

**DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TELECOMMUNICATIONS DIVISION
ANNUAL REPORT
2001**

I. INTRODUCTION

This is the 2001 Annual Report of the Telecommunications Division of the Massachusetts Department of Telecommunications and Energy ("DTE"). This report is the fourth report prepared by the DTE pursuant to directives in the Electric Restructuring Act. The Department submitted reports previously for 1998, 1999, and 2000. This report consists of two sections: (1) the Telecommunications Division's activity during 2001, and (2) the current condition of the telecommunications industry within the Commonwealth.

II. TELECOMMUNICATIONS DIVISION ACTIVITY IN 2001

A. Description of the Telecommunications Division Staff

At the start of 2001, the Telecommunications Division consisted of a Director, seven Telecommunications Analysts, and an administrative secretary/tariff administrator. During the year, three analysts left the DTE due to normal turnover, one analyst was promoted to Assistant Director, and seven new analysts were hired. Thus, at the end of 2001, the DTE's Telecommunications Division consisted of a Director, an Assistant Director, ten Telecommunications Analysts, and an administrative secretary/tariff administrator.

B. Telecommunications Division Activity in 2001

1. Tariff Filings

As noted in last year's report, all telecommunications carriers operating in

Massachusetts are required to file and maintain with the Department accurate tariffs listing all rates, charges, terms, and conditions of services. **Table 1** shows the number of tariff filings that were processed by the Telecommunications Division in 2001, separating the number of tariffs filed by Verizon from the number filed by non-dominant carriers. Tariff filings increased in 2001 compared to 2000, when there were 648 tariffs filed by non-dominant carriers and 27 tariffs filed by Verizon.

Table 1
Tariff Filings in 2001

Verizon	Non-dominant Carriers
105	770

2. Statements of Business Operations

Telecommunications carriers which wish to do business within Massachusetts must file a "Statement of Business Operations" with the Telecommunications Division in addition to filing a tariff. The Statement of Business Operations includes contact information for customers who need to reach the company with questions or complaints; demonstrates compliance with DTE and Department of Revenue requirements; and offers general descriptions of services offered by the company. **Table 2**, below, lists the telecommunications carriers that filed Statements of Business Operations in 2001.

Table 2

Companies that Filed Statements of Business Operations in 2001

Total number of carriers that registered with the Department in calendar year 2001 - 98

Total number of CLECs that registered with the Department in calendar year 2001 - 37

C = Competitive Local Exchange Carrier (all others are long-distance, toll, and/or payphone providers)

1.	Access One, Inc.	
2.	America's Digital Satellite Telephone, Inc.	
3.	American Phone Services Corp	
4.	AT&T BroadBand Phone of MA, LLC	C
5.	ATEL.cc, Inc.	
6.	BAK Communications, LLC	
7.	BBIS Communications, Inc.	C
8.	Bell Atlantic Comm., Inc. d/b/a Verizon Long Distance	
9.	BroadRiver Communications of the Northeast Corp.	C
10.	Calpoint Massachusetts, LLC	C

11.	Cellular Rentals, Inc. d/b/a New England Teleconnect	
12.	Ciera Network Systems, Inc.	C
13.	Comm South Companies, Inc.	C
14.	Commco Technology, LLC	C
15.	Congee Communication Corporation	
16.	Custom Teleconnect, Inc.	
17.	Dark Air Corporation	C
18.	Dialaround Enterprises, Inc.	
19.	Direct One, LLC	
20.	Dodora Unified Communications, Inc.	
21.	Dominion Telecom, Inc.	C
22.	Domino Networks Communications, Inc.	
23.	DSCI Corporation	C
24.	ECI Communications, Inc.	
25.	Emergent Communications, LLC	C
26.	eMeritus Communications, Inc.	
27.	Enron Telecommunications, Inc.	C
28.	eVoice Telecom, Inc.	C
29.	Exario Telecom, Inc.	C
30.	EZ Talk Communications, LLC	C
31.	Fiber Technologies Networks, LLC	C
32.	Frontier Communications of America, Inc.	
33.	GE Business Productivity Solutions, Inc. d/b/a GE Capital Communications Services	C
34.	GiantLoop Telecom, Inc.	C
35.	Global Crest Communications, Inc.	

