

April 18, 2003

Mr. Joel H. Peck, Clerk
State Corporation Commission
Document Control Center
Post Office Box 2118
Richmond, Virginia 23216

Dear Mr. Peck:

Re: Case No. PUC-2001-00226

Enclosed for filing is the original and fifteen (15) copies of Verizon Virginia Inc.'s Application for Stay in the above-referenced case.

I have e-mailed, mailed or hand-delivered copies to the parties shown below. Thank you for bringing this matter to the attention of the Commission.

Very truly yours,

Enclosure

Copy to:
William Irby (letter only)
Kathleen A. Cummings
Service List

**BEFORE THE
STATE CORPORATION COMMISSION
OF THE COMMONWEALTH OF VIRGINIA**

Commonwealth of Virginia, ex rel. :
State Corporation Commission :
: **Case No. PUC-2001-00226**
Ex Parte: Establishment of a :
Performance Assurance Plan for :
Verizon Virginia Inc. :

**APPLICATION OF VERIZON VIRGINIA INC.
FOR A STAY OF ITS OBLIGATION TO PROVIDE
PERFORMANCE ASSURANCE PLAN BILL CREDITS RESULTING
FROM THE JANUARY 2003 SLAMMER WORM ATTACK**

On March 17, 2003, Verizon Virginia Inc. (“Verizon VA”) filed a petition pursuant to Section II.J of the “Performance Assurance Plan Verizon Virginia Inc.” (“VA PAP”) in which it requested that the Virginia State Corporation Commission (“Commission”) waive Verizon VA’s performance for the PO-2-02 metrics for January 25, 2003 and the obligation to provide VA PAP bill credits based on such performance due to the adverse impact of the Slammer Worm attack on Verizon VA’s performance. AT&T and Worldcom have filed comments opposing Verizon VA’s waiver request. Verizon VA has filed a reply to the CLECs’ comments.

At the time that Verizon VA filed its petition in Virginia, Verizon filed similar petitions in New York and in other Verizon jurisdictions that have a performance assurance plan based on the NY PAP. On April 17, 2003, the New York Public Service Commission (“PSC”) issued a “Notice Inviting Comments” in which it requested Verizon NY to provide the PSC with additional information to assist the PSC in its review of

Verizon NY's waiver request. The New York PSC also directed that "[p]ending completion of that review, Verizon should withhold the rebate amounts related to the waiver."¹ Verizon NY's supplemental comments are due by April 28, 2003. CLEC reply comments are due by May 5, 2003.²

Since the VA PAP is based on the NY PAP and the basis for the waiver request in New York and Virginia is the same, Verizon VA recommends that the Commission postpone making a decision on Verizon VA's Slammer Worm waiver request until after the supplemental comments and reply comments have been submitted in New York and the New York PSC has issued a decision on Verizon NY's waiver request. Following the issuance of the New York PSC's decision, the parties to this proceeding should be permitted to supplement the record in this proceeding.³ This will allow the Commission to have the benefit of the New York PSC's investigation, reasoning and decision, and more complete information from the parties, before the Commission issues its own order on Verizon VA's waiver request.

In the absence of a stay, Verizon VA will become obligated to provide bill credits based on January 2003 performance when the final January 2003 PAP report is issued on

¹ The "Notice" also provides that "[p]ursuant to the PAP, Verizon will compensate competitive carriers for lost interest if the waiver is ultimately denied." The Maryland Public Service Commission has referred Verizon's waiver request to its Hearing Examiner Division for a hearing and has stayed Verizon's obligation to provide bill credits resulting from the Slammer Worm attack pending resolution of that proceeding. *In the Matter of the Petition of Verizon Maryland Inc. for a Waiver of Certain Obligations Under its Performance Assurance Plan*, MD PSC Case No. 8961 (4/17/03). The Delaware Public Service Commission ("PSC") also has also stayed Verizon's obligation to provide bill credits resulting from the Slammer Worm attack pending the Delaware PSC's decision on Verizon's waiver request. *In the Matter of the Inquiry into Verizon Delaware Inc.'s Compliance With the Conditions Set Forth in 47 U.S.C. § 271*, DE PSC Docket No. 02-001, Order No. 6136 (4/1/03).

