

ATTACHMENT E

Jungkeit, Alexandria

From: Collins, Angela F.
Sent: Friday, January 11, 2002 6:20 PM
To: Jungkeit, Alexandria
Subject: Verizon 4.1.3



VZ interconnection
081701.doc

-----Original Message-----

From: dorothy.a.dennis@verizon.com [mailto:dorothy.a.dennis@verizon.com]
Sent: Friday, August 17, 2001 11:13 AM
To: Collins, Angela F.; Kiser, Cherie R.
Cc: jpach@technetlaw.com
Subject: Verizon Proposed Language

Cherie and Angela,

Attached is the language that Verizon committed to provide to Cablevision this week for Interconnection, Reciprocal Compensation, and Transmission and Routing of Traffic.

Please review and let me know when Cablevision would like to discuss the proposed language.

I can be reached at 703/974-4579 or via e-mail.

(See attached file: VZ interconnection 081701.doc)

Thanks.

Draft 08/17/01

Cablevision NJ interconnection, reciprocal compensation and related definitions

1.0 DEFINITIONS

As used in this Agreement, the following terms shall have the meanings specified below in this Section 1. For convenience of reference only, the definitions of certain terms that are As Defined in the Act (as defined below) are set forth on Schedule 1.0.

“Extended Local Calling Scope Arrangement” means 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.

“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).

“Information Services Traffic” means ~~Local Reciprocal Compensation~~ Traffic or IntraLATA Toll Traffic which originates on a Telephone Exchange Service line and which is addressed to an information service provided over a Party’s information services platform (e.g., 976).

“Internet Traffic” means any traffic that is transmitted to or returned from the Internet at any point during the duration of the transmission.

~~“Local 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 other Party’s network, within a given local calling area, or expanded area service (“EAS”) area, as defined in BA’s effective Customer tariffs, or, if the Board has defined local calling areas applicable to all LECs, then as so defined by the Board.~~

“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 by Verizon. 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 Extended Local Calling Scope Arrangement. Calls originated on a 1+ presubscription basis, or on a casual dialed (10XXX/101XXX) basis, are not considered Measured Internet Traffic.

“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, is As Described in the Act, and refers to the payment arrangement as set forth in subsection 5.7 below that is designed to recover 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). local Telephone Exchange Services traffic.

“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 Information Access. The determination of whether telecommunications traffic is Exchange Access or Information Access shall be based upon Verizon’s local calling areas. 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 by Verizon; (3) Toll Traffic, including, but not limited to, calls originated on a 1+ presubscription basis, or on a casual dialed (10XXX/101XXX) 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 7). 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 Extended Local calling Scope Arrangement.

“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 Local 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.

“Traffic Factor 1” means, for traffic exchanged via Traffic Exchange 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. ($\frac{\text{Interstate Traffic Total Minutes of Use (excluding Measured Internet Traffic)}}{\text{Interstate Traffic Total Minutes of Use} + \text{Intrastate Traffic Total Minutes of Use}} \times 100$). 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.”

“Traffic Factor 2” means, for traffic exchanged via Traffic Exchange 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. ($\frac{\text{Reciprocal Compensation Traffic Total Minutes of Use} + \text{Measured Internet Traffic Total Minutes of Use}}{\text{Intrastate Traffic Total Minutes of Use}} \times 100$).

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."

4.0 INTERCONNECTION PURSUANT TO SECTION 251(c)(2)

The types of Traffic to be exchanged under this Agreement shall be Local Traffic, IntraLATA Toll (and InterLATA Toll, as applicable) Traffic, Transit Traffic, Meet Point Billing Traffic, and Ancillary Traffic. Subject to the terms and conditions of this Agreement, Interconnection of the Parties' facilities and equipment for the transmission and routing of Local Traffic and Toll Traffic pursuant to this Section 4 shall be established on or before the corresponding "Interconnection Activation Date" shown for each such LATA within New Jersey on Schedule 3.0 and in accordance with the standards set forth in subsection 10.2. Both Schedule 3.0 and Schedule 4.0 may be revised and supplemented from time to time upon the mutual agreement of the Parties to reflect additional or changed Interconnection Points in New Jersey by attaching one or more supplementary addenda to such Schedule.

