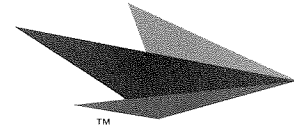


Voice | Data | Internet | Wireless | Entertainment

December 22, 2006

Ms. Blanca S. Bayo, Director  
Division of the Commission  
Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0870



**EMBARQ**<sup>TM</sup>

Embarq Corporation  
Mailstop: FTLH00102  
1313 Blair Stone Rd.  
Tallahassee, FL 32301  
EMBARQ.com

Re: Docket No. 060767-TL; Embarq Florida, Inc.'s Response to Verizon Access Petition for Arbitration

Dear Ms. Bayo:

Enclosed for filing on behalf of Embarq Florida Inc. is Notice of Service of Embarq's Response to Verizon Access Petition for Arbitration.

Copies are being served on the parties in this docket pursuant to the attached certificate of service.

If you have any questions regarding this electronic filing, please do not hesitate to call me at 850/599-1560.

Sincerely,

Susan S. Masterton

Enclosure

Susan S. Masterton  
COUNSEL  
LAW AND EXTERNAL AFFAIRS- REGULATORY  
Voice: (850) 599-1560  
Fax: (850) 878-0777

**CERTIFICATE OF SERVICE  
DOCKET NO. 060767-TL**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic and U.S. mail this 22<sup>nd</sup> day of December, 2006 to the following:


**Verizon**  
Dulaney L. O'Roark III  
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Florida Public Service Commission  
Kira Scott/Theresa Tan  
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**Verizon Access (Tampa)**  
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Florida Public Service Commission  
Laura King  
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**Verizon Access Transmission Services**  
Mr. David Christian  
106 East College Avenue, Suite 710  
Tallahassee, FL 32301-7721  
[david.christian@verizon.com](mailto:david.christian@verizon.com)

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Susan S. Masterton

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Petition of MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services for arbitration of disputes arising from negotiation of interconnection agreement with Embarq Florida, Inc.	Docket No. 060767-TP  Filed: December 22, 2006
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**EMBARQ FLORIDA, INC.'S RESPONSE TO VERIZON ACCESS TRANSMISSION  
SERVICES INC.'S PETITION FOR ARBITRATION**

Embarq Florida, Inc. ("Embarq") responds to Verizon Access Transmission Services Inc.'s Petition for Arbitration ("Petition"), filed with the Commission on November 27, 2006, as follows:

**PARTIES**

1. The allegations contained in Paragraph 1 of the Petition are admitted on information and belief.
2. As to Paragraph 2 of the Petition, it is admitted that Embarq is an incumbent local exchange carriers providing, among other things, local telephone service in Florida.

**JURISDICTION**

3. As to Paragraph 3 of the Petition, it is admitted that MCImetro Access Transmission Services, L.L.C. and Embarq entered into an interconnection agreement effective March 1, 2002 with an expiration date of March 1, 2005.
4. As to Paragraph 4 of the Petition, it is admitted that the parties entered into negotiations in a timely manner, that they have agreed that the start date for negotiations was June 20, 2006, and that the agreed upon period for filing a petition for arbitration opened November 2, 2006 and closed November 27, 2006.

5. As to Paragraph 5 of the Petition, it is admitted that this Commission has jurisdiction to resolve issues raised in the Petition.

#### **STANDARD FOR ARBITRATION**

6. As to Paragraph 6 of the Petition, it is admitted that this Commission must resolve disputed issues between the parties in accordance with and as provided for by applicable law.

#### **DISPUTED ISSUES**

7. As to Paragraph 7 of the Petition, it is admitted that attached to the Petition were documents pertaining to unresolved issues, that Attachment A to the Petition was a list of disputed issues and positions prepared by Verizon, that Attachment B to the Petition was a matrix reflecting provisions and disputes, and that Attachment C to the Petition was a copy of a proposed contract showing disputed and agreed upon language. However, Embarq does not admit that all relevant documents were attached to the Petition, that Attachment A to the Petition fully and accurately states the positions of the parties, or that Attachments B and C to the Petition accurately reflect the facts at the time this Response is filed.

8. Attached to this Response are documents reflecting Embarq's understanding of the issues and the parties' positions at the time the Response is filed. Attachment A includes Embarq's list of disputed issues and Embarq's positions; Attachment B includes a matrix reflecting Embarq's understanding of the contract provisions in dispute; and Attachment C includes a copy of provisions of the contract that differ from the contract provisions that Verizon submitted with its arbitration petition.

9. All other allegations of the Petition not expressly hereinabove admitted are denied.

**RELIEF REQUESTED**

WHEREFORE, Embarq respectfully requests the Commission to arbitrate the disputed issues, to adopt Embarq's proposed contract language on those issues, and to order the parties to enter into an interconnection agreement reflecting Embarq's proposed language and the language agreed upon by the parties.

Respectfully submitted this the 22nd day of December, 2006.



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SUSAN S. MASTERTON  
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ATTORNEY FOR EMBARQ FLORIDA, INC.

**Embarq’s Statement of Disputed Issues**

Prior to the filing of the Petition, the parties had resolved all but seven issues. Since the filing of the Petition, two additional issues have been resolved. As indicated on the matrix filed as Attachment B, it is Embarq’s understanding that Issues 1 and 2 no longer require resolution by the Commission. Issues 3, 4, 5, 6 and 7 remain unresolved and require a decision by the Commission. It is possible that one or more of the remaining issues may be resolved through continued negotiations prior to the hearing, but efforts of the parties thus far have not met with success.

