

1 under section 251(d)(2) to require incumbent LECs to
2 provide access to the packet switching element. . . .⁴⁴

3 The FCC concluded that:

4 The *UNE Remand Order* cannot fairly be read to impose on
5 incumbent LECs an obligation to provide access to their
6 splitters. Indeed, the only discussion of the splitter
7 appeared in a discussion of a network element (the packet
8 switching element) that we decided not to unbundle,⁴⁵

9 Thus, under the Commission's current rules, Verizon has no obligation to provide
10 splitters to the CLECs.⁴⁶ Should the Commission change its current rules,
11 Verizon VA's proposed interconnection agreement includes a change of law
12 provision that would govern implementation of any new obligations.

13
14 Nor should this Commission—sitting as the Virginia Commission—impose any
15 additional requirement that Verizon VA own splitters on behalf of AT&T.

⁴⁴ *In re Application by SBC Communications Inc. Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Texas*, Memorandum Opinion and Order, 15 F.C.C.R. 18354 (2000) ("*SBC Texas 271 Order*") at ¶ 327 (emphasis added).

⁴⁵ *Id.* at ¶ 328.

⁴⁶ In the *Line Sharing Reconsideration Order*, the Commission noted that it expects to further address issues closely associated with line splitting—including splitter ownership—in upcoming proceedings where the record better reflects these complex issues. For example, in the *Fifth Further NPRM* (also known as the New Networks proceeding), the Commission is examining the nature and type of electronics that are or may be attached to a loop, and whether or not attached equipment that is used for both voice and data services (e.g., the splitter) should be included in the definition of the loop. The Commission found that it has a more extensive record on these issues elsewhere and, as a result, intends to discuss them further in more recently initiated rulemaking proceedings. *Line Sharing Reconsideration Order* at ¶ 25.

1 Commission Rule 317,⁴⁷ entitled “Standards for Requiring the Unbundling of
 2 Network Elements,” establishes specific factors that state commissions must
 3 consider before ordering the unbundling of additional network elements.⁴⁸ Rule
 4 317(b) provides the analytical framework that a state commission *must* undertake
 5 to determine whether the lack of access to a non-proprietary network element
 6 impairs a carrier’s ability to provide the service the carrier seeks to offer.⁴⁹
 7 Under this provision a state commission must conduct a thorough review of a
 8 number of elements related to cost, timeliness, quality, ubiquity and impact on
 9 network operations. In conducting this analysis, the Commission indicated that
 10 the state commission should not focus on the operations of one CLEC, but rather
 11 should look at the effect on other CLECs seeking to offer the same service.⁵⁰
 12 Such an analysis would not support AT&T’s requests for ILEC-owned splitters.

⁴⁷ Rule 317 was one of the revised rules that the Commission promulgated in the *UNE Remand Order*. The rule assumes that the network elements to be unbundled already exist in the ILEC’s network. As noted above, Verizon has no splitters in its network beyond those it provided to CLECs to facilitate implementation of the Commission’s *Line Sharing Order*, and splitters are not network elements.

⁴⁸ Rule 317(d) states that “[a] state commission must comply with the standards set forth in this [section] when considering whether to require the unbundling of additional network elements.” The requirements of Rule 317 cannot be evaded by classifying the splitter as a functionality of the loop. As noted above, the *SBC Texas 271 Order* did not find that the splitter was part of the loop. *SBC Texas 271 Order* at ¶ 327. If CLECs and DLECs want the splitter to be supplied on demand, they must demonstrate that the splitter is a separate network element and that they will be impaired if they do not have access to ILEC splitters. See *Line Sharing Order* at ¶ 17, n.29. However, because CLECs and DLECs can obtain access to splitters from other DLECs or splitter vendors, no party can make this showing.

⁴⁹ *Id.*

⁵⁰ See *UNE Remand Order* ¶¶ 53-54, 65; *id.* ¶ 53 (“the existence of some significant levels of competitive facilities deployment is probative of whether competitive LECs are impaired from providing service within the meaning of section 251(d)(2)”).

1
2 There is no public policy justification to require Verizon VA to purchase splitters
3 for AT&T's use. Rule 317(c) outlines five public policy concerns that a state
4 commission may consider in determining whether to require the unbundling of
5 any network element. For example, commissions may consider whether
6 unbundling the network element promotes the "rapid introduction of competition"
7 or "promotes facilities based competition, investment and innovation."⁵¹ These
8 public policy concerns favor CLEC, not ILEC, ownership of splitters.

9
10 AT&T's simply seeks for Verizon VA to voluntarily absorb a share of AT&T's
11 business risks without offering Verizon VA a share of the returns. Verizon VA
12 should not be placed in the position of financing and administering a changing
13 array of splitter types for use by various CLECs when those CLECs are perfectly
14 capable of determining their own needs and acting accordingly. This is especially
15 true in light of the rapid evolution of technology and the changing varieties of
16 splitters and CLEC demands this evolution will create. Verizon VA should not be
17 placed in the position of indefinitely having to finance and bear the risk of
18 stranded splitter investment caused by CLEC attempts to keep up with these
19 changes by demanding the most recent splitter innovation.

