

Please fill in the requested information on Rows 42, 43 and 44.

COMPANY CODE:

TELEPHONE CORPORATIONS

ANNUAL REPORT

OF

VERIZON NEW YORK INC.

Exact legal name of reporting telephone corporation

(If name was changed during year, show also the previous name and date change)

1095 AVENUE OF THE AMERICAS

NEW YORK, N.Y. 10036

(Address of principal business office at end of year)

FOR THE

YEAR ENDED DECEMBER 31, 2003

TO THE

STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

Name, title, address and telephone number (including area code), of the person to be contacted concerning this report:

Gary W. Delson, Executive Director - Corporate Books

1717 Arch Street, 46th Floor, Philadelphia, PA 19103

215-963-6565

Instructions

Do not include this sheet in the Annual Report you send to the Commission

We have included general instructions below to assist you in completing the report.

General Information

There are three Excel files that make up the annual report. The files are called TELCOAR.XLS, AJCDR.XLS and TCMR.XLS, respectively. TELCOAR.XLS is the main body of the report and is broken down into three sections: General Information; Financial and Accounting Information; and Operating Data. AJCDR.XLS is a supplementary report which contains Annual Joint Cost Data Report. TCMR.XLS is the Commission's Telecommunication Competition Monitoring Report and replaces the Transitional Monitoring Report.

The pages/schedules in each file are separated by Tabs. The names of the Tabs in TELCOAR.XLS are arranged by Schedule Number. The names of the Tabs in AJCDR.XLS and TCMR.XLS are arranged by page number. A Table of Contents is provided in TELCOAR.XLS and TCMR.XLS. (Tab called Table).

Each file includes a tab called a Data Sheet. The completion of the Data Sheet will automatically transfer your company's name and year of the report to each page of the annual report. There are numerous formulas and cell references in both files. The cells that contain the formulas and cell references have been protected. To unprotect these cells, the following instructions should be used: Format/Cells/Protection and uncheck "Locked" (Please use caution after unprotecting cells).

We have checked the accuracy of the formulas and cell references in the file. However, all corrections may not have been made because the file was slightly revised this year. If you feel that certain formulas or cell references in the file are incorrect, unprotect the incorrect cell and input the correct number, and describe the change made on the "Comment" sheet provided.

Insert Pages

Due to a large amount of data, some companies will be required to file additional pages to complete certain schedules. If you are required to prepare insert pages, insert pages have been provided in the workspace below the applicable schedule. The totals of the insert pages should be inputted on the related schedule. The print function will not print the insert pages. As a result, you will have to print these schedules manually.

Printing Individual Schedules on the File

To print a schedule, select the schedule you want by clicking on the tab for that schedule. Then click on File/Print in the menu bar. In the "Print what" portion of the resulting "Print" dialogue box select "Active sheet(s)", and then click on "OK."

Saving the File

As stated above, the name of the two files are TELCOAR.XLS, AJCDR.XLS and TCMR.XLS. It is advised that you call up the file and then immediately save it using the assigned file names as shown below.

Print the Entire Report

When you have completed the report, you may want to print out the entire report. To do this, follow the instructions above for printing individual schedules except, in the "Print what" portion of the "Print" dialogue box, select "Entire workbook".

<u>Company Name</u>	<u>TELCOAR.XLS</u>	<u>AJCDR.XLS</u>	<u>TCMR.XLS</u>
	<u>File Name to Save</u>	<u>File Name to Save</u>	<u>File Name to Save</u>
ALLTEL	ALLTAR.XLS	ALLTJCD.XLS	ALLTCMR.XLS
Armstrong	ARMSAR.XLS	ARMSJCD.XLS	ARMSTCMR.XLS
Berkshire	BERKAR.XLS	BERKJCD.XLS	BERKTCMR.XLS
Cassadaga	CASSAR.XLS	CASSJCD.XLS	CASSTCMR.XLS
Champlain	CHAMAR.XLS	CHAMJCD.XLS	CHAMTCMR.XLS
Chautauqua & Erie	CHAUTAR.XLS	CHAUTJCD.XLS	CHAUTCMR.XLS
Chazy & Westport	CHAZYAR.XLS	CHAZYJCD.XLS	CHAZYCMR.XLS
Citizens Tel of Hammond	CITTHAR.XLS	CITTHJCD.XLS	CITTHCMR.XLS
Citizens Tel of New York	CITTNAR.XLS	CITTNJCD.XLS	CITTNCMR.XLS
Crown Point	CRPTAR.XLS	CRPTJCD.XLS	CRPTCMR.XLS
Delhi	DELHIAR.XLS	DELHIJCD.XLS	DELHICMR.XLS
Deposit	DEPAR.XLS	DEPJCD.XLS	DEPTCMR.XLS
Dunkirk & Fredonia	D&FAR.XLS	D&FJCD.XLS	D&FTCMR.XLS
Edwards	EDWAR.XLS	EDWJCD.XLS	EDWTCMR.XLS
Empire	EMPAR.XLS	EMPJCD.XLS	EMPTCMR.XLS
Fishers Island	FISHAR.XLS	FISHJCD.XLS	FISHTCMR.XLS
Frontier of Ausable Valley	FRTAVAR.XLS	FRTAVJCD.XLS	FRTAVCMR.XLS
Frontier of New York (Highland)	FRTNYAR.XLS	FRTNYJCD.XLS	FRTNYCMR.XLS
Frontier of Seneca-Gorham	FRTSGAR.XLS	FRTSGJCD.XLS	FRTSGCMR.XLS
Frontier of Sylvan Lake	FRTSLAR.XLS	FRTSLJCD.XLS	FRTSLCMR.XLS
Germantown	GERMAR.XLS	GERMJCD.XLS	GERMCMR.XLS
Hancock	HANCAR.XLS	HANCJCD.XLS	HANCTCMR.XLS
Margaretville	MARGAR.XLS	MARGJCD.XLS	MARGTCMR.XLS
Middleburgh	MIDAR.XLS	MIDJCD.XLS	MIDJTCMR.XLS
New York (Bell Atlantic/NYNEX)	NYNEXAR.XLS	NYNEXJCD.XLS	NYNEXCMR.XLS
Newport	NEWPAR.XLS	NEWPJCD.XLS	NEWPTCMR.XLS
Nicholville	NICHAR.XLS	NICHJCD.XLS	NICHTCMR.XLS
Ogden	OGDENAR.XLS	OGDENJCD.XLS	OGDENCMR.XLS
Onelda County Rural	ONCRAR.XLS	ONCRJCD.XLS	ONCRCMR.XLS
Ontario	ONTARAR.XLS	ONTARJCD.XLS	ONTARCMR.XLS
Oriskany Falls	ORISFAR.XLS	ORISFJCD.XLS	ORISFCMR.XLS
Pattersonville	PATTAR.XLS	PATTJCD.XLS	PATTCMR.XLS
Port Byron	PTBNAR.XLS	PTBNJCD.XLS	PTBNCMR.XLS
Rochester (Frontier Comm.)	RTCAR.XLS	RTCJCD.XLS	RTCTCMR.XLS
State	STATEAR.XLS	STATEJCD.XLS	STATECMR.XLS
Taconic	TACAR.XLS	TACJCD.XLS	TACTCMR.XLS
Township	TOWNAR.XLS	TOWNJCD.XLS	TOWNCMR.XLS
Trumansburg Home	TRUAR.XLS	TRUJCD.XLS	TRUTCMR.XLS
Vernon	VERNAR.XLS	VERNJCD.XLS	VERNTCMR.XLS
Warwick Valley	WARWAR.XLS	WARWJCD.XLS	WARWTCMR.XLS

STATE OF NEW YORK PUBLIC SERVICE COMMISSION

ANNUAL REPORT OF TELEPHONE CORPORATIONS For the period ending DECEMBER 31, 2003

Instructions for this Tab:

- 1 Fill in your name and address below so that this information will carry to other parts of the spreadsheet.
- 2 If the respondent's name is long, the "Year ended December 31, 19__" may over pass the print range. This can be corrected by one of two methods: selecting a smaller font size on the specific sheet, or to delete some spaces on the combined string below.

VERIZON NEW YORK INC.
1095 AVENUE OF THE AMERICAS
NEW YORK, N.Y. 10036
JANUARY 1, 2003
DECEMBER 31, 2003
MARCH 31, 2004

For the period starting JANUARY 1, 2003
For the period ending DECEMBER 31, 2003
Year Ended DECEMBER 31, 2003

Example
January 1, 1995
December 31, 1995
March 31, 1995

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2003

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2003

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2003

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2003

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2003

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2003

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2003

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1. GENERAL INSTRUCTIONS

1. The completed original of this report shall be filed with the Public Service Commission, Albany, NY, on or before the 31st of March next following the end of the year to which the report applies. At least one additional copy shall be retained in the files of the reporting telephone corporation.
2. If the respondent considers any information requested on a schedule to be of a proprietary nature, as defined in 16 NYCRR, Chapter 1, Section 6-1.3 of Chapter 1 of the Rules of Procedure, the schedule as included in the report forms should be filed as directed by the Commission. However, the respondent is required to file one complete copy of each schedule deemed proprietary, including all detail requested, accompanied by a request for proprietary treatment, with the Records Access Officer, in accordance with the Rules of Procedure of Title 16, NYCRR, Chapter 1, Section 6-1.3(b). However, the company must still file such additional "Public" copy as required (one conformed copy) with the proprietary information blocked out and accompanied by a letter stating that this was done.
3. All telephone corporations upon which this report form is served are required by statute to complete and to file the report. The statute further provides that when any such report is defective or believed to be erroneous, the reporting corporation shall be duly notified and given reasonable time within to make the necessary amendments or corrections. All data comprising this report shall be submitted in permanent form, i.e., washable ink or washable reproductions should not be used.
4. All accounting terms and phrases used in this form are to be interpreted in accordance with the effective applicable Uniform System of Accounts prescribed by this Commission as set forth in 16 NYCRR, Subchapter E, Article 1 (Case 8579). The Uniform System of Accounts defines Class A companies as those with annual revenues from regulated telecommunications operations of \$100 million or more. Class B are defined as those with annual revenues from regulated telecommunications operations of less than \$100 million. Whenever the term respondent is used, it shall be understood to mean the reporting telephone corporation.
5. Standard accounting procedures will apply in determining the nature of any entry (e.g. Uncollectibles, a revenue item, is normally a debit entry, and should be entered as a "positive" number unless the reported balance is a "credit"). Entries of a reverse or contrary character shall be indicated by parentheses around the number.
6. If the report is made for a period less than the calendar year, the period covered must be clearly stated on the front cover and elsewhere throughout the report where the period covered is shown. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes). If the books are not closed as of that date the data in the report should nevertheless be complete, and the amounts reported should be supported by information set forth in, or as part of, the books of account.
7. All instructions shall be followed and each question shall be answered fully and accurately. Sufficient answer shall appear to show that no question or schedule has been overlooked. The expression "none" or "not applicable" shall be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report. Where information called for herein is not given, state fully the reason for its omission.
8. The report should not be permanently bound. Extra copies of any page of the report will be furnished on request. If necessary or desirable to insert additional statements for the purpose of further explanation of accounts or schedules, they shall be legibly made on paper of durable quality and shall correspond to this form in size of page and width of margin. Additional sheets, ruled either vertically or horizontally, will be furnished on request. Inserts, if any, should be appropriately identified with the schedules to which they relate.
9. If the telephone corporation conducts operations both within and outside the State of New York, data should be reported so that there will be shown the number of subscribers within this state, and (separately by accounts) the operating revenues from sources within this state, and the plant investment as of the end of the year within this state.
10. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year or an appropriate explanation given why different figures were used.
11. Throughout the report money items shall be shown in units of dollars adjusted to accord footings. Omitting cents does not apply, however, to items in which cents are of significance as, for instance in averages and in unit costs.
12. In the space provided on the upper outside margin of each page there should be inserted (by rubber stamp, if desired), the name of the respondent and the year to which the report relates.

Comment Sheet

Please use this sheet to record any changes you made to this file. If you altered this file in anyway, except by entering data, you must record those changes here. You may also use this sheet to make any comments about this file or the joint cost file.

Item Number	Description	Schedule Number	Page Number
1	Additional worksheets were inserted after Sch 2. These were for the reconciliation of the Balance Sheet, Income Statement and Statement of Cash Flows to the Annual 10-K Report	2	1-12
2	Schedules with additional pages added	4 8 18 54 55 59	6A-6I 11A, 11B 30A, 30B 84A, 85A 86A, 86B 94A

Comments

2. GENERAL INFORMATION

1.

Name and title of officer having custody of the general books of account and address of the office where such books are kept.

Edwin F. Hall, Controller
1717 Arch St., 46th Floor
Philadelphia, PA 19103

2.

Name of state in which incorporated, date of incorporation, and designation of law under which incorporated. If not incorporated, show type of organization, date organized and the identity of the parties in interest together with the extent of their respective interests.

Respondent was incorporated in New York State on June 18, 1896 under the Transportation Corporation Law

3.

If at any time during the year the property of the company was held by a receiver or trustee, give (a) the name of the receiver or trustee, (b) the date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was vested, and (d) the date when possession by receiver or trustee ceased.

Property was not held by a receiver or trustee

4.

State the name of each other state or federal body exercising regulatory jurisdiction over respondent (excepting taxing authorities); and if such jurisdiction is limited, the extent of limitation should be set forth. If such jurisdiction terminated prior to the end of the year, state that fact with reasons for such termination and the effective date thereof.

The respondent is subject to regulations of the Federal Communications Commission (FCC) with respect to interstate rates, lines and services and other matters. The FCC prescribes a Uniform System of Accounts for Telephone Companies (See Note relative to General Instructions) and regulations for separating interstate and intrastate investment, revenues, expenses, taxes and reserves. The FCC also prescribes depreciation rates which have been modified for intrastate operations by the New York State Public Service Commission. The respondent's operations in the State of Connecticut, which are relatively minor in extent, are subject to regulation by the Public Utilities Control Authority of the State of CT.

5. Name all classes of service furnished by respondent.

The Company is engaged in providing two types of telecommunications services, exchange telecommunications and exchange access services, in New York State and a small portion of Connecticut (Greenwich and Bryam only). These telecommunications services include public and private voice and data transmission of radio and television signals and teletypewriter services.

2. GENERAL INFORMATION (Continued)**6.**

Attach herein (following this page) the respondent's latest annual report to stockholders. If such a report is not prepared, but if audited annual financial statements on which a certified public accountant expresses an opinion are regularly prepared and distributed to bondholders, banking institutions or security analysts, submit that.

If the respondent's annual report to stockholders or audited annual financial statements are prepared on a calendar year basis, the major financial statements contained therein, i.e., Balance Sheet, Income and Retained Earnings Statement and Statement of Cash Flows, shall be reconciled with the corresponding statements in this annual report. The reconciliation shall contain an explanation of all differences in reporting.

If the respondent's annual report to stockholders or audited annual financial statements are prepared on a fiscal year basis, then a statement shall be included stating that, except as noted, the major financial statements are prepared on the same basis as in this annual report to the Commission and are in conformity with this Commission's applicable Uniform system of Accounts.

If reports to stockholders or audited annual financial statements are not prepared, so state below:

1. GENERAL INFORMATION (continued)

ITEM 6

Reconciliation and explanation of the differences between the major financial statements of the Annual Report to the SEC on form 10-K and the PSC Annual Report, i.e., Balance Sheet, Income Statement, Retained Earnings Statement and Statement of Cash Flows are as follows:

\$(000)

Balance Sheet

Assets	Annual Report to SEC	Annual Report to PSC	Difference	
Current Assets				
Cash & Short Term Investments	420,970	417,323	3,647	(1)
Receivables	1,308,773	1,324,629	(15,856)	(2)
Inventories	31,165	30,735	430	(3)
Prepaid Expenses	295,887	134,919	160,968	(4)
Deferred Charges & Other	485,388	494,063	(8,675)	(5)
Total Current Assets	<u>2,542,183</u>	<u>2,401,670</u>	<u>140,513</u>	
Noncurrent Assets				
Total Other Noncurrent Assets	1,317,640	3,271,867	(1,954,227)	(6)
Telephone Plant	29,247,194	29,402,801	(155,606)	(7)
Less-Depreciation Reserve	17,290,720	17,018,380	272,340	(8)
Net Telephone Plant	<u>11,956,474</u>	<u>12,384,420</u>	<u>(427,946)</u>	
Total Assets	<u>15,816,296</u>	<u>18,057,957</u>	<u>(2,241,661)</u>	
Liabilities and Capital				
Current Liabilities				
Short Term Debt	2,295,848	946	2,294,902	(9)
Accounts Payable & Accrued Liabilities	2,819,311	4,634,629	(1,815,318)	(10)
Other Current Liabilities	542,327	1,090,006	(547,679)	(11)
Total Current Liabilities	<u>5,657,486</u>	<u>5,725,581</u>	<u>(68,096)</u>	
Long Term Debt	<u>3,788,662</u>	<u>3,789,734</u>	<u>(1,072)</u>	(12)
Employee Benefit Obligations	<u>4,052,868</u>	<u>-</u>	<u>4,052,868</u>	(13)
Other Liabilities & Deferred Credits				
Other	351,108	4,565,369	(4,214,262)	(14)
Accumulated Deferred Income Taxes	552,381	2,042,553	(1,490,172)	(15)
Unamortized Investment Tax Credits	33,641	87,776	(54,134)	(16)
Total Other Liabilities & Deferred Credits	<u>937,130</u>	<u>6,695,698</u>	<u>(5,758,568)</u>	
Equity	<u>1,380,150</u>	<u>1,846,943</u>	<u>(466,793)</u>	(17)
Total Liabilities & Capital	<u>15,816,296</u>	<u>18,057,957</u>	<u>(2,241,661)</u>	

1. GENERAL INFORMATION (continued)

ITEM 6 (Continued)

1. Annual Report to PSC	417,323
Empire City Subway Co. (Ltd) accounts	3,700
Special Cash Deposits included in Def. Charges & Other inSEC (see 5 below)	(53)
Annual Report to SEC	420,970
2. Annual Report to PSC	1,324,629
Empire City Subway Co. (Ltd) accounts- A/R receivable	11,805
Other Receivables classified as Noncurrent Assets in SEC (see No 6 below)	(1,695)
Interest and Dividends Rec included in Deferred Charges & Other Assets in SEC (See No. 5 below)	(25,967)
Annual Report to SEC	1,308,773
3. Annual Report to PSC	30,735
Empire City Subway Co. (Ltd) accounts	430
Annual Report to SEC	31,165
4. Annual Report to PSC	134,919
Empire City Subway Co. (Ltd) accounts	117
Accrued/Prepaid Income taxes classified as Prepaid in SEC (see No.10 below)	160,851
Annual Report to SEC	295,887
5. Annual Report to PSC	494,063
Interest and Dividends Rec included in Rec's in PSC (see No. 2 above)	25,967
Statement of Accounting Standards No. 109, "Accounting for Income Taxes"	(330,696)
Deferred Tax Credits reclassified for SEC purposes (see 11 below)	279,234
PSC Amortization of Long Term Debt	(6,680)
Other PSC reclasses (FAS No. 109 related)	2,364
Special Cash Deposits included in Def. Charges & Other inSEC (see No.1 above)	53
Other Deferred Charges classified as Long Term in PSC (see No. 6 below)	21,082
Annual Report to SEC	485,388
6. Annual Report to PSC	3,271,867
Empire City Subway Co. (Ltd) accounts	(107,738)
Reclass of Accrued Income tax credits in SEC (see No. 10 below)	18,235
Other Receivables classified as Noncurrent Assets in SEC (see No 2 above)	1,695
Statement of Accounting Standards No. 109, "Accounting for Income Taxes"	(1,971,644)
Regulatory Asset - Bellcore Refund	(2,400)
Other Deferred Charges classified as Current in SEC (see No. 5 above)	(21,082)
Non-Network Software-Plant included in Tel. Plant in PSC (see No.7 below)	381,252
Non-Network Software-Amortization included in Depr in PSC (see No.8 below)	(210,651)
PSC Amortization of Long Term Debt	(41,241)
Annual Report to SEC	1,318,292

1. GENERAL INFORMATION (continued)

ITEM 6 (Continued)

7. Annual Report to PSC	29,402,801
Empire City Subway Co. (Ltd) accounts	384,610
Capitalized Right to Use Fees	(15,132)
Capitalized IDC/Reserve Adjustments	3,888
Unclassified Non Productive Work Time	(115,532)
OPEBS	(32,190)
Non-Network Software-Plant included in Tel. Plant in PSC (see No.6 above)	(381,252)
Annual Report to SEC	29,247,194
8. Annual Report to PSC	17,018,380
Empire City Subway Co. (Ltd) accounts	111,719
Capitalized Right to Use Fees	20,039
Capitalized IDC	(75,573)
Unclassified Non Productive Work Time	(11,804)
OPEBS	(5,800)
Non-Network Software-Amortization included in Depr in PSC (see No.6 above)	(210,651)
External Reserve Adjustments	444,411
Annual Report to SEC	17,290,720
9. Annual Report to PSC	946
Advances from BA included in Accounts Payable in PSC (see No. 10 below)	2,144,920
SEC reclass of Short Term Debt (see No. 10 below)	149,981
Annual Report to SEC	2,295,848
10. Annual Report to PSC	4,634,629
Empire City Subway Co. (Ltd) accounts	86,596
Advances from BA included in Short Term Debt in SEC (see No. 9 above)	(2,144,920)
SEC reclass of Short Term Debt (see No.9 above)	(149,981)
OPEBS	36,444
Reclass of Accrued Income tax credits in SEC (see No. 6 above)	18,235
Reclass of Accrued Income tax credits to Prepd for SEC (see No. 4 above)	160,851
Other Current Liab/Accr Taxes included in A/P in SEC (see No. 11 below)	177,458
Annual Report to SEC	2,819,311

1. GENERAL INFORMATION (continued)

ITEM 6 (Continued)

11. Annual Report to PSC	1,090,006
Empire City Subway Co. (Ltd) accounts	15,419
Deferred Tax Credits reclassified for SEC purposes (see 5 above)	279,234
Other Current Liabilities/Accrued Taxes included in A/P in SEC (see No. 10 above)	(177,458)
Other Liabilities included in Other in SEC (see No. 15 below)	394
OPEBS	24,234
Statement of Accounting Standards No. 109, "Accounting for Income Taxes"	(700,050)
CCL Charge Issues	400
EUCL Compliance	5,643
Various Contingencies	4,505
Annual Report to SEC	542,327
12. Annual Report to PSC	3,789,734
Other Long Term Debt included in Other Liabilities in SEC (see No. 14 below)	(1,072)
Annual Report to SEC	3,788,662
13. Annual Report to PSC	
Other Long Term Liabilities included by SEC (see No. 14 below)	4,052,868
Annual Report to SEC	4,052,868
14. Annual Report to PSC	4,565,369
Other Long Term Liabilities included in Employee Benefits by SEC (see No. 13 above)	(4,052,868)
Empire City Subway Co. (Ltd) accounts	12,151
IRS Audit Deferrals	(1,157)
EUCL Compliance	10,113
IPANY	10,000
Customer Deposits - Tax Refunds	1,081
OPEBS	587,147
Intrastate OPEB Acceleration-Deferred Pension Costs	(402,086)
Statement of Accounting Standards No. 109, "Accounting for Income Taxes"	(281,990)
Intrastate Gain on Sale of 1166 A/A, NYC	(28,800)
Regulatory Asset Recovery Plan	(66,640)
Other Long Term Debt included in Other Liabilities in SEC (see No. 12 above)	1,072
Other contingencies	(1,633)
Annual Report to SEC	351,760
15. Annual Report to PSC	2,042,553
Empire City Subway Co. (Ltd) accounts	63,395
Other Deferred Tax Credits included in Other Liabilities in SEC (see 11 above)	(394)
Statement of Accounting Standards No. 109, "Accounting for Income Taxes"	(1,146,937)
OPEBS	(406,236)
Annual Report to SEC	552,381

1. GENERAL INFORMATION (continued)

ITEM 6 (Continued)

16. Annual Report to PSC	87,776
Empire City Subway Co. (Ltd) accounts	3,110
Statement of Accounting Standards No. 109, "Accounting for Income Taxes"	(57,245)
Annual Report to SEC	33,641
17. Annual Report to PSC	1,846,943
Capitalized Right To Use Fees	(22,412)
Capitalized IDC	69,353
Buried Cable-Partial Retirements	(12,712)
Excess Accumulated Deferred Taxes	1,811
PSC Amortization of Long Term Debt	3,179
Unclassified Non Productive Work Time	(56,818)
Environmental Contingencies	248
Deferred Pension Costs	601,737
IRS Audit Deferrals i/c/w SFAS 101	(355)
External Reserve Adjustments	36,186
Statement of Accounting Standards No. 109, "Accounting for Income Taxes"	(622,510)
Merger related issues	9,751
Various Contingent Issues	(42,180)
Empire City Subway Co. (Ltd) accounts	2,926
Regulatory Asset Recovery Plan	29,889
NSM Reclass	1,262
Property Tax Refund-Zeckendorf Blvd	550
OPEBS	(557,165)
VDSI adjustments	136
CCL Charge	(140)
Intrastate Gain on Sale of 1166 A/A	18,718
Regulatory Asset - Bellcore	30,041
Intrastate Depreciation Represcription	41,686
Other	26
Annual Report to SEC	1,380,150

1. GENERAL INFORMATION (continued)

ITEM 6 (Continued)

Income Statement					
\$(000)					
	Annual Report to SEC		Annual Report to PSC	Difference	
Operating Revenues	7,330,392	1	6,922,943	407,448	(1)
Operating Expenses	8,330,418	1	8,012,832	317,586	(2)
Net Operating Revenues	<u>(1,000,027)</u>	1	<u>(1,089,889)</u>	<u>89,862</u>	
Other income and Expense	38,852	a	(556,604)	595,455	(3)
Interest Expense	338,807	b	367,293	(28,486)	(4)
Income before Taxes, Extraordinary items & Cumulative effect of changes in Accounting Principles	<u>(1,299,982)</u>		<u>(2,013,786)</u>	<u>713,804</u>	
Provision for Income Taxes	(470,661)	c	(643,359)	172,698	(5)
Income before Extraordinary Items & Cumulative effect of changes in Accounting Principles	<u>(829,321)</u>		<u>(1,370,427)</u>	<u>541,105</u>	
Extraordinary Items & Cumulative effect of changes in Accounting Principles, net of taxes	457,241	d	453,043	4,198	(6)
Jurisdictional & Non Regulated Income Items	-	e	225,261	(225,261)	(7)
Net Income	<u>(372,080)</u>		<u>(692,123)</u>	<u>320,043</u>	
1. Annual Report to PSC					
Income from Custom Work included in Other Income & Expense in PSC (see No. 3 below)			6,922,943	341	
Uncollectible revenues included in Operating Expense in SEC (see No. 2 below)			188,327		
Empire City Subway Co. (Ltd) accounts			8,572		
Regulatory Asset Recovery Plan			(57,120)		
Various Contingent Issues (service penalties/coe)			42,068		
Non Regulated Activity (see No. 6 below)			225,261		
Annual Report to SEC			7,330,392		

1. GENERAL INFORMATION (continued)

ITEM 6 (Continued)

2. Annual Report to PSC	8,012,832
Uncollectible revenues included in Operating Expense in SEC (see No. 1 above)	188,327
Other Operating Gains & Losses included in SEC (see No. 3 below)	10,240
Special Charges included in SEC (see No. 3 below)	9,849
Operating Other Taxes included in SEC (see No. 3 below)	486,646
Non Operating Other Taxes included in SEC (see No. 3 below)	5,862
Empire City Subway Co. (Ltd) accounts	(1,383)
Merger Severance - Verizon	83,578
Merger Issues	(2,827)
External Reserve Adjustments	(448,171)
OPEBS	(172,895)
Deferred Pension Costs	116,292
Various Contingent Liabilities	42,068
Annual Report to SEC	8,330,418
3. Annual Report to PSC	(556,604)
Operating Other Taxes included in SEC (see No. 2 above)	486,646
Income from Custom Work included in Operating Revenue in SEC (see No. 1 above)	(341)
Other Operating Gains & Losses included in SEC (see No. 2 above)	10,240
Operating ITC included in Provision for Income Taxes in SEC (see No. 5 below)	(3,150)
Allowance for Funds used During Construction included in Interest in SEC (see No. 4 below)	(12,275)
Special Charges included in SEC (see No. 2 above)	9,849
Non Operating Other Taxes included in SEC (see No. 2 above)	5,862
Empire City Subway Co. (Ltd) accounts	(9,419)
PSC Amortization of Long Term Debt	24,467
Merger Severance - Verizon	83,578
Annual Report to SEC	38,852
4. Annual Report to PSC	367,293
Allowance for Funds used During Construction included in Other Income & Expense in PSC (see No. 3 above)	(12,275)
PSC Amortization of Long Term Debt	(17,524)
Empire City Subway Co. (Ltd) accounts	1,313
Annual Report to SEC	338,807
5. Annual Report to PSC	(643,359)
Operating ITC included in Other Income & Expense in PSC (see No. 3 above)	(3,150)
Empire City Subway Co. (Ltd) accounts	3,419
Statement of Accounting Standards No. 109, "Accounting for Income Taxes"	172,429
Annual Report to SEC	(470,661)
6. Annual Report to PSC	453,043
Empire City Subway Co. (Ltd) accounts	4,198
Annual Report to SEC	457,241
7. Annual Report to PSC	225,261
Non Regulated Activity (see No. 1 above)	(225,261)
Annual Report to SEC	(0)

1. GENERAL INFORMATION (continued)

ITEM 6 (Continued)

Statement of Cash Flows

Millions of Dollars

	Annual Report to SEC	Annual Report to PSC	Difference	
Cash Flows from Operating Activities:				
Net Income	(829.3) a	(692.1)	(137.2)	(1)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation, depletion and amortization	1,716.4 b	1,952.9	(236.5)	(2)
Amortization	- c	200.4	(200.4)	(2A)
Increase (Decrease) in deferred taxes and investment tax credits-net	98.0 d	164.0	(66.0)	(3)
Decrease (Increase) in receivables related to operations excluding unbilled revenues	403.7 e	261.4	142.3	(4)
Decrease (Increase) in inventory related to operations	18.0 f	17.9	0.1	(4a)
Increase (Decrease) in accrued expensed and accounts payable related to operations	56.0 g	23.0	33.0	(5)
Decrease (Increase) in receivables related to unbilled revenues in operations	- h	23.4	(23.4)	(6)
Increase (Decrease) in current taxes and other taxes payable	- i	(49.0)	49.0	(7)
Increase (Decrease) in interest payable	- j	(9.9)	9.9	(8)
Equity in loss (earnings) of affiliates	(38.1) k	(45.7)	7.6	(9)
Dividends received from associated and subsidiary companies accounted for under the equity method	66.1 L	184.9	(118.8)	(10)
Other				
Other	(394.4) m	1,160.7	(1,555.1)	(11)
Provision for losses for Accounts Receivables	- n	188.3	(188.3)	(12)
Extraordinary charge (net of tax)	-	-	-	(13)
Employee Benefit Obligations	513.3	-	513.3	(14)
Total adjustments	2,439.0	4,072.3	(1,633.3)	
Net cash provided by (used in) operating activities	1,609.7	3,380.1	(1,770.4)	
Cash flows from investing activities:				
Cash outflows for construction:				
Telephone Plant	(1,073.7) p	(1,208.9)	135.2	(16)
Adjustments to gross additions:				
Equity AFUDC	-	-	-	
Total Cash outflows for construction	(1,073.7)	(1,208.9)	135.2	
Purchase of Short Term Investments	(421.0)	-	(421.0)	(17)
Sale of Short Term Investments	554.8	-	554.8	(18)
Net Proceeds for sale or disposition of property plant and equipment	- q	211.9	(211.9)	(19)
Other, net	2.5 r	(899.4)	901.9	(15)
Net change in Notes Receivable	114.3	-	114.3	(20)
Net cash provided by (used in) investing activities	(823.1)	(1,896.4)	1,073.3	

1. GENERAL INFORMATION (continued)

ITEM 6 (Continued)

Millions of Dollars

Statement of Cash Flows

	Annual Report to SEC	Annual Report to PSC	Difference	
Cash Flows from financing activities:				
Proceeds from borrowing	-	(550.7)	550.7	(29)
Early extinguishment of debt	(200.0)		(200.0)	(21)
Change in O/S Checks	55.5		55.5	(22)
Purchase of Short Term Investments	- s	(554.8)	554.8	(23)
Sale of Short Term Investments	- t	421.0	(421.0)	(24)
Net change in short-term debt	(39.5) u	(71.7)	32.2	(25)
Principal payments under capital leases	- v	1.5	(1.5)	(26)
Payments for retirement of long-term debt	(350.6) w	(550.0)	199.4	(27)
Other	- x	1.0	(1.0)	(28)
Distribution of APIC/ Dividends paid	(252.0) y	(180.0)	(72.0)	(30)
Net provided by/used in financing	(786.6)	(1,483.7)	697.1	
Net increase in cash and cash equivalents	-	0.0	(0.0)	
Cash and cash equivalents at the beginning of the year	- z	0.0	(0.0)	
Cash and cash equivalents at the end of the year	-	0.1	(0.1)	
1. Annual Report to PSC			(692.1)	
See Reconciliation of Income Statement			320.0	
SEC income adj. for cumulative effect of acct'g chg			(457.2)	
Annual Report to SEC			(829.3)	
2. Annual Report to PSC			1,952.9	
Reversal of Regulatory Issues			(25.5)	
Empire City Subway Co. (Ltd) accounts			11.4	
Difference in TPIS - SFAS 101			(422.8)	
Amortization Adjustments (see # 2a below)			200.4	
Annual Report to SEC			1,716.4	
2a. Annual Report to PSC			200.4	
Amortization Adjustments (see #2 above)			(200.4)	
Annual Report to SEC			(0)	
3. Annual Report to PSC			164.0	
Empire City Subway Co. (Ltd) accounts			9.4	
SFAS 109			(114.0)	
SEC Reclass			38.6	
Annual Report to SEC			98.0	
4. Annual Report to PSC			261.4	
A/P balances included SEC (see # 5 below)			121.4	
Unbilled Receivables (see #6 below)			23.4	
Empire City Subway Co. (Ltd) accounts			(2.5)	
Annual Report to SEC			403.7	

1. GENERAL INFORMATION (continued)

ITEM 6 (Continued)

4a. Annual Report to PSC	17.9
Empire City Subway Co. (Ltd) accounts	0.1
Annual Report to SEC	18.0
5. Annual Report to PSC	23.0
Empire City Subway Co. (Ltd) accounts	5.7
SEC reclasses (see note #25 below)	39.4
SEC Reclass (see note #7 below)	(49.0)
SEC Reclass (see note #11 below)	240.2
SEC Reclass (see note # 4above)	(121.4)
SEC reclass for 12/02 dividend (see note#30 below)	(72.0)
Interest Payable (see note #8 below)	(9.9)
Annual Report to SEC	56.0
6. Annual Report to PSC	23.4
Unbilled Receivables shown in Receivables amount for SEC (see #4 above)	(23.4)
Annual Report to SEC	(0.0)
7. Annual Report to PSC	(49.0)
SEC Reclass (see note #5 above)	49.0
Annual Report to SEC	(0)
8. Annual Report to PSC	(9.9)
Change in interest payable included in Other for SEC reporting (see note#5 above)	9.9
Annual Report to SEC	0.0
9. Annual Report to PSC	(45.7)
Empire City Subway Co. (Ltd) earnings	7.6
Annual Report to SEC	(38.1)
10. Annual Report to PSC	184.9
Contributed capital shown on SEC reporting	28.0
SEC reclass -Affil. Notes rec. (see #20 below)	(146.9)
Other	0.1
Annual Report to SEC	66.1
11. Annual Report to PSC	1,160.7
Difference in Other Deferred & Other Long Term Liab.	(1,566.0)
Provision for losses on A/R (see note #12 below)	188.3
Change in Deferred Charges (see note #5 above)	(177.4)
Annual Report to SEC	(394.4)
12. Annual Report to PSC	188.3
Provision for losses on A/R (see note #11 above)	(188.3)
Annual Report to SEC	0.0
13. Annual Report to PSC	-
Extraordinary charge included in Other (see note #11 above)	-
Annual Report to SEC	-
14. Annual Report to PSC	-
SFAS 101 TBO issues	513.3
Annual Report to SEC	513.3

1. GENERAL INFORMATION (continued)

ITEM 6 (Continued)

15. Annual Report to PSC	(899.4)
See proceeds on PPE for PSC (see note #19 below)	211.9
Capitalized Software	139.3
Other adjustments - (see note #29+A287 below)	550.7
Annual Report to SEC	2.5
16. Annual Report to PSC	(1,208.9)
Empire City Subway Co. (Ltd) accounts	17.7
Capitalized Software adjustments	117.5
Annual Report to SEC	(1,073.7)
17. Annual Report to PSC	-
Amounts reclassified for SEC (see note #24 below)	(421.0)
Annual Report to SEC	(421.0)
18. Annual Report to PSC	-
Amounts reported on Sale of S/T investments for PSC (see note #23 below)	554.8
Annual Report to SEC	554.8
19. Annual Report to PSC	211.9
Proceed from Disposals of PPE included in Other for SEC (see note # 15 above)	(211.9)
Annual Report to SEC	(0.0)
20. Annual Report to PSC	-
Reclass of Affiliate Advances (see note # 25 below)	114.3
Annual Report to SEC	114.3
21. Annual Report to PSC	-
See LTD retirements reported on PSC (see note #27 below)	(200.0)
Annual Report to SEC	(200.0)
22. Annual Report to PSC	-
Amounts reported in A/P accounts per PSC	55.5
Annual Report to SEC	55.5
23. Annual Report to PSC	(554.8)
Amounts shown as S/T Investment purchases for SEC (see note #18 above)	554.8
Annual Report to SEC	(0.0)
24. Annual Report to PSC	421.0
Reported as Sale on S/T investments for SEC (see note #17 above)	(421.0)
Annual Report to SEC	(0.0)

1. GENERAL INFORMATION (continued)

ITEM 6 (Continued)

25. Annual Report to PSC	(71.7)
SEC reclass (see note #20 above)	32.6
See reclass associated with Other (see note #11 above)	(38.4)
SEC reclasses (see note #5 above)	39.4
Empire City Subway Co. (Ltd) earnings- NFC balances	(1.4)
Annual Report to SEC	(39.5)
26. Annual Report to PSC	1.5
See reclass on note #24 above	(1.5)
Annual Report to SEC	(0.0)
27. Annual Report to PSC	(550.0)
Reported as Early extinguishment of Debt for SEC (see note #21 above)	200.0
Proceeds from Issue of Stock/Equity per SEC (see note #28 below)	(1.0)
Other	0.4
Annual Report to SEC	(350.6)
28. Annual Report to PSC	1.0
Amount reclassified (see note #27 above)	(1.0)
Annual Report to SEC	(0.0)
29. Annual Report to PSC	(550.7)
Amount reclassified (see note #15 above)	550.7
Annual Report to SEC	(0.0)
30. Annual Report to PSC	(180.0)
SEC reclass for 12/02 dividend (see note#5)	(72.0)
Annual Report to SEC	(252.0)

3. OFFICERS AND DIRECTORS (including Compensation)

1. Furnish the indicated data with respect to each executive officer and director, whether or not they received any compensation from the respondent.
2. Executive officers include a company's president, secretary, treasurer and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
3. Indicate with an asterisk (*) in column (a) those directors who were members of the executive committee, if any, and by a double asterisk (**) the chairman, if any, of that committee, at the end of the year.

Line No.	Name of Person (a)	Title and Department Over Which Jurisdiction Is Exercised (b)	Term Expired or Current Term Will Expire (c)	Salary	
				Rate at Year End (d)	Paid During Year (e)
1	Lawrence T. Babbio, Jr.	Chairman & CEO	2004 Mtg	Confidential	
2	Marianne Drost	Secretary	2004 Mtg		
3	Paul A. Crotty	Group Pres-NY/Conn	2004 Mtg		
4	John F. Killian	Chief Financial Officer	2004 Mtg		
5	Edwin F. Hall	Controller	2004 Mtg		
6	William F. Heitmann	VP & Treasurer	2004 Mtg		
7	Joseph A. DeMauro	Region President - Liberty	2004 Mtg		
8					
9	James C. Joedecke	Region President - Capital	2004 Mtg		
10					
11	Patrick W. Welsh III	Region President - Island Metro	2004 Mtg		
12					
13	Lawrence T. Babbio, Jr.	Director	2004 Mtg		
14	Paul A. Crotty	Director	2004 Mtg		
15	John F. Killian	Director	2004 Mtg		
16	Sandra D. Thorn	Director	2004 Mtg		
17					
18					
19					
20					
21					
22					
23					
24					
25					

NOTES:

Please complete the information on this schedule for all copies (paper and electronic version) of the report.

