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April 3, 2002

BY HAND DELIVERY

Blanca Bayó
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 990649B-TP

Dear Ms. Bayó:

Enclosed for filing on behalf AT&T Communications of the Southern States, Inc. and MCI WorldCom, Inc. are the original and fifteen copies of AT&T and WorldCom's Motion to Compel Discovery From Verizon Florida, Inc.

By copy of this letter, copies have been furnished to the parties shown on the attached certificate of service. If you have any questions regarding this filing, please give me a call at 425-2359.

Very truly yours,

Gary V. Perko

GVP/jlm
Enclosures
cc: Certificate of Service

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into pricing of unbundled network elements (Sprint-Verizon track)	Docket No. 990649B-TP Filed: April 3, 2002

AT&T AND WORLDCOM'S MOTION TO COMPEL DISCOVERY FROM VERIZON FLORIDA, INC.

AT&T Communications of the Southern States, LLC. ("AT&T"), and MCI WorldCom, Inc. ("WorldCom"), pursuant to Rule 28-106.206, F.A.C., and Rule 1.380 of the Florida Rules of Civil Procedure, hereby move for entry of an order compelling Verizon Florida, Inc. ("Verizon") to immediately provide answers to AT&T and WorldCom's First Set of Interrogatories. In support, AT&T and WorldCom state:

1. On January 28, 2002, AT&T and WorldCom served their First Set of Interrogatories to Verizon. Verizon served responses to the interrogatories on February 27, 2002. (Copy attached as Exhibit "A"). In it responses, Verizon objected to Interrogatory Nos. 3, 4, 10(b), 25 through 28, 32, 38 through 40, 42, and 44. For the reasons discussed below, each of Verizon's objections is without merit. Accordingly, the Commission should order Verizon to provide complete responses.

2. Interrogatory No. 3 asks for information regarding prior instances in which state commissions have adopted capital structure based on market values for debt and common equity for any Verizon operating company. Based apparently on the fact that Verizon-Florida does not maintain a "library" of orders relating to other Verizon companies, Verizon objected to this interrogatory on grounds that it is unduly broad and burdensome. See, Exh. A, at 3. However, the requested information is clearly relevant to the Commission's consideration of Issue No. 7(c)

in this proceeding (i.e., "What are the appropriate assumptions and inputs for [cost of capital] to be used in the forward-looking recurring UNE cost studies?"). *See*, Order No. PSC-01-1592-PCO-TP, p. 13, App. A. Moreover, Verizon's response indicates that it was able to identify at least four prior proceedings in which state commissions have addressed the validity of market value capital structure for a Verizon operating company. *Id.* Verizon fails to provide any support for its claim that any additional inquiry needed to fully respond would be unduly burdensome. *See, Topp Telecom, Inc. v. Atkins*, 763 So.2d 1197 (Fla. 4th DCA 2000) (Burden is on party objecting to discovery to support claim of undue burden).

3 Interrogatory No. 4 seeks specific information regarding the capital structure, respective cost rates for debt and equity, and weighted average cost of capital recommended by Verizon's expert witness, Dr. VanderWeide, for telecommunications carriers in other states where he has testified. Verizon objected to this interrogatory on grounds that it "seeks information that is not relevant and not reasonably calculated to lead to the discovery of relevant and otherwise admissible information." *See*, Exh. A, at p.4. As Verizon's response specifically notes, however, Dr. VanderWeide's testimony in this case provides recommendations as to the appropriate capital structure, respective cost rates for debt and equity, and weighted average cost of capital for use in setting UNE rates for Verizon in Florida. His recommendations in other states are clearly relevant in assessing the reasonableness of his recommendations in this case. Accordingly, Interrogatory No. 4 is reasonably calculated to lead to potential evidence for use in impeaching Dr. VanderWeide at hearing.

4. Interrogatory 10(b) asks Verizon to alter one of the assumptions in its cost model and provide the output from the resulting model run. Verizon objected to this interrogatory on grounds that "it would require Verizon to perform detailed studies which would be unduly

burdensome." Again, Verizon provides no support for its claim of undue burden. *See, Topp Telecom, supra.* Moreover, this interrogatory was necessitated by the fact that the cost model produced by Verizon in this proceeding is not in a form that can be manipulated by AT&T and WorldCom's experts. Thus, only Verizon is in a position to test a critical assumption of its cost study.

5. Interrogatory Nos. 25, 26, 27, 28, 37, 38, 39, and 40 each request information about cost study assumptions and inputs for costs studies filed by Verizon in other states. Verizon objected to these interrogatories on grounds that "information about filings in another state is not relevant to this proceeding to set UNE rates in Florida" and "for the additional reason" that the model used in these other, former Bell Atlantic states is structurally different from the Verizon cost model used in Florida. *See,* Exh. A, at pp. 15-17 and 21-23. These objections are meritless because the cost study assumptions used by Verizon in other states are clearly relevant to assess the reasonableness of the assumptions used by Verizon in this case. Such information is factual in nature and is not dependent upon the structure of the cost model ultimately used.

6. Interrogatory No. 32 asks Verizon to identify specific information related to is cost model, including average drop length, average fills for various facilities, and average number of pairs per drop. Without elaboration, Verizon objected to this interrogatory on grounds that "it would require Verizon to perform detailed studies which would be unduly burdensome." *See,* Exh. A, at p. 18. This objection is meritless because the interrogatory does not request Verizon to perform detailed studies. Rather, it merely seeks factual information about certain inputs and/or outputs for Verizon's cost model. Such information is clearly relevant to assessing the validity of the model results.

7. Interrogatory No. 42 requests a description of Verizon's SIGS system for use in processing LSRs. Verizon objected to this Interrogatory on grounds that the information relates to Verizon's operations support systems (OSS) and, therefore, is beyond the scope of this proceeding. *See,* Exh. A, at p. 25. Although the Commission will set OSS costs in a later proceeding, the pre-hearing order in this case indicates that the Commission will be addressing the appropriate assumptions and inputs for OSS design in connection with Issue No. 8(b). *See,* Order No. PSC-01-1592-PCO-TP, p. 13, App. A. The requested information relates to the design of Verizon's current OSS (i.e, the SIGS system) and, therefore, is clearly relevant to the Commission's consideration of that issue.

8. Interrogatory No. 44 requests Verizon to provide the current daily, monthly, and annual numbers of orders that are processed by each of Verizon's three national market centers (NMCs). Verizon objected to this interrogatory on grounds that "it would require Verizon to perform detailed studies which would be unduly burdensome." *See,* Exh. A, at p. 26. However, AT&T and WorldCom believe that most, if not all, of the requested information is readily available and, once again, Verizon provides no support for its claim of undue burden *See, Topp Telecom, supra.* The requested information is clearly relevant insofar as it relates to the demand over which the fixed costs of NMC operation should be spread. As discussed in the pre-filed testimony of Verizon's expert Bert I. Steele, the shared/fixed costs of NMC operation are included in Verizon's proposed non-recurring rates. *See, Direct Testimony of Bert I. Steele on Behalf of Verizon Florida, Inc.,* at p. 15 (filed Nov. 7, 2001).

WHEREFORE, AT&T and WorldCom move for entry of an order compelling Verizon Florida to answer Interrogatory Nos. 3, 4, 10(b), 25, 26, 27, 28, 37, 38, 39, 40, 42, and 44 of AT&T and WorldCom's First Set of Interrogatories.

