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

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

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

March 30, 2005

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

Re: Docket No. 040156-TP
Petition for Arbitration of Amendment to Interconnection Agreements With Certain Competitive Local Exchange Carriers and Commercial Mobile Radio Service Providers in Florida by Verizon Florida Inc.

Dear Ms. Bayo:

Enclosed are an original and 15 copies of Verizon Florida Inc.'s Prehearing Statement for filing in the above matter. Also enclosed is a diskette with a copy of the Prehearing Statement in Word format. Service has been made as indicated on the Certificate of Service. If there are any questions concerning this filing, please contact me at 813-483-1256.

Sincerely,

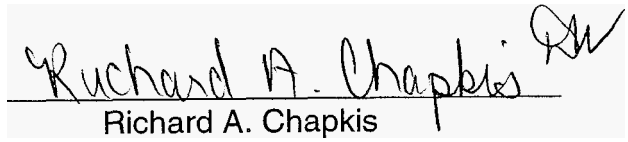
Richard A. Chapkis

Richard A. Chapkis

RAC:tas
Enclosures

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of Verizon Florida Inc.'s Prehearing Statement in Docket No. 040156-TP were sent via U. S. mail on March 30, 2005 to the parties on the attached list.



Richard A. Chapkis

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

ALEC, Inc.
3640 Valley Hill Road
Kennesaw, GA 30152-3238

Sonia Daniels
AT&T
1230 Peachtree St. N.E.
Suite 400
Atlanta, GA 30309

LecStar Telecom, Inc.
Michael E. Britt
4501 Circle 75 Parkway
Suite D-4200
Atlanta, GA 30339-3025

American Dial Tone
Larry Wright
2323 Curlew Road, Suite 7C
Dunedin, FL 34683

MCI WorldCom Comm.
Dulaney O'Roark, III
6 Concourse Parkway
Suite 600
Atlanta, GA 30328

MCI WorldCom Comm./
Intermedia Comm./MCImetro
Access/Metropolitan Fiber
Donna C. McNulty
1203 Governors Square Blvd.
Suite 201
Tallahassee, FL 32301-2960

Director-Interconnection Services
Level 3 Communications, LLC
1025 Eldorado Boulevard
Broomfield, CO 80021-8869

NewSouth Comm. Corp.
Keiki Hendrix
Two N. Main Street
Greenville, SC 29601-2719

Supra Telecommunications
and Information Systems Inc.
Ann H. Shelfer
1311 Executive Center Drive
Suite 220
Tallahassee, FL 32301-5067

Eric Larsen
Tallahassee Telephone Exchange Inc.
1367 Mahan Drive
Tallahassee, FL 32308

The Ultimate Connection L.C.
d/b/a DayStar Comm.
18215 Paulson Drive
Port Charlotte, FL 33954

USA Telephone Inc.
d/b/a CHOICE ONE Telecom
1510 NE 162nd Street
North Miami Beach, FL 33162

Kellogg Huber Law Firm
A. Panner/S. Angstreich
1615 M Street, NW, Suite 400
Washington, DC 20036

James C. Falvey
Xspedius Management Co.
7125 Columbia Gateway Dr.
Suite 200
Columbia, MD 21046

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

Norman Horton/E. Gary Early
Messer, Caparello & Self
215 S. Monroe Street
Suite 701
Tallahassee, FL 32302

Competitive Carrier Group
c/o Kelley Drye & Warren LLP
1200 19th Street NW, 5th Floor
Washington, DC 20036

Local Line America, Inc.
Amy J. Topper
520 S. Main Street, Suite 2446
Akron, OH 44310-1087

Mario J. Yerak, President
Saluda Networks Incorporated
782 NW 42nd Avenue, Suite 210
Miami, FL 33126

Patricia S. Lee
Florida Public Svc. Comm.
Div. of Comp. Markets &
Enforcement
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Sprint Comm. Company
Susan Masterton
P. O. Box 2214
Tallahassee, FL 32316-2214

Swidler Law Firm
Russell M. Blau
3000 K Street NW, Suite 300
Washington, DC 20007-5116

