

Dulaney L. O'Roark III  
Vice President & General Counsel, Southeast Region  
Legal Department

~~ORIGINAL~~  
**verizon**

Six Concourse Parkway  
Suite 600  
Atlanta, Georgia 30328  
Phone: 770-284-5498  
Fax: 770-284-5488  
de.oroark@verizon.com

April 9, 2007

Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

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Re: Docket No. 060767-TP  
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.

Dear Ms. Cole:

Enclosed for filing in the above matter are an original and 15 copies of Verizon Access  
Transmission Services' Prehearing Statement. Also enclosed is a diskette with a copy  
of the Prehearing Statement in Word format. Service has been made as indicated on  
the Certificate of Service. If there are any questions regarding this filing, please contact  
me at 770-284-5498.

Sincerely,

*DL*  
*Dulaney L. O'Roark III*

Dulaney L. O'Roark III

Enclosures

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*MM*  
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DOCUMENT NUMBER - DATE

02992 APR-98

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**CERTIFICATE OF SERVICE**

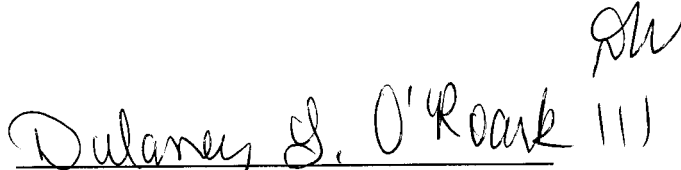
I HEREBY CERTIFY that copies of Verizon Access Transmission Services' Prehearing Statement were hand-delivered(\*) and/or sent via U.S. mail on April 9, 2007 to:

Lee Eng Tan, Staff Counsel (\*)  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Susan S. Masterton (\*\*)  
Embarq Florida, Inc.  
1313 Blair Stone Road  
Tallahassee, FL 32301

F. B. (Ben) Poag (\*\*)  
Embarq Florida, Inc.  
MC FLTLHO0107  
P. O. Box 2214  
Tallahassee, FL 32316-2214

Frank Trueblood (\*)  
Division of Competitive Markets & Enforcement  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

  
Dulaney L. O'Roark III

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition of MCImetro Access Transmission ) Docket No. 060767-TP  
Services LLC d/b/a Verizon Access Transmission ) Filed: April 9, 2007  
Services for arbitration of disputes arising from )  
negotiation of interconnection agreement with )  
Embarq Florida, Inc. )  
\_\_\_\_\_ )

**VERIZON ACCESS TRANSMISSION SERVICES' PREHEARING STATEMENT**

In accordance with Order No. PSC-07-0063-PCO-TP, as modified by Order No. PSC-07-0118-PCO-TP, Verizon Access Transmission Services (Verizon Access) hereby files this prehearing statement.

**1. Witnesses**

Mr. Don Price is Verizon Access' witness for all issues in this arbitration. Of the original issues presented for arbitration, Issues 3, 4, 6, and 7 remain in dispute. The Parties have resolved Issues 1, 2, and (most recently) 5.

**2. Exhibits**

Verizon Access plans to introduce exhibits DP-1 and DP-2, which are attached to Mr. Price's Direct Testimony. Verizon Access reserves the right to introduce additional exhibits at the hearing or other appropriate points.

**3. Verizon Access' Basic Position**

The Commission should adopt Verizon Access' proposed contract language to resolve the parties' disputes in this arbitration of a new interconnection agreement.

DOCUMENT NUMBER-DATE

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#### **4. Verizon Access' Positions on Specific Questions of Fact, Law and Policy**

All of the issues in this arbitration are mixed questions of fact, law, and policy.

