

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

In the Matter of)	
)	
GTE CORPORATION,)	
)	
Transferor,)	
)	
and)	CC Docket No. 98-184
)	
BELL ATLANTIC CORPORATION,)	
)	
Transferee,)	
)	
For Consent to Transfer of Control)	

PROPOSED CONDITIONS FOR BELL ATLANTIC/GTE MERGER

Mark J. Mathis
John Thorne
Michael E. Glover
BELL ATLANTIC CORPORATION
1095 Avenue of the Americas
New York, New York 10036

William P. Barr
GTE CORPORATION
1850 M Street, N.W., Suite 1200
Washington, D.C. 20036

Steven G. Bradbury
~~John P. Frantz~~
KIRKLAND & ELLIS
655 Fifteenth Street, N.W.
Washington, D.C. 20005

Richard E. Wiley
R. Michael Senkowski
Suzanne Yelen
WILEY, REIN & FIELDING
1776 K Street, N.W.
Washington, D.C. 20006

Counsel for Bell Atlantic Corporation

Counsel for GTE Corporation

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PROPOSED CONDITIONS FOR BELL ATLANTIC/GTE MERGER

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CONDITIONS

As a condition of exercising the grant authorized herein, Bell Atlantic and GTE shall comply with the following enumerated Conditions. Unless otherwise specified herein, the Conditions described herein shall become effective 10 business days after the Merger Closing Date. The Conditions described herein shall be null and void if Bell Atlantic and GTE do not merge and there is no Merger Closing Date.

It is not the intent of these Conditions to restrict, supersede, or otherwise alter state or local jurisdiction under the Communications Act of 1934, as amended, or over the matters addressed in these Conditions, or to limit state authority to adopt rules, regulations, performance monitoring programs, or other policies that are not inconsistent with these Conditions. Nor do the Conditions reflect or constitute any determination or standard regarding Bell Atlantic/GTE's compliance or non-compliance with 47 U.S.C. §§ 251, 252, 271, or 272 or limit in any way the legal rights of Bell Atlantic/GTE with respect thereto.

For the purposes of these Conditions, the term "Merger Closing Date" means the day on which, pursuant to their Merger Agreement, Bell Atlantic and GTE cause a Certificate of Merger to be executed, acknowledged, and filed with the Secretary of State of New York as provided in New York Corporation Law, Section 907. The term "prior to the Merger Closing Date" means prior to the time that Bell Atlantic and GTE cause a Certificate of Merger to be executed, acknowledged, and filed with the Secretary of State of New York as provided in New York Corporation Law, Section 907.

For purposes of these Conditions, the term "Bell Atlantic/GTE" shall mean Bell Atlantic-Delaware, Inc., Bell Atlantic-Washington, D.C., Inc., Bell Atlantic-Maryland, Inc., Bell Atlantic-New Jersey, Inc., Bell Atlantic-Pennsylvania, Inc., Bell Atlantic-Virginia, Inc., Bell Atlantic-West Virginia, Inc., New York Telephone Company, New England Telephone and Telegraph Company, GTE California Incorporated, GTE Florida Incorporated, GTE Hawaiian Telephone Company Incorporated, The Micronesian Telecommunications Corporation,¹ GTE Midwest Incorporated, GTE North Incorporated, GTE Northwest Incorporated, GTE South Incorporated, GTE Southwest Incorporated, Contel of Minnesota, Inc., GTE West Coast Incorporated, and Contel of the South, Inc.; and any successor or assign of such company that provides wireline telephone exchange service and that is an affiliate of Bell Atlantic/GTE.

For purposes of these Conditions, the term "Bell Atlantic/GTE Service Area" shall mean the combined service areas of Bell Atlantic-Delaware, Inc., Bell Atlantic-Washington, D.C., Inc., Bell Atlantic-Maryland, Inc., Bell Atlantic-New Jersey, Inc., Bell Atlantic-Pennsylvania, Inc., Bell Atlantic-Virginia, Inc., Bell Atlantic-West Virginia, Inc., New York Telephone Company, New

¹ Because of the insular nature of the Commonwealth of the Northern Marianas Islands (CNMI), only the following Conditions shall apply in the CNMI: Section IV (Non-discriminatory Rollout of xDSL Services); Section XIV (Alternative Dispute Resolution through Mediation); Section XVII (InterLATA Services Pricing); Section XVIII (Enhanced Lifeline Plans); Section XIX (Additional Service Quality Reporting); Section XXI (Compliance Program); Section XXII (Independent Auditor); Section XXIII (Enforcement); Section XXIV (Sunset); and Section XXV (Effect of Conditions).

England Telephone and Telegraph Company, GTE California Incorporated, GTE Florida Incorporated, GTE Hawaiian Telephone Company Incorporated, The Micronesian Telecommunications Corporation, GTE Midwest Incorporated, GTE North Incorporated, GTE Northwest Incorporated, GTE South Incorporated, GTE Southwest Incorporated, Contel of Minnesota, Inc., GTE West Coast Incorporated, and Contel of the South, Inc. where those companies operated as incumbent local exchange carriers (“incumbent LECs”) as of January 27, 2000.²

For purposes of these Conditions, the term “Bell Atlantic Service Area” shall mean the service areas of Bell Atlantic-Delaware, Inc., Bell Atlantic-Washington, D.C., Inc., Bell Atlantic-Maryland, Inc., Bell Atlantic-New Jersey, Inc., Bell Atlantic-Pennsylvania, Inc., Bell Atlantic-Virginia, Inc., Bell Atlantic-West Virginia, Inc., New York Telephone Company, New England Telephone and Telegraph Company where those companies operated as incumbent local exchange carriers (“incumbent LECs”) as of January 27, 2000. For purposes of these Conditions, the term “GTE Service Area” shall mean the service areas of GTE California Incorporated, GTE Florida Incorporated, GTE Hawaiian Telephone Company Incorporated, The Micronesian Telecommunications Corporation, GTE Midwest Incorporated, GTE North Incorporated, GTE Northwest Incorporated, GTE South Incorporated, GTE Southwest Incorporated, Contel of Minnesota, Inc., GTE West Coast Incorporated, and Contel of the South, Inc. where those companies operated as incumbent local exchange carriers (“incumbent LECs”) as of January 27, 2000.

For purposes of these Conditions, the term “Bell Atlantic States” shall mean Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia. The term “GTE States” shall mean Alabama, California, the Commonwealth of the Northern Marianas Islands, Florida, Hawaii, Idaho, Illinois, Indiana, Kentucky, Michigan, Missouri, Nevada, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Virginia, Washington, and Wisconsin.³ The term “Bell Atlantic/GTE States” shall mean the Bell Atlantic States and GTE States as defined above.

For purposes of these Conditions, the term “affiliate” shall have the same meaning as in 47 U.S.C. § 153(1).

For purposes of these Conditions, the term “telecommunications carrier” shall have the same meaning as in 47 U.S.C. § 153(44).

² The terms Bell Atlantic States and Service Area and GTE States and Service Area include only those states and service areas where Bell Atlantic/GTE will have incumbent local telephone operations after the Merger Closing Date and after execution of planned sales of local exchange properties.

³ ~~GTE States includes only those states where GTE will have incumbent local telephone operations after the Merger Closing Date and after execution of its planned sales of local exchange properties.~~

PROMOTING EQUITABLE AND EFFICIENT ADVANCED SERVICES DEPLOYMENT

I. Separate Affiliate for Advanced Services

1. Bell Atlantic/GTE shall provide all Advanced Services in the Bell Atlantic/GTE Service Area through one or more affiliates that are structurally separate from the Bell Atlantic/GTE incumbent LECs in accordance with the provisions of this Section ~~(or as set forth in 47 U.S.C. § 272)~~ and the schedule set forth below. As described below, Bell Atlantic and GTE shall establish separate Advanced Services affiliates prior to the Merger Closing Date. Upon receiving state approval of any necessary interconnection agreements and obtaining any necessary state authority or certification that does not ~~materially change the Conditions~~ subject the Advanced Services affiliate to regulation substantially the same specified herein, as that to which the incumbent LEC is subject, Bell Atlantic/GTE shall transition the provisioning of Advanced Services to one or more separate Advanced Services affiliates. Nothing in this Section ~~I~~ is intended to prohibit Bell Atlantic/GTE's separate Advanced Services affiliate(s) from providing services that are not Advanced Services in accordance with any applicable federal or state laws or regulations.

2. Advanced Services. For purposes of these Conditions, the term "Advanced Services" means intrastate or interstate wireline telecommunications services, such as ADSL, IDSL, xDSL, Frame Relay, and ~~ATM~~ asynchronous transfer mode ("ATM") that rely on packetized technology and have the capability of supporting transmissions speeds of at least 56 kilobits per second in both directions. This definition of Advanced Services does not include (1) data services that are not primarily based on packetized technology, such as ISDN, (2) x.25-based and x.75-based packet technologies, or (3) circuit switched services (such as circuit switched voice grade service) regardless of the technology, protocols or speeds used for the transmission of such services. Notwithstanding the other provisions of this Section, Bell Atlantic/GTE retains the right to invest in any technology or asset as long as it is not used to provide Advanced Services.

3. Section 272 Requirements for the Separate Advanced Services Affiliates. Subject to the transitional mechanisms discussed below, the separate Advanced Services affiliate(s) required by this Section I shall operate in accordance with the structural, transactional, and non-discrimination requirements that would apply to a separate affiliate's relationships with a Bell Operating Company ("BOC") under 47 U.S.C. § 272(b), (c), (e), and (g), as interpreted by the Federal Communications Commission (the "Commission") as of January 27, 2000, except to the extent those provisions are inconsistent with the provisions of this Paragraph, in which case the provisions of this Paragraph shall apply. Except as provided in Subparagraph 3i below, Bell Atlantic/GTE shall comply with the Commission's accounting safeguards pursuant to 47 U.S.C. § 272 for all transactions (including chaining transactions)⁴ between an incumbent LEC and a separate Advanced Services affiliate and shall continue to do so regardless of, and consistent with, the specific accounting method Bell Atlantic/GTE uses. If the separate Advanced Services affiliate does not deviate (other than in an inadvertent or incidental manner) from the requirements

⁴ The term "chaining transactions" refers to transactions between the incumbent LEC and separate affiliate through other Bell Atlantic/GTE entities.

of 47 U.S.C. § 272(b), (c), (e), and (g) except as described in this Paragraph and Subparagraphs below, such separate affiliate(s) shall not be deemed a successor or assign of a BOC or incumbent LEC for purposes of applying 47 U.S.C. §§ 153(4) or 251(h). Moreover, if Advanced Services assets⁵ or employees are transferred, assigned, or sold from a Bell Atlantic/GTE incumbent LEC to the separate Advanced Services affiliate consistent with these Conditions, the incumbent LEC's obligations under 47 U.S.C. §§ 251, 252, or 272 shall not be assigned or transferred to the separate Advanced Services affiliate.

a. Any Bell Atlantic/GTE separate Advanced Services affiliate and any Bell Atlantic/GTE incumbent LEC may joint market their services with the services of the other, and provide related customer care on behalf of the other, without being subject to any non-discrimination requirement under these Conditions ~~and without the Advanced Services Affiliate being deemed a successor or assign of a BOC or incumbent LEC for purposes of 47 U.S.C. §§ 153(4) or 251(h)~~. Permitted joint marketing by the incumbent LEC that may be conducted on an exclusive basis would include the sale of Advanced Services provided by the Advanced Services affiliate and the transfer of the customer's Advanced Services order or customer identified by the incumbent LEC through inbound or outbound marketing to the affiliate for completion in accordance with Subparagraph 4b(5). When performing these joint marketing activities later than 180 days after the Merger Closing Date, the employees of the incumbent LEC may only access the incumbent LEC's loop information through the same interfaces, Operations Support Systems ("OSS"), processes, and procedures as are made available to unaffiliated telecommunications carriers. Permitted joint marketing by the Advanced Services affiliate would include sales and completing the sales function, up to and including the taking of an order, for Advanced Services and local services by the affiliate (using the same interfaces and processes used by unaffiliated telecommunications carriers as required by these Conditions) and the transfer of customer orders or calls identified by the affiliate to the Bell Atlantic/GTE incumbent LEC for provisioning of the customer's local service order. Permitted joint marketing by either the incumbent LEC or the separate Advanced Services affiliate would include customer contacts up to and including the completion of the order taking process, including responding to customer inquiries, sales, and order-taking. For purposes of these Conditions, "customer care" means the following functions performed after the sale: on-going customer notification of service order progress, response to customer inquiries regarding the status of an order, changes to customer information, and receipt of customer complaints (other than receipt and isolation of trouble reports, such as reports of service outages or service impairment, which shall be processed in accordance with Subparagraph 4(j)).

b. The Bell Atlantic/GTE incumbent LEC may provide billing and collection services to the separate Advanced Services affiliate on a non-discriminatory basis. Permitted billing and collection services include payment arrangements, account adjustment, responding to account balance inquiries, account closure, responses to legal action affecting or involving the customer, and receipt and resolution of customer billing and collection complaints.⁶ In the event

⁵ The term "assets" is defined as equipment, software, customer accounts, initial capital contribution, and real estate.

⁶ Billing and collection services will be offered on a sufficiently disaggregated basis so that an unaffiliated telecommunications carrier may select only the particular services it requires.

that the Bell Atlantic/GTE ILEC provides billing and collection services to the separate Advanced Services affiliate within a state under this Subparagraph, it shall provide the same billing and collection services to unaffiliated providers of Advanced Services in that state on nondiscriminatory rates, terms, and conditions, including start-up costs and timeframes. Transactions between the incumbent LEC and a separate Advanced Services affiliate that are permitted by this Subparagraph shall be made pursuant to a written agreement between the incumbent LEC and the affiliate.

c. Any Bell Atlantic/GTE incumbent LEC may provide the operations, installation, and maintenance (“OI&M”) services permitted under Paragraph 4 to any separate Advanced Services affiliate on a non-discriminatory basis pursuant to a tariff, written affiliate agreement, or approved interconnection agreement, provided that the same services made available to the separate affiliate are made available to unaffiliated providers of Advanced Services in that state on a non-discriminatory basis consistent with the requirements of 47 U.S.C. § 272(c) and the Commission’s implementing rules as in effect on January 27, 2000, where not inconsistent with the provisions of this Section. Because such OI&M services are not UNEs and, therefore, are not subject to forward-looking pricing methodologies, they will be priced and made available on a non-discriminatory basis according to the Commission’s affiliate transaction rules. The following additional provisions shall apply to the incumbent LEC’s provision of OI&M services:

(1) With respect to transactions for OI&M services, Bell Atlantic/GTE shall comply with the Commission’s Section 272 accounting safeguards and will continue to do so regardless of, and consistent with, the specific accounting method Bell Atlantic/GTE uses.

(2) Processes, systems, and procedures made available by the incumbent LEC for use by the separate Advanced Services affiliate to obtain OI&M services from the Bell Atlantic/GTE incumbent LEC under this Subparagraph shall be available for use by unaffiliated providers of Advanced Services in that state on non-discriminatory rates, terms, and conditions.

(3) In order to provide for an orderly and efficient transfer of personnel and systems to the separate Advanced Services affiliate, for a period of not more than 180 days after the Merger Closing Date, the incumbent LEC may provide, under a written agreement, network planning, engineering, design, and assignment services for Advanced Services Equipment as defined in Subparagraph 3d (including the creation and maintenance of customer records), including the use of systems and databases associated with these services, on an exclusive basis to the separate Advanced Services affiliate. After 180 days, the separate affiliate shall not obtain such services from any Bell Atlantic/GTE incumbent LEC.

d. The incumbent LEC and separate Advanced Services affiliate(s) may separately own facilities or network equipment used specifically to provide Advanced Services (“Advanced Services Equipment”), provided that the separate Advanced Services affiliate ~~or any affiliate established pursuant to 47 U.S.C. § 272~~ shall own (or lease from an entity other than a Bell Atlantic/GTE incumbent LEC) and operate all new Advanced Services Equipment (as defined below) used to provide Advanced Services (including equipment used to expand the

capability or capacity of existing Advanced Services Equipment) put into service by Bell Atlantic/GTE later than 30 days after the Merger Closing Date.

~~Date- Repair(1)~~ Repair and/or replacement of Advanced Services Equipment owned by the incumbent LEC shall not be considered to be new Advanced Services Equipment put into service. For purposes of this Section I, Advanced Services Equipment is: (1) DSLAMs or functionally equivalent equipment; (2) spectrum splitters that are used solely in the provision of Advanced Services; (3) packet switches and multiplexers such as ATMs and Frame Relay engines used to provide Advanced Services; (4) modems used in the provision of packetized data; and (5) DACS frames used only in the provision of Advanced Services.⁷ Spectrum splitters (or the equivalent functionality) used to separate the voice grade channel from the Advanced Services channel ~~may~~shall not be considered Advanced Services Equipment ~~at the option of Bell Atlantic/GTE~~; any such splitters installed after the Merger Closing Date that are located at the customer premises shall be considered network terminating equipment.⁸ Also, Bell Atlantic/GTE retains the option of deploying Advanced Services equipment at Remote Terminals and deploying related equipment in central offices through the incumbent LECs in order to provide wholesale access arrangements to carriers, provided that such equipment is used by Bell Atlantic/GTE solely to provide such wholesale arrangements and is based on industry standards where they exist, and that Bell Atlantic/GTE provides such wholesale arrangements to competing carriers on non-discriminatory rates, terms, and conditions as they are provided to the Advanced Services Affiliate.

(2) In order to allow an efficient transition to the non-discriminatory use of Advanced Services Equipment or an efficient transfer of Advanced Services Equipment to the separate Advanced Services affiliate, any Advanced Service Equipment that was utilized by the incumbent LEC to provide an Advanced Service to its embedded base of customers in a state as of the Merger Closing Date may continue to be utilized by the incumbent LEC and access may be provided (under a written agreement) to the separate Advanced Services affiliate on an exclusive basis within the state during a transitional period. The transitional period shall be until such time as Bell Atlantic/GTE is required to provide all Advanced Services utilizing the Advanced Services Equipment through a Separate Advanced Services affiliate in that state, in accordance with the provisions of Paragraph 6. Additionally, the incumbent LECs may provide the ADSL service derived from the integrated combination of an unbundled loop, a DSLAM, and spectrum splitters at each end of the unbundled loop where the unbundled loop is also used to provide voice grade service (“Interim Line Sharing”), including OI&M functions associated with Interim Line Sharing, to the separate Advanced Services affiliate(s) on an exclusive basis within any geographic area until line sharing is provided to unaffiliated providers of Advanced Services within the same geographic area, as described in Paragraph 7, provided that the incumbent LEC provides unaffiliated providers of Advanced Services within the same geographic area the Discounted Surrogate Line Sharing Charges, as described in Paragraph 13.

⁷ Advanced Services Equipment does not include DACS frames used for voice services.

⁸ Splitters and other equipment on customer premises will continue to be classified as CPE where such equipment is CPE under the Commission’s rules.

e. The incumbent LEC may (but shall not be required to) transfer, license, or sell to the separate Advanced Services affiliate(s), on an exclusive basis, any Advanced Services Equipment, including supporting facilities, systems, and personnel, during a “Grace Period.” The Grace Period shall be from January 3, 2000 until the date that is 180 days after the Merger Closing Date. In states where regulatory approval is required to transfer Advanced Services Equipment, if Bell Atlantic/GTE seeks such required regulatory approval during the Grace Period, and completes the transfer of Advanced Services Equipment for which regulatory approval is required within 180 days after receiving such approval, then such Advanced Services Equipment shall be deemed to have been transferred during the Grace Period. Such Advanced Services Equipment that may be transferred to the separate affiliate on an exclusive basis is limited to that equipment described in Subparagraph d above. If Bell Atlantic/GTE transfers to its separate affiliate a facility that is deemed to be a UNE under 47 U.S.C. § 251(c)(3), the Commission’s unbundling requirements will attach with respect to that UNE as described in section 53.207 of the Commission’s rules, 47 C.F.R. § 53.207.

f. The separate Advanced Services affiliates may use the incumbent LEC’s name, trademarks, or service marks on an exclusive basis.

g. Employees of the separate Advanced Services affiliate(s) may, on an exclusive basis, be located within the same buildings and on the same floors as employees of the incumbent LECs.⁹

h. For a transition period of up to 12 months after the Merger Closing Date, a Bell Atlantic/GTE incumbent LEC may receive and process Advanced Services-related trouble reports and perform related trouble isolation, as described in Subparagraph 4j, on behalf of a separate Advanced Services affiliate on an exclusive basis.¹⁰

i. Public disclosure of the governing interconnection agreement (including the prices, discounts, terms, and conditions associated with that agreement) shall replace the transaction disclosure requirements (including Internet posting) that otherwise would apply to the incumbent LEC and separate Advanced Services affiliate under Section 272(b)(5) and the Commission’s implementing rules for facilities and services provided pursuant to such agreement.

j. Notwithstanding Section I of these Conditions, Bell Atlantic/GTE retains the option on a state-by-state basis of providing Advanced Services through a separate affiliate that complies with all of the requirements of 47 U.S.C. § 272.

