

1 The principle reason AT&T elects to use POI consistently with the FCC's use of
2 that term, rather than use arbitrary term "IP", is to make clear to this Commission
3 that AT&T seeks to preserve its rights afforded under the Act and FCC precedent.
4 Using another term not defined in the Act or FCC precedent would only confuse
5 the underlying issues.

6 Q. THERE IS SOME OTHER LANGUAGE THAT VERIZON CLAIMS
7 REFLECTS NEW ISSUES THAT SHOULD BE REJECTED OUTRIGHT BY
8 THE COMMISSION. COULD YOU COMMENT ON THAT PROPOSAL?

9 A. Yes. Verizon points to a few issues that it claims should be rejected by the
10 Commission without consideration because they represent "new" issues that
11 Verizon either does not understand or that Verizon disagrees with. As I will
12 describe below, these issues are either not new, represent a section reorganization,
13 or are a recasting of AT&T's position on an unresolved issue. Therefore, there is
14 no reason for the Commission to reject these issues outright, but rather it should
15 address and resolve them.

16 Q. PLEASE DESCRIBE THE FIRST ISSUE REFERENCED BY VERIZON.

17 A. The first issue relates to intra-building interconnection. Verizon states it does not
18 understand AT&T's language relating to intra-building interconnection, yet it also
19 indicates that it has a concern that AT&T's language will provide it with
20 preferential treatment.

1 Q. WHAT IS INTRABUILDING INTERCONNECTON?

2 A. Intrabuilding interconnection is a method of interconnection where both parties
3 have broadband facility terminals within a building and thus can interconnect in
4 that building using intra-building cable.¹⁰¹ Such cable could be a DS-1 cable,
5 fiber optic cable or another technically feasible interface, but with respect to
6 AT&T, most frequently DS-3 coaxial cable. Common locations where
7 intrabuilding interconnection could be accomplished would be POP hotels, where
8 Verizon and AT&T have adjacent central offices and where Verizon and AT&T
9 each have space within the same building. Although it would be technically
10 feasible to have intrabuilding interconnection at some customer locations, such as
11 large multi-tenant buildings, AT&T would not expect to make significant use of
12 intrabuilding interconnection at such locations.

13 Q. IS THIS CONCEPT OF INTRABUILDING INTERCONNECTION
14 SOMETHING NEW THAT THE PARTIES HAD NOT PREVIOUSLY
15 DISCUSSED?

16 A. No. The earliest AT&T draft sent to Verizon in 1999 included language relating
17 to this issue. Subsequently, AT&T changed the language from this early version
18 as a result of a Verizon suggestion during negotiations that the language should be
19 revised to be more clear. However, as the parties continued to have disputes
20 concerning interconnection rights and methods, AT&T became concerned that
21 more precise language was needed in order to more specifically define its
22 interconnection rights and limit future controversies. Moreover, AT&T and
23 Verizon did have discussions on this issue on December 7, 2000.

1 Q. IS INTRABUILDING INTERCONNECTION SUPPORTED BY THE ACT?

2 A. Yes. The language AT&T proposes is consistent with its right to interconnect at
3 any technically feasible point. As I noted in my testimony on Issue I.1, the Act is
4 clear on this issue - incumbent LECs must interconnect “at any technically
5 feasible point within the [requesting] carrier’s network.”¹⁰² Moreover, there is
6 nothing in the federal statute that prohibits interconnection via a DS-3 coaxial
7 cable. Indeed, contrary to Verizon’s stated concern regarding potential
8 preferential treatment, there is nothing in the proposed language that would
9 prohibit another CLEC from interconnecting via coaxial cable. For example,
10 where a CLEC places a facility terminal within 1310 cable-feet of the Verizon
11 POI, that CLEC could, consistent with the Act, run a DS-3 coaxial cable from its
12 facilities to the Verizon network and interconnect without the need to purchase an
13 entrance facility from Verizon. For this reason, AT&T’s proposed contract
14 language on interconnection via cable should be included in the ICA.

15 Q. PLEASE DESCRIBE THE ISSUE OF TRANSITION COSTS REFERENCED
16 BY VERIZON.

17 A. Verizon characterizes language in Schedule Four Part B Sec. 3, relating to
18 transition costs as language that will require Verizon to bear the cost of AT&T’s
19 new network architecture when it changes from one design to another.¹⁰³ This is
20 not the intent of the language, and AT&T did not suggest otherwise when this
21 issue was discussed with Verizon on December 7, 2000.

¹⁰¹ Verizon Supplemental Statement at 29.