⁵¹ *Id.*

1 Second, Verizon VA ownership of splitters certainly would not promote facilities-
 2 based competition.⁵² The Commission emphasized that “line sharing relies on
 3 rapidly evolving technology,” and is intended to “stimulate technological
 4 innovation” even more.⁵³ An ILEC-owned splitter would clearly hinder facilities-
 5 based competition and technological innovation by putting Verizon VA in charge
 6 of selecting the types of splitters and the time tables for their implementation.
 7 Moreover, AT&T made no secret of its overall business plan to use telephone
 8 lines only on an interim basis, pending its movement to the provision of voice,
 9 data, and video services over cable television lines. While AT&T is currently
 10 undergoing a restructuring, it has made clear that it has no current plans to sell its
 11 Broadband business, but to move forward with its restructuring plan.⁵⁴ Clearly,
 12 AT&T’s interest in this issue is connected to (i) its recognition that its business
 13 plan will entail the stranding of the “interim” splitter assets, and (ii) its preference
 14 that this burden should be borne by someone other than its own shareholders.⁵⁵

⁵² See Rule 317(c)(2); see also *UNE Remand Order* at ¶ 110 (“consumers benefit when carriers invest in their own facilities because such carriers can exercise greater control over their networks thereby promoting the availability of new products that differentiate their services in terms of price and quality”).

⁵³ *Line Sharing Order* at ¶ 26.

⁵⁴ News Release, AT&T, “Response to Comcast” (July 9, 2001) (<http://www.att.com/press/item/0,1354,3906,00.html>). AT&T’s restructuring plan retains AT&T Broadband as a member of the AT&T family. See News Release, AT&T, “AT&T To Create Family Of Four New Companies; Company To Offer To Exchange AT&T Common Stock For AT&T Wireless Stock” (October 25, 2000) (<http://www.att.com/press/item/0,1354,3420,00.html>).

⁵⁵ Even absent the cable vs. telephone lines issue, stranding could be caused by CLEC migration to other data access technologies (such as wireless), or simply to more advanced splitter equipment. Rapid technological evolution of splitters and other advanced services

(continued...)

1 Third, Verizon VA ownership of the splitter would not reduce regulation or be
2 administratively practical to apply.⁵⁶ It is doubtful that the carriers that are or
3 may be interested in line sharing or line splitting could ever agree initially or in
4 the future on the particular type of splitter to be installed. Also, ILEC ownership
5 is administratively inefficient and cumbersome in view of the (i) expanded central
6 office wiring required to implement ILEC ownership of splitters, (ii) the absence
7 of any reliable forecasts of aggregate or individual CLEC line-sharing/splitter
8 demand, and (iii) the variety of types of splitters that incumbents could be
9 required to maintain in inventory.

10
11 Finally, if CLECs feel that sharing splitters is more efficient for them, nothing
12 prevents the CLECs themselves from provisioning splitters to and among
13 themselves in line-at-a-time increments, including sharing splitters in order to
14 minimize their expenses. For instance, AT&T—or any other CLEC or DLEC—
15 could buy splitters, place them in Verizon VA's central office(s), and let other
16 CLECs use them on a line-at-a-time basis. Alternatively, if there are benefits to

equipment can be expected as market penetration of advanced services increases. Clearly, this risk of stranding of advanced services assets should be borne by the carriers who are providing those services and reaping the rewards associated therewith. ILECs are not required to serve as stranded-investment insurers for CLECs. This is not simply a hypothetical risk. In the former GTE states, in order to facilitate implementation by June 6, 2000, and in order to facilitate the CLECs' ability to line share, GTE embarked on a collaborative effort with the CLECs to identify and prioritize offices for initial deployment and for temporary ILEC-owned splitter deployment. As part of this initial deployment effort, four CLECs provided forecasts for their line sharing demand and GTE purchased splitters to meet this forecast. These splitters were vastly underutilized. For example, in California, only 5% of the GTE-purchased splitters were utilized by CLECs.

⁵⁶ See Rule 317(c)(3) and (5).

1 shared use, a consortium of CLECs interested in line sharing or line splitting
2 could buy the equipment together and share it—an arrangement similar to
3 collocation today where CLECs may share their collocation cages. AT&T offers
4 no justification—because there is none—for Verizon VA to own splitters on
5 AT&T’s behalf and provide them on a one-by-one basis according to AT&T’s
6 demand.

7 This Commission—sitting as the Virginia Commission—should not be persuaded
8 by the Texas, Wisconsin or Indiana orders cited by AT&T. First, the recent Texas
9 and Indiana arbitration orders cited by AT&T are flatly inconsistent with this
10 Commission’s ruling in the *SBC Texas 271 Order* that splitters are *not* part of the
11 features and functionalities of a loop. Nor did those orders appear to have
12 engaged in the impair analysis required to add to the unbundling requirements
13 imposed by this Commission. Thus, it is Verizon VA’s belief that those orders
14 exceeded state commission authority under the Act to impose the additional
15 requirement on SBC and Ameritech to provide splitters. Furthermore, Verizon
16 VA notes that in each case, the order found it discriminatory for an ILEC to
17 voluntarily provide a splitter in a line sharing scenario where the ILEC remained
18 the voice provider, but to refuse to do so in a line splitting scenario where a CLEC
19 provided voice service. Verizon VA, however, does not provide splitters under
20 any circumstances, and thus does not engage in the discriminatory behavior
21 observed by the Wisconsin, Texas, and Indiana orders.
22

1 Moreover, as explained in Verizon VA's Direct Testimony, far more states have
2 refused to require ILECs to own splitters.

