

**PIC Freeze - Verizon East**

Line	ACTIVITY DESCRIPTION	Average Activity Time (minutes)	Activity Occur %	Adjusted Activity Time (minutes)	Job Function Code	Labor Rate per Minute	Activity Cost per Line
A	B	C	D	E=(C*D)	F	G	H=E*G
<b>Consumer Sales &amp; Solution Center (CSSC)/ Business Service Center (BSC)</b>							
1	Warm transfer customer and provide customer information to TPV vendor.	1.75	100%	1.75	2E70/2870	\$0.60	\$1.05
<b>Service and Response Center (SRC)</b>							
2	Review freeze order, contact customer and complete re-TPV process.	9.20	1%	0.06			
3	Review freeze order, attempt customer contact, mail LOA and release order	4.20	6%	0.25			
4	Process a Letter of Agency (LOA) in lieu of TPV.	5.00	8%	0.40			
5	<b>TOTAL</b>			0.72	2870	\$0.63	\$0.45
<b>Third Party Vendor</b>							
6	Perform verification process with the customer.						\$ 2.25
<b>SNOWMAN System Support</b>							
7	Provide IT support for the SNOWMAN system.	3.93	1%	0.04	1550	\$0.97	\$0.04
<b>SUB-TOTALS:</b>							
8	<b>CSSC/BSC</b>						\$1.05
9	<b>SRC</b>						\$0.45
10	<b>Third Party Vendor</b>						\$2.25
11	<b>SNOWMAN Support</b>						\$0.04
12	<b>Computer Investments</b>						\$0.14
13	<b>Service Order Processing</b>						\$0.13
<b>With OVERHEAD LOADING<sup>1</sup>:</b>							
				= Sub-totals * OL of 1.4591			
14	<b>CSSC/BSC</b>						\$1.53
15	<b>SRC</b>						\$0.66
16	<b>Third Party Vendor</b>						\$3.28
17	<b>SNOWMAN Support</b>						\$0.05
18	<b>Computer Investments</b>						\$0.20
19	<b>Service Order Processing</b>						\$0.18
<b>With REVENUE LOADING<sup>2</sup>:</b>							
				=Sub-totals with OL * RL of 1.0844			
20	<b>CSSC/BSC</b>						\$1.66
21	<b>SRC</b>						\$0.72
22	<b>Third Party Vendor</b>						\$3.56
23	<b>SNOWMAN Support</b>						\$0.06
24	<b>Computer Investments</b>						\$0.22
25	<b>Service Order Processing</b>						\$0.20
26	<b>TOTAL PIC FREEZE COST PER LINE (Sum L20 to L25):</b>						\$6.42
27	<b>PIC FREEZE COST PER PIC CHANGE (Tab 1.2, L5):</b>						\$0.72

<sup>1</sup> The Common Overhead Loading includes various types of marketing, corporate operations and general support expenses and is developed on the basis of company total expenses.

<sup>2</sup> The Gross Revenue Loading is a composite of the Gross Receipts Tax levied on Verizon's revenues by some states, the Regulatory Assessment Fees levied by state and federal regulators for management of our product and service revenues, and the uncollectible revenues written off in a given year.

***PIC FREEZE - INCREMENTAL COST PER PIC CHANGE***

Line	Item	Amount	Source
	A	B	C
1	Estimated # PIC Freezes - Vz East	1,504,326	Tab 2: Occurrence L14
2	Total PIC Changes	13,359,026	Tab 7: PIC Change Volume
3	% PIC Freeze per PIC Change	11.3%	L1 / L2
4	PIC Freeze Cost per Line	\$6.42	Tab 1.1: Cost Study L26
5	PIC Freeze Cost per PIC Change	<b>\$ 0.72</b>	L3 x L4

