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Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
4445 12th Street, SW, Room 3B-443
Washington, DC 20554

**Re: CC Docket No. 01-140; Bell Atlantic Telephone Companies Revisions in
Tariff FCC Nos. 1 and 11, Transmittal Nos. 1373 and 1374; Verizon Telephone
Companies Tariff FCC Nos. 1 and 11, Transmittal Nos. 23 and 24.**

Dear Ms. Salas:

In response to a request from the Common Carrier Bureau, Verizon provides additional explanation of the methodology for the overhead loading study that it submitted with its Reply To Oppositions To Direct Case on August 7, 2001.

As required by paragraph 54 of the *Designation Order*, Verizon identified the lowest overhead loading factor in each region for any interstate service that competes with services offered by collocators. Because this required calculation of direct costs for every individual special access rate element, Verizon used existing comprehensive cost studies that were readily available for representative states – a New York study for the north and a New Jersey study for the south. *See* Verizon Reply, p. 11.¹ These studies allowed Verizon to identify the competitive services in each tariff entity that had the lowest overhead loading factors at the time that Verizon filed the revisions to its rates for DC power. The services with the lowest overhead loading factors were the 7 year term discount plans for zero-mileage DS1 circuits (i.e., two DS1 channel terminations) for Verizon New York and Verizon South and the 7 year term and volume discount plan for DS3

¹ As is noted *infra*, Verizon also relied on data from a Maryland loop cost study to develop the costs for Verizon South.

service in Verizon New England. *See* Verizon Direct Case, Attachment 7. The cost studies supporting these calculations were attached to Verizon's Reply as Exhibit 1. The following shows how these calculations were performed in each region.

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Verizon Proprietary*]**

These data demonstrate that current overhead loading factors exceed those prescribed by the Commission in the *Physical Collocation Tariff Investigation* in most states.⁴ This further demonstrates that the overhead loading factors used by Verizon in its tariff filing were reasonable and conservative.

Sincerely,

Joseph DiBella

Attachments

3

⁴ Consequently, if the Commission were to order Verizon to use current overhead loading factors in calculating rates for DC power, the rates would increase in most states.