

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

Petition by Global NAPs, Inc. for
arbitration pursuant to 47 U.S.C. 252(b)
of interconnection rates, terms and
conditions with Verizon Florida Inc.

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Docket No. 011666-TP

**DIRECT TESTIMONY OF
PETE D'AMICO
ON BEHALF OF
VERIZON FLORIDA INC.**

MAY 8, 2002

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DIRECT TESTIMONY OF PETE D'AMICO

I. WITNESS BACKGROUND AND OVERVIEW

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

A. My name is Pete D'Amico. I am a Senior Product Manager in the Interconnection Product Management Group for Verizon Services Corporation. My business address is 416 7th Avenue, Pittsburgh, Pennsylvania 15219.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE IN THE TELECOMMUNICATIONS INDUSTRY.

A. I have a Bachelor of Science in Marketing from Indiana University of Pennsylvania. I have been employed at Verizon and its predecessor companies for 18 years, in positions of increasing responsibility, and have been in product management dealing with interconnection arrangements for the last 12 years.

Q. WHAT ARE YOUR RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. My responsibilities include development, implementation, and product management of interconnection services.

Q. HAVE YOU EVER TESTIFIED BEFORE?

A. Yes. I have testified in connection with various CLEC § 252

1 arbitrations and/or state § 271 proceedings in Pennsylvania, New
2 Jersey, Maryland, Virginia, New York, Rhode Island, Vermont, New
3 Hampshire, Maine and Delaware.

4

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

6 A. The purpose of my testimony is to address Issues 1, 2, and 3,
7 including the disputed contract language associated with these issues,
8 as identified below:

9	Issue	Statement of Issue	Disputed Contract
10	<u>No.</u>		<u>Sections Related Issue</u>
11	1	“(A) May GNAPs designate a single	Verizon’s interconnection
12		physical point of interconnection per	Attachment §§ 2.1, 7.1;
13		LATA on Verizon’s existing network?	Glossary §§ 2.45, 2.66
14			
15		(B) If GNAPs chooses a single point	
16		of interconnection (SPOI) per LATA	
17		on Verizon’s network, should Verizon	
18		receive any compensation from GNAPs	
19		for transporting local traffic to this SPOI?	
20		If so, how should the compensation be	
21		determined?”	
22		-----	
23	2	“Should the parties’ interconnection	Verizon’s interconnection
24		agreement require mutual agreement	attachment §§2.2.3, 2.2.4,
25		on the terms and conditions relating	2.4.1-2.4.3, 2.4.10

1 to the deployment of two-way trunks
2 when GNAPs chooses to use them?

3 -----

4 3 “(A) Should GNAPs be required to Verizon interconnection
5 provide collocation to Verizon at attachment §§ 2.1.5
6 GNAPs facilities in order to inter-
7 connect with GNAPs?

8
9 (B) If Verizon cannot collocate at
10 GNAPs’ facilities, should GNAPs charge
11 Verizon distance-sensitive rates for
12 transport?”

13

14 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

15 A. Verizon’s proposed contract language allows GNAPs the freedom to
16 make its own network design choices, but correctly recognizes that
17 GNAPs is responsible for the costs associated with those GNAPs’
18 choices. It would be unfair and inefficient to force Verizon to bear the
19 costs of GNAPs’ decisions and subsidize GNAPs’ network design.
20 These are not costs that Verizon would otherwise incur. Verizon’s
21 proposed contract language on these disputed issues reflects
22 Verizon’s position that:

- 23 ● GNAPs may interconnect with Verizon’s existing network;
- 24 ● GNAPs may exercise legitimate choices about how it will
- 25 interconnect;

1 ● GNAPs' choices necessarily affect Verizon's network, so
2 Verizon should have a say in how this impact should be
3 addressed; and

4

5 ● GNAPs is responsible for the costs caused by how it
6 chooses to interconnect.

