Issue I-2 (Transport Of Verizon Traffic From The IP To The POI) [12]

The Commission should reject the interconnection architecture that Verizon has proposed in connection with Issue I-2. Pursuant to Verizon's proposal, WorldCom would be obligated to receive Verizon originated traffic at points that Verizon designates as WorldCom IPs, and would then be required to provide transport and termination of Verizon's traffic from that point. Verizon also proposes that no additional charges beyond reciprocal compensation shall apply for the termination of traffic from the IP. As explained below, this proposal would effectively require WorldCom to provide transport of Verizon traffic free of charge between the IP and the POI because reciprocal compensation does not reimburse the cost of transport between the IP and the POI. See WorldCom Exh. 3, Direct Test. of D. Grieco and G. Ball at 28. That result is unacceptable.

As discussed above, Verizon's contract language unreasonably requires WorldCom to provide transport of Verizon originating traffic free of charge. Specifically, Verizon's proposal requires WorldCom to transport Verizon originating traffic from the IP to the POI and then prohibits WorldCom from levying a charge to recover the costs that WorldCom incurs. Reciprocal compensation will not recover WorldCom's cost of transporting Verizon's traffic from an IP, which is a point on Verizon's network (either a Verizon end office or multiple Verizon tandems which are

[12] WorldCom's Issue I-2 is different than Cox's Issue I-2. The issue raised by WorldCom is closely related to Issue I-1 and deals specifically with Section 7.2 of the contract language proposed by Verizon. The proposed language provides that reciprocal compensation is to be applied "at the CLEC IP for traffic delivered by Verizon for termination by CLEC, and at the Verizon IP for traffic delivered by CLEC for termination by Verizon. Except as expressly specified in this Agreement, no additional charges shall apply for the termination from the IP to the customer of Local Traffic delivered to the Verizon IP by CLEC or the CLEC IP by Verizon."

not the POI in a multi-tandem LATA) to the POI, because reciprocal compensation recovers costs on the terminating carrier's side of the POI. See id. at 29. That is, reciprocal compensation recovers the cost of tandem switching by a terminating carrier, transport from the terminating carrier's tandem to the terminating end office, and end office switching. If WorldCom provides transport of Verizon's traffic from the IP to the POI, WorldCom must be permitted to charge for this transport service. See WorldCom Exh. 3, Direct Test. of D. Grieco and G. Ball, at 28-29. The Commission should therefore reject Verizon's proposal.[13]

[13] Verizon's proposal is also unreasonable because in a co-carrier environment it is Verizon's responsibility to deliver its traffic to the POI.

Issue I-3 (Collocation At CLEC Premises)

The Commission should reject Verizon's proposal that WorldCom be ordered to allow Verizon to collocate at WorldCom premises. 47 U.S.C. § 251(c)(6). As Verizon has conceded, CLECs are not obligated to provide collocation, and the Commission has no authority to compel them to do so.[14] Indeed, Verizon concedes even that it is not asking the Commission to order WorldCom to allow such collocation. Verizon Exh. 4, Direct Test. of Network Architecture Panel at 29, Tr. 10/09/01 at 1265 (Albert, Verizon) (acknowledging that there is no legal requirement for a ILEC to collocate and any CLEC agreement to allow such collocation would necessarily be "voluntary." That should end the matter. It is clear that the Commission cannot compel the inclusion of Verizon's contract language in the Interconnection Agreement.[15]

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[14] "Even though they are not required by the Act to offer collocation at their facilities, Petitioner's argument that they should not do so misses the point. Verizon VA is not asking this Commission to exercise its authority under the Act to compel the Petitioners to provide verizon VA with reciprocal collocation." Verizon Exh. 4 at 29.

[15] This distinction between the duties of CLECs and ILECs is consistent with public policy. In the Telecommunications Act of 1996, Congress imposed certain obligations on ILECs that it did not impose on CLECS because the former enjoy market power that the latter do not. It is common, and appropriate public policy, to employ differential regulation based on differences in firms' market power. Indeed, ILECs are required to provide collocation in part because they have no incentive to interconnect with co-providers that are competitors. Id. Thus, although WorldCom may voluntarily permit Verizon to collocation on occasion, and in fact does so, it cannot be required to do so.

Issue I-4 (Direct End Office Trunking And Tandem Exhaust)

WorldCom has worked cooperatively with Verizon to insure that Verizon's tandem switches do not exhaust. To this end, WorldCom itself has proposed that it establish direct end office trunking wherever traffic exceeds 200,000 minutes of use per month, or a mere DS-1 level. WorldCom Exh. 3, Direct Test. of D. Grieco and G. Ball at 31- 33; Tr. 10/10/01 at 1426-1427, 1625 (Grieco, WorldCom).