RESPECTFULLY SUBMITTED this 3rd day of April, 2002.

HOPPING GREEN & SAMS, P.A.

By: _____

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by U.S. Mail, and/or e-mail (*) this 3rd day of April, 2002.

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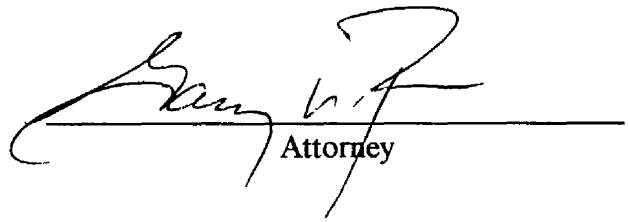

Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into pricing of unbundled network elements) Docket No. 990649B-TP

)

VERIZON FLORIDA INC'S RESPONSE TO AT&T AND MCI'S FIRST SET OF INTERROGATORIES (Nos. 1 to 47)

Interrogatory	Prepared By:	Title
1	Bob Deter	Sr. Staff Cslt - Treasury
2	Bob Deter	Sr. Staff Cslt - Treasury
3	Bob Deter	Sr. Staff Cslt - Treasury
4	Bob Deter/Jim Vander Weide	Sr. Staff Cslt -Treasury/Cslt
5	Bob Deter	Sr. Staff Cslt - Treasury
6	Bob Deter	Sr. Staff Cslt - Treasury
7	Bob Deter	Sr. Staff Cslt - Treasury
8	Joe Schroeder	Mgr. – Fin Plng & Anlys
9	Joe Schroeder	Mgr. – Fin Plng & Anlys
10(a)	Dave Tucek	Manager-Network Engineering
(b)	Object	Legal
(c)	Dave Tucek	Manager-Network Engineering
(d)	Dave Tucek	Manager-Network Engineering
11	Joe Schroeder	Mgr. – Fin Plng & Anlys
12	Dave Tucek	Manager-Network Engineering
13	Dave Tucek	Manager-Network Engineering
14	Dave Tucek	Manager-Network Engineering
15	Dave Tucek	Manager-Network Engineering
16	Dave Tucek	Manager-Network Engineering
17	Dave Tucek	Manager-Network Engineering
18	Dave Tucek	Manager-Network Engineering
19	Jon Baggett/Dave Tucek	Mgr.-Fin Plng & Anlys/Mgr-Ntwk Eng
20	Jon Baggett	Mgr.-Fin Plng & Anlys
21	Dave Tucek	Manager-Network Engineering
22	Dave Tucek/Steve Prowell	Mgr.- Ntwk Eng/Spec.-Fin Plng & Anlys
23	Dave Tucek	Manager-Network Engineering
24	Jon Baggett	Mgr.-Fin Plng & Anlys
25	Object	Legal
26	Object	Legal
27	Object	Legal
28	Object	Legal
29	Object	Legal
30	Dave Tucek	Manager-Network Engineering
31	Joe Schroeder	Mgr.-Fin Plng & Anlys
32	Object	Legal
33	Joe Schroeder	Mgr.-Fin Plng & Anlys
34	Joe Schroeder	Mgr.-Fin Plng & Anlys
35	Dave Tucek	Manager-Network Engineering
36	Dave Tucek/Dennis Trimble	Mgr-Ntwk Eng/Ex Dir-Regulatory
37	Object	Legal
38	Object	Legal
39	Object	Legal
40	Object	Legal

Attachment A

41	Larry Richter/Lori Lawthers	Sr. Staff Cslt-Ntwk Eng/Mgr.-Fin Plng & Anlys
42	Object	Legal
43	Larry Richter/Lori Lawthers	Sr. Staff Cslt-Ntwk Eng/Mgr.-Fin Plng & Anlys
44	Object	Legal
45	Larry Richter/Lori Lawthers	Sr. Staff Cslt-Ntwk Eng/Mgr.-Fin Plng & Anlys
46	Larry Richter/Lori Lawthers	Sr. Staff Cslt-Ntwk Eng/Mgr.-Fin Plng & Anlys
47	Larry Richter/Lori Lawthers	Sr. Staff Cslt-Ntwk Eng/Mgr.-Fin Plng & Anlys

INTERROGATORIES

1. For Verizon Corporation, what are the:
   a) S & P bond rating,
   b) Market-to-book ratio,
   c) Price-earnings ratio,
   d) Pre-tax interest coverage ratio,
   e) Earned return on equity,
   f) BARRA beta,
   g) Value Line dividend growth rate,
   h) Value Line beta, and
   i) Value Line safety ranking?

   For purposes of this interrogatory, use the most recent Value Line and S & P data available and/or information available as of December 31, 2001 or December 31, 2000 if this is the most current date available.

   Response:
   Since Dr. Vander Weide did not use information on any of these variables to estimate the cost of capital input in Verizon Florida's forward-looking economic cost studies, this information was not collected.

2. Has any state regulatory commission approved a cost of capital rate for Verizon Corporation's operating telephone companies for any purpose since January 1, 1997? If the answer is yes, please provide the following supporting information:

   a) The Verizon Corporation operating company for whom the cost of capital was approved (i.e. Bell Atlantic, NYNEX or GTE operating company)
   b) The state regulatory commission approving the cost of capital;
   c) The cost of capital approved by the state regulatory commission;
   d) The docket number, order number of the case where the cost of capital was approved, and the date of the commission order; and
   e) The type of case the cost of capital was approved in (i.e. rate-of-return rate case or UNE cost case).

Response:
Verizon Florida Inc. does not maintain a library of orders relative to other Verizon companies. To the extent Verizon can respond, please see Verizon's response to item 3 of Staff's 1st Set of Interrogatories, filed on December 20, 2001 and served on the ALEC Coalition.

3. Has any state commission adopted a capital structure based on market values for debt and common equity for any Verizon Corporation operating company (i.e. Bell Atlantic, NYNEX, or GTE)? If the answer is yes, please provide:

   a) The Verizon Corporation operating company involved in the case (i.e. Bell Atlantic, NYNEX or GTE operating company)
   b) The state regulatory commission approving a market value capital structure;
   c) The docket number, order number of the case where the market value capital structure was approved, and the date of the commission order;
   d) The type of case the capital structure was approved in (i.e. rate-of-return rate case or UNE cost case), and
   e) percentage and cost of the debt and equity components of the capital structure approved by the state commission.

Response:
Verizon objects to this interrogatory because it is unduly broad and burdensome. In addition, Verizon Florida Inc. does not maintain a library of orders relative to other Verizon companies, and orders relative to Verizon are publicly available. Notwithstanding its objections, Verizon responds as follows: The Massachusetts Department of Telecommunications and Energy adopted the use of a market value capital structure for Verizon New England in its December 4, 1996, Order in Docket Nos. DPU 96-73/74, 96-75, 96-80-81, 96-83, and 96-94, at 53. In addition, the Nevada Public Utilities Commission adopted a market value capital structure for Nevada Bell in Docket No. 99-9017. The Indiana Utility Regulatory Commission (Cause 40618) and the Vermont Department of Public Service (Docket 5713) have also recognized the validity of market value capital structure in recent proceedings.