Time Warner Telecom
Carolyn Marek
233 Bramerton Court
Franklin, TN 37069-4002

Genevieve Morelli
Brett H. Freedson
Kelley Drye & Warren LLP
1200 19th Street, NW
Washington, DC 20036

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Arbitration of Amendment to Interconnection Agreements with Certain Competitive Local Exchange Carriers and Commercial Mobile Radio Service Providers in Florida by Verizon Florida Inc.	))))))	Docket No. 040156-TP Filed: March 30, 2005

VERIZON FLORIDA INC.'S PREHEARING STATEMENT

In accordance with Order No. PSC-04-1236-PCO-TP, as modified by Order No. PSC-05-0221-PCO-TP, Verizon Florida Inc. (Verizon) hereby files this prehearing statement.

1. Witnesses

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

1. Alan F. Ciamporcero will testify regarding Issues 1–15, 17, 19–21 and 23–26.

2. A panel, consisting of Thomas E. Church, William E. Loughridge and Willett Richter, will testify regarding Issues 16, 18, and 22.

2. Exhibits

Verizon will introduce the following exhibits:

1. Direct Testimony of Alan F. Ciamporcero, on behalf of Verizon Florida Inc., filed February 25, 2005.

2. Rebuttal Testimony of Alan F. Ciamporcero, on behalf of Verizon Florida Inc., filed March 25, 2005, and attached exhibit AFC-1.

3. Panel Rebuttal Testimony of Thomas E. Church, William E. Loughridge, and Willett Richter, on behalf of Verizon Florida Inc., filed March 25, 2005, and attached Exhibit WR-1.

Verizon reserves the right to introduce additional exhibits at the hearing or other appropriate points.

3. Verizon's Basic Position

This Commission should promptly adopt Verizon's proposed interconnection agreement amendments arising from the *Triennial Review Order* (*TRO*) and *Triennial Review Remand Order* (*TRRO*).

The *TRO*, which took effect 18 months ago, finally put in place meaningful limitations on incumbents' unbundling obligations under section 251(c)(3) of the Telecommunications Act of 1996 (Act). Rapid implementation of those limitations, and the limitations set forth in the *TRRO*, is of critical public policy importance, because overbroad unbundling obligations have discouraged investment in innovative facilities and hindered meaningful competition.

Notwithstanding the FCC's express directives to promptly implement the *TRO* rulings, the competitive local exchange carriers (CLECs) have done everything possible to delay this arbitration and the implementation of federal law. The Commission should reject any further efforts to delay this proceeding, which must conclude within 12 months from March 11, 2005, in order to meet the FCC's deadline for modifying agreements, to the extent necessary, to reflect the TRRO's non-impairment rulings as to the CLECs' embedded base of UNE-P, dedicated transport, and enterprise loops.

In the arbitration, Verizon offers two straightforward amendments. Amendment 1 primarily addresses discontinuation of de-listed UNEs, and Amendment 2 fleshes out Verizon's obligations regarding certain TRO requirements, including commingling, conversions, and routine network modifications.

Verizon's amendments make clear that its unbundling obligations under its interconnection agreements are the same as its obligations under section 251(c)(3) of the Act and the FCC's implementing rules. Once Verizon no longer has any obligation to provide an element under the Act or the FCC's rules, Verizon's amendments provide that it may discontinue that element upon 90 days' written notice. Thus, in accordance with the TRO's policy directives, Verizon's amendments provide for automatic implementation of reductions in unbundling obligations (like most of Verizon's agreements already do) without prolonged and expensive proceedings like this one.

The CLECs' Amendments, on the other hand, would all allow re-imposition of the unbundling obligations the FCC has eliminated. The Commission cannot lawfully approve these proposals, because the FCC has exclusive authority to determine unbundling obligations, and this Commission cannot override the FCC's conclusions about the best way to promote sustainable competition. The Commission should thus reject the CLECs' unlawful proposals and approve Verizon's simple and straightforward amendments, which dutifully effectuate the FCC's rules, as soon as possible.

4 & 6. Verizon's Positions on Specific Questions of Fact and Policy

Verizon has consistently maintained that issues concerning implementation of the *TRO* and *TRRO* are legal in nature, and therefore there are no fact or policy issues in dispute.