**PIC FREEZE - % ACTIVITY OCCURRENCE**

Line	Item A	Amount B	Source C
	<u><i>SRC (Service and Response Center)</i></u>		
1	# of Freeze Orders with successful re-TPV	2,425	SRC Production Reports - 2003
2	# of Freeze Orders with unsuccessful re-TPV	21,831	SRC Production Reports - 2003
3	# of Freeze Orders requiring LOA	29,700	SRC Production Reports - 2003
4	Total SRC Freeze Order Volume - Vz East	53,956	L1 + L2 + L3
5	Total PIC Freeze Orders - Vz East	367,001	TPV Vendor Reports -2001
6	% Successful re-TPV per PIC Freeze	<b>1%</b>	L1 / L5
7	% Unsuccessful re-TPV per PIC Freeze	<b>6%</b>	L2 / L5
8	% LOA per PIC Freeze	<b>8%</b>	L3 / L5
	<u><i>SNOWMAN (New York only)</i></u>		
9	Average # of Lines per Residential Customer	1.19	Tab 5.1: ALIS, L5
10	Average # of Lines per Business Customer	9.89	Tab 5.2: Bus BTN Rpt, L5
11	Percent Residential Access Lines	66.6%	Tab 5.1: ALIS, L8
12	Percent Business Access Lines	33.4%	Tab 5.1: ALIS, L9
13	Weighted Average # of Lines per Customer	4.10	(L9 x L11)+(L10 x L12)
14	Estimated Annual # of PIC Freezes - Vz East	1,504,326	L5 x L13
15	# of Interlata PIC Freezes processed in SNOWMAN	13,968	SNOWMAN Activity Report - 2003
16	% PIC Freezes processed in SNOWMAN	<b>1%</b>	L16 / L15

**PIC FREEZE - STAFF SUPPORT WORK TIME**

Line	Item	Amount	Source
	A	B	C
	<u>SNOWMAN (New York only)</u>		
1	Vz-East headcount (FTE)	0.5	Wholesale - Access Systems Interface and PIC
2	Productive minutes per headcount per year	109,920	Tab 8.2: Prodv Hrs
3	Annual productive labor time (minutes)	54,960	L1 x L2
4	# of PIC Freezes processed in SNOWMAN	13,968	Tab 2. %Occurrence L15
5	Labor time (minutes) per PIC Freeze	<b>3.93</b>	L3 / L4

FTE = Full Time Equivalent (department prorated estimate)

***PIC FREEZE - COMPUTER INVESTMENTS***

Line	Item	Amount	Source
	A	B	C
	<u><i>SNOWMAN</i></u>		
1	Hardware and Software Expenditures	\$ 749,000	Company IT Records
2	Investment Related Cost Factor	28.09%	Tab 10.1: Invesmt Factor, L7
3	Annualized Computer Cost	\$ 210,374	L1 x L2
4	Estimated Annual # of PIC Freezes - Vz East	1,504,326	Tab 2: %Occurrence, L14
5	SNOWMAN Cost per PIC Freeze	<b>\$ 0.14</b>	L3 / L4

***VZ-East - Access Lines in Service - December 2003***

Source: ALIS database - Vz East 2003 Access Line Count

Line	Item A	Source B	Amount C
1	Residential Primary Access Lines	ALIS	17,537,439
2	Residential Secondary Access Lines	ALIS	3,329,552
3	Percent Residential with 1 Line	$(L1 - L2) / L1$	<b>81.0%</b>
4	Percent Residential with 2 Lines	$L2 / L1$	<b>19.0%</b>
5	Average # of Lines per Residential Customer	$(L1+L2) / L1$	<b>1.19</b>
6	Average # of Lines per Business Customer	Tab 5.2 L5	9.89
7	Total Residential Access Lines	ALIS	20,872,066
8	Total Business Access Lines	ALIS	10,485,482
9	Percent Residential Access Lines	$L7 / (L7+L8)$	<b>66.6%</b>
10	Percent Business Access Lines	$L8 / (L7+L8)$	<b>33.4%</b>
11	Average # of Lines per Res/Bus Customer	$(L5*L9)+(L6*L10)$	<b>4.1</b>

