

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

Docket No. DT 06-067

**FREEDOM RING COMMUNICATIONS, LLC d/b/a
BAYRING COMMUNICATIONS**

Complaint Against Verizon, New Hampshire Re: Access Charges

**PANEL TESTIMONY OF OLA A. OYEFUSI,
CHRISTOPHER NURSE, AND PENN PFAUTZ**

On Behalf of AT&T

March 9, 2007

1 **PANEL TESTIMONY OF OLA A. OYEFUSI, CHRISTOPHER NURSE,**
2 **AND PENN PFAUTZ**

3 **I. INTRODUCTION**

4 **Q: DR. OYEFUSI, PLEASE STATE YOUR NAME AND BUSINESS**
5 **ADDRESS.**

6 A: My name is Dr. Ola A. Oyefusi and my business address is 11710 Beltsville
7 Drive, Beltsville MD 20705.

8 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

9 A. I am employed by AT&T Corp. as a Manager in the Global Access Management
10 Organization. In that capacity, I am responsible for managing the cost to AT&T
11 for interconnecting its network with all others regardless of class of service or
12 technology. The scope of that responsibility is primarily, but not strictly limited
13 to, the in regulatory agencies states where Verizon is the dominant incumbent
14 local exchange carrier.

15 **Q: PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
16 **PROFESSIONAL EXPERIENCE.**

17 A: I hold a Ph.D. in Economics from George Mason University in Fairfax, Virginia.
18 Additionally, I hold M.A. and B.S. degrees in Economics from Morgan State
19 University in Baltimore, Maryland.

20 I began my career with AT&T in 1999, and have been responsible for analyzing
21 and managing AT&T's access and local connectivity expenses. Among other
22 duties, I have been responsible for providing analytical support to determine the
23 cost and the rates for unbundled network elements ("UNEs"). Also, I am
24 responsible for reviewing and interpreting access tariffs to confirm applicability

1 services. I was AT&T's cost witness in a 2003 proceeding before the
2 Pennsylvania Commission involving reform of Verizon's intrastate access rates.
3 Also in 2003, I provided written and oral testimony in a proceeding before the
4 Virginia State Corporation Commission concerning Verizon's "no facilities/no
5 build" policy for high capacity loops. I filed direct testimony on recurring cost
6 issues in a 2001 UNE costing proceeding before the Delaware Public Service
7 Commission. I submitted testimony in a UNE costing proceeding pending before
8 the District of Columbia Public Service Commission. Additionally, I have
9 participated actively in other proceedings to establish rates for unbundled network
10 elements in New Jersey and Maryland, where I developed presentations on
11 forward-looking economic costs. I provided economic support in a recent
12 Universal Service proceeding in Maryland. I also assisted in the drafting of
13 AT&T access complaints in Virginia and New Jersey. This task involved
14 reviewing and interpreting the Verizon intrastate access tariffs in those states and
15 determining how they affect AT&T's costs.

16 Prior to joining AT&T, I served as an advisor to the Commissioners at the District
17 of Columbia Public Service Commission in all Telecommunication matters. In
18 that capacity, I provided economic counsel in a 1997 UNE proceeding involving
19 Bell Atlantic-Washington, D.C., Inc. (now Verizon DC). I also reviewed and
20 interpreted tariff applications (involving revision of existing service or
21 introduction of new service) submitted by Verizon DC and provided
22 recommendations to the DC Commissioners. Prior to 1997, I provided written and
23 oral testimony on behalf of the District of Columbia PSC Staff in rate cases

1 involving Potomac Electric Power Company, and another Verizon predecessor,
2 the Chesapeake and Potomac Telephone Company.

3 **Q: MR. NURSE, PLEASE STATE YOUR FULL NAME, ADDRESS AND**
4 **CURRENT RESPONSIBILITIES.**

5 A: My name is E. Christopher Nurse, and my business address is 1120 20th Street,
6 N.W., Suite 1000, Washington, D.C. 20036. I am employed by AT&T as
7 Director of Legislative and Regulatory Policy for AT&T's Atlantic Region, which
8 extends from Virginia to Maine. Among other things, I am responsible for
9 presenting AT&T's perspectives on a broad range of regulatory matters, including
10 initiatives to advance and enforce AT&T interests as an Interexchange Carrier,
11 ("IXC"), a competitive local exchange carrier ("CLECs"), and recently also
12 (again) as a wireless carrier.

13 **Q: MR. NURSE, PLEASE DESCRIBE YOUR EDUCATIONAL**
14 **BACKGROUND AND PROFESSIONAL EXPERIENCE.**

15 A: I received a B.A. in Economics from the University of Massachusetts at Amherst.
16 In 1996, I received a Masters in Business Administration from Southern New
17 Hampshire University in Manchester, New Hampshire. I have twenty-six years of
18 experience in the telecommunications industry, including ten years with AT&T
19 through its acquisition of Teleport Communications Group, Inc. ("TCG").

20 Prior to my time at TCG, I was a telecommunications analyst from 1991 to 1997
21 here with the New Hampshire Public Utilities Commission, where I held a broad
22 range of responsibilities. Assigned to the PUC's then-Engineering Department, I
23 was directly involved in nearly all telecommunications matters that came before

1 the New Hampshire Commission during that period. After a successful Verizon
2 motion to bifurcate the staff into separate advocacy and advisory members, it
3 was my honor to serve as an advisor to the commissioners and special counsel in
4 the Generic Investigation into IntraLATA Toll Competition Access Rate, DE 90-
5 002.

6 I have regularly appeared on behalf of AT&T in an array of industry workshops
7 and collaborative proceedings, including the New York Carrier Working Group--
8 from which the New Hampshire Carrier-to-Carrier Metrics and the Performance
9 Assurance Plan (PAP) are derived--the Pennsylvania Global Settlement, the New
10 Jersey Technical Solutions Facilitation Team (TSFT), and the New York DSL
11 collaborative, among others. Also, I was AT&T's principal negotiator in
12 developing performance metrics and the Performance Assurance Plan across the
13 Verizon-East footprint. I was extensively involved in several of the KPMG OSS
14 tests, including those in Pennsylvania, New Jersey, Virginia, Maryland, and the
15 District of Columbia. I have also been involved in analyzing the operational
16 details of the audits of Verizon's performance metrics ordered by multiple state
17 commissions, in the recently concluded collaborative review known as the Joint
18 State Committee meeting in New York. I have participated in support of and as a
19 direct witness in a number of arbitrations with Verizon including before the FCC.

20 **Q: HAVE YOU APPEARED AS A WITNESS IN OTHER REGULATORY**
21 **PROCEEDINGS, MR. NURSE?**

22 **A:** Yes, over the years I have appeared in dozens of proceedings. For simplicity, I
23 testified jointly with Dr. Oyefusi in seven of the cases he described,

1 predominantly access or rate cases. We testified together in the NJ two-to-four
2 line business reclassification, the PA access remand, the 2003 underlying PA
3 access case, the VA No Build case, the rate cases in both DE and DC, and I
4 likewise assisted in filing the access complaints in VA, NJ, and supporting
5 reconsideration in PA. I testified most recently in New Jersey at the Board's
6 public hearing concerning the re-adoption of the N.J.A.C. Chapter 14
7 Telecommunications Rules, and the related proceeding to classify CLEC services
8 as competitive. I have also testified in proceedings before the state commissions
9 of Connecticut, Delaware, Georgia, Kansas, Massachusetts, Maryland, New
10 Hampshire, New Jersey, New York, Oklahoma, Pennsylvania, Virginia, West
11 Virginia and the District of Columbia. I have made numerous ex parte
12 presentations to the FCC staff and commissioners.

13 I also filed a declaration in the U.S. District Court, Eastern District of
14 Pennsylvania, in Verizon Pennsylvania Inc. v. Fitzpatrick et al, Case No. 04-2709.
15 I recently supported an application for necessary numbering resources for a New
16 Hampshire customer. I have testified on numerous telecommunications public
17 policy and operational subjects, including: plans for alternative regulation, rules
18 adoption, DSL services, rates and terms for unbundled network elements, carrier
19 access charges, network modernization, Section 271 checklist compliance,
20 collocation, reciprocal compensation, and interconnection agreement arbitration
21 issues.

22 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

1 A. Verizon is charging AT&T and other carriers for access rate elements Verizon
2 does not provide. In accordance with the Commission's Procedural Orders in this
3 docket, the purpose of this panel testimony in this initial phase of the case is to
4 provide the Commission with the factual basis to conclude that (1) Verizon is
5 charging carriers for functions Verizon does not provide, (2) Verizon's NHPUC
6 Tariff No. 85 does not permit Verizon to charge for access rate elements that it
7 does not provide, and (3) even if Verizon's tariff could be interpreted to permit it
8 to charge for elements it does not provide, such charges are inappropriate and
9 should not be permitted prospectively. In making this showing, we will
10 demonstrate how Verizon's billing practice is at odds with the historic cost and
11 rate design decisions of the Commission and as a result, harms competition, and
12 thus consumers in New Hampshire.¹

13 **Q. DR. PFAUTZ, PLEASE STATE YOUR NAME AND BUSINESS**
14 **ADDRESS.**

15 A: My name is Penn L. Pfautz and my business address is 200 South Laurel Avenue,
16 Middletown, New Jersey 07748.

17 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

18 A: I am employed by AT&T Corp. as a Director, New Product Development in the
19 Global Access Management Organization. In that capacity, I provide technical
20 support for AT&T network interconnection on a current and forward looking
21 basis.

¹ See, e.g., Generic Investigation Into IntraLATA Toll competition Access Rates, DE 90-002, Order No. 20,864. June 10, 1993.

1 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
2 **PROFESSIONAL EXPERIENCE.**

3 A: I hold a Ph.D. and M.A. in Psychology from Yale University in New Haven,
4 Connecticut. Additionally, I hold a B.A. degree in Psychology from Antioch
5 College in Yellow Springs, Ohio.

6 I began my career with AT&T in 1980 at Bell Telephone Laboratories working in
7 Human Factors, Network Performance, and supported AT&T's re-entry into the
8 local service market as a member of the team that developed the LRN Local
9 Number Portability ("LNP") solution and was heavily involved in both the
10 technical and regulatory aspects of AT&T's implementation of LNP and number
11 pooling. As part of this process I served as a subject matter expert in
12 Interconnection Agreement negotiations with several incumbent local exchange
13 companies.

