

DOCKET NO. 10-33

Attachment A

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PUBLIC VERSION -- CONFIDENTIAL MATERIAL OMITTED

Before the
Federal Communications Commission
Washington, D.C. 20554

ACCEPTED/FILED

FEB 26 2018

*Federal Communications Commission
Office of the Secretary*

In the Matter of)

CenturyLink Communications, LLC f/k/a Qwest)
Communications Company, LLC,)

Complainant,)

v.)

Verizon Services Corp.; Verizon Virginia LLC;)
Verizon Washington, D.C., Inc.; Verizon Maryland)
LLC; Verizon Delaware LLC; Verizon Pennsylvania)
LLC; Verizon New Jersey Inc.; Verizon New York)
Inc.; Verizon New England Inc.; Verizon North LLC;)
Verizon South Inc.,)

Defendants.)

Docket No. 10-33

File No. EB-16-MDIC-0015

DOCKET FILE COPY ORIGINAL

FORMAL COMPLAINT OF CENTURYLINK COMMUNICATIONS, LLC

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February 26, 2018

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February 26, 2018

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VIA HAND DELIVERY

ACCEPTED/FILED

FEB 26 2018

Federal Communications Commission
Office of the Secretary

Marlene H. Dortch
Office of the Secretary
Market Disputes Resolution Division
Enforcement Bureau
Federal Communication Commission
445 12th Street, SW
Washington, D.C. 20554

Re: CenturyLink Communications, LLC f/k/a Qwest Communications Company, LLC v. Verizon Services Corp., et al., EB Docket No. 10-33, File No. EB-16-MDIC-0015

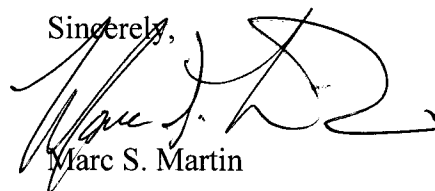
Dear Ms. Dortch:

CenturyLink Communications, LLL f/k/a Qwest Communications Company, LLC ("CenturyLink") submits for filing the Public Version of its Formal Complaint ("Complaint") against Verizon Services Corp.; Verizon Virginia LLC; Verizon Washington, D.C., Inc.; Verizon Maryland LLC; Verizon Delaware LLC; Verizon Pennsylvania LLC; Verizon New Jersey Inc.; Verizon New York Inc.; Verizon New England Inc.; Verizon North LLC; Verizon South Inc. (collectively, Verizon"). Consistent with the Commission's rules and the Protective Order entered by the Commission's Enforcement Bureau on February 9, 2018, this Public Version is being filed on ECFS.

CenturyLink is filing by hand with the Secretary's office an original and the required number of paper copies of the Confidential Version of the Complaint. Electronic courtesy copies of both versions of the submission are also being provided on DVDs to the Secretary's office and the Commission's Enforcement Bureau. All exhibits as well as native versions of supporting Excel spreadsheets and .zip files that could not be printed for the paper filings are included on the Confidential DVD. In addition, electronic copies of both the Confidential and Public Versions of the Complaint are being served on counsel for Verizon.

Please contact me if you have any questions.

Sincerely,



Marc S. Martin

Ms. Marlene H. Dortch
February 26, 2018
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Enclosures

cc: Lisa Saks, Market Disputes Resolution Div., Federal Communications Commission
Curtis Groves, Verizon
Joshua D. Branson, Kellogg Hansen P.L.L.C.

PUBLIC VERSION

FCC 485
November
2014Federal Communications Commission
Washington, D.C. 20554OMB Control Number
3060-0411SECTION 208 FORMAL
COMPLAINT INTAKE FORM

1. Case Name:	CenturyLink Communications, LLC v. Verizon Services Corp., DOCKET NO. 18-33, FILE NO. EB-16-MDIC-0015
2. Complainant's Name, Address, Phone and Facsimile Number, e-mail address (if applicable):	CenturyLink Communications, LLC f/k/a Qwest Communications Co., LLC, 1801 California Street, Denver, CO 80202, (303) 383-6650; adam.sherr@CenturyLink.com
3. Defendant's Name, Address, Phone and Facsimile Number (to the extent known), e-mail address (if applicable):	Verizon Services Corporation, et al., 22001 Loundoun County Parkway, Ashburn, VA 20147, (703) 729-5931, curtis.groves@verizon.com
4. Complaint alleges violation of the following provisions of the Communications Act of 1934, as amended:	Sections 201(b) and 203(c)

Answer (Y)es, (N)o or N/A to the following:

- Y 5. Complaint conforms to the specifications prescribed by 47 C.F.R. Section 1.734.
- Y 6. Complaint complies with the pleading requirements of 47 C.F.R. Section 1.720.
- Y 7. Complaint conforms to the format and content requirements of 47 C.F.R. Section 1.721, including but not limited to:
- Y a. Complaint contains a complete and fully supported statement of facts, including a detailed explanation of the manner in which the defendant is alleged to have violated the provisions of the Communications Act of 1934, as amended, or Commission rules or Commission orders.
- Y b. Complaint includes proposed findings of fact, conclusions of law, and legal analysis relevant to the claims and arguments set forth in the Complaint. (subject to waiver)
- Y c. If damages are sought in this Complaint, the Complaint comports with the specifications prescribed by 47 C.F.R. Section 1.722(a), (c).
- N/A d. Complaint contains a certification that complies with 47 C.F.R. Section 1.721(a)(8), and thus includes, among other statements, a certification that: (1) complainant mailed a certified letter outlining the allegations that formed the basis of the complaint it anticipated filing with the Commission to the defendant carrier; (2) such letter invited a response within a reasonable period of time; and (3) complainant has, in good faith, discussed or attempted to discuss, the possibility of settlement with each defendant prior to the filing of the formal complaint. (subject to waiver)
- N e. A separate action has been filed with the Commission, any court, or other government agency that is based on the same claim or the same set of facts stated in the Complaint, in whole or in part. If yes, please explain:
- N f. Complaint seeks prospective relief identical to the relief proposed or at issue in a notice-and-comment proceeding that is concurrently before the Commission. If yes, please explain:
- Y g. Complaint includes an information designation that contains:
- N/A (1) A complete description of each document, data compilation, and tangible thing in the complainant's possession, custody, or control that is relevant to the facts alleged with particularity in the Complaint, including: (a) its date of preparation, mailing, transmittal, or other dissemination, (b) its author, preparer, or other source, (c) its recipient(s) or intended recipient(s), (d) its physical location, and (e) its relevance to the matters contained in the Complaint; and (subject to waiver)
- Y (2) The name, address, and position of each individual believed to have firsthand knowledge of the facts alleged with particularity in the Complaint, along with a description of the facts within any such individual's knowledge; and
- Y (3) A complete description of the manner in which the complainant identified all persons with information and designated all documents, data compilations, and tangible things as being relevant to the dispute, including, but not limited to, identifying the individual(s) that conducted the information search and the criteria used to identify such persons, documents, data compilations, tangible things, and information.
- Y h. Attached to the Complaint are copies of all affidavits, tariff provisions, written agreements, offers, counter-offers, denials, correspondence, documents, data compilations, and tangible things in the complainant's possession, custody, or control, upon which the complainant relies or intends to rely to support the facts alleged and legal arguments made in the Complaint.
- Y i. Certificate of service is attached and conforms to the specifications prescribed by 47 C.F.R. Sections 1.47(g) and 1.735(f).
- Y j. Verification of payment of filing fee in accordance with 47 C.F.R. Sections 1.721(13) and 1.1106 is attached.
- N/A 8. If complaint is filed pursuant to 47 U.S.C. Section 271(d)(6)(B), complainant indicates therein whether it is willing to waive the 90-day complaint resolution deadline.