4.1 Scope

4.1.1 Section 4 describes the architecture for Interconnection of the Parties' facilities and equipment over which the Parties shall configure the following separate and distinct trunk groups:

Local Reciprocal Compensation Traffic, Measured Internet Traffic, Tandem Transit Traffic, translated LEC IntraLATA 800/888 traffic, IntraLATA Toll Traffic, and, where agreed to between the Parties and as set forth in subsection 4.1.9 below, InterLATA Toll Traffic between their respective Telephone Exchange Service customers pursuant to Section 251(c)(2) of the Act, in accordance with Section 5 below;

Access Toll Connecting Trunks for the transmission and routing of Exchange Access Traffic, including translated InterLATA 800/888 traffic, between CLI Telephone Exchange Service customers and purchasers of Switched Exchange Access Service via a ~~BA~~Verizon Tandem, pursuant to Section 251(c)(2) of the Act, in accordance with Section 6 below;

Information Services Trunks for the transmission and routing of terminating Information Services Traffic in accordance with Section 7 below;

~~LSV/VCI~~ BLI/BLVI Trunks for the transmission and routing of terminating BLI/BLVI ~~LSV/VCI~~ traffic, in accordance with Section 7 below;

911/E911 Trunks for the transmission and routing of terminating E911/911 traffic, in accordance with Section 7 below;

Directory Assistance Trunks for the transmission and routing of terminating directory assistance traffic, in accordance with Section 19 below;

Operator Services (IntraLATA call completion) Trunks for the transmission and routing of terminating IntraLATA call completion traffic, in accordance with Section 19 below; and

Other trunks types as agreed to by the Parties.

The Parties shall configure separate trunk groups for traffic from CLI to BAVerizon, and for traffic from BAVerizon to CLI, respectively; however, the trunk groups shall be equipped as two-way trunks for testing purposes.

4.1.2 To the extent required by Section 251 of the Act, the Parties agree to interconnect their networks at any technically feasible point.

4.1.3 Each Party shall establish interconnection points (collectively, the "Interconnection Points" or "IPs") at the available locations designated in Schedules 4.0 and 4.5. The Originating Party is responsible for delivering its traffic to the Terminating Party's relevant IP. The Terminating Party is responsible for the Transport and Termination of ~~traffic~~ Reciprocal Compensation Traffic (and other Traffic types which may be routed over Traffic Exchange Trunks pursuant to Section 4.1.1) from the IP to its Customers and/or functionalities. The BAVerizon-IP for transport and termination of ~~Local~~ Reciprocal Compensation and IntraLATA Toll Traffic originating on CLI's network is the terminating BAVerizon End Office serving the BAVerizon Customer, or the BAVerizon Tandem subtended by the terminating BAVerizon End Office serving the BAVerizon Customer. The CLI-IP for transport and termination of ~~Local~~ Reciprocal Compensation and IntraLATA Toll Traffic originating on BAVerizon's network is the CLI Collocation site(s) established at each BAVerizon Tandem(s). Except as otherwise provided in Section 4.1.5, CLI shall establish, via Collocation pursuant to Section 13 and the applicable Collocation tariff, IPs at each BAVerizon Tandem in the LATA. Where there are multiple BAVerizon Tandems in the LATA, BAVerizon shall deliver CLI-terminating traffic to the CLI Collocation site at the BAVerizon Tandem which serves the CLI Rate Center Area associated with the CLI Customer's NXX. For Ancillary Traffic other than IntraLATA third-party, collect and calling card, 800/888 database query and LIDB, CLI shall either deliver traffic to the relevant BAVerizon Ancillary Services IP as identified in Schedules 4.0 and 4.5 or purchase transport to the Ancillary Services IP.

4.1.4 In any LATA where the Parties are already interconnected prior to the Effective Date of this Agreement, CLI may maintain existing IPs, except that Verizon may request in writing to transition such CLI-IPs to the CLI-IPs described in subsection 4.1.3 above. Upon such request, the Parties shall negotiate a mutually satisfactory time frame for the transition to IPs that conform to subsection 4.1.3 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) CLI shall bill and Verizon shall

pay only 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 CLI or a third party), from Verizon's originating End Office to the CLI-IP.

Notwithstanding 4.1.3 above, the Parties agree to an initial interim architecture that shall be utilized for a limited period following CLI's initial service deployment within a LATA, as further described in subsection 4.1.5 below.

4.1.5 [Intentionally Left Blank]