14 As a result of my involvement in AT&T's implementation of LNP and number
15 pooling, and my participation as a subject matter expert in Interconnection
16 Agreement negotiations, I have many years of experience in the architecture of
17 network interconnection, call routing, and call flows.

18 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

19 A. Our direct testimony contains four (4) sections. Following this Introduction,
20 Section II provides AT&T's interpretation of NHPUC Tariff No. 85. Section III
21 explains why Verizon's current billing practices are inappropriate in a competitive
22 environment and how they harm competition and consumers in New Hampshire.
23 In Section IV, we conclude that the Commission should interpret Tariff No 85 to

1 mean that Verizon cannot charge for elements or services it does not provide, and
2 recommend that the Commission order Verizon to cease its practice of charging
3 CCL when a Verizon common line is not involved in the completion of a call as a
4 violation of its tariff, and direct Verizon to refund all amounts collected in
5 violation of its tariff, which amounts are to be determined in the next phase of this
6 proceeding.

7 **II: APPROPRIATE TARIFF INTERPRETATION REQUIRES THAT IXCS**
8 **PAY VERIZON ONLY FOR THE ACCESS SERVICES IT ACTUALLY**
9 **PROVIDES.**

10 **Q. IS IT APPROPRIATE FOR VERIZON TO CHARGE FOR ACCESS RATE**
11 **ELEMENTS IT DOES NOT ACTUALLY PROVIDE?**

12 A. No. Verizon's application of a terminating carrier common line ("CCL") rate
13 element to traffic that transits Verizon's tandem but which is terminated to a
14 carrier other than Verizon is not permitted by any tariff or other legal authority,
15 nor should it be. Similarly, neither NHPUC No. 85 nor other legal authority
16 permits Verizon to assess an originating CCL rate element on traffic originated
17 from a carrier other than Verizon which subsequently transits a Verizon tandem.
18 In both instances, the call does not traverse a Verizon common line and, thus,
19 Verizon should not be permitted to charge for it. AT&T is asking the
20 Commission to order Verizon to refrain from its unlawful application of CCL
21 charges in the future; and, in the next phase of the case, AT&T will ask the
22 Commission to order Verizon to make restitution to AT&T for the unlawful
23 application of CCL in the past.

1 **Q. DESCRIBE EXAMPLES OF THE TYPES OF TRAFFIC THAT DO NOT**
2 **TRAVERSE VERIZON'S END-USER COMMON LINE, BUT FOR**
3 **WHICH VERIZON NEVERTHELESS CHARGES THE CCL.**

4 A. Attached to our pre-filed testimony, as Exhibit A, is a set of call flow diagrams.

5 We are using the same set of diagrams as that circulated by the Staff on

6 December 12, 2006, which set formed the basis for discovery in this case. The

7 only difference is that we have modified the calls flows in the relatively few

8 situations where Verizon, in response to discovery, indicated that the Staff call

9 flows did not correctly identify the elements charged. The calls flows on

10 Exhibit A-1 now reflect Verizon's view of the rate elements. The changes we

11 made to reflect Verizon's discovery responses are listed on Exhibit A-2.

12 Call Flow Nos. 2, 3, 4, and 24 show that Verizon inappropriately charges the CCL

13 on the originating end of an intrastate long distance call that originates from

14 another carrier's end user. Call Flow Nos. 8, 11, 19, and 23 show that Verizon is

15 inappropriately assessing a CCL on the terminating end of intrastate long distance

16 calls that terminate to other carriers' end user via a Verizon tandem: Call Flow

17 Nos. 6, 7, 9, 10, 12, 13, 14, 15, 16, 17, 18, 20, and 25 show that Verizon is

18 inappropriately assessing a CCL on both the originating and terminating end of

19 calls that neither originate from nor terminate to Verizon end users but which

20 transit Verizon's tandems:

21 In the first set of examples, even though the call is not originating from a Verizon

22 customer (and, therefore, not traveling over a Verizon end-user line), Verizon

23 charges CCL to the toll provider as if it were. Likewise, in the second set of

24 examples, even though the call is being terminated to a carrier other than Verizon

1 (and, therefore, not traveling over a Verizon end-user line), Verizon is charging
2 CCL to the toll provider as if the call were being terminated to a Verizon end-
3 user. In the third set of examples, despite the fact that the call is neither
4 originating to a Verizon customer nor terminating to a Verizon customer, Verizon
5 is charging CCL on both ends as if the calls were both originating and terminating
6 to a Verizon customer.

7 **Q. DOES THIS RESULT IN THE INTEREXCHANGE CARRIER (“IXC”)**
8 **PAYING TWICE FOR ACCESS SERVICE IT ONLY RECEIVES ONCE?**

9 A. In many instances, yes. In the scenarios described above, not only do the IXCs
10 have to pay Verizon’s CCL for access service Verizon is not providing, the IXC
11 also must pay the access charges of the local carrier that actually originates and/or
12 terminates the call.

13 **Q. WHAT IS VERIZON’S JUSTIFICATION FOR CHARGING CCL WHEN**
14 **A COMMON LINE IS NOT USED?**

15 A. Verizon cites to NHPUC Tariff No. 85, Section 5.4.1A which states: “Except as
16 set forth herein, all **switched access service** provided to the customer will be
17 subject to carrier common line access charges” (emphasis added). Verizon claims
18 the services at issue in this case are switched access services and that, therefore,
19 they are subject to application of the CCL charge according to the tariff, even
20 though the calls are not routing through Verizon’s end-office switches nor
21 traversing Verizon’s end-user access lines. *See* Verizon Reply to Freedom Ring
22 Petition at 1.

23 **Q. DOES VERIZON PROVIDE ANY OTHER RATIONALE TO SUPPORT**
24 **ITS BILLING FOR ACCESS SERVICES IT DOES NOT PROVIDE?**

1 A. Not really. Verizon contends that it is permitted to assess the CCL even when
2 Verizon does not switch the call at its end-office nor complete the call over its
3 end-user lines because, in Verizon’s words, the CCL is a “contribution element.”
4 See Verizon Reply to BayRing Petition at 2. Verizon, however, cannot cite to any
5 Commission order to support that claim. Verizon’s discovery responses cite to
6 PUC Order Nos. 20864, 20916, and 20980, but none of those decisions contains
7 any language supporting Verizon’s claim. See, e.g., Verizon Response to Staff 1-
8 3, 1-5. In fact, as we explain below, the New Hampshire Commission decisions,
9 and Verizon’s response to them, show that the CCL rate is designed to recover at
10 least a portion of the cost of the loop.

11 **Q. IS VERIZON’S INTERPRETATION OF THE TARIFF CORRECT?**

12 A. No. Verizon has misconstrued the meaning of this section of the tariff. Nothing
13 in the tariff permits Verizon to charge for an access service it does not provide.

14
15 **Q. HOW DOES NHPUC TARIFF NO. 85 RELATE TO THE ISSUES IN THIS**
16 **CASE?**

17 A. While several provisions in Section 5, upon which Verizon, relies, state that CCL
18 rates are applied to switched access service, Section 5 also requires that Verizon
19 “provide carrier common line access service to customers in conjunction with
20 switched access service provided in Section 6.” See, Section 5.1.1.A.1 (emphasis
21 added). Thus the Section that permits Verizon to bill CCL at the same time
22 requires Verizon to actually route the call through its end-office switch and
23 complete the call over its end-user common line before it can assess the CCL

1 charge. Moreover, the language in Section 5 makes clear that the Section is to be
2 read as a whole. The introduction to that Section states (emphasis added):

3 Carrier common line access service is billed to each switched
4 access service provided under the *tariff in accordance with the*
5 *regulations as set forth herein and in Section 4.1[.]*
6

7 The Section 5 regulations, to which Verizon's right to bill CCL is subject,
8 unequivocally impose a requirement that the call actually route through the end-
9 office switch and traverse the end-user common line before Verizon can assess its
10 CCL charge. Indeed, Section 5.4.1.A, itself, makes it clear that Verizon cannot
11 automatically charge the CCL anytime it provides service under Section 6,
12 regardless of whether Verizon is actually originating or terminating the traffic
13 through its end-offices and over its end-user lines. By stating that it can charge
14 CCL "except as set forth herein", Section 5.4.1.A makes the right to charge CCL
15 subject to the other requirements of Section 5, including Verizon's requirement to
16 utilize its end-user's loop "in conjunction with switched access service provided
17 in Section 6" before any charge is assessed. In other words, Verizon is not
18 permitted to assess a charge for Local Switching or a CCL charge unless the call
19 is actually routed through the Verizon end-office switch and over its end-user
20 access lines. It cannot assess those charges for traffic that is directed to or from
21 the Verizon from some other carrier's facilities. Section 4.1 further supports this
22 interpretation because it requires that billing shall issue for *services provided*.

23 **Q. IS THERE OTHER LANGUAGE IN THE TARIFF THAT SUPPORTS**
24 **YOUR POSITION THAT VERIZON CANNOT ASSESS THE CCL**
25 **UNLESS THE CALL IS ROUTED OVER THE VERIZON END-USER**
26 **LINE?**

1 A. Yes. Section 5.4.1A, the section upon which Verizon relies, requires that Verizon
2 provide “switched access service.” Switched access service is defined in NHPUC
3 No. 85, Section 6.1.1A by reliance on Bell Atlantic Telephone Companies Tariff
4 FCC No. 11, Section 6 from which the following definition is adopted:

5 Switched Access Service, which is available to customers for their
6 use in furnishing their services to end users, provides a two-point
7 electrical communications path between a customer's premises,
8 multiplexing node or virtual collocation arrangement and an end
9 user's premises. It provides for the use of common terminating,
10 switching and trunking facilities, and common subscriber plant of
11 the Telephone Company. Switched Access Service provides for
12 the ability to originate calls from an end user's premises to a
13 customer's premises, multiplexing node or virtual collocation
14 arrangement and to terminate calls from a customer's premises,
15 multiplexing node or virtual collocation arrangement to an end
16 user's premises in the LATA where it is provided. Specific
17 references to material describing the elements of Switched Access
18 Service are provided in 6.1.1 and 6.1.3 following. For purposes of
19 administering regulations set forth herein, a Tandem Switching
20 Provider point of interface may be a customer premises, a
21 multiplexing node or a virtual collocation arrangement.