5. Verizon's Positions on Specific Questions of Law

ISSUE 1: Should the Amendment include rates, terms and conditions that do not arise from federal unbundling regulations pursuant to 47 U.S.C. sections 251 and 252, including issues asserted to arise under state law or the Bell Atlantic/GTE Merger Conditions?

VERIZON'S POSITION: No. Verizon properly proposed its Amendments and filed its Petition to conform its interconnection agreements to federal law – namely, the unbundling obligations set forth in section 251(c)(3) and the FCC's implementing rules. Neither state law nor anything else can or does impose unbundling obligations on Verizon.

ISSUE 2: What rates, terms, and conditions regarding implementing changes in unbundling obligations or changes of law should be included in the Amendment to the parties' interconnection agreements?

VERIZON'S POSITION: The Amendment should make clear that Verizon's unbundling obligations under its interconnection agreements are co-extensive with its unbundling obligations under federal law. Verizon's Amendment does so by allowing discontinuation, upon notice, of de-listed UNEs, thereby preventing the kind of wasteful and prolonged proceeding underway here. Most of Verizon's

interconnection agreements already permit automatic discontinuation of de-listed items, and approval of Verizon's Amendment would bring the handful of contracts in this case into line with all of Verizon's other agreements.

ISSUE 3: What obligations under federal law, if any, with respect to access to local circuit switching, including mass market and enterprise switching (including Four-Line Carve-Out switching), and tandem switching, should be included in the Amendment to the parties' interconnection agreements?

VERIZON'S POSITION: Verizon no longer has any obligation under federal law to unbundle switching, because the FCC has eliminated unbundled access to mass market local circuit switching, enterprise switching, and tandem switching. Accordingly, the parties' interconnection agreements should not include any obligation to unbundle switching.

ISSUE 4: What obligations under federal law, if any, with respect to unbundled access to DS1 loops, unbundled DS3 loops, and unbundled dark fiber loops should be included in the Amendment to the parties' interconnection agreements?

VERIZON'S POSITION: Verizon no longer has any obligation under federal law to unbundle dark fiber, and has only limited obligations under federal law to unbundle DS1 and DS3 loops. The FCC has recognized that CLECs are not impaired without access to: (1) DS1 loops out of wire centers containing at least 60,000 business lines and 4 or more fiber-based collocations; and (2) DS3 loops

out of wire centers containing at least 38,000 business lines and 4 or more fiber-based collocations. In addition, the FCC has ordered that a CLEC cannot obtain more than one unbundled DS3 loop or 10 unbundled DS1 loops per building. Accordingly, the parties' interconnection agreements should not include any obligation to unbundle dark fiber at all, or any obligation to unbundle DS1 and DS3 loops except in the circumstances set forth above.

ISSUE 5: What obligations under federal law, if any, with respect to unbundled access to dedicated transport, including dark fiber transport, should be included in the Amendment to the parties' interconnection agreements?

VERIZON'S POSITION: Verizon no longer has any obligation under federal law to unbundle entrance facilities connecting an ILEC and CLEC networks, and has only limited obligations under federal law to unbundle DS1, DS3, and dark fiber transport facilities. Specifically, CLECs are impaired without access to DS1 transport except on routes connecting wire centers that each contains at least four fiber-based collocators or at least 38,000 business access lines. CLECs are impaired without access to DS3 or dark fiber transport except on routes connecting a pair of wire centers where each contains at least three fiber-based collocators or at least 24,000 business lines. Accordingly, the parties' interconnection agreements should not include any obligation to unbundle DS1, DS3, or dark fiber transport except in the circumstances set forth above.

ISSUE 6: Under what conditions, if any, is Verizon permitted to re-price existing arrangements which are no longer subject to unbundling under federal law?