The remaining issues and Embarq’s positions are as follows<sup>1</sup>:

**Issue 3: What compensation should apply to virtual NXX traffic under the ICA?**

**Embarq’s Position: The physical locations of the calling party and called party, along with established local calling areas, determines call jurisdiction for compensation purposes.**

The Florida Commission has consistently ruled that the physical location of the beginning and ending points of a call establish that call’s jurisdiction. In the Generic Reciprocal Compensation Order, the Commission specifically determined that virtual NXX traffic was subject to access charges if the physical beginning and ending points were in different rate centers.<sup>2</sup> This ruling was recently confirmed in Embarq’s (formerly Sprint-Florida, Incorporated’s) recent arbitration with FDN, where the Commission found that “VNXX traffic shall be subject to long distance charges based on the end points of the call and the terms shall be

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<sup>1</sup> Verizon’s positions are set forth fully in its Petition and accompanying Attachments.

<sup>2</sup> See, *In re: Investigation into appropriate methods to compensate carriers for exchange of traffic subject to Section 251 of the Telecommunications Act of 1996*, Order No. PSC-02-1248-FOF-TP, issued September 10, 2002 in Docket No. 000075-TP.

reciprocal such that both FDN VNXX and similar Sprint FX traffic, if any, is compensated in the same manner regardless of the directional flow of such traffic.”<sup>3</sup> There is no reason for the Commission to delay a ruling in this arbitration until some indeterminable time in the future when the FCC may act, when the Commission already has firmly established precedent on this issue.<sup>4</sup> Embarq’s position is consistent with this existing precedent and should be adopted.

**Issue 4: Which party’s “Voice Over Internet Protocol (VOIP)” language should the Commission adopt?**

**Embarq’s Position: Embarq’s proposal treats all voice traffic, including VoIP, exchanged on public switched telephone network (“PSTN”) trunks on an equal basis and provides for modification of the compensation structure if necessary when the FCC finally defines one. Special treatment for VoIP as recommended by Verizon is administratively difficult; unfairly advantages Embarq’s competitors, including Verizon; and in some instances is contrary to FCC decisions. The Commission has the authority to adopt Embarq’s recommended solution in the context of this proceeding and should do so recognizing it as the best, most reasonable approach.**

Verizon and Embarq exchange voice traffic via trunks interconnecting the two companies’ networks. These trunks are part of the PSTN and employ traditional circuit switched telephony technology. Some of the voice traffic being exchanged over these trunks is transmitted for some part of the route that it traverses using Internet Protocol (“IP”). This is often referred to as VoIP traffic. The IP transmission segment could be at the point where the call originates, somewhere along the route the call traverses, or at the termination point. The terms proposed by Embarq treat this VoIP traffic like any other voice traffic and determine compensation based on the jurisdiction of the call.

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<sup>3</sup> *In re: Petition for arbitration of certain unresolved issues associated with negotiations for interconnection, collocation, and resale agreement with Florida Digital Network, Inc. d/b/a FDN Communications, by Sprint-Florida, Incorporated*, Order No. PSC-06-0027-FOF-TP, issued January 10, 2006 in Docket No. 041464-TP at page 38.

<sup>4</sup> In addition, the first and second federal circuit courts of appeal issued recent decision supporting this position and several states have decided the issue in a similar manner.

The terms proposed by Verizon are overbroad and define VoIP traffic as “Voice calls that are transmitted, in whole or in part, via the public Internet or a private IP network...” which will require the parties to compensate all interexchange VoIP traffic based on interstate access rates, ignoring explicit FCC decisions to the contrary. For example, the FCC decided in the AT&T Phone-to-Phone<sup>5</sup> proceeding that VoIP calls that use ordinary customer premises equipment (“CPE”), originate and terminate on the PSTN, do not undergo a net protocol change, and do not receive any enhanced functionality due to the provider’s use of IP technology are telecommunications services; and interstate or intrastate access charges apply depending upon the jurisdiction of the call. The FCC also ruled in the Prepaid Calling Card Order that services using IP technology to transport all or a portion of the calling card call are telecommunications services subject to normal voice compensation, including interstate or intrastate access charges depending upon the jurisdiction of the call.<sup>6</sup> Ignoring these decisions, Verizon’s proposed definition of VoIP services would instead improperly include these calls, clearly classified as telecommunications service subject to normal voice intercarrier compensation, as VoIP calls subject to a unique compensation scheme directly at odds with what the FCC has ordered.

There are also other types of VoIP calls that could be exchanged between the parties over the interconnection facilities, specifically calls between end users on the PSTN and customers of VoIP providers such as CATV companies, which the FCC has defined as “Interconnected VoIP services.” These services enable real-time, two-way voice communications, require a broadband connection from the user’s location, require Internet Protocol-compatible CPE, and permit users

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<sup>5</sup> *Petition for Declaratory Ruling that AT&T’s Phone-to-Phone Telephony services are Exempt from Access Charges*, WC Docket No. 02-61, Order, FCC 04-97, Released April 21, 2004 (“AT&T Phone-to-Phone”).

<sup>6</sup> *Regulation of Prepaid Calling Card Services*, WC Docket No. 05-68, Declaratory Ruling and Report and Order, FCC 06-79, Released June 30, 2006 (“Prepaid Calling Card Order”).



generally to receive calls that originate on the PSTN and to terminate calls to the PSTN.<sup>7</sup> The FCC has determined that interconnected VoIP services must provide E911/911 access,<sup>8</sup> must be CALEA compliant,<sup>9</sup> and must contribute to the interstate Universal Service Fund,<sup>10</sup> but has not determined the compensation structure for inter-carrier compensation.

Interconnected VoIP services are used to enable intrastate communications. The FCC made this determination when it reviewed Vonage's petition for a declaratory ruling concerning its Digital Voice Service.<sup>11</sup> In addition, the FCC established a VoIP safe harbor of 64.9% interstate in the VoIP USF Order, which, by implication, classifies 35.1% as intrastate.<sup>12</sup> Furthermore Verizon has acknowledged that it can be used for intrastate calls by proposing to separate VoIP traffic into intrastate local and interexchange.

