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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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
In the Matter of Petition of Cox Virginia Telecom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc. and for Arbitration	)	CC Docket No. 00-249
In the Matter of Petition of AT&T Communications of Virginia Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia Corporation Commission Regarding Interconnection Disputes With Verizon Virginia Inc.	)	CC Docket No. 00-251

VERIZON VIRGINIA INC.

VOLUME II OF II

REBUTTAL TESTIMONY ON NON-MEDIATION ISSUES (CATEGORIES I AND III THROUGH VII)

AUGUST 17, 2001

Network Architecture

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VERIZON VA'S REBUTTAL TESTIMONY ON NON-MEDIATION ISSUES

(CATEGORIES I AND III THROUGH VII)

NETWORK ARCHITECTURE

- DONALD E. ALBERT
- PETER J. D'AMICO

AUGUST 17, 2001

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, YOUR POSITION AND YOUR BUSINESS ADDRESS WITH VERIZON.

A. My name is Pete D'Amico. I am a Senior Specialist in the Interconnection Product Management Group for Verizon Services Corp. My business address is 416 7th Avenue, Pittsburgh, Pennsylvania 15219.

My name is Don Albert. I am Director - Network Engineering for Verizon Services Corp. (formerly, Bell Atlantic Network Services, Inc.). My business address is 600 East Main Street, Richmond, Virginia.

Q. ARE YOU THE SAME WITNESSES WHO FILED DIRECT TESTIMONY IN THIS CASE ON JULY 31, 2001?

A. Yes. We filed joint testimony supporting Verizon VA's position on these network architecture issues.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of our testimony is to respond to the July 31, 2001 testimony on network architecture issues filed by Mr. David Talbott, Mr. E. Christopher Nurse and Mr. Robert J. Kirchberger on behalf of AT&T; by Mr. Donato Grieco and Mr. Gary Ball as a panel on behalf of WorldCom; and Dr. Francis Collins on behalf of Cox.

II. POINTS OF INTERCONNECTION AND TRUNK TYPES

A. POINTS OF INTERCONNECTION (Issues I-1, VII-1, VII-3)

Q. IN THEIR RESPECTIVE TESTIMONY REGARDING ISSUE I-1, THE CLECS ARGUE THAT VERIZON VA'S GRIP AND VGRIP PROPOSALS REQUIRE THE CLECS TO "DUPLICATE" VERIZON VA'S EXISTING NETWORK. IS THIS AN ACCURATE ASSESSMENT OF VERIZON VA'S PROPOSALS?

A. No it is not. Pursuant to Verizon VA's proposals, the CLECs can build out their network in any manner they choose. They are not required to build out their network to duplicate Verizon VA's existing network. As AT&T has stated, Verizon VA's network deploys multiple tandems to interconnect multiple switches spaced throughout the geographic area, while AT&T has elected to deploy a single switch. Nothing in Verizon's proposal requires AT&T to deploy multiple tandems to interconnect multiple switches.

AT&T, WorldCom and Cox are missing the point. The issue is not about their networks and how they are designed. The real issue is about how the CLECs are using Verizon VA's network without compensating Verizon VA for transporting calls outside of the local calling area. Verizon VA is not asking the CLECs to adapt their network design to mirror Verizon VA's. Verizon VA wants the CLECs to compensate Verizon VA for the transport facilities being utilized by the CLECs.

AT&T states that Verizon VA's proposal would result in AT&T losing the benefits of its "efficient" network and incurring higher costs. AT&T's definition of "efficient," however, shifts its transport obligations onto Verizon VA. Rather than AT&T,

WorldCom and Cox purchasing transport from Verizon VA, or any other provider, to bridge the gap between their respective networks and Verizon VA's local calling areas, they would rather have Verizon VA supply this for free. Verizon VA is not asking that its network be replicated, but Verizon VA expects to be compensated when its network is used by the CLECs.

Q. AT&T AND WORLDCOM BOTH CONTEND THAT VERIZON'S POI AND IP DISTINCTION IS ONE WITHOUT A DIFFERENCE BECAUSE VERIZON VA'S GRIP PROPOSAL WOULD RENDER THEIR POI CHOICE MEANINGLESS. IS THIS CORRECT?

A. No. Verizon VA's GRIP and VGRIP proposals recognize that when a CLEC selects one POI in a LATA, this CLEC business decision creates inefficiencies for which Verizon VA should not be financially responsible. Exhibit NAR-1 shows just how ludicrous the CLECs one POI per LATA position is because it requires Verizon VA to transport a call subject to § 251(b)(5) of the Act as if it were a toll call, and essentially transport that call for free. Verizon's IP-POI distinction strikes the proper balance between the CLECs' right to establish a single POI in a LATA while acknowledging the inherent inefficiencies in this paradigm.

Q. COX WITNESS COLLINS TESTIFIED, AT PAGES 6-8 OF HIS DIRECT TESTIMONY, ABOUT VERIZON VA'S GRIP PROPOSAL. HAS HE CORRECTLY PORTRAYED THIS PROPOSAL?

