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verizon

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March 2, 2001

Ex Parte

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. The twenty-page limit does not apply as set forth in DA 00-2519.

Universal Service Fund (USF) Analysis for Switching Costs: Staff asked for a detailed explanation of the USF switching cost analysis presented in the February 23 2001 *ex parte* letter. Attached is an electronic spreadsheet showing the calculations that resulted in the finding that the Massachusetts switching costs are 105 percent of the New York switching costs. In support of that conclusion, staff also requested clarification of what was included in the definition of switching costs.

The HCPM cost comparison of New York and Massachusetts was based solely on use of the FCC's High-Cost Proxy Model ("HCPM"). The raw geocoded input files were retrieved from P&R Associates, and inserted into version 2.6 of the model (October 25, 1999 version), which was retrieved from <http://www.fcc.gov/ccb/apd/hcpm/>. The model was run in the "FCC Default" mode and the attached spreadsheet displays the results for Massachusetts and the results for New York, along with a comparison of the two states, resulting in a ratio of 105% for switching. Using that model, the results displayed in the spreadsheet represent only end office switch usage, and were based on a per minute of use basis. Further, the results are based on local, intralata, interlata-intrastate, and interlata-interstate minutes of use. Finally, the HCPM model does not reflect an allocation of variable overhead expenses to switching. Verizon made no modifications of any kind to the model or the data. Verizon's analysis reflects exactly what the FCC chose as appropriate for inclusion in a USF study.

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Lines per Square Mile Analysis: Staff requested the total number of working switched access lines (residential and business) for each of the UNE zones in Massachusetts and New York. In the table originally attached to the February 23, 2001 *ex parte* presentation, the lines per square mile were displayed by the FCC definition of density zones. In the attached chart, they have been re-stated to reflect the density zones established in regulatory proceedings in Massachusetts and New York. Additionally, they have been divided between residence and business lines. The zone structure is different in Massachusetts and New York, making it difficult to draw any valid comparison.

STATE	DENSITY ZONE	LINES PER SQUARE MILE	TOTAL LINES	RESIDENCE LINES	BUSINESS LINES
MA	METRO	1500+	338,147	82,933	255,214
MA	URBAN	1,500+	1,834,065	1,138,641	695,424
MA	SUBURBAN	150-1500	2,285,909	1,520,460	765,449
MA	RURAL	0-150	219,705	172,498	47,207
NY	MANHATTAN	1,500	2,960,461	910,153	2,050,308
NY	MAJOR CITY	1,500	6,274,583	4,266,449	2,008,134
NY	REST OF NY	0-1,500	3,103,234	2,225,333	877,901

If you have any questions, please do not hesitate to call.

Sincerely,



Attachment

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