE shall not be obligated to provide pursuant to this Paragraph any interconnection arrangement or UNE unless it is feasible to provide given the technical, network and OSS attributes and limitations in, and is consistent with the laws and regulatory requirements of, the state for which the request is made and with applicable collective bargaining agreements. Disputes regarding the availability of an interconnection arrangement or UNE shall be resolved pursuant to negotiation between the parties or by the relevant state commission under 47 U.S.C. § 252 to the extent applicable.

b. In the event that any requesting telecommunications carrier seeks to adopt any interconnection arrangement, UNE, or interconnection agreement provisions that are subject to 47 U.S.C. § 251(c) in the Bell Atlantic/GTE Service Area within any Bell Atlantic/GTE State in the Bell Atlantic/GTE Service Area within any other Bell Atlantic/GTE State that (1) is covered by subparagraph a above, and (2) was the result of an arbitration conducted and decided in the former state under 47 U.S.C. § 252 after the Merger Closing Date, then either party may submit the arbitrated provisions to immediate arbitration in the latter state with the consent of the affected state (without waiting for the statutory negotiation period set out in 47 U.S.C. § 252 to expire).<sup>21</sup>

32. In-Region Pre-Merger Agreements. Subject to the Conditions specified in this Paragraph, Bell Atlantic/GTE shall make available: (1) in the Bell Atlantic Service Area to any requesting telecommunications carrier any interconnection arrangement, UNE, or provisions of an interconnection agreement subject to 47 U.S.C. § 251(c) that was voluntarily negotiated by a Bell Atlantic incumbent LEC with a telecommunications carrier, pursuant to 47 U.S.C. § 252(a)(1), prior to the Merger Closing Date and (2) in the GTE Service Area to any requesting telecommunications carrier any interconnection arrangement, UNE, or provisions of an interconnection agreement subject to 47 U.S.C. § 251(c) that was voluntarily negotiated by a GTE incumbent LEC with a telecommunications carrier, pursuant to 47 U.S.C. § 252(a)(1), prior to the Merger Closing Date, provided that no interconnection arrangement or UNE from an agreement negotiated prior the Merger Closing Date in the Bell Atlantic Area can be extended into the GTE Service Area and vice versa. Terms, conditions, and prices contained in tariffs cited in Bell Atlantic/GTE's interconnection agreements shall not be considered negotiated provisions. Exclusive of price and applicable state-specific performance measures and subject to the Conditions specified in this Paragraph, qualifying interconnection arrangements or UNEs

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<sup>21</sup> Bell Atlantic/GTE will act in good faith in determining whether to agree voluntarily to such arbitrated provisions in the latter state(s) and in determining whether to submit such arbitrated provisions to immediate arbitration in the latter state(s).

shall be made available to the same extent and under the same rules that would apply to a request under 47 U.S.C. § 252(i), provided that the interconnection arrangements or UNEs shall not be available beyond the last date that they are available in the underlying agreement and that the requesting telecommunications carrier accepts all reasonably related terms and conditions as determined in part by the nature of the corresponding compromises between the parties to the underlying interconnection agreement. The price(s) for such interconnection arrangement or UNE shall be established on a state-specific basis pursuant to 47 U.S.C. § 252 to the extent applicable. Provided, however, that pending the resolution of any negotiations, arbitrations, or cost proceedings regarding state-specific pricing, where a specific price or prices for the interconnection arrangement or UNE is not available in that state, Bell Atlantic/GTE shall offer to enter into an agreement with the requesting telecommunications carrier whereby the requesting telecommunications carrier will pay, on an interim basis and subject to true-up, the same prices established for the interconnection arrangement or UNE in the negotiated agreement. This Paragraph shall not impose any obligation on Bell Atlantic/GTE to make available to a requesting telecommunications carrier any terms for interconnection arrangements or UNEs that incorporate a determination reached in an arbitration conducted in the relevant state under 47 U.S.C. § 252, or the results of negotiations with a state commission or telecommunications carrier outside of the negotiation procedures of 47 U.S.C. § 252(a)(1). Bell Atlantic/GTE shall not be obligated to provide pursuant to this Paragraph any interconnection arrangement or UNE unless it is feasible to provide given the technical, network and OSS attributes and limitations in, and is consistent with the laws and regulatory requirements of, the state for which the request is made and with applicable collective bargaining agreements. Disputes regarding the availability of an interconnection arrangement or UNE shall be resolved pursuant to negotiation between the parties or by the relevant state commission under 47 U.S.C. § 252 to the extent applicable.

#### **X. Multi-State Interconnection and Resale Agreements**

33. Upon the request of a telecommunications carrier, Bell Atlantic/GTE shall negotiate in good faith an interconnection and/or resale agreement covering the provision of interconnection arrangements, services, and/or UNEs subject to 47 U.S.C. § 251(c) in the Bell Atlantic/GTE Service Area in two or more Bell Atlantic/GTE States. Such a multi-state generic agreement may include a separate contract with each Bell Atlantic/GTE incumbent LEC. No later than 60 days after the Merger Closing Date, Bell Atlantic/GTE shall make available to any requesting telecommunications carrier generic interconnection and resale terms and conditions covering the Bell Atlantic/GTE Service Area in all Bell Atlantic/GTE States. Pricing under a multi-state generic agreement shall be established on a state-by-state basis and Bell Atlantic/GTE shall not be under any obligation to enter into any arrangement for a state that is not technically feasible and lawful in that state or is inconsistent with provisions in applicable collective bargaining agreements. Any agreement negotiated under this Section shall be subject to the state-specific mediation, arbitration, and approval procedures of Section 252 of the Communications Act. Approval of the agreement in one state shall not be a precondition for implementation of the agreement in another state where approval has been obtained.