VERIZON'S POSITION: Verizon must re-price the UNEs de-listed in the TRRO at the FCC-prescribed transitional rates, but those rates last only until the de-listed UNEs are eliminated or converted to other arrangements no later than the end of the transition on March 11, 2006 (or, for dark fiber, September 11, 2006). CLECs must arrange for a replacement service or request disconnection within that transition period. If the CLEC fails to do so and the transition period has passed, Verizon is entitled to reprice the converted base of embedded UNEs at resale, tariffed rates, or other analogous arrangement, at Verizon's discretion. This principle applies to the elements de-listed in the TRO, as well. These elements are not subject to a transition period, so they may be repriced, in accordance with Verizon's Amendment, once that Amendment is approved.

ISSUE 7: Should Verizon be permitted to provide notice of discontinuance in advance of the effective date of removal of unbundling requirements?

VERIZON'S POSITION: Yes. The effective date of the elimination of unbundling obligations for elements de-listed in the *TRO* has long since passed, and therefore Verizon should be allowed to rely on the October 2, 2003 and May 18, 2004 notices that it sent regarding these elements. For the elements de-listed in the *TRRO*, Verizon's notice dated February 10, 2004 asked CLECs with facilities or arrangements de-listed in the *TRRO* to contact their Verizon account manager no later than May 15, 2005 in order to review their proposed transition plans.

Therefore, there should be no "notice" issue because Verizon and the CLECs will presumably have agreed on the timing of the conversions and the commercial arrangements that will govern services going forward.

ISSUE 8: Should Verizon be permitted to assess non-recurring charges for the disconnection of a UNE arrangement or the reconnection of service under an alternative arrangement? If so, what charges apply?

VERIZON'S POSITION: Yes. Verizon is not proposing, in this arbitration, any new, non-recurring charges associated with conversion of UNE arrangements to replacement services. However, if Verizon incurs additional costs in setting up an alternative service, Verizon is entitled to seek recovery of those costs later. Nothing in the Amendment should foreclose Verizon's ability to do so. In addition, the Commission cannot impose any constraints on Verizon's ability to negotiate non-recurring charges in the context of non-section-251 commercial agreements or other arrangements that are not subject to the negotiation and arbitration requirements of section 252.

ISSUE 9: What terms should be included in the Amendment's Definitions Section and how should those terms be defined?

VERIZON'S POSITION: The Amendment's definitions should be consistent with the *TRO* and *TRRO.* Verizon's proposed definitions correctly implement federal law while the CLECs' proposed definitions do not. Accordingly, Verizon's proposed definitions should be included in the Amendment's Definitions Section.

ISSUE 10: Should Verizon be required to follow the change of law and/or dispute resolutions provisions in existing interconnection agreements if it seeks to discontinue the provisioning of UNEs?

VERIZON'S POSITION: Verizon has and will continue to follow its existing contracts to implement changes in unbundling obligations, unless they are inconsistent with FCC mandates or the process the FCC established to change agreements, where necessary. No amendments are necessary to implement the FCC's mandatory transition plan, including the no-new-adds directive.

ISSUE 11: How should any rate increases and new charges established by the FCC in its final unbundling rules or elsewhere be implemented?

VERIZON'S POSITION: Verizon should implement such rate increases and new charges by issuing a schedule containing these items (to take effect on the same terms that the FCC may require). In response to CLEC proposals in negotiations, Verizon has agreed to add language recognizing that Verizon may use a true-up mechanism as contemplated in the *TRRO*.

ISSUE 12: Should the interconnection agreements be amended to address changes arising from the TRO with respect to commingling of UNEs with wholesale services, EELS, and other combinations? If so, how?

VERIZON'S POSITION: Yes. The FCC removed its commingling restrictions to permit CLECs to commingle UNEs and combinations of UNEs with other wholesale services, subject to eligibility criteria that apply for commingled EELs.

Verizon proposes not to prohibit the commingling of UNEs with wholesale services (to the extent it is required under federal law to permit commingling). Moreover, Verizon proposes to apply the tariffed access rate or the rate from a separate non-section-251 agreement, as applicable, to the non-UNE portion of the commingled arrangement, and to apply the established UNE rate to the UNE portion of the commingled arrangement. In addition, Verizon proposes to apply non-recurring service order, installation, and manual intervention charges to offset Verizon's costs of implementing and managing commingled arrangements.

