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July 20, 2001

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Salas
Secretary
Federal Communications Commission
445 12th Street, SW, Room 1-A835
Washington, DC 20554

RE: WorldCom, Cox and AT&T v. Verizon
CC Docket Nos. 00-218, 00-249, and 00-251

Dear Ms. Salas:

WorldCom, Inc. files this reply to the July 13, 2001 correspondence from Verizon Virginia Inc. in which Verizon asserts that the resale discount and reciprocal compensation rates are issues to be addressed by the Commission in this arbitration. As discussed below, neither of these matters was raised by WorldCom as an unresolved issue in WorldCom's Statement of Unresolved Issues filed in this proceeding on April 24, 2001. Nor were these issues raised as unresolved issues in Verizon's Supplemental Statement of Unresolved Issues filed in this proceeding on May 31, 2001.

The Act requires that the Commission limit its consideration of issues only to those issues which are set forth in the arbitration petition or in the response thereto. Secton 252 (b)(4)(A). Since neither of these matters was raised as an unresolved issue in either pleading, these matters are not issues which the Commission can address in this proceeding.

Verizon asserts that "[t]he resale discount issue was expressly raised byWorldCom in Issue IV-36 Itemized Charges." That assertion is incorrect. WorldCom has attached hereto the statement of Issue IV-36 filed as part of the Arbitration Petition for the Commission's convenience. As is evident from that Issue statement, Issue IV-36 only seeks a determination that the Interconnection Agreement should contain a price chart. Absolutely nothing in Issue IV-36 asks the Commission to arbitrate the level of the resale discount.

Indeed, the only place in which WorldCom sought arbitration of specific rates is in the two sections of its petition titled "UNE Pricing" (Issue II-1) and "Non-Recurring Charges" (Issue II-2). Although Verizon now asserts that it was confused about which issues were raised, its responses do not demonstrate any such confusion. Indeed, Verizon's response to Issue IV-36 (which is also attached) expressly acknonwledges that "[t]he rates and elements that should be included in Pricing Schedule [sic] will be established in the cost and pricing portion of this arbitration (Issues II-1 and II-2)." It is quite clear that Verizon understood that only UNE prices and NRCs were raised as arbitration issues. It is thus clear that Verizon did not view Issue IV-36 as raising the resale discount as an arbitration issue at the time it filed its response to the arbitration petition.

Verizon also asserts that WorldCom raised the issue in Issue IV-30. Again, WorldCom's statement of Issue IV-30 is attached for the Commission's convenience, as is Verizon's response. As is apparent fro the text of that issue, WorldCom did not ask the Commission to arbitrate the resale discount in Issue IV-30. Nor did Verizon seek Commission arbitration of that issue in its response. Rather, the subject matter of Issue IV-30 is the basic principles (such as term of the agreement, and the relationship to tariffs) that would apply to the price schedule generally.

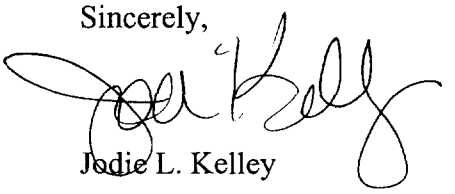
Verizon goes on to allege that it understood that the resale discount was an arbitration issue because interconnection rates are at issue and "resale is clearly a component of the interconnection agreements at issue in these proceedings." This is a non sequitur. Interconnection is not resale and references to UNE prices and interconnection do not raise the resale discount as an issue to be arbitrated.

In order to have raised the resale discount as an arbitration issue, WorldCom would have to have specifically asked the Commission to change the discount adopted by the Virginia SCC, similar to the manner in which WorldCom specifically asked the Commission to change UNE rates and non-recurring charges. The arbitration petition contains no such explicit request and Verizon cannot now read such a request into issues which address other matters.

WorldCom similarly did not ask the Commission to arbitrate the reciprocal compensation rate. Verizon points to no specific issue in WorldCom's Petition which raises this issue. Verizon's only justification for asserting that WorldCom has raised this issue is a reference to the fact that WorldCom included a pricing table with a line item for reciprocal compensation as part of WorldCom's Arbitration Petition. As previously noted, however, WorldCom included a price chart solely to raise the issue that the Interconnection Agreement should contain a price chart. By including a price chart, Worldcom did not raise any specific price as an issue. Where WorldCom raised a specific price as an issue it did so expressly, as it did with respect to UNE prices and non-recurring charges. See Issues II-1 and II-2.

