The additional number of IBM 9021/982 would be as follows:

Table 3-12 Additional IBM 9021/982 Required by Competitors

System	Activity(Processed	% Utilization Activity	Additional Activity	Additional 9021/982
AMA/MPS	10 M	3.8 %	49.9 M	0.2
Residential billing	10 M	54.0 %	86.3 M	5
Business billing	1 M	17.5 %	3.9 M	1

Further, 950 additional standard disk storage devices (IBM 3390 equivalent) would be required.

3.9.2 Non-Basic LDS Billing

The additional non-LDS accounts, messages and the additional systems that AT&T's competitors would require to absorb AT&T's customers are as follows:

Table 3-13 Additional non-LDS Systems Required by Competitors

System	Daily Processing per Copy	Total Activity	Copies Needed
AMA	60 M Messages	90.4 M Messages	2
MPS	45 M Messages	90.4 M Messages	2
Biller - low end	3 M Accounts	11.8 M Accounts	4
Biller - high end	0.5 M Accounts	0.6 M Accounts	2

The additional hardware required was estimated to be three IBM 9021/982s and 1725 standard disk storage devices (IBM 3390 equivalents). The additional IBM 9021/982s and disk storage devices are typically leased and added incrementally as needed. Data centers performing billing functions must be expanded to handle the ultimate capacity of LDS and non-LDS billing shown above. Capital costs to add new data centers are estimated at $5 million based on an approximated 100,000 square foot size and a cost of $50 per square foot. If a competitor decided to purchase instead of lease the IBM computer hardware, the capital cost will be an additional $100 million.

3.10 Overall Billing Results

Billing is not a limiting factor to the rate at which competitors could absorb AT&T's customers. AT&T's competitors can absorb AT&T's customers by expanding their existing billing capabilities. Current billing systems functionality is more than satisfactory therefore new system development is not necessary Also, capital should not be a constraint since computer hardware leasing is common for the industry. Additional building space is also commonly leased.

3.11 Network Operations Model

Support systems can be classified broadly into seven major categories: ordering, provisioning, maintenance, forecasting/engineering, data collection, billing and network management/administration. The internal design of these systems is usually predicated upon an ability to incrementally expand a support system in step with the growth of the network elements (e.g., switches, digital cross connects, etc.). Sometimes growth is accommodated by replicating a support system. Also, growth of the support systems can be achieved by hardware purchase or lease, avoiding the major expense associated with software development. One-time capital investments for the capacity expansion are also minimal because hardware can be leased.

The basic switching, transport, and signaling technology used by the major carriers in the industry are of recent vintage and designed to facilitate remote surveillance, maintenance, and administration. The technical interface specifications for the network elements are readily available to vendors (including AT&T) who provide support systems and support their integration into carrier networks. As a result, there is a large vendor community to support network growth.

MCI's network management system is illustrative of the existing systems that are available to support network expansion. MCI has three network management centers - one national center and two regional centers - each with the capability of managing the entire MCI network, if needed. Numerous functions are performed at these centers, including network surveillance, maintenance, testing and restoration.

Operations support systems are not a constraint to rapid competitor network growth. Competitors have available vendor support of operations for their network technology and the ability to expand or replicate existing support systems.

3.12 Human Resource Model

Human resources should not be a major constraint to AT&T's competitors in absorbing AT&T demand. There is significant industry experience with managing large organizational growth, outsourcing labor intensive activities and with the movement of both senior and operational personnel among communications carriers. MCI, for example, has a lot of experience using contractor, vendor and outside personnel to provide critical expertise or to fill short term labor requirements. AT&T's competitors also have experienced significant growth in their organization size and traffic volumes over time. Outsourcing labor intensive functions such as operator services or telemarketing and utilizing contractors like Arthur Andersen to provide critical expertise or large programming support have been used by AT&T's competitors to fill internal personnel short falls for some time. Maintenance contracts from vendors such as Northern Telecom and outsourcing contracts such as Sprint's negotiations with EDS for billing[47] and data processing operations are also illustrative of available resources to fulfill personnel needs. In addition, recent examples of major telecommunications company down

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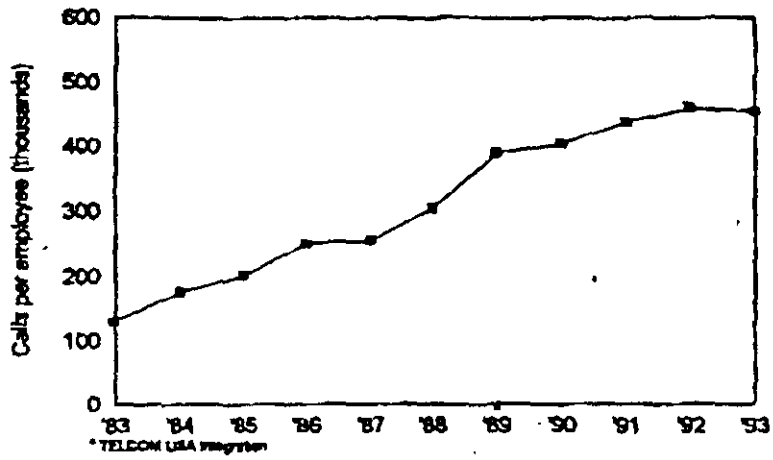
[47] *Business Week*, June 20, 1994.

sizing[48] and significant down sizing by AT&T, if it were to lose large portions of its market share to competitors, would also produce a large pool of trained telecommunications personnel for the rapidly growing IXCs to draw upon.

