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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION



Verizon Northwest Inc.

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

May 18, 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. 273**
Ref. UT-021473

Dear Ms. Washburn:

Enclosed for filing with the Commission is a verified copy of Amendment 11 to a sales and marketing agreement between Verizon long distance companies and Verizon operating companies, including Verizon Northwest Inc.

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 11 to a sales and marketing agreement between Verizon long distance companies and Verizon operating companies, including Verizon Northwest Inc.

Richard E. Potter Date: 5-18-06

Richard E. Potter
Director
Verizon Northwest Inc.

**SALES AND MARKETING AGREEMENT
AMENDMENT NO. 11**

This Amendment No. 11 to the Sales and Marketing Agreement ("Amendment") is hereby made on this 15th day of May, 2006, by and among the Verizon Telephone Operating Companies ("Verizon") listed in Attachment A, with an address for this Agreement at 600 Hidden Ridge, Irving, Texas 75038, Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance, a Delaware corporation with offices at 1320 N. Courthouse Road, Arlington, Virginia, 22201 ("VLD") and NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions, a Delaware corporation with offices at 1320 N. Courthouse Road, Arlington, Virginia, 22201 ("VES") (hereinafter VLD and VES are referred to collectively or individually as "VZ LD Companies"). Verizon and the VZ LD Companies are hereinafter referred to collectively as the "Parties" or individually as a "Party".

WHEREAS, the Parties entered into the Sales and Marketing Agreement on June 1, 2001, which has been amended by Amendments 1 through 10 (collectively, the "Agreement"); and

WHEREAS, the Parties desire to remove Verizon Hawaii Inc. as a Party to the Agreement; and

WHEREAS, the Parties desire to further amend the Agreement to revise the services to be provided and revise the compensation terms; and

NOW THEREFORE, in consideration of the mutual promises set forth below, the Parties, intending to be legally bound hereby, agree to amend the Agreement as follows:

1. The Parties hereby delete ATTACHMENT A: VERIZON TELEPHONE OPERATING COMPANIES in order to delete Verizon Hawaii Inc. and replace it with the attached ATTACHMENT A: VERIZON TELEPHONE OPERATING COMPANIES which is incorporated into this Amendment by reference and shall be made part of the Agreement.
2. The Parties hereby delete APPENDIX A: DESCRIPTION OF SERVICES AND OTHER FUNCTIONS and replace it with the attached APPENDIX A: DESCRIPTION OF SERVICES AND OTHER FUNCTIONS which is incorporated into this Amendment by reference and shall be made part of the Agreement.
3. The Parties hereby delete APPENDIX B: COMPENSATION SALES AND MARKETING SERVICES and replace it with the attached APPENDIX B: COMPENSATION SALES AND MARKETING SERVICES which is incorporated into this Amendment by reference and shall be made part of the Agreement.
4. To the extent that any state statute, order, rule or regulation or any regulatory agency having competent jurisdiction over one or both parties to this Amendment requires that the Agreement or subsequent amendment be filed with or approved by such regulatory agency before the Agreement or amendment may be effective, this Amendment shall not be effective in such state until the first business day after such approval or filing shall have occurred.
5. Except as set forth in this Amendment, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 11 to the Sales and Marketing Agreement to be signed by their duly authorized representatives to be effective as of the date first written above.

**BELL ATLANTIC COMMUNICATIONS, INC.
D/B/A VERIZON LONG DISTANCE AND
NYNEX LONG DISTANCE COMPANY D/B/A
VERIZON ENTERPRISE SOLUTIONS**

By: _____

Name: John D. Brofen
Title: Vice President -
Bell Atlantic Communications, Inc.
d/b/a Verizon Long Distance and
NYNEX Long Distance Company
d/b/a Verizon Enterprise Solutions

**VERIZON TELEPHONE OPERATING
COMPANIES**

By: _____

Name: Jeanmarie Milla
Title: Vice President -
Retail Markets Sales Operation Support

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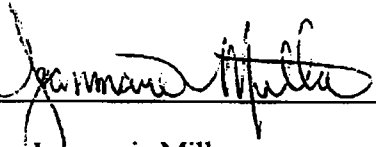
IN WITNESS WHEREOF, the Parties have caused this Amendment No. 11 to the Sales and Marketing Agreement to be signed by their duly authorized representatives to be effective as of the date first written above.

**BELL ATLANTIC COMMUNICATIONS, INC.
D/B/A VERIZON LONG DISTANCE AND
NYNEX LONG DISTANCE COMPANY D/B/A
VERIZON ENTERPRISE SOLUTIONS**

**VERIZON TELEPHONE OPERATING
COMPANIES**

By: _____

**Name: John D. Broten
Title: Vice President -
Bell Atlantic Communications, Inc.
d/b/a Verizon Long Distance and
NYNEX Long Distance Company
d/b/a Verizon Enterprise Solutions**

By:  _____

**Name: Jeanmarie Milla
Title: Vice President -
Retail Markets Sales Operation Support**

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APPENDIX A: DESCRIPTION OF SERVICES AND OTHER FUNCTIONS

Subject to the following terms and conditions, Verizon agrees to provide sales and marketing services for the VZ LD Companies.

1. GENERAL

- A.) Verizon shall provide sales, marketing, and customer support services to the VZ LD Companies through a variety of channels and organizations, including Verizon Plus™ stores, Consumer Sales and Solutions Centers, Business Sales Centers, Business Partnership Centers, Verizon Live Source® and Verizon Public Communications, E-Center/E-Biz, Bill Media, Telemarketing Support for Campaign Services, and Network Services employees. Verizon shall ensure that it has adequate personnel, equipment, and systems to support the VZ LD Companies' sales and marketing functions.
- B.) The VZ LD Companies shall provide Verizon with any information (including forecasts) that is reasonably necessary for Verizon to meet its obligations under this Sales and Marketing Agreement ("SMA").

2. DEFINITIONS

BPC – Business Partnership Center

BSC – Business Sales Center (serving small business customers)

CSSC – Consumer Sales and Solutions Center

E-CENTER/E-BIZ – Verizon e-Mail Correspondence Center

EFMV - Estimated Fair Market Value. The EFMV is determined in accordance with FCC rules. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC).

FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC.) .

IVRU – Interactive Voice Response Unit

NETWORK SERVICES EMPLOYEES _ Verizon's outside plant engineers, repair associates, voice associates and NOREC employees.

NOCV - National Order Collection Vehicle

NOREC - Verizon's National Order Record Entry Center.