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- Y 9. All reported FCC orders relied upon have been properly cited in accordance with 47 C.F.R. Sections 1.14 and 1.720(i).
- Y 10. Copy of Complaint has been served by hand-delivery on either the named defendant or one of the defendant's registered agents for service of process in accordance with 47 C.F.R. Section 1.47(e) and 47 C.F.R. Section 1.735(c). (subject to waiver)
- Y 11. If more than ten pages, the Complaint contains a table of contents and summary, as specified in 47 C.F.R. Section 1.49(b) and (c).
- Y 12. The correct number of copies required by 47 C.F.R. Section 1.51(c), if applicable, and 47 C.F.R. Section 1.735(b) have been filed.
- Y 13. Complaint has been properly signed and verified in accordance with 47 C.F.R. Section 1.52 and 47 C.F.R. Section 1.734(c).
- N/A 14. If Complaint is by multiple complainants, it complies with the requirements of 47 C.F.R. Section 1.723(a).
- Y 15. If Complaint involves multiple grounds, it complies with the requirements of 47 C.F.R. Section 1.723(b).
- Y 16. If Complaint is directed against multiple defendants, it complies with the requirements of 47 C.F.R. Section 1.735(a)-(b).
- Y 17. Complaint conforms to the specifications prescribed by 47 C.F.R. Section 1.49.

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**Before the
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Washington, D.C. 20554**

In the Matter of)	
)	
CenturyLink Communications, LLC f/k/a Qwest)	
Communications Company, LLC,)	
)	
Complainant,)	Docket No. 10-33
v.)	File No. EB-16-MDIC-0015
)	
Verizon Services Corp.; Verizon Virginia LLC;)	
Verizon Washington, D.C., Inc.; Verizon Maryland)	
LLC; Verizon Delaware LLC; Verizon)	
Pennsylvania LLC; Verizon New Jersey Inc.;)	
Verizon New York Inc.; Verizon New England Inc.;)	
Verizon North LLC; Verizon South Inc.,)	
)	
Defendants.)	

FORMAL COMPLAINT OF CENTURYLINK COMMUNICATIONS, LLC

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February 26, 2018

*Attorneys for CenturyLink
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**Before the
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In the Matter of)	
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CenturyLink Communications, LLC)	
f/k/a Qwest Communications Company,)	
LLC,)	
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Complainant,)	
v.)	Docket No. 18-33
)	File No. EB-16-MDIC-0015
Verizon Services Corp.; Verizon)	
Virginia LLC; Verizon Washington,)	
D.C., Inc.; Verizon Maryland LLC;)	
Verizon Delaware LLC; Verizon)	
Pennsylvania LLC; Verizon New Jersey)	
Inc.; Verizon New York Inc.; Verizon)	
New England Inc.; Verizon North LLC;)	
Verizon South Inc.,)	
)	
Defendants.)	

FORMAL COMPLAINT OF CENTURYLINK COMMUNICATIONS, LLC

INTRODUCTION AND SUMMARY

1. Pursuant to Sections 201, 207, and 208 of the Communications Act as amended (the "Act"), 47 U.S.C. §§ 201, 207, and 208, and Sections 1.720 *et seq.* of the Commission's Rules, 47 C.F.R. §§ 1.720 *et seq.*, Complainant CenturyLink Communications LLC, f/k/a Qwest Communications Company, LLC ("CenturyLink") submits this formal complaint against the above-captioned Verizon entities (individually and collectively, "Verizon").

2. CenturyLink was a customer of Verizon's special access services, which CenturyLink in turn used to serve its customers. Already parties to a 2006 Master Services

Agreement, CenturyLink and Verizon entered into two related service agreements in 2009 and 2014 [[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED] [[END CONFIDENTIAL]] Both service agreements were memorialized as contract tariffs filed with the Federal Communications Commission (“FCC” or “Commission”), which expressly stated that the purpose of the tariff filings was to provide billing credits to the customer when the customer satisfied certain requirements related to special access services as described in the tariffs.² [[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED] [[END CONFIDENTIAL]]

3. Verizon failed to abide by the terms of the tariff discount arrangement. Verizon chronically overcharged CenturyLink by miscalculating the value [[BEGIN CONFIDENTIAL]] [REDACTED] [[END CONFIDENTIAL]]

It did so despite being repeatedly informed of its errors. Furthermore, Verizon systematically frustrated CenturyLink’s ability to dispute Verizon’s chronic overcharges by [[BEGIN CONFIDENTIAL]] [REDACTED]

¹ In this Formal Complaint, CenturyLink uses “[[BEGIN CONFIDENTIAL . . . END CONFIDENTIAL]]” to identify “Confidential Information” in accordance with the Protective Order in this proceeding. *See* Protective Order, *CenturyLink Communications, LLC v. Verizon Services Corp.*, Docket No. 18-33, File No. 16-MDIC-0015, at 2-3, attached to Letter Ruling from Lisa B. Griffin, Deputy Chief, Market Disputes Resolution Div., Enforcement Bureau dated February 9, 2018 (the “February 9 Letter Ruling”). Out of an abundance of caution, CenturyLink has redacted text from the Formal Complaint and supporting materials that may be viewed by Verizon as being Confidential Information. If the Commission disagrees, or desires that the parties and Staff work together to further limit the use of Confidential Information designations, CenturyLink would be pleased to participate in that process.

² *See infra* ¶¶ 26, 31.

³ *Id.*

[REDACTED] [[END

CONFIDENTIAL]]

4. As set forth below and in the supporting Declaration of Tiffany Brown [[BEGIN
CONFIDENTIAL]] [REDACTED]

[REDACTED] [[END CONFIDENTIAL]] Those tariff violations included
miscounting (and double-counting) circuit units it managed for CenturyLink, and inefficiently
and unreasonably deploying CenturyLink-dedicated circuits. As a consequence of these
practices, [[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED] [[END CONFIDENTIAL]] and thus
overcharged CenturyLink by retaining more compensation than the tariff rate allowed. [[BEGIN
CONFIDENTIAL]] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [[END CONFIDENTIAL]]

Furthermore, Verizon refused to correct its errors despite CenturyLink disputing the same errors
quarter after quarter.

5. Verizon also engaged in a number of unjust and unreasonable practices that
further frustrated CenturyLink's ability to obtain the correct tariffed rates under the credit
agreements, [[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] **[[END CONFIDENTIAL]]** Verizon's violations of the service agreements and tariffs, combined with its related unjust and unreasonable practices, materially impeded CenturyLink's ability to detect and dispute the full scope of Verizon's breaches, and have significantly undermined the discounted rates promised by Verizon under the tariffs.

6. Accordingly, CenturyLink requests that the Commission: (1) investigate and find that Verizon has violated its filed tariffs as well as Sections 201(b) and 203(c) of the Act; (2) find that as a consequence of these violations Verizon is obligated to refund to CenturyLink the overcharged amounts (plus interest and attorney's fees) pursuant to the tariffs and the filed tariff doctrine; and (3) direct Verizon to pay those amounts as well as immediately release all undisputed credit amounts Verizon owes to CenturyLink.

PARTIES

7. CenturyLink is a Delaware limited liability company with its principal place of business at 1801 California Street, Denver, Colorado 80202. In addition to information services, video services, and other offerings not relevant here, CenturyLink offers a variety of telecommunications services throughout the nation. This Formal Complaint relates to CenturyLink's purchase of DS1 and DS3 special access services from Verizon. Pursuant to 47

⁴**[[BEGIN CONFIDENTIAL]]** [REDACTED]

[[END CONFIDENTIAL]]

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C.F.R. § 1.721(a)(3), the names, addresses, telephone numbers and email addresses of CenturyLink's counsel are listed on the cover page of this Complaint.

8. Defendant Verizon Services Corporation is a Delaware corporation with its principal place of business at 22001 Loudoun County Parkway, Ashburn, Virginia 20147.⁵

9. Defendant Verizon Virginia LLC is a Virginia limited liability company with its principal place of business at 22001 Loudoun County Parkway, Ashburn, Virginia 20147.

10. Defendant Verizon Washington, D.C. Inc. is a New York corporation with its principal place of business at 1300 I Street, Suite 500 East, Washington, D.C. 20005.

11. Defendant Verizon Maryland LLC is a Delaware limited liability company with its principal place of business at 1 East Pratt Street, Baltimore, Maryland 21202.

12. Defendant Verizon Delaware LLC is a Delaware limited liability company with its principal place of business at 901 Tatnall Street, Wilmington, Delaware 19801.