1 Q. WHAT IS AT&T'S PROPOSAL WITH RESPECT TO ANY NETWORK
2 ARCHITECTURE TRANSITION COSTS?

3 A. Since physical conversions place considerable costs on AT&T as well as Verizon,
4 AT&T has no incentive to physically rearrange existing facilities except in cases
5 where exhaustion of AT&T collocation space prevents AT&T from accessing
6 additional unbundled elements in cages that are also used to receive Verizon's
7 originating traffic or in those limited circumstances where substantial savings may
8 be realized through a more efficient interconnection arrangement. Rather, AT&T
9 would prefer to negotiate with Verizon to address these situations in a way that
10 does not impact its current interconnection trunks and thus minimize transition
11 costs for both Parties.

12 Given this, the transition language that AT&T offers in its proposed Contract Sch,
13 IV § 3.2 provides for coordination between AT&T and Verizon on these issues.
14 However, at the same time, the language provides that Verizon would not be tied
15 to the existing physical arrangements. AT&T believes that this proposal is less
16 disruptive to the network, requires fewer engineering and operations resources,
17 and therefore is less costly for both Parties.

18 Q. WHAT ABOUT TRUNK CONVERSION COSTS?

19 A. Verizon confuses the conversion of a new trunking arrangement with the cost
20 allocation issues. AT&T does not, as Verizon suggests, expect Verizon to pay all
21 of the nonrecurring charges when Verizon builds a new facility as part of a

¹⁰² 47 U.S.C. § 251(c)(2)(B) (West 1991 and Supp. 2000).
¹⁰³ Verizon Supplemental Statement at 29.

1 transition plan for converting two-way trunks to one-way trunks.¹⁰⁴ Rather,
2 AT&T has proposed that each party bear their own non-recurring charges. See
3 AT&T Contract Sch. IV, § 3.2.3. For example, when AT&T sends an ASR to
4 Verizon to rearrange facilities, Verizon may apply the standard charges for
5 working that order.

6 AT&T has agreed to clarify this issue by adding the following language to its
7 proposed Contract, "The Party requesting transition shall pay any applicable non-
8 recurring charges to the other Party for any trunks that are converted from the
9 existing interconnection arrangements." With this language I believe Verizon's
10 concern is adequately addressed.

11 Q. WHAT ABOUT VERIZON'S OBJECTION TO THE TERM
12 "GRANDFATHERED" IN THE CONTEXT OF THE TRANSITION ISSUES?

13 A. Verizon objects to the use of the term "grandfathered" in AT&T's proposed
14 Contract language because Verizon states that if Parties are going to transition to
15 a new architecture, they should mutually agree to do so and not grandfather
16 indefinitely.¹⁰⁵

17 Q. DOESN'T AT&T'S LANGUAGE PROVIDE FOR MUTUAL AGREEMENT?

18 A. Yes. AT&T's proposal does provide for mutual agreement. Specifically, AT&T
19 has proposed that AT&T and Verizon may mutually agree that specific two-way
20 trunk groups will be retained as two-way groups - or "grandfathered" - even

¹⁰⁴ See Verizon Supplemental Statement at 29.

¹⁰⁵ *Id.* at 30.

1 where one party has requested that other two-way trunk groups be converted to a
2 one-way architecture.¹⁰⁶

3 Q. IS THIS GRANDFATHERING DECISION ONE THAT CANNOT BE
4 CHANGED?

5 A. No. It was not AT&T's intention to prevent Parties from revisiting their decisions
6 on trunking. Therefore, in order to provide either Party with the ability to make
7 new decisions on trunking as their situations change, AT&T would agree to revise
8 its proposed Contract language to explicitly provide that either Party, not just
9 AT&T, has the opportunity to come back and request that two-way trunks be
10 converted to one-way trunks. These requests would follow the same process as an
11 initial requests set forth in AT&T Proposed Contract Sch. IV, § 3.2.2. With this
12 revision, all of Verizon's concerns on this issue will be adequately addressed by
13 AT&T's proposed Contract language.

14 Q. CAN YOU EXPLAIN VERIZON'S OTHER OBJECTION TO THE TERM
15 EXCHANGE ACCESS?

16 A. Yes. Verizon objects to AT&T's proposal to exclude "exchange access trunks"
17 from the conversion process. The basis of Verizon's objection is that it claims the
18 term "exchange access" has not been defined and thus the proposal is
19 ambiguous.¹⁰⁷ It also claims that AT&T's position on this issue is inconsistent
20 with prior negotiations.

¹⁰⁶ See Proposed Contract of AT&T at Sch. IV, § 3.2.1.

¹⁰⁷ Verizon Supplemental Statement at 30.

