

to ensure that CLEC orders that do not flow-through VZ-MA's systems are received, processed, and completed in a timely and accurate manner." Id.

WorldCom complains (at 42-44) about missing notifiers in Pennsylvania. But the systems in Pennsylvania are different from those in Massachusetts and New York, and WorldCom does not claim that there is an existing problem with notifiers in either of these states. See McLean/Wierzbicki Rep. Decl. ¶ 28. Although AT&T complained about missing notifiers in Massachusetts, it does not repeat those claims here. And although OnSite tries to resurrect AT&T's claims, the DTE thoroughly reviewed AT&T's supposed evidence and found that it was not "conclusive of any deficiencies in VZ-MA's ordering OSS that would prevent an efficient competitor from having a meaningful opportunity to compete." DTE Eval. at 148; see also McLean/Wierzbicki Rep. Decl. ¶ 29.

Maintenance and Repair. The DTE found that Verizon "makes the maintenance and repair functions of its Operations Support Systems available to competitors on a nondiscriminatory basis." DTE Eval. at 181. Only WinStar complains (at 24) about this aspect of Verizon's OSS, relying solely on a complaint that Covad and Rhythms had filed in the Massachusetts proceeding and not on its own experience. See McLean/Wierzbicki Rep. Decl. ¶ 30. Neither Covad nor Rhythms presses this complaint in this proceeding, and the claim that CLECs have problems opening trouble tickets was addressed by this Commission in the New York proceeding. See id.; New York Order ¶ 216. Moreover, KPMG performed an extensive review of the user friendliness of RETAS and found that the procedures for entering trouble reports and receiving results were clear and understandable. See KPMG Final Report at 252 (App. I, Tab 1); see also August 28, 2000 Oral Argument at 3201-03 (App. B, Tab 545); August 29, 2000 Oral Argument at 3363-77 (App. B, Tab 547).

Billing. The DTE found that Verizon “has in place the necessary systems and personnel to provide competitors with nondiscriminatory access to its billing Operation Support Systems.” DTE Eval. at 195-96. WorldCom’s various complaints about Verizon’s billing systems were raised before and reviewed by the DTE, which concluded that, “[t]hrough its performance with regard to established metrics, and a successful evaluation from the third-party tester, VZ-MA has shown that its billing systems are available in a manner that will allow an efficient competitor a meaningful opportunity to compete.” Id. at 196; McLean/Wierzbicki Rep. Decl. ¶ 34.<sup>66</sup>

Although WorldCom claims (at 49) that Verizon does not provide bills for unbundled loops in electronic format, Verizon actually provided WorldCom with electronic bills in September and October. See McLean/Wierzbicki Rep. Decl. ¶ 31. Moreover, Verizon monitors its electronic bill transmissions to ensure completeness. See id. ¶ 32. If the electronic “handshake” between systems is not completed, a Verizon employee investigates to determine the cause and resends the data electronically. See id.

Change Management and Technical Assistance. As described in the application, Verizon provides Massachusetts CLECs with the exact same Change Management Process that it uses in New York, see McLean/Wierzbicki Decl. ¶ 101, and which this Commission endorsed because it “provides an efficient competitor with a meaningful opportunity to compete.” New York Order ¶ 111. The DTE likewise found that, through provision of this Change Management Process, Verizon “has satisfied its requirements in the offering of nondiscriminatory access to its OSS functions with respect to Change Management and Technical Assistance.” DTE Eval. at 78. Specifically, the DTE found that Verizon “provides CLECs with sufficient documentation to

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<sup>66</sup> WinStar again raises a complaint that AT&T raised before the DTE, but not before this Commission. See WinStar at 26. The DTE reviewed those claims and, as noted above,

build and maintain their OSS interfaces.” that its “Change Management process is sufficient to meet the needs of CLECs,” that “CLECs have substantial input in that process,” and that Verizon “has adhered to its Change Management process over time.” Id. Finally, the DTE concluded that Verizon “provides CLECs with a significant level of technical assistance and help desk support.” Id.

Although WorldCom claims (at 46-47) that Verizon has not followed its Change Management Process with respect to the implementation of ExpressTrak, Verizon has yet to implement that system on other than a trial basis. See McLean/Wierzbicki Rep. Decl. ¶ 37. When Verizon implements ExpressTrak in Massachusetts, CLECs will receive the documentation that the Change Management Process requires for updates to back-end systems, which are not the same as the requirements normally applied to interface software releases. See id. WorldCom also complains (at 44) about Verizon’s help desk, but KPMG and the DTE found Verizon’s “support to be satisfactory to meet the needs of CLECs operating in Massachusetts,” as did the DTE. DTE Eval. at 76, 78; see McLean/Wierzbicki Rep. Decl. ¶ 44.<sup>67</sup>

## **II. APPROVING VERIZON’S APPLICATION IS IN THE PUBLIC INTEREST.**

Some 75 national and state organizations and 18 public officials have urged the Commission to approve Verizon’s application to provide long distance services to Massachusetts customers. This is not surprising. In its application, Verizon demonstrated that local competition in Massachusetts is thriving; that Verizon’s local markets in Massachusetts will remain open after Verizon obtains section 271 approval; and that permitting Verizon to provide

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concluded that Verizon provides nondiscriminatory access to its billing OSS. See McLean/Wierzbicki Rep. Decl. ¶ 35.

<sup>67</sup> WorldCom’s complaints (at 44-46) about Verizon’s documentation pertain to less than 1 percent of the attributes of Verizon’s OSS interfaces. See McLean/Wierzbicki Rep. Decl. ¶¶ 38-40.

interLATA service in Massachusetts will vastly enhance consumer welfare by increasing both local and long distance competition. See Application at 59-77. A handful of CLECs quibble with some or all of these points, but their arguments are unavailing.

