

The Bureau adopted AT&T's proposed Schedule 11.2.17 § 1.3.2, which gives AT&T the option of using non-Verizon loop qualification tools for line splitting, subject to certain modifications.<sup>56</sup> The New York Commission, however, rejected AT&T's proposal to use its own loop qualification tools because Verizon's prequalification process had been developed through the New York Collaborative to meet the needs of all CLECs:

Loop pre-qualification matters are being addressed in the DSL Collaborative Proceeding (Case 00-C-0127) that began in August 1999. *If we were to approve AT&T's proposal to use its own pre-qualification tools, Verizon would have to modify its system that other CLECs also use, and the company would incur added expenses. We find that the prevailing system that has been designed for all carriers is adequate.*<sup>57</sup>

The Bureau overlooked this language and instead focused on the succeeding sentence! which provides that “to the extent that it is technically feasible to modify the requisite systems to accommodate both AT&T's needs and those of the other CLECs, and if AT&T is willing to pay for the modifications, Verizon should make them.” AT&T's proposal language, however, that the Bureau adopted, does not contain any such proviso. It gives AT&T the option of using its own tools, without any showing that it is technically feasible to modify the requisite systems, and without any commitment by AT&T to pay for those modifications.

Moreover, allowing AT&T to use its own tools will impose millions of dollars in costs on Verizon to develop a new non-prequalified line splitting product that only one CLEC will

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<sup>56</sup> Order ¶ 398. The Bureau ruled that if AT&T uses a non-Verizon loop pre-qualification tool for line splitting, it should not hold Verizon responsible for the service performance of that loop, regardless of whether that loop was in use providing the same xDSL service at the time of AT&T's order.

<sup>57</sup> See *Joint Petition of AT&T Communications of New York, Inc., TCG New York Inc. and ACC Telecom Corp. Pursuant to Section 252(b) of the Telecommunications Act of 1996 for Arbitration to Establish an Interconnection Agreement with Verizon New York Inc.*, Case No. 01-C-0095, Order Resolving Arbitration Issues (rel. July 30, 2001) at 55. (“NY (AT&T/Verizon) Arbitration Order”).

purchase in one state. At a minimum, Verizon would need to modify its *OSS* to accept local service requests for loops that have not been prequalified. To avoid penalties for loops that AT&T's tools inaccurately prequalified, Verizon would also incur costs to remove those loops prequalified by AT&T from the data source used to calculate performance metrics. Once Verizon makes these modifications, it would have no way to verify whether AT&T has in fact pre-qualified a loop using its own tools. **If** AT&T does not prequalify a loop, or if its tools do not produce accurate results, Verizon will incur costs to provision a loop that will not support data.

There is no basis, moreover, to undertake those tasks. This Commission has repeatedly held that Verizon's loop qualification procedures provide "nondiscriminatory access to *OSS* pre-ordering functions associated with determining whether a loop is capable of supporting xDSL technologies."<sup>58</sup> The Maryland Commission, as well as the New York Commission, has also found that Verizon's qualification tools are satisfactory, and rejected CLEC proposals to use their own tools.<sup>59</sup>

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<sup>58</sup> *In the Matter of Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) and Verizon Global Networks Inc., For Authorization to Provide In-Region, InterLATA Services in Massachusetts*, CC Docket No. 01-9, Memorandum and Order, FCC 01-130 ¶ 60 (rel. April 16, 2001). ("MA Verizon § 271 Order"); *In the Matter of Application of Verizon New York Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization to Provide In-Region, InterLATA Services in Connecticut*, CC Docket No. 01-100, Memorandum Opinion and Order ¶ 54 (2001). ("CT Verizon § 271 Order"); *In the Matter of Application of Verizon Pennsylvania Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc. for Authorization to Provide In-Region, InterLATA Services in Pennsylvania*, Memorandum Opinion and Order, CC Docket No. 01-128, FCC 01-269 ¶ 45 (rel. Sept. 19, 2001). ("PA Verizon § 271 Order").

