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445 12th St. S.W.
Room TWB 204
Washington, D.C. 20554

RE: Docket Nos. 00-218, 00-249

Dear Ms. Salas:

Enclosed for filing in the above captioned docket, please find an original and four copies of "Reply Brief of WorldCom, Inc." Also enclosed are eight copies for the arbitrator. An extra copy is enclosed to be file-stamped and returned.

If you have any questions, please do not hesitate to call me at 202-639-6058. Thank you very much for your assistance with this matter.

Very truly yours,

Jodie L. Kelley

encl.

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

In the Matter of Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Expedited Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration	)	CC Docket No. 00-218
In the Matter of Petition of Cox Virginia Telecom, Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virigina Inc. and for Arbitration	)	CC Docket No. 00-249
In the Matter of Petition of AT&T Communications of Virginia Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia Corporation Commission Regarding Interconnection Disputes With Verizon Virginia Inc.	)	CC Docket No. 00-251

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I. INTRODUCTION

WorldCom, Inc. respectfully submits this reply brief in support of the Petition for Arbitration filed with the Commission on April 23, 2001.

As WorldCom noted in its opening brief, it seeks an interconnection agreement that will allow it to fulfill the Act's promise of bringing the benefits of competition to Virginia consumers. Verizon's proposals and its opening brief highlight how desperately such an agreement is needed, and how critical it is, therefore, for the Commission to carefully consider each issue, and resolve each in a manner that is consistent with both the letter and the spirit of the 1996 Act and the FCC's rules.

In particular, Verizon's proposals frequently seek to leave resolution of issues to another day, or to another agreement, or to rely on proposed contract terms which indicate only that Verizon will comply with "applicable law." Verizon's proposed language regarding unbundled network elements, for example, is essentially a list of restrictions on new entrants' access to elements and combinations of elements knitted together by vague statements regarding applicable law. Given that Verizon has made clear that, in its view the phrase "applicable law" means both its views of what the law "definitely is" as well as any extensions of law it believes are warranted, Tr. 10/03/01 at 133-134 (Antoniou, Verizon), it is unsurprising that WorldCom firmly believes that further detail must be included in the Agreement if it is to have any meaning at all.

Verizon also chastises WorldCom for seeking agreement terms that meet WorldCom's needs, and for emphasizing that detailed terms are necessary given that WorldCom's relationship with Verizon is not a normal commercial relationship. E.g., Verizon Br. at 3 (Introduction). Verizon then goes on, however, to fight each and every

provision that WorldCom seeks, frequently asserting that if the Act or the Commission's regulations do not expressly "compel" Verizon to provide something, the Commission should decline to resolve an issue in WorldCom's favor. But that is not what the Act requires. To the contrary, Congress recognized that neither the Act nor the FCC's implementing rules would address each and every issue needed to form a viable interconnection agreement. Congress thus indicated that state commissions should address any open issues in the arbitration process, directing commissions to "resolve each issue set forth in the petition . . . by imposing appropriate conditions as required to implement subsection (c) of this section." 47 U.S.C. § 252(b)(4)(C) (emphasis added). The FCC has recognized that this means that state commissions (or the FCC acting in their stead) will often be called upon to "define specific terms and conditions governing access to unbundled elements," and make "critical decisions concerning a host of issues." Local Competition Order ¶¶ 135, 137. It is axiomatic that in doing so, the Commission should adopt the resolution of each issue that will further the Act's purpose of making competitive entry a reality.

Finally, WorldCom stresses that the Commission must carefully scrutinize each issue and choose specific language with great care. If general issues are resolved but implementing language is not chosen, this process will inevitably bog down as the parties attempt to negotiate the terms of a contract. On the other hand, if the Commission were to rule in Verizon's favor on an issue and merely indicate that Verizon's corresponding language with respect to that issue should be adopted, there is a very real chance that language will inadvertently be ordered that has nothing to do with a given issue, or that

has never been subject to cross-examination by WorldCom.[1] Again, this would simply create more confusion and delay, in turn delaying further WorldCom's ability to obtain an interconnection agreement that will allow it to compete with Verizon in the Commonwealth of Virginia.

