



Richard A. Chapkis  
Vice President -- General Counsel, Southeast Region  
Legal Department

FLTC0007  
201 North Franklin Street (33602)  
Post Office Box 110  
Tampa, Florida 33601-0110

Phone 813 483-1256  
Fax 813 204-8870  
richard.chapkis@verizon.com

January 27, 2004

Ms. Blanca S. Bayo, Director  
Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RECEIVED FPSC  
JAN 27 PM 3:08  
COMMISSION  
CLERK

Re: Docket No. 030851-TP  
Implementation of requirements arising from Federal Communications  
Commission's triennial UNE Review: Local Circuit Switching for Mass Market  
Customers

Dear Ms. Bayo:

Please find enclosed an original and fifteen copies of Verizon Florida Inc.'s Prehearing Statement for filing in the above matter. Also enclosed is a diskette with a copy of the Prehearing Statement in Word format. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at 813-483-1256.

RECEIVED & FILED

*Richard A. Chapkis*  
FPSC-BUREAU OF RECORDS

Sincerely,

*Richard A. Chapkis*

Richard A. Chapkis

AUS \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM 5  
CTR \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL \_\_\_\_\_  
OPC \_\_\_\_\_  
MMS \_\_\_\_\_  
SEC 1  
OTH \_\_\_\_\_  
RAC:tas  
Enclosures

DOCUMENT NUMBER-DATE

01195 JAN 27 03

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Implementation of Requirements Arising )  
From Federal Communications Commission's )  
Triennial UNE Review: Local Circuit Switching )  
For Mass Market Customers )  
\_\_\_\_\_ )

Docket No. 030851-TP  
Filed: January 27, 2004

**VERIZON FLORIDA INC.'S PREHEARING STATEMENT**

Verizon Florida Inc. (Verizon) files this Prehearing Statement in accordance with Order Nos. PSC-03-1054-PCO-TP, PSC-03-1265-PCO-TP and PSC-04-0061-PCO-TP in this docket and Florida Public Service Commission Rule 25-22.038.

**A. Witnesses**

Verizon's witnesses for this proceeding and the issues to which they will testify are as follows:

1. Mr. Orville D. Fulp: Issues 1, 2, 4, 5, and 6.
2. Hot Cut Direct Panel (Carleen A. Gray, Maryellen T. Langstine, Thomas Maguire, James L. McLaughlin, Michael A. Nawrocki, and Larry G. Richter): Issues 3c, 3d, 3f and 3g.
3. Mr. William E. Taylor: Issue 1, 2, 3a, 3b, and 3e.

**B. Exhibits**

Verizon will introduce the following exhibits:

1. Direct Testimony of Orville D. Fulp on behalf of Verizon Florida Inc., filed December 4, 2003, and attached Exhibits ODF-1, ODF-2, ODF-3, and ODF-4.
2. Rebuttal Testimony of Orville D. Fulp on behalf of Verizon Florida Inc., filed January 7, 2004, and attached Exhibits 1, 2, and 3.
3. Direct Panel Testimony (Hot Cut Process and Scalability) of Carleen A. Gray, Maryellen T. Langstine, Thomas Maguire, James L. McLaughlin, Michael A.

DOCUMENT NUMBER-DATE

01195 JAN 27 04

FPSC-COMMISSION CLERK

Nawrocki, and Larry G. Richter on behalf of Verizon Florida Inc., filed December 4, 2003, and attached Exhibits I-A, I-B, I-C, II-A, II-B, II-C-1, II-C-2, II-C-3, III-A, IV-A, IV-B, and IV-C.

4. Rebuttal Testimony of Direct Panel of Carleen A. Gray, Maryellen T. Langstine, Thomas Maguire, James L. McLaughlin, Michael A. Nawrocki, and Larry G. Richter on behalf of Verizon Florida Inc., filed January 7, 2004.
5. Direct Testimony of William E. Taylor on behalf of Verizon Florida Inc., filed December 4, 2003, and Exhibits WET-1, WET-I, WET-II, WET-III, WET-IV, WET-V, WET-VI, WET-VII and WET-VIII.
6. Rebuttal Testimony of William E. Taylor on behalf of Verizon Florida Inc., filed January 7, 2004.

Verizon has not filed its surrebuttal testimony as of the date of this prehearing statement. Verizon reserves the right to introduce additional exhibits at the hearing or other appropriate points.

### **C. Verizon's Basic Position**

The Commission should find that Verizon has met the self-provisioning mass market switching trigger in the Density Zone 1 and 2 areas of the Tampa-St. Petersburg-Clearwater MSA, and that Verizon has implemented a batch hot cut process that meets the requirements of the *Triennial Review Order*. The Commission should therefore issue a finding of no impairment in each of these markets in Florida.