A. No. Pursuant to Verizon VA's GRIP proposal, and Verizon VA's VGRIP proposal, Verizon VA's financial responsibility for hauling originating traffic ends at the IP. The CLEC, in this case Cox, is then financially responsible for the carriage to its POI. In addition, under VGRIP, Verizon VA is willing to "split the difference" by agreeing to be financially responsible for delivering the CLEC traffic to a more centralized location instead of delivering it to a distant CLEC POI. Verizon VA's proposal does not shift a "disproportionate" share of the economic burden of interconnection to the CLECs. In our direct testimony, Verizon VA illustrated that it is the CLEC who has made the decision to interconnect in this manner. The CLEC should, therefore, be financially responsible for the impact of that decision.

Q. DO VERIZON VA'S PROPOSALS REQUIRE THE CLECS TO HAVE A PHYSICAL POI IN EVERY BASIC LOCAL CALLING AREA IN VIRGINIA?

A. No. As discussed in our direct testimony, Verizon's GRIP and VGRIP proposals do not require the CLEC to establish a POI in every local calling area. For instance, under Verizon VA's VGRIP proposal, Verizon VA only requires the CLEC to be financially responsible for the taking the Verizon VA originated traffic from a centralized location of the local calling areas where the CLEC chooses to do business. If the CLEC chooses not to pick up the traffic at a centralized location, then Verizon VA will deliver it to the distant CLEC POI and should be compensated for its transport costs beyond the local calling area.

1 **Q. AT PAGES 9-10 OF HIS TESTIMONY, AT&T WITNESS TALBOTT DEFINES**
2 **THE POI AS THE "LOCATION WHERE THE PARTIES MUTUALLY**
3 **EXCHANGE THEIR TRAFFIC." DO YOU AGREE WITH THIS DEFINITION?**
4 A. No. Verizon VA defines a POI as the physical location where the originating party's
5 facilities physically interconnect with the terminating party's facilities for the purpose of
6 exchanging local traffic. It is not necessarily a mutual point. Verizon VA defines the IP
7 as the point at which a party who receives traffic originating on the network of the other
8 party assesses reciprocal compensation charges for further transport and termination of
9 that traffic.
10
11 **Q. ON PAGES 33-34 OF HIS TESTIMONY, MR. TALBOTT CLAIMS THAT**
12 **ABSENT MUTUAL AGREEMENT WITH AT&T, VERIZON VA CANNOT**
13 **CHOOSE THE VERIZON VA POI. WHY IS THIS AN UNFAIR POSITION?**
14 A. This places Verizon VA at the mercy and whims of AT&T. AT&T's proposal does not
15 level the playing field to foster competition; instead, it skews it entirely in favor of AT&T
16 to force Verizon VA to subsidize AT&T's interconnection decisions. Mr. Talbott makes
17 a big point of wanting one-way trunks so both parties can be in control of their respective
18 networks. Now, however, he wants AT&T to give Verizon VA "approval" before
19 Verizon VA takes action to add, disconnect, or change trunks carrying calls from Verizon
20 VA's customers and to whom Verizon VA is responsible. This action could force
21 Verizon VA into the situation where it has to "hire" AT&T to be Verizon VA's transport
22 vendor. If AT&T selects Verizon VA's POI, and it is different from AT&T's IP, then
23 Verizon VA will have to pay for transport to get to AT&T's IP. Verizon VA should have

the right to self provision using its facilities or the option to purchase transport from a third party when it hands off its traffic directly at AT&T's IP.

Q. MR. TALBOTT FILED "COST TESTIMONY" COMPARING AT&T'S PROPOSAL WITH VERIZON VA'S. DO YOU HAVE ANY COMMENTS REGARDING MR. TALBOTT'S COST ANALYSIS?

A. Yes. While not a cost expert, we do have some general comments based on his testimony. Although we do not know if the numbers that Mr. Talbott used were accurate or how he applied them, the reason AT&T's costs, pursuant to its proposal, are so low is because AT&T is passing its costs onto Verizon VA. There is no doubt that lowering the appropriate rates that AT&T pays for transport would lower its per line rate, but that does not mean this is an economically efficient course of action based on cost and who causes that cost. If AT&T orders more UNEs or self-provisions its transport, then AT&T could lower its per line costs.

In addition, the number of lines served affects the per line interconnection costs. When serving Internet Service Providers (ISPs), the number of AT&T's lines would be relatively few. As a result of these few AT&T ISP lines, however, Verizon VA has to install numerous trunks from its network to handle the high volume of these calls.

Mr. Talbott's study does nothing more than support AT&T's proposal that the way to lower AT&T's costs is to shift them over to Verizon VA. AT&T wants Verizon VA to subsidize AT&T's operations because Verizon VA has a larger market share. This is

inconsistent with Mr. Talbott's earlier testimony, on page 2, when he advised the Commission to consider the cumulative effects of the individual proposals taken together. Verizon VA would also ask the Commission to consider the cumulative impact to Verizon VA when every CLEC takes the position that it cannot, or is not willing, to bear its fair share of its interconnection costs. The CLECs maintain that the costs should be shifted to Verizon because they incorrectly assume that Verizon can afford it.

Q. AT PAGES 32-33 OF HIS TESTIMONY, MR. TALBOTT COMPLAINS THAT VERIZON VA SHOULD NOT HAVE THE DISCRETION TO DESIGNATE ANY AT&T COLLOCATION ARRANGEMENTS AS A VERIZON IP BECAUSE THIS "DIRECTLY FRUSTRATES AT&T'S ABILITY TO ENTER AND COMPETE FOR CUSTOMERS." DOES THIS INTERCONNECTION OPTION "FRUSTRATE" AT&T'S ABILITY TO COMPETE FOR CUSTOMERS?

