

EXHIBIT 10

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**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION**

**REPORT OF  
DIVISION OF COMMUNICATIONS  
ON NORTHERN VIRGINIA DIRECTORY AUDIT**

**CASE NO. PUC-2005-00007**

**IN THE MATTER OF INVESTIGATION DIRECTORY ERRORS  
AND OMISSIONS OF VERIZON VIRGINIA INC. AND  
VERIZON SOUTH INC.**

**PUBLIC VERSION**

**APRIL 21, 2008**

## 2007 Northern Virginia Directory Audit

Pursuant to the Commission's Order Approving Offer of Settlement in Case No. PUC-2005-00007, the Staff is required to audit 80 Verizon directories by no later than February 12, 2010. A "passed" audit requires a directory listing accuracy rate of 99% (no more than ten (10) service affecting errors out of 1,000 audited listings). Service affecting errors are defined by the Commission as follows:

- Complete omission of a listing that was published in the Telco records
- Publication of a listing that was either non-listed, non-published, or no longer in service in Telco records
- Reversal of first/last name
- Misspelling of the listed name, incorrect telephone number, or any other error so as to make it unlikely that a user of the printed book could locate the listing in the expected alphabetical location or locate the correct number for the listing, including, but not limited to, the appearance of a listing under the appropriate yellow pages captioned heading

The 2007 Northern Virginia directory was published July 13, 2007. According to Verizon, the directory is comprised of approximately 817,900 listings from the Northern Virginia area. We randomly selected 1,000 of these listings to audit.<sup>1</sup> The Staff had questions on 84 of the listings, which were sent to Verizon for review. Several of those questions related to an issue of particular concern.

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<sup>1</sup> The audit sample itself was derived by using a random number table recommended by the Commission's Division of Economics and Finance Staff. The starting point in the table was selected at random by a Division of Communications Staff member. From there the Staff's sample, in the form of row numbers for the listings sent by Verizon, was drawn using the above mentioned random number table.

During the course of this and other concurrent audits, the Staff found instances in which the databases of Verizon and its directory publisher, Idearc, were not synchronized. This out-of-synch condition caused discrepancies between the printed directory and Verizon's directory listings repository known as eListings. The eListings database is also known as the "golden source" and should be representative of that which will actually print in the published directory. Of course, our concern with out-of-synch conditions relates to one of the primary causes of Verizon's past directory listing problems.<sup>2</sup>

While Verizon conducted a root cause analysis of the synchronization problem, the Staff halted its audit program. To its credit, Verizon acknowledged the database problem and instituted a corrective action plan which was recently concluded. According to Verizon, the out-of-synch condition in question generally affected less than 0.1 percent of directory listings. For the Northern Virginia audit, however, at least two sampled listings, or at least 0.2 percent, were affected by the out-of-synch condition. While of concern to the Staff as previously noted, these database synchronization problems did not, at least in these cases, result in service affecting errors in that the information in the printed directory was correct.

We determined that there were 12 service affecting errors found during the 2007 Northern Virginia directory audit. Accordingly, Verizon is deemed to have failed the 2007 Northern Virginia directory audit. (See the attached confidential exhibit for the Staff's official findings.)

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<sup>2</sup> "While several interrelated automated system problems contributed to the errors and omissions, the Staff Report found that most of the errors and omissions were caused by Verizon's automated directory listing systems being unable to synchronize accurately local telephone listing data with the [Idearc] database . . . ." Order Approving Offer of Settlement. Case No. PUC-2005-00007, page 2.



# EXHIBIT 11

**REDACTED - FOR PUBLIC INSPECTION**

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

In the Matter of )  
 )  
Petition of the Verizon Telephone Companies ) WC Docket No. 08-49  
for Forbearance Pursuant to )  
47 U.S.C. § 160(c) in Cox's Service Territory in )  
Virginia Beach Metropolitan Statistical Area )

**DECLARATION OF JIM VERMEULEN**

1. My name is Jim Vermeulen. I am Vice President of Engineering for the operating subsidiaries of Cavalier Telephone Corporation ("Cavalier"). My business address is 2134 West Laburnum Avenue, Richmond, Virginia 23227. I have worked for Cavalier for over six years. As Vice President of Engineering, I am responsible for overseeing the design and implementation of Cavalier's networks, and the engineering personnel who establish and maintain those networks. Before joining Cavalier, I worked for approximately four years as director of operations and engineering for Conectiv Communications Inc., which offered voice and data services in Delaware, Maryland, and New Jersey; and, before that, spent five years as a project manager for U.S. West Communications, Federal Services in Richland, Washington and Denver, Colorado. I have factual knowledge relating to the information described in this Declaration.

