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October 31, 2005

Ex Parte

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

Re: Applications for Consent to Transfer Control of Filed by Verizon Communications, Inc. and MCI, Inc., WC Docket No. 05-75

Dear Ms. Dortch:

The attached letter was provided to Chairman Kevin Martin and I am respectfully requesting it be placed on the record in the above proceeding. Please let me know if you have any questions.

Sincerely,

Ann D Berkowitz

Attachment

cc: Chairman Martin
Commissioner Abernathy
Commissioner Adelstein
Commissioner Copps
Dan Gonzalez
Michelle Carey
Sam Feder
Jessica Rosenworcel
Scott Bergmann
Russ Hanser

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October 31, 2005

The Honorable Kevin Martin
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: **Applications for Consent to Transfer Control of Filed by Verizon Communications, Inc. and MCI, Inc., WC Docket No. 05-75**

Dear Chairman Martin:

Verizon and MCI are submitting this letter at the request of the Commission's staff.

As we have demonstrated in great detail during the course of this proceeding, the combination of Verizon and MCI will produce significant public interest benefits and will not harm competition in any segment of the market.

Indeed, as we explained in our original application, the combination of Verizon and MCI will strongly promote the public interest by providing benefits to all customer segments. Large enterprise customers will benefit from the creation of a strong and stable new facilities-based competitor that will be capable of providing a full range of communications services to these customers nationwide. Government and national security customers will benefit from the strengthening of an important infrastructure provider that serves governmental and national security customers nationwide. Wholesale customers will benefit from the creation of a stronger nationwide provider with a broader facilities-based reach. Mass-market customers will benefit from the combination of MCI's IP experience and expertise with Verizon's ongoing deployment of the nation's most advanced broadband networks. And the U.S. economy will benefit from enhanced efficiency and innovation-producing investments along with the creation of a strong U.S. competitor in the global marketplace.

In addition, this transaction has now been subject to exhaustive review by the U.S. Department of Justice, which considered numerous product and geographic markets, evaluated all overlaps between the applicants' businesses, concluded that the only issue of potential competitive concern relates to a limited number of commercial buildings in Verizon's local telephone service areas, and obtained a consent decree to completely address that issue. Likewise, this transaction has been reviewed and cleared by the European Commission and other international authorities and by numerous state commissions.

As we also have explained at length previously, arguments by other parties to the contrary are both incorrect, and in many instances have nothing to do with the transaction at issue here and are currently being considered by the Commission in other proceedings of general applicability. Under the Commission's own long-standing precedent, those arguments do not provide a basis for denying or conditioning the license transfers at issue here.

Accordingly, for all these reasons, the pending license transfer applications can and should be approved promptly and without conditions.

Nevertheless, in order to provide still further comfort that the combination of Verizon and MCI is in the public interest, the applicants offer the following commitments.[1] Applicants reserve the right to withdraw these voluntary commitments upon two days written notice to the Commission if the Commission has not approved the merger at that time.

1. For a period of two years, beginning on the Merger Closing Date, Verizon's incumbent local telephone companies[2] will not seek any increase in state-approved rates for unbundled network elements (UNEs) that are currently in effect, provided that this restriction shall not apply to the extent any UNE rate currently in effect is subsequently deemed invalid or is remanded to a state commission by a court of competent jurisdiction in connection with an appeal that is currently pending (i.e., for appeals of state commission decisions in California, Maine, New Hampshire and Pennsylvania). In the event of a UNE rate increase in California, Maine, New Hampshire or Pennsylvania during the two year period following a court decision invalidating or remanding a UNE rate, Verizon/MCI may implement that UNE rate increase but shall not seek any further increase in the UNE rates in that state during the two year period. This condition shall not limit the ability of Verizon/MCI and any telecommunications carrier to agree voluntarily to any UNE rate nor does it supersede any current agreement on UNE rates.

The benefit of this condition is that it will assure carrier-customers who choose to purchase unbundled network elements of a period of rate stability.

