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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

September 26, 2001

**Via Hand Delivery**
Magalie R. Salas, Esq.
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

**Re: CC Docket Nos. 00-218 & 00-251**

**In the Matter of Petition of AT&T Communications of Virginia, Inc., TCG Virginia, Inc., ACC National T&corn Corp., MediaOne of Virginia and MediaOne Telecommunications of Virginia, Inc. for Arbitration of an Interconnection Agreement With Verizon Virginia, Inc. Pursuant to Section 252(e)(5) of the Telecommunications Act of 1996**

**In the Matter of Petition of WorldCorn, Inc. Pursuant to Section X2(e)(S) of the Communications Act for Expedited Preemption of the Jurisdiction of the CC Docket No. 00-218 Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration**

Dear Ms. Salas:

On behalf of AT&T Communications of Virginia, Inc. and its affiliates listed above, as well as WorldCom, AT&T and WorldCom designate the following pieces of testimony as evidence, including any and all exhibits that are attached to the testimony:

Surrebuttal Testimony of Brian F. Pitkin,
Surrebuttal Testimony of Richard B. Lee,
Surrebuttal Testimony of Michael R. Baranowski,
Surrebuttal Testimony of Catherine E. Pitts,
Surrebuttal Testimony of John I. Hirshleifer,
Surrebuttal Testimony of Joseph P. Riolo,
Surrebuttal Testimony of Steven E. Turner,
Surrebuttal Testimony of Terry L. Murray and
Surrebuttal Panel Testimony on Non-Recurring Costs and Advanced Data Services.

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Thank you for your consideration in this matter.

Sincerely yours,

cc: Service List

**Before the**
**Federal Communications Commission**
**Washington, D.C. 20554**

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

| | | |
|---|---|---|
| **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 State Corporation Commission Regarding Interconnection Disputes with Verizon-Virginia, Inc.** | ) | **CC Docket No. 00-251** |

## CERTIFICATE OF SERVICE

I hereby certify that on this 26st day of September, 2001, a copy of AT&T and WorldCom's designations of witnesses and evidence following the filing of surrebuttal testimony on cost issues was sent via hand delivery, Federal Express and/or by email to:

Dorothy Attwood, Chief
Common Carrier Bureau
Federal Communications Commission
Room 5-C450
445 12th Street, S.W.
Washington, D.C. 20544

Jeffrey Dygert
Assistant Bureau Chief
Common Carrier Bureau
Federal Communications Commission
Room 5-C317
445 12th Street, S.W.
Washington, D.C. 20544

Katherine Farroba, Deputy Chief
Policy and Program Planning Division
Common Carrier Bureau
Federal Communications Commission
Room 5-B125
445 12th Street, S.W.
Washington, D.C. 20544

Jodie L. Kelley, Esq.
Jenner and Block
601 13th Street, NW
Sute 1200
Washington, DC 20005
(for WorldCom)

Jill Butler
Vice President of Regulatory Affairs
Cox Communications, Inc.
4585 Village Avenue
Norfolk, Virginia 23502

Karen Zacharia, Esq.
Verizon, Inc.
1320 North Court House Road
Eighth Floor
Arlington, Virginia 22201

Danny W. Long

Danny W. Long

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OFFICE OF THE SECRETARY

September 26, 2001

Magalie R. Salas, Esq.
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

**Re: CC Docket No. 00-218, 00-249, and 00-251**

Dear Ms. Salas:

Enclosed for filing on behalf of AT&T and its affiliates listed above, WorldCom, Cox and Verizon, please find an original and 3 copies of the revised Joint Decision Point List regarding Intercarrier Compensation Issues. The original JDPL on Intercarrier Compensation Issues filed last week did not reflect AT&T's positions on Issue I.6, Virtual FX. Please substitute this revised version for the version filed earlier.

Should you have any questions, please do not hesitate to call.

Sincerely yours,

Mark A. Keffer

cc: Service List
Enclosures

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SEP 26 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Before the**
**Federal Communications Commission**
**Washington, D.C. 20554**

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

## CERTIFICATE OF SERVICE

I hereby certify that on this 26th day of September, 2001, a copy of the Revised Joint Decision Point List on Intercarrier Compensation Issues filed on behalf of AT&T Communications of Virginia, Inc. and its affiliates listed above, WorldCom, Cox and Verizon was sent via hand delivery, facsimile, Federal Express and/or by email to:

Dorothy Attwood, Chief
Common Carrier Bureau
Federal Communications Commission
Room 5-C450
445 12th Street, S.W.
Washington, D.C. 20544

Jeffrey Dygert
Assistant Bureau Chief
Common Carrier Bureau
Federal Communications Commission
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Danny W. Long

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# REVISED JOINT DECISION POINT
# LIST IV (SEPTEMBER 18)
(INTERCARRIER COMPENSATION)

***WorldCom, Cox, AT&T ads. Verizon***
(Docket Nos. 00-218, 00-249, and 00-251)

ISSUE NUMBERING KEY:
Category I: (1) unique to Cox or common to (2) Cox and **WorldCom**, (3) Cox and *AT&T*, or (4) all Petitioners
Category II: common to **WorldCom** and *AT&T* (pricing/costing)
Category III: common to **WorldCom** and *AT&T* (non-pricing/non-cost)
Category IV: unique to WorldCom
Category V: unique to AT&T
Category VI: Verizon supplemental issues with WorldCom
Category VII: Verizon supplement issues with AT&T

KEY WHERE DISTINCTION AMONG PETITIONERS IS NECESSARY:
**WorldCom** (bold)
Cox (underline text)
*AT&T* (italic)

| Issue No. | Statement of Issue | Petitioners' Proposed Contract Language | Petitioners' Rationale | Verizon's Proposed Contract Language | Verizon Rationale |
|---|---|---|---|---|---|
| | | | **Intercarrier Compensation** | | |
| I-5<br><br>[Linked to Issue IV-35] | **What contract terms are appropriate to implement the FCC's ISP Remand Order?**<br><br>Verizon may not refuse to include in the Agreement an adequate description of the rates, terms and conditions applicable to the parties' implementation of the FCC's ISP Order, including provisions addressing the following questions: | **"ISP-bound Traffic" shall have the same meaning as is used in the FCC's Order on Remand and Report and Order in CC Docket Nos. 96-98 & 99-68, FCC 01-131, released April 27, 2001 ("ISP Remand Order").**<br><br>**Section x. Compensation for ISP-bound Traffic**<br>**x.1 This section is intended to implement the FCC's ISP** | **The ISP Remand Order resolves, pending judicial review, many of the substantive issues that were the basis of the parties' disputes in their original competing contract proposals regarding reciprocal compensation. All parties now apparently agree that the only issues remaining are implementation issues. They also apparently agree that those implementation issues are properly addressed in the interconnection agreement.**<br><br>**Interconnection agreements should include provisions addressing implementation of the new** | ***To WorldCom and AT&T:***<br><br>***1. Traffic Measurement and Billing over Interconnection Trunks***<br>***1.1 For billing purposes, each Party shall pass Calling Party Number (CPN) information on at least ninety-five percent (95%) of calls carried over the Interconnection Trunks.*** | Verizon VA's proposals are directly responsive to the Commission's instructions to the Parties to revisit their Issue I-5 positions in light of the ISP Remand Order. The language proposed by Verizon VA is necessary to implement that Order in a manner that is fair, consistent and nondiscriminatory.<br><br>See Rebuttal Testimony of Steven |

KEY WHERE DISTINCTION AMONG PETITIONERS IS NECESSARY: **WorldCom** (bold); Cox (underline text); *AT&T* (italic).

| Issue No. | Statement of Issue | Petitioners' Proposed Contract Language | Petitioners' Rationale | Verizon's Proposed Contract Language | Verizon Rationale |
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| | *What are the appropriate terms and conditions to comprehensively implement the Commission's ISP Remand Order?*<br><br>[VZ NOTE: Per the Arbitrator's ruling, this issue has been rephrased. VZ Would phrase the issue as: "What language should be included in the Parties' interconnection agreements to facilitate implementation of the Commission's *ISP Remand Order*?"] | **Remand Order for any period in which both the ISP Remand Order and this Agreement are in effect. The terms used in this Section x shall have the same meaning as those terms are used in the ISP Remand Order. Additionally, as used in this Agreement, the term "ISP-bound Traffic" shall have the same meaning as the term is used in the ISP Remand Order.**<br><br>**x.2 The Parties agree to pay each other for delivering ISP-bound Traffic and section 251(b)(5) traffic in accordance with the terms and conditions of this section x. For purposes of this section x, ISP-bound Traffic and section 251(b)(5) local traffic shall be identified in accordance with the provisions of Section x.4 below.**<br><br>**x.3 The information access rates described in Sections x.3.2. for the delivery of ISP-bound Traffic shall apply only if: (a) Verizon requests that ISP-bound Traffic be treated at the rates specified in the ISP Remand Order; (b) Verizon offers to exchange all traffic subject to the reciprocal compensation provisions of section 251(b)(5) with LECs,** | **inter-carrier compensation regime because the ISP Remand Order makes clear that state commissions should play a role in implementing the new regime. For example, the ISP Remand Order establishes a "rebuttable presumption" that traffic exchanged between local carriers that "exceeds a 3:1 ratio of terminating to originating traffic is ISP-bound traffic." ISP Remand Order ¶ 8. However, the ISP Remand Order further provides that "carriers that seek to rebut this presumption, by showing that traffic above the ratio is not ISP-bound traffic or, conversely, that traffic below the ratio is ISP-bound traffic, *may seek appropriate relief from their state commission pursuant to section 252 of the Act.*" Id. (emphasis added). The ISP Remand Order thus clearly contemplates the continued involvement of state commissions in the implementation of the new inter-carrier compensation regime. (Grieco/Ball Direct, 7/31, at 39-40).**<br><br>**Moreover, under the ISP Remand Order, inter-carrier compensation rates for ISP-bound traffic may continue to vary from state to state, and may still be based on the reciprocal compensation rates established by individual state commissions. Incumbent LEC can invoke the new inter-carrier compensation regime "*only* if [the] incumbent LEC offers to exchange all traffic subject to section 251(b)(5) at the same rate." ISP Remand Order ¶ 89. If an incumbent carrier does not offer to exchange all section 251(b)(5) traffic at the new rate, the Commission "order[s] them to exchange ISP-bound traffic at the state-approved or state-arbitrated reciprocal compensation rates reflected in their contracts." Id. Incumbent LECs "may make this election on a state-by-state basis." Id. n.179. If the new inter-carrier compensation regime is to be** | ***1.1.1 As used in this Section 1, "Traffic Rate" means the applicable Reciprocal Compensation Traffic rate, Measured Internet Traffic rate, intrastate Switched Exchange Access Service rate, interstate Switched Exchange Access Service rate, or intrastate/interstate Tandem Transit Traffic rate, as provided in the Pricing Attachment, an applicable Tariff, or, for Measured Internet Traffic, the FCC Internet Order.***<br>***1.1.2 If the originating Party passes CPN on ninety-five percent (95%) or more of its calls, the receiving Party shall bill the originating Party the Traffic Rate applicable to each relevant minute of traffic for which CPN is passed. For any remaining (up to 5%) calls without CPN information, the receiving Party shall bill the originating Party for such traffic at the Traffic Rate applicable to each relevant minute of traffic, in direct proportion to the minutes of use of calls passed with CPN information.***<br>***1.1.3 If the originating Party passes CPN on less than ninety-five percent (95%) of its calls and the originating Party*** | J. Pitterle and Pete D'Amico, dated August 17, 2001, at pp. 2-9. |