2. Cavalier currently obtains unbundled network elements ("UNEs") from Verizon, including unbundled transport and unbundled loops as well as Inter Office Fiber Transport, that we use in conjunction with our own facilities and equipment to deliver circuit-switched voice services, voice over Internet protocol ("VoIP"), digital subscriber line ("DSL") and other data services, and Internet protocol television ("IPTV") service. If there were any other alternatives

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to Verizon, we would vigorously pursue such an option, because Verizon makes every aspect of ordering, provisioning, billing, and payment of UNEs so extraordinarily difficult and cumbersome, apparently by design. Unfortunately, Verizon UNEs are the only way we have to reach customers.

3. Cavalier provides all four services in Virginia Beach (circuit-switched voice services, VoIP, DSL, and IPTV). We deliver all of our voice and data services, and our IPTV service, over unbundled copper loops obtained from Verizon. In order to optimize network costs, Cavalier has deployed Time-division Multiplexing ("TDM") and IP backbone facilities to transport traffic between fifteen switching centers. The backbone network includes segments of UNE Inter Office Fiber Transport which serves as primary and/or diverse connectivity.

4. Cavalier serves approximately **[Begin Highly Confidential]** **[End Highly Confidential]** residential customers with about approximately **[Begin Highly Confidential]** **[End Highly Confidential]** lines; and about approximately **[Begin Highly Confidential]** **[End Highly Confidential]** business customers over approximately **[Begin Highly Confidential]** **[End Highly Confidential]** lines. Cavalier has company-wide approximately **[Begin Highly Confidential]** **[End Highly Confidential]** route miles related to our built network **[Begin Highly Confidential]** **[End Highly Confidential]**. We have another approximately **[Begin Highly Confidential]** **[End Highly Confidential]** route miles of Verizon UNE dark fiber **[Begin Highly Confidential]** **[End Highly Confidential]**. Cavalier has built out extensive fiber and facilities in Virginia Beach, as evidenced by the attached map, attached as Exhibit A.

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5. As I indicated above, we serve those customers over unbundled loops and transport. If Verizon succeeds in withdrawing unbundled loops and transport in the Cox service areas of Virginia Beach, then Cavalier will have no substitute. To my knowledge, Verizon does not have a special access wholesale offering that could reasonably substitute for unbundled copper loops. Although Verizon offers voice-grade loops as a special access service, it is at a much higher price than unbundled copper loops, and it is voice-grade only, meaning that Cavalier could not provide DSL, VoIP, or IPTV services the same way that it does with UNE loops.

6. For higher-capacity services, Verizon does offer other special access services, including DS1 and DS3 loops, that could technically support provision by Cavalier of its package of voice, Internet, and IPTV services. However, providing those services over special access facilities is not economically viable, because Verizon's pricing of these special access services would require Cavalier to charge much higher consumers prices, which would destroy Cavalier's ability to compete in the retail marketplace.

7. I am also aware of Verizon's "Wholesale Advantage" offerings, which are the "substitute" services that Verizon has offered to its competitors in place of unbundled network elements that have been made unavailable by recent FCC decisions. To the best of my knowledge, Verizon currently offers unbundled loops under Wholesale Advantage contracts only as a component of a bundled, resale-like local exchange service. Based on what I know, even if Verizon made unbundled copper loop facilities available under "commercial" terms similar to these offerings, it is my understanding that Verizon would impose a surcharge that would price

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such loops substantially above the current UNE prices. Again, passing such increased costs along to consumers simply would not work.<sup>1</sup>

8. As a result, to the best of my knowledge, there is no commercially available wholesale alternative to Verizon's loop facilities in Virginia Beach for the type of mass-market (residential and small business) customer that Cavalier serves. The only entity other than Verizon that even has facilities in existence that might conceivably provide access to mass-market subscribers in any significant portion in Virginia Beach is Cox Communications ("Cox"), and Cox has never offered competitors wholesale access to mass-market, last-mile facilities in the Virginia Beach market.