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[1] As WorldCom explained in its Motion to Strike, Verizon has inserted a great deal of new proposed language in its most recent JDPL – which was filed after testimony was submitted and after the hearing closed. These proposals are not properly part of the record and should not be considered. With respect to other issues, Verizon has included language in the JDPL that is unrelated to the relevant issue. WorldCom has attempted to highlight this when it occurs in individual Issue sections.

II. NETWORK ARCHITECTURE

Issue I-1 (Point of Interconnection)[2]

A. Introduction

Although Verizon portrays its "VGRIPs" proposal as an attempt to ensure that CLECs are responsible for "inefficient" interconnection choices, in fact Verizon is attempting unlawfully to shift the costs of interconnection to competitive carriers. The fundamental flaws in Verizon's proposal, which it does not meaningfully dispute, are:

1. By making CLECs financially responsible for transporting traffic to the "interconnection point" designated by Verizon, the VGRIPs proposal eviscerates the requirement that CLECs have the right to choose a single Point of Interconnection ("POI") within a LATA, and the requirement of FCC Rule 703(b) prohibiting a LEC from assessing charges on another LEC for traffic that originates on the first LEC's network. Verizon's claim that under its VGRIPs proposal, CLECs remain free to designate a POI wherever they want is absurd. If CLECs are required to bear financial responsibility for transmitting traffic from the CLEC-designated POI to the Verizon designated IP, the IP becomes the relevant interconnection point.

2. Verizon's proposal would thus require carriers to physically interconnect at every Verizon IP – forcing CLECs to build or purchase extensive networks that mirror Verizon's network. This would require CLECs to build a ubiquitous network that deviates from their preferred architecture or to purchase the ubiquitous physical connections already existing in Verizon's network, either of which would be financially devastating.

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[2] Several of the provisions included by Verizon in the box for Issue I-1 in the DPL are either not relevant to the issue or are addressed in other issues. For example, sections 2.1.3-2.1.3.5.1 include Verizon's proposal for collocation rights and its proposal to limit WorldCom's transport charges, which are addressed in issues I-2 and I-3. Section 2.5 addresses two-way trunking, which is Issue IV-2. The Commission should avoid inadvertently endorsing any language from the DPL which is included in a box for an issue to which it is not relevant.

Verizon's proposal represents a radical change from existing law and practice. As Verizon has conceded, WorldCom and Verizon do not currently operate under its GRIPs proposal, see Tr. 10/09/01 at 1071 (D'Amico, Verizon), or under its newly-minted "VGRIPs" proposal. Moreover, the FCC is currently considering whether to alter the compensation structure in this context, having sought comment on whether an incumbent should continue to be required to bear the costs of traffic originating on its network up to the point of interconnection chosen by the competitive carrier or whether a carrier should be required either to interconnect in each local calling area or pay the incumbent some form of charge. See Intercarrier Compensation NPRM. Verizon asks the Commission to circumvent this notice and comment process and adopt its particular proposed solution – Verizon's so-called VGRIPs proposal – without the benefit of the record developed in that docket and without considering the array of options the Commission is considering there.[3] And, even more troubling, Verizon does so without having introduced a single shred of evidence that there is any need, much less a pressing need, to alter the existing arrangement. Despite its rhetoric, Verizon offers no evidence that the interconnection

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[3] This is even more troubling given that even Verizon is unclear about how its own current proposal operates. For example, Verizon's proposed language indicates that Verizon can seek to impose an Interconnection Point ("IP") at every end office in which WorldCom is collocated. See Tr. 10/09/01 at 1076-1078 (D'Amico, Verizon). At hearings the next day, however, Verizon indicated that although it had not thought about the question before, its current position was that there need only be one IP per local calling area. See Tr. 10/10/01 at 1320 (D'Amico, Verizon). Verizon did not explain, however, exactly how this proposal would work in practice. For example, if calls came into Verizon end office 1 in local calling area 1, but the WorldCom IP was located in Verizon end office 2 in local calling area 1, it is not clear where WorldCom's financial responsibility would begin.

arrangement currently in place has imposed excessive costs, or even disparate costs, on Verizon.

