

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation into Pricing
Unbundled Network Elements

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Docket 990649-TP

DIRECT TESTIMONY OF

**DENNIS B. TRIMBLE
ON BEHALF OF**

VERIZON FLORIDA INC.

SUBJECT: POLICY

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DIRECT TESTIMONY OF DENNIS B. TRIMBLE

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND TITLE.

A. My name is Dennis B. Trimble, and I am currently employed as Executive Director – Regulatory at Verizon Services Group. My business address is 600 Hidden Ridge Drive, Irving, Texas.

Q. PLEASE SUMMARIZE YOUR EDUCATION AND WORK EXPERIENCE.

A. I received an undergraduate degree in business and an MBA from Washington State University in the early 1970s. I also served as an Assistant Professor at the University of Idaho, where I taught undergraduate courses in statistics, operations research, and decision theory. From 1973 to 1976, I completed course work towards a Ph.D. degree in business at the University of Washington.

I joined GTE in 1976 as an Administrator of Pricing Research for General Telephone Company of the Northwest. From 1976 until 1985, I held various positions within GTE Northwest and GTE Service Corporation in the areas of demand analysis, market research, and strategic planning. In 1985, I was named Director of Market Planning for GTE Florida Incorporated, and in 1987, I became GTE Florida's Director of Network Services Management. From 1989 to 1994, I was

1 the Director of Demand Analysis and Forecasting for GTE Telephone
2 Operations. In October 1994, I became Director of Pricing and Tariffs
3 for GTE Telephone Operations, and in 1996, I was named Assistant
4 Vice President of Marketing Services. In February 1998, I assumed
5 the position of Assistant Vice President - Pricing Strategy for GTE. I
6 assumed my current position in September 2000. Currently, I am
7 responsible for assisting the Company in its development of pricing
8 policies and supporting those policies in the various regulatory arenas.

9

10 **Q. ON WHOSE BEHALF ARE YOU PRESENTING TESTIMONY IN THIS**
11 **PROCEEDING?**

12 A. I am presenting testimony on behalf of Verizon Florida Inc. (Verizon
13 Florida), formerly known as GTE Florida Incorporated.

14

15

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE STATE**
17 **REGULATORY COMMISSIONS?**

18 A. Yes. I have presented testimony on behalf of GTE and Verizon
19 companies before various state commissions, including the
20 commissions in Alabama, California, Florida, Hawaii, Indiana, Oregon,
21 South Carolina, Texas, Virginia, and Washington.

22

23 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

24 A. My testimony addresses the policy issues presented by this
25 proceeding, and sets forth Verizon Florida's proposed monthly

1 recurring charges (MRCs) for unbundled network elements (UNEs). I
2 will provide testimony addressing the Commission's specifically
3 designated Issues 1 - 5, 9, 10, 12 and 13.

4

5 I am sponsoring the following exhibits:

6 (a) Exhibit DBT-1, which supports the development of the "cost
7 mark-up" factor Verizon Florida used to develop rates that
8 would theoretically allow the Company an opportunity to
9 recover its hypothetical forward-looking direct (e.g., FCC-
10 defined total element long-run incremental costs (TELRICs))
11 and common costs,

12 (b) Exhibit DBT-2, which lists Verizon Florida's proposed MRCs
13 for the various items that are the subject of this testimony,
14 and

15 (c) Exhibit DBT-3, which provides a summary of the
16 development of Verizon Florida's proposal for deaveraging
17 UNE loops.

18

19 **Q. WHAT OTHER COMPANY WITNESSES HAVE FILED DIRECT**
20 **TESTIMONY IN THIS PROCEEDING?**

21 A. In addition to my testimony, Verizon Florida is presenting the testimony
22 of five witnesses who support the Company's proposed costs and
23 prices for specific UNEs. These costs and prices fall into two
24 categories: (1) the costs and prices of the UNEs themselves, which
25 are reflected in Verizon Florida's proposed MRCs; and (2) the costs

1 and prices for ordering and provisioning UNEs, which are reflected in
2 the Company's proposed non-recurring charges (NRCs).

3

4 **Bert Steele** sponsors the Company's proposed NRCs for ordering and
5 installation activities.

6

7 **David Tucek** sponsors Verizon Florida's cost model, the Integrated
8 Cost Model (ICM), which calculates the TELRICs of the various UNEs.
9 Mr. Tucek sponsors the ICM's investment and expense calculations,
10 as well as Verizon Florida's wholesale-only common cost calculations.

11

12 **Larry Richter** sponsors Verizon Florida's NRC Study, which calculates
13 the variable and fixed/shared costs associated with ordering and
14 provisioning UNEs.

15

16 Verizon Florida witnesses **Gregory Jacobson** and **Alan Sovereign**
17 sponsor Verizon Florida's proposed forward-looking cost of capital and
18 depreciation rates, respectively. Mr. Tucek and Mr. Richter used these
19 inputs to help calculate the TELRICs and NRC-related costs.

20

21 I use Mr. Tucek's cost calculations to develop monthly recurring prices
22 for UNEs. Mr. Steele uses Mr. Richter's cost calculations to develop a
23 set of non-recurring charges for ordering and installation activities.

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II. GENERAL PRICING POLICY

Q. SHOULD UNE PRICES BE BASED SOLELY ON TELRIC PLUS A SHARE OF FORWARD-LOOKING COMMON COSTS?

A. No, Verizon Florida has long maintained that UNE prices must, in the aggregate, reflect an ILEC's actual costs. But FCC pricing rules require UNE prices to be based solely on TELRICs plus a share of forward-looking common costs. Even though Verizon has long disagreed with the FCC's hypothetical TELRIC methodology, it has been required to use this methodology to prepare studies for state commission proceedings, including this one.

On July 18, 2000, the U.S. Court of Appeals for the Eighth Circuit disapproved many of the FCC's UNE pricing rules and found the FCC's hypothetical TELRIC methodology to be unlawful. *Iowa Utilities Bd., et al. v. FCC*, 219 F.3d 744 (8th Cir. 2000). This ruling is consistent with the position Verizon has previously taken before this Commission.

On September 22, 2000, the Eighth Circuit stayed the portion of its Order concerning the FCC's hypothetical cost methodology, pending U.S. Supreme Court review of the Order. The issue of appropriate cost methodology will not be settled at the federal level at least until the Supreme Court has ruled on appeals of the Eighth Circuit's Order. Verizon reserves its right to propose new UNE rates once the appeals

1 conclude and it is clear what pricing methodology should be used.

2

3 **Q. SHOULD UNE PRICES BE DEAVERAGED IN THE ABSENCE OF**
4 **COST-BASED, DEAVERAGED RETAIL RATE STRUCTURES AND**
5 **LEVELS?**

6 A. Absolutely not. UNE rates and retail rates are inextricably linked.
7 Today, retail rates reflect implicit supports that promote universal
8 service. For example, rates for many business and vertical services
9 are set well above cost in order to support below-cost rates for basic
10 residential service. Retail rate “averaging” is another form of implicit
11 support; residential subscribers in low-cost, high-density areas are
12 charged the same averaged rate as residential subscribers in high-
13 cost, low-density areas. These implicit supports, however, are not
14 sustainable in a competitive environment and do not promote efficient
15 competition. Rather, implicit supports encourage competitive local
16 exchange carriers (CLECs) to cream-skim the low-cost, high-price
17 business customers and to ignore the high-cost, low-price residential
18 customers.

19

20 The FCC recognized this point when it stayed its UNE deaveraging
21 rule until completion of its universal service proceeding. The FCC
22 reasoned that a stay was required to afford the FCC and the states
23 “the opportunity to consider in a coordinated manner the deaveraging
24 issues that are arising in a variety of contexts,” such as retail rate
25 deaveraging and universal service reform:

1 By linking the duration of the stay to the universal
2 service proceeding, we afford the states and
3 ourselves the opportunity to consider in a coordinated
4 manner the deaveraging issues that are arising in a
5 variety of contexts affecting local competition. We are
6 considering in the universal service proceeding what
7 level of geographic deaveraging to use in determining
8 the universal service support available to non-rural
9 LECs serving high-cost areas. States are confronting
10 similar issues. In addition, in the access charge
11 reform proceeding, we are continuing to assess the
12 application of deaveraging policies to the interstate
13 access rates of incumbent LECs. Applying different
14 standards for, or degrees of, geographic deaveraging
15 in different contexts might create arbitrage
16 opportunities or distort entry incentives for new
17 competitors. Temporarily staying the effectiveness of
18 section 51.507(f) will afford regulators the opportunity
19 to consider the ramifications of deaveraging for the
20 pricing of unbundled network elements, for universal
21 service support in high-cost areas, and for interstate
22 access services.

23
24 Stay Order, CC Docket No. 96-98 (May 7, 1999)
25 (emphasis added).

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In sum, deaveraged UNE rates should not be established in a vacuum. They are inextricably linked to deaveraged retail rates and universal service support.

Q. DO THE ARBITRAGE PROBLEMS DISCUSSED ABOVE EXIST IN FLORIDA TODAY?

A. Yes. Even in the absence of deaveraged UNE rates, Verizon Florida's competitors are exploiting arbitrage opportunities. CLECs are building facilities in Verizon Florida's highest-density serving areas (such as Tampa, Clearwater, and St. Petersburg) and are cream-skimming Verizon Florida's business customers. At the same time, residential customers are generally being ignored. The CLECs are, in essence, engaged in "deaveraged" facilities-based competition, selectively choosing the customers and geographic areas they serve. Since they are not required to serve high-cost customers in high-cost areas, they only target Verizon Florida's low-cost, high-value customers in our more dense serving areas.

Q. WHAT SHOULD THE COMMISSION DO TO PREVENT OR MITIGATE THIS CREAM-SKIMMING?

A. The Commission should not further deaverage UNE prices until retail rates are deaveraged. As described below, the soundest policy would be to retain the existing, ILEC-specific zones. This approach complies with the FCC deaveraging mandate and is the only way to avoid

1 making the existing arbitrage problem worse.

2

3

III. VERIZON FLORIDA'S RESPONSES TO ISSUES

4

5 A. ISSUE 1: FACTORS FOR ESTABLISHING UNE RATES

6

Q. WHAT FACTORS SHOULD THE COMMISSION CONSIDER IN
7 ESTABLISHING RATES AND CHARGES FOR UNES (INCLUDING
8 DEAVERAGED UNES AND UNE COMBINATIONS)?

9

A. First, as discussed above, the Commission should consider the effect
10 of UNE rates on the preservation and advancement of universal
11 service and on the development of fair and efficient competition.

12

13 Generally, UNE rates should reflect a reasonable share of common
14 costs, and should be deaveraged only for those UNEs that exhibit
15 material variations in cost based on geography.

16

17 Moreover, UNE costs should be calculated at a wire center level,
18 should the Commission choose to engage in further deaveraging. If
19 costs vary significantly between wire centers, then the wire centers
20 should be mapped into rate zones so that a single UNE price can be
21 established for each zone. In creating these rate zones, the
22 Commission must weigh the costs of deaveraging (e.g., the
23 administrative and billing costs) as well as the potential for increased
24 rate arbitrage against the expected consumer gains.

25

1 Likewise, the rate structure for each UNE should reflect a balance of
2 (1) cost-causation principles, *e.g.*, the matching of costs to prices, (2)
3 the opportunity for cost recovery, and (3) ease of administration, *e.g.*,
4 the costs of billing.

5

6 **Q. CAN YOU PROVIDE AN EXAMPLE OF HOW THESE FACTORS**
7 **WILL APPLY?**

8 A. Yes, based on cost causation attributes, the cost of unbundled local
9 switching could be divided into three cost sub-categories: (1) local call
10 set-up, (2) local call duration, and (3) local call transport distance.
11 Theoretically, Verizon Florida could develop three separate rate
12 elements for recovery of local switching costs. Verizon Florida,
13 however, charges an average per minute-of-use (“MOU”) rate that
14 assumes an average length of inter-office transport and a holding time
15 (“local call duration”) of about four minutes. Most other Incumbent
16 local exchange carriers (ILECs) also use this same rate structure. For
17 typical local calls, this rate structure makes sense – it captures the
18 average cost-causative attributes for what the Company has
19 historically observed as an average local call, it’s easier to administer
20 and bill a single MOU rate, and this rate allows the ILEC to recover its
21 costs because the typical local call historically has had an average
22 holding time of about four minutes.

23

24 **Q. DO THE COMPANY’S PROPOSED RATE STRUCTURES BALANCE**
25 **THE THREE OBJECTIVES YOU CITED ABOVE?**

1 A. The rate structures proposed by the Company satisfy two of the
2 objectives in that they reflect cost-causative principles and they are
3 easily administered by Verizon Florida. The remaining objective cited
4 is not likely to be met. The proposed rate structures will, by their
5 design, not give the Company an opportunity to recover its total costs
6 because the proposed UNE rates do not reflect a rational relationship
7 with current retail rate structures. This imbalance between UNE rates
8 and retail rates will only facilitate rate arbitrage by entering CLECs,
9 which necessarily destroys the Company's opportunity to recover its
10 total costs.

11

12 In terms of future ease of administration, Verizon Florida may, over
13 time, desire to alter its rate structures for various UNEs as efforts
14 unfold to migrate to rate structures that are consistent across the entire
15 Verizon footprint.

16

17 **Q. WHAT CAUSES THIS IMBALANCE BETWEEN UNE RATES AND**
18 **RETAIL RATES?**

19 A. There are three major causes. First, retail rates were designed to give
20 the Company an opportunity to recover its total actual costs, which
21 may or may not be closely related to estimates of the Company's total
22 long-run incremental costs. Second, retail rates were designed for a
23 closed monopoly-like market, which allowed for a rate design that
24 could support public policy objectives (e.g., universal service) without
25 exposure to competitive arbitrage. This public policy orientation

1 resulted in most retail rates not being reflective of their underlying cost
2 characteristics.

3

4 Lastly, the UNE rates proposed in this proceeding are based totally on
5 estimates of the TELRIC of the UNE plus a share of forward-looking
6 common costs. As such, UNE rates are intended to reflect their
7 underlying “long-run” cost characteristics. But, given the various
8 assumptions employed in long-run, forward looking cost estimates,
9 TELRIC-based rates, when viewed in aggregate across all UNEs, may
10 not reflect the Company’s total actual costs. Even if the UNE rates do,
11 in a theoretical total market, reflect the Company’s total actual costs,
12 the disorientation between “cost-based” UNE rates and “non-cost-
13 based” retail rates mandates a market imbalance between these rate
14 structures. As previously stated, this imbalance leads to CLEC
15 arbitrage (the targeting of low cost, high priced retail services), which
16 undermines the Company’s ability to recover its total actual costs.

17

18 **Q. BUT AREN’T UNE PRICES REQUIRED TO BE BASED SOLELY ON**
19 **TELRIC PLUS A SHARE OF “FORWARD-LOOKING” COMMON**
20 **COSTS?**

21 A. Yes, the FCC’s pricing rules (at present) require UNE prices to be
22 based solely on TELRICs plus a share of forward-looking common
23 costs. Verizon Florida does not agree with the FCC’s costing and
24 pricing rules, but is proposing rates in accordance with them. To be
25 specific, Verizon Florida continues to strongly oppose the use of proxy

1 models or hypothetical cost studies for determining the costs and rates
2 for UNEs. Permanent rates should reflect the actual forward-looking
3 costs that Verizon Florida is expected to realize during the time period
4 that UNE rates are in effect. As noted above, Verizon reserves the
5 right to propose changes to its rates once the cost methodology
6 question is settled at the federal level.

7

8 **B. ISSUE 2: GEOGRAPHIC DEAVERAGING**

9 **Q. WHAT IS THE APPROPRIATE METHODOLOGY TO DEAVERAGE**
10 **UNES, AND WHAT IS THE APPROPRIATE RATE STRUCTURE**
11 **FOR DEAVERAGED UNES?**

12 A. Given that the FCC's rules require UNE prices to be deaveraged into
13 at least three zones per state based on geographic differences in cost,
14 the Commission has two options for establishing UNE rates for the
15 Company. Verizon Florida's preferred option is for the Commission to
16 retain a single rate for Verizon Florida to go along with the different
17 cost-based rates established for BellSouth and Sprint. In this way, the
18 Commission would have established at least three zones per state,
19 each of which reflects different cost characteristics. Since this option
20 would result in UNE rates that are more rationally aligned with retail
21 rates, it would mitigate the potential for undue CLEC rate arbitrage.

22

23 If the Commission rejects the first option, then Verizon Florida
24 proposes three cost-based zones for its specific service area. Ideally,
25 however, and consistent with sound public policy, the Commission

1 would not implement this option until Verizon Florida's retail and
2 wholesale UNE rates are rationally aligned. Such an approach is not
3 only appropriate from a public policy perspective – it is also consistent
4 with the Act and the FCC's requirements for deaveraging. Verizon
5 Florida's methodology for developing these zones is fairly
6 straightforward: first, we calculate the average costs for UNEs at a wire
7 center level; second, we identify those UNEs that have significant cost
8 differences between wire centers; third, we map or group each wire
9 center into one of three cost-based zones. The deaveraged rate
10 proposals discussed in Section III of this testimony are based on this
11 option, should the Commission require Verizon Florida to have rates
12 for three Company-specific geographic zones.

13

14 **Q. WHAT FACTORS SHOULD THE COMMISSION CONSIDER IN**
15 **ESTABLISHING DEAVERAGED RATES FOR UNES?**

16 A. First, as previously stated, the Commission should consider the effect
17 of UNE rates on the preservation and advancement of universal
18 service and on the development of fair and efficient competition.
19 These considerations would necessarily lead to an objective of
20 creating UNE price sets that exhibit a rational relationship with retail
21 rates.

22

23 If the Commission were to ignore the misalignment between UNE rates
24 and retail rates and mandate the further deaveraging of UNEs, then
25 UNE rates should minimally reflect a reasonable share of the

1 Company's common costs and should be deaveraged only for those
2 UNEs that exhibit material variations in cost.

3

4 Moreover, UNE costs should be calculated at a wire center level. If
5 costs vary significantly between wire centers, then the wire centers
6 should be mapped into rate zones so that a single UNE price can be
7 established for each zone. In creating these rate zones, the
8 Commission must weigh the costs of deaveraging (e.g., the
9 administrative and billing costs) against the expected consumer gains.