4. Steady-State Provisioning of Advanced Services. After a transition period (as

⁹ Where transactions between the incumbent LEC and the separate affiliate are required to be on a non-discriminatory basis, such transactions between the separate affiliate and the incumbent LEC shall be conducted in the same manner in which unaffiliated entities conduct transactions with the incumbent LEC.

¹⁰ The corporate compliance officer described in Paragraph 49 of these Conditions will notify appropriate Commission staff when the transition period ends (*i.e.*, when Bell Atlantic/GTE has stopped receiving and processing Advanced Services-related trouble reports and performing related trouble isolation on behalf of the separate Advanced Services affiliate on an exclusive basis).

defined in Subparagraph 4n below), all Advanced Services offered by Bell Atlantic/GTE in the Bell Atlantic/GTE Service Area will be provisioned in accordance with the terms of this Paragraph, which provisions are consistent with the provisions of Paragraph 3. After such transition period, the overall responsibility for providing Advanced Services in the Bell Atlantic/GTE Service Area shall rest with a separate Advanced Services affiliate ~~or an affiliate that complies with 47 U.S.C. § 272~~. In fulfilling those responsibilities a separate Advanced Services affiliate may utilize the facilities and services of an incumbent LEC consistent with the provisions of Paragraph 3. Specifically, with respect to Bell Atlantic/GTE's steady-state provisioning of Advanced Services in the Bell Atlantic/GTE Service Area, this Paragraph describes (1) the activities that a Bell Atlantic/GTE incumbent LEC may undertake, and associated conditions that apply if an incumbent LEC chooses to perform such activities, and (2) the activities that are the responsibility of a separate Advanced Services subsidiary and which may not be performed by an incumbent LEC.

a. Creating an Inventory of Advanced Services Equipment and Advanced Service Capability. Consistent with the Commission's rules implementing the provisions of 47 U.S.C. § 272(b)(1), the separate Advanced Services affiliate shall be responsible for network planning and engineering functions related to Advanced Services, and these functions may not be provided by an incumbent LEC.¹¹ The network planning and engineering functions related to Advanced Services that are the responsibility of the separate Advanced Services affiliate and which may not be performed by an incumbent LEC include:

(1) Determining where, when, and how much Advanced Services Equipment needs to be deployed to meet forecasted customer demands, and ensuring that such equipment is compatible with the interconnection services (e.g., unbundled local loops) and/or tariffed services (e.g., DS1 special access service) the separate Advanced Services affiliate will purchase from the incumbent LEC.

(2) Arranging for the purchase of Advanced Services Equipment.

(3) Arranging and negotiating for collocation space with the incumbent LEC under the same terms and conditions and utilizing the processes that are made available to unaffiliated telecommunications carriers, and arranging for any new Advanced Services Equipment to be delivered.

(4) Inventorying, in systems and databases owned by the separate Advanced Services affiliate, its Advanced Services Equipment deployed and identifying whether such equipment is used or available to provide Advanced Services to customers.

The incumbent LEC may, pursuant to the OI&M provisions of Subparagraph 3c, perform the following tasks that are associated with creating an inventory of Advanced Services Equipment and Advanced Service capability. Processes, systems, and procedures used by the separate Advanced Services affiliate to obtain OI&M services under this Subparagraph shall be

¹¹ This means that these functions may not be provided by the incumbent LEC as part of the OI&M contemplated in Subparagraph 3c.

available to unaffiliated providers of Advanced Services on a non-discriminatory basis.

(5) The incumbent LEC may install the affiliate's Advanced Services Equipment. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same rates, terms, and conditions to unaffiliated telecommunications carriers of Advanced Services.¹²

(6) An incumbent LEC technician may connect together various items of Advanced Services Equipment owned by the affiliate located in virtual collocation space or other space controlled by the incumbent LEC, or may connect various items of Advanced Services Equipment owned by the affiliate located in such space with telecommunications services and/or unbundled network elements ordered by the affiliate (e.g., the incumbent LEC technician could connect a DSLAM to an ATM switch via a DS3 special access service ordered by the affiliate), in accordance with a work order from the affiliate. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same rates, terms, and conditions to unaffiliated telecommunications carriers.¹³

(7) An incumbent LEC technician may connect together various items of Advanced Services Equipment owned by the affiliate located in physical collocation space, or may connect various items of Advanced Services Equipment owned by the affiliate located in physical collocation space with telecommunications services and/or unbundled network elements ordered by the affiliate, in accordance with a work order from the affiliate. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same rates, terms, and conditions to unaffiliated telecommunications carriers.

b. Customer Sales Process for New Installations. Consistent with the joint marketing provisions of Subparagraph 3a, the incumbent LEC may, on an exclusive basis, complete the sale of, up to and including the taking of an order for, Advanced Services on behalf of the separate Advanced Services affiliate by performing any of the following activities:

(1) On inbound customer calls, the incumbent LEC service representative may discuss Advanced Services with the customer and obtain the customer's agreement to purchase an Advanced Service provided by the separate Advanced Services affiliate.

(2) An incumbent LEC service representative may make outbound calls to discuss Advanced Services with a customer and may obtain the customer's agreement to purchase an Advanced Service provided by the separate Advanced Services affiliate.

(3) During a sales discussion with a customer, an incumbent LEC service representative may review loop information to determine if it is possible to provide an

¹² The brand and model number of the particular Advanced Services Equipment will generally not be a material term or condition, so that the incumbent LEC will provide non-discriminatory service regardless of the specific equipment brand and model selected by unaffiliated carriers. Unaffiliated entities shall pay reasonable costs to train the incumbent LEC's employees to service the equipment.

¹³ Incumbent LEC work order processes, including interfaces, must also be non-discriminatory.

Advanced Service to the customer provided, however, that the incumbent LEC service representative may only have access to the same loop information of the incumbent LEC as is available to unaffiliated telecommunications carriers and may only access such loop information through the same electronic OSS interfaces, Internet access, and/or manual methods, as are made available to unaffiliated telecommunications carriers.

(4) During a sales discussion with a customer, an incumbent LEC service representative may review Advanced Services availability information provided to the incumbent LEC by the separate Advanced Services affiliate to determine whether the affiliate offers a certain Advanced Service in the area where the customer resides.

(5) Upon securing a customer's agreement to purchase an Advanced Service provided by the separate Advanced Services affiliate, the incumbent LEC service representative may obtain from the customer all customer information necessary to complete the order (e.g., name, address, due date, premises access information, services, ISP information, CPE information). The incumbent LEC service representative must pass such information to the separate Advanced Services affiliate for placement of any necessary service order(s) by the affiliate. The separate Advanced Services affiliate shall use the same interfaces and associated processes and procedures made available by the incumbent LEC for placing Advanced Services orders with the Bell Atlantic/GTE incumbent LEC as are made available by the incumbent LEC to unaffiliated providers of Advanced Services.

(6) Consistent with regulatory requirements, the separate Advanced Services affiliate and unaffiliated providers of Advanced Services shall have access to the same customer-specific information for pre-ordering and ordering, other than credit history, that is available to the incumbent LEC, through the same interfaces that are made available on a non-discriminatory basis by the incumbent LEC.

c. Design of the Customer's Advanced Service. Consistent with the Commission's rules implementing the provisions of 47 U.S.C. § 272(b)(1), a separate Advanced Services affiliate shall be responsible for design functions related to a customer's Advanced Services sales order, and these functions may not be performed by an incumbent LEC.¹⁴ The separate Advanced Services affiliate is responsible for the overall design of the Advanced Service, but the incumbent LEC is responsible (and the affiliate is not responsible) for the design of unbundled network elements or telecommunications services used in the Advanced Service where these elements or services are provided by the incumbent LEC. The design functions related to a customer's Advanced Services order that are the responsibility of the separate Advanced Services affiliate include:

(1) The identification of Advanced Services network components, unbundled network elements, telecommunications services and work activities necessary to provision the Advanced Service to the customer's premises;

¹⁴ This means that the functions may not be provided by the incumbent LEC as part of the OI&M contemplated in Subparagraph 3c.

(2) The determination of the routing of the Advanced Service and the location(s) of the identified Advanced Services network components, unbundled network elements, and telecommunications services;

(3) The creation of a work order to have all such Advanced Services network components, unbundled network elements and telecommunications services made available and all such activities completed. Examples of Advanced Services network components, unbundled network elements and telecommunications services that would be identified in the design stage are (i) unbundled local loops and DS1 special access circuits provided by the incumbent LEC, and (ii) DSLAMs and ATM switch ports provided by the separate Advanced Services affiliate. Examples of work activities that would be identified in the design stage are (i) the conditioning of an unbundled local loop, (ii) the cross-connections required to connect all of the components, and (iii) the installation of Advanced Services Customer Premises Equipment (“CPE”) at the customer premises.

d. Assignment of the Advanced Services Equipment Required to Provide the Customer’s Advanced Service. Consistent with the Commission’s rules implementing the provisions of 47 U.S.C. § 272(b)(1), the separate Advanced Services affiliate shall be responsible for the assignment functions related to the Advanced Services Equipment used to provision a customer’s Advanced Services order, and these functions may not be performed by an incumbent LEC. Examples of the assignment functions related to a customer’s Advanced Services order that are the responsibility of the separate Advanced Services affiliate include (i) assignment of the DSLAM equipment, and (ii) assignment of the ATM switch port.

e. Creating and Maintaining the Customer’s Record, Including the Customer’s Advanced Service Circuit Layout Record. The separate Advanced Services affiliate shall be responsible for creating and maintaining all records associated with the customer’s Advanced Services account, and these records may not be created or maintained by an incumbent LEC. These records may be provided to an incumbent LEC for its use in providing joint marketing, customer care, and billing and collection services to the separate Advanced Services affiliate.¹⁵ The records that the separate Advanced Services affiliate shall be responsible for creating and maintaining include:

(1) The record that describes the Advanced Services network components, unbundled network elements, and telecommunications services (including location, identification numbers, etc.) utilized by the separate Advanced Services affiliate to provision the customer’s Advanced Service. Where the separate Advanced Services affiliate utilizes the telecommunications services or unbundled network elements of the incumbent LEC, the incumbent LEC will be responsible for all records associated with how such services or unbundled network elements are provisioned.¹⁶ For example, if the affiliate orders (from the incumbent

¹⁵ Only the information required to perform the permitted function may be extracted from the record, and such information may be used only for a permitted purpose. Systems used for providing information to the incumbent LEC are to be designed consistent with these limitations.

¹⁶ The ILEC will provide access to all records associated with services or unbundled elements provided to the separate affiliate and unaffiliated providers of Advanced Services in a non-discriminatory fashion, and will

LEC) a DS1 special access service from location A to location Z, (i) the affiliate's circuit layout record will reflect the DS1 service from location A to location Z, and (ii) the incumbent LEC's record will reflect the layout of the circuit utilized to provision the DS1 service (e.g., that the circuit routes from location A through locations B and C before it terminates at location Z).

(2) The record that contains the information necessary to facilitate billing the customer for the Advanced Service being provided to the customer.

f. Ordering, from the Incumbent LEC, the Interconnection Facilities and Telecommunications Services Required to Provide the Customer's Advanced Service. The separate Advanced Services affiliate shall be responsible for ordering all interconnection facilities (e.g., unbundled local loops) and all telecommunications services (e.g., DS1 special access service) from the incumbent LEC, and the ordering of such facilities and services may not be performed by an incumbent LEC.¹⁷ The incumbent LEC must permit unaffiliated telecommunications carriers to order such facilities and services under the same rates, terms, and conditions, and to utilize the same interfaces, processes, and procedures as are made available to the separate Advanced Services affiliate. In particular, the separate Advanced Services affiliate may utilize only those OSS interfaces for ordering unbundled network elements and other interconnection services as are made available to unaffiliated telecommunications carriers.

g. Connecting and Testing the Network Components and Telecommunications Services Required to Provision the Customer's Advanced Service. An incumbent LEC technician may, pursuant to the OI&M provisions of Subparagraph 3c, perform the following tasks:

(1) An incumbent LEC technician may, in accordance with a work order received from the separate Advanced Services affiliate, connect the various network components and telecommunications services utilized to provision the customer's Advanced Service. These connections could include (but would not be limited to) the connection from an unbundled loop to a DSLAM port identified by the affiliate, and the connection from a DS1 special access service to an ATM switch port identified by the affiliate. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same rates, terms, and conditions to unaffiliated telecommunications carriers, and it must provide unaffiliated telecommunications carriers access to the same process for sending work orders to the incumbent LEC as the incumbent LEC provides to the affiliate.

(2) An incumbent LEC technician may, in accordance with a work order received from the separate Advanced Services affiliate, test the customer's Advanced Service circuit after all of the various network components and telecommunications services utilized to provision the service have been connected together. In performing this test, the technician may use whatever test systems or equipment are typically made available to the

keep all such records in a manner equally useful to the separate affiliate and unaffiliated providers of Advanced Services.

¹⁷ This means that the functions may not be provided by the ILEC as part of the OI&M contemplated in Subparagraph 3c.

technician. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same rates, terms, and conditions to unaffiliated telecommunications carriers, and it must provide unaffiliated telecommunications carriers access to the same process for sending work orders to the incumbent LEC as the incumbent LEC provides to the affiliate.

h. Installing and Testing any CPE Associated with the Customer's Advanced Service. An incumbent LEC technician may, [pursuant to subparagraph 3c](#), install and test CPE at the customer premises on behalf of the separate Advanced Services affiliate. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same rates, terms, and conditions to unaffiliated telecommunications carriers.

i. Advising the Customer of the Status of the Order. Consistent with the customer care provisions of Subparagraph 3a, an incumbent LEC service representative may, on an exclusive basis on behalf of the separate Advanced Services affiliate, provide ongoing customer notification of service order progress and respond to customer inquiries regarding the status of the customer's order. The incumbent LEC service representative must obtain all information regarding the status of the customer's Advanced Service order from the separate Advanced Services affiliate.

j. Receipt and Isolation of Troubles Affecting the Customer's Advanced Service. In the event that an end user customer contacts the Bell Atlantic/GTE incumbent LEC to report a trouble that may affect an Advanced Service provided by the separate Advanced Services affiliate, the incumbent LEC may perform the following trouble-related functions for the affiliate, provided that the same functions and related processes and procedures provided to the affiliate are made available to unaffiliated providers of Advanced Services in the same state on non-discriminatory rates, terms, and conditions:

(1) Where the customer contacting the incumbent LEC is a customer of the incumbent LEC, the incumbent LEC may perform a line test of facilities the incumbent LEC uses to provide its services to the customer, to indicate whether the trouble is associated with or affects services provided to the customer by the incumbent LEC. If the incumbent LEC's line test indicates that the trouble is associated with or affects services provided to the customer by the incumbent LEC, the incumbent LEC may resolve the trouble.

(2) Where the customer contacting the incumbent LEC is a customer of the incumbent LEC, and the incumbent LEC's line test of facilities the incumbent LEC uses to provide its services to the customer indicates that the trouble is not associated with and/or does not affect services provided to the customer by the incumbent LEC, the incumbent LEC may transfer the trouble report (including the results of any line test performed by the incumbent LEC) or refer or transfer the end user customer to the separate Advanced Services affiliate. If the incumbent LEC provides the separate Advanced Services affiliate such referral or transfer services, the incumbent LEC shall offer the same referral or transfer services to unaffiliated providers of Advanced Services, on non-discriminatory rates, terms, and conditions. In the event that the incumbent LEC uses an electronic system to transfer trouble reports to its affiliate in a

state, (i) the affiliate shall pay its appropriate share of the costs of that system in accordance with the Commission's accounting safeguards pursuant to 47 U.S.C. § 272 in accordance with Paragraph 3 above and (ii) the incumbent LEC shall offer to develop in that state, within 12 months of a written contract for development of such access, nondiscriminatory access to the same electronic system for unaffiliated Advanced Services providers. In the event that the incumbent LEC uses an electronic system to transfer trouble reports to its affiliate, the incumbent LEC shall also provide unaffiliated Advanced Services providers the option of receiving trouble reports through a public Internet connection. If more than one Advanced Services provider requests access to the same electronic system used by the incumbent LEC to transfer trouble reports to its affiliate, each provider entering into a written contract to obtain such access will pay its proportionate share of the costs associated with developing the access based upon the number of providers requesting access. If the requested access has already been developed for another provider, Bell Atlantic/GTE shall provide the access without a development charge. Bell Atlantic/GTE shall develop and pay for a training package, and the requesting Advanced Services provider shall pay for the costs of delivery of the training.

(3) Where the customer contacting the incumbent LEC is not a customer of the incumbent LEC, but contacts the Bell Atlantic/GTE incumbent LEC to report a trouble affecting an Advanced Service, the incumbent LEC shall not perform testing on the line, but will refer the customer to the customer's Advanced Services provider, if known, for resolution of the trouble.

k. Repair of Troubles. A separate Advanced Services affiliate is responsible for maintaining and repairing any Advanced Services Equipment it owns or leases. To fulfill this responsibility, a separate Advanced Services affiliate may contract with an incumbent LEC, pursuant to the OI&M provisions of Subparagraph 3c, to maintain and repair Advanced Services Equipment owned or leased by the affiliate. If the incumbent LEC provides these maintenance and repair services for Advanced Services Equipment to the separate Advanced Services affiliate, it must offer to provide the same services under the same rates, terms, and conditions to unaffiliated providers of Advanced Services. All maintenance and repair that is provided by the incumbent LEC, including maintenance and repair in connection with its provision of interconnection, unbundled network elements, or resold services, shall be made available to the separate Advanced Services affiliate using the same interfaces, processes, and procedures as are made available to unaffiliated providers of Advanced Services.

l. Servicing the Customer's Account. Consistent with the joint marketing and customer care provisions of Subparagraph 3a, an incumbent LEC service representative may, on an exclusive basis on behalf of the separate Advanced Services affiliate, perform certain tasks to service the account of a separate Advanced Services affiliate customer. Specifically, these tasks are:

- (1) on-going customer notification of service order progress,
- (2) response to customer inquiries regarding the status of an order,

(3) changes to customer information, and

(4) receipt of customer complaints (other than receipt and isolation of trouble reports, such as reports of service outages or service impairment, which shall be processed in accordance with Subparagraph 4(j)).

m. Billing and Collecting for the Advanced Service. A Bell Atlantic/GTE incumbent LEC may provide billing and collection services consistent with the provisions of Subparagraph 3b.

n. Transitional Mechanisms. In recognition of the fact that the Bell Atlantic/GTE incumbent LECs provided most Advanced Services prior to the Merger Closing Date and to minimize any disruption to the efficient and timely delivery of Advanced Services to customers, several transitional mechanisms have been adopted to permit an orderly transition to the steady-state provisioning of Advanced Services described in Subparagraphs (a) through (m) above:

(1) Interim Line Sharing. Pursuant to the provisions of Subparagraph 3d, an incumbent LEC may provide, on an exclusive basis, Interim Line Sharing (as defined in Subparagraph 3d) including OI&M functions associated with Interim Line Sharing to a separate Advanced Services affiliate. The duration of this transition mechanism, with respect to new activations, is dependent on when the Commission requires Bell Atlantic/GTE to provide line sharing to unaffiliated telecommunications carriers.

(2) State Approvals for Providing New Activations of Advanced Services. Pursuant to the provisions of Subparagraphs ~~6a~~5a, 6a, and 6c, an incumbent LEC may continue to provide new activations of Advanced Services in a state until 30 days after the separate Advanced Services affiliate has received all required state certifications and approvals to provide Advanced Services or is operating, pending such approvals, in accordance with these Conditions. The affiliate is required to file for all such approvals prior to the Merger Closing Date.

(3) State Approvals for Providing Advanced Services to Embedded Advanced Services Customers. Pursuant to the provisions of Subparagraphs 5a, 6b and 6d, an incumbent LEC may continue to provide Advanced Services to embedded customers in a state until the later of ~~180~~270 days after the Merger Closing Date or 30 days after Bell Atlantic/GTE have obtained all necessary approvals in that state to transfer or assign the embedded customers to the separate Advanced Services affiliate.¹⁸ The affiliate is required to file for all such approvals (other than approvals for asset transfers as described in Subparagraphs 3(d) and 3(e)) prior to the Merger Closing Date, and the incumbent LEC is required to file for any required tariff approvals ~~no later than 5 business days after the Merger Closing Date, pursuant to Subparagraph 6(e).~~

(4) Network Planning, Engineering, Design, and Assignment. Pursuant

¹⁸ New activations for embedded customers are governed by Subparagraph (2).

to the provisions of Subparagraph 3c, the incumbent LEC may, on an exclusive basis, provide network planning, engineering, design and assignment services for Advanced Services Equipment (including the creation and maintenance of customer records) to the separate Advanced Services affiliate for a period of no more than 180 days after the Merger Closing Date.