36.	Gold Line Telemanagement, Inc.	
37.	Groveline, LLC	C
38.	Intergrated Communications Consultants, Inc.	C
39.	Intrado Communications, Inc.	
40.	Keen LD, Inc.	
41.	KMC Data, LLC	C
42.	Legacy Long Distance International, Inc.	
43.	Lightyear Communications, Inc.	C
44.	Local Telecom Holdings, LLC d/b/a Transpoint Communications	C
45.	Lockheed Martin Global Telecommunications Services, Inc.	
46.	Mail.com Business Messaging Services, Inc.	
47.	McGraw Communications, Inc.	C
48.	McLeodUSA Telecommunications Services, Inc.	C
49.	Mezco, LLC	C
50.	Miko Telephone Communications, Inc.	
51.	Network US, Inc. d/b/a CA Affinity	
52.	New Access Communications, LLC	C
53.	NJI Telecom, Inc.	C
54.	NTERA, Inc.	
55.	Nynex Long Distance Company, d/b/a Verizon Enterprise Solutions	
56.	OneStar Communications, LLC	C
57.	ONYX Telecom, Inc.	
58.	Optical Telephone, Corp.	
59.	Pac-West Telecom, Inc.	

60.	PF.net Network Services Corp.	
61.	Plan B Communications, Inc. d/b/a Spectrotel	C
62.	Power-Finder West Communications, LLC	
63.	Quantum Shift Communications, Inc.	C
64.	QuickTel, Inc.	
65.	Qwest Interprise America, Inc.	
66.	QX Telecom, LLC	
67.	RCN Telecom Services, Inc.	
68.	Reduced Rate Long Distance, LLC	
69.	Sonix4U, Inc.	
70.	Sphera Optical Networks N.A., Inc. d/b/a Sphera Networks	
71.	T-NETIX Telecommunications Services, Inc.	
72.	Talk America, Inc.	C
73.	TalkNow, Inc.	
74.	TDI Communications, Inc.	
75.	Telecomez Corp.	
76.	Telefyne Incorporated	
77.	Telegenuis, Inc.	
78.	TeleUno, Inc.	
79.	Telis Communications Group, Inc.	
80.	Total Call International, Inc.	
81.	Touch America, Inc.	
82.	Tremcom International, Inc.	
83.	Tricom USA, Inc.	
84.	United Systems Access Telecom, Inc.	C

85.	US Telecom Long Distance, Inc.	
86.	USA Telephone, Inc.	C
87.	VarTec Telecom, Inc.	C
88.	Verizon Avenue Corp.	
89.	Verizon Select Services, Inc.	
90.	Vitcom	
91.	Vitreum Networks, LLC	
92.	West End Communications, Inc.	
93.	Weston Telecommunications, LLC	
94.	Williams Local Network, LLC	C
95.	World Communications Satellite Systems, Inc.	
96.	WorldxChange Communications, Inc.	
97.	XO Long Distance Services, Inc.	
98.	Zephion Networks	C

3. Telecommunication Carriers that Ceased Business Operations in MA

A number of telecommunications carriers operating in Massachusetts ceased business operations in the year 2001. This year's Annual Report includes a list of all such carriers in **Table 3.**

Table 3

Telecommunications Carriers that Ceased Business Operations in Massachusetts in 2001

1.	@Link Networks, Inc.
2.	2 nd Century Communications, Inc.
3.	360networks, Inc.
4.	ACS Systems, Inc.
5.	Affinity Corporation
6.	American Telephone Network, Inc.
7.	AS Telecommunications, Inc. d/b/a Allstar Telecom
8.	ATCALL, Inc.
9.	BroadBand Office Communications, Inc.
10.	Citizens Telecommunications Company
11.	Combined Billing, Inc.
12.	Communication TeleSystems International
13.	Concentric Carrier Services, Inc.
14.	Congee Communications Corporation
15.	Corrao Communications
16.	Croney Communications, Inc.
17.	Dial America Marketing
18.	Digital Broadband Communications, Inc.
19.	DirectNet Telecommunications, Inc.
20.	Domino Networks Communications, Inc.
21.	Eclipse Enterprises
22.	Edge Communications, Inc.
23.	Epoch Network, Inc.