3. OFFICERS AND DIRECTORS (including Compensation - Continued)

4. If any person reported in this schedule received remuneration directly or indirectly other than salary shown in column (e) list the amounts in columns (f) through (k) with the footnotes necessary to explain the essentials of the plan, the basis of determining the ultimate benefits receivable and the payments or provisions made during the year to each person reported herein. If the word "none" correctly states the facts in regard to entries for columns (f) through (k), so state.
5. If any person reported hereunder received compensation from more than one affiliated company or was carried on the payroll of an affiliated company, details shall be given in a note.

Deferred Compensation (f)	Incentive Pay (Bonuses, etc.) (g)	Savings Plans (h)	Stock Options (i)	Life Insurance Premiums (j)	Other (Explain Below) (k)	Total (e thru k) (l)	Line No.
						\$0	1
						0	2
						0	3
						0	4
						0	5
						0	6
						0	7
						0	8
						0	9
						0	10
						0	11
						0	12
						0	13
						0	14
						0	15
						0	16
						0	17
						0	18
						0	19
						0	20
						0	21
						0	22
						0	23
						0	24
						0	25

NOTES:

4. CONTROL OVER RESPONDENT

If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by trustee(s), state name of trustee(s), name of beneficiaries for whom trust was maintained, and purpose of the trust. If other companies are controlled by the organization which holds control over the respondent, list the names of such companies and the kind of business each is engaged in.

The common stock of the respondent was wholly owned by Verizon Communications Inc. This list displays companies in which Verizon Corporation has interest of 5% or more:

1800 Arch Street Limited Partnership
 1800 JFK Joint Venture
 1880 JFK Joint Venture
 1880 JFK Land - Holding Partnership
 Agencia Mirador, S.A.
 Associated Venture Investors III, L.P.
 Atlantic West B.V.
 BAC International -- The Netherlands B.V.
 BACC Elan Corporation
 BAFIS Bell Atlantic Federal Integrated Systems, GmbH
 BAP -- 1800 Arch Land Parcel, Inc.
 BAP-- Caroline, Inc.
 BATCL -- 1987 -- I, Inc.
 BATCL -- 1987 -- II, Inc.
 BATCL -- 1987 -- III, Inc.
 BATCL-1991-II, Inc.
 BATCO-1989-II, Inc.
 BATCO-1989-III, Inc.
 BBNT Solutions LLC
 Bear Swamp I LLC
 Bear Swamp II LLC
 Beaufoy Ltd.
 Bell Atlantic (Barbados), Ltd.
 Bell Atlantic (Bermuda) Holdings Ltd.
 Bell Atlantic Administrative Services, Inc.
 Bell Atlantic Advertising (China) Company
 Bell Atlantic Australia Pty. Limited
 Bell Atlantic Austria, Inc.
 Bell Atlantic Aviation Services, L.P.
 Bell Atlantic Capital Corporation
 Bell Atlantic Cellular Holdings, L.P.
 Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance)
 Bell Atlantic Construction Services, Inc.

Bell Atlantic Directory Services (Taiwan) Company Ltd.
Bell Atlantic Entertainment and Information Services Group, Inc.
Bell Atlantic Federal Integrated Solutions -- Puerto Rico, Inc.
Bell Atlantic Foreign Sales Corporation
Bell Atlantic Global Systems Company
Bell Atlantic Global Wireless, Inc.
Bell Atlantic Holdings Ltd.
Bell Atlantic India, Inc.
Bell Atlantic Indonesia, Inc.
Bell Atlantic Information Services Hellas S.A.
Bell Atlantic Information Systems, Inc.
Bell Atlantic Integrated Systems, Inc.
Bell Atlantic International - Italia S.r.L.
Bell Atlantic International Finance Company
Bell Atlantic International, Inc.
Bell Atlantic Investment Development Corporation
Bell Atlantic Latin America Holdings, Inc.
Bell Atlantic Mexico, S.A. de C.V.
Bell Atlantic Mobile Systems of Northern New Jersey, Inc.
Bell Atlantic Mobile Systems, Inc.
Bell Atlantic Mobile, Inc.
Bell Atlantic Network Systems (Bermuda) Limited
Bell Atlantic Network Systems Company
Bell Atlantic New Holdings, Inc.
Bell Atlantic New Zealand Holdings, Inc.
Bell Atlantic NSI ISCP Ventures II, Inc.
Bell Atlantic NSI ISCP Ventures, Inc.
Bell Atlantic Personal Communications, Inc.
Bell Atlantic Public Communications, Inc.
Bell Atlantic Puerto Rico, Inc.
Bell Atlantic Technical Services, Inc.
Bell Atlantic Telezone Holdings, Inc.
Bell Atlantic TriCon Leasing Corporation
Bell Atlantic Venture 36 Holdings, Inc.
Bell Atlantic Venture Fund, Inc.
Bell Atlantic Ventures II, Inc.
Bell Atlantic Ventures XXV, Inc.
Bell Atlantic Ventures XXXI, Inc.
Bell Atlantic Ventures XXXIV, Inc.
Bell Atlantic Worldwide Services Group, Inc.
Braham Ltd.
Caribbean Reservation Center, C. por A.
Caribe Information Investments Incorporated
Cellco Partnership

CODETEL International Communications Incorporated
Compañía Anónima Nacional Teléfonos de Venezuela (CANTV)
Comunicaciones Nacionales, C. por A.
Comunicaciones Telefónicas, C. por A.
Conagro Telecommunications, S.A.
Consortio de la Prada, S.A.
Contel Advanced Systems, Inc.
Contel Cellular International, Inc.
Contel Federal Systems, Inc.
Contel of Minnesota, Inc.
Contel of New York, Inc.
Contel of the South, Inc.
Contel Page International, Inc.
Continental Telecommunications Company (Nigeria)
Continental Telephone do Brasil, Ltd.
Crown Atlantic Company LLC
Crown Atlantic Holding Company LLC
Czech Directory Services Company
DEZ Corporation
Empire City Subway Company (Limited)
ESI KF Limited Partnership
EuroTel Bratislava a.s.
Exchange Indemnity Company
Expat Directory Services Company
Federal Network Systems LLC
Frontier (Binghamton) Wireless, L.P.
Gibtelecom Limited
GITI Services Puerto Rico Incorporated
GITS Branch LLC
Global Directory Services Company
Grape Ltd.
Green Harbor Corporation
GT Towers Incorporated
GTE Alaska Incorporated
GTE Arkansas Incorporated
GTE Communication Systems Corporation
GTE Consumer Services Incorporated
GTE Control Devices Incorporated
GTE Corporation
GTE Directories (B) Sdn. Bhd.
GTE Dominican Republic Holdings LLC
GTE Enterprise Initiatives Incorporated
GTE Far East (Services) Limited
GTE Funding Incorporated

GTE Hawaiian Tel Insurance Company Incorporated
GTE Holdings (Canada) Corporation
GTE Holdings (Puerto Rico) LLC
GTE Industries Incorporated
GTE Information Services (UK) Limited
GTE International Incorporated
GTE International Telecommunications Incorporated
GTE International Telecommunications Services LLC
GTE International Telephone Incorporated
GTE Investments LLC
GTE Iran Incorporated
GTE Leasing Acceptance Corporation
GTE Life Insurance Company Limited
GTE Main Street Incorporated
GTE Mexico, L.L.C.
GTE Midwest Incorporated
GTE Mobile Communications International Incorporated
GTE Operations Support Incorporated
GTE Overseas Corporation
GTE Pacifica Incorporated
GTE PCS International LLC
GTE Products of Connecticut Corporation
GTE REinsurance Company Limited
GTE Southwest Incorporated
GTE Sprint Communications Corporation
GTE Sylvania S.A. Electronica, Quimica, Industrial y Comercial
GTE Telecom International Incorporated
GTE Telecom International Systems Corporation
GTE Vantage Incorporated
GTE Venezuela Incorporated
GTE Venezuela S.à r.l.
GTE Venholdings B.V.
GTE VisNet Incorporated
GTE Wireless Incorporated
GTE Wireless of Ohio Incorporated
GTE Wireless Service Corporation
GTE-TCCA, Inc.
GTE.Net LLC
GTER Incorporated
GTPT Corporation
Houston MTA, L.P.
ICA Foreign Financial, Inc.
Infoseek Corporation
Inmobiliaria Seica, S.A.

Inversiones Zectel, S.A.
Iron Run Venture III
ISCP Alliance LLC
J. Pelayo Rancier Sucesores, C. por A.
Kalama Grain Terminal, Inc.
Kipling Associates L.L.C.
Las Cruces Cellular Telephone Company
Laycon Telecommunications, S.A.
LEASINGCORP, S.A.
LGS Realty Corp.
Mango Associates, L.P.
MBW Venture Partners Limited Partnership
MEDIATEL Directory Services Company
Metro Mobile CTS of Charlotte, Inc.
Mexfone, S.A. de C.V.
Mezzalina, S.A.
MICROTEC, S.A.
Mid-Atlantic RMTS Holdings, L.L.C.
Minotel Communications Limited
Montana OL3 LLC
Montana OL4 LLC
Montana OP3 LLC
Montana OP4 LLC
Movicelular, S.A. de C.V.
Moviservicios, S.A. de C.V.
Movitel del Noroeste, S.A. de C.V.
NC-2 LLC
NCC Anaconda Company
NCC Braeburn Company
NCC Capon Company
NCC Charlie Company
NCC Delta Company
NCC Dove Corporation
NCC Echo Company
NCC Farnborough Company
NCC Fox Company
NCC FSC I, Inc.
NCC FSC II, Inc.
NCC FSC III, Inc.
NCC FSC IV, Inc.
NCC FSC IX, Inc.
NCC FSC V, Inc.
NCC FSC VII, Inc.
NCC FSC VIII, Inc.

NCC FSC X, Inc.
NCC FSC XI, Inc.
NCC FSC XII, Inc.
NCC Golf Company
NCC Horizon Company
NCC Indigo Company
NCC Jupiter Company
NCC Key Company
NCC Luna Company
NCC Mianus Corporation
NCC Micron Company
NCC Neptune Company
NCC Orion Company
NCC Polar Company
NCC Republic Company
NCC Ria Company
NCC Sierra Company
NCC Solar Company
NCC Stamford Corporation
NCC Tarzana Company
NCC Umbra Company
NCC Viva Company
NCC Xebec Company
NCC Yearling Company
NCC Zee Company
New Bedford Cellular Telephone Company
New Hampshire RSA 2 Partnership
New York RSA 2 Cellular Partnership
New York RSA No. 3 Cellular Partnership
NYNEX Asia Holdings (No. 1) LLC
NYNEX Asia Investments (Indonesia) LLC
NYNEX Asia LDC
NYNEX Bell IP Holding Corporation
NYNEX Cellular Holding Sdn.
NYNEX Corporation
NYNEX Entertainment & Information Services Company
NYNEX Indocel Holding Sdn.
NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions)
NYNEX Mandalay Holdings, Inc.
NYNEX Mandalay Investors, Inc.
NYNEX Mandalay Management, Inc.
NYNEX Mandalay Subsidiary Holding Company
NYNEX Network Systems (Thailand) Company
NYNEX Network Systems International Subsidiary Company

NYNEX PCS Inc.
 NYNEX Science & Technology Asia, Ltd.
 NYNEX Subsidiary (Japan) Company
 OldCo s.r.o.
 OldCo Slovak, s.r.o.
 One Parkway, Inc.
 OnePoint Communications Holdings, L.L.C.
 OnePoint Communications-Colorado, L.L.C.
 OnePoint Communications-Georgia, L.L.C.
 OnePoint Communications-Illinois, L.L.C.
 OnePoint Services, L.L.C.
 Operadora de Procesamiento de Información y Telefonía, C. por A.
 Orange County-Poughkeepsie MSA Limited Partnership
 P.T. Citra Sari Makmur
 P.T. Excelcomindo Pratama
 P.T. NYNEX Indonesia
 Parlance Corporation
 PC Lease Partners I
 PC Lease Partners II
 PSCCO Partnership
 Pennsylvania RSA 6(II) Limited Partnership
 Pittsfield Cellular Telephone Company
 Portal Investments, Inc.
 ProTelecom Sari
 Providence Cellular Telephone Company
 Puerto Rico Telephone Company, Inc.
 Quality Telecommunications, C. por A.
 Quarry Technologies, Inc.
 Radiowealth, Inc.
 RJM Lease Partners I
 RJM Lease Partners II
 Roxbury Corners Limited Partnership
 Rudolf's Engine LLC
 Seaboard Merger Company
 Servicio de Telecomunicación Telefónica, C. por A.
 Shanghai Bell Atlantic Yellow Pages Advertising Co. Ltd.
 Sherkate Sahami Khass Telephone Sazi Iran
 Steam Heat LLC
 Taiwan Cellular Corporation
 TELE-TV
 TELE-TV Media Partners, L.P.
 Telecom Corporation of New Zealand Limited
 Telecomunicaciones de Puerto Rico, Inc.
 Telesector Resources Group, Inc. (d/b/a Verizon Services Group)

Teletronics Financing Corporation
TeleZone, Inc.
TELUS Communications (Quebec) Inc.
TELUS Communications Inc.
TELUS Corporation
Texas Holdings, LLC
The Bell Atlantic Systems Group, Inc.
The Elizabeth Islands Telephone Company
The Micronesian Telecommunications Corporation
Tuka Cellular Tokai K.K.
Tuka Cellular Tokyo K.K.
Tuka Phone Kansai K.K.
Unicast Communications Corp.
V-V PCS, L.P.
VCC Triangle Services Company, Ltd.
VDO Corp. Ltd.
VENTURE 36, LLC
Verizon Accounting and Information Services Inc.
Verizon Advanced Data - Virginia Inc.
Verizon Advanced Data Inc.
Verizon Advanced Data Services Inc.
Verizon Airfone Inc.
Verizon Asset Management Corp.
Verizon Avenue Corp.
Verizon California Inc.
Verizon Call Centre Services (UK) Limited
Verizon Canada Holdings Corporation
Verizon Capital Corp.
Verizon Communications Inc.
Verizon Connected Solutions Inc.
Verizon Corporate Services Corp.
Verizon Corporate Services Group Inc.
Verizon Credit Inc.
Verizon Data Services Inc.
Verizon Data Services India Private Limited
Verizon Delaware Inc.
Verizon Directories Corp.
Verizon Directories Sales - East Co.
Verizon Directories Sales - West Inc.
Verizon Directories Services - East Inc.
Verizon Directories Services - West Inc.
Verizon Dominicana, C. por A.
Verizon Enterprise Solutions Virginia Inc.
Verizon Entertainment Services Company

Verizon Federal Inc.
Verizon Florida Inc.
Verizon Foundation
Verizon Global Funding Corp.
Verizon Global Networks Inc.
Verizon Global Networks Virginia Inc.
Verizon Global Solutions (Barbados) SRL
Verizon Global Solutions Austria GmbH
Verizon Global Solutions Belgium B.V.B.A.
Verizon Global Solutions Brasil Ltda.
Verizon Global Solutions France SAS
Verizon Global Solutions Germany GmbH
Verizon Global Solutions Holdings I Ltd.
Verizon Global Solutions Holdings II Ltd.
Verizon Global Solutions Holdings III Ltd.
Verizon Global Solutions Holdings IV Ltd.
Verizon Global Solutions Holdings V Ltd.
Verizon Global Solutions Inc.
Verizon Global Solutions Ireland Limited
Verizon Global Solutions Italy S.r.l.
Verizon Global Solutions Luxembourg S.à r.l.
Verizon Global Solutions Netherlands B.V.
Verizon Global Solutions Singapore PTE. Ltd.
Verizon Global Solutions Spain, S.r.l.
Verizon Global Solutions Switzerland GmbH
Verizon Global Solutions U.K. Ltd.
Verizon GmbH
Verizon Hawaii Inc.
Verizon Hawaii International Inc.
Verizon Holdings-Mexico, S. de R.L. de C.V.
Verizon Information Services Inc.
Verizon Information Services-Belize, LLC
Verizon Information Services-Belize, LLC (Branch)
Verizon Information Services-Canada Inc.
Verizon Information Services-Costa Rica, LLC
Verizon Information Services-Puerto Rico Inc., S. en C.
Verizon Information Services-Puerto Rico, Inc.
Verizon Information Technologies Inc.
Verizon International (Singapore) PTE Ltd.
Verizon International Holdings Ltd.
Verizon International Telecom Services Inc.
Verizon International Teleservices, C. por A.
Verizon Internet Services Inc.
Verizon Investment Management Corp.

Verizon Investments Inc.
Verizon IP Holding Inc.
Verizon Laboratories Inc.
Verizon Licensing Company
Verizon Long Distance Virginia Inc.
Verizon Maryland Inc.
Verizon Media Ventures Inc.
Verizon Network Funding Corp.
Verizon Network Integration Corp.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon NSI Holdings Inc.
Verizon Pennsylvania Inc.
Verizon Properties Inc.
Verizon Puerto Rico Holdings LLC
Verizon Realty Corp.
Verizon Select Services Inc.
Verizon Select Services of Virginia Inc.
Verizon Services Corp.
Verizon Services Organization Inc.
Verizon Servicios de Información Dominicana, S.A.
Verizon South Inc.
Verizon Technology Corp.
Verizon TeleProducts Corp.
Verizon Trademark Services LLC
Verizon Ventures I Inc.
Verizon Ventures II Inc.
Verizon Ventures III Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Coast Inc.
Verizon West Virginia Inc.
Verizon Wireless Inc.
Verizon Wireless Texas, LLC
VIC-RMTS-DC, L.L.C.
Vodafone Omnitel N.V.
VWI Acquisition Corporation
VZ Chantilly Corporation
Wallaroo Company
Weatherly Holdings L.L.C.
West Indies Telephone Company

5. CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Foot-note Ref. (d)
Empire City Subway (Limited)	Builds, maintains and operates underground subways, conduits and ducts in the boroughs of Bronx and Manhattan, City of New York in which it leases space primarily for companies in the telecommunications business	100%	
Telesector Resources Group, Inc. # - Telesectors Research Group, Inc is jointly owned by the Company and New England Telephone and Telegraph Company ("New England Telephone")	Provides staff and operational support services primarily to the Company and New England Telephone. Staff support services include marketing and technical planning, regulatory, accounting and legal services. Operational support services include the provision of data processing and other information services to, and the development of operational methods and procedures for the Company and New England Telephone. In addition, Telesector Resources provides on a non-exclusive basis, various procurement, procurement support and materials management services to the Company and New England Telephone.	50%	#

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

6. HOLDERS OF VOTING SECURITIES

1. Report the requested information for each holder of record of five percent or more of the voting capital or, if there are fewer than ten such holders, the ten who hold the highest voting powers. Data should be the latest available nearest the end of the year. When the holder of record is a trustee, or other intermediate agency (except a corporation), the data should be reported opposite the names of the beneficial owners, designated as such, under a general heading identifying the trustee or other agency. For corporations listed hereunder as holders of voting securities, see the next succeeding schedule. Securities with contingent voting rights may be disregarded.

2. Attach hereto a certified copy of every effective voting trust established under Section 621 of the Business Corporation Law and a certified copy of every other agreement (trustee or otherwise) under which voting securities are held for beneficial owners. If any such agreement has been filed with a previous report, reference to the earlier report will be sufficient provided changes or modification since filing are shown.

Line No.	Name and Address of Security Holder (a)	Number of Votes as of		
		Common Stock (b)	Other (Specify)	
			(c)	(d)
1	NYNEX Corporation (a wholly owned subsidiary of Verizon Communications Inc) 1095 Avenue of the Americas New York, NY 10036	1	None	None
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7. VOTING POWERS AND ELECTIONS

1. Has each share of stock the right to one vote? ___Yes___

2. Are voting rights attached only to stock? ___Yes___

(if the answer to either query 1 or 2 is "No", give full particulars in a note.)

3. Is cumulative voting permitted? ___No___

4. State the place and date of the latest general meeting held prior to the end of the year for the election of directors.

A Consent of Sole Stockholder in Lieu of Annual Meeting of Verizon New York Inc.

Pursuant to Section 615(a) of the New York Business Corporation Law for the
Election of Directors was signed on February 20, 2003.

5. State the total number of votes cast at such general meeting _____1_____ and the total number cast by proxy ___0___.

6. State the total number of voting security holders _____1_____ and the total of all voting securities _____1_____ as of such date.

7. If any security has preferences, special privileges, or restrictions in the election of directors, trustees or managers, or in the determination of any corporate action, give details. None

8. IMPORTANT CHANGES DURING THE YEAR

Report important changes of the types listed. Except as otherwise indicated, data furnished should apply to the same period the report covers. Answers should be numbered in accordance with the inquiries, and if "none" states the fact, it should be used. If information which answers an inquiry is given elsewhere in the report, identification of the other source will be sufficient.

1. Changes in rights to furnish service, i.e. distribution franchises or similar consents: For each franchise surrendered show the name of the municipality, date of grant, and date of surrender. For each franchise acquired, show the grantor, the date, the specific territory covered, the party from whom acquired, and the consideration.
2. Consolidations, mergers and reorganizations: Give names of other companies involved, particulars of each such incident, date, and Commission authorization.
3. Purchase or sale of entire property, or a part of property when service territory is included: Give brief description of each transaction, name of the other party, date, consideration and Commission authorization.
4. Lease of property (to or from another) of the kind covered by the preceding inquiry: To the extent applicable give details corresponding to those required by the preceding inquiry.
5. Securities issued during the year: Identify the securities, give purposes of issuance, date, consideration received and Commission authorization. As here used the term "securities" shall be taken to mean any capital stock or debt, the issuance of which requires prior authorization by this Commission.
6. Changes in rates: Show brief particulars of each intrastate rate change, the estimated increase or decrease in annual revenues by reason of such changes, the service classification, effective date, and date ordered or allowed by the Commission. Give the same information for interstate rate changes.
7. Changes in scales of wages: State the estimated annual effect and nature of any important wage scale changes during the year.
8. Changes in articles of incorporation: Give brief particulars of each change and date.
9. Changes in general officers between end of period covered by this report and date of filing thereof. Give brief particulars.
10. Other important changes: Give brief particulars of each other important change which is not disclosed elsewhere in this report.
11. Give information on any changes in accounting standards that have occurred during the year.

Inquiry 1 to 4 has nothing to report

Inquiry 5: Nothing to report

Inquiry 6: Intrastate Changes in Services and Rates

Effective Date	Description	Service Classification	Date Allowed by Commission	Annual Effect on Revenues
01/01/2003	VIP Tariff Revisions	Local	01/01/2003	10,214,752
01/01/2003	Change in UCRCC	Local	01/01/2003	-
01/02/2003	Concurring Carriers PSCNY #8 & # 11	Local	01/02/2003	-
01/06/2003	Digital Centrex Plus Service Waiver	Local	01/06/2003	-
01/09/2003	Blocking Service	Local	01/09/2003	-
01/21/2003	Introduction of PSC No.5	Local	01/21/2003	-
01/23/2003	ALI Database -Non Pub	Local	01/23/2003	-
01/30/2003	Collocation Arrangements/CCOE clarification	N/A	01/30/2003	-
01/31/2003	Business Building Specific Pricing	Local	01/31/2003	-
02/01/2003	Local Package Basic	Local	02/01/2003	(13,607,693)
02/01/2003	Local Package Plus	Local	02/01/2003	-
02/06/2003	Frame Relay service	Local	02/06/2003	294,227
02/06/2003	Introduction of ISVM	Local	02/06/2003	252,360
02/07/2003	Correction Erroneous Loop Density	Local	02/07/2003	-
02/15/2003	Switched Access PIU Factors	Local	02/15/2003	-

8. IMPORTANT CHANGES DURING THE YEAR (Continued)

02/17/2003	Worksmart Package	Local	02/17/2003	1,447,896
02/21/2003	Frame Relay Service	Local	02/21/2003	-
02/27/2003	LSO's	Local	02/27/2003	-
02/28/2003	Concurring Carriers - NYPSC Nos. 8&11	Local	02/28/2003	-
03/01/2003	Verizon Incentive Plan-Plan Year 2	Local	03/01/2003	149,483,132
03/01/2003	Intellipath II-Digital Centrex Plus	Local	03/01/2003	-
03/03/2003	Flexgrow-Enhanced Service	Local	03/03/2003	1,920,334
03/03/2003	Intellipath II-Digital Centrex Plus	Local	03/03/2003	-
03/15/2003	Local Service Provider Freeze Refiling	Local	03/15/2003	-
03/21/2003	Waiver Local Pack.Basic & Package Plus	Local	03/21/2003	-
03/31/2003	Collocation Arrangements/CCOE clarification	Local	03/31/2003	-
04/01/2003	TSP System	Local	04/01/2003	-
04/01/2003	Unbundled TC Reciprocal Comp. (UCRCC)	Local	04/01/2003	-
04/01/2003	UNE-P Curbside Pre-site Survey	Local	04/01/2003	4,500
04/04/2003	Transparent LAN Service	Local	04/04/2003	1,577,250
04/15/2003	Business Link Rewards	Local	04/15/2003	-
04/15/2003	Superpath 1.5 megabit/Optical 45 Megabit	Local	04/15/2003	-
04/19/2003	Unlimited Local Plan Introduction	Local/Toll	04/19/2003	2,742,825
04/21/2003	Local Package-Standard& Unlimited	Local	04/21/2003	(1,539,899)
04/21/2003	Worksmart Package	Local	04/21/2003	236,729
04/21/2003	Frame Relay Service	Local	04/21/2003	383,840
04/25/2003	Remote Call Forwarding	Local	04/25/2003	(135,840)
04/28/2003	ICB's	Local	04/28/2003	-
04/30/2003	Local Package & Local Package Plus	Local	04/30/2003	-
04/30/2003	Directory Listings	Local	4/30/03	-
04/30/2003	Further Postponement of Collocation Filing	Local	04/30/2003	-
05/01/2003	Calling Certificates Promotion	Local	05/01/2003	384,053
05/01/2003	NYNEX Digital Centrex Plus Waiver	Local	05/01/2003	-
05/01/2003	Corporate Rewards Enhancements	Local	05/01/2003	14,542,904
05/06/2003	Frame Relay Enhancements	Local	05/06/2003	1,221,563
05/07/2003	Unlimited Local & Toll for Business	Local	05/07/2003	(4,650,187)
05/18/2003	Modifying All Call & Per Call blocking	Local	05/18/2003	-
05/18/2003	All-Call Blocking/Per Call Blocking changes	Local	05/18/2003	-
05/20/2003	ICB's Addendum	Local	05/20/2003	-
05/28/2003	Further Postponement of Collocation Filing	Local	05/28/2003	-
06/02/2003	ICB's Addendum	Local	06/02/2003	-
06/15/2003	Local Service Provider Freeze Postponement	Local	06/15/2003	-
06/20/2003	LSO Revisions	Local	06/20/2003	-
06/20/2003	ICB Addendum	Local	06/20/2003	-
06/21/2003	ISDN Enhancements	Local	06/21/2003	350,458
06/27/2003	E911 Maintenance clarification	Local	06/27/2003	-
06/27/2003	ICB Addendum	Local	06/27/2003	-
06/29/2003	Grandfather NYNEX FDDI Service	Local	06/29/2003	-
06/30/2003	Further Postponement of Collocation Filing	Local	06/30/2003	-
07/01/2003	Unbundled TC Reciprocal Comp. (UCRCC)	Local	07/01/2003	-
07/01/2003	Grandfathering PUP,Weekend Choice	Local/Toll	07/01/2003	-
07/01/2004	Enhanced ISDN Clarification	Local	07/01/2003	-
07/01/2003	Intoduction of CyberDS1 Service	Local	07/01/2003	68,809
07/02/2003	Local Package Basic & Plus Billing	Local	07/02/2003	-
07/11/2003	ICB Addendum	Local	07/11/2003	-
07/15/2003	Superpath 1.5 megabit/Optical 45 Megabit	Local	07/15/2003	-
07/28/2003	Cageless Collocation Open Environment	Local	07/28/2003	-
07/28/2003	Collocation (Amendment to 12/31/02 Filing)	Local	07/28/2003	-
07/30/2003	Advantage Pack	Local	07/30/2003	1,801
07/30/2003	ICB Addendum	Local	07/30/2003	-
08/01/2003	Life Line Service	Local	08/01/2003	-

8. IMPORTANT CHANGES DURING THE YEAR (Continued)

08/01/2003	Business Link Rewards	Local	08/01/2003	(36,261)
08/01/2003	Grandfather Alternate WC Routing Flexpath	Local	08/01/2003	-
08/01/2003	ISDN Primary regulation correction	Local	08/01/2003	-
08/03/2003	Intellipath II Digital Centrex/Digital Centrex Plus	Local	08/03/2003	(3,903,566)
08/10/2003	Business Link Rewards Promotion	Local	08/10/2003	-
08/18/2003	Residence Custom Calling Services Packaging	Local	08/18/2003	-
08/19/2003	ISDN Basic Service waiver	Local	08/19/2003	-
08/20/2003	ICB Addendum	Local	08/20/2003	-
08/21/2003	Calling Certificates Promotion-Bus. Usage	Local/Toll	08/21/2003	475,642
08/25/2003	ICB Addendum	Local	08/25/2003	-
08/30/2003	Extension of Business Link Plan	Local	08/30/2003	-
09/02/2003	Waiver-Enhanced Flexgrow Service	Local	09/02/2003	-
09/05/2003	Suspension of Upward Pricing Flexibility	Local	09/05/2003	-
09/05/2003	LSO's	Local	09/05/2003	-
09/10/2003	ICB Addendum	Local	09/10/2003	-
09/11/2003	Concurring Carriers PSCNY #8 & # 11	Local	09/11/2003	-
09/11/2003	Multipath Call Forwarding	Local	09/11/2003	2,940
09/11/2003	ICB Addendum	Local	09/11/2003	-
09/15/2003	Local Service PIC Freeze Introduction	Local	09/15/2003	-
09/16/2003	ICB Addendum	Local	09/16/2003	-
09/19/2003	Custom Redirect Service	Local	09/19/2003	-
09/29/2003	NYNEX FDDI Grandfathering Extension	Local	09/29/2003	-
09/30/2003	Municipal Surcharges (Greenwich & Victory Mill)	Local	09/30/2003	-
10/01/2003	UCRCC	Local	10/01/2003	-
10/01/2003	Calling Certificates Promotion	Local/Toll	10/01/2003	645,817
10/14/2003	Superpath 1.5 megabit/sec Service	Local	10/14/2003	-
10/15/2003	Concurring Carriers PSCNY #8	Local	10/15/2003	-
10/15/2003	Concurring Carrier PSC NY No. 11	Local/Toll	10/15/2003	-
10/15/2003	CyberDS1 Service Waiver	Local	10/15/2003	-
10/17/2003	Customer Service Management	Local	10/17/2003	24,247
10/21/2003	LSO's	Local	10/21/2003	-
10/31/2003	ICB Addendum	Local	10/31/2003	-
11/01/2003	FCC Triennial Review Amendments	Local	11/01/2003	-
11/01/2003	Frame Relay Service		11/01/2003	185,610
11/01/2003	ISDN Primary Service	Local	11/01/2003	-
11/01/2003	Type 2 Interconnection - Option II (Reverse Bill)	Local	11/01/2003	-
11/05/2003	Unlimited Local and Toll Usage for Business	Local/Toll	11/05/2003	26,408
11/05/2003	ICB Addendum	Local	11/05/2003	-
11/08/2003	Business Link Rewards Promotion	Local	11/08/2003	-
11/17/2003	Business Link Rewards Promotion	Local	11/17/2003	-
11/17/2003	ICB Addendum	Local	11/17/2003	-
11/20/2003	WorkSmart Package	Local/Toll	11/20/2003	-
11/24/2003	Collocation Services Amendments	Local	11/24/2003	-
11/26/2003	1+ Coin Rating Service	Toll	11/26/2003	218,256
11/28/2003	FCC TRO Amendments Postponement	Local	11/28/2003	-
12/05/2003	LSO's	Local	12/05/2003	-
12/08/2003	ICB Addendum	Local	12/08/2003	-
12/15/2003	Local Service Provider Freeze Supplement	Local	12/15/2003	-
12/20/2003	Dedicated NXX Usage (Other Carriers)	Local	12/20/2003	-
12/30/2003	NYNEX FDDI Grandfathering Extension	Local	12/30/2003	-
	Total			162,832,906

8. IMPORTANT CHANGES DURING THE YEAR (Continued)**Inquiry 7:**

Non-management - On October 24, 2003, associates in NY received a lump sum payment equal to 3% of the employee's annual basic wage rate as of August 3, 2003. There were no increases to the wage schedules. Management salary increase granted 3/30/03 was 4% for everyone.

Inquiry 8 has nothing to report

Inquiry 9- Changes in General Officers has nothing to report

Inquiry 10- important changes

During 2003, Verizon New York, Inc. recorded special termination benefits of \$460.0M for related pension enhancements in accordance with SFAS 88 and estimated costs associated with a July 2003 arbitration ruling. The arbitrator ruled that Verizon-New York's termination of approximately 2,300 employees in 2002 was not permitted under a union contract. Additionally, Verizon New York, Inc. recorded SFAS 112 severance and related benefits in the amount of \$205.3M for the voluntary and involuntary separation of employees. Also, recorded were early extinguishment of \$100 million 7 5/8% refunding mortgage bonds due on February 1, 2023 and \$100 million of 4 7/8% refunding mortgage bonds due on January 1, 2006.

Inquiry 11- Change in Accounting Standards

Effective January 1, 2003, we adopted SFAS No. 143, "Accounting for Asset Retirement Obligation."

This standard provides the accounting for the cost of legal obligations associated with the retirement of long-lived assets. We have determined that we do not have a material legal obligation to remove long-lived assets as described by this statement. Also, under the provisions of SFAS No. 143, we are required to exclude costs of removal from our depreciation rates for assets for which the removal costs exceed salvage. Accordingly, in connection with the initial adoption of the standard, we have reversed accrued costs of removal in excess of salvage from our accumulated depreciation accounts for these assets.

The adjustment was recorded as a cumulative effect of an accounting change, resulting in the recognition of a pre-tax gain of \$800.3 million. Effective January 1, 2003 we began expensing costs of removal in excess of salvage for these assets as incurred. The ongoing impact of this change in accounting resulted in a decrease in depreciation expense and an increase in cost of services and sales, which was not material to our total operating expense for the year ended December 31, 2003.

Also, effective January 1, 2003, we adopted the fair value recognition provisions of SFAS No. 123, using the prospective method (as permitted under SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure") to all new awards granted, modified or settled after January 1, 2003. Under the prospective method, employee compensation expense in the first year will be recognized for new awards granted, modified, or settled. The options generally vest over a term of three years, therefore the expenses related to stock-based employee compensation included in the determination of net income for 2003 are less than what would have been recorded if the fair value method was also applied to previously issued awards. The employee compensation expense for 2003 was not material.

9. INCOME AVAILABLE FOR RETURN AND CALCULATION OF RATE BASE

1. All columns must be filled in for those companies whose toll settlements are based on actual cost. Companies that receive toll settlements on the basis of average cost need to complete columns (b) through (e).
2. The totals as reported on this schedule should conform with amounts reported on corresponding schedules.
3. Include in column (g), Part 36 interstate amounts and any reconciliation of New York State amounts.
4. Include on Line 27 any adjustments needed for items includable in Earnings Available for Rate of Return calculation purposes which are not includable in the lines above (e.g. tax imputation for imputed interest, etc.) Please identify and explain.

Line No.	Item (a)	Total (b)	Nonregulated (c)	Other Adjustments (d)	Subject to Separations (e)	New York State (f)	Other (g)
Operating Revenues							
1	Local Network Services	\$3,501,267,825			\$3,501,268,000	\$3,486,008,000	\$15,260,000
2	Network Access Services	2,180,495,052		30,638,000	2,149,857,000	249,051,000	1,900,806,000
3	Long Distance Network Serv.	203,044,244			203,044,000	195,809,000	7,235,000
4	Miscellaneous	1,226,463,025		0	1,226,462,000	899,710,000	326,752,000
5	Settlements	0			0	0	0
6	Nonregulated Revenues	225,260,602	225,261,000		0		0
7	Subtotal	7,336,530,749	225,261,000	30,638,000	7,080,631,000	4,830,578,000	2,250,053,000
8	Uncollectibles	188,327,109	5,513,000		182,814,000	163,739,000	19,075,000
9	Total Operating Revenues	7,148,203,639	219,748,000	30,638,000	6,897,817,000	4,666,839,000	2,230,978,000
Operating Expenses							
10	Plant Specific	1,992,858,952	182,332,000	0	1,810,528,000	1,213,460,000	597,068,000
11	Plant Non-specific	824,494,155	64,342,000	1,459,000	758,693,974	521,640,609	237,053,365
12	Marketing	290,555,549	16,753,000	0	273,803,000	198,277,000	75,526,000
13	Customer Operations Services	671,706,370	57,725,000		613,981,000	466,339,000	147,642,000
14	Access	158,872,026			158,872,026	67,828,391	91,043,635
15	Corporate Operations	1,921,045,187	131,435,000	3,258,000	1,786,350,000	1,249,051,000	537,299,000
16	Subtotal	5,859,532,239	452,587,000	4,717,000	5,402,228,000	3,716,596,000	1,685,632,000
17	Depreciation & Amortization	2,153,299,570	40,205,000	9,637,000	2,103,457,000	1,416,226,000	687,231,000
18	Total Operating Expenses	8,012,831,809	492,792,000	14,354,000	7,505,685,000	5,132,822,000	2,372,863,000
19	Net Operating Revenues	(864,628,170)	(273,044,000)	16,284,000	(607,868,000)	(465,983,000)	(141,885,000)
Operating Taxes							
20	Operating FIT	(562,813,469)	(107,668,000)	1,677,000	(456,822,469)	(411,315,792)	(45,506,677)
21	Deferred Operating FIT-Net	(112,017,582)			(112,017,582)		(112,017,582)
22	Operating Investment Tax Credit - Amort (Option 2)	(3,026,208)	95,000		(3,121,208)	(1,045,208)	(2,076,000)
23	Total Federal Income Taxes	(677,857,259)	(107,573,000)	1,677,000	(571,961,259)	(412,361,000)	(159,600,259)
24	Other Operating Taxes	669,791,598	15,422,000	1,409,000	652,960,598	438,562,000	214,398,598
25	Total Operating Taxes	(8,065,662)	(92,151,000)	3,086,000	80,999,339	26,201,000	54,798,339
26	Other Operating Income and Expenses	(9,898,489)	0	0	0	0	0
27	Net Operating Income*	(866,460,996)	(181,063,000)	38,147,511	(723,545,339)	(515,667,000)	(207,878,339)
28	Rate Case Adj, if applicable					60,855,000	
29	Net Operating Income after Rate Case Adj	(\$866,460,996)	(\$181,063,000)	\$38,147,511	(\$723,545,339)	(\$454,812,000)	(\$207,878,339)

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* Net Operating Income on Line 27 should equal Net Operating Income on Sch 12, Line 16, Column C.

9. INCOME AVAILABLE FOR RETURN AND CALCULATION OF RATE BASE

Line No.	Item (a)	Total (b)	Nonregulated (c)	Other Adjustments (d)	Subject to Separations (e)	New York State (f)	Other (g)
1	Telephone Plant in Service	\$28,771,601,000	\$454,611,000	\$48,184,000	\$28,268,806,000	\$19,126,162,000	\$9,142,644,000
2	Noninterest Bearing Telephone Plant under Construction	205,775,000	2,327,000	0	203,448,000	0	203,448,000
3	Telephone Plant Held for Future Use	1,992,000	10,000	0	1,982,000	1,329,000	653,000
4	Materials and Supplies	43,726,000	2,124,000	0	41,602,000	26,093,000	15,509,000
5	Prepayments	98,003,000	0		98,003,000	64,842,000	33,161,000
6	Cash Working Capital *	357,218,204	0		357,218,204	311,185,000	46,033,204
7	RTB Stock	0	0		0	0	0
8	Other Rate Base Adjustments, If Applicable	0	0		0	(1,277,421,000)	1,277,421,000
9	Unamortized Deferrals	0	0		0	0	0
10	Depreciation Reserve	15,912,299,578	302,270,196	42,669,000	15,567,360,382	10,275,654,891	5,291,705,491
11	Amortization Reserve	397,020,422	7,541,804		389,478,618	256,383,109	133,095,509
12	Accumulated Deferred Income Taxes	551,814,000	(65,669,000)		617,483,000	505,408,000	112,075,000
13	Accumulated Deferred Investment Tax Credit (Option 1 Only)	0	0			0	0
14	Rate Base (Lines 1-9 minus lines 10-13)	\$12,617,181,204	\$214,929,000	\$5,515,000	\$12,396,737,204	\$7,214,744,000	\$5,181,993,204

All lines except line 6 are balances at beginning of year plus balances at end of year divided by two.

