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May 14, 2003

Ex Parte

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

Re: Verizon Telephone Companies Section 63.71 Application to Discontinue
Expanded Interconnection Service Through Physical Collocation, WC Docket
No. 02-237

Dear Ms. Dortch:

Today, on behalf of Verizon, Ed Shakin, Jamie Virga, and Joe Mulieri met with Lisa Zaina of Commissioner Adelstein's office to discuss the above captioned proceeding. The attached document was used during the meeting. Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Ann D. Berkowitz".

Attachment

cc: L. Zaina



VERIZON'S SECTION 214 APPLICATION TO WITHDRAW PHYSICAL COLLOCATION

MAY 2003

VERIZON MEETS THE SECTION 214 STANDARDS



- Key issue in a section 214 application to discontinue service is whether customers would be able to receive service or a reasonable substitute after the discontinuance. **See** 47 C.F.R. § 63.71(a)(i).
- Prices for substitute service need not be the same to be a viable substitute
- When the FCC eliminated the federal physical collocation requirement, it stated that a carrier continuing to offer physical on a voluntary basis could withdraw it later if it filed a section 214 application showing that the public convenience and necessity would not be adversely affected
- Verizon easily meets these standards, since state physical collocation is a “reasonable substitute” and since no customer would lose its existing arrangements.

VERIZON'S SECTION 214 APPLICATION TO WITHDRAW PHYSICAL COLLOCATION



- Neither the Act nor the Commission's Rules require Verizon to offer physical collocation in the federal tariffs.
- Section 251(c)(6) requires the incumbent LECs to offer physical collocation only in state jurisdictions.
- Most of the other LECs only offer virtual collocation in the federal tariffs.
- Verizon will not terminate any existing federal physical collocation arrangements
 - Existing customers will have the option of keeping the arrangements or converting them to state arrangements
 - Customers converting to state arrangements will receive partial credits of nonrecurring charges in New England and the South states
- Supporting services, including new cross-connects and DC power, will be provided to both existing and converted arrangements through the state tariffs and interconnection agreements

VERIZON'S SECTION 214 APPLICATION TO WITHDRAW PHYSICAL COLLOCATION



- Collocators converting New England and South arrangements from federal to state rates will receive a credit to offset the differences between the federal and state nonrecurring charges for space preparation.
- Credits will be based on the size of the arrangements and can be received as lump sum credits or annual credits over the next 9 years.
- Credits will be applied to outstanding bills.

VERIZON'S SECTION 214 APPLICATION TO WITHDRAW PHYSICAL COLLOCATION



- Benefits of Verizon's Proposal
 - Collocators will realize savings in power charges by changing from federal rates based on fused amps to state rates based on load amps
 - Compensates customers in New England and South for higher nonrecurring charges in federal tariffs
 - Eliminates tariff shopping and dual regulatory scheme
 - Further development of physical collocation rates, terms and conditions will be driven by regulatory action in the states as the FCC always anticipated
 - Collocators will still be able to use state collocation arrangements for access to interstate services under section 251(c)
 - Administratively workable for Verizon
 - Simplifies the collocation process