PaRT - Provisioning and Retrieval Tool

PIC – Primary Interexchange Carrier

POC – Point of Contact

POS – Point of Sale

PMR - Prevailing Market Rate which is determined in accordance with FCC affiliate transaction rules (47 CFR sec. 32.27).

SMCS – Strategic Markets Customer Service

SPOC – Single Point of Contact

SRC - Support and Response Centers for Retail Markets

VERIZON – Verizon Telephone Operating Companies listed in Attachment A

VERIZON LIVE SOURCE® - Verizon Retail Operator Services organization

VERIZON PLUS™ - retail Verizon locations

VERIZON PUBLIC COMMUNICATIONS - the Verizon Live Source® sales channel for the marketing of payphone and payphone related services.

VZ LD Companies – Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance ("VLD") and NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions ("VES"). VLD and VES are referred to collectively or individually as the VZ LD Companies

3. VERIZON PLUS™

A) DESCRIPTION:

Verizon Plus™ is a retail Verizon location that a customer can visit in order to discuss a bill, purchase new products or sign up for services provided by Verizon and Verizon affiliates, including long distance service.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Pay Verizon for the marketing and sale of the VZ LD Companies' products and services.
2. Provide all pertinent sales collateral (e.g., sales brochures, promotional literature, training material, etc.).
3. Provide competitive information in a timely fashion in order to provide sales representatives with applicable market information.
4. Provide product support, including information on how a product works and how the product fits into the current portfolio of services.
5. Provide sales and pricing tools.
6. Provide sufficient support and information to resolve customer sales-related questions or needs.
7. Work in conjunction with Verizon to provide sales and process training, including procedures and materials for the VZ LD Companies' portion of Verizon Plus™ Training.
8. Provide prior notice to Verizon of any and all customer communications and/or notifications from the VZ LD Companies (excluding communications such as welcome letters, retention program material, etc.) to its customers as well as the lists of customers who will be receiving communication and/or notification. Customer lists will be broken down by region or area. Customer and product information will be presented no later than 30 days prior to mailing.
9. Provide at least thirty (30) days' prior written notice and formal plan of:
 - New product roll outs
 - Product enhancements
 - Process changes/enhancements
10. Provide billing credit procedures and adjustment guidelines.
11. Provide an annual sales forecast with monthly updates.
12. Provide funding for annual VZ LD Companies' Specialist Conference.
13. Pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Provide marketing and sales activity for the VZ LD Companies' products to the Verizon Plus™ stores
2. Work in conjunction with the VZ LD Companies to coordinate and facilitate Verizon Plus™ Training.
3. Provide a SPOC for Verizon Plus™ to act as a liaison between the VZ LD Companies and Verizon.

4. Provide quality analysis by performing observations, focus groups and other quality assurance activities. Verizon will share with the VZ LD Companies specific VZ LD Companies' sales data as mutually agreed upon.
5. Ensure that all applicable VZ LD Companies' orders are entered via NOCV or PaRT.
6. Provide the VZ LD Companies two weeks' notification of the opening and closing of Verizon Plus™ locations.

D) INCENTIVES:

1. Incentive Compensation:

The Parties may agree upon incentive programs under which the VZ LD Companies will provide additional compensation in kind or in US dollars to Verizon, which Verizon may use to encourage sales of VZ LD Companies' services by Verizon employees. Incentives may include, but will not be restricted to, paid for tickets for entertainment or sporting events and consumer electronics equipment.

2. Determination of Additional Compensation:

Verizon, and not the VZ LD Companies, will exclusively determine the compensation, including, but not limited to, such additional compensation, paid to its employees and Verizon, not the VZ LD Companies, will exclusively handle any necessary collective bargaining with labor unions representing Verizon employees with respect to such compensation. In no event shall Verizon employees be considered employees of the VZ LD Companies, including, but not limited to, Verizon employees receiving such additional compensation.

3. Tax Gross-Up:

The VZ LD Companies will compensate Verizon to offset taxes for the provision of paid for sporting event tickets, electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

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4. CONSUMER SALES AND SOLUTIONS CENTER

A) DESCRIPTION:

1. The Verizon Consumer Sales and Solutions Centers ("CSSC") will handle sales, ordering and customer inquiries on behalf of the VZ LD Companies.
2. The CSSC will handle sales negotiations, service orders, verification of product availability, sales order status inquiries, sales retention attempts, sales quality control observations and post-sales support services including post-sales product support and customer account maintenance, sales complaints and escalations, referrals of misdirected calls and error processing support.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Pay Verizon for the marketing and sale of the VZ LD Companies' products and services.
2. Provide all pertinent sales collateral (e.g., sales brochures, promotional literature, training material, etc.).
3. Provide competitive information in a timely fashion in order to provide sales representatives with applicable market information.
4. Provide product support, including information on how the product works and how the product fits into the current portfolio of services.
5. Provide sales and pricing tools.
6. Provide sufficient support and information to resolve customer sales-related questions or needs.
7. Work in conjunction with Verizon to provide sales and process training including procedures and materials for the VZ LD Companies' portion of CSSC Training.
8. Provide prior notice to Verizon of any and all customer communications and/or notifications from the VZ LD Companies (excluding communications such as welcome letter, retention program material, etc.) to its customers as well as the lists of customers who will be receiving communication and/or notification. Customer lists will be broken down by region or area. Customer and product information will be presented no later than 30 days prior to mailing.
9. Provide at least thirty (30) days' prior written notice and formal plan of:
 - New product roll outs
 - Product enhancements
 - Process changes/enhancements
10. Provide billing credit procedures and adjustment guidelines.
11. Provide an annual sales forecast with monthly updates.
12. Provide funding for annual VZ LD Companies' Specialist Conference.
13. Pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Provide marketing and sales activity for the VZ LD Companies' products to the CSSCs.

2. Work in conjunction with the VZ LD Companies to coordinate and facilitate CSSC Training.
3. Provide a SPOC for CSSCs to act as a liaison between the VZ LD Companies and Verizon.
4. Provide quality analysis by performing observations, focus groups and other quality assurance activities. Verizon will share with the VZ LD Companies, the VZ LD Companies' specific sales data as mutually agreed upon.
5. Ensure that all applicable VZ LD Companies' orders are entered via NOCV or PaRT.
6. Wholesale Order Initiation: Verizon will initiate wholesale orders for the VZ LD Companies in conjunction with retail orders placed by the VZ LD Companies' customers via the Verizon retail sales channel.