MCI was used to model the human resource requirements to carry the additional minutes of traffic. MCI was used because of the availability of sufficient historical data covering periods of rapid growth in both minutes and capacity.

Productivity, measured in billable calls per employee, increased during the period from 1983 to 1993 as MCI expanded. The following chart shows the billable calls per employee for MCI from 1983 to 1993.

Figure 3.4 Billable Calls

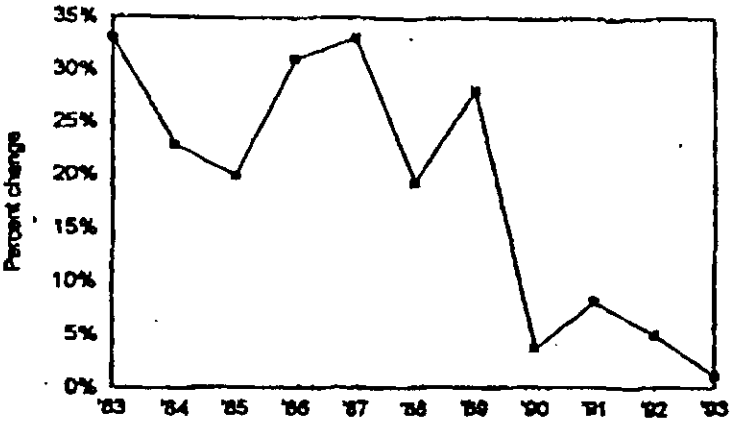


Billable calls per employee for MCI

The following chart shows the percent change in billable calls per employee from 1983 to 1993. We assume MCI's rate of billable calls per employee has now leveled off due to the maturing of support systems and processes. This productivity level was used to project the billable calls per employee rate used for the human resources model.

[48] For example, the RBOCs have announced plans for staff reductions of over 70,000 employees between 1994 and 1996. "The Local Telephone Industry", Industry Report, J. P. Morgan Securities, Equity Research, Aug. 5, 1994.

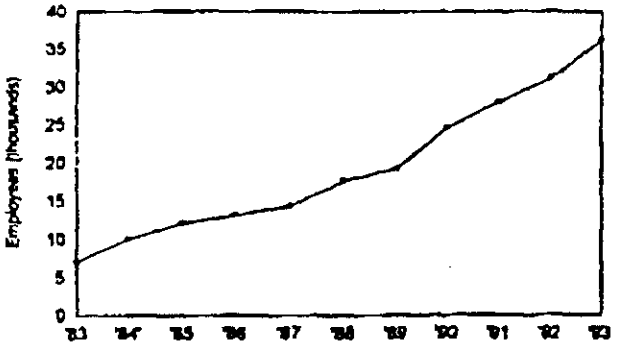
Figure 3.5 Change In Billable Calls



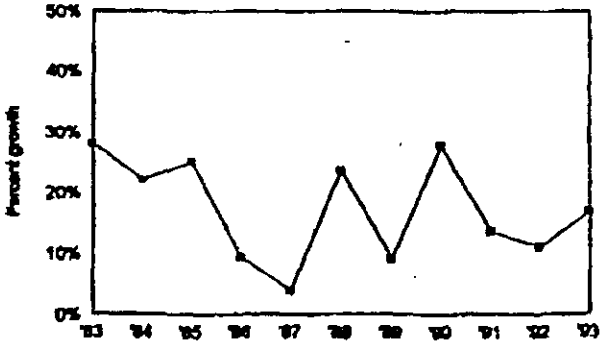
Change in billable calls per employee for MCI

The portion of AT&T's 1993 traffic that MCI could absorb was divided by the billable calls per employee rate to produce the required number of additional employees. This results in a requirement of approximately 37,650 additional employees over an 18-month period or 2,100 employees per month to be added to MCI. This would result in an annual employee growth rate for MCI of approximately 55% or approximately 25 percentage points above MCI's early and late 1980's employee growth rates. The number of MCI employees from 1983 to 1993 and the growth rate in employees over the 10 year period are graphically shown in the following charts.

Figure 3.6 MCI Employees



Increase in MCI employees



Percent growth in MCI employees

As previous industry experience has shown a competitor could achieve this rapid growth in employees by using overtime, contract labor, and former telecommunications personnel from AT&T and the LECs. Contract employees and outsourcing could also be used, especially in the highly labor intensive areas of operator services, telemarketing and customer servicing.

On-the-job training could be used for individuals who have related skills and for those who require only directional modifications that are best learned in an apprentice-type operation (e.g., order-entry, bill resolution, customer service, etc.). Intensive training programs are also available both internal to most large IXCs and from external suppliers for those functions

that require more formalized education. The table below depicts the estimated annual employee additions for each of AT&T's three primary competitors to absorb AT&T minutes on their networks if they did not outsource any of their force requirements.

Table 3-14 Estimated Competitor Employee Additions with No Outsourcing

Competitor	Monthly Additions	18 Month Requirement
MCI	2,092	37,650
Sprint	1,287	23,170
LDDS	644	11,585
Total	4,023	72,400

AT&T's competitors have experience with rapid human resource growth in the past. Given that there would be an available pool of experienced telephone industry personnel for competitors to draw upon, new employees could be found that would not require extensive training. In addition, competitors would be able to outsource labor intensive and critical functions to supplement employees in the short term. Sprint also has the advantage of being able to draw upon experienced personnel from its local operations. Therefore, human resource needs would not constrain competitors' ability to absorb AT&T's minutes on their networks.

