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Honorable William E Kennard  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Dear Chairman Kennard:

Verizon's checklist performance in Massachusetts is excellent, and our application to provide long distance should be approved.

As the record here makes clear, there is no serious dispute that Verizon satisfies at least 13 and one-half points of the 14 point checklist. The principal debate in this proceeding has been whether Verizon's performance on one subset of one checklist item -- unbundled loops used to provide xDSL service -- also satisfies the checklist. It does.

To put the issue in context, DSL loops are a minority of the unbundled loops that our carrier-customers have purchased in Massachusetts, and a minority of the unbundled loops that are being added on a monthly basis.<sup>1</sup> This does not mean that we don't take seriously our obligation to provide excellent service to customers who purchase DSL loops. We do. But it does highlight the limited scope of the debate.

In any event, Verizon's performance on this final subset of loops that are used to provide DSL is strong. This is precisely the conclusion of the Massachusetts DTE based on its own exhaustive review: "VZ-MA is performing as a wholesale provider should. It gives CLEC customers the service they request."<sup>2</sup> It also is the conclusion echoed by our carrier-customers outside of

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<sup>1</sup> Verizon Application, Lacouture/Ruesterholz Decl. ¶¶ 66, 95; November 17, 2000 letter to Ms. Salas from Ms. May.

<sup>2</sup> DTE Eval. at 306.

regulatory forums. As the CEO of Covad publicly acknowledged, his company was "getting great results" from Verizon: "I will give [Verizon] a lot of credit. They have done a wonderful job. I would highly commend Ivan Seidenberg's organization for really stepping up."<sup>3</sup>

The record here shows that those conclusions are abundantly justified. As the evidence considered by the DTE and timely filed in this proceeding demonstrates,<sup>4</sup> Verizon's DSL loop performance in each of the areas that the Commission has examined in its previous orders is strong.

A. Pre-Order Timeliness

In Massachusetts, Verizon provides carriers with the same access to loop pre-qualification information that the Commission concluded satisfied the checklist in its *New York Order*, and does so in a timely manner.<sup>5</sup> In fact, as we demonstrated in our application, Verizon responds to queries to our electronic pre-qualification database well within the parity standard established by the DTE of plus or minus four seconds.<sup>6</sup> And Verizon responds to requests to perform manual loop pre-qualifications within the time frame established by the DTE more than 96 percent of the time.<sup>7</sup>

Moreover, although we do not believe we are required to do so, we also have voluntarily offered to provide other carriers with electronic access to back office inventory systems that contain limited additional loop information, provided only that they reimburse the developmental costs we incur from the third party

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<sup>3</sup> Transcript of Covad's 2000 First Quarter Earnings Release Conference Call at 29-30 (Apr. 18, 2000); Interview with Robert Knowling Jr. on RadioWallStreet.Com at 6 (Oct. 6, 2000).

<sup>4</sup> Some parties have claimed that the DSL data upon which we urge the Commission to rely was not timely filed in this proceeding. As the cites throughout this document indicate, the DSL performance data upon which we rely were timely filed, either in our initial application or in response to comments.

<sup>5</sup> Verizon Application, Lacouture/Ruesterholz Decl. ¶¶ 96, 108-110.

<sup>6</sup> Verizon Application, Guerard/Canny Decl. Att. G.; Verizon Reply, Guerard/Canny Reply Decl. Att D.

<sup>7</sup> Verizon Application, Guerard/Canny Decl. Att. G.

vendor. To date, however, none of the carriers has indicated whether it wants us to proceed.<sup>8</sup>

A. Order Processing Timeliness

Verizon's performance in processing DSL orders submitted by our carrier-customers is excellent. In fact, as we demonstrated in our application, Verizon's timeliness of returning firm order confirmations consistently is 97 percent or better. And Verizon's timeliness of returning reject notices consistently is more than 96 percent.<sup>9</sup>

B. Installation Timeliness

Verizon also installs unbundled DSL loops on time, as demonstrated by several different measures of our performance that have been validated by the Massachusetts DTE. Based on this extensive evidence, the DTE has confirmed that Verizon "gives CLEC customers the service they request."<sup>10</sup>

First, as demonstrated in our application, the on-time measurements adopted by the DTE for use in the Performance Assurance Plan (PAP) show that Verizon installs more than 95 percent of new DSL loops on time under normal operating conditions.<sup>11</sup> The PAP measures are the best measure of Verizon's on-time performance for two reasons. First, the PAP measures focus specifically on Verizon's performance installing new DSL loops. Second, the PAP measures exclude orders that are missed because of a lack of facilities. Both the Massachusetts and New York commissions have concluded that these orders should be excluded so that Verizon can try to find or free up other facilities in order to accommodate its carrier-customers rather than simply reject the orders as it is entitled to do.<sup>12</sup>

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<sup>8</sup> Verizon Reply, Lacouture/Ruesterholz Reply Decl. ¶ 83.

