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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY



Verizon Communications  
1300 I Street, N.W., Suite 400W  
Washington, D.C. 20006

~~NOT FOR PUBLIC INSPECTION~~

Dee May  
Executive Director  
Federal Regulatory

September 27, 2000

Ex Parte

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> St., S.W. – Portals  
Washington, D.C. 20554

EX PARTE OR LATE FILED

RE: Application by Verizon New England Inc., *et al.*, for Authorization To Provide  
In-Region, InterLATA Services in Massachusetts, Docket No. 00-176

Dear Ms. Salas:

This letter provides certain information requested by the Commission's Staff following a meeting held on August 31, 2000. Some of the information requested by the Commission's Staff is proprietary. We are filing the confidential portion of the submission and a redacted version of the entire submission in accordance with the protective order entered by the Commission in the above-captioned proceeding.

First, the Staff asked whether Verizon charges for reciprocal compensation, in addition to unbundled local switching, when a CLEC customer served by the unbundled network element platform ("UNE-P") makes a local call to a Verizon retail customer or another CLEC UNE-P customer served by *the same switch* (i.e., a local intraswitch call). The answer is no. For these intraswitch calls, Verizon charges the CLEC one local switching usage charge for each minute of the call and no reciprocal compensation charge. Verizon has previously billed CLECs two local switching charges for each minute of these calls (because Verizon incurs switching costs for both originating and terminating calls in the same switch), but the Massachusetts Department of Telecommunications and Energy (DTE) determined that the second local switching charge should not be assessed on intraswitch calls. *See D.T.E. 98-57 - Phase I, Investigation by the Department on its own motion as to the propriety of the rates and charges set forth in the following tariffs: M.D.T.E. Nos. 14 and 17, filed with the Department on August 27, 1999, to become effective on September 27, 1999, by Verizon New England, Inc. d/b/a Verizon-Massachusetts, March 24, 1000 Order at 219; September 7, 2000 Order at 49.* Verizon is now in the process of modifying its billing system to eliminate the second local switching charge and has agreed to provide appropriate credits to CLECs that have paid the second local switching charge.

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When a CLEC customer served by UNE-P makes a local call to a Verizon retail customer or another CLEC UNE-P customer served by *a different switch* (i.e., a local interswitch call), Verizon charges a second local switching charge to recover the cost of terminating the call on the second Verizon switch. This charge and the charge for the terminating shared trunk port used on these calls are together equivalent to Verizon's tariffed end office reciprocal compensation rate. These terminating local switching charges were approved by the Massachusetts DTE and are included in Verizon's tariffs. See D.T.E. Tariff No. 17, Part B, Section 6.3.2.E.4 ("[w]hen a local call from a [CLEC's] unbundled line port is terminated to a [Verizon] switch, reciprocal compensation charges (at the end office rate) will be assessed to the originating line port to recover the costs of terminating that call to an end user"). In addition, when a CLEC customer served by UNE-P makes a local call to another CLEC customer who is served by a CLEC switch, Verizon passes through the terminating CLEC's reciprocal compensation charges to the originating CLEC. See D.T.E. Tariff No. 17, Part B, Section 6.3.2.E.5 ("[w]hen a call from an unbundled line port terminates to a [CLEC] switch, this charge will be assessed to the originating line port minute in order for [Verizon] to recover the terminating intercarrier charges that will be assessed to [Verizon] by the terminating [CLEC]").

Second, the Staff asked Verizon to provide the originating and terminating minutes that were included in Verizon's local switching analysis discussed at the meeting held on August 31, 2000. This information is listed on the enclosure and is labeled confidential. Verizon has also broken down the originating and terminating figures by interswitch minutes and intraswitch minutes. Also enclosed are updated pages of the materials distributed in connection with our August 31, 2000 meeting that incorporate the DTE's decision discussed above that Verizon cannot assess the second local switching charge on intraswitch calls. This information is also submitted as confidential.

Should you have any questions regarding this matter, please do not hesitate to contact me to arrange a conference call or meeting.

