INTERCARRIER COMPENSATION

Issue III-5: Should the Interconnection Agreement include terms specifying that rates for transport and termination of Local Traffic must be symmetrical; specifying the transport and termination rates to be applied, including rates for tandem switching, transport to an end office, and end office switching; and specifying that where WorldCom's switch serves a geographic area comparable to the area served by Verizon's tandem switch, WorldCom shall charge for tandem switching?

WorldCom's position is consistent with the Act and this Commission's Regulations. In particular, this Commission has held that rates for reciprocal compensation must be symmetrical. 47 C.F.R. § 51.711 (a). Moreover, where the switch of a carrier other than an incumbent LEC serves a geographic area comparable to the area served by the incumbent LEC's tandem switch, the rate to be charged by the CLEC is the incumbent LEC's tandem rate. 47 C.F.R. § 51.711(a)(3).

Issue I-5, I-6: For purposes of reciprocal compensation, should local traffic include traffic to information service providers? Is the jurisdiction of a call determined by the NPA – NXXs of the calling and called numbers?

Section 251(b)(5) of the 1996 Act requires parties to include in their interconnection agreements "reciprocal compensation arrangements for the transport and termination of telecommunications." 47 U.S.C. § 251(b)(5); see also 47 U.S.C. § 251(d)(2). Under the FCC's regulations interpreting section 251(b)(5), reciprocal compensation is to paid for "local telecommunications traffic." 47 C.F.R. § 51.701(a) (emphasis added). "Local telecommunications traffic" is traffic "that originates and terminates within a local service area." Id. § 51.701(b)(1). The regulations define "termination" for reciprocal compensation purposes as "the switching of local telecommunications traffic at the terminating carrier's end office switch, or equivalent facility, and delivery of such traffic to the called party's premises." Id. § 51.701(d); see also Local Competition Order ¶ 1040.

Calls to ISPs fall squarely within this definition, as two federal Circuit Courts of Appeal that recently have considered the question have agreed. In Bell Atlantic Telephone Co. v. FCC, 206 F.3d 1 (D.C. Cir. 2000), the D.C. Circuit rejected for want of reasoned decision-making this Commission's analysis in the ISP Order[8] that calls to ISPs do not terminate at the ISPs' premises. The D.C. Circuit concluded that "[c]alls to ISPs appear to fit this definition [of termination]: the traffic is switched by the LEC whose customer is the ISP and then delivered to the ISP, which is clearly the 'called party.'" Id. 206 F.3d at 6 (emphasis added). The Fifth Circuit went a step further, and held in Southwestern Bell Telephone Co. v. Public Utilities Commission, 208 F.3d 475 (5th Cir. 2000), that, under the FCC's regulatory definition, "'termination' occurs when [the ISP's carrier] switches the call at its facility and delivers the call to 'the called party's premises,' which is the ISP's local facility. Under this usage, the call indeed 'terminates' at the ISP's premises." Id. at 486 (emphasis added). Moreover, on Friday, April 20th, the D.C. Circuit vacated and remanded this Commission's Advanced Services Order (1998), on the ground that it relied on the same "defective reasoning" employed in the ISP Order.

WorldCom is aware that the Commission has adopted – but not yet released – an Order purporting to clarify the rules governing intercarrier compensation. Because the Order has not yet been released, WorldCom has not been able to review or analyze it, and will thus defer discussion of the new rules until the Order's release.

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[8]Reciprocal Compensation Order.

UNE ISSUES

Issue III-6: Should the Interconnection Agreement include provisions specifying that 1) Verizon shall offer each Network Element individually or as Technically Feasible combinations of network elements, including the combination of all network elements, also known as Network Element Platform; 2) Verizon shall not separate Network Elements that are already combined on Verizon's network unless requested by MCIm and that services provided through combinations of Network Elements or UNE-P will not be disconnected, interrupted, or otherwise modified in order for customers to migrate to MCIm; 3) Verizon's charge to MCIm for any combination may not exceed the TELRIC price for the sum of Network Elements that comprise the combination; and 4) At MCIm's request and where Technically Feasible, Verizon shall provide Combinations of Network Elements whether or not those Network Elements are currently combined in Verizon's network.

Section 251 (c)(3) of the Act requires incumbent LECs to provide requesting carriers access to unbundled network elements for the provision of telecommunications services. 47 U.S.C. § 251(c)(3). The Act and FCC regulations also require incumbent LECs to provide combinations of unbundled network elements. Id.; see also 47 C.F.R. §§ 51.315(a), (b).

With respect to provision of existing combinations of network elements, 47 C.F.R. § 51.315(b) provides that these existing arrangements shall not be separated by ILECs except upon request.

With respect to new combinations, 47 C.F.R. § 51.315(a) provides that "An incumbent LEC shall provide unbundled network elements in a manner that allows requesting telecommunications carriers to combine such network elements in order to provide a telecommunications service." This regulation is simply a restatement of 47 U.S.C. § 251(c)(3). The Commission has stated that § 251(c)(3) (and thus 47 C.F.R. § 51.315(a) as well) requires incumbent LECs to perform the functions necessary to combine requested elements in any technically feasible manner. Local Competition Order ¶ 293. Thus, WorldCom may order new combinations (that is, not currently existing), and Verizon is obligated to perform the functions necessary to combine the elements and to provide the combination pursuant to 47 C.F.R.

§ 51.315(a). The Commission's regulations also require incumbent LECs to perform the functions necessary to combine those elements that are ordinarily combined within their network. See Local Competition Order ¶ 296. Verizon ordinarily combines the elements in its network, which comprise the unbundled network element-platform. See UNE Remand Order ¶ 481.