<sup>9</sup> Verizon Application, Guerard/Canny Decl., Att. E; Verizon Reply, Guerard/Canny Reply Decl. Att. D.

<sup>10</sup> DTE Eval. at 306.

<sup>11</sup> Verizon Application, Lacouture/Ruesterholz Decl. ¶ 96; Verizon Application, Guerard/Canny Decl. Att. M.

<sup>12</sup> Verizon Application, Lacouture/Ruesterholz Decl. ¶ 96-98; Verizon Reply, Lacouture/Ruesterholz Reply Decl. ¶ 57.

Second, Verizon's strong performance is confirmed by the on-time measures included in the carrier-to-carrier reports. Unlike the PAP measures, the carrier-to-carrier measures do not exclude orders missed for facilities reasons. As demonstrated in the application, Verizon nonetheless completed 92 percent or more of DSL loop orders on time under this alternative measure.<sup>13</sup>

Third, Verizon's strong performance is further confirmed by the missed installation appointment measure included in the carrier-to-carrier reports. The reports included in our application demonstrated that Verizon meets approximately 96 percent of our installation appointments for dispatch orders, which make up the overwhelming majority of the orders submitted by our carrier-customers.<sup>14</sup> This is a broad measure of Verizon's on-time performance because it is not limited just to new loops, but includes all DSL-related orders (such as disconnects and port changes).

Fourth, the performance reports in Verizon's application demonstrated that the weighted average completion intervals for unbundled DSL loops are virtually identical to the same interval for Verizon's retail DSL service. In fact, the intervals are essentially the same when dispatch orders are compared to dispatch orders (7.26 days versus 7.29 days). And the intervals for wholesale orders are actually shorter when non-dispatch orders are compared to non-dispatch orders (4.89 days versus 5.6 days).<sup>15</sup>

In its application here, Verizon demonstrated that the reported results for these measures showed that Verizon installs loops on time under normal operating conditions. Of course, the reported performance results for August and September – which post-date the application because they were not yet available at the time of the filing -- necessarily were affected by the work stoppage that occurred in August and the related recovery period. In particular, Verizon suspended installation work requiring a dispatch, and instead focused available work forces on maintenance and repair for existing customers, both wholesale and retail. As a

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<sup>13</sup> Verizon Application, Guerard/Canny Decl., Att. E.

<sup>14</sup> Verizon Application, Gueard/ Canny Decl. Att. E; Verizon Reply, Lacouture/Ruesterholz Reply Decl. ¶¶ 58-59;

<sup>15</sup> Verizon Application, Lacouture/Ruesterholz Decl. ¶ 99; Verizon Application, Gueard/ Canny Decl. Att. E.

result, the work stoppage had the largest impact on installation measures for dispatch orders.<sup>16</sup>

The work stoppage had a disproportionately large impact on the reported results for wholesale orders in the month of August. Ironically, the reason for this is that Verizon went to great lengths to provide our carrier-customers with *better* service during the recovery period than we provided for our retail customers. We did so by completing *more* strike-delayed wholesale orders in the last two weeks of August than we did retail orders. Because these orders are recorded as misses in the month that they are completed, the fact that we completed the strike-affected wholesale orders faster actually caused the reported results for August to include more misses and appear worse.<sup>17</sup> By September, however, the reported rate of missed wholesale and retail orders already were once again roughly comparable, though at slightly elevated levels as remaining strike-affected orders worked through the system.<sup>18</sup> Based on Verizon's strong performance during the strike and the subsequent recovery period, Covad's CEO publicly acknowledged: "I will give them a lot of credit. They have done a wonderful job. . . . And it has been surprising how well they have rebounded in terms of meeting service expectation for me."<sup>19</sup>

Finally, one interval measure that Verizon was required to report for the first time in July is fundamentally flawed and does not accurately reflect Verizon's installation performance. This measure was intended to reflect the percentage of DSL loop orders completed within 6 days. In practice, however, the measure was defined in such a way that it included only a small subset of DSL loop orders, included orders that had not been pre-qualified (and that have an installation interval of 9 days rather than 6 days), included orders missed for facilities reasons, and the reported results included orders for which our carrier-customers had requested an interval of longer than 6 days. It also compared Verizon's

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<sup>16</sup> Verizon Application, Lacouture/Ruesterholz Decl. ¶311; Verizon Reply, Lacouture/Ruesterholz Reply Decl. ¶¶ 176, 182-186.

<sup>17</sup> Verizon Reply, Lacouture/Ruesterholz Reply Decl. ¶ 191; Verizon Reply, Guerard/Canny Reply Decl. ¶ 17-20; Verizon Reply, Guerard/Canny Reply Decl. Atts. B, D.

