CloseCall's customers from doing so, the Commission should order Verizon to provide such resale capability equally to all CLECs. In addition, the Commission should exercise its enforcement authority to assess any regulatory and financial penalties it deems appropriate in response to Verizon's discriminatory behavior.

Q. DOES THIS CONCLUDE YOUR TESTIMONY WITH REGARD TO VOICE MESSAGING?

A. Yes, it does.

II. LINE-SHARING DSL

Q. FOR THE PURPOSE OF THIS TESTIMONY, HOW DO YOU DESCRIBE LINE-SHARING DSL?

A. Line-sharing DSL services provide a high-speed always-on connection to the Internet on the same telephone line that a customer also uses to obtain local exchange telephone service. Line-sharing DSL and local telephone service can co-exist on the same customer telephone line because they utilize different frequency ranges and communications protocols.

Q. WHAT TYPE OF CUSTOMERS TYPICALLY SUBSCRIBE TO LINE-SHARING DSL SERVICES?

A. Broadband communications services, such as line-sharing DSL, are becoming a fundamental requirement for businesses of all sizes and a residential consumer priority as well. High-speed Internet access is valuable to entities of any size, from large companies and government agencies that utilize telecommuters in their workforce to small businesses, students and other consumers who value high-speed data capability, but on a smaller scale.

Q. HOW WOULD YOU DESCRIBE VERIZON'S PRACTICES AND APPARENT POLICIES REGARDING THE PROVISION OF LINE-SHARING DSL SERVICES?

A. Verizon is the largest provider of line-sharing DSL services to residential consumers and small businesses in Maryland. In addition, in recent months Verizon has undertaken a concerted, multimedia effort to further expand its line-sharing DSL customer base. However, Verizon is unfairly leveraging its line-sharing DSL market advantage to restrict local telephone competition and win back the local telephone service customers whom it has lost to competition.

Fundamentally, Verizon's policy in the residential consumer and small business markets is to tie together the provision of its local exchange telephone service and its line-sharing DSL service in a manner similar to that in which it "ties-in" its local telephone and voice messaging services,

as I discussed above. As a result, a residential or small business customer cannot switch to CloseCall's local telephone services if he or she wants to keep their Verizon line-sharing DSL service, nor can a CloseCall local telephone customer subscribe to Verizon's line-sharing DSL service without first terminating their CloseCall local telephone service and subscribing to Verizon's local telephone service. Just as it does with respect to voice messaging services, Verizon's arbitrary line-sharing DSL "tie-in" policy substantially undermines CloseCall's efforts to attract and keep new customers in Maryland.

In this manner, Verizon is able to take advantage of the fact that a significant number of competitive local carriers, including CloseCall, do not and cannot currently offer line-sharing DSL services to their customers. This "tie-in" practice frustrates the market entry efforts of competing local telephone companies, including CloseCall, by restricting their ability to sell local telephone services to high value customers. In addition, Verizon's "tie-in" practice prevents residential consumers and small businesses from subscribing to the local telephone company of their choice. In short, Verizon's policy is that residential consumers and small businesses cannot benefit from line-sharing DSL service unless they also subscribe to Verizon's local exchange services.

to CloseCall's local telephone service, Verizon's ordering system blocks the order by producing an error message indicating that the local telephone order cannot be completed because the Verizon customer has line-sharing DSL service.

Q. PLEASE DESCRIBE HOW VERIZON'S PRACTICES AND APPARENT POLICIES WITH REGARD TO THE PROVISION OF LINE-SHARING DSL AFFECT COMPETITIVE PROVIDERS OF LOCAL EXCHANGE SERVICE, INCLUDING CLOSECALL?

A. Verizon's refusal to provide access to line-sharing DSL on a resale basis, and its refusal to provide access to line-sharing DSL on loops that customers also use to obtain competitive local telephone services, significantly hamstrings competition in the local telephone market by restricting access to cost-effective broadband service. This attempt to "tie-in" Verizon's broadband and local telephone services in order to prevent residential consumers and small businesses from subscribing to competitive local telephone services is contrary to the public interest, bars consumers from obtaining the benefits of local telephone competition and blocks CloseCall's efforts into the local telephone service market. In addition, as discussed above, Verizon's exclusionary practices and policies foreclose a substantial opportunity for competitive carriers to provide local exchange service to high-value customers.

