

WILMER, CUTLER & PICKERING

2445 M STREET, N. W.  
WASHINGTON, D. C. 20037-1420

TELEPHONE (202) 663-6000  
FACSIMILE (202) 663-6363

WASHINGTON  
BALTIMORE  
LONDON  
BRUSSELS  
BERLIN

RECEIVED

JUL 24 2001

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

July 24, 2001

**BY HAND**

Magalie R. Salas, Esq.  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street S.W.  
Washington, D.C. 20554

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

Dear Ms. Salas:

This letter replies to the July 20 responses of AT&T and WorldCom to Verizon Virginia Inc.'s ("Verizon VA") July 13 letter concerning whether the resale discount and reciprocal compensation rates are to be decided in these proceedings.

Both petitioners argue that, even though several issues contained in their petitions address resale and reciprocal compensation<sup>1</sup> and even though WorldCom attached an exhibit to its petition explicitly stating that the rates for both resale and reciprocal compensation were to be decided by the Commission in these proceedings,<sup>2</sup> neither intended to raise either issue. These assertions, whether true or not, miss the point entirely.<sup>3</sup> The only relevant question is whether Verizon VA could reasonably have understood that such rates *were* at issue.

<sup>1</sup> See WorldCom Issue IV-36 "Itemized Charges" (proposing a "Detailed Schedule of Itemized Charges" including the resale discount); JDPLI (UNE Pricing) Issue II-1-d (putting at issue all prices for unbundled network elements and interconnection).

<sup>2</sup> See WorldCom "Detailed Schedule of Itemized Charges," Table 1 of Attachment 1 to WorldCom's Proposed Interconnection Agreement.

<sup>3</sup> Verizon VA notes, however, that AT&T's suggestion that the Commission should simply disregard the fact that it included reciprocal compensation rates in its July 2 cost filings belie the argument that AT&T was not prepared to arbitrate those rates; although AT&T argues that the Commission need not "mak[e] a ruling on the . . . outputs," AT&T Letter at 3, it provides no other rationale for including them in the studies prepared for these proceedings.

Verizon VA's understanding that the resale discount and reciprocal compensation rates were to be decided in this case was plainly reasonable. For example, as noted in Verizon VA's July 13 letter, Issue IV-36 expressly referred to Attachment 1 to WorldCom's proposed interconnection agreement. That attachment, in turn, explicitly listed the rates for "Reciprocal call termination -- Local traffic delivered to Verizon Interconnection Point," "Resale of retail Telecommunications Services where MCIIm does not use Verizon's Operator Services," and "Resale of retail Telecommunications Services where MCIIm uses Verizon's Operator Services" as rates that "need to be updated to reflect the actual rates established and approved by the Virginia State Corporation Commission *and as superceded by the FCC in this arbitration proceeding.*"<sup>4</sup>

WorldCom conveniently ignores this list of rates altogether in its July 20 letter and makes the almost farcical assertion that the only issue it was seeking to have the Commission arbitrate in Issue IV-36 was whether "the Interconnection Agreement should contain a price chart."<sup>5</sup> Verizon VA obviously could have more than reasonably understood that WorldCom intended to raise an actual issue -- namely, the rates for the various charges listed in the referenced attachment, including the resale discount and reciprocal compensation rates.

WorldCom and AT&T also fail to provide any explanation as to why their petitions should be interpreted as not raising the issue of reciprocal compensation rates, given that they specifically put all interconnection costs at issue (*see, e.g.*, JDLPI, Issue II-1-d), and reciprocal compensation rates reflect nothing more than transport and termination rates for interconnection.<sup>6</sup>

The petitioners cannot plausibly assert that Verizon VA understood that petitioners had not raise these issues in these proceedings and that it nonetheless failed to raise them itself. This would have made no sense: for instance, once the Commission determined that it would not defer pricing issues pending the Supreme Court's decision in the TELRIC case, Verizon VA certainly would not have consented to be bound for the next [three] years by the Virginia State Corporation's now outdated resale discount decision -- a decision that has now been superseded by the 8<sup>th</sup> Circuit's decision.<sup>7</sup>

Finally, petitioners' "reminder" to the Commission that these proceedings are limited to those issues raised in the arbitration petitions or the response,<sup>8</sup> is particularly ironic, given that both companies have eagerly accepted the Commission's offer to redefine those issues that they conceded, at the July 10 status conference, "sent [the Commission] and . . . Verizon in the wrong direction" because the language was not

---

<sup>4</sup> See "Detailed Schedule of Itemized Charges," Table 1 of Attachment 1 to WorldCom's Proposed Interconnection Agreement, Charges 14.a, 15.b, & 15.c (emphasis added).

<sup>5</sup> WorldCom Letter at 1.

<sup>6</sup> Indeed, while WorldCom specifically asserts that the resale discount does not involve interconnection rates (WorldCom Letter at 2), it is conspicuously silent about the fact that reciprocal compensation rates are nothing more than a subset of interconnection rates.

<sup>7</sup> See Verizon Letter at 2.

<sup>8</sup> See, e.g., AT&T Letter at 2.

“clear,” was “overbroad,” and included “throwback language from pre-impair days.”<sup>9</sup> Petitioners’ need to restate issues arose, as petitioners conceded at the status conference, from “advocacy that perhaps got a little bit ahead” of the law.<sup>10</sup> In these circumstances, petitioners’ sudden insistence on the sanctity of the initial arbitration petitions is particularly self-serving.

In sum, there is no basis for petitioners to claim that their statements of issues cannot be fairly read to include two issues that they now say they do not want to arbitrate. And, even if petitioners were correct, refusing to permit Verizon VA to restate its Supplemental Issues to clarify the issues in dispute, as the petitioners have been permitted to do, would be grossly unfair and entirely unjustified.

Sincerely,



Lynn R. Charytan  
Catherine K. Ronis

cc: Dorothy Atwood  
Jeffrey Dygert  
Kathy Farroba  
Tamara Preiss  
John Stanley  
David Levy  
Jodie L. Kelley  
J.G. Harrington  
Scott Randolph  
Lydia R. Pulley

---

<sup>9</sup> Transcript of 7/10/01 Conference at 29-30.  
<sup>10</sup> *Id.* at 52.