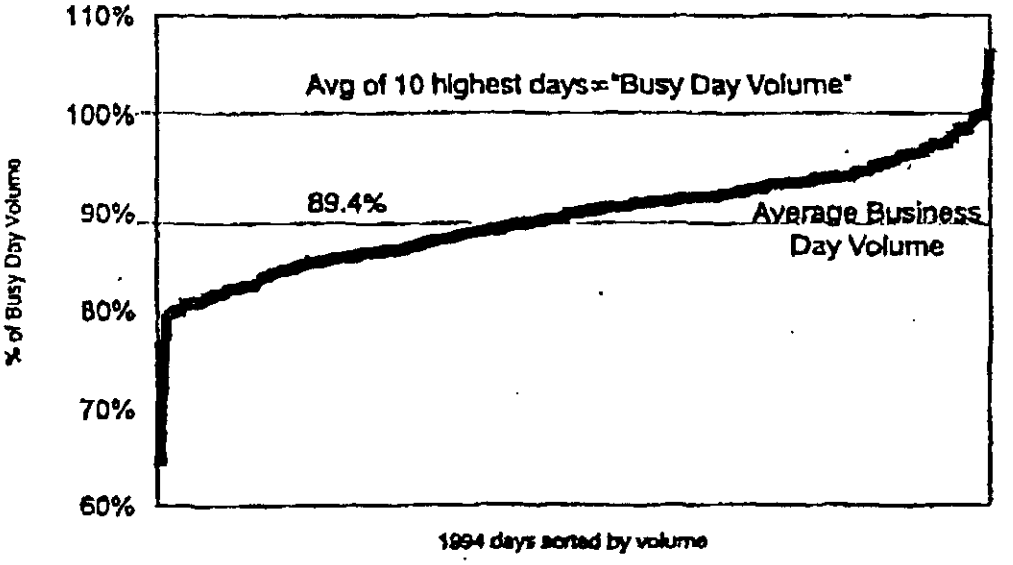
4. AT&T's COMPETITORS' ABILITY TO ABSORB AT&T's SWITCHED SERVICE CUSTOMERS OVER TIME

4.1 Instantaneous Capacity

AT&T's competitors have the ability to instantaneously absorb a large percentage of AT&T's switched service customers on their existing networks with no additional capital expenditures or changes to their networks. This instantaneous capacity analysis ignores the spare facilities and switch ports that exist in AT&T's competitors' networks that were modeled in the prior section. Instead, this instantaneously available capacity is a result of engineering network capacity for the peak traffic on the busiest days and is consistent with standard industry engineering practices. Competitors' networks, like AT&T's, are effectively designed to handle peak period traffic loads at an overall probability of blocking calls (e.g., less than a 1% probability of blocking a call during the busiest hours of the busiest days). This analysis will focus only on MCI's and Sprint's ability to instantaneously absorb AT&T's traffic, recognizing that this represents a conservative estimate of the traffic that may be instantly absorbed from AT&T since there are many other facility-based competitors.

Based on an analysis of AT&T's 1994 switched traffic, the average business day traffic is 89.4% of the average traffic of the ten highest days in a year. This shows that there is available spare capacity for most days of the year on the network, as depicted in the chart, because the network is effectively designed to be virtually non-blocking for the average of the ten highest days. The next section explains how available spare capacity varies by time of day.

Figure 4.1 Network Business Day Volume

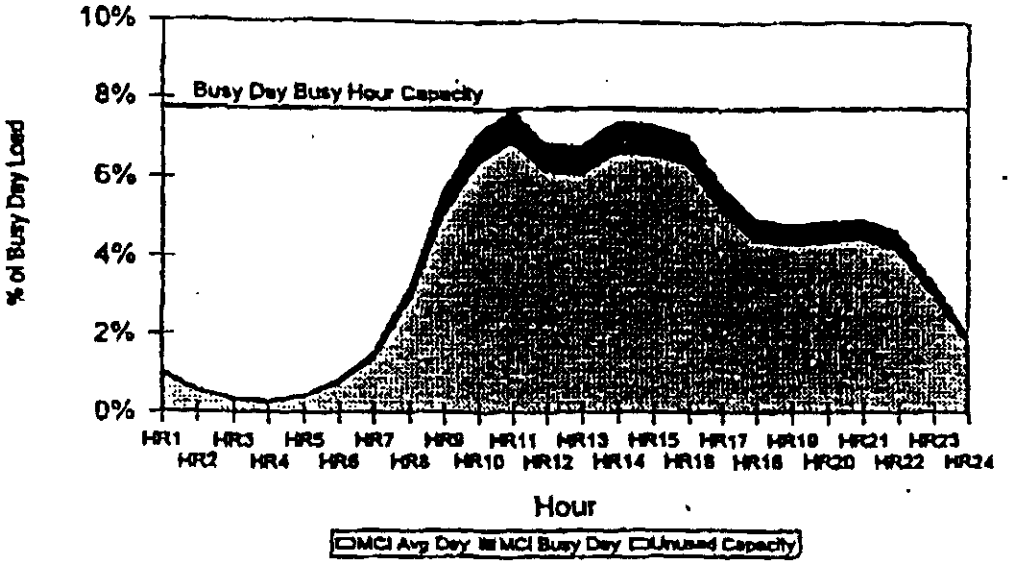


1994 business day volume without holidays and weekends

AT&T's traffic distribution data and estimates of MCI's and Sprint's hourly distributions for the average business day were used to show how MCI and Sprint can instantly absorb a large amount of AT&T's traffic. The analysis was developed in the following way. First, the average business

day calling load by hour as a percentage of the average load of the ten highest days - called the "Busy Day load" - is estimated using AT&T traffic data. Next, the Busy Day load by hour was developed by scaling up the average business day hourly loads by the ratio of the Busy Day volume to the average business day volume. The Busy Day busy hour is determined by the peak of the Busy Day hourly load.

