EX PARTE OR LATE FILED

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August 3, 2004

Ex Parte

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Federal Communications Commission
Office of Secretary

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

Re: Review of the Commissions Rules Regarding the Pricing of Unbundled Network Elements and the Resale of Service by Incumbent Local Exchange Carriers, WC Docket No. 03-173 - REDACTED

Dear Ms. Dortch:

In response to a request from Staff, Verizon is filing the attached UNE rate chart. This chart lists the UNE-Platform rate elements Verizon has proposed in state UNE cost proceedings as well as the UNE-Platform rate elements the state commissions ultimately adopted. Additionally, the chart lists Verizon's proposal for key cost inputs, such as cost of capital and fill factors, and the key cost inputs the state commissions have adopted.

Consistent with Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the above-referenced proceedings.

Sincerely,

Donna Epps

Attachment

cc: Tamara Preiss
Steve Morris
Jeremy Marcus

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COMPARISON OF UNE RATES AND INPUTS
VZ PROPOSED vs COMMISSION APPROVED

	NEW YORK		MASSACHUSETTS		VERMONT		RHODE ISLAND		MAINE		NEW HAMPSHIRE		
	98-C-1357		DTE 01-20		Docket 6318		PUC 2681		Docket 97-505		Docket 97-171		
	VZ Proposed Feb 2000	Commission Approved 1/28/02	VZ Proposed May 2001/Jan 2002	Commission Approved July 2003	VZ Proposed 1997	Commission Approved Apr 2000	VZ Proposed 1997	Commission Approved Nov 2001	VZ Proposed July 1997	Commission Approved Jan 2002	VZ Proposed July 1997	Commission Approved July 2001	Cost of Capital Adjustment Jan 2004
RATES													"Stayed"
2 Wire Loop													
Zone 1a	$ 17.12	$ 7.70											
Zone 1b	$ 19.86	$ 11.31											
Zone 2	$ 28.47	$ 15.51											
Metro	NA	NA	$ 14.41	$ 10.81	NA	NA	NA	NA	NA	NA	NA	NA	NA
Urban	NA	NA	$ 16.63	$ 11.37	$ 15.48	$ 7.72	$ 16.49	$ 11.19	$ 17.99	$ 11.44	$ 14.01	$ 11.97	$ 10.73
Suburban	NA	NA	$ 20.15	$ 15.41	$ 18.67	$ 8.35	$ 24.81	$ 15.44	$ 20.74	$ 13.47	$ 15.87	$ 16.04	$ 14.37
Rural	NA	NA	$ 28.20	$ 24.32	$ 40.56	$ 21.63	$ 30.48	$ 19.14	$ 32.04	$ 18.75	$ 24.07	$ 25.00	$ 25.00