13. Defendant Verizon Pennsylvania LLC is a Delaware limited liability company with its principal place of business at 1717 Arch Street, Philadelphia, Pennsylvania 19103.

14. Defendant Verizon New Jersey Inc. is New Jersey corporation with its principal place of business at One Verizon Way, Basking Ridge, New Jersey 07920.

15. Defendant Verizon New York Inc. is a New York corporation with its principal place of business at 140 West Street, 27th Floor, New York, New York 10007.

16. Defendant Verizon New England Inc. is a New York corporation with its principal place of business at 6 Bowdoin Square, 9th Floor, Boston, Massachusetts 02114.

⁵ Party information for the Verizon defendants is based on CenturyLink's knowledge and belief following a review of public sources.

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17. Defendant Verizon North LLC (f/k/a Verizon North Retain Co.) is a Delaware limited liability company with its principal place of business at 1717 Arch Street, 3rd Floor, Philadelphia, Pennsylvania 19103.

18. Defendant Verizon South Inc. is a Virginia corporation with its principal place of business at 22001 Loudoun County Parkway, Ashburn, Virginia 20147.

19. Verizon Virginia LLC, Verizon Washington, D.C., Inc., Verizon Maryland LLC, Verizon Delaware LLC, Verizon Pennsylvania LLC, Verizon New Jersey Inc., Verizon New York Inc., Verizon New England Inc., Verizon North LLC, and Verizon South Inc. shall hereinafter be collectively referred to as the "Verizon Operating Companies."⁶ These entities may be served with process through their agent CT Corporation System, 1015 15th Street NW, Washington, D.C. 20030.⁷

PROCEDURAL HISTORY

20. CenturyLink repeatedly attempted to address these issues directly with Verizon prior to bringing these matters to the Commission. When CenturyLink's repeated dispute submissions and related attempts at dialogue proved fruitless, CenturyLink submitted a formal dispute notice letter to Verizon dated March 21, 2016 **[[BEGIN CONFIDENTIAL]]** [REDACTED]

⁶ Three additional Verizon operating entities under the agreements, Verizon Florida LLC, GTE Southwest, and Verizon California Inc., were later sold to Frontier Communications Corporation ("Frontier") on April 1, 2016 after commencement of these disputes.

⁷ This information is publicly available via the FCC Form 499 Filer Database, <http://apps.fcc.gov/cgb/form499/499a.cfm>.

██████████[[END CONFIDENTIAL]]⁸ Verizon rejected CenturyLink's dispute letter [[BEGIN CONFIDENTIAL]] ██████████

██████████[[END CONFIDENTIAL]] on May 31, 2016.⁹

CenturyLink then proceeded to file an Informal Complaint with the Commission on June 17, 2016 in File No. EB-16-MDIC-0015.¹⁰ Verizon provided its response on August 3, 2016.¹¹ At the request of the Enforcement Bureau, CenturyLink provided a reply to Verizon's response on November 18, 2016.¹² The parties also engaged in voluntary mediation and information exchanges. Despite those efforts, the parties have not resolved these matters, and CenturyLink's Informal Complaint has not been satisfied.

21. The six-month relation back date under Section 1.718 of the Commission's rules was originally February 3, 2017. In light of the mediation and related considerations, including settlement discussions, the parties submitted a series of consent petitions requesting that the Enforcement Bureau waive the six-month formal complaint filing deadline of Section 1.718, and extend the relation back date while tolling applicable statutes of limitation. Those consent petitions were granted, with the current relation back date established as and including February 26, 2018 pursuant to the February 9 Letter Ruling. This formal complaint relates back to the

⁸ See Ex. 40.22, Dispute Notice Letter from Patrick Welch (CenturyLink) to Verizon, *Re: Dispute Notice and Request for Informal Dispute Resolution*, dated Mar. 21, 2016.

⁹ See Ex. 40.23, Response to Dispute Notice Letter from David Szol (Verizon) to Patrick Welch (CenturyLink), dated May 31, 2016.

¹⁰ *Informal Complaint Filed by CenturyLink Communications, LLC, Against Verizon Services Corp. (Public)*, FCC File No. EB-16-MDIC-0015 (filed June 17, 2016) ("Informal Complaint").

¹¹ *Verizon Response to CenturyLink's Informal Complaint (Public)*, FCC File No. EB-16-MDIC-0015 (filed August 3, 2016) ("Verizon Response").

¹² *CenturyLink Reply to Verizon Response to CenturyLink's Informal Complaint (Public)*, FCC File No. EB-16-MDIC-0015 (filed November 18, 2016) ("CenturyLink Reply").

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Informal Complaint pursuant to 47 C.F.R. § 1.718, as it has been filed by the applicable relation back date, makes reference above to the date of CenturyLink's Informal Complaint, and is based on the same cause of action as the Informal Complaint.

JURISDICTION

22. The Commission has jurisdiction over this Formal Complaint under Sections 201, 203 and 205-209 of the Act, 47 U.S.C. §§ 201, 203, 205, 206, 207, 208 and 209, and Section 1.720 *et seq.* of its Rules.¹³ Verizon Services Corporation is an indirect wholly-owned subsidiary of Verizon Communications Inc., and has described itself as a local exchange carrier (or "LEC") that, together with the other wholly-owned Verizon Communications Inc. subsidiaries above and as set forth in the agreements, provides telecommunications services to retail and wholesale customers in Virginia and other parts of the United States.¹⁴ Verizon Services Corporation and the Verizon Operating Companies are common carriers subject to Title

¹³ 47 C.F.R. §§ 1.720 *et seq.* The Commission's formal complaint process is available in the special access context, including time division multiplexing ("TDM")-based services. *See, e.g., In re Special Access for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, Report and Order, FCC 12-92, ¶ 84 (2012); *In re Investigation of Certain Price Cap Local Exchange Carrier Business Data Services Tariff Pricing Plans*, WC Docket No. 15-247, Order Initiating Investigation and Designating Issues for Investigation, DA 15-1194, ¶¶ 2, 19 (2015); *Tariff Investigation Order and Further Notice of Proposed Rulemaking*, WC Docket No. 16-143, No. 15-247, No. 05-25, RM-10593, FCC 16-54, ¶¶ 25, 440, 515-6 (2016) (noting that Verizon's deemed grant of Title II forbearance excludes TDM special access services).

¹⁴ *See Ex. 69, Verizon Virginia LLC, et al. v. XO Communications, LLC and XO Virginia LLC*, Civil Action No. 3:15-CV-00171, Complaint, at ¶¶ 5-19 (E.D. Va. March 19, 2015) (Verizon Services Corporation and affiliated operating companies are "local exchange carriers (or 'LECs') that provide telecommunications services to retail and wholesale customers in Virginia and other parts of the country.") (emphasis added).

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II of the Act.¹⁵ Verizon Services Corporation and the Verizon Operating Companies are further subject to Commission jurisdiction as a joint enterprise based on their individual and collective actions in providing **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[REDACTED] **[[END CONFIDENTIAL]]** related tariffs.¹⁶ Verizon Services Corporation and the Verizon Operating Companies are likewise subject to the Commission's jurisdiction under 47 U.S.C. § 411 and 47 C.F.R. § 1.735(a).

STATEMENT REGARDING SUPPORTING MATERIAL AND REQUIRED CERTIFICATIONS

23. As part of this Formal Complaint, CenturyLink is including a complete statement of facts establishing that Verizon has violated the Communications Act as well as certain tariffs and related agreements.¹⁷ Along with this Formal Complaint, CenturyLink is also providing (i) a Legal Analysis that explains how Verizon has violated the Act as well as its tariffs and agreements with CenturyLink (Tab A), (ii) summary of the governing agreements (Tab B), (iii) supporting Declarations by Tiffany Brown (Tab C, "Brown Decl.") and Patrick Welch (Tab D,

¹⁵ 47 U.S.C. § 153; *see, e.g., In re Section 63.71 Application of Verizon for Authority Pursuant to Section 214 of the Communications Act of 1934*, WC 16-219 (June 7, 2016) (listing Verizon Services Corporation and other affiliates as domestic common carriers).

