

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

ORIGINAL



FLTC0717
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

February 4, 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

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Re: Docket No. 030852-TP
Implementation of requirements arising from Federal Communications
Commission's triennial UNE Review: Location-Specific Review for DS1, DS3
and Dark Fiber Loops, and Route-Specific Review for DS1, DS3 and Dark Fiber
Transport

Dear Ms. Bayo:

Please find enclosed for filing an original and 15 copies of the Joint Surrebuttal
Testimony of Orville D. Fulp and John White on behalf of Verizon Florida Inc. in the
above matter. Service has been made as indicated on the Certificate of Service. If
there are any questions regarding this matter, please contact me at 813-483-1256.

Sincerely,

Richard A. Chapkis

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing were sent via electronic mail on February 4, 2004 and U.S. mail on February 5, 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 6th 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 N. 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. 27th 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 19th 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

J. Jeffry Wahlen
Ausley & McMullen
227 South Calhoun Street
Tallahassee, FL 32301



Richard A. Chapkis

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Requirements Arising)
From Federal Communications Commission's)
Triennial UNE Review: Location-Specific Review)
For DS1, DS3 and Dark Fiber Loops, and)
Route-Specific Review for DS1, DS3 and Dark)
Fiber Transport.)
_____)

Docket No. 030852-TP

JOINT SURREBUTAL TESTIMONY OF

ORVILLE D. FULP

AND

JOHN WHITE

ON BEHALF OF VERIZON FLORIDA INC.

PUBLIC VERSION

FEBRUARY 4, 2004

1 **I. INTRODUCTION**

2 **Q. PLEASE IDENTIFY THE MEMBERS OF THIS PANEL, AND STATE ON**
3 **WHOSE BEHALF THIS TESTIMONY IS SUBMITTED.**

4 A. The members of this panel are Orville D. Fulp and John White. This testimony is
5 submitted on behalf of Verizon Florida Inc. (“Verizon”).

6 **Q. DID MR. FULP AND MR. WHITE SUBMIT JOINT DIRECT**
7 **TESTIMONY ON DECEMBER 22, 2003, AND JOINT SUPPLEMENTAL**
8 **TESTIMONY ON JANUARY 9, 2004?**

9 A. Yes.

10 **II. PURPOSE OF TESTIMONY**

11 **Q. WHAT IS THE PURPOSE OF YOUR SUR-REBUTTAL TESTIMONY?**

12 A. The purpose of this testimony is to rebut the testimony submitted by various other
13 parties and to further support Verizon’s triggers case regarding dedicated
14 interoffice transport. In addition, we address the CLECs’ responses to our
15 testimony regarding high capacity loops, and demonstrate that the CLEC
16 witnesses rely on irrelevant arguments and fabricate additional standards of proof
17 that are not required under the *TRO*. Verizon’s testimony and the CLECs’
18 admissions in discovery demonstrate that the high capacity loop triggers are
19 satisfied at the customer locations identified by Verizon.

20

21 Finally, we address why the Commission should not adopt a transition period in
22 this nine-month proceeding where it finds that the triggers for dedicated
23 transport and high capacity loops have been met. The FCC has made clear that
24 the interconnection agreement negotiation/arbitration provisions of Sections
25 251 and 252 of the Act provide the appropriate transition mechanism to address

1 routes and customer locations where a triggers analysis indicates there is no
2 impairment.

3

4 **III. DEDICATED TRANSPORT**

5 **A. THE CLECS' OPPOSITIONS TO VERIZON'S TRANSPORT CASE**
6 **REST ON ERRONEOUS INTERPRETATIONS OF THE FCC'S**
7 **RULES**

8

9 **Q. WHAT IS YOUR REACTION TO THE CLECS' CLAIMS THAT THEIR**
10 **FIBER TRANSPORT FACILITIES DO NOT COUNT TOWARD THE**
11 **TRANSPORT TRIGGERS?**

12 A. The CLECs' rebuttal testimony relies *entirely* on unsupportable interpretations
13 and misstatements of the FCC's Order to argue that *none* of their pervasive and
14 robust fiber transport facilities in Florida "count" toward the FCC's transport
15 triggers. This argument is wrong on at least four levels.

16

17 First, the CLECs would have the Commission believe that CLECs construct
18 their fiber networks *not* to provide connectivity from one point to another. This
19 claim is erroneous given how telecommunications networks are constructed in
20 the 21st century.

21

22 Second, the CLECs would have this Commission believe that the FCC in the
23 TRO proceeding conducted a detailed review of competitive carriers' transport
24 facilities, and then devised triggers for the state commissions that apply to *no*
25 CLEC transport facilities here in Florida or anywhere else in the country. That

1 is plainly wrong. The FCC’s Order itself makes clear that FCC intended the
2 transport triggers to apply to competitive networks materially identical to the
3 networks described by the CLECs in this proceeding. In its Order, the FCC
4 explained that CLECs “generally use dedicated transport as a means to
5 aggregate end-user traffic to achieve economies of scale.”¹ “When carriers self-
6 deploy transport facilities, they typically deploy fiber rings” that connect one or
7 more ILEC central offices, and then use those self-deployed fiber facilities to
8 “backhaul” traffic to their switches.² This is exactly the sort of network
9 architecture that AT&T, KMC, Xspedius, MCI, and other CLECs have
10 acknowledged deploying in Florida – and now claim that the Commission
11 cannot consider when applying the FCC’s transport triggers.

12

13 Third, the FCC made clear in its rules that *all networks capable* of providing
14 DS1s and DS3s “count” toward the transport triggers. For example, the FCC’s
15 rules require state commissions to consider the networks of “intermodal
16 providers of service” when applying the transport triggers.³ In applying the
17 triggers, the only issue is whether a carriers network is *capable* of providing
18 DS1 and DS3 transport between ILEC wire centers. There can be no doubt that
19 the networks deployed by the CLECs in Florida are capable of transporting
20 traffic between Verizon wire centers. Fourth, aside from the implausibility of
21 their arguments that none of their network facilities “count” toward the FCC’s
22 triggers, the CLECs’ legal arguments are meritless. AT&T claims that *none* of

¹ TRO ¶ 370.

² TRO ¶ 370.

³ 47 C.F.R. § 51.319(e)(1)(ii), (2)(i)(A), (2)(i)(B) (wholesale triggers for DS1 and DS3 transport, and self-provisioning trigger for DS3 transport).

1 its extensive fiber transport facilities in Florida “count” for purposes of the
2 FCC’s transport triggers because traffic from an AT&T collocation
3 arrangement at a Verizon wire center may pass through an AT&T switch
4 location before being delivered to an AT&T collocation arrangement at another
5 Verizon wire center. Because its transport network may (or may not) involve
6 an intervening switch or switching location, AT&T has refused to submit hard
7 evidence concerning its own transport network and wholesale and retail
8 business operations in this proceeding, let alone rebut Verizon’s evidence on a
9 route-by-route basis as required by the FCC. AT&T’s position is flatly wrong
10 given that the FCC expressly said in its Order that a dedicated transport route
11 “*may pass through one or more intermediate wire centers or switches.*”⁴

12
13 KMC makes a similarly erroneous argument. Although KMC admits that it has
14 multi-directional SONET ring backbone architecture physically connecting
15 multiple ILEC wire centers, it argues that it has *no* transport facilities that
16 “count” toward the triggers because each ILEC wire center purportedly is on a
17 separate piece of fiber within the same fiber cable.⁵ Based on this, KMC claims
18 not to be “operationally ready” to provide transport between Verizon wire

⁴ The FCC defined a dedicated transport “route” as “a transmission path between one of an incumbent LEC’s wire centers or switches and another of the incumbent ILEC wire centers or switches. A route between two points (*e.g.*, wire center or switch ‘A’ and wire center or switch ‘Z’) may pass through one or more intermediate wire centers or switches (*e.g.*, wire center or switch ‘X’). Transmission paths between identical end points (*e.g.*, wire center or switch ‘A’ and wire center or switch ‘Z’) are the same ‘route,’ irrespective of whether they pass through the same intermediate wire centers or switches, if any.” 47 C.F.R. § 51.319(e).

⁵ Rebuttal Testimony of Marva Brown Johnson on behalf of KMC Telecom III, LLC, at 4 and 15 (“KMC Rebuttal Testimony”).

1 centers. This argument is incorrect. KMC is capable of providing dedicated
2 transport along its fiber ring from one ILEC wire center to another, which is all
3 the FCC's rules require. Indeed, KMC admits that it has at least one Digital
4 Access Cross-Connect system, which is a "high speed data channel switch"
5 capable of distributing traffic among ILEC wire centers.⁶

6
7 MCI and Xspedius make the same arguments as AT&T and KMC about why
8 their extensive network facilities also cannot be considered under the FCC's
9 triggers. The Commission should reject all of these arguments as directly
10 contrary to the plain language and purpose of the FCC's rules.

11

12 **Q. AT&T, KMC, MCI, AND XSPEDIUS OWN AND OPERATE EXTENSIVE**
13 **FIBER FACILITIES IN FLORIDA THAT THEY CURRENTLY**
14 **OPERATE AT AN OCN LEVEL AND USE FOR DEDICATED**
15 **TRANSPORT. SHOULD THOSE TRANSPORT FACILITIES "COUNT"**
16 **TOWARD THE FCC'S TRANSPORT TRIGGERS?**

17 A. Yes. AT&T, KMC, MCI, and Xspedius do not dispute that they own and use
18 extensive fiber transport facilities that provide physical connections among
19 Verizon wire centers, and are fully capable of providing dedicated transport
20 among Verizon wire centers:

- 21 • AT&T told the FCC in the TRO proceeding that it has over *17,000 route*
22 *miles of local fiber, over 1,000 collocations in ILEC switching offices, and*
23

⁶ KMC Rebuttal Testimony at 16.

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transport facilities that typically *connect one or more ILEC wire centers.*⁷

- AT&T has also testified that it “has OCn fiber facilities terminating in collocation arrangements,” and that all AT&T fiber facilities meet at a “central point” – an AT&T switch, thereby admitting that it has fiber facilities that provide connections that run from numerous Verizon wire centers, through AT&T’s switching facilities, to numerous other Verizon wire centers.
- KMC reports that it “has deployed its own transport facilities” on its simultaneous and multidirectional “SONET ring backbone architecture,” and established operational collocation arrangements at multiple ILEC wire centers that are physically connected to the KMC ring.⁸ KMC’s “central office configuration includes electronic digital cross connect devices” and “transport equipment.”⁹ KMC has deployed “a 72 pair-strand fiber network.”¹⁰

⁷ Comments of AT&T Corporation, In the Matter of Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, CC Docket Nos. 01-338, 96-98, and 98-147 (Apr. 5, 2002), at iv; Declaration of Michael Leshner and Robert J. Frontera on behalf of AT&T Corp., at 4. See Exhibit G.1.

⁸ KMC Rebuttal Testimony, at 15.

⁹ KMC Telecom Holdings, Inc.’s Annual Report (Form 10-K) for the fiscal year ended December 31, 2001, at 3-4. See Exhibit G.2.

¹⁰ KMC 10-5, at 6.

1 • MCI confirmed that it has deployed fiber rings that physically connect
2 ILEC wire centers.¹¹

3

4 • Xspedius reports having a “vast fiber optic network,” offering Special
5 Access Service to local serving offices,¹² among other things.

6

7 The Commission should find -- as the FCC clearly intended -- that the CLECs’
8 fiber facilities “count” toward the FCC’s transport triggers. The FCC requires
9 only that a CLEC has “deployed its own transport facilities” and be
10 “operationally read to use those facilities to provide DS3 transport along the
11 particular route.”¹³ AT&T’s, MCI’s, KMC’s, and Xspedius’ facilities clearly
12 meet this test.

13

14 **Q. AT&T AND OTHER CLECS ARGUE THAT, UNDER THE FCC’S**
15 **RULES, DEDICATED TRANSPORT FACILITIES CANNOT BE**
16 **“ROUTED” THROUGH INTERMEDIATE SWITCHING LOCATIONS.**
17 **MUST CLEC TRANSPORT FACILITIES RUN DIRECTLY BETWEEN**
18 **TWO VERIZON WIRE CENTERS TO “COUNT” UNDER THE FCC’S**
19 **TRANSPORT TRIGGERS?**

¹¹ Rebuttal Testimony of Lonnie Hardin on behalf of MCI WorldCom Communications, Inc. and MCImetro Access Transmission Services, LLC (“MCI Rebuttal Testimony”) at 6-7.

¹² www.mindspring.com/neilmavis/

¹³ 47 C.F.R. §§ 51.319(e)(2)(i)(A)(1), (B)(1).