7

8 **II. ISSUE 1: INTERCONNECTION AND COST RESPONSIBILITY**

9

10 **Q. WITH RESPECT TO ISSUE 1(a), DOES VERIZON PROPOSE**
11 **CONTRACT LANGUAGE THAT ALLOWS GNAPS TO ESTABLISH**
12 **A SINGLE POINT OF INTERCONNECTION ("POI") IN A LATA?**

13 **A.** Yes. Verizon will allow GNAPs to establish a single POI in a LATA at
14 specified technically feasible points within Verizon's network, but the
15 parties have not yet agreed to specific contract language embodying
16 this principle.

17

18 GNAPs' proposal to define the POI in accordance with 47 C.F.R.
19 § 51.319(b), § 2.66 of the Glossary, does not make sense. The FCC
20 regulation defines the Network Interface Device, which has nothing to
21 do with how the Parties interconnect.

22

23 There is also an issue of making the contract language consistent with
24 § 251(c)(2) of the Telecommunications Act of 1996 (the "Act") and the
25 FCC's *Local Competition Order* implementing the Act. In ¶ 192 of the

1 *Local Competition Order*, the FCC held that “section 251(c)(2)
2 obligates incumbent LECs to provide interconnection within their
3 networks at any ‘technically feasible point.’” Verizon’s proposed
4 contract language closely tracks the Act’s language, ensuring that
5 GNAPs interconnects **within** (and not outside of) Verizon’s network.
6 See Verizon’s Interconnection Attachment § 2.1.1 - 2.1.3.

7

8 **Q. WITH RESPECT TO ISSUE 1(b), WHAT DOES VERIZON PROPOSE?**

9 A. If GNAPs chooses to locate only one POI in a LATA, it must share
10 financial responsibility for hauling the Verizon-originated call to the
11 distant POI when that call leaves the local calling area. Otherwise,
12 Verizon would be unfairly forced to subsidize GNAPs’ costs of
13 interconnection as well as their network design choices.

14

15 GNAPs can and will deploy a network that looks very different from
16 Verizon’s network in order to serve a mix of customers that is different
17 than Verizon’s. GNAPs can make use of Verizon’s network to serve its
18 mix of customers. GNAPs can even choose to limit its physical
19 interconnection with Verizon to one point per LATA. In doing so,
20 however, it would be unfair to allow GNAPs to deploy a network that
21 minimizes GNAPs’ investment in switches while maximizing use of
22 Verizon’s network for transport to GNAPs’ limited number of switches.
23 GNAPs touts the efficiency of its decision to deploy a relatively small
24 number of switches and, thus, transport traffic over relatively greater
25 distances. In light of GNAPs’ proposal that Verizon bear the cost of

1 the transport to those switches, it is no mystery why GNAPs finds this
2 an “efficient” network architecture. The efficiency that GNAPs can and
3 should evaluate is the cost differential between (i) making a capital
4 investment in its own network – either in switching or transport and (ii)
5 using Verizon’s existing network. While GNAPs is free to minimize its
6 investment in switches, Verizon’s proposal to equitably allocate the
7 increased and disproportionate use of Verizon’s network for transport
8 and additional switching should be adopted.

9

10 **Q. HOW DOES VERIZON PROPOSE TO ALLOW GNAPS TO**
11 **ESTABLISH A SINGLE POI PER LATA YET EQUITABLY SHARE IN**
12 **THE INCREASED TRANSPORT AND SWITCHING COSTS IT**
13 **CAUSES VERIZON TO INCUR?**

14 A. Verizon’s proposal -- referred to as a “virtual geographically relevant
15 interconnection point” or “VGRIP” proposal -- distinguishes physical
16 points of interconnection from designated interconnection points where
17 financial responsibility transfers from one carrier to another. As used in
18 Verizon’s VGRIP proposal, a POI is where Verizon and GNAPs
19 physically interconnect their respective networks. This is the place
20 where the carriers’ wires physically meet. An IP (or Interconnection
21 Point) is the place in the network at which one local exchange carrier
22 hands over financial responsibility for traffic to another local exchange
23 carrier. A POI and an IP may be at the same place but do not have to
24 be. Even though traffic is physically on one party’s network, the second
25 party may still bear financial responsibility for the traffic over that

1 segment by purchasing transport from the first party. In such a case,
2 the POI and the IP would be different. Pursuant to Verizon's proposal,
3 Verizon is financially responsible for delivering its traffic to GNAPs' IP.
4 Once Verizon delivers traffic originating on its network to GNAPs' IP,
5 then GNAPs is financially responsible for transporting the traffic to its
6 customer.

