

matters so substantial that the end result falls outside the range that the reasonable application of TELRIC principles would produce.” Kansas/Oklahoma Order ¶ 59 (quoting New York Order ¶ 244). The comments present no evidence that even remotely suggests that either of these two conditions are present here.

Switching Rates. Verizon has demonstrated conclusively that its rates for unbundled switching in Massachusetts are at the same levels as those in place in New York, which this Commission previously approved. Under the Commission’s prior orders, this means that the unbundled switching rates necessarily are within the range that a reasonable application of TELRIC principles would produce, and that is the end of the matter.

The Commission has held that, in making a determination about whether rates in a given state comply with TELRIC, it “may, in appropriate circumstances, consider rates that we have found to be based on TELRIC principles” in the context of previous section 271 applications. Id. ¶ 82. If the rates in the state under review are comparable to those in a state that previously was approved, especially where the two states being compared “are adjoining states,” id., and have comparable cost structures, id. ¶¶ 83-84, the rates at issue are “entitled to a presumption of compliance with TELRIC,” id. ¶ 82 n.244.

As the DTE has concluded, the factors for establishing a presumption of compliance are clearly present here: “(a) Massachusetts and New York are adjoining states; (b) in Massachusetts and New York, Verizon has similar rate structures for local switching; and (c) the FCC has already found that Verizon’s local switching rates in New York are reasonable.” DTE Supp. Eval. at 21. The DTE has accordingly found that “[t]hese facts lead to the inescapable conclusion that VZ-MA’s rates for local switching are reasonable and are within a range that application of TELRIC principles would produce.” Id.

No commenter seriously disputes that the switching rates in Massachusetts are identical to those that the Commission approved in New York. The only challenges to the switching rates are made by the long distance incumbents — the very companies that are serving more than one million customers in New York using unbundled elements at rates that are at the same levels as in Massachusetts — which argue that the Commission should ignore whether the rates set by the DTE fall within the range that TELRIC would produce, and consider instead whether they meet certain other tests that the long distance incumbents themselves have contrived. But there is quite obviously no basis in the Act for this approach.

First, the long distance incumbents argue that the Commission should ignore whether the rates in Massachusetts comply with TELRIC and consider instead whether they provide a gross profit margin that the long distance incumbents deem adequate. See AT&T at 12; WorldCom at 7-8. But the Commission resoundingly rejected this position in the Kansas/Oklahoma Order, noting that “[s]uch an argument is irrelevant,” under the Act, which instead “requires that we review whether the rates are cost-based, not whether a competitor can make a profit by entering the market.” Kansas/Oklahoma Order ¶ 92.<sup>27</sup> The Commission noted that, “[w]ere we to focus on profitability, we would have to consider the level of a state’s retail rates, something which is

---

<sup>27</sup> In an attempt to put a new spin on its discredited argument, WorldCom argues (at 7) that the Commission should consider the fact that the long distance incumbents themselves have decided not to purchase UNE platforms in Massachusetts as circumstantial evidence that the rates in Massachusetts do not comply with TELRIC. Such a standard is likewise irrelevant under the Act, and for exactly the same reason that WorldCom’s margin analysis is irrelevant — it requires the Commission to determine whether the rates permit competitors to earn a profit, not whether they comply with TELRIC. In any event, even if the Commission were to consider such circumstantial evidence, it would likewise have to consider the fact that the rates in New York — which WorldCom concedes are the same as in Massachusetts — have permitted WorldCom to obtain more than 400,000 customers through UNE platforms. See R. Krause, Verizon’s New York Fight Key to AT&T Challenge, Investor’s Business Daily, at A6 (Aug. 15, 2000) (“WorldCom says it has signed up more than 400,000 local customers in New York”).

within the state's jurisdictional authority, not the Commission's." Id.; see also id. ¶ 65 (“[I]ncumbent LECs are not required, pursuant to the requirements of section 271, to guarantee competitors a certain profit margin.”).

Second, the long distance incumbents argue that the Commission should ignore whether the Massachusetts rates comply with TELRIC and instead impose lower rates that have been set by other states. See AT&T at 18-19; WorldCom at 11. But as both the Commission and the courts have recognized, TELRIC is not designed to produce the same result in every case.<sup>28</sup> Consequently, the issue is not whether another state commission or this Commission might set different local switching rates than those set by the New York PSC and adopted by the DTE. The only issue is whether those rates are within the range that a reasonable application of TELRIC principles would produce. The Commission expressly held that they are, and the D.C. Circuit affirmed that finding.<sup>29</sup> For the same reasons, the Commission must also reject what is perhaps the long distance incumbents' most absurd (though also most revealing) claim — that even if the Massachusetts rates “could be defended as based on cost,” the Commission should impose lower rates unless the state commission can “provide a detailed, persuasive explanation of why no lower rate would satisfy TELRIC principles.” WorldCom at 8; see also AT&T at 11-12.

---

<sup>28</sup> See, e.g., AT&T Corp. v. FCC, 220 F.3d 607, 615 (D.C. Cir. 2000) (“application of TELRIC principles may result in different rates in different states”); Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-Region, InterLATA Services In Michigan, Memorandum Opinion and Order, 12 FCC Rcd 20543, ¶ 291 (1997) (“Michigan Order”) (“use of TELRIC principles will necessarily result in varying prices from state to state because the parameters of TELRIC vary from state to state”).

<sup>29</sup> AT&T nevertheless argues (at 19-20) that the rates approved in Massachusetts are higher than what the FCC's USF cost model would produce. But as the Commission has recently confirmed, the USF model is relevant *only* for purposes of comparing *relative* cost levels between states, and cannot be used to determine absolute cost levels or to set rates for UNEs.

Third, the long distance incumbents argue that the rates in Massachusetts cannot be TELRIC-based, because the rates in New York on which the Massachusetts rates are based suffer from various flaws. This is nothing more than a collateral attack on the Commission's approval of the New York rates, and the D.C. Circuit's affirmance of that decision, and there is no basis to permit such a challenge here. This is particularly true because the arguments that the long distance incumbents raise were not properly made in an appeal of the DTE's pricing orders. Moreover, the DTE has "recently opened an investigation into VZ-MA's rates for UNEs" as part of "the scheduled five-year review of VZ-MA's UNE and resale rates." DTE Supp. Eval. at 22.<sup>30</sup> That proceeding, not this one, is clearly the appropriate forum for addressing Verizon's rates.

In any event, the long distance incumbents' arguments regarding the rates in New York are groundless. In particular, the long distance incumbents claim that the switching rates in New York were based on switch purchase discounts that, they allege, were found flawed by the New York PSC. See WorldCom at 15-17; AT&T at 7-8; Sprint at 9.<sup>31</sup> But this argument has already been rejected by the Commission and the D.C. Circuit, and does not accurately recount the New York PSC's decision. Faced with the same evidence regarding switching discounts that the long

---

See Kansas/Oklahoma Order ¶ 84.

<sup>30</sup> AT&T and WorldCom try to brush aside the significance of this proceeding by attacking the DTE, claiming that it "has not demonstrated a level of expertise with, or commitment to, TELRIC." AT&T at 10; see also WorldCom at 18. But as the DTE has noted, this "claim is clearly untrue and does not do justice to the hard work of the Department and its appointed arbitrator in setting UNE rates." DTE Reply at 48.

<sup>31</sup> AT&T also claims (at 9) that it introduced evidence in the New York rate proceeding that the cost model adopted by the New York PSC could not calculate reasonable estimates of switch prices and that it overstated engineering and installation factors. But the New York PSC made no findings with respect to this evidence, which AT&T is free to submit to the DTE in the new rate proceeding.

distance incumbents present here, the New York PSC expressly declined to revise Verizon's rates. Instead, it noted that a single input could not be modified in isolation, and that doing so likely would require offsetting changes in other inputs. As a result, it went so far to say that, even if it were to reopen its decision, "one might also envision changes . . . that would *increase* the calculated switching costs."<sup>32</sup> Based on this decision, the Commission found that "AT&T has presented no evidence to persuade us that New York did not conform to TELRIC principles simply because it failed to modify one input into its cost model." New York Order ¶ 245. And the D.C. Circuit found that "[t]he FCC's decision seems reasonable to us," noting that "the prospect of future modification makes the rates no less TELRIC-compliant." AT&T Corp. v. FCC, 220 F.3d at 617.

Finally, the long distance incumbents argue that, even assuming the rates in New York are TELRIC-based, the rates in Massachusetts are not comparable to the New York rates. In particular, they claim the Massachusetts rates are permanent whereas the rates in New York are interim and subject to true-up. See AT&T at 4, 10; WorldCom at 13.<sup>33</sup> It is, of course, ironic that the incumbents make this argument here, because in the New York proceeding AT&T argued that the rates in New York should be rejected precisely because they were interim. See New York Order ¶ 247 (rejecting AT&T's argument to that effect). In any event, both the

---

<sup>32</sup> Order Denying Motion to Reopen Phase 1 and Instituting New Proceeding, Joint Complaint of AT&T Communications of New York, Inc. et al., Case Nos. 95-C-0657 et al., at 10 (N.Y. PSC Sept. 30, 1998).