There is, therefore, no federal rule prohibiting this Commission from adopting Embarq's terms and conditions. Consequently, this Commission has the authority to arbitrate this issue and to render an order consistent with Embarq's position. The Commission previously has recognized its authority to resolve the appropriate intercarrier compensation for VoIP traffic in the context of an arbitration.<sup>13</sup> Verizon's proposed terms call for the establishment of a new

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<sup>7</sup> See Code of Federal Regulations, Title 47, §9.3.

<sup>8</sup> *IP-Enabled Services and E911 Requirements for IP-Enabled Service Providers*, WC Dockets No. 04-36 and 05-196, First Report and Order and Notice of Proposed Rulemaking, FCC 05-116, Released June 3, 2005 ("VoIP 911 Order").

<sup>9</sup> *Communications Assistance for Law Enforcement Act and Broadband Access and Services*, ET Docket No. 04-295 and RM-10865, First Report and Order and Further Notice of Proposed Rulemaking, FCC 05-153, Released September 23, 2005 ("VoIP CALEA Order").

<sup>10</sup> *Universal Service Contribution Methodology*, WC Docket No. 06-122, Report and Order and Notice of Proposed Rulemaking, FCC 06-94, Released June 27, 2006 ("VoIP USF Order").

<sup>11</sup> *Vonage Holdings Corporation Petition for Declaratory Ruling Concerning an Order of the Minnesota Public Utilities Commission*, WC Docket No. 03-211, Memorandum Opinion and Order, FCC 04-267, Released November 12, 2004, ¶18 ("Vonage Order").

<sup>12</sup> VoIP USF Order, ¶53.

<sup>13</sup> See, *In re: Petition of KMC Telecom III, KMC Telecom V, Inc. and KMC Data LLC for arbitration of interconnection agreement with Sprint-Florida, Incorporated*, Order No. PSC-05-0074-PCO-TP, issued January 20, 2005 in Docket No. 031047-TP and *In re: Petition for arbitration of unresolved issues resulting from negotiations*

compensation structure which would require modifications to systems and processes to implement and is more administratively difficult.<sup>14</sup> Embarq's proposal uses existing systems and processes and requires no modifications. Embarq's position is also eminently reasonable given the nature of the service (real-time voice to/from the PSTN), the fact that the service competes directly with circuit switched voice services, and because methods to treat the service uniquely are administratively more difficult. VoIP providers should not be rewarded or favored simply because they use a different technology to provide competitive voice services. The Commission should adopt Embarq's position.

**Issue 5: How should the parties compensate one another for terminating traffic when more than 10% of the traffic forwarded for termination does not contain calling party number ("CPN")?**<sup>15</sup>

**Embarq's Position: Carriers are required to transmit CPN information pursuant to current FCC rules found at 47 CFR 64.1601. The 10% CPN delivery failure threshold is more than reasonable to accommodate both ordinary FCC exemptions and possible situations where the carrier might consider transmission of CPN not to be "technically feasible."**

The parties generally agree that valid reasons exist for which it might not be technically feasible to transmit CPN on a call. Embarq has allowed for these situations by proposing language that contains a benchmark percentage beyond which there are penalties for allowing local interconnection arrangements to terminate large amounts of traffic without CPN ("No CPN traffic"). Embarq and Verizon disagree about how to compensate one another when traffic crossing the parties' local interconnection trunks contains CPN on less than 90% of the traffic. Embarq's position allowing for 10% No CPN traffic constitutes a reasonable, in fact very

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*with Sprint-Florida, Incorporated for interconnection agreement, by AT&T Communications of the Southern States, LLC d/b/a AT&T and TCG South Florida, Order No. PSC-03-1014-PCO-TP issued September 9, 2003 in Docket No. 030296-TP.*

<sup>14</sup> The fact that Verizon offers the potential for a true-up some time in the unforeseeable future does nothing to mitigate this situation, nor does it assure recovery given the nature of carrier billing disputes. Furthermore, Verizon's concern regarding the implementation of any future ruling on VoIP compensation is unfounded. The Agreement provides for modification of the compensation structure when defined by the FCC.

<sup>15</sup> Please note that Embarq and Verizon state this issue differently.

generous, threshold to allow for technically infeasible situations contemplated by the FCC's rules. Verizon's proposal would allow and encourage access arbitrage. Carriers across the industry need strong measures in place to discourage the practice of altering and omitting traffic data contrary to FCC rules. It is technically feasible today to determine the CPN on 99.9% and more of the traffic delivered. It is inappropriate to encourage a compensation regime that would exert downward and unfavorable pressure on such high compliance rates. Applying intrastate access rates to altered data is one measure carriers can rely upon to maintain the integrity of their networks and maintain a lawful access regime.

Embarq's position also is consistent with the Commission's 1996 order resolving issues related to interconnection and intercarrier compensation, in which the Commission ruled that if the jurisdiction of a terminating call is unknown, then it will be presumed to be a toll call, unless the originating company can demonstrate that it is local.<sup>16</sup> Embarq's position is reasonable and consistent with Commission precedent and should be adopted.