~~4.1.5.1 The initial IP for Local and IntraLATA Toll Traffic in each LATA shall be at a Collocation site that CLI establishes at a BA Tandem in the LATA. To the extent that there are additional BA Tandems in the LATA ("Other BA Tandem IP(s)"), and Local and IntraLATA Toll Traffic is exchanged between CLI Customers and BA Customers served by End Offices subtending the Other BA Tandem IP(s), then CLI shall deliver such traffic over direct trunks at the initial BA Tandem IP such that BA may direct those trunks to the Other BA Tandem IP(s) in the LATA without any requirement to switch such traffic at the initial BA Tandem IP. BA shall provide, at no additional charge to CLI, transport from the BA Tandem IP at the initial IP to the Other BA Tandem IP(s) in the LATA for a period not to exceed the lesser of (i) 18 months following initial exchange of traffic to the Other BA Tandem IP(s) or (ii) the time at which intraLATA traffic exchanged between CLI Customers and BA Customers served by End Offices subtending each Other BA Tandem IP reaches a volume that requires a DS3 facility or approximately six (6) million minutes of use per month ("Interim Period"). Upon the earlier of (i) or (ii) above, CLI shall (x) compensate BA for the transport provided between the initial BA Tandem IP and the Other BA Tandem IP(s) or provide its own transport between these BA Tandem IP(s); and (y) establish a CLI IP at the Other BA Tandem IP(s).~~

~~4.1.5.2 During the Interim Period, CLI shall utilize the trunks provided at no charge by BA solely for the exchange of Local Traffic and IntraLATA Toll Traffic, including translated LEC IntraLATA 800/888 traffic.~~

4.1.6 Once CLI establishes an IP at the BAVerizon Tandem, CLI will hand off direct, non-switched trunks (that will not be switched at the BAVerizon Tandem) for each End Office subtending that BAVerizon Tandem to which CLI is terminating traffic volumes that at any time exceed the busy hour equivalent of one DS-1 ~~originating an agreed upon threshold of traffic volume. Such threshold shall be established as part of the Joint Grooming Process described in Section 10.0 below, but shall not be less than approximately 2 million minutes of use per month. BAVerizon shall provide direct end office trunks to CLI at the CLI-IP for termination of traffic from a BAVerizon End Office where the volume of traffic to CLI exceeds one DS-1 the agreed upon threshold of traffic volume established as part of the Joint Grooming Process.~~

4.1.7 At any time that CLI offers additional and/or End Office IPs in a LATA to any Telecommunications Carrier, CLI shall offer ~~BA~~Verizon the option to deliver traffic to those CLI-IP(s) for the NXXs served by those IPs.

4.1.8 In addition to the foregoing methods of Interconnection, the Parties may agree to negotiate, at either Party's request, alternative Interconnection architecture arrangements, such as end point fiber mid-span meets, ~~SONET backbone facilities with electrical interface, or other arrangements. In the event that the Parties choose a SONET Interconnection arrangement, each Party will provide an agreed-upon portion of the SONET Interconnection facility assets, i.e., fiber and Optical Line Terminating Multiplexer equipment.~~

The establishment of any such alternative arrangements is conditioned on the Parties reaching written agreement on appropriate network (including, but not limited to, routing, sizing and forecasting, equipment, ordering, provisioning, maintenance, repair, testing, and augmentation) and compensation arrangements. These alternative arrangements shall be used only for the termination of Local Reciprocal Compensation Traffic, Measured Internet Traffic and IntraLATA Toll Traffic between the Parties' respective end user Customers unless and until such time as the Parties have agreed to appropriate compensation arrangements relating to the exchange of other types of traffic.

4.1.9 Except as provided in 4.1.5.2, either Party may utilize the Traffic Exchange Trunks for the termination of InterLATA Toll Traffic in accordance with the terms contained in Section 5 below and pursuant to the other Party's Switched Exchange Access Services tariffs. The other Party's Switched Exchange Access Service rates shall apply to such traffic.

5.0 TRANSMISSION AND ROUTING OF TELEPHONE EXCHANGE SERVICE TRAFFIC PURSUANT TO SECTION 251(c)(2)

5.1 Scope of Traffic

Section 5 prescribes parameters for trunk groups (the "Traffic Exchange Trunks") to be effected over the Interconnections specified in Section 4 for the transmission and routing of Local Reciprocal Compensation Traffic, Measured Internet Traffic, Transit Traffic, translated LEC IntraLATA 800/888 traffic, InterLATA Toll Traffic (to the extent applicable), and IntraLATA Toll Traffic between the Parties' respective Telephone Exchange Service Customers.

5.2 Trunk Group Connections and Ordering

5.2.1 Traffic Exchange Trunk group connections will be made at a DS-1 level or higher. Higher speed connections shall be made, when and where available, in accordance with the Joint Implementation and Grooming Process prescribed in Section 10. Ancillary Traffic trunk groups may be made below a DS-1 level, as may be agreed to by the Parties.

5.2.2 Each Party will identify its Carrier Identification Code, a three or four digit numeric obtained from ~~Belleore~~Telcordia, to the other Party when ordering a trunk group.