1 Q. DO VERIZON'S OBJECTIONS HAVE ANY VALIDITY?

2 A. No. Verizon and AT&T have agreed that AT&T may combine local traffic on
3 Feature Group D exchange access trunks and report local usage factors for proper
4 billing. Many of these FG-D trunk groups operate two-way. AT&T's proposed
5 language is intended to make clear that such combined-use exchange access
6 trunks would be excluded from any re-arrangement plans.

7 Q. PLEASE EXPLAIN VERIZON'S OBJECTION TO AT&T'S PART C
8 SCHEDULE 4 RELATING TO TRUNK GROUPS.

9 A. Verizon claims that AT&T's submission of Part C of Schedule 4 relating to trunk
10 groups is a blatant attempt to circumvent the negotiations process and thus should
11 be rejected.¹⁰⁸

12 Q. DID AT&T CHANGE THIS SECTION?

13 A. Yes, but there is virtually no substantive difference between the version that
14 AT&T shared with Verizon last year and the version that AT&T shared with
15 Verizon earlier this year and submitted to the Commission for arbitration. AT&T
16 simply re-organized the terms of this section concurrently with the re-written
17 section on POI to conform more closely to the structure of Verizon's model
18 contract.

19 Q. PLEASE EXPLAIN THIS FURTHER.

20 A. In AT&T's earlier version, the specification of the required trunk groups was
21 scattered across the document. The later version that Verizon objects to lists each

¹⁰⁸ *Id.*

1 distinct type of required trunk group in a single sub-section, in the same way that
2 Verizon lists the trunk groups in its proposed contract. The intention of this non-
3 substantive reorganization was to enable the negotiators and arbitrators to more
4 readily identify any differences between the terms of two documents. Therefore,
5 Verizon's request that the Commission not address AT&T proposed terms under
6 Schedule 4 is an unreasonable request that should be rejected.

7 Q. DID VERIZON RAISE ANY OTHER ISSUES AS NEW ISSUES WHICH
8 SHOULD BE REJECTED BY THE COMMISSION OUTRIGHT?

9 A. Yes, Verizon included Competitive Tandem Service in its Supplemental filing as
10 a new issue, but I don't understand why. Verizon substantively addresses the
11 issue specifically in its Response to Issue V-1. This issue, as Verizon notes, has
12 been the subject of discussion between the Parties but was never resolved.¹⁰⁹

13 Therefore, it is not a "new issue" and both Parties have addressed the substance of
14 the issue in their petitions and responses. Accordingly, there is no reason to reject
15 this issue outright by the Commission, as proposed by Verizon, but it should be
16 reviewed and ruled upon by the Commission along with all other substantive
17 issues. My discussion of this issue is set forth in my testimony on issues V.1 and
18 V.8.

¹⁰⁹ *Id.*

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Issue VII-2 *Demand Management Forecasts* Should the Parties' interconnection agreement reflect their recent agreement on Demand Management Forecasts?

Q. VERIZON INDICATES THAT ON A CONFERENCE CALL ON MARCH 27, 2001, AT&T AND VERIZON CAME TO AN AGREEMENT ON DEMAND MANAGEMENT FORECASTS. DOES AT&T BELIEVE THAT THE ISSUE OF DEMAND MANAGEMENT FORECASTS HAS BEEN SETTLED?

A. No, AT&T does not believe the issue has yet been settled. AT&T and Verizon did indeed discuss Verizon's demand management forecast language on March 27, 2001. At that time, AT&T reiterated the concerns that AT&T had with Verizon's proposed language.

Q. PLEASE EXPLAIN THE CONCERNS THAT AT&T HAS WITH VERIZON'S LANGUAGE.

A. AT&T opposes Verizon's language principally for three reasons. First, Verizon's language provides Verizon with far too much discretion in regard to the information that can be obtained through a demand management forecast. Second, AT&T is very concerned that Verizon will be able to use competitively sensitive information to thwart competition. Third, AT&T considers Verizon's language over-broad and unnecessary. I will explain each of these concerns below.

Q. PLEASE EXPLAIN WHY AT&T FEELS THAT VERIZON'S PROPOSED LANGUAGE PROVIDES TOO MUCH DISCRETION TO VERIZON.

A. Verizon's proposed contract language does not place limits on the type or volume of information AT&T must provide to Verizon. Verizon's proposed language in section 10.4 states, in part, "AT&T shall provide to Verizon non-binding good faith demand management forecasts regarding the services that AT&T expects to

1 purchase from Verizon, *including but not limited to* forecasts regarding the types
2 and volumes of services that AT&T expects to purchase and the locations where
3 such services will be purchased” (emphasis added). While Verizon does provide
4 that the forecasts are non-binding, there is no limit to the amount of information –
5 relevant or not, necessary or not – that Verizon may request from AT&T. Such
6 language can unduly increase the administrative burden on AT&T, thereby
7 increasing costs and slowing network deployment. AT&T would like to focus its
8 resources on customers, not Verizon. Additionally, AT&T believes the vagueness
9 of Verizon’s proposed language will provide an opportunity for unwarranted
10 fishing expeditions into AT&T’s business plans.

