

Verizon - East Telephone Companies

Calculation of USF Per Line Charge

Including Uncollectibles

			<u>4th Qtr 2002 USF Factor</u>
1	Quarterly USF Contribution	WP USF-2, Column (c) Line 7 (Note 1)	\$ 50,339,417
2	Monthly EUCL Demand	WP USF-5, Column (c) Line 3 (Note 2)	28,371,145
3	Monthly USF Per Line	Ln 1 / Ln 2 / 3	\$ 0.59

Notes:

- 1 Excludes End User IX
- 2 Excludes Lifeline. ISDN PRI and Centrex lines are in "equivalencies" similar to PICCs

Verizon - East Telephone Companies

Calculation of USF Obligation Excluding Reseller Revenues

LN	Revenues	SOURCE	(a)	(b)	(c)
			(Note 1)	(Note 2)	
			WITH SPECIAL	SPECIAL	WITHOUT SPECIAL
			Schools/ Libraries/Rural High Cost/ Low Income	Schools/ Libraries/Rural High Cost/ Low Income	Schools/ Libraries/Rural High Cost/ Low Income
			Interstate and International Retail Revenues	Interstate and International Retail Revenues	Interstate and International Retail Revenues
			APR-JUN 02	APR-JUN 02	APR-JUN 02
1a	DC	FCC Form 499-Q - Filed August 1, 2002	\$ 33,711,303	\$ 16,864,478	\$ 16,846,825
1b	Maryland	FCC Form 499-Q - Filed August 1, 2002	93,860,844	20,096,655	73,764,189
1c	Virginia	FCC Form 499-Q - Filed August 1, 2002	105,539,817	36,454,670	69,085,147
1d	West Virginia	FCC Form 499-Q - Filed August 1, 2002	19,289,593	2,346,064	16,943,529
1e	New Jersey	FCC Form 499-Q - Filed August 1, 2002	176,743,089	56,742,794	120,000,295
1f	Pennsylvania	FCC Form 499-Q - Filed August 1, 2002	129,245,437	27,103,408	102,142,029
1g	Delaware	FCC Form 499-Q - Filed August 1, 2002	<u>16,607,618</u>	<u>4,273,421</u>	<u>12,334,197</u>
	South Subtotal		<u>574,997,701</u>	<u>163,881,490</u>	<u>411,116,211</u>
1h	New York	FCC Form 499-Q - Filed August 1, 2002	264,934,454	64,250,955	200,683,499
1i	New England	FCC Form 499-Q - Filed August 1, 2002	<u>157,747,113</u>	<u>31,112,660</u>	<u>126,634,453</u>
	North Subtotal		<u>422,681,567</u>	<u>95,363,615</u>	<u>327,317,952</u>
1	Total Revenues	Sum Ln 1a through 1i	<u>\$ 997,679,268</u>	\$ 259,245,105	\$ 738,434,163
2	Circularity Adjustment	WP-2a Ln 3		<u>\$ (18,011,354)</u>	<u>\$ (54,079,086)</u>
3	Total Revenues adjusted for Circularity	Ln 1 + Ln 2		<u>\$ 241,233,751</u>	\$ 684,355,077
4	IX End User Revenues	Form 499-Q, Lns 413 & 414, Col (d), Filed August 1, 2002			<u>\$ 6,409,910</u>
5	Revenues Less IX	Ln 3 - Ln 4			\$ 677,945,167
6	4th Qtr. 2002 Contribution Factor	FCC DA 02-2221, 9/10/2002			0.072805
7	Quarterly contribution Effective 10/01/02	Ln 5 * Ln 6			\$ 49,357,798
8	Quarterly Contribution adjusted for Uncollectibles (3)	1 / (1 - 1.95 %) * Ln 7			\$ 50,339,417

NOTES:

- 1) Apr - Jun Interstate amounts are from Form 499-Q, Ln 420, Col (d), Filed August 1, 2002
- 2) Apr - Jun Special amounts are from Form 499-Q, Lns 406 & 415, Col (d), Filed August 1, 2002
- 3) Refer to the D&J - Appendix B for Verizon's Uncollectible methodology.

