1 on the majority of the resale provisions that will be included in the interconnection
2 agreement; the parties' agreed-to resale language is included as Exhibit A at the end of
3 this testimony. The sole unresolved resale issue concerns Verizon's obligation to provide
4 DSL for resale. Specifically, WorldCom requests that the Commission make clear that
5 Verizon must make its DSL services available for resale. Because WorldCom and
6 Verizon have not reached agreement regarding the resale of DSL, WorldCom's proposed
7 language for that sub-part of section 1.1 is marked in bold and italicized text in the
8 attached Exhibit.

9 **Q. Why should Verizon be required to make its DSL services available for**
10 **resale?**

11 A. As this Commission appropriately ruled in its Connecticut 271 Order,[2] "Verizon
12 is required to allow a competitive LEC to resell DSL service . . . even though the DSL
13 service is provided exclusively by Verizon's advanced services affiliate."[3]

14 **Q. What is Verizon's position on this issue?**

15 A. In its response to a similar issue raised by AT&T, Verizon indicated that it does
16 not provide advanced services, and that its advanced services affiliate, Verizon Advanced
17 Data Inc. ("VADI") offers advanced services in Virginia.[4] Verizon has also stated that it
18 is not authorized to enter into contracts on behalf of VADI.

19 **Q. Does the Commission's Connecticut 271 Order address Verizon's argument**
20 **that only its affiliate provides DSL?**

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[2] Application of Verizon New York In., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization to Provide In-Region, InterLATA Services in Connecticut, Memorandum Opinion and Order, CC Docket No. 01-100 (rel. July 20, 2001 ("Connecticut 271 Order").

[3] Connecticut Order ¶ 28.

[4] Verizon VA's Direct Testimony on Resale, Josephine Maher, p. 5-6.

1 A. Yes, in the Connecticut 271 Order, the Commission flatly rejected Verizon's
2 argument. The Commission stated, "to the extent Verizon's attempt to justify a
3 restriction on resale of DSL turns on the existence of VADI as a separate corporate entity
4 (or even separate division), it is not consistent with the ASCENT decision."[5]

5 **Q. How does WorldCom respond to Verizon's argument that it is not**
6 **authorized to enter into contractual commitments on behalf of VADI?**

7 A. As AT&T explains in its testimony,[6] Verizon has asked the Commission to
8 accelerate the removal of the advanced services separate affiliate condition of the Bell
9 Atlantic/GTE Merger conditions.[7] In fact, Verizon's request to do away with its affiliate
10 requirement states, "Prompt elimination of the structural separation requirement will,
11 therefore, permit Verizon to bring more services to more consumers more quickly and
12 more economically."[8] Verizon should not be able to have it both ways. On one hand, it
13 is touting the benefits that will result from the elimination of its affiliate requirement, but
14 on the other hand, it is hiding behind its affiliate in an effort to escape its legal obligations
15 of providing WorldCom with resold DSL services.

16 **Q. What does WorldCom request of the Commission?**

17 A. In light of Verizon's attempts to contest an issue that this Commission squarely
18 resolved in the Connecticut 271 Order, WorldCom requests that the Commission reaffirm
19 that Verizon cannot avoid its obligations to provide resale of DSL by claiming that DSL
20 is offered by its data affiliate.

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5 Connecticut Order ¶ 32.
6 AT&T Testimony, dated July 31, 2001, p. 54
7 See FCC Public Notice DA 01-1325, Pleading Cycle Established for Comments on Verizon's May 1st Letter Concerning Relief from Bell Altantic/GTE Merger Conditions, CC Docket No. 98-184 (rel'd May 31, 2001).
8 Letter from Gordon Evans, Vice President Federal Regulatory for Verizon, to Dorothy Attwood, Chief of the FCC's Commission Carrier Bureau, dated April 26, 2001.

GENERAL TERMS AND CONDITIONS

Issue IV-84

Should the Interconnection Agreement contain a provision: (1) obligating Verizon to provide services in any Technically Feasible combination requested by WorldCom (excepting Local Resale); (2) prohibiting either party from discontinuing or refusing to provide any service provided or required under the Interconnection Agreement (except in accordance with the terms of the Interconnection Agreement), without the other party's written agreement; and (3) prohibiting Verizon from altering its network without notice in a manner (i) inconsistent with the FCC's notice requirements and (ii) that would impair WorldCom's rights under the Interconnection Agreement? (Part A, Section 1.2).

Q. Please summarize WorldCom's position on this issue.

A. A provision that obligates Verizon to provide mixtures of local entry methods to WorldCom should be included in the Interconnection Agreement because it would allow WorldCom to service its customers as flexibly as Verizon is able to service its own customers. To allow Verizon to limit WorldCom's customers to one entry method would be anticompetitive. Further, WorldCom's proposed language recognizes that it would be anti-competitive and disruptive to WorldCom's customers to allow Verizon to discontinue services required under the Agreement without proper notice and WorldCom's consent, and therefore prohibits such discontinuations of service.

