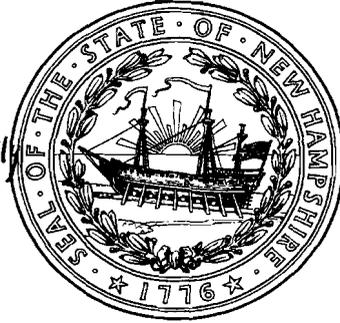


STATE OF NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Concord, New Hampshire



ANNUAL REPORT	SIGNED
FILED	4-2-04 DB
INDEXED	3/31/04 electronically
ADDED	
SUMMARIZED	
CLOSED	

Telecommunications Companies
Incumbent Local Exchange Carrier

ANNUAL REPORT
OF

Verizon New England Inc.

(If name was changed during the year, enter the previous name and date of change below)

f/k/a <Enter Previous Company Name>

Date of Change <Enter Date>

FOR THE YEAR ENDED DECEMBER 31, **2003**
year

FEDERAL TAX ID# _____

Officer or other person to whom correspondence should be addressed regarding this report:

Name Kevin J. O'Quinn
Title Director-Regulatory Accounting
Address 125 High Street Room 558
Boston, MA 02110
Phone Number 617-743-1186
Email Address Kevin.J.OQuinn@verizon.com

RSA 374:15 Every public utility shall file with the commission reports at such times, verified by oath in such manner, and setting forth such statistics and facts, as may be required by the commission.

RSA 374:17 Neglect or refusal to file will result in a forfeiture of \$100 per day for each day in default.

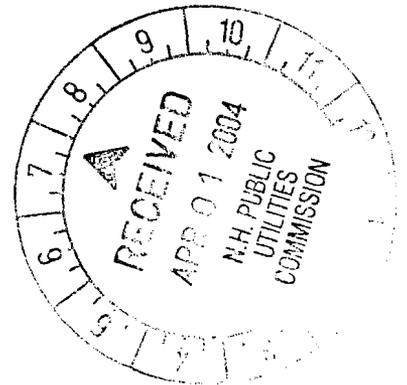
PUC Rule 407.10-This annual report is due at the commission offices no later than March 31 of each year.



125 High Street
Room 558
Boston, MA 02110-0721

April 1, 2004

Ms. Kathryn M. Bailey
Telecommunications Director
New Hampshire Public Utilities Commission
8 Old Suncook Road
Concord, NH 03301-7319



Re: NHPUC Annual Report for Year Ended 2003

Dear Ms. Bailey:

Enclosed please find the 2003 Annual Report of Verizon New England Inc. These schedules reflect results for the Year ending December 31, 2003. All amounts are on a MR combined basis and are accounted for as prescribed under the Uniform System of Accounts.

This Annual report was also submitted electronically as an Excel file through the Commission's Electronic Report Filing (ERF) system on March 31, 2004.

Copies of the ARMIS 43-02 reports for Verizon-New England and Verizon-New Hampshire as well as the ARMIS 43-08 report are also attached.

If you have any questions please feel free to contact me at (617) 743-1186.

Sincerely,

Kevin J. O'Quinn

Director- Regulatory Accounting

enclosure

TABLE OF CONTENTS		
Schedule No.	TITLE OF SCHEDULE	PAGE
<u>General Corporate Information Schedules</u>		
A		
A-1.	General Information	1
A-2.	List of Officers	2
A-3.	List of Directors	2
A-4.	Shareholders & Voting Powers	3
A-5.	List of Exchanges Served Directly	4
A-6.	Payment to Individuals	4
A-7.	Management Fees and Expenses	5
A-8.	Important Changes During Year	6
A-9.	Financial Reporting Disclosure Instructions	7
<u>Financial Statements</u>		
FS		
FS-10.	Balance Sheet	8-9
FS-11.	Income Statement	11
<u>Balance Sheet Supporting Schedules</u>		
B		
B-12A.	Analysis of Telecommunications Plant Accounts	12-13
B-12B.	Analysis of Telecommunications Plant-in-Service Retired	15
B-12C.	Analysis of Entries in Property Held for Future Telecommunications Use	16-17
B-12D.	Capital Leases	18-19
B-13A.	Analysis of Telecommunications Plant Acquired	20-21
B-13B.	Analysis of Telecommunications Plant Purchased From or Sold To Affiliates	22
B-14A.	Analysis of Entries in Accumulated Depreciation	24-27
B-14B.	Bases of Charges for Depreciation	28
B-15.	Analysis of Entries in Accumulated Amortization	29
B-16.	Statement of Cash Flows	30-31
B-17.	Receivables and Investments Affiliated and Non-Affiliated Companies	32-33
B-18.	Other Prepayments	34
B-19.	Other Current Assets	35
B-20.	Sinking Funds	36
B-21.	Other Noncurrent Assets	37
B-22.	Deferred Charges	38
B-23.	Unamortized Debt Issuance Expense	39
B-24.	Long-Term Debt	40
B-25.	Notes Payable	41
B-26.	Accounts Payable	42
B-29.	Other Long Term Liabilities	43
B-30A.	Other Deferred Credits	44
B-30B.	Net Deferred Operating Income Taxes	45
B-30C.	Net Deferred Non-Operating Income Taxes	46-47
B-31.	Retained Earnings	49
B-32.	Dividends Declared	50
B-33.	Capital Stock	51
<u>Income Statement Supporting Schedules</u>		
I		
I-34.	Operating Revenues	52
I-34A.	Increase or Decrease in Operating Revenues	53
I-35.	Operating Expenses	54
I-35A.	Increase or Decrease in Operating Expenses	55
I-35B.	Customer Operations Expenses and Corporate Operating Expenses	56
I-36A.	Other Operating Taxes	57
I-36B.	Prepaid Taxes and Tax Accruals	58
I-36C.	Nonoperating Taxes	59
I-36D.	Extraordinary Items	60
I-37.	Nonoperating Income and Expenses	61
I-38.	Other Operating Income and Expenses	61
I-39.	Special Expenses Attributable to Formal Regulatory Cases	62
I-40.	Advertising	63
I-41.	General Services and Licenses	64
I-42.	Membership Fees and Dues	65
I-43.	Donations or Payments for Services Rendered by Persons Other than Employees	66
<u>Statistical and Other Schedules</u>		
S		
S-1	Switches and Access Lines In Service	67
S-2	Outside Plant Statistics - Distribution/Feeder	68
S-3	Outside Plant Statistics - Interoffice	69
S-4	Pension Cost	70
S-4	Pension Cost	71
	Signature Page/Oath	72
<u>Additional Schedules</u>		
Changes	Supports Schedule A-5	74
Payments	Supports Schedule A-6	75-76
Debt	Supports Schedules B-23, B-24, B-25	77

A-1. GENERAL INFORMATION

IDENTITY OF RESPONDENT

1. Give the exact name under which the utility does business: Verizon New England Inc.
2. Full name of any other utility acquired during the year and date of acquisition:
3. Location of principal office: 185 Franklin Street, Boston, MA 02110
4. State whether the utility is a corporation, joint stock association, trust or partnership, or an individual: Corporation
5. If a corporation or association, give date of incorporation, State under whose laws incorporated, and whether incorporated under special law: October 19, 1883
6. If incorporated under special act, given chapter and session date:
7. Give date when company was originally organized and date of any reorganization:
8. Name and addresses of principal offices of any corporations, trusts or associations owning, controlling or operating respondent:
9. Name and addresses of principal offices of any corporations, trusts or associations owned, controlled or operated by the respondent:
10. Date when respondent first began to operate as a utility: October 19, 1883
11. If the respondent is engaged in any business not related to utility operation, provide all details*:
12. If the status of the respondent has changed during the year in respect to any of the statements made above, provide all details, including dates:
13. If the utility is a foreign corporation which operated in New Hampshire prior to June 1, 1911, give date in which permission was granted to operate under NH. Rev. Stat. Ann 374:25, Exceptions and NH. Rev. Stat. Ann. 374:26 Permission.
- *If engaged in operations of utilities of more than one type, give dates for each.

OTHER PUBLISHED ANNUAL REPORTS

- REPORT TO STOCKHOLDERS/MEMBERS.** A copy of the annual report to stockholders or members [] was [] will be sent to NH PUC on or about
Annual reports to stockholders or members are not published.
- RUS REPORT.** A copy of the published annual report to the Rural Utilities Service [] was [] will be sent to NH PUC on or about
 The respondent does not report to the Rural Utilities Service
- LEC REPORT.** A copy of the respondent's Annual Report for Local Exchange Carriers to NH PUC is attached.

A-2. LIST OF OFFICERS

*Includes compensation received from all sources except directors fees.

Line No.	Title of Officer	Name	Residence	Compensation*
1	Chairman of the Board and CEO	Lawrence T. Babbio, Jr.		
2	Region President - Operations (New England)	W. Robert Mudge		
3	Region President - Northern New England	Paula L. Brown		
4	Region President - Massachusetts & Rhode Island	Donna C. Cupelo		
5	Secretary	Mananne Drost		
6	Assistant Secretary	Veronica C. Glennon		
7	Assistant Secretary	David S. Kauffman		
8	Assistant Secretary	David A. Raney		
9	Assistant Secretary	Jane A. Schapker		
10	Vice President and Treasurer	William F. Heitmann		
11	Assistant Treasurer	Janet M. Garrity		
12	Assistant Treasurer	Neil D. Olson		
13	Assistant Treasurer	Shella L. Small		
14	Controller	Edwin F. Hall		
15	Chief Financial Officer	John F. Killian		
16	Vice President - Taxes	Richard P. Jankun		
17	Vice President - Taxes	Richard R. Masching		
18	Vice President - Taxes	Joseph J. McGeever		
<p>* Note: For details on compensation, please refer to Verizon's Proxy Statement and New England Telephone's Form 10K @ SEC Filings - Verizon</p>				

A-3. LIST OF DIRECTORS

	Name	Residence	Length of Term	Term Expires	No. of Meetings Attended Year	Annual Fees*
19	Lawrence T. Babbio, Jr.					
20	Bruce P. Beausejour					
21	Paula L. Brown					
22	Donna C. Cupelo					
23	John F. Killian					
24	State Directors' fee per meeting*					

A-4. SHAREHOLDERS AND VOTING POWERS

Line No.	<p>1 State total of voting power of all security holders at close of year: Votes:</p> <p>2 State total number of shareholders of record at close of year according to classes of stock</p> <p>3</p> <p>4</p> <p>5 State the total number of votes cast at the latest general meeting:</p> <p>6 Give date and place of such meeting</p> <p>Give the following information concerning the ten security holders having the highest voting powers in the corporation, the officers, directors and each holder of one percent or more of the voting capital stock. (Section 7, Chapter 182. Laws of 1933)</p>			
	Name	Address	No. of Votes	Number of Shares Owned Common Preferred
7	NYNEX Corporation	335 Madison Avenue New York, NY 10017		1
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
	Totals		-	1 -

A-5. LIST OF EXCHANGES SERVED DIRECTLY

List individually each exchange name, exchange NXX , towns served directly, indicating those in which franchise is for limited area by an asterisk (*) after the town/area's name.

Line No.	Exchange Name	Exchange NXX	Towns Served	Number of Customers	Line No.	Exchange Name	Exchange NXX	Towns Served	Number of Customers
								Sub-Total Forwarded	-
1	Please refer to the sheet in this file labeled "Exchanges".				16				
2					17				
3					18				
4					19				
5					20				
6					21				
7					22				
8					23				
9					24				
10					25				
11					26				
12					27				
13					28				
14					29				
15					30				
Sub-Totals Forward:				-	Totals:				-

A-6. PAYMENTS TO INDIVIDUALS

List here names of all individuals, partnerships, or corporations, to whom payments totaling \$10,000 or more for services rendered were made or accrued during the year, and the amount paid or accrued to each. Where payments or accruals to the individual members of a partnership or firm together total \$10,000 or more, list each individual and the amount paid or due each.

Line No.	Name	Address	Amount
1	Please refer to the sheet in this file labeled "Payments".		\$ -
2			\$ -
3			\$ -
4			\$ -
5			\$ -
6			\$ -
7			\$ -
8			\$ -
9			\$ -
10			\$ -
11			\$ -
12			\$ -
13			\$ -
14			\$ -
Total			\$ -

A-7. MANAGEMENT FEES AND EXPENSES

List all individuals, associations, partnerships, corporations or concerns with whom the company has any contract or agreement covering management or supervision of its affairs such as accounting, financing, engineering, construction, purchasing, operation, etc., and show the total amount paid to each for the year. Designate by asterisk (*) those organizations which are "Affiliates" as defined in Chapter 182, Section 1, Laws of 1993.

Line No.	Name	Date of Contract	Date of Expiration	Character of Service	Amount Paid or Accrued for Each Class	Distribution of Accrual or Payments		
						To Fixed Capital	To Operating Exp.	To Other Accts.
1								
2								
3	Refer to Schedule I-41 for VZ-NH Costs for Services provided by Affiliates and the Sheet labeled "Payments" for payments to individuals over \$10,000.							
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32	Have copies of all such contracts or agreements been filed with the Commission?							
				Totals	\$ -	\$ -	\$ -	\$ -

A-8. IMPORTANT CHANGES DURING THE YEAR

Give concise answers to each of the following, numbering them in accordance with the inquiries. Each inquiry should be answered. If "none" or "not applicable" states the fact, that response should be made. If information which answers an inquiry is given elsewhere in the report, reference to the schedule in which it appears will be sufficient.

1. List extensions of the systems (other than additions supplementing existing facilities of the respondent whether by purchase, construction, donation or otherwise. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, and the total consideration given, monetary and otherwise.
None
2. If during the year, a substantial portion or all of the property of the respondent was sold, merged, or abandoned, provide all details, including the location and territory covered. In case of sale or merger, give the effective date, name and address of the successor company, and the consideration given, monetary and otherwise.
None
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any, that was required. Give the date of the journal entries, required by the Uniform System of Accounts that were submitted to the Commission.
None
4. Estimated increase or decrease in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification and the customers affected.
None
5. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.

Please refer to Verizon-NH's semi-annual debt filing filed with the PUC on February 9, 2004.
6. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
None
7. Attach a map defining the territory covered by the respondent's operations. A new map is required when changes in territory have occurred and in each year ending in 0 or 5 (e.g., 1990 or 1995). In all other years reference to the report in which the map last appears will be sufficient.

Please refer to Verizon-NH's map filed with the PUC in January 2003.
8. State the annual effect of each important change in wage scales. Include also the effective date and the portion applicable to operations.
A 5-year Associate contract was ratified by the Unions in October 2003. The contract provides for a 3% lump-sum payment in lieu of a base wage increase in the first year of the contract, then base wages will increase 2% annually, beginning in the second year of the contract, for a total of 8% over the 5-year term of the contract. Management wage increases are tied to individual performance and are not guaranteed. Management increases are effective the first pay period in April.
9. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 6, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

**Please refer to Verizon-NE's Annual 10K report @
[SEC Filings - Verizon](#)**

A-9. FINANCIAL REPORTING DISCLOSURE INSTRUCTIONS

Footnote Disclosure:

Financial information presented in statements included within the New Hampshire Public Utilities Commission Annual Report is generally in conformance with general accepted accounting principles and the following should be disclosed:

1. Data necessary to prevent the information from being misleading. Accordingly, (a) extraordinary or material, unusual or infrequently occurring items; (b) significant principles or practices from those used in the prior year, and (c) the acquisition or disposition of significant operation, assets or liabilities should be noted.
2. Uncertainties that could affect the fairness of the information, including significant changes in the status of loss contingencies since the prior year, should be noted.
3. If revenues, costs, or expenses are accrued or deferred in a manner different from that of the prior year, the method used and the amount of such accruals or deferrals should be noted.

Please refer to Verizon-NE's Annual 10K report @
[SEC Filings - Verizon](#)

The limited information reported on this schedule is at a VZ-NH level. The rest of the accounts are reported at a VZ-NE level and can be found in Table B-1 of the VZ-NE Armis 43-02 report filed with the FCC.

ARMIS Data Retrieval System

F-10. BALANCE SHEET
Assets and Other Debits
Verizon-New Hampshire \$(000)

Line No.	Accounts (a)	See Sch.	Current Year End Balance	Previous Year End Balance	Increase or Decrease (d)
CURRENT ASSETS					
1	1130 Cash				\$ -
2	1130.1 REA Cash				\$ -
3	1130.2 Cash Savings				\$ -
4	1140 Special Cash Deposits				\$ -
5	1150 Working Cash Advances				\$ -
6	1160 Temporary Investments	17	\$ -		\$ -
7	1180 Telecommunications Accounts Receivable	17	\$ -		\$ -
8	1181 Accounts Receivable Allowance-Telecom	17	\$ -		\$ -
9	1190.1 Accounts Receivable from Affiliated Co.	17	\$ -		\$ -
10	1190.2 Other Accounts Receivable	17	\$ -		\$ -
11	1191 Accounts Receivable Allow.-Affiliates	17	\$ -		\$ -
12	1200.1 Notes Receivable from Affiliated Companies	17	\$ -		\$ -
13	1200.2 Other Notes Receivable	17	\$ -		\$ -
14	1201 Notes Receivable Allow.-Affiliates	17	\$ -		\$ -
15	1210 Interest and Dividends Receivable	17	\$ -		\$ -
16	1220 Material and Supplies				\$ -
17	1290 Prepaid Rents				\$ -
18	1300 Prepaid Taxes	36B	\$ (1)	\$ (1)	\$ -
19	1310 Prepaid Insurance				\$ -
20	1320 Prepaid Directory Expenses				\$ -
21	1330 Other Prepayments	18	\$ -		\$ -
22	1350 Other Current Assets	19	\$ -		\$ -
23	1360 Current Deferred Income Taxes-Dr.				\$ -
24	Total Current Assets				
NONCURRENT ASSETS					
.5	1401 Investments in Affiliated Companies	17	\$ -		\$ -
26	1402 Investments in Non-Affiliated Companies	17	\$ -		\$ -
27	1406 Nonregulated Investments				\$ -
28	1407 Unamortized Debt Issuance Expense	23	\$ -		\$ -
29	1408 Sinking Funds	20	\$ -		\$ -
30	1410 Other Noncurrent Assets	21	\$ -		\$ -
31	1438 Deferred Maintenance & Retirement	22	\$ -		\$ -
32	1439 Deferred Charges	22	\$ -		\$ -
33	Total Noncurrent Assets		\$ -	\$ -	\$ -
REGULATED PLANT					
34	2001 Telecommunications Plant in Service	12A	\$ 2,157,839	\$ 2,091,403	\$ 66,436
35	2002 Property Held for Future Telecom. Use	12A	\$ -	\$ -	\$ -
36	2003 Telecom. Plant Under Const.-Short Term	12A	\$ 7,113	\$ 13,321	\$ (6,208)
37	2004 Telecom. Plant Under Const.-Long Term	12A	\$ -	\$ -	\$ -
38	2005 Telecommunications Plant Adjustment	12A	\$ -	\$ -	\$ -
39	2006 Nonoperating Plant	12A	\$ 2,027	\$ 2,053	\$ (26)
40	2007 Goodwill	12A	\$ -	\$ -	\$ -
41	Total Regulated Telecommunications Plant		\$ 2,166,979	\$ 2,106,777	\$ 60,202
42	3100-3200 Less: Accumulated Depreciation	14A	\$ 1,351,606	\$ 1,258,949	\$ 92,657
43	3300 Less: Accumulated Depreciation-Non op		\$ 22	\$ 22	\$ -
44	3410-3600 Less: Accumulated Amortization	15	\$ 21,183	\$ 17,962	\$ 3,221
45	Net Telecommunications Plant		\$ 794,168	\$ 829,844	\$ (35,676)
46	Telecommunications Plant Adjustment				\$ -
47	TOTAL ASSETS AND OTHER DEBITS				

F-10. BALANCE SHEET
Liabilities and Stockholders' Equity
Verizon New Hampshire \$(000)

Line No.	Accounts (a)	See Sch.	Current Year End Balance	Previous Year End Balance	Increase or (Decrease) (d)
CURRENT LIABILITIES					
1	4010 Accounts Payable	26	\$ -	\$ -	\$ -
2	4020 Notes Payable	25	\$ -	\$ -	\$ -
3	4030 Advanced Billing and Payment			\$ -	\$ -
4	4040 Customer Deposits			\$ -	\$ -
5	4050 Current Maturities-Long Term Debt		\$ -	\$ -	\$ -
6	4060 Current Maturities-Capital Leases	12D	\$ -	\$ -	\$ -
7	4070 Income Taxes-Accrued	36B	\$ 73,411	\$ 64,954	\$ 8,457
8	4080 Other Taxes-Accrued	36B	\$ 10,683	\$ 10,773	\$ (90)
9	4100 Net Current Deferred Operating Income Taxes	30B	\$ (12,314)	\$ (4,146)	\$ (8,168)
10	4110 Net Current Deferred Non-Operating Income Taxes	30C	\$ (226)	\$ (226)	\$ 0
11	4120 Other Accrued Liabilities	26	\$ -	\$ -	\$ -
12	4130 Other Current Liabilities	26	\$ -	\$ -	\$ -
13	Total Current Liabilities				
LONG TERM DEBT					
14	4210 Funded Debt	24	\$ -	\$ -	\$ -
15	4220 Premium on Long Term Debt			\$ -	\$ -
16	4230 Discount on Long Term Debt			\$ -	\$ -
17	4240 Reacquired Debt			\$ -	\$ -
18	4250 Obligation Under Capital Leases	12D	\$ -	\$ -	\$ -
19	4260 Advances from Affiliated Companies	24		\$ -	\$ -
20	4270 Other Long Term Debt	24		\$ -	\$ -
21	Total Long Term Debt		\$ -	\$ -	\$ -
OTHER LIABILITIES AND DEFERRED CREDITS					
22	4310 Other Long-Term Liabilities	29	\$ -	\$ -	\$ -
23	4320 Unamortized Operating Investment Tax Credits-Net			\$ -	\$ -
24	4330 Unamortized Non-Operating Investment Tax Credits-Net			\$ -	\$ -
25	4340 Net Non-current Deferred Operating Income Taxes	30B	\$ 82,252	\$ 83,187	\$ (935)
26	4350 Net Non-current Deferred Non-Operating Income Taxes	30C	\$ (8,280)	\$ (4,310)	\$ (3,971)
27	4360 Other Deferred Credits	30A	\$ -	\$ -	\$ -
28	Total Other Liabilities and Deferred Credits				
STOCKHOLDERS' EQUITY					
29	4510.1 Capital Stock-Common	33	\$ -	\$ -	\$ -
30	4510.2 Capital Stock-Preferred	33	\$ -	\$ -	\$ -
31	4520 Additional Paid-in Capital	33	\$ -	\$ -	\$ -
32	4530.1 Treasury Stock-Common			\$ -	\$ -
33	4530.2 Treasury Stock-Preferred			\$ -	\$ -
34	4540 Other Capital			\$ -	\$ -
35	4550 Retained Earnings	31	\$ -	\$ -	\$ -
36	Total Stockholders' Equity		\$ -	\$ -	\$ -
37	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ -	\$ -	\$ -

F-11. INCOME STATEMENT				
Verizon-New Hampshire \$(000)				
Line No.	Item (a)	See Sch.	Amount for the Current Year (b)	Increase over Preceding Year (c)
INCOME				
TELEPHONE OPERATING INCOME				
1	Operating Revenues	34	\$ 450,906	\$ (12,774)
2	Operating Expenses	35	\$ 424,882	\$ 20,779
3	Net Telephone Operating Revenues		\$ 26,024	\$ (33,553)
OTHER OPERATING INCOME AND EXPENSES				
4	7100 Other Operating Income and Expense	38	\$ (108)	\$ (118)
5	Telephone Operating Revenue Before Taxes		\$ 25,915	\$ (33,672)
OPERATING TAXES				
6	7210 Operating Investment Tax Credits-Net		\$ (553)	\$ 377
7	7220 Operating Federal Income Taxes		\$ 8,599	\$ 3,806
8	7230 Operating State and Local Income Taxes		\$ 289	\$ (1,258)
9	7240 Other Operating Taxes	36A	\$ 3,091	\$ (61)
10	7250 Provision for Deferred Operating Income Taxes-Net	30B	\$ (9,103)	\$ (17,798)
11	Total Operating Taxes		\$ 2,322	\$ (14,934)
12	Net Operating Income		\$ 23,593	\$ (18,738)
NON-OPERATING INCOME AND EXPENSES				
13	7300 Non-Operating Income and Expenses	37	\$ (15,225)	\$ (18,749)
14				
NON-OPERATING TAXES				
15	7400 Non-Operating Taxes	36C	\$ (4,337)	\$ (4,030)
16				
17	Net Non-Operating Income		\$ (10,888)	\$ (14,719)
18	Income Available for Fixed Charges		\$ 12,705	\$ (33,457)
INTEREST AND RELATED ITEMS				
19	7510 Interest on Funded Debt	24	\$ 17,888	\$ (521)
20	7520 Interest Expense-Capital Leases	12D	\$ -	\$ -
21	7530 Amortization of Debt Issuance Expense	23	\$ 458	\$ 119
22	7540 Other Interest Deductions		\$ 1,044	\$ (79)
23	Total Interest and Related Items		\$ 19,391	\$ (481)
24	Income Before Extraordinary Items		\$ (6,686)	\$ (32,977)
EXTRAORDINARY ITEMS				
25	7600 Extraordinary Items	36D	\$ -	\$ 2,585
26				
JURISDICTIONAL DIFFERENCES AND NON-REGULATED INCOME ITEMS				
27	7910 Income Effects of jurisdictional differences		\$ (513)	\$ (285)
28	7990 Non-Regulated Net Income		\$ -	\$ -
29	Total Jurisdictional Differences and Extraordinary Items		\$ (513)	\$ 2,300
30	Net Income	16	\$ (7,199)	\$ (30,677)

NOTES TO INCOME STATEMENT

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: \$

2. Investment credits realized were given immediate total flow through treatment in the amount of: \$

The rate(s) used during the year in capitalizing interest during construction and basis upon which the rate(s) was determined.

B-12A. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS
Verizon-New Hampshire \$(000)

- Report in Column (c) all amounts relating to purchases of plant accounted for in accordance with Paragraphs (1) and (2) of Puc 409.03 (b) of the Uniform System of Accounts for Telecommunications Companies.
- Each transfer or adjustment between accounts listed in this schedule, 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 columns (c) thru (f), as appropriate: (1) transfers and adjustments amounting to less than \$5,000; (2) adjustments and corrections of additions and retirements for the current or the preceding year; (3) transfers involving account 2003 and 2004, the plant accounts, the account 2002 made in connection with the closing of records of construction work orders or authorizations, and (4) routine entries relating to the acquisition, sale, retirement, or change in the use of plant, such as transfers among accounts 2111 to 2690, inclusive, 1439, 2002 and 2005.
- Credits to accounts listed in this schedule relating to property retired and charged to account 2006 "Non-Operating Plant" shall be included in column (f).
- List each of the depreciable plant accounts and all subclasses of plant in column (a) for which a depreciable rate has been determined and as a subtotal for each primary account.

Line No.	Account (a)	Balance At Beginning Of The Year (b)	CHARGES DURING THE YEAR		CREDITS DURING THE YEAR			Balance At End Of The Year (h)
			Plant Acquired From Predecessors (See Inst. 1) (c)	Other Plant Added (d)	Plant Sold With Traffic (e)	Transfers and Other Plant Retired (f)	Adjustments (Charges and Credits) (g)	
	TELECOMMUNICATIONS PLANT IN SERVICE							
1	2002 Property Held for Future Telecom Use							\$ -
2	2003 Telecommunications Plant Under Construction - Short Term	\$ 13,321		\$ 12,736			\$ 18,944	\$ 7,113
3	2004 Telecommunications Plant Under Construction - Long Term							\$ -
4	2005 Telecommunications Plant Adjustment							\$ -
5	2006 Non-Operating Plant	\$ 2,053					\$ 26	\$ 2,027
6	2007 Goodwill							\$ -
7	Subtotal	\$ 15,374	\$ -	\$ 12,736	\$ -	\$ -	\$ 18,970	\$ 9,140
	LAND AND SUPPORT ASSETS							
8	2111 Land	\$ 4,195		\$ 38			\$ 99	\$ 4,134
9	2112 Motor Vehicles	\$ 13,908		\$ 312		\$ 215	\$ (147)	\$ 14,152
10	2113 Aircraft							\$ -
11	2114 Tools&Other Work Equipment	\$ 16,118		\$ 735		\$ 177		\$ 16,676
12	2115 Garage Work Equipment							\$ -
13	2116 Other Work Equipment							\$ -
14	2121 Buildings	\$ 99,970		\$ 6,126		\$ 882		\$ 105,214
15	2122 Furniture	\$ 1,583						\$ 1,583
16	2123 Office Equipment	\$ 3,660				\$ 816	\$ (25)	\$ 2,869
17	2124 General Purpose Computers	\$ 9,546		\$ 1,998		\$ 2,204	\$ 10	\$ 9,330
18	Subtotal	\$ 148,980	\$ -	\$ 9,209	\$ -	\$ 4,294	\$ (63)	\$ 153,958

B-12A. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS (continued)
Verizon-New Hampshire \$(000)

Line No.	Account (a)	Balance At Beginning Of The Year (b)	CHARGES DURING THE YEAR		CREDITS DURING THE YEAR			Balance At End Of The Year (h)
			Plant Acquired From Predecessors (See Inst. 1) (c)	Other Plant Added (d)	Plant Sold With Traffic (e)	Transfers and Other Plant Retired (f)	Adjustments (Charges and Credits) (g)	
CENTRAL OFFICE SWITCHING								
19	2211 Analog Electronic Switching							\$ -
20	2212 Digital Electronic Switching	\$ 421,950		\$ 15,146		\$ 16,416	\$ (2,458)	\$ 423,138
21	2215 Electro-Mechanical Switching							\$ -
22	2220 Operator System	\$ 1,104		\$ 64		\$ 554	\$ (950)	\$ 1,564
23	2230 Central Office Transmission	\$ 498,053		\$ 31,840		\$ 16,742	\$ (14,808)	\$ 527,959
24	Subtotal	\$ 921,107	\$ -	\$ 47,050	\$ -	\$ 33,712	\$ (18,216)	\$ 952,661
INFORMATION ORIGATION-TERMINATION								
25	2311 Station Apparatus							\$ -
26	2321 Customer Premises Wiring							\$ -
27	2341 Large Private Branch Exchanges							\$ -
28	2351 Public Telephone Terminal Equipment	\$ 8,364		\$ 122		\$ 2,162		\$ 6,324
29	2362 Other Terminal Equipment	\$ 17,257		\$ 1,146		\$ 1,221	\$ 178	\$ 17,004
30	Subtotal	\$ 25,621	\$ -	\$ 1,268	\$ -	\$ 3,383	\$ 178	\$ 23,328
CABLE AND WIRE FACILITIES								
31	2411 Poles	\$ 151,522		\$ 7,469		\$ 868	\$ (7)	\$ 158,130
32	2421 Aerial Cable	\$ 510,656		\$ 15,720		\$ 1,331	\$ 6	\$ 525,039
33	2422 Underground Cable	\$ 132,659		\$ 5,542		\$ 422	\$ (7)	\$ 137,786
34	2423 Buried Cable	\$ 52,619		\$ 681		\$ 89		\$ 53,211
35	2424 Submarine Cable	\$ 1,133		\$ 1			\$ 1	\$ 1,133
36	2426 Intrabuilding Network Cable	\$ 1,115						\$ 1,115
37	2431 Aerial Wire							\$ -
38	2441 Conduit System	\$ 107,990		\$ 1,718		\$ 111	\$ (14)	\$ 109,611
39	Subtotal	\$ 957,694	\$ -	\$ 31,131	\$ -	\$ 2,821	\$ (21)	\$ 986,025
AMORTIZABLE ASSETS								
40	2681 Capital Leases	\$ -		\$ -		\$ -	\$ -	\$ -
41	2682 Leasehold Improvements	\$ 4,537	\$ -	\$ 513		\$ 601	\$ 1	\$ 4,448
42	2690 Intangibles	\$ 33,464		\$ 5,753		\$ 2,255	\$ (457)	\$ 37,419
43	Subtotal	\$ 38,001	\$ -	\$ 6,266	\$ -	\$ 2,856	\$ (456)	\$ 41,867
44	2001 (A/C 2110 thru 2690) (Summary A/C)	\$ 2,091,403	\$ -	\$ 94,924	\$ -	\$ 47,066	\$ (18,578)	\$ 2,157,839
45	Total	\$ 2,106,777	\$ -	\$ 107,660	\$ -	\$ 47,066	\$ 392	\$ 2,166,979

RESERVED

B-12B. ANALYSIS OF TELECOMMUNICATIONS PLANT-IN-SERVICE RETIRED
Verizon-New Hampshire \$(000)

1. Respondents shall report in column (b) amounts charged or credited to the accounts identified in column (a) that are related to plant sold with traffic and in column (c) amounts charged or credited to the accounts identified in column (a) that are related to other plant retired.
2. Charges to Account 3100, Accumulated Depreciation, reported in column (c) shall be reported gross salvage and cost of removal entries (see Schedule 14A).
3. In the space provided at the bottom of the schedule, respondents shall provide a full explanation of other accounts charged or credited.

Line No.	Account Charged (or Credited) (a)	AMOUNTS RELATING TO	
		Plant Sold With Traffic (b)	Other Plant Retired (c)
1	3100 Accumulated Depreciation Ref 14A		\$ 44,210
2	3200 Accumulated Depreciation - Held for Future Telecom. Use		
3	3300 Accumulated Depreciation - Non-Operating		
4	3410 Accumulated Amortization - Capitalized Leases		
5	3420 Accumulated Amortization - Leasehold Improvements		\$ 601
6	3500 Accumulated Amortization - Intangible		\$ 2,216
7	3600 Accumulated Amortization - Other		
8	2006 Non-Operating Plant		
9	7150 Gains and Losses from the Disposition of Land and Artwork		
10	7160 Other Operating Gains and Losses		
11	Cash or Other Asset Account (Net Selling Price of Depreciable Plant Sold With Traffic)		
12	Cash or Other Asset Account (Net Selling Price of Nondepreciable Plant Sold)		
13	Other Accounts Specified		
14			
15	Totals	\$ -	\$ 47,027

FULL EXPLANATION OF AMOUNTS REPORTED ABOVE ON LINE 13:

B-12C. ANALYSIS OF ENTRIES IN PROPERTY HELD FOR FUTURE TELECOMMUNICATIONS USE (Account 2002)

1. Respondents shall report in column (a) each item amounting individually to \$5,000 or more and report all others in the aggregate. Amounts reported on this schedule shall be rounded to the nearest thousand dollars.
2. In column (b) respondents shall enter the date the property was recorded in Account 2002, Property Held for the Future Telecommunications Use.
3. In column (c) respondents shall enter the dollars related to the property identified in column (a) at the beginning of the calendar year covered by the report.

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book cost of Property Beginning of Year (c)
1	Nothing to report		\$ -
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
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31			
32			
33			
34			
35			
36			
37			
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39			
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41			
42			

B-12C. ANALYSIS OF ENTRIES IN PROPERTY HELD FOR FUTURE TELECOMMUNICATIONS USE (Account 2002) (continued)

- 4. In column (d) and (e) respondents shall enter additions and retirements, respectively.
- 5. In column (f) respondents shall enter transfers and adjustments and corrections during the calendar year and fully explain each amount recorded in column (f) which exceeds \$1,000.
- 6. In column (g) respondents shall enter the dollars related to the property identified in column (a) remaining Account 2002 at the close of the calendar year.

Line No.	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book cost of Property at End of Year (g)
1	\$ -	\$ -	\$ -	\$ -
2				\$ -
3				\$ -
4				\$ -
5				\$ -
6				\$ -
7				\$ -
8				\$ -
9				\$ -
10				\$ -
11				\$ -
12				\$ -
13				\$ -
14				\$ -
15				\$ -
16				\$ -
17				\$ -
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				\$ -

B-12D. CAPITAL LEASES

1. In column (a) on page 18, the respondent shall list in account number order each category of plant (Class A account level) for which capital leases are recorded.
2. In succeeding columns, respondents shall disclose in column (b) the present value of the lease commitment at the inception of the lease, in column (c) the accumulated amortization at the close of the period covered by the report, and column (d) the net book value balance at the close of the period (column b minus column c).

Line No.	Type of Property (a)	Capitalized Amount (b)	Accumulated Amortization in Account 3410 (c)	Balance (d)
1	Nothing to report			\$ -
2				\$ -
3				\$ -
4				\$ -
5				\$ -
6				\$ -
7				\$ -
8				\$ -
9				\$ -
10				\$ -
11				\$ -
12				\$ -
13				\$ -
14				\$ -
15				\$ -
16				\$ -
17				\$ -
18				\$ -
19				\$ -
20				\$ -
21				\$ -
22				\$ -
23				\$ -
24				\$ -
25				\$ -
26				\$ -
27				\$ -
28				\$ -
29				\$ -
30		Total	\$ -	\$ -

B-12D. CAPITAL LEASES (continued)

- 3. In column (e) on page 19, the respondents shall list in account number each category of plant for which capital leases are recorded. Line numbers on page 2 shall correspond with line numbers on page 18.
- 4. In column (f) and (g) respondents shall disclose the amount of the lease obligation to be paid during the coming year to the lessor and the remaining long-term lease obligation at the close of the year covered by the report.
- 5. In column (h), (i) and (j), respondents shall report the annual lease cost components called for in the column headings and paid during the year covered by the report.

Line No.	Type of Property (e)	Lease Obligation		Annual Lease Cost Components		
		Current Account 4060 (f)	Long-Term Account 4250 (g)	Amortization Account 6563 (h)	Interest Account 7520 (i)	Other (j)
1	Nothing to report					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	Total	\$ -	\$ -	\$ -	\$ -	\$ -

B-13A. ANALYSIS OF TELECOMMUNICATIONS PLANT ACQUIRED (Account 1439)

1. Report separately each acquisition with respect to which an amount was included in account 1439 at any time during the year, except that minor acquisitions, each with a purchase price of less than \$10,000 accounted for (a) on the basis of cost of acquisition, or (b) on the basis of original cost where there were no entries in account 2005, "Telecommunications Plant Adjustment" may be reported in the aggregate on a separate line for each group.
2. List first the data relating to those acquisitions included in account 1439 at the beginning of the year (except minor acquisitions) and the list data for the acquisition during the year.

Line No.	Name of Vendor (a)	Balance at Beginning of the Year (b)	DEBITS DURING THE YEAR			
			Purchase Price (c)	Reserve Requirement (d)	Acquisitions Expenses (e)	Other (g)
1	Nothing to report					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21	Total	\$ -	\$ -	\$ -	\$ -	\$ -

B-13A. ANALYSIS OF TELECOMMUNICATIONS PLANT ACQUIRED (Acct 1439) (continued)

- 3. Provide explanatory footnotes for each amount included in column (j).
- 4. Clearances of residual credit amounts from account 1439 to account 2005 shall be reported in column (h) enclosed in parentheses.

Line No.	Name of Vendor (a)	CREDITS DURING THE YEAR				Balance at End Of the Year (k)
		Amounts Cleared to		Other Clearances		
		Account 2001 (g)	Account 2005 (h)	Acct. No. (i)	Amount (j)	
1						\$ -
2						\$ -
3						\$ -
4						\$ -
5						\$ -
6						\$ -
7						\$ -
8						\$ -
9						\$ -
10						\$ -
11						\$ -
12						\$ -
13						\$ -
14						\$ -
15						\$ -
16						\$ -
17						\$ -
18						\$ -
19						\$ -
20						\$ -
21	Total	\$ -	\$ -	\$ -	\$ -	\$ -

B-13B. ANALYSIS OF TELECOMMUNICATIONS PLANT PURCHASED FROM OR SOLD TO AFFILIATES

1. Report separately by affiliate and account number, sales and/or purchases with respect to which an amount was included in Account 2001 at any time during the year. The net book value included in column (f) shall equal gross investment less applicable accumulated depreciation and other appropriate items (column (e)).
2. A "P" in column (a) represents a purchase. An "S" in column (a) represents a sale.

Line No.	Type of Trans. (a)	Name of Affiliate (b)	Original Cost (c)	Accumulated Depreciation (d)	Other (e)	Net Book Value (f)	Fair Market Value (g)	Purchase Price (g)	Sale Price (h)
1		Nothing to report	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									

RESERVED

B-14A. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION (Accounts 3100-3200)
Verizon-New Hampshire \$(000)

1. Respondents shall enter in column (b) the accumulated depreciation balance at the beginning of the calendar year for each line item in column (a).
2. Respondents shall enter in column (c) the credits to accumulated depreciation as a result of charges to Account 6561, Depreciation Expense, and in column (d) other credits to accumulated depreciation. Other credits shall be noted and explained in a separate sheet accompanying the schedule. In column (e) respondents will enter the total of credits reported in columns (c) and (d).

Line No.	Plant Account (a)	Balance At Beginning Of The Year (b)	Credits During the Year		Total (e)
			Charged to Accounts 6561 (c)	Other Credits (specified) (d)	
Support Assets					
1	2112 Motor Vehicles	\$ (50)	\$ 377	\$ 33	\$ 410
2	2113 Aircraft				\$ -
3	2114 Tools&Other Work Equipment	\$ 9,008	\$ 1,129	\$ 59	\$ 1,188
4	2115 Garage Work Equipment				\$ -
5	2116 Other Work Equipment				\$ -
6	2121 Buildings	\$ 30,639	\$ 2,851		\$ 2,851
7	2122 Furniture	\$ 676	\$ 111		\$ 111
8	2123 Office Equipment	\$ 2,072	\$ 499	\$ 18	\$ 517
9	2124 General Purpose Computers	\$ 3,695		\$ 2	\$ 2
10	Total Support Assets	\$ 46,040	\$ 4,967	\$ 112	\$ 5,079
Central Office Switching					
11	2211 Analog Electronic Switching				\$ -
12	2212 Digital Electronic Switching	\$ 249,648	\$ 32,223	\$ 392	\$ 32,615
13	2215 Electro-Mechanical Switching				\$ -
14	2220 Operator System	\$ 1,034	\$ 345	\$ 1	\$ 346
5	Total Central Office Switching	\$ 250,682	\$ 32,568	\$ 393	\$ 32,961
Central Office Transmission					
16	2230 Central Office Transmission	\$ 309,792	\$ 42,942	\$ 5,690	\$ 48,632
17	Total Central Office Transmission	\$ 309,792	\$ 42,942	\$ 5,690	\$ 48,632
Information Origination/Termination					
18	2311 Station Apparatus				\$ -
19	2321 Customer Premises Wiring				\$ -
20	2341 Large Private Branch Exchanges				\$ -
21	2351 Public Telephone Terminal Equipment	\$ 7,725	\$ 164	\$ 1	\$ 165
22	2362 Other Terminal Equipment	\$ 10,011	\$ 1,378	\$ 1	\$ 1,379
23	Total Information Origination/Termination	\$ 17,736	\$ 1,542	\$ 2	\$ 1,544
Cable and Wire Facilities					
24	2411 Poles	\$ 84,204	\$ 8,971	\$ 1	\$ 8,972
25	2421 Aerial Cable	\$ 395,054	\$ 33,197		\$ 33,197
26	2422 Underground Cable	\$ 79,641	\$ 6,992		\$ 6,992
27	2423 Buried Cable	\$ 41,375	\$ 3,013		\$ 3,013
28	2424 Submarine Cable	\$ 1,035	\$ 50		\$ 50
29	2426 Intrabuilding Network Cable	\$ 958	\$ 77		\$ 77
30	2431 Aerial Wire				\$ -
31	2441 Conduit System	\$ 32,432	\$ 2,386	\$ 1	\$ 2,387
32	Total Cable and Wire Facilities	\$ 634,699	\$ 54,686	\$ 2	\$ 54,688
33	Other Account (specify):				\$ -
34	Total	\$ 1,258,949	\$ 136,705	\$ 6,199	\$ 142,904

B-14A. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION (Accounts 3100-3200) (continued)
Verizon-New Hampshire \$(000)

3. Respondents shall report in column (f) and (h) charges (debits) to accumulated depreciation for plant sold with traffic and other plant retired, respectively. In column (h) respondents shall report other charges (debits) to accumulated depreciation. Other charges (debits) shall be noted and explained in a separate sheet accompanying the schedule. In column (i) respondents will enter the total of charges (debits) reported in columns (f), (g), and (h). In column (j) respondents shall report the balance at the close of the calendar year for each item in column (a).