The Commission should reject the Verizon language, which imposes an arbitrary limit on the number of tandem trunks which WorldCom can establish. Verizon asserts that both the terms governing direct end office trunking and its proposed cap on the number of tandem trunks are a means of addressing tandem exhaust. Tr. 10/09/01 at 1105 (Albert, Verizon). But its proposal for addressing this alleged problem is arbitrary and unreasonable. In addition to requesting that WorldCom establish end office trunks whenever traffic to a particular end office exceeds 200,000 minutes of use ("mou") per month, Verizon has proposed that WorldCom be prohibited from establishing more than 240 trunks to a given tandem. Specifically, Verizon asserts that both the 200,000 mou threshold for establishing direct end office trunking and the 240 trunk limit on tandem trunks are a means to address an alleged tandem exhaust problem. This proposal is unreasonable, unnecessary, arbitrary, discriminatory, and will lead to call blockage.

During the course of this proceeding it became clear that direct end office trunking at the 200,000 mou level, coupled with CLEC forecasting of tandem usage, are adequate to address Verizon's tandem exhaust concern.[16] Verizon has indicated that

[16] WorldCom has also agreed to provide both inbound (from Verizon to WorldCom) and outbound (from WorldCom to Verizon) traffic forecasts to Verizon as Verizon has requested.

direct end office trunking at the DS-1 level will get Verizon 95% of the way to solving the alleged tandem problem. Tr. 10/10/01 at 1439 (Albert, Verizon).[17] The proposed cap (240 trunks) on the number of tandem trunks is not needed to solve the tandem exhaust problem. Since WorldCom has agreed to contract terms providing for end-office trunking at the DS-1 level, and to do forecasting for both parties, the agreed-to Interconnection Agreement will adequately address the tandem exhaust problem, and the cap of 240 tandem trunks is therefore unnecessary. Indeed, Verizon's witness conceded that the 240 trunk limit was not truly necessary, but instead represented a "belt and suspenders" approach. Id. at 1436 (Albert, Verizon).

This is plainly unreasonable given that Verizon's proposal will require WorldCom to establish end-office trunking in circumstances where the traffic volumes do not justify the expense. Verizon's proposal requires WorldCom to establish end-office trunks once the 240 trunk tandem limit is reached, even if the end-office trunks to be so established would carry minimal amounts of traffic. For example, the proposed 240 trunk limit would require WorldCom to establish an end office trunk even if the traffic to be carried on that trunk was much less than a DS-1. Tr. 10/09/01 at 1096-1097 (Albert, Verizon). This proposal imposes unnecessary trunking costs on WorldCom. WorldCom Exh. 3, Direct Test. of D. Grieco and G. Ball at 34.

Moreover, the proposal to limit the number of tandem interconnection trunks to 240 trunks is totally arbitrary. This is the equivalent of 10 DS-1s and does not represent a significant amount of traffic to be routed through a tandem. WorldCom Exh. 3, Direct Test. of D. Grieco and G. Ball at 35. Moreover, Verizon's proposal is not targeted to

[17] Mr. Albert also noted that end office trunking at the DS-1 level would significantly delay tandem exhaust, perhaps for ten years. Tr. 10/10/01 at 1420 (Albert, Verizon).

tandems which are actually in jeopardy of exhausting. Rather, it is presented as a generic proposal which applies to all tandems.

Verizon's proposal is also discriminatory, as Verizon has only imposed this limitation on CLECs, and has not required other users of the tandem, such as Verizon itself, wireless carriers, and IXCs to adhere to these restrictive terms. Verizon's exchange access tariffs place no limitation on the volume of traffic which an IXC can route through a Verizon tandem. See AT&T Exh. 3, Direct Test. of Talbott and Schell, at 52. Indeed, Verizon places no limits on the amount of trunks wireless carriers may lease, see WorldCom Exh. 42, and allows interexchange carriers to lease trunks in increments of 4,032 – more than sixteen times the number it seeks to limit to its competitors. See WorldCom Exh. 43. Any proposed solution to an alleged tandem exhaust problem should occur in a generic proceeding involving all users of the tandem, particularly since CLECs only use 17% of Verizon's tandem capacity. Tr. 10/09/01 at 1276-77 (Albert, Verizon).

In addition, the proposed limit on tandem trunks could cause call blockage. WorldCom currently has many end office trunks in place with Verizon but tandem trunks act as a back-up to these end-office trunks and handle overflow from these existing end-office trunks. The proposed limit on the number of tandem trunks will impede this call completion insurance. Tandem trunks are also needed in the event the existing end office trunks experience trouble. In short, tandem trunks are the final route for some calls and the primary route for other calls. The imposition of an arbitrary limit on the number of tandem trunks jeopardizes WorldCom's ability to complete calls. WorldCom Exh. 3, Direct Test. of D. Grieco and G. Ball at 35.