Verizon should also be required to combine network elements that are not ordinarily combined in its network upon request, where it is technically feasible to do so. Although the FCC rules mandating this requirement were vacated by the Eighth Circuit, see Iowa Utils. Bd. v. FCC, 219 F.3d 744 (8th Cir. 2000), cert granted sub nom. Verizon Communications, Inc.,121 S. Ct. 877 (2001) the court based its conclusion on its determination "Congress has directly spoken on the issue of who shall combine previously uncombined elements. It is the requesting carrier who shall 'combine such elements.'" Id. at 759. But in AT&T Corp. v. Iowa Utilities Board, 525 U.S. 366 (1999), the Supreme Court expressly rejected that assertion, holding that although the Act "assuredly contemplates that elements may be requested and provided in [separate] form, it does not say, or even remotely imply, that elements must be provided only in this fashion and never in combined form." Id. at 394. The Supreme Court is currently reviewing the Eighth Circuit's most recent decision.

Until the Supreme Court reinstates the FCC's rules, no federal rule currently mandates that incumbent LECs combine elements not usually combined in their network. As the Ninth Circuit explained, however, state commissions (and this Commission, acting as an arbitrator) are free to impose such a requirement if they choose because the Supreme Court has made clear that such a provision is not inconsistent with § 251(c)(3). Thus, in the wake of the Eighth Circuit's decision, the Ninth Circuit has upheld state commission decisions imposing a "new

combinations" requirement, reasoning that, given the Supreme Court's decision, "[i]t . . . necessarily follows" that a provision requiring an incumbent to provide new combinations "does not conflict with the Act because the Act does not say or imply that network elements may only be leased in discrete parts." See U S West Communications v. MFS Intelenet, Inc., 193 F.3d 1112, 1121 (9th Cir. 1999), cert. denied, 120 S. Ct. 2741 (2000); MCI Telecommunications Corp. v. U S West Communications, 204 F.3d 1262, 1268 (9th Cir. 2000), cert. denied, 121 S. Ct. 504 (2000) (same); U S West Communications, Inc. v. Hamilton, 224 F.3d 1049, 1056-57 (9th Cir. 2000) (same).

Issue III-7: Is WorldCom entitled to order combinations of the loop and transport unbundled network elements for the provision of telecommunications services? Can restrictions be placed on the use of unbundled network elements used in the provisions of telecommunications services?

Section 251 (c)(3) of the Act requires incumbent LECs to provide requesting carriers access to unbundled network elements for the provision of telecommunications services. Both the loop and transport are unbundled network elements pursuant to the FCC's regulations. See 47 C.F.R. §§ 51.319 (a), (d). The Act and FCC regulations also require incumbent LECs to provide combinations of unbundled network elements. 47 U.S.C. § 251(c)(3) and 47 C.F.R. §§ 51.315(a), (b).

With respect to conversion of existing special access arrangements to combinations of the loop/transport network elements, 47 C.F.R. § 51.315(b) provides that these existing arrangements shall not be separated by ILECs except upon request. Moreover, the Commission has ruled that these existing arrangements may be converted to unbundled loop/transport combinations if they are used to provide a significant amount of local exchange service.[9]

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[9] Clarification Order. WorldCom has requested a waiver of the required showing established in the Supplemental Order Clarification. See WorldCom's Petition for Waiver filed September 12,

With respect to new loop/transport combinations, 47 C.F.R. § 51.315(a) provides that "An incumbent LEC shall provide unbundled network elements in a manner that allows requesting telecommunications carriers to combine such network elements in order to provide a telecommunications service." This regulation is simply a restatement of 47 U.S.C. § 251(c)(3). The Commission has stated that § 251(c)(3) (and thus 47 C.F.R. § 51.315(a) as well) requires incumbent LECs to perform the functions necessary to combine requested elements in any technically feasible manner. Local Competition Order ¶ 293. Thus, WorldCom may order new loop/transport combinations, and Verizon is obligated to perform the functions necessary to combine the elements and to provide the combination pursuant to 47 C.F.R. § 51.315(a). The Commission has also noted that its regulations require incumbent LECs to perform the functions necessary to combine those elements that are ordinarily combined within their network, Local Competition Order ¶ 296, and Verizon ordinarily combines the loop and transport elements in its network. UNE Remand Order ¶ 481.

Finally, the Supreme Court has held that nothing in the Act mandates that elements be provided only in separated form. The Court rejected the argument that in requiring the incumbent to provide network elements in a manner that 'allows carriers to combine' them, the Act contemplated the provisioning of elements only in physically separate pieces. AT&T, 525 U.S. at 394. The Court clarified that "unbundled" means separate prices, not physically separated. The Court also stated that § 251 (c) "does not say, or even remotely imply, that elements must be provided [in discrete pieces, and never in combined form." Therefore, the FCC's holding that ILECs must perform the functions necessary to combine requested elements

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2000. WorldCom reiterates the argument set forth in its waiver and also reserves its right to argue that the restriction placed upon conversion of special access arrangements to combinations of unbundled network elements is unlawful under the Act.

under § 251(c)(3), which is restated in 47 C.F.R. § 51.315(a), has been affirmed by the Supreme Court.

Issue III-8: Should the Interconnection Agreement contain a provision specifying that for each Network Element and Combinations (including UNE-P and loop/transport combinations), Verizon shall provide connectivity at any technically feasible point, not limited to points at which WorldCom collocates on Verizon's premises?

Section 251(c)(3) expressly requires incumbent LECs to provide access to network elements "at any technically feasible point. . . ." 47 U.S.C. § 251(c)(3). This provision also furthers the policy underlying 47 C.F.R. § 51.315(b).

Issue III-9: In what circumstances can Verizon assert the "end user with four or more lines" exception to deny providing WorldCom the local switching unbundled network element?