1 Q. WHY CAN'T CUSTOMERS SIMPLY OBTAIN LINE-SHARING DSL OR
2 ANOTHER FORM OF HIGH-SPEED INTERNET ACCESS FROM AN
3 ALTERNATIVE PROVIDER?
4 A. To my knowledge, their is no other ubiquitous provider of line-sharing DSL
5 service to Maryland's residential consumers and small businesses except
6 Verizon. Although alternative "non line-sharing" DSL providers exist and
7 operate service in certain markets, no other provider serves the entire
8 state of Maryland in a comprehensive manner, and alternative providers
9 are especially scarce in the less-populated markets that CloseCall often
10 serves. In addition, Verizon owns and operates the vast majority of copper
11 loops and local exchange facilities that constitute the sole conventional
12 means of connection for residential consumers and small businesses. By
13 virtue of its history as the incumbent "Baby Bell" monopoly service
14 provider for the Maryland telephone market, only Verizon has this degree
15 of ubiquity.
16
17 Q. WHY CAN'T CLOSECALL CHANGE ITS BUSINESS PLAN AND
18 PROVIDE LINE-SHARING DSL SERVICES ON ITS OWN?
19 A. Emerging local exchange carriers, including CloseCall, cannot reasonably
20 finance the equipment and facilities required to provide the level of
21 functionality that Verizon's line-sharing DSL services currently provide.
22 Such a dramatic strategic change would literally require hundreds of
23 millions of dollars of new capital investment in personnel and facilities.

1

2 Moreover, as I previously discussed in the context of CloseCall's duty to
3 self-provision voice messaging services, the Federal Telecommunications
4 Act does not require that competitive carriers purchase specific equipment
5 or other facilities in order to enter new markets. Rather, the Federal
6 Telecommunications Act established that competitors may utilize, without
7 suffering prejudice or discrimination, market-entry strategies that rely on
8 (1) resale, (2) interconnection, (3) access to UNEs or (4) the deployment
9 of new facilities. CloseCall's business plan was developed to utilize the
10 competitive opportunity Congress provided through this system.
11 Furthermore, it is not economically feasible or reasonable to expect
12 CloseCall to modify its operations and business plans, nor to undertake
13 the massive investment necessary to deploy line-sharing DSL
14 technologies merely to counter Verizon's unjustified and exclusionary
15 practices. Such a strategy would only benefit Verizon, since Verizon could
16 always remain one step ahead of its competitors, including CloseCall, by
17 changing its exclusionary practices once we've committed to a particular
18 defensive strategy, rendering CloseCall's investment worthless and its
19 effort wasted.

20

21 Q. WHAT DO YOU PROPOSE THAT THE COMMISSION DO TO RESOLVE
22 THIS SITUATION IN A MANNER THAT WILL MOST BENEFIT THE

1 INTERESTS OF MARYLAND'S RESIDENTIAL CONSUMERS AND
2 BUSINESSES?
3 A. It is vital for the establishment of local exchange competition that the
4 Commission direct Verizon to provide uniform access to line-sharing DSL
5 service and no longer reserve access to such services solely for Verizon's
6 local telephone customers. In addition, the Commission should specify
7 that customers seeking to switch to competitive local telephone services
8 should not suffer any disruption of existing line-sharing DSL service or
9 encounter discriminatory service provisioning delays when obtaining
10 resold or Verizon-provisioned line-sharing DSL services. Rather, Verizon
11 should be directed to incorporate the provisioning of line-sharing DSL into
12 its existing CLEC ordering processes, in the same manner that call waiting
13 and caller-ID services are currently handled.
14
15 Q. DOES THIS CONCLUDE YOUR TESTIMONY WITH REGARD TO LINE-
16 SHARING DSL?
17 A. Yes, it does.
18
19 **III. THE COMMISSION'S AUTHORITY TO RESOLVE THIS MATTER**
20
21 Q. DOES THE COMMISSION HAVE THE REGULATORY AUTHORITY TO
22 RESOLVE THIS MATTER IN THE MANNER THAT YOU DESCRIBE?

