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March 15, 2005

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street S.W.  
Room TWB – 204  
Washington, D.C. 20554

**RE: Ex Parte: In re Applications of GTE Corp., Transferor, and Bell Atlantic Corporation, Transferee For Consent to transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License CC Docket No. 98-184**

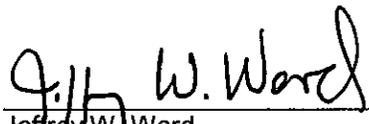
Dear Ms. Dortch:

The enclosed materials are being filed pursuant to Verizon Communications, Inc's ("Verizon") obligations under Appendix D, Section XXI, paragraph 55 (c) of the above referenced docket that requires an annual compliance report be filed with the Common Carrier Bureau's Audit Staff and for the public record no later than March 15, or the first business day thereafter, of the calendar year following the year covered by the report.

This letter provides notice that a copy of the report was filed with the Enforcement Bureau's Audit Staff.

Please include the enclosed document in the record of the above referenced proceeding.

Sincerely,

  
\_\_\_\_\_  
Jeffrey W. Ward  
Senior Vice President – Regulatory Compliance

Enclosure

**Jeffrey Wm Ward**  
Senior Vice President  
Regulatory Compliance



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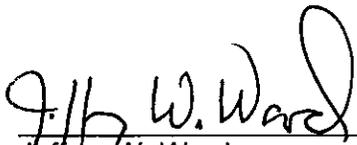
March 15, 2005

Mr. Hugh Boyle  
Chief Auditor  
Enforcement Bureau, Investigations and Hearings Division  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Room 6 – C217  
Washington, D.C. 20554

Dear Mr. Boyle:

As the Verizon senior corporate regulatory compliance officer, I am submitting Verizon's 2004 Annual Compliance Report. I have responsibility for all regulatory compliance activities, including compliance with merger – related conditions described in Appendix D, Section XXI, paragraph 55 (c) of Docket No. 98-184.

Sincerely,

  
\_\_\_\_\_  
Jeffrey W. Ward  
Senior Vice President – Regulatory Compliance



**Verizon Communications Inc.**

**Bell Atlantic/GTE Merger Conditions  
Annual Compliance Report**

**Jeffrey W. Ward  
Senior Vice President  
Regulatory Compliance  
Verizon Communications Inc.**

**March 15, 2005**

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**Introduction**  
**Verizon Merger Compliance Report**  
March 15, 2005

The Bell Atlantic/GTE Merger Conditions ("Merger Conditions") require Verizon to submit a report annually by March 15 addressing the Company's<sup>1</sup> compliance with the Merger Conditions for the preceding calendar year. This report summarizes Verizon's compliance efforts from January 1, 2004 through December 31, 2004 for the conditions that were operative during 2004<sup>2</sup>. Verizon is committed to complying with all Merger Conditions and has done so in all material respects, as specified in this Merger Compliance Report. Sufficient resources have been and will continue to be dedicated and adequate processes have been created and will continue to be followed to comply with the Merger Conditions. Under the direction of the senior corporate regulatory compliance officer, Verizon maintained an internal control and program management approach to provide reasonable assurance of its compliance with the Merger Conditions. The essential components of this approach, as described in Verizon's first four Annual Merger Compliance Reports, remained materially the same in 2004.

There were no additional merger efficiencies gained in 2004.

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<sup>1</sup> The word "Company" or "Companies" used throughout this report refers to the Verizon telephone companies operating as incumbent local exchange carriers ("ILECs"), collectively as follows: Contel of the South, Inc. d/b/a Verizon Mid-States, GTE Midwest Incorporated d/b/a Verizon Midwest, GTE Southwest Incorporated d/b/a Verizon Southwest, The Micronesian Telecommunications Corporation, Verizon California Inc., Verizon Delaware Inc., Verizon Florida Inc., Verizon Hawaii Inc., Verizon Maryland Inc., Verizon New England Inc., Verizon New Jersey Inc., Verizon New York Inc., Verizon North Inc., Verizon Northwest Inc., Verizon Pennsylvania Inc., Verizon South Inc., Verizon Virginia Inc., Verizon Washington, DC Inc., Verizon West Coast Inc., Verizon West Virginia Inc., provided that, with regard to the Micronesian Telecommunications Corporation, these assertions only apply to Merger Conditions IV, XIV, XVII, XVIII, XIX, XXI, XXII, XXIII, XXIV, and XXV (see Merger Conditions, n.3).