In the UNE Remand Order, the FCC set forth its rationale for setting forth a "four or more lines" restriction on the availability of unbundled local switching. Id. ¶ 293. The Commission explained that the local switching UNE should be available to serve the residential mass market and the small business market, but not the medium to large business market. A small business customer with four locations and one line at each location is most analogous to a residential customer with one line at his home. Verizon's approach would equate this small business customer with a medium business customer with four lines at one location, and deny the ability for WorldCom to serve this small business customer via UNE-P.

Issues III-10: Should the Interconnection Agreement contain language setting forth WorldCom's right to line sharing and also to self-provision or partner with a data carrier to provide voice and data service over the same line, via UNE-platform line splitting, and the Commission's future decisions regarding line splitting and the provision of advanced services?

The FCC has recently indicated that new entrants have a right to engage in line sharing and UNE-platform line splitting. See Advanced Services Order IV (2001). The proposed

contract language includes terms regarding the pre-ordering, ordering, provisioning, maintenance, and billing associated with UNE-platform line sharing and line splitting. Line splitting in the UNE-platform arrangement will allow WorldCom to compete effectively with Verizon by offering a combined data and voice service over a single line, as Verizon itself does. The UNE-platform line splitting arrangement should be implemented so as to minimize disruption to end-user service and to maximize the potential for competitive provision of advanced services. Thus, for example, where a customer who currently receives voice service from Verizon and data service from a CLEC chooses to migrate its voice service to WorldCom, the migration should require no rewiring in the central office and no disruption of either the customer's voice or data service, as the Commission noted in its recent line splitting ruling. Id. ¶ 22. Similarly, where a customer who currently receives UNE-platform voice service wishes to add data service, Verizon should promptly provide the needed cross connects, as it would do in a line sharing situation where it retained the voice service, as the Commission also noted in its recent line splitting order. Id. ¶ 21.

The Commission has indicated that it will address a large number of issues related to the provision of advanced services and line splitting in other proceedings including the Advanced Services Order III (2000), Advanced Services Order IV (2001). The issues which the Commission intends to address include items such as the collocation of CLEC line cards in the ILEC's remote terminal, the various means of transmission of CLEC customer data signals back to the central office from the remote terminal, the establishment of a UNE-data platform, splitter ownership, the packet switching UNE, and others. Since these issues will be addressed in these other proceedings and not in this arbitration, WorldCom requests herein that Verizon be directed

to promptly amend the Interconnection Agreement entered into between the parties to include provisions consistent with the Commission's decision in those proceedings.

Issue III-11(UNE subloop); III-12 (dark fiber); and IV-14 (other provisions of UNE Remand Order): Should the contract reflect the FCC's decisions in the UNE Remand, Advanced Services and Line Sharing proceeding?

WorldCom proposes that the Interconnection Agreement reflect the FCC's decisions UNE Remand Order; Advanced Services Order II (1999); and Line Sharing Order.

WorldCom proposes a definition of the loop UNE, consistent with the UNE Remand Order. (Attachment III, Section 4.1). The loop definition references the loop demarcation point at an end-user's premises and includes inside wire, as ordered by the FCC in the UNE Remand Order. Further, the proposed loop definition includes high capacity loops, attached electronics and dark fiber as required by the UNE Remand Order. 47 C.F.R. § 51.319 (a)(1). WorldCom proposes provisions providing for the availability of DSL capable loops . (Attachment III, Section 4.2.1). With respect to advanced services, WorldCom has also proposed detailed provisions concerning non-discriminatory electronic and manual access to critical loop make-up information for purposes of qualifying loops for DSL services. (Attachment III, Section 4.2.6). Verizon is required to provide this qualification information. See UNE Remand Order ¶¶ 427-431; 47 C.F.R. § 51.319(g); 47 C.F.R. § 51.5.

WorldCom has proposed provisions which require Verizon to condition loops when conditioning is required for the provision of advanced services. (Attachment III, Section 4.2.7). See 47 C.F.R. § 51.319(a)(3). Contract terms have also been proposed for access to the network interface device and requiring compliance with industry standards for the provision of advanced services. (Attachment III, Sections 4.2.8-4.2.9).

WorldCom has proposed a spectral compatibility process designed to insure the widest

possible deployment of advanced services. (Attachment III, Section 4.2.10). Similarly WorldCom has proposed contract language memorializing the parties' obligation to develop spectrum management procedures which comply with national standards (Attachment III, Section 4.2.11). See Line Sharing Order ¶ 183. WorldCom has also proposed non-discriminatory binder group management procedures and other processes for the elimination of interfering technologies such as AMI T1. 47 C.F.R. § 51.232; (Attachment III, Sections 4.2.11.2-4.2.11.3). These contract terms are designed to ensure the assignment of DSL services to binder groups which do not contain AMI T1 technologies and to maximize the deployment of advanced services within binder groups. See Line Sharing Order ¶ 212.

WorldCom has proposed contract terms setting forth the conditions under which Verizon is permitted to deny the deployment of advanced services (Attachment III, Section 4.2.12) and non-discriminatory testing procedures for DSl loops. (Attachment III, Section 4.2.13) The contract terms proposed by WorldCom concerning provision of advanced services, including the spectral compatibility, binder management and other advanced services related terms, are consistent with the FCC's Advanced Services and Line Sharing Orders. See Advanced Services Order ¶¶ 63-77; 47 C.F.R. §§ 51.230-51.233.

WorldCom has proposed contract terms defining the subloop UNE and specifying that subloop, including inside wire, shall be made available as an unbundled network element. (Attachment III, Section 4.3). The proposed terms encompass methods of access to subloop generally and include use of a single point of interconnection in multi-unit premises specifically. In addition, the terms proposed by WorldCom provide detail concerning the definition of loop feeder and both technical requirements and interface requirements for loop feeder. (Attachment III, Section 4.4). Similarly, WorldCom has proposed contract terms defining loop distribution

and setting forth technical requirements for loop distribution. (Attachment III, Section 4.5). The subloop unbundling terms proposed by WorldCom are consistent with the FCC's UNE Remand Order. 47 C.F.R. § 51.319(a)(2).