**A. Local Competition in Massachusetts Is Thriving and Will Increase as a Result of Verizon's Entry.**

Verizon's application proves beyond dispute that local markets in Massachusetts are open, and that competition is flourishing. As the DOJ has recognized, Massachusetts has more competitive lines than New York did prior to section 271 approval — over 50 percent more, in proportion to the number of access lines in the state. See DOJ Eval. at 4; Taylor Rep. Decl. ¶ 20; Rep. Cmts. Att. B. Moreover, “[t]he predominant mode of CLEC entry in Massachusetts is facilities based,” DOJ Eval. at 4, which both the DOJ and the Commission have found is the surest sign that local markets are irreversibly open.<sup>68</sup> And this competition continues to grow: through September, competitors are serving a very conservatively estimated 731,000 lines, about 64 percent of which are facilities-based. See Taylor Rep. Decl. ¶ 19; Rep. Cmts. Att. A.

AT&T and WorldCom — the two largest CLECs in Massachusetts — attempt to diminish the extent of local competition in the state. They first claim that residential competition

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<sup>68</sup> See, e.g., Affidavit of Marius Schwartz ¶ 174, Competitive Implications of Bell Operating Company Entry Into Long Distance Telecommunications Services (May 14, 1997) (“Schwartz Aff.”), attached at Tab C to Evaluation of the United States Department of Justice, Application of SBC Communications Inc. et al. Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in the State of Oklahoma, CC Docket No. 97-121 (FCC filed May 16, 1997) (“[T]he fact that competitors have “commit[ted] significant irreversible investments to the market (sunk costs) signals their perception that the requisite cooperation from incumbents has been secured or that any future difficulties are manageable.”); Promotion of Competitive Networks in Local Telecommunications Markets, Notice of Proposed Rulemaking and Notice of Inquiry in WT Docket No. 99-217, and Third Further Notice of Proposed Rulemaking in CC Docket No. 96-98, FCC 99-141, 1999 WL 459319, ¶ 4 (rel. July 7, 1999) (“in the long term, the most substantial benefits to consumers will be achieved through facilities-based competition”).

in Massachusetts is proportionately less than it was in New York prior to section 271 approval.<sup>69</sup> Their claims — which focus almost entirely on competition for UNE platforms — are blatantly misleading. While it is true that the number of UNE platforms in Massachusetts is proportionally lower than they were in New York, Verizon's recent reduction in its UNE switching rates (and the corresponding decline in platform rates) gives competitors everything they themselves have said they need quickly to begin competing for mass-market customers on a widespread basis.<sup>70</sup>

In any event, it would be inconsistent with the 1996 Act and the Commission's own precedent to limit the public-interest inquiry solely to UNE platform competition, which is just one subset of one of the three modes of entry that Congress sought to promote in the 1996 Act.<sup>71</sup> Other forms of residential competition are already more advanced in Massachusetts than they were in New York at the time of the New York proceedings. In particular, as of July, competitors in Massachusetts served *500 percent more facilities-based residential lines* than they did in New York at the time of Verizon's application in proportion to the number of residential access lines in these states. See Taylor Rep. Decl. ¶ 20. The DOJ confirms that "facilities-based CLECs have the potential to serve a significant number of residential customers" in

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<sup>69</sup> See AT&T at 3; WorldCom at 67.

<sup>70</sup> See supra, n.18; see also ASCENT at 4 ("pricing scheme hinders economically sustainable commercial entry by ASCENT's members and other competitive providers"); CompTel at 2 ("The presence of these excessive prices are hindering the development of full competition in Massachusetts.").

<sup>71</sup> See, e.g., Michigan Order ¶ 387 (public-interest inquiry "include[s] an assessment of whether all procompetitive entry strategies are available to new entrants"); Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order, 11 FCC Rcd 15499, ¶ 12 (1996) ("Local Competition Order") (Commission will analyze "three paths of entry into the local market — the construction of new networks, the use of unbundled elements of the incumbent's network, and resale.").

Massachusetts, and it notes that both AT&T and RCN have deployed extensive facilities-based cable telephony networks throughout the state. See DOJ Eval. at 5.

AT&T and WorldCom attempt to downplay the extent of these networks, but their claims fall flat. See AT&T at 8; WorldCom at 70; Kelley Decl. ¶¶ 19-23.<sup>72</sup> As WorldCom's own expert concedes:

Compared to many other states, Massachusetts is relatively well positioned for cable telephony competition. AT&T, which has made a public commitment to cable telephony, is by far the largest cable operator in the state. Compared to other cable systems (including many of the former TCI systems now owned by AT&T), the MediaOne systems that AT&T acquired are relatively well positioned for cable telephony because most of them have been upgraded to provide two-way capability . . . .

Kelley Decl. ¶ 19. Although AT&T's entire cable network may not yet be upgraded for cable telephony,<sup>73</sup> both AT&T (at 10-13) and WorldCom (at 70) note that a considerable part of it already is, and the Governor of Massachusetts has reported that 90 percent of Massachusetts cable subscribers should be upgraded for telephone service by the end of next year — a figure that comports with AT&T's own projections.<sup>74</sup>

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<sup>72</sup> Verizon states in its Application that AT&T's cable networks in Massachusetts "already reach more than two million cable subscribers in the State." Application at 5. It is true, as AT&T and WorldCom take pains to note, that this two million figure (which represents 80 percent of Massachusetts households) includes the cable systems that AT&T has agreed to acquire from Cablevision. See WorldCom at 70; AT&T at 11. Although this transaction "has not yet been finalized," AT&T at 11. AT&T has recently told the Commission that the deal "will soon close." Ex Parte Letter from Douglas G. Garrett, Senior Regulatory Counsel, to Magalie Roman Salas, Secretary, FCC, CS Docket No. 99-251 (Sept. 7, 2000).

<sup>73</sup> Contrary to AT&T's and WorldCom's claims, Verizon never stated that AT&T's *entire* cable network was upgraded to provide telephony. Professor Taylor's statement that AT&T's cable network in Massachusetts "has been upgraded to provide telephony services" was necessarily vague because AT&T does not publicly disclose how much of its network is telephony ready. Nevertheless, both AT&T and WorldCom reveal that AT&T's network is already capable of serving at least one-third of Massachusetts customers. See WorldCom at 70; Kelley Decl. ¶ 23; AT&T at 10-13.