5.2.3 Notwithstanding anything to the contrary in this Section 5, if the traffic volumes between any two Central Office Switches at any time exceeds the CCS busy hour equivalent of one DS-1, the Parties shall, within sixty (60) days of the event add trunks or establish new direct End Office trunk groups under their control consistent with the grades of service and quality parameters established by Joint Grooming Plan or by a Board order.

5.3 Additional Switching System Hierarchy and Trunking Requirements

For purposes of routing CLI traffic to ~~BA~~Verizon, the subtending arrangements between ~~BA~~Verizon Tandem Switches and ~~BA~~Verizon End Office Switches shall be the same as the Tandem/End Office subtending arrangements ~~BA~~Verizon maintains for the routing of its own or other carriers' traffic. For purposes of routing ~~BA~~Verizon traffic to CLI, the subtending arrangements between CLI Tandem Switches (or functional equivalent) and CLI End Office Switches (or functional equivalent) shall be the same as the Tandem/End Office subtending arrangements (or functional equivalent) that CLI maintains for the routing of its own or other carriers' traffic.

5.4 Signaling

Each Party will provide the other Party with access to its databases and associated signaling necessary for the routing and completion of the other Party's traffic in accordance with the provisions contained in Section 17 below.

5.5 Grades of Service

The Parties shall initially engineer and shall jointly monitor and enhance all trunk groups consistent with the Joint Implementation and Grooming Process as set forth in Section 10.

5.6 Measurement and Billing

5.6.1 For billing purposes, each Party shall pass Calling Party Number ("CPN") information on each call carried over the Traffic Exchange Trunks for which it is technically feasible to do so. at such time as the originating switch is equipped for SS7 and from all switches no later than December 31, 1998. ~~At such time as either Party has the ability, as the Party receiving the traffic, to use such CPN information to classify on an automated basis traffic delivered by the other Party as either Local Traffic or Toll Traffic, such receiving Party shall bill the originating Party the Local Traffic termination rates, Intrastate Exchange Access rates, or Interstate Exchange Access rates applicable to each minute of Traffic for which CPN is passed, as provided in Exhibit A and applicable Tariffs.~~

5.6.1.1 If for any monthly period the originating Party passes CPN on (90%) 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 Switched Exchange Access Service rates, intrastate/interstate Tandem Transit Traffic rates, or interstate switched Exchange Access Service 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 10%) calls without CPN information, the receiving party shall bill the originating Party for such traffic at the Reciprocal Compensation rate, intrastate Switched Exchange Access Service rates, intrastate/interstate Tandem Transit Traffic rates, or interstate Switched Exchange Access Service rates applicable to each minute of traffic, as provided in Exhibit A, the FCC Internet Order and the applicable Tariffs, in direct proportion to the minutes of use of calls passed with CPN information. If any monthly billing period the originating Party passes CPN on eighty percent (80%) or more of its calls and provides evidence that it passed CPN on ninety percent (90%) or more of its calls for which it was technically feasible to do so, the receiving Party shall bill the originating Party for traffic without CPN information at the Reciprocal Compensation Traffic call completion rate, Measured Internet Traffic rate, intrastate Switched Exchange Access rates and interstate Switched Exchange Access rates, applicable to each minute of traffic, as provided in Exhibit A the FCC Internet Order and applicable Tariffs in direct proportion to the minutes of use of calls passed with CPN information.

5.6.1.2 If for any monthly billing period the originating Party fails to pass CPN at the levels set forth in section 5.6.1.1, the receiving Party shall bill the higher of its interstate Switched Exchange Access Service rates or its intrastate Switched Exchange Access Service rates for all traffic passed without CPN unless the Parties agree that other rates should apply to such traffic.

5.6.2 At such time as the receiving Party has the capability, on an automated basis, to use such CPN information to classify traffic delivered by the other Party over Traffic Exchange Trunks by the other Party as either Reciprocal Compensation Traffic/Measured Internet Traffic or Toll Traffic, such receiving party shall bill the originating Party the Reciprocal Compensation Traffic call completion rate, intrastate Switched Exchange Access rates, or interstate Switched Exchange Access rates applicable to each minute of Traffic for which CPN is passed, as provided in Exhibit A, the FCC Internet Order and applicable Tariffs. If the originating Party fails to pass CPN at the levels set forth in section 5.6.1.1, or if the receiving Party lacks the capability on an automated bases, to use CPN information to classify on an automated basis traffic delivered by the other Party as either Reciprocal Compensation Traffic/Measured Internet Traffic or Toll Traffic, 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 by the originating Party quarterly by written notification. The determination of whether traffic is Reciprocal Compensation Traffic or Measured Internet Traffic shall be in accordance with section 5.7.5 below

5.6.3 Measurement of billing minutes (except for originating Toll Free Service Access calls) shall be in actual conversation seconds. Measurement of billing minutes for originating Toll Free Service Code calls shall be in accordance with applicable Tariffs.