WorldCom has proposed a definition of the network interface device (Attachment III, Section 4.7) consistent with the FCC's UNE Remand Order and detailed provisions setting forth methods of accessing the NID and technical requirements for the NID.

WorldCom has proposed detailed terms concerning the provision of dark fiber. (Attachment III, Section 5.1). These terms define dark fiber, establish its availability, establish intervals for provisioning orders for dark fiber, establish intervals for providing information regarding the location and performance of dark fiber, establish procedures for testing and splicing dark fiber, and provide for an interface for Wave Division Multiplexing applications. These provisions are consistent with the FCC's UNE Remand Order which established dark fiber as a network element that Verizon must provide on an unbundled basis. See UNE Remand Order ¶¶ 196-198, 325-326.

WorldCom has proposed contract language defining packet switching and requiring Verizon to provide access to packet switching as an unbundled network element consistent with the FCC's UNE Remand Order. (Attachment III, Sections 6.1-6.2). Specifically, the proposed contract term requires Verizon to provide nondiscriminatory access to unbundled packet switching where Verizon has deployed DLC systems or other fiber facilities; there are no spare copper loops available; Verizon has not permitted WorldCom to deploy a DSLAM at the remote terminal, pedestal, or vault; and Verizon has deployed packet switching for its own use. 47 C.F.R. § 51.319(c)(3).

With respect to unbundled switching, WorldCom has proposed a contract term eliminating the availability of unbundled switching priced at Total Element Long Run Incremental Cost (TELRIC), for customers who have four or more voice grade (DS0) or equivalent lines at one location in density zone 1 of the Washington, D.C. and Norfolk – Virginia Beach – Newport News Metropolitan Statistical Areas (as defined as of January 1, 1999 under Section 69.123 of the FCC's rules), provided that Verizon also provides to WorldCom throughout the relevant density zone 1 non-discriminatory access at TELRIC prices to Loop/Transport Combinations (including multiplexing/concentration equipment). This provision is consistent with the FCC's decision in the UNE Remand Order limiting the availability of unbundled switching in Density Zone 1 of the top 50 Metropolitan Statistical Areas. (Attachment III, Section 7.1) 47 C.F.R. § 51.319(c)(1)(B). WorldCom has also proposed a description of the unbundled switching element consistent with the FCC's description of the UNE in the UNE Remand Order. (Attachment III, Section 7.1.3) 47 C.F.R. § 51.319(c)(1)(A).

WorldCom has proposed terms concerning the provision of the shared transport and dedicated transport unbundled network elements (Attachment III, Sections 9-10) consistent with the regulations adopted by the FCC in the UNE Remand Order. 47 C.F.R. § 51.319(d).

With respect to the call-related databases UNE, WorldCom has proposed language adding the calling name database, number portability database, and 911 and E911 databases to the list of such databases. (Attachment III, Sections 13.1.1); See 47 C.F.R. § 51.319(e)(2)(A). WorldCom has also proposed detailed terms setting forth requirements for provision of the calling name database.

Issue IV-15: Should the Interconnection Agreement contain a provision setting forth Verizon's obligation to provide unbundled network elements, including all the features, functions, combinations, and capabilities, the provision of which is Technically Feasible?

This provision sets forth Verizon's obligations under 47 U.S.C. § 251(c)(3) of the Telecommunications Act and 47 C.F.R. §§ 51.307(a)-(d). Access to all the technically feasible features, functions, combinations, and capabilities of unbundled network elements is necessary for WorldCom's provisions of broad-based competitive services in Virginia.

Issue IV-16: Should the Interconnection Agreement include provisions specifying that Verizon shall permit WorldCom to connect its facilities or facilities provided to WorldCom by third-parties with each of Verizon's unbundled Network Elements at those generic points within Verizon's network designated within this Agreement or as a result of the Bona Fide Request ("BFR") process?

The Commission has directed incumbent LECs to provide cross-connect facilities. See Local Competition Order ¶ 386. Moreover, the Commission's regulations require Verizon to permit the connection of unbundled transport to equipment designated by requesting carriers. 47 C.F.R. § 51.319(d)(2)(C).

Issue IV-17: Should the ICA contain a provision establishing a Bona Fide Request (BFR) Process for Further Unbundling? Should that provision: (1) define the requests subject to the BFR process and obligate Verizon to promptly analyze and consider such requests; (2) specify the form and content of such requests; (3) permit WorldCom to cancel such requests at any time (subject to certain expenses), and obligate Verizon to provide WorldCom with weekly status reports; (4) obligate Verizon to provide a preliminary analysis of the request within 15 days, and define Verizon's permissible substantive responses in its preliminary analysis; (5) provide various ways in which WorldCom may respond to the preliminary analysis within 10 days if that analysis concludes that various forms of further testing are required to determine technical feasibility; (6) obligate Verizon to shorten its response time by utilizing information from previously developed BFRs; (7) specify WorldCom's options in responding to a preliminary analysis within 10 days if that analysis confirms that Verizon will offer the BFR and identifies the date on which Verizon will make a BFR Price Proposal; (8) state that the pricing of a BFR Item will be governed by Applicable Law, absent agreement; (9) obligate WorldCom to place an order for the BFR Item within 90 days after its receipt of a BFR Price Proposal or to seek arbitration or mediation before the Commission, and authorize Verizon to treat the BFR as cancelled if WorldCom fails to do so; and (10) permit a Party to seek mediation or arbitration by the Commission if it believes the other Party is not acting in good faith.?