3 **III.10.B.8. Must Verizon perform cross-connection wiring at the direction of**
4 **AT&T (or its authorized agent), including CLEC-to-CLEC cross-**
5 **connections, regardless of who deploys a splitter or where it is**
6 **deployed in a line sharing or line splitting arrangement?**

7 The Commission just released its *Advanced Services Remand Order* in Docket 98-
8 147 on August 8, 2001.⁵⁷ Verizon VA is in the process of reviewing this Order to
9 determine what effect, if any, it will have on Verizon VA's proposed
10 interconnection agreement language. Consequently, Verizon VA reserves the
11 right to supplement its testimony (including the submission of oral testimony at
12 any hearings) on this issue. Verizon VA notes, however, that AT&T's proposed
13 § 1.11.2 is inconsistent with the Commission's conclusion that CLECs are not
14 permitted to self-provision cross connects.

15 **III.10.B.9. Must Verizon implement line sharing/splitting in a manner consistent**
16 **with that ordered in New York?**

17 Yes. This is precisely what Verizon VA's proposed line splitting language
18 proposes to do.

19 **III.10.B.10. Must Verizon allow AT&T to collocate packet switches in collocation**
20 **space?**

⁵⁷ *In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket 98-147, FCC 01-204, Fourth Report and Order (rel. Aug. 8, 2001) ("*Advanced Services Remand Order*").

1 Verizon VA is in the process of reviewing the Commission's *Advanced Services*
 2 *Remand Order* to determine what effect, if any, it will have on Verizon VA's
 3 proposed interconnection agreement language. Verizon VA therefore reserves the
 4 right to supplement its testimony (including the submission of oral testimony at
 5 any hearings) on this issue. As a initial matter, Verizon notes that by requiring
 6 Verizon VA to permit collocation of any AT&T equipment "that performs packet
 7 switching or contains packet switching as one function of multi-function
 8 equipment" subject only to NEBS Safety standards, AT&T's proposed § 1.11.3
 9 appears to exceed the scope of the "necessary" standard and the criteria for
 10 collocation of multifunction equipment adopted by the *Advanced Services*
 11 *Remand Order*.

12 **III.10.B.11. Must Verizon support the loop-local switch port-shared transport**
 13 **combination in a manner that is indistinguishable from the**
 14 **operational support Verizon delivers to the retail local voice services**
 15 **Verizon provides in a line sharing configuration, including cases**
 16 **where Verizon shares a line with Verizon Advanced Data, Inc., or**
 17 **another Verizon affiliate, or any unaffiliated carriers, if a loop facility**
 18 **in a line splitting configuration is connected to Verizon's unbundled**
 19 **local switching functionality?**

20 No. Again, AT&T ignores the operational differences between line sharing and
 21 line splitting.

22 **III.10.B.12. Is a period of thirty (30) business days adequate for Verizon to**
 23 **provide augmentations to existing collocations to enable AT&T to**
 24 **engage in line sharing or line splitting?**

25 Verizon VA and AT&T are still negotiating this issue, and may be able to reach
 26 agreement on an interval for providing augments to existing collocations to

1 support line sharing or line splitting. Verizon VA reserves the right to supplement
2 its testimony (including the submission of oral testimony at any hearings) on this
3 issue should the parties fail to reach an agreement.

4 **III.10.B.13. In circumstances where it is technically feasible to convert an existing**
5 **line sharing arrangement to a line splitting arrangement without**
6 **physical disruption of then-existing service to the end user, must**
7 **Verizon institute records-only changes to record the necessary**
8 **transfer of responsibilities, without making any changes to the**
9 **physical facilities used to service the customer, unless AT&T requests**
10 **otherwise?**

11 As described above, conversion of line sharing to line splitting involves more than
12 just a records change, and some migrations from line sharing to line splitting will
13 involve some physical work and disruption to the end user. The New York DSL
14 Collaborative, through its current pilot, is striving to minimize these disruptions
15 and address whether and under what circumstances changes will be required to
16 the physical facilities used to service the end user. However, Verizon VA is
17 planning to perform conversions without changing the physical facilities where
18 technically feasible.

19 **III.10.B.14. In circumstances where the establishment of a line sharing or line**
20 **splitting configuration requires physical re-termination of wiring,**
21 **must Verizon make such changes in a manner that assures that no less**
22 **than parity is achieved for AT&T and its customers with respect to**
23 **out-of-service intervals and all other operational support, as**
24 **compared to line sharing or line splitting configurations that have**
25 **equivalent splitter deployment options?**

26 This issue is being addressed by the New York DSL Collaborative, and Verizon
27 VA will comply with the metrics and intervals specifically developed in that
28 forum for this type of scenario.

1 **III.10.B.15. May Verizon require any form of collocation by AT&T as a pre-**
 2 **requisite to gaining access to the low frequency spectrum of a loop,**
 3 **the high frequency spectrum of the loop, or both, unless such**
 4 **collocation is required to place equipment employed by AT&T (or its**
 5 **authorized agent) to provide service?**

6 Verizon VA does not require AT&T to collocate as a prerequisite to gaining
 7 access to the low frequency spectrum of a loop, the high frequency spectrum of a
 8 loop, or both except to the extent that a data provider—whether AT&T or an
 9 authorized agent—must physically or virtually collocate a splitter and DSLAM
 10 equipment to provide data services. A voice provider engaged in a line splitting
 11 scenario, however, does not need any additional collocation arrangement where it
 12 uses a loop and switch port combination provided by Verizon VA to provide
 13 voice service.