~~5.6.2—If, under the circumstances set forth in subsection 5.6.1, the originating Party does not pass CPN on up to ten percent (10%) of calls, the receiving Party shall bill the originating Party the Local Traffic termination rates, Intrastate Exchange Access rates, Intrastate/Interstate Transit Traffic rates, or Interstate Exchange Access rates applicable to each minute of traffic, as provided in Exhibit A and applicable Tariffs, for which CPN is passed. For the remaining up to ten percent (10%) of calls without CPN information, the receiving Party shall bill the originating Party for such traffic as Local Traffic termination rates, Intrastate Exchange Access rates, Intrastate/Interstate Transit Traffic rates, or Interstate Exchange Access rates applicable to each minute of traffic, as provided in Exhibit A and applicable Tariffs, in direct proportion to the minutes of use of calls passed with CPN information.~~

~~5.6.3—If the originating Party does not pass CPN on more than ten percent (10%) of calls, or if the receiving Party lacks the ability to use CPN information to classify on an automated basis traffic delivered by the other Party as either Local Traffic or Toll Traffic, and the originating Party chooses to combine Local and Toll Traffic on the same trunk group, it will supply an auditable Percent Local Use (“PLU”) report quarterly, based on the previous three months’ traffic, and applicable to the following three months. If the originating Party also chooses to combine Interstate and Intrastate Toll Traffic on the same trunk group, it will supply an auditable Percent Interstate Use (“PIU”) report quarterly, based on the previous three months’ terminating traffic, and applicable to the following three months. In lieu of the foregoing PLU and/or PIU reports, the Parties may agree to provide and accept reasonable surrogate measures for an agreed-upon interim period.~~

5.6.4 Measurement of billing minutes for (except for originating Toll Free Service Access code calls) shall be in actual conversation seconds purposes of determining terminating compensation shall be in conversation seconds. Measurement of billing minutes for originating Toll Free Service Access Code calls shall be in accordance with applicable Tariffs.

5.6.5 The Parties shall provide each other monthly usage data for all traffic transported and terminated through the Tandem Office and End Office Interconnections established under this Agreement.

5.6.6 The Parties acknowledge that there are certain types of calls that require exchange of billing records between the Parties. These types of records may include intraLATA alternate billed calls (e.g., calling card, bill-to-third party, and collect call records). The exchange of billing records for calls of this type that are intraLATA

shall be handled through the existing Centralized Message Data System (“CMDS”) processes. The payments of revenues for these types of calls shall be handled through Calling Card and Third Number Settlement (“CATS”/ “NICS”) with the CMDS host and local arrangements with Verizon, unless otherwise handled by the New York State Toll Pool.

5.6.7 Each Party shall calculate terminating Interconnection minutes of use based on standard Automatic Message Accounting (“AMA”) recordings made within each Party’s network.

5.7 Reciprocal Compensation Arrangements -- Section 251(b)(5)

Reciprocal Compensation arrangements address the transport and termination of Local Reciprocal Compensation Traffic. BAVerizon’s delivery of Ttraffic to CLI that originated with a third carrier is addressed in subsection 7.3. Where CLI delivers Ttraffic (other than Local Reciprocal Compensation Traffic) to BAVerizon, except as may be set forth herein or subsequently agreed to by the Parties, CLI shall pay BAVerizon the same amount that such carrier would have paid BAVerizon for termination of that Ttraffic at the location the Ttraffic is delivered to BAVerizon by CLI. Compensation for the transport and termination of traffic not specifically addressed in this subsection 5.7 shall be as provided elsewhere in this Agreement, or if not so provided, as required by the Tariffs of the Party transporting and/or terminating the traffic. BAVerizon shall provide notice to CLI of any BAVerizon filing to the Board that would alter the classification of particular traffic as Reciprocal Compensation Local or IntraLATA Toll Traffic.

5.7.1 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.

5.7.2 ~~Except as provided in Section 5.7.2.2, CLI shall pay BA the per minute Reciprocal Compensation rates specified in Exhibit A, as may be amended from time to time in accordance with this Agreement, for the transport and termination of Local Traffic. BA shall pay CLI the blended per minute Reciprocal Compensation rate, as may be periodically adjusted pursuant to Exhibit A (Note 28), for the transport and termination of Local Traffic.~~ 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 Exhibit A, as may be amended from time to time. These rates are to be applied respectively at the CLI-IP for traffic delivered by BAVerizon, and at the BAVerizon-IP for traffic delivered by CLI. No additional reciprocal compensation charges, including port or transport charges, shall apply for the termination of Reciprocal Compensation Local Traffic delivered to the BAVerizon-IP or the CLI-IP as specified in Section 4.1.3. When Reciprocal Compensation Local Traffic is terminated over the same trunks as Toll Traffic, any port or transport or other applicable access charges related to the Toll Traffic 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 originating and terminating points of the complete end-to-end communication.