(5) Advanced Services Equipment. Pursuant to the provisions of Subparagraph 3d, the incumbent LEC may continue to own Advanced Services Equipment that was installed no later than the date that is 30 days after the Merger Closing Date. After Bell Atlantic/GTE is required to provide all Advanced Services through a separate Advanced Services affiliate in accordance with the provisions of Paragraph 6, if the incumbent LEC permits the separate Advanced Services affiliate to use such equipment (except for such equipment that is used to provide Interim Line Sharing) the incumbent LEC must permit unaffiliated telecommunications carriers to use the equipment under the same rates, terms, and conditions.

(6) Loop Information. Pursuant to the provisions of Subparagraph 3a, the incumbent LEC, when engaged in the joint marketing permitted by Subparagraph 3a, may access loop information through an OSS interface that is not available to unaffiliated telecommunications carriers for a period of no more than 180 days after the Merger Closing Date. During this transition, unaffiliated telecommunications carriers will be able to access the same loop information as is available to the incumbent LEC but may do so through a different interface.

5. Requests for State Approval and Schedule for Establishing Advanced Services Affiliates. Bell Atlantic/GTE will establish the separate Advanced Services affiliate(s) required by Section I in accordance with the following provisions and schedule:

a. In any state where Bell Atlantic/GTE will be providing Advanced Services on the Merger Closing Date, the separate Advanced Services affiliate(s) shall, prior to the Merger Closing Date: negotiate¹⁹ and file for approval pursuant to 47 U.S.C. §§ 251 and 252 interconnection agreement(s) with the affiliated incumbent LEC setting forth terms, conditions and prices for the provision of interconnection, telecommunications services, and network elements that the affiliated incumbent LEC shall provide to the separate Advanced Services affiliate for the purposes of the separate affiliate's provision of Advanced Services. Such agreement(s) shall be sufficiently detailed to permit telecommunications carriers to exercise effectively their "pick-and-choose" rights under 47 U.S.C. § 252(i) and the Commission's rules implementing that section. A telecommunications carrier may pick and choose the specific types of OI&M services that the incumbent LEC has agreed to provide to the separate Advanced Services affiliate in that state. If a Bell Atlantic/GTE incumbent LEC provides OI&M services to a separate Advanced Services affiliate within a state, the incumbent LEC shall offer those OI&M services (excluding those OI&M services associated with Interim Line Sharing) to unaffiliated telecommunications carriers within the same state on a non-discriminatory basis. If the interconnection agreement negotiated between the Bell Atlantic/GTE incumbent LEC and its separate affiliate has not become effective within 90 days of the filing date pursuant to 47 U.S.C. § 252(e)(4), the separate affiliate and the incumbent LEC, subject to applicable state law, will

¹⁹ These negotiations are to be on an "arm's length" basis.

operate for jurisdictionally interstate services as if the interconnection agreement were in effect for those services.

b. In any state where Bell Atlantic/GTE will be providing Advanced Services on the Merger Closing Date, the separate Advanced Services affiliate(s) shall, prior to the Merger Closing Date, consistent with state law, file for any required state certifications (for intrastate services) or approvals necessary for the separate affiliate to provide Advanced Services.

c. In any state where a Bell Atlantic/GTE incumbent LEC will provide Advanced Services on the Merger Closing Date, Bell Atlantic/GTE shall establish prior to the Merger Closing Date a separate Advanced Services affiliate.

d. Bell Atlantic/GTE shall incorporate and establish a separate Advanced Services affiliate to provide Advanced Services prior to the Merger Closing Date.

e. Notwithstanding Subparagraphs b-d of this Paragraph or Paragraph 6 below, Bell Atlantic/GTE may provide Advanced Services through a Bell Atlantic/GTE incumbent LEC (or other entity that does not comply with the provisions of Paragraph 3) in any state until Bell Atlantic/GTE has obtained all necessary state authorizations and approvals to provide Advanced Services through the separate Advanced Services affiliate in that state. Bell Atlantic/GTE shall make good-faith efforts to secure the necessary state authorizations and approvals.

6. Providing Advanced Services through the Separate Advanced Services Affiliate. Bell Atlantic/GTE shall phase-in the provision of Advanced Services through its separate Advanced Services affiliate(s), as follows:

a. New Activations for Advanced Services Customers that are Providers of Internet Services. In each Bell Atlantic/GTE State, Bell Atlantic/GTE shall provide new activations of Advanced Services to customers that are providers of Internet services through a separate Advanced Services affiliate no later than 30 days after state approval of all agreements with the affiliated incumbent LEC that are necessary to carry out the provisions of this Section I, including any interconnection agreement(s). Any tariffs necessary for the separate Advanced Services Affiliate to provide such Advanced Services shall be filed prior to the date on which Bell Atlantic/GTE is required to provide new activations through an Advanced Services affiliate, as defined in this Paragraph. The terms of this Subparagraph a are established in recognition of, and are expressly contingent upon, the fact that the FCC has determined that Advanced Services used to provide Internet services are jurisdictionally interstate services. In the event such services are determined to be jurisdictionally intrastate, and state certification is required to provide new activations of Advanced Services to customers that are providers of Internet services through a separate Advanced Services affiliate, the obligations of this Subparagraph a shall apply 30 days after state approval of any necessary tariffs that the state deems required for the separate Advanced Services affiliate to provide new activations of Advanced Services to customers that are providers of Internet services.

b. Incumbent LEC's Embedded Base of Advanced Services Customers That Are Providers of Internet Services. In each Bell Atlantic/GTE State, any Advanced Services provided by Bell Atlantic/GTE's incumbent LEC in that state to customers that are providers of Internet services shall be transferred or assigned, along with the associated customer relationship, to the separate Advanced Services affiliate no later than the later of: (i) the date on which any asset transfers are completed pursuant to Paragraph 3e or (ii) 180 days after the Merger Closing Date. Any tariffs necessary for the separate Advanced Services Affiliate to provide such Advanced Services shall be filed prior to the date on which Bell Atlantic/GTE is required to provide Advanced Services to the incumbent LEC's embedded base of customers that are providers of Internet services. The terms of this Subparagraph b are established in recognition of, and are expressly contingent upon, the fact that the Commission has determined that Advanced Services used to provide Internet services are jurisdictionally interstate access services. In the event such services are determined to be jurisdictionally intrastate, and state certification is required to transfer Advanced Services provided by Bell Atlantic/GTE's incumbent LEC to customers that are providers of Internet services to the separate Advanced Services affiliate, the obligations of this Subparagraph b shall apply 30 days after state approval of any necessary tariffs, certifications, or agreements that the state deems required for the separate Advanced Services affiliate to provide Advanced Services to customers that are providers of Internet services if later than the date set forth in Subparagraphs 1 and 2(i) and (ii) above.

c. New Activations for Other Advanced Services Customers. In each Bell Atlantic/GTE State, Bell Atlantic/GTE shall provide new activations of Advanced Services to customers that are not providers of Internet services through a separate Advanced Services affiliate no later than 30 days after the later of: (i) state approval of all agreements with the affiliated incumbent LEC necessary to carry out the provisions of this Section I, including any interconnection agreement(s), (ii) state approval of any certification that the state deems required for the separate Advanced Services affiliate to provide Advanced Services in that state, or (iii) approval of any tariffs necessary for the separate Advanced Services affiliate to provide such Advanced Services. Such tariffs shall be filed no later than 3 business days after state approval of any certification that the state deems required for the separate Advanced Services affiliate to provide Advanced Services in that state.

d. Incumbent LEC's Embedded Base of Other Advanced Services Customers. In each Bell Atlantic/GTE State, any Advanced Services provided by Bell Atlantic/GTE's incumbent LEC in that state to customers that are not providers of Internet services shall be transferred or assigned, along with the associated customer relationship, to the separate Advanced Services affiliate no later than the later of: (i) 30 days after state approval of any necessary certification, tariffs, or any other required state authorization, (ii) 30 days after state approval of all necessary agreements, including any agreement to transfer or assign customers from the incumbent LEC to the separate Advanced Services affiliate, (iii) 180 days after the Merger Closing Date, or (iv) completion of any asset transfers pursuant to Paragraph 3e. Any necessary tariffs shall be filed no later than 3 business days after state approval of any certification that the state deems required for the separate Advanced Services affiliate to provide Advanced Services in that state.

e. Existing Tariffs. To comply with the requirements of ~~Subparagraphs a and e above, this Paragraph,~~ Bell Atlantic/GTE shall, no later than ~~3 business days after obtaining all necessary certifications, authorizations, and/or approvals to provide new activations of an Advanced Service through~~ the date on which the separate Advanced Services affiliate may begin offering Advanced Services to existing customers of the incumbent LEC in a state, (i) file any necessary tariff changes with the Commission and/or the state commission to terminate the offering of ~~new activations of~~ such Advanced Service by the incumbent LEC, and (ii) cease initiating any marketing or sales of ~~new activations of~~ such Advanced Service ~~from the tariffs of by~~ the incumbent LEC. Notwithstanding the requirements of Subparagraphs a and c above, until such tariff changes are approved by the Commission and/or the state commission (including any mandatory customer notification period), the Bell Atlantic/GTE incumbent LEC shall comply with such tariffs as then in effect if the incumbent LEC receives a request for a new activation of an Advanced Service.

f. Transition Period. In the Bell Atlantic/GTE Service Areas in each Bell Atlantic/GTE State, from such time as Bell Atlantic/GTE is required to provide new activations of Advanced Services through the separate Advanced Services affiliate in that state until the time when Bell Atlantic/GTE is required to provide all Advanced Services through a separate Advanced Services affiliate in that state, Bell Atlantic/GTE shall be permitted to provision such services in that state in the following manner, which is intended to be the “functional equivalent” of provisioning service through a separate Advanced Services affiliate.

(1) Either the Bell Atlantic/GTE incumbent LEC or the separate Advanced Services affiliate may joint market Advanced Services to customers;

(2) Except for orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 7, customer orders for Advanced Services obtained by the incumbent LEC must be passed to the separate Advanced Services affiliate for processing. For customer orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 7, the incumbent LEC may, on an exclusive basis pursuant to a written agreement with the separate Advanced Services affiliate, process the order;

(3) Except for orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 7, the separate Advanced Services affiliate shall order the facilities and/or services needed to provide the Advanced Service from the incumbent LEC. Within 180 days of the Merger Closing Date, the separate Advanced Services affiliate shall order such facilities utilizing the same interfaces with the incumbent LEC as the incumbent LEC provides to unaffiliated providers of Advanced Services. For customer orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 7, the incumbent LEC may, on an exclusive basis pursuant to a written agreement with the separate Advanced Services affiliate, order the facilities needed to provide the ADSL service; and

(4) Any Advanced Services orders received by the separate Advanced Services affiliate may be passed to the incumbent LEC, which may, subject to Subparagraphs 6a and 6c, provide Advanced Services to the Bell Atlantic/GTE customer. The Bell Atlantic/GTE

incumbent LEC may lease from the separate Advanced Services affiliate any Advanced Services Equipment required for the incumbent LEC to provide any Advanced Service.

7. Provisioning of Interim Line Sharing to the Separate Advanced Services Affiliate.

This Paragraph shall apply only when line sharing is not required. Notwithstanding the non-discrimination provisions of Paragraph 3 above, a Bell Atlantic/GTE incumbent LEC may provide Interim Line Sharing (as defined in Subparagraph 3d), including OI&M functions associated with Interim Line Sharing, to a separate Advanced Services affiliate on an exclusive basis in accordance with the following provisions:

a. The Bell Atlantic/GTE incumbent LEC may provide Interim Line Sharing capability to the separate Advanced Services affiliate within a certain geographic area for the provision of Advanced Services activated prior to the time that line sharing is provided to unaffiliated providers of Advanced Services within the same geographic area.

b. The Bell Atlantic/GTE incumbent LEC shall establish and make available through interconnection agreements with the separate Advanced Services affiliate (and with unaffiliated telecommunications carriers pursuant to the provisions of Paragraph 13) surrogate charges for the costs incurred in making available an unbundled local loop capable of providing Advanced Services (such as ADSL) in combination with voice grade services (“Surrogate Line Sharing Charges”). For purposes of this Section I, “voice grade service” means the transmission of an analog signal within an approximate bandwidth of 300 to 3000 Hz. The Surrogate Line Sharing Charges shall be 50 percent of the lowest monthly recurring charge, 50 percent of the lowest non-recurring line or service connection charge and 100 percent of the lowest non-recurring service order charge (i.e., there is no discount for the service order charge), for the unbundled local loop then effective that have been established by the state commission pursuant to 47 U.S.C. § 252(d)(1). The lowest non-recurring charges used in calculating the Surrogate Line Sharing Charges shall be the set of non-recurring charges contained in a tariff and/or single interconnection agreement for which the sum of the non-recurring line or service connection charge and the non-recurring service order charge is the lowest. The Bell Atlantic/GTE incumbent LEC shall charge the separate Advanced Services affiliate these Surrogate Line Sharing Charges for the affiliate’s shared use of a local loop if: (i) the Bell Atlantic/GTE incumbent LEC is able to provision the Advanced Service of the separate Advanced Services affiliate over the same loop that the incumbent LEC is using to provide voice grade services on either a retail or wholesale basis, and (ii) the Advanced Service is within a spectral mask that is compatible with the incumbent LEC’s voice grade service and the filters used by the incumbent LEC to provide Interim Line Sharing. The compatibility standard in the previous sentence shall be presumptively met if the Advanced Service utilizes a technology for which the spectral mask complies with an industry-recognized standard that would be compatible with both (i) the incumbent LEC’s voice grade service, and (ii) the filters specified in Annex E to ANSI standard T1.413-1998. For any other technology, the separate Advanced Services affiliate may meet the compatibility standard by showing that the technology (i) would be compatible with the incumbent LEC’s voice grade service and (ii) is compatible with the filters specified in Annex E to ANSI standard T1.413-1998. Surrogate Line Sharing Charges shall not apply retroactively to charges for an unbundled loop incurred prior to the effective date of the Surrogate Line Sharing Charges, but will apply to

charges incurred after the effective date of the Surrogate Line Sharing Charges for both (i) recurring charges for qualifying loops in service, and (ii) recurring and non-recurring charges for new installations of qualifying loops. In order to be entitled to the Surrogate Line Sharing Charges, however, the Bell Atlantic/GTE separate Advanced Services affiliate must certify to the incumbent LEC that it is not providing voice grade service in conjunction with Advanced Services over the broadband channel. The Surrogate Line Sharing Charge may be billed through credits, true-ups, or other billing mechanisms provided, however, that such credits, true-ups or other mechanisms are applied within 60 days of the initial billing for the service.

8. The separate Advanced Services affiliate(s) required by this Section shall, to the extent that they provide jurisdictionally interstate services, be regulated by the Commission as non-dominant carrier(s) with respect to the provision of Advanced Services. The separate Advanced Services affiliate shall comply with the Commission's rules regarding tariffs, including the Commission's rule that non-dominant telecommunications carriers that provide interstate access services are subject to permissive detariffing.

9. The Performance Measurements required by Section V of these Conditions shall be reported separately to the Commission, on a proprietary basis and in accordance with Paragraph 1 of Attachment A, by each Bell Atlantic/GTE incumbent LEC for each separate Advanced Services affiliate required by this Section I to the extent that such Performance Measurements are applicable.

These Performance Measurements reports shall only be made available to other parties subject to a protective agreement. Within 30 days of the Merger Closing Date, Bell Atlantic/GTE shall propose to the Chief of the Common Carrier Bureau an additional performance measurement, or an additional sub-measurement, to measure Bell Atlantic/GTE's performance with respect to the provisioning of line sharing. Within 90 days of receiving written notice that the Chief of the Common Carrier Bureau agrees that a line sharing measurement should be implemented, Bell Atlantic/GTE shall implement the new measurement consistent with the provisions of Section V.

10. In setting the annual bonuses paid to officers and management employees of a separate Advanced Services affiliate, Bell Atlantic/GTE shall give substantial weight to the performance of the separate Advanced Services affiliate.

11. Separate Advanced Services Affiliate Sunset Provisions. The requirements of this Section I requiring Bell Atlantic/GTE to provide Advanced Services through one or more separate affiliates, as described in this Section, shall terminate immediately upon any of the following events:

a. In each Bell Atlantic/GTE State, the date that is the later of (i) 42 months after the Merger Closing Date or (ii) 36 months after the incumbent LEC ceases to process trouble reports for the separate Advanced Services affiliate on an exclusive basis under the provisions of Subparagraph 3h; or

b. The date upon which (i) legislation enacted by the U.S. Congress that specifically prohibits the Commission from requiring incumbent LECs to establish separate affiliates for the provision of Advanced Services becomes law, and (ii) the Commission modifies its rules and regulations in a manner that materially changes the substance of what is covered in this Section I (e.g., if the Commission were to establish rules that prohibit an incumbent LEC from providing joint marketing to the separate Advanced Services affiliate on an exclusive basis, or rules that prohibit an incumbent LEC from providing OI&M services to the separate Advanced Services affiliate on a non-discriminatory basis, either such change would be an example of a change that would be considered a material change).

c. Subject to the sunset provisions of Subparagraphs 11a-b, nine months after the date upon which a final and non-appealable judicial decision by a court of competent jurisdiction determines that the separate Advanced Services affiliate must be deemed a successor or assign of the incumbent LEC for the purposes of applying 47 U.S.C. §§ 153(4) or 251(h). However, such a judicial decision that is based in whole or in substantial part on conduct of, or relationship between, the Bell Atlantic/GTE incumbent LEC and/or the separate Advanced Services affiliate not expressly permitted by these Conditions, shall not be a basis for terminating any of the separate affiliate provisions of this Section I.

12. Upon the date that Bell Atlantic/GTE determines, as a result of one or more of the provisions of Paragraph 11 above, to no longer provide Advanced Services through a separate affiliate in a particular state, then Bell Atlantic/GTE shall be required to comply with the following provisions in that state until the date that is 48 months after the Merger Closing Date:

a. The Discounted Surrogate Line Sharing Charge provisions of Paragraphs 7b and 13, if the Bell Atlantic/GTE incumbent LEC uses Interim Line Sharing (as defined in Paragraph 3d) to provide new activations of ADSL service;

b. The Advanced Services OSS discount provisions of Paragraph 25;

c. The incumbent LEC shall provide Advanced Services through a separate Advanced Services office or division within the LEC and shall comply with the following provisions:

(1) The Advanced Services office or division within the LEC will continue to use the same interfaces, processes, and procedures made available by the incumbent LEC to unaffiliated providers of Advanced Services for pre-ordering, ordering, provisioning, and repair and maintenance of Advanced Services;

(2) The Bell Atlantic/GTE retail operations within the incumbent LEC shall use the interfaces available to CLECs for processing a substantial majority (i.e., at least 75 percent of pre-order inquiries and at least 75 percent of orders) of Advanced Services orders;

d. The incumbent LEC will continue to make available to unaffiliated Advanced Services providers the OI&M services that were previously made available to such providers by the LEC pursuant to these Conditions; and

e. The incumbent LEC shall provide unaffiliated telecommunications carriers with the same OI&M services at the customer premises that it provides for its own retail operations in the same Bell Atlantic/GTE State with respect to the offering of Advanced Services.

f. The incumbent LEC shall be required to provide the enhanced OSS interfaces for provisioning Advanced Services as discussed in Paragraph 18, below.