Q. Does the current contract contain similar language?

A. Yes. This provision was negotiated and agreed to by Verizon and WorldCom for inclusion in the current contract. It was approved for inclusion in that contract by the state commission, and there have been no changes in law or process between the parties

which would warrant deleting or amending this provision. Many CLECs have subsequently chosen to opt-in to this provision.

Q. Has WorldCom proposed contract language to address this issue?

A. Yes. WorldCom initially proposed the language provided at section 1.2 of Part A. To clarify the intent behind its proposed language, WorldCom has amended section 1.2 in the manner indicated below. In addition, WorldCom is willing to move the last two sentences of section 1.2 to another location within the agreement's general terms and conditions section, and to address this language under Issue IV-1(T), which discusses technology upgrades.

> 1.2 Verizon shall provide the services set forth in this Agreement in any Technically Feasible ~~combination~~ arrangement of resale services and Network Elements (possibly in conjunction with facilities provided by MCIm) requested by MCIm, pursuant to the terms of this Agreement and in accordance with the requirements of Applicable Law, or where appropriate, the Bona Fide Request ("BFR") process set forth in Section [6] (BFR Process for Further Unbundling) of this Part A~~. except that local resale shall be provided pursuant to Attachment II~~ Examples of such arrangements include, but are not limited to, (i) Network Element Platform ("UNE-P") in conjunction with resold DSL services or Advance Services and (ii) UNE-P in conjunction with resold Operator Services/Directory Assistance Services. Neither Party shall discontinue or refuse to provide any service provided or required hereunder, except in accordance with the terms hereof, without the other Party's written

1 agreement. Verizon shall not reconfigure, reengineer or otherwise
2 redeploy its network in a manner which would impair MCIm's ability to
3 offer Telecommunications Services in the manner contemplated by this
4 Agreement, the Act, or the FCC's rules and regulations without providing
5 notice of network changes in accordance with the Act and FCC rules and
6 regulations.

7 **Q. Please summarize Verizon's response on this issue.**

8 A. Verizon responded to this issue in the same manner that it responded to the
9 "change-in-law" provision discussed in Issue IV-113. Verizon presumably wants to be
10 able to terminate service or change its network if it believes that applicable law allows it,
11 and to do so without obtaining consent from WorldCom. Verizon argues, furthermore,
12 that it will provide notice of any discontinued or changed service in accordance with
13 applicable law.

14 **Q. Do you agree with Verizon's position?**

15 A. No.

16 **Q. Please explain the reasons that you disagree with Verizon's response.**

17 A. Verizon misapprehends WorldCom's position and its proposal. WorldCom is not
18 proposing here that Verizon provide UNE combinations to WorldCom. That issue has
19 already been addressed elsewhere.[9] Instead, WorldCom proposes that, upon request by
20 WorldCom, Verizon provide WorldCom with a mixture of entry paths (i.e., resale and the
21 use of Verizon's UNEs) according to the particular requirements of each customer.[10] For

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[9] See, e.g., Issue II-6.

[10] "The Act contemplates three paths of entry into the local market – the construction of new networks, the use of unbundled elements of the incumbent's network, and resale." See In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996;

1 example, WorldCom's proposal would allow it to obtain OS/DA or DSL services on a
2 resale basis from Verizon in conjunction with UNE combinations.

3 This proposal is consistent with the FCC's First Report and Order.[11] Indeed,
4 through its subsidiary carriers (i.e. MCIm), WorldCom has the right under the Act to use
5 all three forms of entry contemplated by the Act in order to provide particularized
6 telecommunication service to its customers. Verizon cannot artificially and anti-
7 competitively constrain WorldCom to one entry path for all of its customers.

8 **Q. Should Verizon permit WorldCom to resell Verizon's DSL service on the**
9 **same loops on which it provides UNE-P?**

10 A. Yes. If WorldCom does not have the option of providing resold DSL on UNE-P
11 loops, it will be limited in its ability to compete against Verizon, which can provide both
12 voice and data on the same loop. Moreover, the Telecommunications Act does not
13 preclude a carrier from combining UNEs with resale. In addition, from a practical
14 perspective, there is no technical limitation that would warrant prohibiting UNE-P
15 carriers' resale of Verizon's DSL services.[12]

16 **Q. Would Verizon have to design entirely new systems to allow UNE-P CLECs**
17 **to offer resold DSL services?**

18 A. No. Since Verizon and its data affiliate "VADI" have an obligation under
19 ASCENT[13] to make its DSL services available for resale, it must build the necessary
20 operation support systems (to the extent it has not already done so) to allow CLECs to

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Interconnection between Local Exchange Carriers and Commercial Mobile Radio Service Providers, 11 FCCR 15499, ¶12 (Aug. 8, 1996).