KEY WHERE DISTINCTION AMONG PETITIONERS IS NECESSARY: **WorldCom** (bold); Cox (underline text); *AT&T* (italic).

| Issue No. | Statement of Issue | Petitioners' Proposed Contract Language | Petitioners' Rationale | Verizon's Proposed Contract Language | Verizon Rationale |
|---|---|---|---|---|---|
| | | **CLECs, and CMRS providers, at these information access rates; and (c) Verizon has paid all passed due amounts owed on WorldCom's delivery of ISP-bound Traffic prior to June 14, 2001. If Verizon does not comply with these conditions, then the rate for the delivery of ISP-bound Traffic shall be the rate for reciprocal compensation set forth in Table 1 of this Attachment.**<br><br>**x.3.1 The reciprocal compensation rates shown in Table 1 apply to the exchange of all section 251(b)(5) traffic.**<br><br>**x.3.2 Information Access Rates. For the period beginning on June 14, 2001 and ending on December 13, 2001, the Party delivering ISP-bound Traffic will bill the Party originating this traffic an information access rate of $.0015 per minute of use (MOU). To the extent that this Agreement remains in effect, beginning on December 14, 2001, and ending on June 13, 2003, the Party delivering ISP-bound Traffic will bill the Party originating this traffic an information access rate of $.001 per MOU. To the extent that this Agreement remains in** | **invoked on a state-by-state basis, state commissions are in the best position to evaluate and implement that new regime.**<br>**(Id. At 40).**<br><br>**Finally, there are implementation issues raised by the ISP Remand Order that the Order itself does not resolve. For example, the ISP Remand Order establishes caps on the growth in the number of minutes of ISP-bound traffic for which a carrier may charge incumbent LECs, but does not specify how the minutes of ISP-bound traffic should be calculated. ISP Remand Order ¶ 78. That implementation issue can appropriately be addressed in interconnection agreements. (Id. At 40-41).**<br><br>**MCIm proposes that a new section x be added to the agreement. This new section x provides at subsections x.1 and x.2 that it is intended to implement the ISP Remand Order. Section x implements the ISP Remand Order by: (1) setting out at subsection x.3 the prerequisites Verizon must meet to invoke the new inter-carrier compensation regime; (2) establishing as subsection x.4 a mechanism for calculating the 3:1 ratio of originating to terminating traffic established in the ISP Remand Order; and (3) codifying at subsection x.5 the rate caps established in the ISP Remand Order. Section x also provides at subsection x.6 a reservation of rights permitting either party to void section x in the event the ISP Remand Order is reversed, vacated, or remanded in whole or in part. Including this provision is appropriate because the ISP Remand Order is being appealed to the D.C. Circuit, and all parties should retain their rights in the event the ISP Remand Order is overturned. (Id. At 41).** | ***chooses to combine Reciprocal Compensation Traffic and Toll Traffic on the same trunk group, the receiving Party shall bill the higher of its interstate Switched Exchange Access Service rates or its intrastate Switched Exchange Access Services rates for all traffic that is passed without CPN, unless the Parties agree that other rates should apply to such traffic.***<br>***1.2 At such time as a receiving Party has the capability, on an automated basis, to use such CPN to classify traffic delivered over Interconnection Trunks by the other Party by Traffic Rate type (e.g., Reciprocal Compensation Traffic/Measured Internet Traffic, intrastate Switched Exchange Access Service, interstate Switched Exchange Access Service, or intrastate/interstate Tandem Transit Traffic), such receiving Party shall bill the originating Party the Traffic Rate applicable to each relevant minute of traffic for which CPN is passed. If the receiving Party lacks the capability, on an automated basis, to use CPN information on an automated basis to classify traffic delivered*** | |

KEY WHERE DISTINCTION AMONG PETITIONERS IS NECESSARY: **WorldCom** (bold); Cox (underline text); *AT&T* (italic).

| Issue No. | Statement of Issue | Petitioners' Proposed Contract Language | Petitioners' Rationale | Verizon's Proposed Contract Language | Verizon Rationale |
|---|---|---|---|---|---|
| | | **effect, beginning on June 14, 2003, and ending on June 13, 2004, the Party delivering ISP-bound Traffic will bill the Party originating this traffic an information access rate of $.0007 MOU. The ISP Remand Order specifies that, in the event the FCC does not take further action within the final period during which the $.0007 per MOU information access is applicable to ISP-bound Traffic, that period will be extended until the FCC takes such further action. The Parties agree that the $.0007 per MOU information access rate will continue in effect for ISP-bound Traffic beyond June 13, 2004, if the FCC fails to take such further action by that date, to the extent this Agreement remains in effect during such period.**<br><br>**x.4. Identification of ISP-bound Traffic and 251(b)(5) local traffic. Traffic that originates on Verizon's network and that WorldCom delivers to a MCIm customer and that is in excess of a ratio of 3:1 of all of the local MOU that originates on MCIm's network for delivery by Verizon to Verizon's customers. The Parties further** | **Proposed Section x.1 establishes that the contract terms are intended to implement the ISP Remand Order and that the terms used in this section have the same meanings as set forth in the ISP Remand Order. (Id. At 41).**<br><br>**Proposed Section x.2 implements the distinction between ISP-bound traffic and section 251(b)(5) traffic which the ISP Remand Order establishes. (Id. At 42).**<br><br>**Proposed Section x.3 sets forth the prerequisites which must be satisfied before Verizon can avail itself of the terms of the ISP Remand Order. The first two terms memorialize conditions set forth in the ISP Remand Order. The third term requires Verizon to pay all amounts due for termination of ISP-bound traffic prior to issuance of the ISP Remand Order. The Order represents a change in the law from that which existed prior to its issuance. The Order established that reciprocal compensation would no longer be payable on ISP-bound traffic. It is clear, therefore, that prior to entry of the Order, this traffic was subject to the reciprocal compensation provisions of the Act. It is appropriate that amounts due under the prior regime now be paid in full. (Id. At 43).**<br><br>**Sections x.3.1 and x.3.2 set forth the rates applicable to section 251(b)(5) traffic and ISP-bound traffic consistent with the ISP-Remand Order. (Id. At 44).**<br><br>**Sections x.4, x.4.1, and x.4.2 set forth procedures for implementing the 3:1 ratio established in the ISP Remand Order. The sections establish that WorldCom traffic originated over interconnection** | ***by the other Party by Traffic Rate type, the originating Party will supply Traffic Factor 1 and Traffic Factor 2. The Traffic Factors shall be supplied in writing by the originating Party within thirty (30) days of the Effective Date and shall be updated in writing by the originating Party quarterly. Measurement of billing minutes for purposes of determining terminating compensation shall be in conversation seconds. Measurement of billing minutes for originating toll free service access code (e.g., 800/888/877) calls shall be in accordance with applicable Tariffs. Determinations as to whether traffic is Reciprocal Compensation Traffic or Measured Internet Traffic shall be made in accordance with Section 2.3.2.1 below.***<br>***1.3 Each Party reserves the right to audit all Traffic, up to a maximum of two audits per calendar year, to ensure that rates are being applied appropriately; provided, however, that either Party shall have the right to conduct additional audit(s) if the preceding audit disclosed material errors or discrepancies. Each Party*** | |

KEY WHERE DISTINCTION AMONG PETITIONERS IS NECESSARY: **WorldCom** (bold); Cox (underline text); *AT&T* (italic).