9. I conclude that there is not currently any commercially reasonable offering of wholesale loop facilities, either from Verizon or any other provider, that could serve as a workable substitute for unbundled copper loops.

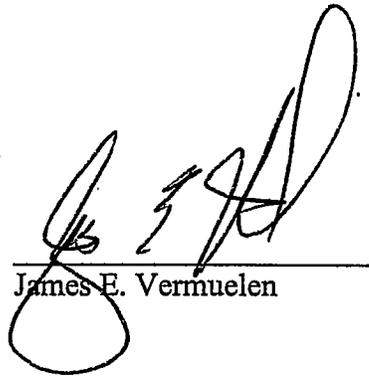
10. Having gone through the exercise of finding replacements for Verizon dark fiber that became unavailable after the FCC issued its Triennial Review Order on Remand, I can also conclude that there is no commercially available offering of wholesale local transport that can replace the dark fiber and other local transport that Cavalier currently relies upon to link together portions of its network. Indeed, it is my belief that eliminating UNE loops will diminish the Cavalier network footprint nationwide such that numerous customers would have to be terminated, and, in the remaining areas where we could retain connectivity using our own fiber, the level of redundancy would likely be compromised, resulting in notably less reliable service.

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<sup>1</sup> Verizon has advanced no contentions, no evidence, and not even any vague reassurances about post-forbearance rates, terms, and conditions for any potential substitutes for unbundled loops and transport currently provided under § 251(c). For example, in response to Cavalier's September 21, 2006 inquiry about draft commercial agreements in a post forbearance context, Verizon responded that "[w]e have no draft agreements" and no "additional information." See September 21, 2006 exchange of e-mails, copy attached as Exhibit B.

I declare under penalty of perjury under the laws of the United States of America  
that the foregoing is true and correct.

Executed May 9, 2008.



James E. Vermuelen



EXHIBIT A

# EXHIBIT A

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EXHIBIT B

## Perkins, Stephen

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**From:** Clift, Marty  
**Sent:** Thursday, September 21, 2006 5:15 PM  
**To:** 'thomas.caldwell@verizon.com'  
**Subject:** RE: Request for Agreement

I appreciate your prompt response and candor.

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**From:** thomas.caldwell@verizon.com [mailto:thomas.caldwell@verizon.com]  
**Sent:** Thursday, September 21, 2006 5:13 PM  
**To:** Clift, Marty  
**Subject:** Re: Request for Agreement

Marty  
I want to acknowledge your note although I do not have any additional information.  
Tom

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----- Original Message -----  
**From:** "Clift, Marty" [mwclift@cavtel.com]  
**Sent:** 09/21/2006 12:00 PM  
**To:** Thomas Caldwell  
**Subject:** RE: Request for Agreement

I am not trying to be trite, but how can we objectively review those petitions, when we have no idea of what happens post forbearance?

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**From:** thomas.caldwell@verizon.com [mailto:thomas.caldwell@verizon.com]  
**Sent:** Thursday, September 21, 2006 11:56 AM  
**To:** Clift, Marty  
**Subject:** Re: Request for Agreement

Marty  
We do not have draft agreements.  
Tom

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----- Original Message -----  
**From:** "Clift, Marty" [mwclift@cavtel.com]  
**Sent:** 09/21/2006 11:08 AM  
**To:** Thomas Caldwell  
**Subject:** Request for Agreement

With respect to Verizon's Forbearance Petitions, would you please provide a copy of the planned commercial agreement, that Verizon plans to introduce if those forbearance petitions are granted?

Second, on July 24, Verizon served notice to the FCC of a planned copper retirement in Christiansburg, Virginia. Based upon our previous conversations, the continued availability of cooper loops is of critical importance to us, and thus the Christiansburg Notice caught our attention. While Cavalier does not service Christiansburg, we do have some questions about this notice, process, and future notices. I have placed two calls to Rose Clayton, the person instructed to call on the notice, but Rose has not called me back. If Rose is unavailable, would you please have someone call me who may be familiar with this activity.

Thank you.

3/5/2007

Marty  
804-422-4515

3/5/2007