1 A. Yes. Although I am not a lawyer, I have had substantial experience with
2 state and federal regulatory matters and have participated in a number of
3 regulatory proceedings as an expert witness on behalf of Verizon and its
4 predecessors. Consequently, it is my firm belief that the Commission has
5 appropriate jurisdiction and sufficient authority to resolve this matter and to
6 provide to CloseCall the relief it seeks on its own behalf, on behalf of other
7 CLECs operating in Maryland and on Maryland's consumers.
8
9 Q. WHAT STATE LAWS, REGULATIONS AND OTHER CONSIDERATIONS
10 SUPPORT YOUR CONTENTION THAT THE COMMISSION HAS
11 APPROPRIATE JURISDICTION AND AUTHORITY IN THIS MATTER?
12 A. The Maryland Public Utility Companies Law provides the Commission with
13 substantial latitude in its supervisory and regulatory powers to ensure that
14 all public service companies, including Verizon and CloseCall, operate in a
15 manner that serves the public interest. In addition, the statute compels
16 the Commission to use its authority to "promote adequate, economical and
17 efficient delivery of utility services in the State without unjust
18 discrimination." Using this authority, the Commission has previously
19 reviewed such issues as network use and combination of network
20 elements in the competitive market.
21
22 It is also well established that the Commission has the authority to place
23 specific, competitively neutral requirements and duties on

telecommunications carriers operating in Maryland, including Verizon. Moreover, the Commission has broad authority under Maryland law to regulate VZ-MD in a manner that best serves the interests of the State's consumers. In addition, the Commission is otherwise empowered by statute to protect consumers by encouraging the availability of affordable and reasonably priced basic local exchange services, promoting the quality, availability, and reliability of telecommunications services throughout the State, and encouraging the development of competition.

CloseCall's primary contention in this case is that Verizon is wrongfully tying local exchange service to two other services (voice messaging and line-sharing DSL), effectively preventing certain customers from switching their local service carrier from Verizon to CloseCall. CloseCall's concerns are all about its provision of local exchange service in Maryland, and the anti-competitive effects on local exchange service resulting from Verizon's practices. CloseCall's economic losses quantified earlier in my testimony are lost opportunities to provide local exchange service to potential new customers in Maryland. The Commission's jurisdiction over intrastate, local exchange service in Maryland, and the discriminatory effect that Verizon's practices have on such local exchange service, cannot seriously be questioned.

1 Q. HOW DOES THIS MATTER AFFECT THE PUBLIC INTEREST IN
2 MARYLAND?
3 A. Based on my 20 years of working for Verizon, I firmly believe that, if
4 permitted to continue its discriminatory and anti-competitive practices with
5 regard to the provision of voice messaging and line-sharing DSL services
6 to customers who subscribe to competitive local exchange services,
7 Verizon will expand its exclusionary practices to additional services,
8 including long distance, as it gains the authority to provide them or
9 otherwise enters new product markets in the State. In that manner,
10 Verizon will be able to leverage its ability to provide ubiquitous access to
11 sophisticated communications services to force customers to subscribe to
12 its local exchange services and foreclose competition. As an
13 entrepreneur, I can honestly say that in the face of Verizon's unbridled
14 ability to tie together its local exchange service with its other products and
15 services, competitors could not reasonably justify the provision of local
16 services in Maryland and Maryland's consumers would ultimately be
17 denied the choices, innovative services and market-based prices that local
18 competition was supposed to provide.
19
20 Q. IS THE COMMISSION'S JURISDICTION AND AUTHORITY TO
21 RESOLVE THIS MATTER RESTRAINED BY FEDERAL LAWS OR
22 REGULATIONS?