22
23 *See VZ Telephone Companies Tariff FCC No. 11, Original Page 6-3,*

24 **Sec. 6.1.**

25 In the definition above, the “customer” is a carrier purchasing the switched access
26 service. *See NHPUC No. 85, Sec. 1.3.2.* Also, end user is the retail customer of
27 an intrastate telecommunications service. *See NHPUC No. 85, Sec. 1.3.2.*

28 Telephone Company refers to Verizon. *See NHPUC No. 85, Sec. 1.3.2.*

29 Essentially, Verizon’s switched access service involves the provision of a
30 continuous and complete transmission path between a Verizon originating or
31 terminating end-user and the carrier purchasing the switched access service. If
32 the call originates and/or terminates over a carrier other than Verizon, then it is

1 that carrier's line, not Verizon's, that is making the origination or termination
2 possible, and that carrier can assess the originating or terminating charge, but
3 Verizon cannot.

4 **Q. WHAT DOES THIS DEFINITION MEAN REGARDING THE**
5 **PROVISION OF SWITCHED ACCESS SERVICE?**

6 A. This definition indicates that provision of switched access service requires the
7 combination of three distinct categories: Local transport (described in Section
8 6.2.1); local switching (described in Sections 6.2.2 and 6.2.3); Carrier common
9 line (described in Section 5). *See* NHPUC No. 85, section 6.1.2.B. Also, the
10 service structure presented in Exhibit 6.1.2-1 in NHPUC No. 85, section 6.1.2
11 shows a network diagram that associates each of these three elements to different
12 portions of the network. Attached to this testimony as Exhibit B is a reproduction
13 of the diagram in Verizon's switched access tariff showing all three elements and
14 how they are combined. Accordingly, all three elements combined provide a
15 complete switched access service. If some elements are not provided, Verizon is
16 not permitted to charge for them.

17 **Q. PROVIDE A BRIEF DESCRIPTION OF EACH OF THE THREE**
18 **NETWORK ELEMENTS THAT, IF COMBINED, MAKE UP THE**
19 **SWITCHED ACCESS SERVICE**

20 A. As depicted in the service structure presented in Exhibit 6.1.2-1 of NHPUC No.
21 85 (Exhibit B attached), each element of Verizon's switched access service
22 performs a unique and important function.

1 This description applies to the typical manner in which a call is routed from
2 another carrier for termination to a Verizon end-user customer. Origination works
3 the same way, just in the other direction.

4 Once a carrier delivers a call to the Verizon Tandem switch, the Tandem Switch
5 routes the call over the appropriate Local Transport transmission facilities to the
6 Verizon end office switch serving the end-user to whom the call is directed. The
7 end-office switch directs the call to the end-user's loop and the telephone rings.
8 *See* NHPUC No. 85, Sections 6.2.1, 6.2.2 and 5.1.1

9 Thus, for the typical call, the interexchange carrier pays Local Transport to get the
10 call from the Tandem Switch to the appropriate Verizon End Office, pays a Local
11 Switching charge to have the call directed to the appropriate end-user line for
12 customer to which the call is directed, and, pursuant to requirements of this
13 Commission that interchange carriers bear a portion of the costs of the customer's
14 end-user line, pays a Carrier Common Line charge.

15 **Q. CAN VERIZON APPLY ITS CCL FOR CALLS THAT ARE ROUTED TO**
16 **SOME OTHER CARRIER (FOR EXAMPLE, A WIRELESS PROVIDER)**
17 **AND NOT TO THE VERIZON END-OFFICE SWITCH?**

18 A. No. As noted above, the language relied upon by Verizon in Section 5.1.1.A(1)
19 states: "The Telephone Company *will* provide carrier common line access service
20 to customers *in conjunction with* switched access service provided in Section 6.
21 This means that the tariff contemplates that Verizon will provide access to its end-
22 user loops only when it provides the Local Transport and Local Switching
23 elements in Section 6. Section 5, therefore, will not apply in isolation. It will

only apply when Section 6 applies. Thus, by definition, any time that the Section 5 CCL element is provided, the Section 6 terms and conditions will also apply. And, as we explain below, the Section 6 terms and conditions make it clear that Verizon cannot charge for an element that it does not provide. In short, if an IXC's call is being directed to a carrier other than Verizon, Verizon cannot assess its CCL for that call.

Q. YOU STATED ABOVE THAT THE SECTION 6 TERMS AND CONDITIONS MAKE IT CLEAR THAT VERIZON CANNOT CHARGE FOR AN ELEMENT THAT IT DOES NOT PROVIDE. WHAT TERMS AND CONDITIONS ARE YOU REFERRING TO?

A. NHPUC Tariff No. 85, section 6.6.3.A. requires that "usage rates apply only when a specific rate element is **used**. They are applied on a per access minute basis or a per call basis" (emphasis added). According to NHPUC No. 85, section 30.5.1, Carrier Common Line (originating and terminating) charges are listed as \$0.026494 per access minute. Therefore, CCL is a usage rate within the meaning of Tariff No. 85, and it only applies when a call actually traverses the Verizon end-user common line. If Verizon is not originating or terminating the call for one of its end-user customers, the CCL does not apply.

Also, in NHPUC No. 85, section 6.7.1.B, there is a reference to a prior Commission decision as follows: "As specified in the PUC's Order No. 20,077, switched access originating and/or terminating charges apply to all intrastate messages which **make use** of switched access subject to this tariff" (emphasis added). Again, the tariff emphasizes a usage test before switch access charges

1 can apply. Again, if Verizon is not originating or terminating the call for its end-
2 user, its Local Switching and CCL access rate elements do not apply.

3 That is confirmed in the PUC's Order No. 20,077 (March 11, 1991), 76 N.H.
4 P.U.C. 143, 1991 WL 494226 (N.H.P.U.C.), *144, which states as follows:
5 "Further Ordered, that Condition 6 of Order No's 20,039, 20,040, 20,041 and
6 20,042 be clarified to state that the Switched Access Rates in Tariff No 78 apply
7 to intrastate switched access as **used**, on either the originating or terminating end
8 or both, when switched access is **used** in the provision of toll services" (emphasis
9 added).

10 All of the foregoing language is consistent with the discussion above describing
11 the nexus between CCL and whether the call is actually being originated from or
12 terminated to a Verizon end-user customer (and thus traveling over the Verizon
13 end-user line). Contrary to Verizon's contention, the tariff reflects that usage of its
14 end-office functionality is a prerequisite to application of access charges
15 (including CCL).

16 **Q. HAS VERIZON ENDORSED ELSEWHERE THE CONCEPT THAT**
17 **LOCAL CARRIERS MAY ONLY CHARGE FOR ACCESS IF THE**
18 **LOCAL CARRIER IS ACTUALLY PROVIDING THE ACCESS**
19 **SERVICE?**

20 **A.** Yes. In a Virginia proceeding to modify the rules governing CLECs in Virginia,
21 Verizon proposed to the Virginia State Corporation Commission that CLECs

1 should be allowed to charge for only the network functions they provide.² We
2 agree.

3 **Q. DOES AT&T (AS AN ILEC) ASSESS THE CCL CHARGE (ANYWHERE)**
4 **WHEN IT DOES NOT PROVIDE AN ASSOCIATED COMMON LINE?**

5 A. No. In states where AT&T is an ILEC, AT&T assesses the CCL (or its
6 equivalent) only when the traffic originates from or terminates to its end-user
7 customer. And, there are no instances where AT&T does what Verizon is
8 attempting to do in New Hampshire.

9 **Q. ARE THERE OTHER PRIOR RULINGS ELSEWHERE SUPPORTING**
10 **THE NOTION THAT CARRIERS SHOULD ONLY CHARGE FOR**
11 **NETWORK FUNCTIONS THEY PROVIDE?**

12 A. Yes. The FCC has repeatedly ruled that carriers must provide a network function
13 if they want to charge for it. The following are excerpts and citations from some
14 of the relevant FCC's prior rulings.

15 "Common line charges *obviously* should reflect common line usage"
16 (emphasis added). Reconsideration Order 97 FCC 2d, ¶ 708.

17
18 "CCL charge under the new plan would be "calculated on a
19 straightforward minutes of use basis for services using the common line
20 facilities"" (emphases added). 1983 Access Charge Order, 93 FCC 2d ¶
21 285.

22
23 "We conclude that those [carriers] whose current tariff provisions would
24 allow a [carrier] to impose [terminating] charges if that [carrier] is an
25 intermediate, non-terminating carrier are required to modify their tariff
26 provisions to preclude such charges" (emphasis added). See In the Matter
27 of Access Billing Requirements for Joint Service Provision, Memorandum
28 Opinion & Order on Further Reconsideration, Phase I, October 4, 1988.

² *Application Of Verizon Virginia Inc., Verizon South Inc. And MCIMetro Access Transmission Services Of Virginia, Inc. For Modifications to Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, Order for Notice and Comment, December 27, 2006.*

1
2 “CCL charges do not apply to calls that terminate to end users over an
3 RCC's facilities.” *See* Bell Atlantic Cellular, 6 FCC Rcd. At 4794-95.

4
5 “[a] LEC may impose CCL charges only at points where an interstate or
6 foreign call originates or terminates to an end user via transmission over a
7 common line.” *See* AT&T Corp. v. Bell Atlantic, et al, File Nos. 95-6 et
8 al. FCC 98-321, rel. Dec 9, 1998 (Liability Order), ¶ 28.

9
10 “In the case of the common line, the CCL charge pursuant to Section
11 69.105(a) is expressly conditioned on actual common line use, and the
12 presence of associated switching is immaterial to that determination.” *See*
13 *Id.* ¶ 32.

14
15 “[A] CCL charge is generally appropriate only at points where an
16 interexchange call originates or terminates over a common line, and
17 intermediate 'uses' do not constitute chargeable common line usage.” *Id.* ¶
18 34.

19
20 “As a rule, access rates, like all other tariffed rates, must be just and
21 reasonable under section 201(b) of the Act, and access tariffs, like all other
22 tariffs, must clearly identify each of the services offered and the associated
23 rates, terms, and conditions.” “As noted ... our longstanding policy with
24 respect to incumbent LECs is that they should charge only for the services
25 that they provide (emphases added). *See* AT&T Corp. v. Bell Atlantic-
26 Pennsylvania, 14 FCC Rcd 556 (1998). *See* In the Matter of Access
27 Charge Reform, Reform of Access Charges Imposed by Competitive
28 Local Exchange Carriers et seq., CC Docket No. 96-262, rel. May 18,
29 2004. (CLEC Access Order).