<sup>74</sup> P. Howe, Cable Firms Bullish on Prospects for Net Business, Boston Globe, July 15, 1999, at D5 (noting remarks of Governor Paul Cellucci that, "by 2001, upgraded 750-megahertz cable systems that can carry fast Internet traffic and telephone calls will be available to 90

As with facilities-based entry, other forms of competition — for both residential and business customers — are more advanced in Massachusetts than they were in New York at the time of Verizon’s application. For example, competitors serve *71 percent more resale lines* than they did in New York at the time of the application, and *33 percent more residential resale lines* than they did in New York, in proportion to the number of access lines in these states. See Taylor Rep. Decl. ¶ 20; Rep. Cmts. Att. B. As the DOJ has acknowledged, the “active resale market” in Massachusetts is “likely due, in large part, to the relatively high discount rate.” DOJ Eval. at 6. Other measures of facilities-based competition in Massachusetts are likewise far ahead of where they were in New York on a proportional basis: 160 percent more stand-alone loops; 192 percent more ported numbers; 116 percent more interconnection trunks; 437 percent more collocation sites; and 241 percent more NXX codes. See Rep. Cmts. Att. B; Taylor Rep. Decl. ¶ 20.

Finally, WorldCom challenges Verizon’s claim that its long distance entry will increase local competition. But experience in New York demonstrates beyond dispute that Bell company entry into long distance will bring about this result. For example, in the first seven months since Verizon’s entry in New York, the number of facilities-based lines increased 36 percent, the number of UNE platform lines increased 258 percent, and the number of resale lines increased 18 percent. See Taylor Rep. Decl. ¶ 3 & Att. A. Moreover, in this same period, the number of stand-alone loops increased by 154 percent, the number of collocation sites by 60 percent, the

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percent of Massachusetts cable subscribers”); Another Point of View on AT&T, Business Week, Sept. 18, 2000 (“By the end of the year, 75% to 80% of our cable systems will be two-way and digital. On schedule and on budget.”); S. Alexander, AT&T Cable Exec Foresees a 21st century Ma Bell, Star Tribune (Minneapolis, MN), Sept. 4, 2000 (“So far, not all of AT&T’s cable systems are capable of the two-way communications that telephone service and high-quality Internet access require. Mazur [the Pittsburgh-based president of AT&T Broadband East] said that by the end of this year, 75 percent of them will be upgraded.”).

number of ported numbers by 149 percent, and the number of interconnection trunks by 37 percent. See id. WorldCom's only response (at 72-73) is that it began providing mass-market local service in New York — and in Texas and Pennsylvania — before section 271 applications were filed in these states, and that, therefore, Bell company entry cannot be viewed as the catalyst for WorldCom's entry.<sup>75</sup> But WorldCom's conduct proves only that, in addition to the fact that it targets for mass-market entry only those states where BOC entry is imminent, it also attempts to get a little bit of a head start over AT&T and Sprint, which have decided to enter the very same states as WorldCom. See Taylor Rep. Decl. ¶ 5.

**B. Local Markets in Massachusetts Will Remain Open After Verizon Obtains Section 271 Approval.**

Verizon's application also shows that there is every assurance that local markets in Massachusetts will remain open after Verizon obtains section 271 approval. Verizon has shown that the Massachusetts DTE has actively promoted local competition; that Verizon is subject to comprehensive performance reporting; and that Verizon's Performance Assurance Plan provides

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<sup>75</sup> WorldCom's assertion that it is merely offering, but not "actively promoting," its local service in rural parts of Texas and New York hardly corroborates its theory. Proferes et al. Decl. ¶ 39. By its own admission, WorldCom does not even offer its local service plans to rural communities in states other than New York and Texas. Moreover, given WorldCom's well-documented practice of redlining rural customers, its claim that UNE prices are too high to make it worthwhile for WorldCom to serve these customers rings hollow. As it has indicated in the past, WorldCom views such customers as a loss for long distance service, and that alone is reason enough for WorldCom not to serve them. K. Gerwig, Johnny Been Good – MCI WorldCom's Vice Chairman Won't Let His Company Play Second Fiddle To Anyone – Especially AT&T, Tele.com, May 17, 1999 (quoting WorldCom Vice Chairman of the Board John Sidgmore: "we are mostly business-focused"); Solomon Trujillo, Assessing the Telecommunications Act: Prescribing a Fix, Executive Speeches, June/July 1999 ("If you heard Bernie Ebbers talk when they completed the MCI WorldCom deal, he said, and I quote, 'We're going to concentrate on business customers, and you won't see us in places like Butte, Montana.'").

substantial incentives against backsliding. Although some CLECs disagree on these points, their arguments are wide of the mark.<sup>76</sup>

Performance Measures. Verizon is subject to performance reporting requirements in Massachusetts that are the same as those developed in the New York PSC's collaborative "Carrier-to-Carrier" process. The DTE has ruled that it will continue to update the metrics used to assess Verizon's performance as those change through the continuing collaborative process in New York. And as in New York, these performance measures were independently reviewed by KPMG, which concluded that it was satisfied with the integrity of the data used to produce performance reports, see KPMG Report at 649-659; Guerard/Canny Decl. ¶ 132, and which validated Verizon's reported results, see Guerard/Canny Decl. ¶ 133.