<sup>2</sup> As stated in the March 11, 2004 Compliance Report, the following conditions sunset during 2003: Condition II. Discounted Surrogate Line Sharing Charges, Condition III. Loop Conditioning Charges and Cost Studies, Condition VII. OSS Assistance to Qualifying CLECs, Condition VIII. Collocation, Unbundled Network Elements, and Line Sharing Compliance, Condition IX. Most-Favored-Nation (MFN) Provisions for Out-of-Region and In-Region Arrangements, Condition X. Multi-State Interconnection and Resale Agreements, Condition XIII. Offering of UNEs, Condition XIV. Alternative Dispute Resolution through Mediation, Condition XV. Access to Cabling in Multi-Unit Properties, Condition XVI. Out-of-Territory Competitive Entry, Condition XIX. Additional Service Quality Reporting (requirements associated with a August 16, 2002 consent decree impacting this condition were operative during 2004 and are included in this report), and Condition XX. NRIC Participation. The Genuity condition sunset in 2002. Merger Condition V, Carrier-to-Carrier Performance Plan (Including Performance Measurements) sunset on July 26, 2004 and the final Annual Compliance Report for this Condition was filed on October 21, 2004.

On August 16, 2002, Verizon and the FCC Enforcement Bureau entered into a consent decree terminating an informal investigation into Verizon's compliance with the Merger Conditions. Verizon established a process for refresher training of data providers, and communication of data retention requirements. Verizon continued to be in compliance with the data retention requirements throughout 2004.

## **I. Separate Affiliate for Advanced Services**

### **Section 1: Compliance Summary**

The Company complied with the requirements of this condition as described herein. Verizon operated in compliance with the requirements of paragraph 12 of Condition I, which govern certain aspects of Verizon's provisioning of advanced services after the sunset of the separate affiliate requirement.<sup>3</sup>

This condition sunset on June 30, 2004.

### **Section 2: Responsible Executives**

<b>Name</b>	<b>Title</b>
Virginia Ruesterholz	President – Wholesale Markets
Edward Casale	Vice President – National Data Operations, representing Verizon Advanced Data Inc., NYNEX Long Distance d.b.a. Verizon Enterprise Solutions, and Verizon Global Networks Inc.
William Wallace	Chief Executive Officer – Verizon Avenue
Raymond Wierzbicki	Senior Vice President – Customer Services

### **Section 3: Additional Action Taken**

None.

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<sup>3</sup> On September 26, 2001, the FCC accelerated the sunset of the separate affiliate merger condition. Verizon ceased applying the separate affiliate merger rules imposed by Condition I of the Merger Conditions to Verizon Advanced Data Inc. as of September 27, 2001. Concurrent with the sunset of the separate affiliate merger condition, Verizon began operating under paragraph 12 of the Merger Conditions.

## IV. Non-Discriminatory Rollout of xDSL Services

### Section 1: Compliance Summary

The Company complied with the requirements of this condition as described herein. In particular:

- a. In each state where xDSL had been deployed in at least 20 urban wire centers by June 30, 2003, at least 10% of the urban wire centers Verizon deployed were from the Low Income Urban Pool, and in each state where xDSL had been deployed by June 30, 2003 in at least 20 rural wire centers, at least 10% of the rural wire centers Verizon deployed were from the Low Income Rural Pool.
- b. Verizon filed the 2004 quarterly status reports demonstrating compliance with this condition on April 29, 2004, July 31, 2004, October 28, 2004, and January 28, 2005.
- c. This condition sunset on December 31, 2003 in states which had met the 20 urban or rural wire center threshold prior to the first status report being filed on January 31, 2001. The condition sunset on June 30, 2003 for those states in which Verizon did not meet the 20 urban or rural wire center threshold by June 30, 2003. In states where the 20 urban or rural wire center threshold was met between January 1, 2001 and June 30, 2003, the condition sunsets 36 months from the date that the threshold was met.

### Section 2: Responsible Executive

Name	Title
Marilyn O'Connell	Senior Vice President – Broadband Solutions

### Section 3: Additional Action Taken

None.

## **VI. Uniform and Enhanced OSS and Advanced Services OSS**

### **Section 1: Compliance Summary**

The Company complied with the requirements of this condition as described herein. In particular:

