

RECEIVED
RECORDS MANAGEMENT

06 DEC 22 PM 12: 26

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION



Verizon Northwest Inc.

P.O. Box 1003
Everett, WA 98206-1003
Fax: 425-261-5262

December 20, 2006

Ms. Carole J. Washburn,
Executive Secretary
Washington Utilities and
Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive SW
Olympia, Washington 98504

Subject: **AFFILIATED INTEREST AGREEMENT – ADVICE NO. 299**
Ref. UT-061254

Dear Ms. Washburn:

Enclosed for the Commission's file is a verified copy of Amendment No. 3 to the master Services Agreement between Verizon telephone operating companies and Verizon Business.

Please call me at 425-261-5006 if you have any questions.

Very truly yours,

A handwritten signature in black ink that reads "Richard E. Potter".

Richard E. Potter
Director
Public Affairs, Policy & Communications

Enclosure

VERIFICATION OF AFFILIATED INTEREST AGREEMENT

I verify that the enclosed is a true copy of Amendment No. 3 to the master Services Agreement between Verizon telephone operating companies and Verizon Business.

Richard E. Potter Date: 12.20.06

Richard E. Potter
Director
Verizon Northwest Inc.

EXECUTION COPY

**AMENDMENT NO. 3 TO
MASTER SERVICES AGREEMENT**

THIS AMENDMENT NO. 3 ("Amendment 3") to the Master Services Agreement, as amended by Amendments Nos. 1 and 2 (the "Agreement"), is made by and among Verizon Services Corp., on behalf of the Verizon telephone operating companies set forth in Exhibit A to the Agreement (individually or collectively, "Verizon"), and Verizon Business Financial Management Corp., on behalf of the Verizon Business entities set forth in Exhibit A to the Agreement (individually or collectively "Verizon Business"). Verizon and Verizon Business are sometimes referred to collectively as the "Parties."

WHEREAS, the Parties entered into the Agreement effective July 24, 2006; and

WHEREAS, Verizon desires to purchase additional services from Verizon Business;

NOW, THEREFORE, in consideration of the mutual promises that follow, the parties, intending to be legally bound hereby, agree as follows:

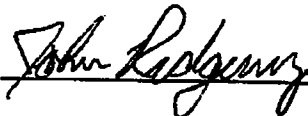
1. The parties hereby agree to add Service Schedule 004, attached to this Amendment 3, relating to Fraud Management Service systems and servers. This service schedule is hereby made a part of the Agreement.
2. Except as amended hereby, all other rates, terms and conditions of the Agreement shall remain in full force and effect.
3. This Amendment 3 and Service Schedule 004 may be executed in counterparts and by facsimile signature, each of which shall be an original, but all of which shall together constitute one and the same document.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed effective as of the day and year last written below.

Verizon Services Corp.

Verizon Business Financial
Management Corp.

By: _____



By: _____



Name: John Ridgeway

Name: Suleiman Hessami

Title: Director - Marketing Services

Title: Vice President - Pricing
& Contract Management

Date: _____

12-12-06

Date: _____

SERVICE SCHEDULE 004

**SERVICE DESCRIPTION AND COMPENSATION
FOR SHERIFF LIDB FRAUD MANAGEMENT SYSTEMS****I. General**

At the written request of a Verizon telephone operating company (individually or collectively "VZ" or "Verizon") set forth in Exhibit A to the Master Services Agreement between Verizon Business Financial Management Corp., f/k/a MCI Financial Management Corp., and Verizon Services Corp. ("MSA" or "Agreement"), MCI Communications Services, Inc., d/b/a Verizon Business Services ("VZB" or "Verizon Business") will provide systems, further described below, that will be used by personnel employed by service company affiliates of Verizon or Verizon Business to provide Fraud Management Services ("FMS"), further described below, for Verizon Line Information Data Base ("LIDB") query output files ("the LIDB Feed") substantially in accordance with to the terms and conditions set forth in this Service Description and the Agreement, as amended by Amendment No. 3 to the Agreement ("Amendment 3").

II. FMS System, FMS, and LIDB Data Feeds

Use of SHERIFF is covered by this Amendment 3. FMS will be provided by personnel employed by service company affiliates of Verizon or Verizon Business and not by Verizon Business.

FMS will utilize the VZB proprietary fraud monitoring platform ("SHERIFF") to facilitate detection and investigation of potential telecommunications fraud by analyzing data provided by Verizon to Verizon Business in the form of mechanized LIDB Feeds containing records of alternate billed services call attempts. Call attempt records result from Verizon LIDB database queries made by affiliated and non-affiliated carriers that purchase LIDB services from Verizon and Verizon's mechanized response to such queries which allow querying carriers to determine whether to permit operator assisted collect, "billed to third" or Calling Card calls to proceed. Verizon may use FMS services described in this service description to provide services to Verizon LIDB access customers.