7

8 **Q. DOES GNAPS DISTINGUISH BETWEEN A POI AND AN IP?**

9 A. No. As is evident from GNAPs' proposed contract and its Petition for
10 Arbitration, GNAPs uses these terms interchangeably.

11

12 **Q. WHAT IS THE ESSENCE OF THE DISPUTE BETWEEN THE**
13 **PARTIES REGARDING THE POI AND IP?**

14 A. The issue boils down to how to allocate fairly the transport costs
15 between Verizon and GNAPs when Verizon delivers originating traffic
16 from a local calling area to a GNAPs POI that is located outside of that
17 local calling area. GNAPs wants Verizon to bear the full transport cost
18 when Verizon delivers originating traffic from a local calling area to a
19 distant GNAPs POI located within the LATA but outside of that local
20 calling area. Indeed, GNAPs admits that its decision to locate one POI
21 in a LATA results in additional incremental costs to Verizon, but
22 contends that this cost is *de minimis*. GNAPs avoids the fundamental
23 criticism that it is unfair and inefficient for Verizon to bear any of the
24 costs of GNAPs' network decisions —regardless of the level of those
25 costs.

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To deal with this problem, Verizon's position is that the IP, or location where financial responsibility shifts from Verizon to GNAPs, must be located so that the transport costs are fairly allocated between the carriers. The issue is not, as GNAPs states, whether GNAPs has the right to choose the location of its POI within Verizon's network. It unquestionably does. Rather, the issue is whether GNAPs should be financially responsible for its POI-location decision. If there is no financial accountability for GNAPs when it comes to the location of its POI, then the transport costs associated with hauling local calls outside of the local calling area to the distant GNAPs POI are unfairly shifted entirely to Verizon.

Q. PLEASE ELABORATE ON WHY GNAPS' PROPOSAL IS INEFFICIENT AND UNFAIR.

A. In effect, GNAPs wants Verizon to transport toll calls as if they are local simply because of GNAPs' decision regarding where to locate its POI. Verizon would bill its end users for a local call but would actually transport the call to a distant location that would normally be a toll point. If there is no financial responsibility for the decision relating to the location of the POI, there is no incentive for GNAPs to engage in efficient network behavior. This is why there must be an IP separate from the POI where financial responsibility for the call shifts.

GNAPs' proposal would force Verizon to subsidize GNAPs' operations.

1 It has been Verizon's experience with GNAPs in other jurisdictions, as
2 well as in other arbitrations with GNAPs, that GNAPs' network
3 architecture plan is to deploy relatively fewer switches and rely more
4 on transport. As part of this plan, GNAPs generally markets its
5 services to customers who receive more traffic than they originate,
6 such as Internet Service Providers ("ISPs"). These GNAPs' customers
7 will often collocate at GNAPs' facilities. So, if GNAPs chooses to
8 locate one POI close to its only switch in a LATA, where GNAPs'
9 customer is collocated and this customer receives far more traffic than
10 it terminates, then Verizon provides virtually *all* the transport for
11 GNAPs' network. And, according to GNAPs' proposal, Verizon
12 provides the facilities for this transport free of charge.

13

14 **Q. WOULD YOU PLEASE PROVIDE AN EXAMPLE ILLUSTRATING**
15 **WHY GNAPS' POSITION IS UNREASONABLE?**

16 A. Yes. Assume a Verizon customer located in Sarasota, Florida calls a
17 next-door neighbor whose local service provider is GNAPs. Further
18 assume that GNAPs has chosen to locate its only POI in Tampa,
19 Florida, which is approximately 40 miles away, in the same LATA as
20 Sarasota but not in the Sarasota local calling area. Under GNAPs'
21 suggested approach, Verizon would be required to carry the call many
22 miles on its way to GNAPs' POI, but Verizon would still only charge its
23 customer for a local call, which will most likely be a flat rate. Verizon
24 also would pay GNAPs to terminate the call, even though it would, in
25 essence, be a toll call because of GNAPs' choice as to the placement

1 of its POI. In short, Verizon would typically not be able to bill its
2 customer for its costs caused by GNAPs' choice of POI location, would
3 not be able to charge GNAPs for that choice, and instead would have
4 to pay GNAPs reciprocal compensation.