The proposed limit on tandem trunks may lead to call blockage in other situations as well. Tandem routing is the primary, and in some cases the only, routing available for cellular and paging calls. For example, Verizon sends its cellular calls destined to WorldCom end-users through the tandem. Placing an arbitrary limit on the number of tandem trunks will increase the possibility that such calls will be blocked. Similarly, tandem routing is the most efficient choice for low volume routes such as CLEC-to-CLEC calling and calls from an independent telephone company. An arbitrary limit on the number of tandem trunks will impose unnecessary costs and could impede call completion in each of these circumstances. Id. at 36.

Verizon's arbitrary limit on the number of tandem trunks could also cause call blockage when large customers migrate their service to WorldCom, and by impairing the quality of service that WorldCom can provide to those customers, would have an anticompetitive effect. See id. When a large customer migrates, it frequently does so via local number portability. After the migration is complete traffic begins to flow between the carriers through the tandem; indeed this traffic must flow through the tandem because at the time of the migration WorldCom has no calling statistics identifying the traffic by Verizon end office. See id. Therefore, at the time the migration occurs there is no reasonable basis upon which to engineer end-office trunks.[18] Verizon's proposal could cause call blockage in this situation because the traffic flowing to the new WorldCom customer could easily exceed the 10 DS-1 tandem trunk limit. For example, if a large customer operating a catalog business migrated its service to WorldCom, the new traffic

[18] Once WorldCom has gained some experience with the traffic flowing to the new customer, and has traffic data available, end office trunks could be established based upon the criteria specified above, 200,000 minutes of use per month, from a particular end office.

flowing to the WorldCom switch over the tandems could exceed 50 DS-1s. If the ten DS-1 tandem trunk limit were in place, those calls would not go through and for a considerable amount of time it would be impossible to assess the specific end office trunking required to handle this traffic. This could easily lead to poor service for new WorldCom customers, and thereby have a powerful anti-competitive effect. See id. at 36.

Issue III-1 (Transit Service)

The Commission should adopt WorldCom's proposed contract language regarding the provision of transit service and indirect interconnection. The Act requires Verizon to provide transit service, and Section 10 of Attachment IV provides contract terms implementing that obligation. Specifically, WorldCom's language provides: that intraLATA transit traffic will be routed over Local Interconnection Trunk Groups; that Verizon will terminate third party traffic destined to its network which has been transited by WorldCom; that Verizon will transit traffic delivered from WorldCom destined to third party carriers; that Verizon will transit traffic delivered from third party carriers destined to WorldCom's network; that when either WorldCom or Verizon uses the other's network to transit a third party call, it shall pay the tandem transit switching rate; and that Verizon will transit SS7 signaling information. Despite its legal obligation to provide transit service, Verizon seeks to reserve the right to unilaterally cease providing transit service, and to limit the availability of transit service to traffic that does not exceed a DS-1 level volume of calls. Verizon's proposal is designed to make CLECs interconnect with one another directly.

A. Verizon is Obligated Under Sections 251(a)(1) And (c)(3) Of The Act To Provide Transit Service.

Section 251(a) of the Act requires each telecommunications carrier to "interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers." 47 U.S.C. § 251(a). By its very terms, this language plainly provides carriers with two options – direct or indirect interconnection. This Commission reaffirmed that principle in the Local Competition Order, holding that telecommunications carriers subject to section 251(a) are permitted to interconnect either

directly or indirectly, and that two non-incumbent LECs could interconnect with one another indirectly by interconnecting with an incumbent LEC's network. Thus, non-incumbent carriers may choose the most efficient technical and economic method of interconnection.[19] Local Competition Order ¶ 997 ("[D]irect interconnection, however, is not required under section 251(a) of all telecommunications carriers."). As explained below, indirect interconnection is the most efficient option for WorldCom, and Verizon should not be allowed to compel WorldCom to employ direct interconnection.

Allowing Verizon to withhold transit service would frustrate the Act's requirement that carriers be allowed to use indirect interconnection. Indirect interconnection necessarily involves the use of a third carrier's facilities to connect the two interconnecting carriers. Because transit traffic is traffic originated by one carrier which is delivered to a second carrier for forwarding to a third carrier for termination, transit service is a critical component of indirect interconnection. Specifically, transit service allows new entrants, through a single point of interconnection with Verizon, to not only exchange traffic with Verizon but also with all other carriers in the area. Without transit service, each LEC would have to directly interconnect with each and every other carrier in the region. This would be a very time consuming, expensive, and unnecessary process. WorldCom Exh. 3, Direct Test. of D. Grieco and G. Ball at 60. Thus, by unilaterally refusing to provide transit service, Verizon effectively prevents indirect interconnection from occurring.