<sup>33</sup> AT&T also argues (at 16-17) that Verizon's switching rates were not subjected to examination by the DTE or competitors, or the result of negotiation with multiple competitors. But, as in the Kansas/Oklahoma Order, the rates here were approved by the DTE because they were demonstrably comparable to rates that the Commission had previously found to comply with TELRIC. See Kansas/Oklahoma Order ¶ 82.

Commission and the D.C. Circuit have found that the issue of whether rates are interim or permanent is irrelevant to whether those rates comply with TELRIC.<sup>34</sup>

The long distance incumbents also contend that Verizon did not file any costs studies or documentation to support its new switching rates in Massachusetts. See AT&T at 8; WorldCom at 12. This is untrue. As the DTE has acknowledged, Verizon's original switching rates were supported by extensive costs studies, and based on these studies the DTE "set VZ-MA's UNE rates according to the FCC's TELRIC methodology." DTE Eval. at 205; see also id. (noting that DTE considered cost models submitted by VZ-MA, and the Hatfield model submitted by AT&T and MCI). Moreover, Verizon's new switching rates are identical to the switching rates established in New York, which as the Commission has found, were ultimately based on cost analyses performed by the New York PSC's staff. See New York Order ¶ 240.<sup>35</sup> The situation here is, therefore, identical to the one the Commission found acceptable in Kansas and Oklahoma, where SBC's original rates were supported by cost studies, and its new promotional

---

<sup>34</sup> See New York Order ¶ 247 ("AT&T has presented no evidence that the New York Commission's 'ongoing examination of the [switch discount] issue betokens a failure to set TELRIC-compliant rates,' nor does it refute the New York Commission's claim that these rates may be refined in the future, 'but they are no less TELRIC-compliant on that account.'" (quoting N.Y. PSC Reply at 47); AT&T Corp. v. FCC, 220 F.3d at 617-18 ("Not only are state-agency-approved rates always subject to refinement, but we suspect that rates may often need adjustment to reflect newly discovered information, like that about Bell Atlantic's future discounts. If new information automatically required rejection of section 271 applications, we cannot imagine how such applications could ever be approved in this context of rapid regulatory and technological change. Moreover, both the NYPSC and the FCC agree that adjusting switching rates to reflect discounts is not so simple as subtracting the amount of the discount; it requires other adjustments to the cost model. Under these circumstances, we are comfortable deferring to the Commission's conclusion that basic TELRIC principles have not been violated . . .").

<sup>35</sup> WorldCom claims (at 12) that, because parts of the New York record are confidential, they cannot properly be relied on in this proceeding. But the Commission already reviewed this evidence and found that it supported the conclusion that rates in New York are based on TELRIC. See New York Order ¶ 241. Consistent with the Kansas/Oklahoma Order, there is no need for the Commission to review the rates in New York for a second time.

rates were set at the same level as rates in Texas and supported by the cost studies in Texas. See Kansas/Oklahoma Order ¶¶ 66, 87.

Loop Rates. The DTE previously concluded that the loop rates in Massachusetts comply with TELRIC, and it has reaffirmed this conclusion here. See DTE Eval. at 212-13; DTE Supp. Eval. at 20. As Verizon has previously explained, the loop rates in Massachusetts are, on average, comparable to the loop rates approved by the Commission and upheld by the court of appeals in the New York proceeding. In fact, the ratio of the actual statewide average loop rate in Massachusetts and the actual statewide average loop rate in New York is comparable to the ratio of the loop costs produced for those states by the FCC's USF cost model. See Kansas/Oklahoma Order ¶ 87 (relying on USF model for similar comparison); Ex Parte Letter from D. May to M. Salas, CC Docket No. 01-9 (Feb. 23, 2001) (addressing relative costs of switching in Massachusetts and New York).<sup>36</sup> Moreover, in some parts of Massachusetts (e.g., downtown Boston) the loop rate is even lower than in New York, and is among the lowest loop rates in the country.<sup>37</sup>

Given that loop rates in Massachusetts are comparable, or lower in some instances, than the rates in New York, there is no legitimate argument that these rates are outside of the range that a reasonable application of TELRIC principles would produce. Moreover, WorldCom is already challenging Verizon's loop rates in federal district court in Massachusetts, and the DTE will be evaluating these rates itself in the recently initiated proceeding to review all of Verizon's

---

<sup>36</sup> This evidence puts the lie to WorldCom's claim (at 19) that there is no evidence other than the DTE's conclusion that loop rates in Massachusetts and New York are comparable.

<sup>37</sup> AT&T claims (at 22-23) that the current loop rate in Massachusetts is higher than expected when the Kansas, Oklahoma or Texas loop rate is used as the benchmark. But as noted above, see supra p.34, the only relevant question is whether the rates fall within the range that a reasonable application of TELRIC principles would produce.

rates for unbundled network elements. Those proceedings, not this one, are the appropriate fora to resolve the long distance incumbents' claims with respect to Verizon's loop rates.<sup>38</sup>

Despite all this, the long distance incumbents argue that several of the inputs that the Massachusetts DTE used in calculating Verizon's loop rates are improper. But their arguments rest entirely on comparing the inputs used in Massachusetts with those used in the USF cost model that the Commission adopted in the Universal Service proceeding. As noted above, however, the Commission has held that "the USF cost model should *not* be relied upon to set rates for UNEs." Kansas/Oklahoma Order ¶ 84 (emphasis added); see also New York Order ¶ 245. Moreover, while the Commission need not and should not reach the long distance incumbents' arguments about isolated inputs, there is extensive evidence here that the DTE rigorously adhered to TELRIC principles.

*First*, the DTE adhered to TELRIC principles in determining the utilization rates of Verizon's loop plant. See WorldCom at 19-20; Sprint at 10; AT&T at 22 n.28. This Commission's pricing rules leave to state commissions the task of determining "reasonably accurate 'fill factors' (estimates of the proportion of a facility that will be 'filled' with network usage)," Local Competition Order ¶ 682,<sup>39</sup> and the DTE did precisely that. In particular, the DTE adopted utilization factors to reflect the fact "that it is not feasible to build a telecommunications network to meet exactly the level of demand upon it, but that there is a

---

<sup>38</sup> AT&T argues (at 23) that the Commission should require Verizon somehow to prove that the New York PSC will not lower the loop rate in New York based on the evidence that AT&T has submitted there. But as explained above, see supra p.37 & n.34, the Commission and the D.C. Circuit have held that the prospect that rates may change in the future is completely irrelevant to determining whether those rates fall within the range that a reasonable application of TELRIC principles would produce.

<sup>39</sup> Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order, 11 FCC Rcd 15499 (1996) ("Local Competition Order").

certain amount of spare capacity designed into the network.” DTE, Phase 4 Order at 27 (Dec. 4, 1996) (“Phase 4 Order”) (Application, App. H, Tab 162) (citing Local Competition Order ¶ 682). Although AT&T argued at the time that a new, most efficient network would have relatively high utilization rates (under the assumption that, to be most efficient, a carrier would not build much more capacity than it needed at any one time), the DTE determined that even a new network “will presumably exist beyond the moment it is dropped in place.” Id. at 32. The DTE accordingly reasoned that it was appropriate under TELRIC to use Verizon’s current utilization rates plus its current expected growth in demand as the basis for setting the utilization rates under TELRIC. See id. at 28-29, 32. As the DTE noted, this methodology is fully consistent with the Commission’s own principle that “the reconstructed local network . . . will employ the most efficient technology for reasonably foreseeable capacity requirements.” Id. at 32 (quoting Local Competition Order ¶ 685).

*Second*, the DTE followed TELRIC principles in setting the cost of capital in Massachusetts. See WorldCom at 20-21; Sprint at 10.<sup>40</sup> Again, this Commission’s pricing rules assign the task of determining a risk-adjusted cost of capital to state commissions, and expressly recognize that a state may take into account the fact that increased competition will result in “increased risks.” Local Competition Order ¶ 702. Indeed, in a state such as Massachusetts where competitors have invested heavily in their own competing facilities, the risk is especially pronounced since competitors can lease loops or other unbundled elements for only a short

---

<sup>40</sup> Sprint is flatly incorrect when it claims (at 10) that the cost of capital in Massachusetts is “200 basis points higher than any other state in Verizon’s region.” In fact, the cost of capital in Massachusetts is only 0.26 percent (26 basis points) higher in Massachusetts than it is in Pennsylvania, the very state whose rates, according to WorldCom, allow it to “profitably compete.” WorldCom Comments (CC Docket No. 00-176) at 33.

period before transitioning customers to their own facilities, leaving the incumbent without any way to recover its investment in the loop. As a result, investors would view the deployment of this network as a more “speculative investment” than Verizon’s existing network, and would therefore “demand a high return, certainly a return greater than that warranted for monopoly, bottleneck facilities.” Phase 4 Order at 46. Although AT&T argued that the DTE should assume that Verizon would not face competition “either today or at any time in the future,” the DTE found — quite presciently, in hindsight — that there was in fact a “risk of bypass” of Verizon’s facilities based on competitors’ own statements expressing “a desire to move towards facilities-based competition.” Id. at 44; see also DTE Eval. at 209.