| Issue No. | Statement of Issue | Petitioners' Proposed Contract Language | Petitioners' Rationale | Verizon's Proposed Contract Language | Verizon Rationale |
|---|---|---|---|---|---|
| | | **agree that such traffic that MCIm delivers for Verizon which is in not in excess of a ratio of 3:1 of all of the MOU that Verizon's delivers for MCIm shall be billed by MCIm at the reciprocal compensation rates contained in Table 1 to this Agreement.**<br><br>**x.4.1. The Parties agree that (a) MOU originated by MCIm over inter-connection trunks between MCIm's local switches and Verizon's local network, and (b) MOU originated by MCIm over the Network Element Platform (UNE-P) leased from Verizon shall be included for purposes of the 3:1 ratio calculation described in Section x.4.**<br><br>**x.4.2 The 3:1 ratio will be computed by using the billing Party's recordings of calls originated from and terminating to its customers. When such recordings are unavailable from the facilities of the billing Party, call records supplied to the billing Party may be used for the ratio computation.**<br><br>**x.5. Demand or Minutes of Use Cap. For ISP-bound Traffic exchanged during the year** | **trunks as well as WorldCom traffic which originates over the UNE-P shall be included in the calculation of total minutes. There is no difference between these types of traffic for compensation purposes and both should be included. WorldCom pays compensation to Verizon for terminating either type of traffic and similarly WorldCom is entitled to collect compensation when it terminates calls to its customers whether those customers are served by WorldCom's switches or via the UNE-P. (Id. At 45-46).**<br><br>**Section x.5 implements the minutes of use cap set forth in the ISP Remand Order. (Id. At 46).**<br><br>**Section x.6 sets forth the rules which will apply if the ISP Remand Order is modified by judicial or other action. Specifically, the section provides that if the Order is reversed, vacated, etc., the ISP-bound traffic shall be deemed 251(b)(5) traffic and that the compensation which would have been due for the traffic as section 251(b)(5) traffic shall be due. The section also provides for the prospective exchange of such traffic as 251(b)(5) traffic in the event of judicial or other modification of the ISP Remand Order.**<br><br>**These provisions should be included in the Interconnection Agreement because they will set forth the rights of the parties in the event of judicial action modifying the ISP Remand Order. If these terms are not included the result will be a series of inevitably protracted and contentious negotiations to develop a contract amendment to reflect the judicial action. Moreover, these provisions preserve WorldCom's right to section 251 (b)(5) compensation in the event the Order is modified. If this term is not** | ***agrees to provide the necessary Traffic data in conjunction with any such audit in a timely manner.***<br>***1.4 Nothing in this Agreement shall be construed to limit either Party's ability to designate the areas within which that Party's Customers may make calls which that Party rates as "local" in its Customer Tariffs.***<br><br>***2. Reciprocal Compensation Arrangements Pursuant to Section 251(b)(5) of the Act***<br>***2.1 Reciprocal Compensation Traffic Interconnection Points. [NOTE: SECTION 2.1 TO BE REVISED CONSISTENT WITH VERIZON'S COMPROMISE VGRIP PROVISIONS CONTAINED IN THE PROPOSED AT&T INTERCONNECTION AGREEMENT THAT VERIZON ATTACHED TO THE ANSWER IT FILED WITH THE FCC.]***<br>***2.1.1 Except as otherwise agreed by the Parties, the Interconnection Points ("IPs") from which ***CLEC Acronym TXT*** will provide transport and termination of Reciprocal*** | |

KEY WHERE DISTINCTION AMONG PETITIONERS IS NECESSARY: **WorldCom** (bold); Cox (underline text); *AT&T* (italic).

| Issue No. | Statement of Issue | Petitioners' Proposed Contract Language | Petitioners' Rationale | Verizon's Proposed Contract Language | Verizon Rationale |
|---|---|---|---|---|---|
| | | **2001, and to the extent this Agreement remains in effect during that year, the information access rates set out in Section x.3.2 shall be billed by MCIm to Verizon on ISP-bound Traffic for MOU only up to a ceiling equal to, on an annualized basis, the number of ISP-bound minutes originated on Verizon's network and delivered by MCIm during the first quarter of 2001, plus a ten percent growth factor. For ISP-bound Traffic exchanged during the year 2002, and to the extent this Agreement remains in effect during that year, the information access rates set out in Section x.3.2 shall be billed by MCIm to Verizon on ISP-bound Traffic for MOU only up to a ceiling equal to the number of ISP-bound minutes originated on Verizon's network and delivered by MCIm for the year 2001, plus a ten percent growth factor. For ISP-bound Traffic exchanged during the year 2003, and to the extent this Agreement remains in effect during that year, the information access rates set out in Section x.3.2 shall be billed by MCIm to Verizon on ISP-bound Traffic for MOU only up to a ceiling equal to the number** | **included the result will be further protracted and expensive litigation. The experience of the past few years is replete with examples of Verizon refusing to pay amounts due for termination of ISP-bound traffic except when ordered to do so after extensive litigation. Inclusion of the proposed terms may contribute to a more rapid recovery of any compensation due and may decrease the incidence of unnecessary and expensive litigation. (Grieco/Ball Direct, 7/31, at 47-48).**<br><br>**Because the Commission is acting as the section 252 arbitrator in this case, it has a unique opportunity to clarify that state commissions retain authority to implement the <u>ISP Remand Order</u> when exercising their section 252 authority over interconnection agreements. By doing so early on, the Commission can avoid administrative confusion as the issue arises in subsequent state commission arbitration proceedings, and can avoid incurring the burden of resolving disputes over the implementation. (Id. At 49).**<br><br>**Verizon has proposed contract language to both MCIm and AT&T that it claims addresses the implementation issues raised by the <u>ISP Remand Order</u>.**<br><br>**Verizon's proposal contains three main features. First, it establishes a complicated and inaccurate mechanism for estimating inter-carrier compensation based on Calling Party Number (CPN) information. Second, it imposes a requirement that MCIm and AT&T establish a point of interconnection (POI) in every Verizon Rate Center Area in which MCIm and AT&T assign numbers to their customers. Third, it redefines the traffic** | ***Compensation Traffic to its Customers ("***CLEC Acronym TXT***-IPs") shall be as follows:***<br>***2.1.1.1 For each LATA in which ***CLEC Acronym TXT*** requests to interconnect with Verizon, except as otherwise agreed by the Parties, ***CLEC Acronym TXT*** shall establish a ***CLEC Acronym TXT*** IP in each Verizon Rate Center Area where ***CLEC Acronym TXT*** chooses to assign telephone numbers to its Customers. ***CLEC Acronym TXT*** shall establish such ***CLEC Acronym TXT***-IP consistent with the methods of interconnection and interconnection trunking architectures that it will use pursuant to Section ____ or Section ____ of this Attachment.***<br>***2.1.1.2 At any time that ***CLEC Acronym TXT*** establishes a Collocation site at a Verizon End Office Wire Center in a LATA in which ***CLEC Acronym TXT*** is interconnected or requesting interconnection with Verizon, either Party may request in writing that such ***CLEC Acronym TXT*** Collocation*** | |

<u>KEY WHERE DISTINCTION AMONG PETITIONERS IS NECESSARY</u>: **WorldCom** (bold); <u>Cox</u> (underline text); *AT&T* (italic).

| Issue No. | Statement of Issue | Petitioners' Proposed Contract Language | Petitioners' Rationale | Verizon's Proposed Contract Language | Verizon Rationale |
|---|---|---|---|---|---|
| | | **of ISP-bound minutes terminated by Verizon to MCIm for the year 2002.**<br><br>**x.6 Reservation of Rights. The terms of Sections x.3, x.3.2, Table 1 (rate schedule), x.4, x.4.x, and x.4.2 may be voided by either Party, upon written notice to the other party, if any legislative, regulatory, or judicial action, rule, or regulation modifies, reverses, vacates, or remands the ISP Remand Order, in whole or in part. If these Sections become void as provided herein, then: (a) ISP-bound Traffic shall be deemed section 251(b)(5) traffic under this Agreement, retroactive to the effective date of this Agreement; (b) any compensation that would have been due under this Agreement since its effective date for the exchange of ISP-bound Traffic shall immediately be due and payable; and (c) the Parties shall immediately begin the exchange of ISP-bound Traffic that was subject to the ISP Remand Order on the same terms, conditions, and rates as they exchange section 251(b)(5) traffic.**<br><br>5.7.7 Reciprocal Compensation | **subject to reciprocal compensation. Verizon's proposal does not appropriately address the implementation issues raised by the ISP Remand Order. (Grieco/Ball Rebuttal, 8/17, at 20).**<br><br>**Verizon's proposed language is defective in two fundamental respects. First, it fails to address several of the main implementation issues arising from the ISP Remand Order. Second, it seeks to impose requirements on MCIm and AT&T under the guise of implementing the ISP Remand Order that are neither necessary nor appropriate to implement that Order.**<br><br>**Verizon's proposal fail to address the implementation issues arising from the ISP Remand Order. Verizon's proposal fails to include any provision expressly requiring, as a prerequisite to invoking the new inter-carrier compensation rates for ISP-bound traffic, that Verizon offer to exchange all traffic subject to reciprocal compensation at the new rate. Such a provision is necessary in light of the Commission's mandate in the ISP Remand Order that an incumbent must exchange all traffic at the new rate in order for the new rates for ISP-bound traffic to apply. (Grieco/Ball Rebuttal, 8/17, at 21).**<br><br>**Verizon's proposal also fails to include any provision expressly implementing the rate and growth caps established in the ISP Remand Order, or any provision reserving the parties' rights in the event the ISP Remand Order is reversed or vacated. (Id.)**<br><br>**Verizon's proposal also seeks to impose requirements that are neither necessary nor appropriate to implement the ISP Remand Order.** | ***site be established as the ***CLEC Acronym TXT***-IP for traffic originated by Verizon Customers served by that End Office. Upon such request, the Parties shall negotiate in good faith mutually acceptable arrangements for the transition to such ***CLEC Acronym TXT***-IP. If the Parties have not reached agreement on such arrangements within thirty (30) days, (a) either Party may pursue available dispute resolution mechanisms; and, (b) ***CLEC Acronym TXT*** shall bill and Verizon shall pay the lesser of the negotiated intercarrier compensation rate or the End Office Reciprocal Compensation rate for the relevant traffic less Verizon's transport rate, tandem switching rate (to the extent traffic is tandem switched), and other costs (to the extent that Verizon purchases such transport from ***CLEC Acronym TXT*** or a third party), from the originating Verizon End Office to the receiving ***CLEC Acronym TXT***-IP.***<br>***2.1.1.3 In any LATA where the Parties are already interconnected prior to the effective date of this Agreement,*** | |