D) INCENTIVES:

1. Incentive Compensation:

The Parties may agree upon incentive programs under which the VZ LD Companies will provide additional compensation in kind or in US dollars to Verizon, which Verizon may use to encourage sales of Consumer Services by Verizon employees. Incentives may include, but will not be restricted to, paid for tickets for entertainment or sporting events and consumer electronics equipment.

2. Determination of Additional Compensation:

Verizon, and not the VZ LD Companies, will exclusively determine the compensation, including, but not limited to, such additional compensation, paid to its employees and Verizon, not the VZ LD Companies, will exclusively handle any necessary collective bargaining with labor unions representing Verizon employees with respect to such compensation. In no event shall Verizon employees be considered employees of the VZ LD Companies, including, but not limited to, Verizon employees receiving such additional compensation.

3. Incentive Time Away From Office:

The VZ LD Companies will pay compensation to Verizon to cover Verizon employee time away from the office in connection with incentive programs approved by the Parties.

4. Tax Gross-Up:

The VZ LD Companies shall compensate Verizon to offset tax consequences of paid for sporting event tickets, consumer electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

5. BUSINESS SALES CENTER (BSC)

A) DESCRIPTION:

1. The Verizon Business Sales Centers ("BSC") will handle sales, ordering and customer inquiry on behalf of the VZ LD Companies.
2. The BSC will handle sales negotiations, service orders, verification of product availability, sales order status inquiries, sales retention attempts, sales quality control observations, post-sales support services including post-sales product support and customer account maintenance, sales complaints and escalations, referrals of misdirected calls and error processing support.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Pay Verizon for the marketing and sale of the VZ LD Companies' products and services.
2. Provide all pertinent sales collateral and supporting materials (e.g., sales brochures, promotional literature, training material, etc.).
3. Provide information about products and where they fit within the portfolio of offerings.
 - Provide product requirements.
 - How the product works.
 - How the product fits into the current portfolio.
 - Sales applications.
4. Provide sales and pricing tools.
5. Work in conjunction with Verizon to develop sales and process training, including the development of procedures and materials for the VZ LD Companies' portion of BSC Training.
6. Provide prior notice to Verizon of any and all customer communications and/or notifications from the VZ LD Companies (excluding communications such as welcome letter, retention program material, etc.) no later than 30 days prior to mailing.
7. Provide escalation lists and timely resolution for the following:
 - Billing inquiries
 - Customer issues
 - Provisioning
8. Provide billing credit procedures and adjustment guidelines.
9. Provide at least 30 days' prior written notice of:
 - New product roll outs
 - Product enhancements
 - Process changes/enhancements
10. Provide resolution to, or status of, customer inquiries within (2) business days.
11. Provide 30 days' notice of regulatory issues and notifications to the extent possible.
12. Provide personnel for adequate support of:

- Order Entry/Post Sales Provisioning (SMCS)
 - Billing Inquiry (SMCS)
 - Provide direct toll free numbers to appear on customer's long distance bill.
13. Pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Monitor and provide reports related to order entry accuracy.
2. Correct all discrepancies, rejects and errors.
3. Work in conjunction with the VZ LD Companies to coordinate and facilitate BSC Training.
4. Provide BSC and staff sales support to provide marketing and sales activity for the VZ LD Companies' products.
5. Provide a SPOC for the BSC to act as a liaison between the VZ LD Companies and Verizon.
6. Provide quality analysis by performing observations, focus groups and other quality assurance activities. Verizon will share the VZ LD Companies' specific data as mutually agreed upon.
7. Wholesale Order Initiation - Verizon will initiate wholesale orders for the VZ LD Companies in conjunction with retail orders placed by the VZ LD Companies' customers via the Verizon retail sales channel.

D) INCENTIVES:

1. Incentive Compensation:

The Parties may agree upon incentive programs under which the VZ LD Companies will provide additional compensation in kind or in US dollars to Verizon, which Verizon may use to encourage sales of Business Services by Verizon employees. Incentives may include, but will not be restricted to, paid for tickets for entertainment or sporting events and consumer electronics equipment.

2. Determination of Additional Compensation:

Verizon, and not the VZ LD Companies, will exclusively determine the compensation, including, but not limited to, such additional compensation, paid to its employees and Verizon, not the VZ LD Companies, will exclusively handle any necessary collective bargaining with labor unions representing Verizon employees with respect to such compensation. In no event shall Verizon employees be considered employees of the VZ LD Companies, including, but not limited to, Verizon employees receiving such additional compensation.

3. Incentive Time Away From Office:

The VZ LD Companies will pay compensation to Verizon to cover Verizon employee time away from the office in connection with incentive programs approved by the Parties.

4. Tax Gross-Up:

The VZ LD Companies shall compensate Verizon to offset tax consequences of paid for sporting event tickets, consumer electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up

based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

5. iobi Professional Sales Incentive:

- a.) The Parties agree to enter a sales incentive program entitled the "iobi Professional Sales Incentive" program ("Incentive Program"). Under this Incentive Program, the VZ LD Companies shall compensate Verizon eligible sales representatives for sales of the VZ LD Companies' iobi Professional services to the VZ LD Companies' End-Users with an "Incentive Award". The Incentive Award shall be awarded to those Verizon representatives who meet specified sales goals established by the VZ LD Companies ("Winning Representative"). Such sales goal shall be an improvement of a representative's iobi Professional results, month over month, and may be changed and/or discontinued at the sole discretion of the VZ LD Companies upon thirty (30) days notice to Verizon. The Incentive Award shall be the equal to the value of the price of the iobi Home service for a period of one year.
- b.) The program shall be implemented as follows:
 - (1) Upon issuance of the Incentive Award to the Winning Representative under existing guidelines, the VZ LD Companies shall issue a work request to have the VZ LD Companies' iobi Home service provisioned to the home of the Winning Representative.
 - (2) After the iobi Home service is provisioned to the Winning Representative, the VZ LD Companies shall pay to Verizon, on a monthly basis, an amount equal to the price of the iobi Home service, plus all associated taxes for such service for each Winning Representative.
 - (3) The payment made to Verizon under this Incentive Program shall also include an amount sufficient to offset tax consequences to the Winning Representative for the Incentive Award ("tax gross-up"). Verizon will determine the tax gross-up based on the value of the Incentive Award and tax rates applicable under law.
 - (4).Verizon shall include amount equal to the price of the iobi Home service, associated taxes and tax gross-up in the paycheck of the Winning Representative for twelve consecutive months.