The ICA should contain this provision to ensure that there is a procedure prusuant to which WorldCom may seek further unbundling of Network Elements or the introduction of new

Network Elements to which it is entitled pursuant to 47 U.S.C. §§ 251(c)(3) and 251(d)(2).

Issue IV-18: Should the Interconnection Agreement specify the functionality provided by multiplexing/concentrating equipment and the associated technical and interface requirements?

Multiplexing is a functionality which must be provided as part of the both the loop and transport unbundled network elements. See 47 C.F.R. § 51.319(a)(1) (the loop includes attached electronics); see also id. § 51.319(d)(1)(A) (unbundled transport includes all technically feasible capacity-related services). Detailed specification of the functionality, technical, and interface requirements of multiplexing/concentrating equipment in the Agreement will eliminate ambiguity, minimize future disputes as to the terms and conditions governing the equipment being provided, and will ensure that the UNEs possess the attributes required by the purchaser, WorldCom.

Issue IV-19: Should the Interconnection Agreement provide detailed terms specifying the means of access to, and technical and interface requirements for, the network interface device?

The Network Interface Device is an unbundled network element to which Verizon is required to provide access. See UNE Remand Order ¶¶ 232-235; 47 C.F.R. § 51.319(b). Detailed terms related to its unbundling will eliminate ambiguity and minimize future disputes as to the rights and obligations of the parties.

Issue IV-20: Should the Interconnection Agreement contain detailed terms setting forth the availability of unbundled local switching (including all features, functions, and capabilities of the switch), as well as detailed descriptions of the daily usage tapes, billable events records, specialized routing, mechanized loop testing, maintenance and repair processes, access to 911 service, and interface requirements (including ISDN) associated with unbundled switching?

Local switching is an unbundled network element to which Verizon is required to provide access. See UNE Remand Order ¶ 253; 47 C.F.R. § 51.319(c). Detailed terms related to its unbundling will eliminate ambiguity and minimize future disputes as to the rights and

obligations of the parties.

Issue IV-21: Should the Interconnection Agreement include detailed provisions regarding the availability of unbundled shared and dedicated transport including a definition thereof, the transmission rates available, the requirement to make all features functions and capabilities available, WorldCom's right to designate equipment to be connected to unbundled transport, and the availability of and detailed technical requirements for digital cross connect systems?

Shared and dedicated transport and unbundled network elements to which Verizon is required to provide access. See UNE Remand Order ¶ 321; 47 C.F.R. § 51.319(d). Detailed terms related to their unbundling will eliminate ambiguity and minimize future disputes as to the rights and obligations of the parties.

Issue IV-22: Should the Interconnection Agreement include detailed provisions regarding the availability of signaling link transport and signaling transfer points ?

Signaling link transport and signaling transfer points are unbundled network element to which Verizon is required to provide access. See 47 C.F.R. § 51.319(e)(1). Detailed terms related to its unbundling will eliminate ambiguity and minimize future disputes as to the rights and obligations of the parties.

Issue IV-23: Should the Interconnection Agreement include detailed provisions setting forth the availability of call related databases including but not limited to LIDB, the Toll Free Number Database, number portability databases, 911 and E911 databases, and AIN databases?

Call-related databases are unbundled network elements to which Verizon is required to provide access. See UNE Remand Order ¶ 402; 47 C.F.R. § 51.319(c). Detailed terms related to its unbundling will eliminate ambiguity and minimize future disputes as to the rights and obligations of the parties.

Issue IV-24: Should the Interconnection Agreement include detailed provisions regarding provision of Verizon's directory assistance database UNE to WorldCom, including the price of each directory assistance listing?

Verizon's directory assistance database is one of the call-related databases to which Verizon is required to provide access. See UNE Remand Order ¶ 15 (Executive Summary). The Commission has ruled that non-discriminatory access to the directory assistance database means that "LECs must transfer directory assistance databases in readily accessible electronic, magnetic tape, or other format specified by the requesting LECs, promptly upon request. . . ."[10]

Issue IV-25: Should the Interconnection Agreement include detailed provisions regarding the Calling Name (CNAM) database which Verizon must make available as an unbundled network element?

The CNAM database is a network element which must be provided on an unbundled basis. See 47 C.F.R. § 51.319(e)(2)(A). Detailed terms related to its unbundling will eliminate ambiguity and minimize future disputes as to the rights and obligations of the parties.

Issue IV-26: Should the Interconnection Agreement include a detailed description of the tandem switching network element which Verizon must provide on an unbundled basis?

Tandem switching is a network element which Verizon must provide on an unbundled basis. 47 C.F.R. § 51.319(c)(2). The Interconnection Agreement should contain a detailed description of the functionality to be provided. Detailed terms related to its unbundling will eliminate ambiguity and minimize future disputes as to the rights and obligations of the parties.

Issue IV-27: Should the Interconnection Agreement contain provisions specifying cooperative testing procedures for unbundled network elements provided under the Agreement and specifying that protection, restoration, and disaster recovery procedures for unbundled network elements will occur at parity with the procedures for Verizon's own services, facilities, and equipment?

These provisions ensure that network elements provided by Verizon function in accordance with the terms of this Agreement, and that services provided to WorldCom customers via unbundled network elements are rested in the same time frame as are services provided to Verizon customers. This allows WorldCom to determine if Verizon is providing network

[10] CPNI Order.

elements in a just, reasonable, and nondiscriminatory manner, as mandated by 47 U.S.C. § 251(c)(3).

Issue IV-28: Is WorldCom entitled to collocate advanced services equipment, such as DSLAMs, in Verizon's premises?