ISSUE 13: Should the interconnection agreements be amended to address changes arising from the TRO with respect to conversion of wholesale services to UNEs/UNE combinations? If so, how?

VERIZON'S POSITION: Verizon does not object to reflecting the FCC's new conversions requirements in its contracts, and it has done so in its Amendment 2.

ISSUE 14: Should the ICAs be amended to address changes, if any, arising from the TRO with respect to:

(a) line splitting? If so, how?

VERIZON'S POSITION: No. The purpose of this arbitration is to amend agreements to implement the permanent unbundling rules in the *TRO* and the *TRRO.* These Orders did not change Verizon's obligations (or lack thereof) with regard to line splitting. Line splitting is already addressed in the underlying agreements, so there is no reason to address it in the

Amendment. If the Commission were to determine that this or other non-*TRO* items should be addressed in the Amendment, then Verizon must have the opportunity to propose language during negotiations to conform the Amendment to the Commission's decision.

(b) newly built FTTP loops? If so, how?

VERIZON'S POSITION: Yes. In the *TRO*, the FCC found that CLECs are not impaired without unbundled access to "loops consisting of fiber from the central office to the customer premises." *TRO* at ¶ 211. This means that Verizon does not have to unbundle newly built fiber to the premises (FTTP) loops. AT&T improperly seeks to limit the FCC's unbundling relief to only the "home," rather than the premises. Unlike AT&T's proposed amendment, Verizon's proposed amendment complies with the FCC's rules and should be adopted.

(c) overbuilt FTTP loops? If so, how?

VERIZON'S POSITION: Yes. In the *TRO*, the FCC found that CLECs are not impaired without unbundled access to "loops consisting of fiber from the central office to the customer premises." *TRO* at ¶ 211. This means that Verizon has to provide only nondiscriminatory access to a voice-grade transmission path in overbuild situations. AT&T improperly seeks to limit the FCC's unbundling relief to only the "home," rather than the premises.

Unlike AT&T's proposed amendment, Verizon's proposed amendment complies with the FCC's rules and should be adopted.

(d) access to hybrid loops for the provision of broadband services? If so, how?

VERIZON'S POSITION: Yes. The Amendment should make clear that, consistent with the FCC's Rules, Verizon has no obligation to provide access to hybrid loops for the CLECs' provision of broadband services, except for the time division multiplexing features of a hybrid loop that remains defined as a UNE.

(e) access to hybrid loops for the provision of narrowband services? If so, how?

VERIZON'S POSITION: Yes. The Amendment should make clear that Verizon's obligation to unbundle hybrid loops for the CLECs' provision of narrowband services is limited to either providing a spare home-run copper loop or a DS0 voice-grade transmission path between the main distribution frame and the end user's premises, with the choice between these options at Verizon's discretion.

(f) retirement of copper loops? If so, how?

VERIZON'S POSITION: No. The purpose of this arbitration is to amend agreements to implement the permanent unbundling rules in the *TRO* and the *TRRO.* These Orders did not change Verizon's obligations (or lack

thereof) with regard to retirement of copper loops. This item is already addressed in the underlying agreements, so there is no reason to address it in the Amendment. If the Commission were to determine that this or other non-*TRO* items should be addressed in the Amendment, then Verizon must have the opportunity to propose language during negotiations to conform the Amendment to the Commission's decision.

(g) line conditioning? If so, how?

VERIZON'S POSITION: No. The purpose of this arbitration is to amend agreements to implement the permanent unbundling rules in the *TRO* and the *TRRO.* These Orders did not change Verizon's obligations (or lack thereof) with regard to line conditioning. This item is already addressed in the underlying agreements, so there is no reason to address it in the Amendment. If the Commission were to determine that this or other non-*TRO* items should be addressed in the Amendment, then Verizon must have the opportunity to propose language during negotiations to conform the Amendment to the Commission's decision.

(h) packet switching? If so, how?

VERIZON'S POSITION: No. The purpose of this arbitration is to amend agreements to implement the permanent unbundling rules in the *TRO* and the *TRRO.* These Orders did not change Verizon's obligations (or lack thereof) with regard to packet switching. Because Verizon has no

obligation to unbundled packet switches, this Commission cannot impose any conditions on Verizon's future deployment of packet switches.