4. For each state where witness Vander Weide has testified since January 1, 1997 on behalf of a telecommunications carrier, please provide answers to the following along with the docket number, order number and date of the order supporting Verizon's response:

   a) What is the capital structure, respective cost rates for debt and equity, and weighted average cost of capital that he has

recommended?

b) What is the capital structure, respective cost rates for debt and equity, and weighted average cost of capital actually approved in the dockets by a state regulatory commission?

Response:
Verizon objects to this interrogatory because it seeks information that is not relevant and not reasonably calculated to lead to the discovery of relevant and otherwise admissible information. Dr. VanderWeide's recommendations as to other Verizon companies in other states over the last five years are not relevant to setting UNE rates for Verizon Florida Inc. today. Dr. VanderWeide's recommendations for Verizon Florida Inc. appear in his Direct Testimony in this proceeding.

5. What is Verizon Florida's target capital structure ratio for financial planning purposes? For this response, please show the target common equity ratio, target long-term debt ratio, etc. If the target is expressed as a range rather than a specific percentage, please state that range.

Response:
Verizon does not prepare financial forecasts or statements for its individual telephone operating companies. It can only provide a response relative to the Verizon telephone operating companies (VTOCs) as a group.

Because of the very large, non-cash extraordinary write-offs that the VTOCs have booked over the last 10 years (such as those related to the discontinuation of FAS 71 and the implementation of FAS 106 (OPEB), book-based capital structure has diminished in importance as a planning tool. Instead, the VTOCs target other financial ratios such as the cash flow, interest coverage, and funds from operations interest coverage ratios. These ratios are key to the rating agencies' evaluation of the VTOCs' credit ratings. The rating agencies no longer view the VTOCs' debt ratio as a prime consideration in evaluating credit ratings.

6. For financial planning and analysis purposes, does Verizon Corporation use a market value capital structure or a book value capital structure?

Response:
The focal point of Verizon's financial planning and analysis is the market returns and earnings per share growth that it will provide to investors, which by definition integrates the Company's market values for common equity and debt.

7. What is Verizon Florida's book value capital structure as of December 31, 2001? If data is not yet available as of December 31, 2001, please provide the book value capital structure as of December 31, 2000 and then supplement this response once data is available for December 31, 2001.

Response:
See the attached schedules. Bates stamped documents 2525 through 2529.
(Attachment: AT&T #7 Book-value Capital Structure.xls)

8. At filename "FL_Lcret5" with Verizon – FL's ICM, sheet "Plug-in Recap", rows 18-29, Verizon appears derive the material cost of a DSC Litespan 2000 POTS plug-in for use in other parts of its cost studies. Please confirm or deny that this section of Verizon's cost study is used for this purpose. If you answer to this question is anything other than an unequivocal "Admit," please describe in detail what this portion of Verizon's study is intended to do.

   a) Please identify all vendors and digital loop carrier equipment assumed to be used within Verizon's unbundled network element cost studies provided in this proceeding.

   b) Please provide the most recent contract signed between Verizon Corporation and each of the vendors identified in the answer to question "a" above. Your complete response will include a complete, signed and dated contract including all appendices, attachments and schedules including any revisions or amendments made since the original signing.

Response:
Rows 18-29 of the referenced filename sheet calculate the per-line material investment for POTS line cards for the DSC (Alcatel) DLC product.

   a. For the UNE cost studies in this proceeding, Alcatel (formerly DSC) products are used for all DLC sizes except the 2016 line unit. The Reltec DISC product is used for the 2016 line unit.

   b. Verizon Corporation deals exclusively with Verizon Supply for its material requirements. Material sheets from GTEAMS included with the study provide documentation of the material costs incurred by Verizon Corporation in this filing.

9. At filename "FL_LCwhl5", sheet "ICM Inputs - DLC w ACFs", Verizon provides the "Lines per Plug-In" (Column C) assigned to the applicable "System Capacity" figures identified in Column B. For each system capacity other than 2016, Verizon identifies that each "Plug-In" will accommodate 4 lines. For the 2016 capacity increment ("Unbundled Basic" configuration), Verizon assumes only 2 lines per plug-in. Please answer the following questions with respect to this section of Verizon's study:
   a) Why does Verizon assume that each plug-in will support 4 lines for capacity increments 24-1568?
   b) Why does Verizon assume that each plug-in will support only 2 lines in the 2016 capacity arrangement?
   c) Why wouldn't the DLC terminal in question support the same number of lines per plug-in regardless of the total capacity of the system?

Response:

a. As explained in the response to 8(a), Alcatel (formerly DSC) equipment is used in this study for DLC sizes 24-1568. Alcatel DLC's support 4 POTS lines per line card.

b. As explained in the response to 8(a), RELTEC equipment is used in this study for the 2016 line DLC. RELTEC DLC's support 2 POTS lines per line card.

c. Different vendors are utilized.

10. Verizon - FL states as follows at filename "FL_LCwhl5", sheet "Cost Assumptions", "The NGDLC inputs represent a hybrid mode that allows both unbundling of a portion of the system (Universal configuration) and direct connection for GTE customers (Integrated configuration)." Please respond to the following questions regarding this statement:

   a) Please confirm or deny that Verizon's cost model is programmed to assume that all unbundled loops utilizing digital loop carrier technology will rely upon non-integrated DLC systems (i.e., "universal configuration") while all Verizon retail loops using DLC will rely upon an integrated DLC architecture (i.e., "integrated configuration"). Unless your answer to this question is an unequivocal "Admit" please explain in detail how this assertion is inaccurate.

   b) Please alter just this assumption within Verizon's unbundled loop cost model such that all loops (both retail and unbundled) assumed the use of integrated DLC architecture (while keeping 100% of all other assumptions,

methods and inputs constant). Provide the output of this model run (all else being unchanged), in the format provided by Mr. Trimble at Exhibit DBT-2, lines 7, 8 and 9. Please provide the results indicated regardless of the extent to which Verizon believes that unbundled loops can/cannot be provided using an integrated DLC architecture. If Verizon feels the need to express its opinion on the technical feasibility of providing unbundled loops in this fashion (i.e., using an integrated DLC architecture), please express those concerns IN ADDITION TO providing the cost study results requested above.

c) Does Verizon believe that unbundled loops can be provided to ALECs utilizing DLC in an integrated architecture? If you answer to this question is anything other than an unequivocal "Yes," please describe your answer in detail highlighting all technical and/or operational limitations Verizon believes would render offering unbundled loops in this fashion impracticable.

d) Does Verizon believe it would be more expensive to offer unbundled loops to competitors using integrated DLC compared to offering competitors access to unbundled loops utilizing non-integrated DLC? If your answer to this question is anything other than an unequivocal "No," please provide an analysis of the additional costs (and costs reductions) that Verizon believes would result from offering unbundled loops utilizing an integrated DLC architecture.