14 **Q. WHY SHOULD THE COMMISSION REJECT AT&T’S PROPOSED**
 15 **CONTRACT LANGUAGE REGARDING LOOP QUALIFICATION?**

16 A. AT&T’s proposed § 1.3.4 is unnecessary. The New York DSL Collaborative is
 17 addressing loop qualification issues in an effort to ensure that all CLECs use the
 18 same loop qualification procedures when ordering from Verizon. As a participant
 19 in the collaborative, AT&T is already involved to a certain extent in the planning
 20 of any modifications to available data compilations or procedures. Nothing in the
 21 Act requires Verizon VA to involve AT&T or any other entity any further in the
 22 planning or implementation of any processes.

23
 24 Moreover, AT&T’s attempt to require pre-qualification interface(s) to be
 25 “uniform across all of the states served by Verizon” ignores the fact that the OSS

1 that serve the former GTE and the former Bell Atlantic territories will remain
2 separate, and that integration of the Pennsylvania and Virginia systems will take
3 some time.

4 **Q. HAS ANY OTHER STATE COMMISSION REJECTED AT&T'S**
5 **PROPOSAL TO USE ITS OWN PRE-QUALIFICATION TOOLS?**

6 A. Yes. In its recent order resolving arbitration issues between AT&T and Verizon
7 NY, the New York Commission ruled as follows:

8 Loop pre-qualification matters are being addressed in the
9 DSL Collaborative Proceeding (Case 00-C-0127) that
10 began in August 1999. If we were to approve AT&T's
11 proposal to use its own pre-qualification tools, Verizon
12 would have to modify its system that other CLECs also use,
13 and the company would incur added expenses. *We find that*
14 *the prevailing system that has been designed for all*
15 *carriers is adequate.* However, to the extent that it is
16 technically feasible to modify the requisite systems to
17 *accommodate both AT&T's needs and those of the other*
18 *CLECs, and if AT&T is willing to pay for the*
19 *modifications, Verizon should make them.*⁵⁸

20 Verizon VA agrees that only those modifications that are technically feasible,
21 accommodate the needs of all CLECs, and that the CLECs commit to paying for
22 should be made to its systems. Verizon VA's loop qualification procedures have
23 been developed through a collaborative process with these goals in mind.

⁵⁸ 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., CASE 01-C-0095, Order Resolving Arbitration Issues (N.Y.P.S.C. July 30, 2001) ("NY AT&T/Verizon Arbitration Order") at 55 (emphasis added).

1 **Q. IS IT POSSIBLE TO PROVIDE AT&T WITH PRE-ORDERING**
2 **INFORMATION THAT INFORMS AT&T WHETHER A LOOP HAS**
3 **BEEN PREVIOUSLY PRE-QUALIFIED OR CONDITIONED BY OR ON**
4 **BEHALF OF ANY OTHER CARRIER?**

5 A. No. The xDSL Loop Qualification Database (“LQD”) does not advise CLECs
6 whether an address or telephone number was previously pre-qualified for xDSL
7 by or on behalf of any other Carrier. The xDSL LQD also does not provide loop
8 qualification information on conditioned loops because conditioned loops are
9 ordered as Digitally Designed Loop (“DDL”) service and not as xDSL. The xDSL
10 LQD is designed to provide loop qualification information only for xDSL, and
11 does not reflect conditioning on DDL. However, Verizon's engineering records
12 would be updated to reflect the results of any conditioning performed (*e.g.*
13 removal of loads). However, Verizon's updated engineering records do not
14 indicate that conditioning had been performed by or on behalf of any other
15 Carrier.

16 **Q. WHERE A LOOP HAS BEEN PRE-QUALIFIED OR CONDITIONED**
17 **FOR ANY OTHER CARRIER, SHOULD VERIZON VA BE**
18 **RESPONSIBLE FOR THE PERFORMANCE OF THAT LOOP**
19 **WHETHER OR NOT AT&T PRE-QUALIFIES THE LOOP?**

20 A. For the reasons outlined in Verizon VA’s Direct Testimony⁵⁹, no. Moreover,
21 AT&T’s proposal ignores two years worth of work in the New York DSL

⁵⁹ Advanced Services Panel Direct Testimony at 22-23.

1 Collaborative with regard to digital loop provisioning and performance. In that
 2 proceeding, some CLECs claimed that they wanted to “customize” the
 3 characteristics of the loop to support their own product offerings. However, one
 4 CLEC’s customization of a loop may not be compatible with another CLEC’s
 5 product offering. As a result, loop pre-qualifications would still have to be
 6 performed, and conditioning options would still need to be available to requesting
 7 CLECs. Verizon VA should not be held responsible for loop alterations made by
 8 one CLEC when another CLEC takes over the loop.

9 **Q. ARE VERIZON VA’S LOOP QUALIFICATION PROCEDURES**
 10 **LENGTHY AND EXPENSIVE AS SUGGESTED AT PAGE 128 OF AT&T**
 11 **WITNESS PFAU’S TESTIMONY?**

12 A. No. In a majority of cases, AT&T will be able to perform a mechanized loop pre-
 13 qualification, which takes seconds to perform for a minimal cost. Indeed, 97% of
 14 the central offices in Virginia that currently have collocation arrangements
 15 (representing 99.5% of the lines) are in the loop qualification database. In those
 16 instances where an Engineering Query is necessary, the results are returned within
 17 3 business days.

