

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Adopted: April 27, 2001
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Mr. Jeffrey Ward
Senior Vice President – Regulatory Compliance
Verizon Communications, Inc.
1310 North Courthouse Road – 4th Floor
Arlington, VA 22201

RE: *Bell Atlantic/GTE Merger Order*, CC Docket No. 98-184, ASD File No. 00-30

Dear Mr. Ward:

By letter dated April 9, 2001,¹ Verizon Communications, Inc. (“Verizon”) has requested an extension of the current May 1, 2001 deadline for submission to the Commission of the audit report regarding Verizon’s year 2000 compliance with the separate affiliate requirement of the *Bell Atlantic/GTE Merger Order*.² I understand that the audit work is behind schedule, in part, because Verizon has not yet provided the independent auditor with all of the information necessary to complete the audit. As discussed below, I grant Verizon an extension of time to June 18, 2001 and expect Verizon to provide all necessary information to the auditor in a timely manner so that the audit report can be completed by that date.

Pursuant to the *Bell Atlantic/GTE Merger Order*, Verizon must obtain an independent audit of its compliance with certain structural, transactional, and nondiscrimination requirements relating to its advanced services affiliates.³ The type of audit required by the *Merger Conditions* is an “agreed-upon procedures” engagement, which requires the Commission and Verizon to agree upon the necessary audit procedures used to evaluate Verizon’s compliance. The audit culminates in a publicly available audit report that details the procedures performed by the independent auditor and the facts gathered from applying those procedures. The *Merger Conditions* establish May 1 as the deadline for submission of the audit report.⁴ On April 9, 2001, Verizon requested an extension of the deadline to June 29, 2001 on the ground that it had taken longer than originally contemplated to finalize the procedures for the audit, and

¹ Letter from Jeff Ward, Senior Vice President – Regulatory Compliance, Verizon, to Carol Matthey, Deputy Chief, Common Carrier Bureau (Apr. 9, 2001).

² GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, *Memorandum Opinion and Order*, FCC 00-221 (rel. Jun. 16, 2000) (“*Bell Atlantic/GTE Merger Order*”). The *Merger Conditions* are contained in Appendix D. Paragraphs 1-12 describe the separate affiliate requirements and paragraph 57 describes the audit requirement.

³ *Id.* at Appendix D, paras. 1-12, 57.

⁴ *Id.* at Appendix D, para. 57.

information necessary to complete the audit was not available until after December 27. Although a substantial portion of the audit work has been done, the auditor is unable to complete the remaining procedures until Verizon furnishes all of the requested information. I understand that once Verizon provides the outstanding information, the independent auditor will require approximately 30 days to complete its work. I therefore urge Verizon to provide the remaining information as soon as possible.

I grant Verizon an extension of time until June 18, 2001 to submit the audit report. Because the auditor has completed a substantial portion of the total audit procedures to date, I find that an extension to June 18, 2001 is reasonable. The June 18, 2001 deadline should provide ample time for the independent auditor to complete its work for the procedures that require statistical or judgmental sampling. In addition, Verizon has agreed to extend the relevant statute of limitations for enforcement action by a corresponding number of days as this extension.⁵

Finally, the independent auditor should submit a draft report to the Bureau's audit staff for review no later than June 4, 2001. In addition, the final audit report should note any procedures for which Verizon has not provided the requested information, thereby preventing completion of such procedures (i.e., a scope limitation).

If you have any questions, you may contact me or Anthony Dale in the Bureau at (202) 418-2260 for further information on this matter.

Sincerely,

Carol E. Matthey
Deputy Chief, Common Carrier Bureau

⁵ See Letter from Gordon Evans, Vice President, Federal Regulatory, Verizon, to Carol Matthey, Deputy Chief, Common Carrier Bureau; 47 U.S.C. § 503.