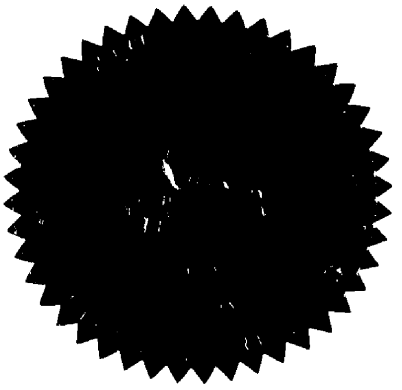
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 020960-TP

In the Matter of

PETITION FOR ARBITRATION OF OPEN ISSUES RESULTING FROM INTERCONNECTION NEGOTIATIONS WITH VERIZON FLORIDA, INC. BY DIECA COMMUNICATIONS, INC. d/b/a COVAD COMMUNICATIONS COMPANY.
_____/



ELECTRONIC VERSIONS OF THIS TRANSCRIPT ARE A CONVENIENCE COPY ONLY AND ARE NOT THE OFFICIAL TRANSCRIPT OF THE HEARING, THE .PDF VERSION INCLUDES PREFILED TESTIMONY.

PROCEEDINGS:	HEARING
BEFORE:	COMMISSIONER J. TERRY DEASON COMMISSIONER BRAULIO BAEZ COMMISSIONER RUDOLPH BRADLEY
DATE:	Wednesday, May 14, 2003
TIME:	Commenced at 9:30 a.m. Concluded at 9:50 a.m.
PLACE:	Betty Easley Conference Center Room 148 4075 Esplanade Way Tallahassee, Florida 32399-0850
REPORTED BY:	JANE FAUROT, RPR Chief, Office of Hearing Reporter Services FPSC Division of Commission Clerk and Administrative Services (850) 413-6732

APPEARANCES:

CHARLES WATKINS, 1230 Peachtree Street, NE, 19th Floor, Atlanta, Georgia 30309-3574, and VICKI GORDON KAUFMAN, Esquire, McWhirter, Reeves, McGlothlin, 117 South Gadsden Street, Tallahassee, Florida 32301, appearing on behalf of Covad Communications Company.

AARON PANNER and SCOTT H. ANGSTREICH, Kellog Huber Law Firm, 1615 M Street, NW, Suite 400, Washington, DC 20036, appearing on behalf of Verizon Florida, Inc.

LEE FORDHAM, Esquire, FPSC General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the Commission Staff.

I N D E X

WITNESSES

NAME:	PAGE NO.
Joint Prefiled Direct Testimony of Valerie Evans and Michael Clancy Inserted	8
Joint Prefiled Rebuttal Testimony of Valerie Evans and Michael Clancy Inserted	52
Prefiled Direct Testimony of Ronald Hansen Inserted	84
Prefiled Direct Testimony of David J. Kelly and John White Inserted	96
Prefiled Direct Testimony of Rosemarie Clayton Inserted	103
Prefiled Direct Testimony of Faye H. Raynor Inserted	108
Prefiled Direct Testimony of John White Inserted	117
Prefiled Direct Testimony of Don Albert and Alice B. Shocket Inserted	129
Prefiled Rebuttal Testimony of Ronald H. Hansen Inserted	157
Prefiled Rebuttal Testimony of David Kelly and John White Inserted	161
Prefiled Rebuttal Testimony of Faye H. Raynor Inserted	164
Prefiled Rebuttal Testimony of Alice B. Shocket and Don Albert Inserted	166
CERTIFICATE OF REPORTER	184

EXHIBITS

NUMBER:		ID.	ADMTD.
1	Hearing Transcript - Pennsylvania	178	178
2	Hearing Transcript - New York	178	178
3	Composite - Covad Stip	182	182
4	Composite - Verizon's Stip	182	182
5	EDC-1	182	182
6	RCD-1	182	182
7	ASD-1	182	182
8	FRD-1	182	182
9	DKD-1	182	182
10	Briefs re: Pennsylvania and New York Proceedings	182	182
11	(Late-Filed) responses to Staff's Third Set of Interrogatories and Staff's First Request for Production of Documents.	182	182

P R O C E E D I N G S

COMMISSIONER DEASON: Call the hearing to order. Could I have the notice read, please.

MR. FORDHAM: Pursuant to notice issued April 9, 2003, this time and place has been set for a hearing in Docket Number 020960-TP for the purposes set forth in the notice.

COMMISSIONER DEASON: Thank you. Take appearances.

MS. KAUFMAN: Good morning, Commissioners. Vicki Gordon Kaufman, I'm with the McWhirter Reeves law firm here in Tallahassee, I'm appearing on behalf of Covad Communications. And I have co-counsel with me appearing by telephone.

MR. WATKINS: Good morning, everyone. This is Gene Watkins, Vicki's co-counsel with Covad Communications.

MR. FORDHAM: I think also Verizon has counsel on the telephone, Commissioner.

COMMISSIONER DEASON: Okay. Verizon, please make your appearance.

MR. PANNER: Good morning, Your Honor. This is Aaron Panner of Kellog, Huber, Hansen, Todd & Evans in Washington. And I have with me Scott Angstreich. And I believe -- is Dave Christian with you there?

COMMISSIONER DEASON: Yes, he is.

MR. PANNER: Very good.

MR. FORDHAM: And Lee Fordham representing the Commission.

COMMISSIONER DEASON: Okay. Mr. Fordham, do we have any preliminary matters?

MR. FORDHAM: Commissioner, I'm not aware of any preliminary matters. As we discussed at the prehearing in this matter, the parties had stipulated that it would be what we have called a paper hearing, whereby all testimony and exhibits will be stipulated in with cross-examination waived.

So, other than that, I can't think of any preliminary matters. None have come to my attention.

COMMISSIONER DEASON: Ms. Kaufman or Mr. Watkins, any preliminary matters?

MS. KAUFMAN: No, Commissioner.

MR. WATKINS: No, Commissioner.

COMMISSIONER DEASON: Mr. Panner, any preliminary matters?

MR. PANNER: No, sir.

COMMISSIONER DEASON: Very well. Well, then I would propose that we get to the -- Commissioners, anything that you need to discuss at this point? Very well.

I would propose then that we go ahead and enter into the record the prefiled testimony of the witnesses that are identified on Page 5 of the prehearing order. And we will also need to identify exhibits which may accompany the testimony. And I would propose that we would begin with the Covad witnesses, Witnesses Evans and Clancy.

Ms. Kaufman, could you help me out with identifying -- if there are any accompanying exhibits for the witnesses, as we proceed through your witnesses, I would appreciate that.

MS. KAUFMAN: Certainly, Commissioner. Covad has in its direct testimony its joint testimony of Valerie Evans and Michael Clancy consisting of 44 pages. There are no exhibits to that testimony.

COMMISSIONER DEASON: Very well. The prefiled testimony then without objection shall be inserted into the record. And there are no accompanying exhibits to that prefiled testimony. If it is acceptable we will just go ahead and insert the rebuttal testimony as well at this point.

MS. KAUFMAN: And Covad also has proffered the rebuttal testimony of Ms. Evans and Mr. Clancy consisting of 30 pages. And, again, they have no exhibits.

COMMISSIONER DEASON: Very well. The prefiled rebuttal testimony of Witnesses Evans and Clancy shall be inserted into the record. And there are no accompanying exhibits.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A The purpose of our joint direct testimony is to provide the factual basis for DIECA Communications, Inc.'s, d/b/a Covad Communications Company, ("Covad") position on those issues in this arbitration which are not purely legal in nature. Because most of Covad's interactions with Verizon occur in other states, many of the examples of problematic events occurred outside of Florida and are included in our testimony for anecdotal purposes here.

Q. Ms. Evans, please state your name, title and business address.

A. My name is Valerie Evans, Vice President – Government and External Affairs for Covad, located at 600 14th Street, N.W., Suite 750, Washington, D.C 20005.

Q. Ms. Evans, please describe your responsibilities at Covad.

A. As Vice President – Government and External Affairs for Covad, I act as a liaison between Covad's business personnel and Verizon. I am also responsible for participating in various federal and state regulatory proceedings, representing Covad

Q. Ms. Evans, please describe your career prior to joining Covad.

A. Before joining Covad, I was employed by Verizon Communications for 13 years. After joining that company in 1985, I held various management positions including Assistant Manager of Central Office Operations and Manager of Installation, Maintenance and Dispatch Operations. In those positions, I oversaw the installation and maintenance of services to retail

customers. Specifically, I supervised several groups that were responsible for the physical end-to-end installation of facilities and the correction of any defects or problems on the line In 1994, I became Director of ISDN Implementation. In that position, I established work practices to ensure delivery of ISDN services to customers and to address ISDN facilities issues -- issues very similar to those encountered in the DSL arena.

Q. Ms. Evans, have you previously filed testimony in this proceeding?

A. No.

Q. Mr. Clancy, please state your name, title and business address.

A. My name is Michael Clancy, Director of Government and External Affairs for Covad, located at 15 Exchange Place, Suite 620, Jersey City, NJ 07302

Q. Mr. Clancy, please describe your responsibilities at Covad.

A. As Director of Government and External Affairs for Covad, my responsibilities include negotiating resolutions to business and collocation disputes with Verizon, coordinating Operations, Product Development and Engineering relations with Verizon, representing Covad in performance assurance plan development with Verizon; and representing Covad at regulatory and industry collaboratives and proceedings.

Q. Mr. Clancy, please describe your career prior to joining Covad.

A. Prior to my current position, I performed customer support and operations functions for Covad's New York tri-state region. In particular, I was responsible for building out Covad's network in New York and all other operations activities. Prior to coming to Covad, I was employed by Verizon's

predecessor companies, in various network services, special services, and engineering assignments, with increasing levels of responsibility, for over 27 years. My last assignment in Verizon New York was director of interoffice facility provisioning and process management for the Bell Atlantic 14-state footprint.

Q. Mr. Clancy, have you previously filed testimony in this proceeding?

A. No.

Q. What role did each witness play in the preparation of this testimony?

A. Although both of us have reviewed and support this testimony in its entirety, each of us assumed primary responsibility for specific segments of testimony. We each rely on the facts and analyses developed by the other in his or her areas of primary responsibility. Specifically:

- Ms Evans is primarily responsible for the billing and operation process issues.
- Mr. Clancy is primarily responsible for technical, engineering and operations issues.

ISSUES 2 AND 9:

Q. Should the parties have the unlimited right to assess previously unbilled charges for services rendered?

A. No. Back-billing should be limited to services rendered within one year of the current billing date in order to provide some measure of certainty in the billing relationship between the parties.

Q. Should the anti-waiver provisions of the agreement be implemented subject to the restriction that the parties may not bill one another for services rendered more than one year prior to the current billing date?

A. If Covad's position on Issue 2 is accepted, the waiver provisions of the Agreement should be modified to take the one year limit on back-billing into account.

Q. Can you please provide the factual basis for Covad's position on Issues 2 and 9?

A. Verizon's ability to assess previously unbilled charges for services rendered should be limited to services rendered within one year of the current billing date The time and expense necessary to resolve back-bills older than one year as well as the difficulty of accounting for back-bills older than one year cause a serious impediment to Covad's ability to manage its business effectively.

Q. Can you give this Commission an example of Verizon back-billing?

A. Yes. Between the August 4, 2001 and September 4, 2001 billing cycles, Verizon inexplicably added approximately one million one hundred thousand dollars ($1.1 million) for various unidentified back-billed charges dating back to July 1, 2000. Incredibly, for a one million dollar back-bill, Verizon did not set apart the charge as a "new" charge under the current charges section of the bill Rather, the charges showed up for the first time under "Balance Due Information." Additionally, Verizon placed this back-bill

on a New York High Capacity Bill despite the fact that the back-bill was for line sharing charges in numerous jurisdictions.

The detail regarding the $1.1 million back-bill was limited to "Adjustment of local switching charges loop/line sharing 7/1/00-6/30/01." There was no identification of the circuits being billed. After expending significant resources over a period of 9 months to identify what the $1.1 million in charges where for, Covad determined, and Verizon agreed, that over $358,000 of the back-bill – or more than 30% of the bill – were invalid charges.

To add insult to injury, during the period that Covad and Verizon were resolving the claim, Verizon erroneously billed the $1.1 million *again*. Covad filed another claim for the second application of the $1 1 million, while the original claim for the $1.1 million remained open. Despite repeated requests, Verizon was unable to produce adequate supporting documentation until the issue was escalated to Verizon's Vice President.

Q. How does Verizon back-billing impact Covad?

A. Allowing Verizon to back-bill without time limitations creates significant problems for Covad. One, Covad is not the ultimate party to be billed. As a wholesale provider, Covad may still have to pass these charges through to its retail customer. Back billing a retail customer results in a loss of goodwill and creates other potential problems.

Moreover, Covad's officers must attest to the accuracy of financial statements

filed with the Securities and Exchange Commission ("SEC"). If Verizon is able to back-bill Covad for material billing errors as old as six years out of date – as Verizon proposes—then Covad may be faced with amending multiple years of SEC filings to adjust for errors created by Verizon's poor billing practices

What makes this interaction more burdensome is Verizon's manual processes. Verizon manually places charges on Covad's bills and then provides a spreadsheet as support for the charges. This method is excessively troublesome for CLECs and prolongs an already lengthy and unreasonable claims and dispute process.

For instance, on a New York February 2002 bill, Verizon back-billed Covad for Line and Station Transfer ("LST") charges amounting to $12,173.35 and $9,064.86. A spreadsheet was sent to Covad by its Verizon account manager asserting Verizon's erroneous Line Station Transfer charges for the $12,173.35 amount. The spreadsheet extended over nine different states and Covad never agreed to Verizon's line and station transfer charge of $169.52 nor had the New York Commission approved such a rate. In fact, in December 2002 Verizon acknowledged that it had withdrawn such a charge in New York as of December 2001. Nevertheless, this charge was manually applied to a February 2002 invoice. Verizon never explained the charges associated with the $9,064.86 charge.

Verizon is not adequately updating its billing system to support new products. When Verizon provides a new product, it does not create billing codes for elements that will allow it to bill on a mechanized basis. As a result, Verizon is manually processing invoices and spreadsheets, increasing human error and greatly increasing the chance for incorrect billing. Further, once the billing is mechanized, this is not effectively communicated through the Verizon organization and the CLEC sometimes is doubled billed, on a manual and mechanized basis. While Verizon recently stated in its OSS Reply Declaration in the Virginia 271 proceeding that, as of January 2002, it had ceased manually billing for rate elements that have not been mechanized. Nevertheless, as outlined above, Verizon was still submitting manual bills for LSTs in February 2002. Verizon has no requirement to change its policy and may change, revoke or deviate from its own policy at anytime.[1]

Covad receives thousands of bills from Verizon and other ILECs and carriers monthly, which all have to be reconciled within the appropriate payment period. It is Covad's desire to have these bills processed in a mechanized fashion. When Verizon manually applies charges, Covad is required to invest significant resources to investigate the legitimacy of the charges. This negatively impacts Covad's ability to pay these charges in a timely fashion.

As discussed further under Issues 4 and 5, Covad receives a large volume of

---

[1] In the Matter of the Inquiry into Verizon Virginia Inc.'s Compliance with the Conditions Set Forth in 47 U.S.C. Section 271(c), OSS Reply Declaration on Behalf of Verizon Virginia Inc., Case No PUC-2002-0046, pg. 69 (May 31, 2002).

bills and files over 1,300 billing disputes a year. Given the volume of Verizon bills received by Covad on an annual basis, the volume of bills in dispute, and the unreasonably lengthy claims process, it is clear that Covad's complaints about Verizon billing represent material problems for Covad's business and customer satisfaction.

ISSUE 3:

Q. When a good faith dispute arises between the parties, how should the claim be tracked and referenced?

A. When a billed Party gives notice to the billing Party of a dispute regarding a billed amount, the billing Party should assign a Claim Number to the dispute for the purpose of allowing both Parties to reference the dispute quickly and accurately in correspondence and other communications. Covad's claim number should appear on all correspondence, bills, credits and other documents related to a dispute.

Q. Please explain the factual basis for Covad's position on Issue 3?

A. When Covad submits a dispute to Verizon, Covad assigns its own claim tracking number to the dispute. In fact, Verizon requires that Covad assign its own claim number to the dispute. Verizon uses Covad's claim number in an infrequent and haphazard manner. Verizon's failure to include the claim number assigned to claims by Covad on all documents related to a claim makes verifying the charges and resolving claims extremely difficult.

Although Verizon puts a claim number on some letters related to a dispute, sometimes the claim number is Covad's and sometimes it is Verizon's. If it is Verizon's claim number it is useless to Covad.

For instance, when issuing credits on the bills, Verizon does not always reference the claim number. In fact, at times Verizon fails to reference any claim number, neither Covad's nor its own, when issuing credits on a bill. Across the spectrum of claims, credits and debits, Verizon is inconsistent on whether they reference the claim number with the credit on the bill.

When Verizon puts an adjustment for late fees or tax claims on the bill they will usually, but not always, provide Covad's claim number However, if the claim is for incorrect quantities or incorrect rates, the claim number is not given with the credit. Verizon's practice of inconsistently using Covad's tracking number makes verifying credits difficult. For example, if Verizon charges Covad incorrectly for power, such as charging for two feeds instead of one, Verizon will issue a credit for two feeds and a charge for one feed, instead of just issuing one credit. Typically, the charge and credit cover more than a one-month period (fractional charges). Therefore, Covad receives a credit that has been combined and cannot – absent Covad's original claim number -- be searched for by the amount of the claim submitted

Edward Morton, Verizon's Vice President of Billing, has told Covad numerous times that the new WCIT (Wholesale Claim and Inquiry Tracking)

system -- that will be implemented by the end of the second quarter 2003 -- will address this problem. Initially, Covad was informed that WCIT would be implemented by the end of the first quarter 2003. More recently, Verizon has pushed back this date to the second quarter of 2003. However, Verizon has not proposed an interim resolution to this problem and, absent a contractual obligation, Covad cannot be assured of any resolution to this problem.

ISSUES 4 AND 5:

Q. **When the billing party disputes a claim filed by the billed party, how much time should the billing party have to provide a position and explanation thereof to the billed party?**

A. The Billing Party should provide its position and a supporting explanation regarding a disputed bill within 30 days of receiving notice of the dispute.

Q. When Verizon calculates the late payment charges due on disputed bills (where it ultimately prevails on the dispute), should it be permitted to assess the late payment charges for the amount of time exceeding thirty days that it took to provide Covad a substantive response to the dispute?

A. No. Late payment charges should not accrue for the time that Verizon takes to address the dispute beyond thirty days. Any other outcome would mean that Verizon could profit from a failure to timely resolve billing disputes.

Q. Please explain the factual basis for Covad's position on Issue 4?

A In the past, Verizon has failed to respond to disputes filed by Covad or responded at an unacceptably slow pace. With respect to UNE loops, there have been numerous instances where Verizon has taken months to get back to Covad after Covad filed a dispute. These delays apply to other services as well. For example, Covad submitted claims and, as agreed to by the parties, sent monthly spreadsheets for collocation claims. Verizon was supposed to return the spreadsheet with the status of the claims within 30 days. However, it took Verizon over six to eight months to get that back to Covad.

In the year 2002, Covad has filed over 1,300 billing claims with Verizon East. In Covad's experience, it takes an average of 221 days to resolve a high capacity access/transport claim, 95 days to resolve a resale/UNE claim, and 76 days to resolve a collocation claim in the Verizon East region. Covad still has 3 disputed billing claims open with Verizon since the year 2001. These disputed charges total to more than $100,000, yet Verizon has continued to drag its feet in resolving them. In New York, Covad still has a billing claim open with Verizon since April 2002. Covad even escalated these billing disputes to Verizon's Vice President of billing, and Covad received assurances that these disputes would be resolved by August 15, 2002. Nonetheless, Verizon allowed the August 15 date to pass by without taking any action on Covad's disputed charges. As a consequence, Covad is forced to more closely monitor its bills and pursue expensive and time consuming billing disputes, claims and queries.

When asked to improve their responsiveness to claims in the Verizon West region, Verizon started closing out claims within 24 hours by denying claims without any investigation. Such a response is clearly unacceptable. The Interconnection Agreement between Verizon and Covad must provide for specific deadlines for the procedures used to resolve claims. When not clearly set-out, Verizon has shown a willingness to play games with the claim resolution procedures. Verizon also claims that billing metrics requiring resolution of billing claims within 28 calendar days only apply to UNE loop claims and do not apply to high capacity access/transport and collocation claims.

As Covad recently explained in detail to Verizon, Verizon has been repeatedly misapplying Covad payments to the wrong accounts, resulting in underpayments in the accounts for which payment was intended, unnecessary and unwarranted late fees for Covad, and raising the prospect of unwarranted service disconnection by Verizon. Indeed, Covad has received multiple disconnect notices for several billing account numbers for which Covad's records indicate it has paid all amounts due in full. Verizon agreed that Covad's accounts were correct and is adjusting their accounts accordingly. Verizon's inability to correctly apply Covad's payments results in wasteful efforts by both Verizon's and Covad's organizations to identify and resolve unnecessary billing disputes. Furthermore, as Covad's experience illustrates, these disputes are not isolated occurrences. Rather, Covad's experience

illustrates that Verizon's inability to bill competitors correctly is a problem that is growing in scope and prevalence, reflecting a pattern of behavior that is anticompetitive and discriminatory, whether by design or otherwise.

Q. Please explain the factual basis for Covad's position on Issue 5?

A. Once a claim has been acknowledged by Verizon, the late payment charges associated with that claim should be suppressed until the claim is resolved. Verizon's current practice results in numerous unnecessary claims. Currently, Verizon is assessing Covad late payment charges on amounts that are in the process of being disputed. Covad then files a dispute for those late payment charges. The following month, Verizon will assess late payment charges on the original disputed amount *as well as* the disputed late fee charges from the prior month.

It can take months for a dispute to be resolved and Covad must file a dispute each time a late payment charge is assessed in addition to the original dispute. So, instead of having to file only one claim for a dispute, Covad ends up having to file multiple claims to address the late payment charges, depending on how long it can take to resolve the claim and issue a credit. Typically, Covad gets charged a late fee for the disputed amount on the same invoice that has the credit on it and therefore, Covad must, yet again, file one more claim for late payment charges once the credit has been applied. All of this unnecessary bureaucracy can be avoided easily by suspending late payment charges until the underlying dispute is resolved.

ISSUE 8:

Q. **Should Verizon be permitted unilaterally to terminate this Agreement for any exchanges or territory that it sells to another party?**

A. No. Verizon should not be permitted to terminate the Agreement unilaterally for exchanges or other territory that it sells. Otherwise, Verizon will have no incentive to avoid disrupting Covad's provision of services to its customers. Covad's proposed contract language for this provision allows Verizon to assign the Agreement to purchasers, thereby allowing for uninterrupted service to Florida consumers.

Q. Please explain the factual basis for Covad's position on Issue 8?

A In order to enter into and compete in the local exchange market throughout Florida, Covad must be assured that if Verizon sells or otherwise transfers operations in certain territories to a third-party, then such an event will not alter or cast doubt on Covad's rights under the interconnection agreement, or undermine Covad's ability to provide service to its residential and business customers. If Verizon's contract language is adopted, Covad – and its customers - will be unable to rely on continuous wholesale service pursuant to the terms of a fully negotiated and arbitrated, and fully known, interconnection agreement.

Such an unforeseen and dramatic shift would be a devastating blow to Covad, potentially negating and rendering obsolete Covad's capital investment in

equipment, software, and systems used in or for various exchanges. Covad could potentially lose many customers and the associated revenue streams. Moreover, Covad's extensive investments made in marketing efforts and the development of customer good will would essentially be stranded.

Giving Verizon the option to terminate the Agreement upon sale or transfer creates an unusual and non-mitigatable business risk that could cost Covad millions of dollars.

ISSUES 13, 32, 34 AND 37:

Q. In what interval should Verizon be required to return Firm Order Commitments ("FOCs") to Covad for pre-qualified local service requests submitted mechanically and for local service requests submitted manually?

A. Verizon should (a) return firm order commitments electronically within two (2) business hours after receiving an LSR that has been pre-qualified mechanically and within seventy-two (72) hours after receiving an LSR that is subject to manual pre-qualification; and (b) return firm order commitments for UNE DS1 loops within forty-eight (48) hours. The intervals proposed by Covad are identical to those set forth in New York's current guidelines. Firm Order Commitments ("FOCs") are critical to Covad's ability to provide its customers with reasonable assurances regarding the provisioning of their orders. Covad is not seeking to change the industry-wide performance standards. Instead, Covad wants certain intervals that are of particular importance to it included in its interconnection agreement. With respect to

line sharing, Verizon's current business target of provisioning loops within three days is outdated and should be significantly shortened. None of the benchmarks proposed by Covad are unreasonable given that they represent the performance that Verizon is already providing to CLECs for these functions, where states have initiated performance guidelines and these functions are measured.

Q. What terms, conditions and intervals should apply to Verizon's manual loop qualification process?

A. In instances when Verizon rejects a Covad mechanized loop qualification query, Covad should be allowed to submit an "extended query" to Verizon at no additional charge. Such a query could avoid the need for, and costs of, manual loop qualification. Covad should be able to submit either an extended query or a manual loop qualification request in instances when the Verizon customer listing is defective, not just in cases where the Verizon database does not contain a listing. Finally, Verizon should complete Covad's manual loop qualification requests within one business day.

Q. In what interval should Verizon provision loops?

A. Verizon should provision loops within the shortest of either: (1) the interval that Verizon provides itself; (2) the Commission-adopted interval; or (3) ten business days for loops needing conditioning, five business days for stand-alone loops not needing conditioning, and two business days for line shared

loops not needing conditioning. These intervals are reasonable and ensure that Covad receives reasonable and nondiscriminatory access to UNE loops.

