THE VERIZON TELEPHONE COMPANIES

TARIFF FCC NO. 1

SPECIAL FACILITIES ROUTING (DIVERSITY) FOR PHH VEHICLES MANAGEMENT SERVICE, LLC

DESCRIPTION AND JUSTIFICATION

TRANSMITTAL NO. 420

MARCH 8, 2004

INTRODUCTION

This section outlines compliance with Section 61.38 of the Commission's Rules, which applies to this filing because the Commission has found The Verizon Telephone Companies (Verizon) to be a dominant carrier. Section 61.38 provides guidelines for cost support when filing new services excluded from price cap regulation. This service is excluded from price caps because it is an individual case filing to provide diverse routing for a customer.

SERVICE DESCRIPTION

Verizon[1] files tariff pages for its Tariff F.C.C. No. 1, Access Service, to provide an individual case filing to provide diverse routing of IntelliLight Entrance Facilities (IEF) for PHH Vehicles Management Service, LLC between Verizon's Manor Central Office and the customer's location at 940 Ridgebrook Road, Sparks Glencoe, Maryland. The diverse route will ensure survivability of the transmission facilities between the serving wire centers in the event of a failure along the primary interoffice route.

This filing introduces a monthly recurring rate for diverse routing under a sixty-month contract period.

REASON FOR THIS FILING

Verizon is making this filing to fulfill a specific, unique customer service request.

BASIS FOR RATEMAKING

The customer has agreed to pay the charges for this diverse routing through a recurring monthly rate under this specialized arrangement. The customer has also requested that the nonrecurring costs be recovered through the recurring monthly rate. The rates and charges associated with the IEF service are the rates and charges specified in Verizon's Tariff F.C.C. No.1, Section 7.5.21.

The nonrecurring costs include expenses associated with the tariff filing fee expenses incurred by Verizon.

The monthly recurring charge is calculated by first determining the equipment investment required in provisioning the diverse routing. Amortized nonrecurring charges are added to the

[1] The Verizon Telephone Companies participating in this filing are Verizon Maryland Inc.

total investment costs. Annual cost factors are then applied to the investments to determine the amounts necessary to recover the capital costs (depreciation, cost of money, and income taxes) and the operating expenses (maintenance, administration, and other taxes). Return on investments is then added to the total annual costs. This annual total is then converted to a monthly rate. Workpaper 1 contains the costs and rates.

PROJECTION OF REVENUES AND COSTS

A projection of the annual revenues and costs appears on Workpaper 1.

RATE SUMMARY

Monthly recurring rate	$1,348.93