



Federal Communications Commission  
Washington, D.C. 20554

Adopted: December 21, 2001  
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Mr. Jeff Ward  
Senior Vice President – Regulatory Compliance  
Verizon Communications  
1310 North Courthouse Rd. – 4<sup>th</sup> Floor  
Arlington, VA 22201

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

Dear Mr. Ward:

We appreciate the opportunity to discuss the process under which Verizon Communications, Inc. (Verizon) ensures the accuracy of payments made pursuant to the *Bell Atlantic/GTE Merger Order*.<sup>1</sup>

The *Bell Atlantic/GTE Merger Order* establishes a Carrier-to-Carrier Performance Plan (Performance Plan).<sup>2</sup> Under the Performance Plan, Verizon must report performance data on a monthly basis, and make voluntary payments to the United States Treasury if its performance falls below certain standards. Reporting the performance data involves following the approved “business rules” that define the measurements and adhering to the established reporting procedures. In order to calculate the voluntary payments, the company must monitor its performance data and follow specified calculations for determining the amount of each voluntary payment. Compliance with both aspects of the Performance Plan is subject to an independent audit.<sup>3</sup>

The Common Carrier Bureau (Bureau) expects that Verizon will submit complete and accurate performance data by the deadlines established in the *Merger Conditions*. In our view, “complete and accurate” means that Verizon should correctly apply the prescribed business rules and report all relevant performance data on the filing date. Similarly, we expect Verizon to make accurate voluntary payments according to the *Merger Order*’s payment calculation guidelines, if its performance falls below the established standards.

Reporting complete and accurate performance data, and correctly calculating any payments that are due, is critical to the success of the Performance Plan. By design, the Performance Plan is self-executing, which means the company monitors its performance and makes any resulting payments without Commission action.<sup>4</sup> Inaccurate and/or incomplete performance data could ultimately affect the voluntary payments and thereby undermine the effectiveness of the Performance Plan. Similarly, failing to properly apply the *Merger Order*’s payment calculation provisions could lead to incorrect voluntary payments.

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<sup>1</sup> Applications of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, CC Docket No. 98-184, *Memorandum Opinion and Order*, 15 FCC Rcd 14032 (2000) (*Bell Atlantic/GTE Merger Order* or *Merger Order*).

<sup>2</sup> See *Merger Order*, Appendix D, Attachment A.

<sup>3</sup> See *Merger Order*, Appendix D at ¶ 56(f).

<sup>4</sup> See *Merger Order* at ¶¶ 279-80, 360; *Merger Order* at Appendix D, ¶¶ 16-17.

To ensure the success of the Performance Plan, we expect Verizon to have in place effective internal controls to detect and correct data and payment errors before submitting the information to the Bureau staff. We fully expect Verizon to submit accurate information by the filing deadline. At the same time, we recognize that Verizon may identify errors after filing, and there should be a regularized process for corrections to occur. In such a case, Verizon should notify us immediately so that we may establish a timeframe for re-filing corrected data. Because the data affects any voluntary payments, Verizon's duty to submit complete and accurate data extends to the re-filed performance data. Self-detection and quick correction will mitigate the harm of the original errors and may prevent payment error.

Finally, we recognize that some errors could potentially affect the amount of voluntary payments made to the United States Treasury. In the event Verizon finds errors in its performance data or payment calculations, it should notify the Bureau immediately and provide the information needed to assess any potential impact on the voluntary payments. In addition, Verizon should provide the Bureau information needed to assess whether a true-up on future payments would be appropriate. Verizon should not make a true-up without discussing the issue with Bureau staff in advance.

Please do not hesitate to contact me if I can be of further assistance. You may also contact Mark Stone in the Common Carrier Bureau directly at (202) 418-0816 for further information on this matter.

Sincerely,

Carol E. Matthey  
Deputy Chief, Common Carrier Bureau

CC: Dee May, Verizon