Q. What should the interval be for Covad's line sharing Local Service Requests ("LSRs")?

A. If a loop is mechanically pre-qualified by Covad, Verizon should return a Local Service Confirmations ("LSCs") formerly referred to as Firm Order Confirmations ("FOCs") confirmation within two business hours for all Covad LSRs. This interval is reasonable and would ensure that Covad is provided reasonable and nondiscriminatory access to Verizon's OSS.

Q. Please provide the factual basis for Covad's position on Issues 13, 32, 34 and 37?

A. Firm Order Commitments ("FOCs") are critical to Covad's ability to provide its customers with reasonable assurances regarding the provisioning of their orders. A FOC from Verizon confirms that Verizon will deliver what Covad requested and allows Covad to inform a customer that the service they requested will be delivered. A FOC date is also critical for the provisioning process of stand-alone loops. It identifies the date Verizon will schedule its technician to perform installation work at the end user's address. The end user is required to provide access to their premises, and potentially to negotiate access to shared facilities, where Verizon's terminal is located, at their premises. Providing a FOC within a single day facilitates Covad's ability to contact the end user, and assure they will be available. This capability

assists in resolving one of the remaining inefficiencies that remain in the provisioning process: "No Access" to the end user's premises for the Verizon technician. If the end user is not able to provide access on the originally scheduled FOC date, Covad can communicate with the end user and get back to Verizon to reschedule the FOC. The efficiency gained by such an improvement will provide significant savings to Verizon and Covad -- as well as significantly improving the customer experience.

With respect to line sharing, Verizon's current business target of provisioning loops within three days is outdated and should be significantly shortened. If Verizon is claiming that it provides good performance on loop provisioning intervals, then it should be the goal of the Commission to continually seek to raise the bar and have the intervals shortened in order to bring advanced services to Florida consumers more quickly.

This concept was explored by the new York DSL Collaborative and in Technical Conferences related to New York Case 00-C-0127 in July and August 2000 The participants discussed starting the Line Sharing interval at three days and revisiting the interval to progressively reduce it; first to two days and possibly to a single day. This was based upon the significant difference in the amount of work required to deliver a line shared service rather than a stand-alone service.

For line sharing, the loop already exists and is working since the voice line is

in service. Covad has become aware that the Hot-Cut process calls for all the pre-wiring to be complete within two days. Since the cross-wiring and assignment requirements for line sharing are less than those required for Hot Cuts, and there is no coordination requirement, Verizon should recognize these facts and reduce the line sharing interval to two days. Notably, BellSouth, where the splitter is ILEC-owned and requires an additional assignment step, has reduced the line sharing provisioning interval to two days.

ISSUES 19, 24 AND 25:

Q. Should Verizon be obligated to provide Covad nondiscriminatory access to UNEs and UNE combinations consistent with Applicable Law?

A. Yes. Verizon should provide Covad UNEs and UNE combinations in instances when Verizon would provide such UNE or UNE combinations to itself. Pursuant to Section 251(c)(3) of the Act, and applicable FCC rules, Verizon is obligated to provide Covad access to UNEs and UNE combinations on just, reasonable, and nondiscriminatory terms. As the FCC itself has found, Section 251(c)(3)'s requirement that incumbents provide CLECs "nondiscriminatory access" to UNEs requires that incumbents provide CLECs access to UNEs that is "equal-in-quality" to that which the incumbent provides itself. *Local Competition Order*, ¶ 312; 47 C.F.R. § 51.311(b). Indeed, the United States Supreme Court has affirmed the fact that Section 251(c)(3) obligates incumbents to provide requesting carriers combinations

that it provides to itself. *Verizon Communications v. FCC*, 535 U.S. __, __ (2002) ("otherwise, an entrant would not enjoy true 'nondiscriminatory access'" pursuant to section 251(c)(3)). As the FCC has found, the same reasoning requires that incumbents provide requesting carriers UNEs in situations where the incumbent would provide the UNE to a requesting retail customer as part of a retail service offering. Verizon's proposed language would unduly restrict Covad's access to network elements and combinations that Verizon ordinarily provides to itself when offering retail services. Verizon should provide Covad UNEs and UNE combinations in accordance with Applicable Law. Verizon cannot limit Covad to those UNEs combinations that are already set forth in Verizon tariffs.

Q. Should Verizon relieve loop capacity constraints for Covad to the same extent as it does so for its own customers?

A. Consistent with the nondiscrimination provisions of the Act, the Agreement should obligate Verizon to relieve capacity constraints in the loop network to provide loops to the same extent and on the same rates, terms and conditions that it does for its own customers.

Q. Should Verizon provision Covad DS-1 loops with associated electronics needed for such loops to work, if it does so for its own end users?

A. Yes. Verizon should provision Covad DS-1 loops with associated electronics for such loops to work, at no additional charge, in instances when such electronics are not already in place, if it does so for its own end users.

Q. What is Covad's factual basis for the position it is taking in this arbitration on Issues 19, 24 and 25?

A. Covad is losing customers because Verizon's unlawful "no facilities" policy results in order cancellations and order rejections. Verizon's policy has caused and continues to cause Verizon to reject Covad's UNE DS-1 loop orders unlawfully. For instance, in New York, as of July 15, 2002, 38% of Covad's UNE DS-1 orders were cancelled or rejected because of Verizon's determination that there were "no facilities." Covad met with Verizon to explore the reasons for Verizon's rejection of several Covad UNE DS-1 loop orders. In the course of that meeting, Covad discovered circumstances in which Verizon's practice was to refuse to provision loops to Covad Specifically, Covad discovered that Verizon was rejecting Covad's orders where provisioning the loop would require the addition of doubler cases, central office shelf space, repeaters, or other equipment to the loop. Verizon, however, does not reject orders for itself where provisioning the loop would require the addition of doubler cases, central office shelf space, repeaters, or other equipment to the loop.

ISSUE 22:

Q. Should Verizon commit to an appointment window for installing loops and pay a penalty when it misses the window?

A. Yes Like any vendor, Verizon should be obligated to provide its customer (Covad) a commercially reasonable three-hour appointment window when it

will deliver the product (loop). Verizon should waive the nonrecurring dispatch charges when it fails to meet this committed timeframe. If Verizon misses additional appointment windows for that same end-user, Verizon should pay Covad a missed appointment fee equivalent to the Verizon non-recurring dispatch charge.

Q. What is the factual basis for Covad's position on Issue 22?

A. Verizon should be obligated to provide its customer (Covad) a commercially reasonable appointment window when it will deliver the product (the loop). Verizon should be required to provide Covad with either a morning ("AM") or afternoon ("PM") appointment window.

Verizon provides morning or afternoon appointments for its retail operations. By clarifying the time that the customer needs to be available, AM or PM appointment windows would make a contribution toward limiting the number of Verizon dispatches that result in "no access" situations, *i.e.*, those situations where Verizon cannot gain access to the end user's premises to complete the installation. "No access" is a problem because it causes a significant delay in service installation. Covad's customers have to stay home more than one time for Verizon to complete its installation, which makes Covad's customers frustrated and unhappy. Subsequent appointments are often at least a week later than the original date, thus, adding more delay. In some instances, end users report that they were indeed home when Verizon reported the no access. This puts us in a "he-said, she-said" situation with our customers. Also,

Covad incurs a financial penalty from the ILEC for each no access situation and for the processing to generate the new date. Covad has every incentive, therefore, to reduce the no access problem. While Covad has been successful in reducing no access, limiting the appointment time can further reduce no access situations.

Covad and Verizon have used the AM and PM appointment window structure in the past to help resolve technician meet problems. In the past, Verizon and Covad had difficulties successfully scheduling technician meets to resolve ongoing trouble reports. Verizon and Covad decided to schedule these as the first job in the morning or the first job after the lunch break. As a result of the AM/PM scheduling, the number of meetings where the appointments were met significantly increased such that this is no longer considered a problem. When the same issue arose in Verizon West, this solution, developed in Verizon East, was employed. Technician meet scheduling is no longer an issue for Operations in Verizon or in Covad. There is no reason why narrowing the appointment window for our customers will not also have a similarly positive result.

ISSUE 23:

Q. What technical references should be used for the definition of the ISDN, ADSL and HDSL loops?

A. The Agreement should refer to industry ANSI standards and not to Verizon's internal (and unilaterally changeable) technical references.

Q. What is Covad's factual basis for its position on Issue 23?

A. Covad has requested that Verizon utilize only industry ANSI standards in the agreement rather than Verizon Technical Reference 72575 (TR 72575) for ISDN, ADSL and HDSL loops. Covad's position is based on the notion that in an industry where it is routine for carriers to operate in multiple-states and in a variety of ILEC territories, use of national industry standards are the best means of defining technical terms for purposes of an interconnection agreement. Verizon's preference for the applicability of its own in-house definitions of these terms (Verizon Technical Reference 72575), in addition to ANSI standards, should be rejected as it merely creates potential for confusion and mis-interpretation of each parties' respective rights under the Agreement. Moreover, Verizon's use of in-house definitions, which it may unilaterally revise and change, creates the potential for conflicts between Verizon's interpretations of general, widely used terms such as ISDN, ADSL and HDSL loops, and generally accepted industry-wide definitions. The Agreement should only incorporate industry definitions found in ANSI standards for these technical terms.

ISSUE 27:

Q. Should the Agreement make clear that Covad has the right, under Applicable Law, to deploy services that either (1) fall under any of the loop type categories enumerated in the Agreement (albeit not the one

ordered) or (2) do not fall under any of loop type categories?

A. Yes Covad anticipates that spectrum management law is likely to change during the term of the Agreement as a result of proposed industry proposals presently before the FCC, and agreed to by both Covad and Verizon. (*See* NRIC V FG3 Recommendation #7: Exchange of spectrum management information between loop owners, service providers and equipment vendors (dated Nov. 27, 2001)).

Given that current rules and regulations will inevitably change, Covad's reference to Applicable Law is appropriate and ensures that that the Agreement comports with any changes in law that may occur in the future. Moreover, Verizon's contention that Covad must use the BFR process is entirely unreasonable and burdensome.

ISSUE 29:

Q. Should Verizon maintain or repair loops it provides to Covad in accordance with minimum standards that are at least as stringent as either its own retail standards or those of the telecommunications industry in general?

A Yes. Verizon should be obligated to maintain or repair loops using standards that are at least as stringent as the standards it uses in maintaining or repairing the same or comparable loops for itself or, in the alternative, applicable industry standards for maintaining or repairing such loops. End users expect

and are entitled to receive the quality of service that they pay for and are promised. Verizon's promise to provision industry standard loops pursuant to FCC rules and the Interconnection Agreement rings hollow unless Verizon explicitly promises to provision and maintain in accordance with industry standards. Lacking such promise, Verizon could immediately degrade the quality of the loop below industry standards. Covad has experienced incidents where Verizon evidently changed the underlying facility make-up of UNE Loops that had been provisioned by Covad, and delivered to an end user providing a particular quality of service. Following Verizon maintenance activity, on that loop or an adjacent loop in the terminal, the quality of service delivered to the end user materially declined. Verizon is proposing to be permitted to unilaterally change the characteristics of a service, even to the point where the service no longer behaves in accordance with industry standards, immediately after provisioning a loop. Covad and other CLECs would experience the loss of customer good will due to Verizon's refusal to maintain loops in accordance with industry standards.

By failing to maintain loops to industry standard levels, Verizon limits the services that competitors can provide and hampers its competitors' ability to commit to service level agreements with customers. Such behavior limits one of the effects of competition, i.e., improvement of service quality. Without compliance with minimum industry standards, consumers will be deprived of meaningful competition. For the same reasons Verizon is required to

provision industry standard loops, it should also be required to maintain industry standards. Most importantly, Covad pays a monthly recurring charge to Verizon to maintain each loop in the condition it was ordered.

ISSUE 30 AND 31:

Q. Should Verizon be obligated to cooperatively test loops it provides to Covad and what terms and conditions should apply to such testing?

A. Yes. Cooperative testing assists in the timely and efficient provisioning of functioning loops Verizon should conduct cooperative testing at no additional charge until it can demonstrate that it can consistently deliver working loops to Covad. Covad's proposed language provides specific terms and conditions concerning how the Parties currently conduct cooperative testing and should continue to do so under the Agreement, including, but not limited to, the following:

(i) when Verizon should conduct cooperative testing (i.e., Where Verizon determines a dispatch is required to provision a loop).

(ii) what such testing should entail.

(iii) how the Parties should coordinate such testing. (Verizon will call Covad with the technician on the line to perform the test and Covad will within 15 minutes begin testing with the technician, while testing will take no longer than 15 minutes.)

(iv) what happens if the Verizon technician performing testing is unable to contact a Covad employee. (the Verizon technician will test the loop to ensure it meets the requirements of the Agreement, provide the reason he/she was unable to contact Covad, and later engage in a joint "one way" test with Covad whereby a Verizon employee will call Covad and stay on the line while Covad tests the loop remotely using its equipment to which the loop is connected.)

(v) escalation procedures.

(vi) procedures if the acceptance test fails loop continuity testing; and

(vii) that Verizon should not bill Covad for loop repairs when the repair results from a Verizon problem.

Q. Should the Agreement obligate Verizon to ensure that Covad can locate the loops Verizon provisions?

A. Yes. Verizon should be obligated to tell Covad where it has provisioned a loop. For large office buildings, Verizon will usually provision a loop in the termination room, in which all the loops serving that building are terminated. In situations where Verizon sends a technician to provision a loop, Verizon must "tag" the provisioned loop to allow Covad to find the newly provisioned loop, as opposed to having to search through a virtual bird's nest of wires. In cases in which Verizon provisions a loop without sending a technician,

Verizon must provide Covad sufficient information to allow Covad to locate the circuit being provisioned.

Q. In addition to the difficulties in locating provisioned loops in large buildings, what are the factual bases for Covad's position on Issues 30 and 31?

A. Significantly, the cooperative testing methods and procedures as provided in Covad's proposed contract language were established, for the most part, in the New York DSL Collaborative, were further refined during the Massachusetts 271 proceeding between Covad, Verizon and the Massachusetts DTE. Furthermore, they have been employed by Verizon, not only with Covad, but also with other CLECs, as part of Verizon's provisioning and maintenance processes for stand-alone UNE loops.

The only refinement in the process Covad seeks is that Verizon's technician use Covad's Interactive Voice Response Unit (IVR) while the Verizon technician is performing intermediate tests to either isolate trouble or assure loop continuity. The IVR is an automated way for Verizon to ensure it is delivering a working loop. Verizon technicians can access Covad's IVR through a toll free number. The IVR provides the Verizon technician access to Covad's test head in the collocation arrangement. This is similar to the testing Verizon performs on its retail lines. If Verizon takes advantage of using the IVR, when Verizon's technician contacts Covad for joint acceptance testing, the testing should not be delayed due to defects on the loop. It is

during the joint acceptance call to Covad's toll free number that Covad will test to assure that the loop can properly function, accept it, and receive demarcation information from Verizon. Covad makes this request because it is more efficient for both companies and their respective technicians to communicate while the testing is being performed and cooperatively work together to ensure that newly ordered stand alone loops provisioned by Verizon are properly provisioned, and to provide information so Covad understands where to pick up the loop to connect Covad's service. When this testing was not being performed, Verizon's performance in provisioning loops was abysmal. Furthermore, this call will not be time consuming because Covad's proposed language limits the duration of the call to 15 minutes. The industry determined it is prudent to spend 15 minutes, to prevent potentially spending even more time later if it is found that the loop was not correctly provisioned

Utilization of the IVR along with cooperative testing has proven to increase the amount of loops successfully provisioned or repaired by Verizon. Covad's proposed refinement to the cooperative testing process is intended to improve efficiency and increase quality. Before implementing and using the IVR process, Verizon's technicians would attempt to cooperatively test loops with Covad only to determine that the loop was not meeting specifications. As a result of utilizing the IVR process, Verizon's technicians have been able to accurately detect and repair loops prior to calling Covad to cooperatively test

a loop. This has significantly reduced the number of incidents where a Verizon technician must perform necessary troubleshooting after an initial cooperative testing call. This directly improves the process by only requiring one cooperative testing call, rather than multiple tests. Such testing is needed (a) when Verizon newly provisions a loop because many of the loops that Verizon provides to Covad are at an unacceptable level of quality and (b) after Verizon maintains or repairs a loop because without such testing, trouble tickets are closed prematurely and, as a result, the trouble remains on the loop and another ticket needs to be opened.

In addition to the above, it is imperative that Verizon be on the phone with a Covad employee to provide the test from the correct location. In order for a cooperative test to be valid, the Verizon field technician must be at the customer's network interface device ("NID"), also referred to as a demarcation point, the terminating point of the loop at the customer's premises. Only from the NID can the technician test the loop all the way back to the central office. If the technician, for example, tests the loop from a cross box rather than the NID, the technician is testing only the portion of that loop between the cross box and the central office and is not testing the portion of the loop between the cross box and the NID. This is an incomplete test because if there was a problem in the portion of the loop not tested, it would not be revealed during cooperative testing and could show up after that portion is connected, which in some instances, has occurred after the loop was

cooperatively tested. Without cooperative testing, this fact would be unknown

Relatedly, since Covad dispatches its own technician to complete xDSL installation after the loop is cooperatively tested, Verizon should also be required to label, or "tag", all circuits at the demarcation point. The need for this process is that the Covad technician (i) knows that Verizon has terminated the loop at the customer's premises and (ii) knows where the loop is located. For instance, a loop may be terminated on a pole or in a basement of a multi-dwelling unit instead of to the customer's premises. Verizon has a policy of not building out to the end-user on UNE loops if no facility from the building terminal to the end user premise is available. If Verizon does not complete this activity, a CLEC will not be able to provide voice or data service. The CLEC will not be able to locate the UNE pair in the multi-pair terminal, or similarly in a common space with multiple terminations. Tagging a loop is a practice that has been followed for several generations in telephone operations. To not commit to do something that is recognized as prudently effective is to display an unwillingness to be responsible. Verizon tags loops for itself, particularly when circuits are provisioned to vendors.

Verizon agrees that cooperative testing can identify service-affecting issues with loops before they are provisioned.

ISSUE 36:

Q. Should Verizon be obligated to provide "Line Partitioning" (i.e., Line Sharing where the customer receives voice services from a reseller of Verizon's services)?

A. Yes. Verizon should be obligated to offer a form of line sharing, called Line Partitioning, where end users receive voice services from a reseller of Verizon local services. There is no reason to deny competitive DSL service to end users who chose to purchase local voice services from a reseller, rather than Verizon.

Q. What is the factual basis for Covad's position that Verizon should be obligated to provide Line Partitioning?

A. Covad has lost significant volumes of orders because of Verizon's unreasonable, discriminatory, and anti-competitive policy. The impact of these lost sales on Covad has been hard felt. Verizon's policy has been to the detriment of Florida consumers seeking competitive alternatives and is blatantly anti-competitive because it has done its job of significantly impeding competition, both in the voice and in the DSL markets. Verizon's discriminatory treatment of resellers is currently affecting many of the requests for service that Covad is receiving in Florida and could potentially increase as consumers move to competitive alternatives.

From a technical perspective, Verizon's denial of providing access to the HFPL on resold voice lines is baseless Verizon offers resold DSL over resold voice lines to its resale customers. To provision this, Verizon must write an

order to cross connect the office equipment that provides dial tone for the voice service, to the splitter termination for the Verizon DSLAM This requires the same work functions be performed that would be performed to write an order to direct a central office technician to perform a similar cross connection to wire the exact same office equipment to a different termination that would be a CLEC splitter termination. The exact same work function to provision resold DSL would be executed to provision Line Sharing on a resold line that Covad refers to as "Line Partitioning." This work function is the same work function to provision Line Sharing, the addition of retail DSL to retail voice, or Line Splitting. There is no technical reason to not permit the execution of this work function. Not permitting this work function does limit consumer choice and the business partnership selection available to Verizon voice resellers. Both markets are artificially limited to the monopoly provider - Verizon. There is no technical reason to disallow the sharing of resold voice lines, or the migration of Line Shared loops to resold voice and HFPL DSL, or the migration of Line Splitting to resold voice and HFPL DSL.

ISSUE 38:

Q. What interval should apply to collocation augmentations where a new splitter is to be installed?

A. Verizon should provision such augmentation in 45 days. This interval is reasonable and would ensure that Covad is provided reasonable and nondiscriminatory access to UNEs.

Q. What is Covad's basis for asking for 45 days?

A. In New York, the Commission ordered Verizon and CLECs, including Covad, to jointly resolve this issue. In a collaborative setting, these companies determined that certain types of augments can be accomplished in 45 business days, rather than 76 business days. As a consequence, the New York State Commission ordered adoption of the agreement. The Massachusetts DTE subsequently ordered the same resolution.

Verizon and a number of CLECs have been negotiating the standardization of collocation intervals, augments and initial collocation, across the entire Verizon footprint – including Florida. It is currently delayed due to internal issues of one of the CLECs – not Covad.

The initial document, agreed to in NY and adopted in NY and MA, has been amended as a result of the footprint wide negotiation, adding more flexibility for CLECs. What Covad wants is the agreement offered in the broader negotiation.

ISSUE 52:

Q. Should Verizon provide notice of tariff revisions and rate changes to Covad?

A. Yes. The prices that Covad pays Verizon for UNEs are among the most important aspects of this Agreement. Verizon typically uses tariff filings as a vehicle for changing UNE rates under its interconnection agreement. It is vital for Covad's business to receive sufficient notice of rate changes to its

interconnection agreement. Covad does not receive sufficient notice through mere tariff changes that effectively change or add rates in Appendix A and expends tremendous resources trying to monitor such changes. Notably, the public notice that Verizon does provide is insufficient because it is usually sent out in a complex tariff after the rates become effective.

Verizon should provide meaningful notification that it is planning to make a rate change and also update the Appendix on an informational basis when the Commission issues new rates and/or Verizon files new tariffed rates that supercede the rates currently in the Appendix. Without sufficient notification, both Covad, and other CLECs, will continue to face difficulties when trying to verify, reconcile, and compare charges on the bill to the products and services it has ordered. For instance, Covad spent over 9 months and numerous meetings and conference calls with Verizon in an attempt to get Verizon to identify how it determined the charges it manually applied to a New York bill for Line Shared loops. Verizon was unable to produce adequate supporting documentation until Covad issued repeated requests and the issue was escalated to Vice President level One of the factors that impacted the extended resolution interval was Verizon's inability to identify the applicable source for each of the charges, which were a combination of state commission decisions, Interconnection Amendments, and Interconnection Arbitration awards. Clearly, notifying Covad of new rates and providing updated Appendices would benefit both parties.

In addition, Verizon manually charged Covad for Line and Station Transfers on a February 2002 New York bill. Subsequently, after numerous requests, Verizon provided a spreadsheet itemizing only 60% of the charges. To date, Covad has had continuous discussions with Verizon attempting to identify the source of Verizon's charges. After ten months of discussions, Verizon provided a chart identifying that the charges were based on an internal cost study, rather than on Commission approved rates. Clearly, Covad has no insight into Verizon's rate application process. 100% of Verizon's charges in New York were inaccurate. In fact, Verizon's own chart indicated that its New York charges should have been withdrawn in December 2001. Nevertheless, up to December 2002, Verizon incorrectly maintained that its charges were effective rates. This problem could have been easily rectified had Verizon provided Covad with an updated Pricing Appendix.

Very often when State Commission decisions are made effective, Verizon then produces a rate sheet that usually does not match from state to state. Therefore, it is very difficult to identify the elements and their associated rates. As noted above, it is clear that Verizon's billing people are no better at tracking and identifying the numerous elements and their associated rates.

Verizon's billing organization is not connected to the Regulatory organization and is very often not informed of rate changes in a timely fashion. For instance, Covad has been trying to identify Verizon's rate source for electronic loop extensions for over six months. By its own admission,

Verizon on a conference call, stated that it was unable to identify why the rates were changed and when those changes were implemented in its billing system. By implementing a process whereby Verizon's regulatory organization would be required to modify Covad's Interconnection Agreement, Verizon's billing organization would also receive the same information at the same time and would then update the billing systems. This would significantly reduce the numerous claims Covad submits in order to get the billing rates corrected and refunds for the overcharges and associated late fees It is Covad's understanding that Verizon's billing tables are already maintained in its systems on a CLEC-by-CLEC basis. Therefore, it should not be unreasonably burdensome for Verizon to follow Covad's proposal.

When Verizon notifies the industry of proposed tariff filings, it references the tariff, but does not always disclose the specific change. Covad is on the Industry Change Notification list, and has not received notification every time a tariff has been changed. The notification process is not flawless. Having a commitment to notify a party to an agreement, when the other party to the agreement has a desire to change the agreement, seems reasonable. Most businesses operate that way.

Additionally, the rate elements and their descriptions differ from state to state, jurisdiction to jurisdiction, and do not specifically map to the elements described in Appendix A. This forces Covad to discern how the rate changes will be applied by Verizon relative to Appendix A. This is an inefficient

process that increases the possibility of misunderstanding between the parties in this business relationship.

If Verizon forwarded the proposed changes to Covad, Covad would have notice of the proposed change and can be responsible to either challenge the change, or accede to the change. Certainly, by putting the change in the context of the original agreement, i e , Appendix A, Covad would have the opportunity to at least understand the change and its relationship in the context of the agreement. This would have the impact of eliminating unnecessary disputes generated from a lack of understanding.

Given this, there is no reason why Verizon cannot send out a revised Appendix A attached. Outside of pushing unnecessary administrative burdens and costs on Covad that are associated with reconciling rates, there is no good reason for Verizon to withhold providing that updated information to Covad or CLECs in general. Covad relies heavily upon the UNE rates set-forth in Appendix A when establishing end user rates for the services it will offer and for billing verification. However, because Verizon's tariff is formatted in an entirely different manner when compared to Appendix A to reflect newly tariffed rates that are set out in a tariff filing can be an extremely difficult and time consuming process and sometimes nearly impossible. As an example, Verizon will often price new services in accordance with a similar service and the CLEC will be unaware of the appropriate rate. Such an effort is unnecessary and could be avoided entirely if Verizon provided an updated

Appendix A to Covad each time Verizon revised it.