Statewide	$ 20.14	$ 11.49	$ 18.75	$ 13.93	$ 28.29	$ 14.41	$ 21.69	$ 13.93	$ 26.69	$ 16.18	$ 17.99	$ 16.21	$ 14.53
POTS Port													
Analog Port	$ 2.86	$ 2.57	$ 2.55	$ 2.57	$ 3.04	$ 1.03	$ 5.56	$ 1.86	$ 3.86	$ 0.94	$ 2.81	$ 0.71	$ 0.64
EO Switching													
Originating	$ 0.003418	$ 0.001147	$ 0.002888	$ 0.000825	$ 0.0149	$ 0.004003	$ 0.013498	$ 0.001358	$ 0.016191	$ 0.001680	$ 0.010899	$ 0.002425	$ 0.002425
Terminating	$ 0.003318	$ 0.001111	$ 0.002533	$ 0.000724	$ 0.0149	$ 0.004003	$ 0.013498	$ 0.001192	$ 0.016191	$ 0.001680	$ 0.010899	$ 0.002425	$ 0.002425
Tandem Switching MOU AHD	$ 0.000882	$ 0.000481	$ 0.000272	$ 0.000043	$ 0.003378	$0.000921	$ 0.001563	$ 0.000274	$ 0.001542	$ 0.001221	$ 0.003999	$ 0.000737	$ 0.000737
Common Transport (Note 1)	All Hours of Day Rate		All Hours of Day Rate		All Hours of Day Rate		—— Peak Rate ——		--- Urban - Day Rate ---		---------- Day Rate ----------		
Local Common Transport, per MOU	$ 0.001624	$ 0.000939	$ 0.001061	$ 0.000715	$ 0.002878	$0.000917	$ 0.004082	$ 0.001050	$ 0.00374	$ 0.001498	$ 0.001790	$ 0.000714	$ 0.000714
Toll Common Transport, per MOU	$ 0.000461	$ 0.000203	$ 0.001378	$ 0.000880	$ 0.005362	$0.001345	$ 0.006094	$ 0.001332	$ 0.00650	$ 0.003605	$ 0.003711	$ 0.001164	$ 0.001164
INPUTS													
Cost of Capital	12.60%	10.45%	12.60%	11.45%	13.18%	9.99%	13.18%	9.50%	13.18%	9.79%	13.18%	10.46%	8.2%
% Debt	25%	35%	25%	25%	23.77%	36.23%	23.77%	36.70%	23.77%	45%	23.77%	39.35%	55%
% Equity	75%	65%	75%	75%	76.23%	63.77%	76.23%	63.30%	76.23%	55%	76.23%	60.65%	45%
Cost of Debt	6.90%	7.33%	6.90%	7.55%	7.63%	7.34%	7.63%	6.91%	7.63%	7.7%	7.63%	7.01%	6.867%
Cost of Equity	14.50%	12.13%	14.50%	12.75%	14.91%	11.50%	14.91%	11.00%	14.91%	11.5%	14.91%	12.70%	9.82%
Depreciation Lives	GAAP	Prescribed	GAAP	Low FCC	Economic	VT PSB	Economic	FCC	Economic	FCC	Economic	FCC	
FLC	70%	65%	80%	65%	NA	NA	NA	NA	NA	NA	NA	NA	
Common Overhead	11.96%	5.95%	8.03%	8.35%	0.0679	0.0486	0.0537	0.0537	0.0548	0.0540	0.0597	15%	Applied to cost
	- Begin Proprietary Information -												
	- End Proprietary Information -												
Loop Fill Factors													
Feeder													
Fiber	80%	80%	60%	75%	60%	75%	60%	75%	60%	60%	60%	Note 2	
Copper	NA	NA	55.2%	69%	NA	NA	NA	NA	NA	NA	NA	NA	
Distribution	40%	50%	40%	48%	32%	50%	33%	50%	31%	50%	42%	Note 2	