### **D, E, F. Verizon's Positions On Specific Issues**

Verizon considers each issue in this proceeding to be a mixed question of fact, law and policy.

**ISSUE 1:** For purposes of this proceeding, what are the relevant markets for purposes of evaluating mass market impairment and how are they defined?

**VERIZON'S POSITION:**

The Commission should adopt an existing geographic market definition for application of the self-provisioning trigger. Among the existing definitions, Metropolitan Statistical Areas (“MSAs”), as defined by the Office of Management and Budget, are the most appropriate. If the Commission nevertheless chooses to define the market more narrowly, the Commission should adopt unbundled network element (“UNE”) pricing Density Zones as the relevant geographic markets. Verizon has presented evidence that it meets the self-provisioning trigger in the Tampa-St. Petersburg-Clearwater MSA, as well as within pricing Density Zones 1 and 2 within that MSA.

**ISSUE 2:** In defining the relevant geographic areas to include in each of the markets, how should the following factors be taken into consideration and what relative weights should they be assigned:

- a) the locations of mass market customers actually being served by CLECs;
- b) the variation in factors affecting CLECs’ ability to serve each group of customers; and
- c) CLECs’ ability to target and serve specific markets profitably and efficiently using currently available technologies?

**VERIZON'S POSITION:**

The FCC did not assign these three factors different relative weights in articulating its market definition rule (47 C.F.R. § 51.319(d)(2)(i)). However, the FCC has recognized the

primacy of “actual market place evidence” in determining impairment within the relevant geographic market. Thus, the most significant factor for defining the relevant geographic areas to include in each market is where CLECs have chosen to enter and compete for mass market customers using their own switches and the areas that they currently serve and could serve using those switches. The remaining two factors (items 2b and 2c above, should be given roughly equal consideration, and none is necessarily dispositive. Verizon has presented evidence that the geographic market areas that strike the appropriate balance between these factors is the MSA or, alternatively, UNE pricing Density Zones.

**ISSUE 3.a:** Does a batch cut process exist that satisfies the FCC’s requirements in the Triennial Review Order? If not, in which markets should the Commission establish a batch cut process?

**VERIZON’S POSITION:** Verizon’s existing hot cut process satisfies the requirements outlined in the FCC’s Triennial Review Order and in FCC Rule 319(D)(2)(ii). Verizon is proposing in this proceeding an additional batch hot cut process that also complies with these requirements. These hot cut processes will be available in throughout the Verizon territory in Florida.

**ISSUE 3.b:** For those markets where a batch cut process should be established, what volume of loops should be included in the batch?

**VERIZON’S POSITION:** To maximize the efficiency of the batch process, Verizon requires a “critical mass” of loops. The “critical mass” standard does not require an absolute minimum or maximum number of lines, and will vary from central office to central office. The manager of each individual central office, based on the volume of cuts and the

optimum level of frame staffing, will determine the number of lines that will constitute a critical mass *in that office*.

**ISSUE 3.c:** For those markets where a batch cut process should be established, what specific processes should be employed to perform the batch cut?

**VERIZON'S POSITION:** The Commission should approve the proposed batch cut process described in Verizon's December 4, 2003 Direct Panel Testimony on Hot Cut Process and Scalability.

**ISSUE 3.d:** For those markets where a batch cut process should be established, is the ILEC capable of migrating multiple lines that are served using unbundled local circuit switching to CLECs' switches in a timely manner?

**VERIZON'S POSITION:** Yes. As explained in Part IV of Verizon's December 4, 2003 Direct Panel Testimony on Hot Cut Process and Scalability, Verizon is capable of migrating multiple lines that are served using unbundled local circuit switching to CLECs' switches in a timely manner. Moreover, Verizon is capable of migrating the greater volumes of hot cuts that would be expected to result from the elimination of local switching using its Basic, Large Job, or proposed Batch processes described in Part II of Verizon's Direct Panel Testimony.

**ISSUE 3.e:** For those markets where a batch cut process should be established, should the Commission establish an average completion interval performance metric for the provision of high volumes of loops?

**VERIZON'S POSITION:** The Commission is not required to establish performance metrics relating to Verizon's batch process. FCC Rule 319(D)(2)(ii)(A)(3). However, if the

Commission wishes to address batch hot cut metrics, those issues should be addressed in a metrics-related proceeding, rather than in this proceeding, and should be adopted only after the Commission approves a batch hot cut process.