DARK FIBER ISSUES

ISSUE: 41

Q. Should Verizon provide Covad access to unterminated dark fiber as a UNE? Should the dark fiber UNE include unlit fiber optic cable that has not yet been terminated on a fiber patch panel at a pre-existing Verizon Accessible Terminal?

A. The Agreement should clarify that Verizon's obligation to provide UNE dark fiber applies regardless of whether any or all fiber(s) on the route(s) requested by Covad are terminated. The FCC's definition of dark fiber includes both terminated and unterminated dark fiber. Fiber facilities still constitute an uninterrupted pathway between locations in Verizon's network whether or not the ends of that pathway are attached to a fiber distribution interface ("FDI"), light guided cross connect ("LGX") panel, or other facility at those locations. Moreover, the termination of fiber is a simple and speedy task. Verizon's termination requirement, if allowed to stand as an impediment to access, would allow Verizon to unilaterally protect every strand of spare fiber in its network from use by a competitor by simply leaving the fiber unterminated until Verizon wants to use the facility.

ISSUE: 42

Q. Should Covad be permitted to access dark fiber in any technically feasible configuration consistent with Applicable Law?

A Yes. Covad should be able to access dark fiber at any technically feasible point, which is the only criterion that Congress adopted for determining where carriers may access the incumbent's network. Verizon's attempt to limit access to dark fiber at central offices and via three defined products would diminish Covad's rights to dark fiber under Applicable Law.

ISSUE: 43

Q. Should Verizon make available dark fiber that would require a cross connection between two strands of dark fiber in the same Verizon central office or splicing in order to provide a continuous dark fiber strand on a requested route? Should Covad be permitted to access dark fiber through intermediate central offices?

A. The Agreement should clarify that Verizon's obligation to provide UNE dark fiber includes the duty to provide any and all of the fibers on any route requested by Covad regardless of whether individual segments of fiber must be spliced or cross connected to provide continuity end to end. Verizon should be required to splice because Verizon splices fiber for itself when provisioning service for its own customers and affiliates. In addition, according to usual engineering practices for carriers, two dark fiber strands in a central office can be completed by cross-connecting them with a jumper. Again, this procedure is simple and speedy.

ISSUE: 44

Q. Should Verizon be obligated to offer Dark Fiber Loops that terminate in buildings other than central offices?

A Yes. Covad should be able to access Dark Fiber Loops whether they terminate in a Central Office or other buildings effectively serving the same functions as Central Offices for the Dark Fiber loop.

ISSUE: 45

Q. Should Covad be permitted to request that Verizon indicate the availability of dark fiber between any two points in a LATA without any regard to the number of dark fiber arrangements that must be spliced or cross connected together for Covad's desired route?

A. It is unreasonable, burdensome and discriminatory for Verizon to require that Covad submit separate requests for each leg of a fiber route.

ISSUE: 46

Q. Should Verizon provide Covad detailed dark fiber inventory information?

A. Yes In order to meaningfully utilize dark fiber, Covad must be able to know where and how much dark fiber exists in the network in order to develop its business and network plans, evaluate competitive customer opportunities, and otherwise utilize dark fiber as a component of a network build-out strategy. Covad only asks that it be provided the same detailed information that Verizon itself possesses and uses.

ISSUE: 47

Q. Should Verizon's responses to field surveys requests provide critical information about the dark fiber in question that would allow Covad a meaningful opportunity to use it?

A. Verizon should be required to provide certain critical information about dark fiber via a response to a field survey request that allows Covad a meaningful opportunity to use Dark Fiber. Covad pays Verizon a nonrecurring charge to perform field surveys and should receive critical fiber specifications, including whether the fiber is dual window construction, the numerical aperture of the fiber; and the maximum attenuation of the fiber. Based on Covad's experience, unless specific types of data are explicitly listed and described in an agreement or commission order, Verizon will simply deny access to that data.

ISSUE: 48

Q. Should Verizon be permitted to refuse to lease up to a maximum of 25% of the dark fiber in any given segment of Verizon's network?

A. No. Verizon should not be able to take away Covad's ability to obtain dark fiber in a manner that will enable Covad to compete. Moreover, Covad is concerned with its ability to verify the accuracy of Verizon's reporting and method of calculation with respect to a 25% limit on dark fiber. While Verizon asserts that Covad's concern is unfounded on the ground that the calculation as applied to a "24-strand cable" is "neither complex nor subject to interpretation", Covad's experience with Verizon is that if there can be any interpretation, Verizon will take advantage of that opportunity to discriminate against Covad. The reality of fiber routes is rarely as simple as Verizon's example. For instance, are all 24 strands in Verizon's example dark? If the strand is spliced to a larger cable, do the "available strands" under Verizon's

policy go up or stay the same? If the strand is spliced to a smaller cable, do the "available strands" under Verizon's policy go down or stay the same? Does the capacity of the strands and/or cables play a part in the calculation? If there are three or fewer dark strands on any portion of a route, are there no available dark fibers under this policy? These are just a few examples of room for interpretation that form the basis of Covad's concerns with Verizon's reporting and method of calculation under such a policy.

Q. Are there any additional facts underlying Covad's position on these Dark Fiber Issues?

A. Yes. To date, in over 30 applications for Dark Fiber submitted to Verizon, each at a cost of $150, Verizon responded that there were no available facilities. In short, Verizon's stonewalling tactics have been 100% successful at denying Covad access to its dark fiber.

Q. Does that conclude your testimony at this time?

A. Yes, it does.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of our joint rebuttal testimony is to provide the factual basis for DIECA Communications, Inc.'s, d/b/a Covad Communications Company, ("Covad") position on those issues in this arbitration which are not purely legal in nature and to respond to factual assertions and assumptions contained in the direct testimony of Verizon's witnesses.

Q. Ms. Evans, please state your name, title and business address.

A. My name is Valerie Evans, Vice President – Government and External Affairs for Covad, located at 600 14th Street, N.W., Suite 750, Washington, D.C. 20005.

Q. Ms. Evans, please describe your responsibilities at Covad.

A As Vice President – Government and External Affairs for Covad, I act as a liaison between Covad's business personnel and Verizon. I am also responsible for participating in various federal and state regulatory proceedings, representing Covad.

Q. Ms. Evans, please describe your career prior to joining Covad.

A Before joining Covad, I was employed by Verizon Communications for 13 years. After joining that company in 1985, I held various management positions including Assistant Manager of Central Office Operations and Manager of Installation, Maintenance and Dispatch Operations. In those positions, I oversaw the installation and maintenance of services to retail customers. Specifically, I supervised several groups that were responsible for

the physical end-to-end installation of facilities and the correction of any defects or problems on the line. In 1994, I became Director of ISDN Implementation. In that position, I established work practices to ensure delivery of ISDN services to customers and to address ISDN facilities issues -- issues very similar to those encountered in the DSL arena.

Q. Ms. Evans, have you previously filed testimony in this proceeding?

A. Yes. I filed Joint Direct Testimony with Michael Clancy on January 17, 2003

Q. Mr. Clancy, please state your name, title and business address.

A. My name is Michael Clancy, Director of Government and External Affairs for Covad, located at 15 Exchange Place, Suite 620, Jersey City, NJ 07302

Q. Mr. Clancy, please describe your responsibilities at Covad.

A. As Director of Government and External Affairs for Covad, my responsibilities include negotiating resolutions to business and collocation disputes with Verizon; coordinating Operations, Product Development and Engineering relations with Verizon; representing Covad in performance assurance plan development with Verizon; and representing Covad at regulatory and industry collaboratives and proceedings.

Q. Mr. Clancy, please describe your career prior to joining Covad.

A. Prior to my current position, I performed customer support and operations functions for Covad's New York tri-state region. In particular, I was responsible for building out Covad's network in New York and all other operations activities. Prior to coming to Covad, I was employed by Verizon's predecessor companies, in various network services, special services, and

engineering assignments, with increasing levels of responsibility, for over 27 years. My last assignment in Verizon New York was director of interoffice facility provisioning and process management for the Bell Atlantic 14-state footprint.

Q. Mr. Clancy, have you previously filed testimony in this proceeding?

A. Yes. I filed Joint Direct Testimony with Valerie Evans on January 17, 2003

Q. What role did each witness play in the preparation of this testimony?

A. Although both of us have reviewed and support this testimony in its entirety, each of us assumed primary responsibility for specific segments of testimony. We each rely on the facts and analyses developed by the other in his or her areas of primary responsibility. Specifically:

- Ms. Evans is primarily responsible for the billing and operation process issues.
- Mr. Clancy is primarily responsible for technical, engineering and operations issues.

Q. Is detailed Interconnection Agreement language necessary for those issues for which Covad already enjoys non-contractual legal protections?

A. Yes. Detailed contract language is needed to prevent future disputes between Covad and Verizon. It has been Covad's experience that Verizon attempts to limit its obligations to Covad, not to the extent required by the Telecommunications Act of 1996, but only as specifically stated in the Agreement or a tariff. Accordingly, Covad is at risk of losing substantive rights if it has failed to include express language in the Agreement regarding

its entitlements. For instance, as noted in regard to Issues 19, 24, and 25, Covad's experience involving "no facilities"— when Verizon unilaterally announced on July 24, 2001 that it would change its practice of provisioning DS1 and DS3 UNE loops and IOF, claiming that its new practice, which has caused Covad to lose significant revenues, was supported by law—clearly demonstrates that the risk of backsliding is real, and that the need for express contractual provisions describing Verizon's duties in this regard is significant.

ISSUES 2 AND 9:

2. Should the parties have the unlimited right to assess previously unbilled charges for services rendered?

9. Should the anti-waiver provisions of the agreement be implemented subject to the restriction that the parties may not bill one another for services rendered more than one year prior to the current billing date?

Q. Do Mr. Hansen's suggestions that: 1) Verizon's need to backbill is related to the fact that carrier-to-carrier billing is a complicated and evolving process; or 2) Verizon is often required to provide a new unbundled network element before the rates are set for the UNE and before Verizon has implemented processes to bill for the UNE, explain the backbilling problems underlying Covad's position in this proceeding?

A. No. The facts clearly contradict Mr. Hansen's claim that Verizon's backbilling was due to the complexity of billing for new UNEs as opposed to Verizon's own poor billing practices. As we previously testified, line sharing charges for $1.1 million first appeared in Covad's September 2001 billing

cycle and included charges relating back to as far as July 2000. The FCC, however, required ILECs to provide line sharing in December 1999.[1]

Prior to the service being offered, Verizon's Director of Wholesale Product Management, Amy Stern, presented "interim rates" to the ALECs attending the New York DSL Collaborative. The ALECs agreed to these "interim rates" and agreed to a "true-up" once tariffs were approved. Verizon had all the rate elements defined. Verizon had the ability to immediately automate and in fact, would have made the "true-up" easier had they mechanized based upon the rate elements they defined.

Thus, there is no excuse for Verizon to start billing these charges well over a year later. Moreover, there is no excuse for Verizon's failure to designate the charges as new charges, instead placing them in the first bill in which they appeared under "Balance Due Information." There is also no excuse for these line sharing charges to appear on a high capacity access/transport bill and for the charges to be all included on a New York bill when they covered multiple jurisdictions. There is also no justification for the lack of detail provided as to the charges and Verizon's failure to identify the circuits being billed. Verizon can proffer no exculpatory argument for the fact that, by its own admission, the backbill was at least 30% inaccurate.

---

[1] *Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket Nos. 98-147 and 96-98, Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98 (rel. December 9, 1999).

In short, the "billing for a new UNE" rationale fails to provide any justification for Verizon's backbilling practice The FCC noted that it was "troubled by the manner in which Verizon chose initially to bill for this aggregate charge."[2] This example in a nutshell demonstrates why Verizon's ability to backbill should be limited.

Q. Does the one year limit on backbilling proposed by Covad provide Verizon with sufficient time to identify and bill for the services it provides?

A. Yes. A one-year period provides more than sufficient time for Verizon to bill for a new UNE or for any other charges. Moreover, Verizon's bill achieving practice further discredits Verizon's position. Verizon begins to archive billing data after 60 days. If Verizon feels that a 60 day period is appropriate to begin archiving billing data, it is clearly able to bill for those charges in a timely manner before the 60 day period ends.

ISSUE 3:

3. When a good faith dispute arises between the parties, how should the claim be tracked and referenced?

Q. What is the dispute over this issue?

---

[2] *Joint Application by Verizon Virginia, Inc., et al., for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of Virginia*, WC Docket No. 02-214, Memorandum Opinion and Order, FCC 02-297, ¶ 50 (Oct. 30, 2002) ("*Virginia 271 Order*").

A. There appears to be little disagreement over the propriety of Covad's request to have Verizon use Covad's tracking number in referencing disputes. Mr Hansen states that Verizon is in the process of implementing a new Wholesale Claims and Inquiry Tracking ("WCIT") system which will contain the ability to track a dispute using Covad's claim number as well as Verizon's claim number. Many of the time commitments made by Verizon have already come and gone – in a New York proceeding, Verizon promised WCIT by last October. Nevertheless, in the interim, Mr. Hansen states that Verizon "will identify ALECs' billing disputes regarding UNE and resale products in correspondence using both a Verizon- and an ALEC-assigned claim number for claims . . . ." Verizon's interim commitment should not be limited to UNE and resale products. Covad's claim number should be provided in regard to disputes pertaining to all the products Covad receives from Verizon including interconnection and collocation. If use of Covad's claim number is feasible for UNE and resale products it should be feasible for the other products Verizon provides to Covad.

The only area of disagreement appears to be whether the process for tracking billing claims is an operational matter that is appropriately addressed in an interconnection agreement. Covad is simply seeking to insert additional language into Verizon's template language that already seeks to spell out the operational process in regard to billing dispute resolution In addition, since what Covad is seeking is, per Mr. Hansen's contention, already reflected in

both its interim solution and the proposed WCIT system, Verizon will not need to customize its procedures for Covad on this issue.

Our direct testimony already demonstrated the importance of the use of Covad's claim number, including the numerous problems that arose as a result of Verizon's inconsistent use of Covad's claim number. In particular, Verizon's failure to reference Covad's claim number when it issued credits on bills made it difficult, if not impossible, for Covad to relate the credit to the claim. Covad needs an assurance in its interconnection agreement that all correspondence and other documents, including bills, pertaining to its claims will include Covad's claim number. If a credit on a bill does not specify the claim number there is no way for Covad to know which claim is being closed.

Finally, while the FCC recently rejected Covad's challenges to Verizon's billing dispute resolution process in its Virginia 271 Order, the FCC never addressed the issue of Verizon's use of claim numbers. In addition, the FCC noted that there were a number of outstanding billing disputes before Verizon implemented a new internal task force to address the problem.[3] The FCC stated that Verizon had "a number of problems with its billing system in the past . . . ."[4] Based on this history, Covad is fully justified in seeking protection in its interconnection agreement in regard to billing dispute resolution.

---

[3] *Virginia 271 Order*, ¶ 49.

[4] *Virginia 271 Order*, ¶ 40.

ISSUES 4 AND 5:

4. **When the billing party disputes a claim filed by the billed party, how much time should the billing party have to provide a position and explanation thereof to the billed party?**

5. **When Verizon calculates the late payment charges due on disputed bills (where it ultimately prevails on the dispute), should it be permitted to assess the late payment charges for the amount of time exceeding thirty days that it took to provide Covad a substantive response to the dispute?**

Q. What is wrong with Verizon's position that it should only be contractually obligated to "use commercially reasonable efforts to resolve billing disputes in a timely manner"?

A. At the outset, Verizon's proposed language is so patently general that it essentially creates no contractual obligation at all. Covad has demonstrated how it has been impacted by Verizon's protracted billing dispute resolution. In Covad's experience, it takes an average of 221 days to resolve a high capacity access/transport claim, 95 days to resolve a resale/UNE claim, and 76 days to resolve a collocation claim in the Verizon East region. Covad still has 3 disputed billing claims with Verizon that have been open since the year 2001. One of these disputes amounts to $83,000.00 Covad needs better – and contractually enforceable – assurance of performance than the amorphous language proposed by Verizon provides.

In regard to providing sufficient information, Mr. Hansen gives no indication that the amount of information provided by Covad is the cause of Verizon's delay in responding to Covad's claims. Requiring Verizon to provide a response within 30 days would ensure that if the information provided by Covad is insufficient for Verizon to formulate its response, then Verizon will promptly notify Covad of this fact. Finally, disputes should not be limited, as Verizon proposes, to wholesale billing. As this Commission well knows, ALECs often need to purchase facilities via Verizon's retail tariffs, and ALECs have experienced numerous problems due to Verizon's poor provisioning of such facilities Thus, Verizon should be required to respond within 30 days for these disputes as well. Finally, Verizon also argues that Covad's proposal is unreasonable because it does not exclude billing disputes on charges that are over 60 days old. Given Verizon's history of backbilling, and Verizon's manual application of charges on bills, it may take Covad some time to identify problems with the bills. Verizon controls the billing process. If it wants prompt submission of disputes, it should bill in a timely and easily auditable manner.

Q. How do you respond to Ms. Raynor's assertion that Covad's proposed language regarding Issue 4 may be at odds with a performance measurements plan in Florida?

A. In New York, Verizon is currently required pursuant to metric BI-3-05 to resolve 95% of claims within 28 calendar days of acknowledgment. Under metric BI-3-04, Verizon is required to acknowledge 95% of "valid/complete

billing adjustment claims within two business days." Thus, it is clearly reasonable for Covad to ask Verizon to provide a position and explanation on its claim within 30 days. Whether Florida will adopt more stringent performance measurements is purely hypothetical, but it is fair to assume Florida metrics will not be significantly different. Irrespective of the metrics involved, Covad needs a better assurance of performance, particularly given the ineffectual nature of the metrics in curbing Verizon's tendency towards unduly dilatory responses to Covad's claims to this day.

Q. With regard to Issue 5, how do you respond to Mr. Hansen's testimony that Covad's position is inconsistent with the basis for Verizon's late payment policy: 1) giving ALECs an incentive to pay undisputed bills and 2) compensating Verizon?

A. The dispute over Issue 5 arises from each party's belief that late payment charges, or their absence, carry incentives for the other party. For Verizon, the incentive is for prompt payment of undisputed charges, and for Covad, the incentive is for Verizon to rapidly resolve disputes. The important difference between these two positions is whether the payment at issue is for disputed claims or undisputed claims. Covad does NOT object to late payment charges accruing to *undisputed* charges. The issue here is over the accrual of late payment charges for disputed charges. Issue 5 and Issue 4 are paired here because Covad's position is that if Verizon is obligated under the Agreement to respond to claims within 30 days, then Verizon should not be rewarded – in

the form of late payment charges – for failing to meet that obligation. Once a claim is sent to Verizon, it is entirely within Verizon's control to respond. Currently, it takes Verizon an average of 221 days to resolve a high capacity access/transport claim, 95 days to resolve a resale/UNE claim, and 76 days to resolve a collocation claim in the Verizon East region. If late payment charges are accruing over these extended resolution time frames, then Verizon is essentially being rewarded for delaying resolution of disputes. Mr. Hansen does not assert that Covad has ever "submitted barebones claims in order to generate 'disputes' that will necessarily take longer than 30 days to resolve" in order to "simply avoid payment." Mr. Hansen's spurious hypothetical is ridiculous. Covad has never engaged in such behavior, nor would it.

ISSUES 13, 32, 34 AND 37:

32. What terms, conditions and intervals should apply to Verizon's manual loop qualification process?

34. In what interval should Verizon provision loops?

Q. How does Covad respond to Mr. White's testimony regarding Issue 32?

A. Given that Verizon in Florida does not offer Extended Query, Covad proposes that the following language be included in Section 3.13 5 of the Verizon Florida Agreement:

> If the Loop is not listed in the mechanized database described in Section 3.11.2 or the listing is defective, Covad may request a manual loop qualification at no additional charge prior to submitting a valid electronic service order for an ADSL, HDSL, SDSL, IDSL, or BRI

ISDN Loop. Verizon will complete a manual loop qualification request within one business day.

ISSUES 19, 24 AND 25:

19. Should Verizon be obligated to provide Covad nondiscriminatory access to UNEs and UNE combinations consistent with Applicable Law?

24. Should Verizon relieve loop capacity constraints for Covad to the same extent as it does so for its own customers?

25. Should Verizon provision Covad DS-1 loops with associated electronics needed for such loops to work, if it does so for its own end users?

Q. What is Covad's response to Mr. White's testimony regarding Issue 19 and it implications for Issues 24 and 25?

A. Mr. White claims that Covad has proposed language that would require Verizon to "build facilities." This is not the case. Covad recognizes that occasional loop orders may be placed to locations where Verizon does not currently have facilities. For example, orders in new office or residential developments are more likely to be returned legitimately Lack of Facilities ("LOF") because Verizon may not have built out to the development. Moreover, Covad has never expected Verizon to engage in construction activities such as trenching streets and pulling cable as part of the UNE ordering process.

While Covad expects occasional LOF rejections from the Verizon UNE ordering process, Covad also expects that loops will be provisioned and conditioned for use as UNEs just as they would be if Verizon were using the loop to serve its own customers. The provisioning of DS1 UNE loops has always involved various types of equipment and/or conditioning necessary to make the loop ready to provide digital services. In fact, the Act and FCC rules and orders require Verizon to take affirmative steps to condition existing loop facilities to enable competing carriers to provide services not currently provided over the facilities.

Covad's proposed contract language does not require construction of new facilities. It only obligates Verizon to perform tasks routinely performed for its retail customers. For instance, Verizon provisions its DS1 Special Access circuits over fiber facilities, which require electronic equipment placed at both ends of the fiber. The equipment terminates to a shelf at the Central Office and at the customer's location. If all the slots on the shelf were in use and a Verizon customer requested a DS1 loop, Verizon would add another shelf and provision the circuit at no additional charge to the customer. The same is not true for a Covad order. If all the slots on the shelf of equipment are full, Verizon rejects Covad's order and will only provision the order if Covad orders it as a retail customer would. If Covad agrees to this outrageous requirement in order to satisfy its customer's request, it will now get the service but at much higher rates. However, the next request for a DS1 circuit will be provisioned with no problem until all the slots on the

newly installed shelf are filled. This policy is completely outrageous and allows Verizon to play musical chairs when provisioning service to competitors. Also, in instances where a shelf is added to provision a line for a competitor, the competitor bears the brunt of costs for the shelf and all the lines that will get installed on that shelf, including Verizon's lines.

Verizon's outrageous policy is exacerbated by the fact that it allows competitors to convert the circuit back to a UNE after a 3 month "minimum service period." Verizon, upon Covad's request, should be required to augment the DS1 equipment with additional equipment in order to provide the added DS1 capacity requested by Covad's customer at no additional charge, the same as they do for their customer. Covad's request for this contract language is based on the fact that Verizon has rejected a number of Covad orders for high capacity UNEs claiming that no facilities are available on the basis that the capacity on its facilities is exhausted. Notably, it is not that the capacity of the transmission facility is exhausted, but rather that the electronics are not configured for the particular level of capacity required to serve Covad alongside Verizon's existing customers.

Covad's request is based on what Verizon does for itself when its own customers make similar requests for services and what it offers to Covad on a retail rather than on a UNE basis. Verizon does not treat ALEC orders for high capacity loops in parity with orders for its retail access customers. Based on this, it is undisputed that Verizon regularly reconfigures or substitutes electronics on its fiber facilities in order to accommodate its own

needs and the needs of its customers and its affiliates. Because Verizon does not deny that it engages in this practice for itself, Verizon argues instead that it is constructing something new for its customer when it performs this task. For example, it is well known that Verizon will typically construct more fiber to a location, put up a new multiplexer that may be the same size or may be bigger to add additional capacity to the location to serve the customer, all the while leaving the existing service in place so that the customer does not lose service.

Covad believes there is a clear distinction between constructing a new facility and modifying an existing one to improve its capacity. Both the FCC and the Eighth Circuit have recognized this distinction and held that ILECs are required to modify existing facilities if necessary to provision UNEs and to comply with the nondiscrimination mandate.

Indeed, another ILEC, Pacific Bell, has agreed to perform this function for AT&T. In its Agreement with AT&T, Pacific Bell is obligated in the following manner:

7.2. TECHNICAL REQUIREMENTS

This Section sets forth the technical requirements for all Dedicated Transport.

PACIFIC shall offer Dedicated Transport in all documented bandwidth interfaces used within PACIFIC's network including, but not limited to, DS1 and DS3 transport systems, SONET interfaces including OC-3, OC-12, and where PACIFIC has deployed fiber, OC-48 or higher served by a higher capacity system PACIFIC is not required to construct new point-to-point

facilities to meet AT&T's request for OC-48 or higher capacity transport. However, where Pacific has deployed fiber between two points, Pacific shall provide the capacity requested by AT&T by upgrading the electronics.

ISSUE 22:

22. Should Verizon commit to an appointment window for installing loops and pay a penalty when it misses the window?

Q. How do you respond to Mr. White and Ms. Raynor's testimony regarding Issue 22?

A. As an initial matter, Covad would like to clarify that it is not seeking a three hour appointment window, but is seeking the same morning or afternoon appointment windows that Verizon offers to its retail customers. Thus, contrary to Mr. White's contentions, there will be no issue of different windows for different ALECs. Verizon states, however, that four-hour appointment windows are available based on the available workforce and existing workload. Verizon, however, controls the scheduling process, particularly its workforce's vacation and overtime policies. It is hard to imagine that a Verizon retail customer desiring a four-hour appointment window would not be provided one. Verizon should, therefore, be required to provide a morning or afternoon appointment window unless it can demonstrate that workforce considerations preclude use of such a window.

In addition, Verizon's description of obtaining appointment windows via the Service order Management Administrative Report Tracking System

("SMARTS") application describes a somewhat interactive process. This may have been acceptable in the early stages of doing business with Verizon, but Covad has moved to completely mechanized platforms (i.e., flow through) that are ill-suited to the iterative scheduling process described by Verizon's witness. The process Verizon describes is a very interactive process, apparently requiring use of manual applications by the ALEC. Use of manual interfaces will impede the scalability of the ordering process and thus limit competition. To obtain appointment windows, Covad would have to sacrifice flow-through of its orders.