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Elimination of Surcharge Circularity

<u>LN</u>	<u>Revenues</u>	<u>SOURCE</u>	Total Interstate Retail Revenue	Total Interstate Special Access Revenue	Total Interstate Switched Access Revenue
			OCT-DEC 01	OCT-DEC 01	OCT-DEC 01
1a	DC	FCC Form 499-Q	\$ 27,819,598	\$ 11,246,813	\$ 16,572,785
1b	Maryland	FCC Form 499-Q	86,583,675	13,593,917	72,989,758
1c	Virginia	FCC Form 499-Q	94,516,702	25,163,356	69,353,346
1d	West Virginia	FCC Form 499-Q	19,800,254	2,974,281	16,825,973
1e	New Jersey	FCC Form 499-Q	192,254,642	70,589,155	121,665,487
1f	Pennsylvania	FCC Form 499-Q	128,172,698	24,215,992	103,956,706
1g	Delaware	FCC Form 499-Q	15,843,817	3,461,023	12,382,794
	South Subtotal	South Subtotal	564,991,386	151,244,537	413,746,849
1h	New York	FCC Form 499-Q	268,301,734	64,677,125	203,624,609
1i	New England	FCC Form 499-Q	156,892,158	31,470,050	125,422,108
	North Subtotal	North Subtotal	425,193,892	96,147,175	329,046,717
1	Total Revenues	Sum of Lines 1a-1g and 1h-1i	\$ 990,185,278	\$ 247,391,712	\$ 742,793,566
2	2nd Quarter 2002 Contribution Factor	FCC Public Notice, FCC DA 02-562, 3/8/2002		0.072805	0.072805
3	Total East Revenue Base Adjustment - 4th Quarter	Ln 1 x Ln 2		\$ (18,011,354)	\$ (54,079,086)
				Special Access	Switched Access

Verizon - East Telephone Companies

End User Common Line Quantities (EUCL's)

	FORECASTED TOTAL EUCLs MID 4TH QTR 2002
<u>SOUTH</u>	
Res Lifelines	162,738
Residence	12,526,318
Business	2,977,692
Centrex	2,697,308
ISDN PRI Systems	34,405
ISDN BRI Systems	<u>312,562</u>
Total South	<u>18,711,022</u>
<u>NORTH</u>	
Res Lifelines	756,680
Residence	8,736,061
Business	2,745,338
Centrex	1,379,895
ISDN PRI Systems	20,440
ISDN BRI systems	<u>162,498</u>
Total North	<u>13,800,913</u>
TOTAL EUCL DEMAND VERIZON EAST (MID 4TH QTR.)	32,511,935
LESS PROJECTED LIFELINE (MID 4TH QTR.)	<u>919,418</u>
TOTAL EUCL DEMAND EXCLUDING LIFELINE (MID 4TH QTR.)	<u>31,592,517</u>