1 A. No. The CLECs' claims that they have *no* dedicated transport facilities in Florida
2 for purposes of the FCC's triggers rests on their erroneous assertion that there can
3 be no intermediate switch. The FCC's rules say precisely the opposite. The
4 FCC's definition of "dedicated transport" expressly states that "[a] route between
5 two points (e.g., wire center or switch 'A' and wire center or switch 'Z') *may pass*
6 *through one or more intermediate* wire centers or *switches* (e.g., wire center or
7 switch 'X')." ¹⁴ For purposes of the FCC's rule, only the end points are relevant in
8 defining the route, even when the intermediate point is a switch. In sum, if CLEC
9 fiber networks provide a physical connection between two or more Verizon wire
10 centers – and AT&T, KMC, MCI, and Xspedius admit that their transport
11 facilities do -- those facilities count toward the FCC's triggers, even if these
12 carriers have chosen to route those facilities through centralized switching
13 facilities. ¹⁵ Using the CLECs' faulty logic, Verizon would not be required to
14 provide UNE interoffice facilities ("IOF") between two of its wire centers if it did
15 not have a direct route between the two end points. Yet in many cases, Verizon
16 routes traffic between two end offices through an intermediate office.

17
18 Despite the plain language of the FCC's rule, AT&T and the other CLECs argue
19 that passing through an intermediate wire center or switch is impermissible
20 because it requires carriers to combine transport links, known as "daisy chaining."
21 But the FCC's bar on "daisy chaining" is irrelevant here. These rules prohibit
22 ILECs from claiming a transport route that consists of linking the transport

¹⁴ 47 C.F.R. § 51.319(e) (emphasis added); *see TRO* ¶ 401.

¹⁵ *See TRO* ¶ 401.

1 facilities of two or more *different* CLECs; they do not prohibit ILECs from
2 claiming a route that consists of the linking the transport facilities of the *same*
3 CLEC. For example, if AT&T has transport facilities from a Verizon wire center
4 to an AT&T switch, and also has transport facilities from AT&T's switch to a
5 different Verizon wire center, those transport facilities count as a route for
6 purposes of the FCC's transport triggers.

7
8 The FCC's definition of a route to permit intermediate switching makes sense.
9 For example, AT&T has deployed nationwide an "intelligent optical network,"
10 capable of aggregating lower-rate customer traffic, including DS1 and DS3
11 speeds, "up to high-speed (OC-48 or OC-192) pipes for routing across the
12 network by the intelligent optical switches."¹⁶ Again, the FCC's rules make clear
13 that what matters is whether a CLEC network is capable of transmitting traffic
14 between ILEC wire centers, regardless of the structure of the CLEC's network, the
15 equipment used, or the path of the traffic.

16
17 **Q. TO BE DEDICATED TRANSPORT FOR PURPOSES OF THE**
18 **TRIGGERS, DOES THE FCC REQUIRE A PERMANENT DEDICATED**
19 **CIRCUIT BETWEEN TWO ILEC WIRE CENTERS?**

20 A. No. Contrary to the claim of AT&T (and perhaps other CLECs),¹⁷ the FCC's
21 definition of "dedicated transport" does not require dedicated transmission paths
22 between pairs of incumbent LEC central offices or wire centers without the use of

¹⁶ <http://www.att.com/news/item/0,1847,4206,00.html>; *see also*
<http://www.att.com/news/item/0,1847,12517,00.html>.

1 any intermediate switching. The FCC's definition of dedicated transport – which
2 is the only definition that matters for purposes of applying the transport triggers –
3 is a facility on which a certain amount of capacity is “dedicated to a particular
4 customer or carrier.”¹⁸ The FCC's definition is consistent with how the most
5 modern telecommunications networks are constructed.

6
7 AT&T is attempting to re-write the FCC's Order by imposing an engineering
8 definition of dedicated transport that means a dedicated circuit that is
9 permanently established between two points and is always on. The FCC's
10 Order, however, clearly provides that dedicated transport includes transport
11 routed through switching facilities, so long as the transport is used to provide
12 bandwidth dedicated to a particular customer or carrier. AT&T's transport
13 facilities meet that definition.

14

15 **Q: AT&T, KMC, AND MCI ARGUE THAT NONE OF THEIR EXTENSIVE,**
16 **ROBUST TRANSPORT FACILITIES QUALIFY AS DEDICATED**
17 **TRANSPORT FOR PURPOSES OF THE FCC'S TRIGGERS BECAUSE**
18 **THEY ARE “BACKHAUL” FACILITIES. IS THIS CORRECT?**

19 **A:** No. AT&T, KMC, and MCI contend that the FCC's exclusion of backhaul
20 transport facilities from the definition of the UNE – *i.e.*, the dedicated transport

¹⁷ AT&T Rebuttal Testimony, at 8.

¹⁸ 47 C.F.R. § 51.319(e)(2) (emphasis added); *see TRO* ¶ 361 (“Dedicated interoffice transmission facilities (transport) are facilities dedicated to a particular customer or competitive carrier that it uses for transmission among incumbent LEC central offices and tandem offices.”).

1 facilities Verizon and other ILECs are required to provide CLECs as a UNEs at
2 TELRIC prices -- means that competitive carriers' backhaul transport facilities
3 cannot be considered when applying the FCC's transport triggers.¹⁹ "Backhaul"
4 facilities are simply the portion or "leg" of the transport facility that takes traffic
5 from the Verizon wire center to the CLEC switch.

6
7 This argument is illogical. It confuses the FCC's definition of the "dedicated
8 transport *UNE*" (that only ILECs are required to provide, not CLECs) with the
9 CLEC competitive transport facilities (provided only by CLECs, not ILECs)
10 that are evaluated under the FCC's triggers. AT&T, MCI, and other CLECs do
11 not have UNE obligations, however; therefore, the UNE definition of dedicated
12 transport does not apply to their networks. Nor does it have anything to do with
13 the fundamental purpose of the FCC's transport trigger analysis, which is to
14 determine whether there are sufficient competitive transport facilities on a
15 particular transport route that CLECs are not impaired without use of ILECs'
16 networks.

17
18 Second, the FCC's Order explicitly recognizes that CLEC use their self-
19 provisioned transport facilities to "backhaul" traffic, and then expressly
20 classifies those facilities as *dedicated transport*. For example, in Paragraph 361
21 of the Order, the FCC states that "[c]ompeting carriers generally use interoffice
22 transport as a means to aggregate end-user traffic . . . *by using dedicated*
23

¹⁹ AT&T Rebuttal Testimony, at 16-17; KMC Rebuttal Testimony, at 6; MCI Rebuttal Testimony, at 6.

1 *transport* to carry traffic from their end users' loops, often terminating at
2 incumbent LEC central offices, through other central offices to a point of
3 aggregation.”²⁰ That is exactly what “backhaul” means – and the FCC clearly
4 intends to count it.

5
6 Third, excluding CLEC backhaul transport facilities from the facilities subject
7 to the transport triggers makes no sense in terms of the FCC’s factual findings
8 in its Order on competitive transport facilities or what the FCC is trying to
9 accomplish through the application of its transport triggers. The Order makes
10 clear that the FCC excluded backhaul transport facilities from the ILEC UNE
11 requirement for dedicated transport precisely because backhaul facilities are the
12 most competitive segment of the transport market.²¹ Backhaul facilities are the
13 very transport facilities that competing carriers have been most successful in
14 self-provisioning. The argument against considering backhaul facilities for
15 purposes of the FCC’s trigger analyses would mean that, even if there were
16 three or more competitors with competitive fiber in every ILEC wire center in
17 the country, all of which were backhauling traffic to central hub facilities prior
18 to routing that traffic to other ILEC wire centers, nonetheless, no transport
19 competition would be deemed to exist. In other words, the CLECs are saying
20 that if there are *so many* CLEC competitive transport facilities that they justify
21 a national FCC finding of no impairment for one type of UNE (“backhaul”

²⁰ (Emphasis added); *see also* TRO ¶ 370.

²¹ *See* TRO ¶ 367 n.1122 (“Competing carriers agree that the most competitive type of transport is the link between an incumbent LEC wire center and a competitor’s network.”).

1 connections between ILEC and CLEC switching offices), then the FCC
2 intended that those same pervasive CLEC facilities *do not exist* for purposes of
3 assessing impairment for another UNE (connections from one ILEC switching
4 office to another). This is illogical and clearly not what the FCC intended.

5
6 Fourth, excluding transport backhaul facilities from the trigger analysis would
7 mean that *most if not all* of competitive fiber that AT&T, MCI, and other
8 CLECs have admitted deploying would not “count” simply because competitive
9 networks are not configured in precisely the same way as ILECs’ networks. In
10 its Order, however, the FCC expressly declares that the purpose of the transport
11 trigger analysis is not to identify CLEC transport that mirrors ILEC networks,
12 but to “identify[] specific point-to-point routes where carriers have the ability to
13 use alternatives to the incumbent LEC’s network.”²²

14
15 **Q: PLEASE ADDRESS THE CLECS’ CLAIMS THAT THEIR TRANSPORT**
16 **FACILITIES DO NOT QUALIFY AS DEDICATED TRANSPORT**
17 **UNDER THE FCC’S DEFINITION OF THAT TERM BECAUSE THEY**
18 **ARE NOT “OPERATIONALLY READY” TO USE THEM TO PROVIDE**
19 **DEDICATED TRANSPORT.**

20 **A:** All of the CLECs filing rebuttal testimony claim not to be “operationally ready” to
21 provide dedicated transport between two or more Verizon wire centers. For
22 example, AT&T claims it is not operationally ready to provide dedicated transport
23 because it routes all of its fiber facilities through a switch and (AT&T claims) it

1 would require considerable investment and work for AT&T to convert these
2 facilities into dedicated circuits. AT&T's claim is representative of what KMC
3 and the other CLECs are contending.

4
5 Whether or not these claims about CLECs' networks are accurate, they are
6 irrelevant here: the FCC's definition of "dedicated transport" is a facility on
7 which a certain amount of capacity is "dedicated to a particular customer or
8 carrier." The FCC does not require a dedicated circuit. Therefore, the
9 Commission does not need to evaluate what, if any, reconfiguring would be
10 required for AT&T to dedicate circuits because AT&T's current network
11 architecture already counts toward the transport triggers, regardless of whether it
12 has dedicated circuits. AT&T has transport facilities in place that connect Verizon
13 wire centers, and AT&T's transport facilities are operationally ready to provide
14 dedicated bandwidth to *a particular customer or carrier*. Indeed, AT&T admits
15 that it "has OCn fiber facilities terminating in collocation arrangements"; these
16 fiber facilities meet at a "central point" – an AT&T switch; and that these facilities
17 permit traffic to flow to *all* parts of their network, as well as directly or indirectly
18 to the networks of other carriers.

19
20 The CLECs' claims about network modifications are also irrelevant because the
21 FCC's "operationally ready" standard evaluates whether the facility is "*capable*
22 *of operation* on that route," not "whether it actually does so." To be counted as
23

²² *TRO* ¶ 360; *see id.* ¶ 400; *see also id.* ¶ 406 n. 1257 ("impairment analysis recognizes alternatives outside the incumbent LEC's network").

1 operationally ready, it is not necessary to demonstrate that a competing carrier
2 has already taken every possible step to use its transport facilities in a particular
3 manner. It is enough to show that the competing carrier has the facilities in
4 place, and the facilities are *capable of operation* on that route, even if making
5 that facility operational requires some extra steps. Indeed, the only specific
6 content the FCC gave to the “operationally ready” requirement was that a
7 carrier have transport facilities and fully provisioned collocation arrangements
8 in place. AT&T, MCI, KMC, and Xspedius have fully provisioned and
9 operational collocation arrangements at Verizon wire centers and transport
10 facilities that physically connect those collocation arrangements. Therefore,
11 these carriers are – by the FCC’s own definition -- operationally ready to
12 provide dedicated transport under the FCC’s rules.

13
14 Finally, although AT&T, Xspedius, and other CLECs claim that reconfiguring a
15 route from a switched circuit to a dedicated circuit requires some financial
16 outlay, they never quantify what is required. Furthermore, the list of items
17 identified by the CLECs that supposedly must be performed to create dedicated
18 circuits are equivalent to steps that the FCC has specifically classified as
19 “routine network modifications to existing facilities,” that present “no
20 significant operational issues.”²³ For example, although AT&T uses a SONET-
21 based fiber network, and operates its transport facilities at an OC48 level, those
22 fibers do not typically (if ever) terminate directly on AT&T’s switches, but
23 must, on entering the switching location, be cross-connected and de-

²³ TRO ¶¶ 632-638.

1 multiplexed to lower-capacity facilities, typically DS3 and DS1 facilities,
2 before they may be connected to the switch. It is a straightforward process to
3 peel off these DS3 or DS1 facilities on one side of the switch and connect it to a
4 DS3 or DS1 facility that has been peeled off on the other side of the switch
5 through a digital cross-connect. This is the sort of routine network provisioning
6 activity that telecommunications carriers perform every day.