[11] See In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Interconnection between Local Exchange Carriers and Commercial Mobile Radio Service Providers, 11 FCCR 15499, ¶¶ 12-15 (Aug. 8, 1996).

[12] See AT&T Testimony, p. 55-57.

[13] Association of Communications Enterprises v. FCC, 235 F.3d 662 (D.C. Cir. 2001).

order resold DSL. Providing resold DSL to WorldCom as a UNE-P provider should be no different than Verizon providing resold DSL to a voice-reseller. The front-end ordering process may be slightly different, but Verizon's system will recognize both types of orders as requiring the same technical configuration in the central office—the Verizon/VADI's DSL service configuration.

Q. Has WorldCom raised the issue of UNE-P plus resold DSL in any other proceeding?

A. Yes. In its Pennsylvania 271 Reply Comments, WorldCom argued that Verizon should be required to offer UNE-P providers the ability to provide resold DSL over the same loop. WorldCom explained that section 251(c)(4)(B) prohibits ILECs from "impos[ing] unreasonable or discriminatory conditions or limitations on resale of telecommunications services." WorldCom explained that Verizon's refusal to allow UNE-P providers to resell Verizon's DSL service over the same line is both unreasonable and discriminatory, and that Verizon's only legitimate basis for imposing such a restriction is to suppress competition.

Q. What does WorldCom request of the Commission?

A. WorldCom requests that the Commission order the inclusion of its proposed Part A, Section 1.2 in the Interconnection Agreement.

Issue VI-1(Y)

(Alternate Billed Calls)

Q. Please summarize WorldCom's issue on Issue VI-1(Y).

A. In Issue VI-1(Y), Verizon proposed the inclusion of Section 1.1 of its Additional Services Attachment, which states "[t]he Parties will engage in settlements of intraLATA

1 intrastate alternate-billed calls (e.g., collect, calling card, and third-party billed calls)
2 originated or authorized by their respective Customers in accordance with an
3 arrangement mutually agreed to by the Parties." WorldCom would not oppose inclusion
4 of this language if it were supplemented with the following language: "Pending
5 establishment of a mutually agreed to arrangement, the Parties understand that the end
6 user and not either Party is responsible for payment of alternate billed calls for the
7 intraLATA intrastate calls they make or accept." However, without the addition of this
8 proposed language, Verizon's proposal would improperly establish what is essentially a
9 billing and collection agreement between Verizon and WorldCom for situations in which
10 Verizon and the end-user (who might be served by WorldCom) have contractually agreed
11 that the end-user will render payment to Verizon for services provided by Verizon.
12 **Q. Please describe the types of calls to which this provision would apply.**
13 A. The alternate billed calls that would be subject to this provision are calls in which
14 an end-user contracts with a carrier to place a call that is outside the scope of the billing
15 that would apply to the customer's ordinary subscription to service; I assume that the
16 relevant carrier in this dispute would be Verizon, as it would be improper for Verizon to
17 attempt to collect money from WorldCom for charges owed to AT&T or another carrier.
18 For example, if a local WorldCom customer accepts a collect call placed to her through
19 Verizon, the charge for that call would be an alternate-billed call. In that situation, the
20 end-user has a contractual relationship with Verizon, the toll provider for the collect call
21 in this example, and has obligated herself to render payment to Verizon for that call.
22 Therefore, this issue involves billing and collection–not the provision of a
23 telecommunications service.

1 **Q. Why do you describe the relationship between Verizon and the end-user in**
2 **your example as a contractual relationship?**
3 A. Returning to my example of a collect call, when the customer accepts this type of
4 call, the customer will be informed that certain charges will apply to the call and that a
5 particular carrier is delivering the call. This information is often provided by the
6 Operator with a statement such as "This is the XYZ operator. You have a collect call, do
7 you accept the charges?" Alternatively, this information may be given through an
8 automated announcement. Typically, the customer will have to push a button on the
9 telephone or otherwise indicate acceptance of the charge. Regardless which method the
10 provider uses to communicate the charge and carrier, the customer is aware prior to
11 completing the call that a certain charge will be incurred with a particular carrier. By
12 accepting the call, the end-user has consented to the charge. This creates a purchaser-
13 supplier contractual relationship between the end-user and the carrier to whom the charge
14 is owed–in this example, Verizon.
15 **Q. Why has WorldCom proposed that the language be modified to make clear**
16 **that the end-user is responsible for the charge?**
17 A. As I have explained, there is a contractual relationship between the end-user and
18 the person to whom the charge is owed; in my collect call example, there is a contract
19 between the end-user that accepted the collect call and Verizon, and the end-user has
20 agreed, pursuant to that contract, to pay the charge. It follows, therefore, that the <u>end-</u>
21 <u>user</u> should be responsible for the charge, and that Verizon should be responsible for
22 collecting that charge.

