



Verizon

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On June 17, 2002, Verizon filed its Annual Interstate Access Tariff Filing, Transmittal No. 206, for the Verizon Tariff FCC Nos. 1, 11, 14 and 16. This annual filing incorporates the effects of the GDPPI-X on special access rates as well as the targeting of the Common Line, Traffic Sensitive and Trunking GDPPI-X to the Average Traffic Sensitive (ATS) rate in the Verizon jurisdictions that had not yet reached the target level prior to this filing.

The net impact of the proposed rate changes on all Price Cap baskets is an annual reduction in interstate revenues subject to Price Caps of approximately \$95M, based on base-period 2001 demand data. This reduction is comprised of a net reduction in non-SLC charges of about \$384M primarily associated with wholesale customers, such as IXCs, that purchase interstate access services, a net decrease of about \$2M in USAC receipts, and an increase of about \$291M in end user SLC charges.

The \$384M reduction in non-SLC rates is broken down as follows:

- \$171M reduction in PICCs; due to a shift in revenues from IXC access charges to end user SLCs as well as a change in USAC receipts;
- \$97M reduction in CCL; due to a shift in revenues from IXC Access Charges to End User SLCs as well as a change in USAC receipts;
- \$37M reduction in traffic sensitive and trunking charges (usage plus transport) to either achieve or reduce towards the ATS target rev/MOU of \$.0055 in those jurisdictions that have not reached the target in a prior Annual Filing; and
- \$79M reduction in special access charges associated with GDPPI-X and exogenous cost adjustments.

The proposed rates are scheduled to become effective on July 2, 2002.

The following charts illustrate the percent change in proposed revenues associated with major service categories within their respective baskets. Specific, detailed rate element changes are contained in the annual filing support material.

	Verizon – FCC 1	Verizon – FCC 11
Carrier Common Line		
End User	8.3%	3.4%
CCL	N/A	N/A
PICC	-89.8%	-89.8%
Total	-2.5%	-2.4%
Traffic Sensitive		
Local Switching	-2.1%	-16.0%
Info. Surcharge	N/A	N/A
Trunk Ports	5.1%	4.7%
Other	0.00%	0.00%
Total	0.00%	-8.4%
Trunking		
Tandem Sw. Trans.	2.4%	1.5%
Dedicated Transport	-2.3%	-17.5%
Total	0.00%	-7.8%
Special Access (Total)	-5.6%	-3.2%
Total Price Cap Revenues	-1.1%	-3.5%

Note: Since Verizon-East (Verizon FCC No. 1) achieved the target ATS revenue/MOU of \$.0055 in the 2001 interstate annual (CALLS) filing, no further reductions in those Traffic Sensitive or Trunking rates are required, or taken, in this filing. In that tariff, any rate changes in the rate elements that comprise the ATS revenue/MOU calculation were done on a revenue-neutral basis within the price caps baskets. (For example, end office and tandem dedicated trunk ports were increased in FCC No. 1 and offset via decreases in the local switching and tandem switching minute of use rate elements.) In addition, the new ATS revenue/MOU in Verizon-East (FCC No. 1) has increased from \$.0055 to \$.0061 with this filing due solely to the change in Base Period (2001) demand.

	Verizon – FCC 14	Verizon – FCC 16
Common Line		
End User	10.9%	12.2%
CCL	-97.4%	-76.8%
PICC	-23.1%	-1.77%
Total	+0.9%	0.6%
Traffic Sensitive		
Local Switching	-3.4%	-0.7%
Info. Surcharge	0%	0%
Trunk Ports	+3.4%	2.3%
Other	0%	0%
Total	-1.2%	-0.003%
Trunking		
Tandem Sw. Trans.	-6.1%	-1.3%
Dedicated Transport	+0.2%	0.7%
Total	-3.8%	-0.6%
Special Access (Total)	-3.6%	-4.5%
Total Price Cap Revenues	-0.4%	-0.7%

Note: For those jurisdictions in Verizon - West that achieved the target ATS revenue/MOU in the 2001 interstate annual (CALLS) filing, no further reductions in the Traffic Sensitive or Trunking rates are required, or taken, in this filing. In those tariffs, any rate changes in the rate elements that comprise the ATS revenue/MOU calculation were done on a revenue-neutral basis within the Price Caps Baskets. (For example, increases in End Office and Tandem Dedicated Trunk Ports were offset via decreases in the Local Switching and Tandem Switching minute of use rate elements in those jurisdictions.) In addition, the ATS revenue/MOU in those states that achieved the ATS revenue/MOU target in a prior annual filing are re-calculated to reflect the change in Base Period (2001) demand.

If you have any questions, please contact your account manager.