(i) network interface devices (NIDs)? If so, how?

VERIZON'S POSITION: No. The purpose of this arbitration is to amend agreements to implement the permanent unbundling rules in the *TRO* and the *TRRO.* These Orders did not change Verizon's obligations (or lack thereof) with regard to NIDs. This item is already addressed in the underlying agreements, so there is no reason to address it in the Amendment. If the Commission were to determine that this or other non-*TRO* items should be addressed in the Amendment, then Verizon must have the opportunity to propose language during negotiations to conform the Amendment to the Commission's decision.

(j) line sharing? If so, how?

VERIZON'S POSITION: There is no need to address line sharing in the Amendments, except perhaps to specify that it is a Discontinued Facility that Verizon has no legal obligation to provide. Verizon will, of course, continue to comply with the *TRO*'s mandatory transition plan for line sharing; there is no need for an amendment to recognize that plan, which the FCC implemented under its section 201 authority.

ISSUE 15: What should be the effective date of the Amendment to the parties' agreements?

VERIZON'S POSITION: In general, the effective date of the Amendment should be the date of execution of an amendment that conforms to the Commission's rulings. However, the FCC's transition rates for de-listed elements should take effect as of the date stated in the controlling FCC rule or order, rather than at execution of the contract.

ISSUE 16: How should CLEC requests to provide narrowband services through unbundled access to a loop where the end user is served via Integrated Digital Loop Carrier (IDLC) be implemented?

VERIZON'S POSITION: The ILEC should provide a voice-grade transmission path between the central office and the customer's premises. In most cases, access will be either through a spare copper facility or through a universal digital loop carrier (UDLC) system. If neither of these options is available, Verizon will, upon the CLEC's request, construct the necessary copper loop or UDLC facilities, at the CLEC's expense.

ISSUE 17: Should Verizon be subject to standard provisioning intervals or performance measurements and potential remedy payments, if any, in the underlying Agreement or elsewhere, in connection with the provision of:

(a) unbundled loops in response to CLEC requests for access to IDLC-served hybrid loops;

(b) commingled arrangements;

(c) conversion of access circuits to UNEs; and

(d) loops or transport (including dark fiber transport and loops) for which routine network modifications are required.

VERIZON'S POSITION: No. There are no such existing intervals, measurements, or remedy payments that could apply here. Existing measures and intervals were developed before imposition of the new *TRO* requirements, so they were not designed to account for any extra time and activities associated with those requirements. In addition, the Commission should not consider any performance measurement proposals in this arbitration, because such proposals must be addressed according to the provisions of the Stipulation on Verizon Florida Inc. Performance Measurement Plan, adopted by Order No. PSC-03-0761-PAA-TP in Docket No. 000121C-TP.

ISSUE 18: How should sub-loop access be provided under the TRO?

VERIZON'S POSITION: Verizon should be allowed to control and supervise access to sub-loops provided under the *TRO.* Verizon is responsible and accountable for the integrity and security of its network, which serves both its retail and wholesale customers. Therefore, Verizon must have the ability to control access to its network and equipment. Given the number of people who depend on Verizon's network, and the critical importance of securing the telecommunications infrastructure, Verizon cannot risk any harm to that network through either inadvertent mistakes or deliberate sabotage. Indeed, this Commission has already ruled, in the subloop context, that "CLECs should not

be allowed access to Verizon's network where there are network security and reliability concerns." Order No. PSC-02-1574-FOF-TP at 37.

ISSUE 19: Where Verizon collocates local circuit switching equipment (as defined by the FCC's rules) in a CLEC facility/premises, should the transmission path between that equipment and the Verizon serving wire center be treated as unbundled transport? If so, what revisions to the Amendment are needed?

VERIZON'S POSITION: The FCC, in a footnote in the *TRO* noted that if an ILEC "has local switching equipment . . . 'reverse collocated' in a non-incumbent LEC premises, the transmission path from this point back to the incumbent LEC wire center shall be unbundled as transport." *TRO* at ¶ 369 n.1126. Verizon will comply with the FCC's requirements in this regard, but this issue is moot, because to the best of Verizon's knowledge, the situation described in this issue does not exist anywhere in the real world, and in particular, in Florida. Therefore, there is no need for any amendment language to address it.