Verizon contends that Covad's proposed penalty for a Verizon miss of an appointment window seeks to modify existing performance standards and the Performance Assurance Plan. Covad is not seeking to modify existing performance standards or the PMAP, particularly as they relate to "no access" situations, i.e., those situations where the ALEC customer is not present when the Verizon technician arrives. Instead, Covad is seeking to provide Verizon the same incentive to meet the appointment window as Covad has to ensure its customer is available. Currently Covad faces a tremendous incentive to ensure that its customer is present for the installation. Not only are "no access" situations excluded from performance metrics, but Covad has to pay a penalty if its customer is not present. Inclusion of an equivalent penalty on Verizon for failure to meet appointment windows would provide an equivalent incentive for Verizon to meet those appointments. The party that will

ultimately benefit from such a penalty is the end user who hopefully will enjoy timely installation of its service.

ISSUE 23:

23. What technical references should be used for the definition of the ISDN, ADSL and HDSL loops?

Q. What is Covad's response to Ms. Clayton's testimony regarding Issue 23?

A. In her testimony regarding this issue, Ms. Clayton states that "[I]f an ALEC believes that the Verizon technical documents are in conflict with industry standards, Verizon has offered to research the standard and area of 'conflict' identified by the ALEC." Ms. Clayton further submits that, "if necessary, Verizon will, based on its investigation, negotiate specific aspects of the Verizon technical documents to address areas of concern." In short, Verizon's stance is that it wants to have the unilateral discretion on whether it will abide by industry standards.

The FCC explicitly rejected giving ILECs discretion to dictate unilaterally what standards apply with respect to advanced services. For these reasons, the Commission should reject Verizon's request to include its in-house standards in the definitions of ISDN, ADSL, and HDSL loops in the Agreement

ISSUE 27:

27. Should the Agreement make clear that Covad has the right, under Applicable Law, to deploy services that either (1) fall under any of the

loop type categories enumerated in the Agreement (albeit not the one ordered) or (2) do not fall under any of loop type categories?

Q. How does Covad respond to Ms. Clayton's testimony on behalf of Verizon regarding Issue 27?

A With respect to the first issue raised here, Verizon incorrectly claims that "Covad's proposed language would give it the right to deploy advanced services on loops that it obtains from Verizon without informing Verizon of the particular type of advanced service Covad is deploying on the loop." Covad is not asserting that it will not provide the requisite information when Verizon is legally entitled to it. Covad is willing to give Verizon such information pursuant to Applicable Law, i.e., FCC Rule 51.231(b); however, Verizon has no authority to deny, limit, or otherwise restrict a UNE request based on this information. In short, Verizon cannot require that Covad order and deploy certain services over UNE loops based on Verizon's prefabricated selection of UNE loops. Moreover, Covad's future legal obligation to provide Verizon any information pursuant to FCC rule 51.231will be short lived because industry has recommended that this rule be rescinded.

Verizon also submits that Verizon's possession of this information better enables end users to receive the services they order. Otherwise said, Verizon needs this information to ensure that the ALEC customers receive the services they order from the ALEC. Although Covad will provide the information as indicated above, Verizon's argument has no merit. Verizon

provides loop qualification tools to ALECs so that ALECs can verify whether the loop can handle certain advanced services. Verizon does not need to concern itself with the ALEC's relationship with its customer. The ALEC is accountable to its customer for service quality and the assurance of service quality. Covad can provide poor quality service to its own detriment, but not to the detriment of Verizon. Covad is responsible to its investors and its customers and does not need Verizon to try to play that role.

With respect to the second issue raised here, Verizon states that Covad must follow the BFR process if it wants to deploy a new loop type or technology. Covad is not requesting new loop type but rather the ability to provide services, as the law allows, over loops that conform to industry standards. Covad should not be relegated to the BFR process to obtain what it is immediately entitled to pursuant to law. This process is an unreasonable requirement. Indeed, Verizon's explanation that Covad would have to wait approximately 90 days before Verizon completes the process demonstrates this and is entirely unacceptable.

ISSUE 30 AND 31:

30. Should Verizon be obligated to cooperatively test loops it provides to Covad and what terms and conditions should apply to such testing?

31. Should the Agreement obligate Verizon to ensure that Covad can locate the loops Verizon provisions?

Q. How does Covad respond to Mr. White's testimony regarding Issue 30?

A. Mr. White suggests that Verizon's cooperative testing process is clearly defined and understood by the industry. Nothing could be further from the truth. As a general matter, Verizon has not revealed specific procedures associated with the cooperative testing process to the industry. Verizon proposes a general description of the procedures; however, this is entirely insufficient. Furthermore, although the New York DSL collaborative has agreed to the process itself, Verizon has not articulated the specific procedures on paper that individuals outside of the collaborative may review, rely on, and follow. Covad simply asks that the process be clearly spelled out in the Agreement. Furthermore, the cooperative testing procedures that Covad proposes are consistent with the process that Verizon currently follows and Covad's proposed language includes flexible terms that allows for future evolution of the procedures.

Significantly, Verizon did not discuss in the DSL collaborative the use of the Interactive Voice Response ("IVR") system when performing cooperative testing; however, Verizon does use a similar system when it tests retail services. In fact, in his declaration, Mr. John White stated that Verizon "uses a Mechanized Loop Testing ("MLT") process, whereby central office switching equipment enables any technician – whether that technician is in a dispatch center, a central office, or the field – to do a full test of a loop, independent of all other activities and personnel." Covad's gateway is the IVR and it operates in a similar manner to Verizon's MLT. Furthermore, Covad permits Verizon to access to its IVR so that Verizon can pre-test the

loops using Covad's testing process, which thereby makes the cooperative testing process much more efficient. Hence, the refinement Covad proposes to specify in its proposed contract language is one that Verizon has already agreed to and follows

This is supported by the fact that Mr. White recommends to alleviate the iterative requirement sometimes associated with cooperative testing - "In those cases where the loop is not acceptable, additional testing calls — from the field, the central office, and/or the Verizon dispatch center — may need to occur to complete the provisioning or maintenance activity." Given this statement, there is complete agreement not only on what state of the art testing capability can be provided by an ALEC, which Covad provides, but on the need to document the practices used by the parties, since evidently there is a lack of awareness on Verizon's part as to the actual process used today.

It is important to note that the IVR is used by Verizon technicians to sectionalize any loop trouble in the provisioning process, prior to making the cooperative test call, to minimize the duplication of effort Additionally, Verizon technicians use Covad's IVR to test and sectionalize loop troubles in the maintenance process. All Covad has requested is to publicly document the process Verizon and Covad can, at any time, mutually agree to amend the process.

To put this issue in historical perspective, it was Covad who was asking for the cooperative testing process during the Bell Atlantic (Verizon predecessor company) New York 271 proceeding because Bell Atlantic's

operations management decided they could provide fully functioning loops that ALECs did not have to test to ensure they were properly functioning Once Bell Atlantic began cooperatively testing loops, their loop delivery performance dramatically improved, saving enormous resources. Covad has taken the lead in bringing this concept to the industry and continues to work with Verizon to refine the processes. It would serve the industry and consumers to document the result of all those efforts.

Unlike other ALECs, Covad is unique and primarily offers advanced services over UNE loops and, as a result, cooperative testing is absolutely critical to its business and ensuring that its customers loops are properly provisioned. Therefore, the cooperative testing process must be fully articulated in the Agreement and cannot be left to the imagination of the parties.

Q. How does Covad respond to Mr. White's testimony regarding Issue 31?

A. Mr. White's claim that a tag "may become dislodged or confused with other tags" is a straw man. In most circumstances, the tags placed on a loop by Verizon will be readily found by Covad technicians, which will allow them to handle service calls expeditiously and without having to having to call Verizon to find the loop (which would serve to prolong such calls).

Verizon should not impose "treasure hunts" on Covad in order for Covad to determine where Verizon has provisioned the loop. Moreover, as discussed below, Verizon's refusal to provide sufficient information to Covad to enable

Covad to locate the circuit being provisioned demonstrates that the demarcation point information Verizon provides is entirely inadequate.

DARK FIBER ISSUES

ISSUES: 43 and 45

43. Should Verizon make available dark fiber that would require a cross connection between two strands of dark fiber in the same Verizon central office or splicing in order to provide a continuous dark fiber strand on a requested route? Should Covad be permitted to access dark fiber through intermediate central offices?

45. Should Covad be permitted to request that Verizon indicate the availability of dark fiber between any two points in a LATA without any regard to the number of dark fiber arrangements that must be spliced or cross connected together for Covad's desired route?

Q. What is Covad's response to Mr. Albert and Ms. Shocket's testimony regarding Issues 43 and 45?

A. Mr. Albert and Ms. Shocket assert that Verizon will provide fiber optic cross-connects to join dark fiber IOF strands at intermediate central offices. Such cross-connects are required in order to implement the FCC's mandate in the *Virginia Arbitration Award* that Verizon must route dark fiber transport through two or more intermediate central offices for ALECs without requiring

collocation at the intermediate central offices.[5] In order to implement this FCC mandate in the Parties' interconnection agreement, the Commission should adopt the following contract language for section 8.2.4 below as proposed by Covad:

> Verizon shall perform all work necessary to install (1) a cross connect or fiber jumper from a Verizon Accessible Terminal to a Covad collocation arrangement or (2) from a Verizon Accessible Terminal to Covad's demarcation point at a Customer's premise or Covad Central Office; *or (3) install a fiber cross connect or fiber jumper in order to connect two dark fiber IOF strands at intermediate central offices.*

The agreement should clarify that Verizon's obligation to provide UNE dark fiber includes the duty to provide any and all of the fibers on any route requested by Covad regardless of whether individual segments of fiber must be spliced or cross connected to provide continuity end to end. Verizon should be required to splice because Verizon splices fiber for itself when provisioning service for its own customers and affiliates. In addition, according to usual engineering practices for carriers, two dark fiber strands in

---

[5] *Virginia Arbitration Award* at ¶ 457 ("We reject Verizon's position that connecting fiber routes at central offices may not be required of Verizon . . . Verizon's refusal to route dark fiber transport through intermediate central offices places an unreasonable restriction on the use of the fiber, and thus conflicts with [FCC] rules 51.307 and 51.311.").

a central office can be completed by cross-connecting them with a jumper. Again, this procedure is simple and speedy

ISSUE: 46

46. Should Verizon provide Covad detailed dark fiber inventory information?

Q. How does Covad respond to Mr. Albert and Ms. Shocket's testimony on Issue 46?

A. Verizon's testimony misrepresents Covad's position regarding Issue 46. Verizon asserts that Covad seeks "information identifying all available dark fiber in Florida" and "nonexistent" maps that provide "a snapshot picture of all available dark fiber in Florida at any given time."

To the contrary, Covad merely seeks what federal law already requires. Covad does not seek information that does not reside anywhere within Verizon's records, databases and other sources as alleged by Verizon. Further, Covad does not seek a "snapshot" of all dark fiber available across the entire state Rather, Covad merely seeks parity access to the same up-to-date pre-ordering and ordering information regarding dark fiber UNEs that is available in Verizon's backoffice systems, databases and other internal records, including but not limited to data from the TIRKS database, fiber transport maps, baseline fiber test data from engineering records or inventory management, and field surveys. Verizon cannot, as it has done in the past,

limit an ALEC's access to this information simply because it is inconvenient or contrary to Verizon's competitive interest to provide the information.

Covad requests that the Commission unequivocally affirm that Verizon is required under federal and state law to afford ALECs nondiscriminatory, parity access to fiber maps, including any fiber transport maps for the entire specified dark fiber route, TIRKS data, field survey test data, baseline fiber test data from engineering records or inventory management, and other all other available data regarding the location, availability and characteristics of dark fiber. Further, in the context of Verizon's response to a specific Dark Fiber Inquiry, Covad requests that the Commission require Verizon to provide the same information that the New Hampshire[6] and Maine Commissions have required Verizon to provide to ALECs. Verizon cannot argue that such detailed information does not exist because it is has already provided such information to CTC Communications

---

[6] The New Hampshire Public Utilities Commission has required Verizon to provide the following information: "total number of fiber sheath and strands between points on the requested routes, number of strands currently in use and the transmission speed on each strand (e.g. OC-3, OC-48), the number of strands in use by other carriers, the number of strands reserved for Bell Atlantic's use, the number of strands lit in each of the three preceding years, the estimated completion date of any construction jobs planned for the next two years or currently underway, and *an offer of any alternate route* with available dark fiber. In addition, for fibers currently in use, Bell Atlantic shall specify if the fiber is being used to provide non-revenue producing services such as emergency service restoration, maintenance and/or repair." *Order Finding Dark Fiber Subject to the Unbundling Requirement of Section 251of the Telecommunications Act of 1996*, Order No. 22,942, DE 97-229, at 8-9 (May 19, 1998).

Corp and other ALECs.[7] For example, the Maine Public Utilities Commission ("ME PUC") has determined that if Verizon believes that dark fiber is unavailable, then within thirty (30) days, Verizon must provide the ALEC with "written documentation and a fiber map."[8] The written documentation must, at a minimum include, the following detailed information:

- a map (hand-drawn, if necessary) showing the spans along the most direct route and two alternative routes (where available), and indicating which spans have spare fiber, no available fiber, and construction jobs planned for the next year or currently in progress with estimated completion dates;
- the total number of fiber sheaths and strands in between points on the requested routes;
- the number of strands currently in use or assigned to a pending service order;
- the number of strands in use by other carriers;
- the number of strands assigned to maintenance;
- the number of spare strands; and
- the number of defective strands.

Accordingly, in order to leave no doubt regarding its position, Covad hereby proposes the following contract language for section 8.2.5.1 of the UNE Attachment in lieu of its initial proposal for that section:

> Verizon shall provide Covad nondiscriminatory and parity access to fiber maps, including any fiber transport maps showing a portion of and/or the entire dark direct and indirect dark fiber routes between any two points specified by the ALEC, TIRKS data, field survey test data, baseline fiber test data from engineering records or inventory management, and other all other available data regarding the location,

---

[7] *See, CTC Communications Corp. Request for Fast Track Arbitration of Verizon NH's Denial of Dark Fiber Request*, DT 02-028, Recommended Decision of Arbitrator (2002).

[8] *Inquiry Regarding the Entry of Verizon-Maine into the InterLATA Telephone Market Pursuant to Section 271 of the Telecommunications Act of 1996*, Docket No. 2000-849, Letter of Dennis L. Keshl (March 1, 2002).

availability and characteristics of dark fiber. Further, within 30 days of Covad's request Verizon shall provide, at a minimum, the following information for any two points comprising a dark fiber route specified by Covad: a map (hand-drawn, if necessary) showing the spans along the most direct route and two alternative routes (where available), and indicating which spans have spare fiber, no available fiber, and construction jobs planned for the next year or currently in progress with estimated completion dates; the total number of fiber sheaths and strands in between points on the requested routes; the number of strands currently in use or assigned to a pending service order; the number of strands in use by other carriers; the number of strands assigned to maintenance; the number of spare strands; and the number of defective strands

In sum, Covad requests that the Commission adopt Covad's proposed language for section 8.2.5.1 of the UNE Attachment set forth in the paragraph above.

Q. Does that conclude your testimony at this time?

A. Yes, it does.

COMMISSIONER DEASON: We can now proceed with the Verizon witnesses.

Mr. Panner, can you help me out with your witnesses as Ms. Kaufman did with hers?

MR. PANNER: Yes, sir. First, we would like to move the admission of the direct testimony of Ronald Hansen, and I believe that consists of 12 pages.

COMMISSIONER DEASON: Very well. Are there any exhibits accompanying the testimony?

MR. PANNER: No, sir.

COMMISSIONER DEASON: Very well. Show then that the prefiled testimony of Witness Ronald J. Hansen will be inserted into the record.

MR. PANNER: And then we would like to move the admission of the direct testimony of David J. Kelly and John White consisting of seven pages of testimony.

COMMISSIONER DEASON: Are there any accompanying exhibits?

MR. PANNER: With no accompanying exhibits.

COMMISSIONER DEASON: Very well. Show then that the prefiled testimony of Witnesses David J. Kelly and John White, that that testimony is inserted into the record and that there are no accompanying exhibits.

MR. PANNER: And then we would like to move the admission of the direct testimony of Rosemarie Clayton

consisting of five pages with no exhibits.

COMMISSIONER DEASON: Show then the prefiled of Rosemarie Clayton is entered into the record and that there are no accompanying exhibits.

MR. PANNER: And then we would like to move the admission of the direct testimony of Faye H. Raynor consisting of nine pages of testimony with no accompanying exhibits.

COMMISSIONER DEASON: Very well. Show the testimony of Faye H. Raynor shall be inserted into the record and there are no accompanying exhibits.

MR. PANNER: We would now like to move the admission of the direct testimony of John White consisting of 12 pages with no accompanying exhibits.

COMMISSIONER DEASON: Show then the testimony of John White is inserted into the record and that there are no accompanying exhibits.

MR. PANNER: And, finally, as direct testimony we would like to move the admission of the direct testimony of Don Albert and Alice B. Shocket consisting of 25 pages with no accompanying exhibits.

COMMISSIONER DEASON: Show then the prefiled testimony of Don Albert and Alice B. Shocket is inserted into the record and there are no accompanying exhibits.

DIRECT TESTIMONY OF RONALD J. HANSEN

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Ronald J. Hansen. My business address is 500 Summit Lake Drive, Valhalla, New York 10595.

Q. BY WHOM ARE YOU CURRENTLY EMPLOYED?

A. I am currently employed by Verizon Services Corporation. I am testifying in this arbitration on behalf of Verizon Florida Inc. ("Verizon").

Q. WHAT ARE YOUR CURRENT DUTIES AND RESPONSIBILITIES?

A. I am a Senior Manager for Wholesale Billing Assurance. I have been responsible for the third-party tests of Verizon's billing operations support systems ("OSS") in Verizon's five New England states.

Q. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.

A. I have worked in the telecommunications industry since 1979. Prior to assuming my current position in August 1999, I was Area Operations Manager for midtown Manhattan's Major Customer Service Center. In that position, I managed teams responsible for billing, repair, and provisioning of enterprise services to NYNEX's, and then Bell Atlantic's, Tier 1 accounts. From 1989 to 1994, I developed methods and procedures, as well as trained and coached customer service representatives for NYNEX Mobile. From 1979 to 1989, I held various positions within New York Telephone Company.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide Verizon's positions relative to Issue Nos. 2 through 5, and 9 in this arbitration, which pertain to the provisions of the parties' agreement addressing billing. In addition, I note that Verizon is not submitting testimony on Issue Nos. 1, 7-8, 10, 14-15, 18, 29, 34-36, 38-39, 42, 44, and 51-52. These issues are purely legal disputes. Verizon's position on these issues is set forth in its response to Covad's petition for arbitration and will be developed further in its post-hearing brief. I also note that, since the time the Commission issued its Order Establishing Procedure, the parties have resolved Issue Nos. 6, 11, 16, 26, 49, and 50.

ISSUE NOS. 2 AND 9 — ASSESSMENT OF PREVIOUSLY UNBILLED CHARGES

Q. WHAT IS THE DISPUTE REGARDING ISSUE NOS. 2 AND 9?

A. Issue No. 2 pertains to the time limit that should apply to the parties' right to assess previously unbilled charges for services rendered, also referred to as backbilling. Verizon's position is that the parties' rights in this regard, in the absence of a voluntary agreement otherwise, are governed by the five-year statute of limitations in Florida Statutes § 95.11(2)(b), which also governs each party's right to challenge the amounts billed by the other party. Covad has proposed a one-year limit on the parties' right to backbill, but has proposed no limit on the parties' right to dispute amounts billed.

Issue No. 9 is a follow-on to Issue No. 2, and asks whether the anti-waiver provisions in the agreement should be modified, if necessary, to remain consistent with the resolution of Issue No. 2. Verizon believes that resolution of Issue No. 2 will resolve Issue No. 9.

Q. PLEASE DESCRIBE WHY BACKBILLING MAY OCCUR BETWEEN TWO LOCAL EXCHANGE CARRIERS.

A. Carrier-to-carrier billing is a complicated and evolving process. Among other things, such billing is subject to regulatory changes that may make it difficult for carriers to bill for services promptly and completely. Orders of this Commission or the Federal Communications Commission ("FCC") can result, for example, in the imposition of new unbundled network element ("UNE") obligations before rates have been established for the new UNE and before the billing processes have been developed and implemented. In these circumstances, the operational processes necessary to enable the provisioning of the new UNE can move faster than the rate-setting and billing systems work.

Thus, even though Verizon cannot yet bill for this new UNE, it is expected to be ready to provision an order for that new UNE. Regulatory orders mandating the provision of a new UNE normally do not permit Verizon to defer provisioning orders for the new UNE until all the rate-setting and billing work is completed. As a result, Verizon may have no choice but to "back" bill the alternative local exchange carrier ("ALEC"), which normally has ordered the service with full knowledge that it will be billed for that

service at a later date. Verizon, however, tries to collect amounts owed to it as promptly as possible.

Q. HAS COVAD TAKEN ISSUE WITH BACKBILLING BY VERIZON IN OTHER PROCEEDINGS?

A. Yes. In opposing Verizon's successful section 271 application in Virginia, Covad raised one instance of backbilling, which was largely the result of a regulatory change of the kind discussed above. When Verizon was required to implement line sharing, its first priority was to complete the OSS work necessary to enable ALECs to order line sharing and to enable line-shared loops to be provisioned. Consequently, Verizon informed ALECs that they would be billed later for their line sharing UNE orders. As a result, ALECs such as Covad were able to order and use line sharing to win customers — and collect fees from those customers — without paying anything to Verizon for the period prior to when Verizon billed ALECs for those orders.

When Verizon did bill Covad for line sharing, the bill was primarily for services rendered within one year of the bill date; the oldest charges on the bill were for services rendered 14 months earlier. Verizon also included all of the backbilled amount on Covad's New York bill, because the largest portion of the charges were for New York. Indeed, although Covad has complained about backbilling of $1.1 million, that is a region-wide figure. When Covad raised billing disputes related to this

backbilling, Verizon worked with Covad to resolve those claims, and they have since been resolved, with appropriate credits issued to Covad.

Q. DID THE FCC ADDRESS COVAD'S CLAIMS?

A. Yes. The FCC stated that it "disagree[d] with Covad that Verizon's back billing for line sharing charges denies it a meaningful opportunity to compete," finding that "this problem is relatively unique" and "has been corrected." *Application by Verizon Virginia Inc., et al., for Authorization to Provide In-Region, InterLATA Services in Virginia*, Memorandum Opinion and Order, 17 FCC Rcd 21880, ¶ 50 (2002).

ISSUE NO. 3 — TRACKING OF BILLING DISPUTES

Q. WHAT IS THE DISPUTE REGARDING THIS ISSUE?

A. This issue pertains to the manner in which a billing dispute should be tracked and referenced during the pendency of a dispute. The dispute between the parties is not over their substantive obligations, but rather over the language, if any, that should appear in the interconnection agreement with respect to those obligations.

Q. YOU SAID THAT THE DISPUTE IS NOT OVER THE PARTIES' SUBSTANTIVE OBLIGATIONS. PLEASE EXPLAIN.

A. Currently, when an ALEC submits a billing dispute either by fax or the web, Verizon assigns that dispute a unique claim number. Verizon then uses that number to identify the dispute in further communications with

the ALEC. When the claim is resolved, Verizon advises the ALEC in the same manner that the claim was received (*i.e.*, fax or e-mail), which identifies the resolved dispute by the claim number and informs the ALEC of the amount of any adjustment resulting from the claim and when the adjustment is expected to appear on the ALEC's bill.

Verizon is also in the process of implementing the Wholesale Claims and Inquiry Tracking ("WCIT") system. WCIT will enable Verizon also to identify billing disputes using a claim number that the ALEC submitting the dispute assigns (assuming the ALEC enters a claim number when submitting the claim). Verizon expects to implement WCIT fully in the third quarter of 2003. Prior to that time, Verizon has agreed to use an ALEC's claim number (assuming one is provided when the ALEC submits the billing dispute) for claims regarding UNE and resale products, in addition to the Verizon-assigned claim number, on all correspondence relating to the claim.

Q. WHAT HAS COVAD PROPOSED HERE?

A. Covad has proposed to add language to the interconnection agreement stating: "The billing Party shall use a Claim Number specified in the notice of the dispute when referencing the Disputed Amounts with the billed Party." Covad Petition Attach. C at 2. As explained above, Verizon has already agreed to do so on an interim basis for claims regarding resale and UNE products and is in the process of implementing a system that will enable it to do so for all products. I note that Covad has not

proposed to change the language in the agreement that pertains to the identification of resolved billing disputes, which states that the billing party "must provide to the billed Party information identifying the bill and Bill Account Number (BAN) to which an appropriate credit will be applied." *Id.* Attach. A at 11 (§ 9.3). The letter that Verizon sends to an ALEC when a dispute is resolved, which I described above, complies with this agreed-upon language.

Q. IF VERIZON IS ALREADY PROVIDING COVAD WITH THE INFORMATION IT SEEKS, WHY DOES VERIZON OPPOSE COVAD'S LANGUAGE?

A. The process for tracking and identifying billing disputes is the type of operational process that will be enhanced, from time-to-time, depending on the needs of the industry. If the process for tracking billing disputes, instead, were contained in interconnection agreements, such modifications would be far more difficult, as they would require amendments of all of the various agreements.

Finally, I note that Covad's proposed language does not obligate the party raising the billing dispute to provide its own claim number and is silent on the obligations of the billing party in the event that happens.

Q. PLEASE DESCRIBE THE WCIT SYSTEM THAT YOU MENTIONED EARLIER.

A. WCIT is a web-based claims input and tracking system that Verizon will use to receive and then track customer claims and inquiries. Phase 1 of WCIT implementation, tracking in the CABS billing system (which is used to bill UNE products, among others), is complete, as is part of Phase 2, tracking in the CRIS billing system (which is used to bill resale products, among others). The remaining part of Phase 2, as well as Phase 3, which will permit ALEC input into WCIT through an Internet browser, is scheduled for the third quarter of 2003. Verizon conducted a live demonstration of WCIT in New York, which Covad and other ALECs attended.