24.	essential.com
25.	eVoice Telecom, Inc.
26.	Evulkan, Inc.
27.	FaciliCom International, LLC
28.	FirstWorld Communications, Inc.
29.	Global Telephone Corporation
30.	Globenet International, Inc.
31.	Group Advantage Providers, LLC
32.	GST Net, Inc.
33.	HarvardNet, Inc.
34.	Hertz Technologies, Inc.
35.	Hotel Connect Management, Inc.
36.	Internet Telephone Company
37.	JD Services, Inc. d/b/a American Freedom Network
38.	Jevic Transportation, Inc.
39.	JU-LE Corporation
40.	KCI Long Distance, Inc.
41.	KMAR Communications
42.	Local Business Billing, Inc.
43.	Local Long Distance Company
44.	Long Distance International, Inc.
45.	Millennium Group Telemanagement, LLC
46.	Minimum Rate Pricing, Inc.
47.	Mpower Communications Corp.
48.	Network International, LLC

49.	NEWTEL d/b/a New England Telecommunications, Inc.
50.	North American Telecommunications Corporation
51.	NorthPoint Communications
52.	OmniCall, Inc.
53.	OnSite Access Local, LLC
54.	Pathnet, Inc.
55.	PNV, Inc.
56.	Prism Massachusetts Operations, LLC
57.	RSL com PrimeCall, Inc.
58.	SmarTel Communications, Inc.
59.	Speer Communications Virtual Media, Inc.
60.	Telicor, Inc.
61.	Telscape USA, Inc.
62.	Travelers Cable TV, Inc.
63.	TresCom USA, Inc.
64.	Twister Communications Network, Inc.
65.	U.S.West Long Distance, Inc.
66.	Universal Telecom, Inc.
67.	US Network Services, Inc.
68.	USA Tele Corp.
69.	Viatel Services, Inc.
70.	VisionComm, Inc.
71.	Vista International Communications, Inc. d/b/a Worldplus International
72.	Vitts Network, Inc.

73.	VoCall Communications, Inc.
74.	Winstar
75.	World Access Telecommunications Group
76.	World Wide Communications, Inc.
77.	WorldLink Communications, Inc.
78.	WorldxChange Communications, Inc.
79.	Zmail Media, Inc.

4. Investigations

The Telecommunications Division completed and opened a number of formal investigations in 2001. Investigations involve significant policy analysis and are conducted under strict administrative procedures. The Telecommunications Division completed 7 investigations in 2001, compared to 18 in 2000. Much of the Division's staff resources in 2001 were devoted to three major cases: Verizon's Section 271 investigation, an investigation of Verizon's UNE and other wholesale rates, and an investigation of a proposed plan by Verizon for alternative regulation. **Table 4**, below, lists the number of investigations that were in progress on January 1, 2001, the number of investigations that were started in 2001, the number of investigations that were completed in 2001, and the number of investigations that were still in progress on December 31, 2001.

Table 4
2001 Investigations

Number of Telecommunications Division Investigations	
In Progress on January 1, 2001	11
Started in Calendar Year 2001	8
Completed in Calendar Year 2001*	7
In Progress on December 31, 2001	12

*"Completed" means the issuance of a final order, no outstanding motions or other procedural matters, and review of compliance filings.

The following section provides a brief description of each of the Telecommunications Division's investigations, indicating the status of the investigation as of December 31, 2001 (i.e., open or closed).

