

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. Bell Atlantic/GTE and all of the CLECs participating in the workshop shall seek to reach a written agreement resolving the issues raised. If these parties cannot reach a written agreement prior to the target date for completion of the collaborative, the disputed issues may be resolved pursuant to the process specified in Paragraph 21. The collaborative process envisioned and described herein is understood to be broad enough to allow CLECs to comment on the Plan of Record and the scope of the Plan of Record. Where the Plan does not specify a collaborative process, CLECs nonetheless shall have the opportunity to comment on the Plan of Record and the scope of the Plan of Record, and to request that such issues be addressed in a collaborative process, as described above. To the extent that Bell Atlantic/GTE and CLECs cannot reach agreement regarding the scope of the collaborative process, they may be resolved through arbitration process set forth in Paragraph 21.

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~~ uniform interfaces and business rules 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”):

Date	Percent of Obligated Access Lines
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. A CLEC may also trigger this process as set forth in Paragraph 19b. 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 Collocation and Advanced Services Order, to the extent effective. 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 272(ac)(7)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 consecutive 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 consecutive 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 (including an entire agreement) subject to 47 U.S.C. § 251(c) and Paragraph 39 of these Conditions 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 applicable-state-specific performance measures).²⁵ 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 (including the entire agreement) subject to 47 U.S.C. § 251(c) and Paragraph 39 of these Conditions 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 measures²⁶ 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

²⁵ The performance measures applicable to the state where the agreement will be performed will apply.

²⁶ The performance measures applicable to the state where the agreement will be performed will apply.

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 conditions²⁷ 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) and Paragraph 39 of these Conditions 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 (except for the requirement that such agreement be voluntarily negotiated), 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).²⁸

²⁷ See *Local Competition Order*, 11 FCC Rcd 15499 (1996), ¶¶ 1309-1323.

²⁸ 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). For example, Bell Atlantic/GTE generally would not require a requesting telecommunications carrier to arbitrate in the latter state(s) a provision that previously was arbitrated and decided in that state(s), except to the extent necessary to preserve its appellate rights or to ask the state to reconsider based on

(Continued...)

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 (including an entire agreement) subject to 47 U.S.C. § 251(c) and Paragraph 39 of these Conditions 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 measures²⁹ 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 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 related³⁰ 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

(...Continued)

changed or new facts or circumstances.

²⁹ The performance measures applicable to the state where the agreement will be performed will apply.

³⁰ See Local Competition Order, 11 FCC Rcd 15499 (1996), ¶¶ 1309-1323.

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) and Paragraph 39 of these Conditions 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 earliest 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 locations³¹ 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 ~~Section XVI 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

³¹ This term used in subparagraph 35(a)(iii) shall be interpreted in accordance with the Commission's Fifth Report and Order in CC Docket No. 96-262.

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%).³²

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.³³ 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.

f. Any telecommunications carrier found by the appropriate state commission to have violated the use conditions of Subparagraph e or that fails to cooperate in an audit may be denied the promotional discounted price on any unbundled local loop for which the use conditions or the audit provisions are violated. In addition, any such telecommunications carrier that intentionally and repeatedly violates the use conditions of Subparagraph e may be denied the promotional discounted price on unbundled local loops ordered or installed after the date of such a finding by a state commission.

g. The maximum number of unbundled local loops that Bell Atlantic/GTE shall be required to provide at a promotional discounted price in each state shall be the quantity by state set forth in Attachment E. In order to provide CLECs with advance planning information, Bell Atlantic/GTE shall provide written or Internet notice to CLECs operating in the relevant state when 50 percent and 80 percent of these maximum numbers are reached in each

³² Likewise, if a state discount is greater than 25 percent, the state discount will apply.

³³ The scope of any such audit or inspection is limited to determining whether the promotional discount is being provided in accordance with this condition.

Bell Atlantic/GTE State. Unbundled local loops installed and made operational at the promotional discounted price after the Merger Closing Date shall be counted toward the maximum number, whether or not they remain in service. The relevant state commission may allocate the maximum number of unbundled local loops eligible for a promotional discounted price in that state between two or more geographic areas within the state.

XII. Carrier-to-Carrier Promotions: Resale Discount

36. Bell Atlantic/GTE shall offer the resale 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 resale 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 resale 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.

37. For the Offering Window period defined in Paragraph 385, Bell Atlantic/GTE shall offer in the Bell Atlantic/GTE Service Area to those telecommunications carriers that have signed an effective interconnection agreement amendment, promotional resale discounts on telecommunications services that Bell Atlantic/GTE provides at retail to subscribers who are not telecommunications carriers, where such services are resold to residential end user customers. The Offering Window period may end earlier in a state than provided in the preceding sentence if and when the maximum number of promotional resold lines plus End-to-End UNE combinations (a combination of network elements used to provide residential POTS service or residential Basic Rate Interface ISDN service and available under 47 C.F.R. § 51.319) has been reached in that state pursuant to Paragraph 385. For purposes of this Paragraph, the term "telecommunications service" shall have the same meaning as in 47 U.S.C § 251(c)(4). 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. Bell Atlantic/GTE shall be under no obligation to provide a service for resale at a promotional resale discount unless the underlying resold line is ordered after the Merger Closing Date and during the Offering Window with a requested installation date of no later than 30 days after the close of the Offering Window for the particular state. Resold services (such as Call Waiting) provided over a resold customer line that was ordered or in service prior

to the Offering Window, or placed in service more than 30 days after the end of the Offering Window, shall not be eligible for a promotional resale discount. Resold services (such as Call Waiting) added to a resold line that qualifies for the promotional resale discounts shall be eligible for the promotional resale discounts for the duration of the Promotional Period regardless of whether such resold services were added after the end of the Offering Window.

b. Bell Atlantic/GTE shall be under no obligation to provide a service for resale at a promotional resale discount outside the Promotional Period. For the purposes of this Subparagraph, the Promotional Period shall be a period of 36 months from the date a qualifying resold service is installed and operational, or the period during which the resold service remains in service at the same location and for the same telecommunications carrier, whichever is shorter.

c. The promotional resale discount rate for services resold to residential customers shall be 32 percent from the retail rate until the earliest of: (i) 24 months after commencement of the Offering Window period; (ii) for the Bell Atlantic Service Areas 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 locations³⁴ 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 Section XVI Paragraphs 43 or 48 of these Conditions. Thereafter, for the remaining duration of any Promotional Period, the promotional resale discount rate for service resold to residential customers shall be 1.1 times the standard wholesale discount rate established for the service by the relevant state commission pursuant to 47 U.S.C. § 252(d)(3) and then in effect (e.g., if the standard wholesale discount rate in a state is 20 percent, then the promotional resale discount rate would be 22 percent). Upon the termination of the initial 32 percent promotional resale discount rate, this discount rate shall apply automatically to all services eligible for a promotional resale discount, including those services that initially were provided under the 32 percent promotional resale discount. The promotional resale discounts shall apply to all resold services provided over a qualifying resold line; i.e., on a single resold line telecommunications carriers may not “pick and choose” between the promotional resale discounts and the standard resale discounts that apply in a state.

38. The Offering Window for the Promotional Resale Discounts in each state shall begin 30 days after the Merger Closing Date and end for that state at the earlier of the following: (i) 36 months after commencement of the Offering Window period; or (ii) the month following the date when the numbersum of resold lines in service in a state at the Promotional Resale Discounts ~~plus the quantity of End-to-End UNE Combinations (a combination of network elements used to provide residential POTS service or residential Basic Rate Interface ISDN service and available under 47 C.F.R. § 51.319) in service in the state reaches the maximum allowable quantity by state set forth in Attachment E.~~ In order to provide CLECs with advance

³⁴ The term used in subparagraph 37(c)(iii) shall be interpreted in accordance with the Commission’s Fifth Report and Order in CC Docket No. 96-262.

planning information, Bell Atlantic/GTE shall provide written or electronic notice to CLECs operating in the relevant state when 50 percent and 80 percent of these termination numbers are reached in each Bell Atlantic/GTE State. If the Offering Window in a state ends for the Resale promotions in that state because the maximum allowable quantity listed in this Paragraph has been exceeded in that state, Bell Atlantic/GTE shall file notice with the Secretary of the Commission, the relevant state commission and the CLECs operating in that state, within 3 business days after terminating the Offering Window for the availability of promotional resale discounts in the state.

