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November 1, 2002

Mr. Anthony Dale  
Assistant Deputy Chief-Hearings and Investigations Branch  
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Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

**EX PARTE**

**Re: Merger Conditions, *Bell Atlantic/GTE Merger Order*, CC Docket No. 98-184**

Dear Mr. Dale:

Below are Verizon's responses to specific staff questions regarding the nature of Verizon's out-of-region investment in SONET networks in the Seattle, Dallas, and Los Angeles areas.

**Question: On page 2 of its October 10, 2002 filing, Verizon states that its SONET offering is a special access service. On page 3, Verizon states that it is a local transport service. Which one is correct, and why?**

Answer: Both are correct. SONET is really a technology (rather than a "service") that is used to provide both state access and private line services as well as interstate access services.

In in-region areas, Verizon has tariffs that take advantage of the SONET technology, and are tariffed as so-called "SONET services," in many forms. For instance, Verizon uses SONET technology for interstate special access and intrastate private line services. *See, e.g.*, Verizon F.C.C. Tariff No. 1, § 8.1 ("SONET Special Access Services are Special Access/private line services offered with SONET technology."); Illinois - ILL. C.C. No. 11, § 19; Washington - WN UT-16, § 18.<sup>1</sup> In the out-of-region build areas, the services are being used for intra- and interstate special access and private line services.

**Question: Does Verizon contend that "Competitive Local Service" as used in the merger conditions is meant to include all special access services? If so, why does Verizon believe**

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<sup>1</sup> Intrastate SONET services usually are provided on an individual case basis ("ICB").

**that the term “Competitive Local Service” cannot mean a sub-set of special access services, e.g., Verizon’s SONET special access service, but not all special access services?**

Answer: All special access services qualify as services “that compete with traditional local telecommunications services offered by incumbent local exchange carriers” within the “Competitive Local Service” definition, unless they fall within the definition of “Advanced Services” (as defined in the Merger Condition), which these do not. In other words, the subset of special access that qualifies as services that “compete with traditional local telecommunications services offered by” ILECs is the non-advanced services portion. To the extent they are “Advanced Services,” special access services would qualify as “Competitive Local Service” if they are provided to the mass market.<sup>2</sup>

**Question: Does Verizon believe that, if its SONET offering does not meet the second prong of the out-of-region expenditure test, i.e., that it is not an Advanced Service to the mass market, then it must meet the first prong, i.e., one that competes with a “traditional” ILEC service?**

Answer: Verizon’s statement about the dichotomy between the two types of “Competitive Local Service” was in response to an interpretation previously offered by staff. In previous meetings, staff members had offered the opinion that services would fall into either one category or another – i.e., “Advanced Service” or those that compete with services “traditional local telecommunications services offered by” ILECs. Verizon believes that there could be services that meet neither test. Here, however, as set forth in our October 10<sup>th</sup> letter, the services are telecommunications services that have traditionally been offered by local exchange carriers. As such, they qualify as competitive local service under the relevant merger conditions.

Please let me know if you need any additional information.

Sincerely,



cc: M. Stone

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<sup>2</sup> See *Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control*, 15 FCC Rcd 14032, App. D, ¶ 43 (2000) (hereinafter *Merger Conditions*).