Line No.	For Plant Sold with Traffic (see col. (p)) (f)	Charges During the Year		Total (i)	Balance at End Of The Year (j)
		For Other Plant Retired (see col. (V)) (g)	Other Charges (specify) (h)		
1	\$ -	\$ 97		\$ 97	\$ 263
2	\$ -	\$ -		\$ -	\$ -
3	\$ -	\$ 147	\$ 2	\$ 149	\$ 10,047
4	\$ -	\$ -		\$ -	\$ -
5	\$ -	\$ -		\$ -	\$ -
6	\$ -	\$ 1,680		\$ 1,680	\$ 31,810
7	\$ -	\$ -		\$ -	\$ 787
8	\$ -	\$ 816		\$ 816	\$ 1,773
9	\$ -	\$ 2,225		\$ 2,225	\$ 1,472
10	\$ -	\$ 4,965	\$ 2	\$ 4,967	\$ 46,152
11	\$ -	\$ -		\$ -	\$ -
12	\$ -	\$ 16,416	\$ 2	\$ 16,418	\$ 265,845
13	\$ -	\$ -		\$ -	\$ -
14	\$ -	\$ 555		\$ 555	\$ 825
5	\$ -	\$ 16,971	\$ 2	\$ 16,973	\$ 266,670
16	\$ -	\$ 16,740	\$ 1	\$ 16,741	\$ 341,683
17	\$ -	\$ 16,740	\$ 1	\$ 16,741	\$ 341,683
18	\$ -	\$ -		\$ -	\$ -
19	\$ -	\$ -		\$ -	\$ -
20	\$ -	\$ -		\$ -	\$ -
21	\$ -	\$ 2,162		\$ 2,162	\$ 5,728
22	\$ -	\$ 1,347		\$ 1,347	\$ 10,043
23	\$ -	\$ 3,509	\$ -	\$ 3,509	\$ 15,771
24	\$ -	\$ 3,847		\$ 3,847	\$ 89,329
25	\$ -	\$ 2,839	\$ 63	\$ 2,902	\$ 425,349
26	\$ -	\$ 841		\$ 841	\$ 85,792
27	\$ -	\$ 176	\$ (1)	\$ 175	\$ 44,213
28	\$ -	\$ 2		\$ 2	\$ 1,083
29	\$ -	\$ -	\$ 1	\$ 1	\$ 1,034
30	\$ -	\$ -		\$ -	\$ -
31	\$ -	\$ 291	\$ (2)	\$ 289	\$ 34,530
32	\$ -	\$ 7,996	\$ 61	\$ 8,057	\$ 681,330
33	\$ -	\$ -		\$ -	\$ -
34	\$ -	\$ 50,181	\$ 66	\$ 50,247	\$ 1,351,606

B-14A. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION (Accounts 3100-3200) (continued)
Verizon-New Hampshire \$(000)

4. Respondents shall enter in column (m) through (p) the data requested in the column headings for plant sold with traffic which was reported in column (f).
5. Respondents shall enter in column (q) through (v), the data requested for other plant retired, which was requested in column (g).
6. Each column shall be subtotaled in the spaces provided.

Line No.	Plant Account (l)	DATA RELATING TO PLANT SOLD WITH TRAFFIC (see column (f))			
		Book Cost (m)	Selling Price (n)	Commissions and Other Expenses (o)	Charge to Reserve (p)
	Support Assets				
1	2112 Motor Vehicles				\$ -
2	2113 Aircraft				\$ -
3	2114 Special Purpose Vehicles				\$ -
4	2115 Garage Work Equipment				\$ -
5	2116 Other Work Equipment				\$ -
6	2121 Buildings				\$ -
7	2122 Furniture				\$ -
8	2123 Office Equipment				\$ -
9	2124 General Purpose Computers				\$ -
10	Total Support Assets	\$ -	\$ -	\$ -	\$ -
	Central Office Switching				
11	2211 Analog Electronic Switching				\$ -
12	2212 Digital Electronic Switching				\$ -
13	2215 Electro-Mechanical Switching				\$ -
14	2220 Operator System				\$ -
5	Total Central Office Switching	\$ -	\$ -	\$ -	\$ -
	Central Office Transmission				
16	2230 Central Office Transmission				\$ -
17	Total Central Office Transmission	\$ -	\$ -	\$ -	\$ -
	Information Origination/Termination				
18	2311 Station Apparatus				\$ -
19	2321 Customer Premises Wiring				\$ -
20	2341 Large Private Branch Exchanges				\$ -
21	2351 Public Telephone Terminal Equipment				\$ -
22	2362 Other Terminal Equipment				\$ -
23	Total Information Origination/Termination	\$ -	\$ -	\$ -	\$ -
	Cable and Wire Facilities				
24	2411 Poles				\$ -
25	2421 Aerial Cable				\$ -
26	2422 Underground Cable				\$ -
27	2423 Buried Cable				\$ -
28	2424 Submarine Cable				\$ -
29	2426 Intrabuilding Network Cable				\$ -
30	2431 Aerial Wire				\$ -
31	2441 Conduit System				\$ -
32	Total Cable and Wire Facilities	\$ -	\$ -	\$ -	\$ -
33	Other Account (specify):				\$ -
34	Total	\$ -	\$ -	\$ -	\$ -

B-14A. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION (Accounts 3100-3200) (continued)
Verizon-New Hampshire \$(000)

Line No.	DATA RELATING TO OTHER PLANT RETIRED (see Col. (g))					
	Charge (or Credit) to Surplus (q)	Book Cost (r)	Cost of Removal (s)	Salvage and Insurance (t)	Miscellaneous Adjustments (u)	Net Charge to Reserve (v)
1		\$ 215		\$ 118		\$ 97
2						\$ -
3		\$ 177		\$ 30		\$ 147
4						\$ -
5						\$ -
6		\$ 882	\$ 798			\$ 1,680
7						\$ -
8		\$ 816				\$ 816
9		\$ 2,204	\$ 21			\$ 2,225
10	\$ -	\$ 4,294	\$ 819	\$ 148	\$ -	\$ 4,965
11						\$ -
12		\$ 16,416				\$ 16,416
13						\$ -
14		\$ 554	\$ 1			\$ 555
5	\$ -	\$ 16,970	\$ 1	\$ -	\$ -	\$ 16,971
16		\$ 16,742		\$ 2		\$ 16,740
17	\$ -	\$ 16,742	\$ -	\$ 2	\$ -	\$ 16,740
18						\$ -
19						\$ -
20						\$ -
21		\$ 2,162				\$ 2,162
22		\$ 1,221	\$ 126			\$ 1,347
23	\$ -	\$ 3,383	\$ 126	\$ -	\$ -	\$ 3,509
24		\$ 868	\$ 3,084	\$ 105		\$ 3,847
25		\$ 1,331	\$ 1,666	\$ 158		\$ 2,839
26		\$ 422	\$ 426	\$ 7		\$ 841
27		\$ 89	\$ 87	\$ -		\$ 176
28			\$ 2			\$ 2
29						\$ -
30						\$ -
31		\$ 111	\$ 180			\$ 291
32	\$ -	\$ 2,821	\$ 5,445	\$ 270	\$ -	\$ 7,996
33						\$ -
34	\$ -	\$ 44,210	\$ 6,391	\$ 420	\$ -	\$ 50,181

B-14B. BASES OF CHARGES FOR DEPRECIATION
Verizon-New Hampshire \$(000)

1. Report under each of the plant accounts in column (a) all subclasses of plant for which a depreciation rate is determined and a subtotal for each primary account.
2. The net salvage factors in column (d) shall be shown as a percentage of original cost.
3. A "W" in column (b) indicates a whole life rate in column (f), an average service life in column (c) and average net salvage in column (d); and "R" indicates a remaining life rate in column (f), an average remaining life in column (c), a future net salvage in column (d).
4. For each plant account, report in column (f) the prescribed depreciation rate or those used by the utility in accordance with USOA.
5. The depreciation rate in column (f) for primary plant accounts for which subclasses or vintages are used, the life in column (c), net salvage percentage in column (d) and the accumulated depreciation percentage in column (e) are to be composite so that the resulting calculated composite rate produces the same charge to operating expenses as the sum of the individual rates applied to the individual classes of plant.

Line No.	Primary Acct. No.	Name or Description of Subclass (a)	Whole or Remaining Life (b)	Life (Years) (c)	*Net Salvage (%) (d)	Depreciation		Ratio of Depreciation Charges to Avg. Monthly Book Cost (%) (g)
						*Reserve (%) (e)	**Rate (%) (f)	
1	2112	Motor Vehicles	R	0.6	11.0%	1.9%	2.7%	2.7%
2	2114	Tools & Other Work Eq.	R	8.2	0.0%	60.3%	7.0%	6.9%
3	2121	Buildings	R	24.0	5.0%	30.2%	2.8%	2.8%
4	2122.1	Furniture	R	8.4	0.0%	49.7%	9.6%	7.0%
5	2123.1	Office Equipment	R	6.0	0.0%	108.2%	13.5%	13.5%
6	2123.2	Official Comm. Equip	R	3.2	0.0%	-359.2%	14.3%	22.2%
7	2124	Computers	R	2.9	0.0%	15.8%	21.8%	0.0%
8	2212	Digital Switch	R	8.2	0.0%	62.8%	7.6%	7.5%
9	2220	Operator Systems	R	4.0	0.0%	52.7%	21.6%	25.8%
10	2231	Radio	R	3.6	-5.0%	3.6%	7.5%	7.7%
11	2232.1	Digital Circuit	R	5.6	0.0%	63.3%	8.6%	8.8%
12	2232.2	Analog Circuit	R	3.3	-5.0%	104.2%	7.9%	0.0%
13	2351	Public Telephone	R	3.8	0.0%	90.6%	12.1%	2.2%
14	2362.1	Other Term Equip	R	4.6	-5.0%	59.1%	8.1%	8.0%
15	2411	Poles	R	19.1	-55.0%	56.5%	5.8%	5.8%
16	2421.11	Aerial CA Met	R	10.4	-24.0%	85.3%	6.4%	6.4%
17	2421.12	Aerial CA N-Met	R	16.3	-24.0%	48.9%	6.5%	6.5%
18	2422.11	Undrgd CA Met	R	14.0	-17.0%	65.9%	4.7%	4.7%
19	2422.12	Undrgd CA N-Met	R	14.0	-17.0%	52.3%	6.5%	6.5%
20	2423.11	Buried CA Met	R	9.9	-10.0%	83.1%	5.7%	5.7%
21	2423.12	Buried CA N-Met	R	15.8	-10.0%	56.5%	5.2%	5.2%
22	2424.11	Sub CA Met	R	10.8	-10.0%	95.8%	4.4%	4.4%
23	2424.12	Sub CA N-Met	R	18.7	-5.0%	63.3%	4.7%	4.7%
24	2426.11	Intra Ntwk CA Met	R	11.9	-28.0%	97.6%	7.0%	7.0%
25	2426.12	Intra Ntwk CA N-Met	R	16.0	-27.0%	71.3%	6.4%	6.4%
26	2441	Conduit	R	40.0	-10.0%	31.5%	2.2%	2.2%
27								
28								
29		*Composite rate for all depreciable accounts						XXXXXXXX
30		**Composite rate for all plant accounts included in Account 2001						XXXXXXXX
31								
32		Ratio to all Depreciable accounts						
33		Ratio to all plant accounts included in Account 2001						

B-15. ANALYSIS OF ENTRIES IN ACCUMULATED AMORTIZATION (Accounts 3410, 3420, 3500, 3600)**Verizon-New Hampshire \$(000)**

- For each account identified in the column headings for column (b) through (e), respondents shall enter credits to accumulated amortization for charges to the account identified in column (a). If charges are made to an account not specified in column (a), respondents shall insert the account number and title in the space provided in column (a) and the amounts in the appropriate column.
- At the bottom of the schedule respondents shall describe how the annual amortization charges were determined for amounts reported in columns (d) and (e).

Line No.	Particulars (a)	Amounts Applicable to Account 3410 (b)	Amounts Applicable to Account 3420 (c)	Amounts Applicable to Account 3500 (d)	Amounts Applicable to Account 3600 (e)
1	Balance at beginning of the year		\$ 4,259	\$ 13,703	
	ADDITIONS DURING THE YEAR				
	Charged or (credited) to account:				
2	7160 Other Operating Gains and Losses				
3	7300 Non-operating Income				
4	6563.1 Amortization Expense				
	- Capitalized leases				
5	6563.2 Amortization Expense		\$ 382		
	- Leasehold Improvements				
6	6564 Amortization Expense			\$ 7,285	
	- Intangible				
7	6565 Amortization Expense - Other				
	Other Accounts (specify):				
8	7360-Nonoperating Income				
9					
10					
11	Total additions during the Year	\$ -	\$ 382	\$ 7,285	\$ -
	CLEARANCES DURING THE YEAR				
	Clearance for account:				
12	2005 Telecom. Plant Adjustment				
13	2681 Capital Leases				
14	2682 Leasehold Improvements		\$ 2,204	\$ 2,242	
15					
	Other Accounts (specify):		\$ -		
16					
17					
18					
19	Total clearances during the year	\$ -	\$ 2,204	\$ 2,242	\$ -
20	Balance at end of year	\$ -	\$ 2,437	\$ 18,746	\$ -

This information can be found in Table B-2 of the VZ-NE Armis 43-02 report filed with the FCC. [ARMIS Data Retrieval System](#)

B-16. STATEMENT OF CASH FLOWS

1. Report below by source the amounts applicable to increase and decrease in cash and cash equivalents for the year.
2. For all compound amounts reported, a separate schedule is to be prepared with detail breakdown indicating applicable balance sheet accounts and amounts

Line No.	Description of Item (a)	Amount (b)	Amount (c)
	Increase/(Decrease) in Cash and Cash Equivalents		
	Cash flows from Operating Activities:		
1	Net Income		
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
2	Depreciation and Amortization		
3	Provision for Losses for Accounts Receivable		
4	Deferred Income Taxes - Net		
5	Unamortized ITC - Net		
6	Allowance for Funds Used During Construction		
7	Net Change in Operating Receivables		
8	Net Change in Materials, Supplies and Inventories		
9	Net Change in Operating Payables and Accrued Liabilities		
10	Net Change in Other Assets and Deferred Charges		
11	Net Change in Other Liabilities and Deferred Credits		
12	Other (explained)		
13	Total Adjustments		\$ -
14	Net Cash provided by (used in) Operating Activities	XXXXXXXXXX	\$ -

B-16. STATEMENT OF CASH FLOWS (Continued)

Line No.	Description of Item (a)	Amount (b)	Amount (c)
	Total from preceding page	XXXXXXXXXX	\$ -
	Cash Inflows (Outflows) from Investing Activities	XXXXXXXXXX	
15	Construction/Acquisition for Property, Plant and Equipment (Net of Allowance of funds, Used During Construction and Capital Lease Related Acquisitions)		
16	Proceeds from Disposals of Property, Plant and Equipment		
17	Investments in and Advances in Affiliates		
18	Proceeds from Repayment of Advances		
19	Other Investing Activities (explained)		
20	Net Cash Provided by (Used In) Investing Activities	XXXXXXXXXX	\$ -
	Cash flows from Financing Activities	XXXXXXXXXX	
21	Net Increase/Decrease in Short-Term Debt with Original Maturities of Three Months or Less	XXXXXXXXXX	
22	Advances from Affiliates		
23	Repayment of Advances from Affiliates		
24	Proceeds from Long-Term Debt		
25	Repayment of Long-Term Debt		
26	Payment of Capital Lease Obligations		
27	Proceeds from Issuing Common Stock/Equity Investment for Parent		
28	Repurchase of Treasury Shares		
29	Dividends Paid		
30	Other Financing Activities (explained)		
	Repurchase of Preferred Stock		
31	Net Cash Provided by Financing Activities	XXXXXXXXXX	\$ -
32	Effect of Exchange Rate Changes on Cash	XXXXXXXXXX	
		XXXXXXXXXX	
33	Net Increase/(Decrease) in Cash and Cash Equivalents	XXXXXXXXXX	\$ -
34	Cash and Cash Equivalents at Beginning of Period	XXXXXXXXXX	\$ -
		XXXXXXXXXX	
35	Cash and Cash Equivalents at End of Period	XXXXXXXXXX	\$ -

Notes:

B-17. RECEIVABLES AND INVESTMENTS - AFFILIATED AND NONAFFILIATED COMPANIES

1. Respondents shall name the affiliated company in column (a) and for each account identified in columns (b) through (j), disclose the account balances attributable to affiliate at the close of the calendar year covered by the report.
2. Respondents shall report in the aggregate for each account identified in column (b) through (i) and column (k) receivables and investments in nonaffiliated companies. For the purpose of this schedule, nonaffiliated companies shall include any company in which the respondent has an ownership interest which does not meet the definition of an affiliated company set out in PART Puc 409. This schedule shall not include telecommunications accounts receivable from other customers.

Line No.	Name (a)	Account 1160 Investment (b)	Account 1180 Telecom. Receivable (c)	Account 1181 Accts. Receivable Allowance (d)	Account 1190.1 Account 1190.2 Receivable (e)	Account 1191 Accounts Allowance-Other (f)
1	Affiliated Companies					
2						
3						
4	This information can be found in Table B-3 of the VZ-NE Armis 43-02 report filed with the FCC. ARMIS Data Retrieval System					
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6						
7						
8						
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10						
11						
12						
13						
14						
15						
16						
17						
18						
19	Total Affiliate Balance	\$ -	\$ -	\$ -	\$ -	\$ -
20	Nonaffiliate Balance					
21	Investments:					
22						
23						
24						
25						
26						
27						
28	Telco Accounts Receivable					
29						
30	Other A/R - General					
31						
32						
33						
34						
35						
36						
37						
38	Accrual					
39	Accrual					
40	Total Nonaffiliate Balance	\$ -	\$ -	\$ -	\$ -	\$ -

B-17. RECEIVABLES AND INVESTMENTS - AFFILIATED AND NONAFFILIATED COMPANIES (cont.)

3. For each affiliate named in column (a) enter in column (l) the following codes which reflect the nature of the receivable or investment.

"A-1" Stock of active telephone companies; "A-2" Stocks for inactive telephone companies; "A-3" Stocks of other companies; "B" Long-term securities owned; "C" Investment advances; "D" Other. Each of the required classifications and totals for each code shall be shown on a separate line. (An inactive company is one which has been practically absorbed in a controlling company, and which neither operates property 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.	Account 1200.1 Account 1200.2 Notes (g)	Account 1201 Notes Receivable (h)	Account 1210 Int. & Div. (i)	Account 1401 Investments in Affiliated (j)	Account 1402 Investments in Nonaffiliated (k)	Class (l)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19	\$ -	\$ -	\$ -	\$ -	\$ -	
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
39						
40	\$ -	\$ -	\$ -	\$ -	\$ -	

B-18. OTHER PREPAYMENTS (Account 1330)

1. Identify and report below end of year balances for all prepayments included in account 1330.

Line No.	Description (b)	Year End Balance (c)
1		
2	This information can be found in Table B-1 of the VZ-NE Armis 43-02 report filed with the FCC.	ARMIS Data Retrieval System
3		
4		
5		
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16		
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30		
31		
32		
33		
34		
35		
36		
37		
38		
39	Total	\$ -

B-19. OTHER CURRENT ASSETS (Account 1350)

1. Identify and report below end of year balances for each other current assets included in account 1350.

Line No.	Description (b)	Year End Balance (c)
1		
2		
3	This information can be found in Table B-1 of the VZ-NE Armis 43-02 report filed with the FCC.	ARMIS Data Retrieval System
4		
5		
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25		
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27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	Total	\$ -

B-20. SINKING FUNDS (Account 1408)

1. Report below balances at end of year of each sinking fund maintained during the year.
2. Explain for each fund any deductions other than withdrawals for the purpose for which the fund was created.
3. If the trustee of any fund is an associated company, give name of such associated company.
4. If assets other than cash comprise any fund, furnish a list of the securities or other assets, giving interest or dividend rate of each, cost to respondent, number of shares or principal amount, and book cost at end of year.

Line No.	Account No. (a)	Name of Fund and Trustee if any (b)	Year End Balance (c)
1			
2			
3		This information can be found in Table B-1 of the VZ-NE Armis 43-02 report filed with the FCC ARMIS Data Retrieval System	
4			
5			
6			
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18			
19			
20			
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22			
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24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39		Total	\$ -

B-21. OTHER NONCURRENT ASSETS (Account 1410)

1. Identify and report below balances at end of year for each noncurrent asset included in account 1410.

Line No.	Account No. (a)	Description (b)	Year End Balance (c)
1			
2			
3		This information can be found in Table B-1 of the VZ-NE Armis 43-02 report filed with the ARMIS Data Retrieval System	
4			
5			
6			
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12			
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18			
19			
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21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39		Total	\$ -

B-22. DEFERRED CHARGES (Accounts 1438, 1439)

1. Respondents shall disclose in separate sections for Accounts 1438 and 1439, the amounts deferred for each item amounting individually to \$500 or more.
2. Any balancing amount applicable to each account shall be shown on the line Aggregate of All Other Items, which is the line immediately preceding the total line for each account.

Line No.	Description of Item (a)	Amount at end of the Year (b)
1	Account 1438	
2		
3		
4	This information can be found in Table B-1 of the VZ-NE Armis 43-02 report filed with the FCC.	ARMIS Data Retrieval System
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18	Aggregate of All Other Items	
19		
20		Total \$ -
21	Account 1439	
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38	Aggregate of All Other Items	
39		
40		Total \$ -

B-23. UNAMORTIZED DEBT ISSUANCE EXPENSE (Account 1407)

1. Report under applicable subheading the particulars of Unamortized Issuance Expense.
2. Show premium amount by enclosure in parentheses.
3. In column (b) show the principal amount of bonds or other long term debt original issued.
4. In column (c) show the expense, associated with the issuance and sale of evidence of debt.
5. Explain any debits and credits other than amortization debited to Account 7530, Amortization of Debt Issuance Expense.

Line No.	Designation of Long Term Debt (a)	Principal Amount of Securities (b)	Total debt Issuance Expense (c)	AMORTIZATION PERIOD		Balance Beginning of Year (f)	Debits During Year (g)	Charged to Account 7530 (h)	Balance end of Year (i)
				From (d)	To (e)				
1									\$ -
2	Please refer to the sheet in this file labeled "Debt".								\$ -
3									\$ -
4									\$ -
5									\$ -
6									\$ -
7									\$ -
8									\$ -
9									\$ -
10									\$ -
11									\$ -
12									\$ -
13									\$ -
14									\$ -
15									\$ -
16									\$ -
17									\$ -
18	TOTALS	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -

B-24. LONG-TERM DEBT (Accounts 4210, 4260 AND 4270)

1. Respondent shall disclose in account number order in column (a) a description of the long-term obligation, including those maturing in the coming year.
2. In column (b), (c), and (d), respectively, respondents shall enter the nominal date of issue, the date of maturity and the face amount outstanding.
3. In column (c), respondent shall enter the amount of unamortized premium or discount.
4. In column (f) and (g), respectively, the respondents shall enter the stated rate and the yield rate.
5. In column (h) and (i), respectively, respondents shall enter the current and long-term portions reduced or increased by any unamortized discount or premium as of the close of the calendar year and subtotaled.
6. In column (j) enter the amount of interest charged to account 7510 for each obligation.

Line No.	Description of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Face Amount Outstanding (d)	Unamortized Premium or Discount (e)	Stated Rate (f)	Yield Rate (g)	Short-Term Portion (h)	Long-Term Portion (i)	Account 7510 Interest on Funded Debt (j)
1				\$ -		0.00%	0.00%			
2	Please refer to the sheet in this file labeled "Debt".									
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28	Total			\$ -	\$ -			\$ -	\$ -	\$ -

B-25. NOTES PAYABLE (Account 4020)

1. In column (a) respondents shall list name of creditor, specify whether non affiliate or affiliate.
2. In column (b) describe type of indebtedness, notes, draft and other evidences of indebtedness.
3. In column (c), (d), (e) and (f) respectively, respondents shall enter the date of issue, date of maturity, amount at end of year and the interest rate per annum.
4. In column (g) indicate the amount of interest charged to account 7540 for each transaction.

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)	Interest Expense Acct 7540 (g)
1					\$ -		
2							
3	Please refer to the sheet in this file labeled "Debt".						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19	Aggregate of all other items					XXX	
20	Total				\$ -	XXX	\$ -

B-26. ACCOUNTS PAYABLE (Accounts 4010, 4120 and 4130)

In separate sections of column (a) for payables to affiliates and for other accounts payable, respondents shall identify in the respective sections the name of each affiliate creditor, and the name of each other creditor with the ten largest payables in excess of \$10,000.

Line No.	Description of Item (a)	Amount at end of the Year (b)
Account 4010 Accounts Payable		
1		
2		
3		
4	This information can be found in Table B-10 of the VZ-NE Armis 43-02 report filed with the FCC.	ARMIS Data Retrieval System
5		
6		
7		
8		
9		
10	Aggregate of all other items	\$ -
Account 4120 Other Accrued Liabilities		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	Aggregate of all other items	Total \$ -
Account 4130 Other Current Liabilities		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30	Aggregate of all other items	Total \$ -

B-29. OTHER LONG-TERM LIABILITIES (Account 4310)

1. Respondents shall disclose the data for each item in the account amounting individually to \$10,000 or more.
2. Respondents shall disclose remaining amounts in the aggregate.

Line No.	Description of Item (a)	Amount at End of the Year (b)
1		
2		
3		
4	This information can be found in Table B-1 of the VZ-NE Armis 43-02 report filed with the FCC.	ARMIS Data Retrieval System
5		
6		
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35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Aggregate of All Other Items	
46	Total	\$ -

B-30A. OTHER DEFERRED CREDITS (Accounts 4360)

Respondents shall disclose the data for each item in the account amounting individually to \$10,000 or more.

2. Respondents shall disclose remaining amounts in the aggregate.

Line No.	Description of Item (a)	Amount at End of the Year (b)
1		
2		
3	This information can be found in Table B-1 of the VZ-NE Armis 43-02 report filed with the FCC.	ARMIS Data Retrieval System
4		
5		
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36		
37		
38		
39		
40		
41		
42		
43		
44	Aggregate of Balances in Clearing Accounts not Itemized Above	
45	Aggregate of All Other Items	
46	Total	\$ -

B-30B. NET DEFERRED OPERATING INCOME TAXES (Accounts 4100 and 4340)
Verizon-New Hampshire \$(000)

1. In column (b) respondents shall provide the beginning balance for the year for each of the line items in column (a).
2. In columns (c) and (d) respondents shall provide the account numbers and amounts, respectively for current year deferrals.
3. In column (e) respondents shall provide the amounts for the current year amortizations.
4. In column (f) respondents shall provide the adjustments debits or (credit) made to the items in column (a) if the adjustment amounts to \$10,000 or more. Each adjustment shall also be explained at the bottom of this schedule.
5. In column (g) respondents shall provide the ending balance for the year.

Line No.	Particulars (a)	Balance at Beginning of Year (b)	Account (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	PROPERTY RELATED						
	NET CURRENT OPERATING INCOME TAXES (Account 4100)						
	Provision for Deferred Operating Income Taxes-Net						
1	Federal Income Taxes						\$ -
2	State and Local Income Taxes						\$ -
3	Total Net Current Operating Income Taxes (Account 4100)	\$ -	7250	\$ -	\$ -	\$ -	\$ -
	NET NON-CURRENT OPERATING INCOME TAXES (Account 4340)						
	Provision for Deferred Operating Income Taxes-Net						
4	Federal Income Taxes	\$ 95,232		\$ 7,608			\$ 102,840
5	State and Local Income Taxes	\$ 21,291		\$ 740			\$ 22,030
6	Total Net Non-Current Operating Income Taxes (Account 4340)	\$ 116,523	7250	\$ 8,348	\$ -	\$ -	\$ 124,871
7	TOTAL PROPERTY RELATED DEFERRED OPERATING INCOME TAXES	\$ 116,523		\$ 8,348	\$ -	\$ -	\$ 124,871
	NONPROPERTY RELATED						
	NET CURRENT OPERATING INCOME TAXES (Account 4100)						
	Provision for Deferred Operating Income Taxes-Net						
8	Federal Income Taxes	\$ (3,403)		\$ (6,313)			\$ (9,716)
9	State and Local Income Taxes	\$ (743)		\$ (1,855)			\$ (2,598)
10	Total Net Current Operating Income Taxes (Account 4100)	\$ (4,146)	7250	\$ (8,168)	\$ -	\$ -	\$ (12,314)
	NET NON-CURRENT OPERATING INCOME TAXES (Account 4340)						
	Provision for Deferred Operating Income Taxes-Net						
11	Federal Income Taxes	\$ (28,093)		\$ (7,537)			\$ (35,630)
12	State and Local Income Taxes	\$ (5,242)		\$ (1,746)			\$ (6,989)
13	Total Net Non-Current Operating Income Taxes (Account 4340)	\$ (33,336)	7250	\$ (9,283)	\$ -	\$ -	\$ (42,619)
14	TOTAL NONPROPERTY RELATED DEFERRED OPERATING INCOME TAXES	\$ (37,482)		\$ (17,451)	\$ -	\$ -	\$ (54,933)
15	TOTAL DEFERRED OPERATING INCOME TAXES	\$ 79,041		\$ (9,103)	\$ -	\$ -	\$ 69,938

B-30C. NET DEFERRED NON-OPERATING INCOME TAXES (Accounts 4110 and 4350)
Verizon-New Hampshire \$(000)

1. In column (b) respondents shall provide the beginning balance for the year for each of the line items in column (a).
2. In columns (c) and (d) respondents shall provide the account numbers and amounts, respectively for current year deferrals.
3. In column (e) respondents shall provide the amounts for the current year amortizations.
4. In column (f) respondents shall provide the adjustments debits or (credit) made to the items in column (a) if the adjustment amounts to \$10,000 or more. Each adjustment shall also be explained at the bottom of this schedule.
5. In column (g) respondents shall provide the ending balance for the year.

Line No.	Particulars (a)	Balance at Beginning of Year (b)	Account (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	PROPERTY RELATED						
	NET CURRENT NON-OPERATING INCOME TAXES (Account 4110)	\$ -		\$ -	\$ -	\$ -	\$ -
	Provision for Deferred Non-Operating Income Taxes-Net						
1	Federal Income Taxes		7450				\$ -
2	State and Local Income Taxes		7450				\$ -
	Deferred Income Tax Effect of Extraordinary Items-Net						
3	Federal Income Taxes		7640				\$ -
4	State and Local Income Taxes		7640				\$ -
5	Total Net Current Non-Operating Income Taxes (Account 4110)	\$ -		\$ -	\$ -	\$ -	\$ -
	NET NONCURRENT NON-OPERATING INCOME TAXES (Account 4350)						
	Provision for Deferred Non-Operating Income Taxes-Net						
6	Federal Income Taxes		7450				\$ -
7	State and Local Income Taxes		7450				\$ -
	Deferred Income Tax Effect of Extraordinary Items-Net						
8	Federal Income Taxes		7640				\$ -
9	State and Local Income Taxes		7640				\$ -
10	Total Net Noncurrent Non-Operating Income Taxes (Account 4350)	\$ -		\$ -	\$ -	\$ -	\$ -
11	TOTAL PROPERTY RELATED DEFERRED NON-OPERATING INCOME TAXES	\$ -		\$ -	\$ -	\$ -	\$ -

B-30C. NET DEFERRED NON-OPERATING INCOME TAXES (Accounts 4110 and 4350) (continued)
Verizon-New Hampshire \$(000)

Line No.	Particulars (a)	Balance at Beginning of Year (b)	Account (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	NONPROPERTY RELATED						
	NET CURRENT NON-OPERATING INCOME TAXES (Account 4110)	\$ -		\$ -	\$ -	\$ -	\$ -
	Provision for Deferred Non-Operating Income Taxes-Net						
12	Federal Income Taxes	\$ 20	7450				\$ 20
13	State and Local Income Taxes	\$ (246)	7450				\$ (246)
	Deferred Income Tax Effect of Extraordinary Items-Net						
14	Federal Income Taxes		7640				\$ -
15	State and Local Income Taxes		7640				\$ -
16	Total Net Current Non-Operating Income Taxes (Account 4110)	\$ (226)		\$ -	\$ -	\$ -	\$ (226)
	NET NONCURRENT NON-OPERATING INCOME TAXES (Account 4350)						
	Provision for Deferred Non-Operating Income Taxes-Net						
17	Federal Income Taxes	\$ (3,309)	7450	\$ (3,120)			\$ (6,429)
18	State and Local Income Taxes	\$ (1,000)	7450	\$ (851)			\$ (1,851)
	Deferred Income Tax Effect of Extraordinary Items-Net						
19	Federal Income Taxes		7640				\$ -
20	State and Local Income Taxes		7640				\$ -
21	Total Net Noncurrent Non-Operating Income Taxes (Account 4350)	\$ (4,310)		\$ (3,971)	\$ -	\$ -	\$ (8,280)
22	TOTAL NONPROPERTY RELATED DEFERRED NON-OPERATING INCOME TAXES	\$ (4,536)		\$ (3,971)	\$ -	\$ -	\$ (8,506)

RESERVED

B-31. RETAINED EARNINGS (Account 4550)

1. List all reserves or appropriations of retained earnings and provide an explanation for any charges that have taken place in these reserves.

Line No.	(a)	Amount at End of Year (b)
1	Retained Earnings - <u>Reserved</u> - Balance January 1, 2003	
2	Current Year Changes	
3	Retained Earnings - <u>Reserved</u> - Balance December 31, 2003	\$ -
4		
5	Retained Earnings - <u>Unreserved</u>	
6	Balance January 1	
7	Net Income From Schedule B-11	
8	Other Increases (Itemize)	
9	Total Increases to Retained Earnings	\$ -
10	Decreases to Unreserved Retained Earnings	
11	Net Loss From Schedule B-11	
12	Dividends Paid and Declared (Schedule B-32)	\$ -
13	Other Decreases (Itemize)	
14	Total Decreases to Retained Earnings	\$ -
15	Balance December 31 <u>Unreserved</u> Retained Earnings	\$ -
16	Balance all Retained Earnings December 31, 2003	\$ -

This information can be found in Table B-1 of the VZ-NE Armis 43-02 report filed with the FCC. [ARMIS Data Retrieval System](#)

B-32. DIVIDENDS DECLARED (Account 4560)

1. If any dividend was payable other than cash, give complete details in a note.

Line No.	Class of Stock (a)	Date Declared (b)	Date Payable (Paid) (c)	Number of Shares on Which Declared (d)	Dividend Per Share (e)	Amount of Dividends Declared (Paid) (f)
1	Dividends Paid:					
2						
3						
4	This information can be found in Table B-1 of the VZ-NE Armis 43-02 report filed with the FCC. ARMIS Data Retrieval System					
5						
6	Total Dividends Paid					\$ -
7	Dividends Declared					
8						
9						
10	Total Dividends Declared					\$ -
11	Total Dividends Paid					
12	and Declared For Year					
13	(To Schedule B-31)					\$ -
14	Total					\$ -

B-33. CAPITAL STOCK, ADDITIONAL PAID-IN-CAPITAL AND TREASURY STOCK (Accounts 4510.1, 4510.2, 4520, 4530.1, 4530.2)

1. Beginning with common stock, respondents shall enter the class of stock and a description of any pertinent details such as differences in voting rights, preferences as to dividends or assets, pledges, etc.
2. Respondents shall provide the information specified in column headings (b) through (h) and note any other pertinent information at the bottom of the schedule.

Line No.	Class and Description of Capital (a)	Par or Stated Value Amount (b)	Number of Shares Authorized (c)	Amount of Stock Issued and Outstanding (d)	Additional Paid In Capital Account 4520 (e)	Total (Col. (d)&(e)) (f)	Number of Shares of Treasury Stock (g)	Amount in Treasury Stock Account 4530.1 & 4530.2 (h)
1						\$ -		
2						\$ -		
3	This information can be found in Table B-1 of the VZ-NE Armis 4 ARMIS Data Retrieval System					\$ -		
4						\$ -		
5						\$ -		
6						\$ -		
7						\$ -		
8						\$ -		
9						\$ -		
10						\$ -		
11						\$ -		
12						\$ -		
13						\$ -		
14						\$ -		
15						\$ -		
16						\$ -		
17						\$ -		
18						\$ -		
19						\$ -		
20	Total	\$ -		\$ -	\$ -	\$ -		\$ -

I-34. OPERATING REVENUES Verizon-New Hampshire \$(000)				Do not Print	
Line No.	Item	Amount for the Current Year (b)	Increase Over Preceding Year (c)	Amount from Prior Year	
LOCAL NETWORK REVENUES					
1	5001 Basic Area Revenue	\$ 150,737	\$ (11,142)	\$ 161,879	-6.88%
2	5002 Optional Extended Area Revenue	\$ -	\$ -	\$ -	
3	5003 Cellular Mobile Revenue	\$ 1,754	\$ (2,301)	\$ 4,055	-56.74%
4	5004 Other Mobile Services Revenue	\$ 117	\$ (59)	\$ 176	-33.76%
5	5010 Public Telephone Revenue	\$ -	\$ -	\$ -	
6	5040 Local Private Line Revenue	\$ 8,682	\$ 278	\$ 8,404	3.31%
7	5050 Customer Premises Revenue	\$ (1)	\$ (3)	\$ 2	-164.89%
8	5060 Other Local Exchange Revenue	\$ 43,099	\$ (716)	\$ 43,816	-1.64%
9	Total Local Network Services Revenues	\$ 204,388	\$ (13,944)	\$ 218,332	-6.39%
NETWORK ACCESS SERVICES REVENUES					
10	5081 End User Revenue	\$ 59,173	\$ (1,175)	\$ 60,347	-1.95%
11	5082 Switched Access Revenue	\$ 24,582	\$ (4,771)	\$ 29,353	-16.25%
12	5083 Special Access Revenue	\$ 66,400	\$ (5,534)	\$ 71,934	-7.69%
13	5084 State Access Revenue	\$ 21,523	\$ (3,362)	\$ 24,885	-13.51%
14	Total Network Access Services Revenue	\$ 171,678	\$ (14,842)	\$ 186,520	-7.96%
LONG DISTANCE NETWORK SERVICES REVENUES					
15	5100 Long Distance Message Revenue	\$ 28,882	\$ (5,302)	\$ 34,183	-15.51%
16	5120 Long Distance Private Network Revenue	\$ 3,415	\$ (281)	\$ 3,696	-7.60%
17	5160 Other Long Distance Revenue	\$ 195	\$ (69)	\$ 264	-26.18%
18	5169 Other Long Distance Revenue Settlements	\$ -	\$ -	\$ -	
9	Total Long Distance Network Services Revenues	\$ 32,491	\$ (5,652)	\$ 38,143	-14.82%
MISCELLANEOUS REVENUES					
20	5230 Directory Revenue	\$ 3,495	\$ (15)	\$ 3,510	-0.42%
21	5240 Rent Revenue	\$ 26,832	\$ 10,013	\$ 16,819	59.53%
22	5250 Corporate Operations Revenue	\$ -	\$ -	\$ -	
23	5260 Miscellaneous Revenue	\$ 2,061	\$ (4,181)	\$ 6,242	-66.98%
24	5270 Carrier Billing and Collection Revenue	\$ 6,645	\$ 2,578	\$ 4,067	63.39%
25	Total Miscellaneous Revenues	\$ 39,033	\$ 8,395	\$ 30,639	27.40%
	5280 Nonregulated Revenue	\$ 13,452	\$ (1,448)	\$ 14,901	-9.72%
UNCOLLECTIBLE REVENUES					
26	5301 Uncollectible Revenue - Telecommunications	\$ 10,092	\$ (14,669)	\$ 24,761	-59.24%
27	5302 Uncollectible Revenue - Other	\$ 46	\$ (47)	\$ 94	-50.65%
28	Total Uncollectible Revenues	\$ 10,138	\$ (14,716)	\$ 24,855	-59.21%
29	TOTAL Operating Revenues	\$ 450,906	\$ (12,775)	\$ 463,680	-2.76%

I-34A. INCREASE OR DECREASE IN OPERATING REVENUES

Give explanation of all operating revenue accounts, over \$500, that have increased or decreased 10% or more over the prior year.

- 5001 – Basic Area Revenue decreased \$11M in 2003 driven by a decline of 6% in access lines.
- 5003 – Cellular Mobile Revenue decreased \$2.3M in 2003 due to shrinkage in customer base evidenced by the 6% decrease in total access lines combined with rate reductions and related billing adjustments.
- 5004 – Other Mobile Services Revenue is down \$59K primarily due to a decline in business recurring revenues.
- 5050 – Customer Premise Revenue declined \$3K as a result of a decrease in wire maintenance plans.
- 5082 – Switched Access Revenue is down \$4.8M which is attributable to a decline in rates and in switched minutes of use. The rate decrease is related to the annual interstate FCC filing (CALLS).
- 5084 – State Access Revenue is down \$3.4M due to a decline in minutes of use.
- 5100 – Long Distance Message Revenue declined \$5.3M due to lower message volumes. This was the result of lower access lines and an increase in take rates for optional calling plans.
- 5120 – Long Distance Private Network Revenue decreased \$281K due to decreased volumes driven by access line loss.
- 5160 – Other Long Distance Revenue is down \$69K due to a decline in directory assistance revenues.
- 5240 – Rent Revenues increased \$10M due to an increase in UNE platform revenues and facilities rentals to affiliates and nonaffiliates.
- 5260 – Miscellaneous Revenue decreased \$4.2M due to a decline in late payment fees.
- 5270 – Carrier Billing and Collection Revenue increased \$2.6M due to increased affiliate billing and increased sales of message bill processing services.
- 5300 – Uncollectible Revenues decreased \$15M due to a reduction in uncollectible accounts receivable. Also, 2002 contained an impairment charge due to our financial statement exposure to WorldCom.

I-35. OPERATING EXPENSES Verizon-New Hampshire \$(000)					Do not print columns	
Line No.	Item (a)	Amount for the Current Year (b)	Increase Over Preceding Year (c)	Amount for the Prior Year	% Change	
PLANT SPECIFIC OPERATIONS EXPENSES						
1	6112 Motor Vehicle Expense	\$ 399	\$ 363	\$ 36	1009.00%	
2	6113 Aircraft Expense	\$ 84	\$ (57)	\$ 140	-40.47%	
3	6114 Special Purpose Vehicle Expense	\$ 493	\$ (68)	\$ 561	-12.05%	
4	6115 Garage Work Equipment Expense	\$ -	\$ -	\$ -		
5	6116 Other Work Equipment Expense	\$ -	\$ -	\$ -		
6	6121 Land and Building Expense	\$ 11,719	\$ (4,631)	\$ 16,350	-28.32%	
7	6122 Furniture and Artworks Expense	\$ 294	\$ 169	\$ 125	135.69%	
8	6123 Office Equipment Expense	\$ 812	\$ (115)	\$ 927	-12.44%	
9	6124 General Purpose Computers Expense	\$ 9,550	\$ 2,802	\$ 6,748	41.52%	
10	6211 Analog Electronic Expense	\$ 76	\$ (87)	\$ 163	-53.37%	
11	6212 Digital Electronic Expense	\$ 3,989	\$ (2,977)	\$ 6,966	-42.74%	
12	6215 Electro-Mechanical Expense	\$ -	\$ -	\$ -	#DIV/0!	
13	6220 Operators System Expense	\$ 7	\$ 7	\$ (1)	-1212.93%	
14	6230 Central Office Transmission Expense	\$ 5,145	\$ 608	\$ 4,537	13.40%	
15	6311 Station Apparatus Expense	\$ -	\$ -	\$ -	#DIV/0!	
16	6341 Large Private Branch Exchange Expense	\$ -	\$ -	\$ -	#DIV/0!	
17	6351 Public Telephone Terminal Equipment Expense	\$ 269	\$ (405)	\$ 674	-60.05%	
18	6362 Other Terminal Equipment Expense	\$ 7,808	\$ 1,526	\$ 6,283	24.28%	
19	6411 Pole Expense	\$ 1,722	\$ 419	\$ 1,303	32.19%	
20	6421 Aerial Cable Expense	\$ 26,913	\$ 4,482	\$ 22,430	19.98%	
21	6422 Underground Cable Expense	\$ 2,462	\$ 218	\$ 2,244	9.73%	
22	6423 Buried Cable Expense	\$ 3,080	\$ 1,166	\$ 1,914	60.90%	
23	6424 Submarine Cable Expense	\$ 1	\$ 1	\$ 0	428.63%	
24	6426 Intrabuilding Network Cable Expense	\$ 85	\$ (43)	\$ 128	-33.74%	
25	6431 Aerial Wire Expense	\$ -	\$ -	\$ -	#DIV/0!	
26	6441 Conduit Systems Expense	\$ 249	\$ (69)	\$ 318	-21.66%	
27	Total Plant Specific Operations Expense	\$ 75,157	\$ 3,310	\$ 71,847		
PLANT NONSPECIFIC OPERATIONS EXPENSE						
8	6511 Property Held for Future Telecommunications Use Expense	\$ 0	\$ -	\$ 0	0.00%	
29	6512 Provisioning Expense	\$ 797	\$ 366	\$ 431	84.82%	
30	6530 Network Operations Expense	\$ 29,742	\$ 6,675	\$ 23,067	28.94%	
31	6540 Access Expense	\$ 18,527	\$ (24,935)	\$ 43,462	-57.37%	
32	6561 Depreciation Expense-Telecommunications Plant in Service	\$ 136,705	\$ 3,909	\$ 132,796	2.94%	
33	6562 Depreciation Expense-Property Held for Future Telecommunications Use	\$ -	\$ -	\$ -	#DIV/0!	
34	6563.1 Amortization Expense-Capital Leases	\$ -	\$ -	\$ -		
35	6563.2 Amortization Expense-Leaseholds	\$ 382	\$ (149)	\$ 531	-28.02%	
36	6564 Amortization Expense-Intangible	\$ 7,285	\$ 1,135	\$ 6,150	18.46%	
37	6565 Amortization Expense-Other	\$ (0)	\$ 1	\$ (1)	-55.00%	
38	Total Plant Nonspecific Operations Expense	\$ 193,437	\$ (12,999)	\$ 206,436		
CUSTOMER OPERATIONS EXPENSE						
39	6610 Marketing	\$ 14,709	\$ 1,597	\$ 13,112	12.18%	
40	6620 Service	\$ 38,415	\$ (1,002)	\$ 39,416	-2.54%	
41	Total Customer Operations Expense	\$ 53,123	\$ 595	\$ 52,528		
CORPORATE OPERATIONS EXPENSE						
42	6710 Executive and Planning	\$ 2,888	\$ 175	\$ 2,713	6.43%	
43	6720 General and Administrative	\$ 100,276	\$ 29,698	\$ 70,578	42.08%	
44	6790 Provision for Uncollectible Notes Receivable	\$ 0	\$ -	\$ 0	0.00%	
45	Total Corporate Operations Expense	\$ 103,164	\$ 29,872	\$ 73,292		
46	TOTAL Operating Expense	\$ 424,882	\$ 20,779	\$ 404,103		

I-35A. INCREASE OR DECREASE IN OPERATING EXPENSES

Qualitative explanation of all operating expense accounts, over \$500, that have increased or decreased 10% or more over the prior year.

