

June 11, 2001

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Room TWB-204  
Washington, D.C. 20554

Dear Ms. Salas:

**Re: Ex Parte**  
**In the Matter of – Implementation of the Telecommunications Act of 1996:**  
***Accounting Safeguards Under the Telecommunications Act of 1996, CC Docket No. 96-150***

The enclosed materials are being filed pursuant to Verizon Communications Inc.'s ("Verizon") obligations under Section B.f., paragraph 184 of the above referenced docket to engage an independent accountant to perform an agreed-upon procedures engagement regarding Verizon's compliance with the requirements of Section 272 of the Telecommunications Act of 1996. The accompanying material includes:

- Report of Independent Accountants on Applying Agreed-Upon Procedures
- Verizon's Response to the Report of Independent Accountants
- Observation of the Joint Federal/State Oversight Team

Section 272(d)(2) of the Telecommunication Act of 1996 requires requires that this material be made publicly available. Therefore, its distribution is not limited. Please place a copy of the material in the Ex Parte file of the above referenced proceeding.

Very truly yours,



By  
PricewaterhouseCoopers LLP

Enclosures  
cc: Carol Matthey  
Ken Moran  
Hugh Boyle

Report of Independent Accountants on  
Applying Agreed-Upon Procedures

To the Management of Verizon Communications Inc.  
and the Joint Federal/State Oversight Team

We have performed the procedures enumerated in Appendices A, B and C, which were agreed to by the management of Verizon Communications Inc. ("Verizon") and the Joint Federal/State Oversight Team (collectively, the "Specified Users"), solely to assist you in evaluating management's assertion that Verizon complied with the requirements of Section 272 of the Communications Act of 1934, as Amended ("Section 272 Requirements") during the period from January 3, 2000 through January 2, 2001 (the "Evaluation Period"). This engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Specified Users of the report. Consequently, we make no representations regarding the sufficiency of the procedures described in Appendices A, B and C either for the purpose for which this report has been requested or for any other purpose. Appendix A enumerates the procedures performed in connection with the Bell Operating Companies and the former Bell Atlantic Section 272 affiliates. Appendix B enumerates the procedures performed in connection with the Bell Operating Companies and the former GTE Section 272 affiliates. Appendix C enumerates the procedures performed in connection with the GTE Operating Companies and the former GTE Section 272 affiliates.

The procedures performed and the results obtained are documented in Appendices A, B and C. The procedures and the results of performing such procedures are not intended to be an interpretation of any legal or regulatory rules, regulations or requirements.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on Verizon's assertion regarding its compliance with the Section 272 Requirements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of Verizon and the Joint Federal/State Oversight Team, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We are currently in the process of completing the agreed-upon procedures relating to certain of the former GTE Section 272 affiliates. Our report herein will be amended upon completion of such procedures.

*PricewaterhouseCoopers LLP*

June 11, 2001

**Appendix A enumerates the procedures performed in connection with the Bell Operating Companies<sup>2</sup> and the following Section 272 affiliates:<sup>1</sup> Bell Atlantic Global Networks, Inc., Bell Atlantic Communications, Inc., and Bell Atlantic Business Services.**

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### Objective I: Affiliate Shall Operate Independently from the BOC

1. We obtained and inspected the certificates of incorporation and bylaws of the Section 272 affiliates<sup>1</sup> and noted that the Section 272 affiliates were established as Delaware corporations separate from the Bell Operating Companies (“BOCs”)<sup>2</sup> of Bell Atlantic Corporation (d/b/a Verizon Communications, Inc. (“Bell Atlantic” or the “Company”)). Management indicated that in Delaware, articles of incorporation are known as certificates of incorporation.
2. We obtained and inspected the Bell Atlantic corporate entities' organizational charts as of September 30, 2000 and confirmed with legal representatives of the BOCs and of the Section 272 affiliates the legal, reporting, and operational corporate structure of the Section 272 affiliates. We obtained written confirmations from management noting that Bell Atlantic Business Services (“BABS”) is owned by Bell Atlantic Worldwide Services Group, Inc., Bell Atlantic Communications, Inc. (“BACI”) is owned by Verizon Communications, Inc. and Bell Atlantic Global Networks, Inc. (“BAGNI”) is owned by Verizon Communications, Inc. We documented the ownership of the Section 272 affiliates and noted no instances where a Section 272 affiliate was owned by a BOC.
3. We obtained the functional organizational chart for the Section 272 affiliates as of September 30, 2000 that documented for each department the number of employees, street addresses where employees are located and a description of departmental functions by location.

We noted, by inspection of the BABS functional organizational chart, that BABS employed **\*\*proprietary\*\*** employees as of September 30, 2000 which were classified into the following functional departments: President/CEO, Executive Assistant, Operations, Sales and Service, Marketing, Performance Assurance – Product Market Launch, Accounting/Finance and Human Resources.

We noted, by inspection of the BACI functional organizational chart, that BACI employed **\*\*proprietary\*\*** employees as of September 30, 2000 which were classified into the following functional departments: President/CEO, Executive Assistant, Operations, Sales and Service, Marketing, Performance Assurance – Product Market Launch, Accounting/Finance and Human Resources.

We noted, by inspection of the BAGNI functional organizational chart, that BAGNI employed **\*\*proprietary\*\*** employees as of September 30, 2000 which were classified into the following functional departments: President & CEO, Internet, Alliance Management, Engineering, Operations, Global Network Systems, Order Management Process & Wholesale Billing and Administration and Finance.

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<sup>1</sup> For the purposes of this document, the Section 272 affiliates are Bell Atlantic Global Networks, Inc. (d/b/a Verizon Global Networks, Inc.), Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), and NYNEX Long Distance (d/b/a Verizon Enterprise Solutions, previously d/b/a Bell Atlantic Business Services).

<sup>2</sup> For the purposes of this document, Bell Operating Companies refers to Bell Atlantic PA (d/b/a Verizon PA), Bell Atlantic-NJ (d/b/a Verizon NJ), Bell Atlantic-DE (d/b/a Verizon DE), Bell Atlantic-MD (d/b/a Verizon MD), Bell Atlantic-VA (d/b/a Verizon VA), Bell Atlantic-DC (d/b/a Verizon Washington, DC), Bell Atlantic-WV (d/b/a Verizon WV), New York Telephone Company (d/b/a Verizon New York), and New England Telephone and Telegraph Company (d/b/a Verizon New England).

4. We obtained from the Section 272 affiliates a list and description of services rendered to the Section 272 affiliates from January 3, 2000 through September 30, 2000 by the BOCs, by other affiliates and by unaffiliated companies summarized as follows:

**Services Rendered by the BOCs**

Discriminatory Joint Marketing Services  
Marketing and Sales - Non-Discriminatory Services  
Telecommunications Services  
Billing and Collections  
Technical Services  
Data Exchange and Database Access Services  
Incidental Real Estate Services  
Property Management Services Provided  
Call Center Management and Administration Services  
Programming and Testing Services  
Wholesale National Directory Assistance and Related Services

**Services Rendered by Other Non-Regulated Affiliates**

General corporate support services that are allocated to all affiliates  
Administrative support services

**Services Rendered by Unaffiliated Entities**

**\*\*proprietary\*\***

The listing of services rendered by unaffiliated companies was limited to operations, installation and maintenance services. This listing by unaffiliated companies included the location of both the providing and receiving entities for services involving operations, installation and maintenance (“OI&M”).

5. We obtained the functional organizational chart for the Section 272 affiliates as of September 30, 2000 and obtained from the Section 272 affiliates a list and description of services rendered to the Section 272 affiliates from January 3, 2000 through September 30, 2000 by the BOCs, by other affiliates and by unaffiliated companies. We noted that this data identified and documented which entity performed OI&M functions over transmission and switching facilities either owned or leased by the Section 272 affiliates. We also noted that this data included the street address where these facilities are located and identified whether these facilities are owned or leased by the Section 272 affiliates, and if leased, from whom they are leased. We noted there were 34 unaffiliated vendors who performed OI&M functions at 33 sites where the transmission and switching facilities were located.
6. We inquired of management as to the existence of any research and development activities of the BOCs from January 3, 2000 through September 30, 2000 related to the Section 272 affiliates or unaffiliated entities. Management indicated the BOCs did not perform any research and development on behalf of the Section 272 affiliates or unaffiliated entities.
7. We obtained the balance sheets, general ledgers and detailed fixed asset listings, including capitalized software, as of September 30, 2000 for the Section 272 affiliates. We compared the fixed asset balances in the balance sheets to the general ledgers of the Section 272 affiliates and noted no differences. We compared the fixed asset balances in the general ledgers to the totals listed on the Section 272 affiliates' detailed fixed asset listings and noted that the fixed asset balances in the general ledgers included construction-in-progress that was not included in the detailed listings of fixed assets.

We noted the fixed asset balance per the BAGNI general ledger was **\*\*proprietary\*\***, and the balance per the detailed fixed asset listing was **\*\*proprietary\*\***. We noted the fixed asset balance per the BABS general ledger was **\*\*proprietary\*\***, and the fixed asset balance per the detailed fixed asset listing was **\*\*proprietary\*\***. Construction-in-progress totaling **\*\*proprietary\*\*** and **\*\*proprietary\*\***, respectively, was included in BAGNI and BABS general ledgers and not in the detailed fixed asset listing since the construction-in-progress balances reflect assets not yet placed in service.

Additionally, for BACI we noted that the general ledger fixed asset balance was **\*\*proprietary\*\***, and the fixed asset balance per the detailed fixed asset listing was **\*\*proprietary\*\***. Construction-in-progress for **\*\*proprietary\*\*** was included in BACI's general ledger but not in the detailed fixed asset listing. Management indicated the remaining difference of **\*\*proprietary\*\*** was for a credit related to the purchase of long distance cable that was recorded in the general ledger at September 30, 2000 but not updated in the BACI detailed fixed asset listing.

We noted that the detailed listings of fixed assets for the Section 272 affiliates included the description and location of each item, date of purchase or transfer, price paid and recorded, and from whom the asset was purchased or transferred. We noted that the date of purchase or transfer listed on the BAGNI fixed asset detailed listing ("transaction date") was January 1, 2000 for the transmission and switching facilities included on the detailed listing. Management indicated that January 1, 2000 was listed as the transaction date for each fixed asset item because Bell Atlantic was first allowed to offer in-region long distance in January 2000; accordingly, on that date, the fixed assets were placed in service.

The BAGNI fixed asset detailed listing ("BAGNI Detailed Listing") was the only fixed asset listing that included transmission and switching facilities, including capitalized software. We

selected a random sample of 100 transmission and switching facilities from the BAGNI Detailed Listing with a cost value for individual items up to **\*\*proprietary\*\*** and obtained the related invoices. Management indicated that title documents do not exist for the assets selected. We inspected the invoices and where applicable, the supporting reconciliations to the BAGNI Detailed Listing, and noted the related asset purchases were invoiced by unaffiliated entities between July 22, 1998 and July 31, 2000. Management indicated that the land and buildings where these transmission and switching facilities are located were not included on the BAGNI Detailed Listing since the land and buildings were leased by BAGNI from unaffiliated entities.

## **Objective II: Affiliate Shall Maintain Records Separate from those of the BOC**

1. We obtained the general ledgers of the Section 272 affiliates as of September 30, 2000. We were unable to match the titles on the general ledgers with the names of the Section 272 affiliates on the certificates of incorporation since the Section 272 affiliates' names were legally changed during the year 2000. We obtained the Verizon Communications Inc. Legal Name Changes and Assumed Name Filings ("Legal Name Change Filings") which indicated the former names and new names of the Section 272 affiliates. We compared the former names of the Section 272 affiliates from the Legal Name Change Filings to the certificates of incorporation and noted no differences. We compared the new names from the Legal Name Change Filings to the title on the Section 272 affiliates' general ledgers as of September 30, 2000 and noted no differences. We noted no special codes that may link the Section 272 affiliates' general ledgers to the general ledgers of the BOCs.
2. We obtained the Section 272 affiliates' written accounting procedures and policies at September 30, 2000. We inquired of management and documented our understanding of the accounting systems, processes, transaction flows and control points impacting revenue, accounts receivable, cash receipts, purchasing, accounts payable, cash disbursements, payroll and fixed assets related to the proper identification and recording of the Section 272 affiliates' transactions in their separate books of account and we have summarized our understanding as follows:

### General Overview of Accounting Systems:

- The Section 272 affiliates utilize the PeopleSoft operating system, which is separate and distinct from the BOC PeopleSoft system. Each system is maintained on a different mainframe and information is not shared between the two platforms.
- The Section 272 affiliates have their own Information Technology ("IT") department which is separate from the IT department of the BOCs.
- The Section 272 affiliates share a chart of accounts which is different and separate from the BOCs.
- The Section 272 affiliates have a unique business unit code (i.e. BAGNI uses GNI) that appears on financial statements/general ledgers/other reports to separate themselves from the BOC.
- Access rights to the PeopleSoft systems are granted by the Section 272 affiliates' IT departments, and are approved by the Controllers of the Section 272 affiliates.

### Revenue, Accounts Receivable, Cash Receipts:

- The Section 272 affiliates have unique carrier identification codes to properly identify their customer call detail records ("CDRs").
- The BAGNI switch receives and processes the BACI and BABS customer calls. The BAGNI switch then forwards the CDRs to the billing system for bill preparation. Billing revenue and the accounts receivable information is then interfaced to the PeopleSoft general ledger.

### Purchasing, Accounts Payable, Cash Disbursement:

- Section 272 affiliates negotiate price quotes with their own vendors.
- Purchase orders are prepared based on negotiated contracts and price quotes.
- When an invoice is received, a voucher package is prepared. This package includes the invoice, packing slip, and purchase order. The package also contains the name of the



- Section 272 affiliate, business unit code, and vendor information which is entered into the accounts payable system.
- The non-regulated accounts payable department handles the voucher packages for the Section 272 affiliates. They do not handle any vouchers for the BOCs.
  - As checks are drafted to vendors and clear the bank, Bell Atlantic Financial Services Inc (“FSI”) makes adjustments to the Section 272 affiliates’ cash accounts.
  - Bank reconciliations are performed on a regular basis.

Payroll:

- BOCs and Section 272 affiliates utilize different PeopleSoft payroll systems.
- Section 272 affiliate employees time sheets are sent to the payroll department of non-regulated and Section 272 affiliates only.
- Payroll disbursements are distributed to the Section 272 employees through a Section 272 bank account.
- Payroll does not have access to the personnel files. Payroll records and personnel files are kept in secured rooms with restricted access.

Fixed Assets:

- Section 272 affiliates’ Asset Management process is separate from the BOC process. The Section 272 affiliates utilize a different software platform, different asset purchasing group, and a different location than the BOCs.
  - The asset purchasing group receives training in the affiliate transaction rules.
3. We obtained the September 2000 FSI line of credit reports for the Section 272 affiliates. Management indicated these FSI reports reflect all cash receipts and cash disbursements for the Section 272 affiliates for the month of September 2000. FSI is the affiliate of Bell Atlantic which provides treasury services to the Company’s non-regulated affiliates.

For BABS, we selected and obtained 6 cash receipts (which represented all cash receipts) and randomly selected and obtained 10 cash disbursements (including 5 payroll) from BABS' account at FSI and compared to the books and records of BABS and noted no differences.

For BACI, we randomly selected and obtained 10 cash receipts and 10 cash disbursements (including 5 payroll) from BACI's account at FSI and compared to the books and records of BACI and noted no differences.

For BAGNI, we selected and obtained 3 cash receipts (which represented all cash receipts) and randomly selected and obtained 10 cash disbursements (including 5 payroll) from BAGNI's account at FSI and compared to the books and records of BAGNI and noted no differences.

4. We obtained the Section 272 affiliates’ financial statements and listings of lease agreements as of September 30, 2000. We identified leases for which the annual obligation was \$500,000 or more. We randomly selected and obtained the lease agreements for 5 leases, and noted the terms and conditions. We obtained and inspected the Company’s lease accounting policies and the “Statement of Financial Accounting Standards No. 13, *Accounting for Leases*” assessment prepared by management indicating the accounting treatment determined by management for each lease and noted the assessment was prepared in accordance with the Company’s lease accounting policies. We noted such accounting policies were consistent with GAAP.

**Objective III: Affiliate Shall Have Officers, Directors, and Employees Separate from those of the BOC**

1. We obtained the BOCs' and Section 272 affiliates' policies and procedures for transferring, sharing and loaning employees between each other. Through inspection of the policies and procedures, and inquiry of management, we noted and documented the types of internal controls in place that would prevent one from being an officer, director, or employee of both the BOCs and Section 272 affiliates at the same time. According to the policies and procedures we obtained, employees are permitted to transfer between a BOC and a Section 272 affiliate; however, the loaning or sharing of employees is not permitted.

Management indicated the Bell Atlantic Corporate Governance Group ("CGG") is responsible for managing the requirement for the BOCs' and Section 272 affiliates' to have separate officers and directors. Potential officer and director candidates are compared to the roster of current Section 272 affiliate and BOC director and officer listings by the CGG and reviewed by the legal department and the Affiliate Interest Compliance Office. If a match is found that is inconsistent with the Section 272 affiliate separation requirements, a request is put in for a new candidate. When an employee from a BOC accepts a job offer at a Section 272 affiliate, or an employee from a Section 272 affiliate accepts an offer at a BOC, the affiliate human resources representative issues an Employee Action Record to notify the payroll staff of the new employee, the employee's start date and other critical information. The payroll staff representative then notifies the regulated corporate payroll staff of the impending transaction and requests a Reassignment – Transfer Checklist and a Transfer Form, which are completed by the corporate payroll staff and forwarded to the non-regulated payroll and employee change records teams, to ensure the individual is not on the payroll of both a Section 272 affiliate and a BOC at the same time.

2. We inquired and documented that the Section 272 affiliates and the BOCs maintain separate boards of directors and separate officers.

We obtained a list of officers' and directors' names for the BOCs and the Section 272 affiliates for January 3, 2000 through January 2, 2001 and compared the list of officers and directors of the BOCs to the list of officers' and directors' names of the Section 272 affiliates and noted no names that appeared on both lists.

We obtained the minutes of the Meetings of the Boards of Directors for the BOCs and the Consents in Lieu of Meeting of the Board of Directors for the Section 272 affiliates for January 3, 2000 through January 2, 2001. (Management indicated there were no Board of Directors' meetings held for the Section 272 affiliates since any action required or permitted to be taken at any meeting of the Board of Directors of a Delaware corporation may be taken without a meeting if all members of the board consent thereto in writing and all writings are filed with the minutes to the board. Therefore, we obtained Consents in Lieu of Meeting of the Board of Directors for the Section 272 affiliates.) We compared the minutes of the Meetings of the Board of Directors of the BOCs to the Consents in Lieu of Meeting of the Section 272 affiliates and noted a Bell Atlantic corporate officer who appeared on both documents. Management indicated the individual who appeared on both the BOC's minutes and the Section 272 affiliate Consent was a Section 272 affiliate officer and was not an officer or director of the BOC. We also noted the employee was not on the BOC's officers and directors listing.

3. We obtained and inspected the functional organizational chart for the Section 272 affiliates as of September 30, 2000 and noted that no departments report either functionally or administratively (directly or indirectly) to an officer of the BOCs.
4. We obtained the employee listings of the Section 272 affiliates and of the BOCs that included the social security numbers of the directors, officers and employees at September 30, 2000. We designed and executed a program which electronically compared social security numbers of directors, officers and employees on the Section 272 affiliates' lists to the BOCs' lists and noted that 14 individuals were listed on both the Section 272 affiliates' listings and the BOCs' listings. We documented the names and social security numbers of the 14 individuals which appeared on both listings. Management indicated that each of the 14 individuals had transferred to a Section 272 affiliate and were no longer employees of a BOC at September 30, 2000. Management also indicated that each of these 14 individuals appeared on the BOC listing because they received non-wage payments, such as a Fair Labor Standards Act adjustment in overtime rate based on employees' overtime worked while employed by the BOC, vacation buyouts, employee incentive awards, and motor vehicle allowance reimbursement from a BOC subsequent to the individual's transfer to a Section 272 affiliate. We also obtained employment histories for the 14 individuals from the Company's Employee Information System. By reference to the Company's Employee Information System only, we noted no instances where an individual was concurrently employed by a BOC and Section 272 affiliate.
5. We obtained the list of officers and employees who transferred from the BOCs, at any time between February 8, 1996 (the date of the Act) and January 2, 2001, to the Section 272 affiliates. We selected a random sample of 45 transferred employees to determine that the controls documented in Objective III, Procedure 1 were applied by inspecting employees' employment history from the Company's Employee Information System and noted no instances where an individual was concurrently employed by a BOC and Section 272 affiliate. We requested and received written confirmations from the 45 transferred employees that they did not use any proprietary information (e.g., customer proprietary network information (CPNI), Network Planning Manuals, Plant Traffic Practices, and OI&M Practices) obtained while they were employees of the BOCs and that no proprietary information was made available to them through friends and acquaintances still employed by the BOCs.
6. We obtained the lists of employees of the Section 272 affiliates (collectively, "the Employee List") since February 8, 1996, the date of the Act, through January 2, 2001. We selected a random sample of 90 employees from the Employee List and inspected the employment history report from the Company's Employee Information System. We documented whether the selected employees were employees of the BOCs or any of its affiliates at any time. We documented the number of employees, number of times, and dates each employee transferred between a BOC or any other affiliate and the Section 272 affiliate since February 8, 1996. We noted 12 employees that transferred from a BOC to a Section 272 affiliate since February 8, 1996. Each of these employees transferred one time from a BOC to a Section 272 affiliate between May 31, 1998 and April 30, 2000. We noted no instances where any of the selected employees had transferred from a Section 272 affiliate to a BOC.

7. We obtained the methodology used to calculate annual bonuses for officers and management employees of the Section 272 affiliates. We inquired of management, who indicated that Bell Atlantic's earnings per share is a component of the financial portion of the annual bonus calculation; however, the calculation of the annual bonuses is not tied to the exclusive performance of the BOCs or the Section 272 affiliates, or the combined performance of the BOCs and the Section 272 affiliates. Therefore, we did not obtain the related bonus calculations.

**Objective IV: Affiliate May Not Obtain Credit with Recourse to the Assets of the BOC**

1. We obtained the Section 272 affiliates' debt agreements (noting that these debt agreements were with a related party, FSI) and contracts with major suppliers of goods and services which documented the vendor, description of service and terms for such agreements. Major suppliers are defined as those having \$500,000 or more in annual sales to the Section 272 affiliates. We did not note any language indicating guarantees of recourse to the BOCs' assets, either directly or indirectly through another affiliate. Management indicated there were no other credit arrangements with other lenders.
2. We obtained the lease agreements (where the annual obligation is \$500,000 or more) used in Objective II, Procedure 4, which documented the terms and conditions of the Section 272 affiliates' lease agreements. We did not note any language in the agreements indicating recourse to the BOCs' assets, either directly or indirectly through another affiliate.
3. We requested written confirmations from FSI, and 78 major suppliers and lessors, confirming lack of recourse to the BOCs' assets for the debt agreements, contracts and leases maintained by the Section 272 affiliates. We received responses from FSI and 34 of the 78 major suppliers and lessors to which confirmation requests were sent, confirming they did not have recourse to the BOCs' assets.
4. We obtained the general ledgers for the Section 272 affiliates and documented the balances of accounts payable to the BOCs as of September 30, 2000. We noted no balances for advances from the BOCs in the general ledgers of the Section 272 affiliates. We noted from the general ledger that the balance of accounts payable to the BOCs at September 30, 2000 for BABS and BACI was **\*\*proprietary\*\*** and **\*\*proprietary\*\***, respectively. We noted no balance for accounts payable to the BOCs at September 30, 2000 for BAGNI.