¹⁶ *See, e.g., In re Improving Public Safety Communications in the 800 MHz Band*, Fifth Report and Order, Eleventh Report and Order, Sixth Report and Order, and Declaratory Ruling, 25 FCC Rcd. 13874, *13887-88 (2010) (under Commission's enterprise liability analysis, "[w]here the statutory purpose could . . . be easily frustrated through the use of separate . . . entities, the Commission is entitled to look through corporate form and treat the separate entities as one and the same for purposes of regulation" and has "treated affiliated entities collectively where necessary to ensure compliance with the Communications Act and Commission policies and regulations.").

¹⁷ *See infra*, ¶¶ 25-99; *see also* supporting Declarations of Tiffany Brown and Patrick Welch.

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“Welch Decl.”); (iv) an information designation that is consistent with the Staff’s February 9, 2018 Letter Ruling (Tab E), (v) proposed interrogatory requests (Tab F), (vi) other forms and certifications required by the Commission’s Rules and subject to the Staff’s February 9, 2018 Letter Ruling, and (vii) exhibits of the documents, data, and other information upon which it relies in support of this Formal Complaint (Tab G).¹⁸ Pursuant to 47 C.F.R. § 1.721(a)(9), CenturyLink states that it has not filed, with the Commission or any other government agency, a separate action against Verizon that is based on the same claim or same set of facts, in whole or in part. This Complaint does not seek prospective relief identical to the relief proposed or at issue in a notice-and-comment proceeding that is concurrently before the Commission.

24. CenturyLink is filing a public version and a confidential version of the Formal Complaint. This Formal Complaint and supporting material contain certain information and documents that have been designated as confidential pursuant to the Protective Order in this proceeding. The public version is redacted of these materials. In the confidential version, CenturyLink is filing these materials under seal on an unredacted basis pursuant to the Protective Order agreed to by the parties and entered by the Commission on February 9, 2018.

FACTS IN SUPPORT OF THE FORMAL COMPLAINT

I. BACKGROUND

25. The **[[BEGIN CONFIDENTIAL]]** [REDACTED] **[[END CONFIDENTIAL]]** tariffs provided CenturyLink a discount off of Verizon’s standard rates for

¹⁸ In accordance with the Staff’s February 9, 2018 Letter Ruling, CenturyLink is not providing (1) proposed findings of fact and conclusions of law, (2) a document log, or (3) a certification regarding settlement discussions.

DS1 and DS3 special access services.¹⁹ Specifically, CenturyLink was to be charged a flat (discounted) rate for each circuit.²⁰ Rather than simply assess CenturyLink the discounted rate each month, Verizon's contract tariff worked as follows: (1) Verizon was required to accurately bill CenturyLink on a monthly basis for the circuits that CenturyLink used; (2) CenturyLink would initially pay Verizon the undiscounted rates for the special access circuits; and then (3) Verizon would issue quarterly credits to CenturyLink that were equal to the difference between the undiscounted rates and the plan's discounted rates under the contract tariffs.²¹

26. In this arrangement, the tariff rate that CenturyLink received for special access services was delivered by the credits it received from Verizon, the calculation of which was the central feature of the contract tariffs **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[REDACTED]
[REDACTED]

[REDACTED] **[[END CONFIDENTIAL]]**

As a result of Verizon's violations of the contract tariffs **[[BEGIN CONFIDENTIAL]]** [REDACTED]

¹⁹ See Ex. 14, Verizon FCC Tariff No. 1 § 21, Option 57(H); Ex. 15, Verizon FCC Tariff No. 11 § 32, Option 55(H); Ex. 16, Verizon FCC Tariff No. 14 § 21, Option 29(H); Ex. 17, Verizon FCC Tariff No. 1 § 21, Option 65(G); Ex. 18, Verizon FCC Tariff No. 11 § 32, Option 65(G); Ex. 19, Verizon FCC Tariff No. 14 § 21, Option 34(G).

²⁰ *Id.*

²¹ *Id.*

²² See, e.g., Ex. 29, Verizon Telephone Companies, Transmittal No. 1261 (February 12, 2014), at 2; Ex. 28, Transmittal No. 1016 (May 15, 2009); see also Ex. 5, 2014 Service Agreement, Ex. B, Section 1; Ex. 3, 2009 Service Agreement, Exhibit B, Section 1.

²³ See *infra*, ¶¶ 72-80; see, e.g., Brown Decl. ¶¶ 35, 40, 42-43, 46-47, 58-59, 64-65, 69-70, 74-75, 79-80, 85-86, 94, 98, 103, 109, 114, 119.

██████████ [[BEGIN CONFIDENTIAL]] the final rate that CenturyLink was charged was far higher than the tariff rate.

A. Summary of Relevant Agreements Between CenturyLink and Verizon

27. [[BEGIN CONFIDENTIAL]] ██████████

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²⁴ For reference, the relevant contracts are: (1) the 2006 Master Services Agreement (“MSA”) (attached as Ex. 1; previously filed as Appendix 12 to CenturyLink’s Reply, File No. EB-16-MDIC-0015 (November 18, 2016)); (2) Amended and Restated Attachment 2 to the MSA, as further amended (attached as Ex. 6); (3) Attachment 11 to the MSA (attached as Ex. 2, previously filed as Appendix 13 to CenturyLink’s Reply, File No. EB-16-MDIC-0015, (November 18, 2016)); (4) 2009 Service Agreement (attached as Ex. 3, previously filed as Appendix 2 to Verizon’s Response, File No. EB-16-MDIC-0015 (August 3, 2016)); (5) Attachment 13 to the MSA (attached as Ex. 4, previously filed as Appendix 14 to CenturyLink’s Reply, File No. EB-16-MDIC-0015 (November 18, 2016)); and (6) the 2014 Service Agreement (attached as Ex. 5, previously filed as Appendix 1 to Verizon’s Response, File No. EB-16-MDIC-0015 (August 3, 2016)). The 2009 Service Agreement was filed, in part, as a contract tariff at Ex. 14, Tariff No. 1, § 21, Option 57; Ex. 15, Tariff No. 11 § 32, Option 55; and Ex. 16, Tariff No. 14 § 21, Option 29. The 2014 Service Agreement was filed as Ex. 17, Tariff No. 1 § 21, Option 65; Ex. 18, Tariff No. 11 § 32, Option 65; and Ex. 19, Tariff No. 14 § 21, Option 34.

²⁵ Ex. 1; MSA § 5.1.

²⁶ Ex. 1, MSA § 1.

²⁷ *Id.*; Ex. 6, Amended and Restated Attachment 2 to the MSA (May 6, 2009).

²⁸ *Id.*

[REDACTED] [[END
CONFIDENTIAL]]

28. The parties executed two service agreements (memorialized as contract tariffs)

[[BEGIN CONFIDENTIAL]] [REDACTED]
[REDACTED] [[END CONFIDENTIAL]]—the 2009 Service Agreement and the

2014 Service Agreement.³⁰ [[BEGIN CONFIDENTIAL]] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

²⁹ Ex. 1, MSA § 11.3.

³⁰ See Ex. 3, 2009 Service Agreement; Ex. 5, 2014 Service Agreement; Ex. 14, Verizon FCC Tariff No. 1 § 21, Option 57; Ex. 15, Verizon FCC Tariff No. 11 § 32, Option 55; Ex. 16, Verizon FCC Tariff No. 14 § 21, Option 29; Ex. 17, Verizon FCC Tariff No. 1 § 21, Option 65; Ex. 18, Verizon FCC Tariff No. 11 § 32, Option 65; Ex. 19, Verizon FCC Tariff No. 14 § 21, Option 34.