7

8 **Q: AT&T CLAIMS THAT THE SELF-PROVISIONING TRANSPORT**
9 **TRIGGER REQUIRES VERIZON TO SHOW THAT A CARRIER SELF-**
10 **PROVISIONS TRANSPORT AT SPEEDS BETWEEN A FLOOR OF ONE**
11 **DS3-LEVEL FACILITY TO NO MORE THAN TWELVE DS3-LEVEL**
12 **FACILITIES.²⁴ IS THIS AN ACCURATE STATEMENT OF THE FCC'S**
13 **RULES?**

14 **A:** No. AT&T is attempting to re-write the FCC's self-provisioning trigger for DS3s.
15 The FCC's rules unambiguously provide that a state commission shall find no
16 impairment where three or more competing carriers have "deployed their own
17 transport facilities and [are] operationally ready to provide dedicated DS3
18 transport along the particular route."²⁵ There is no "ceiling" in the FCC's rules on
19 the number of DS3s provided on self-provisioned transport facilities, as AT&T
20 erroneously claims in its testimony. The ceiling AT&T refers to applies to the
21 number of DS3 transport *UNEs* that ILECs such as Verizon are required to lease
22 to CLECs if a state commission finds that a route does not meet the DS3 self-

²⁴ AT&T Rebuttal Testimony at 10-11.

²⁵ 47 C.F.R. § 51.319(e)(2)(i)(A)(1).

1 provisioning trigger. Tellingly, although most if not all CLECs described the
2 FCC's triggers in their testimony, AT&T alone suggested this nonexistent
3 requirement.

4

5 **Q: PLEASE RESPOND TO THE CLECS' CLAIM THAT IT IS IMPROPER**
6 **TO ASSUME THAT OCN LEVEL FIBER FACILITIES ARE USED FOR**
7 **DS1 AND DS3 TRANSPORT?**

8 A: The issue here is not the economics of deploying *new* fiber but the capabilities of
9 that fiber once it has already been deployed. The CLECs' argument –that the
10 existence of OCn fiber facilities deployed along a route is irrelevant to
11 determining whether competing carrier could provide DS3 or DS1 transport along
12 that route – is inconsistent with the FCC's Order. For example, to satisfy the DS3
13 self-provisioning trigger it is not necessary to prove that a carrier has actually
14 deployed a facility that is only capable of providing DS3 transport (or multiple
15 DS3s) *but no more*. The test is whether “[t]he competing provider has deployed
16 its own transport facilities and is operationally ready to *use* those transport
17 facilities to provided dedicated DS3 transport along the particular route.”²⁶
18 Verizon therefore does not need to show that the underlying facility that the
19 CLEC is using to provide transport is *only* a DS3 facility, but rather that,
20 regardless of the maximum capacity of such facility, it is or can be used to provide
21 DS3 transport service.

22

23

²⁶ 47 C.F.R. §51.319(e)(2)(A)(1), (B)(1).

1 Not only is the argument that OCn facilities prove nothing inconsistent with the
2 plain language of the FCC's rules, it is also obvious from the FCC's discussion
3 in the Order of competitive transport facilities. In the Order, the FCC states
4 that the transport networks deployed by competing carriers and incumbents
5 alike invariably consist of OCn-level fiber, not pure DS3 or DS1 facilities.²⁷
6 There is no basis for the CLECs' suggestion that, on the one hand, the FCC
7 recognized that all interoffice transport facilities are OCn-level fiber, but on the
8 other hand, constructed a test that ignores such fiber in determining whether
9 there is competitive transport.

10

11 **B. THE CLECS' REBUTTAL TESTIMONY LARGELY CONFIRMS**
12 **AND IS CONSISTENT WITH VERIZON'S EVIDENCE**

13

14 **Q. DOES THE CLECS' REBUTTAL TESTIMONY CONFIRM VERIZON'S**
15 **EVIDENCE THAT COMPETITIVE CARRIERS HAVE OPERATIONAL**
16 **COLLOCATION ARRANGEMENTS, FED WITH NON-VERIZON**
17 **FIBER, AT THE VERIZON WIRE CENTERS IDENTIFIED BY**
18 **VERIZON?**

19 A. Yes. The CLECs have not challenged Verizon's evidence of the Verizon wire
20 centers at which each carrier has operational collocation arrangements fed with

²⁷ See, e.g., *TRO* ¶ 372, n. 1144 (citing AT&T's comment that "most carriers, including incumbent LECs, typically operate their transport networks at the OC48 capacity."), *id.* ("When carriers deploy new transport facilities, they deploy fiber optic facilities."); *id.* ("Incumbent LECs generally operate their interoffice transport networks at OCn capacity levels"); *id.* ¶ 382 ("The record indicates that when competing carriers self-deploy transport facilities, they often deploy fiber optic facilities that are activated at OCn levels.").

1 non-Verizon fiber. To be clear, no carrier has challenged Verizon’s evidence
2 concerning the carrier’s own network for even a single wire center. Of course,
3 these carriers know the Verizon wire centers at which they have operational
4 collocation arrangements fed with non-Verizon fiber, and have every incentive
5 to dispute evidence they believe mistaken. Verizon’s evidence on these
6 undisputed collocation arrangements should be deemed admitted.

7

8 **Q. DOES THE CLECS’ REBUTTAL TESTIMONY CONFIRM VERIZON’S**
9 **CONCLUSIONS THAT COMPETITIVE CARRIERS GENERALLY**
10 **BUILD THEIR TRANSPORT FACILITIES IN FIBER RINGS SO**
11 **TRAFFIC CAN FLOW BETWEEN THEIR FIBER COLLOCATION**
12 **ARRANGMENTS IN VERIZON WIRE CENTERS?**

13 A. Yes. In our direct testimony, we explained that if a competitive carrier has
14 operational, fiber-based collocations in two or more Verizon wire centers, it is
15 very likely that those facilities are part of a fiber ring network connecting these
16 wire centers. No carrier has submitted evidence showing that its collocation
17 arrangements at Verizon wire centers are not physically connected to its fiber
18 rings, or that its fiber rings (where there is more than one ring) are not
19 physically connected to each other.

20

21 **Q. DOES THE CLEC REBUTTAL TESTIMONY GENERALLY CONFIRM**
22 **THAT CLECS “RUN” DS1 AND DS3 SPEEDS (AMONG OTHERS) OVER**
23 **THEIR OCN TRANSPORT FACILITIES?**

24 A. Yes. The CLECs’ testimony confirms that CLEC fiber transport facilities
25 operate at an OCn level, just as Verizon concluded in its direct testimony. We

1 also explained in our direct testimony that CLECs very typically build fiber
2 networks at an OCn capacity and then offer the lower speeds required by
3 customers, including DS1 and DS3 speeds. In their testimony, the CLECs do
4 not seriously dispute that they operate their self-deployed facilities in precisely
5 this manner.

6

7 **C. RESPONSES TO THE HANDFUL OF SPECIFIC FACTUAL**
8 **ALLEGATIONS IN CLEC TESTIMONY**

9

10 **Q. IN THEIR REBUTTAL TESTIMONY, DID ANY CLECS RAISE**
11 **SPECIFIC FACTUAL ISSUES ABOUT THE DIRECT TRANSPORT**
12 **ROUTES IDENTIFIED BY VERIZON IN ITS INITIAL AND**
13 **SUPPLEMENTAL TESTIMONY?**

14 A. The CLECs' rebuttal testimony overwhelming consists of misinterpretations of
15 the FCC's rules, unspecific denials of Verizon's route-by-route evidence, and
16 proclamations that ILECs bear the entire burden of proving each and every fact
17 concerning the existence and uses of non-ILEC transport facilities. In a very few
18 instances, however, the CLECs raise specific factual questions and concerns about
19 the transport routes that Verizon identified as meeting one or both of the FCC's
20 triggers. In the section below, we address this handful of issues, and show that
21 most of them stem from the CLECs misstatements of the FCC's rules.

22 i. **AT&T**

23

1 Q. AT&T CLAIMS THAT IT “IS NOT A WHOLESALER” OF
2 “DEDICATED TRANSPORT.”²⁸ IS THIS CORRECT?

3 A. No. AT&T unquestionably provides wholesale transport, including at DS1 and
4 DS3 levels. AT&T advertises its wholesale transport services on its website,²⁹
5 and has a competitive access tariff on file with the Commission.³⁰ And in its
6 2002 Annual Report (Form 10-K) filed with the SEC, AT&T reported that it
7 provides “wholesale transport services.” The pertinent paragraph in AT&T’s
8 10-K provides:

9 TRANSPORT

10 AT&T Business Services provides wholesale networking
11 capacity and switched services to other carriers. AT&T
12 Business Services offers a combination of high-volume
13 transmission capacity, conventional dedicated line services and
14 dedicated switches services on a regional and national basis to
15 Internet Service Providers (ISPs) and facility-based and
16 switchless resellers. AT&T Business Services’ wholesale
17 customers are primarily large tier-one ISPs, competitive local
18 exchange carriers, regional phone companies, interexchange
19 carriers, cable companies and systems integrators. . . AT&T
20 Business Services also has sold dedicated network capacity

²⁸ AT&T Rebuttal Testimony, at 14-15, and 18.

²⁹ Verizon attached AT&T’s website materials advertising AT&T’s wholesale transport services, including dedicated transport at DS1 and DS3 speeds, to its initial testimony as Exhibit E.1.

³⁰ See AT&T website <http://service.att.com/servicelibrary/business/ext/files/FLACCSDM.pdf>.

1 through infeasible rights-of-use agreements under which
2 capacity is furnished for contract terms as long as 25 years.³¹

3

4 **Q. IS AT&T CORRECT IN CLAIMING THAT IT DOES NOT SELF-**
5 **PROVISION DS3 LEVEL DEDICATED TRANSPORT?**

6 A. No. Once again, AT&T's claim – this time that it does not self-provision DS3
7 level transport -- rests on its misstatement of the FCC's rules concerning what
8 CLEC facilities "count" toward the transport triggers.³² There is no dispute that
9 AT&T provides DS1s and DS3s for retail customers over its OCn transport
10 facilities. AT&T witness Mr. Bradbury tries to avoid this fact by discussing the
11 purported operational readiness of CLECs generally,³³ rather than AT&T's
12 operational readiness on the specific transport routes identified by Verizon as
13 meeting the self-provisioning trigger.

14

15 **ii. KMC Telecom III**

16 **Q. DOES KMC HOLD ITSELF OUT AS OFFERING WHOLESALE**
17 **TRANSPORT?**

18 A. Yes. KMC argues that it would have to take various minor provisioning steps
19 before it could actually provide transport among ILEC wire centers at
20 wholesale. The Commission need not evaluate KMC's factual claims that it

³¹ AT&T Annual Report Form 10-K for 2002 (filed March 31, 2003). See Exhibit G.3

³² AT&T Rebuttal Testimony, at 14.

³³ AT&T Rebuttal Testimony, at 25.

1 would face impediments in offering wholesale services because it is so clear
2 from the public record that KMC holds itself out as a wholesale provider:

- 3 • KMC has an “on-net” special access service, including DS1 and
4 DS3 speeds.
- 5 • KMC reports in its 2001 10-K that national interexchange carriers,
6 “power and wireless telcom providers,” “major long distance
7 carriers, and “other competitive local exchange providers,” are target
8 customers.³⁴
- 9 • KMC advertises its “comprehensive” wholesale services on its
10 website.³⁵

11 This Commission should not allow carriers to simultaneously hold themselves
12 out in public filings and advertisements as offering wholesale transport while at
13 the same time claiming in this proceeding that they are not willing to provide
14 transport at wholesale.

15

16 **iv. MCI**

17 **Q. IS MCI “OPERATIONALLY READY” TO TRANSPORT TRAFFIC**
18 **AMONG VERIOZN WIRE CENTERS EVEN IF THOSE WIRE**
19 **CENTERS ARE CONNECTED TO DIFFERENT FIBER RINGS OR**
20 **FIBER STRANDS?**

21 A. Yes, for at least two reasons. First, the FCC’s “operationally ready” standard
22

³⁴ KMC 10-K, at 5-6.

³⁵ KMC’s “wholesale services” website materials are attached to Verizon’s initial testimony as Exhibit E.3

1 evaluates whether the facility is “*capable of operation* on that route.” To be
2 counted as operationally ready, it is not necessary to demonstrate that MCI has
3 already taken every possible step to use its transport facilities in a particular
4 manner. Rather, it is enough to show that MCI has the facilities in place, and
5 the facilities are *capable of operation* on that route, even if making that facility
6 operational requires some extra steps. Indeed, the only specific content the
7 FCC gave to the “operationally ready” requirement was that a carrier have
8 transport facilities and fully provisioned collocation arrangements in place.
9 Therefore, under the FCC’s rules, it is irrelevant that MCI may (or may not)
10 have to take certain additional provisioning steps.

11

12 Second, MCI’s facilities more than meet the FCC’s “capable of operation”
13 standard. MCI admits that it has fiber rings; that Verizon wire centers are
14 physically connected to those rings; that its separate fiber strands are physically
15 connected to each other; and that it is fully capable of transporting traffic to any
16 point on MCI’s network, including Verizon wire centers.³⁶ MCI tries to
17 obscure these simple facts -- which are fatal to its argument -- by suggesting
18 that if traffic from an ILEC wire center goes to a MCI central node before being
19 sent to another ILEC wire center, there may be “additional points of failure.”
20 MCI then tries to link its plea to continue to receive UNE dedicated transport at

³⁶ MCI Rebuttal Testimony, at 6-7.

1 TELRIC rates to the terrorist attacks on September 11, 2001.³⁷ MCI's
2 argument is unseemly, as well as irrelevant and wrong.