**Issue 6: When the Parties exchange traffic via Indirect Connection, if Verizon Access has not established direct end office trunking sixty days after reaching a DS1 level, should CLEC be required to reimburse Embarq for any transit charges billed by an intermediary carrier for Local Traffic or ISP-bound Traffic originated by Embarq?**

**Embarq's Position: The Parties have agreed to establish direct trunking within 60 days when indirect traffic levels exceed a DS1 equivalent (61.1.5). If Verizon Access does not establish the direct trunking, Embarq should not incur costs for transit traffic beyond this 60-day period.**

The parties have already agreed that when indirect traffic levels exceed a DS1 equivalent level, direct trunking should be established within 60 days. The disputed language involves an enforcement mechanism Embarq proposes if Verizon Access refuses to establish, or is dilatory in establishing, a direct interconnection with Embarq. Embarq recognizes that the establishment of

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<sup>16</sup> See, *In re: Resolution of petition(s) to establish nondiscriminatory rates, terms and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to section 364.162, F.S.*, Order No. PSC-96-1231-FOF-TP, issued October 1, 1996 in Docket No. 950985-TP.

direct trunks is a joint undertaking. To attempt to alleviate Verizon Access's stated concerns that Embarq will use this provision as a revenue generating mechanism, Embarq has proposed various revisions to the language that make it clear that Verizon Access will not be penalized if the cause of any delay is not within Verizon Access's control. However, Verizon Access has rejected all of these proposals.

If Embarq's proposed penalty mechanism is not adopted, then it would leave Embarq with no remedy other than to declare Verizon in breach of the agreement and potentially to invoke the termination provisions of the agreement, if Verizon fails to comply with the 60-day requirement. If Embarq were to terminate or suspend services when Verizon Access failed to establish a direct interconnection the consequences to Verizon Access and its customers would be far more severe than the monetary penalties proposed by Embarq. Embarq's proposed language is reasonable and should be adopted.

**Issue 7: What rate may be charged for transit traffic?<sup>17</sup>**

**Embarq's Position: The Commission should allow market based pricing for this service. Charging for transit traffic at market pricing is a common practice within the industry and Embarq's rate of \$.005 is competitive.**

Transit traffic is a service where a carrier allows other carriers to connect to its tandem switches and pass traffic between one another. This value-added service is an economical means of allowing a carrier to exchange traffic with numerous other carriers without establishing expensive direct connections between each of them. This service is advantageous to carriers of all sizes from the smallest new entrant to those that are well established. Connecting to other carriers through transit is not a requirement for CLECs. Each CLEC has the option to connect directly to a specific carrier; once traffic reaches a certain level between them, they frequently establish a more economic direct connection.

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<sup>17</sup> Please note that Embarq and Verizon state this issue differently.

The parties have negotiated language providing that Embarq will provide transit service just as Embarq and its affiliates have agreed with numerous other carriers in its eighteen state operating territories. The FCC has allowed for transit pricing at market-based rates, and the FCC does not require that transit traffic rates be cost-based. In addition, in its ruling in the BellSouth transit traffic docket, the Florida Commission declined to require transit rates to be cost-based and left the appropriate rates to be negotiated between the parties.<sup>18</sup> Embarq's proposed rate is a reasonable, market-based rate and should be approved by the Commission.

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<sup>18</sup> *In re: Joint petition by TDS Telecom d/b/a TDS Telecom/Quincy Telephone; ALLTEL Florida, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; GTC, Inc. d/b/a GT Com; Smart City Telecommunications, LLC d/b/a Smart City Telecom; ITS Telecommunications Systems, Inc.; and Frontier Communications of the South, LLC ["Joint Petitioners"] objecting to and requesting suspension and cancellation of proposed transit traffic service tariff filed by BellSouth Telecommunications, Inc.; In re: Petition and complaint for suspension and cancellation of Transit Traffic Service Tariff No. FL2004-284 filed by BellSouth Telecommunications, Inc., by AT&T Communications of the Southern States, LLC.* Order No. PSC-06-0776-FOF-TP, issued September 18, 2006 in Docket Nos. 050119-0TP and 050125-TP

**ATTACHMENT B**

**Embarq – Verizon Access Issue Matrix – FL**

<u>Issue No.</u>	<u>Issue(s)</u>	<u>Section(s)</u>	<u>Verizon Access's Language</u>	<u>Verizon Access's Position</u>	<u>Embarq's Language</u>	<u>Embarq's Position</u>
1	Agreement termination	5.3	<b>Parties resolved issue 12/11/06.</b>		<b>Parties resolved issue 12/11/06.</b>	
2	UNE transition charges	44.6.5.1, 44.7.5.1, 49.2.4.1, 49.3.4.1	<b>Parties resolved issue 12/20/06.</b>		<b>Parties resolved issue 12/20/06.</b>	
3	What compensation should apply to virtual NXX traffic under the ICA?	55.4	<b><i>55.4 If either Party assigns NPA/NXXs to specific Embarq rate centers within the LATA and assigns numbers from those NPA/NXXs to customers physically located outside of that LATA, the other Party's traffic originating from within the LATA where the NPA/NXXs are assigned and delivered to a customer physically located outside of such LATA ("V/FX" Traffic) shall be subject to intercarrier compensation in accordance with this Section 55.4, et. seq.</i></b>  <b><i>55.4.1 IntraLATA traffic (i.e., where the physical end</i></b>	The FCC intends to decide the issue of vNXX compensation in its Intercarrier Compensation Rulemaking. <i>Developing a Unified Intercarrier Compensation Regime</i> , Notice of Proposed Rulemaking, CC Docket No. 01-92, (April 27, 2001) and Further Notice of Proposed Rulemaking, (March 3, 2005). Until it does, Verizon Access asks the Commission to implement the	<b><u>55.4 Calls terminated to end users physically located outside the local calling area in which their NPA/NXXs are homed (Virtual NXXs) are not local calls for purposes of intercarrier compensation and access charges shall apply. For Embarq-originated traffic terminated to CLEC's Virtual NXXs, Embarq shall not be obligated to pay reciprocal compensation, including any shared interconnection facility costs, for such traffic.</u></b>	The physical locations of the calling party and called party, along with established local calling areas, determines call jurisdiction for compensation purposes.