Some CLECs now claim that Verizon's reporting requirements and standards are inadequate. See, e.g., WorldCom at 50-55; Kinard Decl. ¶¶ 18, 28-29; ALTS at 49-51. But it will always be possible to claim that there should be even more measures and even stricter standards. The performance requirements that the DTE has put in place reflect a careful balancing of the benefits of detecting additional discrimination against the costs of even more burdensome performance measurements. WorldCom provides no reason for this Commission to overturn the consensus that was forged in years of negotiations, approved by the New York PSC, this Commission, and the Massachusetts DTE.<sup>77</sup> Finally, although some CLECs express concern

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<sup>76</sup> Various criticisms of the DTE's commitment to ensuring that the local market is irreversibly open, see, ALTS at 59-60; Mass. AG at 13, are belied by the record of the proceedings before the DTE and by its continuing efforts in this regard, see DTE Eval. at 411-13.

<sup>77</sup> WorldCom also complains (at 51-52) that Verizon has not yet reported performance results for three measurements. But as explained in its Application, Verizon is in the process of completing the development work needed to do so. See Guerard/Canny Decl. ¶¶ 28, 55. Moreover, even if these measurements had already been developed, there would be nothing for Verizon to report: the transactions that these measurements are designed to measure have not yet been developed because no CLEC has taken the steps to initiate such development under the

that Verizon's raw data have not been independently verified. see, e.g., Covad at 24-25, 34-37; WorldCom at 50-51, the DTE has required annual auditing of Verizon's data, by an independent auditor of the DTE's choosing, to begin six months after approval, see DTE Performance Plan Order at 33;<sup>78</sup> New York Order ¶ 442 (noting "with approval that the performance data used in the enforcement mechanism . . . appears to be subject to regular scrutiny").

Performance Assurance Plan. Verizon is subject to a self-executing Performance Assurance Plan that closely mirrors the plan that this Commission found provides "strong assurance that the local market will remain open after [Verizon] receives section 271 authorization." New York Order ¶ 429. Verizon's Massachusetts Performance Assurance Plan "is modeled after the New York PAP and contains measurements, standards, and reporting requirements from the New York C2C Guidelines." DTE Eval. at 412. The DTE determined that the Performance Assurance Plan "will provide a reliable process to report VZ-MA's performance, while serving as a dependable safeguard against backsliding." Id. To the extent CLECs have challenged provisions of the Massachusetts Plan, they repeat arguments this Commission rejected in the New York proceeding,<sup>79</sup> are mistaken about the provisions of Verizon's Massachusetts Plan, or insist on the inclusion of provisions that were not found in the New York plan when this Commission granted Verizon's 271 application in New York. See Response of Verizon MA to Motions for Reconsideration of Performance Assurance Plan,

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Change Management Process; however, at the request of the ALJ overseeing this process, Verizon is taking steps to develop these transactions through the Change Management Process. See Guerard/Canny Rep. Decl. ¶ 27.

<sup>78</sup> DTE, Order Adopting Performance Assurance Plan, No. 99-271 (Sept. 5, 2000) (App. B, Tab 559) ("DTE Performance Plan Order").

<sup>79</sup> For example, WorldCom challenges the very same -X scoring system and use of remedy caps that this Commission approved in the New York plan. See Kinard Decl. ¶¶ 25, 35; New York Order ¶ 437.

attached to Ex Parte Letter from Dee May, Executive Director, Federal Regulatory, Verizon, to Magalie Roman Salas, Secretary, FCC (Nov. 1, 2000) ("PAP Response").<sup>80</sup>

The majority of the CLECs' complaints attempt to show that the Massachusetts Performance Assurance Plan differs in meaningful ways from the New York plan.<sup>81</sup> Although the Massachusetts Plan is not a carbon copy of the New York plan, none of the differences they point to is material. None, that is, provides a reason for this Commission to conclude that the Massachusetts Plan is any less effective than the New York plan in ensuring that the local market will remain open following approval of Verizon's application. For example, both ALTS (at 57-58) and WorldCom (at 55) note that the remedies under the Massachusetts Plan are an alternative to damages under the DTE's Consolidated Arbitrations regime, while in New York remedies under the plan are in addition to damages under individual interconnection agreements. Yet the Consolidated Arbitrations's "performance standards and credits are, in effect, more similar to a comprehensive PAP than to the more limited contract provisions in the New York interconnection agreements." DTE Performance Plan Order at 30. Imposing penalties under, in essence, two Performance Assurance Plans would result in double counting, as the DTE

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<sup>80</sup> This is true of a number of WorldCom's criticisms, see WorldCom at 51-54, 58; Kinard Decl. ¶¶ 8-13, 18, 23, as well as those of other CLECs, see, e.g., Williams Decl. ¶¶ 33-34; ALTS at 49-51. The metrics to which CLECs refer did not exist in the plan that this Commission approved in New York. To the extent they are found to be important additions to such a plan in the future, the DTE has ruled that, "without limiting [its] right to evaluate potential changes or additions to the adopted metrics, [it will] incorporate into the Massachusetts PAP whatever new metrics, if any, the NYPSC adopts for the New York PAP." DTE Performance Plan Order at 26; see also Guerard/Canny Rep. Decl. ¶ 37.

<sup>81</sup> The Massachusetts Attorney General incorrectly implies that Verizon may have misled the DTE regarding the extent of the differences between the two plans. See Mass. AG at 13. Verizon's proposal "highlight[ed]" the material differences but did not purport to contain an exhaustive catalog of every single difference. See Verizon Proposal for a Performance Assurance Plan at 7-8 (Apr. 25, 2000) (App. B, Tab 400).

recognized. See id.<sup>82</sup> Thus, the CLECs are correct that the plans differ, but they neglect to note that the alternate source of damages available in Massachusetts is significantly more comprehensive than in New York. See id. at 29; Guerard/Canny Rep. Decl. ¶ 35.<sup>83</sup>

Other claims are simply mistaken. For example, the DOJ (at 23) and WorldCom (at 56) assert that the Massachusetts PAP does not explicitly authorize the DTE to reallocate penalty dollars within the PAP. Yet the Massachusetts Plan contains such a provision. See Guerard/Canny Decl. App. I, at 2. ALTS argues that the Massachusetts Plan has eliminated the resale flow-through metrics from the Special Provisions. See ALTS at 57. Yet these metrics were erroneously included in the New York plan's Special Provisions; they have never been applied, and Verizon NY has recently filed corrected pages with the New York PSC.<sup>84</sup> Likewise, WorldCom's claim (at 56) that the waiver process is flawed ignores that, except to the extent that

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<sup>82</sup> WorldCom incorrectly implies that this Commission precluded the result the DTE reached. See WorldCom at 55 & n.76. In fact, this Commission simply noted that a Performance Assurance Plan should not be reviewed in isolation; it never ruled that such a plan is deficient if it provides for damages as an alternative to a comprehensive system established through a state arbitration. See New York Order ¶ 430.