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6. BUSINESS PARTNERSHIP CHANNEL (BPC)

A) DESCRIPTION:

1. The Verizon Business Partnership Channel ("BPC") will handle sales, ordering and customer inquiry on behalf of the VZ LD Companies.
2. The BPC will handle sales negotiations, service orders, verification of product availability, sales order status inquiries, sales retention attempts, sales quality control observation and post sales support services including post sales product support and customer account maintenance, sales complaints and escalations, referrals of misdirected calls and error processing support.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Pay for the marketing and sale of the VZ LD Companies' products and services.
2. Provide all pertinent sales collateral and supporting materials (e.g., sales brochures, promotional literature, training material, etc.).
3. Provide information about products and where they fit within the portfolio of offerings.
 - Provide product requirements.
 - How the product works.
 - How the product fits into the current portfolio.
 - Sales applications.
4. Provide sales and pricing tools.
5. Work in conjunction with Verizon to develop sales and process training, including the development of procedures and materials for the VZ LD Companies' portion of BPC training.
6. Provide prior notice to Verizon of any and all customer communications and/or notifications from the VZ LD Companies (excluding communications such as welcome letter, retention program material, etc.) no later than 30 days prior to mailing.
7. Provide escalation lists and timely resolution for the following:
 - Billing inquiries
 - Customer issues
 - Provisioning
8. Provide billing credit procedures and adjustment guidelines.
9. Provide at least 30 days' prior written notice and formal plan of:
 - New product roll outs
 - Product enhancements
 - Process changes/enhancements
10. Provide resolution to customer inquiries within (2) business days.
11. Provide 30 days' notice of regulatory issues and notifications to the extent possible.
12. Provide personnel for adequate support of:

- Order Entry/Post Sales Provisioning (SMCS)
- Billing Inquiry (SMCS)
- Provide direct toll free numbers to appear on customer's long distance bill.

13. Pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Monitor and provide reports related to order entry accuracy.
2. Correct all discrepancies, rejects and errors.
3. Work in conjunction with the VZ LD Companies to coordinate and facilitate BPC Training.
4. Provide BPC marketing and sales activity for the VZ LD Companies' products.
5. Work in conjunction with the VZ LD Companies to coordinate and facilitate BPC training.
6. Provide a SPOC for the BPC to act as a liaison between the VZ LD Companies and Verizon.
7. Provide quality analysis by performing observations, focus groups and other quality assurance activities. Verizon will share the VZ LD Companies' specific data as mutually agreed upon.

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7. VERIZON LIVESOURCE ® AND VERIZON PUBLIC COMMUNICATIONS

A) DESCRIPTION:

1. The marketing organization of Verizon LiveSource® (Operator Services) and Verizon Public Communications (Payphone Services) will perform sales, process orders and handle general inquiries on behalf of the VZ LD Companies.
2. Sales, Ordering/Provisioning, Customer General Inquiry Service, and Post Sales Support Service: includes identifying sales opportunities, determining customer requirements, defining a customer solution, conducting customer presentations, negotiating the sale, confirming the sale with a contract and/or responsibility change form for toll, if required, sales, process of service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon regarding the VZ LD Companies Services sold by Verizon on behalf of the VZ LD Companies, Conference Connections, service provisioning, operational performance reports, sales quality observations, post sales product support, customer account/password maintenance, reporting/tracking, referrals of misdirected calls and error processing support in accordance with the Agreement. Associated activities will include sales negotiations, service orders, verification of product availability, training, sales tracking, reporting, staff support, quality assurance and sales quality control observations.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Provide all pertinent sales collateral (e.g., sales brochures, promotional literature, etc.) as needed by Verizon to provide the services herein.
2. Provide appropriate sales tools to Verizon as needed to provide the services herein.
3. Provide competitive information in a timely fashion to properly equip Verizon with applicable market information.
4. Provide product support which includes information on how the product works and how the product fits into the current portfolio of services.
5. Provide sales and pricing tools
6. Provide sufficient support and information to resolve customer sales related questions or needs.
7. Provide sufficient information and materials for Verizon training, including product descriptions, procedures, materials and guidelines.
8. Provide at least thirty (30) days' prior written notice for major changes/updates for:
 - New product roll outs
 - Product enhancements or changes
 - Process changes/enhancements
9. Pay for mutually agreed upon sales compensation programs.
10. Pay for tax gross up: The VZ LD Companies shall compensate Verizon to offset tax consequences of paid for sporting event tickets, consumer electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Perform sales, process orders and handle general inquiries on behalf of the VZ LD Companies for the VZ LD Companies' products and services as agreed to by the Parties.
2. Provide sales and management personnel to perform tracking and sales activity for the VZ LD Companies' services and products.
3. Work in conjunction with the VZ LD Companies to coordinate and facilitate the training of the customer contact associates on the VZ LD Companies' products and services.
4. Allow the VZ LD Companies to make site visits as agreed to by the Parties. Locations, dates and appropriate escorts will be determined prior to actual visit(s) taking place. Any VZ LD Companies monitoring of customer contacts must be limited to the portion of the customer contact relating to the VZ LD Companies products and services. The VZ LD Companies may not observe the Verizon portion of the sale.
5. As agreed upon by both Parties, Verizon will provide a Point of Contact (POC) to act as a liaison between Verizon and the VZ LD Companies regarding VZ LD Companies' related matters.
6. Provide product readiness communications to the VZ LD Companies
7. Ensure that all applicable VZ LD Companies' orders are entered via NOCV or PaRT.
8. Verizon is responsible for monthly sales tracking for individual VZ LD Companies' products and services sales, assigning of pass codes, subsequent changes and reporting that information to the VZ LD Companies.

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8.E-CENTER/E-BIZ

A) DESCRIPTION:

1. The Verizon E-Center/E-Biz organization will reply to Internet requests and provide assistance regarding general inquiry, rates, order inquiries, and order issuance for the VZ LD Companies' services.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Provide all pertinent sales collateral (e.g., sales brochures, promotional literature, etc.).
2. Provide appropriate sales tools.
3. Provide sufficient support personnel and information to resolve customer sales questions, needs, problems, etc.
4. Provide sufficient information and materials for training on the VZ LD Companies' products and services, including product descriptions and guidelines.
5. Provide at least thirty (30) days' prior written notice for major changes/updates for:
 - New product roll outs
 - Product enhancements or changes
 - Process changes/enhancements

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Respond to emails inquiries regarding the VZ LD Companies' services within established timeframes agreed to by the Parties.
2. Provide explanations as needed regarding the following VZ LD Companies' Products and Services:
 - Calling Plans
 - Promotions
 - Calling Cards
 - Personal Toll Free Service (PTFS)
 - Rates
 - Provisioning
 - PIC Codes
3. Process emails in accordance with established quality guidelines agreed to by the Parties.