1 Absent our proposed modification, Verizon's language could improperly shift that
2 obligation onto WorldCom pending the establishment of a mutually-acceptable
3 arrangement between the carriers. Thus, until the parties reached agreement on an
4 alternate services billing and collection arrangement, WorldCom would be obligated to
5 serve as the middleman in such situations. Although the end-user subscribes to
6 WorldCom for other services, WorldCom is not involved in the provision of services that
7 result in the need for alternate-billing. Therefore, WorldCom should not be required to
8 assume responsibility for the customers' payment of those charges to Verizon.

9 **Q. Under WorldCom's proposed language, how would Verizon collect payment**
10 **from WorldCom end-users prior to establishment of an express arrangement**
11 **between the parties?**

12 A. During the period prior to establishment of an agreement addressing this
13 collection issue, WorldCom would be willing to provide Verizon with a customer's
14 billing name and address, consistent with the parties' agreed-to prices for the exchange of
15 such information. Thus, Verizon could recover the charges through casual billing of
16 these calls. Casual billing is routinely used by telecommunications carriers, and this
17 method would allow Verizon to directly bill the end-users that do not subscribe to
18 Verizon for other services.

19 Indeed, casual billing would be appropriate as an ongoing means of billing these
20 calls. If Verizon requests that WorldCom establish a platform that would allow
21 WorldCom's billing system to share the relevant alternate-billed call information with
22 Verizon's system, Verizon will be responsible for the cost of creating that platform. This
23 could be considerably more expensive than the cumulative cost of casual billing.

1 However, that is a decision that Verizon will have to make when negotiating the
2 agreement.

3 **Issue VI-I(AA)**

4 *(Information Services Traffic)*

5 **Q. Please summarize WorldCom's position on Issue VI-I(AA).**

6 A. Issue VI-1(AA) relates to information services traffic. At Section 5 of its
7 Additional Services Attachment, Verizon has proposed inclusion of terms and conditions
8 in the Interconnection Agreement addressing the Parties' responsibilities regarding the
9 exchange of Information Services Traffic. WorldCom opposes the inclusion of this
10 language for two reasons. First, Verizon's language is objectionable because it would
11 hold WorldCom responsible for full payment to Verizon if WorldCom's end-user does
12 not pay for Voice Information services provided by a third Party. Second, Verizon's
13 proposed language improperly exempts this traffic from reciprocal compensation
14 obligations.

15 **Q. Please define information services traffic.**

16 A. The term information services traffic refers to local calls for which, like the
17 alternate-billed calls I discussed earlier, an end-user incurs a specified charge. Unlike
18 alternate-billed calls, however, information services calls are typically provided by a third
19 party. Examples of these calls include a '976' number that, for a charge, provides
20 weather information or current events via a local call.

21 **Q. Why does WorldCom object to being held responsible for full payment to**
22 **Verizon if WorldCom's user does not pay for Voice Information Services?**

1 A. The nature of these calls, and the relationship between the parties involved in
2 these calls, makes it improper for Verizon to attempt to force WorldCom to guarantee
3 that the end-users will render payment. The end-user has a contractual obligation with a
4 third-party information service provider to render payment for these calls. That third-
5 party, in turn, may have a contract with Verizon regarding collection of payment for the
6 calls; however, WorldCom is not a party to either of these contracts, and it would be
7 ridiculous to require WorldCom to guarantee that the end-user will pay. Yet that is
8 precisely what Verizon has proposed. Under Verizon's proposed language, if a CLEC
9 customer places such a call, "CLEC shall pay to Verizon without discount the Voice
10 Information Services provider charges . . . regardless of whether or not it collects such
11 charges from its own customers."

12 **Q. Please describe the relationship between the end-user and the third-party**
13 **information service provider.**

14 A. When the end-user customer dials the information service provider, in accordance
15 with governing law, the information service provider must disclose the cost of the call.
16 For example, if the end-user calls a weather service, the preamble to the call should
17 indicate the cost of the call. The end-user then may decide to proceed with the call or
18 hang up. The end-user's decision to proceed with the call indicates acceptance of the
19 charges. At that point, the end-user has entered into a contractual relationship with the
20 information service provider.