Verizon's refusal to provide transit service also conflicts with Rule 319(c)'s requirement that Verizon provide unbundled tandem switching. 47 U.S.C. § 251(c)(3);

[19] As explained below, indirect interconnection via Verizon's tandem switch is an efficient choice for carriers that exchange minimal amounts of traffic.

47 C.F.R. § 51.319(c). The provision of transit service is nothing more than the provision of tandem switching for the routing of traffic between carriers. Tr. 10/17/01 at 2282 (Grieco, WorldCom). Indeed, as noted below, the contract language proposed by WorldCom provides that Verizon will receive the tandem switching rate for this function. Accordingly, Verizon's legal obligation to provide unbundled tandem switching requires it to provide transit service.

B. Indirect Interconnection Via Transit Service Is An Efficient Form Of Interconnection.

Indirect interconnection is the most efficient form of interconnection available to two carriers that exchange only minimal amounts of traffic with one another. This form of interconnection allows the carriers to avoid the fixed cost of an interconnection facility that may be used only minimally, and to instead pay a tandem switching rate which applies only when traffic actually is exchanged. WorldCom Exh. 3, Direct Test. of D. Grieco and G. Ball at 59. The use of an indirect interconnection also permits CLECs to avoid the unnecessary expense of negotiating multiple interconnection arrangements with the plethora of other CLEC's, independent telephone companies, and CMRS providers with which it may exchange a small amount of traffic. See id. Finally, and perhaps most importantly, this form of interconnection furthers the public policy of ensuring that all subscribers of one carrier are able to call all subscribers of other carriers, over an efficiently constructed network. See id.

Verizon's proposal that CLECs must interconnect directly with one another for a DS-1 level of traffic causes significant inefficiencies. First, the cost of a physical interconnection between two companies for one DS-1's worth of traffic would be

disproportionate for that small level of demand.[20] Having to dedicate a piece of transmission equipment, which in today's network would rarely be smaller than a DS-3 (8 DS-1's), would be woefully underutilized at a 3.5% rate (1 out of 28 DS1's). Verizon's proposal would create many small scale, yet high cost per circuit, duplicate functioning networks that would create inefficiencies in CLEC networks. WorldCom Exh. 3, Direct Test. of D. Grieco and G. Ball at 60. The cost to build facilities is high, and a carrier would not build facilities for a DS-1 of traffic. A carrier would not put fiber in the ground, add electronics and multiplexing equipment just to pass a DS-1 between two carriers. Tr. 10/17/01 at 2292-2294 (Grieco, WorldCom). In addition, because a DS-1 cannot be transported more than a thousand feet, a CLEC would have to build fiber rings and add multiplexing equipment to get the DS-1 traffic up to an optical level so that it could be transported to the other carrier. There is no carrier class transmission equipment to transport a DS-1 any significant distance between two points, and it is not subject to a transport rate. WorldCom's normal transport rate is OC-48, or sometimes OC-3 or OC-12.

The inefficiencies that result from Verizon's proposal would affect the entire switched network as a whole, and not just a particular carrier. For example, if ten CLECs, which were all connected to Verizon by a total of ten trunks, were forced by

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[20] It is important to understand the difference between establishing direct end office trunks at a DS-1 level (Issue I-4) and establishing new physical interconnection facilities between two CLECs for a DS-1 level of traffic (Issue III-1). In the end office trunking situation addressed in Issue I-4, DS-1 trunks are established over an already-existing interconnection facility between the CLEC and Verizon tandem. In the transit service situation, Verizon is proposing the considerably more expensive proposition that CLECs establish new interconnection facilities with one another, where none exist, for a DS-1 level of traffic. Establishing direct end office DS-1 trunks over an existing facility is economically reasonable whereas building a new facility to transport a DS-1 is not.

Verizon's proposal to interconnect directly with one another, fifty trunks would be required. Tr. 10/17/01 at 2233-2234 (Albert, Verizon). Verizon should not be allowed to dictate such an inefficient and costly result.