ISSUE 20: Are interconnection trunks between a Verizon wire center and a CLEC wire center interconnection facilities under section 251(c)(2) that must be provided at TELRIC?

VERIZON'S POSITION: Parties' existing interconnection agreements already contain complex terms regarding interconnection architecture and related compensation arrangements, and there has been no change in the section

251(c)(2) TELRIC pricing obligation for interconnection facilities. Therefore, it is not necessary to consider this issue in this arbitration of a *TRO* amendment.

ISSUE 21: What obligations under federal law, if any, with respect to EELs should be included in the Amendment to the parties' interconnection agreement?

a) What information should a CLEC be required to provide to Verizon as certification to satisfy the service eligibility criteria (47 C.F.R. Sec. 51.318) of the TRO in order to (1) convert existing circuits/services to EELs or (2) order new EELs?

VERIZON'S POSITION: CLECs should be required to certify in writing that each DS1 or DS1-equivalent circuit complies with each of the service eligibility criteria in 47 U.S.C. § 51.318. Such written certification should contain, for each circuit, the local number assigned to each DS1 circuit; the local numbers assigned to each DS3 circuit; the date each circuit was established in the 911 database; the collocation termination connecting facility assignment for each circuit; and the interconnection trunk circuit identification number that serves each DS1 circuit. The CLECs must gather this information to legitimately certify their compliance with the FCC's eligibility criteria, so it would not unduly burden them to provide it as part of the certification process.

b) Conversion of existing circuits/services to EELs:

(1) Should Verizon be prohibited from physically disconnecting, separating or physically altering the existing facilities when a CLEC

requests a conversion of existing circuits/services to an EEL unless the CLEC requests such facilities alteration?

VERIZON'S POSITION: Verizon has not proposed to disconnect, separate, or otherwise physically alter existing facilities when a CLEC requests conversion, so there is no need to further consider this issue.

(2) In the absence of a CLEC request for conversion of existing access circuits/services to UNE loops and transport combinations, what types of charges, if any, can Verizon impose?

VERIZON'S POSITION: Verizon is entitled to recover any costs caused by CLECs, and nothing in the TRO Amendment should foreclose Verizon from doing so.

(3) Should EELs ordered by a CLEC prior to October 2, 2003, be required to meet the TRO's service eligibility criteria?

VERIZON'S POSITION: Yes. The service eligibility criteria apply to both new and existing EELs.

(4) For conversion requests submitted by a CLEC prior to the effective date of the amendment, should CLECs be entitled to EELs/UNE pricing effective as of the date the CLEC submitted the request (but not earlier than October 2, 2003)?

VERIZON'S POSITION: No. There is no reason to grant CLECs an exception to the Amendment's effective date just to give them a windfall, particularly because the CLECs themselves delayed implementation of the *TRO*'s conversion rules because of their obstruction of the contract amendment process.

(5) What are Verizon's rights to obtain audits of CLEC compliance with the service eligibility criteria in 47 C.F.R. 51.318?

VERIZON'S POSITION: Consistent with the FCC's rules, Verizon's Amendment 2, § 3.4.2.7, provides that Verizon may obtain and pay for an independent audit once per calendar year. If the auditor concludes that the CLEC failed to comply with the FCC's service eligibility criteria for any DS1 or DS1-equivalent circuit, then the CLEC must reimburse Verizon for the cost of the audit within 30 days of receiving a statement of such costs from Verizon. If the auditor confirms the CLEC's compliance with the FCC's service eligibility criteria for each circuit, then Verizon will reimburse the CLEC for its out-of-pocket costs of complying with the auditor's requests.

ISSUE 22: How should the Amendment reflect an obligation that Verizon perform routine network modifications necessary to permit access to loops, dedicated transport, or dark fiber transport facilities where Verizon is required to provide

unbundled access to those facilities under 47 U.S.C. sections 251(c)(3) and 47 C.F.R. Part 51?