B. There Is No Evidence Establishing a Need For a Radical Restructuring of Interconnection Arrangements.

In its brief, Verizon defends its GRIPs and VGRIPs proposals[4] with three basic factual assertions: 1) that the current arrangement is inefficient, and the VGRIPs proposal is economically efficient; 2) that allowing CLECs to choose the POI constitutes "expensive interconnection;" and 3) that the existing arrangement is not "mutual" because Verizon's transport requirements are much greater than CLECs'. All of these assertions in turn depend on a core factual assertion: that allowing competitive carriers to choose a single POI per LATA requires Verizon to haul traffic over long distances, imposing significant costs on Verizon, without imposing similar costs on CLECs. As set out below, none of these arguments finds any support in the record.[5] Indeed, the only evidence introduced demonstrates that the current arrangement is both efficient and mutual.

1. A Single Point of Interconnection Per LATA Is Not Inefficient.

Although Verizon repeatedly refers to CLECs' "inefficient" interconnection choices, there is absolutely no evidence in the record that CLECs are choosing POIs that result in inefficiencies. Nor is there any support for Verizon's related assertion that its interconnection proposal is necessary to address the long transport obligations that have been imposed upon it by CLEC interconnection choices. Indeed, the only "evidence"

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[4] Verizon has not formally withdrawn its GRIPs proposal. In its brief, however, it focuses primarily on its VGRIPs proposal.

[5] It is an unrebutted fact that a single point of interconnection is technically feasible.

Verizon points to in support of its proposal is not evidence at all; it is concededly a hypothetical situation in which a Verizon customer in Staunton calls a WorldCom customer in Staunton, but the call is routed through a POI located 90 miles away, in Roanoke. As Verizon's witness admitted, however, this situation does not exist in the real world. See Tr. 10/09/01 at 1092 (D'Amico, Verizon) ("Q: Now we agree, don't we, that this is a hypothetical; this isn't an actual situation you were describing, it was just a hypothetical? A: Yes.").[6]

It is perhaps unsurprising that Verizon relies only on hypotheticals given the situation that does exist. As a study performed by WorldCom demonstrates, the actual average distance Verizon is required to transport its traffic to reach the WorldCom POI is merely ten miles. WorldCom Exh. 15, Rebuttal Test. of D. Grieco and G. Ball at 30-31. Verizon has conceded that it has no basis to dispute this figure. Indeed, the Verizon witness conceded that, despite his claims that WorldCom's choice of Points of Interconnection was inefficient and causes Verizon to bear unnecessary cost, he does not "know what the specific routes are from the Verizon offices to WorldCom switches" and has not performed any studies that produced a figure greater than, or different than, the ten mile figure WorldCom's data indicates. Tr. 10/09/01 at 1093-1094 (D'Amico, Verizon).

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[6] Indeed, although Verizon repeatedly claims that it has to haul calls outside of its local calling area for co-carriers, the record establishes that WorldCom's operations in Virginia do not impose this requirement on Verizon. Moreover, Verizon itself hauls local calls for itself outside of a local calling area and back again. WorldCom Exh. 15, Rebuttal Test. of D. Grieco and G. Ball at 14-15.

Accordingly, the Commission can not, consistent with the record evidence, adopt Verizon's proposal on the ground that it is necessary to combat inefficiencies.[7]

2. A Single Point of Interconnection Per LATA Is Not An "Expensive Interconnection."

Verizon also attempts to support its proposal that CLECs bear Verizon's transport costs by citing the Commission's statement that CLECs seeking an expensive interconnection should bear the cost of that interconnection.[8] Verizon's suggestion is misplaced for at least two reasons. First, the cost which Verizon cites – the cost of transporting Verizon traffic from an IP to the POI – is not an interconnection cost at all. It is a transport cost associated with Verizon originated traffic. An example of an interconnection cost would be the cables or fiber optic terminal equipment associated with establishing an interconnection. Because the costs Verizon seeks to shift to WorldCom are not interconnection costs, the Commission's statement regarding the costs associated with "expensive interconnection" is simply inapposite.[9] The Commission

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[7] To the contrary, the only evidence of record indicates that the existing interconnection arrangement has worked well. Verizon has always delivered its traffic either to the Point of Interconnection on Verizon's network designated by WorldCom or, as Verizon has also done, directly to WorldCom's switch. WorldCom has delivered its traffic to either a Verizon tandem or end office and has paid the appropriate reciprocal compensation for each. See WorldCom Exh. 15, Rebuttal Test. of D. Grieco and G. Ball at 3-4. The existing interconnection arrangement has been fair to both parties and has not imposed unreasonable costs on Verizon.