Verizon - East Telephone Companies

Conversion of Centrex EUCL Lines Spread by PICC Percentage

SOUTH CENTREX	PICC's	PICC %	CENTREX EUCLs MID 4TH QTR 2002
DC - Centrex (>= 9 lines)	3,605,877	9.4092%	253,795
MD - Centrex (>= 9 lines)	5,188,915	13.5400%	365,215
VA - Centrex (>= 9 lines)	3,592,752	9.3749%	252,871
WV - Centrex (>= 9 lines)	671,320	1.7517%	47,250
DE - Centrex (>= 9 lines)	897,015	2.3407%	63,135
NJ - Centrex (>= 9 lines)	5,527,279	14.4229%	389,030
PA - Centrex (>= 9 lines)	6,963,828	18.1715%	490,141
DC - Centrex (8 lines)	47,374	0.1236%	3,334
MD - Centrex (8 lines)	204,383	0.5333%	14,385
VA - Centrex (8 lines)	226,528	0.5911%	15,944
WV - Centrex (8 lines)	39,413	0.1028%	2,774
DE - Centrex (8 lines)	29,530	0.0771%	2,078
NJ - Centrex (8 lines)	140,199	0.3658%	9,868
PA - Centrex (8 lines)	263,929	0.6887%	18,576
DC - Centrex (7 lines)	49,992	0.1304%	3,519
MD - Centrex (7 lines)	208,402	0.5438%	14,668
VA - Centrex (7 lines)	251,117	0.6553%	17,675
WV - Centrex (7 lines)	50,499	0.1318%	3,554
DE - Centrex (7 lines)	30,810	0.0804%	2,169
NJ - Centrex (7 lines)	156,569	0.4086%	11,020
PA - Centrex (7 lines)	286,058	0.7464%	20,134
DC - Centrex (6 lines)	57,731	0.1506%	4,063
MD - Centrex (6 lines)	299,363	0.7812%	21,070
VA - Centrex (6 lines)	353,945	0.9236%	24,912
WV - Centrex (6 lines)	66,259	0.1729%	4,664
DE - Centrex (6 lines)	41,929	0.1094%	2,951
NJ - Centrex (6 lines)	210,826	0.5501%	14,839
PA - Centrex (6 lines)	371,507	0.9694%	26,148
DC - Centrex (5 lines)	63,142	0.1648%	4,444
MD - Centrex (5 lines)	334,386	0.8725%	23,535
VA - Centrex (5 lines)	383,573	1.0009%	26,997
WV - Centrex (5 lines)	79,334	0.2070%	5,584
DE - Centrex (5 lines)	41,191	0.1075%	2,899
NJ - Centrex (5 lines)	255,643	0.6671%	17,993
PA - Centrex (5 lines)	411,710	1.0743%	28,978
DC - Centrex (4 lines)	76,387	0.1993%	5,376
MD - Centrex (4 lines)	417,797	1.0902%	29,406
VA - Centrex (4 lines)	495,861	1.2939%	34,901
WV - Centrex (4 lines)	101,659	0.2653%	7,155
DE - Centrex (4 lines)	50,110	0.1308%	3,527
NJ - Centrex (4 lines)	311,255	0.8122%	21,907
PA - Centrex (4 lines)	496,773	1.2963%	34,965
DC - Centrex (3 lines)	76,723	0.2002%	5,400
MD - Centrex (3 lines)	473,023	1.2343%	33,293
VA - Centrex (3 lines)	553,756	1.4450%	38,975
WV - Centrex (3 lines)	122,257	0.3190%	8,605
DE - Centrex (3 lines)	51,841	0.1353%	3,649
NJ - Centrex (3 lines)	368,699	0.9621%	25,950
PA - Centrex (3 lines)	555,945	1.4507%	39,129
DC - Centrex (2 lines)	93,565	0.2441%	6,585
MD - Centrex (2 lines)	625,205	1.6314%	44,004
VA - Centrex (2 lines)	681,136	1.7774%	47,941
WV - Centrex (2 lines)	124,646	0.3253%	8,773
DE - Centrex (2 lines)	58,866	0.1536%	4,143
NJ - Centrex (2 lines)	441,921	1.1532%	31,104
PA - Centrex (2 lines)	592,279	1.5455%	41,687
DC - Centrex (1 line)	9,122	0.0238%	642
MD - Centrex (1 line)	14,617	0.0381%	1,029
VA - Centrex (1 line)	7,801	0.0204%	549
WV - Centrex (1 line)	3,396	0.0089%	239
DE - Centrex (1 line)	1,685	0.0044%	119
NJ - Centrex (1 line)	75,133	0.1961%	5,288
PA - Centrex (1 line)	<u>39,110</u>	<u>0.1021%</u>	<u>2,753</u>
	38,322,896	100.00%	
TOTAL CENTREX (SOUTH) BY STATE			<u>2,697,306</u>
Centrex (>= 9 lines)			1,861,437
Centrex (8 lines)			66,959
Centrex (7 lines)			72,739
Centrex (6 lines)			98,647
Centrex (5 lines)			110,430
Centrex (4 lines)			137,237
Centrex (3 lines)			155,001
Centrex (2 lines)			184,237
Centrex (1 line)			<u>10,619</u>
TOTAL CENTREX (SOUTH) BY LINE SIZE			<u>2,697,306</u>

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Conversion of Centrex EUCL Lines Spread by PICC Percentage

