

**THE STATE OF NEW HAMPSHIRE**

**SUPREME COURT**

**Docket No. 2008-0645**

**Verizon New England Inc.  
d/b/a Verizon New Hampshire  
Northern New England Telephone Operations LLC  
d/b/a FairPoint Communications-NNE**

**Appeal From Final Order of New Hampshire Public Utilities Commission**

**SUPPLEMENTAL APPENDIX TO  
BRIEF OF PETITIONERS-APPELLANTS**

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Verizon New England Inc.

#### 4. Issuance, Payment and Crediting of Customer Bills

##### 4.1 Undertaking of the Telephone Company

4.1.1 Billing Convention Methods	
A.	The Telephone Company shall bill on a current basis all charges incurred by and credits due to the customer under this tariff, attributable to services established or discontinued or provided during the preceding billing period.
B.	The Telephone Company shall bill in advance charges for all services to be provided during the ensuing billing period except for charges associated with service usage and for the federal government which will be billed in arrears.

4.1.2 Late Payment Penalty	
A.	If any portion of the payment is received by the Telephone Company after the payment date (refer to Section 4.1.4), or if any portion of the payment is received by the Telephone Company in funds which are not immediately available to the Telephone Company, then a late payment penalty shall be due to the Telephone Company.
B.	The late payment penalty shall be the portion of the payment not received by the payment date times a late factor. The late factor shall be 0.0005 per day for the number of days from the payment date to and including the date that the customer actually makes the payment to the Telephone Company.

4.1.3 Billing Periods	
A.	The billing date of a bill for a customer for access service provided under this tariff is referred to as the bill day. The period of service each bill covers is as follows. <ol style="list-style-type: none"><li>1. The Telephone Company will establish a bill day each month for each customer account.</li><li>2. The bill will cover non usage sensitive service charges for the ensuing billing period for which the bill is rendered, any known unbilled non usage sensitive charges for prior periods and unbilled usage charges for the period after the last bill day through the current bill day. Any known unbilled usage charges for prior periods and any known unbilled adjustments will be applied to this bill.</li></ol>

4.1.4 Payment Date	
A.	The payment date of bills rendered to customers for access service provided under this tariff is as follows. <ol style="list-style-type: none"><li>1. All bills dated as set forth in Section 4.1.3 for service, provided to the customer by the Telephone Company, are due 31 days after the bill day or by the next bill date (i.e., same date in the following month as the bill date), whichever is the shortest interval, except as provided herein.</li></ol>

1 In developing Attachment 2 of the Stipulation, the signatories' rate design set  
2 overall end-to-end as well as terminating access rate targets for non-800 switched  
3 access.<sup>16</sup> The contribution to be recovered in the originating and terminating carrier  
4 common line rates was then established residually by removing the incremental cost  
5 based rates for local switching and local transport.

6 That rate design – and the fact that the carrier common line rate elements  
7 were residually set to provide contribution – were also established in testimony  
8 provided through a witness panel explaining key aspects of the Stipulation and  
9 Agreement.<sup>17</sup> In explaining the Attachment 2 described above, Mr. Salvatore  
10 (AT&T's expert witness) was questioned by Mr. Gary Cohen, one of the  
11 Commission's retained outside counsel, regarding the rate design and rate  
12 development. The testimony again established that the carrier common line elements  
13 were designed as contribution elements – rather than a mechanism to recover the cost  
14 of using a local loop.<sup>18</sup>

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<sup>16</sup> The same principle was followed in establishing the CCL rate for originating and terminating 800 switched access.

<sup>17</sup> On March 22, 1993, a panel of witnesses testified about the Stipulation and Agreement in a hearing before the Commission in DE 90-002. The panel consisted of AT&T's witness Mr. William Salvatore representing interexchange carriers, Ms. Kate Bailey for the Commission Staff, Mr. Michael Campbell representing New Hampshire Independent Telephone Companies and myself on behalf of NET.

<sup>18</sup> Questioned by Mr. Cohen:

Q During the hearings if I recall the testimony from Mr. Shepherd and Mr. McCluskey in terms of a carrier common line element, they talked in terms of a contribution element as opposed to anything geared to the local loop.

A (Salvatore) As I said, traditionally the carrier line charge was a charge for the local loop. Mr. Shepherd can help me with this, the way the elements themselves are structured is that the local transport and local switching elements are set at incremental costs. The remainder of the access charge is put into the carrier common line charge. So, one could think of it as a contribution element.

Q So what you are saying, you're not suggesting that the loop is priced at incremental cost, are you?

1 charges shown, termination charges are basically for  
2 the equipment used to terminate the call and transport  
3 charges are basically used for the trunk or the line  
4 to carry the call.

5 (By Mr. Cohen.)

6 Q Mr. Salvatore, can I ask a question? My name is Gary  
7 Cohen.

8 A (Salvatore) Yes, Mr. Cohen.

9 Q During the hearings if I recall the testimony from Mr.  
10 Shepherd and Mr. McCluskey in terms of a carrier  
11 common line element, they talked in terms of a  
12 contribution element as opposed to anything specific  
13 geared to the local loop.

14 A (Salvatore) As I said, traditionally the carrier line  
15 charge was a charge for the local loop. Mr. Shepherd  
16 can help me with this, the way the elements themselves  
17 are structured is that the local transport and local  
18 switching elements are set at incremental costs. The  
19 remainder of the access charge is put into the carrier  
20 common line charge. So, one could think of it as a  
21 contribution element.

22 Q So, what you're saying, you're not suggesting that the  
23 loop is being priced at incremental cost, are you?

24 A (Salvatore) No, I'm saying that the local transport

1 and the switch are priced at incremental cost.  
2 Carrier common line is the difference between the  
3 incremental cost for local switching and the  
4 incremental cost of local transport to get to the 16  
5 cent total access charge.

6 Q So, it's the remainder?

7 A (Salvatore) It is the remainder. I used the term  
8 "residual."

9 Q Okay.

10 A (Salvatore) The Stipulation and Agreement also states  
11 that the movement of NET's intrastate access rates in  
12 the direction of cost and towards interstate levels is  
13 a desirable objective. It also states other  
14 objectives which are desirable such as universal  
15 service, rate stability, fairness and a reasonable  
16 opportunity to recover revenue requirement. As I said  
17 earlier, the desirability of further movement towards  
18 interstate rates on or after July 1, 1997, may be  
19 considered after the conclusion of the trial period.  
20 However, no signatory is committing to any further  
21 movement towards interstate rates and no presumption  
22 is intended that any such further movement must or  
23 should occur.

24 MS. IGNATIUS: Are there any