[8] Local Competition Order ¶ 199.

[9] Verizon's reliance on the statement in the recent Third Circuit decision that the Pa. PUC should consider shifting costs to WorldCom is similarly inapposite because Verizon's proposal does not involve shifting "interconnection costs," but rather involves shifting the cost of transporting Verizon traffic. Verizon also fails to note the basic finding of the Third Circuit that WorldCom cannot be compelled to interconnect at multiple points if a single interconnection is technically feasible. MCI v. Bell Atlantic, Nos. 00-2257 and 00-2258 (3d Cir. Nov. 2, 2001).

should reject this argument, just as the Massachusetts DTE did in Petition of Media One, Inc. and New England Telephone and Telegraph, for arbitration, D.T.E 99-42/43, 99-52, at 25 (Mass. DTE August 25, 1999), discussed below at section C.

Second, even if transport costs were to be considered, as discussed above Verizon has offered no proof that a single POI per LATA is an "expensive interconnection." Like so much else it says regarding this issue, Verizon merely makes an unsupported assertion. The only proof on the record, however, indicates that a single POI per LATA does not impose excessive costs on Verizon (transport from Verizon end offices to the POI averages 10 miles).

3. Verizon's Proposal Imposes Non-Mutual, Unfair and Unlawful Financial Obligations On WorldCom.

Verizon also seeks to support its proposal on the ground that it insures the "mutual and reciprocal recovery by each carrier" of the cost of terminating traffic, as required by section 252(d)(2) of the Act. Although Verizon is correct that the Act requires the mutual and reciprocal recovery of call termination costs by each carrier, Verizon is very wrong about the consequences of its proposal. As explained below, Verizon's proposal is seriously lopsided, relieving Verizon of the obligation to deliver its traffic to WorldCom's network, and depriving WorldCom of recovery of its transport and termination costs, to which it is entitled under Section 252(d)(2) of the Act.

a. Verizon's Proposal Denies WorldCom The Compensation to Which it is Entitled.

Pursuant to the FCC's rules, each carrier must bear the cost of transporting its traffic from its end-user customer to the physical point of interconnection established with a competitive local carrier. The originating carrier then pays the competitive carrier

reciprocal compensation for the cost of transporting Verizon's traffic from the point where the parties interconnect, to the called party.

Verizon's proposal stands this scheme on its head. Pursuant to VGRIPs, WorldCom must accept the traffic at a collocation cage which WorldCom has established in order to access unbundled network elements, but which can be "deemed" by Verizon to be the relevant "interconnection point." Thus, instead of accepting responsibility for transporting its own originating traffic, as the FCC's rules require, Verizon has shifted that responsibility to WorldCom.[10]

Moreover, if WorldCom does not establish multiple points of interconnection as Verizon requests, Verizon's proposal allows it to withhold a portion of the reciprocal compensation which WorldCom is entitled to under the Act. That reciprocal compensation is designed to compensate WorldCom for transporting Verizon originated traffic through WorldCom's network, and terminating that traffic to WorldCom's end-user customer. If WorldCom does not acquiesce in Verizon's choice of "IP," however, Verizon penalizes WorldCom by withholding reciprocal compensation. See Tr. 10/09/01 at 1071-1072 (D'Amico, Verizon) ("Q: So you would pay us recip comp, but after you deducted the things you proposed to deduct, all that's really left to the recip comp is termination, and I guess actually it would be termination less [your] category called other costs, so it would be termination less other; is that right" A: That's correct."). Verizon's

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[10] WorldCom is not compensated in any way for absorbing the additional costs imposed on it by Verizon's proposal. Reciprocal compensation does not compensate WorldCom for transporting the call from Verizon's end office to the point where the parties' networks interconnect. Verizon's proposal thus requires WorldCom to provide transport free of charge from the Verizon end office or from multiple tandems all the way to the point of interconnection.

proposal thus does not create mutuality – it deprives WorldCom of symmetrical reciprocal compensation payments required under Commission regulations. Verizon's proposal thus violates both 47 C.F.R. § 51.711(a)(1) and 47 C.F.R. § 51.703(b).[11]