Sincerely,



Dee May

Enclosures

cc: R. Lerner

**VERIZON - MASSACHUSETTS**

Commission Approved UNE Rates - with adjustment for intraswitch terminating rate

|   | Retail            | UNE-P     |
|---|-------------------|-----------|
| Revenue Category                              | All Density Cells | Statewide |
| <b>RESIDENCE</b>                              |                   |           |
| Retail  |                   |           |
| Exchange                                      |                   |           |
| Toll/Access                                   |                   |           |
| Other   |                   |           |
| Total   |                   |           |
| <b>UNEs (Based on Original Approved UNEs)</b> |                   |           |
| Loop  |                   |           |
| Switch Usage                                  |                   |           |
| Local   |                   |           |
| Toll/Access                                   |                   |           |
| Port  |                   |           |
| Other   |                   |           |
| Total   |                   |           |
| Effective Rev Loss                            |                   |           |
| <b>UNEs (Based on ZTEL Rates)</b>             |                   |           |
| Loop  |                   |           |
| Switch Usage                                  |                   |           |
| Local   |                   |           |
| Toll/Access                                   |                   |           |
| Port  |                   |           |
| Other   |                   |           |
| Total   |                   |           |
| Effective Rev Loss                            |                   |           |
| <b>BUSINESS</b>                               |                   |           |
| Retail  |                   |           |
| Exchange                                      |                   |           |
| Toll/Access                                   |                   |           |
| Other   |                   |           |
| Total   |                   |           |
| Effective Rev Loss                            |                   |           |
| <b>UNEs (Based on Original Approved UNEs)</b> |                   |           |
| Loop  |                   |           |
| Switch Usage                                  |                   |           |
| Local   |                   |           |
| Toll/Access                                   |                   |           |
| Port  |                   |           |
| Other   |                   |           |
| Total   |                   |           |
| Effective Rev Loss                            |                   |           |

VERIZON - MASSACHUSETTS  
Commission Approved UNE Rates

|                  | Retail            | UNE-P     |
|------------------|-------------------|-----------|
| Revenue Category | All Density Cells | Statewide |

**RESIDENCE**

|              |            |            |
|--------------|------------|------------|
| Retail       |            |            |
| Exchange     | [REDACTED] | [REDACTED] |
| Toll/Access  | [REDACTED] | [REDACTED] |
| Other        | [REDACTED] | [REDACTED] |
| <b>Total</b> | [REDACTED] | [REDACTED] |

**UNEs (Based on Original Approved UNEs)**

|                           |            |
|---------------------------|------------|
| Loop                      | [REDACTED] |
| Switch Usage              | [REDACTED] |
| Local                     | [REDACTED] |
| Toll/Access               | [REDACTED] |
| Port                      | [REDACTED] |
| Other                     | [REDACTED] |
| <b>Total</b>              | [REDACTED] |
| <b>Effective Rev Loss</b> | [REDACTED] |

**UNEs (Based on ZTEL Rates)**

|                           |            |
|---------------------------|------------|
| Loop                      | [REDACTED] |
| Switch Usage              | [REDACTED] |
| Local                     | [REDACTED] |
| Toll/Access               | [REDACTED] |
| Port                      | [REDACTED] |
| Other                     | [REDACTED] |
| <b>Total</b>              | [REDACTED] |
| <b>Effective Rev Loss</b> | [REDACTED] |

**BUSINESS**

|              |            |
|--------------|------------|
| Retail       |            |
| Exchange     | [REDACTED] |
| Toll/Access  | [REDACTED] |
| Other        | [REDACTED] |
| <b>Total</b> | [REDACTED] |

**Effective Rev Loss**

**UNEs (Based on Original Approved UNEs)**

|                           |            |
|---------------------------|------------|
| Loop                      | [REDACTED] |
| Switch Usage              | [REDACTED] |
| Local                     | [REDACTED] |
| Toll/Access               | [REDACTED] |
| Port                      | [REDACTED] |
| Other                     | [REDACTED] |
| <b>Total</b>              | [REDACTED] |
| <b>Effective Rev Loss</b> | [REDACTED] |

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**Massachusetts Estimated Average  
MOUs per line**

|                               | <b>Residence<br/>MOUs</b> |  | <b>Business<br/>MOUs</b> |
|-------------------------------|---------------------------|--|--------------------------|
| <b>Local Total</b>            |                           |  |                          |
| Orig<br>Term*                 |                           |  |                          |
| <b>Intraswitch subtotal</b>   |                           |  |                          |
| Orig<br>Term                  |                           |  |                          |
| <b>Interswitch subtotal</b>   |                           |  |                          |
| <b>IntraLATA Toll Total</b>   |                           |  |                          |
| Orig<br>Term                  |                           |  |                          |
| <b>Interswitch subtotal</b>   |                           |  |                          |
| <b>InterLATA Access Total</b> |                           |  |                          |
| Orig<br>Term                  |                           |  |                          |
| <b>Interswitch subtotal</b>   |                           |  |                          |
| <b>Grand Total</b>            |                           |  |                          |
| Orig<br>Term                  |                           |  |                          |
| <b>Grand Total</b>            |                           |  |                          |

\* These minutes are not billed per MA DTE Order on Reconsideration.

- UNE-P pricing
  - Promotional offering further discounting residence UNE-P prices
    - Amendment dated June 29, 2000
    - Approved by DTE on July 24, 2000
  - In effect until DTE 5-year review of TELRIC (2001)
  - Available to all other CLECs
  - Business rates are unaffected by Z-Tel amendment

| Table updated 9/26/2000 to reflect DTE ruling on terminating usage | Residence              |            | Business               |            |
|--|------------------------|------------|------------------------|------------|
|  | Statewide Avg. Revenue | % Discount | Statewide Avg. Revenue | % Discount |
| Retail   |                        |            |                        |            |
| UNE-P (prior to Z-Tel)   |                        |            |                        |            |
| UNE-P (w/ Z-Tel)   |                        |            |                        |            |
| Resale   |                        |            |                        |            |

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