3

4 **iv. Xspedius**

5 **Q. XSPEDIUS ADMITS THAT IT OFFERS WHOLESALE TRANSPORT,**
6 **BUT DENIES THAT IT PROVIDES WHOLESALE TRANSPORT**
7 **"AS DEFINED BY THE FCC."³⁸ HOW DO YOU RESPOND?**

8 A. Xspedius' claim that it does not offer wholesale transport rests on the same
9 misstatements of the FCC's rules that we discussed above. Xspedius boasts
10 that it offers "superior products and services to *carrier* customers in 30 markets
11 across the United States," including Tampa, Florida. And Xspedius advertises
12 its "Special Access service" as providing "connectivity" to "local serving
13 offices," which of course include ILEC wire centers.³⁹

14

15 **IV. HIGH CAPACITY LOOPS**

16 **A. GENERAL CONTENTIONS REGARDING LOOP TRIGGERS**

17

18 **Q. SPRINT CONTENTS THAT VERIZON HAS FAILED TO PROVE THAT**
19 **THE TRIGGERS ARE MET AT EACH CUSTOMER LOCATION**

³⁷ MCI Rebuttal Testimony, at 9 ("This introduces at least four additional points of failure. Customers are concerned about failure points within carriers' networks, particularly since September 11, 2001.")

³⁸ Rebuttal Testimony of James L. Falvey on behalf of Xspedius Communications, LLC ("Xspedius Rebuttal Testimony") at 7.

³⁹ Xspedius' website materials offering carrier services and special access are attached to Verizon's initial testimony as Exhibit E.11.

1 **IDENTIFIED IN EXHIBIT F.5 TO YOUR SUPPLEMENTAL DIRECT**
2 **TESTIMONY BECAUSE IT RELIED ON ASSUMPTIONS AND FAILED**
3 **TO PROVIDE LOCATION SPECIFIC DATA REQUIRED TO**
4 **OVERTURN THE FCC’S NATIONAL FINDINGS OF IMPAIRMENT (P.**
5 **3). WHAT IS YOUR RESPONSE?**

6 A. As discussed in connection with transport, although we are not attorneys, we do
7 not read the *TRO* as having a traditional “burden of proof” standard. Rather,
8 under the TRO, no individual party bears the burden of proof of the triggers, and
9 the Commission has the obligation to apply the triggers using all available data,
10 including data in the hands of the CLECs. Indeed, the FCC decided not to “adopt
11 a ‘burden of proof’ approach that places the onus on either competitors to prove or
12 disprove the need for unbundling.” *TRO* ¶ 92. It would make no sense for the
13 FCC to require state commissions performing a more granular impairment
14 analysis to follow an approach the FCC itself rejected.

15
16 Verizon based its loop trigger case on the facts available to it. Verizon does not
17 have independent data about where other carriers have deployed loop facilities.
18 This information was and is in the hands of those carriers. Thus, Verizon—as
19 well as the Commission—is dependent on data provided by the CLECs. Some
20 CLECs have apparently attempted to thwart the Commission’s and Verizon’s
21 efforts to gather data necessary to identify the customer locations satisfying the
22 triggers by providing incomplete responses to discovery requests. As a result,
23 Verizon drew certain reasonable conclusions from the data the CLECs did
24 provide. Verizon continues its efforts to collect more data from the CLECs, but
25 the Commission should not accept their stonewall tactics and claims that Verizon

1 bears the sole burden for presenting the relevant facts. Absent evidence from the
2 CLECs to the contrary, Verizon's conclusions are based on information provided
3 by the CLECs, are reasonable and should be relied upon by the Commission.
4

5 **Q. DID ANY OF THE CARRIERS IDENTIFIED IN EXHIBIT F.5 TO YOUR**
6 **SUPPLEMENTAL DIRECT TESTIMONY DENY SATISFYING THE**
7 **TRIGGER AT ANY OF THE CUSTOMER LOCATIONS VERIZON**
8 **IDENTIFIED?**

9 A. No.

10

11 **Q. PLEASE COMMENT ON KMC'S CONTENTION THAT A UNE LOOP**
12 **SHOULD REMAIN AVAILABLE EVEN WHERE THE TRIGGERS ARE**
13 **SATISFIED. (JOHNSON P. 29-31).**

14 A. The TRO made clear that if a trigger has been met, there is no impairment and no
15 need to do a further analysis of operational and economic factors that might affect
16 impairment in the absence of a trigger showing. Specifically, the FCC stated that
17 if a state commission finds that either trigger is met for a specific loop capacity at
18 a specific customer location, the state commission must make a finding of non-
19 impairment, and the ILEC will no longer be required to unbundle that loop
20 capacity to that customer location. *TRO* ¶ 328; see also 47 C.F.R. §51.319(a)(4)-
21 (6). The FCC has already found that its impairment assumption is overcome
22 where the triggers are met, and this Commission cannot reach a contrary result. In
23 other words, the FCC's rules mandate that the Commission find that the national
24 finding of impairment has been overcome for the relevant loop capacity at any
25 customer location meeting one of the loop triggers.

1 Paragraph 336 of the *TRO* does grant state commissions the “analytical flexibility”
2 to petition the FCC for a waiver to maintain an ILEC’s unbundling obligation at a
3 particular customer location where impairment remains due to the existence of a
4 barrier to further competitive facilities deployment, until the barrier identified in
5 the waiver petition no longer exists. This flexibility appears to apply only with
6 respect to the self-provisioning trigger. In any event, none of the other parties
7 have provided evidence of the existence of a barrier to the deployment of further
8 competitive facilities at any customer location identified in Exhibit F.5, or asked
9 the Commission to petition the FCC for waiver.

10

11 **Q. KMC CONTENDS THAT ILECS DO NOT FACE THE SAME**
12 **OBSTACLES IN CONSTRUCTING LOOPS AS CLECS (JOHNSON P.**
13 **30). HOW DO YOU RESPOND?**

14 A. ILECs face certain challenges that CLECs do not with respect to loop deployment.
15 For example, CLECs have the ability to choose which customers they wish to
16 serve, and can refuse to serve customers who would be unwilling or unable to pay
17 rates to recover the costs to deploy loops to their locations. An ILEC, however,
18 must serve any customer, regardless of the cost to deploy facilities to serve that
19 customer. Moreover, as KMC well knows, Verizon and BellSouth are no longer
20 “legally protected monopolists guaranteed a return on their investments and a
21 captive market share,” but remain constrained in the rates it may charge by
22 regulatory requirements.

23

24 **Q. MR. BALL CRITICIZES VERIZON FOR NOT CONDUCTING A**
25 **CAPACITY-SPECIFIC ANALYSIS. IS THIS ACCURATE?**

1 A. No. Verizon conducted a capacity-specific analysis.

2

3 **Q. HOW DID VERIZON IDENTIFY THE CAPACITY OF THE LOOP**
4 **FACILITIES DEPLOYED BY THE CLECS IT COUNTED TOWARDS**
5 **THE TRIGGERS?**

6 A. The Staff's loop discovery questions asked carriers to specify the capacity or
7 capacities of the facilities deployed by the carrier in Florida. **[BEGIN CLEC**
8 **PROPRIETARY DATA]**

9

10

11

12

13

14

15

16

[END CLEC

17 **PROPRIETARY DATA]**. In addition, in response to BellSouth's First Set of
18 Interrogatories, **[BEGIN CLEC PROPRIETARY DATA]**

19

20

21

[END CLEC PROPRIETARY

22

DATA].

23 **Q. HOW DID VERIZON IDENTIFY WHETHER A CLEC HAD DEPLOYED**
24 **DARK FIBER TO A PARTICULAR LOCATION?**

25

1 A. As discussed above, **[BEGIN CLEC PROPRIETARY DATA]**
2
3
4
5 **[END CLEC**
6 **PROPRIETARY DATA]** However, for the reasons outlined in our
7 supplemental direct testimony, evidence of lit fiber deployment is also evidence of
8 dark fiber. It is standard industry network engineering design (as well as sound
9 economics) to maintain spare dark fibers when deploying loop facilities. In light
10 of **[BEGIN CLEC PROPRIETARY DATA]** **[END CLEC**
11 **PROPRIETARY DATA]** silence on the existence of dark or spare fiber where
12 they have deployed DS3s, the Commission should reasonably find that those
13 carriers have maintained dark fiber at each location identified in Exhibit F.5
14 absent specific evidence to the contrary.

15
16 **Q. HAS VERIZON “TRIVIALIZED” THE NEED FOR ADDITIONAL**
17 **EQUIPMENT TO CONFIGURE DEDICTED DS3S AND DS1S ON AN**
18 **OCN FACILITY (BRADBURRY P. 24-25)?**

19 A. No. However, installation of these electronics is not as burdensome as AT&T
20 would have the Commission believe. Indeed, based on *CLEC* arguments, the
21 FCC found that attaching or changing electronic and other equipment that are
22 ordinarily attached to activate a DS1 loop to be “routine network modifications”
23 by an ILEC. *See* 47 C.F.R. § 51.319 (a)(8)(ii). Specifically, the FCC defined
24 routine network modifications to include:

1 rearranging or splicing of cable; adding an equipment
2 case; adding a doubler or repeater; adding a smart jack;
3 installing a repeater shelf; adding a line card; deploying a
4 new multiplexer or reconfiguring an existing multiplexer;
5 and attaching electronic and other equipment that the
6 incumbent LEC ordinarily attaches to a DS1 loop to
7 activate such loop for its own customer. Routine
8 network modifications may entail activities such as
9 accessing manholes, deploying bucket trucks to reach
10 aerial cable, and installing equipment casings.

11 CLECs undergo the same routine network modifications to serve their own
12 customers over their own facilities. The activities outlined by AT&T to
13 channelize an OCn facility to either a DS3 or DS1 level falls within the FCC's
14 definition of a routine network modification. And, as AT&T readily admits, the
15 required equipment components are readily available. Moreover, the FCC found
16 that attaching routine electronics, such as multiplexers, apparatus cases, and
17 doublers, to high-capacity loops "is easily accomplished" and "present[s] no
18 significant operational issues." *TRO* ¶ 635.

19

20 **B. THE SELF-PROVISIONING TRIGGER**

21

22 **Q. HAVE THE OTHER PARTIES CORRECTLY DESCRIBED THE SELF-**
23 **PROVISIONING TRIGGER?**

24 A. No. Xspedius implies that the self-provisioning trigger requires that a CLEC have
25 access to the entire customer location. (Falvey p. 10). However the self-

1 provisioning trigger for dark fiber and DS-3 loops does not contain this
2 requirement. *See* 47 C.F.R. §§ 51.319(a)(5)(i) and (6)(i); *TRO ¶¶* 332-333.

3 AT&T states that a CLEC can satisfy the DS3 self-provisioning trigger only if it is
4 serving *only 1 or 2 DS3s* of demand at a specific customer location. (Bradbury P.
5 10-11). This is a blatant misreading of the FCC's rules for DS3 loops. Rule
6 319(a)(5)(1)(A) requires a finding of non-impairment where two or more
7 unaffiliated CLECs have deployed their own DS3 facilities (or have deployed
8 DS3 facilities by attaching their own optronics to activate dark fiber transmission
9 facilities obtained under a long-term infeasible right of use) and are serving
10 customers via those facilities at that location. There is no requirement that the
11 CLECs provide service over no more than two DS3s. Thus, the test is whether
12 AT&T has deployed *any* DS3s and is using them to serve its end-user customers,
13 not how many they have deployed. **[BEGIN CLEC PROPRIETARY DATA]**

14
15
16
17

END CLEC PROPRIETARY

18 **DATA].**

19

20 AT&T appears to be relying on Rule 319(a)(5)(iii), which limits CLECs to
21 obtaining a maximum of two unbundled (UNE) DS3 loops for any single
22 customer location where DS3 loops are available as unbundled loops. This rule,
23 however, has nothing to do with the DS3 triggers. Indeed, AT&T's claim makes
24 no sense. To take AT&T's example, a CLEC that has deployed 6 DS3s to a
25 customer location is clearly not impaired without access to an ILEC's unbundled

1 DS3 loops. It would make no sense to find that where two CLECs have deployed
2 DS3 loops that impairment still exists simply because one has provisioned more
3 that two DS3s.

4
5 **Q. IS MR. BALL CORRECT THAT FOR THE SELF-PROVISIONING**
6 **TRIGGER, IT MUST BE SHOWN THAT TWO OR MORE**
7 **COMPETITIVE PROVIDERS USE THEIR OWN FACILITIES AND NOT**
8 **FACILITIES OWNED OR CONTROLLED BY THE OTHER**
9 **COMPETITIVE PROVIDER OR THE ILEC (P. 10)?**

10 A. Mr. Ball is only partly correct. Dark fiber purchased on an unbundled basis from
11 an ILEC does not count as self-provisioned dark fiber. 47 C.F.R. §
12 51.319(a)(6)(i). Moreover, the special access facilities of an ILEC or transmission
13 facilities of the second self-provisioning CLEC do not count as a self-provisioned
14 DS3. TRO ¶ 333. However, dark fiber obtained on a long-term indefeasible-
15 right-of-use (“IRU”) basis, counts as a carrier’s “own facilities” for the dark fiber
16 and DS3 self- provisioning triggers. *Id.* at n. 981; *see also* 47 C.F.R. §§
17 319(a)(5)(i)(A) and (6)(i); TRO ¶ 333. Moreover, for the DS1 and DS3
18 wholesale trigger, a competing provider’s DS1 or DS3 facilities may use dark
19 fiber facilities that it has obtained on an unbundled, leased, or purchased basis if it
20 has attached its own optronics to activate the fiber. 47 C.F.R. §§
21 51.319(a)(4)(ii)(A) and (5)(i)(B)(1).