18 **B. RESPONSE TO WORLDCOM**

19 **Q. AT PAGE 26 OF THE DIRECT TESTIMONY OF MESSRS. GOLDFARB,**
 20 **BUZACOTT AND ROY LATHROP (“WORLDCOM’S ADVANCED**
 21 **SERVICES PANEL”) WORLDCOM RECOMMENDS THAT THE**
 22 **COMMISSION DELETE THE WORD “COPPER” FROM VERIZON**

1 **VA'S DEFINITION OF LINE SHARING AND LINE SPLITTING. IS**
2 **THIS APPROPRIATE?**

3 A. No. Verizon VA's definition of line sharing and line splitting is consistent with
4 the Commission's definition of the high frequency portion of the loop ("HFPL"),
5 and recognizes the fact that xDSL services are limited by technology to the copper
6 portion of a loop. Commission Rule § 51.319(h)(1) defines the HFPL as "the
7 frequency range above the voiceband on a *copper* loop facility that is being used
8 to carry analog circuit-switched voiceband transmissions."⁶⁰ While the
9 Commission clarified that the requirement to provide line sharing applies to the
10 entire loop, even where the incumbent has deployed fiber in the loop (*e.g.*, where
11 the loop is served by a remote terminal), it also recognized that "the high
12 frequency portion of the loop network element is limited by technology, *i.e.*, is
13 only available on a copper loop facility."⁶¹

14 As explained in Verizon VA's Direct testimony, Verizon VA's proposed contract
15 does provide access to the HFPL that is served by fiber.⁶² However, access to the
16 HFPL of a fiber loop cannot be provisioned in an identical manner as on an all
17 copper loop facility. By addressing these scenarios in separate sections of the
18 contract, Verizon VA's proposed definitions recognize this distinction.

⁶⁰ 47 C.F.R. § 51.319(h)(1).

⁶¹ *Line Sharing Reconsideration Order* at ¶ 10.

⁶² *See* Advanced Services Panel Testimony at 42-47.

1 **Q. EXCEPT FOR THE DEFINITIONS OF LINE SHARING AND LINE**
2 **SPLITTING, HAVE WORLDCOM AND AT&T REACHED**
3 **AGREEMENT ON THE PROVISIONING OF ACCESS TO THE HFPL?**

4 A. It appears that in principal the parties may have reached agreement. WorldCom
5 Advanced Services Panel's Direct Testimony at 22 states that it has amended its
6 proposed contract language on line sharing and line splitting, and now only
7 proposes the language outlined in its July 19, 2001 letter to the Commission.
8 Verizon VA is in the process of reviewing and negotiating this language with
9 WorldCom, and believes that the parties can reach agreement on Issue III-10.
10 Verizon AV reserves the right to supplement its testimony (including the
11 submission of oral testimony at any hearings) is the parties fail to reach agreement
12 on this issue.

13 **Q. WORLDCOM'S ADVANCED SERVICES PANEL AT 26-27 POINTS OUT**
14 **THAT VERIZON IS CONSIDERING A WHOLESALE xDSL AT THE RT**
15 **OFFERING SIMILAR TO SBC'S PROJECT PRONTO OFFERING. HAS**
16 **VERIZON MADE ANY DEFINITIVE DECISION TO MOVE FORWARD**
17 **WITH SUCH AN OFFERING?**

18 A. No. Verizon will deploy DSLAM functionality only where it makes business and
19 economic sense to do so. First, only some remote terminals are equipped with
20 DLC technology that may be upgradeable to support DSLAM functionality. The
21 rest have older generation subscriber carrier systems that may not be upgradeable
22 at all or that cannot be upgraded without overlaying new equipment. Second, for
23 xDSL to be economical at a specific remote terminal, there must be sufficient

1 amount of xDSL usage. Third, an ILEC would be required to perform a site-by-
 2 site evaluation of its remote terminal to determine if each could be used in this
 3 way (if spare channel banks are available for integrated line cards, spare fiber is
 4 available for transport to central office, power and environmental capacity are
 5 available, etc.). This architecture might be a practical method to economically
 6 deploy xDSL capabilities at the remote terminal in certain situations, *i.e.*, where
 7 sufficient demand exists and the specific conditions of the remote terminal permit
 8 the deployment of xDSL functionality. Finally, any level of deployment would
 9 depend on Verizon's being able to recover its costs through compensatory rates.

10 **Q. IF VERIZON VA UPGRADES ITS NETWORK TO PROVIDE xDSL-**
 11 **BASED SERVICES USING LOOPS SERVED BY FIBER-FED DLC, WILL**
 12 **IT PROVIDE CLECS ACCESS TO THOSE FACILITIES ON THE SAME**
 13 **TERMS AND CONDITIONS AS IT GRANTS TO ITS AFFILIATES?**

14 A. Yes.

15 **III. ISSUE V-6: UNDER WHAT TERMS AND CONDITIONS MUST**
 16 **VERIZON PROVIDE AT&T WITH ACCESS TO LOCAL LOOPS**
 17 **WHEN VERIZON DEPLOYS NEXT GENERATION DIGITAL**
 18 **LOOP CARRIER (NGDLC) LOOP ARCHITECTURE?**

19 **Q. DOES VERIZON VA'S PROPOSED INTERCONNECTION**
 20 **AGREEMENT TO AT&T PROVIDE ACCESS TO LOOPS SERVED BY**
 21 **DLC?**

22 A. Yes. Verizon VA's proposed interconnection agreement includes DLC served
 23 loops within those loops to which Verizon VA provides unbundled access under
 24 § 11.2 with one exception. Section 11.7.6 governs loops that are served by