* Allowance based upon collection of revenues and operating expenses:

For Example:

	Amount	Percentage	Lag Days	Weighted Days
1. Advance Billings (Local Service, etc.)	\$40	40.0%	15	6
Arrears Billings (Toll, etc.)	60	60.0%	45	27
	<u>\$100</u>	<u>100.0%</u>		<u>33</u>

2. Weighted Days - 33 divided by 365 days equals 9.04%

3. Operating Expenses minus Depreciation multiplied by 9.04% equals Cash Working Capital

10. Instructions for Rate of Return and Return on Common Equity**RATE OF RETURN AND RETURN ON COMMON EQUITY COMPUTATIONS:**

Line 1: Income Available for Return and Calculation of Rate Base
 Column (a): Page 12, Line 29, Column (e)
 Column (b): Page 12, Line 29, Column (f)

Line 2: Income Available for Return and Calculation of Rate Base
 Column (a): Page 13, Line 14, Column (e)
 Column (b): Page 13, Line 14, Column (f)

Line 3: Rate of Return
 Columns (a) and (b): Divide Line 1 by Line 2

Line 4: Return on Common Equity
 Column (a): Line 10, Column (c)
 Column (b): Line 16, Column (c)

CAPITAL STRUCTURE:

Column (a): The amount in Column (a) reflects the average balance in the reporting year for Long-Term Debt (including current maturities), Notes Payable, Customer Deposits, Preferred Stock and Common Equity (Total Stockholder's Equity less Preferred Stock).

Column (b): The structure column reflects the percentage of total capitalization that each component represents.

Column (c): The cost rate column reflects the actual cost of debt, customer deposits and preferred stock preferred stock experienced in the reporting year. The cost rate is derived by dividing the interest expense and/or preferred stock dividends by the respective average debt or preferred stock balance. The return on common equity is a calculated amount.

Column (d): The weighted cost column represents the cost rate of the total capitalization and is equal to the respective rate of returns (Line 3, Column (a) by Column (b)). Once the weighted cost of debt (Long-Term Debt, Notes Payable, Customer Deposits) and preferred stock are totaled and then subtracted from the respective rate of return, the fall out number is the weighted cost of common equity. The return on common equity (Column (c)) is derived by dividing the weighted cost of common equity (Column (d)) by the Common equity percentage of total capitalization (Column (b)).

ALTERNATIVE CAPITAL STRUCTURE

For companies who are required to report their achieved returns to this Commission on a regular basis and companies that use alternative capital structures for ratemaking purposes, report the capital structure used for that purpose herein. Explain the basis for the capital structure used.

Line 5: Required Additional Revenues:

Column (a): Multiply the rate base (Line 2, Column (a)) by the common equity percentage of total capitalization (Line 10, Column (b)). Take this Product and multiply by 1% and then divide the result by 63.5%. The resulting product is the additional revenues.

Column (b): Multiply the rate base (Line 2, Column (b)) by the common equity percentage of total capitalization (Line 16, Column (b)). Take this product and multiply by 1% and then divide the result by 63.5%. The resulting product is the additional revenues.

10. Rate of Return and Return on Common Equity

Line No.	Item	Subject to Separation (a)	Intrastate (b)
1	Net Operating Income after Rate Case Adj	\$ _____	\$ (454,812,000)
2	Rate Base	\$ 12,396,737,204	\$ 7,214,744,000
3	Rate of Return	0	-6.30%
4	Return on Common Equity		-40.26%
5	Required Additional Revenues *	\$ 0	\$ 33,551,400

* (To provide an additional 1% Return on Common Equity)

Capital Structure used for Subject to Separations *

	Item	Amount (a)	Structure (b)	Cost Rate (c)	Weighted Cost (d)
6	Long-Term Debt	\$			0.00%
7	Notes Payable				0.00%
8	Customer Deposits				0.00%
9	Preferred Stock				0.00%
10	Common Equity				0.00%
11	Total	\$ 0	0.00%		0.00%

Capital Structure used for Intrastate*

	Item	Amount (a)	Structure (b)	Cost Rate (c)	Weighted Cost (d)
12	Long-Term Debt	\$ 5,636,006	65.47%	8.43%	5.52%
13	Notes Payable	430,427	5.00%	1.29%	0.06%
14	Customer Deposits	0		0.00%	0.00%
15	Preferred Stock	0		0.00%	0.00%
16	Common Equity	2,542,099	29.53%	-40.26%	-11.89%
	Total	\$ 8,608,532	100.00%		-6.30%

It should be noted that these calculated rates of return and common equity returns are not intended as an evaluation of the reasonableness of the earnings of any utility under the jurisdiction of the Public Service Commission. Also, the

computed in a formal rate proceeding. Differences may occur because the data in formal proceeding are analyzed in detail and some adjustments are usually made to booked amounts.

* Use alternative capital structure if applicable.

11. BALANCE SHEET**Assets and Other Debits**

Provide total company amounts on the basis of the New York Uniform System of Accounts. Any jurisdictional differences between the FCC and NY PSC should be distributed to each account.

Line No.	Accounts (a)	Sch. Page No. (b)	Balance at End of Year (c)	Balance at Beginning of Year (d)	Increase or (Decrease) (e)	
CURRENT ASSETS						
1	1130		Cash	\$0	\$30,372	(\$30,372)
2	1140		Special Cash Deposits.....	0	(13,859)	13,859
3	1150		Working Cash Advances	53,246	30,586	22,660
4	1160		Temporary Investments	417,270,000	554,813,854	(137,543,854)
5	1180		Telecom. Accounts Receivable	1,448,663,892	1,829,514,222	(380,850,330)
6	1181		Accounts Rec. Allow.-Tel.	455,037,483	481,770,298	(26,732,815)
7	1190.1		Accounts Rec From Affil. Cos.	266,443,126	347,569,353	(81,126,227)
8	1190.2		Other Accounts Receivable	56,524,315	63,768,392	(7,244,077)
9	1191		Accounts Rec Allow-Other and Affil.	18,152,997	14,386,389	3,766,607
10	1200.1		Notes Receivable From Affil Cos.	0	146,873,926	(146,873,926)
11	1200.2		Other Notes Receivable.....	0	0	0
12	1201		Notes Rec. Allow-Other and Affil.	0	0	0
13	1210		Interest and Dividends Receivable	26,188,470	53,038,203	(26,849,733)
14	1220		Inventories	30,735,096	48,618,123	(17,883,027)
15	1290		Prepaid Rents	0	11,888,104	(11,888,104)
16	1300		Prepaid Taxes	105,503,036	84,631,276	20,871,760
17	1310		Prepaid Insurance	0	0	0
18	1320		Prepaid Directory Expenses	0	0	0
19	1330		Other Prepayments	29416254.13	23680737.78	5,735,516
20	1350		Other Current Assets	163367385	151569765.9	11,797,619
21	1360		Current Deferred Income Taxes-Dr.	330695656.4	330695656.4	0
22			Total Current Assets	2,401,669,998	3,150,552,024	(748,882,026)
NONCURRENT ASSETS						
23	1401.1		Investments in Affiliated Companies	341,475,551	333,810,603	7,664,949
24	1401.2		Advances to Affiliated Companies	0	0	0
25	1402		Investments in Nonaffiliated Companies	4,838,996	5,687,826	(848,830)
26	1406		Nonregulated Investments	0	0	0
27	1407		Unamortized Debt Issuance Expense	60,845,263	104,653,422	(43,808,159)
28	1408		Sinking Funds	0	0	0
29	1410		Other Noncurrent Assets	590,429,393	323,720,868	266,708,525
30	1438		Deferred Maintenance and Retirements	0	0	0
31	1439		Deferred Charges	663,791,200	699,240,464	(35,449,264)
32	1500		Other Jurisdictional Assets-Net	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX
33	1510		Noncurrent Deferred Income Taxes-Dr.	1,610,486,098	1,610,486,098	0
34			Total Noncurrent Assets	3,271,866,500	3,077,599,280	194,267,220
REGULATED PLANT						
35	2001		Telecommunications Plant In Service	29,198,602,562	28251231584	947,370,978
36	2002		Property Held for Future Tel. Use	2,001,759	2001758.99	0
37	2003		Tel. Plant Under Construction - Short Term	0	0	0
38	2004		Tel. Plant Under Construction - Long Term	169,832,171	368075826.5	(198,243,655)
39	2005		Tel. Plant Adjustment	0	0	0
40	2006		Nonoperating Plant	32,364,339	142422218.3	(110,057,879)
41	2007		Goodwill	0	0	0
42			Total Telecommunications Plant	29,402,800,831	28,763,731,388	639,069,443
43	3100-3300		Less: Accumulated Depreciation	16,622,012,706	15,822,190,200	799,822,507
44	3410-3600		Less: Accumulated Amortization	396,367,680	312,497,415	83,870,264
45			Net Telecommunications Plant	12,384,420,445	12,629,043,772	(244,623,328)
46			TOTAL ASSETS AND OTHER DEBITS	\$18,057,956,943	\$18,857,195,077	(\$799,238,134)

For Notes to Balance Sheet see Page 18.

11. BALANCE SHEET Liabilities and Other Credits

Provide total company amounts on the basis of the New York Uniform System of Accounts. Any jurisdictional differences between the FCC and NY PSC should be distributed to each account.

Line No.		Accounts (a)	Sch. Page No. (b)	Balance at End of Year (c)	Balance at Beginning of Year (d)	Increase or (Decrease) (e)
CURRENT LIABILITIES						
1	4010.1	Accounts Payable to Affiliated Companies	56	\$1,401,800,349	\$1,160,099,846	\$241,700,503
2	4010.2	Other Accounts Payable	56	564,528,297	595,944,500	(31,416,203)
3	4020.1	Notes Payable to Affiliated Companies	57	2,047,301,830	2,118,991,942	(71,690,113)
4	4020.2	Other Notes Payable	57	0	0	0
5	4030	Advance Billing and Payments	--	194,165,577	206,443,706	(12,278,129)
6	4040	Customers' Deposits	--	9,457,968	6,554,746	2,903,222
7	4050	Current Maturities-Long-Term Debt	58-59	149,981,400	349,655,470	(199,674,070)
8	4060	Current Maturities-Capital Leases	--	946,224	944,191	2,033
9	4070	Income Taxes-Accrued	41-42	(152,454,357)	33,825,599	(186,279,956)
10	4080	Other Taxes-Accrued	41-42	210,923,168	73,662,424	137,260,744
11	4100	Current Deferred Oper. Income Taxes-Cr.	45-47	257,675,178	387,359,398	(129,684,220)
12	4110	Current Def. Nonoper. Income Taxes-Cr.	45-47	131,687,437	131,687,437	0
13	4120	Other Accrued Liabilities	--	471,017,013	553,431,827	(82,414,814)
14	4130	Other Current Liabilities	--	438,551,400	471,917,829	(33,366,429)
15		Total Current Liabilities		5,725,581,486	6,090,518,916	(364,937,430)
LONG-TERM DEBT						
16	4210	Funded Debt	58-59	3,800,000,000	4,150,000,000	(350,000,000)
17	4220	Premium on Long-Term Debt	58-59	0	28,500	(28,500)
18	4230	Discount on Long-Term Debt	58-59	(22,681,879)	(26,902,844)	4,220,965
19	4240	Reacquired Debt	--	0	0	0
20	4250	Obligations Under Capital Leases	--	11,343,939	9,846,761	1,497,178
21	4260	Advances from Affiliated Companies	58-59	0	0	0
22	4270	Other Long-Term Debt	58-59	1,072,310	2,103,601	(1,031,291)
23		Total Long-Term Debt		3,789,734,370	4,135,076,018	(345,341,648)
OTHER LIABILITIES AND DEFERRED CREDITS						
24	4310	Other Long-Term Liabilities	61	3,873,116,837	3,676,872,858	196,243,979
25	4320	Un. Oper. Invest. Tax Credits-Net	45-47	87,775,509	90,801,717	(3,026,208)
26	4330	Un. Nonoper. Invest. Tax Credits-Net	45-47	0	0	0
27	4340	Noncurrent Def. Oper Income Taxes-Cr.	45-47	2,016,652,970	1,629,940,244	386,712,725
28	4350	Noncurrent Def. Nonoper Income Taxes-Cr.	45-47	25,900,150	(9,016,529)	34,916,679
29	4360	Other Deferred Credits	62	692,252,369	756,938,515	(64,686,146)
30	4370	Other Juris. Liabilities & Def. Credits-Net	--	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX
31		Total Other Liabilities and Def. Credits		6,695,697,835	6,145,536,805	550,161,030
STOCKHOLDERS' EQUITY						
32	4510.1	Capital Stock-Common	63	1,000,000	1,000,000	0
33	4510.2	Capital Stock-Preferred	63	0	0	0
34	4520	Additional Paid-in Capital	63	1,563,034,548	1,562,282,886	751,662
35	4530	Treasury Stock	63	0	0	0
36	4540	Other Capital	--	0	0	0
37	4550.1	Appropriated Retained Earnings	21	0	0	0
38	4550.2	Unappropriated Undistrib. Affil Earnings	21	(17,463,132)	2,036,901	(19,500,034)
39	4550.3	Unappropriated Retained Earnings	21	300,371,837	920,743,549	(620,371,713)
40		Total Stockholders' Equity		1,846,943,253	2,486,063,337	(639,120,084)
41		TOTAL LIABILITIES AND OTHER CREDITS		\$18,057,956,943	\$18,857,195,077	(\$799,238,133)

For Notes to Balance Sheet see Page 18.

11. NOTES TO BALANCE SHEET

1. The space below and on the page following is provided for important notes regarding the balance sheet or any account thereof.
2. Furnish particulars for material contingent assets or liabilities existing at the end of the year which are reasonably possible in accordance with Statement of Financial standards No.5. For any dividends in arrears at the end of the year on cumulative preferred stock, state the date of the last dividend, the average per share, and the total amount arrearage. List all discounted notes receivable outstanding at the end of the year, stating for each the name of maker, amount and term of note, interest rate, date discounted, and net proceeds realized.
3. Give a concise explanation of any retained earnings restriction and state the amount of retained earnings affected by such restriction.
4. If the notes to balance sheet appearing in the annual report to the stockholders are applicable, such notes (designated as such) may be used in lieu of answers for the foregoing.

NOTES:

1. The amount of pension funds held by outside trustees and irrevocably devoted to pension purposes at the end of the year was \$_____.
2. Cumulative dividends in arrears at the end of the year amounted to \$_____.

ADDITIONAL NOTES TO BALANCE SHEET

11. NOTES TO BALANCE SHEET (Continued)

12. INCOME AND RETAINED EARNINGS STATEMENT

Provide total company amount on the basis of the New York Uniform System of Accounts. Any jurisdictional differences between the FCC and NY PSC should be distributed to each account.

Line No.	Item (a)	Sch. Page No. (b)	TOTAL	
			Current Year (c)	Last Year (d)
	INCOME			
	TELEPHONE OPERATING INCOME			
1	Operating Revenues.....	65	\$6,922,943,037	\$7,308,865,938
2	Operating Expenses.....	72	8,012,831,809	7,264,056,277
3	Net Operating Revenues		(1,089,888,772)	44,809,662
	OTHER OPERATING INCOME AND EXPENSE			
4	7110 Income from Custom Work.....	--	341,333	591,664
5	7130 Return from Nonregulated Use of Regulated Facilities.....	--	0	0
6	7140 Gains and Losses from Foreign Exchange.....	--	0	0
7	7151 Gains or Losses from Disposition of Land and Artworks.....	--	0	(1,148,951)
8	7160 Other Operating Gains and Losses.....	--	(10,239,822)	(3,656,473)
9	Total Other Operating Income and Expenses		(9,898,489)	(4,213,759)
	OPERATING TAXES			
10	7210 Operating Investment Tax Credits-Net.....	45-47	(3,026,208)	(6,096,257)
11	7220 Operating Federal Income Taxes.....	73-74	(562,813,469)	(255,441,180)
12	7230 Operating State and Local Income Taxes.....	73-74	(142,869)	(86,206)
13	7240 Operating Other Taxes.....	73-74	669,934,466	575,184,402
14	7250 Provision for Deferred Operating Income Taxes-Net.....	43-47	(112,017,582)	43,128,778
15	Total Operating Taxes		(8,065,662)	356,689,537
16	Net Operating Income		(1,091,721,598)	(316,093,634)
	NONOPERATING INCOME AND EXPENSES			
17	7310 Dividend Income.....	--	0	0
18	7320 Interest Income.....	--	7,277,249	16,397,658
19	7330 Income from Sinking and Other Funds.....	--	0	0
20	7340 Allowance for Funds Used During Construction.....	--	12,275,118	29,361,097
21	7350 Gains or Losses from the Disposition of Certain Property.....	--	(14,484)	(1,930)
22	7355 Equity in Earnings of Affiliated Companies.....	50-51	45,716,898	75,465,326
23	7360 Other Nonoperating Income.....	79	70,659,139	(3,896,042)
24	7370 Special Charges.....	77	9,848,682	12,685,609
25	Total Nonoperating Income Items and Expenses		126,065,238	104,640,500
	NONOPERATING TAXES			
26	7410 Nonoperating Investment Tax Credits-Net (-).....	45-47	0	0
27	7420 Nonoperating Federal Income Taxes.....	73	(3,299,995)	2,757,324
28	7430 Nonoperating State and Local Income Taxes.....	73-74	(1,780)	1,572
29	7440 Nonoperating Other Taxes.....	73-74	5,862,444	5,786,295
30	7450 Provision for Deferred Nonoperating Income Taxes-Net.....	43-47	34,916,679	5,234,548
31	Total Nonoperating Taxes		37,477,349	13,779,739
32	Total Nonoperating Income		88,587,889	90,860,761
33	Income Available for Fixed Charges		(1,003,133,709)	(225,232,873)
	INTEREST AND RELATED ITEMS			
34	7510 Interest on Funded Debt.....	58-59	295,354,786	285,340,325
35	7520 Interest Expense-Capital Leases.....		928,905	1,416,199
36	7530 Amortization of Debt Issuance Expense.....	58-59	19,297,499	15,544,016
37	7540 Other Interest Deductions.....	78	51,711,631	68,593,582
38	Total Interest and Related Items		367,292,821	370,894,121
39	Income Before Extraordinary Items		(1,370,426,530)	(596,126,994)

12. INCOME AND RETAINED EARNINGS STATEMENT (Continued)

Line No.	Item (a)	Sch. Page No. (b)	TOTAL	
			Current Year (c)	Last Year (d)
EXTRAORDINARY ITEMS				
40	7610 Extraordinary Income Credits.....	80	792,513,933	35,943
41	7620 Extraordinary Income Charges.....	80	(95,385,270)	(169,335)
42	7630 Current Income Tax Effect of Extraordinary Items-Net.....	80	0	46,705
43	7640 Provision for Def. Income Tax Effect of Extra. Items-Net.....	80	(244,085,659)	0
44	Total Extraordinary Items		453,043,004	(86,688)
JURISDICTIONAL DIFFERENCES AND NONREG. INCOME ITEMS				
45	7910 Income Effect of Jurisdictional Ratemaking Differences-Net....	--	xxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxxx
46	7990 Nonregulated Net Income.....	--	225260602	284,395,233
47	Total Jurisdictional Differences and Extraordinary Items		678,303,606	284,308,546
48	Net Income		(\$692,122,925)	(\$311,818,449)
RETAINED EARNINGS				
49	4550.3 Unappropriated Retained Earnings (at Beginning of Period)..		\$920,743,548	\$1,956,748,318
50	4550.4 Balance Transferred from Income.....		(672,622,891)	(326,949,845)
51	4550.5 Appropriations of Retained Earnings.....			
52	4550.6 Dividends Declared-Preferred Stock.....	63	0	0
53	4550.7 Dividends Declared-Common Stock.....	63	180,000,000	190,000,000
54	4550.8 Adjustments to Retained Earnings.....	64	(232,251,179)	519,054,925
55	Net Change to Unappropriated Retained Earnings		(620,371,712)	(1,036,004,769)
56	4550.3 Unappropriated Retained Earnings (End of Period).....		300,371,837	920,743,549
57	4550.1 Appropriated Retained Earnings (End of Period).....			
58	Total Retained Earnings		\$300,371,837	\$920,743,549
UNAPPROPRIATED UNDISTRIBUTED AFFILIATE EARNINGS				
59	4550.2 Unappropriated Undistributed Affiliate Earnings (beginning of period).....		\$2,036,901	(\$13,094,495)
60	Equity in Earnings for Period.....	51	45,716,898	75,465,326
61	Dividends Received.....		65,216,932	60,333,930
62	Other Changes (explain).....			
63	4550.2 Unappropriated Undistributed Affiliate Earnings (end of period).....		(\$17,463,132)	\$2,036,901

NOTES TO INCOME AND RETAINED EARNINGS STATEMENT

Note 1. Refunds to subscribers, in the event of an adverse decision in pending rate proceedings, would reduce the amount of "Operating Revenues" for the current year by approximately \$_____

13. STATEMENT OF CASH FLOWS

Line No.	Items (a)	Current Year (b)	Last Year (c)
	Cash flows from operating activities:		
1	Net Income	(\$692,122,925)	(\$311,818,449)
	Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
2	Depreciation and depletion	1,952,948,935	1,992,585,471
3	Amortizations	200,350,635	163,094,086
4	Increase (Decrease) in deferred taxes and investment tax credits-net	163,958,548	42,267,069
5	Equity (AFUDC)		
6	Decrease (Increase) in receivables related to operations excluding unbilled revenues	261,388,937	(100,092,378)
7	Decrease (Increase) in inventory related to operations	17,883,027	23,588,576
8	Increase (Decrease) in accrued expenses and accounts payable related to operations	22,994,600	(3,987,573,812)
9	Unbilled revenues	23,388,111	19,100,825
10	Increase (Decrease) in current income taxes and other taxes payable	(49,019,212)	138,119,531
11	Increase (Decrease) in interest payable	(9,866,449)	24,862,979
12	Equity in loss(earnings) of affiliates	(45,716,898)	(75,465,326)
13	Dividends received from associated and subsidiary companies accounted for under the equity method	184,925,876	(75,313,438)
	Other Adjustments:		
14	Other	1,160,708,305	187,773,321
15	Provision for losses for Accounts Receivables	188,327,109	334,028,454
16	Employee Benefit Obligations		
17	Total Adjustments	4,072,271,524	(1,313,024,642)
18	Net cash provided by (used in) operating activities	3,380,148,599	(1,624,843,090)
	Cash flows from investing activities:		
	Cash outflows for construction (-)		
	Gross additions to:		
19	Telephone plant (include capital leases)	(1,208,882,902)	(1,767,992,754)
20	Common plant		
21	Non-utility plant		
22	Other plant		
	Adjustments to gross additions:		
23	Increase (Decrease) in payables related to construction		
24	Decrease (Increase) in inventory related to construction		
25	Capital leases		
26	Equity AFUDC		
27	Other adjustments		
28	Total cash outflows for construction	(1,208,882,902)	(1,767,992,754)
29	Acquisition of other non-current assets (5)(d)		
30	Payments for the acquisition of other debt and equity securities (5)(a)		
31	Investments in and advances to subsidiary and associated companies		
32	Repayments of advances by associated and subsidiary companies		
	Net proceeds from sale or disposition of:		
33	Property, plant and equipment	211,875,661	189,250,848
34	Investments in subsidiary & associated companies		
35	Other debt and equity investments		
36	Other non-current assets		
	Other:		
37	Net Change in Notes Receivable		
38	Other investing activity	(899,393,883)	(134,066,362)
39	Total of any Insert Pages		
40	Net cash provided by (used in) investing activities	(1,896,401,125)	(1,712,808,268)

13. STATEMENT OF CASH FLOWS (Continued)

Line No.	Items (a)	Current Year (b)	Last Year (c)
	Cash flows from financing activities:		
	Proceeds from issuing:		
41	Common stock		
42	Preferred stock		
43	Long-term debt (5)(b)	(550,705,361)	1,294,371,546
44	Net change in short-term debt (5)(c)	(71,690,113)	2,412,385,339
45	Contributions and advances from subsidiary and associated companies		
46	Principal payments under capital leases	1,499,212	1,083,289
	Payments for retirement of: (-)		
47	Common stock		
48	Preferred stock		
49	Long-term debt (5)(b)	(550,000,000)	(205,000,000)
	Dividends paid on: (-)		
50	Common stock	(180,000,000)	(134,000,000)
51	Preferred stock		
	Other:(5)(e)		
52	Purchase of Short Term Investments	(554,813,854)	(554,813,854)
53	Sale of Short Term Investments	420,970,000	531,700,000
54	Change in O/S Checks		
55	Other	998,790	(11,559,976)
56			
57			
58	Total of any Insert Pages		
59	Net cash provided by (used in) financing activities	(1,483,741,326)	3,334,166,344
60	Net increase(decrease) in cash and cash equivalents	6,148	(3,485,014)
61	Cash & cash equivalents at the beginning of the year	47,099	3,532,112
62	Cash & cash equivalents at the end of the year	\$53,246	\$47,099

INSTRUCTIONS

1. If the notes to the cash flow statement in the respondent's report to stockholders are applicable to this statement, such notes should be attached below. Information about non-cash investing and financing activities should be provided below. Also, provide below a reconciliation between "Cash and Cash Equivalents at End of Year" with related accounts on the balance sheet.
2. "Other" in operating activities should include net changes in deferred debits and credits. In all activities companies should specify significant amounts and group others.
3. Operating activities - other: Exclude gains and losses from investing and financing activities on lines 14 through 16. Include these gains or losses in the appropriate investing or financing activities section. Show below the amounts of interest paid (net of amounts capitalized) and income taxes paid.
4. Investing activities - Include at "Other" line 37 the net cash flow to acquire other companies that are not associated or subsidiaries. Provide a reconciliation of assets acquired with liabilities assumed below.
5. Codes used:
 - (a) Net proceeds or payments.
 - (b) Bonds, debentures and other long-term debt.
 - (c) Include commercial paper.
 - (d) Identify separately in space below such items as investments, fixed assets, intangibles, etc.
 - (e) Show separately, by issue, financing expenses related to issuance and gains or losses resulting from redemptions.

14. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS

- Report in column (c) all amounts relating to purchases of plant accounted for in accordance with instruction 663.2 of the Uniform System of Accounts. Report in column (e) all amounts relating to sales of plant with traffic accounted for in accordance with instruction 663.5(e) of the Uniform System of Accounts.
- Credits to accounts listed in this schedule relating to property retired and charged to Account 2006 'Nonoperating Plant', shall be included in column (f).
- Items of a reverse or contrary character should be designated by appropriate symbols.

- Each transfer or adjustment between accounts listed in this schedule, including account 2005, or between accounts listed in this schedule and other accounts, shall be included in column (g) and explained in a note, except the following which shall be included in the columns (c) through (f), as appropriate:
 - transfers and adjustments amounting to less than \$5,000;
 - adjustments and corrections of additions and retirements for the current or preceding year;
 - transfers involving account 2003 and 2004, the plant accounts, and account 2002 made in connection with the closing of the records of construction work orders or authorizations;
 - routine entries relating to the acquisition, sale, retirement, or change in the use of plant, such as transfers among accounts 2111 to 2690, inclusive, 2002 and 2005.

Line No.	Account (a)	Balance at Beginning of the Year (b)	Charges During the Year		Credits During The Year		Transfers and Adjustments Charges (Credits) (g)	Balance at End of the Year (h)
			Other Plant Added from Predecessor (c)	Other Plant Added or Transferred (d)	Plant Sold With Traffic (e)	Other Plt. Ret. or Transferred (f)		
	2001 Telecommunications Plant in Service							
	General Support Assets							
1	2111 Land	\$106,591,799	\$6,302,537			\$0	(\$28,984)	\$112,865,352
2	2112 Motor Vehicles	181,739,547	9,071,354			842,313	(432,294)	189,536,294
3	2113 Aircraft	0	0			0	0	0
4	2114 Special Purpose Vehicles	246,887,954	10,610,071			41,984	(284,510)	257,171,531
5	2115 Garage Work Equipment	0	0			0	0	0
6	2116 Other Work Equipment	0	0			0	0	0
7	2121 Buildings	2,671,876,837	266,355,633			16,792,634	13,208,221	2,934,648,057
8	2122 Furniture	1,911,672	0			0	0	1,911,672
9	2123 Office Equipment	0	0			0	0	0
10	.1 Office Support Equipment	25,257,273	187,291			77,118	20,602	25,388,048
11	.2 Company Communications Equipment	28,069,310	182,301			10,143,202	22,108	18,130,518
12	2124 General Purpose Computers	282,557,174	28,795,942			52,866,376	36,178,650	294,665,391
13	Total General Support Assets	\$3,544,891,568	\$321,505,129	\$0	\$0	\$80,763,627	\$48,683,792	\$3,834,316,862
	Central Office Assets							
14	2211 Analog Electronic Switching	\$13,383,819	\$0			\$109	(\$0)	\$13,383,710
15	2212 Digital-Electronic Switching	5,241,850,360	145,270,177			154,972,741	71,052	5,232,218,847
16	2215 Electro-Mechanical Switching	0	0			0	0	0
17	.1 Step-by-Step Switching	0	0			0	0	0
18	.2 Crossbar Switching	0	0			0	0	0
19	.3 Other Electro-Mechanical Switching	0	0			0	0	0
20	2220 Operator Systems	34,741,444	1,329,197			(1,181,237)	5,210,053	42,461,930
21	2231 Radio Systems	0	0			0	0	0
22	.1 Satellite & Earth Station Facilities	0	0			0	0	0
23	.2 Other Radio Facilities	14,226,896	135,835			1,113,203	43,120	13,292,648
24	2232 Circuit Equipment	6,970,344,557	445,905,605			203,681,779	35,296,211	7,247,864,594
25	Total Central Office Assets	\$12,274,547,076	\$592,640,814	\$0	\$0	\$358,586,595	\$40,620,435	\$12,549,221,730

14. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS (Continued)

Line No.	Account (a)	Balance at Beginning of the Year (b)	Charges During the Year		Credits During The Year		Transfers and Adjustments Charges (Credits) (g)	Balance at End of the Year (h)
			Other Plant Added from Predecessor (c)	Other Plant Added or Transferred (d)	Plant Sold With Traffic (e)	Other Plt. Ret. or Transferred (f)		
	Information Org./Term. Assets							
26	2311 Station Apparatus	(\$100)	\$0			\$0	\$100	\$0
27	2321 Customer Premises Wiring	0	0			0	0	0
28	2341 Large Private Branch Exchanges	0	0			0	0	0
29	2351 Public Terminal Equipment	147,440,976	3,049,926			39,975,928	(3,915)	110,511,059
30	2362 Other Terminal Equipment	488,384,625	15,670,524			17,874,436	(25,407,195)	460,773,518
31	Total Information Org./Term. Assets	\$635,825,501	\$18,720,450	\$0	\$0	\$57,850,364	(\$25,411,010)	\$571,284,578
	Cable and Wire Facilities							
32	2411 Poles	\$594,488,967	\$16,714,371			\$2,127,107	\$3,083	\$609,079,315
33	2421 Aerial Cable	4,981,484,737	204,822,631			16,066,847	1,062,213	5,171,302,734
34	2422 Underground Cable	2,399,901,426	104,688,271			6,024,585	(1,743,200)	2,496,821,912
35	2423 Buried Cable	1,080,081,330	33,225,222			1,288,705	(313,411)	1,111,704,435
36	2424 Submarine Cable	6,611,648	43,004			0	9,368	6,664,020
37	2425 Deep Sea Cable	0	0			0	0	0
38	2426 Intrabuilding Network Cable	376,556,909	12,305,019			1,453,769	53,826	387,461,985
39	2431 Aerial Wire	0	0			0	0	0
40	2441 Conduit	1,584,399,850	73,143,273			28,862	161,128	1,657,675,389
41	Total Cable and Wire Facilities	\$11,023,524,868	\$444,941,791	\$0	\$0	\$26,989,875	(\$766,994)	\$11,440,709,790
	Amortizable Assets							
42	2681 Capital Leases	\$20,402,393	\$7,910,024			\$3,361,545	\$0	\$24,950,872
43	2682 Leasehold Improvements	130,722,066	18,497,772			23,415,920	(846,447)	124,957,472
44	2690 Intangibles	621,318,113	70,512,538			45,019,613	6,350,221	653,161,259
45	Total Amortizable Assets	\$772,442,572	\$96,920,334	\$0	\$0	\$71,797,078	\$5,503,775	\$803,069,602
46	Total Telecommunications Plant in Service	\$28,251,231,584	\$1,474,728,518	\$0	\$0	\$595,987,539	\$68,629,999	\$29,198,602,562
47	2002 Property Held for Future Telecom. Use	\$2,001,759	\$0			\$0	\$0	\$2,001,759
48	2003 Telecom. Plt. Under Constr.-Short Term	0	0			0	0	0
49	2004 Telecom. Plt. Under Constr.-Long Term	368,075,826	0			0	(198,243,655)	169,832,171
50	2005 Telecom. Plt. Acquisition Adjustment	0	0			0	0	0
51	.1 Tel.. Plant Acquisition Adjustment	0	0			0	0	0
52	.2 Other Plant Adjustments	0	0			0	0	0
53	2006 Nonoperating Plant	142,422,218	0			0	(110,057,879)	32,364,339
54	2007 Goodwill	0	0			0	0	0
							0	0
55	Total Telecommunications Plant	\$28,763,731,388	\$1,474,728,518	\$0	\$0	\$595,987,539	(\$239,671,536)	\$29,402,800,831

15. TELECOMMUNICATIONS PLANT UNDER CONSTRUCTION-SHORT TERM (Account 2003)

1. This schedule is intended to show the results of a summary analysis of the work orders still open for plant in process of construction, but not ready for service, which comprise the balance in this account at the balance sheet date. Particulars of individual work orders are not requested.

2. The amounts for plant shown in the appropriate columns should represent the approximate ultimate distribution to the primary accounts as indicated by the work order estimates.

Line No.	Account Classification (a)	2003 Telecommunications Plant Under Construction-Short Term (work orders open at end of year)		
		Charges (b)	Credits (c)	Balance at End of the Year Total (d)
	General Support Assets			
1	2111 Land			\$0
2	2112 Motor Vehicles			0
3	2113 Aircraft			0
4	2114 Special Purpose Vehicles			0
5	2115 Garage Work Equipment			0
6	2116 Other Work Equipment			0
7	2121 Buildings			0
8	2122 Furniture			0
9	2123 Office Equipment			0
10	2124 General Purpose Computers			0
	Central Office Assets			0
11	2211 Analog Electronic Switching			0
12	2212 Digital Electronic Switching			0
13	2215 Electro-Mechanical Switching			0
14	2220 Operator Systems			0
15	2231 Radio Systems			0
16	2232 Circuit Equipment			0
	Information Orig/Termination Assets			0
17	2311 Station Apparatus			0
18	2321 Customer Premises Wiring			0
19	2341 Large Private Branch Exchanges			0
20	2351 Public Telephone Terminal Equip.			0
21	2362 Other Terminal Equipment			0
	Cable and Wire Facilities Assets			0
22	2411 Poles			0
23	2421 Aerial Cable			0
24	2422 Underground Cable			0
25	2423 Buried Cable			0
26	2424 Submarine Cable			0
27	2425 Deep Sea Cable			0
28	2426 Intrabuilding Network Cable			0
29	2431 Aerial Wire			0
30	2441 Conduit Systems			0
31	Total Plant Accounts	0	0	0
	Other Accounts			
32				0
33				0
34				0
35	Total	\$0	\$0	\$0

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15A. TELECOMMUNICATIONS PLANT UNDER CONSTRUCTION-LONG TERM (Account 2004)

1. This schedule is intended to show the results of a summary analysis of the work orders still open for plant in process of construction, but not ready for service, which comprise the balance in this account at the balance sheet date. Particulars of individual work orders are not requested.

2. The amounts for plant shown in the appropriate columns should represent the approximate ultimate distribution to the primary accounts as indicated by the work order estimates.

Line No.	Account Classification (a)	2004 Telecommunications Plant Under Construction-Long Term (work orders open at end of year)		
		Charges (b)	Credits (c)	Balance at End of the Year Total (d)
	General Support Assets			
1	2111 Land	-	-	-
2	2112 Motor Vehicles	-	-	-
3	2113 Aircraft	-	-	-
4	2114 Special Purpose Vehicles	-	-	-
5	2115 Garage Work Equipment	-	-	-
6	2116 Other Work Equipment	-	-	-
7	2121 Buildings	217,196,675	275,745,106	(58,548,432)
8	2122 Furniture	-	-	-
9	2123 Office Equipment	2,474,261	3,501,856	(1,027,595)
10	2124 General Purpose Computers	4,531,716	20,805,008	(16,273,292)
	Central Office Assets			
11	2211 Analog Electronic Switching	-	-	-
12	2212 Digital Electronic Switching	80,193,505	114,853,471	(34,659,966)
13	2215 Electro-Mechanical Switching	-	-	-
14	2220 Operator Systems	69,953	854,440	(784,487)
15	2231 Radio Systems	-	135,835	(135,835)
16	2232 Circuit Equipment	65,856,482	197,159,646	(131,303,164)
	Information Orig/Termination Assets			
17	2311 Station Apparatus	-	-	-
18	2321 Customer Premises Wiring	-	-	-
19	2341 Large Private Branch Exchanges	-	-	-
20	2351 Public Telephone Terminal Equip.	-	-	-
21	2362 Other Terminal Equipment	4,984,433	3,396,167	1,588,265
	Cable and Wire Facilities Assets			
22	2411 Poles	3,257,681	4,633,736	(1,376,055)
23	2421 Aerial Cable	36,560,925	40,415,050	(3,854,124)
24	2422 Underground Cable	42,684,424	60,815,521	(18,131,097)
25	2423 Buried Cable	5,099,223	4,587,760	511,463
26	2424 Submarine Cable	188,304	10,725	177,579
27	2425 Deep Sea Cable	-	-	-
28	2426 Intrabuilding Network Cable	1,324,323	1,270,552	53,772
29	2431 Aerial Wire	-	-	-
30	2441 Conduit Systems	17,403,542	43,961,812	(26,558,269)
31	Total Plant Accounts	481,825,447	772,146,685	(290,321,238)
	Other Accounts			
32		10,673,559	14,440,021	(3,766,462)
33		11,200,289	23,353,111	(12,152,822)
34		166,659,232	58,662,365	107,996,867
35	Total	670,358,527	868,602,182	(198,243,655)

16. PROPERTY HELD FOR FUTURE TELECOMMUNICATIONS USE

1. Insert in column (a) the titles of the applicable primary accounts for telecommunications plant in service and for each show the corresponding details regarding Property Held for Future Telecommunications Use.
2. If respondent's annual operating revenues exceed \$100 million, list separately items amounting individually to \$50,000 or more; show the aggregate of all other items for each primary account listed.

Line No.	Item (a)	Anticipated In Service Date (b)	Balance at Beg. of Year (c)	Additions During Year (d)	Transfers to Tel.. Plant in Service (e)	Other Retirements During Year (f)	Adjustments During Year Debit or (Credit) (g)	Balance at End of Year (h)
1	Main Conduit Systems, Melville, NY	Unknown	\$940					\$940
2	Subsidiary Conduit Systems, Melville NY	Unknown	173					173
3	Subscriber Pair Gain Systems, Troy Ave CO	Unknown	1,694,906					1,694,906
4	Non-Metallic Buried Cable, Attica NY	Unknown	51,243					51,243
5	Buffalo-Main Street-Chiller/Electrical Services	Unknown	243,873					243,873
6	Unknown	Unknown	10,624					10,624
7								0
8								0
9								0
10								0
11								0
12								0
13								0
14								0
15								0
16								0
17								0
18								0
19								0
20								0
21								0
22								0
23								0
24								0
25								0
26								0
27								0
28								0
29								0
30								0
31								0
32								0
33								0
34								0
35								0
36								0
37	Totals		\$2,001,759	\$0	\$0	\$0	\$0	\$2,001,759

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18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES

1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.
2. The net book value in column (f) shall equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e).
3. In column (g), report the fair market value which determined the sale or purchase price. Indicate in footnote the source of fair market value. If sale price was determined instead by tariffed rate, report this value. Indicate fair market value with an (F) and tariffed rate with (T) next to the amount in column (g).