22
23 **Q. HOW DID VERIZON IDENTIFY THE CUSTOMER LOCATIONS TO**
24 **WHICH CLECS HAVE DEPLOYED THEIR OWN LOOP FACILITIES?**

25

1 A. Staff's Data Request Loop Questions asked carriers to provide a list of the
2 customer locations in Florida to which they have deployed high-capacity loop
3 facilities. Loop Question 12 (Column AD of the spreadsheet) specifically asked
4 carriers to indicate whether they own the loop. [BEGIN CLEC
5 PROPRIETARY DATA]

6 [END CLEC PROPRIETARY
7 DATA].

8

9 **Q. MR. BALL STATES THAT VERIZON DID NOT CONDUCT A SELF-
10 PROVISIONING ANALYSIS FOR HIGH CAPACITY LOOPS (P. 29). IS
11 THIS CORRECT?**

12 A. No. As outlined in our Supplemental Direct Testimony, Verizon Exhibit F.5
13 presented 12 customer locations that satisfy the self-provisioning trigger for dark
14 fiber and 5 customer locations that satisfy the self-provisioning trigger for DS3s.

15

16 **Q. SPRINT APPEARS TO CONTEND THAT THE DARK FIBER TRIGGER
17 IS NOT SATISFIED UNLESS A CLEC THAT HAS DELOYED DARK
18 FIBER OFFERS IT TO OTHER CLECS ON A WHOLESALE BASIS.
19 (DICKERSON P. 18-19). IS THIS CORRECT?**

20 A. No. The dark fiber trigger is a self-provisioning trigger, not a wholesale trigger.
21 As the FCC explained:

22 When applying the Self-Provisioning Trigger to
23 eliminate an incumbent LEC's requirement to unbundle
24 dark fiber loops at a particular customer location, the
25 mere existence of two unaffiliated competitive providers

1 (in addition to the incumbent LEC) that have deployed
2 fiber to that location, *whether or not they are offering*
3 *dark fiber to other carriers to serve end-user customers*
4 *at that location*, will satisfy the Self-Provisioning
5 Trigger for dark fiber loops and require a finding of no
6 impairment at that location.

7 *TRO ¶ 334* (emphasis in original). For that reason, the FCC did not apply the
8 wholesale trigger to dark fiber. *Id.*; *see also* 47 C.F.R. §51.319(a)(6)(i). The
9 relevant question for the Commission is whether a CLEC has deployed dark
10 fiber to a customer location, not whether it leases that dark fiber to another
11 CLEC.

12

13 **Q. DO YOU AGREE WITH KMC THAT FOR DARK FIBER, QUALIFYING**
14 **FACILITIES MUST PROVIDE EACH COMPETITOR WITH THE**
15 **ABILITY TO ATTACH ELECTRONICS THAT PERMIT IT TO**
16 **PROVIDE SERVICE AT THE LEVEL OF ITS CHOOSING (JOHNSON P.**
17 **25)?**

18 A. No. The dark fiber trigger contains no such requirement. See 47 C.F.R. §
19 51.319(a)(6)(i). Moreover, the rule cited by AT&T does not even relate to the
20 proposition for which it is cited. Rule 319(a)(4)(ii)(A) states that if a CLEC has
21 attached its own optronics to dark fiber obtained on an unbundled, leased, or
22 purchased basis to create a DS1, that DS1 counts as a DS1 deployed by that
23 CLEC. 47 C.F.R. § 51.319(a)(4)(ii)(A).

24

25

1 **C. THE COMPETITIVE WHOLESALE TRIGGER**

2 **Q. MR. BALL STATES THAT VERIZON DID NOT CONDUCT A**
3 **COMPETITIVE WHOLESALE ANALYSIS FOR HIGH CAPACITY**
4 **LOOPS (P. 29). IS THIS CORRECT?**

5 A. No. As outlined in our Supplemental Direct Testimony, Verizon Exhibit F.5
6 presented 4 customer locations that satisfy the competitive wholesale trigger for
7 DS1 loops and 4 customer locations that satisfy the competitive wholesale trigger
8 for DS3 loops.

9
10 **Q. HAVE THE FCCA AND KMC CORRECTLY DESCRIBED THE**
11 **COMPETITIVE WHOLESALE TRIGGER FOR HIGH CAPACITY**
12 **LOOPS (BALL P. 32-35; JOHNSON P. 22-26)?**

13 A. No. FCCA suggests that ILECs must first present evidence to satisfy the self-
14 provisioning trigger in order to satisfy the competitive wholesale trigger. This is
15 clearly not the case. The self-provisioning and competitive wholesale triggers for
16 high capacity loops are separate tests requiring different facts. FCCA and KMC
17 then blend together the wholesale trigger for loops and transport, claiming that to
18 count towards the wholesale loop trigger, the loop facility must be operationally
19 ready. KMC also claims that the alternative provider must have equipped its
20 network to facilitate numerous wholesale customers and developed the
21 appropriate procedures to manage a wholesale business. However, the wholesale
22 triggers for DS1 and DS3 do not contain either of these requirements. Thus, the
23 wholesale loop trigger does not require any showing that each wholesale carrier
24 (a) has sufficient systems, methods and procedures for ordering, preordering,
25 provisioning, maintenance and repair, and billing; (b) possesses the ability to

1 actually provision wholesale high capacity loops to each specific location
2 identified; (c) has the ability to provide wholesale high capacity loops in
3 reasonably foreseeable quantities, including having reasonable quantities of
4 additional currently installed capacity; or (d) can provide service in a
5 commercially reasonable timeframe. In addition, FCCA's claims
6 notwithstanding, the triggers do not require a showing that the high capacity loop
7 in question provides a connection into an ILEC's central office. Finally, KMC's
8 claims notwithstanding, the triggers do not require a showing that Verizon's OSS
9 are capable of handling LSRs that are provisioned to a wholesale provider's
10 facilities or that competing providers are able to cross connect to the wholesaler's
11 loops at the wholesaler's collocation space at the ILEC central office that is the
12 traditional wire center of the customer's premises.

13

14 **Q. UNDER THE COMPETITIVE WHOLESALER TRIGGER MUST A**
15 **WHOLESALER OFFER AN "EQUIVALENT WHOLESALER LOOP**
16 **PRODUCT AT A COMPARABLE LEVEL OF CAPACITY, QUALITY,**
17 **AND RELIABILITY" AS THE ILEC (JOHNSON P. 23-24)?**

18 A. No. KMC has taken the "comparable in quality" language in Paragraph 337 of the
19 TRO out of context. That paragraph states:

20 Specifically, where the relevant state commission
21 determines that two or more unaffiliated alternative
22 providers, *including alternative transmission*
23 *technology providers that offer an equivalent wholesale*
24 *loop product at a comparable level of capacity, quality,*
25 *and reliability*, have access to the entire multiunit

1 customer premises, and offer the specific type of high-
2 capacity loop over their own facilities on a widely
3 available wholesale basis to other carriers desiring to
4 serve customers at that location, then incumbent LEC
5 loops at the same loop capacity level serving that
6 particular building will no longer be unbundled.

7 (emphasis added). This means that for an *intermodal* carrier to count towards
8 the trigger, it must be providing an equivalent wholesale loop product
9 comparable in quality to that of the ILEC. See 47 C.F.R. § 51.319(a)(4)(ii), 47
10 C.F.R. § 51.319(a)(5)(i)(B). The wholesale trigger does not require that an
11 *intramodal* carrier's wholesale loop product be "equivalent to" an ILEC's
12 wholesale loop product.

13

14 **Q. PLEASE COMMENT ON KMC'S DEFINITION OF AN "EQUIVALENT**
15 **WHOLESALE LOOP PRODUCT." (JOHNSON P. 24).**

16 A. It appears that KMC has simply rewritten the requirements of the TRO to make
17 the trigger more difficult to attain. Nothing in the TRO or the FCC's rules
18 support a definition of an "equivalent wholesale loop product" as one that
19 terminates in the same central office where the ILEC loop serving the same
20 customer premise is available. Moreover, nothing in the TRO requires that the
21 high capacity loops counting towards the triggers be fiber optic loops. Instead, the
22 TRO and FCC rules merely look at the deployment of DS1s and DS3s,
23 irrespective of whether they are copper or fiber-based facilities.

24

25

1 **Q. PLEASE COMMENT ON KMC’S CONTENTION THAT VERIZON**
2 **MUST PROVIDE SUFFICIENT EVIDENCE TO DEMONSTRATE A**
3 **“REASONABLE EXPECTATION” THAT EACH WHOLESALER**
4 **COUNTING TOWARDS THE TRIGGERS WILL “CONTINU[E] TO**
5 **PROVIDE WHOLESALE LOOP CAPACITY TO THAT CUSTOMER**
6 **LOCATION” (JOHNSON P. 25-26).**

7 A. The FCC instructed state commissions not to undertake a financial viability
8 analysis of competing providers. TRO ¶ 338. However, in stating that there
9 should be some reasonable expectation that wholesale loop providers are
10 operationally capable of continuing to provide wholesale loop capacity to that
11 customer location, the FCC did not place the burden on making such a showing on
12 any particular party. *See id.* Indeed, only the wholesaler has the information
13 necessary to make such a showing. No party has provided any evidence
14 suggesting that the carriers identified in Exhibit F.5 to our Supplemental
15 Testimony as wholesalers are not operationally capable of continuing to provide
16 wholesale loop capacity to the specific customer locations identified as satisfying
17 the wholesale trigger. One if the two is a party to this case, and its silence on its
18 wholesale capabilities gives the Commission every reason to believe it can
19 continue providing wholesale service at the specific locations identified in Exhibit
20 F.5.

21
22 **Q. PLEASE COMMENT ON KMC’S CLAIM THAT TO BE “WIDELY**
23 **AVAILABLE”, SERVICE MUST BE MADE AVAILABLE ON A**
24 **COMMON CARRIER BASIS, FOR EXAMPLE, THROUGH A TARIFF**
25 **OR STANDARD CONTRACT (JOHNSON P. 25).**

1 A. The DS1 and DS3s provided by the carriers identified in Exhibit F.5 are offered
2 on a common carrier basis through a tariff, standard contract, or general
3 service/product guide on that company's web page. Specifically, MCI's DS1 and
4 DS3 services are governed by the terms and conditions contained in its products
5 service guide on its web page.⁴⁰ FPL's webpage indicates that it provides dark
6 fiber and bandwidth under multiple interconnection agreements and partnership
7 agreements across its 10,000-mile network.⁴¹

8

9 **D. Additional Buildings Satisfying the Triggers**

10 **Q. HAVE ANY CLECS PRESENTED ADDITIONAL EVIDENCE OF HIGH**
11 **CAPACITY LOOP DEPLOYMENT THAT SATISFIES THE**
12 **TRIGGERS?**

13 A. Yes. As noted in our Supplemental Direct Testimony, Time Warner served
14 Verizon with responses to the Staff's discovery requests the day before we filed
15 our testimony. In addition, ITC DeltaCom served Verizon with its responses to
16 the Staff's discovery requests on January 9, 2004.

17 Specifically, **[BEGIN CLEC PROPRIETARY DATA]**

18

19

20

42

⁴⁰ See http://global.mci.com/publications/service_guide/products/,
[http://global.mci.com/publications/service_guide/products/products currently avail
able/](http://global.mci.com/publications/service_guide/products/products_currently_available/) (Direct Testimony Exhibit E.9).

⁴¹ See <http://www.fplfiber.net/capabilities/contents/overview.shtml#topofpage>
(Direct Testimony Exhibit E.2).

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[END CLEC PROPRIETARY DATA].

As a result of this additional data, Verizon presents a revised summary of the customer locations satisfying the loop triggers, attached as Revised Exhibit F.5. This summary shows that a total of 17 customer locations satisfy at least one trigger. All 17 satisfy the dark fiber trigger. Eleven satisfy the DS1 competitive wholesale trigger. With respect to DS3s, 10 satisfy the self-provisioning trigger and 11 satisfy the DS3 competitive wholesale trigger.

V. TRANSITION PERIOD FOR DEDICATED TRANSPORT AND LOOPS WHERE THE COMMISSION FINDS THE TRIGGERS HAVE BEEN MET

Q. FDN CRITICIZES BELL SOUTH AND VERIZON FOR NOT ADDRESSING TRANSITION ISSUES IN THE EVENT THE COMMISSION FINDS NO IMPAIRMENT ON CERTAIN DEDICATED TRANSPORT ROUTES OR CUSTOMER LOCATIONS (P. 7). ALLEGIANCE, THE FCCA, ITC DELTACOM (P. 66-70), AND KMC (P.