5.7.2.1 If CLI offers to any other Telecommunications Carrier(s) in a LATA End Office IP(s) or another multiple-tiered Reciprocal Compensation rate structure covering at least fifty percent (50%) of CLI's NXX's in that LATA, upon request from ~~BA~~Verizon, the Parties shall negotiate in good faith an arrangement under which ~~BA~~Verizon may terminate its traffic to the NXXs served by each End Office IP at the End Office rate specified in Exhibit A or otherwise qualify for the multiple-tiered Reciprocal Compensation rate structure on a non-discriminatory basis.

5.7.2.2 ~~[Intentionally Left Blank] The Parties stipulate that they disagree as to whether traffic that originates on one Party's network and is transmitted to an Internet Service Provider ("ISP") connected to the other Party's network ("ISP Traffic") constitutes Local Traffic as defined herein, and the charges to be assessed in connection with such traffic. The issue of whether such traffic constitutes Local Traffic for which Reciprocal Compensation must be paid pursuant to the 1996 Act is presently before the FCC in CCB/CPD 97-30, and may be before the Board or a court of competent jurisdiction. The Parties agree that the decision of the Board, FCC or such court may determine whether such traffic is Local Traffic (as defined herein) and the charges to be assessed in connection with ISP Traffic. BA agrees to pay CLI Reciprocal Compensation at the End Office rate for ISP Traffic as set forth in Exhibit A (without conceding that ISP Traffic constitutes Local Traffic or precluding a Party's ability to seek appropriate court review of this issue) unless or until the Board, the FCC or a court of competent jurisdiction determines that ISP traffic is not Local Traffic or that another compensation scheme is required. By this stipulation CLI does not concede that the FCC has jurisdiction over this matter.~~

5.7.3 The Reciprocal Compensation arrangements set forth in the Agreement are not applicable to Switched Exchange Access Service. All Switched Exchange Access Service and all Toll Traffic shall continue to be governed by the terms and conditions of the applicable federal and state Tariffs. No Reciprocal Compensation shall apply to Internet Traffic. 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.

~~5.7.4 Compensation for transport and termination of all Traffic which has been subject to performance of INP by one Party for the other Party pursuant to Section 14 shall be as specified in subsection 14.6.~~

5.7.5 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 exceed 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). The designation of Traffic as Local or non-Local for purposes of compensation shall be based on the actual originating and terminating points of the complete end-to-end call, regardless of the entities involved in carrying any segment of the call.~~

5.7.6 Each Party reserves the right to measure and audit all Traffic, up to a maximum of two audits per calendar year, to ensure that proper 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 or permit a physical audit at a designated switch location(s) in conjunction with any such audit.

5.7.7 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 Customers in New Jersey as mutually agreed to by the Parties.

5.7.8 Reciprocal Compensation Traffic shall be charged in an equal and symmetrical manner at the rates provided in Exhibit A. For purposes of this Agreement, rates shall be considered equal and symmetrical pursuant to this Section 5.7.

ATTACHMENT F

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

-----X
I/M/O the Consultative Report on the Application :
of VNJ New Jersey Inc. for FCC Authorization : Docket No. TO01090541
to Provide In-Region, InterLATA Service in :
New Jersey :
-----X

POST-HEARING REPLY BRIEF OF AT&T COMMUNICATIONS OF NJ, L.P.

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Verizon tries to sidestep any claim that it is a “minimum” charge because, according to Verizon, any unused portion of this month’s \$20 fee is carried forward to the next month; this is, thus, a matter of semantics, because any customer pays \$20 per month.) Likewise, its BestTimessm offers carriers a \$4.75 monthly charge, even though Verizon advertises that it plans have “no monthly minimums to meet.” See www.verizon.com. The bottom line is simply this – that Verizon, for all its posturing, apparently is not going to be giving New Jersey consumers anything new.