5

6 Compare the foregoing scenario against one in which the Verizon
7 customer in Sarasota is calling another Verizon customer in Tampa. In
8 this latter scenario, Verizon would rightly be able to charge its
9 customer originating the call toll charges for transporting the call
10 across the LATA. This is a more equitable and efficient outcome than
11 the unfair and inefficient approach the GNAPs proposes.

12

13 **Q. HOW DOES VERIZON'S VGRIP PROPOSAL DEAL WITH THIS**
14 **ISSUE?**

15 A. There are two basic scenarios under VGRIP. First, GNAPs could
16 accept Verizon's originated traffic at a collocation arrangement at a
17 Verizon tandem wire center. This IP may very well be located outside
18 the originating calling area, but Verizon, pursuant to VGRIP, is willing
19 to absorb some of the additional costs for transporting the call to that
20 tandem. Once Verizon delivers this traffic to the GNAPs collocation
21 arrangement, GNAPs becomes financially responsible to deliver this
22 traffic to its switch. To do so, GNAPs could purchase transport from
23 Verizon, self-provision the transport to its switch, or purchase transport
24 from a third party. Note that GNAPs would not have to build a new
25 switch or install a new collocation arrangement.

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Under this VGRIP option, Verizon would incur more than its share of the transport cost, but it would be able to deliver its traffic to GNAPs at a more central location. Accordingly, Verizon would be responsible for the costs of hauling this traffic from the Verizon customer to the designated Verizon VGRIP tandem wire center, even though that location may be beyond the local calling area of the originating customer. GNAPs is then responsible for delivering the call from this central location to the GNAPs customer.

Second, under another option of VGRIP, if GNAPs chooses not to establish an IP at the Verizon tandem, Verizon proposes that the end office servicing the Verizon customer who places the call act as the “virtual IP.” For example, assume a Verizon customer originates a call to a GNAPs customer with an NPA-NXX that is associated with the same local calling area as the Verizon customer. Further assume that GNAPs chooses not to collocate at the Verizon end office or tandem. Pursuant to Verizon’s proposal, it will then transport this traffic from the Verizon customer to the POI, wherever it may be located in the LATA. Recognizing that Verizon must incur additional transport obligations resulting from GNAPs’ interconnection choice, Verizon’s position is that GNAPs should pay Verizon its transport rate, tandem switching rate, and any other costs from the “virtual IP” to GNAPs’ network. The other costs may include transport Verizon would have to purchase from a third-party, such as BellSouth, in order to deliver the traffic from the

1 "virtual IP" to GNAPs.

2

3 In this scenario, if GNAPs elects not to establish an IP at the VGRIP
4 locations, then Verizon will deliver its traffic to another GNAPs-
5 designated location and GNAPs will be financially responsible for the
6 transport outside of the local calling area. Both of the options of the
7 VGRIP proposal represent a significant compromise by minimizing
8 GNAPs' interconnection locations and to hub those locations at places
9 where GNAPs would often already be collocated.

10

11 **Q. HOW DOES GNAPS PROPOSE TO ADDRESS THE SITUATION IN**
12 **WHICH VERIZON MUST DELIVER TRAFFIC TO A DISTANT POI?**

13 A. Pursuant to GNAPs' proposal, Verizon is financially responsible for
14 delivering all calls to the distant POI. In essence, Verizon assumes
15 GNAPs' costs of doing business.

16

17 **Q. UNDER GNAPS' PROPOSAL, HOW DOES THE SELECTION OF**
18 **THE POI AFFECT VERIZON'S TRANSPORT COSTS?**

19 A. By selecting the POI and delineating it as the place where the carriers
20 physically interconnect and where financial responsibility for the call
21 changes hands, GNAPs can maximize Verizon's interconnection costs.
22 As illustrated in the example discussed above, Verizon will be forced to
23 transport the call to a distant point in the LATA.

