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June 29, 2004

## Ex Parte

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

**Re: Presubscribed Interexchange Carrier Charges, CC Docket No. 02-53**

Dear Ms. Dortch:

On May 9, 2005, Verizon submitted studies of the costs of making manual and mechanized changes to a customer's presubscribed interexchange carrier ("PIC") and intraLATA primary interexchange carrier ("LPIC") at the same time. These studies relied on the previous surveys of the amount of time that service center representatives spend to change two PICs on the same order, on the assumption that they spend the same amount of time to change a PIC and an LPIC on the same order. To test the validity of this approach, Verizon conducted a new survey in which the service center representatives were asked to report the amount of time spent on PIC changes alone, on LPIC changes alone, and on PIC plus LPIC changes on the same transaction. The survey was conducted at four consumer service centers and two business service centers in the Verizon East region. The survey instructions and the results of the survey are attached. The data show that the average time to make a PIC change alone was 5.57 minutes, and that the average time to make a PIC change plus an LPIC change on the same order was 7.53 minutes. These times are longer than in the original survey, in which the average time to make a PIC change alone was 4.09 minutes, and that the average time to make two PIC changes on the same order was 6.12 minutes. *See* Verizon May 9, 2005 *ex parte*, Exhibit Verizon East PIC Cost, Workpaper 3.1. However, in both cases, the additional time to make an LPIC change is about two minutes. This shows that the Verizon cost study is conservative and, if anything, underestimates the time it takes to make a PIC and LPIC change on the same order. Because the previous survey was much more extensive than the latest survey, including all 14 jurisdictions in the Verizon East footprint, Verizon continues to believe that the data from the original survey as shown in the May 9, 2005 filing should be relied upon in developing the cost for a PIC change that is simultaneous with an LPIC change.

In response to questions from the FCC staff, Verizon has developed an alternative calculation of the original survey data in which the data for all multiline PIC changes, rather than just the data for a

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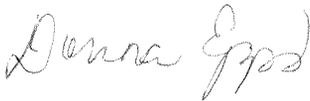
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two line PIC order, are used to estimate the time it takes to make a PIC change and an LPIC change on the same order. For example, as shown in attached revised Workpaper 3.1 Revised, the time to make two PIC changes on the same business order is 8.46 minutes, and time to make five PIC changes on the same business order is 12.13 minutes. The incremental time to make three more PIC changes (12.13 minus 8.46) is divided by three and multiplied by two to estimate the additional time to make two LPIC changes after making two PIC changes. This equals 10.91 minutes. Dividing 8.46 and 10.91 by two shows that the time per PIC for a two-line order is 4.23 minutes and the time per PIC/LPIC change for a two-line order is 5.45 minutes. Similar calculations are done for other multiline orders, and a weighted average of PIC/LPIC times is developed. While this method incorporates all of the available data, it is highly complex and requires estimated times for 10 line residence and 30 line business orders, since the data from the original survey only includes transaction times up to 5 line residence and 15 + business orders. See Workpaper 3.1 Revised. Verizon continues to believe that using the data for two line PIC orders is the best way of estimating the difference in the time for a PIC change alone vs. a PIC change plus an LPIC change on the same order.

Finally, Verizon has estimated the impact of the half-PIC rule using current 2005 PIC demand data. In its Petition for Reconsideration, Verizon estimated that the half-PIC rule would reduce PIC change charge revenues for the Verizon local exchange companies by about \$12 million per year using 2003 PIC demand data in the record. *See* Verizon Petition for Reconsideration at 4 & n.9. PIC demand data for Verizon East for the first five months of 2005 is running approximately 50 percent of 2003 demand for manual changes and 25 percent of 2003 demand for electronic changes on an annualized basis. With this level of reduced demand, the impact of the half-PIC rule on the Verizon local exchange companies in 2005 would be approximately \$5.5 million.<sup>1</sup>

If you have any questions, please contact me.

Sincerely,



Attachments

cc: Jennifer McKee  
Richard Kwiatkowski  
Judith Nitsche

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<sup>1</sup> Verizon previously estimated that, for both Verizon East and Verizon West, about 3.4 million electronic PIC change charges would be reduced by \$0.625, and approximately 3.6 million manual PIC change charges would be reduced by \$2.75, using 2003 demand and assuming that 70 percent of PIC changes are simultaneous with LPIC changes. *See* Verizon Petition for Reconsideration, n.9. Reducing the electronic PIC changes by 75 percent and the manual PIC changes by 50 percent based on the 2005 PIC demand data for Verizon East produces 0.85 million electronic PIC changes and 1.8 million manual PIC changes. This would result in a revenue reduction of \$0.53 million for electronic PIC changes and \$4.95 million for manual PIC changes.

