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ORIGINAL

December 27, 2000 (via facsimile and overnight mail)

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Ms. Blanca S. Bayo, Director  
Division of Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Docket No. 000075-TP  
Investigation into appropriate methods to compensate carriers for exchange of traffic subject to Section 251 of the Telecommunications Act of 1996

Dear Ms. Bayo:

Please find enclosed an original and 15 copies of Verizon Florida Inc.'s Opposition to AT&T of the Southern States, Inc.'s Motion to Compel and Request for Expedited Order for filing in the above matter. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this matter, please contact me at 813-483-2617.

Sincerely,

Kimberly Caswell

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In re: Investigation into appropriate methods to compensate carriers for exchange of traffic subject to Section 251 of the Telecommunications Act of 1996

Docket No. 000075-TP
Filed: December 27, 2000

VERIZON FLORIDA INC.'S OPPOSITION TO AT&T OF THE SOUTHERN STATES, INC.'S MOTION TO COMPEL AND REQUEST FOR EXPEDITED ORDER

Verizon Florida Inc. (Verizon) asks the Commission to deny the Motion to Compel (Motion) filed by A&T Communications of the Southern States, Inc. (AT&T) on December 19, 2000. The Motion concerns AT&T's First Set of Interrogatories and First Set of Requests for Production of Documents. Verizon (and BellSouth Telecommunications, Inc. and Sprint-Florida Incorporated) objected to AT&T's discovery requests because they are not relevant to any issue in this proceeding, nor are they reasonably calculated to lead to the discovery of admissible evidence concerning any of these issues.

Nothing in AT&T's Motion changes this conclusion. Below, Verizon explains why each of AT&T's relevancy arguments are meritless.

AT&T's Interrogatories

AT&T Interrogatory number 2: This interrogatory seeks retail access line counts for Verizon's flat and measured residential and single-line business services for each year from 1996 through 1999. AT&T's argument as to relevancy, however, goes to "monthly rate and annual revenue information." Verizon believes AT&T is confused, as this interrogatory didn't seek any monthly rate and annual revenue information. As noted, it asked only for access line counts. The word "revenue" is not even in the

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interrogatory, and the word "rate" appears only in the context of AT&T's instruction to "break down the access line count for the service by each distinct rate."

Because AT&T has offered no argument at all as to the relevancy of the requested information, which is access line counts, its motion to compel this information must necessarily be denied. As Verizon explained in its objections, Verizon's access line counts by service are not relevant to the Commission's consideration of establishment of a reciprocal compensation mechanism for traffic delivered to internet service providers (ISPs). Furthermore, its rates are publicly filed information that AT&T is well able to obtain itself.

AT&T Interrogatory number 3: Here, AT&T asks for usage and revenue data, for each year from 1996 through 1999, for Verizon's total local minutes and total local messages. AT&T argues that this information is relevant to "policy, rate, and rate structure issues and analyses focusing on the overall profitability of each Incumbent Local Exchange Company's ("ILEC") local exchange services and whether payments for reciprocal compensation by ILECs, including payments made for ISP-bound traffic, exceed local service revenues." (Petition at 3.) AT&T contends that the requested information relates to Verizon's witness Beauvais' position that usage-based reciprocal compensation structures are inappropriate in the absence of a usage-based retail rate structure (Motion at 3); his testimony about "alternative rate structures for reciprocal compensation"; and his statements concerning the duration of local voice and ISP-bound calls, respectively (Motion at 3.)

First, contrary to AT&T's claim, there have been no issues identified in this proceeding that focus on the "overall profitability" of the ILECs' local exchange services.

The legal and policy questions associated with development of a reciprocal compensation mechanism have nothing to do with how much profit, if any, Verizon makes on its local exchange services. Verizon's recommendations in this docket have nothing to do with its profit levels, and there is no reason for the Commission to determine how much money the ILECs are making before it can consider what, if any, reciprocal compensation mechanism to establish.

Second, even if ILEC profitability were an issue in this docket, the requested revenue and usage data for total minutes and total messages won't allow any profit calculations

Third, AT&T claims the material is relevant to determining whether payments for reciprocal compensation exceed local service revenues. Even if that were a legitimate inquiry in this docket, the requested information wouldn't allow AT&T to make any comparisons between reciprocal compensation payouts and local service revenues, because AT&T hasn't asked how much Verizon has paid in reciprocal compensation. In any event, AT&T doesn't need breakouts by service categories to make any comparisons between total revenues and total reciprocal compensation payouts.

Fourth, while AT&T contends that the requested information is relevant to witness Beauvais' testimony about "potential alternative rate structures," AT&T never furnishes the requisite explanation as to *why* this information is relevant. In any event, Dr. Beauvais hasn't suggested any alternative rate structure at this point, but rather a bill-and-keep approach.