³¹ See Ex. 3, 2009 Service Agreement, Ex. B § 7; Ex. 5, 2014 Service Agreement, Ex. B § 8. The DS3 CLF, DS3 CLS, and DS1 qualifying services were transcribed into units for the quarterly credit calculations according to the following definitions, all of which had to bill qualifying monthly recurring charges. DS3 CLF Units were “Individual Special Access DS3 circuits identified with carrier facility formatting[.]” See, e.g., Ex. 17, Verizon FCC Tariff No. 1 § 21, Option 65(B)(19). DS3 CLS Units were “Individual Special Access DS3 circuits identified with serial number formatting[.]” See, e.g., Ex. 17, Verizon FCC Tariff No. 1 § 21, Option 57(B)(19). DS1 Units are Special Access DS1 services that meet certain specific tariff definitions. See Ex. 21, Verizon FCC Tariff No. 1, Section 7.1.2(A), Ex. 24, Verizon FCC Tariff No. 11, Section 7.1.2(A), Ex. 26, Verizon FCC Tariff No. 14, Section 5.1.1(C), (iv); Ex. 27, Verizon FCC Tariff No. 16, Section 7.2.1(A).

[REDACTED] **[[END CONFIDENTIAL]]** The specifics of Verizon's rate discount are further discussed below.

29. A full description of the interrelationship of these agreements is set forth in Tab B.

B. Verizon's Flat Rate Tariffed Pricing

30. Under the contract tariffs **[[BEGIN CONFIDENTIAL]]** [REDACTED] **[[END CONFIDENTIAL]]** Verizon's discount plan provided CenturyLink with initial (undiscounted) rates for the various special access services CenturyLink received.³³ CenturyLink paid the undiscounted rates for special access services on a monthly basis, and at the end of each quarter of the plan Verizon was required to issue a credit equal to the difference between the undiscounted rates and the discounted rates under the contract tariffs.³⁴ **[[BEGIN CONFIDENTIAL]]** [REDACTED]

³² See Ex. 3, 2009 Service Agreement, Ex. B § 7; Ex. 5, 2014 Service Agreement, Ex. B § 8.

³³ See Ex. 14, Verizon FCC Tariff No. 1 § 21, Option 57; Ex. 15, Verizon FCC Tariff No. 11 § 32, Option 55; Ex. 16, Verizon FCC Tariff No. 14 § 21, Option 29; Ex. 17, Verizon FCC Tariff No. 1 § 21, Option 65; Ex. 18, Verizon FCC Tariff No. 11 § 32, Option 65; Ex. 19, Verizon FCC Tariff No. 14 § 21, Option 34.

³⁴ See *id.*; see also Brown Decl. ¶ 8. **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[[END CONFIDENTIAL]] See Ex. 2, Attachment 11 to the MSA, § 1. **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[[END CONFIDENTIAL]] See Ex. 5, Attachment 13 to the MSA, § 1. The Formal Complaint and supporting materials use "Flat Rate Price Flex Deal" to refer to this general tariff arrangement where distinctions are not material.

³⁵ See Ex. 3, 2009 Service Agreement, Ex. B, Attachment 1; Ex. 5, 2014 Service Agreement, Ex. B, Attachment 1.



[[END CONFIDENTIAL]]

31. The contract tariffs made clear that the billing credits were the central component for the Flat Rate Price Flex Deal, and were the entire purpose behind the tariff arrangement.³⁶ Verizon's tariff transmittals likewise explained that "[w]ith this Contract Option, the customer can receive billing credits on certain access services when the customer satisfies certain eligibility requirements and other conditions as further described in the attached tariff pages."³⁷

[[BEGIN CONFIDENTIAL]]



³⁶ See, e.g., Ex. 14, Verizon FCC Tariff No. 1 § 21, Option 57(A) (contract tariff provides customer "with certain Billing Credits ... on certain services offered by the Telephone Company when the customer satisfies the criteria as set forth in this Option 57"); Ex. 17, Tariff No. 1 § 21, Option 65(A) (contract tariff provides customer "with certain aggregate discounts and Billing Credits ... on certain services offered by the Telephone Company when the customer satisfies the criteria as set forth in this Option 65.").

³⁷ Ex. 29, Verizon Telephone Companies, Transmittal No. 1261 (February 12, 2014), at 2; see also Ex. 28, Transmittal No. 1016 (May 15, 2009) ("With this Option, the customer can receive Quarterly Billing Credits and other benefits when the customer maintains certain billed volumes of Special Access Qualifying Services that are included in this new Option, and meets other criteria as specified in the attached tariff pages.").

██████████ [[END CONFIDENTIAL]]

32. Because the ultimate rates for the special access services were calculated quarterly based on the credits, the tariffs consequently required Verizon to correctly designate circuits as qualifying units in order to properly calculate and provide the credits to CenturyLink.³⁹ Yet Verizon habitually erred in designating circuits as qualifying units and in calculating the quarterly credits owed to CenturyLink.⁴⁰ Verizon repeated these errors over multiple quarters despite being on notice of its errors. Those recurring errors resulted in extensive overcharges to CenturyLink in violation of the tariffs and the Flat Rate Price Flex Deal.

33. Under the tariffs, Verizon was also required to provide the billing credits no later than sixty (60) calendar days following the end of the applicable quarter.⁴¹ Yet Verizon routinely did not issue the quarterly credits within sixty days of the end of the quarter as required

³⁸ Ex. 5, 2014 Service Agreement, Ex. B, Section 1 (emphasis added); *see also* Ex. 3, 2009 Service Agreement, Exhibit B, Section 1 (same).

³⁹ As used here, the term “unit” is a term of art defined in the tariffs and is pertinent to the quarterly credit calculations. *See* Brown Decl. ¶ 7; *e.g.*, Ex. 14, Verizon FCC Tariff No. 1 § 21, Option 57(H)(1) (“The Telephone Company shall determine on a Quarterly basis the Billed Qualifying Service Revenue and Billed Qualifying Service Units for each Qualifying Service. The Billing Credits for each of the three Qualifying Services (i.e., DS1 Qualifying Services, Multiplexed DS3 Qualifying Services and PTP DS3 Qualifying Services) will be an amount equal to the applicable Billed Qualifying Service Revenue . . . for the applicable Quarter minus the revenues derived from the Flat Rate pricing for the applicable Billed Qualifying Service Units (i.e., Billed DS1 Units, Billed Multiplexed DS3 Units, and Billed PTP DS3 Units) for the same Quarter.”).

⁴⁰ Brown Decl. ¶¶ 33-129.

⁴¹ *See* Ex. 14, Verizon FCC Tariff No. 1 § 21, Option 57(H)(4); Ex. 15(H)(4); Ex. 16(H)(4); Ex. 17(G)(1)(g); Ex. 18(G)(1)(g); Ex. 19(G)(1)(g).

by the tariffs.⁴² [[BEGIN CONFIDENTIAL]] [REDACTED]

[[END CONFIDENTIAL]]

34. This dispute consequently arises from Verizon's miscalculations and refusal to rectify them and Verizon's related unjust and unreasonable practices as discussed further below.

C. Verizon's Tariff Violations and Unjust and Unreasonable Practices

35. Verizon's practices violated the language of the agreements and tariffs, resulting in overcharges to CenturyLink in the following ways:

- overcounting equivalents for DS3 CLF units;
- including units without Qualifying USOCs in the quarterly credit calculation;
- double-counting meet-point circuits;
- misdesignating DS3 CLF units;
- misdesignating DS0 circuits as DS1 units; and
- failing to optimize circuit routing.

36. The tables below summarize Verizon's overcharges by category and by quarter. A complete analysis and computation of these categories is provided in the supporting Declaration of Tiffany Brown, Tab C.⁴³

[[BEGIN CONFIDENTIAL]] [REDACTED]

⁴² See *infra*, ¶¶ 72-80.

⁴³ See also Exs. 31-36; 47 C.F.R. § 1.722(a), (b), (h).

[REDACTED]

[REDACTED]

[REDACTED]

37. [REDACTED]

[REDACTED]

⁴⁴ See Brown Decl. ¶ 29.

[REDACTED]
[REDACTED] **[[END CONFIDENTIAL]]**

38. Three Verizon Operating Companies were sold to Frontier in April 2016 during Plan Year 3 Quarter 1. **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[REDACTED] **[[END CONFIDENTIAL]]** This

demonstrates that the below errors by Verizon were not based on a valid interpretation of the tariffs, and that Verizon's related practices were unreasonable.