- a. The Company continued to provide in each Bell Atlantic and GTE state the Bell Atlantic change management process originally developed as part of the New York Proceeding and approved by the appropriate state commissions through the sunset date of July 2, 2004. The Company offered to include a commitment to follow the uniform change management process in its interconnection agreements with CLECs through the sunset date of July 2, 2004.
- b. Uniform transport and security protocols continued to be offered across the merged Bell Atlantic and GTE service areas, through the sunset date of September 28, 2004.
- c. By June 30, 2004, the Company implemented uniform electronic OSS interfaces and business rules between the former Bell Atlantic and the former GTE service areas in Pennsylvania and Virginia for at least 80% of the obligated access lines in Pennsylvania and Virginia.
- d. By October 26, 2004, the Company implemented uniform electronic OSS interfaces and business rules between the former Bell Atlantic and the former GTE service areas in Pennsylvania and Virginia for 100% of the obligated access lines in Pennsylvania and Virginia.
- e. The changes made to the OSS interfaces and business rules specified in the Plan of Record (POR) as a result of the collaborative process in the Bell Atlantic Service Areas and the GTE Service Areas or as modified pursuant to Verizon's change management process continued to be available.
- f. The OSS functions and product ordering capabilities specified in the POR or as modified pursuant to Verizon's change management process continued to be offered in the Bell Atlantic and GTE service areas. As described in paragraph 64 of the Merger Conditions, the changes made per the POR sunset 36 months after implementation. Accordingly, the following portions of the POR have sunset:
  - i. In the former Bell Atlantic service areas, the billing, system availability and other interfaces identified through the Plan of Record collaboratives required by the Merger Order, which were not available at merger close, sunset in 2004. Specifically, Uniform Line Information Database interface sunset on August 19, 2004, Uniform Exchange Message Interface for Daily Usage Files sunset on April 21, 2004, Uniform E911 interface process for switched based CLECs sunset on March 31, 2004 for Virginia,

West Virginia and the District of Columbia and on September 22, 2004 for Maryland. In addition, uniform system availability hours for service order inquiry and local service request sunset on March 17, 2004; installation status inquiry, maintenance & repair and ISDN loop qualification sunset on April 21, 2004; product & service availability, due date availability, customer service record unparsed and customer service record parsed sunset on December 16, 2004.

- ii. In the former GTE service areas, the maintenance and repair functions outlined in Attachment B-1 of the Merger Order, which were not in place at merger close, sunset in 2004. Specifically, Premise Access Hours for Maintenance and Repair sunset on August 12, 2004.

### **Section 2: Responsible Executives**

<b>Name</b>	<b>Title</b>
Shaygan Kheradpir	Chief Information Officer – Information Technology
Barry Paulson	Senior Vice President – Engineering and Planning

### **Section 3: Additional Action Taken**

None.

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

### **Section 1: Compliance Summary**

The Company complied with the requirements of this condition as described herein. In particular, the Company provided the required unbundled loop discounts to all carriers unless the carrier proactively chose not to accept the discount, in accordance with the Merger Conditions and as described in Section 3: Additional Action Taken.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Virginia Ruesterholz	President – Wholesale Markets

### **Section 3: Additional Action Taken**

In limited circumstances during 2004, Verizon provided an incorrect discount amount, or provided the discount outside the 60-day requirement. In some instances, the charges eligible for the discount were billed incorrectly. Verizon took corrective actions to issue credits to the affected CLECs effective to the date the error occurred for a qualifying line during the promotional period.

## **XII. Carrier-to-Carrier Promotions: Resale Discount**

### **Section 1: Compliance Summary**

The Company complied with the requirements of this condition as described herein. The Company provided the required resale discount to all carriers unless the carrier proactively chose not to accept the discount, in accordance with the Merger Conditions and as described in Section 3: Additional Action Taken.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Virginia Ruesterholz	President – Wholesale Markets

### **Section 3: Additional Action Taken**

In limited instances, Verizon provided an incorrect discount amount, or provided the discount outside the 60-day requirement during 2004. In some instances, the charges eligible for the discount were billed incorrectly. Verizon took corrective actions to issue credits to the affected CLECs effective to the date the error occurred for a qualifying line during the promotional period.

## **XVII. InterLATA Services Pricing**

### **Section 1: Compliance Summary**

Verizon complied with the requirements of this condition as described herein. In particular, each Verizon subsidiary providing interLATA long distance service to wireline residential customers within the United States during 2004 continued to have in effect an interLATA long distance offering that did not include mandatory, minimum monthly, or flat rate charges for interLATA service for the reporting period or until the sunset of the requirement.

This condition sunset on June 30, 2003, 36 months after the merger close date for each Verizon subsidiary providing interLATA long distance service to wireline residential customers in Puerto Rico, Micronesia, and within the United States in former GTE states, except for the properties in Pennsylvania and Virginia.

This condition sunset for New York on January 3, 2003, for Massachusetts on April 26, 2004, for Connecticut on July 30, 2004, and for Pennsylvania on September 28, 2004, 36 months after 271 authorization in these states.

In the remaining former Bell Atlantic states (including Virginia), Verizon complied with the requirements of this condition by each Verizon subsidiary providing interLATA long distance service to wireline residential customers within the United States during 2004 continuing to have in effect an interLATA long distance offering that did not include mandatory, minimum monthly, or flat rate charges for interLATA service.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Michael Hassett	Senior Vice President - Voice Product Management

### **Section 3: Additional Action Taken**

None.