30
31 It is evident from the foregoing that the FCC has a long-standing policy that
32 supports AT&T's interpretation on NHPUC Tariff No. 85 that CCL can only be
33 assessed when the call is being originated or terminated over a Verizon end-user
34 common line. This policy is also consistent with this Commission's conclusions
35 in its prior rulings as summarized below.

36 **Q. ARE YOU AWARE OF ANY STATE COMMISSIONS THAT PERMIT A**
37 **LOCAL EXCHANGE CARRIER TO CHARGE FOR NETWORK**
38 **SERVICES IT DOES NOT PROVIDE?**

39 **A.** Apart from the New York State Commission decision that Verizon has referenced
40 in this proceeding, we are not aware of any other state commission that has

1 reached such a radical decision. The New York decision appears to be an
2 extraordinary outlier.

3 Q. **DO PRIOR DECISIONS OF THIS COMMISSION INDICATE THAT**
4 **ASSESSMENT OF THE CCL HINGE ON WHETHER THE CALL**
5 **ACTUALLY TRAVERSES THE END-USER LINE?**

6 A. Yes. PUC Order 20,082, which determined that a portion of Verizon's loop costs
7 should be allocated to a non-basic local exchange rate element, provides as
8 follows:

9 Accordingly, the commission finds, first, that the company's NTS
10 costs should be reduced by 25% to reflect an equivalent amount
11 that will be received from the interstate jurisdiction through
12 application of the end user common line charges. The balance of
13 NTS costs [*i.e.* loop costs] will then be allocated among all
14 services utilizing the distribution system [including intrastate toll
15 service] by application of a minute of use allocator. This
16 allocation will apportion the costs based on the proportion of use
17 of the network by each service and reflect the fact that, in the long
18 run, part of the network costs may be usage driven.

19
20 *See*, DR 89-010, DR 85-182, Order No. 20,082 (March 11, 1991), 76 N.H. P.U.C.
21 150, 1991 WL 494307 (N.H.P.U.C.), at *166.

22 Significantly, the Commission expressly rejected in this paragraph Verizon's
23 arguments to assign all loop costs to basic local exchange service (arguments with
24 which AT&T agrees, by the way, for the reasons discussed below) and also
25 ***rejected Verizon's argument that toll services be exempted from such allocation.***

26 The proceedings that follow in Docket No. 90-002 developed an access rate
27 structure in which the CCL was established to recover intrastate loop costs not
28 allocated to basic local exchange service. The Commission thus established the
29 nexus between CCL rates and loop (*i.e.* common line) cost recovery, and

1 established a rate design that expressly linked application of the CCL to usage of
2 the line (*i.e.*, CCL rate per MOU) as stated above.

3
4 **Q. YOU INDICATE THAT AT&T AGREES WITH VERIZON THAT LOOP**
5 **COSTS SHOULD NOT BE ALLOCATED TO THE CCL. DOES THAT**
6 **HAVE ANY BEARING ON THIS CASE?**

7 A. No. This case is about whether Verizon is assessing its CCL in accordance with
8 its tariffs and prior Commission decisions, not on whether there should even be a
9 CCL in the first place.

10 Loop costs are not a “shared” or “common” cost, but, rather, are a direct, non-
11 traffic sensitive cost of basic local exchange service. Verizon’s costs of providing
12 a customer’s loop not vary depending on whether the customer uses the line
13 entirely for local exchange service, entirely for long distance service, or for some
14 mix of the two, nor does the cost vary based on whether the customer uses the line
15 24 hours per day, or never makes or receives a single call. Thus, were loop costs
16 to be recovered in an economically rational manner, they should be recovered
17 entirely from the end-user customer that causes the costs to be incurred on a
18 recurring flat rate basis.

19 Over the years, however, consumer advocates and regulators, including this
20 Commission, have preferred to assign a portion of the loop costs to carrier access
21 services so that long distance services would continue to subsidize the cost of
22 basic local telephone service. That cross-subsidization system worked reasonably
23 well as long as telephone service was being provided by a single carrier, but it
24 began to unravel with the advent of competition. Today, assessing the CCL on a

1 usage-sensitive basis, even on the calls that actually traverse the Verizon end-user
2 common line (and, thus, subject to the CCL), puts AT&T and other IXC's at a
3 competitive disadvantage relative to wireless carriers, VoIP providers, e-mail, and
4 other forms of electronic communication that are not burdened with the access
5 subsidy. The steady decline in intrastate long distance volumes over the past
6 several years proves this to be true.

7 Thus, if this Commission were addressing whether the CCL should be maintained
8 going forward, its conclusion should be no. It would want to eliminate the CCL
9 and permit Verizon to adjust its end-user prices accordingly.

10 But, as we said, this is not a proceeding to address whether the CCL should be
11 maintained. Rather, it is a case to determine whether Verizon is assessing its CCL
12 in accordance with its tariffs and this Commission's orders. This Commission's
13 prior decisions implementing an intrastate Carrier Common Line Charge
14 determined it should be assessed whenever an IXC's long distance call is directed
15 to a Verizon customer and, therefore, routed through the Verizon end-office
16 switch and over a Verizon end-user line. Here the only issue the Commission is
17 being asked to address is whether Verizon has overstepped its authority when it
18 assesses the CCL on calls that do not traverse a Verizon end-user line; *i.e.*, is
19 Verizon is allowed to charge for an access service it does not provide?

20 **Q. DID THE COMMISSION "GUARANTEE" VERIZON ANY**
21 **PARTICULAR LEVEL OF CCL REVENUES?**

22 A. No, nor should it. The Commission has specifically stated that "[a]n effectively
23 competitive marketplace is totally at odds with any notion that NET's [n/k/a

Verizon] revenue can be ‘guaranteed’ to remain at any particular level.” See,
Order 20, 864 (June 10, 1993), at *7.

III. THE HARM TO COMPETITION AND CONSUMERS RESULTING FROM VERIZON’S BILLING PRACTICES ARE INCONSISTENT WITH A REASONABLE INTERPRETATION OF VERIZON’S TARIFF AND THE COMMISSION FRAMEWORK FOR TRANSITION TO COMPETITION.

Q. HOW DOES VERIZON’S PRACTICE OF BILLING CCL CHARGES EVEN WHEN A CALL DOES NOT TRAVERSE ITS END-USER LINE CAUSE HARM TO INTEREXCHANGE CARRIERS (IXCs)?

A. Verizon’s practice forces the IXCs to pay twice for the same call, once to Verizon for the CCL it is billing without actually providing any end-office access service, , and again to the local carrier actually originating or terminating the call. In those call scenarios where Verizon’s end-office switch and end-user common line are not used on either the originating or terminating end, (e.g. call flow nos. 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 25, and 26 in Exhibit A attached), the IXC should be paying Local Switching and CCL to the local carrier that is actually handling the call, but it should not be paying Verizon. Under Verizon’s interpretation of the tariff, however, the IXC is also required to pay CCL charges to Verizon *on the same call*, even though Verizon is not providing the end-office access functions at all. Under Verizon’s view, an IXC could be paying *two to four* CCL charges on calls that both originate and terminate with other local carriers, a requirement which, obviously, results in *doubling or quadrupling* the IXC’s costs.

Q. DOES VERIZON INAPPROPRIATE ASSESSMENT OF THE CCL HAVE AN ADVERSE IMPACT ON TOLL COMPETITION?

1 A Absolutely. Verizon's inappropriate CCL billing puts the IXC's in a competitive
2 disadvantage in New Hampshire's toll market, a market where, not coincidentally,
3 Verizon is their biggest competitor. Since Verizon, in its provision of intrastate
4 toll service, does not face the same cost structure (*i.e.* it is not paying multiple
5 CCL charges on one end of a call), Verizon's CCL billing practice has a
6 substantial negative impact on competing toll providers, contrary to the PUC's
7 intent in Order No. 20864 (June 10, 1993) at *8.

8 Q. **IS THERE ALSO AN ADVERSE IMPACT ON END USERS?**

9 A. Yes, and this should be of particular concern to the Commission. Verizon's
10 practices result in New Hampshire consumers facing higher-than-necessary prices
11 for in-state long distance calls. IXC's must recover Verizon's inappropriate CCL
12 charges in the prices they charge their customers. And, if other carriers are forced
13 to price their long distance services higher than they otherwise would, Verizon is
14 relieved of any competitive pressure to reduce its own long distance rates (even
15 though it does not charge itself for CCL service it does not provide). Thus,
16 Verizon's CCL billing practice is contrary to the Commission's expressed intent
17 to ensure that unreasonably high telecommunications rates do not result from
18 access charges, and in turn negatively impacts New Hampshire businesses and
19 economy. See PUC's Order 20864 (June 10, 1993) at *11-12.

20 **IV. CONCLUSIONS AND RECOMMENDATIONS**

21 **Q. WHAT SHOULD THE COMMISSION CONCLUDE FROM THE**
22 **EVIDENCE YOU HAVE PROVIDED IN THIS TESTIMONY?**

1 A. Based on the foregoing, the Commission should conclude that contrary to
2 Verizon's assertion, Section 5 of NHPUC Tariff No. 85 does not permit Verizon
3 to impose a CCL charge unless the call is routed through a Verizon end-office and
4 traverses a Verizon end-user line. It should find that the Commission's decisions
5 establishing the CCL and approving Verizon's tariffs permit Verizon to assess its
6 CCL only when the call routes through Verizon's end-office switch and traverses
7 Verizon's end-user line. In other words, the Commission should find that Verizon
8 can impose its CCL only in instances when the call originates from or terminate to
9 a Verizon end-user customer. Finally, the Commission should conclude that
10 Verizon's inappropriate application of the CCL unreasonably increases its
11 intraLATA toll competitor's costs and unfairly puts them at a competitive
12 disadvantage.

13 In sum, the Commission should interpret Tariff 85 to mean that Verizon cannot
14 charge for CCL elements when Verizon does not originate or terminate the call,
15 order Verizon to cease such billing practices, and, in the next phase of the
16 proceeding, determine the amount of Verizon over-collection that resulted from
17 its unlawful billing practices and direct Verizon to refund all such amounts.