Response:

a) With respect to DLC configurations, ICM-FL will model two different networks, which are chosen from the run time options screen. Under the "Wholesale" configuration, which corresponds to the Company's filing, the DLCs are terminated on a central office terminal or COT. Under the "Retail" configuration, the DLCs are terminated on the trunk side of the switch. Note that expenses inputs consistent with the latter configuration must be developed that exclude the avoided retail costs.

b) Verizon objects to this interrogatory because it would require Verizon to perform detailed studies, which would be unduly burdensome.

c) No. There are numerous issues to be resolved before such a capability can be realized. Among these are issues dealing with the desired configuration, software requirements, central office and RT surveillance and security capabilities, traffic engineering, and trouble/fault identification. However, the inability to unbundle loops utilizing DLCs in an integrated architecture is dominated by the fact that no switch or NGDLC vendors

have commercially offered products with the functionality required to support a multi-carrier operation of a GR-303 interface. With respect to the issues in this docket, it is clear that TELRIC costs must be based on the costs of equipment that is commercially available today.

d) It is not possible to respond to this question because equipment that permits the unbundling of loops utilizing DLCs in an integrated architecture is not commercially available. See the response to part c) of this interrogatory. With respect to the TELRIC costs filed in this docket, Verizon notes that they represent a lower bound on the forward-looking costs of unbundling loops, for the reasons given at pages 20-22 of the direct testimony of David G. Tucek. Consequently, it is likely that if and when a commercially viable solution is available, the cost of unbundling of loops utilizing DLCs in an integrated architecture will exceed the filed costs.

11. Verizon includes in its cost study documentation, file "mat_gteams.pdf". Each of the sheets in this file include the following heading "Corporate Item Master, Item Header Data." Please indicate the function or purpose of this file and how the information on each of the sheets included in the file is meant to add support to Verizon's cost studies/models.

a) With respect to the information included in this file (and on each of the sheets included in the file), please provide an in-depth description of the database, system or other archive from which this information was taken. Your complete response will include (i) the name of the system, (ii) its purpose in Verizon's operational structure, (iii) how this system/database is updated.

b) Please focus on the sheet within this file ("mat_gteams.pdf") which identifies the following piece of equipment "SHELF DS-1 EQUIPMENT" (page 72 of 211). Please answer the following questions with respect to this particular sheet:

c) Please describe in detail what this piece of equipment is and each unbundled network element that would require the use of this piece of equipment (i.e., each unbundled element whose ultimate costs are impacted by the material cost of this piece of equipment).

d) Please explain in detail the term "Default Unit Price" used on this sheet. Within your answer please compare and/or contrast the term "Default Unit Price" with the term "material cost" as used generally in the production of telecommunications cost studies.

e) Please identify the vendor from which Verizon purchases (or purchased) this piece of equipment.

f) Please indicate the date upon which this sheet was pulled from the system described above and for which the "Default Unit Price" identified on this sheet is/was valid.

g) Please indicate what the term "IMAGE PRICING" is meant to indicate on this sheet. Further describe the impact of choosing "Y" for the "image pricing" value.

h) Please provide the contract that exists between Verizon Corporation and the vendor who produces this item. Your complete answer will include a signed copy of the entire agreement including all appendices, attachments and schedules including any revisions or amendments made since the original signing.

i) Please highlight, within the agreement provided in response to the question above, where the "Default Unit Price" identified on this sheet can be found.

Response:
The purpose of this sheet is to indicate to the viewer that the material price used by ICM-FL is the same material price (default unit price) used in Verizon's on-line material system (GTEAMS) and is therefore the same price used by Verizon engineers when a work order is developed. The Corporate Item Master sheet is a unit printout from the GTEAMS system.

a. GTEAMS (GTE Advanced Material System) is the system used by Verizon West to perform inventory planning, inventory accounting, and purchasing and material management functions. Engineering and costing groups access GTEAMS to obtain the current base price of materials required to estimate the cost of a project or a service offering. GTEAMS is maintained as the vendor price list of Verizon Supply to Verizon Telops.

The current prices for all available material codes are maintained in the Purchasing/Material Management module of GTEAMS; this is available to anyone in Verizon with access to GTEAMS. GTEAMS contains various forms of processes, some based on invoiced costs for inventoried items and others based on current price quotes from third party vendors of Verizon Supply and Verizon Telops. GTEAMS pricing is maintained in current status by regularly updated price quotes from Verizon Telops and Verizon Supply third party vendors and invoices from current purchases to inventory.

Third party vendor price quotes to Verizon Supply and Verizon Telops are updated in GTEAMS quarterly on a mass basis. These prices represent the current price paid by Verizon Telops for the selected material. These prices are generally established for the quarter; however, if Verizon Supply experiences a significant change in price from its vendors, 10% or more, a new price may be entered into GTEAMS during the quarter. GTEAMS inventoried item prices are a standard average unit price that is based on a history of recent purchases from vendors. Maintenance of third party vendor pricing in GTEAMS is performed by direct request to the vendor for the specific items that Verizon Telops is allowed to purchase directly, but not inventoried, and then entered into GTEAMS. This procedure allows Verizon to keep prices current for engineers and other parties needing to cost out projects or product offerings.

c. This piece of equipment is a DS1 shelf. This particular item is not used in the development of any loop UNE's. It is a shelf used to accommodate plug-ins used to perform the DS3-DS1 multiplexing operation in the IOF portion of ICM-FL. Therefore, any UNE's that relate to DS1 transport costs are affected by the cost of this item.

d. Default Unit Price is the base material cost paid by Verizon West for the material item. The Default Unit Price does not include any loadings. Material loadings are accounted for in ICM-FL through the application of supply (sales tax, freight, and provisioning), and minor material loading factors to the Default Unit Price. In addition, engineering labor is accounted for in ICM-FL through the application of the Engineering factor to the Default Unit Price. The final loaded material cost is what is generally referred to as the 'material cost'.

e. A look at the Price Indicator of this item (PRICE IND: 2) reveals that this is an average material price from all vendors that supply this item. Therefore, this item may be purchased from a variety of vendors.

f. This sheet was pulled from the system 1/4/01.

g. GTEAMS is composed of several regional databases. IMAGE is a system that ensures the update of all regional databases with a consistent, national average price. If the IMAGE PRICING toggle is set to 'Y', the user is ensured of using the national average price, If the toggle is set to 'N', the possibility exists that a GTEAMS region may not be using the national average price.

h. As explained in (e), this item may be purchased from a variety of vendors; the material price reflect is an average from any number of vendors. Therefore the request to obtain a contract from the vendor who produces this item is not applicable.

i. N/A. This material price is an average.

12. Referring to the ICM Expense Module Methodology (within the file expmoduleFL.pdf located in the Model Methodology folder on the CD-ROM), page 8, please explain in detail what is meant by the term "calibrate" the following adjustment procedure performed under the "Adjust3" investment adjustment category:

> Calibrate the C.A. Turner adjusted ARMIS investment data associated with switch, circuit equipment and outside plant (OSP) accounts to the levels calculated by the Switch, Loop, Interoffice Transport and SS7 modules of ICM.

Response:
When the calibration option is selected from the run times option screen, ICM-FL adjusts the investments in the expense-to-investment ratio for each cost pool so that they equal the modeled investment for three broad categories of cost pools: switching, circuit equipment, and OSP. An example of the calculation of the adjustment factor appears in the schedule labeled "Attachment J.4" in the file "Section 7.pdf".

13. In Attachment D.2 (within the file Section3.pdf located in the following folder hierarchy: Supporting Documentation, Expense Module, ICM Expense), Verizon – FL subtracts out one-time merger expenses in its normalization entries. Please explain why such an adjustment is appropriate in a forward-looking construct when such costs represent inefficiencies that should be excluded from a forward-looking cost study?

Response:
AT&T and MCI have mischaracterized these expenses as "inefficiencies" – they are nothing more than merger-related expenses which should not be included on a going forward basis. AT&T and MCI also misunderstand the effect of the normalization adjustment associated with these expenses. The adjustment reduces the expenses modeled by ICM-FL.