Fifth, while AT&T is correct that Dr. Beauvais testifies about call duration, revenue and usage information does not relate at all to call duration, and AT&T never explains why it believes it does.

Because AT&T has not justified the relevancy of its requests, Verizon cannot be compelled to produce any information in response to them.

AT&T Interrogatory number 4: This interrogatory again requests usage and revenue information, this time for primary residence lines-measured rate, for the year 1999. The information requested is to be broken down by total billed local minutes, total unbilled local minutes, and total revenues generated from billed minutes. AT&T offers the same justifications here as it did for its interrogatory 3. For the same reasons explained above, those purported justifications are unsatisfactory, and Verizon should not be compelled to answer this interrogatory.

AT&T Interrogatory number 5: This interrogatory requests the same kind of usage and revenue information as interrogatory 4, but this time for additional residence lines-measured rate. AT&T offers the same justifications for this question as it did for its interrogatory 3. For the same reasons explained above, those purported justifications are unsatisfactory, and Verizon should not be compelled to answer this interrogatory.

AT&T Interrogatory number 6: This interrogatory requests the same kind of usage and revenue information as interrogatory 4, but this time for additional single-line business lines-measured rate. AT&T offers the same justifications for this question as it did for its interrogatory 3. For the same reasons explained above, those purported justifications are unsatisfactory, and Verizon should not be compelled to answer this interrogatory.

## AT&T's Document Requests

AT&T Document Request number 1: This request asks for Verizon's most recent cost study supporting the Company's retail basic exchange rates. AT&T argues that the cost study is relevant to evaluate "such cost components as end office switching, tandem switching, and interoffice transport in order to have the necessary information available to support or oppose any number of alternative rate structures for reciprocal compensation for all local traffic or only ISP-bound traffic which may be offered in this proceeding." (Motion at 6-7)

AT&T also claims that the cost study is relevant to Verizon witness Jones' testimony "regarding local network design and the costs of transporting and terminating ISP-bound calls including issues affecting the levels of those costs for ILECs and ALECs. Witness Jones confirms that the cost studies are necessary to evaluate and verify potential cost differences that carriers may incur in transporting and terminating ISP-bound traffic." (Motion at 7.)

First, Verizon hasn't offered any rate structure that would require any cost study analysis. Rather, Dr. Beauvais has recommended a bill-and-keep scheme, at least until the retail rate structure can be harmonized with any usage-based reciprocal compensation rate structure. Because Verizon's proposal does not rely on the level of its network costs, there is no need for AT&T to review these costs to determine whether it will support or oppose Verizon's approach.

Second, as AT&T's Motion indicates, Mr. Jones' testimony does discuss the potential differences between the ALECs' and ILECs' costs of handling ISP-bound calls. However, Verizon's production of its own cost study alone is not relevant to Mr. Jones'

testimony, because that testimony entails a *comparison* between ALEC and ILEC costs. Unless AT&T produces a cost study of its own, which can then be compared to Verizon's cost study, there is no legitimate reason for Verizon to produce a study. If Verizon's cost study is deemed relevant, then so is AT&T's, and AT&T should be required to produce one.

AT&T Document Request number 2: This request asks for retail basic exchange services that are more recent than those sought in Request number 1. AT&T purports to justify this Request with the same reasons it used in relation to Request number 1. For the same reasons Verizon listed above in response to Request 1, Verizon should not be compelled to produce the requested information.

AT&T Document Request number 3: Here, AT&T asks for documents estimating or otherwise quantifying the costs of terminating ISP-bound traffic. It offers the same rationale for this Request as it did for Request 1, adding that the requested terminating cost documents go to the heart of this proceeding.

Verizon should not be required to produce the requested documents for the same reasons it cited in relation to Request number 1. Again, Verizon's bill-and-keep proposal does not require any evaluation of cost data. Even if it did, both the ALECs' and the ILECs' costs would be relevant, and Verizon should not have to produce any terminating cost documents unless AT&T also does.

In any event, Verizon does not believe it has any responsive documents.

For all the above-discussed reasons, Verizon asks the Commission to deny AT&T's Motion to Compel.

Respectfully submitted on December 27, 2000.

By:



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Attorney for Verizon Florida Inc.



**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that copies of Verizon Florida Inc.'s Opposition to AT&T of the Southern States, Inc.'s Motion to Compel and Request for Expedited Order in Docket No. 000075-TP were sent via facsimile and overnight mail (\*) on December 27, 2000 and via U.S. Mail to the parties on the attached list.

A handwritten signature in black ink, appearing to read 'Kimberly Caswell', is written above a horizontal line.

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