- 6112 – Motor Vehicle Expense increased \$363K in 2003 due to increased costs associated with fuel, tires and inspection fees.
- 6113 – Aircraft Expense is down \$57K primarily due to a decrease in miscellaneous costs.
- 6114 – Special Purpose Vehicle Expense reflects a decrease of \$68K in Tools & Other Work Equipment repairs.
- 6121 – Land and Building Expense declined \$4.6M associated with Operating leases and routine Electrical power costs.
- 6122 – Furniture & Artworks Expense increased \$169K due to higher allocated costs.
- 6123 – Office Equipment is down \$115K because repair expenses associated with the company's voice communication system are less this year.
- 6124 – General Purpose Computers Expense is up \$2.8M due to increased allocated rents and other expense.
- 6211 – Analog Electronic Expense is down \$87K due to decreased plant labor costs.
- 6212 – Digital Electronic Expense declined \$3M due to decreased plant labor costs. —
- 6220 – Operator Systems Expense is up \$7K due to increased plant labor costs.
- 6230 – Central Office Transmission Expense increased \$608K due to increases in Circuit Equipment costs.
- 6351 – Public Terminal Equipment Expense decreased \$405K due to lower plant labor costs.
- 62 – Other Terminal Equipment Expense increased \$1.5M due to an increase in labor charges. +
- 6411 – Pole Expense increased \$419K due to special projects miscellaneous billing.
- 6421 – Aerial Cable Expense increased \$4.5M due to repairs and rearrangement costs associated with metallic cable. .1
- 6423 – Buried Cable Expense is up \$1.2M due to higher plant labor costs from repairs to metallic cable. .1
- 6426 – Intrabuilding Network Cable Expense decreased \$43K due to lower metallic repair expenses.
- 6441 – Conduit Systems Expense decreased \$69K due to lower plant labor costs.
- 6512 – Provisioning Expense increased \$366K due to increases in General merchandise costs such as storeroom and transportation services.
- 6530 – Network Operations Expense is up \$6.7M as a result of increases in Power, Network Administration, Plant Operations and Engineering Expenses offset by decreased Testing expense. 1
- 6540 – Access Expense declined \$25M due to billing issues associated with reciprocal compensation.
- 6563.2 – Amortization Expense-tangible declined \$149K attributable to leasehold improvements.
- 6564 – Amortization Expense-Intangible grew \$1.1M due to higher amortizable software costs. +
- 6610 – Marketing Expense increased \$1.6M as a result of increases in selling, general and administrative costs associated with Product management and Product Advertising.
- 6720 – General and Administrative Expense increased \$30M due to increased benefit costs associated with Work Force Reductions.

I-35B. CUSTOMER OPERATIONS EXPENSE (Account 6610 and 6620)				Do not print
CORPORATE OPERATIONS EXPENSE (Account 6710 and 6720)				
Verizon-New Hampshire \$(000)				
Line No.	Item (a)	Amount for the Current Year (b)	Increase Over Preceding Year (c)	Amount for the Prior Year
Marketing				
1	6611 Product Management	\$ 6,834	\$ 1,005	\$ 5,829
2	6612 Sales	\$ 6,486	\$ (97)	\$ 6,583
3	6613 Product Advertising	\$ 1,388	\$ 688	\$ 700
4	Total Marketing Expense-Account 6610	\$ 14,709	\$ 1,597	\$ 13,112
Services				
5	6621 Call Completion Services	\$ 197	\$ (860)	\$ 1,057
6	6622 Number Services	\$ 5,803	\$ (30)	\$ 5,833
7	6623 Customer Services	\$ 32,415	\$ (112)	\$ 32,527
8	Total Service-Account 6620	\$ 38,415	\$ (1,002)	\$ 39,416
CORPORATE OPERATIONS EXPENSE				
Executive and Planning				
9	6711 Executive	\$ 1,758	\$ (55)	\$ 1,813
10	6712 Planning	\$ 1,130	\$ 230	\$ 900
11	Total Executive and Planning-Account 6710	\$ 2,888	\$ 175	\$ 2,713
General and Administrative				
12	6721 Accounting and Finance	\$ 2,711	\$ 105	\$ 2,606
13	6722 External Relations	\$ 4,451	\$ 1,040	\$ 3,410
14	6723 Human Resources	\$ 2,971	\$ 750	\$ 2,220
15	6724 Information Management	\$ 10,481	\$ 3,071	\$ 7,410
16	6725 Legal	\$ 1,517	\$ (17)	\$ 1,534
17	6726 Procurement	\$ 443	\$ 44	\$ 400
8	6727 Research and Development	\$ 279	\$ 54	\$ 225
19	6728 Other General and Administrative	\$ 77,423	\$ 24,650	\$ 52,773
20	Total General and Administrative-Account 6720	\$ 100,276	\$ 29,698	\$ 70,578

I-36A. OTHER OPERATING TAXES (Account 7240)								
Verizon-New Hampshire \$(000)								
Line No.	Name of Government (a)	TYPE OF TAX						Total (h)
		(b)	(c)	(d)	(e)	(f)	(g)	
1	U.S. GOVERNMENT							\$ -
2								\$ -
3	State of New Hampshire	\$ 123						\$ 123
4	State PUC Assessment		\$ 983					\$ 983
5	Annual Report & Franchise			\$ (27)				\$ (27)
6	FCC Regulatory Fee				\$ 6			\$ 6
7								\$ -
8								\$ -
9	Property Taxes:					\$ 1,989		\$ 1,989
10								\$ -
11	Operating Tax - All Other						\$ 17	\$ 17
12								\$ -
13								\$ -
14								\$ -
15								\$ -
16								\$ -
17								\$ -
18								\$ -
19								\$ -
20	Total	\$ 123	\$ 983	\$ (27)	\$ 6	\$ 1,989	\$ 17	\$ 3,091
21	Billed by Others	\$ 0						\$ 0
22	Billed to Others							\$ -
23	Charged to Construction							\$ -
24								\$ -
25								\$ -
27								\$ -
28								\$ -
29								\$ -
30								\$ -
31								\$ -
32								\$ -
33	Total	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0

I-36B. PREPAID TAXES AND TAX ACCRUALS (account 1300, 4070 and 4080)

Verizon-New Hampshire \$(000)

1. Respondents shall disclose in column (b) the amount of prepaid taxes and in column (c) the amount of tax accruals at the beginning of the year and in column (d) other taxes accrued.
2. In column (d) respondents shall list the accounts charged and in column (e) the amount of taxes accrued during the year.
3. In column (f) respondents shall disclose the amount of taxes paid and in column (g) the adjustments with an explanation for each adjustment amounting to \$25,000 or more.
4. In succeeding columns, respondents shall disclose the balance at the end of the year for the prepaid taxes, income tax accruals and other taxes accrued.

Line No.	Particulars (a)	Balance at Beginning of the Year		Taxes Accrued During the Year		Taxes Paid During the Year (f)	Adjustments Debit or (Credit) (g)	Balance at End of the Year	
		Prepaid Taxes (Acct. 1300) (b)	Tax Accruals (Accts 4070 & 4080) (c)	Acct. Charged. (d)	Amount (e)			Prepaid Taxes (Acct. 1300) (h)	Tax Accruals (Accts 4070 & 4080) (i)
1	Prepaid Taxes	\$ (1)		1300				\$ (1)	
2	Income Taxes Accrued		\$ 64,954	4070			\$ (8,457)		\$ 73,411
3	Other Taxes Accrued - BPT		\$ 10,773	4080			\$ 89		\$ 10,683
4									
5									
6									
7									
8									
9									
10									
11									
12									
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29									
30									
31									
32									
33	Total	\$ (1)	\$ 75,727		\$ -	\$ -	\$ (8,368)	\$ (1)	\$ 84,095

I-36C. NONOPERATING TAXES
Verizon-New Hampshire \$(000)

Line No.	Description of Item (a)	Total	Federal	State	Local
1	Account 7410 Nonoperating Investment Tax Credits-Net	\$ -			
2	Account 7420 Nonoperating Federal Income Tax	\$ (320)	\$ (320)		
3	Account 7430 Nonoperating State and Local Income Taxes	\$ (46)		\$ (46)	
4	Account 7440 Nonoperating Other Taxes	\$ -			
5					
6					
7					
8					
9					
10	Account 7450 Provision for Deferred Nonoperating Income Taxes-Net	\$ (3,971)	\$ (3,120)	\$ (851)	
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36	Total	\$ (4,337)	\$ (3,440)	\$ (897)	\$ -

**I-36D. EXTRAORDINARY ITEMS (Accounts 7610, 7620, 7630, 7640)
Verizon-New Hampshire \$(000)**

1. Give below a brief description of each item included in accounts 7610, Extraordinary Income Credits and 7620, Extraordinary Income Charges.
2. Give reference to Commission approval, including date of approval for extraordinary treatment of any item.
3. The Income tax effects relating to each extraordinary item should be listed in Column (c) and Column (d).

Line No.	Description of Item (a)	Gross Amount (b)	Account 7630 Current Income Tax Effect (c)	Account 7640 Provision for Deferred Income Tax Effect (d)
1	Account 7610 Extraordinary Income Credits	\$ -		
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	TOTALS	\$ -	\$ -	\$ -
16	Account 7620 Extraordinary Income Charges	\$ -		
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30	TOTALS	\$ -	\$ -	\$ -
31	Net Extraordinary Items	\$ -	\$ -	\$ -

I-37. NONOPERATING INCOME AND EXPENSE (Account 7300)
Verizon-New Hampshire \$(000)

Line No.	Item (a)	Amount for the Current Year (b)	Increase Over Preceding Year (c)
1	7310 Dividend Income	\$ -	\$ -
2	7320 Interest Income	\$ 227	\$ (264)
3	7330 Income From Sinking and Other Funds	\$ -	\$ -
4	7340 Allowance for Funds Used During Construction	\$ 492	\$ (483)
5	7350 Gains or Losses for the Disposition of Certain Property	\$ (1)	\$ (1)
6	7355 Equity in Earnings of Affiliated Companies	\$ -	\$ -
7	7360 Other Nonoperating Income	\$ (15,242)	\$ (18,017)
8	7370 Special Charges	\$ (701)	\$ 15
9	Total Nonoperating Income and Expenses	\$ (15,225)	\$ (18,750)

I-38. OTHER OPERATING INCOME AND EXPENSE (Account 7100)
Verizon-New Hampshire \$(000)

Line No.	Item (a)	Amount for the Current Year (b)	Increase Over Preceding Year (c)
1	7110 Income from Custom Work	\$ 47	\$ (84)
2	7130 Return from Nonregulated Use of Regulated Facilities	\$ -	\$ -
3	7140 Gains and Losses from Foreign Exchange	\$ -	\$ -
4	7150 Gains and Losses from the Disposition of Land and Artwork	\$ (3)	\$ 7
5	7160 Other Operating Gains and Losses	\$ (152)	\$ (41)
6	Total Other Operating Income and Expenses	\$ (108)	\$ (118)

I-39. SPECIAL EXPENSES ATTRIBUTABLE TO FORMAL REGULATORY CASES

1. Show, to the extent indicated by the following instructions and columnar captions, the expenses incurred during the year in connection with formal cases before Federal, State and other regulatory commissions, and in cases in which such a commission is a party, including to the same extent, the cost of defense and prosecution of petitions and complaints presented to such commissions and the cost of valuations, inventories, and appraisals of plant made for rate-case purposes and those taken in compliance with State and other regulatory authorities.
2. Expenses in connection with the procurement of franchises, issuance of capital stock and funded debt, and the expenses of securing certificates of convenience and necessity shall not be included in this schedule.
3. Give in column (a) a complete description of the regulation, hearing, or case that occasioned the items reported, including its number or other identification and the name of the regulatory commission concerned.
4. Column (b) shall include special assessments by regulatory commissions pertaining to the proceedings reported. General assessments by such commissions shall not be included in this schedule.
5. Column (c) shall include amounts such as fees, retainers, and expenses (excepting minor expenses not readily separable) paid to attorneys, consultants, and others not carried on the payroll of respondent.
6. Column (d) shall include salaries and wages and readily associated expenses of employees that have been employed or retained in service by respondent solely or almost entirely because of one or more of the proceedings reported.
7. Total expenses reported in columns (b), (c) and (d) shall be reported in column (e).

Line No.	Description of Regulation or Case (a)	Special Assessments by Regulatory Commissions (b)	OTHER SPECIAL EXPENSES		Total Reported Expenses and Assessments (e)
			Fees, Retainers Expenses, and Other Billed Items (c)	Incremental Payroll Costs and Directly Associated Expenses (d)	
1	Bell Atlantic-NH - Destek Group, Inc.		268		\$ 268
2	VZ NH - Appeal of PUC SGAT Order		3,013		\$ 3,013
3	VZ NH - Affiliate Contract / Audit Invest (Yellow Pages)		42,465		\$ 42,465
4	VZ NH - Appeal of PUC's UNE Decision		5,300		\$ 5,300
5	VZ NH - GNAPS Arbitration		1,860		\$ 1,860
6	Liberty Consulting Group-DT 02-165 (Yellow Pages)		30,000		\$ 30,000
7	Orr & Reno - Docket DT 02-107		3,506		\$ 3,506
8					\$ -
9					\$ -
10					\$ -
11					\$ -
12					\$ -
13					\$ -
13					\$ -
	Total	\$ -	\$ 86,411	\$ -	\$ 86,411

I-40. ADVERTISING
Verizon-New Hampshire \$(000)

1. Respondents shall disclose on line 1, the total amount charged to Account 6613, Product Advertising. Those costs shall include costs incurred in developing and implementing promotional strategies to stimulate the purchase of products and services.

2. Respondents shall disclose on line 2 the total amount of external relations expenditures to include cost to maintain relations with the government, regulators, other companies and the general public.

3. On line 3 respondents shall disclose the total costs incurred that are typically given special regulatory scrutiny for ratemaking purposes. These costs are presumed to be excluded from the cost of service in setting rates.

Line No.	Account No. (a)	Account Title (b)	Amount During the Year (c)
1	6613	Product Advertising	\$ 1,388
2	6722	External Relations	\$ 4,451
3	7370	Special Charges	\$ 701
4		Other (Specify):	
5			
6			
7			
8			
9			
10			
11			
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31			
32			
33			
34			
35			
36			
37			
38			
39		Total	\$ 6,540

I-41. GENERAL SERVICES AND LICENSES**Verizon-New Hampshire \$(000)**

1. Respondents shall enter in column (a) the name of the affiliate to whom respondents paid \$10,000 or more for services received under a license agreement, a general service contract, or other arrangement providing for the furnishing of general account, engineering,
2. Respondents shall describe in column (b) the type of service provided.

Line No.	Name of Affiliate (a)	Service Provided (b)	Amount (c)
1		Billing associated with the provision of	\$ -
2	Verizon Services	Technical, Regulatory, Government	\$ 79,153
3	Verizon Corporate Services Corporation	Relations, Centralized Data Processing	\$ 24,012
4	Verizon Data Services Inc.	Services, Marketing and Method Services	\$ 7,551
5	fGTE Telco's	and Training Systems support. The	\$ 2,837
6	Verizon Logistics	respondent paid for materials, apparatus,	\$ 407
7	Verizon Advanced Data Inc.	equipment, supplies and services.	\$ 4,059
8			
9			
10			
11			
12			
13			
14			
15			
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32			
33			
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35			
36			
37			
38			
39			
40			
41			
42	Aggregate of All Other Amounts		
43		Total	\$ 118,019

**I-42. MEMBERSHIPS FEES AND DUES
Verizon-New Hampshire \$(000)**

1. Respondents shall disclose in column (b) the number of organizations in column (c) the number of memberships and in column (d) amount paid for membership fees and dues for each line item in column (a).
2. Respondents shall specify in column (a) any other type of organization not provided for elsewhere on this schedule.

Line No.	Particulars (a)	NUMBER OF		Amount (d)
		Organi- zations (b)	Member- ships (c)	
EXPENDITURES CHARGED TO OPERATING EXPENSES				
1	Associations of Telecommunications Companies,			
2	Trade, Technical and Professional Associations and			
3	Other Organizations (specify type):			
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	Total	-	-	\$ -
EXPENDITURES CHARGED TO SPECIAL CHARGES (ACCOUNT 7370)				
16	Social and Athletic Clubs			
17	Service Clubs (Rotary, Kiwanis, etc.)			
18	Lobbying			\$ 299
19	Charitable Contributions			\$ 17
20	Membership Fees			\$ 2
21	Penalties & Fines			\$ 9
22	Abandoned Construction Projects			\$ 330
23	Other (specify type):			\$ 44
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37	Total	-	-	\$ 701

I-43. DONATIONS OR PAYMENTS FOR SERVICES RENDERED BY PERSONS OTHER THAN EMPLOYEES

1. Report for each service rendered (including materials furnished incidental to the service which are impracticable of separation) by recipient and in total the aggregate of all payments made during the year where the aggregate of all such payments to a recipient was \$5,000 or more including fees, retainers commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payments for services or as donations. Payments to a recipient by two or more companies within a single system under a cost sharing or other joint arrangement shall be considered a single item for reporting in this schedule and shall be shown in the report of the principal company in the joint arrangement (as measured by gross operating revenues) with reference thereto in the reports of the other system companies in the joint arrangement.

Line No.	Name of Recipient (a)	Nature of Service (b)	Amount of Payment (c)
1			
2			
3	This information can be found in Table I-7 of the VZ-NE Armis 43-02 report filed with the FCC.		ARMIS Data Retrieval System
4			
5			
6			
7			
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9			
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29			
30			
31			
32			
33			
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39			
40			
Total \$			-

This information can be found in Tables II&III of the VZ-NE Arnis 43-08 report filed with the FCC. ARMIS Data Retrieval System

S-1. SWITCHES AND ACCESS LINES IN SERVICE					
Line No.	Description (a)	Total at End of Year			
		Electronic	Digital	Main Access Lines	
		(b)	(c)	Analog (d) Digital (e)	
SWITCHES					
1	Central Office Switches - List by exchange				
2	Remote Switches				
3	Carrier Systems				
	Total	0	0	0	0
ACCESS LINES					
Access Lines In Service by Customer:				Total at End of Year	
				Analog	Digital
				(b)	(c)
4	Residential Access Lines				
5	Multiparty				
6	Total Access Lines			0	0
7	Business Access Lines:				
8	Single Party				
9	Basic Rate ISDN (2B+D)				
10	Primary Rate ISDN				
11	PBX Trunks				
12	Centrex-CO Line Count				
13	InWATS - Closed End				
14	Total Business Lines			0	0
15	Other Access Lines				
16	Radio Common Carrier (RCC) and Company Mobile				
17	Switched Access - FGA FX/ONAL				
18	Public Pay Stations				
19	Other				
20	Total Other Access Lines			0	0
21	Total Access Lines			0	0

This information can be found in Table I.A of the VZ-NE Armis 43-08 report filed with the FCC. [ARMIS Data Retrieval System](#)

S-2. OUTSIDE PLANT STATISTICS - DISTRIBUTION/FEEDER		
Line No.	Description (a)	Total at End of Year (b)
1	Miles of Aerial Wire Aerial Cable	
2	Miles of Sheath Copper	
3	Miles of Wire in Cable	
4	Miles of Sheath Fiber	
5	Miles of Fiber in Sheath Underground Cable	
6	Miles of Sheath Copper	
7	Miles of Wire in Cable	
8	Miles of Sheath Fiber	
9	Miles of Fiber in Sheath Buried Cable	
10	Miles of Sheath Copper	
11	Miles of Wire in Cable	
12	Miles of Sheath Fiber	
13	Miles of Fiber in Sheath Submarine Cable	
14	Miles of Sheath Copper	
15	Miles of Wire in Cable	
16	Miles of Sheath Fiber	
17	Miles of Fiber in Sheath Total Distribution/Feeder Cable	
18	Miles of Sheath - Copper	
19	Miles of Sheath - Fiber	
20	Fiber Miles in Sheath - Lit	
21	Fiber Miles in Sheath - Deployed (Lit & Dark) Poles and Underground Conduit	
22	Number of Poles	
23	Underground Conduit- Trench Miles	
24	Underground Conduit- Duct Miles	

This information can be found in Table I.B of the VZ-NE Amis 43-08 report filed with the FCC. [ARMIS Data Retrieval System](#)

S-3. OUTSIDE PLANT STATISTICS - INTEROFFICE		
Line No.	Description (a)	Total at End of Year (b)
1	Miles of Aerial Wire Aerial Cable	
2	Miles of Sheath Copper	
3	Miles of Wire in Cable	
4	Miles of Sheath Fiber	
5	Miles of Fiber in Sheath Underground Cable	
6	Miles of Sheath Copper	
7	Miles of Wire in Cable	
8	Miles of Sheath Fiber	
9	Miles of Fiber in Sheath Buried Cable	
10	Miles of Sheath Copper	
11	Miles of Wire in Cable	
12	Miles of Sheath Fiber	
13	Miles of Fiber in Sheath Submarine Cable	
14	Miles of Sheath Copper	
15	Miles of Wire in Cable	
16	Miles of Sheath Fiber	
17	Miles of Fiber in Sheath Total Distribution/Feeder Cable	
18	Miles of Sheath - Copper	
19	Miles of Sheath - Fiber	
20	Fiber Miles in Sheath - Lit	
21	Fiber Miles in Sheath - Deployed (Lit & Dark)	

S-4. PENSION COST

Line No.	Item	Current Year (b)	Previous Year (c)
North Associate Plan			
1	Accumulated Benefit Obligation	\$ 9,624,066,000	\$ 9,185,634,000
2	Projected Benefit Obligation	\$ 9,670,246,000	\$ 9,226,986,000
3	Fair Value of Plan Assets	\$ 6,763,855,000	\$ 9,292,237,000
4	Discount Rate for Settlement of Liabilities	6.75%	7.25%
5	Expected Long-Term Return on Assets	8.50%	9.25%
Net Periodic Pension Cost:			
6	Service Cost	\$ 123,039,000	\$ 105,019,000
7	Interest Cost	\$ 604,776,000	\$ 609,795,000
8	Return on Plan Assets	\$ (721,084,000)	\$ (883,330,000)
9	Amortization of Transition Amount	\$ (6,174,000)	\$ (59,197,000)
10	Amortization of Gains or Losses	\$ (28,222,000)	\$ (100,814,000)
11	Total	\$ (27,665,000)	\$ (328,527,000)
12	Minimum Required Contribution	\$ 64,475,000	0
13	Actual Contribution	\$ -	0
14	Maximum Amount Deductible	\$ 1,255,399,000	0
15	Benefits Payments	N/A	N/A
16	Pension Cost	\$ (10,638,000)	\$ (106,655,000)
17	Pension Cost Capitalized	\$ (2,157,386)	\$ (23,709,407)
18	Accumulated Pension Asset (Liability) at Close of Year	\$ (287,626,125)	\$ (199,399,129)
Number of Company Employees:			
19	Covered and not Covered by Plan		
20	Active	40,899	47,337
21	Retired	58,129	58,814

Note: 2003 annuity benefit payments are not available for plans which pay lump sum cashouts.

Note2: The information provided is on a plan basis and NE is a participant in the North Associate Plan

Note3: Information identified on Line 16 - 18 is for total NE only. Pension cost identified on Line 16 excludes any SFAS 88 charges

Note4: 2003 plan year minimum contribution is due on or before September 15, 2004.

S-4. PENSION COST			
Line No.	Item	Current Year (b)	Previous Year (c)
Management Cash Balance Plan			
1	Accumulated Benefit Obligation	\$ 13,081,858,000	\$ 12,898,075,000
2	Projected Benefit Obligation	\$ 13,632,185,000	\$ 13,396,073,000
3	Fair Value of Plan Assets	\$ 13,247,164,000	\$ 16,524,529,000
4	Discount Rate for Settlement of Liabilities	6.75%	7.25%
5	Expected Long-Term Return on Assets	8.50%	9.25%
Net Periodic Pension Cost:			
6	Service Cost	\$ 196,957,000	\$ 194,365,000
7	Interest Cost	\$ 870,447,000	\$ 917,807,000
8	Return on Plan Assets	\$ (1,424,268,000)	\$ (1,638,593,000)
9	Amortization of Transition Amount	\$ (10,374,000)	\$ (11,881,000)
10	Amortization of Gains or Losses	\$ (236,051,000)	\$ (395,320,000)
11	Total	\$ (603,289,000)	\$ (933,622,000)
12	Minimum Required Contribution	0	0
13	Actual Contribution	0	0
14	Maximum Amount Deductible	0	0
15	Benefits Payments	N/A	N/A
16	Pension Cost	\$ (54,096,000)	\$ (109,916,000)
17	Pension Cost Capitalized	\$ (10,970,669)	\$ (24,434,327)
18	Accumulated Pension Asset (Liability) at Close of Year	\$ 102,925,085	\$ 144,062,083
Number of Company Employees:			
19	Covered and not Covered by Plan		
20	Active	31,736	34,373
21	Retired	53,696	56,999

Note: 2003 annuity benefit payments are not available for plans which pay lump sum cashouts.

Note2: The information provided is on a plan basis and NE is a participant in the Management Cash Balance Plan

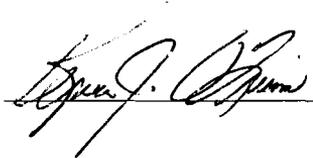
Note3: Information identified on Line 16-18 is for total NE only. Pension cost identified on Line 16 excludes any SFAS 88 charges

ANNUAL REPORT
of

Verizon New England Inc.
TO THE
STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
For the year ended December 31,
2003
OATH

State of Massachusetts
County of Suffolk ss.

I, the undersigned, Director of Regulatory Accounting of the Verizon New England Inc. utility, on my oath do severally say that the foregoing report has been prepared, under my direction, from the original books, papers and records of said utility, that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of said utility, in respect to each and every matter and thing therein set forth to the best of my knowledge, information and belief; and that the accounts and figures contained in the foregoing report embrace all of the financial operations of said utility during the period for which said report is made.

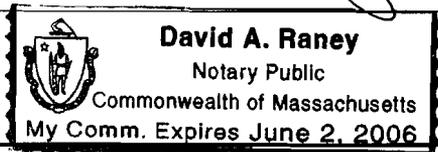


Director-Regulatory Accounting

Subscribed and sworn to before me this

31st day of March, 2004

David A. Raney



RESERVED

CITIES AND TOWNS IN NEW HAMPSHIRE IN WHICH VERIZON NEW ENGLAND INC.
CONDUCTS ITS TELEPHONE BUSINESS

Verizon New England Inc.

Year Ended December 31, 2003

Schedule A-5

(Code) (MMYY)
NETC 1203

Acworth	Dalton	Harts Location	Mont Vernon	Sargents Purchase
Albany	Danbury	Haverhill	Nashua	Seabrook
Alexandria	Danville	Hebron	Nelson	Second College Grant
Allenstown	Deerfield	Hill	New Boston	Sharon
Alstead	Deering	Hinsdale	Newbury	Shelburne
Alton	Derry	Holderness	New Castle	Somersworth
Amherst	Dixville	Hollis	New Durham	South Hampton
Andover	Dorchester	Hooksett	Newfields	Springfield
Antrim	Dover	Hopkinton	Newington	Stark
Ashland	Dublin	Hudson	New Hampton	Stewartstown
Atkinson	Dummer	Jackson	New Ipswich	Stoddard
Auburn	Dunbarton	Jaffrey	New London	Strafford
Barnstead	Durham	Jefferson	Newmarket	Stratham
Barrington	East Kingston	Keene	Newport	Stratford
Barlett	Easton	Kensington	Newton	Sugar Hill
Bath	Eaton	Kingston	Northfield	Sullivan
Beans's Purchase	Effingham	Laconia	North Hampton	Sunapee
Bedford	Ellsworth	Lancaster	Northumberland	Surry
Belmont	Enfield	Landaff	Northwood	Sutton
Bennington	Epping	Langdon	Nottingham	Swanzy
Benton	Epsom	Lebanon	Orange	Tamworth
Berlin	Errol	Lee	Orford	Temple
Bethlehem	Exeter	Lempster	Ossipee	Thompson and Meserve Purchase
Boscawen	Farmington	Lincoln	Pelham	Thornton
Bow	Fitzwilliam	Lisbon	Pembroke	Tilton
Bradford	Francestown	Litchfield	Peterborough	Troy
Brentwood	Franconia	Littleton	Piermont	Tuftonboro
Bridgewater	Franklin	Livermore	Pinkhams Grant	Unity
Bristol	Freedom	Londonderry	Pittsburg	Wakefield
Brookfield	Freemont	Loudon	Pittsfield	Walpole
Brookline	Gilford	Lyman	Plainfield	Warner
Cambridge	Gilmanton	Lyme	Plaistow	Warren
Campton	Gilsum	Lyndeborough	Plymouth	Washington
Canaan	Goffstown	Madbury	Portsmouth	Waterville Valley
Candia	Corham	Madison	Randolph	Weare
Canterbury	Coshe	Manchester	Raymond	Wentworth
Carroll	Grafton	Marlborough	Richmond	Wentworths Location
Center Harbor	Grantham	Marlow	Rindge	Westmoreland
Charlestown	Greenfield	Martins Location	Rochester	Whitefield
Chatham	Greenland	Mason	Rollinsford	Wilmot
Chester	Greens Grant	Meredith	Roxbury	Wilton
Chesterfield	Greenville	Merrimack	Rumney	Winchester
Chichester	Groton	Middleton	Rye	Windham
Claremont	Hampstead	Milan	Salem	Wolfeboro
Clarksville	Hampton	Milford	Salisbury	Woodstock
Colebrook	Hampton Falls	Milton	Sanbornton	
Columbia	Hancock	Millsfield	Sandown	
Concord	Hanover	Monroe	Sandwich	
Conway	Harrisville	Moultonborough		
Conrith				
Croyden				

Schedule A-6: Payments to Individuals

Name	Sum Gross Amt
STATE OF NEW HAMPSHIRE	\$ 15,685,611.21
LEVEL 3 COMMUNICATIONS LLC	\$ 4,208,746.89
LIGHTSHIP TELECOM	\$ 3,285,201.41
EXECUTIVE DIRECTOR BUREAU	\$ 3,208,610.54
VERIZON NETWORK FUNDING	\$ 1,666,145.51
VERIZON NETWORK FUNDING-CONVERSENT	\$ 1,347,134.62
PAETEC COMMUNICATIONS INC	\$ 1,334,130.37
EAST COAST UTILITIES CORP	\$ 1,039,371.67
BROOKS FIBER PROPERTIES	\$ 1,004,886.15
UNION WATER POWER CO	\$ 953,758.87
AJILON COMMUNICATIONS LLC	\$ 940,080.77
NEW HAMPSHIRE ELEC COOP	\$ 876,973.49
CONTEL CONSTRUCTION	\$ 636,329.34
FREEDOM RING COMMUNICATIONS LLC	\$ 625,187.08
AT&T CARRIER BILLING	\$ 552,394.08
RNK INC	\$ 522,763.23
CITIZENS BANK NH	\$ 457,820.28
UNIVERSAL SERVICE ADMINISTRATIVE COMP	\$ 449,390.06
JCR CONSTRUCTION CO INC	\$ 399,818.49
LUCAS TREE EXPERT CO	\$ 380,652.18
ALCATEL USA MARKETING INC	\$ 370,333.00
UTILITY CONSULTANTS INC	\$ 327,549.23
ECI DIRECTIONAL DRILLING INC	\$ 318,726.15
PAR ELECTRICAL CONTRACTORS INC	\$ 315,225.14
LACASSE PAVING & CONST CO	\$ 282,884.72
ENGINEERS CONSTRUCTION	\$ 279,342.43
TEL-POWER INC	\$ 203,494.46
LANGILLE CONSTRUCTION INC	\$ 176,592.30
NORTHEAST UTILITIES	\$ 174,383.00
VERIZON WIRELESS	\$ 137,559.16
NORTH PACIFIC POLE CO	\$ 127,297.78
JACK YOUNG COMPANY INC	\$ 127,123.05
NEW ENGLAND TRAFFIC CONTROL SERVICES INC	\$ 111,539.75
T-NETIX	\$ 95,845.00
AMERICAN U-TEL INC	\$ 77,750.48
D B U CONSTRUCTION INC	\$ 77,591.81
AT&T ACCOUNTS PAYABLE	\$ 73,249.94
AUTOMOTIVE RENTALS	\$ 71,544.18
EXETER & HAMPTON ELECTRIC	\$ 68,162.00
CONVERSENT COMMUNICATIONS	\$ 67,894.50
FREEDOM RING COMMUNICATIONS LLC	\$ 63,949.90
GENERAL MOTORS ACCEPTANCE	\$ 61,981.00
GE CORP CARD SERVICES	\$ 59,981.02
CITY OF MANCHESTER	\$ 57,495.58
SYSTEM STUDIES	\$ 56,481.80
SPS NEW ENGLAND	\$ 54,500.00
VERIZON NORTH	\$ 51,716.95
NORTHERN LINE LAYERS	\$ 49,093.62
ALOMAX TECHNOLOGIES	\$ 44,434.00
MCINTIRE/ADK	\$ 44,264.98
TOWN OF WOLFEBORO	\$ 44,228.00
MOUNTAIN LTD	\$ 38,202.00
INQUEST TECHNOLOGIES	\$ 37,210.00
AJILON	\$ 36,451.16
NORTEL NETWORKS INC	\$ 36,206.00
MOHAWK LTD	\$ 34,481.11
GLOBAL NAPS INC	\$ 33,145.85
TEL POWER	\$ 33,005.15
CENTRAL MAINE POWER CO	\$ 31,049.00
FLEET ELECTRIC SERVICE INC	\$ 29,210.54
CTC COMMUNICATIONS CORP	\$ 26,199.15
JP MORGAN CHASE/PLASTIC PURCHASING CARD	\$ 25,346.29
BRIDGESTONE/FIRESTONE INC	\$ 24,346.86
PROFESSIONAL TELECONCEPTS INC	\$ 23,738.00
NASHUA POLICE DEPARTMENT	\$ 23,697.14
CISCO SYSTEMS INC	\$ 23,348.96
TEAM FENEX LTD	\$ 21,463.00
BUTLER FLEET SERVICES INC	\$ 21,136.26
ASPLUNDH TREE EXPERT CO	\$ 20,723.72
NYNEX LONG DISTANCE DBA VZ ENTERPRISES	\$ 20,564.00
HARON CORPORATION	\$ 19,227.06

STATE OF NEW HAMPSHIRE	\$ 18,487.60
CONDON ELECTRIC INC	\$ 17,761.58
TOWN OF NEWPORT	\$ 16,456.21
PAYWISE INC	\$ 16,111.43
VERIZON READS INC	\$ 15,697.21
GE CORPORATE CARD SERVICES	\$ 15,283.63
GULF OF BOSTON	\$ 14,500.60
CORNING CABLE SYSTEMS LLC	\$ 14,411.08
RADIODETECTION-RISER BOND INSTRUMENTS	\$ 13,603.51
VERIZON NETWORK FUNDING-BROADVIEW	\$ 13,360.85
HARON CORPORATION	\$ 13,280.95
HOME DEPOT	\$ 13,123.27
PITNEY BOWES MANAGEMENT SERVICES	\$ 13,028.49
JP MORGAN CHASE / PEGAS NORTH	\$ 12,989.00
MESCO INCORPORATED	\$ 12,677.41
CUSHING & SONS	\$ 12,242.00
TELCORDIA TECHNOLOGIES INC	\$ 12,202.08
CITY OF LEBANON	\$ 12,040.92
COMFORCE	\$ 11,543.31
CITY OF CLAREMONT	\$ 11,526.10
VICTORIA FOREST LLC	\$ 11,290.35

VERIZON NEW ENGLAND INC.
EMBEDDED COST OF LONG-TERM DEBT
PERIOD ENDED DECEMBER 31, 2003

	Series (A)	Rate (B)	Issue Date (C)	Maturity Date (D)	Type (E)	Long-term Maturities (F)	Current Maturities (G)	Premium (Discount) (H)	Unamortized Issuance Expense (I)	Net Proceeds (J=F+G+H+I)	YTM Cost Rate (K)	Annual Effective Cost (L=JxK)
1		7.650%	06/15/00	06/15/07	Debenture	\$ 125,000,000	\$ 0	\$ (130,737)	\$ (385,975)	\$ 124,483,288	7.807%	\$ 9,718,410
2		5.875%	04/15/99	04/15/09	"	200,000,000	0	(809,625)	(687,916)	198,502,459	6.066%	12,041,159
3	A	6.500%	09/15/01	09/15/11	"	1,000,000,000	0	(1,723,250)	(3,775,830)	994,500,920	6.597%	65,607,226
4	C	4.750%	10/01/03	10/01/13	"	300,000,000	0	(2,635,425)	(1,445,586)	295,918,989	4.928%	14,582,888
5		6.875%	10/01/93	10/01/23	"	250,000,000	0	(2,264,668)	(1,236,353)	246,498,979	7.046%	17,368,318
6		7.875%	11/15/89	11/15/29	"	348,965,000	0	0	0	348,965,000	7.962%	27,784,593
7	B	7.000%	05/15/02	05/15/42	"	480,000,000	0	0	(10,300,425)	469,699,575	7.244%	34,025,037
8		6.500%	08/21/01	09/15/11	Accumulated Derivatives	49,070,500	0	0	0	49,070,500	6.500%	3,189,583
9		6.550%			Capital Leases	844,053	99,333	0	0	943,386	6.550%	61,792
10		4.625%		07/01/05	Refinanced Debt	0	0	0	0	0	-	324
11		6.125%		10/01/06	"	0	0	0	0	0	-	3,936
12		6.375%		09/01/08	"	0	0	0	0	0	-	81,830
13		7.875%		09/01/22	"	0	0	0	0	0	-	229,113
14		9.000%		10/01/23	"	0	0	(2,191,124)	(17,240,472)	(19,431,596)	-	983,878
15		12.125%		01/31/25	"	0	0	(939,136)	(8,740,644)	(9,679,780)	-	459,120
16		12.125%		11/15/29	"	0	0	(926,208)	(9,768,254)	(10,694,462)	-	410,012
17		9.000%		08/01/31	"	0	0	0	0	0	-	219,514
	Total					<u>\$ 2,753,879,553</u>	<u>\$ 99,333</u>	<u>\$ (11,620,173)</u>	<u>\$ (53,581,455)</u>	<u>\$ 2,688,777,258</u>	<u>6.946%</u>	<u>\$ 186,766,733</u>

ARMIS 43-02

FCC FILING

VERIZON NEW ENGLAND INC.

YEAR END 2003

SUBMISSION 1

FCC Report 43-02
Unrestricted Version
SUBMISSION 1
COSA: NETC

Approved by OMB
3060-0395
Edition Date: 12/2001
Estimated Avg. Burden Per Response: 395 Hrs

**FEDERAL COMMUNICATION COMMISSION
WASHINGTON, D.C. 20554**

**ARMIS USOA REPORT
For Year End December 31, 2003**

Accounting filing Level: A

Name of Company: Verizon New England Tel. & Tel., Inc.

Address of Company: 185 Franklin Street, Boston, Massachusetts 02110

FCC Report 43-02, the ARMIS USOA Report, is prescribed for each local exchange carrier (LEC) with annual operating revenues for the preceding year equal to or above the indexed revenue threshold. This report collects the operating results of the carriers, total activities for every account in the USOA, as specified in Part 32 of the Commission's Rules. The ARMIS USOA Report specifies information requirements in a consistent format and is essential to the FCC to monitor revenue requirements, rate of return, jurisdictional separations and access charges. Response is mandatory.

Public reporting burden for this collection of information is estimated to average 395 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Federal Communications Commission, Office of Managing Director, Washington, D.C. 20554.

An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid control number.