ISSUE NO. 4 — TIME FOR RESOLVING BILLING DISPUTES

Q. WHAT IS THE DISPUTE REGARDING THIS ISSUE?

A. This issue pertains to how long a billing party should have, from the time it receives a billing dispute, to provide the billed party with a statement of its position on the claim and its resolution thereof. Covad has proposed language that would require the billing party to acknowledge receipt of a billing dispute within 2 business days and to provide its statement of position within 30 calendar days after receiving the notice. Verizon's position is that the appropriate standard for inclusion in an interconnection agreement is that the parties shall use commercially reasonable efforts to resolve billing disputes in a timely manner.

Q. WHY DOES VERIZON OBJECT TO COVAD'S PROPOSAL?

A. Although Verizon will acknowledge and investigate all billing claims submitted, Verizon's ability to do so within the time frames that Covad has specified depends in large part on the degree of detail that an ALEC provides when it submits its dispute and whether the dispute pertains to recent bills. Covad's proposed language places no obligations on it to provide all the information necessary to investigate its complaint at the time it is submitted. Nor does it provide Verizon with a longer time period in which to investigate disputes of older bills; as noted above, Covad may dispute bills that are five years old. Further discussion of the reasons for Verizon's objection to Covad's proposal on this issue can be found in the direct testimony of Faye H. Raynor.

Q. WHY ARE DISPUTES OF OLDER BILLS HARDER TO INVESTIGATE WITHIN THE 30 DAYS THAT COVAD PROPOSES?

A. Verizon begins to archive the data necessary to investigate billing disputes — which includes not only the billing data itself, but also the information pertaining to the service orders that the ALEC has submitted — after 45 days. As a result, claims related to older billing disputes are more difficult to investigate than claims related to current bills. Unless Verizon has relatively easy access to the data necessary to investigate an ALEC's claim, it may be unable to resolve it within 30 calendar days after receipt of the ALEC's dispute, even if the ALEC provides all the information necessary to resolve that dispute. However, if Verizon must seek additional information from an ALEC regarding its billing dispute,

Verizon also may be unable to resolve that dispute within the 30-day time frame.

ISSUE NO. 5 — LATE PAYMENT CHARGES

Q. WHAT IS THE DISPUTE REGARDING THIS ISSUE?

A. This issue actually contains two separate issues, both of which pertain to the amount of late fees that Covad must pay if it disputes a Verizon bill, but the dispute is ultimately resolved in Verizon's favor. Covad has proposed two limitations on its obligation to pay late fees in this circumstance. First, it has proposed to limit that obligation to 30 days. Second, it has proposed that any late fees should not be compounded. Verizon's position is that, consistent with this Commission's precedent, Covad should be required to pay late fees on its entire unpaid balance, for the duration that the balance is unpaid.

Q. IS COVAD OBLIGATED TO PAY LATE FEES DURING THE PENDENCY OF A DISPUTE?

A. No. ALECs are not required to pay disputed amounts during the pendency of a billing dispute. Nor does Covad, during the pendency of a dispute, need to file separate disputes regarding any late charges that continue to be billed on the disputed amounts. If the dispute is resolved in Covad's favor, any late fees billed on the disputed amounts will automatically be credited.

Q. WHAT PURPOSES ARE SERVED BY THE LATE-PAYMENT CHARGE?

A. The late-payment charge serves at least two purposes. First, it provides ALECs with an incentive to pay undisputed — or previously disputed — amounts promptly. Second, it compensates Verizon for the time value of money, the risk of ultimate non-payment, and the cost of collection efforts when ALECs do not pay such amounts promptly.

Q. ARE COVAD'S PROPOSALS CONSISTENT WITH THOSE PURPOSES?

A. No. Both purposes would be undermined if, by submitting a dispute, Covad could ensure that it would face no more than 30 days worth of late-payment charges. Indeed, although the same late-payment charge applies to Verizon's retail and ALEC customers, the level of charges to ALECs that are ultimately uncollectable by Verizon is well above the level for Verizon's retail customers. Covad's proposal would provide it with an incentive to manipulate the dispute resolution process in order to avoid making prompt payment, for example, by submitting barebones claims in order to generate "disputes" that will necessarily take longer than 30 days to resolve simply to avoid payment.

Q. WHY SHOULD LATE-PAYMENT CHARGES BE COMPOUNDED?

A. It is commercially reasonable for late-payment charges to apply to the failure to pay any amounts due under the agreement, whether those amounts are charges for services or late-payment charges. Non-

payment of charges — whether for undisputed charges or during the pendency of a dispute where the charges are ultimately determined to be valid — amounts to a forced loan from Verizon to its competitor. Imposition of late-payment charges on all outstanding balances — including previously accrued late fees — is simple compounding, which is the ordinary way in which interest charges accrue.

Q. HAS THIS COMMISSION RULED ON THIS ISSUE PREVIOUSLY?

A. Yes. In arbitrating a dispute between Covad and BellSouth, this Commission rejected Covad's claims and found that, when a "dispute is resolved in favor of BellSouth, Covad shall be required to pay the amount it owes BellSouth plus applicable late payment charges." Order No. PSC-01-2017-FOF-TP at 118, Docket No. 001797-TP (Fla. PSC Oct. 9, 2001).

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

DIRECT TESTIMONY OF DAVID J. KELLY AND JOHN WHITE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is David J. Kelly. My business address is 125 High Street, Boston, MA 02110.

Q. BY WHOM ARE YOU CURRENTLY EMPLOYED?

A. I am employed by Verizon Corporation. I am testifying in this arbitration on behalf of Verizon Florida Inc. ("Verizon").

Q. WHAT ARE YOUR CURRENT DUTIES AND RESPONSIBILITIES?

A. Director, CLEC Operations Northeast. My responsibilities include the provisioning of UNE Digital loops, line splitting, and line sharing products in the New York and New England region.

Q. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.

A. I joined Verizon in 1978 and have held field and staff positions in customer service, network operations, cost accounting, and project management.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is John White. My business address is 1095 Avenue of the Americas, New York, NY 10036.

Q. BY WHOM ARE YOU CURRENTLY EMPLOYED?

A. I am currently employed by Verizon Communications Inc. I am testifying in this arbitration on behalf of Verizon Florida Inc. ("Verizon").

Q. WHAT ARE YOUR CURRENT DUTIES AND RESPONSIBILITIES?

A. I am an Executive Director within the Verizon Wholesale Services organization. In this position, I am responsible for the introduction of wholesale digital services.

Q. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.

A. I have been employed by Verizon or by its affiliates and predecessor companies since 1966. Before joining Verizon, I worked for a number of engineering and construction firms. During my first 12 years at Verizon, I was involved in every aspect of Outside Plant telephone engineering. From 1979 to 1994, I held managerial positions in Construction, Installation and Maintenance, and Engineering, in both line and staff capacities. Before joining the Wholesale Services organization in June 2000, I worked in the Bell Atlantic Technology organization as the Executive Director, Transport Technology Planning.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of our testimony is to provide Verizon's positions relative to Issue Nos. 19 and 22 in this arbitration, which pertain to Verizon's provisioning of unbundled network elements ("UNEs") and UNE combinations.

ISSUE NO. 19 — BUILDING FACILITIES TO PROVISION UNE ORDERS

Q. WHAT IS THE DISPUTE REGARDING THIS ISSUE?

A. This issue raises the question whether Verizon is required to build facilities to provision Covad's UNE orders. Covad has proposed numerous changes to sections of the agreement, the effect of which would be to require Verizon to build facilities when existing facilities are not available to provision a Covad UNE order. Verizon's position is that federal law is clear that Verizon is not required to build facilities to provision a UNE order.

Q. PLEASE DESCRIBE VERIZON'S PRACTICES FOR PROVISIONING ALECS' UNE ORDERS.

A. Verizon does not construct network elements solely for the purpose of unbundling those elements. However, although it is not required to do so, Verizon does provide alternative local exchange carriers ("ALECs") with additional opportunities for access to network elements beyond the mandated provisioning obligations. These are described in ¶ 91 of the FCC's order approving Verizon's section 271 application in Pennsylvania:

> [W]here facilities are currently unavailable, but Verizon has construction underway to meet its own future demand, it will provide competitive LECs with an installation date based on the anticipated completion date of the pending job. Further, when requisite electronics, such as line cards, have not been deployed but space exists for them in the multiplexers at the central office and end-user

premises, Verizon will order and place the necessary line cards in order to provision the high capacity loop. Verizon will also perform the cross connection work between the multiplexers and the copper or fiber facility running to the end user.

Application of Verizon Pennsylvania Inc., et al., for Authorization To Provide In-Region, InterLATA Services in Pennsylvania, Memorandum Opinion and Order, 16 FCC Rcd 17419, ¶ 91 (2001) ("*Pennsylvania 271 Order*"), *appeal pending, Z-Tel Communications, Inc. v. FCC*, No. 01-1461 (D.C. Cir.). Verizon follows these same practices in Florida.

In the event that Verizon lacks the facilities necessary to provide a requested network element, and there are no pending constructions jobs that would make the necessary facilities available, ALECs are not prevented from obtaining the facilities they desire. ALECs and all other access service customers can still obtain facilities through the special access provisions of Verizon's tariffs. Pursuant to the terms of the tariffs, Verizon will build the necessary facilities for the customer. Requests from all of Verizon's access service customers, whether they are ALECs, interexchange carriers, or retail end users, are handled under the same terms and conditions of these tariffs, precluding any claim of discrimination.

ISSUE NO. 22 — INSTALLATION APPOINTMENTS

Q. WHAT IS THE DISPUTE REGARDING ISSUE NO. 22?

A. This issue pertains to the appointment windows that are available for the installation of loops for both retail and ALEC end-user customers. Covad has proposed to add language to the agreement that would require Verizon to provide Covad's end-user customers with a three-hour installation appointment window for orders that require the dispatch of a technician to Covad's end-user customers' premises. Verizon's position is that, under federal law, Verizon is obligated to provide Covad only with the same installation appointment windows that Verizon offers to its retail customers in analogous circumstances; and Verizon does not offer its retail customers three-hour installation appointment windows. Further discussion of this issue and the reasons for Verizon's objection to Covad's proposal can be found in the direct testimony of Faye H. Raynor.

Q. PLEASE DESCRIBE THE ORDERING INTERVALS THAT VERIZON OFFERS TO RETAIL AND ALEC END-USER CUSTOMERS.

A. As an initial matter, Verizon does not interact directly with an ALEC's end user. Instead, Verizon provides appointment availability information to the ALEC through its operations support systems ("OSS"), and the ALEC is responsible for passing that information on to its end-user customer and for ensuring that the customer will be available during the appointed time if it is necessary for a Verizon technician to obtain access to the ALEC's customer's premises to complete the provisioning of the order.

ALEC employees and Verizon retail representatives obtain the same pre-ordering information from the same underlying OSS. Depending upon the type of service ordered, installation appointments for retail and wholesale service are available either in standard, minimum fixed intervals or based upon the demand volume and the work force available at the desired time of installation.

For services that are provisioned based on a standard interval date, Verizon offers an all-day window on the installation day. While the appointments based on the standard intervals are offered on a business-day basis, ALECs may request that Verizon provide installation of these fixed interval products on a four-hour-window basis in the manner described below. Verizon will attempt to accommodate this request; however, it cannot guarantee that it can do so.

For retail products and UNEs that do not have standard, fixed provisioning intervals, Verizon's OSS provide installation due date availability through a labor force management system that is available to both Verizon retail representatives and ALEC employees using one of the wholesale pre-order interfaces that Verizon offers. Appointments set through this labor force management system are available on a first-come, first-served basis to ALEC customers and Verizon customers alike. ALECs are given the opportunity to select the same four-hour windows described above during the pre-ordering process, in the same manner in which Verizon retail representatives can.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

DIRECT TESTIMONY OF ROSEMARIE CLAYTON

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Rosemarie Clayton. My business address is 2107 Wilson Boulevard, Arlington, Virginia.

Q. BY WHOM ARE YOU CURRENTLY EMPLOYED?

A. I am currently employed by Verizon Communications Inc. I am testifying in this arbitration on behalf of Verizon Florida Inc. ("Verizon").

Q. WHAT ARE YOUR CURRENT DUTIES AND RESPONSIBILITIES?

A. I am a Senior Product Manager with responsibilities for Line Sharing Digital Subscriber Line ("DSL") services. My responsibilities include the oversight of policy and pricing issues related to DSL and Line Sharing, negotiation of interconnection agreements with alternative local exchange carriers ("ALECs"), and active participation in the DSL and Line Sharing Collaborative in New York on product and provisioning issues. In addition, I conduct xDSL and Line Sharing workshops for ALECs. I also testify as a subject matter expert in hearings on xDSL, Line Sharing, Line Splitting, and conditioned loops.

Q. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.

A. I have more than 24 years of experience as an employee of Verizon and its predecessor companies. Prior to my current assignment, I was assigned to the Interconnection and Unbundled Services department,

where I was responsible for the development and implementation of unbundled network elements, specifically unbundled loops and switching.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide Verizon's positions relative to Issue Nos. 23 and 27 in this arbitration, which pertain to the offering of advanced services.

ISSUE NO. 23 — TECHNICAL DOCUMENTS

Q. WHAT IS THE DISPUTE REGARDING THIS ISSUE?

A. This issue pertains to which technical documents should be referenced in the agreement with respect to Integrated Service Digital Network ("ISDN") and High-Speed Digital Subscriber Line ("HDSL") loops. Covad has proposed that the agreement should reference industry standard documents only. Verizon's position is that the agreement should also reference Verizon's technical documents.

Q. WHY DOES VERIZON OBJECT TO COVAD'S PROPOSAL?

A. Although Verizon revises its technical documents from time-to-time to remain current with industry standards, it is ultimately Verizon's documents — and not the industry standards — that define the ISDN and HDSL loops in Verizon's network and provide complete information about Verizon's UNE loop products. Accordingly, interconnection agreements should also reference the Verizon technical documents that define loop

characteristics specific to Verizon's network. If an ALEC believes that the Verizon technical documents are in conflict with industry standards, Verizon has offered to research the standard and area of conflict identified by the ALEC. If necessary, Verizon will, based on its investigation, negotiate specific aspects of the Verizon technical documents to address areas of concern.

ISSUE NO. 27 — ADVANCED SERVICES NOTIFICATION OBLIGATIONS

Q. WHAT IS THE DISPUTE REGARDING ISSUE NO. 27?

A. This issue involves two disputes. The first dispute is over whether Covad is required to notify Verizon of which advanced services it deploys over the loops that it obtains from Verizon. Covad's position is that it is not required to do so; Verizon's position is that federal law requires Covad to do so and, in addition, that there are substantial operational advantages when Covad does so. The second dispute is over what process Covad must use if it wants to order new loop types or technologies. Covad's position is that it may order such loop types and technologies through any method that is compatible with a provision of federal law; Verizon's position is that Covad should use the bona fide request ("BFR") process, which is compatible with federal law and which is contained in an agreed-upon section of the parties' agreement.

Q. WHAT ARE THE OPERATIONAL BENEFITS OF COVAD INFORMING VERIZON WHICH ADVANCED SERVICES IT DEPLOYS OVER THE LOOPS THAT IT OBTAINS FROM VERIZON?

A. Verizon uses the information about which advanced service type Covad deploys on a particular loop to ensure that the various services, such as Asymmetric DSL ("ADSL") and T-1 lines, provided over loops in a binder group, do not interfere with each other. If loops carrying these two types of technologies are placed within the same binder group, interference will occur. If Verizon knows that an ALEC is ordering the loop to deploy ADSL, it will not place this loop in the same binder as existing loops deploying T-1 technology. Without accurate information, Verizon's ability to prevent interference within binder groups could be impeded. This is especially true as new DSL and other data technologies are added to the network.

In addition, due to the fact that different DSL technologies are provisioned over different loop lengths, ALECs must order the type of technology by ordering code that they will be deploying to ensure that Verizon delivers a compatible copper loop. For example, ADSL as a general rule can work on loops up to 18,000 feet in length. HDSL on the other hand works on loops that are less than 12,000 feet. If ALECs did not order DSLs by loop type, Verizon could potentially deliver what it believes to be a compatible loop to the ALEC only to find out later that the DSL technology being provisioned to the end user will work only on a shorter loop.

Furthermore, this information is valuable for troubleshooting and repair purposes. Without accurate loop information regarding the particular type of advanced service or technology, Verizon's ability to troubleshoot and make necessary repairs could be significantly delayed or hindered.

Q. PLEASE DESCRIBE THE BONA FIDE REQUEST PROCESS.

A. Currently, an agreed-upon portion of the interconnection agreement contains a procedure for an ALEC to follow in the event it wants to deploy a new loop type or technology, namely, the BFR process. Once an ALEC initiates the BFR process, a preliminary analysis is conducted, including an initial assessment of its technical feasibility, general product availability, and expected delivery date. This preliminary analysis is normally completed within 30 days. A full evaluation of each request, including any product development activity and final pricing, is normally completed within approximately 90 calendar days after Verizon receives authorization from the ALEC to proceed. That process involves, among other things, a detailed assessment of the technical feasibility of the ALEC's request as well as joint product development activity between Verizon and the ALEC. Successful provisioning of new loop types requires coordination between Verizon and Covad that is provided for through the BFR process.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

DIRECT TESTIMONY OF FAYE H. RAYNOR

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Faye H. Raynor. My business address is 600 Hidden Ridge, Irving, Texas 75038.

Q. BY WHOM ARE YOU CURRENTLY EMPLOYED?

A. I am currently employed by Verizon Communications Inc. I am testifying in this arbitration on behalf of Verizon Florida Inc. ("Verizon").

Q. WHAT ARE YOUR CURRENT DUTIES AND RESPONSIBILITIES?

A. In my current position, I represent Verizon in all state and federal proceedings related to the development of Operations Support Systems ("OSS") ALEC Performance Measures and Standards for the former GTE operating territories.

Q. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.

A. I have been employed by Verizon (formerly GTE) since June 1971 and have held numerous positions dealing with demand analysis, forecasting, system development and management, product management, product sales and support, and quality assurance. Between mid-1993 and 1997, I established and coordinated service delivery process improvement activities for AT&T and interexchange carriers ("IXCs") in general. During that time, I was the GTE focal point for IXC performance measures, supported ISO 9000 certification of special and switched service centers,

and was instrumental in creating a single point of contact ("SPOC") for trouble reporting. In early 1998, I was assigned to the project of developing, for GTE, ALEC performance measurements in support of the Telecommunications Act of 1996. In September 2000, I was named to my current position at Verizon.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide Verizon's positions relative to Issue Nos. 4, 13, 22, and 37 in this arbitration, insofar as those issues relate to the performance measurements under which Verizon reports its performance in Florida.

Q. PLEASE DESCRIBE THE PERFORMANCE MEASUREMENTS UNDER WHICH VERIZON CURRENTLY REPORTS ITS PERFORMANCE IN FLORIDA.

A. Verizon currently reports its performance in Florida under a set of measurements established as a condition of the Federal Communications Commission's ("FCC") approval of the Bell Atlantic-GTE merger. These measurements were based on those adopted by the California Public Utilities Commission ("CPUC"), through collaborative processes, for reporting Verizon California's performance. The merger conditions define measurements and performance standards for the following categories: Pre-Ordering, Ordering, Provisioning, Maintenance and Repair, Network Performance, and Billing. These measurements have been updated from time-to-time to reflect changes to the measurements approved by the

CPUC. A current version of the business rules for these measurements can be found at http://128.11.40.241/perf_meas_ug/fcc.htm.

Q. WHAT CONSEQUENCES DOES VERIZON FACE IF IT DOES NOT MEET THOSE PERFORMANCE STANDARDS?

A. As a condition for the FCC's approval of the Bell Atlantic-GTE merger, Verizon is subject to a performance assurance plan, under which it must make remedy payments to the United States Treasury when it misses the performance standards established in the merger measurements.

Q. HAS THIS COMMISSION ESTABLISHED ITS OWN PERFORMANCE MEASUREMENTS FOR VERIZON?

A. No. However, the Commission is currently considering the creation of such measurements, as well as a performance assurance plan, in Docket No. 000121C-TP. Staff submitted its proposed list of performance measurements on November 15, 2002. The measurements that Staff proposed are substantially the same as those that Verizon currently reports under the conditions of the merger, although Staff proposed certain additional measurements. Staff also recommended that the Commission not establish a performance assurance plan at this time, but that it consider the adoption of such a plan — which would include the issue of whether it has authority to do so —during the six-month review.

Verizon filed its comments on Staff's proposal, as did ALECs, including Covad. Staff's recommendation, in light of those comments, is currently

due on February 6, 2003. That recommendation is currently scheduled for inclusion on the Commission's February 18, 2003 agenda. If the Commission does adopt a performance assurance plan, it would displace the plan established in the FCC's order approving the Bell Atlantic-GTE merger.

ISSUE NO. 4 — TIME FOR RESOLVING BILLING DISPUTES

Q. WHAT IS THE DISPUTE REGARDING THIS ISSUE?

A. This issue pertains to how long a billing party should have, from the time it receives a billing dispute, to provide the billed party with a statement of its position on the claim and its resolution thereof. Covad has proposed language that would require the billing party to acknowledge receipt of a billing dispute within 2 business days and to provide its statement of position within 30 calendar days after receiving the notice. Verizon's position is that the appropriate standard for inclusion in an interconnection agreement is that the parties shall use commercially reasonable efforts to resolve billing disputes in a timely manner.

Q. WHY DOES VERIZON OBJECT TO COVAD'S PROPOSAL?

A. Covad has, in essence, proposed the inclusion of measurements of Verizon's billing dispute resolution performance in its interconnection agreement. However, Covad did not propose the adoption of such measurements in its filing in Docket No. 000121C-TP. Therefore, if Covad's proposal were adopted, these measurements would apply to

Verizon's interactions with Covad only. As this Commission has generally recognized, measurements should be adopted on an industry-wide basis, which ensures that the same standards apply to Verizon's dealings with all ALECs. In addition, measurements adopted in an interconnection agreement could not be easily modified through periodic reviews, such as the review process Staff has proposed for the Florida measurements.

In addition, Verizon objects to the substance of Covad's proposal. As Staff has explained, performance measurements contain more than performance standards — they must also "be documented in detail so that it is clear what is being measured, how it is being measured, and what is excluded from the measurement." Staff Memorandum at 2, Docket No. 000121C-TP (Fla. PSC filed Nov. 15, 2002). The language that Covad has proposed does not contain any of that detail.

Where other Verizon companies report on their performance in resolving billing disputes, the measurements have considerable detail. For example, the measurements in those other states exclude billing disputes that are submitted more than 60 calendar days after the date of the bill containing the disputed charge. Older billing disputes — in Rhode Island, disputes related to billing periods before December 1, 2001 — are also excluded. Those measurements also define what it means for Verizon to acknowledge and to resolve billing disputes. The measurements also have a standard of 95% of claims acknowledged within 2 business days

and 95% of claims resolved within 28 calendar days after acknowledgement. In contrast, Covad's proposed language appears to require 100% performance. Further discussion of the reasons for Verizon's objection to Covad's proposal on this issue can be found in the direct testimony of Ronald J. Hansen.

ISSUE NOS. 13 and 37 — TIME FOR RETURNING LSRCS

Q. WHAT IS THE DISPUTE REGARDING ISSUE NOS. 13 AND 38?

A. These issues pertain to the intervals in which Verizon must return Local Service Request Confirmations ("LSRCs") on Covad's orders. Verizon's position is that the intervals for these confirmation notices should be set in Docket No. 000121C-TP, where Staff has proposed to adopt the intervals, business rules, and performance standards contained in the similar measurements established as a condition of the FCC's approval of the Bell Atlantic-GTE merger. Covad has proposed to establish specific intervals in its interconnection agreement that differ from those Staff has proposed.

Q. WHAT ARE THE INTERVALS CONTAINED IN STAFF'S PROPOSAL?

A. Staff's proposal, like the measurements under which Verizon currently reports its performance in Florida, contains, in pertinent part, the following intervals and performance standards:

Fully Electronic / Flow Through Orders	95% within 2 system hours
Orders That Do Not Flow Through	
UNE non-designed < 10 lines	95% within 24 clock hours
UNE designed < 10 lines	95% within 48 clock hours
UNE non-designed or designed >= 10 lines	95% within 72 clock hours

The business rules in Staff's proposal also contain a number of exclusions, such as for non-business days and delays caused by customer reasons.

Q. HOW DOES COVAD'S PROPOSAL HERE COMPARE TO STAFF'S PROPOSAL IN DOCKET NO. 000121C-TP?

A. Covad's proposal here is very different. Covad has proposed that, for stand-alone loops, LSRCs should be returned within 2 business hours for all electronically pre-qualified local service requests for stand-alone loops and line sharing orders, and within 24 hours for all local service requests for stand-alone loops that are subject to manual pre-qualification. Covad's proposal appears to require 100% of Verizon's LSRCs to be returned in the intervals that Covad prefers, as compared to the 95% on-time standard in Staff's proposal. Covad's proposal also does not provide a longer interval for electronically pre-qualified orders that do not flow through, which Staff's proposal does. Covad's proposal also does not provide for longer intervals for orders of 10 or more lines, which Staff's proposal does.

Q. DID COVAD PROPOSE THESE CHANGES IN DOCKET NO. 000121C-TP?

A. No. Neither Covad nor any other ALEC suggested any changes to Staff's proposal with respect to a measurement of LSRC timeliness. As with Issue No. 4, discussed above, Covad is again seeking performance measurements that are unique to it and that cannot easily be modified.