18 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

19 A: Yes, it does.

Exhibit A

TYPES OF CALLS THAT TRAVERSE VERIZON'S TANDEM

6/10/2016

8YY	Toll free services provided over an 800-, 866-, 877-, 888-, etc. NPA.
CCL	Carrier Common Line charges; per minute
CLEC	Competitive Local Exchange Carrier
Dedicated Transport	Facilities for Toll Providers that are directly connected to Verizon's tandem and incur monthly charges comprising a flat rate and per mile rates pursuant to FCC 11 (primarily)
End Office	The switching center that interconnects calls between end user customers and the telephone network.
FG2A Access	Feature Group 2A is an access service from Verizon's NHPUC Tariff 85, which provides trunks for Wireless Providers that connect directly to Verizon's tandem using WP-assigned telephone numbers and WP switching. This is also called Type 2A Interconnection in interconnection agreements.
Host Office	A switch which provides central call processing functions and services both the host office and its remote locations.
IA	Interconnection Agreement
ILEC	Incumbent Local Exchange Carrier
ITC	Independent Telephone Company
LS	Local Switching charges; per minute
LTF	Local Transport Facility charges; per minute per mile. See, for Verizon, Tariff 85 Section 3.1.2 L.1 - 3, which also refers to NECA tariff
LTT	Local Transport Termination charges; per minute. Verizon applies once per transport facility, and charged at 50% for shared facilities. See Tariff 85 Section 3.1.2 L.4 & 6. CLEC and ITC apply per termination.
LTTs	Local Transport Tandem Switching charges; per minute
LTDIT	Local Transport Direct Trunked Transport; flat rated/month & fixed/month- not usage sensitive (see Dedicated Transport above)
LTEF	Local Transport Direct Entrance Facility; flat rated/month - not usage sensitive (see Dedicated Transport above)
MTSO	Mobile Telephone Switching Office
POI	Point of Interconnection, which is the point of demarcation between the CLEC's facilities and Verizon's facilities.
Remote End Office	A switch that is located away from its host or control office and requires central call processing from the Host Office.
Tandem	A switching center that connects trunks to trunks and does not connect any end user loops.
Tandem Transit Service	An offering provided by Verizon to requesting CLECs that enables the carrier whose customer originated an intraLATA call destined for a customer of another LEC (not a Verizon customer) to utilize a Verizon tandem switch as a means of establishing connectivity with the terminating CLEC. Not available to TPs.
TP	Toll Provider or interexchange carrier (IXC)
Type 1 Interconnection	Type 1 Interconnection, or Flexpath, is a retail service in Verizon's NHPUC Tariff 83 that provides high-capacity digital end office trunks for Wireless Providers with line-side treatment facilities, Verizon-assigned DID telephone numbers, and Verizon end-office switching.
WP	Wireless Provider, also CMRS (Commercial Mobile Radio Service) provider or cellular telephone service provider.

Assumptions

The presumption is that CLECs deliver outgoing traffic directly to the Verizon tandem (i.e., no meet point)

Some CLECs lease special access (dedicated transport) to the Verizon tandem.

Some CLECs have their own facilities into the Verizon tandem, as shown in Scenario 7.

Some CLECs do use a meet point arrangement, as shown in Scenarios 4 and 13.

Wireless carriers are typically shown here as having FG2A access between the MTSO and Verizon tandem (i.e., no meet point).

Verizon believes that there are very few Type 1 Interconnection arrangements still in use by Wireless Providers in New Hampshire.

Calls to and from Verizon users that traverse the tandem may originate at or terminate to an End Office, Host Office or Remote End Office.

CLECs typically have a Point of Interconnection, which is not always indicated on these pictograms in the interest of space.

CLEC special access circuits typically run between the CLEC POI and the Verizon tandem.

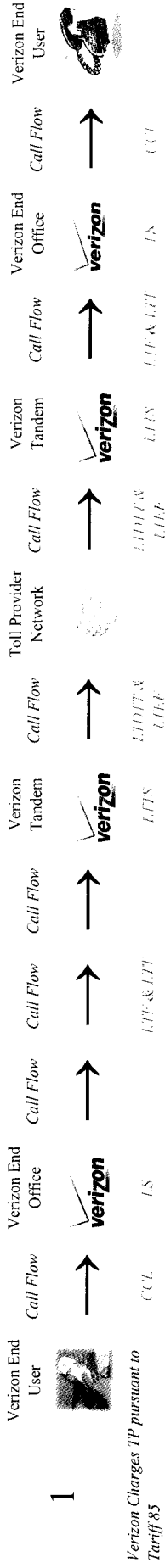
CLECs may choose to have special access circuits terminate at a colocation with Verizon instead of at the CLEC POI.

CLEC logos have been used for example only and not to imply that any given CLEC is the only CLEC experiencing these problems.

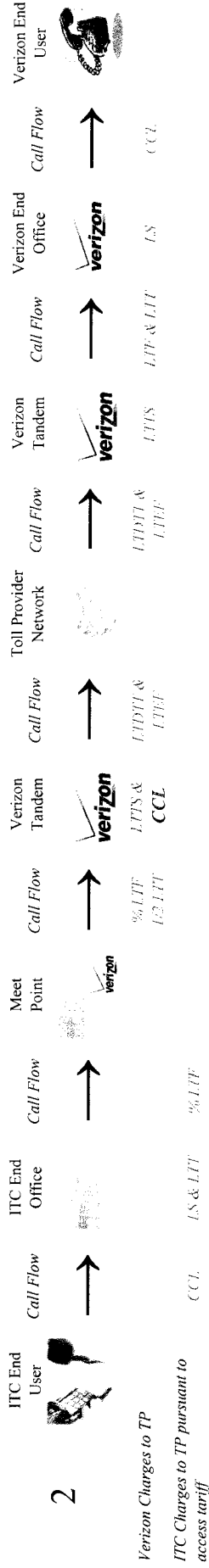
TYPES OF CALLS THAT TRAVERSE VERIZON'S TANDEM

Long Distance Long Distance Call from any Toll Provider - Verizon End User

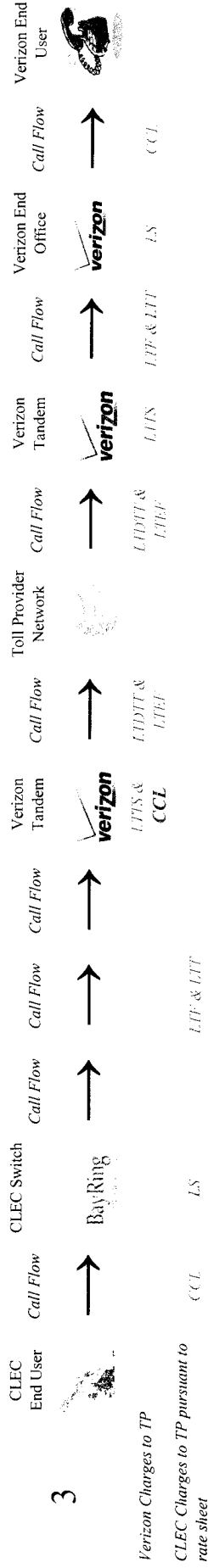
Intrastate long distance call from Verizon end user to Verizon end user (traditional intrastate long distance call)



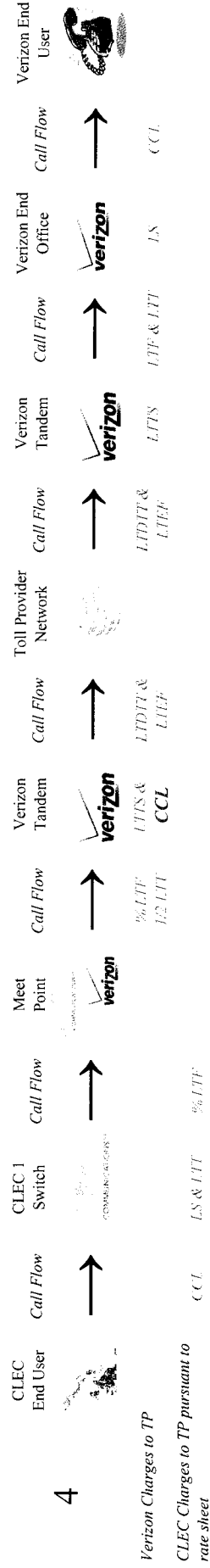
Intrastate long distance call from ITC end user to Verizon end user



Intrastate long distance call from CLEC end user to Verizon end user when CLEC owns dedicated transport to Verizon Tandem



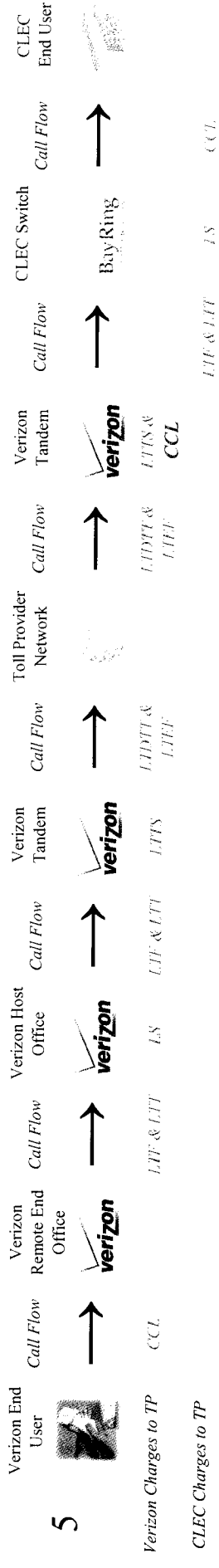
Intrastate long distance call from CLEC end user to Verizon end user - showing CLEC meet point



