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September 6, 2011

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Data Requested in Special Access NPRM, WC Docket No. 05-25 and RM-10593

Dear Ms. Dortch:

On September 1, 2011, Katharine Saunders, Frederick Moacdieh, and I had a telephone call with Andrew Mulitz, Elizabeth McIntyre, Pam Megna, Eric Ralph, Kenneth Lynch, Ben Childers, and Richard Kwiatkowski of the Wireline Competition Bureau to discuss the above referenced proceeding.

Specifically, we discussed Verizon's generally available discount plans and pricing flexibility contracts in response to follow-up questions. As Verizon has explained previously,[1] these generally available special access discount plans and pricing flexibility contracts are a competitive response to the extensive competition for the provision of high-capacity services. Customers may choose to enter into circuit-specific or "term" plans which provide customers with substantial discounts in exchange for a term (but not volume) commitment for specific circuits. Customers may also choose non-circuit specific or "term and volume" plans which provide customers with substantial discounts in all special access services purchased in the covered region in exchange for a term and volume commitment based on a percentage of the customer's Verizon special access

[1] *See* Letter from Donna Epps, Verizon, to Marlene H. Dortch, FCC, *Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, RM-10593 (July 12, 2011); Letter from Donna Epps, Verizon, to Marlene H. Dortch, FCC, *Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, RM-10593 (Feb. 28, 2011); Letter from Donna Epps, Verizon, to Marlene H. Dortch, FCC, *Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, RM-10593 (Aug. 16, 2010).

purchases. When a customer moves from a term plan to a term and volume plan, Verizon offers a Time in Service Credit, or "TISC", that allows a customer to credit some of the time already covered under the term plan to the term and volume plan. The amount of credit granted varies depending on the plan. Examples of the TISC for the popular Commitment Discount Plan ("CDP") may be found in publically available tariffs such as FCC 1 Section 25.1.8(F) and FCC 11 Section 25.1.10(F). We also discussed customers' options upon expiration of a particular plan. Customers may renew an existing term, begin a new term, buy on a month-to-month basis, or subscribe to a different plan (or disconnect). For example, if the customer chooses to subscribe to a new or renewed CDP term, the new commitment levels are determined based on the actual level of demand at that time. Thus, upon expiration of a term, customers are able to disconnect a number of circuits and establish a new commitment level under a new term that is less than its prior commitment if it chooses to do so. We also explained that we do not limit the number of circuit disconnects for a particular customer during a given period.[2]

We discussed provisions for upgrading between a DS1 and a DS3 while on a term plan, and explained that customers can upgrade from a DS1 to a DS3 circuit without incurring termination liability so long as they meet certain timing and location requirements. Customers generally do start a new term equal or greater in length as the initial term when upgrading. Staff asked about specific tariff references to the criteria for customers who wish to migrate from TDM to Ethernet circuits. These criteria are listed in FCC 1 Section 2.9.6; FCC 11 Section 2.10.5; FCC 14 Section 2.10.5; and FCC 16 2.9.4. They include requirements relating to (A) Length of Commitment; (B) Bandwidth; (C) Revenue Test; (D) Terminating Location; (E) Timing; and (F) Notification.

In response to questions, we explained that there are extensive discounts ranging between 5%-53% available under the CDP, depending on the term and service. Under FCC 1, these discounts for DS1 circuits range between 32%-53%, and for DS3 circuits between 10%-35%, depending on the length of the term. Under FCC 11, DS1 discounts range between 15%-40%, and DS3 discounts between 5%-40%, again, based on the length of the agreed term. We explained that a shortfall penalty in a term and volume plan does not trigger losing all discounts. Instead, if there is a shortfall penalty, the shortfall fee is calculated based on the quantity of the shortfall and the average discounted billed rate.

Please contact me should you have any questions.

Sincerely,

Maggie McCready

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[2] In some instances where a customer requires grooming of circuits in connection with a disconnect as part of a circuit migration, there may be delay based on resource allocation for circuit grooming; however, this is coordinated individually and depends on a customer's individual requirements.