XIII. Offering of UNEs

39. Bell Atlantic/GTE shall continue to make available to telecommunications carriers, in the Bell Atlantic/GTE Service Area within each of the Bell Atlantic/GTE States, the UNEs and UNE combinations required in Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Notice of Proposed Rulemaking, CC Docket No. 96-98, FCC 99-238 (rel. Nov. 5, 1999) (UNE Remand Order) and Deployment of Wireline Services Offering Advanced Telecommunications Capability and Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98 (rel. Dec. 9, 1999) (Line Sharing Order) in accordance with those Orders until the date of a final, non-appealable judicial decision providing that the UNE or combination of UNEs is not required to be provided by Bell Atlantic/GTE in the relevant geographic area. The provisions of this Paragraph shall become null and void and impose no further obligation on Bell Atlantic/GTE after the effective date of final and non-appealable Commission orders in the UNE Remand and Line Sharing proceedings, respectively.

XIV. Alternative Dispute Resolution through Mediation

40. In the Bell Atlantic/GTE Service Area within each Bell Atlantic/GTE State, Bell Atlantic/GTE shall implement, subject to the appropriate state commission's approval, an alternative dispute resolution ("ADR") mediation process to resolve carrier-to-carrier disputes regarding the provision of local services, including disputes related to existing and effective interconnection agreements, as described in Attachment F. Participation in the ADR mediation process established by this Section is voluntary for both telecommunications carriers and state commissions. The process is not intended and shall not be used as a substitute for resolving disputes regarding the negotiation of interconnection agreements under Sections 251 and 252 of the Communications Act, or for resolving any disputes under Section 332 of the Communications Act. The ADR mediation process shall be utilized to resolve local interconnection agreement disputes between Bell Atlantic/GTE and unaffiliated telecommunications carriers at the unaffiliated telecommunications carrier's request.

XV. Access to Cabling in Multi-Unit Properties

41. Bell Atlantic/GTE shall, subject to any required state approvals, offer to conduct a trial with one or more interested, unaffiliated CLECs within the Bell Atlantic/GTE Service Area to identify the procedures and associated costs required to provide CLECs with access to cabling within Multi-Dwelling Unit premises (“MDUs”) and multi-tenant premises housing small businesses (“MTUs”), where Bell Atlantic/GTE controls the cables. Taking into account the results of the trial, Bell Atlantic/GTE will negotiate in good faith with CLECs to develop, as an additional alternative to the Minimum Point of Entry in Paragraph 42 where the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the Minimum Point of Entry, tariffs and/or interconnection agreement amendments that will facilitate single points of interconnection to cabling controlled by Bell Atlantic/GTE in MDUs/MTUs on a going-forward basis.

42. In the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall, subject to any required state approvals and consistent with any relevant state laws or regulations, install new cables in a manner that will provide telecommunications carriers a single point of interconnection, as provided in this Paragraph. Bell Atlantic/GTE shall only be required pursuant to this Paragraph to provide a single point of interconnection where the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the single point of interconnection. Nothing in this Paragraph shall restrict property owners’ rights to control access to their buildings or property. Access from the public right-of-way to the single point of interconnection is the responsibility of each telecommunications carrier. The provisions of this Paragraph apply only to cable installations for which engineering work is begun after the Merger Closing Date.

a. When Bell Atlantic/GTE is hired to install new cables in a newly constructed or retrofitted single-building MDU or campus of garden apartment dwelling units or a newly constructed or retrofitted multi-tenant business premises that the property owner(s) or some other party(ies) will own and maintain, Bell Atlantic/GTE shall provide the property owner written notice that Bell Atlantic/GTE will, unless the property owner objects,³⁵ install and provide the new cables in a manner that will permit telecommunications carriers a single point of interconnection at a Minimum Point of Entry if the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the single point of interconnection. Provided, however, that there may be multiple points of entry where the landlord requests diversity.

b. Where Bell Atlantic/GTE (1) would, absent the terms of this Subparagraph, own the new cables in a newly constructed or retrofitted single-building MDU or

³⁵ It would be inconsistent with the good faith implementation of this Condition for Bell Atlantic/GTE to encourage or solicit the property owner’s objection.

campus of garden apartment dwelling units or a newly constructed or retrofitted multi-tenant business premises, and (2) has the right to do so without the consent of any other party, Bell Atlantic/GTE shall install and provide cables to such multi-unit properties in a manner that will permit telecommunications carriers a single point of interconnection at a Minimum Point of Entry if the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the Minimum Point of Entry. Provided, however, that there may be multiple points of entry where the property owner or other party requests diversity.

c. Where Bell Atlantic/GTE (1) would, absent the terms of this Subparagraph, own the new cables in a newly constructed or retrofitted single-building MDU or campus of garden apartment dwelling units or a newly constructed or retrofitted multi-tenant business premises, but (2) needs the consent of the property owner or another party to install and provide cables to such multi-unit properties in a manner that will permit telecommunications carriers a single point of interconnection at a minimum point of entry, Bell Atlantic/GTE shall provide written notice to the property owner or other party that Bell Atlantic/GTE will, unless the other party objects,³⁶ install and provide new cables to such multi-unit properties in a manner that will permit telecommunications carriers a single point of interconnection at a Minimum Point of Entry if the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the Minimum Point of Entry. Provided, however, that there may be multiple points of entry where the property owner or other party requests diversity.

FOSTERING OUT-OF-REGION COMPETITION

XVI. Out-of-Territory Competitive Entry

43. Bell Atlantic/GTE will spend a total of at least \$500 million (the “Out-of-Region Expenditure”) between the Merger Closing Date and the end of the 36th month after the Merger Closing Date to provide services, including resale, that compete with traditional local telecommunications services offered by incumbent local exchange carriers or to provide Advanced Services to the mass market (“Competitive Local Service”) outside the Bell Atlantic and GTE Service Areas (“Out-of-Region Markets”), within the United States.

44. Subject to Paragraph 45, (1) at least 50 percent of the Out-of-Region Expenditure shall be used to construct, acquire, lease, use, obtain, or provide facilities, operating support systems, or equipment that are used to serve customers in Out-of-Region Markets (“Facilities Expenditure”) and (2) the remaining Out-of-Region Expenditure may be used to acquire

³⁶ It would be inconsistent with the good faith implementation of this Condition for Bell Atlantic/GTE to encourage or solicit the property owner’s objection.

customers for Competitive Local Service in those Out-of-Region Markets (“Customer Acquisition Expenditure”).

45. To count toward the Out-of-Region Expenditure, amounts included in the Facilities Expenditure must be spent in conjunction with: (1) the provision of Competitive Local Service; (2) the provision of other telecommunications services, or information services, that are offered jointly with Competitive Local Service; or (3) investments in, or contributions to, ventures that provide Competitive Local Service activity in Out-of-Region Markets by those ventures.