C. VNJ Failed To Satisfy Its Burden Of Proof And Provide Sufficient Evidence Of Compliance With The Competitive Checklist

1. Checklist Item 1 – Interconnection: AT&T Joins Lightpath’s Analysis Concerning VNJ’s Deficiency In Fulfilling Its Interconnection Obligations Under Checklist Item 1

Lightpath’s initial brief clearly explains VNJ’s failures and deficiencies in establishing interconnection arrangements with CLECs, including AT&T,²¹ that are supposed to comply with the Act.²² As explained, VNJ is refusing to comply with the Act’s requirements to allow interconnection “at any technically feasible point within the carrier’s network” and “on rates, terms and conditions that are just, reasonable, and nondiscriminatory...”²³ and this is not in compliance with checklist item (i). The VNJ-

²¹ *In re: Applications of AT&T Communications of NJ, L.P. et al.: Petition for Arbitration of Interconnection Rates, Terms and Conditions and Related Arrangements with Verizon New Jersey Inc. Pursuant to Section 252(b) of the Telecommunications Act of 1996*, Docket No. TO00110893, filed on November 15, 2000 (“AT&T-VNJ Interconnection Agreement Arbitration Petition”). Both the Petition filed by AT&T and the Answer filed by VNJ on January 25, 2001, raise issues that parallel those that were arbitrated between VNJ and Lightpath. The arbitration proceeding between VNJ and AT&T was stayed and is currently scheduled to resume in early 2002.

²² Lightpath Br. at 13-16.

²³ 47 U.S.C. § 251(c)(2).

Lightpath arbitrator agreed with this very point.²⁴ Thus, as Lightpath explains in its brief the Board should find that VNJ has failed to satisfy checklist item (i) concerning nondiscriminatory interconnection.

2. Checklist Item 2 (Access To UNEs)

a. **VNJ Fails To Present Any Evidence Or Basis Upon Which The Board May “Verify” Compliance With Checklist Item 2 After The November 20 Oral UNE Decision**

The evidence in this proceeding concerning VNJ’s failure to comply with checklist item (ii) – the duty to afford competitors with nondiscriminatory access to UNEs at rates based on the total element long run incremental costs (“TELRIC”) of providing them – could hardly be more clear-cut. The UNE rates, terms and conditions established by the Board in 1997 were found by the federal District Court for New Jersey to have been adopted in an arbitrary and capricious manner and to be inconsistent with the requirements of the Act.²⁵ Consequently, the District Court remanded the matter to the Board for further consideration. The very next day, the Board initiated a proceeding to revisit the UNE issues and develop new rates, terms and conditions.²⁶ During the year-and-a-half that followed, VNJ offered access to UNEs on the disavowed rates and terms, insulated from attack because no Board-sanctioned alternative existed.

On September 5, 2001, VNJ filed its request for a consultative report in connection with Section 271 with the Board, again based on UNE rates and terms that

²⁴ *Arbitrator’s Recommended Decision to the State of New Jersey Board of Public Utilities*, BPU Docket No. TO01080498 (December 12, 2001), at 18-19. The arbitrator linked his recommendation to Lightpath’s offer to extend its network to multiple VNJ tandem switches in the North New Jersey 224 LATA by December 2002.

²⁵ *AT&T Communications of New Jersey, Inc. v. Bell Atlantic-New Jersey, Inc.*, Civ. No. 97-5762 (D.N.J. June 6, 2000).

²⁶ The Board initiated the UNE Docket on June 7, 2000. In this proceeding the Board also undertook to establish rates, terms and conditions for UNEs established after 1997, such as dark fiber and sub-loops.

verify that all appropriate reciprocal compensation payments have been made by VNJ. Whether this is or is not an issue also raised in a Section 252 arbitration is irrelevant for these purposes. If the Board cannot make such a finding, as it cannot on the record before it, then it must make a determination of non-compliance.

a. By Refusing To Pay Reciprocal Compensation At Tandem Rates For Delivery Of Traffic To Certain CLEC Switches, VNJ Has Not Complied With Checklist Item 13

AT&T concurs with Lightpath that VNJ has created a barrier to facilities-based competition by insisting on arbitrating the right of CLECs to receive the tandem reciprocal compensation rate.⁴³ This is but one example in a long line of legal challenges to the Act and the FCC's implementing regulations that Verizon and the BOCs have instituted over the past five-and-a-half years primarily for the sake of sowing regulatory uncertainty to the detriment of competition. This unfounded challenge now comes back to haunt VNJ by weighing against its request for a favorable consultative report from the Board because it further indicates that VNJ has failed to satisfy checklist item (xiii).⁴⁴

The clarity of the federal law on the reciprocal compensation to be paid to CLECs reveals VNJ's actions for what they are – unjustified and inexcusable foot-dragging. The FCC's First Report and Order on the local competition provisions of the Act considered only whether a CLEC's switch "serves a geographic area comparable" to that served by the ILEC's tandem switch in determining whether the tandem reciprocal compensation rate is the "appropriate proxy for the [CLEC's] additional costs...."⁴⁵ The relevant rule

⁴³ Lightpath Br. at 16-17.

