

## **XVII. InterLATA Services Pricing**

### **Section 1: Compliance Summary**

Verizon complied with the requirements of this condition as described herein. In particular, each Verizon subsidiary providing interLATA long distance service to wireline residential customers within the United States during 2003 continued to have in effect an interLATA long distance offering that did not include mandatory, minimum monthly, or flat rate charges for interLATA service for the reporting period or until the sunset of the requirement.

This condition sunset on June 30, 2003, 36 months after the merger close date for each Verizon subsidiary providing interLATA long distance service to wireline residential customers in Puerto Rico, Micronesia, and within the United States in former GTE states, except for the properties in Pennsylvania and Virginia.

This condition sunset for New York on January 3, 2003, 36 months after 271 authorization.

In the remaining former Bell Atlantic states (including Pennsylvania and Virginia), Verizon complied with the requirements of this condition by each Verizon subsidiary providing interLATA long distance service to wireline residential customers within the United States during 2003 continuing to have in effect an interLATA long distance offering that did not include mandatory, minimum monthly, or flat rate charges for interLATA service. Ongoing compliance includes each state for which Verizon secured 271 authorization during the reporting period.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Michael Hassett	Senior Vice President – Retail Markets Product Management

### **Section 3: Additional Action Taken**

None.

## **XVIII. Enhanced Lifeline Plans**

### **Section 1: Compliance Summary**

The Company complied with the requirements of this condition by maintaining Enhanced Lifeline Plans in Delaware and Illinois that were comparable to the Ohio Universal Service Assistance Lifeline Plan in the areas of subscriber eligibility, discounts and eligible services.

This condition sunset for Delaware on December 12, 2003, 36 months following the effective date of the initial tariff.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Michael Hassett	Senior Vice President – Retail Markets Product Management

### **Section 3: Additional Action Taken**

None.

## **XIX. Additional Service Quality Reporting**

### **Section 1: Compliance Summary**

The Company complied with the requirements of this condition in the following manner and as described in Section 3: Additional Action Taken:

- a. The Company provided, through an internet website, the three quarterly NARUC retail service quality reports relating to the first three quarters of calendar year 2003 on May 14, 2003, August 19, 2003, and November 19, 2003. This condition sunset with the November 19, 2003 filing. Upon agreement between the Company and the FCC staff, Ernst & Young LLP was requested to perform procedures and report on the completeness and accuracy of seven NARUC White Paper service quality measures, as listed below, included on the quarterly NARUC Service Quality Reports:
  1. Line 100, Number of Orders for Basic Service;
  2. Line 110, Number of Installation Orders for Basic Service Completed Within 5 Working days;
  3. Line 200, Number of Out-of-Service Initial Trouble Reports;
  4. Line 270, Total Out -of-Service Trouble Reports Equal to or Greater Than 24 Hours;
  5. Line 280, Average Hours to Repair all Basic Service Troubles; and
  6. Line 290, Total Missed Repair Commitments.
  7. Total Repair Commitments.

The seven NARUC retail service quality measures were based on information contained in the operating support systems used by the Company for installation, maintenance and repair. The data were calculated in accordance with the definitions in the NARUC Service Quality White Paper and the application of these definitions and the Company's calculation of these data are complete and accurate except as described in Section 3: Additional Action Taken.

- b. The Company provided, through an internet website or directly to the relevant state commission, quarterly local service quality data relating to the first two quarters of calendar year 2003 from Table 1, ARMIS Report 43-05, carriers.

These quarterly reports were provided on May 14, 2003 and August 19, 2003. This condition sunset with the second quarter filing.

**Section 2: Responsible Executive**

Name	Title
Maura Breen	Senior Vice President – Support Services, Network Services Group

**Section 3: Additional Action Taken**

During 2003, certain errors were identified in the quarterly NARUC retail service quality reports. Results were corrected prospectively as errors were identified.

In a letter dated May 28, 2003, Maureen Del Duca, Chief – Investigations and Hearings Division of the Enforcement Bureau, provided a response to Ernst & Young’s request for FCC staff interpretation on issues related to Merger Condition XIX. Effective with second quarter 2003 reporting, Verizon reported maintenance and repair metrics (lines 200, 210, 220, 230, 240, 250, 270, 280 and 290) and average waiting time for calls answered live (line 510) in accordance with the May 28, 2003 guidance.

On August 16, 2002, Verizon and the Enforcement Bureau entered into a consent decree terminating an informal Bureau investigation into Verizon’s compliance with the Merger Conditions. Verizon sustained a formal metrics compliance program, including a Vice Presidential steering committee, an error tracking and prevention process, refresher training of data providers, and independent replication. Verizon continues to be in compliance with the data retention requirements.

## **XX. NRIC Participation**

### **Section 1: Compliance Summary**

The Company complied with requirements of this condition by continuing to participate in the Network Reliability and Interoperability Council (NRIC) VI meetings.

This condition sunset on June 30, 2003.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
John Bell	Senior Vice President – Technology and Chief Technology Officer

### **Section 3: Additional Action Taken**

None.