Line No.	Name of Affiliate (a)	Account No. (b)	Original Cost (c)	Accumulated Depreciation (d)	Other Adjustments (e)		Net Book Value (f)	FMV or Tariffed Rate (g)	Purchased Price (h)		Sale Price (i)	
				Amount	Account No.	Amount	Amount		Account No.	Amount	Account No.	Amount
1	NY purchase from DC	21212400	6,976	5,436			1,540					\$1,540
2	NY purchase from MD	21212400	22,151	14,971			7,180					\$7,180
3	NY purchase from NJ	21212400	11,518	7,644			3,874					\$3,874
4	NY purchase from PA	21212400	12,900	7,926			4,974					\$4,974
5	NY purchase from VA	21212400	18,340	7,880			10,460					\$10,460
6	NY purchase from MD	21211200	149,267	96,926			52,341					\$52,341
7	NY purchase from RI	21211400	4,049	346			3,702					\$3,702
8	Total tagged assets		225,200	141,130			84,070					
9							-					
10	NY sale to MD	21212400	1,014	195			819					\$819
11	NY sale to PA	21212400	7,147	1,789			5,358					\$5,358
12	NY sale to MD	21211200	19,568	4,279			15,290					\$15,290
13	NY sale to PA	21211200	8,835	8,167			668					\$668
14	Total tagged assets		36,564	14,429			22,135					
15												
16	NY COE sales to MA	212232XX	6,355,010	1,878,396			4,476,615					\$4,476,615
17		212212XX	2,920,319	1,460,655			1,459,665					\$1,459,665
18		212231XX	265	-			265					\$265
19		21236260	35,404	929			34,475					\$34,475
20	CT COE to MA	212232xx	4,178	-			4,178					\$4,178
21	total		9,315,176				5,975,198					
22												
23	NY COE sales to NH	212232XX	1,541,704	430,287			1,111,417					\$1,111,417
24		212212XX	502,402	235,545			266,857					\$266,857
25		212231XX	-	-			-					\$0
26		21236260	6,875	-			6,875					\$6,875
27	CT COE to NH	212232xx	276	(2,486)			2,763					\$2,763
28	total		2,051,257				1,387,912					
29												
30												

Notes:

18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES

1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.
2. The net book value in column (f) shall equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e).
3. In column (g), report the fair market value which determined the sale or purchase price. Indicate in footnote the source of fair market value. If sale price was determined instead by tariffed rate, report this value. Indicate fair market value with an (F) and tariffed rate with (T) next to the amount in column (g).

Line No.	Name of Affiliate (a)	Account No. (b)	Original Cost (c)	Accumulated Depreciation (d)	Other Adjustments (e)		Net Book Value (f)	FMV or Tariffed Rate (g)	Purchased Price (h)		Sale Price (i)	
					Account No.	Amount			Account No.	Amount	Account No.	Amount
1	NY COE sales to ME	212232XX	801,609	207,366			594,243					\$594,243
2		212212XX	269,406	133,014			136,392					\$136,392
3		212231XX	-	-			-					\$0
4		21236260	11,645	288			11,357					\$11,357
5		212232xx	-	-			-					\$0
6		total	1,082,661				741,992					
7	NY COE sales to RI	212232XX	508,443	156,393			352,049					\$352,049
8		212212XX	249,842	122,047			127,795					\$127,795
9		212231XX	-	-			-					\$0
10		21236260	11,113	747			10,366					\$10,366
11	CT COE to RI	212232xx	100	-			100					\$100
12		total	769,497				490,311					
13												
14	NY COE sales to VT	212232XX	514,372	163,314			351,058					\$351,058
15		212212XX	121,059	54,065			66,995					\$66,995
16		212231XX	265	-			265					\$265
17		21236260	7,693	213			7,480					\$7,480
18		212232xx	-	-			-					\$0
19	CT COE to RI	total	643,389				425,798					
20												
21	TOTAL sales		13,861,981				9,021,209					
22												
23	NY COE purch. from MA	212232XX	7,696,672	2,428,108			5,268,564					\$5,268,564
24		212212XX	3,358,338	1,800,941			1,557,397					\$1,557,397
25		212231XX	-	-			-					\$0
26		21236260	52,403	4,906			47,496					\$47,496
27		21236252	882	77			804					\$804
28												
29												
30												

Notes:

18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES

1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.
2. The net book value in column (f) shall equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e).
3. In column (g), report the fair market value which determined the sale or purchase price. Indicate in footnote the source of fair market value. If sale price was determined instead by tariffed rate, report this value. Indicate fair market value with an (F) and tariffed rate with (T) next to the amount in column (g).

Line No.	Name of Affiliate (a)	Account No. (b)	Original Cost (c)	Accumulated Depreciation (d)	Other Adjustments (e)		Net Book Value (f)	FMV or Tariffed Rate (g)	Purchased Price (h)		Sale Price (i)	
					Account No.	Amount			Account No.	Amount	Account No.	Amount
1	CT COE from MA	212232xx	29,811	9,647			20,165					\$20,165
2		212212xx	4,471	2,847			1,624					\$1,624
3		total	11,142,576				6,896,050					
4												
5	NY COE purch. from ME	212232XX	188,306	3,934			184,372					\$184,372
6		212212XX	10,529	-			10,529					\$10,529
7		21236260	975	-			975					\$975
8	CT COE from ME	212232xx	100	-			100					\$100
9		total	199,910				195,976					
10												
11	NY COE purch. from NH	212232XX	1,024,405	383,661			640,743					\$640,743
12		212212XX	266,068	171,689			94,379					\$94,379
13		21236260	4,522	140			4,382					\$4,382
14	CT from NH	212232xx	5,385	2,622			2,763					\$2,763
15		212212xx	1,916	1,829			87					\$87
16		total	1,302,295				742,354					
17												
18	NY COE purch. from RI	212232XX	60,952	242			60,710					\$60,710
19		212212XX	7,210	91			7,119					\$7,119
20		21236260	345	-			345					\$345
21	CT from RI	212232xx	214	-			214					\$214
22		total	68,721				68,388					
23												
24	NY COE purch. from VT	212232XX	80,348	1,220			79,128					\$79,128
25		212212XX	985	-			985					\$985
26		21236260	870	-			870					\$870
27		total	82,203				80,982					
28												
29	TOTAL purchases		12,795,704				7,983,749					
30												

Notes:

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19. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION

- For the total of accrual reflected in column (c), show in a note the amounts concurrently charged to Accounts 6561, 6562 and to other accounts (specify).
- Include in columns (d), (f), (g) and (h) the amounts on open retirement work orders carried in sub-account 3100.01, Retirement Work in Progress.
- With respect to items in columns (e) and (i), include in a note the contra accounts charged or credited together with an explanation of the entries.

Line No.	Plant Account (a)	Balance at Beginning of Year (b)	Credits During the Year		
			Depreciation Accruals (c)	Salvage Insurance, etc. (d)	Other Credits (e)
	Telecommunications Plant in Service				
	General Support Assets				
1	2112 Motor Vehicles	\$62,550,935	\$20,742,410	\$336,656	\$667,536
2	2113 Aircraft	0	0	0	0
3	2114 Special Purpose Vehicles	93,227,020	31,437,708	291,048	188,757
4	2115 Garage Work Equipment	0	0	0	0
5	2116 Other Work Equipment	0	0	0	0
6	2121 Buildings	1,066,926,888	45,825,163	85,594,284	39,285,841
7	2122 Furniture	1,382,999	265,865	28,325	16,827
8	2123 Office Equipment	0	0	0	0
9	.1 Office Support Equipment	17,653,466	2,515,254	460,442	279,001
10	.2 Company Communications Equipment	11,537,570	11,592,211	493,644	285,350
11	2124 General Purpose Computers	110,986,475	66,012,408	5,624,160	16,735,817
12	Total General Support Assets	1,364,265,353	178,391,019	92,828,559	57,459,129
	Central Office Assets				
13	2211 Analog Electronic Switching	337,801	6,524,540	0	5,254
14	2212 Digital Electronic Switching	3,525,820,759	347,166,278	13,967,473	10,313,173
15	2215 Electro-Mechanical Switching	0	0	0	0
16	.1 Step-by Step	0	0	0	0
17	.2 Crossbar	0	0	0	0
18	.3 Other Electro-Mechanical Switching	0	0	0	0
19	2220 Operator Systems	14,213,245	7,096,760	418,409	1
20	2231 Radio Systems	0	0	0	0
21	.1 Satellite and Earth Station Facilities	0	0	0	0
22	.2 Other Radio Facilities	13,595,858	222,387	530	0
23	2232 Circuit Equipment	3,918,774,088	755,700,764	18,445,492	0
24	Total Central Office Assets	7,472,741,751	1,116,710,729	32,831,904	10,318,428
	Information Orig/Termination Assets				
25	2311 Station Apparatus	0	0	0	0
26	2321 Customer Premises Wiring	0	0	0	0
27	2341 Large Private Branch Exchanges	0	0	0	0
28	2351 Public Telephone Terminal Equip.	113,008,327	8,859,903	14,500	4,615
28	2362 Other Terminal Equipment	400,851,183	25,910,529	11,777,502	7,994,219
29	Total Information Orig/Termination Assets	513,859,510	34,770,432	11,792,002	7,998,834
	Cable and Wire Facilities Assets				
30	2411 Poles	588,020,675	12,466,225	334,144	0
31	2421 Aerial Cable	2,759,581,354	398,572,575	6,811,593	0
32	2422 Underground Cable	1,653,755,325	119,328,499	266,446	0
33	2423 Buried Cable	708,535,846	69,298,646	29,920	0
34	2424 Submarine Cable	2,721,243	513,025	0	0
35	2425 Deep Sea Cable	0	0	0	0
36	2426 Intrabuilding Network Cable	216,145,116	23,337,005	12,607,468	0
36	2431 Aerial Wire	0	0	0	0
37	2441 Conduit Systems	536,420,386	44,222,725	46,019	0
38	Total Cable and Wire Facilities Assets	6,465,179,946	667,738,700	20,095,590	0
39	3100 Other - Explain	0	0	0	0
40	3100 Other - Explain	0	0	0	0
41	3100 Total Accumulated Depreciation - TPIS	15,816,046,559	1,997,610,879	157,548,055	75,776,391
42	3200 Held for Future Communications Use	652,742	0	0	0
43	3300 Nonoperating	5,490,898	0	0	0
44	Total Accumulated Depreciation	15,822,190,200	1,997,610,879	157,548,055	75,776,391
45	3410 Capital Leases	6,970,607	6,036,010	0	0
46	3420 Leasehold Improvements	49,400,853	10,650,233	0	271,406
47	Accumulated Amortization - Tangible	56,371,461	16,686,243	0	271,406
48	3500 Accumulated Amortization - Intangible	256,125,955	139,002,450	0	0
49	3600 Accumulated Amortization - Other				
50	Total Accumulated Amortization	312,497,415	155,688,693	0	271,406
51	Total Accumulated Depreciation & Amortization	\$16,134,687,615	\$2,153,299,572	\$157,548,055	\$76,047,797

19. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION

Line No.	Debits During the Year				Balance at End of the Year (i)
	Retirements with Traffic (f)	Retirements without Traffic (g)	Cost of Removal (h)	Other Charges (i)	
1		\$842,313	\$0	(\$5,868)	\$83,461,092
2		0	0	0	0
3		41,984	0	(2,440)	125,104,989
4		0	0	0	0
5		0	0	0	0
6	0	16,792,634	39,628,827	(0)	1,181,210,715
7		0	0	0	1,694,016
8		0	0	0	0
9	0	77,118	0	(0)	20,831,045
10	0	10,143,202	0	0	13,765,572
11	0	52,866,376	0	(159,111)	146,651,594
12	0	80,763,627	39,628,827	(167,419)	1,572,719,024
13		109	1,577	0	6,865,909
14		154,972,741	3,614,061	(0)	3,738,680,880
15		0	0	0	0
16		0	0	0	0
17		0	0	0	0
18		0	0	0	0
19		0	14,148	(1,181,237)	22,895,504
20		0	0	0	0
21		0	0	0	0
22		1,113,203	99,404	13,411	12,592,757
23		203,681,780	8,806,562	66,353,183	4,414,078,819
24	0	359,767,833	12,535,752	65,185,357	8,195,113,870
25		0	0	0	0
26		0	0	0	0
27		0	0	0	0
28		39,975,928	0	(0)	81,911,417
28		17,874,436	229,915	1	428,429,081
29	0	57,850,364	229,915	0	510,340,498
30		2,127,107	442,177	271,315,123	326,936,636
31		16,066,847	1,658,015	293,122,922	2,854,117,738
32		6,024,584	653,213	155,210,448	1,611,462,025
33		1,288,705	14,246	19,694,296	756,867,165
34		0	0	82,827	3,151,441
35		0	0	0	0
36		1,453,769	65,151	683,363	249,887,306
36		0	0	0	0
37		28,862	0	45,643,994	535,016,275
38	0	26,989,874	2,832,802	785,752,974	6,337,438,586
39		0	0	0	0
40		0	0	0	0
41	0	525,371,698	55,227,296	850,770,912	16,615,611,979
42		0	0	0	652,742
43		0	0	(257,088)	5,747,986
44	0	525,371,698	55,227,296	850,513,825	16,622,012,706
45		3,361,545	0	0	9,645,072
46		23,415,920	0	(204,096)	37,110,668
47	0	26,777,465	0	(204,095)	46,755,740
48		45,019,614	0	496,851	349,611,940
49		0	0	0	0
50	0	71,797,079	0	292,756	396,367,680
51	\$0	\$597,168,777	\$55,227,296	\$850,806,580	\$17,018,380,386

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20. BASIS OF CHARGES FOR DEPRECIATION

- Each type of plant for which a separate depreciation rate is determined and applied in the accounts shall be considered as a subclass for the purpose of this schedule.
- The estimated net salvage factors in columns (c) and (i) shall be shown as a percentage of original cost. Columns (b) and (c) shall be left blank only when two or more subclasses are indicated in Section II.
- The rate to reported in column (d) with respect to an account for which subclasses are indicated in Section II is the composite rate productive of an amount equal to the sum of the estimated annual charges for the constituent subclasses, produced by applying (actually or in effect) the individual rates set forth in column (j), to the book cost of each subclass.

Section I. Classes of Depreciable Plant

Line No.	Plant Account (a)	Estimated Service Life in Years (b)	Estimated Net Salvage Factor (c)	Annual Composite Rate at End of the Year (d)	Ratio of Depreciation Charges to Ave Monthly Book Cost (e)
	General Support Assets				
1	2112 Motor Vehicles	8.0	15%	11.27%	11.27%
2	2113 Aircraft			n/a	n/a
3	2114 Special Purpose Vehicles	12.0	0%	12.51%	12.51%
4	2115 Garage Work Equipment				
5	2116 Other Work Equipment				
6	2121 Buildings	38.0	0%	1.62%	1.62%
7	2122 Furniture	15.0	0%	15.07%	15.07%
8	2123 Office Equipment				
9	.1 Office Support Equipment	8.0	0%	9.95%	9.95%
10	.2 Company Communications Equipment	8.0	0%	36.88%	36.88%
11	2124 General Purpose Computers	5.0	0%	24.59%	24.59%
	Central Office Assets				
12	2211 Analog Electronic Switching			48.75%	48.75%
13	2212 Digital Electronic Switching	12.0	0%	6.64%	6.64%
14	2215 Electro-Mechanical Switching				
15	.1 step-by-step				
16	.2 Crossbar				
17	.3 Other Electro-Mechanical Switching				
18	2200 Operator Systems	10.0	0%	16.84%	16.84%
19	2231 Radio Systems	5.0	0%	1.60%	1.60%
20	.1 Satellite and Earth Station Facilities				
21	.2 Other Radio Facilities				
22	2232 Circuit Equipment	9.0	2%	10.56%	10.56%
	Information Origination/Termination Assets				
23	2311 Station Apparatus				
24	2321 Customer Premises Wiring				
25	2341 Large Private Branch Exchanges				
26	2351 Public Telephone Terminal Equipment	8.0	0%	6.34%	6.34%
27	2362 Other Terminal Equipment	8.0	0%	5.50%	5.50%
	Cable and Wire Facilities Assets				
28	2411 Poles	30.0	0%	2.07%	2.07%
29	2421 Aerial Cable	n/a	n/a	7.84%	7.84%
30	2422 Underground Cable	n/a	n/a	4.85%	4.85%
31	2423 Buried Cable	n/a	n/a	6.32%	6.32%
32	2424 Submarine Cable	18.0	0%	7.73%	7.73%
33	2425 Deep Sea Cable				
34	2426 Intrabuilding Network Cable	n/a	n/a	6.10%	6.10%
35	2431 Aerial Wire				
36	2441 Conduit Systems	50.0	0%	2.71%	2.71%
37					
38	Composite rate for all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXX	7.18%	7.18%
39	Composite rate for all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXX	7.47%	7.47%
40	Ratio to all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX
41	Ratio to all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX	XXXXXXXXXXXXXX

20. BASES OF CHARGES FOR DEPRECIATION (Continued)

4. Report in column (e) the ratios of the depreciation charge actually included in the accounts to the average monthly book costs of the plant indicated. The average monthly book cost shall be determined by dividing by 12 the sum of the monthly book cost to which the depreciation rates were applied.
5. In column (f) indicate the number of the primary plant account in which the listed subclasses are included.
6. Amounts in columns (k) and (l) shall be reported only to the nearest dollar. Such amounts shall be totaled by primary classes and the appropriate composite rate shall be entered in column (j) opposite the respective totals in order to prove the correctness of the compositing (unless the compositing is by some other process, in which event the procedure used shall be described in a note).

Section II. Subclasses of Depreciable Plant

Line No.	Primary Acct. No. (f)	Name or Description of Subclass (g)	Estimated Service Life in Years (h)	Estimated Net Salvage Factor (i)	Annual Rate End of the Year (j)	Plant Balances Used in Computing Composite Rates (k)	Est. Annual Depreciation for Compositing Purposes (j)x(k) (l)
1	2421	Aerial Cable					
2		Aerial Cable Met.	17	0%	7.85%	4,689,513,891	368,219,702
3		Aerial Cable Nmet.	20	0%	7.70%	394,285,138	30,352,874
4		Total	n/a	n/a	7.84%	5,083,799,029	398,572,575
5	2422	Underground Cable					
6		U.G. Cable Met.	18	0%	3.66%	1,759,914,574	64,385,146
7		U.G. Cable Nmet.	20	0%	7.85%	700,009,209	54,943,353
8		Total	n/a	n/a	4.85%	2,459,923,783	119,328,499
9	2423	Buried Cable					
10		Buried Cable Met.	19	0%	6.24%	1,002,600,625	62,522,336
11		Buried Cable Nmet.	20	0%	7.28%	93,118,531	6,776,311
12		Total	n/a	n/a	6.32%	1,095,719,156	69,298,646
13	2426	Intrabuilding Network Cable					
14		Intrabuilding Cable Met	18	0%	6.08%	337,767,528	20,550,969
15		Intrabuilding Cable Nmet	20	0%	6.19%	45,003,112	2,786,035
16		Total	n/a	n/a	6.10%	382,770,640	23,337,005
17							
18							
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**21. TELECOMMUNICATIONS ACCOUNTS RECEIVABLE AND ACCOUNTS
RECEIVABLE ALLOWANCE**

Line No.	Item (a)	Number of Accounts (b)	Amount at End of the Year (c)
1	Customers and Agents-Receiving Service	5,751,757	980,828,984
2	Customers and Agents-Service Discontinued	1,586,837	467,834,909
3	Total	7,338,594	1,448,663,892
4	Less Reserve for Uncollectible Accounts-Cr.	xxxx	455,037,483
5	Balance	xxxx	\$993,626,409

Explain in a note the basis used to determine the accruals charged to account 5301.

Line No.	Particulars (a)	Amount (b)
6	Balance at beginning of the year	481,770,298
7	Accruals charged to account 5301	188,327,109
8	Collection of amounts previously written off	75,673,984
9	Other Credits (explain in a note)	102,746,705
10	Total credits	366,747,799
11	Uncollectible written off during the year	393,480,614
12	Other debits (explain in a note)	0
13	Total debits	393,480,614
14	Balance at end of year	\$455,037,483
15	Total operating revenues for the year	\$6,916,462,488
16	Net write offs during the year (line 11 minus line 8)	\$317,806,629
17	Ratio of line 16 to line 15	4.59%
18	Ratio of line 7 to line 15	2.72%
19	Interstate Uncollectible Revenues (Account 5301.1)	20,048,924
20	Intrastate Uncollectible Revenues (Account 5301.2)	167,915,958

Insert additional pages, if applicable.

**22. ACCOUNTS RECEIVABLE FROM AFFILIATED COMPANIES AND
OTHER ACCOUNTS RECEIVABLE**

1. List the information for each affiliate and also the ten largest nonaffiliate debtors at end of year. Aggregate all other nonaffiliate receivables.

2. Report in column (f) the average of the twelve month-end balances for each item in column (a).

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)	Average Month-end Balance (f)
	Account 1190.1 Accounts Receivable from Affiliated Companies:					
1	Verizon Global Funding Corp.	\$185,826,473	\$413,800,000	\$551,607,283	\$48,019,189	\$158,361,765
2	Verizon Services Corp (NSI)	73,845,957	570,673,094	587,371,294	57,147,757	46,915,625
3	Verizon Services Group (TRG)	27,190,542	319,602,883	240,248,722	106,544,703	30,279,167
4	Verizon New England Inc.	22,327,206	37,278,845	47,756,616	11,849,435	20,934,277
5	Verizon Yellow Pages Company	17,676,603	88,263,226	92,808,621	13,131,208	17,553,297
6	Verizon Enterprise Solutions (LD)	14,254,811	638,410	0	14,893,220	16,259,982
7	Verizon Communications Inc.	3,922,399	186,725	3,950,946	158,178	6,140,785
8	Verizon Internetworking & Multimedia Solutions	859,382	0	0	859,382	859,382
9	Empire City Subway Co., Ltd	576,909	724,365	1,627,875	(326,600)	(337,040)
10	Unbilled Custom Work	529,015	0	0	529,015	529,015
11	Verizon Wireless	71,706	0	71,706	0	17,926
12	Verizon Maryland, Inc.	56,041	52,879,204	52,501,551	433,694	4,407,057
13	Verizon New Jersey, Inc.	50,770	13,780,391	6,994,741	6,836,420	1,159,373
14	Verizon Pennsylvania, Inc	38,816	10,744,391	7,300,439	3,482,768	896,491
15	Verizon, Virginia, Inc.	30,414	7,920,569	5,680,735	2,270,248	660,411
16	Verizon Teleproducts Corp	0	536,161	0	536,161	354,263
17	Aggregate of All Other Companies	312,308	368,727	602,689	78,347	N/A
18	Total Accounts Receivable from Affiliated Companies	\$347,569,353	\$1,517,396,991	\$1,598,523,217	\$266,443,126	\$304,991,776
	Account 1190.2 Other Accounts Receivable:					
13	Miscellaneous Debtors	\$9,932,225	\$32,745,338	\$32,744,136	\$9,933,426	\$9,304,928
14	AT&T and Subsidiaries	1,175,231	49,764	49,764	1,175,231	1,175,231
15	Loans Secured by Wages	31,594	1,956,483	1,950,283	37,793	(39,546)
16	Other Telephone and Telegraph Companies	4,625,377	3,638,496	3,109,640	5,154,233	4,613,730
17	Employee Group Insurance	(8,520,014)	16,535,557	8,680,788	(665,244)	(5,870,543)
18	Miscellaneous Receivables	55,050,049	635,387,458	651,447,620	38,989,887	7,558,812
19	Unbilled Custom Work	895,202	3,882,612	3,461,775	1,316,039	1,677,104
20	Aggregate of all Other Items	578,730	63,997	59,776	582,950	586,172
21		0	0	0	0	0
22		0	0	0	0	0
23	Aggregate of all Other Items	0	0	0	0	0
24	Total Other Accounts Receivable	\$63,768,392	\$694,259,705	\$701,503,782	\$56,524,315	\$19,005,888

23. ACCOUNTS RECEIVABLE ALLOWANCE - AFFILIATED AND OTHER

Line No.	Particulars (a)	Affiliate (b)	Other (c)
1	Balance at beginning of the year	\$0	\$14,386,389
2	Accruals charged to account 5302		4,128,835
3	Collection of amounts previously written off		0
4	Other credits (explain in a note)		0
5	Total credit	0	4,128,835
6	Uncollectibles written off during the year		362,227
7	Other debits is (explain in a note)		0
8	Total debits	0	362,227
9	Balance at end of the year	\$0	\$18,152,997

Explain i Explain in a note the basis used to determine the accruals charged to account 5302.

Line 2

YTD accruals charged to account 5302 - \$362,227; account 6728 - \$3,766,608

24. NOTES RECEIVABLE AND NOTES RECEIVABLE ALLOWANCE

List the information for each affiliate, and also the ten largest nonaffiliate debtors. Aggregate all other nonaffiliate notes receivable.

Line No.	Name of Debtor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate Per Annum (f)
1	Account 1200.1 Notes Receivable from Affiliated Companies: Nothing to Report				\$0	%
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12	Total				\$0	xxx
13	Account 1200.2 Other Notes Receivable: Nothing to Report				0	
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24	Total				\$0	xxx

Explain in a note the basis used to determine the accruals charged to Account 6790.

Line No.	Particulars (a)	Affiliates (b)	Nonaffiliates (c)
25	Balance at beginning of the year		
26	Accruals charged to account 6790		
27	Collection of amounts previously written off		
28	Other credits (explain in a note)		
29	Total credits	0	0
30	Uncollectibles written off during the year		
31	Other debits (explain in a note)		
32	Total debits	0	0
33	Balance at end of the year	\$0	\$0

25. INVENTORIES

1. Report the amount of inventories at the beginning and at the end of the year under titles which are indicative of the character of the material included.

2. Summarize inventorying practices, indicating particularly the program therefor and the accounting for overages and shortages.

Line No.	Class of Material (a)	Amount at Beginning of Year (b)	Amount at End of Year (c)
	Subaccount 1220.1, Material and Supplies:		
1	Non-Exempt Material	12,627,881	6,715,298
2	Exempt Material	15,225,825	13,591,091
3	Motor Vehicle Supplies	(645,365)	277,297
4	Central Office Supplies	4,841,342	10,200,705
5	Furniture/Office Equipment	-	-
6	Reserve for Supplies	(5,460,959)	(2,529,582)
7	Class "C" Stock	-	-
8	Equipment Retired in Place	1,605,986	-
9	Equipment Held for Sale	-	-
10	Personal Computers and Supplies	-	-
11	Other	20,423,412	2,480,287
12	Total	\$48,618,123	\$30,735,096
	Subaccount 1220.2, Property Held for Sale or Lease:		
13	New Party Line Sets-Held for Sale or Lease	0	0
14	New Handicapped Equipment - Held for Sale	0	0
15	Other	0	0
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26	Total	\$0	\$0
27	Grand Total	\$48,618,123	\$30,735,096

Annual physical inventories of material and Supplies in stock were taken on April 12, 2002 and was reconciled & booked in December, 2002. Overages and Shortages resulting from these inventories were accounted for in the current year as follows:

INVENTORY	SHORTAGES AND OVERAGES WERE:
Plant Supplies - Non-Exempt Exempt (not subject to inventory)	Reflected in Provisioning Expense Account 6512 Distributed to final Account based on non exempt distribution.
Reusable C.O. & Large PBX Equip, Motor Vehicles, Tools & Other work Equip- ment and Furniture & Office Equipment and Property held for Sale or Lease	Charged to Provisioning Expense-Inventory Adjustments
Reusable Material-Class "C" (in custody of TRG Material Management)	NO longer exists
Other Material & Supplies: Retirements of C.O. & Large PBX Equipment (left in place pending removal)	Included in Account 3100, Depreciation Reserve

26. PREPAID TAXES AND TAX ACCRUALS

1. List in column (a) and furnish appropriate data with respect to each type of tax for which the company was liable on its own behalf during the year. When entries with respect to any type of tax are applicable to more than one year, the required information for all columns shall be shown separately for each such year.

2. Taxes should be grouped so as to show whether the taxes are federal, state or local.

Line No.	Particulars (a)	Balance at Beginning of the Year		Taxes Accrued or Charged During the Year		Taxes Paid During the Year (f)	Adjustments Debit or (Credit) (g)	Balance at End of Year	
		Prepaid Taxes (Acct. 1300) (b)	Tax Accruals (Accts. 4070 and 4080) (c)	Acct. Chg.. (d)	Amount (e)			Prepaid Taxes (Acct. 1300) (h)	Tax Accruals (Accts. 4070 and 4080) (i)
1	Federal:								
2	Income Taxes								
3	2003		0	7220	(505,317,377)	(351,347,767)	(1,172,834)		(155,142,444)
4	2002		29,483,715	7220	(58,652,571)	(29,168,856)	0		0
5	2001		0	7220	0	0	39,049		39,049
6	1999		0	7220	0	0	(1,692,896)		(1,692,896)
7	1998		8,264,831	7220	0	0	0		8,264,831
8	1993		(3,922,897)	7220	0	0	0		(3,922,897)
9									
10	Social Security								
11	2003		0	8701	158,343,707	157,310,322	0		1,033,385
12	2001		4,052,829	8701	0	0	(4,052,829)		(0)
13	Unemployment								
14	2003		(8,029)	8701	1,793,813	1,935,793	0		(150,009)
15									
16									
17	Other								
18	2003		7,802,742	7240	2,250,171	2,248,171	(3,875,841)		3,928,901
19	2002		0	7240	0	0	0		0
20									
21	State & Local Income Tax								
22	2003		0	7220	(229,004)	805	20,865		(208,944)
23	2002		(99,297)	7220	51,171	0	48,126		0
24									
25									
26									
27	Subtotal	\$0	\$45,573,894		(\$401,760,090)	(\$219,021,532)	(\$10,686,360)	\$0	(\$147,851,024)

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26. PREPAID TAXES AND TAX ACCRUALS (Continued)

Line No.	Particulars (a)	Balance at Beginning of the Year		Taxes Accrued or Charged During the Year		Taxes Paid During the Year (f)	Adjustments Debit or (Credit) (g)	Balance at End of Year	
		Prepaid Taxes (Acct. 1300) (b)	Tax Accruals (Accts. 4070 and 4080) (c)	Acct. Chg.. (d)	Amount (e)			Prepaid Taxes (Acct. 1300) (h)	Tax Accruals (Accts. 4070 and 4080) (i)
28	State:								
29	Gross Earnings		9,275,143	7240	35,646,800	36,144,525			8,777,418
30	Gross Income		38,720,419	7240	231,310,504	153,998,144	3,000,000		119,032,779
31	Franchise		2,845,976	7240	5,838,912	5,673,064	4,997,089		8,008,912
32	Unemployment		(579,464)	8701	20,000,000	1,221,376			18,199,160
33	Disability Insurance		(25,790,505)	8701	26,286,352	0	0		495,847
34	Other	3,192,309	4,119,777	7240	20,115,845	17,064,831	2,546,215	18,294	6,542,990
35									
36									
37									
38									
39									
40									
41									
42	Local:								
43	Gross Receipts	0	21,485,286	7240	58,668,000	52,096,052	0	0	28,057,234
44	Property	81,438,967	5,670,501	7240	300,679,397	322,021,022	0	105,484,742	8,374,651
45	Other	0	6,166,997	7240	7,240,000	4,576,152	0	0	8,830,845
46									
47									
48									
49									
50									
51									
52									
53									
54									
55									
56	Total	\$84,631,276	\$107,488,023	xxxx	\$304,025,719	\$373,773,635	(\$143,056)	\$105,503,036	\$58,468,811

27. DEFERRED INCOME TAXES-Dr.

1. Report the details of operating income tax expense related to current and noncurrent items which have been paid in advance but which are expected to be charged to income in a future period as a result of tax normalization accounting.
2. In column (f) respondents shall report the adjustments, debit or (credit), made to the items in column (a). The Adjustment should be explained in a note if the individual item amounts amounts to more than \$100,000 for Class A companies or \$10,000 for Class B companies.

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	Property Related						
1	Current Deferred Operating Income Taxes-Dr. (Account 1360)	\$0		\$0	\$0	\$0	\$0
2							0
3							0
4							0
5							0
6							0
7							0
8							0
9	Total	\$0	7250	\$0	\$0	\$0	\$0
10	Noncurrent Deferred Operating Income Taxes-Dr. (Account 1510)	\$157,421,823		\$0	\$0	\$0	\$157,421,823
11							0
12							0
13							0
14							0
15							0
16							0
17							0
18	Total	\$157,421,823	7250	\$0	\$0	\$0	\$157,421,823
19	Total Property Related Deferred Operating Income Taxes-Dr.	\$157,421,823		\$0	\$0	\$0	\$157,421,823
	Nonproperty Related						
20	Current Deferred Operating Income Taxes-Dr. (Account 1360)	\$329,873,365			\$0	\$0	\$329,873,365
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28	Total	\$329,873,365	7250	\$0	\$0	\$0	\$329,873,365

27. DEFERRED INCOME TAXES-Dr. (Continued)

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
29	Nonproperty Related						
30	Noncurrent Deferred Operating Income Taxes-Dr. (Account 1510)						
31		\$1,234,441,105			\$0	\$0	\$1,234,441,105
32							0
33							0
34							0
35							0
36	Total	\$1,234,441,105	7250	\$0	\$0	\$0	\$1,234,441,105
37	Total Nonproperty Related Deferred Operating Income Taxes - Dr.	\$1,564,314,470		\$0	\$0	\$0	\$1,564,314,470
38	Property Related						
39	Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)		7450				\$0
40							0
41							0
42	Deferred Income Tax Effect of Extraordinary Items		7640				0
43	Total	\$0		\$0	\$0	\$0	\$0
44	Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)		7450				\$0
45							0
46							0
47							0
48	Deferred Income Tax Effect of Extraordinary Items		7640				0
49	Total	\$0		\$0	\$0	\$0	\$0
50	Total Property Related Deferred Nonoperating Income Taxes-Dr.	\$0		\$0	\$0	\$0	\$0
51	Nonproperty Related						
52	Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)		7450				\$822,291
53		\$822,291					0
54							0
55	Deferred Income Tax Effect of Extraordinary Items		7640				0
56	Total	\$822,291		\$0	\$0	\$0	\$822,291
57	Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)		7450				\$218,623,170
58		\$218,623,170					0
59							0
60	Deferred Income Tax Effect of Extraordinary Items		7640				0
61	Total	\$218,623,170		\$0	\$0	\$0	\$218,623,170
62	Total Nonproperty Related Deferred Nonoperating Income Taxes - Dr.	\$219,445,461		\$0	\$0	\$0	\$219,445,461

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28. DEFERRED INCOME TAXES-Cr. AND INVESTMENT TAX CREDIT

1. Report the details of operating income tax expense related to current and noncurrent items which have been paid in advance but which are expected to be charged to income in a future period as a result of tax normalization accounting.
2. In column (f) respondents shall report the adjustments, debit or (credit), made to the items in column (a). The Adjustment should be explained in a note if the individual item amounts amounts to more than \$100,000 for Class A companies or \$10,000 for Class B companies.
3. State below the option selected for the investment tax credit, (1) reduction to rate base, or (2) reduction of cost of service for rate purposes in accordance with Section 46(e) of the Internal Revenue Code.

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
1	Property Related						
2	Current Deferred Operating Income Taxes-Cr. (Account 4100)						\$0
3							0
4							0
5							0
6							0
7							0
8							0
9	Total	\$0	7250	\$0	\$0	\$0	\$0
10	Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)	\$1,783,050,871		\$755,672,773	\$778,530,776	\$396,192,798	\$2,156,385,666
11							0
12							0
13							0
14							0
15							0
16							0
17	Total	\$1,783,050,871	7250	\$755,672,773	\$778,530,776	\$396,192,798	\$2,156,385,666
18	Total Property Related Deferred Operating Income Taxes-Cr.	\$1,783,050,871		\$755,672,773	\$778,530,776	\$396,192,798	\$2,156,385,666
19	Nonproperty Related						
20	Current Deferred Operating Income Taxes-Cr. (Account 4100)	\$387,359,398		\$44,760,888	\$68,279,736	(\$106,165,372)	\$257,675,178
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28	Total	\$387,359,398	7250	\$44,760,888	\$68,279,736	(\$106,165,372)	\$257,675,178

28. DEFERRED INCOME TAXES-Cr. AND INVESTMENT TAX CREDIT (Continued)

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
29	Nonproperty Related						
30	Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)						
31		(\$153,110,627)		\$55,425,203	\$144,804,271	\$102,756,999	(\$139,732,696)
32							0
33							0
34							0
35							0
36	Total	(\$153,110,627)	7250	\$55,425,203	\$144,804,271	\$102,756,999	(\$139,732,696)
37	Total Nonproperty Related Deferred Operating Income Taxes - Cr.	\$234,248,771		\$100,186,091	\$213,084,007	(\$3,408,373)	\$117,942,482
38	Operating Investment Tax Credit (Account 4320)						
39		\$90,801,717		\$0	\$3,026,208	\$0	\$87,775,509
40							0
41							0
42							0
43							0
44	Total	\$90,801,717	7210	\$0	\$3,026,208	\$0	\$87,775,509
45	Property Related						
46	Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)		7450				\$0
47							0
48							0
49							0
50	Deferred Income Tax Effect of Extraordinary Items		7640				0
51	Total	\$0		\$0	\$0	\$0	\$0
52	Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)		7450				\$3,689,423
53		\$3,689,423					0
54							0
55							0
56							0
57	Deferred Income Tax Effect of Extraordinary Items		7640				0
58	Total	\$3,689,423		\$0	\$0	\$0	\$3,689,423
59	Total Property Related Deferred Nonoperating Income Taxes-Cr.	\$3,689,423		\$0	\$0	\$0	\$3,689,423

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28. DEFERRED INCOME TAXES-Cr. AND INVESTMENT TAX CREDIT (Continued)							
Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
60	Nonproperty Related						
61	Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)						
62		\$131,687,437	7450				\$131,687,437
63							0
64							0
65	Deferred Income Tax Effect of Extraordinary Items		7640				0
66	Total	\$131,687,437		\$0	\$0	\$0	\$131,687,437
67	Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)						
68		(12,705,952)	7450	0	0	\$0	\$0
69						34,916,679	22,210,727
70							0
71							0
72	Deferred Income Tax Effect of Extraordinary Items		7640				0
73	Total	(\$12,705,952)		\$0	\$0	\$34,916,679	\$22,210,727
74	Total Nonproperty Related Deferred Nonoperating Income Taxes - Cr.	(\$12,705,952)		\$0	\$0	\$34,916,679	\$22,210,727
75	Nonoperating Investment Tax Credit (Account 4330)						
76							\$0
77							0
78							0
79							0
80							0
81	Total	\$0	7410	\$0	\$0	\$0	\$0

29. EXCESS/DEFICIENT DEFERRED FEDERAL INCOME TAX BALANCES *

1. Report below the specified excess/deficient accumulated deferred Federal income taxes as of December 31 of the reporting year.
2. Protected amounts are those accumulated deferred taxes that are depreciation related and are protected from rapid write-back by Section 203 (E) of the Tax Reform Act of 1986.
3. Unprotected amounts are those accumulated deferred taxes that are not subject to Section 203(e) of the Tax Reform Act of 1986.
4. Excess/deficient deferred taxes result when there is a reduction/increase in the statutory income tax rate (e.g. TRA-86 and (Revenue Reconciliation Act of 1993) and the deferred tax balances provided are greater/less than the enacted tax rate, all calculated on a vintage year basis.

Line No.	Item (a)	Debits			Credits		
		Account 1360 (b)	Account 1510 (c)	Total (d)	Account 4100 (e)	Account 4340 (f)	Total (g)
1	Protected Excess Deferred FIT Balance			\$0		\$127,243,013	\$127,243,013
2	Unprotected Excess Deferred FIT Balance			0		2,088,793	2,088,793
3	Total Excess Deferred FIT Balance	\$0	\$0	\$0	\$0	\$129,331,806	\$129,331,806
4	Excess Deferred FIT Balance Related to:						
5	1986 and Prior Vintage Assets			\$0			\$0
5	1987 to Current Vintage Assets			0			0
6	Deficient Deferred FIT Balance			0		(20,612,818)	(20,612,818)
7	Average Remaining Amortization Period for:						
8	Protected Excess Deferred FIT Balance					0	
8	Unprotected Excess Deferred FIT Balance					0	
9	Deficient Deferred FIT Balance					0	
10	Total Embedded Deferred FIT	\$330,025,035	\$1,352,975,523	\$1,683,000,558	\$254,017,764	\$1,676,591,551	\$1,930,609,315

* NOTE: Do not include deferred Federal income taxes recorded purely from the implementation of FAS-109, "Accounting for Income Taxes"

29A. TEMPORARY INCOME TAX DIFFERENCES - SFAS 109

1. Report below the accumulated deferred Federal income tax assets/liabilities, as of December 31 of the reporting year, that result purely from the implementation of SFAS - 109, "Accounting for Income Taxes", and in accordance with the Commission's associated Policy Statement (Issued January 15, 1993) in Case 92-M-1005.