<sup>59</sup> *See Id.; In the Matter of the Arbitration of Sprint Communications Company, L.P. vs. Verizon Maryland Inc.*, Pursuant to Section 252(b) of the Telecommunications Act of 1996, Order No. 77320, Case No. 8887 (rel. October 24, 2001). ("MD (Sprint/Verizon) Arbitration Order") at 11-15.

Finally, there is an additional problem with allowing AT&T to **use** its own tools. Verizon has developed and implemented its loop qualification methods and tools based on a consensus of all the CLECs participating in the new York Collaborative, and thus meet the CLECs' needs for pre-qualifying loops for DSL. The enhancements to Verizon's systems, moreover, were made with the understanding that the costs of those enhancements would be recovered **by** charges for the CLECs' use of those databases. AT&T should not now be permitted to avoid paying for the enhancements made at its behest by using its own alternate loop qualification tools.

**2. The Bureau Should Adopt The Collocation Augment Interval For Line Sharing Developed By The New York Carrier To Carrier Working Group.**

The Bureau rejected Verizon's proposal to adopt contract language that points to Verizon's collocation tariff to set collocation augment intervals for line sharing. Instead, the Bureau adopted AT&T's proposed Schedule **11.2.17** § 1.3.4, which specifies a 45-day collocation augment interval. The Bureau's decision was based on the mistaken assumption that the only difference between AT&T's proposed language and that of Verizon is whether the contract references Verizon's tariffs or specifies the interval for line sharing collocation **augments**.<sup>60</sup> The actual difference is not whether the agreement references the tariff, but whether it implements **the** collocation intervals developed by the industry through the New York Collaborative process, and which are already **incorporated** into Verizon's tariffs in Virginia.

The New **York** Commission created the Carrier to Carrier Working Group Collaborative to serve as a forum for CLECs to raise issues related to Verizon New York's wholesale services. The New York Commission directed this Collaborative to establish task-related intervals for collocation augmentation work orders. The Carrier to Carrier Working Group, which includes

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<sup>60</sup> See *Order* ¶ 406.

AT&T, agreed upon terms and conditions that included a 45 business day interval for eight types of collocation augmentation requests (including line sharing), where the necessary infrastructure is installed and available for use. The agreed-upon terms, conditions, and intervals are included in a stipulation and illustrative tariff filed by the parties in Case 98-57-Phase III before the Massachusetts Department of Telecommunications and Energy Case 98-57-Phase III.<sup>61</sup> The Massachusetts Department requested comments on this stipulation from all parties to Case 98-57-Phase III, including AT&T. No party opposed to the Massachusetts Stipulation, and the Massachusetts Commission found it reasonable. Verizon's proposal would bring that same industry consensus result into its agreements in Virginia, either by reference to the tariff or by directly incorporating the Massachusetts Stipulation.<sup>62</sup>

By contrast, AT&T's collocation interval language would establish a collocation interval inconsistent with the intervals developed in New York. While Schedule 11.2.17 is in the line sharing and line splitting section of the Agreement, AT&T's language does not make clear that it applies only to collocation augment intervals for line sharing. Moreover, AT&T's language could be interpreted to apply more broadly than the 45 business-day interval to which Verizon and the CLEC community committed in the New York Collaborative process. Consistent with the Bureau's decision to incorporate the operational details for line sharing and line splitting resulting from the New York Collaborative process into the Virginia Agreement, the Bureau should adopt contract language that incorporates the intervals established by the New York Carrier to Carrier Working Group. If the Bureau prefers more specificity than an incorporation

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<sup>61</sup> See Verizon Exhibit 42 (the "Massachusetts Stipulation").

<sup>62</sup> See Verizon Post Hearing Brief at **ASP-20-21**.

of the collocation interval contained in Verizon's tariffs, it should order the parties to draft language mirroring the agreement reached by the New York Carrier to Carrier Working Group and reflected in the Massachusetts Stipulation contained in Verizon Exhibit 42.

