

Docket No. UT-040788 – General Rate Case
Verizon Supplemental Responses to Public Counsel, AARP, & WeBTEC
Data Request Nos. PC 108 - 214
September 23, 2004

DATA REQUEST NO. PC-157:

Please describe each accounting change adopted by Verizon since January 2000 that impacts the revenue recognition methodology applicable to directory publishing, provide estimates of the current and cumulative accounting impacts of the change at the date of adoption, and provide copies of the journal entries and supporting calculations associated with recording the effects of the accounting change(s).

RESPONSE: *(filed July 22, 2004)*

Verizon objects to providing the information for Verizon's directory affiliate on the grounds that the level of detailed information requested will not lead to the discovery of relevant evidence. Notwithstanding the foregoing objection Verizon states as follows.

During 2003, Verizon's domestic directory business changed its method for recognizing revenues and expenses from the publication-date method to the amortization method. The publication-date method recognizes revenues and direct expenses when directories are published. Under the amortization method, which is increasingly becoming the industry standard, revenues and direct expenses, primarily printing and distribution costs, are recognized over the life of the directory, which is usually 12 months. This accounting change affects the timing of the recognition of revenues and expenses. As required by generally accepted accounting principles (GAAP), the directory accounting change was recorded effective January 1, 2003.

As required by generally accepted accounting principles (GAAP), the directory accounting change was recorded effective January 1, 2003. The cumulative income effect of the accounting change, to Verizon's domestic directory business, resulted in a one-time charge of approximately \$1.5 billion.

Prepared By: Judy Geise
Date: July 21, 2004
Witness: TBD

SUPPLEMENTAL REQUEST:

Please provide journal entries and supporting calculations for the effects of the accounting change.

SUPPLEMENTAL RESPONSE:

Please see Confidential Attachments PC-157.1 and PC-157.2.

Prepared By: Judy Geise

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