10

11 **Q. IF VERIZON FLORIDA IS REQUIRED BY THE COMMISSION TO**
12 **DEAVERAGE UNE RATES, FOR WHICH OF THE FOLLOWING**
13 **UNES SHOULD THE COMMISSION SET DEAVERAGED RATES?**

14 **(1) LOOPS (ALL)**

15 **(2) LOCAL SWITCHING**

16 **(3) INTEROFFICE TRANSPORT (DEDICATED AND SHARED)**

17 **(4) OTHER (INCLUDING COMBINATIONS)**

18 **A.** At this time, only loop prices should be considered for deaveraging,
19 because only loop costs show significant variation between different
20 geographic areas. Although switching costs do vary based upon the
21 size of switch and traffic volumes, they are not significant enough to
22 warrant deaveraged unbundled switching prices. Additionally, the
23 TELRICs Mr. Tucek presents for interoffice transmission facilities
24 already reflect distance, traffic, and volume characteristics that
25 effectively will result in deaveraged rates for these UNE offerings.

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It appears that CLECs agree. In BellSouth's UNE pricing proceeding, all parties and Staff recommended deaveraging of only loop UNEs and combinations that include such loops, and this is what the Commission approved. (See April 6, 2001 Staff Recommendation in Docket No. 990649, at 55.)

Verizon Florida, however, would not propose deaveraged prices for all facilities that the FCC defines as "loops." In its UNE Remand Order, the FCC included the following in its definition of loop: inside wiring; loop conditioning; dark fiber; attached electronics (e.g., multiplexing equipment); high-capacity loops (e.g., DS-1s); private line and special access facilities; and cross connects. *Implementation of the Local Competition Provisions of the Telecomm. Act of 1996*, Third Report & Order and Fourth Further Notice of Proposed Rulemaking, 15 FCC Rcd 3696 ("UNE Remand Order"), at ¶ 167 (1999). The Company is not proposing to deaverage prices for inside wiring, dark fiber, loop conditioning, attached electronics, or cross connects, which do not seem to possess cost characteristics that vary by geography. Verizon Florida believes that only 2-wire, 4-wire, and various high-capacity loops (which also will allow for CLEC provisioning of private line and special access facilities) should be considered for geographic deaveraging – when the time is right to deaverage. Likewise, if the Commission orders the deaveraging UNE prices for these loops, then it would be appropriate to deaverage prices for all UNE combinations

1 that include these loops.

2

3 **Q. IS VERIZON FLORIDA PRESENTING ANY DEAVERAGED UNE**
4 **RATES IN THIS PROCEEDING?**

5 A. Again, the Company believes that the Commission should maintain a
6 statewide rate structure for Verizon Florida's UNEs. But, if the
7 Commission rejects this option, I am also providing a geographically
8 deaveraged rate proposal for various UNEs (in addition to proposed
9 statewide average rates).

10

11 **Q. IF THE COMMISSION CHOOSES TO DEAVERAGE UNE RATES IN**
12 **THIS PROCEEDING, THEN HOW COULD IT DO SO WHILE**
13 **MINIMIZING THE RATE DISPARITY BETWEEN RETAIL AND**
14 **WHOLESALE UNE RATES?**

15 A. The Commission could adopt Verizon Florida's proposed three zones
16 in structure, but leave the rates for each of the three zones the same
17 at this time. This alternative would clearly inform the Company and
18 CLECs that the Commission fully intends to deaverage Verizon
19 Florida's rates but not at this point, given public policy implications.
20 Again, the Commission is under no legal obligation to deaverage
21 Verizon Florida's UNE rates at this time. Deaveraging the UNE rates
22 within the three-zone structure, under this alternative, would be
23 addressed at a later date in conjunction with an examination of Verizon
24 Florida's retail rates.

25

1 **C. ISSUE 3: XDSL CAPABLE LOOPS**

2 **Q. WHAT ARE XDSL-CAPABLE LOOPS?**

3 A. Simply stated, an xDSL-capable loop is a basic 2-wire or 4-wire UNE
4 loop that possesses the electrical characteristics that allow for the
5 transmission of xDSL-based technology signals. Most xDSL-based
6 services generally require that the end-user be provisioned with
7 copper facilities. At this time, the major technical parameters that
8 define whether a UNE loop is capable of successfully transmitting
9 xDSL services concern the length of the specific loop, the gauge of
10 copper wire that makes up the loop, as well as the existence of load
11 coils, bridged taps, or repeaters that are necessary for the efficient
12 provision of voice-grade services. Each of these attributes can affect
13 and potentially degrade the ability of the xDSL service to work
14 properly. If load coils or bridged taps affect the required transmission
15 characteristics of a specific loop (to facilitate the provision of any
16 proposed service), the Company will attempt to condition the loops in
17 order to transform them into "clean" copper loops that have the
18 appropriate transmission characteristics. Company witness Steele
19 addresses this loop conditioning activity.

20

21 **Q. SHOULD A COST STUDY FOR XDSL-CAPABLE LOOPS MAKE**
22 **DISTINCTIONS BASED ON LOOP LENGTH AND/OR THE**
23 **PARTICULAR DSL TECHNOLOGY TO BE DEPLOYED?**

24 A. No. As a matter of public policy, the characteristics of a specific
25 technology to be placed on a UNE loop should never be considered a

1 driver for the price of the underlying UNE facility. In the UNE world,
2 loops are loops and must be service-independent. The specific
3 technology that a CLEC intends to put on a UNE loop should have no
4 bearing in the pricing of that loop. This potential deaveraging of loop
5 prices based on what type of technologies will work on each loop
6 would not only be an administrative nightmare, if taken to the extreme,
7 but would lead to increased arbitrage. UNE loops that have the
8 technical parameters to facilitate xDSL transmission also have the
9 technical parameters to facilitate plain old voice transmission. Thus,
10 purchasers of UNE loops would never pay a geographic zone-based
11 average rate for a two-wire UNE loop if they could get a cheaper price
12 out of an alternative loop-length-derived rate schedule that has been
13 developed to support some technology-specific requirement.
14 Technologies come and go, but the underlying UNE loop remains
15 relatively unchanged.

16
17 Loop length should never drive rate deaveraging unless it is
18 accompanied by significant differences in customer density within the
19 wire center. Rate structures based on loop length just result in another
20 mechanism to facilitate rate arbitrage. What sense does it make for a
21 CLEC to build its switch on the other side of town, self-provision its
22 short loops, and pay short-loop prices to the ILEC for loops that would
23 be long loops to the CLEC? If density characteristics are relatively
24 homogeneous, then what is of real concern in the setting of
25 competitively efficient and neutral rates is the average cost in that

1 homogeneous area. The placement of a wire center, along with the
2 technologies used to deploy loops, are designed to provide the most
3 efficient means of serving all customers in a given serving area. Loop-
4 length characteristics (or even basic loop technology characteristics)
5 should not create rate differentials that result in one customer being
6 more coveted by CLECs than another, identical customer in a given
7 homogeneous area.

8

9 In addition, any proposal to deaverage UNE loops based on length
10 considerations appears to be inconsistent with FCC rules. The FCC's
11 rules are clear: they require geographically deaveraged rate zones, not
12 different length-based rates in the same geographic zone. My
13 dictionary defines a zone as "a region or area set off as distinct from
14 surrounding or adjoining parts," or "one of the sections of an area
15 created for a particular purpose," or "a distance within which the same
16 fare is charged by a common carrier" (Webster's Ninth New Collegiate
17 Dictionary, 1989). A loop length-based pricing proposal would not fall
18 within this definition: it would not establish rate zones, as this term is
19 commonly defined, and it would not establish geographically
20 deaveraged rates – instead, it would establish length-based rates that
21 would result in different rates for the same UNE loops within the same
22 geographic area, based solely on what equipment is used with the
23 loop.

24

25 The loop length-derived pricing proposal also would not address the

1 effect of “loop length”-specific UNE prices on retail costing and pricing
2 issues, or on universal service support issues. If wholesale rates are
3 based on loop length, then retail rates (including any universal service
4 support) must also be based on loop length; otherwise, the
5 Commission would just be exacerbating arbitrary and inconsistent
6 wholesale and retail rate structures, which would be perpetuating
7 arbitrage and economically inefficient rate structures.

8

9 Finally, loop-length based pricing structures have historically turned
10 into administrative nightmares to the point that service representatives
11 resort to assuming most loops fall in the shortest-length category. The
12 administration of such a pricing mechanism is definitely not reasonable
13 or efficient for the provider of such an offering.

14

15 In sum, any proposal for a UNE loop defined by a specific technology-
16 driven loop length consideration conflicts with rational pricing
17 objectives (including administration concerns) and is inconsistent with
18 FCC rules.

19

20 **D. ISSUE 4: SUPLOOPS**

21 **Q. FOR WHAT SUBLOOP ELEMENTS IS VERIZON FLORIDA**
22 **PROPOSING PRICES?**

23 A. Verizon Florida is proposing rates for three separate subloop elements
24 for both 2-wire and 4-wire UNE loops: (1) feeder, (2) distribution, and
25 (3) drop. In addition, since Verizon Florida owns significant intra-

1 building related house and riser cable, the Company is also providing
2 rates for use of those facilities.

3

4 The feeder subloop is the loop facility that extends from Verizon
5 Florida's central office main distribution frame ("MDF") to a feeder
6 distribution interface ("FDI"). The distribution facility extends from the
7 FDI to, and including, the NID (or Verizon Florida's cross connect
8 terminal at a building's minimum point of entry (MPOE)) at the
9 customer's premises. The "drop," is a 2-wire or 4-wire metallic facility
10 that extends from the pedestal or terminal serving the customer's
11 premise to, and including, the NID (or the cross connect terminal at the
12 MPOE of the customer's building) that serves the customer's premise.
13 Where it exists, house and riser cable is a 2-wire or 4-wire metallic
14 intra-building distribution facility that extends from the cross connect
15 terminal at a building's MPOE to the demarcation point or NID at the
16 customer's actual location.

17

18 For dark fiber loops, the Company proposes to provide only two
19 subloop elements – feeder and distribution.

20

21 **Q. HOW DO CLECs GAIN ACCESS TO THE 2-WIRE, 4-WIRE, AND/OR**
22 **DARK FIBER SUBLOOP FACILITIES?**

23 A. The existence of and ability to access subloop elements is very
24 customer-specific and must be evaluated on a case-by-case basis.

25 Access to subloop elements may occur at an MDF, the FDI, or at the

1 terminal serving the customer's premise. In all cases, the requesting
2 CLEC must first pre-position at the point (or points) where access to
3 the subloop is requested or otherwise establish a point of connection
4 at those points. A point of connection is like a meet-point arrangement
5 in that it is a physical interface that establishes the point at which the
6 ILEC's facilities will be connected with the CLEC's facilities. In order to
7 establish a point of connection at the requested interface location, the
8 CLEC must first submit a Bona Fide Request ("BFR") to its Verizon
9 account management team. The BFR process will be used to pre-
10 position or otherwise establish a point of connection at the FDI or
11 terminal. It will determine the technical feasibility of the CLEC's
12 unbundled subloop request. In addition, the CLEC must collocate at
13 the Verizon central office where the MDF is located and can either
14 collocate or otherwise establish a presence at the FDI and terminal by
15 utilizing the BFR process. The BFR process will determine the labor
16 and/or capital costs for which the CLEC is responsible, and the
17 proposed provisioning time frames to facilitate the creation of a point of
18 connection with the CLEC.

19

20 **Q. HOW DO CLECs GAIN ACCESS TO INTRA-BUILDING HOUSE AND**
21 **RISER CABLE FACILITIES?**

22 A. First, if the CLEC uses either the Company's UNE loop or UNE
23 distribution subloop, the CLEC automatically receives access to any
24 required house and riser cable (noting that the MRC for house and
25 riser cable will also apply in addition to the MRC charges for the UNE

1 loop or UNE distribution subloop).

2

3 If the CLEC desires to bring its own distribution facilities into a
4 building/campus where Verizon Florida owns house and riser cable,
5 then to gain access to the house and riser cable, the CLEC must
6 locate a compatible terminal block within cross connect distance of the
7 MPOE for such cable. In addition, only Verizon Florida personnel will
8 perform the necessary installation work on Verizon Florida equipment.
9 The specific NRC charges for required Verizon Florida installation
10 activities are sponsored by Mr. Bert Steele.

11

12

13 **E. ISSUE 5: SS-7 SIGNALING NETWORK & CALL RELATED**
14 **DATABASES**

15 **Q. FOR WHAT SIGNALING NETWORK RELATED ITEMS IS VERIZON**
16 **FLORIDA PROPOSING RATES?**

17 A. FCC Rule § 51.319(e) requires ILECs to provide access to
18 signaling networks, call-related databases, and service
19 management systems on an unbundled basis. The Rule
20 specifies that “[S]ignaling networks include, but are not limited
21 to, signaling links and signaling transfer points.” (47 C.F.R.
22 § 319(e)(1)). It states further that: For purposes of switch
23 query and database response through a signaling network, an
24 incumbent ILEC shall provide access to its call-related
25 databases, including but not limited to, the Calling Name

1 Database, 911 Database, E911 Database, Line Information
2 Database, Toll Free Calling Database, Advanced Intelligent
3 Network Databases, and downstream number portability
4 databases by means of physical access at the signaling transfer
5 point linked to the unbundled databases. (47 C.F.R. §
6 51.319(e)(2)(A).)

7

8 Verizon Florida is proposing TELRIC-based prices for access to its SS-
9 7 signaling network and for the databases enumerated by the FCC,
10 with two exceptions. The prices and price structures for both access
11 to Verizon's signaling network and associated database queries are
12 set forth in Exhibit DBT-2.

13

14 Since customer requirements are highly variable, Verizon Florida is not
15 proposing prices for (1) access to 911 and E911 databases or (2)
16 access to the Verizon advanced intelligent network ("AIN") service
17 creation environment and associated databases. Verizon Florida
18 proposes to establish these arrangements on a case-by-case basis.

19

20 **F. ISSUE 9(a): MRC PRICING PROPOSALS**

21 **Q. WHAT PROCEDURES HAS VERIZON FLORIDA USED TO**
22 **DEVELOP ITS PROPOSED MRC RATES?**

23 **A.** As previously stated, Verizon Florida is proposing rates that are
24 consistent with the FCC's rules, which dictate that UNE prices should
25 be based on a forward-looking cost-based pricing methodology (47

1 C.F.R. § 51.503(b)(1)), where forward-looking economic costs are
2 defined by the FCC as the sum of:

- 3 (1) the TELRIC of the element, and
4 (2) a reasonable allocation of forward-looking common costs.
5 (47 C.F.R. § 51.505(a))
6

7 As such, Verizon Florida's general pricing methodology for UNEs and
8 collocation can briefly be summarized as follows: MRCs for UNEs will
9 include an equal percentage mark-up above their TELRIC for recovery
10 of the Company's forward-looking common costs (e.g., a fixed-
11 allocation pricing procedure). The TELRIC costs in support of each
12 proposed MRC element are addressed in the Direct Testimony of
13 Verizon Florida witness Tucek.
14

15 **Q. DOES A FIXED-ALLOCATION APPROACH COMPLY WITH THE
16 FCC'S CURRENT PRICING RULES?**

17 A. Yes. In its First Report and Order implementing the Act, the FCC held
18 that a fixed-allocator is a "reasonable allocation method."
19 *Implementation of the Local Competition Provisions in the Telecomm.
20 Act of 1996*, First Report & Order, 11 FCC Rcd 15499 ("Local
21 Competition Order"), at ¶696 (1996).
22

23 **Q. DOES THE FIXED-ALLOCATOR PROCEDURE RESULT IN PRICE
24 SETS THAT MIMIC THOSE THAT WOULD BE FOUND IN A
25 COMPETITIVE MARKETPLACE?**

1 A. A fixed-allocation based procedure does not necessarily result in price
2 sets that reflect the competitive market. Where, as here, significant
3 common costs must be recovered, “the orthodox concept of second
4 best pricing is the inverse elasticity principle, or Ramsey pricing.” *Nat’l*
5 *Rural Telecom Assoc. v. FCC*, 988 F.2d 174, 182 (D.C. Cir. 1993).
6 Currently however, the FCC expressly forbids the use of Ramsey
7 pricing in setting UNE rates because it could “raise the prices” of
8 “relatively inelastic” UNEs, such as the local loop. Local Competition
9 Order at ¶ 696. In other words, economic efficiency and competitive
10 markets dictate Ramsey-based prices, but the FCC expressly prohibits
11 such prices. Verizon Florida does not agree with the FCC’s self-
12 contradictory analysis or the FCC’s pricing rules. Nevertheless,
13 Verizon Florida has complied with these rules in developing UNE
14 prices in this proceeding.

15

16 **Q. WHAT COMMON COST RECOVERY FACTOR IS USED AS THE**
17 **BASIS FOR THE FIXED ALLOCATOR FOR DETERMINING COST-**
18 **BASED MRCS?**

19 A. The fixed-allocation factor was determined using the following formula:

20 Fixed Allocator = TWCC / DC

21

22 where: TWCC = Total Wholesale-Related Common
23 Costs, and

24 DC = Direct Costs

25 Within this formula, Direct Costs equal the sum of all direct costs for all

1 UNEs that would be needed by CLECs to serve all existing customers.
2 The Direct Costs also include the direct costs for the MRC elements of
3 collocation. Please note, however, that the Direct Costs that act as the
4 denominator of Verizon Florida's equation include only the direct costs
5 of those elements that are being marked up. If an MRC does not
6 include a mark-up, then the direct costs of those facilities or activities
7 associated with the MRC are not included in the denominator. Verizon
8 Florida does not propose to mark up any of its NRCs; therefore, the
9 direct costs associated with these NRCs are excluded from Verizon
10 Florida's calculation.