Verizon's attempt to justify this result by asserting that a single POI per LATA imposes significantly greater transport obligations on it than is imposed on CLECs is easily dismissed. As Verizon's witness was forced to concede, a CLEC will have to transport its calls to the POI just as Verizon does. Tr. 10/09/01 at 1240-1241 (D'Amico, Verizon). Thus, in the hypothetical Staunton example, if a Verizon customer in Staunton called a WorldCom customer in Staunton and the relevant POI was in Roanoke, Verizon would have to transport the call to Roanoke. If the same WorldCom customer called the same Verizon customer, however, WorldCom would transport the call the exact same distance to the exact same POI. A single point of interconnection per LATA simply does not burden Verizon because both the CLEC and Verizon face the same transport responsibility. See id; see also WorldCom Exh. 15, Rebuttal Test. of D. Grieco and G. Ball at 13.

b. Verizon's Proposal Is Non-Mutual, Imposing Additional Burdens Only on Competitive Carriers.

Verizon's proposal is also non-mutual, because VGRIPs changes the financial demarcation between the parties only with respect to Verizon's originating traffic. Thus, although Verizon proposes that WorldCom bear the financial responsibility for transporting calls from Verizon end offices in each local calling area to the POI, Verizon

[11] Verizon's claim that Section 252(d)(2)(B)(i) permits it to withhold reciprocal compensation is plainly wrong. That section authorizes the mutual recovery of costs through alternative arrangements; it does not authorize an arrangement which denies the terminating carrier recovery of its costs.

does not assume similar responsibility when the calls travel the other direction. Instead, Verizon designates its own IPs at the same end offices.[12] Thus, under its proposal, if a Verizon customer calls a WorldCom customer, Verizon transports its own traffic only the short distance to its end office, then requires WorldCom to bear financial responsibility for hauling the call to the end user. If the same call travels the other direction, however, WorldCom must bear financial responsibility for taking the call from its customer back to that same end office.

To provide a visual example using WorldCom Exhibit 40, Verizon could require WorldCom to designate "Verizon End Office 2" as a WorldCom IP. If Verizon End User 3 called WorldCom End User 2, WorldCom would be financially responsible for taking the call from End Office 2 to the POI. If the same call were made in reverse under Verizon's proposal, WorldCom again would be responsible for taking the call from WorldCom End User 2, through the POI, and all the way to Verizon End Office 2. Verizon would bear financial responsibility only for the short leg between Verizon End Office 2 and Verizon End User 3. There is nothing mutual about the transport obligations imposed under VGRIPs.

Nor is Verizon's approach to reciprocal compensation balanced. Verizon's proposals change the financial demarcation point between the parties, but only with

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[12] Under Verizon's proposal, both WorldCom's and Verizon's IPs must be at points on Verizon's network. See sections 7.1.1.2 and 7.1.2 of the DPL. Thus, Verizon would have WorldCom's transport and termination obligation begin at a point on Verizon's network, requiring a considerable amount of transport by WorldCom, whereas Verizon's transport and termination obligation would also begin at a point on Verizon's network, thus minimizing Verizon's transport obligation. As can be seen, Verizon's proposal forces WorldCom to provide considerably more transport than Verizon provides by the expedient of unilaterally declaring IPs for both parties on Verizon's network.

respect to Verizon's traffic. To be specific, the CLEC will still pay reciprocal compensation to Verizon which covers transport on Verizon's side of the POI and end office switching, but Verizon will pay far less reciprocal compensation to the CLEC, deducting from their reciprocal compensation payment the cost of getting the call from the IP to the POI. Tr. 10/10/01 at 1376-1377 (Ball, WorldCom).

In short, far from being mutual, Verizon's proposal shifts financial responsibility to WorldCom for Verizon's originating traffic. Although Verizon receives revenues from its end user that are designed to cover the costs of its own originating traffic, Verizon seeks to shift those costs to its competitors. Its competitors, however, are unable to recoup the costs associated with Verizon originated traffic: the terminating carrier receives only reciprocal compensation for terminating such calls, and reciprocal compensation does not cover the cost of transport between the IP and the POI. Nor can WorldCom raise the rates it charges its own customers to cover Verizon's costs, as Verizon cavalierly suggests, and remain competitive. Thus, Verizon proposes shifting costs to WorldCom for which no legitimate means of cost recovery exists.