1 **31-33) PRESENT TRANSITION PLANS FOR THE COMMISSION’S**
2 **CONSIDERATION. SHOULD THE COMMISSION ADDRESS A**
3 **TRANSITION PLAN IN THIS NINE-MONTH CASE?**

4 A. No. The Commission should not address a transition plan in this nine-month
5 case. The FCC’s loop rules limit the nine-month state loop proceedings to the
6 impairment review contained in rules 319(a)(4) – (6). 47 C.F.R. §51.319(a)(7).
7 Likewise, the transport rules limit the nine-month transport proceedings to the
8 impairment review contained in rules 319(e)(1) – (3). The trigger rules do not
9 discuss adoption of a transition plan. 47 C.F.R §§ 51.319(a)(4) – (6) and (e)(1)
10 – (3). Thus, while the FCC expected state commissions to develop a transition
11 plan for transport routes and customer locations where it found no impairment,
12 it did not require them to do so in the initial nine-month review. Given the
13 significant amount of work the Commission must complete in its nine-month
14 triggers review, it should not add an issue that could extend its decision-making
15 process beyond the nine-month deadline. Instead, as detailed below, the
16 Commission can (and should) address the transition period issue in a separate
17 arbitration proceeding to determine the terms for amendments to
18 interconnection agreements in connection with the *TRO*.

19
20 **Q. DOES THE ORDER OFFER GUIDANCE ON A TRANSITION**
21 **MECHANISM ONCE NON-IMPAIRMENT IS FOUND FOR A**
22 **PARTICULAR UNE?**

23 A. Yes. Recognizing that “the unbundling provisions of section 251 are
24 implemented to a large extent through interconnection agreements between

1 individual carriers,” the FCC rejected BOC requests for Commission
2 intervention in the contract modification process:

3 Although some parties believe that the contract
4 modification process requires Commission intervention
5 in this instance, we believe that *individual carriers*
6 *should be allowed the opportunity to negotiate specific*
7 *terms and conditions necessary to translate our rules*
8 *into the commercial environment*, and to resolve
9 disputes over any new agreement language arising from
10 differing interpretations of our rules.

11 *TRO* ¶ 700 (emphasis added). The FCC explained that “[p]ermitting voluntary
12 negotiations for binding interconnection agreements is the very essence of
13 section 251 and 252.” *Id.* ¶ 701. The same holds true for any change in an
14 ILEC’s unbundling obligations as a result of a state’s trigger analysis.

15 Consistent with the framework adopted in the *TRO*, on October 2, 2003,
16 Verizon posted on its website a draft interconnection agreement amendment
17 reflecting the new rules, and it sent industry letters to CLECs notifying them
18 that such draft *TRO* amendment was available (and that, pursuant to the *TRO*,
19 October 2nd is deemed to be the negotiation request date for future arbitrations
20 of that amendment).⁴³

⁴³ This industry letter can be found at

http://www22.verizon.com/wholesale/clecsupport/content/1,16835,east-wholesale-resources-2003_industry_letters-clec-10_02b,00.html, and the draft amendment can be found at <http://www22.verizon.com/wholesale/attachments/industry-letters/TROAmendment-v102203.pdf>.

1 **Q. DOES VERIZON'S DRAFT AMENDMENT ADDRESS STATE**
2 **FINDINGS OF NON-IMPAIRMENT?**

3 A. Yes. Section 3.8.2 of the draft amendment provides as follows:

4 3.8.2 Other Nonconforming Facilities. With respect to
5 any Nonconforming Facility not addressed in
6 Section 3.8.1 above [regarding switching],
7 Verizon will notify ***CLEC Acronym TXT***
8 in writing as to any particular unbundling facility
9 previously made available to ***CLEC Acronym
10 TXT*** that is or becomes a Nonconforming
11 Facility, as defined herein [e.g., a loop at a
12 specific customer location or transport facility
13 along a particular route]. The Parties
14 acknowledge that such notice was issued prior to
15 the execution of this Amendment with respect to
16 certain Nonconforming Facilities [e.g., OCn
17 transport and dark fiber entrance facilities].
18 During a transitional period of thirty (30) days
19 from the date of such notice, Verizon agrees to
20 continue providing the Nonconforming Facilities
21 addressed in the subject notice(s) to ***CLEC
22 Acronym TXT*** under the terms of the
23 Agreement. At the end of that thirty (30) day
24 period, unless ***CLEC Acronym TXT*** has
25 submitted an LSR or ASR, as appropriate, to

1 Verizon requesting disconnection of the
2 Nonconforming Facility, Verizon shall convert
3 the subject Nonconforming Facilities to an
4 analogous access service, if available, or if no
5 analogous service is available, to such other
6 service arrangement as Verizon and ***CLEC
7 Acronym TXT*** may agree upon (e.g. a
8 separate arrangement at market-based rates or
9 resale); *provided however*, that where there is no
10 analogous access service, if ***CLEC Acronym
11 TXT*** and Verizon have failed to reach
12 agreement as to a substitute service within such
13 thirty (30) day period, then Verizon may
14 disconnect the Nonconforming Facilities; and
15 *provided further*, that with respect to any dark
16 fiber facility that, pursuant to the terms of this
17 Amendment, is (or becomes) a Nonconforming
18 Facility, the transition period shall be ninety (90)
19 days from the date of the aforementioned notice;
20 and *provided further*, that unless the parties have
21 been able to negotiate a suitable transitional
22 services agreement for such dark fiber facilities
23 within that ninety (90) day period, Verizon shall
24 no longer be obligated to provide the
25 Nonconforming Facilities in question to

1 ***CLEC Acronym TXT***. Where the
2 Nonconforming Facilities are converted to an
3 analogous access service, Verizon shall provide
4 such access services at the month-to-month rates,
5 and in accordance with the terms and conditions,
6 of Verizon's applicable access tariff, with the
7 effective bill date being the first day following
8 the thirty (30) day notice period. ***CLEC
9 Acronym TXT*** shall pay all applicable
10 termination charges, if any, for any
11 Nonconforming Facilities that ***CLEC
12 Acronym TXT*** requests Verizon to
13 disconnect, or that Verizon disconnects as a result
14 of the Parties' failure to reach agreement on a
15 substitute service.

16 Thus, upon the effective date of any Commission finding of non-impairment
17 with respect to loop or transport facilities, Verizon would not simply stop
18 providing loops or transport to CLECs, Instead, Verizon would provide Florida
19 CLECs with 30 days' notice that (a) it intends to discontinue provisioning, as a
20 UNE, the applicable facility in the subject location(s), and (b) upon the passage
21 of the 30 day period, unless the CLEC submits LSRs/ASRs (as appropriate) to
22 disconnect the subject facility, VZ *will continue provisioning the facility* as an
23 access service (where an analogous access service exists).

24
25

1 **Q. HAVE ANY CLECS IN FLORIDA PROVIDED INPUT WITH RESPECT**
2 **TO NEGOTIATION OF A TRO AMENDMENT?**

3 A. Yes. A number of carriers (including parties to this case) have submitted letters
4 to Verizon commenting upon changes associated with the *TRO*, including
5 Verizon's draft TRO amendment. However, thus far relatively few carriers
6 have provided many substantive comments on that amendment. If the parties
7 are unable to reach agreement on an amendment within 135 days after October
8 2, 2003, either party may request arbitration.⁴⁴ The transition mechanism
9 described above and contained in the model amendment for nonconforming
10 facilities – including, without limitation, for loops and/or transport facilities in
11 respect of which the Commission finds no impairment– is reasonable and
12 appropriate. However, if Verizon and the CLECs cannot agree to such a
13 mechanism, this issue should be decided by the Commission in the context of a
14 separate Section 252 arbitration proceeding determining terms for TRO
15 amendments.

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

18 A. Yes.

19

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22

23

⁴⁴ See *TRO* ¶ 703.

REDACTED – FOR PUBLIC INSPECTION
CC Docket Nos. 01-338, 96-98, 98-147
Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Review of the Section 251 Unbundling)	
Obligations of Incumbent Local Exchange)	CC Docket No. 01-338
Carriers)	
)	
Implementation of the Local Competition)	
Provisions of the Telecommunications Act of)	CC Docket No. 96-98
1996)	
)	
)	CC Docket No. 98-147
Deployment of Wireline Services Offering)	
Advanced Telecommunications Capability)	

COMMENTS OF AT&T CORP.

David W. Carpenter
Sidley Austin Brown & Wood
Bank One Plaza
10 South Dearborn Street
Chicago, IL 60603
(312) 853-7237

Mark E. Haddad
Peter D. Keisler
Ronald S. Flagg
James P. Young
Daniel Meron
Michael J. Hunseder
C. Frederick Beckner III
Ronald L. Steiner
Sidley Austin Brown & Wood LLP
1501 K Street, N.W.
Washington, D.C. 20005
(202) 736-8000

Mark C. Rosenblum
Lawrence J. Lafaro
Richard H. Rubin
Teresa Marrero
AT&T Corp.
295 North Maple Avenue
Basking Ridge, NJ 07920
(908) 221-3539

James J. Valentino
Mintz, Levin, Cohn, Ferris,
Glovsky and Popeo, P.C.
701 Pennsylvania Avenue, N.W.
Suite 900
Washington, D.C. 20004
(202) 434-7300

April 5, 2002

REDACTED – FOR PUBLIC INSPECTION
CC Docket Nos. 01-338, 96-98, 98-147

the next year. Such price competition, along with the new product and feature packages that AT&T and other CLECs have introduced in New York, prove that UNE-P allows competitors to provide consumers valuable competitive benefits that this Commission should widely promote. Thus, quite apart from its effect on investment, UNE-based competition is beneficial in itself, and should be preserved and expanded for that reason alone, as NARUC has requested.

But that is not all, for the dispositive marketplace evidence is that access to UNEs promotes – and does not deter – increased facilities investment by CLECs and ILECs alike. AT&T's experience, in particular, confirms the Commission's prior findings that CLECs will deploy their own facilities as soon as it is economically and technically feasible to do so. The availability of UNEs at true TELRIC prices does not delay the deployment of facilities, because transaction costs and other competitive disadvantages of using UNEs mean that CLECs' real costs are far higher than the TELRIC rate. UNEs instead play a critical role in permitting CLECs to develop the customer base, traffic, and revenues needed to support facilities-investment.

AT&T has invested billions of dollars since 1996 to deploy more than 115 local switches in over 60 markets around the country, to re-engineer more than 200 long distance switches to provide local service, to establish over 1,000 collocations in ILEC switching offices, and to install more than 17,000 route miles of local fiber connecting customers in about 6,000 buildings to its network. This extraordinary investment in network facilities alone belies any claim that AT&T lacks commitment to facilities-based competition. But the record also shows that AT&T's lack of access to UNEs – due to high prices and other restrictions – seriously impedes further facilities investment today. No company, including AT&T, can justify large investments in facilities when existing facilities are severely underutilized. Yet that is precisely the predicament AT&T and other facilities-based carriers now face. Regulatory restrictions that the

REDACTED – For Public Inspection

9. In an effort to throw a factual light on these claims, this declaration will begin first by describing in some detail the extent of AT&T's local facilities deployment. As we show, AT&T has invested billions of dollars in local facilities since passage of the 1996 Act.¹ Those facilities include over 115 local switches, over 17,000 fiber route miles (consisting of millions of miles of fiber strands), and collocations AT&T has established in over 1000 ILEC end offices in 66 cities. In those collocations, AT&T has deployed over [proprietary begin] [proprietary end] digital loop carriers ("DLCs") to terminate unbundled loops, approximately [proprietary begin] [proprietary end] DS1 to DS3 multiplexers, and over [proprietary begin] [proprietary end] optical concentration ("OC") multiplexers. By any measure, this shows a serious commitment by AT&T's to pursue facilities-based entry whenever it has been economically and logistically practical.

10. Contrary to the ILECs' claims that the ready availability of UNEs at TELRIC rates, and particularly UNE-P, diminishes CLECs' incentives to invest in their own facilities, we demonstrate below that AT&T has invested at least as heavily in facilities in states such as New York, where AT&T has made extensive use of UNE-P, as in California and other states where there has been little to no UNE-P entry because UNEs have been priced so high as to be effectively unavailable. For example, AT&T has deployed nearly twice as many local switches in New York City as in Los Angeles, and has the same number of local switches in New York City as in Los Angeles and San Francisco combined, despite the fact that AT&T currently serves close to [proprietary begin] [proprietary end] customers over the UNE-P in New

¹ All figures in this declaration, unless otherwise noted, are as of year end 2001, and address only the Local Network Service managed network.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO
SECTIONS 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 333-50475

KMC TELECOM HOLDINGS, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation or Organization)

22-3545325
(I.R.S. Employer
Identification No.)

1545 ROUTE 206
BEDMINSTER, NEW JERSEY 07921
(Address of Principal Executive Offices, Including Zip Code)

Registrant's telephone number, including area code: (908) 470-2100

Securities registered pursuant to Section 12(b) of the Act
NONE

Securities registered pursuant to Section 12(g) of the Act
NONE

Indicate by check mark whether the registrant: (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. [X] Yes [] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [X].