**Objective V & VI: Affiliate Shall Conduct All Transactions with the BOC at Arm's Length, and the BOC Shall Account for All Transactions with the Separate Affiliate in Accordance with FCC Rules**

1. We documented the procedures used by the BOCs to identify, track, respond, and take corrective action to competitors' complaints. Management indicated that the regulatory liaison department is responsible for monitoring the complaint process. When a complaint arises, a complaint manager is assigned who, with the assistance of a representative from the line of business that is impacted by the complaint, is responsible for investigating the complaint. The complaint manager is responsible for compiling a formal response, including the corrective actions to be taken. A database is maintained by the regulatory liaison department to track the status of all complaints including the final resolutions thereto.

We obtained from the BOCs a list of FCC formal complaints, as defined in 47 CFR 1.720; FCC informal complaints, as defined in 47 CFR 1.716, and any written complaints made to a state regulatory commission from competitors involving the provision or procurement of goods, services, facilities, and information, or in the establishment of standards which were filed from January 3, 2000 through September 30, 2000. This list categorizes the complaints as follows:

- allegations of cross-subsidies (for Objective V and VI);
- allegations of discriminatory provision or procurement of goods, services, facilities, customer network services information (excludes customer proprietary network information (CPNI)), or the establishment of standards (for Objective VII);
- allegations of discriminatory processing of orders for, and provisioning of, exchange access and exchange services and unbundled network elements, and discriminatory resolution of network problems (for Objective VIII);
- allegations of discriminatory availability of exchange access facilities (for Objective IX);
- allegations of discriminatory availability of interLATA facilities or services not at the same rates and not on the same terms and conditions as the interLATA affiliate (for Objective XI); and
- other

Management indicated that there were no complaints filed applicable to Objective V/VI.

2. We obtained the BOCs' and the Section 272 affiliates' written procedures for transactions with affiliates in effect at September 30, 2000 and compared these procedures with the FCC Rules and Regulations indicated as "standards" in the *General Standards Procedures for Biennial Audits Required Under Section 272 of the Communications Act of 1934, As Amended*, and noted the Company's written procedures included the FCC Rules and Regulations indicated as standards above.
3. We inquired and documented how the BOCs and the Section 272 affiliates disseminate the FCC Rules and Regulations and raise awareness among employees for compliance with the affiliate transaction rules. We documented the type and frequency of training, literature distributed, the Company's policy and the supervision provided to employees responsible for affiliate transactions. Management indicated that all Section 272 affiliate employees are required to attend mandatory Section 272 compliance training conducted by the Affiliate Transactions Compliance Office. The Section 272 affiliate transaction policy training includes: an overview of the Telecommunications Act of 1996, identification of the Section 272 affiliates, the affiliate transaction rules, the consequences of non-compliance with the

rules, the structural, accounting and non-discriminatory compliance requirements, information sharing and joint marketing.

Employees are provided with written documentation on the Affiliate Transactions Policy, global e-mails are sent to disseminate information, target letters are sent to specific organizations and videos and summaries are given to employees. The Affiliate Transactions Policy is also located on the Corporate Wide Web.

The BOC's Code of Business Conduct states the guidelines that BOC employees are required to follow and includes a section on Affiliate Transactions that covers the proper allocation of costs between regulated and non-regulated affiliates, the prescribed pricing of transactions and the appropriate documentation and reporting of time and expense charges related to inter-company transactions.

There is an Affiliate Interest Compliance Office Hotline, and each business unit is assigned a specific Compliance Officer who is required to answer any questions employees may have on the subject. In addition, each business unit has an attorney who can be reached to answer questions relative to transactions with Section 272 affiliates.

We requested certain employees who are responsible for developing and recording affiliate transaction costs in the books of record of the carrier to complete a questionnaire surrounding their awareness of the FCC Rules and Regulations governing affiliate transactions. We interviewed these employees and documented that the individuals indicated they were aware of these rules and received training with respect to these rules.

4. We inquired of management and documented the following process that a Section 272 affiliate must follow to request any type of service from the BOCs, and the approval process within the BOCs to fulfill a request for service from a Section 272 affiliate. Management indicated the Section 272 affiliates must request service from the BOCs in the same manner as unaffiliated entities. A BOC account executive is the customer interface for all requests for service from both the Section 272 affiliates and unaffiliated entities for the services provided by the account executive's organization. There is an account executive for each particular line of business, or business unit. The account executive is responsible for designating a BOC lead negotiator. The lead negotiator is the overall project manager responsible for the negotiation and affiliate transaction documentation. The lead negotiator is responsible for assembling the negotiation team including the necessary subject matter experts and legal counsel. The lead negotiator is responsible for communicating with the Affiliate Interests Compliance Office.

The BOC coordinates with the Affiliate Interest Compliance Office and legal counsel to determine whether the transaction is permitted under the affiliate transaction rules and regulations. If the transaction violates existing state or federal regulatory or statutory requirements, the negotiation process is terminated. The negotiating team must also determine whether transactions can be conducted in a non-discriminatory manner.

5. We obtained the written agreements for services and for interLATA and exchange access facilities between the BOCs and the Section 272 affiliates in effect from January 3, 2000 through September 30, 2000. We summarized these agreements and documented the names of parties, type of service, rates, terms, and conditions. We compared the services rendered by the BOCs to the Section 272 affiliates under these agreements with the list of services provided by the BOCs to the Section 272 affiliates in Objective I, Procedure 4 and noted no

differences between the list of services provided in Objective 1, Procedure 4 and the services listed in the agreements. We noted that all agreements except seven were still in effect as of September 30, 2000. Detailed information concerning these seven agreements has been provided in the table below:

**Table No. 1**

Ref. No.	Names of Parties		Type of Service	Price, Terms, & Conditions*
	Party Providing Service	Party Receiving Service		
1	Network Services, Inc. ("NSI") on behalf of New England Telephone and New York Telephone	BACI	Long Distance Sales Training	Expired on March 31, 2000
2	NSI on behalf of all BOCs	BACI and BABS	Program Development	Expired on August 3, 2000. This service was incorporated into the billing and collections agreements for BACI and BABS, effective January 3, 2000 and March 15, 2000, respectively.
3	BACI	NSI on behalf of all Bell Atlantic South BOCs <sup>3</sup> and Telesector Resource Group ("TRG") on behalf of all Bell Atlantic North BOCs <sup>4</sup>	Operator Services: - Directory Assistance Services Security Escort Services	
4	BABS	NSI on behalf of all South BOCs and TRG on behalf of all North BOCs	Operator Services: - Directory Assistance Services Security Escort Services	
5	BAGNI	NSI on behalf of all South BOCs and TRG on behalf of all North BOCs	Operator Services: - Directory Assistance Services Security Escort Services	

<sup>3</sup> For purposes of this report, the Bell Atlantic South BOCs include Bell Atlantic-PA, Bell Atlantic-NJ, Bell Atlantic-DE, Bell Atlantic-MD, Bell Atlantic-VA, Bell Atlantic-DC, Bell Atlantic-WV.

<sup>4</sup> For purposes of this report, the Bell Atlantic North BOCs include New York Telephone Company and New England Telephone and Telegraph Company.



Ref. No.	Names of Parties		Type of Service	Price, Terms, & Conditions*
	Party Providing Service	Party Receiving Service		
6	New England Telephone and Telegraph	BAGNI	Space Sublease	Expired as of September 30, 2000
7	New England Telephone and Telegraph	BAGNI	Space Lease	Expired as of September 30, 2000
<p>* For information on price, terms, and conditions for the agreements, see the Section 272(b)(5) websites:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.callbell.com/regreqs2/index.cfm">www.callbell.com/regreqs2/index.cfm</a> for BACI</li> <li>• <a href="http://www.callbell.com/regreqs2/index.htm">www.callbell.com/regreqs2/index.htm</a> for BABS</li> <li>• <a href="http://www.baglobal.com/regrequirements.html">www.baglobal.com/regrequirements.html</a> for BAGNI</li> </ul>				

Management indicated that the strike dates were August 5, 2000 through August 24, 2000 for the Bell Atlantic South BOCs, and August 5, 2000 through August 22, 2000 for the Bell Atlantic North BOCs.

We noted that three of the five agreements that were no longer in effect as of September 30, 2000 were terminated prematurely during the period from January 3, 2000 through September 30, 2000. The three agreements that were terminated prematurely were for strike related services which were no longer needed after the strike had ended. We noted two agreements for real estate services that expired as of September 30, 2000, for which BAGNI continued to receive the services and make payments to the BOCs. These two real estate services were being provided on a month-to-month basis subsequent to the expiration of the related agreements which management indicated is consistent with common practice for real estate leases. We inquired of management and documented that the BOCs' policy is to provision services to the Section 272 affiliates only with a written agreement.

6. Within a week after September 30, 2000, we viewed the Section 272(b)(5) websites:
- [www.callbell.com/regreqs2/index.cfm](http://www.callbell.com/regreqs2/index.cfm) for BACI,
  - [www.callbell.com/regreqs2/index.htm](http://www.callbell.com/regreqs2/index.htm) for BABS; and
  - [www.baglobal.com/regrequirements.html](http://www.baglobal.com/regrequirements.html) for BAGNI

We also printed the web postings of the contract summaries as of September 30, 2000. We compared the rates, terms and conditions of services on the web postings to the written agreements provided in Objective V/VI, Procedure 5 and noted the following:

- 839 web postings in total (representing 135 written agreements and 51 amendments) of which 459 were posted in 2000 (representing 7 written agreements and 34 amendments);
- Rates, terms and conditions for 535 of the 839 web postings were agreed to the written agreements with no exceptions;
- 44 of the 839 web postings contained multiple errors; 129 of the 839 web postings contained discrepancies as compared to the written agreements. A list of the 129 web postings is provided in Attachment I, Table No. 2. The 129 web postings represent 11 written agreements and 14 amendments. Management indicated that the discrepancies occurred as a result of administrative errors.
- written agreements related to 96 of the 839 web postings were prepared in the form of Access Service Requests, which did not contain sufficiently detailed information necessary to enable us to agree the specific rates, terms and conditions in the written

- agreements to the web postings (representing 96 written agreements). A list of the 96 web postings related to Access Service Requests written agreements is provided in Attachment I, Table No. 3. Management indicated that the Access Service Requests were not sufficiently detailed to meet the Section 272 (b)(5) web postings requirements and the information was provided to the Section 272 affiliates for posting to the web by the BOCs' account executives. Management indicated that the terms and conditions are in accordance with the provisions of FCC and state public utility commission tariffs, and the same terms and conditions are offered by the BOCs to the Section 272 affiliates and IXCs. Management indicated that requests for access service were originally handled on an individual basis using an Access Service Request. Memorandums of Understanding have since been created to include all services not covered under the earlier Access Service Requests. Management indicated that Access Service Requests and Memorandums of Understanding are maintained for similar agreements between the BOCs and Section 272 affiliates in order to comply with the Section 272 (b)(5) requirement that transactions between the BOCs and Section 272 affiliates be reduced to writing and available for inspection;
- four web postings (representing two amendments) related to access services were not posted on the Section 272(b)(5) websites as of January 2, 2001, but were subsequently posted during February 2001. A list of the four web postings is provided in Attachment I, Table No. 4. For three of the four web postings, the original agreements were between Bell Atlantic-New York and the Section 272 affiliates. Management indicated there was an amendment which added an affiliate, which was not a Section 272 affiliate, to the agreements. Management indicated the amendments were originally posted to that affiliates' website and not the Section 272 (b) (5) website since the affiliate added was not a Section 272 affiliate. Management indicated that the fourth web posting between BABS and Bell Atlantic-Maryland was inadvertently excluded from the website.

We inquired of management and documented the procedures the Section 272 affiliates have in place for posting affiliate transactions on a timely basis. Management indicated that the Section 272 affiliates have the following procedures in place for posting transactions on the web on a timely basis:

- Section 272 affiliate lead negotiator prepares the web transactional page which describes the transaction.
- Section 272 affiliate contract administrator verifies the web transactional page was posted to coordinate distribution of posting material.
- the web transactional page is posted by the Section 272 affiliate.
- to ensure process compliance and timely posting, the web transaction pages are reviewed by the Section 272 affiliate contract administrator to ensure that no web transaction pages are missing. In instances where web transactional pages are missing, the Section 272 affiliate contract administrator notifies the lead negotiator, web posting employee, and the Affiliate Legal and Federal Regulatory team.

We compared the transaction date to the posting date for the 839 web postings referred to above and noted that 51 web postings (which represent seven amendments) of the 459 contract summaries posted in 2000 were not posted on the Section 272(b)(5) websites within the required 10 calendar days. Of the 51 web postings, 37 web postings were posted within five days after the required posting date. Nine web postings were posted within six to 10 days after the required posting date, and five web postings were posted more than 10 days after the required posting date. A list of the 51 web postings is provided in Attachment I, Table No. 5. Management indicated that the web postings were not posted within the

required period as the result of an administrative error. 408 of the 459 web postings posted in 2000 were posted within the required 10 calendar days.

We inspected and noted that 68 web postings (which represent 22 written agreements and six amendments) of the 839 web postings did not contain some of the required disclosures necessary for posting. A list of the 68 web postings is provided in Attachment I, Table No. 6. Management indicated that the omissions of data occurred as a result of an administrative error.

We selected a random sample of 85 web postings to determine whether the same information was made available for public inspection at the principal place of business of the BOCs at three judgmentally selected BOCs' locations. We noted that four web postings and their related agreements and Officer Certification Statements were not made available for public inspection when we visited the principal place of business of one of the BOCs. Detailed information concerning these four web postings has been provided in the table below:

**Table No. 7**

Ref. No.	Parties		Agreement*
	Provided By	Provided To	
1	BACI	Bell Atlantic-Maine	Emergency Work Stoppage Agreement
2	BAGNI	Bell Atlantic-Massachusetts	Emergency Work Stoppage Agreement
3	BAGNI	Bell Atlantic-Vermont	Emergency Work Stoppage Agreement
4	BA-New York	BACI	Amendment No. 10 to Marketing and Sales Agreement
<p>* For information on price, terms, and conditions for the agreements, see the Section 272(b)(5) websites:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.callbell.com/regreqs2/index.cfm">www.callbell.com/regreqs2/index.cfm</a> for BACI</li> <li>• <a href="http://www.callbell.com/regreqs2/index.htm">www.callbell.com/regreqs2/index.htm</a> for BABS</li> <li>• <a href="http://www.baglobal.com/regrequirements.html">www.baglobal.com/regrequirements.html</a> for BAGNI</li> </ul>			

At two of the BOCs' locations, we noted that tariff pages for six agreements (three at each location) were not made available for public inspection. Detailed information concerning these six web postings has been provided in the table below:

**Table No. 8**

Ref. No.	Parties		Agreement*
	Provided By	Provided To	
1	Bell Atlantic-New England	BABS	Service Agreement (for data exchange and database access services)
2	Bell Atlantic-New England	BABS	Service Agreement (for data exchange and database access services), Amendment No. 1
3	Bell Atlantic-New England	BACI	Service Agreement (for data exchange and database access services), Amendment No. 1
4	Bell Atlantic-Pennsylvania	BABS	Service Agreement (for data exchange and database access services), Amendment No. 1

Ref. No.	Parties		Agreement*
	Provided By	Provided To	
5	Bell Atlantic-Pennsylvania	BACI	Service Agreement (for data exchange and database access services), Amendment No. 1
6	Bell Atlantic-Pennsylvania	BACI	Local Exchange – Centrex Services, Amendment No. 2
<p>* For information on price, terms, and conditions for the agreements, see the Section 272(b)(5) websites:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.callbell.com/regreqs2/index.cfm">www.callbell.com/regreqs2/index.cfm</a> for BACI</li> <li>• <a href="http://www.callbell.com/regreqs2/index.htm">www.callbell.com/regreqs2/index.htm</a> for BABS</li> <li>• <a href="http://www.baglobal.com/regrequirements.html">www.baglobal.com/regrequirements.html</a> for BAGNI</li> </ul>			

Management indicated that the tariff pages were inadvertently excluded from the agreements made available for public inspection. The Company made no claims of confidentiality for nondisclosure.

7. For nontariffed services and for services for which a prevailing market price (“PMP”) has not been established, or which are not subject to agreements filed with a public service commission, we inquired of management and documented the BOCs’ and the Section 272 affiliates’ process for developing fully distributed cost (“FDC”). Management indicated that the entity providing the service is responsible for gathering most of the information required to develop the FDC calculation. Examples of the types of information that an entity providing the service should provide include a detailed description of the product or service being provided, the job function code or titles of the employees involved, the number of employees in each job function or title, the building location and floor space used by these employees, any computer systems utilized, vendor or outside contractor costs, or any special equipment or supplies purchased. This information is forwarded to the Bell Atlantic Service Costs Department (a department of NSI and TRG), which calculates FDC.

We inquired of management and documented and identified the type of costs included in FDC. Management indicated FDC includes direct labor, materials, overhead, and return on investment. For two services provided by the BOC to the Section 272 affiliates, we obtained and documented the actual development of FDC. These services included: (a) Business Service Center/Account Team Center (General Business) to BABS, and (b) Sales/Service (Consumer Sales) to BACI.

- (a) The FDC for Business Service Center/Account Team Center (General Business) to BABS included direct labor, non-wage expenses and overhead, and return on investment for each cost component. Specific cost components include:
- Labor Costs
  - Third Party Acquisitions - Order Processing
  - Work Flow Manager Cost
  - Incentive Program Costs
  - Service Order Processing System Costs
  - SalesStar System Costs
- (b) The FDC for Sales/Service (Consumer Sales) to BACI included direct labor, non-wage expenses and overhead, and return on investment for each cost component. Specific cost components include:
- New Hires
  - Management
  - Systems

For the one service provided by the Section 272 affiliates to the BOC, we documented the actual development of FDC. This service was related to an employee strike.

The FDC for Work Stoppage Services included the following types of costs:

- Average Annual Salary
- Bonus Payout
- Benefit Loading
- ROI

8. For nontariffed services and for services for which a PMP has not been established, or which are not subject to agreements filed with a public service commission, we inquired of management and documented the process the BOCs and the Section 272 affiliates follow to make good faith estimates of fair market value (“FMV”). Management indicated that a good faith determination of the fair market value requires the use of methods that are routinely used by the general business community. Examples of general business methods for obtaining fair market valuations include independent valuations such as appraisals, the use of catalogs listing similar items, competitive bids, the replacement cost of an asset, and the net realizable value of an asset. Additionally, the Company has engaged an unaffiliated entity to perform fair market valuations.

The entity providing the good, service or transferring the asset is responsible for obtaining a fair market value for all associated costs. The entity develops a detailed description of the goods, services or assets involved, and provides any additional information required by an independent firm to further assist in the valuation of the goods, services or assets being valued.

For two services provided by the BOCs to the Section 272 affiliates, we obtained and documented the actual development of FMV. These services included: (a) utility service associated with a real estate lease, and (b) Wholesale National Directory Assistance to BAGNI.:

- (a) The FMV for the selected real estate utility service was developed by an unaffiliated entity and was based on the utility company’s rate and actual monthly usage.
- (b) The FMV for Wholesale National Directory Assistance was developed by review of the responses to the related BAGNI request for proposal.

For the one service provided by the Section 272 affiliates to the BOCs, we documented the actual development of FMV. This service was related to the strike. We noted that management developed the FMV by referencing actual wages and publicly available third party wages for similar job functions, and social security and Medicare taxes.

9. We obtained a listing and amounts of services rendered by month by the BOCs to the Section 272 affiliates from January 3, 2000 through September 30, 2000. We identified those services made available to the Section 272 affiliates and not made available to third parties. Management indicated that these services were for joint marketing and are consistent with “CC Docket 96-149, *In the Matter of Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended, First Report and Order and Further Notice of Proposed Rulemaking.*” We selected a random sample of 70 transactions and we requested unit charges of FDC and FMV, as appropriate, to determine if

these amounts were recorded in the books of the BOCs in accordance with the affiliate transactions standards. We were unable to obtain the FMV at the unit charge level for 49 of the 70 transactions. Accordingly, for these 49 transactions, we attempted to compare FDC and FMV for individual components of the unit charges and noted the following:

- For 15 of the 49 transactions, we were able to compare all individual components of FDC and FMV; and
- For 34 of the 49 transactions, we were able to compare some but not all of the components of FDC and FMV. Management indicated that the Company requested but was not able to obtain FMV from the third parties for services such as the development and maintenance of customer database records and the customer complaint center because the related services were unique to the Company. We obtained from management a letter from the unaffiliated entity that indicated a FMV could not be obtained for these services.

Detailed information concerning these 15 and 34 transactions has been provided in the tables below:

**Table No. 9**

Ref. No.	Transaction (Service)	Amount (FDC)	Date	Parties	Components Compared
1	Agents – Premises	**proprietary**	March	NYT*/ BABS	All
2	Agents – Premises	**proprietary**	April	NYT / BABS	All
3	Agents – Premises	**proprietary**	May	NYT / BABS	All
4	Agents – Premises	**proprietary**	July	NYT / BABS	All
5	Agents – Premises	**proprietary**	August	NYT / BABS	All
6	Agents – Premises	**proprietary**	September	NYT / BABS	All
7	Agents – Telemarketing	**proprietary**	May	NYT / BABS	All
8	Agents – Telemarketing	**proprietary**	September	NYT / BABS	All
9	Agents – Premises and Telemarketing	**proprietary**	March	NYT / BABS	All
10	Agents – Premises and Telemarketing	**proprietary**	May	NYT / BABS	All
11	Agents – Premises and Telemarketing	**proprietary**	June	NYT / BABS	All
12	Agents – Premises and Telemarketing	**proprietary**	September	NYT / BABS	All
13	Cost of Observation	**proprietary**	March	NYT / BABS	All
14	Cost of Observation	**proprietary**	June	NYT / BABS	All
15	Cost of Observation	**proprietary**	August	NYT / BABS	All

\* New York Telephone Company

Table No. 10

Ref. No.	Transaction (Service)	Amount (FDC)	Date	Parties	Components Compared
1	Business Service Center / Account Team Center – NY	**proprietary**	March	NYT*/ BABS	Some
2	Business Service Center / Account Team Center – NY	**proprietary**	April	NYT / BABS	Some
3	Business Service Center / Account Team Center – NY	**proprietary**	June	NYT / BABS	Some
4	Business Service Center / Account Team Center – NY	**proprietary**	August	NYT / BABS	Some
5	Business Service Center / Account Team Center – NY	**proprietary**	September	NYT / BABS	Some
6	Business Service Center / Account Team Center / LaConnexion – ME	**proprietary**	March	NYT / BABS	Some
7	Business Service Center / Account Team Center / LaConnexion – ME	**proprietary**	May	NYT / BABS	Some
8	Business Service Center / Account Team Center / LaConnexion – ME	**proprietary**	June	NYT / BABS	Some
9	Telephone Account Manager	**proprietary**	March	NYT / BABS	Some
10	Telephone Account Manager	**proprietary**	April	NYT / BABS	Some
11	Telephone Account Manager	**proprietary**	May	NYT / BABS	Some
12	Telephone Account Manager	**proprietary**	September	NYT / BABS	Some
13	Direct Marketing Center	**proprietary**	March	NYT / BABS	Some
14	Direct Marketing Center	**proprietary**	May	NYT / BABS	Some
15	Direct Marketing Center	**proprietary**	June	NYT / BABS	Some
16	Direct Marketing Center	**proprietary**	September	NYT / BABS	Some
17	Out of Region	**proprietary**	March	NYT / BABS	Some
18	Out of Region	**proprietary**	April	NYT / BABS	Some
19	Out of Region	**proprietary**	June	NYT / BABS	Some

Ref. No.	Transaction (Service)	Amount (FDC)	Date	Parties	Components Compared
20	Out of Region	**proprietary**	August	NYT / BABS	Some
21	Internet Telemarketing	**proprietary**	April	NYT / BABS	Some
22	Internet Telemarketing	**proprietary**	May	NYT / BABS	Some
23	Internet Telemarketing	**proprietary**	June	NYT / BABS	Some
24	Internet Telemarketing	**proprietary**	September	NYT / BABS	Some
25	Cost Allocation Manual	**proprietary**	June	NYT / BABS	Some
26	Cost Allocation Manual	**proprietary**	August	NYT / BABS	Some
27	Ordering Processing Services for Agents	**proprietary**	July	NYT / BACI	Some
28	Ordering Processing Services for Agents	**proprietary**	August	NYT / BACI	Some
29	Ordering Processing Services for Multi-Dwelling Unit Agents	**proprietary**	August	NYT / BACI	Some
30	Sales/Service	**proprietary**	March	NYT / BACI	Some
31	Sales/Service	**proprietary**	April	NYT / BACI	Some
32	Sales/Service	**proprietary**	May	NYT / BACI	Some
33	Sales/Service	**proprietary**	June	NYT / BACI	Some
34	Sales/Service	**proprietary**	August	NYT / BACI	Some

\* New York Telephone Company

We noted that for nine of the 70 transactions (which represents three services), the Section 272 affiliate was charged an amount other than FDC or FMV as the result of an administrative error. Detailed information concerning these nine transactions has been provided in the table below:

**Table No. 11**

Ref. No.	Transaction (service)	Amount Charged	Date	Parties
1	Targeted Inbound Telemarketing	**proprietary**	July	NYT / BACI
2	Untargeted Inbound Telemarketing	**proprietary**	March	NYT / BACI
3	Untargeted Inbound Telemarketing	**proprietary**	July	NYT / BACI



Ref. No.	Transaction (service)	Amount Charged	Date	Parties
4	Untargeted Inbound Telemarketing	**proprietary**	August	NYT / BACI
5	Targeted Outbound Telemarketing	**proprietary**	March	NYT / BACI
6	Targeted Outbound Telemarketing	**proprietary**	May	NYT / BACI
7	Targeted Outbound Telemarketing	**proprietary**	June	NYT / BACI
8	Targeted Outbound Telemarketing	**proprietary**	July	NYT / BACI
9	Targeted Outbound Telemarketing	**proprietary**	August	NYT / BACI
* The amounts originally provided for these services were estimates. Management indicated that the amounts were billed in October 2000.				