VERIZON'S POSITION: Provided the CLEC signs a *TRO* Amendment to govern the terms of Verizon's provisioning of these items, Verizon will perform the routine network modifications necessary to permit access to loops, dedicated transport, and dark fiber transport facilities. However, the parties' disagreement is really about pricing, not whether or not Verizon is required to perform routine network modifications. The CLECs incorrectly assume that Verizon is already charging them for such modifications, and suggest that the *TRO* forecloses separate charges for these activities. **These CLECs are wrong.** The FCC explicitly states that "[t]he Commission's pricing rules provide incumbent LECs with the opportunity to recover the cost of the routine network modifications we require here" in the *TRO, TRO* at ¶ 640, and the CLECs cannot demonstrate that Verizon is already recovering routine network modification costs in its loop rates.

ISSUE 23: Should the parties retain their pre-Amendment rights arising under the Agreement, tariffs, and SGATs?

VERIZON'S POSITION: To the extent that CLECs are seeking to retain their pre-amendment rights as to UNEs that the FCC has eliminated, the obvious answer is no, they do not retain these rights. Indeed, the central purpose of this proceeding is to implement discontinuation of those UNEs. By the same token, to the extent Verizon was already entitled to cease providing a particular de-listed

UNE, the purpose of this proceeding, of course, is not to bring those discontinued UNEs back to life.

ISSUE 24: Should the Amendment set forth a process to address the potential effect on the CLECs' customers' services when a UNE is discontinued?

VERIZON'S POSITION: No, other than the advance notice provision Verizon proposes, and the recognition that the parties must comply with any FCC-mandated transition plans. In this regard, the *TRRO* established specific time frames and rates associated with the provision of UNEs during the FCC determined transition plan, so this Commission cannot order transition procedures different from the FCC's. In addition, there are numerous options available to CLECs that must convert their embedded base of de-listed UNEs to replacement arrangements, and the FCC's year-long transition period already gives the CLECs plenty of time to work out operational details with Verizon to ensure a smooth transition for their end users.

ISSUE 25: How should the Amendment implement the FCC's service eligibility criteria for combinations and commingled facilities and services that may be required under 47 U.S.C. sections 251(c)(3) and 47 C.F.R. Part 51?

VERIZON'S POSITION: Please see Verizon's Position on Issue 21.

ISSUE 26: Should the Commission adopt the new rates specified in Verizon's pricing Attachment on an interim basis?

VERIZON'S POSITION: The Commission has already set rates for some elements in the pricing schedule, and Verizon is not seeking to change those here. As to the rates that have not been set by the Commission, Verizon proposes to charge them on an interim basis, pending completion of a cost case. Verizon did not submit a cost study in this phase of the case because, until the FCC released its new rules, Verizon could not determine the precise parameters of such a study. Therefore, there was insufficient time to prepare thorough studies for the numerous jurisdictions in which arbitration proceedings are underway. In addition, cost proceedings are typically protracted and raise complicated fact issues. Given the FCC's directive to promptly conclude proceedings to implement the no-impairment rulings in the *TRO* and the *TRRO*, and the number of non-cost issues the Commission must consider, it is not reasonable to litigate and resolve costing and pricing issues in this phase of the proceeding. Therefore, Verizon recommends that the Commission adopt the rates specified in Verizon's pricing attachment to Amendment 2 on an interim basis, pending completion of a pricing proceeding to be held later.

7. Stipulated Issues

There are no stipulated issues at this time.

8. Pending Motions And Other Matters

Verizon has no motions or other matters pending.

9. Pending Requests For Confidentiality

Verizon has no pending requests for confidentiality.

10. Procedural Requirements

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

11. Witnesses

Verizon reserves its right to object to the qualifications of MCI witness Darnell and AT&T witness Nurse to testify to legal issues.

Respectfully submitted on March 30, 2005.

By: Richard A. Chapkis

Richard A. Chapkis
201 N. Franklin Street (33602)
P. O. Box 110, FLTC0007
Tampa, FL 33601
Tel: 813-483-1256
Fax: 813-204-8870
e-mail: richard.chapkis@verizon.com

Attorney for Verizon Florida Inc.