11 Q. HAS AT&T RAISED THIS CONCERN WITH VERIZON?

12 A. Yes, it has. In fact, this concern was one of the topics of discussion on the March
13 27, 2001, conference call. AT&T objected to the language on the basis that there
14 was no clear way for AT&T to gauge just what AT&T would be required to do if
15 it agreed to Verizon’s proposed contract language. Verizon directed AT&T to
16 Verizon’s CLEC Handbook as guidance regarding the information Verizon
17 intended to request. To be honest, this only exacerbated AT&T’s concerns.
18 AT&T has repeatedly taken the position that it will not defer to the CLEC
19 handbook to determine it’s contractual obligations. While the CLEC Handbook
20 can be a very useful guide to CLECs that interconnect with Verizon, it is an
21 improper vehicle through which to determine contractual obligations since
22 Verizon controls the Handbook and can change it whenever it likes. Thus, AT&T
23 is provided no meaningful contractual protections under Verizon’s language.

1 Q. PLEASE EXPLAIN WHY AT&T BELIEVES THAT VERIZON'S
2 LANGUAGE PROVIDES VERIZON WITH AN UNWARRANTED ACCESS
3 TO AT&T'S BUSINESS INFORMATION.

4 A. All information provided to Verizon in the form of a forecast is competitively
5 sensitive. Only structural separation of Verizon's wholesale and retail operations
6 could completely protect competitors. In the absence of structural separation,
7 however, it is particularly important that interconnection agreement language
8 protect AT&T by limiting the information AT&T is required to provide to
9 Verizon to that which is absolutely necessary for Verizon to provide competitors
10 with wholesale services at parity.

11 AT&T does acknowledge that Verizon proposed language stating that demand
12 management forecasts are subject to the confidentiality provisions of the
13 interconnection agreement and that such forecasts will only be used to provide
14 services under the agreement. AT&T agrees that any forecast provided by AT&T
15 must be subject to these conditions. However, AT&T feels very strongly that
16 there is a continued need to limit information provided to Verizon to that
17 information that is absolutely essential to ensure that Verizon will be able to meet
18 AT&T's service needs. The simple fact is that regardless of contractual
19 provisions that purport to protect AT&T's interests, Verizon employees have a
20 conflict of interest regarding the treatment of AT&T's proprietary data.

21 Q. PLEASE EXPLAIN WHY THE INFORMATION VERIZON REQUESTS MAY
22 BE UNNECESSARY.

23 A. Since Verizon's language provides it with broad discretion, it is of course
24 impossible to state each example where Verizon may request unnecessary

1 information. However, let me provide one example to illustrate AT&T's
2 concerns. To the extent that AT&T serves customers through the use of a UNE
3 loop, provision of such a service will most likely be achieved through a "hot cut"
4 of existing loop facilities. In providing service through the UNE-Platform, AT&T
5 would use the same loop. Thus, asking AT&T to break out how many loops it
6 plans to use in connection with each does less to allow Verizon to prepare enough
7 loop facilities for AT&T's than it does in providing Verizon an inside look into
8 AT&T's business plans.

9 Q. DO YOU HAVE ANY OTHER CONCERNS REGARDING VERIZON'S
10 PROPOSED DEMAND MANAGEMENT FORECAST LANGUAGE?

11 A. Even if Verizon's proposed language was acceptable -- which it is not -- it is
12 placed in the incorrect part of the contract. Verizon's demand management
13 forecast language addressed information on UNE facilities, for example, and not
14 forecasting. This is terribly confusing since interconnection is a bilateral
15 responsibility and the provision of UNEs is only required of Verizon. To the
16 extent that the Commission deems any language of forecasts for UNEs
17 appropriate, it should be covered as part of Section 11 (UNEs).

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2 Issue VII-3 **Definitions of POI and IP** How should the Parties Define “Interconnection
3 Points” (“IP”) and “Points of Interconnection” (“POI”)?

4 Q. PLEASE DESCRIBE THIS ISSUE.

5 A. This issue is set forth in the DPL as follows: “How should the Parties define
6 “Interconnection Points” (“IP”) and Points of Interconnection (“POI”)?” This is
7 virtually the same issue as I discussed in Issue VII-1 above, and is related to the
8 issues discussed in Issue I.1, and the issues I will discuss when I address Issues
9 VII-4 and VII-5.