11

12 As shown in the Company's cost study filing, Verizon Florida's total
13 forward-looking common costs equal \$187.3 million per year. The sum
14 of the TELRICs for all UNEs and other direct costs of facilities to be
15 marked up is \$1,119.2 million per year (this calculation is shown on
16 Exhibit DBT-1). Taking these figures and applying the above formula
17 results in a fixed-allocation factor of 0.1673 (\$187.3 million / \$1,119.2
18 million).

19

20 **Q. HOW IS THE FIXED-ALLOCATION FACTOR USED TO ARRIVE AT**
21 **THE MRC FOR A GIVEN UNE?**

22 A. The proposed MRC for each item presented in this proceeding is
23 computed using the following formula:

24
$$\text{MRC} = \text{TELRIC} * (1 + \text{Fixed-Allocation Factor}),$$

1 which, given the costs filed by Verizon Florida in this proceeding,
2 results in:

3
$$\text{MRC} = \text{TELRIC} * (1 + 0.1673)$$

4 As an example computation using this formula, if the TELRIC of a
5 specific UNE were \$30 per month, we would multiply it by 1.1673 to
6 arrive at a price for that UNE of \$ 35.02.

7

8

9 **UNBUNDLED LOCAL LOOPS (ISSUES 9(a)(1)-9(a)(9))**

10 **Q. WHAT ARE UNBUNDLED LOCAL LOOPS?**

11 A. As described in the FCC's Rule § 51.319(a), a local loop UNE is
12 defined as a transmission facility between a distribution frame (or its
13 equivalent) in an ILEC central office and the loop demarcation point at
14 an end-user customer premises, including any inside wiring owned by
15 the ILEC.

16

17 **Q. FOR WHAT SPECIFIC UNBUNDLED LOOPS IS VERIZON FLORIDA
18 PROVIDING RATES FOR IN THIS PROCEEDING?**

19 A. Rates are being proposed for 2-wire and 4-wire UNE loops, high
20 capacity DS-1 and DS-3 UNE loops, and dark fiber loops.

21

22 **2-WIRE, 4-WIRE, DS-1, AND DS-3**

23 **Q. WHAT IS A 2-WIRE LOOP?**

24 A. A two-wire loop is a transmission circuit consisting of two wires that is
25 used to both send and receive either voice or data transmissions.

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Q. WHAT IS A 4-WIRE LOOP?

A. A 4-wire loop consists of two pairs of wires, one to transmit and one to receive. These loops are usually used in certain private line and data service applications.

Q. CAN THESE 2-WIRE AND 4-WIRE UNE LOOPS BE USED TO PROVIDE BOTH ANALOG AND DIGITAL SERVICES?

A. Yes, with certain qualifications. Depending on the technical parameters of each digital offering, it may be necessary to condition the loop to assure that those technical parameters can be achieved over the specific individual loop. The specific charges for conditioning loops are addressed by Mr. Steele. In some cases, it may be impossible for Verizon Florida to assure that a specific loop can sustain the technical parameters required to provision a specific digital service (e.g., the loop length is too long to technically support the desired service). In these cases, the specific loop, whether conditioned or not, will be unable to support the provision of a digital service.

Q. PLEASE DESCRIBE THE HIGH CAPACITY LOOPS FOR WHICH VERIZON FLORIDA IS PROPOSING RATES IN THIS PROCEEDING.

A. Verizon Florida is proposing rates for DS-1 and DS-3 high capacity loops. A DS-1 loop is generally a 4-wire loop that has been

1 conditioned to support DS-1 transmission, including associated
2 electronics. It can be used to provide full-period services (e.g., private
3 line) and switched services (e.g., ISDN Primary Rate Interface) to end-
4 users. In contrast, DS-3 UNE loops are necessarily provisioned over
5 fiber optic cable and include the electronics necessary to facilitate DS-
6 3 transmission.

7

8 **Q. ARE VERIZON FLORIDA'S RATE PROPOSALS FOR UNE LOOPS**
9 **DEAVERAGED BY GEOGRAPHIC AREA?**

10 A. The cost studies sponsored by Verizon Florida witness David Tucek
11 indicate that only 2-wire, 4-wire, and DS-1 UNE loops exhibit cost
12 characteristics that support geographic deaveraging, while the various
13 costs for DS-3 UNE loops exhibit minimal levels of geographic
14 variation. Therefore, I am only proposing to geographically deaverage
15 rates for 2-wire, 4-wire, and DS-1 UNE loops.

16

17 **Q. HOW DID VERIZON FLORIDA DEVELOP THESE COST-BASED**
18 **ZONES AND THE RESULTING MRCS?**

19 A. As discussed earlier, Verizon Florida calculated loop costs at the wire
20 center level and then "mapped" each wire center into one of three
21 cost-based zones.

22

23 In Florida, Verizon Florida has 90 wire centers. The loop costs in each
24 wire center are shown on Exhibit DBT-3. As illustrated by that exhibit,
25 the wire center TELRICs of unbundled 2-wire loops vary from a low

1 that is less than \$10 per line to a high that is almost \$200 per line, with
2 the resulting statewide average cost being \$22.20.

3

4 All wire centers in which the average loop cost is less than the
5 statewide average loop cost of \$22.20 were mapped to Zone 1. All
6 wire centers in which the average loop cost is between the statewide
7 average and 200% of the statewide average were mapped to Zone 2.
8 All wire centers in which the average loop cost is greater than 200% of
9 the statewide average were mapped to Zone 3.

10

11 Once the wire centers were mapped, we calculated the average UNE
12 loop cost for each zone. These calculations are shown on Exhibit
13 DBT-3. The specific UNE loop rate for each zone was then
14 determined by adding to the zone-specific TELRICs a uniform amount
15 for recovery of common costs. The determination of the uniform
16 amount for recovery of common costs and the resulting zone-specific
17 rates are shown in Exhibit DBT-1.

18

19 **Q. PLEASE FURTHER DISCUSS THE CONCEPT OF ADDING A UNE-**
20 **SPECIFIC UNIFORM AMOUNT FOR RECOVERY OF COMMON**
21 **COSTS WHEN DEVELOPING THE COMPANY'S PROPOSED**
22 **GEOGRAPHICALLY DEAVERAGED RATE LEVELS.**

23 A. This procedure results in the same "absolute" amount of common cost
24 recovery being obtained from the sale of a UNE loop regardless of the
25 geographic zone in which the loop is sold. Since it is based on a fixed

1 percent of direct costs, the fixed allocator procedure would result in a
2 large absolute amount of common cost assignment to “high-cost” rural
3 areas and a small absolute amount to low-cost urban areas when
4 geographic deaveraging is implemented. Verizon Florida believes it is
5 not reasonable to assign a much larger share of common cost
6 recovery to rural UNE loops than to urban UNE loops. Thus, to spread
7 the burden of common cost recovery equitably, an equal “absolute”
8 amount was assigned to each geographic zone. This equal, absolute
9 amount was determined by computing the fixed-allocation amount for
10 common cost recovery using only the statewide average TELRIC for
11 each item to be deaveraged. This uniform amount was then added to
12 the deaveraged TELRICs for each geographic zone to determine the
13 UNE loop price for each zone.

14

15 For example, assume the following table presents the geographic-
16 specific costs of a 2-wire loop.

| 17 | <u>ZONE</u> | <u>TELRIC COST</u> |
|----|-------------------|--------------------|
| 18 | Statewide Average | \$20.00 |
| 19 | Zone 1 | \$10.00 |
| 20 | Zone 2 | \$20.00 |
| 21 | Zone 3 | \$40.00 |

22

23 If the common cost mark-up factor were 15 percent, then, on average,
24 \$3.00 would be recovered from each UNE loop sold. But, applying the
25 15 percent mark-up to each deaveraged cost would result in Zone 1

1 UNE loops contributing \$1.50 toward the recovery of the Company's
2 common costs, while the sale of a Zone 3 UNE loop would result in a
3 \$6.00 contribution toward recovery of common costs. The burden of
4 common cost recovery should not be skewed based on the geographic
5 location of a given UNE. Verizon Florida's proposed methodology
6 rectifies this potential outcome by assigning an amount for recovery of
7 common costs based solely on the statewide average cost of that
8 UNE. Thus, in this example, the price of a 2-wire UNE loop in each of
9 the 3 zones would include the average \$3.00 mark-up for recovery of
10 common costs.

11

12 **ISDN AND COIN LOOP EXTENDERS**

13 **Q. WHEN ARE ISDN AND COIN LOOP EXTENDERS NECESSARY?**

14 A. In many cases, CLECs should be able to provision ISDN Basic Rate
15 Interface ("ISDN BRI") services to their end-users through the use of a
16 basic 2-wire UNE loop. However, when the characteristics of the
17 specific UNE loop do not meet the technical requirements for
18 provisioning ISDN BRI service (e.g., the loop transits through a fiber-
19 fed digital loop carrier), then an ISDN BRI loop extender UNE in
20 conjunction with the basic 2-wire loop UNE would be required to allow
21 the CLEC to provide ISDN BRI service to the end-user that is served
22 by the specific loop.

23

24 Likewise, when a UNE loop does not meet the technical requirements
25 for provisioning "dumb" coin phones, a coin loop extender may be

1 required to enable the coin control attributes these phones rely upon.

2

3 **Q. WHAT PRICES IS VERIZON FLORIDA PROPOSING FOR AN ISDN**
4 **OR COIN LOOP EXTENDER AND WHEN WOULD THESE PRICES**
5 **APPLY?**

6 A. Exhibit DBT-2 contains the proposed MRC for both an ISDN loop
7 extender and a coin loop extender. These loop extension rates apply
8 only when required to facilitate the provision of the ISDN BRI or coin
9 service.

10

11 **NETWORK INTERFACE DEVICE (NID)**

12 **Q. WHAT IS A NID?**

13 A. As described by FCC Rule § 51.319(b), a NID is defined as any means
14 of interconnection of end-users' customer premise wiring to the ILEC's
15 distribution plant. The NID can be thought of in two ways: (1) it may,
16 consistent with Verizon Florida's proposed UNE loop rates, be
17 considered a component of the total UNE loop, and (2) it is a network
18 element subject to unbundling in its own right.

19

20 **Q. WHAT RATES DOES VERIZON FLORIDA PROPOSE FOR USE OF**
21 **A NID?**

22 A. The fixed allocation-derived rates to support the interconnection of 2-
23 wire loops and 4-wire loops are presented in Exhibit DBT-2.

24

25

1 **UNBUNDLED SUBLOOP ELEMENTS**

2 **Q. WHAT RATES IS VERIZON FLORIDA PROPOSING FOR UNE**
3 **SUBLOOP ELEMENTS?**

4 A. Verizon Florida's proposed TELRIC-derived, deaveraged MRC rates
5 are depicted in Exhibit DBT-2, while the appropriate ordering and
6 service connection NRCs are discussed by Company witness Steele.

7

8 **Q. HOW WERE THE MRC RATES FOR SUBLOOPS DEVELOPED?**

9 A. Mr. Tucek provided wire center-specific TELRIC estimates for 2-wire
10 and 4-wire feeder, distribution, and drop categories. These wire
11 center-specific estimates were then mapped to the three deaveraged
12 zones that were established for the total loop UNEs. Based on this
13 mapping of wire centers to deaveraged zones, zone-specific average
14 costs were then developed for feeder, distribution, and the drop.
15 Similar to the development of the total loop UNE prices, a uniform
16 amount for each subloop category (based on the appropriate statewide
17 TELRIC) was determined for recovery of common costs. Thus, the
18 resulting proposed price for each subloop category was determined
19 based on the following:

20

$$21 \qquad \text{MRC} = \text{TELRIC} + \text{Subloop's Uniform Common Cost Recovery}$$
$$22 \qquad \qquad \qquad \text{Amount}$$

23

24 House and riser cable costs were not developed at a wire center level,
25 since the cost of such facilities was not deemed to vary by geography.

1 Thus, the MRC for riser cable was not deaveraged by geographic
2 zone.

3

4 **Q. WILL THE RISER CABLE UNE CHARGE APPLY TO CLECS**
5 **WHENEVER RISER CABLE IS PART OF THE FACILITIES**
6 **SERVING AN END USER CUSTOMER?**

7 A. Yes. None of the Company's proposed UNE loop or subloop rates
8 include any amounts for recovery of Company-owned riser cable
9 costs. Therefore, it is appropriate to implement this charge whenever
10 any CLEC requests UNE access to an end user served by riser cable
11 facilities.

12

13 **CIRCUIT SWITCHING UNES**

14 **Q. HOW DOES VERIZON FLORIDA DEFINE LOCAL CIRCUIT**
15 **SWITCHING?**

16 A. Consistent with FCC Rule §51.319(c)(1)(A), Verizon Florida defines
17 local circuit switching UNEs to include all the necessary facilities and
18 functions required to support the connection of end-user loops to a
19 switch card and facilitate the switching of calls to their appropriate
20 destination. In addition, switch features that allow for the provision of
21 enhanced vertical offerings are also included in the Company's
22 definition of local circuit switching.

23

24 **Q. WHAT LOCAL SWITCHING RATE ELEMENTS IS VERIZON**
25 **FLORIDA PROPOSING?**

1 A. Three categories of elements are being proposed: (1) end-user ports,
2 (2) local end-office switch usage, and (3) vertical feature usage.

3

4 **PORTS**

5 **Q. WHAT UNES IS VERIZON FLORIDA PROPOSING FOR SWITCH**
6 **PORTS?**

7 A. The Company is proposing UNE rates for five types of switch ports: (1)
8 a basic port, (2) a coin line port, (3) an ISDN BRI line side port, (4) a
9 DS-1 trunk side port, and (5) an ISDN PRI trunk side port.

10

11 **Q. WHAT RATES ARE YOU PROPOSING FOR EACH OF THESE**
12 **VARIOUS SWITCH PORTS?**

13 A. Verizon Florida's proposed MRCs can be found in Exhibit DBT-2.

14

15 **END OFFICE SWITCHING**

16 **Q. WHAT RATE IS VERIZON FLORIDA PROPOSING FOR END-**
17 **OFFICE SWITCHING?**

18 A. The proposed rate, based on a per minute-of-use structure, is also
19 presented in Exhibit DBT-2.

20

21 **SWITCH FEATURES**

22 **Q. HOW DOES VERIZON FLORIDA PROPOSE TO RECOVER THE**
23 **COSTS OF PROVIDING UNBUNDLED ACCESS TO THE VARIOUS**
24 **FEATURES OF A SWITCH?**

25 A. Verizon Florida proposes that feature-specific rates be adopted, where

1 the rates are based on each feature's specific TELRIC plus a
2 reasonable allocation of the Company's common costs (e.g., the fixed-
3 allocator pricing process). Verizon Florida has never included the cost
4 of various switch features in the cost of its switch ports or end-office
5 switching UNEs. The rational method for recovery of switch feature
6 costs is to charge the CLECs only for what they use – *i.e.*, on a per
7 switch feature usage basis. Verizon Florida's proposed MRCs for the
8 most common switch features are depicted in Exhibit DBT-2. As that
9 Exhibit shows, several of the offered vertical services are quite costly
10 for Verizon Florida to provide to CLECs. Thus, from a policy
11 perspective, individual prices for each of the various vertical services is
12 the appropriate price structure to assure recovery of costs from the
13 CLEC that causes the costs to be incurred.

14

15 **Q. IF A CLEC DESIRES TO PURCHASE A GIVEN SWITCH FEATURE**
16 **THAT IS NOT LISTED IN EXHIBIT DBT-2, HOW WOULD THAT**
17 **CLEC GAIN ACCESS TO THAT FEATURE?**

18 A. If such a feature exists on a given switch platform, Verizon Florida
19 proposes that the BFR process be employed by the CLEC. Upon
20 receipt of the request, Verizon Florida will determine if the specific
21 switch has the capability to deliver the requested feature. If the feature
22 exists, Verizon Florida will develop costs and prices based on the
23 FCC's rules and negotiate the proposed offering with the requesting
24 CLEC.

25

1 **TANDEM SWITCHING**

2 **Q. WHAT RATE IS VERIZON FLORIDA PROPOSING FOR USAGE OF**
3 **UNBUNDLED TANDEM SWITCHING?**

4 A. The TELRIC-based rate for this service can be found in Exhibit DBT-2.
5 The rate structure is on a per MOU basis.

6

7 **PACKET SWITCHING**

8 **Q. IS VERIZON FLORIDA PROPOSING SPECIFIC RATES FOR**
9 **PACKET SWITCHING?**

10 A. No, Verizon Florida is not proposing rates for packet switching. The
11 FCC, in its UNE Remand Order, held that ILECs need not unbundle
12 packet switching, except when: (1) the ILEC has placed its own digital
13 subscriber line access multiplexer (“DSLAM”) in a remote terminal and
14 is offering advanced services, (2) the ILEC does not permit the CLEC
15 to collocate its DSLAM in that remote terminal, (3) Digital Loop Carrier
16 technology is deployed, and (4) no spare copper loops are available.
17 UNE Remand Order, ¶ 313. ILECs are only required to provide packet
18 switching capabilities to CLECs if all four of these conditions are met.

19

20 In order to comply with the FCC order approving the merger of Bell
21 Atlantic and GTE to form Verizon, Verizon was required to establish a
22 structurally separate affiliate for the purpose of providing advanced
23 services (e.g., xDSL, Frame Relay, asynchronous transfer mode). *In*
24 *the Matter of GTE Corporation, Transferor, and Bell Atlantic*
25 *Corporation, Transferee, For Consent to Transfer Control, CC Docket*

1 No. 98-184, Memorandum Opinion and Order, Appendix D (Adopted
2 and Released June 18, 2000) ("Merger Conditions"). The Merger
3 Conditions thus preclude Verizon Florida from offering advanced
4 services and, as such, Verizon Florida does not deploy nor own any
5 DSLAMs. Given this fact, Verizon Florida is not required to offer
6 packet switching as a UNE.

7

8 **LOCAL TRANSPORT**

9 **Q. WHAT LOCAL / INTEROFFICE TRANSPORT OFFERING IS**
10 **VERIZON FLORIDA PROPOSING IN THIS PROCEEDING?**

11 A. Verizon Florida is proposing rates for three separate categories of
12 local transport: (1) Common / Shared Transport, (2) Interoffice
13 Dedicated Transport, and (3) CLEC Dedicated Transport.