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[1] The term "Verizon/MCI" as used in this letter refers to Verizon Communications, Inc. and its wholly-owned domestic U.S. wireline operating companies which include Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance, Contel of the South, Inc. d/b/a Verizon Mid-States, GTE Southwest Incorporated d/b/a Verizon Southwest, NYNEX Long Distance, Inc. d/b/a Verizon Enterprise Solutions, Verizon Global Networks Inc., Verizon California Inc., Verizon Delaware Inc., Verizon Florida Inc., Verizon Maryland Inc., Verizon New England Inc., Verizon New Jersey Inc., Verizon New York Inc., Verizon North Inc., Verizon Northwest Inc., Verizon Pennsylvania Inc., Verizon Select Services Inc., Verizon South Inc., Verizon Virginia Inc., Verizon Washington, DC Inc., Verizon West Coast Inc., Verizon West Virginia Inc., as well as MCI, Inc. and all of its domestic wireline operating companies.

[2] As used in these conditions, the term "incumbent local telephone company," "incumbent local exchange carrier" or "ILEC" shall mean an "incumbent local exchange carrier" as set forth in 47 U.S.C. § 251 (h)(1)(A) and (B)(i).

2. Within 30 days after the Merger Closing Date, Verizon/MCI shall exclude fiber-based collocation arrangements established by MCI or its affiliates in identifying wire centers in which Verizon claims there is no impairment pursuant to section 51.319(a)-(e) of the Commission's rules. Verizon/MCI shall file with the Commission, within 30 days of the Merger Closing Date, revised data or lists that reflect the exclusion of MCI collocation arrangements, as required by this condition.

3. Verizon/MCI affiliates that meet the definition of an incumbent local exchange carrier contained in Section 251 (h)(1)(A) and (B)(i) of the Act ("Verizon's ILECs") shall, for the Verizon Service Area,[3] provide to the Commission performance metric results contained in the Service Quality Measurement Plan for Interstate Special Access Services ("The Plan"), as described herein and in Attachment A. The Verizon ILECs shall provide the Commission with performance measurement results on a quarterly basis, which shall consist of the data collected according to the performance measurements listed in Attachment A. Such reports shall be provided in an Excel spreadsheet format and shall be designed to demonstrate the Verizon's ILECs' monthly performance in delivering interstate special access services within each of the states in the Verizon Service Area. These data shall be reported on an aggregated basis for interstate special access delivered to (i) Verizon/MCI's Section 272 affiliates, (ii) Verizon's other affiliates, and (iii) non-affiliates.[4] The Verizon ILECs shall provide performance measurement results (broken down on a monthly basis) for each quarter to the Commission by the 45th day after the end of the quarter. The Verizon ILECs shall implement the Plan for the first full quarter following the Merger Closing Date. This condition shall terminate on the earlier of (i) 30 months and 45 days after the beginning of the first full quarter following the Merger Closing Date (that is, when Verizon/MCI file their 10th quarterly report); or (ii) the effective date of a Commission order adopting performance measurement requirements for interstate special access services.

4. For a period of thirty months following the Merger Closing Date, Verizon/MCI shall not increase the rates paid by MCI's existing customers (as of the Merger Closing Date) of the DS1 and DS3 wholesale metro private line services that MCI provides in Verizon's incumbent local telephone company service areas above their level as of the Merger Closing Date.[5]

The benefit of this condition is that it will assure MCI's existing customers of these services of a period of rate stability.

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[3] For purposes of this condition, "Verizon service area" means the areas within Verizon's service territory where Verizon's ILEC subsidiaries, as defined in 47 U.S.C. § 251 (h)(1)(A) and (B)(i), are incumbent local exchange carriers.

[4] Data in categories (i) and (ii) shall not include Verizon/MCI retail data.

[5] For purposes of these conditions, Verizon's incumbent local telephone company service areas means the areas within Verizon's service territory in which a Verizon operating company is the incumbent local exchange carrier, as defined in 47 U.S.C. § 251 (h)(1)(A) and (B)(i).

5. For a period of thirty months following the Merger Closing Date, Verizon's incumbent local telephone companies will not provide special access offerings to their wireline affiliates that are not available to other similarly situated special access customers on the same terms and conditions.

The benefit of this condition is that it provides assurance that Verizon's special access offerings will not be offered solely to its wireline affiliates.

6. For a period of 30 months following the Merger Closing Date, before Verizon's incumbent local telephone companies provide a new or modified contract tariffed service under section 69.727(a) of the Commission's rules to their own section 272(a) affiliate(s), they will certify to the Commission that they provide service pursuant to that contract tariff to an unaffiliated customer other than SBC/ATT or its wireline affiliates. Verizon's incumbent local telephone companies also will not unreasonably discriminate in favor of their affiliates in establishing the terms and conditions for grooming special access facilities.