10 As I testified, AT&T rejects Verizon’s assertion that the Parties ever came to an
11 agreement on the terms POI and IP. There is, and has been since the inception of
12 negotiations, a fundamental disagreement on the substance of these terms and the
13 implications associated with the use of these terms. Verizon is simply trying, for
14 a third time in this proceeding, to promote its unsupportable position regarding
15 the existence of the term IP distinct from the term POI.

16 Q. WHAT IS AT&T’S POSITION ON THIS ISSUE?

17 A. As I have stated in my discussion of Issues VII-1 and Issue I.1, Verizon attempts
18 to sever from “POI” the financial responsibility of each carrier to deliver its
19 originating traffic to that point by using the term “IP” in its Contract language.
20 As I also have stated, the ability to determine the POI is inextricably linked to the
21 responsibility to pay for the transport to that point.¹¹⁰ Verizon’s insistence on

¹¹⁰ See AT&T Petition at 3–23.

1 maintaining the term “IP” in its proposed Contract language is nothing more than
2 an attempt by Verizon to distract the Commission from following clear precedent
3 establishing that the location of the POI, which is to be selected by the CLEC, is
4 also the location where parties must deliver their originating traffic for
5 termination.

6 There simply isn’t any support for the distinction that Verizon attempts to make.
7 Verizon has not pointed (and cannot point) to a single statutory or FCC citation
8 that addresses the two terms and describes the differences between them. Indeed,
9 no such citations exist.

10 There is ample support for AT&T’s position. I covered that support in detail in
11 my discussion of Issue I.1 and will not repeat those arguments here. Rather, I
12 refer the Commission to my discussion of the POI issue and its significance in
13 terms of the parties transport obligation, and my further discussion as to why
14 Verizon’s proposal relating to POI and IP is without merit and contrary to law and
15 public policy.

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1 ISSUE VII-4 If AT&T fails to establish an Interconnection Point in accordance with the
2 terms of the interconnection agreement, what reciprocal compensation rates and/or inter-
3 carrier compensation rates should Verizon pay AT&T?

4 ISSUE VII-5 When AT&T offers a limited number of IPs, should AT&T be permitted
5 to charge Verizon distance-sensitive charges if Verizon purchases transport to an AT&T
6 IP?

7 Q. PLEASE DESCRIBE ISSUES VII-4 AND VII-5.

8 A. Issue VII-4 is set forth in the DPL as follows: "If AT&T fails to establish an
9 Interconnection Point in accordance with the terms of the interconnection
10 agreement, what reciprocal compensation rates and/or inter-carrier compensation
11 rates should Verizon pay AT&T?" Issue VII-5 is set forth in the DPL as follows:
12 "When AT&T offers a limited number of IPs, should AT&T be permitted to
13 charge Verizon distance-sensitive charges if Verizon purchases transport to an
14 AT&T IP?" I am discussing these two issues together because they both
15 represent an attempt by Verizon to limit its obligations for delivering its traffic to
16 the designated end user. These issues also both serve as prime examples as to
17 how Verizon's use of the term "IP" results in diminishing AT&T's rights under
18 the law.

19 Q. PLEASE EXPLAIN THIS FURTHER.

20 A. In Section 4.1.2 of its proposed contract draft, Verizon provides that it shall
21 permit AT&T to interconnect at any technically feasible point on Verizon's
22 network. However, as I have testified to previously, since Verizon does not
23 recognize the FCC's definition of the POI as the financial demarcation point
24 between 1) transport and termination and 2) and the point where the originating

1 carrier's responsibility to provide (or cause to be provided) interconnection
2 facilities ends, this "right" is irrelevant. In Verizon's view, it should have no
3 financial obligation on its part to provide interconnection facilities between the
4 Verizon-designated "IP" and the POI. Thus, the POI chosen by AT&T under
5 Verizon's proposal has no relation to the point where transport and termination
6 costs begin. Through these two issues, Verizon wants to saddle AT&T with its
7 transport obligations to deliver its traffic to AT&T.

8 Q. PLEASE EXPLAIN HOW THE FIRST PROPOSAL IN VII-4 RESULTS IN
9 TRANSFERRING VERIZON'S TRANSPORT OBLIGATIONS TO AT&T.

10 A. Verizon's proposal in VII-4 is designed to reduce AT&T's reciprocal
11 compensation rates if AT&T does not establish a POI at each applicable end
12 office where Verizon can hand off its traffic to AT&T. Although Verizon uses
13 the term IP in describing this issue, since Verizon defines an IP as the point where
14 financial responsibility for the delivery of traffic changes hands, it is clear that
15 POI is the correct term to be used.