A. No. Mr. Talbott's concerns are unfounded. He asserts, at pages 32-33 of his testimony, that if AT&T makes collocation space available to Verizon VA, then this decreases the amount of collocation space available to AT&T. He then concludes that this somehow hampers AT&T's ability to compete for Verizon VA's customers. First, Verizon VA's proposal is not asking AT&T to make its collocation space available for Verizon VA's use to serve its end user customers. Rather, Verizon VA's proposal allows for an efficient handoff of local traffic from Verizon VA to AT&T at its collocation site for its end user customers that is geographically located in the same local serving area as AT&T's collocation presence. If AT&T does not wish to utilize any of its collocation space (i.e., physically locate equipment) for the exchange of local traffic, it can certainly

make that choice, thereby eliminating any claim that Verizon VA's proposal somehow decreases the amount of AT&T's collocation space and "frustrates AT&T's ability to compete" for Verizon VA's customers. Nevertheless, AT&T's choice should not financially obligate Verizon VA for the transport of local traffic to a distant location given AT&T's local, physical presence in the area where it serves its customers.

Q. MR. TALBOTT ALSO CONTENDS, ON PAGES 23-24 OF HIS TESTIMONY, THAT "VERIZON HAS INACCURATELY PORTRAYED THIS ISSUE [ISSUE I-1] AS A QUESTION OF WHETHER ITS SUBSCRIBERS SHOULD PAY FOR THE DESIGN OF THE AT&T NETWORK IN VIRGINIA." IS THIS ACCURATE?

A. It does not appear that Mr. Talbott read Verizon VA's response to AT&T's, and the other CLECs', petition. On page 7 of its response, Verizon VA states that the issue is "whether the CLEC is financially responsible for bearing the costs of its [interconnection] decisions." Verizon VA does agree with Mr. Talbott that the focus of the issue should be on competition because it would be ironic if the Act, which was meant to foster market-driven competition, prohibited the consideration of cost, allowing the CLECs to force Verizon VA to subsidize their inefficient behavior.

Q. PLEASE RESPOND TO MR. TALBOTT'S CLAIM, ON PAGES 25-27, THAT VERIZON VA'S LOCAL CALLING AREAS ARE "BASICALLY MARKETING TOOLS" AND SHOULD NOT DICTATE THE PARTIES' INTERCONNECTION OBLIGATIONS.

A. Verizon VA's local calling areas are not "marketing tools." These areas were developed with the approval of the Virginia State Corporation Commission. Moreover, AT&T's position is beside the point because Verizon VA is not advocating that local calling areas dictate interconnection obligations. Verizon VA is advocating, however, that whatever interconnection points are chosen must be reasonable so that costs are imposed on the entity that causes those costs.

Q. ARE YOU AWARE OF ANY RECENT STATE DECISIONS THAT HAVE ADDRESSED THE CLECS' FINANCIAL RESPONSIBILITY WHEN THEY CHOOSE TO LOCATE ONLY ONE POI IN A LATA?

A. Yes, there are two recent state commission decisions that have addressed this issue. The New York Public Service Commission (New York PSC) addressed this issue between Verizon New York and AT&T. While the New York PSC kept the status quo between the Parties, it recognized that Verizon raised a "legitimate" issue. The New York PSC acknowledged that Verizon was particularly harmed with the carriage of virtual NXX calls and internet traffic to a distant AT&T POI. The New York PSC wanted to wait and see if the steps this Commission and the New York PSC have taken address the virtual NXX and internet problems before going any further. In addition, the New York PSC rejected AT&T's Schedule 4 § 1.1 to "interconnect at any technically feasible point on Verizon New York's network (including tandems, end offices, outside plant and

customer premises)" because this language was "too broad and vague . . . ."[1] AT&T has submitted this exact same proposal, Schedule 4 § 1.1, in Virginia and Verizon VA maintains that it is still too broad and vague.

Recently, TRInsight also reported that the Georgia Public Service Commission (Georgia PSC) held that CLECs had to pay BellSouth access charges for transporting traffic to a CLECs' POI if the call must travel outside of the local calling area from which it originates in order to get the traffic to the CLECs' POI. The Georgia PSC rejected AT&T's contention that the Georgia PSC's decision will thwart competition.[2]

Both state commissions have come to the realization that the CLECs' are structuring their POIs to maximize the cost to the ILEC. In addition, this Commission has expressed its concerns about the relationship of its single POI and reciprocal compensation rules in its *Intercarrier Compensation NPRM*.

Q. HOW SHOULD THE COMMISSION RESOLVE THIS ISSUE?

A. Verizon VA continues to recommend the adoption of its VGRIP proposal. As stated above and in our direct testimony, VGRIP allows the CLECs to choose to locate their POI(s) anywhere in the LATA but does not allow the CLECs to transfer their

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[1] *See Joint Petition of AT&T Communications of New York, Inc., TCG New York Inc., and ACC Telecom Corp. Pursuant to Section 252(b) of the Telecommunications Act of 1996 for Arbitration to Establish an Interconnection Agreement with Verizon New York, Inc.* (*AT&T-Verizon New York Order*), Case No. 01-C-0095 (July 26, 2001), at 27-28.