24

25 Looking at the situation in reverse, when the GNAPs customer

1 originates the call -- which is a rare occurrence in Verizon's experience
2 with GNAPs -- GNAPs can choose where to deliver the call, which is
3 anywhere on the Verizon network that is "technically feasible,"
4 minimizing its transport costs. Under GNAPs' proposal, it has all the
5 choices enabling it to (i) maximize the costs of transport onto Verizon,
6 and (ii) minimize GNAPs' own investment in switching facilities.
7 Verizon, however, has no choices.

8

9 **Q. HAS THE FEDERAL COMMUNICATIONS COMMISSION ("FCC")**
10 **ADDRESSED WHO BEARS THE FINANCIAL RESPONSIBILITY**
11 **FOR A CLEC'S CHOICE OF A POI LOCATION?**

12 A. It is my understanding that in the *Intercarrier Compensation NPRM*,
13 *Notice of Proposed Rulemaking*, In the Matter of Developing a Unified
14 Intercarrier Compensation Regime, 16 FCC Rcd 9610 (2001), the FCC
15 has requested comment from the industry on the very issue that we
16 are addressing in this arbitration. That is, the FCC will address the
17 scenario in which a CLEC establishes a single POI in a LATA and
18 determine whether the ILEC is required to bear all the transport and
19 facilities cost to the single POI when the single POI is located outside
20 the local calling area. *Intercarrier Compensation NPRM* at ¶ 113.

21

22 While the FCC has not directly addressed this situation it has
23 recognized in its *Local Competition Order* that a CLEC that desires "a
24 'technically feasible' but expensive interconnection would, pursuant to
25 section 252(d)(1), be required to bear the cost of that interconnection,

1 including reasonable profits.” *Local Competition Order* ¶ 199. The
2 FCC also has acknowledged that “because competing carriers must
3 usually compensate incumbent LECs for the additional costs incurred
4 by providing interconnection, competitors have an incentive to make
5 economically efficient decisions about where to interconnect.” *Id.* at
6 209. GNAPs’ proposal, which would require Verizon to pay for the
7 additional costs of GNAPs’ interconnection decisions, would remove
8 any such incentive. There is nothing “efficient” about a carrier’s
9 interconnection decision if it is able to force other carriers to bear the
10 costs of that decision.

11

12 **Q. HAS THIS COMMISSION ADDRESSED THIS ISSUE?**

13 A. It is my understanding that in the generic Docket No. 0000075-TP, the
14 Commission accepted its Staff’s policy recommendation to require
15 each carrier to be physically and financially responsible for its
16 originating traffic to the POI. Because there are still some issues
17 under consideration in that docket, however, the Commission has not
18 issued a written order and it is not clear exactly what that order will
19 say. In any event, the interconnection relationship between Verizon
20 and GNAPs merits fact-specific consideration in this docket. As
21 discussed above, it has been Verizon’s experience that GNAPs targets
22 customers for which it terminates, rather than originates, traffic.
23 GNAPs minimizes its switching investment, relying on increased
24 transport and switching on Verizon’s network. This kind of
25 asymmetrical traffic exchange was not at issue in the generic docket,

1 so it is not appropriate to apply that policy preference to the specific
2 facts in this case. Indeed, if the Commission is concerned about the
3 “asymmetrical recovery” its Staff warned about (Nov. 21, 2001 Staff
4 Rec. in Docket 000075-TP, at 66), the Commission will approve
5 Verizon’s proposed allocation of costs.

6

7 **Q. HAVE OTHER STATES FOUND IT EQUITABLE AND**
8 **APPROPRIATE TO REQUIRE A CLEC TO SHARE IN THE**
9 **ADDITIONAL TRANSPORT OR SWITCHING COSTS IT CAUSES AN**
10 **ILEC?**

11 A. Yes. In a California arbitration between GNAPs and Verizon, on the
12 very same issues, an administrative law judge (“ALJ”) found in
13 Verizon’s favor in a Draft Arbitrator’s Report (“DAR”). The DAR
14 recommends that the Commission adopt Verizon’s VGRIP proposal in
15 its entirety. The ALJ held that:

16 This Commission has determined that carriers should be
17 compensated for the use of their networks, and we will
18 require that GNAPs pay transport and tandem switching,
19 if applicable, at TELRIC prices for carrying traffic across
20 the ILECs’ networks to GNAPs’ single POI.