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| | | for Internet Traffic<br><br>5.7.7.1 Scope<br><br>(a) This Subsection is intended to implement the FCC's Order on Remand and Report and Order in CC Docket Nos. 96-98 & 99-68, FCC 01-131, released April 27, 2001 ("ISP Order"), for any period in which the ISP Order is effective during the Term of this Agreement. The terms used in this section shall have the same meaning as those terms are used in the ISP Order. Additionally, as used in this Agreement, the term "Internet Traffic" shall have the same meaning as the term "ISP-bound traffic" is used in the ISP Order.<br><br>(b) The Parties agree to pay each other for terminating Internet Traffic and section 251(b)(5) traffic in accordance with the terms and conditions of this section. For purposes of this section, Internet Traffic and section 251(b)(5) traffic shall be identified in accordance with the provisions of subsection 5.7.7.3 below.<br><br>*[Note: the contract language listed here covers AT&T's* | **First, one of the principal components of Verizon's proposal is the establishment of a complicated mechanism for estimating inter-carrier compensation based on CPN information. (See Verizon's proposed § 1) Verizon's proposal appears to be aimed at using CPN to identify the "appropriate" rate to be paid for every call between the parties based on the identity of the individual calls.**<br><br>**Verizon's proposal would require parties to estimate how traffic should be classified based on a complicated new formula aimed at calculating "traffic types." Verizon's proposal would require MCIm and AT&T to supply these "traffic type" estimates every quarter. Verizon's proposal would also give each party the right to audit the other party's traffic twice per year.**<br><br>**Verizon's complicated proposal is neither necessary nor appropriate to implement the ISP Remand Order. The ISP Remand Order establishes a presumption that traffic exceeding a 3:1 ratio of terminating to originating traffic is ISP-bound traffic. Thus, MCIm has proposed that the parties identify ISP-bound traffic for purposes of implementing the Order by utilizing their billing records to calculate the ratio of originating to terminating minutes of use (MOU). MCIm's proposal is far more efficient and less cumbersome than Verizon's complicated new scheme. MCIm's proposal, unlike Verizon's, is consistent with the Commission's desire to "limit disputes and avoid costly efforts to identify this traffic." ISP Remand Order ¶ 79. (Grieco/Ball Rebuttal, 8/17, at 21-22).**<br><br>**Second, Verizon's proposal would require MCIm** | ******CLEC Acronym TXT*** may maintain existing CLEC-IPs, except that Verizon may request in writing to transition such ***CLEC Acronym TXT***-IPs to the ***CLEC Acronym TXT***-IPs described in subsections 2.1.1.1 and 2.1.1.2, above. Upon such request, the Parties shall negotiate mutually satisfactory arrangements for the transition to CLEC-IPs that conform to subsections 2.1.1.1 and 2.1.1.2 above. If the Parties have not reached agreement on such arrangements within thirty (30) days, (a) either Party may pursue available dispute resolution mechanisms; and, (b) ***CLEC Acronym TXT*** shall bill and Verizon shall pay only the lesser of the negotiated intercarrier compensation rate or the End Office reciprocal compensation rate for relevant traffic, less Verizon's transport rate, tandem switching rate (to the extent traffic is tandem switched), and other costs (to the extent that Verizon purchases such transport from ***CLEC Acronym TXT*** or a third party), from Verizon's originating End Office to the ***CLEC Acronym TXT*** IP.*** | |

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| | | *restated 1.5 as well as 1.5a through 1.5e.]*<br>*Add to section 1:*<br><br>*"ISP-bound Traffic" shall have the same meaning, when used in this Agreement, as is used in the FCC's Order on Remand and Report and Order in CC Docket Nos. 96-98 & 99-68, FCC 01-131, released April 27, 2001 (ISP Remand Order).*<br><br>*Add to section 5:*<br><br>*1. This section is intended to implement the ISP Remand Order for any period in which the ISP Remand Order is effective during the Term of this Agreement. The Parties agree to compensate each other for delivering ISP-bound traffic and section 251(b)(5) traffic in accordance with the terms and conditions of this section and section 5.7. For purposes of this section, ISP-bound traffic and section 251(b)(5) Local Traffic shall be identified in accordance with the provisions of section 2 below.*<br><br>*2. Compensation for ISP-bound Traffic*<br>*2.1. All Local Traffic that is terminated by one Party for the* | **and AT&T to establish POIs in "each Verizon Rate Center Area where [MCIm or AT&T] chooses to assign telephone numbers to its Customers." (Verizon's proposal § 2.1.1.1.) Verizon's proposal also would allow Verizon to request that, when MCIm and AT&T establish any collocation site at any Verizon end office, MCIm and AT&T establish that collocation site as a POI for traffic originated by Verizon's customers served by that end office. (Id. § 2.1.1.2.)**<br><br>**Verizon's proposal to require MCIm and AT&T to establish POIs in each of Verizon's rate center areas is an unnecessary and inappropriate attempt to use implementation of the ISP Remand Order to advance Verizon's position regarding multiple POIs. That is a separate issue in this proceeding. As demonstrated previously, MCIm and AT&T are not required to establish multiple points of interconnection in each LATA, as Verizon's proposal would have them do. (Grieco/Ball Rebuttal, 8/17, at 22-23).**<br><br>**Third, Verizon's proposal attempts to redefine the traffic that is subject to reciprocal compensation, and specifically exempts several categories of traffic from reciprocal compensation obligations. (Verizon's proposal §§ 2.3, 3.13.) The Commission amended its regulations in the ISP Remand Order to define the traffic that is and is not subject to reciprocal compensation under section 251(b)(5). Thus, Verizon's proposed redefinition in the Agreement is neither necessary nor appropriate to implement the ISP Remand Order. (Id.)**<br><br>POSITION: | ***2.1.2 Except as otherwise agreed by the Parties, the Interconnection Points ("IPs") from which Verizon will provide transport and termination of Reciprocal Compensation Traffic to its Customers ("Verizon-IPs") shall be as follows:***<br>***2.1.2.1 For Reciprocal Compensation Traffic delivered by ***CLEC Acronym TXT*** to the Verizon Tandem subtended by the terminating End Office serving the Verizon Customer, the Verizon-IP will be the Verizon Tandem switch.***<br>***2.1.2.2 For Reciprocal Compensation Traffic delivered by ***CLEC Acronym TXT*** to the Verizon terminating End Office serving the Verizon Customer, the Verizon-IP will be Verizon End Office switch.***<br>***2.1.3 Should either Party offer additional IPs to any Telecommunications Carrier that is not a Party to this Agreement, the other Party may elect to deliver traffic to such IPs for the NXXs or functionalities served by those IPs. To the extent that any such ***CLEC Acronym TXT***-IP is not located at a Collocation site at a Verizon Tandem Wire Center or Verizon End Office*** | |

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| | | *other Party pursuant to this Agreement within any calendar quarter in excess of an amount (measured by total minutes of use) that is three times the traffic that is terminated by the other Party pursuant to this Agreement shall be conclusively defined as ISP-bound Traffic. All other Local Traffic that is exchanged between the Parties shall be conclusively defined as any call that would be considered a local call ("Voice Traffic").*<br><br>*2.2. All Voice Traffic and all ISP-bound Traffic that is exchanged pursuant to this Agreement shall be compensated as follows:*<br><br>*2.2.1. All Voice Traffic that is exchanged pursuant to this Agreement shall be compensated pursuant to Exhibit A.*<br><br>*2.2.2. All ISP-bound Traffic that is exchanged pursuant to this Agreement shall be compensated as follows:*<br><br>*(a) Commencing on the effective date of this Agreement and continuing until December 13, 2001, $.0015 per minute of use.* | • Cox's Petition addressed Issue I-5 as it existed prior to the release of the FCC's *ISP-Bound Traffic Order* on April 27, 2001.<br><br>• On June 27, 2001, Verizon filed a Motion to Dismiss Issue I-5, alleging that it had been resolved by the *ISP-Bound Traffic Order*. On July 9, 2001, Cox filed an Opposition, asserting that issues relating to Issue I-5 remained for resolution by the FCC. By its letter dated July 11, 2001, the FCC directed the parties to attempt to resolve these issues and thereafter to provide the FCC with statements of the issues requiring resolution.<br><br>• On July 19, 2001, Cox provided the FCC with a re-statement of Issue I-5 and discussed the subsidiary, implementation issues that would remain for resolution if continuing negotiations with Verizon were unable to resolve them.<br><br>• The parties filed a revised JDPL on July 27, 2001, which included the language being proposed by the parties for resolving restated Issue I-5 and their positions regarding the proposed language.<br><br>• On August 7, 2001, Cox filed a Motion to Strike Untimely Raised Issues Related to Issue I-5, pointing out that Verizon had wrongly attempted to raise two new issues relating to Issue I-5. Cox asserted that this attempt came too late in the proceeding and that the issues were unrelated to the implementation of the *ISP-Bound Traffic Order*. Verizon responded to Cox's motion on August 14, 2001.<br><br>• By letter dated August 17, 2001, the FCC granted Cox's motion to strike with respect to the definition and usage of the term "Internet Traffic" "to the extent that the proposed definition seeks to introduce an issue | ***Wire Center, then ***CLEC Acronym TXT*** shall permit Verizon to establish physical Interconnection through collocation or other operationally comparable arrangements acceptable to Verizon at the ***CLEC Acronym TXT***-IP.***<br>***2.1.4 Each Party is responsible for delivering its Reciprocal Compensation Traffic that is to be terminated by the other Party to the other Party's relevant IP.***<br>***2.2 Reciprocal Compensation.***<br>***The Parties shall compensate each other for the transport and termination of Reciprocal Compensation Traffic delivered to the terminating Party in accordance with Section 251(b)(5) of the Act at the rates stated in the [Pricing Attachment]. These rates are to be applied at the ***CLEC Acronym TXT***-IP for traffic delivered by Verizon for termination by ***CLEC Acronym TXT***, and at the Verizon-IP for traffic delivered by ***CLEC Acronym TXT*** for termination by Verizon. Except as expressly specified in this Agreement, no additional charges shall apply for the*** | |