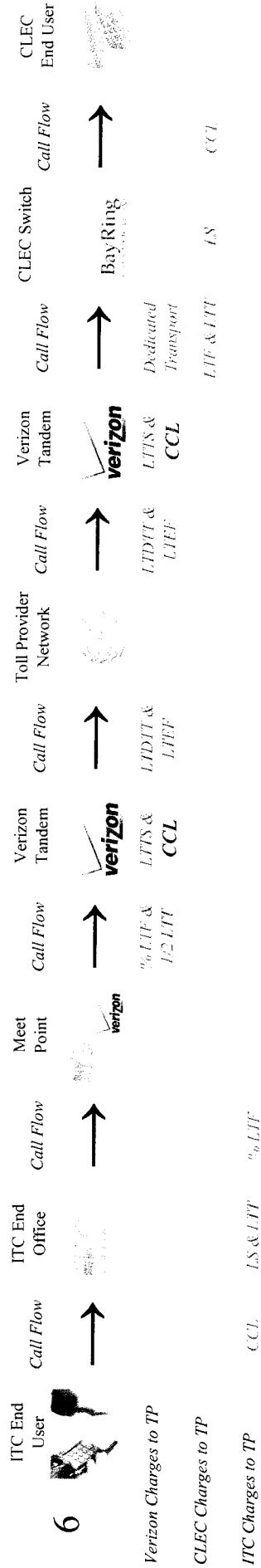
TYPES OF CALLS THAT TRAVERSE VERIZON'S TANDEM

Intrastate Long Distance Calls using a Toll Provider - CLEC End User

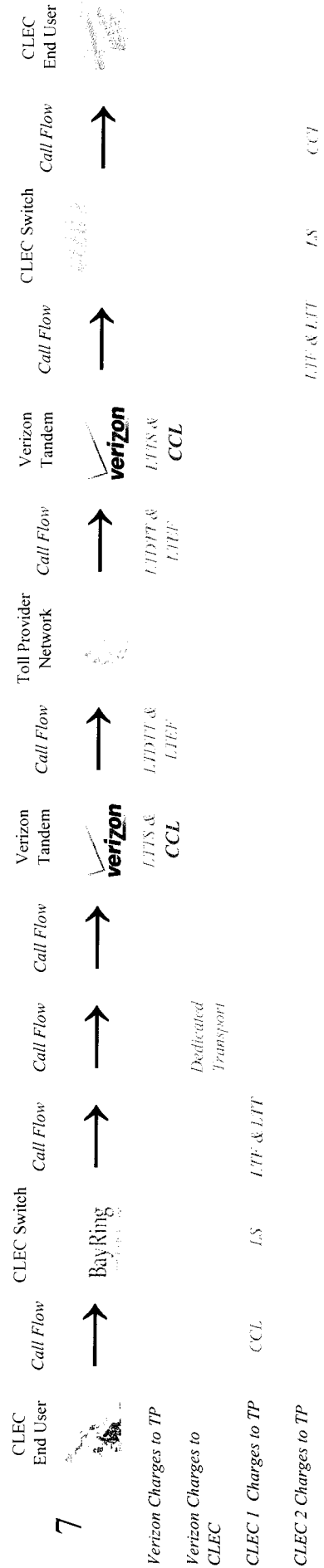
Intrastate long distance call from Verizon end user to CLEC end user where Verizon's end user is served out of a remote end office.



Intrastate long distance call from ITC end user to CLEC end user



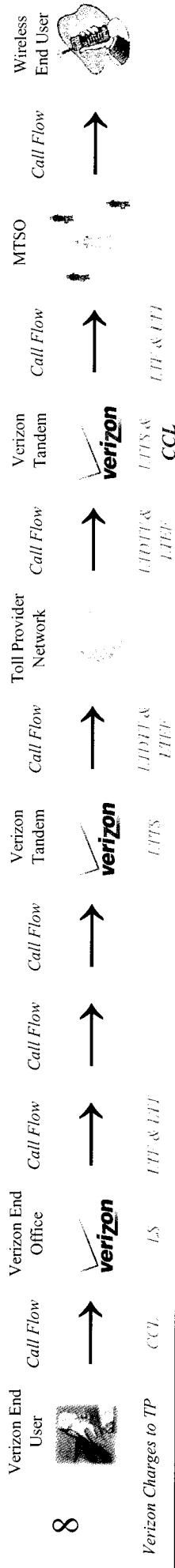
Intrastate long distance call from CLEC end user to CLEC end user



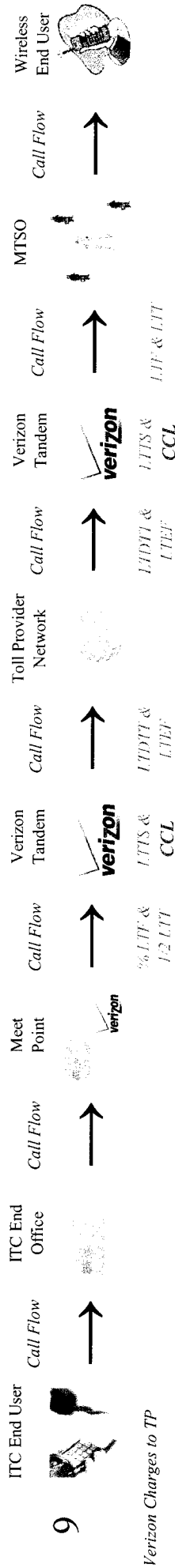
TYPES OF CALLS THAT TRAVERSE VERIZON'S TANDEM

Intrastate Long Distance Calls using a Toll Provider - Wireless End User

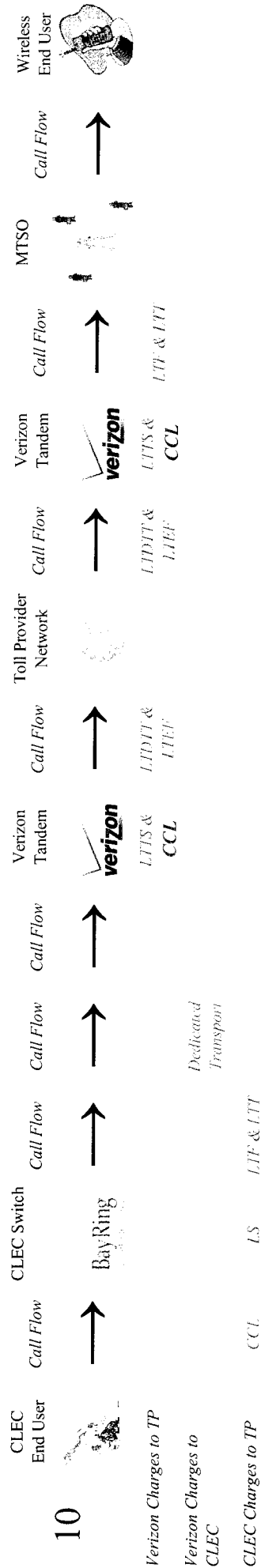
Intrastate long distance call from **Verizon** end user to **Wireless** end user



Intrastate long distance call from ITC end user to **Wireless** end user



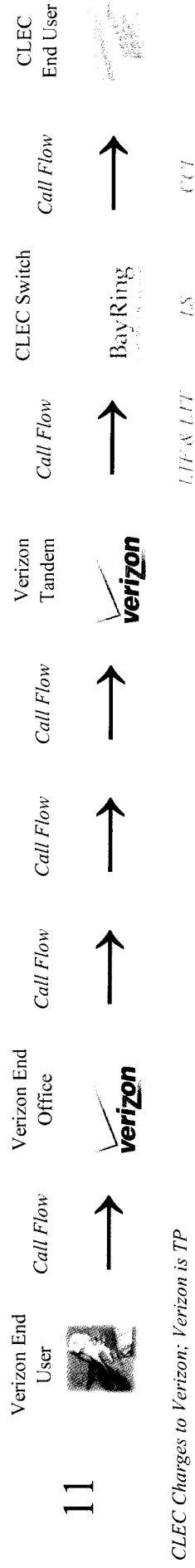
Intrastate long distance call from CLEC end user to **Wireless** end user



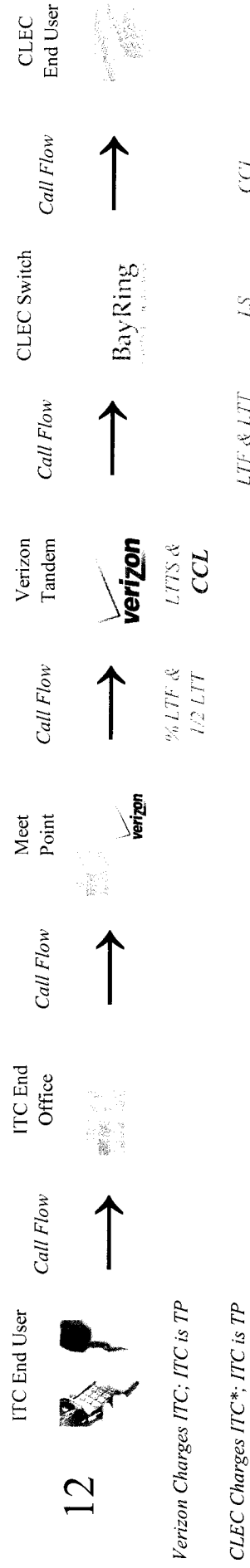
TYPES OF CALLS THAT TRAVERSE VERIZON'S TANDEM

Intrastate Long Distance Calls where the Local LEC is Toll Provider - CLEC End User

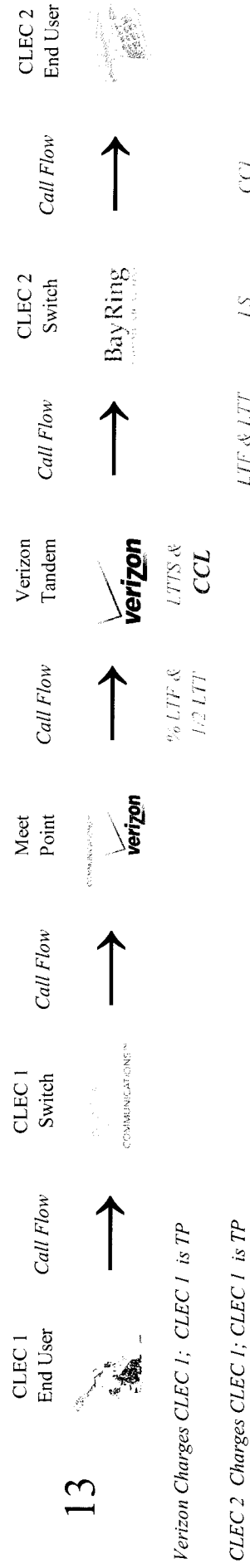
Intrastate long distance call from Verizon end user to CLEC end user