[2] *See* GEORGIA -- PSC Nixes 'Recip Comp' For FX Traffic, TR's State NewsWire, July 24, 2001 (Docket No. 13542-U), www.tr.com/newsletters/tr/.

interconnection costs to Verizon VA. This is consistent with §§ 251(c)(2) and 252(d)(1) of the Act.

Q. REGARDING ISSUE VII-1, AT PAGES 124-126 OF HIS DIRECT TESTIMONY, MR. TALBOTT DISCUSSES AT&T'S RECENTLY PROPOSED LANGUAGE ON TRANSITION COSTS AND TRUNK CONVERSION COSTS. PURSUANT TO AT&T'S PROPOSAL, WHEN AT&T CHOOSES TO CONVERT ITS EXISTING INTERCONNECTION ARRANGEMENT, IS VERIZON VA SUBSIDIZING AT&T'S COSTS?

A. Yes. If AT&T decides, for reasons only known to AT&T, to reconfigure its interconnection architecture, it contends that Verizon VA should pay for AT&T's decision. This is patently unfair. AT&T should be required to pay for all the relevant incremental costs associated with AT&T's decision to alter the Parties' existing interconnection arrangement. Pursuant to AT&T's proposal, Schedule 4 §§ 3.2.1 through 3.2.4, Verizon VA would be responsible for paying for half of all the costs associated with AT&T's decision to change AT&T's existing interconnection architecture. In addition, Verizon VA would also be held to a rigid timeline that has no basis in reality because AT&T's proposal does not account for the complexity or breadth of changes that AT&T may request.

B. DIRECT END OFFICE TRUNKING AND DISTANCE SENSITIVE CHARGES (Issues I-2, VII-4, VII-5)

1 **Q. PLEASE RESPOND TO AT&T'S AND WORLDCOM'S CLAIMS, ON PAGE 139**
2 **OF MR. TALBOTT'S TESTIMONY AND PAGE 29 OF WORLDCOM'S**
3 **TESTIMONY, THAT BOTH CLECS SHOULD BE ABLE TO CHARGE**
4 **VERIZON VA DISTANCE SENSITIVE RATES FOR TRANSPORT TO FULLY**
5 **COMPENSATE THEM FOR THE COSTS OF PROVIDING TRANSPORT FOR**
6 **VERIZON VA TO THE CLECS' DISTANT POI.**
7 A. This example shows how outrageous the CLECs' demands are. They want Verizon VA
8 to transport local traffic to far-away distances and then have the option of charging
9 Verizon VA distance sensitive rates for the privilege of purchasing this transport from the
10 CLECs.
11
12 **Q. PLEASE ADDRESS COX WITNESS COLLINS' TESTIMONY, AT PAGES 10-12,**
13 **THAT AS A CO-CARRIER WITH VERIZON VA, COX SHOULD BE ABLE TO**
14 **CHARGE DISTANCE AND NON-DISTANCE SENSITIVE RATE ELEMENTS**
15 **WITH RESPECT TO THE FACILITIES USED FOR INTERCONNECTION.**
16 A. Dr. Collins assumes that Cox gives Verizon VA the same interconnection choices that
17 Verizon VA gives to Cox. This is an erroneous assumption. Similar to AT&T's and
18 WorldCom's proposals, Verizon VA is supposed to be financially responsible for all the
19 costs to the Cox POI. If Cox has one POI in a LATA, then Verizon VA may have to
20 transport its originating traffic over great distances. Thus, the greater the distance the
21 traffic travels, the more costs Verizon VA incurs. Cox's originating traffic, however,
22 does not travel great distances because Verizon VA provides Cox with more locations at
23 which Cox can deliver its originating traffic for termination.

1

2 **Q. IF THE CLECS ACCEPTED TRAFFIC FROM VERIZON VA AT A VGRIP**
3 **LOCATION, WOULD VERIZON VA STILL BE CONCERNED ABOUT THIS**
4 **ISSUE?**

5 A. No. If AT&T, Cox and WorldCom accepted traffic from Verizon VA at a VGRIP
6 location, then there would be no need for Verizon VA to be concerned about the mileage
7 sensitive rates for transport that Verizon VA purchases from the CLECs. Nevertheless,
8 without VGRIP and if Verizon VA has no choice in choosing where to deliver its traffic,
9 at the very least Verizon VA should not have to pay distance sensitive rates. Therefore,
10 any transport charges that the CLECs assess to Verizon VA under this scenario should be
11 recurring but on a flat, non-distance-sensitive basis.