KEY:  
**Italic font** represents Verizon Access proposed language.  
**Bold underline font** represents Embarq proposed language.

Embarq – Verizon Access Issue Matrix – FL

		<p><i>points of the call are within the LATA) shall be exchanged as though it were Local Traffic, if the originating and terminating NPA/NXXs indicate that the traffic is Local Traffic, and it shall be exchanged as though it were Intralata Toll Traffic if the originating and terminating NPA/NXXs indicate that the traffic is Intralata Toll Traffic.</i></p> <p><i>55.4.2 In each LATA where the Parties have at least one POI in each of the ILEC Tandem serving areas in which CLEC assigns to its end user customers its own or ported telephone numbers and at which each Party delivers its originating traffic to the other Party, the rate for the Call Transport and Call Termination of V/FX Traffic that is ISP-bound Traffic is \$.0007 per minute of use.</i></p> <p><i>55.4.3 In each LATA where</i></p>	<p>same kind of compensation approach major ILECs and CLECs have agreed upon in the absence of regulatory intervention. This approach compensates the CLEC for handling virtual NXX calls originated by the ILEC, in exchange for the CLEC's commitment to extend its network farther toward the ILEC.</p> <p>Verizon Access is proposing the same arrangement here that it and BellSouth recently negotiated and this Commission approved.</p>		
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KEY:  
***Bold italic font represents Verizon Access proposed language.***  
**Bold underline font represents Embarq proposed language.**





Embarq – Verizon Access Issue Matrix – FL

4	Which Party's "Voice Over Internet Protocol (VoIP)" language should the Commission adopt?	55.5	<p><i>ISP-bound Traffic exchanged between them remains de minimis. If, upon such review, the amount of such V/FX Traffic that is not ISP-bound Traffic is found not to be de minimis, the Parties shall engage in good faith negotiations to amend this Agreement to establish an intercarrier compensation regime for such non-de minimis traffic.</i></p> <p><i>55.5 Voice calls that are transmitted, in whole or in part, via the public Internet or a private IP network (VoIP) are subject to interstate jurisdiction. Such VoIP calls with origination and termination points which are, based upon the jurisdictionalization methods specified in this Agreement without regard to technology, Local, shall be subject to local reciprocal compensation under this Agreement. Subject to the change of law provisions of</i></p>	<p>Although the FCC has ruled that VoIP traffic is jurisdictionally interstate, it has not yet established an intercarrier compensation mechanism for non-local VoIP calls. The Commission should, therefore, adopt Verizon's compromise proposal, which uses a true-up provision to apply the FCC's</p>	<p><u>55.5 All voice calls exchanged between the Parties originating from or terminating to the PSTN shall be compensated in the same manner (eg., reciprocal compensation, interstate access, and intrastate access) regardless of the technology used to originate, terminate, or transport the call, including Voice over Internet Protocol (VoIP). The Parties further agree that this Agreement shall not be construed against either Party as a final position on</u></p>	<p>The FCC has ruled that standard compensation applies to some forms of VoIP traffic (WC 02-361, 4/21/04; WC 05-68, 2/23/05 &amp; 6/30/06). The FCC has extended voice type regulations to Interconnected VoIP (able to make calls to and receive calls from the PSTN) including 911 (WC 04-36,</p>
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KEY:  
**Italic font** represents Verizon Access proposed language.  
Bold underline font represents Embarq proposed language.

Embarq – Verizon Access Issue Matrix – FL

		<p><i>this Agreement, VoIP calls with origination and termination points which are, based upon the jurisdictionalization methods specified in this Agreement without regard to technology, interexchange, shall be billed and compensated at interstate access rates. However, notwithstanding any other provision of this Agreement, if the FCC or the United States Congress, after the effective date of this Agreement, promulgates an effective and unstayed law, rule or regulation, or a court of competent jurisdiction issues an effective and unstayed nationally-effective order, decision, ruling, or the like, under which Verizon Access's and Embarq's compensation rights and obligations differ from those set forth in this Section 55.5, then upon the effectiveness of such</i></p>	<p>eventual VoIP compensation decision from the time the parties enter the Agreement. Until the FCC decides the compensation issue, all non-local VoIP traffic would be billed at Embarq's interstate access rate. The interstate access rate is a fair and non-arbitrary compromise measure that balances both parties' interests without suppressing the development of innovative VoIP offerings while the FCC is considering the compensation issue.</p>	<p><u>the treatment of VOIP traffic. Both Parties reserve the right to advocate their respective positions before state or federal commissions whether in bilateral complaint dockets, arbitrations under Sec. 252 of the Act, commission established rulemaking dockets, or in any legal challenges stemming from such proceedings.</u></p>	<p>6/3/05); CALEA (ET 04-295, 9/23/05); and USF (WC 04-36, 6/27/06). The FCC has refused to declare Interconnected VoIP as either telecommunications or information and has not established a compensation mechanism for that traffic. States have authority under §252 of the Act to resolve interconnection negotiations between parties and use that authority to order the application of normal voice compensation mechanisms to VoIP traffic when it is handed off to the PSTN.</p>
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KEY:  
**Bold italic font represents Verizon Access proposed language.**  
**Bold underline font represents Embarq proposed language.**

Embarq – Verizon Access Issue Matrix – FL

			<p><i>requirements and upon the written request of either Party, any compensation that either Party paid to the other Party for such VoIP interexchange calls under this provision after the effective date of this Agreement will be trued-up, retroactively to the effective date of this Agreement, to reflect application of such requirements to any such VoIP interexchange calls exchanged between the Parties. The Parties further agree that this Agreement shall not be construed against either Party as a final position on the treatment of VOIP traffic. Both parties reserve the right to advocate their respective positions before state or federal commissions whether in bilateral complaint dockets, arbitrations under Sec. 252 of the Act, commission established rulemaking dockets, in any legal</i></p>			
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KEY:  
**Bold Italic font** represents Verizon Access proposed language.  
**Bold underline font** represents Embarq proposed language.