C. Verizon's Proposal is Inconsistent with Federal Law, and in Conflict with the Many Court and Commission Decisions That Have Rejected Interconnection Proposals Like Verizon's.

In our Initial Brief, WorldCom demonstrated that Verizon's interconnection point language is inconsistent with 1) WorldCom's right to design its own network and designate the point of interconnection, including a single point of interconnection per LATA; 2) WorldCom's right to receive symmetrical reciprocal compensation payments; 3) FCC regulations which bar a LEC from assessing charges on another LEC for traffic which originates on the LEC's network; and 4) a LEC's obligation to deliver its

originating traffic to a co-carrier's network. Verizon's proposal violates each of these legal principles. Specifically, Verizon's proposal transfers to the CLEC the cost of transporting Verizon traffic, either by requiring multiple physical points of interconnection or by reducing CLEC reciprocal compensation if multiple POIs are not established. The Commission should soundly reject Verizon's attempt to accomplish indirectly – by designating multiple IPs, or by imposing a "transport offset" – what the Commission's Regulations and Orders prohibit it from accomplishing directly.

In particular, Verizon's proposal robs all significance from a CLEC's right to designate a single point of interconnection. Verizon's language requiring WorldCom to establish multiple physical points of interconnection at multiple tandems or Verizon end offices, or if multiple physical points of interconnection are not established, permitting Verizon to establish the financial equivalent of multiple points of interconnection, renders meaningless WorldCom's right to designate a single point of interconnection.

Whether multiple new physical POIs are actually established or not, the result is the same. WorldCom is required to bear the cost of transporting Verizon's traffic either by provisioning facilities or by paying Verizon in the form of reduced reciprocal compensation. Either way, WorldCom's right to designate a single point of interconnection loses its financial significance.

Verizon cites a number of state commission decisions that it asserts support its proposals. Although Verizon cites the Order of the New York PSC as support for its position, it fails to highlight the fundamental conclusion reached by that Commission: "We reject Verizon's proposal and shall keep in place the existing framework that makes each party responsible for the costs associated with the traffic that their respective

customers originate until it reaches the point of interconnection." (NYPSC Case No. 01-C-0095). Many other state commissions and courts have similarly rejected proposals like Verizon's. The Ninth Circuit Court of Appeals, for example, has upheld provisions in the MFS/US West Interconnection Agreement permitting a single point of interconnection per LATA at the tandem, noting that "[t]he plain language requires local exchange carriers to permit interconnection at any technically feasible point within the carrier's network." US West Communications, Inc. v. MFS Intelenet, Inc., 193 F.3d 1112, 1124 (9th Cir. 1999), cert. denied, 530 U.S. 1284 (2000).[13]

The Massachusetts Department of Telecommunication and Energy has also rejected Verizon's proposal to impose multiple points of interconnection and its twin proposal that CLECs must pay for transport of Verizon's originating traffic:

> Regarding Verizon's request that the Department approve its proposal to require MediaOne and Greater Media to provide IPs at or near each of Verizon's tandems, neither the Act nor the FCC's rules requires MediaOne or any CLEC to interconnect at multiple points within a LATA to satisfy an incumbent's preference for geographically relevant interconnection points.

Petition of Media One, Inc. and New England Telephone and Telegraph, for Arbitration, D.T.E 99-42/43, 99-52, ¶¶ 198-199 (Mass. DTE Aug. 25, 1999).

> Therefore, we find that a CLEC may designate a single IP for interconnection with an incumbent even though that CLEC may be serving a large geographic area that encompasses multiple ILEC tandems and end offices. There is no requirement or even preference under federal law that a CLEC replicate or in a lesser way mirror an ILEC's network. Indeed, the Act created a preference for CLECs to design and engineer in

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[13] See also US West Communications, Inc. v.Garvey, File No.Civ. 97-913, 1999 U.S. Dist. LEXIS 22042, (D. Minn. Mar. 30, 1999) and MCI Telecommunications Corp. v. US West Communications, Inc., Case No. C97-1508R, 1998 U.S. Dist. LEXIS 21585 (W.D. Wash. July 21, 1998) aff'd in part and rev'd in part, 204 F.3d 1262 (9th Cir. 2000), cert. denied, 531 U.S. 1001 (2000) (rejecting ILEC claims that a CLEC must establish a POI in each ILEC local calling area).