46. At the end of the 36th month after the Merger Closing Date: (1) if the Out-of-Region Expenditure is less than \$500 million, then Bell Atlantic/GTE shall pay to a fund to provide telecommunications services to underserved areas, groups, or persons~~the United States Treasury~~ an amount equal to 150 percent of the difference between the Out-of-Region Expenditure and \$500 million; or (2) if the Out-of-Region Expenditure equals or exceeds \$500 million but the Facilities Expenditure is less than \$250 million, the Bell Atlantic/GTE shall pay to a fund to provide telecommunications services to underserved areas, groups, or persons~~the United States Treasury~~ an amount equal to 150 percent of the difference between the Facilities Expenditures and \$250 million. Any such fund shall be established and managed by the state (including the District of Columbia) public utilities commissions, if said commissions accept such role. Where required by state law, payment shall be made to another fund or entity required by state law. The payment shall be apportioned among the states in accordance to the ratio between the total access lines in that state and the total access lines nationwide.

47. Notwithstanding the foregoing, Bell Atlantic/GTE shall be deemed to have satisfied the commitments in this Section if it provides service, between the Merger Closing Date and the end of the 36th month after the Merger Closing Date, over at least 250,000 customer lines that are used to provide Competitive Local Service in Out-of-Region Markets.³⁷

48. Until the time this Condition is satisfied, Bell Atlantic/GTE shall meet the following interim targets: between the Merger Closing Date and the end of twelve months after the Merger Closing Date, Bell Atlantic/GTE shall have spent at least \$100 million or provided service over at least 50,000 customer lines in Out-of-Region Markets; and by the end of twenty-four months after the Merger Closing Date, Bell Atlantic/GTE shall have spent at least \$300 million or provided service over at least 150,000 customer lines in Out-of-Region Markets. If Bell Atlantic/GTE fails to meet these interim targets, it shall pay to a public interest fund, under the procedures set forth in Paragraph 46 of these Conditions, 150 percent of the difference between its expenditures and the required interim target. Any such payments shall offset any payments that might otherwise be made under Paragraph 46 if Bell Atlantic/GTE has not met its commitments at the end of 36 months. If a target is met through the specified expenditure, at least 20 percent of the expenditure shall be used to provide Competitive Local Service to

³⁷ For purposes of this Section, customer lines includes telephone access lines, xDSL or other lines used to provide Advanced Services, cable lines, or other lines of communications used to provide Competitive Local Service.

residential customers or to provide Advanced Services. If a target is met through the selling of customer lines that are used to provide Competitive Local Services, at least 20 percent of the lines will be used to provide service to residential customers or to provide Advanced Services.

IMPROVING RESIDENTIAL PHONE SERVICE

XVII. InterLATA Services Pricing

49. Bell Atlantic/GTE shall not institute mandatory, minimum monthly or flat-rate charges on interLATA calls. Specifically, subject to any applicable state regulatory requirements, Bell Atlantic/GTE and its affiliates shall not charge wireline residential consumers a minimum monthly or minimum flat rate charge on interLATA long distance service similar to the charge that is currently assessed by some interexchange carriers.

a. Bell Atlantic/GTE and its affiliates shall not charge a minimum monthly or minimum flat rate charge (as described in this Paragraph) on interLATA services provided to any in-region or out-of-region wireline residential customer within the United States.

b. This Section shall become effective on the first day after the Merger Closing Date. In the GTE states, Bell Atlantic/GTE's obligations under this Section shall end 36 months after the Merger Closing Date. In each of the Bell Atlantic States (including Pennsylvania and Virginia), Bell Atlantic/GTE's obligations under this Section shall end 36 months after Bell Atlantic is authorized to provide interLATA services pursuant to 47 U.S.C. §271(d)(3).

c. This Section shall not prohibit Bell Atlantic/GTE or any of its affiliates from passing through to its customers any fees, charges, or taxes (including taxes on Bell Atlantic/GTE's own charges) imposed or authorized by a federal, state, or other governmental entity and imposed on Bell Atlantic/GTE or any of its affiliates as a result of its provision of interLATA services to its customer. Nor shall this Section prohibit Bell Atlantic/GTE from offering customers an optional, voluntary interLATA services pricing plan that includes a minimum monthly or minimum flat-rate charge, or a pre-paid calling card.

XVIII. Enhanced Lifeline Plans

50. Not later than 30 days after the Merger Closing Date, Bell Atlantic/GTE shall offer by letter to the appropriate state commission in the Bell Atlantic and GTE States to file a tariff for an enhanced Lifeline plan in the Bell Atlantic/GTE Service Area within that state. Bell Atlantic/GTE may fulfill this requirement in a state by either (i) proposing a new, stand-alone Lifeline plan that meets the requirements of this Paragraph, (ii) proposing to provide additional discounts and/or other enhancements to an existing Lifeline plan in a state which, when combined with the Lifeline benefits provided by the existing plan, meet the requirements of this Paragraph, or (iii) certifying that the existing Lifeline plan (or plans) meets the requirements of this Paragraph. No state shall be required to accept the enhanced Lifeline plan that will be offered by Bell Atlantic/GTE. Copies of Bell Atlantic/GTE's written offers shall be filed with the Secretary of the Commission. Consistent with applicable state law, the terms and conditions offered by Bell Atlantic/GTE shall be comparable to the terms and conditions of the Ohio Universal Service Assistance ("USA") Lifeline plan set forth in Ameritech Ohio's Alternative Regulation Plan, as in effect on January 27, 2000, in the areas of subscriber eligibility, discounts, and eligible services. See Opinion and Order, Application of the Ohio Bell Tel. Co. for Approval of an Alternative Form of Regulation, Case No. 93-487-TP-ALT, 1994 Ohio PUC LEXIS 956 (Nov. 23, 1994), as modified to be consistent with the 1996 Telecommunications Reform Act and other modifications and interpretations by the Public Utilities Commission of Ohio, as in effect on January 27, 2000, in the areas of subscriber eligibility, discounts, and eligible services. Specifically, with respect to discounts, Bell Atlantic/GTE will provide a discount equal to the price of basic residential measured rate service (i.e., access to the network not including any local usage) in each state; provided, however, that the maximum discount to be provided (including all applicable Federal, state and Company contributions) shall not exceed \$10.20 per month. For example, if the current Lifeline discount in a state is \$8.00 per month, Bell Atlantic/GTE will increase that discount by a maximum of \$2.20 per month for those Lifeline customers that meet all of the qualifications in this Paragraph. This Paragraph is not intended to supersede or eliminate state or federal funding for existing Lifeline programs. Where, for a particular state, Bell Atlantic/GTE does not offer a basic measured rate service that does not include any local usage, to determine the amount of the discount, Bell Atlantic/GTE will determine an estimated price for such a service as a percentage (based on underlying costs) of the most basic service that is offered. If the state commission indicates its acceptance of Bell Atlantic/GTE's offer within 12 months of Bell Atlantic/GTE's written offer, Bell Atlantic/GTE shall file a tariff to implement its offer within 60 days of such acceptance. Bell Atlantic/GTE shall offer to provide such enhanced Lifeline plans with the following operational characteristics:

a. Past-Due Bills. Enhanced Lifeline plan customers with past-due bills for local service charges will be offered payment arrangements for such local service charges with an initial payment not to exceed \$25.00 before service is installed and with the balance to be paid in 6 equal monthly payments. Enhanced Lifeline plan customers with past-due bills for toll service charges will be required to have toll restriction service until such past-due toll service charges have been paid.

b. Deposits. New enhanced Lifeline plan customers will not be required to pay a deposit to obtain local service. Bell Atlantic/GTE may request a deposit for toll service unless the customer elects toll restriction service.

c. Verification of Eligibility. Bell Atlantic/GTE will provide prospective enhanced Lifeline plan customers with a written form³⁸ that will permit the customer to self-verify eligibility through participation in one or more of the qualifying programs. Bell Atlantic/GTE will have the right to audit any such self-verifications and to refuse enhanced Lifeline service to any customer that is not a current participant in one of the eligible programs. Bell Atlantic/GTE will provide quantities of such written forms to state agencies administering qualifying programs so that these agencies, if they choose, can make these forms available to their clients.