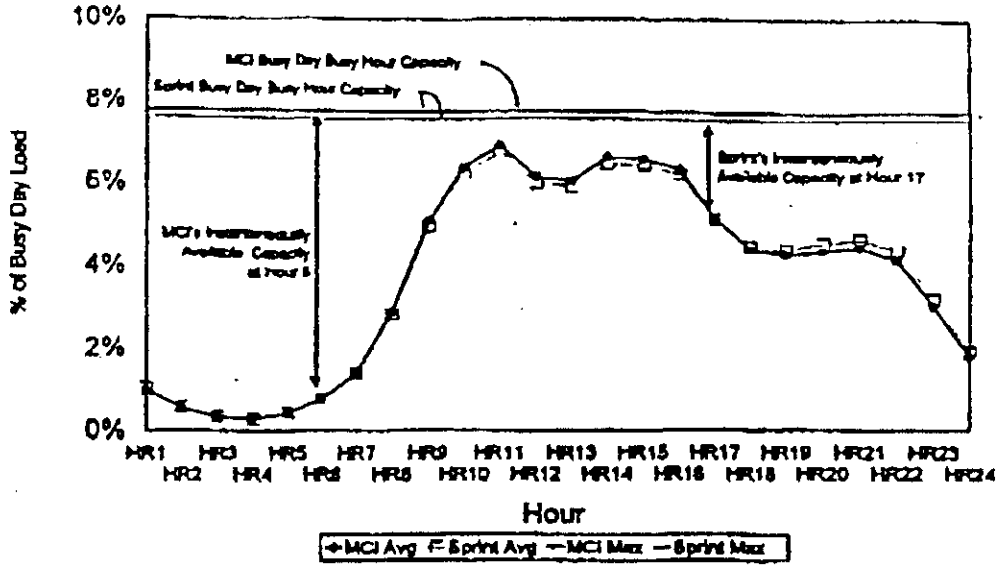
Figure 4.2 Busy Day Busy Hour Capacity



Calling load by hour

A Busy Day busy hour capacity and average business day load profiles were developed for MCI and Sprint based on estimates of their traffic mixes and are depicted in the summary chart that follows. The vertical distance between each carrier's calling load for each hour of the day and the associated Busy Day busy hour capacity represents the instantaneously available capacity by time of day.

Figure 4.3 Instantaneously Available Capacity



Calling load by hour

Any traffic load that exceeds the Busy Day busy hour capacity is either blocked, or can be overflowed to another carrier. To illustrate what would happen when load is increased, the MCI and Sprint loads (total day) were each increased by 26% to depict absorbed traffic from AT&T. The sum of the increases for MCI and Sprint is approximately 15% of AT&T's demand. In the following two charts, the portions of load that are below the Busy Day busy hour capacity are carried on their network. The shaded areas above this capacity represent peak period blocking or traffic overflow to another carrier. Furthermore, during the weekend considerably more traffic would be carried before any blocking or overflow would occur. For the average business day, approximately 90% of the additional load is carried, while approximately 10% of the additional load is either blocked or overflowed to another carrier.

Figure 4.4 MCI

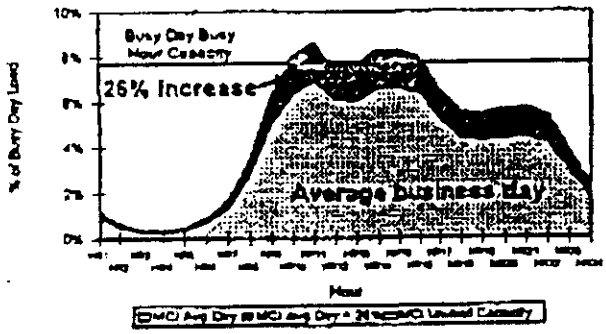
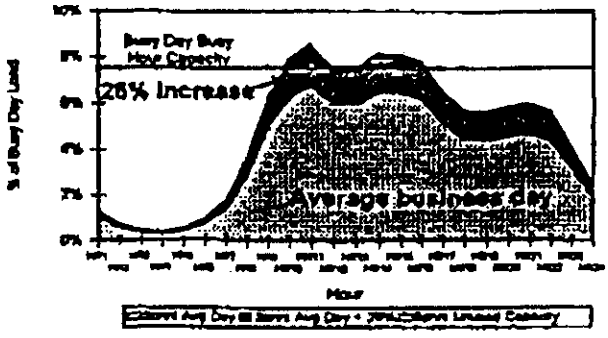


Figure 4.5 Sprint



Calling load by hour - average business day with a 26 % increase

For example, if the average business day blocked 0.5%, the average blocking for MCI and Sprint with a 26% increase in traffic would be approximately 2.5%.