*Third*, the DTE followed TELRIC principles in establishing Verizon’s cost of equity in Massachusetts. See WorldCom at 20-21; Sprint at 10. Here, too, the DTE took an approach that reflected the fact that there would be a competitive market with attendant risks greater than those Verizon has faced historically. AT&T proposed using the cost of equity of “telecommunication providers in the United States as the comparison group,” but the DTE found that this model — which assumed that more than 90 percent of telephone company revenues “were associated with providing regulated local and toll telephone services, essentially on a monopoly basis” — would not “fully reflect the specific risk factors inherent in the provision of unbundled network elements.” Phase 4 Order at 47-48. The DTE decided instead to adopt a cost of equity based on the S&P 400, which it found to be a better “surrogate” because “it presents a composite view of the risks of competitive organizations, against which it is reasonable to compare the likely risk of building and leasing unbundled network elements.” Id. at 49. And as noted above, this is especially appropriate in a state such as Massachusetts where competition is heavily facilities

based and competitors can easily transition from Verizon's network to their own facilities after only a short period of time.

*Finally*, the DTE followed TELRIC principles in establishing the costs of poles, NIDs, and cables in Massachusetts. See WorldCom at 21-22; Sprint at 10-11. These rates were established based on cost studies that the DTE required Verizon to prepare in accordance with TELRIC principles. See, e.g., DTE, Phase 2-B and Phase 4-B Order at 1-3 (May 2, 1997) (Application, App. H, Tab 250). Significantly, at the time Verizon submitted those studies, "[n]o parties . . . indicated any problems" with it. DTE, Phase 4-I Order at 2 (Jan. 7, 1999) (Application, App. H, Tab 593). Nor did any party subsequently appeal Verizon's loop rates on this issue. WorldCom's only evidence that these inputs now violate TELRIC is that they differ from the FCC's USF cost model. See WorldCom at 21-22. But as noted above, the Commission repeatedly has found that that model cannot be used to set rates and is an inappropriate basis on which to challenge rates as inconsistent with TELRIC.

**D. Other Checklist Issues.**

There are relatively few disputes about the remaining Checklist items. Most of the comments here rehash the claims made in response to Verizon's original application, which the Massachusetts DTE exhaustively considered and rejected. The comments again fail to provide any sound reason for the Commission to overrule the DTE's painstaking review.

**1. Interconnection.**

Interconnection Trunks. Verizon has provisioned a massive number of interconnection trunks, and its overall performance has been excellent. As of Verizon's original application, it had provided over 307,000 local interconnection trunks to other carriers, and it has added more than 47,000 additional trunks since that time. See Lacouture/Ruesterholz Supp. Rep. Decl.

¶ 169. These trunks carry more than 1.8 billion minutes of traffic on average each month. See id. ¶ 170.

Only one commenter, WinStar, challenges Verizon's performance with respect to interconnection trunks. But its claims are based on the same outdated and anecdotal evidence that WinStar presented with respect to Verizon's original application, and which the DTE explicitly rejected.<sup>41</sup> Indeed, the DTE found in its original evaluation that Verizon was "provisioning and maintaining interconnection trunks in a non-discriminatory manner," DTE Eval. at 29, and that has continued to be the case. From October through January, for example, Verizon met approximately 97 percent of the due dates for all CLEC interconnection trunks, compared to 96 percent for its interexchange carrier customers. See Lacouture/Ruesterholz Supp. Rep. Decl. ¶ 171.

Finally, WinStar and a few other commenters complain about Verizon's performance in providing special access services. See WinStar at 12; Global Crossing at 2-5; CompTel at 2-3. As the Commission has found, however, the provision of special access is not relevant for purposes of determining checklist compliance. See New York Order ¶ 340 ("We cannot accept the assertion by a number of these parties that the provision of special access should be considered for purposes of determining checklist compliance in this proceeding."). Nor does the

---

<sup>41</sup> WinStar's only new argument (at 9-10) is that it may not convert one-way trunks to two-way trunks pursuant to its interconnection agreement with Verizon. While it is true that WinStar's interconnection agreement contains no provision regarding two-way trunks, WinStar may obtain such trunks under state tariffs that have been in effect since September 2000. See Lacouture/Ruesterholz Supp. Rep. Decl. ¶ 183. Moreover, Verizon offered to amend its interconnection agreement with WinStar to include provisions regarding two-way trunks, but WinStar refused the offer, and elected instead to obtain them under Verizon's tariff. See id.

Commission have the legal authority to expand the checklist to include Verizon's provision of special access service. See 47 U.S.C. § 271(d)(4).<sup>42</sup>

Collocation. As with interconnection trunks, Verizon has provisioned an enormous number of collocation arrangements in Massachusetts, and its overall performance has been excellent. At the time it filed its initial application, Verizon had already completed more than double the number of collocation arrangements in Massachusetts than it had completed in New York at the time that application was filed. See Lacouture/Ruesterholz Decl. ¶ 34. Since that time, Verizon has provisioned more than 100 additional collocation arrangements (for a total of 1,700) and more than 375 additional collocation augments. See Lacouture/Ruesterholz Supp. Rep. Decl. ¶ 187. The only comments related to collocation involve Verizon's charges for power, but these claims are without merit.

Covad and ALTS repeat here their previously rejected claim that, where CLECs order two feeds to its collocated equipment, Verizon should not be allowed to charge for power usage on both feeds. See ALTS at 5-6, 10-13; Covad at 35-39.<sup>43</sup> Verizon's cost studies and charges for power, however, were reviewed and approved by the DTE, which rejected these same arguments and confirmed that Verizon's method of charging for power is reasonable. See DTE Eval. at 40. In addition, Verizon recently revised its collocation tariff to base power charges on

---

<sup>42</sup> There is accordingly no basis to use the section 271 process to adopt performance measurements for special access services. In any event, such procedures would be unnecessarily duplicative, since the biannual audit of Verizon's separate long distance affiliate conducted pursuant to section 272(d) of the Act will evaluate such performance. See 47 U.S.C. § 272(d).

<sup>43</sup> ALTS also complains (at 14) that Verizon does not make available in its federal tariffs power for cageless collocation, but provides this only through state tariffs where rates are higher. But Verizon's state tariff fully satisfies the Commission's requirement to provide cageless collocation. See Lacouture/Ruesterholz Supp. Rep. Decl. ¶ 199. The difference in power rates between Verizon's federal and Massachusetts state tariffs is largely a function of timing: Verizon's federal rates are based on a cost study completed in 1991. See id. ¶ 200.

the load specified by the CLEC for each feed, rather than on the higher fused level. See Lacouture/Ruesterholz Supp. Rep. Decl. ¶ 191. Verizon does not require CLECs to take a second backup feed; nor does it specify the load CLECs must place on a given feed. See id. ¶¶ 192-193. Therefore, if a CLEC wants to power a piece of equipment that draws 40 amps with two power feeds and only pay for 40 amps of power, the CLEC can order two power feeds with 20 load amps on each feed. See id. ¶ 193; see also id. ¶ 194 (CLECs can order a single power feed).

Moreover, CLECs typically do not order dual feeds in order to let one sit idle, as ALTS asserts. Verizon surveyed over 1,000 power feeds at collocation arrangements in Massachusetts and discovered that *over 97 percent* of them were drawing power on all power feeds. See id. ¶ 196 & Att. Y. Similarly, all but one of the Covad collocation arrangements that Verizon tested were drawing power from both feeds. See id. ¶ 202. These results are hardly surprising given that most CLEC equipment is designed to draw its load from two power feeds simultaneously, and to draw full power from one power feed only when the other feed loses power. See id. ¶ 197.

## **2. Reciprocal Compensation.**

Two CLECs raise billing disputes related to reciprocal compensation for Internet-bound traffic. See GNAPS at 3-10; Conversent at 2-6.<sup>44</sup> As the Commission has repeatedly found, however, such claims have no place in a review of a section 271 application. See Texas Order

---

<sup>44</sup> In addition, Focal argues that Verizon has not complied with the MFN provisions of the Merger Conditions by refusing to allow Focal to adopt in Massachusetts a provision of an interconnection agreement from Vermont that deals with intercarrier compensation for Internet traffic. See ALTS at 7, 15-16. As an initial matter, compliance with the Merger Conditions is not a checklist requirement. And, as Verizon has explained elsewhere, Focal is simply wrong.

¶ 386; New York Order ¶ 377.<sup>45</sup> GNAPS's claim is nothing more than an attempt to have this Commission overturn the DTE's ruling that reciprocal compensation need not be paid for Internet-bound traffic.<sup>46</sup> But GNAPS, along with WorldCom, is presently seeking review of the DTE's decision in a Massachusetts federal district court, and that forum, not this one, is the only appropriate one for its claim.<sup>47</sup>

### 3. Resale.

Commenters do not take issue with Verizon's resale performance, but discuss only the narrow legal question of whether Verizon's separate data affiliate should be required to make DSL services available for resale at a wholesale discount. See A.R.C. at 6-13; ASCENT at 6-11.