***Vz-East: Business Lines per BTN (excludes Official, Wats, Reseller & Public)***

NUMBER OF CUSTOMERS BY LINES PER BTN:											
Line	1	2	3	4	5	6	7	8	9	10	11
A	B	C	D	E	F	G	H	I	J	K	L
1	1,718,570	913,317	640,700	491,352	357,498	306,727	230,106	213,988	163,659	156,921	119,610
NUMBER OF LINES (L1 x # of Lines):											
2	1,718,570	1,826,634	1,922,100	1,965,408	1,787,490	1,840,362	1,610,742	1,711,904	1,472,931	1,569,210	1,315,710
NUMBER OF CUSTOMERS PER CATEGORY:											
	<u>1 Line</u>	<u>2-4 Lines</u>	<u>5-9 Lines</u>	<u>10-14 Lines</u>	<u>15+ Lines</u>	<u>Total Csrs</u>					
3	1,718,570	2,045,369	1,271,978	580,452	3,101,327	8,717,696					
AVERAGE % OF CUSTOMERS PER CATEGORY (L3/ Total Csrs):											
4	<b>19.7%</b>	<b>23.5%</b>	<b>14.6%</b>	<b>6.7%</b>	<b>35.6%</b>	<b>100%</b>					
AVERAGE NUMBER OF LINES PER BUSINESS CUSTOMER (Total L2 / Total L1):											
5	<b>9.89</b>										

Source: Line information was generated based on information from the MDW database. - Jun 99

**ATTACHMENT B**  
**Exhibit Verizon East PIC Freeze Cost**  
**Workpaper 5.2**

12	13	14	15	16	17	18	19	20	21+	TOTAL
M	N	O	P	Q	R	S	T	U	V	W
118,970	95,154	89,797	83,737	82,186	69,159	67,663	59,998	61,827	2,676,757	8,717,696
1,427,640	1,237,002	1,257,158	1,256,055	1,314,976	1,175,703	1,217,934	1,139,962	1,236,540	56,211,897	86,215,928

**VERIZON - East**  
**SERVICE ORDER SYSTEMS COST**

<b>Line</b>	<b>Item</b>	<b>Amount</b>
A	B	C
1	Verizon - East SOP Volume Count	29,212,876
2	Verizon - East SOP/BOSS Systems Cost	\$ 15,155,648.87
3	Systems Cost Per Order (L1 / L2)	\$0.52
4	Average # of Telephone Lines per Customer	4.1
5	<b>Systems Cost per Line (L3 / L4)</b>	<b>\$0.13</b>

Source:

Volume Count: VZ East SOP and BOSS Counts Jan-Dec 2000

Systems Cost:

VZ East Accts 6124 (General Purpose Computer Expense) Dollars Jan-Dec 2000

VZ East Acct 6724 (Information Management Expense) Dollars Jan-Dec 2000

Average Number of Telephone Lines per Customer: Tab 5.1: ALIS L11

**PIC CHANGE VOLUMES**

Source: SAR Reporting System - January to December 2003

Jurisdiction	Carrier Initiated			CSSC/BSC Initiated			Total	
	InterLATA	IntraLATA	Total	InterLATA	IntraLATA	Total	InterLATA	Grand Total
A	B	C	D=B+C	E	F	G=E+F	H=B+E	I=D+G
Verizon East	2,863,392	2,209,357	5,072,749	5,333,587	2,952,690	8,286,277	8,196,979	13,359,026

**DIRECTLY ASSIGNED LABOR RATES\***

Line	Functional Organization/Title	Job Function Code (JFC)	DC	DE	MA	MD	ME	NH	NJ	NY	PA	RI	VA	VT	WV	NSI	Average Labor Rate per Hour	Labor Rate per Minute
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S=R/60
1	Consumer Sales & Solution Center (CSSC)	2E70	\$34.07	\$34.37	\$35.42	\$37.26	\$34.18	\$29.74	\$39.49	\$37.89	\$36.88	\$29.67	\$37.60	\$30.31	\$35.80		\$34.82	\$0.58
2	Business Service Center (BSC)	2870	\$44.91	\$37.40	\$37.05	\$39.87	\$37.52	\$32.24	\$42.10	\$39.88	\$38.50	\$31.34	\$34.57	\$31.15	\$53.88		\$38.49	\$0.64
3	Service and Response Center (SRC)	2870			\$37.05	\$39.87				\$39.88	\$38.50		\$34.57				\$37.97	\$0.63
4	Information Technologies (IT)	1550														\$58.20	\$58.20	\$0.97

Line	Item	Amount	Source
A	B	C	D
	<b><u>CSSC/BSC Weighted Average</u></b>		
5	CSSC Regional-average Rate per Minute	\$0.58	L1
6	BSC Regional-average Rate per Minute	\$0.64	L2
7	% Residence Access Lines	67%	Tab 5.1: ALIS, L7
8	% Business Access Lines	33%	Tab 5.1: ALIS, L8
9	CSSC/BSC Weighted Average Labor Rate	<b>\$0.60</b>	(L5 x L7)+(L6 x L8)

\* Labor Rates are averages of states/company where personnel is located, based on Year 2000, and trended at 1.04% to 2002. There is no increase in labor trend projection for 2003.