## **XXI. Compliance Program**

### **Section 1: Compliance Summary**

Verizon complied with the requirements of this condition as described herein. In particular, Verizon provided accurate and timely reports to the FCC, as required by the condition, including its Annual Merger Compliance Report that was filed on March 17, 2003, which disclosed issues known at that time.

A senior corporate officer appointed as Senior Vice President – Regulatory Compliance oversaw implementation of, and compliance with, the Merger Conditions. The Senior Vice President – Regulatory Compliance presented merger compliance status to the audit committee of the Verizon board of directors on April 23, 2003 and November 6, 2003. Verizon consulted with the FCC staff on an ongoing basis regarding Verizon's compliance. Verizon provided accurate and timely notices to the FCC and state public utilities commissions pursuant to specific notification requirements of the Merger Conditions. These notices were provided to Deloitte & Touche LLP and Ernst & Young LLP in a timely manner.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Jeffrey W. Ward	Senior Vice President – Regulatory Compliance

### **Section 3: Additional Action Taken**

None.

## **XXII. Independent Auditor**

### **Section 1: Compliance Summary**

Verizon complied with the requirements of this condition as described herein. In particular, Verizon engaged independent auditors deemed acceptable to the FCC for the 2003 Merger audits as follows:

- a. Advanced Services agreed-upon procedures engagement – Mitchell & Titus, LLP.
- b. General Merger Conditions, V, XVI, and XIX – Ernst & Young LLP.
- c. All remaining General Merger Conditions – Deloitte & Touche LLP.

The auditors selected have not been instrumental during the past 24 months in designing all or substantially all of the systems and processes under examination in the attestation engagement.

The 2002 Advanced Services agreed-upon procedures report was filed on May 1, 2003. The 2002 General Merger Conditions audit report, exclusive of Conditions V, XVI, and XIX was filed with the FCC on May 1, 2003. The 2002 Genuity audit report was filed on May 23, 2003. The General Merger Conditions audit report for Conditions V, XVI, and XIX was filed on June 2, 2003. Work papers were made available at a Washington, D.C. location.

On May 15, 2003, Verizon, the FCC Audit Staff and Deloitte & Touche LLP met to confer regarding changes to the detailed audit program. On July 17, 2003, Verizon, the FCC Audit Staff, and Ernst & Young LLP met to confer regarding changes to the detailed audit program. The Company kept the FCC informed of matters required under the Merger Conditions. Verizon granted the independent auditors access to all books, records, operations, and personnel relevant to the conditions addressed in this report.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Jeffrey W. Ward	Senior Vice President – Regulatory Compliance

### **Section 3: Additional Action Taken**

None.

## **XXIII. Enforcement**

### **Section 1: Compliance Summary**

There has been no determination by the Chief of the Enforcement Bureau that Verizon failed to comply with the Merger Conditions during the effective period of any condition. In accordance with Attachments A, A-3, A-4, A-5a, A-5b, A-6, A-7a, and A-7b of the Merger Conditions, Verizon made voluntary payments to the U.S. Treasury on March 25, 2003, April 25, 2003, May 27, 2003, June 25, 2003, July 25, 2003, August 25, 2003, September 25, 2003, October 27, 2003, November 25, 2003, December 24, 2003, January 26, 2004, and February 25, 2004, related to 2003 performance measurement requirements. Notices were provided to the FCC within five business days after such payments were made.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Jeffrey W. Ward	Senior Vice President – Regulatory Compliance

### **Section 3: Additional Action Taken**

None.

## **XXIV. Sunset**

### **Section 1: Compliance Summary**

Merger Conditions II, III, VII, VIII, IX, X, XIII, XIV, XV, XVI, XIX, and XX sunset during 2003. In addition, portions of Merger Conditions IV, V, VI, XVII, and XVIII sunset during 2003. In an order released March 26, 2003, the FCC granted Verizon's request to remove Genuity Conditions, including the audit condition, effective December 18, 2002.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Jeffrey W. Ward	Senior Vice President – Regulatory Compliance

### **Section 3: Additional Action Taken**

None.

**XXV. Effect of Conditions**

**Section 1: Compliance Summary**

Verizon followed the guidance of this condition in interpreting and applying the Merger Conditions and the relationship to state law.

**Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Jeffrey W. Ward	Senior Vice President – Regulatory Compliance

**Section 3: Additional Action Taken**

None.

## **Genuity**

### **Section 1: Compliance Summary**

On December 18, 2002, Verizon sold all of its Class A shares in Genuity. As of that date, Verizon's remaining equity interest in Genuity was estimated to be less than 1%. Since that time, the bankruptcy court overseeing the Genuity bankruptcy approved a plan of liquidation and Verizon's interest is estimated to have no value.

On November 27, 2002, Verizon filed a motion with the Commission to remove the Merger Conditions relating to Verizon's relationship with Genuity. In an order released March 26, 2003, the FCC granted Verizon's request to remove Genuity Conditions, including the audit condition, effective December 18, 2002.

### **Section 2: Responsible Executives**

<b>Name</b>	<b>Title</b>
Jeannie Diefenderfer	Vice President – Provisioning & Maintenance Support
William Heitmann	Senior Vice President & Treasurer

### **Section 3: Additional Action Taken**

None.