As an initial matter, even after the D.C. Circuit decision holding that an identical separate advanced services affiliate qualifies as a successor or assign of its affiliated ILEC becomes final,<sup>48</sup> VADI obviously would not be subject to a resale obligation greater than the ILEC itself. The vast majority of VADI's DSL services, however, are provided directly to ISPs under the terms of VADI's interstate tariff, and were designed for — and are marketed and sold almost exclusively to — ISPs and other wholesale customers. See Dowell Supp. Decl. ¶ 13. These services, therefore, are not offered “at retail,” and are not subject to a wholesale discount under

---

See Letter from Gordon R. Evans, Vice President, Verizon, to Dorothy Atwood, Chief, Common Carrier Bureau, FCC (Feb. 20, 2001).

<sup>45</sup> Further, as the Commission has also recognized, disputes about the amount of reciprocal compensation owed to a CLEC are properly brought through complaint proceedings as set forth in the relevant interconnection agreement. See Texas Order ¶ 383.

<sup>46</sup> DTE, Order, Complaint of MCI WorldCom, Inc., No. 97-116-C, at 28 (May 19, 1999), recon. denied, No. 97-116-E (July 11, 2000).

<sup>47</sup> See Global NAPS, Inc. v. Verizon New England, Inc., Nos. 00-CV-10407 RCL et al. (D. Mass.).

<sup>48</sup> See Association of Communications Enters. v. FCC, 235 F.3d 662 (D.C. Cir. 2001).

section 251(c)(4) and this Commission's prior orders.<sup>49</sup> Moreover, to the extent VADI does offer any services that do qualify as "retail" services, Verizon will comply, as necessary, with section 251(c)(4) in light of the D.C. Circuit's decision and any future Commission orders on the subject. As the Commission noted in its recent Kansas/Oklahoma Order, nothing further is required. See Kansas/Oklahoma Order ¶ 252 n.768.

#### **4. Operations Support Systems.**

Verizon demonstrated in its initial application that its OSS in Massachusetts not only allow competing carriers equivalent access to all necessary OSS functions, but also are in place, fully operational, and handling large commercial volumes. Based on this evidence, the DTE concluded that Verizon "satisfied its requirements in the offering of nondiscriminatory access to its OSS functions." DTE Eval. at 78; see also id. at 99, 147, 165, 181, 195-96. No commenter provides a basis for the Commission to overrule this determination. Instead, the commenters who raise OSS issues at all, largely just repeat their own prior claims.

For example, citing to its own comments as support, WorldCom claims (at 28-29) that Verizon's original application "did not rely on its commercial experience in Massachusetts" as evidence that its OSS are capable of handling large volumes. This is absurd. As the DTE noted in its original evaluation, Verizon demonstrated that, at the time of its original application, its pre-ordering systems were being used by more than 80 CLECs to process more than 450,000 transactions a month, DTE Eval. at 80-81; that its ordering systems were being used by more than 80 CLECs to process at least 48,000 orders per month, id. at 101; that its provisioning systems were being used to timely provision this volume of orders, id. at 165; and that its

---

<sup>49</sup> See Deployment of Wireline Services Offering Advanced Telecommunications Services, Second Report and Order, 14 FCC Rcd 19237, ¶¶ 5, 13-17 (1999).

maintenance and repair systems were being used to perform an average of 4,300 transactions per month, id. at 167. And as of Verizon's supplemental filing, Verizon's systems are handling even greater volumes, with equally strong results. See McLean/Wierzbicki Supp. Rep. Decl. ¶ 4.

In addition to its actual commercial experience, Verizon relied in its original application on the fact that KPMG subjected Verizon's OSS to an extensive test, which Verizon passed with flying colors. See Verizon Application at 9. Although WorldCom claims (at 29) that this test found "numerous defects," Verizon in fact satisfied 800 of the 804 test criteria — more than 99 percent. See DTE Eval. at 46. And while WorldCom also claims (at 29) that the KPMG test was somehow flawed because it did not "compare Verizon's systems in New York and Massachusetts to attest to their similarities and differences," the short answer is that it did not need to. KPMG exhaustively tested the Massachusetts systems themselves.

WorldCom also repeats (at 30) its earlier claim that Verizon has not provided all the necessary documentation for its new, "back-end" billing system, expressTRAK. Verizon has provided WorldCom and other CLECs with extensive documentation on both expressTRAK and expressTRAK x.5, which was made available to CLECs in Massachusetts pursuant to a change management process begun in November 2000. See McLean/Wierzbicki Supp. Rep. Decl. ¶¶ 26-28. Moreover, although WorldCom complains about errors in Verizon's documentation, the documentation for Verizon's June and October 2000 releases, which each had over 40,000 attributes, had error rates of only 0.4 percent and 0.13 percent, respectively. See id. ¶ 29.<sup>50</sup>

---

<sup>50</sup> WorldCom further contends (at 30) that a documentation error resulted in rejection of "hundreds of orders." In fact, the only error made was by WorldCom, which failed to adhere to new procedures that Verizon implemented to improve flow-through capabilities, and which Verizon provided to WorldCom in accordance with change management procedures. See McLean/Wierzbicki Supp. Rep. Decl. ¶ 17. In any event, Verizon modified its systems so that WorldCom's defective orders would be processed manually rather than be rejected.

Unable seriously to challenge Verizon's OSS in Massachusetts, WorldCom claims (at 31) that missing notifiers in New York and Pennsylvania have increased in recent months. Contrary to WorldCom's contention, however, there is no persistent problem with missing notifiers. Rather, there are circumstances in the normal course of operations in which a CLEC expects to have received a notifier from Verizon, but has not, and therefore files a trouble ticket claiming that it is missing a notifier. See McLean/Wierzbicki Supp. Rep. Decl. ¶ 10. When a notifier claimed to be missing is in Verizon's systems, Verizon quickly reflows that notifier to the CLEC. See id.

Moreover, contrary to WorldCom's claims, the number of trouble tickets that Verizon has received for missing notifiers has declined to about 0.02 percent of all purchase order numbers ("PONs") in Massachusetts, 1 percent of all PONs in New York, and 3 percent of all PONs in Pennsylvania. See id. ¶ 13. In addition, as Verizon has explained to WorldCom, for those notifiers not found in Verizon's systems, there is no single "root cause" — instead, Verizon and the CLEC's representatives must identify the particular issue, whether on Verizon's side or the CLEC's, that is delaying the notifier for each PON. See id. ¶ 14. Verizon is working diligently with CLECs through the PON Exception process to resolve any claims of missing notifiers. See id. ¶ 11. In New York, these efforts have reduced the number of missing notifiers to negligible levels. See id. ¶¶ 12, 15. And in Pennsylvania, where WorldCom claims it is missing significant numbers of billing completion notices, more than 75 percent of the supposedly missing notifiers were the subject of a single trouble ticket submitted just four days before WorldCom filed its comments in this proceeding. See id. ¶ 16. And about half of the PONs listed on that trouble ticket were not even due to receive a notifier. See id.

Finally, WorldCom claims (at 33) that Verizon's electronic jeopardy notification process in New York and Pennsylvania is defective because not all jeopardy types are provided electronically through the EDI interface. But Verizon already provides access to the same Open Query System ("OQS") reports that are available to its retail employees, and the Commission has previously found that this is all the checklist requires. See McLean/Wierzbicki Supp. Rep. Decl. ¶ 18; New York Order ¶ 185.<sup>51</sup> While Verizon nonetheless has created an additional electronic jeopardy notification service for CLECs, see McLean/Wierzbicki Supp. Rep. Decl. ¶ 22, the fact that this system does not provide every jeopardy — even those lacking corresponding codes in LSOG 2 or 4 — does not affect Verizon's compliance with the checklist.

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

Granting Verizon authority to provide long distance service in Massachusetts is even more strongly in the public interest now than it was at the time of Verizon's original application.

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

At the time of Verizon's original application, Massachusetts already had 50 percent more competitive lines in proportionate terms than New York did prior to section 271 approval. See Brief Attachment A; see also DOJ Eval. at 4. With more than 418,000 lines being served by competitors over their own facilities, Massachusetts also had significantly more facilities-based competition than New York, see Brief Attachment C, the kind of competition that both the Commission and the DOJ have found is the surest sign that local markets are irreversibly open.<sup>52</sup>

---

<sup>51</sup> Although WorldCom complains (at Lichtenberg/Chapman Decl. ¶ 20) that it had been unable at times to access these OQS reports, Verizon has implemented a manual fix that prevents this problem from recurring. See McLean/Wierzbicki Supp. Rep. Decl. ¶ 20.

<sup>52</sup> See, e.g., Affidavit of Marius Schwartz ¶ 174, Competitive Implications of Bell Operating Company Entry Into Long Distance Telecommunications Services (May 14, 1997), attached at

Competition has continued to increase rapidly in Massachusetts since Verizon's original application. Competitors have added more than 175,000 new lines in this time, and now serve a total of more than 850,000 lines. And competitors have added more than 50,000 lines served over their own facilities. See Taylor Supp. Rep. Decl. ¶ 6. In both respects, competition in Massachusetts continues to be significantly more advanced on a proportionate basis than it was in any of the other states that have been granted section 271 authority prior to their approval. See Brief Attachment A.