12

13 **C. UNDERUTILIZED TRUNK GROUPS (Issue III-4-b)**

14

15 **Q. AT PAGES 83-86, MR. TALBOTT ASSERTS THAT VERIZON VA SHOULD**
16 **NOT HAVE THE UNILATERAL ABILITY TO DISCONNECT**
17 **UNDERUTILIZED TRUNK GROUPS. CAN YOU PROVIDE A "REAL**
18 **WORLD" EXAMPLE THAT DESCRIBES HOW VERIZON VA WOULD**
19 **TERMINATE AN UNDERUTILIZED TRUNK GROUP?**

20 A. Verizon VA explores all the requirements for trunking and only disconnects underutilized
21 trunks as a last resort. Verizon VA does not want to disconnect trunks under its control
22 only to have to install them a month later. This is not in either party's interest because it
23 costs time and money. Verizon VA follows these steps to determine whether it should
24 disconnect trunks:

1. Verizon VA reviews actual trunk group traffic data that gives it information on the usage (traffic loads) on a trunk group, including trunks in service and trunks required at the appropriate engineering design level for blocking.
2. If the utilization on the trunk group falls below 60%, the Verizon VA trunk engineer will review the trunk group history to see what the traffic load trend on the group has been.
3. If the trunk engineer is convinced that the utilization percentage based upon actual traffic loads is correct, and the trend supports it, the trunk engineer would then review the most current forecast that Verizon VA has received from AT&T for Verizon VA's inbound traffic to AT&T.
4. The Verizon VA trunk engineer would call AT&T's trunk engineer, or functional equivalent, to see if there are any unusual reasons or factors why the trunks should not be disconnected.
5. If the trunk should be disconnected, then Verizon VA issues a disconnect ASR to AT&T to disconnect the trunks.

Q. ARE THE CONCERNS EXPRESSED BY MR. TALBOTT ON PAGES 85-86 OF HIS DIRECT TESTIMONY JUSTIFIED?

A. No. As demonstrated above, Verizon VA does not disconnect trunk groups on a whim. Verizon VA communicates with AT&T, as it does with all CLECs, before a trunk group is disconnected.

III. ALTERNATIVE INTERCONNECTION ARRANGEMENTS

3A. MID-SPAN FIBER MEET POINT OF INTERCONNECTION (Issue III-3, III-3-a)

Q. AT&T AND WORLDCOM BOTH CLAIM THAT VERIZON VA HAS NO LEGAL BASIS OR TECHNICAL REASON TO REQUIRE THAT THE PARTIES REACH MUTUAL AGREEMENT REGARDING MID-SPAN MEETS. DO YOU AGREE?

A. No. This Commission has recognized that the parties must agree on a mid-span meet. In its *Local Competition Order*, at ¶ 553, this Commission stated:

> [r]egarding the distance from an [ILEC] premises that an incumbent should be required to build out facilities for meet point arrangements, we believe that the parties and state commissions are in a better position than the Commission to determine the appropriate distance that would constitute the required reasonable accommodation of interconnection.

Thus, WorldCom and AT&T should reach mutual agreement with Verizon VA on where to establish a mid-span meet. In discussing the benefits of the mid-span meet, the Commission also recognized that neighboring ILECs historically set up these arrangements because ***each*** party received a benefit from this arrangement. If AT&T, WorldCom or any other CLEC was given the right to decide unilaterally where to establish a mid-span meet with Verizon VA, Verizon VA would not reap the benefits of this arrangement. When Verizon VA decides to establish a mid-span meet with a neighboring ILEC, ***both*** parties decide whether it is beneficial for each to set up this arrangement. Moreover, the technical issues that Mr. Talbott discusses at pages 70-71 of his testimony, and those discussed in our direct testimony, are not issues that can be agreed upon at a later date once the CLEC unilaterally selects the mid-span meet. These

are issues that require resolution prior to the deployment of or choice about where to locate the mid-span meet.

Q. IN RESPONSE TO WORLDCOM'S TESTIMONY, AT PAGE 66, DOES VERIZON VA BELIEVE THAT IT HAS THE UNILATERAL RIGHT TO REFUSE TO DISCUSS A MID-SPAN MEET?

A. No. If a mid-span meet is to be beneficial for both Parties, as the Commission recognized in the *Local Competition Order*, then both Parties should discuss the mid-span meet and try to agree on where the mid-span meet will be located, the technical and operational issues, implementation timeframes and requirements, and the rates of the mid-span fiber meet. For instance, WorldCom would like to establish a mid-span meet in a manhole. Verizon VA has serious problems with this proposal because of the costs and the inherent dangers associated with this arrangement. Thus, Verizon VA wants the ability to offer WorldCom alternative sites and arrangements. Verizon VA's concerns will be largely ignored by WorldCom if it has the unilateral ability to dictate to Verizon VA when and where a mid-span meet should be established. Verizon VA will be unable to express its concerns and more importantly have them considered by WorldCom if WorldCom has the unilateral authority to establish a mid-span fiber meet anywhere it chooses, and dictate whatever technical arrangements and physical configurations it chooses. This is why Verizon VA believes there should be discussions. An agreement cannot be guaranteed but discussion between the parties should enhance the possibility of agreement.