<sup>83</sup> ALTS and WorldCom are similarly incorrect in suggesting that the Massachusetts Performance Assurance Plan is deficient for failing to incorporate the \$24 million in credits that the New York PSC added to the Special Provisions in the New York plan for measures relating to Electronic Data Interface. See ALTS at 57; WorldCom at 55. First, these provisions were not in the plan that this Commission approved in the New York proceeding. Second, these provisions were added to address a specific problem encountered in New York, and the DTE has authority to make similar modifications to the Massachusetts Plan if similar problems were to arise in Massachusetts. Finally, it is neither necessary nor appropriate to include in the Massachusetts Plan subsequent, temporary changes made to the New York plan to address transient situations. See also Guerard/Canny Rep. Decl. ¶ 34.

<sup>84</sup> Although ALTS (at 57) correctly notes that the so-called Domain Clustering Rule in the Massachusetts Plan differs from the New York plan, Verizon has recently submitted to the DTE a revised version of that rule that mirrors the New York plan, explaining that the Massachusetts Plan inadvertently included language from a prior draft of the New York plan. See PAP Response at 11-12. Verizon also notes that it has deleted a footnote pertaining to scoring rules for months in which there is no activity for a metric; this footnote was part of the negotiations in New York and was erroneously included in the draft Massachusetts Plan. See id. at 6.

it has been narrowed at the direction of the DTE, the waiver process in the Massachusetts Performance Assurance Plan is identical in all material respects to the one in the New York plan that this Commission approved. See DTE Performance Plan Order at 31.

A number of CLECs take issue with the DSL provisions of the Massachusetts Performance Assurance Plan, even though they are identical in all respects to the provisions in the New York plan. Covad (at 47-48) and WorldCom (at 58-59) argue that DSL should be treated as a separate Mode of Entry under the Massachusetts Plan, with bill credits at risk in addition to those already contained in the Plan. Yet adopting this suggestion would increase the total bill credits at risk well beyond the 36 percent of ARMIS that this Commission found sufficient in approving the New York plan. See New York Order ¶ 436; see also Texas Order ¶ 424; DTE Performance Plan Order at 24-25. In addition, the Modes of Entry already included in the Massachusetts Plan represent the four methods by which CLECs can enter the local market. DSL is not a fifth method, but rather a service that can be provisioned through each of the Modes of Entry. Accordingly, DSL already is addressed in the Critical Measures section of the Massachusetts Plan.

**C. Permitting Verizon To Provide InterLATA Service in Massachusetts Will Increase Long Distance Competition.**

Verizon demonstrated in its application that its entry into the long distance market in New York will save just those consumers who switched to Verizon's service in the first seven months up to \$120 million per year, and that consumers in Massachusetts can expect similar benefits. See Application at 74-77; Telecommunications Research & Action Center, A Study of Telephone Competition in New York (Sept. 6, 2000) (TRAC at Att. 3). Only WorldCom disputes this, arguing (at 74) that these savings are based on inaccurate comparisons; that, because the long distance market is already competitive, Verizon's entry will bring no consumer-

welfare gains; and that Verizon's entry will increase its incentives to discriminate. WorldCom is fundamentally mistaken.

First, WorldCom challenges the finding of the TRAC study that, six months after Verizon's entry, there was a Verizon long distance calling plan that was less expensive than any AT&T, WorldCom, or Sprint national plan for virtually all long distance customers with typical calling patterns. It claims that the TRAC study does not take account of new calling plans that carriers have introduced in the last four months.<sup>85</sup> But if anything, the existence of these new plans means that customers are saving even more in New York than TRAC initially estimated. These new plans in fact confirm that the long distance market has become more dynamic and more competitive since Verizon's entry. See Breen Rep. Decl. ¶ 7.

Moreover, there is significant additional evidence that consumers in New York have experienced unique benefits since Verizon's long distance entry: long distance minutes of use in New York have increased more rapidly than they have in any other state in Verizon's region. The Reply Declaration of noted economist Robert Crandall demonstrates that, in the first six months after Verizon entered the long distance market, interLATA minutes grew 7 percent more quickly in New York than would be expected absent Verizon's entry. See Crandall Rep. Decl. ¶¶ 2, 18. InterLATA minutes increased much more rapidly, in fact, than they increased in all other states in Verizon's region, which is undoubtedly due to Verizon's entry. See id. ¶ 15. This increase in output confirms that consumers in New York are paying lower long distance rates. See id. ¶¶ 12, 15, 18. Indeed, based on the considerable increase in long distance minutes, Dr. Crandall estimates that consumers in New York are saving \$226 million per year as a result of the lower rates brought about by Verizon's entry. See id. ¶ 18. These results are hardly

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<sup>85</sup> See Proferes et al. Decl. ¶ 19.

surprising: as both the Commission and DOJ have found, “higher output” is a sure sign of an increasingly “competitive market.”<sup>86</sup>

Second, WorldCom challenges Verizon’s claim that it offers low-volume customers more attractive calling plans than WorldCom.<sup>87</sup> WorldCom states that its “9 Cents Anytime” plan — despite its name — is less expensive than WorldCom’s “7 Cents Anytime” plan for low-volume users, and “preferable at most levels of usage” to Verizon’s “Timeless” plan that is designed for low-volume users.<sup>88</sup> In fact, any caller that makes fewer than 50 minutes of calls per month per month — which includes all “low-volume” users — would save money by using the Timeless plan, because WorldCom’s plan requires subscribers to pay a minimum monthly fee of \$5 per month. See Breen Rep. Decl. ¶ 4. Indeed, anyone placing only 10 minutes of long distance calls — which the Commission has found make up approximately 41 percent of all long distance consumers<sup>89</sup> — would pay an effective rate of 50 cents per minute under WorldCom’s 9 Cents Anytime plan and would save by switching to Verizon’s Timeless plan.