**ANNUAL PRODUCTIVE HOURS**

<u>LINE</u>	<u>DESCRIPTION</u>	<u>VALUE</u>	<u>SOURCE</u>
1	DAYS PER YEAR	365	
2	WEEKENDS	104	(52 WEEKS) * (2 DAYS)
3	HOLIDAYS AND PERSONAL DAYS	14	Corporate policy for except NY and NE which have 15
4	VACATION DAYS	15	Assumption of average vacation
5	SICK DAYS	3	Assumption of average sick days per year
6	TOTAL NONPRODUCTIVE DAYS	136	SUM OF LINES 2 THROUGH 5
7	TOTAL PRODUCTIVE DAYS	229	LINE 1 - LINE 6
8	WORK HOURS PER DAY	8.0	
9	PRODUCTIVE HOURS PER YEAR	1,832	LINE 7 * LINE 8
10	PRODUCTIVE MINUTES PER YEAR	<b>109,920</b>	LINE 9 * 60

**INPUT FACTORS**

Line A	Factor B	Value C	Source D
1	<b>Cost of Money</b>	11.25%	Service Costs
3	<b>Investment-related Cost Factor</b>	28.09%	Tab 10.1 Investmt Factor
4	<b>Common Overhead</b>	1.4591	Tab 9.2 OH Loading
4	<b>Gross Revenue Loading</b>	1.0844	Tab 9.3 Rev Loading
5	<b>Labor Trend Factor</b>	1.04	(See Note)

Note:

Labor trend is based on forecasted Verizon management and non-management annual salary increases as proposed by salary compensation guidelines and negotiated changes to labor contracts respectively. In Vz-East, there is no increase in labor trend projected from 2002 to 2003.

**MARKETING, CORPORATE OPERATIONS & GENERAL SUPPORT OVERHEAD FOR PIC CHANGE STUDIES -Verizon East**

All Data from ARMIS 43-01 for 2003 (Subject to Separations) (Dollars in \$000)

	Customer Operations Marketing 1140 <b>A</b>	Corporate Operations 1160 <b>B</b>	Depreciation and Amortization 1180 <b>C</b>	Support Plant Depr. & Amort. 1190 <b>D = (E/F) x C</b>	Support Plant 1620 <b>E</b>	Total Plant in Service 1690 <b>F</b>	Total Operating Expense 1190 <b>G</b>
Washington, D.C.	\$ 27,444	\$ 104,915	\$ 197,187	\$ 59,812	\$ 651,854	\$ 2,149,024	\$ 485,337
Maryland	\$ 75,159	\$ 421,539	\$ 623,518	\$ 70,329	\$ 877,992	\$ 7,784,062	\$ 1,784,715
Virginia	\$ 79,776	\$ 403,321	\$ 604,028	\$ 61,258	\$ 814,594	\$ 8,032,266	\$ 1,719,868
West Virginia	\$ 18,337	\$ 117,751	\$ 166,779	\$ 17,937	\$ 241,919	\$ 2,249,311	\$ 470,379
Delaware	\$ 10,621	\$ 58,817	\$ 83,814	\$ 7,791	\$ 107,026	\$ 1,151,352	\$ 249,010
Pennsylvania	\$ 108,027	\$ 664,277	\$ 991,710	\$ 114,910	\$ 1,482,670	\$ 12,795,892	\$ 2,849,140
New Jersey	\$ 123,764	\$ 808,477	\$ 956,334	\$ 133,764	\$ 1,762,008	\$ 12,597,302	\$ 3,007,485
Maine	\$ 17,529	\$ 94,175	\$ 125,399	\$ 8,835	\$ 128,163	\$ 1,819,062	\$ 398,598
Massachusetts	\$ 88,954	\$ 550,189	\$ 805,499	\$ 77,179	\$ 1,036,016	\$ 10,812,606	\$ 2,594,909
New Hampshire	\$ 13,892	\$ 97,333	\$ 142,105	\$ 9,970	\$ 146,523	\$ 2,088,393	\$ 404,812
Rhode Island	\$ 10,245	\$ 62,444	\$ 93,951	\$ 8,360	\$ 108,072	\$ 1,214,477	\$ 270,892
Vermont	\$ 6,584	\$ 48,729	\$ 71,922	\$ 4,879	\$ 70,461	\$ 1,038,762	\$ 195,603
New York	\$ 273,802	\$ 1,719,342	\$ 1,994,195	\$ 253,681	\$ 3,521,905	\$ 27,685,764	\$ 7,287,445
SUBTOTAL	\$ 854,134	\$ 5,151,309	\$ 6,856,441	\$ 828,706	\$ 10,949,203	\$ 91,418,273	\$ 21,718,193
USOA 2124 Inv. in PIC Study				(702.54)	\$ (9,282)		
<b>TOTAL VERIZON EAST</b>	\$ 854,134	\$ 5,151,309	\$ 6,856,441	\$ 828,004	\$ 10,939,921	\$ 91,418,273	\$ 21,718,193