ISSUE NO. 22 — INSTALLATION APPOINTMENTS

Q. WHAT IS THE DISPUTE REGARDING ISSUE NO. 22?

A. This issue pertains to the appointment windows that are available for the installation of loops for both retail and ALEC end-user customers. As part of this issue, Covad has proposed that penalties should apply if Verizon misses the appointment window. Verizon's position with respect to that aspect of this issue is that any such penalties should be established under industry-wide performance measurements and performance assurance plans. Covad's position is that such penalties should be set out in its interconnection agreement. Further discussion of this issue and the reasons for Verizon's objection to Covad's proposal can be found in the direct testimony of David J. Kelly and John White.

Q. HOW DO THE PERFORMANCE MEASUREMENTS AND PERFORMANCE ASSURANCE PLANS ADDRESS THIS ISSUE?

A. Under the measurements that Verizon currently uses to report its performance in Florida, the missed appointment performance

measurements exclude instances where a Verizon technician misses an appointment because of reasons attributable to the ALEC or the ALEC's end-user customer, such as where the technician cannot obtain access to an ALEC's end-user customer's premises. The same is true of the missed appointment measurements that Staff has proposed. In addition, Verizon currently can be required to make remedy payments, based on its performance on the missed appointment measurements, under the performance assurance plan adopted as part of the conditions for the FCC's approval of the Bell Atlantic-GTE merger. This Commission is currently considering whether to adopt a performance assurance plan that similarly would require remedy payments based on Verizon's performance. As noted above, Staff's recommendation is that no such remedy payments be adopted at this time, but that the issue be revisited during the six-month review.

Q. IS COVAD'S PROPOSAL CONSISTENT WITH THE CURRENT TREATMENT OF THIS ISSUE?

A. No. First, Covad's proposed language appears to require Verizon to pay a penalty whenever it misses an appointment, no matter the cause. Second, Covad has proposed, in effect, a remedy plan for itself, even though Staff has proposed deferring the creation of such a plan at least until the six-month review.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

DIRECT TESTIMONY OF JOHN WHITE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is John White. My business address is 1095 Avenue of the Americas, New York, NY 10036.

Q. BY WHOM ARE YOU CURRENTLY EMPLOYED?

A. I am currently employed by Verizon Communications Inc. I am testifying in this arbitration on behalf of Verizon Florida Inc. ("Verizon").

Q. WHAT ARE YOUR CURRENT DUTIES AND RESPONSIBILITIES?

A. I am an Executive Director within the Verizon Wholesale Services organization. In this position, I am responsible for the introduction of wholesale digital services, with a focus on the technical support required for xDSL-capable loops.

Q. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.

A. I have been employed by Verizon or by its affiliates and predecessor companies since 1966. Before joining Verizon, I worked for a number of engineering and construction firms. During my first 12 years at Verizon, I was involved in every aspect of Outside Plant telephone engineering. From 1979 to 1994, I held managerial positions in Construction, Installation and Maintenance, and Engineering, in both line and staff capacities. Before joining the Wholesale Services organization in June 2000, I worked in the Bell

Atlantic Technology organization as the Executive Director, Transport Technology Planning.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide Verizon's positions relative to Issue Nos. 12 and 30 through 33, which pertain to the xDSL-capable loops that Covad orders from Verizon.

ISSUE NO. 30 — COOPERATIVE TESTING

Q. WHAT IS THE DISPUTE REGARDING ISSUE NO. 30?

A. This issue pertains to the procedures that Verizon should be required to follow with respect to the testing of xDSL-capable loops that Covad orders. Covad proposes to add language to the agreement that specifies, in great detail, a manual cooperative testing process that Verizon's technicians must follow when they provision an xDSL-capable loop. Verizon's position is that, because the cooperative testing of loops is an operational matter that is subject to change over time, detailed processes for such testing should not be specified in interconnection agreements. In addition, Verizon opposes Covad's position because it would require Verizon to conduct inefficient and burdensome manual testing, even when mechanized testing of the loop is available.

Q. PLEASE DESCRIBE THE DEVELOPMENT OF THE MANUAL COOPERATIVE TESTING PROCESS.

A. Whenever a loop is provisioned or repaired, the loop is tested to verify continuity and to ensure that the loop meets Verizon's technical specifications. Loop testing is accomplished either through a manual process, involving a Verizon and an ALEC technician, or through a more efficient, automated process.

In the former Bell Atlantic region of Verizon's territory, procedures for the manual testing of xDSL-capable loops were developed in a DSL collaborative proceeding, which commenced in New York in August 1999. Changes to that process would be extremely difficult to implement if the testing process was specified in great detail in interconnection agreements. Although this procedure is employed in Verizon's former Bell Atlantic jurisdictions, it is not employed in Verizon's former GTE jurisdictions, such as Florida. Bell Atlantic and GTE were separate companies at the time these procedures were established.

The manual process of loop testing is commonly referred to as cooperative loop testing, because it requires that both a Verizon technician and an ALEC technician jointly verify that the loop is properly installed and operational. Cooperative testing requires that, upon completion of the loop installation, a Verizon technician and an ALEC technician run a series of manual tests on the loop together. The Verizon technician must call the ALEC to get an ALEC technician to initiate the test query into the ALEC test equipment. Both

technicians must remain on the call until the completion of the tests. Once both the Verizon technician and the ALEC technician agree that the loop tests show that the loop is operational, the ALEC accepts the loop and the provisioning order or maintenance activity is completed. In those cases where the loop is not acceptable, additional testing calls — from the field, the central office, and/or the Verizon dispatch center — may need to occur to complete the provisioning or maintenance activity.

Q. HOW DOES THE MANUAL PROCESS COMPARE TO THE AUTOMATED PROCESS?

A. An ALEC can install gateways that enable the provisioning of xDSL-capable loops or digital designed loops through an automated testing process, allowing Verizon to access the ALEC's testing process remotely and making the labor intensive cooperative testing process unnecessary. This testing is similar to the Mechanized Loop Testing ("MLT") process that Verizon uses for the provisioning of plain old telephone service ("POTS"), whereby central office switching equipment enables any technician — whether that technician is in a dispatch center, a central office, or the field — to do a full test of a loop, independent of all other activities and personnel.

Covad has recently implemented an Interactive Voice Response ("IVR") Unit, which allows Verizon to perform remote testing of xDSL-capable loops that Verizon provisions for Covad. When a Verizon technician can successfully test an xDSL loop provisioned to a Covad end user through this system, it

would be wasteful and duplicative also to engage in a manual cooperative testing process.

Q. DOES COVAD'S PROPOSED LANGUAGE ADDRESS THE AUTOMATED TESTING PROCESS?

A. No. Covad's proposed language contains no mention of the IVR process for the remote testing of xDSL-capable loops. Indeed, Covad's proposed language would apparently require Verizon to perform a manual cooperative test of a loop even when the test conducted using the IVR indicated that the loop "passed." Manual testing in those circumstances would be redundant. In addition, although Covad's proposed language sets forth substantial and detailed actions that Verizon's technician must perform, it does not obligate Covad to ensure that its IVR is available when Verizon provisions an xDSL-capable loop.

ISSUE NO. 31 — LOOP DEMARCATION INFORMATION

Q. WHAT IS THE DISPUTE REGARDING THIS ISSUE?

A. This issue pertains to the information that Verizon must provide Covad regarding the location — or demarcation point — for loops that Covad orders from Verizon. Covad has proposed to require Verizon to "tag" loops when it dispatches a technician to provision a loop and, when a loop is provisioned without dispatching a technician, to provide Covad with "sufficient information" to enable Covad to find the demarcation point. Verizon's position is that it should not be forced to tag loops when it can provide specific demarcation

point information. For loops provisioned without a dispatch, Verizon's position is that, under federal law, it is required to provide Covad only that same information about the demarcation point that is available to it.

Q. PLEASE DESCRIBE WHAT IT MEANS TO "TAG" A LOOP.

A. A Verizon technician would affix a small piece of paper or plastic to the demarcation point. That paper would contain information such as the ALEC's order number, the number of the circuit to be connected, and the order due date.

Q. WHAT IS THE PURPOSE OF TAGGING A LOOP?

A. Tagging a loop is one way to identify the particular loop that Verizon provisioned from among the many possible loops at a location.

Q. IS TAGGING ALWAYS NECESSARY?

A. No. Tagging, far from being necessary, is sometimes counterproductive or physically impossible. In a location where there are thousands of loops in one telephone closet, tagging individual demarcation points can yield a plethora of tags through which to be sifted, rather than easily finding the loop through particular terminal, frame, and pair numbers. In single dwelling units, where there are usually only a few loops terminated at the Network Interface Device ("NID"), descriptive information is more than sufficient to give an ALEC the location of the loop. In some instances, when loops are terminated into push-on blocks, for example, tagging the loop is an impossibility, due to the physical make-up of the demarcation point. In all of these cases, a tag is not

necessary to ensure that the ALEC can identify the loop that Verizon has provisioned. Furthermore, when tags are used, the tags themselves may become dislodged or confused with other tags. Verizon's normal practice is to tag loops only when it is necessary; that is, when specific demarcation point information cannot be provided in any other manner.

Q. WHAT DEMARCATION POINT INFORMATION DOES VERIZON PROVIDE TO ALECS IF IT DOES NOT DISPATCH A TECHNICIAN?

A. Verizon will provide the ALEC with all of the information regarding the demarcation point that Verizon has available in its database. Usually, this information will include the address, terminal, terminal name, cable and pair, and binding post. However, even on loops that can be provisioned without a dispatch, an ALEC can still request that a Verizon technician be dispatched (at the ALEC's expense). In this case, Verizon will provide the ALEC with specific demarcation point information or, where necessary, tag the loop.

ISSUE NOS. 12 AND 32 — LOOP QUALIFICATION

Q. WHAT IS THE DISPUTE REGARDING THESE ISSUES?

A. Both of these issues involve the loop qualification information that Verizon makes available to Covad. With respect to Issue No. 12, the parties agree that Verizon is obligated to provide Covad with nondiscriminatory access to loop qualification information; they disagree whether the agreed-upon language in the agreement is sufficient. Below, I discuss the means through which Verizon provides Covad with loop qualification information in Florida.

With respect to Issue No. 32, the parties disagree about whether the agreement should contain language setting forth terms, conditions, and intervals that would apply to Covad's manual loop qualification requests. Covad has proposed such language. However, that language pertains to the loop qualification process used in Verizon's former Bell Atlantic jurisdictions. Verizon uses a different loop qualification process in Florida and in Verizon's other former GTE jurisdictions. Covad's language is therefore generally inapplicable to Verizon's systems and processes in Florida.

Q. PLEASE DESCRIBE THE LOOP QUALIFICATION PROCESS THAT VERIZON USES IN ITS FORMER BELL ATLANTIC JURISDICTIONS.

A. In those jurisdictions, Verizon offers ALECs access to loop qualification information in four ways. First, ALECs can submit an electronic loop prequalification request to Verizon's LiveWire database, which contains loop qualification (and other) information. LiveWire is the same mechanized database that Verizon's retail representatives use. If, for some reason, a ALEC is unable to prequalify a loop through LiveWire, that ALEC can request an on-demand, or manual, loop qualification, either by submitting a pre-order transaction known as an xDSL Loop Qualification – Extended Inquiry ("Extended Query"), or by indicating that a manual loop qualification is needed on its order for an xDSL loop. Verizon also offers ALECs a Loop Make Up Inquiry, which provides ALECs with access to the limited loop make-up information contained in a back office inventory systems known as Loop Facilities Assignment and Control System ("LFACS"). Finally, ALECs can

also submit an Engineering Query (or Engineering Record Request), which is a request for full loop make-up.

Q. HOW IS THE LOOP QUALIFICATION PROCESS USED IN FLORIDA DIFFERENT?

A. In Florida, as in Verizon's other former GTE jurisdictions, Verizon offers ALECs a single, mechanized loop qualification inquiry. This transaction provides ALECs with information contained in Verizon's Wholesale Internet Service Engine ("WISE") database. This database, which is the same database accessed by Verizon's retail representatives in Florida, contains all the loop qualification information available in the LiveWire database used in the former Bell Atlantic footprint, as well as information normally available only through one or more of the other loop qualification transactions offered in those areas.

In spite of providing this wealth of information via an automated process, Verizon — on an exceptions basis, when an ALEC makes a specific request to its account manager — will manually investigate loop qualification information on particular loops. Verizon provides this information in the same time and manner as it would provide this information to itself.

Q. HOW IS COVAD'S PROPOSED LANGUAGE INAPPLICABLE TO VERIZON'S PROCESS IN FLORIDA?

A. For example, Covad has proposed that it should be able to submit an Extended Query in certain instances. But this is not a transaction used in

Florida or Verizon's other former GTE jurisdictions. In addition, Covad has proposed that Verizon should respond to its manual loop qualification requests in one business day. As noted above, Verizon does not have a manual loop qualification process. And, even when Verizon manually investigates loop information for a particular loop on an exceptions basis, the appropriate standard is that Verizon provide Covad with that information in the same time and manner that it provides the information to itself.

ISSUE NO. 33 — PREQUALIFICATION OF XDSL-CAPABLE LOOP ORDERS

Q. WHAT IS THE DISPUTE REGARDING THIS ISSUE?

A. This issue pertains to Covad's obligation to prequalify its xDSL-capable loop orders. Verizon has agreed that Covad may challenge Verizon's determination that a particular loop, or set of loops, is not qualified for the xDSL type that Covad seeks to deploy on that loop. Covad, however, has proposed changing this language to allow it to contest the very requirement that it prequalify its xDSL-capable loop orders.

Q. WHY DOES VERIZON REQUIRE ALECS TO PREQUALIFY THEIR XDSL-CAPABLE LOOP ORDERS?

A. In order for an ALEC to provide xDSL service over a loop, it is essential that the loops possess the appropriate technical capabilities. The prequalification process, described above in my discussion of Issue No. 32, provides ALECs with information on the technical capabilities of those loops, including all the information necessary for the ALEC to determine whether the loop can

support the particular xDSL type that it seeks to deploy. Therefore, Verizon expects that ALECs have prequalified their xDSL orders before submitting them.

Q. WHY DOES VERIZON OBJECT TO COVAD'S PROPOSAL?

A. As explained above, Verizon agrees that Covad may seek to dispute Verizon's determination that a particular loop or set of loops does not meet the necessary technical specifications to handle the advanced services that Covad seeks to provide. In the event that Covad does dispute Verizon's determination, Verizon has further agreed that, at Covad's option and where available facilities exist, Verizon will provision any such contested order or set of orders, except where it will impair voice service to the end user, pending resolution of the parties' dispute.

Although Covad has proposed to change only one word in the provision at issue, its proposal would dramatically change the purpose of this provision, by allowing Covad to argue that the prequalification requirement for a particular class of xDSL loops — or for all xDSL loops — should be eliminated. Covad's claimed justification for this change is that "Verizon's prequalification tool has proven to be unreliable on certain orders types." Covad Petition Attach. B at 13. Even if Covad were correct — and it is not (nor is it clear whether Covad is referring to WISE or to the LiveWire database used in the former Bell Atlantic jurisdictions) — that would not change the fact that a substantial percentage of the loops in Verizon's network cannot support any xDSL type. If Covad were not required to prequalify its xDSL-capable loop

orders, then Verizon would routinely be required to attempt to provision Covad's xDSL-capable loop orders where no xDSL-capable loop is available and, in some cases, perform work that would degrade voice service.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

DIRECT TESTIMONY OF DON ALBERT AND ALICE B. SHOCKET

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Don Albert. My business address is 600 East Main Street, Richmond, Virginia 23219.

Q. BY WHOM ARE YOU CURRENTLY EMPLOYED?

A. I am currently employed by Verizon Services Corp. I am testifying in this arbitration on behalf of Verizon Florida Inc. ("Verizon").

Q. WHAT ARE YOUR CURRENT DUTIES AND RESPONSIBILITIES?

A. Currently I am Director – Network Engineering for Verizon Network Services. In this position, I am directly involved in the negotiation of interconnection agreements and the network implementation of alternative local exchange carrier ("ALEC") interconnection and unbundling arrangements, including dark fiber, throughout the Verizon footprint.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. I received a Bachelor of Science Degree in Civil Engineering from Virginia Tech in 1977. I have more than 25 years of experience in the telecommunications industry as an employee of Verizon and its predecessor companies. During that time, I have held various positions of increasing responsibility in Network Operations, Network Engineering,

Network Planning, and Sales. I have been in my present position for five years.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Alice B. Shocket. My business address is 125 High Street, Boston, Massachusetts 02110.

Q. BY WHOM ARE YOU CURRENTLY EMPLOYED?

A. I am currently employed by Verizon Services Corporation. I am testifying in this arbitration on behalf of Verizon Florida Inc. ("Verizon").

Q. WHAT ARE YOUR CURRENT DUTIES AND RESPONSIBILITIES?

A. I currently serve as Senior Specialist – Interconnection Services for the Verizon Services Group. In that capacity, I am responsible for developing and implementing dark fiber and local number portability throughout the Verizon footprint.

Q. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.

A. I have more than 30 years of experience in the telecommunications industry as an employee of Verizon and its predecessor companies. During that time, I have held various positions of increasing responsibility related to customer services, regulatory matters, marketing, access, interconnection services, number portability, and, most recently, dark fiber. I received a Bachelor of Arts degree in Economics from Northeastern University.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. We are providing this testimony in support of the positions of Verizon on Issue Nos. 41, 43, and 45 through 49 in the arbitration between Verizon and DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad"). These issues concern certain disputed provisions in the UNE Attachment to the proposed Interconnection Agreement that involve Verizon's provision of dark fiber as an unbundled network element ("UNE").

ISSUE NO. 41 — ACCESS TO PARTIALLY CONSTRUCTED FIBER

Q. WHAT IS THE DISPUTE WITH RESPECT TO ISSUE NO. 41?

A. Issue No. 41 of Covad's Petition concerns the definition of dark fiber in the Interconnection Agreement. It is our understanding that, under applicable law, fiber must be physically connected to Verizon's network and easily called into service before it is a network element that Verizon must provide to ALECs on an unbundled basis. Covad, however, is seeking access to what it calls "unterminated fiber" — that is, fiber that is not terminated at an accessible terminal in Verizon's network.

Q. PLEASE IDENTIFY OR DESCRIBE THE AREAS OF VERIZON'S NETWORK WHERE FIBER OPTIC FACILITIES ARE EMPLOYED.

A. Verizon uses fiber optic cables as a transmission medium in two different applications in its network. The principal application for fiber is in Verizon's interoffice facility ("IOF") network, which connects Verizon's

central offices to one another. The second principal use of fiber is in Verizon's loop network, where fiber is often employed in an outside plant feeder route to connect a Verizon central office to Digital Loop Carrier ("DLC") sites (where remote electronics are placed).

Q. WHAT TYPES OF FIBER OPTIC CABLE AND FIBER OPTIC CABLE SPLICING TECHNIQUE DOES VERIZON USE?

A. Currently Verizon typically places "ribbon" fiber optic cables because they are the most economical to construct and maintain. These cables are permanently spliced (*i.e.*, welded) together using mass-fusion splicing. A fiber optic cable sheath will usually contain one or more ribbons of glass fiber strands, with 12 glass fibers in each ribbon. Visually, this ribbon looks like 12 glass strands between two pieces of transparent adhesive tape. Before Verizon moved to use ribbon fiber optic cables, Verizon used fiber cables known as "loose tube" fiber cables. With loose tube fiber cables, a cable sheath contained a number of individual fiber "buffer tubes," which typically contained 12 individually coated or protected glass fiber strands.

Q. PLEASE DESCRIBE WHAT IS MEANT BY THE PHRASE "TERMINATED" FIBER OPTIC STRANDS.

A. In the context of this testimony, a terminated fiber optic strand is a strand that is connected to an accessible terminal at both ends. Accessible terminals typically include hardware such as Fiber Distribution Frames, fiber patch panels, and LGX equipment. These accessible terminals

specifically are designed to permit rapid and repeated connection and disconnection of fiber optic strands, as well as provide a location for initial acceptance testing and subsequent repair testing activities. More specifically, a terminated interoffice fiber strand is a continuous strand that is connected to a central office Fiber Distribution Frame at both ends. In contrast, a terminated loop fiber strand is a continuous strand that is connected to a central office Fiber Distribution Frame (at one end) and an accessible terminal (either at a Digital Loop Carrier field electronics site or at a customer premises) at the other end. Terminated fibers may be used by either Verizon or ALECs without any further construction activities. They have been tested (and accepted) as conforming to Verizon's engineering design at the time they were initially constructed (terminated on both ends). Terminated fibers are placed into service by Verizon by issuing internal optical orders, or ALEC service orders, and are activated (connected to their associated fiber optic electronics) by making fiber optic cross-connects.

Q. HOW WOULD VERIZON DESCRIBE AN INDIVIDUAL FIBER OPTIC STRAND IN A SHEATH THAT WAS NOT TERMINATED AT BOTH ENDS?

A. In general, situations in which fiber strands have not been terminated on both ends (what some ALECs call "unterminated" fiber) õccur when loop fiber strands still are under construction, which, as noted later in this testimony, can take several years or more to complete. Verizon does not endorse the use of this term as it implies that Verizon has intentionally left

fiber in an "almost complete" state in an effort to "hide" it from ALECs. To the contrary, as described more fully below, fiber cables necessarily are constructed and extended over many years to accommodate growth and economical loop transport modernization opportunities. In our experience, ALECs have apparently applied the label "unterminated fiber" to at least three distinctly different network configurations.

Q. WHAT ARE THE THREE NETWORK CONFIGURATIONS THAT ALECS APPEAR TO HAVE DESCRIBED AS "UNTERMINATED" FIBER?

A. The first configuration appears to involve a loop fiber strand that is only terminated at one end (in a Verizon central office). The other end of the strand would stop out in the loop fiber network (typically at a "branch" splice location), where the entire complement of individual fibers in a cable sheath would *not* be spliced to another fiber optic cable. This configuration describes the most frequent occurrence of "unterminated" fiber optic strands in Verizon's network. As discussed later in this testimony, loop fiber optic cables are constructed and extended into new geographic areas in stages and in discrete sections, which can occur over several or more years. For example, a 144-strand loop fiber cable might run three miles out in a westerly direction from a Verizon central office to a branch location in the feeder route. Future combined needs along this entire route justify the placement of 144 fibers, but present needs might only require that 48 of the fiber strands (in the 144-strand cable) be spliced to a 48-strand fiber cable headed in a southerly

direction. The remaining 96 "unterminated" strands, in this example, would be awaiting the future placement and construction of additional fiber cables (that may head in a northerly or westerly direction) at which point some (or all) of the 96 "unterminated" strands would be extended (eventually towards a loop fiber accessible terminal) by splicing them to new/additional fiber optic cables. Thus, the 96 fibers in this example are not "unterminated," but are more accurately described as "under construction" because there is presently nothing on which to terminate these 96 fibers.

The second configuration referred to as unterminated fibers appears to involve a loop fiber strand that is only terminated at one end in the loop fiber feeder network (but not at the Verizon central office). This configuration occurs less frequently. The strand could be terminated at an accessible terminal at a Digital Loop Carrier remote terminal site, or at a customer premises, but something less than the full complement of fibers in the sheath would be spliced to the loop feeder fiber cable at the first splice (heading back toward the central office) coming out of the Digital Loop Carrier site. An example of this configuration would be a 24-strand fiber cable run into a Digital Loop Carrier Precast Concrete Hut, with all 24 fibers connected to a fiber patch panel in the hut, but with only 12 fiber strands spliced into the loop fiber feeder cable at the splice location where the 24-strand fiber cable intercepts the (larger) fiber feeder cable. These situations typically occur due to structure limitations (conduit and pole lines) entering the Digital Loop Carrier site, or a

customer premises, that dictate selection of an available larger sized cable because it may be difficult or impossible to come back later to augment the cable if more fibers are needed. If or when needed at some point in the future, Verizon could complete construction of the "unterminated" fibers in this example by placing and/or splicing new/additional fiber cables back toward the central office, which then would also be spliced to the "unterminated" fiber strands contained in the 24-strand fiber cable running into the Precast Concrete Hut.

Finally, the third configuration referred to as "unterminated" fibers appears to involve a loop fiber strand that is not terminated on either end. This configuration rarely occurs. An example would be a bridge crossing in the loop fiber feeder network, with limited conduit available going over the bridge. As noted in a previous example, limited or costly opportunities to return later to augment the size of the cable going over the bridge will dictate selection for initial placement of a larger fiber cable. Thus, Verizon might have a 72-strand loop fiber cable leading up to the bridge, and then a 144-strand fiber cable across the bridge, followed by another 72-strand loop fiber cable that continued further into the loop fiber feeder route beyond the bridge. On the bridge itself, 72 fibers would be terminated on both ends, but another 72 would not be spliced on either end.

Q. WHAT WORK WOULD VERIZON HAVE TO UNDERTAKE TO BUILD "UNTERMINATED" LOOP FIBER STRANDS INTO TERMINATED/ USEABLE FIBER STRANDS?

A. In each of the three configurations described above, Verizon normally would have to engineer, place, and/or splice additional loop fiber optic cables from the "unterminated" end(s) of the fiber optic cable to an accessible terminal(s), and then perform fiber strand acceptance testing as described above. It is not that the only construction remaining to terminate the fiber is simply to terminate fibers at one end at an accessible terminal, as Covad would have the Commission believe. Rather, Verizon would be required to perform additional splicing and placement of new fiber cables to extend the fibers from one accessible terminal to another.

Q. COVAD CLAIMS THAT VERIZON WILL "SIMPLY LEAVE THE FIBER UNTERMINATED UNTIL VERIZON WANTS TO USE THE FACILITY." COVAD PETITION ATTACH. B AT 16. WHAT IS YOUR REACTION?

A. As the foregoing discussion demonstrates, Verizon does not construct new fiber optic facilities to the point where the *only* remaining work item required to make them available and attached end-to-end to Verizon's network is to terminate the fibers onto fiber distributing frame connections at the customer premises. Verizon's new fiber optic facilities are constructed in stages, over a number of years. This involves major construction activities such as: (1) obtaining easements, permits, and right-of-way, (2) constructing pole lines, manholes, and conduit,

(3) placing multiple sections of new fiber cable, (4) burying fiber optic cables, (5) splicing fiber optic cables together, and (6) placing terminating equipment in central offices, huts, controlled environmental vaults, and customer premises. It is *not* simply a matter of terminating the fibers on terminating equipment at the customer premises.