Third, there is no merit to WorldCom’s claim (at 74) that the long distance market is already competitive and that, “[c]onsequently, consumers do not necessarily benefit when an

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<sup>86</sup> Review of the Commission’s Regulations Governing Television Broadcasting: Television Satellite Stations Review of Policy and Rules, Report and Order, 14 FCC Rcd 12903, ¶ 25 (1999); see also Price Cap Performance Review for Local Exchange Carriers; Access Charge Reform, Further Notice of Proposed Rulemaking, 14 FCC Rcd 19717, App. C (1999) (noting that benefit of price reductions “consists of two parts: the benefit accruing from the lower price of the amount of output originally purchased, and the benefit accruing from the additional output purchased because of the reduction in price, which would have been forgone had the price remained at the original level”); Schwartz Aff. ¶ 103 (“selective discounts by a BOC could well increase total long-distance output and benefit consumers”).

<sup>87</sup> See Proferes et al. Decl. ¶ 13.

<sup>88</sup> Id. ¶ 13.

<sup>89</sup> FCC Press Release, FCC Reduces Access Charges by \$3.2 Billion; Reductions Total \$6.4 Billion Since 1996 Telecommunications Act; Monthly Minimum Usage Charges Eliminated for Immediate Savings for Consumers, May 31, 2000.

additional competitor is added to the long-distance market.” Indeed, WorldCom contradicts its own assertion, stating that it “recently launched an innovative ‘all distance’ product” in New York — including one variation that includes “200 free minutes of long distance each month” — and that it plans to offer this plan “wherever it provides local service.”<sup>90</sup> Similarly, AT&T officials have already announced that, in response to Verizon’s entry, AT&T “hope[s] to offer their local broadband telephone customers this fall long-distance plans with no monthly fees and no minimum.”<sup>91</sup> Moreover, the Commission has already rejected the economic theory underlying WorldCom’s assertion, finding that, “[a]s a general matter, we believe that additional competition in telecommunications markets will enhance the public interest.” New York Order ¶ 428; see also Taylor Rep. Decl. ¶¶ 6-11.

Finally, citing no evidence of any kind, WorldCom claims (at 74) that Verizon will gain increased incentives to discriminate if permitted to provide long distance service. But WorldCom’s speculative Chicken Little predictions are unconvincing in theory, see Taylor Rep. Decl. ¶¶ 27-43, and ignore the fact that this Commission has already found that regulatory safeguards are adequate to protect against the anticompetitive conduct that WorldCom fears.<sup>92</sup>

In sum, Verizon’s entry into the long distance business unquestionably will produce significant procompetitive benefits for consumers in Massachusetts .

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<sup>90</sup> Proferes et al. Decl. ¶ 16.

<sup>91</sup> P. Howe, Here Comes Phone Fight, Boston Globe, Sept. 10, 2000.

<sup>92</sup> See, e.g., Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC’s Local Exchange Area: Policy and Rules Concerning the Interstate, Interexchange Marketplace, Second Report and Order in CC Docket No. 96-149 and Third Report and Order in CC Docket No. 96-61, 12 FCC Rcd 15,756, ¶ 119 (1997) (access discrimination); Applications of Ameritech Corp. and SBC Communications Inc., For Consent To Transfer Control, 14 FCC Rcd, 14712 ¶¶ 231-235 (1999) (cross-subsidization and price squeezes).

**CONCLUSION**

Verizon's application to provide interLATA service originating in Massachusetts should be granted.

Respectfully submitted,



Mark L. Evans  
Evan T. Leo  
Scott H. Angstreich  
Kellogg, Huber, Hansen, Todd &  
Evans, P.L.L.C.  
Sumner Square  
1615 M Street, N.W.  
Suite 400  
Washington, D.C. 20036  
(202) 326-7900

Michael E. Glover  
Karen Zacharia  
Leslie A. Vial  
Donna M. Epps  
Joseph DiBella  
Verizon  
1320 North Court House Road  
Eighth Floor  
Arlington, Virginia 22201  
(703) 974-2944

James G. Pachulski  
TechNet Law Group, P.C.  
1100 New York Avenue, N.W.  
Suite 365  
Washington, D.C. 20005  
(202) 589-0120

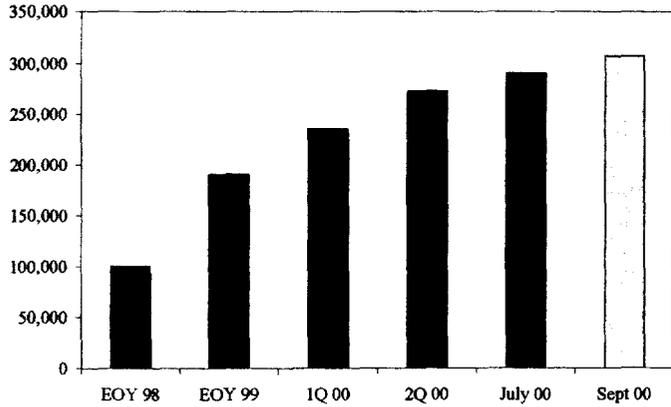
Bruce P. Beausejour  
Donald C. Rowe  
Verizon New England Inc.  
185 Franklin Street  
Room 1403  
Boston, Massachusetts 02110  
(617) 743-2445