**B. ISSUE III-12: DARK FIBER.**

The Bureau permits AT&T and WorldCom to reserve fiber for 90 days after confirmation of a request for such facilities, claiming this is “[c]onsistent with the nondiscrimination requirement of the Act.” *Order* ¶ 460. The Bureau also requires Verizon to hold dark fiber for ten business days between the pre-ordering and ordering phases. *Id.* ¶ 461. During this reservation period, Verizon is denied the use of the fiber for itself, for its retail customers, and for its wholesale customers, including other CLECs. Verizon seeks clarification that it can charge CLECs for their effective occupation of the fiber during the period it is reserved and locked away from other uses. In addition, Verizon will modify its ordering processes and billing systems to implement and bill for the 10-day and 90-day reservation periods. Verizon seeks clarification that it may recover these costs through a non-recurring charge. Neither the contract language adopted by the Bureau,<sup>63</sup> nor the *Order*, addresses Verizon's right to charge CLECs for their reservation of fiber.<sup>64</sup>

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<sup>63</sup> The Bureau adopted AT&T's proposed § 11.2.15.3 from the beginning up to and including the phrase “for a period of 90 days after confirmation of a request for such facilities by AT&T.” *Id.* ¶ 460. The Bureau inserted the phrase “to satisfy customer orders” into AT&T's November Proposed Agreement to Verizon, § 11.2.15.3, between the phrases “after a confirmation of request for such facilities” and “by AT&T.” *Id.* n.1547. The Bureau also struck the final phrase of Verizon's November Proposed Agreement to AT&T, § 11.2.15.6, “before it submits an order for such access.” *Id.* The Bureau also adopted WorldCom's proposed § 5.2.4 as it pertains to reservation of fiber during the preordering and ordering procedures and struck Verizon's proposed § 7.2.11. *Id.* ¶ 461.

<sup>64</sup> See *id.* ¶¶ 460-61.

**1. Verizon Has A Right To Charge CLECs For Their Reservation Of Fiber.**

Verizon has invested substantial amounts in the installation and maintenance of its fiber system and, even so, the amount of fiber for any particular route is a limited resource. The *Order* permits CLECs to tie up this fiber for 100 days.<sup>65</sup> When CLECs do so, that fiber resource will be unavailable for use by Verizon and other CLECs. This reservation of fiber is economically identical to an option on property that is purchased to take the property off the market for a limited period while its potential use is analyzed. Whether the reserving CLEC is providing services with the fiber *or* reserving the fiber for future use, Verizon is entitled to recover costs it incurs as a result of CLEC access to its network elements pursuant to § 252(d)(1) of the Act.<sup>66</sup> There is no lawful, competitive *or* other reason to allow CLECs to tie up any of Verizon's assets for free for any period. Indeed, the Bureau's basis **for** allowing CLECs to reserve fiber is that it will put them "on a more equal footing with Verizon." *Order* ¶ 460. That can only true, however, if the CLECs pay to reserve fiber. Because Verizon has paid to install the fiber, it would be discriminatory *to* allow CLECs to lock up that fiber for their own exclusive use if they are unwilling to pay to prevent other uses.

**2. Verizon has a Right to Impose an NRC to Recover the Costs of Updating Its Systems to Accommodate Dark Fiber Reservations.**

Every new wholesale product requires modifications to Verizon's systems to allow ordering, provisioning, and billing of the new product. The same will be true of the new products created by the Bureau, 10-day and 90-day dark fiber reservation. The Commission has

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<sup>65</sup> *Id.*

<sup>66</sup> See *Local Competition Order* ¶ 245 (requiring that rates ILECs may charge for interconnection and network elements "*shall be (i) based on the cost ... of providing the interconnection or network element...*") (emphasis added). See also *id.* ¶ 246 (recognizing that CLECs "must pay the costs associated with unbundling").

recognized that ILECs must “be fully compensated for any efforts they make to increase *the quality of access* or elements within their own *network*.”<sup>67</sup> Such additional costs are typically recovered from the CLECs using the new product through non-recurring charges. Accordingly, to the extent Verizon must enhance its systems to accommodate the reservation of dark fiber, the Bureau should clarify that those costs may be recovered from the reserving CLECs through non-recurring charges.<sup>68</sup>

**C. ISSUE IV-14: DEFINITIONS AND OPERATIONAL TERMS (SPECTRUM MANAGEMENT).**

The Bureau held that WorldCom and Verizon must use spectrum management to manage the deployment of xDSL and other advanced services in the *network*.<sup>69</sup> Verizon must provide its pre-existing spectrum management procedures to WorldCom within ten days after the effective date of the agreement.<sup>70</sup> To the extent such procedures do not exist, they must be developed.”