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| | | *(b) Commencing on December 14, 2001 and continuing until June 13, 2003, $.0010 per minute of use.*<br><br>*(c) Commencing on June 14, 2003, $.0007 per minute of use. To the extent that the FCC has not taken further action with respect to inter-carrier compensation for ISP-bound Traffic by June 14, 2004 and this Agreement remains in effect after June 14, 2004, the Parties agree that the rate of $.0007 per minute of use for ISP-bound Traffic shall remain applicable for such period.*<br><br>*(d) No charges shall apply to the carriage (including transport and termination) of Voice Traffic and ISP-bound Traffic by either Party for the other Party except as set forth above.*<br><br>*2.2.3. The rates described in Section 2.2.2. above shall apply only if: (a) Verizon requests that ISP-bound Traffic be treated at the rates specified in the ISP Remand Order; (b) Verizon offers to exchange all traffic subject to the reciprocal compensation provisions of section 251(b)(5) with LECs, CLECs, and CMRS* | beyond the implementation of the Commission's recent order governing intercarrier compensation for ISP-bound traffic." Further, the FCC said: "As Cox and the other petitioners framed issue I-5, it dealt only with payment of reciprocal compensation for ISP-bound traffic. To the extent that Verizon sought, in the July 27 JDPL, to broaden the scope of the issue that Cox submitted for arbitration, its request is untimely, coming only four days before the due date for direct testimony and well into the discovery phase of this proceeding."<br><br>• Cox has no knowledge of any attempt to date by Verizon to implement the FCC's August 17th ruling by altering its proposed definition and usage of "Internet Traffic." Cox has requested that Verizon modify its proposed language to implement the FCC's ruling and, in response, Verizon has stated that it "see[s] no reason to revise the language that [it] proposed in the[ July 27th] JDPL." Accordingly, under subissue I-5-e below, Cox provides its position on the unaltered language proposed by Verizon.<br><br>• Regarding Verizon's proposed unilateral audit right, the FCC's August 17th letter held that the subject of audits is within the scope of the *ISP-Bound Traffic Order's* implementation. However, the FCC pointed out that it expressed "no opinion on which party's proposed language better implements the *ISP Intercarrier Compensation Order* or which language may ultimately prevail in this proceeding." Under subissue I-5-c below, Cox explains why the unilateral audit right language proposed by Verizon fails to implement the FCC's order on intercarrier compensation for ISP-bound traffic.<br><br>• Specific terms and conditions regarding the treatment of ISP-bound traffic must not be excluded from the | ***termination from the IP to the Customer of Reciprocal Compensation Traffic delivered to the Verizon-IP by ***CLEC Acronym TXT*** or the ***CLEC Acronym TXT***-IP by Verizon. When such Reciprocal Compensation Traffic is delivered over the same trunks as Toll Traffic, any port or transport or other applicable access charges related to the delivery of Toll Traffic from the IP to an end user shall be prorated to be applied only to the Toll Traffic. The designation of traffic as Reciprocal Compensation Traffic for purposes of Reciprocal Compensation shall be based on the actual originating and terminating points of the complete end-to-end communication.***<br>***2.3 Traffic Not Subject to Reciprocal Compensation.***<br>***2.3.1 Reciprocal Compensation shall not apply to interstate or intrastate Exchange Access, Information Access, or exchange services for Exchange Access or Information Access.***<br>***2.3.2 Reciprocal Compensation shall not apply to Internet Traffic.***<br>***2.3.2.1 The determination of*** | |

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| | | *providers at these rates; and (c) Verizon has paid all past due amounts owed to AT&T for the delivery of ISP-bound Traffic prior to June 14, 2001. If Verizon does not comply with these conditions, then the rate for the delivery of ISP-bound Traffic shall be the rate for the delivery of Voice Traffic.*<br><br>*2.3. The ability of either Party to receive compensation for ISP-bound Traffic shall be limited as follows based on "growth caps" on compensation for ISP-bound Traffic consistent with the ISP Remand Order. The Parties shall first determine the total number of minutes of use of ISP-bound Traffic (as defined in Section 2.1 above) terminated by one Party for the other Party for the three-month period commencing January 1, 2001 and ending March 31, 2001. The Parties shall then multiply this number of minutes by 4.4, and the resulting product shall be the terminating Party's "2001 ISP-bound Annualized Traffic Cap." The total number of minutes of use of ISP-bound Traffic for which one Party may receive compensation from the other Party during the period July 1, 2001 through December 31, 2001 shall equal* | of ISP-bound traffic must not be excluded from the Agreement. Collins Direct Testimony at 21.<br><br>• To avoid protracted controversy over the implementation of the FCC's ISP Order, the Agreement must contain requisite rates, terms and conditions with sufficient specificity to guide the parties' activities. Collins Direct Testimony at 23.<br><br>• Each party's new language should be crafted only to implement the ISP Order and not to introduce new issues or controversies to this proceeding. Collins Direct Testimony at 23; Collins Rebuttal Testimony at 24-31.<br><br>*On April 27, 2001, the Commission released its ISP Remand Order asserting its jurisdictional authority over traffic delivered to Internet Service Providers ("ISPs") and establishing a three-year interim, transitional intercarrier compensation scheme for such traffic. In the Matter of Intercarrier Compensation for ISP-Bound Traffic, Order on Remand, FCC 01-131 (April 27, 2001). Although this decision, at least temporarily, resolves the original issue raised by AT&T in this arbitration ("Should AT&T receive reciprocal compensation for terminating traffic from Verizon end users to AT&T customers who are internet service providers"), the Commission's order left unanswered a number of critical implementation issues concerning the three-year transitional intercarrier compensation mechanism. AT&T's proposed contract language provides a framework for addressing these complex issues in an expeditious manner. Among other things, AT&T proposes mechanisms for calculating the amount of ISP-bound traffic under the Commission's 3:1 ratio; determining appropriate growth caps and rate caps; implementing any Verizon offer to offer exchange all* | ***whether traffic is Reciprocal Compensation Traffic or Internet Traffic shall be performed in accordance with Paragraphs 8 and 79, and other applicable provisions, of the FCC Internet Order (including, but not limited to, in accordance with the rebuttable presumption established by the FCC Internet Order that traffic delivered to a carrier that exceeds a 3:1 ratio of terminating to originating traffic is Internet Traffic, and in accordance with the process established by the FCC Internet Order for rebutting such presumption before the Commission).***<br>***2.3.3 Reciprocal Compensation shall not apply to Toll Traffic, including, but not limited to, calls originated on a 1+ presubscription basis, or on a casual dialed (10XXX/101XXXX) basis.***<br>***2.3.4 Reciprocal Compensation shall not apply to Optional Extended Local Calling Area Traffic.***<br>***2.3.5 Reciprocal Compensation shall not apply to special access, private line, or any other traffic that is not switched by the terminating Party.*** | |

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| | | *50% of that Party's 2001 ISP-bound Annualized Traffic Cap. The total number of minutes of use of ISP-bound Traffic for which one Party may receive compensation from the other Party during the period January 1, 2002 through December 31, 2002 or for any calendar year thereafter shall equal 1.1 times that Party's 2001 ISP-bound Annualized Traffic Cap. Neither Party may refuse to pay compensation for ISP-bound Traffic to the other Party based on the application of the foregoing "growth caps" until the aggregate amount of ISP-bound Traffic billed by the other Party for a specific calendar year exceeds the applicable maximum number of minutes of use of ISP-bound Traffic that may be compensated pursuant to this Section 2.3 for the entire year (beginning in calendar year 2002) or applicable portion thereof (for calendar year 2001).*<br><br>*2.4. The Party's shall bill each other for Voice Traffic and ISP-bound Traffic each month on the following basis:*<br><br>*2.4.1. For the period* | *implementing any Verizon offer to offer exchange all traffic subject to section 251(b)(5) at the rate mandated by the FCC for terminating ISP-bound traffic; and adopting changes resulting from successful legal appeals of the ISP Remand Order. See generally, Direct Testimony of Robert J. Kirchberger, Exhibit A.*<br><br>*Although Verizon would like to portray the ISP Remand Order as simple and self-executing, in reality, the decision requires carriers to make a series of complex calculations to determine what traffic is eligible for reciprocal compensation as well as what rates should be applied. Vague and ambiguous implementation language would give Verizon unfettered latitude in interpreting the ISP Remand Order. As a result, it would be more difficult – and more expensive – for CLECs to be fairly compensated for terminating Verizon traffic. A clear roadmap, on the other hand, governing implementation provided upfront will allow AT&T and Verizon to avoid unnecessary and costly disputes. Rebuttal Testimony of Robert J. Kirchberger at 3-4.*<br><br>*In most instances, Verizon's proposed language simply fails to provide sufficient detail concerning implementation. For example, Verizon did not specify the rate levels that would apply to ISP-bound traffic or even the timeframe under which those rates would apply. Therefore, one could not even determine the termination rate for ISP-bound traffic by reading this portion of the Verizon proposed contract. In another instance, Verizon fails to describe precisely how the parties would identify which traffic exceeds the 3:1 ratio and how to calculate the "growth caps" ordered by the Commission. By way of further example, Verizon did not include language that would constitute an unequivocal offer to satisfy the Commission's condition* | ***2.3.6 Reciprocal Compensation shall not apply to Tandem Transit Traffic.***<br>***2.3.7 Reciprocal Compensation shall not apply to Voice Information Service Traffic (as defined in Section [?]).***<br>***2.4 The Reciprocal Compensation charges (including, but not limited to, the Reciprocal Compensation per minute of use charges) billed by ***CLEC Acronym TXT*** to Verizon shall not exceed the Reciprocal Compensation charges (including, but not limited to, Reciprocal Compensation per minute of use charges) billed by Verizon to ***CLEC Acronym TXT***.***<br><br>***3. Other Types of Traffic***<br>***3.1 Notwithstanding any other provision of this Agreement or any Tariff: (a) the Parties' rights and obligations with respect to any intercarrier compensation that may be due in connection with their exchange of Internet Traffic shall be governed by the terms of the FCC Internet Order and other applicable FCC orders and FCC Regulations; and, (b) a Party*** | |