The benefit of this condition is that it provides assurance that the company will not provide special access offerings to its affiliates that are not available to other special access customers other than SBC/AT&T.

7. Verizon's incumbent local telephone companies will not increase the rates in their interstate tariffs, including contract tariffs, for DS1, DS3 and OCn special access services that Verizon's incumbent local telephone companies provide in their local service areas, as set forth in Verizon's tariffs on file with the Commission on the merger closing date.[6] This condition shall terminate 30 months from the Merger Closing Date.

The benefit of this condition is that it provides Verizon's customers a period of rate stability.

8. Within 30 days of the Merger Closing Date, and continuing for two years thereafter, Verizon/MCI will post its Internet backbone peering policy or policies on a publicly accessible website. During the term of this condition, Verizon/MCI will post any revisions to its peering policy or policies on a timely basis as they occur.

The benefit of this condition is that it is consistent with standard industry practice and will provide transparency as to the policy that will apply.

9. For a period of three years after the Merger Closing Date, Verizon/MCI will maintain at least as many settlement free U.S. peering arrangements for Internet backbone services with domestic operating entities as they did in combination on the Merger Closing Date.

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[6] This condition does not apply to Advanced Services that would have been provided by a separate Advanced Services affiliate under the terms of the Bell Atlantic/GTE Merger Order, 15 FCC Rcd 14032, App. D (2000).

Verizon/MCI may waive the terms of its published peering policies to the extent necessary to maintain the number of peering arrangements required by this condition.

The benefit of this condition is that it provides assurance of stability in the number of peering relationships that will be maintained following closing.

10. Within twelve months of the Merger Closing Date, Verizon will deploy and offer stand-alone ADSL within the local service areas of Verizon's incumbent local telephone companies. Stand-alone ADSL means ADSL service on ADSL-equipped lines without requiring customers to also purchase circuit switched voice grade telephone service. This service will be available both for existing Verizon voice and ADSL customers who wish to port their voice service to a VoIP provider or to another facilities-based provider such as cable or wireless, and for new customers who wish to subscribe only to Verizon's ADSL and not to its voice service. This service will remain available in a given state for two years after the "implementation date" in that state. For purposes of this condition, the "implementation date" for a state shall be the date that Verizon can offer this service on eighty percent of Verizon's ADSL- equipped lines in Verizon's local service area in that state. Within twenty days after meeting the implementation date in a state, Verizon/MCI will file a letter with the Commission certifying to that effect. In any event, this commitment will terminate no later than three years from the Merger Closing Date.

This benefit of this condition is that it will further the public interest in the widespread availability of broadband service, and in the deployment of new and innovative services to consumers.

11. Effective on the Merger Closing Date, and continuing for two years thereafter, Verizon/MCI will conduct business in a manner that comports with the principles set forth in the FCC's Policy Statement, issued September 23, 2005 (FCC 05-151)..

These general principles provide guidance to help ensure that the public Internet will remain open, affordable and accessible to consumers, and we encourage all participants in the value chain that makes up the public Internet, including other wireline providers, application providers, equipment providers and content providers, to endorse these principles as we have done.

12. For three years following the Merger Closing Date, Verizon/MCI shall file annually a declaration by an officer of the corporation attesting that Verizon/MCI has substantially complied with the terms of these conditions in all material respects. The first declaration shall be filed 45 days following the one-year anniversary of the Merger Closing Date, and the second and third declaration shall be filed one and two years thereafter respectfully.

13. For the avoidance of doubt, unless expressly stated to the contrary above, all conditions and commitments contained in this letter shall end on the second anniversary of the Merger Closing Date.

These commitments provide still further assurance that this transaction is in the public interest, and the license transfer applications therefore should be promptly approved.

Sincerely,

Susanne Guyer

ATTACHMENT A

Service Quality Measurement Plan
For Interstate Special Access

Contents

Section 1: Ordering

FOCT: Firm Order Confirmation (FOC) Timeliness

Definition

Firm Order Confirmation (FOC) Timeliness measures the percentage of FOCs returned within the Company-specified standard interval.