21 * * *

22 Verizon’s language makes it clear that the IP is not a
23 physical point of interconnection, but a point at which
24 financial responsibility for the traffic passes from one
25 carrier to the other.

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The CLEC must perform its own version of a cost/benefit analysis to determine whether it is more efficient to install a single POI and pay transport charges, or establish multiple points of interconnection. The ILECs should not have to absorb transport and tandem switching charges as a result of GNAPs' choice to have a single POI.

In the Matter of Global NAPs, Inc. (U-6449-C) Petition for Arbitration of an Interconnection Agreement with Verizon California Pursuant to Section 252(b) of the Telecommunications Act of 1996, App. No. 01-12-026, Draft Arbitrator's Report (April 8, 2002).

In GNAPs' arbitration with Sprint and Ameritech in Ohio, an Ohio Arbitration Panel rejected GNAPs' proposal in favor of Sprint's and Ameritech's. *In the Matter of the Petition of Global NAPs, Inc. for Arbitration of Interconnection Rates, Terms, and Conditions and Related Arrangements with United Telephone Company of Ohio d/b/a Sprint, Case No. 01-2811-TP-ARB (March 28, 2002).* The adopted Sprint and Ameritech proposals permitted these carriers to charge GNAPs to transport calls originating in local calling areas in which GNAPs had no POI to a different local calling area containing GNAPs' POI. *Id.* at 6.

The South Carolina Public Service Commission ("South Carolina

1 PSC”) also addressed this precise issue in an arbitration between
2 AT&T and BellSouth. In that decision, the South Carolina PSC
3 recognized that if AT&T prevailed on this issue, AT&T would have
4 succeeded in requiring BellSouth to subsidize AT&T’s entry into the
5 local exchange market in South Carolina. The South Carolina PSC
6 held that its review of this Commission’s orders did not suggest that
7 CLECs were free to transfer the costs incurred by their interconnection
8 choices onto the ILECs. In addition, the South Carolina PSC rejected
9 AT&T’s argument, an argument also advanced by GNAPs in this
10 proceeding, that adopting BellSouth’s proposal would force AT&T to
11 build facilities to every local calling area served by BellSouth. Instead,
12 the South Carolina PSC acknowledged that AT&T could lease facilities
13 from BellSouth or from a different carrier. *Petition of AT&T*
14 *Communications of Southern States, Inc., for Arbitration of Certain*
15 *Terms and Conditions of a Proposed Interconnection Agreement with*
16 *BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. Section*
17 *252, Docket No. 2000-527-C, Order on Arbitration, Order No. 2001-*
18 *079, at 19-28 (January 30, 2001).*

19
20 The North Carolina Utilities Commission also has held that if AT&T
21 interconnects at points within the LATA but outside BellSouth’s local
22 calling area from which the traffic originates, AT&T should compensate
23 BellSouth or be responsible for transport beyond the local calling area.
24 *In the Matter of Arbitration of Interconnection Agreement Between*
25 *AT&T Communications of Southern States, Inc. and TCG of Carolinas,*

1 *Inc. and BellSouth Telecommunications, Inc., Pursuant to the*
2 *Telecommunications Act of 1996, Docket Nos. P-140 Sub 73, P-646*
3 *Sub 7, at 15 (March 7 2001).*