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| | | *commencing on the effective date of this Agreement and continuing through September 30, 2001, each Party shall bill the other Party for Voice Traffic and ISP-bound Traffic based on the relative percentage of minutes of use of total combined Voice Traffic and ISP-bound Traffic represented by each type of traffic during the two-month period ending on May 31, 2001. For example, if Verizon terminated 100 minutes for AT&T during the two-month period ending on May 31 and AT&T terminated 500 minutes for Verizon during that period, the proportion of traffic terminated by AT&T would be 60% Voice Traffic [(3 x 100) / 500] and 40% ISP-bound Traffic [(500 – (3 x 100)) / 500], and for the period through September 30, 2001, AT&T would bill 60% of its total minutes of use billed for each month (or portion thereof) at the rate applicable to Voice Traffic and 40% of its total minutes of use at the rate applicable to ISP-bound Traffic.*<br><br>*2.4.2. For each calendar quarter commencing with the fourth quarter of 2001, each Party shall bill the other Party for Voice Traffic and ISP-bound Traffic based on the relative percentage* | *that "the rate caps for ISP-bound traffic that we adopt here apply therefore only if an incumbent LEC offers to exchange all traffic subject to section 251(b)(5) at the same rate." ISP Remand Order, ¶ 89 (emphasis in original). In contrast, AT&T's proposed contract language addresses in a detailed and comprehensive fashion, the implementation issues to be resolved by the Commission. Rebuttal Testimony of Robert J. Kirchberger at 4.*<br><br>*AT&T also proposes that before Verizon may enjoy the benefits of the new reciprocal compensation rate structure, it must pay "all past due amounts owed AT&T for the delivery of ISP-bound traffic prior to June 14, 2001." Verizon simply should not be able to refuse unilaterally to pay reciprocal compensation for over two years – during which time it enjoyed a windfall (i.e., paying* ***zero*** *compensation for what it considers ISP-bound traffic) – and then immediately enter into a much more favorable rate scheme. AT&T merely seeks fair treatment – payment of what Verizon owes – before Verizon takes advantage of the new rate structure. Id. at 5.*<br><br>*Finally, AT&T proposes specific language that would provide for a expeditious true-up if reciprocal compensation rates are changed as a result of a stay, reversal or modification of the ISP Remand Order by the United States Court of Appeals for the District of Columbia Circuit. AT&T Proposed Contract, ¶ 2.5. This contract provision recognizes that the parties have entered into this agreement vigorously disputing the conclusions developed in the ISP Remand Order and that the parties should be made whole in the wake of any substantial modification of that decision by the DC Circuit. Rebuttal Testimony of Robert J. Kirchberger at 5.* | ***shall not be obligated to pay any intercarrier compensation for Internet Traffic that is in excess of the intercarrier compensation for Internet Traffic that such Party is required to pay under the FCC Internet Order and other applicable FCC orders and FCC Regulations.***<br>***3.2 Subject to Section 3.1 above, interstate and intrastate Exchange Access, Information Access, exchange services for Exchange Access or Information Access, and Toll Traffic, shall be governed by the applicable provisions of this Agreement and applicable Tariffs.***<br>***3.3 For any traffic originating with a third party carrier and delivered by ***CLEC Acronym TXT*** to Verizon, ***CLEC Acronym TXT*** shall pay Verizon the same amount that such third party carrier would have been obligated to pay Verizon for termination of that traffic at the location the traffic is delivered to Verizon by ***CLEC Acronym TXT***.***<br>***3.4 Any traffic not specifically addressed in this Agreement shall be treated as required by the applicable*** | |

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| | | *of minutes of use of total combined Voice Traffic and ISP-bound Traffic represented by each type of traffic during the first two months of the immediately preceding calendar quarter. For example, if Verizon terminated 100 minutes for AT&T during the period July 1, 2001 through August 31, 2001, and AT&T terminated 500 minutes for Verizon during that period, the proportion of traffic terminated by AT&T would be 60% Voice Traffic [(3 x 100) / 500] and 40% ISP-bound Traffic [(500 – (3 x 100)) / 500], and for the period October 1, 2001 through December 31, 2001, AT&T would bill 60% of its total minutes of use billed for each month (or portion thereof) at the rate applicable to Voice Traffic and 40% of its total minutes of use at the rate applicable to ISP-bound Traffic.*<br><br>*2.4.3. Verizon will calculate the factors to be used for the relative percentage of minutes of use of total combined Voice Traffic and ISP-bound Traffic represented by each type of traffic during periods referred to in Sections 2.4.1 and 2.4.2 above, and Verizon will notify AT&T of such factors in writing by no later than the first day of the period during which* | | ***Tariff of the Party transporting and/or terminating the traffic.***<br>***3.5 Interconnection Points.***<br>***3.5.1 The IP of a Party ("Receiving Party") for Measured Internet Traffic delivered to the Receiving Party by the other Party shall be the same as the IP of the Receiving Party for Reciprocal Compensation Traffic under Section 2.1 above.***<br>***3.5.2 Except as otherwise set forth in the applicable Tariff of a Party ("Receiving Party") that receives Toll Traffic from the other Party, the IP of the Receiving Party for Toll Traffic delivered to the Receiving Party by the other Party shall be the same as the IP of the Receiving Party for Reciprocal Compensation Traffic under Section 2.1 above.***<br>***3.5.3 The IP for traffic exchanged between the Parties that is not Reciprocal Compensation Traffic, Measured Internet Traffic or Toll Traffic, shall be as specified in the applicable provisions of this Agreement or the applicable Tariff of the receiving Party, or in the absence of applicable provisions in this Agreement or a Tariff of the receiving Party, as mutually*** | |

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| | | *such factors will be used. Such factors will govern all billing during the applicable period, and the Parties will not true up any billing for prior periods based on actual balance of traffic during such period. However, AT&T may audit Verizon's factors as provided in Section 2.5 below, and the Parties will true up billing for any period to the extent the factors applicable to such period were incorrectly calculated.*<br><br>*2.4.4. If a Party is terminating both Voice Traffic and ISP-bound Traffic for the other Party, that Party may bill all such traffic at a blended rate based on the weighted average of the rates applicable to Voice Traffic and the rates applicable to ISP-bound Traffic, using the factors specified in Section 2.4.3 above. In the event that AT&T is delivering both Voice Traffic and ISP-bound Traffic to Verizon, and Verizon does not provide factors to AT&T, including minute counts used to determine what portion of AT&T's traffic constitutes "Voice Traffic" and what traffic constitutes "ISP-bound Traffic," by the first day of the period during which such factors will be used, AT&T shall bill Verizon for* | | ***agreed by the Parties.***<br><br>***3.6 Extended Local Calling Scope Arrangement. An arrangement that provides a Customer a local calling scope (Extended Area Service, "EAS"), outside of the Customer's basic exchange serving area. Extended Local Calling Scope Arrangements may be either optional or non-optional. "Optional Extended Local Calling Scope Arrangement Traffic" is traffic that under an optional Extended Local Calling Scope Arrangement chosen by the Customer terminates outside of the Customer's basic exchange serving area.***<br>***3.7 FCC Internet Order. Order on Remand and Report and Order, In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Intercarrier Compensation for ISP Bound Traffic, FCC 01-131, CC Docket Nos. 96-98 and 99-68, adopted April 18, 2001.***<br>***3.8 FCC Regulations. The unstayed, effective regulations promulgated by the FCC, as amended from time to*** | |

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| | | *all traffic during such period at the rate applicable to Voice Traffic.*<br><br>*2.4.5. AT&T shall have the right to audit factors provided by Verizon pursuant to Section 2.4.3 above and Verizon bills relating to settlements pursuant to this Section, as specified in Section 28.10 (Audits), including the right to audit the number of minutes of use terminated by Verizon for AT&T during any period to the extent such information may affect the volume of traffic that is considered to be Voice Traffic or ISP-bound Traffic under this Agreement. Each Party shall bear its own expenses associated with such audits (provided, however, that AT&T may seek reimbursement from Verizon in the event that an audit finds that an adjustment should be made in the charges that AT&T is entitled to collect from Verizon for reciprocal compensation by an amount that is greater than two percent (2%) of the aggregate charges for reciprocal compensation that had been billed in the audited period).*<br><br>*2.5. The Parties have entered into this Agreement providing for differential compensation of* | | ***time.***<br>***3.9 Internet Traffic.***<br>***Any traffic that is transmitted to or returned from the Internet at any point during the duration of the transmission.***<br>***3.10 IP (Interconnection Point).***<br>***For Reciprocal Compensation Traffic, the point at which a Party who receives Reciprocal Compensation Traffic from the other Party assesses Reciprocal Compensation charges for the further transport and termination of that Reciprocal Compensation Traffic.***<br>***3.11 Measured Internet Traffic.***<br>***Dial-up, switched Internet Traffic originated by a Customer of one Party on that Party's network at a point in a Verizon local calling area, and delivered to a Customer or an Internet Service Provider served by the other Party, on that other Party's network at a point in the same Verizon local calling area. Verizon local calling areas shall be as defined in Verizon's applicable tariffs. For the purposes of this definition, a Verizon local calling area includes a Verizon non-optional Extended Local Calling Scope Arrangement, but does not*** | |