For all 70 transactions, we traced the invoiced amount to the books of the BOC. We documented the amounts the Section 272 affiliates recorded for the services in their books of record. We also documented the amount the Section 272 affiliates paid the BOCs for the services. We compared the invoiced amount recorded in the BOC's books of record to the amount recorded in the Section 272 affiliate's books of record and noted no differences.

10. We obtained a listing and amounts charged for services by month to the BOCs by the Section 272 affiliates from January 3, 2000 through September 30, 2000. For 17 transactions (which represent all transactions for the service offered to the BOCs by the Section 272 affiliates), we compared unit charges to FDC or FMV, as appropriate, and determined that the costs for these transactions were recorded in the books of the BOCs at the lower of FDC or FMV in accordance with the affiliate transaction standards.

Management indicated that BACI, BABS and BAGNI billed Bell Atlantic-PA, Bell Atlantic-DC, Bell Atlantic-MD, Bell Atlantic-VA, Bell Atlantic-DE, Bell Atlantic-NJ and Bell Atlantic-NY a combined **\*\*proprietary\*\*** for Directory Assistance Services provided during the strike. The strike dates were August 5, 2000 through August 24, 2000 for the Bell Atlantic South BOCs, and August 5, 2000 through August 22, 2000 for the Bell Atlantic North BOCs. Management met with members of the FCC's Common Carrier Bureau to discuss their desire to use employees from the Section 272 affiliates to provide services to the BOCs during the work stoppage. Management was advised by the Common Carrier Bureau that Verizon could use employees from the Section 272 affiliates to provide services to the BOCs during the work stoppage provided the transaction was provided in accordance with all rules, regulations and statutes. Since there was no prevailing price, in accordance with the applicable rule, the transaction was recorded in the BOCs books at the lower of FDC or FMV.

We documented the amount the BOCs recorded for these transactions in their books of record. For two of the 17 transactions, the amount recorded by the Section 272 affiliate could not be agreed to the amount recorded by the BOCs due to a reclass in the amounts billed of **\*\*proprietary\*\***. However, in total, the amounts recorded for these two transactions by the BOCs and Section 272 affiliate were the same. For one of the 17 transactions, the amount recorded by the Section 272 affiliate could not be agreed to the amount recorded by the BOC

due to disputes in the amounts billed of **\*\*proprietary\*\***. We also documented the amount the BOCs paid for these transactions to Section 272 affiliates. For one of the 17 transactions, we were unable to trace the invoiced amount to the books of record of the BOC as this transaction was not yet fully paid by the BOC. The transaction was for services provided by BACI for Bell Atlantic-Maryland in August 2000. The total amount billed was **\*\*proprietary\*\***, of which **\*\*proprietary\*\*** was not paid.

11. We inquired and documented how and who maintains the Section 272 affiliates' employee benefit plans (such as life insurance, health insurance, retirement plans). We inquired of management and management indicated the costs for administering these plans are allocated to the Section 272 affiliates and these benefits are not funded by the BOCs. The employee benefit plans are administered by the Bell Atlantic Human Resources - Benefits Planning Group, a department of NSI and TRG. The costs for these plans are allocated to the participating affiliates based on several factors, including relative number of employees enrolled in the plans at each entity, relative payroll of the entities, and historical cost.
12. We obtained a listing and amounts charged for services by month by each of the two central services organizations to the Section 272 affiliates from January 3, 2000 through September 30, 2000 and documented the methodology used to identify and cost these services. The two central service organizations are TRG and NSI. For a random sample of 70 transactions rendered by TRG and a random sample of 80 transactions rendered by NSI, we obtained the related invoices and intercompany payment reports, which indicated that the Section 272 affiliates were billed and paid for these transactions.

The Company utilizes a cost allocation system that is based on direct allocation for those costs which can be directly attributed to the entity receiving the services. Where costs cannot be directly assigned, the allocation is based on an indirect cost causative principle. The services rendered by TRG and NSI to the Section 272 affiliates are priced using a FDC methodology.

13. We obtained the balance sheets and detailed listings of fixed assets for the Section 272 affiliates at September 30, 2000. We performed the procedures indicated in Objective I, Procedure 7. We inquired of management and management indicated there were no fixed assets purchased or transferred from the BOCs to the Section 272 affiliates as of September 30, 2000. Management indicated fixed assets were transferred to the Section 272 affiliates from other non-regulated affiliates. We selected a random sample of 86 fixed assets transferred from other non-regulated affiliates. We identified and documented whether they were originally transferred from the BOCs to other affiliates by inspecting third party and other non-regulated affiliate invoices. We obtained and inspected third party invoice support for 72 of 86 selections and noted no instances where those items purchased or transferred from another affiliate as of September 30, 2000 were originally transferred from the BOCs. For 14 of the 86 selections, we were unable to obtain third party and other non-regulated affiliate invoices as management was unable to locate such invoices. Therefore, we were unable to determine whether these 14 items were originally transferred from the BOCs. Detailed information concerning these 14 invoices has been provided in the table one the following page.

Table No. 12

Ref. No.	Asset Description	Cost	Affiliate Purchased From	Third Party Vendors	Transaction Date
1	**proprietary* * Network Router	**proprietary**	BANI*	**proprietary** *	05/15/2000
2	Cabinet	**proprietary**	BANI	**proprietary** *	01/01/2000
3	Cabinet	**proprietary**	BANI	**proprietary** *	05/19/2000
4	Cabinet	**proprietary**	BANI	**proprietary** *	06/01/2000
5	Cabinet	**proprietary**	BANI	**proprietary** *	03/24/2000
6	Cabinet	**proprietary**	BANI	**proprietary** *	03/24/2000
7	Cabinet	**proprietary**	BANI	**proprietary** *	04/28/2000
8	Cabinet	**proprietary**	BANI	**proprietary** *	05/19/2000
9	Cabinet	**proprietary**	BANI	**proprietary** *	01/01/2000
10	Cabinet	**proprietary**	BANI	**proprietary** *	01/01/2000
11	Cisco 6400 Network Router	**proprietary**	BANI	**proprietary** *	01/01/2000
12	24 Port 10/100 Ethernet.	**proprietary**	BANI	**proprietary** *	01/01/2000
13	Cabinet	**proprietary**	BANI	**proprietary** *	05/19/2000
14	Cabinet	**proprietary**	BANI	**proprietary** *	05/15/2000
* Bell Atlantic Network Integration.					

14. We inquired of management and management indicated there were no interconnection, unbundled network elements, or resold services purchased by the Section 272 affiliates from the BOCs pursuant to Section 252(e) or statements of generally available terms pursuant to Section 252(f).
15. We inquired of management and management indicated that no part of the BOCs' Official Services network was transferred or sold to the Section 272 affiliates at any time.
16. We inquired of management and management indicated there were no sales or transfers of any BOCs' facilities to the Section 272 affiliates from February 8, 1996 through January 2, 2001.

17. We inquired of management and management indicated there has been no unique reconfiguration of the telephone network of the BOCs to connect to the network of the Section 272 affiliates other than as provided under access tariffs, and that reconfiguration is offered to the Section 272 affiliates and unaffiliated entities under the same conditions.

## **Objective VII: The BOC May Not Discriminate Against Any Entity in the Provision of Goods and Services**

1. See Objective V/VI, Procedure 1 for work performed for this procedure. Management indicated that three complaints applicable to Objective VII were filed. Two of these complaints have been resolved as follows:
  - On July 21, 2000, Yellow Book USA filed a formal complaint with the FCC regarding Bell Atlantic's rates for subscriber list information. Yellow Book USA claimed that Bell Atlantic's rates for subscriber list information were unreasonable because they were based on the value of the subscriber list information rather than at cost. On August 28, 2000, the complaint was dismissed.
  - On December 12, 1999, the Independent Payphone Association of New York ("IPANY") filed a formal complaint with New York Public Service Commission ("NYPSC") regarding rates for public access lines. IPANY was seeking the establishment of a permanent reasonable rate for public access line service provided by Verizon-New York, refunds from April 1, 1997, and the establishment of prospective rates for public access lines and rates for usage. On August 16, 2000, the NYPSC issued an order denying the IPANY petition.
  
2. We obtained the BOCs' written procurement procedures, practices, and policies for services and goods at September 30, 2000 including services and goods provided by the Section 272 affiliates. We inquired of management and documented details of the BOCs' bidding process, the selection process, and the methodology by which the BOCs disseminate requests for proposals to affiliates and third parties is summarized as follows:
  - BOC determines need for product or service
  - BOC contacts Corporate Sourcing (Corporate Sourcing is part of NSI, and provides procurement services to all affiliates.)
  - Sourcing forms a Cross Functional Team ("CFT") of users and stakeholders
  - Scope of Work is prepared by BOC
  - Potential list of suppliers is identified by the team
  - Request for Price ("RFP") is prepared by Sourcing
  - RFP distributed to suppliers (minimum of three)
  - Request for Revised Proposal distributed to short list of suppliers
  - Responses received and reviewed by CFT
  - Negotiations held with top supplier(s)
  - Selected supplier is awarded the contract

Total cost, quality, service, technology, and continuous improvement are considered when selecting a supplier. We did not note any stated purchasing preferences contained in the BOCs' procedures that would favor the Section 272 affiliates.

3. We inquired of management as to the BOCs' procurement awards to the Section 272 affiliates and bids submitted by the Section 272 affiliates from January 3, 2000 through September 30, 2000. Management indicated that there were no procurement awards by the BOCs to the Section 272 affiliates and no bids submitted by the Section 272 affiliates to the BOCs during the period.
  
4. We obtained a summarized listing of the goods (including software), services, facilities, and customer network services information, excluding CPNI as defined in Section 222(f)(1) of the Communications Act of 1934, as amended, and exchange access services and facilities

inspected in Objective IX, made available to the Section 272 affiliates (the “Summarized Services Listing”). We prepared a detailed listing of the contracts for such items from the contract summaries posted on the Section 272(b)(5) websites (the “Detailed Services Listing”):

- [www.callbell.com/regreqs2/index.cfm](http://www.callbell.com/regreqs2/index.cfm) for BACI,
- [www.callbell.com/regreqs2/index.htm](http://www.callbell.com/regreqs2/index.htm) for BABS; and
- [www.baglobal.com/regrequirements.html](http://www.baglobal.com/regrequirements.html) for BAGNI

We compared the Summarized Services Listing to the Detailed Services Listing and noted that the types of services included on the Detailed Services Listing were included on the Summarized Services Listing. Management reviewed the Detailed Services Listing and indicated it was a complete listing of goods (including software), services, facilities, and customer network services information, excluding CPNI as defined in Section 222(f) (1) of the Communications Act of 1934, as Amended, and exchange access services and facilities inspected in Objective IX, offered to the Section 272 affiliates. We then inquired of management as to the existence of any media used by the BOCs to inform unaffiliated entities of the availability of the same goods (including software), services, facilities, and information provided to the Section 272 affiliates. Management indicated the media used to inform carriers of such items are the Section 272(b)(5) websites referred to above. Therefore, we obtained the underlying agreements for goods, services, facilities, and information between the BOCs and the Section 272 affiliates with their related rates, terms and conditions. We then compared the rates, terms and conditions offered by the BOCs to the Section 272 affiliates, per these underlying agreements, with the rates, terms and conditions offered unaffiliated carriers per the contract summaries posted on the Section 272(b)(5) websites. The results of this comparison are reflected in the results for Objective V/VI, Procedure 6.

5. We obtained lists from the BOC of all unaffiliated entities who purchased the same goods (including software), services, facilities, and customer network services information (excludes CPNI) from the BOC during 2000. These services include billing and collections and local exchange services.

For billing and collections services, we obtained a schedule detailing billing & collections revenue and documented the extent of purchases made by unaffiliated entities during 2000 **\*\*proprietary\*\***). We selected a random sample of 16 unaffiliated entities who contracted or renewed their billing and collection contracts in 2000 and requested copies of the related billing and collections services agreements. We compared the rates, terms and conditions appearing on the agreements of the sampled unaffiliated entities to the rates, terms and conditions offered to the Section 272 affiliates during the same time period and noted no exceptions.

For local exchange services, we obtained a schedule detailing Enterprise local exchange revenue and documented the extent of purchases made by unaffiliated entities during 2000 **\*\*proprietary\*\***). We selected a random sample of 100 Enterprise customers from the listing of unaffiliated entities referenced above. For these Enterprise customers who purchased local exchange services from the BOC, we obtained copies of their Customer Service Records (“CSRs”). We compared the rates, terms and conditions appearing on the CSRs of the unaffiliated entities to the rates, terms and conditions appearing on the CSRs of the Section 272 affiliates and noted no differences.

For the above selections of billing and collections and local exchange services provided to the Section 272 affiliates, we documented the amount paid to the BOC for such services

(\*\*proprietary\*\* for billing and collections and \*\*proprietary\*\* for local exchange services).

6. We obtained and documented the BOCs' methods for disseminating information about network changes, establishing or adopting new network standards and for the availability of new network services to the Section 272 affiliates and to unaffiliated entities. The information is disseminated using the following methods:
  - Industry Letters
  - Bell Atlantic Wholesale Markets web site ([www.bellatlantic.com/wholesale](http://www.bellatlantic.com/wholesale))
  - The Carrier First (e-mail notification)
  - Account Team contacts
  - Tariffs
  - Industry and Company seminars and conferences
  - "The Carrier" Newsletter
  - Workshops
  - The Carrier Sourcebook

We noted no differences in the manner in which information regarding network changes, establishing or adopting new network standards and the availability of new network services is disseminated and services are made available to Section 272 affiliates as compared to unaffiliated entities.

7. We obtained and inspected the scripts for inbound calls from the customer service representatives' Customer Contact Procedures manual for establishing new services, moving to a new location, changing selected interLATA service provider, or any other situation where the BOCs or BOCs' affiliated sales agents attempt to market their Section 272 affiliates' interLATA service. We noted that the scripts inspected (except in the case of change orders), informed the consumers of other providers of long distance service. Management indicated that in the case of change orders, the customer service representatives can exclusively market the Company's own long distance service.
8. We remotely observed 5 customer service representatives for one half hour each responding to inbound callers to whom the customer service representatives attempted to market the Section 272 affiliates' interLATA service. As only three of the customer service representatives received inbound calls related to interLATA service, we remotely observed two other customer service representatives. We documented the discussions between the customer service representatives and the inbound callers.

We noted one instance where a caller, who called requesting a telephone number change, was referred to the Section 272 affiliate and was not informed of other providers of interLATA services and was not informed of his right to make the selection. We inspected the Customer Contact Procedures manual and noted that, with change orders, the customer service representative can proactively inform the customer that the Company offers long distance after handling the customer's request.

We observed calls from consumers establishing new service and re-establishing services after a move to another location. We noted, during these calls, the customer service representatives informed the inbound callers of the right to choose their interexchange carrier ("IXC") and inquired as to whether the callers were interested in receiving long distance service from the Company or an unaffiliated IXC.

9. We inquired of management and management indicated the Section 272 affiliates do not employ their own sales managers. We obtained and inspected printed materials that are available to determine if the Section 272 affiliates market information services and/or exchange services, as an agent of the BOCs or as a reseller and noted no instances where the Section 272 affiliates market information services and/or exchange services, as an agent of the BOCs or as a reseller.



**Objective VIII: The BOC Shall Not Discriminate Against Any Entity in the Fulfillment of Requests for Services**

1. See Objective V/VI Procedure 1 for work performed for this procedure. Management indicated that 12 complaints applicable to Objective VIII were filed. Six of these complaints have been resolved as follows:
  - On July 10, 2000, AT&T filed a formal complaint with the FCC regarding the joint marketing of long distance service. AT&T alleged that the manner in which Bell Atlantic markets the services of BACI during incoming calls from its existing local exchange customers violated Section 272 of the Act. On October 5, 2000, the FCC denied this complaint.
  - On December 16, 1999, Atlantic Alliance Telecom (“AAT”) filed a formal complaint with the NYPSC alleging that Verizon refused to provide AAT access to Verizon's Operating Support Systems (“OSS”) by requiring it to comply with certain tariff clauses. On January 14, 2000, the NYPSC denied AAT's allegations that Verizon refused OSS access by AAT by requiring AAT to comply with Verizon's resale tariff and remit a deposit before gaining access to Verizon's OSS.

Management indicated that the New York Operations Support System Public Service Commission proceedings resulted in a Consent Decree between the FCC and Bell Atlantic New York (FCC 00-92 dated March 9, 2000). Management indicated that Bell Atlantic New York has satisfied all of the requirements in the Consent Decree. On June 20, 2000, the FCC terminated Bell Atlantic's obligations under this Decree. The NYPSC terminated their investigation of this matter on July 27, 2000. This information relates to the following complaints:

- On January 7, 2000, AT&T filed a formal complaint with the NYPSC regarding Verizon's OSS interface availability, non-receipt of order confirmations, mishandling of orders, failure to provide completion notices and help desk timeliness. The NYPSC issued an order addressing all aspects of the OSS Notifier Proceeding. This was effective July 27, 2000. Verizon implemented numerous software modifications to address the OSS matters covered by the complaint.
- On January 7, 2000, MCI WorldCom and AT&T filed a formal complaint with the NYPSC regarding Verizon's OSS which caused delays or loss of status notifiers and loss of orders. The NYPSC issued orders addressing various aspects of the complaint in February 2000, March 2000, and July 2000. Verizon implemented numerous software modifications to address the OSS matters covered by the complaints.
- On January 28, 2000 AT&T filed a formal complaint with the NYPSC regarding problems with UNE customers that have experienced complete service outages. The NYPSC issued an order addressing all aspects of the OSS Notifier Proceeding, effective July 27, 2000. Verizon implemented numerous software modifications to address the OSS matters covered by the complaints.
- On January 31, 2000, AT&T filed a formal complaint with the NYPSC requesting intervention to obtain a February 2000 implementation date for fielded completions. On February 11, 2000, AT&T and Verizon negotiated an April 2000 implementation date for fielded completions of OSS.

Management indicated that none of the complaints above resulted in a finding that Verizon was in violation of state or federal law.

2. We requested the BOC's reports from January 3, 2000 through September 30, 2000 indicating time intervals for processing orders, provisioning of service, performing repair and maintenance services for end user customers of the BOC, affiliate, and nonaffiliates for exchange telephone services, exchange access services, and unbundled network elements.

Management indicated no local exchange services (with the exception of intraLATA toll services), exchange access services, or unbundled network elements were provided to end-users by the Section 272 affiliates. As a result, no reports were prepared by management.

Exchange access services Verizon provides for Section 272 affiliates and non-affiliates, as customers, are discussed in Objective VIII, Procedure 3.

As noted above, management indicated that the reports were not prepared and, as provided for in the agreed-upon procedures, we therefore performed Procedure 5 below in lieu of this Objective VIII, Procedure 2.

3. We requested reports for New York from January 3, 2000 through September 30, 2000 that indicated the time intervals for processing orders, provisioning of service, and performing repair and maintenance services for the affiliate and for nonaffiliates, as customers, for exchange access services. Management indicated the following reports were available for each metric:
  - A. Average Installation Interval for January through September 2000
  - B. Percent (%) Commitments Met for January through September 2000
  - C. Average Repair Interval for April through September 2000
  - D. Total Trouble Reports for April through September 2000
  - E. Firm Order Confirmation % for January through September 2000
  - F. PIC Change Intervals for May through September 2000

Management initially indicated that certain reports were unavailable prior to August 2000. After further efforts within the Company, management determined that while, as discussed below, certain transaction data was not available to produce the reports, query reports on which the reports were based were available for the months requested. Management indicated that the additional reports were prepared based on the query reports.

Management indicated that the Average Repair Interval and Total Trouble Reports requested for January through March 2000 were not available as supporting data for these measures are not routinely retained for extended periods.

Management further indicated that since the Company only began using the mechanized PIC Change Interval process in March 2000, comparisons with carriers that submit PICs using the mechanized process would not be meaningful prior to March. Further, since Verizon's volumes were **\*\*proprietary\*\*** in March and April (compared to thousands for other carriers), these months were excluded from the analysis.

We requested from management the definition of exchange access services reported for the measures. Management indicated that the definition and list of services included in High Speed and all Special Access is as follows:

**All Special Access**

Circuit from the LEC facilities to the Interexchange carrier POP or customer premise for voice grade service, WATS/800, metallic and telegraph services, audio or video program services, wideband services, DDS, high capacity, DS1, DS3, and switched Feature Group A services.

**High Speed Special Access**

Circuit from the LEC facilities to the Interexchange carrier POP or customer premises for DS1, DS2, DS3 and other similar digital services. (The High Speed Special Access Category is a subset of All Special Access.)

Additionally, PIC change is a switched access service that provides for customer selection of the carrier of choice for handling inter-LATA as well as intra-LATA calling.

**Table No. 13**

<b>Measurement</b>	<b>Definition<sup>5</sup></b>	<b>Type of Access Reported</b>	<b>Result</b>
A. Average Installation Interval	The average interval expressed in business days, between the date the service order of Interexchange carriers/customers was placed and the date the service order was completed for orders completed during the current reporting period. This amount excluded orders having commitment dates set by customers. This amount is calculated by dividing the total business days for all installation orders or circuits from Interexchange carriers/customers by the number of installation orders or circuits from Interexchange carriers/customers.	<ul style="list-style-type: none"> <li>▪ All Special Access</li> <li>▪ High Speed Special Access</li> </ul>	Days
B. Percent (%) Installation Commitments Met	The percentage of installation commitments met during the current reporting period. This amount is calculated by dividing the number of installation orders or circuits from Interexchange carriers/customers completed by commitment date by the total number of installation orders or circuits.	<ul style="list-style-type: none"> <li>▪ All Special Access</li> <li>▪ High Speed Special Access</li> </ul>	xxx%

<sup>5</sup> As defined in the 272 Biennial Audit survey requests #38 and #39, and Attachment Q to the September 2000 Susan C. Browning declaration in the 271 filing for Massachusetts.