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of March 29, 2002 was approximately \$2,298,000 based upon an estimate of the fair value thereof by management of the registrant. There is no established trading market for the voting common stock of the registrant and no sales have occurred within the past sixty days.

As of March 29, 2002, 861,134 shares of the registrant's Common Stock, \$0.01 par value, were outstanding. There is no established trading market for the Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE. None

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

STATEMENTS IN THIS ANNUAL REPORT ON FORM 10-K THAT ARE NOT PURELY HISTORICAL ARE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933 AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, INCLUDING STATEMENTS REGARDING OUR EXPECTATIONS, HOPES, INTENTIONS OR STRATEGIES REGARDING THE FUTURE. FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS REGARDING OUR FUTURE OPERATIONS AND PROSPECTS, OUR EXPECTED FINANCIAL POSITION, OUR FUNDING NEEDS AND POTENTIAL FINANCING SOURCES, OUR NETWORK DEVELOPMENT PLANS, OUR EXPECTED COST SAVINGS FROM RESTRUCTURINGS OF OUR TIER III MARKETS BUSINESS, THE MARKETS IN WHICH OUR SERVICES ARE CURRENTLY OFFERED, OR WILL BE OFFERED IN THE FUTURE, THE SERVICES WHICH WE EXPECT TO OFFER IN THE FUTURE, OUR ANTICIPATED CAPITAL EXPENDITURES, REGULATORY REFORM, EXPECTED COMPETITION IN OUR MARKETS, OUR INTENT, BELIEFS OR CURRENT EXPECTATIONS WITH RESPECT TO OUR FUTURE FINANCIAL PERFORMANCE AND OTHER MATTERS. ALL FORWARD-LOOKING STATEMENTS IN THIS REPORT ARE BASED ON INFORMATION AVAILABLE TO US AS OF THE DATE THIS REPORT IS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, AND WE ASSUME NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS, EXCEPT AS REQUIRED BY LAW. ALL FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND OTHER FACTORS THAT COULD CAUSE OUR ACTUAL RESULTS, PERFORMANCE, PROSPECTS OR OPPORTUNITIES TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN, OR IMPLIED BY, THESE FORWARD-LOOKING STATEMENTS. THESE RISKS, UNCERTAINTIES AND OTHER FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THE FACTORS SET FORTH IN ITEM 7 "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS -- CERTAIN FACTORS WHICH MAY AFFECT OUR FUTURE RESULTS."

PART I

ITEM 1. BUSINESS

BACKGROUND

The initial predecessors of KMC Telecom Holdings, Inc. were founded in 1994 and 1995, respectively, by Harold N. Kamine, our Chairman of the Board. These predecessors were merged in 1996 and renamed KMC Telecom Inc. KMC Telecom Holdings, Inc. was formed during 1997 primarily to own, directly or indirectly, all of the shares of its operating subsidiaries. Our principal equity investors currently include Nassau Capital Partners L.P., Mr. Kamine, General Electric Capital Corporation, CIT Lending Services Corporation, Wachovia Bank (f/k/a First Union National Bank), and Dresdner Kleinwort Capital.

In this Report, "we," "us" or "our" refers to KMC Telecom Holdings, Inc and its subsidiaries collectively, or, if the context so requires, KMC Telecom Holdings, Inc., individually.

OVERVIEW

We are a fiber-based integrated communications provider offering data, voice and Internet infrastructure services. We offer these services to businesses, governments and institutional end-users, Internet service providers, long distance carriers and wireless service providers. Our business has two distinct components: serving communications-intensive customers in Tier III markets, and providing data services on a nationwide basis.

We currently provide a full suite of broadband communications services in 35 Tier III markets, which we define as markets with a population between 100,000 and 750,000. We own and operate robust fiber-based networks and Class 5 switching equipment in all of our Tier III markets, which are predominantly located in the South, Southeast, Midwest and Mid-Atlantic United States. In February 2002, we sold our fiber-optic networks and related assets in two of our Tier III markets.

In an effort to preserve liquidity, we began to implement a significant further restructuring of our Tier III Markets business in the first quarter of 2002. This restructuring is intended to centralize many of the general and administrative activities that were previously performed in each city to fewer locations, to reorganize our sales force, to reduce the number of other operating personnel and to significantly reduce our Tier III Markets business capital expenditures.

<PAGE>

We also provide nationwide data services under long-term fixed price contracts. Under these contracts, we provide local Internet access infrastructure and other enhanced data services. Currently, we have contracts representing approximately \$280 million in annualized revenues in approximately 820 markets. We are deploying technology platforms from Cisco, Nortel and Telica, which we believe will result in a cost-effective and technologically superior solution for our customers.

See Note 8 of the Notes to Consolidated Financial Statements for financial information by Tier III Markets Segment and Nationwide Data Platform Segment.

SERVICES

We offer a comprehensive suite of data and voice services

VOICE SERVICES

For the year ended December 31, 2001, voice services accounted for approximately 20% of our revenue. These voice services include:

LOCAL SWITCHED SERVICES. Local switched services allow customers to connect their key systems and PBX system with the public network through dial tone lines and trunks. Dial tone lines also enable customers without premise-based communications systems to connect to the public network through stand-alone telephone devices. We also offer enhanced services such as call waiting, conferencing, speed dialing and voice mail to our customers. We currently have switches commercially operable in each of our 35 Tier III markets.

LONG DISTANCE SERVICES. We offer a full range of long distance services including inter- and intra-LATA, interstate, international, calling card, prepaid calling card and 800 type services. We offer long distance services to our customers by entering into wholesale agreements with various long distance carriers and reselling their transmission services to our customers. We believe that many of our customers will prefer the option of purchasing long distance services from us in conjunction with their local switched services as part of their one-stop telecommunications solution.

CENTREX-TYPE SERVICES. Centrex-type services provide customers the functionality of PBX without the capital expense of installing these systems. Centrex-type services reduce customers' maintenance expenses and increase communications reliability. We introduced these services in all our operational markets during 1999 and the first quarter of 2000. These services feature call forwarding, speed dialing, conferencing and intercom, transfer and voice mail capabilities. Centrex-type services can be provided over standard voice connections or, where voice and data services are required, ISDN connections.

DATA SERVICES

Data services represented approximately 80% of our revenue for the year ended December 31, 2001. We believe that these services enhance our ability to provide an integrated turnkey solution to our customers' data, voice and video transmission requirements. Our current data service offerings include:

PRIMARY RATE ISDN. Primary Rate ISDN provides customers the equivalent of 1.544 megabits per second of digital communications via a T-1 type facility, with 23 channels for data and voice communications and a 24th channel providing network signaling and control for the services. We focus our Primary Rate ISDN sales efforts on Internet service providers who use it as a means of supporting customer access to their operations, and end-user customers who use it as a network access facility for their internal telecommunications systems.

INTERNET INFRASTRUCTURE. Our Internet infrastructure service provides large bandwidth users with data switching capability at the network level, allowing them to acquire capacity as required without investing in data switching equipment. Internet infrastructure service gives us the ability to provide data switching to Internet service providers by allowing data calls to be terminated through port wholesale equipment rather than the switch. This

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enables the Internet service provider to more cost effectively manage its data requirements while, at the same time, increasing the efficiency and capacity of our Class 5 switches.

BASIC RATE ISDN. Basic Rate ISDN, or BRI, provides customers the potential of 144 kilobits per second of digital communications via a single network facility interface. We believe this service is attractive to medium and small size customers, since it provides dial-up access to the Internet, and other dial-up data applications, while simultaneously providing the ability to integrate voice traffic on a single network facility.

PRIVATE LINE AND SPECIAL ACCESS SERVICES. We currently provide various types of on-network dedicated services which permit the transmission of voice and data between two or more specified points and are dedicated to a particular customer. Private line services are provided over dedicated lines and are available in different capacities. DS-1 lines are dedicated lines that provide 24 separate channels that transport voice and/or data. DS-3 lines provide 672 channels. The use of the channels and capacity of the service is determined by the needs of the customer. Special access services are provided to long distance carriers to connect their customers to the long distance carriers' locations or to multiple locations of the carrier. The services are provided over DS-1 and DS-3 lines. If additional capacity is desired we have the ability to provide OC-3, OC-12 and higher capacities that deliver multiple DS-3 equivalent capacities. Our private line and special access services are designed to meet the needs of our customers.

FRAME RELAY/ATM. Frame relay and ATM, or asynchronous transfer mode, are used by some of our data customers as a fast data transport service for Wide Area Networks.

INTERNET ACCESS SERVICES. We began to offer Internet access services in partnership with several carriers in the fourth quarter of 2001.

TIER III MARKETS

We define Tier III markets as markets with a population from 100,000 to 750,000. The following table provides aggregate data as of February 28, 2002 for our networks:

<TABLE>
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	TOTAL LINES IN SERVICE (1)	ROUTE MILES	ADDRESSABLE COMMERCIAL BUILDINGS (2)	COLLOCATION
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Total Networks (35 markets)....	6,214,109	2,286	74,901	140

</TABLE>

1 Represents all active switched channels we provide to customers either by

unbundled network elements leased from the incumbent local exchange carrier, by direct connection to our own network, or by resale via the incumbent local exchange carrier's network and all active dedicated lines we provide to customers expressed on a DS-0 equivalent basis.

- (2) Addressable by either unbundled network elements leased from the incumbent local exchange carrier or by a direct connection to our own network. We define a commercial building as one with greater than ten employees.

Our networks are designed for high-speed data and voice communications, using Class 5 digital switching devices. These devices are deployed in all of our networks, as part of a total central office configuration that includes electronic digital cross connect devices, SONET (or self-healing synchronous optical network), transport equipment and associated DC power plants and AC emergency power facilities. We currently offer end-to-end fully protected fiber services using the SONET ring architecture which routes customer traffic simultaneously in both directions around the ring to provide protection against fiber cuts. If a line is cut, traffic is automatically reversed and sent to its destination around the other side of the ring. In addition, back-up electronics become operational in the event of failure of the primary components. The switches and associated transport equipment are deployed in an initial configuration that permits rapid growth as our business in the local market grows. Our networks provide access to customers through SONET-based fiber optic rings for on-network service and through unbundled network elements which are connected to our central office through SONET fiber rings between the incumbent local exchange carrier tandem and the incumbent local exchange carrier service offices. In addition, interexchange

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carriers are connected from their points of presence to our central office by SONET rings, for long distance connectivity.

We have deployed subscriber loop carrier equipment in each incumbent local exchange carrier collocation for connection to customer premise equipment, and service is then concentrated for transport to our central office for distribution. The incumbent local exchange carrier collocations are engineered to provide access to business, institutional, governmental or other large customers. In addition, for large customer services, the fiber backbone can be extended to provide fiber access all the way to the business complex or building for on-network services. We provide customer premise electronic equipment to connect to both unbundled network element and on-network facilities.

We have also deployed a nationwide primary rate interface (PRI) capability that permits the provisioning of Internet infrastructure services to large Internet service providers without the need to utilize the Class 5 switching capacity. This capability is managed via two centralized KMC NextGen SoftSwitch controllers, which permit the growth of Internet services quickly. This technology provides economical and highly scalable PRI growth and avoids the higher cost associated with placing additional capacity on the existing Class 5 switch in each city.

We currently deploy a 72 pair-strand fiber optic network. Our optical bandwidth capacity in fiber rings ranges from OC-3 to OC-48.

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AS FILED ELECTRONICALLY WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH ,
2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

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(Mark One)
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

</Table> FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-1105

AT&T CORP.

<Table>
<S> <C>
A NEW YORK I.R.S. EMPLOYER
CORPORATION NO. 13-4924710
</Table>

ONE AT&T WAY, BEDMINSTER, NEW JERSEY 07921
- TELEPHONE NUMBER 908-221-2000
INTERNET ADDRESS: ATT.COM/IR

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
SEE ATTACHED SCHEDULE A.

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
NONE.

Indicate by check mark whether the registrant (1) has filed all reports

Thirty Year 6 1/2% Notes due March 15, 2029
Forty Year 8 5/8% Debentures, due December 1, 2031
</Table>
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PART I

ITEM 1. BUSINESS

GENERAL

AT&T Corp. was incorporated in 1885 under the laws of the State of New York and has its principal executive offices at One AT&T Way, Bedminster, New Jersey, 07921 (telephone number, 908-221-2000; internet address, att.com/ir).

AT&T is among the world's communications leaders, providing voice and data communications services to large and small businesses, consumers and government entities. AT&T and its subsidiaries furnish domestic and international long distance, regional, local and Internet communications services. AT&T's primary lines of business are AT&T Business Services and AT&T Consumer Services.

RESTRUCTURING

On October 25, 2000, AT&T announced a restructuring plan to be implemented by various independent actions designed to fully separate or issue separately tracked stocks intended to reflect the financial performance and economic value of each of AT&T's then four major operating units: Broadband Services, Business Services, Consumer Services and Wireless Services.

On July 9, 2001, AT&T completed the split-off of AT&T Wireless as a separate, independently traded company. All AT&T Wireless tracking stock was converted into AT&T Wireless common stock on a one-for-one basis and 1,136 million shares of AT&T Wireless common stock, held by AT&T, were distributed to AT&T common shareowners on a basis of 0.3218 of a share (1.609 as adjusted for AT&T's November 18, 2002 one-for-five reverse stock split) of AT&T Wireless for each AT&T share outstanding.