d. On-Line Verification of Eligibility. Bell Atlantic/GTE will negotiate in good faith with appropriate state agencies administering qualifying programs to acquire on-line access to the agencies' electronic databases for the purpose of accessing the information necessary to verify a customer's participation in an eligible program. Where such on-line access can be negotiated on reasonable terms and conditions that permit Bell Atlantic/GTE to access such information efficiently, Bell Atlantic/GTE will provide on-line verification of eligibility for a customer claiming (during a discussion with a Bell Atlantic/GTE service representative) to be a current participant in one of the eligible programs.

e. Publicity. Bell Atlantic/GTE will agree to spend no less than an annual promotional budget to make potential customers aware of the enhanced Lifeline plan or other programs that benefit low income consumers. The annual promotional budget for each state (shown in Attachment G) is calculated to be proportional (based on the relative number of residence access lines that Bell Atlantic/GTE has in service in each state) to the \$122,000 annual promotional budget established as part of the USA Lifeline Plan in Ohio.

f. Toll-Free Number for Lifeline Inquiries. Bell Atlantic/GTE will provide a toll-free telephone number (e.g., an 800 number) for current and potential enhanced Lifeline plan customers to call for subscribing to, or otherwise requesting information or assistance about, the enhanced Lifeline plan.³⁹

g. Toll-Free Fax Line for Receiving Lifeline Documentation. Bell Atlantic/GTE will provide a toll-free fax line for current and potential enhanced Lifeline plan customers to submit documentation associated with the enhanced Lifeline plan.

h. Lifeline Message on Voice Response Units ("VRUs"). Where Bell Atlantic/GTE utilizes a VRU to answer customer calls into a service center, Bell Atlantic/GTE

³⁸ These forms will be provided in English and such other languages as are prevalent in the applicable area served by Bell Atlantic/GTE.

³⁹ Bell Atlantic/GTE will endeavor to respond to inquiries made in non-English languages which are prevalent among residents in the areas served by Bell Atlantic/GTE.

will, where it is technically possible to do so, include information about the enhanced Lifeline plan on the VRU menu after the customer indicates an interest in obtaining new service.

i. Upgrading Current Lifeline Customers. Where a state that already has a Lifeline plan determines to offer the enhanced Lifeline plan described in this Paragraph, and where the enhanced Lifeline plan offers a larger discount and in all other respects no worse terms and conditions to an existing Lifeline customer, Bell Atlantic/GTE shall switch qualifying customers (i.e., customers who have provided Bell Atlantic/GTE with sufficient verification that they participate in a qualifying program) to the enhanced Lifeline plan within 180 days of implementing the enhanced Lifeline plan.

j. Timing. The obligations contained in the above Subparagraphs shall not take effect until and unless the Enhanced Lifeline tariffs are accepted and approved by a state commission.

XIX. Additional Service Quality Reporting

51. Beginning no later than 180 days after the Merger Closing Date for the Bell Atlantic/GTE Service Area in all Bell Atlantic/GTE States, Bell Atlantic/GTE shall file with the Reporting Management Staff of the Commission for the public record, on a quarterly (i.e., January-March, April-June, etc.) basis, state-by-state service quality reports in accordance with the retail service quality reporting recommendations of the NARUC Technology Policy Subgroup "Service Quality White Paper" adopted November 11, 1998. Answer time performance may be reported on a multi-state basis in accordance with the consolidated handling of some calls by Bell Atlantic/GTE call centers. Each such quarterly report shall be filed no later than 50 days after the end of the quarter covered by the report. The first report filed for each state shall cover the most recent quarter that ended at least 50 days prior to the date the report is due. Categories of reporting for retail services include installation and maintenance, switch outages, transmission facility outages, service quality-related complaints, and answer time performance. Reports shall be filed for a period of 36 months following the date of Bell Atlantic/GTE's first report for that state. A copy of each report for a state shall be included on a Bell Atlantic/GTE Internet website or provided to the relevant state commission.

52. Bell Atlantic/GTE shall report on a quarterly basis ARMIS local service quality data required by the Commission separately for each of its operating companies. Bell Atlantic/GTE shall provide service quality data in accordance with Table 1 of ARMIS Report No. 43-05 on a quarterly basis. The service quality data required by this Paragraph shall be included on a Bell Atlantic/GTE Internet website or made available to state commissions in the Bell Atlantic/GTE States.

XX. NRIC Participation

53. Bell Atlantic/GTE shall continue to participate in the Network Reliability and Interoperability Council ("NRIC"), or a successor organization, if any.

ENSURING COMPLIANCE WITH AND ENFORCEMENT OF THESE CONDITIONS

XXI. Compliance Program

54. Bell Atlantic/GTE shall establish a Compliance Program as follows:

a. Bell Atlantic/GTE shall appoint a senior corporate officer to oversee Bell Atlantic/GTE's implementation of, and compliance with, these Conditions; to monitor Bell Atlantic/GTE's compliance program and progress toward meeting the deadlines specified herein; to provide periodic reports regarding Bell Atlantic/GTE's compliance as required by these Conditions; to ensure that payments due under these Conditions are timely made; and to consult with the Chief of the Common Carrier Bureau and other appropriate individuals as the Chief deems necessary on an ongoing basis regarding Bell Atlantic/GTE's compliance with these Conditions. The corporate compliance officer shall provide copies of all notices Bell Atlantic/GTE provides to the Commission or a state commission to the independent auditor required under Paragraph 55 and shall consult with the independent auditor regarding Bell Atlantic/GTE's progress in meeting the deadlines and milestones specified in these Conditions. The corporate compliance officer may be the same corporate officer with responsibility for Bell Atlantic/GTE's compliance with Section 272 obligations. The audit committee of Bell Atlantic/GTE's Board of Directors shall oversee the corporate compliance officer's fulfillment of these responsibilities. The requirements of this Subparagraph shall remain in effect until all other Conditions have expired.

b. Not later than 60 days after the Merger Closing Date, Bell Atlantic/GTE shall submit to the Common Carrier Bureau's Audit Staff ("Audit Staff") for review and comment a plan for compliance with these Conditions. The compliance plan shall be afforded confidential treatment in accordance with the Commission's normal processes and procedures. A letter providing notice of the filing shall be filed the same day with the Secretary of the Commission for the public record. Bell Atlantic/GTE will make a redacted version of the compliance plan publicly available.

c. Following the Merger Closing Date, Bell Atlantic/GTE shall submit to the Audit Staff and file for the public record (except for materials for which confidential treatment is requested) an annual compliance report detailing Bell Atlantic/GTE's compliance with these Conditions during the preceding calendar year. This annual compliance report shall be submitted no later than March 15 (or the first business day thereafter) of the calendar year following the

year covered by the report. A report shall be filed for each calendar year in which Bell Atlantic/GTE is subject to obligations under other Sections of these Conditions. The annual compliance report shall address Bell Atlantic/GTE's compliance with these Conditions and the sufficiency of Bell Atlantic/GTE's internal controls for complying, shall include a discussion of the efficiencies realized as a result of the merger, and shall be prepared in a format substantially similar, in relevant respects, to the format of the independent auditor's section of the audit report described in Subparagraph 55f, below.

XXII. Independent Auditor

55. Bell Atlantic/GTE shall, at its own expense, annually engage an independent auditor to conduct an examination engagement resulting in a positive opinion (with exceptions noted) regarding Bell Atlantic/GTE's compliance with all these Conditions (and also shall perform the audit of Bell Atlantic/GTE's divestiture of Genuity and the sufficiency of Bell Atlantic/GTE's internal controls designed to ensure compliance with such Conditions, except as noted in Paragraph 56, below. The first annual examination engagement shall exclude compliance with Section VIII. Bell Atlantic and GTE shall jointly engage an independent auditor for this purpose prior to the Merger Closing Date. The engagement shall be supervised by persons licensed to provide public accounting services and shall be conducted in accordance with the relevant standards of the AICPA. 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 all or substantially all of the systems and processes under review in the audit, viewed as a whole. An independent auditor's report shall be filed for each calendar year in which Bell Atlantic/GTE is subject to obligations under other Sections of these Conditions, provided that no report shall be due if that report would cover a portion of a calendar year that is less than 60 days. In that event, the period of less than 60 days shall be audited in the report covering the subsequent calendar year, if any. The independent auditor's report (which may consist of multiple reports) shall be prepared and submitted as follows.

a. Not later than 60 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 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 Common Carrier Bureau's Audit Staff and Bell Atlantic/GTE regarding changes to the preliminary audit program, but approval by the Audit Staff shall not be required.

b. 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.

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

d. The independent auditor may verify Bell Atlantic/GTE's compliance with these Conditions through contacts with the Commission, state commissions, or Bell Atlantic/GTE's wholesale customers, as appropriate.⁴⁰

e. The independent auditor may consult with Bell Atlantic/GTE's corporate compliance officer concerning matters that arise during the course of the year regarding these Conditions. If necessary after such consultation, the independent auditor may notify the Audit Staff of these matters. No later than June 1 (or the first business day thereafter) of the year following the calendar year covered by the audit, the independent auditor shall submit its final audit report for the preceding year to the Audit Staff. The independent auditor's report shall be made publicly available.

f. The independent auditor's report(s) shall include a discussion of the scope of the work conducted; a statement regarding Bell Atlantic/GTE's compliance or non-compliance with these Conditions; a statement regarding the sufficiency of Bell Atlantic/GTE's internal controls for complying with these Conditions; a statement regarding the accuracy of Bell Atlantic/GTE's annual compliance report for the year covered by the audit; a statement regarding the timeliness and accuracy of the notices provided to the Commission or its staff pursuant to specific notification requirements of these Conditions; a statement regarding the accuracy and completeness of the performance data provided to telecommunications carriers and regulators under these Conditions; 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.

g. 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 Common Carrier Bureau shall be allowed but shall be limited to copies required to verify compliance with and enforce these Conditions. Any copies made by the Common Carrier Bureau shall be returned to Bell Atlantic/GTE by the Common Carrier Bureau. The Common Carrier Bureau'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, state commissions shall enter

⁴⁰ The term "wholesale customers" includes, but is not limited to, telecommunications carriers that purchase interconnection, services or unbundled elements under tariffs, interconnection agreements or any other means for use in the telecommunications services offered by such telecommunications carriers.

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.

h. Not later than 60 days following submission of the final audit report, Bell Atlantic/GTE and the Audit Staff shall meet and confer regarding changes to the detailed audit program for the subsequent year's audit.

56. Bell Atlantic/GTE shall, at its own expense and under the same retention timetable set out in Paragraph 55, annually engage an independent auditor to perform an agreed-upon procedures engagement regarding compliance with the separate Advanced Services affiliate requirements of Section I of these Conditions. The independent auditor shall be acceptable to the Chief of the Common Carrier Bureau and shall not have been instrumental during the preceding 24 months in designing all or substantially all of the systems and processes under review in the audit, viewed as a whole. The independent audit shall be supervised by persons licensed to provide accounting services and shall be conducted in accordance with the relevant standards of the AICPA. For purposes of the engagement required by this Subparagraph, the Commission and Bell Atlantic/GTE shall be the only specified users; the Chief of the Common Carrier Bureau and Bell Atlantic/GTE must both consent to the audit methods and procedures to be used; and the independent auditor must accept those methods and procedures. In the event such mutual consent cannot be obtained, an independent third-party panel of auditors will be selected by Bell Atlantic/GTE and the Chief of the Common Carrier Bureau and paid for by Bell Atlantic/GTE to arbitrate any dispute. An independent auditor's report shall be filed for each calendar year in which Bell Atlantic/GTE is subject to separate affiliate obligations under Section I, provided that no report shall be due if that report would cover a portion of a calendar year that is less than 60 days. In that event, the period of less than 60 days shall be audited in the report covering the subsequent calendar year, if any. ~~Not later than 120 days after the Merger Closing Date, the preliminary audit program shall be submitted as described in Subparagraph 55a above.~~ The independent auditor's report shall be prepared and submitted as described in Subparagraphs 55b-h, above, except that the report shall be submitted no later than May 1 (or the first business day thereafter) of the year following the year covered by the audit, ~~provided that~~ Bell Atlantic/GTE and the Chief of the Common Carrier Bureau, working with the independent auditor selected by Bell Atlantic/GTE, shall make good-faith efforts to determine the procedures to be used in the engagement no later than ~~120~~⁹⁰ days after the Merger Closing Date. In determining the procedures to be used, Bell Atlantic/GTE and the Chief of the Common Carrier Bureau shall give due consideration to the procedures established for biennial audits under 47 U.S.C. § 272(d).

XXIII. Enforcement

57. The specific enforcement mechanisms established by these Conditions do not abrogate, supersede, limit, or otherwise replace the Commission's powers under the Communications Act. Performance or non-performance of these Conditions by Bell Atlantic/GTE does not in itself constitute compliance or non-compliance with any federal, state, or local law or regulation, except Bell Atlantic/GTE's obligation to perform these Conditions. The payments for non-performance specifically required by these Conditions, to which Bell Atlantic/GTE has voluntarily agreed, are payments in the public interest and are not penalties, forfeitures, or fines.

58. If the Chief of the Common Carrier Bureau makes a determination that Bell Atlantic/GTE has during the effective period of a Condition failed to comply with that Condition, the Bureau Chief may, at his or her discretion, extend the effective period of that Condition for a period that does not exceed the period during which Bell Atlantic/GTE failed to comply with the Condition. If the failure to comply that causes the Bureau Chief to extend a Condition also has had the effect of denying a person or entity access to a facility or service or the intended benefit required to be provided under another of these Conditions, the Bureau Chief may, in his or her discretion, extend the period during which Bell Atlantic/GTE is required to comply with the other Condition for a period that does not exceed the period during which access to the facility or service or intended benefit was unavailable. Bell Atlantic/GTE may appeal the Bureau Chief's decisions made pursuant to this Paragraph to the Commission.

59. Bell Atlantic/GTE shall be strictly obligated to make the payments for non-performance specifically required by these Conditions, and no showing of a willful violation shall be necessary in order to enforce such payments. Bell Atlantic/GTE shall not be liable for any payments, however, if the Chief of the Common Carrier Bureau grants a waiver request filed by Bell Atlantic/GTE in which Bell Atlantic/GTE will have the burden of proof to demonstrate that the failure to meet a condition was caused by a force majeure event or an Act of God. If the Chief of the Common Carrier Bureau refuses to grant a waiver, Bell Atlantic/GTE may appeal that decision to the Commission.

60. Except as otherwise provided in these Conditions, Bell Atlantic/GTE shall make payments due under these Conditions within 10 business days of a determination by Bell Atlantic/GTE's compliance officer, the Chief of the Common Carrier Bureau, the Commission, or an arbitrator, that payment is due. If the Commission or a state commission has not taken an action to designate or administer a fund that is required in order for Bell Atlantic/GTE to make a payment required under these Conditions, Bell Atlantic/GTE shall make its payment into an interest bearing escrow account pending such action. If Bell Atlantic/GTE's obligation to make a payment is disputed by Bell Atlantic/GTE, Bell Atlantic/GTE shall make the disputed payment into an interest bearing escrow account within 10 business days of the date the payment was due. Within 10 business days of making a payment of a disputed amount into escrow, Bell Atlantic/GTE shall file with the Commission a verified statement of the grounds on which payment is not required. Subject to rights of rehearing and appeal, the escrowed payments

(including any accrued interest) shall be returned to Bell Atlantic/GTE or paid to the appropriate fund in accordance with the final and non-appealable Commission or judicial order resolving the dispute. A decision by the Chief of the Common Carrier Bureau under this Paragraph is appealable to the Commission.

61. The Chief of the Common Carrier Bureau may in his or her discretion, upon a request and showing of good cause by Bell Atlantic/GTE, grant extensions of deadlines established by these Conditions.

62. Bell Atlantic/GTE shall not be excused from its obligations under these federal Conditions on the basis that a state commission lacks jurisdiction under state law to perform an act specified or required by these Conditions (e.g., review and approve interconnection agreement amendments, or determine if telecommunications providers violate requirements associated with the promotional discounts).

XXIV. Sunset

63. Except where other termination dates are specifically established herein, all Conditions set out in this Appendix, except for the Conditions requiring Bell Atlantic/GTE to provide Advanced Services through one or more separate affiliates, as set out in Section I, shall cease to be effective and shall no longer bind Bell Atlantic/GTE in any respect 36 months after the Merger Closing Date, unless the Commission orders that a Condition or Conditions be extended for noncompliance reasons in accordance with Paragraph 58 above. Unless specifically stated otherwise, it is intended that each of the Conditions will generate 36 months of benefit. Since some of the Conditions will not become effective or operational until sometime after the Merger Closing Date, such Conditions will remain in effect (as specified) longer than 36 months after the Merger Closing Date.

XXV. Effect of Conditions

64. The various offerings and initiatives contained in these Conditions, including but not limited to the carrier-to-carrier promotions, OSS requirements and performance monitoring Conditions, may substantially duplicate requirements imposed in connection with the merger under state law. These Conditions shall supplement, but shall not be cumulative of, substantially related conditions imposed under state law. Where both these Conditions and conditions imposed in connection with the merger under state law grant parties similar rights against Bell Atlantic/GTE, affected parties shall not have a right to invoke the relevant terms of these Conditions in a given state if they have invoked a substantially related condition imposed on the merger under state law. For example, telecommunications carriers requesting unbundled local loops for residential service under promotional terms offered pursuant to state approval of the merger would not also be able to invoke the promotional discounts on unbundled loops required by these Conditions. Furthermore, any unbundled local loops provided by Bell Atlantic/GTE for residential service under a substantially similar merger-related state commission imposed promotion in a given state would be deducted from the number of unbundled local loops required

to be provided in that state under Section XI of these Conditions. This Section shall not limit the Commission's powers to enforce these Conditions or the reporting requirements of Bell Atlantic/GTE under these Conditions.

65. When considering a request by Bell Atlantic/GTE for in-region, interLATA authority under 47 U.S.C. § 271, the Commission – in view of the public interest benefits inherent in compliance with the requirements of 47 U.S.C. § 271(d)(3) – shall not consider the possible expiration of any of the above Conditions per the terms of this Appendix to be a factor that would render the requested authorization inconsistent with the public interest, convenience, and necessity.

ATTACHMENT A

XII. CARRIER-TO-CARRIER PERFORMANCE ASSURANCE PLAN

Availability of Reports

1. Bell Atlantic/GTE shall provide the Commission with performance measurement results,⁴¹ on a monthly basis in an Excel spreadsheet format, demonstrating Bell Atlantic/GTE's monthly performance provided to the aggregate of all CLECs in the Bell Atlantic/GTE Service Area within each of the Bell Atlantic/GTE States, as compared to Bell Atlantic/GTE's retail performance (where applicable) or as compared to a benchmark. Bell Atlantic/GTE shall also provide the Commission, state commissions in the Bell Atlantic/GTE States, and CLECs with access to Bell Atlantic/GTE's Internet website⁴², where these parties can obtain performance measurement results demonstrating Bell Atlantic/GTE's monthly performance provided to the aggregate of all CLECs, as compared to Bell Atlantic/GTE's retail performance (where applicable). Bell Atlantic/GTE shall also provide the CLECs with access to Bell Atlantic/GTE's Internet website where a CLEC can obtain performance measurement results demonstrating Bell Atlantic/GTE's monthly performance provided to that same CLEC on an individual basis. All such CLEC-specific data shall be made available, subject to protective agreements or agency confidentiality rules, to the Commission on Bell Atlantic/GTE's Internet website, and will be made available for review, subject to protective agreements, by state commissions in the Bell Atlantic/GTE States.

2. Bell Atlantic/GTE's implementation of the Plan does not limit either the Commission's or the states' authority regarding performance monitoring, in the context of applications for in-region, interLATA relief under 47 U.S.C. § 271 or otherwise.⁴³

⁴¹ These "performance measurement results" shall consist of the data collected according to the 17 performance measurements discussed in this Attachment, and listed in Attachments A-1a and A-1b.

⁴² Availability via a single website will be phased in after merger. For the Bell Atlantic states, CLEC aggregate reports will be provided electronically as excel spreadsheets. CLEC specific reports, for those CLECs requesting individual reports, will be sent on electronic media via overnight mail and then via a Bell Atlantic web site via FTP. For the GTE states, reports will be available on the GTE website. Within six months of the merger, a single website will be available for all reports.

⁴³ Performance programs being developed by state commissions, particularly in the context of section 271 proceedings, serve a different purpose and may be designed to cover more aspects of local competition.

3. The performance measurements, benchmarks, and statistical methods utilized in the Plan were based upon those developed in the New York and California collaborative processes, with modifications to provide greater clarity or greater uniformity between measurements for the Bell Atlantic states and the GTE states.⁴⁴

4. Bell Atlantic/GTE and the Chief of the Common Carrier Bureau shall jointly review the Bell Atlantic/GTE measurements on a semi-annual basis, to determine whether measurements should be added, deleted, or modified. Bell Atlantic/GTE shall provide the Chief of the Common Carrier Bureau with notice of any changes to the design or calculation of these measurements adopted by the New York or California State commissions. The Chief of the Common Carrier Bureau shall, at the next semi-annual review, determine whether and when Bell Atlantic/GTE shall implement such changes adopted by the New York State Public Service Commission in the Bell Atlantic States that utilize the changed plan and whether and when Bell Atlantic/GTE shall implement such changes adopted by the California Public Utility Commission in the GTE States that utilize the changed plan. Bell Atlantic/GTE and Commission staff shall meet within 60 days of the Merger Closing Date to agree on the format for the measurement reports.

Performance Measurements

5. In each Bell Atlantic/GTE State, the Plan shall consist of 17 measurement categories of performance that may have a direct and immediate impact upon a CLEC's end user customer.⁴⁵ The 17 performance measurement categories are designed to demonstrate whether Bell Atlantic/GTE is providing parity or benchmark performance in its Service Areas to each CLEC. Attachments A-1a and A-1b provide a list of the 17 performance measurement categories, and Attachments A-2a and A-2b provide a description of the definitions, exclusions, business rules, levels of disaggregation, calculation, and reporting structure for each of the 17 performance measurement categories.

6. Where Bell Atlantic/GTE provides a CLEC with a service that has a retail analog, the performance Bell Atlantic/GTE provides to its own retail operations within a state shall be compared with the performance Bell Atlantic/GTE provides to the CLEC within the same state to determine if parity exists. Where Bell Atlantic/GTE provides a CLEC a service for which there is no retail analog, the performance Bell Atlantic/GTE provides to the CLEC within a state shall be compared with a benchmark.

⁴⁴ The fact that these modifications were made should not be interpreted as reflecting the Commission's preference for these modifications over the business rules approved by the New York Public Service Commission of the California Public Utility Commission.

⁴⁵ As noted above, performance programs developed by state commissions, particularly in the context of section 271 proceedings, may be designed to cover more aspects of local competition.

7. Generally accepted statistical analyses – *i.e.*, modified Z-tests and a critical Z-value – shall be utilized to determine whether Bell Atlantic/GTE is in parity or has met the benchmark. Attachment A-3 provides a description of how these statistical analyses shall be used.

XIII.

Voluntary Payments

8. The Plan shall also consist of voluntary payments to the U.S. Treasury, with monthly and annual caps for the Bell Atlantic/GTE Service Area (allocated on a per state basis). The 17 performance measurement categories are designated as being in either the High, Medium, or Low payment level. Attachments A-5a and A-5b provide a list of the 17 performance measurements and the payment level that applies each year. Attachment A-4 provides a table of the voluntary payments, setting forth the per occurrence and per measurement payments at the High, Medium, and Low levels, and the caps for those measurements where voluntary payments are made on a per occurrence basis with a cap. Attachment A-6 provides the per state monthly and annual caps that apply each year. The obligation to make these voluntary payments in all Bell Atlantic/GTE States attaches 270 days after the Merger Closing Date.

9. Bell Atlantic/GTE shall make voluntary payments to the U.S. Treasury if Bell Atlantic/GTE fails to provide parity or benchmark performance to the aggregate of all CLECs operating in the Bell Atlantic/GTE Service Area in any Bell Atlantic/GTE State on any measurement⁴⁶ for either (1) 3 consecutive months, or (2) 6 months or more in a Performance Plan Year, as determined by use of the modified Z-tests and a critical Z-value. A “Performance Plan Year” is the first twelve full calendar months that begin after the 270th day after the Merger Closing Date and each succeeding twelve full calendar months after the first Performance Plan Year. Voluntary payments for each Bell Atlantic/GTE State shall be made on a per occurrence or per occurrence with a cap basis for measurements listed in Schedule A and on a per measurement basis for measurements in Schedule B of Attachments A-1a and A-1b, applying the statistical analyses and the calculations described in Attachment A-3, the payment level for the measurements in Attachments A-5a and A-5b, and the per-occurrence and per-measurement voluntary payment amounts set forth in Attachment A-4. The voluntary payments shall be calculated on the rolling average of occurrences or measurements, as appropriate, where Bell Atlantic/GTE has failed to provide parity or benchmark performance for 3 consecutive months.⁴⁷

⁴⁶ The word “measurement” in this context does not refer to the 17 measurement categories listed in Attachment A-1a and A-1b, but instead refers to each disaggregated sub-measurement into which the 17 performance measurement categories are divided. Bell Atlantic/GTE shall make a voluntary payment as required for any disaggregated sub-measurement.

⁴⁷ In other words, Bell Atlantic/GTE will make a voluntary payment in the event it fails to provide parity or benchmark performance for three consecutive months, and another payment if the failure continues for a fourth consecutive month, and so on. In each case, the payment will be calculated according to the rolling average of

(Continued...)

If Bell Atlantic/GTE fails to provide parity or benchmark performance in any Bell Atlantic/GTE State for 6 or more months in a Performance Plan Year, the voluntary payments shall be calculated as if all such months were missed consecutively.⁴⁸

10. In order to ensure that CLECs ordering low volumes of certain resold local services and UNEs, and CLECs operating in emerging markets, receive parity and benchmark performance, Bell Atlantic/GTE shall increase the voluntary payments calculated in accordance with Paragraph 9 for certain “qualifying sub-measurements.” A “qualifying sub-measurement” is a disaggregated sub-category covering performance for certain resold services and UNEs for the following eight Bell Atlantic and GTE measurements: PR-3, PR-4, PR-5, PR-6, MR-2, MR-3, MR-4, and MR-5. For Bell Atlantic states, the covered services are UNE platform; resale 2-wire digital loops (ISDN); ~~2-Wire xDSL Services (resale); UNE 2 Wire xDSL Loops; Services (UNE); 2-Wire Digital Services (resale); UNE 2 Wire Digital Services-Loops (UNE); and Resale~~ ~~Specials.~~ For GTE states, the covered services are UNE-platform; UNE Loop xDSL Capable; and Resale Specials. For these qualifying sub-measurements; the voluntary payments calculated using the 3 month rolling average described in Paragraph 9 above shall be multiplied by a factor of 3 under the following circumstances and pursuant to the following methodology. The provisions of this Paragraph 10 only apply in the event that a voluntary payment is owed for a qualifying sub-measurement per the provisions of Paragraph 9 (i.e., this Paragraph only applies in the event that Bell Atlantic/GTE has failed to provide parity or benchmark performance on a qualifying sub-measurement for 3 consecutive months or in 6 or more months in a calendary year). ~~In order to ensure that CLECs which order low volumes of certain resold local services and UNEs and that CLECs operating in emerging markets receive parity and benchmark performance, Bell Atlantic/GTE shall increase the voluntary payments calculated in accordance with Paragraph 9 above for measurements PR-3-08, PR-3-09, PR-4-02, PR-4-04, PR-4-05, PR-4-10, PR-5-03, PR-6-01, PR-6-02, MR-2-02, MR-2-03, MR-3-01, MR-3-02, MR-4-08, and MR-5-01 (“qualifying measurements”) and for sub-measurements involving UNE combinations, resold ISDN, ISDN UNE loop and port, BRI loop with test access (i.e., ISDN), and DSL loops within the qualifying measurements where applicable (“qualifying sub-measurements”).~~⁴⁹ For these 15

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occurrences for the last three consecutive out-of-parity months. For example, if Bell Atlantic/GTE is out of parity on a measurement for January, February, and March, it would make a payment based on the January-February-March average; if it is also out of parity for the same measurement in April, it would make another payment, based on the February-March-April average.

⁴⁸ In other words, four payments would be made in a year where a measure is out of parity for six months (and five payments in a year where a measure is out of parity for seven months, and so on).

⁴⁹ The term “qualifying sub-measurements” applies to 38 disaggregated sub-measurements for Bell Atlantic, and to 28 disaggregated sub-measurements for GTE, as set forth on the attached charts. The term “qualifying measurement” applies to the following 15 measurements and sub-measurements: PR-3-08, PR-3-09, PR-4-02, PR-4-04, PR-4-05, PR-4-10, PR-5-03, PR-6-01, PR-6-02, MR-2-02, MR-2-03, MR-3-01, MR-3-02, MR-4-08, and MR-5-01. The term “qualifying sub-measurements” applies to the 37 disaggregated sub-levels of these “qualifying measurements” that correspond to the following resale services and UNEs: UNE combinations (applicable to PR-3-08, PR-3-09, PR-4-02, PR-4-04, PR-4-05, PR-5-03, PR-6-02, MR-2-02, MR-2-03, MR-3-01, MR-3-02, MR-4-08, MR-5-01); resold ISDN (PR-4-02, PR-4-04, PR-4-05, PR-5-03); UNE 2-Wire Digital (ISDN) loops (applicable to PR-4-02, PR-4-04,

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qualifying measurements and ~~37~~ qualifying sub-measurements, the voluntary payments calculated using the 3-month rolling average described in Paragraph 9 above shall be multiplied by a factor of 3 under the following circumstances and pursuant to the following methodology. The provisions of this Paragraph 10 only apply in the event that a voluntary payment is owed for a qualifying measurement or qualifying sub-measurement per the provisions of Paragraph 9 (*i.e.*, this Paragraph only applies in the event that Bell Atlantic/GTE has failed to provide parity or benchmark performance on a qualifying measurement or qualifying sub-measurement for 3 consecutive months or in 6 or more months in a calendar year.)