Measurement	Definition	Type of Access Reported	Result
C. Average Repair Interval	The average interval, expressed in hours to the nearest tenth based on a stopped clock, from the time of the reporting carriers receipt of the trouble report to the time of acceptance by the complaining Interexchange carrier/customer. This interval is defined as "Interval measure in clock hours, excluding only time when maintenance is delayed due to circumstances beyond the ILEC's control. Typical reasons for delay include, but are not limited to, premise access when a problem is isolated to the location or to absence of customer support to test facilities. This amount is calculated by dividing the total hours for the total trouble reports divided by the number of total trouble reports.	<ul style="list-style-type: none"> <li>▪ All Special Access</li> <li>▪ High Speed Special Access</li> </ul>	Hours
D. Total Trouble Reports	The total number of circuit-specific trouble reports referred to the ILEC by Interexchange carriers/customers during the current reporting period.	<ul style="list-style-type: none"> <li>▪ All Special Access</li> <li>▪ High Speed Special Access</li> </ul>	Tickets
E. Firm Order Confirmation Response Time	The amount of elapsed time between the receipt of a valid order request (Access Service Request –ASR) from Interexchange carriers/customers and the distribution of a service order confirmation back to the customer.	<ul style="list-style-type: none"> <li>▪ All Special Access</li> </ul>	xxx%
F. PIC Change Intervals	Time measured from receipt of carrier initiated change to completion at switch	<ul style="list-style-type: none"> <li>▪ Switched Access</li> </ul>	Hours

We obtained the above-mentioned reports from management. The table below documents the details of the differences identified in the reports obtained.

**Table No. 14a**

272 Measure	Month	High Speed Access				All Special Access			
		Verizon		Non-Affiliate		Verizon		Non-affiliate	
		Population	Result	Population	Result	Population	Result	Population	Result
Average Installation Interval	Jan	*proprietary*	*proprietary*	3,381 Orders	20.9 Days	*proprietary*	*proprietary*	4,934 Orders	19.0 Days
	Feb	*proprietary*	*proprietary*	3,050 Orders	20.5 Days	*proprietary*	*proprietary*	4,361 Orders	19.0 Days
	March	*proprietary*	*proprietary*	4,086 Orders	28.6 Days	*proprietary*	*proprietary*	5,939 Orders	23.9 Days
	April	*proprietary*	*proprietary*	3,477 Orders	23.8 Days	*proprietary*	*proprietary*	4,713 Orders	21.4 Days

272 Measure	Month	High Speed Access				All Special Access			
		Verizon		Non-Affiliate		Verizon		Non-affiliate	
		Population	Result	Population	Result	Population	Result	Population	Result
Average Installation Interval (cont.)	May	*proprietary*	*proprietary*	4,211 Orders	38.0 Days	*proprietary*	*proprietary*	5,752 Orders	31.4 Days
	June	*proprietary*	*proprietary*	4,073 Orders	25.3 Days	*proprietary*	*proprietary*	5,464 Orders	22.5 Days
	July	*proprietary*	*proprietary*	2,574 Orders	32.8 Days	*proprietary*	*proprietary*	3,253 Orders	29.0 Days
	August	*proprietary*	*proprietary*	1,345 Orders	38.3 Days	*proprietary*	*proprietary*	1,802 Orders	32.1 Days
	Sept	*proprietary*	*proprietary*	2,379 Orders	59.2 Days	*proprietary*	*proprietary*	3,336 Orders	48.1 Days
Percent Commitments Met	Jan	*proprietary*	*proprietary*	3,381 Orders	79.3%	*proprietary*	*proprietary*	4,934 Orders	81.0%
	Feb	*proprietary*	*proprietary*	3,050 Orders	83.9%	*proprietary*	*proprietary*	4,361 Orders	84.4%
	March	*proprietary*	*proprietary*	4,086 Orders	85.7%	*proprietary*	*proprietary*	5,939 Orders	87.6%
	April	*proprietary*	*proprietary*	3,477 Orders	86.9%	*proprietary*	*proprietary*	4,713 Orders	87.7%
	May	*proprietary*	*proprietary*	4,211 Orders	85.0%	*proprietary*	*proprietary*	5,752 Orders	85.9%
	June	*proprietary*	*proprietary*	4,073 Orders	82.2%	*proprietary*	*proprietary*	5,464 Orders	83.8%
	July	*proprietary*	*proprietary*	2,574 Orders	77.7%	*proprietary*	*proprietary*	3,253 Orders	80.0%
	August	*proprietary*	*proprietary*	1,345 Orders	72.5%	*proprietary*	*proprietary*	1,802 Orders	72.8%
	Sept	*proprietary*	*proprietary*	2,379 Orders	88.5%	*proprietary*	*proprietary*	3,336 Orders	89.7%
Average Repair Interval	April	*proprietary*	-	891 Trouble Tickets	6.2 Hours	*proprietary*	-	1,158 Trouble Tickets	5.8 Hours
	May	*proprietary*	-	1,185 Trouble Tickets	6.3 Hours	*proprietary*	-	1,471 Trouble Tickets	5.8 Hours
	June	*proprietary*	-	1,175 Trouble Tickets	7.7 Hours	*proprietary*	-	1,514 Trouble Tickets	6.8 Hours
	July	*proprietary*	*proprietary*	1,731 Trouble Tickets	4.9 Hours	*proprietary*	*proprietary*	2,806 Trouble Tickets	4.8 Hours
	August	*proprietary*	*proprietary*	1,970 Trouble Tickets	10.7 Hours	*proprietary*	*proprietary*	3,073 Trouble Tickets	9.6 Hours
	Sept	*proprietary*	-	2,121 Trouble Tickets	3.8 Hours	*proprietary*	-	3,309 Trouble Tickets	4.1 Hours
Total Trouble Reports	April	*proprietary*	-	891 Trouble Tickets	-	*proprietary*	-	1,158 Trouble Tickets	-
	May	*proprietary*	-	1,185 Trouble Tickets	-	*proprietary*	-	1,471 Trouble Tickets	-
	June	*proprietary*	-	1,175 Trouble Tickets	-	*proprietary*	-	1,514 Trouble Tickets	-
	July	*proprietary*	-	1,731 Trouble Tickets	-	*proprietary*	-	2,806 Trouble Tickets	-

272 Measure	Month	High Speed Access				All Special Access			
		Verizon		Non-Affiliate		Verizon		Non-affiliate	
		Population	Result	Population	Result	Population	Result	Population	Result
Total Trouble Reports (cont)	August	*proprietary*	-	1,970 Trouble Tickets	-	*proprietary*	-	3,073 Trouble Tickets	-
	Sept	*proprietary*	-	2,121 Trouble Tickets	-	*proprietary*	-	3,309 Trouble Tickets	-

**Table No. 14b**

272 Measure	Month	All Special Access			
		Verizon		Non-affiliate	
		Population	Result	Population	Result
Firm Order Confirmation Response Time (FOC <= 1 Days)	Jan	*proprietary*	*proprietary*	3,187 Orders	44.93%
	Feb	*proprietary*	*proprietary*	2,824 Orders	46.92%
	March	*proprietary*	*proprietary*	3,506 Orders	47.18%
	April	*proprietary*	*proprietary*	3,241 Orders	45.94%
	May	*proprietary*	*proprietary*	3,433 Orders	45.88%
	June	*proprietary*	*proprietary*	3,391 Orders	39.87%
	July	*proprietary*	*proprietary*	3,011 Orders	37.79%
	August	*proprietary*	*proprietary*	1,912 Orders	34.68%
	Sept	*proprietary*	*proprietary*	2,666 Orders	26.07%
Firm Order Confirmation Response Time (FOC <= 3 Days)	Jan	*proprietary*	*proprietary*	3,187 Orders	66.87%
	Feb	*proprietary*	*proprietary*	2,824 Orders	70.61%
	March	*proprietary*	*proprietary*	3,506 Orders	71.08%
	April	*proprietary*	*proprietary*	3,241 Orders	71.95%
	May	*proprietary*	*proprietary*	3,433 Orders	69.24%
	June	*proprietary*	*proprietary*	3,391 Orders	65.23%
	July	*proprietary*	*proprietary*	3,011 Orders	65.06%
	August	*proprietary*	*proprietary*	1,912 Orders	60.46%
	Sept	*proprietary*	*proprietary*	2,666 Orders	48.20%
Firm Order Confirmation Response Time (FOC > 3 Days)	Jan	*proprietary*	*proprietary*	3,187 Orders	33.13%
	Feb	*proprietary*	*proprietary*	2,824 Orders	29.39%
	March	*proprietary*	*proprietary*	3,506 Orders	28.92%

272 Measure	Month	All Special Access			
		Verizon		Non-affiliate	
		Population	Result	Population	Result
Firm Order Confirmation Response Time (FOC > 3 Days) (cont.)	April	*proprietary*	*proprietary*	3,241 Orders	28.05%
	May	*proprietary*	*proprietary*	3,433 Orders	30.76%
	June	*proprietary*	*proprietary*	3,391 Orders	34.77%
	July	*proprietary*	*proprietary*	3,011 Orders	34.94%
	August	*proprietary*	*proprietary*	1,912 Orders	39.54%
	Sept	*proprietary*	*proprietary*	2,666 Orders	51.80%

Table No. 14c

272 Measure	Month	Switched Access			
		Verizon		Non-affiliate	
		Population	Result	Population	Result
PIC Change Intervals (Mechanical Process)	May	*proprietary*	*proprietary*	84,016 Orders	4 Hours, 29 Minutes
	June	*proprietary*	*proprietary*	87,991 Orders	1 Hour, 37 Minutes
	July	*proprietary*	*proprietary*	66,655 Orders	1 Hour, 51 Minutes
	August	*proprietary*	*proprietary*	84,084 Orders	1 Hour, 42 Minutes
	Sept	*proprietary*	*proprietary*	81,823 Orders	2 Hours, 18 Minutes

NOTE: Management indicated the ACNA (Access Carrier Name) BAX (affiliate ACNA appearing in the Verizon reports) reflects the affiliates that order exchange access services as provisioned in the special access tariff. BAGNI is the only affiliate that would order these services. No unbundled network elements were sold to Section 272 affiliates for the reporting period.

- We inquired of management and documented the BOCs procedures for obtaining the data and executing the queries to produce the measures outlined in Procedure 3 A-F. We obtained the executed queries used to produce the six measures for the month of August 2000. Management indicated that due to data archiving procedures, underlying transaction data was unavailable (with the exception of FOC measure data). More specifically, for the installation measures (measures A & B), management indicated that data in the relevant operational support systems (TIRKS) was not archived beyond 45 days and therefore historical transaction data was no longer available when we requested it. For the PIC measure (measure F), the necessary interval data at the transactional level cannot be retrieved from the operational support system (XEA). In addition, for the maintenance measures (measures C&D), data is archived for operational purposes of the Company in a manner that allows individual trouble tickets to be selected from the archive, but did not allow for the practical extraction of tickets for a selected time period as we had requested for our procedures.

We therefore performed the following procedures using the underlying data elements captured by the queries that were used to produce the measures:

4A(1) We obtained and inspected the queries which were executed by the BOC and which were used by the BOC to generate the data required for the Installation Intervals report. We then obtained the query output file and compared the interval per Access Carrier Name Abbreviation ("ACNA") and order volumes from this file to the interval per ACNA and order volume on the calculation worksheet used to prepare the Installation Interval report. We noted no differences.

4A(2) In addition, for the Section 272 affiliate, we computed the average installation interval. We compared the average installation interval for the Section 272 affiliate reflected on the Installation Interval report **\*\*proprietary\*\*** to our recomputed interval **\*\*proprietary\*\*** and noted the difference (.6 days), which appeared to be due to the rounding of the intervals by ACNA in the installation report.

4A(3) We also performed the following procedures with respect to the order volume and interval per ACNA from the query output file and the Average Installation Interval report:

- We compared the interval per ACNA and order volumes from this file to the interval per ACNA and order volume on the calculation worksheet for the Installation Interval report. We noted no exceptions.
- We inspected the formulas for calculating the Installation Interval in the calculation cells in the August 2000 calculation worksheet. In addition, we compared the calculated interval from the calculation worksheet to the Installation Interval report and noted no differences.

4B(1) We obtained and inspected the queries which were executed by the BOC and which were used by the BOC to generate the data required for the Percent (%) Commitments Met report. We then obtained the query output file and compared the Percent (%) Commitments Met per ACNA and order volumes from this file to the Percent (%) Commitments Met per ACNA and order volume on the calculation worksheet for the Percent (%) Commitments Met report. We noted no differences.

4B(2) In addition, for the Section 272 affiliates, we recomputed the Commitment. We compared the Percent (%) Commitments Met for the Section 272 affiliate reflected on the Installation Interval report **\*\*proprietary\*\*** to our recomputed Commitment **\*\*proprietary\*\*** and noted no difference.

4B(3) We also performed the following procedure with respect to order volume and Percent (%) Commitments Met per ACNA from the query output file and the Percent (%) Commitments Met report as follows:

- We compared the Percent (%) Commitments Met per ACNA and order volumes from this file to the Percent (%) Commitments Met per ACNA and order volume on the calculation worksheet used to prepare the Percent (%) Commitments Met report. We noted no exceptions.
- We inspected the formulas for calculating the Percent (%) Commitments Met in the calculation cells in the August 2000 calculation worksheet used to prepare the report. In addition, we compared the calculated Percent (%) from the calculation worksheet to the Percent (%) Commitments Met report and noted no differences.



4C(1) We obtained and inspected the queries which were executed by the BOC and which were used by the BOC to generate the data required for the Average Repairs Intervals report. We then obtained the query output file and compared the interval per ACNA and order volumes from this file to the interval per ACNA and order volume on the calculation worksheet for the Average Repair Interval report. We noted no differences.

4C(2) In addition, for the Section 272 affiliate, we recomputed the Average Repair Interval. We compared the Average Repair Interval for the Section 272 affiliate reflected on the Average Repair Interval report **\*\*proprietary\*\*** to the our recomputed Average Repair Interval **\*\*proprietary\*\*** and noted no difference.

4C(3) We also performed the following procedures with respect to the order volume and interval per ACNA from the query output file and the Average Repair Interval report:

- We compared the interval per ACNA and order volumes from this file to the interval per ACNA and order volume on the calculation worksheet for the Average Repair Interval report and noted no differences.
- We inspected the formulas for calculating the Average Repair Interval in the calculation cells in the August 2000 calculation worksheet used to prepare the report. In addition, we compared the calculated interval from the calculation worksheet to the Average Repair Interval report. We noted that one ACNA for a non-Section 272 affiliate and one ACNA used for internal BOC orders was improperly included in the non-affiliate measure.

4D(1) We performed the following procedures with respect to the trouble ticket volume per ACNA from the query output file and the Total Troubles Report:

- We compared the Total Troubles per ACNA from this file to the Total Troubles per ACNA on the calculation worksheet for the Total Troubles report and noted no difference.
- We inspected the formulas for calculating the Total Troubles in the calculation cells in the August 2000 calculation worksheet. In addition, we compared the Total Troubles from the calculation worksheet to the Total Troubles report. We noted that one ACNA for a non-Section 272 affiliate and one ACNA used for internal BOC orders was improperly included in the non-affiliate measure. This accounted for the difference of **\*\*proprietary\*\*** noted below.

**Table No. 15**

Measure	Casual Customer & Bell Atlantic Mobile Included (Verizon)	Casual Customer & Bell Atlantic Mobile Excluded (PwC)	Difference
Total Trouble Reports	<b>**proprietary**</b>	<b>**proprietary**</b>	<b>**proprietary**</b>

4E (1) We obtained and inspected the query which was executed by the BOC and which was used by the BOC to generate the data required for the Firm Order Confirmation (“FOC”) report. Additionally, we discussed the Microsoft Access macros used by the BOC to process the data received from the query. We then obtained the query/macro output file and selected a random sample of 92 confirmation records for non-affiliated carriers. For the selection, we calculated the confirmation interval within each of the three buckets (the “Calculated Percentages”). These buckets were FOC <= 1 day, FOC <= 3 days, and FOC > 3 days. We compared the percentages for the total population reflected on the FOC report to the Calculated percentages and noted the differences.

**Table No. 16**

<b>FOCMeasure</b>	<b>Verizon Reported</b>	<b>Calculated %'s</b>	<b>Difference</b>
<=1	<b>**proprietary**</b>	<b>**proprietary**</b>	-06.62%
<=3	<b>**proprietary**</b>	<b>**proprietary**</b>	-04.76%
>3	<b>**proprietary**</b>	<b>**proprietary**</b>	04.76%

4E(2) In addition, for the Section 272 affiliate, we computed the Calculated Percentages. We compared the Percentages for the Section 272 affiliate reflected on the FOC report to the Calculated Percentages and noted no differences. 4E(3) We also performed the following procedures with respect to the FOC order volumes, per bucket, per ACNA from the FOC ACNA summary file and the FOC report:

- We compared the FOC order volumes, per bucket, per ACNA from this file to the order volumes, per bucket, per ACNA on the calculation worksheet for the FOC report. We noted no differences.
- We inspected the formulas for calculating the FOC in the calculation cells in the August 2000 calculation worksheet to ensure proper row/column inclusion. In addition, we compared the calculated FOC Percentages from the calculation worksheet to the FOC report. We noted no differences.

4F(1) We recomputed the PIC Change Interval from the output queries. We compared the PIC Change Interval for the Section 272 affiliate and five reported non-affiliates reflected on the PIC Change Interval report to our recomputed Interval and noted no difference. We noted one of the Section 272 affiliates' ACNAs was not included in the report. Management indicated that the ACNA for the affiliate (BAX6963) was not included, as this ACNA does not send a mechanized feed for PIC changes.

5. We inquired of management as to whether the Section 272 affiliates provide exchange telephone service. Management indicated the only local exchange service provided by the Section 272 affiliates is IntraLATA toll service and that PIC changes for IntraLATA toll providers are included in the reports obtained in Objective VIII, Procedure 3.
6. In accordance with the General Standards Procedures, as the reports required for Procedure 3 were available, Procedure 6 is not applicable. See Procedure 3 above for work performed.
7. We inquired of management how and when the BOCs make available to unaffiliated entities information regarding service intervals in providing any service to end user customers of itself, of the affiliates, and of unaffiliated entities. Management indicated schedules of service intervals for obtaining switched and special access services from Verizon BOCs are available to carriers through tariff. These schedules apply to the services offered in the local operating companies' tariffs (Bell Atlantic FCC Nos. 1 and 11 and state tariffs). These sources specify the expected response times for the local operating company to fulfill the specified service request. These schedules, as amended from time to time, will apply equally to service for the Long Distance Affiliates as they do for all other carriers.

The Company's procedures address requests from individual entities for BOC service interval data on a case-by-case basis. Information requests of this nature enter the business through various channels (e.g. account managers, Carrier Account Team Centers (CATCs), legal, or senior management). Once the request is identified regulatory is notified. Regulatory, in turn, contacts the business owners to aggregate information pertinent to the request using the

Company business rules identified for Section 272(e)(1) reporting. This response, limited to data consistent with the Company's current obligations under regulation, is provided in a timely manner to the requesting party. The Company does not routinely provide data about unaffiliated entities to requesting parties.

**Objective IX: The BOC Shall Not Discriminate Against Any Entity in the Provision of Exchange Access Facilities and Services**

1. See Objective V/VI, Procedure 1 for work performed for this procedure. Management indicated that three complaints applicable to Objective IX were filed. The one complaint resolved for Objective IX involved a complaint filed by Teleplex Coin Communications (“TCC”). On April 20, 2000, TCC filed a formal complaint with the NYPSB regarding Verizon's refusal to provide public access line service out of certain manhole locations in New York City. In December 2000, the parties agreed to a compromise solution whereby Verizon would provide additional engineering and facilities to the desired manhole locations and TCC would share in the cost to do so.
2. We requested from management a list of exchange access services and facilities with their related rates offered by the BOCs to the Section 272 affiliates. Management indicated that a list of exchange access services and facilities offered with their related rates, terms and conditions does not exist. Rather, the BOCs provide exchange services and facilities on an as requested basis. Accordingly, we prepared a listing of the contracts for exchange access services and facilities offered by the BOC to the Section 272 affiliates from the contract summaries posted on the Section 272(b)(5) websites (the “Detailed Access Listing”):
  - [www.callbell.com/regreqs2/index.cfm](http://www.callbell.com/regreqs2/index.cfm) for BACI,
  - [www.callbell.com/regreqs2/index.htm](http://www.callbell.com/regreqs2/index.htm) for BABS; and
  - [www.baglobal.com/regrequirements.html](http://www.baglobal.com/regrequirements.html) for BAGNI

The contract summaries posted on the Section 272 (b)(5) websites identify the services provided under tariff and the jurisdiction where those tariffs are filed. Management reviewed the Detailed Access Listing and indicated that it was a complete listing of exchange access services and facilities offered by the BOC to the Section 272 affiliates.

We then inquired as to the existence of any brochures, advertisements of any kind, bill inserts, correspondence, or any other media used to inform unaffiliated carriers of the availability of the services provided to the Section 272 affiliates. Management indicated the media used to inform unaffiliated carriers of the availability of exchange access services and facilities are the Section 272(b)(5) websites referred to above. Therefore, we obtained the underlying agreements for exchange access services and facilities between the BOCs and the Section 272 affiliates. We then compared the rates, terms and conditions offered by the BOCs to the Section 272 affiliates, per these underlying agreements, with the rates, terms and conditions offered unaffiliated carriers per the Section 272 affiliate contract summaries posted on the Section 272(b)(5) websites. Management indicated that the rates charged for exchange access services are tariffed rates and are the same for Section 272 affiliates and unaffiliated entities. We noted that 108 contract summaries (which were reported in the results of Objective V/VI, Procedure 6) for exchange access services and facilities posted on the website contained discrepancies as compared to the written agreements.

The discrepancies between the web postings and the written agreements fall into one or more of the following categories:

- differences between the effective date on the web postings and the effective date on the written agreements,
- differences between the listed parties on the web postings and the listed parties on the written agreements,

- the link from original agreements' web postings to the amendments' web posting was inactive,
  - a service listed in a written agreement was not listed on the web posting,
  - discrepancies in rates or tariffs between web postings and written agreements.
3. We obtained a list of Billing Authority Numbers ("BANs") for the Section 272 affiliates. We randomly selected 100 BANs and for the selected BANs we obtained the July 2000 invoices for exchange access services and facilities rendered by the BOCs to the Section 272 affiliates. We selected a random sample of 100 billed items from 54 selected July 2000 invoices. We compared the rates charged to the Section 272 affiliates with the rates charged to unaffiliated Interexchange Carriers ("IXC") invoice for the same service and noted no differences.

We obtained terms and conditions for exchange access services and facilities offered by the BOCs to the Section 272 affiliates. We inquired of management as to existence of written terms and conditions offered to unaffiliated IXCs. Management indicated that terms and conditions for exchange access service and facilities are in accordance with the provisions of FCC and state public utility commission tariffs, and the same terms and conditions are offered by the BOCs to the Section 272 affiliates and IXCs. Management indicated that there are no written agreements for exchange access services between the BOCs and IXCs other than those tariffs.

Management indicated the Access Service Requests and Memorandums of Understanding are maintained for similar agreements between the BOCs and Section 272 affiliates in order to comply with the Section 272 (b)(5) requirement that transactions between the BOCs and Section 272 affiliates be reduced to writing and available for inspection.