NORTH CENTREX			CENTREX EUCLs
	PICC's	PICC %	MID 4TH QTR 2002
CENTREX PICC (>=9 LINES) - ME	489,935	2.4824%	34,255
CENTREX PICC (>=9 LINES) - MA	3,539,825	17.9359%	247,496
CENTREX PICC (>=9 LINES) - NH	518,249	2.6259%	36,235
CENTREX PICC (>=9 LINES) - RI	587,654	2.9776%	41,087
CENTREX PICC (>=9 LINES) - VT	390,948	1.9809%	27,334
CENTREX PICC (>=9 LINES) - NY	11,269,489	57.1011%	787,937
CENTREX PICC (1 LINE) - ME	700	0.0035%	49
CENTREX PICC (1 LINE) - MA	4,691	0.0238%	328
CENTREX PICC (1 LINE) - NH	415	0.0021%	29
CENTREX PICC (1 LINE) - RI	522	0.0026%	36
CENTREX PICC (1 LINE) - VT	680	0.0034%	48
CENTREX PICC (1 LINE) - NY	62,190	0.3151%	4,348
CENTREX PICC (2 LINES) - ME	19,343	0.0980%	1,352
CENTREX PICC (2 LINES) - MA	80,879	0.4098%	5,655
CENTREX PICC (2 LINES) - NH	10,789	0.0547%	754
CENTREX PICC (2 LINES) - RI	1,184	0.0060%	83
CENTREX PICC (2 LINES) - VT	18,365	0.0931%	1,284
CENTREX PICC (2 LINES) - NY	238,534	1.2086%	16,678
CENTREX PICC (3 LINES) - ME	15,034	0.0762%	1,051
CENTREX PICC (3 LINES) - MA	71,926	0.3644%	5,029
CENTREX PICC (3 LINES) - NH	8,402	0.0426%	587
CENTREX PICC (3 LINES) - RI	2,318	0.0117%	162
CENTREX PICC (3 LINES) - VT	14,293	0.0724%	999
CENTREX PICC (3 LINES) - NY	228,819	1.1594%	15,998
CENTREX PICC (4 LINES) - ME	20,595	0.1044%	1,440
CENTREX PICC (4 LINES) - MA	98,034	0.4967%	6,854
CENTREX PICC (4 LINES) - NH	6,624	0.0336%	463
CENTREX PICC (4 LINES) - RI	17,564	0.0890%	1,228
CENTREX PICC (4 LINES) - VT	12,278	0.0622%	858
CENTREX PICC (4 LINES) - NY	340,613	1.7258%	23,815
CENTREX PICC (5 LINES) - ME	18,215	0.0923%	1,274
CENTREX PICC (5 LINES) - MA	87,062	0.4411%	6,087
CENTREX PICC (5 LINES) - NH	6,077	0.0308%	425
CENTREX PICC (5 LINES) - RI	16,214	0.0822%	1,134
CENTREX PICC (5 LINES) - VT	10,575	0.0536%	739
CENTREX PICC (5 LINES) - NY	319,057	1.6166%	22,308
CENTREX PICC (6 LINES) - ME	29,237	0.1481%	2,044
CENTREX PICC (6 LINES) - MA	83,918	0.4252%	5,867
CENTREX PICC (6 LINES) - NH	7,411	0.0375%	518
CENTREX PICC (6 LINES) - RI	17,231	0.0873%	1,205
CENTREX PICC (6 LINES) - VT	66,649	0.3377%	4,660
CENTREX PICC (6 LINES) - NY	268,406	1.3600%	18,766
CENTREX PICC (7 LINES) - ME	21,629	0.1096%	1,512
CENTREX PICC (7 LINES) - MA	77,504	0.3927%	5,419
CENTREX PICC (7 LINES) - NH	4,590	0.0233%	321
CENTREX PICC (7 LINES) - RI	14,665	0.0743%	1,025
CENTREX PICC (7 LINES) - VT	25,839	0.1309%	1,807
CENTREX PICC (7 LINES) - NY	226,963	1.1500%	15,869
CENTREX PICC (8 LINES) - ME	22,447	0.1137%	1,569
CENTREX PICC (8 LINES) - MA	71,744	0.3635%	5,016
CENTREX PICC (8 LINES) - NH	6,356	0.0322%	444
CENTREX PICC (8 LINES) - RI	16,376	0.0830%	1,145
CENTREX PICC (8 LINES) - VT	23,545	0.1193%	1,646
CENTREX PICC (8 LINES) - NY	<u>223,417</u>	<u>1.1320%</u>	<u>15,621</u>
	19,736,018	100.00%	
TOTAL CENTREX (NORTH) BY LINE SIZE			<u>1,379,893</u>

NORTH	
Centrex (>= 9 lines)	1,174,344
Centrex (8 lines)	25,441
Centrex (7 lines)	25,953
Centrex (6 lines)	33,060
Centrex (5 lines)	31,967
Centrex (4 lines)	34,658
Centrex (3 lines)	23,826
Centrex (2 lines)	25,806
Centrex (1 line)	<u>4,838</u>
TOTAL CENTREX (NORTH) BY LINE SIZE	<u>1,379,893</u>