1 Integrated Digital Loop Carrier (“IDLC”), which is defined in § 1.39 as a
 2 subscriber loop carrier system which integrates within the switch at a DS 1 level
 3 that is twenty-four (24) Loop transmission paths combined into a 1.544 Mbps
 4 digital signal. Under § 11.7.6, if AT&T orders one or more loops provisioned
 5 over IDLC or remote switching technology deployed as a loop concentrator,
 6 Verizon VA shall, where available, move the requested loop(s) to a spare physical
 7 loop, if one is existing and available, at no additional charge to AT&T. If,
 8 however, no spare physical loop is available, Verizon VA shall within three
 9 business days of AT&T’s request notify AT&T of the lack of available facilities.
 10 AT&T may then at its discretion make a Network Element Bona Fide Request to
 11 Verizon VA to provide the unbundled loop through the demultiplexing of the
 12 integrated digitized loop(s). AT&T may also make a Network Element Bona Fide
 13 Request for access to unbundled local loops and the loop concentration site point.
 14
 15 Verizon VA also proposes sub-loop arrangements and line and station transfers to
 16 provide access to the HFPL where DLC has been deployed.⁶³

17 **Q. WHY MUST VERIZON VA MOVE A REQUESTED LOOP TO A SPARE**
 18 **PHYSICAL LOOP WHERE THE LOOP IS SERVED BY IDLC?**

19 A. In an IDLC architecture, a group of 24 voice channels are multiplexed onto a
 20 single DS-1 facility that terminates directly into the switch in the central office
 21 through a central office terminal. There is no physical appearance of the

⁶³ See *id.* at 42 - 47.

1 unbundled loop at the main distribution frame in the central office. At the present
2 time, Verizon VA has no equipment capable of extracting an individual voice
3 channel from the DS-1 facility. Consequently, a single loop cannot be unbundled.
4 Thus, to provide AT&T access to a single unbundled loop to one end user,
5 Verizon VA must either move the loop to a spare facility, or demultiplex the loop.

6 **Q. IS AT&T'S DEFINITION OF NGDLC LOOPS CONSISTENT WITH THE**
7 **COMMISSION'S DEFINITION OF A LOCAL LOOP?**

8 A. No. AT&T defines NGDLC loops to include "line cards, DSLAM functionality,
9 line splitters (whether or not integrated with the DSLAM), other remote terminal
10 electronics, and the functionality resident in Verizon's central office that
11 multiplexes and/or demultiplexes, aggregates and/or disaggregates commingled
12 communications to permit exchange of communications between the retail
13 customer's premises and the network of the retail customer's chosen service
14 provider."⁶⁴ As explained in Verizon's Direct testimony, the Commission, has
15 made clear on several occasions that the local loop does not include all of these
16 facilities.⁶⁵

17 **Q. IN ADDITION TO THE REASONS OUTLINED IN VERIZON VA'S**
18 **DIRECT TESTIMONY, WHY SHOULD THE COMMISSION REJECT**
19 **AT&T'S PROPOSED CONTRACT LANGUAGE ON NGDLC LOOPS?**

⁶⁴ AT&T proposed Schedule 11.2 § 2.4.6(c).

⁶⁵ Verizon VA Advanced Services Panel Testimony at 64-67.

1 A. As AT&T readily admits, the Commission is addressing the legal, technical, and
 2 operational aspects of issues surrounding access to the high frequency portion of
 3 fiber served loops. Verizon VA's interconnection agreements should not prejudice
 4 that examination. Even if this Commission were to address this issue in this
 5 arbitration, evidence in its rulemaking proceeding overwhelmingly makes clear
 6 that AT&T's proposed contract language should be rejected.

7 **Q. PLEASE ELABORATE ON THIS EVIDENCE.**

8 A. Verizon VA refers to, and incorporates by reference the following filings made by
 9 Verizon, which are attached as Rebuttal Exhibits ASP-5 - 8:

- 10 • **Rebuttal Exhibit ASP-5. *Verizon's October 12, 2000 Comments in CC***
 11 ***Dockets 98-147 and 96-98.*** These comments demonstrate that expanding
 12 ILEC unbundling obligations into the advanced services arena will
 13 discourage the deployment of advanced technologies and services.
 14 Specifically, there is no basis for imposing any unbundling requirements
 15 on electronics, whether or not they are used for advanced services.
- 16 • **Rebuttal Exhibit ASP-6. *Verizon's November 14, 2000 Reply***
 17 ***Comments in CC Dockets 98-147 and 96-98.*** These comments and the
 18 attached declaration of Charles Kiederer demonstrate that line sharing
 19 obligations on ILEC's DLC systems between the central office and the
 20 remote terminal is not technically possible. This is because, where DLC is
 21 present, voice and data signals can occupy the same transmission path
 22 only on the copper portion of the line nearest to the customer's premises.
 23 Once the signals enter the remote terminal and encounter the DLC
 24 electronics, they must take separate transmission paths to the central
 25 office, because the DLC transmission path allocated for the voice signal
 26 cannot practically support the transmission of packetized data.
- 27 • **Rebuttal Exhibit ASP-7. *Verizon's February 27, 2001 Comments in***
 28 ***CC Dockets 98-147 and 96-98.*** Verizon's comments demonstrate why the
 29 Act's unbundling obligations should not be extended into the broadband
 30 world. Such requirements would only create additional disincentives for
 31 ILECs to deploy broadband capabilities. Moreover, the "impairment" test
 32 cannot be met for broadband transport because the broadband marketplace
 33 is competitive, and alternatives are available. Verizon's comments also
 34 demonstrate that a fiber transport facility between packet switching
 35 capabilities in ILEC central offices and the DSLAM functionality in

1 remote terminals, at this point, does not exist in Verizon's network. The
 2 Commission does not have the authority to require ILECs to upgrade their
 3 networks for CLECs by adding such facilities, as § 251 of the Act requires
 4 only that a carrier provide access to existing network elements — there is
 5 no requirement that an ILEC must build new network capabilities for the
 6 purpose of unbundling that network for its competitors. Similarly, the Act
 7 does not require that an ILEC build and unbundle a network that is
 8 superior to its existing network. Verizon's comments also demonstrate
 9 that the joint use of the fiber feeder between the central office and the
 10 remote terminal does not fall within the definitions of the local loop UNE
 11 or shared transport.