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| | | *Voice Traffic and ISP-bound Traffic based on the ISP Remand Order, which is on appeal to the United States Circuit Court of Appeals for the District of Columbia Circuit. Without waiving any of their rights to assert and pursue their positions on issues related to compensation for Voice Traffic and ISP-bound Traffic, each Party agrees that until the ISP Remand Order is stayed or reversed or modified on appeal, the Parties shall exchange and compensate each other for Voice Traffic and ISP-bound Traffic on the terms and conditions provided herein. At such time as the ISP Remand Order is stayed, reversed or modified, then (1) ISP-bound traffic shall be deemed Local Traffic retroactive to the effective date of this Agreement; (2) any compensation that would have been due under this Agreement since its effective date for the exchange of ISP-bound traffic shall immediately be due and payable; and (3) the Parties shall immediately begin the exchange of ISP-bound traffic that was subject to the ISP Remand Order on the same terms, conditions, and rates as they exchange section 251(b)(5) traffic.* | | ***include a Verizon optional Extended Local Calling Scope Arrangement. Calls originated on a 1+ presubscription basis, or on a casual dialed (10XXX/101XXXX) basis, are not considered Measured Internet Traffic.***<br>***3.12 Reciprocal Compensation.***<br>***The arrangement for recovering, in accordance with Section 251(b)(5) of the Act, the FCC Internet Order, and other applicable FCC orders and FCC Regulations, costs incurred for the transport and termination of Reciprocal Compensation Traffic originating on one Party's network and terminating on the other Party's network (as set forth in Section [?]).***<br>***3.13 Reciprocal Compensation Traffic.***<br>***Telecommunications traffic originated by a Customer of one Party on that Party's network and terminated to a Customer of the other Party on that other Party's network, except for Telecommunications traffic that is interstate or intrastate Exchange Access, Information Access, or exchange services for Exchange Access or Information Access. The*** | |

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| | | | | ***determination of whether Telecommunications traffic is Exchange Access or Information Access shall be based upon Verizon's local calling areas as defined in Verizon's applicable tariffs. Reciprocal Compensation Traffic does not include: (1) any Internet Traffic; (2) traffic that does not originate and terminate within the same Verizon local calling area as defined in Verizon's applicable tariffs; (3) Toll Traffic, including, but not limited to, calls originated on a 1+ presubscription basis, or on a casual dialed (10XXX/101XXXX) basis; (4) Optional Extended Local Calling Arrangement Traffic; (5) special access, private line, Frame Relay, ATM, or any other traffic that is not switched by the terminating Party; (6) Tandem Transit Traffic; or, (7) Voice Information Service Traffic (as defined in Section 5 of the Additional Services Attachment). For the purposes of this definition, a Verizon local calling area includes a Verizon non-optional Extended Local Calling Scope Arrangement, but does not include a Verizon optional*** | |

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| | | | | ***Extended Local Calling Scope Arrangement.***<br>***3.14 Toll Traffic.***<br>***Traffic that is originated by a Customer of one Party on that Party's network and terminates to a Customer of the other Party on that other Party's network and is not Reciprocal Compensation Traffic, Measured Internet Traffic, or Ancillary Traffic. Toll Traffic may be either "IntraLATA Toll Traffic" or "InterLATA Toll Traffic", depending on whether the originating and terminating points are within the same LATA.***<br>***3.15 Traffic Factor 1.***<br>***For traffic exchange via Interconnection Trunks, a percentage calculated by dividing the number of minutes of interstate traffic (excluding Measured Internet Traffic) by the total number of minutes of interstate and intrastate traffic. ([Interstate Traffic Total Minutes of Use {excluding Measured Internet Traffic Total Minutes of Use} ÷ {Interstate Traffic Total Minutes of Use + Intrastate Traffic Total Minutes of Use}] x 100). Until the form of a Party's bills is updated to use the term "Traffic Factor 1," the term "Traffic Factor 1"*** | |

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| | | | | ***may be referred to on the Party's bills and in billing related communications as "Percent Interstate Usage" or "PIU."***<br>***3.16 Traffic Factor 2. For traffic exchanged via Interconnection Trunks, a percentage calculated by dividing the combined total number of minutes of Reciprocal Compensation Traffic and Measured Internet Traffic by the total number of minutes of intrastate traffic. ([{Reciprocal Compensation Traffic Total Minutes of Use + Measured Internet Traffic Total Minutes of Use} ÷ Intrastate Traffic Total Minutes of Use] x 100). Until the form of a Party's bills is updated to use the term "Traffic Factor 2," the term "Traffic Factor 2" may be referred to on the Party's bills and in billing related communications as "Percent Local Usage" or "PLU."***<br><br>To Cox:<br><br>**1.25a "Extended Local Calling Scope Arrangement" means an arrangement that provides a Customer a local calling scope (Extended Area** | |

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| | | | | **Service, "EAS"), outside of the Customer's basic exchange serving area. Extended Local Calling Scope Arrangements may be either optional or non-optional. "Optional Extended Local Calling Scope Arrangement Traffic" is traffic that under an optional Extended Local Calling Scope Arrangement chosen by the Customer terminates outside of the Customer's basic exchange serving area.**<br><br>1.26 "FCC" means the Federal Communications Commission.<br><br>**1.26a "FCC Internet Order" means the FCC's Order on Remand and Report and Order, *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Intercarrier Compensation for ISP Bound Traffic*, FCC 01-131, CC Docket Nos. 96-98 and 99-68 (adopted April 18, 2001).**<br><br>1.29a "Information Access" means the provision of specialized exchange telecommunications services in connection with the origination, | |

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| | | | | termination, transmission, switching, forwarding or routing of telecommunications traffic to or from the facilities of a provider of information services.<br><br>1.36 "Internet Traffic" means any traffic that is transmitted to or returned from the Internet at any point during the duration of the transmission."<br><br>1.41a "Measured Internet Traffic" means dial-up, switched Internet Traffic originated by a Customer of one Party on that Party's network at a point in a Verizon local calling area, and delivered to a Customer or an Internet Service Provider served by the other Party, on that other Party's network at a point in the same Verizon local calling area. Verizon local calling areas shall be as defined in Verizon's effective Customer Tariffs (including, but not limited to, to the extent applicable, Verizon Tariffs S.C.C.-Va.-Nos. 201 and 202). For the purposes of this definition, a Verizon local calling area includes a non-optional Extended Local Calling Scope Arrangement, but does not include an optional Extended Local Calling Scope | |

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| | | | | Arrangement. Calls originated on a 1+ presubscription basis, or on a casual dialed (10XXX/101XXXX) basis, are not considered Measured Internet Traffic.<br><br>**1.60 "Reciprocal Compensation" means the arrangement for recovering, in accordance with Section 251(b)(5) of the Act, the FCC Internet Order, and other applicable FCC orders and FCC Regulations, costs incurred for the transport and termination of Reciprocal Compensation Traffic originating on one Party's network and terminating on the other Party's network (as set forth in subsection 5.7).**<br><br>**1.60a "Reciprocal Compensation Traffic" means Telecommunications traffic originated by a Customer of one Party on that Party's network and terminated to a Customer of the other Party on that other Party's network, except for Telecommunications traffic that is interstate or intrastate Exchange Access, Information Access, or exchange services for Exchange Access or** | |

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| | | | | **Information Access. Reciprocal Compensation Traffic does not include: (1) any Internet Traffic; (2) Toll Traffic, including, but not limited to, calls originated on a 1+ presubscription basis, or on a casual dialed (10XXX/101XXXX) basis; (3) Optional Extended Local Calling Arrangement Traffic; (4) special access, private line, Frame Relay, ATM, or any other traffic that is not switched by the terminating Party; or, (5) Tandem Transit Traffic.**<br><br>1.71 "Toll Traffic" means traffic that is originated by a Customer of one Party on that Party's network and terminates to a Customer of the other Party on that Party's network and is not Reciprocal Compensation Traffic, Measured Internet Traffic or Ancillary Traffic. Toll Traffic may be either "IntraLATA Toll Traffic" or "InterLATA Toll Traffic," depending on whether the originating and terminating points are within the same LATA.<br><br>1.71a "Traffic Factor 1" means a percentage calculated by dividing the number of | |

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| | | | | minutes of interstate traffic (excluding Measured Internet Traffic) by the total number of minutes of interstate and intrastate traffic. ([Interstate Traffic Total Minutes of Use {excluding Measured Internet Traffic Total Minutes of Use} ÷ {Interstate Traffic Total Minutes of Use + Intrastate Traffic Total Minutes of Use}] x 100). Until the form of a Party's bills is updated to use the term "Traffic Factor 1," the term "Traffic Factor 1" may be referred to on the Party's bills and in billing related communications as "Percent Interstate Usage" or "PIU."<br><br>1.71b "Traffic Factor 2" means a percentage calculated by dividing the combined total number of minutes of Reciprocal Compensation Traffic and Measured Internet Traffic by the total number of minutes of intrastate traffic. ([{Reciprocal Compensation Traffic Total Minutes of Use + Measured Internet Traffic Total Minutes of Use} ÷ Intrastate Traffic Total Minutes of Use] x 100). Until the form of a Party's bills is updated to use the term "Traffic Factor 2," the term "Traffic Factor 2" may be referred to on the Party's bills | |