1B. RECIPROCAL COLLOCATION (Issue I-3)

2

3 **Q. PLEASE REPLY TO DR. COLLINS' POSITION, AT PAGES 13-14 OF HIS**
4 **DIRECT TESTIMONY, THAT CLECS SHOULD NOT HAVE TO PROVIDE**
5 **VERIZON VA WITH RECIPROCAL COLLOCATION.**

6 A. We explained in our direct testimony, at pages 28-30, why reciprocal collocation is
7 appropriate. In addition, Dr. Collins states that he believes Verizon VA has significant
8 amounts of space, spare power, and spare infrastructure to provide collocation for CLECs
9 and at least implies that CLECs do not have the same available for Verizon VA. Dr.
10 Collins' suggestion that Verizon VA has unlimited collocation space available is
11 incorrect. In fact with the boom in interconnection and collocation, usable collocation
12 space in Verizon VA central offices is becoming a scarce resource. Currently, there are
13 approximately 100 Verizon VA central offices where traditional caged physical
14 collocation space is no longer available (e.g., in these offices SCOPE and cageless
15 collocation are the only methods of physical collocation available). Currently, in 12
16 Verizon VA central offices there is no space for any method of physical collocation.
17 Verizon VA can only offer virtual collocation in these offices. In addition, the
18 Commission's recent order on collocation, which increases the types of equipment that a
19 CLEC may collocate, will increase the collocation demand on Verizon VA's central
20 offices.[3]

21

[3] *See In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket No. 98-147 (August 8, 2001).

1C. **INTERCONNECTION TRANSPORT (Issue V-2)**

2

3 **Q. AT PAGES 77-80 OF HIS DIRECT TESTIMONY, AT&T WITNESS TALBOTT**
4 **CONTENDS THAT VERIZON VA CHARGES AT&T INAPPROPRIATE RATES**
5 **FOR TRANSPORT. WHAT ARE THE APPROPRIATE RATES THAT AT&T**
6 **SHOULD PAY WHEN DELIVERING TRAFFIC TO THE VERIZON IP?**

7 A. The appropriate rates that should apply are dependant upon what service is ordered by the
8 CLEC. AT&T contends that UNE rates should apply regardless of the transport
9 involved. UNE rates should only apply when a UNE is ordered. AT&T wants to
10 disregard the requirements for the ordering and provisioning of UNEs in order to get
11 something else at a lower UNE rate. As stated in our direct testimony, at pages 30-32,
12 Verizon VA provides AT&T with options as to how it can fill its network transport
13 needs. With each option, there are different pricing arrangements. One of those options
14 is for AT&T to purchase transport from Verizon VA's access tariffs. Although AT&T
15 wants to utilize Verizon VA's transport service, it does not want to pay the appropriate
16 rate from Verizon VA's access tariff. Rather, AT&T wishes to get the exact service
17 found in Verizon VA's access tariff, but pay the lower UNE rate.

18

19 **IV. TRANSMISSION AND ROUTING OF TELEPHONE EXCHANGE SERVICE**
20 **TRAFFIC (Issue VII-6)**

21
22 **Q. AT PAGES 142-144 OF HIS DIRECT TESTIMONY, AT&T WITNESS TALBOTT**
23 **ASSERTS THAT VERIZON VA IS PREVENTING AT&T FROM USING DS-3**
24 **FACILITIES. IS VERIZON VA ATTEMPTING TO PREVENT AT&T FROM**

USING DS-3 FACILITIES WHEN AT&T INTERCONNECTS WITH VERIZON VA?

A. Verizon VA is not preventing AT&T from using DS-3 facilities to interconnect with Verizon VA. Contrary to Mr. Talbott's testimony, at pages 141-145, Verizon VA's "limitation," does not "harm" AT&T. In essence, Verizon VA is informing AT&T that it has DS-3 capable facilities at intermediate and terminus hubs. With this knowledge in mind, AT&T can route its traffic in the manner it chooses. By way of analogy, think of Verizon VA's network as a subway. It has different points on its network at which AT&T can take a different subway route. The information contained in the NECA 4 Tariff acts as a subway map, informing AT&T where on Verizon's network it can "switch" to a different line. Not all subway stops allow the rider to switch to a different subway line, just as not all Verizon VA central offices have the capability to handle multiplexing for carriers using DS-3 transport facilities. By referring to the NECA 4 Tariff, Verizon VA expects AT&T, and other CLECs, to consider where in Verizon VA's network it has the ability to provide this service. For more than ten years Verizon VA has successfully used this approach with IXCs, including AT&T, who wished to use DS-3 transport facilities for the transport of their switched access trunks.

V. TANDEM TRANSIT TRAFFIC

A. TANDEM TRANSIT SERVICES (Issue III-1)

1 **Q. PLEASE RESPOND TO MR. TALBOTT'S ASSERTION, AT PAGES 54-56 OF**
2 **HIS TESTIMONY, THAT VERIZON VA SHOULD PROVIDE TANDEM**
3 **TRANSIT SERVICE BEYOND THE DS-1 LEVEL.**
4 A. As discussed below, and in our direct testimony, when a facilities-based CLEC like
5 AT&T exchanges traffic with another facilities-based CLEC, or ITC, at the DS-1 level,
6 the two parties should directly interconnect with one another. Otherwise, Verizon VA
7 faces tandem exhaust from the increased load. This level is consistent with Verizon
8 VA's requirement that CLECs provide direct end office trunks to the appropriate Verizon
9 VA end office when the traffic reaches the DS-1 level. Further, this level of traffic
10 signifies that AT&T should negotiate an interconnection agreement with the other
11 facilities-based CLEC or ITC.
12
13 **Q. DOES AT&T ADMIT THAT AT SOME POINT IT SHOULD DIRECTLY**
14 **INTERCONNECT WITH OTHER CARRIERS IN LIEU OF USING VERIZON**
15 **VA'S TANDEM TRANSIT SERVICE?**
16 A. Yes. But AT&T still wants Verizon VA to subsidize its relationship with facilities-based
17 CLECs and ITCs. On page 58 of his testimony, Mr. Talbott states that AT&T
18 "recognizes" that at some point it would be more efficient for AT&T to interconnect
19 directly with a facilities-based CLEC or ITC. Nevertheless, he does not indicate when or
20 what level of traffic would provide AT&T with the incentive to do so. In addition, he
21 states that if AT&T cannot reach "acceptable terms" with the other carrier, Verizon VA
22 should continue to be responsible for providing this service for AT&T. This is
23 unacceptable. Assume, for the sake of argument, that AT&T has one-quarter of all the