2001 TELECOMMUNICATIONS INVESTIGATIONS

CASE #	PARTIES	CASE DESCRIPTION	STATUS
DTE 94-185	Verizon, AT&T	Dept. investigation to establish price floors for Verizon non-premium services	Closed
DTE 97-88/97-18 (Phase II, Part 2)	Verizon, New England Public Communications Council (NEPCC)	Dept. investigation into Verizon's PAL and PASL tariffs	Open
DTE 98-36	Verizon, various CLECs, cable companies, other utilities	Dept. Rulemaking, pursuant to '96 Telecom Act, to establish rules for CLECs to obtain access to ROWs	Closed

DTE 98-38	Verizon, Attorney General, various CLECs and wireless providers	Dept. investigation into rate center consolidation as a possible number conservation measure in Eastern Massachusetts	Open
DTE 98-57 (Phase III and Phase IV)	Verizon, AT&T, CTC, Telecommunications Resellers Assoc. (TRA)	Review of Verizon's proposed interconnection tariff No. 17.	Open
DTE 99-42/43	MediaOne, Greater Media, Verizon	Dept. arbitration of interconnection agreements between MediaOne and Verizon, and Greater Media and Verizon	Closed
DTE 99-77	Town of Athol and nearby communities, Verizon	Dept. investigation of complaint by Athol concerning Verizon's service to North Quabbin communities	Closed
DTE 99-271	Verizon, Attorney General, various CLECs	Dept. review of Verizon's Section 271 compliance filing	Closed
DTE 00-54	Sprint, Verizon	Dept. arbitration of interconnection agreement between Sprint and Verizon	Closed
DTE 00-64	Various carriers, Attorney General	Dept. investigation into area code relief for Western Massachusetts	Open
DTE 00-101		Dept. investigation to reclaim exchange codes	Open
DTE 01-20	Verizon, Attorney General, various CLECs	Dept. investigation to establish rates for Verizon's unbundled network elements ("UNEs") and for resale services	Open

DTE 01-31	Verizon, Attorney General, various CLECs	Dept. investigation into appropriate regulatory plan to succeed price cap regulation for Verizon	Open
DTE 01-33	Verizon, Attorney General, various CLECs and IXC's	Dept. proceeding regarding mandatory thousands-block pooling trials and other number conservation measures	Open
DTE 01-34	Verizon, Attorney General, various CLECs	Dept. investigation on its own motion into Verizon's provision of special access services	Open
DTE 01-38	Verizon, AT&T, Covad Communications	Investigation of collocation power charges	Closed
DTE 01-39	Verizon, AT&T, Covad Communications	Complaint brought by Covad and AT&T regarding collocation power charges assessed by Verizon	Open
DTE 01-70	Fiber Technologies Network, LLC and Town of Shrewsbury Electric Light Plant	Complaint brought by Fiber Technologies to attach to the utility poles of Shrewsbury Electric	Open
DTE 01-96	Town of Cummington	Petition by Town of Cummington for a public interest payphone	Open

4. Other Activities

In addition to the activities described above, the Telecommunications Division devoted considerable time to many other tasks. Telecommunications Division staff reviewed 35 negotiated interconnection and resale agreements between Verizon and CLECs. Division staff

devoted significant time to gaining carrier compliance with annual return requirements. Division staff also continued to respond daily to numerous questions about DTE policy from consumers, legislators, regulated companies, consultants, and financial analysts. As in 2000, Division staff resolved several disputes between carriers. The Telecom Division also expended significant resources working with carriers and their customers to minimize disruption from carriers that exited the market. Finally, Division staff continued to devote considerable time to staying current on changes in federal telecommunications policies and judicial case law affecting Massachusetts.

III. CONDITION OF THE MASSACHUSETTS TELECOMMUNICATIONS INDUSTRY

The following statistics summarize the current condition of the Massachusetts telecommunications industry,¹ using the most recent data available from the DTE's records, the FCC, and the common carriers. Where appropriate, the DTE compares the current data to data included in the calendar year 2000 report.

¹ As noted in last year's report, the telecommunications industry in the Commonwealth includes a significant number of companies and services that are not under the supervision or control of the DTE, including equipment manufacturers, software developers, Internet service providers, private networks, and others. The importance of these enterprises to the Commonwealth's economy is immense, but this report is limited to the common carrier portion of the industry over which the DTE has broad oversight and control.