4
5 **Q. HAVE ANY FEDERAL COURTS CONSIDERED THIS ISSUE?**

6 A. Yes. In *MCI Telecommunications, Inc. v. Bell Atlantic Pennsylvania,*
7 271 F. 3d 491, 518 (3d Cir. 2001), the Third Circuit held that state
8 commissions should consider shifting costs to the CLECs when their
9 decisions on the location of the POI prove more expensive to the ILEC.
10 Moreover, in *U.S. West Communications, Inc. v. Jennings,* 46 F. Supp.
11 2d 1004, 1021-22 (D. Ariz. 1999), and *U.S. West Communications, Inc.*
12 *v. AT&T Communications, Inc.,* 31 F. Supp. 2d 839, 853 n. 8 (D. Or.
13 1998), *rev'd on other grounds, vacated in part, U.S. West*
14 *Communications, Inc. v. Hamilton,* 224 F. 3d 1049 (9th Cir. 2000),
15 federal courts in Arizona and Oregon determined that state
16 commissions should consider whether the CLEC is choosing one POI
17 per LATA to maximize the cost to the ILEC to gain an unfair
18 competitive advantage. If so, then the state commissions should
19 consider requiring the CLEC to compensate the ILEC for costs
20 resulting from inefficient interconnection.

21
22 **Q. DOES VGRIP ADVERSELY AFFECT GNAPS' ABILITY TO**
23 **COMPETE IN THE LOCAL TELECOMMUNICATIONS**
24 **MARKETPLACE?**

25 A. No. As noted above, under Verizon's VGRIP proposal, Verizon may

1 continue to be responsible financially for delivering traffic outside of the
2 local calling area. In addition, if GNAPs does not intend to serve any
3 customers in a particular area, its ability to compete is not hampered.
4 In those areas where GNAPs does intend to compete, it does not need
5 to build facilities throughout the area. GNAPs can build facilities up to
6 a single point in each LATA and then purchase those facilities it needs
7 from Verizon or from another carrier to reach the local calling areas it
8 wants to serve.

9

10 **Q. DOES VERIZON'S VGRIP PROPOSAL ABROGATE GNAPS'**
11 **RIGHTS UNDER THE ACT?**

12 A. No. Verizon's proposal is fully consistent with the Act because it
13 permits GNAPs to designate its POI anywhere in the LATA while it
14 fairly compensates Verizon for the costs Verizon incurs when GNAPs
15 chooses to implement an inefficient and costly method of
16 interconnection.

17

18 **III. ISSUE 2: REACHING MUTUAL AGREEMENT ON TWO-WAY TRUNKS**

19

20 **Q. IN ITS PETITION, GNAPS CLAIMS THAT VERIZON BELIEVES**
21 **THAT IT SHOULD BE ABLE TO REFUSE GNAPS' REQUEST TO**
22 **USE TWO-WAY TRUNKING. IS THAT TRUE?**

23 A. No. Contrary to GNAPs' claim, Verizon is not opposed to offering
24 GNAPs two-way trunks. GNAPs may decide if one-way or two-way
25 trunk groups may be used between a GNAPs switch and a Verizon

1 tandem switch, or a GNAPs switch and a Verizon end office switch.
2 Verizon does maintain, however, that the parties need to agree on the
3 operational responsibilities and design parameters that need to be
4 maintained by *both* Parties for two-way trunking architecture, and
5 reflect that understanding in the interconnection agreement.

6

7 **Q. WHY IS IT IMPORTANT TO REACH MUTUAL AGREEMENT ON**
8 **THE OPERATION OF TWO-WAY TRUNKS?**

9 A. Network integrity depends on such agreement. Imagine if there were
10 no traffic laws when driving an automobile. There would be no rules as
11 to which side of the road to drive on or at what speed. For the same
12 reason, there must be agreement on the operational responsibilities
13 and design parameters applicable to two-way trunking over the same
14 trunks. Because two carriers are sending traffic over the same trunk
15 from the two ends, the actions of one affect the other – such as if one
16 sends an unannounced increase in traffic that causes blocking of the
17 other carrier's traffic. Verizon currently uses two-way trunking with a
18 number of CLECs in Florida. In fact, other CLECs have agreed to the
19 same terms and conditions for two-way trunking that Verizon has
20 proposed to GNAPs. GNAPs has offered no explanation as to why it
21 should be different on this issue from the other CLECs in Florida.