14

15 **Common / Shared Transport**

16 **Q. WHAT IS COMMON / SHARED TRANSPORT?**

17 A. As defined by FCC Rule § 51.319(d)(1)(C), shared transport is the use
18 of facilities by more than one carrier to facilitate the transport of calls
19 between end-office switches, end-office switches and tandem
20 switches, and between tandem switches in the ILEC network.

21

22 **Q. HOW DOES VERIZON FLORIDA PROPOSE TO RECOVER THE**
23 **COSTS OF UNE COMMON / SHARED TRANSPORT?**

24 A. The Company proposes to recover these costs using a rate structure
25 that is identical to its switched access rate structure in Florida.

1 Specifically, TELRIC costs were developed for transport facilities
2 based on a per MOU, per airline mile (“ALM”) cost structure. Costs
3 were also developed for transport terminations that facilitate the
4 termination of each transport facility segment at each central office.
5 Based on the identified TELRICs for each of these categories of cost,
6 the resulting fixed-allocation-derived prices can be found in Exhibit
7 DBT-2.

8

9 **InterOffice Dedicated Transport**

10 **Q. WHAT IS INTEROFFICE DEDICATED TRANSPORT?**

11 A. Interoffice dedicated transport is similar to common/shared transport
12 except that the transport facility is dedicated to one particular customer
13 or carrier.

14

15 **Q. FOR WHAT INTEROFFICE DEDICATED TRANSPORT ELEMENTS
16 IS VERIZON FLORIDA PROPOSING RATES?**

17 A. Verizon Florida is proposing rates for three capacity-based categories
18 of direct-trunked transport between two Verizon Florida offices: (1) a
19 single channel voice grade or digital facility (often called a DS-0 level
20 facility), (2) a DS-1 level facility, and (3) a DS-3 level facility. In
21 addition, rates are being proposed for any required multiplexing, based
22 on the following two types of multiplexing: (1) DS-1 to voice grade, and
23 (2) DS-3 to DS-1. The rate structure for the transport facilities is based
24 on a per central office termination basis as well as a per airline mile
25 basis. Verizon Florida’s proposed TELRIC-based MRC rates for each

1 type of facility and each type of multiplexing can be found in Exhibit
2 DBT-2.

3

4 **CLEC Dedicated Transport**

5 **Q. HOW DOES VERIZON FLORIDA DEFINE CLEC DEDICATED**
6 **TRANSPORT?**

7 A. CLEC dedicated transport is defined as a transport facility between a
8 CLEC's collocation cage in a Verizon Florida central office and a
9 CLEC's switch or facility office within the local exchange area served
10 by the specific Verizon Florida central office where the collocation
11 cage is located. This dedicated transport facility offering is very similar
12 to the entrance facility offerings found in most intrastate and interstate
13 access tariffs. Verizon Florida will offer four different types of CLEC
14 dedicated transport facilities: (1) 2-wire, (2) 4-wire, (3) DS-1, and (4)
15 DS-3. It must be noted that if facilities do not exist between Verizon
16 Florida's central office and the CLEC switch location, Verizon Florida is
17 under no obligation and will not build new facilities for provisioning of
18 this offering. The specific fixed-allocation derived rates for each of the
19 various offerings can be found in Exhibit DBT-2.

20

21 **DARK FIBER**

22 **Q. WHAT IS DARK FIBER?**

23 A. Dark fiber is defined as currently deployed, unused continuous fiber
24 strands through which no light is transmitted. It is "dark" because it
25 does not have electronics on either end of the fiber segment to

1 energize it to transmit a telecommunications service. A strand shall
2 not be deemed to be continuous if splicing is required to provide fiber
3 continuity between two locations. Dark fiber will only be offered on a
4 route-direct basis where facilities exist. The CLEC buying the dark
5 fiber is expected to put its own electronics and signals on the fiber to
6 make it "lit." Spare wavelengths on a fiber, which may result from the
7 use of wave division multiplexing or dense wave division multiplexing
8 equipment, are not considered spare dark fiber.

9
10 The FCC provided additional definition of dark fiber by identifying it as
11 unused fiber that is "in place and easily called into service" and "can
12 be used by competitive LECs without installation by the incumbent."
13 (UNE Remand Order, ¶ 174 n.323.)

14
15 The FCC further clarified, "we do not require incumbent LECs to
16 construct new transport facilities to meet specific competitive LEC
17 point-to-point demand requirements for facilities that the incumbent
18 LEC has not deployed for its own use." (UNE Remand Order, ¶ 324.)

19
20 Although Verizon Florida does not agree with the FCC's ruling that
21 dark fiber satisfies the "necessary and impair" standards required to be
22 deemed a UNE, the Company recognizes that the FCC's rules are
23 currently binding upon state commissions and Verizon Florida will
24 abide by them.

25

1 CLEC access to the Company's dark fiber will only be allowed at a
2 fiber patch panel. Patch panels are usually found at the customer's
3 premises, the Company's central office, and potentially at a remote hut
4 or a digital loop carrier location. Access to dark fiber will not be
5 allowed at the various fiber splice points that may exist in Verizon
6 Florida's network.

7

8 **Q. HOW WILL CLECs BE ABLE TO DETERMINE IF DARK FIBER IS**
9 **AVAILABLE ON A SPECIFIC ROUTE?**

10 A. As discussed by Company witness Steele, a pre-ordering process has
11 been established to allow CLECs to determine if dark fiber is available
12 on a specific route, as well as the physical parameters of the given
13 dark fiber facility. This process will be initiated upon receipt of an
14 access service request ("ASR") service inquiry request from a CLEC.
15 The charge for this pre-ordering activity is also discussed by Company
16 witness Steele.

17

18 **DARK FIBER LOOP**

19 **Q. WHAT IS VERIZON FLORIDA'S PROPOSED MRC FOR AN**
20 **UNBUNDLED DARK FIBER LOOP?**

21 A. First, an unbundled dark fiber loop is defined by Verizon Florida to
22 mean "one" continuous dark fiber optic strand between a Verizon
23 Florida central office's fiber distribution panel and the main termination
24 point, such as a fiber distribution or patch panel located within the
25 premises of an end-user customer. Exhibit DBT-2 provides the "per

1 strand” MRC for a dark fiber UNE loop, as well as associated
2 distribution and feeder sub-loop elements. The fixed-allocation pricing
3 computations that derive these rates are also depicted in Exhibit DBT-
4 2.

5

6 **Q. WHY DIDN'T YOU PROPOSE TO DEAVERAGE THE PRICE FOR**
7 **DARK FIBER LOOPS ON A GEOGRAPHIC BASIS?**

8 A. Dark fiber loops were assumed to exhibit the same relative level of
9 cost variation between geographic zones as DS-3 loops exhibit, since
10 a DS-3 loop is a fiber-based loop. The geographic cost variation for
11 DS-3 loops does not support the deaveraging of that offering;
12 therefore, there is no rationale to support the deaveraging of dark fiber
13 loops.

14

15 **DARK FIBER INTEROFFICE FACILITIES**

16 **Q. WHAT IS A DARK FIBER INTEROFFICE FACILITY (“IOF”)?**

17 A. Dark fiber IOF is any existing, continuous dark fiber strand that exists
18 between a fiber patch panel located within one Verizon Florida central
19 office and a fiber patch panel in either (a) another Verizon Florida
20 central office through which the fiber is routed or (b) a CLEC central
21 office.

22

23 **Q. WHAT TELRIC-BASED RATES DOES VERIZON FLORIDA**
24 **PROPOSE FOR DARK IOF?**

25 A. The proposed MRC rates between two Verizon Florida central offices

1 are based on a per termination and per airline mile rate structure and
2 are depicted in Exhibit DBT-2. The MRC rates for IOF between a
3 Verizon Florida central office and a CLEC central office, identified as
4 the dark fiber loop rates, are also depicted in Exhibit DBT-2. Since the
5 composite rate paid for dark fiber IOF is mileage-sensitive, Verizon
6 Florida considers dark fiber IOF to be sufficiently deaveraged to reflect
7 geographic cost differences. Thus, deaveraged rates for this element
8 are inappropriate; the IOF price structure inherently accounts for
9 geographic cost differences.

10

11 **G. ISSUE 9(b): ADDITIONAL UNE ELEMENTS**

12 **Q. SUBJECT TO THE STANDARDS OF THE FCC'S THIRD REPORT**
13 **AND ORDER, SHOULD THE COMMISSION REQUIRE ILECS TO**
14 **UNBUNDLE ANY OTHER ELEMENTS OR COMBINATIONS OF**
15 **ELEMENTS? IF SO, WHAT ARE THEY AND HOW SHOULD THEY**
16 **BE PRICED?**

17 **A.** No. Under FCC rules, the Commission cannot require unbundling of
18 any additional elements unless it determines that access to an element
19 is "necessary" and failure to provide it "impairs" the CLEC's ability to
20 compete. There are no additional elements that meet this test. The
21 Commission should decline to require unbundling of additional
22 elements or combination of elements here, as it did in BellSouth's UNE
23 pricing proceeding.

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H. ISSUE 10 & 9(a)(19): CUSTOMIZED ROUTING

Q. WHAT IS THE APPROPRIATE RATE, IF ANY, FOR CUSTOMIZED ROUTING?

A. ILECs are no longer required to provide Operator Services/Directory Assistance (OS/DA) on an unbundled basis where they offer customized routing. Verizon Florida offers customized routing in all areas, subject only to site-specific technical limitations. Since 1996, however, Verizon Florida has not received any requests for customized routing. As such, the Company does not believe it is necessary to establish costs and prices for customized routing in this proceeding, but will instead do so on a case-by-case basis.

I. ISSUE 12: UNE COMBINATIONS

Q. HOW DOES THE FCC'S UNE REMAND ORDER ADDRESS THE ISSUE OF UNE COMBINATIONS?

A. The FCC UNE Remand Order, in response to the U.S. Supreme Court ruling on January 25, 1999 in AT&T Corp. v. Iowa Utils. Bd., 525 U.S. 366, 393-94 (1999), requires ILECs to provide currently combined elements to CLECs without disassembling them. (UNE Remand Order, ¶¶ 474-89.

There are basically two types of combinations that are at issue here: (1) UNE-Platform (“UNE-P”) combinations and (2) Enhanced Extended Link (“EEL”) combinations.

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Due to the then-pending litigation on combinations in the Eighth Circuit Court, the FCC did not elect to define combinations as separate network elements, nor did it address whether an ILEC must combine network elements that are not already combined in the network. (UNE Remand Order, ¶ 481.)

However, in its July, 2000 opinion, the Eighth Circuit reaffirmed its previous decision that FCC Rules § 51.315 (c)-(f) remain vacated. *Iowa Utils. Bd. v. FCC*, 219 F.3d at 759. Thus, Verizon Florida is under no obligation to combine UNE elements that are not already combined in its network.

Q. WILL VERIZON FLORIDA COMBINE NETWORK ELEMENTS EVEN THOUGH IT IS NOT LEGALLY OBLIGATED TO DO SO?

A. No. The Company will comply scrupulously with the requirements of the Telecommunications Act of 1996 and the lawful regulations of the FCC, as determined by the courts. Complying with the Act to meet its pro-competitive goals means, however, not only offering what Congress determined competition requires, but also withholding those things that Congress determined the CLECs should do for themselves. The development of robust competition requires no less — not only making certain of our facilities available to assist the CLECs, but also encouraging them to build their own networks where ours does not immediately meet their needs. Accordingly, Verizon Florida will make

1 available to CLECs all required UNEs and will provide them in their
2 combined state if they are already combined, in accordance with the
3 Act and the FCC's rules. With one exception, where UNEs are not
4 already combined, Verizon Florida will not combine them for the
5 CLECs, but will, in full accordance with the law, make them available
6 individually for the CLECs to combine themselves. The exception to
7 this rule concerns new EEL combinations, which will be discussed later
8 in this testimony.

9

10 **Q. PLEASE FURTHER DESCRIBE THE VARIOUS CATEGORIES OF**
11 **UNE COMBINATIONS.**

12 A. A UNE-P is a combination of a loop, local circuit switching and shared
13 transport. It is essentially a working local service that can be used by
14 a CLEC to provide retail local services such as R1 or B1 service. An
15 EEL is a combination of an unbundled loop, multiplexing as required,
16 and interoffice dedicated transport that facilitates the "extension" of an
17 unbundled loop beyond the central office that serves an end-user
18 customer--a configuration that is often found in the special access
19 product set today. By using an EEL, the CLEC can avoid the need to
20 collocate at every central office to gain access to the unbundled loops
21 within each central office. EEL combinations do not include local circuit
22 switching.

23

24 **UNE-PLATFORMS**

25 **Q. UNDER WHAT CONDITIONS WILL VERIZON FLORIDA OFFER**

1 **UNE-P COMBINATIONS?**

2 A. Verizon Florida will offer UNE-P combinations throughout its Florida
3 operating territory with one exception. As previously stated, Verizon
4 Florida is not required to combine UNEs into platforms when the
5 specific UNEs are not combined in the Company's network.

6

7 **Q. FOR WHAT UNE PLATFORMS IS VERIZON FLORIDA PROPOSING**
8 **RATES?**

9 A. Based on Verizon Florida's proposed UNE loop and port offerings,
10 CLECs will technically have the capability to create four different
11 platforms, which are integrated combinations of a UNE loop and a
12 UNE port as follows:

13 (1) Basic Analog Platform, which would be comprised of a 2-wire
14 UNE loop and a basic analog line side port;

15 (2) ISDN BRI Platform, which would be comprised of a 2-wire UNE
16 loop and an ISDN BRI digital line side port; (ISDN BRI Loop
17 Extension charges may apply.)

18 (3) ISDN PRI Platform, which would be comprised of a DS-1 UNE
19 loop and an ISDN PRI digital port; and,

20 (4) DS-1 Platform, which would be comprised of a DS-1 UNE loop
21 and a DS-1 digital trunk side port.

22

23 **Q. WHAT PRICE STRUCTURE AND PRICE LEVELS IS VERIZON**
24 **FLORIDA PROPOSING FOR EACH UNE PLATFORM?**

25 A. Verizon Florida is not proposing specific platform rates. The ultimate

1 MRC for a platform will equal the sum of the MRCs for the individual
2 UNEs that are required by the CLEC to create the platform that is
3 currently serving the end-user customer. Thus, the total MRC paid by
4 the CLEC will include a deaveraged UNE loop MRC and a UNE port
5 MRC. The Company's switch usage rates (end-office and tandem)
6 and common/shared transport rates will apply, as appropriate, for all
7 minutes of use generated from the platform. Likewise, Verizon
8 Florida's proposed rates for switch features would apply when specific
9 switch features are ordered, as well as Verizon Florida's proposed
10 rates for "non-call set-up" queries to the Company's databases.

11

12 **Q. PLEASE EXPLAIN VERIZON FLORIDA'S ORDERING AND**
13 **PROVISIONING PROCESS FOR UNE-P.**

14 A. CLECs will order UNE-P from Verizon Florida using the standard Local
15 Service Request form. Additional information, to be provided on a
16 data gathering form, may be required in conjunction with the more
17 complex switch features such as CentraNet. Prior to ordering, a CLEC
18 is not required to be collocated to purchase UNE-P since no handoff of
19 facilities to the CLEC is necessary. A UNE-P is a standalone working
20 service. Currently, Verizon Florida requires the CLEC to update the
21 E911 Database records associated with end-user customers they
22 serve via UNE-P. However, Verizon Florida is modifying its systems
23 and plans to be able to perform these updates for the CLEC by year-
24 end.

25

1 Verizon Florida will provision UNE-P in a manner similar to how it
2 provisions resale or its own retail services. Also, UNE-P is always
3 provisioned as a measured service. The CLEC will be billed for local
4 switching usage, as well as shared transport. Verizon Florida will
5 provide local and access usage files to the CLEC so it can, in turn, bill
6 its end-users and any IXCs. (Verizon Florida does not, at present,
7 have a charge for usage files provided to the CLECs .)

8

9 Finally, vertical services can be added to any platform at the CLEC's
10 option; additional charges, of course, apply for such vertical services.

11

12 **Q. WILL VERIZON FLORIDA PROVIDE NEW COMBINATIONS OF**
13 **LOOP AND SWITCHING?**

14 A. As noted, Verizon Florida is not required to provide “new”
15 combinations of unbundled elements which do not already exist. See
16 *Iowa Utils. Bd. v. FCC*, 219 F.3d 744. Thus, Verizon Florida will only
17 offer UNE-Ps when the desired elements have already been combined
18 to offer retail or resale services.

19

20 **EEL COMBINATIONS**

21 **Q. WHAT WILL VERIZON FLORIDA OFFER IN THE WAY OF NON-**
22 **SWITCHED EEL COMBINATIONS?**

23 A. Verizon Florida will offer combinations of network elements that are
24 already combined, including combinations of loop,
25 multiplexing/concentrating equipment, dedicated transport and

1 entrance facilities. In addition, the Company will provide new (not
2 already combined) EEL combinations for CLECs provisioning
3 customers served by Verizon Florida's local circuit switches that are
4 located in the FCC's density zone 1 in the "Tampa–St. Petersburg–
5 Clearwater" Metropolitan Statistical Area. Per FCC rule 51.319, the
6 offering of new EEL combinations will exempt the Company from
7 providing unbundled local circuit switching to requesting CLECs when
8 the CLEC intends to serve a customer with four or more voice grade
9 (DSO) equivalent lines in the Tampa–St. Petersburg–Clearwater area.

10

11 There are many potential combinations of loop types, multiplexing
12 arrangements, and transport bandwidth that could be provided under
13 an EEL arrangement. Accordingly, Verizon Florida proposes that the
14 rate for each EEL UNE combination be the sum of the individual loop,
15 transport and multiplexing rates for each of the individual UNEs that
16 make up the combination.