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9. BILL MEDIA

A) DESCRIPTION:

1. **BILL INSERTS AND BILL MESSAGING:** Verizon, directly or via contractors or suppliers to Verizon, may provide one or more of the following functions in order to sell the VZ LD Companies' services. With respect to all of the following services, Verizon reserves the right, for any reason, to reject a request for services. Moreover, Verizon reserves the right, without any advance notice, to cancel an accepted request for services or to delay the timing of when the bill insert, newsletter, bill message/imprint/fyi or bill teaser will appear.
 - a. **Bill Insert:** Verizon shall include inserts in local telephone company bills that promote the sale of the VZ LD Companies' services.
 - b. **Newsletter Bill Insert:** Verizon shall include a newsletter containing information promoting the sale of the VZ LD Companies' services.
 - c. **Bill Message/Imprint/FYI:** Verizon shall print on the local portion of the customer bill messages promoting the sale of the VZ LD Companies' services, subject to certain line limitations. Bill messages and imprints shall not exceed eight lines. FYI messages shall not exceed 40 lines.
 - d. **Bill Teaser:** Verizon shall rubber stamp on the mailing envelope messages that promote the sale of the VZ LD Companies' services.
 - e. **Joint Verizon and the VZ LD Companies' Inserts:** Verizon shall include inserts in local telephone company bills that promote the bundled sales of Verizon and the VZ LD Companies' services.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Provide copies of requested Bill and Newsletter Inserts to be included in Verizon bills.
2. Provide inserts at least thirty (30) days prior to requested insert date.
3. Provide the proposed bill message or bill teaser to Verizon at least thirty (30) days prior to requested billing date.

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Complete Bill Media requests in a timely manner. Verizon reserves the right to decline or to rescheduled Bill Media requests from the VZ LD Companies.

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10. TELEMARKETING SUPPORT FOR CAMPAIGN SERVICES

A) DESCRIPTION:

1. Verizon or its agents will handle telemarketing support for Consumer Marketing Campaigns.
2. Verizon or its agents will handle telemarketing support for Business Marketing Campaigns.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Provide all pertinent sales collateral (e.g., sales brochures, promotional literature, etc.).
2. Provide competitive information in a timely fashion in order to provide Verizon support personnel with applicable market information.
3. Provide product support, including information on how the product performs and how the product fits into the current portfolio of the VZ LD Companies' services.
4. Provide sales and pricing tools.

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Monitor and provide reports to the VZ LD Companies related to order entry accuracy of the VZ Companies' service orders.
2. Correct all discrepancies, rejects and errors regarding such orders.

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11. NETWORK SERVICES

A. Description:

Verizon employees who do not participate in any other Verizon sales incentive compensation plans will be compensated for sales referrals for the VZ LD Companies' products and services.

B. Taxes Gross-Up

The VZ LD Companies shall compensate Verizon to offset tax consequences of incentives provided by Verizon to its employees in connection with this Agreement. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

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APPENDIX B: COMPENSATION SALES AND MARKETING SERVICES

In consideration of the Verizon provision of services to the VZ LD Companies in accordance with the Agreement, the VZ LD Companies agree to pay the following compensation to Verizon in accordance with the Agreement:

1. VERIZON PLUS™ RATES

A) Sales, Ordering and Customer Inquiry Service for the VZ LD Companies' orders, other than orders for the VZ LD Companies' Conference Connection services, the VZ LD Companies' iobi Home and iobi Professional services and the VZ LD Companies' VoiceWing Broadband Phone services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC ¹ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ²	Consumer Sales, Ordering & Inquiry Service/ Retail Sales Consultant	0 – 156	\$6.36 per sale	FDC ³	Daily
Verizon	Business Sales, Ordering & Inquiry Service/Retail Sales Consultant	0 - 156	\$12.65 per sale	FDC	Daily

B) Sales, Ordering and Customer Inquiry Service for orders for the VZ LD Companies' Conference Connection services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ for Conference Connection Services Retail Sales Consultant	0 – 156	\$39.23 per sale	FDC	Daily

C) Sales, Ordering and Customer Inquiry Service for orders for the VZ LD Companies' iobi Home and iobi Professional services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ for iobi Services Retail Sales Consultant	0 – 156	\$8.44 per sale	FDC	Daily

¹ ILEC means Verizon Incumbent Local Exchange Carriers.

² Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida Inc., Contel of the South, Inc. d/b/a Verizon Mid-States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

³ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

D) Sales, Ordering and Customer Inquiry Service, for the VZ LD Companies' orders for the VZ LD Companies' VoiceWing Broadband Phone services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ for VoiceWing Service Retail Sales Consultant	0 - 156	\$91.81 per sale	FDC	Daily

E) Training including initial and ongoing training of new and incumbent Verizon personnel.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Training Retail Sales Consultant	0 - 689	\$50.00 per hour	FDC	Occasionally
Verizon	Training Material	Not Applicable	Actual expenses incurred	FDC	Occasionally
Verizon	Training Specialist/Supervisor (4M/4L)	0 - 175	\$74.31 per hour	FDC	Occasionally
Verizon	Training Assistant Supervisor (5L)	0-175	\$64.40 per hour	FDC	Occasionally
Verizon	Training Manager (2L)	0-175	\$110.49 per hour	FDC	Occasionally

F) Tax Gross-Up: the VZ LD Companies will compensate Verizon to offset taxes for the provision of paid for sporting event tickets, electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

G) Miscellaneous Expenses: the VZ LD Companies will pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Employee travel expense	Not applicable	Actual expenses incurred	Actual expenses incurred	Occasionally
Verizon	Employee meal expense	Not applicable	Actual expenses incurred not to exceed \$75/day /employee	Actual expenses incurred	Occasionally
Verizon	Employee hotel expense	Not applicable	Actual expenses incurred not to exceed \$400/day /employee	Actual expenses incurred	Occasionally

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2. CONSUMER SALES AND SOLUTIONS CENTER RATES

A) Sales, Ordering and Customer Inquiry Service for the VZ LD Companies' orders, other than orders for iobi Home and VoiceWing Broadband Phone services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC ¹ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ²	Sales, Ordering & Inquiry Service/ CSSC Representatives, CSSC Sales Support and Order Correction Clerks	0 - 4,500	\$7.75 per sale	FDC ³	Daily

B) Sales, Ordering and Customer Inquiry Service for orders for the VZ LD Companies' iobi Home services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ for iobi Home Services CSSC Representatives, CSSC Sales Support and Order Correction Clerks	0 - 4,500	\$7.75 per sale	FDC	Daily

C) Sales, Ordering and Customer Inquiry Service, for orders for the VZ LD Companies' VoiceWing Broadband Phone services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ for VoiceWing Services CSSC Representatives, CSSC Sales Support and Order Correction Clerks	0 - 4,500	\$111.77 per sale	FDC	Daily

D) Sales and Negotiations for Third Party Vendors. This includes sales negotiations and verification of product availability.

