



PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
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DA 01-1462

June 21, 2001

**COMMON CARRIER BUREAU SEEKS COMMENTS ON
VERIZON SECTION 272 COMPLIANCE BIENNIAL AUDIT REPORT
IN CC DOCKET NO. 96-150**

Pursuant to section 271 of the Telecommunications Act of 1934, as amended ("Act"),¹ the Commission has authorized Verizon Communications, Inc. to enter the in-region interLATA market in New York State² and in Massachusetts.³ Section 272 of the Act requires Bell Operating Companies to offer in-region interLATA service through separate affiliates that comply with certain structural, nondiscrimination, and accounting safeguards. Section 272(d) requires a biennial compliance audit.⁴ Pursuant to section 272, Verizon engaged the independent auditing firm of PricewaterhouseCoopers LLP to conduct the initial biennial compliance audit. A Federal/State biennial oversight team was established under section 53.209(d) of the Commission rules to oversee this biennial audit and included staff members from 13 state regulatory commissions in the Verizon region and the Commission.⁵ On June 11, 2001, PricewaterhouseCoopers ("PWC") filed its biennial compliance audit report with the Commission. The report includes:

- Report of Independent Accountants on Applying Agreed-Upon Procedures,
- Verizon's Response to the Report of Independent Accountants, and

¹ 47 U.S.C. § 271

² Application of Bell Atlantic New York for Authorization under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of New York, CC Docket No. 99-295, *Memorandum Opinion and Order*, 15 FCC Rcd 3953 (1999).

³ Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) And Verizon Global Networks Inc., for Authorization to Provide In-Region, InterLATA Services in Massachusetts, CC Docket 01-9, *Memorandum Opinion and Order*, FCC 01-130 (rel. April 16, 2001).

⁴ 47 U.S.C. § 272

⁵ 47 C.F.R. § 53.209(d)

Verizon has seven affiliates engaged in in-region interLATA services and, therefore, addressed in the section 272(d) biennial audit. The biennial compliance audit report filed on June 11, 2001 covers six of these seven companies. The seventh company, Verizon Select Services, Inc. ("VSSI"), is a former GTE affiliate that offers local, long-distance, and advanced services to customers throughout the United States. Because VSSI provides advanced services, it is also subject to the audit requirements of the Bell Atlantic/GTE Merger Order.⁶ On April 30, 2001, the Common Carrier Bureau extended the deadline applicable to VSSI for filing the audit results. As a result, the biennial compliance audit report filed on June 11, 2001 does not include audit procedures applied with respect to VSSI. In a filing on June 18, 2001, PWC supplemented its June 11, 2001 filing with the audit results for VSSI.

Section 272(d)(2) of the Act requires that the results of the audit be made publicly available.⁷ We have attached the redacted version of the initial report filed on June 11 and the supplement filed on June 18.⁸ In accordance with section 53.213(d) of the Commission's rules, interested parties may file comments with the Commission within 60 days after the audit report is made available for public inspection.⁹ Accordingly, comments are due no later than August 20, 2001.

EX PARTE PRESENTATIONS

Pursuant to section 1.1206 of the Commission's rules, this proceeding will be conducted as a permit-but-disclose proceeding in which ex parte communications are permissible but subject to disclosure.¹⁰

FILING PROCEDURES

Interested parties may file comments on the biennial audit report using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies.¹¹

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number

⁶ Application of 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, CC Docket No. 98-184, *Memorandum Opinion and Order*, 15 FCC Rcd 14032 (2000) (Bell Atlantic/GTE Merger Order).

⁷ 47 U.S.C. § 272(d)(2).

⁸ PWC filed a redacted version of the audit report containing no confidential information and an unredacted proprietary version of the report claiming confidential treatment under sections 220(f) and 272(d)(3) of the Act (47 U.S.C. §§ 220(f) and 272(d)(3)), and sections 0.457 and 0.459 of the Commission rules (47 C.F.R. §§ 0.457 and 0.459).

⁹ 47 C.F.R. § 53.213(d).

¹⁰ 47 C.F.R. § 1.1206.

¹¹ See Electronic Filing of Documents in Rulemaking Proceedings, 63 Fed. Reg. 24,121 (1998).

referenced in the caption. In completing the transmittal screen, commenters should include their full name, Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form <your e-mail address.>" A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appear in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. All filings must be sent to the Commission's Secretary, Magalie Roman Salas, Office of the Secretary, Federal Communications Commission, 445 12th Street, S.W., Washington, D.C. 20554.

Parties who choose to file by paper should also submit their comments on diskette. These diskettes should be submitted to: Ernestine Creech, Room 6-C317 Accounting Safeguards Division, 445 12th Street, S.W., Washington, D.C. 20554. Such a submission should be on a 3.5-inch diskette formatted in an IBM compatible format using Word or compatible software. The diskette should be accompanied by a cover letter and should be submitted in "read only" mode. The diskette should be clearly labeled with the commenter's name, proceeding (including the docket number, in this case CC Docket No. 96-150, type of pleading (comments), date of submission, and the name of the electronic file on the diskette. The label should also include the following phrase "Disk Copy - Not an Original." Each diskette should contain only one party's pleadings, preferably in a single electronic file. In addition, commenters must send diskette copies to the Commission's copy contractor, International Transcription Service, Inc., 1231 20th Street, N.W., Washington, D.C. 20037.

Copies of the biennial audit report (attached) and any subsequently filed documents in this matter may be obtained from International Transcription Service, Inc., 445 12th Street, S.W., CY-B402, Washington, D.C. 20554, (202) 857-3800. Electronic versions of the report are also available on the FCC's Internet Home Page (<http://www.fcc.gov>) and through the Commission's Electronic Comment Filing System. To the extent that parties file electronic versions of comments, such filings also will be available on the FCC's Internet Home Page and through the Commission's Electronic Comment Filing System. Copies of the audit report (attached) and documents are also available for public inspection and copying during normal reference room hours at the Commission's Reference Center, 445 12th Street, S.W., CY-A257, Washington, D.C. 20554.

For further information, contact Hugh L. Boyle, Chief, Audits Branch, at (202) 418-7147 or Anthony Dale at (202) 418-2260.

Action by the Chief, Common Carrier Bureau