Table 4-1 MCI

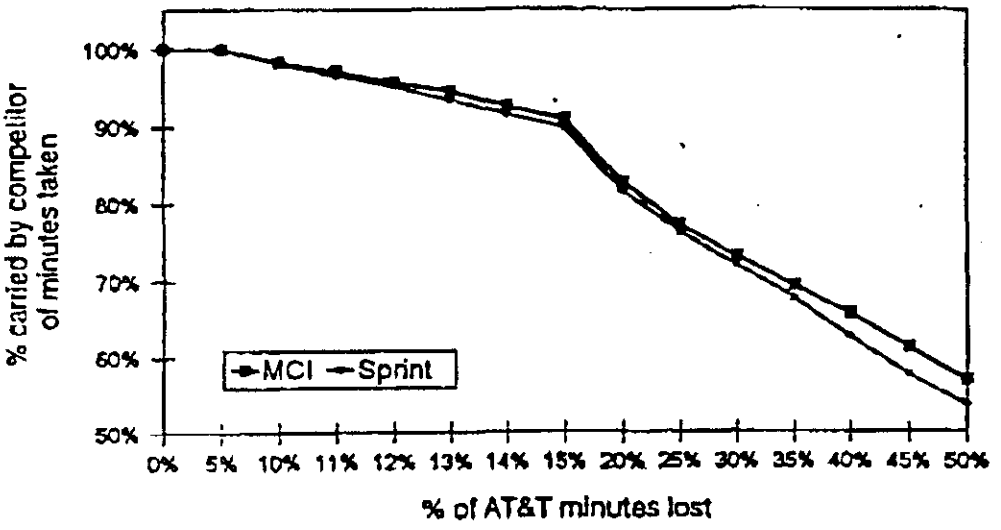
% of Additional Traffic Carried	91 %
% of Additional Traffic Blocked or Overflowed	9 %
Average Daily Blocking without Overflow	2.3 %

Table 4-2 Sprint

% of Additional Traffic Carried	90 %
% of Additional Traffic Blocked or Overflowed	10 %
Average Daily Blocking without Overflow	2.5 %

The percentage of AT&T's traffic that MCI and Sprint could absorb as a function of the additional traffic load that they could carry on their own networks is summarized in the following chart as a function of AT&T lost minutes given that MCI & Sprint each grow by the same percentage.

Figure 4.6 Competitors' Instantaneous Ability To Carry AT&T Customers' Minutes



% carried on MCI & Sprint networks versus minutes lost by AT&T

This analysis shows that, MCI and Sprint together could absorb 15% of AT&T customers' minutes and carry 90% of that additional demand on their own networks without additional investment. The remaining 10% which occurs only during the busiest network periods, could be overflowed onto AT&T's or another carrier's network via a business service. Furthermore, MCI and Sprint could supplement their existing facilities to carry these additional peak loads in less than 3 months. This analysis shows that MCI and Sprint could instantaneously absorb 15% or more of AT&T customers' minutes on their existing networks. If all of AT&T's facility-based competitors were considered, a greater percentage of AT&T customers' minutes could be instantaneously absorbed because the same analysis applies to all facility-based competitors.

4.2 Near Term Capacity (0 - 3 months)

The transport capacity model recognizes the spare facilities and switch ports that currently exist. It shows that AT&T's competitors' have approximately 3.6 million DS-3 miles already lit and available to handle nearly 50% of AT&T switched and dedicated demand. Given that transport facilities exist, switch ports are needed to handle AT&T demand in the near term. Based on typical engineering practices, it is assumed that AT&T's competitors have a minimum of 20% spare switch port capacity already in place for growth. Therefore, approximately 0.6 million Northern Telecom switch ports and approximately 0.3 million DSC ports are available to quickly handle a portion of AT&T demand. This is summarized in the following chart.

Table 4-3 Competitor Switch Port Spare Capacity

	MCI	Sprint	LDDS/Wiltel	Total
Switch ports required to handle competitor demand	1.8 M	1.2 M	0.6 M	3.5 M
Required NTI ports	0.9 M	1.2 M	0.2 M	2.2 M
Spare NTI ports	0.2 M	0.3 M	0.1 M	0.6 M
Required DSC ports	0.9 M	0	0.3 M	1.3 M
Spare DSC ports	0.2 M	0	0.1 M	0.3 M

Based on the above, approximately 0.9 million of the 5.4 million switch ports needed to handle AT&T demand already exist in AT&T competitors' networks. Given that the transport facilities are also available, an additional 17% of AT&T's demand can be absorbed by AT&T's competitors within 3 months; in addition to the 15% of AT&T's demand that can be absorbed instantaneously as discussed in the previous section. Therefore, AT&T's competitors could take approximately 32% of AT&T's demand within 3 months.

4.3 Mid-term Capacity (3 - 12 months)

Approximately 30% of AT&T's competitors' transport facilities that are already lit and available to handle AT&T demand have still not been utilized in our analysis. However, in order to carry traffic on these transport facilities, switch ports, echo cancellers, and digital cross connect equipment need to be added to competitors' networks. There are many suppliers of echo cancellers (e.g., Aspect, DSC, Fujitsu, NEC, NTI, Tellabs) and digital cross connect equipment (e.g., Alcatel, AT&T Network Systems, DSC, NEC, Tadiran, Telco Systems, Tellabs). Therefore, these network elements are not the limiting factor to network growth. Since AT&T's competitors primarily use Northern Telecom and DSC as their switching vendors, the switch port production of these suppliers appears to be the limiting factor to network growth. An additional 2.9 million switch ports from Northern Telecom are needed and an additional 1.6 million DSC ports are needed to handle AT&T's demand. The annual switch port production of Northern Telecom and DSC was used as a basis to determine the rate at which switch ports could be added to AT&T's competitors' networks.