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<sup>67</sup> *Id.* ¶ 314 (emphasis added).

<sup>68</sup> The *Order* also imposes several other additional requirements on Verizon to provide new or different services or to perform additional work for which Verizon must be compensated. In some cases, the parties have not proposed prices for these new services, nor were the costs associated with these new services or additional work reflected in the cost and pricing evidence submitted by the parties. Accordingly, the Bureau should clarify that Verizon has a right to be compensated for all of the costs of implementing such additional requirements from the time first incurred. This could be accomplished, as appropriate, through charges agreed to by Verizon and an individual CLEC requesting a particular service or, alternatively, through revised generally applicable charges approved by the Commission. Verizon should therefore be permitted to supplement the record in the cost phase of this case with respect to these issues. In addition to the reservation of dark fiber, these issues include, but are not limited to provision of dark fiber IOF to include through intermediate offices (a new requirement that is not included in dark fiber prices), *Order* ¶ 457; providing access to Intellimux (a new product that needs to be priced), *Order* ¶ 506; and offering multiplexing as a feature of transport (a feature that is not currently included in transport prices), *Order* ¶ 499.

<sup>69</sup> *Id.* ¶ 481.

<sup>70</sup> *Id.*

<sup>71</sup> *Id.*

Verizon seeks reconsideration of the requirement to develop spectrum management procedures because the Commission has already assigned the same task to another entity.

**The** Commission has already assigned the task of setting spectrum compatibility standards and developing spectrum management practices to the National Reliability and Interoperability Council (“NRIC”), an existing Federal Advisory **Committee**.<sup>72</sup> The Commission was “convinced ... that [it must] play a role in fostering timely, fair, and open development of standards for current and future technologies” and that “the standards setting process must include the involvement of a third party to advise the Commission on spectrum compatibility standards and spectrum management practices.”<sup>73</sup> The Commission advised that the “NRIC will receive input from industry standard bodies ... and monitor developments within them, in turn reporting periodically to, and preparing recommendations for; the Commission on matters relating to spectrum compatibility and management.”<sup>74</sup> In fact, in response to CLEC concerns that T1E1.4<sup>75</sup> (the forum previously charged with developing spectrum compatibility standards) was dominated by ILECs, the Commission noted that the “NRIC’s involvement in these issues will help in several ways to alleviate concerns about incumbent LEC domination of T1E1.4.”<sup>76</sup> In short, the Commission has charged the NRIC with the task of developing spectrum management procedures, not Verizon.

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<sup>72</sup> *Line Sharing Order* ¶¶ 183-91.

<sup>73</sup> *Id.*

<sup>74</sup> *Id.*

<sup>75</sup> T1E1.4 is a working **group** of Alliance for Telecommunications Industry Solutions (ATIS)-sponsored Committee T1, which is accredited by the American National Standards Institute).

<sup>76</sup> *Id.*

Requiring Verizon to develop these procedures solely for WorldCom would not only be duplicative, but would risk results that will conflict with the NRIC's industry-wide standards and practices. Moreover, unlike the NRIC, Verizon would not have the benefit of industry-wide comment or Commission input. The better practice would be for the parties to work with the rest of the industry through NRIC to develop industry-wide standards. Verizon should not be charged with the same task the Commission assigned exclusively to the NRIC for the entire industry.