As this Commission recently held: "The ability of competitive LECs to collocate equipment is particularly important to facilities-based competition for advanced telecommunications services. An xDSL carrier providing service over unbundled local loops, for instance, would require a digital subscriber line access multiplexer (DSLAM) placed within a reasonable distance of the customer's premises, usually less than 18,000 feet. A competitive LEC must have the ability to collocate DSLAMs at the incumbent LEC's premises (i.e., in or adjacent to the central office or remote terminal) where the customer's unbundled loop or subloop terminates. Without viable collocation arrangements, the customer will not have a choice of LECs from which to purchase advanced services." See Advanced Service Order III (2000) ¶ 10 (emphasis added).

Issue I-3: Can Verizon compel WorldCom, or any CLEC, to provide collocation to Verizon at WorldCom facilities?

The Act and FCC regulations impose an obligation on incumbent LECs to provide collocation to requesting carriers. See 47 U.S.C. § 251(c)(6). This obligation applies to incumbent LECs only. See id. As the Commission has found, these obligations cannot be imposed on a CLEC unless the procedure set forth in § 251(h)(2) of the Act for treating other carriers as incumbents has been followed. See 47 C.F.R. § 51.223 (a). That procedure has not been instituted and the criteria outlined in § 251(h)(2) are not present. A CLEC may voluntarily offer collocation to Verizon but the CLEC cannot be compelled to do so.

Issue IV-29: Should the contract language reflect the FCC's decision to allow access to inside wire?

The Commissions decisions regarding inside wire are set forth in the UNE Remand Order. In particular, the UNE Remand Order provides that new entrants can access inside wire owned by the incumbent:

> We clarify that "technically feasible points" would include a point near the customer premises, such as the point of interconnection between the drop and the distribution cable, the NID, or the MPOE. Such access would give competitors unbundled access to the inside wire subloop element, in cases where the incumbent owns and controls wire inside the customer premises.

See UNE Remand Order ¶ 210. The FCC went on to make clear that new entrants may access inside wire, which the Commission has now defined as part of the loop:

> Similarly, we reject arguments that we should include inside wiring in the definition of the NID in order to permit facilities-based competitors access to inside wiring. [citations omitted] Although competitors may choose to access the inside wire via the NID, in some circumstances they may choose to access the inside wire at another point, such as the minimum point of entry. By continuing to identify the NID as an independent unbundled network element, we underscore the need for the competitive LEC to have flexibility in choosing where best to access the loop. Competitors purchasing a subloop at the NID, however, will acquire the functionality of the NID for the subloop portion they purchase. We therefore find no need to include inside wiring in the definition of the NID, or to include the NID as part of any other subloop element.

Id. ¶ 235. In Paragraph 237 the FCC again established the right of requesting carriers to access inside wire:

> Specifically, an incumbent LEC must permit a requesting carrier to connect its own loop facilities to the inside wire of the premises through the incumbent LEC's network interface device, or at any other technically feasible point, to access the inside wire subloop network element.

Id. ¶ 235; see also 47 C.F.R. § 51.319(a), which states:

> An incumbent LEC shall provide nondiscriminatory access, in accordance with Section 51.311 and section 251(c)(3) of the Act, to the local loop and subloop, including inside wiring owned by the incumbent LEC, on an unbundled basis to any requesting telecommunications carrier for the provision of a telecommunications service.

That same section defines the Loop as

> The local loop network element is defined as a transmission facility between a distribution frame (or its equivalent) in an incumbent LEC central office and the loop demarcation point at an end-user customer premises, including inside wire owned by the incumbent LEC.

47 C.F.R. § 51.319(a)(1). The subloop is defined as

> The subloop network element is defined as any portion of the loop that is technically feasible to access at terminals in the incumbent LEC's outside plant, including inside wire. An accessible terminal is any point on the loop where technicians can access the wire or fiber within the cable without removing a splice case to reach the wire or fiber within. Such points may include, but are not limited to, the pole or pedestal, the network interface device, the minimum point of entry, the single point of interconnection, the main distribution frame, the remote terminal, and the feeder/distribution interface.

47 C.F.R. § 51.319(a)(2).

RIGHTS OF WAY

Issue III-13: What are the rates, terms and conditions under which Verizon provides WorldCom with access to Verizon's poles, ducts, conduits and rights-of-way?

The 1996 Act mandates that local exchange carriers provide "access to the poles, ducts, conduits and rights-of-way of such carrier to competing providers of telecommunications services on rates, terms, and conditions that are consistent with Section 224." 47 U.S.C. § 251(b)(4). Section 224 sets forth detailed requirements related to such access. In the Local Competition Order, this Commission adopted specific rules governing carriers' access to poles, ducts, conduits, and rights-of-way. See Local Competition Order ¶¶ 1123-1248.

Additionally, many of these terms are necessary to prevent ambiguity and facilitate appropriate access to rights-of-way. The 1996 Act expressly grants state commissions (or this Commission, if it as acting as an arbitrator) the authority to resolve these issues, specifically directing a commission to "resolve each issue set forth in the petition [for arbitration of disputed issues]. . . by imposing appropriate conditions as required to implement subsection (c) of this section." 47 U.S.C. § 252(b)(4)(C) (emphasis added). As this Commission has recognized, in arbitrations commissions will often be called upon to "define specific terms and conditions governing access to unbundled elements," and make "critical decisions concerning a host of issues." Local Competition Order ¶¶ 135, 137. The Act and the Local Competition Order make clear that commissions have both the authority, and the duty, to do so.

Issue III-13(a): Should the Interconnection Agreement contain definitions of terms associated with WorldCom's access to Verizon's Rights of Way, Conduits, and Poles?

See discussion of relevant authority, supra.