Finally, Verizon requests that the Commission grant it an opportunity to clarify the issues.[1] This request should also be denied. Although WorldCom believes there needs to be flexibility in assessing the scope of the issues presented, and that parties should generally be able to clarify and refine issues as this process proceeds, here there is nothing to clarify. The issues which Verizon seeks to address were simply not raised as arbitration issues by any party.

Sincerely,



Jodie L. Kelley

cc. Tamara Preiss
John Stanley

[1] Verizon bases this request on the fact that the Commission previously directed the parties to restate certain issues raised in Petitioner's arbitration requests which were the subject of Verizon's Motion to Dismiss. The Commission entered this ruling because it was clear that "subsidiary, implementation issues growing out of each of these broader issues remained the appropriate subject of arbitration." Letter from Jeffrey Dygert, July 11, 2001. It is equally clear that **no** issues have been raised by petitioners with respect to the resale discount or reciprocal compensation and therefore there is no need for clarification.

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?

WorldCom Position: Yes, the ICA should contain these provisions because they set forth basic principles regarding the price schedule that define the rights and obligations of the Parties, eliminate ambiguity, and provide a mechanism for altering the rates and discounts in the ICA in light of changing law. Also, most of these provision was negotiated and agreed to by Verizon and WorldCom for inclusion in the current contract; this provision is included in the current contract which was approved by the Virginia State Corporation Commission; there have been no changes in law or process between the parties which would warrant deleting or amending this provision; and this provision has been opted-in to by many CLECs.

Verizon Position: Verizon has opposed inclusion of this provision in the ICA.

Affected Sections: Attachment 1, Section 1.1.

Issue IV-30 **Pricing Table v. Tariff Rates**

This issue is exclusive to WorldCom.

WorldCom: Should the interconnection agreement 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 interconnection agreement (effective for the length of the interconnection agreement 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 Commission or State Commission approved rates or discounts, and setting forth a procedure whereby such approved rates will take effect?

Verizon Response: Verizon's proposed interconnection agreement contains a separate Pricing Attachment that addresses WorldCom's Resale concerns. For instance, Verizon's Pricing Attachment refers the Parties to the applicable state tariff for the appropriate charges that are subject to the resale discount.[2] If, in the course of the life of the agreement between WorldCom and Verizon, a tariffed charge changes, the new tariff charge for a service will apply.[3] Verizon's contractual commitment embodied in its Pricing Attachment should satisfy WorldCom's concerns. These provisions apply non-discriminately to all local carriers who enter into interconnection agreements with Verizon.

[2] *See* Verizon proposed interconnection agreement, Pricing Attachment §§ 1.0, *et seq.*
[3] *See id.* at § 1.5.

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

WorldCom Position: Yes, the ICA should contain such a schedule because it sets out in detail the charges permitted for services provided under the ICA, thereby defining the rights and obligations of the Parties and avoiding ambiguity. This is consistent with 47 U.S.C. § 252(a)(1) that requires an interconnection agreement to "include a detailed schedule of itemized charges for interconnection and each service or network element included in the agreement." Also, the inclusion of a pricing table was negotiated and agreed to by Verizon and WorldCom for inclusion in the current contract; this provision is included in the current contract which was approved by the Virginia State Corporation Commission; there have been no changes in law or process between the parties which would warrant deleting or amending this provision; and this provision has been opted-in to by many CLECs.

Verizon Position: Verizon has opposed inclusion of this provision in the ICA.

Affected Sections: Attachment I, Table I.

Issue IV-36 **Itemized Charges**

This issue is exclusive to WorldCom.

WorldCom: Should the interconnection agreement contain a Detailed Schedule of Itemized Charges (Table I of Attachment I)?

Verizon Response: Verizon, of course, does not oppose the inclusion of a schedule of itemized charges, and Exhibit A to Verizon's model interconnection agreement includes a pricing schedule. Verizon does not, agree with the items (or the prices) that WorldCom expects to be on that schedule. For example, WorldCom lists many services in Table 1 that are not UNEs. The rates and elements that should be included in Pricing Schedule will be established in the cost and pricing portion of this arbitration (Issues II-1 and II-2).

CERTIFICATE OF SERVICE

I hereby certify that true and accurate copies of the foregoing were delivered this 20th day of July, 2001, by federal express and regular mail to:

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