**ATTACHMENT 1**

**NEW PIC SURVEY**

PIC / LPIC Survey								
PIC			LPIC			PIC + LPIC		
Time (min)	Lines Changed	Average Time per Line	Time (min)	Lines Changed	Average Time per Line	Time (min)	Lines Changed	Average Time per Line
17	1	17				31	2	15.5
4	1	4						
			9	1	9			
			12	1	12			
			9	1	9			
5	1	5						
4	1	4						
7	1	7						
						7	1	7
						5	1	5
						5	1	5
						2	1	2
						5.5	1	5.5
8.3	1	8.3	8.3	1	8.3			
1.2	1	1.2	1.2	1	1.2			
1.8	1	1.8	1.75	1	1.75			
1	1	1						
2	1	2						
11	1	11						
						0.6	1	0.6
2	1	2						
						13	1	13
2	1	2						
						0.5	1	0.5
						1	1	1
						8	1	8
4	1	4						
12	1	12						
14	1	14						
10	1	10						
						8	1	8
						5	1	5
						7	1	7
						22	1	22
4	1	4				8	1	8
2	1	2						
6	1	6						
4	1	4						
4	1	4						
7.4	1	7.4						
5.7	1	5.7						
7	1	7						
3.75	1	3.75						
			13	1	13			
15	2	7.5						
3	1	3						
2.5	1	2.5						
						5	1	5
						1.5	1	1.5
						7	1	7
3	1	3						
4	1	4						
3	2	1.5						
						1.5	1	1.5
2	1	2						
						3	1	3
2	1	2						
3	1	3						
						1.5	1	1.5
13	2	6.5						
8	1	8						
						13	1	13
						9	2	4.5
5	1	5						
						2	1	2
						10	2	5
4.5	1	4.5						
1.5	1	1.5						
						3.5	1	3.5
						9.5	1	9.5
11	1	11						
10	1	10						
20	1	20						
8.5	1	8.5						
14	1	14						
						3	2	1.5
						43	1	43
						12.6	1	12.6
						5.73	1	5.73
28.8	1	28.8						
25.8	1	25.8						
						23	2	11.5
6	1	6						
						7	1	7
						5	1	5
						4	1	4
			5	1	5			
3	1	3						
4	1	4						
5	1	5						
7	1	7						
						1	1	1





**ATTACHMENT 2**

**SURVEY INSTRUCTIONS**

**PIC-LPIC**

## Work Activity - Time Survey Introduction

Verizon Finance Service Costs organization is conducting Work Activity - Time Surveys in order to identify the costs associated with processing a request for a PIC Change, an LPIC Change or a combined PIC and LPIC Change. These studies will support various financial endeavors throughout the footprint.

The senior officers and managers of this corporation are aware of the significance of this effort. Support and cooperation throughout the enterprise are essential to satisfy the needs of this important undertaking. As part of this endeavor, you are being asked to participate in a **Work Activity - Time Survey** because of your experience. The objective of the survey is to obtain estimates of the time required by Company personnel to perform the Work Activities associated with ordering and changing of PICs. It must be emphasized that this data collection effort is to be used solely for estimating the costs associated with PIC and/or LPIC change processes. In no way will this data be used for staffing, compensation, performance review or any other managerial purposes. As overestimation and underestimation are equally problematic and lead to less than desirable results, the information that is provided must be **accurate, unbiased, and independently developed**.

The survey form is provided for you to record the **actual time** necessary to perform these Work Activities. **You are the best source of information about the time necessary to perform these Work Activities.** Your carefully considered responses are critical to the accuracy and completeness of our studies.

## Work Activity - Time Survey Instructions

**Survey Forms:** The form has several parts:

A Title block at the top of each page (please complete the information on each page) for you to input:

- Date (the date you worked on this order)
- State (the state where your work center is located)
- Work Location (the building and town where your work center is located)
- Job Title (your current title)
- Employee (your name - optional)
- Yrs of Exp (the years of experience you have as a service order rep - optional)

An area beneath the Title block is for you to provide information for five different change orders pertaining to PIC and LPIC or their combination. Information should be filled out for 'ANY' customer contact during the survey period that involves the changing of a PIC or LPIC or the changing of both on one order. These activities include only 'changes' in the customer's PIC or LPIC, and not the initial PIC or LPIC on a new account or a move. Only fill out the form for the

Work Activities performed on a particular call. For instance, if the customer only makes a PIC change on an initial line, only the first column (Total PIC Change Time) would be filled out. If the customer makes both PIC and LPIC changes, the total times for each change should be entered in the appropriate columns.