Notes:

1) Rates were developed on a time of day basis (peak/off peak or day/evening/night) and/or geographically deaveraged basis.
2) The New Hampshire PUC rejected the use of Verizon's Loop Model. Instead, the PUC adopted loop rates from the Loop Model sponsored by Ben Johnson Associates.
3) The Maine PUC rejected the use of SCIS to determine switching costs. Instead, the PUC adopted the switching costs proposed by Gable / Kennedy. These costs were based on investments from the FCC "High Cost Order" which included installation and engineering.
4) In Massachusetts VZ proposed a net effective overall discount based on analysis of recent purchases.

COMPARISON OF UNE RATES AND INPUTS
VZ PROPOSED vs COMMISSION APPROVED

	NEW JERSEY				PENNSYLVANIA				DELAWARE	
	Dkt TO00060356				MFSIII/Global		Dkt R-00016683		Dkt 96-324	
	VZ Proposed 10/12/2000	Commission Approved 12/17/2001	VZ Proposed 1/6/2004 Note 1	Commission Approved 5/14/2004	VZ Proposed 2/6/1997	Commission Approved 9/30/1999	VZ Proposed 12/7/01	Commission Approved 7/16/04	VZ Proposed 1997	Commission Approved 04/07/97
RATES										
2 Wire Loop										
Density Cell 1	$ 13.54	$ 8.12	$ 11.91	$ 8.81	$ 13.91	$ 10.25	$ 12.56	$ 6.77	$ 17.03	$ 10.07
Density Cell 2	$ 16.43	$ 9.59	$ 14.11	$ 10.42	$ 14.67	$ 11.00	$ 17.37	$ 9.25	$ 21.86	$ 13.13
Density Cell 3	$ 18.67	$ 10.92	$ 15.89	$ 11.82	$ 18.75	$ 14.00	$ 24.54	$ 12.39	$ 29.31	$ 16.67
Density Cell 4	NA	NA	NA	NA	$ 27.31	$ 16.75	$ 43.02	$ 22.39	NA	NA
Statewide Avg.	$ 16.18	$ 9.52	$ 13.94	$ 10.32	$ 16.16	$ 13.81	$ 26.69	$ 13.76	$ 20.52	$ 12.03
POTS Port	$ 2.19	$ 0.73	$ 4.08	$ 2.72	$ 2.85	$ 1.90	$ 3.28	$ 1.68	$ 6.57	$ 2.23
Full Featured Port						$ 2.67	$ 8.86	$ 1.91		
EO Switching										
Originating	$ 0.007349	$ 0.002773	$ 0.001895	$ 0.001399	$ 0.010231	$ 0.001802	$ 0.003744	$ 0.001373	$ 0.010326	$ 0.003634
Terminating	$ 0.005572	$ 0.002508	$ 0.001846	$ 0.001364	$ 0.005562	$ 0.001615	$ 0.003224	$ 0.001175	$ 0.005548	$ 0.001927
Tandem Switching MOU	$ 0.001952	$ 0.000674	$ 0.000879	$ 0.000772	$ 0.000057	$ 0.000795	$ 0.000235	$ 0.000120	$ 0.0012019	$ 0.000669
Common Transport										
Fixed- Common	$ 0.000114	$ 0.000085	$ 0.000160	$ 0.0000927	$ 0.000233	$ 0.000144	$ 0.000248	$ 0.000206	$ 0.0001749	$ 0.000122
Per Mile	$ 0.0000007	$ 0.0000006	$ 0.0000010	$ 0.0000006	$ 0.000011	$ 0.000003	$ 0.0000113	$ 0.000010	$ 0.0000036	$ 0.000002
INPUTS										
Cost of Capital	12.6%	8.82%	15.98%	9.88%	11.9%	11.9%	12.95%	12.37%	13.18%	10.28%
% Debt	25%	60.94%	25.00%	37%	40.0%	40.0%	25%	34.5%	23.77%	40%
% Equity	75%	39.06%	75.00%	63%	60.0%	60.0%	75%	65.5%	76.23%	60%
Cost of Debt	6.9%	8.07%	6.26%	6.26%	8.3%	8.3%	7.55%	7.86%	7.63%	7.7%
Cost of Equity	14.5%	10%	19.22%	12.00%	14.3%	14.3%	14.75%	14.75%	14.91%	12%
Depreciation Lives	GAAP	NJ/WCOM	GAAP	NJ/WCOM	Economic	Economic	GAAP	FCC	Economic	FCC
FLC	NA	NA	NA	NA	NA	NA	80%	Denied	NA	NA
Common Overhead	10%	10%	10%	10%	16%	8.69%	7.98%	4.62%	19%	10%
Switch Discounts	- Begin Proprietary Information -									
	- End Proprietary Information -									
Loop Fill Factors										
Feeder	69%	75%	75%	75%	69.8%	70%	59%	72%	71.3%	79%
Distribution	40%	53%	53%	53%	F2/F1 ratio 2-3:1 (Note 2)	F2/F1 ratio 2:1 (Note 2)	40%	50%	36%	50%-75%

Notes:

1) The Order reopening this docket only permitted VZ to proposed new cost of capital and depreciation lives. Therefore, with the exception of cost of capital and depreciation, VZ Proposed inputs represent those ordered by the NJ BPU in 2001.

2) Instead of distribution fill factors, Verizon and the PUC calculated prospective distribution investment adjustments based on various F2/F1 values for each wire center.