21 **Q. Please explain the relationship between Verizon and the information service**
22 **provider.**

1 A. While I do not know the specific details of Verizon's contractual dealings with
2 such entities, Verizon's proposal that the interconnection agreement contain this language
3 suggests that Verizon has an arrangement with the information service provider to deliver
4 payments of certain end-user calls to that information service provider. It seems likely
5 that the agreements would only obligate Verizon to deliver payment from its own end-
6 users. However, if the language predates the existence of competing carriers, it may
7 assume that Verizon will be the local service carrier for all potential end-users, and
8 simply speak in general terms that could be read to apply to WorldCom end-users. I do
9 not know because I have not reviewed the agreements between Verizon and the
10 information service providers. The point is that Verizon presumably has some
11 relationship with the third-party providers, pursuant to which it has agreed to collect
12 and/or deliver payment for end-users' calls to the information service provider.
13 **Q. Please explain why these relationships support your objection to Verizon's**
14 **proposal that WorldCom guarantee payment of the calls.**
15 A. As I have explained, there is a relationship between the end-user and the
16 information service provider, and there may be a relationship between Verizon and the
17 information service provider. WorldCom has not promised payment to anyone, and in
18 light of those contractual relationships, it would make no sense for Verizon to ask
19 WorldCom to guarantee that the end-user will pay the third-party provider, or to pay
20 Verizon the amount owed by its customer. WorldCom does not control its customers'
21 decision to render payment for these calls.
22 **Q. Is Verizon's proposal consistent with industry practice?**

1 A. No, this language is inconsistent with industry practice because it does not take
2 into account uncollectible bill amounts or charges for billing and collection that
3 WorldCom would be entitled to, if WorldCom chooses to offer such non-
4 telecommunications services to Verizon or other Information service providers.
5 Typically when a carrier bills a customer for another carrier's services, the carriers enter
6 into a billing and collection agreement that takes into account that a certain portion of
7 payments will be uncollectible. Verizon's language does not account for such practices.
8 Indeed, this is a highly uncollectible type of call. To hold WorldCom responsible for the
9 costs of these calls–which result from a separate and independent contractual relationship
10 between the end-user and the information service provider–is absurd.

11 **Q. In the absence of a billing and collection arrangement, would Verizon be able**
12 **to bill for these calls placed by WorldCom end-users.**

13 A. Yes. WorldCom is willing to provide customer billing name and address
14 information at the rates generally applicable to the parties' sale of that information.
15 Verizon could then use that information to bill the customers itself, hire a third-party
16 billing collection agency, or pursue whatever means of billing that it prefers.

17 **Q. Why does WorldCom object to the exemption of this traffic from reciprocal**
18 **compensation obligations?**

19 A. Voice Information services traffic is either IntraLATA/intrastate toll or local
20 depending on the to/from numbers on the call. Therefore, it should be subject to either
21 Reciprocal Compensation or switched access charges.

22 Verizon's attempt to treat these calls as neither local or toll traffic implicates a
23 larger issue–namely the use of "oddball codes." For reciprocal compensation purposes,

1 carriers must be able to determine which calls are treated as "local" when the customer
2 dials the number. "Oddball codes" allow carriers to do this by defining those codes that
3 carriers will exchange as local traffic, even if the codes may not appear in the Local
4 Exchange Routing Guide ("LERG"); these arrangements are typically addressed in an
5 agreement between the local service providers. Two examples of "oddball codes" are a
6 976 number and a single number in the LATA that the carrier has established as a local
7 call from all points within the LATA. Pursuant to an agreement, the carriers would
8 exchange a list of the codes for these calls and other oddball codes, and treat them as
9 local.

10 Both carriers should have the ability to establish numbers that are "oddball
11 codes," and there should be parity between the carriers. In other words, there should be
12 parity between Verizon and WorldCom on this issue. Therefore, if Verizon can establish
13 (and has) an "oddball code" for local-only calls for a 976 or similar number, WorldCom
14 should have the same right.

15 Regardless of whether a carrier establishes such arrangements or such
16 arrangements are used in delivering voice information services traffic, the traffic must be
17 either local or toll. It can not simply be excluded from intercarrier compensation as
18 suggested by Verizon. Again, a comparison of the calling and called NPA-NXXs (or
19 "odd ball codes" if utilized) is the appropriate basis to make the local or toll
20 determination, and intercarrrier compensation should apply consistent with that
21 determination.

22 **Q. Does that conclude your testimony?**

23 A. Yes.

ARGENBRIGHT DIRECT TESTIMONY

EXHIBIT A

RESALE ATTACHMENT

1. **General**

1.1 Verizon shall make available to MCIm, in accordance with this Agreement and the requirements of Applicable Law (including, but not limited to, Sections 251(b)(1), 251(c)(4) and 271(c)(2)(B)(xiv) of the Act), Verizon's Telecommunications Services for resale by MCIm (which services, as of [FILL IN ACTUAL EFFECTIVE DATE OF AGREEMENT] in Virginia include, without limitation, Centrex, Station Message Desk Interface (SMDI), Operator Services and Directory Assistance Services ("OS/DA"), ***DSL and other Advanced Services***, and 311 services to the extent that each of them is a Telecommunications Service that Verizon provides at retail to Customers who are not telecommunications carriers) ; provided, that notwithstanding any other provision of this Agreement but subject to the "change-of-law" provisions of this Agreement, Verizon shall be obligated to provide Telecommunications Services to MCIm for resale only to the extent required by Applicable Law.