4. Using the sampled invoices obtained in Procedure 3 above, we compared the amount the Section 272 affiliates were invoiced for exchange access services to the BOCs' books and records and noted no differences. We obtained the Section 272 affiliates' vouchers for the 54 selected invoices and noted the following:
- For 20 invoices, we compared the invoiced amount per invoice to the amount per the payment voucher and noted no differences,
  - For 34 invoices, we compared the amount per invoice to the amount per the payment voucher and noted differences resulting from disputed charges with respect to taxes, surcharges, late payments and outstanding credits. Detailed information concerning these 34 invoices has been provided in the table below:

**Table No. 17 \*\*proprietary\*\***

**Objective X: The BOC Shall Impute to Itself the Same Amount for Exchange Access as that Charged Unaffiliated Entities**

1. We obtained the agreements the Section 272 affiliates have with the BOCs for exchange access services. Management indicated that there are no agreements for exchange access services between the BOCs and other IXCs other than FCC and State Public Utility Commission tariffs. Management indicated that other IXCs request exchange access services via Access Service Requests that are not retained by the BOCs.
2. We inquired of management as to which LATAs the BOCs have access price flexibility for interLATA interstate and interLATA intrastate access services. Management indicated the BOCs have no access price flexibility for interLATA interstate and interLATA intrastate access services in any LATAs, except Virginia where the BOCs have access price flexibility for high speed special access.
3. The Specified Users agreed this procedure would be performed in connection with Objective IX, Procedure 3.
4. We obtained the list of interLATA services offered by the BOCs and discussed the list with the appropriate BOC employee who indicated that the list was comprehensive. We compared services appearing on the list with the interLATA services disclosed in the BOCs' Cost Allocation Manual (CAM) and noted no differences. We compared the non-regulated interLATA services listed in the BOCs' CAM with those defined as incidental in Section 271(g) of the Act and those interLATA services allowed under FCC Order and noted no differences.
5. We obtained a statement of revenue, by month, of interLATA services provided by the BOCs, from January 3, 2000 through September 30, 2000, and performed a trend analysis. For increases of more than 10% from month to month, we inquired of management and obtained explanations for such increases as noted below:

**North BOC Revenues 2000**

<b>BOC:</b> NE
<b>Service:</b> National Directory Assistance ("NDA")
<b>Trend:</b> Gross revenue increased from <b>**proprietary**</b> for the month of January 2000 to <b>**proprietary**</b> for the month of February 2000
<b>Management Explanation:</b> The Forbearance was granted by the FCC in former BA-North in late 1999 allowed advertising of NDA to begin.
<b>Trend:</b> Gross revenue increased from <b>**proprietary**</b> for the month of June 2000 to <b>**proprietary**</b> for the month of July 2000
<b>Management Explanation:</b> The increase in revenue is a result of a combination of advertising and seasonal variations, which led to increased usage during the month. Verizon ran radio, television and print advertising, and used bill inserts in several states during June and July to stimulate use of the NDA service. The advertising campaign resulted in additional usage of the service by customers.

**South BOC Revenues 2000**

<b>BOC: VA</b>
<b>Service:</b> Gateway
<b>Trend:</b> Revenue increased from <b>**proprietary**</b> for the month of May 2000 to <b>**proprietary**</b> for the month of June 2000
<b>BOC: WV</b>
<b>Service:</b> Gateway
<b>Trend:</b> Revenue increased from <b>**proprietary**</b> for the month of June 2000 to <b>**proprietary**</b> for the month of July 2000
<b>Management Explanation:</b> The variance occurred as the usual company practice is to provision a customer's service as quickly as possible after the order is confirmed and finalize the billing at a later date if necessary. This can result in a customer's service being rendered in one month, but billing not rendered until the following month. The first bill rendered covers the current period plus any unbilled prior month charges plus any nonrecurring service order or setup charges. Once the proper billing is established, each monthly bill reflects the current month charges plus any past due balance from the previous month. The VA Gateway revenue increase above is an example of this process. The customer ordered and received service in May 2000. The first bill was rendered in June 2000 and covered the standard June 2000 charges plus charges for the portion of May 2000 that the service was actually provided to the customer. The July 2000 and following bills were for the normal monthly amount.
<b>BOC: NJ</b>
<b>Service:</b> Gateway
<b>Trend:</b> Revenue increased from <b>**proprietary**</b> for the months of January, April and July 2000 to <b>**proprietary**</b> for the months of February, May, and August 2000
<b>Management Explanation:</b> The variance is the result of a cyclical entry to record revenue derived from minimum service fees that are recognized on a quarterly basis.
<b>BOC: Several</b>
<b>Service:</b> NDA
<b>Trend:</b> Revenue increased in: DC from <b>**proprietary**</b> for the month of February 2000 to <b>**proprietary**</b> for the month of March 2000 MD from <b>**proprietary**</b> for the month of February 2000 to <b>**proprietary**</b> for the month of March 2000 VA from <b>**proprietary**</b> for the month of February 2000 to <b>**proprietary**</b> for the month of March 2000 WVA from <b>**proprietary**</b> for the month of February 2000 to <b>**proprietary**</b> for the month of March 2000 PA from <b>**proprietary**</b> for the month of February 2000 to <b>**proprietary**</b> for the month of March 2000 NJ from <b>**proprietary**</b> for the month of February 2000 to <b>**proprietary**</b> for the month of March 2000
<b>Management Explanation:</b> The Forbearance was granted by the FCC in late 1999 allowing advertising of NDA to begin. The advertising campaign ran on commercial TV beginning in March 2000, resulting in increased awareness and usage of the new service.

<b>BOC:</b> Several
<b>Service:</b> NDA
<p><b>Trend:</b>  Revenue increased in:  DC from <b>**proprietary**</b> for the month of May 2000 to <b>**proprietary**</b> for the month of June 2000  MD from <b>**proprietary**</b> for the month of May 2000 to <b>**proprietary**</b> for the month of June 2000  VA from <b>**proprietary**</b> for the month of May 2000 to <b>**proprietary**</b> for the month of June 2000  WVA from <b>**proprietary**</b> for the month of May 2000 to <b>**proprietary**</b> for the month of June 2000  PA from <b>**proprietary**</b> for the month of May 2000 to <b>**proprietary**</b> for the month of June 2000  NJ from <b>**proprietary**</b> for the month of May 2000 to <b>**proprietary**</b> for the month of June 2000</p>
<p><b>Management Explanation:</b>  The increase in revenue is a result of a combination of advertising and seasonal variations, which led to increased usage during the month.</p> <p>Verizon's advertising campaign was resumed in June on commercial TV in DC, MD, PA and NJ and was also influenced by advertising in NY. This resulted in additional usage of the service by customers.</p>

<b>BOC:</b> DE
<b>Service:</b> NDA
<p><b>Trend:</b>  Revenue increased from <b>**proprietary**</b> for the month of June 00 to <b>**proprietary**</b> for the month of July 00</p>
<p><b>Management Explanation:</b>  In May, there was an accrual booked to correct a billing error. The accrual should have been recorded in Pennsylvania's books of record but, in effect, was recorded in Delaware's books of record. The reversal in June had a significant impact as a result of the reversal of the prior month billing error accrual, coupled with the current month calendarization.</p>

6. We selected the three interLATA services offered by the BOCs, and not through an affiliate, from the list of services obtained in Procedure 4 above. These services were Common Channel Signaling Access Service Gateway Access Service, E911 InterLATA Information Service and NDA. We obtained the analyses prepared by management used to calculate the amount the BOCs have imputed (charged) to themselves for access, switching and transport. We obtained usage details and tariff rates for each item in the analyses. Management indicated that no incidental interLATA services offered by the BOC were purchased by unaffiliated interexchange carriers. We compared the tariff rates used in the calculations with the corresponding publicly filed tariff rates and noted no differences. We compared the amounts imputed by the BOCs to the general ledger postings for the BOCs and noted that the entry was a debit to nonregulated operating revenues (decrease) and a credit to regulated revenues (increase). For NDA database dip charges for the month of November, **\*\*proprietary\*\***, we noted the entries were improperly recorded as a credit to non-regulated operating revenues and a debit to regulated revenues. Management indicated this was a manual error which had not yet been corrected.



7. For exchange access services and local exchange services provided by the BOC to the Section 272 affiliates from January 3,2000 through September 30,2000, we documented the total amount the affiliates recorded and paid for these services in their books as noted below:

**Table No. 18**

<b>Exchange Access</b>			
<b>Section 272 Affiliate</b>	<b>Amount Recorded and Paid by Section 272 Affiliate</b>	<b>BOC</b>	<b>Amount of Revenue Recorded by the BOC</b>
BAGNI	**proprietary** **proprietary**	Bell Atlantic-NY Bell Atlantic-NE	**proprietary** **proprietary**
BABS	**proprietary**	Bell Atlantic-NY	**proprietary**
BACI	**proprietary**	Bell Atlantic-NY	**proprietary**

**Table No. 19**

<b>Local Exchange Services</b>			
<b>Section 272 Affiliate</b>	<b>Amount Recorded and Paid by Section 272 Affiliate</b>	<b>BOC</b>	<b>Amount of Revenue Recorded by the BOC</b>
BAGNI	**proprietary** **proprietary** **proprietary**	Bell Atlantic-NE Bell Atlantic-MD Bell Atlantic-NY	**proprietary** **proprietary** **proprietary**
BABS	**proprietary**	Bell Atlantic-NY	**proprietary**
BACI	**proprietary** **proprietary**	Bell Atlantic-NY Bell Atlantic-VA	**proprietary** **proprietary**

Local exchange reconciling items included invoices that had not yet been paid and disputed charges. Exchange access reconciling items included late payment charges, taxes/surcharges, disputed charges and overpayments. Management indicated that the Section 272 affiliates do not purchase unbundled network elements from the BOCs.

**Objective XI: The BOC May Not Discriminate Against Any Entity in the Provision of InterLATA or IntraLATA Facilities and Services**

1. See Objective V/VI, Procedure 1 for work performed for this procedure. Management indicated that there were no complaints filed applicable to Objective XI.
2. We requested from management a list of interLATA network services and facilities with their related rates offered to the Section 272 affiliates. Management indicated that a list of interLATA network services and facilities offered by the BOCs to the Section 272 affiliates with their related rates, terms and conditions does not exist. Accordingly, we prepared a listing of the contracts for interLATA network services and facilities from the contract summaries posted on the Section 272(b)(5) websites (the “InterLATA Listing”):
  - [www.callbell.com/regreqs2/index.cfm](http://www.callbell.com/regreqs2/index.cfm) for BACI,
  - [www.callbell.com/regreqs2/index.htm](http://www.callbell.com/regreqs2/index.htm) for BABS; and
  - [www.baglobal.com/regrequirements.html](http://www.baglobal.com/regrequirements.html) for BAGNI

Management reviewed the InterLATA Listing and indicated that the InterLATA Listing was a complete listing of contracts relating to interLATA network services and facilities offered to the Section 272 affiliates.

We then inquired as to the existence of any brochures, advertisements of any kind, bill inserts, correspondence, or any other media used to inform unaffiliated carriers of the availability of the services provided to the Section 272 affiliates. Management indicated the media used to inform unaffiliated carriers of the availability of interLATA network services and facilities are the Section 272(b)(5) websites referred to above. Therefore, we obtained the underlying agreement for the one interLATA network service, Wholesale National Directory Assistance (a nontariffed service), between the BOCs and the Section 272 affiliates with its related rates, terms and conditions. We then compared the rates, terms and conditions offered by the BOCs to the Section 272 affiliates, per this underlying agreement, with the rates, terms and conditions offered unaffiliated carriers per the contract summaries posted on the Section 272(b)(5) websites and noted no differences.

3. Management indicated that Wholesale National Directory Assistance service rendered by the BOCs to BAGNI was the only interLATA network service and facility rendered by the BOCs to a Section 272 affiliate. We obtained the invoice for Wholesale National Directory Assistance service for the month of July 2000 rendered by the BOCs to BAGNI. Management indicated that no IXCs have requested Wholesale National Directory Assistance service from the BOCs throughout the engagement period.
4. Using the invoice obtained in Procedure 3 above, we compared the amount invoiced to BAGNI for Wholesale National Directory Assistance service to the amount recorded in the BOCs’ books and records and did not note any differences. We traced the amount invoiced to BAGNI for Wholesale National Directory Assistance service to the books and records of BAGNI. We obtained the payment voucher and compared the amount invoiced to the voucher and noted no differences.

<b>Table No. 2: 129 Web Postings that Contained Discrepancies as Compared to the Written Agreements*</b>			
<b>Ref. No.</b>	<b>Affiliate</b>	<b>Contract</b>	<b>Differences between the written agreements and the web postings</b>
1	BACI	Memorandum of Understanding - PA, Amendment No. 2	The web posting for PA Memorandum of Understanding, Amendment No.2, the link to the "Amendment 2 Exhibit" is blank. The link should include rates in Schedule 1, Appendices A-C. <sup>2</sup>
2	BACI	Marketing and Sales Agreement - NY, Amendment No. 4	There is no effective date listed in the written agreement. <sup>2</sup>
3	BACI	Marketing and Sales Agreement - NY, Amendment No. 8	There is no effective date listed in the written agreement. <sup>2</sup>
4	BACI	Marketing and Sales Agreement - NY, Amendment No. 10	Amendment No. 10 states that the effective date is 6/6/00 on the written agreement, but the web posting for each BOC states that the effective date is 6/7/00. <sup>2</sup>
5	BACI	Marketing and Sales Agreement - NY, Amendment No. 14	Amendment 14 states that it is effective on 7/21/00 on the web posting, but the written agreement states that it is not effective until 7/24/00. <sup>2</sup>
6	BACI	Marketing and Sales Agreement - WV, Amendment No. 4	There is no effective date listed in the written agreement. <sup>2</sup>
7	BACI	Marketing and Sales Agreement - WV, Amendment No. 8	There is no effective date listed in the written agreement. <sup>2</sup>
8	BACI	Marketing and Sales Agreement - WV, Amendment No. 10	Amendment No. 10 states that the effective date is 6/6/00 on the written agreement, but the web posting for each BOC states that the effective date is 6/7/00. <sup>2</sup>
9	BACI	Marketing and Sales Agreement - WV, Amendment No. 14	Amendment 14 states that it is effective on 7/21/00 on the web posting, but the written agreement states that it is not effective until 7/24/00. <sup>2</sup>
10	BACI	Marketing and Sales Agreement - VA, Amendment No. 4	There is no effective date listed in the written agreement. <sup>2</sup>
11	BACI	Marketing and Sales Agreement - VA, Amendment No. 8	There is no effective date listed in the written agreement. <sup>2</sup>
12	BACI	Marketing and Sales Agreement - VA, Amendment No. 10	Amendment No. 10 states that the effective date is 6/6/00 on the written agreement, but the web posting for each BOC states that the effective date is 6/7/00. <sup>2</sup>
13	BACI	Marketing and Sales Agreement - VA, Amendment No. 14	Amendment No. 14 states that it is effective on 7/21/00 on the web posting, but the written agreement states that it is not effective until 7/24/00. <sup>2</sup>
14	BACI	Marketing and Sales Agreement - PA, Amendment No. 4	There is no effective date listed in the written agreement. <sup>2</sup>
15	BACI	Marketing and Sales Agreement - PA, Amendment No. 8	There is no effective date listed in the written agreement. <sup>2</sup>
16	BACI	Marketing and Sales Agreement - PA, Amendment No. 10	Amendment No. 10 states that the effective date is 6/6/00 on the written agreement, but the web posting for each BOC states that the effective date is 6/7/00. <sup>2</sup>

Ref. No.	Affiliate	Contract	Differences between the written agreements and the web postings
17	BACI	Marketing and Sales Agreement - PA, Amendment No. 14	Amendment 14 states that it is effective on 7/21/00 on the web posting, but the written agreement states that it is not effective until 7/24/00. <sup>2</sup>
18	BACI	Marketing and Sales Agreement - NJ, Amendment No. 4	There is no effective date listed in the written agreement. <sup>2</sup>
19	BACI	Marketing and Sales Agreement - NJ, Amendment No. 8	There is no effective date listed in the written agreement. <sup>2</sup>
20	BACI	Marketing and Sales Agreement - NJ, Amendment No. 10	Amendment No. 10 states that the effective date is 6/6/00 on the written agreement, but the web posting for each BOC states that the effective date is 6/7/00. <sup>2</sup>
21	BACI	Marketing and Sales Agreement - NJ, Amendment No. 14	Amendment 14 states that it is effective on 7/21/00 on the web posting, but the written agreement states that it is not effective until 7/24/00. <sup>2</sup>
22	BACI	Marketing and Sales Agreement - NE, Amendment No. 4	There is no effective date listed in the written agreement. <sup>2</sup>
23	BACI	Marketing and Sales Agreement - NE, Amendment No. 8	There is no effective date listed in the written agreement. <sup>2</sup>
24	BACI	Marketing and Sales Agreement - NE, Amendment No. 10	Amendment No. 10 states that the effective date is 6/6/00 on the written agreement, but the web posting for each BOC states that the effective date is 6/7/00. <sup>2</sup>
25	BACI	Marketing and Sales Agreement - NE, Amendment No. 14	Amendment 14 states that it is effective on 7/21/00 on the web posting, but the written agreement states that it is not effective until 7/24/00. The rate for the service, BA-NE EBS SE Specialists for PMR, is listed as \$121.89 on the web posting, but is listed as \$121.84 on the written agreement. <sup>2</sup>
26	BACI	Marketing and Sales Agreement - MD, Amendment No. 4	There is no effective date listed in the written agreement. <sup>2</sup>
27	BACI	Marketing and Sales Agreement - MD, Amendment No. 8	There is no effective date listed in the written agreement. <sup>2</sup>
28	BACI	Marketing and Sales Agreement - MD, Amendment No. 10	Amendment No. 10 states that the effective date is 6/6/00 on the written agreement, but the web posting for each BOC states that the effective date is 6/7/00. <sup>2</sup>
29	BACI	Marketing and Sales Agreement - MD, Amendment No. 14	Amendment 14 states that it is effective on 7/21/00 on the web posting, but the written agreement states that it is not effective until 7/24/00. <sup>2</sup>
30	BACI	Marketing and Sales Agreement - DE, Amendment No. 4	There is no effective date listed in the written agreement. <sup>2</sup>
31	BACI	Marketing and Sales Agreement - DE, Amendment No. 8	There is no effective date listed in the written agreement. <sup>2</sup>
32	BACI	Marketing and Sales Agreement - DE, Amendment No. 10	Amendment No. 10 states that the effective date is 6/6/00 on the written agreement, but the web posting for each BOC states that the effective date is 6/7/00. <sup>2</sup>

Ref. No.	Affiliate	Contract	Differences between the written agreements and the web postings
33	BACI	Marketing and Sales Agreement – DE, Amendment No. 14	Amendment 14 states that it is effective on 7/21/00 on the web posting, but the written agreement states that it is not effective until 7/24/00. <sup>2</sup>
34	BACI	Marketing and Sales Agreement – DC, Amendment No 4	There is no effective date listed in the written agreement. <sup>2</sup>
35	BACI	Marketing and Sales Agreement – DC, Amendment No 8	There is no effective date listed in the written agreement. <sup>2</sup>
36	BACI	Marketing and Sales Agreement – DC, Amendment No 10	Amendment No. 10 states that the effective date is 6/6/00 on the written agreement, but the web posting for each BOC states that the effective date is 6/7/00. <sup>2</sup>
37	BACI	Marketing and Sales Agreement – DC, Amendment No 14	Amendment 14 states that it is effective on 7/21/00 on the web posting, but the written agreement states that it is not effective until 7/24/00. <sup>2</sup>
38	BACI	Service Agreement (data exchange and database access service) – NY	One rate for End User Communications of \$24,779/month was in the written agreement but was not posted on the web posting. <sup>1</sup>
39	BACI	Billing and Collections Agreement – PA	This web posting states that the party the agreement is provided by is Billing and Collections Agreement. <sup>2</sup>
40	BAGNI	325 Turnpike Drive Southboro, MA – Real Estate Written Contracts	The address number is written wrong on both the web posting and written agreement. It should be 325 Turnpike Drive, not 375. <sup>1</sup>
41	BAGNI	10 County Center Road, Greenburgh, NY, Amendment No. 1 – Real Estate Written Contracts	This web posting is missing the description of a service from the Terms and Conditions section. This service is “Oversight of contracted property management services (janitorial and trash removal)”, which is a supplemental service to be provided after the completion of construction of BAGNI’s improvements. <sup>1</sup>
42	BAGNI	Bell Atlantic, Virginia, Inc. – BRI and PRI services – Local Exchange Services	The tariff for Intellinq PRI Interface Arrangement should be listed as S.C.C – VA – No. 203, Section 14.C.b. on the web posting. Some services are listed at PMR, so personnel should have been listed. <sup>1</sup>
43	BAGNI	Bell Atlantic, New Jersey, Inc. – TELECOMSVC, Amendment No. 2 and Restatement – Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. <sup>2</sup>
44	BAGNI	Bell Atlantic, Connecticut – TELECOMSVC, Amendment No. 2 and Restatement – Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. <sup>2</sup>
45	BAGNI	Bell Atlantic, Washington D.C., Inc. – TELECOMSVC, Amendment No. 2 and Restatement – Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. <sup>2</sup>

<b>Ref. No.</b>	<b>Affiliate</b>	<b>Contract</b>	<b>Differences between the written agreements and the web postings</b>
46	BAGNI	Bell Atlantic, Maine - TELECOMSVC, Amendment No. 2 and Restatement - Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. <sup>2</sup>
47	BAGNI	Bell Atlantic - Delaware, Inc. - TELECOMSVC, Amendment No. 2 and Restatement - Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. Some services are listed at PMR, so personnel should have been listed. <sup>1</sup>
48	BAGNI	Bell Atlantic, Massachusetts - TELECOMSVC, Amendment No. 2 and Restatement - Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. <sup>2</sup>
49	BAGNI	Bell Atlantic, Maryland, Inc. - TELECOMSVC, Amendment No. 2 and Restatement - Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. <sup>2</sup>
50	BAGNI	Bell Atlantic, New Hampshire - TELECOMSVC, Amendment No. 2 and Restatement - Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. <sup>2</sup>
51	BAGNI	Bell Atlantic, NY - TELECOMSVC - Amendment No. 2 and Restatement - Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. <sup>2</sup>
52	BAGNI	Bell Atlantic, Pennsylvania, Inc. - TELECOMSVC, Amendment No. 2 and Restatement - Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. <sup>2</sup>
53	BAGNI	Bell Atlantic, Rhode Island - TELECOMSVC, Amendment No. 2 and Restatement - Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. <sup>2</sup>
54	BAGNI	Bell Atlantic, Virginia, Inc. - TELECOMSVC, Amendment No. 2 and Restatement - Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. Some services are listed at PMR, so personnel should have been listed. <sup>2</sup>