COMPARISON OF UNE RATES AND INPUTS
VZ PROPOSED vs COMMISSION APPROVED

	VIRGINIA		MARYLAND		WEST VIRGINIA		DISTRICT OF COLUMBIA			
	FCC Arbitration		Case # 8879		Case 96-1516-T-PC		Formal Case 962			
	VZ Proposed July/Nov 2001	Bureau Order 1/29/2004	VZ Proposed 2001	Commission Approved 6/30/03	VZ Proposed 1997	Commission Approved 4/15/1999	VZ Proposed 1997	Interim Rates --Note 5-	VZ Proposed 1/11/02	Commission Order 12/6/02 "Stayed"
RATES										
2 Wire Loop										
Density Cell 1	$ 17.86	$ 11.89	$ 17.77	$ 9.51	$ 24.09	$ 14.49	NA	NA	NA	NA
Density Cell 2	$ 26.31	$ 15.26	$ 17.24	$ 9.55	$ 40.62	$ 22.04	NA	NA	NA	NA
Density Cell 3	$ 43.45	$ 28.43	$ 40.24	$ 20.57	$ 69.86	$ 43.44	NA	NA	NA	NA
Density Cell 4	NA	NA	$ 25.43	$ 13.56	NA	NA	NA	NA	NA	NA
Statewide Avg.	$ 22.33	$ 14.43	$ 21.03	$ 11.26	$ 44.75	$ 24.58	$ 17.16	$ 10.81	$ 17.35	$ 4.29
POTS Port	$ 2.91	$ 2.83	$ 2.64	$ 1.32	$ 3.57	$ 1.60	$ 2.24	$ 1.55	$ 2.83	$ 0.76
Full Featured Port		Note 3								
EO Switching										
Originating	$ 0.003961	Note 3	$ 0.003265	$ 0.001243	$ 0.015585	$ 0.008868	$ 0.013437	$ 0.003	$ 0.002653	$ 0.00038
Terminating	$ 0.003477		$ 0.002864	$ 0.001090	$ 0.004960	$ 0.005622	$ 0.012963	$ 0.003	$ 0.002332	$ 0.00034
Tandem Switching MOU	$ 0.000133	$ 0.000020	$ 0.000540	$ 0.000233	$ 0.0002394	$ 0.0002394	$ 0.002532	$ 0.002532	$ 0.000857	$ 0.00011
Common Transport										
Fixed- Common	$ 0.000115	$ 0.000054	$ 0.000204	$ 0.000113	$ 0.0001596	$ 0.00067	$ 0.000405	$ 0.000405	$ 0.00032	$ 0.00020
Per Mile	$ 0.000004	$ 0.000002	$ 0.000001	$ 0.000001	$ 0.0000080	NA	$ 0.000005	$ 0.000005	$ 0.00002	$ 0.000026
INPUTS										
Cost of Capital	12.95%	12.95%	12.95%	9.28%	13.18%	11.25%	13.18%		12.95%	10.46%
% Debt	25%	20%	25%	40%	23.77%	45%	23.77%		25%	34.5%
% Equity	75%	80%	75%	60%	76.23%	55%	76.23%		75%	65.5%
Cost of Debt	7.55%	7.86%	7.55%	7.0%	7.63%	7.63%	7.63%		7.55%	7.55%
Cost of Equity	14.75%	14.22%	14.75%	10.8%	14.91%	14.2%	14.91%		14.75%	12.00%
Depreciation Lives	GAAP	Low FCC	GAAP	Low FCC	Economic	Shorter of FCC, State & Hatfield	Economic		GAAP	GAAP
FLC	80%	Denied ; use cc/bc	80%	Denied	NA	NA	NA		80%	No FLC: Use CC/BC for Ntwk
Common Overhead	7.98%	13.61%	7.98%	7.01%	14%	10.2%	18%		7.98%	6.62%
Switch Discounts	- Begin Proprietary Information -									
	- End Proprietary Information -									
Loop Fill Factors										
Feeder	56.9%	70-82.5%	62.5%	76%	72.6%	78%	64.5%		59.6%	80%
Distribution	40.3%	Target Fill: 50-75% Effective Fill: 52.5%	43.3%	62%	36%	46.6%	35%		38.2%	60%

Notes:

- Begin Proprietary Information -

- End Proprietary Information -

4) The switching rates were derived without ruling on switch discounts and were based on a combination of the rates generated by Hatfield and SCIS.