! Intrastate Revenues of Massachusetts Common Carriers

\$2,736,392,839.20

(Based on FY2000 revenues).

! Number of Telephone Lines in Massachusetts by Customer Class

Calendar Year	Business	Residence	Total Access Lines
2000	3,330,920	2,880,721	6,211,641
1999	2,513,029	2,923,602	5,436,631
% growth from 1999	32.55%	- 1.47%	14.26%

Source: FCC ARMIS Report No. 43-08 (Verizon lines only).

! Number of Carriers Authorized to Provide Local Telecommunications Services in Massachusetts*

*As of January 2002

Incumbent Local Exchange Carriers: 5 (no change since FY '98)

Verizon
Granby Telephone Company
Sentinel Tree Telephone Company
Richmond Telephone Company
Taconic Telephone Company

Competitive Local Exchange Carriers: 2001: 175 2000: 161 1999: 132

01 Communications of Massachusetts, LLC
1-800-RECONEX, Inc.
A.R.C. Networks, Inc.
ACC National Telecom Corp.
Acclaim Telecom Corporation
Adelphia Business Solutions of MA, Inc.
Advanced Communication Systems
Advanced TelCom, Inc.

Affinity Network Incorporated
Allegiance Telecom of Massachusetts, Inc.
Allied Riser of Massachusetts, Inc.
American Fiber Network
Apco Telecommunications, Inc.
ARBROS Comm. Licensing Co., N.E.
AT&T BroadBand Phone of Massachusetts, LLC

AT&T Communications of NE, Inc.
Atlantic Connections, LLC
Atlas Communications, LTD.
Avatar Telecom, Inc.
Backbone Communications, Inc.
Bandwidth Communications, LLC
Barnstable Telephone, Inc
BBIS Communications, Inc.
BellSouth BSE, Inc.
Boston Telecommunications Services
BrahmaCom, Inc.
BridgeCom International, Inc.
BroadRiver Communications of the
Northeast Corp.
Broadview Networks, Inc.
C2C Fiber of Massachusetts, Inc.
Calpoint Massachusetts, LLC
CAT Communications International, Inc.
Cbeyond Communications, LLC
Choctaw Communications, Inc.
Choice One Communications of MA, Inc.
Ciera Network Systems, Inc
Claricom Networks, Inc.
Coastal Internet Access, Inc.
Columbia Telecommunications Inc.
Comm South Companies, Inc.
Concert Communications Sales LLC
Consolidated Edison Communications, Inc.
Conversent Communications of
Massachusetts, LLC
Cooperative Communications, Inc.
CoreComm Massachusetts, Inc.
CoreTel Communications, Inc.
CRG International, Inc.
CTC Communications Corp.
Dark Air Corp.
Dominion Telecom, Inc.
DPI-TeleConnect, LLC
DSCI Corporation
Eagle Communications, Inc.
Eastern Telephone, Inc.

Easy Cellular, Inc.
El Paso Networks, LLC
Emergent Communications, L.L.C
Enkido, Inc.
Enron Telecommunications, Inc.
Essex Communications, Inc.
Exario Telecom, Inc.
Excel Telecommunications, Inc.
EZ Talk Communications, LLC
FairPoint Communications Solutions Corp.
Fiber Technologies Network, L.L.C.
Focal Communications Corporation of MA
Freedom Ring Communications, LLC
GE Business Productivity Solutions, Inc.
Gerson Group
GiantLoop Telecom, Inc.
Global Broadband, Inc.
Global Crossing Telemanagement, Inc.
Global Crossings Local Services Inc.
Global Metro Networks Massachusetts,
LLC
Global NAPs, Inc.
GoBeam Services, Inc.
Groveline, LLC
ICG Telecom Group, Inc.
IDS Telcom LLC
IG2, Inc.
Integrated Communications Consultants
Intermedia Communications, Inc.
International Exchange Comm., Inc.
International Plus
International Telcom, Ltd.
Jirehcom, Inc.
KMC Data, LLC
KMC Telecom V, Inc.
LCI International Telecom Corp.
Level 3 Communications, LLC
Lighthouse Competitive Telephony Corp
Lightship Telecom LLC
Lightwave Communications, LLC
Lightyear Communications, Inc.