**ISSUE 3: What compensation should apply to virtual NXX ("vNXX") traffic under the interconnection agreement ("ICA")?**

#### **VERIZON ACCESS' POSITION:**

The FCC intends to decide the issue of vNXX compensation in its Intercarrier Compensation Rulemaking. *Developing a Unified Intercarrier Compensation Regime*, 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 same kind of compensation approach major ILECs and CLECs have agreed upon in Florida and elsewhere in the absence of regulatory intervention. This approach compensates the CLEC for handling vNXX calls originated by the ILEC, in exchange for the CLEC's commitment to accept greater responsibility for transporting the traffic from the ILEC's originating end office. Specifically, if the parties have at least one point of interconnection ("POI") for exchange of traffic in each Embarq tandem serving area where Verizon assigns telephone numbers, compensation for dial-Internet vNXX traffic would be \$0.0007 per minute of use (the same as the FCC's default rate for Internet service provider ("ISP")-bound traffic that an originating carrier hands off to another carrier for delivery to an ISP in the same local calling area). This measure of compensation is several times lower than the reciprocal compensation rates the parties agreed to in the new ICA. See Verizon Access' petition for Arbitration, Pricing Attachment ("Reciprocal Compensation Rates"). In LATAs where the parties do not have a POI in each Embarq tandem serving area, vNXX traffic (voice, as well as

ISP-bound) would be exchanged on a bill-and-keep basis under Verizon Access' proposal.

Verizon Access' proposal here is the same vNXX compensation arrangement that it and BellSouth recently negotiated, and the Commission approved, for the Verizon Access/BellSouth ICA, and that same arrangement applies in all BellSouth states. Verizon Access (and other CLECs) have implemented such region-wide agreements with a number of other carriers, including SBC (before its merger with AT&T) and with the Verizon ILECs (before their merger with MCI). In Florida, the Verizon ILEC has, likewise, implemented similar intercarrier compensation agreements with numerous carriers, including AT&T (before its merger with SBC), KMC Data LLC, Level 3 Communications, TelCove Investment, LLC, CommPartners, LLC, Vycera Communications, Inc., AmeriMex Communications Corp., Ganoco, Inc., Bright House Networks Information Services, LLC, Volo Communications of Florida, Inc., Neutral Tandem-Florida, LLC, SBC Long Distance, and Sprint Communications Company Limited Partnership.

As Mr. Price has explained, these multi-state agreements avoid the uncertainty of disparate, state-specific outcomes that may result from litigation; they eliminate billing and invoicing problems for multi-state carriers, and they obviate the need for state commissions to decide difficult, controversial issues about the nature of vNXX traffic.

**ISSUE 4: Which Party's voice over Internet protocol ("VoIP") language should the Commission adopt?**

**VERIZON ACCESS' POSITION:**

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 Access' compromise proposal, which uses a true-up provision to apply the FCC's 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 parties agree that "local" VoIP traffic would be subject to reciprocal compensation.) The interstate access rate is a fair compromise measure that balances both parties' interests while the FCC is considering the compensation issue.

Verizon Access' VoIP compensation proposal is consistent with the Commission's view that "resources should not be expended on addressing the applicability of intercarrier compensation to VoIP when the FCC is currently in the process of rule making on the matter." *Petition for Arbitration of Certain Unresolved Issues Associated With Negotiations for Interconnection, Collocation and Resale Agreement with Florida Digital Network, Inc. by Sprint-Florida Incorporated*, Order No. PSC-06-0027-FOF-TP, 06 FPSC 1:50, at 93 (Jan. 10, 2006). Although this Commission has been called upon to decide the VoIP compensation issue in this arbitration, it agrees that the FCC should have exclusive jurisdiction over VoIP services and that uniform national treatment of IP-enabled services is critical to continued investment and innovation in Internet protocol technologies. *IP-Enabled Services*, FCC Docket No. WC 04-36. Reply Comments of the Florida Public Service Commission, at

3-5 (filed July 14, 2004). Only Verizon Access' interim compensation proposal is consistent with this view and with Florida law stating that VoIP is "not regulated by the Florida Public Service Commission." Ch. 364 §§ 364.01(3) and 364.02(13). Verizon Access' language explicitly recognizes that VoIP calls are "subject to interstate jurisdiction" and applies the FCC's VoIP compensation approach as soon as it is adopted and from the beginning of the ICA's term (by means of a true-up)--unlike Embarq's proposal to address VoIP traffic under legacy compensation rules that treat VoIP like any other voice traffic.