#### IV. BUSINESS PROCESS REOUIREMENTS

##### A. **ISSUE IV-74: BILLING PROCEDURES.**

The Bureau held that the providing party must transmit all invoices to the purchasing party within ten calendar days after the bill date.<sup>77</sup> The Bureau stated, “[i]n the absence of any objection from Verizon,“ WorldCom’s language is reasonable. Verizon asks that the Bureau reconsider its ten *calendar* day interval because Verizon’s metrics approved by both the Commission and the Virginia State Corporation Commission are based upon ten *business* days.<sup>78</sup>

The record regarding Issue IV-74 focused on whether Verizon had to provide WorldCom with an electronic bill, as opposed to a **paper** bill, and whether that electronic bill could serve as the bill of record.” There was little, if any, discussion by either party of whether to use of

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<sup>77</sup> Order ¶ 671

<sup>78</sup> See *Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, Memorandum Opinion and Order, CC Docket No. 98-184, FCC 00-221 (June 16, 2000) (“*Merger Order*”), Attachment A-2a, “BA/GTE Performance Measurement Business Rules Bell Atlantic States, A-2a-31 (noting that Verizon must issue carrier bills “within 10 *business* days of the bill date” and that Verizon had performed according to the 10 *business* day interval 98% of the time.); *Establishment of Carrier Performance Standards for Verizon Virginia Inc.*, Case No. PUC010206, Order Establishing Carrier Performance Standards with Implementation Schedule and Ongoing Procedure to Change Metrics, p. 98, BI-2 (Jan. 4, 2002) (*Virginia Commission Performance Metrics and Standards Order*).

<sup>79</sup> Verizon’s Post-Hearing Brief, Business Process 11-12; Verizon’s Reply Brief, Business Process 7-

calendar versus business days for the transmission of an invoice. Consequently, the Bureau offered no analysis of this particular issue other than to say that in the absence of any objection from Verizon, “WorldCom’s arguments about affording the parties additional time to receive and pay bills” is reasonable.<sup>80</sup> Before simply accepting WorldCom’s proposed language, however, the Bureau must consider how the ordered language will affect Verizon’s ability to comply with existing performance measures and Verizon’s obligation to provide all carriers with the same quality of access to its network elements.

Verizon’s contract language proposed ten business days for transmission of invoices because that is the standard set forth in the metrics approved by both this Commission and the Virginia Commission! If a special due date applied only to WorldCom, Verizon would have to put WorldCom’s invoices on a separate track from those sent to other carriers. Not only would such a process result in either the creation of new metrics or separate metrics just for WorldCom, it would be virtually impossible for Verizon to implement. Verizon testified that “it would be extraordinarily burdensome— if not impossible-- for Verizon VA to maintain unique billing procedures for each customer.”<sup>82</sup> Verizon should be entitled to rely upon the interval used by the Virginia Commission and this Commission to establish Verizon’s metrics when it developed its billing processes for all CLECs.

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<sup>80</sup> *Order ¶ 671.*

<sup>81</sup> Verizon’s November Proposed Agreement to WorldCom, Part A, § 9.1.3 states, in pertinent part: “The providing Party will transmit all invoices within ten (10) business days after the Bill Date.”

<sup>82</sup> Verizon VA’s Rebuttal Testimony on Mediation Issues, Business Process at 7 (Sept. 5, 2001).

The Bureau should not order intervals that undercut Verizon’s ability to comply with performance measures ordered by the Virginia Commission.<sup>83</sup> The Bureau granted Verizon’s motion to dismiss consideration of issues related to performance measures.” The Bureau “defer[ed] to the Virginia Commission on performance issues” because the Virginia Commission had issued an order adopting performance measurements and standards applicable to Verizon.<sup>85</sup> The Bureau should do the same here and allow Verizon to implement the ten business day interval for delivery of these bills that the Virginia Commission has incorporated in its wholesale performance standards for Verizon.