Exclusions

- Service requests identified as “Projects” or “ICBs”
- Service requests cancelled by the originator
- Weekends and designated holidays of the service center
- Unsolicited FOCs
- Administrative or test service requests
- Service requests that indicate that no confirmation/response should be sent
- Other exclusions as defined by each RBOC to reflect system and operational differences

Business Rules

Counts are based on the first instance of a FOC being sent in response to an ASR. Activity starting on a weekend or holiday will reflect a start date of the next business day. Activity ending on a weekend or holiday will be calculated with an end date of the last previous business day. Requests received after the company’s stated cutoff time will be counted as a “zero” day interval if the FOC is sent by close of business on the next business day. The standard interval will be that which is specified in the company-specific ordering guide.

Calculation

Firm Order Confirmation (FOC) Interval = (a - b)

- a = Date and time FOC is returned
- b = Date and time valid access service request is received

Percent within Standard Interval = (c / d) X 100

- c = Number of service requests confirmed within the designated interval
- d = Total number of service requests confirmed in the reporting period

Report Structure

- Non-Affiliates Aggregate
- RBOC Affiliates Aggregate
  - RBOC 272 Affiliates Aggregate

Geographic Scope

- State

SQM Disaggregation (Percent FOCs returned within Standard Interval)

- Special Access – DS0
- Special Access - DS1
- Special Access - DS3 and above

Section 2: Provisioning

PIAM: Percent Installation Appointments Met

Definition

Percent Installation Appointments Met measures the percentage of installations completed on or before the confirmed due date.

Exclusions

- Orders issued and subsequently cancelled
- Orders associated with internal or administrative (including test) activities
- Disconnect Orders
- Other exclusions as defined by each RBOC to reflect system and operational differences

Business Rules

This measurement is calculated by dividing the number of service orders completed during the reporting period, on or before the confirmed due date, by the total number of orders completed during the same reporting period. Installation appointments missed because of customer caused reasons shall be counted as met and included in both the numerator and denominator. Where there are multiple missed appointment codes, each RBOC will determine whether an order is considered missed.

Calculation

Percent Installation Appointments Met = (a / b) X 100

- a = Number of orders completed on or before the RBOC confirmed due date during the reporting period
- b = Total number of orders where completion has been confirmed during the reporting period

Report Structure

- Non-Affiliates Aggregate
- RBOC Affiliates Aggregate
  - RBOC 272 Affiliates Aggregate

Geographic Scope

- State

SQM Disaggregation

- Special Access – DS0
- Special Access - DS1
- Special Access - DS3 and above

NITR: New Installation Trouble Report Rate

Definition

New Installation Trouble Report Rate measures the percentage of circuits or orders where a trouble was found in RBOC facilities or equipment within thirty days of order completion.

Exclusions

- Trouble tickets issued and subsequently cancelled
- Customer Provided Equipment (CPE) or customer caused troubles
- Troubles closed by the technician to disposition codes of IEC (Inter-exchange Carrier) or INF (Information)
- RBOC troubles associated with administrative service
- No Trouble Found (NTF) and Test OK (TOK)
- Other exclusions defined by each RBOC to reflect system and operational differences
- Subsequent trouble reports

Business Rules

Only the first customer direct trouble report received within thirty calendar days of a completed service order is counted in this measure. Only customer direct trouble reports that required the RBOC to repair a portion of the RBOC network will be counted in this measure. The RBOC completion date is when the RBOC completes installation of the circuit or order.

Calculation

Trouble Report Rate within 30 Calendar Days of Installation = (a / b) X 100

- a = Count of circuits/orders with trouble reports within 30 calendar days of installation
- b = Total number of circuits/orders installed in the reporting period

Report Structure

- Non-Affiliates Aggregate
- RBOC Affiliates Aggregate
    - RBOC 272 Affiliates Aggregate

Geographic Scope

- State

SQM Disaggregation

- Special Access – DS0
- Special Access - DS1
- Special Access - DS3 and above

Section 3: Maintenance & Repair

CTRR: Failure Rate/Trouble Report Rate

Definition

The percentage of initial and repeated circuit-specific trouble reports completed per 100 in-service circuits for the reporting period.

Exclusions

- Trouble reports issued and subsequently cancelled
- Employee initiated trouble reports
- Trouble reports/circuits associated with internal or administrative activities
- Customer Provided Equipment (CPE) or customer caused troubles
- Troubles closed by the technician to disposition codes of IEC (Inter-exchange Carrier) or INF (Information)
- Tie Circuits
- No Trouble Found (NTF) and Test OK (TOK)
- Other exclusions as defined by each RBOC to reflect system and operational differences

Business Rules

Only customer direct trouble reports that require the RBOC to repair a portion of the RBOC network will be counted in this report. The trouble report rate is computed by dividing the number of completed trouble reports handled during the reporting period by the total number of in-service circuits for the same period.