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| | | | | and in billing related communications as "Percent Local Usage" or "PLU."<br><br>5.6.1.1 If the originating Party passes CPN on ninety-five percent (95%) or more of its calls, the receiving Party shall bill the originating Party the Reciprocal Compensation Traffic call completion rate, Measured Internet Traffic rate, Intrastate Exchange Access rates, intrastate/interstate Tandem Transit Traffic rates, or interstate Exchange Access rates applicable to each minute of traffic, as provided in Exhibit A, the FCC Internet Order and applicable Tariffs, for which CPN is passed. For any remaining (up to 5%) calls without CPN information, the receiving Party shall bill the originating Party for such traffic as Reciprocal Compensation Traffic call completion rate, Measured Internet Traffic rate, intrastate Exchange Access rates, intrastate/interstate Tandem or Tandem Transit Traffic rates, or interstate Exchange Access rates applicable to each minute of traffic, as provided in Exhibit A, the FCC Internet Order and applicable Tariffs, in | |

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| | | | | direct proportion to the minutes of use of calls passed with CPN information.<br><br>5.6.1.2 If the originating Party passes CPN on less than ninety-five percent (95%) of its calls and the originating Party chooses to combine Reciprocal Compensation and Toll Traffic on the same trunk group, the terminating Party shall bill its interstate Switched Exchange Access Service rates for all traffic passed without CPN unless the Parties agree that such other rates should apply to such traffic.<br><br>5.6.2 Either Party may classify traffic as either Reciprocal Compensation Traffic/Measured Internet Traffic or Toll Traffic for billing purposes by using Traffic Factor 1 and Traffic Factor 2, in lieu of CPN information. The Traffic Factor 1 and Traffic Factor 2 applicable upon the Effective Date are specified in Schedule 5.6. Such Traffic Factors may be updated by the originating Party quarterly by written notification. The determination of whether traffic is Reciprocal Compensation Traffic or Measured Internet Traffic shall | |

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| | | | | be in accordance with Section 5.7.5, below.<br><br>**5.7 Reciprocal Compensation Arrangements -- Section 251(b)(5)**<br><br>5.7.1 The Parties shall compensate each other for the transport and termination of Reciprocal Compensation Traffic over the terminating carrier's switch in accordance with Section 251(b)(5) of the Act at the rates provided in the Detailed Schedule of Itemized Charges (Exhibit A hereto), as may be amended from time to time in accordance with Exhibit A and subsection 20.1. These rates are to be applied at the Cox-IP for traffic delivered by Verizon, and at the Verizon-IP for traffic delivered by Cox. No additional charges shall apply for the termination of such Reciprocal Compensation Traffic delivered to the Verizon-IP or the Cox-IP by the other Party, except as set forth in Exhibit A. When such Reciprocal Compensation Traffic is terminated over the same trunks as IntraLATA Toll Traffic, any port or transport or other applicable access charges | |

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| | | | | related to the delivery of IntraLATA Toll Traffic from the IP to an end user shall be prorated to be applied only to the IntraLATA Toll Traffic. The designation of traffic as Reciprocal Compensation Traffic for purposes of Reciprocal Compensation shall be based on the originating and terminating NPA-NXXs *points* of the complete end-to-end communication. Reciprocal Compensation shall apply to Internet Traffic handed off from one Party to the other Party via the switched network for delivery to an Internet Service Provider ("ISP") for carriage over the Internet.<br><br>5.7.2 Transport and termination of the following types of traffic shall not be subject to the Reciprocal Compensation arrangements set forth in this subsection 5.7, but instead shall be treated as described or referenced below:<br><br>(a) Traffic that (i) is delivered by Verizon to Cox, (ii) originates from and/or terminates to a third party carrier, and (iii) is not switched access traffic shall be treated as Tandem Transit Traffic under | |

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| | | | | Section 7.3.<br><br>(b) Traffic that (i) is delivered by Cox to Verizon, (ii) originates from and/or terminates to a third party carrier, and (iii) is not switched access traffic shall be treated as Tandem Transit Traffic under Section 7.3.<br><br>(c) Switched Exchange Access Service and InterLATA or IntraLATA Toll Traffic shall continue to be governed by the terms and conditions of the applicable Tariffs and, where applicable, by a Meet-Point Billing arrangement in accordance with subsection 6.3.<br><br>(d) *No Reciprocal Compensation shall apply to Internet Traffic.*<br><br>(e) No Reciprocal Compensation shall apply to traffic that is not switched by the terminating Party, such as special access, private line, or any other nonswitched traffic.<br><br>(f) Compensation for IntraLATA intrastate alternate-billed calls (*e.g.*, collect, calling card, and third-party billed calls originated or authorized by the Parties' respective Customers in Virginia) | |

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| | | | | shall be provided for under a separate arrangement mutually agreed to by the Parties.<br><br>(g) Any other traffic not specifically addressed in this subsection 5.7 shall be treated as provided elsewhere in this Agreement, or if not so provided, as required by the applicable Tariff of the Party transporting and/or terminating traffic.<br><br>5.7.3 Nothing in this Agreement shall be construed to limit either Party's ability to designate the areas within which that Party's Customers may make calls which that Party rates as "local" in its Customer Tariffs.<br><br>5.7.4 The determination of whether traffic is Reciprocal Compensation Traffic or Internet Traffic shall be performed in accordance with Paragraphs 8 and 79, and other applicable provisions, of the FCC Internet Order (including, but not limited to, in accordance with the rebuttable presumption established by the FCC Internet Order that traffic delivered to a carrier that exceeds a 3:1 ratio of terminating to originating traffic is Internet Traffic, and in accordance with the process | |

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| | | | | established by the FCC Internet Order for rebutting such presumption before the Commission).<br><br>5.7.4 The designation of traffic as Local or IntraLATA Toll for purposes of compensation shall be based on the horizontal and vertical coordinates associated with the originating and terminating NPA-NXXs of the call, regardless of the carrier(s) involved in carrying any segment of the call.<br><br>5.7.5 Each Party reserves the right to audit all Traffic, up to a maximum of two audits per calendar year, to ensure that rates are being applied appropriately; provided, however, that either Party shall have the right to conduct additional audit(s) if the preceding audit disclosed material errors or discrepancies. Each Party agrees to provide the necessary Traffic data in conjunction with any such audit in a timely manner.<br><br>5.7.6 The Parties will engage in settlements of intraLATA intrastate alternate-billed calls (e.g., collect, calling card, and third-party billed calls) originated or authorized by their respective | |

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| | | | | Customers in Virginia in accordance with the terms of a separate IntraLATA Telecommunications Services Settlement Agreement between the Parties, to be executed no later than 90 days following the Effective Date of this Agreement.<br><br>5.7.7 The Parties' rights and obligations with respect to any intercarrier compensation that may be due in connection with their exchange of Internet Traffic shall be governed by the terms of the FCC Internet Order, and other applicable FCC orders and FCC Regulations. Notwithstanding any other provision of this Agreement or any Tariff, a Party shall not be obligated to pay any intercarrier compensation for Internet Traffic that is in excess of the intercarrier compensation for Internet Traffic that such Party is required to pay under the FCC Internet Order and other applicable FCC orders and FCC Regulations.<br><br>5.7.8 In addition to those audit rights provided in Section 5.7.5 above, Verizon may conduct audits of the traffic billed as Reciprocal Compensation Traffic to determine whether such traffic | |

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| | | | | is Reciprocal Compensation Traffic and therefore subject to Reciprocal Compensation. If any such traffic is determined not to be Reciprocal Compensation Traffic, Verizon shall not pay Reciprocal Compensation for that portion which is determined not to be Reciprocal Compensation Traffic.<br><br>**7.1 Information Services Traffic**<br><br>The following provisions shall apply only to Cox-originated Information Services Traffic directed to an Information Services platform connected to Verizon's network, should Cox elect to deliver such traffic to Verizon. At such time as Cox connects Information Services platforms to its network, the Parties shall agree upon a comparable arrangement for Verizon-originated Information Services Traffic. The Information Services Traffic subject to the following provisions is circuit switched voice traffic, delivered to information service providers who offer recorded announcement information or open discussion information | |

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| | | | | programs to the general public. Information Services Traffic does not include Internet Traffic. | |
| I-5-a | (a) What provisions should the parties make for changes in the requirements of the ISP Order through appeal, reconsideration or other legal or regulatory action?<br><br>*How should Verizon and AT&T calculate whether traffic exceeds a 3:1 ratio of terminating to originating traffic?* | 5.7.7.1 Scope<br><br>• • •<br><br>(c) Upon the occurrence of any one of the following conditions: (1) the ISP Order is not allowed to go into effect or is stayed after its effective date; (2) the ISP Order is revised or reversed by a court of competent jurisdiction; or (3) the ISP Order is affected by any legislative or other legal action; the Parties reserve all of their rights and remedies, including those to amend, alter, or revise this Agreement.<br><br>*See AT&T contract language for I-5.* | POSITION:<br><br>• The Agreement must include specific provisions regarding the parties' rights in the event the ISP Order is stayed, reversed or otherwise affected by legislative, regulatory or legal action. Collins Direct Testimony at 21-22.<br><br>DISPUTED ISSUES OF FACT:<br><br>All facts asserted in Cox's Petition and in the Direct and Rebuttal Testimony of Cox's witness, Dr. Francis Collins, that are not listed below as admissions are deemed by Cox to be disputed.<br><br>ADMISSIONS PURSUANT TO ARBITRATION PROCEDURES NOTICE:<br><br>Pursuant to the *Arbitration Procedures Notice,* Procedures Established for Arbitration of Interconnection Agreements Between Verizon and AT&T, Cox, and WorldCom, *Public Notice*, DA 01-270 (rel. Feb. 1, 2001), the following assertions made in Cox's Petition or in the Direct Testimony of Cox's witness, Dr. Collins, and not specifically denied in Verizon's Answer or in the testimony of Verizon's witnesses are deemed admitted:<br><br>• The issue of compensation for ISP-bound traffic has been remanded to the Commission by the courts on one occasion. | See Verizon contract language for I-5. | See Verizon contract language for I-5.<br><br>Verizon has neither stipulated to nor admitted the factual allegations set forth by Cox under the heading "Admissions Pursuant to Arbitration Procedures Notice." |

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