C. Verizon's Proposal To Limit Transit Service Is Discriminatory And Is Not Necessary To Address Tandem Exhaust.

Verizon's proposal is not only inefficient ... it is discriminatory, and does not significantly impact tandem exhaust. First, it would be discriminatory for Verizon to limit transit service to WorldCom because Verizon does not impose the same limitations on other carriers. For example, Verizon's access tariffs do not limit IXC traffic at a tandem to a DS-1 level. Tr. 10/17/01 at 2203 (Albert, Verizon). Verizon's promotional literature informs wireless providers of the availability of transit service at tandems. Tr. 10/17/01 at 2251 (Damico, Verizon). Further, the record does not establish that transit service contributes in any meaningful way to tandem exhaust. WorldCom Exh. 15, Direct Test. of D. Grieco at 38. Although Verizon does not know what precise percentage of tandem traffic is transit traffic, CLEC traffic is only 17% of total tandem traffic and transit traffic represents an even smaller percentage of the tandem total. Tr. 10/17/01 at 2228-2231 (Albert, D'Amico, Verizon). Finally, the agreement between WorldCom and Verizon to use a DS-1 threshold for establishing direct end office trunking and WorldCom's agreement to provide forecasts for both companies, addresses any tandem exhaust concerns Verizon may have.[21]

[21] "From our perspective, that's the big kahuna." Tr. 10/17/01 at 2253-2254 (Albert, Verizon).

Issue III-2 (Rates For Transit Service)

The Commission should adopt WorldCom's proposed contract language regarding rates for transit service, which provides for payment of TELRIC compliant tandem switching rates for transit service. Transit service is just the provision of tandem switching functionality. Tr. 10/17/01 at 2282 (Grieco, WorldCom). Accordingly, TELRIC compliant rates are appropriate and fully compensatory rates because the tandem switching rate established by this Commission will reflect the forward-looking economic cost of tandem switching.

Verizon proposed in its testimony that it be permitted to charge rates in excess of the tandem switching rate, to the extent that it provides transit service for some limited period of time beyond a DS-1 level. At the outset, these charges cannot be included in the Interconnection Agreement between Verizon and WorldCom because Verizon's proposed contract language to WorldCom did not include these additional charges (and instead included those charges in the language proposed to AT&T). Tr. 10/17/01 at 2271 (D'Amico, Verizon). In any event, even if this language were properly before the Commission, Verizon's proposal would have to be denied.

Verizon's proposal to charge above-cost rates for transit service should be rejected because it is unlawful. Because transit service is the provision of the tandem switching UNE, the TELRIC compliant rate for this UNE is also the appropriate rate

under Sections 251(c)(3) and 252(d)(1) of the Act. Indeed, Verizon has conceded that TELRIC is the appropriate cost standard for transit service if Verizon is legally obligated under Section 251(a)(1) of the Act to provide tandem transit service. Tr. 10/17/01 at 2296 (D'Amico, Verizon). Accordingly, the TELRIC-based tandem switching rate fairly reimburses Verizon for the cost of the tandem switching function.

There are other reasons for rejecting the proposal to charge different rates for transit service depending on the volume of transit service provided. There is no basis for different charges to apply when transit traffic is greater than, as opposed to less than, the DS-1 level. The cost to provide the transiting function – the cost of tandem switching – is the same whatever the volume of the transit traffic is. Further, Verizon has provided virtually no explanation of the derivation of these charges, WorldCom Exh. 15, Direct Test. of D. Grieco at 40, and Verizon has failed to identify any costs covered by the proposed additional charges that are not recovered by the TELRIC charge. Tr. 10/17/01 at 2264-2265 (D'Amico, Verizon). Indeed, one of the proposed charges is a port charge. Tr. 10/17/01 at 2270 (D'Amico, Verizon); this is inappropriate because transit traffic does not have dedicated trunks. Tr. 10/17/01 at 2229 (Albert, Verizon). Verizon's proposal to charge CLECs higher rates for transit service above a DS-1 level is also discriminatory because Verizon's access tariffs do not impose a different rate for the first T-1 than for additional T-1's. Tr. 10/17/01 at 2257-2258 (D'Amico, Verizon). Verizon's assertion that these charges are intended to provide new entrants with an incentive to enter into multiple interconnection arrangements with one another is unlawful because the Act specifically provides for indirect interconnection between new entrants.

In sum, the Commission should order that TELRIC-compliant tandem switching rates apply to transit service.

Issue III-3 (Mid-Span Fiber Meet Point Arrangements)

The Commission should order inclusion of WorldCom's proposed contract language regarding mid-span fiber meet point arrangements. By resolving this issue in WorldCom's favor, the Commission will make that arrangement a realistic means for WorldCom to interconnect with Verizon, rather than a mere theoretical possibility. WorldCom's proposed terms contain sufficient detail to permit the parties to actually construct the interconnection, and clearly recognize that a mid-span meet is a joint project between the parties.

A. WorldCom Is Legally Entitled To The Mid-Span Meet Interconnection Architecture Because It Is A Technically Feasible Method of Interconnection.