As with competition generally, competition for residential customers in Massachusetts also continues to thrive. Since Verizon's original application, competitors have added more than 48,000 residential lines in Massachusetts, and now serve more than 185,000 residential lines in the state. See Taylor Supp. Rep. Decl. ¶ 7; Brief Attachment D. And here, too, the predominant form of competition is facilities-based, which makes up nearly three quarters of all the competitive residential lines in Massachusetts. See Taylor Supp. Rep. Decl. ¶ 7. Again, competitors serve proportionately more residential lines over their own facilities in Massachusetts than they did in New York at the time of Verizon's application for that state. See Brief Attachment A. And the same is true with respect to the other states that have been granted section 271 authority. See Brief Attachment E.

---

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, 14 FCC Rcd 12673, ¶ 4 (1999) (“[I]n the long term, the most substantial benefits to consumers will be achieved through facilities-based competition.”).

AT&T and WorldCom — the two largest CLECs in Massachusetts — try to diminish the extent of residential local competition in Massachusetts by focusing exclusively on the amount of residential customers being served through UNE platforms. See AT&T at 24-29; WorldCom at 35-37.<sup>53</sup> But as Verizon has previously explained, 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>54</sup> This is particularly true here, where facilities-based competition to residential customers — which is what UNE-based competition is ultimately supposed to promote<sup>55</sup> — is already so advanced. Ironically, while AT&T now tries to downplay the significance of facilities-based competition, AT&T previously said that its own plans were to compete in the state using its own facilities, a threat it is making good on.<sup>56</sup> Indeed, AT&T has more facilities-based residential lines in Massachusetts today than it had residential platforms

---

<sup>53</sup> WorldCom also again tries to downplay the extent of cable telephony in Massachusetts, stating (at 35) that only a “minority” of the state’s population can obtain it. Yet AT&T’s cable network passes more than 2 million homes, a significant percentage of that network is presently capable of providing cable telephony, and more than 90 percent of that network is slated to be upgraded for cable telephony by the end of 2001. See Taylor Rep. Decl. ¶¶ 23, 25.

<sup>54</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”); Local Competition Order ¶ 12 (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”); see also Verizon Reply Comments at 50.

<sup>55</sup> See, e.g., UNE Remand Order ¶ 5 (“[T]he ability of requesting carriers to use unbundled network elements, including various combinations of unbundled network elements, is a necessary precondition to the subsequent deployment of self-provisioned network facilities.”); Texas Order ¶ 215 (“[C]ombining the incumbent’s unbundled network elements with their own facilities encourages facilities-based competition.”).

<sup>56</sup> See AT&T Comments (CC Docket No. 00-176) at 9 (“It is certainly true that AT&T’s preferred strategy for entering local market is through the use of its own facilities.”).

and facilities-based residential lines *combined* in New York at the time of Verizon's application there. See Taylor Supp. Rep. Decl. ¶ 10.

In any event, for years the long distance incumbents have tried to block Bell company entry into long distance by entering the mass market only after Bell companies have been granted long distance relief, or where such approval has been imminent. See id. ¶¶ 17-18. They now appear to be refusing to compete even where this is the case, however, in the apparent hope that regulators might cite the lack of such entry as the basis for further UNE price reductions. See id. ¶ 18. This is precisely what has happened in Massachusetts. Although Verizon's UNE-platform rates are at the same levels as in New York — where the long distance incumbents have signed up well over one million local customers — the incumbents have decided not to enter the mass market using the platform, arguing that prices should be lower still. All this has taken place despite the fact that the long distance incumbents have argued that New York is the precise model for other states to follow.<sup>57</sup>

WorldCom's claim that it is price, and not actual or imminent BOC entry, that determines whether it will compete for residential customers through the platform is also belied by a number of additional factors. See WorldCom Kelley Supp. Decl. ¶¶ 14-15.<sup>58</sup> For one thing, WorldCom is already competing in New York, where prices are the same as in Massachusetts. For another

---

<sup>57</sup> See, e.g., WorldCom Press Release, MCI WorldCom Responds To FCC Decision On Bell Atlantic Long Distance Application (Dec. 22, 1999) ("In approving the Bell Atlantic-New York application, the FCC has set the standard that other Bell companies must meet in opening their local markets."); Sprint Press Release, Sprint Responds to FCC Action On Bell Atlantic Application To Provide Long Distance Service in New York (Dec. 22, 1999) ("The New York decision has provided a blueprint for the Bell Companies to get long-distance approval in other states.").

<sup>58</sup> That WorldCom, five years after enactment of the 1996 Act, has started to serve customers via UNE-P in three states in which BOC entry is not imminent, but in which state proceedings are substantially underway, shows only that WorldCom is seeking a head start over the BOCs

thing, since Verizon reduced its prices in Massachusetts, UNE platform volumes have risen steadily, demonstrating that other carriers are able to compete. For example, in the three months since the rate reduction, platforms have grown by more than 40 percent (and at an annualized rate of almost 170 percent). See Taylor Supp. Rep. Decl. ¶ 8.

Finally, AT&T claims (at 15) that there is a “decelerating trend” of local competition in New York, but nothing could be further from the truth.<sup>59</sup> In fact, over the past six months, competitors have added an average of 113,000 lines *every month*. See Taylor Supp. Rep. Decl. ¶ 11; Brief Attachment F. Indeed, the experience with local competition in New York has prompted two of the nation’s major consumer groups — the Consumer Federation of America and Consumers Union — to proclaim that New York is “[t]he most stunning example” “of how effective competition can deliver benefits to consumers in communications markets.”<sup>60</sup>

---

and its major long distance competitors.

<sup>59</sup> Likewise, Verizon cannot be blamed for the recent financial woes of some of the CLECs that focus on providing DSL service. See, e.g., CIX at 11; Covad at 5-6; Mass. AG at 12. As Chairman Powell recently stated with respect to their business problems, “[s]ome of it is poor implementation, some of it is poor execution.” P. Ross, FCC Takes Market Turn with Powell, CNET News.com (Feb. 6, 2001). The DSL CLECs themselves have confirmed as much. See, e.g., K. Hudson, Jato’s Fall Reflects Industry Problems, Denver Post, Dec. 30, 2000, at C1 (quoting founder of Jato: “[I]n hindsight, (there were) a lot of naive assumptions that capital would always be there to fund the business plan.”); S. Woolley, Highway to Hell, Forbes, Feb. 19, 2001, at 100 (NorthPoint CEO Elizabeth Fetter: “We were highly incited by Wall Street to spend money like drunken sailors.”); Morgan Stanley Dean Witter, Company Report, Covad (Dec. 14, 2000) (“Delinquent and ‘at-risk’ ISPs account[ed] for 58% of [Covad’s] total lines.”); see also Taylor Supp. Rep. Decl. ¶¶ 25-28.

<sup>60</sup> Consumer Federation of America and Consumers Union, Lessons from 1996 Telecommunications Act: Deregulation Before Meaningful Competition Spells Consumer Disaster at 9 (Feb. 2001) (“CFA/Consumers Union Report”).

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

Verizon demonstrated in its original application that there is every assurance that local markets in Massachusetts will remain open after Verizon obtains section 271 approval: there is a heavy focus on long-lasting, facilities-based competition; the Massachusetts DTE has actively promoted local competition; Verizon is subject to comprehensive performance reporting; and Verizon's Performance Assurance Plan provides substantial incentives against backsliding. There is very little disagreement here, and those few claims that are raised are without merit.

The PAP in place in Massachusetts when Verizon filed its original application placed more bill credits at risk, on a proportionate basis, than the New York PAP that the Commission found provided "a meaningful incentive for [Verizon] to maintain high a level of performance." New York Order ¶ 435. On January 30, 2001, Verizon complied with prior orders of the Massachusetts DTE by filing a revised and further enhanced version of its PAP. See Ex Parte Letter from D. May to M. Salas, CC Docket No. 01-9 (Feb. 3, 2001).<sup>61</sup> This revised PAP — which continues to be modeled on the New York PAP — contains a number of new DSL and line sharing metrics, treats DSL as a separate Mode of Entry, and adds Special Provisions to

---

<sup>61</sup> The Massachusetts Attorney General notes (at 10) that the DTE has not yet approved the revised PAP. But the DTE has already held that it will "incorporate into the Massachusetts PAP whatever new metrics, if any, the NYPSC adopts for the New York PAP," and had previously ordered Verizon to submit a revised PAP including, among other things, the specific DSL-related changes the New York PSC approved. DTE, Order Adopting Performance Assurance Plan, No. 99-271, at 26 (Sept. 5, 2000) (Application, App. B, Tab 559); DTE, Order on Motions for Clarification and Reconsideration - Performance Assurance Plan, No. 99-271 (Nov. 21, 2000) (Application, App. B, Tab 4B). In any event, if the modified PAP has not been approved by the time this application is granted, Verizon has committed to operate on an interim basis as if the New York DSL and line sharing provisions were part of the Massachusetts Plan. See Lacouture/Ruesterholz Supp. Decl. ¶ 178.

monitor EDI performance.<sup>62</sup> In addition, the revised PAP now places \$155 million in bill credits at risk — which represents an increase of about \$8 million over the earlier PAP and is equal to over 39 percent of ARMIS net revenues. See New York Order ¶ 436 (approving PAP that placed bill credits at risk equal to 36 percent of ARMIS net revenues).<sup>63</sup> And the DTE has the express authority to reallocate those credits as necessary.<sup>64</sup>

Finally, as Verizon explained in the supplemental filing, Verizon's separate data affiliate — Verizon Advanced Data Inc. ("VADI") — is fully operational in Massachusetts, and is submitting orders using the same interfaces (and same internal systems and processes) as other CLECs. See Supplemental Filing at 36. Further, if Verizon were, in light of the recent D.C. Circuit decision, to decide not to retain its separate data affiliate, Verizon would nevertheless be required under the Bell Atlantic/GTE merger conditions to provide advanced services through a separate division that uses the same interfaces, processes, and procedures that CLECs use.<sup>65</sup> In

---

<sup>62</sup> The revised PAP was fully described in Verizon's supplemental application and anticipated in DTE orders that predated Verizon's supplemental application. See Lacouture/Ruesterholz Supp. Decl. ¶¶ 174-178; New York Order ¶ 432 n.1323 ("What is critical . . . is that the plans were described in detail in Bell Atlantic's initial application, and have been subject to extensive comment in this proceeding.").