16 Specifically, Verizon's proposal is if AT&T does not choose to allow Verizon to
17 deliver all its traffic to Verizon's designated IP for AT&T to pick up, then
18 Verizon proposes to pay the lesser of the End Office reciprocal compensation rate
19 for relevant traffic, or the applicable intercarrier compensation rate minus a
20 transport "offset" equal to Verizon's monthly recurring rate for unbundled
21 dedicated interoffice transport from Verizon's End Office to the AT&T "IP" (the

1 location where Verizon must deliver its traffic).¹¹¹ Thus, the transport offset is
2 Verizon's way to get AT&T to pay for the transport of Verizon traffic beyond its
3 own end office. Here again, while Verizon says AT&T can select the POI, the
4 POI has no relationship to where Verizon must deliver its traffic. Instead,
5 Verizon is trying to ensure that AT&T must bear all transport costs between
6 Verizon's own tandem or end office, as applicable¹¹², and AT&T's POI.

7 Q. DOES THIS PROPOSAL ALSO VIOLATE RECIPROCAL COMPENSATION
8 REQUIREMENTS?

9 A. Yes. The Act dictates that each carrier shall be permitted mutual and reciprocal
10 recovery of costs relating to the termination of calls originated on another
11 carrier's network. Specifically, ¶ 252(d)(2)(A) of the Act provides:

12 [A] state commission shall not consider the terms
13 and conditions for reciprocal compensation to be just and
14 reasonable unless...such terms and conditions provide for
15 the mutual and reciprocal recovery by each carrier of costs
16 associated with the transport an termination on each
17 carrier's network facilities of calls that originate on the
18 network facilities of the other carrier.¹¹³

19 The proposal by Verizon clearly violates AT&T's right to such recovery.

¹¹¹ Verizon Supplemental Statement at 33-34.

¹¹² Verizon's Contract at Attachment 4, Section 4.1 specifies several conditions under which Verizon may unilaterally designate a Verizon IP at the Verizon originating end office. Under such a circumstance, Verizon would have no obligation to carry its traffic to the applicable POI, or pay AT&T transport charges for doing so on Verizon's behalf.

¹¹³ 47 U.S.C. ¶252(d)(2)(A).

1 Q. PLEASE DESCRIBE VERIZON PROPOSAL SET FORTH IN ISSUE VII-5.

2 A. Verizon's second proposal, set forth in Issue VII-5, provides Verizon with yet
3 another way to reduce its financial obligations to deliver traffic to a POI. Here
4 Verizon proposes not to pay AT&T its full transport costs if Verizon purchases
5 transport to an AT&T POI. Specifically, Verizon proposes that in instances when
6 Verizon decides to purchase transport from the "POI to an AT&T IP" (that is,
7 purchase transport to a POI), if AT&T selects a limited number of locations for
8 Verizon to deliver its traffic, then Verizon should not have to pay AT&T any
9 distance-sensitive charges incurred by AT&T for this transport.¹¹⁴

10 Thus, through this proposal, Verizon is seeking to shift its costs of origination to
11 AT&T by refusing to pay AT&T the costs it would incur should Verizon use
12 AT&T facilities to deliver its traffic to the POI. As I have discussed in my
13 testimony on Issue I.1, each Party has a financial obligation to deliver its
14 originating traffic to the POI. This obligation includes fully compensating the
15 other Party for any costs that party incurs to deliver the other party's originating
16 traffic.¹¹⁵ Verizon's proposal is inconsistent with this obligation.

17 Q. HAS AT&T ATTEMPTED TO ADDRESS VERIZON'S BUSINESS
18 CONCERN?

19 A. Of course. While AT&T would not agree to assume financial responsibility to
20 transport Verizon's traffic, AT&T has proposed to permit Verizon to seek a POI
21 for its traffic independent of the location of AT&T's POI.

¹¹⁴ Verizon Supplemental Statement at 34.

1 Q. IF AT&T LEASES INTERCONNECTION FACILITIES FROM VERIZON TO
2 DELIVER ITS TRAFFIC TO THE POI, DOES VERIZON PROPOSE THAT
3 AT&T CAN AVOID PAYING VERIZON ANY DISTANCE SENSITIVE
4 CHARGES AS WELL?

5 A. No. Verizon's proposal is not reciprocal in nature. Rather, as I stated earlier in
6 my testimony in my discussion of Issue V.2, Verizon proposes that it should be
7 able to charge AT&T distance-sensitive, market-based, *exchange access rates* –
8 Verizon's highest tariffed rate - whenever AT&T purchases transport from
9 Verizon for the same purpose. The inequities of these two proposals taken
10 together are obvious.