17

18 **Q. UNDER WHAT CONDITIONS CAN EXISTING SPECIAL ACCESS**
19 **ARRANGEMENTS BE CONVERTED TO EEL COMBINATIONS?**

20 A. The FCC issued a Supplemental Order in CC Docket No. 96-98 on
21 November 24, 1999, (Implementation of the Local Competition
22 Provisions of the Telecommunications Act of 1996, Supplemental
23 Order, 15 FCC Rcd 1760 ("Supplemental Order") (1999).) which set
24 up a temporary constraint on the circumstances under which carriers
25 could convert special access combinations to UNE combinations. The

1 FCC constrained carriers from substituting entrance facilities and
2 combinations of unbundled loops and dedicated interoffice transport
3 network elements for the ILECs' special access service. Because it
4 was concerned that carriers that provide exchange access service
5 would be able to arbitrage special access rates and harm universal
6 service, the FCC allowed conversions of special access services to
7 UNE rates only if the carrier provides a significant amount of local
8 exchange service on the facility.

9
10 On June 2, 2000, the FCC issued a Supplemental Order Clarification,
11 *(Implementation of the Local Competition Provisions of the*
12 *Telecommunications Act of 1996, Supplemental Order Clarification, 15 FCC*
13 *Rcd 9587 ("Supplemental Order Clarification") (2000).*) in which it
14 extended the temporary constraint and provided further definition of
15 what constitutes a significant amount of local traffic. The FCC said
16 that one of three circumstances must be met. (*See Supplemental Order*
17 *Clarification, ¶ 22*). First, the requesting carrier certifies that it is the
18 exclusive provider of an end-user's local exchange service. Under this
19 condition, collocation is required in at least one ILEC central office
20 within the LATA, and loop-transport combinations cannot be
21 connected to the ILEC's tariffed services.

22
23 Second, the requesting carrier certifies that it provides local exchange
24 and exchange access service to the end-user customer's premises
25 and handles at least one third of the end-user customer's local traffic

1 (percent local traffic factors are different for DS1 and higher).
2 Collocation at a minimum of one central office within the LATA is also
3 required under the second condition. The EEL combinations must
4 terminate to the collocation arrangement(s) and cannot be connected
5 to the ILEC's tariffed services.

6
7 Under the third and last condition, the requesting carrier certifies that
8 at least 50% of the activated channels on a circuit are used to provide
9 local dial tone service, that at least 50% of the traffic on each of these
10 local channels is local voice traffic, and that the entire loop facility has
11 at least 33% local voice traffic. Collocation is not required with
12 condition three; however, the restriction on connecting loop-transport
13 combinations to ILEC tariffed services still applies.

14
15 The FCC also required ILECs to allow CLECs to self-certify that they
16 are providing a significant amount of local exchange service over
17 combinations of UNEs. ILECs are allowed to subsequently conduct
18 limited audits by an independent third party to verify the requesting
19 carrier's compliance with the local usage requirements. (See
20 Supplemental Order Clarification, ¶ 29.). When converting from
21 special access rates to UNE rates, the full termination liability will
22 apply, if applicable.

23

24 **J. ISSUE 13: RATE EFFECTIVE DATE**

25 **Q. WHEN SHOULD THE RECURRING AND NON-RECURRING RATES**

1 **AND CHARGES TAKE EFFECT?**

2 A. Verizon's Interconnection, Resale, and Unbundling Agreements
3 ("Interconnection Agreements") with CLECs set forth the
4 interconnection terms, conditions and prices for Verizon's local
5 network. Verizon's position is that once this Commission adopts final
6 rates, then the UNE prices in Verizon's Interconnection Agreements
7 would be modified according to the provisions in those contracts.

8

9 Thus, the Commission's approval process must incorporate the timing
10 requirements necessary to amend (if possible) any existing
11 interconnection agreements to reflect any new rate structures and rate
12 levels, as well as the time requirements necessary to have those
13 agreements approved by the Commission. In addition, Verizon Florida
14 must be allowed sufficient time to make any necessary billing and
15 systems changes. Verizon asks the Commission to give it thirty days
16 to implement the rates after the Commission formally approves the first
17 updated or new interconnection agreement.

18

19 If a rate for a particular UNE is established in this proceeding, but a
20 CLEC's current interconnection agreement does not include that UNE,
21 the CLEC is not entitled to the UNE until the parties execute an
22 appropriate amendment. In this way, the parties can ensure that all
23 related terms and conditions are included.

24

25

1 **IV. SUMMARY**

2 **Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?**

3 **A.** UNE prices should not be further deaveraged in the absence of cost-
4 based, deaveraged retail rates. Wholesale deaveraging alone will only
5 exacerbate existing CLEC arbitrage opportunities, thus undermining
6 this Commission's goals of promoting efficient competition and
7 universal service. The best approach is to leave the ILEC-specific
8 zones in place until retail and wholesale rates can be made consistent.

9

10 If the Commission, however, decides to move forward with further
11 deaveraging here, it should deaverage only those UNEs that exhibit
12 material cost variations with geography. UNE costs should be
13 calculated at a wire center level, with wire centers mapped into rate
14 zones and a single UNE price set for each zone. At this time, only
15 loop prices should be considered for deaveraging, because only loop
16 costs display significant geographical variation.

17

18 The Commission should also reject any notion of deaveraging UNE
19 loops based on the specific end-user technology to be used in
20 conjunction with each specific loop (e.g., xDSL technologies). Like
21 geographic deaveraging, this activity would not only exacerbate
22 existing CLEC arbitrage opportunities. In addition, it would have the
23 irrational outcome of resulting in prices that would vary for the "same"
24 UNE loop in a given geographic area based solely on the technology
25 employed for an end-user. This type of technology-based deaveraging

1 would be at total odds with any rational pricing policy objectives.

2

3 The Commission should approve Verizon Florida's proposed costs for
4 use in pricing UNEs. Verizon Florida's cost studies are comprehensive
5 and comply fully with the FCC's hypothetical TELRIC methodology,
6 even though the Eighth Circuit has invalidated that methodology.
7 Verizon Florida reserves the right to modify its UNE prices as
8 necessary when the issue of cost methodology is finally settled at the
9 federal level.

10

11 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 **A. Yes.**

13

14

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VERIZON FLORIDA INC.
(Formerly GTE Florida Incorporated)
STATE OF FLORIDA

CALCULATION OF FIXED ALLOCATOR

A. NUMERATOR \$187,259,728

Total forward-looking common costs. These costs are set forth in Verizon's Cost Study in Attachment O at page 4 of 6 on the ICM-FL CD.

B. DENOMINATOR

Total forward-looking direct costs. These costs include four components:

| | | |
|------------------------------|------------------------|---|
| 1. Annual Capital Charges | \$615,167,100 | Note 1 |
| 2. Annual Property Taxes | \$30,075,479 | Note 2 |
| 3. Annual Operating Expenses | \$463,800,963 | See Section C below |
| 4. Collocation Direct Costs | \$10,188,207 | Collocation Study (Page 2 of Exhibit DBT-1) |
| Total Direct Costs | \$1,119,231,749 | |

C. ANNUAL OPERATING EXPENSES

All these costs are found in Verizon's cost study and workpapers. The annual operating expenses were calculated below:

| | | |
|----------------------------------|----------------------|------------------------------------|
| 1. Total Operating Expenses | \$656,933,699 | Attachment I, Column B (ICM-FL CD) |
| 2. Adjustments | | |
| A. NRC Expenses | (\$91,210,668) | Attachment I, Column F (ICM-FL CD) |
| B. General Support | \$133,615,592 | Attachment K, Column J (ICM-FL CD) |
| C. Miscellaneous | (\$48,277,932) | Note 3 |
| D. Common Costs | (\$187,259,728) | See Section A above |
| Annual Operating Expenses | \$463,800,963 | |

D. FIXED ALLOCATOR CALCULATION

$$\text{Fixed Allocator} = \frac{\text{Common Costs}}{\text{Direct Costs}} = \frac{\$187,259,728}{\$1,119,231,749} = 16.73\%$$

Note 1 - Calculated as the total depreciation and return associated with the ICM investments shown in Attachment J4 on the ICM-FL CD.

Note 2 - The total property tax expense associated with the applicable ICM investments shown in Attachment J4 on the ICM-FL CD.

Note 3 - Reflects recognition of merger savings, elimination of certain accounts, etc. on the ICM-FL CD.

GTE FLORIDA, INC.
Unbundled Network Elements--Calculation of Collocation Costs
Common Costs EXCLUDED

| Elements | TELRIC COST |
|--|------------------------|
| 1 Building Modification | \$155.17 |
| 2 Environmental Conditioning | \$150.00 |
| 3 Caged Floor Space | \$258.62 |
| 4 Cable Subduct Space - Manhole | \$5.17 |
| 5 Cable Subduct Space | \$5.94 |
| 6 Cable Rack Space - Fiber | \$1.66 |
| 7 DC Power | \$967.24 |
| 8 Facility Termination - DS3 | \$18.97 |
| 9 BITS Timing | \$9.48 |
| 10 Total Collocation MRCs | <u>\$1,572.25</u> |
| 11 | |
| 12 Collocation MRC Annual Total (line 10 * 12) | \$18,867 |
| 13 | |
| 14 Total Florida Central Offices/Wire Centers | 90 |
| 15 Collocators per Office | 6 |
| 16 Total Collocators (line 14 * line 15) | 540 |
| 17 | |
| 18 TOTAL COLLOCATION COST (line 12 * line 16) | \$10,188,207 |

D. Wholesale Common

VERIZON FLORIDA INC.
 (formerly GTE Florida, Inc.)
 Unbundled Network Elements

| | | (a) | (b)=(a)x(d) | (c)=(a)+(b) |
|----------------------------|--|----------|-------------------|---------------|
| Unbundled Network Elements | | TELRIC | Common Cost | Price/Rate |
| | | | Fixed Allocator = | (d) 16.73% |
| 1 | (1) LOCAL LOOPS (Includes NID) | | | |
| 2 | | | | |
| 3 | 2-Wire Loop | | | |
| 4 | Statewide Average (Preferred Rate Structure) | \$22.20 | \$3.71 | \$25.91 |
| 5 | | | | |
| 6 | Alternative Zone Structure Rates: | | | |
| 7 | Zone 1 | \$18.23 | \$3.71 | \$21.94 |
| 8 | Zone 2 | \$26.59 | \$3.71 | \$30.30 |
| 9 | Zone 3 | \$71.35 | \$3.71 | \$75.06 |
| 10 | | | | |
| 11 | 4-Wire Loop | | | |
| 12 | Statewide Average (Preferred Rate Structure) | \$53.08 | \$8.88 | \$61.96 |
| 13 | | | | |
| 14 | Alternative Zone Structure Rates: | | | |
| 15 | Zone 1 | \$44.89 | \$8.88 | \$53.77 |
| 16 | Zone 2 | \$62.78 | \$8.88 | \$71.66 |
| 17 | Zone 3 | \$144.97 | \$8.88 | \$153.85 |
| 18 | | | | |
| 19 | DS-1 Loop | | | |
| 20 | Statewide Average (Preferred Rate Structure) | \$208.83 | \$34.94 | \$243.77 |
| 21 | | | | |
| 22 | Alternative Zone Structure Rate: | | | |
| 23 | Zone 1 | \$203.72 | \$34.94 | \$238.66 |
| 24 | Zone 2 | \$219.19 | \$34.94 | \$254.13 |
| 25 | Zone 3 | \$279.30 | \$34.94 | \$314.24 |
| 26 | | | | |
| 27 | DS-3 Loop | | | |
| 28 | Statewide Average | \$900.59 | \$150.67 | \$1,051.26 |
| 29 | | | | |
| 30 | Supplemental Features | | | |
| 31 | | | | |
| 32 | ISDN BRI Line Loop Extension | \$5.93 | \$0.99 | \$6.92 |
| 33 | COIN Loop Extension | \$20.55 | \$3.44 | \$23.99 |
| 34 | | | | |
| 35 | House and Riser Cable | | | |
| 36 | Intrabuilding Cable - Note 1 | \$2.52 | \$0.42 | \$2.94 |
| 37 | | | | |
| 38 | (2) SUB-LOOPS | | | |
| 39 | | | | |
| 40 | 2-Wire Feeder | | | |
| 41 | Statewide Average (Preferred Rate Structure) | \$8.90 | \$1.49 | \$10.38 |
| 42 | | | | |
| 43 | Alternative Zone Structure Rate: | | | |
| 44 | Zone 1 | \$8.19 | \$1.49 | \$9.67 |
| 45 | Zone 2 | \$9.91 | \$1.49 | \$11.39 |
| 46 | Zone 3 | \$14.24 | \$1.49 | \$15.73 |
| 47 | | | | |
| 48 | 4-Wire Feeder | | | |
| 49 | Statewide Average (Preferred Rate Structure) | \$27.85 | \$4.66 | \$32.51 |
| 50 | | | | |
| 51 | Alternative Zone Structure Rate: | | | |
| 52 | Zone 1 | \$25.84 | \$4.66 | \$30.50 |
| 53 | Zone 2 | \$31.27 | \$4.66 | \$35.93 |
| 54 | Zone 3 | \$34.39 | \$4.66 | \$39.05 |
| 55 | | | | |
| 56 | 2-Wire Distribution (Includes NID) | | | |
| 57 | Statewide Average (Preferred Rate Structure) | \$16.03 | \$2.68 | \$18.71 |
| 58 | | | | |
| 59 | Alternative Zone Structure Rate: | | | |
| 60 | Zone 1 | \$12.77 | \$2.68 | \$15.46 |
| 61 | Zone 2 | \$19.42 | \$2.68 | \$22.10 |
| 62 | Zone 3 | \$59.84 | \$2.68 | \$62.52 |

Note 1 - Assumes an average of five floors

VERIZON FLORIDA INC.
 (formerly GTE Florida, Inc.)
 Unbundled Network Elements

| | | (d) Fixed Allocator = 16.73% | | |
|----------------------------|--|---------------------------------|-------------------------------|-------------------------------|
| Unbundled Network Elements | | (a) TELRIC | (b)=(a)x(d) Common Cost | (c)=(a)+(b) Price/ Rate |
| 63 | 4-Wire Distribution (includes NID) | | | |
| 64 | Statewide Average (Preferred Rate Structure) | \$27.96 | \$4.68 | \$32.64 |
| 65 | | | | |
| 66 | Alternative Zone Structure Rate: | | | |
| 67 | Zone 1 | \$21.78 | \$4.68 | \$26.45 |
| 68 | Zone 2 | \$34.24 | \$4.68 | \$38.92 |
| 69 | Zone 3 | \$113.32 | \$4.68 | \$117.99 |
| 70 | | | | |
| 71 | 2-Wire Drop (includes NID) | | | |
| 72 | Statewide Average (Preferred Rate Structure) | \$2.34 | \$0.39 | \$2.73 |
| 73 | | | | |
| 74 | Alternative Zone Structure Rate: | | | |
| 75 | Zone 1 | \$2.06 | \$0.39 | \$2.45 |
| 76 | Zone 2 | \$2.73 | \$0.39 | \$3.12 |
| 77 | Zone 3 | \$4.49 | \$0.39 | \$4.88 |
| 78 | | | | |
| 79 | 4-Wire Drop (includes NID) | | | |
| 80 | Statewide Average (Preferred Rate Structure) | \$2.69 | \$0.45 | \$3.14 |
| 81 | | | | |
| 82 | Alternative Zone Structure Rate | | | |
| 83 | Zone 1 | \$2.47 | \$0.45 | \$2.92 |
| 84 | Zone 2 | \$2.99 | \$0.45 | \$3.44 |
| 85 | Zone 3 | \$4.73 | \$0.45 | \$5.18 |
| 86 | | | | |
| 87 | (3) NETWORK INTERFACE DEVICE | | | |
| 88 | | | | |
| 89 | Per 2-Wire Loop | \$1.31 | \$0.22 | \$1.53 |
| 90 | Per 4-Wire Loop | \$1.67 | \$0.28 | \$1.94 |
| 91 | | | | |
| 92 | (4) LOCAL END-OFFICE SWITCHING | | | |
| 93 | | | | |
| 94 | Ports | | | |
| 95 | Basic Port | \$2.80 | \$0.47 | \$3.27 |
| 96 | Coin Port | \$5.90 | \$0.99 | \$6.89 |
| 97 | DS-1 Port | \$60.96 | \$10.20 | \$71.16 |
| 98 | ISDN BRI Port | \$11.02 | \$1.84 | \$12.87 |
| 99 | ISDN PRI Port | \$212.71 | \$35.59 | \$248.30 |
| 100 | | | | |
| 101 | End-Office Switching (must purchase Port) | | | |
| 102 | Per MOU | 0.0024873 | \$0.0004161 | \$0.0029034 |
| 103 | | | | |
| 104 | Features & Functions | See Section (12) | | |
| 105 | | | | |
| 106 | (5) TANDEM SWITCHING | | | |
| 107 | | | | |
| 108 | Per MOU | \$0.0016204 | \$0.0002711 | \$0.0018915 |
| 109 | | | | |
| 110 | (6) LOCAL TRANSPORT | | | |
| 111 | | | | |
| 112 | Common/Shared Transport | | | |
| 113 | Transport Facility (Per MOU times ALM) | \$0.0000011 | \$0.0000002 | \$0.0000013 |
| 114 | Transport Termination (Per MOU times Term) | \$0.0000880 | \$0.0000147 | \$0.0001027 |
| 115 | | | | |
| 116 | Interoffice Dedicated Transport | | | |
| 117 | IDT DS0/VG Transport Facility Per ALM | \$0.05 | \$0.01 | \$0.06 |
| 118 | IDT DS0/VG Transport Per Termination | \$11.70 | \$1.96 | \$13.66 |
| 119 | IDT DS-1 Transport Facility Per ALM | \$0.43 | \$0.07 | \$0.51 |
| 120 | IDT DS-1 Transport Per Termination | \$25.84 | \$4.32 | \$30.16 |
| 121 | IDT DS-3 Transport Facility Per ALM | \$6.76 | \$1.13 | \$7.90 |
| 122 | IDT DS-3 Transport Per Termination | \$112.22 | \$18.78 | \$131.00 |
| 123 | | | | |
| 124 | Multiplexing | | | |
| 125 | DS1 to Voice Grade Multiplexing | \$168.07 | \$28.12 | \$196.19 |
| 126 | DS3 to DS1 Multiplexing | \$438.97 | \$73.44 | \$512.41 |