November 3, 2000

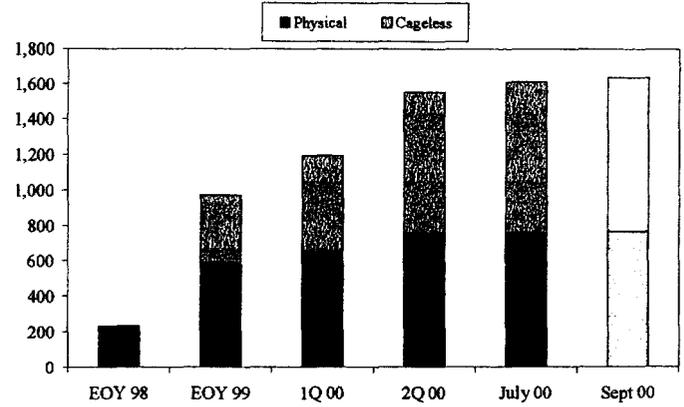


## Attachment A. Local Competition in Massachusetts

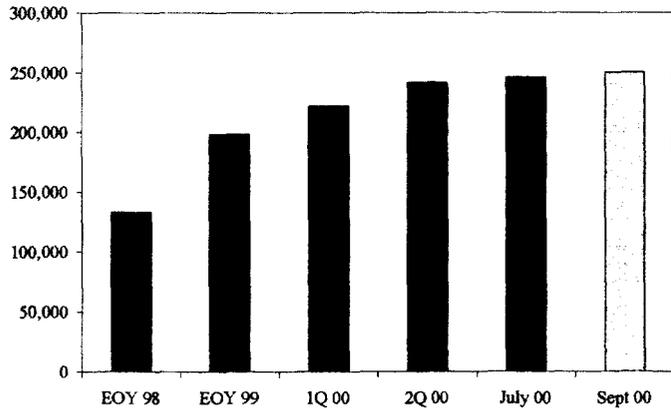
**CLEC Interconnection Trunks**



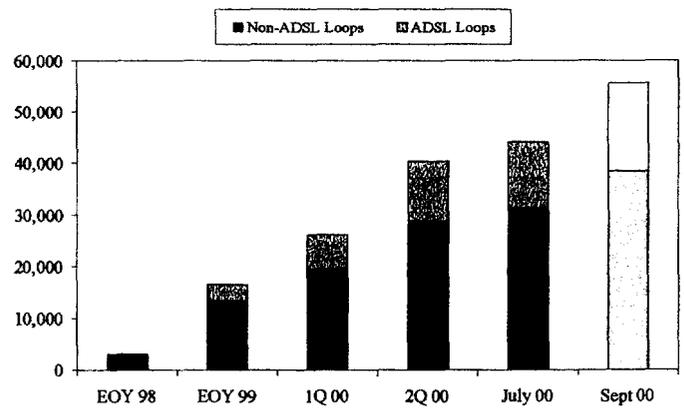
**CLEC Collocation Sites**



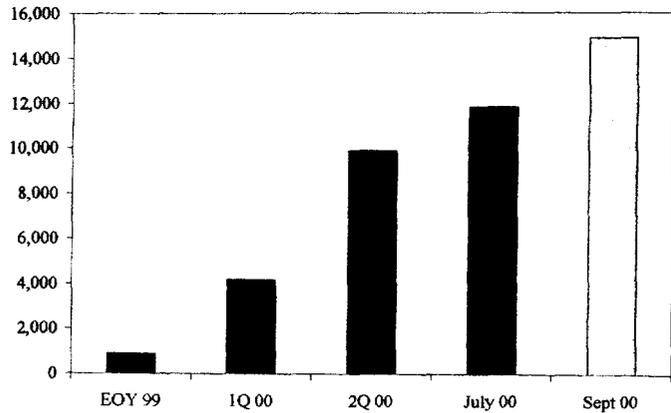
**CLEC Resold Lines**



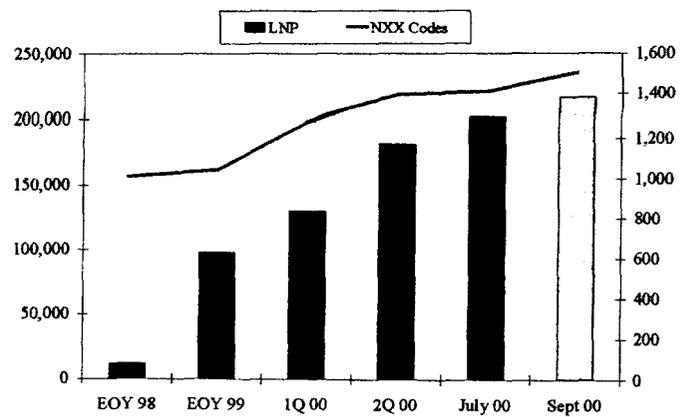
**CLEC Unbundled Loops**



**CLEC Platforms**



**CLEC Ported Numbers and NXX Codes**





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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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

In the Matter of )  
 )  
Application by Verizon New England )  
Inc., Bell Atlantic Communications, )  
Inc. (d/b/a Verizon Long Distance), )  
NYNEX Long Distance Company )  
(d/b/a Verizon Enterprise Solutions), )  
and Verizon Global Networks Inc., for )  
Authorization To Provide In-Region, )  
InterLATA Services in Massachusetts )  
 )