1.2 To the extent required under Applicable Law, Verizon will apply to the bills it provides to MCIm under this Attachment, the wholesale discount set forth in the Pricing Attachment of this Agreement to Telecommunications Services that Verizon offers on a retail basis to its Customers that are not Telecommunications Carriers.

2. **Use of Verizon Telecommunications Services**

2.1 Verizon Telecommunications Services may be purchased by MCIm under this Resale Attachment only for the purpose of resale by MCIm as a Telecommunications Carrier. Verizon Telecommunications Services to be purchased by MCIm for other purposes (including, but not limited to, MCIm's own use) must be purchased by MCIm pursuant to other applicable Attachments to this Agreement (if any), or separate written agreements, or obtained out of applicable Verizon Tariffs.

2.2 Resale of Specific Telecommunications Services. MCIm's resale of the Verizon Telecommunications Services described below shall be subject to the following:

2.2.1 Residential service shall only be resold to persons eligible to subscribe to such service from Verizon (persons not so eligible including, but not limited to, business Customers or other nonresidential Customers (e.g., Coin));

2.2.2 Usage allowances described in Verizon's tariffs for any particular Telecommunications Service (e.g., directory assistance free usage allowance) shall not be aggregated by MCIm for more than one end user Customer. MCIm, when ordering Verizon tariffed volume discount offerings, if any, may aggregate multiple MCIm end users in order to qualify for such volume discount offerings, subject to any rights Verizon may have under Applicable Law to contest such aggregation.

2.2.3 Lifeline, Link Up America, other means-tested service offerings, and other Voluntary Federal Subscriber Financial Assistance Programs shall only be resold to persons eligible to subscribe to such service offerings from Verizon. Customer service records provided to MCIm in connection with this Attachment will reflect Verizon's current practice of indicating through use of a code that a Customer is subscribing to Lifeline. In addition to any other actions taken by MCIm to comply with this Section 2.2.3, MCIm shall take those actions required by Applicable Law to determine the eligibility of MCIm Customers to purchase a service, including, but not limited to, obtaining any proof or certification of eligibility to purchase Lifeline, Link Up America, or other means-tested service offerings, required by Applicable Law. MCIm shall indemnify Verizon in accordance with Section [__] of the General Terms and Conditions of this Agreement.

2.2.4 Grandfathered or discontinued service offerings may be resold only to persons eligible to subscribe to such service offerings from Verizon (for purposes of this Attachment, grandfathered Telecommunications Services are Telecommunication Services that Verizon offers to retail end users who were subscribers of such services at the time the service was grandfathered, but which Verizon does not make available to new end users or to end users who were not subscribers to such services at the time the services were grandfathered).

MCIm is subject to the same limitations that Verizon's Customers are subject to with respect to any Telecommunications Service that Verizon grandfathers or discontinues offering. Without limiting the foregoing, except to the extent that Verizon follows a different practice for Verizon Customers in regard to a grandfathered Telecommunications Service, such grandfathered Telecommunications Service: (a) shall be available only to a Customer that already has such Telecommunications Service; (b) may not be moved to a new service location; and, (c) will be furnished only to the extent that facilities continue to be available to provide such Telecommunications Service.

2.3 Unless Verizon is required under Applicable Law to make available to MCIm products or services which are not Verizon Telecommunications Services, in return for trying, agreeing to purchase, purchasing, or using, Verizon Telecommunications Services, MCIm shall not be eligible to participate in any Verizon plan or program under which Verizon Customers may obtain such products or services.

2.4 In accordance with 47 CFR § 51.617(b), Verizon shall be entitled to all charges for Verizon Exchange Access services used by interexchange carriers to provide service to MCIm Customers, and will assess such charges upon such interexchange carriers.

2.5 Each Party will work cooperatively with the other Party with respect to practices and procedures for handling of law enforcement and service annoyance calls.

3. Availability of Verizon Telecommunications Services

3.1 Verizon shall provide Telecommunication Services available to MCIm for resale under this Attachment on terms and conditions that are reasonable and non-discriminatory, including but not limited to, in terms of service quality and provisioning time intervals. In so doing, Verizon will provide a Verizon

Telecommunications Service to MCIm for resale pursuant to this Attachment where and to the same extent, but only where and to the same extent, that such Verizon Telecommunications Service is provided to Verizon's Customers.

3.2 Except as otherwise required by Applicable Law and subject to Section 3.1, Verizon shall have the right to add, modify, grandfather, discontinue or withdraw, Verizon Telecommunications Services at any time, without the consent of MCIm.

3.3 Verizon shall not be obligated to offer to MCIm at a wholesale discount Telecommunications Services that Verizon offers pursuant to a short-term promotion as defined in 47 CFR 51.613.