Ref. No.	Affiliate	Contract	Differences between the written agreements and the web postings
55	BAGNI	Bell Atlantic, VT - TELECOMSVC, Amendment No. 2 and Restatement - Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. <sup>2</sup>
56	BAGNI	Bell Atlantic - West Virginia, Inc. - TELECOMSVC, Amendment No. 2 and Restatement - Local Exchange Services	The web posting for this Amendment does not indicate the addition of BA Network Data and TRG (on behalf of NYT and NET) to the Agreement, as indicated in the written agreements. Some services are listed at PMR, so personnel should have been listed. <sup>2</sup>
57	BAGNI	New York Feature Group D (FG D) Service #NY - DFHDSO - Access Service Requests Posted Individually	There is a transposition error in the title of the web posting. <sup>1</sup>
58	BAGNI	Pennsylvania Special Construction Services #PA - SPC159 - Access Service Requests Posted Individually	There is no indication of the one-time charge listed on the written agreement. The web posting has a transposition error in the title. <sup>1</sup>
59	BAGNI	Pennsylvania Special Construction Services #ALTNA1 - Access Service Requests Posted Individually	There is no indication of the effective date or contract period on the written agreement. The one-time charge indicated on the original agreement is not posted on the web posting. <sup>2</sup>
60	BAGNI	770 Elm Street, Manchester, New Hampshire - Real Estate Contracts	The rate for Team Leader, Property Management on web posting is \$57.66 and \$61.27 in written agreement. <sup>1</sup>
61	BAGNI	1204 Goodwill Avenue, Cambridge, Maryland - Real Estate Contracts	The written agreement lists the address as 1204 Goodwill Avenue, but the web posting says the address is 1208 Goodwill Avenue. <sup>1</sup>
62	BAGNI	PA Memorandum of Understanding, Amendment No. 2	The link to the exhibit to Amendment #2 in the web-posting for PA Memorandum of Understanding is blank. <sup>2</sup>
63	BABS	1372 Broadway Centrex Telephone - Local Exchange Services	The effective date of 3/31/98 is posted on the web, but is not listed in the written agreement. The Distinctive Ringing Service is listed in the written agreement, but is not posted on the web. <sup>1</sup>
64	BABS	Technical Services Agreement - DE, Amendment No. 2	Web posting lists West Virginia as the party providing the service, while it is listed as Delaware in the written agreement. <sup>1</sup>
65	BABS	Memorandum of Understanding - NE, Amendment No. 2, Volume 2	The effective date of 3/31/00 on the written agreement and web posting do not match the contract period on the web posting of 3/31/99- 8/8/02. <sup>2</sup>
66	BABS	Memorandum of Understanding - NE, Amendment No. 3, Volume 2	The effective date of 3/31/00 on the written agreement and web posting do not match the contract period on the web posting of 3/31/99- 8/8/02. <sup>2</sup>

Ref. No.	Affiliate	Contract	Differences between the written agreements and the web postings
67	BABS	Technical Services Agreement - NY, Amendment No. 1	Presubscription change charge is referenced to NY PSC Tariff No. 900 Section 31.13.4(A) on the web posting and 31.31.4(A) in the written agreement. <sup>1</sup>
68	BABS	Memorandum of Understanding - PA, Amendment No. 2, Volume 3	The web posting for PA Memorandum of Understanding, Amendment No. 2, the link to the "Amendment 2 Exhibit" is blank. This link should include rates in Schedule 1, Appendices A-C. <sup>2</sup>
69	BABS	Marketing and Sales Agreement - NY	Initial Training of Bell Atlantic Incumbent and New Personnd is not posted on the web. Channel Service Order Error Correction service is listed as TBD. <sup>1</sup>
70	BABS	Marketing and Sales Agreement - NY, Amendment No. 3	Effective date posted as 1/6/99 and not 1/6/00. Miscellaneous Expenses need to be posted. <sup>2</sup>
71	BABS	Marketing and Sales Agreement - NY, Amendment No. 4	There is no effective date listed in the written agreement. <sup>2</sup>
72	BABS	Marketing and Sales Agreement - NY, Amendment No. 8	No effective date listed on written agreement, the rate for the added service, Compensation for Sales of Consumer Long Distance Services by Agents, is listed in the written agreement but is shown as TBD on the web posting. Compensation for Sales of Consumer Long Distance Services by Agents has rate, including the number, type and level of personnel, listed as TBD. <sup>2</sup>
73	BABS	Marketing and Sales Agreement - NY, Amendment No. 9	Title on the individual contract posting lists the incorrect state (MD) as a BOC. Channel Service Order Error Correction service has ratelisted as TBD. <sup>2</sup>
74	BABS	Marketing and Sales Agreement - NY, Amendment No. 10	The date on the web posting (6/7/00) does not agree to the date on the written agreement (6/6/00). The Appendices are missing - the rates from the written agreement could not be matched to the rates on the web postings. <sup>2</sup>
75	BABS	Marketing and Sales Agreement - NY, Amendment No. 13	Effective date in the written agreement is listed as June 6, not June 10 as on the web posting. <sup>2</sup>
76	BABS	Marketing and Sales Agreement - NY, Amendment No. 14	Effective date in the written agreement is listed as July 24, not July 21 as on the web posting. Some services and rates, including number and type of personnel and level of expertise, are listed as TBD. <sup>2</sup>
77	BABS	Marketing and Sales Agreement - WV, Amendment No. 4	No effective date listed in written agreement. <sup>2</sup>
78	BABS	Marketing and Sales Agreement - WV, Amendment No. 8	No effective date listed in written agreement. <sup>2</sup>
79	BABS	Marketing and Sales Agreement - WV, Amendment No. 9	Contact information lists incorrect BOC. <sup>2</sup>
80	BABS	Marketing and Sales Agreement - WV, Amendment No. 10	The date on the web posting (6/7/00) does not agree to the date on the written agreement (6/6/00). The Appendices are missing - the rates from the written agreement could not be matched to the rates on the web postings. <sup>2</sup>
81	BABS	Marketing and Sales Agreement - WV, Amendment No. 13	Effective date in the written agreement is listed as June 6, not June 10 as per contract posting. <sup>2</sup>



Ref. No.	Affiliate	Contract	Differences between the written agreements and the web postings
82	BABS	Marketing and Sales Agreement – WV, Amendment No. 14	Effective date in the written agreement is listed as July 24, not July 21 as per contract posting. Title on web posting lists NY as the BOC. <sup>2</sup>
83	BABS	Marketing and Sales Agreement – VA, Amendment No. 4	No effective date listed in written agreement. <sup>2</sup>
84	BABS	Marketing and Sales Agreement – VA, Amendment No. 8	No effective date listed in written agreement. <sup>2</sup>
85	BABS	Marketing and Sales Agreement – VA, Amendment No. 9	Contact information lists incorrect BOC. <sup>2</sup>
86	BABS	Marketing and Sales Agreement – VA, Amendment No. 10	The date on the web posting (6/7/00) does not agree to the date on the written agreement (6/6/00). The Appendices are missing - the rates from the written agreement could not be matched to the rates on the web postings. <sup>2</sup>
87	BABS	Marketing and Sales Agreement – VA, Amendment No. 13	Effective date in written agreement is listed as June 6, not June 10 as on web posting. <sup>2</sup>
88	BABS	Marketing and Sales Agreement – VA, Amendment No. 14	Effective date in written agreement is listed as July 24, not July 21 as on web posting. Title on web posting lists NY as the BOC. <sup>2</sup>
89	BABS	Marketing and Sales Agreement – PA, Amendment No. 4	No effective date listed in written agreement. <sup>2</sup>
90	BABS	Marketing and Sales Agreement – PA, Amendment No. 8	No effective date listed in written agreement. <sup>2</sup>
91	BABS	Marketing and Sales Agreement – PA, Amendment No. 10	The date on the web posting (6/7/00) does not agree to the date on the written agreement (6/6/00). The Appendices are missing - the rates from the written agreement could not be matched to the rates on the web postings. <sup>2</sup>
92	BABS	Marketing and Sales Agreement – PA, Amendment No. 13	Effective date in binder is listed as June 6, not June 10 as on web posting. <sup>2</sup>
93	BABS	Marketing and Sales Agreement – PA, Amendment No. 14	Effective date in written agreement is listed as July 24, not July 21 as on web posting. Title on web posting lists NY as the BOC. <sup>2</sup>
94	BABS	Marketing and Sales Agreement – NJ, Amendment No. 4	No effective date listed in written agreement. <sup>2</sup>
95	BABS	Marketing and Sales Agreement – NJ, Amendment No. 8	No effective date listed in written agreement. <sup>2</sup>
96	BABS	Marketing and Sales Agreement - NJ, Amendment No. 10	The date on the web posting (6/7/00) does not agree to the date on the written agreement (6/6/00). The Appendices are missing - the rates from the written agreement could not be matched to the rates on the web postings. <sup>2</sup>
97	BABS	Marketing and Sales Agreement - NJ, Amendment No. 13	Effective date in written agreement is listed as June 6, not June 10 as on web posting. <sup>2</sup>

Ref. No.	Affiliate	Contract	Differences between the written agreements and the web postings
98	BABS	Marketing and Sales Agreement - NJ, Amendment No. 14	Effective date in written agreement is listed as July 24, not July 21 as on web posting. <sup>2</sup>
99	BABS	Marketing and Sales Agreement - NE	Consumer Service Center Representatives Personnel and rates are missing from the web posting sections Sales, Ordering and Customer Inquiry Service and General Inquiry and Post Sales Support. <sup>1</sup>
100	BABS	Marketing and Sales Agreement - NE, Amendment No. 4	No effective date listed in written agreement. <sup>2</sup>
101	BABS	Marketing and Sales Agreement - NE, Amendment No. 8	No effective date listed in written agreement. <sup>2</sup>
102	BABS	Marketing and Sales Agreement - NE, Amendment No. 9	Title on web posting lists incorrect state (MD) as the BOC. <sup>2</sup>
103	BABS	Marketing and Sales Agreement - NE, Amendment No. 10	The date on the web posting (6/7/00) does not agree to the date on the written agreement (6/6/00). The Appendices are missing - the rates from the written agreement could not be matched to the rates on the web postings. <sup>2</sup>
104	BABS	Marketing and Sales Agreement - NE, Amendment No. 13	Effective date in written agreement is listed as June 6, not June 10 as on web posting. <sup>2</sup>
105	BABS	Marketing and Sales Agreement - NE, Amendment No. 14	Effective date in written agreement is listed as July 24, not July 21 as on web posting. Title on web posting lists NY as the BOC. <sup>2</sup>
106	BABS	Marketing and Sales Agreement - MD, Amendment No. 4	No effective date listed in written agreement. <sup>2</sup>
107	BABS	Marketing and Sales Agreement - MD, Amendment No. 8	No effective date listed in written agreement. <sup>2</sup>
108	BABS	Marketing and Sales Agreement - MD, Amendment No. 10	The date on the web posting (6/7/00) does not agree to the date on the written agreement (6/6/00). The Appendices are missing - the rates from the written agreement could not be matched to the rates on the web postings. <sup>2</sup>
109	BABS	Marketing and Sales Agreement - MD, Amendment No. 13	Effective date in written agreement is listed as June 6, not June 10 as on web posting. <sup>2</sup>
110	BABS	Marketing and Sales Agreement - MD, Amendment No. 14	Effective date in written agreement is listed as July 24, not July 21 as on web posting. Title on web posting lists NY as the BOC. <sup>2</sup>
111	BABS	Marketing and Sales Agreement - DE, Amendment No. 4	No effective date listed in written agreement. <sup>2</sup>
112	BABS	Marketing and Sales Agreement - DE, Amendment No. 8	No effective date listed in written agreement. <sup>2</sup>
113	BABS	Marketing and Sales Agreement - DE, Amendment No. 10	The date on the web posting (6/7/00) does not agree to the date on the written agreement (6/6/00). The Appendices are missing - the rates from the written agreement could not be matched to the rates on the web postings. <sup>2</sup>

Ref. No.	Affiliate	Contract	Differences between the written agreements and the web postings
114	BABS	Marketing and Sales Agreement - DE, Amendment No. 13	Effective date in written agreement is listed as June 6, not June 10 as on web posting. <sup>2</sup>
115	BABS	Marketing and Sales Agreement - DE, Amendment No. 14	Effective date in written agreement is listed as July 24, not July 21 as on web posting. Title on web posting lists NY as the BOC. <sup>2</sup>
116	BABS	Marketing and Sales Agreement - DC, Amendment No. 4	No effective date listed in written agreement. All or most services and rates including the number and type of personnel and level of expertise are listed as TBD. <sup>2</sup>
117	BABS	Marketing and Sales Agreement - DC, Amendment No. 8	No effective date listed in written agreement. <sup>2</sup>
118	BABS	Marketing and Sales Agreement - DC, Amendment No. 10	The date on the web posting (6/7/00) does not agree to the date on the written agreement (6/6/00). The Appendices are missing - the rates from the written agreement could not be matched to the rates on the web postings. <sup>2</sup>
119	BABS	Marketing and Sales Agreement - DC, Amendment No. 13	Effective date in written agreement is listed as June 6, not June 10 as on web posting. <sup>2</sup>
120	BABS	Marketing and Sales Agreement - DC, Amendment No. 14	Effective date in written agreement is listed as July 24, not July 21 as on web posting. Title on individual contract posting lists NY as the BOC. <sup>2</sup>
121	BABS	Service Agreement (for data exchange and database access services) - WV	Web posting effective date posted as 12/21/99, but contract period posted as 12/23/99 through 12/22/00. Effective date of written agreement is 12/21/99. <sup>1</sup>
122	BABS	Service Agreement (for data exchange and database access services) - DE	Web posting effective date posted as 12/21/99, but contract period posted as 12/23/99 through 12/22/00. Effective date of written agreement is 12/21/99. <sup>1</sup>
123	BABS	Service Agreement (for data exchange and database access services) - MD	Web posting effective date posted as 12/21/99, but contract period posted as 12/23/99 through 12/22/00. Effective date of written agreement is 12/21/99. <sup>1</sup>
124	BABS	Service Agreement (for data exchange and database access services) - NE	Web posting effective date posted as 12/21/99, but contract period posted as 12/23/99 through 12/22/00. Effective date of written agreement is 12/21/99. <sup>1</sup>
125	BABS	Service Agreement (for data exchange and database access services) - NJ	Web posting effective date posted as 12/21/99, but contract period posted as 12/23/99 through 12/22/00. Effective date of written agreement is 12/21/99. <sup>1</sup>
126	BABS	Service Agreement (for data exchange and database access services) - NY	Web posting effective date posted as 12/21/99, but contract period posted as 12/23/99 through 12/22/00. Effective date of written agreement is 12/21/99. One rate for End-User Communications of \$24,779/month was in the written agreement, but was not written on the web posting. <sup>1</sup>
127	BABS	Service Agreement (for data exchange and database access services) - PA	Web posting effective date posted as 12/21/99, but contract period posted as 12/23/99 through 12/22/00. Effective date of written agreement is 12/21/99. <sup>1</sup>

<b>Ref. No.</b>	<b>Affiliate</b>	<b>Contract</b>	<b>Differences between the written agreements and the web postings</b>
128	BABS	Service Agreement (for data exchange and database access services) - VA	Web posting effective date posted as 12/21/99, but contract period posted as 12/23/99 through 12/22/00. Effective date of written agreement is 12/21/99. <sup>1</sup>
129	BABS	Service Agreement (for data exchange and database access services) - DC	Web posting effective date posted as 12/21/99, but contract period posted as 12/23/99 through 12/22/00. Effective date of written agreement is 12/21/99. <sup>1</sup>
<p>* For information on price, terms, and conditions for the agreements, see the Section 272(b)(5) websites:  <a href="http://www.callbell.com/regreqs2/index.cfm">www.callbell.com/regreqs2/index.cfm</a> for BACI,  <a href="http://www.callbell.com/regreqs2/index.htm">www.callbell.com/regreqs2/index.htm</a> for BABS; and  <a href="http://www.baglobal.com/regrequirements.html">www.baglobal.com/regrequirements.html</a> for BAGNI.</p> <p><sup>1</sup> Web postings posted prior to year 2000.  <sup>2</sup> Web postings posted in year 2000.</p>			

**Table No. 3: 96 Written Agreements Related to Web Postings that Did Not Contain Sufficiently Detailed Information Necessary to Enable Us to Agree the Specific Rates, Terms and Conditions in the Written Agreement to the Web Posting\***

Ref. No.	Affiliate	Contract
1	BAGNI	New York DS3 Services #NY01T004 - Access Service Requests Posted Individually <sup>1</sup>
2	BAGNI	New York DS3 Services #NY02T007 - Access Service Requests Posted Individually <sup>1</sup>
3	BAGNI	New York DS3 Services #NY06T001A - Access Service Requests Posted Individually <sup>1</sup>
4	BAGNI	New York DS3 Services #NY12T003A - Access Service Requests Posted Individually <sup>1</sup>
5	BAGNI	New York DS3 Services #NY112T003B - Access Service Requests Posted Individually <sup>1</sup>
6	BAGNI	New York DS3 Services #NY217002 - Access Service Requests Posted Individually <sup>1</sup>
7	BAGNI	New York DS3 Services #NY50T006 - Access Service Requests Posted Individually <sup>1</sup>
8	BAGNI	New York DS3 Services #NY06T005 - Access Service Requests Posted Individually <sup>1</sup>
9	BAGNI	New York DS3 Services #NY11T008 - Access Service Requests Posted Individually <sup>1</sup>
10	BAGNI	New York DS1 Services #NY030DS1 - Access Service Requests Posted Individually <sup>1</sup>
11	BAGNI	New York DS1 Services #NY0DS1AA - Access Service Requests Posted Individually <sup>1</sup>
12	BAGNI	Bell Atlantic, New York, Inc. - NESPNS - Access Service Requests Posted Individually <sup>1</sup>
13	BAGNI	New York DS1 Services #NYRPOPS1 - Access Service Requests Posted Individually <sup>1</sup>
14	BAGNI	New York 56kbps #NY - GOPLK1 - Access Service Requests Posted Individually <sup>1</sup>
15	BAGNI	New York 56kbps #NY - COPLK1 - Access Service Requests Posted Individually <sup>1</sup>
16	BAGNI	New York 56kbps #NY - G30LK1 - Access Service Requests Posted Individually <sup>1</sup>
17	BAGNI	New York 56kbps #NY - C30LK1 - Access Service Requests Posted Individually <sup>1</sup>
18	BAGNI	New York Feature Group D (FG D) Service #NY - D42DSO - Access Service Requests Posted Individually <sup>1</sup>
19	BAGNI	New York Feature Group D (FG D) Service #NY - 6T009A - Access Service Requests Posted Individually <sup>1</sup>
20	BAGNI	New York Feature Group D (FG D) Service #NY - 6T009B - Access Service Requests Posted Individually <sup>1</sup>
21	BAGNI	New York Feature Group D (FG D) Service #NY - 6T009C - Access Service Requests Posted Individually <sup>1</sup>
22	BAGNI	New York Feature Group D (FG D) Service #NY - 6T009D - Access Service Requests Posted Individually <sup>1</sup>
23	BAGNI	New York Feature Group D (FG D) Service #NY - 6T009E - Access Service Requests Posted Individually <sup>1</sup>
24	BAGNI	New York Feature Group D (FG D) Service #NY - 6T009F - Access Service Requests Posted Individually <sup>1</sup>
25	BAGNI	New York Feature Group D (FG D) Service #NY - 1T010A - Access Service Requests Posted Individually <sup>1</sup>
26	BAGNI	New York Feature Group D (FG D) Service #NY - 1T010B - Access Service Requests Posted Individually <sup>1</sup>
27	BAGNI	New York Feature Group D (FG D) Service #NY - 1T010C - Access Service Requests Posted Individually <sup>1</sup>
28	BAGNI	New York Feature Group D (FG D) Service #NY - 1T010D - Access Service Requests Posted Individually <sup>1</sup>
29	BAGNI	New York Feature Group D (FG D) Service #NY - 1T010E - Access Service Requests Posted Individually <sup>1</sup>

Ref. No.	Affiliate	Contract
30	BAGNI	New York Feature Group D (FG D) Service #NY- 1T010F - Access Service Requests Posted Individually <sup>1</sup>
31	BAGNI	New York Feature Group D (FG D) Service #NY- 2T011A - Access Service Requests Posted Individually <sup>1</sup>
32	BAGNI	New York Feature Group D (FG D) Service #NY- 2T011B - Access Service Requests Posted Individually <sup>1</sup>
33	BAGNI	New York Feature Group D (FG D) Service #NY- 2T011C - Access Service Requests Posted Individually <sup>1</sup>
34	BAGNI	New York Feature Group D (FG D) Service #NY- 2T011D - Access Service Requests Posted Individually <sup>1</sup>
35	BAGNI	New York Feature Group D (FG D) Service #NY- 2T011E - Access Service Requests Posted Individually <sup>1</sup>
36	BAGNI	New York Feature Group D (FG D) Service #NY- 2T011F - Access Service Requests Posted Individually <sup>1</sup>
37	BAGNI	New York Feature Group D (FG D) Service #NY- 2T011G - Access Service Requests Posted Individually <sup>1</sup>
38	BAGNI	New York Feature Group D (FG D) Service #NY- 2T011H - Access Service Requests Posted Individually <sup>1</sup>
39	BAGNI	New York Feature Group D (FG D) Service #NY- 1T012A - Access Service Requests Posted Individually <sup>1</sup>
40	BAGNI	New York Feature Group D (FG D) Service #NY- 1T012B - Access Service Requests Posted Individually <sup>1</sup>
41	BAGNI	New York Feature Group D (FG D) Service #NY- 1T012C - Access Service Requests Posted Individually <sup>1</sup>
42	BAGNI	New York Feature Group D (FG D) Service #NY- 1T012D - Access Service Requests Posted Individually <sup>1</sup>
43	BAGNI	New York Feature Group D (FG D) Service #NY- 2T013A - Access Service Requests Posted Individually <sup>1</sup>
44	BAGNI	New York Feature Group D (FG D) Service #NY- 2T013B - Access Service Requests Posted Individually <sup>1</sup>
45	BAGNI	New York Feature Group D (FG D) Service #NY- 2T013C - Access Service Requests Posted Individually <sup>1</sup>
46	BAGNI	New York Feature Group D (FG D) Service #NY- 2T013D - Access Service Requests Posted Individually <sup>1</sup>
47	BAGNI	New York Feature Group D (FG D) Service #NY- 6T014A - Access Service Requests Posted Individually <sup>1</sup>
48	BAGNI	New York Feature Group D (FG D) Service #NY- 6T014B - Access Service Requests Posted Individually <sup>1</sup>
49	BAGNI	New York Feature Group D (FG D) Service #NY- 6T014C - Access Service Requests Posted Individually <sup>1</sup>
50	BAGNI	New York Feature Group D (FG D) Service #NY- 6T014D - Access Service Requests Posted Individually <sup>1</sup>
51	BAGNI	New York Feature Group D (FG D) Service #NY- 6T014E - Access Service Requests Posted Individually <sup>1</sup>
52	BAGNI	New York Feature Group D (FG D) Service #NY- 6T014F - Access Service Requests Posted Individually <sup>1</sup>
53	BAGNI	New York Feature Group D (FG D) Service #NY- 6T014G - Access Service Requests Posted Individually <sup>1</sup>
54	BAGNI	New York Feature Group D (FG D) Service #NY- 1T016A - Access Service Requests Posted Individually <sup>1</sup>
55	BAGNI	New York Feature Group D (FG D) Service #NY- 0T015A - Access Service Requests Posted Individually <sup>1</sup>