Table 4-4 Remaining Ports Needed to Handle AT&T Demand

Demand Estimates	MCI	Sprint	LDDS/Wiltel	Total
Total additional switch ports	2.4 M	1.4 M	0.7 M	4.5 M
Additional NTI switch ports required	1.2 M	1.4 M	0.3 M	2.9 M
Additional DSC switch ports required	1.2 M	0	0.4 M	1.6 M

In 1993, Northern Telecom shipped approximately 2.4 million switch ports[49] and approximately 8.8 million switch lines.[50] It is believed that current switch port production could increase by approximately 75% within 3 months, and Northern Telecom could then ship approximately 4.2 million switch ports per year. In 1993, DSC shipped approximately 0.2 million switch ports throughout the United States. It is believed that the current switch port production could increase by approximately 200% within 3 months, and DSC could then ship approximately 0.6 million switch ports per year.

Based on the above, Northern Telecom could supply approximately 1.4 million additional ports and DSC could supply approximately 0.3 million additional switch ports within 12 months. Three months are needed to begin the higher production rate, and 9 months of production at the higher rate are considered. The following chart summarizes this information:

Table 4-5 Switch Port Production in First Year of Increased Demand

Switch Port Production	NTI	DSC
Current annual port production	2.4 M	0.2 M
Increased annual port production	4.2 M	0.6 M
Additional ports produced in 12 months	1.8 M	0.4 M
Additional ports produced in 9 months	1.4 M	0.3 M

Therefore, approximately 1.7 million of the remaining 4.5 million switch ports required to handle all of AT&T demand could be acquired within 12 months. Given that the transport electronics are also available, an additional 31% of AT&T's demand can be absorbed by AT&T's competitors within one year, in addition to the 32% of AT&T's demand that can be absorbed within 3 months. Therefore, AT&T's competitors could take approximately 63% of AT&T's demand within one year.

4.4 Long Term Capacity (over 12 months)

In order to handle the remaining AT&T demand, transport facilities as well as switch ports need to be added to competitors' networks. Given that there are many transport facility electronics suppliers (e.g., ADC Telecommunications, Alcatel, AT&T Network Systems, Fujitsu, Hitachi, NEC, Northern Telecom, Siemens, Telco Systems), the acquisition of additional transport facilities would not be a limiting factor and the production capabilities of transport manufacturers could handle the additional demand of AT&T's competitors. This is apparent from the massive SONET upgrades that AT&T's competitors are currently deploying throughout their networks in the United States. Sprint has claimed that they are doubling the

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[49] World Public Switching Markets: 1994 Edition, *Northern Business Information*, p. 142, Nov. 1994

[50] World Public Switching Markets: 1994 Edition, *Northern Business Information*, p. 140, Nov. 1994

capacity in their network within a two year timeframe.[51] And, MCI has announced a multi-billion dollar upgrade to their network which includes extensive SONET transport facilities.[52]

It is assumed that if presented with a large enough demand, Northern Telecom could ramp up production of switch ports within 6 to 12 months to produce an amount similar to the number of switch lines that are produced per year (i.e., 8.8 million switch ports). It is also assumed that under the same circumstances, DSC could ramp up production of switch ports within 6 to 12 months and double production to 1.2 million switch ports per year. Furthermore, outsourcing could be used as an alternative.

Based on the above, Northern Telecom could supply approximately 6.4 million additional ports and DSC could supply approximately 1.0 million additional switch ports in the second year of increased demand. Therefore, within 6 months 3.2 million additional Northern ports and 0.5 additional DSC ports would be available to AT&T's competitors. The following chart summarizes this information:

Table 4-6 Switch Port Production in Second Year of Increased Demand

	NTI	DSC
Current annual port production	2.4 M	0.2 M
Increased annual port production	8.8 M	1.2 M
Additional ports produced in 12 months	6.4 M	1.0 M
Additional ports produced in 6 months	3.2 M	0.5 M

Based on the above, Northern Telecom and DSC could supply the remaining 2.8 million switch ports that are required to handle AT&T's demand within 6 more months. In fact, Northern Telecom needs to produce only 7.1 million switch ports, or approximately 80% of its assumed second year production, to meet the additional demands of AT&T's competitors.[53] Therefore, all of AT&T's 1993 demand could be absorbed by AT&T's competitors within 18 months.

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51 "Sprint Runs Rings Around Fiber Breaks", *Lightwave*, May 1994