WorldCom has the right pursuant to the Act, FCC regulations, and the Local Competition Order to require any technically feasible method of interconnection, including a Mid-Span Fiber Meet Point arrangement. The Act requires Verizon to provide interconnection for the facilities and equipment of any requesting telecommunications carrier at any technically feasible point. 47 U.S.C. § 251(c)(2)(B). Similarly, the FCC's regulations provide that:

> Except as provided in paragraph (e) of this section [concerning collocation], an incumbent LEC shall provide, on terms and conditions that are just, reasonable, and nondiscriminatory in accordance with the requirements of this part, <u>any technically feasible method of obtaining interconnection</u> or access to unbundled network elements at a particular point upon a request by a telecommunications carrier.

47 C.F.R. § 51.321(a) (emphasis added). Interconnection via a "meet point arrangement" or "mid-span fiber meet arrangement" is technically feasible, and Verizon does not claim

otherwise. See WorldCom Exh. 45 (conceding that mid-span meets are technically feasible).

The fact that WorldCom and various incumbent LECs currently interconnect in this manner highlights the technical feasibility of this form of interconnection; WorldCom has forty mid-span meets in place today with several incumbent LECs. WorldCom Exh. 15, Direct Test. of D. Grieco at 42. At least one state commission has recognized that the Act and regulations require Verizon to provide a mid-span meet arrangement. See Petition of Media One, Inc. and New England Telephone and Telegraph, for arbitration, D.T.E 99-42/43, 99-52 (Mass. DTE at 24), August 25, 1999 ("the Department finds that because a mid-span meet arrangement is technically feasible, Verizon must provide this method of interconnection to Media One and Greater Media. Verizon cannot condition this type of interconnection, as it claims, on the mutual agreement of the parties, or on the availability of facilities.") (internal quotations omitted). Like the Massachusetts Department, this Commission should not permit Verizon to veto a mid-span meet arrangement or unreasonably restrict the conditions under which this form of interconnection occurs.

B. WorldCom's Proposed Language Provides A Level Of Detail That Is Critical To The Establishment Of Mid-Span Fiber Meet Arrangements.

WorldCom's proposed language establishes several important details regarding the creation of a mid-span meet arrangement. Specifically, it recognizes that the parties must jointly engineer and operate the interconnection (§ 1.1.5.1) and that the parties must agree to technical interface specifications for the interconnection (§ 1.1.5.2). WorldCom's proposed language also allows each party to select the equipment it will use

and obligates the parties to work cooperatively to achieve equipment compatibility (§ 1.1.5.2). The proposed terms provide that specifications will be determined in joint engineering planning sessions, and use WorldCom's proposed specifications as the default specifications only if the parties do not reach agreement on the specifications (§ 1.1.5.2). The remaining terms describe the responsibilities of each party in developing a mid span meet, including the responsibility to install a fiber optic terminal in its wire center, to deliver fiber to a manhole outside the other party's wire center, and to bring the fiber into the wire center so that the other party's fiber can be terminated on the fiber optic terminal.[22]

In contrast, the contract language that Verizon initially presented to WorldCom does not even mention a mid-span meet.[23] Instead, it addressed an End Point Fiber Meet arrangement.[24] Even with respect to an End Point Fiber Meet, that language contained no details. See Verizon Proposed ICA, Interconnection Attachment, § 3.

Unless the Interconnection Agreement contains some detail, WorldCom is concerned that no mid-span meets will ever be established. Tr. 10/10/01 at 1458-1459 (Grieco, WorldCom). For example, Verizon's assertion that establishment of a mid-span meet requires a mutually agreed-to memorandum of understanding, see Tr. 10/09/01 at

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[22] This proposal does not call for establishing a mid-span meet in a manhole.

[23] Verizon has proposed some bare bones language to AT&T which does no more than say that the parties can work together to try to develop a mid-span meet. Tr. 10/7/01 at 1459.

[24] Verizon's End Point Fiber Meet arrangement involves a CLEC owned SONET multiplexor in the CLECs office and a Verizon owned SONET multiplexor in Verizon's office with Verizon- provided fiber in between. Tr. 10/09/01 at 1113-1116 (Albert, Verizon). This is essentially the same as the Mid-Span Meet proposed by WorldCom except that in WolrdCom's proposal each party provides 50% of the fiber for the interconnection arrangement.

1126 (Albert, Verizon), effectively gives Verizon the ability to veto a mid-span meet because if Verizon does not agree to terms, the mid-span meet does not get built. Notably, although Verizon concedes mid-span meets are generally technically feasible, it has never agreed to a deadline with any carrier for establishment of a mid-span meet. Tr. 10/10/01 at 1456 (Albert, Verizon). If the Interconnection Agreement contains no detail addressing the mid-span meet architecture, the potential for failed negotiations is obvious. Indeed, WorldCom's attempts to negotiate a mid-span meet with Verizon have proved fruitless.