Embarq – Verizon Access Issue Matrix – FL

5	How should the parties compensate one another for terminating traffic when more than 10% of the traffic forwarded for termination does not contain calling party number (“CPN”)?	55.7.1	<i>challenges stemming from such proceedings, or otherwise.</i> 55.7.1 To the extent technically feasible, each Party will transmit calling party number (CPN) for each call being terminated on the other's network. If the percentage of calls transmitted with CPN is greater than 90%, all calls exchanged without CPN will be billed as local or intrastate in proportion to the MOUs of calls exchanged with CPN. If the percentage of calls transmitted with CPN is less than 90%, all calls transmitted without CPN <i>for which transmission of CPN was technically feasible</i> will be billed at intrastate access rates.	The Parties have already agreed that they are not required to transmit CPN when it is not technically feasible to do so. Consistent with this agreement, Verizon Access's revision to Embarq's language simply makes clear that a Party cannot be forced to pay the higher intrastate access rate for not transmitting CPN when doing so was not technically feasible.	55.7.1 To the extent technically feasible, each Party will transmit calling party number (CPN) for each call being terminated on the other's network. If the percentage of calls transmitted with CPN is greater than 90%, all calls exchanged without CPN will be billed as local or intrastate in proportion to the MOUs of calls exchanged with CPN. If the percentage of calls transmitted with CPN is less than 90%, all calls transmitted without CPN will be billed at intrastate access rates.	Carriers are required to transmit Calling Party Number (CPN) information pursuant to current FCC rules found at 47 CFR 64.1600. The 10% CPN delivery failure threshold in the proposed language is more than reasonable to accommodate both the ordinary FCC exemptions as well as allowing for possible situations where the carrier might consider transmission of CPN to not be "technically feasible." Verizon Access's proposed reference to "technical
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**Bold underline font represents Embarq proposed language.**

Embarq – Verizon Access Issue Matrix – FL

6	When the Parties exchange traffic via Indirect Connection, if Verizon Access	61.2.4	61.2.4 <i>Each originating Party is responsible for the payment of transit charges assessed on the originating Party by the transiting party.</i>	No. Verizon Access cannot be forced to pay Embarq’s bills from a third-party transiting carrier,	61.2.4 <b><u>Until Indirect traffic exceeds a DS1, each</u></b> originating Party is responsible for the payment of transit charges assessed on the	feasibility" when CPN transmission is already below 90% is vague and runs counter to the FCC's basic premise that all traffic should include CPN. Additionally, the ability to manipulate SS7 systems, thereby avoiding the increased costs of intrastate calls by withholding CPN information, makes it is imperative that clear thresholds be implemented in order to encourage transmission of CPN information on all calls.  The Parties have agreed to establish direct trunking within 60 days when indirect
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**Bold underline font represents Embarq proposed language.**

Embarq – Verizon Access Issue Matrix – FL

	<p>has not established direct end office trunking sixty days after reaching a DS1 level, should CLEC be required to reimburse Embarq for any transit charges billed by an intermediary carrier for Local Traffic or ISP-bound Traffic originated by Embarq?</p>			<p>particularly when Verizon Access alone cannot control the timeframes for establishment of direct trunks, which is a joint undertaking with Embarq. Embarq's proposed language is also unnecessary, because the agreed-upon language in section 61.1.5 already requires Verizon Access to establish a direct connection with Embarq once transit traffic exceeds a DS1 level. Embarq cannot justify its proposed, self-enforcing penalty provision; it is nothing more than a way for Embarq to shift its costs to its competitor.</p>	<p>originating Party by the transiting party. <b><u>After Indirect traffic exceeds a DS1, if CLEC has not established direct end office trunking sixty days after reaching a DS1 level as described in section 61.1.5, CLEC will reimburse Embarq for any transit charges billed by an intermediary carrier for Local Traffic or ISP-bound Traffic originated by Embarq.</u></b></p>	<p>traffic levels exceed a DS1 equivalent (61.1.5). If Verizon Access does not establish the direct trunking, Embarq should not incur costs for transit traffic beyond this 60-day period.</p>
7	<p>How should the rate for transit service be</p>	<p>Price List Lines 245 - 246</p>	<p>\$0.002867</p>	<p>The Commission should reject Embarq's proposed</p>	<p>\$0.005</p>	<p>The Parties have agreed to the concept of a market</p>

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Embarq – Verizon Access Issue Matrix – FL

<p>calculated?</p>			<p>transit rate, which— at double the existing rate Verizon Access pays Embarq (\$0.00287)--is unreasonably high. As additional points of reference for setting a reasonable rate, the transit rate Verizon Access recently negotiated with BellSouth (and this Commission approved) is \$0.0015 for 2007, \$0.0020 for 2008, then \$0.0025 forward; the comparable interstate rate elements for Embarq in Zone 1 total \$0.002052; and the transit rate in the existing Verizon Florida/Sprint ICA is \$0.0020071.</p>	<p>rate for transit traffic. Embarq's proposed rate is a reasonable, commercially accepted rate that has been agreed upon with other carriers.</p>
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the Agreement that CLEC has any undisputed outstanding past due obligations to Embarq, this Agreement will not be effective until such time as any undisputed past due obligations with Embarq are paid in full. This agreement shall become binding upon execution by the Parties. No order or request for services under this Agreement shall be processed before the Effective Date, except as otherwise agreed to in writing by the Parties. Embarq acknowledges that CLEC has established a customer account with Embarq