- 12 • **Rebuttal Exhibit ASP-8. Verizon's March 13, 2001 Reply Comments in**
 13 **CC Dockets 98-147 and 96-98.** These comments confirm that the
 14 Commission's existing rules do not require ILECs to provide an
 15 unbundled network element that includes a copper loop, DSLAM
 16 capability at a remote terminal and fiber distribution plant. Contrary to
 17 AT&T's claims, the definition of the local loop does not include DSLAMs
 18 and optical concentration devices ("OCDs"), and that the new loop-plus-
 19 intermediate-DSLAM network element that AT&T seeks does not meet
 20 the unbundling standards of the Act.

21 **Q. IN HIS SUMMARY OF AT&T'S FILINGS WITH THE COMMISSION ON**
 22 **THIS SUBJECT, AT&T WITNESS PFAU STATES ON PAGE 142 OF HIS**
 23 **DIRECT TESTIMONY THAT ILECS WOULD HAVE SIGNIFICANT**
 24 **INCENTIVES TO DEPLOY NGDLC LOOPS EVEN IF REQUIRED TO**
 25 **PROVIDE THEM AS UNES. IS HE CORRECT?**

26 A. Not entirely. ILECs may have an incentive to deploy NGDLC for the
 27 provisioning of POTS services, but not necessarily NGDLC with DSLAM
 28 functionality. In comments filed in the same proceeding, Catena Networks
 29 correctly observed that

30 incumbent carriers will have little or no incentive to make
 31 capital investments in DSL technologies if they are
 32 required to provide their competitors access to those
 33 capabilities at prices that are below cost.

1 Verizon VA, for one, would be disinclined to deploy fiber from the central office
2 to the remote terminal and to install DSLAM functionality in the remote terminal
3 if it was going to have to provide those facilities to its competitors as part of a
4 UNE at TELRIC-based prices. In fact, no rational carrier would spend money to
5 deploy new capabilities if they were then required to be unbundled and offered on
6 those terms. TELRIC pricing has a chilling effect on network investment and on
7 modernization of the loop and inhibits competitive network growth. Only where a
8 carrier is given an opportunity to recover its costs and earn a return commensurate
9 with the risk of deploying this technology would the carrier invest the money in
10 them.

11 **Q. SHOULD THE COMMISSION GIVE ANY WEIGHT TO THE TEXAS**
12 **ARBITRATOR'S JULY 13, 2001 ORDER REFERENCED BY AT&T?**

13 A. No. First, Verizon VA notes that the Arbitrator's decision in Texas addressed
14 whether or not to unbundle SBC's Project Pronto or permit line card collocation.
15 The Texas Arbitrator unbundled Pronto in part because it found the Commission's
16 conditions for unbundling packet switching packet switching had been met by
17 SBC in Texas. As Verizon VA made clear in its Direct Testimony, Verizon VA
18 does not have a Project-Pronto-like NGDLC architecture or any functionally
19 similar architecture deployed in Virginia. Nor can Verizon VA be required to
20 deploy such an architecture to satisfy AT&T's business needs. Indeed, Verizon
21 VA is currently prohibited from owning certain equipment necessary to deploy
22 such an architecture (OCD equipment and ADLU line cards).

23

1 Second, as Verizon VA has demonstrated in its Direct Testimony, the
2 Commission's four conditions for unbundling packet switching cannot be met for
3 Verizon VA.

4 **Q. HAS ANY OTHER COMMISSION REJECTED AT&T'S PROPOSED**
5 **NGDLC LANGUAGE?**

6 A. Yes, in a far more relevant proceeding, the New York Commission rejected the
7 very arguments made by AT&T here, stating as follows:

8 The Commission finds that it is premature to consider the
9 inclusion of any NGDLC provisions in the new agreement
10 given the current status of this technology and pending its
11 regulatory review. Similarly, we did not require the
12 provision of NGDLC loops on a UNE basis in the DSL
13 Collaborative Proceeding. We find that this matter can be
14 better addressed in the DSL Collaborative Proceeding if
15 and when Verizon makes these loops available to
16 competitors.⁶⁶

17 **IV. ISSUE V-9: RESALE OF ADVANCED SERVICES**

18 **Q. SHOULD VERIZON VA'S INTERCONNECTION AGREEMENT WITH**
19 **AT&T INCLUDE SPECIFIC PROVISIONS TO SUPPORT ADDING**
20 **RESOLD VADI xDSL TO LOOPS PURCHASED BY AT&T FOR**
21 **RESALE?**

22 A. No. Verizon is in the process of developing a new service known as "DSL Over
23 Resold Lines." This service will allow resellers to resell VADI's xDSL service
24 over existing resold voice lines. However, this service is not yet available in
25 Virginia. Both Verizon and VADI must make numerous modifications to their

⁶⁶ *NT AT&T/Verizon Arbitration Order* at 61-62.