39. Each of the categories of Verizon's errors is described below, **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[REDACTED] **[[END CONFIDENTIAL]]**

1. Verizon Overcounted Equivalents of DS3 CLF Units in FMS LATAs

40. This issue existed under the 2009 Service Agreement and under the 2014 Service Agreement during the first two quarters of that agreement while CenturyLink was using Verizon's Facilities Management Service ("FMS").⁴⁸ As discussed above, an accurate

⁴⁵ Brown Decl. ¶ 8.

⁴⁶ Brown Decl. ¶ 30.

⁴⁷ *Id.* **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[REDACTED]
[REDACTED] **[[END**

calculation of the quarterly credits required an accurate count of circuits that qualified as units. But for the FMS LATAs, Verizon incorrectly included in its count certain DS3 CLF circuits that did not qualify as units, and thus overcharged CenturyLink **[[BEGIN CONFIDENTIAL]]** **[[END CONFIDENTIAL]]**⁴⁹

41. **[[BEGIN CONFIDENTIAL]]** **[[END CONFIDENTIAL]]** tariffs allowed Verizon to charge for DS3 CLF units only if: the circuit was associated with a qualifying Monthly Recurring Charge ("MRC") and it had rate elements billing under a qualifying USOC specifically identified in the agreements and tariffs.⁵⁰ Thus, for example, a DS3 CLF qualifying service was required to have a specific class of service **[[BEGIN CONFIDENTIAL]]** **[[END CONFIDENTIAL]]** and must have billed at least one of a specific list of USOCs (e.g., 1A5LX).⁵¹ **[[BEGIN CONFIDENTIAL]]** **[[END CONFIDENTIAL]]**⁵² **[[END CONFIDENTIAL]]**

42. On the **[[BEGIN CONFIDENTIAL]]** **[[END CONFIDENTIAL]]** DS0 level, as required under the FMS **[[BEGIN CONFIDENTIAL]]** **[[END CONFIDENTIAL]]** regardless of how many DS3s Verizon chose to ride. Yet Verizon erred by counting each of the DS3s as billing units when calculating the quarterly credit owed to CenturyLink. **[[BEGIN CONFIDENTIAL]]** **[[END CONFIDENTIAL]]** **[[END CONFIDENTIAL]]** See ¶ 65, *infra*.

⁴⁹ Brown Decl. ¶¶ 17-20.

⁵⁰ See, e.g., Ex. 14, Verizon FCC Tariff No. 1 § 21, Option 57(E); see also Brown Decl. ¶ 18.

⁵¹ Brown Decl. ¶ 17-18.

⁵² **[[BEGIN CONFIDENTIAL]]** **[[END CONFIDENTIAL]]** See, e.g., Ex. 17, Verizon FCC Tariff No. 1 § 21, Option 65(F); see also Brown Decl. ¶ 17 n.18.

regime. However, [[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [[END

CONFIDENTIAL]] not have a qualifying MRC associated with them.⁵⁴

43. Because [[BEGIN CONFIDENTIAL]] [REDACTED] [[END

CONFIDENTIAL]] circuits were not units under the tariffs, CenturyLink could have taken the

position that it was entitled to a credit that did not incorporate any DS3 CLF units in the FMS

LATAs.⁵⁵ Instead, CenturyLink felt that Verizon was entitled to compensation based on its

provision of the underlying services. In other words, CenturyLink could not fix Verizon's billing

errors, but CenturyLink could determine the proper count for the equivalent number of [[BEGIN

CONFIDENTIAL]] [REDACTED] [[END CONFIDENTIAL]] circuits based on the number

[[BEGIN CONFIDENTIAL]] [REDACTED] [[END CONFIDENTIAL]] it actually used.⁵⁶

[REDACTED] [[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

⁵³ Brown Decl. ¶ 17.

⁵⁴ *Id.*

⁵⁵ Brown Decl. ¶ 18.

⁵⁶ *Id.*

⁵⁷ Ex. 22, Verizon FCC Tariff No. 1, Section 7.2.13(D)(11); see *In re Nynex Tel. Companies Tariff F.C.C. No. 1*, 8 FCC Rcd. 7684, 7684 n.3 (1993).

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

⁵⁸ Brown Decl. ¶¶ 18-19.

⁵⁹ Brown Decl. ¶¶ 18-19.

⁶⁰ Brown Decl. ¶¶ 18-19, 29.

⁶¹ Ex. 31.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]									
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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

47. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

⁶² Brown Decl. ¶ 18-19.

⁶³ Brown Decl. ¶ 18.

⁶⁴ Brown Decl. ¶¶ 18-19.

⁶⁵ Brown Decl. ¶¶ 33-68; Ex. 31.

[REDACTED] [[END

CONFIDENTIAL]]

2. **Verizon Counted Units Without Qualifying USOCs or MRCs in the Quarterly Credit Calculation in Non-FMS LATAs**

48. In non-FMS LATAs, Verizon also erroneously included circuits that did not qualify as a unit under the tariffs.⁶⁶ Verizon included circuits that did not bill a qualifying USOC, or in some cases, did not bill USOCs at all.⁶⁷ As explained above, [[BEGIN CONFIDENTIAL]] [REDACTED] [[END CONFIDENTIAL]] tariffs allowed Verizon to count units only if the circuit was associated with a Qualifying MRC and had rate elements billing under a qualifying USOC specifically identified in the agreements and tariffs.⁶⁸ [[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED] [[END CONFIDENTIAL]]

CONFIDENTIAL]]

[REDACTED] The qualifying USOCs and MRCs were for certain specific DS1 and DS3 services

[[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED] [[END CONFIDENTIAL]]⁷⁰ Despite these restrictions, Verizon erroneously counted units for services that were not purchased under the discount tariffs and did

⁶⁶ Although similar in nature to the first error described, ¶¶ 40-47, *supra*, this error did not involve DS3 equivalent circuits under the FMS plan. See Brown Decl. ¶ 20.

⁶⁷ See Brown Decl. ¶¶ 20-23.

⁶⁸ See, e.g., Ex. 14, Verizon FCC Tariff No. 1, § 21, Option 57(E)(2)(b) (listing the DS3 CLF qualifying USOCs).

⁶⁹ See, e.g., Ex. 17, Verizon FCC Tariff No. 1 § 21, Option 65(F).

⁷⁰ See Brown Decl. ¶¶ 20-23.

not have qualifying USOCs associated with them.⁷¹ [[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]					
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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				[REDACTED]	
				[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

⁷¹ See Brown Decl. ¶¶ 20-23.

⁷² *Id.*

⁷³ Brown Decl. ¶¶ 20-24, 29.

51. [REDACTED]

[[END CONFIDENTIAL]]

3. Double-Counting of "Meet-Point" Circuits

52. "Meet-point circuits" refer to circuits that are provided to CenturyLink by two or more Verizon operating companies. [[BEGIN CONFIDENTIAL]] [REDACTED]

[[END CONFIDENTIAL]] and tariffs, DS3 CLF and CLS units are *individual* circuits irrespective of whether the units are billed on more than one billing account number.⁷⁶ [[BEGIN

⁷⁴ See, e.g., Exs. 4152: CLINKFAC0376, 377, 378, 379, 380, 421, 469, 505B, 610B, 765B, 766B, 797B. In each dispute submission, CenturyLink provided a letter that explained the errors to Verizon in the following manner:

[[BEGIN CONFIDENTIAL]] [REDACTED]

[[END CONFIDENTIAL]]

⁷⁵ See Brown Decl. ¶ 24, 29.

⁷⁶ See Ex. 14, Verizon FCC Tariff No. 1 § 21, Option 57(B)(16), (19); Ex. 15, Verizon FCC Tariff No. 11 § 32, Option 55(B)(16), (19); Ex. 16, Verizon FCC Tariff No. 14 § 21, Option 29(B)(16), (19); Ex. 17, Verizon FCC Tariff No. 1 § 21, Option 65(B)(9), (10); Ex. 18, Verizon

CONFIDENTIAL]] [REDACTED]

[REDACTED] [[END CONFIDENTIAL]] Verizon double-counted meet-point circuits resulting in overcharges from the overstatement of the number of qualifying units [[BEGIN CONFIDENTIAL [REDACTED]

[REDACTED] [[END CONFIDENTIAL]]

[REDACTED] Where an individual circuit spanned more than one BAN, Verizon would improperly count the individual circuit that spanned two BANs as two units. [[BEGIN

CONFIDENTIAL]] [REDACTED]

FCC Tariff No. 11 § 32, Option 65(B)(9), (10); Ex. 19, Verizon FCC Tariff No. 14 § 21, Option 34(B)(9), (10).