local customers in a LATA, Verizon VA has one-half, and WorldCom has one-quarter. Further assume that AT&T and WorldCom do not have an interconnection agreement, and Verizon VA continues to provide tandem transit services but without any limitation. Under AT&T's proposal, and WorldCom's, Verizon VA would be obligated to provide this service. Because Verizon VA is required to provide this service, AT&T would have no motivation ever to negotiate an interconnection agreement with WorldCom. They could continue to use Verizon VA as a go-between and if they ever have any problems with the flow of traffic between themselves, they could always point to Verizon VA as the responsible party. Instead, they should be required to interconnect with each other, and Verizon VA's proposal that they do so when traffic reaches the DS-1 level is reasonable.

B. TANDEM EXHAUSTION (Issue I-4)

Q. PLEASE RESPOND TO MR. TALBOTT'S CONTENTION THAT VERIZON VA WANTS AT&T TO ESTABLISH A POI AT A VERIZON END OFFICE WHEN THE TRAFFIC TO THAT END OFFICE EXCEEDS A CCS BUSY HOUR EQUIVALENT OF ONE DS-1 FOR A SINGLE MONTH.

A. In Mr. Talbott's direct testimony, at pages 47-52, he mischaracterizes Verizon VA's position. Verizon VA is not requiring AT&T, or any other CLEC, to establish a POI at a Verizon VA end office when the traffic to that end office goes beyond the DS-1 level. Verizon VA wants the CLECs to establish direct end office trunks to the applicable Verizon VA end office when the level of traffic to that end office warrants it in order to avoid tandem exhaustion. Nevertheless, this arrangement does not need to be a POI, as

Mr. Talbott claims. To establish a new trunk group to a Verizon VA end office, it is not necessary for AT&T to build its own transport facilities, which the DS-1 trunks ride on, to the Verizon end office. Although this is an option, AT&T also has the option of obtaining the transport from a third-party facilities provider or from Verizon VA.

Q. MR. TALBOTT ALSO SEEMS TO INDICATE THAT THE PARTIES' AGREEMENT ON WHEN CERTAIN TRUNK GROUPS SHOULD BE AUGMENTED SATISFIES VERIZON VA'S TANDEM EXHAUST ISSUES. IS HE CORRECT?

A. No. At pages 48-49 of his direct testimony, Mr. Talbott asserts that the trunk augment provisions to which the parties have already agreed will satisfy Verizon VA's tandem exhaust concerns. He is mistaken. These provisions do not obviate the need for AT&T, or any other CLEC, to establish direct end office trunks when traffic at Verizon VA's tandem exceeds the DS-1 level. As discussed in our direct testimony, Verizon VA has experienced more frequent and more rapid exhaust of the capacity of its tandem switches. Currently, Verizon is installing ten new tandems, one of which is in Virginia at the Turner Road location. Installing new tandems is an expensive proposition and has a significant impact on Verizon VA. It includes the costs of the tandem switch, trunk terminations, interoffice facilities, power, A/C, and building costs. These costs typically can run as much as $10 million. Indeed, the CLECs tout the efficiencies of their networks because they rely on fewer switches. Requiring Verizon VA to build more switches is just another example of the CLECs forcing Verizon VA to incur unnecessary costs.

1

2 **Q. PLEASE RESPOND TO MR. TALBOTT'S SUGGESTION, ON PAGE 50 OF HIS**
3 **TESTIMONY, THAT VERIZON VA IS BEING COMPENSATED FOR THE**
4 **COST OF ANY ADDITIONAL TANDEMS IT MUST CONSTRUCT WHEN IT**
5 **CHARGES THE CLECS TANDEM INTERCONNECTION RATES.**

6 A. As indicated above, the cost of the tandem is not cheap. In addition, given how fast its
7 tandems are being exhausted, it is virtually impossible for Verizon VA to predict
8 accurately how many tandems need to be built and then use that prediction as a factor in
9 its tandem interconnection rate. It is also safe to say that if Verizon VA included this
10 factor as part of its tandem interconnection rate, the CLECs would object.