Verizon's dispute with Cox over distance sensitive transport charges highlights the need for detailed contract terms like those that WorldCom proposed. At the hearings, Verizon Witness Albert noted that a mid-span meet would go a long way to reducing Verizon's transport costs, and complained that Cox retained too much contractual discretion, and could thus refuse a mid-span meet form of interconnection. See Tr. 10/09/01 at 1147-48 (Albert, Verizon). Mr. Albert also indicated that Verizon would like a guarantee from Cox that a mid-span meet would be available. See Tr. 10/09/01 at 1269 (Albert, Verizon). Verizon's concern about Cox's ability to refuse a mid-span meet is precisely the same as WorldCom's concern that Verizon can effectively veto a mid-span meet. The solution is to include sufficient detail in the ICA to make establishment of a mid-span meet between the parties a realistic option. WorldCom has proposed such terms.

C. WorldCom's Proposed Mid-Span Meet Interconnection Architecture Is Consistent With This Commission's Orders.

The interconnection architecture that WorldCom has proposed establishes a 50/50 sharing of the cost of interconnection, and is thus consistent with the Commission's

ruling that "[i]n a meet point arrangement each party pays its portion of the costs to build out the facilities to the meet point." Local Competition Order ¶ 553. Specifically, WorldCom's proposed interconnection architecture consists of a mid-span fiber meet in which each company provides half of the fiber interconnection and the electronics at its own end. This cost allocation is reasonable, because when "[n]ew entrants ... request interconnection pursuant to section 251(c)(2) for the purpose of exchanging traffic with incumbent LECs ... the incumbent and the new entrant are co-carriers and each gains value from the interconnection arrangement. Under these circumstances, it is reasonable to require each party to bear a reasonable portion of the economic costs of the arrangement." Id. Under this arrangement, WorldCom and Verizon would jointly provision the fiber optic facilities that connect the two networks and equally share in the capital investment of the mid-span (each pays for one half of the fibers, and each purchases its own Fiber Optic Terminal at its own end), which means there is equal capital investment in the diverse mid-span.[25] This build out to the meet point is the financial responsibility of each party and is part of what the FCC has called the "reasonable accommodation of interconnection." Local Competition Order ¶ 553. As this Commission has recognized, "although the creation of meet point arrangements may require some build out of facilities by the incumbent LEC ... such arrangements are within the scope of the obligations imposed by sections 251(c)(2) and 251(c) (3)." Id.

[25] Verizon agrees that the cost of a mid-span fiber meet point of interconnection should be shared equally: "A mid-span fiber meet point of interconnection is an alternate form of local interconnection architecture where Verizon VA and the CLEC generally share equally the costs to build the facility and equally split the capacity for transport." Verizon Exh. 4 at 24.

Verizon's chief objection to WorldCom's proposal concerns the additional cost that Verizon would purportedly incur by using two fibers (one from each company) instead of one fiber. Tr. 10/09/01 at 1140-1141 (Albert, Verizon).[26] However, this is not a significant additional expense because the relevant comparison is between Verizon providing a fiber half-way to the CLEC office (half a fiber, so to speak) when the meet point is established via splice, and providing a full fiber the distance to the WorldCom office in the SONET ring dual fiber architecture WorldCom proposes. Verizon has also expressed a concern about cost based on the possibility of excessively long mid-span meets.[27] Given WorldCom's proposal that the parties share equally in the cost of the mid-span, it is clear that WorldCom has as strong an incentive as Verizon to control the cost. Moreover, the forty mid-span meets WorldCom has in place today average 4 miles in length, with the longest being 16 miles. See WorldCom Exh. 52, Responses to Record Requests at 6. Moreover, Verizon's complaint about providing a fiber to WorldCom's office should be taken with a grain of salt given that WorldCom and Verizon currently interconnect in places via a dual POI approach in which Verizon provides fiber all the way from its office to the WorldCom switch. WorldCom Exh. 15, Direct Test. of D. Grieco at 3-4. In any event, as Verizon has conceded, the use of two fibers will benefit the customers of both carriers by providing route diversity and redundancy and allowing traffic to be rerouted to one ring or the other in the event one of the rings is disabled. WorldCom Exh. 3, Direct Test. of D. Grieco and G. Ball at 65; Tr. 10/09/01 at 1140-41,

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[26] It should be noted that in Verizon's End Point Fiber Meet it provides all of the fiber.

[27] Verizon noted, for example, the possibility of a 30 mile mid-span meet. Tr. 10/09/01 at 1140 (Albert, Verizon).

