

THE VERIZON TELEPHONE COMPANIES

TARIFF F.C.C. NOS. 1 & 11

**FAA TELECOMMUNICATIONS INFRASTRUCTURE
SPECIALIZED ARRANGEMENT**

DESCRIPTION AND JUSTIFICATION

Transmittal No. 456

May 28, 2004

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DESCRIPTION AND JUSTIFICATION

SECTION 1

INTRODUCTION

This section outlines compliance with Section 61.38 of the Commission's Rules which applies to this filing because the Commission has found Verizon to be a dominant carrier. Section 61.38 provides guidelines for cost support when filing new services excluded from price cap regulation.

SECTION 2

COMPLIANCE WITH SECTION 61.38(B)

Explanation and data supporting either changes or new tariff offerings:

Service Description

With this filing, Verizon submits tariff pages and supporting documentation in support of introducing a specialized arrangement for the Federal Aviation Administration (FAA) Telecommunications Infrastructure (FTI) in Verizon's Tariffs FCC Nos. 1 & 11. FTI is a uniquely rated and designed program that provides certain Special Access Services to the FAA through its agent, Harris Corporation. The services included in FTI are certain Voice Grade Services, digital data services, DS1 and DS3 High Capacity Services and IntelliLight Broadband Transport Services (two-point SONET services at OC3 and OC3c). This arrangement includes an initial term of five years beginning with the effective date of this filing with an option to extend the term in one-year increments for an additional ten years. The maximum term for this arrangement shall not exceed fifteen years.

With FTI, these special access services may be ordered from any Verizon wire center within the operating territories of Tariffs FCC Nos. 1 & 11, subject to the availability of suitable facilities to provide the service. Additionally, these services may be ordered between FAA locations, between an FAA location and an Interexchange Carrier's Point of Presence through a

collocated arrangement (i.e., expanded interconnection) within a Verizon wire center, or may connect to other Verizon services as allowed for in the service description of the specific service involved.

Reason for Filing

Verizon is making this specialized arrangement filing to fulfill a specific and unique Federal Government service request.

Basis of Ratemaking

Verizon performed a cost study to determine the investment and costs for the transmission services. The investment component included interoffice transport equipment, fiber and network monitoring equipment. These investments were multiplied by account specific cost factors to calculate the annual recurring capital costs and operating expenses for the investment. In addition to investment related costs, labor related costs for network design, engineering, operations, network monitoring and vendor support for each group of service components are included where appropriate.

Nonrecurring costs for installation and administration was developed by multiplying the estimated staff hours by the appropriate labor rates. Recurring and nonrecurring costs and rates are displayed in the attached workpapers.

Projection of Revenues and Costs

A projection of the annual revenues and costs appears in Workpapers -Revenue.

SECTION 3

WORKPAPER INDEX

Verizon South (Tariff F.C.C. No. 1) Workpaper South (pages 1 through 9)

Verizon North (Tariff F.C.C. No. 11) Workpaper North (pages 1 through 9)

Revenue Analysis Workpaper – revenue (pages 1 & 2)

The attached tariff pages provide a complete description of FTI.