Verizon - East Telephone Companies

Adjusted EUCL Demand for ISDN PRI and Centrex Equivalents

		(a)	(b)	(c)
		UNADJUSTED EUCL DEMAND MID 4TH QTR 2002 FORECAST	FACTOR	TOTAL EUCL DEMAND PRI@5 AND CENTREX EQUIVALENCY
RATE ELEMENT DESCRIPTION				
SOUTH				
Res Lifeline		162,738	1	162,738
Res Lines (less LL)		12,526,318	1	12,526,318
Business Lines		2,977,692	1	2,977,692
ISDN PRI Systems		34,405	5	172,023
ISDN BRI Systems		312,562	1	312,562
Centrex>=9 Lines		1,861,437	0.111111	206,826
Centrex 8 Lines		66,959	0.125000	8,370
Centrex 7 Lines		72,739	0.142857	10,391
Centrex 6 Lines		98,647	0.166667	16,441
Centrex 5 Lines		110,430	0.200000	22,086
Centrex 4 Lines		137,237	0.250000	34,309
Centrex 3 Lines		155,001	0.333333	51,667
Centrex 2 Lines		184,237	0.500000	92,119
Centrex 1 Lines		10,619	1	10,619
NORTH				
Res Lifeline		756,680	1	756,680
Res Lines (less LL)		8,736,061	1	8,736,061
Business Lines		2,745,338	1	2,745,338
ISDN PRI Systems		20,440	5	102,202
ISDN BRI Systems		162,498	1	162,498
Centrex>=9 Lines		1,174,344	0.111111	130,483
Centrex 8 Lines		25,441	0.125000	3,181
Centrex 7 Lines		25,953	0.142857	3,708
Centrex 6 Lines		33,060	0.166667	5,510
Centrex 5 Lines		31,967	0.200000	6,393
Centrex 4 Lines		34,658	0.250000	8,665
Centrex 3 Lines		23,826	0.333333	7,942
Centrex 2 Lines		25,806	0.500000	12,903
Centrex 1 Lines		<u>4,838</u>	1	<u>4,838</u>
1	Total Monthly Demand	32,511,931		29,290,563
2	Less Lifeline	<u>919,418</u>		<u>919,418</u>
3	Monthly Demand Excluding Lifeline	<u>31,592,513</u>		<u>28,371,145</u>

Verizon - East Telephone Companies

Rate Development for USF Switched Access Lines

	(a)	(b)	(c)
	UNADJUSTED EUCL DEMAND MID 4TH QTR 2002 FCST	PROPOSED RATE PER LINE	YEARLY PROPOSED REVENUE
<u>SOUTH</u>			
Residential Lifeline	162,738	N/A	\$ -
Residence Lines	12,526,318	\$ 0.59	88,686,330
Business Lines	2,977,692	\$ 0.59	21,082,058
ISDN PRI Systems	34,405	\$ 2.95	1,217,926
ISDN BRI Systems	312,562	\$ 0.59	2,212,940
Centrex>=9 Lines	1,861,437	\$ 0.07	1,563,607
Centrex 8 Lines	66,959	\$ 0.07	56,246
Centrex 7 Lines	72,739	\$ 0.08	69,829
Centrex 6 Lines	98,647	\$ 0.10	118,376
Centrex 5 Lines	110,430	\$ 0.12	159,019
Centrex 4 Lines	137,237	\$ 0.15	247,027
Centrex 3 Lines	155,001	\$ 0.20	372,002
Centrex 2 Lines	184,237	\$ 0.30	663,253
Centrex 1 Lines	10,619	\$ 0.59	75,183
<u>NORTH</u>			
Residential Lifeline	756,680	N/A	\$ -
Residence Lines	8,736,061	\$ 0.59	61,851,313
Business Lines	2,745,338	\$ 0.59	19,436,995
ISDN PRI Systems	20,440	\$ 2.95	723,588
ISDN BRI Systems	162,498	\$ 0.59	1,150,483
Centrex>=9 Lines	1,174,344	\$ 0.07	986,449
Centrex 8 Lines	25,441	\$ 0.07	21,370
Centrex 7 Lines	25,953	\$ 0.08	24,915
Centrex 6 Lines	33,060	\$ 0.10	39,672
Centrex 5 Lines	31,967	\$ 0.12	46,032
Centrex 4 Lines	34,658	\$ 0.15	62,384
Centrex 3 Lines	23,826	\$ 0.20	57,182
Centrex 2 Lines	25,806	\$ 0.30	92,902
Centrex 1 Lines	4,838	\$ 0.59	34,253
Total Switched	<u>32,511,931</u>		<u>\$ 201,051,336</u>

Verizon - East Telephone Companies

Rate Development for Federal End User

Special Access USF Charge

1	Verizon Special Access End User Revenues (Circularity Revenues Removed)	From WP USF-2 Column B, Line 1	\$	241,233,751
2	Interstate Special Access End User (a)	4th Quarter 2002 Contribution Factor		0.072805
3	4th Quarter Contribution	Ln 1 * L 2	\$	17,563,023

Note:

a) Does not include uncollectibles.