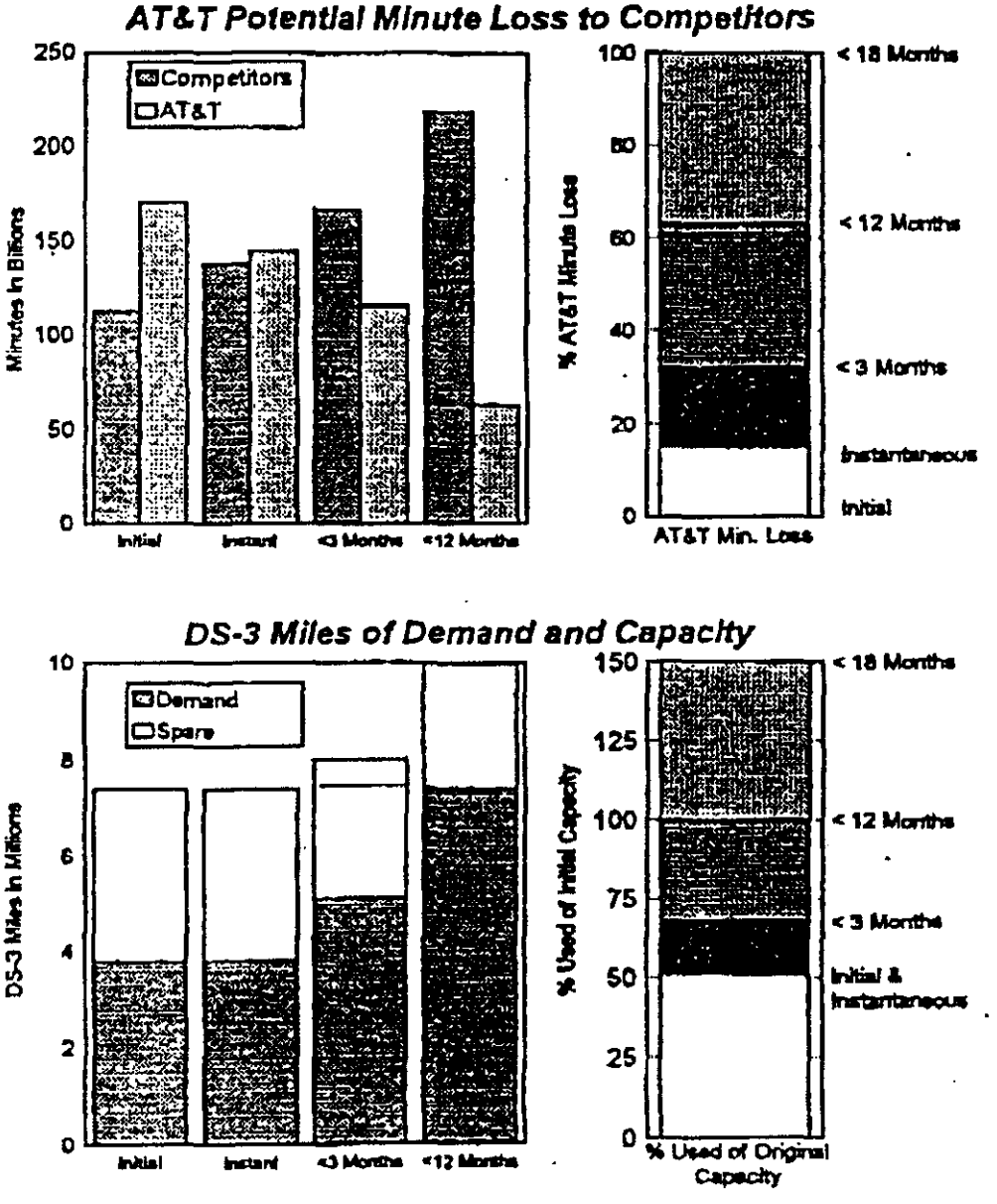
52 "MCI Announces First SONET/ATM Network, but Sprint Cries Foul", Fiber Optic News, Feb. 6, 1995

53 It is assumed that MCI's additional DSC port requirement in the second year of increased demand will be met with additional ports from NTI. Therefore, utilization on MCI's NTI switches would be 77% and utilization on MCI's DSC switches would be 38%, instead of the 62% average.

5. SUMMARY OF RESULTS

It was found in this study that AT&T's competitors could handle approximately 15% of AT&T's demand instantaneously, over 30% of AT&T's demand in 3 months, over 60% of AT&T's demand in 12 months, and 100% of AT&T's 1993 demand in 18 months. In addition, AT&T's competitors have enough spare transport capacity in their networks to handle nearly 50% of AT&T's 1993 demand and would only need to increase their transport capacity by 50% to handle all of AT&T's demand. Given that there are many transport suppliers, increases in transport capacity on competitors' networks would not be a limiting factor to handling AT&T's demand. The limiting factor appears to be switch ports since Northern Telecom and DSC are the primary switch suppliers to AT&T's competitors and switch ports are not interchangeable among switches from different manufacturers.

Figure 5.1 Summary of Results



The investment required by AT&T's competitors to handle AT&T's 1993 demand was also estimated in this study. The 15% of AT&T's demand that could be handled instantaneously does not require any new investment, as well as the additional 17% of AT&T's 1993 demand that could be handled within 3 months. To handle approximately 63% of AT&T's 1993 demand within 12 months, an investment by competitors of approximately $660 million would be required. Finally, the total investment required by competitors to handle all of AT&T's 1993 demand is approximately $2.2 billion.

Table 5-1 Investment Summary

100% of AT&T's 1993 demand with no growth

	Investment
Switch Ports	$810 M
Echo Cancellers	$162 M
Transport	$1,073 M
Signaling	$50 M
Intelligence (database)	$114 M
Billing[54]	$15 M
Total	$2,224 M

[54] Investment would be $115 million if both buildings and equipment are purchased rather than leased.