1 A. No. Neither the Federal Telecommunications Act nor the FCC's
2 Regulations limit the authority of the states to act to promote the
3 availability of voice messaging and line-sharing DSL services. Moreover,
4 the Commission need not rely on specific federal authority to resolve this
5 complaint in a beneficial manner. As noted above, the Commission's
6 existing authority is sufficient to compel Verizon to provide wholesale
7 access to voice messaging and line-sharing DSL services.
8
9 In addition, on several occasions the FCC has specifically relied upon the
10 states to decide issues relating to the Federal Telecommunications Act. In
11 fact, in direct response to concerns raised by CloseCall in the context of a
12 proceeding regarding Verizon's ability to provide bundled services in New
13 York State, the FCC responded that it expected state commissions to
14 resolve such matters.
15
16 Q. HAS THE COMMISSION PREVIOUSLY ISSUED RULINGS OR
17 OTHERWISE ACTED IN A MANNER THAT IS CONSISTENT WITH
18 THOSE THAT CLOSECALL REQUESTS IN THIS MATTER?
19 A. Yes. In my experience, the Commission has previously used its statutory
20 authority to compel Verizon to modify anti-competitive behavior, benefiting
21 local competition and the interests of Maryland consumers. For instance,
22 in its Order No. 74671, the Commission ordered Verizon to combine
23 network elements and refrain from disassembling network elements that

were already combined because Verizon's former practice of separating and recombining network elements served no public purpose, provided no cost benefits and needlessly, even if temporarily, put customers out of service. In its Order, the Commission rejected all of Bell Atlantic-Maryland's assertions under federal and state law that the Commission lacked jurisdiction, and ordered the company to provide combined network elements in Maryland.

Similarly, Verizon's continued refusal to provide, even on a resale basis, voice messaging and line-sharing DSL service on lines used for competitive local exchange service serves no public purpose and provides no external cost benefits. Moreover, Verizon's practice of suddenly disconnecting voice messaging services and informing customers that they must disconnect their high speed line-sharing DSL service in order to switch to a competitor's local telephone service puts customers out of service unnecessarily, without justification and with maximum inconvenience. Consequently, the Commission should direct Verizon to provide to its competitors wholesale access to voice messaging and line-sharing DSL services that can be provided on the same loop used by a CLEC to provide local service. In addition, the Commission should require Verizon to provide such access in the same manner and using a process similar to that which it currently uses to provide resellers with access to call waiting and caller-ID services. In the alternative, Verizon should be

directed to provide consumers with retail access to such services, regardless of the customer's choice of local exchange carrier, and without causing any disruption or loss of functionality when a customer switches local telephone service providers.

Q. HAVE ANY OTHER STATES PREVIOUSLY DETERMINED THAT REQUIRING VERIZON TO PROVIDE WHOLESALE ACCESS TO ITS VOICE MESSAGING AND LINE-SHARING DSL SERVICE SERVES THE PUBLIC INTEREST?

A. Yes. Verizon currently offers voice messaging services on a wholesale basis in other states in the Northeast and Mid-Atlantic regions. Specifically, the New York, Rhode Island, and Vermont state commissions have ordered Verizon to provide to its competitors wholesale access to voice messaging, and such access is required by statute in Delaware.

Q. HAS THE FCC EXPRESSED AN OPINION WITH REGARD TO VERIZON'S PROVISION OF LINE-SHARING DSL OR VOICE MESSAGING SERVICES TO ITS COMPETITORS ON A WHOLESALE BASIS OR DIRECTLY TO CONSUMERS WHO SUBSCRIBE TO COMPETITIVE LOCAL EXCHANGE SERVICES?

A. Yes. In response to Verizon's own petitions, the FCC has endorsed Verizon's provisioning of DSL service on loops also used by its competitors to provide local exchange services in Connecticut and

1 Pennsylvania. In so doing, the FCC held that enabling competitors to
2 provide resold line-sharing DSL service to their voice subscribers over a
3 single local loop would benefit consumers by expanding competition in the
4 provision of advanced services.
5
6 Q. DOES THIS CONCLUDE YOUR TESTIMONY ON THE COMMISSION'S
7 AUTHORITY OVER THIS MATTER?
8 A. Yes, it does.
9
10 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
11 A. Yes, it does.

ATTACHMENT DAL –1

Resume of Thomas E. Mazerski

1 Q. PLEASE DESCRIBE YOUR EDUCATION.

2 A. I received a Bachelor of Arts degree specializing in Economics from The
3 University of Maryland in 1974 and a Master of Science degree
4 specializing in Economics from the University of Baltimore in 1978. I have
5 also completed numerous Bell System and Bell Atlantic training classes
6 on telecommunications networking, marketing and product pricing.
7
8 Q. WHAT IS YOUR PROFESSIONAL EXPERIENCE IN THE
9 TELECOMMUNICATIONS INDUSTRY?