COMPANY: Verizon New England Tel. & Tel., Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 CUSA: NETC

Unrestricted Version
 SUBMISSION 1

TABLE C - 3
 PAGE 1 OF 1

TABLE C-3 - RESPONDENT CORPORATE INFORMATION

Row No.	Classification (a)	Name/State (b)	Title and Department Over Which Jurisdiction is Exercised (c)	Term Expired or Current Term Will Expire (d)	Served Continuously From (e)
0010	Exact Name of Respondent <u>States of Operation</u>		N/A	N/A	N/A
0020	State of Operation	New Hampshire	N/A	N/A	N/A
0021	State of Operation	Vermont	N/A	N/A	N/A
0022	State of Operation	Massachusetts	N/A	N/A	N/A
0023	State of Operation	Maine	N/A	N/A	N/A
0024	State of Operation	Rhode Island	N/A	N/A	N/A
0025	State of Operation		N/A	N/A	N/A
0026	State of Operation		N/A	N/A	N/A

0039	State of Operation		N/A	N/A	N/A
0101	Director	Ivan G. Seidenberg, New York, NY		2003	06/23/1997 to 02/20/2003
0102	Director	Richard L. Carrion, Hato Rey, PR		2003	10/28/1997 to 02/20/2003
0103	Director	Helene L. Kaplan, New York, NY		2003	10/28/1997 to 02/20/2003
0104	Director	Joseph Neubauer, Philadelphia, PA		2003	10/28/1997 to 02/20/2003
0105	Director	Hugh B. Price, New York, NY		2003	10/28/1997 to 02/20/2003
0106	Director	Walter V. Shipley, New York, NY		2003	10/28/1997 to 02/20/2003
0107	Director	John R. Stafford, Madison, NJ		2003	10/28/1997 to 02/20/2003
0108	Director	James R. Barker, Stamford, CT		2003	08/03/2000 to 02/20/2003
0109	Director	Edward H. Budd, Glatonbury, CT		2003	08/03/2000 to 02/20/2003
0110	Director	Robert F. Daniell, Hartford, CT		2003	08/03/2000 to 02/20/2003
0111	Director	Charles R. Lee, New York, NY		2003	08/03/2000 to 02/20/2003
0112	Director	John W. Snow, Richmond, VA		2003	08/03/2000 to 02/20/2003
0113	Director	Russell E. Palmer, Philadelphia, PA		2003	08/03/2000 to 02/20/2003
0114	Director	Robert D. Storey, Cleveland, OH		2003	08/03/2000 to 02/20/2003
0115	Director	Sandra O. Moose, Boston, MA		2003	08/03/2000 to 02/20/2003
0116	Director	Lawrence T. Babbio, Jr., New York, NY		2004	02/20/2003 to present
0117	Director	Bruce P. Beausejour, Boston, MA		2004	02/20/2003 to present
0118	Director	Paula L. Brown, Boston, MA		2004	03/03/2003 to present
0119	Director	Thomas H. O'Brien, Pittsburgh, PA		2003	05/24/2000 to 02/20/2003
0120	Director	Lawrence R. Whitman, New York, NY		2003	02/20/2003 to 06/13/2003
0121	Director	Donna C. Cupelo, Boston, MA		2004	02/20/2003 to present
2	Director	John F. Killian, New York, NY		2004	06/30/2003 to present
3	Director				
0124	Director				
0125	Director				

0199	Director				
0201	Officer	Ivan G. Seidenberg, New York, NY	Chairman of the Board-President and Chief Executive Officer	2003	10/01/1997 to 03/03/2003
0202	Officer	Marianne Drost, New York, NY	Secretary	2004	01/11/2001 to present
0203	Officer	Edwin F. Hall, Philadelphia, PA	Chief Financial Officer	2003	09/23/1998 to 03/03/2003
0204	Officer	William F. Heitmann, New York, NY	Vice President	2004	09/28/1999 to present
0205	Officer	William F. Heitmann, New York, NY	Treasurer	2004	06/01/1999 to present
0206	Officer	W. Robert Mudge, Boston, MA	Region President - Operations (New England States)	2004	11/01/2001 to present
0207	Officer	Edwin F. Hall, Philadelphia, PA	Controller	2004	10/01/1997 to present
0208	Officer	Richard P. Jankun, New York, NY	Vice President - Taxes	2004	12/05/2002 to present
0209	Officer	Richard R. Masching, Coppell, TX	Vice President - Taxes	2004	12/05/2002 to present
0210	Officer	Joseph J. McGeever, Philadelphia, PA	Vice President - Taxes	2004	12/05/2002 to present
0211	Officer	Lawrence T. Babbio, Jr., New York, NY	Chairman of the Board and Chief Executive Officer	2004	03/03/2003 to present
0212	Officer	Paula L. Brown, Boston, MA	Region President - Northern New England	2004	03/03/2003 to present
0213	Officer	Donna C. Cupelo, Boston, MA	Region President -Massachusetts and Rhode Island	2004	03/03/2003 to present
0214	Officer	John F. Killian, New York, NY	Chief Financial Officer	2004	06/14/2003 to present
0215	Officer				
0216	Officer				
0217	Officer				
0218	Officer				
0219	Officer				
0220	Officer				
0221	Officer				
0222	Officer				
0223	Officer				
0224	Officer				
0225	Officer				

0299	Officer				

COMPANY: Verizon New England T & T, Inc.
STUDY AREA: VERIZON - NE
PERIOD: Jan 2003 to Dec 2003
COSA: NETC

TABLE C-5 - IMPORTANT CHANGES DURING THE YEAR

Row No.	Classification (a)	Description/Identification (b)	Date (c)	Description of Contract (d)	State (e)	Date of Change (f)	Description of Change (g)	Est. Increase or Decrease in Annual Rev. (h)	Est. Savings or Additional Cost to Public (i)
	<u>Important Contracts, Agreements, Etc.</u>								
1610	Important Contract or Agreement	New Rochelle Telephone Corp.	01/01/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1611	Important Contract or Agreement	Global NAPS Inc.	01/17/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1612	Important Contract or Agreement	IDT America Corp.	01/17/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1613	Important Contract or Agreement	Cat Communications International Inc.	01/27/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1614	Important Contract or Agreement	A.R.C. Networks Inc.	02/03/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1615	Important Contract or Agreement	AccessPlus Communications Inc.	02/12/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1616	Important Contract or Agreement	DSLnet Communications LLC	03/26/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1617	Important Contract or Agreement	Metro Teleconnect Companies Inc.	04/15/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1618	Important Contract or Agreement	NEON Connect Inc.	05/09/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1619	Important Contract or Agreement	Prospect.Net Inc.	05/09/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1620	Important Contract or Agreement	Focal Communications Corporation of Massachusetts	07/14/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1621	Important Contract or Agreement	North Atlantic Networks LLC	07/31/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1622	Important Contract or Agreement	Volo Communications of Massachusetts Inc.	09/22/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1623	Important Contract or Agreement	PNG Telecommunications Inc.	10/01/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1624	Important Contract or Agreement	CCG Communications, LLC	11/13/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1625	Important Contract or Agreement	ACN Communications Services Inc.	12/02/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1626	Important Contract or Agreement	AccessBridge Communications, Inc.	12/26/2003	Comprehensive	MA	N/A	N/A	N/A	N/A
1627	Important Contract or Agreement	Cypress Communications Operating Company Inc.	08/09/2003	InterconnectionUnbundled	MA	N/A	N/A	N/A	N/A
1628	Important Contract or Agreement	USA Telephone Inc.	08/05/2003	ResaleUnbundled	MA	N/A	N/A	N/A	N/A
1629	Important Contract or Agreement	IDT America Corp.	01/17/2003	Comprehensive	ME	N/A	N/A	N/A	N/A
1630	Important Contract or Agreement	dPi Teleconnect LLC	02/07/2003	Comprehensive	ME	N/A	N/A	N/A	N/A
1631	Important Contract or Agreement	DSLnet Communications LLC	03/26/2003	Comprehensive	ME	N/A	N/A	N/A	N/A
1632	Important Contract or Agreement	Metro Teleconnect Companies Inc.	04/15/2003	Comprehensive	ME	N/A	N/A	N/A	N/A
1633	Important Contract or Agreement	NEON Connect Inc.	05/09/2003	Comprehensive	ME	N/A	N/A	N/A	N/A
1634	Important Contract or Agreement	BullsEye Telecom Inc.	08/11/2003	Comprehensive	ME	N/A	N/A	N/A	N/A
1635	Important Contract or Agreement	XO Long Distance Services Inc.	08/27/2003	Comprehensive	ME	N/A	N/A	N/A	N/A
1636	Important Contract or Agreement	Communication Solutions Partners	01/10/2003	Resale	ME	N/A	N/A	N/A	N/A
1637	Important Contract or Agreement	AltComm Inc.	02/28/2003	Resale	ME	N/A	N/A	N/A	N/A
1638	Important Contract or Agreement	1 Com, Inc.	12/20/2003	Resale	ME	N/A	N/A	N/A	N/A
1639	Important Contract or Agreement	Global NAPS Inc.	01/17/2003	Comprehensive	NH	N/A	N/A	N/A	N/A
1640	Important Contract or Agreement	IDT America Corp.	01/17/2003	Comprehensive	NH	N/A	N/A	N/A	N/A
1641	Important Contract or Agreement	Biddeford Internet Corporation	01/22/2003	Comprehensive	NH	N/A	N/A	N/A	N/A
1642	Important Contract or Agreement	DSLnet Communications LLC	03/26/2003	Comprehensive	NH	N/A	N/A	N/A	N/A
1643	Important Contract or Agreement	XO Long Distance Services Inc.	08/27/2003	Comprehensive	NH	N/A	N/A	N/A	N/A
1644	Important Contract or Agreement	Communication Solutions Partners	01/10/2003	Resale	NH	N/A	N/A	N/A	N/A
1645	Important Contract or Agreement	EliteView LLC	01/22/2003	Resale	NH	N/A	N/A	N/A	N/A
1646	Important Contract or Agreement	AltComm Inc.	02/28/2003	Resale	NH	N/A	N/A	N/A	N/A
1647	Important Contract or Agreement	IDT America Corp.	01/17/2003	Comprehensive	RI	N/A	N/A	N/A	N/A
1648	Important Contract or Agreement	DSLnet Communications LLC	03/26/2003	Comprehensive	RI	N/A	N/A	N/A	N/A
1649	Important Contract or Agreement	Metro Teleconnect Companies Inc.	04/15/2003	Comprehensive	RI	N/A	N/A	N/A	N/A
1650	Important Contract or Agreement	Cat Communications International Inc.	04/25/2003	Comprehensive	RI	N/A	N/A	N/A	N/A
1651	Important Contract or Agreement	NEON Connect Inc.	05/09/2003	Comprehensive	RI	N/A	N/A	N/A	N/A
1652	Important Contract or Agreement	Global Naps Inc.	05/23/2003	Comprehensive	RI	N/A	N/A	N/A	N/A
1653	Important Contract or Agreement	Volo Communications of Rhode Island Inc.	09/22/2003	Comprehensive	RI	N/A	N/A	N/A	N/A

COMPANY: Verizon New England T & T, Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1

TABLE C-5 - IMPORTANT CHANGES DURING THE YEAR

TABLE C - 5
 PAGE 3 OF 6

Row No.	Classification (a)	Description/Identification (b)	Date (c)	Description of Contract (d)	State (e)	Date of Change (f)	Description of Change (g)	Est. Increase or Decrease in Annual Rev (h)	Est. Savings or Additional Cost to Public (i)
	Important Contracts, Agreements, Etc.								
1654	Important Contract or Agreement	IDT America Corp.	01/10/2003	Comprehensive	VT	N/A	N/A	N/A	N/A
1655	Important Contract or Agreement	Global NAPS Inc.	02/10/2003	Comprehensive	VT	N/A	N/A	N/A	N/A
1656	Important Contract or Agreement	Power Shift Computer Services Inc.	03/03/2003	Comprehensive	VT	N/A	N/A	N/A	N/A
1657	Important Contract or Agreement	DSLnet Communications LLC	03/26/2003	Comprehensive	VT	N/A	N/A	N/A	N/A
1658	Important Contract or Agreement	NEDN Connect Inc.	04/11/2003	Comprehensive	VT	N/A	N/A	N/A	N/A
1659	Important Contract or Agreement	BullsEye Telecom Inc.	06/11/2003	Comprehensive	VT	N/A	N/A	N/A	N/A
1660	Important Contract or Agreement	XO Long Distance Services Inc.	08/27/2003	Comprehensive	VT	N/A	N/A	N/A	N/A
1661	Important Contract or Agreement	AltComm Inc.	02/28/2003	Resale	VT	N/A	N/A	N/A	N/A
1662	Important Contract or Agreement	Communication Solutions Partners	04/21/2003	Resale	VT	N/A	N/A	N/A	N/A
1663	Important Contract or Agreement	DSLnet Communications LLC	03/26/2003	Comprehensive	CT	N/A	N/A	N/A	N/A
1664	Important Contract or Agreement	XO Long Distance Services Inc.	08/27/2003	ResaleUnbundled	CT	N/A	N/A	N/A	N/A
1665	Important Contract or Agreement					N/A	N/A	N/A	N/A
1666	Important Contract or Agreement					N/A	N/A	N/A	N/A
1667	Important Contract or Agreement					N/A	N/A	N/A	N/A
1668	Important Contract or Agreement					N/A	N/A	N/A	N/A
1669	Important Contract or Agreement					N/A	N/A	N/A	N/A
1670	Important Contract or Agreement					N/A	N/A	N/A	N/A
1671	Important Contract or Agreement					N/A	N/A	N/A	N/A
1672	Important Contract or Agreement					N/A	N/A	N/A	N/A
1673	Important Contract or Agreement					N/A	N/A	N/A	N/A
1674	Important Contract or Agreement					N/A	N/A	N/A	N/A
1675	Important Contract or Agreement					N/A	N/A	N/A	N/A
1676	Important Contract or Agreement					N/A	N/A	N/A	N/A
1677	Important Contract or Agreement					N/A	N/A	N/A	N/A
1678	Important Contract or Agreement					N/A	N/A	N/A	N/A
1679	Important Contract or Agreement					N/A	N/A	N/A	N/A
1680	Important Contract or Agreement					N/A	N/A	N/A	N/A
1681	Important Contract or Agreement					N/A	N/A	N/A	N/A
1682	Important Contract or Agreement					N/A	N/A	N/A	N/A
1683	Important Contract or Agreement					N/A	N/A	N/A	N/A
1684	Important Contract or Agreement					N/A	N/A	N/A	N/A
1685	Important Contract or Agreement					N/A	N/A	N/A	N/A
1686	Important Contract or Agreement					N/A	N/A	N/A	N/A
1687	Important Contract or Agreement					N/A	N/A	N/A	N/A
1688	Important Contract or Agreement					N/A	N/A	N/A	N/A
1689	Important Contract or Agreement					N/A	N/A	N/A	N/A
1690	Important Contract or Agreement					N/A	N/A	N/A	N/A
1691	Important Contract or Agreement					N/A	N/A	N/A	N/A
1692	Important Contract or Agreement					N/A	N/A	N/A	N/A
1693	Important Contract or Agreement					N/A	N/A	N/A	N/A
1694	Important Contract or Agreement					N/A	N/A	N/A	N/A
1695	Important Contract or Agreement					N/A	N/A	N/A	N/A
1696	Important Contract or Agreement					N/A	N/A	N/A	N/A
1697	Important Contract or Agreement					N/A	N/A	N/A	N/A

COMPANY: Verizon New England T & T, Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

TABLE C-5 - IMPORTANT CHANGES DURING THE YEAR

Row No.	Classification (a)	Description/Identification (b)	Date (c)	Description of Contract (d)	State (e)	Date of Change (f)	Description of Change (g)	Est. Increase or Decrease in Annual Rev. (h)	Est. Savings or Additional Cost to Public (i)
	<u>Important Contracts, Agreements, Etc.</u>								
1698	Important Contract or Agreement					N/A	N/A	N/A	N/A
1699	Important Contract or Agreement					N/A	N/A	N/A	N/A
1700	Important Contract or Agreement					N/A	N/A	N/A	N/A
1701	Important Contract or Agreement					N/A	N/A	N/A	N/A
1702	Important Contract or Agreement					N/A	N/A	N/A	N/A
1703	Important Contract or Agreement					N/A	N/A	N/A	N/A
1704	Important Contract or Agreement					N/A	N/A	N/A	N/A
1705	Important Contract or Agreement					N/A	N/A	N/A	N/A
1706	Important Contract or Agreement					N/A	N/A	N/A	N/A
1707	Important Contract or Agreement					N/A	N/A	N/A	N/A
1708	Important Contract or Agreement					N/A	N/A	N/A	N/A
1709	Important Contract or Agreement					N/A	N/A	N/A	N/A
1710	Important Contract or Agreement					N/A	N/A	N/A	N/A
1711	Important Contract or Agreement					N/A	N/A	N/A	N/A
1712	Important Contract or Agreement					N/A	N/A	N/A	N/A
1713	Important Contract or Agreement					N/A	N/A	N/A	N/A
1714	Important Contract or Agreement					N/A	N/A	N/A	N/A
1715	Important Contract or Agreement					N/A	N/A	N/A	N/A
1716	Important Contract or Agreement					N/A	N/A	N/A	N/A
1717	Important Contract or Agreement					N/A	N/A	N/A	N/A
1718	Important Contract or Agreement					N/A	N/A	N/A	N/A
1719	Important Contract or Agreement					N/A	N/A	N/A	N/A
1720	Important Contract or Agreement					N/A	N/A	N/A	N/A
1721	Important Contract or Agreement					N/A	N/A	N/A	N/A
1722	Important Contract or Agreement					N/A	N/A	N/A	N/A
1723	Important Contract or Agreement					N/A	N/A	N/A	N/A
1724	Important Contract or Agreement					N/A	N/A	N/A	N/A
1725	Important Contract or Agreement					N/A	N/A	N/A	N/A
1726	Important Contract or Agreement					N/A	N/A	N/A	N/A
1727	Important Contract or Agreement					N/A	N/A	N/A	N/A
1728	Important Contract or Agreement					N/A	N/A	N/A	N/A
1729	Important Contract or Agreement					N/A	N/A	N/A	N/A
1730	Important Contract or Agreement					N/A	N/A	N/A	N/A
1731	Important Contract or Agreement					N/A	N/A	N/A	N/A
1732	Important Contract or Agreement					N/A	N/A	N/A	N/A
1733	Important Contract or Agreement					N/A	N/A	N/A	N/A
1734	Important Contract or Agreement					N/A	N/A	N/A	N/A
1735	Important Contract or Agreement					N/A	N/A	N/A	N/A
1736	Important Contract or Agreement					N/A	N/A	N/A	N/A
1737	Important Contract or Agreement					N/A	N/A	N/A	N/A
1738	Important Contract or Agreement					N/A	N/A	N/A	N/A
1739	Important Contract or Agreement					N/A	N/A	N/A	N/A
1740	Important Contract or Agreement					N/A	N/A	N/A	N/A
1741	Important Contract or Agreement					N/A	N/A	N/A	N/A

COMPANY: Verizon New England T & T, Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

TABLE C-5 - IMPORTANT CHANGES DURING THE YEAR

Row No.	Classification (a)	Description/Identification (b)	Date (c)	Description of Contract (d)	State (e)	Date of Change (f)	Description of Change (g)	Est. Increase or Decrease in Annual Rev. (h)	Est. Savings or Additional Cost to Public (i)
	<u>Important Contracts, Agreements, Etc.</u>								
1742	Important Contract or Agreement					N/A	N/A	N/A	N/A
1743	Important Contract or Agreement					N/A	N/A	N/A	N/A
1744	Important Contract or Agreement					N/A	N/A	N/A	N/A
1745	Important Contract or Agreement					N/A	N/A	N/A	N/A
1746	Important Contract or Agreement					N/A	N/A	N/A	N/A
1747	Important Contract or Agreement					N/A	N/A	N/A	N/A
1748	Important Contract or Agreement					N/A	N/A	N/A	N/A
1749	Important Contract or Agreement					N/A	N/A	N/A	N/A
1750	Important Contract or Agreement					N/A	N/A	N/A	N/A
1751	Important Contract or Agreement					N/A	N/A	N/A	N/A
1752	Important Contract or Agreement					N/A	N/A	N/A	N/A
1753	Important Contract or Agreement					N/A	N/A	N/A	N/A
1754	Important Contract or Agreement					N/A	N/A	N/A	N/A
1755	Important Contract or Agreement					N/A	N/A	N/A	N/A
1756	Important Contract or Agreement					N/A	N/A	N/A	N/A
1757	Important Contract or Agreement					N/A	N/A	N/A	N/A
1758	Important Contract or Agreement					N/A	N/A	N/A	N/A
1759	Important Contract or Agreement					N/A	N/A	N/A	N/A
1760	Important Contract or Agreement					N/A	N/A	N/A	N/A
1761	Important Contract or Agreement					N/A	N/A	N/A	N/A
1762	Important Contract or Agreement					N/A	N/A	N/A	N/A
1763	Important Contract or Agreement					N/A	N/A	N/A	N/A
1764	Important Contract or Agreement					N/A	N/A	N/A	N/A
1765	Important Contract or Agreement					N/A	N/A	N/A	N/A
1766	Important Contract or Agreement					N/A	N/A	N/A	N/A
1767	Important Contract or Agreement					N/A	N/A	N/A	N/A
1768	Important Contract or Agreement					N/A	N/A	N/A	N/A
1769	Important Contract or Agreement					N/A	N/A	N/A	N/A
1770	Important Contract or Agreement					N/A	N/A	N/A	N/A
1771	Important Contract or Agreement					N/A	N/A	N/A	N/A
1772	Important Contract or Agreement					N/A	N/A	N/A	N/A
1773	Important Contract or Agreement					N/A	N/A	N/A	N/A
1774	Important Contract or Agreement					N/A	N/A	N/A	N/A
1775	Important Contract or Agreement					N/A	N/A	N/A	N/A
1776	Important Contract or Agreement					N/A	N/A	N/A	N/A
1777	Important Contract or Agreement					N/A	N/A	N/A	N/A
1778	Important Contract or Agreement					N/A	N/A	N/A	N/A
1779	Important Contract or Agreement					N/A	N/A	N/A	N/A
1780	Important Contract or Agreement					N/A	N/A	N/A	N/A
1781	Important Contract or Agreement					N/A	N/A	N/A	N/A
1782	Important Contract or Agreement					N/A	N/A	N/A	N/A
1783	Important Contract or Agreement					N/A	N/A	N/A	N/A

1793	Important Contract or Agreement					N/A	N/A	N/A	N/A

COMPANY: Verizon New England T & T, Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

TABLE C-5 - IMPORTANT CHANGES DURING THE YEAR

Row No.	Classification (a)	Description/Identification (b)	Date (c)	Description of Contract (d)	State (e)	Date of Change (f)	Description of Change (g)	Est. Increase or Decrease in Annual Rev. (h)	Est. Savings or Additional Cost to Public (i)
	Important Changes in Service and Rate Schedules								
0401	Change in Service and Rate	N/A	N/A	N/A		01/01/2003	Intrastate - Access - Massachusetts	-4,800	4,800
0402	Change in Service and Rate	N/A	N/A	N/A		07/01/2003	Intrastate - Exchange - Massachusetts	46,000	-46,000
0403	Change in Service and Rate	N/A	N/A	N/A		07/01/2003	Intrastate - Access - Massachusetts	-50,000	50,000
0404	Change in Service and Rate	N/A	N/A	N/A		07/01/2003	Intrastate - Exchange - Massachusetts	-7,200	7,200
0405	Change in Service and Rate	N/A	N/A	N/A		11/01/2003	Intrastate - Exchange and Other - Massachusetts	-2,800	2,800
0406	Change in Service and Rate	N/A	N/A	N/A		05/01/2003	Intrastate - Exchange - Rhode Island	3,500	-3,500
0407	Change in Service and Rate	N/A	N/A	N/A		12/15/2003	Intrastate - Exchange & Other - Maine	-1,400	1,400
0408	Change in Service and Rate	N/A	N/A	N/A		01/01/2003	Intrastate - Access - Vermont	-1,500	1,500
0409	Change in Service and Rate	N/A	N/A	N/A		07/02/2003	TM 327, 2003 Annual Filing	-17,602	17,602
0410	Change in Service and Rate	N/A	N/A	N/A					
0411	Change in Service and Rate	N/A	N/A	N/A					
0412	Change in Service and Rate	N/A	N/A	N/A					
0413	Change in Service and Rate	N/A	N/A	N/A					
0414	Change in Service and Rate	N/A	N/A	N/A					
0415	Change in Service and Rate	N/A	N/A	N/A					
0416	Change in Service and Rate	N/A	N/A	N/A					
0417	Change in Service and Rate	N/A	N/A	N/A					
0418	Change in Service and Rate	N/A	N/A	N/A					
0419	Change in Service and Rate	N/A	N/A	N/A					
0420	Change in Service and Rate	N/A	N/A	N/A					
0421	Change in Service and Rate	N/A	N/A	N/A					
0422	Change in Service and Rate	N/A	N/A	N/A					
0423	Change in Service and Rate	N/A	N/A	N/A					
0424	Change in Service and Rate	N/A	N/A	N/A					
0425	Change in Service and Rate	N/A	N/A	N/A					
0426	Change in Service and Rate	N/A	N/A	N/A					
0427	Change in Service and Rate	N/A	N/A	N/A					
0428	Change in Service and Rate	N/A	N/A	N/A					
0429	Change in Service and Rate	N/A	N/A	N/A					
0430	Change in Service and Rate	N/A	N/A	N/A					

0999	Change in Service and Rate	N/A	N/A	N/A		N/A			

COMPANY: Verizon New England Tel. & Tel., Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1

TABLE B - 1
 PAGE 1 OF 4

TABLE B-1 - BALANCE SHEET ACCOUNTS - CLASS A LEVEL REPORTING
 (Dollars in thousands)

Row/ Acct. No.	Account Title (a)	Amount (b)
	Current Assets	
1120	Cash and equivalents	200,015
1170	Receivables	1,304,744
1171	Allowance for doubtful accounts	179,131
1220	Inventories	26,348
120	Total Noncash Current Assets	1,151,961
1280	Prepayments	17,256
1350	Other Current Assets	99,484
130	Total Current Assets	1,468,716
	Noncurrent Assets	
1406	Nonregulated investments	0
1410	Other noncurrent assets	400,040
1438	Deferred maintenance, retirements and other deferred charges	236,401
1500	Other jurisdictional assets-net	-469,962
150	Total Noncurrent Assets	166,479

COMPANY: Verizon New England T & T, Inc.
STUDY AREA: VERIZON - NE
RIOD: Jan 2003 to Dec 2003
USOA: NETC

Unrestricted Version
SUBMISSION 1

TABLE B-1 - BALANCE SHEET ACCOUNTS - CLASS A LEVEL REPORTING

TABLE B - 1
PAGE 2 OF 4

(Dollars in thousands)

Row/ Acct. No.	Account Title (aa)	Beginning Balance (ab)	Additions (ac)	Retirements (ad)	Transfers/ Adjustments (ae)	Ending Balance (af)
	<u>Plant</u>					
2001	Telecommunications plant in service (TPIS)	17,107,826	691,777	521,125	12,311	17,290,790
2002	Property held for future telecom use (PHFTU)	264	0	0	-118	146
2003	Telephone plant under construction-short term (TPUC)	124,261	108,494	0	-163,550	69,205
2005	Telecommunications plant adjustment	0	0	0	0	0
2006	Nonoperating plant	26,719	0	0	-8,481	18,238
2007	Goodwill	0	0	0	0	0
210	Total Plant	17,259,070	800,271	521,125	-159,838	17,378,379
	<u>TPIS - General Support</u>					
2111	Land	36,751	841	0	-148	37,444
2112	Motor vehicles	118,874	3,858	741	494	122,485
2113	Aircraft	0	0	0	0	0
2114	Tools and other work equipment	146,908	6,947	674	144	153,325
2121	Buildings	1,044,964	54,119	8,463	97	1,090,717
2122	Furniture	10,506	0	20	0	10,486
2123	Office equipment	28,637	21	2,622	549	26,585
2124	General purpose computers	137,660	21,029	26,171	7,053	139,571
2110	Land and Support	1,524,300	86,815	38,691	8,189	1,580,613
	<u>TPIS - Central Office</u>					
2211	Non-digital switching	0	0	0	0	0
2212.1	Circuit switching	3,531,244	94,106	177,101	-15,842	3,432,407
2212.2	Packet switching	0	0	0	26,799	26,799
2212	Digital electronic switching	3,531,244	94,106	177,101	10,957	3,459,206
2210	Central Office-Switching	3,531,244	94,106	177,101	10,957	3,459,206
2220	Operator Systems	33,806	959	6,428	1,400	29,737
2231	Radio systems	9,855	122	1,841	98	8,233
2232.1	Electronic circuit	4,354,534	233,628	197,868	49,687	4,439,980
2232.2	Optical circuit	0	0	0	0	0
2232	Circuit equipment	4,354,534	233,628	197,868	49,687	4,439,980
2230	Central Office - Transmission	4,364,389	233,749	199,710	49,784	4,448,213
	<u>TPIS - Information Origination/Termination</u>					
2311	Station apparatus	0	0	0	0	0
2321	Customer premises wiring	0	0	0	0	0
2341	Large private branch exchange	0	0	0	0	0
2351	Public telephone terminal equipment	72,512	1,361	24,660	0	49,213
2362	Other terminal equipment	274,976	12,957	14,617	-4,731	268,586
2310	Information Origination/Termination	347,488	14,318	39,277	-4,731	317,799
	<u>TPIS - Cable & Wire</u>					
2411	Poles	802,160	37,090	4,074	161	835,336
2421	Aerial cable	3,481,811	110,037	12,753	456	3,579,551
2422	Underground cable	1,392,247	37,200	6,407	-6	1,423,034
2423	Buried cable	331,701	4,702	1,865	-1	334,537
2424	Submarine and deep sea cable	7,934	7	0	0	7,941
2426	Intrabuilding network cable	36,061	1,630	110	-31	37,550
2431	Aerial wire	0	0	0	0	0
2441	Conduit systems	991,835	18,547	251	-119	1,010,012
2410	Cable & Wire	7,043,749	209,213	25,460	459	7,227,961
240	Total TPIS (before amortizable assets)	16,844,976	639,161	486,667	66,060	17,063,529

COMPANY: Verizon New England T & T, Inc.
STUDY AREA: VERIZON - NE
PERIOD: Jan 2003 to Dec 2003
USOA: NETC

Unrestricted Version
SUBMISSION 1

TABLE B-1 - BALANCE SHEET ACCOUNTS - CLASS A LEVEL REPORTING
(Dollars in thousands)

TABLE B - 1
PAGE 3 OF 4

Row/ Acct. No.	Account Title (aa)	Beginning Balance (ab)	Additions (ac)	Retirements (ad)	Transfers/ Adjustments (ae)	Ending Balance (af)
	<u>TPIS Amortizable Assets</u>					
2681	Capital leases	1,137	0	0	0	1,137
2682	Leasehold improvements	22,438	5,287	10,004	4,653	22,374
2680	Amortizable tangibles	23,575	5,287	10,004	4,653	23,511
2690.1	Network software	177,154	47,329	24,453	0	200,030
2690.2	General purpose computer software	62,121	0	0	-58,401	3,720
2690	Intangibles	239,275	47,329	24,453	-58,401	203,750
260	Total TPIS	17,107,826	691,777	521,125	12,311	17,290,790

Row/ Acct. No.	Account Title (a)	Amount (b)
	<u>Depreciation and Amortization</u>	
3100	Accumulated depreciation	10,766,212
3200	Accumulated depreciation - PHFTU	2
3300	Accumulated depreciation - nonoperating	382
3410	Accumulated amortization - Capitalized leases	79
340	Total Depreciation and Amortization	10,766,675
350	Net Plant	6,611,704
360	Total Assets	8,246,899
	<u>Current Liabilities</u>	
4000	Current accounts and note payable	1,513,855
4100	Customer's deposits	207
4070	Income taxes - accrued	-102,824
4080	Other taxes - accrued	47,585
4100	Net current deferred operating income taxes	-101,979
4110	Net current deferred nonoperating income taxes	-12,067
4130	Other current liabilities	668,876
410	Total Current Liabilities	2,013,653
	<u>Long-Term Debt</u>	
4200	Long-term debt and funded debt	2,749,316

COMPANY: Verizon New England T & T, Inc.
STUDY AREA: VERIZON - NE
PERIOD: Jan 2003 to Dec 2003
COSA: NETC

Unrestricted Version
SUBMISSION 1

TABLE B - 1
PAGE 4 OF 4

TABLE B-1 - BALANCE SHEET ACCOUNTS - CLASS A LEVEL REPORTING
(Dollars in thousands)

Row/ Acct. No.	Account Title (a)	Amount (b)
	<u>Other Liabilities and Deferred Credits</u>	
4300	Other LT liabilities and deferred credits	1,701,825
4320	Unamortized operating invest tax credits - net	21,037
4330	Unamortized nonoperating invest tax credits - net	0
4340	Net noncurrent deferred operating income taxes	694,708
4341	Net accum. deferred operating income taxes	67,140
4350	Net noncurrent deferred nonoperating income taxes	-79,997
4361	Deferred regulatory liability	-66,962
4370	Other jurisdictional liabilities/defer credits - net	-153,901
430	Total Other Liabilities and Deferred Credits	2,183,850
	<u>Stockholders' Equity</u>	
4510	Capital stock	1,000
4520	Additional paid-in capital	1,732,269
4530	Treasury stock	0
4540	Other capital	0
4550	Retained earnings	-433,189
440	Total Stockholders' Equity	1,300,080
450	Total Liabilities and Stockholders' Equity	8,246,899
460	Retained Earnings (Beginning of Year)	257,887
465	Net Income	-329,021
470	Dividends Declared	470,000
475	Miscellaneous Debits	-107,788
480	Miscellaneous Credits	157
490	Retained Earnings (End of Year)	-433,189

COMPANY: Verizon New England Tel. & Tel., Inc.
STUDY AREA: VERIZON - NE
PERIOD: Jan 2003 to Dec 2003
COSA: NETC

Unrestricted Version
SUBMISSION 1

TABLE B-2 - STATEMENT OF CASH FLOWS

TABLE B - 2
PAGE 1 OF 1

(Dollars in thousands)

Row No.	Description (a)	Amount (b)	Amount (c)
	INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS:		
	<u>Cash Flows From Operating Activities:</u>		
0100	Net Income/Loss	N/A	-329,021
	<u>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</u>		
0110	Depreciation and Amortization	1,266,220	N/A
0120	Provision for Losses for Accounts Receivables	96,599	N/A
0130	Deferred Income Taxes - Net	-97,196	N/A
0140	Unamortized Investment Tax Credit - Net	-3,141	N/A
0150	Allowance for Funds Used During Construction	-5,460	N/A
0160	Net Change in Operating Receivables	18,487	N/A
0170	Net Change in Materials, Supplies & Inventories	6,626	N/A
0180	Net Change in Operating Payables & Accrued Liabilities	-99,770	N/A
0190	Net Change in Other Assets and Deferred Charges	-31,606	N/A
0200	Net Change in Other Liabilities and Deferred Credits	157,912	N/A
0210	Other	178,531	N/A
0220	Total Adjustments	N/A	1,487,202
0230	Net Cash Provided by/Used in Operating Activities	N/A	1,158,181
	<u>Cash Inflows/Outflows from Investing Activities:</u>		
0240	Construction/Acquisition of Property, Plant and Equipment	-688,747	N/A
0250	Proceeds from Disposals of Property, Plant and Equipment	38,500	N/A
0260	Investments in & Advances to Affiliates	0	N/A
0270	Proceeds from Repayment of Advances	0	N/A
0280	Other Investing Activities	-55,275	N/A
0290	Net Cash Provided by/Used in Investment Activities	N/A	-705,522
	<u>Cash Flows from Financing Activities:</u>		
0300	Net Increase/Decrease in Short-Term Debt	0	N/A
0310	Advances from Affiliates	0	N/A
0320	Repayment of Advances from Affiliates	-32,747	N/A
0330	Proceeds from Long-Term Debt	300,000	N/A
0340	Repayment of Long-Term Debt	-385,000	N/A
0350	Payment of Capital Lease Obligations	-93	N/A
0360	Proceeds from Issue of Common Stock/Equity Investment from Parent	223,912	N/A
0370	Repurchase of Treasury Shares	0	N/A
0380	Dividends Paid	-627,000	N/A
0390	Other Financing Activities	-15,988	N/A
0400	Net Cash Provided by Financing Activities	N/A	-536,916
0410	Effect of Exchange Rate Changes on Cash	N/A	0
0420	Net Increase/Decrease in Cash and Cash Equivalents	N/A	-84,257
0430	Cash & Cash Equivalents - Beginning of Period	N/A	284,272
0440	Cash & Cash Equivalents - End of Period	N/A	200,015

COMPANY: Verizon New England Tel. & Tel., Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1

TABLE B-3 - INVESTMENTS IN AFFILIATES AND OTHER COMPANIES

TABLE B - 3
 PAGE 1 OF 3

(Dollars in thousands)

Row No.	Classification (a)	Company Name (b)	Investment in Affiliated and Nonaffiliated Companies					
			Common (c)	Preferred (d)	Advances (e)	LT Debt (f)	Adjustments (g)	Net (h)
AFFILIATED COMPANIES								
<u>Equity Method:</u>								
0101	Investment	Verizon Services Group (TRG)	116,399	0	0	0	0	116,399
0102	Investment		0	0	0	0	0	0
0103	Investment		0	0	0	0	0	0
0104	Investment		0	0	0	0	0	0
0105	Investment		0	0	0	0	0	0
0106	Investment		0	0	0	0	0	0
0107	Investment		0	0	0	0	0	0
0108	Investment		0	0	0	0	0	0
0109	Investment		0	0	0	0	0	0
0110	Investment		0	0	0	0	0	0
0111	Investment		0	0	0	0	0	0
0112	Investment		0	0	0	0	0	0
0113	Investment		0	0	0	0	0	0
0114	Investment		0	0	0	0	0	0
0115	Investment		0	0	0	0	0	0
0116	Investment		0	0	0	0	0	0
0117	Investment		0	0	0	0	0	0
0118	Investment		0	0	0	0	0	0
0119	Investment		0	0	0	0	0	0
0120	Investment		0	0	0	0	0	0
0121	Investment		0	0	0	0	0	0
0122	Investment		0	0	0	0	0	0
0123	Investment		0	0	0	0	0	0
0124	Investment		0	0	0	0	0	0
0125	Investment		0	0	0	0	0	0
0126	Investment		0	0	0	0	0	0
0127	Investment		0	0	0	0	0	0
0128	Investment		0	0	0	0	0	0
0129	All Othr Investments	N/A	0	0	0	0	0	0
0130	Total Equity Method	N/A	116,399	0	0	0	0	116,399
<u>Cost Method:</u>								
0201	Investment	Verizon New York, Inc	0	0	0	0	0	0
0202	Investment	Verizon Services Corp (NSI)	0	0	0	0	0	0
0203	Investment	Verizon Enrtrise Solution (LD)	0	0	0	0	0	0
0204	Investment	Verizon Wireless	0	0	0	0	0	0
0205	Investment	Verizon Yellow Pages	0	0	0	0	0	0
0206	Investment	Verizon Government Affairs	0	0	0	0	0	0
0207	Investment	Intemetworking & Multimedia Solutions	0	0	0	0	0	0
0208	Investment	NYNEX Network Systems	0	0	0	0	0	0
0209	Investment	Verizon Government Relations (ZGR)	0	0	0	0	0	0
0210	Investment	Verizon Vierginia, Inc.	0	0	0	0	0	0
0211	Investment	Verizon Maryland, Inc.	0	0	0	0	0	0
0212	Investment	Verizon New Jersey, Inc.	0	0	0	0	0	0
0213	Investment	Verizon DC, Inc.	0	0	0	0	0	0
0214	Investment	Verizon Pennsylvania, Inc.	0	0	0	0	0	0
0215	Investment	Verizon West Virginia, Inc.	0	0	0	0	0	0
0216	Investment	Verizon Delaware, Inc	0	0	0	0	0	0
0217	Investment	NYNEX NEIS	0	0	0	0	0	0
0218	Investment		0	0	0	0	0	0
0219	Investment		0	0	0	0	0	0
0220	Investment		0	0	0	0	0	0
0221	Investment		0	0	0	0	0	0
0222	Investment		0	0	0	0	0	0
0223	Investment		0	0	0	0	0	0
0224	Investment		0	0	0	0	0	0
0225	Investment		0	0	0	0	0	0
0226	Investment		0	0	0	0	0	0
0227	Investment		0	0	0	0	0	0
0228	Investment		0	0	0	0	0	0
0229	All Othr Investments	N/A	0	0	0	0	0	0
0230	Total Cost Method	N/A	0	0	0	0	0	0
0240	Total Affiliates	N/A	116,399	0	0	0	0	116,399
0250	Non-Affiliates	N/A	1,431	0	0	0	-531	900
0260	Total Investments	N/A	117,830	0	0	0	-531	117,299

COMPANY: Verizon New England Tel. & Tel., Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1

TABLE B - 3
 PAGE 2 OF 3

TABLE B-3 - INVESTMENTS IN AFFILIATES AND OTHER COMPANIES

(Dollars in thousands)

Row No.	Classification (a)	Company Name (b)	Temporary Investments			
			Beg Balance (i)	Gross Dr. (j)	Gross Cr. (k)	Net (l)
AFFILIATED COMPANIES						
<u>Equity Method:</u>						
0101	Investment	Verizon Services Group (TRG)	0	0	0	0
0102	Investment		0	0	0	0
0103	Investment		0	0	0	0
0104	Investment		0	0	0	0
0105	Investment		0	0	0	0
0106	Investment		0	0	0	0
0107	Investment		0	0	0	0
0108	Investment		0	0	0	0
0109	Investment		0	0	0	0
0110	Investment		0	0	0	0
0111	Investment		0	0	0	0
0112	Investment		0	0	0	0
0113	Investment		0	0	0	0
0114	Investment		0	0	0	0
0115	Investment		0	0	0	0
0116	Investment		0	0	0	0
0117	Investment		0	0	0	0
0118	Investment		0	0	0	0
0119	Investment		0	0	0	0
0120	Investment		0	0	0	0
0121	Investment		0	0	0	0
0122	Investment		0	0	0	0
0123	Investment		0	0	0	0
0124	Investment		0	0	0	0
0125	Investment		0	0	0	0
0126	Investment		0	0	0	0
0127	Investment		0	0	0	0
0128	Investment		0	0	0	0
0129	All Othr Investments	N/A	0	0	0	0
0130	Total Equity Method	N/A	0	0	0	0
<u>Cost Method:</u>						
0201	Investment	Verizon New York, Inc	0	0	0	0
0202	Investment	Verizon Services Corp (NSI)	0	0	0	0
0203	Investment	Verizon Entrise Solution (LD)	0	0	0	0
0204	Investment	Verizon Wireless	0	0	0	0
0205	Investment	Verizon Yellow Pages	0	0	0	0
0206	Investment	Verizon Government Affairs	0	0	0	0
0207	Investment	Internetworking & Multimedia Solutions	0	0	0	0
0208	Investment	NYNEX Network Systems	0	0	0	0
0209	Investment	Verizon Government Relations (ZGR)	0	0	0	0
0210	Investment	Verizon Vierginia, Inc.	0	0	0	0
0211	Investment	Verizon Maryland, Inc.	0	0	0	0
0212	Investment	Verizon New Jersey, Inc.	0	0	0	0
0213	Investment	Verizon DC, Inc.	0	0	0	0
0214	Investment	Verizon Pennsylvania, Inc.	0	0	0	0
0215	Investment	Verizon West Virginia, Inc.	0	0	0	0
0216	Investment	Verizon Delaware, Inc	0	0	0	0
0217	Investment	NYNEX NEIS	0	0	0	0
0218	Investment		0	0	0	0
0219	Investment		0	0	0	0
0220	Investment		0	0	0	0
0221	Investment		0	0	0	0
0222	Investment		0	0	0	0
0223	Investment		0	0	0	0
0224	Investment		0	0	0	0
0225	Investment		0	0	0	0
0226	Investment		0	0	0	0
0227	Investment		0	0	0	0
0228	Investment		0	0	0	0
0229	All Othr Investments	N/A	0	0	0	0
0230	Total Cost Method	N/A	0	0	0	0
0240	Total Affiliates	N/A	0	0	0	0
0250	Non-Affiliates	N/A	284,200	199,980	284,200	199,980
0260	Total Investments	N/A	284,200	199,980	284,200	199,980

COMPANY: Verizon New England Tel. & Tel., Inc.
STUDY AREA: VERIZON - NE
PERIOD: Jan 2003 to Dec 2003
COSA: NETC

Unrestricted Version
SUBMISSION 1

TABLE B - 3
PAGE 3 OF 3

TABLE B-3 - INVESTMENTS IN AFFILIATES AND OTHER COMPANIES

(Dollars in thousands)

Row No.	Classification (a)	Company Name (b)	Account 1170 - Receivables				Total (q)
			Beg Balance (m)	Gross Dr. (n)	Gross Cr. (o)	Net (p)	
AFFILIATED COMPANIES							
<u>Equity Method:</u>							
0101	Investment	Verizon Services Group (TRG)	28,458	233,998	205,738	56,718	173,117
0102	Investment		0	0	0	0	0
0103	Investment		0	0	0	0	0
0104	Investment		0	0	0	0	0
0105	Investment		0	0	0	0	0
0106	Investment		0	0	0	0	0
0107	Investment		0	0	0	0	0
0108	Investment		0	0	0	0	0
0109	Investment		0	0	0	0	0
0110	Investment		0	0	0	0	0
0111	Investment		0	0	0	0	0
0112	Investment		0	0	0	0	0
0113	Investment		0	0	0	0	0
0114	Investment		0	0	0	0	0
0115	Investment		0	0	0	0	0
0116	Investment		0	0	0	0	0
0117	Investment		0	0	0	0	0
0118	Investment		0	0	0	0	0
0119	Investment		0	0	0	0	0
0120	Investment		0	0	0	0	0
0121	Investment		0	0	0	0	0
0122	Investment		0	0	0	0	0
0123	Investment		0	0	0	0	0
0124	Investment		0	0	0	0	0
0125	Investment		0	0	0	0	0
0126	Investment		0	0	0	0	0
0127	Investment		0	0	0	0	0
0128	Investment		0	0	0	0	0
0129	All Othr Investments	N/A	0	0	0	0	0
0130	Total Equity Method	N/A	28,458	233,998	205,738	56,718	173,117

Cost Method:

0201	Investment	Verizon New York, Inc	273,177	1,083,154	1,194,608	161,723	161,723
0202	Investment	Verizon Services Corp (NSI)	42,373	363,900	381,864	24,409	24,409
0203	Investment	Verizon Enrise Solution (LD)	5,584	20,148	17,396	8,336	8,336
0204	Investment	Verizon Wireless	5,516	0	5,516	0	0
0205	Investment	Verizon Yellow Pages	388	0	257	131	131
0206	Investment	Verizon Government Affairs	72	0	72	0	0
0207	Investment	Internetworking & Multimedia Solutions	6	0	6	0	0
0208	Investment	NYNEX Network Systems	6	0	6	0	0
0209	Investment	Verizon Government Relations (ZGR)	3	25	28	0	0
0210	Investment	Verizon Vierginia, Inc.	1	2,178	1,993	186	186
0211	Investment	Verizon Maryland, Inc.	0	40,750	40,827	-77	-77
0212	Investment	Verizon New Jersey, Inc.	0	578	153	425	425
0213	Investment	Verizon DC, Inc.	0	151	150	1	1
0214	Investment	Verizon Pennsylvania, Inc.	0	388	331	57	57
0215	Investment	Verizon West Virginia, Inc.	0	75	64	11	11
0216	Investment	Verizon Delaware, Inc	0	49	38	11	11
0217	Investment	NYNEX NEIS	-15	15	0	0	0
0218	Investment		0	0	0	0	0
0219	Investment		0	0	0	0	0
0220	Investment		0	0	0	0	0
0221	Investment		0	0	0	0	0
0222	Investment		0	0	0	0	0
0223	Investment		0	0	0	0	0
0224	Investment		0	0	0	0	0
0225	Investment		0	0	0	0	0
0226	Investment		0	0	0	0	0
0227	Investment		0	0	0	0	0
0228	Investment		0	0	0	0	0
0229	All Othr Investments	N/A	0	0	0	0	0
0230	Total Cost Method	N/A	327,111	1,511,411	1,643,309	195,213	195,213
0240	Total Affiliates	N/A	355,569	1,745,409	1,849,047	251,931	368,330
0250	Non-Affiliates	N/A	1,117,060	5,054,909	5,119,156	1,052,813	1,253,693
0260	Total Investments	N/A	1,472,629	6,800,318	6,968,203	1,304,744	1,622,023

COMPANY: Verizon New England Tel. & Tel., Inc.
 IDY AREA: VERIZON - NE
 IOD: Jan 2003 to Dec 2003
 COSA: NETC

TABLE B-4 - ANALYSIS OF ASSETS PURCHASED FROM OR SOLD TO AFFILIATES
 (Dollars in thousands)