SUPPLEMENTAL REPLY DECLARATION OF PATRICK A. GARZILLO AND MARSHA S. PROSINI

ATTACHMENT 5

	2000			2001			% Change		
	Jan-June	July-Dec	Total	Jan-June	July-Dec	Total	Jan-June	July-Dec	Total
NY MOUs	141,262,000,000	139,562,000,000	280,824,000,000	142,465,000,000	140,412,000,000	282,877,000,000	0.9%	0.6%	0.7%
NY Lines	12,282,884	12,346,511	12,298,142	12,310,923	12,136,656	12,187,502	0.2%	-1.7%	-0.9%
MOUs/Line	1,917	1,884	1,903	1,929	1,928	1,934	0.6%	2.3%	1.6%
NJ MOUs	73,366,000,000	74,348,000,000	147,714,000,000	75,867,000,000	73,857,000,000	149,724,000,000	3.4%	-0.7%	1.4%
NJ Lines	6,929,176	7,062,743	6,966,700	7,089,632	7,029,216	7,039,851	2.3%	-0.5%	1.1%
MOUs/Line	1,765	1,754	1,767	1,784	1,751	1,772	1.1%	-0.2%	0.3%

SUPPLEMENTAL REPLY DECLARATION OF PATRICK A. GARZILLO AND MARSHA S. PROSINI

ATTACHMENT 6

REDACTED – FOR PUBLIC INSPECTION

REDACTED – FOR PUBLIC INSPECTION

7

SUPPLEMENTAL REPLY DECLARATION OF PATRICK A. GARZILLO AND MARSHA S. PROSINI

ATTACHMENT 7

REDACTED – FOR PUBLIC INSPECTION

REDACTED – FOR PUBLIC INSPECTION

SUPPLEMENTAL REPLY DECLARATION OF PATRICK A. GARZILLO AND MARSHA S. PROSINI

ATTACHMENT 8

REDACTED – FOR PUBLIC INSPECTION

REDACTED – FOR PUBLIC INSPECTION

SUPPLEMENTAL REPLY DECLARATION OF PATRICK A. GARZILLO AND MARSHA S. PROSINI

ATTACHMENT 9

REDACTED – FOR PUBLIC INSPECTION

REDACTED – FOR PUBLIC INSPECTION

SUPPLEMENTAL REPLY DECLARATION OF PATRICK A. GARZILLO AND MARSHA S. PROSINI

ATTACHMENT 10

Approved Times and Non-Recurring Costs For Subsequent Feature Changes In New Jersey and New York

	New Jersey	New York
Total Approved Time (minutes)	12.47	12.47
Labor Rate (non-loaded, $/minute)	$0.56	$0.67
Non-Loaded Labor Cost	$6.98	$8.35
TOTAL (Loaded Labor) Cost	$7.71	$9.01

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

In the Matter of	)	
	)	
Application by Verizon New Jersey	)	
Inc., Bell Atlantic Communications,	)	
Inc. (d/b/a Verizon Long Distance),	)	WC Docket No. 02-67
NYNEX Long Distance Company	)	
(d/b/a Verizon Enterprise Solutions),	)	
Verizon Global Networks Inc., and	)	
Verizon Select Services Inc., for	)	
Authorization To Provide In-Region,	)	
InterLATA Services in New Jersey	)	

SUPPLEMENTAL REPLY DECLARATION OF JOHN A. TORRE

1. My name is John A. Torre. I submitted a Supplemental Declaration in this proceeding on March 26, 2002. My qualifications are set forth in that Declaration. I am accountable for this entire supplemental reply declaration.

2. Appended to this declaration as Attachment 1 is a document entitled "Revised Update of Local Competition in New Jersey." This document contains information collected from internal Verizon databases. I supervised the collection of all data presented in "Revised Update of Local Competition in New Jersey." The document accurately reflects the data contained in those internal databases.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April 17, 2002

John A. Torre

SUPPLEMENTAL REPLY DECLARATION OF JOHN A. TORRE

ATTACHMENT 1

REDACTED – FOR PUBLIC INSPECTION

REVISED UPDATE OF LOCAL COMPETITION IN NEW JERSEY

1. This paper briefly updates the record regarding competitive developments in New Jersey in the time since Verizon filed its Supplemental Filing.

2. At the time of the Supplemental Filing, the most recent UNE platform and resale data that were available were from January of 2002. Data for February 2002 are now available, which show that between January and February competitors added nearly 13,000 new platform lines, including 700 provided to residential customers.

3. As demonstrated in Table 1, in the last four months for which data are now available:

- CLECs have added a net total of approximately 55,000 lines, and are now serving a very conservatively estimated 619,000 lines in New Jersey;
- CLECs have added approximately 43,000 lines that they serve either wholly or partially over facilities they have deployed themselves, increasing to approximately 404,000;
- CLECs have more than doubled the number of UNE platform lines they serve, increasing to approximately 51,000;
- CLECs have more than doubled both the number of residential lines that they serve using some or all facilities that they have deployed themselves and the number of residential lines they serve through the UNE platform.

Table 1. Summary of Competitive Data in New Jersey

	October 2001			February 2002		
	Residential	**Business**	**Total**	**Residential**	**Business**	**Total**
Facilities-Based Lines^	*** ***	360,000	361,000	*** ***	403,000	404,000
UNE Platform Lines	800	21,000	22,000	2,400	49,000	51,000
Resale Lines	56,000	126,000	182,000	57,000	107,000	164,000
Total	57,000	507,000	564,000	60,000	559,000	619,000

^ Based on E911 listings; includes unbundled loops.

4. Based on the most recent data, each of the four carriers that were providing service to residential customers in October using either facilities they deployed themselves or through platforms has increased the number of residential lines they are serving since that time.[1] For example, Broadview has added *** *** residential lines that it is serving either wholly or

[1] Based on January data, this appeared true for only three of the four carriers, however, with the February platform data it is now true for all four.

partially over facilities it has deployed itself (including its own local switches). Network Plus has added *** *** residential lines that it is serving through platforms, including *** *** between January and February alone. MetTel has added *** *** residential lines that it serving through platforms, including *** *** between January and February alone. eLEC has added *** *** residential lines that it is serving through platforms. *See also* Exhibit 1.

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