## **XVIII. Enhanced Lifeline Plans**

### **Section 1: Compliance Summary**

The Company complied with the requirements of this condition by maintaining Enhanced Lifeline Plan in Illinois that was comparable to the Ohio Universal Service Assistance Lifeline Plan in the areas of subscriber eligibility, discounts and eligible services.

This condition sunset August 26, 2004, 36 months following the effective date of the Illinois initial tariff.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Michael Hassett	Senior Vice President – Voice Product Management

### **Section 3: Additional Action Taken**

None.

## **XXI. Compliance Program**

### **Section 1: Compliance Summary**

Verizon complied with the requirements of this condition as described herein. In particular, Verizon provided accurate and timely reports to the FCC, as required by the condition, including its Annual Merger Compliance Report that was filed on March 11, 2004, which disclosed issues known at that time.

A senior corporate officer appointed as Senior Vice President – Regulatory Compliance oversaw implementation of, and compliance with, the Merger Conditions. The Senior Vice President – Regulatory Compliance presented merger compliance status to the audit committee of the Verizon board of directors on June 3, 2004. Verizon consulted with the FCC staff on an ongoing basis regarding Verizon's compliance. Verizon provided accurate and timely notices to the FCC and state public utilities commissions pursuant to specific notification requirements of the Merger Conditions. These notices were provided to Deloitte & Touche LLP and Ernst & Young LLP in a timely manner.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Jeffrey W. Ward	Senior Vice President – Regulatory Compliance

### **Section 3: Additional Action Taken**

None.

## **XXII. Independent Auditor**

### **Section 1: Compliance Summary**

Verizon complied with the requirements of this condition as described herein. In particular, Verizon engaged independent auditors deemed acceptable to the FCC for the 2004 Merger audits as follows:

- a. Advanced Services agreed-upon procedures engagement – Mitchell & Titus, LLP.
- b. General Merger Conditions, V, XVI, and XIX – Ernst & Young LLP.
- c. All remaining General Merger Conditions – Deloitte & Touche LLP.

The auditors selected have not been instrumental during the past 24 months in designing all or substantially all of the systems and processes under examination in the attestation engagement.

The 2003 and 2004 Advanced Services agreed-upon procedures reports were filed on April 15, 2004, and October 1, 2004, respectively. The 2003 General Merger Conditions audit report for Conditions II, III, VIII, IX, XIII, XIV, XV, and XX, was filed with the FCC on October 22, 2003. The 2003 General Merger Conditions audit for Conditions IV, VI, VII, X, XI, XII, XVII, XVIII, XXI, XXII, XXIII, XXIV, and XXV was issued on March 17, 2004. The 2003 General Merger Conditions audit report for Conditions V, XVI, and XIX was filed on April 23, 2004, and the 2004 General Merger Conditions audit report for Condition V was filed on October 22, 2004. Work papers were made available at a Washington, D.C. location.

On April 15, 2004, Verizon, the FCC Audit Staff and Deloitte & Touche LLP met to confer regarding changes to the detailed audit program. On May 20, 2004, Verizon, the FCC Audit Staff, and Ernst & Young LLP met to confer regarding changes to the detailed audit program. The Company kept the FCC informed of matters required under the Merger Conditions. Verizon granted the independent auditors access to all books, records, operations, and personnel relevant to the conditions addressed in this report.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Jeffrey W. Ward	Senior Vice President – Regulatory Compliance

**Section 3: Additional Action Taken**

None.

## **XXIII. Enforcement**

### **Section 1: Compliance Summary**

There has been no determination by the Chief of the Enforcement Bureau that Verizon failed to comply with the Merger Conditions during the effective period of any condition. In accordance with Attachments A, A-3, A-4, A-5a, A-5b, A-6, A-7a, and A-7b of the Merger Conditions, Verizon made voluntary payments to the U.S. Treasury on March 25, 2004, April 26, 2004, May 25, 2004, June 25, 2004, July 26, 2004, related to 2004 performance measurement requirements. Notices were provided to the FCC within five business days after such payments were made.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Jeffrey W. Ward	Senior Vice President – Regulatory Compliance

### **Section 3: Additional Action Taken**

None.

## **XXIV. Sunset**

### **Section 1: Compliance Summary**

Merger Conditions I, V and XVIII sunset during 2004.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Jeffrey W. Ward	Senior Vice President – Regulatory Compliance

### **Section 3: Additional Action Taken**

None.

## **XXV. Effect of Conditions**

### **Section 1: Compliance Summary**

Verizon followed the guidance of this condition in interpreting and applying the Merger Conditions and the relationship to state law.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Jeffrey W. Ward	Senior Vice President – Regulatory Compliance

### **Section 3: Additional Action Taken**

None.