14. Referring to Attachment D.2 (within the file Section3.pdf located in the following folder hierarchy: Supporting Documentation, Expense Module, ICM Expense), please explain why the normalization adjustment attributable to the net Pension Settlement Gain is added to ARMIS expenses on Attachment D rather than subtracted from expenses as an offset?

Response:
The normalization entry attributable to the net Pension Settlement Gain is added to ARMIS expenses on Attachment D because it is reversing a credit to the 672860 expense account.

15. Referring to Attachment J.4 (within the file Section7.pdf located in the following folder hierarchy: Supporting Documentation, Expense Module, ICM Expense), please respond to following:

a) Do the amounts listed in Column (C) represent 2000 Reproduction Cost based upon application of C.A. Turner ratios in Column (B)?

b) Provide the supporting documentation or references to reports or schedules on the ICM CD-ROM that show the calculation of each ICM Investment amount in Column (D). In responding to this question please explain if and how these amounts are calculated in the Switch, Loop, Interoffice Transport and SS7 modules of ICM by specific reference to the appropriate report or table containing the calculated investment.

c) Please describe how the ICM Investment amounts in Column (D) are used in the calculation of maintenance and support factors.

d) Please explain how the "Adjust3 Factor" in Column (F) is used in calculating forward-looking investment.

Response:

a) Yes.

b) The investments are reported in ICM-FL's Calibration report. They are calculated by ICM-FL's Switch, Loop, Interoffice Transport and SS7 modules. For further details, refer to the model documentation and program code provided in the filing.

c) The amounts in column D are not used in the calculation of the maintenance and support factors. See the response to request 18.

d) The "Adjust3" factor is carried forward to Attachment J. Please see the footnotes on that attachment for additional explanation.

16. Referring to Attachment L (within the file Section7.pdf located in the following folder hierarchy: Supporting Documentation, Expense Module, ICM Expense), please explain why the Inflation-Productivity factor (Wholesale IP Factor is set to 1.0000). How is inflation and productivity factored into the ICM if this factor is 1.0000?

Response:
It is set to 1.000 in order to be consistent with the filed selections on the run time options screen for expenses. Assumptions regarding inflation and productivity are changed on this screen in ICM-FL.

17. Referring to Attachment M (within the file Section7.pdf located in the following folder hierarchy: Supporting Documentation, Expense Module, ICM Expense), please explain why the capital costs of general support assets (accounts 2111 – 2124) are included in maintenance and support factors applied to investments as opposed to inclusion in a common cost fixed allocator applied to recurring expenses?

Response:
They are included to reflect their mapping to the cost pools, which is the same as the mapping of the associated 6xxx accounts. The 6xxx accounts are mapped to the expense accounts on the basis of the activities and functions of individual work groups.

18. Referring to Attachment O (within the file Section7.pdf located in the following folder hierarchy: Supporting Documentation, Expense Module, ICM Expense), please describe the source of the investment amounts by cost pool used as the denominator in the "Exp/Inv Ratio" with reference to specific tables or reports within the ICM.

Response:
As stated in footnote (5) on Attachment O, the investments come from Attachment J.

The following questions pertain to Verizon's switching cost studies.

19. Please discuss and identify the vendor prices for the GTD-5 that are used as inputs into COSTMOD.

Response:
Vendor prices are not used as inputs to COSTMOD. Vendor pricing is reflected in the input for the discount factor. See also the response to request 23.

20) Does VZ have any plans to purchase and install *new* GTD-5 switches?

Response:
This information was not available at the time the responses were due and will be provided as soon as possible.

21. Has Verizon included the GTD-5 switch in any other switching cost study, other than for cost studies of former GTE operations? Please discuss.

Response:
No. The nature of the requested discussion is not stated, so Verizon is unable to provide any such discussion.

22. Please discuss and identify the number of equivalent business days used in the switching costs studies.

Response:
Switching costs are based on 365 days per year. Use of a lower number would increase the reported costs.

23. Please discuss in detail how the switch discounts were calculated used to run SCIS. Please provide work papers of the calculations.

Response:
Both SCIS and CostMod were run with no discount for a set of eight model office clusters for the 5ESS, GTD-5 and DMS-100 switching technologies as shown in the table below:

Cluster Size	Base Unit	Remote 1	Remote 2	Remote 3
700	700	----	----	----
1,700	1,700	----	----	----
3,400	3,400	----	----	----
6,300	5,000	1,300	----	----
10,900	8,300	2,600	----	----
18,500	13,300	2,600	2,600	----
36,200	29,200	2,333	2,333	2,333
90,000	60,000	3,750	**<== 8 of these remotes**	

For the DMS-10, SCIS was run with no discount for the first five model office clusters shown above. The usage inputs for each of these SCIS and CostMod runs were based on system-wide averages for comparably sized switches. Next, discounts were computed for each of the above configurations based on the total modeled switch costs and on the switch costs resulting from the vendor quotes and the Nortel contract for initial switch purchases. Finally, weighted averages of these discounts across the cluster sizes were calculated. These weighted averages are the discount inputs used in the subsequent SCIS and CostMod runs for each Verizon Florida wire center. See the file "FL Discount Factors1295.xls" on the filed CD.

24. Please discuss whether Verizon's switch vendor contracts are region wide and allow Verizon to *generally* purchase switching facilities under those contract terms for operations in any of the states in its serving area.

Response:
Verizon's vendor contracts are region wide and generally allow Verizon to purchase switching facilities under these contract terms in any of the states in its serving area.

There are, however, a few specific contracts that were negotiated with individual companies prior to the merger that were not extended to the merged company.

The following questions pertain to Verizon's loop cost studies.

25. Please admit that for loop cost studies in Massachusetts, in Docket 01-20, Verizon assumed 25% IDLC based loops.

Response:
Verizon objects to this interrogatory because it seeks information about cost study assumptions and inputs for cost studies filed in another state. Information about filings in another state is not relevant to this proceeding to set UNE rates in Florida. The information sought is irrelevant for the additional reason that the

model used in the studies filed in Massachusetts (a former Bell Atlantic state) is structurally different from Verizon's ICM-FL model filed here in Florida, and the operating environment in Massachusetts differs substantially from Verizon's operating environment in Florida.

26. What percentage of IDLC loops did Verizon assume for loop cost studies in:
    a) Massachusetts in Docket 01-20.
    b) New Jersey in Docket No. TO00060356.
    c) New York in Case 98-C-1357.

Response:
Verizon objects to this interrogatory because it seeks information about cost study assumptions and inputs for cost studies filed in other states (Massachusetts, New Jersey, and New York). Information about filings in other states is not relevant to this proceeding to set UNE rates in Florida. The information sought is irrelevant for the additional reason that the model used in the studies filed in these other, former Bell Atlantic states listed is structurally different from Verizon's ICM-FL model filed here in Florida, and the operating environment in those states differs substantially from Verizon's operating environment in Florida.

27. What concentration ratio on the IDLC loops did Verizon assume for loop cost studies in:
    a) Massachusetts in Docket 01-20.
    b) New Jersey in Docket No. TO00060356.
    c) New York in Case 98-C-1357.