² See, *Petition filed by Bell Atlantic-New York for Approval of a Performance Assurance Plan and Change Control Assurance Plan*, filed in C 97-C-0271, *Notice Inviting Comments*, NY PSC Case 99-C-0949 (4/17/03) (Attachment 1).

April 29, 2003. Verizon VA should not be obligated to provide Slammer Worm related bill credits, which will total \$886,819, while its petition for a waiver is still pending. Accordingly, Verizon VA requests that the Commission stay Verizon VA's obligation to provide VA PAP bill credits resulting from the Slammer Worm until the Commission has ruled on Verizon VA's waiver request.

Respectfully submitted,

Jennifer L. McClellan

600 East Main Street, 11th Floor
Richmond, Virginia 23219
Telephone No. 804-772-1547

Attorney for
Verizon Virginia Inc.

Dated: April 18, 2003

³ For instance, Verizon VA might wish to submit to the Commission Verizon's New York supplemental comments.

ATTACHMENT 1

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 99-C-0949 - Petition filed by Bell Atlantic-New York
for Approval of a Performance Assurance
Plan and Change Control Assurance Plan,
filed in Case 97-C-0271.

NOTICE INVITING COMMENTS

(Issued April 17, 2003)

On March 17, 2003, Verizon New York Inc. (Verizon) filed a petition seeking a waiver of certain Performance Assurance Plan (PAP) results for the month of January 2003, because of the effects of a computer virus (the Slammer Worm), an event that Verizon asserts was beyond its control. Although the PAP contemplates resolution of a waiver prior to the scheduled payment date (payments for January are scheduled for May), additional information pertaining to Verizon's actions is needed prior to rendering a determination. Pending completion of that review, Verizon should withhold the rebate amounts related to the waiver. Pursuant to the PAP, Verizon will compensate competitive carriers for lost interest if the waiver is ultimately denied.

Verizon should file supplemental comments on the following matters: describe Verizon's normal practices for maintaining its software infrastructure, including the process it follows for "obtaining, evaluating, testing and then deploying 'fixes' or improvements to software components across its various systems"¹ (provide a copy of any formal policies and procedures addressing these matters); describe what specific actions Verizon took in response to each of the Microsoft

¹Verizon petition, p. 6.

Bulletins which alerted system administrators to certain software vulnerabilities (which ultimately were attacked by the Slammer Worm), and to security patches available (MS02-039 posted July 24, 2002 and MS02-061 posted October 16, 2002) and the full service pack (Microsoft SQL Server 2000SP3) released January 17, 2003; describe the risk analysis/cost benefit analysis undertaken in the determination not to apply a patch in each instance, including the consideration given to possible failure of PAP metrics (provide a copy of any such analysis); identify how many Microsoft security patches designated as critical were released in 2002 and 2003, state how many Verizon has installed, and, describe generally the rationale for installing some patches and not others.

Verizon should submit ten copies its comments by April 28, 2003, with reply comments due by May 5, 2003. Parties should file 10 copies of their comments with Janet Hand Deixler, Secretary to the Commission, 3 Empire State Plaza, Albany, New York 12223-1350, and also serve copies electronically on each party identified in the active party list for Cases 97-C-0271 and 99-C-0949.

(SIGNED)

JANET HAND DEIXLER
Secretary

CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of April, 2003, a copy of Verizon Virginia Inc.'s Application for Stay in Case No. PUC-2001-00226 was sent as stated below:

Don R. Mueller, Esquire
State Corporation Commission
Office of the General Counsel
Post Office Box 1197
Richmond, Virginia 23218
(Hand-delivered)

C. Meade Browder, Esquire
Office of Attorney General
2nd Floor
900 East Main Street
Richmond, Virginia 23219
(U.S. Mail)

Performance Standards/Remedy Plans Subcommittee of the Collaborative
Committee
(E-Mail)

Jennifer L. McClellan