**ISSUE 3.f:** For those markets where a batch cut process should be established, what rates should be established for performing the batch cut processes?

**VERIZON'S POSITION:** The Commission should approve the rates proposed in Exhibit III-A (Non-Recurring Cost Model) to Verizon's Direct Panel Testimony on Hot Cut Process and Scalability.

**ISSUE 3.g:** Are there any markets in which a batch hot cut process need not be implemented? If so, for those markets where a batch cut process need not be established because absence of such a process is not impairing CLECs' ability to serve end users using DS0 loops to serve mass market customers without access to unbundled local circuit switching,

- (i) what volume of unbundled loop migrations can be anticipated if CLECs no longer have access to unbundled local circuit switching;
- (ii) how able is the ILEC to meet anticipated loop migration demand with its existing processes in a timely and efficient manner; and
- (iii) what are the nonrecurring costs associated with the ILEC's existing hot cut process?

**VERIZON'S POSITION:** The Commission need not implement a batch process in any markets in Florida. As explained in Part III of Verizon's Direct Panel testimony, Verizon's existing hot cut processes are scalable and sufficient to migrate the embedded base of customers to CLEC-provided switching following the elimination of UNE-P. Thus, the

absence of a batch cut process would not impair CLECs' ability to serve end users using DS0 loops. In any event, Verizon has proposed a batch hot cut process in this proceeding and will offer it throughout Florida.

The volume of unbundled loop migrations that can be anticipated if CLECs no longer have access to unbundled local circuit switching is provided in Exhibit IV-A (Force-Load Model) to Verizon's Direct Panel Testimony. As further explained in Part IV of Verizon's Direct Panel Testimony, Verizon would be able to meet the anticipated loop migration demand following the elimination of unbundled switching with its existing process.

Finally, the non-recurring costs associated with Verizon's existing hot cut processes are described in Appendix A to the Pricing Attachment to Verizon's Interconnection agreements in effect in Florida. Those rates are currently stayed pending appeal to the Florida Supreme Court. Verizon's proposed rates for its existing hot cut processes are described in Exhibit III-A (Non-Recurring Cost Model) to Verizon's Direct Panel testimony.

**ISSUE 4.a:** In which markets are there three or more CLECs not affiliated with each other or the ILEC, including intermodal providers of service comparable in quality to that of the ILEC, serving mass market customers with their own switches?

**VERIZON'S POSITION:**

In the Tampa-St. Petersburg-Clearwater MSA, and in pricing Density Zones 1 and 2 within that MSA.

**ISSUE 4.b:** In which markets are there two or more CLECs not affiliated with each other or the ILEC, including intermodal providers of service comparable in quality to that of the



ILEC, who have their own switches and are offering wholesale local switching to customers serving DS0 capacity loops in that market?

**VERIZON'S POSITION:**

Verizon is not attempting at this time to make a showing under the competitive wholesale facilities trigger for switching.

**ISSUE 5.a:** In which markets are there either two wholesale providers or three self-provisioners of local switching not affiliated with each other or the ILEC, serving end users using DS1 or higher capacity loops? Where there are, can these switches be used to serve DS0 capacity loops in an economic fashion?

**VERIZON'S POSITION:**

Verizon does not intend to advance a potential deployment case in this nine-month proceeding, and is relying solely on the mass market self-provisioning trigger. Verizon's evidence demonstrates that there are at least 8 CLECs serving end users using DS0 capacity loops with self-provisioned switches in the Tampa-St. Petersburg-Clearwater MSA.

**ISSUE 5.b:** In which markets are there any carriers with a self-provisioned switch, including an intermodal provider of service comparable in quality to that of the ILEC, serving end users using DS0 capacity loops?

**VERIZON'S POSITION:**

Verizon does not intend to advance a potential deployment case in this nine-month proceeding, and is relying solely on the mass market self-provisioning trigger. Verizon's evidence demonstrates that there are at least 8 CLECs serving end users using DS0

capacity loops with self-provisioned switches in the Tampa-St. Petersburg-Clearwater MSA.

**ISSUE 5.c:** In which markets do any of the following potential operational barriers render CLEC entry uneconomic absent access to unbundled local circuit switching:

1. The ILEC's performance in provisioning loops;
2. difficulties in obtaining collocation space due to lack of space or delays in provisioning by the ILEC; or
3. difficulties in obtaining cross-connects in the ILEC's wire centers?

**VERIZON'S POSITION:**

Verizon does not intend to advance a potential deployment case in this nine-month proceeding, and is relying solely on the mass market self-provisioning trigger. Verizon's evidence demonstrates that there are at least 8 CLECs serving end users using DS0 capacity loops with self-provisioned switches in the Tampa-St. Petersburg-Clearwater MSA.