Line No.	Item (a)	Debits			Credits		
		Account 1360 (b)	Account 1510 (c)	Total (d)	Account 4100 (e)	Account 4340 (f)	Total (g)
	<u>AFUDC</u>						
1	AFUDC - Net of Tax - Plant			\$0		\$113,353,547	\$113,353,547
2	AFUDC - Equity Component - Plant			0			0
3	Other Net of Tax Items (specify)			0			0
				0			0
				0			0
				0			0
				0			0
				0			0
	<u>Prior Flow-Through Items</u>						
4	Depreciation		136,795,620	136,795,620		(15,979,476)	(15,979,476)
5	Asset Base Difference (non - ITC)			0		91,968,576	91,968,576
6	Other (specify)	435,817		435,817			0
				0			0
				0			0
				0			0
				0			0
	<u>ITC</u>						
7	Section 46(f)(1) ITC			0			0
8	Section 46(f)(2) ITC		50,017,628	50,017,628			0
	<u>Other Items</u>						
9				0	2,376,844	(26,889,439)	(24,512,595)
10			(19,464,851)	(19,464,851)			0
11				0		(25,506,355)	(25,506,355)
12	Total	\$435,817	\$167,348,397	\$167,784,214	\$2,376,844	\$136,946,853	\$139,323,697
13	Gross-up of above amounts for income tax effects, etc.	\$234,804	\$90,162,178	\$90,396,982	\$1,280,571	\$73,782,759	\$75,063,330

30. Investments in Affiliated Companies

1. List the investments by affiliate company in column (a), and the acquisition cost of the investment in column (c).
2. Data for each investment should continue on the same numbered line on all pages of this schedule.
3. Investments in affiliated companies must be reported using the Equity Method of accounting if the affiliate meets the definition as contained in the Glossary to the USOA at Item 4.
4. Identify the type of security in column (d), by using a (C) for common stock, (P) for preferred, and (L) for long term debt. Additionally, indicate by (*) and describe in a foot note those securities pledged as collateral.
5. Under the cost method, indicate in column (m) any temporary decline in the value of an investment which has been charged to account 4540, Other Capital. A permanent decline in the value of an investment, which has been charged to current period income, should be recorded in column (n).
6. If the respondent considers the information requested on this schedule to be proprietary, this schedule as included in the report form may be filed with totals only. However, the respondent is required to file one complete copy of this schedule, including all detail by affiliate, accompanied by a request for proprietary treatment in accordance with General Instruction 2 of this report form.

Line No.	Item (A)	Date of Acquisition (B)	Acquisition Cost (C)	Type Of Security (D)	Amount of Inv. Beg of Year (E)	Invests Retired During Year (F)	Gain or loss on disposition (G)
1	Account 1401, Investment in Affiliated Companies						
2							
3	Empire City Subway (Limited) - Common	June 1896	36,591,009	C	74,073,111		
4							
5	NYNEX Telesector Resources Group (Verizon Services)	Jan. 1985	19,245,036	C	233,737,491		
6							
7							
8							
9							
10	Empire City Subway (Limited) - Promissory Notes	*			26,000,000		
11							
12							
13							
14	Promissory Notes consist of the following:						
15	\$16,000,000 December 22, 1970						
16	\$ 4,000,000 December 16, 1971						
17	\$ 6,000,000 March 15, 1975						
18							
19							
20							
21							
22							
23							
24							
25							
26	Total	XXXXXXXX	\$55,836,045	XXXXXXXX	\$333,810,603	\$0	\$0

30. Investments in Affiliated Companies

1. List the investments by affiliate company in column (a), and the acquisition cost of the investment in column (c).
2. Data for each investment should continue on the same numbered line on all pages of this schedule.
3. Investments in affiliated companies must be reported using the Equity Method of accounting if the affiliate meets the definition as contained in the Glossary to the USOA at Item 4.
4. Identify the type of security in column (d), by using a (C) for common stock, (P) for preferred, and (L) for long term debt. Additionally, indicate by (*) and describe in a foot note those securities pledged as collateral.
5. Under the cost method, indicate in column (m) any temporary decline in the value of an investment which has been charged to account 4540, Other Capital. A permanent decline in the value of an investment, which has been charged to current period income, should be recorded in column (n).
6. If the respondent considers the information requested on this schedule to be propriety, this schedule as included in the report form may be filed with totals only. However, the respondent is required to file one complete copy of this schedule, including all detail by affiliate, accompanied by a request for proprietary treatment in accordance with General Instruction 2 of this report form.

Proprietary treatment in accordance with General Instruction 2 of this report form.

		Equity Method			Cost Method			
Line No.	Percent of Ownership (H)	Equity in Earnings Of Affiliated Companies Account 7355 (I)	Dividends Declared (J)	Other Adjustments and Amortizations (K)	Dividend Income Account 7310 (L)	Decline in Value of Investments		Amount of Investments End of Year (O)
						Temporary Account 4540 (M)	Permanent (N)	
1								\$0
2								0
3	100.00%	7,664,949						81,738,060
4								0
5	66.67%	38,051,950	45,568,708	7,516,759				233,737,491
6								0
7								0
8								0
9								0
10								26,000,000
11								0
12								0
13								0
14								0
15								0
16								0
17								0
18								0
19								0
20								0
21								0
22								0
23								0
24								0
25								0
26	XXXXXXXX	\$45,716,898	\$45,568,708	\$7,516,759	\$0	\$0	\$0	\$341,475,551

31. INVESTMENTS

1. With respect to each account includible in this schedule in which there was reflected an investment at any time during the year, enter in column (b) the description of each security or other investment. The entries for accounts 1401.2 and 1402 should be identified by company, and separately listed by symbols to be indicated in column (a): A-1 Stocks of active telephone companies; A-2 Stocks of inactive telephone companies; A-3 Stocks of other companies; B Long-term securities owned; C Investment advances; D Other. Subtotals for each of the required classifications and totals for each account shall be shown. The aggregate of all deposits of cash amounting individually to less than \$100,000 each in the case of Class A companies, or \$10,000 in case of class B companies, may be shown as a balancing amount on the line immediately preceding the total of account 1402. (By an inactive company is meant one which has been practically absorbed in a controlling company, and which neither operates properly nor administers its financial affairs; if it maintains an organization, it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.)

Line No.	Class	Description of Investment (Including nominal interest rate and term when appropriate)	Book Cost of Investment at Beginning of the Year	Book Cost of Investment Made During the Year
(a)	(b)	(c)	(d)	
1		<u>Account 1401.2, Advances to Affiliated Companies:</u>		
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18		Total Account 1401.2	\$0	\$0
19		<u>Account 1402, Investments in Nonaffiliated Companies:</u>		
20	A-3	New York Business Development Corporation - Capital	50,000	
21	B	New York Equity Fund	2,000,000	
22	B	US Treasury Bond - Phone Book Advertising	50,000	
23				
24	C	New York City Investment Fund - Diffusion Fund	666,667	
25	C	Stewart Mueller Contracting Company - Advance	400,000	
26				
27	D	SMS 800 Services	2,521,159	(848,830)
28	D	Aggregate of all Special Deposits of Cash		
29				
30				
31				
32				
33				
34				
35				
36				
37		Total Account 1402	\$5,687,826	(\$848,830)

31. INVESTMENTS (Continued)

2. In column (i), enter an appropriate symbol with respect to each investment that is pledged as security for an obligation of the respondent or is subject to any other restrictions as to disposition, and furnish particulars in a note.

3. If the consideration given or received for any investment reported in the schedule was other than cash, give particulars in a note.

4. The book cost of investments transferred from other accounts shall be reported in column(d). The book cost of investments transferred to other accounts or the amount by which investments are written down shall be reported in column (e). All such entries shall be explained in notes.

Line No.	Book Cost of Investments Disposed of During the Year (e)	INVESTMENTS AT END OF YEAR		% of Total Voting Rights in Affiliates (h)	Lien References (i)	Gain (G) or Loss (L) from Investments Disposed of (j)	Interest or Dividends Credited to Income During the Year Account 7310, 7320 (k)
		Book Cost (f)	Shares of Stock or Face Amount of Other Investments (g)				
1		\$0					
2		0					
3		0					
4		0					
5		0					
6		0					
7		0					
8		0					
9		0					
10		0					
11		0					
12		0					
13		0					
14		0					
15		0					
16		0					
17		0					
18	\$0	\$0				\$0	\$0
19		\$0					
20	0	50,000					
21	0	2,000,000					
22	0	50,000					
23	0	0					
24	0	666,667					
25	0	400,000					
26	0	0					
27	0	1,672,329					
28	0	0					
29		0					
30		0					
31		0					
32		0					
33		0					
34		0					
35		0					
36		0					
37	\$0	\$4,838,996				\$0	\$0

32. NONREGULATED INVESTMENTS

1. This account shall include the carrier's investment in nonregulated activities, accounted for as provided in Section 661.14 of the Uniform System of Accounts.

Line No.	Subaccount (a)	Balance Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)
1	Subaccount 1406.1 Permanent Investment				\$0
2	Nothing to Report				0
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
12	Subaccount 1406.2 Receivable/Payable				0
13	Nothing to Report				0
14					0
15					0
16					0
17					0
18					0
19					0
20					0
21					0
22					0
23	Subaccount 1406.3 Current Net Income or Loss				0
24					0
25					0
26					0
27					0
28					0
29					0
30					0
31					0
32					0
33					0
34	Total	\$0	\$0	\$0	\$0

33. OTHER DEFERRED CHARGES

1. For any deferred charge being amortized, show the period of amortization and the date of Commission authorization.
2. For all other items, except for telephone plant acquired, report the indicated particulars of each item amounting individually to \$100,000 or more for Class A companies, or \$10,000 or more for Class B companies. For telephone plant acquired, list only the aggregate amount.
3. Show the number and aggregate amount of all other items.
4. Where numerous accounts are affected in the disposition of these charges, the designation "various" may be inserted in column (d) for accounts credited.
5. All transactions for telephone plant acquired included in this account, in accordance with Section 663.2, require analysis on Schedule 15, Analysis of Telephone Plant Acquired.

Line No.	Description of Item (a)	Balance at Beg. of Year (b)	Debits (c)	Credits		Balance at End of Year (f)
				Account Credited (d)	Amount (e)	
1	PSC FASB 109	\$361,809,173	\$0		\$0	\$361,809,173
2	Adoption of SAB 101	235,508,632	24,652,534		782,146	259,379,020
3	BVAPP	6,975,512	35,668,859		34,386,072	8,258,299
4	Noncurrent Contracts & Network Contracts (Right-To-Use Fees)	38,006,000	411,230		38,006,000	411,230
5	Uncollectible Reserve Adj Assoc. with lower IXC Purchased	14,282,000	0		14,282,000	0
6	Empire City Subway Billed & Unbilled Accruals	6,674,056	96,191,534		100,058,390	2,807,200
7	VSI/TRG/NSI Exp to Cap Reclass	5,175,908	0		0	5,175,908
8	Special Bills	(4,307,277)	2,722,705		2,972,041	(4,556,612)
9	PSC Rate Reduction Order	2,400,000	0		0	2,400,000
10	Realized Uncollectible Billing	0	5,000,000		0	5,000,000
11	Engineering Planned Orders	13,419,889	21,084,928		24,018,371	10,486,446
12	Payroll Defaults	0	8,834,111		8,020,234	813,877
13	Deferred Costs I/c/w Purchase of Various Properties	1,335,739	20,261		0	1,356,000
14	Restricted Stock Awards	1,638,731	1,150		1,639,881	0
15	Verizon Network Funding	(1,115,000)	1,115,000		0	0
16	Real Estate Fees - Professional Services	1,430,569	811,295		29,555	2,212,309
17	Capital Lease Payments	(89,938)	3,032,567		2,961,084	(18,455)
18	TRG Intangible Asset Purchase	(338,637)	338,637		0	0
19	VADI Offsets	5,458,821	0		1,040,805	4,418,016
20	Provisioning Costs	757,839	443,720		757,839	443,720
21	Clearance of Motor Vehicle Balance	2,595,477	2,291,158		1,707,206	3,179,429
22	Clear Clearing Account for Deferred Allocations	9,396,905	19,418,463		26,767,031	2,048,338
23	Mgmt VIP & Associate CPS Awards	(2,256,317)	552,600		524,043	(2,227,760)
24	Craft Severance Reclass	(1,276,232)	0		0	(1,276,232)
25	Misc Suspended Accts Receivable - Current	1,540,555	576,684		1,748,460	368,778
26	Asset Management Deferrals	0	876,303		230,000	646,303
27	Capri/RMAC Deferrals	0	617,918		293,674	324,245
28		0	0		0	0
29		0	0		0	0
30	Aggregate of All Other	218,058	560,109		446,201	331,966
31		0	0		0	0
32	Totals from Insert Pages					0
33	Total	\$699,240,464	\$225,221,768		\$260,671,032	\$663,791,200

34. ACCOUNTS PAYABLE

1. List the information for each affiliate.

2. List the information for each nonaffiliate creditor whose individual balance is 5% or more of the total Other Accounts Payable balance at year end.
Do not report more than ten nonaffiliate creditors.

3. Aggregate all other nonaffiliate creditors.

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)
	Account 4010.1 Accounts Payable to Affiliated Companies:				
1	Verizon Services Group (TRG)	\$693,597,446	\$795,985,252	\$896,697,274	\$794,309,468
2	Verizon New England, Inc.	273,378,131	1,143,681,830	1,032,026,272	161,722,573
3	Verizon Services Corp (NSI)	166,803,690	1,610,583,592	1,862,708,019	418,928,117
4	Empire City Subway Co., Ltd	19,423,991	95,281,906	89,657,918	13,800,003
5	Verizon Information Resources Co	2,873,514	15,952	19,657	2,877,219
6	Verizon Virginia Inc.	1,377,848	21,846,840	24,271,835	3,802,843
7	Verizon New Jersey Inc.	1,135,386	13,092,366	12,664,618	707,638
8	Verizon Government Relations (ZGR)	563,533	18,119,901	18,817,660	1,261,293
9	Verizon Properties Inc.	474,318	0	0	474,318
10	Verizon Communications Inc.	278,667	290,524,892	290,076,893	(169,332)
11	Verizon Network Systems Co	101,978	0	0	101,978
12	Verizon Network Funding Corp	88,166	88,166	0	0
13	Verizon Pennsylvania Inc.	86,044	940,698	5,808,163	4,953,508
14	Verizon Maryland Inc.	67,810	1,068,424	1,211,994	211,380
15	Verizon Government Affairs Co	32,020	32,020	0	0
16	Bell Communications Research, Inc	4,927	4,652	0	275
17	Verizon Washington, DC Inc.	2,238	22,046	20,194	386
18	NYNEX Mandalay Subsidiary Holding Co.	0	1,210	0	(1,210)
19	Verizon Delaware, Inc.	0	27	36	9
20	Verizon West Virginia Inc.	0	483	490	6
21	VZ (GTE) Consol Svcs (CSI)	0	3,348,262	3,364,958	16,696
22	Verizon Capital Corp	(11)	0	0	(11)
23	Verizon Worldwide Services	(14,569)	0	0	(14,569)
24	Verizon Wireless Co	(175,282)	7,770,533	6,763,574	(1,182,241)
25		0	0	0	0
26		0	0	0	0
27		0	0	0	0
28		0	0	0	0
29		0	0	0	0
30	Total Accounts Payable to Affiliated Companies	\$1,160,099,846	\$4,002,409,053	\$4,244,109,556	\$1,401,800,349
	Account 4010.2 Other Accounts Payable:				
31	AT&T, Inc	\$14,103,260	\$46,363,505	\$35,142,471	\$2,882,227
32	Audited Payrolls and Miscellaneous Voucher Refunds	165,666,053	4,024,694,125	3,954,005,534	94,977,462
33	Deposits Due under Zero Balance Bank accounts	57,151,333	1,408,156,722	1,466,541,873	115,536,484
34	Interexchange Common Carrier Companies	155,113,014	1,342,481,711	1,338,359,974	150,991,277
35	Per Call Compensation & Commissions	307,762	54,289,398	70,788,493	16,806,856
36	Federal, State and Local Taxes	14,710,858	648,769,264	643,519,271	9,460,865
37	Federal Tax on Telephone Facilities	8,814,895	119,829,140	119,081,837	8,067,592
38	Sales and Use Tax	48,651,147	379,482,887	374,171,271	43,339,532
39	Team Effectiveness	61,752,251	84,436,977	77,660,781	54,976,054
40	Interconnect Agreements	13,157,488	6,469,449	5,258,816	11,946,855
41		0	0	0	0
42		0	0	0	0
43		0	0	0	0
44	Aggregate of all other items	56,516,440	772,916,275	771,942,930	55,543,094
45	Total Other Accounts Payable	\$595,944,500	\$8,887,889,453	\$8,856,473,250	\$564,528,297

35. NOTES PAYABLE

1. List the information for each affiliate note.

2. List the information for each nonaffiliate note whose balance is 5% or more of the Other Notes Payable balance at year end.
Do not include more than the ten largest nonaffiliate creditors.

3. Aggregate all other nonaffiliate notes.

Line No.	Name of Creditor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate per Annum (f)
	Account 4020.1 Notes Payable to Affiliated Companies:					
1	Verizon Network Funding Corp	Monthly Advances	N/A	N/A	(\$14,215,664)	
2						
3	VerizonGlobal Funding Corp	Monthly Advances	N/A	N/A	2061517494	
4	(formally FSI)					
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16	Total				\$2,047,301,830	xxxxx
	Account 4020.2 Other Notes Payable:					
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	Aggregate of all other items					
31	Total				\$0	xxxxx

36. Long Term Debt

1. List by balance sheet account debt held in Accounts 4050, 4210, 4260, 4270. Provide the particulars regarding each obligation within those accounts.

2. Explain any interest charged other than to account 7510.1.

3. Explain any debits and credits other than amortizations debited to account 7530, account 7510.2, or credited to account 7510.3.

Line No.	Description of Obligation	Nominal Date of Issue	Date of Maturity	Face Amount Outstanding	Interest		Unamortized Balances			Amortizations		
					Stated Rate	Amount Acct. 7510.1	Debt Exp Acct. 1407	Premium Acct. 4220	Discount Acct. 4230	Debt Exp Acct. 7530	Discount Acct. 7510.2	Premium Acct. 7510.3
1	Account 4050, Current Maturities - Debt											
2	10 Year 5 7/8% Notes	09/01/93	09/01/03	\$0	5.88%	\$7,833,333	\$0			\$47,975	\$159,972	
3	10 Year 5 5/8% Notes	11/01/93	11/01/03	0	5.63%	7,031,250	0			45,769	184,558	
4	10 Year 6 1/4% Notes	02/15/94	02/15/04	149,981,400	6.25%	9,375,000	0			112,798	148,800	
5												
6												
7												
8												
9												
10												
11	Total			\$149,981,400								
12	Account 4210, Funded Debt											
13	Series P	01/01/66	01/01/06	\$0	4.88%	880,208	0	0	0	1,344	0	(1,583)
14	Series S	01/01/69	01/01/15	0	9.25%	0	13,628,188	0	0	9,862,359	0	0
15	12 Year 6 1/2% Debenture	02/25/93	03/01/05	200,000,000	6.50%	13,000,000	76,700	0	(116,062)	65,742	99,482	0
16	10 Year 6% Debenture	04/15/98	04/15/08	250,000,000	6.00%	15,000,000	315,438	0	(842,239)	73,500	196,250	0
17	12 Year 6 1/8% Debenture	01/15/98	01/15/10	250,000,000	6.13%	15,312,500	493,617	0	(235,373)	81,702	38,958	0
18	21 Year 8 5/8% Debenture	11/15/69	11/15/10	150,000,000	8.63%	12,937,500	502,693	0	(159,649)	73,119	23,222	0
19	10 Year 6.875% Debenture	04/01/02	04/01/12	1,000,000,000	6.88%	68,750,000	3,723,898	0	(4,653,000)	451,382	564,000	0
20	20 Year 7% Debenture	05/01/93	05/01/13	100,000,000	7.00%	7,000,000	233,394	0	(813,369)	25,008	87,147	0
21	20 Year 7% Debenture	06/15/93	06/15/13	100,000,000	7.00%	7,000,000	209,840	0	(580,087)	22,186	61,331	0
22	30 Year 7 5/8% Debenture	01/28/93	02/01/23	0	7.63%	3,791,319	0	0	0	8,312	28,636	0
23	30 Year 6.7% Debenture	11/08/93	11/01/23	250,000,000	6.70%	16,750,000	876,311	0	(1,705,161)	44,184	444,825	0
24	30 Year 7 1/4% Debenture	02/15/94	02/15/24	450,000,000	7.25%	32,625,000	2,811,311	0	(1,390,058)	139,692	397,160	0
25	32 Year 7% Debenture	08/15/93	08/15/25	250,000,000	7.00%	17,500,000	966,414	0	(4,240,902)	44,690	196,111	0
26	30 Year 6.5% Debenture	04/15/98	04/15/28	100,000,000	6.50%	6,500,000	293,929	0	(444,538)	12,100	18,300	0
27	30 Year 7.375% Debenture	04/01/02	04/01/32	500,000,000	7.38%	36,875,000	4,132,526	0	(5,828,917)	146,284	206,333	0
28	40 Year 7% Debenture	12/01/93	12/01/33	200,000,000	7.00%	14,000,000	853,444	0	(1,672,524)	28,527	340,174	0
29	0	0	0	0	6.25%	0	0	0	0	0	0	0
30	0	0	0	0	4.63%	0	0	0	0	0	0	0
31	0	0	0	0	6.00%	0	0	0	0	0	0	0
32	0	0	0	0	0.00%	0	0	0	0	0	0	0
33	0	0	0	0	0.00%	0	0	0	0	0	0	0
34	0	0	0	0	0.00%	0	0	0	0	0	0	0
35	0	0	0	0	0.00%	0	0	0	0	0	0	0
36	0	0	0	0	0.00%	0	0	0	0	0	0	0
37	0	0	0	0	0.00%	0	0	0	0	0	0	0
38	Subtotal			\$3,800,000,000		\$292,161,111	\$29,117,702	\$0	(\$22,681,879)	\$11,286,673	\$3,195,258	(\$1,583)

36. Long Term Debt												
Line No.	Description of Obligation	Nominal Date of Issue	Date of Maturity	Face Amount Outstanding	Interest		Unamortized Balances			Amortizations		
					Stated Rate	Amount Acct. 7510.1	Debt Exp Acct. 1407	Premium Acct. 4220	Discount Acct. 4230	Debt Exp Acct. 7530	Discount Acct. 7510.2	Premium Acct. 7510.3
39	Account 4210, Funded Debt (Continued)											
40	Series X	05/01/74	05/01/14	\$0	9	\$0	\$169,069	\$0	\$0	\$0	\$0	\$0
41	40 Year 8 7/8% Debenture	03/15/75	03/05/15	0	8.875	0	663,116	0	0	0	0	0
42	40 Year 8 5/8% Debenture	06/15/76	06/15/16	0	8.625	0	1,885,312	0	0	0	0	0
43	39 Year 8 1/4% Debenture	10/15/76	10/15/16	0	8.25	0	1,075,971	0	0	0	0	0
44	40 Year 8 7/8% Debenture	06/15/78	06/15/18	0	8.875	0	1,275,917	0	0	0	0	0
45	21 Year 8 5/8% Debenture (+40 Yr 11%)	0	0	0	11	0	5,365,904	0	0	5,365,904	0	0
46	40 Year 11% Debenture (+40 Yr 12 1/4%)	0	0	0	12.25	0	2,644,923	0	0	2,644,923	0	0
47	38 Year 8 5/8% Debenture	05/15/86	05/15/24	0	8.625	0	11,533,421	0	0	0	0	0
48	37 Year 8 3/4% Debenture (+40 YR11%&12.25%)	04/01/86	04/01/23	0	8.75	0	7,113,930	0	0	0	0	0
49		0	0	0	0	0	0	0	0	0	0	0
50												
51	Total			\$3,800,000,000								
52												
53	Account 4260, Advances from Affiliated Companies											
54												
55												
56												
57												
58												
59												
60	Total			\$0								
61												
62	Account 4270, Other Long-Term Debt											
63	Pearl and Madison			\$1,072,310								
64		0		0								
65		0		0								
66												
67												
68												
69												
70												
71												
72												
73												
74												
75												
76												
77												
78												
79												
80												
81	Total			\$1,072,310								
82												
83												
84												
85	Grand Total			\$3,801,072,310		\$292,161,111	\$60,845,263	\$0	(\$22,681,879)	\$19,297,499	\$3,195,258	(\$1,583)

37. CAPITAL STOCK AND FUNDED DEBT REACQUIRED OR RETIRED DURING THE YEAR

1. In column (a) the description of the security should include, as appropriate, the dividend rate (if any) or the interest rate, term and maturity date.
2. In columns (b) and (c) report the cost per unit of the reacquired securities, i.e., the call rate per unit in the case of called securities, the face amount per unit of matured debt, or the average purchase price per unit in the case of other securities required.
3. If securities are reacquired in one year and retired in another, only the data called for in columns (a), (f), and (g) shall be reported for the year in which they are retired.
4. With respect to columns (i) to (n), inclusive: (a) Report disposition of discounts, premiums, and expenses in the year in which the dispositions are made. Do not report normal amortization of amounts includible in accounts 1407, Unamortized Debt Issuance Expense, or 4220, Premium on Long-Term Debt, and 4230, Discount on Long Term Debt, Through charges or credits to accounts 7530, 7510.3 and 7510.2 and (b) if any amounts are to be amortized, state the fact in a note, describe the plan of amortization (including the period thereof), and give references to (1) the public authorities (if any) having jurisdiction over each transaction, (2) their authorization (e.g., case or docket number), and (3) this Commission's approval of the proposed accounting.
5. In the case of securities reacquired or retired in connection with refinancing, identify in a note the year and schedule of the annual report in which the refunding issue is described.

Report in which the following table is discussed:

Line No.	Description of Security (a)	REACQUIRED DURING THE YEAR				RETIRED DURING YEAR	
		REACQUISITION COST		Book or Face Amount (d)	No. of Shares of Stock (e)	Book or Face Amount (f)	No. of Shares of Stock (g)
		Per \$100 of Debt (b)	Per Share of Stock (c)				
1	40 Year 4 7/8% (Series P) due 01/01/2006					\$100,000,000	
2	30 Year 7.625% Debenture due 02/01/2023					100,000,000	
3	10 Year 5 7/8% Note due 09/01/2003					200,000,000	
4	10 Year 5 5/8% Note due 11/01/2003					150,000,000	
5							
6							
7							
8							
9							
10							
11							
12	Total	xxxxxx	xxxxx	\$0	xxxxx	\$550,000,000	xxx

Line No.	Effective Date of Call (if any) (h)	DISPOSITION OF						Remarks (o)
		Unamortized Discount (D) or Premium (P)		Redemption Premium (P) or Discount (D) and Expense		Reacquisition or Redemption Expenses		
		Acct. (i)	Amount (j)	Acct (k)	Amount (l)	Acct (m)	Amount (n)	
1	03/06/2003	7360	\$4,070					
2	06/30/2003	7360	(1,351,627)	7360	(2,879,364)			
3								
4								
5								
6								
7								
8								
9								
10								
11								
12	xxxx	xxxx	(\$1,347,557)	xxxx	(\$2,879,364)	xxxx	\$0	

38. Other Long-Term Liabilities

Show separately, by subsidiary record category, amounts accrued to provide for such items as unfunded pensions, death benefits, deferred compensation costs and other long-term liabilities not provided for elsewhere

Line No.	Account (or description of item) (a)	Balance at Beginning of Year (b)	Credits During Year		Debits During Year		Balance at End of Year (g)
			Contra Acct. No. (c)	Amount (d)	Contra Acct. No. (e)	Amount (f)	
1	Service Pensions & Death Benefits	\$1,749,354,565		\$254,502,533		\$119,071,382	\$1,884,785,716
2	Senior Mgmt Supplementary Savings Plan	0		0		0	0
3	Post Retirement Benefits Other Than	1,723,592,541		441,624,436		396,044,992	1,769,171,985
4	Pensions	0		0		0	0
5	SFAS #112	184,592,624		114,595,697		100,992,952	198,195,369
6	SFAS #130(Nonqualified Pension Obl)	9,945,105		727,150		681,800	9,990,455
7	Founders Grant Restricted Stock	310,723		781,712		318,359	774,076
8	Stock Options	0		1,034,219		0	1,034,219
9	Environmental SuperFund	8,950,000		0		0	8,950,000
10	All Other	127,300		671,055		583,339	215,016
11							0
12							0
13							0
14							0
15							0
16							0
17							0
18							0
19							0
20							0
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28							0
29							0
30							0
31							0
32							0
33							0
34							0
35							0
36	Totals	\$3,676,872,858		\$813,936,802		\$617,692,823	\$3,873,116,837

39. OTHER DEFERRED CREDITS

1. For any deferred credit being amortized, show the period of amortization and the date of Commission authorization.
 2. For all other items, report the indicated particulars of each item amounting individually to \$100,000 or more for Class A companies, or \$10,000 or more for Class B companies.
 3. Show the number and aggregate amount of all other items.
 4. Where numerous accounts are affected in the disposition of these credits, the designation "various" may be inserted in column (c) for accounts debited.

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Debits		Credits (e)	Balance at End at End of Year (f)
			Acct. Dr. (c)	Amount (d)		
1	Year End Clearing Account Balances	\$2,661,931		\$2,661,931	\$652,169	\$652,169
2	Intra Lifeline - Revenue Settlements	(2,138)		0	2,138	0
3	Special Projects Billing Misc Charges	1,328,585		59,257	1,311,003	2,580,330
4	Special Projects Billing Loss of Use	450,544		37,796	372,387	785,135
5	Deposits Received in connection with Custom Work Jobs	3,855,372		0	0	3,855,372
6	Survey and/or Make Ready Work	2,618,277		876,397	1,130,849	2,872,730
7	Payroll Defaults	0		0	20	20
8	Misc Interexchange Carrier Billing Adjustments	0		3,300,000	0	(3,300,000)
9	Other Booked by Revenue Accounting	6,873,047		7,039,835	6,050,291	5,883,503
10	Regulatory Asset Recovery Plan	123,760,000		57,120,000	0	66,640,000
11	Gain on Land Portion of Sale of 1166 Ave of Americas	28,800,000		0	0	28,800,000
12	Customer Deposits-Tax Refund	1,081,420		1,081,420	0	0
13	Medical Issue - Deferred Tax	406,357		406,357	0	0
14	IRS Audit Settlement	1,157,322		0	2,055,459	3,212,781
15	Performance Guarantee-PSC Service & Carry Charges	3,324,464		3,324,464	0	0
16	Prepayment of PSI NET Contract	5,303,333		740,000	0	4,563,333
17	Deferred Revenue 10 Yr Service Town Oyster Bay	231,877		154,450	0	77,427
18	AVR True-up with CABS (Revenue Deferred)	1,219,000		0	0	1,219,000
19	43rd St Air Rights	1,211,735		0	0	1,211,735
20	Service Rebate Reserve	8,240,521		8,240,521	0	0
21	NYC GAP	1,400,000		1,400,000	0	0
22	Vendor Credits	(2,351,840)		0	0	(2,351,840)
23	Pending Legal Issues	39,407,561		13,494,328	2,000,000	27,913,233
24	Account Reconciliation Deferral	0		522,237	0	(522,237)
25	Special Projects Billing	1,972,048		0	0	1,972,048
26	Over-Billing to USN	3,000,000		3,000,000	0	0
27	Anticipated Receipts of Cash from Trust (VAD)	197,788		0	0	197,788
28	ASP Payment	747,285		0	0	747,285
29	Sale of Property - Various Locations	797,328		0	74,537	871,865
30	Onondaga-10 Year Lump Sum Payment	20,955		20,955	0	0
31	Targeted Accessibility Fund of NY	242,000		0	0	242,000
32	Various Deposits	583,407		0	0	583,407
33	NYT Refund Mortgage Trust	170,807		0	0	170,807
34	NY Equity Fund	0		0	468,900	468,900
35	Phone Booth Advertising	0		0	299,435	299,435
36	SMS Database Income Deferral	0		0	72,151	72,151
37	Adoption of SAB 101	235,508,632		0	23,870,389	259,379,021
38		282,149,482		0	0	282,149,482
39		0		0	0	0
40	Aggregate of All Other	571,416		230,956	665,031	1,005,491
41		\$756,938,515	x x x	\$103,710,904	\$39,024,758	\$692,252,369

40. CAPITAL STOCK

1. Report below the particulars called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show totals separately for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give particulars concerning shares of any class and series of stock authorized to be issued by the Commission which have not yet been issued.
4. The designation of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
5. Give particulars of any issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.
6. For columns (g) and (h) indicate by footnote if stock held by respondent is held in sinking or other funds.

Line No.	Class and Series of Stock (a)	Number of shares authorized by Articles of Incorporation (b)	OUTSTANDING PER BALANCE SHEET*				HELD BY RESPONDENT		DIVIDENDS DURING YEAR	
			Number of shares (c)	Par or stated value per share (d)	Amount (e)	Additional Paid in Capital (Acct. 4520) (f)	Shares (g)	Cost (Account 4530) (h)	Declared (i)	Paid (j)
1	<u>Account 4510.1 Capital Stock-Common</u>	1	1	no par	\$1,000,000	\$1,563,034,548			\$0	
2										
3										
4										
5										
6										
7										
8										
9	TOTALS (Account 4510.1)	1	1	xxxxxxxx	\$1,000,000	\$1,563,034,548	0	\$0	\$0	\$0
10	<u>Account 4510.2 Capital Stock-Preferred</u>									
11										
12										
13										
14										
15										
16										
17										
18	TOTALS (Account 4510.2)	0	0	xxxxxxxx	\$0	\$0	0	\$0	\$0	\$0

41. ANALYSIS OF ENTRIES IN OTHER CAPITAL AND RETAINED EARNINGS ACCOUNTS

1. Report separately by accounts particulars with respect to the major items entered in any of the following accounts during the year: Account 4520, Additional Paid-in Capital; Account 4530, Treasury Stock; Account 4540, Other Capital; and Account 4550.5, Appropriations of Retained Earnings, and Account 4550.8, Adjustments to Retained Earnings.
2. With respect to prior period adjustments included in Account 4550.8, Adjustments to Retained Earnings, show in column (a) a description of the item, the reason for the adjustment, and the amount applicable to each year.
(See also Section 661.17, General Instructions of the Uniform System of Accounts).
For all items in this account cite the date of Commission approval and authorization (e.g., Case or Docket No.).
3. The aggregate of all other items in each account shall be reported on a separate line immediately preceding the total for the account.

Line No.	Particulars (a)	Account Included In (b)	Debits (c)	Credits (d)
1	Adjustment for TRG Prior year Retained Earnings	4520		83,048
2	Federal Income Taxes - Pre03 - APB25	4520		683,175
3	State & Local Income Taxes - Pre03 - APB25	4520	14,561	
4	Total		14,561	766,223
5				
6	Adjustment for TRG Prior year Retained Earnings	4550		314,377
7	Miscellaneous Adjustment for Minimum Pension Liability	4550		231,936,802
8	Declared Dividends	4550	180,000,000	
9				
10	Total		180,000,000	232,251,179
11				
12				
13				
14				
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16				
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42. OPERATING REVENUES

Line No.	Item (a)	This Year Total (b)	Last Year Total (c)
LOCAL NETWORK SERVICES REVENUES			
1	5001 Basic Area	\$2,516,945,401	\$2,871,272,520
2	5002 Optional Extended Area Service	0	0
3	5003 Cellular Mobile	68,105,220	48,419,733
4	5004 Other Mobile Services	104,206	0
5	5010 Public Telephone	0	0
6	5040 Local Private Line	109,431,760	110,519,010
7	5050 Customer Premises	6,242,837	7,782,106
8	5060 Other Local Exchange	800,438,401	888,338,777
9	5069 Other Local Exchange Settlements	0	0
10	Total Local Network Services Revenues	3,501,267,825	3,926,332,145
NETWORK ACCESS SERVICES REVENUES			
11	5081 End User	756,340,162	804,249,005
12	5082 Switched Access	212,958,922	254,360,142
13	5083 Special Access	961,782,996	944,860,882
14	5084 State Access	249,412,972	242,651,834
15	Total Access Services Revenues	2,180,495,052	2,246,121,864
LONG DISTANCE NETWORK SERVICES REVENUES			
16	5100 Long Distance Message	103,463,847	63,936,599
17	5111 Long Distance Inward-Only	5,832,886	10,882,179
18	5112 Long Distance Outward-Only	153,222	164,797
19	5121 Subvoice Grade Long Distance Private Network	4,326,109	4,608,143
20	5122 Voice Grade Long Distance Private Network	19,762,583	20,992,071
21	5123 Audio Program Grade Long Distance Private Network	0	0
22	5124 Video Program Grade Long Distance Private Network	0	0
23	5125 Digital Transmission Long Distance Private Network	65,907,856	73,301,264
24	5126 Long Distance Private Network Switching	0	0
25	5128 Other Long Distance Private Network	0	0
26	5129 Other Long Distance Private Network Settlements	0	0
27	5160 Other Long Distance	3,597,741	3,508,905
28	5169 Other Long Distance Settlements	0	0
29	Total Long Distance Network Services Revenues	203,044,244	177,393,958
MISCELLANEOUS REVENUES			
30	5230 Directory	202,341,383	168,458,055
31	5240 Rent	847,515,768	856,857,576
32	5250 Corporate Operations	0	51,331
33	5261 Special Billing Arrangements	3,127,420	3,524,158
34	5262 Customer Operations	170,755	227,280
35	5263 Plant Operations	0	0
36	5264 Other Incidental Regulated	68,817,636	188,753,614
37	5269 Other Settlements	0	0
38	5270.1 Interstate Billing and Collection	0	0
39	5270.2 Intrastate Billing and Collection	104,490,063	75,174,413
40	5280 Nonregulated	0	0
41	Total Miscellaneous Revenues	1,226,463,025	1,293,046,426
UNCOLLECTIBLE REVENUES			
42	5301 Uncollectible-Telecommunications	187,964,882	333,699,603
43	5302 Uncollectible-Other	362,227	328,852
44	Total Uncollectible Revenues	188,327,109	334,028,454
45	TOTAL OPERATING REVENUES	\$6,922,943,037	\$7,308,865,938
46	FOOTNOTE: USF Revenues \$.....	XXXXXXXXXX	XXXXXXXXXX
47	Recorded in Account:	XXXXXXXXXX	XXXXXXXXXX

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44. OPERATING EXPENSES BY CATEGORY

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
<u>Plant Specific Operations</u>				
<u>Network Support Expenses</u>				
1	6112 Motor Vehicle	1,996,845	467,113	13,868,981
2	Clearance	158,541	60,248	22,820,939
3	Net Balance	1,838,304	406,864	(8,951,958)
4	6113 Aircraft	310,255	130,649	121,832
5	Clearance			
6	Net Balance	310,255	130,649	121,832
7	6114 Special Purpose Vehicles	1,107,885	294,487	24,924
8	Clearance	308,889	127,223	16,735
9	Net Balance	798,996	167,264	8,189
10	6115 Garage Work Equipment	0	0	0
11	6116 Other Work Equipment	0	0	0
12	Clearance	0	0	0
13	Net Balance	0	0	0
14	6110 Network Support Expenses	2,947,555	704,777	(8,821,936)
<u>General Support Expenses</u>				
15	6121 Land and Building	26,057,815	9,915,147	83,657,306
16	6122 Furniture and Artworks	125,272	39,349	24,427
17	6123 Office Equipment	3,909,769	1,443,852	4,814,912
18	6124 General Purpose Computers	28,955,536	7,593,985	48,578,356
19	6120 General Support Expenses	59,048,392	18,992,333	137,075,001
<u>Central Office Switching Expenses</u>				
20	6211 Analog Electronic	4,502,988	1,746,570	62,453
21	6212 Digital Electronic	151,599,084	54,702,660	98,877
22	6215 Electro-Mechanical	0	0	0
23	6210 Central Office Switching Expenses	156,102,072	56,449,231	161,330
24	6220 Operator Systems Expense	186,316	67,413	114,167
<u>Central Office Transmission Expenses</u>				
25	6231 Radio Systems	1,122,701	439,717	13,786
26	6232 Circuit Equipment	78,494,268	29,513,077	163,063
27	6230 Central Office Transmission Expenses	79,616,969	29,952,794	176,849
<u>Information Origination/Termination Expenses</u>				
28	6311 Station Apparatus	0	0	0
29	6321 Customer Premises Wiring			
30	6341 Large Private Branch Exchange	0	0	0
31	6351 Public Telephone Terminal Equipment	13,358,482	5,304,144	84,087
32	6362 Other Terminal Equipment	175,306,782	65,798,470	3,259,986
33	6310 Information Origination/Termination Expenses	188,665,263	71,102,615	3,344,073

