

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 17, 2007
Services for arbitration of disputes arising from)	
negotiation of interconnection agreement with)	
Embarq Florida, Inc.)	
_____)	

**VERIZON ACCESS TRANSMISSION SERVICES'
AMENDED 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) hereby files this prehearing statement.

1. Witnesses

Mr. Don Price is Verizon's witness for all issues in this arbitration. Of the issues listed in the Order Establishing Procedure, Issues 1, 4, and 5 remain in dispute. The Parties have resolved Issues 2 and 3.

2. Exhibits

Verizon plans to introduce exhibits DP-1 and DP-2, which are attached to Mr.

CMP _____	Price's Direct Testimony. Verizon reserves the right to introduce additional exhibits at
COM <u>5</u> _____	
CTR _____	the hearing or other appropriate points.

3. Verizon's Basic Position

ECR _____	
GCL _____	
OPC _____	The Commission should adopt Verizon's proposed contract language to resolve
RCA _____	the parties' disputes in this arbitration of a new interconnection agreement.

SCR _____
SGA _____
SEC _____
OTH _____

DOCUMENT NUMBER - DATE

03255 APR 17 08

FPSC-COMMISSION CLERK

4. Verizon's 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 1: **What compensation should apply to virtual NXX ("vNXX") traffic under the interconnection agreement ("ICA")?**

VERIZON'S 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 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's 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's proposal.

Verizon's proposal here is the same vNXX compensation arrangement that it and BellSouth recently negotiated, and the Commission approved, for the Verizon/BellSouth ICA, and that same arrangement applies in all BellSouth states. Verizon (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: 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'S POSITION:

No. Embarq proposes a special penalty provision to enforce the parties'

agreement (in ICA § 61.1.5) that Verizon will establish direct trunks with the third-party transiting carrier once transit traffic exceeds a DS1 level. This provision would require Verizon to pay *all* transiting charges--*on Embarq's originating traffic*, as well as on Verizon's own originating traffic--if Verizon 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 cannot be forced to pay Embarq's bills from a third-party transiting carrier, particularly when Verizon 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 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's 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 for telecommunications traffic originated on Embarq's network.

ISSUE 5: What rate should apply to transit traffic under the Parties' interconnection agreement?

VERIZON'S POSITION:

The Commission should develop a transit rate for the Parties' ICA by referring to the comprehensive, relevant range of data points Verizon 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 has presented. Verizon's 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 has no motions or other matters pending.

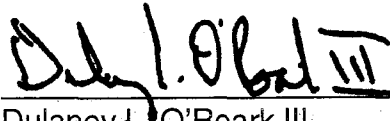
7. Pending Requests for Confidentiality

Verizon has no pending requests for confidentiality.

8. Procedural Requirements

Verizon 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 17, 2007.

By: 
Dulaney J. O'Roark III
General Counsel, Southeast Region
Six Concourse Parkway, Suite 600
Atlanta, Georgia 30328
Phone: (770) 284-5498
Fax: (770) 284-5488
Email: 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

Attorneys for Verizon Access
Transmission Services