22

23 **Q. ARE THERE OTHER PROBLEMS WITH GNAPS' PROPOSAL WITH**
24 **RESPECT TO TWO-WAY TRUNKING?**

25 A. Yes. In § 2.4.2, GNAPs has deleted the requirement that both parties

1 agree on the initial number of two-way trunks that the parties will use.
2 Instead, GNAPs proposes to dictate to Verizon how many trunks and
3 trunk groups will be deployed between the parties. Because two-way
4 trunks carry both Verizon's traffic and GNAPs' traffic on the same trunk
5 group, this affects the network performance and operation on each
6 party's network. Thus, it is reasonable that GNAPs and Verizon should
7 mutually agree on this initial arrangement. Verizon has reached these
8 agreements with a number of other carriers in Florida.

9

10 **Q. WHAT OTHER PROBLEMS DO GNAPS' EDITS CREATE?**

11 A. Some of GNAPs' edits make no sense. For instance, in § 2.2.4,
12 GNAPs added the phrase "originating party" to § 2.2.4(b). When the
13 parties use two-way trunk groups, both GNAPs and Verizon "originate"
14 and "terminate" traffic. Thus, inserting "originating party" does not
15 describe the parties with any specificity.

16

17 **IV. ISSUE 3: RECIPROCAL COLLOCATION**

18

19 **Q. GNAPS DOES NOT SEEM TO WANT TO MAKE COLLOCATION**
20 **AVAILABLE TO VERIZON AT ITS FACILITIES. IS THAT WHAT**
21 **YOU MEAN BY RECIPROCAL COLLOCATION?**

22 A. Yes. Verizon is merely seeking the right to terminate its traffic using its
23 own facilities via a collocation arrangement. When Verizon collocates
24 at a CLEC's premises, Verizon builds its transport facilities into the
25 CLEC's Point of Presence (POP) or central office. Verizon builds or

1 places fiber optic cables from one of its central offices into the CLEC's
2 central office. Next, Verizon installs a fiber optic system or ring by
3 placing a fiber optic multiplexer in its central office and the companion
4 fiber optic multiplexer in the CLEC's central office. All the CLEC
5 provides Verizon is power and space for the Verizon multiplexer in the
6 CLEC's central office.

7
8 **Q. WHY SHOULD VERIZON BE GIVEN THE OPTION OF**
9 **COLLOCATING AT GNAPS' FACILITIES?**

10 A. Just as Verizon has provided GNAPs with several options for
11 interconnecting with Verizon, GNAPs should give Verizon similar
12 options. This is a common sense approach to interconnection
13 because it gives both parties to an interconnection agreement several
14 selections from which they can choose what is best for each of them.
15 If Verizon is not given the option of bringing its interconnection facilities
16 into GNAPs' location, then GNAPs can force Verizon to hire GNAPs as
17 a transport vendor without any assurance that the transport rates it will
18 charge are reasonable.

19 Simply stated, it is clearly reasonable that Verizon have available to it
20 the same types of interconnection choices that are available to a CLEC
21 so as to provide the most efficient type of interconnection. Thus,
22 GNAPs should be required to provide Verizon reciprocal
23 interconnection at reasonable rates, similar to those charged by
24 Verizon or, in the alternative, its rates for transport should be limited to
25 Verizon's transport rates, absent a showing by GNAPs of greater

1 costs. Verizon should have the right to collocate so that Verizon is not
2 left only with the option of purchasing facilities from the CLECs – at
3 rates that are typically unconstrained by any form of regulation.

4

5 **Q. WHY SHOULD THE COMMISSION ORDER THIS ARRANGEMENT?**

6 A. It is a matter of fairness. Verizon is asking this Commission to
7 recognize that GNAPs is the only party who is in the position to offer
8 this service to Verizon. As stated earlier, without this option, GNAPs
9 could force Verizon to haul local traffic over long distances and charge
10 Verizon distance-sensitive rates for the privilege. This is an invitation
11 for abuse. Thus, it is only equitable that GNAPs offer Verizon
12 interconnection choices comparable to those Verizon offers to GNAPs.
13 These would include purchasing transport at reasonable rates and
14 building its own facilities and collocating at GNAPs' premises.

15

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A. Yes.

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