Response:
Verizon objects to this interrogatory because it seeks information about cost study assumptions and inputs for cost studies filed in other states (Massachusetts, New Jersey, and New York). Information about filings in other states is not relevant to this proceeding to set UNE rates in Florida. The information sought is irrelevant for the additional reason that the model used in the studies filed in these other, former Bell Atlantic states listed is structurally different from Verizon's ICM-FL model filed here in Florida, and the operating environment in those states differs substantially from Verizon's operating environment in Florida.

28. Please admit that for loop cost studies in New York in Case 98-C-1357, Verizon assumed a concentration ratio of 3:1 on IDLC based loops.

Response:
Verizon objects to this interrogatory because it seeks information about cost study assumptions and inputs for cost studies filed in another state. Information about filings in other states is not relevant to this proceeding to set UNE rates in Florida. The information sought is irrelevant for the additional reason that the model used in the studies filed in New York, a former Bell Atlantic state, is structurally different from Verizon's ICM-FL model filed here in Florida, and the operating environment in New York differs substantially from Verizon's operating environment in Florida.

29. Please admit that in New Jersey in Docket No. TO00060356, the BPU ordered that 60% of the loops should be DLC based and that 100% of those DLC based loops should be IDLC.

Response:
Verizon objects to this interrogatory because the referenced New Jersey order is a public document that AT&T is capable of reading and understanding without Verizon's assistance; and because such information from New Jersey is not relevant to any issue in this proceeding to set Florida-specific rates; the operating environment in New Jersey is substantially different from Verizon's operating environment here in Florida.

30. Please identify and discuss what percentage of the loops in the current studies are IDLC based and what percentage are UDLC based.

Response:
All loops served by DLCs in the filed study are assumed to be terminated on a COT. This is 58.9 percent of the total lines. The remaining lines are not served by a DLC.

31. Please identify and discuss what concentration ratio for IDLC loops is assumed by Verizon in the current studies.

Response:
ICM-FL assumes a DLC concentration ratio of 4:1 in the Florida loop studies.

32. For each of the Zones 1, 2 and 3, please identify the following:

a) Average drop length.

b) Average fills (total fill accounting for all spare in the studies) for RTs.

c) Average fills (total fill accounting for all spare in the studies) for COTs.

d) Average fills (total fill accounting for all spare in the studies) for Channel Units (in the COT.)

e) Average fills (total fill accounting for all spare in the studies) for Channel Units (in the RTs.)

f) Average fills (total fill accounting for all spare in the studies) for fiber feeder facilities (excluding COT and RT.)

g) Average fills (total fill accounting for all spare in the studies) for copper feeder facilities.

h) Average fills (total fill accounting for all spare in the studies) for distribution facilities.

i) Average number of pairs per drop.

Response:
Verizon objects to these interrogatories because they would require Verizon to perform detailed studies, which would be unduly burdensome.

33. Please discuss how Verizon's cost studies calculate the costs of Huts, CEVs and cabinets. As part of the discussion explain what fills rates of utilization are assumed for these structures and how their costs are recovered from the loop facilities.

Response:
DLC enclosure costs are included as a portion of the 'GS' (getting started) cost of a DLC. The getting started costs for the various size DLCs are listed in the ICM-FL material table. DLC enclosure costs are calculated using standard material units from the GTEAMS database and are based on the assumption that 24-448 line units utilize a pole-mounted cabinet and all larger sizes utilize a pad-mounted enclosure. Cabinet types and sizes are engineering-based decisions.

No utilization rates are assumed for the enclosure. However, DLC line quantities, which obviously can affect cabinet size, are calculated using the ICM-FL feeder factor.

On the recovery issue, DLC enclosure investments are recovered as a portion of the total DLC investment, which is in turn recovered as a portion of the total loop investment.

34. For the Huts, CEVs and cabinets that are used in the cost studies, please identify the following:

a) The type and size (by maximum number of loops served) of Huts, CEVs and cabinets used in the studies.

b) The unit investments for each type of structure (Huts, CEVs ad cabinets).

c) The placement factors for each type of structure (Huts, CEVs ad cabinets).

d) The fill factors assumed for each type of structure (Huts, CEVs ad cabinets).

Response:
ICM-FL uses only pole mount and pad mounted DLC enclosures in its Florida loop studies.

a. For DLC sizes 24-96, ICM-FL uses a SSC 250 pole mounted DLC cabinet.
For DLC sizes 192, ICM-FL uses a SSC 192 pole mounted DLC cabinet.
For DLC sizes 224-448, ICM-FL uses an LSC 2001 pole mounted DLC cabinet.
For DLC sizes 672-1568, ICM-FL uses an LSC 2030 pad mounted DLC cabinet.
For DLC size 2016, ICM-FL uses a MESA 6 pad mounted DLC cabinet.

b.
24-96 line:	$10,820
192 line:	$10,930
224 line:	$16,501
448 line:	$18,467
672 line:	$31,580
896 line:	$37,641
1120 line:	$39,041
1344 line:	$40,441

1568 line: $41,841
2016 line: $56,850

Note that cost differences in line sizes utilizing the same cabinet type and size are due to an appropriate increase in Channel Bank Assemblies and other items as the line size increases. Also note that prices shown are before any material loadings are applied.

c. ICM-FL does not utilize placement factors. Placement cost (listed as site prep in the study) is based on an average of historic GTE easement and site preparation costs.

24 – 448 line (pole mounts): $2000
672- 2016 line (pad mounts): $21,911

d. ICM-FL does not utilize an assumed fill factor when costing DLC cabinets.

35. Please discuss and identify all assumptions on sharing of poles and conduits with other entities. What percentage of the costs of poles and conduit is assigned to the loops? Also discuss whether the assumptions vary across zones 1, 2 and 3.

Response:
Assumptions concerning structure sharing for poles and conduit are specified via the Run Time Options screens. These assumptions do not vary across zones. Under the general settings for outside plant, the relevant input fields are

a. Number of users on shared poles; and
b. Number of additional conduits placed in shared conduit systems.

Under the settings for distribution plant and for feeder plant, the relevant input fields are:

a. Percent of Verizon poles that are shared; and
b. Percent of shared underground placement.

The percentage of investment assigned to Verizon is determined as described below.

(1) For poles, the modeled investment for shared poles is divided by the number of users per pole. This amount, plus 100 percent of the modeled investment for non-shared poles is assigned to Verizon. Note that no investment is modeled for foreign poles.

For underground plant, the proportion of the shared conduit investment assigned to Verizon is based on the proportion of the number of ducts used by Verizon. This amount, plus 100 percent of the modeled investment for non-shared conduit systems is assigned to Verizon, along with all of the underground cable costs.

The following questions pertain to the Shared and Common costs.

36. Referring to Attachment Q (within the file Section7.pdf located in the following folder hierarchy: Supporting Documentation, Expense Module, ICM Expense), please explain why Verizon – FL calculated an alternative common cost fixed allocator of 11.55% using 2000 Total Regulated Revenues? In responding, please explain why Verizon – FL in its UNE cost studies, does not use this fixed allocator?

Response:
The 11.55% is not a fixed allocator for recovery of common costs. In other proceedings, some parties have proposed using an allocator based on the ratio of what they claim are common costs to AT&T revenues. The 11.55% is calculated to provide a ready comparison to such proposals, should they be made. The 11.55% is not used as a common cost allocator because it would be incorrect, since doing so would preclude the Company from recovering its total forward-looking common costs. A common cost allocator is used to mark-up the direct costs of each UNE so that the resulting UNE rates will allow the Company a theoretic opportunity to recover its total direct costs plus its total common costs. The suggestion to use total revenues would imply that the Company is determining a factor to be used to mark-up revenues, which it obviously is not. The common cost allocator used by Verizon in this proceeding was developed in a manner consistent with its application as the ratio of total common costs to total UNE direct costs.