- 5.2. In the event of either Party's material breach of any of the terms or conditions hereof, including the failure to make any undisputed payment when due, the non-defaulting Party may terminate this Agreement in whole or in part if the non-defaulting Party so advises the defaulting Party in writing of the event of the alleged default and the defaulting Party does not remedy the alleged default within sixty (60) Days after written notice thereof. The non-defaulting Party may pursue all available legal and equitable remedies for such breach.
- 5.3. Embarq may terminate this Agreement upon ten (10) Days notice unless CLEC either exchanges traffic with Embarq or submits an order pursuant to this Agreement within one-hundred-eighty (180) Days of the Effective Date.
- 5.4. Termination of this Agreement for any cause shall not release either Party from any liability which at the time of termination has already accrued to the other Party or which thereafter may accrue in respect to any act or omission prior to termination or from any obligation which is expressly stated in this Agreement to survive termination.
- 5.5. Notwithstanding the above, should Embarq sell or trade substantially all the assets in an exchange or group of exchanges that Embarq uses to provide Telecommunications Services, then Embarq will assign, to the purchasing carrier that agrees to assume them, the portions of this Agreement for those exchanges/markets where CLEC is actually interconnecting and providing Telecommunications Services. Where CLEC is not actually interconnecting or providing Telecommunications Services, Embarq may terminate this Agreement in whole in part as to that particular exchange or group of exchanges upon sixty (60) days prior written notice, but in any event, Embarq shall make reasonable efforts to assist CLEC in a reasonably seamless transition to the acquiring provider.

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period, CLEC must have transitioned the UNEs to alternative facilities or arrangements. If CLEC fails to submit the necessary orders on or before March 10, 2006, Embarq will convert the DS1 Loops to comparable access services. Embarq will assess the conversion charge and a management fee for the work performed by Embarq on behalf of CLEC. The Parties have not identified any DS1 loops leased by CLEC that need to be transitioned, so there are no necessary orders to be submitted by CLEC. Should any DS1 loops be identified in the future the parties will work together to transition them in a reasonable time frame, not to exceed 6 months from the date of identification.

44.6.4. Where Embarq is not required to provide unbundled DS1 loops pursuant to Sections 44.6.1 and 44.6.2, CLEC may not obtain new DS1 loops as UNEs.

44.6.5. If Embarq identifies Wire Centers in addition to those listed on Exhibit A that exceed the threshold, Embarq will provide CLEC notice in accordance with the notice provisions of this Agreement. CLEC shall not be able to order new DS1 loops for the identified wire centers 90 days after the date of the notice, subject to the Dispute Resolution section of this Agreement. If any carrier has disputed a wire center designation and the dispute was resolved by the Commission, the parties will abide by the Commission's decision. Any DS1 loops leased from Embarq on the date of the notice shall be available for a 6-month period from the date of the notice at a rate equal that is 115% of rate CLEC paid on the date of the notice. Any DS1 loops leased from Embarq during the initial 90 day period after the date of notice shall be priced in the same manner and shall be available at that price until the end of the 6-month period.

44.6.5.1. CLEC must submit the necessary orders to convert these UNEs to an alternative service arrangement within six months of the above notice date. By the end of the six month period, CLEC must have transitioned the UNEs to alternative facilities or arrangements. If CLEC fails to submit the necessary orders before the end of the six-month period, Embarq will convert the DS1 Loops to comparable Access Services. Embarq will assess the conversion charge consisting of the applicable UNE disconnect charge and the

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installation charge for the tariffed service for the work performed by Embarq on behalf of CLEC.

#### 44.7. DS3 Loops

- 44.7.1. Subject to the cap described in Section 44.7.2, Embarq shall provide CLEC with nondiscriminatory access to a DS3 loop on an unbundled basis to any building not served by a Wire Center with at least 38,000 business lines and at least four fiber-based collocators. Once a Wire Center exceeds both of these thresholds, no future DS3 loop unbundling will be required in that Wire Center. The Wire Centers that meet these requirements as of the date of this Agreement are listed on Exhibit A. Embarq shall provision orders for DS3 loops in accordance with paragraph 234 of the Triennial Review Remand Order (TRRO) (FCC-04-290, adopted December 15, 2004, released February 4, 2005.).
- 44.7.2. CLEC may obtain a maximum of a single unbundled DS3 loop to any single building in which DS3 loops are available as unbundled loops. If CLEC has more than one DS3 loops to a single building CLEC will transition any DS3 loops in excess of one to another service within 90 days.
- 44.7.3. For a 12-month period beginning on March 11, 2005, any DS3 loop UNEs that CLEC leases from Embarq of that date, but which Embarq is not obligated to unbundle pursuant to Sections 44.7.1 and 44.7.2, shall be available for lease from Embarq at the rates on Table One. CLEC will true-up the rates paid for DS3 loops back to March 11, 2005. CLEC must submit the necessary orders to convert these UNEs to an alternative service arrangement within twelve months of March 11, 2005. By the end of the twelve month period, CLEC must have transitioned the UNEs to alternative facilities or arrangements. If CLEC fails to submit the necessary orders on or before March 10, 2006, Embarq will convert the DS3 Loops to comparable Access Services. Embarq will assess the conversion charge and a management fee for the work performed by Embarq on behalf of CLEC. The Parties have not identified any DS3 loops leased by MCI that need to be transitioned. Should any DS3 loops be identified in the future the Parties will work together to transition them in a reasonable time frame, not to exceed 6 months from the date of identification.
- 44.7.4. Where Embarq is not required to provide unbundled DS3 loops pursuant to Sections 44.7.1 and 44.7.2, CLEC may not obtain

new DS3 loops as UNEs.