10 A. I have been involved with local telecommunications for twenty-three years,
11 twenty of which I spent with Verizon and its predecessors. During that
12 time, I have been employed in a variety of positions, and have
13 represented Verizon as a witness in regulatory proceedings at the state
14 and federal levels.
15
16 I began my career in 1979 with the C&P Telephone Companies ("C&P"),
17 which at that time provided service in Maryland, Virginia, West Virginia
18 and the District of Columbia. From 1979 to 1982, I was a Management
19 Trainee in the Rates and Tariffs Department in Silver Spring Maryland. In
20 that position, I assisted in the creation of models relating to the
21 restructuring of pricing for 800/WATS, Foreign Exchange and Local
22 Services. In 1982, I accepted an assignment as the General Manager
23 responsible for pricing and tariffing at AT&T's newly-established wireless

1 company, called the Advanced Mobile Phone Service ("AMPS"), an early
2 provider of cellular wireless technology service. AMPS operated in
3 several markets around the country, including Baltimore and Frederick,
4 Maryland. On January 1, 1984, during the corporate restructuring
5 resulting from the divestiture of AT&T and the local telephone companies,
6 I accepted an assignment with AT&T Communications, supporting their
7 initial interexchange tariff for long distance services in the Mid-Atlantic
8 States, including Maryland.
9
10 Later in 1984, I transferred to Bell Atlantic Management Services, Inc.,
11 where I assisted with Bell Atlantic's Federal Communications Commission
12 ("FCC") Interconnection Tariffs for Switched and Special Access services
13 for the Mid-Atlantic region, which includes the states of Maryland, Virginia,
14 West Virginia, New Jersey, Pennsylvania, Delaware and the District of
15 Columbia. These tariffs specified the applicable rates, terms and
16 conditions for the completion of calls among long-distance
17 telecommunications carriers and local telephone company consumers.
18
19 In May 1985, I became District Staff Manager for Interstate Access Tariffs.
20 In that position I participated in the filing and documentation of the Bell
21 Atlantic FCC Annual Access Charge Filing. In November 1985, I rejoined
22 C&P Telephone Company as the District Staff Manager responsible for all
23 intrastate access service tariffs, including those filed with the Maryland

Public Service Commission (the "Commission"). On January 1, 1988, I accepted the position of Director of Economic and Financial Analysis/Regulatory Support for the Bell Atlantic Companies. In early 1990, I was promoted to Executive Director of Toll Services for Bell Atlantic's newly formed Long Distance Group. In this position I was responsible for all business planning matters, including the pricing of 1+ Toll, 800/WATS, 1010XXX Calling Plans and Optional Calling Plans.

Finally, in 1997 I accepted the position of Executive Director of Merger Integration, in which capacity I participated in the due diligence activities relating to the Bell Atlantic/NYNEX merger, and later the Bell Atlantic/GTE merger, which resulted in the creation of Verizon Communications, Inc. ("Verizon"), the corporate parent of Verizon Maryland Inc. In April 1999, I left Verizon and became a co-founder in CloseCall America, Inc. ("CloseCall") and was elected President of the company. In this capacity I am responsible for the day-to-day running of this newly formed telecommunications company which offers local and long distance telephone, wireless and Internet services in Maryland, Delaware and New Jersey. In November 2001, I accepted my current position of President & CEO of CloseCall America, Inc.

Q. HAVE YOU APPEARED AS A WITNESS IN OTHER STATE REGULATORY PROCEEDINGS?

A. Yes. I have testified in numerous state regulatory proceedings in Maryland, New Jersey, Virginia and West Virginia on behalf of the C&P Telephone Companies and Bell Atlantic. I have provided testimony as an expert witness with regard to telephone company interconnection pricing, costing, and demand forecasting. I have also testified with regard to the appropriate level of subsidies associated with local telephone service and the appropriate level of access charge discounts. In addition, I have testified on the types of services that should be classified as competitive versus non-competitive for regulatory purposes.