37. What mark ups for share and common costs did Verizon assume in:
    a) Massachusetts in Docket 01-20.
    b) New Jersey in Docket No. TO00060356.
    c) New York in Case 98-C-1357.

Response:
Verizon objects to this interrogatory because it seeks information about cost study assumptions and inputs for cost studies filed in other states (Massachusetts, New Jersey, and New York). Such information about filings in other states is not relevant to this proceeding to set UNE rates in Florida. The model used in the studies filed in the other, former Bell Atlantic states listed is

structurally different from Verizon's ICM-FL model filed here in Florida, and the operating environment in those states differs substantially from Verizon's operating environment in Florida.

The following questions pertain to the DS1 Loop costs studies.

38. What fill factors for the SONET based DS1 Loops did Verizon assume in:
    a) Massachusetts in Docket 01-20.
    b) New Jersey in Docket No. TO00060356.
    c) New York in Case 98-C-1357.

Response:
Verizon objects to this interrogatory because it seeks information about cost study assumptions and inputs for cost studies filed in other states (Massachusetts, New Jersey, and New York). Such information about filings in other states is not relevant to this proceeding to set UNE rates in Florida. The model used in the studies filed in the other, former Bell Atlantic states listed is structurally different from Verizon's ICM-FL model filed here in Florida, and the operating environment in those states differs substantially from Verizon's operating environment in Florida.

39. What percentage of DS1 Loops did Verizon assume to be copper based in:
    a) Massachusetts in Docket 01-20.
    b) New Jersey in Docket No. TO00060356.
    c) New York in Case 98-C-1357.

Response:
Verizon objects to this interrogatory because it seeks information about cost study assumptions and inputs for cost studies filed in other states (Massachusetts, New Jersey, and New York). Such information about filings in other states is not relevant to this proceeding to set UNE rates in Florida. The model used in the studies filed in the other, former Bell Atlantic states listed is structurally different from Verizon's ICM-FL model filed here in Florida, and the operating environment in those states differs substantially from Verizon's operating environment in Florida.

40. What fill factors for copper based DS1 Loops did Verizon assume in:
    a) Massachusetts in Docket 01-20.
    b) New Jersey in Docket No. TO00060356.
    c) New York in Case 98-C-1357.

Response:
Verizon objects to this interrogatory because it seeks information about cost study assumptions and inputs for cost studies filed in other states (Massachusetts, New Jersey, and New York). Such information about filings in other states is not relevant to this proceeding to set UNE rates in Florida. The model used in the studies filed in the other states listed is structurally different from Verizon's ICM-FL model filed here in Florida, and the operating environment in those other, former Bell Atlantic states differs substantially from Verizon's operating environment in Florida.

The following questions pertain to the non-recurring cost studies.

41. In the Verizon Florida Cost Models, Excel workbook "FL Wholesale Ordering Appendix", worksheet AMON 1 & 2, please describe the following:

    a) What comprises an observation cell G6?

    b) How many LSRs were reviewed and / or observed to come up with the 69 observations totaled in cell G18?

    c) Please describe the rationale for multiplying the number of observations by 15 minutes as occurs in cell H18.

    d) Please describe the rationale for multiplying the number of direct minutes calculated in cell H18 by the indirect percentage of 6.65% in cell I57 (this calculation takes place in cell J18.

    e) Please provide detailed information respecting Note 1 on this worksheet that describes work sampling and studies performed at the NOREC. When were these samples and studies referred to actually performed? Who was involved? Please provide the results from all studies performed.

    f) Please provide a detailed description of how the Activity Volume of 561 in cell K18 was derived. Reference to Note 1 on the worksheet shall not be sufficient.

Response:

a) Cell G6 is comprised of observations that refer to the monitoring and recording of the time taken for each task associated with the ordering of Verizon's services and products.

b) The activity volume recorded during the work sampling study for Manual LSR Receipt was 561 (cell K18).

c) Work sampling was accomplished by monitoring a group of Service Representatives every quarter hour during the business day and recording the details of the task he or she is conducting at that time. An observation was performed every 15 minutes; therefore, the values in column G are multiplied by 15 to convert the observations into minutes in column H.

d) The indirect factor accounts for the two fifteen minute breaks taken during a normal 7.5 hour day.

e) Work sampling is accomplished by monitoring a group of Service Representatives every quarter hour during the business day and recording the details of the task he or she is conducting at that time. The underlying assumption is that the proportion of time the activity is observed in the sample will be the proportion of time spent on the activity in general. The NOREC work sampling study was conducted by Linda Casey, a former GTE employee, on August 16-20, 1999. The results of the work sampling study are demonstrated on pages A1-23 and 24. Backup documentation for the work sampling consists of voluminous paper documents. It would be unduly burdensome and time-consuming to copy and produce all of these documents, but they are available for review at Verizon's corporate offices located at 600 Hidden Ridge, Irving, Texas 75038.

f) The activity volume is the volume of service orders recorded for the group of Service Representatives that were monitored during the work sampling study. The activity volumes correspond to the observations taken during the work sampling study in order to capture the actual amount of time spent by the Service Representative on each task necessary to complete a service order.

42. Provide a detailed description of Verizon's SIGS system for use in processing LSRs.

a) List and describe all other systems that provide information to SIGS.

b) Also, list and describe all other systems that SIGS passes information on to.

c) Provide a detailed description of the business process that SIGS supports. This description should be provided in a workflow format.

Response:
Verizon objects to this interrogatory because it seeks detailed information about Verizon's operations support systems (OSS). This information is beyond the scope of and irrelevant to any issue in this proceeding, which is intended only to address UNE pricing. The Commission has specifically left OSS issues to a subsequent proceeding.

43. In the Verizon Florida Cost Models, Excel workbook "FL Wholesale Ordering Appendix", worksheet AUES-1.3, please describe the following:

a) Provide a detailed description and all supporting documentation on the 15% efficiency factor referenced in Note 1 on the worksheet. Reference to Note 1 shall not be sufficient.

b) Please define the "Flow Through Percentage" and how that percentage was determined. Provide all studies and work papers that make up the determination of the "Flow Through Percentage."

Response:
a. The efficiency adjustment provided by NMC Staff Support personnel is based on system and process changes that will be implemented in the NMC. NMC Staff Support personnel determined the efficiency gain through office productivity reports. Examples of the types of reports utilized are attached. (Document name – Attachment 43A.xls – contains 3 tabs within this document – July, August and September 2001)

b. The Flow Through Percentage represents the percent of valid orders received through the electronic ordering Gateway and processed directly to the service order processor without manual intervention. These service orders require no action by a service representative to type an order into

the service order processor. The flow through percentages used in the cost study are based on planned system enhancements, a copy of the work papers provided to the cost study development group for this purpose are attached. (Document name – Attachment 43.xls – contains 4 tabs within this document – UNE, UNE-P, INP-LNP, LineShare). Bates stamped documents 2534, 2535 and 2536.
(Attachments: 43 and 43A.xls)

44. Provide the current, daily, monthly, and annual numbers of orders that are processed by each of the three (3) NMCs. Also, provide the same numbers for the last three (3) years.