> the most efficient way possible, which Congress envisioned could be markedly different than the ILECs networks.

Id. ¶ 172.

> Regarding Verizon's argument that if MediaOne and Greater Media do not establish "geographically relevant" IPs, they would be obligated to pay Verizon's transport costs, Verizon has pointed to nothing in the Act or FCC rules requiring CLECs to pay the transport costs that Verizon will incur to haul its traffic between Verizon's IP and the meet point. The FCC envisioned both carriers paying their share of the transport costs to haul traffic to the meet point under the interconnection rules. Verizon's cite to the FCC's language regarding "expensive interconnection" is not on point because the FCC there was referring to interconnection costs -- not transport costs.

See id.

The Georgia Commission has recently concluded a generic investigation into the POI issue and has concluded that CLECs may establish a single POI per LATA and that when they do so, BellSouth remains responsible for the cost of transporting its originating traffic to the POI, regardless of whether the POI is in the same local calling area as the call originates and terminates. The Georgia Commission noted that:

> Assuming a CLEC's choice to interconnect at a single point in the LATA resulted in greater transport costs than if the CLEC established a POI in each local calling area within the LATA, it still does not lead to the conclusion that the CLEC should bear the costs of transporting the traffic to the POI. To draw such a conclusion would be to argue that a CLEC should pay a price for taking advantage of its rights under the Federal Act as construed by the FCC. Stated in the converse, it is to argue that an ILEC should receive additional compensation for meeting its duty under the Federal Act. Presumably, Congress believed imposing upon ILECs the specific interconnection obligations would best accomplish the goals of the legislation. Shifting cost recovery from BellSouth to a CLEC simply because a CLEC took advantage of its rights under the Federal Act would undermine this Congressional intent. As AT&T stated in its Brief, "It is a hollow gesture to allow CLECs to designate a single point of interconnection and then require CLECs to pay the difference of the cost of that single point of interconnection and the cost of multiple points of interconnection in every BellSouth basic local calling area."

> Separate and apart from its legal analysis, the Commission finds that holding BellSouth financially responsible for transporting its originating traffic to a CLEC's POI is a sound policy. CLECs must bear financial responsibility for their originating traffic so requiring BellSouth to do the same does not place it at a disadvantage. The difference in volume between BellSouth and an individual CLEC does not affect the fairness of the resolution because BellSouth should be recovering the costs of its facilities through the rates it charges its customers. The Commission's determination on this issue is symmetrical, fair and consistent with the Federal Act's intent to promote competition.

Georgia Pub. Serv. Comm., Docket No. 13542-U at 7, 8 (July 23, 2001).

Finally, the Commission reviewed an interconnection proposal similar to that proposed by Verizon in the Kansas/Oklahoma section 271 proceeding. In its KS/OK 271 Order the Commission addressed an interconnection proposal from SWBT which was similar to that now proposed by Verizon.[14] The Commission noted the comments made by some parties that SWBT in effect was denying competing carriers the right to select a single point of interconnection by improperly shifting transport costs to them. SWBT disputed that it was taking the position that Verizon is taking here, but the Commission cautioned SWBT, nevertheless, that: 1) the Commission's decision to allow a single point of interconnection did not change an ILEC's reciprocal compensation obligations; and 2) that the Commission's rules preclude an incumbent LEC from charging carriers for local traffic that originates on the incumbent LEC's network. Verizon's proposed contract language suffers from both of the infirmities noted by the Commission in the SBC case.

For these reasons, the Commission should decline Verizon's offer to fundamentally alter the status quo by imposing Verizon's VGRIPs proposal. The record

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[14] KS/OK 271 Order ¶ 235.

evidence does not demonstrate the need for such a change, but instead makes clear that VGRIPs would only impose extraordinary burdens on competitive carriers alone. If the Commission believes this issue should be revisited as a policy matter, it can do so in the context of the ongoing rulemaking that is considering this precise issue. In this proceeding, WorldCom's proposal, which is the only proposal consistent with existing law and record evidence, should be adopted.