11 Q. WHAT IS AT&T'S PROPOSAL WITH RESPECT TO COMPENSATION FOR
12 COSTS INCURRED WHEN THE TERMINATING CARRIER ALSO
13 PROVIDES TRANSPORT TO THE POI FOR THE OTHER PARTY'S
14 ORIGINATING TRAFFIC?

15 A. AT&T's proposal provides both Parties with the right to be fully and fairly
16 compensated for any costs incurred by it when providing transport for the other
17 parties originating traffic. AT&T's proposed Contract language provides each
18 Party the ability to control its costs by choosing to build its own transport
19 facilities or to lease them from the other Party. Also, AT&T proposes that each
20 Party will lease transport facilities from the other under comparable rates terms
21 and conditions. AT&T asserts that UNE rates are appropriate for this purpose.

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115 See AT&T Petition at 9, footnote 18; 13-17.

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Issue VII-6 *Limitations on AT&T's POI* Should Verizon be forced to offer interconnection facilities and hubbing at central offices other than those intermediate hub locations identified in the NECA 4 tariff?

5 Q. PLEASE DESCRIBE ISSUE VII-6.

6 A. This is yet another version of the dispute over AT&T's right to designate the
7 location of its POI. As the Commission has seen in several other similar issues
8 (e.g., I-1, I-1A, VII-3, VII-4 and, VII-5), Verizon is attempting, again, to place an
9 unlawful limitation on AT&T's right to designate the location of its POI. In this
10 iteration of the POI issue, Verizon asserts that AT&T and other CLECs should be
11 limited solely to interconnecting using a DS-3 interface at locations which
12 Verizon designates in its NECA 4 tariff.

13 Q. WHAT OBJECTION DOES VERIZON RAISE?

14 A. In Verizon's proposed § 5.2, relating to Trunk Group Connections and Ordering,
15 Verizon insists that the Parties include contract language which states: "When
16 Traffic Exchange Trunks are provisioned using a DS-3 interface facility, AT&T
17 shall order the multiplexed DS-3 facilities to the Verizon Central Office that is
18 designated in the NECA 4 Tariff as an Intermediate Hub location, unless
19 otherwise agreed to in writing by Verizon."¹¹⁶ Verizon supports the inclusion of
20 this language based on the fact that "not all Verizon Central Offices are
21 Intermediate Hub locations designated for DS-3 interface facilities."¹¹⁷

¹¹⁶ Verizon Supplemental Statement at 35.

¹¹⁷ *Id.*

1 Q. WHY IS DS-3 INTERCONNECTION IMPORTANT TO AT&T?

2 A. The interconnection of two networks is a multi-dimensional task. There is a
3 geographic aspect, e.g., at which central office. There is a logical aspect, e.g.,
4 how will traffic be routed under various traffic load conditions. And there is the
5 aspect relating to the method of interconnection, that includes, the interface
6 selection, transmission protocol, transmission speed and the physical connection.

7 Implementing current, SONET-based transmission systems, two interfaces stand
8 out as the most economical and prevalent among local carriers. They are DS-1
9 and DS-3. A DS-1 interface is most economical in situations with relatively low
10 volumes of traffic. However, once a certain location reaches several DS-1s of
11 demand, then substantial savings can be realized by utilizing a DS-3 interface.

12 (This threshold is frequently reached when the demand for access to UNEs and
13 network interconnection are considered collectively.) These savings may come in
14 the form of lower leased facility rates and/or the elimination of DS-1 to DS-3
15 multiplexing and cross connecting equipment. AT&T makes substantial use of
16 DS-3 interfaces across all of its local networks with many ILECs and is an
17 essential tool to achieve lower interconnection costs.

18 Q. HOW WOULD AT&T BE HARMED BY THIS LIMITATION PROPOSED BY
19 VERIZON?

20 A. If the Commission were to adopt Verizon's proposal to limit DS-3 interfaces only
21 to Verizon-designated locations, then AT&T may be faced with having to use
22 more expensive DS-1 facilities in lieu of DS-3 facilities, or to mis-route traffic to
23 a more distant location to use a DS-3 facility. In either case, AT&T would be

1 forced to deploy a less efficient interconnection arrangement than it would
2 without Verizon's proposed limitation. This would be particularly troublesome
3 since the additional costs AT&T would bear under this limitation would likely be
4 additional revenue to Verizon in the form of higher leased facility costs to AT&T.
5 Thus, Verizon's proposal provides it with an double incentive; first, to limit DS-3
6 interconnection which will increase its revenue, and second, to diminish the
7 network efficiencies of its competitors.