Verizon	Service/	Number of ILEC	Rate	Pricing Criterion	Frequency of
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¹ ILEC means Incumbent Local Exchange Carrier.

² Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida Inc., Contel of the South, Inc. d/b/a Verizon Mid States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

³ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

	Employee Title	Employees			Transaction
Verizon	Sales & Negotiations Third Party Vendors	N/A	Actual expenses incurred	FDC	Occasionally

E) CSSC Offline Support for Retail Markets. This includes the off-line support and the off-line activity of sales negotiation and acquisition; account planning; all presale customer meetings, strategy sessions, and solutions design; costs of custom bid development and presentation; service order processing; systems maintenance for ordering, pricing, electronic product references; verification of product availability; error correction for orders; and sales retention attempts.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Sales, Ordering & Sales Inquiry/ CSSC/Offline Reps	0-4,500	\$63.45 per hour	FDC	Occasionally

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Sales, Ordering & Sales Inquiry/ CSSC/Offline Reps	0-4,500	\$ 7.75 per Validated/Unvalidated Account Code Activation	FDC	Occasionally

F) General Inquiry and Post-Sales Support Service: including post-sales product support and customer account maintenance, sales complaints and escalations, referrals of misdirected calls and error processing support in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	General Inquiry and Post Sales Support CSSC Reps	0 - 4,500	\$4.60 per contact	FDC	Daily

G) Training: including initial and ongoing training of new and incumbent Verizon personnel.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Training CSSC Reps	0 - 4,310	\$63.45 per hour	FDC	Occasionally
Verizon	Training CSSC Sales Support and Order Correction Clerks/ SRC Reps	0-4,500	\$63.45 per hour	FDC	Occasionally
Verizon	Training Coach/Team Leader	0 - 439	\$82.93 per hour	FDC	Occasionally
Verizon	Training Materials	Not Applicable	Actual expenses incurred	FDC	Occasionally

H) Time Away From Office: the VZ LD Companies will pay for time away from the office associated with sales incentive programs, as agreed upon by the Parties.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Time Away From Office CSSC Reps/ CSSC Sales Support and Order Correction Clerks/SRC Reps	0 - 4,500	\$63.45 per hour	FDC	Occasionally

Verizon	Time Away From Office Coach/Team Leader	0 - 439	\$82.93 per hour	FDC	Occasionally
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- I) Tax Gross-Up: the VZ LD Companies will compensate Verizon to offset taxes for the provision of paid for sporting event tickets, electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.
- J) Wholesale Order Initiative: Verizon will initiate wholesale orders for the VZ LD Companies in conjunction with retail orders placed by the VZ LD Companies' customers via the Verizon retail sales channel.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Wholesale Orders Order Transmittal	Not Applicable	\$1.86 per order	PMR ⁴	Occasionally

- K) Miscellaneous Expenses: the VZ LD Companies will pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Employee travel expense	Not applicable	Actual expenses incurred	Actual expenses incurred	Occasionally
Verizon	Employee meal expense	Not applicable	Actual expenses incurred not to exceed \$75/day /employee	Actual expenses incurred	Occasionally
Verizon	Employee hotel expense	Not applicable	Actual expenses incurred not to exceed \$400/day /employee	Actual expenses incurred	Occasionally

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⁴ PMR means Prevailing Market Rate which is determined in accordance with FCC affiliate transaction rules (47 CFR sec. 32.27).

3. BUSINESS SALES CENTER RATES

A) Sales, Ordering and Customer Inquiry Service for the VZ LD Companies' orders, other than orders for the VZ LD Companies' Conference Connection services, the VZ LD Companies' iobi Professional services and the VZ LD Companies' VoiceWing Broadband Phone services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC ¹ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ²	Sales, Ordering & Inquiry Service/ BSC ³ Consultant	0 - 397	\$7.86 per line	FDC ⁴	Daily

B) Sales, Ordering and Customer Inquiry Service for orders for the VZ LD Companies' Conference Connection services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ of Conference Connection services BSC Consultant	0 - 397	\$56.30 per sale	FDC	Daily

C) Sales, Ordering and Customer Inquiry Service orders for the VZ LD Companies' iobi Professional services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ of iobi Professional Services BSC Consultant	0 - 397	\$21.60 per sale	FDC	Daily

D) Sales, Ordering and Customer Inquiry Service, for the VZ LD Companies' orders for the VZ LD Companies' VoiceWing Broadband services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
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¹ ILEC means Incumbent Local Exchange Carrier.

² Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida Inc., Contel of the South, Inc. d/b/a Verizon Mid States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

³ BSC means Business Sales Center.

⁴ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

Verizon	Sales, Ordering & Inquiry Service of Voice Wing services BSC Consultant	0 - 397	\$173.92 per line	FDC	Daily
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E) Sales, Ordering and Customer Inquiry Service, for the VZ LD Companies' orders for the VZ LD Companies' Validated/Unvalidated Account Code services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ Validated/Unvalidated Account Code services BSC Consultant	0 - 397	\$55.70 per sale	FDC	Daily

E) General Inquiry and Post-Sales Support Service: including post-sales product support and customer account maintenance, sales complaints and escalations, referrals of misdirected calls and error processing support in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	General Inquiry and Post Sales Support Service BSC Consultant	0 - 397	\$14.96 per call	FDC	Daily

F) Wholesale Order Initiation

Verizon will initiate wholesale orders for the VZ LD Companies in conjunction with retail orders placed by the VZ LD Companies' customers via the Verizon retail sales channel.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Wholesale Orders Order Transmittal	NA	\$1.86 per order	PMR ⁵	Occasionally

G) Training: including initial and ongoing training of new and incumbent Verizon personnel.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Training BSC Consultant	0 - 397	\$108.61 per hour	FDC	Occasionally
Verizon	Training BSC Team Leader	0 - 21	\$95.45 per hour	FDC	Occasionally
Verizon	Training BSC Manager	0 - 26	\$138.24 per hour	FDC	Occasionally

H) Incentives

1. Time Away From Office: the VZ LD Companies will pay for time away from the office associated with sales incentive programs, as agreed upon by the Parties.