<sup>18</sup> Verizon Reply, Guerard/Canny Reply Decl. ¶ 21; Verizon Reply, Guerard/Canny Reply Decl. Atts. B, D.

<sup>19</sup> Interview with Robert Knowling Jr. on RadioWallStreet.Com at 6 (Oct. 6, 2000).

performance on unbundled DSL loops to a retail analog (second POTS lines) that frequently has an installation interval of only 5 days.<sup>20</sup>

These are precisely the types of factors that the Commission previously has held should be taken into account in evaluating reported results, and caused it to recognize that interval measures such as this one can be "flawed" because they are affected by "factors outside of [Verizon's] control and unrelated to the timeliness and quality of [Verizon's] provisioning."<sup>21</sup> And it is because of these same problems that the CLECs participating in the carrier-to-carrier collaborative have now agreed to recommend that this measure be fundamentally changed in an effort to more accurately reflect Verizon's performance.

### C. Loop Quality

Verizon also provides unbundled loops to our carrier-customers that are equal in quality to the loops we use for our retail services. The best measure of overall DSL loop quality is the total trouble report rate on unbundled DSL loops compared to Verizon's own DSL service. The record here shows that the total trouble report rate for wholesale and retail DSL over a four-month period is virtually identical (3.27 versus 3.3 trouble reports per month for each 100 lines in service).<sup>22</sup>

While the reported results for one subset of total trouble reports – those reported within 30 days of installation (so-called "I-codes") – reflect a difference between wholesale and retail, we demonstrated before the DTE and in our application here that these reported results do not reflect Verizon's performance.<sup>23</sup> This measure was originally intended as an indicator of Verizon's ability to deliver working loops. But it no longer serves that purpose. On the contrary, the vast majority of DSL loops on which carriers submit I-codes – some 70 percent or more – have undergone cooperative acceptance testing during which our carrier-

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<sup>20</sup> Verizon Application, Lacouture/Ruesterholz Decl. ¶ 100; Verizon Reply, Lacouture/Ruesterholz Reply Decl. ¶¶ 61-65.

<sup>21</sup> New York Order ¶ 202.

<sup>22</sup> November 14, 2000 letter to Ms. Salas from Ms. May; December 1, 2000 letter to Ms. Salas from Ms. May.

<sup>23</sup> Verizon Application, App. B. Tab 565, at 5634; Verizon Application, App. B. Tab 520, at 2553-2555; Verizon Application, Lacouture/Ruesterholz Decl. ¶ 104 & Att. L; Verizon Reply, Lacouture/Ruesterholz Reply Decl. ¶ 66 & Att. F; Verizon Reply, Gertner/Bamberger Reply Decl. ¶ 25.

customer tested the loop itself and provided a serial number to Verizon certifying that the loop was working.<sup>24</sup>

As a result, this measurement now serves as a measure of the accuracy of the acceptance testing performed by our customer, rather than a measure of Verizon's performance. And because the types of troubles that are being reported as I-codes are ones that properly performed acceptance testing would have revealed, what this measure shows is that carriers are accepting loops that are not suitable for DSL service. Indeed, carriers conceded in their testimony before the DTE that they are doing so intentionally in many cases to take advantage of the fact that Verizon will undertake Herculean efforts to rebuild or replace even loops that are not suitable for DSL in order to accommodate our customers.<sup>25</sup> And these carriers have acknowledged that, in other instances, their use of inexperienced technicians causes post-installation troubles to be reported for problems that should have been discovered during acceptance testing.

Consequently, based on its own record on the subject, the DTE concluded that it could "not accord a significant amount of weight to this metric."<sup>26</sup> As we demonstrated, however, adjusting the reported results merely by excluding those loops that experience problems that clearly should have been revealed during acceptance testing produces I-code rates that are virtually identical for wholesale and retail orders.<sup>27</sup>

Finally, the record before the DTE and here demonstrates that the rate of repeat trouble reports within 30 days consistently is lower for our wholesale customers than for retail.<sup>28</sup> As the DTE concluded based upon its review, "[t]his metric demonstrates that once CLECs receive loops that are appropriate for xDSL service, they experience fewer problems than VZ-MA."<sup>29</sup>

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<sup>24</sup> Verizon Application, Lacouture/Ruesterholz Decl ¶ 104 & Att. L.

<sup>25</sup> Verizon Application, App. B. Tab 233, at 3247; Verizon Application, App. B. Tab 462, at Szafraniec/Katzman Decl ¶ 65; Verizon Application, App. B. Tab 233, at 3248.

<sup>26</sup> DTE Eval. at 313-314.

<sup>27</sup> Verizon Reply, Lacouture/Ruesterholz Reply Decl. & 66.