44. OPERATING EXPENSES BY CATEGORY (Continued)

Item (a)		Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
<u>Plant Specific Operations</u>					
<u>Network Support Expenses</u>					
6112	Motor Vehicle	60,222,500	76,555,439	84,782,752	1
	Clearance	49,780,054	72,819,783	79,715,487	2
	Net Balance	10,442,446	3,735,657	5,067,265	3
6113	Aircraft	947,445	1,510,181	2,574,817	4
	Clearance	0	0	0	5
	Net Balance	947,445	1,510,181	2,574,817	6
6114	Special Purpose Vehicles	15,388,390	16,815,686	19,221,773	7
	Clearance	11,174,955	11,627,803	17,194,805	8
	Net Balance	4,213,434	5,187,883	2,026,968	9
6115	Garage Work Equipment	0	0	0	10
6116	Other Work Equipment	0	0	0	11
	Clearance	0	0	0	12
	Net Balance	0	0	0	13
6110	Network Support Expenses	15,603,325	10,433,721	9,669,049	14
<u>General Support Expenses</u>					
6121	Land and Building	128,199,716	247,829,985	254,718,619	15
6122	Furniture and Artworks	4,971,489	5,160,538	2,183,281	16
6123	Office Equipment	6,463,722	16,632,255	16,645,913	17
6124	General Purpose Computers	58,546,534	143,674,410	114,019,426	18
6120	General Support Expenses	198,181,461	413,297,187	387,567,239	19
<u>Central Office Switching Expenses</u>					
6211	Analog Electronic	191,447	6,503,459	5,346,438	20
6212	Digital Electronic	3,306,704	209,707,325	217,141,787	21
6215	Electro-Mechanical	0	0	0	22
6210	Central Office Switching Expenses	3,498,151	216,210,784	222,488,225	23
6220	Operator Systems Expense	90,381	458,277	667,709	24
<u>Central Office Transmission Expenses</u>					
6231	Radio Systems	102,376	1,678,580	1,582,460	25
6232	Circuit Equipment	4,686,643	112,857,050	109,690,818	26
6230	Central Office Transmission Expenses	4,789,018	114,535,630	111,273,278	27
<u>Information Origination/Termination Expenses</u>					
6311	Station Apparatus	0	0	0	28
6321	Customer Premises Wiring	0	0	0	29
6341	Large Private Branch Exchange	0	0	0	30
6351	Public Telephone Terminal Equipment	7,401,101	26,147,814	18,454,852	31
6362	Other Terminal Equipment	16,348,249	260,713,487	224,942,028	32
6310	Information Origination/Termination Expenses	23,749,350	286,861,301	243,396,880	33

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44. OPERATING EXPENSES BY CATEGORY (Continued)

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
	Plant Specific Operations (cont.)			
	<u>Cable and Wire Facilities Expenses</u>			
34	6411 Poles	1,433,675	560,768	6,246,233
35	6421 Aerial Cable	394,930,515	168,586,913	11,172,896
36	6422 Underground Cable	76,817,968	29,040,501	1,566,071
37	6423 Buried Cable	34,475,828	12,741,000	789,395
38	6424 Submarine Cable	21,951	7,500	314
39	6425 Deep Sea Cable	0	0	0
40	6426 Intrabuilding Network Cable	9,025,354	3,470,303	132,698
41	6431 Aerial Wire	0	0	0
42	6441 Conduit Systems	450,324	165,349	35,521,518
43	6410 Cable and Wire Facilities Expenses	517,155,616	214,572,334	55,429,126
44	Total Plant Specific Operations Expense	1,003,722,183	391,841,497	187,478,609
	<u>Plant Nonspecific Operations</u>			
	<u>Other Property, Plant & Equipment Expenses</u>			
45	6511 Property Held for Future Telephone Use	0	0	0
46	6512 Provisioning	1,585,079	375,791	157,387
47	Clearance	0	0	0
48	Net Balance	1,585,079	375,791	157,387
49	6510 Total Other Property, Plant & Equipment Expenses	1,585,079	375,791	157,387
	<u>Network Operations Expenses</u>			
50	6531 Power	0	0	0
51	6532 Network Administration	57,561,715	24,056,833	2,438,513
52	6533 Testing	173,958,503	63,843,215	303,807
53	6534 Plant Operations Administration	197,103,741	56,480,649	1,325,746
54	Clearance	3,090,742	1,286,777	0
55	Net Balance	194,012,999	55,193,872	1,325,746
56	6535 Engineering	48,185,484	11,609,684	25,817
57	Clearance	3,470,671	1,468,894	0
58	Net Balance	44,714,813	10,140,790	25,817
59	6530 Network Operations Expense	470,248,030	153,234,710	4,093,884
60	6540 Access Expense	178,854	36,468	
	<u>Depreciation & Amortization Expenses</u>			
61	6561 Depreciation-TPIS			
62	6562 Depreciation-Property Held for Future Tel.. Use			
63	6563 Amortization-Tangible			
64	6564 Amortization-Intangible			
65	6565 Amortization-Other			
66	6560 Depreciation & Amortization Expenses			
67	Total Plant Nonspecific Operations Expense	472,011,963	153,646,969	4,251,271

44. OPERATING EXPENSES BY CATEGORY (Continued)

	Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
	Plant Specific Operations (cont.)				
	<u>Cable and Wire Facilities Expenses</u>				
6411	Poles	9,446,333	17,687,010	8,754,260	34
6421	Aerial Cable	52,317,767	627,008,090	520,200,346	35
6422	Underground Cable	13,730,623	121,155,163	103,671,520	36
6423	Buried Cable	10,037,899	58,044,122	47,268,246	37
6424	Submarine Cable	6,854	36,620	58,973	38
6425	Deep Sea Cable	0	0	0	39
6426	Intrabuilding Network Cable	1,042,633	13,670,988	12,808,837	40
6431	Aerial Wire	0	0	0	41
6441	Conduit Systems	77,322,868	113,460,059	123,723,476	42
6410	Cable and Wire Facilities Expenses	163,904,976	951,062,052	816,485,658	43
	Total Plant Specific Operations Expense	409,816,662	1,992,858,952	1,791,548,037	44
	<u>Plant Nonspecific Operations</u>				
	<u>Other Property, Plant & Equipment Expenses</u>				
6511	Property Held for Future Telephone Use	0	0	580	45
6512	Provisioning	5,641,349	7,759,606	13,841,507	46
	Clearance	0	0	11,663,815	47
	Net Balance	5,641,349	7,759,606	2,177,692	48
6510	Total Other Property, Plant & Equipment Expenses	5,641,349	7,759,606	2,178,272	49
	<u>Network Operations Expenses</u>				
6531	Power	84,037,819	84,037,819	90,284,333	50
6532	Network Administration	20,460,334	104,517,396	93,909,004	51
6533	Testing	4,690,153	242,795,678	246,317,624	52
6534	Plant Operations Administration	58,907,180	313,817,315	171,804,783	53
	Clearance	2,374,660	6,752,178	7,514,573	54
	Net Balance	56,532,520	307,065,137	164,290,210	55
6535	Engineering	23,707,916	83,528,901	64,535,404	56
	Clearance	270,817	5,210,382	1,872,920	57
	Net Balance	23,437,099	78,318,519	62,662,484	58
6530	Network Operations Expense	189,157,925	816,734,549	657,463,656	59
6540	Access Expense	158,656,704	158,872,026	219,789,450	60
	<u>Depreciation & Amortization Expenses</u>				
6561	Depreciation-TPIS	1,952,948,935	1,952,948,935	1,992,585,471	61
6562	Depreciation-Property Held for Future Tel.. Use	0	0	0	62
6263	Amortization-Tangible	16,686,242	16,686,242	13,846,743	63
6564	Amortization-Intangible	139,002,450	139,002,450	118,746,586	64
6565	Amortization-Other	44,661,942	44,661,942	30,500,757	65
6560	Depreciation & Amortization Expenses	2,153,299,570	2,153,299,570	2,155,679,557	66
	Total Plant Nonspecific Operations Expense	2,506,755,548	3,136,665,751	3,035,110,935	67

44. OPERATING EXPENSES BY CATEGORY (Continued)

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
	<u>Customer Operations</u>			\$
	<u>Marketing</u>			
68	6611 Product Management	49,555,890	10,996,645	
69	6612 Sales	103,684,818	26,312,667	
70	6613 Product Advertising	2,239,364	716,349	
71	6610 Marketing	155,480,071	38,025,662	
	<u>Services</u>			
72	6621 Call Completion Services	12,492,300	4,584,343	
73	6622.1 Number Services-Directory Assistance	37,043,464	13,481,661	
74	6622.2 Number Services-Directory Publishing			
75	6623.1 Customer Services-Order Processing & Instruction	285,651,510	90,111,525	
76	6623.2 Customer Services-Billing and Collections	92,858,414	34,461,667	
77	6623.3 Customer Services-Public Telephone Expenses	12,942,724	4,952,983	
78	6620 Services	440,988,413	147,592,179	
79	Total Customer Operations Expense	596,468,484	185,617,841	
	<u>Corporate Operations Expense</u>			
	<u>Executive and Planning</u>			
80	6711 Executive	10,481,950	7,868,852	
81	6712 Planning	12,202,313	2,420,373	
82	6710 Executive and Planning	22,684,263	10,289,224	
	<u>General & Administrative</u>			
83	6721 Accounting & Finance	26,317,911	7,786,027	
84	6722 External Relations	25,889,413	5,591,453	
85	6723 Human Resources	32,527,637	6,560,946	
86	6724 Information Management	69,821,814	9,971,434	
87	6725 Legal	10,353,624	1,588,641	
88	6726 Procurement	5,349,706	1,350,177	
89	6727 Research and Development	3,039,475	1,329,375	
90	6728 Other General & Administrative	378,801,928	754,477,325	
91	6720 General & Administrative	552,101,508	788,655,379	
92	6790 Provision for Uncollectible Notes Receivable			
93	Total Corporate Operations Expenses	574,785,771	798,944,603	
94	TOTAL OPERATING EXPENSES	\$2,646,988,401	\$1,530,050,910	\$191,729,880

44. OPERATING EXPENSES BY CATEGORY (Continued)

Item (a)		Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
<u>Customer Operations</u>		\$	\$	\$	
<u>Marketing</u>					
6611	Product Management	45,028,232	105,580,767	115,920,577	68
6612	Sales	17,850,590	147,848,075	137,640,540	69
6613	Product Advertising	34,170,994	37,126,708	40,295,005	70
6610	Marketing	97,049,816	290,555,549	293,856,121	71
<u>Services</u>					
6621	Call Completion Services	7,697,239	24,773,882	23,498,046	72
6622.1	Number Services-Directory Assistance	6,018,647	56,543,772	58,521,195	73
6622.2	Number Services-Directory Publishing	0	0	0	74
6623.1	Customer Services-Order Processing & Instruction	39,226,625	414,989,659	343,197,733	75
6623.2	Customer Services-Billing and Collections	13,672,450	140,992,532	127,590,808	76
6623.3	Customer Services-Public Telephone Expenses	16,510,817	34,406,525	37,139,243	77
6620	Services	83,125,779	671,706,370	589,947,025	78
Total Customer Operations Expense		180,175,595	962,261,920	883,803,146	79
<u>Corporate Operations Expense</u>					
<u>Executive and Planning</u>					
6711	Executive	10,188,855	28,539,657	33,216,552	80
6712	Planning	7,371,721	21,994,406	17,395,098	81
6710	Executive and Planning	17,560,576	50,534,063	50,611,650	82
<u>General & Administrative</u>					
6721	Accounting & Finance	12,468,818	46,572,755	44,764,090	83
6722	External Relations	28,948,132	60,428,998	50,387,106	84
6723	Human Resources	27,795,900	66,884,484	53,950,209	85
6724	Information Management	81,460,966	161,254,214	109,957,292	86
6725	Legal	26,750,787	38,693,052	30,041,502	87
6726	Procurement	1,224,148	7,924,031	6,828,516	88
6727	Research and Development	340,616	4,709,467	3,704,660	89
6728	Other General & Administrative	350,764,803	1,484,044,056	1,203,349,107	90
6720	General & Administrative	529,754,171	1,870,511,059	1,502,982,482	91
6790	Provision for Uncollectible Notes Receivable	66	66	26	92
Total Corporate Operations Expenses		547,314,812	1,921,045,187	1,553,594,158	93
TOTAL OPERATING EXPENSES		\$3,644,062,618	\$8,012,831,809	\$7,264,056,277	94

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45. TAXES CHARGED DURING YEAR

1. Show the account distribution of total taxes charged to operations and to other final accounts during the year. Taxes charged to Account 7240 must be separated into intrastate and interstate operations.
2. Do not include gasoline and other sales taxes which have been charged to accounts to which was charged the material on which the tax was levied.
3. For taxes charged to telecommunications plant, show only the number of the appropriate balance sheet plant account.

Line No.	Kind of Tax (a)	Total taxes charged during year (b)	Account 7220 (c)	Account 7420 (d)	Account 7630 (e)	Account 7240 Intrastate (f)	Account 7240 Interstate (g)
	Federal Taxes:						
1	Income	(566,113,464)	(562,813,469)	(3,299,995)	\$0		
2	FICA-Contribution	0					
3	Unemployment	0					
4	Other:	638,975				447,669	191,306
5							
6	Total	(\$565,474,488)	(\$562,813,469)	(\$3,299,995)	\$0	\$447,669	\$191,306
	State Taxes:						
7	Franchise-Gross Income-186a	\$226,685,500				\$158,816,995	\$67,868,505
8	Franch.-Gross Inc.-Access Charges						
9	Franchise-Gross Earnings-184	35,393,000				24,796,513	10,596,487
10	Franchise-Excess Div.-186	0				0	0
11	Temporary Surcharges-						
12	Sec. 186a (Gross Income)						
13	Sec. 184 (Gross Earnings)						
14	Sec. 186 (Excess Dividend)						
15	MTA Surcharge	0				0	0
16	Unemployment Insurance	0					
17	Disability Insurance	0					
18	Sales and Use	1,853,000				1,298,221	554,779
19	Other	30,229,450				21,178,904	9,050,546
20	Total	\$294,160,950	\$0	\$0	\$0	\$206,090,633	\$88,070,318
21	Local Taxes:						
22	Real Estate	\$126,988,798				\$88,968,987	\$38,019,811
23	Special Franchise	182,285,743				127,710,303	54,575,440
24	Municipal Gross Income	7,240,000				5,072,380	2,167,620
25	NYC-Spec. Franchise	58,620,000				41,069,465	17,550,535
26	Motor Vehicle						0
27	Other	0		0		0	0
28							
29	Total	\$375,134,541	\$0	\$0	\$0	\$262,821,135	\$112,313,406
30	Other (list):						
31	Tax effect on Early Extinguishment						
32							
33	Totals	\$103,821,003	(\$562,813,469)	(\$3,299,995)	\$0	\$469,359,437	\$200,575,030

45. TAXES CHARGED DURING YEAR (Continued)

4. For any tax which it was necessary to apportion to more than one of the accounts shown, state hereunder the basis of apportioning such tax.
5. Taxes not includable in the accounts listed below should be itemized in column (l) along with the applicable account to be charged indicated in column (k).
6. Itemize significant amounts included under the "Other" caption in column (a). Class A companies must itemize individual charges greater than \$1,000,000, and Class B companies must itemize amounts greater than \$25,000.

Line No.	Kind of Tax (a)	Account 7440 (h)	Account 2003 2004 (i)	Account 2001 (j)	Other	
					Account Number (k)	Amount (l)
	Federal Taxes:					
1	Income					
2	FICA-Contribution					\$0
3	Unemployment					0
4	Other					
5						
6	Total	\$0	\$0	\$0	XXXXXXX	\$0
	State Taxes:					
7	Franchise-Gross Income-186a	5,560,644				
8	Franch.-Gross Inc.-Access Charges					
9	Franchise-Gross Earnings-184	253,800				
10	Franchise-Excess Div.-186					
11	Temporary Surcharges-					
12	Sec. 186a (Gross Income)					
13	Sec. 184 (Gross Earnings)					
14	Sec. 186 (Excess Dividend)					
15	MTA Surcharge					
16	Unemployment Insurance					0
17	Disability Insurance					0
18	Sales and Use					
19	Other					
20	Total	\$5,814,444	\$0	\$0	XXXXXXX	\$0
21	Local Taxes:					
22	Real Estate	0				
23	Special Franchise	0				
24	Municipal Gross Income	0				
25	NYC-Spec. Franchise	48,000				
26	Motor Vehicle	0				
27	Other	0				
28						
29	Total	\$48,000	\$0	\$0	XXXXXXX	\$0
30	Other (list):					
31						
32						
33	Totals	\$5,862,444	\$0	\$0	XXXXXXX	\$0

46. MISCELLANEOUS TAX REFUNDS

1. Report below particulars concerning all tax refunds received or used as a reduction of taxes payable during the year which are not more than \$1.5 million or do not exceed \$1,000 and 0.2% of the utility's operating revenues. This information is requested in compliance with Section 89.3, Notification Concerning Tax Refunds, of 16 NYCRR. This report shall be inapplicable to ordinary operating refunds that are not attributable to negotiation or to new legislation, adjudication, or rulemaking (such as refunds for overpayment of estimated taxes, and carrybacks of net operating losses and investment tax credits).
2. In determining whether a refund exceeds 0.2% of operating revenues for purposes of this report, the operating revenues of a telecommunication utility shall not include interstate revenues.
3. In determining whether a refund meets the criteria stated in Instruction 1 above, multiple refunds shall be treated as a single refund if they share a common cause such as a common act of negotiation, legislation, adjudication or rulemaking. In this report, the utility also shall either propose a method of distributing to its customers the entire amount refunded or show why it should not make such a distribution.

Line No.	Description of Item (a)			Amount (b)
1	REFUND DATE	CATEGORY	YEAR/MUNICIPALITY	
2	01/2003	Assessment Change	2003/Brewster CSD	271
3	01/2003	Litigation Settlement	2003/Nassau County	1,372,776
4	01/2003	Assessment Change	2003/Evans-Brant CSD	2,445
5	03/2003	Assessment Change	2003/Haldane CSD	5,003
6	03/2003	Assessment Change	2003/Putnam Valley SD	29,755
7	03/2003	Duplicate Payment	2003/Town of East Hampton	1,707
8	03/2003	Assessment Change	2003/Village of Rockville Centre	2,192
9	04/2003	Assessment Change	2003/Garrison Union Free SD	4,078
10	05/2003	Collector Overbilling	2003/Suffolk County	277
11	05/2003	Duplicate Payment	2003/City of White Plains	112,868
12	05/2003	Assessment Change	2003/Town of Southampton	11,351
13	06/2003	Assessment Change	2003/Town of North Hempstead	1,011
14	06/2003	Assessment Change	2003/Town of Southampton	48,724
15	08/2003	Collector Overbilling	2003/Cayuga County	5,583
16	10/2003	Litigation Settlement	2003/New York City	1,463,915
17	11/2003	Assessment Change	2003/Ticonderoga CSD	191
18	11/2003	Assessment Change	2003/Copenhagen CSD	7
19	11/2003	Assessment Change	2003/Stewart Manor Village	164
20	12/2003	Assessment Change	2003/New York City	6,190
21				0
22				0
23				0
24				0
25				0
26				0
27				0
28				0
29				0
30				0
31				0
32				0
33				0
34				0
35	Total			3,068,508

47. RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report hereunder a reconciliation of reported net income for the year with taxable income used in computing Federal Income tax accruals and show computation of such tax accruals. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount.
2. If the telecommunication company is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (a)	Amount (b)
1	Net Income for the Year per Income Statement (Schedule 12, line 48)	(\$692,122,925)
	Income Taxes Accrued:	
2	7210	(3,026,208)
3	7220	(562,813,469)
4	7230	(142,869)
5	7250	(112,017,582)
6	7420	(3,299,995)
7	7430	(1,780)
8	7450	34,916,679
9	7630	0
10	Less: Nonregulated Income	
11		
12		
13		
14	Other reconciling amounts (list first additional income and unallowable deductions, followed by additional deductions and nontaxable income):	xxxxxxxxxxxx
15	Additional Income & Unallowable Deductions:	xxxxxxxxxxxx
16	Depreciation Flow-Through	\$0
17		
18	50% Meal Expenses not Deductible	1,500,000
19	Grassroots Lobbying	0
20	Dues	100,000
21	Fines	4,000,000
22		
23		
24	Additional Deductions & Non-Taxable Income:	xxxxxxxxxxxx
25	Equity in Subsidiary	\$45,716,899
26		
27		
28		
29		
30		
31		
32		
33	Federal tax net income	(\$1,378,625,047)
	Computation of tax:	xxxxxxxxxxxx
34	Tax @ 35%	(\$482,518,767)
35	Amortization of Excess Deferred Taxes	(422,946)
36	Amortization of Investment Tax Credit	(6,096,257)
37	Net R&E and 2001 FIT True-ups	(1,113,816)
38	Federal Benefit on State Tax	40,410
39	Computed Federal Income Tax	(\$490,111,376)

48. SPECIAL CHARGES

Report below all expenditures incurred during the year for the purpose of lobbying (see paragraph (1) of account in USOA); contributions for charitable, social or community welfare purposes; penalties and fines paid on account of violations of statutes; and abandoned construction projects. Amounts of less than \$25,000 may be grouped by subsidiary categories for each of the items for Class A companies and less than \$2,000 for Class B companies.

Line No.	Description of Item (a)	Amount (b)
1	7370 Expenditures for Certain Civil, Political and Related Activities, Salaries and expenses incurred in connection with lobbying activities; Salaries and expenses associated with the establishment and operation of Federal and State Political Action Committees.	
2		
3		
4		3,736,057
5		
6	Contributions to Charitable Educational or Social and Community Welfare	
7		444,634
8	Membership Fees and Dues:	
9		
10		(1,592)
11	Service Clubs	
12	Other Organizations	126,110
13	Penalties and Fines	2,383,906
14	Abandoned Construction Projects	
15		1,783,451
16	Pioneer Activities	
17		254,929
18	Slam Penalty	
19		6,966
20	Entertainment	784,474
21	Cash & Nonmonetary Contributions	21,500
22	Other Special Charges	
23		
24		308,247
25		
26		
27		
28		
29		
30		
31		
32	Totals from Insert Pages	
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Total	\$9,848,682

49. OTHER INTEREST DEDUCTIONS

1. From each affiliated company to which interest on debt was incurred during the year show the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, and (e) other debt, and total interest. Explain the nature of the other debt on which interest was incurred during the year.
2. Report the amount and interest rate for each class of debt on which other interest charges were incurred during the year.

Line No.	Description of Item (a)	Amount (b)
1	Account 7540.1 Other Interest Deductions-Affiliated Companies	
2	Verizon Administrative Services Inc	\$241
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	Total Other Interest Deductions-Affiliated Companies	\$241
	Account 7540.2 Other Interest Deductions	
14	Verizon Global Funding Corp (formally Financial Services Inc)	\$25,763,295
15	Verizon Network Funding	467,271
16	Obligation - Pearl & Madison	105,825
17	Interest Accrued on Customers' Deposits	1,106,261
18	Customers' Overbilling	21,803,076
19	Other	2,465,662
20		0
21		0
22		0
23		0
24		
25		
26		
27		
28		
29		
30		
31		
32		
33	Total Other Interest Deductions	\$51,711,390

50. OTHER NONOPERATING INCOME

Give the nature and source of each item recorded in this account, before taxes, and the amount thereof for the year. Amounts of less than \$25,000 may be grouped by subsidiary categories for each of the items for Class A companies and less than \$2,000 for Class B companies.

Line No.	Description of Item (a)	Amount (b)
1	Income from Nonoperating Plant - Revenue	\$1,554
2		
3		
4		
5		
6	All Other Cr -	
7	Amortization of Loss on Debt Repurchase	(24,448,605)
8	Tellabs Contract	6,038,716
9	Other	10,639
10		
11		
12	RAO 24	99,724,899
13		
14	Other Income Charges -	
15	Debt Redemption Costs	(4,623,322)
16	Tellabs Contract	(6,038,716)
17	Allocations	(6,026)
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Total	\$70,659,139

51. EXTRAORDINARY ITEMS

1. Show in column (a), separately by accounts, a brief description of each item in accounts 7610, Extraordinary Income Credits, and 7620, Extraordinary Income Charges. Report the applicable income tax effect in column (d).
2. For each item, cite the date of Commission approval and authorization (e.g. Case or Docket No.). Also, see section 661.17 of the Uniform System of Accounts.

Statement of Cash Flows							
Line No.	Particulars (a)	Debit Amounts (b)	Credit Amounts (c)	Tax Effect Incl. in Accounts			
				7630	7640		
				(d)			
1	Extraordinary Inc Charges -	(\$95,385,270)	792,513,933	(\$33,397,245)			
2	Directory Revenue Recognition						
3							
4							
5	Extraordinary Inc Credits						
6	2/03 FAS 143 implementation					(\$277,482,904)	
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18	Totals	(\$95,385,270)	\$792,513,933	\$0	(\$244,085,659)		

51A. CONTINGENT LIABILITIES

1. Describe in column (e) the details of all contingent liabilities.
2. In columns (f) through (i) report the accounts used to record the contingent liabilities and the amounts.
3. For each item, cite the date of Commission approval and authorization (e.g. Case or Docket No.). Also, see section 661.17 of the Uniform System of Accounts.

Line No.	Particulars (e)	Debits		Credits	
		Account (f)	Amount (g)	Account (h)	Amount (i)
19			\$0		\$0
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35	Total	X X X	\$ 0	X X X	\$ 0

52. MEMBERSHIP FEES AND DUES

Line No.	Particulars (a)	NUMBER OF		Amounts (d)
		Organizations (b)	Memberships (c)	
	EXPENDITURES CHARGED TO OPERATING EXPENSES			
1	Associations of telecommunications companies	5	3	\$39,275
2	Trade, technical and professional associations	2	1	429
3	Other organizations (specify types):			
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14	Total	7	4	\$39,704
	EXPENDITURES CHARGED TO ACCOUNT 7370			
15	Social and athletic clubs	0	0	\$0
16	Service clubs	3	4	(1,592)
17	Other organizations (specify type):			
18	Other Business Organizations	5	5	126,110
19				
20				
21				
22				
23				
24				
25				
26				
27				
28	Total	8	9	\$124,518

53. Employee Protective Plans

Report a summary of each employee program in effect at any time during the year. This schedule is intended to cover pension, profit sharing, group life insurance, accident and sickness, medical, hospital, prescription drugs, guaranteed annual wage, severance pay, and any other plan maintained for employees (or retirees), but it is not intended to cover such a plan required by law, (e.g. social security).

For each plan report:

1. the identity thereof, and the employee group covered (e.g. management, non-management, executive officers, etc.)
2. whether the benefits are provided through an insurance carrier or directly by the company.
3. the total cost for the year.

Note: If any important change is made with respect to any such plan during the year, give brief particulars.

MANAGEMENT	NAME OF PLAN	NON-MANAGEMENT	BENEFITS PROVIDED	AMOUNT
Sickness & Accident Disability Benefits Plan	Sickness & Accident Disability Benefits Plan	Sickness & Accident Disability Benefits Plan	The Company	73,192,296
Long Term Disability Plan for Salaried Employees	Long Term Disability Plan for Non-Salaried Empl.	Long Term Disability Plan for Non-Salaried Empl.	The Company	44,957,879
Group Life Ins. Plan	Verizon Non-Mgmt Group Life Insurance Plan	Verizon Non-Mgmt Group Life Insurance Plan	Insurance Carrier	3,266,795
Verizon Management Dental Plan	Verizon Non-Management Dental Plan	Verizon Non-Management Dental Plan	Insurance Carrier	19,200,861
Verizon Management Medical Plan	Verizon Non-Management Medical Plan	Verizon Non-Management Medical Plan	Insurance Carrier	246,795,672
Verizon Management Pension Plan	Verizon Non-Management Pension Plan	Verizon Non-Management Pension Plan	Insurance Carrier	(128,668,464)
Verizon Savings Plan for Salaried Employees	Verizon Corp. Savings Plan & Security Plan (Non-Salaried Empl.)	Verizon Corp. Savings Plan & Security Plan (Non-Salaried Empl.)	Trusteed Plan	75,820,215

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54. ANALYSIS OF PENSION COST**Non-Management Pension Plan**

1. On lines 1-21 report the terms of the Pension Plan for the holding company or parent company; on lines 22-32 report details for the reporting company. If the reporting company has more than one pension plan, report each using separate forms.
2. Report on line 1 the actuarial present value of benefits determined as of a specific date during the calendar year according to the terms of a pension plan and based on employees' compensation and service to that date (salary progression is not considered in making this computation).
3. Report on line 2 the actuarial present value of all benefits attributed to employee service up to a specific date, based on the terms of the plan including salary progression factor for final pay and career average pay plans.
4. Report on line 3 the amount the pension plan could expect to receive for investments in a sale between a willing buyer and a willing seller, other than in a forced or liquidation sale.
5. Report on line 8 the discount rate which was used to calculate the obligations reported on Lines 1 and 2.
6. Report on Line 9 the expected long-term return on plan assets.
7. Report on line 14 the net asset gain or loss deferred during the reporting year for later recognition. Do not include in this amount amortization of previously deferred gains or losses as these amounts are to be reported on line 17.
8. Report on lines 19 thru 21 and lines 29 thru 32 the number of persons covered by the plan at the BEGINNING of the policy year.
9. Report on line lines 21 and 32 the numbers of persons having vested pension rights but who are no longer employed by the company and not yet drawing a pension allowance.
10. On line 22, the term "Minimum Required Contribution" shall mean the payment by the employer to its employees' pension fund necessary to meet the requirement set forth in the Employee Retirement Income Security Act of 1974.
11. On line 24, the term "Maximum Amount Deductible" shall mean the amount of pension expense that is allowable under Section 415 of the Internal Revenue Code.
12. Report on line 26 the dollar amount applicable to the reporting company which has been included in the amount on line 18.
13. Report on line 27 the dollar amount included on line 26 which has been capitalized.

For the above plan, specify and explain in the space below any accounting changes or changes in assumptions or elected options made during the reporting year. Quantify the effects of each such revision on each of the amounts reported on page 85. Use a separate insert sheet if more space is required.

Change in Assumptions

*Discount rate changed from 7.25% for 2002 to 6.75% for 2003

*Retirement rates were decreased for 2003 to 2007 to reflect retirements accelerated to 2002 from a voluntary retirement offer with enhanced benefits.

*Expected return on assets assumption was lowered from 9.25% to 8.5%.

Projected Benefit Obligation	(\$366,800,000)
Unrecognized Gains/(Losses)	\$366,800,000
Service Cost	\$ 8,800,000
Interest Cost	(17,600,000)
Expected Return on Assets	63,600,000
Amortization of (Gains)/Losses	16,500,000
Total Pension Cost	\$ 71,300,000

54. ANALYSIS OF PENSION COST**Management Cash Balance Plan**

1. On lines 1-21 report the terms of the Pension Plan for the holding company or parent company; on lines 22-32 report details for the reporting company. If the reporting company has more than one pension plan, report each using separate forms.
2. Report on line 1 the actuarial present value of benefits determined as of a specific date during the calendar year according to the terms of a pension plan and based on employees' compensation and service to that date (salary progression is not considered in making this computation).
3. Report on line 2 the actuarial present value of all benefits attributed to employee service up to a specific date, based on the terms of the plan including salary progression factor for final pay and career average pay plans.
4. Report on line 3 the amount the pension plan could expect to receive for investments in a sale between a willing buyer and a willing seller, other than in a forced or liquidation sale.
5. Report on line 8 the discount rate which was used to calculate the obligations reported on Lines 1 and 2.
6. Report on Line 9 the expected long-term return on plan assets.
7. Report on line 14 the net asset gain or loss deferred during the reporting year for later recognition. Do not include in this amount amortization of previously deferred gains or losses as these amounts are to be reported on line 17.
8. Report on lines 19 thru 21 and lines 29 thru 32 the number of persons covered by the plan at the BEGINNING of the policy year.
9. Report on line lines 21 and 32 the numbers of persons having vested pension rights but who are no longer employed by the company and not yet drawing a pension allowance.
10. On line 22, the term "Minimum Required Contribution" shall mean the payment by the employer to its employees' pension fund necessary to meet the requirement set forth in the Employee Retirement Income Security Act of 1974.
11. On line 24, the term "Maximum Amount Deductible" shall mean the amount of pension expense that is allowable under Section 415 of the Internal Revenue Code.
12. Report on line 26 the dollar amount applicable to the reporting company which has been included in the amount on line 18.
13. Report on line 27 the dollar amount included on line 26 which has been capitalized.

For the above plan, specify and explain in the space below any accounting changes or changes in assumptions or elected options made during the reporting year. Quantify the effects of each such revision on each of the amounts reported on page 85. Use a separate insert sheet if more space is required.

Change in Assumptions

*Discount rate changed from 7.25% for 2002 to 6.75% for 2003

*Cash balance crediting rate changed from 6.00% for 2002 to 5.50% for 2003.

*Retirement rates were decreased for 2003 to 2007 to reflect retirements accelerated to 2002 from a voluntary retirement offer with enhanced benefits.

*Expected return on assets assumption was lowered from 9.25% to 8.5%.

Projected Benefit Obligation	(\$618,200,000)
Unrecognized Gains/(Losses)	\$618,200,000

Service Cost	\$ 13,200,000
Interest Cost	(19,400,000)
Expected Return on Assets	125,700,000
Amortization of (Gains)/Losses	43,800,000

Total Pension Cost	\$163,300,000
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54. ANALYSIS OF PENSION COST (Continued)		
Non-Management Pension Plan		
Line No.	Item (a)	Current Year (b)
	<u>PLAN</u>	
1	Accumulated Benefit Obligation	\$ 9,624,066,000
2	Projected Benefit Obligation	\$ 9,670,246,000
3	Fair Value of Plan Assets	\$ 6,763,855,000
4	Unrecognized Transition Amount	\$ (6,174,000)
5	Unrecognized Prior Service Costs	\$ 400,600,000
6	Unrecognized Gains or (Losses)	\$ 1,314,240,000
7	Date of Valuation Reported on Lines 1 through 6	1/1/2003
8	Discount Rate	6.75% %
9	Expected Long-Term Rate of Return on Assets	8.50% %
10	Salary Progression Rate (if applicable)	N/A %
	Net Periodic Pension Cost:	
11	Service Cost	\$ 123,039,000
12	Interest Cost	604,776,000
13	Actual Return on Plan Assets [(Gain) or Loss]	(1,452,090,000)
14	Deferral of Asset Gain or (Loss)	731,006,000
15	Amortization of Transition Amount	(6,174,000)
16	Amortization of Unrecognized Prior Service Cost	(28,222,000)
17	Amortization of Gains or Losses	0
18	Total Pension Cost	\$ (27,665,000)
19	Number of Active Employees Covered by Plan	40,899
20	Number of Retired Employees Covered by Plan	49,931
21	Number of Previous Employees Vested but Not Retired	8,198
	<u>REPORTING COMPANY</u>	
22	Minimum Required Contribution	\$ 41,213,000
23	Actual Contribution*	\$ 0
24	Maximum Amount Deductible*	\$ 790,197,000
25	Benefit Payments	\$ Not available (note 2)
26	Total Pension Cost	\$ (17,548,000)
27	Pension Cost Capitalized	\$ (2,687,392)
28	Accumulated Pension Asset/Liability at Close of Year	\$ (1,124,873,065)
29	Total Number of Company Employees at Beginning of Policy Year	60,788
30	Number of Active Employees Covered by Plan.	24,149
31	Number of Retired Employees Covered by Plan.	30,779
32	Number of Previous Employees Vested but Not Retired.	5860
<p>* Specify in the space below the reason(s) for any difference between the amounts reported on lines 23(b) and 24(b).</p> <p>(1) 2003 plan year minimum contribution is due on or before September 14, 2004.</p> <p>(2) 2003 benefit payments are not available for plans which pay lump sum cashouts.</p>		

54. ANALYSIS OF PENSION COST (Continued)
Management Cash Balance Plan

Line No.	Item (a)	Current Year (b)
	<u>PLAN</u>	
1	Accumulated Benefit Obligation	\$ 13,081,858,000
2	Projected Benefit Obligation	\$ 13,632,185,000
3	Fair Value of Plan Assets	\$ 13,247,164,000
4	Unrecognized Transition Amount	\$ (10,374,000)
5	Unrecognized Prior Service Costs	\$ 612,063,000
6	Unrecognized Gains or (Losses)	\$ 1,726,654,000
7	Date of Valuation Reported on Lines 1 through 6	1/1/2003
8	Discount Rate	6.75% %
9	Expected Long-Term Rate of Return on Assets	8.50% %
10	Salary Progression Rate (if applicable)	5.00% %
	Net Periodic Pension Cost:	
11	Service Cost	\$ 196,957,000
12	Interest Cost	870,447,000
13	Actual Return on Plan Assets [(Gain) or Loss]	(2,988,728,000)
14	Deferral of Asset Gain or (Loss)	1,564,460,000
15	Amortization of Transition Amount	(10,374,000)
16	Amortization of Unrecognized Prior Service Cost	10,603,000
17	Amortization of Gains or Losses	(246,654,000)
18	Total Pension Cost	\$ (603,289,000)
19	Number of Active Employees Covered by Plan	31,736
20	Number of Retired Employees Covered by Plan	45,494
21	Number of Previous Employees Vested but Not Retired	8,202
	<u>REPORTING COMPANY</u>	
22	Minimum Required Contribution	\$ 0
23	Actual Contribution*	\$ 0
24	Maximum Amount Deductible*	\$ 0
25	Benefit Payments (1)	\$ Not available (note 1)
26	Total Pension Cost	\$ (108,073,998)
27	Pension Cost Capitalized	\$ (14,102,682)
28	Accumulated Pension Asset/Liability at Close of Year	\$ 266,457,824
29	Total Number of Company Employees at Beginning of Policy Year	20,187
30	Number of Active Employees Covered by Plan.	4,039
31	Number of Retired Employees Covered by Plan.	14,687
32	Number of Previous Employees Vested but Not Retired.	1,461

* Specify in the space below the reason(s) for any difference between the amounts reported on lines 23(b) and 24(b).

(1) 2003 benefit payments are not available for plans which pay lump sum cashouts.

55. ANALYSIS OF PENSION SETTLEMENTS, CURTAILMENTS, AND TERMINATIONS

1. Report the amount of gains or losses arising from employee termination benefits or settlements, partial settlements, curtailments or suspensions of pensions or pension obligations during the year. If none have occurred, or they qualified as "small settlements" under SFAS-88 and the company elected not to recognize the gain or loss, state "none" on line 5 and complete the applicable sections on the bottom of the form. Use separate forms to report the effect of each event and, if the event affected more than one plan, use separate forms for each plan. These events include:
 - a. purchases of annuity contracts.
 - b. lump-sum cash payments to plan participants.
 - c. other irrevocable actions that relieved the company or the plan of primary responsibility for a pension obligation and eliminates significant risks related to the obligation and assets.
 - d. an event that significantly reduces the expected years future service for present employees who are entitled to receive benefits from that plan or that eliminates the accrual of benefits for some or all of the future services of a significant number of those employees.

If this is the first year the company is subject to the reporting requirements of this schedule, complete separate forms for each reportable event having occurred since the company's adoption of SFAS-87 and include those forms in the current Annual Report.

2. In line 1-15 report activities for holding company or parent company; on line 16-18 report details for the reporting company.
3. Report on line 1 the amount of overfunding remaining (excess of plan assets, adjusted for accrued or prepaid pension costs, over the Pension Benefit Obligation), if any, from when the company first complied with SFAS-87. The amount should be adjusted by the year-to-date amortization.
4. Report on line 2 the actuarial gains and losses that occurred in prior fiscal years following compliance with SFAS-87 but have not yet been amortized. The amount should be adjusted by the year-to-date amortization.
5. Report on line 3 the actual return on plan assets (the sum of investment income and appreciation).
6. Report on line 4 the expected return on plan assets (a component of the current-year expense calculation, which should be prorated for the elapsed portion of the current year).
7. Report on line 6 the Pension Benefit Obligation (PBO) updated from the previous year-end figure to the settlement date. This amount should reflect the addition of a pro rata portion of the service cost and interest cost and the subtraction of benefit payments. It should also reflect any plan changes made during the year.
8. Convert the basis points and percentages reported on line 7 and 8 to their decimal equivalents before entering them in the formula on line 9.
9. Report on line 17 the applicable Federal income tax rate. Although no tax is currently payable on the gain and loss, it should be reflected because it represents a reduction of future pretax pension expense.

State separately below for each reportable event having occurred since the company's initial compliance with SFAS-87, and for which amortization of deferred gains or losses was not completed by December 31 of last year, the (1) type of event, e.g. settlement or curtailment, (2) date of occurrence, (3) amount of gain or loss originally deferred, (4) period of amortization specified by beginning and ending dates, and (5) amount of the current year's amortization.