Ref. No.	Affiliate	Contract
56	BAGNI	New York Feature Group D (FG D) Service #NY- 1T015B - Access Service Requests Posted Individually <sup>1</sup>
57	BAGNI	New York Feature Group D (FG D) Service #NY- 1T015C - Access Service Requests Posted Individually <sup>1</sup>
58	BAGNI	New York Feature Group D (FG D) Service #NY- 1T015D - Access Service Requests Posted Individually <sup>1</sup>
59	BAGNI	New York Feature Group D (FG D) Service #NY- 1T015E - Access Service Requests Posted Individually <sup>1</sup>
60	BAGNI	New York Feature Group D (FG D) Service #NY- DFTDSO - Access Service Requests Posted Individually <sup>1</sup>
61	BAGNI	New York Feature Group D (FG D) Service #NY- DFLDSO - Access Service Requests Posted Individually <sup>1</sup>
62	BAGNI	New York Feature Group D (FG D) Service #NY- DFHDSO - Access Service Requests Posted Individually <sup>1</sup>
63	BAGNI	New York Feature Group D (FG D) Service #NY- DLIDSO - Access Service Requests Posted Individually <sup>1</sup>
64	BAGNI	New York Feature Group D (FG D) Service #NY- DNWDS1 - Access Service Requests Posted Individually <sup>1</sup>
65	BAGNI	New York Feature Group D (FG D) Service #NY - DWPDSO - Access Service Requests Posted Individually <sup>1</sup>
66	BAGNI	New York Feature Group D (FG D) Service #NY- 1T016B - Access Service Requests Posted Individually <sup>1</sup>
67	BAGNI	New York DS3 Service #NY - DS350T - Access Service Requests Posted Individually <sup>1</sup>
68	BAGNI	New York DS3 Service #NY - DS350Z - Access Service Requests Posted Individually <sup>1</sup>
69	BAGNI	New York DS3 Service #NY - DS320T - Access Service Requests Posted Individually <sup>1</sup>
70	BAGNI	Pennsylvania ICSR Service #PA - ICSR60 - Access Service Requests Posted Individually <sup>1</sup>
71	BAGNI	New York Feature Group D (FG D) Service #NY- 0T017A - Access Service Requests Posted Individually <sup>1</sup>
72	BAGNI	New York Feature Group D (FG D) Service #NY- 0T017B - Access Service Requests Posted Individually <sup>1</sup>
73	BAGNI	New York Feature Group D (FG D) Service #NY- 0T018A - Access Service Requests Posted Individually <sup>1</sup>
74	BAGNI	New York Feature Group D (FG D) Service #NY- 0T018B - Access Service Requests Posted Individually <sup>1</sup>
75	BAGNI	New York Feature Group D (FG D) Service #NY - 0T018C - Access Service Requests Posted Individually <sup>1</sup>
76	BAGNI	New York Feature Group D (FG D) Service #NY- 0T018D - Access Service Requests Posted Individually <sup>1</sup>
77	BAGNI	New York Feature Group D (FG D) Service #NY- 0T018E - Access Service Requests Posted Individually <sup>1</sup>
78	BAGNI	New York Feature Group D (FG D) Service #NY- 0T019A - Access Service Requests Posted Individually <sup>1</sup>
79	BAGNI	New York Feature Group D (FG D) Service #NY- 0T019B - Access Service Requests Posted Individually <sup>1</sup>
80	BAGNI	New York Feature Group D (FG D) Service #NY- 0T019C - Access Service Requests Posted Individually <sup>1</sup>
81	BAGNI	New York Feature Group D (FG D) Service #NY- 0T019D - Access Service Requests Posted Individually <sup>1</sup>
82	BAGNI	New York Feature Group D (FG D) Service #NY- 0T016C - Access Service Requests Posted Individually <sup>1</sup>

<b>Ref. No.</b>	<b>Affiliate</b>	<b>Contract</b>
83	BAGNI	New York Feature Group D (FG D) Service #NY-DJSOSO - Access Service Requests Posted Individually <sup>1</sup>
84	BAGNI	New York Feature Group D (FG D) Service #NY-DSUDS3 - Access Service Requests Posted Individually <sup>1</sup>
85	BAGNI	New York Feature Group D (FG D) Service #NY-YMADSO - Access Service Requests Posted Individually <sup>1</sup>
86	BAGNI	Bell Atlantic - Pennsylvania DS1 Service #PA- 1NB002 - Access Service Requests Posted Individually <sup>1</sup>
87	BAGNI	Bell Atlantic - Pennsylvania DS1 Service #PA- 1NB003 - Access Service Requests Posted Individually <sup>1</sup>
88	BAGNI	Bell Atlantic - Pennsylvania DS3 Service #PA- MKB002 - Access Service Requests Posted Individually <sup>1</sup>
89	BAGNI	Bell Atlantic - Pennsylvania - DS3 Service #PA-998261- This is missing from the Access Service Requests Posted Individually <sup>1</sup>
90	BAGNI	Bell Atlantic - Pennsylvania DS3 Service #PA- 909101 - Access Service Requests Posted Individually <sup>1</sup>
91	BAGNI	Bell Atlantic - Pennsylvania DS1 Service #PA- DS1001 - Access Service Requests Posted Individually <sup>1</sup>
92	BAGNI	Pennsylvania DS1 Services #PA - ADS102 - Access Service Requests Posted Individually <sup>1</sup>
93	BAGNI	Pennsylvania DS1 Services #PA - ADS104 - Access Service Requests Posted Individually <sup>1</sup>
94	BAGNI	Pennsylvania DS1 Services #PA - ADS105 - Access Service Requests Posted Individually <sup>1</sup>
95	BAGNI	Pennsylvania DS1 Services #PA - ADS101 - Access Service Requests Posted Individually <sup>1</sup>
96	BAGNI	Pennsylvania DS1 Services #PA - ADS103 - Access Service Requests Posted Individually <sup>1</sup>
<p>* For information on price, terms, and conditions for the agreements, see the Section 272(b)(5) websites:  <a href="http://www.callbell.com/regreqs2/index.cfm">www.callbell.com/regreqs2/index.cfm</a> for BACI,  <a href="http://www.callbell.com/regreqs2/index.htm">www.callbell.com/regreqs2/index.htm</a> for BABS; and  <a href="http://www.baglobal.com/regrequirements.html">www.baglobal.com/regrequirements.html</a> for BAGNI.</p> <p><sup>1</sup> Web postings posted prior to year 2000.</p>		



<b>Table No. 4: 4 Web Postings that Were Not Posted on the Section 272(b)(5) Web Sites*</b>			
<b>Ref. No.</b>	<b>Affiliate</b>	<b>Contract</b>	<b>Differences between the written agreements and the web postings</b>
1	BACI	Access Services - NY/CT, Amendment No. 6 - Memorandum of Understanding	Amendment No.6, which adds Bell Atlantic Network Data as a party effective July 1, 2000 is not posted on the web-site.
2	BAGNI	New York Memorandum of Understanding #NY/CT - MOU, Amendment No. 6	Amendment #6, which adds Bell Atlantic Network Data as a party effective July 1, 2000, is not posted on the web site.
3	BABS	Amendment No. 6 to NY/CT Memorandum of Understanding	Amendment No. 6, which adds Bell Atlantic Network Data as a party effective July 1, 2000 is not posted on the web.
4	BABS	Memorandum of Understanding - MD, Amendment No. 1	Amendment #1 to MOU-MD, effective Jan. 3, 2000, was not posted on the BABS web site during our testing period from Jan. 3, 2000 through Sept. 30, 2000. This amendment was subsequently posted on the web site on Jan. 31, 2001.
<p>* For information on price, terms, and conditions for the agreements, see the Section 272(b)(5) websites:  <a href="http://www.callbell.com/regreqs2/index.cfm">www.callbell.com/regreqs2/index.cfm</a> for BACI,  <a href="http://www.callbell.com/regreqs2/index.htm">www.callbell.com/regreqs2/index.htm</a> for BABS; and  <a href="http://www.baglobal.com/regrequirements.html">www.baglobal.com/regrequirements.html</a> for BAGNI.</p>			

<b>Table No. 5: 51 Web Postings that Were Not Posted on the Section 272(b)(5) Web Sites Within the Required 10 Calendar Days*</b>		
<b>Ref. No.</b>	<b>Affiliate</b>	<b>Contract</b>
1	BACI	Technical Services Agreement - NY, Amendment No. 7
2	BACI	Access Services - NY/CT, Amendment No. 6 - Memorandum of Understanding
3	BACI	Marketing and Sales Agreement - NY, Amendment No. 13
4	BACI	Marketing and Sales Agreement - NY, Amendment No. 14
5	BACI	Marketing and Sales Agreement - NY, Amendment No. 17
6	BACI	Marketing and Sales Agreement - WV, Amendment No. 13
7	BACI	Marketing and Sales Agreement - WV, Amendment No. 14
8	BACI	Marketing and Sales Agreement - WV, Amendment No. 17
9	BACI	Marketing and Sales Agreement - VA, Amendment No. 13
10	BACI	Marketing and Sales Agreement - VA, Amendment No. 14
11	BACI	Marketing and Sales Agreement - VA, Amendment No. 17
12	BACI	Marketing and Sales Agreement - PA, Amendment No. 13
13	BACI	Marketing and Sales Agreement - PA, Amendment No. 14
14	BACI	Marketing and Sales Agreement - PA, Amendment No. 17
15	BACI	Marketing and Sales Agreement - NJ, Amendment No. 13
16	BACI	Marketing and Sales Agreement - NJ, Amendment No. 14
17	BACI	Marketing and Sales Agreement - NJ, Amendment No. 17
18	BACI	Marketing and Sales Agreement - NE, Amendment No. 13
19	BACI	Marketing and Sales Agreement - NE, Amendment No. 14
20	BACI	Marketing and Sales Agreement - NE, Amendment No. 17
21	BACI	Marketing and Sales Agreement - MD, Amendment No. 13
22	BACI	Marketing and Sales Agreement - MD, Amendment No. 14
23	BACI	Marketing and Sales Agreement - MD, Amendment No. 17
24	BACI	Marketing and Sales Agreement - DE, Amendment No. 13
25	BACI	Marketing and Sales Agreement - DE, Amendment No. 14
26	BACI	Marketing and Sales Agreement - DE, Amendment No. 17
27	BACI	Marketing and Sales Agreement - DC, Amendment No. 13
28	BACI	Marketing and Sales Agreement - DC, Amendment No. 14
29	BACI	Marketing and Sales Agreement - DC, Amendment No. 17
30	BAGNI	New York Memorandum of Understanding #NY/CT- MOU, Amendment No. 6
31	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 2- DC
32	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 2- DE
33	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 2- MD

<b>Ref. No.</b>	<b>Affiliate</b>	<b>Contract</b>
34	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 2- New England
35	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 2- NJ
36	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 2- NY
37	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 2- PA
38	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 2- VA
39	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 2- WV
40	BABS	Amendment No. 6 to NY/CT Memorandum of Understanding
41	BABS	Technical Services Agreement - NY, Amendment No. 7
42	BABS	Memorandum of Understanding - MD, Amendment No. 1
43	BABS	Marketing and Sales Agreement - NY, Amendment No. 17
44	BABS	Marketing and Sales Agreement - WV, Amendment No. 17
45	BABS	Marketing and Sales Agreement - VA, Amendment No. 17
46	BABS	Marketing and Sales Agreement - PA, Amendment No. 17
47	BABS	Marketing and Sales Agreement - NJ, Amendment No. 17
48	BABS	Marketing and Sales Agreement - NE, Amendment No. 17
49	BABS	Marketing and Sales Agreement - MD, Amendment No. 17
50	BABS	Marketing and Sales Agreement - DE, Amendment No. 17
51	BABS	Marketing and Sales Agreement - DC, Amendment No. 17
<p>* For information on price, terms, and conditions for the agreements, see the Section 272(b)(5) websites:  <a href="http://www.callbell.com/regreqs2/index.cfm">www.callbell.com/regreqs2/index.cfm</a> for BACI,  <a href="http://www.callbell.com/regreqs2/index.htm">www.callbell.com/regreqs2/index.htm</a> for BABS; and  <a href="http://www.baglobal.com/regrequirements.html">www.baglobal.com/regrequirements.html</a> for BAGNI.</p>		

<b>Table No. 6: 68 Web Postings that Did Not Contain Some of the Required Disclosures*</b>			
<b>Ref. No.</b>	<b>Affiliate</b>	<b>Contract</b>	<b>Differences between the written agreements and the web postings</b>
1	BACI	Marketing and Sales Agreement - NY	Channel Service Order Error Correction service is listed as TBD <sup>1</sup>
2	BACI	Marketing and Sales Agreement - NY, Amendment No. 9	Channel Service Order Error Correction service is listed as TBD <sup>2</sup>
3	BACI	Marketing and Sales Agreement - NY, Amendment No. 11	Service Orders Processing and Project Management are listed as TBD <sup>2</sup>
4	BACI	Marketing and Sales Agreement - NY, Amendment No. 14	Some services and rates including the number and type of personnel and level of expertise are listed as TBD <sup>2</sup>
5	BACI	Service Agreement (data exchange and database access service) - WV	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD <sup>1</sup>
6	BACI	Service Agreement (data exchange and database access service) - DE	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD <sup>1</sup>
7	BACI	Service Agreement (data exchange and database access service) - MD	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD <sup>1</sup>
8	BACI	Service Agreement (data exchange and database access service) - NE	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD <sup>1</sup>
9	BACI	Service Agreement (data exchange and database access service) - NJ	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD <sup>1</sup>
10	BACI	Service Agreement (data exchange and database access service) - PA	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD <sup>1</sup>
11	BACI	Service Agreement (data exchange and database access service) - VA	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD <sup>1</sup>
12	BACI	Service Agreement (data exchange and database access service) - DC	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD <sup>1</sup>
13	BAGNI	New York DS3 Services #NY01T004 - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
14	BAGNI	New York DS3 Services #NY02T007 - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
15	BAGNI	New York DS3 Services #NY06T001A - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>

<b>Ref. No.</b>	<b>Affiliate</b>	<b>Contract</b>	<b>Differences between the written agreements and the web postings</b>
16	BAGNI	New York DS3 Services #NY12T003A - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
17	BAGNI	New York DS3 Services #NY112T003B - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
18	BAGNI	New York DS3 Services #NY217002 - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
19	BAGNI	New York DS3 Services #NY50T006 - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
20	BAGNI	New York DS3 Services #NY06T005 - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
21	BAGNI	New York DS3 Services #NY11T008 - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
22	BAGNI	BA Maryland Real Estate Services	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
23	BAGNI	Bell Atlantic, Virginia, Inc. - BRI and PRI services - Local Exchange Services	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
24	BAGNI	Bell Atlantic, Maryland, Inc. - BRI services - Local Exchange Services	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
25	BAGNI	Bell Atlantic - Pennsylvania, Inc. - BRI services - Local Exchange Services	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
26	BAGNI	Bell Atlantic - New Jersey, Inc. - BRI services - Local Exchange Services	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
27	BAGNI	Bell Atlantic - New York, Inc. - BRI Services - Local Exchange Services	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
28	BAGNI	Bell Atlantic - New England, Inc. - ISDN Services - Local Exchange Services	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>

Ref. No.	Affiliate	Contract	Differences between the written agreements and the web postings
29	BAGNI	Bell Atlantic, New York, Inc. - NESPNS - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
30	BAGNI	Pennsylvania DS1 Service #PA - 1BROAD	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
31	BAGNI	New York DS3 Service #NY - DS350T - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
32	BAGNI	New York DS3 Service #NY - DS350Z - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
33	BAGNI	New York DS3 Service #NY - DS320T - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
34	BAGNI	Pennsylvania ICSR Service #PA - ICSR60 - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
35	BAGNI	Pennsylvania Special Construction Services #PA - SPC159 - Access Service Requests Posted Individually	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
36	BAGNI	Online Customer Database Access Services - DC - Service Agreement	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
37	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 1 - DC	Some of the rates are listed as TBD. <sup>2</sup>
38	BAGNI	Online Customer Database Access Services - DE - Service Agreement	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
39	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 1 - DE	Some of the rates are listed as TBD. <sup>2</sup>
40	BAGNI	Online Customer Database Access Services - MD - Service Agreement	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>

Ref. No.	Affiliate	Contract	Differences between the written agreements and the web postings
41	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 1 - MD	Some of the rates are listed as TBD. <sup>2</sup>
42	BAGNI	Online Customer Database Access Services - New England - Service Agreement	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
43	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 1 - New England	Some of the rates are listed as TBD. <sup>2</sup>
44	BAGNI	Online Customer Database Access Services - NJ - Service Agreement	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
45	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 1 - NJ	Some of the rates are listed as TBD. <sup>2</sup>
46	BAGNI	Online Customer Database Access Services - NY - Service Agreement	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
47	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 1 - NY	One of the rates (for End User Communications) is listed as TBD. <sup>2</sup>
48	BAGNI	Online Customer Database Access Services - PA - Service Agreement	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
49	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 1 - PA	Some of the rates are listed as TBD. <sup>2</sup>
50	BAGNI	Online Customer Database Access Services - VA - Service Agreement	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
51	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 1 - VA	Some of the rates are listed as TBD. <sup>2</sup>

Ref. No.	Affiliate	Contract	Differences between the written agreements and the web postings
52	BAGNI	Online Customer Database Access Services - WV - Service Agreement	Web posting does not contain Contract/Amendment Renewal Clause indication <sup>1</sup>
53	BAGNI	Service Agreement (for data exchange and database access services) and Amendment No. 1 - WV	Some of the rates are listed as TBD. <sup>2</sup>
54	BABS	1372 Broadway Centrex Telephone - Local Exchange Services	The Distinctive Ringing Service is listed in the written agreement, but is not posted on the web. <sup>1</sup>
55	BABS	Marketing and Sales Agreement - NY	Channel Service Order Error Correction service is listed as TBD. <sup>1</sup>
56	BABS	Marketing and Sales Agreement - NY, Amendment No. 8	The rate for the added service, Compensation for Sales of Consumer Long Distance Services by Agents, is listed in the written agreement but is shown as TBD on the web posting. Compensation for Sales of Consumer Long Distance Services by Agents has rate, including the number, type and level of personnel, listed as TBD. <sup>2</sup>
57	BABS	Marketing and Sales Agreement - NY, Amendment No. 9	Channel Service Order Error Correction service has rate listed as TBD. <sup>2</sup>
58	BABS	Marketing and Sales Agreement - NY, Amendment No. 11	Service Orders Processing and Project Management services have rates listed as TBD. <sup>2</sup>
59	BABS	Marketing and Sales Agreement - NY, Amendment No. 14	Some services and rates, including number and type of personnel and level of expertise, are listed as TBD. <sup>2</sup>
60	BABS	Marketing and Sales Agreement - PA, Amendment No. 9	No contract period is listed on the web posting. <sup>2</sup>
61	BABS	Service Agreement (for data exchange and database access services) - WV	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD. <sup>1</sup>
62	BABS	Service Agreement (for data exchange and database access services) - DE	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD. <sup>1</sup>
63	BABS	Service Agreement (for data exchange and database access services) - MD	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD. <sup>1</sup>
64	BABS	Service Agreement (for data exchange and database access services) - NE	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD. <sup>1</sup>
65	BABS	Service Agreement (for data exchange and database access services) - NJ	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD. <sup>1</sup>



<b>Ref. No.</b>	<b>Affiliate</b>	<b>Contract</b>	<b>Differences between the written agreements and the web postings</b>
66	BABS	Service Agreement (for data exchange and database access services) - PA	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD. <sup>1</sup>
67	BABS	Service Agreement (for data exchange and database access services) - VA	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD. <sup>1</sup>
68	BABS	Service Agreement (for data exchange and database access services) - DC	All or most services and rates including the number and type of personnel and level of expertise are listed as TBD. <sup>1</sup>
<p>* For information on price, terms, and conditions for the agreements, see the Section 272(b)(5) websites:  <a href="http://www.callbell.com/regreqs2/index.cfm">www.callbell.com/regreqs2/index.cfm</a> for BACI,  <a href="http://www.callbell.com/regreqs2/index.htm">www.callbell.com/regreqs2/index.htm</a> for BABS; and  <a href="http://www.baglobal.com/regrequirements.html">www.baglobal.com/regrequirements.html</a> for BAGNI.</p> <p><sup>1</sup> Web postings posted prior to year 2000.  <sup>2</sup> Web postings posted in year 2000.</p>			

**Appendix B enumerates the procedures performed in connection with the Bell Operating Companies and the former GTE Section 272 affiliates.<sup>6</sup>**

With respect to the transactions between the Bell Operating Companies (“BOCs”) and former GTE Section 272 affiliates,<sup>6</sup> we completed the following:

- (a) We inquired of management of the BOCs, Codetel International Communications, Inc. (“CICI”), Telus Communications, Inc. (“TCI”) and Quebec Telephone Company (“Quebec”) and management indicated the following:
- Bell Atlantic Corporation merged with GTE Corporation on June 30, 2000 and created Verizon Communications Inc.
  - As a result of the merger, four affiliates which fall under the Section 272 rules were identified: CICI, TCI, Quebec and Verizon Select Services, Inc.
  - CICI had New York revenue from **\*\*proprietary\*\*** customers of approximately **\*\*proprietary\*\*** for the nine months ended September 30, 2000.
  - TCI had New York revenue from **\*\*proprietary\*\*** customers of approximately **\*\*proprietary\*\*** for the nine months ended September 30, 2000.
  - Quebec had New York revenue from **\*\*proprietary\*\*** customers of approximately **\*\*proprietary\*\*** for the 12 months ended December 31, 2000.
  - CICI provided no services to the BOCs for the period from October 1, 2000 to December 31, 2000. CICI purchased only minimal services from the BOCs during the period from October 1, 2000 to December 31, 2000 which was comprised of local telephone exchange service from Verizon New Jersey for approximately **\*\*proprietary\*\*** and local telephone exchange service from Verizon New York for approximately **\*\*proprietary\*\***.
  - TCI and Quebec provided no services to the BOCs and purchased no services from the BOCs for the period from October 1, 2000 to December 31, 2000.
  - CICI, TCI and Quebec operate independently from the BOCs. CICI, TCI and Quebec do not own any facilities jointly with the BOCs, and the BOCs do not provide any operations, installation, and maintenance functions to CICI, TCI or Quebec. CICI, TCI and Quebec have not benefited from any BOC research and development activities in the period from October 1, 2000 to January 2, 2001.
  - CICI, TCI and Quebec maintain separate books, separate records, and separate accounts from those of the BOCs, and all such books, records, and accounts are maintained in accordance with accounting principles generally accepted in the United States of America.
  - CICI, TCI and Quebec had no officers, directors, or employees in common with a BOC during the period from October 1, 2000 to January 2, 2001.
  - CICI, TCI and Quebec have not obtained credit under any arrangement that would permit a creditor, upon default, to have recourse to the assets of the BOCs during the period from October 1, 2000 to January 2, 2001.
  - No assets were sold or transferred between a BOC and CICI, TCI or Quebec during the period from October 1, 2000 to January 2, 2001.
- (b) We documented the procedures used by CICI, TCI, and Quebec to identify, track, respond, and take corrective action to competitors’ complaints. The management of CICI, TCI, and Quebec indicated that no FCC formal complaints, as defined in 47 CFR 1.720, or FCC informal complaints, as defined in 47 CFR 1.716, were filed against CICI, TCI, or Quebec,

<sup>6</sup> For the purposes of this document, the former GTE Section 272 affiliates are Verizon Select Services Inc., Codetel International Communications, Inc., Telus Communications, Inc. and Quebec Telephone Company.

nor were any written complaints made to the New York Public Service Commission from competitors involving the provision or procurement of goods, services, facilities, and information, or in the establishment of standards from July 1, 2000 through January 2, 2001.

**Appendix C enumerates the procedures performed in connection with the GTE Operating Companies<sup>7</sup> and the former GTE Section 272 affiliates.**

With respect to transactions between the GTE Operating Companies<sup>7</sup> and the former GTE Section 272 affiliate, Verizon Select Services, Inc., we are currently conducting procedures agreed to by the Specified Users for the period from October 1, 2000 to January 2, 2001. As agreed to by the Specified Users, Verizon prepared a report indicating the corrective actions they took in the period from July 1, 2000 to September 30, 2000 and the dates that the corrective actions were completed. This report is incorporated in Attachment II.

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<sup>7</sup> For the purposes of this document, GTE Operating Companies refer to Verizon California Inc.; Verizon Florida Inc.; Verizon Hawaii Inc.; GTE Midwest Inc. (d/b/a Verizon Midwest); Verizon North Inc.; Verizon Northwest Inc.; Verizon South Inc.; GTE Southwest Inc. (d/b/a Verizon Southwest); and Contel of the South Inc. (d/b/a Verizon Mid-States).

Attachment II



Susan C. Browning  
Executive Director  
Affiliate Interest Compliance

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4<sup>th</sup> Floor  
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Susan.C.Browning@verizon.com

March 12, 2001

Joint Federal/State Oversight Team  
For the Biennial Audit Required under Section 272  
c/o J. Paretti

and

PricewaterhouseCoopers  
*1301 Avenue of the Americas*  
New York, New York 10019

Please find attached the report required in the March 1 version of the General Standard Procedures for Biennial Audits Required under Section 272 indicating the corrective actions Verizon took between July 1 and September 30, 2000.

