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March 12,2003

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ex Parte

Marlene **H.** Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Application by Verizon Maryland, Verizon Washinnton. DC and Verizon West Virginia for Authorization To Provide In-Region. InterLATA Services in States of Maryland, Washinnton, DC and West Virginia,* WC Docket No. 02-384 - **REDACTED**

Dear Ms. Dortch:

Verizon is responding to several incorrect statements regarding Verizon's collocation practices made by AT&T in letters from Amy L. Alvarez to Marlene H. Dortch dated February 6 and February 26,2003, and David M. Levy to Marlene H. Dortch dated February 11 and February 27,2003.

First, AT&T claims that "Verizon's current practices in calculating refunds for return of collocation space violate the ***existing*** 30-year amortization period, which is expressly set forth in Verizon's relevant tariffs governing the calculation of refunds for the return of collocation space" and cites Verizon's DC No. 218 tariff. ***See*** Letter from Amy L. Alvarez to Marlene H. Dortch at 1 (Feb. 6, 2003). There is no mention of a 30-year amortization period in Verizon's DC No. **218** tariff.[1] It simply provides as follows:

> Should a CLEC vacate its Collocation arrangement, the CLEC will be credited with the Space and Facility Charge (less costs) upon subsequent occupancy of the same Collocation arrangement by another CLEC or if the same Collocation arrangement is used by the Telephone Company. The subsequent CLEC will be responsible for payment of the remaining unamortized amount of the Space and Facility Charge prior to occupying the Collocation arrangement.

P.S.C.-D.C.-No.218, Section 2.B.4.d.

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[1] **As** Verizon has previously explained, Verizon's federal collocation tariff includes a 30 year amortization period, but only for the collocation cage.

Second, AT&T implies that Verizon uses a 12-year economic life to calculate credits for reused collocation space because "this accelerated depreciation substantially reduces Verizon's liability when Verizon is the subsequent user of the space." **See** Letter from David M. Levy to Marlene H. Dortch at 3 (Feb. 11,2003). The fact of the matter is that Verizon rarely reuses returned collocation arrangements. In the District of Columbia and West Virginia, Verizon has not reused any returned collocation arrangements and, in Maryland, Verizon has reused only two returned collocation arrangements. Returned collocation arrangements are more likely to be reused by another CLEC. The 30-year life proposed by AT&T for calculating credits would increase the cost for those CLECs to reuse returned collocation arrangements.

Third, AT&T suggests that credits for reused collocation arrangements should not be based on a 12 year amortization period because collocation arrangements have an economic life greater than 12 years. **See** Letter from David M. Levy to Marlene H. Dortch at 3 (Feb. 11,2003). The facts suggest that collocation arrangements may have an economic life far shorter than 12 years. AT&T has acknowledged that during the seven years since the Telecommunications Act was enacted, "CLECs are returning at least 50 percent of the collocation arrangements that they leased from Verizon." AT&T Comments at 12. As of December 2002, only six percent (55 out of 857 returned collocation arrangements in Maryland, the District of Columbia and West Virginia) have been reused by other CLECs (with credits paid to the initial collocator). The vast majority of returned collocation arrangements – **94** percent – remain vacant and unused by any CLEC because there is little demand for collocation arrangements. The majority of the collocation arrangements provided by Verizon in Maryland, the District of Columbia and West Virginia have apparently reached the end of their economic life in less than seven years.

The facts supplied by AT&T suggest that the economic life of AT&T's own collocation arrangements is less than 12 years. According to AT&T, "the average vintage of its returned collocation space after AT&T's surrender of the space plus any intervening vacancy before reuse is approximately six years." **See** Letter from David M. Levy to Marlene H. Dortch at 5 (Feb. 27, 2003). As of December 2002, only ****** percent of the collocation arrangements returned by AT&T in Maryland, the District of Columbia and West Virginia have been reused by Verizon or another CLEC. The vast majority – ****** percent – remain vacant with virtually no prospects for reuse. These AT&T collocation arrangements have apparently reached the end of their economic life in an average of six years.

Fourth, AT&T claims that if all the returned collocation arrangements were six years old at the time they were returned, using "[a]n asset life of 30 years would entitle CLECs to refund [sic] of 80 percent of the initial charge, or $6.88 million to $12 million." **See** Letter from David M. Levy to Marlene H. Dortch at 5 (Feb. 27,2003). In a transparent attempt to exaggerate the financial significance of this issue, AT&T **is** assuming that ALL returned collocation arrangements qualify for credits. They do not. Only those returned collocation arrangements that are reused by Verizon or another CLEC qualify for a refund. And as explained above, only a small fraction of the returned collocation arrangements – six percent in Maryland, the District of Columbia and West Virginia – are reused and qualify for a refund.

Finally, AT&T claims that Verizon has not made clear whether Verizon will provide information on the central offices in which collocation arrangements in Maryland and the District of Columbia have been returned. ***See*** Letter from Amy L. Alvarez to Marlene **H.** Dortch at 1-2 (Feb. 26,2003). Verizon made clear in its reply filing that it was only providing such information in West Virginia in compliance with the requirements of the West Virginia Public Service Commission. ***See*** Lacouture/Ruesterholz Reply Decl. ¶ 156. There is no checklist requirement for Verizon to provide such information in any other state and doing so would be burdensome.' Moreover, such information would not be useful in either the District of Columbia or Maryland. All of Verizon's central offices in the District of Columbia that ever had collocation arrangements now have arrangements that have been returned by CLECs. ***Id.*** In Maryland, 97 percent of Verizon's central offices that ever had collocation arrangements now have arrangements that have been returned by CLECs. ***Id.***

Please let me know if you have any questions.

Sincerely,

cc: G. Cohen
G. Gooke
G. Remondino

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2 Verizon does have federal and state requirements to provide space availability information and does so via its collocation website. The website identifies central offices where all remaining physical collocation space has been leased to CLECs. Verizon updates the website with information on space limitations within 10 calendar days after determining that physical collocation space is not available in an office. Lacouture/Ruesterholz Reply Decl. ¶ 155.