II. Discounted Surrogate Line Sharing Charges

13. This Paragraph shall apply only when line sharing is not required. The terms for Surrogate Line Sharing Charge discounts offered by Bell Atlantic/GTE to unaffiliated providers of Advanced Services for inclusion in interconnection agreements shall reflect the following:

a. In any geographic area where the Bell Atlantic/GTE incumbent LEC either (i) provides Interim Line Sharing for new activations of ADSL service to a separate Advanced Services affiliate per the provisions of Paragraph 7, above, or (ii) utilizes Interim Line Sharing to provide new activations of ADSL service provided by the incumbent LEC, the incumbent LEC shall charge unaffiliated providers of Advanced Services the same Surrogate Line Sharing Charges as described in Paragraph 7 for use of an unbundled local loop in the same geographic area, where: (i) the unaffiliated provider purchases the unbundled local loop to provide Advanced Services only and does not use the unbundled local loop to provide any voice grade service; (ii) the unaffiliated provider's Advanced Services are provided to an end user customer to whom the incumbent LEC provides voice grade service, on either a retail or wholesale basis, at the same premises; and (iii) the unaffiliated provider's Advanced Services are within a spectral mask that would, if line sharing were available, be compatible with the incumbent LEC's voice grade service and the filters used by the incumbent LEC to provide Interim Line Sharing. The compatibility standard in the previous sentence shall be presumptively met if the unaffiliated provider's Advanced Services utilize a technology for which the spectral mask complies with an industry-recognized standard that would be compatible with both (i) the incumbent LEC's voice grade service, and (ii) the filters specified in Annex E to ANSI standard T1.413-1998. For any other technology, the unaffiliated provider of Advanced Services may meet the compatibility standard by showing that the technology (i) would be compatible with the incumbent LEC's voice grade service and (ii) is compatible with the filters specified in Annex E to ANSI standard T1.413-1998.

b. Surrogate Line Sharing Charges shall not apply retroactively to charges for an unbundled loop incurred prior to the effective date of the Surrogate Line Sharing Charges, but will apply to charges incurred after the effective date of the Surrogate Line Sharing Charges for both (i) recurring charges for qualifying loops in-service, and (ii) recurring and non-recurring charges for new installations of qualifying loops. Bell Atlantic/GTE may provide the Surrogate Line Sharing Charges discounts through credits, true-ups, or other billing mechanisms, provided, however, that such credits, true-ups or other mechanisms are applied within 60 days of the initial

billing for the service. To obtain the Surrogate Line Sharing Charges, a telecommunications carrier must provide written notification (which may include e-mail) to Bell Atlantic/GTE identifying the unbundled loops that it is using or will use to provide a qualifying Advanced Service. For unbundled loops ordered after the effective date of the Surrogate Line Sharing Charges, notification must be given at the time the order is placed. For unbundled loops in service prior to the effective date of the Surrogate Line Sharing Charges, the Surrogate Line Sharing Charges will only apply to unbundled loops for which such notification is received within 30 days of the date that Bell Atlantic/GTE notifies the telecommunications carrier that the Surrogate Line Sharing Charges are in effect. Not less than 3 business days after the availability of Surrogate Line Sharing Charges in the relevant geographic area, Bell Atlantic/GTE shall provide notice of that availability to telecommunications carriers having unbundled loops in service in that geographic area as of the effective date of the Surrogate Line Sharing Charges.

c. Unaffiliated providers of Advanced Services that obtain unbundled local loops for the Surrogate Line Sharing Charges shall, on a quarterly basis, certify to Bell Atlantic/GTE and the appropriate state commission that they are using all unbundled local loops provided at the Surrogate Line Sharing Charges in accordance with Subparagraph a above. Bell Atlantic/GTE shall have the right to hire, at its own expense, an independent third-party auditor to perform all necessary audits and inspections needed to assure that unbundled local loops provided for the Surrogate Line Sharing Charges are used in accordance with Subparagraph b above. Unaffiliated providers of Advanced Services that obtain unbundled local loops for the Surrogate Line Sharing Charges shall agree to cooperate in the performance of such audits and inspections.²⁰ Audit information shall be restricted to Bell Atlantic/GTE regulatory, legal, and/or wholesale personnel, and Bell Atlantic/GTE shall prohibit those personnel from disclosing audit-related, customer-specific or company-specific proprietary information to Bell Atlantic/GTE retail personnel.²¹ If Bell Atlantic/GTE conducts any audit of an unaffiliated Advanced Service provider's use of unbundled local loops in a state, under this Subparagraph c, Bell Atlantic/GTE's annual compliance report for the calendar year in which the investigation was concluded shall describe the uses of shared loops by Bell Atlantic/GTE's separate Advanced Services affiliate(s) in the same state.

d. Any unaffiliated provider of Advanced Services found by the appropriate state commission to have violated the use restrictions of this Paragraph or that fails to cooperate in an audit may be denied the Surrogate Line Sharing Charges on any unbundled local loop for which the use restrictions or audit provisions are violated. In addition, any such provider that intentionally and repeatedly violates the use restrictions of Subparagraph a may be denied the Surrogate Line Sharing Charges for unbundled local loops ordered or installed after the date of such a finding by a state commission.

e. Bell Atlantic/GTE shall waive all non-recurring charges for new installations of line sharing on behalf of unaffiliated providers of Advanced Services, where such new installations are (i) ordered no later than 60 days after the date on which line sharing is

²⁰ Any such audit or inspection is limited to being a "technical" audit.

²¹ This restriction includes, in particular, employees of the separate Advanced Services affiliate or Bell Atlantic/GTE personnel who perform the retail functions contemplated in Subparagraphs 3a-3c.

offered to unaffiliated providers of Advanced Services in the geographic area (“the line sharing date”), with a requested installation date of no later than 90 days after the line sharing date and (ii) installed to replace an unbundled local loop provided at the Surrogate Line Sharing Charges at the same customer premises to the same provider of Advanced Services. In addition, for line sharing installations meeting the requirements of the previous sentence, Surrogate Line Sharing Charges shall continue to apply to the unbundled loop until Bell Atlantic/GTE has completed all work necessary for the conversion to line sharing to be completed. Unless the Commission establishes other notification requirements for deployment of line sharing, Bell Atlantic/GTE shall provide unaffiliated providers of Advanced Services not less than 60 days advance notice of the line sharing date.

III. Loop Conditioning Charges and Cost Studies

14. No later than 180 days after the Merger Closing Date, Bell Atlantic/GTE shall file cost studies and proposed rates for conditioning xDSL loops in the Bell Atlantic/GTE Service Area within each Bell Atlantic/GTE State that has not already started or completed cost proceedings for these services. Bell Atlantic/GTE’s cost studies and proposed rates shall be prepared in compliance with the methodology set forth in the Commission’s and the relevant state commission’s pricing rules for UNEs. The cost-based rates resulting from these proceedings shall be effective in that state. In Bell Atlantic/GTE States where rates have not been approved by the state commission or are not in effect for the removal of load coils, bridged taps, and/or voice-grade repeaters, Bell Atlantic/GTE shall make available to Advanced Services providers, pending the approval of state-specific rates and subject to true-up, the rates for these xDSL loop conditioning services that are contained in any effective interconnection agreement, to which any Bell Atlantic/GTE incumbent LEC is a party, that is identified by the Advanced Services provider in any state, provided that the rates for these services provided in the agreement are greater than zero. Provided, however, that during this interim period and subject to true-up, unbundled loops of less than 12,000 feet (based on theoretical loop length) that could be conditioned to meet the minimum requirements defined in the applicable associated technical publications of Bell Atlantic and of GTE through the removal of load coils, bridged taps, and/or voice grade repeaters will be conditioned at no charge to the requesting Advanced Services provider. Where a Bell Atlantic/GTE incumbent LEC identifies conditioning (with associated conditioning charges) that is necessary for an unbundled loop ordered by a provider of Advanced Services, Bell Atlantic/GTE will obtain the provider’s authorization to perform, and agreement to pay for, each type of conditioning before proceeding with any conditioning work.²² The foregoing interim provisions do not constitute or reflect any determination by the Commission regarding the lawfulness or appropriateness of the interim rates, and are not intended to delay or otherwise influence approval of state-specific rates by other state commissions in the Bell Atlantic/GTE States.

IV. Non-discriminatory Rollout of xDSL Services

²² The rates, terms, and conditions associated with loop conditioning will be sufficiently disaggregated so that an unaffiliated telecommunications carrier may select only the conditioning it requires on a particular loop.

15. Bell Atlantic/GTE shall take the following steps to ensure that its deployment of xDSL services (viewed on an aggregated basis and including existing deployment, without regard to the entity through which Bell Atlantic/GTE provides those services) in the Bell Atlantic/GTE Service Area is not discriminatory:

a. In consultation with the relevant state commission, if the state commission chooses to engage in such consultation, Bell Atlantic/GTE shall within 90 days of the Merger Closing Date reasonably classify all Bell Atlantic/GTE wire centers as either urban or rural wire centers for purposes of this Paragraph.

b. Bell Atlantic/GTE shall identify the 10 percent of urban wire centers within the Bell Atlantic/GTE Service Area in each Bell Atlantic/GTE State that have the greatest number of low-income households, as estimated by using the latest available census data (“Low Income Urban Pool”). After the date that is 180 days after the Merger Closing Date, by the time Bell Atlantic/GTE has deployed xDSL in at least 20 urban wire centers in a particular state, and for at least 36 months thereafter, at least 10 percent of the urban wire centers in which Bell Atlantic/GTE deploy xDSL in that state shall be wire centers from the Low Income Urban Pool.

c. Bell Atlantic/GTE shall identify the 10 percent of rural wire centers within the Bell Atlantic/GTE Service Area in each Bell Atlantic/GTE State that have the greatest number of low-income households, as estimated by using the latest available census data (“Low Income Rural Pool”). After the date that is 180 days after the Merger Closing Date, by the time Bell Atlantic/GTE has deployed xDSL in at least 20 rural wire centers in a particular state, and for at least 36 months thereafter, at least 10 percent of the rural wire centers in which Bell Atlantic/GTE deploys xDSL in that state shall be wire centers from the Low Income Rural Pool.

d. Bell Atlantic/GTE shall file a quarterly report with the Commission describing the status of its xDSL roll-out. This report shall include xDSL deployment information by Bell Atlantic/GTE state, including the number and name/location of urban and rural wire centers and low-income wire centers where Bell Atlantic/GTE has deployed xDSL. The report shall be submitted 180 days after the Merger Closing Date and on a quarterly basis thereafter.

ENSURING OPEN LOCAL MARKETS

V. Carrier-to-Carrier Performance Plan (Including Performance Measurements)

16. In the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall implement the Carrier-to-Carrier Performance Assurance Plan (“the Plan”) described herein and in Attachment A. The Plan has two elements. First, it requires Bell Atlantic/GTE to report, on a monthly basis and in each of the Bell Atlantic/GTE States, its performance in the 17 measurement categories (with sub-measurements) identified in Attachments A-1a and A-1b that address functions that may have a particularly direct effect on Bell Atlantic/GTE’s local competitors and their customers. This information will be made available on an Internet web-site and will provide the Commission, state commissions, and CLECs new tools to verify and benchmark Bell Atlantic/GTE’s

performance in these measurement and sub-measurement categories. Second, the Plan obligates Bell Atlantic/GTE to make voluntary payments of up to \$1.164 billion over 3 years to the U.S. Treasury based on Bell Atlantic/GTE's performance in the measurement categories identified in Attachments A-1a and A-1b. These payments may reach as much as \$259 million in the first year, \$389 million in the second year, and \$516 million in the third year. The \$1.164 billion total voluntary payment for which Bell Atlantic/GTE may be liable may be reduced by up to \$125 million if Bell Atlantic/GTE completes the OSS commitments provided for in these Conditions ahead of schedule. See Attachment A, Paragraph 11. The Plan does not limit the authority of any state to adopt additional or different state performance monitoring requirements or associated remedies.

17. The Plan shall be effective for the Bell Atlantic/GTE Service Area within each Bell Atlantic/GTE State until the earlier of (i) 36 months after the date that Bell Atlantic/GTE is first potentially obligated to make Plan payments for that state, (ii) for the Bell Atlantic Service Areas on a state-by-state basis, the first date on which Bell Atlantic is authorized to provide in-region, interLATA services in that state pursuant to 47 U.S.C. § 271(d)(3), ~~or (iii) the date on which Bell Atlantic/GTE has completed 50 percent of the out-of-region investment commitment described in Paragraphs 39 or 43 of these Conditions, or (iv)~~ on a state-by-state basis, the effective date of a comprehensive performance plan adopted by a state commission applicable to Bell Atlantic/GTE. Not later than 10 business days after the relevant deadlines under this Section V, Bell Atlantic/GTE shall file with the Secretary of the Commission notices regarding its satisfaction of the deadlines listed below.

a. In the Bell Atlantic Service Areas, Bell Atlantic/GTE shall implement the performance measurements shown on Attachments A-2a and A-5a (which are based on the performance plan adopted by the New York Public Service Commission in connection with Bell Atlantic's Section 271 proceeding) and provide the Commission with 2 months of performance data on these measurements, by the first day of the first month that begins more than 90 days after the Merger Closing Date. Beginning with the first month that starts at least 270 days after the Merger Closing Date, Bell Atlantic/GTE's performance shall be used to determine whether Bell Atlantic/GTE shall be obligated to make voluntary payments to the U.S. Treasury, as set forth in the Plan. Bell Atlantic/GTE's performance in prior months shall not be used to determine whether Bell Atlantic/GTE shall make voluntary payments.

b. For the GTE Service Areas, Bell Atlantic/GTE shall implement the performance measurements shown in Attachments A-2b and A-5b (which are based on the California Public Utilities Commission's performance plan applicable to GTE) and provide 2 months of performance data on these measurements, by the first day of the first month that begins more than 90 days after the Merger Closing Date, except for performance measurements PR-3 and NP-2 which shall be implemented no later than 150 days after the Merger Closing Date. Beginning with the first month that starts at least 270 days after the Merger Closing Date, Bell Atlantic/GTE's performance shall be used to determine whether Bell Atlantic/GTE shall be obligated to make voluntary payments to the U.S. Treasury, as set forth in the Plan. Bell Atlantic/GTE's performance in prior months shall not be used to determine whether Bell Atlantic/GTE shall make voluntary payments.

VI. Uniform and Enhanced OSS and Advanced Services OSS

18. Within ~~30~~90 days after the Merger Closing Date, Bell Atlantic/GTE will develop a plan to implement uniform, electronic OSS interfaces and business rules (including for pre-ordering and ordering components used to provide digital subscriber line (“xDSL”) and other Advanced Services) within the Bell Atlantic Service Areas and separately within the GTE Service Areas. This plan shall also address how Bell Atlantic/GTE will implement uniform transport and security protocols, but not business rules, across the merged Bell Atlantic/GTE Service Areas. The OSS interfaces proposed in the plan shall be commercially ready, uniform application-to-application interfaces using standards and guidelines as defined, adopted, and periodically updated by the Alliance For Telecommunications Industry Solutions (“ATIS”) for OSS, e.g., Electronic Data Interchange (“EDI”) and Common Object Request Broker Architecture (“CORBA”) and graphical user interfaces (e.g. GUI Version 3 and WISE Phase 1) that support the pre-ordering, ordering, provisioning, maintenance/repair, and billing of resold local services and unbundled network elements (“UNEs”) that meet the requirements of 47 U.S.C. § 251(c)(3). For purposes of these Conditions, “uniform interfaces” means interfaces that present telecommunications carriers that are users of the interfaces with the same version(s) of industry ~~standards, standards~~ for data formatting specifications, and transport and security specifications-protocols.

19. a. The Plan shall include an assessment of Bell Atlantic’s and GTE’s existing interfaces and business rules, and Bell Atlantic’s and GTE’s plans for developing and deploying uniform application-to-application interfaces and business rules for OSS within the Bell Atlantic Service Areas and separately within 19. In developing this plan, Bell Atlantic/GTE may rely on the results of the the GTE Service Areas. The Plan will also report on existing commitments related to interfaces and business rules, including any outstanding scheduled changes, resulting from collaborative proceedings conducted with CLECs as part of the Petition of New York Telephone Company for Approval of its Statement of Generally Available Terms and Conditions Pursuant to Section 252 of the Telecommunications Act of 1996 and Draft Filing of Petition for InterLATA Entry Pursuant to Section 271 of the Telecommunications Act of 1996, Case 97-C-0271 proceeding before the New York Public Service Commission (“New York Proceeding”), the Commission Order Instituting Rulemaking, on the Commission’s Own Motion into Monitoring Performance of Operating Systems, R.97-10-016 proceeding before the California Public Utilities Commission (“California Proceeding”), Status of Local Telephone Competition, Docket TX98010010, NJBPU, and the proceedings conducted in accordance with MCI WorldCom, Inc. and AT&T Corp. v. Bell Atlantic Corporation, File No. EAD 99-003 (“FCC Proceeding”). For those OSS interfaces and business rule changes for which collaborative proceedings have been conducted, these changes will be implemented under the schedules adopted in these proceedings. ~~To the extent that Bell Atlantic/GTE determines that certain~~In addition, the Plan will specify OSS interface or business rule uniformity issues for the Bell Atlantic Service Areas and separately for the GTE Service Areas which Bell Atlantic and GTE determine have not been addressed in these collaborative ~~proceedings, the plan~~proceedings. For these issues, the Plan will specify the type of collaborative process and schedule that will be used to address these issues. The target date for completion of the Plan is 90 days after the Merger Closing Date.

b. Where the Plan specifies a collaborative process to address OSS interface

or business rule uniformity issues within the Bell Atlantic Service Areas or separately within the GTE Services Areas, the collaborative process selected will be based on the processes conducted in the New York, New Jersey, California, or FCC Proceedings, or included in the SBC/Ameritech Conditions in Applications of Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95 and 101 of the Commission's Rules, CC Docket No. 98-141 (rel. Oct. 8, 1999). The target date for completion of any necessary collaboratives is 90 days after submission of the Plan.

c. The Plan will also include Bell Atlantic/GTE's plans for developing and deploying uniform transport and security protocols, but not business rules, across the merged Bell Atlantic/GTE Service Areas. For purposes of these Conditions, "uniform transport and security protocols" means that telecommunications carriers that are users of the interfaces will be presented with the same version(s) of industry standards for transport and security protocols, but not data format specifications. Nothing in this subparagraph or in this Section shall be construed to require that OSS business rules be uniform between the Bell Atlantic Service Areas and the GTE Service Areas.

d. The Plan will also include Bell Atlantic/GTE's plans for developing and providing to CLECs the pre-order, ordering, and maintenance/repair functions specified in Attachment B-1, and application-to-application ordering capability for the products specified in Attachment B-2. The forms, business rules, and methods for performing the specified functions and for ordering and provisioning the specified products may not be uniform between the Bell Atlantic Service Areas and the GTE Service Areas. The terms, conditions and prices or rates for the specified functions and products will be determined by tariffs, statements of generally available terms and conditions, or interconnection agreements and may not be uniform.

Change. The target date for implementation of changes to OSS interfaces and business rules proposed in the plan will be implemented within 24 months after the completion of the collaborative process in Bell Atlantic Service Areas and within 24 months after the completion of the collaborative process in the GTE Service Areas. The target date for implementation of uniform transport and security protocols between Bell Atlantic and GTE Service Areas, as specified above, is 12 months after submission of the Plan. The target date for implementation of the OSS functions and product ordering capabilities specified in sub-paragraph d is 24 months after submission of the Plan. Nothing in this Section shall be construed to require that OSS interfaces or business rules be uniform between the Bell Atlantic Service Areas and the GTE Service Areas.

f. Within 5 years after the Merger Closing Date, Bell Atlantic/GTE will implement uniform, electronic OSS interfaces and business rules (including for pre-ordering and ordering components used to provide digital subscriber line ("xDSL") and other Advanced Services) between the Bell Atlantic and GTE Service Areas in Pennsylvania and Virginia. The OSS interfaces shall be commercially ready, uniform application-to-application interfaces using standards and guidelines as defined, adopted, and periodically updated by the Alliance For Telecommunications Industry Solutions ("ATIS") for OSS, e.g., Electronic Data Interchange

(“EDI”) and Common Object Request Broker Architecture (“CORBA”) and graphical user interfaces (e.g. GUI Version 3) that support the pre-ordering, ordering, provisioning, maintenance/repair, and billing of resold local services and unbundled network elements (“UNEs”) that meet the requirements of 47 U.S.C. § 251(c)(3).

(1) Bell Atlantic/GTE may achieve uniformity within Pennsylvania and Virginia by implementing a software solution that masks differences between Bell Atlantic’s and GTE’s systems, by promulgating uniform business rules for completing CLEC local service requests, or by modifying Bell Atlantic/GTE’s network and operating support systems (including associated business processes, methods, and procedures), at Bell Atlantic/GTE’s option. Bell Atlantic/GTE shall have no obligation to achieve uniformity where differences are caused by state regulatory requirements or product definitions.

(2) Bell Atlantic/GTE shall implement uniform interfaces and business rules for at least eighty (80) percent of the access lines in the GTE Service Areas in Pennsylvania and Virginia (subject to subparagraph 3, below) by converting the following percentages of such access lines that Bell Atlantic/GTE have an obligation to convert (“Obligated Access Lines”):

Date	Percent of Obligated Access Lines
<u>No later than 24 months after Merger Closing Date</u>	<u>40%</u>
<u>No later than 36 months after Merger Closing Date</u>	<u>60%</u>
<u>No later than 48 months after Merger Closing Date</u>	<u>80%</u>
<u>No later than 60 months after Merger Closing Date</u>	<u>100%</u>

(3) Bell Atlantic/GTE shall have no obligation to implement uniform interfaces and business rules for up to twenty (20) percent of the total access lines in GTE’s Service Areas in Pennsylvania and Virginia if such access lines are served by wire centers in which there is no active collocator that is interconnected with and exchanging minutes of use with GTE.