⁵ PMR means Prevailing Market Rate which is determined in accordance with FCC affiliate transaction rules (47 CFR sec. 32.27).

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Time Away From Office BSC Consultant	0 - 397	\$108.61 per hour	FDC	Occasionally
Verizon	Time Away From Office BSC Team Leader	0 - 26	\$95.45 per hour	FDC	Occasionally
Verizon	Time Away From Office BSC Manager	0 - 26	\$138.24 per hour	FDC	Occasionally

2. Tax Gross-Up: the VZ LD Companies will compensate Verizon to offset taxes for the provision of paid for sporting event tickets, electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties.. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.
3. iobi Professional Sales Incentive: the VZ LD Companies shall compensate Verizon eligible sales representatives for sales of the VZ LD Companies' iobi Professional services to the VZ-LD Companies' End-Users with an "Incentive Award".

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales Incentive iobi Home Incentive	0 - 1,080	<u>VLD Domestic Products Guides, Domestic Other Services, Other Services, iobi⁶</u> Plus tax gross-up	FDC	Monthly

- 1) Miscellaneous Expenses: the VZ LD Companies will pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Employee travel expense	Not applicable	Actual expenses incurred	Actual expenses incurred	Occasionally
Verizon	Employee meal expense	Not applicable	Actual expenses incurred not to exceed \$75/day /employee	Actual expenses incurred	Occasionally
Verizon	Employee hotel expense	Not applicable	Actual expenses incurred not to exceed \$400/day /employee	Actual expenses incurred	Occasionally

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⁶ Hyperlink site for iobi Home rates is http://www.tariffs.net/tariffs/143/VLD_0017_DROTH_101104_CUR.pdf

4. BUSINESS PARTNERSHIP CHANNEL RATES

A) Sales, Ordering and Customer Inquiry Service: including sales negotiation, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC ¹ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ²	Sales, Ordering and Customer Inquiry Service Telephone Account Manager, Account Executive, Sales Engineer, Business Sales Associate	0 - 194	\$356.67 per Voice Sale & \$3544.36 per Dedicated Data or Dedicated Voice Sale	FDC ³	Daily

B) Time Away From Office: the VZ LD Companies will pay for time away from the office associated with sales incentive programs, as agreed upon by the Parties.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Time Away From Office Telephone Account Manager	0 - 58	\$91.91 per hour	FDC	Daily
Verizon	Time Away From Office Account Executive	0 - 42	\$112.14 per hour	FDC	Daily
Verizon	Time Away From Office Sales Engineer	0 - 18	\$135.75 per hour	FDC	Daily
Verizon	Time Away From Office Business Sales Associate	0 - 76	\$75.05 per hour	FDC	Daily
Verizon	Time Away From Office Sales Manager	0 - 41	\$95.16 per hour	FDC	Daily

C) Training: including initial and ongoing training of new and incumbent Verizon personnel.

¹ ILEC means Incumbent Local Exchange Carrier.

² Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida Inc., Contel of the South, Inc. d/b/a Verizon Mid States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

³ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Training Telephone Account Manager	0 - 58	\$91.91 per hour	FDC	Daily
Verizon	Training Account Executive	0 - 42	\$112.14 per hour	FDC	Daily
Verizon	Training Sales Engineer	0 - 18	\$135.75 per hour	FDC	Daily
Verizon	Training Business Sales Associate	0 - 76	\$75.05 per hour	FDC	Daily
Verizon	Training Sales Manager	0 - 41	\$95.16 per hour	FDC	Daily

D) Tax Gross-Up: the VZ LD Companies will compensate Verizon to offset taxes for the provision of paid for sporting event tickets, electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

E) Miscellaneous Expenses: the VZ LD Companies will pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Employee travel expense	Not applicable	Actual expenses incurred	Actual expenses incurred	Occasionally
Verizon	Employee meal expense	Not applicable	Actual expenses incurred not to exceed \$75/day /employee	Actual expenses incurred	Occasionally
Verizon	Employee hotel expense	Not applicable	Actual expenses incurred not to exceed \$400/day /employee	Actual expenses incurred	Occasionally

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5. VERIZON LIVE SOURCE @ AND VERIZON PUBLIC COMMUNICATIONS RATES

A. SALES, ORDERING AND CUSTOMER INQUIRY SERVICES

1. Sales, Ordering/Provisioning, Customer General Inquiry Service, and Post Sales Support Service: includes identifying sales opportunities, determining customer requirements, defining a customer solution, conducting customer presentations, negotiating the sale, confirming the sale with a contract and/or responsibility change form for toll, if required, sales, process of service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon regarding the VZ LD Companies Services sold by Verizon on behalf of the VZ LD Companies, Conference Connections, service provisioning, operational performance reports, sales quality observations, post sales product support, customer account/password maintenance, reporting/tracking, referrals of misdirected calls and error processing support in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC ¹ Employees	Rate	Pricing Criterion	Frequency of Transaction
V-CA ²	Verizon LiveSource@ Customer Contact Associate, Supervisor	0-9	\$ 4.13 per sale	FDC ³	Daily
Verizon ⁴	Verizon Public Communications Agents	0-2,000	\$56.00 per sale	FDC	Occasionally

2. Incentives:

(a) Incentive Compensation:

The VZ LD Companies will provide paid for sporting event tickets, consumer electronics equipment, and other incentives agreed upon by the Parties to Verizon at no cost to Verizon for use by Verizon in incentive programs approved by the Parties.

Verizon	Service/Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Incentives/ vendor material, supplies, catering and distribution expenses	Not applicable	Actual ILEC vendor cost incurred	Actual ILEC vendor cost incurred	Occasionally

(b) Tax Gross-Up:

The VZ LD Companies shall compensate Verizon to offset tax consequences of paid for sporting event tickets, consumer electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

B. Training- includes initial and ongoing training of Verizon personnel.

¹ ILEC means Incumbent Local Exchange Carrier.

² V-CA means Verizon California Inc.

³ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

⁴ Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida Inc., Contel of the South, Inc. d/b/a Verizon Mid States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
V-CA	Training Verizon LiveSource® Admin/Sales Rep (6L)	0-8	\$44.82 per hour	FDC	Daily
V-CA	Training Verizon LiveSource® Supervisor/Sales Support (4M)	0-1	\$64.45 per hour	FDC	Daily
Verizon	Training - Public Communications Agents	0 - 2,000	\$54.00 per hour	FDC	Occasionally
Verizon	Training - ILEC vendor production, material, supplies and distribution expenses	Not applicable	Actual ILEC vendor cost incurred	Actual ILEC vendor cost incurred	Occasionally

C. Miscellaneous Support Personnel: Verizon will have designated personnel who will support the VZ LD Companies in conjunction with the services agreed upon in this amendment. These services include Escalation and Complaint Resolution, reporting, site visits and monitoring.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
V-NO ⁵	Senior Consultant	0 – 5	\$85.91 per hour	FDC	Daily

D. MISCELLANEOUS

Miscellaneous Expenses:

The VZ LD Companies will pay VPC for all undisputed miscellaneous expenses incurred by VPC in the provision of services in accordance with the Agreement.

Verizon	Service/Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Employee travel expenses	Not applicable	Actual expenses incurred	Actual expenses incurred	Occasionally
Verizon	Employee meal expense	Not applicable	Actual expenses incurred not to exceed \$75 per day per employee	Actual expenses incurred	Occasionally
Verizon	Employee hotel expense	Not applicable	Actual expenses incurred not to exceed \$400 per day per employee	Actual expenses incurred	Occasionally

(The remainder of this page was left intentionally blank.)

⁵ V-NO means Verizon North Inc.
APPENDIX B

6. E-CENTER/E-BIZ RATES

A) E-Center/E-Biz – Verizon shall receive and handle e-mail correspondence as it relates to the VZ LD Companies. The services will include responding to sales inquiries, sales negotiation, error correction and order entry.

Verizon	Service/ Employee Title	Number of ILEC ¹ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ²	E-Commerce Customer Service Associates	0 - 100	\$11.57 per contact	FDC ³	Daily
Verizon	E-Biz Customer Service Associates	0 - 100	\$18.61 per contact	FDC	Daily

B) Training: including initial and ongoing training of new and incumbent Verizon personnel

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	E-Commerce Customer Service Associates	0-100	\$54.94 per hour	FDC	Daily
Verizon	E-Biz Customer Service Associates	0-100	\$72.86 per hour	FDC	Daily

C) Tax Gross-Up: the VZ LD Companies will compensate Verizon to offset taxes for the provision of paid for sporting event tickets, electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

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¹ ILEC means Incumbent Local Exchange Carrier

² Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida Inc., Contel of the South, Inc. d/b/a Verizon Mid States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

³ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

7. BILL MEDIA RATES

A. Bill Insert:

Verizon shall include inserts and newsletter inserts in local telephone company bills that promote the sale of Business Services.

Verizon ¹	Service/ Employee Title	Number of ILEC ² Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Bill Insert - Single Sheet	Not applicable	\$ 0.16 per insert	PMR ³	Occasionally

B. Newsletter Bill Insert:

Verizon shall include in bills a newsletter containing information promoting Business Services.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Bill Insert Newsletter	Not applicable	\$52.33 per 1000	FDC ⁴	Occasionally

C. Bill Message/Imprint/FYI:

Verizon shall print on the local portion of the customer bill messages promoting the sale of Business Services, subject to certain line limitations. Bill messages and imprints shall not exceed eight lines. FYI messages shall not exceed 40 lines.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Bill Message Bill Imprint Bill FYI	Not applicable	\$.075 per message	EFMV ⁵	Occasionally

D. Bill Teaser:

Verizon shall rubber stamp a message that promotes the sale of Business Services.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Bill Teaser	Not applicable	\$22.55 per 1000	FDC	Occasionally

E. Joint Verizon and VZ LD Companies Inserts

Verizon shall include inserts in local telephone company bills that promote the bundled sales of Verizon and VZ LD Companies Business Services.

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³ PMR means Prevailing Market Rate which is determined in accordance with FCC affiliate transaction rules (47 CFR sec. 32.27).

⁴ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

⁵ EFMV means Estimated Fair Market Value which is determined in accordance with FCC Affiliate Transaction Rules. EFMV is compared to Fully Distributed Costs (FDC) which are fully loaded rates including the costs of material and all direct and indirect miscellaneous and overhead costs. The higher of the EFMV and FDC is set forth in the table above.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Joint Bill Inserts - Single Sheet	Not applicable	\$9.17 per 1000	PMR	Occasionally
Verizon	Joint Bill Inserts - Folded Sheet	Not applicable	\$11.46 per 1000	PMR	Occasionally

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8. TELEMARKETING SUPPORT FOR CAMPAIGN SERVICES

A) Inbound and Outbound Telemarketing Support for Consumer Marketing Campaigns

Verizon	Service/ Employee Title	Number of ILEC⁶ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ⁷	Inbound/ Outbound Telemarketing Support	Not Applicable	\$ 37.43 per sale	FDC ⁸	Occasionally

B) Inbound and Outbound Telemarketing Support for Business Marketing Campaigns

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Inbound/ Outbound Telemarketing Support	Not Applicable	\$ 58.18 per sale	FDC	Occasionally

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⁸ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

9. NETWORK SERVICES

Verizon employees who do not participate in any other Verizon sales incentive compensation plans will be compensated for sales referrals for the VZ LD Companies' products and services.

Verizon	Service/ Employee Title	Number of ILEC ¹ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ²	Outside Plant Technician	0 - 7,681	\$6.30 per referral	FDC ³	Occasionally
Verizon	Outside Plant Engineers	0 - 3,177	\$12.60 per referral	FDC	Occasionally
Verizon	Repair Associates	0 - 3,800	\$5.46 per referral	FDC	Occasionally
Verizon	Voice Associates	0 - 510	\$5.46 per referral	FDC	Occasionally
V-SW ⁴	NOREC ⁵ Employees	0 - 272	\$3.92 per referral sold	FDC	Occasionally

Taxes

The VZ LD Companies shall compensate Verizon to offset tax consequences of incentives provided by Verizon to its employees in connection with this Agreement. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

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³ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

⁴ V-SW means GTE Southwest Inc. d/b/a Verizon Southwest.

⁵ NOREC means the National Order Record Entry Center

ATTACHMENT A: VERIZON TELEPHONE OPERATING COMPANIES

Verizon California Inc. ("V-CA")
Verizon Florida Inc. ("V-FL")
Verizon North Inc. ("V-NO")
Verizon Northwest Inc. ("V-NW")
Verizon South Inc. ("V-SO")
Verizon West Coast Inc. ("V-WC")
GTE Southwest Inc. d/b/a Verizon Southwest ("V-SW")
Contel of the South, Inc. d/b/a Verizon Mid-States ("V-MS")

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