The LIDB feed will be provided by Verizon to the SHERIFF system and the feed will include the following data points associated with a particular billing telephone number: (i) validation attempts for operator services for collect and third party, and (ii) validation attempts for calling card numbers to be charged for a toll call. LIDB transactions consist of one of two TCAP queries, BNS (includes billing number) or CC (includes calling card) from a Network System (NS) to the LIDB database, followed by an appropriate response from the LIDB to the querying NS. LIDB generates two types of measurement data (messages) to be transmitted over the EEM interface; Detailed and Aggregate. Aggregate measurement data that is produced every 24-hours by Verizon LIDB will not be used by SHERIFF at this time. Detailed measurement data that is produced by Verizon LIDB will be used by SHERIFF. This data is produced for each CC or BNS query processed and contains information related to the query as well as LIDB response

information. The LIDB sends detailed measurement data in near real time – when the buffer is full or when a predetermined timer (Detailed Measurement Expiration Timer”) has expired. The timer value is set by the user, with a maximum value of two minutes.

The EEM interface protocol is composed of two parts – a Transport Service and an Application Service. The Transport Service for the EEM interface is TCP/IP. The application service for the EEM interface consists of one of three types of EEM messages; Detailed, Aggregated or Keep-Alive (used to ensure the TCP connection stays active).

Verizon will provide its own network services to deliver LIDB data feeds and Verizon Business will provide its own network services to receive LIDB data feeds.

III. FMS System Processing.

SHERIFF will process the data in the LIDB file provided by Verizon to SHERIFF and will first perform a table look up to determine if the query originated from an approved account office/account owner (“AO”). If from an approved AO, SHERIFF will then process the validation/attempt records looking for patterns indicative of fraud or abuse. SHERIFF thresholds, artificial intelligence models, and alarming rules will dictate whether the LIDB call attempt records need further fraud investigation performed by service company employees.

IV. Availability of FMS.

FMS using SHERIFF will be provided on a 24X7 basis for the records contained in the LIDB files sent by Verizon to SHERIFF for each of their operator assisted, calling card, collect or bill to third number call attempts.

V. Compensation for Use of SHERIFF.

Compensation for services directly provided by service company affiliate paid personnel are not included in this service description and compensation document because such compensation is covered by service company allocations outside the Agreement.

Compensation for use of the SHERIFF system is set forth in the table below. Compensation will be paid by Verizon to Verizon Business monthly in accordance with the Agreement, as amended by this Amendment 3. Payments will be made with thirty days of receipt of invoice. Verizon Business will invoice Verizon monthly for use of the SHERIFF system in the previous month.

Employee Title/Service	Pricing Criterion	Rate per month	Frequency of Transaction: (per service)
Use of SHERIFF System	FDC ¹	\$ 6,501 per month	Daily

1. Fully Distributed Costs – Services are provided at the lower of the Estimated Fair Market Value (EFMV) and Fully Distributed Cost (FDC). FDC rates are fully loaded rates which include the costs of materials and all direct and indirect miscellaneous and overhead costs.

SERVICE DESCRIPTION AND COMPENSATION FOR USE OF SERVERS FOR SHERLOCK CASE TRACKER FUNCTIONS

I. SHERLOCK Servers

At the written request of Verizon, Verizon Business will provide servers and related equipment and software, but not the SHERLOCK application, for use in providing SHERLOCK Case Tracker functions ("SHERLOCK Servers"), subject to the terms and conditions set forth of the Agreement, as amended by Amendment 3. SHERLOCK Case Tracker functions and all related support services will be performed by personnel employed by service company affiliates of Verizon or Verizon Business and not by personnel employed by or on behalf of Verizon Business.

The SHERLOCK Servers will contain a fraud case management database, fraud management case detail, updates, case notes, case disposition and/or case closure, and archived fraud case data. The foregoing data or databases will not be provided by Verizon Business but will be provided by Verizon or by service company personnel employed by service company affiliates of Verizon or Verizon Business. SHERLOCK Servers may be accessed by Verizon or service company personnel employed by Verizon or Verizon Business service company affiliates.

II. Compensation for use of SHERLOCK Servers

Compensation for services directly provided by service company affiliate paid personnel are not included in this service description and compensation document because such compensation is covered by service company allocations outside the Agreement.

Compensation for use of the SHERLOCK Servers is set forth in the table below. Compensation will be paid by Verizon to Verizon Business monthly in accordance with the Agreement, as amended by this Amendment 3. Payments will be made with thirty days of receipt of invoice. Verizon Business will invoice Verizon monthly for use of the SHERLOCK Servers in the previous month.

Employee Title/Service	Pricing Criterion	Rate per month	Frequency of Transaction: (per service)
Use of SHERLOCK Servers	FDC ¹	\$ 996 per month	Daily

1. Fully Distributed Costs – Services are provided at the lower of the Estimated Fair Market Value (EFMV) and Fully Distributed Cost (FDC). FDC rates are fully loaded rates which include the costs of materials and all direct and indirect miscellaneous and overhead costs.

AGREED TO AND ACCEPTED BY:

Verizon Services Corp.

Verizon Business Financial
Management Corp.

By: John Ridgway
Name: John Ridgway
Title: Director – Marketing Services
Date: 12-12-06

By: Suleiman Hessami
Name: Suleiman Hessami
Title: Vice President – Pricing
& Contract Management
Date: _____