

THE VERIZON TELEPHONE COMPANIES

TARIFF FCC Nos. 1 and 11

Federal Markets High Capacity Services

SPECIALIZED SERVICE

DESCRIPTION AND JUSTIFICATION

TRANSMITTAL NO. 708

May 10, 2006

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. This service is excluded from price caps because it is a specialized arrangement offered to the agencies and branches of the Federal Government and other users authorized by the Federal Government.

SERVICE DESCRIPTION

The Verizon Telephone Companies¹ propose to offer unique pricing to the Federal Government for DS1 High Capacity (1.544 Mbps) and DS3 High Capacity (44.736 Mbps) Services. These services will be provided with electrical interfaces pursuant to the American National Standards Institute technical specifications standards T1.403 and T1.404.

Federal Markets High Capacity Services will be offered on a month-to-month basis with a one month minimum service period. Federal Markets High Capacity Services may not be purchased in combination with any other discounts available under other sections of the tariff.

¹ The Verizon Telephone Companies participating in this filing are Verizon Delaware Inc.; Verizon Maryland Inc.; Verizon New England Inc.; Verizon New Jersey Inc.; Verizon New York Inc.; Verizon Pennsylvania Inc.; Verizon Virginia Inc.; Verizon Washington, D.C. Inc.; and Verizon West Virginia Inc. These companies will now be referred to as Verizon-East. Verizon East is comprised of the former Bell Atlantic-North (NYNEX) and the former Bell Atlantic-South.

This filing introduces regulations, monthly recurring rates and nonrecurring charges for the specialized arrangement.

REASON FOR THIS FILING

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

BASIS FOR RATEMAKING

Verizon performed a cost study to determine the investment and costs for the services. The investment components 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. Also, nonrecurring costs for installation and administration were developed by multiplying the estimated staff hours by the appropriate labor rates. These nonrecurring costs were amortized into the monthly costs for those rate elements to which they would apply.

Workpaper 1 contains the costs, rates and charges for this specialized arrangement.

PROJECTION OF REVENUES AND COSTS

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

RATE SUMMARY

Monthly Recurring Rates

1.544 Mbps

Channel Terminations (all zones)	\$ 142.00
Channel Mileage, Fixed (all zones)	\$ 45.00
Channel Mileage, Per Mile (all zones)	\$ 9.00

44.736 Mbps

Channel Terminations (all zones)	\$1,300.00
Channel Mileage, Fixed (all zones)	\$ 550.00
Channel Mileage, Per Mile (all zones)	\$ 90.00

Multiplexing

DS3 to DS1, Rate Zone 1/Pricing Zone 1	\$ 583.56
DS3 to DS1, Rate Zone 2/Pricing Zone 2	\$ 612.74
DS3 to DS1, Rate Zone 3/Pricing Zone 3	\$ 641.92

DS1 to DS0

- FCC1

Rate Zone 1	\$ 207.00
Rate Zone 2	\$ 218.50
Rate Zone 3	\$ 230.00

- FCC11 - Massachusetts, New York/Connecticut

Pricing Zone 1	\$ 219.42
Pricing Zone 2	\$ 231.61
Pricing Zone 3	\$ 243.80

- FCC 11 - Maine, New Hampshire, Rhode Island, Vermont

\$ 243.80

Nonrecurring Charges

1.544 Mbps Channel Terminations (all zones)	\$ 220.00
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44.736 Mbps Channel Terminations (all zones)	\$ 1.00
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Multiplexing

DS3 to DS1 (all zones)	\$ 1.00
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DS1 to DS0 (all zones)	\$ 1.00
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