<sup>63</sup> Rhythms complains (at 9-10) that the problems it allegedly experienced in obtaining collocation for line sharing are not reflected in the PAP. But that is because Rhythms agreed to handle these arrangements as part of a project management plan in order to receive expedited treatment where possible, and these arrangements are properly excluded from the performance measurements.

<sup>64</sup> For the first time, WorldCom complains (at 40 n.26) that the Massachusetts PAP contains no binding time lines for the resolution of waiver requests. Yet, Appendix D to the Massachusetts Plan contains a suggested time line for the resolution of waiver requests, which is essentially the same as the New York time line and which, to the extent it differs, is more favorable to Massachusetts CLECs.

<sup>65</sup> See Application of GTE Corp., Transferor, and Bell Atlantic Corp., Transferee, for Consent to Transfer Control, Memorandum Opinion and Order, 15 FCC Rcd 14032, App. D ¶ 11(c) (2000) (in the event of a "final and non-appealable" decision to this effect, the separate affiliate requirement will sunset nine months later).

that event, parity performance measurements for advanced services will compare the service CLECs receive against that received by Verizon's separate division. Both the separate affiliate and separate division requirements, as the Commission has recognized, provide "further assurance that competing carriers . . . will [continue to] have nondiscriminatory access to xDSL-capable loops." New York Order ¶ 331; see id. ¶ 332.<sup>66</sup>

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

In its initial application, Verizon clearly demonstrated that its entry into the long distance market in Massachusetts would benefit consumers, just as consumers in New York have benefited from Verizon's entry in that state. See Verizon Application at 74-77; Verizon Reply Comments at 58-61. Indeed, two of the nation's major consumer groups have confirmed that Verizon's entry in New York has enabled consumers in that state to obtain rate reductions of 20 percent for local and long distance service.<sup>67</sup> The DTE has recently confirmed that Verizon's entry would extend these benefits to Massachusetts consumers, stating that "[e]qually valid today is our conclusion that consumers will benefit from having the option of selecting VZ-MA for long distance service." DTE Supp. Eval. at ii.

Only WorldCom continues to dispute the obvious benefits that BOC entry into long distance markets offers to consumers. See WorldCom Kelley Supp. Decl. ¶¶ 18-21. In New York, Verizon has signed up more than 1.2 million residential customers, who were drawn by

---

<sup>66</sup> There is simply no basis for the Massachusetts AG's contrary contention (at 11) that the existence of VADI *increases* the incentive of Verizon to discriminate against CLECs. Likewise, WorldCom's claim (at 38-39) that Verizon cannot rely on VADI as assurance that it will not backslide, as Verizon may have the legal right to eliminate its separate data affiliate, is faulty. Whether advanced services are provided through a separate affiliate or a separate division that uses the same interfaces as other CLECs, the same protections against discrimination will apply.

<sup>67</sup> See CFA/Consumers Union Report at 9-10.

Verizon's innovative, cheaper, and simpler plans.<sup>68</sup> As Verizon demonstrated in its original application, as a result of its entry, and the lower prices that increased competition has forced AT&T, WorldCom, and Sprint to offer, New York consumers saved a conservatively estimated \$120 to \$240 million in the first year alone.<sup>69</sup> As Verizon previously explained, a clear demonstration of these benefits is the increase in consumers' demand for long distance service — the growth rate for interLATA access minutes is not only higher in New York than in all other Verizon states, but it has increased more rapidly as well. See Crandall Rep. Decl. ¶ 15.

In sum, Verizon's entry into the long distance business unquestionable will yield significant procompetitive benefits for Massachusetts consumers.

---

<sup>68</sup> See Investor's Business Daily, Telecommunications Regional Bells Looking at Long Run with Spending Plans, at A8 (Jan. 17, 2001).

<sup>69</sup> See Telecommunications Research & Action Center, A Study of Telephone Competition in New York (Sept. 6, 2000) (Breen Decl. Att. A).

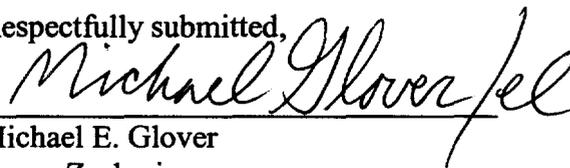
**CONCLUSION**

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

Mark L. Evans  
Evan T. Leo  
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

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

Respectfully submitted,



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

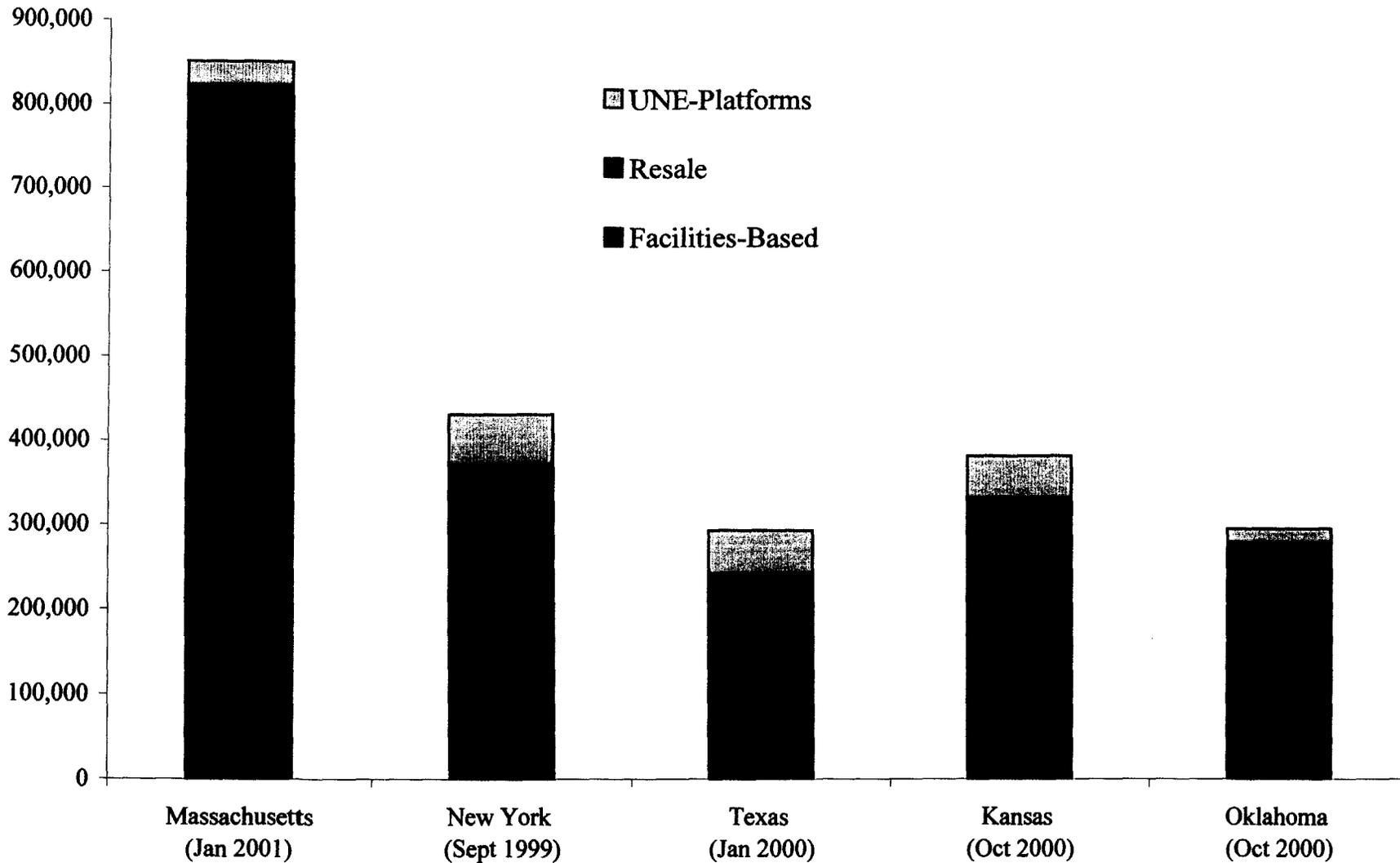
Bruce P. Beausejour  
Verizon New England Inc.  
185 Franklin Street  
Room 1403  
Boston, Massachusetts 02110  
(617) 743-2445



A

## Attachment A. Proportionate Competitive Lines at Time of § 271 Applications

NY, TX, KS, and OK figures adjusted in proportion to the number of RBOC access lines in each state  
 (VZ-MA: 5.4 mil; VZ-NY: 14.1 mil; SBC-TX: 13.6 mil; SBC-KS: 1.9 mil; SBC-OK: 2.1 mil)



Sources: *CLEC Lines* – Bell Atlantic New York Application, Declaration of William E. Taylor, Att. A at Table 1; SBC Texas Application, Brief at Fig. 1; SBC Kansas-Oklahoma Application, Brief at Figs. 1 & 2. *ILEC Lines* – FCC, Automated Reporting Management Information System, <http://www.fcc.gov/ccb/armis/> (1999) (“*ARMIS Database*”).