Calculation

Percent Trouble Report Rate = (a / b) X 100

- a = Number of completed circuit-specific trouble reports received during the reporting period
- b = Total number of in-service circuits during the reporting period

Report Structure

- Non-Affiliates Aggregate
- RBOC Affiliates Aggregate
  - RBOC 272 Affiliates Aggregate

Geographic Scope

- State

SQM Disaggregation

- Special Access – DS0
- Special Access - DS1
- Special Access - DS3 and above

MAD: Average Repair Interval/Mean Time to Restore

Definition

The Average Repair Interval/Mean Time to Restore is the average time between the receipt of a customer trouble report and the time the service is restored. The average outage duration is only calculated for completed circuit-specific trouble reports.

Exclusions

- Trouble reports issued and subsequently cancelled
- Employee initiated trouble reports
- Trouble reports associated with internal or administrative activities
- Customer Provided Equipment (CPE) or customer caused troubles
- Troubles closed by the technician to disposition codes of IEC (Inter-exchange Carrier) or INF (Information)
- Tie Circuits
- No Trouble Found (NTF) and Test OK (TOK)
- Other exclusions as defined by each RBOC to reflect system and operational differences

Business Rules

Only customer direct trouble reports that require the RBOC to repair a portion of the RBOC network will be counted in this measure. The average outage duration is calculated for each restored circuit with a trouble report. The start time begins with the receipt of the trouble report and ends when the service is restored. This is reported in a manner such that customer hold time or delay maintenance time resulting from verifiable situations of no access to the end user premise, other CLEC/IXC or RBOC retail customer caused delays, such as holding the ticket open for monitoring, is deducted from the total resolution interval ("stop clock" basis).

Calculation

Repair Interval = (a – b)

- a = Date and time trouble report was restored
- b = Date and time trouble report was received

Average Repair Interval = (c / d)

- c = Total of all repair intervals (in hours/days) for the reporting period
- d = Total number of trouble reports closed during the reporting period

Report Structure

- Non-Affiliates Aggregate
- RBOC Affiliates Aggregate
    - RBOC 272 Affiliates Aggregate

Geographic Scope

- State

SQM Disaggregation

- Special Access – DS0
- Special Access - DS1
- Special Access - DS3 and above

GLOSSARY

Access Service Request (ASR)	A request to the RBOC to order new access service, or request a change to existing service, which provides access to the local exchange company's network under terms specified in the local exchange company's special or switched access tariffs.
RBOC 272 Affiliates Aggregate	RBOC Affiliate(s) authorized to provide long distance service as a result of the Section 271 approval process.
RBOC Affiliates Aggregate	RBOC Telecommunications and all RBOC Affiliates (including the 272 Affiliate). Post sunset, comparable line of business (e.g., 272 line of business) will be included in this category.
Business Days	Monday thru Friday (8AM to 5PM) excluding holidays
CPE	Customer Provided or Premises Equipment
Customer Not Ready (CNR)	A verifiable situation beyond the normal control of the RBOC that prevents the RBOC from completing an order, including the following: CLEC or IXC is not ready to receive service; end user is not ready to receive service; connecting company or CPE supplier is not ready.
Firm Order Confirmation (FOC)	The notice returned from the RBOC, in response to an Access Service Request from a CLEC, IXC or affiliate, that confirms receipt of the request and creation of a service order with an assigned due date.
Unsolicited FOC	An Unsolicited FOC is a supplemental FOC issued by the RBOC to change the due date or for other reasons, e.g., request for a second copy from the CLEC/IXC, although no change to the ASR was requested by the CLEC or IXC.
Project or ICB	Service requests that exceed the line size and/or level of complexity that would allow the use of standard ordering and provisioning interval and processes. Service requests requiring special handling.
Repeat Trouble	Trouble that reoccurs on the same telephone number/circuit ID within 30 calendar days
Service Orders	Refers to all orders for new or additional lines/circuits. For change order types, additional lines/circuits consist of all C order types with "I" and "T" action coded line/circuit USOCs that represent new or additional lines/circuits, including conversions for RBOC to Carrier and Carrier to Carrier.