3.3.1 Where a Verizon Telecommunications Service that is otherwise available for resale by MCIm under this Attachment is subject to a short-term promotion within the meaning of 47 CFR 51.613, Verizon shall make the Telecommunications Service available to MCIm alternatively at the short-term promotional rate (without applying a wholesale discount) or at the subject service's non-promotional rate less the wholesale discount applicable under this Agreement, if any.

3.3.2 MCIm shall offer a promotion obtained from Verizon only to those MCIm Customers who would qualify for the promotion if they received it directly from Verizon; however, Verizon's offering of a particular Telecommunications Service under a promotional discount will not limit MCIm's ability to obtain that service for resale to its Customers that do not qualify for the promotion at the service's non-promotional rate less any wholesale discount applicable under this Agreement.

3.4 To the extent required by Applicable Law, the Verizon Telecommunications Services to be provided to MCIm for resale pursuant to this Attachment will include a Verizon Telecommunications Service customer-specific contract service arrangement ("CSA") (such as a customer specific pricing arrangement for services such as selected N11 services, or individual case based pricing arrangement or a special assembly of Telecommunications Services) that Verizon is providing to a Verizon Customer at the time the CSA is requested by MCIm.

4. Customer of Record/Responsibility for Charges

4.1 MCIm will be the Customer of record for all Verizon Telecommunications Services provided by Verizon to MCIm pursuant to this Resale Attachment. Verizon will take orders from and bill MCIm for all Telecommunications Services provided pursuant to this Resale Attachment.

4.2 MCIm shall be responsible for and pay all charges for any Verizon Telecommunications Services provided by Verizon pursuant to this Resale Attachment.

5. Operations Matters

5.1 Facilities.

5.1.1 Verizon and its suppliers shall retain all of their right, title and interest in all facilities, equipment, software, information, and wiring, used to provide Verizon Telecommunications Services.

5.1.2 Verizon shall have access at all reasonable times to MCIm Customer locations for the purpose of installing, inspecting, maintaining, repairing, and removing, facilities, equipment, software, and wiring, used to provide the Verizon Telecommunications Services. MCIm shall, at MCIm's expense, obtain any rights and authorizations necessary for such access.

5.1.3 Except as otherwise agreed to in writing by Verizon, Verizon shall not be responsible for the installation, inspection, repair, maintenance, or removal, of facilities, equipment, software, or wiring, provided by MCIm or MCIm Customers for use with Verizon Telecommunications Services

5.2 Branding.

5.2.1 Except as stated in Section 5.2.2, in providing Verizon Telecommunications Services to MCIm, Verizon shall have the right (but not the obligation) to identify the Verizon Telecommunications Services with Verizon's trade names, trademarks and service marks ("Verizon Marks"), to the same extent that these Services are identified with Verizon's Marks when they are provided to Verizon's Customers. Any such identification of Verizon's Telecommunications Services shall not constitute the grant of a license or other right to MCIm to use Verizon's Marks.

5.2.2 To the extent required by Applicable Law but subject to the change-of-law provision of this Agreement, upon request by MCIm and at prices, terms and conditions to be negotiated by MCIm and Verizon, Verizon shall provide Verizon Telecommunications Services for resale that are identified by MCIm's trade name, or that are not identified by trade name, trademark or service mark.

I, Mark E. Argenbright, hereby certify under penalty of perjury that the foregoing is true and correct.

Executed on August 14, 2001.

Mark E. Argenbright

Melissa A. Burris

OFFICIAL SEAL
Melissa A. Burris
Notary Public, State of Georgia
Dekalb County
My Commission Expires May 15, 2004

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AUG 17 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION

In the Matter of Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Expedited Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon-Virginia, Inc., and for Expedited Arbitration	))))))))))	CC Docket No. 00-218

REBUTTAL TESTIMONY OF MARK ARGENBRIGHT

ON BEHALF OF WORLDCOM, INC

(ISSUE I-9)

August 17, 2001

1 **Q. Please state your name and business address.**

2 A. My name is Mark E. Argenbright. My business address is Six Concourse

3 Parkway, Suite 3200, Atlanta, Georgia 30328.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by WorldCom, Inc. in the Law and Public Policy group and hold

6 the position of Senior Staff Specialist, State Regulatory Policy. In my current position, I

7 assist in the development and coordination of WorldCom's regulatory and public policy

8 initiatives for the company's domestic operations. These responsibilities require that I

9 work closely with our state regulatory groups across the various states, including

10 Virginia.

11 **Q. Please summarize your telecommunications background and education.**

12 A. My previous position within WorldCom was Senior Manager, Regulatory

13 Analysis, in which I was responsible for performing regulatory analysis in support of a

14 wide range of company activities. Prior to that, I was employed by the Anchorage

15 Telephone Utility (now known as Alaska Communications Systems) as a Senior

16 Regulatory Analyst, and American Network, Inc. as a Tariff Specialist. I have worked in

17 the telecommunications industry for sixteen years, with the majority of my positions in

18 the area of regulatory affairs. I received a Bachelor of Science Degree in Business

19 Administration from the University of Montana in 1980.

20 **Q. What is the purpose of your testimony?**

21 A. In this testimony I will respond to the points raised by Verizon's pricing terms

22 and conditions panel, regarding whether Verizon should be allowed to include a term in

23 the Virginia interconnection agreement that would cap WorldCom's rates for carrier-to-

1 carrier services at the level of Verizon's rates for comparable services. This testimony
2 relates to Issue I-9.