Row No.	Classification (a)	Name of Affiliate (b)	Net Book Cost (c)	Fair Market Value (d)	Tariff (e)	Publicly Filed Agreements (ee)	Prevailing Market Price (f)	Total Purchase/Sales (g)
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A. ANALYSIS OF ASSETS PURCHASED FROM AFFILIATES

0101	Asset Purchased		0	0	0	0	0	0
0102	Asset Purchased		0	0	0	0	0	0
0103	Asset Purchased		0	0	0	0	0	0
0104	Asset Purchased		0	0	0	0	0	0
0105	Asset Purchased		0	0	0	0	0	0
0106	Asset Purchased		0	0	0	0	0	0
0107	Asset Purchased		0	0	0	0	0	0
0108	Asset Purchased		0	0	0	0	0	0
0109	Asset Purchased		0	0	0	0	0	0
0110	Asset Purchased		0	0	0	0	0	0
0111	Asset Purchased		0	0	0	0	0	0
0112	Asset Purchased		0	0	0	0	0	0
0113	Asset Purchased		0	0	0	0	0	0
0114	Asset Purchased		0	0	0	0	0	0
0115	Asset Purchased		0	0	0	0	0	0
0116	Asset Purchased		0	0	0	0	0	0
0117	Asset Purchased		0	0	0	0	0	0
0118	Asset Purchased		0	0	0	0	0	0
****	****	****	****	****	****	****	****	****
99	From All Others	N/A	0	0	0	0	0	0
0140	Total Purchases	N/A	0	0	0	0	0	0

B. ANALYSIS OF ASSETS SOLD TO AFFILIATES

0201	Asset Sold		0	0	0	0	0	0
0202	Asset Sold		0	0	0	0	0	0
0203	Asset Sold		0	0	0	0	0	0
0204	Asset Sold		0	0	0	0	0	0
0205	Asset Sold		0	0	0	0	0	0
0206	Asset Sold		0	0	0	0	0	0
0207	Asset Sold		0	0	0	0	0	0
0208	Asset Sold		0	0	0	0	0	0
0209	Asset Sold		0	0	0	0	0	0
0210	Asset Sold		0	0	0	0	0	0
0211	Asset Sold		0	0	0	0	0	0
0212	Asset Sold		0	0	0	0	0	0
0213	Asset Sold		0	0	0	0	0	0
0214	Asset Sold		0	0	0	0	0	0
0215	Asset Sold		0	0	0	0	0	0
0216	Asset Sold		0	0	0	0	0	0
0217	Asset Sold		0	0	0	0	0	0
0218	Asset Sold		0	0	0	0	0	0
****	****	****	****	****	****	****	****	****
0238	Asset Sold		0	0	0	0	0	0
0239	To All Others	N/A	0	0	0	0	0	0
0240	Total Sales	N/A	0	0	0	0	0	0

COMPANY: Verizon New England Tel. & Tel., Inc.
STUDY AREA: VERIZON - NE
PERIOD: Jan 2003 to Dec 2003
COSA: NETC

Unrestricted Version
SUBMISSION 1

TABLE B-5 - ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
(Dollars in thousands)

TABLE B - 5
PAGE 1 OF 4

Row No.	Description (a)	Beginning Balance (b)	CREDITS DURING THE YEAR		
			Accruals (c)	Salvage (d)	Other Credits (e)
0100	Motor Vehicles	11,943	8,057	432	157
0110	Aircraft	0	0	0	0
0120	Tools and other work equipment	66,140	11,026	44	77
0150	Buildings	339,053	30,177	1,790	8,180
0160	Furniture	4,274	882	0	0
0180	Office Equipment	33,725	2,793	0	139
0200	General Purpose Computers	96,147	21,021	30	2,979
0210	Total Support Assets	551,282	73,956	2,296	11,532
0220	Non-digital switching	2,461	0	0	0
0235	Digital Electronic Switching - Circuit	1,996,761	270,029	2,550	24,027
0237	Digital Electronic Switching - Packet	0	0	0	0
0270	Total Central Office-Switching	1,999,222	270,029	2,550	24,027
0280	Operator Systems	40,809	798	0	7
0290	Radio Systems	6,661	616	4	54
0305	Circuit Equipment - electronic	2,483,463	370,648	8,972	14,098
0307	Circuit Equipment - optical	0	0	0	0
0320	Total Central Office-Transmission	2,490,124	371,264	8,976	14,152
0330	Station Apparatus	0	0	0	0
0340	Customer Premises Wiring	0	0	0	0
0350	Large Private Branch Exchange	0	0	0	0

COMPANY: Verizon New England Tel. & Tel., Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1

TABLE B-5 - ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
 (Dollars in thousands)

TABLE B - 5
 PAGE 2 OF 4

Row No.	Description (a)	Beginning Balance (b)	CREDITS DURING THE YEAR		
			Accruals (c)	Salvage (d)	Other Credits (e)
0360	Public Telephone Terminal Equipment	57,628	3,654	5	0
0370	Other Terminal Equipment	209,699	29,760	180	2,035
0380	Total Info. Origination/Termination	267,327	33,414	185	2,035
0390	Poles	517,578	54,466	741	39
0400	Aerial Cable	2,583,803	238,779	2,353	0
0410	Underground Cable	1,026,921	87,759	155	0
0420	Buried Cable	242,853	18,180	8	267
0430	Submarine & deep sea cable	6,659	136	0	0
0450	Intrabuilding Network Cable	19,952	2,928	1	0
0460	Aerial Wire	0	0	0	0
0470	Conduit Systems	345,172	21,904	17	0
0480	Total Cable and Wire Facilities	4,742,938	424,152	3,275	306
0490	Total Accumulated Depreciation	10,091,702	1,173,613	17,282	52,059

COMPANY: Verizon New England Tel. & Tel., Inc
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1

TABLE B-5 - ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
 (Dollars in thousands)

TABLE B - 5
 PAGE 3 OF 4

Row No.	Description (a)	CHARGES DURING THE YEAR				Ending Balance (j)
		Retirements w/Traffic (f)	Retirements w/o Traffic (g)	Cost of Removal (h)	Other Charges (i)	
0100	Motor Vehicles	0	741	0	1	19,847
0110	Aircraft	0	0	0	0	0
0120	Tools and other work equipment	0	674	0	1	76,612
0150	Buildings	0	8,463	7,654	0	363,083
0160	Furniture	0	20	0	23	5,113
0180	Office Equipment	0	2,622	20	7,646	26,369
0200	General Purpose Computers	0	26,172	81	1	93,923
0210	Total Support Assets	0	38,692	7,755	7,672	584,947
0220	Non-digital switching	0	0	0	2,467	-6
0235	Digital Electronic Switching - Circuit	0	177,101	1,832	0	2,114,434
0237	Digital Electronic Switching - Packet	0	0	0	0	0
0270	Total Central Office-Switching	0	177,101	1,832	2,467	2,114,428
0280	Operator Systems	0	6,428	41	7,103	28,042
0290	Radio Systems	0	1,841	19	116	5,359
0305	Circuit Equipment - electronic	0	197,868	8,674	423	2,670,216
0307	Circuit Equipment - optical	0	0	0	0	0
0320	Total Central Office-Transmission	0	199,709	8,693	539	2,675,575
0330	Station Apparatus	0	0	0	0	0
0340	Customer Premises Wiring	0	0	0	0	0
0350	Large Private Branch Exchange	0	0	0	0	0

COMPANY: Verizon New England Tel. & Tel., Inc
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1

TABLE B-5 - ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
 (Dollars in thousands)

TABLE B - 5
 PAGE 4 OF 4

Row No.	Description (a)	CHARGES DURING THE YEAR				Ending Balance (j)
		Retirements w/Traffic (f)	Retirements w/o Traffic (g)	Cost of Removal (h)	Other Charges (i)	
0360	Public Telephone Terminal Equipment	0	24,660	0	0	36,627
0370	Other Terminal Equipment	0	14,617	892	0	226,165
0380	Total Info. Origination/Termination	0	39,277	892	0	262,792
0390	Poles	0	4,074	17,886	1	550,863
0400	Aerial Cable	0	12,753	14,494	534	2,797,154
0410	Underground Cable	0	6,407	9,996	123	1,098,309
0420	Buried Cable	0	1,865	481	0	258,962
0430	Submarine & deep sea cable	0	0	4	278	6,513
0450	Intrabuilding Network Cable	0	110	562	0	22,209
0460	Aerial Wire	0	0	0	0	0
0470	Conduit Systems	0	251	424	0	366,418
0480	Total Cable and Wire Facilities	0	25,460	43,847	936	5,100,428
0490	Total Accumulated Depreciation	0	486,667	63,060	18,717	10,766,212

COMPANY: Verizon New England Tel. & Tel., Inc.
STUDY AREA: VERIZON - NE
PERIOD: Jan 2003 to Dec 2003
COSA: NETC

Unrestricted Version
SUBMISSION 1

TABLE B - 6
PAGE 1 OF 1

TABLE B-6 - SUMMARY OF INVESTMENT AND ACCUMULATED DEPRECIATION BY JURISDICTION

(Dollars in thousands)

Row No.	Description (a)	Telephone Plant Before Amortizable Assets (Accounts 2110 through 2441)					
		Telephone Plant Beginning Balance (b)	Telephone Plant Additions (c)	Telephone Plant Retirements w/Traffic (d)	Telephone Plant Retirements w/o Traffic (e)	Other Charges and Credits (f)	Telephone Plant Ending Balance (g)
0300	Maine	1,800,728	76,607	0	42,420	5,118	1,840,033
0320	Massachusetts	10,739,345	383,808	0	333,449	34,285	10,823,989
0400	New Hampshire	2,053,402	88,657	0	44,208	18,121	2,115,972
0500	Rhode Island	1,231,586	43,399	0	49,683	5,514	1,230,816
0560	Vermont	1,019,915	46,690	0	16,907	3,022	1,052,719
0910	Total	16,844,976	639,161	0	486,667	66,060	17,063,529

Row No.	Description (a)	Accumulated Depreciation (Account 3100)							
		Beginning Balance (h)	Depre- ciation Accruals (i)	Gross Salvage (j)	Cost of Removal (k)	Other Charges and Credits (l)	Ending Balance (m)	Beginning Ratio (n)	Ending Ratio (o)
0300	Maine	1,149,656	121,202	391	4,484	-37,523	1,229,242	63.84	66.81
0320	Massachusetts	6,242,491	756,794	15,863	46,179	-317,915	6,651,054	58.13	61.45
0400	New Hampshire	1,258,949	136,705	420	6,391	-38,077	1,351,606	61.31	63.88
0500	Rhode Island	768,381	89,655	307	2,562	-44,841	810,940	62.39	65.89
0560	Vermont	672,225	69,257	301	3,444	-14,969	723,370	65.91	68.71
0910	Total	10,091,702	1,173,613	17,282	63,060	-453,325	10,766,212	59.91	63.09

COMPANY: Verizon New England Tel. & Tel., Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1

TABLE B - 7
 PAGE 1 OF 1

TABLE B-7 - BASES OF CHARGES FOR DEPRECIATION

(Dollars in thousands)

Row No.	Classification (a)	Plant Account (b)	Name of Class or Subclass of Plant (c)	(Method) Whole or Remaining Life (d)	Life Years (e)	Net Salvage (%) (f)	Depreciation		Account 6561		Average Plant Balance (k)	Composite Rate (%) (l)
							Accumulated (%) (g)	Rate (%) (h)	Expensed Amount (i)	Amortized Amount (j)		

This schedule is not required because this carrier's depreciation rates are prescribed by the FCC.

COMPANY: Verizon New England Tel. & Tel., Inc.
STUDY AREA: VERIZON - NE
PERIOD: Jan 2003 to Dec 2003
COSA: NETC

Unrestricted Version
SUBMISSION 1

TABLE B - 10
PAGE 1 OF 1

TABLE B-10 - ACCOUNTS PAYABLE TO AFFILIATES

(Dollars in thousands)

Row No.	Classification (a)	Name of Affiliate (b)	Balance at Beginning of the Year (c)	ACTIVITY DURING YEAR		Balance at End of the Year (f)
				Gross Debits (d)	Gross Credits (e)	
0101	Payable To	Verizon Service Group (TRG)	446,580	612,399	632,741	466,922
0102	Payable To	Verizon Services Corp (NSI)	95,191	888,856	1,008,036	214,371
0103	Payable To	Verizon New York, Inc.	22,323	48,364	37,891	11,850
0104	Payable To	Verizon New Jersey, Inc.	2,378	4,176	2,177	379
0105	Payable To	Verizon Communications, Inc	244	135,088	134,844	0
0106	Payable To	Verizon Government Relations (ZGR)	189	4,179	4,218	228
0107	Payable To	Verion Virginia, Inc.	178	2,606	3,859	1,431
0108	Payable To	Verizon Maryland, Inc.	75	624	666	117
0109	Payable To	Verizon Network Funding Corp.	50	50	0	0
0110	Payable To	Verizon Pennsylvania, Inc.	27	1,146	4,154	3,035
0111	Payable To	Verizon Wireless	7	4,031	3,536	-488
0112	Payable To	Verizon Network Integration Corp	0	265	265	0
0113	Payable To	VZ North (fGTE)	0	447	447	0
0114	Payable To	Verizon West Virginia, Inc.	0	3	3	0
0115	Payable To	VZ Ave (fOne PT)	0	5	5	0
0116	Payable To	Verizon Yellow Pages	-44,802	215,242	260,837	793
0117	Payable To		0	0	0	0
0118	Payable To		0	0	0	0
0119	Payable To		0	0	0	0
0120	Payable To		0	0	0	0
0121	Payable To		0	0	0	0
0122	Payable To		0	0	0	0
0123	Payable To		0	0	0	0
0124	Payable To		0	0	0	0
0125	Payable To		0	0	0	0
0126	Payable To		0	0	0	0
0127	Payable To		0	0	0	0
0128	Payable To		0	0	0	0
0129	Payable To		0	0	0	0
0130	Payable To		0	0	0	0
0131	Payable To		0	0	0	0
0132	Payable To		0	0	0	0
0133	Payable To		0	0	0	0
0134	Payable To		0	0	0	0
0135	Payable To		0	0	0	0
0136	Payable To		0	0	0	0
0137	Payable To		0	0	0	0
0138	Payable To		0	0	0	0
0139	Payable To		0	0	0	0
0140	Payable To		0	0	0	0
0141	Payable To		0	0	0	0
0142	Payable To		0	0	0	0
0143	Payable To		0	0	0	0
0144	Payable To		0	0	0	0
0145	Payable To		0	0	0	0
0146	Payable To		0	0	0	0
0147	Payable To		0	0	0	0
0148	Payable To		0	0	0	0
0149	Payable To		0	0	0	0
0150	Payable To		0	0	0	0
0160	Total	N/A	522,440	1,917,481	2,093,679	698,638

COMPANY: Verizon New England Tel. & Tel., Inc.
 COUNTY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1
 TABLE I - 1
 PAGE 1 OF 5

Table I-1 - INCOME STATEMENT ACCOUNTS - CLASS A ACCOUNT LEVEL REPORTING
 (Dollars in Thousands)

Row/ Acct. No.	Account Title (a)	Amount (b)
	<u>REVENUE ACCOUNTS</u>	
	<u>Local Network Revenues</u>	
5001	Basic area revenue	1,452,841
5040	Local private line revenue	106,023
5060	Other basic area revenue	384,170
520	Local network service revenue	1,943,034
	<u>Network Access Services Revenues</u>	
5081	End user revenue	505,903
5082	Switched access revenue	266,144
5083	Special access revenue	597,199
522	Network Access Services Revenues	1,369,246
5100	LD message revenue	328,422
	<u>Miscellaneous Revenues</u>	
5230	Directory revenue	32,901
526	Miscellaneous revenue	295,730
527	Total Miscellaneous Revenues	328,631
5280	Nonregulated revenue	157,778
5300	Uncollectible revenue	96,599
530	Total Operating Revenues	4,030,512

COMPANY: Verizon New England Tel. & Tel., Inc.
 OPERATING AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1
 TABLE I - 1
 PAGE 2 OF 5

Table I-1 - INCOME STATEMENT ACCOUNTS - CLASS A ACCOUNT LEVEL REPORTING
 (Dollars in Thousands)

Row/ Acct. No.	Account Title (aa)	Total (ab)
	EXPENSE ACCOUNTS	
	Plant Specific Operations	
615	Account 6112 - Motor Vehicles expense	1,271
625	Account 6113 - Aircraft expense	704
635	Account 6114 - Tools and other work equipment expense	1,249
6110	Network Support Expenses	3,224
6121	Land & building expense	142,635
6122	Furniture & artworks expense	4,879
6123	Office equipment expense	8,211
6124	General purpose computers expense	88,963
6120	General Support Expenses	244,688
6211	Non-digital switching expense	914
2.1	Circuit switching expense	87,157
2.2	Packet switching expense	1
6212	Digital electronic switching expense	87,158
6210	Central Office Switching Expenses	88,072
6220	Operator system expense	144
6231	Radio systems expense	177
6232.1	Electronic circuit expense	60,834
6232.2	Optical circuit expense	0
6232	Circuit equipment expense	60,834
6230	Central office-transmission	61,011
6311	Station apparatus expense	0
6341	Large private branch exchange expense	0
6351	Public telephone terminal equipment expense	8,269
6362	Other terminal equipment expense	79,596
6310	Information Origination/Termination Expenses	87,865
6411	Poles expense	10,774
6421	Aerial cable expense	273,724
6422	Underground cable expense	40,965
6423	Buried cable expense	27,372
6424	Submarine and deep sea cable expense	26
6426	Intrabuilding network cable expense	3,254
6431	Aerial wire expense	0
6431	Conduit systems expense	7,320
6410	Cable and Wire Facilities Expenses	363,435
650	Total Plant Specific Operations Expenses	848,439

COMPANY: Verizon New England Tel. & Tel., Inc.
 SERVICE AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1
 TABLE I - 1
 PAGE 3 OF 5

Table I-1 - INCOME STATEMENT ACCOUNTS - CLASS A ACCOUNT LEVEL REPORTING
 (Dollars in Thousands)

Row/ Acct. No.	Account Title (aa)	Total (ab)
	<u>Plant Nonspecific Operations</u>	
6511	PHFTU expense	0
665	Account 6512 - Provisioning expense	6,886
6510	Other Property and Equipment Expenses	6,886
6531	Power expense	44,629
6532	Network administration expense	85,294
6533	Testing expense	68,960
675	Account 6534 - Plant operation administration expense	127,489
685	Account 6535 - Engineering expense	44,369
6530	Network Operations Expenses	370,741
6540	Access expense	176,244
6561	Depreciation-TPIS expense	1,173,612
6562	Depreciation-PHFTU expense	0
6563	Amortization-tangible expense	5,901
6564	Amortization-intangible expense	86,708
6565	Amortization-other expense	-1
6560	Depreciations & Amortization Expense	1,266,220
690	Total Plant Nonspecific Operations Expenses	1,820,091
	<u>Customer Operations</u>	
6611	Product management and sales expense	126,297
6613	Product advertising expense	18,569
6610	Marketing Expenses	144,866
6621	Call completion expense	9,128
6622	Number services expense	62,188
6623	Customer services expense	296,151
6620	Service Expense	367,467
700	Total Customer Operations Expenses	512,333
	<u>Corporate Operations</u>	
6720	General & Administrative	915,197
6790	Provision for uncollectible notes receivable	0
	Total Corporate Operations Expense	915,197
720	Total Operating Expenses	4,096,060
730	Income Before Other Operating Items and Taxes	-65,548

MPANY: Verizon New England Tel. & Tel., Inc.
 COUNTY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1
 TABLE I - 1
 PAGE 4 OF 5

Table I-1 - INCOME STATEMENT ACCOUNTS - CLASS A ACCOUNT LEVEL REPORTING

(Dollars in Thousands)

Row/ Acct. No.	Account Title (a)	Amount (b)
	<u>Other Operating Income and Expense</u>	
7100	Other operating income and expenses	533
	<u>Operating Taxes</u>	
7210	Operating investment tax credits-net	3,141
7220	Operating federal income taxes	-71,989
7230	Operating state and local income taxes	1,813
7240	Operating other taxes	117,508
7250	Provision for deferred operating income tax-net	-61,587
7200	Operating Taxes	-17,396
7300	Nonoperating Income and Expense	-133,998
7300	Nonoperating Taxes	-37,551
7500	Interest and Related Items	164,924
7600	Extraordinary Items	0
7910	Income effects of jurisdictional differences-net	-20,031
7990	Nonregulated net income	0
790	Net Income	-329,021

COMPANY: Verizon New England Tel. & Tel., Inc.
JDY AREA: VERIZON - NE
PERIOD: Jan 2003 to Dec 2003
COSA: NETC

Unrestricted Version
SUBMISSION 1
TABLE I - 1
PAGE 5 OF 5

Table I-1 - INCOME STATEMENT ACCOUNTS - CLASS A ACCOUNT LEVEL REPORTING

(Dollars in Thousands)

Row/ Acct. No.	Account Title (a)	Amount (b)
830	Total number of employees at the end of the year	13,740
840	Number of full-time employees	13,690
850	Number of part-time employees	50
860	Total compensation for the year	1,260,338

COMPANY: Verizon New England Tel. & Tel., Inc.
STUDY AREA: VERIZON - NE
OD: Jan 2003 to Dec 2003
A: NETC

TABLE I-2 - ANALYSIS OF SERVICES PURCHASED FROM OR SOLD TO AFFILIATES

(Dollars in Thousands)

Row No.	Classification (a)	Name of Affiliate (b)	Fully Distributed Cost (c)	Fair Market Value (cc)	Tariff Rate (d)	Publicly Filed Agreements (dd)	Prevailing Market Price (e)	Total Purchase/Sales (f)
0101	Service Purchased	Exch Indemnity Co	9,342	0	0	0	0	9,342
0102	Service Purchased	GTE Com Sys Corp	3,373	0	0	0	0	3,373
0103	Service Purchased	Telesector Res Grp Inc	350,280	0	0	0	0	350,280
0104	Service Purchased	Vz Ave	311	0	0	0	0	311
0105	Service Purchased	Vz Corp Svcs Corp	99,864	0	0	0	0	99,864
0106	Service Purchased	Vz Corp Svcs Grp	65,395	0	0	0	0	65,395
0107	Service Purchased	Vz Data Svcs Inc	64,573	0	0	0	0	64,573
0108	Service Purchased	Vz Ntwk Funding Corp	329	0	0	0	0	329
0109	Service Purchased	Vz Ntwk Intgrtn Corp	0	0	0	0	647	647
0110	Service Purchased	Vz Svcs Corp	293,261	0	0	0	0	293,261
0111	Service Purchased	Vz Svcs Org Inc	79,741	0	0	0	0	79,741
0112	Service Purchased	Vz Wireless	0	0	0	639	3,873	4,512
0113	Service Purchased		0	0	0	0	0	0
0114	Service Purchased		0	0	0	0	0	0
0115	Service Purchased		0	0	0	0	0	0
0116	Service Purchased		0	0	0	0	0	0
0117	Service Purchased		0	0	0	0	0	0
0118	Service Purchased		0	0	0	0	0	0
0119	Service Purchased		0	0	0	0	0	0
0120	Service Purchased		0	0	0	0	0	0
0121	Service Purchased		0	0	0	0	0	0
0122	Service Purchased		0	0	0	0	0	0
0123	Service Purchased		0	0	0	0	0	0
0124	Service Purchased		0	0	0	0	0	0
0125	Service Purchased		0	0	0	0	0	0
0126	Service Purchased		0	0	0	0	0	0
0127	Service Purchased		0	0	0	0	0	0
0128	Service Purchased		0	0	0	0	0	0
0129	Service Purchased		0	0	0	0	0	0
0130	Service Purchased		0	0	0	0	0	0
0131	Service Purchased		0	0	0	0	0	0
0132	Service Purchased		0	0	0	0	0	0
0133	Service Purchased		0	0	0	0	0	0
0134	Service Purchased		0	0	0	0	0	0
0135	Service Purchased		0	0	0	0	0	0
0136	Service Purchased		0	0	0	0	0	0
0137	Service Purchased		0	0	0	0	0	0
0138	Service Purchased		0	0	0	0	0	0
0139	From All Others	N/A	0	0	0	0	0	0
0140	Total Purchases	N/A	966,469	0	0	639	4,520	971,628

COMPANY: Verizon New England T & T, Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 A: NETC

TABLE I-2 - ANALYSIS OF SERVICES PURCHASED FROM OR SOLD TO AFFILIATES
 (Dollars in Thousands)

Row No.	Classification (a)	Name of Affiliate (b)	Fully Distributed Cost (c)	Fair Market Value (cc)	Tariff Rate (d)	Publicly Filed Agreements (dd)	Prevailing Market Price (e)	Total Purchase/Sales (f)
B. ANALYSIS OF SERVICES SOLD TO AFFILIATES								
0201	Service Sold	Telesector Res Grp Inc	41,713	0	3,472	0	0	45,185
0202	Service Sold	Vz Ave	29	0	403	0	0	432
0203	Service Sold	Vz Corp Svcs Corp	13,363	0	639	0	0	14,002
0204	Service Sold	Vz Dir Svc Inc	0	0	0	0	851	851
0205	Service Sold	Vz Enterpr Sol	7,568	0	0	0	7,947	15,515
0206	Service Sold	Vz Glb Ntwks Inc	73	1,866	80	0	0	2,019
0207	Service Sold	Vz Internet Svcs Inc	2,799	87,301	8,142	0	2,221	100,463
0208	Service Sold	Vz LD	14,791	279	23,849	0	25,886	64,805
0209	Service Sold	Vz Select Svcs Inc	253	0	10	0	520	783
0210	Service Sold	Vz Svcs Corp	1,141	0	151	0	0	1,292
0211	Service Sold	Vz Teleproducts Corp	212	0	0	0	63	275
0212	Service Sold	Vz Wireless	1,224	318	62,400	0	5,038	68,980
0213	Service Sold		0	0	0	0	0	0
0214	Service Sold		0	0	0	0	0	0
0215	Service Sold		0	0	0	0	0	0
0216	Service Sold		0	0	0	0	0	0
0217	Service Sold		0	0	0	0	0	0
0218	Service Sold		0	0	0	0	0	0
0219	Service Sold		0	0	0	0	0	0
0220	Service Sold		0	0	0	0	0	0
0221	Service Sold		0	0	0	0	0	0
0222	Service Sold		0	0	0	0	0	0
0223	Service Sold		0	0	0	0	0	0
0224	Service Sold		0	0	0	0	0	0
0225	Service Sold		0	0	0	0	0	0
0226	Service Sold		0	0	0	0	0	0
0227	Service Sold		0	0	0	0	0	0
0228	Service Sold		0	0	0	0	0	0
0229	Service Sold		0	0	0	0	0	0
0230	Service Sold		0	0	0	0	0	0
0231	Service Sold		0	0	0	0	0	0
0232	Service Sold		0	0	0	0	0	0
0233	Service Sold		0	0	0	0	0	0
0234	Service Sold		0	0	0	0	0	0
0235	Service Sold		0	0	0	0	0	0
0236	Service Sold		0	0	0	0	0	0
0237	Service Sold		0	0	0	0	0	0
0238	Service Sold		0	0	0	0	0	0
0239	From All Others	N/A	0	0	0	0	0	0
0240	Total Sales	N/A	83,166	89,764	99,146	0	42,526	314,602

COMPANY: Verizon New England Tel. & Tel., Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1

TABLE I - 6
 PAGE 1 OF 1

TABLE I-6 - SPECIAL CHARGES
 (Dollars in Thousands)

Row No.	Classification (a)	Particulars (b)	Amount (c)
0100	Lobbying Expenses	N/A	2,310

OTHER SPECIAL CHARGES

0200	Membership Fees and Dues	N/A	26
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ABANDONED CONSTRUCTION PROJECTS AMOUNTING TO \$ 500,000 OR MORE

0210	Name of Project		0
0211	Name of Project		0
0212	Name of Project		0
0213	Name of Project		0
0214	Name of Project		0
0215	Name of Project		0
0216	Name of Project		0
0217	Name of Project		0
0218	Name of Project		0
0219	Total Abandoned Construction Projects Amounting to \$ 500,000 or More	N/A	0

0220	Telecommunications Plant Acquisition Adjustments	N/A	0
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PENALTIES AND FINES AMOUNTING TO \$ 500,000 OR MORE

0230	Name of Penalty and/or Fine		0
0231	Name of Penalty and/or Fine		0
0232	Name of Penalty and/or Fine		0
0233	Name of Penalty and/or Fine		0
0234	Name of Penalty and/or Fine		0
0235	Name of Penalty and/or Fine		0
0236	Name of Penalty and/or Fine		0
0237	Name of Penalty and/or Fine		0
0238	Name of Penalty and/or Fine		0
0239	Total Penalties and Fines Amounting to \$ 500,000 or More	N/A	0

0240	Charitable, Social or Other Community Welfare	N/A	194
0250	All Other Special Charges	N/A	3,066
0260	Total of Other Special Charges	N/A	3,286

0270	Total	N/A	5,596
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TABLE I-7 - DONATIONS OR PAYMENTS FOR SERVICES RENDERED BY PERSONS OTHER THAN EMPLOYEES
 (Dollars in Thousands)

Row No.	Nature of Service (a)	Name of Recipient (b)	Amount (c)
ADVERTISING AND INFORMATION SERVICES - EXCEEDING \$ 1,000,000			
0201	Name of Advertising and Information Service	Nothing to Report	
0202	Name of Advertising and Information Service		
0599	Total Advertising and Information Services - Exceeding \$ 1,000,000	N/A	0
AUDIT AND ACCOUNTING - EXCEEDING \$ 500,000			
0601	Name of Audit and Accounting Service	Nothing to Report	
0699	Total Audit and Accounting Services - Exceeding \$ 500,000	N/A	0
CLERICAL AND OFFICE SERVICES - EXCEEDING \$ 1,000,000			
0701	Name of Clerical and Office Service	Nothing to Report	
0799	Total Clerical and Office Services - Exceeding \$ 1,000,000	N/A	0
COMPUTER AND DATA PROCESSING SERVICES - EXCEEDING \$ 1,000,000			
0801	Name of Computer and Data Processing Service	VOLT DELTA RESOURCES INC	1,648
0802	Name of Computer and Data Processing Service		
0899	Total Computer and Data Processing Services - Exceeding \$ 1,000,000	N/A	1,648
CONSULTING AND RESEARCH SERVICES - EXCEEDING \$ 500,000			
0901	Name of Consulting and Research Service	Nothing to Report	
1299	Total Consulting and Research Services - Exceeding \$ 500,000	N/A	0
FINANCIAL SERVICES - EXCEEDING \$ 500,000			
1301	Name of Financial Service	Nothing to Report	
1399	Total Financial Services - Exceeding \$ 500,000	N/A	0
LEGAL - EXCEEDING \$ 500,000			
1401	Name of Legal Service	Nothing to Report	
1499	Total Legal Services - Exceeding \$ 500,000	N/A	0
MEMBERSHIP FEES AND DUES - EXCEEDING \$ 50,000			
1501	Name of Association	Nothing to Report	
1599	Total Membership Fees and Dues - Exceeding \$ 50,000	N/A	0
PERSONNEL SERVICES - EXCEEDING \$ 1,000,000			
1601	Name of Personnel Service	Nothing to Report	
1699	Total Personnel Services - Exceeding \$ 1,000,000	N/A	0
PRINTING AND DESIGN SERVICES - EXCEEDING \$ 1,000,000			

TABLE I-7 - DONATIONS OR PAYMENTS FOR SERVICES RENDERED BY PERSONS OTHER THAN EMPLOYEES
(Dollars in Thousands)

Row No.	Nature of Service (a)	Name of Recipient (b)	Amount (c)
1701	Name of Printing and Design Service	Nothing to Report	
1799	Total Printing and Design Services - Exceeding \$ 1,000,000	N/A	0

SECURITY SERVICES - EXCEEDING \$ 1,000,000			
Row No.	Name of Security Service	Name of Recipient	Amount
1801	Name of Security Service	Nothing to Report	
1899	Total Security Services - Exceeding \$ 1,000,000	N/A	0
1900	Contributions	N/A	194
2000	Directory Services	N/A	0

COMPANY: Verizon New England Tel. & Tel., Inc.
 STUDY AREA: VERIZON - NE
 PERIOD: Jan 2003 to Dec 2003
 COSA: NETC

Unrestricted Version
 SUBMISSION 1
 FOOTNOTE TABLE
 PAGE 1 of 1

FOOTNOTE TABLE

<u>Table</u>	<u>Row</u>	<u>Col</u>	<u>FN#</u>	<u>Footnote</u>
B1	1120.0	b	1	Temporary cash reserves consist of funds placed in trust for future associate health and welfare payments.
B1	4130.0	b	2	Includes charges recorded in accordance with SFAS 112, Employers Accounting for Postemployment Benefits.
B1	4200.0	b	3	Early extinguishment of \$100 million 7 7/8% debentures due on September 1, 2022 and \$60 million of 4 5/8% debentures due July 1, 2005.
B1	4200.0	b	4	In October 2003, issued \$300 million of 4 3/4% debentures due on October 1, 2013.
B2	330.0	b	5	In October 2003, issued \$300 million of 4 3/4% debentures due on October 1, 2013.
I1	6720.0	b	6	Includes charges recorded in accordance with SFAS 88, Employers Accounting for Settlements and Curtailments of Defined Pension Plans and for Termination Benefits.
I1	7300.0	b	7	Includes charges recorded for severance and related benefits in accordance with SFAS 112, Employers' Accounting for Postretirement Benefits, for voluntary and involuntary separation of employees.
I1	7100.0	b	8	Includes amounts recorded as charges associated with early extinguishment of \$100 million 7 7/8% debentures due on September 1, 2022.
I1	860.0	b	9	Total compensation includes both expenses and capitalized salary, wages and benefits.

FCC Report 43-02
ARMIS USOA REPORT

COMPANY: Verizon New England T & T, Inc.
STUDY AREA: VERIZON - NE
PERIOD: Jan 2003 to Dec 2003
COSA: NETC

Unrestricted Version
SUBMISSION 1
FOOTNOTE TABLE

CONFIDENTIAL TREATMENT TABLE

PAGE 1 OF 1

Table (a)	Row (b)	Column (s) (c)
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THE COMPANY HAS NOT REQUESTED CONFIDENTIAL TREATMENT FOR ANY DATA IN THIS REPORT.

CERTIFICATION

I certify that I am an officer of VERIZON COMMUNICATIONS, INC.; that I have examined ARMIS Report 43-02 and that to the best of my knowledge, information, and belief, all statements of fact contained in this report are true and that said report is an accurate statement of the affairs of the above named respondent in respect to the data set forth herein for the period from January 2003 to December 2003.

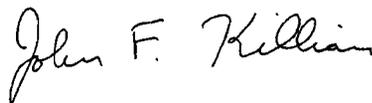
This certification is for the following company/study area(s):

COSA	Company / Study Area(s)	Submission
CDDC	Verizon Washington, D.C., Inc.	01
CMMD	Verizon Maryland, Inc.	01
CVVA	Verizon Virginia, Inc.	01
CWWV	Verizon West Virginia, Inc.	01
DSDE	Verizon Delaware, Inc.	01
PAPA	Verizon Pennsylvania, Inc.	01
NJNJ	Verizon New Jersey, Inc.	01
NETC	Verizon New England Tel. & Tel., Inc.	01
NYNY	Verizon New York Telephone, Inc.	01

PRINTED NAME: John Killian

POSITION: Senior Vice President and CFO

SIGNATURE:



DATE: April 1, 2004

(Persons making willful false statements in this report form can be punished by fine or imprisonment under the Communications Act, 47 U.S.C. 220(e).)

CONTACT PERSON: Ann Berkowitz

TELEPHONE NUMBER: (202) 515-2539

ARMIS 43-08

FCC FILING

VERIZON NEW ENGLAND INC.

YEAR END 2003

SUBMISSION 1

Data Run Date: 11/08/2004

FCC Paper Report 43-08, the Operating Data Report

FCC Paper Report 43-08
ARMIS Operating Data ReportCOMPANY: VERIZON NEW ENGLAND TEL & TELEGRAPH
STUDY VERIZON - NE
AREA:
PERIOD: From: Jan 2003 To: Dec 2003
COSAs: NETCApproved by OMB
3060-0496
Edition Date: 12/2003
Unrestricted Version
SUBMISSION 03

TABLE I.A

TABLE I.A - OUTSIDE PLANT STATISTICS -- CABLE AND WIRE FACILITIES

Row No.	State or Terr. (a)	Code (b)	Aerial Cable		Underground Cable		Buried Cable		Intrabldg Network Cable		Total Cable		Km of Fiber in Cable			Conduit System				
			Km of Aerial Wire (c)	Sheath Km of Metallic (d)	Sheath Km of Fiber (e)	Sheath Km of Metallic (f)	Sheath Km of Fiber (g)	Sheath Km of Metallic (h)	Sheath Km of Fiber (i)	Sheath Km of Metallic (n)	Sheath Km of Fiber (o)	Sheath Km of Metallic (p)	Sheath Km of Fiber (q)	Fiber Km Equipped (Lit) (r)	Total Fiber Km Deployed (Lit & Dark) (s)	Km of Metallic Wire in Cable (t)	Equipped Km of Tube in Coax Cable (u)	Equivalent Number of Poles (v)	Trench Km (w)	Duct Km (x)
300	Maine	ME	0	45,926	5,646	1,336	630	1,791	8	3	0	49,056	6,284	106,650	217,653	12,399,334	0	249,100	806	4,444
320	Massachusetts	MA	0	64,881	7,432	20,028	8,611	8,864	6	325	47	94,098	16,096	549,368	1,526,021	63,631,634	31	673,374	12,124	61,596
400	New Hampshire	NH	0	32,391	4,370	2,221	1,064	3,069	3	13	5	37,694	5,442	143,277	321,971	14,232,085	0	231,855	1,060	6,822
500	Rhode Island	RJ	0	12,185	1,242	2,553	940	1,077	0	3	0	15,818	2,182	59,168	205,443	10,621,174	0	143,900	1,052	7,441
560	Vermont	VT	0	27,890	1,975	937	618	2,185	14	2	0	31,014	2,607	49,030	110,427	6,677,290	0	151,333	688	2,735
910	Total	TO	0	183,273	20,665	27,075	11,863	16,986	31	346	52	227,680	32,611	907,492	2,381,515	107,561,517	31	1,449,562	15,730	83,038

There are no footnotes available for this table.

Data Run Date: 11/08/2004

FCC Paper Report 43-08, the Operating Data Report

FCC Paper Report 43-08
ARMIS Operating Data ReportCOMPANY: VERIZON NEW ENGLAND TEL & TELEGRAPH
STUDY VERIZON - NE
AREA:
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TABLE I.B

TABLE I.B - OUTSIDE PLANT STATISTICS -- OTHER

Row No.	State or Terr. (ba)	Code (bb)	Radio Relay System				Total Equipped Interoffice Circuit Km (Cable and Microwave Systems)				
			Km of Terrestrial System (bc)	Km of One-Way Terrestrial Radio Channel (bd)	Km of Telephone Channel		Total Equipped Local Loop Circuit Km		Analog (4 kHz or Equiv.) (bk)	Digital (64 kbps or Equiv.) (bl)	
					Analog (4 kHz or Equiv.) (bf)	Digital (64 kbps or Equiv.) (bg)	Analog (4kHz or Equiv.) (bh)	Digital (64 kbps or Equiv.) (bi)			
300	Maine	ME	44	127	0	14,960	4,621,940	5,235,957	0	7,634,076	
320	Massachusetts	MA	128	1,060	0	541,307	26,309,972	18,347,012	0	20,742,310	
400	New Hampshire	NH	37	75	0	3,593	4,657,716	5,134,517	0	6,141,556	
500	Rhode Island	RI	37	149	0	21,427	4,319,182	3,382,146	0	1,311,537	
560	Vermont	VT	0	0	0	0	2,105,521	2,420,288	0	6,304,536	
910	Total	TO	246	1,411	0	581,287	42,014,331	34,519,920	0	42,134,015	

FOOTNOTE TABLE

Table	Row	Col	FN#	Footnote
I.B	320	BH	1	CALCULATIONS ARE NOW STANDARDIZED WITH METHODOLOGIES CONSISTENT WITH ARMIS 43-07 REPORTING.
	400	BH	2	CALCULATIONS ARE NOW STANDARDIZED WITH METHODOLOGIES CONSISTENT WITH ARMIS 43-07 REPORTING.
	560	BH	3	CALCULATIONS ARE NOW STANDARDIZED WITH METHODOLOGIES CONSISTENT WITH ARMIS 43-07 REPORTING.
	500	BH	4	CALCULATIONS ARE NOW STANDARDIZED WITH METHODOLOGIES CONSISTENT WITH ARMIS 43-07 REPORTING.

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FCC Paper Report 43-08, the Operating Data Report

FCC Paper Report 43-08
ARMIS Operating Data ReportCOMPANY: VERIZON NEW ENGLAND TEL & TELEGRAPH
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SUBMISSION 03

TABLE II

TABLE II - SWITCHED ACCESS LINES IN SERVICE

Row No.	State or Terr. (ca)	Code (cb)	Main Access Lines (cc)	PBX and Centrex Trunks (cd)	Centrex Extensions (ce)	Other Switched Access Lines (ci)	Total Switched Access Lines (cj)	Central Office Switches Excluding Remotes (ck)	Remote Switches (cl)	Total Central Office Switches (cm)	Basic Rate ISDN Control Channels (cn)	Primary Rate ISDN Control Channels (co)
300	Maine	ME	518,652	52,305	48,121	89,884	708,962	15	128	143	2,646	1,898
320	Massachusetts	MA	2,937,576	219,265	408,330	359,777	3,924,948	167	167	334	46,877	4,510
400	New Hampshire	NH	583,321	24,573	40,621	49,369	697,884	26	97	123	3,798	632
500	Rhode Island	RI	406,907	17,742	57,743	36,343	518,735	21	21	42	1,906	320
560	Vermont	VT	266,188	11,619	46,388	25,967	350,162	8	78	86	2,281	315
910	Total	TO	4,712,644	325,504	601,203	561,340	6,200,691	237	491	728	57,508	7,675

FOOTNOTE TABLE

Table	Row	Col	FN#	Footnote
II	400	ALL	16	ACCESS LINES WILL NOT MATCH THOSE ON 43-05 AND 43-07 DUE TO DEFINITIONAL DIFFERENCES
	500	ALL	17	ACCESS LINES WILL NOT MATCH THOSE ON 43-05 AND 43-07 DUE TO DEFINITIONAL DIFFERENCES
	560	ALL	18	ACCESS LINES WILL NOT MATCH THOSE ON 43-05 AND 43-07 DUE TO DEFINITIONAL DIFFERENCES
	320	ALL	19	ACCESS LINES WILL NOT MATCH THOSE ON 43-05 AND 43-07 DUE TO DEFINITIONAL DIFFERENCES
	300	CJ	65	CORRECTED DATA MAPPING TEMPLATE TO ACCOUNT FOR THE PROPER REPORTING OF ISDN-BRI, PRI, UNE-P AND RESOLD

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TABLE III

TABLE III - ACCESS LINES IN SERVICE BY CUSTOMER

Row No.	State or Terr. (fa)	Code (fb)	Business Switched Access Lines		Residential Switched Access Lines				Special Access Lines (Non-Switched)			Local Private Lines (fm)	
			Single Line (fc)	Multiline (fd)	Payphone Lines (fe)	Lifeline (ff)	Primary (fg)	Non-Primary (fh)	Total Switched Access Lines (fi)	Analog (4 kHz or Equiv.) (fj)	Digital (64 kbps or Equiv.) (fk)		Total Access Lines (Switched and Special) (fl)
300	Maine	ME	29,706	179,929	4,556	65,849	393,219	35,703	708,962	1,078	284,271	994,311	434,371
320	Massachusetts	MA	130,483	1,287,677	31,611	141,027	2,048,678	285,472	3,924,948	11,613	2,686,972	6,623,533	78,249
400	New Hampshire	NH	29,931	172,105	4,757	6,674	428,554	55,863	697,884	1,130	346,274	1,045,288	51,558
500	Rhode Island	RI	17,340	142,955	4,201	42,737	281,287	30,215	518,735	1,202	277,092	797,029	44,485
560	Vermont	VT	14,605	92,140	2,210	22,121	199,141	19,945	350,162	676	130,352	481,190	26,487
910	Total	TO	222,065	1,874,806	47,335	278,408	3,350,879	427,198	6,200,691	15,699	3,724,961	9,941,351	635,150

FOOTNOTE TABLE

Table	Row	Col	FN#	Footnote
III	320	ALL	20	ACCESS LINES WILL NOT MATCH THOSE ON 43-05 AND 43-07 DUE TO DEFINITIONAL DIFFERENCES
	400	ALL	21	ACCESS LINES WILL NOT MATCH THOSE ON 43-05 AND 43-07 DUE TO DEFINITIONAL DIFFERENCES
	500	ALL	22	ACCESS LINES WILL NOT MATCH THOSE ON 43-05 AND 43-07 DUE TO DEFINITIONAL DIFFERENCES

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FCC Paper Report 43-08
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TABLE IV

TABLE IV - TELEPHONE CALLS
(Amounts in Thousands)

Row No.	State or Terr. (ea)	Code (eb)	Local Calls (ec)	IntraLATA Toll Calls Completed (Originating) (ed)	InterLATA Toll Calls Completed (Originating)			InterLATA Billed Access Minutes (Originating and Terminating)		
					Interstate (ee)	Intrastate (ef)	Total (eg)	Interstate (eh)	Intrastate (ei)	Total (ej)
300	Maine	ME	1,131,169	104,758	152,105	270,558	422,663	1,932,458	1,399,469	3,331,927
320	Massachusetts	MA	5,963,989	549,456	1,083,651	1,574,775	2,658,426	11,489,734	7,884,083	19,373,817
400	New Hampshire	NH	776,257	110,629	253,756	292,381	546,137	2,763,405	1,298,203	4,061,608
500	Rhode Island	RI	885,140	77,400	175,043	198,762	373,805	1,778,206	841,707	2,619,913
560	Vermont	VT	662,653	26,265	128,925	67,469	196,394	1,381,399	394,025	1,775,424
910	Total	TO	9,419,208	868,508	1,793,480	2,403,945	4,197,425	19,345,202	11,817,487	31,162,689

FOOTNOTE TABLE

Table	Row	Col	FN#	Footnote
IV	320	EE	25	DATA BASED ON A REGIONAL PROCESS THAT INCLUDES INTERSTATE AND STATE INTERCONNECT TRAFFIC.
	560	EE	26	DATA BASED ON A REGIONAL PROCESS THAT INCLUDES INTERSTATE AND STATE INTERCONNECT TRAFFIC.
	400	EE	27	DATA BASED ON A REGIONAL PROCESS THAT INCLUDES INTERSTATE AND STATE INTERCONNECT TRAFFIC.
	500	EE	28	DATA BASED ON A REGIONAL PROCESS THAT INCLUDES INTERSTATE AND STATE INTERCONNECT TRAFFIC.
	300	EE	29	DATA BASED ON A REGIONAL PROCESS THAT INCLUDES

ARMIS 43-02

FCC FILING

VERIZON NEW ENGLAND INC.