1 OSS systems and operational procedures to accommodate this proposed service
 2 offering. For example, Verizon must modify its current resale systems to handle
 3 the ordering, provisioning, maintenance and billing of such a product. Verizon
 4 plans to conduct a trial of the new service in Pennsylvania in late August, and to
 5 go into commercial production in that state in September. In cooperation with the
 6 New York DSL collaborative, Verizon is developing procedures and processes
 7 that will provide access to the high frequency portion of a resold voice line to all
 8 requesting collocated xDSL data providers. This service is planned for future
 9 deployment.

10 **Q. SHOULD VERIZON VA'S INTERCONNECTION AGREEMENT**
 11 **INCLUDE SPECIFIC LANGUAGE TO PROVIDE AT&T WITH**
 12 **ADVANCED SERVICES FOR RESALE IN THE CIRCUMSTANCE IN**
 13 **WHICH AT&T SERVES THE END-USER THROUGH A UNE-**
 14 **PLATFORM OR UNBUNDLED LOOP?**

15 A. No. Even if Verizon VA—as opposed to VADI—provided retail xDSL service
 16 (which it does not), the Commission has already found that an ILEC “has no
 17 obligation to provide xDSL service over . . . [a] UNE-P carrier loop.”⁶⁷ Similarly,
 18 in its *Line Sharing Reconsideration Order*, the Commission rejected AT&T’s
 19 argument that ILECs should be required to provide xDSL service to end users
 20 who obtain service from a CLEC using UNE platforms, and denied “AT&T’s
 21 request for clarification that under the *Line Sharing Order*, incumbent ILECs are

⁶⁷ *SBC Texas 271 Order* at ¶ 330.

1 not permitted to deny their xDSL services to customers who obtain voice service
2 from a competing carrier where the competing carrier agrees to the use of its *loop*
3 for that purpose.”⁶⁸ Verizon VA certainly cannot be required to resell xDSL on
4 unbundled loops and platforms when it is not required to provide xDSL on these
5 UNEs in the first place.

6
7 AT&T is seeking to circumvent due process which would determine whether
8 ILEC resale obligations extend to providing resale on UNEs. Recognizing the
9 complexity of the issue, the Commission recently found that “resale of DSL
10 services in conjunction with voice services provided using the UNE loop or UNE-
11 platform raises significant additional issues concerning the precise extent of an
12 incumbent LEC’s resale obligation under the Act.” Therefore, the Commission
13 declined to require Verizon to permit resale of xDSL over lines on which a CLEC
14 provides voice service using a UNE loop or UNE-P. Until these issues can be
15 addressed, Verizon VA should not be required to include such a requirement in
16 the interconnection agreement.

17 **Q. WILL RESALE SCENARIOS BE ADDRESSED BY THE NEW YORK**
18 **DSL COLLABORATIVE?**

19 A. Yes. Verizon VA notes, however, when these scenarios were first raised in the
20 collaborative, most CLECs did not want to address them because they were not a

⁶⁸ *Line Sharing Reconsideration Order* at ¶ 26 (emphasis added).

1 priority line splitting arrangement for them. Therefore, provision of resold xDSL
2 services will be addressed in the future.

3 **V. ISSUE IV-28: COLLOCATION OF ADVANCED SERVICES EQUIPMENT**

4 **Q. HAVE VERIZON VA AND WORLDCOM REACHED AGREEMENT ON**
5 **THE COLLOCATION OF ADVANCED SERVICES EQUIPMENT?**

6 A. It appears that the parties have agreed in principle. While the parties have not
7 agreed upon specific language, they have agreed in principle that Verizon VA will
8 permit collocation of advanced services equipment to the extent required by
9 applicable law. Section 1 of the Collocation Attachment to Verizon VA's
10 proposed interconnection agreement to WorldCom sufficiently provides for the
11 collocation of advanced services equipment to the extent required by applicable
12 law:

13
14 Verizon shall provide to **CLEC, in accordance
15 with this Agreement (including, but not limited to,
16 Verizon's applicable Tariffs) and the requirements
17 of Applicable Law, Collocation for the purpose of
18 facilitating **CLEC's interconnection with facilities
19 or services of Verizon or access to Unbundled
20 Network Elements of Verizon; provided, that
21 notwithstanding any other provision of this
22 Agreement, Verizon shall be obligated to provide
23 Collocation to **CLEC only to the extent required
24 by Applicable Law and may decline to provide
25 Collocation to **CLEC to the extent that provision
26 of Collocation is not required by Applicable Law.
27 Subject to the foregoing, Verizon shall provide
28 Collocation to **CLEC in accordance with the
29 rates, terms and conditions set forth in Verizon's
30 Collocation tariff, and Verizon shall do so
31 regardless of whether or not such rates, terms and
32 conditions are effective.

1 Verizon VA will be amending its Virginia Collocation tariff to incorporate the
2 requirements of the Commission's collocation rules resulting from Order 01-204
3 in Docket 98-147 issued August 8, 2001, which become effective September 19,
4 2001.

5
6 Based on WorldCom's July 19, 2001 letter to the Commission outlining its new
7 proposed language on this issue, the Joint Decision Points List filed by the parties
8 on July 27, 2001, and WorldCom's Advanced Services Panel Testimony at 35, it
9 appears WorldCom has withdrawn its specific proposal originally contained in
10 proposed sections 4.2.3 of 4.9.4.2 to the UNE Attachment for how Verizon VA
11 will provide access to the HFPL where DLC has been deployed.

12 **Q. DOES THIS CONCLUDE THE PANEL'S REBUTTAL TESTIMONY?**

13 A. Yes.