(4) As access lines are converted to the uniform interfaces and business rules, they will no longer be uniform with GTE Service Areas in states other than Pennsylvania and Virginia or with unconverted GTE Service Areas in Pennsylvania and Virginia. Such non-uniformity with other GTE Service Areas shall not constitute or be considered a violation of the conditions set out in Paragraphs 18-26. In addition, as access lines are converted to the uniform interfaces and business rules, the GTE interfaces and business rules will no longer be available with respect to those lines. Bell Atlantic/GTE will provide notice of the conversion schedule for access to OSS through the Change Management Process.

20. Within 12 months after the Merger Closing Date, Bell Atlantic/GTE will adopt in each Bell Atlantic/GTE State the current Bell Atlantic change management process originally developed as part of the New York Proceeding. Implementation of this change management

process in each state will be dependent upon any necessary state approvals. In any state where approval is necessary, Bell Atlantic/GTE will make a filing seeking such approval no later than 180 days after the Merger Closing Date. For purposes of this Section, “change management process” means the documented process that Bell Atlantic/GTE and the CLECs follow to facilitate communication about OSS changes, new interfaces and retirement of old interfaces, as well as the implementation timeframes; which includes such provisions as a developmental view, release announcements, comments and reply cycles, ~~joint~~new entrant and new release testing processes and regularly scheduled change management meetings. Bell Atlantic/GTE shall offer to include in its interconnection agreements with CLECs a commitment to follow the uniform change management process agreed upon with interested CLECs.

21. If a CLEC contends that Bell Atlantic/GTE has not developed or deployed interfaces, business rules, or change management processes in substantial compliance with this Section, it may notify the Chief of the Common Carrier Bureau and request consolidated binding arbitration. Thereafter, the Chief of the Common Carrier Bureau may require Bell Atlantic/GTE and the CLEC(s) to submit to consolidated binding arbitration, if the Chief of the Common Carrier Bureau determines in writing that arbitration is appropriate and in the public interest. Any such consolidated binding arbitration shall be conducted before an independent third-party arbitrator nominated by Bell Atlantic/GTE and approved by the Chief of the Common Carrier Bureau, in consultation with subject matter experts selected by the arbitrator from a list of 3 firms supplied by Bell Atlantic/GTE and approved by the Chief of the Common Carrier Bureau, which may include Telcordia Technologies, and shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The Chief of the Common Carrier Bureau shall direct the arbitrator that the arbitration will last no more than 60 days, unless the Chief extends that deadline. Each party to the arbitration shall pay its own costs. Bell Atlantic/GTE shall pay 50 percent of the costs of the arbitrator and expert(s), and the CLECs that are parties to the disputed issues shall pay 50 percent of the arbitrator and expert costs. If the arbitrator determines that Bell Atlantic/GTE has not developed or deployed interfaces, business rules, or change management processes in substantial compliance with this Section, Bell Atlantic/GTE shall pay an amount of up to \$10,000 per business day per state in voluntary payments to the U.S. Treasury, as determined by the arbitrator. Voluntary payments shall not exceed a total of \$110,000 per business day for all Bell Atlantic/GTE States.

22. Bell Atlantic/GTE shall offer to develop and deploy in the Bell Atlantic/GTE Service Areas, ~~in advance of industry standards, enhancements to the existing OSS interfaces that support an Electronic Bonding Interface (EBI) that supports~~ maintenance/repair of resold local services and UNEs that meet the requirements of 47 U.S.C. § 251(c)(3); provided, however, that a telecommunications carrier requesting such ~~enhancements~~EBI enters into a written contract wherein (i) Bell Atlantic/GTE and the requesting telecommunications carrier agree to the precise nature of the ~~enhancement(s)~~EBI implementation, and (ii) the requesting telecommunications carrier agrees to pay Bell Atlantic/GTE for the costs of ~~development of any enhancements to the EBI in development advance of industry standards.~~ This offer shall be made available for a period of 30 months after the Merger Closing Date. Bell Atlantic/GTE shall develop and deploy the ~~enhancements~~EBI contracted for within 12 months of an executed contract. In the event an enhancement to the ~~existing interface~~EBI contracted for by a telecommunications carrier becomes

an industry standard, without any changes or modifications, within 12 months of deployment by Bell Atlantic/GTE, Bell Atlantic/GTE shall provide the telecommunications carrier a refund of the money the telecommunications carrier has paid Bell Atlantic/GTE for the development and deployment of the enhancement.

23. Voluntary payments of up to \$10,000 per business day per state shall be due only with respect to time periods during which Bell Atlantic/GTE is in non-compliance and that are one or more of the following: (i) a period for which Bell Atlantic/GTE acknowledges a failure to meet the relevant target date; (ii) within the first 3 business days after the relevant missed target date; or (iii) between the date on which the arbitrator has issued a final decision that Bell Atlantic/GTE is in non-compliance and the date on which Bell Atlantic/GTE files a notice with the Chief of the Common Carrier Bureau that it has corrected that non-compliance. In addition, if the arbitrator finds in writing that Bell Atlantic/GTE intentionally and willfully failed to comply with the relevant requirement(s), and the Chief of the Common Carrier Bureau concurs in writing with such a finding, Bell Atlantic/GTE shall make an additional payment of up to \$110,000, as determined by the arbitrator, for each business day that Bell Atlantic/GTE was not in compliance. Bell Atlantic/GTE shall have the right to appeal any such finding to the Commission. Bell Atlantic/GTE shall have the right to offset, dollar for dollar, any payments due under this Section if it is required to make payments based on any state requirements or under any agreements with CLECs as a result of the same conduct for which the payment is due under this Section.

24. Notwithstanding anything else in these Conditions, the total of all voluntary payments relating to any or all milestones established under this Section shall not exceed \$20 million.

25. OSS Discounts. Until Bell Atlantic/GTE has developed and deployed OSS interfaces for pre-ordering and ordering unbundled network elements used to provide xDSL and other Advanced Services and the interfaces referenced in this Section are used by the separate Advanced Services affiliate for pre-ordering and ordering a substantial majority (i.e., at least 75 percent of pre-order inquiries and at least 75 percent of orders) of the Advanced Services components, including line-sharing, the separate Advanced Services affiliate uses in the relevant geographic area, Bell Atlantic/GTE's incumbent LECs within the Bell Atlantic/GTE Service Area shall, beginning 30 days after the Merger Closing Date, make available through inclusion of appropriate terms in interconnection agreements with telecommunications carriers or by tariff, a discount of 25 percent from the recurring and nonrecurring charges (including 25 percent from the Surrogate Line Sharing Charges, if applicable) that otherwise would be applicable for unbundled local loops used in accordance with Paragraph 7 of these Conditions to provide Advanced Services in the same relevant geographic area.

a. Such discounts shall not apply retroactively to charges incurred prior to the effective date of the discounts, but will apply to charges incurred after the effective date of the discount for both (i) recurring charges for qualifying loops in-service, and (ii) recurring and non-recurring charges for new installations of qualifying loops. By way of example, if the Surrogate Line Sharing Charges are \$8.00/month, the charge would be discounted to \$6.00/month in areas where this OSS discount is applicable. Bell Atlantic/GTE may provide promotional discounts

through credits, true-ups, or other billing mechanisms, provided, however, that such credits, true-ups or other mechanisms are applied within 60 days of the initial billing for the service. To obtain such discounts, a telecommunications carrier must provide written notification to Bell Atlantic/GTE identifying the unbundled loops that it is using to provide an Advanced Service.

b. Unaffiliated providers of Advanced Services that obtain OSS discounts on unbundled local loops pursuant to this Paragraph shall, on a quarterly basis, certify to Bell Atlantic/GTE and the appropriate state commission that they are using all unbundled local loops on which they are receiving the OSS discounts to provision an Advanced Service in compliance with the provisions of this Paragraph. Bell Atlantic/GTE shall have the right to hire, at its own expense, an independent third-party auditor to perform all necessary audits and inspections needed to assure that unbundled local loops provided under the OSS discount are used in accordance with this Paragraph. Unaffiliated providers of Advanced Services that obtain OSS discounts shall agree to cooperate in the performance of such audits and inspections. Audit information shall be restricted to Bell Atlantic/GTE regulatory, legal, and/or wholesale personnel, and Bell Atlantic/GTE shall prohibit those personnel from disclosing audit-related, customer-specific or company-specific proprietary information to Bell Atlantic/GTE retail personnel.

VII. OSS Assistance to Qualifying CLECs

26. Within the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall adopt measures for assisting Qualifying CLECs in using Bell Atlantic/GTE's OSS, as follows:

a. The term "Qualifying CLEC" means (1) any CLEC that, when combined with all of the CLEC's affiliates, including its parents and subsidiaries, and the CLEC's joint ventures that provide telecommunications services, has less than \$300 million in total annual telecommunications revenues, excluding revenues from wireless services, as reported to the Securities and Exchange Commission or in other documents mutually agreeable to such CLEC and Bell Atlantic/GTE, (2) any CLEC that presently serves end users in one or more Bell Atlantic Service Areas but does not serve end users in any GTE Service Areas that seeks to extend its services into any GTE Service Area, (3) any CLEC that presently serves end users in one or more GTE Service Areas but does not serve end users in any Bell Atlantic Service Areas that seeks to extend its services to any Bell Atlantic Service Area, or (4) any CLEC that does not presently serve end users in either GTE Atlantic/GTE Service Areas or Bell Atlantic Service Areas. The CLEC may certify its status as a Qualifying CLEC to Bell Atlantic/GTE. Disputes relating to the status of an entity as a Qualifying CLEC may be resolved by the appropriate state commission(s).

b. Within 90 days following the Merger Closing Date, Bell Atlantic/GTE shall designate and make available one or more teams of a sufficient number of OSS experts dedicated and empowered to assist Qualifying CLECs with OSS issues, provided that such Qualifying CLECs have contracted for OSS in their interconnection agreements with Bell Atlantic/GTE and have ~~completed any available Bell Atlantic/GTE OSS training attended any OSS training required by their interconnection agreements.~~ Each team shall be available to provide further training and assistance, not including the provision of any telecommunications service, to such CLECs at no additional cost for a minimum of 36 months following the designation of the team. ~~Bell Atlantic/GTE and the Qualifying CLEC may request reasonable changes, expansion, and/or~~

~~reduction in the composition of such a team will jointly develop a plan to address the specific OSS issues of concern to that CLEC.~~ Within 90 days following the Merger Closing Date, Bell Atlantic/GTE shall provide notice of the availability of these teams to all Qualifying CLECs certificated and operating in the Bell Atlantic/GTE Service Area.

c. Within 90 days following the Merger Closing Date, Bell Atlantic/GTE shall identify and discuss in one or more CLEC forums training and procedures that would be beneficial to Qualifying CLECs operating in the Bell Atlantic/GTE Service Areas. Within 120 days following the Merger Closing Date, Bell Atlantic/GTE shall provide ~~notice of schedules for~~ such training and procedures to all Qualifying CLECs certificated and operating in the Bell Atlantic/GTE Service Area.

VIII. Collocation, Unbundled Network Elements, and Line Sharing Compliance

27. Collocation. In the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall provide collocation consistent with the Commission's rules, including the First Report and Order in CC Docket No. 98-147, FCC No. 99-48 (rel. March 31, 1999) ("Collocation and Advanced Services Order"), to the extent effective.

~~28.~~ a. Prior to the Merger Closing Date, Bell Atlantic and GTE shall, in each of the Bell Atlantic/GTE States, have filed a collocation tariff and/or offered amendments containing standard terms and conditions for collocation for inclusion in interconnection agreements under 47 U.S.C. § 252. Such tariffs and/or amendments shall contain all rates, terms, and conditions necessary to bring Bell Atlantic/GTE's provision of collocation into compliance with the Commission's governing rules.

~~29.~~ b. Prior to the Merger Closing Date, Bell Atlantic and GTE shall retain one or more independent auditors acceptable to the Chief of the Common Carrier Bureau to perform an examination engagement and issue an attestation report resulting in a positive opinion (with exceptions noted) regarding whether the terms and conditions offered in tariffs and amendments to interconnection agreements, and the methods and procedures put in place by Bell Atlantic and GTE to implement those terms and conditions, comply with the collocation requirements contained in the Collocation and Advanced Services Order, to the extent effective. ~~Collocation and Advanced Services Order. Commission's rules.~~ The engagement shall be supervised by persons licensed to provide accounting services and shall be conducted in accordance with the relevant standards of the American Institute of Certified Public Accountants ("AICPA"). The attestation report shall be in substantially the form provided as Attachment ~~BC~~ and shall be filed with the Secretary of the Commission, for the public record, no later than 180 days after the Merger Closing Date. The Commission shall have access to working papers and supporting materials of the independent auditor, as provided below in Paragraph ~~30g-55g.~~

~~30.~~ c. Prior to the Merger Closing Date, Bell Atlantic and GTE shall propose to the Chief of the Common Carrier Bureau an independent auditor to perform an examination engagement and issue an attestation report resulting in a positive opinion (with exceptions noted) regarding Bell Atlantic/GTE's compliance with the Commission's collocation ~~requirements,~~ including but not limited to the Collocation and Advanced Services Order, for the first

~~eight~~ requirements for 4 full months after the Merger Closing Date. The audit required by this Paragraph shall be in lieu of any other audit of Bell Atlantic/GTE's compliance with the Commission's collocation requirements during the ~~first~~ 12 full months after the Merger Closing Date that otherwise would be required under these Conditions. In addition, the auditor shall take into account in accordance with the relevant standards of the AICPA any collocation audits performed within the 18 months prior to the Merger Closing Date. The independent auditor shall be acceptable to the Chief of the Common Carrier Bureau and shall not have been instrumental during the past 24 months in designing substantially all of the systems and processes under review in the audit, viewed as a whole. The engagement shall be supervised by persons licensed to provide accounting services and shall be conducted in accordance with the relevant standards of the AICPA. Bell Atlantic/GTE shall engage the auditor within 15 days of the Bureau Chief's written acceptance of the proposed auditor. The independent auditor's report shall be prepared and submitted as follows:

~~a.~~ (1) Not later than ~~60~~45 days after the Merger Closing Date, the independent auditor shall submit a preliminary audit program, including the proposed scope of the audit and the extent of compliance and substantive testing, to the Commission's Audit Staff ("Audit Staff"). The preliminary audit program shall be afforded confidential treatment in accordance with the Commission's normal processes and procedures. The independent auditor shall consult with the Audit Staff and Bell Atlantic/GTE regarding changes to the preliminary audit program, but Commission approval of the requirements or changes thereto shall not be required.

~~b.~~ (2) During the course of the audit, the independent auditor shall inform the Audit Staff of any revisions to the audit program; notify the Audit Staff of any meetings with Bell Atlantic/GTE in which audit findings are discussed; and consult with the Common Carrier Bureau regarding any accounting or rule interpretations necessary to complete the audit. The independent auditor shall notify Bell Atlantic/GTE of any consultation with the Common Carrier Bureau regarding accounting or rule interpretations.

~~c.~~ (3) The independent auditor shall have access to books, records, and operations of Bell Atlantic/GTE and its affiliates that are under the control of Bell Atlantic/GTE and are necessary to fulfill the audit requirements of this Section. The independent auditor shall notify Bell Atlantic/GTE's compliance officer of any inability to obtain such access. The auditor shall notify the Audit Staff if access is not timely provided after notification to the compliance officer.

~~d.~~ (4) The independent auditor may verify Bell Atlantic/GTE's compliance with the collocation requirements through contacts with the Commission, state commissions, or Bell Atlantic/GTE's wholesale customers, as deemed appropriate by the independent auditor.

~~e.~~ Not later than 10 months after the Merger Closing Date, (5) Not later than 210 days after the filing of the attestation report in Subparagraph 27(b), the independent auditor shall submit its final audit report to the Commission's Audit Staff. A copy of the report shall be publicly filed with the Secretary of the Commission.

~~f.~~ (6) The independent auditor's report shall include a discussion of the scope of the work conducted; a statement regarding Bell Atlantic/GTE's compliance or non-compliance with the Commission's collocation rules; a statement regarding the sufficiency of Bell Atlantic/GTE's methods, procedures, and internal controls for compliance with the Commission's collocation rules; and a description of any limitations imposed on the auditor in the course of its review by Bell Atlantic/GTE or other circumstances that might affect the auditor's opinion.

~~g.~~ (7) For 24 months following submission of the final audit report, the Commission and state commissions in the Bell Atlantic/GTE States shall have access to the working papers and supporting materials of the independent auditor at a location in Washington, D.C. that is selected by Bell Atlantic/GTE and the independent auditor. Copying of the working papers and supporting materials by the Commission shall be allowed but shall be limited to copies required for the Commission to verify compliance with and enforce these Conditions. Any copies made by the Commission shall be returned to Bell Atlantic/GTE by the Commission. The Commission's review of the working papers and supporting materials shall be kept confidential pursuant to the Commission's rules and procedures. Prior to obtaining access to the working papers and supporting materials for review, state commissions shall enter into a protective agreement with the Chief of the Common Carrier Bureau and Bell Atlantic/GTE under which the state commission's review, including any notes, shall be kept confidential.

~~31.~~ d. Bell Atlantic/GTE will, for 36 months after the Merger Closing Date, waive, credit or refund to telecommunications carriers 100 percent of the total nonrecurring collocation costs for qualifying collocation projects if Bell Atlantic/GTE misses the collocation due date by more than 60 calendar days unless Bell Atlantic/GTE can demonstrate that the missed due date was solely caused by equipment vendor delay beyond Bell Atlantic/GTE control.

~~a.~~ (1) The collocation business rules in Attachments A-2a and A-2b will be used for purposes of this Paragraph. The rules apply to all requests for physical, virtual, adjacent structure, and cageless collocation in a LATA where the requesting telecommunications carrier has submitted no more than 5 collocation requests to Bell Atlantic/GTE in a LATA within a 30-day period that includes the date of the request. Requests in excess of 5 collocation arrangements per LATA will be included when the requesting telecommunications carrier meets with Bell Atlantic/GTE in advance of its submission of the requests and negotiates a mutually agreeable deployment schedule. If no such agreement is reached, this condition shall apply to the first 5 requests received from the telecommunications carrier for the LATA during the 30-day period.

~~b.~~ (2) Unless otherwise mutually agreed, due dates for collocation requests will be established by Bell Atlantic/GTE, in compliance with the standard collocation intervals included in the approved tariff or relevant interconnection agreement existing as of the Merger Closing Date, whichever governs the provision of collocation in the relevant state. Due dates may be extended when mutually agreed to by Bell Atlantic/GTE and the telecommunications carrier, or by Acts of God or force majeure events or when such carrier fails to complete work items for which the carrier is responsible in the allotted time frame. The extended due date will be calculated by adding to the original due date the number of calendar

days that Bell Atlantic/GTE and the telecommunications carrier agree were attributable to Acts of God or force majeure events or that the telecommunications carrier was late in performing said work items. Work items include, but are not limited to, the telecommunications carrier return to Bell Atlantic/GTE of corrected and complete floor plan drawings and placement of required components(s) by such carrier or its vendor. If Bell Atlantic/GTE and the carrier cannot agree on the extended due date, this dispute will be submitted to the Chief of the Common Carrier Bureau for resolution.

~~e.~~(3) A due date is considered met when Bell Atlantic/GTE turns the space over to the telecommunications carrier (for physical collocation), completes installation of virtually collocated equipment (or provides notification that the space is ready for installation where the carrier provides the virtually collocated equipment), or, in the case of adjacent structure collocation and cageless collocation where the carrier provides its own bays, when Bell Atlantic/GTE provides the requested interconnection and power cabling to the collocation space.