STATE OF NEW HAMPSHIRE

YEAR END 2003

SUBMISSION 1

COMPANY: Verizon New England T & T, Inc.
STUDY AREA: New Hampshire
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TABLE B-1 - BALANCE SHEET ACCOUNTS - CLASS A LEVEL REPORTING

TABLE B - 1
PAGE 2 OF 4

(Dollars in thousands)

Row/ Acct. No.	Account Title (aa)	Beginning Balance (ab)	Additions (ac)	Retirements (ad)	Transfers/ Adjustments (ae)	Ending Balance (af)
	<u>Plant</u>					
2001	Telecommunications plant in service (TPIS)	2,073,441	94,923	47,064	15,355	2,136,655
2002	Property held for future telecom use (PHFTU)	0	0	0	0	0
2003	Telephone plant under construction-short term (TPUC)	13,321	12,736	0	-18,944	7,113
2005	Telecommunications plant adjustment	0	0	0	0	0
2006	Nonoperating plant	2,053	0	0	-26	2,027
2007	Goodwill	0	0	0	0	0
210	Total Plant	2,088,815	107,659	47,064	-3,615	2,145,795
	<u>TPIS - General Support</u>					
2111	Land	4,195	38	0	-99	4,134
2112	Motor vehicles	13,908	312	215	147	14,152
2113	Aircraft	0	0	0	0	0
2114	Tools and other work equipment	16,118	735	177	0	16,676
2121	Buildings	99,970	6,126	882	0	105,214
2122	Furniture	1,583	0	0	0	1,583
2123	Office equipment	3,660	0	816	25	2,869
2124	General purpose computers	9,546	1,998	2,204	-10	9,330
2110	Land and Support	148,980	9,209	4,293	63	153,958
	<u>TPIS - Central Office</u>					
2211	Non-digital switching	0	0	0	0	0
2212.1	Circuit switching	421,950	15,146	16,416	462	421,141
2212.2	Packet switching	0	0	0	1,996	1,996
2212	Digital electronic switching	421,950	15,146	16,416	2,458	423,137
10	Central Office-Switching	421,950	15,146	16,416	2,458	423,137
2220	Operator Systems	1,104	64	554	950	1,565
2231	Radio systems	864	0	316	46	594
2232.1	Electronic circuit	497,189	31,840	16,426	14,762	527,365
2232.2	Optical circuit	0	0	0	0	0
2232	Circuit equipment	497,189	31,840	16,426	14,762	527,365
2230	Central Office - Transmission	498,053	31,840	16,742	14,808	527,959
	<u>TPIS - Information Origination/Termination</u>					
2311	Station apparatus	0	0	0	0	0
2321	Customer premises wiring	0	0	0	0	0
2341	Large private branch exchange	0	0	0	0	0
2351	Public telephone terminal equipment	8,364	122	2,162	0	6,324
2362	Other terminal equipment	17,257	1,146	1,221	-178	17,004
2310	Information Origination/Termination	25,621	1,268	3,382	-178	23,328
	<u>TPIS - Cable & Wire</u>					
2411	Poles	151,522	7,469	868	7	158,129
2421	Aerial cable	510,656	15,720	1,331	-6	525,040
2422	Underground cable	132,659	5,542	422	7	137,786
2423	Buried cable	52,619	681	89	0	53,211
2424	Submarine and deep sea cable	1,133	1	0	-1	1,133
2426	Intrabuilding network cable	1,115	0	0	0	1,115
2431	Aerial wire	0	0	0	0	0
2441	Conduit systems	107,990	1,718	111	14	109,611
2410	Cable & Wire	957,694	31,131	2,820	21	986,025
240	Total TPIS (before amortizable assets)	2,053,402	88,657	44,208	18,121	2,115,972

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 RIOD: Jan 2003 to Dec 2003
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TABLE B - 1
 PAGE 3 OF 4

TABLE B-1 - BALANCE SHEET ACCOUNTS - CLASS A LEVEL REPORTING
 (Dollars in thousands)

Row/ Acct. No.	Account Title (aa)	Beginning Balance (ab)	Additions (ac)	Retirements (ad)	Transfers/ Adjustments (ae)	Ending Balance (af)
	<u>TPIS Amortizable Assets</u>					
2681	Capital leases	0	0	0	0	0
2682	Leasehold improvements	278	513	601	1,821	2,011
2680	Amortizable tangibles	278	513	601	1,821	2,011
2690.1	Network software	10,336	5,753	2,255	1	13,835
2690.2	General purpose computer software	9,425	0	0	-4,588	4,837
2690	Intangibles	19,761	5,753	2,255	-4,587	18,672
260	Total TPIS	2,073,441	94,923	47,064	15,355	2,136,655

Row/ Acct. No.	Account Title (a)	Amount (b)
	<u>Depreciation and Amortization</u>	
3100	Accumulated depreciation	1,351,606
3200	Accumulated depreciation - PHFTU	0
3300	Accumulated depreciation - nonoperating	22
3410	Accumulated amortization - Capitalized leases	0
340	Total Depreciation and Amortization	1,351,628
350	Net Plant	794,167

COMPANY: Verizon New England T & T, Inc.
STUDY AREA: New Hampshire
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TABLE B-5 - ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
(Dollars in thousands)

TABLE B - 5
PAGE 1 OF 4

Row No.	Description (a)	Beginning Balance (b)	CREDITS DURING THE YEAR		
			Accruals (c)	Salvage (d)	Other Credits (e)
0100	Motor Vehicles	-50	377	118	33
0110	Aircraft	0	0	0	0
0120	Tools and other work equipment	9,008	1,129	30	59
0150	Buildings	30,639	2,851	0	0
0160	Furniture	676	111	0	0
0180	Office Equipment	2,072	499	0	18
0200	General Purpose Computers	3,695	0	0	2
0210	Total Support Assets	46,040	4,967	148	112
0220	Non-digital switching	0	0	0	0
0235	Digital Electronic Switching - Circuit	249,648	32,223	0	392
0237	Digital Electronic Switching - Packet	0	0	0	0
0270	Total Central Office-Switching	249,648	32,223	0	392
0280	Operator Systems	1,034	345	0	1
0290	Radio Systems	250	56	0	31
0305	Circuit Equipment - electronic	309,542	42,886	2	5,659
0307	Circuit Equipment - optical	0	0	0	0
0320	Total Central Office-Transmission	309,792	42,942	2	5,690
0330	Station Apparatus	0	0	0	0
0340	Customer Premises Wiring	0	0	0	0
0350	Large Private Branch Exchange	0	0	0	0

COMPANY: Verizon New England T & T, Inc.
 STUDY AREA: New Hampshire
 PERIOD: Jan 2003 to Dec 2003
 COSA: NENH

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TABLE B - 5
 PAGE 2 OF 4

TABLE B-5 - ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
 (Dollars in thousands)

Row No.	Description (a)	Beginning Balance (b)	CREDITS DURING THE YEAR		
			Accruals (c)	Salvage (d)	Other Credits (e)
0360	Public Telephone Terminal Equipment	7,725	164	0	1
0370	Other Terminal Equipment	10,011	1,378	0	1
0380	Total Info. Origination/Termination	17,736	1,542	0	2
0390	Poles	84,204	8,971	105	1
0400	Aerial Cable	395,054	33,197	158	0
0410	Underground Cable	79,641	6,992	7	0
0420	Buried Cable	41,375	3,013	0	0
0430	Submarine & deep sea cable	1,035	50	0	0
0450	Intrabuilding Network Cable	958	77	0	0
0460	Aerial Wire	0	0	0	0
0470	Conduit Systems	32,432	2,386	0	1
0480	Total Cable and Wire Facilities	634,699	54,686	270	2
0490	Total Accumulated Depreciation	1,258,949	136,705	420	6,199

COMPANY: Verizon New England T & T, Inc.
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 PERIOD: Jan 2003 to Dec 2003
 COSA: NENH

Unrestricted Ve
 SUBMISSION 1

TABLE B - 5
 PAGE 3 OF 4

TABLE B-5 - ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
 (Dollars in thousands)

Row No.	Description (a)	CHARGES DURING THE YEAR				Ending Balance (j)
		Retirements w/Traffic (f)	Retirements w/o Traffic (g)	Cost of Removal (h)	Other Charges (i)	
0100	Motor Vehicles	0	215	0	0	263
0110	Aircraft	0	0	0	0	0
0120	Tools and other work equipment	0	177	0	2	10,047
0150	Buildings	0	882	798	0	31,810
0160	Furniture	0	0	0	0	787
0180	Office Equipment	0	816	0	0	1,773
0200	General Purpose Computers	0	2,204	21	0	1,472
0210	Total Support Assets	0	4,294	819	2	46,152
0220	Non-digital switching	0	0	0	-1	1
0235	Digital Electronic Switching - Circuit	0	16,416	0	2	265,845
0237	Digital Electronic Switching - Packet	0	0	0	0	0
0270	Total Central Office-Switching	0	16,416	0	1	265,846
0280	Operator Systems	0	554	1	1	824
0290	Radio Systems	0	316	0	0	21
0305	Circuit Equipment - electronic	0	16,426	0	1	341,662
0307	Circuit Equipment - optical	0	0	0	0	0
0320	Total Central Office-Transmission	0	16,742	0	1	341,683
0330	Station Apparatus	0	0	0	0	0
0340	Customer Premises Wiring	0	0	0	0	0
0350	Large Private Branch Exchange	0	0	0	0	0

COMPANY: Verizon New England T & T, Inc.
 STUDY AREA: New Hampshire
 PERIOD: Jan 2003 to Dec 2003
 COSA: NENH

Unrestricted Ve
 SUBMISSION 1

TABLE B - 5
 PAGE 4 OF 4

TABLE B-5 - ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
 (Dollars in thousands)

Row No.	Description (a)	CHARGES DURING THE YEAR				Ending Balance (j)
		Retirements w/Traffic (f)	Retirements w/o Traffic (g)	Cost of Removal (h)	Other Charges (i)	
0360	Public Telephone Terminal Equipment	0	2,162	0	0	5,728
0370	Other Terminal Equipment	0	1,221	126	0	10,043
0380	Total Info. Origination/Termination	0	3,383	126	0	15,771
0390	Poles	0	868	3,084	0	89,329
0400	Aerial Cable	0	1,331	1,666	63	425,349
0410	Underground Cable	0	422	426	0	85,792
0420	Buried Cable	0	89	87	-1	44,213
0430	Submarine & deep sea cable	0	0	2	0	1,083
0450	Intrabuilding Network Cable	0	0	0	1	1,034
0460	Aerial Wire	0	0	0	0	0
0470	Conduit Systems	0	111	180	-2	34,530
0480	Total Cable and Wire Facilities	0	2,821	5,445	61	681,330
0490	Total Accumulated Depreciation	0	44,210	6,391	66	1,351,606

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 PERIOD: Jan 2003 to Dec 2003
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Unrestricted Version
 SUBMISSION 1
 TABLE I - 1
 PAGE 1 OF 5

Table I-1 - INCOME STATEMENT ACCOUNTS - CLASS A ACCOUNT LEVEL REPORTING
 (Dollars in Thousands)

Row/ Acct. No.	Account Title (a)	Amount (b)
	<u>REVENUE ACCOUNTS</u>	
	<u>Local Network Revenues</u>	
5001	Basic area revenue	152,608
5040	Local private line revenue	8,682
5060	Other basic area revenue	43,098
520	Local network service revenue	204,388
	<u>Network Access Services Revenues</u>	
5081	End user revenue	59,173
5082	Switched access revenue	46,105
5083	Special access revenue	66,400
522	Network Access Services Revenues	171,678
5100	LD message revenue	32,491
	<u>Miscellaneous Revenues</u>	
5230	Directory revenue	3,495
526	Miscellaneous revenue	35,538
527	Total Miscellaneous Revenues	39,033
5280	Nonregulated revenue	13,454
5300	Uncollectible revenue	10,138
530	Total Operating Revenues	450,906

COMPANY: Verizon New England T & T, Inc.
 OPERATING AREA: New Hampshire
 PERIOD: Jan 2003 to Dec 2003
 COSA: NENH

Unrestricted Version
 SUBMISSION 1
 TABLE I - 1
 PAGE 2 OF 5

Table I-1 - INCOME STATEMENT ACCOUNTS - CLASS A ACCOUNT LEVEL REPORTING
 (Dollars in Thousands)

Row/ Acct. No.	Account Title (aa)	Total (ab)
	<u>EXPENSE ACCOUNTS</u>	
	<u>Plant Specific Operations</u>	
615	Account 6112 - Motor Vehicles expense	399
625	Account 6113 - Aircraft expense	84
635	Account 6114 - Tools and other work equipment expense	493
6110	Network Support Expenses	976
6121	Land & building expense	11,719
6122	Furniture & artworks expense	294
6123	Office equipment expense	812
6124	General purpose computers expense	9,550
6120	General Support Expenses	22,375
6211	Non-digital switching expense	76
621	Circuit switching expense	3,989
6212	Packet switching expense	0
6212	Digital electronic switching expense	3,989
6210	Central Office Switching Expenses	4,065
6220	Operator system expense	7
6231	Radio systems expense	9
6232.1	Electronic circuit expense	5,136
6232.2	Optical circuit expense	0
6232	Circuit equipment expense	5,136
6230	Central office-transmission	5,145
6311	Station apparatus expense	0
6341	Large private branch exchange expense	0
6351	Public telephone terminal equipment expense	270
6362	Other terminal equipment expense	7,808
6310	Information Origination/Termination Expenses	8,078
6411	Poles expense	1,722
6421	Aerial cable expense	26,913
6422	Underground cable expense	2,462
6423	Buried cable expense	3,080
6424	Submarine and deep sea cable expense	1
6426	Intrabuilding network cable expense	85
6431	Aerial wire expense	0
6410	Conduit systems expense	249
6410	Cable and Wire Facilities Expenses	34,512
650	Total Plant Specific Operations Expenses	75,157

COMPANY: Verizon New England T & T, Inc.
 SERVICE AREA: New Hampshire
 PERIOD: Jan 2003 to Dec 2003
 COSA: NENH

Unrestricted Version
 SUBMISSION 1
 TABLE I - 1
 PAGE 3 OF 5

Table I-1 - INCOME STATEMENT ACCOUNTS - CLASS A ACCOUNT LEVEL REPORTING
 (Dollars in Thousands)

Row/ Acct. No.	Account Title (aa)	Total (ab)
	<u>Plant Nonspecific Operations</u>	
6511	PHFTU expense	0
665	Account 6512 - Provisioning expense	796
6510	Other Property and Equipment Expenses	796
6531	Power expense	5,431
6532	Network administration expense	5,310
6533	Testing expense	1,970
675	Account 6534 - Plant operation administration expense	13,380
685	Account 6535 - Engineering expense	3,651
6530	Network Operations Expenses	29,742
6540	Access expense	18,527
6561	Depreciation-TPIS expense	136,705
6562	Depreciation-PHFTU expense	0
6563	Amortization-tangible expense	382
6564	Amortization-intangible expense	7,285
6565	Amortization-other expense	0
6560	Depreciations & Amortization Expense	144,372
690	Total Plant Nonspecific Operations Expenses	193,437
	<u>Customer Operations</u>	
6611	Product management and sales expense	13,320
6613	Product advertising expense	1,389
6610	Marketing Expenses	14,709
6621	Call completion expense	197
6622	Number services expense	5,803
6623	Customer services expense	32,415
6620	Service Expense	38,415
700	Total Customer Operations Expenses	53,123
	<u>Corporate Operations</u>	
6720	General & Administrative	103,165
6790	Provision for uncollectible notes receivable	0
	Total Corporate Operations Expense	103,165
720	Total Operating Expenses	424,882
730	Income Before Other Operating Items and Taxes	26,024

COMPANY: Verizon New England T & T, Inc.
 SERVICE AREA: New Hampshire
 PERIOD: Jan 2003 to Dec 2003
 COSA: NENH

Unrestricted Version
 SUBMISSION 1
 TABLE 1 - 1
 PAGE 4 OF 5

Table I-1 - INCOME STATEMENT ACCOUNTS - CLASS A ACCOUNT LEVEL REPORTING

(Dollars in Thousands)

Row/ Acct. No.	Account Title (a)	Amount (b)
	<u>Other Operating Income and Expense</u>	
7100	Other operating income and expenses	-108
	<u>Operating Taxes</u>	
7210	Operating investment tax credits-net	553
7220	Operating federal income taxes	8,599
7230	Operating state and local income taxes	288
7240	Operating other taxes	3,091
7250	Provision for deferred operating income tax-net	-9,103
7200	Operating Taxes	2,322
7300	Nonoperating Income and Expense	-15,226
7400	Nonoperating Taxes	-4,337
7500	Interest and Related Items	19,390
7600	Extraordinary Items	0
7910	Income effects of jurisdictional differences-net	-513
7990	Nonregulated net income	0
790	Net Income	-7,198

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-1150

VERIZON NEW ENGLAND INC.

A New York Corporation

I.R.S. Employer Identification No. 04-1664340

185 Franklin Street, Boston, Massachusetts 02110

Telephone Number (617) 743-9800

Securities registered pursuant to Section 12(b) of the Act: See attached Schedule A.

Securities registered pursuant to Section 12(g) of the Act: None.

THE REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION I(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION I(2).

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

Table of Contents

Verizon New England Inc.

SCHEDULE A

Securities registered pursuant to Section 12(b) of the Act*:

Title of each class	Name of each exchange on which registered
Thirty year 6 7/8% Debentures, due October 1, 2023	New York Stock Exchange
Forty year 7 7/8% Debentures, due November 15, 2029	“
7% Debentures, Series B, due May 15, 2042	“

* On March 23, 2004, the Company submitted to the Securities and Exchange Commission an “Application for Withdrawal from Listing Securities Pursuant to Section 12(d) of the Securities Exchange Act of 1934” with respect to each series of securities listed on this Schedule A, other than the 7% Debentures, Series B, due May 15, 2042.

Table of Contents

Verizon New England Inc.

TABLE OF CONTENTS

	Page
PART I	
Item 1. <u>Business</u>	1
(Abbreviated pursuant to General Instruction I(2).)	
Item 2. <u>Properties</u>	7
Item 3. <u>Legal Proceedings</u>	7
Item 4. <u>Submission of Matters to a Vote of Security Holders</u> (Omitted pursuant to General Instruction I(2).)	7
PART II	
Item 5. <u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	8
Item 6. <u>Selected Financial Data</u> (Omitted pursuant to General Instruction I(2).)	8
Item 7. <u>Management's Discussion and Analysis of Results of Operations</u>	9
(Abbreviated pursuant to General Instruction I(2).)	
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	18
Item 8. <u>Financial Statements and Supplementary Data</u>	18
Item 9. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	18
Item 9A. <u>Controls and Procedures</u>	18
PART III	
Item 10. <u>Directors and Executive Officers of the Registrant</u>	18
(Omitted pursuant to General Instruction I(2).)	
Item 11. <u>Executive Compensation</u>	18
(Omitted pursuant to General Instruction I(2).)	
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	19
(Omitted pursuant to General Instruction I(2).)	
Item 13. <u>Certain Relationships and Related Transactions</u>	19
(Omitted pursuant to General Instruction I(2).)	
Item 14. <u>Principal Accountant Fees and Services</u>	19
PART IV	
Item 15. <u>Exhibits, Financial Statement Schedules, and Reports on Form 8-K</u>	20
<u>SIGNATURES</u>	21

UNLESS OTHERWISE INDICATED, ALL INFORMATION IS AS OF MARCH 24, 2004.

Table of Contents

Verizon New England Inc.

PART I

Item 1. *Business*

(Abbreviated pursuant to General Instruction I(2).)

GENERAL

Verizon New England Inc. is incorporated under the laws of the State of New York. We are a wholly owned subsidiary of NYNEX Corporation (NYNEX), which is a wholly owned subsidiary of Verizon Communications Inc. (Verizon).

We presently serve a territory consisting of Local Access and Transport Areas (LATAs) in Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. These LATAs are generally centered on a city or based on some other identifiable common geography.

We currently provide two basic types of telecommunications services:

Exchange telecommunications service is the transmission of telecommunications among customers located within a local calling area within a LATA. Examples of exchange telecommunications services include switched local residential and business services, local private line voice and data services and Centrex services. We also provide toll services within a LATA (intraLATA long distance).

Exchange access service links a customer's premises and the transmission facilities of other telecommunications carriers, generally interLATA carriers. Examples of exchange access services include switched access and special access services.

As of December 31, 2003, we had approximately 13,600 employees. Approximately 87% of our employees are covered by collective bargaining agreements. Collective bargaining agreements with the unions expire in August 2008.

REGULATION

Telecommunications Act of 1996

We face increasing competition in all areas of our business. The Telecommunications Act of 1996 (the 1996 Act), regulatory and judicial actions and the development of new technologies, products and services have created opportunities for alternative telecommunication service providers, many of which are subject to fewer regulatory constraints.

In-Region Long Distance

Under the 1996 Act, our ability to offer in-region long distance services (that is, services originating in the states where we operate as a local exchange carrier) was largely dependent on satisfying specified requirements. These requirements included a 14-point "competitive checklist" of steps which we must take to help competitors offer local services through resale, through purchase of unbundled network elements (UNEs), or by interconnecting their own networks to ours. We were required to demonstrate to the Federal Communications Commission (FCC) that our entry into the in-region long distance market would be in the public interest.

On April 16, 2001, February 22, 2002, April 17, 2002, June 19, 2002 and September 25, 2002, the FCC released orders approving our applications for permission to enter the in-region long distance markets in Massachusetts, Rhode Island, Vermont, Maine and New Hampshire, respectively. The United States Court of Appeals for the District of Columbia remanded the Massachusetts order to the FCC for further explanation on one issue, but left our long distance authority in effect. In-region long distance is being offered in these states by a separate non-regulated subsidiary of Verizon as required by law.

FCC Regulation and Interstate Rates

We are subject to the jurisdiction of the FCC with respect to interstate services and certain related matters.

Access Charges and Universal Service

On May 31, 2000, the FCC adopted the Coalition for Affordable Local and Long Distance Services (CALLS) plan as a comprehensive 3-year plan for regulation of interstate access charges. The CALLS plan has three main components.

Table of Contents

Verizon New England Inc.

First, it establishes a portable interstate access universal service support of \$650 million for the industry. This explicit support replaces implicit support embedded in interstate access charges. Second, the plan simplifies the patchwork of common line charges into one subscriber line charge (SLC) and provides for de-averaging of the SLC by zones and class of customers in a manner that will not undermine comparable and affordable universal service. Third, the plan sets into place a mechanism to transition to a set target of \$.0055 per minute for switched access services. Once that target rate is reached, local exchange carriers are no longer required to make further annual price cap reductions to their switched access prices. The annual reductions leading to the target rate, as well as annual reductions for the subset of special access services that remain subject to price cap regulation was set at 6.5% per year.

As a result of tariff adjustments which became effective in July 2002, we reached the \$.0055 benchmark.

The FCC has adopted rules for special access services that provide for pricing flexibility and ultimately the removal of services from price regulation when prescribed competitive thresholds are met.

In November 1999, the FCC adopted a new mechanism for providing universal service support to high-cost areas served by large local telephone companies. This funding mechanism provides additional support for local telephone services in several states served by Verizon. This system has been supplemented by the new FCC access charge plan described above. On October 16, 2003, in response to a previous court decision, the FCC announced a decision providing additional justification for its non-rural high-cost universal support mechanism and modifying it in part. The FCC also has proceedings underway to evaluate possible changes to its current rules for assessing contributions to the universal service fund. Any change in the current assessment mechanism could result in a change in the contribution that local telephone companies must make and that would have to be collected from customers.

Unbundling of Network Elements

On February 20, 2003, the FCC announced a decision adopting new rules defining the obligations of incumbent local exchange carriers to provide competing carriers with access to UNEs. The decision was the culmination of an FCC rulemaking referred to as its triennial review of its UNE rules, and also was in response to a decision by the U.S. Court of Appeals for the D.C. Circuit. The U.S. Court of Appeals for the D.C. Circuit had overturned the FCC's previous unbundling rules on the grounds that the FCC did not adequately consider the limitations of the "necessary and impair" standards of the 1996 Act when it chose national rules for unbundling and that it failed to consider the relevance of competition from other types of service providers, including cable and satellite.

The text of the order and accompanying rules was released on August 21, 2003. With respect to broadband facilities, such as mass market fiber to the premises loops and packet switching, that order generally removed unbundling obligations under Section 251 of the 1996 Act. With respect to narrowband services, the order generally left unbundling obligations in place, with certain limited exceptions, and delegated to state regulatory proceedings a further review. The order also provided a new set of criteria relating to when carriers may purchase a combination of unbundled loops and transport elements known as enhanced extended loops (EELs).

The FCC's order significantly increases arbitrage opportunities by making it easier for carriers to use EELs for non-local service at regulated prices set using the pricing formula that applies to UNEs rather than competitive special access prices. In addition, the FCC's order eliminates important safeguards that protected against this kind of arbitrage, including the FCC's previous rule against co-mingling unbundled elements and other services.

Multiple parties, including Verizon, appealed various aspects of the decision. Multiple parties also have asked the FCC to clarify or reconsider various aspects of its order, and Verizon has petitioned the FCC to make clear that any broadband facilities that do not have to be unbundled under Section 251 of the 1996 Act also do not have to be unbundled under another provision of the 1996 Act. On March 2, 2004, the U.S. Court of Appeals for the D.C. Circuit issued an order upholding the FCC in part, and overturning its order in part. The court upheld the FCC with respect to broadband facilities. On the narrowband unbundling requirements and on the EELs rules, the court reversed key aspects of the FCC decision. The court's reversal of the FCC will not go into effect for 60 days following the ruling or until a petition for rehearing is denied or granted.

Intercarrier Compensation

On April 27, 2001, the FCC released an order addressing intercarrier compensation for dial-up connections for Internet-bound traffic. The FCC found that Internet-bound traffic is interstate and subject to the FCC's jurisdiction. Moreover, the FCC again found that Internet-bound traffic is not subject to reciprocal compensation under Section 251(b)(5) of the 1996 Act. Instead, the FCC established federal rates per minute for this traffic that decline from \$.0015 to \$.0007 over a

Table of Contents

Verizon New England Inc.

three-year period. The FCC order also sets caps on the total minutes of this traffic that may be subject to any intercarrier compensation and requires that incumbent local exchange carriers must offer to both bill and pay reciprocal compensation for local traffic at the same rate as they are required to pay on Internet-bound traffic. On May 3, 2002, the U.S. Court of Appeals for the D.C. Circuit rejected part of the FCC's rationale for its April 27, 2001 order, but declined to vacate the order while it is on remand. As a result, pending further action by the FCC, the FCC's underlying order remains in effect.

More generally, the FCC has an ongoing rulemaking that could fundamentally restructure the regulatory regime for intercarrier compensation, including, but not limited to, access charges, compensation for Internet traffic, and reciprocal compensation for local traffic. The FCC also is considering multiple petitions asking it to declare whether, and under what circumstances, services that employ Internet protocol are subject to access charges under current law, or asking it to forbear from any requirement to pay access charges on some such services. The FCC also has announced that it intends to initiate a rulemaking proceeding to address the regulation of voice over Internet protocol services generally.

Broadband Services

The FCC has several ongoing rulemakings considering the regulatory treatment of broadband services. Among the questions at issue are whether to require local telephone companies like Verizon to offer such services as a common carrier or whether such services may be offered under a potentially less regulated private carriage arrangement, and whether to declare broadband services offered by local telephone companies as non-dominant and what the effect should be of any such classification.

State Regulation of Rates and Services

Maine

In June 2001, the Maine Public Utilities Commission (MPUC) ordered the continuation of an Alternative Form of Regulation (AFOR) for Verizon Maine for a second five-year term. Key aspects of the plan:

- Eliminates annual filings to adjust rates of core services;
- Eliminates the 4.5% productivity factor applied in the initial AFOR term;
- Provides total pricing flexibility for all services except local service, operator services and directory assistance;
- Allows an increase in local service rates that offsets (in whole or in part) a legislatively required access charge reduction;
- Rejects proposals to institute over 9,000 retail service quality measures and instead continues the current service quality plan with some modifications; and
- Requires monitoring of our toll rate/revenue reductions to insure that toll users benefit from the access reductions, either in reduced toll rates from us, or in toll savings from alternative carriers. At the end of a two-year monitoring period that began December 31, 2000, our toll rates/revenues must be \$19.8 million lower, or additional cuts in toll rates will be required. Thereafter, toll rates are unrestricted. On February 6, 2003, we filed with the MPUC proof that the required reduction in toll revenues had occurred and that no further regulation of toll prices is required. MPUC consideration of our filing is pending.

The Maine Public Advocate appealed the MPUC's 2001 AFOR decision to the Maine Supreme Judicial Court, claiming that any extension to the AFOR must be preceded by an investigation of our costs and earnings utilizing traditional rate of return principles. On February 28, 2003, the court ruled that while state law requires that telephone rates under an AFOR are no higher than under rate of return regulation, the MPUC has broad discretion in making such a determination that would not necessarily require a full rate of return inquiry. However, the court vacated and remanded the decision to the MPUC for its failure to expressly make such a determination, or in the alternative that if such a showing cannot be made, that it nonetheless remains in the best interest of ratepayers to proceed with an AFOR. No change in any of our rates was required by the court's decision while the remand proceeding was pending.

In March 2003, the MPUC opened a proceeding to address the Maine Supreme Judicial Court's remand of the 2001 AFOR decision. In an order issued on July 11, 2003, the MPUC ruled that it would keep in place the \$1.78 increase in our monthly basic exchange rates pending completion of the remand and maintain certain elements (pricing flexibility, Service Quality Index) of the proposed AFOR on an interim basis until a final decision on the remand. On September 25, 2003, the PUC issued an order reinstating the AFOR. Certain parties have appealed that decision to the Maine Supreme Judicial Court and the appeal is pending.

Table of Contents

Verizon New England Inc.

Massachusetts

In April 2001, we filed with the Massachusetts Department of Telecommunications and Energy (DTE) a proposed alternative regulatory plan to replace the price regulation plan that was to expire in August 2001. On May 8, 2002, the DTE issued its decision in Phase I of the case in which it found that Verizon New England had demonstrated the existence of sufficient competition for most of its retail business services and granted Verizon New England pricing flexibility on the services. Price increases are not constrained. Price decreases are subject to price floor requirements. In addition, the DTE ruled that Verizon New England should reduce state switched access prices to interstate levels on a revenue neutral basis by increases in residence dial-tone rates. With respect to residence services, the DTE tentatively concluded that we should have pricing flexibility for non-basic services but that increases in basic services should be limited. The DTE directed us to file proposals consistent with its findings.

In May 2003, the DTE issued a final ruling approving with minor modifications our compliance filing implementing the DTE's alternative regulatory plan. The plan gives us pricing flexibility for most retail business services and residence non-basic services, including second dial-tone lines. The DTE also approved rate reductions for state switched access prices to interstate levels with offsetting revenue-neutral increases in residence dial-tone rates. Those rate changes became effective on June 1, 2003.

New Hampshire

Our operations in New Hampshire are currently subject to rate of return regulation. On January 16, 2004, the New Hampshire Public Utilities Commission (NHPUC) concluded a comprehensive proceeding examining the appropriate cost of capital for us. In its order, the NHPUC set the average weighted cost of capital for us at 8.2%. At present, the newly determined cost of capital has no effect on our retail rates, however, the NHPUC directed us to file revised UNE rates reflecting this new cost of determination by March 16, 2004. Our current UNE rates were approved in 2001 relying upon an average weighted cost of capital of 10.46%. We filed an appeal of the NHPUC decision in federal district court in New Hampshire and sought a preliminary injunction against changes in the UNE rates pending a decision by the court. The NHPUC filed a partial objection to the injunction in which it proposed that the rate changes be stayed during the appeal provided the court include a true-up provision to apply the UNE rates retroactively to March 16, 2004, if the rates survived judicial review. We did not object to that condition, and the court accepted the NHPUC's recommendation.

Rhode Island

Pursuant to a directive of the Rhode Island Public Utilities Commission (RIPUC), we filed in July 2002 a proposal for a new alternative regulation plan to replace the existing price cap plan that was to expire in December 2002. Following the close of evidentiary hearings in the case, we and the Rhode Island Division of Public Utilities and Carriers (Division) filed a stipulation on December 6, 2002 resolving all issues in the case. The principal components of the stipulated plan are:

- No index or price cap formula;

- Pricing flexibility for all business services, subject to a long-run incremental cost (LRIC)-based price floor;

- We may increase residential basic exchange rates by \$1 per year in years one and two. An additional \$1 increase in year three will be subject to RIPUC and Division review;

- We may pass through exogenous changes, subject to a \$2.5 million annual cap, but must absorb the first \$1 million in exogenous changes in the year in which approval is sought;

- We will continue our voluntary funding of a discount program for Internet access for schools and libraries at up to \$2 million per year until the earlier of December 31, 2004, or the implementation of an alternative funding mechanism (e.g., legislation);

- The current retail service quality plan is maintained with certain modifications; and

- The term of the plan is three years.

After further hearing and briefing, the RIPUC approved the stipulation at an open meeting on January 10, 2003, with two modifications. First, the RIPUC imposed limits on price increases for all other non-basic residential services as follows:

- For services priced at \$5 or less, rates may increase 15% per year;

- For services priced at \$5.01 to \$10, rates may increase 10% per year;

- For services priced over \$10, rates may increase 5% per year.

Second, we are required to file quarterly reports showing for each wire center in the state the number of access lines served by us and the number and type of access lines served by competitors. On March 31, 2003, the RIPUC issued an order adopting the modified stipulation approved on January 10, 2003.

Table of Contents

Verizon New England Inc.

Vermont

In 2000, the Vermont Public Service Board approved a five-year incentive regulation plan that provides us with increased flexibility to introduce and price new products and services. The plan also removes most restrictions on our earnings from Vermont operations during the life of the plan and contains no productivity adjustment. The plan limits our ability to raise prices on existing products and services, and requires revenue reductions of \$16.5 million at the outset of the plan, \$6.5 million during the first year of the plan and approximately \$6.0 million over the subsequent years of the plan. The plan also requires some service quality improvements subject to financial penalty.

COMPETITION

Current and potential competitors in telecommunication services include long distance companies, other local telephone companies, cable companies, wireless service providers, foreign telecommunications providers, electric utilities, Internet service providers and other companies that offer network services. Many of these companies have a strong market presence, brand recognition and existing customer relationships, all of which contribute to intensifying competition and may affect our future revenue growth.

Local Exchange Services

The ability to offer local exchange services historically has been subject to regulation by state regulatory commissions. Applications from competitors to provide and resell local exchange services have been approved in our jurisdictions. The 1996 Act has significantly increased the level of competition in our local exchange markets.

One of the purposes of the 1996 Act was to ensure, and accelerate, the emergence of competition in local exchange markets. Toward this end, the 1996 Act requires most existing local exchange carriers (incumbent local exchange carriers, or ILECs), including our company, to permit potential competitors (CLECs) to:

- Purchase service from the ILEC for resale to CLEC customers;

- Purchase UNEs from the ILEC; and/or

- Interconnect the CLEC's network with the ILEC's network.

As a result, competition in our local exchange markets continues to increase. We are generally required to sell our services to CLECs at discounts from the prices we charge our retail customers.

Long Distance Services

We offer intraLATA and interLATA long distance services. IntraLATA toll calls originate and terminate within the same LATA, but generally cover a greater distance than a local call. State regulatory commissions rather than federal authorities generally regulate these services. Federal regulators have jurisdiction over interstate toll services. All of our state regulatory commissions permit other carriers to offer intraLATA toll services within the state. A number of our major competitors in the long distance business have strong brand recognition and existing customer relationships.

Alternative Access Services

A substantial portion of our revenues from business and government customers is derived from a relatively small number of large, multiple-line subscribers.

We face competition from alternative communications systems, constructed by large end-users, interexchange carriers and alternative access vendors, which are capable of originating and/or terminating calls without the use of our plant. The FCC's orders requiring us

to offer collocated interconnection for special and switched access services have enhanced the ability of such alternative access providers to compete with us.

Other potential sources of competition include cable television systems, shared tenant services and other noncarrier systems which are able of bypassing our local plant, either partially or completely, through substitution of special access for switched access or through concentration of telecommunications traffic on fewer of our lines.

Table of Contents

Verizon New England Inc.

Wireless Services

Wireless services also constitute a significant source of competition to our wireline telecommunications services, especially as wireless carriers (including Verizon Wireless) expand and improve their network coverage and continue to lower their prices to end-users. As a result, more end-users are substituting wireless services for basic wireline service. Wireless telephone services can also be used for data transmission.

Public Telephone Services

The growth of wireless communications has significantly decreased usage of public telephones, as more customers are substituting wireless services for public telephone services. In addition, we face competition from other providers of public telephone services.

Operator Services

Our operator services product line faces competition from alternative operator services providers and Internet service providers.

Table of Contents

Verizon New England Inc.

Item 2. *Properties*

GENERAL

Our principal properties do not lend themselves to simple description by character and location. Our investment in plant, property and equipment consisted of the following at December 31:

	2003	2002
Central office equipment	46%	46%
Outside communications plant	41	41
Land and buildings	7	6
Furniture, vehicles and other work equipment	4	5
Other	2	2
	100%	100%

“Central office equipment” consists of switching equipment, transmission equipment and related facilities. “Outside communications plant” consists primarily of aerial cable, buried cable, underground cable, conduit and wiring, and telephone poles. “Land and buildings” consists of land and land improvements, and principally central office buildings. “Furniture, vehicles and other work equipment” consists of public telephone instruments and telephone equipment, furniture, office equipment, motor vehicles and other work equipment. “Other” property consists primarily of plant under construction, capital leases, capitalized computer software costs and leasehold improvements.

All of our properties, located in the states of Maine, Massachusetts, New Hampshire, Rhode Island and Vermont, are generally in good operating condition and are adequate to satisfy the needs of our business.

Our customers are served by electronic switching systems that provide a wide variety of services. Our network has full digital capability to furnish advanced data transmission and information management services.

CAPITAL EXPENDITURES

We continue to make significant capital expenditures to meet the demand for communications services and to further improve such services. Capital spending was approximately \$646 million in 2003, \$834 million in 2002 and \$1,343 million in 2001. Capital spending for those years includes capitalized software and excludes additions under capital leases. Our total investment in plant, property and equipment was approximately \$17.5 billion at December 31, 2003 and \$17.3 billion at December 31, 2002, including the effect of retirements, but before deducting accumulated depreciation.

Item 3. *Legal Proceedings*

There were no proceedings reportable under Item 3.

Item 4. *Submission of Matters to a Vote of Security Holders*

(Omitted pursuant to General Instruction I(2).)

Table of Contents

Verizon New England Inc.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Not applicable.

Item 6. *Selected Financial Data*

(Omitted pursuant to General Instruction I(2).)

Table of Contents

Verizon New England Inc.

Item 7. *Management's Discussion and Analysis of Results of Operations*

(Abbreviated pursuant to General Instruction I(2).)

This discussion should be read in conjunction with the Financial Statements and Notes to Financial Statements listed in the index set forth on page F-1.

OVERVIEW

Description of Business

Verizon New England Inc. is a wholly owned subsidiary of NYNEX Corporation (NYNEX), which is a wholly owned subsidiary of Verizon Communications Inc. (Verizon). We presently serve a territory consisting of Local Access and Transport Areas (LATAs) in Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. We have one reportable segment which provides domestic wireline telecommunications services. We currently provide two basic types of telecommunications services:

Exchange telecommunication service is the transmission of telecommunications among customers located within a local calling area within a LATA. Examples of exchange telecommunications services include switched local residential and business services, local private line voice and data services and Centrex services. We also provide toll services within a LATA (intraLATA long distance).

Exchange access service links a customer's premises and the transmission facilities of other telecommunications carriers, generally interLATA carriers. Examples of exchange access services include switched access and special access services.

The communications services we provide are subject to regulation by the state regulatory commissions of Maine, Massachusetts, New Hampshire, Rhode Island and Vermont with respect to intrastate rates and services and other matters. The Federal Communications Commission (FCC) regulates rates that we charge long distance carriers and end-user subscribers for interstate access services. For a further discussion of the Company and our regulatory plans, see Item 1—"Business."

Critical Accounting Policies

A summary of the critical accounting policies used in preparing our financial statements is as follows:

Most of our employees participate in Verizon's defined benefit pension plans and postretirement benefit plans. In the aggregate, the fair value of pension plan assets exceeds pension plan benefit obligations. Significant pension and postretirement benefit plan assumptions, including the discount rate used, the long-term rate of return on plan assets, and medical cost trend rates are periodically updated and impact the amount of pension plan results, assets and obligations. For more information on pension plan assumptions, see Note 8 to the financial statements.

Our current and deferred income taxes and associated valuation allowances (if any) are impacted by events and transactions arising in the normal course of business, as well as in connection with special and non-recurring items. Assessment of the appropriate amount and classification of income taxes is dependent on several factors, including estimates of the timing and realization of deferred income tax assets and the timing of income tax payments. Actual collections and payments may differ from these estimates as a result of changes in tax laws, as well as unanticipated future transactions impacting related income tax balances.

We compute depreciation on plant, property, and equipment principally on the composite group remaining life method and straight-composite rates over estimated useful lives ranging from 3 to 50 years. This method provides for the recognition of the cost of the remaining net investment in telephone plant, less anticipated net salvage value (if any), over the remaining asset lives. This method requires the periodic revision of depreciation rates. Changes in the estimated useful lives of plant, property, and equipment or depreciation methods could have a material effect on our results of operations.

Table of Contents

Verizon New England Inc.

We recognize service revenues based upon usage of our local exchange network and facilities and contract fees. In general, fixed fees for local telephone, long distance and certain other services are billed one month in advance and recognized the following month when earned. Revenue from other products that are not fixed fee or that exceed contracted amounts is recognized when such services are provided. Customer activation fees, along with the related costs up to, but not exceeding the activation fees, are deferred and amortized over the customer relationship period.

In the course of conducting our business, we provide services to and purchase goods and services from affiliated companies. These transactions are supported by tariff rates or contractual agreements, the terms of which require estimates and judgments to fairly value such transactions.

All of our significant accounting policies are described in Note 1 to the financial statements.

Transactions with Affiliates

Our financial statements include transactions with affiliates. The more significant affiliate transactions include revenues earned from Verizon Internet Services Inc., Verizon Long Distance Services, Verizon Wireless Inc. and Verizon Global Networks Inc. for utilization of our network facilities and provision of services.

In addition, our operating revenue and expense include transactions with other Verizon Operating Telephone Companies primarily for the rental of facilities and equipment and interconnection services.

Further, we recognize operating expense in connection with contractual arrangements with affiliates, primarily Verizon Services, for the provision of various centralized services to us. We recognize interest expense in connection with contractual agreements with Verizon Network Funding Corp. for the provision of short-term financing and cash management services. We also pay quarterly dividends to our parent, NYNEX.

See Note 10 to the financial statements for additional information about our transactions with affiliates.