44.7.5. If Embarq identifies Wire Centers in addition to those listed on Exhibit A that exceed the threshold, Embarq will provide CLEC notice in accordance with the notice provisions of this Agreement. CLEC shall not be able to order new DS3 loops for the identified wire centers 90 days after the date of the notice, subject to the Dispute Resolution section of this Agreement. If any carrier has disputed a wire center designation and the dispute was resolved by the Commission, the parties will abide by the Commission's decision. Any DS3 loops leased from Embarq on the date of the notice shall be available for a 6-month period from the date of the notice at a rate equal that is 115% of rate CLEC paid on the date of the notice. Any DS3 loops leased from Embarq during the initial 90 day period after the date of notice shall be priced in the same manner and shall be available at that price until the end of the 6-month period.

44.7.5.1. CLEC must submit the necessary orders to convert these UNEs to an alternative service arrangement within six months of the above notice date. By the end of the six month period, CLEC must have transitioned the UNEs to alternative facilities or arrangements. If CLEC fails to submit the necessary orders before the end of the six-month period, Embarq will convert the DS3 Loops to comparable Access Services. Embarq will assess the conversion charge consisting of the applicable UNE disconnect charge and the installation charge for the tariffed service for the work performed by Embarq on behalf of CLEC.

#### 44.8. Adherence to National Industry Standards

44.8.1. In providing advanced service loop technology, Embarq shall allow CLEC to deploy underlying technology that does not significantly interfere with other advanced services and analog circuit-switched voice band transmissions.

44.8.2. Until long term industry standards and practices can be established, a particular technology shall be presumed acceptable for deployment under certain circumstances. Deployment that is consistent with at least one of the following circumstances presumes that such loop technology will not significantly degrade the performance of other advanced services or impair traditional analog circuit-switched voice

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twelve month period, CLEC must have transitioned the UNEs to alternative facilities or arrangements. If CLEC fails to submit the necessary orders on or before March 10, 2006, Embarq will convert the DS1 Dedicated Transport to comparable Access Services. Embarq will assess the conversion charge and a management fee for the work performed by Embarq on behalf of CLEC. The Parties have not identified any DS1 Dedicated Transport leased by MCI that need to be transitioned. Should any DS1 Dedicated Transport be identified in the future the parties will work together to transition them in a reasonable time frame, not to exceed 6 months from the date of identification.

49.2.4. If Embarq identifies routes in addition to those listed on Exhibit A that exceed the threshold, Embarq will provide CLEC notice in accordance with the notice provisions of this Agreement. CLEC shall not be able to order new DS1 Dedicated Transport for the identified routes 90 days after the date of the notice, subject to the Dispute Resolution section of this Agreement. If any carrier has disputed a Wire Center designation and the dispute was resolved by the Commission, the parties will abide by the Commission's decision. Any DS1 Dedicated Transport leased from Embarq on the date of the notice shall be available for a 6-month period from the date of the notice at a rate equal that is 115% of rate CLEC paid on the date of the notice. Any DS1 Dedicated Transport leased from Embarq during the initial 90 day period after the date of notice shall be priced in the same manner and shall be available at that price until the end of the 6-month period.

49.2.4.1. CLEC must submit the necessary orders to convert these UNEs to an alternative service arrangement within six months of the above notice date. By the end of the six month period, CLEC must have transitioned the UNEs to alternative facilities or arrangements. If CLEC fails to submit the necessary orders by the end of the six month period, Embarq will convert the DS1 Dedicated Transport to comparable Access Services. Embarq will assess the conversion charge consisting of the applicable UNE disconnect charge and the installation charge for the tariffed service for the work performed by Embarq on behalf of CLEC.

49.3. Dedicated DS3 transport shall be made available to CLEC on an unbundled basis as set forth below. Dedicated DS3 transport consists of

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Dedicated Transport for the identified routes 90 days after the date of the notice, subject to the Dispute Resolution section of this Agreement. If any carrier has disputed a Wire Center designation and the dispute was resolved by the Commission, the parties will abide by the Commission's decision. Any DS3 Dedicated Transport leased from Embarq on the date of the notice shall be available for a 6-month period from the date of the notice at a rate equal that is 115% of rate CLEC paid on the date of the notice. Any DS3 Dedicated Transport leased from Embarq during the initial 90 day period after the date of notice shall be priced in the same manner and shall be available at that price until the end of the 6-month period.

49.3.4.1. CLEC must submit the necessary orders to convert these UNEs to an alternative service arrangement within six months of the above notice date. By the end of the six month period, CLEC must have transitioned the UNEs to alternative facilities or arrangements. If CLEC fails to submit the necessary orders before the end of six-month period, Embarq will convert the DS3 Dedicated Transport to comparable Access Services. Embarq will assess the conversion charge consisting of the applicable UNE disconnect charge and the installation charge for the tariffed service for the work performed by Embarq on behalf of CLEC.

#### 49.4. Technical Requirements for DS1 and DS3 Dedicated Transport

49.4.1. Where technologically feasible and available, Embarq shall offer Dedicated Transport consistent with the underlying technology as follows:

49.4.1.1. When Embarq provides Dedicated Transport, the entire designated transmission circuit (e.g., DS-1, DS-3) shall be dedicated to CLEC designated traffic.

49.4.1.2. Where Embarq has technology available, Embarq shall provide Dedicated Transport using currently available technologies including, but not limited to, DS1 and DS3 transport systems, SONET (or SDS) Bi-directional Line Switched Rings, SONET (or SDH) Unidirectional Path Switched Rings, and SONEfT (or SDS) point-to-point transport systems (including linear add-drop systems), at all available transmission bit rates.

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