28. Unbundled Network Elements and Line Sharing. Subject to Paragraph 39 below, in the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall provide unbundled network elements and line sharing consistent with the Commission's rules.

a. Prior to Merger Closing Date, Bell Atlantic/GTE shall retain one or more independent auditors acceptable to the Chief of the Common Carrier Bureau to perform an examination engagement and issue an attestation report resulting in a positive opinion (with exceptions noted) regarding Bell Atlantic/GTE's compliance with the Commission's UNE and line sharing requirements for any 4 full months after the Merger Closing Date. The audit required by this Paragraph shall be in lieu of any other audit of Bell Atlantic/GTE's compliance with the Commission's UNE requirements during the first 12 full months after the Merger Closing Date that otherwise would be required under these Conditions. The independent auditor shall not have been instrumental during the past 24 months in designing substantially all of the systems and processes under review in the audit, viewed as a whole. The engagement shall be supervised by persons licensed to provide accounting services and shall be conducted in accordance with the relevant standards of the AICPA. The independent auditor's report shall be prepared and submitted as follows:

(1) Not later than 30 days after the Merger Closing Date, the independent auditor shall submit a preliminary audit program, including the proposed scope of the audit and the extent of compliance and substantive testing, to the Commission's Audit Staff ("Audit Staff"). The preliminary audit program shall be afforded confidential treatment in accordance with the Commission's normal processes and procedures. The independent auditor shall consult with the Audit Staff and Bell Atlantic/GTE regarding changes to the preliminary audit program, but Commission approval of the requirements or changes thereto shall not be required.

(2) During the course of the audit, the independent auditor shall inform the Audit Staff of any revisions to the audit program; notify the Audit Staff of any meetings with Bell Atlantic/GTE in which audit findings are discussed; and consult with the Common Carrier Bureau regarding any accounting or rule interpretations necessary to complete the audit. The

independent auditor shall notify Bell Atlantic/GTE of any consultation with the Common Carrier Bureau regarding accounting or rule interpretations.

(3) The independent auditor shall have access to books, records, and operations of Bell Atlantic/GTE and its affiliates that are under the control of Bell Atlantic/GTE and are necessary to fulfill the audit requirements of this Section. The independent auditor shall notify Bell Atlantic/GTE's compliance officer of any inability to obtain such access. The auditor shall notify the Audit Staff if access is not timely provided after notification to the compliance officer.

(4) The independent auditor may verify Bell Atlantic/GTE's compliance with the UNE and line sharing requirements through contacts with the Commission, state commissions, or Bell Atlantic/GTE's wholesale customers, as deemed appropriate by the independent auditor.

(5) Not later than 180 days after the Merger Closing Date, the independent auditor shall submit its final audit report to the Commission's Audit Staff. A copy of the report shall be publicly filed with the Secretary of the Commission.

(6) The independent auditor's report shall include a discussion of the scope of the work conducted; a statement regarding Bell Atlantic/GTE's compliance or non-compliance with the Commission's UNE and line sharing rules; a statement regarding the sufficiency of Bell Atlantic/GTE's methods, procedures, and internal controls for compliance with the Commission's UNE and line sharing rules; and a description of any limitations imposed on the auditor in the course of its review by Bell Atlantic/GTE or other circumstances that might affect the auditor's opinion.

(7) For 24 months following submission of the final audit report, the Commission and state commissions in the Bell Atlantic/GTE States shall have access to the working papers and supporting materials of the independent auditor at a location in Washington, D.C. that is selected by Bell Atlantic/GTE and the independent auditor. Copying of the working papers and supporting materials by the Commission shall be allowed but shall be limited to copies required for the Commission to verify compliance with and enforce these Conditions. Any copies made by the Commission shall be returned to Bell Atlantic/GTE by the Commission. The Commission's review of the working papers and supporting materials shall be kept confidential pursuant to the Commission's rules and procedures. Prior to obtaining access to the working papers and supporting materials for review, state commissions shall enter into a protective agreement with the Chief of the Common Carrier Bureau and Bell Atlantic/GTE under which the state commission's review, including any notes, shall be kept confidential.

29. The independent auditor(s) shall submit a budget(s) for completing the audits required in this Section that do not in the aggregate exceed \$5 million. The auditor(s) may not exceed the budget(s) without first notifying the Chief of the Common Carrier Bureau and Bell Atlantic/GTE and obtaining their consent. Such consent shall not be unreasonably withheld.

IX. Most-Favored-Nation Provisions for Out-of-Region and In-Region Arrangements

32-30. Out-of-Region Agreements. Bell Atlantic/GTE shall make available to telecommunications carriers in the Bell Atlantic/GTE Service Area any service arrangements that an incumbent LEC (not a Bell Atlantic/GTE incumbent LEC) develops for a Bell Atlantic/GTE affiliate, at the request of the Bell Atlantic/GTE affiliate, where the Bell Atlantic/GTE affiliate operates as a new local telecommunications carrier. Specifically, if such a Bell Atlantic/GTE affiliate makes a specific request for and obtains any interconnection ~~arrangement or UNE~~ arrangement, UNE, or provisions of an interconnection agreement subject to 47 U.S.C. § 251(c) from an incumbent LEC that had not previously been made available to any other telecommunications carrier by that incumbent LEC after the Merger Closing Date, then Bell Atlantic/GTE's incumbent LECs shall make available to requesting telecommunications carriers in the Bell Atlantic/GTE Service Area, through good-faith negotiation, the same interconnection arrangement or UNE on the same terms (exclusive of price and applicable state-specific performance ~~applicable state-specific~~ measures). Bell Atlantic/GTE shall not be obligated to provide pursuant to this condition any interconnection arrangement or UNE unless it is feasible to provide given the technical, network and OSS attributes and limitations in, and is consistent with the laws and regulatory requirements of, the state for which the request is made and with applicable collective bargaining agreements. Disputes regarding the availability of an interconnection arrangement or UNE shall be resolved pursuant to negotiation between the parties or by the relevant state commission under 47 U.S.C. § 252 to the extent applicable. The price(s) for such interconnection arrangement or UNE shall be negotiated on a state-specific basis and, if such negotiations do not result in agreement, Bell Atlantic/GTE's incumbent LEC or the requesting telecommunications carrier shall submit the pricing dispute(s), exclusive of the related terms and conditions required to be provided under this Paragraph, to the applicable state commission for resolution under 47 U.S.C. § 252 to the extent applicable. ~~Such agreements will be limited to telecommunications services, as defined in 47 U.S.C. § 3(46) and may reflect differences caused by state regulatory requirements, product definitions, network equipment, facilities, and provisioning, and collective bargaining agreements.~~ To assist telecommunications carriers in exercising the options made available by this Paragraph, ~~any~~ each Bell Atlantic/GTE out-of-region local exchange affiliate shall post on its Internet website all of its interconnection agreements entered into with unaffiliated incumbent LECs.

31. In-Region Post-Merger Agreements.

~~33. In-Region Agreements. Subjecta.~~ Subject to the Conditions specified in this Paragraph, Bell Atlantic/GTE shall make available to any requesting telecommunications carrier in the Bell Atlantic/GTE Service Area within any Bell Atlantic/GTE State any interconnection arrangement, UNE, or provisions of an interconnection agreement ~~arrangement or UNE~~ subject to 47 U.S.C. § 251(c) in the Bell Atlantic/GTE Service Area within any other Bell Atlantic/GTE State that (1) was voluntarily negotiated with a telecommunications carrier, pursuant to 47 U.S.C. § 252(a)(1), by a Bell Atlantic/GTE incumbent LEC after the Merger Closing Date and (2) has been made available under an agreement to which Bell Atlantic/GTE is a party after the Merger Closing Date. Terms, conditions, and prices contained in tariffs cited in Bell Atlantic/GTE's interconnection agreements shall not be considered negotiated provisions. Exclusive of price and applicable state-specific performance measures and subject to the Conditions specified in this Paragraph, qualifying interconnection arrangements or UNEs shall

be made available to the same extent and under the same rules that would apply to a request under 47 U.S.C. § 252(i), provided that (1) the interconnection arrangements or UNEs shall not be available beyond the last date that they are available in the underlying agreement and that the requesting telecommunications carrier accepts all reasonably related terms and conditions as determined in part by the nature of the corresponding compromises between the parties to the underlying interconnection agreement and (2) interconnection arrangements or UNEs voluntarily negotiated or agreed to by a Bell Atlantic or GTE incumbent LEC prior to the Merger Closing Date cannot be extended throughout the Bell Atlantic/GTE Service Areas unless voluntarily agreed to by Bell Atlantic/GTE. The price(s) for such interconnection arrangement or UNE shall be established on a state-specific basis pursuant to 47 U.S.C. § 252 to the extent applicable. Provided, however, that pending the resolution of any negotiations, arbitrations, or cost proceedings regarding state-specific pricing, where a specific price or prices for the interconnection arrangement or UNE is not available in that state, Bell Atlantic/GTE shall offer to enter into an agreement with the requesting telecommunications carrier whereby the requesting telecommunications carrier will pay, on an interim basis and subject to true-up, the same prices established for the interconnection arrangement or UNE in the negotiated agreement. This Paragraph shall not impose any obligation on Bell Atlantic/GTE to make available to a requesting telecommunications carrier any terms for interconnection arrangements or UNEs that incorporate a determination reached in an arbitration conducted in the relevant state under 47 U.S.C. § 252, or the results of negotiations with a state commission or telecommunications carrier outside of the negotiation procedures of 47 U.S.C. § 252(a)(1). Bell Atlantic/GTE shall not be obligated to provide pursuant to this Paragraph any interconnection arrangement or UNE unless it is feasible to provide given the technical, network and OSS attributes and limitations in, and is consistent with the laws and regulatory requirements of, the state for which the request is made. ~~Such agreements will be limited to telecommunications services, as defined in 47 U.S.C. § 3(46) and may reflect differences caused by state regulatory requirements, product definitions, network equipment, facilities, and provisioning, and~~ made and with applicable collective bargaining agreements. Disputes regarding the availability of an interconnection arrangement or UNE shall be resolved pursuant to negotiation between the parties or by the relevant state commission under 47 U.S.C. § 252 to the extent applicable.

b. In the event that any requesting telecommunications carrier seeks to adopt any interconnection arrangement, UNE, or interconnection agreement provisions that are subject to 47 U.S.C. § 251(c) in the Bell Atlantic/GTE Service Area within any Bell Atlantic/GTE State in the Bell Atlantic/GTE Service Area within any other Bell Atlantic/GTE State that (1) is covered by subparagraph a above, and (2) was the result of an arbitration conducted and decided in the former state under 47 U.S.C. § 252 after the Merger Closing Date, then either party may submit the arbitrated provisions to immediate arbitration in the latter state with the consent of the affected state (without waiting for the statutory negotiation period set out in 47 U.S.C. § 252 to expire).²³

²³ Bell Atlantic/GTE will act in good faith in determining whether to agree voluntarily to such arbitrated provisions in the latter state(s) and in determining whether to submit such arbitrated provisions to immediate arbitration in the latter state(s).

~~34. Subject~~32. In-Region Pre-Merger Agreements. Subject to the Conditions specified in this Paragraph, Bell Atlantic/GTE shall make available: (1) in the Bell Atlantic Service Area to any requesting telecommunications carrier any interconnection ~~arrangement, UNE, or provisions of an interconnection agreement subject to 47 U.S.C. § 251(c)~~ arrangement or UNE that was voluntarily negotiated by a Bell Atlantic incumbent LEC with a telecommunications carrier, pursuant to 47 U.S.C. § 252(a)(1), prior to the Merger Closing Date and (2) in the GTE Service Area to any requesting telecommunications carrier any interconnection ~~arrangement, UNE, or provisions of an arrangement or UNE~~ interconnection agreement subject to 47 U.S.C. § 251(c) that was voluntarily negotiated by a GTE incumbent LEC with a telecommunications carrier, pursuant to 47 U.S.C. § 252(a)(1), prior to the Merger Closing Date, provided that no interconnection arrangement or UNE from an agreement negotiated prior the Merger Closing Date in the Bell Atlantic Area can be extended into the GTE Service Area and vice versa. Terms, conditions, and prices contained in tariffs cited in Bell Atlantic/GTE's interconnection agreements shall not be considered negotiated provisions. Exclusive of price and applicable state-specific performance measures and subject to the Conditions specified in this Paragraph, qualifying interconnection arrangements or UNEs shall be made available to the same extent and under the same rules that would apply to a request under 47 U.S.C. § 252(i), provided that the interconnection arrangements or UNEs shall not be available beyond the last date that they are available in the underlying agreement and that the requesting telecommunications carrier accepts all reasonably related terms and conditions as determined in part by the nature of the corresponding compromises between the parties to the underlying interconnection agreement. The price(s) for such interconnection arrangement or UNE shall be established on a state-specific basis pursuant to 47 U.S.C. § 252 to the extent applicable. Provided, however, that pending the resolution of any negotiations, arbitrations, or cost proceedings regarding state-specific pricing, where a specific price or prices for the interconnection arrangement or UNE is not available in that state, Bell Atlantic/GTE shall offer to enter into an agreement with the requesting telecommunications carrier whereby the requesting telecommunications carrier will pay, on an interim basis and subject to true-up, the same prices established for the interconnection arrangement or UNE in the negotiated agreement. This Paragraph shall not impose any obligation on Bell Atlantic/GTE to make available to a requesting telecommunications carrier any terms for interconnection arrangements or UNEs that incorporate a determination reached in an arbitration conducted in the relevant state under 47 U.S.C. § 252, or the results of negotiations with a state commission or telecommunications carrier outside of the negotiation procedures of 47 U.S.C. § 252(a)(1). Bell Atlantic/GTE shall not be obligated to provide pursuant to this Paragraph any interconnection arrangement or UNE unless it is feasible to provide given the technical, network and OSS attributes and limitations in, and is consistent with the laws and regulatory requirements of, the state for which the request is ~~made. Such agreements will be limited to telecommunications services, as defined in 47 U.S.C. § 3(46) and may reflect differences caused by state regulatory requirements, product definitions, network equipment, facilities, and provisioning, and~~ made and with applicable collective bargaining agreements. Disputes regarding the availability of an interconnection arrangement or UNE shall be resolved pursuant to negotiation between the parties or by the relevant state commission under 47 U.S.C. § 252 to the extent applicable.

X. Multi-State Interconnection and Resale Agreements

~~35.33.~~ Upon the request of a telecommunications carrier, Bell Atlantic/GTE shall negotiate in good faith an interconnection and/or resale agreement covering the provision of interconnection arrangements, services, and/or UNEs subject to 47 U.S.C. § 251(c) in the Bell Atlantic/GTE Service Area in two or more Bell Atlantic/GTE States. Such a multi-state generic agreement may include a separate contract with each Bell Atlantic/GTE incumbent LEC. No later than 60 days after the Merger Closing Date, Bell Atlantic/GTE shall make available to any requesting telecommunications carrier generic interconnection and resale terms and conditions covering the Bell Atlantic/GTE Service Area in all Bell Atlantic/GTE States. ~~However, such agreements will be limited to telecommunications services, as defined in 47 U.S.C. § 3(46) and may reflect differences caused by state regulatory requirements, product definitions, network equipment, facilities, and provisioning, and collective bargaining agreements.~~ Pricing under a multi-state generic agreement shall be established on a state-by-state basis and Bell Atlantic/GTE shall not be under any obligation to enter into any arrangement for a state that is not technically feasible and lawful in that ~~state.~~ state or is inconsistent with provisions in applicable collective bargaining agreements. Any agreement negotiated under this Section shall be subject to the state-specific mediation, arbitration, and approval procedures of Section 252 of the Communications Act. Approval of the agreement in one state shall not be a precondition for implementation of the agreement in another state where approval has been obtained.

XI. Carrier-to-Carrier Promotions: Unbundled Loop Discount

34. Bell Atlantic/GTE shall offer the unbundled loop carrier-to-carrier promotion described below in the Bell Atlantic/GTE Service Area. Bell Atlantic/GTE shall implement this promotion by providing each telecommunications carrier with which Bell Atlantic/GTE has an interconnection agreement in a Bell Atlantic/GTE State, no later than 30 days after the Merger Closing Date, a written offer to amend each telecommunications carrier's interconnection agreement in that state to incorporate the promotion. For purposes of this Section, an offer published on Bell Atlantic/GTE's Internet website that can be accessed by telecommunications carriers shall be considered a written offer. Bell Atlantic/GTE shall establish necessary internal processes and procedures to ensure that Bell Atlantic/GTE's wholesale business units are responsive to telecommunications carriers' requests for the promotion. Bell Atlantic/GTE shall make its written offer in each state at the same time to all telecommunications carriers with which it has existing interconnection and/or resale agreements in that state. The agreement amendments for all carriers in a state that accept Bell Atlantic/GTE's written offer within 10 business days after the initial offer shall be filed for review and approval by the relevant state commission.

35. For an Offering Window period in the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall offer, to those telecommunications carriers that have signed an effective interconnection agreement amendment, promotional discounted prices on monthly recurring charges for unbundled local loops used in the provision of local service to residential end user customers that are ordered after the Merger Closing Date. Bell Atlantic/GTE may provide promotional discounts through credits, true-ups, or other billing mechanisms, provided, however,

that such credits, true-ups or other mechanisms are applied within 60 days of the initial billing for the service.

a. The Offering Window period for the unbundled loop promotion for each Bell Atlantic and GTE State shall begin 30 days after the Merger Closing Date and end at the latest- earliest of the following: (i) 24 months after commencement of the Offering Window period; (ii) for the Bell Atlantic States on a state-by-state basis, the first date on which Bell Atlantic/GTE is authorized to provide in-region, interLATA services in the relevant state; (iii) for the GTE States on a state-by-state basis, the date on which competing carriers, in aggregate, offer service over their own facilities to at least 15 percent of incumbent LEC customer locations in the GTE Service Areas in that State, or (iv) the date on which Bell Atlantic/GTE has completed 50 percent of the out-of-region commitment described in Paragraphs 43 or 48 of these Conditions. The Offering Window period may end earlier in a state than provided in the preceding sentence if and when the maximum number of unbundled loops has been reached in that state pursuant to Subparagraph g of this Paragraph. During the Offering Window, Bell Atlantic/GTE shall respond to all telecommunications carrier inquiries regarding the promotional discounted prices within 10 business days.

b. Bell Atlantic/GTE shall be under no obligation to provide an unbundled local loop at a promotional discounted price unless the loop is ordered during the Offering Window with a requested installation date of no later than 30 days after the close of the Offering Window. Unbundled loops ordered or in service prior to the start of the Offering Window, or ordered after the end of the Offering Window, shall not be eligible for a promotional discounted price.

c. Bell Atlantic/GTE shall be under no obligation to provide an unbundled local loop at a promotional discounted price ordered before the Merger Closing Date or outside the Promotional Period. The discounts shown in Attachment D (which contains illustrative rates) shall be the discounts applicable throughout the duration of the unbundled loop carrier-to-carrier promotion. For the purposes of this Section, the Promotional Period shall be a period of 36 months from the date a qualifying unbundled local loop is installed and operational, or the period during which the loop remains in service at the same location and for the same telecommunications carrier, whichever is shorter.

d. The promotional discounts for unbundled analog local loops used in the provision of residential telephone exchange service are shown in Attachment D. These promotional discounts were calculated to be, on average, 25 percent below the lowest applicable monthly recurring price established for the same loop by the relevant state commission pursuant to 47 U.S.C. § 252, assuming that the number of unbundled loops to be provided in each geographic area will be proportionate to the number of residential access lines in that geographic area. The promotional discount shall supplement, but not be cumulative of, any market-opening discounts approved by state commissions (e.g. a state-specific discount of 16.5% would increase to a total of 25% due to this condition, not to 41.5%).

e. Telecommunications carriers requesting unbundled local loops at a promotional discounted price shall agree to abide by the following conditions: (i) the loop shall be used to provide residential telephone exchange service and any associated exchange access service and shall not be used to provide any Advanced Services as defined in Section I; (ii) the loop shall not be purchased or used as part of a UNE Platform or in any other combination with Bell Atlantic/GTE's local switching or the functions and features associated with that switching; and (iii) the loop shall be used in accordance with any other binding conditions imposed under applicable agreements, judicial or administrative decisions, or governing law. Telecommunications carriers that obtain unbundled local loops at the promotional discounted prices shall, on a quarterly basis, certify to Bell Atlantic/GTE and the appropriate state commission that they are using all unbundled local loops provided at a promotional discounted price in accordance with these Conditions. Bell Atlantic/GTE shall have the right to hire, at its own expense, an independent third-party auditor to perform all necessary audits and inspections needed to assure that unbundled local loops provided at a promotional discounted price are used in accordance with conditions (i) and (ii), above.²⁴ Telecommunications carriers that obtain unbundled local loops at a promotional discounted price shall agree to cooperate in the performance of such audits and inspections. Audit information will be restricted to Bell Atlantic/GTE regulatory, legal, and/or wholesale personnel, and Bell Atlantic/GTE will prohibit those personnel from disclosing audit-related, customer-specific or company-specific proprietary information to Bell Atlantic/GTE retail personnel.

f. Any telecommunications carrier found by the appropriate state commission to have violated the use conditions of Subparagraph e or that fails to cooperate in an audit may be denied the promotional discounted price on any unbundled local loop for which the use conditions or the audit provisions are violated. In addition, any such telecommunications carrier that intentionally and repeatedly violates the use conditions of Subparagraph e may be denied the promotional discounted price on unbundled local loops ordered or installed after the date of such a finding by a state commission.

g. The maximum number of unbundled local loops that Bell Atlantic/GTE shall be required to provide at a promotional discounted price in each state shall be the quantity by state set forth in Attachment E. In order to provide CLECs with advance planning information, Bell Atlantic/GTE shall provide written or Internet notice to CLECs operating in the relevant state when 50 percent and 80 percent of these maximum numbers are reached in each Bell Atlantic/GTE State. Unbundled local loops installed and made operational at the promotional discounted price after the Merger Closing Date shall be counted toward the maximum number, whether or not they remain in service. The relevant state commission may allocate the maximum number of unbundled local loops eligible for a promotional discounted price in that state between two or more geographic areas within the state.