In other words, Verizon does not fully construct fiber optic cable routes between two terminal locations and simply leave fibers "dangling" at the terminals.

Q. ARE "UNTERMINATED" FIBERS AS YOU DESCRIBE ABOVE PART OF VERIZON'S ASSIGNABLE INVENTORY OF FIBER?

A. No. Partially constructed fibers are not included in Verizon's assignable inventory of fiber. Therefore, they cannot be assigned to fill an ALEC dark fiber order, nor can they be assigned to a new Verizon lit fiber optic system.

Q. ARE PARTIALLY CONSTRUCTED, "UNTERMINATED" FIBERS UNES?

A. No. Based on the foregoing, fibers that are not yet terminated at both ends at an accessible terminal do not satisfy the FCC's definition of dark fiber. They are not "physically connected to facilities that the incumbent LEC currently uses to provide service," they cannot be used by ALECs or Verizon "without installation" by Verizon, and they are not "easily called into service."

ISSUE NOS. 43 and 45 — SPLICING VS. CROSS-CONNECTING FIBER

Q. WHAT IS THE DISPUTE REGARDING THESE ISSUES?

A. In Issue No. 43, Covad claims that the Agreement should clarify that Verizon's obligation to provide UNE dark fiber includes the duty to provide any and all of the fibers on any route requested by Covad regardless of whether individual segments of fiber must be spliced or cross-connected to provide continuity end to end. In Issue No. 45, Covad claims that Verizon should indicate the availability of dark fiber between any two points in a LATA without regard to the number of "dark fiber arrangements that must be spliced or cross connected together for Covad's desired route." Covad Petition Attach. B at 17.

These issues, as characterized by Covad, raise two distinct questions, which must be addressed separately: (1) whether Verizon should be required to splice fiber together to create new continuous routes for Covad, and (2) whether Verizon will cross-connect two existing, fully terminated dark fiber IOF strands for an ALEC at an intermediate central office without requiring Covad to collocate at the intermediate central office.

Q. CAN YOU PLEASE DESCRIBE THE FIRST ISSUE REGARDING SPLICING?

A. Yes. With respect to the first issue, the fiber optic strand must be a continuous (completed) uninterrupted path between two accessible

terminals. If Verizon must perform splicing work, the fiber is still under construction and not available as a UNE.

Q. WHAT IS THE DIFFERENCE BETWEEN SPLICING TWO STRANDS OF FIBER TOGETHER AND CROSS-CONNECTING THEM?

A. As explained above with respect to Issue No. 41, splicing is performed as part of the construction of the network and involves welding the fibers together. Cross-connecting fibers, on the other hand, involves placing an optical cross-connect jumper between two already fully spliced and *terminated* fiber optic strands. The cross-connect can be connected and disconnected at the accessible terminal without disturbing the fibers or opening a splice case.

Q. CAN YOU DESCRIBE THE SECOND ISSUE RAISED BY COVAD IN ISSUE NOS. 43 AND 45 REGARDING CROSS-CONNECTS?

A. Yes. The second issue raised by Covad in Issue Nos. 43 and 45 concerns whether Verizon should combine two separate, terminated dark fiber UNEs for Covad by cross-connecting them at a central office to create a new fiber route — *i.e.*, whether Verizon will provide an indirect fiber route running through intermediate offices. Under Verizon's original proposal, Covad would have to order dark fiber on a route-direct basis and combine the two separate, terminated strands at its collocation arrangement. This is conceptually different from the question whether fiber is "continuous" (*i.e.*, no splicing is required). Moreover, Verizon is willing to cross-connect fibers at intermediate central offices for Covad,

1 although it will not splice fiber to create a new continuous route for
2 Covad.
3
4 In fact, Verizon has proposed new contract language for § 8.2.5 of the
5 Interconnection Agreement that would allow Covad to order dark fiber on
6 an indirect route basis, without having to collocate at intermediate central
7 offices. Verizon's proposed § 8.2.5 now states:
8
9 A "Dark Fiber Inquiry Form" must be submitted prior to submitting
10 an ASR. Upon receipt of Covad's completed Dark Fiber Inquiry
11 Form, Verizon will initiate a review of its cable records to determine
12 whether Dark Fiber Loop(s), Dark Fiber Sub-loop(s) or Dark Fiber
13 IOF may be available between the locations and in the quantities
14 specified. Verizon will respond within fifteen (15) business days
15 from receipt of the Covad Dark Fiber Inquiry Form, indicating
16 whether Dark Fiber Loop(s), Dark Fiber Sub-loop(s) or Dark Fiber
17 IOF may be available (if so available, an "Acknowledgement")
18 based on the records search except that for voluminous requests
19 or large, complex projects, Verizon reserves the right to negotiate
20 a different interval. The Dark Fiber Inquiry is a record search and
21 does not guarantee the availability of Dark Fiber Loop(s), Dark
22 Fiber Sub-loop(s) or Dark Fiber IOF. Where a direct Dark Fiber
23 IOF route is not available, Verizon will provide, where available,
24 Dark Fiber IOF via a reasonable indirect route that passes through
25 intermediate Verizon Central Offices at the rates set forth in the

Pricing Attachment. Verizon reserves the right to limit the number of intermediate Verizon Central Offices on an indirect route consistent with limitations in Verizon's network design and/or prevailing industry practices for optical transmission applications. Any limitations on the number of intermediate Verizon Central Offices will be discussed with Covad. If access to Dark Fiber IOF is not available, Verizon will notify Covad, within fifteen (15) Business Days, that no spare Dark Fiber IOF is available over the direct route nor any reasonable alternate indirect route, except that for voluminous requests or large, complex projects, Verizon reserves the right to negotiate a different interval. Where no available route was found during the record review, Verizon will identify the first blocked segment on each alternate indirect route and which segment(s) in the alternate indirect route are available prior to encountering a blockage on that route, at the rates set forth in the Pricing Attachment.

If no direct dark fiber IOF route is available between the A and Z points requested by Covad, Verizon will search for reasonable indirect routes without requiring Covad to submit additional dark fiber inquiries. This

contract provision thus eliminates Covad's concerns expressed in Issue No. 45. Reasonable limitations on this offering, however, are necessary.

Q. WHAT LIMITATIONS DO YOU PROPOSE?

A. Verizon's proposed contract language reserves Verizon's right to limit the number of intermediate central offices on an indirect route consistent with limitations in Verizon's network design and/or prevailing industry practices for optical transmission applications. There are certain technical limitations on the number of intermediate offices through which a fiber route may go without collocation. For example, Verizon's past experience with the deployment of fiber optic cables and electronics indicates that optical repeaters generally are required when a fiber circuit exceeds 20 miles. If repeaters and/or regenerators are required every 20 miles or so along a fiber cable to provision high-capacity services, it follows that some type of ALEC access point (*e.g.*, collocation facility) at a location approximately 20 miles from the originating point of the equipment (and at each subsequent 20 mile increment) will be required.

There may be other technical limitations that come into play. Verizon does not have a specific network limitation or "prevailing industry practice" in mind that necessarily would be used to determine that an indirect route is unreasonable. This language is a protective measure in the event that a limitation on the number of intermediate central offices was necessary for reasons that Verizon has not yet encountered in connection with dark fiber inquiries received in Florida, but could encounter in the future as a result of an unforeseen or unanticipated network or technical problem or implementation of a new industry standard. For example, in the future, it is possible that, in Verizon's

largest central offices, fiber optic distributing frame congestion or fiber optic tie cable congestion temporarily could preclude Verizon from providing cross-connections between specific pairs of fiber optic cables. The proposed language also is intended to provide Verizon with some flexibility to make judgments on an individual case basis, for instance, where a request for dark fiber would involve an inefficient use of scarce fiber resources. An example of an inefficient use of scarce fiber resources would be a request for a direct dark fiber circuit between two wire centers that are 20 miles apart, but where the only theoretically available indirect route between the two locations is 100 miles. For example, in requiring Verizon Virginia to cross-connect fiber at intermediate offices for an ALEC in the *Virginia Arbitration Order*, *see Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitratio*n, Memorandum Opinion and Order, CC Docket Nos. 00-218, *et al.*, DA 02-1731 (Wireline Comp. Bur. rel. July 17, 2002), the FCC's Wireline Competition Bureau did not indicate that Verizon must provide fiber along indirect routes through an unlimited number of intermediate offices, especially when it would result in inefficient use of scarce fiber cable resources or would require the use of optical repeaters to carry light end-to-end (which necessarily requires collocation by the ALEC at an intermediate office along the route).

In actual practice, however, Verizon anticipates placing few, if any, limitations on indirect fiber routes. If Verizon does place such a limitation, Verizon will discuss this limitation with Covad in order to permit Covad to make any necessary collocation decisions. If Covad disagrees with the limitation applied, it may invoke the dispute resolution provisions of the Interconnection Agreement to resolve the disagreement.

ISSUE NOS. 46 and 47 — DARK FIBER INFORMATION

Q. WHAT IS THE DISPUTE REGARDING ISSUE NO. 46?

A. In its proposed § 8.2.5.1, Covad demands that Verizon provide "maps of routes that contain available Dark Fiber IOF by LATA for the cost of reproduction." Covad Petition Attach. C at 24. Verizon, however, does not maintain such "maps" for its own use, and thus cannot provide such nonexistent "maps" for the cost of "reproduction" (there is nothing to "reproduce").

Q. WHAT IS THE DISPUTE REGARDING ISSUE NO. 47?

A. Covad, in its proposed § 8.2.8.1, has attempted to specify the type of information that Verizon must provide in response to a field survey request. Specifically, Covad's proposed § 8.2.8.1 provides that "Responses to field survey requests shall indicate whether: (1) the fiber is of a dual-window construction with the ability to transmit light at both 1310 nm and 1550 nm; (2) the numerical aperture of each fiber shall be at least 0.12; and (3) the maximum attenuation of each fiber is either 0.35 dB/km

at 1310 nanometers (nm) and 0.25dB/km at 1550 nm." Covad Petition Attach. C at 24. This is not the kind of operational activity that should be defined in a variety of different ways on an interconnection-agreement-by-interconnection-agreement basis, but should be consistent for all ALECs.

Q. WITH RESPECT TO ISSUE NO. 46, DOES VERIZON HAVE THE ABILITY TO PROVIDE THE TYPE OF INFORMATION THAT COVAD IS REQUESTING?

A. No. The availability of dark fiber at specific locations changes on a day-to-day basis depending on the needs of Verizon, ALECs, interexchange carriers, and other customers for lit fiber services, as well as ongoing construction activities. Verizon must review its records on a route-by-route basis to determine the availability of dark fiber. Therefore, Verizon cannot generate a snapshot picture of all available dark fiber in Florida at any given time. Instead, the most Verizon could do is create a map showing the dark fiber available at the time each line on the map was drawn. Such a map would become outdated during the process of creating it, and Covad could not assume that dark fiber shown as available on the map would be available when (and if) Covad later decides to place an order. Therefore, requiring Verizon to create blanket information to give to Covad identifying all available dark fiber in Florida would not only be unduly burdensome and extremely costly for Verizon, but the information would be useless to Covad even before it was received.

Like dark fiber, there is limited availability of other types of High Speed IOF and loop UNEs (*e.g.*, DS3s, OC3s, and OC12s, which are analogous to Dark Fiber in many respects). And, like dark fiber, there is no blanket statewide list of all locations where such UNEs are available. In both cases, publishing such a list makes no sense from a practical perspective.

Q. WHAT INFORMATION DOES VERIZON PROVIDE TO ALECS ABOUT DARK FIBER?

A. Verizon provides fiber information to ALECs in three different ways — dark fiber inquiries, wire center fiber maps, and field surveys. This variety of information satisfies ALEC needs for general network planning information; availability checks for specific spans/routes/locations; and the detailed engineering optical transmission design for the ALEC's fiber optic electronics. Wire center fiber maps provide street level information on Verizon's fiber routes within a wire center so that ALECs can determine the location of fiber routes in Verizon's network and, thus, where dark fiber might potentially be available. Dark fiber inquiries and field surveys, on the other hand, provide specific dark fiber availability between particular A and Z points on the maps at a given point in time. If an ALEC orders a field survey, Verizon will dispatch technicians to the specific location requested to verify the availability of dark fiber pairs and test the fiber's transmission capabilities. Although Verizon does not require field surveys before submitting an ASR for the fiber, such surveys are recommended, because Verizon cannot guarantee that fiber is

available from inventory records alone. Using these three options, an ALEC is provided with street level information on the fiber routes within a wire center area and specific dark fiber availability between the A and Z points. The dark fiber inquiry is provided for a fixed price and is the required first step in ordering a dark fiber circuit. The field surveys and wire center fiber maps, on the other hand, are optional engineering services available on request for time and materials. These three methods combined are more than sufficient to permit Covad to determine dark fiber availability and mirror the process that Verizon uses to determine fiber availability for its own lit fiber services. Each of these three methods is outlined in revised contract language that Verizon has proposed to Covad.

Verizon proposes to eliminate § 8.2.8 of the UNE Attachment and insert a new § 8.2.20, which states:

> § 8.2.20 Covad may request the following, which shall be provided on a time and materials basis (as set forth in the Pricing Attachment):
>
> § 8.2.20.1 A fiber layout map that shows the streets within a Verizon Wire Center where there are existing Verizon fiber cable sheaths. Verizon shall provide such maps to Covad subject to the agreement of Covad, in writing, to treat the maps as confidential and to use them for preliminary

design purposes only. Covad acknowledges that fiber layout maps do not show whether or not spare Dark Fiber Loops, Dark Fiber Sub-Loops, or Dark Fiber IOF are available. Verizon shall provide fiber layout maps to Covad subject to a negotiated interval.

8.2.20.2 A field survey that shows the availability of Dark Fiber Loop(s), Dark Fiber Sub-Loop(s) or Dark Fiber IOF between two or more Verizon Central Offices, a Verizon Central Office and a Covad Central Office or a Verizon End Office and the premises of a Customer, shows whether or not such Dark Fiber Loop(s), Dark Fiber Sub-Loop(s), or Dark Fiber IOF are defective, shows whether or not such Dark Fiber Loop(s), Dark Fiber Sub-Loop(s) or Dark Fiber IOF have been used by Verizon for emergency restoration activity and tests the transmission characteristics of Verizon's Dark Fiber Loop(s), Dark Fiber Sub-Loop(s) or Dark Fiber IOF. If a field survey shows that a Dark Fiber Loop, Dark Fiber Sub-Loop or Dark Fiber IOF is available, Covad may reserve the Dark Fiber Loop, Dark Fiber Sub-Loop or Dark Fiber IOF, as applicable, for ten (10) Business Days from receipt of Verizon's field survey

results. If Covad submits an order for access to such Dark Fiber Loop, Dark Fiber Sub-Loop or Dark Fiber IOF after passage of the foregoing ten (10) Business Day reservation period, Verizon does not guarantee or warrant the Dark Fiber Loop, Dark Fiber Sub-Loop or Dark Fiber IOF will be available when Verizon receives such order, and Covad assumes all risk that the Dark Fiber Loop, Dark Fiber Sub-Loop or Dark Fiber IOF will not be available. Verizon shall perform a field survey subject to a negotiated interval. If Covad submits an order for a Dark Fiber Loop, Dark Fiber Sub-Loop or Dark Fiber IOF without first obtaining the results of a field survey of such Dark Fiber Loop, Dark Fiber Sub-Loop or Dark Fiber IOF, Covad assumes all risk that the Dark Fiber Loop, Dark Fiber Sub-Loop or Dark Fiber IOF will not be compatible with Covad's equipment, including, but not limited to, order cancellation charges.

ISSUE NO. 48 — LIMITING FIBERS LEASED ON A SINGLE ROUTE

Q. WITH RESPECT TO ISSUE NO. 48, WHAT IS VERIZON'S CONTRACT PROPOSAL?

A. Dark fiber is a scarce resource in Verizon's network. Therefore, Verizon has proposed contract language that would limit Covad to 25% of the available fiber, within any given segment of Verizon's network. This limit is a reasonable anti-warehousing provision that prevents one competitor from occupying all available fiber in a particular area and excluding entry by other carriers. This 25% limitation does not impose any practical impediment to Covad's ability to provide service to its customers. Fiber has huge bandwidth (provided, of course, that it has not been rendered unusable by excessive splicing or has too much loss or other degradation). Therefore, limiting Covad to 25% of available fiber on any given segment of Verizon's network does not present a practical limit on the range of services that Covad can offer to its customers.

In fact, such a limit would encourage Covad and other ALECs to utilize fiber more efficiently so as to maximize the resources available for all telecommunications companies in Florida. Verizon's contract language is patterned after the 25% cap on available dark fiber approved by the Texas Public Utility Commission ("Texas PUC") in 1996. *See Petition of AT&T Communications of the Southwest, Inc. for Compulsory Arbitration to Establish an Interconnection Agreement Between AT&T And GTE Southwest, Inc. and Contel of Texas, Inc. – Arbitration Award*, Docket No.

16355, at 32-33 (Tex. PUC Dec. 13, 1996). It is our understanding that the FCC, in ¶ 354 of the *UNE Remand Order*, expressly approved of the 25% limitation established by the Texas PUC. *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, 15 FCC Rcd 3696 (1999) ("*UNE Remand Order*"), *petitions for review granted, United States Telecom Ass'n v. FCC*, 290 F.3d 415 (D.C. Cir. 2002), *petition for cert. pending, WorldCom, Inc. v. United States Telecom Ass'n*, No. 02-858 (U.S. filed Dec. 3, 2002).

Q. COVAD CLAIMS THAT IT IS "CONCERNED WITH ITS ABILITY TO VERIFY THE ACCURACY OF VERIZON'S REPORTING AND METHOD OF CALCULATION WITH RESPECT TO A 25% LIMIT ON DARK FIBER." COVAD PETITION ATTACH. B AT 18-19. WHAT IS YOUR REACTION?

A. We do not understand Covad's concerns about the calculation of the 25% limit. The calculation of the 25% cap is easy and straightforward. If a fiber route consists of a 24-strand cable, Covad may lease up to 6 fibers on that route (24 x 0.25 = 6). Similarly, if a fiber route consists of a 144-strand cable, Covad may lease up to 36 fiber strands on the route (144 x 0.25 = 36). Up to these limits, fiber is available on a first-come, first-served basis. Clearly, even in smaller cables, the 25% cap poses no threat to Covad's ability to provide service to its customers. Although Verizon cannot verify that an ALEC has ever asked to lease more than

25% of the total fiber in a cable as dark fiber without extensive research, we personally know of no examples where this has occurred.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

COMMISSIONER DEASON: That is all the prefiled testimony, is that correct, Mr. Fordham?

MR. FORDHAM: That is correct, Commissioner.

COMMISSIONER DEASON: What about -- in reviewing the hearing order, I think there has been a stipulation concerning the introduction of evidence from another proceeding in another state. Is my recollection correct?

MR. PANNER: Commissioner, this is Aaron Panner for Verizon.

COMMISSIONER DEASON: Yes.

MR. PANNER: Pardon me. We had entered all of the direct testimony, but we still have rebuttal testimony to enter for Verizon.

COMMISSIONER DEASON: I apologize for that. I was not aware that there was rebuttal testimony for your witnesses.

MR. PANNER: There is. I can see how it would be confusing the way that this is set up on the prehearing order. But there is rebuttal testimony, and we have it there and we would like to enter it.

COMMISSIONER DEASON: Very well. Let's go through that process, as well.

MR. PANNER: Okay. We would like to move the admission of the rebuttal testimony of Ronald J. Hansen consisting of four pages with no exhibits.

COMMISSIONER DEASON: Show then the rebuttal

testimony of Ronald J. Hansen is inserted into the record with no accompanying exhibits.

MR. PANNER: And then we would like to move the admission of the rebuttal testimony of David J. Kelly and John White consisting of three pages with no exhibits.

COMMISSIONER DEASON: Show the rebuttal testimony of David J. Kelly and John White is inserted into the record with no accompanying exhibits.

MR. PANNER: And then the rebuttal testimony of -- I just want to make sure I do this in the right order -- of Faye Raynor, Faye H. Raynor consisting of two pages with no accompanying exhibits.

COMMISSIONER DEASON: Show the prefiled rebuttal testimony of Faye H. Raynor is inserted into the record with no accompanying exhibits.

MR. PANNER: And the rebuttal testimony of Alice B. Shocket and Donald E. Albert consisting of 11 pages with no accompanying exhibits.

COMMISSIONER DEASON: Show the prefiled rebuttal testimony of Don Albert and Alice Shocket, is that correct?

MR. PANNER: Yes.

COMMISSIONER DEASON: That that testimony is inserted into the record. And there were no accompanying exhibits, is that correct?

MR. PANNER: That is correct. Thank you,

Commissioner.

COMMISSIONER DEASON: Very well. And I think that concludes all of the prefiled testimony.

MR. FORDHAM: Apparently so, Commissioner.

REBUTTAL TESTIMONY OF RONALD J. HANSEN

Q. ARE YOU THE RONALD J. HANSEN WHO TESTIFIED PREVIOUSLY IN THIS PROCEEDING?

A. Yes.

Q. PLEASE DESCRIBE THE PURPOSE OF YOUR REBUTTAL TESTIMONY.

A. The purpose of my rebuttal testimony is to address some of the statements in the joint testimony of Covad's witnesses concerning billing (Issue Nos. 2 through 4).

Q. CAN YOU DISCUSS THE LINE SHARING CHARGES THAT COVAD DESCRIBES AS AN EXAMPLE OF BACKBILLING? (Evans/Clancy Joint Direct Testimony at 4-5)

A. Yes. I discussed these charges in my direct testimony. *See* Hansen Direct Testimony at 3-5. Covad has raised this one example in numerous regulatory proceedings, including before the Federal Communications Commission, which rejected Covad's claims in approving Verizon's section 271 application in Virginia.

Although Ms. Evans and Mr. Clancy note that this instance involved "numerous jurisdictions," Evans/Clancy Joint Direct Testimony at 5, none of those charges were for services Covad ordered in Florida.

Q. DOES COVAD RAISE ANY OTHER EXAMPLES OF BACKBILLING?

A. Ms. Evans and Mr. Clancy point to a February 2002 bill, which Covad has discussed in other state regulatory proceedings. *See id.* at 6. The work for which Covad was billed was performed in December 2001, which means that this bill is not an example of billing outside of the one-year limitation period that I understand Covad seeks to impose.

Q. DID THIS BILL INCLUDE CHARGES FOR SERVICES THAT COVAD ORDERED IN FLORIDA?

A. No. Although Ms. Evans and Mr. Clancy note that the charges were for "nine different states," Florida was not one of those states. *Id.*

Q. DOES COVAD IDENTIFY ANY BILLING ISSUES SPECIFIC TO FLORIDA?

A. No. Ms. Evans and Mr. Clancy make general reference to billing claims in New York and in the "Verizon East region" (that is, the former Bell Atlantic service areas, which do not include Florida). *Id.* at 11. Ms. Evans and Mr. Clancy also make a vague reference to supposedly improper actions "in the Verizon West region," that is, somewhere in the approximately 20 states where the incumbent local exchange carrier ("ILEC") formerly known as GTE operates. *Id.* at 12. Although Florida is among the jurisdictions that make up the Verizon West region, Covad does not claim that Verizon took these actions in Florida, nor does it identify in which of those jurisdictions these actions supposedly took place or at what time.

Q. CAN YOU DESCRIBE VERIZON'S PROCESSES FOR TRACKING ALECS' BILLING DISPUTES IN FLORIDA?

A. In my direct testimony, I previously explained that Verizon is in the process of implementing the Wholesale Claims and Inquiry Tracking ("WCIT") system, which will enable Verizon also to identify billing disputes using a claim number that the ALEC submitting the dispute assigns (assuming the ALEC enters a claim number when submitting the claim). I also described a process that Verizon has implemented in the interim, which I would like to clarify. Currently, in Florida, Verizon uses an ALEC's claim number (assuming one is provided when the ALEC submits the billing dispute), in addition to the Verizon-assigned claim number, on all correspondence relating to an ALEC's claims regarding UNE, resale, and collocation products.

Q. CAN YOU RESPOND TO COVAD'S CLAIM THAT IT HAS DIFFICULTY IDENTIFYING CLAIMS AND CREDITS IF VERIZON DOES NOT USE ITS TRACKING NUMBER? (Evans/Clancy Joint Direct Testimony at 9-10)

A. Yes. Although I cannot speak to how Covad has chosen to structure its internal billing operations, Verizon currently provides Covad with more than sufficient information to track and identify billing claims and credits. After Covad submits a dispute, Verizon returns an acknowledgement that contains both the Verizon claim number and the Covad-assigned claim number (assuming Covad assigned one when it submitted the claim). Thus, shortly after Covad submits the dispute, it receives a

document that clearly links the Verizon claim number not only to the Covad billing dispute, but also to the Covad claim number.

If Verizon resolves a dispute in Covad's favor, it informs Covad of the amount of the credit Covad will receive and the month and bill where the credit will appear. That communication also contains both the Verizon claim number and the Covad-assigned claim number (again, assuming Covad assigned one). The credits appear as line items on Covad's bills, enabling Covad to match the credit on the bill to the credit that Verizon informed Covad it would receive as well as to the claim numbers.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

REBUTTAL TESTIMONY OF DAVID J. KELLY AND JOHN WHITE

Q. ARE YOU THE SAME DAVID J. KELLY WHO TESTIFIED PREVIOUSLY IN THIS PROCEEDING?

A. Yes.

Q. ARE YOU THE SAME JOHN WHITE WHO TESTIFIED PREVIOUSLY IN THIS PROCEEDING?

A. Yes.

Q. PLEASE DESCRIBE THE PURPOSE OF YOUR REBUTTAL TESTIMONY.

A. The purpose of our rebuttal testimony is to address some of the statements in the joint testimony of Covad's witnesses concerning Verizon's provisioning of line-shared loops (Issue No. 34).