⁴⁴ 47 U.S.C. §§ 271(c)(2)(B)(xiii).

⁴⁵ *I/M/O Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, First Report and Order, FCC 96-325, 11 FCC Rcd 15499, rel. August 8, 1996

formulated by the FCC in 1996 – which was upheld by the United State Supreme Court in 1999⁴⁶ — provides that “[w]here a switch of a carrier other than an incumbent LEC serves a geographic area comparable to the area served by the incumbent LEC’s tandem switch, the appropriate [transport and termination, *i.e.*, reciprocal compensation] rate for the carrier other than an incumbent LEC is the incumbent LEC’s tandem interconnection rate.”⁴⁷ If there was any doubt that a CLEC’s switch does not have to be functionally equivalent to an ILEC’s tandem switch in order to receive reciprocal compensation at the ILEC’s tandem rate, it was laid to rest in the FCC’s Notice of Proposed Rulemaking released on April 27, 2001. There, the FCC expressly rejected the functional equivalency notion supported by Verizon and the other BOCs, stating:

section 51.711(a)(3) of the Commission’s rules requires only that the comparable geographic area test be met before carriers are entitled to the tandem interconnection rate for local call termination. Although there has been some confusion stemming from additional language in the test of the *Local Competition Order* regarding functional equivalency, section 51.711(a)(3) is clear in requiring only a geographic area test. Therefore, we confirm that a carrier demonstrating that its switch serves “a geographic area comparable to that served by the incumbent LEC’s tandem switch” is entitled to the tandem interconnection rate to terminate local telecommunications traffic on its network.⁴⁸

And yet VNJ continues to dispute its obligation to reimburse CLECs at the tandem reciprocal compensation rate for terminating VNJ-originated calls with a switch that provides comparable geographic coverage to VNJ’s tandem switches. Perhaps this is pardonable for the reciprocal compensation lay witness offered by VNJ whose relevant

(“Local Competition Order”), ¶ 1090 (available at http://www.fcc.gov/Bureaus/Common_Carrier/Orders/1996/fcc96325.pdf), *rev’d in part on other grounds*, *AT&T Corp. v. Iowa Utils. Bd.*, 525 U.S. 366 (1999).

⁴⁶ See *AT&T Corp. v. Iowa Utils. Bd.*, 525 U.S. 366 (1999).

⁴⁷ 47 C.F.R. § 51.711(a)(3) (Ex. Lightpath-2)

⁴⁸ *I/M/O Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Notice of Proposed Rulemaking, FCC 01-132, 16 FCC Rcd 9610, rel. April 27, 2001, ¶ 105 (Ex. Lightpath-3), citing 47 C.F.R. § 51.711(a)(3) (Ex. Lightpath-2).

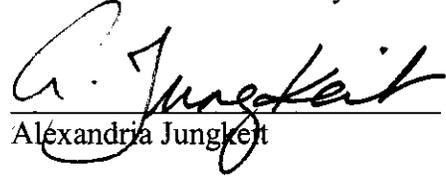
compensation experience only goes back to the “2000 time frame,” but VNJ’s legal team certainly should know better.⁴⁹ Their marching orders, however, are clear from this proceeding: win regulatory approval to offer interLATA service in New Jersey while impeding the development of local competition and without fully satisfying the 14-point checklist. Indeed, at the very time VNJ was litigating this case, it was arguing in the Lightpath arbitration that its reciprocal compensation obligations should be limited, thus delaying a facilities-based local competitor’s ability to compete at the same time it argued here that it is opening its market.⁵⁰ On December 12, 2001, the arbitrator decided the issue squarely in Lightpath’s favor. But VNJ had achieved its intended effect – further delay of Lightpath’s ability to win local exchange customers.

⁴⁹ Tr. at 426:3-8, 457:2 – 461:13 (VNJ Checklist Panel for Reciprocal Compensation) (discussion of VNJ’s position that a functional equivalency test is appropriate to determine whether CLECs should receive the tandem reciprocal compensation rate).

⁵⁰ VNJ disputed the same settled issue in the interconnection agreement arbitration with AT&T in January, 2001, although the matter has been stayed since early this year. AT&T-VNJ Interconnection Agreement Arbitration Petition, Answer of Verizon New Jersey Inc. to the Petition Filed by AT&T Communications of New Jersey, L.P. *et al.*, filed January 25, 2001, Attachment A, at A-6 to A-8.

CERTIFICATE OF SERVICE

I, Alexandria Jungkeit, do hereby certify that copies of the foregoing Initial Comments of Cablevision Lightpath – Inc. were served on the following by either U.S. First Class Mail or hand delivery* this 14th day of January, 2002.



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