Issue III-13(b): Should the Interconnection Agreement contain detailed provisions that: grant a license to WorldCom, on a non-exclusive basis, authorizing the attachment of WorldCom's communications facilities to Verizon's poles and the placement of WorldCom's communication facilities in Verizon's conduits or rights of way; expressly set

forth that it is a license and not an easement that is being granted; clarify that Verizon's right to locate in or on its own poles, conduits, or rights of way is not limited by WorldCom's license to locate in or on these facilities; specify that Verizon shall cooperate with WorldCom in obtaining permission for attachment of WorldCom's facilities where Verizon does not have the right to authorize access; and clarify that access is to be provided at parity on a non-discriminatory basis?

See discussion of relevant authority at p. 38, supra. This is also consistent with the requirements of § 251(b)(4) of the Act, and the requirements of § 224 that terms and conditions be just and reasonable.

Issue III-13(c): Should the Interconnection Agreement contain detailed provisions that: outline WorldCom's responsibility for attachment/occupancy fees; address non-payment or late payment of fees; set forth Verizon's right to require a bond in the event WorldCom's net worth drops below a certain level; and specify what notice is required for changes in fees?

See discussion of relevant authority at p. 38, supra. This section also expressly mandates that fees and charges be consistent with 47 U.S.C. § 224, and provides for a notice period that is consistent with 47 C.F.R. § 1.1403(c)(2).

Issue III-13(d): Should the Interconnection Agreement contain detailed provisions that: provide for advance payments in the event WorldCom's net worth drops below a certain level; specify that the amount of advance payment will be credited against payment due to Verizon for performing Prelicense Survey and/or Make-Ready Work; and indicate what will be done in the event the advance payment is less than the charge for such work or what will be done in the event it exceeds the charge for such work?

See discussion of relevant authority at p. 38, supra.

Issue III-13(e): Should the Interconnection Agreement contain detailed provisions that: outline the requirements and specifications for the placement of communications facilities by WorldCom; specify the time in which safety violations and non-standard conditions must be corrected by WorldCom after written notification by Verizon; provide that Verizon may correct conditions constituting an immediate threat to its personnel without written notice to WorldCom; indicate that failure of Verizon to notify WorldCom of violations will not relieve WorldCom of its responsibility to place its facilities in a safe manner ; and dictate that disputes shall be resolved pursuant to Section 24, Part A of the ICA?

See discussion of relevant authority at p. 38, supra.

Issue III-13(f): Should the Interconnection Agreement contain detailed provisions which: clarify that to the extent Verizon's authority to occupy a pole, etc. does not allow WorldCom to place its facilities on Verizon's Poles, Conduits, or Rights of Way, that it is incumbent on WorldCom to secure the necessary authority; clarify that the license granted by Verizon shall not extend to any Pole, Conduit, or Right of Way where such attachment would result in the forfeiture of rights of Verizon or one of its existing licensees; and specify the action which the parties shall take to avoid such forfeiture?

See discussion of relevant authority at p. 38, supra.

Issue III-13(g): Should the Interconnection Agreement contain detailed provisions that: address the procedure by which WorldCom is to secure a license to attach to any Pole, or occupy any portion of a Conduit or Right of Way (i.e., by written application and, upon approval, receiving written license from Verizon); set forth the turn-around time and manner in which Verizon must process WorldCom's application, including those which may involve an increase in capacity; set forth Verizon's provision of maps, plats, or other data to assist in completion of the application process; set forth turn-around times for response to inquiries by WorldCom; set forth Verizon's obligations for notifying additional applicants of the existence of other applicants so that costs can be shared; set forth the circumstances under which WorldCom's license would automatically terminate; set forth WorldCom's right to access duct and inner duct; and set forth the parties' obligations should an emergency occur after a provider has made use of the last unoccupied full-sized duct ?

See discussion of relevant authority at p. 38, supra. The procedures outlined in this section are also consistent with that set forth in 47 C.F.R. § 1.1403(b).

Issue III-13(h): Should the Interconnection Agreement contain detailed provisions regarding Pre-License Survey and Make-Ready Work requirements and procedures?

See discussion of relevant authority at p. 38, supra.

Issue III-13(i): Should the Interconnection Agreement contain detailed provisions regarding Construction, Maintenance and Removal of Communications Facilities?

See discussion of relevant authority at p. 38, supra. This section also sets forth, consistent with 47 C.F.R. § 1.1403(c), Verizon's duties to notify WorldCom if its structures are to be modified.

Issue III-13(j): Should the Interconnection Agreement contain detailed provisions addressing when licenses terminate automatically and addressing under what terms WorldCom is permitted to terminate its own license?

See discussion of relevant authority at p. 38, supra.

Issue III-13(k): Should the Interconnection Agreement contain detailed provisions regarding the terms under which Verizon is permitted to inspect WorldCom facilities attached to Verizon's Poles or occupying Verizon's Conduits or Rights of Way?

See discussion of relevant authority at p. 38, supra.

Issue III-13(l): Should the Interconnection Agreement contain detailed provisions concerning procedures to be employed if WorldCom facilities are found attached to poles etc. for which no license has been granted?

See discussion of relevant authority at p. 38, supra.

Issue III-13(m): Should the Interconnection Agreement contain detailed provisions regarding Verizon's rights to a security interest in WorldCom's attached facilities when WorldCom's net worth falls below a certain amount?

See discussion of relevant authority at p. 38, supra.

Issue III-13(n): Should the Interconnection Agreement contain detailed provisions regarding the parties' liabilities, rights and responsibilities in the event either party damages the other's facilities?

See discussion of relevant authority at p. 38, supra.

Issue III-13(o): Should the Interconnection Agreement contain detailed provisions concerning the type, amount and terms of insurance required?

See discussion of relevant authority at p. 38, supra.