Intrastate long distance call from ITC end user to CLEC end user



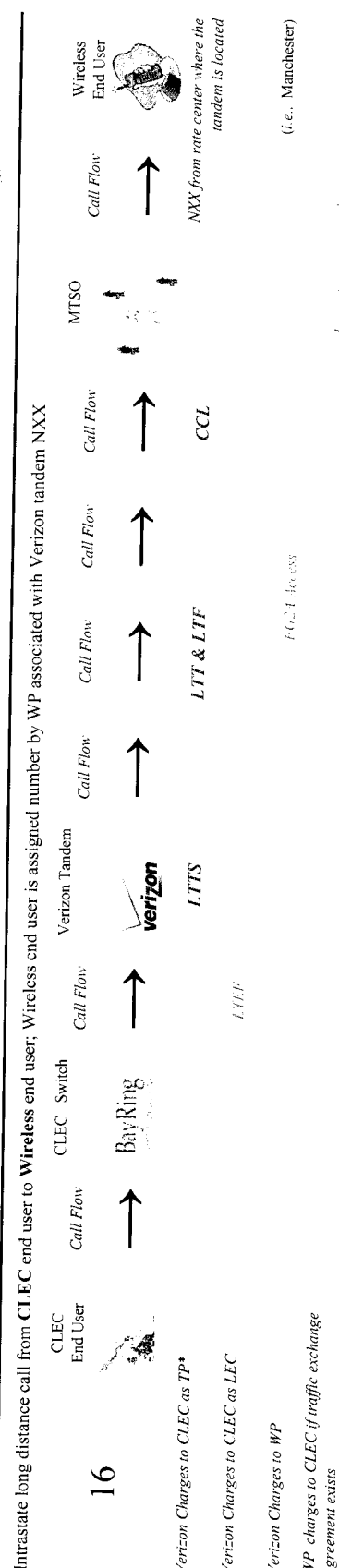
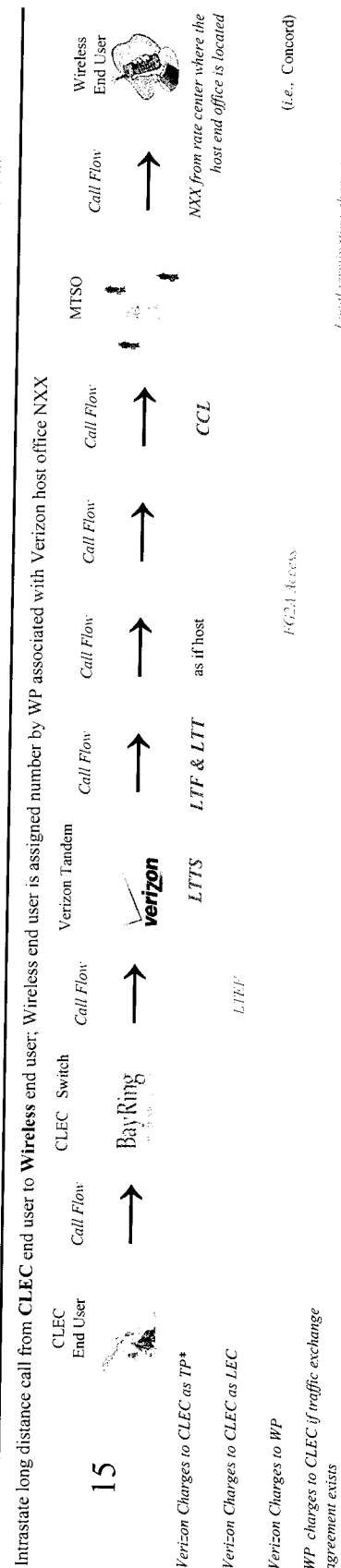
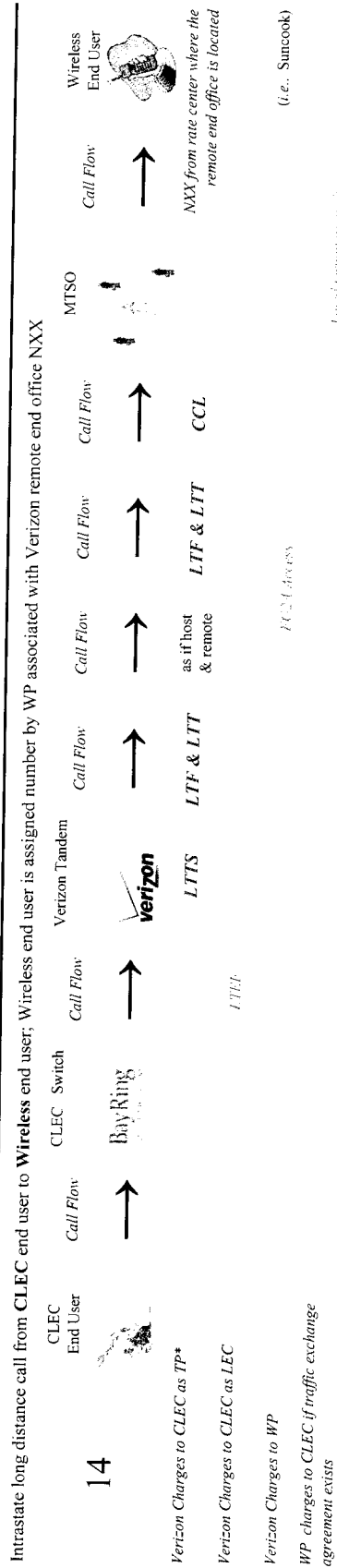
Intrastate long distance call from CLEC 1 end user to CLEC 2 end user



* 12 The CLEC may actually charge Verizon and the charge would be passed on to the ITC, depending on existing agreements.

TYPES OF CALLS THAT TRAVERSE VERIZON'S TANDEM

Intrastate Long Distance Calls with CLEC as End Provider and Wireless Provider, or with CLEC as Access, Wireless End Party



* 14, 15 & 16 BayRing asserts that this charge should be Tandem Transit Service.

TYPES OF CALLS THAT TRAVERSE VERIZON'S TANDEM

Intrastate Long Distance Calls from CLEC end user to Wireless end user where WP uses Type 1 Interconnection

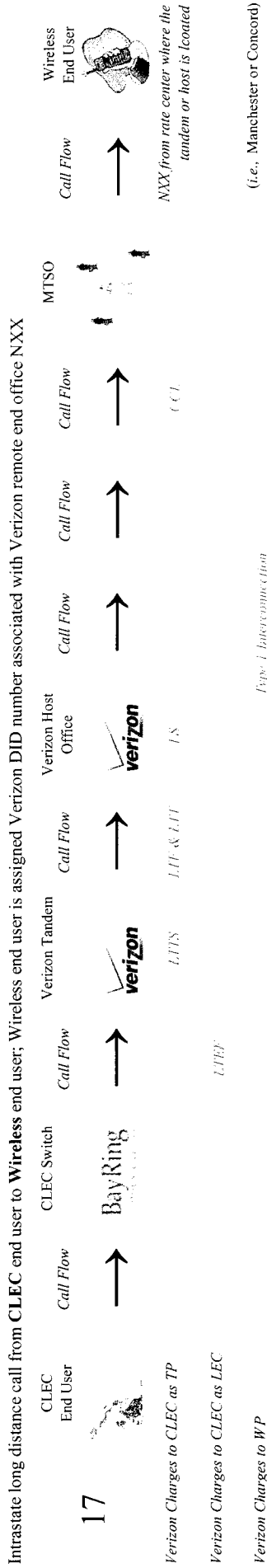


Figure 1 Interconnection

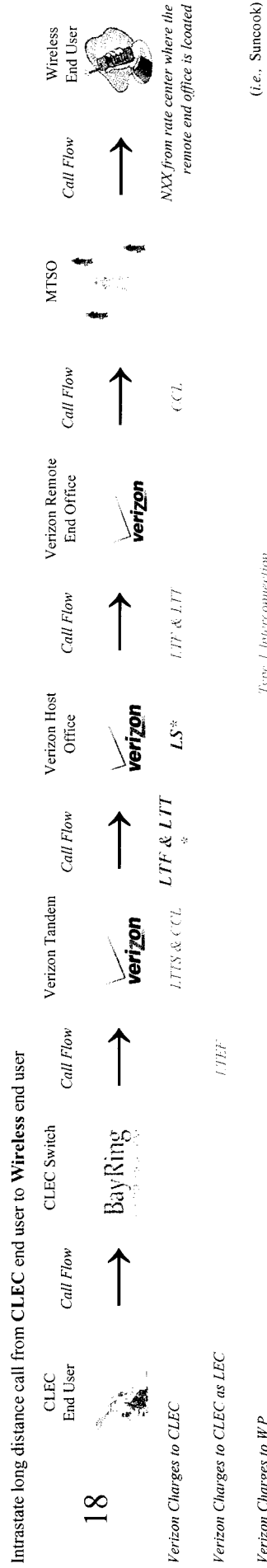


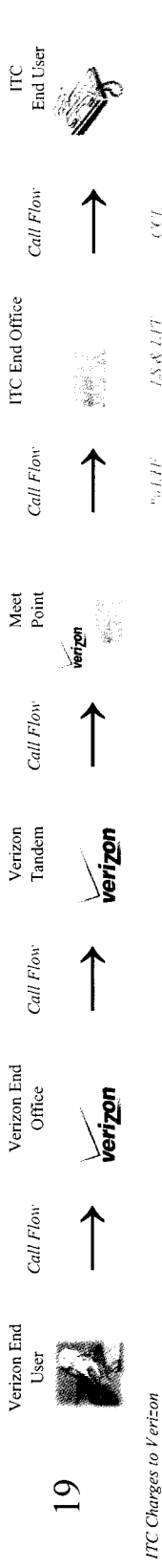
Figure 1 Interconnection

* 18 CLECs dispute these charges. Verizon acknowledges that LS charge at host office is a billing error that will be corrected and credited. Verizon further states (and Staff concurs) that the additional LTF & LTT between tandem and host is allowed per NHPUC #85, 6.2.1 G and 6.7.4 G & J.