5) Interim rates in DC are based on proxy rates established by the FCC in 96-325.

COMPARISON OF UNE RATES AND INPUTS
VZ PROPOSED vs COMMISSION APPROVED

	CALIFORNIA				TEXAS		FLORIDA	
	R93-04-003						990649B-TP	
	VZ Proposed Arb - Oct 1996	Commission Approved Arb. - Jan 1997	Commission Approved Interim-Mar. 2003 Note 5	VZ Proposed Apr 2004 Note 2	VZ Proposed Sept. 1996	Commission Approved Note 1	VZ Proposed	Commission Approved 11/15/02 Under Appeal
RATES								
2 Wire Loop								
Density Cell 1	--------- Note 1 ---------		$ 10.56	$ 27.49	Note 1	$ 13.63	$ 22.17	$ 12.00
Density Cell 2	--------- Note 1 ---------		$ 22.37	$ 59.43	Note 1	$ 35.45	$ 30.91	$ 16.18
Density Cell 3	--------- Note 1 ---------		NA	$ 281.27	Note 1	$ 78.77	$ 77.39	$ 27.54
Statewide	$ 30.00	$ 16.81	$ 11.62	$ 33.19	$ 37.58	$ 25.49	$ 26.17	$ 17.07
POTS Port	$ 6.70	$ 4.58	$ 2.12	$ 3.60	$ 6.67	$ 4.28	$3.37	$ 2.40
EO Switching								
Originating	$ 0.0050552	$ 0.0036286	$ 0.001457	$ 0.003688	$ 0.005989	$ 0.004085	$0.002951	$ 0.002257
Terminating	$ 0.0050552	$ 0.0036286	$ 0.001457	$ 0.003291	$ 0.005989	$ 0.004085	$0.002951	$ 0.002257
Common Transport								
Tandem Switching per MOU	$ 0.0004552	$ 0.0015000	$ 0.001038	$ 0.000755	$ 0.0040228	$ 0.0010411	$0.0018977	$0.0015864
Common Transport - per mile	$ 0.0000155	$ 0.0000155	$ 0.0000155	$ 0.000010	$ 0.0001973	$ 0.0000022	$0.0000008	$0.0000004
Common Transport - per termination	$ 0.0002047	$ 0.0002047	$ 0.0002047	$ 0.000114	$ 0.0000127	$ 0.0000715	$0.0001046	$0.0000811
INPUTS								
Cost of Capital	10.5%	--------- Note 4 ---------		15.96%	11.05%	10.6%	12.95%	9.63%
% Debt	36.82%	--------- Note 4 ---------		25%		48.6%	25%	40%
% Equity	62.82%	--------- Note 4 ---------		75%		51.4%	75%	60%
Cost of Debt	7.23%	--------- Note 4 ---------		6.26%		6.0%	7.55%	7.22%
Cost of Equity	13.43%	--------- Note 4 ---------		19.19%		14.9%	14.75%	11.24%
Depreciation Lives	GAAP	--------- Note 4 ---------		2003 GAAP	PUC Prescribed	FCC Prescribed	GAAP	Commission Prescribed
FLC	NA	NA	NA	86%	NA	NA	NA	NA
Common Overhead (pre-2004 Fixed Allocator)	45%	--------- Note 4 ---------		9.08%	38%	16.3%	14.09%	12.12%
Switch Discounts	- Begin Proprietary Information -							
DMS								
5ESS								
GTD5								
	- End Proprietary Information -							
Loop Fill Factors								
Feeder	NA	--------- Note 4 ---------		77.02%	55%	Note 4	38.28%	Note 4
Distribution	NA	--------- Note 4 ---------		36.93%	55%	Note 4	93.59%	Note 4

Notes:

1) Commission originally approved a statewide average rate in Dec 1996. Deaveraged rates were later ordered in April, 2000
2) The April 2004 VZ Proposed rates are pending Commission Approval.
3) State Commissions did not rule on switch discounts.
4) Rates determined by Commission without specifically addressing every input.
5) Interim-March 2003 rates were determined by the Commission based on NJ rates.