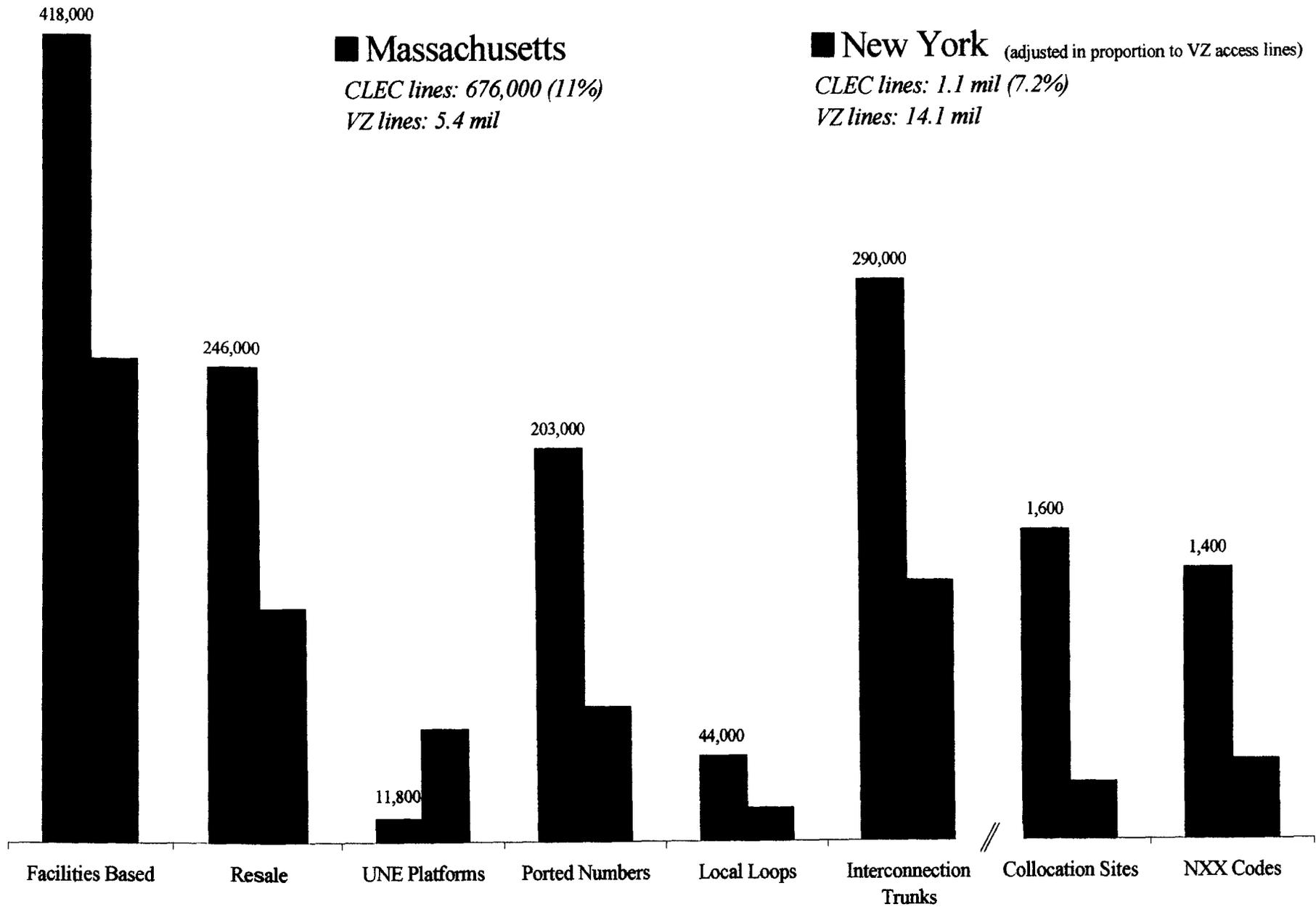
CC Docket No. 00-176

**REPLY COMMENTS IN SUPPORT OF  
APPLICATION BY VERIZON NEW ENGLAND  
FOR AUTHORIZATION TO PROVIDE IN-REGION,  
INTERLATA SERVICES IN MASSACHUSETTS**

---

**REPLY APPENDIX**

## Attachment B. Massachusetts Has More Competition than New York Did Prior to Section 271 Approval



**REPLY COMMENTS IN SUPPORT OF  
APPLICATION BY VERIZON NEW ENGLAND FOR AUTHORIZATION TO  
PROVIDE IN-REGION, INTERLATA SERVICES IN MASSACHUSETTS**

**REPLY APPENDIX  
TABLE OF CONTENTS**

**Declarations**

<b>TAB</b>	<b>DESCRIPTION</b>	
	Declarant	Subject
1	Paul A. Lacouture and Virginia P. Ruesterholz	Competitive Checklist
2	Kathleen McLean and Raymond Wierzbicki	Operations Support Systems
3	Elaine M. Guerard and Julie A. Canny	Performance Measurements
4	Robert H. Gertner and Gustavo E. Bamberger	DSL Performance Measurements
5	Maura C. Breen	InterLATA Competition
6	William E. Taylor	Local Competition and InterLATA Competition
7	Robert W. Crandall	InterLATA Competition
8	Steven E. Collins	Pricing
9	W. Robert Mudge	Arbitration and Negotiation



Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

In the Matter of )  
)  
Application by Verizon New England Inc., )  
Bell Atlantic Communications, Inc. (d/b/a )  
Verizon Long Distance), NYNEX Long ) CC Docket No. 00-176  
Distance Company (d/b/a Verizon )  
Enterprise Solutions), and Verizon Global )  
Networks, Inc., for Authorization To )  
Provide In-Region, InterLATA Services in )  
Massachusetts )  
)

JOINT REPLY DECLARATION  
OF  
PAUL A. LACOUTURE AND VIRGINIA P. RUESTERHOLZ

1. My name is Paul A. Lacouture. I submitted a Joint Declaration with Virginia P. Ruesterholz in this proceeding on September 22, 2000. My qualifications are set forth in that declaration.

2. My name is Virginia P. Ruesterholz. I submitted a Joint Declaration with Paul A. Lacouture in this proceeding on September 22, 2000. My qualifications are set forth in that declaration.

I. Purpose of Reply Declaration

3. The purpose of our reply declaration is to address the issues raised by commenters regarding Verizon New England Inc.'s ("Verizon") satisfaction of the 14-point checklist in Section 271(c)(2)(B) of the Telecommunications Act of 1996. None of the commenters seriously dispute the fact that all 14 checklist items are available and