In 2003, as a result of planned work force reductions, the Company incurred additional pension costs of \$128,063,000 for management employees comprised of a charge for special termination benefits of \$118,239,000, settlements of \$0, and a curtailment gain of \$(9,824,000). In 2003, as a result of planned work force reductions, the Company incurred additional pension costs of \$230,589,000 for associate employees comprised of a charge for special termination benefits of \$230,589,000, settlements of \$0, and a curtailment gain of \$0.

SEE INSERT (PAGES 86-A & 86-B)

55. ANALYSIS OF PENSION SETTLEMENTS, CURTAILMENTS, AND TERMINATIONS

In 2002, as a result of planned work force reductions, the Company incurred additional pension costs of \$ 235,000 for management employees comprised of a charge for special termination benefits of \$ 235,000, settlements of \$0, and a curtailment gain of \$ 0. In 2002, as a result of planned work force reductions, the Company incurred additional pension costs of \$ 322,207,000 for associate employees comprised of a charge for special termination benefits of \$ 189,520,000, settlements of \$89,894,000, and a curtailment gain of \$ 42,793,000.

In 2001, as a result of planned work force reductions, the Company incurred additional pension costs of \$ 0 for management employees comprised of a charge for special termination benefits of \$ 0 and a curtailment gain of \$ 0. In 2001, as a result of planned work reductions, the Company incurred additional pension costs of \$ 354,000,000 for associate employees comprised of a charge for special termination benefits of \$ 354,000,000 and a curtailment gain of \$ 0. In accordance with the commission order effective August 12, 1999, in case 92-C-0665, the Company amortized \$ 185,103,912 of additional OPEB TBO.

In 2000, as a result of planned work force reductions, the Company incurred additional pension costs of \$0 for management employees comprised of a charge for special termination benefits of \$0 and a curtailment gain of \$0. In 2000, as a result of planned work reductions, the Company incurred additional pension costs of \$0 for nonmanagement employees comprised of a charge for special termination benefits of \$0 and a curtailment gain of \$0. In accordance with the Commission order effective August 12, 1999, in case 92-C-0665, the Company amortized \$245,778,084 of additional OPEB TBO.

In 1999, as a result of planned work force reductions, the Company incurred additional pension costs of \$0 for management employees comprised of a charge for special termination benefits of \$0 and a curtailment gain of \$0. In 1999, as a result of planned work reductions, the Company incurred additional pension costs of \$35,127,305 for nonmanagement employees comprised of a charge for special termination benefits of \$409,487,296 and a curtailment gain of \$(54,359,991). In accordance with the Commission order effective August 12, 1999, in case 92-C-0665, the Company amortized \$71,038,236 of additional OPEB TBO.

In 1998, as a result of planned work force reductions, the Company incurred additional pension costs of \$0 for management employees comprised of a charge for special termination benefits of \$0 and a curtailment gain of \$0. In 1998, as a result of planned work reductions, the Company incurred additional pension costs of \$262,437,113 for nonmanagement employees comprised of a charge for special termination benefits of \$303,541,367 and a curtailment gain of \$(41,104,254).

In 1997, as a result of planned work force reductions, the Company incurred additional pension costs of \$65,903,618 for management employees comprised of a charge for special termination benefits of \$126,309,427 and a curtailment gain of \$(60,405,809). In 1997, as a result of planned work reductions, the Company incurred additional pension costs of \$106,658,356 for nonmanagement employees comprised of a charge for special termination benefits of \$130,875,716 and a curtailment gain of \$(24,217,360).

In 1996, as a result of planned work force reductions, the Company incurred additional pension costs of \$49,488,119 for management employees comprised of a charge for special termination benefits of \$88,288,384 and a curtailment gain of \$(38,800,265). In 1996, as a result of planned work reductions, the Company incurred additional pension costs of \$44,140,158 for nonmanagement employees comprised of a charge for special termination benefits of \$55,765,751 and a curtailment gain of \$(11,625,593).

In 1995, as a result of planned work force reductions, the Company incurred additional pension costs of \$38,512,108 for management employees comprised of a charge for special termination benefits of \$143,613,416 and a curtailment gain of \$(60,101,308). In 1995, as a result of planned work reductions, the Company incurred additional pension costs of \$130,463,200 for nonmanagement employees comprised of a charge for special termination benefits of \$146,615,936 and a curtailment gain of \$(16,152,736).

In 1994, as a result of planned work force reductions, the Company incurred additional pension costs of \$120,950,988 for management employees comprised of a charge for special termination benefits of \$143,613,416 and a curtailment gain of \$211,213,019. In 1994, as a result of planned work reductions, the Company incurred additional pension costs of \$291,263,926 for nonmanagement employees comprised of a charge for special termination benefits of \$340,393,731 and a curtailment gain of \$(49,129,005).

In 1992, NYNEX provided early retirement incentives to non-management employees. This Special Termination Benefit increased the projected benefit obligation for the NYNEX Pension Plan by \$11,713,359. The Company's cost was \$5,912,279 of which \$4,305,729 was deferred. In addition to special termination benefits, a curtailment and settlement (payment of lump sums) occurred in the NYNEX Management Pension Plan which reduced NYNEX pension costs by \$75,287,335. The Company's total reduction to expense was \$28,82,389 of which \$21,389,320 was deferred.

55. ANALYSIS OF PENSION SETTLEMENTS, CURTAILMENTS, AND TERMINATIONS

In 1991, NYNEX offered retirement incentives to both management and nonmanagement employees. The management retirement incentive increased the projected benefit obligation for the NYNEX Pension Plan by \$12,545,595. The Company's cost was \$6,826,368 of which \$4,966,183 was deferred. The nonmanagement retirement incentive increased the projected benefit obligation for the NYNEX pension plan by \$491,765,892. The Company's cost was \$362,853,775 of which \$263,976,121 was deferred.

In 1989, NYNEX offered a voluntary early retirement opportunity for management employees. The Special Termination Benefit increased the projected benefit obligation for the NYNEX Pension Plan by \$304,294,795. The Company's cost was \$162,900,723 of which \$119,886,454 was deferred.

In 1988, NYNEX offered a voluntary early retirement opportunity which was accounted for under the Provision of Statement of Financial Accounting Standards No. 88. This Special Termination Benefit increased the NYNEX Management Pension Plan projected benefit obligation by \$29,480,882. The Company's cost was \$16,264,668 of which \$11,957,782 was deferred.

1992 Management Retirement Incentive	\$ 5,882
1991 Non-management Retirement Incentive	202,024
1990 Management Retirement Incentive	91,621
1989 Non-management Retirement Incentive	4,151
1988 Management Retirement Incentive	11,958
Relief and Pensions	1,327
Less Amortization	(316,963)
Total Deferred Pensions	0

55. ANALYSIS OF PENSION SETTLEMENTS, CURTAILMENTS, AND TERMINATIONS (Continued)

Line No.	ESTIMATE OF SETTLEMENT GAIN OR LOSS (a)	(b)	(c)
	PLAN		
1	Unrecognized net asset		1. _____
2	Unrecognized net actuarial gain or (loss)		2. _____
	Year-to-date asset gain or (loss):		
3	Actual return	3. _____	
4	Expected return	4. _____	
5	Gain or (loss): (3)-(4)		5. _____ 0
	Year-to-date liability gain or (loss):		
6	PBO at settlement date	6. _____	
7	Year-to-date increase (or decrease) in actuarial discount rate	7. _____	basis points
8	Percentage decrease in PBO for each 100 basis-point increase in the discount rate	8. _____	
9	Liability gain or (loss): $\{(6) \times (7) \times (8)\} \times 100$ – see instructions		9. _____ 0
	Settlement gain or (loss):		
10	Accounting value of obligation which was settled	10. _____	
11	Settlement cost (e.g., price of purchased annuity contract)	11. _____	
12	Settlement gain or (loss): (10)-(11)		12. _____ 0
13	Total accumulated gain or (loss): (1)+(2)+(5)+(9)+(12)		13. _____ 0
14	Settlement ratio: (10)/(6)		14. _____ 0%
15	Pretax gain recognizable in current income: (13) x (14)		15. _____ 0
	REPORTING COMPANY		
16	Portion of amount on line 15 allocated to reporting company		16. _____
	Tax-affected gain:		
17	Tax rate	17. _____ %	
18	Gain or (loss) after provision for income tax: $16 \times [100\% - (17)]$		18. _____ 0

Explain the basis of allocation used to derive the amount reported on line 16 from that reported on line 15:

For the amount reported on line 16 specify:

- the amount recorded as income for the current year
- the amount deferred on the balance sheet
- amortization period for the deferred amount (specify beginning and ending dates).

Briefly describe the event (e.g., settlement, curtailment or termination with short description of the change) and the date of its occurrence.

If the event involves the purchase of an annuity contract(s), state whether they are participating or nonparticipating contracts. If they are participating, explain the terms and state the cost difference between the contract(s) purchased and identical contracts without the participating feature.

If the event qualified as a "small settlement" under SFAS 88, and the company elected not to recognize the gain or loss, state:

- number of employees affected
- the cost of the settlement
- the amount of PBO settled

56. ANALYSIS OF OPEB COSTS, FUNDING, AND DEFERRALS

1. Report on Pages 88 through 91, the requested data concerning Postretirement Benefits Other than Pensions (OPEB). For these schedules, the measurement date, calculation of the data requested, and separate reporting for different types of OPEB plans shall be consistent with the disclosure requirements specified in SFAS-106 (Paragraphs 72-89). If the reporting company's OPEB benefits are provided through a joint plan with its parent company or holding company, report under the columnar heading "Total Company" the data applicable to the total plan (i.e., that of the parent or holding company). The columnar heading "New York State Jurisdiction" refers to the New York State jurisdictional operations of the reporting company, exclusive of amounts applicable to subsidiary companies which are subject to the Commission's jurisdiction but are separately reported.
2. The quantification of amounts reported on Lines 1 - 12 shall be as of the date reported on Line 13.
3. Report on Lines 1 - 3 the actuarial present value of benefits attributed employees' service rendered to the date reported on Line 13.
4. Report on Line 4 the amount the OPEB plan(s) could expect to receive for investments in a sale between a willing buyer and a willing seller, other than in a forced or liquidation sale.
5. Report on Lines 5 and 6, the amounts applicable to OPEB that are recorded in internal reserves, net of their related deferred income tax effect. For New York State Jurisdictional Operations, creation of an internal reserve was required by the Commission's "Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and OPEB" (issued September 7, 1993).
6. Report on Line 10 the amount of unrecognized net gain or loss (including plan asset gains and losses not yet reflected in the market-related value of the plan assets).
7. Report on Line 11 the amount of unrecognized net asset gain or loss not yet reflected in the market-related value of plan assets.
8. In certain instances, a portion of the New York State Jurisdiction OPEB internal reserve may not be subject to the accrual of interest (e.g. in the company's last rate case a portion of the reserve may have been used to reduce rate base). Report on Line 12 the balance of the reserve, net of its related deferred income tax effect, which is subject to the accrual of interest.
9. Report on Line 14 the discount rate which was used to calculate the obligations reported on Lines 1-3.
10. Report on Line 15 the expected long-term return on plan assets reported on Line 4.
11. Report on Line 21 the net asset gain or loss deferred during the reporting year for later recognition. Do not include in this amount amortization of previously deferred gains or losses as these amounts are to be reported on Line 24.
12. The amount reported on Line 24 is to include the amortization of gains and losses arising from changes in assumptions.

For each plan, specify and explain in the space below any accounting changes or changes in assumptions or elected options made during the reporting year. Quantify the effects of each revision on each of the amounts reported on Page 89. Use a separate insert sheet if more space is necessary.

The discount rate decreased from 7.25% for 2002 to 6.75% for 2003

The trend assumption increased from 10% in 2002, 8.5% in 2003, 7% in 2004, 5% ultimate in 2005 to the following schedule: 11% in 2003, 9.0% in 2004, 7% in 2005, 6% in 2006 and 5% ultimate in 2007

The North Associate retirement rates were revised to reflect the accelerated retirements that occurred under the 2002 incentive program

The expected return on assets decreased from 9.25% in 2002 to 8.5% in 2003

These changes had the following effects on page 89:

Accumulated Postretirement Benefit Obligation (APBO)	\$	664,134,000
Unrecognized Gains/(Losses)		(664,134,000)
Service Cost	\$	7,926,000
Interest Cost	\$	6,397,000
Expected Return on Assets (EROA)	\$	18,891,000
Amortization of (Gains)/Losses	\$	26,466,000
Total OPEB Cost	\$	59,680,000

56A. ANALYSIS OF OPEB COSTS, FUNDING AND DEFERRALS (Continued)

Line No.	Item (a)	Total Company (b)
<u>ANALYSIS OF OPEB COSTS</u>		
	Accumulated Benefit Obligation Attributable to:	
1	Retirees Covered by the Plan	\$ 7,077,956,000
2	Other Fully Eligible Plan Participants	\$ 1,068,397,000
3	Other Active Plan Participants	\$ 671,334,000
4	Fair Value of Plan Assets Held in an Exterior Fund or Trust	\$ 1,874,810,000
	Plan Assets Held in an Internal Reserve (net of tax):	
5	New York State Jurisdiction	\$
6	Other	\$
7	Other Plan Assets (Specify)	\$
8	Unrecognized Transition Obligation	\$ 1,204,230,000
9	Unrecognized Prior Service Costs	\$ (669,867,000)
10	Unrecognized Gains or (Losses)	\$ (2,835,840,000)
11	Gains or (Losses) Unrecognized in Market Related Value of Assets	\$ (670,578,000)
12	NYS Jurisdiction Internal Reserve Balance Subject to Accrual of Interest (net of tax)	\$
13	Date of Valuation for Amounts Reported on Lines 1 - 12.	1/1/2003
14	Discount Rate	6.75%
15	Expected Long-Term Rate of Return on Assets (Exterior Fund)	8.50%
16	Interest Rate Applied to NYS Jurisdiction Internal Reserve Balance	
17	Salary Progression Rate (if applicable)	4.00%
<u>NET PERIODIC OPEB COST</u>		
18	Service Cost	\$ 71,854,000
19	Interest Cost	613,876,000
20	Actual Return on Plan Assets [(Gain) or Loss]	(373,257,000)
21	Deferral of Asset Gain or (Loss)	159,447,000
22	Amortization of Transition Amount	200,706,000
23	Amortization of Unrecognized Prior Service Cost	(716,000)
24	Amortization of (Gains) or Losses from Earlier Periods	99,032,000
25	(Gain) or Loss Due to a Temporary Deviation From a Substantive Plan	0
26	Net Periodic OPEB Cost	\$ 770,942,000

1 Reflects revised 8-year amortization of TBO for FCC purposes effective in 2001 (only North amounts shown)
 Note: This analysis includes the former Bell Atlantic South Management plan which merged with the North Management plan as of January 1, 1999.

Jurisdictional Breakdown of Net Periodic OPEB Cost

	Intrastate	Interstate	Other
Service Cost	22,171,923	10,787,994	1,960,608
Interest Cost	164,341,787	79,962,311	14,532,333
Return On Assets	(59,282,369)	(28,844,491)	(5,242,191)
Amortization of TBO	79,655,816	38,757,417	7,043,764
Amortization of Prior Service Cost	23,505,165	11,436,697	2,078,503
Amortization of Net (Gain) Loss	16,911,954	8,228,698	1,495,482
Total	247,304,276	120,328,626	21,868,498

56B. ANALYSIS OF OPEB COSTS, FUNDING AND DEFERRALS (Continued)

1. pension trust fund to an account set up under Section 401 (h) of the Internal Revenue Code.
2. Report on Line 5 items of income (e.g., dividends and interest).
3. The amount reported on Line 9 should be the same amount as that reported on Line 4 on Page 89.

Line No.	Item (a)	Total Company (b)
EXTERNALLY HELD OPEB DEDICATED FUNDS OR TRUSTS		
1	Fair Value of Plan Assets at Beginning of Period	\$1,874,810,000
	Contributions to the Fund:	
2	Deposits of Company Funds	95,409,000
3	Transfers from Pension Related Funds	-
4	Other *	N/A
5	Income or (Loss) Earned on Fund Assets	373,257,000
6	Capital Appreciation or (Depreciation) of Fund Assets	N/A
7	Cost Benefits Paid from the Fund To or For Plan Participants	115,332,000
8	Other Expenses Paid By the Fund **	N/A
9	Fair Value of Plan Assets at End of the Period	\$2,228,144,000

* Specify the source of any amount reported on Line 4.

** Specify the type and amount of any expenses reported on Line 8.

56C. ANALYSIS OF OPEB COSTS, FUNDING AND DEFERRALS (Continued)

1. The data requested on Lines 1 through 12 are for the internal reserve, the establishment of which is required by the Commission's "Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and Postretirement Benefits Other Than Pensions" (Case 91-M-0890, issued and effective September 7, 1993). The amounts reported below are to be consistent with the definitions and intent contained in that Statement.
2. The "rate allowance" to be reported on Line 2 is the amount which was projected to be charged to expense accounts (i.e., not charged to construction, depreciation, nor the rate base allowance related to capitalized OPEB costs) in the company's latest rate proceeding, adjusted to actual Kwh (etc.) sales as per the above Policy Statement.
3. The amount reported on Line 9 less the amount on Line 10 should total the amount reported on Line 5 of Page 89.
4. In certain instances, a portion of the OPEB internal reserve may not be subject to the accrual of interest (e.g., in the company's last rate case, a portion of the reserve may have been used as a rate base reduction). Report on Line 12 the balance of the reserve, net of its related deferred income tax effect, which is subject to the accrual of interest.
5. The Commission's September 7, 1993 Policy Statement on pensions and OPEB stated that, except under certain circumstances, the difference between 1) the rate allowance for OPEB expense, plus any pension related or other funds or credits the company is directed to use for OPEB purposes, and 2) OPEB expense determined as required therein, are to be deferred for future recovery. Report on Lines 13 through 17 the amounts relating to this requirement.

Line No.	Item (a)	New York State Jurisdiction (b)
OPEB RELATED ASSETS RECORDED IN AN INTERNAL RESERVE		
1	Balance in Internal Reserve at Beginning of the Period - [(Debit) / Credit]	(574,441,528)
2	Amount of the Company's Latest Rate Allowance for OPEB Expense	(134,512,344)
3	Amount of OPEB costs actually charged to Construction	(34,611,195)
4	Pension Related or Other Funds or Credits this Commission Directed the Company to Use for OPEB Purposes	(26,431,903)
5	Interest Accrued on Fund Balance	N/A
6	Cost Benefits Paid to or for Plan Participants	184,299,120
7	Amount Transferred to an External OPEB Dedicated Fund	N/A
8	Other Debits or Credits to the Internal Reserve *	(40,587,769)
9	Balance in Internal Reserve at End of the Period	(626,285,619)
10	Balance of Deferred Income Tax Applicable to the Internal Reserve	(219,199,967)
11	Interest Rate Applied to Internal Reserve Balances	N/A
12	Internal Reserve Balance Subject to Accrual of Interest (net of tax)	N/A
ACCUMULATED DEFERRED OPEB EXPENSE		
13	Accumulated Deferred Balance Beginning of Period - [Debit / (Credit)]	N/A
14	Deferral Applicable to Current Year Variation	N/A
15	Amortization of Previous Deferrals	N/A
16	Accumulated Deferred Balance at End of Period	N/A
17	Balance of Deferred Income Tax Applicable to Deferred OPEB Expense at the End of Period	N/A
	* Briefly explain any amounts reported on Line 8.	

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**59. GENERAL SERVICES AND LICENSES,
ADVISORY, MANAGEMENT, ENGINEERING, OR PURCHASING SERVICES**

1. Respondents shall report all services rendered by or provided to affiliated and nonaffiliated companies under a license agreement, a general service contract, or other arrangement for furnishing of general accounting, advisory, engineering, financial, legal, patent, purchasing or other general services of a continuous nature.
2. Report the valuation method used; tariffed rate or cost.
3. Aggregate all Other Company items under \$100,000 for Class A and \$25,000 for Class B Telecommunications Companies.

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)
1	Affiliates:				
2	Empire City Subway Co			Provided to Affiliates	\$449,734
3	Telesector Resources Group Inc			Provided to Affiliates	50,882,530
4	Verizon Accounting & Information Svcs			Provided to Affiliates	274,622
5	Verizon Avenue			Provided to Affiliates	977,392
6	Verizon Corporate Services Corp			Provided to Affiliates	18,949,081
7	Verizon Directories Corp			Provided to Affiliates	381,562
8	Verizon Directory Services Inc			Provided to Affiliates	1,026,603
9	Verizon Enterprise Solutions			Provided to Affiliates	31,097,738
10	Verizon Global Networks Inc			Provided to Affiliates	905,700
11	Verizon Internet Services Inc			Provided to Affiliates	140,322,115
12	Verizon Long Distance			Provided to Affiliates	127,632,506
13	Verizon Select Services Inc			Provided to Affiliates	661,821
14	Verizon Services Corp			Provided to Affiliates	4,384,479
15	Verizon Teleproducts Corp			Provided to Affiliates	664,467
16	Verizon Wireless			Provided to Affiliates	134,032,725
17	All Other Affiliates under 100K			Provided to Affiliates	313,948
18					
19					
20					
21	Total Affiliates				512,957,023
22	Other Companies:				
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41	Aggregate of All Other Items				
42	Total Other Companies				0
43	Total General Services and Licenses				512,957,023

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**59. GENERAL SERVICES AND LICENSES,
ADVISORY, MANAGEMENT, ENGINEERING, OR PURCHASING SERVICES**

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)
	Empire City Subway Co			Purchased from Affiliates	\$92,399,265
	Exchange Indemnity Co			Purchased from Affiliates	25,338,536
	GTE Communication Systems Corp			Purchased from Affiliates	1,595,537
	Telesector Resources Group Inc			Purchased from Affiliates	572,262,500
	Verizon Avenue			Purchased from Affiliates	706,252
	Verizon Corporate Services Corp			Purchased from Affiliates	215,847,199
	Verizon Corporate Services Group			Purchased from Affiliates	150,251,041
	Verizon Data Services Inc			Purchased from Affiliates	118,322,904
	Verizon Network Funding Corp			Purchased from Affiliates	334,307
	Verizon Services Corp			Purchased from Affiliates	521,382,481
	Verizon Services Organization Inc			Purchased from Affiliates	157,264,486
	Verizon Teleproducts Corp			Purchased from Affiliates	165,748
	Verizon Wireless			Purchased from Affiliates	5,528,781
	All Other Affiliates under 100K			Purchased from Affiliates	128,065
	Total General Services and Licenses				1,861,527,101

60. LIFELINE TELEPHONE SERVICES

1. Show separately, by month, the amount of customers for each Lifeline service.
2. The total shown in column (d) is the total customers receiving Lifeline services, column (a)+(b)+(c).

	Number of Customers				
	Flat Rate (a)	Basic Message Rate (b)	Locality Waivers (c)	Total Lifeline (d)	Link-Up Customers (e)
January	117,386	294,311		411,697	1,321
February	116,874	292,380		409,254	887
March	116,147	291,168		407,315	1,124
April	111,154	280,837		391,991	832
May	111,084	283,109		394,193	1,013
June	109,386	282,111		391,497	908
July	110,569	280,436		391,005	785
August	108,916	280,074		388,990	512
September	106,930	279,468		386,398	473
October	105,707	278,597		384,304	592
November	104,574	277,978		382,552	577
December	103,709	276,310		380,019	507

61. ACCESS LINES IN SERVICE

1. Access lines are any and all facilities appearing at a customer's premises for which an access line charge is made as provided for in company tariffs.
2. Multi-line business access lines shall include all access lines provided to businesses with two or more lines on the same premises (i.e., two line service, key telephone system services, PBX system services).
3. Public access lines shall include all access lines provided to serve public coin telephones, semi-public coin telephones, customer owned coin operated telephones (COCOTS) and credit card telephones.
4. Private Line Circuits are telephone facilities furnished under contracts providing exclusive service, i.e., service not requiring central office switching operations.

Line No.	Division of Territory (a)	Number of Access Lines			
		At Beginning of the Year (b)	During the Year		At End of the Year (e)
			Added (c)	Discontinued (d)	
1	Trade secret	Trade secret	Trade secret	Trade secret	Trade secret
2					
3					
4					
5					
6					
7					
8					
9					
10	Beginning of Year 2002 excludes official.	10,811,353	2,252,203	2,792,868	10,252,109

NUMBER AT END OF THE YEAR

Line No.	Access Lines Classified by Type						Mobile Access Lines (l)	Private Circuits (Instr. 4) (m)
	Business		Public	Residential				
	Single Line (f)	Multi-Line (Instr. 2) (g)	(Instr. 3) (h)	One Party (i)	Two Party (j)	Four or More Parties (k)		
1	Trade secret	Trade secret	Trade secret	Trade secret	Trade secret	Trade secret	Included in Business	Trade secret
2								
3								
4								
5								
6								
7								
8								
9								
10	0	3,024,169	125,305	7,092,270	4,254	6,111	0	423,740

Access Line information reported in systems.

* Private Circuits represents most recently available, November 2003.

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62. TELEPHONE CALLS

1. Show the particulars called for concerning telephone calls originating from respondent's stations in each of the general divisions of territory in which telephone service is given by the respondent within the State of New York. Divisions of territory lying wholly outside the State of New York may be grouped under one heading.
2. The numbers shown in column (c) may be based on an actual count taken periodically during the year. Describe in a note the general characteristics of the methods employed in arriving at the numbers shown.
3. As used in this schedule, a "local call" means one between two points, both of which are within the local service area of the calling telephone; and a "toll call" means one to a point outside of the local service area of the calling telephone.

NUMBER OF CALLS ORIGINATING FROM COMPANY PROVIDED SWITCHED ACCESS LINES									
Line No.	State or Territory (a)	Total Local Calls (b)	IntraLATA Intrastate Toll Calls		InterLATA Intrastate Toll Calls		InterLATA Interstate Toll Calls		Total Calls (i)
			Messages (c)	Billed Minutes (d)	Messages (e)	Billed Minutes (f)	Messages (g)	Billed Minutes (h)	
1	Manhattan/Mid State	14,689,236,356	133,273,022	762,884,997	3,027,166,007	6,972,527,574	1,637,865,702	8,534,585,087	19,487,541,087
2	Long Island	3,801,621,537	34,491,486	197,437,087	783,440,283	1,804,512,525	423,884,903	2,208,778,025	5,043,438,209
3	Upstate	4,999,141,717	45,356,389	259,630,257	1,030,225,908	2,372,938,431	557,409,695	2,904,548,563	6,632,133,710
4	Outside New York State	44,562,746	17,873,292	41,283,343	12,470,468	25,266,480	18,169,622	88,473,806	93,076,128
5									0
6									0
7									0
8									0
9									0
10		23,534,562,356	230,994,189	1,261,235,684	4,853,302,666	11,175,245,011	2,637,329,922	13,736,385,481	31,256,189,133

63. STATISTICS RELATING TO TELEPHONE SERVICE QUALITY

1. To calculate the Average for the Year for column (b) below, add together each of the monthly company-wide results and divide by 12.
2. Measurement Opportunities are the total number of monthly measurements for the year taken at the appropriate entity reporting level (e.g., central office entity for Customer Trouble Report Rate; Maintenance Center for Percent Out-of-Service Over 24 Hours, etc.).
3. "Objective Level", "Weakspot Level", and "Surveillance Level Failure" are defined in the Commission's Telephone Service Standards (Section 603 of 16NYCRR). Certain smaller companies may not be required to report on all of the following service measurements. Please refer to the Service Standards before completing the following schedule.
4. For Business Office Answer, Repair Service Answer, Directory Assistance Answer, Intercept Answer, and Toll & Assistance Answer specify which of the two alternative standards the company used during the year. (See Section 603.12 (d) of 16 NYCRR.)

Line No.	Service Measurement (a)	TOTAL COMPANY SERVICE QUALITY DATA						
		Average for the Year (b)	Measurement Opportunities				Number of Surveillance Level Failures (h)	
			Cumulative Annual Total (c)	At Objective Level (d) (e)		At Weakspot Level (f) (g)		
1	Customer Trouble Report Rate Per 100 Access Lines	2.4	6,499	5,437	83.7%	*	*	** 11
2	% Service Affecting Cleared > 48 Hours (Standard <=20%)	22.3	420	223	53.1%			54
3	% Out-of-Service Over 24 Hours (Standard <=20%)	28.5	420	291	69.3%			118
4	% Initial Orders Installed Within 5 Days (Standard >=80%)	84.8	384	336	87.5%			10
5	% Initial Installation Appointments Not Met (Standard <= 10%)	8.2	384	324	84.4%			5
6	Business Office Answer (Standard: 80% ans wi 30 sec)	86.4	156	150	96.2%			0
7	Repair Service Answer (Standard: 80% ans wi 30 sec)	74.5	72	57	79.2%			0
8	Directory Assistance Answer (Standard: _____)							
9	Intercept Answer (Standard: _____)							
10	Operator Svc Call Center (Standard: avg speed of ans <=3.0 sec)	2.9	12	11	91.7%			0
11	Dial Tone Speed							
12	% of Final Trunk Group Blockages (Standard <= 3% blockage)		na	all	100%			0
13	Orders for Regrades Held Over 30 Days							
14	TOTAL		8,347	6,829		0		187
15	Number of Customer Complaints to the Public Service Commission During the Year 1037____.							
	* Concept of weakspot eliminated with new service standards beginning March 2002							
	** Surv. failures in CTRR can be either an individual office > 5.5 or, at the company level, missing > 85% of COEs at 3.3 rphl for 3 of 5 months							

64. PLANT EXTENSIONS TO SERVE NEW RESIDENTIAL SUBDIVISIONS

Report on telephone facilities constructed during the year to serve new residential subdivisions pursuant to 16 NYCRR Part 604.

Line No.	Underground Plant Constructed Within Subdivisions (a)	Amount (b)
	A. Direct Buried (Plowed) Lines	
1	Total Length	0 ft.
2	Cost of Plowing Only	\$0.00
3	Average Cost of Plowing Only	/ft.
	B. Sole Occupancy Trenched Lines	
4	Total Length	18,784 ft.
5	Cost of Trenching Only	\$425,363
6	Average Cost of Trenching Only	\$22.64 /ft.
	C. Shared Occupancy Trenched Lines	
7	Total Length	331,328 ft.
8	Cost of Trenching (telephone portion) Only	\$4,463,025
9	Average Cost of Trenching (telephone portion) Only	\$13.47 /ft.
II. Plant Constructed To Connect Subdivisions To The Existing Telephone Distribution System		
	A. Facilities Placed Underground	
10	Total Length	3,171 ft.
11	Total Cost	\$37,252
12	Average Total Cost	\$11.75 /ft.
	B. Facilities Placed Overhead	
13	Total Length	0 ft.
14	Total Cost	0
15	Average Total Cost	/ft.

65. DISTRIBUTION OF TOTAL COMPENSATION OF EMPLOYEES

Line No.	Account Group (a)	Amount (b)
1	Operating Expenses	\$2,561,708,393
2	Telecommunications Plant In Service	217,968,981
3	Telecommunications Plant Under Construction	42,161,132
4	Accumulated Depreciation	35,518,145
5	Other (specify): Billed Custom Work	8,876,649
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	Total Compensation of Officers and Employees	\$2,866,233,299
65A. NUMBER OF EMPLOYEES		
21	Network Operations	717
22	Operator Services & Business Office	5,883
23	Marketing	360
24	Accounting & Finance	13
25	Engineering	1,279
26	General & Administrative	83
27	Plant	18,240
28		
29		
30		
31		
32	Total Employees	26,575

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STATE OF NEW YORK
Public Service Commission
5 Year Book Data
VERIZON NEW YORK INC.
For the period ending DECEMBER 31, 2003

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2003

COMPARATIVE BALANCE SHEET

CURRENT ASSETS	Annual Report	
	Source	
	Sch 11, Pg 16 (C)	
1 Cash and Temporary Cash Investments	L1-4	\$417,323,246
2 Accounts Receivable (Net)	L(5,7,8) - L(6,9)	1298440854
3 Current Deferred Income Taxes	L21	330695656.4
4 Other Current Assets	(Formula)	355210241
5 Total Current Assets	L22	2401669998
NON-CURRENT ASSETS		
6 Investments	L23-26	346314546.8
7 Unamortized Debt Issuance Costs	L27	60845262.89
8 Deferred Charges	L30-31	663791199.7
9 Other Jurisdictional Assets - Net	L32	
10 Non-Current Deferred Income Taxes	L33	1610486098
11 Other Non-Current Assets	(Formula)	590429392.7
12 Total Non-Current Assets	L 34	3271866500
REGULATED PLANT		
13 Total Telecommunications Plant	L42	29402800831
14 Less: Accumulated Depreciation and Amort.	L43-44	17018380386
15 Net Regulated Plant	(Formula)	12384420445
16 Total Assets & Other Debits	(Formula)	18057956943

CURRENT LIABILITIES		Source	
	Sch 11, Pg 17 (C)		
17 Accounts Payable	L1-2	1966328646	
18 Notes Payable	L3-4	2047301830	
19 Advanced Billings	L5	194165577.1	
20 Customer Deposits	L6	9457968.39	
21 Current Maturities - Long-Term Debt	L7-8	150927624.4	
22 Current Deferred Income Taxes	L11-12	389362615.4	
23 Other Current Liabilities	(Formula)	968037224.9	
24 Total Current Liabilities	L15	5725581486	
LONG-TERM DEBT			
25 Long-Term Debt	L23	3789734370	
OTHER LIAB. & DEFERRED CREDITS			
26 Unamortized ITC	L25-26	87775509	
27 Non-Current Deferred Taxes	L27-28	2042553119	
28 Other Deferred Credits	L29	692252369.5	
29 Other Jurisdictional Differences - Net	L30		
30 Other Liabilities	(Formula)	3873116837	
31 Total Other Liab. and Def. Credits	L31	6695697835	
STOCKHOLDER'S EQUITY			
32 Common Stock	L32	1000000	
33 Preferred Stock	L33	0	
34 Other Paid in Capital	L34-36	1563034548	
35 Retained Earnings	Formula	282908704.6	
36 Total Stockholder's Equity	L40	1846943253	
37 Total Liab. and Stockholder's Equity	(Formula)	\$18,057,956,943	

INCOME STATEMENT

OPERATING REVENUES		Source	
		Sch 42, Pg 65 (b)	
1 Local Network Services	L10		\$3,501,267,825
2 Network Access Services	L15		2,180,495,052
3 Long Distance Network Services	L29		203,044,244
4 Miscellaneous Revenues	L41		1,226,463,025
5 Less: Uncollectible Revenues	L44		188,327,109
6 Total Operating Revenues	(Formula)		6,922,943,037
OPERATING EXPENSES		Sch 44, Pg 67 (F)	
7 Network Support Expenses	L14		10,433,721
8 General Support Expenses	L19		413,297,187
9 Central Office Switching	L23		216,210,784
10 Operator Systems Expense	L24		458,277
11 Central Office Transmission	L27		114,535,630
12 Info. Origination/Termination	L33		286,861,301
13 Cable & Wire Facilities	L43		951,062,052
14 Total Plant Specific Operations	(Formula)		1,992,858,952
	Sch 44, Pg 69 (F)		
15 Other Plant, Property & Equipment	L49		7,759,606
16 Network Operations	L59		816,734,549
17 Access Expense	L60		158,872,026
18 Depreciation and Amortization	L66		2,153,299,570
19 Total Plant Non-Specific Operations	(Formula)		3,136,665,751
	Sch 44, Pg 71 (F)		
20 Marketing Expense	L71		290,555,549
21 Services Expense	L78		671,706,370
22 Total Customer Operations	(Formula)		962,261,920
	Sch 44, Pg 73 (F)		
23 Executive & Planning	L82		50,534,063
24 General & Administrative	L91		1,870,511,059
25 Provision - Uncollectible Notes Rec.	Less L92		66
26 Other			
27 Total Corporate Operations	(Formula)		1,921,045,187
28 Total Operations Expense	(Formula)		8,012,831,809
	Sch 12, Pg 20 (C)		
29 Other Operating Income & Expenses	L9		(9,898,489)
30 State & Local Income Taxes	L12		(142,869)
31 Other Taxes	L13		669,934,466
32 Net Operating Income Before FIT	(Formula)		(1,769,578,858)
33 Investment Tax Credits - Net	L10		3,026,208
34 Federal Income Taxes	L11		(562,813,469)
35 Provision - Def. Operating Income Taxes - Net	L14		(112,017,582)
36 Net Operating Income	(Formula)		(\$1,091,721,598)

INCOME STATEMENT

	Source	
1 Net Operating Income	From Above	(\$1,091,721,598)
NON-OPERATING INCOME & EXPENSES	Sch 12, Pg 20 (C)	
2 Dividend Income	L17	0
3 Interest Income	L18	7,277,249
4 Income - Sinking and Other Funds	L19	0
5 Allowance for Funds Used During Construction	L20	12,275,118
6 Gains/Losses - Disposal of Property	L21	(14,484)
7 Equity in Earnings of Affiliated Companies	L22	45,716,898
8 Other Non-Operating Income	L23	70,659,139
9 Special Charges	L24	9,848,682
10 Total Non-Operating Income & Expenses	(Formula)	126,065,238
NON-OPERATING TAXES	Sch 12, Pg 20 (C)	
11 Federal Income Taxes	L26+L27+L30	31,616,684
12 Other	L28+L29	5,860,665
13 Total Non-Operating Taxes	(Formula)	37,477,349
14 Income Available Before Interest Charges	(Formula)	(1,003,133,709)
INTEREST CHARGES		
15 Interest on Funded Debt	L34	295,354,786
16 Other Interest Expense	(Formula)	71,938,035
17 Total Interest Charges	L38	367,292,821
18 Income Before Extraordinary & Nonregulated Items	(Formula)	(1,370,426,530)
Extraordinary & Nonregulated Items	Sch 12, Pg 21 (C)	
19 Extraordinary Items	L44	(453,043,004)
20 Nonregulated Revenues	L46	225,260,602
21 Total Extraordinary & Nonregulated Items	(Formula)	(227,782,402)
22 Net Income	(Formula)	(\$1,598,208,932)

RETAINED EARNINGS STATEMENT	Sch 12, Pg 21 (C)	
Unappropriated Retained Earnings:		
23 Beginning Year Balance	L49	\$920,743,548
24 Transferred from Income	L50	(672,622,891)
25 Appropriations	L51	0
Dividends Declared:		
26 Preferred Stock	L52	0
27 Common Stock	L53	180,000,000
28 Adjustments	L54	(232,251,179)
29 Ending Year Balance	(Formula)	(164,130,522)
30 Appropriated/Undistributed Affiliated Retained Earnings	L57+L60-L61+L62)	(17,463,132)
31 Total Retained Earnings	(Formula)	(\$181,593,654)

CASH FLOW STATEMENT

Cash Flows from Operating Activities		Source	
1 Net Income	Formula		(\$1,598,208,932)
Non-Cash Items Included in Net Income		Sch 13, Pg 22 (B)	
2 Depreciation, Depletion & Amortization	L2+L3		2,153,299,570
3 Changes in Accumulated Deferred Income Taxes	L4		163,958,548
4 Changes in Working Capital	L6+L7+L8+L10+L11		243,380,903
5 Capitalized AFDC - Equity	L5		0
6 Other	(Formula)		1,511,632,502
7 Total Non-Cash Items	L17		4,072,271,524
8 Net Cash Provided by (Used In) Operating Activities	(Formula)		2,474,062,592
Cash Flows from Investing Activities		Sch 13, Pg 22 (B)	
9 Cash Flows from Construction	L28		(1,208,882,902)
10 Purchase of Other Investments	L29+L30+L31+L32		0
11 Sale of Other Investments	L33+L34+L35+L36		211,875,661
12 Other	L37+L38+L39		(899,393,883)
13 Net Cash Provided by (Used In) Investing Activities	(Formula)		(1,896,401,125)
Cash Flows from Financing Activities		Sch 13, Pg 23 (B)	
Net Proceeds (Payments)			
14 Long-Term Debt	L43+L49		(1,100,705,361)
15 Common Stock	L41+L47		0
16 Preferred Stock	L42+L48		0
17 Short-Term Debt	L44		(71,690,113)
18 Dividends Paid	L50+L51		(180,000,000)
19 Other Financing	(Formula)		(131,345,852)
20 Net Cash Provided by (Used In) Financing	L59		(1,483,741,326)
21 Net Increase (Decrease) in Cash & Equivalents	(Formula)		(906,079,859)
22 Cash & Equivalents at Beginning of Year	L61		47,099
23 Cash & Equivalents at End of Year	(Formula)		(\$906,032,761)

DISTRIBUTION OF TELEPHONE REVENUES

1	Revenues	Source Formula Sch 61	\$6,922,943,037
2	Access Lines	Pg 96, L10 (e)	10252109

DOLLAR AMOUNTS

3	Wages and Benefits	Sch 44 Pg 71, L94 (b) (c)	\$4,177,039,311
4	Depreciation and Amortization	(Formula)	2153299570
5	Other Operations Expense	(Formula)	1682492927
6	Total Operation Expenses	(Formula)	8012831809
7	Income Taxes - Operating Taxes	(Formula)	-678000128.2
8	Other Taxes - Operating Taxes	(Formula)	669934466.5
9	Capital Costs	(Formula)	-1081823110
10	Total	(Formula)	\$6,922,943,037

PERCENT OF REVENUES

11	Wages and Benefits	(Formula)	60.3
12	Depreciation and Amortization	(Formula)	31.1
13	Other Operations Expense	(Formula)	24.3
14	Income Taxes - Operating Taxes	(Formula)	(9.8)
15	Other Taxes - Operating Taxes	(Formula)	9.7
16	Capital Costs	(Formula)	(15.6)
17	Total	(Formula)	100.0

DOLLARS PER ACCESS LINE

18	Wages and Benefits	(Formula)	407.43
19	Depreciation and Amortization	(Formula)	210.03
20	Other Operations Expense	(Formula)	164.11
21	Income Taxes - Operating Taxes	(Formula)	(66.13)
22	Other Taxes - Operating Taxes	(Formula)	65.35
23	Capital Costs	(Formula)	(105.52)
24	Total	(Formula)	675.27

TELECOMMUNICATIONS PLANT AND SELECTED RATIOS

	Source	Sch 14, Pg 24, 25
<u>Plant In Service</u>		
1 General Support Assets	L13	\$3,834,316,862
2 Central Office Assets	L25	12,549,221,730
3 Information Origination/Termination	L31	571,284,578
4 Cable And Wire Facilities	L41	11,440,709,790
5 Amortizable Assets	L45	803,069,602
6 Total Plant In Service	(Formula)	29,198,602,562
7 Property Held For Future Use	L47	2,001,759
Plant Under Construction -		
8 Short & Long Term	L48,49	169,832,171
9 Telecommunications Plant Adjustment:		
10 Tel. Acquisition	L51	0
11 Other Plant	L52	0
12 Nonoperating Plant	L53	32,364,339
13 Goodwill	L54	0
14 Total Telecommunications Plant	(Formula)	29,402,800,831
15 Less Acc. Prov. For Depreciation & Amort.	(Formula)	17,018,380,386
16 Net Total Utility Plant	(Formula)	\$12,384,420,445

SELECTED RATIOS AND STATISTICS

17	Current Assets / Current Liabilities	(Formula)	0.42
18	Total Capitalization	(Formula)	\$7,834,907,077
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>			
19	Long-Term Debt	(Formula)	48.4%
20	Preferred Stock	(Formula)	0.0%
21	Common Stock & Retained Earnings	(Formula)	23.6%
22	Short-Term Debt	(Formula)	28.1%
23	Pretax Coverage of Interest Expense	(Formula)	-4.47
24	Com. Stock Dividends as a % of Earnings	(Formula)	-13.1%
25	Return on Common Equity	(Formula)	-74.2%
<u>Internal Cash Generated as a % of</u>			
26	Cash Outflows for Construction	(Formula)	204.7%
27	CWIP as a % of Plant	(Formula)	0.6%
	Number of Employees	(Formula)	26575
	Current Assets	(Formula)	2401669998
	Current Liabilities	(Formula)	5725581486
	Total Capitalization	(Formula)	7834907077
	Long-Term Debt	(Formula)	3789734370
	Preferred Stock	(Formula)	0
	Common Stock and Retained Earnings (Excl. Preferred Stock)	(Formula)	1846943253
	Short-Term Debt	(Formula)	2198229454
	Pretax Income	See Below	-1643513620
	Interest Expense	(Formula)	367292821.3
	Common Dividends Paid	(Formula)	180000000
	Net Income (Excl. Preferred Stock Dividends)	See Below	-1370426530
	Internal Cash	(Formula)	2474062592
	Cash Outflows for Construction	(Formula)	-1208882902
	CWIP	(Formula)	169832171.3
	Total Plant	(Formula)	29402800831
	Shares Outstanding	Pg. 63, Ln 9 (c)	1
	Number of Employees	Pg. 100, Ln 32	26575

Additional Calculations

Data used for "Pretax Income":		NOI Before FIT	-1769578858
		Non-Oper. Inc. & Exp.	126065238
		Non-Oper. Tax - Other	0
		Total	(\$1,643,513,620)
Data used for "Net Income":		Net Income	-1370426530
		Pref. Dividends	0
		Total	-1370426530

TELECOMMUNICATIONS/COMPETITION TASK FORCE

ANNUAL JOINT COST DATA REPORT

LECs

STATE OF NEW YORK
Department of Public Service
Annual Joint Cost Data Report

Please fill in the following:

Respondent's exact legal name :

New York Telephone

Address line 1:

Address line 2:

Type

For the period starting:

January 1, 2003

Example

January 1, 1995

For the period ending:

December 31, 2003

December 31, 1995

Date submitted :

March 31, 2003

March 31, 1995

Please leave the following alone. This information is used to fill in your company's name and year ending date of the report.