Finally, the Bureau’s holding is inconsistent with the Act and the Commission’s **rules** insofar as it requires Verizon to go to extraordinary lengths to discriminate in favor of WorldCom. The Act requires Verizon to provide WorldCom with access to its facilities on terms and conditions that are “nondiscriminatory.”<sup>86</sup> The Commission’s Rules further explain this duty: “...the quality of the access to the unbundled network element, that an incumbent LEC provides to a requesting telecommunications carrier ***shall be the same for all telecommunications carriers*** requesting access to that network element...”<sup>87</sup> Since billing is part and parcel of WorldCom’s access to Verizon’s network facilities, the manner in which Verizon bills WorldCom for use of Verizon’s facilities must be the same as it is for all other carriers.

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<sup>83</sup> *Virginia Commission Performance Metrics and Standards Order* at **98, BI-2**.

<sup>84</sup> *Order* ¶ **18**.

<sup>85</sup> *Id.* citing *Virginia Commission Performance Metrics and Standards Order*.

<sup>86</sup> § 251(c)(3). See also 47 C.F.R. §§ 51.307(a).

<sup>87</sup> 47 C.F.R. § 51.311(a).

Accordingly, Verizon asks that the Bureau reconsider its holding that Verizon must transmit all invoices within ten calendar days after the bill date.” Instead, the interval should be consistent with its performance measures: ten *business* days.

## V. GENERAL TERMS AND CONDITIONS

### A. **ISSUE VI-1(N): ASSURANCE OF PAYMENT.**

The Bureau’s finding that “Verizon has a legitimate business interest in receiving assurances of payment, where warranted, from its competitive LEC customers” is **unassailable**.<sup>89</sup> The Bureau erred, however, by qualifying that finding in such a way as “to exempt WorldCom from the assurance of payment requirements as long as WorldCom sustains a net worth above \$1 00 million.”<sup>90</sup> Neither Verizon’s nor WorldCom’s pleadings ever proposed such an amendment to Verizon’s contract language. Further, in light of events that have occurred since the close of the hearing, the Bureau’s *sua sponte* exemption of WorldCom from what it found to be legitimate and warranted assurance of payment obligations must be reversed.

In opposing Verizon’s proposed language on this issue, WorldCom explained: “Although WorldCom is aware of the concerns Verizon might have with other CLECs, WorldCom should not be made to agree to terms that, by all accounts, are inappropriate as to WorldCom.”<sup>91</sup> In order to alleviate WorldCom’s concerns, Verizon offered to sign a letter which would have stated that, as of the effective date of the interconnection agreement, Verizon was aware of no circumstances that would necessitate any assurance of payment from WorldCom under § 6.2 of

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<sup>88</sup> Order ¶ 671.

<sup>89</sup> *Id.* ¶ 727.

<sup>90</sup> *Id.* ¶ 128.

<sup>91</sup> Direct Testimony of John Trofimuk, Matt Harthun and Lisa Roscoe at p. 33 (August 17,2001).

the General Terms and Conditions of Verizon's proposed contract?' WorldCom declined to prepare such a letter.<sup>93</sup>

Contrary to the Bureau's suggestion, the letter proposed by Verizon did not equate to a wholesale exemption for WorldCom based on an assumed net worth in excess of \$100 million. Rather, at the time of the hearing, Verizon was simply willing to agree that none of the triggers to assurance of payment obligations in § 6.2 existed as to WorldCom. Those triggers do not hinge on net worth.

Since Verizon offered to sign the above-described letter, WorldCom's financial situation has deteriorated dramatically as a result of WorldCom's own malfeasance.<sup>94</sup> As a result, Verizon is no longer willing to issue such a letter to WorldCom. Further, these developments render the Bureau's decision to exempt WorldCom from assurance of payment obligations grossly inappropriate.<sup>95</sup> This is particularly the case given that, in the immediate future, the Bankruptcy Court will determine, among other things, the amount and form of payment assurance that WorldCom must provide, not this agreement.

Finally, the Bureau's adoption of \$100 million in net worth as an exemption threshold was misguided. The level of WorldCom's net worth is something that may not be determined for

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<sup>92</sup> Rebuttal Testimony of Christos Antoniou, *et al.*, on General Terms and Conditions Issues at p. 26 (September 5, 2001).