On August 10, 2001, AT&T completed the split-off of Liberty Media Corporation as an independent, publicly-traded company. AT&T redeemed each outstanding share of Class A and Class B Liberty Media Group tracking stock for one share of Liberty Media Corporation's Series A and Series B common stock, respectively.

On November 18, 2002, AT&T completed the spin-off of AT&T Broadband and simultaneously merged it with Comcast Corporation. Each AT&T shareowner received a distribution of 0.3235 of a share (1.6175 shares reverse split adjusted) of Comcast Class A common stock for each share of AT&T common stock outstanding.

On July 10, 2002, AT&T shareholders approved an amendment to AT&T's charter to create a new class of AT&T common stock, the AT&T Consumer Services Group tracking stock. AT&T has not determined when or whether these shares would be issued, which would be dependent on sufficient market receptivity and support.

On July 10, 2002, AT&T shareowners approved a one-for-five reverse stock split of AT&T common stock. The reverse stock split was effected on November 18, 2002 immediately after the completion of the spin-off of AT&T Broadband.

DESCRIPTION OF AT&T BUSINESS SERVICES

OVERVIEW

AT&T Business Services is one of the nation's largest business services communications providers, offering a variety of global communications services to over 4 million customers, including large domestic and multinational businesses, small and medium-sized businesses and government agencies. AT&T Business Services operates one of the largest telecommunications networks in the United States and, through AT&T's Global Network Services, provides an array of services and customized solutions in 60 countries and 850 cities worldwide.

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AT&T Business Services provides a broad range of communications services and customized solutions, including:

- long distance, international and toll-free voice services;
- local services, including voice private line, local data and special access services;
- data and Internet Protocol (IP) services for a variety of network standards, including frame relay and asynchronous transfer mode (ATM);
- managed networking services and outsourcing solutions; and
- wholesale transport services

INDUSTRY OVERVIEW

The communications services industry continues to evolve, both domestically and internationally, providing significant opportunities and risks to the participants in these markets. Factors that have been driving this change include:

- entry of new competitors and investment of substantial capital in existing and new services, resulting in significant price competition;
- technological advances resulting in a proliferation of new services and products and rapid increases in network capacity;
- the Telecommunications Act; and
- deregulation of communications services markets in selected countries around the world.

One factor affecting the communications services industry is the rapid development of data services. The development of frame relay, ATM and IP networks as modes of transmitting information electronically has dramatically transformed the array and breadth of services offered by telecommunications carriers.

Use of the Internet, including intranets and extranets, has grown rapidly in recent years. This growth has been driven by a number of factors, including the large and growing installed base of personal computers, improvements in

network architectures, increasing numbers of network-enabled applications, emergence of compelling content and commerce-enabling technologies, and easier, faster and cheaper Internet access. Consequently, the Internet has become an important new global communications and commerce medium. The Internet represents an opportunity for enterprises to interact in new and different ways with both existing and prospective customers, employees, suppliers and partners. Enterprises are responding to this opportunity by substantially increasing their investment in Internet connectivity and services to enhance internal voice and data networks.

In the United States, the Telecommunications Act has had a significant impact on AT&T Business Services' business by establishing a statutory framework for opening the local service markets to competition and by allowing regional phone companies to provide in-region long distance services. In addition, prices for long distance minutes and other basic communications services have declined as a result of increased competitive pressures, governmental deregulation, introduction of more efficient networks and advanced technologies, and product substitution. Competition in these basic communications services segments has more recently been based more on price and less on other differentiating factors that appeal to the larger business market customers, including range of services offered, bundling of products, customer service, and communications quality, reliability and availability.

Furthermore, the introduction and growth of wireless carriers has also put additional competitive pressure on traditional voice long distance business services, particularly in the "dial 1" long distance, card and operator services segments.

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SERVICES AND PRODUCTS

VOICE SERVICES

Long Distance Voice Services. AT&T Business Services' long distance voice communication offerings include the traditional "one plus" dialing of domestic and international long distance for customers that select AT&T Business Services as their primary long distance carrier.

AT&T Business Services offers toll-free (for example, 800) inbound services, where the receiving party pays for the call. These services are used in a wide variety of applications, including sales, reservation centers or customer service centers. AT&T Business Services also offers a variety of value-added features to enhance customers' toll-free services, including call routing by origination point and time-of-day routing. In addition, AT&T Business Services provides virtual private network applications, including dedicated outbound facilities.

AT&T Business Services offers audio and video teleconferencing services, as well as web-based video conferencing. These services offer customers the ability to establish automated teleconference lines, as well as teleconferences moderated by an AT&T representative. Customers can also establish a dedicated audio conference number that can be used at any time without the necessity of a reservation.

AT&T Business Services also offers a variety of calling cards that allow

the user to place calls from virtually anywhere in the world. Additional features include prepaid phone cards, conference calling, international origination, information service access (such as weather or stock quotes), speed dialing and voice messaging.

Business local services. AT&T Business Services' local services provides a wide range of local voice and data telecommunications services in major metropolitan markets throughout the United States. Services include basic local exchange service, Centrex, exchange access, private line, high speed data, pay phone and video services. AT&T Business Services typically offers local service as part of a package of services that can include combinations of other AT&T Business Services offerings.

Integrated Voice/Data/IP Offers. AT&T Business Services provides a variety of integrated service offers targeted at business customers. For small businesses, AT&T's All in One(R) service offering provides both local and long distance services through a single bill, providing discounts based on volume and term commitments. The AT&T Business Network service offers a wide range of voice and data services through a single service package. Among the features of the integrated services offering is the ability to enable customers to electronically order new services, perform maintenance and manage administrative functions.

AT&T also has a number of integrated voice and data services, such as Integrated Network Connections, that provide customers the ability to integrate access for their voice and data services and thereby qualify for lower prices.

DATA AND INTERNET SERVICES

Private Line Services. AT&T Business Services' data services include private line and special access services that use high-capacity digital circuits to carry voice, data and video or multimedia transmission from point-to-point in multiple configurations. These services provide high-volume customers with a direct connection to an AT&T Business Services' switch instead of switched access shared by many users. These services permit customers to create internal computer networks and to access external computer networks and the Internet, thereby reducing originating access costs.

Packet Services. Packet services consist of data networks utilizing packet switching and transmission technologies. Packet services include frame relay, Asynchronous Transfer Mode, or ATM and IP connectivity services. Packet services enable customers to transmit large volumes of data economically and securely. Packet services are utilized for local area network interconnection, remote site, point of sale and branch office communications solutions. While frame relay and ATM Services are widely deployed as private data networks, AT&T Business Services offers customers the ability to connect these networks to the Internet through services such as IP-enabled frame relay. High speed packet services, including IP-enabled frame relay service, are utilized extensively by enterprise customers for an expanding range of applications.

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AT&T Business Internet Services. AT&T Business Services provides IP connectivity and managed IP services, messaging, and electronic commerce services to businesses. AT&T offers managed Internet services, which give customers dedicated, high-speed access to the Internet for business applications

at a variety of speeds and types of access, as well as business dial-up service, a dial-up version of Internet access designed to meet the needs of small- and medium-sized businesses. AT&T's web services consist of a family of hosting and transactional services and platforms serving the web needs of thousands of businesses; these offers include AT&T Small Business Hosting Services.

MANAGED SERVICES AND OUTSOURCING SOLUTIONS

AT&T Business Services provides clients with an array of managed networking services, professional services and outsourcing solutions intended to satisfy clients' complete networking technology needs, ranging from managing individual network components such as routers and frame relay networks to managing entire complex global networks. AT&T Business Services also works selectively with qualified partners to offer enhanced services to customers.

Enterprise Networking Services. With a presence in 60 countries and 850 different cities, AT&T Business Services' enterprise networking services provide comprehensive support from network design, implementation and installation to ongoing network operations and lifecycle management of solutions for networks of varying scales, including Local Area Networks, Wide Area Networks, and Virtual Private Networks. These managed enterprise networking services include applications such as e-mail, voice over IP, order entry systems, employee directories, human resource transaction and other database applications.

Web Services. AT&T Business Services' managed web hosting services support clients' hosted infrastructure needs from the network layer up to managing the performance of their business applications. With 18 Internet Data Centers located on three continents and with a capacity of more than 1.8 million square feet of web hosting space, AT&T's hosting services provide a flexible, managed environment of network, server and security infrastructure as well as built-in data storage. AT&T's suite of managed hosting services includes application performance management, database management, hardware and operating system management, intelligent content distribution services, high availability data and computing services, storage services, managed security and firewall services. AT&T's web hosting services also include a range of business tools, including client portal services that provide managed hosting customers with personalized, secure access to detailed reporting information about their infrastructure and applications.

High Availability and Security Services. AT&T Business Services' high availability and security services deliver integrated solutions to ensure the continuous operations of clients' critical business processes and availability of critical data and includes business continuity and disaster recovery services.

Outsourcing Solutions. AT&T Business Services provides customers consulting, outsourcing and management services for their highly complex global data networks, including networking-based electronic commerce applications.

TRANSPORT

AT&T Business Services provides wholesale networking capacity and switched services to other carriers. AT&T Business Services offers a combination of high-volume transmission capacity, conventional dedicated line services and dedicated switched services on a regional and national basis to Internet Service Providers (ISPs) and facility-based and switchless resellers. AT&T Business Services' wholesale customers are primarily large tier-one ISPs, competitive

local exchange carriers, regional phone companies, interexchange carriers, cable companies and systems integrators. AT&T Business Services focuses on ensuring optimal network utilization through the sale of off-peak capacity. AT&T Business Services also has sold dedicated network capacity through indefeasible rights-of-use agreements under which capacity is furnished for contract terms as long as 25 years.

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SALES AND MARKETING

AT&T Business Services markets its voice and data communications services through its global sales and marketing organization of approximately 6,800 sales representatives. The sales and marketing group also uses several outside telemarketing firms. In addition, the AT&T Solution Center provides a centralized resource for complex customer requirements.

CUSTOMER CARE AND SUPPORT

AT&T Business Services' customer care handles contracting, collections, ordering, provisioning and maintenance processes worldwide. In the U.S. there are 12,133 customer care associates at 47 customer care centers, of which 41 are company-owned and 6 are operated by outside customer care firms. For larger and multinational customers and government agencies, AT&T Business Services provides customer care services and support through dedicated account teams. Through a dedicated customer care website customers may submit questions or initiate service requests, including ordering new services or submitting maintenance requests.

RATES AND BILLING

AT&T Business Services provides the majority of its services through long-term contracts. General descriptions of AT&T Business Services' services, applicable rates, warranties, limitations on liability, user requirements and other material service provisioning information are outlined in service guides that are provided directly to prospective clients or are available on AT&T's website. Customers enter into contracts, based on the service guides, detailing customer-specific terms and information, including volume discounts, service bundling, extended warranties and other customized terms. Through combined offerings, AT&T Business Services also provides customers with such features as single billing, unified services for multi-location companies and customized calling plans. Most intrastate services are provided in accordance with applicable tariffs filed with the states.

NETWORK

AT&T Business Services' U.S. network comprises 54,000 route miles of long-haul backbone fiber-optic cable, plus another 19,600 route miles of local metropolitan fiber, capable of carrying high speed (10 billion bits or 10 gigabits per second) of traffic. AT&T Business Services upgrades this fiber network, recently completing the installation of over 12,000 new route miles of the latest generation fiber-optic cable capable of carrying 40 gigabits per second when that technology is commercially available. This new fiber capacity provides AT&T substantial capacity for potential future growth of network traffic with low incremental capital expenditure requirements. In addition, AT&T Business Services also has over 700 points-of-presence in the continental U.S.

	Street Address	City	Zip Code	CLECs Counting Towards Triggers	Dark Fiber Trigger	DS-3 Self Provisioning Trigger	DS-1 Wholesale Trigger	DS-3 Wholesale Trigger
1	12000 25th Ct N	Saint Petersburg	33716		X			
2	100 N Tampa St	Tampa	33602		X		X	X
3	101 E Kennedy St	Tampa	33602		X		X	X
4	103 N 22nd St	Tampa	33605		X	X	X	X
5	1309 N Ward St	Tampa	33607		X	X		
6	1700 N 25 Street	Tampa	33605		X		X	X
7	2261 Massaro Blvd	Tampa	33619		X		X	X
8	3 Tampa City Cir	Tampa	33602		X	X	X	X
9	3405 Martin Luther King Jr. Blvd	Tampa	33607		X			
10	400 N Tampa St	Tampa	33602	REDACTED	X	X	X	X
11	412 E Madison St	Tampa	33602		X	X	X	X
12	4200 W Cypress St	Tampa	33607		X	X	X	X
13	4300 W Cypress St	Tampa	33607		X	X		
14	5401 W Kennedy Blvd.	Tampa	33609		X		X	X
15	655 N Franklin St	Tampa	33602		X	X	X	X
16	8725 Henderson Rd	Tampa	33634		X	X		
17	8735 Henderson Rd	Tampa	33634		X			