<sup>28</sup> Verizon Application, App. B, Tab 446; Verizon Application, App. B, Tab 537; Verizon Application, Guerard/Canny Decl. Att. E.

<sup>29</sup> DTE Eval. at 321.

D. Maintenance and Repair

As the DTE concluded, Verizon also "provides maintenance and repair for CLEC xDSL loops in substantially the same time and manner as it does for its retail customers."<sup>30</sup>

The best indicator of Verizon's maintenance and repair performance is its timeliness in meeting its repair appointments. As the reported results in the record here demonstrate, Verizon's performance in meeting repair appointments for our wholesale customers is in parity with retail, and is better than retail in recent months.<sup>31</sup>

In contrast, reported results for the comparative intervals to complete repairs, such as the mean time to repair measure, are influenced by a number of aspects of CLECs' own behavior. This is no different from the types of factors that the Commission has found must be taken into account in evaluating other interval measures. For example, based on its own investigation, the DTE found that Verizon's "maintenance and repair performance is hindered by" factors such as the "CLECs' inability to identify the source of the trouble," "the propensity of some CLECs to accept loops they concede are unable to support xDSL service, absent additional work by VZ-MA technicians," and "the preference for Monday and not weekend repair appointments."<sup>32</sup> Significantly, the record here demonstrates that adjusting for just the latter two factors identified by the DTE shows that the average mean time to repair for our wholesale customers is in parity with retail.<sup>33</sup> And this adjustment is necessary because, as the DTE explained, "ascribing the consequence of a CLEC business decision to a purported VZ-MA failure appears unwarranted."<sup>34</sup>

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<sup>30</sup> DTE Eval. at 322.

<sup>31</sup> Verizon Application, Guerard/Canny Decl. Att. E; Verizon Reply, Guerard/Canny Reply Decl. Att. D.

<sup>32</sup> DTE Eval. at 320.

<sup>33</sup> Verizon Reply, Lacouture/Ruesterholz Reply Decl. ¶ 73.

<sup>34</sup> DTE Reply at 80.

Further, Verizon has been working diligently with our carrier-customers to help them understand the impact of their own business practices and to ensure that we provide excellent performance to these customers. For example, by doing so, Verizon has succeeded in consistently reducing the mean time to repair for our wholesale customers, and has reduced the interval by some 30 percent since the beginning of the summer.<sup>35</sup>

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<sup>35</sup> Verizon Application, Guerard/Canny Decl. Att. E; November 30, 2000 letter to Ms. Salas from Ms. May.

## Conclusion

The overwhelming weight of the evidence here demonstrates that Verizon satisfies its obligations with respect to unbundled DSL loops. As summarized in the list attached:

The record before the DTE and here shows that Verizon's performance under normal operating conditions is seriously disputed with respect to only 3 of 16 separate measures in the substantive areas that the Commission previously examined for unbundled DSL loops.

One of those three measures is flawed and consensus has been reached through the carrier-to-carrier collaborative process that it should be revamped in an effort to more accurately reflect actual performance.

The reported results for the final 2 measures are affected by the CLECs' own business practices, as the DTE confirmed based on its review of "VZ-MA's justifications for its performance data [that] were addressed in its May and August, 2000, filings and during the August technical sessions."<sup>36</sup> And the adjusted results for these final two measures also demonstrate parity.

In addition, Verizon's separate data affiliate is now fully operational in Massachusetts, well ahead of the schedule that it is required to be. As the Commission has concluded, this will provide still "further assurance that competing carriers . . . will [continue] to have non-discriminatory access to xDSL-capable loops." It also will help to resolve the problem created by the fact that existing performance measures do not provide an apples-to-apples comparison. This is true because unbundled loops are fundamentally different from Verizon's retail DSL service (which is really line sharing), and are technically and operationally more complicated to provide. But the fact that, going forward, both Verizon's separate data affiliate and other carriers will be submitting line sharing orders (and use the same systems to do so) will, for the first time, permit a direct apples to apples comparison.

Finally, Verizon will continue to provide excellent service going forward. As an initial matter, it is strongly in our business interest to do so in order to avoid losing wholesale revenues if consumers were to switch to cable modem providers. Moreover, the Performance Assurance Plan adopted by the DTE provides

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<sup>36</sup> DTE Reply at 61-62.

additional incentives to continue to provide excellent performance on DSL loops. Indeed, the Plan already includes DSL loop measures. Additional DSL measures are being added in the ongoing review by the New York PSC, and the DTE has said it will incorporate additional measures adopted there into the Massachusetts Plan. The DTE also has decided to make DSL a separate mode of entry under the Massachusetts Plan. Each of these changes will further increase the amount of dollars at risk specifically because of DSL performance.

For all these reasons, our application should be granted now.

Sincerely,

Edward D. Young, III