VERIZON FLORIDA INC.
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Unbundled Network Elements

| | | (d) Fixed Allocator = 16.73% | | |
|----------------------------|--|---------------------------------|-------------------------------|-------------------------------|
| Unbundled Network Elements | | (a) TELRIC | (b)=(a)x(d) Common Cost | (c)=(a)+(b) Price/ Rate |
| 127 | CLEC Dedicated Transport | | | |
| 128 | CDT 2-Wire | \$32.32 | \$5.41 | \$37.73 |
| 129 | CDT 4-Wire | \$63.21 | \$10.57 | \$73.78 |
| 130 | CDT DS-1 | \$208.83 | \$34.94 | \$243.77 |
| 131 | CDT DS-3 | \$900.59 | \$150.67 | \$1,051.26 |
| 132 | | | | |
| 133 | (7) DARK FIBER | | | |
| 134 | | | | |
| 135 | Unbundled DF Loops & Subloops (per Fiber Strand) | | | |
| 136 | Dark Fiber Loop | \$66.73 | \$11.16 | \$77.89 |
| 137 | Dark Fiber Sub-Loop Feeder | \$56.99 | \$9.53 | \$66.52 |
| 138 | Dark Fiber Sub-Loop Distribution | \$11.49 | \$1.92 | \$13.41 |
| 139 | | | | |
| 140 | Unbundled DF Dedicated Transport (per Fiber Strand) | | | |
| 141 | Dark Fiber IDT - Facility per ALM | \$18.37 | \$3.07 | \$21.44 |
| 142 | Dark Fiber IDT - per Termination | \$1.74 | \$0.29 | \$2.03 |
| 143 | | | | |
| 144 | (8) UNE COMBINATIONS (i.e. UNE-Ps or EELs) | | | |
| 145 | | | | |
| 146 | The resulting charges for a UNE Combination are based on applying the individual UNE rates | | | |
| 147 | for the desired loop, the desired transport, the desired multiplexing, the desired port, the desired | | | |
| 148 | switch features and any usage charges related to end office switching, tandem switching, transport | | | |
| 149 | and SS7 Call Related Database Transport and Queries. | | | |
| 150 | | | | |
| 151 | (9) SIGNALING SYSTEM 7 | | | |
| 152 | | | | |
| 153 | SS-7 STP Access Service (w/o Verizon Switching) | | | |
| 154 | DSAL 56 KB | \$66.71 | \$11.16 | \$77.87 |
| 155 | DSAL DS-1 | \$118.26 | \$19.79 | \$138.05 |
| 156 | DSAT 56 KB Facility per ALM | \$2.40 | \$0.40 | \$2.80 |
| 157 | DSAT DS-1 Facility per ALM | \$12.59 | \$2.11 | \$14.69 |
| 158 | STP Port Termination | \$446.66 | \$74.73 | \$521.38 |
| 159 | | | | |
| 160 | SS-7 Transport | | | |
| 161 | | | | |
| 162 | Fixed Transport (w/o Verizon Switching) | | | |
| 163 | Transport - Local STP to Regional STP | \$1,157.11 | \$193.58 | \$1,350.69 |
| 164 | Transport - Regional STP to Regional STP | \$1,469.19 | \$245.80 | \$1,714.98 |
| 165 | | | | |
| 166 | Query-Based Transport (only when Verizon Switching used) | | | |
| 167 | DB800 Query Setup - End-Office to Local STP | \$0.0002779 | \$0.0000465 | \$0.0003244 |
| 168 | CNAM/LIDB Query Setup - End-Office to Local STP | \$0.0002454 | \$0.0000411 | \$0.0002864 |
| 169 | | | | |
| 170 | DB800 Query Transport - Local STP to Regional STP | \$0.0004541 | \$0.0000760 | \$0.0005300 |
| 171 | CNAM/LIDB Query Transport - Local STP to Regional STP | \$0.0002915 | \$0.0000488 | \$0.0003402 |
| 172 | | | | |
| 173 | SS-7 SCP Database Queries (when CLEC or Verizon Switching used) | | | |
| 174 | DB800 Query - Carrier Selection Service | \$0.0003904 | \$0.0000653 | \$0.0004557 |
| 175 | LIDB Query | \$0.0003472 | \$0.0000581 | \$0.0004053 |
| 176 | CNAM Query | \$0.0019536 | \$0.0003268 | \$0.0022805 |
| 177 | | | | |
| 178 | (10) SWITCH FEATURES | | | |
| 179 | | | | |
| 180 | Three Way Calling | \$1.21 | \$0.20 | \$1.41 |
| 181 | Call Forwarding Variable | \$0.23 | \$0.04 | \$0.26 |
| 182 | Cust. Changeable Speed Call 1-Digit | \$0.17 | \$0.03 | \$0.20 |
| 183 | Cust. Changeable Speed Call 2-Digit | \$0.29 | \$0.05 | \$0.34 |
| 184 | Call Waiting | \$0.08 | \$0.01 | \$0.10 |
| 185 | Cancel Call Waiting | \$0.06 | \$0.01 | \$0.07 |
| 186 | Automatic Callback | \$0.24 | \$0.04 | \$0.28 |
| 187 | Automatic Recall | \$0.12 | \$0.02 | \$0.15 |
| 188 | Calling Number Delivery | \$0.39 | \$0.07 | \$0.46 |
| 189 | Calling Number Delivery Blocking | \$0.21 | \$0.04 | \$0.25 |
| 190 | Distinctive Ringing / Call Waiting | \$0.32 | \$0.05 | \$0.38 |
| 191 | Customer Originated Trace | \$0.12 | \$0.02 | \$0.14 |
| 192 | Selective Call Rejection | \$0.37 | \$0.06 | \$0.43 |
| 193 | Selective Call Forwarding | \$0.32 | \$0.05 | \$0.38 |
| 194 | Selective Call Acceptance | \$0.38 | \$0.06 | \$0.44 |
| 195 | Call Forwarding Variable CTX | \$0.17 | \$0.03 | \$0.20 |
| 196 | Call Forwarding Incoming Only | \$0.15 | \$0.03 | \$0.18 |
| 197 | Call Forwarding Within Group Only | \$0.10 | \$0.02 | \$0.12 |
| 198 | Call Forwarding Busy Line | \$0.14 | \$0.02 | \$0.16 |
| 199 | Call Frwding Don't Answer All Calls | \$0.14 | \$0.02 | \$0.16 |

VERIZON FLORIDA INC.
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Unbundled Network Elements

| | | (d) | | |
|----------------------------|--|--|----------------|----------------|
| | | Fixed Allocator = 16.73% | | |
| Unbundled Network Elements | | (a) | (b)=(a)x(d) | (c)=(a)+(b) |
| | | TELRIC | Common Cost | Price/ Rate |
| 200 | Remote Call Forward | \$2.26 | \$0.38 | \$2.64 |
| 201 | Call Waiting Originating | \$0.11 | \$0.02 | \$0.13 |
| 202 | Call Waiting Terminating | \$0.04 | \$0.01 | \$0.05 |
| 203 | Cancel Call Waiting CTX | \$0.01 | \$0.00 | \$0.01 |
| 204 | Three Way Calling CTX | \$0.21 | \$0.04 | \$0.25 |
| 205 | Call Transfer Individual All Calls | \$0.16 | \$0.03 | \$0.19 |
| 206 | Add-On-Consult Hold Incoming Only | \$0.14 | \$0.02 | \$0.16 |
| 207 | Speed Calling Individual-1 Digit | \$0.07 | \$0.01 | \$0.08 |
| 208 | Speed Calling Individual-2 Digit | \$0.13 | \$0.02 | \$0.15 |
| 209 | Direct Connect | \$0.05 | \$0.01 | \$0.06 |
| 210 | Distinct Alerting / Call Waiting Indic | \$0.06 | \$0.01 | \$0.06 |
| 211 | Call Hold | \$0.18 | \$0.03 | \$0.21 |
| 212 | Semi-Restricted (Orig/Term) | \$1.00 | \$0.17 | \$1.16 |
| 213 | Fully Restricted (Orig/Term) | \$0.99 | \$0.17 | \$1.16 |
| 214 | Toll Restricted Service | \$0.14 | \$0.02 | \$0.17 |
| 215 | Call Pick-Up | \$0.05 | \$0.01 | \$0.06 |
| 216 | Directed Call Pick-Up W/Barge-In | \$0.04 | \$0.01 | \$0.05 |
| 217 | Directed Call Pick-Up W/Oarge-In | \$0.06 | \$0.01 | \$0.07 |
| 218 | Special Intercept Announce (per C/G) | \$6.89 | \$1.15 | \$8.05 |
| 219 | Conference Call 6-Way Station Contr | \$1.77 | \$0.30 | \$2.07 |
| 220 | Strn Msg Dtl Rcrdng To Rao (per G) | \$1.46 | \$0.24 | \$1.71 |
| 221 | Strn Msg Dtl Rcrdng To Prem (per G) | \$3.13 | \$0.52 | \$3.65 |
| 222 | Fixed Night Service - Key (per C/G) | \$2.39 | \$0.40 | \$2.79 |
| 223 | Attd Camp-On (Non-DI Console) | \$0.33 | \$0.05 | \$0.38 |
| 224 | Attd Busy Line Verification (per C/G) | \$12.90 | \$2.16 | \$15.05 |
| 225 | Control Of Facilities (per C/G) | \$0.04 | \$0.01 | \$0.05 |
| 226 | Fixed Night Serv - Call Fwd (per C/G) | \$1.71 | \$0.29 | \$2.00 |
| 227 | Attd Conference (per C/G) | \$39.24 | \$6.56 | \$45.80 |
| 228 | Circular Hunting | \$0.07 | \$0.01 | \$0.09 |
| 229 | Preferential Multiline Hunting | \$0.02 | \$0.00 | \$0.02 |
| 230 | Uniform Call Distribution (per G) | \$0.90 | \$0.15 | \$1.05 |
| 231 | Stop Hunt Key | \$3.64 | \$0.61 | \$4.24 |
| 232 | Make Busy Key | \$3.64 | \$0.61 | \$4.25 |
| 233 | Queueing | \$12.66 | \$2.12 | \$14.78 |
| 234 | Automatic Route Selection | \$2.55 | \$0.43 | \$2.98 |
| 235 | Facility Restriction Level | \$0.15 | \$0.03 | \$0.18 |
| 236 | Expensive Route Warning Tone | \$0.03 | \$0.00 | \$0.03 |
| 237 | Time-Of-Day Rout Control (per C/G) | \$5.68 | \$0.95 | \$6.63 |
| 238 | Foreign Exchange Facilities (per T/G) | \$3.59 | \$0.60 | \$4.19 |
| 239 | Anonymous Call Rejection | \$3.29 | \$0.55 | \$3.84 |
| 240 | Basic Bus Group Sta-Sta ICM | \$0.29 | \$0.05 | \$0.34 |
| 241 | Basic Business Group CTX | \$0.14 | \$0.02 | \$0.17 |
| 242 | Basic Bus Grp Direct Out Dialing | \$0.01 | \$0.00 | \$0.01 |
| 243 | Basic Bus Grp Auto ID Out Dialing | \$0.00 | \$0.00 | \$0.00 |
| 244 | Basic Bus Grp Direct In Dialing | \$0.00 | \$0.00 | \$0.00 |
| 245 | Bus Set Grp Intercom All Calls | \$3.20 | \$0.54 | \$3.73 |
| 246 | Dial Call Waiting | \$0.07 | \$0.01 | \$0.09 |
| 247 | Loudspeaker Paging (per T/G) | \$3.53 | \$0.59 | \$4.12 |
| 248 | Recrded Phone Dictation (per T/G) | \$3.74 | \$0.63 | \$4.37 |
| 249 | On-Hook Queueing-Outgoing Trks | \$0.22 | \$0.04 | \$0.26 |
| 250 | Off-Hook Queueing-Outgoing Trks | \$0.02 | \$0.00 | \$0.02 |
| 251 | Teen Service | \$0.07 | \$0.01 | \$0.08 |
| 252 | Bg - Automatic Call Back | \$0.09 | \$0.02 | \$0.11 |
| 253 | Voice/Data Protection | \$0.00 | \$0.00 | \$0.01 |
| 254 | Authorization Codes For Afr | \$0.05 | \$0.01 | \$0.06 |
| 255 | Account Codes For Afr | \$0.17 | \$0.03 | \$0.20 |
| 256 | Code Restriction & Diversion | \$0.16 | \$0.03 | \$0.18 |
| 257 | Code Calling (per T/G) | \$5.24 | \$0.88 | \$6.12 |
| 258 | Meet-Me Conference | \$2.89 | \$0.48 | \$3.37 |
| 259 | Call Park | \$0.07 | \$0.01 | \$0.09 |
| 260 | Executive Busy Overmde | \$0.05 | \$0.01 | \$0.06 |
| 261 | Last Number Redial | \$0.09 | \$0.02 | \$0.11 |
| 262 | Direct Inward System Access (per G) | \$0.08 | \$0.01 | \$0.09 |
| 263 | Auth Code Immediate Dialing | \$0.00 | \$0.00 | \$0.00 |
| 264 | Bg - Speed Calling Shared | \$0.00 | \$0.00 | \$0.01 |
| 265 | Attd'T Recall From Satellite | \$0.98 | \$0.16 | \$1.14 |
| 266 | Bg - Speed Calling 2-Shared | \$0.01 | \$0.00 | \$0.01 |
| 267 | Business Set - Call Pick-Up | \$0.08 | \$0.01 | \$0.09 |
| 268 | Authorization Code For Mdr | \$0.00 | \$0.00 | \$0.00 |
| 269 | Locked Loop Operation | \$0.00 | \$0.00 | \$0.00 |
| 270 | Attd'T Position Busy | \$2.67 | \$0.45 | \$3.12 |
| 271 | Two-Way Splitting (per A/G) | \$3.87 | \$0.65 | \$4.52 |
| 272 | Call Forwarding - All (Fixed) | \$0.25 | \$0.04 | \$0.29 |

VERIZON FLORIDA INC.
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 Unbundled Network Elements

| | | (d) Fixed Allocator = 16.73% | | |
|----------------------------|---|---------------------------------|-------------------------------|-------------------------------|
| Unbundled Network Elements | | (a) TELRIC | (b)=(a)x(d) Common Cost | (c)=(a)+(b) Price/ Rate |
| 273 | Business Group Call Waiting | \$0 00 | \$0 00 | \$0 00 |
| 274 | Music On Hold (per C/G) | \$0.90 | \$0 15 | \$1.05 |
| 275 | Automatic Alternate Routing | \$0 23 | \$0 04 | \$0.27 |
| 276 | Dual-Tone Multifrequency Dialing | \$0 00 | \$0 00 | \$0.00 |
| 277 | BG Dual-Tone Multifreq Dialing | \$0.00 | \$0 00 | \$0 00 |
| 278 | Business Set Access To Paging | \$1.77 | \$0 30 | \$2.07 |
| 279 | Call Flip-Flop (Ctx-A) | \$0.23 | \$0.04 | \$0.27 |
| 280 | Selective Call Waiting (Class) | \$0 31 | \$0 05 | \$0.36 |
| 281 | Direct Inward Dialing | \$5.98 | \$1 00 | \$6.98 |
| 282 | Customer Dialed Acct Recording | \$0.56 | \$0.09 | \$0.65 |
| 283 | Deluxe Automatic Route Selection | \$31.12 | \$5 21 | \$36 32 |
| 284 | MDC Attn'd Console (per A/G) | \$7.35 | \$1 23 | \$8.59 |
| 285 | Warm Line | \$0 03 | \$0.01 | \$0 04 |
| 286 | Calling Name Delivery | \$0 05 | \$0.01 | \$0.06 |
| 287 | Call Forwarding Enhance (Multipath) | \$0 00 | \$0.00 | \$0 00 |
| 288 | Caller ID Name and Number | \$0 22 | \$0.04 | \$0.26 |
| 289 | Call Waiting ID | \$0 03 | \$0 01 | \$0.04 |
| 290 | Att'd ID on Incoming Calls | \$1.18 | \$0 20 | \$1.38 |
| 291 | Privacy Release | \$0.46 | \$0 08 | \$0 54 |
| 292 | Display Calling Number | \$0.23 | \$0.04 | \$0 27 |
| 293 | Six-Port Conference | \$25.25 | \$4.22 | \$29 48 |
| 294 | Business Set Call Back Queing | \$0.01 | \$0.00 | \$0 02 |
| 295 | ISDN Code Calling-Answer | \$0.19 | \$0.03 | \$0 23 |
| 296 | Att'd Call Park | \$0 47 | \$0.08 | \$0.55 |
| 297 | Att'd Autodial | \$0.19 | \$0.03 | \$0.22 |
| 298 | Att'd Speed Calling | \$0.65 | \$0.11 | \$0.76 |
| 299 | Att'd Console Test | \$0.13 | \$0.02 | \$0.15 |
| 300 | Att'd Delayed Operation | \$0.00 | \$0.00 | \$0.00 |
| 301 | Att'd Lockout | \$0.00 | \$0.00 | \$0.00 |
| 302 | Att'd Multiple Listed Directory No. | \$0.00 | \$0.00 | \$0.00 |
| 303 | Att'd Secrecy | \$0.94 | \$0.16 | \$1.10 |
| 304 | Att'd Wildcard Key | \$0.39 | \$0.07 | \$0.46 |
| 305 | Att'd Flexible Console Alerting | \$0.00 | \$0.00 | \$0 00 |
| 306 | Att'd VFG Trk Grp Busy Attd Console | \$0.20 | \$0.03 | \$0.23 |
| 307 | Att'd Console Act/Deact of CFU/CFI | \$0.30 | \$0 05 | \$0 35 |
| 308 | Att'd Displ of Queued Calls ICI Key | \$0.02 | \$0.00 | \$0 02 |
| 309 | Att'd Interposition Transfer | \$0 26 | \$0 04 | \$0.30 |
| 310 | Att'd Automatic Recall | \$0.80 | \$0 13 | \$0.93 |
| 311 | Att'd Serial Call | \$0.46 | \$0.08 | \$0.54 |
| 312 | Proprietary Set Interface | \$0.39 | \$0 07 | \$0.46 |
| 313 | Tie Facility Access (per ckt) | \$3.31 | \$0.55 | \$3.86 |
| 314 | WATS Access (per G) | \$4.91 | \$0.82 | \$5 73 |
| 315 | 800 Service Access | \$4.63 | \$0.77 | \$5 40 |
| 316 | Call Waiting Deluxe | \$0.22 | \$0.04 | \$0.25 |
| 317 | Call Waiting Incoming Only | \$0.04 | \$0.01 | \$0.05 |
| 318 | Call Transfer Outside | \$0.19 | \$0.03 | \$0.23 |
| 319 | Camp On with Music | \$0.00 | \$0.00 | \$0.00 |
| 320 | Station Billing on Attd Handled Call | \$1.92 | \$0.32 | \$2.24 |
| 321 | Multiple Console Operations | \$0.97 | \$0.16 | \$1.13 |
| 322 | Business Set Intercom | \$0.09 | \$0.01 | \$0.10 |
| 323 | Display Called Number | \$0.08 | \$0.01 | \$0.10 |
| 324 | Bus Set Mult Appear Dir No Calls | \$0.06 | \$0.01 | \$0.07 |
| 325 | Bus Set Make Set Busy | \$0.00 | \$0 00 | \$0.00 |
| 326 | Direct Station Set / Busy Lamp Field | \$0.24 | \$0 04 | \$0.28 |
| 327 | MBS Auto Inspect Mode | \$0.00 | \$0.00 | \$0.00 |
| 328 | Electronic Business Set as Message Center | \$0.06 | \$0.01 | \$0.07 |
| 329 | Call Park Recall Identification | \$0.05 | \$0.01 | \$0.06 |
| 330 | MADN Bridging | \$3 68 | \$0.62 | \$4.30 |
| 331 | Business Set Dial Call Waiting | \$0.16 | \$0 03 | \$0.19 |
| 332 | Business Set Call Waiting Orig | \$0.05 | \$0 01 | \$0.05 |
| 333 | Non-Data Link Console Call Extension | \$0.00 | \$0.00 | \$0.00 |
| 334 | MADN Cut Off On Disconnect | \$0.00 | \$0 00 | \$0.00 |
| 335 | Bus Set Call Fwd Universal / Key Basis | \$0 00 | \$0 00 | \$0.00 |
| 336 | Business Set Malicious Call Hold | \$0.07 | \$0.01 | \$0.08 |
| 337 | Basic Automatic Call Distribution | \$93.83 | \$15 70 | \$109.53 |
| 338 | Basic ACD on 2500 Sets | \$0 07 | \$0.01 | \$0.08 |
| 339 | ACD Directory Numbers | \$0 00 | \$0 00 | \$0 00 |
| 340 | ACD Agent Status Lamp | \$5.97 | \$1.00 | \$6.97 |
| 341 | Call Forcing | \$5 09 | \$0 85 | \$5.94 |
| 342 | Emergency Answer Backup | \$2.04 | \$0 34 | \$2.38 |
| 343 | Call Supervisor | \$0.14 | \$0.02 | \$0.17 |
| 344 | Display Queue Status | \$0.17 | \$0 03 | \$0.20 |
| 345 | Night Treatment | \$0.60 | \$0.10 | \$0 70 |