RESULTS OF OPERATIONS

We reported net income of \$202.4 million for the year ended December 31, 2003, compared to net income of \$233.2 million for the same period in 2002. Our reported results included the following special items:

Cumulative Effect of Change in Accounting Principle

Effective January 1, 2003, we adopted Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations." This standard provides the accounting for the cost of legal obligations associated with the retirement of long-lived assets. SFAS No. 143 requires that companies recognize the fair value of a liability for asset retirement obligations in the period in which the obligations are incurred and capitalize that amount as part of the book value of the long-lived asset. We have determined that we do not have a material legal obligation to remove long-lived assets as described by this statement. However, prior to the adoption of SFAS No. 143, we included estimated removal costs in our group depreciation models. These costs have increased depreciation expense and accumulated depreciation for future removal costs for existing assets. These removal costs were recorded as a reduction to accumulated depreciation when the assets were retired and removal costs were incurred.

For some assets, such as telephone poles, the removal costs exceeded salvage value. 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 this standard on January 1, 2003, 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 gain of \$609.3 million (\$369.5 million after-tax). 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 expenses for the year ended December 31, 2003.

Table of Contents

Verizon New England Inc.

Employee Severance and Other Benefit Costs

In 2003, we incurred total pension, benefit and other costs related to severance activities of \$338.0 million (excluding amounts allocated from affiliates).

- Our costs include a charge of \$122.1 million related to the voluntary separation of management and associate employees as recorded under SFAS No. 112, "Employers' Accounting for Postemployment Benefits."
- We also recorded special charges of \$220.8 million in connection with pension and retirement benefit enhancements and estimated costs associated with the July 10, 2003 arbitration ruling. On July 10, 2003, an arbitrator ruled that Verizon New York Inc.'s termination of approximately 2,300 employees in 2002 was not permitted under a union contract; similar cases were pending impacting an additional 1,100 employees in other Verizon subsidiaries, including the company. We offered to reinstate approximately 390 of the company's impacted employees, and accordingly, we recorded a charge in the second quarter of 2003 representing estimated payments to employees and other related company-paid costs.
- Further, we recorded a net curtailment gain of \$(4.9) million for a significant reduction of the expected years of future service resulting from early retirements.

In 2002, we incurred total pension, benefit and other costs related to severance activities of \$191.7 million (excluding amounts allocated from affiliates).

- Our costs include a charge of \$64.8 million in connection with a voluntary separation plan as recorded under SFAS No. 112, "Employers' Accounting for Postemployment Benefits."
- We also recorded a special charge of \$1.3 million in connection with pension and retirement benefit enhancements. Further, we recorded a pension settlement loss of \$33.0 million in connection with previously announced employee separations and a net curtailment loss of \$92.6 million for a significant reduction of the expected years of future service resulting from early retirements in 2002.

The special termination benefits, curtailment and settlement of pension obligations are recorded in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Pension Plans and for Termination Benefits" and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions." Severance, special termination benefits, curtailments and settlement of pension obligations are included in selling, general and administrative expense in our statements of income. As of December 31, 2003, a total of over 2,800 employees have been separated under the 2002 and 2003 severance programs.

See Note 8 to the financial statements for additional information about our employee benefits.

WorldCom Inc.

In 2002, we recorded an impairment charge of \$43.5 million driven by our financial statement exposure to WorldCom Inc. (WorldCom). This charge was recorded in selling, general and administrative expense in our statements of income.

These and other items affecting the comparison of our results of operations for the years ended December 31, 2003 and 2002 are discussed in the following sections.

OPERATING REVENUES

(Dollars in Millions)

Years Ended December 31	2003	2002
Local services	\$ 2,226.6	\$ 2,290.1
Network access services	1,369.2	1,491.5
Long distance services	328.4	368.2
Other services	178.0	215.6
Total	\$ 4,102.2	\$ 4,365.4

Table of Contents

Verizon New England Inc.

LOCAL SERVICES

		(Decrease)	
2003 – 2002	\$	(63.5)	(2.8)%

Local service revenues are earned from the provision of local exchange, local private line, wire maintenance, voice messaging and value-added services. Value-added services are a family of services that expand the utilization of the network, including products such as Caller ID, Call Waiting and Return Call. The provision of local exchange services not only includes retail revenues, but also includes local wholesale revenues from unbundled network elements (UNEs), interconnection revenues from competitive local exchange carriers (CLECs) and wireless carriers, and some data transport revenues.

Local service revenues declined in 2003 primarily due to lower demand and usage of our basic local exchange and accompanying services, as reflected by a decline in switched access lines in service of 5.4% from a year ago. This decline was mainly driven by the effects of competition, regulatory pricing rules for UNEs and technology substitution. Regulatory pricing rules for UNEs, which mandate lower prices from other carriers that use our facilities to provide local exchange services, are putting downward pressure on our revenues by shifting the mix of access lines from retail to wholesale. These decreases were partially offset by the impact of sales of packaged wireline services as a result of expanded new products and pricing plans.

NETWORK ACCESS SERVICES

		(Decrease)	
2003 – 2002	\$	(122.3)	(8.2)%

Network access service revenues are earned from end-user subscribers and from long distance and other competing carriers who use our local exchange facilities to provide usage services to their customers. Switched access revenues are derived from fixed and usage-based charges paid by carriers for access to our local network. Special access revenues originate from carriers and end-users that buy dedicated local exchange capacity to support their private networks. End-user access revenues are earned from our customers and from resellers who purchase dial-tone services. Further, network access revenues include digital subscriber line (DSL) services.

The decrease in network access revenues in 2003 was mainly attributable to a decline in subscriber line revenues, as well as a decline in switched minutes of use of 10.6%, from a year ago, reflecting the impact of access line loss and wireless substitution. In addition, the effect of mandated price reductions and other regulatory decisions further contributed to the decrease in network access revenues in 2003.

The FCC regulates the rates that we charge long distance carriers and end-user customers for interstate access services. We are required to file new access rates with the FCC each year. See "Other Matters – FCC Regulation and Interstate Rates" for additional information on FCC rulemakings concerning federal access rates, universal service and unbundling of network elements.

LONG DISTANCE SERVICES

		(Decrease)	
2003 – 2002	\$	(39.8)	(10.8)%

Long distance revenues are earned primarily from calls made to points outside a customer's local calling area, but within our service area (intraLATA toll). IntraLATA toll calls originate and terminate within the same LATA, but generally cover a greater distance than local call. These services are regulated by state regulatory commissions except where they cross state lines. Other long distance services that we provide include 800 services and Wide Area Telephone Service (WATS). We also earn revenue from private line and operator services associated with long distance calls.

Long distance service revenues declined in 2003 primarily due to the effects of lower access line growth, technology substitution, as

well as the impact of sales of packaged wireline services which include expanded product offerings and pricing plans.

Table of Contents

Verizon New England Inc.

OTHER SERVICES

		(Decrease)	
2003 – 2002	\$	(37.6)	(17.4)%

Our other services include such services as billing and collections for long distance carriers and affiliates, facilities rentals to affiliates and nonaffiliates, public (pay) telephone, customer premises equipment (CPE) and sales of materials and supplies to affiliates. Other service revenues also include fees paid by customers for nonpublication of telephone numbers, multiple white page listings and late payment of bills, and fees paid by an affiliate for usage of our directory listings.

Other service revenues decreased in 2003 primarily due to a decrease in customer late payment fees and a decline in public telephone revenues as more customers substituted wireless communication for pay telephone services.

OPERATING EXPENSES

(Dollars in Millions)

COST OF SERVICES AND SALES

		Increase	
2003 – 2002	\$	209.7	14.7%

Cost of services and sales includes the following costs directly attributable to a service or product: salaries and wages, benefits, materials and supplies, contracted services, network access and transport costs, customer provisioning costs, computer systems support and cost of products sold. Aggregate customer care costs, which include billing and service provisioning, are allocated between cost of services and sales and selling, general and administrative expense. Cost of services and sales includes allocated costs from affiliates.

The increase in cost of services and sales in 2003 was mainly driven by lower net pension and other postretirement benefit income. The company participates in Verizon's defined pension plan and postretirement health care and life insurance plans. As of December 31, 2002, Verizon changed key employee benefit plan assumptions in response to conditions in the securities markets at that time and medical and prescription drug cost trends. The expected rates of return on pension plan assets and other postretirement benefit plan assets were changed from 9.25% in 2002 to 8.50% in 2003. The discount rate assumption was lowered from 7.25% in 2002 to 6.75% in 2003 and the medical cost trend rate assumption was 10.00% in 2003 and 11.00% in 2002. As a result of extending and increasing limits (caps) on company payments toward retiree health care costs in connection with the union contracts ratified in the fourth quarter of 2003, we began recording retiree health care costs as if there were no caps in the fourth quarter of 2003. The overall impact of these assumption changes, combined with the impact of lower than expected actual asset returns over the past three years, reduced pension income, net of postretirement benefit expenses (primarily in cost of services and sales), compared to 2002. During 2003, we recorded pension and postretirement benefit expenses (after consideration of capitalized costs) of approximately \$45 million, compared to pension income, net of postretirement benefit expenses (after consideration of capitalized costs) of \$104 million in 2002. Cost of services and sales also increased due to the expensing of costs of removal in excess of salvage upon adoption of SFAS No. 143, effective January 1, 2003. Under SFAS No. 143, we began expensing costs of removal in excess of salvage for outside plant assets as incurred. Previously, we had included costs of removal for these assets in our depreciation rates. The impact of additional overtime pay due to higher weather-related repair volumes and contingency costs to maintain operational readiness during recent labor negotiations further contributed to the increase in cost of services and sales expense.

These cost increases were partially offset by lower access and transport costs. As part of our ongoing review of local interconnection expense charged by CLECs, we determined that selected charges from CLECs, previously recorded as expense but not paid, were no longer required and, accordingly, we adjusted our first quarter 2003 operating expenses. In addition, we recognize as local interconnection expense no more than the amount payable under the April 27, 2001 FCC order addressing intercarrier compensation for dial-up connections for Internet-bound traffic.

See "Other Matters – Intercarrier Compensation" for additional information on FCC rulemakings and other court decisions addressing intercarrier compensation for dial-up connections for Internet-bound traffic.

Table of Contents

Verizon New England Inc.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

		Increase	
2003 – 2002	\$	183.8	14.8%

Selling, general and administrative expense (SG&A) includes salaries and wages and benefits not directly attributable to a service or product, bad debt charges, taxes other than income, advertising and sales commission costs, customer billing, call center and information technology costs, professional service fees, and rent for administrative space. Aggregate customer care costs, which include billing and service provisioning, are allocated between cost of services and sales and selling, general and administrative expense. SG&A expense includes allocated costs from affiliates.

The increase in SG&A expense in 2003 was driven by higher employee costs of approximately \$350 million primarily attributable to higher incurred costs and allocated costs from affiliates related to severance activities, as described in "Results of Operations." These increases were partially offset by a reduction in bad debt expense in 2003 principally as a result of a reduction in uncollectible accounts receivable, improved collections and additional customer deposit requirements. In 2002, we recorded an impairment charge driven by our financial statement exposure to WorldCom. A decline in taxes other than income further offset cost increases in 2003.

DEPRECIATION AND AMORTIZATION EXPENSE

		(Decrease)	
2003 – 2002	\$	(71.5)	(6.2)%

Depreciation and amortization expense decreased principally due to the effect of lower rates of depreciation, as well as the favorable impact of adopting SFAS No. 143, effective January 1, 2003. These decreases were partially offset by growth in depreciable telephone plant and, to a lesser extent, increased software amortization costs.

OTHER RESULTS

(Dollars in Millions)

OTHER INCOME AND (EXPENSE), NET

	Years Ended December 31		
	2003	2002	% Change
Interest income	\$ 3.5	\$ 4.5	(22.2)%
Equity income (loss) from affiliates	(42.5)	29.5	nm
Loss on early extinguishment of debt	(4.4)	(37.8)	88.4
Other, net	.1	—	100.0
Total	\$ (43.3)	\$ (3.8)	nm

nm – not meaningful

We have an investment in Verizon Services Group, which we account for under the equity method. Verizon Services Group operates in conjunction with Verizon Services Corp. and Verizon Corporate Services Group Inc. (collectively known as Verizon Services) to provide various centralized services on behalf of the subsidiaries of Verizon. In addition, we had an equity investment in Verizon Ventures III Inc. (Ventures III), an affiliated company. As a result of the reintegration of Ventures III completed on February 1, 2003,

we no longer recognize equity income (loss) from this investment. (See Note 10 to the financial statements.)

The decrease in other income and (expense) was primarily attributable to an equity loss recognized in 2003, as compared to equity income recognized in 2002, partially offset by a lower loss on the early extinguishment of debt in 2003, as compared to a year ago.

Table of Contents

Verizon New England Inc.

INTEREST EXPENSE

	Years Ended December 31			% Change
	2003	2002		
Interest expense	\$ 159.5	\$ 163.7	(2.6)%	
Capitalized interest costs	5.5	12.5	(56.0)	
Total interest costs on debt balances	\$ 165.0	\$ 176.2	(6.4)	
Debt outstanding	\$ 3,261.8	\$ 3,395.1	(3.9)%	

The decline in interest expense in 2003, from a year ago, was primarily due to changes in the mix of short- and long-term interest rates and changes in the levels of debt during each period.

See Note 5 to the financial statements for additional information about our debt.

INCOME TAX BENEFIT (PROVISION)

	Years Ended December 31		
	2003	2002	% Change
Income tax benefit (provision)	\$81.9	\$(138.3)	nm
Effective income tax rate	32.9%	37.2%	

nm – not meaningful

The effective income tax rate is the (provision) benefit for income taxes as a percentage of income (loss) before (provision) benefit for income taxes and cumulative effect of change in accounting principle. Our effective income tax rate was lower in 2003, as compared to 2002, primarily due to the impact of our investment in Verizon Services Group and Ventures III relative to pretax losses in 2003, compared to pretax income in 2002.

You can find a reconciliation of the statutory federal income tax rate to the effective income tax rate for each period in Note 9 to the financial statements.

CONTRACTUAL OBLIGATIONS

The following table provides a summary of our contractual obligations at December 31, 2003. Additional detail about these items is included in the notes to the financial statements.

Contractual Obligations	Total	Payments Due By Period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years

(Dollars in Millions)

Long-term debt (see Note 5)	\$ 2,756.0	\$ —	\$.8	\$ 125.8	\$ 2,629.4
Capital lease obligations (see Note 4)	.9	.1	.2	.3	.3
Interest on long-term debt	3,080.1	179.1	358.1	343.8	2,199.1
Operating leases (see Note 4)	247.2	43.7	78.8	60.2	64.5
Total contractual obligations	\$ 6,084.2	\$ 222.9	\$ 437.9	\$ 530.1	\$ 4,893.3

Table of Contents

Verizon New England Inc.

OTHER MATTERS

In-Region Long Distance

Under the Telecommunications Act of 1996 (the 1996 Act), our ability to offer in-region long distance services (that is, services originating in the states where we operate as a local exchange carrier) was largely dependent on satisfying specified requirements. The requirements included a 14-point "competitive checklist" of steps which we must take to help competitors offer local services through resale, through purchase of UNEs, or by interconnecting their own networks to ours. We were required to demonstrate to the FCC that our entry into the in-region long distance market would be in the public interest.

On April 16, 2001, February 22, 2002, April 17, 2002, June 19, 2002, and September 25, 2002, the FCC released orders approving our applications for permission to enter the in-region long distance markets in Massachusetts, Rhode Island, Vermont, Maine and New Hampshire, respectively. The United States Court of Appeals for the District of Columbia remanded the Massachusetts order to the FCC for further explanation on one issue, but left our long distance authority in effect. Since April 26, 2001, March 7, 2002, April 30, 2002, July 1, 2002 and October 23, 2002 in-region long distance service is being offered in Massachusetts, Rhode Island, Vermont, Maine and New Hampshire, respectively, by a separate non-regulated subsidiary of Verizon as required by law.

FCC Regulation and Interstate Rates

We are subject to the jurisdiction of the FCC with respect to interstate services and related matters. In 2003, the FCC continued to implement reforms to the interstate access charge system and to implement the "universal service" and other requirements of the 1996 Act.

Access Charges and Universal Service

May 31, 2000, the FCC adopted the Coalition for Affordable Local and Long Distance Services (CALLS) plan as a comprehensive five-year plan for regulation of interstate access charges. The CALLS plan has three main components. First, it establishes a portable interstate access universal service support of \$650 million for the industry. This explicit support replaces implicit support embedded in interstate access charges. Second, the plan simplifies the patchwork of common line charges into one subscriber line charge (SLC) and provides for de-averaging of the SLC by zones and class of customers in a manner that will not undermine comparable and affordable universal service. Third, the plan sets into place a mechanism to transition to a set target of \$.0055 per minute for switched access services. Once that target rate is reached, local exchange carriers are no longer required to make further annual price cap reductions to their switched access prices. The annual reductions leading to the target rate, as well as annual reductions for the subset of special access services that remain subject to price cap regulation was set at 6.5% per year.

As a result of tariff adjustments which became effective in July 2002, we reached the \$.0055 benchmark.

The FCC has adopted rules for special access services that provide for pricing flexibility and ultimately the removal of services from price regulation when prescribed competitive thresholds are met.

In November 1999, the FCC adopted a new mechanism for providing universal service support to high-cost areas served by large local telephone companies. This funding mechanism provides additional support for local telephone services in several states served by Verizon. This system has been supplemented by the new FCC access charge plan described above. On October 16, 2003, in response to a previous court decision, the FCC announced a decision providing additional justification for its non-rural high-cost universal support mechanism and modifying it in part. The FCC also has proceedings underway to evaluate possible changes to its current rules for assessing contributions to the universal service fund. Any change in the current assessment mechanism could result in a change in the contribution that local telephone companies must make and that would have to be collected from customers.

Unbundling of Network Elements

On February 20, 2003, the FCC announced a decision adopting new rules defining the obligations of incumbent local exchange carriers to provide competing carriers with access to UNEs. The decision was the culmination of an FCC rulemaking referred to as its annual review of its UNE rules, and also was in response to a decision by the U.S. Court of Appeals for the D.C. Circuit. The U.S. Court of Appeals for the D.C. Circuit had overturned the FCC's previous unbundling rules on the grounds that the FCC did not adequately consider the limitations of the "necessary and impair" standards of the 1996 Act when it chose national rules for unbundling and that it failed to consider the relevance of competition from other types of service providers, including cable and

satellite.

Table of Contents

Verizon New England Inc.

The text of the order and accompanying rules was released on August 21, 2003. With respect to broadband facilities, such as mass market fiber to the premises loops and packet switching, that order generally removed unbundling obligations under Section 251 of the 1996 Act. With respect to narrowband services, the order generally left unbundling obligations in place, with certain limited exceptions, and delegated to state regulatory proceedings a further review. The order also provided a new set of criteria relating to when carriers may purchase a combination of unbundled loops and transport elements known as enhanced extended loops (EELs).

The FCC's order significantly increases arbitrage opportunities by making it easier for carriers to use EELs for non-local service at regulated prices set using the pricing formula that applies to UNEs rather than competitive special access prices. In addition, the FCC's order eliminates important safeguards that protected against this kind of arbitrage, including the FCC's previous rule against co-mingling unbundled elements and other services.

Multiple parties, including Verizon, appealed various aspects of the decision. Multiple parties also have asked the FCC to clarify or reconsider various aspects of its order, and Verizon has petitioned the FCC to make clear that any broadband facilities that do not have to be unbundled under Section 251 of the 1996 Act also do not have to be unbundled under another provision of the 1996 Act. On March 2, 2004, the U.S. Court of Appeals for the D.C. Circuit issued an order upholding the FCC in part, and overturning its order in part. The court upheld the FCC with respect to broadband facilities. On the narrowband unbundling requirements and on the EELs rules, the court reversed key aspects of the FCC decision. The court's reversal of the FCC will not go into effect for 60 days following the ruling or until a petition for rehearing is denied or granted.

Intercarrier Compensation

On April 27, 2001, the FCC released an order addressing intercarrier compensation for dial-up connections for Internet-bound traffic. The FCC found that Internet-bound traffic is interstate and subject to the FCC's jurisdiction. Moreover, the FCC again found that Internet-bound traffic is not subject to reciprocal compensation under Section 251(b)(5) of the 1996 Act. Instead, the FCC established tiered rates per minute for this traffic that decline from \$.0015 to \$.0007 over a three-year period. The FCC order also sets caps on the total minutes of this traffic that may be subject to any intercarrier compensation and requires that incumbent local exchange carriers must offer to both bill and pay reciprocal compensation for local traffic at the same rate as they are required to pay on Internet-bound traffic. On May 3, 2002, the U.S. Court of Appeals for the D.C. Circuit rejected part of the FCC's rationale for its April 27, 2001 order, but declined to vacate the order while it is on remand. As a result, pending further action by the FCC, the FCC's underlying order remains in effect.

More generally, the FCC has an ongoing rulemaking that could fundamentally restructure the regulatory regime for intercarrier compensation, including, but not limited to, access charges, compensation for Internet traffic, and reciprocal compensation for local traffic. The FCC also is considering multiple petitions asking it to declare whether, and under what circumstances, services that employ Internet protocol are subject to access charges under current law, or asking it to forbear from any requirement to pay access charges on some such services. The FCC also has announced that it intends to initiate a rulemaking proceeding to address the regulation of voice over Internet protocol services generally.

Broadband Services

The FCC has several ongoing rulemakings considering the regulatory treatment of broadband services. Among the questions at issue are whether to require local telephone companies like Verizon to offer such services as a common carrier or whether such services may be offered under a potentially less regulated private carriage arrangement, and whether to declare broadband services offered by local telephone companies as non-dominant and what the effect should be of any such classification.

Subsequent Events

On February 2, 2004, we declared and paid a dividend in the amount of \$54.0 million to our parent, NYNEX.

On January 30, 2004, we issued a \$220.0 million promissory note to an affiliated company Verizon NSI Holdings Inc. (VNSHI). The note matures on January 30, 2009 and carries a floating interest rate priced at 3 month LIBOR plus 37bps, reset and paid quarterly.

Table of Contents

Verizon New England Inc.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

We are exposed to interest rate risk in the normal course of our business. We employ risk management strategies including the use of interest rate swap agreements to manage this exposure. We do not hold derivatives for trading purposes. Our objective in managing interest rate risk is to maintain a mix of fixed and variable rate debt that will lower our overall borrowing costs within reasonable risk parameters. Our short-term borrowings from an affiliate expose our earnings to changes in short-term interest rates since the interest rate charged on such borrowings is typically fixed for less than one month. Our variable-rate medium-term borrowing from an affiliate exposes our earnings to changes in short-term interest rates since the interest rate charged is reset each quarter. We have entered into domestic interest rate swaps to achieve a targeted mix of fixed and variable rate debt.

The following table summarizes the fair values of our long-term debt and interest rate derivatives as of December 31, 2003 and 2002. The table also provides a sensitivity analysis of the estimated fair values of these financial instruments assuming 100-basis-point upward and downward parallel shifts in the yield curve. The sensitivity analysis did not include the fair values of our short-term borrowings from an affiliate or our variable-rate medium-term borrowing from an affiliate since they are not significantly affected by changes in market interest rates.

	December 31	
	2003	2002
	(Dollars in Millions)	
Fair value of long-term debt and interest rate derivatives	\$ 2,895.6	\$ 2,974.0
Fair value assuming a +100-basis-point shift	2,702.8	2,793.1
Fair value assuming a -100-basis-point shift	3,070.7	3,142.9

It is our policy to enter into interest rate swap agreements only to the extent necessary to achieve the desired objectives of risk management in limiting our exposure to interest rate risk. We do not hedge all of our interest rate risk exposures in a manner that would completely eliminate the impact of changes in interest rates on our net income. We do not expect that our results of operations or liquidity will be materially affected by these risk management activities.

Item 8. *Financial Statements and Supplementary Data*

The information required by this Item is set forth on Pages F-1 through F-26.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

Not applicable.

Item 9A. *Controls and Procedures*

Our chief executive officer and chief financial officer have evaluated the effectiveness of the registrant's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934), as of the end of the period covered by this annual report, that ensure that information relating to the registrant which is required to be disclosed in this report is recorded, processed, summarized and reported, within required time periods. Based on this evaluation, which disclosed no significant deficiencies or material weaknesses, they have concluded that the registrant's disclosure controls and procedures were adequate and effective to ensure that material information relating to the registrant and its consolidated subsidiaries would be made known to them

by others within those entities, particularly during the period in which this annual report was being prepared. There were no significant changes in the registrant's internal control over financial reporting during the fourth quarter of 2003 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

PART III

Item 10. *Directors and Executive Officers of the Registrant*

(Omitted pursuant to General Instruction I(2).)

Item 11. *Executive Compensation*

(Omitted pursuant to General Instruction I(2).)

Table of Contents

Verizon New England Inc.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

(Omitted pursuant to General Instruction I(2).)

Item 13. Certain Relationships and Related Transactions

(Omitted pursuant to General Instruction I(2).)

Item 14. Principal Accountant Fees and Services

The Audit and Finance Committee of Verizon serves the audit committee function for us.

Fees for services provided to us by Ernst & Young LLP, our independent auditor, during 2003 and 2002 were as follows:

	2003	2002
	(Dollars in Millions)	
Audit fees	\$.8	\$.8
Audit-related fees*	.4	.3
Tax fees*	.1	.1
All other fees*	—	.1

* Audit-related fees primarily include regulatory audits, due diligence procedures and accounting consultations. Tax fees primarily consist of state and local tax consultations. All other fees represent other advisory services. Verizon's Audit and Finance Committee considered, in reliance on management and the independent auditor, whether the provision of these services is compatible with maintaining the independence of Ernst & Young.

Verizon's Audit and Finance Committee has established policies and procedures regarding pre-approval of all services provided by the independent auditor. At the beginning of the fiscal year, the Committee pre-approves the engagement of the independent auditor to provide audit services based on fee estimates. The Committee also pre-approves proposed audit-related services, tax services and other permissible services, based on specified project and service details, fee estimates, and aggregate fee limits for each service category. The Committee receives a report at each meeting on the status of services provided or to be provided by the independent auditor and the related fees.

Table of Contents

Verizon New England Inc.

PART IV

Item 15. *Exhibits, Financial Statement Schedules, and Reports on Form 8-K*

- (a) The following documents are filed as part of this report:
- (1) Financial Statements
See Index to Financial Statements and Financial Statement Schedule appearing on Page F-1.
 - (2) Financial Statement Schedules
See Index to Financial Statements and Financial Statement Schedule appearing on Page F-1.
 - (3) Exhibits
Exhibits identified in parentheses below, on file with the Securities and Exchange Commission (SEC), are incorporated herein by reference as exhibits hereto.
 - 3a Restated Certificate of Incorporation of Verizon New England Inc., dated August 19, 1988. (Exhibit No. (19)ii to Form 10-Q for the period ended March 31, 1989.)
 - 3a(i) Certificate of Amendment of Certificate of Incorporation filed August 1, 2000. (Exhibit 3a(i) to Form 10-Q for the period ended June 30, 2000.)
 - 3b By-Laws of the registrant, as amended October 1, 1997. (Exhibit 3b to Form 10-K for the year ended December 31, 2001.)
 - 4 No instrument which defines the rights of holders of long-term debt of the registrant is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, the registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request.
 - 12 Computation of Ratio of Earnings to Fixed Charges.
 - 23 Consent of Independent Auditors.
 - 31a Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
 - 31b Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
 - 32 Officer certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- (b) There were no Current Reports on Form 8-K filed or furnished during the quarter ended December 31, 2003.

Table of Contents

Verizon New England Inc.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 30, 2004
By: VERIZON NEW ENGLAND INC.
/s/ EDWIN F. HALL
Edwin F. Hall
Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ LAWRENCE T. BABBIO, JR. Lawrence T. Babbio, Jr.	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 30, 2004
/s/ JOHN F. KILLIAN John F. Killian	and Director Chief Financial Officer (Principal Financial Officer)	March 30, 2004
/s/ EDWIN F. HALL Edwin F. Hall	and Director Controller	March 30, 2004
/s/ DONNA C. CUPELO Donna C. Cupelo	Director	March 30, 2004
/s/ BRUCE P. BEAUSEJOUR Bruce P. Beausejour	Director	March 30, 2004
/s/ PAULA L. BROWN Paula L. Brown	Director	March 30, 2004

Table of Contents

Verizon New England Inc.

Index to Financial Statements and Financial Statement Schedule

	Page
<u>Report of Independent Auditors – Ernst & Young LLP</u>	F-2
<u>Statements of Income</u>	F-3
<u>For the years ended December 31, 2003, 2002 and 2001</u>	
<u>Balance Sheets – December 31, 2003 and 2002</u>	F-4
<u>Statements of Changes in Shareowner's Investment</u>	F-6
<u>For the years ended December 31, 2003, 2002 and 2001</u>	
<u>Statements of Cash Flows</u>	F-7
<u>For the years ended December 31, 2003, 2002 and 2001</u>	
<u>Notes to Financial Statements</u>	F-8
<u>Schedule II – Valuation and Qualifying Accounts</u>	F-26
<u>For the years ended December 31, 2003, 2002 and 2001</u>	

Financial statement schedules other than those listed above have been omitted because such schedules are not required or applicable.

Table of Contents

Verizon New England Inc.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareowner

Verizon New England Inc.

We have audited the accompanying balance sheets of Verizon New England Inc. (the Company) as of December 31, 2003 and 2002, and the related statements of income, changes in shareowner's investment, and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule referenced in the index at Item 15(a). These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Verizon New England Inc. at December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2 to the financial statements, the Company changed its methods of accounting for stock-based compensation and net retirement obligations effective January 1, 2003.

/s/Ernst & Young LLP

New York, New York

January 29, 2004

Table of Contents

Verizon New England Inc.
STATEMENTS OF INCOME
For the Years Ended December 31
(Dollars in Millions)

	2003	2002	2001
OPERATING REVENUES (including \$238.4, \$193.2 and \$273.2 from affiliates)	\$ 4,102.2	\$ 4,365.4	\$ 4,650.2
OPERATING EXPENSES (including \$1,053.7, \$835.9 and \$777.3 to affiliates)			
Cost of services and sales (exclusive of items shown below)	1,640.5	1,430.8	1,466.2
Selling, general and administrative expense	1,425.0	1,241.2	1,186.1
Depreciation and amortization expense	1,082.9	1,154.4	1,116.4
TOTAL OPERATING EXPENSES	4,148.4	3,826.4	3,768.7
OPERATING INCOME (LOSS)	(46.2)	539.0	881.5
Other income and (expense), net (including \$(42.3), \$30.8 and \$(135.9) from affiliates)	(43.3)	(3.8)	(117.0)
Interest expense (including \$8.0, \$9.7 and \$49.6 to affiliates)	(159.5)	(163.7)	(163.6)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(249.0)	371.5	600.9
Income tax benefit (provision)	81.9	(138.3)	(306.3)
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(167.1)	233.2	294.6
Cumulative effect of accounting change, net of tax	369.5	—	.3
NET INCOME	\$ 202.4	\$ 233.2	\$ 294.9

See Notes to Financial Statements.

F-3

Table of Contents

Verizon New England Inc.

BALANCE SHEETS

(Dollars in Millions)

ASSETS

	December 31	
	2003	2002
CURRENT ASSETS		
Short-term investments	\$ 200.0	\$ 284.2
Accounts receivable:		
Trade and other, net of allowances for uncollectibles of \$179.1 and \$231.9	823.0	843.5
Affiliates	294.0	374.9
Material and supplies	26.3	33.0
Prepaid expenses	120.1	64.9
Deferred income taxes	131.4	61.8
Other	102.1	117.9
Total current assets	1,696.9	1,780.2
PLANT, PROPERTY AND EQUIPMENT	17,468.4	17,259.2
Less accumulated depreciation	10,717.4	10,735.0
	6,751.0	6,524.2
INTANGIBLE ASSETS, NET	91.9	121.6
PREPAID PENSION ASSET	102.9	144.1
OTHER ASSETS	532.2	431.6
TOTAL ASSETS	\$ 9,174.9	\$ 9,001.7

See Notes to Financial Statements.

Table of Contents

Verizon New England Inc.

BALANCE SHEETS

(Dollars in Millions)

LIABILITIES AND SHAREOWNER'S INVESTMENT

	December 31	
	2003	2002
CURRENT LIABILITIES		
Debt maturing within one year:		
Note payable to affiliate	\$ 512.4	\$ 345.2
Current portion of long-term debt:		
Affiliate	—	200.0
Other	.1	225.1
Accounts payable and accrued liabilities:		
Affiliates	816.9	834.6
Other	732.1	804.0
Other current liabilities	190.0	156.2
Total current liabilities	2,251.5	2,565.1
LONG-TERM DEBT	2,749.3	2,624.8
EMPLOYEE BENEFIT OBLIGATIONS	1,787.2	1,730.5
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred income taxes	602.3	230.8
Unamortized investment tax credits	21.2	23.1
Other	213.7	185.0
	837.2	438.9
SHAREOWNER'S INVESTMENT		
Common stock-one share, without par value	1.0	1.0
Additional paid-in capital	1,587.2	1,520.1
Reinvested earnings	106.2	373.8
Accumulated other comprehensive loss	(144.7)	(252.5)
Total shareowner's investment	1,549.7	1,642.4
TOTAL LIABILITIES AND SHAREOWNER'S INVESTMENT	\$ 9,174.9	\$ 9,001.7

See Notes to Financial Statements.

Table of Contents

Verizon New England Inc.

STATEMENTS OF CHANGES IN SHAREOWNER'S INVESTMENT

For the Years Ended December 31

(Dollars in Millions)

	2003	2002	2001
COMMON STOCK			
Balance at beginning of year	\$ 1.0	\$ 1.0	\$ 1.0
Balance at end of year	1.0	1.0	1.0
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year	1,520.1	1,497.4	1,392.5
Distributions of additional paid-in capital to parent	—	—	(95.0)
Capital contribution from parent	66.3	10.0	198.3
Other	.8	12.7	1.6
Balance at end of year	1,587.2	1,520.1	1,497.4
REINVESTED EARNINGS			
Balance at beginning of year	373.8	669.6	690.1
Income	202.4	233.2	294.9
Dividends declared	(470.0)	(529.0)	(316.0)
Other	—	—	.6
Balance at end of year	106.2	373.8	669.6
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Balance at beginning of year	(252.5)	—	—
Minimum pension liability adjustment (net of income taxes of \$69.9 and \$(163.8) and \$0)	107.8	(252.5)	—
Balance at end of year	(144.7)	(252.5)	—
TOTAL SHAREOWNER'S INVESTMENT	\$ 1,549.7	\$ 1,642.4	\$ 2,168.0
COMPREHENSIVE INCOME (LOSS)			
Net income	\$ 202.4	\$ 233.2	\$ 294.9
Minimum pension liability adjustment (net of income taxes of \$69.9 and \$(163.8) and \$0)	107.8	(252.5)	—
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 310.2	\$ (19.3)	\$ 294.9

See Notes to Financial Statements.

Table of Contents

Verizon New England Inc.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31
(Dollars in Millions)

	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before cumulative effect of accounting change	\$ (167.1)	\$ 233.2	\$ 294.6
Adjustments to reconcile income (loss) before cumulative effect of accounting change to net cash provided by operating activities:			
Depreciation and amortization	1,082.9	1,154.4	1,116.4
Employee retirement benefits	277.2	10.6	(37.9)
Deferred income taxes, net	(9.8)	141.1	64.5
Provision for uncollectible accounts	99.9	228.8	166.6
Equity loss (income) from affiliates	42.5	(29.5)	138.2
Dividends received from equity affiliates	33.1	26.2	28.1
Changes in current assets and liabilities:			
Accounts receivable	1.5	(119.7)	(241.0)
Material and supplies	6.7	5.3	(5.6)
Other current assets	(52.7)	(14.2)	5.2
Accounts payable and accrued liabilities	63.1	(22.2)	196.0
Other current liabilities	33.8	(6.0)	(1.6)
Other, net	(107.4)	(119.7)	(227.6)
Net cash provided by operating activities	1,303.7	1,488.3	1,495.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures (including capitalized network and non-network software)	(646.0)	(834.0)	(1,343.2)
Purchases of short-term investments	(200.0)	(284.2)	(266.9)
Proceeds from sale of short-term investments	284.2	266.9	176.5
Investment in unconsolidated business	(66.3)	(8.7)	(198.3)
Net change in note receivable from affiliate	—	107.2	(107.2)
Other, net	—	(1.3)	50.3
Net cash used in investing activities	(628.1)	(754.1)	(1,688.8)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	295.9	464.9	993.2
Principal repayment of long-term note payable to affiliate	(200.0)	—	—
Principal repayments of borrowings and capital lease obligations	(225.1)	(.1)	(100.0)
Early extinguishment of debt	(160.0)	(475.0)	(50.0)
Net change in note payable to affiliate	167.2	(229.2)	(491.6)
Dividends paid	(627.0)	(498.0)	(190.0)
Distributions of additional paid-in capital	—	—	(145.0)
Capital contribution from parent	66.3	10.0	198.3
Net change in outstanding checks drawn on controlled disbursement accounts	4.2	(6.8)	(22.0)
Other, net	2.9	—	—
Net cash (used in)/provided by financing activities	(675.6)	(734.2)	192.9
NET CHANGE IN CASH	—	—	—
CASH, BEGINNING OF YEAR	—	—	—

CASH, END OF YEAR

\$ — \$ — \$ —

See Notes to Financial Statements.

F-7

Table of Contents

Verizon New England Inc.

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Verizon New England Inc. is a wholly owned subsidiary of NYNEX Corporation (NYNEX), which is a wholly owned subsidiary of Verizon Communications Inc. (Verizon). We presently serve a territory consisting of Local Access and Transport Areas (LATAs) in Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. We have one reportable segment which provides domestic wireline telecommunications services. We currently provide two basic types of telecommunications services:

- *Exchange telecommunication service* is the transmission of telecommunications among customers located within a local calling area within a LATA. Examples of exchange telecommunications services include switched local residential and business services, local private line voice and data services and Centrex services. We also provide toll services within a LATA (intraLATA long distance).
- *Exchange access service* links a customer's premises and the transmission facilities of other telecommunications carriers, generally interLATA carriers. Examples of exchange access services include switched access and special access services.

The communications services we provide are subject to regulation by the state regulatory commissions of Maine, Massachusetts, New Hampshire, Rhode Island and Vermont with respect to intrastate rates and services and other matters. The Federal Communications Commission (FCC) regulates rates that we charge long distance carriers and end-user subscribers for interstate access services.

On April 16, 2001, February 22, 2002, April 17, 2002, June 19, 2002, and September 25, 2002, the FCC released orders approving our applications for permission to enter the in-region long distance markets in Massachusetts, Rhode Island, Vermont, Maine and New Hampshire, respectively. The United States Court of Appeals for the District of Columbia has remanded the Massachusetts order to the FCC for further explanation on one issue, but left our long distance authority in effect. Since April 26, 2001, March 7, 2002, April 30, 2002, July 1, 2002 and October 23, 2002 in-region long distance service is being offered in Massachusetts, Rhode Island, Vermont, Maine and New Hampshire, respectively, by a separate non-regulated subsidiary of Verizon as required by law.

Basis of Presentation

We prepare our financial statements using generally accepted accounting principles which require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates. Examples of significant estimates include the allowance for doubtful accounts, the recoverability of intangibles and other long-lived assets, valuation allowances on tax assets and pension and postretirement benefit assumptions.

We have a 33-1/3% ownership interest in Telesector Resources Group, Inc. (d/b/a Verizon Services Group) and share voting rights equally with the other owner, Verizon New York Inc. (Verizon New York), which is a wholly owned subsidiary of NYNEX. Verizon Services Group operates in conjunction with Verizon Services Corp. and Verizon Corporate Services Group Inc. (collectively known as Verizon Services) to provide various centralized services on behalf of Verizon's subsidiaries. We use the equity method of accounting for our investment in Verizon Services Group.

We also have a 4.57% ownership interest in SMS/800, a venture that is jointly owned by the Bell Operating Companies. SMS/800 administers the centralized national database system associated with toll free numbers. We use the equity method of accounting for our investment in SMS/800.

We held an investment in Verizon Ventures III Inc. (Ventures III), an affiliated company which provided new exchange access services through a separate subsidiary, and was accounted for using the equity method of accounting. We held no ownership interest in Ventures III at December 31, 2003. At December 31, 2002, our ownership interest in Ventures III was 54.03% (see Note 10).

We have reclassified certain amounts from prior periods to conform with our current presentation.

Table of Contents

Verizon New England Inc.

Revenue Recognition

We recognize service revenues based upon usage of our local exchange network and facilities and contract fees. In general, fixed fees for local telephone, long distance and certain other services are billed one month in advance and recognized the following month when earned. Revenue from other products that are not fixed fee or that exceed contracted amounts is recognized when such services are provided.

We recognize revenue for services, in which we bundle the equipment with maintenance and monitoring services, when the equipment is installed in accordance with contractual specifications and ready for the customer's use. The maintenance and monitoring services are recognized monthly over the term of the contract as we provide the services. Long-term contracts are accounted for using the percentage of completion method. We use the completed contract method if we cannot estimate the costs with a reasonable degree of reliability.

Customer activation fees, along with the related costs up to, but not exceeding the activation fees, are deferred and amortized over the customer relationship period.

Maintenance and Repairs

We charge the cost of maintenance and repairs, including the cost of replacing minor items not constituting substantial betterments, to Cost of Services and Sales as these costs are incurred.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents, except cash equivalents held as short-term investments. Cash equivalents are stated at cost, which approximates market value.

Short-term Investments

Our short-term investments consist of cash equivalents held in trust to pay for certain employee benefits. Short-term investments are stated at cost, which approximates market value.

Material and Supplies

We include in inventory new and reusable materials which are stated principally at average original cost, except that specific costs are used in the case of large individual items.

Plant and Depreciation

We record plant, property, and equipment at cost. Depreciation expense is principally based on the composite group remaining life method and straight-line composite rates. This method provides for the recognition of the cost of the remaining net investment in telephone plant, less anticipated net salvage value (if any), over the remaining asset lives. This method requires the periodic revision of depreciation rates. We used the following asset lives:

Average Lives (in years)	
Buildings	31 – 38
Central office equipment	5 – 12
Outside communications plant	16 – 50
Furniture, vehicles and other equipment	3 – 15

When we replace or retire depreciable telephone plant, we deduct the carrying amount of such plant from the respective accounts and charge it to accumulated depreciation. (See "Accounting Changes—Asset Retirement Obligations" below.)

We capitalize network software purchased or developed in connection with related plant assets. We also capitalize interest associated with the acquisition or construction of plant assets. Capitalized interest is reported as a cost of plant and a reduction in interest cost.

Impairment of Long-Lived Assets

Our plant, property, and equipment and intangible assets subject to amortization are reviewed for impairment in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-

F-9

Table of Contents

Verizon New England Inc.

Lived Assets,” which we adopted effective January 1, 2002. Under SFAS No. 144, these assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment charge is recognized for the amount (if any) by which the carrying value of the asset exceeds its fair value.

Computer Software Costs

We capitalize the cost of internal-use network and non-network software which has a useful life in excess of one year in accordance with Statement of Position (SOP) No. 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.” Subsequent additions, modifications or upgrades to internal-use network and non-network software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Also, we capitalize interest associated with the development of non-network internal-use software. Capitalized non-network internal-use computer software costs are amortized using the straight-line method over a period of 3 to 7 years.

Goodwill and Other Intangible Assets

Effective January 1, 2002, we adopted SFAS No. 142, “Goodwill and Other Intangible Assets.” SFAS No. 142 no longer permits the amortization of goodwill and indefinite-lived intangible assets. Instead, these assets must be reviewed annually (or more frequently under prescribed conditions) for impairment in accordance with this statement. Intangible assets that do not have indefinite lives are amortized over their useful lives. The adoption of SFAS No. 142 did not impact our results of operations or financial position because we had no goodwill or indefinite-lived intangible assets at December 31, 2003 and 2002.

Our other intangible assets consist of non-network internal-use software as follows:

	As of December 31, 2003		As of December 31, 2002	
	Gross Carrying	Accumulated	Gross Carrying	Accumulated
	Amount	Amortization (Dollars in Millions)	Amount	Amortization
Non-network internal-use software (3 to 7 years)	\$ 205.3	\$ 113.4	\$ 201.3	\$ 79.7

Intangible asset amortization expense was \$33.5 million in 2003. Amortization expense is estimated to be \$31.4 million in 2004, \$22.2 million in 2005, \$18.8 million in 2006, \$11.6 million in 2007, and \$6.7 million in 2008, related to our non-network internal-use software.

Advertising Costs

We expense advertising costs as they are incurred.

Stock-Based Compensation

We participate in employee compensation plans sponsored by Verizon with awards of Verizon common stock.

Prior to 2003, Verizon accounted for stock-based employee compensation under Accounting Principles Board (APB) Opinion No. 25, “Accounting for Stock Issued to Employees,” and related interpretations, and followed the disclosure-only provisions of SFAS No. 123, “Accounting for Stock-Based Compensation.”

Effective January 1, 2003, Verizon 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 (see Note 2 for additional information on the

impact of adopting SFAS No. 123).

F-10

Table of Contents

Verizon New England Inc.