⁷⁷ See, e.g., Ex. 14, Verizon FCC Tariff No. 1 § 21, Option 57(B)(16), (19).

⁷⁸ See Ex. 42, CLINKFAC0377; see also Brown Decl. ¶¶ 64-68.

⁷⁹ See dispute submissions for Exs. 42-45, CLINKFAC0377, 378, 379, 380; see also Brown Decl. ¶¶ 64-83.

⁸⁰ Brown Decl. ¶ 25, 29.

55. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Tab C, ¶ 25.

4. Misdesignating DS3 CLF Units as DS3 CLS Units

57. Verizon incorrectly designated DS3 CLF circuits as DS3 CLS circuits, the latter of which are more expensive.⁸¹ The tariffs defined a DS3 CLF Unit as “an individual Special Access DS3 Services circuit that has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPEPITBPADTK18)” and defined a DS3 CLS Unit as “an individual Special Access DS3 Services circuit that has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 95.HFGS.634683.NE).”⁸² **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[REDACTED] **[[END CONFIDENTIAL]]**

but Verizon incorrectly included this circuit in the DS3 CLS unit count. That misdesignation resulted in additional overcharges to CenturyLink.⁸⁴

58. Verizon reviewed its bills with respect to the March 2015 billing period and acknowledged that CenturyLink’s claim for this category appeared to have “partial” merit.⁸⁵ Yet Verizon’s acknowledged error amount was never credited to CenturyLink’s account. **[[BEGIN CONFIDENTIAL]]** [REDACTED]

⁸¹ **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[[END CONFIDENTIAL]]

⁸² Brown Decl. ¶ 26.

⁸³ **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[[END CONFIDENTIAL]]

⁸⁴ Brown Decl. ¶ 29.

⁸⁵ Verizon Response, at 13.

[REDACTED] [[END
CONFIDENTIAL]] where Verizon misdesignated DS3 CLF circuits as DS3 CLS Units.

59. [[BEGIN CONFIDENTIAL]] [REDACTED]
[REDACTED] [[END CONFIDENTIAL]] DS3 CLF misdesignation dispute is
enclosed as the supporting Declaration of Tiffany Brown, Tab C, ¶ 26.

5. Misdesignating DS0 Circuits as DS1 Units

60. Verizon also incorrectly designated DS0 circuits as DS1 circuits in its pricing
calculations. [[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] [[END CONFIDENTIAL]] As a result of this practice, CenturyLink was
overcharged for multiple DS0 circuits on the monthly invoices.

61. As a result of the erroneous billing of DS1 channel terminations on the monthly
invoices, [[BEGIN CONFIDENTIAL]] [REDACTED]

⁸⁶ Brown Decl. ¶¶ 27, 29.

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ *Id.*

[REDACTED]

[REDACTED] [[END CONFIDENTIAL]]

62. There are numerous examples of this error occurring. As with the circuit noted above, CenturyLink repeatedly informed Verizon of this type of error. [[BEGIN

CONFIDENTIAL]] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [[END CONFIDENTIAL]]

Instead, the circuit should have been billed as an FMS DS0 and included as one DS0 in the FMS DS3 CLF equivalent count.

63. [[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED] [[END

CONFIDENTIAL]] of Tiffany Brown, Tab C, ¶ 27, including specific circuit information and misdesignated DS0s.

6. Failing to Optimize FMS for CenturyLink

64. Separate and apart from the miscalculations discussed above, Verizon overcharged CenturyLink by billing CenturyLink for an improper and unreasonable number of circuits after Verizon failed in its obligations to route CenturyLink-dedicated circuits over the special access network in a manner that maximized network and economic efficiencies.

65. Under the FMS arrangement, Verizon assumed the responsibility to engineer and design CenturyLink's special access network in order "to maximize network efficiencies and to

⁹⁰ See Ex. 42, CenturyLink Claim: CLINKFAC0377; *see also* Brown Decl. ¶¶ 64-68.

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optimize economic efficiencies.”⁹¹ Verizon’s FMS allowed customers to pay for special-access transport capacity at rates as if a customer had used the equivalent number of DS0s irrespective of whether these DS0s were provided on separate DS1 or DS3 circuits.⁹² In other words, if a customer used only a portion of a DS1 or DS3 circuit, it would only pay for the portion of the circuit it actually used instead of for the full circuit.⁹³ **[[BEGIN CONFIDENTIAL]]**

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] **[[END**

CONFIDENTIAL]] This resulted in the billing of fully provisioned special access DS3s where CenturyLink had *limited or no* use of the DS3s. **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] **[[END CONFIDENTIAL]]** Verizon’s dereliction of its

responsibility to optimize the network prior to **[[BEGIN CONFIDENTIAL]]** [REDACTED]

⁹¹ See Ex. 22, Verizon FCC Tariff No. 1 Section 7.2.13(A); see also Ex. 25, Tariff No. 11 § 7.2.16(A).

⁹² Ex. 22, Verizon FCC Tariff No. 1 Section 7.2.13(#)(a)-(c).

⁹³ A DS1 is comprised of 24 DS0 equivalents and a DS3 is comprised of 672 DS0 equivalents. Ex. 22, Verizon FCC Tariff No. 1, Section 7.2.13(D)(11); see *Nynex Tel. Companies Tariff F.C.C. No. 1*, 8 FCC Rcd. at 7684 n.3.

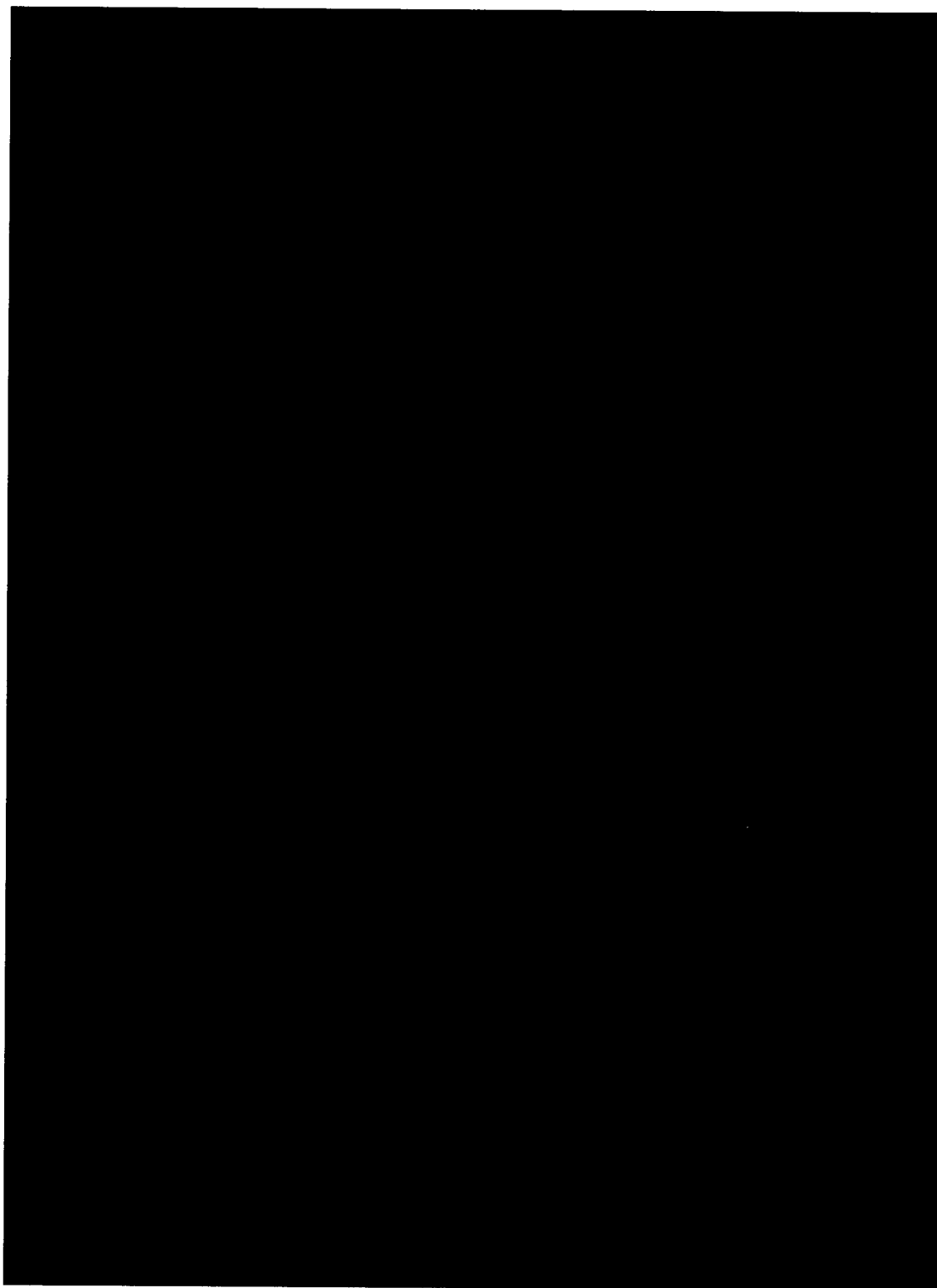
⁹⁴ Brown Decl. ¶ 124.