Q. PLEASE DESCRIBE VERIZON'S CURRENT PROVISIONING INTERVAL FOR ALECS' LINE-SHARED LOOP ORDERS.

A. For line-shared loop orders, if no facility modifications are necessary, Verizon's standard provisioning interval is three business days. Because line-shared loops are offered on a standard-interval basis, Verizon cannot adjust the due dates for these orders based on its workload and its available work force. The three-business-day interval provides Verizon with needed time in which to reallocate its work force to meet spikes in demand for both line-shared loops and all of the other

wholesale and retail products and services that must be provisioned in Verizon's central offices each day. When an ALEC orders a line-shared loop, Verizon personnel in a central office receive that order on "Day 1." Any necessary work force management tasks can take place on "Day 2," in order to enable Verizon to meet the provisioning interval on "Day 3."

If the interval for line-shared loops were reduced to two business days, as Covad proposes in its testimony (though not in its arbitration petition or its proposed language, where Covad proposed a three-business-day interval), Verizon would be required to prioritize line-sharing orders over other orders — including orders for voice service — in order to meet the shortened standard interval. Verizon does, on occasion, complete an ALEC's order for a line-shared loop within two business days, in which case Verizon informs the ALEC that the provisioning work has been completed.

Q. DOES THE SAME THREE-BUSINESS-DAY INTERVAL APPLY TO RETAIL ORDERS?

A. Yes.

Q. COVAD CLAIMS THAT THE "CROSS-WIRING AND ASSIGNMENT REQUIREMENTS FOR LINE SHARING ARE LESS THAN THOSE REQUIRED FOR HOT CUTS." DO YOU AGREE? (Evans/Clancy Joint Direct Testimony at 19)

A. No. For one thing, there are more wires run for line sharing than there are for hot cuts. For a hot cut, there is one cross-connection involved. For line sharing, there are at least two cross-connections involved — one to the splitter and one back from the splitter.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

REBUTTAL TESTIMONY OF FAYE H. RAYNOR

Q. ARE YOU THE FAYE H. RAYNOR WHO TESTIFIED PREVIOUSLY IN THIS PROCEEDING?

A. Yes.

Q. PLEASE DESCRIBE THE PURPOSE OF YOUR REBUTTAL TESTIMONY.

A. The purpose of my rebuttal testimony is to address some of the statements in the joint testimony of Covad's witnesses concerning performance measurements (Issue Nos. 13 and 37).

Q. CAN YOU DISCUSS COVAD'S PROPOSALS FOR THE INCLUSION IN THE PARTIES' INTERCONNECTION AGREEMENT OF INTERVALS IN WHICH VERIZON MUST RETURN LOCAL SERVICE REQUEST CONFIRMATIONS ("LSRCS") ON COVAD'S ORDERS? (Evans/Clancy Joint Direct Testimony at 15, 17)

A. Yes. Ms. Evans and Mr. Clancy claim that the "intervals proposed by Covad are identical to those set forth in New York's current guidelines." Evans/Clancy Joint Direct Testimony at 15. Aside from the fact that the intervals proposed in their testimony here are not the same as those contained in Covad's proposed language for inclusion in the parties' agreement, there is no reason for this Commission to include in the parties' agreement intervals set out in New York guidelines. This Commission has recently adopted performance measurements that

apply to Verizon's performance for all ALECs in Florida. See FPSC Vote Sheet, February 18, 2003 for Docket No. 000121C-TP. While a hearing is expected, those are the performance standards that govern Verizon's performance in Florida today.

Even if Covad were seeking to include in the parties' interconnection agreement the *Florida* measurements pertaining to LSRC intervals, Ms. Evans and Mr. Clancy would still be wrong in claiming that Covad "is not seeking to change the industry-wide performance standards." Evans/Clancy Joint Direct Testimony at 15. Covad's proposal apparently would include in the agreement only the intervals in which LSRCs are to be returned, but not also the accompanying performance standards (*e.g.*, 95% on time), business rules, and exclusions, all of which are an integral part of the measurements that this Commission adopted.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

REBUTTAL TESTIMONY OF ALICE B. SHOCKET AND DONALD E. ALBERT

Q. ARE YOU THE SAME ALICE B. SHOCKET AND DONALD E. ALBERT WHO TESTIFIED PREVIOUSLY IN THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of our rebuttal testimony is to respond to several statements in the joint testimony of Covad's witnesses concerning dark fiber.

Q. MS. EVANS AND MR. CLANCY CLAIM THAT "[T]O DATE, IN OVER 30 APPLICATIONS FOR DARK FIBER SUBMITTED TO VERIZON, EACH AT A COST OF $150, VERIZON RESPONDED THAT THERE WERE NO AVAILABLE FACILITIES. IN SHORT, VERIZON'S STONEWALLING TACTICS HAVE BEEN 100% SUCCESSFUL AT DENYING COVAD ACCESS TO ITS DARK FIBER." (EVANS/CLANCY JOINT DIRECT TESTIMONY AT 44). WHAT IS YOUR REACTION TO THIS STATEMENT?

A. We are puzzled by it. This is a Florida arbitration proceeding. Covad has not submitted any Dark Fiber Inquiries in Florida. Therefore, Covad's claim that Verizon has engaged in "stonewalling tactics" in Florida is clearly wrong.

Moreover, we have reviewed Verizon's records and have found that to date, Covad has submitted fewer than 30 Dark Fiber Inquiries to Verizon's operating affiliates in other states (in particular, in former Bell Atlantic jurisdictions), all in 2001. Of those Dark Fiber Inquiries, fewer than one-third were rejected because there was no dark fiber available on the routes that Covad requested. In addition, the routes identified by Covad for these requests were among the most frequently requested and heavily utilized in the states where Covad filed its requests. Furthermore, these inquires often were for routes that overlapped in part, meaning that a lack of facilities in one of the common segments would result in no fiber available for both inquiries. The remaining inquiries were rejected not because there was no dark fiber on the route, but because there was no direct route available between the requested termination points and the dark fiber route between the two points would require cross connections at intermediate offices. At the time that those requests were submitted, Verizon's operating affiliates in those states did not offer intermediate office routing. However, as indicated in Verizon's Direct Testimony, Verizon now offers intermediate office routing in Florida, and has proposed language for the interconnection agreement to accommodate such requests. Covad's reliance on outdated information concerning Dark Fiber Inquiries submitted in other states under different contract terms has no relevance to this proceeding, and the Commission should disregard it.

Q. COVAD'S WITNESSES CLAIM THAT THE FCC DEFINITION OF

DARK FIBER INCLUDES TERMINATED AND UNTERMINATED FIBER (EVANS/CLANCY JOINT DIRECT TESTIMONY AT 40). IS THAT YOUR UNDERSTANDING?

A. No. The description of dark fiber as "terminated" and "unterminated" used by COVAD is vague and ambiguous. Our Direct Testimony includes three generalized configurations that occur in Verizon's network that could be referred to as "unterminated" dark fiber. In each of these three configurations Verizon would normally have to engineer, place, and/or splice additional loop fiber optic cables from the "unterminated" end(s) of the fiber optic cable to an accessible terminal(s), and then perform fiber strand acceptance testing.

Although we are not lawyers, it is our understanding that, in the FCC's Wireline Competition Bureau's handling of the ATT-WCOM-Verizon Virginia arbitration, the Bureau did not require the ILEC (Verizon Virginia) to perform splicing in the field (the outside plant portion of the network).[1]

Q. COVAD'S WITNESSES CLAIM THAT SPLICING FIBER IS "SIMPLE AND SPEEDY" (EVANS/CLANCY JOINT DIRECT TESTIMONY AT 41) AND THAT "TERMINATION OF FIBER IS A SIMPLE AND SPEEDY TASK" (EVANS/CLANCY JOINT DIRECT TESTIMONY AT 40). DO YOU AGREE?

[1] *Virginia Arbitration Order* ¶¶ 451-453, 457 ("We do not require Verizon to splice new [dark fiber] routes in the field. . . .").

A. No. There are numerous steps or procedures followed by Verizon when splicing two strands of its fiber together. Typically, Verizon's underground fiber optic cables are joined (spliced) together in a manhole, whereas aerial fiber optic cables are joined (spliced) together at a telephone pole. To perform a fusion splice on fiber optic cables (which, as we explained in our Direct Testimony, is the method used for splicing the glass strands in fiber optic cables), Verizon uses a splicing truck, which essentially is a mini-laboratory "clean room" environment on wheels. When entering an underground manhole to perform a fiber optic splicing operation, Verizon routinely encounters and must resolve a number of safety and quality control concerns before any splicing can begin. These concerns include time needed to establish a safe work-area for Verizon's technicians (as well as pedestrians and motorists), which usually involves setting up traffic cones and signs, coordinating traffic management measures with the local police department, purging the manhole of any standing water, ventilating the manhole for fresh air-flow; and testing the manhole for the presence of gas. After preparing the manhole for safe entry, Verizon's technicians then pull the ends of the fiber optic cables (to be fused together) out of the manhole and place them in the splicing truck. Next, the outer protective sheaths of the cables are permanently removed and the "inside" fiber ribbons (each ribbon contains 12 glass fiber strands) are cleaned and prepared for splicing. At this point in the process, the two fiber ribbons (to be fused together) are placed into the fusion splicing machine, which measures the intensity of light flowing across the gap between the two fiber ends,

adjusts the alignment of the fibers using micro-stage movements, and then activates an electric arc that melts the glass ends, thereby welding them together permanently.

Upon completion of this procedure, Verizon technicians then test the optical insertion loss across the newly created splice point. If transmission is satisfactory, the technicians proceed to splice the next fiber ribbon. If transmission is unsatisfactory, however, due to misalignment or the presence of dust and other contaminants, the technicians must break the splice, cut back on the glass lengths of both fiber ribbons, and repeat the procedure again. Once fusing is successful, a protective "heat shrink sleeve" is then wrapped around the exposed glass fibers. Completed fiber optic ribbons are then secured and organized within a protective fiber optic splice tray. These protective fiber optic splice trays specifically are designed to minimize the future movement of fibers and maintain an acceptable bending radius.[2] Finally, completed fiber optic splice trays are locked within a protective fiber optic splice case, which is bolted together around the fused splices. The newly fused cables then are lowered back into the manhole and secured to their support structures within the manhole.[3]

Q. COVAD'S DIRECT TESTIMONY INCLUDES AN ISSUE #42: "SHOULD COVAD BE PERMITTED TO ACCESS DARK FIBER IN

---

[2] If glass fibers are pinched, or bent, they no longer will be able to transmit light.

[3] Maintaining an acceptable bending radius is critical during the first and this last stage of the operation to avoid service outages and damage to the fibers.

ANY TECHNICALLY FEASIBLE CONFIGURATION CONSISTENT WITH APPLICABLE LAW?" (EVANS/CLANCY JOINT DIRECT TESTIMONY AT 40) PLEASE COMMENT.

A. The only technically feasible method we know of to provide access to dark fiber (*i.e.*, to connect Verizon's fibers to an ALEC's fibers) is at an accessible terminal using fiber optic "jumper" cross-connections. This allows for dark fiber services to be easily and repeatedly connected and disconnected, and for adequate maintenance, testing, and network reliability. In fact, the agreed-upon language in the Interconnection Agreement specifically states that "Covad may not access a Dark Fiber Loop, Dark Fiber Sub-Loop or Dark Fiber IOF at . . . a splice point or case" and that "Verizon will not introduce additional splice points or open existing splice points or cases to accommodate Covad's request."

Covad nevertheless claims that Verizon's definition of the three dark fiber UNE products – Dark Fiber Loops, Dark Fiber Subloops, and Dark Fiber IOF – would diminish Covad's rights to dark fiber under Applicable Law.

Covad's argument, however, improperly expands the definition of the dark fiber UNE. Although we are not lawyers, it is our understanding that "dark fiber" is not a separate, stand-alone UNE under the FCC's rules. To the contrary, dark fiber is available to a ALEC *only* to the extent that it falls within the definition of specifically designated UNEs set forth in 47 C.F.R. § 51.319(a) and (d) — in particular, the loop

network element, subloop network element, or interoffice facilities ("IOF"). *See* 47 C.F.R. § 51.319(a) & (d). Verizon's proposed contract language allows Covad to obtain access to dark fiber loops, subloops, and IOF, as those network elements are specifically defined by the FCC. Covad's proposed § 8.1.5, which purports to expand Covad's right to dark fiber beyond the loop, subloop, or IOF network elements to "other technically-feasible configurations," is inconsistent with the FCC's description of dark fiber UNEs.

In addition, Covad has proposed change to the language in § 8.1.1 by deleting the word "continuous" from the definition of a Dark fiber loop. This change would require Verizon to place and/or splice fiber optic cables to construct new dark fiber. As discussed above, these work activities are not required by the FCC. If a fiber optic strand is not continuous between two accessible terminals, it cannot be used by Verizon (for lit fiber optic systems), or by an ALEC (as dark fiber) without performing additional construction work.

Q. COVAD'S ALSO CLAIMS, IN ISSUE #44, THAT VERIZON SHOULD "BE OBLIGATED TO OFFER DARK FIBER LOOPS THAT TERMINATE IN BUILDINGS OTHER THAN CENTRAL OFFICES." PLEASE COMMENT.

A. This issue is unclear to us. There may not be a disagreement. Verizon will provide access to dark fiber loops (and sub-loops) at existing accessible terminals. This includes customer premises locations and

huts (small equipment buildings) with accessible terminals, not just central offices.

Covad's proposed modification to the definition of dark fiber loops in § 8.1.1 of the UNE Attachment is inaccurate and confusing. Section 51.319(a)(1) of the FCC's rules defines the loop network element as "a transmission facility between a distribution frame (or its equivalent) in an incumbent LEC central office and the loop demarcation point at an end-user customer premises, including inside wire owned by the incumbent LEC." 47 C.F.R. § 51.319(a)(1). Verizon's proposed contract language in § 8.1.1 follows this definition, describing a dark fiber loop as unlit fiber optic strands "between Verizon's Accessible Terminal, such as the fiber distribution frame, or its functional equivalent, located within a Verizon Wire Center [*i.e.*, a "central office"[4]], and Verizon's main termination point at a Customer premises, such as the fiber patch panel located within a Customer premises." Verizon Response, Attachment C at 19 (UNE Attachment at § 8.1.1). Covad, however, expands this definition to include unlit fiber optic strands at a "Verizon Wire Center or other Verizon premises in which Dark Fiber Loops terminate." *Id.* at § 8.1.1 (Covad's Position). In other words, Covad would define a dark fiber "loop" as any dark fiber that extends between a terminal located

[4] "Wire Center" is defined in § 2.115 of the Glossary Attachment as "[a] building or portion thereof which serves as a Routing Point for Switched Exchange Access Service. The Wire Center serves as the premises for one or more Central Offices." Furthermore, the definition of "Central Office" in § 2.20 of the Glossary Attachment states that "[s]ometimes this term is used to refer to a telephone company building in which switching systems and telephone equipment are installed." Thus, the definition of a "Verizon Wire Center" already includes any Verizon premises that houses a switch and thus acts as a "Central Office."

somewhere other than the central office (*i.e.*, a "remote terminal") and the customer premises. What Covad is describing, however, is not a "loop" at all, but a "subloop," which is already covered under § 8.1.2 of the UNE Attachment. In particular, § 8.1.2(b) defines a dark fiber subloop to include dark fiber strands "between Verizon's Accessible Terminal at a Verizon remote terminal equipment enclosure and Verizon's main termination point located within a Customer premises." Verizon Response, Attachment A at 81 (UNE Attachment § 8.1.2(b). Therefore, Covad's proposed modification to Verizon's proposed contract language is unnecessary to provide Covad with access to dark fiber at accessible terminals outside a Verizon central office, and only serves to confuse the differences between a sub-loop and a loop under the FCC's rules.

Q. COVAD'S WITNESSES STATE THAT "IT IS BURDENSOME AND DISCRIMINATORY FOR VERIZON TO REQUIRE THAT COVAD SUBMIT SEPARATE REQUESTS FOR EACH LEG OF A FIBER ROUTE" (EVANS/CLANCY JOINT DIRECT TESTIMONY AT 42). PLEASE RESPOND.

A. As we describe on pages 12 through 14 of our Direct Testimony, Verizon has proposed contract language where separate requests for each leg of a fiber route are not required.

Q. COVAD'S WITNESSES STATE THAT: "COVAD ONLY ASKS THAT IT BE PROVIDED THE SAME DETAILED INFORMATION THAT

VERIZON ITSELF POSSESSES AND USES" (EVANS/CLANCY JOINT DIRECT TESTIMONY AT 42). PLEASE COMMENT.

A. As we describe on pages 19 through 22 of our Direct Testimony, dark fiber inquiries and dark fiber field surveys that Verizon offers ALECs are the same processes that Verizon uses, and use the same information that Verizon uses to assign fibers to Verizon's own lit fiber optic systems. In addition, Verizon will create and make available to ALECs fiber layout maps. This goes beyond what Verizon does for itself.

Q. COVAD'S WITNESSES STATE THAT "VERIZON SHOULD BE REQUIRED TO PROVIDE CERTAIN CRITICAL INFORMATION ABOUT DARK FIBER IN A FIELD SURVEY REQUEST THAT ALLOWS COVAD A MEANINGFUL OPPORTUNITY TO USE DARK FIBER" (EVANS/CLANCY JOINT DIRECT TESTIMONY AT 43). PLEASE RESPOND.

A. The information Verizon provides in response to a field survey should be the same for all ALECs. Verizon's field survey information currently available to ALECs is the result of various industry collaboratives, Interconnection Agreement arbitrations and Section 271 proceedings in other states. Covad's request for 0.35dB/km loss at 1310 nanometers and 0.25dB/km loss at 1550 nanometers is not a request for information – it is a technical requirement/specification for the transmission characteristics of Verizon's fibers. As part of the field survey Verizon will provide the ALEC with the total measured dB optical insertion loss for the specific fibers assigned to the ALEC's order. However, the

transmission characteristics for Verizon's dark fiber are provided "as is" and cannot be guaranteed. Most likely the fiber optic transmission characteristics will lessen over time due to accidental damage and weather impacts. The ALEC needs to accommodate this reality into the design of its fiber optic electronics, just as Verizon's engineers do.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

MR. FORDHAM: On the transcripts from the hearings in New York and Pennsylvania, that was stipulated, I don't know which party wants to physically introduce them, but Ms. Kaufman has a single copy. And, Commissioner, I don't know whether that is a problem or not. They normally provide additional copies, so I will let Ms. Kaufman address the introduction of those.

MS. KAUFMAN: Commissioner, as to who should introduce it, probably it would be best if it was just a joint Verizon/Covad exhibit. I previously provided a copy of the transcripts to staff. I have another copy that I had intended that we would mark as an exhibit and provide to the court reporter. And I will be happy to provide additional copies if you so desire. I apologize for not having additional copies. I can do that today, if you like.

COMMISSIONER DEASON: Yes. If you can get a copy to the court reporter. Do you have a copy here?

MS. KAUFMAN: I do, sir. I just have one copy, though.

COMMISSIONER DEASON: Okay. Please see that the court reporter gets that. And then whatever additional copies are needed, Mr. Fordham, you may want to communicate with the parties about how many additional copies are needed.

MR. FORDHAM: That's fine, Commissioner. We can do that off the record at the conclusion of these proceedings.

COMMISSIONER DEASON: Very well. Ms. Kaufman, then help me with the identification of those exhibits, and we will go ahead and identify them and enter them into the record.

MS. KAUFMAN: If you like I guess we could make it a composite exhibit, a joint composite exhibit consisting of the hearing transcripts of the proceeding in Pennsylvania between Covad and Verizon, as well as the proceeding in New York between Covad and Verizon.

COMMISSIONER DEASON: Let's assign Exhibit Number 1 to the hearing transcript in the Pennsylvania proceeding and then we will identify as Exhibit Number 2 the hearing transcripts in the New York proceeding. Those are separate -- I assume those are separate --

MS. KAUFMAN: Yes, they are.

COMMISSIONER DEASON: -- documents. And Exhibits 1 and 2 are admitted into the record. Okay. Are there other exhibits, Mr. Fordham, we need to identify?

(Exhibits 1 and 2 marked for identification and admitted into the record.)

MR. FORDHAM: Staff has some exhibits to move into the record, Commissioner.

COMMISSIONER DEASON: Very well. Let's go through that process.

MR. FORDHAM: First would be what is identified currently as Covad's stip. It is Covad's responses to staff's

first set of interrogatories and also Covad's responses to staff's second set of interrogatories as a composite.

COMMISSIONER DEASON: That will be identified as Composite Exhibit Number 3.

MR. FORDHAM: Next, Commissioner, we have Verizon -- it is currently identified as Verizon's stipulated exhibit. It is Verizon's responses to staff's first set of interrogatories, Verizon's responses to staff's second interrogatories, and Verizon's responses to staff's third interrogatories.

COMMISSIONER DEASON: That will be identified as Composite Exhibit Number 4.

MR. FORDHAM: Next, Commissioner, currently identified as ECD-1, that is Witness Evans and Witness Clancy's deposition transcript.

COMMISSIONER DEASON: That will be identified as Exhibit 5.

MR. FORDHAM: Next, currently identified as RCD-1, that is Witness Clayton's deposition transcript.

COMMISSIONER DEASON: That will be identified as Exhibit 6.

MR. FORDHAM: Next is currently identified as ASD-1, Witness Albert's and Witness Shocket's deposition transcript.

COMMISSIONER DEASON: That will be identified as Exhibit 7.

MR. FORDHAM: Next, currently identified as FRD-1,

Witness Raynor's deposition transcript.

COMMISSIONER DEASON: That will be identified as Exhibit Number 8.

MR. FORDHAM: Next, currently identified as DKD-1, Witness Kelly's deposition transcript.

COMMISSIONER DEASON: That will be identified as Exhibit 9.

MR. FORDHAM: Next, Commissioner, would be a composite exhibit we had requested and the parties provided the briefs that relate to those two hearings in New York and Pennsylvania. And so as a composite exhibit we would like to introduce all of the briefs which they provided relating to those hearings.

COMMISSIONER DEASON: The briefs then for both Pennsylvania and New York proceedings will be identified as Composite Exhibit 10.

MR. FORDHAM: And finally, Commissioner, as a late-filed exhibit, Covad is to provide by Monday of next week responses to staff's third set of interrogatories and also staff's first request for production of documents. We have prepared a cover sheet which we will enter today, and when those responses come in Monday they could be attached to that cover sheet, and we would request that they be admitted as a late-filed exhibit.

COMMISSIONER DEASON: Ms. Kaufman, any problem with

that?

MS. KAUFMAN: There is no problem with that, Commissioner.

COMMISSIONER DEASON: Very well. Show then that identified as Exhibit Number 11.

MS. KAUFMAN: Commissioner, if I might, I just wanted to go back to the depositions for one moment.

COMMISSIONER DEASON: Yes.

MS. KAUFMAN: That is that at least for the Covad depositions, which I guess is the Evans and Clancy depo, the witnesses have not yet received or reviewed those depositions. So when they do, we would just like permission to include their errata sheet with the exhibit.

COMMISSIONER DEASON: Very well. I think that is standard procedure and that will be allowed.

MR. FORDHAM: That's fine, Commissioner.

COMMISSIONER DEASON: Okay.

MR. FORDHAM: Staff has no further exhibits.

COMMISSIONER DEASON: Mr. Fordham, then, are you moving Exhibits 3 through 10?

MR. FORDHAM: Staff moves Exhibits 3 through 11 into the record, Commissioner.

COMMISSIONER DEASON: Very well. Are we going to -- the Exhibit 11 really doesn't exist at this point. We are awaiting that. How do we normally handle that?

MR. FORDHAM: We have a cover sheet which we will file in the record today, and then Monday when they come in they can just be attached to that cover.

COMMISSIONER DEASON: Mr. Panner, do you have any objection to that process?

MR. PANNER: No, Commissioner.

COMMISSIONER DEASON: Very well. Ms. Kaufman, I assume you have no objection?

MS. KAUFMAN: No objection.

COMMISSIONER DEASON: Very well. Show then that Exhibits 3 through 11 are admitted.

(Exhibits 3 through 11 marked for identification and admitted into the record.)

COMMISSIONER DEASON: And I assume the parties have no further exhibits at this point. Is that correct, Ms. Kaufman?

MS. KAUFMAN: We have no further exhibits.

COMMISSIONER DEASON: Mr. Panner, any further exhibits?

MR. PANNER: No, sir.

COMMISSIONER DEASON: Very well. Do the parties have anything further to bring to the Commission at this time?

MS. KAUFMAN: We have nothing further.

COMMISSIONER DEASON: Mr. Panner?

MR. PANNER: Nothing further.

COMMISSIONER DEASON: Commissioners, is there anything that you need to address at this time? Very well.

Mr. Fordham, I believe this hearing is complete. Am I correct in that assumption?

MR. FORDHAM: That is correct, Commissioner. I will announce the next significant dates. Briefs are due on June the 16th of 2003. Staff will have its recommendation prepared on August the 21st, 1923 (sic), and the matter should come before the agenda conference scheduled September 2nd, 2003.

COMMISSIONER DEASON: I believe you said that recommendation would be ready in August of 1923.

MR. FORDHAM: August 21st, 2003.

COMMISSIONER DEASON: Okay. Maybe I misheard it.

MR. FORDHAM: No, I'm sure I misspoke, Commissioner. I do that with increasing frequency these days.

COMMISSIONER DEASON: As do we all it seems. Okay. I want to thank the parties for your cooperation in compiling this record and being efficient in that process and cooperative with our staff. And having said that, this hearing is adjourned. Thank you all.

(The hearing concluded at 9:55 a.m.)

STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Office of Hearing Reporter Services, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 20th day of May, 2003.

JANE FAUROT, RPR
Chief, Office of Hearing Reporter Services
FPSC Division of Commission Clerk and
Administrative Services
(850) 413-6732