8 Q. IS A DS-3 INTERFACE A TECHNICALLY FEASIBLE METHOD OF
9 INTERCONNECTION?

10 A. Yes.

11 Q. DOES VERIZON HAVE THE CAPABILITY TO OFFER A DS-3 INTERFACE
12 AT EACH VERIZON SERVING WIRE CENTER?

13 A. Yes. A DS-3 interface is among the most commonly used interoffice interfaces
14 currently deployed in Verizon's own network.

15 Q. WHAT WOULD BE THE EFFECT OF ALLOWING VERIZON TO LIST
16 ALLOWABLE INTERCONNECTION POINTS IN ITS NECA TARIFF?

17 A. It would give Verizon the sole discretion to choose the locations where CLEC
18 interconnection would be permitted and it would give it the power to enforce
19 those limitations via tariff requirements.

20 Q. HOW DOES A CLEC'S RIGHT TO INTERCONNECT AT ANY
21 TECHNICALLY FEASIBLE POINT APPLY TO THIS ISSUE?

22 A. Verizon's proposal allows it to take a certain set of Verizon central office
23 locations off the list of "approved" points of interconnection. Verizon
24 accomplishes this by allowing DS-3 CLEC interconnection only at certain

1 Verizon designated offices even though DS-3 CLEC interconnection is
2 technically feasible at any Verizon central office,

3 Q. WHAT IS THE BASIS FOR YOUR ASSERTION THAT VERIZON MAY NOT
4 LIMIT TECHNICALLY FEASIBLE POINTS OF INTERCONNECTION?

5 A. The *Local Competition Order* addresses this precise issue. In that Order, the FCC
6 provides:

7 [I]nterconnecting or providing access to a LEC network
8 element may be feasible at a particular point even if such
9 interconnection or access requires a novel use of, or some
10 modification to, incumbent LEC equipment. This
11 interpretation is consistent with the fact that incumbent
12 LEC networks were not designed to accommodate third-
13 party interconnection or use of network elements at all or
14 even most points within the network. *If incumbent LECs*
15 *were not required*, at least to some extent, *to adapt their*
16 *facilities to interconnection or use by other carriers, the*
17 *purposes of sections 251(c)(2) and 251(c)(3) would often*
18 *be frustrated.* For example, Congress intended to obligate
19 the incumbent to accommodate the new entrant's network
20 architecture by requiring the incumbent to provide
21 interconnection "for the facilities and equipment" of the
22 new entrant. *Consistent with that intent, the incumbent*
23 *must accept the novel use of, and modification to, its*
24 *network facilities to accommodate the interconnector* or to
25 provide access to unbundled elements.¹¹⁸
26

27 FCC precedent supports AT&T's position that Verizon must accept AT&T's
28 interconnection traffic at a DS-3 level at a particular end office even if it has not
29 traditionally accepted traffic at the DS-3 level at a particular location in the

¹¹⁸ *Local Competition Order* at ¶202.

1 past.¹¹⁹ Therefore, the Commission should reject Verizon's proposed language
2 on legal grounds alone.

3 Q. DOESN'T THE CLEC ALSO HAVE THE RIGHT TO SELECT THE METHOD
4 OF INTERCONNECTION AS WELL AS THE LOCATION POINT?

5 A. Yes. As I stated in my discussion of Issue III.3, the right to require
6 interconnection at any technically feasible point also includes the right to require
7 any technically feasible method of interconnection. The FCC made this clear in
8 the *Local Competition Order* when it stated:

9 "We conclude that under Sections 251(c)(2) and
10 251(c)(3) any requesting carrier may choose any method of
11 technically feasible interconnection or access to unbundled
12 network elements at a particular point. Section 251(c)(2)
13 imposes an interconnection duty at any technically feasible
14 point; it does not limit that duty to a specific method of
15 interconnection or access to unbundled network
16 elements."¹²⁰

17 Since the DS-3 interface is a part of the method of interconnection, Verizon
18 cannot refuse to allow AT&T to use a DS-3 interface at any of its central offices.

19 Thus, Verizon's proposal violates AT&T's right to choose both the method and
20 the location of the POI. The Commission should see through Verizon's strategy
21 of raising numerous POI restricting issues in an effort to diminish rights that
22 CLECs are provided under the law and deny Verizon's proposal to limit

¹¹⁹ Verizon's assertion that AT&T's refusal to limit its interconnection options is somehow wrong because it is inconsistent with its practice as an IXC is without merit. *See*, Verizon Supplemental Statement at 35. It is well recognized that AT&T has different rights as a local exchange carrier under the Act, than it does an interexchange carrier. IXC practices are not relevant to this issue.

1 interconnection facilities and hubbing at central offices to those intermediate hub
2 locations identified in Verizon's NECA 4 tariff.

3 Q. DOES THIS COMPLETE YOUR TESTIMONY?

4 A. Yes it does.

5