For the period starting January 1, 2003
For the period ending December 31, 2003

Annual Report of New York Telephone

For the period ending December 31, 2003

Annual Report of New York Telephone

For the period ending December 31, 2003

Annual Report of New York Telephone

For the period ending December 31, 2003

Annual Joint Cost Data Report

Report all dollar amounts in whole numbers.

Heading Description

Company: Enter the name of the reporting entity

Date Submitted: Enter the date the report was filed (do not enter the prescribed filing date unless that date coincides with the date submitted).

Type: Enter Initial or Corrected.

Request For Proprietary Treatment of Certain Items:

If the respondent considers any information requested on deemed proprietary, including all detail requested, a schedule to be of a proprietary nature, as defined in accompanied by a request for proprietary treatment Section 6-1.3(a) of Chapter 1 of the Rules of Procedure, in accordance with the Rules of Procedure of Title 16, the schedule as included in the report forms should be filed NYCRR, Chapter 1, Section 6-1.3(b). The company is as directed by the Commission. However, the respondent still required to file the two conformed copies with the is directed to file one complete copy of each schedule proprietary stating that this was done.

Row Item Descriptions

Line Description

- 15 Oper. Revenues is the sum of lines 4, 8, 9, 12 and 13, less the amount entered on line 14.
- 71 Total Oper. Expenses is the sum of lines 19, 24, 27, 28, 31, 36, 45, 48, 54, 55, 61, 64 and 70.
- 120 Total Plant in Service is the sum of the lines 93, 96, 97, 100, 106, 115, 118 and 119.
- 128 Cash Working Capital - compute in accordance with the example on p. 85.
- 129 Total Investments is the sum of lines 120 through 128.

Column Descriptions

Column Description

- b. Total - All New York State regulated and nonregulated total company amounts as defined in the New York Uniform System of Accounts for each account. The amounts reported in column (b) should be book numbers and coincide with amounts reported on other schedules in the Annual Report Form.
- c. Directly Assigned - Regulated - This amount represents that portion of each that is directly assigned to regulated operations as those operations are designated by the New York Commission, defined in Sections 661.4, 661.14, and 661.16 of the Uniform System of Accounts and described in the cost allocation adopted in Case 88-C-136.
- d. Directly Assigned - Nonregulated - This amount represents that portion of each account that is directly assigned to nonregulated operations as those operations are designated by the New York Commission, defined in Sections 661.4, 661.14 and 661.16 of the Uniform System of Accounts, and described in the cost allocation standards adopted in Case 88-C-136.

Annual Joint Cost Data Report

<u>Column</u>	<u>Description</u>
e	Attributed - Regulated - This amount represents that portion of each account that is used jointly by regulated and nonregulated operations and allocated to the regulated operation based on a direct or indirect method of cost causation pursuant to this Commission's cost allocation rules adopted in Case 88-C-136.
f	Attributed - Nonregulated - This amount represents that portion of each account that is used jointly by regulated and nonregulated operations and allocated to the nonregulated operation based on a direct or indirect method of cost causation pursuant to this Commission's cost allocation rules adopted in Case 88-C-136.
g	Generally Allocated - Regulated - This amount represents that portion of each account that is allocated to regulated operations based on the general allocator in accordance with the cost allocation rules.
h	Generally Allocated - Nonregulated - This amount represents that portion of each account that is allocated to nonregulated operations based on the general allocator in accordance with the cost allocation rules adopted in Case 88-C-136.
i	Total Regulated - The total of the amounts reported in columns (c), (e), and (g) for each item.
j	Total Nonregulated - The total of the amounts reported in columns (d), (f) and (h) for each line item.
k & l	Adjustments - The adjustments columns are to be used to reconcile all accounting and ratemaking differences between state and federal jurisdictions as well as to report all normalizing adjustments necessary to arrive at the amount of each account subject to the Part 36 jurisdictional separations process.
m	Subject to Separations - Enter the amount of each account subject to the Part 36 jurisdictional separations procedures prescribed by the Federal Communications Commission. The amount in column (i) plus the total of the adjustments in columns (k) and/or (l) should equal column (m).

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Annual Joint Cost Data Report

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

Line No.	Account Name and Number (a)	Total (b)	Directly Assigned		Attributed	
			Regulated (c)	Non - regulated (d)	Regulated (e)	Non - regulated (f)
	REVENUES					
	Local Network Services					
1	5001Basic area revenue	\$2,585,155	\$2,585,155	N/A	N/A	N/A
2	5040Local private line revenue	\$109,432	\$109,432	N/A	N/A	N/A
3	5060Other local exchange revenue	\$806,681	\$806,681	N/A	N/A	N/A
4	520 Local network services revenues	\$3,501,268	\$3,501,268	N/A	N/A	N/A
	Network Access Services					
5	5081End user revenue	\$756,375	\$756,375	N/A	N/A	N/A
6	5082Switched access revenue	\$440,147	\$440,147	N/A	N/A	N/A
7	5083Special access revenue	\$983,973	\$983,973	N/A	N/A	N/A
8	522 Network access services revenues	\$2,180,495	\$2,180,495	N/A	N/A	N/A
	Toll Network Services					
9	5100LD message revenue	\$203,044	\$203,044	N/A	N/A	N/A
	REVENUES					
	Miscellaneous					
10	5230Directory revenue	\$202,341	\$202,341	N/A	N/A	N/A
11	526Miscellaneous revenue	\$1,024,122	\$1,024,122	N/A	N/A	N/A
12	527 Total Miscellaneous revenues	\$1,226,463	\$1,226,463	N/A	N/A	N/A
13	5280 Nonregulated operating revenue	\$225,261	N/A	\$62,864	N/A	N/A
14	5300 Uncollectible revenue	\$188,327	\$0	\$0	\$187,051	\$1,276
15	530 Total Operating Revenues	\$7,148,204	\$7,111,270	\$62,864	(\$187,051)	(\$1,276)
	EXPENSES					
	Plant Specific					
16	6112Motor vehicle expense	\$3,736	\$0	\$0	\$3,570	\$165
17	6113Aircraft expense	\$1,510	\$0	\$0	\$1,449	\$61
18	6114Tools and other work equipment exp.	\$5,188	\$0	\$0	\$4,990	\$197
19	6110 Network support expenses	\$10,434	\$0	\$0	\$10,010	\$423
20	6121Land and building expense	\$247,830	\$7,864	\$3	\$233,546	\$6,416
21	6122Furniture and artworks expense	\$5,161	\$0	\$0	\$4,880	\$280
22	6123Office equipment expense	\$16,632	\$0	\$0	\$15,703	\$929
23	6124General purpose computers expense	\$143,674	\$8,361	\$714	\$127,055	\$5,058
24	6120 General support expenses	\$413,297	\$16,225	\$717	\$381,185	\$12,684
25	6211Non-digital electronic expense	\$6,503	\$6,503	\$0	\$0	\$0
26	6212Digital electronic expense	\$209,707	\$209,673	\$34	\$0	\$0
27	6210 Central office switching expenses	\$216,211	\$216,176	\$34	\$0	\$0
28	6220 Operator systems expenses	\$458	\$452	\$6	\$0	\$0
29	6231Radio systems expense	\$1,679	\$1,679	\$0	\$0	\$0

Annual Joint Cost Data Report

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

Generally Allocated		Total		Adjustments		Subject to Separations (m)	Line No.
Regulated (g)	Non-Regulated (h)	Regulated (i)	Non-regulated (j)	Cost Allocation (k)	Other (l)		
N/A	N/A	\$2,585,155	N/A	\$0	\$0	N/A	1
N/A	N/A	\$109,432	N/A	\$0	\$0	N/A	2
N/A	N/A	\$806,681	N/A	\$0	\$0	N/A	3
N/A	N/A	\$3,501,268	N/A	\$0	\$0	\$3,501,268	4
N/A	N/A	\$756,375	N/A	\$0	\$30,022	\$726,352	5
N/A	N/A	\$440,147	N/A	\$0	\$1,812	\$438,335	6
N/A	N/A	\$983,973	N/A	\$0	(\$365)	\$984,338	7
N/A	N/A	\$2,180,495	N/A	\$0	\$31,470	\$2,149,025	8
N/A	N/A	\$203,044	N/A	\$0	\$0	\$203,044	9
N/A	N/A	\$202,341	N/A	\$0	\$0	N/A	10
N/A	N/A	\$1,024,122	N/A	\$0	\$57,120	N/A	11
N/A	N/A	\$1,226,463	N/A	\$0	\$57,120	\$1,169,343	12
N/A	N/A	N/A	\$62,864	N/A	N/A	N/A	13
\$0	\$0	\$187,051	\$1,276	\$4,237	(\$0)	\$187,051	14
\$0	\$0	\$6,924,219	\$61,588	(\$4,237)	\$88,590	\$6,835,629	15
\$0	\$0	\$3,570	\$165	\$242	\$0	N/A	16
\$0	\$0	\$1,449	\$61	\$73	\$0	N/A	17
\$0	\$0	\$4,990	\$197	\$263	\$0	N/A	18
\$0	\$0	\$10,010	\$423	\$578	\$0	\$10,010	19
\$0	\$0	\$241,411	\$6,419	\$7,373	\$0	N/A	20
\$0	\$0	\$4,880	\$280	\$136	\$0	N/A	21
\$0	\$0	\$15,703	\$929	\$427	\$0	N/A	22
\$2,395	\$92	\$137,811	\$5,864	\$4,950	\$0	N/A	23
\$2,395	\$92	\$399,805	\$13,492	\$12,886	\$0	\$399,805	24
\$0	\$0	\$6,503	\$0	\$0	\$0	N/A	25
\$0	\$0	\$209,673	\$34	\$1,835	\$0	N/A	26
\$0	\$0	\$216,176	\$34	\$1,835	\$0	\$216,176	27
\$0	\$0	\$452	\$6	\$2	\$0	\$452	28
\$0	\$0	\$1,679	\$0	\$0	\$0	N/A	29

Annual Joint Cost Data Report

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

Line No.	Account Name and Number (a)	Total (b)	Directly Assigned		Attributed	
			Regulated (c)	Non - regulated (d)	Regulated (e)	Non - regulated (f)
30	6232Circuit equipment expense	\$112,857	\$112,857	\$0	\$0	\$0
31	6230 Central office transmission expenses	\$114,536	\$114,536	\$0	\$0	\$0
32	6311Station apparatus expense	\$0	\$0	\$0	\$0	\$0
33	6341Large PBX expense	\$0	\$0	\$0	\$0	\$0
34	6351Public telephone terminal equipment exp.	\$26,148	\$0	\$26,148	\$0	\$0
35	6362Other terminal equipment expense	\$260,713	\$193,984	\$18,093	\$27,829	\$20,807
36	6310 Information O/T expenses	\$286,861	\$193,984	\$44,241	\$27,829	\$20,807
37	6411Poles expense	\$17,687	\$8,894	\$0	\$8,793	\$0
38	6421Aerial cable expense	\$627,008	\$627,008	\$0	\$0	\$0
39	6422Underground cable expense	\$121,155	\$121,155	\$0	\$0	\$0
40	6423Buried cable expense	\$58,044	\$58,044	\$0	\$0	\$0
41	6424Submarine & Deep Sea cable expense	\$37	\$37	\$0	\$0	\$0
42	6426Intrabuilding network cable expense	\$13,671	\$684	\$0	\$12,987	\$0
43	6431Aerial wire expense	\$0	\$0	\$0	\$0	\$0
44	6441Conduit systems expense	\$113,460	\$113,460	\$0	\$0	\$0
45	6410 Cable and wire facilities expenses	\$951,062	\$929,282	\$0	\$21,780	\$0
	EXPENSES					
	Plant Non-Specific					
46	6511PHFTU expense	\$0	\$0	\$0	\$0	\$0
47	6512Provisioning expense	\$7,760	\$0	\$87	\$7,271	\$401
48	6510 Other P/P&E expense	\$7,760	\$0	\$87	\$7,271	\$401
49	6531Power expense	\$84,038	\$0	\$0	\$83,964	\$74
50	6532Network administration expense	\$104,517	\$61,895	\$867	\$41,170	\$586
51	6533Testing expense	\$242,796	\$220,315	\$22,481	\$0	\$0
52	6534Plant operations administration expense	\$307,065	\$0	\$2,476	\$294,329	\$10,260
53	6535Engineering expense	\$78,319	\$7,144	\$521	\$70,175	\$478
54	6530 Network operations expenses	\$816,735	\$289,354	\$26,344	\$489,638	\$11,398
55	6540 Access expense	\$158,872	\$158,872	\$0	\$0	\$0
	Depreciation/Amortization					
56	6561Depreciation-TPIS expense	\$1,952,949	\$65,340	\$14,567	\$1,868,279	\$4,763
57	6562Depreciation-PHFTU expense	\$0	\$0	\$0	\$0	\$0
58	6563Amortization-tangible expense	\$16,686	\$1	\$0	\$16,041	\$644
59	6564Amortization-intangible expense	\$139,002	\$0	\$0	\$132,844	\$6,159
60	6565Amortization-other expense	\$44,662	\$44,662	\$0	\$0	\$0
61	6560 Depreciation/Amortization expenses	\$2,153,300	\$110,003	\$14,567	\$2,017,164	\$11,566
	Customer Operations-Marketing					
62	6611Product management expense	\$253,429	\$224,399	\$13,057	\$3,653	\$301
63	6613Product advertising expense	\$37,127	\$35,738	\$127	\$0	\$0
64	6610 Marketing expenses	\$290,556	\$260,137	\$13,184	\$3,653	\$301
	Customer Operations-Services					
65	6621Call completion expense	\$24,774	\$23,929	\$845	\$0	\$0
66	6622Number services expense	\$56,544	\$52,101	\$4,442	\$0	\$0
67	6623Customer services expense	\$590,389	\$496,381	\$43,122	\$50,376	\$3,098

Annual Joint Cost Data Report

Company: New York Telephone

Type:

 Period: From : January 1, 2003
 Period to: December 31, 2003

Date Submitted: March 31, 2003

Generally Allocated		Total		Adjustments		Subject to Separations (m)	Line No.
Regulated (g)	Non-Regulated (h)	Regulated (i)	Non-regulated (j)	Cost Allocation (k)	Other (l)		
\$0	\$0	\$112,857	\$0	\$0	\$0	N/A	30
\$0	\$0	\$114,536	\$0	\$0	\$0	\$114,536	31
\$0	\$0	\$0	\$0	\$0	\$0	N/A	32
\$0	\$0	\$0	\$0	\$0	\$0	N/A	33
\$0	\$0	\$0	\$26,148	\$0	\$0	N/A	34
\$0	\$0	\$221,813	\$38,901	\$88,159	\$0	N/A	35
\$0	\$0	\$221,813	\$65,048	\$88,159	\$0	\$221,813	36
\$0	\$0	\$17,687	\$0	\$0	\$8,894	N/A	37
\$0	\$0	\$627,008	\$0	\$0	\$20,330	N/A	38
\$0	\$0	\$121,155	\$0	\$0	\$9,330	N/A	39
\$0	\$0	\$58,044	\$0	\$0	\$879	N/A	40
\$0	\$0	\$37	\$0	\$0	\$6	N/A	41
\$0	\$0	\$13,671	\$0	\$0	\$684	N/A	42
\$0	\$0	\$0	\$0	\$0	\$0	N/A	43
\$0	\$0	\$113,460	\$0	\$0	\$1,677	N/A	44
\$0	\$0	\$951,062	\$0	\$0	\$41,799	\$909,264	45
\$0	\$0	\$0	\$0	\$0	\$0	N/A	46
\$0	\$0	\$7,271	\$488	\$25	\$0	N/A	47
\$0	\$0	\$7,271	\$488	\$25	\$0	\$7,271	48
\$0	\$0	\$83,964	\$74	\$684	\$0	N/A	49
\$0	\$0	\$103,065	\$1,453	\$580	\$0	N/A	50
\$0	\$0	\$220,315	\$22,481	\$8,724	\$0	N/A	51
\$0	\$0	\$294,329	\$12,736	\$15,807	\$0	N/A	52
\$0	\$0	\$77,319	\$999	\$293	\$0	N/A	53
\$0	\$0	\$778,993	\$37,742	\$26,088	\$0	\$778,993	54
\$0	\$0	\$158,872	\$0	\$0	\$0	\$158,872	55
\$0	\$0	\$1,933,619	\$19,330	\$11,225	\$64,601	N/A	56
\$0	\$0	\$0	\$0	\$0	\$0	N/A	57
\$0	\$0	\$16,042	\$644	\$555	\$1	N/A	58
\$0	\$0	\$132,844	\$6,159	\$2,292	\$0	N/A	59
\$0	\$0	\$44,662	\$0	\$0	\$44,662	N/A	60
\$0	\$0	\$2,127,167	\$26,133	\$14,072	\$109,264	\$2,017,903	61
\$11,067	\$951	\$239,119	\$14,310	\$2,183	\$0	N/A	62
\$1,162	\$100	\$36,900	\$227	\$34	\$0	N/A	63
\$12,229	\$1,051	\$276,019	\$14,537	\$2,217	\$0	\$276,019	64
\$0	\$0	\$23,929	\$845	\$0	\$0	N/A	65
\$0	\$0	\$52,101	\$4,442	\$1,290	\$0	N/A	66
(\$2,436)	(\$152)	\$544,321	\$46,068	\$5,081	\$0	N/A	67

Annual Joint Cost Data Report

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

Line No.	Account Name and Number (a)	Total (b)	Directly Assigned		Attributed	
			Regulated (c)	Non - regulated (d)	Regulated (e)	Non - regulated (f)
68	6620 Services expenses	\$671,706	\$572,411	\$48,409	\$50,376	\$3,098
	EXPENSES					
	General & Administrative					
69	6720 General & administrative	\$1,921,045	\$120,135	\$10,881	\$453,127	\$17,794
70	6790 Provision for uncollectible notes rec.	\$0	\$0	\$0	\$0	\$0
71	720 Total operating expenses	\$8,012,832	\$2,981,567	\$158,471	\$3,462,034	\$78,473
72	7100 Other operating inc/exp	(\$9,898)	(\$6,971)	\$29	\$0	\$0
	Operating Taxes					
73	7210 Operating invest tax credit-net	\$3,026	(\$3,324)	\$0	\$6,295	\$56
74	7220 Operating federal income taxes	(\$562,813)	\$0	\$0	(\$480,913)	(\$81,900)
75	7230 Operating state & local taxes	(\$143)	\$0	\$0	(\$114)	(\$28)
76	7240 Operating other taxes	\$669,934	\$18,481	\$0	\$645,473	\$5,981
77	7250 Provision deferred income taxes	\$37,823	\$74,920	\$0	(\$31,855)	(\$5,242)
78	7200 Operating taxes	\$141,775	\$96,725	\$0	\$126,296	(\$81,246)
79	7300 Nonoperating inc/exp	\$126,065	\$114,259	\$0	\$12,189	\$83
80	7500 Interest & related items	\$332,244	(\$17,524)	\$0	\$346,331	\$3,438
81	7600 Extraordinary items	\$215,495	\$182,098	\$0	\$33,397	\$0
82	7910 Income effects diff-net	\$0	\$0	N/A	N/A	N/A
83	7990 Nonregulated net income	\$0	N/A	\$0	N/A	\$0
84	750 Total Expenses	\$8,155,190	\$2,771,382	\$158,442	\$3,889,073	\$582
	PLANT-IN-SERVICE					
	Land & Support Plant					
85	2111 Land	\$112,865	\$0	\$0	\$111,282	\$1,583
86	2112 Motor vehicles	\$189,536	\$0	\$0	\$182,673	\$6,864
87	2113 Aircraft	\$14	\$14	\$0	\$0	\$0
88	2114 Tools and other work equipment	\$257,157	\$0	\$0	\$248,924	\$8,233
89	2121 Buildings	\$2,934,648	\$800,948	\$0	\$2,095,725	\$37,975
90	2122 Furniture	\$1,912	\$0	\$0	\$1,819	\$92
91	2123 Office equipment	\$43,519	\$1,713	\$0	\$39,785	\$2,020
92	2124 Gen purpose computers	\$294,665	\$15,237	\$936	\$264,627	\$8,721
93	2110 Land & support	\$3,834,317	\$817,913	\$936	\$2,944,835	\$65,488
	Central Office Switching					
94	2211 Non-digital switching	\$13,384	\$13,384	\$0	\$0	\$0
95	2212 Digital switching	\$5,232,219	\$5,228,348	\$3,871	\$0	\$0
96	2210 Central office switching	\$5,245,603	\$5,241,732	\$3,871	\$0	\$0
97	2220 Operator systems	\$42,462	\$41,892	\$570	\$0	\$0
	Central Office - Transmission					
98	2231 Radio systems	\$13,293	\$13,293	\$0	\$0	\$0
99	2232 Circuit equipment	\$7,247,865	\$7,240,942	\$6,922	\$0	\$0

Annual Joint Cost Data Report

Company: New York Telephone

Type:

Period: From : January 1, 2003
Period to: December 31, 2003

Date Submitted: March 31, 2003

Generally Allocated		Total		Adjustments		Subject to Separations (m)	Line No.
Regulated (g)	Non-Regulated (h)	Regulated (i)	Non-regulated (j)	Cost Allocation (k)	Other (l)		
(\$2,436)	(\$152)	\$620,351	\$51,355	\$6,370	\$0	\$620,351	68
\$1,268,509	\$50,599	\$1,841,771	\$79,274	\$52,161	\$70,268	\$1,771,502	69
\$0	\$0	\$0	\$0	\$0	\$0	\$0	70
\$1,280,698	\$51,590	\$7,724,298	\$288,533	\$204,393	\$221,331	\$7,502,968	71
(\$2,832)	(\$199)	(\$9,803)	(\$170)	\$0	(\$0)	(\$9,803)	72
\$0	\$0	\$2,971	\$56	\$40	(\$3,324)	N/A	73
\$0	\$0	(\$480,913)	(\$81,900)	(\$14,434)	\$0	N/A	74
\$0	\$0	(\$114)	(\$28)	(\$5)	\$0	N/A	75
\$0	\$0	\$663,954	\$5,981	\$9,482	\$0	N/A	76
\$0	\$0	\$43,065	(\$5,242)	(\$6,186)	\$74,920	N/A	77
\$0	\$0	\$223,021	(\$81,246)	(\$11,183)	\$78,244	\$144,776	78
(\$425)	(\$29)	\$126,023	\$54	\$62	\$114,256	\$11,767	79
\$0	\$0	\$328,806	\$3,438	\$2,350	\$3,774	\$325,032	80
\$0	\$0	\$215,495	\$0	\$0	\$215,495	\$0	81
N/A	N/A	\$0	N/A	N/A	(\$488,730)	\$488,730	82
N/A	\$0	N/A	\$0	N/A	N/A	N/A	83
\$1,283,955	\$51,818	\$7,944,411	\$210,841	N/A	N/A	N/A	84
\$0	\$0	\$111,282	\$1,583	\$1,480	\$0	N/A	85
\$0	\$0	\$182,673	\$6,864	\$9,585	\$0	N/A	86
\$0	\$0	\$14	\$0	\$0	\$14	N/A	87
\$0	\$0	\$248,924	\$8,233	\$10,380	\$0	N/A	88
\$0	\$0	\$2,896,673	\$37,975	\$35,503	\$15,704	N/A	89
\$0	\$0	\$1,819	\$92	\$46	\$0	N/A	90
\$0	\$0	\$41,498	\$2,020	\$1,000	\$1,713	N/A	91
\$4,968	\$176	\$284,833	\$9,833	\$9,010	\$113	N/A	92
\$4,968	\$176	\$3,767,716	\$66,601	\$67,003	\$17,544	\$3,750,172	93
\$0	\$0	\$13,384	\$0	\$0	\$11,318	\$2,065	94
\$0	\$0	\$5,228,348	\$3,871	\$99,879	\$72,510	\$5,155,838	95
\$0	\$0	\$5,241,732	\$3,871	\$99,879	\$83,828	\$5,157,903	96
\$0	\$0	\$41,892	\$570	\$228	\$2,123	\$39,769	97
\$0	\$0	\$13,293	\$0	\$0	(\$141)	\$13,434	98
\$0	\$0	\$7,240,942	\$6,922	\$0	\$173,529	\$7,067,413	99

Annual Joint Cost Data Report

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

Line No.	Account Name and Number (a)	Total (b)	Directly Assigned		Attributed	
			Regulated (c)	Non - regulated (d)	Regulated (e)	Non - regulated (f)
100	2230 Transmission	\$7,261,157	\$7,254,235	\$6,922	\$0	\$0
	Information O/T					
101	2311 Station apparatus	\$0	\$0	\$0	\$0	\$0
102	2321 Customer premises wiring	\$0	\$0	\$0	\$0	\$0
103	2341 Large PBX	\$0	\$0	\$0	\$0	\$0
104	2351 Public telephone terminal	\$110,511	\$7	\$110,504	\$0	\$0
105	2362 Other terminal	\$460,774	\$441,214	\$19,559	\$0	\$0
106	2310 Information O/T	\$571,285	\$441,221	\$130,064	\$0	\$0
	Cable & Wire Facilities					
107	2411 Poles	\$609,079	\$8,001	\$0	\$601,078	\$0
108	2421 Aerial cable	\$5,171,303	\$5,171,302	\$1	\$0	\$0
109	2422 Underground cable	\$2,496,822	\$2,496,822	\$0	\$0	\$0
110	2423 Buried cable	\$1,111,704	\$1,111,704	\$0	\$0	\$0
111	2424 Submarine & Deep Sea cable	\$6,664	\$6,664	\$0	\$0	\$0
112	2426 Intrabuilding network	\$387,462	\$8,467	\$0	\$378,995	\$0
113	2431 Aerial wire	\$0	\$0	\$0	\$0	\$0
114	2441 Conduit systems	\$1,657,675	\$1,657,675	\$0	\$0	\$0
115	2410 Cable & wire facilities	\$11,440,710	\$10,460,636	\$1	\$980,073	\$0
	PLANT-IN-SERVICE					
	Amortization Assets					
116	2681 Capital leases	\$24,951	\$3,130	\$0	\$21,159	\$661
117	2682 Leasehold improvements	\$87,847	(\$64)	\$0	\$85,054	\$2,857
118	2680 Amort tangible assets	\$112,798	\$3,066	\$0	\$106,213	\$3,518
119	2690 Intangibles	\$303,549	\$1	\$7,459	\$291,651	\$4,438
120	2001 TPIS	\$28,811,880	\$24,260,695	\$149,824	\$4,322,773	\$73,444
	OTHER INVESTMENTS					
121	2002 PHFTU	\$2,002	\$1,758	\$0	\$242	\$2
122	2003 TPUC	\$169,832	\$159,749	\$2,732	\$7,284	\$68
123	2005 Plant acquisition adjustments	\$0	\$0	\$0	\$0	\$0
124	1220 Inventories	\$30,735	\$746	\$1,992	\$28,215	(\$218)
125	1410 Other noncurrent assets	\$997,589	\$731,131	\$0	\$257,177	\$9,281
126	1438 Def maint, retire & other def charges	\$663,790	\$663,790	\$0	\$0	\$0
127	1500 Other jurisdictional assets-net	\$0	\$0	\$0	\$0	\$0
128	230 IS cash working capital	N/A	N/A	N/A	N/A	N/A
129	370 Total Investment	\$30,675,828	\$25,817,870	\$154,547	\$4,615,690	\$82,577
	RESERVES					
	Accumulated Depreciation & Amortization					
130	3100 Accum depreciation	\$16,615,612	\$9,383,301	\$86,480	\$7,118,375	\$27,457
131	3200 Accum depreciation - PHFTU	\$653	(\$24)	(\$1)	\$676	\$1
132	3410 Accum amort - cap lease	\$9,645	\$176	(\$176)	\$9,389	\$256

Annual Joint Cost Data Report

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

Generally Allocated		Total		Adjustments		Subject to Separations (m)	Line No.
Regulated (g)	Non-Regulated (h)	Regulated (i)	Non-regulated (j)	Cost Allocation (k)	Other (l)		
\$0	\$0	\$7,254,235	\$6,922	\$0	\$173,388	\$7,080,847	100
\$0	\$0	\$0	\$0	\$0	\$0	N/A	101
\$0	\$0	\$0	\$0	\$0	\$0	N/A	102
\$0	\$0	\$0	\$0	\$0	\$0	N/A	103
\$0	\$0	\$7	\$110,504	\$0	\$7	N/A	104
\$0	\$0	\$441,214	\$19,559	\$0	\$4,410	N/A	105
\$0	\$0	\$441,221	\$130,064	\$0	\$4,417	\$436,804	106
\$0	\$0	\$609,079	\$0	\$0	\$8,001	N/A	107
\$0	\$0	\$5,171,302	\$1	\$0	\$69,474	N/A	108
\$0	\$0	\$2,496,822	\$0	\$0	\$20,476	N/A	109
\$0	\$0	\$1,111,704	\$0	\$0	\$12,850	N/A	110
\$0	\$0	\$6,664	\$0	\$0	\$73	N/A	111
\$0	\$0	\$387,462	\$0	\$0	\$8,467	N/A	112
\$0	\$0	\$0	\$0	\$0	\$0	N/A	113
\$0	\$0	\$1,657,675	\$0	\$0	\$13,793	N/A	114
\$0	\$0	\$11,440,708	\$1	\$0	\$133,134	\$11,307,575	115
\$0	\$0	\$24,290	\$661	\$454	\$0	N/A	116
\$0	\$0	\$84,990	\$2,857	\$2,215	(\$64)	N/A	117
\$0	\$0	\$109,280	\$3,518	\$2,669	(\$64)	\$109,344	118
\$0	\$0	\$291,652	\$11,897	\$4,057	(\$39,191)	\$330,843	119
\$4,968	\$176	\$28,588,436	\$223,444	\$173,837	\$375,180	\$28,213,256	120
\$0	\$0	\$2,000	\$2	\$2	\$1	\$1,999	121
\$0	\$0	\$167,033	\$2,799	\$4,243	(\$40,834)	\$207,867	122
\$0	\$0	\$0	\$0	\$0	\$0	\$0	123
\$0	\$0	\$28,961	\$1,774	\$92	(\$12,734)	\$41,695	124
\$0	\$0	\$988,309	\$9,281	\$9,428	\$978,881	\$9,428	125
\$0	\$0	\$663,790	\$0	\$0	\$663,790	\$0	126
\$0	\$0	\$0	\$0	\$0	(\$675,214)	\$675,214	127
N/A	N/A	N/A	N/A	N/A	N/A	\$0	128
\$4,968	\$176	\$30,438,528	\$237,300	\$187,602	\$1,289,069	\$29,149,459	129
\$0	\$0	\$16,501,675	\$113,937	\$163,097	\$140,045	\$16,361,631	130
\$0	\$0	\$653	\$0	\$1	(\$24)	\$677	131
\$0	\$0	\$9,565	\$80	\$351	(\$684)	\$10,249	132

Annual Joint Cost Data Report

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

Line No.	Account Name and Number (a)	Total (b)	Directly Assigned		Attributed	
			Regulated (c)	Non - regulated (d)	Regulated (e)	Non - regulated (f)
	Deferred Operating Inc Taxes					
133	4100Net current deferred	\$257,675	\$346,291	\$0	(\$85,538)	(\$3,078)
134	4340Net noncurrent deferred	\$2,042,159	\$1,480,268	\$0	\$584,835	(\$22,943)
	RESERVES					
	Other Deductions					
135	4040Customers' deposits	\$9,458	\$0	\$0	\$9,370	\$88
136	4300Other long-term liab. & deferred credits	\$4,797,931	\$1,028,524	\$0	\$3,217,121	\$242,937
137	4370Other jurisdictional liabilities	\$0	\$0	\$0	\$0	\$0
138	495 Total Reserves	\$23,733,133	\$12,238,535	\$86,303	\$10,854,228	\$244,717

Annual Joint Cost Data Report

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

Generally Allocated		Total		Adjustments		Subject to Separations (m)	Line No.
Regulated (g)	Non-Regulated (h)	Regulated (i)	Non-regulated (j)	Cost Allocation (k)	Other (l)		
\$0	\$0	\$260,753	(\$3,078)	(\$3,126)	\$263,878	(\$3,126)	133
\$0	\$0	\$2,065,103	(\$22,943)	(\$26,773)	\$1,635,129	\$429,974	134
\$0	\$0	\$9,370	\$88	\$214	\$773	\$8,597	135
\$298,742	\$10,607	\$4,544,387	\$253,544	\$8,781	\$2,059,246	\$2,485,141	136
\$0	\$0	\$0	\$0	\$0	(\$472,940)	\$472,940	137
\$298,742	\$10,607	\$23,391,505	\$341,628	\$142,547	\$3,625,422	\$19,766,084	138

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Annual Joint Cost Data Report

Company:	New York Telephone	Type:
Period: From :	January 1, 2003	
Period to:	December 31, 2003	
Date Submitted:	March 31, 2003	

Type:

Date Submitted: March 31, 2003

[illegible]

Company: New York Telephone

Type:

Period: From : January 1, 2003
Period to: December 31, 2003

Date Submitted: March 31, 2003

[illegible]

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

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Company: New York Telephone

Type:

Period: From : January 1, 2003
Period to: December 31, 2003

Date Submitted: March 31, 2003

[illegible]

Annual Joint Cost Data Report

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

Type:

Date Submitted: March 31, 2003

223-92 C. 88-C-136

Annual Joint Cost Data Report

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

Type:

Date Submitted: March 31, 2003

[illegible]

Company: New York Telephone

Type:

Period: From : January 1, 2003

Period to: December 31, 2003

Date Submitted: March 31, 2003

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VERIFICATION

The Public Service Law requires that "... it shall be the duty of every such person and corporation to file with the Commission an annual report, verified by oath of the president, vice-president, treasurer, secretary, general manager, or receiver, if any, thereof, or by the person required to file the same. The verification shall be made by said official holding office at the time of the filing of said report, and if not made upon the knowledge of the person verifying the same shall set forth the sources of his information and the grounds of his belief as to any matters not stated to be verified upon his knowledge."

State of

) SS. :

County of

.....makes oath and

says: I am the of
(Here insert the official title of the deponent) (Here insert exact name of the reporting company)

I am familiar with the preparation of the foregoing report know generally the contents thereof. The said report which

consists of
(Here insert exact identification of the sections and pages comprising this report)

is true and correct to the best of my knowledge and belief. As to matters not actually stated upon my knowledge,

the sources of my information and the grounds for my belief are as follows:

Signature

Subscribed and sworn to before me a

this day of 19

[use an im-

L.S.

pression seal]

(Signature of officer authorized to administer oaths)

(This space for use of the Public Service Commission)

Computed

Examined

Reviewed

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VERIFICATION

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State of Pennsylvania Commonwealth.....Pennsylvania.....)

) SS. :

County of ...Philadelphia.....)

Edwin F. Hall.....makes oath and

says: I am the ...Controller..... of ..Verizon-New York Inc.....
(Here insert the official title of the deponent) (Here insert exact name of the reporting company)

I am familiar with the preparation of the foregoing report know generally the contents thereof. The said report which

consists of all pages of the Annual Report and the Annual Joint Cost Data Report.....
(Here insert exact identification of the sections and pages comprising this report)

is true and correct to the best of my knowledge and belief. As to matters not actually stated upon my knowledge,

the sources of my information and the grounds for my belief are as follows:

.....
Edwin F. Hall
.....
Signature

Subscribed and sworn to before me a

.....
this 30 day of March2004.....

Notarial Seal
David F. Salvucci, Notary Public
Philadelphia, Philadelphia County
My Commission Expires May 17, 2004
Member, Pennsylvania Association of Notaries

[use an im-

L.S.

pression seal]

(Signature of officer authorized to administer oaths)

(This space for use of the Public Service Commission)

Computed
Examined
Reviewed