Lightyear Telecommunications, LLC
LineOne, LLC
Local Telecom Holdings, LLC
Log On America, Inc.
Long Distance of Michigan, Inc.
Lyxom, Inc.
Massachusetts Local Telephone Company,
Inc.
Maxcess, Inc.
McGraw Communications, Inc.
MCI WorldCom Communications, Inc.
MCImetro Access Transmission Services
MCImetro Access Transmission Services-
Boston Sales
McLeodUSA Telecommunications Services,
Inc.
MegaCLEC, Inc.
Metro Teleconnect Companies Inc.
Metropolitan Telecommunications of MA
Mezco, LLC
Nationnet Communications Corporation
Navigator Telecommunications, LLC
NECLEC, LLC
New Access Communications, LLC
New Edge Network, Inc.
New England Digital Distribution, Inc
New Line Telephone & Communications
Co., Inc.
NorCom, Inc.
Norfolk County Internet, Inc.
Norstar Communications, Inc.
North American Telephone Network, Inc.
NOS Communications, Inc.
NUI Telecom, Inc.
OneStar Communications, LLC
OneStar Long Distance, Inc.
OnFiber Carrier Services, Inc.
Optimum Global Communications, Inc.
PaeTec Communications, Inc.
Plan B Communications, Inc.
PNG Telecommunications, Inc.

Preferred Carrier Services, Inc.
Premiere Network Services, Inc.
Primus Telecommunications, Inc.
ProDesign Corp.
ProSpeed/Complete Business Systems
QuantumLink Communications
QuantumShift Communications, Inc.
Qwest Communications Corporation
RCN Telecom Services of MA, Inc.
RCN-BecoCom, LLC
Richmond Connections, Inc.
RNK, Inc.
SBC Telecom, Inc.
ServiSense.com, Inc.
Sigma Networks Telecommunications, Inc.
Southnet Telecomm Services, Inc.
Sprint Communications Company, L.P.
Supra Telecommunications and Information
Talk America Inc.
Talk Time Communications, Ltd.
TalkingNets Holdings, LLC
Telecarrier Services Inc.
Telecom Resources, Inc.
Telecommunications Cooperative Network
Teleport Communications-Boston
Telera Communications, Inc.
Telergy Network Services, Inc
Teligent Services, Inc.
Tie Communications, Inc.
Trans National Communications
International, Inc.
Transbeam, Inc.
U.S. Telepacific Corp.
United States Telecommunications, Inc.
United Systems Access Telecom, Inc.
Universal Access, Inc.
US LEC Corp.
USA Telephone Inc.
VarTec Telecom, Inc.
Verizon Avenue Corp.
Williams Local Network, LLC

Winstar Communications, LLC
XO Massachusetts, Inc.
Z-Tel Communications, Inc.
Zone Telecom, Inc.

! Number of Carriers Offering Long Distance and Payphone Service in Massachusetts

2002: 692*² 2000: 895 1999: 972

*As of January 2002.

**! Percentage of Households Subscribing to Telephone Service*
(Massachusetts and U.S.)**

Subscribership Rates for Telephone Service*	Mass.	U.S.
July 2001	95.7%	95.1%
September 2000	95.7%	94.6%

*Based on FCC Reports

! Massachusetts LifeLine and Link-Up America Data

LifeLine and Link-up America are federal universal service programs that provide discounts on basic telephone service to eligible low income residential customers. In Massachusetts, LifeLine customers receive a \$14.50 discount on Verizon's monthly basic exchange rate. [Verizon's monthly basic exchange rate is \$14.91.] Link-up America customers receive a one-time discount of 50% off Verizon's service connection charge of \$13.50. Eligibility for these programs is determined by participation in established social service subsidy programs, i.e., Massachusetts' Department of Transitional Assistance ("DTA"),

² Carriers authorized to provide long distance service may also be authorized to provide local service.