## **XI. Carrier-to-Carrier Promotions: Unbundled Loop Discount**

34. Bell Atlantic/GTE shall offer the unbundled loop carrier-to-carrier promotion described below in the Bell Atlantic/GTE Service Area. Bell Atlantic/GTE shall implement this promotion by providing each telecommunications carrier with which Bell Atlantic/GTE has an interconnection agreement in a Bell Atlantic/GTE State, no later than 30 days after the Merger Closing Date, a written offer to amend each telecommunications carrier's interconnection agreement in that state to incorporate the promotion. For purposes of this Section, an offer published on Bell Atlantic/GTE's Internet website that can be accessed by telecommunications carriers shall be considered a written offer. Bell Atlantic/GTE shall establish necessary internal processes and procedures to ensure that Bell Atlantic/GTE's wholesale business units are responsive to telecommunications carriers' requests for the promotion. Bell Atlantic/GTE shall make its written offer in each state at the same time to all telecommunications carriers with which it has existing interconnection and/or resale agreements in that state. The agreement amendments for all carriers in a state that accept Bell Atlantic/GTE's written offer within 10 business days after the initial offer shall be filed for review and approval by the relevant state commission.

35. For an Offering Window period in the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall offer, to those telecommunications carriers that have signed an effective interconnection agreement amendment, promotional discounted prices on monthly recurring charges for unbundled local loops used in the provision of local service to residential end user customers that are ordered after the Merger Closing Date. Bell Atlantic/GTE may provide promotional discounts through credits, true-ups, or other billing mechanisms, provided, however, that such credits, true-ups or other mechanisms are applied within 60 days of the initial billing for the service.

a. The Offering Window period for the unbundled loop promotion for each Bell Atlantic and GTE State shall begin 30 days after the Merger Closing Date and end at the latest of the following: (i) 24 months after commencement of the Offering Window period; (ii) for the Bell Atlantic States on a state-by-state basis, the first date on which Bell Atlantic/GTE is authorized to provide in-region, interLATA services in the relevant state; (iii) for the GTE States on a state-by-state basis, the date on which competing carriers, in aggregate, offer service over their own facilities to at least 15 percent of incumbent LEC customer locations in the GTE Service Areas in that State, or (iv) the date on which Bell Atlantic/GTE has completed 50 percent of the out-of-region commitment described in Paragraphs 43 or 48 of these Conditions. The Offering Window period may end earlier in a state than provided in the preceding sentence if and when the maximum number of unbundled loops has been reached in that state pursuant to Subparagraph g of this Paragraph. During the Offering Window, Bell Atlantic/GTE shall respond to all telecommunications carrier inquiries regarding the promotional discounted prices within 10 business days.

b. Bell Atlantic/GTE shall be under no obligation to provide an unbundled local loop at a promotional discounted price unless the loop is ordered during the Offering Window with a requested installation date of no later than 30 days after the close of the Offering Window. Unbundled loops ordered or in service prior to the start of the Offering Window, or

ordered after the end of the Offering Window, shall not be eligible for a promotional discounted price.

c. Bell Atlantic/GTE shall be under no obligation to provide an unbundled local loop at a promotional discounted price ordered before the Merger Closing Date or outside the Promotional Period. The discounts shown in Attachment D (which contains illustrative rates) shall be the discounts applicable throughout the duration of the unbundled loop carrier-to-carrier promotion. For the purposes of this Section, the Promotional Period shall be a period of 36 months from the date a qualifying unbundled local loop is installed and operational, or the period during which the loop remains in service at the same location and for the same telecommunications carrier, whichever is shorter.

d. The promotional discounts for unbundled analog local loops used in the provision of residential telephone exchange service are shown in Attachment D. These promotional discounts were calculated to be, on average, 25 percent below the lowest applicable monthly recurring price established for the same loop by the relevant state commission pursuant to 47 U.S.C. § 252, assuming that the number of unbundled loops to be provided in each geographic area will be proportionate to the number of residential access lines in that geographic area. The promotional discount shall supplement, but not be cumulative of, any market-opening discounts approved by state commissions (e.g. a state-specific discount of 16.5% would increase to a total of 25% due to this condition, not to 41.5%).

e. Telecommunications carriers requesting unbundled local loops at a promotional discounted price shall agree to abide by the following conditions: (i) the loop shall be used to provide residential telephone exchange service and any associated exchange access service and shall not be used to provide any Advanced Services as defined in Section I; (ii) the loop shall not be purchased or used as part of a UNE Platform or in any other combination with Bell Atlantic/GTE's local switching or the functions and features associated with that switching; and (iii) the loop shall be used in accordance with any other binding conditions imposed under applicable agreements, judicial or administrative decisions, or governing law. Telecommunications carriers that obtain unbundled local loops at the promotional discounted prices shall, on a quarterly basis, certify to Bell Atlantic/GTE and the appropriate state commission that they are using all unbundled local loops provided at a promotional discounted price in accordance with these Conditions. Bell Atlantic/GTE shall have the right to hire, at its own expense, an independent third-party auditor to perform all necessary audits and inspections needed to assure that unbundled local loops provided at a promotional discounted price are used in accordance with conditions (i) and (ii), above.<sup>22</sup> Telecommunications carriers that obtain unbundled local loops at a promotional discounted price shall agree to cooperate in the performance of such audits and inspections. Audit information will be restricted to Bell Atlantic/GTE regulatory, legal, and/or wholesale personnel, and Bell Atlantic/GTE will prohibit those personnel from disclosing audit-related, customer-specific or company-specific proprietary information to Bell Atlantic/GTE retail personnel.

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<sup>22</sup> The scope of any such audit or inspection is limited to determining whether the promotional discount is being provided in accordance with this condition.