11

12 **Q. MR. TALBOTT ALSO ASSERTS THAT VERIZON VA'S STANDARDS FOR**
13 **DIRECT END OFFICE TRUNKING ARE MEANT TO HARM CLECS. CAN**
14 **YOU COMMENT ON THIS ASSERTION?**

15 A. Verizon VA's standards for direct end office trunking are not meant to harm CLECs. As
16 addressed in our direct testimony, Verizon VA applies the same standards to itself. This
17 is a reasonable standard to help prevent tandem exhaustion. It is anticipated that large
18 networks, such as AT&T's and WorldCom's, if properly engineered, will approximate
19 the 80/20 rule, where 80% of the carrier's traffic is carried by end office high usage trunk
20 groups and 20% is carried by the final tandem trunk group. Recently, the New York PSC
21 ruled that if the traffic from AT&T to any given Verizon end office exceeds the DS-1
22 level, AT&T is responsible for arranging a direct trunk to that end office.[4]

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[4] *See AT&T-Verizon New York Order*, at 34-35.

1

2C. **RATES FOR TRANSIT SERVICES (Issue III-2)**

3

4 **Q. MR. TALBOTT CONTENDS THAT VERIZON VA'S TRANSIT SERVICE**
5 **BILLING FEE AND TRANSIT SERVICE TRUNKING CHARGES ARE**
6 **UNREASONABLE. WHY DOES VERIZON VA CHARGE CLECS FOR THESE**
7 **SERVICES?**

8 A. The costs recovered from the "Transit Service Trunking Charge" are those costs
9 associated with the additional transport and tandem switching, when the traffic volume is
10 above the DS-1 level. Verizon VA only assesses this "Transit Service Trunking Charge"
11 when the threshold has been exceeded and only assesses this charge for a short period of
12 time -- 60 - 90 days. This charge will serve as a final notification for the CLEC to
13 provide direct trunks to the terminating third party and that the termination of tandem
14 transit service is forthcoming.

15

16 The costs recovered from the "Transit Service Billing Fee" are those costs that Verizon
17 VA pays the New York State Access Pool to perform the tandem transit billing
18 functionality. CLECs who continue to utilize Verizon VA's tandem transit service
19 beyond the 180-day interval or above the DS-1 threshold should pay Verizon VA to
20 offset the costs Verizon VA pays the New York State Access Pool. CLECs are not
21 assessed this billing fee in any other instance.

22

23 **Q. ARE YOU AWARE OF ANY RECENT STATE COMMISSION DECISIONS**
24 **THAT HAVE ADDRESSED THIS ISSUE?**

A. Yes. The New York PSC recently addressed this exact issue and held that because Verizon was not obligated to provide transit services for the exchange of traffic between AT&T and other carriers, AT&T should purchase Verizon's transit services pursuant to Verizon's conditions for this service. The New York PSC also determined that when the traffic between AT&T and another carrier reaches the DS-1 level, AT&T is obligated to provide direct transport.[5]

VI. MISCELLANEOUS ISSUE (Issue V-1)

Q. PLEASE RESPOND TO MR. TALBOTT'S CONTENTION, AT PAGES 112-117, THAT AT&T SHOULD BE CHARGED UNE RATES FOR THE FACILITIES IT LEASES FROM VERIZON VA FOR ITS "COMPETITIVE TANDEM SERVICES"?

A. As explained in our direct testimony, AT&T is not entitled to UNEs when it is not providing services to its local end users. By AT&T's own admission, its customer for this "service" is the IXC and the traffic is interexchange access traffic. This is another example of AT&T wanting to obtain a lower UNE rate for a service that it orders from Verizon's access tariff. AT&T, however, is not entitled to obtain UNEs when its customer is the IXC. In addition, this is not a proper subject for a local interconnection agreement precisely because AT&T's customer is an IXC. The Act was intended to foster the development of a competitive local telecommunications market.

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[5] *See AT&T-Verizon New York Order*, at 37-38.

1 **Q. DOES PROVIDING IXC SERVICES TO IXCS FOSTER THE DEVELOPMENT**
2 **OF A COMPETITIVE LOCAL TELECOMMUNICATIONS MARKET?**
3 A. No. Providing IXC services to IXCs does not foster a competitive local
4 telecommunications market because the customer is not a local end user. At page 68 of
5 Mr. Talbott's direct testimony he proves why this "service" has nothing to do with the
6 interconnection between an incumbent *local* exchange carrier and a competitive *local*
7 exchange carrier when he states that AT&T's customer would be an IXC.
8
9 **Q. ARE YOU AWARE OF ANY OTHER STATE COMMISSIONS THAT HAVE**
10 **ADDRESSED THIS ISSUE?**
11 A. Yes. The New York PSC recently rejected AT&T's attempts to include this service in
12 the parties' local interconnection agreement. The New York PSC held that the parties'
13 interconnection agreement had nothing do to with AT&T's offering of its competitive
14 arrangement with other carriers and that there are no legal or regulatory restrictions that
15 preclude AT&T from offering this service directly to IXCs.[6] This Commission should
16 reach the same conclusion.
17
18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**
19 A. Yes.
20
21

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[6] *See AT&T-Verizon New York Order*, at 39-40.

Declaration of Donald E. Albert

I declare under penalty of perjury that I have reviewed the foregoing panel testimony and that those sections as to which I testified are true and correct.

Executed this 13th day of August, 2001.

Donald E. Albert

Donald E. Albert

Declaration of Peter J. D'Amico

I declare under penalty of perjury that I have reviewed the foregoing panel testimony and that those sections as to which I testified are true and correct.

Executed this 10TH day of August, 2001.

Peter J. D'Amico