1149 (Albert, Verizon). In sum, the SONET ring architecture is technically feasible and provides value to both carriers and the customers of both carriers.

The mid-span meet architecture proposed by WorldCom relieves many of the network interconnection concerns Verizon has expressed with respect to other issues. For example, WorldCom's proposal allows Verizon to bring its fiber all the way to a manhole outside WorldCom's office, at which point WorldCom will bring the fiber into its central office and terminate it to the fiber optic terminal. See WorldCom Proposed ICA § 1.1.5.2.5. This provision alleviates Verizon's concern about not being able to collocate in CLEC premises, and also addresses Verizon's concern about having to buy distance sensitive transport from a CLEC, such as Cox. Tr. 10/09/01 at 1137, 1147-48 (Albert, Verizon).

D. Verizon's Recently Proposed Mid-Span Meet Language Improperly Allows Verizon To Veto Mid-Span Meet Arrangements.[28]

Verizon's DPL includes new language which makes the Mid-Span Meet arrangement contingent on the parties' mutual agreement on eleven issues. See Verizon Proposed ICA § 3.2. This provision effectively give Verizon the right to veto mid-span meets, by simply failing to reach agreement with WorldCom on one (or several) of the enumerated issues. This plainly violates the regulatory requirement that Verizon provide WorldCom with technically feasible forms of interconnection, see 47 C.F.R. § 51.321(a), (b), and should be rejected by the Commission.

[28] As with many issues, Verizon has injected a new proposal into it November DPL. This proposal is not part of the record, and has not been the subject of testimony or cross-examination. WorldCom notes, however, that the substance of the new proposal is objectionable for the reasons discussed below.

In sum, WorldCom's Proposed Mid-Span Fiber Arrangement is a technically feasible interconnection architecture that implements a sharing of costs that is appropriate in the newly competitive market created by the Act. WorldCom's proposed language provides the level of detail that is necessary to make mid-span fiber meets a reality, and should be adopted by the Commission.

Issue III-4 (Trunk Forecasting)

The Commission should order the inclusion of WorldCom's proposed Attachment IV, Sections 4-4.3.6, which provide detailed provisions addressing network servicing responsibilities. Specifically, WorldCom's proposed contract language addresses the establishment and maintenance of reliable interconnection trunking arrangements between the parties, including trunk forecasting, grade of service and trunk servicing. See WorldCom Exh. 14, Direct Test. of D. Grieco at 1. Verizon has agreed with the majority of WorldCom's proposed language,[29] but has indicated that it only will consider WorldCom's forecasts in determining the number of trunk ports to make available, but it will not necessarily abide by WorldCom's forecasts. See Tr. 10/10/01 at 1501-1503 (D. Albert, Verizon). Put differently, Verizon has refused to promise that any number of trunks forecasted by WorldCom would be available. Id. at 1511. WorldCom has not suggested that Verizon be required to affirmatively state its agreement with WorldCom's forecast, but instead has proposed that Verizon must make enough ports available to WorldCom to provision the number of trunks forecast by WorldCom. As explained below, Verizon's objection to this provision is unreasonable and the WorldCom language should be adopted.

At the outset, Verizon's proposal flies in the face of the very purpose of WorldCom's provision of trunk forecasts: to ensure that Verizon will have enough trunk ports available to serve WorldCom's needs. Instead, Verizon desires the right to second-guess WorldCom's forecast, and then make ports available to other parties that request

[29] Although Verizon accepted WorldCom's language with regard to maintaining a 15% overhead, id. at 1501-1502, Verizon has contradictory language in the JDPL.

them sooner, even if such other parties did not provide a forecast. Id. at 1508-1509. This is an unacceptable result, and Verizon should be ordered to make available to WorldCom the trunks that it forecasts that it needs.

Further, Verizon's proposal should be rejected because it would negatively impact service and cause call blockage. The parties have agreed to certain availability objectives, so WorldCom will provide forecasts in conformance with those objectives. For local traffic, the applicable objective is B.01, meaning that no more than one call attempt in 100 will be blocked during the busy hour. If WorldCom estimates that it will take 100 trunks to achieve this objective, and Verizon only makes 80 trunk ports available to WorldCom, it stands to reason that approximately 21 call attempts during the busy hour will be blocked (not counting the lost trunking efficiency from having fewer trunks). Thus, Verizon's failure to provision the trunks forecasted would result in a blocking of B.21. As explained by WorldCom's witness, inadequate provisioning of trunks poses a threat to the public switched telephone network ("PSTN"), and has a "disproportionately adverse impact on CLECs because the majority of blocked traffic is inbound from ILECs." WorldCom Exh. 14, Direct Test. of D. Grieco at 2.