**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 it be required to reimburse Embarq for any transit charges billed by an intermediary carrier for Local Traffic or ISP-bound traffic originated by Embarq?**

**VERIZON ACCESS' POSITION:**

No. Embarq proposes a special penalty provision to enforce the parties' agreement (in ICA § 61.1.5) that Verizon Access will establish direct trunks with the third-party transiting carrier once transit traffic exceeds a DS1 level. This provision would require Verizon Access to pay *all* transiting charges--*on Embarq's originating traffic*, as well as on Verizon Access' own originating traffic--if Verizon Access does not establish a direct connection with Embarq within 90 days after traffic exchanged by indirect interconnection exceeds a DS1 level. (Embarq proposed § 6.1.2.4.)

Verizon Access cannot be forced to pay Embarq's bills from a third-party transiting carrier, particularly when Verizon Access alone cannot control the timeframes for establishment of direct trunks, which is a joint undertaking with Embarq *or with a third-party carrier*. In the unlikely event that Verizon Access fails to comply with its

contractual obligation to establish direct trunks after indirect traffic reaches the specified threshold, Embarq can use the ICA's dispute resolution provisions to address that claimed breach, just as it would for other claimed breaches.

Embarq has offered nothing to support its claim that carriers' failure to establish direct trunks imposes so great a financial burden on Embarq that it justifies a special self-enforcing penalty provision. Indeed, Embarq is often not even billed for transit by the transiting carrier. The effect and possible intent of Embarq's proposal is to shift its expenses to its competitor, which is not a legitimate reason to adopt it.

In addition, Embarq has failed to address Verizon Access' legal concern that Embarq's penalty proposal may be contrary to FCC rule 51.703(b), which states that "[a] LEC may not assess charges on any other telecommunications carrier for telecommunications traffic that originates on the LEC's network." 47 CFR § 51.703(b). Embarq's proposal would assess charges on Verizon Access for telecommunications traffic originated on Embarq's network.

**ISSUE 7: What rate should apply to transit traffic under the Parties' interconnection agreement?**

**VERIZON ACCESS' POSITION:**

The Commission should develop a transit rate for the Parties' ICA by referring to the comprehensive, relevant range of data points Verizon Access has offered. Those reference points, discussed in Mr. Price's testimony, include the \$0.002045 transit rate under the parties' existing contract; the analogous Embarq interstate rate of \$0.002052; the sum of the common transport and tandem switching rate elements the Commission approved for Embarq (that is, \$0.002876); the \$0.002071 transit rate in the existing Verizon Florida Inc./Sprint interconnection agreement); and the transit rates in Embarq's



recently negotiated agreement with BellSouth in Florida and the other BellSouth states (\$0.0015 in 2007, \$0.0020 in 2008, and \$0.0025 thereafter). Embarq's few references to rates in other states and contracts with other carriers are not as compelling as the range of reference points Verizon Access has presented. Verizon Access' information demonstrates that Embarq's proposed rate of \$0.005--*more than double* the \$0.002045 transit rate paid under the parties' existing contract—is unreasonably high.

#### **5. Stipulated Issues**

There are no stipulated issues.

#### **6. Pending Motions and Other Matters**

Verizon Access has no motions or other matters pending.

#### **7. Pending Requests for Confidentiality**

Verizon Access has no pending requests for confidentiality.

#### **8. Procedural Requirements**

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

Respectfully submitted on April 9, 2007.

SW

By: Dulaney L. O'Roark III  
Dulaney L. O'Roark III  
General Counsel, Southeast Region  
6 Concourse Parkway, Suite 600  
Atlanta, Georgia 30328  
Phone: (770) 284-5498  
Fax: (770) 284-5488  
Email: [de.oroark@verizon.com](mailto:de.oroark@verizon.com)

Kimberly Caswell  
Associate General Counsel  
P. O. Box 110, MC FLTC0007  
Tampa, Florida 33601-0110  
Phone: (727) 360-3241  
Fax: (813) 204-8870  
Email: [kimberly.caswell@verizon.com](mailto:kimberly.caswell@verizon.com)

Attorneys for Verizon Access  
Transmission Services