VERIZON FLORIDA INC.
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Unbundled Network Elements

| Unbundled Network Elements | | (a) TELRIC | (d) Fixed Allocator = 16.73% | |
|----------------------------|--|---------------|---------------------------------|-------------------------------|
| | | | (b)=(a)x(d) Common Cost | (c)=(a)+(b) Price/ Rate |
| 346 | Observe Agent Extended | \$3.34 | \$0.56 | \$3.90 |
| 347 | Acid Queue Status Lamp | \$2.42 | \$0.40 | \$2.82 |
| 348 | Music on Delay | \$2.59 | \$0.43 | \$3.02 |
| 349 | Call Agent | \$0.00 | \$0.00 | \$0.00 |
| 350 | Acid Second/Third Announcements | \$7.36 | \$1.23 | \$8.59 |
| 351 | ACD Overflow of Enqueued Calls | \$0.68 | \$0.11 | \$0.79 |
| 352 | Multistage-Queue Status Display | \$6.85 | \$1.15 | \$8.00 |
| 353 | ACD Walkaway/Closed Key Operation | \$1.15 | \$0.19 | \$1.34 |
| 354 | Transfer to In-Calls Key | \$0.00 | \$0.00 | \$0.00 |
| 355 | Display Agents Key | \$2.12 | \$0.36 | \$2.48 |
| 356 | Through Dialing | \$0.48 | \$0.08 | \$0.56 |
| 357 | Business Set 3-Way Calling/Call | \$2.98 | \$0.50 | \$3.48 |
| 358 | Business Set Auto Answer Back | \$0.00 | \$0.00 | \$0.00 |
| 359 | Business Set Automatic Dial | \$0.27 | \$0.05 | \$0.32 |
| 360 | Business Set Automatic Line | \$0.07 | \$0.01 | \$0.08 |
| 361 | Business Set Busy Override | \$0.55 | \$0.09 | \$0.64 |
| 362 | Query Time Key | \$0.10 | \$0.02 | \$0.12 |
| 363 | MADN Ring Forward | \$0.88 | \$0.15 | \$1.02 |
| 364 | Individual Page from Group Intercom | \$10.01 | \$1.68 | \$11.69 |
| 365 | Preset Conference | \$0.01 | \$0.00 | \$0.02 |
| 366 | Bus Set Network Class of Service | \$0.00 | \$0.00 | \$0.00 |
| 367 | Business Set Feature Code Access | \$0.00 | \$0.00 | \$0.00 |
| 368 | Console Release | \$0.06 | \$0.01 | \$0.07 |
| 369 | Message Waiting | \$0.02 | \$0.00 | \$0.03 |
| 370 | Code Red / Code Blue | \$0.05 | \$0.01 | \$0.06 |
| 371 | Flexible Display Language | \$0.00 | \$0.00 | \$0.00 |
| 372 | IBN Attd Console Oper Measure (/console) | \$62.28 | \$10.42 | \$72.70 |
| 373 | Peg Counts on LDN's on Attd Consoles | \$0.00 | \$0.00 | \$0.00 |
| 374 | Immediate Notifi. of Prior. Enqueued Calls | \$0.00 | \$0.00 | \$0.00 |
| 375 | Attd Console DTMF End to End Signalling | \$0.05 | \$0.01 | \$0.05 |
| 376 | Trunk Busy Verify Tone | \$0.00 | \$0.00 | \$0.00 |
| 377 | Uniform Call Distribution from Queue | \$0.00 | \$0.00 | \$0.00 |
| 378 | Meet Me Page | \$12.45 | \$2.08 | \$14.53 |
| 379 | Business Set Listen On Hold | \$0.00 | \$0.00 | \$0.00 |
| 380 | Business Set Held Calls | \$0.00 | \$0.00 | \$0.00 |
| 381 | Business Set Private Business Line | \$0.00 | \$0.00 | \$0.00 |
| 382 | Business Set On-Hook Dialing | \$0.00 | \$0.00 | \$0.00 |
| 383 | Business Set Ring Again | \$1.62 | \$0.27 | \$1.89 |
| 384 | Secondary MADN Call Forward | \$0.00 | \$0.00 | \$0.00 |
| 385 | Bus Set Orig / Term Line Select | \$0.00 | \$0.00 | \$0.00 |
| 386 | Make Set Busy Except GIC | \$0.00 | \$0.00 | \$0.00 |
| 387 | Ring Again From Idle Bus Set | \$0.53 | \$0.09 | \$0.62 |
| 388 | Calling Name Display MADN Sec Members | \$2.54 | \$0.43 | \$2.97 |
| 389 | EBS Music On Hold | \$0.19 | \$0.03 | \$0.22 |
| 390 | Station Camp-On for MBS | \$2.79 | \$0.47 | \$3.26 |
| 391 | Business Set Station Activiated Call Forward | \$0.16 | \$0.03 | \$0.18 |
| 392 | Feature Function Button | \$0.00 | \$0.00 | \$0.00 |
| 393 | Emergency Alert Enhanced | \$0.03 | \$0.00 | \$0.03 |
| 394 | Network Name Display for Attd Consoles | \$0.00 | \$0.00 | \$0.00 |
| 395 | Message Service | \$17.12 | \$2.86 | \$19.98 |
| 396 | Bill Number Screen | \$0.33 | \$0.06 | \$0.39 |
| 397 | ETS Access | \$15.20 | \$2.54 | \$17.74 |
| 398 | ACD 2500 Login/Logout | \$1.30 | \$0.22 | \$1.51 |
| 399 | ACD Automatic Overflow | \$1.64 | \$0.27 | \$1.91 |
| 400 | ACD MIS Interface | \$28.07 | \$4.70 | \$32.77 |
| 401 | ACD Call Transfer with Time | \$1.02 | \$0.17 | \$1.19 |
| 402 | ACD Forced Availability | \$0.19 | \$0.03 | \$0.22 |
| 403 | ACD Calling Name / No. Display | \$1.76 | \$0.29 | \$2.05 |
| 404 | ACD Observe Agent from 2500 Set | \$0.62 | \$0.10 | \$0.73 |
| 405 | ACD Distinctive Ringing | \$0.24 | \$0.04 | \$0.28 |

VERIZON FLORIDA INC.
(formerly GTE Florida, Inc.)
Unbundled Network Elements

| Unbundled Network Elements | | (a) TELRIC | Fixed Allocator = (d) 16.73% | |
|----------------------------|---------------------------------------|---------------|--|-------------------------------|
| | | | (b)=(a)x(d) Common Cost | (c)=(a)+(b) Price/ Rate |
| 406 | ISDN Features | | | |
| 407 | | | | |
| 408 | ISDN Att'd Busy Venf Lines/Trunks | \$0 00 | \$0.00 | \$0.00 |
| 409 | ISDN Att'd Call Thru Test | \$0 00 | \$0.00 | \$0.00 |
| 410 | ISDN Shared Call Appearances DN | \$0 24 | \$0.04 | \$0.28 |
| 411 | ISDN Bridged Call Exclusion | \$0 03 | \$0.00 | \$0.03 |
| 412 | ISDN Key Sys Coverage Analog Line | \$1.29 | \$0.22 | \$1.50 |
| 413 | ISDN Queuing for ISDN Att'ds w/CWI | \$0 02 | \$0.00 | \$0.03 |
| 414 | ISDN Att'd Control - Voice Terminals | \$0.05 | \$0 01 | \$0.06 |
| 415 | ISDN Att'd Night Svc (Fixed/Flexible) | \$0 07 | \$0 01 | \$0.08 |
| 416 | ISDN Emergency Access to Att'd | \$0.00 | \$0.00 | \$0.00 |
| 417 | ISDN Att'd Direct Trk Grp Selection | \$0.00 | \$0.00 | \$0.00 |
| 418 | ISDN Att'd Emergency Overide | \$0 00 | \$0.00 | \$0.00 |
| 419 | ISDN Auto Dropback to Att'd | \$0 08 | \$0 01 | \$0.09 |
| 420 | ISDN Att'd Orig Permission Display | \$0 01 | \$0.00 | \$0 01 |
| 421 | ISDN Att'd Timed Reminder | \$0 03 | \$0 00 | \$0 03 |
| 422 | ISDN Att'd Trunk Identification | \$0 00 | \$0 00 | \$0 00 |
| 423 | ISDN ISAT Trunk Queuing | \$0.76 | \$0.13 | \$0.89 |
| 424 | ISDN Att'd Trunk Group Indicators | \$0 03 | \$0.01 | \$0.04 |
| 425 | ISDN Aggr Wrk Time/# Calls Handled | \$0.01 | \$0.00 | \$0.01 |
| 426 | ISDN Total No Calls Handled Display | \$0 12 | \$0.02 | \$0.14 |
| 427 | ISDN Att'd Traffic | \$0 03 | \$0.00 | \$0.03 |
| 428 | ISDN Att'd Number of Calls on Queue | \$0.00 | \$0.00 | \$0.00 |
| 429 | ISDN Primary Rate Interface | \$75 01 | \$12.55 | \$87.56 |
| 430 | ISDN Circuit Swtch Voice/Data - PRI | \$20.93 | \$3.50 | \$24.43 |
| 431 | ISDN Call by Call Access | \$106 88 | \$17.88 | \$124.77 |
| 432 | ISDN Calling Number Delivery to PRI | \$1.01 | \$0.17 | \$1.17 |
| 433 | ISDN Pckt Swtch IEO On Dmnd B Ch | \$3.94 | \$0.66 | \$4.60 |
| 434 | ISDN Circuit Switched Voice | \$0 76 | \$0.13 | \$0 89 |
| 435 | ISDN Basic Circuit Switched Data | \$8 50 | \$1.42 | \$9 92 |
| 436 | ISDN Pack Swtch IAO D Channel | \$0 71 | \$0.12 | \$0.83 |
| 437 | ISDN X.25 Hunt Groups | \$0.93 | \$0 15 | \$1.08 |
| 438 | ISDN Outgoing Calling Line ID | \$0.02 | \$0 00 | \$0 03 |
| 439 | ISDN Att'd - Power Failure Transfer | \$0.01 | \$0.00 | \$0.01 |
| 440 | ISDN EDS Calling Name Display | \$0.04 | \$0.01 | \$0 04 |
| 441 | ISDN Att'd Camp-On | \$0.00 | \$0.00 | \$0.00 |
| 442 | ISDN Att'd Uniform Call Distribution | \$0.24 | \$0.04 | \$0 28 |
| 443 | ISDN Call Forwarding Variable | \$0.02 | \$0.00 | \$0.02 |
| 444 | ISDN Att'd Control of Facilities | \$0.11 | \$0.02 | \$0.13 |
| 445 | ISDN Att'd ID on Incoming Calls | \$0.00 | \$0.00 | \$0.00 |
| 446 | ISDN Att'd Direct Station Selection | \$0 02 | \$0.00 | \$0.02 |
| 447 | ISDN Att'd Conference | \$5.92 | \$0.99 | \$6.91 |
| 448 | ISDN Multiline Hunt Group | \$0.66 | \$0.11 | \$0.77 |
| 449 | ISDN Circular Hunting | \$0 11 | \$0.02 | \$0.13 |
| 450 | ISDN Att'd Positon Busy | \$0.03 | \$0.01 | \$0.04 |
| 451 | ISDN Att'd Call Hold | \$0.09 | \$0.02 | \$0.11 |
| 452 | ISDN Call Hold | \$0.21 | \$0.03 | \$0.24 |
| 453 | ISDN Att'd Call Splitting | \$1.03 | \$0.17 | \$1.20 |
| 454 | ISDN Call Pick Up | \$0.34 | \$0.06 | \$0 40 |
| 455 | ISDN Business Group Auto Callback | \$0.02 | \$0.00 | \$0 03 |
| 456 | ISDN Toll Restricted Service | \$0.12 | \$0.02 | \$0.14 |
| 457 | ISDN Att'd Through Dialing | \$0.00 | \$0.00 | \$0.00 |
| 458 | ISDN Intercom Functions | \$0.01 | \$0.00 | \$0 01 |
| 459 | ISDN Terminal Management | \$0 00 | \$0.00 | \$0.00 |
| 460 | ISDN Priority Calling Incoming Only | \$0.00 | \$0.00 | \$0.00 |
| 461 | ISDN Mult Directory Number Button | \$0.00 | \$0.00 | \$0.00 |
| 462 | ISDN X.25 Closed User Groups | \$0.00 | \$0.00 | \$0.00 |
| 463 | ISDN X.25 Fast Select | \$0 00 | \$0.00 | \$0 00 |
| 464 | ISDN X.25 Fast Select Acceptance | \$0 00 | \$0 00 | \$0 00 |
| 465 | ISDN X.25 1-Way Out Logical Chnml | \$0.00 | \$0 00 | \$0.00 |
| 466 | ISDN X.25 Reverse Charge | \$0.00 | \$0.00 | \$0 00 |
| 467 | ISDN X.25 Reverse Charge Accept | \$0 00 | \$0 00 | \$0 00 |
| 468 | ISDN X.25 Perm Virtual Call Service | \$0 00 | \$0.00 | \$0 00 |
| 469 | ISDN Direct Connect | \$0 16 | \$0 03 | \$0.19 |
| 470 | ISDN Switched Fractional DS1/Org | \$3 11 | \$0 52 | \$3.64 |
| 471 | ISDN Switched Fractional DS1/Term | \$3 12 | \$0.52 | \$3 65 |
| 472 | ISDN PRI D-Channel Backup | \$0.07 | \$0.01 | \$0 08 |
| 473 | ISDN PRI B Channel | \$2 64 | \$0 44 | \$3.08 |
| 474 | ISDN Non-Facility Assoc Signaling | \$0 54 | \$0 09 | \$0.63 |
| 475 | ISDN Facility Restriction Level | \$0.13 | \$0.02 | \$0 15 |
| 476 | ISDN Time and Data Display | \$0.03 | \$0 00 | \$0 03 |
| 477 | ISDN Inspect ISDN Terminals | \$0 08 | \$0 01 | \$0.10 |
| 478 | ISDN Trunking Answer Any Station | \$0 17 | \$0.03 | \$0.20 |