XII. Carrier-to-Carrier Promotions: Resale Discount

²⁴ The scope of any such audit or inspection is limited to determining whether the promotional discount is being provided in accordance with this condition.

36. Bell Atlantic/GTE shall offer the resale carrier-to-carrier promotion described below in the Bell Atlantic/GTE Service Area. Bell Atlantic/GTE shall implement this promotion by providing each telecommunications carrier with which Bell Atlantic/GTE has an interconnection agreement in a Bell Atlantic/GTE State, no later than 30 days after the Merger Closing Date, a written offer to amend each telecommunications carrier's interconnection agreement in that state to incorporate the resale promotion. For purposes of this Section, an offer published on Bell Atlantic/GTE's Internet website that can be accessed by telecommunications carriers shall be considered a written offer. Bell Atlantic/GTE shall establish necessary internal processes and procedures to ensure that Bell Atlantic/GTE's wholesale business units are responsive to telecommunications carriers' requests for the resale promotion. Bell Atlantic/GTE shall make its written offer in each state at the same time to all telecommunications carriers with which it has existing interconnection and/or resale agreements in that state. The agreement amendments for all carriers in a state that accept Bell Atlantic/GTE's written offer within 10 business days after the initial offer shall be filed for review and approval by the relevant state commission.

37. For the Offering Window period defined in Paragraph 35, Bell Atlantic/GTE shall offer in the Bell Atlantic/GTE Service Area to those telecommunications carriers that have signed an effective interconnection agreement amendment, promotional resale discounts on telecommunications services that Bell Atlantic/GTE provides at retail to subscribers who are not telecommunications carriers, where such services are resold to residential end user customers. The Offering Window period may end earlier in a state than provided in the preceding sentence if and when the maximum number of promotional resold lines plus End-to-End UNE combinations (a combination of network elements used to provide residential POTS service or residential Basic Rate Interface ISDN service and available under 47 C.F.R. § 51.319) has been reached in that state pursuant to Paragraph 35. For purposes of this Paragraph, the term "telecommunications service" shall have the same meaning as in 47 U.S.C § 251(c)(4). Bell Atlantic/GTE may provide promotional discounts through credits, true-ups, or other billing mechanisms, provided, however, that such credits, true-ups or other mechanisms are applied within 60 days of the initial billing for the service.

a. Bell Atlantic/GTE shall be under no obligation to provide a service for resale at a promotional resale discount unless the underlying resold line is ordered after the Merger Closing Date and during the Offering Window with a requested installation date of no later than 30 days after the close of the Offering Window for the particular state. Resold services (such as Call Waiting) provided over a resold customer line that was ordered or in service prior to the Offering Window, or placed in service more than 30 days after the end of the Offering Window, shall not be eligible for a promotional resale discount. Resold services (such as Call Waiting) added to a resold line that qualifies for the promotional resale discounts shall be eligible for the promotional resale discounts for the duration of the Promotional Period regardless of whether such resold services were added after the end of the Offering Window.

b. Bell Atlantic/GTE shall be under no obligation to provide a service for resale at a promotional resale discount outside the Promotional Period. For the purposes of this Subparagraph, the Promotional Period shall be a period of 36 months from the date a qualifying

resold service is installed and operational, or the period during which the resold service remains in service at the same location and for the same telecommunications carrier, whichever is shorter.

c. The promotional resale discount rate for services resold to residential customers shall be 32 percent from the retail rate until the ~~latest~~ earliest of: (i) 24 months after commencement of the Offering Window period; (ii) for the Bell Atlantic Service Areas on a state-by-state basis, the first date on which Bell Atlantic/GTE is authorized to provide in-region, interLATA services in the relevant state; (iii) for the GTE States on a state-by-state basis, the date on which competing carriers, in aggregate, offer service over their own facilities to at least 15 percent of incumbent LEC customer locations in the GTE Service Areas in that State, or (iv) the date on which Bell Atlantic/GTE has completed 50 percent of the out-of-region commitment described in Paragraphs 43 or 48 of these Conditions. Thereafter, for the remaining duration of any Promotional Period, the promotional resale discount rate for service resold to residential customers shall be 1.1 times the standard wholesale discount rate established for the service by the relevant state commission pursuant to 47 U.S.C. § 252(d)(3) and then in effect (e.g., if the standard wholesale discount rate in a state is 20 percent, then the promotional resale discount rate would be 22 percent). Upon the termination of the initial 32 percent promotional resale discount rate, this discount rate shall apply automatically to all services eligible for a promotional resale discount, including those services that initially were provided under the 32 percent promotional resale discount. The promotional resale discounts shall apply to all resold services provided over a qualifying resold line; i.e., on a single resold line telecommunications carriers may not “pick and choose” between the promotional resale discounts and the standard resale discounts that apply in a state.

38. The Offering Window for the Promotional Resale Discounts in each state shall begin 30 days after the Merger Closing Date and end for that state at the earlier of the following: (i) 36 months after commencement of the Offering Window period; or (ii) the month following the date when the sum of resold lines in service in a state at the Promotional Resale Discounts plus the quantity of End-to-End UNE Combinations (a combination of network elements used to provide residential POTS service or residential Basic Rate Interface ISDN service and available under 47 C.F.R. § 51.319) in service in the state reaches the maximum allowable quantity by state set forth in Attachment E. In order to provide CLECs with advance planning information, Bell Atlantic/GTE shall provide written or electronic notice to CLECs operating in the relevant state when 50 percent and 80 percent of these termination numbers are reached in each Bell Atlantic/GTE State. If the Offering Window in a state ends for the Resale promotions in that state because the maximum allowable quantity listed in this Paragraph has been exceeded in that state, Bell Atlantic/GTE shall file notice with the Secretary of the Commission, the relevant state commission and the CLECs operating in that state, within 3 business days after terminating the Offering Window for the availability of promotional resale discounts in the state.

XIII. Offering of UNEs

39. Bell Atlantic/GTE shall continue to make available to telecommunications carriers, in the Bell Atlantic/GTE Service Area within each of the Bell Atlantic/GTE States the UNEs required in Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Notice of Proposed Rulemaking, CC Docket No.

96-98, FCC 99-238 (rel. Nov. 5, 1999) (UNE Remand Order) and Deployment of Wireline Services Offering Advanced Telecommunications Capability and Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98 (rel. Dec. 9, 1999) (Line Sharing Order) until the date of a final, non-appealable judicial decision providing that the UNE or combination of UNEs is not required to be provided by Bell Atlantic/GTE in the relevant geographic area. The provisions of this Paragraph shall become null and void and impose no further obligation on Bell Atlantic/GTE after the effective date of final and non-appealable Commission orders in the UNE Remand and Line Sharing proceedings, respectively.

XIV. Alternative Dispute Resolution through Mediation

36.40. In the Bell Atlantic/GTE Service Area within each Bell Atlantic/GTE State, Bell Atlantic/GTE shall implement, subject to the appropriate state commission's approval, an alternative dispute resolution ("ADR") mediation process to resolve carrier-to-carrier disputes regarding the provision of local services, including disputes related to existing and effective interconnection agreements, as described in Attachment ~~C-F~~. Participation in the ADR mediation process established by this Section is voluntary for both telecommunications carriers and state commissions. The process is not intended and shall not be used as a substitute for resolving disputes regarding the negotiation of interconnection agreements under Sections 251 and 252 of the Communications Act, or for resolving any disputes under Section 332 of the Communications Act. The ADR mediation process shall be utilized to resolve local interconnection agreement disputes between Bell Atlantic/GTE and unaffiliated telecommunications carriers at the unaffiliated telecommunications carrier's request.

XI.XV. Access to Cabling in Multi-Unit Properties

37.41. Bell Atlantic/GTE shall, subject to any required state approvals, offer to conduct a trial with one or more interested, unaffiliated CLECs within the Bell Atlantic/GTE Service Area to identify the procedures and associated costs required to provide CLECs with access to cabling within Multi-Dwelling Unit premises ("MDUs") and multi-tenant premises housing small businesses ("MTUs"), where Bell Atlantic/GTE controls the cables. Taking into account the results of the trial, Bell Atlantic/GTE will negotiate in good faith with CLECs to develop, as an additional alternative to the Minimum Point of Entry in Paragraph 38.42 where the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the Minimum Point of Entry, tariffs and/or interconnection agreement amendments that will facilitate single points of interconnection to cabling controlled by Bell Atlantic/GTE in MDUs/MTUs on a going-forward basis.

38.42. In the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall, subject to any required state approvals and consistent with any relevant state laws or regulations, install new cables in a manner that will provide telecommunications carriers a single point of interconnection, as provided in this Paragraph. Bell Atlantic/GTE shall only be required pursuant to this Paragraph to provide a single point of interconnection where the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the single point of interconnection. Nothing in this Paragraph shall restrict property owners'

rights to control access to their buildings or property. Access from the public right-of-way to the single point of interconnection is the responsibility of each telecommunications carrier. The provisions of this Paragraph apply only to cable installations for which engineering work is begun after the Merger Closing Date.

a. When Bell Atlantic/GTE is hired to install new cables in a newly constructed or retrofitted single-building MDU or campus of garden apartment dwelling units or a newly constructed or retrofitted multi-tenant business premises that the property owner(s) or some other party(ies) will own and maintain, Bell Atlantic/GTE shall provide the property owner written notice that Bell Atlantic/GTE will, unless the property owner objects,²⁵ install and provide the new cables in a manner that will permit telecommunications carriers a single point of interconnection at a Minimum Point of Entry if the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the single point of interconnection. Provided, however, that there may be multiple points of entry where the landlord requests diversity.

b. Where Bell Atlantic/GTE (1) would, absent the terms of this Subparagraph, own the new cables in a newly constructed or retrofitted single-building MDU or campus of garden apartment dwelling units or a newly constructed or retrofitted multi-tenant business premises, and (2) has the right to do so without the consent of any other party, Bell Atlantic/GTE shall install and provide cables to such multi-unit properties in a manner that will permit telecommunications carriers a single point of interconnection at a Minimum Point of Entry if the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the Minimum Point of Entry. Provided, however, that there may be multiple points of entry where the property owner or other party requests diversity.

c. Where Bell Atlantic/GTE (1) would, absent the terms of this Subparagraph, own the new cables in a newly constructed or retrofitted single-building MDU or campus of garden apartment dwelling units or a newly constructed or retrofitted multi-tenant business premises, but (2) needs the consent of the property owner or another party to install and provide cables to such multi-unit properties in a manner that will permit telecommunications carriers a single point of interconnection at a minimum point of entry, Bell Atlantic/GTE shall provide written notice to the property owner or other party that Bell Atlantic/GTE will, unless the other party objects,²⁶ install and provide new cables to such multi-unit properties in a manner that will permit telecommunications carriers a single point of interconnection at a Minimum Point of Entry if the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the Minimum Point of Entry. Provided, however, that there may be multiple points of entry where the property owner or other party requests diversity.

²⁵ It would be inconsistent with the good faith implementation of this Condition for Bell Atlantic/GTE to encourage or solicit the property owner's objection.

²⁶ It would be inconsistent with the good faith implementation of this Condition for Bell Atlantic/GTE to encourage or solicit the property owner's objection.

FOSTERING OUT-OF-REGION COMPETITION

~~XIII~~XVI. Out-of-Territory Competitive Entry

~~39~~43. Bell Atlantic/GTE will spend a total of at least \$500 million (the “Out-of-Region Expenditure”) ~~by~~between the Merger Closing Date and the end of the 36th month after the Merger Closing Date to provide services, including resale, that compete with traditional ~~telephone~~local telecommunications services offered by incumbent local exchange carriers or to provide Advanced Services to the mass market (“Competitive Local Service”) outside the Bell Atlantic and GTE Service Areas (“Out-of-Region Markets”), within the United States.

~~40~~44. Subject to Paragraph ~~41~~45, (1) at least 50 percent of the Out-of-Region Expenditure shall be used to construct, acquire, lease, use, obtain, or provide facilities, operating support systems, or equipment that are used to serve customers in Out-of-Region Markets (“Facilities Expenditure”) and (2) the remaining Out-of-Region Expenditure may be used to acquire customers for Competitive Local Service in those Out-of-Region Markets (“Customer Acquisition Expenditure”).

~~41~~45. To count toward the Out-of-Region Expenditure, amounts included in the Facilities Expenditure must be spent in conjunction with: (1) the provision of Competitive Local Service; (2) the provision of other telecommunications services, or information services, that are offered jointly with Competitive Local Service; or (3) investments in, or contributions to, ventures ~~to promote~~that provide Competitive Local Service activity in Out-of-Region Markets by those ventures.

~~42~~46. At the end of the 36th month after the Merger Closing Date: (1) if the Out-of-Region Expenditure is less than \$500 million, then Bell Atlantic/GTE shall pay to the United States Treasury an amount equal to 150 percent of the difference between the Out-of-Region Expenditure and \$500 million; or (2) if the Out-of-Region Expenditure equals or exceeds \$500 million but the Facilities Expenditure is less than \$250 million, the Bell Atlantic/GTE shall pay to the United States Treasury an amount equal to 150 percent of the difference between the Facilities Expenditures and \$250 million.

~~43~~47. Notwithstanding the foregoing, Bell Atlantic/GTE shall be deemed to have satisfied the commitments in this Section if it ~~has sold by~~provides service, between the Merger Closing Date and the end of the 36th month after the Merger Closing Date, over at least 250,000 customer lines that are used to provide Competitive Local Service in Out-of-Region Markets.²⁷

48. Until the time this Condition is satisfied, Bell Atlantic/GTE shall meet the following interim targets: between the Merger Closing Date and the end of twelve months after the Merger Closing Date, Bell Atlantic/GTE shall have spent at least \$100 million or provided

²⁷ For purposes of this Section, customer lines includes telephone access lines, xDSL or other lines used to provide Advanced Services, cable lines, or other lines of communications used to provide Competitive Local Service.

service over at least 50,000 customer lines in Out-of-Region Markets; and by the end of twenty-four months after the Merger Closing Date, Bell Atlantic/GTE shall have spent at least \$300 million or provided service over at least 150,000 customer lines in Out-of-Region Markets. If a target is met through the specified expenditure, at least 20 percent of the expenditure shall be used to provide Competitive Local Service to residential customers or to provide Advanced Services. If a target is met through the selling of customer lines that are used to provide Competitive Local Services, at least 20 percent of the lines will be used to provide service to residential customers or to provide Advanced Services.

IMPROVING RESIDENTIAL PHONE SERVICE

~~XIV.XVII.~~ InterLATA Services Pricing

~~44. In the Bell Atlantic States (including Virginia and Pennsylvania), Bell~~^{49.} Bell Atlantic/GTE shall not institute mandatory, minimum monthly or flat-rate charges on interLATA calls. Specifically, subject to any applicable state regulatory requirements, Bell Atlantic/GTE and its affiliates~~in the Bell Atlantic States~~ shall not charge wireline residential consumers a minimum monthly or minimum flat rate charge on interLATA long distance service similar to the charge that is currently assessed by some interexchange carriers.

a. ~~In the Bell Atlantic States,~~ Bell Atlantic/GTE and its affiliates shall not charge a minimum monthly or minimum flat rate charge (as described in this Paragraph) on interLATA services provided to any in-region or out-of-region wireline residential customer within the United States.

b. This Section shall become effective on the first day after the Merger Closing Date. In the GTE states, Bell Atlantic/GTE's obligations under this Section shall end 36 months after the Merger Closing Date. In each of the Bell Atlantic States (including Pennsylvania and Virginia), Bell Atlantic/GTE's obligations under this Section shall end 36 months after Bell Atlantic is authorized to provide interLATA services pursuant to 47 U.S.C. §271(d)(3).

~~c. In the GTE States (excluding Virginia and Pennsylvania), Bell Atlantic/GTE shall be allowed to charge mandatory, minimum monthly or flat rate charges on interLATA calls until such time as AT&T Corp. and its affiliates cease to apply such charges.~~

~~d.c.~~ This Section shall not prohibit Bell Atlantic/GTE or any of its affiliates from passing through to its customers any fees, charges, or taxes (including taxes on Bell Atlantic/GTE's own charges) imposed or authorized by a federal, state, or other governmental entity and imposed on Bell Atlantic/GTE or any of its affiliates as a result of its provision of interLATA services to its customer. Nor shall this Section prohibit Bell Atlantic/GTE from offering customers an optional, voluntary interLATA services pricing plan that includes a minimum monthly or minimum flat-rate charge, or a pre-paid calling card.

XVIII. Enhanced Lifeline Plans

45.50. Not later than 30 days after the Merger Closing Date, Bell Atlantic/GTE shall offer by letter to the appropriate state commission in the Bell Atlantic and GTE States to file a tariff for an enhanced Lifeline plan in the Bell Atlantic/GTE Service Area within that state. Bell Atlantic/GTE may fulfill this requirement in a state by either (i) proposing a new, stand-alone Lifeline plan that meets the requirements of this Paragraph, (ii) proposing to provide additional discounts and/or other enhancements to an existing Lifeline plan in a state which, when combined with the Lifeline benefits provided by the existing plan, meet the requirements of this Paragraph, or (iii) certifying that the existing Lifeline plan (or plans) meets the requirements of this Paragraph. No state shall be required to accept the enhanced Lifeline plan that will be offered by Bell Atlantic/GTE. Copies of Bell Atlantic/GTE's written offers shall be filed with the Secretary of the Commission. Consistent with applicable state law, the terms and conditions offered by Bell Atlantic/GTE shall be comparable to the terms and conditions of the Ohio Universal Service Assistance ("USA") Lifeline plan set forth in Ameritech Ohio's Alternative Regulation Plan, as in effect on January 27, 2000, in the areas of subscriber eligibility, discounts, and eligible services. See Opinion and Order, Application of the Ohio Bell Tel. Co. for Approval of an Alternative Form of Regulation, Case No. 93-487-TP-ALT, 1994 Ohio PUC LEXIS 956 (Nov. 23, 1994), as modified to be consistent with the 1996 Telecommunications Reform Act and other modifications and interpretations by the Public Utilities Commission of Ohio, as in effect on January 27, 2000, in the areas of subscriber eligibility, discounts, and eligible services. Specifically, with respect to discounts, Bell Atlantic/GTE will provide a discount equal to the price of basic residential measured rate service (i.e., access to the network not including any local usage) in each state; provided, however, that the maximum discount to be provided (including all applicable Federal, state and Company contributions) shall not exceed \$10.20 per month. For example, if the current Lifeline discount in a state is \$8.00 per month, Bell Atlantic/GTE will increase that discount by a maximum of \$2.20 per month for those Lifeline customers that meet all of the qualifications in this Paragraph. This Paragraph is not intended to supersede or eliminate state or federal funding for existing Lifeline programs. Where, for a particular state, Bell Atlantic/GTE does not offer a basic measured rate service that does not include any local usage, to determine the amount of the discount, Bell Atlantic/GTE will determine an estimated price for such a service as a percentage (based on underlying costs) of the most basic service that is offered. If the state commission indicates its acceptance of Bell Atlantic/GTE's offer within 12 months of Bell Atlantic/GTE's written offer, Bell Atlantic/GTE shall file a tariff to implement its offer within 60 days of such acceptance. Bell Atlantic/GTE shall offer to provide such enhanced Lifeline plans with the following operational characteristics:

a. Past-Due Bills. Enhanced Lifeline plan customers with past-due bills for local service charges will be offered payment arrangements for such local service charges with an initial payment not to exceed \$25.00 before service is installed and with the balance to be paid in 6 equal monthly payments. Enhanced Lifeline plan customers with past-due bills for toll service charges will be required to have toll restriction service until such past-due toll service charges have been paid.

b. Deposits. New enhanced Lifeline plan customers will not be required to pay a deposit to obtain local service. Bell Atlantic/GTE may request a deposit for toll service unless the customer elects toll restriction service.

c. Verification of Eligibility. Bell Atlantic/GTE will provide prospective enhanced Lifeline plan customers with a written form²⁸ that will permit the customer to self-verify eligibility through participation in one or more of the qualifying programs. Bell Atlantic/GTE will have the right to audit any such self-verifications and to refuse enhanced Lifeline service to any customer that is not a current participant in one of the eligible programs. Bell Atlantic/GTE will provide quantities of such written forms to state agencies administering qualifying programs so that these agencies, if they choose, can make these forms available to their clients.

d. On-Line Verification of Eligibility. Bell Atlantic/GTE will negotiate in good faith with appropriate state agencies administering qualifying programs to acquire on-line access to the agencies' electronic databases for the purpose of accessing the information necessary to verify a customer's participation in an eligible program. Where such on-line access can be negotiated on reasonable terms and conditions that permit Bell Atlantic/GTE to access such information efficiently, Bell Atlantic/GTE will provide on-line verification of eligibility for a customer claiming (during a discussion with a Bell Atlantic/GTE service representative) to be a current participant in one of the eligible programs.

e. Publicity. Bell Atlantic/GTE will agree to spend no less than an annual promotional budget to make potential customers aware of the enhanced Lifeline plan or other programs that benefit low income consumers. The annual promotional budget for each state (shown in Attachment ~~D~~G) is calculated to be proportional (based on the relative number of residence access lines that Bell Atlantic/GTE has in service in each state) to the \$122,000 annual promotional budget established as part of the USA Lifeline Plan in Ohio.

f. Toll-Free Number for Lifeline Inquiries. Bell Atlantic/GTE will provide a toll-free telephone number (e.g., an 800 number) for current and potential enhanced Lifeline plan customers to call for subscribing to, or otherwise requesting information or assistance about, the enhanced Lifeline plan.²⁹

g. Toll-Free Fax Line for Receiving Lifeline Documentation. Bell Atlantic/GTE will provide a toll-free fax line for current and potential enhanced Lifeline plan customers to submit documentation associated with the enhanced Lifeline plan.

h. Lifeline Message on Voice Response Units ("VRUs"). Where Bell Atlantic/GTE utilizes a VRU to answer customer calls into a service center, Bell Atlantic/GTE will, where it is technically possible to do so, include information about the enhanced Lifeline plan on the VRU menu after the customer indicates an interest in obtaining new service.