Issue III-13(p): Should the Interconnection Agreement specify the non-exclusivity of any grant in the agreement and the terms under which WorldCom could assign or transfer any license arising from the agreement?

See discussion of relevant authority at p. 38, supra.

Issue III-13(q): Should the Interconnection Agreement contain detailed provisions regarding additional circumstances under which Verizon is entitled to terminate any license authorized by the agreement, WorldCom's responsibilities under these circumstances and the general term of licenses under the agreement?

See discussion of relevant authority at p. 38, supra.

PRICING TERMS AND CONDITIONS

Several disputed issues concern the pricing terms and conditions that should be included in the interconnection agreement. Competitive carriers such as WorldCom cannot effectively enter into the local telecommunications market unless incumbent carriers provide elements and services at rates consistent with the Act. Therefore, as the FCC has recognized, "[t]he prices of interconnection and unbundled elements, along with prices of resale and transport and termination, are critical terms and conditions of any interconnection agreement." Local Competition Order ¶ 618. Unless those terms are clearly and specifically defined, the parties will likely find themselves embroiled in protracted disputes concerning their respective rights and obligations.

Issue IV-30 : Should the ICA contain a provision setting forth certain general principles regarding the price schedule, including: (1) the effective term of the rates and discounts provided in the ICA (effective for the length of the ICA unless modified by law or otherwise provided); (2) the principle that the rates set forth in Table I that reference existing Tariffs are subject to those Tariffs; and (3) the principle that the rates or discounts in Table I are to be replaced on a prospective basis by FCC or State Commission approved rates or discounts, and setting forth a procedure whereby such approved rates will take effect?

See discussion of relevant authority, supra. In addition, WorldCom's proposal ensures that the rates and discounts will remain consistent with future legal requirements.

Issue IV-31: Should the ICA contain a provision stating that Rates for Exchange Access Services purchased by either Party for use in the provision of toll service to end user customers are not affected by the ICA?

See discussion of relevant authority, supra.

Issue IV-32: Should the ICA contain a provision stating that: (1) absent agreement otherwise, WorldCom will pay only those rates set forth in Table I for services purchased under the ICA; (2) Verizon will pay for any systems or infrastructure it requires to provide the services covered by the ICA, and that it may recover those costs only through the rates set forth in Table I; and (3) rates for subsequently developed services or services modified by regulatory requirements will be added to Table I by agreement; and (4) electronic copies of the pricing tables will be provided to WorldCom to facilitate changing the rates in the pricing tables?

See discussion of relevant authority at pp. 42, supra. In addition, this provision ensures that services purchased under the interconnection agreement will not be priced at rates that depart from the requirements of the 1996 Act and subsequent regulatory requirements.

Issue IV-33: Should the ICA contain a Local Service Resale provision that: (1) sets forth the amount that WorldCom will pay to Verizon for services if such services are tariffed by Verizon for sale to subscribers who are not "Telecommunications Carriers" under the Act (that amount being the Tariff rate for each retail Telecommunications Service subject to wholesale pricing, as reduced by the applicable percentage discount set forth in Table I); (2) explains that if Verizon revises such tariffed rates during the term of the ICA, the applicable percentage discount will be applied to the revised rate; and (3) provides that no discount shall apply (absent agreement otherwise) to Verizon Telecommunications Services that are tariffed by Verizon for sale to subscribers who are Telecommunications Carriers, or to any Verizon services other than Telecommunications Services that Verizon may choose to offer for resale?

See discussion of relevant authority at p. 42, supra. In addition, this provision is consistent with the wholesale discount provisions found in §§ 251(c)(4) and 252(d)(3) of the 1996 Act. See 47 U.S.C. §§ 251(c)(4), 252(d)(3).

Issue IV-34: Should the ICA contain a provision that (1) entitles WorldCom to deliver both Local Traffic and toll traffic over the same trunk group(s); (2) establishes the procedure for measuring the jurisdiction of this traffic based on Verizon's terminating call records and the CPN WorldCom passes on these calls; (3) provides that if WorldCom fails to pass CPN on more than 10% of the calls, it will provide Percent Local Usage (PLU) information to Verizon ; (4) provides that in the event WorldCom includes both interstate and intrastate toll traffic over the same trunk, and fails to pass CPN on more than 10% of the calls, it will then provide Percent Interstate Usage (PIU) to Verizon; (5) gives Verizon the same options and obligations as WorldCom; (6) sets forth requirements for determining PIU and PLU information; and (7) provides that that the basis for such determinations are subject to audit?

See discussion of relevant authority at p. 42, supra.

Issue IV-35 : Should the ICA contain a provision that states that reciprocal compensation for the exchange of Local Traffic shall be paid?

WorldCom's proposal implements the requirements of § 251(b)(5) and § 252(d)(2) of the 1996 Act, as well as the FCC regulations that implement those requirements. See 47 U.S.C. § 251(b)(5); id. § 252(d)(2); 47 C.F.R. § 51.703(a); id. § 51.711.

Issue IV-36: Should the ICA contain a Detailed Schedule of Itemized Charges (Table I of Attachment I)?

This provision is consistent with the Act's requirement athat interconnection agreements "include a detailed schedule of itemized charges for interconnection and each service or network element included in the agreement." 47 U.S.C. § 252(a)(1).

Issue IV-37: Should the Interconnection Agreement reflect the Meet Point Billing arrangements proposed by WorldCom?

See discussion of relevant authority at p. 42, supra.

Issue I-9: May Verizon place a cap on WorldCom's charges to Verizon at the level of Verizon's charges to WorldCom?

WorldCom's proposal is consistent with the Act because nothing in the Act or FCC regulations restricts WorldCom's ability to charge Verizon rates that are greater than those charged by Verizon for similar services, facilities, or arrangements.