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Dee May
Executive Director
Federal Regulatory

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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February 23, 2001

Ex Parte

ORIGINAL

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th St., S.W. – Portals
Washington, DC 20554

RE: Application by Verizon New England Inc., et al., for Authorization To Provide In-Region, InterLATA Services in Massachusetts, Docket No. 01-9

Dear Ms. Salas:

This letter provides responses to a number of questions from staff concerning the relative costs of switching in New York and Massachusetts.

1996 Cost Studies: Staff asked for a comparison of the 1996 cost studies for New York and Massachusetts for switching. The Massachusetts and New York cost studies were based on the same assumptions. Attached is a chart comparing the original 1996 cost studies for both states for switching-related elements. In all cases, the studies produced higher costs for Massachusetts than for New York. Accordingly, consistent with the precedent established in the Kansas/Oklahoma Order, the New York switching rates are a reasonable surrogate for Massachusetts switching rates.

Universal Service Fund (USF) Analysis for Switching Costs: Staff requested a USF analysis for switching costs, similar to the analysis presented at the February 15, 2001 meeting for loop and port costs. Verizon has completed the USF analysis for switching costs, and the result is that the Massachusetts' switching costs are 105% of the New York switching costs under the high-cost proxy model. As the Commission stated in its Kansas/Oklahoma Order (¶ 84), while the USF cost model should not be used to establish rates, it does "provide reasonable basis for comparing cost differences between states." Again, the results of this analysis show that the relative costs in Massachusetts are comparable to or somewhat higher than in New York, and therefore support the conclusion that the New York switching rates are a reasonable surrogate for Massachusetts switching rates.

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Lines per Square Mile Analysis: Staff requested the weighting factor and total number of working lines for each zone in the "Lines per Square Mile in NY and MA (by FCC Zone)" slide that was distributed at the February 15, 2001 meeting. Attached is a chart listing both the total number of working lines and the weighting factor for each of the Commission's eight zones.

Please let me know if you have any questions. The twenty-page limit does not apply as set forth in DA 01-106.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale May". The signature is written in a cursive style with a large, looping initial "D".

Enclosures

cc; E. Einhorn
K. Farroba
R. Lerner
R. Lien
J. McKee
S. Pie

SWITCHING COST COMPARISON
New York vs. Massachusetts

<i>Study Item</i>	<i>VZ-NY Cost 95-C-0657 SEP-30-1996</i>	<i>VZ-MA Cost OCT-11-1996</i>	<i>Percent MA of NY Cost</i>
a	b	c	d=c/b
<i>Local Switching</i>			
Analog Line Port-(major city)	\$6.46	NA	NA
Analog Line Port-(urban)	\$5.75	\$6.33	110%
Analog Line Port-(suburban)	\$4.38	\$4.83	110%
Analog Line Port-(rural)	\$4.71	\$8.65	184%
<i>Local Switch Usage - Statewide Average</i>			
Local Switch Usage (AHD)	\$0.007780	\$0.008272	106%
Common EO Trunk Usage (AHD)	\$0.001774	\$0.002126	120%
<i>Common Transport</i>			
Common Transport Usage (AHD)	\$0.000792	\$0.001860	235%
<i>Tandem Usage (Shared)</i>			
Tandem Switch - (AHD)	\$0.003711	\$0.004274	115%
Common Tandem Trunk - (AHD)	\$0.006249	\$0.011438	183%

DENSITY ZONE DATA FOR NEW YORK AND MASSACHUSETTS BY FCC ZONE

	MASSACHUSETTS		NEW YORK	
	<u>Total Lines</u>	<u>Percent of Total</u>	<u>Total Lines</u>	<u>Percent of Total</u>
<u>0 - 5 Lines per Square Mile</u>				
Working Lines	0	0%	1,689	0%
<u>5 - 100 Lines per Square Mile</u>				
Working Lines	119,899	3%	611,503	5%
<u>100 - 200 Lines per Square Mile</u>				
Working Lines	210,940	5%	503,320	4%
<u>200 - 850 Lines per Square Mile</u>				
Working Lines	1,283,586	27%	1,249,133	10%
<u>850 - 2,550 Lines per Square Mile</u>				
Working Lines	1,460,187	31%	1,743,237	14%
<u>2,550 - 5,000 Lines per Square Mile</u>				
Working Lines	703,911	15%	1,586,626	13%
<u>5,000 - 10,000 Lines per Square Mile</u>				
Working Lines	363,004	8%	999,610	8%
<u>10,000 + Lines per Square Mile</u>				
Working Lines	536,299	11%	5,643,160	46%
Total Working Lines	4,677,826		12,338,278	
Statewide Average LPSQM	576		453	