- Do not include time spent for third party verification, PIC freeze, PIC unfreezes, slamming, or marketing of local or long distance service in the PIC or LPIC columns.
- The change order input areas of the form contains a transaction time of total Work Activity time associated with the changing of a PIC or LPIC or the changing of both on one order. The next row then requests the number of lines that the PIC and/or the LPIC were changed on.
- If you would like to provide Comments on a specific order please put them on a separate sheet of paper and identify the comments with the order number.
- For each Work Activity provide the actual total transaction time in minutes.
- The transaction time should reflect the actual time it **does** take to complete the Work Activity in its entirety, not the time it should take. The time should include the opening statement, discussion of PIC and/or LPIC (including explanation or reading of list), order entry, recap and contact closing.
- If you **did not** perform a particular Work Activity, enter N/A, for "Not Applicable". An entry of "0" or a box left blank is not acceptable.
- If you changed both the PIC and LPIC on an order, please populate both columns with the time for each change.
- It is very important that you record Work Activity times independently based on your own work. PLEASE do not consult with anyone else when you are recording your time. There are no right or wrong answers. Furthermore, deliberate overstatements or understatements are not acceptable.

### **Important Note**

It is critical that you adhere to the above instructions and that we receive your completed survey forms no later than Friday, May 13, 2005 so that we may complete our cost studies. It is okay to fax sheets at the end of each day, even if only one or two entries are on the sheet. This will allow us to accumulate data as we go. If you have any questions about the nature of a particular Work Activity, please call Linda Sau at 212 395-7298 or Larry Richter at 972 718-2366, and you will be provided with assistance. Thank you in advance for your cooperation in this important matter.

**FAX completed forms to: 972-718-5147**

# **ATTACHMENT 3**

## **VZ-SIMULTANEOUS PIC CHANGES EAST TAB 3.1**

**Verizon - East  
PIC Change Cost Study**

**PIC CHANGE (with simultaneous LPIC Change) - SERVICE CENTER WORK TIME**

Assumption: Average incremental time to process an LPIC change on a simultaneous PIC+LPIC change is equivalent to a PIC change on a 2nd line.

Line	Activity	Avg Time (min) <sup>1</sup>	Avg Time Per Line	Typical Occ% <sup>2</sup>	Typical Time Per Line	Res to Bus % <sup>3</sup>	Weighted Avg Time Per Line
	A	B	C=B/#Lines	D	E=C*D	F	G=E*F
1	<u>Consumer Sales &amp; Solution Center (CSSC)</u>						
2	1 Line	4.68	4.68	81.0%	3.79		
3	2 Lines	6.97	3.48	19.0%	0.66		
4	5 Lines	11.85	2.37	0.0%	0.00		
5				100%	4.45	67%	2.96
	<u>Business Service Center (BSC)</u>						
6	1 Line	6.94	6.94	19.7%	1.37		
7	2 Lines	8.46	4.23	23.5%	0.99		
8	5 Lines	12.13	2.43	14.6%	0.35		
9	10 Lines	17.75	1.77	6.7%	0.12		
10	15+ Lines	22.21	1.48	35.6%	0.53		
11				100%	3.36	33%	1.12
12	<u>Service Centers Average</u>						
							<b>4.09</b>

#Lines	RESIDENCE	Total PIC Time	Total PIC + LPIC Time	PIC Time Per Line	PIC + LPIC Time Per Line	Occurrence	Incremental Time Per Line	Change in Incremental Time Per Line
1	PIC + LPIC on 1 Line	4.68	6.97	4.68	6.97	81.0%		
2	PIC + LPIC on 2 Lines	6.97	10.22	3.48	5.11	19.0%	2.29	
5	PIC + LPIC on 5 Lines	11.85	19.98	2.37	4.00	0.0%	1.63	-0.66
10	Est'd PIC + LPIC on 10 Lines	19.98					1.63	0.00
	<b>Average</b>			4.45	6.61			

**Average Increment for LPIC 2.16**

#Lines	BUSINESS	Total PIC Time	Total PIC + LPIC Time	PIC Time Per Line	PIC + LPIC Time Per Line	Occurrence	Incremental Time Per Line	Change in Incremental Time Per Line
1	PIC + LPIC on 1 Line	6.94	8.46	6.94	8.46	19.7%		
2	PIC + LPIC on 2 Lines	8.46	10.91	4.23	5.45	23.5%	1.52	
5	PIC + LPIC on 5 Lines	12.13	17.75	2.43	3.55	14.6%	1.22	-0.30
10	PIC + LPIC on 10 Lines	17.75	26.67	1.77	2.67	6.7%	1.12	-0.10
15	PIC + LPIC on 15 Lines	22.21	35.60	1.48	2.37	35.6%	0.89	-0.23
30	Est'd PIC + LPIC on 30 Lines	35.60					0.89	0.00
	<b>Average</b>			3.36	4.49			

**Average Increment for LPIC 1.13**

Res to Bus %      Res      67%  
                                 Bus      33%

Weighted Averaged LPIC Incremental Time	1.82
Standalone PIC Change Time	4.09
<b>Time per PIC Change with Simultaneous LPIC</b>	<b>2.95</b>

Notes:

1. Average Time based on region-wide Service Center survey results.
2. Typical Occurrences based on BTN counts from ALIS database (Residence) and Bus BTN Report (Business).
3. Residence to Business split based on access line counts from the 2003 ALIS Database.