Issue I-2 (Transport of Verizon Traffic)

Verizon has proposed that the Commission limit the charges which WorldCom can levy for transporting Verizon traffic to a non-distance sensitive entrance facility charge. See DPL at 17. The rationale Verizon offers for this proposal has no basis in fact, at least with respect to interconnection between WorldCom and Verizon.[15] Moreover, Verizon's proposal will force WorldCom to provide transport to Verizon without adequate reimbursement.

Verizon asserts that its proposal is required because it may have to purchase transport facilities from a CLEC in order to deliver its traffic to the CLEC switch. Verizon's proposal presumes that Verizon cannot self-provision facilities to deliver its traffic to the WorldCom switch. The premise underlying Verizon's proposal is certainly not applicable to WorldCom. Under the current interconnection arrangements between the parties, Verizon brings its traffic, on its own facilities, either to the POI (the single POI approach) or to WorldCom's switch locations (the dual POI approach). WorldCom Exh. 15, Rebuttal Test. of D. Grieco and G. Ball at 3-4. Verizon is thus plainly able to self-provision facilities for the delivery of its traffic to WorldCom, and there is no factual basis for its proposal to limit WorldCom's transport charges to a non-distance sensitive charge. If Verizon chooses to purchase transport from WorldCom, however, it should pay the applicable rate because Verizon always has the alternative of self-provisioning available to it.

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[15] WorldCom of course does not comment with respect to Cox or AT&T.

Verizon's proposed restriction on WorldCom's ability to levy a reasonable charge is also inappropriate because it will force WorldCom to provide transport at below-cost rates. If WorldCom provides transport of Verizon traffic between a Verizon end-office and the POI at the tandem, for example, the distance involved in Northern Virginia is ten miles. Id. at 30-31. Verizon's proposal to limit WorldCom's charge to a non-distance sensitive charge is unreasonable under these circumstances where transport over some distance is provided.

Issue I-3 (Collocation at CLEC Premises)

Verizon has proposed contract language which requires WorldCom to provide collocation to Verizon. As noted in WorldCom's initial brief, the obligation to provide collocation only applies to ILECs, and the Commission cannot impose this obligation on CLECs. In its testimony, Verizon acknowledged that the Commission cannot impose a collocation obligation on CLECs. In its brief, however, Verizon makes this cryptic comment: "Verizon VA recognizes that section 251(c)(6) applies to the ILECs, and not the CLECs. Nothing in the Act, however, prohibits the Commission from allowing Verizon VA to interconnect with the CLECs via a collocation arrangement at their premises." Verizon Br. at NA-19 (emphasis added). It is not clear what Verizon means by use of the word "allowing," but it is clear that if the Commission were to adopt Verizon's proposed contract language it would be requiring CLECs to provide collocation. The Commission has no authority to do so under Section 251(c)(6) of the Act, as Verizon recognized in its testimony.[16]

Aside from the legal infirmity of Verizon's position, the rationale on which it relies is also faulty. Verizon asserts that it needs a collocation right because it may have to deliver its traffic to a distant point within a LATA or because it may not be able to self-provision facilities. But, if Verizon must deliver its traffic to a distant point, a collocation arrangement will not change that situation. Indeed, as previously discussed, Verizon does not, in fact, have to deliver its local traffic to a distant point. Moreover, as noted above, Verizon currently self-provisions the facilities it uses to deliver its traffic to

[16] The Act provides a mechanism for imposing the obligations of an ILEC on other carriers in section 251(h)(2). However, the procedures and findings which must be made in order to impose these obligations have not occurred in this proceeding.

WorldCom. Thus, WorldCom's designation of a point of interconnection has not disadvantaged Verizon, and Verizon does not require a collocation to mitigate a non-existent burden.

Finally, it should be noted that although Verizon claims it should be entitled to collocate as a matter of fairness or symmetry, the rules applicable to ILECs like Verizon are different than the rules applicable to CLECs because ILECs possess market power. This was a decision made by Congress in passing the Act. The differences in regulatory policy simply reflect that fact. WorldCom Exh. 13, Rebuttal Test. of C. Goldfarb, A. Buzacott, and R. Lathrop at 5-6.