Employee Benefit Plans

We participate in the Verizon benefit plans. Under these plans, pension and postretirement health care and life insurance benefits earned during the year as well as interest on projected benefit obligations are accrued currently. Prior service costs and credits resulting from changes in plan benefits are amortized over the average remaining service period of the employees expected to receive benefits.

Income Taxes

Verizon and its domestic subsidiaries, including us, file a consolidated federal income tax return.

Current and deferred tax expense is determined by applying the provisions of SFAS No. 109, "Accounting for Income Taxes" to each subsidiary as if it were a separate taxpayer.

We use the deferral method of accounting for investment tax credits earned prior to the repeal of investment tax credits by the Tax Reform Act of 1986. We also defer certain transitional credits earned after the repeal. We amortize these credits over the estimated service lives of the related assets as a reduction to the Provision for income taxes.

Derivative Instruments

We employ risk management strategies to manage our exposure to fluctuations in interest rates. We do not hold derivatives for trading purposes.

In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and related amendments and interpretations, we measure all derivatives, including derivatives embedded in other financial instruments, at fair value and recognize them as either assets or liabilities on our balance sheets. Changes in the fair values of derivative instruments not qualifying as hedges or any ineffective portion of hedges are recognized in earnings in the current period. Changes in the fair values of derivative instruments used effectively as fair value hedges are recognized in earnings, along with changes in the fair value of the hedged item. Changes in the fair value of the effective portions of cash flow hedges are reported in other comprehensive income (loss), and recognized in earnings when the hedged item is recognized in earnings.

2. ACCOUNTING CHANGES

Stock-Based Compensation

We participate in employee compensation plans sponsored by Verizon with awards of Verizon common stock. As discussed in Note 1, Verizon adopted the fair value recognition provisions of SFAS No. 123 using the prospective method as permitted under SFAS No. 148.

The following table illustrates the effect on net income if the fair value method had been applied to all outstanding and unvested options in each period.

	Years Ended December 31,		
	2003	2002	2001
	(Dollars in Millions)		
Net Income, As Reported	\$ 202.4	\$ 233.2	\$ 294.9
Add: Stock option-related employee compensation expense included in reported net income, net of related tax effects	.2	—	—
Deduct: Total stock option-related employee compensation expense determined under fair value based method for all awards, net of related tax effects	(.9)	(9.9)	(16.1)
Pro Forma Net Income	\$ 201.7	\$ 223.3	\$ 278.8

After-tax compensation expense for other stock-based compensation included in net income as reported for the years ended December 31, 2003, 2002, and 2001 was not material.

For additional information on assumptions used to determine the pro forma amounts as well as other information related to our stock-based compensation plans, see Note 7.

F-11

Table of Contents

Verizon New England Inc.

Asset Retirement Obligations

Effective January 1, 2003, we adopted SFAS No. 143, "Accounting for Asset Retirement Obligations." This standard provides the accounting for the cost of legal obligations associated with the retirement of long-lived assets. SFAS No. 143 requires that companies recognize the fair value of a liability for asset retirement obligations in the period in which the obligations are incurred and capitalize that amount as part of the book value of the long-lived asset. We have determined that we do not have a material legal obligation to remove long-lived assets as described by this statement. However, prior to the adoption of SFAS No. 143, we included estimated removal costs in our group depreciation models. These costs have increased depreciation expense and accumulated depreciation for future removal costs for existing assets. These removal costs were recorded as a reduction to accumulated depreciation when the assets were retired and removal costs were incurred.

For some assets, such as telephone poles, the removal costs exceeded salvage value. 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 this standard on January 1, 2003, 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 gain of \$609.3 million (\$369.5 million after-tax). 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 expenses for the year ended December 31, 2003.

Debt Extinguishment

In April 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145, among other things, eliminates the requirement that all gains and losses on the extinguishment of debt must be classified as extraordinary items on the income statement, thereby permitting the classification of such gains and losses as extraordinary items only if they meet the criteria of APB Opinion No. 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." We adopted this provision of SFAS No. 145 effective January 1, 2003 and, upon adoption, reclassified the losses on the early extinguishment of debt and related tax benefits that were previously reported in our statements of income as extraordinary items to Other income and (expense), net and Income tax benefit (provision).

3. PLANT, PROPERTY AND EQUIPMENT

The following table displays the details of plant, property and equipment, which is stated at cost:

	December 31	
	2003	2002
	(Dollars in Millions)	
Land	\$ 37.4	\$ 36.7
Buildings	1,095.0	1,048.8
Central office equipment	7,992.5	7,967.5
Outside communications plant	7,233.8	7,031.5
Furniture, vehicles and other work equipment	771.1	791.1
Construction-in-progress	69.4	124.4
Other	269.2	259.2
	17,468.4	17,259.2
Accumulated depreciation	(10,717.4)	(10,735.0)
Total	\$ 6,751.0	\$ 6,524.2

See "Accounting Changes—Asset Retirement Obligations" in Note 2.

F-12

Table of Contents

Verizon New England Inc.

4. LEASES

We lease certain facilities and equipment for use in our operations under both capital and operating leases. We did not incur any initial capital lease obligations in 2003 and 2002. We incurred initial lease obligations of \$1.1 million in 2001.

Capital lease amounts included in plant, property and equipment are as follows:

	December 31	
	2003	2002
	(Dollars in Millions)	
Capital leases	\$1.1	\$1.1
Accumulated amortization	(.1)	—
Total	\$1.0	\$1.1

Total rent expense amounted to \$231.9 million in 2003, \$207.4 million in 2002 and \$187.1 million in 2001. Of these amounts, \$161.3 million in 2003, \$140.4 million in 2002 and \$115.5 million in 2001 were lease payments to affiliated companies for land and buildings.

This table displays the aggregate minimum rental commitments under noncancelable leases for the periods shown at December 31, 2003:

Years	Capital Leases	Operating Leases
	(Dollars in Millions)	
2004	\$.1	\$ 43.7
2005	.1	40.7
2006	.2	38.1
2007	.2	33.0
2008	.2	27.2
Thereafter	.4	64.5
Total minimum rental commitments	1.2	\$ 247.2
Less interest and executory costs	(.3)	
Present value of minimum lease payments	.9	
Less current installments	(.1)	
Long-term obligation at December 31, 2003	\$.8	

DEBT

Debt Maturing Within One Year

Debt maturing within one year consists of the following at December 31:

	2003	2002
	(Dollars in Millions)	
Note payable to affiliate (VNFC)	\$ 512.4	\$ 345.2
Long-term debt maturing within one year:		
Affiliate (VNSHI)	—	200.0
Other	.1	225.1
Total debt maturing within one year	\$ 512.5	\$ 770.3
Weighted average interest rate for notes payable outstanding at year-end	1.1%	1.4%

We have a contractual agreement with an affiliated company, Verizon Network Funding Corp. (VNFC), for the provision of short-term financing and cash management services. VNFC issues commercial paper and obtains bank loans to fund the working capital requirements of Verizon's network services subsidiaries, including us, and invests funds in temporary investments on their behalf.

Table of Contents

Verizon New England Inc.

Long-Term Debt

Long-term debt consists principally of debentures and notes that we have issued. Interest rates and maturities of the amounts outstanding are as follows at December 31:

Description	Interest Rate	Maturity	2003	2002
			(Dollars in Millions)	
Forty year debenture	4 5/8%	2005	\$ —	\$ 60.0
Ten year debenture	6 1/2	2011	1,049.0	1,065.8
Ten year debenture	4 3/4	2013	300.0	—
Thirty year debenture	7 7/8	2022	—	100.0
Thirty year debenture	6 7/8	2023	250.0	250.0
Forty year debenture	7 7/8	2029	349.0	349.0
Forty year debenture	7	2042	480.0	480.0
Ten year note payable	6 1/4	2003	—	225.0
Seven year note payable	7.65	2007	125.0	125.0
Ten year note payable	5 7/8	2009	200.0	200.0
			2,753.0	2,854.8
Other—long-term debt	8	2011	3.0	—
Unamortized discount and premium, net			(7.5)	(5.9)
Note payable with affiliate (VNSHI)	1.6	2003	—	200.0
Capital lease obligations—average rate 6.6%			.9	1.0
Total long-term debt, including current maturities			2,749.4	3,049.9
Less maturing within one year			(.1)	(425.1)
Total long-term debt			\$ 2,749.3	\$ 2,624.8

Our debentures outstanding at December 31, 2003 include a \$250.0 million debenture that is callable. The call price is 102.75% of face value.

We are in compliance with all of our debt covenants.

During 2003, we issued \$300.0 million of 4 3/4% debentures due on October 1, 2013. Proceeds from this sale of \$295.9 million were used to refinance a portion of our existing short-term indebtedness, to repay long-term indebtedness and for general corporate purposes. Also in 2003, we recorded a loss of \$4.4 million to other income and (expense) associated with early extinguishments of long-term debt. The extinguishments consisted of the following:

• We redeemed the entire outstanding principal amount of our \$100.0 million 7 7/8% debentures due on September 1, 2002. We recorded a loss of \$4.4 million to other income and (expense) due to this redemption.

We redeemed the entire outstanding principal amount of our \$60.0 million 4 5/8% debentures due July 1, 2005. There was no material impact to our results of operations due to this redemption.

During 2002, we issued \$480 million of 7% debentures due on May 15, 2042 at par. Proceeds from this sale of \$464.9 million were used to refinance a portion of our existing short-term indebtedness, to repay long-term indebtedness and for general corporate

purposes. Also in 2002, we recorded a loss of \$37.8 million to other income and (expense) associated with early extinguishments of long-term debt. The extinguishments consisted of the following:

Our \$175.0 million 6.3% notes due in 2012 were subject to a mandatory redemption at 100% of the principal amount plus accrued interest on December 16, 2002. The redemption price was 100% of face value plus accrued interest. During September 2002, we recorded a loss of \$30.7 million to other income and (expense) associated with the buyout of the option to remarket these securities.

We redeemed \$100.0 million of 6 1/8% debentures due on October 1, 2006, \$125.0 million of 6 3/8% debentures due on September 1, 2008 and \$75.0 million of 9% debentures due on August 1, 2031. We recorded a loss of \$7.1 million to other income and (expense) due to these redemptions.

Table of Contents

Verizon New England Inc.

Maturities of long-term debt outstanding at December 31, 2003, excluding capital lease obligations and unamortized discount and premium are as follows:

Years	(Dollars in Millions)
2004	\$ —
2005	.4
2006	.4
2007	125.4
2008	.4
Thereafter	2,629.4
Total long-term debt outstanding	\$ 2,756.0

6. FINANCIAL INSTRUMENTS

Derivatives

The ongoing effect of SFAS No. 133 and related amendments and interpretations on our financial statements will be determined each quarter by several factors, including the specific hedging instruments in place and their relationships to hedged items, as well as market conditions at the end of each period. For the years ended December 31, 2003, 2002 and 2001, the mark to market and amortization of an ineffective interest rate swap did not have a material effect on our results of operations or financial position.

We have entered into domestic interest rate swaps to achieve a targeted mix of fixed and variable rate debt. These swaps hedge against changes in the fair value of our debt portfolio. We record the interest rate swaps at fair value in our balance sheet as assets and liabilities and adjust debt for the change in its fair value due to changes in interest rates. The ineffective portions of these hedges were immaterial to our operating results in all periods presented.

Concentrations of Credit Risk

Financial instruments that subject us to concentrations of credit risk consist primarily of short-term investments, trade receivables and interest rate swap agreements. Concentrations of credit risk with respect to trade receivables, other than those from AT&T, are limited due to the large number of customers. We generated revenues from services provided to AT&T (primarily network access and billing and collection) of \$210.8 million in 2003, \$235.6 million in 2002 and \$259.3 million in 2001.

The counterparties to the interest rate swap agreements are major financial institutions. These financial institutions have been accorded high ratings by primary rating agencies. We limit the dollar amount of contracts entered into with any one financial institution and monitor the credit ratings of these counterparties. We generally do not give or receive collateral on an interest rate swap agreement due to our credit rating and those of our counterparties. While we may be exposed to credit losses due to the nonperformance of our counterparties, we consider the risk remote and do not expect the settlement of these transactions to have a material effect on our results of operations or financial position.

Fair Values of Financial Instruments

The table below provides additional information about our material financial instruments at December 31:

Financial Instrument	Valuation Method
Notes payable to affiliates (VNFC and VNSHI) and short-term investments	Carrying amounts
Debt and interest rate swaps (excluding capital leases)	Future cash flows discounted at current rates

	2003		2002	
	Carrying	Fair Value	Carrying	Fair Value
	Amount		Amount	
Debt, interest rate swaps and notes payable to affiliates	\$ 3,260.9	\$ 3,408.0	\$ 3,394.1	\$ 3,519.2

(Dollars in Millions)

F-15

Table of Contents

Verizon New England Inc.

7. STOCK INCENTIVE PLANS

Stock-option related employee compensation expense for 2003 grants and the pro forma amounts for prior years (see Note 2) were determined using the Black-Scholes option-pricing model based on the following weighted-average assumptions:

	2003	2002	2001
Dividend yield	4.0%	3.2%	2.7%
Expected volatility	30.9%	28.5%	29.1%
Risk-free interest rate	3.4%	4.6%	4.8%
Expected lives (in years)	6	6	6

The weighted-average value of options granted during 2003, 2002 and 2001 was \$8.41, \$12.11 and \$15.24, respectively.

Beginning in 2003, stock option grants to some levels of management were reduced, and accompanied by performance-based share awards.

The structure of Verizon's stock incentive plans does not provide for the separate determination of certain disclosures for our company. The required information is provided on a consolidated basis in Verizon's Annual Report on Form 10-K for the year ended December 31, 2003.

8. EMPLOYEE BENEFITS

We participate in Verizon's benefit plans. Verizon maintains noncontributory defined benefit pension plans for many of our management and associate employees. The postretirement health care and life insurance plans for our retirees and their dependents are both contributory and noncontributory and include a limit on the company's share of cost for recent and future retirees. We also sponsor defined contribution savings plans to provide opportunities for eligible employees to save for retirement on a tax-deferred basis. We use a measurement date of December 31 for our pension and postretirement health care and life insurance plans.

The structure of Verizon's benefit plans does not provide for the separate determination of certain disclosures for our company. The required information is provided on a consolidated basis in Verizon's Annual Report on Form 10-K for the year ended December 31, 2003.

Pension and Other Postretirement Benefits

Pension and other postretirement benefits for the majority of our employees are subject to collective bargaining agreements. Approximately 87% of our employees (associates) are covered by collective bargaining agreements. Modifications in benefits have been bargained from time to time, and Verizon may also periodically amend the benefits in the management plans.

Benefit Cost

	Years ended December 31					
	Pension			Health Care and Life		
	2003	2002	2001	2003	2002	2001
	(Dollars in Millions)					
Net periodic benefit (income) cost	\$ (64.1)	\$ (215.4)	\$ (243.6)	\$ 137.3	\$ 99.1	\$ 91.7

Termination benefits	186.9	.6	114.0	22.0	.7	—
Settlement loss	—	33.0	—	—	—	—
Curtailment loss (gain)	7.2	42.6	—	(12.1)	50.0	—
Subtotal	194.1	76.2	114.0	9.9	50.7	—
Total (income) cost	\$ 130.0	\$ (139.2)	\$ (129.6)	\$ 147.2	\$ 149.8	\$ 91.7

As part of a Verizon workforce reduction plan, we have continued to reduce our headcount as allowed under various management and associate employee benefit plans. As a result, we recorded \$208.9 million, \$1.3 million and \$114.0 million in 2003, 2002 and 2001 respectively, in connection with various pension and retirement benefit enhancements. During 2002, we recorded a pension settlement loss of \$33.0 million as lump-sum payments exceeded the threshold of service and interest costs. In addition, we recorded a net curtailment gain of \$(4.9) million in 2003 and a net curtailment loss of \$92.6 million in 2002, associated with a significant reduction of the expected years of future service of present employees, which was largely impacted by employee terminations in 2003 and 2002. The special termination benefits, curtailment and settlement of pension obligations are recorded in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Pension Plans and for Termination Benefits" and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions."

Table of Contents

Verizon New England Inc.

Amounts recognized in the balance sheets at December 31, consist of:

	Pension		Health Care and Life	
	2003	2002	2003	2002
	(Dollars in Millions)			
Prepaid pension asset	\$ 102.9	\$ 144.1	\$ —	\$ —
Employee benefit obligations	679.5	630.5	1,054.5	1,058.6
Other assets	139.1	—	—	—
Accumulated other comprehensive loss	238.6	416.3	—	—

The changes in the employee benefit asset and obligations from year to year were caused by a number of factors, including changes in actuarial assumptions (see Assumptions), curtailments, settlements and special termination benefits. As a result of extending and increasing limits (caps) on company payments toward retiree health care costs in connection with the union contracts ratified in 2003, we began recording retiree health care costs as if there were no caps effective in the fourth quarter of 2003 relative to these union contracts.

We evaluate each pension plan to determine whether any additional minimum liability is required. As a result of changes in interest rates and investment returns, an adjustment to the additional minimum pension liability was required for the North Associate Plan. The adjustment in the liability is recorded as a charge or (credit) to Accumulated Other Comprehensive Loss, net of tax, in shareholders' investment in the consolidated balance sheets.

	Pension	
	2003	2002
	(Dollars in Millions)	
Increase (decrease) in minimum liability included in other comprehensive income (loss), before tax	\$ (177.7)	\$ 416.3

Assumptions

The actuarial assumptions used are based on market interest rates, past experience, and management's best estimate of future economic conditions. Changes in these assumptions may impact future benefit costs and obligations.

The weighted-average assumptions used in determining benefit obligations at December 31,

	Pension		Health Care and Life	
	2003	2002	2003	2002
Discount rate	6.25%	6.75%	6.25%	6.75%
Rate of future increases in compensation	5.00	5.00	4.00	4.00

The weighted-average assumptions used in determining net periodic cost for years ended December 31,

	Pension			Health Care and Life		
	2003	2002	2001	2003	2002	2001
Discount rate	6.75%	7.25%	7.75%	6.75%	7.25%	7.75%
Expected return on plan assets	8.50	9.25	9.25	8.50	9.25	9.25
Rate of compensation increase	5.00	5.00	5.00	4.00	4.00	4.00

In order to project the long-term target investment return for the total portfolio, estimates are prepared for the total return of each major asset class over the subsequent 10-year period, or longer. Those estimates are based on a combination of factors including the following: observable current market interest rates, consensus earnings expectations, historical long-term performance and value-added, and the use of conventional long-term risk premiums. To determine the aggregate return for the pension trust, the projected return of each individual asset class is then weighted according to the allocation to that investment area in the Trust's long-term asset allocation policy. The projected long-term results are then also compared to the investment return earned over the previous 10-years.

Table of Contents

Verizon New England Inc.

The assumed health care cost trend rates at December 31,

	Health Care and Life		
	2003	2002	2001
Health care cost trend rate assumed for next year	10.00%	11.00%	10.00%
Rate to which cost trend rate gradually declines	5.00%	5.00%	5.00%
Year the rate reaches level it is assumed to remain thereafter	2008	2007	2005

Medicare Drug Act

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Medicare Drug Act) was signed into law. The Medicare Drug Act introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. Verizon sponsors several postretirement health care plans that provide prescription drug benefits that are deemed actuarially equivalent to the Medicare Part D and has elected to recognize the impact of the federal subsidy on their accumulated postretirement benefit obligation and net postretirement benefits costs. Specific authoritative guidance on the accounting for the federal subsidy is pending and that guidance, when issued, could impact current accounting for the effects of the Medicare Drug Act.

Savings Plans and Employee Stock Ownership Plans

Substantially all of our employees are eligible to participate in savings plans maintained by Verizon. Verizon maintains a leveraged employee stock ownership plan (ESOP) for its management employees of the former NYNEX Companies. Under this plan, a certain percentage of eligible employee contributions are matched with shares of Verizon's common stock. Verizon recognizes leveraged ESOP cost based on the shares allocated method for this leveraged ESOP which purchased securities after December 15, 1989. We recognize savings plan cost based on our matching obligation attributed to our participating employees. In addition to the ESOP, Verizon also maintains a savings plan for associate employees. We recorded total savings plan costs of \$37.2 million in 2003, \$37.1 million in 2002 and \$43.8 million in 2001.

Severance Benefits

We maintain ongoing severance plans for both management and associate employees, which provide benefits to employees that are terminated. The costs for these plans are accounted for under SFAS No. 112. We accrue for severance benefits based on the terms of our severance plan over the estimated service periods of the employees. The accruals are also based on the historical run-rate of actual severances and expectations for future severances. In the fourth quarter of 2001, it was determined that our severance liability was not sufficient as a result of new downsizing plans and we recorded a special charge of \$72.0 million. As a result of the Verizon workforce reduction plan in 2003 and 2002, it was determined that the severance liability was not sufficient and we recorded a special charge of \$122.1 million and \$64.8 million, respectively. Severance costs are included in selling, general and administrative expense in our statements of income. The following table provides an analysis of our severance liability:

Year	Beginning of Year	Charged to Expense (a)	Payments	Other (b)	End of Year
(Dollars in Millions)					
2001	\$ 31.3	\$ 76.8	\$(7.7)	\$(.7)	99.7
2002	99.7	66.2	(52.5)	(15.5)	97.9
2003	97.9	129.3	(53.6)	(19.4)	154.2

- (a) Includes (1) accruals for ongoing employee severance costs, (2) special charges of \$122.1 million in 2003, \$64.8 million in 2002 and \$72.0 million in 2001.

Includes amounts reallocated to other Verizon affiliates. From time to time, Verizon must redistribute across its subsidiaries the amount of severance liability based on actual experience at the companies.

The remaining severance liability includes future contractual payments to employees separated as of the end of the year. As of December 31, 2003, a total of over 2,800 employees have been separated under the 2002 and 2003 severance programs.

F-18

Table of Contents

Verizon New England Inc.

9. INCOME TAXES

The components of income tax benefit (expense) are presented in the following table:

	Years ended December 31		
	2003	2002	2001
	(Dollars in Millions)		
Current:			
Federal	\$ 73.6	\$ 10.9	\$ (198.8)
State and local	(1.5)	(8.1)	(43.0)
	72.1	2.8	(241.8)
Deferred:			
Federal	(4.9)	(126.9)	(69.5)
State and local	12.8	(17.1)	(6.5)
	7.9	(144.0)	(76.0)
Investment tax credits	80.0	(141.2)	(317.8)
	1.9	2.9	11.5
Total income tax benefit (expense)	\$ 81.9	\$ (138.3)	\$ (306.3)

The following table shows the primary reasons for the difference between the effective income tax rate and the statutory federal income tax rate:

	Years ended December 31		
	2003	2002	2001
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefits	3.0	4.4	5.4
Investment tax credits	.5	(.5)	(.4)
Equity investments	(6.0)	(2.8)	8.1
True-up for events with no tax consequences	.4	—	3.3
Other, net	—	1.1	(.4)
Effective income tax rate	32.9%	37.2%	51.0%

Deferred taxes arise because of differences in the book and tax bases of certain assets and liabilities. Significant components of deferred tax (assets) liabilities are shown in the following table:

	December 31	
	2003	2002
	(Dollars in Millions)	
Depreciation	\$ 1,252.4	\$ 934.7
Employee benefits	(627.6)	(615.6)
Allowance for uncollectible accounts	(67.9)	(70.5)
Investment tax credits	(8.3)	(9.1)
Other, net	(77.7)	(70.5)
Net deferred tax liability	\$ 470.9	\$ 169.0

Employee benefits include \$442.5 million deferred tax asset at December 31, 2003 and \$444.1 million at December 31, 2002, related to postretirement benefit costs recognized under SFAS No. 106. This deferred tax asset will gradually be realized over the estimated lives of current retirees and employees.

Table of Contents

Verizon New England Inc.

10. TRANSACTIONS WITH AFFILIATES

Our financial statements include transactions with Verizon Services, (including Verizon Services Corp., Verizon Services Group, Verizon Corporate Services Group Inc. as previously described), Verizon Internet Services Inc., Verizon Wireless Inc., Verizon Long Distance, Verizon Global Networks Inc., Verizon Operating Telephone Companies, Verizon Advanced Data Inc., Verizon Data Services Inc., Verizon Network Funding Corp., Verizon NSI Holdings Inc., Bell Atlantic Administrative Services, Inc., Verizon Ventures III Inc., NYNEX Corporation, Verizon and other affiliates.

Transactions with affiliates are summarized as follows:

	Years Ended December 31		
	2003	2002	2001
	(Dollars in Millions)		
Operating revenues:			
Verizon Internet Services Inc.	\$ 97.6	\$ 62.4	\$ 4.1
Verizon Wireless Inc.	36.1	25.9	29.7
Verizon Long Distance	35.3	18.7	13.5
Verizon Global Networks Inc.	26.1	12.0	4.6
Verizon Services	18.3	26.1	36.7
Verizon Operating Telephone Companies	12.8	12.2	10.9
Verizon Advanced Data Inc.	6.8	32.9	168.2
er	5.4	3.0	5.5
	238.4	193.2	273.2
Operating expenses:			
Verizon Services	952.6	778.7	776.0
Verizon Data Services Inc.	65.0	18.2	4.8
Verizon Advanced Data Inc.	51.5	52.9	6.5
Verizon Wireless Inc.	4.5	2.7	7.9
Verizon Operating Telephone Companies	2.1	1.9	.9
Verizon Long Distance (recovery of costs)	(25.5)	(21.6)	(19.1)
Other	3.5	3.1	.3
	1,053.7	835.9	777.3
Other income and (expense), net:			
Equity income (loss) from investees	(42.5)	29.5	(138.2)
Interest income from Verizon Services	.2	.3	.5
Interest income from Bell Atlantic Administrative Services, Inc.	—	.8	1.8
Interest income from Verizon Network Funding Corp.	—	.2	—
	(42.3)	30.8	(135.9)
Interest expense:			
Interest expense to Verizon Network Funding Corp.	6.5	5.5	39.8
Interest expense to Verizon NSI Holdings Inc.	1.5	4.2	9.3
Interest expense to Bell Atlantic Administrative Services, Inc.	—	—	.5
	8.0	9.7	49.6
Transfer of advanced data assets from Verizon Ventures III Inc.	4.8	8.7	50.3
Equity contributed to Verizon Ventures III Inc.	66.3	8.7	198.3

Capital contribution from NYNEX	66.3	10.0	198.3
Dividends paid to NYNEX	627.0	498.0	190.0
Distributions of additional paid-in capital to NYNEX	—	—	95.0
Dividends received from affiliates	33.1	26.2	28.1

Outstanding balances with affiliates are reported on the balance sheets at December 31, 2003 and 2002 as Accounts Receivable—Affiliates, Note Payable to Affiliate, Current Portion of Long-term Debt—Affiliate and Accounts Payable and Accrued Liabilities—Affiliates.

F-20

Table of Contents

Verizon New England Inc.

Verizon Services

Our operating revenues include transactions with Verizon Services for the provision of local telephone service and for the rental of facilities and equipment.

We have contractual arrangements with Verizon Services for the provision of various centralized services. These services are divided into two broad categories. The first category is comprised of network related services which generally benefit only Verizon's operating telephone subsidiaries. These services include marketing, sales, legal, accounting, finance, data processing, materials management, procurement, labor relations, and staff support for various network operations. The second category is comprised of overhead and support services which generally benefit all subsidiaries of Verizon. Such services include corporate governance, corporate finance, external affairs, legal, media relations, employee communications, corporate advertising, human resources, and treasury. Costs may be either directly assigned to one subsidiary or allocated to more than one subsidiary based on functional reviews of the work performed.

Verizon Internet Services Inc.

Our operating revenues include transactions with Verizon Internet Services Inc. (Verizon Internet Services) associated with the provision of network access and billing and collection services. These revenues are earned from Verizon Internet Services who utilizes our facilities to provide Internet access services to their customers.

Verizon Wireless Inc.

Our operating revenues include transactions with Verizon Wireless Inc. (Verizon Wireless) associated with the provision of local and network access services, billing and collection services and from interconnection agreements. These revenues are earned from Verizon Wireless who provides wireless voice and data services, paging services and equipment sales to their customers.

Our operating expenses also include transactions with Verizon Wireless. We recognize costs associated with wireless voice and data services, paging services and for interconnection agreements.

Verizon Long Distance

Our operating revenues and expenses include transactions with Verizon Long Distance who utilizes our facilities to provide long distance services to their customers. We record revenue in connection with the provision of billing and collection services, including programming charges associated with billing system changes. In addition, we recognize revenues associated with the provision of local telephone services. We also bill Verizon Long Distance for services associated with joint marketing agreements and the training of our employees for sales activities in order to recover our incurred costs. These transactions are recorded as credits to our operating expenses.

Verizon Global Networks Inc.

Our operating revenues include transactions with Verizon Global Networks Inc. (Global Networks) associated with the provision of network access services. These revenues are earned from Global Networks who utilizes our facilities to provide access and data transport services to their customers.

Verizon Operating Telephone Companies

Our operating revenues and expenses include transactions with other Verizon Operating Telephone Companies. Revenues associated with transactions with these affiliates are primarily earned from fees associated with the termination of their customer's calls on our network. We also earn revenue from the rental of our facilities and equipment. In addition, we also recognize expenses associated with transactions with these affiliates. These costs are primarily associated with the rental of their facilities and equipment.

Verizon Advanced Data Inc.

In 2001, our operating revenues included transactions with Verizon Advanced Data Inc. (VADI) associated with the provision of local and network access services, billing and collection services, and the purchase of unbundled network elements. These revenues were earned from VADI who utilized our facilities to provide advanced data services to their customers. Beginning in 2002, the

responsibility for the provision of advanced data services was transferred back to us (see Investment in Verizon Ventures III Inc. below). We continue to earn revenue from VADI for the provision of local telephone services.

F-21

Table of Contents

Verizon New England Inc.

Beginning in December 2001, we also have a contractual arrangement with VADI for the provision of various centralized services associated with advanced data services. These services are divided into two broad categories. The first category is comprised of network related services which include provisioning, maintenance, engineering, and data processing for various network operations. The second category is comprised of overhead and support services which include finance, human resources, treasury, procurement, marketing, sales, and support staffs. The costs are allocated based on advanced data services revenues.

Verizon Data Services Inc.

Verizon Data Services Inc. provides data processing services, software application development and maintenance, which generally benefit Verizon's operating telephone subsidiaries, including us. We are charged for these affiliated transactions based on proportional cost allocation methodologies.

Verizon Network Funding Corp., Bell Atlantic Administrative Services, Inc., and Verizon NSI Holdings Inc.

We recognize interest expense/income in connection with a contractual agreement with an affiliated company, Verizon Network Funding Corp. (VNFC), for the provision of short-term financing and cash management services. VNFC issues commercial paper and obtains bank loans to fund the working capital requirements of Verizon's network services subsidiaries, including us, and invests funds in temporary investments on their behalf. During 2002 and 2001, we also obtained short-term financing from an affiliated company, Bell Atlantic Administrative Services, Inc. (BAAS). As of December 31, 2002, BAAS was no longer a funding source for us. We also recognized interest expense related to a promissory note held by Verizon NSI Holdings Inc.

Other Affiliates

Other operating revenues and expenses include miscellaneous items of income and expense resulting from transactions with other affiliates. These transactions include the provision of local and network access services, billing and collection services, rental of facilities and equipment, electronic repair services, and sales and purchases of material and supplies. We also earn fees from an affiliate for usage of our directory listings.

Investment in Verizon Ventures III Inc.

In November 2000, we transferred certain advanced data assets to an affiliated company, Verizon Ventures III Inc. (Ventures III) in exchange for common stock of Ventures III. This transfer was done to satisfy a condition of the FCC's approval of the Bell Atlantic—GTE merger, which required the provision of advanced data services through a separate affiliate. Throughout 2000 and 2001, we continued to invest in Ventures III through the transfer of additional assets. As a result of the transfers, we acquired an ownership interest in Ventures III, which we accounted for under the equity method of accounting.

In September 2001, the FCC issued an order eliminating this merger condition. Following the FCC order, we made necessary filings with our state regulatory commissions for approval of the transfer of these assets back to us. During the fourth quarter of 2001, after required regulatory approvals were obtained, Ventures III transferred assets to us with an aggregate net book value of \$50.3 million in the jurisdictions of Massachusetts and Rhode Island. Ventures III transferred assets back to us with an aggregate book value of \$8.7 million in Maine and Vermont on February 1, 2002 and March 1, 2002, respectively, after required regulatory approvals were obtained. On February 1, 2003, after required state regulatory approvals were obtained, Ventures III transferred assets back to us with an aggregate net book value of \$4.8 million in New Hampshire. In consideration of the transfer of these assets, we have surrendered our common stock in Ventures III and remitted cash compensation.

In connection with this reintegration, we received capital contributions from our parent of \$66.3 million in the first quarter of 2003, \$8.7 million in the first quarter of 2002 and \$198.3 million in December 2001. This equity was immediately contributed to Ventures III. No gain or loss was recognized as a result of the reintegration of the advanced data assets to us. This reintegration did not have a material effect on our total results of operations or financial condition.

Table of Contents

Verizon New England Inc.

NYNEX Corporation

We paid cash dividends and cash distributions of additional paid-in capital to our parent company, NYNEX Corporation.

11. COMPREHENSIVE INCOME

Comprehensive income (loss) consists of net income (loss) and other gains and losses affecting shareowner's investment that, under generally accepted accounting principles, are excluded from net income (loss).

The change in other comprehensive income (loss), net of income tax expense (benefit), is as follows:

	Years ended December 31		
	2003	2002	2001
	(Dollars in Millions)		
Other comprehensive income (loss):			
Minimum pension liability adjustment (net of income taxes of \$69.9, \$(163.8) and \$0)	\$ 107.8	\$ (252.5)	\$ —
	\$ 107.8	\$ (252.5)	\$ —

accumulated other comprehensive loss is comprised of the following:

	December 31	
	2003	2002
	(Dollars in Millions)	
Accumulated other comprehensive loss:		
Minimum pension liability adjustment	\$ (144.7)	\$ (252.5)
	\$ (144.7)	\$ (252.5)

Table of Contents

Verizon New England Inc.

12. ADDITIONAL FINANCIAL INFORMATION

The tables below provide additional financial information related to our financial statements:

	December 31	
	2003	2002
	(Dollars in Millions)	
BALANCE SHEETS:		
Accounts payable and accrued liabilities:		
Accounts payable—affiliates	\$ 816.4	\$ 834.3
Accounts payable—other	377.9	514.4
Accrued vacation pay	69.2	80.4
Accrued taxes	47.7	57.2
Accrued expenses	207.2	117.3
Interest payable—other	30.1	34.7
Interest payable—affiliate	.5	.3
	\$ 1,549.0	\$ 1,638.6
Other current liabilities:		
Advance billings and customer deposits	\$ 49.3	\$ 55.1
Other	140.7	101.1
	\$ 190.0	\$ 156.2

	Years ended December 31		
	2003	2002	2001
	(Dollars in Millions)		
STATEMENTS OF CASH FLOWS:			
Cash paid during the year for:			
Income taxes, net of amounts refunded	\$ (11.5)	\$ 77.7	\$ 186.2
Interest, net of amounts capitalized	163.2	168.3	162.1
STATEMENTS OF INCOME:			
Interest expense incurred, net of amounts capitalized	159.5	163.7	163.6
Capitalized interest	5.5	12.5	29.5
Advertising expense	27.3	24.8	18.8
Depreciation expense	1,049.4	1,078.5	1,046.0

Advertising expense includes \$27.3 million in 2003, \$24.7 million in 2002 and \$18.5 million in 2001 allocated to us by Verizon services.

We classified \$12.8 million, \$8.6 million and \$15.4 million of bank overdrafts as accounts payable at December 31, 2003, 2002 and 2001, respectively.

In 2002, we recorded an impairment charge of \$43.5 million driven by our financial statement exposure to WorldCom Inc. This charge was recorded in selling, general and administrative expense in our statements of income.

13. COMMITMENTS AND CONTINGENCIES

various legal actions and regulatory proceedings are pending to which we are a party and claims which, if asserted, may lead to other legal actions. We have established reserves for specific liabilities in connection with regulatory and legal matters that we currently deem to be probable and estimable. We do not expect that the ultimate resolution of pending regulatory and legal matters in future periods will have a material effect on our financial condition, but it could have a material effect on our results of operations.

From time to time, state regulatory decisions require us to assure customers that we will provide a level of service performance that falls within prescribed parameters. There are penalties associated with failing to meet those service parameters and we, from time to time, pay such penalties. We do not expect these penalties to have a material effect on our financial condition, but they could have a material effect on our results of operations.

Table of Contents

Verizon New England Inc.

14. SEGMENT INFORMATION

We have one reportable segment, which provides domestic wireline telecommunications services. Specifically, we provide local telephone services including voice and data transport, enhanced and custom calling features, network access, directory assistance and private lines. In addition, we provide customer premises equipment distribution, billing and collection and pay telephone services.

15. QUARTERLY FINANCIAL INFORMATION (unaudited)

Quarter Ended	Operating Revenues	Operating Income (Loss)	Income (Loss) Before Cumulative Effect of Accounting Change (Dollars in Millions)	Net Income (Loss)
2003:				
March 31	\$ 1,034.6	\$ 178.5	\$ 36.9	\$ 406.4
June 30 (a)	1,043.7	83.6	30.1	30.1
September 30	1,021.2	107.5	50.6	50.6
December 31 (b)	1,002.7	(415.8)	(284.7)	(284.7)
Total	\$ 4,102.2	\$ (46.2)	\$ (167.1)	\$ 202.4
2002:				
March 31	\$ 1,117.7	\$ 246.1	\$ 139.7	\$ 139.7
June 30 (c)	1,103.6	142.3	69.6	69.6
September 30 (d)	1,068.8	130.7	38.4	38.4
December 31 (e)	1,075.3	19.9	(14.5)	(14.5)
Total	\$ 4,365.4	\$ 539.0	\$ 233.2	\$ 233.2

- (a) Results of operations for the second quarter of 2003 include a \$63.2 million after-tax charge for employee severance and special termination benefits.
- (b) Results of operations for the fourth quarter of 2003 include a \$148.7 million after-tax charge for employee severance, curtailment and special termination benefits.
- (c) Results of operations for the second quarter of 2002 include a \$42.1 million after-tax charge for employee severance.
- (d) Results of operations for the third quarter of 2002 include a \$15.0 million after-tax charge for a pension settlement loss.
- (e) Results of operations for the fourth quarter of 2002 include a \$67.5 million after-tax charge for curtailment and settlement losses and special termination benefits.

16. SUBSEQUENT EVENTS (unaudited)

On February 2, 2004, we declared and paid a dividend in the amount of \$54.0 million to our parent, NYNEX.

On January 30, 2004, we issued a \$220.0 million promissory note to an affiliated company Verizon NSI Holdings Inc. (VNSHI). The note matures on January 30, 2009 and carries a floating interest rate priced at 3 month LIBOR plus 37bps, reset and paid quarterly.

F-25

Table of Contents

Verizon New England Inc.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2003, 2002 and 2001

(Dollars in Millions)

Description	Additions					Balance at End of Period
	Balance at	Charged to	Charged to	Deductions	Balance at End	
	Beginning of Period	Expenses	Other Accounts Note(a)	Note (b)		
Allowance for Uncollectible Accounts Receivable:						
Year 2003	\$ 231.9	\$ 99.9	\$ 51.6	\$ 204.3	\$ 179.1	
Year 2002	142.2	228.8	84.5	223.6	231.9	
Year 2001	82.1	166.6	75.5	182.0	142.2	
Merger-Related Costs:						
Year 2003	\$ —	\$ —	\$ —	\$ —	\$ —	
Year 2002	34.9	—	—	34.9	—	
Year 2001	38.7	—	4.8	8.6	34.9	

) Allowance for Uncollectible Accounts Receivable includes amounts previously written off which were credited directly to this account when recovered and accruals charged to accounts payable for anticipated uncollectible charges on purchases of accounts receivable from others which we billed.

(b) Amounts written off as uncollectible, reallocated to other Verizon affiliates, transferred to other accounts, utilized or paid. From time to time, Verizon must redistribute across its subsidiaries the amount of the severance liability based on actual experience at the companies.

Table of Contents

Verizon New England Inc.

Form 10-K for 2003

File No. 1-1150

Page 1 of 1

EXHIBIT INDEX

Exhibits identified in parentheses below, on file with the Securities and Exchange Commission (SEC), are incorporated herein by reference as exhibits hereto.

**Exhibit
Number**

- 3a Restated Certificate of Incorporation of Verizon New England Inc., dated August 19, 1988. (Exhibit No. (19)ii to Form 10-Q for the period ended March 31, 1989.)
- 3a(i) Certificate of Amendment of Certificate of Incorporation filed August 1, 2000. (Exhibit 3a(i) to Form 10-Q for the period ended June 30, 2000.)
- 3b By-Laws of the registrant, as amended October 1, 1997. (Exhibit 3b to Form 10-K for the year ended December 31, 2001.)
- 4 No instrument which defines the rights of holders of long-term debt of the registrant is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, the registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request.
- 12 Computation of Ratio of Earnings to Fixed Charges.
- 23 Consent of Independent Auditors.
- 31a Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31b Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Officer certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Verizon New England Inc.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Years Ended December 31,				
	2003	2002	2001	2000	1999
	(Dollars in Millions)				
Income (loss) before provision for income taxes and cumulative effect of accounting change	\$ (249.0)	\$ 371.5(a)	\$ 600.9	\$ 915.6	\$ 1,053.3(a)
Equity loss (income) from affiliates	42.5	(29.5)	138.2	33.8	(20.2)
Dividends received from equity affiliates	33.1	26.2	28.1	21.6	27.8
Interest expense	159.5	163.7	163.6	173.5	144.8
Portion of rent expense representing interest	77.3	69.1	62.4	23.9	25.4
Amortization of capitalized interest	8.1	7.3	6.0	4.2	3.1
Earnings, as adjusted	\$ 71.5	\$ 608.3	\$ 999.2	\$ 1,172.6	\$ 1,234.2
Fixed charges:					
Interest expense	\$ 159.5	\$ 163.7	\$ 163.6	\$ 173.5	\$ 144.8
Portion of rent expense representing interest	77.3	69.1	62.4	23.9	25.4
Capitalized interest	5.5	12.5	29.5	18.1	13.9
Fixed Charges	\$ 242.3	\$ 245.3	\$ 255.5	\$ 215.5	\$ 184.1
Ratio of Earnings to Fixed Charges	.30*	2.48	3.91	5.44	6.70

* Earnings were inadequate to cover fixed charges by \$170.8 million

(a) Restated in accordance with Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections."

Verizon New England Inc.

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-106853) of Verizon New England Inc. of our report dated January 29, 2004, with respect to the financial statements and the financial statement schedule of Verizon New England Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2003.

/s/ ERNST & YOUNG LLP

New York, New York

March 26, 2004

Verizon New England Inc.

CERTIFICATIONS

I, Lawrence T. Babbio, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Verizon New England Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2004

/s/ LAWRENCE T. BABBIO, JR.
Lawrence T. Babbio, Jr.

Chairman of the Board and

Chief Executive Officer

EXHIBIT 31b

Verizon New England Inc.

CERTIFICATIONS

I, John F. Killian, certify that:

1. I have reviewed this annual report on Form 10-K of Verizon New England Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) **Designed such** disclosure controls and procedures, **in** **connection with** such disclosure controls and procedures, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is recorded, processed, summarized and reported, within the time periods specified in the applicable securities laws, rules and regulations, by **others** within those entities, particularly during the period in which the report is being prepared;

b) **Evaluated the effectiveness** of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation; and

c) **Disclosed** in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal period (the registrant's fourth quarter in the case of an annual report) or interim period that has **reasonably likely** to occur, to affect the registrant's internal control over financial reporting.

The registrant's other certifying officer and I have disclosed to the registrant's auditors or independent registered public accounting firm, or the registrant's auditors and the independent registered public accounting firm, our conclusions about the effectiveness of the disclosure controls and procedures and any material weaknesses identified that could result in our not detecting material misstatements or omissions in the registrant's financial reporting, or the registrant's internal control over financial reporting, in a written statement, dated as of the end of the period covered by this report, on equivalent form.

All significant deficiencies and material weaknesses identified in the course of the audit of the registrant's internal control over financial reporting are reasonably likely to be identified by the registrant's auditors or independent registered public accounting firm, or the registrant's auditors and the independent registered public accounting firm, in a written statement, dated as of the end of the period covered by this report, on equivalent form.

Chairman of the Board and

Chief Executive Officer

EXHIBIT 31b

Verizon New England Inc.

CERTIFICATIONS

I, John F. Killian, certify that:

1. I have reviewed this annual report on Form 10-K of Verizon New England Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 - . The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2004

/s/ JOHN F. KILLIAN
John F. Killian
Chief Financial Officer

EXHIBIT 32

Verizon New England Inc.

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Verizon New England Inc. (the "Company") for the year ended December 31, 2003, as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned officers of the Company certifies pursuant to 18 U.S.C., Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

Dated: March 30, 2004

/s/ LAWRENCE T. BABBIO, JR.
Lawrence T. Babbio, Jr.
Chairman of the Board and

Chief Executive Officer

Dated: March 30, 2004

/s/ JOHN F. KILLIAN
John F. Killian

Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Verizon New England Inc. and will be retained by Verizon New England Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

End of Filing