**ISSUE 5.d:** In which markets do any of the following potential economic barriers render CLEC entry uneconomic absent access to unbundled local circuit switching:

1. the costs of migrating ILEC loops to CLECs' switches; or
2. the costs of backhauling voice circuits to CLECs' switches from the end offices serving the CLECs' end users?

**VERIZON'S POSITION:**

Verizon does not intend to advance a potential deployment case in this nine-month proceeding, and is relying solely on the mass market self-provisioning trigger. Verizon's evidence demonstrates that there are at least 8 CLECs serving end users using DS0

capacity loops with self-provisioned switches in the Tampa-St. Petersburg-Clearwater MSA.

**ISSUE 5.e:** Taking into consideration the factors in (a) through (d), in what markets is it economic for CLECs to self-provision local switching and CLECs are thus not impaired without access to unbundled local circuit switching?

**VERIZON'S POSITION:**

Verizon does not intend to advance a potential deployment case in this nine-month proceeding, and is relying solely on the mass market self-provisioning trigger. Verizon's evidence demonstrates that there are at least 8 CLECs serving end users using DS0 capacity loops with self-provisioned switches in the Tampa-St. Petersburg-Clearwater MSA.

**ISSUE 5.f:** For each market, what is the appropriate cut-off for multiline DS0 customers (where it is economic to serve a multiline customer with a DS1 loop)? That is, taking into account the point at which the increased revenue opportunity at a single location is sufficient to overcome impairment and the point at which multiline end users could be served economically by higher capacity loops and a CLEC's own switching (and thus be considered part of the DS1 enterprise market), what is the maximum number of DS0 loops that a CLEC can serve using unbundled local switching, when serving multiline end users at a single location?

**VERIZON'S POSITION:**

This "cutoff" should be between customers actually being served with one or more voice grade DS0 circuits and customers actually being served by DS1 loops. It is the objective

behavior of the CLEC that should drive the determination of whether or not it “makes economic sense” for that CLEC to serve particular customers over DS1 loops, rather than over multiple voice grade DS0 lines. If a CLEC is currently serving a customer using DS0 loops – regardless of how many – it has already made the determination on its own that it is most economical to serve the customer as a mass-market customer, rather than as a DS1 enterprise customer.

**ISSUE 6:** If the triggers in §51.319(d)(2)(iii)(A) have not been satisfied for a given ILEC market and the economic and operational analysis described in §51.319(d)(2)(iii)(B) resulted in a finding that CLECs are impaired in that market absent access to unbundled local switching, would the CLECs’ impairment be cured if unbundled local switching were only made available for a transitional period of 90 days or more? If so, what should be the duration of the transitional period?

**VERIZON’S POSITION:**

Not applicable. The question of whether rolling access will cure the impairment found in a potential deployment case will not arise until a potential deployment case is under review. Verizon does not intend to advance a potential deployment case in this nine-month proceeding.

**G. Stipulated Issues**

There are no stipulated issues at this time.

**H. Pending Motions And Other Matters**

Verizon has the following motion pending:

1. Motion to Clarify Scope of Proceeding filed on January 7, 2004 – Document No. 00254-04.

### **I. Pending Requests For Confidentiality**

Verizon has eight requests for confidentiality pending:

1. Verizon's responses to AT&T's First Set of Interrogatories (specifically, Nos. 1, 11, 12, 20, 25, 40(c), 44(d), 55(a), 55(b), 55(d), 56(a-e), 85, 88(c), and 107) and First Request for Production of Documents (specifically, Nos. 1, 7, and 10) filed on October 23, 2003 – Document No. 10462-03.
2. Verizon's responses to FCCA's First Set of Interrogatories (specifically, Nos. 4, 5, 9, and 14) filed on November 18, 2003 – Document No. 11589-03.
3. Verizon's responses to MCI's First Request for Production of Documents (No. 1) filed on November 26, 2003 – Document No. 12093-03.
4. Exhibit ODF-2 to Direct Testimony of Orville D. Fulp filed on December 4, 2003 – Document No. 12440-3.
5. Verizon's Hot Cut Panel Direct Testimony and Exhibits filed on December 4, 2003 – Document No. 12436-03.
6. Verizon's responses to Staff's Second Request for Production of Documents (No. 17) filed on December 30, 2003 – Document No. 13546-03.
7. Verizon's responses to AT&T's Second Set of Interrogatories (No. 112) and Second Request for Production of Documents (No. 32) filed on December 31, 2003 – Document No. 13604-03.
8. Verizon's Supplemental Responses to AT&T's First Set of Interrogatories (Nos. 28, 40(a),(e), 61, 64(c),(d), 88(d),(e), and 105) filed on January 8, 2004 – Document No. 00353-04.