Office of Fuel Assistance, Commission for the Blind, and Division of Medical Assistance (“DMA”).

Estimated Number of <i>Eligible</i> Participants in LifeLine and Link-Up Programs	2001	2000
	Unavailable*	298,345?
Actual Number of LifeLine Recipients	161,011>	161,365?
Number of Link-Up America Recipients	1,823>	6,069?

Note: Data is only for Bell Atlantic customers. The actual number of Lifeline and Link-Up America recipients may be higher if data from CLECs is included.

* Data unavailable from the Massachusetts DTA and DMA.

? as of September 2000

> as of June 2001

Source 2001 data: Verizon Reports No. 44.

Source 2000 data: DTA and DMA; Verizon.

! Number of New Approved Interconnection and Resale Agreements

	Negotiated	Arbitrated	Total
December 2001	35	2	37

! Number of Local and Long-Distance (IntraLATA and InterLATA) Calls

	2000	1999	% Change
Local calls	10,308,303	11,676,857	(11.7)
IntraLATA Toll Calls Completed	646,061	643,230	(0.4)
InterLATA Toll Calls Completed*	1,015,701	713,248	42.2
Total Intra/Inter LATA Toll Calls	1,661,762	1,356,478	22.4
InterLATA Billed Access Min*	6,424,235	4,983,741	28.9

*Intrastate only
Source: FCC ARMIS Report 43-08 (Verizon only)

! Service Quality Indicators (Service Quality Index)

The Service Quality Index ("SQI") measures the quality of service that Verizon provides to retail customers, represented as an aggregate index of 12 specific service quality measures. Verizon's performance on each of the twelve measures is "scored" according to whether the company has met specified standards for the individual service quality measures. Verizon must achieve an SQI score of at least 33 in order to avoid being penalized in the price cap index. The SQI is a rough measure of Verizon's aggregate service performance and is not intended to be a comprehensive report of customer complaints. In December of 2001, Verizon's SQI performance was measured at 48, representing an increase of 3 points compared to its SQI performance in December, 2000.

Verizon's SQI 12-month, rolling average performance for individual measures, as of December 2001, is as follows:

Maintenance Service Items:		Actual	Standard	Target
?	Network Trouble Reports Per Hundred Lines (<u>e.g.</u> , no dial tone; can't call out; transmission/noise)	1.41	? 2.25	? 1.9
?	Percent of Troubles Cleared Within 24 Hours- Residence (percentage of residence customer trouble reports resolved within 24 hours)	70.44	? 60.0	? 70.0
?	Percent of Troubles Cleared Within 24 Hours- Business (percentage of business customer trouble reports resolved within 24 hours)	89.35	? 75.0	? 85.0

Installation Service Items:				
?	Percent of Appointments Missed - Company Reasons - Total Customers (<u>i.e.</u> , residential and business local exchange installation service requests)	1.00	? 2.50	? 1.50
?	Percent of Appointments Missed - Company Reasons - Residential Customers (<u>i.e.</u> , installation of new residential service and miscellaneous changes to existing residential service)	0.81	? 2.50	? 1.50
?	Percent of Appointments Missed - Company Facilities (appointments not met due to the unavailability or lack of outside plant after a specific appointment has been made with a customer)	0.47	? 1.25	? 1.15
?	Installation Troubles Per 100 Inward Moves (trouble reports received within 30 days of completed service order activity)	3.38	? 6.0	? 5.5
Service Response Items:				
?	Directory Assistance - Average Speed of Answer (average number of seconds a customer had to wait before reaching a DA operator)	3.5	? 4.0	? 3.6
?	Customer Service - Average Speed of Answer (average number of seconds elapsed before an incoming customer call is handled)	23	? 20	? 15
?	Operator Assistance - Average Speed of Answer (average number of seconds a customer had to wait before reaching a "0" operator)	2.3	? 4.0	? 3.6
?	Residence Service Level (percentage of calls handled by customer contact person within 20 seconds)	81.6	? 60	? 75
?	Business Service Level (percentage of calls handled by customer contact person within 20 seconds)	78.0	? 60	? 75