68. Even if the subsequent transition to standard special-access plans eventually shifted the burden of network optimization to the customer, Verizon still had a duty to optimize circuit routing prior to that transition. As a proximate cause of Verizon's failure to optimize circuit routing, CenturyLink was transitioned to a grossly inefficient network design.

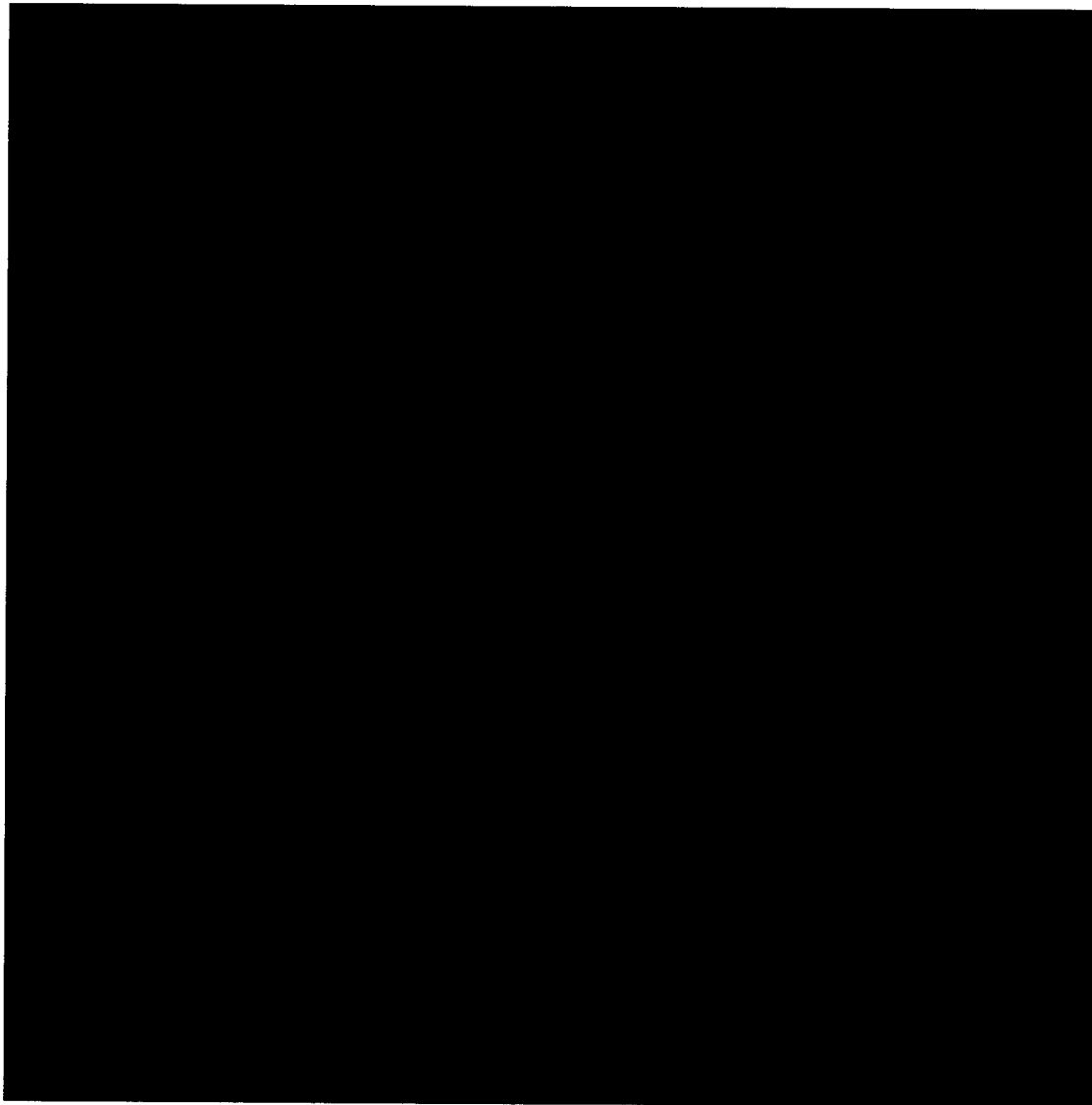
██████████ **[[END CONFIDENTIAL]]** optimization dispute is enclosed in the supporting Declaration of Tiffany Brown, Tab C, ¶ 28.

70. As detailed below, once CenturyLink became aware of Verizon's transgressions, it submitted disputes to Verizon according to **[BEGIN CONFIDENTIAL]** **[REDACTED]** **[END CONFIDENTIAL]** the tariffs. Table 9 below summarizes the dispute submissions **[BEGIN CONFIDENTIAL]** **[REDACTED]**

⁹⁸ Brown Decl. ¶¶ 33-129. **[[BEGIN CONFIDENTIAL]]**



[[BEGIN CONFIDENTIAL]]



[[END CONFIDENTIAL]]

71. In each instance, Verizon rejected CenturyLink's dispute based on a claimed failure to include information deemed required by Verizon, even though only Verizon controlled this information and Verizon did not make it available until months after the disputes were allegedly required to be submitted.⁹⁹

⁹⁹ See, e.g., Brown Decl. ¶¶ 87-92; Welch Decl. ¶ 18.

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72. The billing credits that ensured CenturyLink would receive the tariff rate were calculated on a quarterly basis. **[[BEGIN CONFIDENTIAL]]** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] **[[END**

CONFIDENTIAL]]

[[BEGIN CONFIDENTIAL]] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹⁰⁰ See, e.g., Brown Decl. ¶¶ 9-14.

¹⁰¹ See Ex. 46.04, CLINKFAC0421, Email from Patricia Mason (Verizon) to Anne Grimm (CenturyLink), *RE: Centurylink (Qwest) Custom Solution Monthly Tracking Report with Disputes-PY2Q2*, dated Nov. 19, 2015, at 3.

¹⁰² See Brown Decl. ¶¶ 35, 40, 42-43, 46-47, 58-59, 64-65, 69-70, 74-75, 79-80, 85-86, 94, 98, 103, 109, 114, 119.

¹⁰³ See, e.g., Brown Decl. ¶¶ 87-92; Welch Decl. ¶ 18.

¹⁰⁴ See Brown Decl. ¶ 84; see also Brown Decl. ¶¶ 33-122.

¹⁰⁶ Brown Decl. ¶ 100.

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[illegible]

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