

Susanne A. Guyer
Senior Vice President
Federal Regulatory Affairs



1300 I Street, NW, Suite 400 West
Washington, DC 20005

Phone 202 515-2580
Fax 202 336-7858
susanne.a.guyer@verizon.com

June 23, 2004

Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: Verizon Telephone Companies Petition For Reconsideration, "In the Matter of Stale or Moot Docketed Proceedings", CC Docket Nos. 93-193, 94-65 and 94-157

Dear Ms. Dortch:

On June 22, 2004, Ed Shakin and I, representing Verizon met with Commissioner Adelstein and Scott Bergmann, Legal Advisor to Commissioner Adelstein to discuss the above-captioned proceeding. In particular we discussed the attached time line.

Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Susanne Guyer".

Attachment

cc: Commissioner Adelstein
Scott Bergmann

RAO 20 Timeline

January 1987 – Commission proposes accounting rules for rate base, includes a deduction proposal that “the interstate portion of zero-cost funds shall be deducted from the interstate rate base”

December 1987 –The Commission adopts more narrow accounting rules:

Sec. 65.800 – “The rate base shall consist of the interstate portion of the accounts listed in Sec. 65.820 . . . minus any deducted items computed in accordance with 65.830.”

Sec. 65.830 – “The following items shall be deducted from the interstate rate base . . . (4) The interstate portion of unfunded accrued pension costs (Account 4310).”

1992 – Staff issues RAO 20 requiring ILECs to deduct OPEB liabilities from the rate base.

March 1996 –

Commission vacates this portion of RAO 20 on the grounds that the regulations “define[d] explicitly those items to be included in, or excluded from, the interstate rate base” and the Bureau’s requirement to exclude OPEBs “directed [an] exclusion [] from . . . the rate base for which the Part 65 rules do not specifically provide.”

In same order, Commission launches rulemaking to amend Part 65 prospectively.

June 1996 – Verizon companies file annual tariffs reversing their Rate Base deductions for RAO 20. Staff places filing under investigation, but no further pleadings are sought until seven years later.

Feb 1997 –

Commission denies MCI reconsideration petition, rejecting MCI’s argument that even if staff can’t interpret rules to require deduction of OPEBs from rate base, the Commission can. Commission finds that “[g]iving rate base recognition to OPEB in Part 65 would constitute a rule change for which proper notice and comment must be given.”

In the same order, Commission adopts a prospective rule to require rate base deduction of OPEBs.