Response:
Verizon objects to this interrogatory because it would require Verizon to perform detailed studies, which would be unduly burdensome.

45. Please provide a description of the function of the NOREC, as it is used in the file "FL Wholesale Ordering Appendix", worksheet "AOLR", cell C17.

Response:
The National Order/Referral Entry Center (NOREC) is an off-line group responsible for entering all faxed LSRs (Manual Orders) into the Secured Integration Gateway System (SIGS).

46. Provide a description, purpose and supporting documentation on the items in the:
    a) Cost Study CD-ROM,
        1) Folder VZ Florida Cost,
            i) Folder Verizon FI-OSS & NRC Models,
                a) File FL Wholesale Ordering Appendix,
                    1) Worksheet AOLS-1&2,
                    - Projects cell C30,
                    - Late Order Report cell D30,
                    - Late Order Report cell D31,
                    - State Project cell D32,
                    - Miscellaneous Disconnects cell D34,
                    - Indirect Time cell C45, Meetings cell D46,
                    - Telephone Inquiry cell D47,
                    - Job Aids cell D48,
                    - Coaching cell D49, and
                    - Break Time cell D50.

Response:
The following were activities performed by the NMC representatives during the work sampling study.

a) Projects –Multiple orders or orders requiring additional work time are designated as projects and are assigned to the Off-line group.

b) Late Order Report – One of the projects performed by the off-line representatives and observed during the Work Sampling study. This report is representative of projects assigned to the Off-line group on a regular basis.

c) State Project - One of the projects performed by the off-line representatives and observed during the Work Sampling study. This project is representative of projects assigned to the Off-line group on a regular basis.

d) Miscellaneous Disconnects –Multi-line disconnects or other more complex disconnects requiring additional work time.

e) Indirect Time – Category of work times required for this job function during a normal work day and that are not directly attributable to order entry.

f) Meetings – Indirect time attending meetings with work group, supervisors or managers.

g) Telephone Inquiry – Indirect time the off-line representatives were observed responding to or initiating customer or inter-departmental telephone inquiries.

h) Job Aids – Indirect time the off-line representatives were observed accessing reference materials.

i) Coaching – Indirect time the off-line representatives were observed receiving coaching from supervisors regarding order requirements.

j) Break Time – Indirect time the off-line representatives were away from their workstations on break.

Backup documentation for the work sampling consists of voluminous paper documents. Verizon objects to producing this documentation, because copying and producing it would be unduly burdensome and time-consuming. However, all of these documents are available for review upon request at Verizon's corporate offices located at 600 Hidden Ridge, Irving, Texas 75038.

47. Please provide the common name (academic name) and a description of the methodology used in the Cost Study CD-ROM:
    a) Folder VZ Florida Cost,
        1) File FL Wholesale Ordering Appendix,
            i) Worksheet AMON-1&2,
                a) Columns and cells, G6, H6, I6, J6, K6, and L6, using Observations, Direct Minutes, Indirect Percent, Total Minutes, Activity per Order. Provide all documentation used to establish this as the methodology of choice for this study.

Response:

a) Observations refer to the monitoring and recording of the time taken for each task associated with the ordering of Verizon's services and products. During the work sampling study, an observation is performed every quarter hour during the business day on a group of Service Representatives to record the details of the task he or she is conducting at that time.

b) Direct minutes are the observations converted to minutes; these are representative of the time spent on each task.

c) Indirect Percent is the amount of time determined from the work sampling observations which is spent on other tasks and not directly on service orders.

d) Total minutes are full time equivalent minutes, which include the proportionate indirect time.

e) Activity volume is the volume of orders worked by the group of service representatives under observation during the work sampling study.

f) Minutes per Order are calculated by dividing the Total Minutes by the Activity Volume observed during the work sampling study. The underlying assumption is that the proportion of time the activity is observed in the sample will be the proportion of time spent on the activity in general.

The following explains the methodology used in the study.

OVERVIEW

Work Sampling is a statistical method that allows the actual work time expended by employees to produce a unit of work to be captured for purposes of work force sizing. This methodology is utilized for work groups performing variable work functions versus "assembly line" types of activities.

Time and motion studies are suitable for measuring the actual work time expended for assembly line types of activities because there is little variation in the types of activities performed at each workstation in the assembly line. Where there are wide variations in

the work activities and the work times to perform those activities, Work Sampling provides a less costly method of capturing the volume of observations required to produce an acceptable statistical confidence level of average work time by activity type.

STUDY METHOD

A Work Sampling study team consists of impartial observers who observe employees performing the work activities for which average work times will be developed. The number of observers depends on the number of employees to be observed. For example, if 26 employees will be simultaneously observed, it will require 2 observers to conduct the study. Each observer would be responsible for 13 employees during the study period. Each employee is observed four times per hour, therefore each observation represents a 15-minute segment of the employee's work time.

Training for the observers is not a complicated process and usually consists of two days of training. The observers need no technical knowledge of the work being performed. It is helpful if the observers are familiar in concept with the work activities, and this is generally accomplished by having the observers sit for a day with a cross-section of employees that will be observed. Observers are also provided a four hour class on the principles of Work Sampling, how the observations will be recorded, and how the daily results will be tabulated. This is followed up with the practice session, during which time the observers are able to clarify any area of the Work Sampling procedures as necessary.

The length of the study will depend on the number of observations that are required to produce valid results at the lowest level of detail required. For example, if 100 observations per employee are desired then the study must continue until those 100 observations x 26 employees (2600) are observed. Since 100 observations would equal 25 hours (4 observations per hour) the study must continue at least 3 days for 8 hours each day. Another way to look at the study length is to base it on the category studies. If it is desirable to ensure that at least 100 drivers are accumulated for each product type, and there are 7 product types, then the 26 employees would be observed for as many days as it takes to accumulate the driver volume. If a particular product driver takes longer to accumulate because of a lower frequency of occurrence, then the study length could expand into a longer period of time. For example, if the daily average volume of all trouble tickets is 100 and the tickets are evenly distributed (14 per product type daily) then the study would continue approximately 7 days. If, however, a complex product type only received 1 ticket per day on average, it might be cost-prohibitive to obtain the volume of observations desired. In these cases, it is common to utilize "subject matter expert (SME) opinions" to validate the results from the low volume of samples obtained during the 7-day study to develop and estimated work time for these types of complex services.

VERIFICATION

STATE OF FLORIDA)
) ss.
COUNTY OF HILLSBOROUGH)

BEFORE ME, the undersigned authority, personally appeared Michelle A. Robinson, who deposed and stated that the answers to the First Set of Interrogatories (Nos. 1-47) served on Verizon Florida Inc. by AT&T and MCI in Docket No. 990649B-TP, were prepared at her request and she is informed that the responses contained therein are true and correct to the best of her information and belief.

DATED at Tampa, Florida, this 26 day of February, 2002.

Michelle A. Robinson

Sworn to and subscribed before me this 26th day of Feb., 2002.

Notary Public
State of Florida

OFFICIAL NOTARY SEAL
TERESA ANN SCOBIE
NOTARY PUBLIC STATE OF FLORIDA
COMMISSION NO. CC777388
MY COMMISSION EXP. OCT. 21,2002

Name Typed or Printed/Commission No.

My Commission Expires: