Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control	CC Docket No. 98-184

VERIZON'S CONTINGENT PETITION FOR AN EXTENSION OF TIME

Verizon has demonstrated in a series of recent submissions that it has now substantially exceeded the out-of-region spending requirements imposed by the Commission's Order approving the Bell Atlantic/GTE merger,[1] and that those requirements are therefore satisfied. While we fully expect that the Bureau will issue an order agreeing with this conclusion, in the unlikely event that the Bureau does not find that Verizon's pending expenditures meet the Merger Conditions' requirements, Verizon respectfully requests a limited extension of the Merger Conditions' June 30, 2003 deadline in order to complete whatever additional expenditures may be necessary. Verizon requests an extension of 120 days from the date of an order ruling on Verizon's pending expenditures. This extension is necessary because, as a practical matter, Verizon would need at least 120 days from the date of any such decision to identify and complete any additional expenditures. This petition will obviously be moot if, as expected, the Bureau rules that Verizon's pending expenditures satisfy the Merger Conditions.

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1 *Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control*, 15 FCC Rcd 14032, App. D, ¶¶ 43-48 (2000) (hereinafter *Merger Conditions*).

Conditions 43 and 44 of Appendix D of the Merger Order require that Verizon spend $500 million in "Out-of-Region Expenditure," at least 50% of which must be "Facilities Expenditure," by June 30, 2003. *Merger Conditions,* App. D, ¶¶ 43-44. To date, the Commission or its staff has approved $401.85 million in Out-of-Region Expenditure by Verizon, and $177.55 million in Facilities Expenditure.[2] The most recent Order, released on March 13, 2003, approved $13.95 million in Out-of-Region and Facilities Expenditure for switched voice services and SONET facilities in Los Angeles, Seattle, and Dallas. *March 13 Order* at 1; *see also* Letter from Dee May, Assistant Vice President, Federal Regulatory, to Dorothy Attwood, Chief, Common Carrier Bureau, dated February 7, 2002 (submitting expenditures for $150 million NorthPoint investment and Los Angeles, Seattle, and Dallas investments).

Since the March 13, 2003 Order, Verizon has made several submissions that, taken together with the approved amounts, demonstrate a total of $567.9 million in Out-of-Region Expenditure and $263.6 million in Facilities Expenditure. These expenditures well exceed the Merger Conditions' requirements, and Verizon expects that it will receive full credit for these amounts.

However, if unforeseen problems arise, and the Bureau disallows a significant portion of these expenditures, Verizon would not have enough time between that decision and the June 30, 2003 deadline to make additional qualifying expenditures. Indeed, if the final decision on the pending expenditures occurs after June 30, it would be impossible for Verizon to spend

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[2] *See* Letter from Carol E. Mattey, Deputy Chief, Common Carrier Bureau, to Jeffrey Ward, Senior Vice President, Regulatory Compliance, Verizon, DA 01-2677 (Nov. 20, 2001); *Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control*, Order, 17 FCC Rcd 12271 (2002) ¶ 5; *Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control*, Order, FCC 03-53 (rel. March 13, 2003) (*hereinafter March 13 Order*).

additional money before the Merger Conditions' deadline. Verizon therefore requests that if the Bureau concludes that substantial portions of these expenditures to date do not count toward the requirement for some reason, and that Verizon has not satisfied the Merger Conditions through these expenditures, the Bureau extend the deadline to fulfill the Merger Conditions until 120 days after a final decision on Verizon's pending submissions.

The Merger Conditions specifically allow for such an extension, at the discretion of the Chief of the Enforcement Bureau, if there is a showing of good cause for the extension.[3] Good cause exists here because Verizon has acted in good faith to make expenditures that it believes not only meet, but *exceed* its obligations under the Merger Conditions. However, although the Merger Conditions require that Verizon "spend" the money by June 30, they do not set a time frame for the Bureau to review such expenditures. If the Bureau were to disallow a significant portion of the pending expenditures, Verizon would have to reassess its spending priorities based on the Bureau's ruling and make additional expenditures that the Bureau agreed would qualify. Until Verizon receives the Bureau's additional guidance on which expenditures it believes will satisfy these conditions, Verizon cannot make any such spending adjustments that may be necessary.

An extension until 120 days after a final Bureau ruling is the minimum amount of time in which Verizon could plan for and implement this additional spending. First, Verizon would need time to investigate other spending opportunities, to evaluate whether they match Verizon's

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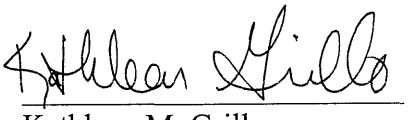
[3] *See* Merger Conditions, ¶ 62 ("The Chief of the Common Carrier Bureau may in his or her discretion, upon a request and showing of good cause by Bell Atlantic/GTE, grant extensions of deadlines established by these Conditions."). Although this authority originally was given to the Common Carrier Bureau, the Commission subsequently delegated this authority to the Enforcement Bureau. *See Delegation of Additional Authority to the Enforcement Bureau*, Order, 17 FCC Rcd 4795, ¶ 3 & App. A (2002).

business and operational needs, and to conduct any necessary investigation or due diligence. Then, Verizon would have to make the business and financial arrangements required to complete these expenditures, and to submit them to the Bureau for its review.

Verizon cannot complete any of these steps until the Bureau rules on Verizon's pending submissions and provides additional guidance on which expenditures it believes will satisfy the Merger Conditions. Accordingly, if the Bureau finds that Verizon's pending expenditures do not fully satisfy Verizon's obligations under the Merger Conditions, it should grant Verizon an extension of 120 days from the date of its decision to allow Verizon to respond to any shortfall by making additional Out-of-Region and Facilities Expenditures that comply with the Merger Conditions.

Respectfully submitted,



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