### **J. Procedural Requirements**

Verizon is unaware of any requirements set forth in the Commission's Procedural Order that cannot be complied with at this time.

### **K. Pending FCC Or Court Actions**

Various carriers have filed an appeal of the FCC's *Triennial Review* Order which is pending in the United States Court of Appeals for the District of Columbia. *See United States Telecom Ass'n v. FCC*, No. 00-1012 (D.C. Circuit). Verizon is not currently in a position to assess what, if any, impact a ruling in that pending proceeding could have on this Commission's ability to resolve any of the issues presented in this docket.

### **L. Witnesses**

Verizon has no objections to any witness's qualifications as an expert at this time.

Respectfully submitted on January 27, 2004.

By: Richard A. Chapkis  
RICHARD A. CHAPKIS  
201 North Franklin Street, FLTC0717  
P. O. Box 110 (33601)  
Tampa, FL 33602  
Tel: 813-483-1256  
Fax: 813-204-8870  
e-mail: [richard.chapkis@verizon.com](mailto:richard.chapkis@verizon.com)

Attorney for Verizon Florida Inc.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that copies of Verizon Florida Inc.'s Prehearing Statement in Docket No. 030851-TP were sent via electronic mail and U.S. mail on January 27, 2004 to:

Staff Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Nancy White c/o Nancy Sims  
BellSouth Telecomm. Inc.  
150 S. Monroe Street, Suite 400  
Tallahassee, FL 32301-1556

Tracy Hatch  
AT&T  
101 N. Monroe, Suite 700  
Tallahassee, FL 32301

Michael Gross  
Florida Cable Telecomm. Assn.  
246 East 6<sup>th</sup> Avenue  
Tallahassee, FL 32303

Susan Masterton  
Charles Rehwinkel  
Sprint-Florida  
1313 Blairstone Road  
MC FLTLHO0107  
Tallahassee, FL 32301

Donna McNulty  
MCI WorldCom, Inc.  
1203 Governors Square Blvd.  
Suite 201  
Tallahassee, FL 32301-2960

Lisa A. Sapper  
AT&T  
1200 Peachtree Street, NE  
Suite 8100  
Atlanta, GA 30309

Joseph A. McGlothlin  
Vicki Gordon Kaufman  
McWhirter Reeves Law Firm  
117 South Gadsden Street  
Tallahassee, FL 32301

Floyd Self  
Messer Caparello & Self  
215 S. Monroe Street  
Suite 701  
Tallahassee, FL 32301

Marva Brown Johnson  
KMC Telecom III, LLC  
1755 North Brown Road  
Lawrenceville, GA 30034-8119

Nanette Edwards  
ITC^DeltaCom  
4092 S. Memorial Parkway  
Huntsville, AL 35802

Charles V. Gerkin, Jr.  
Allegiance Telecom, Inc.  
9201 North Central Expressway  
Dallas, TX 75231

Terry Larkin  
Allegiance Telecom Inc.  
700 East Butterfield Road  
Lombard, IL 60148

Matthew Feil  
Scott A. Kassman  
FDN Communications  
390 North Orange Avenue  
Suite 2000  
Orlando, FL 32801

Norman H. Horton, Jr.  
Messer Caparello & Self  
215 S. Monroe Street  
Suite 701  
Tallahassee, FL 32301



Jake E. Jennings  
NewSouth Comm. Corp.  
NewSouth Center  
Two N. Main Center  
Greenville, SC 29601

Jon C. Moyle, Jr.  
Moyle Flanigan Law Firm  
118 North Gadsden Street  
Tallahassee, FL 32301

Jorge Cruz-Bustillo  
Supra Telecommunications and Information Systems, Inc.  
2620 S.W. 27<sup>th</sup> Avenue  
Miami, FL 33133

Jonathan Audu  
Supra Telecommunications and Information Systems, Inc.  
1311 Executive Center Drive, Suite 220  
Tallahassee, FL 32301-5027

Bo Russell  
Nuvox Communications Inc.  
301 North Main Street  
Greenville, SC 29601

Thomas M. Koutsky  
Z-Tel Communications, Inc.  
1200 19<sup>th</sup> Street, N.W.  
Suite 500  
Washington, DC 20036

Charles J. Beck  
Deputy Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, FL 32399-1400

*Richard A. Chapkis*

---

Richard A. Chapkis