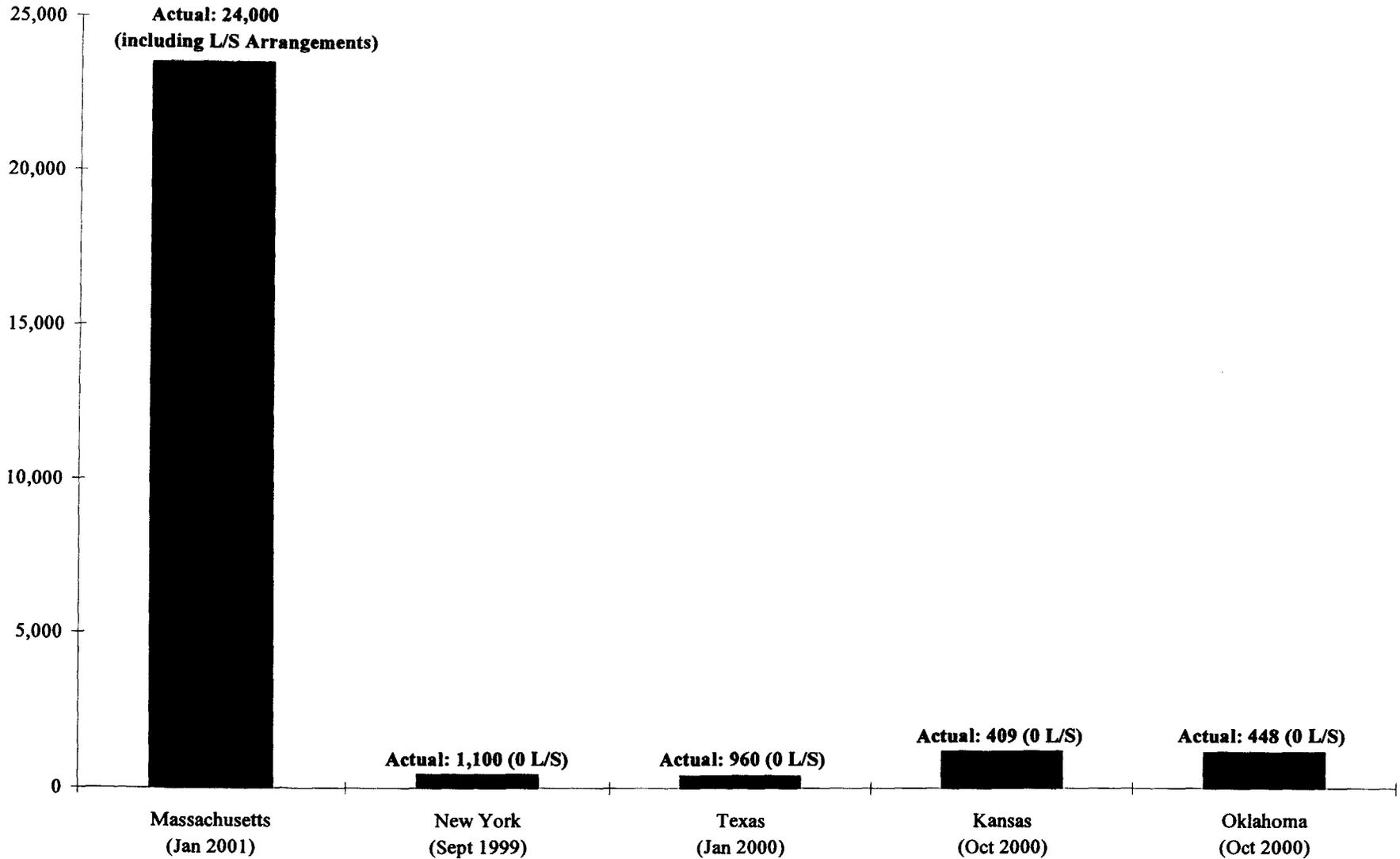


B



## Attachment B. Proportionate CLEC DSL-Capable Loops at Time of § 271 Applications

NY, TX, KS, and OK figures adjusted in proportion to the number of RBOC access lines in each state  
 (VZ-MA: 5.4 mil; VZ-NY: 14.1 mil; SBC-TX: 13.6 mil; SBC-KS: 1.9 mil; SBC-OK: 2.1 mil)



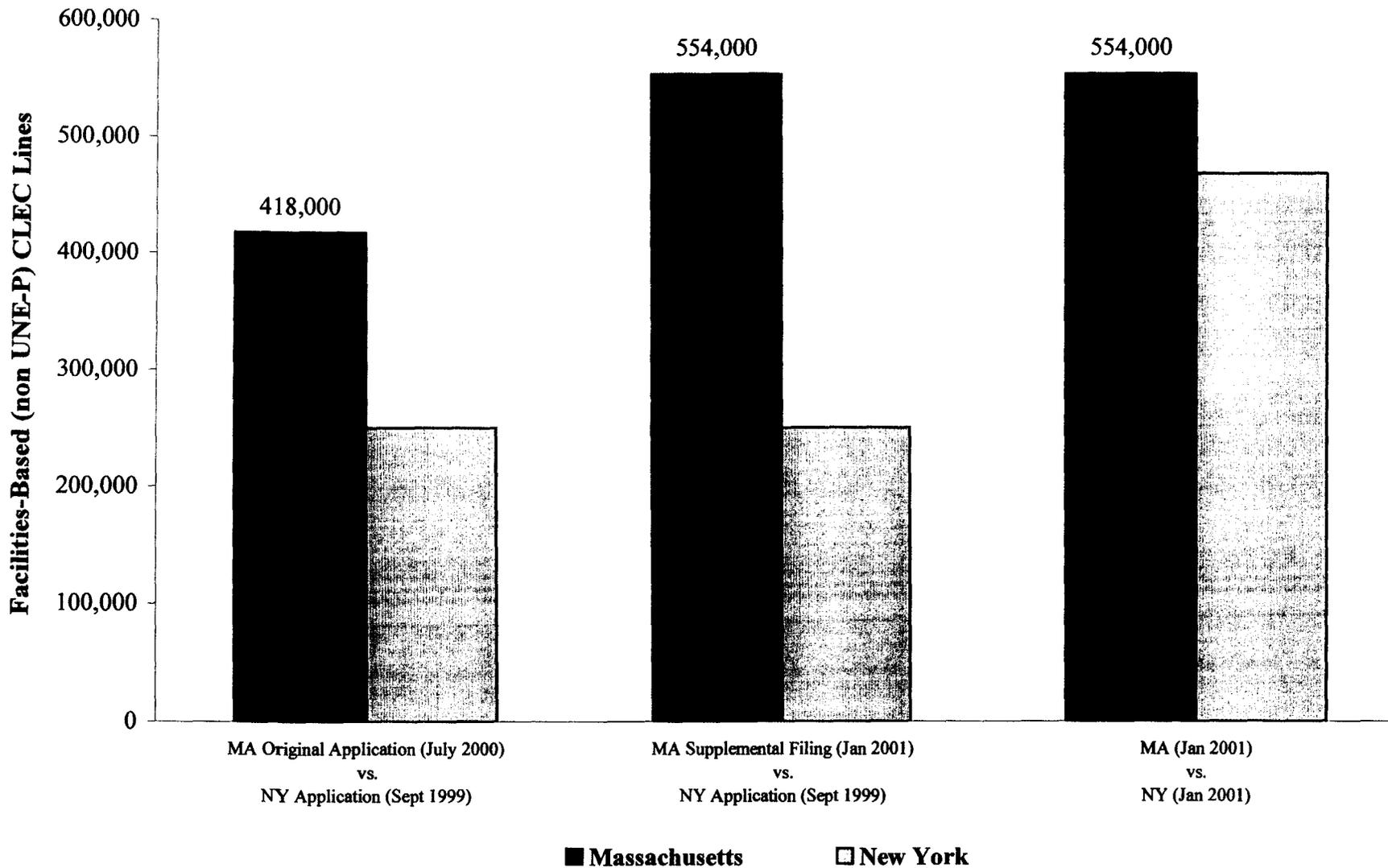
Sources: *DSL Loops* – Verizon internal data; SBC Texas Application, Chapman Aff. ¶ 4; SBC Kansas-Oklahoma Application, Dysart Aff. Att. D and Dysart Aff. Att. C. *ILEC Lines* – ARMIS Database.