VERIZON FLORIDA INC.
 (formerly GTE Florida, Inc.)
 Unbundled Network Elements

Fixed Allocator = $\frac{(d)}{16.73\%}$

| Unbundled Network Elements | | (a) TELRIC | (b)=(a)x(d) Common Cost | (c)=(a)+(b) Price/ Rate |
|----------------------------|--|---------------|-------------------------------|-------------------------------|
| 479 | ISDN X 25 Flow Control Pmtr Negot | \$0.00 | \$0 00 | \$0 00 |
| 480 | ISDN X.25 Incoming Calls Barred | \$0 00 | \$0 00 | \$0 00 |
| 481 | ISDN X 25 Outgoing Calls Barred | \$0.00 | \$0.00 | \$0 00 |
| 482 | ISDN X 25 Throughput Class Negot. | \$0.00 | \$0 00 | \$0.00 |
| 483 | ISDN Xmit Delay Selection / Indication | \$0.00 | \$0 00 | \$0 00 |
| 484 | ISDN Bridging | \$0 53 | \$0 09 | \$0.62 |
| 485 | ISDN Delayed & Abbreviated Ringing | \$0.01 | \$0 00 | \$0 02 |
| 486 | ISDN Display Ringing Call Appear. Only | \$0.00 | \$0 00 | \$0 00 |
| 487 | ISDN Feature Inspect | \$0 02 | \$0.00 | \$0 03 |
| 488 | ISDN Intercom Alerting | \$0 01 | \$0 00 | \$0.01 |
| 489 | ISDN Initiated Priority Calling | \$0.05 | \$0 01 | \$0.06 |
| 490 | ISDN Remote Access to Features | \$0 37 | \$0.06 | \$0.44 |
| 491 | ISDN Additional Call Offenn | \$0 01 | \$0 00 | \$0.02 |

**VERIZON FLORIDA INC.
 (formerly GTE Florida, Inc.)
 Unbundled Network Elements**

**Deaveraging Proposal Based on 2-Wire UNE Loops
 Zone 1**

| Deaveraged Zone | Pct. of Lines | CLLI Count | Avg. Cost per Loop* | Number of Lines |
|-----------------|---------------|------------|---------------------|-----------------|
| Zone 1 | 64.3% | 43 | | |
| Zone 2 | 33.5% | 35 | | |
| Zone 3 | 2.2% | 12 | | |
| Statewide: | 100.0% | 90 | | |

* Average Loop Costs are from ICM-FL and include the NID

ZONE 1 = VZ Statewide Average 2-Wire Loop Costs = \$22.20

ZONE 2 = 200% of VZ Statewide Average 2-Wire Loop Costs = \$44.40

ZONE 3 = Greater than 200% of VZ Statewide Average 2-Wire Loop Costs

| CLLI Code | Wire Center Name | Avg. Cost per Loop | Number of Lines | Zone |
|--------------|----------------------|--------------------|-----------------|------|
| TAMPFLXX22H | TAMPA MAIN | | | 1 |
| BHPKFLXA28H | BEACH PARK | | | 1 |
| SARKFLXARSA | ST. ARMANDS KEY | | | 1 |
| SPBGFLXA89H | ST. PETERSBURG MAIN | | | 1 |
| SEKYFLXA34H | SIESTA KEY | | | 1 |
| UNVRFLXA97H | UNIVERSITY | | | 1 |
| GNDYFLXA57H | GANDY | | | 1 |
| WSSDFLXA87H | WESTSIDE | | | 1 |
| SRSTFLXA95H | SARASOTA MAIN | | | 1 |
| INRKFLXX59H | INDIAN ROCKS | | | 1 |
| SGBEFLXA36H | SOUTH GULF BEACH | | | 1 |
| FHSDFLXA57H | FEATHER SOUND | | | 1 |
| SWTHFLXA88H | SWEETWATER | | | 1 |
| CLWRFLXA44H | CLEARWATER | | | 1 |
| HYPKFLXADS0 | HYDE PARK | | | 1 |
| LRGOFLLXA58H | LARGO | | | 1 |
| SPBGFLXS86H | ST. PETERSBURG SOUTH | | | 1 |
| ANMRFLXA77H | ANNA MARIA | | | 1 |
| CNSDFLXA79H | COUNTRYSIDE | | | 1 |
| TMTRFLXADS0 | TEMPLE TERRACE | | | 1 |
| PSDNFLXA34H | PASADENA | | | 1 |
| BRBAFLXA75H | BRADENTON BAY | | | 1 |
| PNLSFLXA53H | PINELLAS | | | 1 |
| SNSPFLXA37H | SEVEN SPRINGS | | | 1 |
| DNDNFLXA73H | DUNEDIN | | | 1 |
| LGBKFLXA38H | LONGBOAT | | | 1 |

REDACTED

| CLLI Code | Wire Center Name | Avg. Cost per Loop | Number of Lines | Zone |
|-------------|------------------|--------------------|-----------------|------|
| SLSPFLXA93H | SULPHUR SPRINGS | | | 1 |
| WLCRFLXA83H | WALLCRAFT | | | 1 |
| BAYUFLXA54H | BAYOU | | | 1 |
| ENWDFLXA47H | ENGLEWOOD | | | 1 |
| SMNLFLXA23H | SEMINOLE | | | 1 |
| NGBHFLXA39H | NORTH GULF BEACH | | | 1 |
| YBCTFLXA24H | YBOR CITY | | | 1 |
| LLMNFLXADS0 | LEALMAN | | | 1 |
| PLSLFLXA79H | PALMA SOLA | | | 1 |
| BRTNFLXX74H | BRADENTON MAIN | | | 1 |
| VENCFLXA48H | VENICE MAIN | | | 1 |
| SKWYFLXADS0 | SKYWAY | | | 1 |
| STGRFLXA78H | ST. GEORGE | | | 1 |
| OLDSFLXA85H | OLDSMAR | | | 1 |
| CRWDFLXA96H | CARROLLWOOD | | | 1 |
| LKLDFLXA68H | LAKELAND MAIN | | | 1 |
| SSDSFLXA92H | SOUTHSIDE | | | 1 |

VERIZON FLORIDA INC.
(formerly GTE Florida, Inc.)
Unbundled Network Elements

Deaveraging Proposal Based on 2-Wire UNE Loops
Zone 2

| CLLI Code | Wire Center Name | Avg. Cost per Loop | Number of Lines | Zone |
|-------------|-------------------|--------------------|-----------------|------|
| VENCFLXSDS0 | VENICE SOUTH | | | 2 |
| NPRCFLXA84H | NEW PORT RICHEY | | | 2 |
| BRNDFLXA68H | BRANDON | | | 2 |
| NRSDFLXA35H | NORTHSIDE | | | 2 |
| CYGRFLXA32H | CYPRESS GARDENS | | | 2 |
| TRSPFLXA93H | TARPON SPRINGS | | | 2 |
| TAMPFLXEDS0 | TAMPA EAST | | | 2 |
| SPRGFLXA37H | SARASOTA SPRINGS | | | 2 |
| HGLDFLXA64H | HIGHLANDS | | | 2 |
| WNHNFLXC29H | WINTER HAVEN | | | 2 |
| OSPRFLXA96H | OSPREY | | | 2 |
| LUTZFLXA94H | LUTZ | | | 2 |
| LKLDFLXE66H | LAKELAND EAST | | | 2 |
| ABDLFLXA96H | AUBURNDALE | | | 2 |
| HDSNFLXA86H | HUDSON | | | 2 |
| BARTFLXA53H | BARTOW MAIN | | | 2 |
| ZPHYFLXA78H | ZEPHYR HILLS | | | 2 |
| PLMTFLXA72H | PALMETTO | | | 2 |
| ALFAFLXA67H | ALAFIA | | | 2 |
| LKWFLXA67H | LAKE WALES MAIN | | | 2 |
| WLCHFLXA97H | WESLEY CHAPEL | | | 2 |
| RSKNFLXA64H | RUSKIN | | | 2 |
| LKLDFLXN85H | LAKELAND NORTH | | | 2 |
| HNCYFLXA42H | HAINES CITY MAIN | | | 2 |
| NRPTFLXA42H | NORTHPORT | | | 2 |
| MLBYFLXARSA | MULBERRY | | | 2 |
| PTCYFLXA75H | PLANT CITY | | | 2 |
| BYSHFLXA84H | BAYSHORE | | | 2 |
| KYSTFLXA92H | KEYSTONE | | | 2 |
| THNTFLXADS0 | THONOTOSASSA | | | 2 |
| POINFLXARSA | POINCIANA | | | 2 |
| MNLKFLXA85H | MOON LAKE | | | 2 |
| WIMMFLXA63H | WIMAUMA | | | 2 |
| HNCYFLXN424 | HAINES CITY NORTH | | | 2 |
| BBPKFLXARSA | BABSON PARK | | | 2 |

REDACTED

**VERIZON FLORIDA INC.
(formerly GTE Florida, Inc.)
Unbundled Network Elements**

**Deaveraging Proposal Based on 2-Wire UNE Loops
Zone 3**

| CLLI Code | Wire Center Name | Avg. Cost per Loop | Number of Lines | Zone |
|-------------|------------------|--------------------|-----------------|------|
| LKALFLXA95H | LAKE ALFRED | | | |
| DUNDFLXA43H | DUNDEE | | | |
| LNLKFLXA99H | LAND O' LAKES | | | |
| PNCRFLXA73J | PINECREST | | | |
| ALTRFLXARSA | ALTURAS | | | |
| PKCYFLXARSA | POLK CITY | | | |
| LKWFLXERSA | LAKE WALES EAST | | | |
| FRSTFLXA63H | FROSTPROOF | | | |
| BRJTFLXARSA | BRADLEY | | | |
| INLKFLXARSA | INDIAN LAKE | | | |
| PRSHFLXARSA | PARRISH | | | |
| MYCYFLXA32H | MYAKKA CITY | | | |

**VERIZON FLORIDA INC.
 STATE OF FLORIDA
 Unbundled Network Elements
 Deaveraging Proposal Based on 2-Wire UNE Loops
 Resulting Deaveraged Costs for 4-Wire and Subloop Elements**

| Zone 1 Wire Centers | | | | | | | | | |
|-----------------------|--------------|-----------------|----------|-------------------|-------------------------|-----------------|-------------------|-------------------------|-----------------|
| Wire Center Name | CLLI Code | 4-Wire Avg Loop | DS1 Loop | 2-Wire Avg Feeder | 2-Wire Avg Distribution | 2-Wire Avg Drop | 4-Wire Avg Feeder | 4-Wire Avg Distribution | 4-Wire Avg Drop |
| TAMPA MAIN | TAMPFLXX22H | | | | | | | | |
| BEACH PARK | BHPKFLXA28H | | | | | | | | |
| ST. ARMANDS KEY | SARKFLXARSA | | | | | | | | |
| ST. PETERSBURG MAIN | SPBGFLXA89H | | | | | | | | |
| SIESTA KEY | SEKYFLXA34H | | | | | | | | |
| UNIVERSITY | UNVRFLXA97H | | | | | | | | |
| GANDY | GNDYFLXA57H | | | | | | | | |
| WESTSIDE | WSSDFLXA87H | | | | | | | | |
| SARASOTA MAIN | SRSTFLXA95H | | | | | | | | |
| INDIAN ROCKS | INRKFLXX59H | | | | | | | | |
| SOUTH GULF BEACH | SGBEFLXA36H | | | | | | | | |
| FEATHER SOUND | FHSDFLXA57H | | | | | | | | |
| SWEETWATER | SWTHFLXA88H | | | | | | | | |
| CLEARWATER | CLWRFLXA44H | | | | | | | | |
| HYDE PARK | HYPKFLXADS0 | | | | | | | | |
| LARGO | LRGOFLLXA58H | | | | | | | | |
| ST. PETERSBURG SOUTH | SPBGFLXS86H | | | | | | | | |
| ANNA MARIA | ANMRFLXA77H | | | | | | | | |
| COUNTRYSIDE | CNSDFLLXA79H | | | | | | | | |
| TEMPLE TERRACE | TMTRFLXADS0 | | | | | | | | |
| PASADENA | PSDNFLXA34H | | | | | | | | |
| BRADENTON BAY | BRBAFLXA75H | | | | | | | | |
| PINELLAS | PNLSFLXA53H | | | | | | | | |
| SEVEN SPRINGS | SNSPFLXA37H | | | | | | | | |
| DUNEDIN | DNDNFLXA73H | | | | | | | | |
| LONGBOAT | LGBKFLXA38H | | | | | | | | |
| SULPHUR SPRINGS | SLSPFLXA93H | | | | | | | | |
| WALLCRAFT | WLCRFLXA83H | | | | | | | | |
| BAYOU | BAYUFLXA54H | | | | | | | | |
| ENGLEWOOD | ENWDFLLXA47H | | | | | | | | |
| SEMINOLE | SMNFLXA23H | | | | | | | | |
| NORTH GULF BEACH | NGBHFLXA39H | | | | | | | | |
| YBOR CITY | YBCTFLXA24H | | | | | | | | |
| LEALMAN | LLMNFLXADS0 | | | | | | | | |
| PALMA SOLA | PLSLFLXA79H | | | | | | | | |
| BRADENTON MAIN | BRTNFLXX74H | | | | | | | | |
| VENICE MAIN | VENCFLXA48H | | | | | | | | |
| SKYWAY | SKWYFLXADS0 | | | | | | | | |
| ST. GEORGE | STGRFLXA78H | | | | | | | | |
| OLDSMAR | OLDSFLXA85H | | | | | | | | |
| CARROLLWOOD | CRWDFLLXA96H | | | | | | | | |
| LAKELAND MAIN | LKLDFLXA68H | | | | | | | | |
| SOUTHSIDE | SSDSFLXA92H | | | | | | | | |
| Zone 1 Average | | | | | | | | | |

VERIZON FLORIDA INC.
STATE OF FLORIDA
Unbundled Network Elements
Deaveraging Proposal Based on 2-Wire UNE Loops
Resulting Deaveraged Costs for 4-Wire and Subloop Elements

| Zone 2 Wire Centers | | | | | | | | | |
|-----------------------|-------------|-----------------|----------|-------------------|-------------------------|-----------------|-------------------|-------------------------|-----------------|
| Wire Center Name | CLLI Code | 4-Wire Avg Loop | DS1 Loop | 2-Wire Avg Feeder | 2-Wire Avg Distribution | 2-Wire Avg Drop | 4-Wire Avg Feeder | 4-Wire Avg Distribution | 4-Wire Avg Drop |
| VENICE SOUTH | VENCFLXS0 | | | | | | | | |
| NEW PORT RICHEY | NPRCFLXA84H | | | | | | | | |
| BRANDON | BRNDFLXA68H | | | | | | | | |
| NORTHSIDE | NRSDFLXA35H | | | | | | | | |
| CYPRESS GARDENS | CYGRFLXA32H | | | | | | | | |
| TARPON SPRINGS | TRSPFLXA93H | | | | | | | | |
| TAMPA EAST | TAMPFLXEDS0 | | | | | | | | |
| SARASOTA SPRINGS | SPRGFLXA37H | | | | | | | | |
| HIGHLANDS | HGLDFLXA64H | | | | | | | | |
| WINTER HAVEN | WNHNFLXC29H | | | | | | | | |
| OSPREY | OSPRFLXA96H | | | | | | | | |
| LUTZ | LUTZFLXA94H | | | | | | | | |
| LAKELAND EAST | LKLDFLXE66H | | | | | | | | |
| AUBURNDALE | ABDLFLXA96H | | | | | | | | |
| HUDSON | HDSNFLXA86H | | | | | | | | |
| BARTOW MAIN | BARTFLXA53H | | | | | | | | |
| ZEPHYR HILLS | ZPHYFLXA78H | | | | | | | | |
| PALMETTO | PLMTFLXA72H | | | | | | | | |
| ALAFIA | ALFAFLXA67H | | | | | | | | |
| LAKE WALES MAIN | LKWFLXA67H | | | | | | | | |
| WESLEY CHAPEL | WLCHFLXA97H | | | | | | | | |
| RUSKIN | RSKNFLXA64H | | | | | | | | |
| LAKELAND NORTH | LKLDFLXN85H | | | | | | | | |
| HAINES CITY MAIN | HNCYFLXA42H | | | | | | | | |
| NORTHPORT | NRPTFLXA42H | | | | | | | | |
| MULBERRY | MLBYFLXARSA | | | | | | | | |
| PLANT CITY | PTCYFLXA75H | | | | | | | | |
| BAYSHORE | BYSHFLXA84H | | | | | | | | |
| KEYSTONE | KYSTFLXA92H | | | | | | | | |
| THONOTOSASSA | THNTFLXADS0 | | | | | | | | |
| POINCIANA | POINFLXARSA | | | | | | | | |
| MOON LAKE | MNLKFLXA85H | | | | | | | | |
| WIMAUMA | WIMMFLXA63H | | | | | | | | |
| HAINES CITY NORTH | HNCYFLXN424 | | | | | | | | |
| BABSON PARK | BBPKFLXARSA | | | | | | | | |
| Zone 2 Average | | | | | | | | | |

**VERIZON FLORIDA INC.
 STATE OF FLORIDA
 Unbundled Network Elements
 Deaveraging Proposal Based on 2-Wire UNE Loops
 Resulting Deaveraged Costs for 4-Wire and Subloop Elements**

| Zone 3 Wire Centers | | | | | | | | | |
|--------------------------|-------------|-----------------|-----------------|-------------------|-------------------------|-----------------|-------------------|-------------------------|-----------------|
| Wire Center Name | CLLI Code | 4-Wire Avg Loop | DS1 Loop | 2-Wire Avg Feeder | 2-Wire Avg Distribution | 2-Wire Avg Drop | 4-Wire Avg Feeder | 4-Wire Avg Distribution | 4-Wire Avg Drop |
| LAKE ALFRED | LKALFLXA95H | | | | | | | | |
| DUNDEE | DUNDFLXA43H | | | | | | | | |
| LAND O' LAKES | LNLKFLXA99H | | | | | | | | |
| PINECREST | PNCRFLXA73J | | | | | | | | |
| ALTURAS | ALTRFLXARSA | | | | | | | | |
| POLK CITY | PKCYFLXARSA | | | | | | | | |
| LAKE WALES EAST | LKWFLXERSA | | | | | | | | |
| FROSTPROOF | FRSTFLXA63H | | | | | | | | |
| BRADLEY | BRJTFLXARSA | | | | | | | | |
| INDIAN LAKE | INLKFLXARSA | | | | | | | | |
| PARRISH | PRSHFLXARSA | | | | | | | | |
| MYAKKA CITY | MYCYFLXA32H | | | | | | | | |
| Zone 3 Average | | | | | | | | | |
| Statewide Average | | \$53.08 | \$208.83 | \$8.90 | \$16.03 | \$2.34 | \$27.85 | \$27.96 | \$2.69 |