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April 17, 2002

VIA ELECTRONIC FILING

Marlene H. Dortch
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20554

Re: Application by Verizon New England Inc., et. al. To Provide In-Region, InterLATA Services In Vermont, CC Docket No. 02-7.

Dear Ms. Dortch:

This letter responds to Verizon's April 16, 2002 ex parte letter regarding its non-TELRIC switching rates. AT&T demonstrated that Verizon, by disclosing for the first time in this proceeding the switch discount figure that it claims should have been applied to its switch prices, Verizon has now conclusively confirmed that its Vermont switching rates are inflated by a clear TELRIC error. *See* AT&T April 15 ex parte Letter, Pitts Supp. Decl. ¶¶ 2-4 (attached to letter). As explained in the Supplemental Declaration of Catherine Pitts, rerunning Verizon's Vermont SCIS cost model (as provided by Verizon in this proceeding), and changing *only* the switch discount to reflect that disclosed by Verizon in its April 10 ex parte letter, produces total switching investment that is 32 percent lower than that in Verizon's compliance filing. *See id.*

Verizon's only response is to assert (wrongly) that AT&T "appears" to also have increased the minutes of use in Verizon's SCIS cost model which, according to Verizon, would require additional adjustments that AT&T did not to make. The premise of Verizon's argument is wrong. AT&T did not change the minutes of use assumptions in the Vermont cost model submitted by Verizon. As explained by in the Supplemental Declaration of Catherine Pitts, AT&T changed *only* the switch discount assumption in Verizon's cost model to reflect that reported by Verizon in its April 10 ex parte Letter. *See id.* Thus, Verizon's response to AT&T's April 15 ex parte Letter fails to explain why its switching rates are so inflated above TELRIC levels. Indeed, Verizon's latest response suggests that its compliance rates fail to comply with the VPSB's TELRIC determination in an additional respect. Verizon suggests that when it reran its SCIS model pursuant to the VPSB's order, it increased the number of lines and trunks. But the VPSB ordered (and authorized) Verizon to change *only* the switch discount, the minutes of use, not to make whatever changes it wished.

Please let me know if you have any questions.

Respectfully submitted,

/s/ David L. Lawson

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