

Appendix C

**Verizon Historical Uncollectible Factors**

Page 1 of 3



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**November 1, 2002**

**Transmittal 252 – Amended Transmittal**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th H Street, SW, Portals  
Washington, DC 20554

Dear Ms. Dortch:

On October 15, 2002, Verizon filed Transmittal 252, which proposed changes to its Federal Universal Service Fund charges including an adjustment for uncollectible revenues. The purpose of this filing is to amend that transmittal to include Chart 1, information Verizon submitted to Commission staff on October 29; an anomaly in ETFS prevented a concurrent public posting. The data in Chart 1, which offers a historical view of our uncollectible revenues, was abstracted from ARMIS reports of the last 3 years.

In addition, we are including Chart 2 with this letter. This chart categorizes our uncollectible revenues as either end-user or carrier revenues, excludes data from complete study areas of Verizon West which have been sold, provides a Verizon-wide view of uncollectible data, and displays the annual percent change for end user uncollectibles..

It should be noted that the uncollectible factor contained in our October 15 filing was based on a special study that identified only retail, or end user, uncollectables. Comparable information is not readily available on a historic basis. However, the attached data demonstrate a continuing level of uncollectible revenues over the past three years. As the uncollectible factor from retail customers deviates upward or downward in any given future quarter, the Company will make a corresponding adjustment in the Federal Universal Service Fund surcharge rate development.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard T. Ellis".

cc: Judy Nitsche  
Jay Atkinson

## Appendix C

Page 2 of 3

**Verizon - Local Exchange Companies  
Historical Uncollectible Factors  
Chart 1**

**Total ARMIS Uncollectibles - End User & Carrier**

	<u>Description</u>	<u>Data Period</u>	<u>Reported Data (000's)</u>		<u>Annual % Uncollectible</u>
			<u>Revenue</u>	<u>Uncollectible</u>	
1	Verizon - East	Calendar Year Ending, 12/31/1999	\$ 26,570,146	\$ 321,156	1.21%
2	Verizon - East	Calendar Year Ending, 12/31/2000	\$ 27,309,005	\$ 522,408	1.91%
3	Verizon - East	Calendar Year Ending, 12/31/2001	\$ 27,137,439	\$ 825,477	3.04%
4	Verizon - West	Calendar Year Ending, 12/31/1999	\$ 13,933,320	\$ 252,672	1.81%
5	Verizon - West	Calendar Year Ending, 12/31/2000	\$ 13,554,330	\$ 217,290	1.60%
6	Verizon - West	Calendar Year Ending, 12/31/2001	\$ 13,255,426	\$ 208,420	1.57%

## Notes:

- a) The above amounts were extracted from ARMIS data and represent total uncollectibles from end user and carrier.
- b) Uncollectible factors used in the 4th quarter FUSF filing were 1.95% and 2.16% for the East and West, respectively. These factors used for FUSF were derived from a special End-user Uncollectible Study of only EU revenues and uncollectibles. As a result, historical data was not available in the same format; however, ARMIS does provide both end user and carrier data.
- c) Data reported for Verizon West does not exclude whole or partial COSA sales.

## Appendix C

Page 3 of 3

Verizon - Local Exchange Companies  
Historical ARMIS Uncollectible Data  
Chart 2  
(000's)

Verizon East / West - ARMIS Booked Uncollectible Data						Carrier / End User Portion (2)		
Description	Data Period	Total Uncoll.	Repositioned (1)	Adjusted Total		Carrier	End User	EU % Chg.
1 Verizon - East	Calendar Year Ending, 12/31/1999	\$ 321,156	\$ -	\$ 321,156		\$ 28,373	\$ 292,783	
2 Verizon - East	Calendar Year Ending, 12/31/2000	\$ 522,408	\$ -	\$ 522,408		\$ 135,919	\$ 386,489	32.0%
3 Verizon - East	Calendar Year Ending, 12/31/2001	\$ 825,477	\$ -	\$ 825,477		\$ 350,926	\$ 474,551	22.8%
4 Verizon - West	Calendar Year Ending, 12/31/1999	\$ 252,672	\$ (47,373)	\$ 205,299		\$ 34,945	\$ 170,354	
5 Verizon - West	Calendar Year Ending, 12/31/2000	\$ 217,290	\$ (20,671)	\$ 196,619		\$ 17,446	\$ 179,173	5.2%
6 Verizon - West	Calendar Year Ending, 12/31/2001	\$ 208,420	\$ (19,062)	\$ 189,358		\$ 23,257	\$ 166,101	-7.3%

Total Verizon - ARMIS Booked Uncollectible Data						Carrier / End User Portion (2)		
Description	Data Period	Total Uncoll.	Repositioned (1)	Adjusted Total		Carrier	End User	EU % Chg.
1 Verizon Combined	Calendar Year Ending, 12/31/1999	\$ 573,828	\$ (47,373)	\$ 526,455		\$ 63,318	\$ 463,137	
2 Verizon Combined	Calendar Year Ending, 12/31/2000	\$ 739,698	\$ (20,671)	\$ 719,027		\$ 153,365	\$ 565,662	22.1%
3 Verizon Combined	Calendar Year Ending, 12/31/2001	\$ 1,033,897	\$ (19,062)	\$ 1,014,835		\$ 374,183	\$ 640,652	13.3%

## Note:

1) For Verizon West, complete study areas were sold in Arkansas, Iowa, Minnesota, Nebraska, New Mexico, and Oklahoma. As a result of these sales, data pertaining to these study areas were excluded for the entire 3-year period for comparability.

2) The segregation of uncollectibles between carrier and end-user was derived from the financial records of the company.