**Overhead Loading**

(Column A + Column B + Column D) / ( Column G - Column A - Column B - Column D)

<b>45.91%</b>
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**REVENUE LOADING FACTOR FOR TAXES & UNCOLLECTIBLES FOR PIC CHANGE STUDIES**

All Data from ARMIS 43-01 for 2003 (Subject to Separations) (Dollars in \$000)

ARMIS ROW NUMBER	Uncollectibles 1060 <b>A</b>	Total Other Taxes 1490 <b>B</b>	Total Operating Revenues 1090 <b>C</b>
Washington, D.C.	\$ 2,390	\$ 53,487	\$ 605,362
Maryland	\$ 41,803	\$ 149,016	\$ 2,158,600
Virginia	\$ 41,858	\$ 88,714	\$ 2,096,212
West Virginia	\$ 8,378	\$ 39,181	\$ 586,058
Delaware	\$ 3,278	\$ 12,601	\$ 324,476
Pennsylvania	\$ 60,061	\$ 133,831	\$ 3,199,471
New Jersey	\$ 18,614	\$ 120,262	\$ 3,396,629
Maine	\$ 10,152	\$ 22,428	\$ 461,383
Massachusetts	\$ 60,908	\$ 54,070	\$ 2,448,425
New Hampshire	\$ 9,843	\$ (4,081)	\$ 435,509
Rhode Island	\$ 6,930	\$ 11,804	\$ 286,608
Vermont	\$ 5,019	\$ 7,168	\$ 223,919
New York	\$ 182,814	\$ 654,218	\$ 6,839,866
<b>TOTAL VERIZON EAST</b>	<b>\$ 452,048</b>	<b>\$ 1,342,699</b>	<b>\$ 23,062,518</b>

Revenue Loading (Column A + Column B) / Column C **0.0778**

**Grossed-Up Revenue Loading Factor** **1.08439**

**INVESTMENT RELATED COST FACTORS**

Line	Account	Category	Source	Value
A	B		C	D
<b>Capital Cost Factors for General Purpose Computer</b>				
1	2124	Capital Cost - Depreciation	Tab 8.2: CapCost Factor, Col.	0.1619
2	2124	Capital Cost - RIT	Tab 8.2: CapCost Factor, Col.	0.0798
3	2124	Capital Cost - Other Tax	Service Costs	0.0072
4	2124	Network Factor	Service Costs Estimate	0.0320
5	2124	Marketing	Service Costs	-
6	2124	Other Support	Service Costs	-
7	2124	TOTAL	Sum Lines 1 through 6	<b>0.2809</b>

REGIONAL

Capital Cost Factors

Line A	Account B	Category C	Depreciation D	Cost of Money E	Income Tax F	RIT G = E + F
1	2124	General Purpose Computers	0.161896	0.054422	0.025356	0.079777