## Attachment C. Proportionate Facilities-Based Lines – Massachusetts vs. New York

NY figures adjusted in proportion to relative VZ access lines.

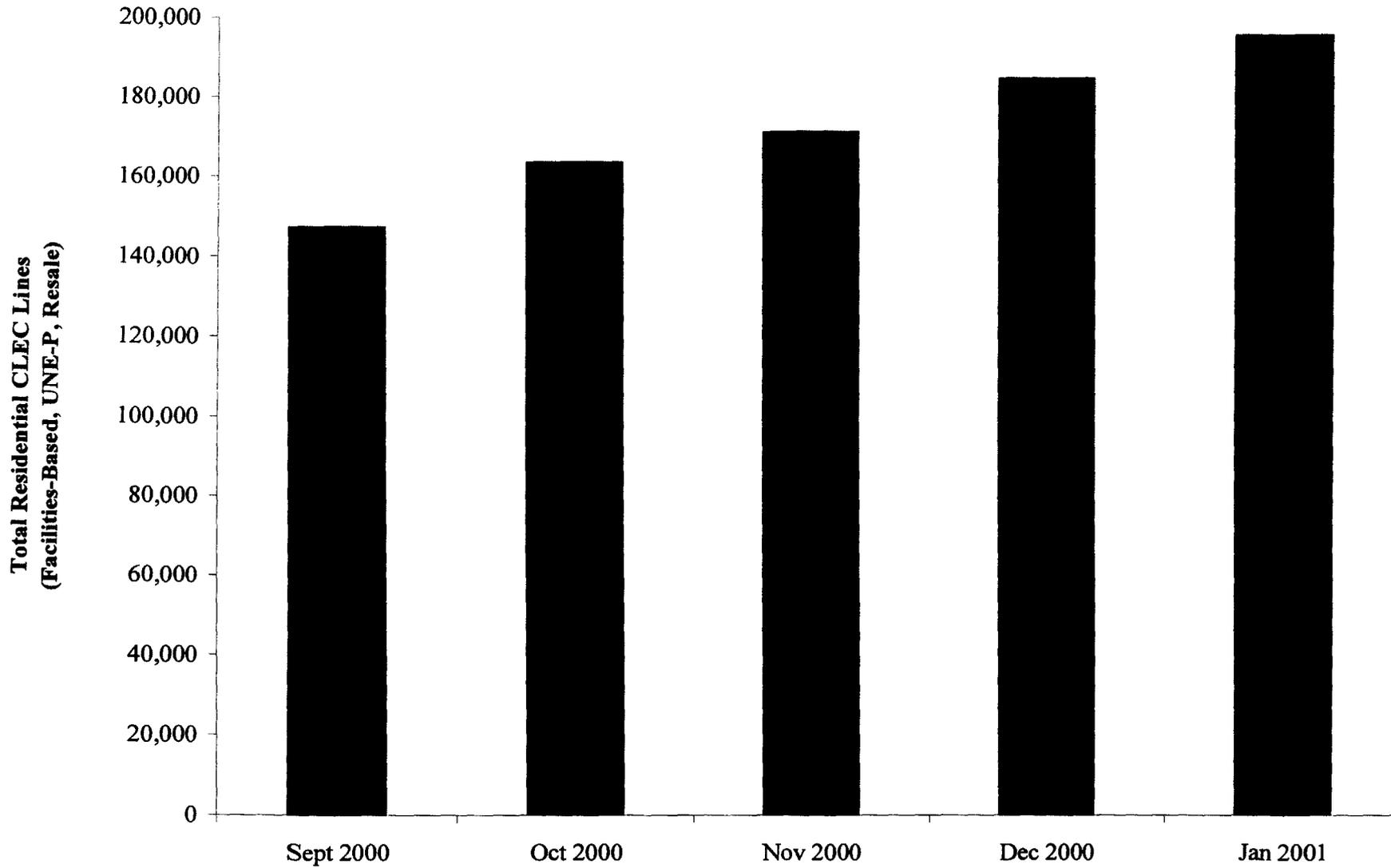
(VZ-MA: 5.4 mil; VZ-NY: 14.1 mil)



Sources: *New York CLEC Lines* – Bell Atlantic New York Application, Declaration of William E. Taylor, Att. A at Table 1. *ILEC Lines* – ARMIS Database.



## Attachment D. Growth of Residential Competition in Massachusetts



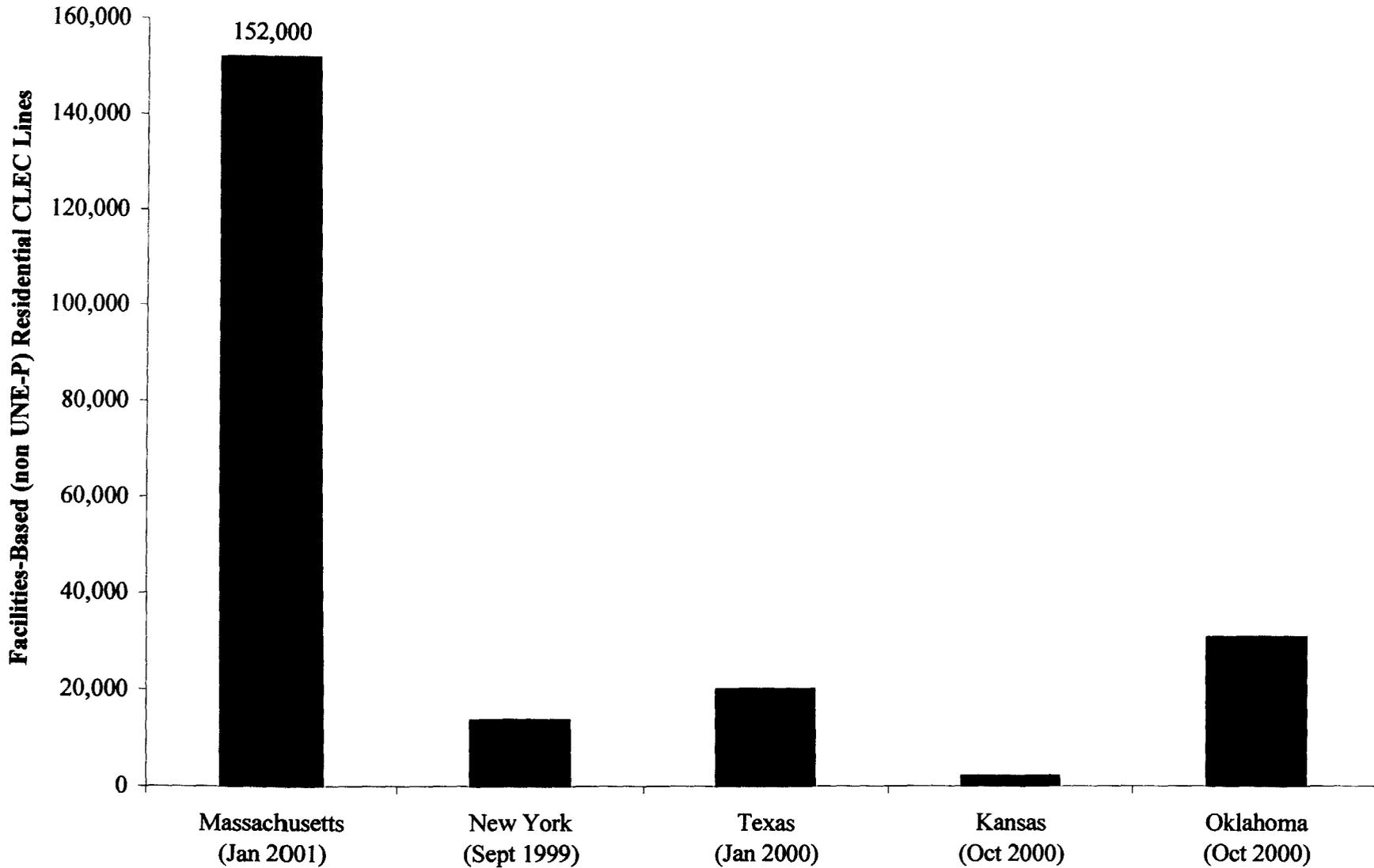


**E**



### Attachment E. Proportionate Facilities-Based Residential Lines at Time of § 271 Application

NY, TX, KS, and OK figures adjusted in proportion to the number of RBOC access lines in each state  
 (VZ-MA: 5.4 mil; VZ-NY: 14.1 mil; SBC-TX: 13.6 mil; SBC-KS: 1.9 mil; SBC-OK: 2.1 mil)



Sources: *CLEC Lines* – Bell Atlantic New York Application, Declaration of William E. Taylor, Att. A at Table 3; SBC Texas Application, Habeeb Supplemental Reply Aff., Att. A; SBC Kansas-Oklahoma Application, Smith & Johnson Joint Aff. *ILEC Lines* – ARMIS Database.



## Attachment F. Growth of Local Competition in New York