~~a. Qualifying Measurements. If, for the 3 months that are utilized to calculate the rolling average, there were 100 or more observations on average per month for the qualifying measurement, then no increase in voluntary payments is owed pursuant to the provisions of this Subparagraph, but the provisions of Subparagraph (b) may apply. If, for the 3 months that are utilized to calculate the rolling average, there were more than 10 but less than 100 observations on average per month for the qualifying measurement, then (1) Bell Atlantic/GTE shall calculate the voluntary payments to the U.S. Treasury for that qualifying measurement in accordance with Paragraph 9 and shall treble the amount of such voluntary payments for that qualifying measurement, and (2) the provisions of Subparagraph (b) shall not apply with respect to any qualifying sub-measurements within the qualifying measurement.~~

ab. Qualifying Sub-Measurements. If, for the 3 months that are utilized to calculate the rolling average, there were 100 or more observations on average per month for the qualifying sub-measurement, then no increase in voluntary payments is owed pursuant to the provisions of this Subparagraph. If, for the 3 months that are utilized to calculate the rolling average, there were more than 10 but less than 100 observations on average per month for the qualifying sub-measurement, then Bell Atlantic/GTE shall calculate the voluntary payments to the U.S. Treasury for that qualifying sub-measurement in accordance with Paragraph 9 and shall treble the amount of such voluntary payments for that qualifying sub-measurement. Per the provisions of Subparagraph (a), the provisions of this Subparagraph do not apply to any qualifying sub-measurements within a qualifying measurement for which treble voluntary payments are owed.

be. When Bell Atlantic/GTE and the Chief of the Common Carrier Bureau jointly review the 17 measurement categories on a semi-annual basis in accordance with Paragraph 4, the Chief of the Common Carrier Bureau may substitute, on a one-for-one basis, the sub-measurements associated with any other existing service or UNE within measurements PR-4 for the initial set of qualifying sub-measurements.⁵⁰ During this semi-annual review, the Chief of

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PR-5-03, PR-6-01, MR-2-02, MR-2-03, MF-3-01, MR-3-02, MR-4-08, MR-5-01); and UNE 2-Wire xDSL loops (applicable to PR-4-02, PR-4-10, PR-5-03, PR-6-01, MR-2-02, MR-2-03, MR-3-01, MR-3-02, MR-4-08, MR-5-01).

⁵⁰ The Chief of the Common Carrier Bureau may elect to substitute, for example, all "qualifying sub-measurements" relating to resold ISDN (*i.e.*, PR-4-02, PR-4-04, PR-4-05) with the corresponding sub-measurements relating to another resold service or UNE (such as resold DS1 service, or a new resold service which SBC/Ameritech may offer in the future).

the Common Carrier Bureau may also increase the number of qualifying sub-measurements by including, from the list of qualifying measurements, the sub-measurements associated with new services and/or UNEs as qualifying sub-measurements. The Chief of the Common Carrier Bureau may add a maximum of 3 such new services and/or UNEs over the duration of the Plan.

11. The monthly and annual caps on the total amount of voluntary payments for which Bell Atlantic/GTE shall be liable, as provided for in Attachment A-6, may be reduced by an amount up to \$125 million in the third year of the Plan if Bell Atlantic/GTE completes the OSS interface and business rule changes provided for in Paragraphs 18-19 by a date that is sooner than the target dates specified in such Paragraphs, as follows:

a. The monthly and annual caps on the total amount of voluntary payments for which Bell Atlantic/GTE shall be liable may be reduced by an amount up to \$75 million during the third 12 month period if Bell Atlantic/GTE completes the OSS enhancement commitments in Paragraphs 18-19 of the Conditions the Bell Atlantic Service Areas early and by an amount up to \$50 million during the third 12 month period if Bell Atlantic/GTE completes the commitments in Paragraphs 18-19 of the Conditions in the GTE Service Areas early. The amount of the reduction will correspond to the number of days early by which Bell Atlantic/GTE completes the commitments in Paragraphs 18-19 as follows:

Number of Days Early	Annual Cap Reduction if OSS Enhancements are Completed Early in Former Bell Atlantic Service Areas	Annual Cap Reduction if OSS Enhancements are Completed Early in Former GTE Service Areas
30	\$ 6 Million	\$ 4 Million
60	\$ 12 Million	\$ 8 Million
90	\$ 18 Million	\$ 12 Million
120	\$ 24 Million	\$ 16 Million
150	\$ 30 Million	\$ 20 Million
180	\$ 36 Million	\$ 24 Million
210	\$ 42 Million	\$ 28 Million
240	\$ 48 Million	\$ 32 Million
270	\$ 54 Million	\$ 36 Million
300	\$ 61 Million	\$ 40 Million
330	\$ 68 Million	\$ 45 Million
360	\$ 75 Million	\$ 50 Million

b. Any required reductions in the annual cap during the third 12-month period pursuant to Subparagraph (a) above shall be prorated across all Bell Atlantic/GTE States and apportioned to monthly caps utilizing the same ratios used to develop the tables in Attachment A-6.

12. The amount of payments otherwise due each month under this Plan in a state shall be offset by the sum of (1) the amount of any payments made by Bell Atlantic/GTE to private or public parties (including, but not limited to, CLECs, state commissions, state governments, public interest funds or groups, or other entities) each month under any state-approved local interconnection performance monitoring or performance measurement plan in that state, and (2) the amount of payments made by Bell Atlantic/GTE related to performance measurements paid to CLECs each month in that state under the terms of an approved local interconnection agreement with Bell Atlantic/GTE. Provided, however, that the amount of any payments made to affiliates of Bell Atlantic/GTE shall not be used in calculating the offset.

13. Performance measurement results for each month shall be available to the Commission, state commissions and CLECs by the 25th day of the following month. If Bell Atlantic/GTE becomes liable for voluntary payments to the U.S. Treasury, such payments shall be made 30 days after the performance measurement results become available. If such payments are made, Bell Atlantic/GTE shall provide notice to the Commission within 5 business days after the payment is made.

14. Bell Atlantic/GTE shall not be liable for voluntary payments to the U.S. Treasury if Bell Atlantic/GTE's failure to provide parity or benchmark performance attributable to an atypical event beyond the control of Bell Atlantic/GTE such as an Act of God, or a *force majeure* event. Bell Atlantic/GTE shall engage in "root cause analysis" to demonstrate that an apparent out-of-parity condition was attributable to an atypical event beyond the reasonable control of the ILEC. If Bell Atlantic/GTE determines through "root cause analysis" that it failed to provide parity or benchmark performance only due to conditions outside the reasonable control of the ILEC, Bell Atlantic/GTE may seek a waiver from the Chief of the Common Carrier Bureau relieving Bell Atlantic/GTE from voluntary payments to the U.S. Treasury. Bell Atlantic/GTE shall have the burden of proof to make the required showing, and shall have a right of appeal to the Commission. If Bell Atlantic/GTE seeks such a waiver, Bell Atlantic/GTE shall place the voluntary payments at issue into an interest bearing escrow account. If Bell Atlantic/GTE fails to carry its burden of proof, the amount of voluntary payments paid into the escrow account, including any accrued interest, shall be remitted to the U.S. Treasury. If Bell Atlantic/GTE carries its burden of proof, the amount of voluntary payments paid into the escrow account, including any accrued interest, shall be returned to Bell Atlantic/GTE.

15. Voluntary payments made by Bell Atlantic/GTE under the Plan shall not be reflected in the revenue requirement of any Bell Atlantic/GTE incumbent LEC.

16. The measurements and benchmarks under the Plan bear no necessary relationship to the standard of performance that satisfies Bell Atlantic/GTE's legal obligations in a particular state, and payments under the Plan shall not constitute an admission by Bell Atlantic/GTE of any violation of law or noncompliance with statutory or regulatory requirements with respect to the provision of local facilities or services to Bell Atlantic/GTE's wholesale or retail customers.