<sup>93</sup> *Id.*

<sup>94</sup> See WorldCom website <http://www1.worldcom.com> ("WorldCom and substantially all of its active U.S. subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code.").

<sup>95</sup> Although the bankruptcy court may determine as a practical matter, in the course of the ongoing bankruptcy proceeding, what assurances of payment WorldCom's creditors -- including Verizon -- should receive, the parties' interconnection agreement likely will extend beyond the conclusion of any such proceedings.

quite some time. Ultimately, it will turn on the resolution of the WorldCom accounting scandal as well as various determinations to be made by the bankruptcy court. More generally, adoption of an automatic exemption threshold invites debate as to a carrier's net worth and leaves Verizon exposed when dealing with carriers who may overstate that net worth.<sup>96</sup> Accordingly, the Bureau should eliminate the \$100 million net worth restriction on Verizon's ability to require assurance of payment.

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<sup>96</sup> The Bureau's analogy to Issue VI-1(Q) (Insurance) is misplaced. Under that issue, Verizon agreed that any CLEC with a net worth of \$100 million could satisfy its insurance obligations by self-insuring. See Direct Testimony of Christos Antoniou, *et al.*, on General Terms and Conditions Issues at p. 40 (August 17, 2001). Verizon did so because the Commission has stated that \$100 million is a reasonable level for an ILEC to use if it is considering whether a CLEC may satisfy its insurance obligations via self-insurance. See *In the Matter of Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection Through Physical Collocation For Special Access and Switched Transport, Second Report and Order*, 12 FCC Red 18, 730 at ¶ 350 (June 13, 1997). ("Second Report"). The Commission made no such finding with regard to assurances of payment.

Respectfully submitted,

*Kelly L. Faglioni*

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CERTIFICATE OF SERVICE

I do hereby certify that the foregoing Motion was sent as follows this 16<sup>th</sup> day of August, 2002 by e-mail and overnight, express delivery:

**TO WORLDCOM as follows:**

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*Kelly D. Zaglioni*

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

**DECLARATION OF WILLIAM MUNSELL**

1. My name is William Munsell and my business address is 600 Hidden Ridge, Irving, Texas 75038.
2. I am employed by Verizon to represent it in negotiations with competitive local exchange carriers (“CLECs”) for interconnection, resale, and unbundled elements as required under § 251 of the Telecommunications Act of 1996.
3. I have personal knowledge regarding the matters stated herein.

4. For purposes of rating calls for intercarrier compensation, there are viable alternatives to comparing the originating and terminating NPA-NXX codes.

5. I supervised a traffic study in Florida in February 2002 to accurately measure the volume of CLEC traffic terminated to Verizon FX numbers. **The** inexpensive study matched call records that Verizon creates on calls originated from facility-based CLECs to a list of telephone numbers that Verizon assigned to FX service lines.

6. There are two options for determining the amount of traffic originated by Verizon customers and terminated on CLEC virtual FX numbers.

7. One option would be for CLECs interconnecting with Verizon to conduct a study similar to the one I supervised for Verizon to quantify the number of Verizon customer originated minutes that were delivered to the CLEC virtual FX numbers.

8. The other option would be for CLECs interconnecting with Verizon to notify Verizon of the numbers it has assigned as virtual FX numbers. Verizon would modify its traffic data collection system to capture all traffic delivered to the NPA-NXX codes containing virtual FX numbers. A data query could then be run to identify what portion of the traffic delivered to the NPA-NXXs was actually virtual FX traffic.

9. Once the amount of the virtual FX traffic was determined, the CLEC would then credit from its reciprocal compensation billing to Verizon all amounts associated with these virtual FX minutes. Under either option, the study could be performed periodically, with the results of the study utilized prospectively in the billing process until the study is updated.

Verizon is prepared to work with interconnecting CLECs to implement one of these options so that traffic can be properly billed.

10. Both options would allow the parties to bill intercarrier compensation according to the actual geographic end points of the traffic exchanged. I am aware of no reason that would prevent implementation of either option in Virginia.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on: \_\_\_\_\_ 1/5/ \_\_\_\_\_  
William Munsell