²⁸ These forms will be provided in English and such other languages as are prevalent in the applicable area served by Bell Atlantic/GTE.

²⁹ Bell Atlantic/GTE will endeavor to respond to inquiries made in non-English languages which are prevalent among residents in the areas served by Bell Atlantic/GTE.

i. Upgrading Current Lifeline Customers. Where a state that already has a Lifeline plan determines to offer the enhanced Lifeline plan described in this Paragraph, and where the enhanced Lifeline plan offers a larger discount and in all other respects no worse terms and conditions to an existing Lifeline customer, Bell Atlantic/GTE shall switch qualifying customers (i.e., customers who have provided Bell Atlantic/GTE with sufficient verification that they participate in a qualifying program) to the enhanced Lifeline plan within 180 days of implementing the enhanced Lifeline plan.

j. Timing. The obligations contained in the above Subparagraphs shall not take effect until and unless the Enhanced Lifeline tariffs are accepted and approved by a state commission.

~~XVI.~~XIX. **Additional Service Quality Reporting**

~~46.~~51. Beginning no later than 180 days after the Merger Closing Date for the Bell Atlantic/GTE Service Area in all Bell Atlantic/GTE States, Bell Atlantic/GTE shall file with the Reporting Management Staff of the Commission for the public record, on a quarterly (i.e., January-March, April-June, etc.) basis, state-by-state service quality reports in accordance with the retail service quality reporting recommendations of the NARUC Technology Policy Subgroup “Service Quality White Paper” adopted November 11, 1998. Answer time performance may be reported on a multi-state basis in accordance with the consolidated handling of some calls by Bell Atlantic/GTE call centers. Each such quarterly report shall be filed no later than 50 days after the end of the quarter covered by the report. The first report filed for each state shall cover the most recent quarter that ended at least 50 days prior to the date the report is due. Categories of reporting for retail services include installation and maintenance, switch outages, transmission facility outages, service quality-related complaints, and answer time performance. Reports shall be filed for a period of 36 months following the date of Bell Atlantic/GTE’s first report for that state. A copy of each report for a state shall be included on a Bell Atlantic/GTE Internet website or provided to the relevant state commission.

~~47.~~52. Bell Atlantic/GTE shall report on a quarterly basis ARMIS local service quality data required by the Commission separately for each of its operating companies. Bell Atlantic/GTE shall provide service quality data in accordance with Table 1 of ARMIS Report No. 43-05 on a quarterly basis. The service quality data required by this Paragraph shall be included on a Bell Atlantic/GTE Internet website or made available to state commissions in the Bell Atlantic/GTE States.

~~XVII.~~XX. **NRIC Participation**

~~48.~~53. Bell Atlantic/GTE shall continue to participate in the Network Reliability and Interoperability Council (“NRIC”), or a successor organization, if any.

ENSURING COMPLIANCE WITH AND ENFORCEMENT OF THESE CONDITIONS

XVIII.XXI. Compliance Program

49.54. Bell Atlantic/GTE shall establish a Compliance Program as follows:

a. Bell Atlantic/GTE shall appoint a senior corporate officer to oversee Bell Atlantic/GTE's implementation of, and compliance with, these Conditions; to monitor Bell Atlantic/GTE's compliance program and progress toward meeting the deadlines specified herein; to provide periodic reports regarding Bell Atlantic/GTE's compliance as required by these Conditions; to ensure that payments due under these Conditions are timely made; and to consult with the Chief of the Common Carrier Bureau and other appropriate individuals as the Chief deems necessary on an ongoing basis regarding Bell Atlantic/GTE's compliance with these Conditions. The corporate compliance officer shall provide copies of all notices Bell Atlantic/GTE provides to the Commission or a state commission to the independent auditor required under Paragraph **5055** and shall consult with the independent auditor regarding Bell Atlantic/GTE's progress in meeting the deadlines and milestones specified in these Conditions. The corporate compliance officer may be the same corporate officer with responsibility for Bell Atlantic/GTE's compliance with Section 272 obligations. The audit committee of Bell Atlantic/GTE's Board of Directors shall oversee the corporate compliance officer's fulfillment of these responsibilities. The requirements of this Subparagraph shall remain in effect until all other Conditions have expired.

b. Not later than 60 days after the Merger Closing Date, Bell Atlantic/GTE shall submit to the Common Carrier Bureau's Audit Staff ("Audit Staff") for review and comment a plan for compliance with these Conditions. The compliance plan shall be afforded confidential treatment in accordance with the Commission's normal processes and procedures. A letter providing notice of the filing shall be filed the same day with the Secretary of the Commission for the public record.

c. Following the Merger Closing Date, Bell Atlantic/GTE shall submit to the Audit Staff and file for the public record (except for materials for which confidential treatment is requested) an annual compliance report detailing Bell Atlantic/GTE's compliance with these Conditions during the preceding calendar year. This annual compliance report shall be submitted no later than March 15 (or the first business day thereafter) of the calendar year following the year covered by the report. A report shall be filed for each calendar year in which Bell Atlantic/GTE is subject to obligations under other Sections of these Conditions. The annual compliance report shall address Bell Atlantic/GTE's compliance with these Conditions and the sufficiency of Bell Atlantic/GTE's internal controls for complying, shall include a discussion of the efficiencies realized as a result of the merger, and shall be prepared in a format substantially similar, in relevant respects, to the format of the independent auditor's section of the audit report described in Subparagraph **50f,55f.** below.

~~XIX~~.XXII. Independent Auditor

~~50.55~~. Bell Atlantic/GTE shall, at its own expense, annually engage an independent auditor to conduct an examination engagement resulting in a positive opinion (with exceptions noted) regarding Bell Atlantic/GTE's compliance with all these Conditions and the sufficiency of Bell Atlantic/GTE's internal controls designed to ensure compliance with such Conditions, ~~except for compliance with the Collocation Compliance requirements of Section VIII and~~ as noted in Paragraph ~~51,56~~, below. The first annual examination engagement shall exclude compliance with Section VIII. Bell Atlantic and GTE shall jointly engage an independent auditor for this purpose prior to the Merger Closing Date. The engagement shall be supervised by persons licensed to provide public accounting services and shall be conducted in accordance with the relevant standards of the AICPA. The independent auditor shall be acceptable to the Chief of the Common Carrier Bureau and shall not have been instrumental during the past 24 months in designing all or substantially all of the systems and processes under review in the audit, viewed as a whole. An independent auditor's report shall be filed for each calendar year in which Bell Atlantic/GTE is subject to obligations under other Sections of these Conditions, provided that no report shall be due if that report would cover a portion of a calendar year that is less than 60 days. In that event, the period of less than 60 days shall be audited in the report covering the subsequent calendar year, if any. The independent auditor's report (which may consist of multiple reports) shall be prepared and submitted as follows.

a. Not later than ~~90~~60 days after the Merger Closing Date, the independent auditor shall submit a preliminary audit program, including the proposed scope of the audit and the extent of compliance and substantive testing, to the Audit Staff. The preliminary audit program shall be afforded confidential treatment in accordance with the Commission's normal processes and procedures. The independent auditor shall consult with the Common Carrier Bureau's Audit Staff and Bell Atlantic/GTE regarding changes to the preliminary audit program, but approval by the Audit Staff shall not be required.

b. During the course of the audit, the independent auditor shall inform the Audit Staff of any revisions to the audit program; notify the Audit Staff of any meetings with Bell Atlantic/GTE in which audit findings are discussed; and consult with the Common Carrier Bureau regarding any accounting or rule interpretations necessary to complete the audit. The independent auditor shall notify Bell Atlantic/GTE of any consultation with the Common Carrier Bureau regarding accounting or rule interpretations.

c. The independent auditor shall have access to books, records, and operations of Bell Atlantic/GTE and its affiliates that are under the control of Bell Atlantic/GTE and are necessary to fulfill the audit requirements of this Section. The independent auditor shall notify Bell Atlantic/GTE's compliance officer of any inability to obtain such access. The auditor may notify the Audit Staff if access is not timely provided after notification to the compliance officer.

d. The independent auditor may verify Bell Atlantic/GTE's compliance with these Conditions through contacts with the Commission, state commissions, or Bell Atlantic/GTE's wholesale customers, as appropriate.³⁰

e. The independent auditor may consult with Bell Atlantic/GTE's corporate compliance officer concerning matters that arise during the course of the year regarding these Conditions. If necessary after such consultation, the independent auditor may notify the Audit Staff of these matters. No later than ~~September~~June 1 (or the first business day thereafter) of the year following the calendar year covered by the audit, the independent auditor shall submit its final audit report for the preceding year to the Audit Staff. The independent auditor's report shall be made publicly available.

f. The independent auditor's report(s) shall include a discussion of the scope of the work conducted; a statement regarding Bell Atlantic/GTE's compliance or non-compliance with these Conditions; a statement regarding the sufficiency of Bell Atlantic/GTE's internal controls for complying with these Conditions; a statement regarding the accuracy of Bell Atlantic/GTE's annual compliance report for the year covered by the audit; a statement regarding the timeliness and accuracy of the notices provided to the Commission or its staff pursuant to specific notification requirements of these Conditions; a statement regarding the accuracy and completeness of the performance data provided to telecommunications carriers and regulators under these Conditions; and a description of any limitations imposed on the auditor in the course of its review by Bell Atlantic/GTE or other circumstances that might affect the auditor's opinion.

g. For 24 months following submission of the final audit report, the Commission and state commissions in the Bell Atlantic/GTE States shall have access to the working papers and supporting materials of the independent auditor at a location in Washington, D.C. that is selected by Bell Atlantic/GTE and the independent auditor. Copying of the working papers and supporting materials by the Common Carrier Bureau shall be allowed but shall be limited to copies required to verify compliance with and enforce these Conditions. Any copies made by the Common Carrier Bureau shall be returned to Bell Atlantic/GTE by the Common Carrier Bureau. The Common Carrier Bureau's review of the working papers and supporting materials shall be kept confidential pursuant to the Commission's rules and procedures. Prior to obtaining access to the working papers and supporting materials, state commissions shall enter into a protective agreement with the Chief of the Common Carrier Bureau and Bell Atlantic/GTE under which the state commission's review, including any notes, shall be kept confidential.

h. Not later than 60 days following submission of the final audit report, Bell Atlantic/GTE and the Audit Staff shall meet and confer regarding changes to the detailed audit program for the subsequent year's audit.

~~54-56~~. Bell Atlantic/GTE shall, at its own expense and under the same retention timetable set out in Paragraph ~~50,55~~, annually engage an independent auditor to perform an agreed-upon

³⁰ The term "wholesale customers" includes, but is not limited to, telecommunications carriers that purchase interconnection, services or unbundled elements under tariffs, interconnection agreements or any other means for use in the telecommunications services offered by such telecommunications carriers.

procedures engagement regarding compliance with the separate Advanced Services affiliate requirements of Section I of these Conditions. The independent auditor shall be acceptable to the Chief of the Common Carrier Bureau and shall not have been instrumental during the preceding 24 months in designing all or substantially all of the systems and processes under review in the audit, viewed as a whole. The independent audit shall be supervised by persons licensed to provide accounting services and shall be conducted in accordance with the relevant standards of the AICPA. For purposes of the engagement required by this Subparagraph, the Commission and Bell Atlantic/GTE shall be the only specified users; the Chief of the Common Carrier Bureau and Bell Atlantic/GTE must both consent to the audit methods and procedures to be used; and the independent auditor must accept those methods and procedures. In the event such mutual consent cannot be obtained, an independent third-party panel of auditors will be selected by Bell Atlantic/GTE and the Chief of the Common Carrier Bureau and paid for by Bell Atlantic/GTE to arbitrate any dispute. An independent auditor's report shall be filed for each calendar year in which Bell Atlantic/GTE is subject to separate affiliate obligations under Section I, provided that no report shall be due if that report would cover a portion of a calendar year that is less than 60 days. In that event, the period of less than 60 days shall be audited in the report covering the subsequent calendar year, if any. Not later than 120 days after the Merger Closing Date, the preliminary audit program shall be submitted as described in Subparagraph 55a above. The independent auditor's report shall be prepared and submitted as described in Subparagraphs ~~50b-h, 55b-h,~~ above, except that the report shall be submitted no later than May 1 (or the first business day thereafter) of the year following the year covered by the audit, provided that Bell Atlantic/GTE and the Chief of the Common Carrier Bureau, working with the independent auditor selected by Bell Atlantic/GTE, shall make good-faith efforts to determine the procedures to be used in the engagement no later than 90 days after the Merger Closing Date. In determining the procedures to be used, Bell Atlantic/GTE and the Chief of the Common Carrier Bureau shall give due consideration to the procedures established for biennial audits under 47 U.S.C. § 272(d).

XXIII. Enforcement

~~52-57.~~ The specific enforcement mechanisms established by these Conditions do not abrogate, supersede, limit, or otherwise replace the Commission's powers under the Communications Act. Performance or non-performance of these Conditions by Bell Atlantic/GTE does not in itself constitute compliance or non-compliance with any federal, state, or local law or regulation, except Bell Atlantic/GTE's obligation to perform these Conditions. The payments for non-performance specifically required by these Conditions, to which Bell Atlantic/GTE has voluntarily agreed, are payments in the public interest and are not penalties, forfeitures, or fines.

~~53-58.~~ If the Chief of the Common Carrier Bureau makes a determination that Bell Atlantic/GTE has during the effective period of a Condition failed to comply with that Condition, the Bureau Chief may, at his or her discretion, extend the effective period of that Condition for a period that does not exceed the period during which Bell Atlantic/GTE failed to comply with the Condition. If the failure to comply that causes the Bureau Chief to extend a Condition also has had the effect of denying a person or entity access to a facility or service or the intended benefit required to be provided under another of these Conditions, the Bureau Chief may, in his or her

discretion, extend the period during which Bell Atlantic/GTE is required to comply with the other Condition for a period that does not exceed the period during which access to the facility or service or intended benefit was unavailable. Bell Atlantic/GTE may appeal the Bureau Chief's decisions made pursuant to this Paragraph to the Commission.

~~54-59.~~ Bell Atlantic/GTE shall be strictly obligated to make the payments for non-performance specifically required by these Conditions, and no showing of a willful violation shall be necessary in order to enforce such payments. Bell Atlantic/GTE shall not be liable for any payments, however, if the Chief of the Common Carrier Bureau grants a waiver request filed by Bell Atlantic/GTE in which Bell Atlantic/GTE will have the burden of proof to demonstrate that the failure to meet a condition was caused by a force majeure event or an Act of God. If the Chief of the Common Carrier Bureau refuses to grant a waiver, Bell Atlantic/GTE may appeal that decision to the Commission.

~~55-60.~~ Except as otherwise provided in these Conditions, Bell Atlantic/GTE shall make payments due under these Conditions within 10 business days of a determination by Bell Atlantic/GTE's compliance officer, the Chief of the Common Carrier Bureau, the Commission, or an arbitrator, that payment is due. If the Commission or a state commission has not taken an action to designate or administer a fund that is required in order for Bell Atlantic/GTE to make a payment required under these Conditions, Bell Atlantic/GTE shall make its payment into an interest bearing escrow account pending such action. If Bell Atlantic/GTE's obligation to make a payment is disputed by Bell Atlantic/GTE, Bell Atlantic/GTE shall make the disputed payment into an interest bearing escrow account within 10 business days of the date the payment was due. Within 10 business days of making a payment of a disputed amount into escrow, Bell Atlantic/GTE shall file with the Commission a verified statement of the grounds on which payment is not required. Subject to rights of rehearing and appeal, the escrowed payments (including any accrued interest) shall be returned to Bell Atlantic/GTE or paid to the appropriate fund in accordance with the final and non-appealable Commission or judicial order resolving the dispute. A decision by the Chief of the Common Carrier Bureau under this Paragraph is appealable to the Commission.

~~56-61.~~ The Chief of the Common Carrier Bureau may in his or her discretion, upon a request and showing of good cause by Bell Atlantic/GTE, grant extensions of deadlines established by these Conditions.

~~57-62.~~ Bell Atlantic/GTE shall not be excused from its obligations under these federal Conditions on the basis that a state commission lacks jurisdiction under state law to perform an act specified or required by these Conditions (e.g., review and approve interconnection agreement amendments, or determine if telecommunications providers violate requirements associated with the promotional discounts).

XXIV. Sunset

~~58.63.~~ Except where other termination dates are specifically established herein, all Conditions set out in this Appendix, except for the Conditions requiring Bell Atlantic/GTE to provide Advanced Services through one or more separate affiliates, as set out in Section I, shall cease to be effective and shall no longer bind Bell Atlantic/GTE in any respect 36 months after the Merger Closing Date, unless the Commission orders that a Condition or Conditions be extended for noncompliance reasons in accordance with Paragraph ~~5358~~ above. Unless specifically stated otherwise, it is intended that each of the Conditions will generate 36 months of benefit. Since some of the Conditions will not become effective or operational until sometime after the Merger Closing Date, such Conditions will remain in effect (as specified) longer than 36 months after the Merger Closing Date.

~~XXII-XXV.~~ Effect of Conditions

~~59.64.~~ The various offerings and initiatives contained in these Conditions, including but not limited to the carrier-to-carrier promotions, OSS requirements and performance monitoring Conditions, may substantially duplicate requirements imposed in connection with the merger under state law. These Conditions shall supplement, but shall not be cumulative of, substantially related conditions imposed under state law. Where both these Conditions and conditions imposed in connection with the merger under state law grant parties similar rights against Bell Atlantic/GTE, affected parties shall not have a right to invoke the relevant terms of these Conditions in a given state if they have invoked a substantially related condition imposed on the merger under state law. For example, telecommunications carriers requesting unbundled local loops for residential service under promotional terms offered pursuant to state approval of the merger would not also be able to invoke the promotional discounts on unbundled loops required by these Conditions. Furthermore, any unbundled local loops provided by Bell Atlantic/GTE for residential service under a substantially similar merger-related state commission imposed promotion in a given state would be deducted from the number of unbundled local loops required to be provided in that state under Section XI of these Conditions. This Section shall not limit the Commission's powers to enforce these Conditions or the reporting requirements of Bell Atlantic/GTE under these Conditions.

~~60.65.~~ When considering a request by Bell Atlantic/GTE for in-region, interLATA authority under 47 U.S.C. § 271, the Commission – in view of the public interest benefits inherent in compliance with the requirements of 47 U.S.C. § 271(d)(3) – shall not consider the possible expiration of any of the above Conditions per the terms of this Appendix to be a factor that would render the requested authorization inconsistent with the public interest, convenience, and ~~necessity.~~

necessity.

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