A handwritten signature in cursive script that reads "Susan Browning".

Executive Director – Affiliate Interest Compliance

cc:  
J. Ward  
G. Asch  
J. DiBella

March 12, 2001

In connection with the engagement to perform an agreed-upon procedures examination related to the compliance of Verizon Communications, Inc. ("the Company") with the Federal Communication Commission's ("FCC's") rules implementing Section 272 of the Act, *Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended*, 11 FCC Rcd 21905 (1996), and Sections 53.201-213 of the FCC's rules (collectively, the "FCC's Section 272 Rules"), this report provides the corrective actions taken by the Company after the Bell Atlantic/GTE merger relating to section 272 requirements.

1. The former GTE affiliates that became section 272 affiliates after the merger are Verizon Select Services Inc. (formerly GTE Communications Corp.), Codetel International Communications Incorporated; Telus Communications Incorporated, and Quebec Telephone.
2. Verizon Select Services provides interLATA services in New York, Codetel leases switch capacity from Verizon Select Services in New York City, and Telus and Quebec Telephone are foreign local exchange carriers whose calling cards can be utilized in New York.
3. After the Merger Closing Date, Verizon reviewed the former GTE affiliates for section 272 compliance as part of its integration of the Bell Atlantic and GTE compliance programs. This review identified four transactions involving the former GTE affiliates that required corrective action, which has been taken. Specifically,
  - a. One Codetel International transaction with Verizon New Jersey and two Telus contracts with the GTE local exchange carriers had not been posted on their Internet sites. This was corrected on September 22, 2000.
  - b. A contract with one customer for services provided in New York had not been transferred from one GTE affiliate (GTE Data Services, Inc.) to Verizon Select Services. This also was corrected on September 21, 2000.

**Joseph DiBella**  
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June 11, 2001

Mr. Joseph Paretti  
Accounting Safeguards Division  
6 Durham Lane  
Suffem, NY 1090 1

Mr. Martin Kehoe  
Partner  
PricewaterhouseCoopers LLP  
1095 Avenue of the Americas  
New York, NY 10036

Re: *Section 2 72 Biennial Audit*

Dear Mr. Paretti and Mr. Kehoe:

Attached are Verizon's comments on the PricewaterhouseCooper's audit report in the section 272 biennial review. Pursuant to section 53.2 13(b) of the Commission's rules, these comments should be attached to the audit report that is filed with the Commission and the state regulatory agencies participating in the Joint Federal/State Oversight Team. Verizon has also filed this day a request for confidential treatment of the information marked as "proprietary" in these comments and in the audit report, pursuant to section 0.459 of the Commission's rules. The unredacted version of these comments should be submitted to the Commission under seal.

While the audit report notes several clerical errors and items that required corrective action, this should not obscure the fact that the audit revealed that Verizon has a comprehensive and effective program for compliance with the Commission's section 272 accounting and non-accounting safeguards. In addition, the audit showed that

Verizon's internal controls are effective in assuring compliance with the Commission's rules. Because this is an agreed-upon-procedures audit, the auditor was required to report all results, regardless of materiality. Most of the items noted were extremely minor in nature and do not detract from Verizon's overall record of compliance. The attachment provides responses to specific audit results that require additional information and explanation.

Sincerely,

A handwritten signature in black ink that reads "Joseph DiBella" followed by a date "1/18". The signature is written in a cursive, flowing style.

Joseph DiBella

Attachment



**VERIZON RESPONSE TO SECTION 272 AUDIT REPORT**

<u><b>Section 272 Audit Report</b></u>	<u><b>Management Response</b></u>
<p><b>Objective III, Procedure 4</b></p> <p>We obtained the employee listings of the Section 272 affiliates and of the BOCs that included the social security numbers of the directors, officers and employees at September 30, 2000. We designed and executed a program which electronically compared social security numbers of directors, officers and employees on the Section 272 affiliates lists to the BOCs lists and noted that 14 individuals were listed on both the Section 272 affiliates' listings and the BOCs' listings. We documented the names and social security numbers of the 14 individuals which appeared on both listings. Management indicated that each of the 14 individuals had transferred to a Section 272 affiliate and were no longer employees of a BOC at September 30, 2000. Management also indicated that each of these 14 individuals appeared on the BOC listing because they received non-wage payments, such as a Fair Labor Standards Act adjustment in overtime rate based on employees overtime worked while employed by the BOC, vacation buyouts, employee incentive awards, and motor vehicle allowance reimbursement from a BOC subsequent to the individual's transfer to a Section 272 affiliate. We also obtained employment histories for the 14 individuals from the Company's Employee Information System. By reference to the Company's Employee Information System only, we noted no instances where an individual was concurrently employed by a BOC and Section 272 affiliate.</p>	<p>These results support PWC's statement that no individuals were concurrently employed by a BOC and Section 272 affiliate. Management not only indicated that the individuals had been transferred, but it also provided documentation mentioned by PWC (employment histories from the company's Employee Records in the Payroll Information System) supporting the transfer of the 14 individuals from the BOC to the Section 272 affiliates payroll. The majority of the individuals (9 out of 14) received a non-wage payment related to the Fair Labor Standards Act adjustment in overtime rate when the individuals worked for the BOC. This Act involves non-exempt employees (also known as associate employees under a bargained-for union contract). The BOC was required to make these and other payments related to their service for the BOC regardless of whether the employee had left the company.</p>

**VERIZON RESPONSE TO SECTION 272 AUDIT REPORT**

<p><b>Objectives V/VI, Procedure 5</b></p> <p>We noted that three of the five agreements that were no longer in effect as of September 30, 2000 were terminated prematurely during the period from January 3, 2000 through September 30, 2000. The three agreements that were terminated prematurely were for strike related services which were no longer needed after the strike had ended. We noted two agreements for real estate services that expired as of September 30, 2000, for which BAGNI continued to receive the services and make payments to the BOCs. These two real estate services were being provided on a month-to-month basis subsequent to the expiration of the related agreements which management indicated is consistent with common practice for real estate leases. We inquired of management and documented that the BOCs' policy is to provision services to the Section 272 affiliates only with a written agreement.</p>	<p>The two real estate agreements are supported by leases that contain renewal options. The leases are still in effect and BAGNI continues to pay rent on a month-to-month basis. Corrective action is being taken to ensure that a notification letter is provided. As mentioned by PWC, automatic lease renewals are a normal practice in the real estate industry.</p>
<p><b>Objectives V/VI, Procedure. 6, Web Posting</b></p> <p><b>Issue No. 1.</b> We also printed the web postings of the contract summaries as of September 30, 2000. We compared the rates, terms and conditions of services on the web postings to the written agreements provided in Objective V/VI, Procedure 5 and noted the following:</p> <ul style="list-style-type: none"> <li>• 839 web postings in total (representing 135 written agreements and 51 amendments) of which 459 were posted in 2000 (representing 7 written agreements and 34 amendments);</li> <li>• Rates, terms and conditions for 535 of the 839 web postings were agreed to the written agreements with no exception;</li> <li>• 44 of the 839 web postings contained multiple errors;</li> <li>• 129 of the 839 web postings contained discrepancies as compared to the written agreements. A list of the 129 web postings is provided in Attachment I, Table No. 2. The 129 web postings represent 11 written agreements and 14 amendments. Management indicated that the discrepancies occurred as a result of administrative errors.</li> </ul>	<p><b>129 Web Posting Discrepancies vs. Written Agreements:</b> The FCC's contract posting requirements are complex, requiring a minimum of 13 data entries to be posted for each contract, and frequently many more (even in excess of 100 items for a single contract). Therefore, the 129 errors were out of well over 20,000 data entries. Even when combined with the 68 postings identified in Objective V/VI, Procedure 6, Issue No. 5, the overall web posting error rate is less than 1%. In virtually every case, the errors were the result of minor clerical errors (e.g., minor changes to effective dates, contract periods, etc.) for only one of the data entries on a contract, with no material impact on the overall accuracy of the contract and the associated web posting. Further, it is Verizon's practice to develop contracts to cover all 9 jurisdictions, even though section 271 relief was obtained in only one jurisdiction (New York) at the time the PWC audit was conducted. As a result, Web postings were made to all 9 jurisdictions, resulting in a "multiplier" effect in which 1 error counted 9 times. All warranted corrections have been made.</p>

**VERIZON RESPONSE TO SECTION 272 AUDIT REPORT**

**Issue No. 2.** written agreements related to 96 of the 839 web postings were prepared in the form of Access Service Requests, which did not contain sufficiently detailed information necessary to enable us to agree the specific rates, terms and conditions in the written agreements to the web postings (representing 96 written agreements). A list of the 96 web postings related to Access Service Requests written agreements is provided in Attachment I, Table No. 3.

**Issue No. 3.** four web postings (representing two amendments) related to access services were not posted on the Section 272(b)(5) websites as of January 2, 2001, but were subsequently posted during February 2001. A list of the four web postings is provided in Attachment I, Table No. 4. For three of the four web postings, the original agreements were between Bell Atlantic-New York and the Section 272 affiliates. Management indicated there was an amendment which added an affiliate, which was not a Section 272 affiliate, to the agreements. Management indicated the amendments were originally posted to that affiliates website and not the Section 272 (b) (5) website since the affiliate added was not a Section 272 affiliate. Management indicated that the fourth web posting between BABS and Bell Atlantic-Maryland was inadvertently excluded from the website.

96 Written agreements: The Access Service Requests do not contain information about rates, terms and conditions because they relate to access services provided under tariff. The Act requires Verizon to include the rates, terms and conditions for access services in publicly available tariffs. All 96 instances relate to requests by Global Networks, Inc. ( GNI ) for access services. Verizon met the section 272(b)(5) requirement for written agreements by executing and posting the Access Service requests (ASRs) from GNI. Verizon currently executes and posts Memorandums of Understanding that cover access services ordered under ASRs.

4 Web Postings not on Web site: As noted in the report, the missing postings were for services provide pursuant to tariff. All missing postings have been added to the web sites. 3 of the 4 missing postings involved the same discrepancy on three section 272 web sites.

**VERIZON RESPONSE TO SECTION 272 AUDIT REPORT**

<p><b><u>Objectives V/VI, Procedure 6, Issue No. 4 — 51 Late Web Postings</u></b>                  We compared the transaction date to the posting date for the 839 web postings referred to above and noted that 51 web postings (which represent seven amendments) of the 459 contract summaries posted in 2000 were not posted on the Section 272(b)(5) web sites within the required 10 calendar days. Of the 51 web postings, 37 web postings were posted within five days after the required posting date. Nine web postings were posted within six to 10 days after the required posting date, and five web postings were posted more than 10 days after the required posting date. A list of the 51 web postings is provided in Attachment I, Table No. 5. Management indicated that the web postings were not posted within the required period as the result of an administrative error. 408 of the 459 web postings posted in 2000 were posted within the required 10 calendar days.</p>	<p>As noted in the audit report, the 51 late Web postings related to only 7 contract amendments, multiplied by the number of entities and states where the transactions were posted. The majority of the delays ranged from 1 to 10 days. In total of the 839 postings, 94% were posted on time, and 5% were posted between day 11 and day 20. Only five postings (in all cases for minor amendments) were made more than 10 days late. Verizon used the preliminary results of the PWC audit to implement process improvements immediately to ensure that inputs for future web postings are available the same day that the contract is signed. Postings are now being reviewed by at least two persons before being sent for posting, with another internal review conducted within 10 days of the documents being posted, to check for accuracy on the Web site.</p>
<p><b><u>Objectives V/VI, Procedure. 6, Issue No. 5 — 68 Web Postings Did Not Contain Required Disclosure</u></b>                  We inspected and noted that 68 web postings (which represent 22 written agreements and six amendments) of the 839 web postings did not contain some of the required disclosures necessary for posting. A list of the 68 web postings is provided in Attachment I, Table No. 6. Management indicated that the omissions of data occurred as the result of an administrative error.</p>	<p>As was the case with the first response above, the changes warranted were very minor in nature, reflecting clerical errors with no material impact on the contracts/web postings. Of the 68 items identified, 32 items were instances where the web posting did not contain a contract renewal clause but all of the material terms and conditions of the contract were included and correct. Of the remaining items, 34 had TBD, or To Be Determined, in the pricing information. Of these 34, 25 TBD postings were inserted in postings for states for which Verizon had not yet received long distance authority and therefore the contracts could not yet be operative. The remaining 9 TBD postings were for services that were not applicable to the jurisdiction included in that posting. Even treating all 68 items as errors and combining with the items identified in Objectives V/VI, Procedure 6, Issue No. 1, however, there is a web posting error rate of less than 1%.</p>

**VERIZON RESPONSE TO SECTION 272 AUDIT REPORT**

<p><b><u>Objectives V/VI, Procedure 6, Issue No. 6 — Public Inspection Sites</u></b>                  We selected a random sample of 85 web postings to determine whether the same information was made available for public inspection at the principal place of business of the BOCs at three judgmentally selected BOCs locations. We noted that four web postings and their related agreements and Officer Certification Statements were not made available for public inspection when we visited the principal place of business of one of the BOCs. Detailed information concerning these four web postings has been provided in the table below:</p> <p>At two of the BOCs locations, we noted that tariff pages for six agreements (three at each location) were not made available for public inspection. Detailed information concerning these six web postings has been provided in the table below: Management indicated that the tariff pages were inadvertently excluded from the agreements made available for public inspection. The Company made no claims of confidentiality for nondisclosure.</p>	<p>The items noted in the audit were not available due to clerical errors in the distribution and physical filing of the material. Three of the agreements were associated with a temporary, unique Emergency Work Stoppage agreements. Some of the material was subsequently found at the site after the auditor's visit. Verizon has reviewed the Section 272 Public Inspection Requirements with each Public Inspection Coordinator and plans to provide additional training on these requirements. Verizon has detailed procedures in place for its public inspections sites. The FCC required a very large volume of data to be filed at these sites. In almost three years of operations there have only been three visits (total) to the nine (9) Bell Atlantic BOC headquarter sites.</p>
<p><b><u>Objectives V/VI, Procedure 9, Issue No. 1 — FMV @ Unit Level</u></b>                  For 34 of the 49 transactions, we were able to compare some but not all of the components of FDC and FMV. Management indicated that the Company requested but was not able to obtain FMV from the third parties for services such as the development and maintenance of customer database records and the customer complaint center because the related services were unique to the Company. We obtained from management a letter from the unaffiliated entity that indicated a FMV could not be obtained for these services.</p>	<p>Verizon made a good faith effort to attain FMV by hiring a third party vendor (Mitchell &amp; Titus, LLP) to provide FMV for unique system components. M&amp;T reported that it was not possible to get a FMV on certain unique systems. While section 32.27 of the Commission's rules requires a carrier to make a good faith determination of FMV, it provides no clear guidance for situations where no such determination is possible. As a result, Verizon used FDC in place of a FMV that did not exist for the unique system components.</p>
<p><b><u>Objectives V/VI, Procedure 9, Issue No. 2 — Consumer Marketing transactions</u></b>                  We noted that for nine of the 70 transactions (which represents three services), the Section 272 affiliate was charged an amount other than FDC or FMV as the result of an administrative error. Detailed information concerning these nine transactions has been provided in the table below :</p>	<p>For the three services at issue, the contract was correct, as was the web posting. In billing the affiliates for the service, the rates from the contract/posting were not applied due to an administrative error. This situation was corrected through an invoice that was issued to the section 272 affiliate in April, 2001 to true-up the difference between the amount billed in 2000 and the contract rate.</p>

**VERIZON RESPONSE TO SECTION 272 AUDIT REPORT**

<p><b><u>Objectives V/VI, Procedure 10</u></b>                  We documented the amount the BOCs recorded for these transactions in their books of record. For two of the 17 transactions, the amount recorded by the Section 272 affiliate could not be agreed to the amount recorded by the BOCs due to a reclass in the amounts billed of \$4,311. However, in total, the amounts recorded for these two transactions by the BOCs and Section 272 affiliate were the same. For one of the 17 transactions, the amount recorded by the Section 272 affiliate could not be agreed to the amount recorded by the BOC due to disputes in the amounts billed of <b>**proprietary**</b>. We also documented the amount the BOCs paid for these transactions to Section 272 affiliates. For one of the 17 transactions, we were unable to trace the invoiced amount to the books of record of the BOC as this transaction was not yet fully paid by the BOC. The transaction was for services provided by BACI for Bell Atlantic-Maryland in August 2000. The total amount billed was <b>**proprietary**</b>, of which <b>**proprietary**</b> was not paid.</p>	<p>After investigation by Bell Atlantic-Maryland, they determined that BACI charged them correctly including the outstanding <b>**proprietary**</b> charge. Therefore, Bell Atlantic-Maryland paid the <b>**proprietary**</b> balance in May 2001.</p>
<p><b><u>Objectives V/VI, Procedure. 13</u></b>                  For 14 of the 86 selections, we were unable to obtain third party and other non-regulated affiliate invoices as management was unable to locate such invoices. Therefore, we were unable to determine whether these 14 items were originally transferred from the BOCs. Detailed information concerning these 14 invoices has been provided in the table below:</p>	<p>These items were not transferred from the BOCs. A nonregulated entity — Verizon Network Integration, Inc. (formerly Bell Atlantic Network Integration, Inc.) — billed GNI for 11 cabinets at a price that was quoted by one vendor. Because that vendor could not deliver in a timely manner, an order for the cabinets was placed, and fulfilled, by a different vendor. The billing from Verizon Network Integration, Inc. to GNI was based on the original order. Therefore, the payments made to the second vendor cannot be linked back to amounts billed to GNI. Of the remaining 3 items, invoices for 86 percent of the total amount were located.</p>
<p><b><u>Objective VIII. Procedure 3 — Intervals, Issue No.1</u></b>                  PWC chart notes shorter provisioning and repair intervals for affiliated companies than for non-affiliated companies in certain months.</p>	<p>The direct comparison of differences, a stare and compare approach, between Verizon and non-affiliate performance is statistically meaningless due to the extremely small volumes of orders for the section 272 affiliates. In most months, only a handful of orders or troubles were processed for section 272 affiliates.</p>

**VERIZON RESPONSE TO SECTION 272 AUDIT REPORT**

<p><b><u>Objective VIII, Procedure 3 — Intervals, Issue No. 2</u></b>                  PWC table notes differences in average PIC change intervals between affiliates and non-affiliates.</p>	<p>The differences in average PIC processing time between affiliates and non-affiliates are relatively small and immaterial — they would not have practical significance to the interexchange carrier or be perceived as differences by the interexchange carrier's customer. Based on input from the interexchange carriers concerning their expectations for processing their PIC files, Verizon's customer satisfaction surveys measure whether PIC files are processed within 24 hours. The data in the audit report show that Verizon is greatly exceeding this goal for both affiliates and non-affiliates. Verizon treats all mechanical PIC orders using the same systems and procedures for all carriers, with no manual intervention in handling the files that could affect the processing interval. All files are processed in the order that they are received. After successfully passing through a series of updates, the orders are sent to the switch for PIC implementation.</p>
<p><b><u>Objective VIII, Procedure 4 — Intervals, Issue No. #3</u></b>                  We noted that one ACNA for a non-Section 272 affiliate and one ACNA used for internal BOC orders was improperly included in the non-affiliate measure. This accounted for the difference of 131 noted below.</p>	<p>The two ACNAs that were mistakenly included in the non-affiliate category in the month of August were 4 percent of the total troubles reported that month and had an insignificant effect on the Average Repair Interval.</p>
<p><b><u>Objective VIII, Procedure 4 — Intervals, Issue No. 4</u></b>                  We compared the percentages for the total population reflected on the FOC report to the Calculated percentages and notes the differences.</p>	<p>The differences observed between the sample and the population calculations are consistent with expected sampling error.</p>
<p><b><u>Objective IX, Procedure 2 — Web Posting Issues repeated from Objective V/VI, Procedure 6</u></b></p>	<p>See Management Response to Objective V/VI, Procedure 6.</p>
<p><b><u>Objective IX, Procedure 4</u></b>                  For 34 invoices, we compared the amount per invoice to the amount per the payment voucher and noted differences resulting from disputed charges with respect to taxes, surcharges, late payments and outstanding credits. Detailed information concerning these 34 invoices has been provided in the table below:</p>	<p>See Management Response to Objective X, Procedure 7</p>

**VERIZON RESPONSE TO SECTION 272 AUDIT REPORT**

<p><b><u>Objective X, Procedure 6</u></b>          For NDA database dip charges for the month of November, <b>**proprietary**</b>, we noted the entries were improperly recorded as a credit to non-regulated operating revenues and a debit to regulated revenues. Management indicated this was a manual error which had not yet been corrected.</p>	<p>The NDA Database dip charges for November 2000, which were booked in December 2000, had an error in booking. These charges were calculated correctly, but were posted to the ledger with the wrong signs. The company issued a journal entry to correct this error in the May 2001 books.</p>
<p><b><u>Objective X, Procedure 7</u></b>          For exchange access services and local exchange services provided by the BOC to the Section 272 affiliates from January 3, 2000 through September 30, 2000, we documented the total amount the affiliates recorded and paid for these services in their books as noted below:           Local exchange reconciling items included invoices that had not yet been paid and disputed charges. Exchange access reconciling items included late payment charges, taxes/surcharges, disputed charges and overpayments. Management indicated that the Section 272 affiliates do not purchase unbundled network elements from the BOCs.</p>	<p>As is noted in the report, differences in the table between the amounts recorded as paid in by the section 272 affiliates and amounts recorded as billed by the BOC represent invoices that have not yet been paid and charges that the section 272 affiliates have disputed. Items to be reconciled include late payment charges, taxes/surcharges, disputed charges, and overpayments. It is a common industry practice for carriers to withhold payment of portions of their bills that are in dispute, unless they have a prior arrangement to pay under protest. Carriers also sometimes pay a bill for which some items are in dispute but then deduct the disputed items from payments due on the next bill. Some of the invoices were paid subsequent to the audit period, and a large overpayment occurred when BACI inadvertently paid a GNI bill for <b>**proprietary**</b>.</p>



**Observation of the  
Federal/State Joint Audit Team For the  
Verizon Section 272 Biennial Audit**

The Section 272 Biennial Audit process provides for the creation of a Joint Federal/State Oversight Team (JOT) to oversee the conduct of the biennial audit which is performed by an independent accounting firm. As part of this oversight function, the JOT has reviewed both the draft report and the working papers documenting the work performed and makes the following observation:

The procedures in Objective VIII are designed to provide the information to evaluate compliance with the nondiscriminatory performance requirements of Section 272(e)(1) of the Act.

In its application for Section 271 authorization in New York, Verizon demonstrated that it would maintain accurate data that can be used to evaluate the BOC's Section 272(e)(1) nondiscrimination obligations.<sup>1</sup> These data would contain the following information:<sup>2</sup> (1) Percent Circuits Completed by Firm Order Commitment Date (disaggregated at DS1 and Above; DS0); (2) Percent of Orders Confirmed Within Established Parameters (disaggregated into DS1/DS0 Orders in 24 hours; DS3 Orders in 72 hours); (3) Average Time of PIC Change (from receipt of Carrier initiated Change to Completion at Switch)(disaggregated into CIC A, B, and C); (4) Percent Troubles Cleared within 3 Hours (disaggregated into DS0 and DS1 and Above); (5) Mean Time To Restore/Repair Service (disaggregated into DS0 and DS1 and Above); and (6) Percent Failure Frequency (disaggregated into DS0 and DS1 and Above).

The data noted in the NY 271 Order differ from those used in the agreed-upon procedures for Objective VIII, Procedure 3.

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<sup>1</sup> Bell Atlantic New York Order at paragraph 418, footnote 1290, citing Browning Declaration at paragraph 17(e), Attachment J.

<sup>2</sup> Bell Atlantic New York 271 Browning Declaration at Attachment J, page 5.