3 **ISSUE I-9**

4 **May Verizon place a cap on WorldCom's charges to Verizon at the level of**
5 **Verizon's charges to WorldCom?**

6 **Q. Please summarize WorldCom's position on this issue.**

7 A. As I explained in my direct testimony, WorldCom opposes Verizon's proposal
8 that the interconnection agreement include language requiring WorldCom to offer certain
9 services to Verizon at rates that are equal to or lower than the charges that Verizon may
10 impose for comparable services, and that would only allow WorldCom to set rates in
11 excess of Verizon's rates if it can demonstrate to Verizon's satisfaction that WorldCom's
12 costs exceed Verizon's charges for comparable services. WorldCom's rates for these
13 services are tariffed, and the state commission, not Verizon, is the appropriate body to
14 review the reasonableness of WorldCom's tariffed charges. Indeed, WorldCom's tariffed
15 rates are presumed reasonable under state law. Verizon's proposal ignores these facts, as
16 well as the reality that differences in the carriers' networks may justify differences in
17 their charges for comparable services.

18 **Q. Please summarize the Verizon testimony to which you are responding.**

19 A. In its testimony, Verizon's witness panel describes the proposed price cap as a
20 requirement that CLECs "commit[] to just and reasonable rates." Verizon also claims
21 that it is legally obligated to interconnect with CLECs and is therefore a "captive
22 customer" for certain services. Verizon then combines these two points and asserts that

1 by virtue of its status as a "captive customer," it needs a price cap to ensure that it may
2 purchase services at fair rates.

3 **Q. Is Verizon's proposed price cap a means of ensuring that CLECs charge**
4 **"just and reasonable" rates?**

5 A. No. Verizon's assertion that its proposed price cap generates just and reasonable
6 rates is based on the flawed assumption that Verizon rates are reasonable for WorldCom
7 services. Verizon rates may well be fair and reasonable for Verizon services, but it
8 hardly follows that they should be applied to services provided by another carrier. As I
9 explained in my direct testimony on this issue, the parties' networks are structured
10 differently. As a result, even if the parties provide the same service, their provision of
11 that service will not necessarily generate identical costs. Verizon's attempt to simply
12 define the appropriate WorldCom rate by reference to its own rates ignores these
13 potential differences. And, as I stated in my direct testimony, a CLEC is not required to
14 perform such cost studies, nor should it be forced to take on such a burden.

15 **Q. Does Verizon's alleged status as a "captive customer" give WorldCom an**
16 **incentive to impose excessive prices for services?**

17 A. No. Interconnection with Verizon is an essential means through which
18 WorldCom may enter the local services market. WorldCom's need and desire for
19 interconnection, when paired with Verizon's status as the incumbent carrier, makes
20 WorldCom a "captive" participant in this relationship. Anything that slows down, or
21 inhibits, the interconnection process is directly contrary to WorldCom's interests and
22 would negatively impact its customers. Therefore WorldCom has no incentive to adopt

1 pricing schemes that conflict with its goal of establishing interconnection points as
2 quickly and efficiently as possible.
3 Further, as I explained in my direct testimony, market forces prevent WorldCom
4 from imposing excessive and unreasonable rates for transport facilities and similar
5 services. WorldCom's tariffed rates for these facilities and services are established in a
6 competitive environment and apply not only to Verizon, but to any carrier that wishes to
7 purchase these facilities or services from WorldCom. Therefore, charging excessive rates
8 would not be commercially viable.
9 **Q. Are there other means of ensuring that the rates that WorldCom charges are**
10 **fair and reasonable?**
11 A. Yes. As I explained in my direct testimony, WorldCom's rates are established in
12 its tariffs and approved by the Virginia commission. That process ensures that
13 WorldCom's rates are both fair and reasonable. Moreover, Verizon should not be
14 allowed to usurp the role of the state commission and serve as judge and jury of the
15 reasonableness of WorldCom's tariffed charges.
16 **Q. Does this conclude your testimony?**
17 A. Yes.

I, Mark E. Argenbright, hereby certify under penalty of perjury that the foregoing is true and correct.

Executed on August 14, 2001.

Mark E. Argenbright

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Melissa A. Burris
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