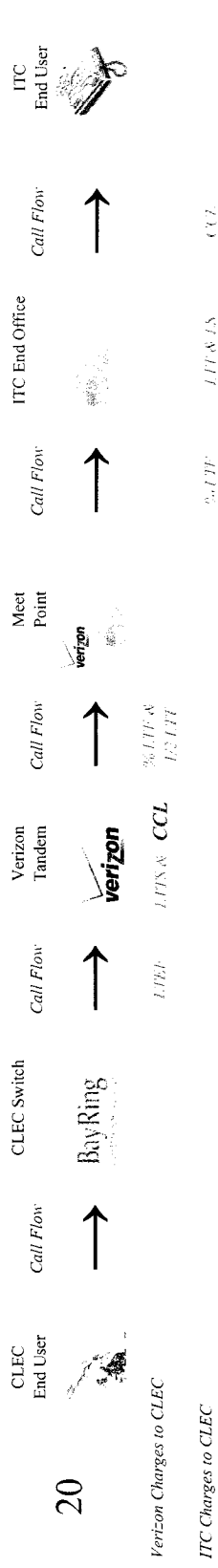
TYPES OF CALLS THAT TRAVERSE VERIZON'S TANDEM

Intrastate Long Distance Calls with Originating ITC as End Provider All End States

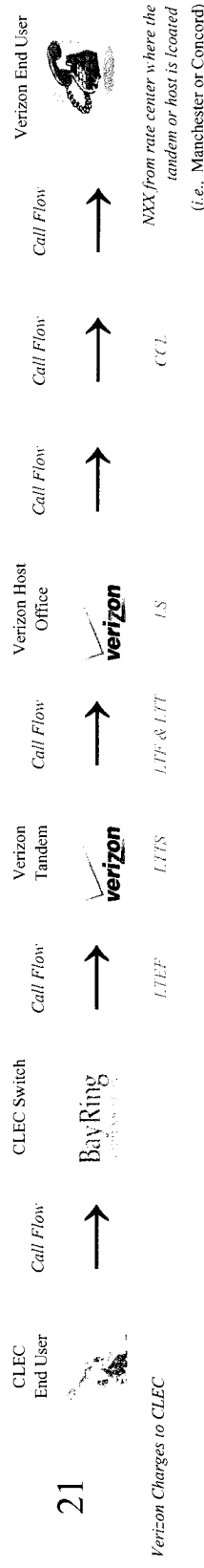
Intrastate long distance call from **Verizon** end user to **ITC** end user



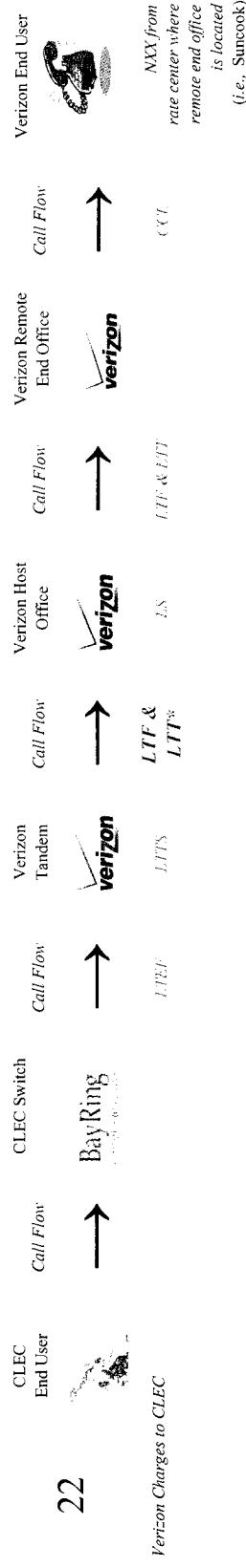
Intrastate long distance call from **CLEC** end user to **ITC** end user



Intrastate long distance call from **CLEC** end user to **Verizon** end user assigned Verizon DID number associated with Verizon remote end office NXX or tandem NXX



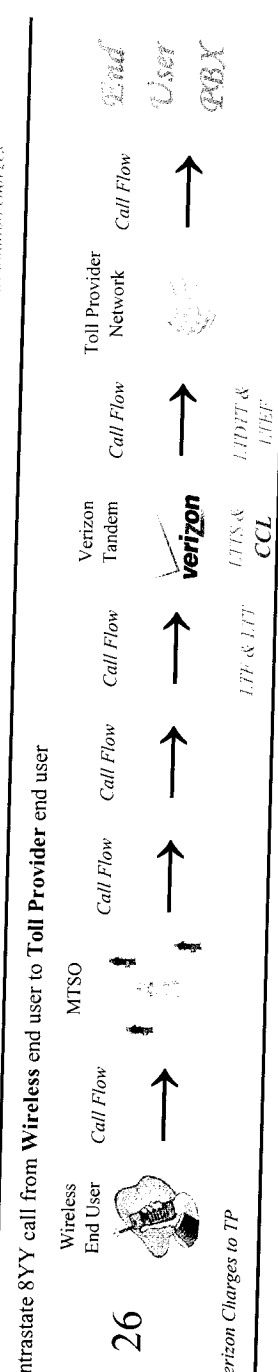
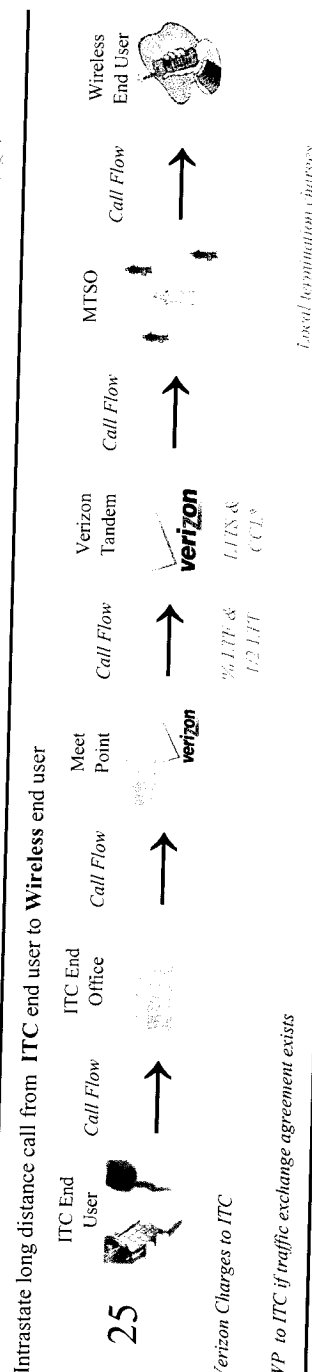
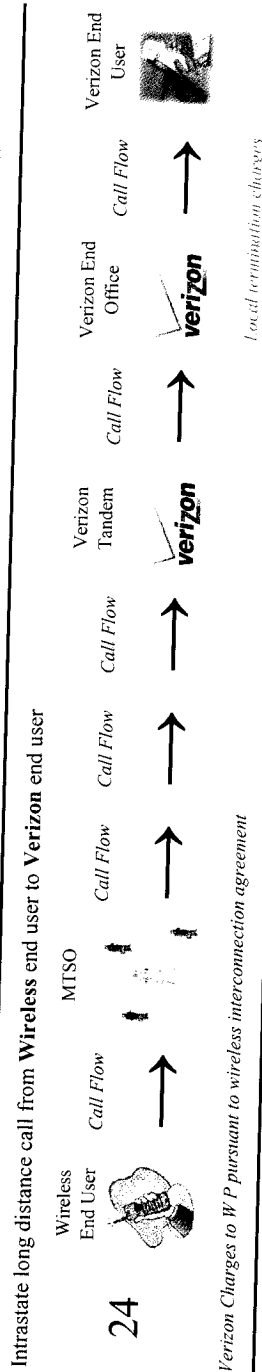
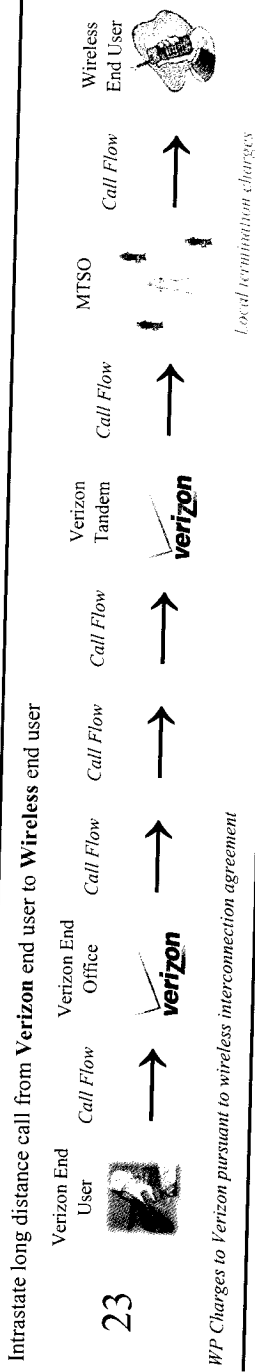
Intrastate long distance call from **CLEC** end user to **Verizon** end user



* 22 CLECs dispute these charges. Verizon acknowledges that the LS charge at host office is a billing error that will be corrected and credited. Verizon further states (and Staff concurs) that the additional LTF & LTT between tandem and host is allowed per NHPUC #85, 6.2.1 G and 6.7.4 G & J.

TYPES OF CALLS THAT TRAVERSE VERIZON'S TANDEM

Intrastate Long Distance Calls with Wireless End User

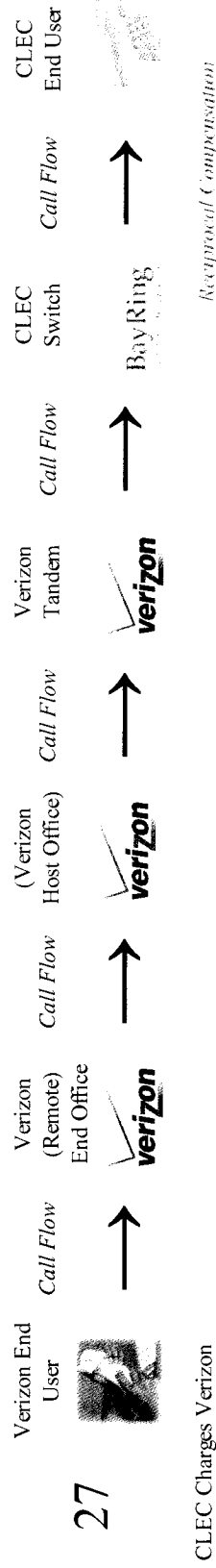


* 25 The ITCs do not dispute this charge, although the CLECs dispute it in similar cases where there is no Verizon local loop.

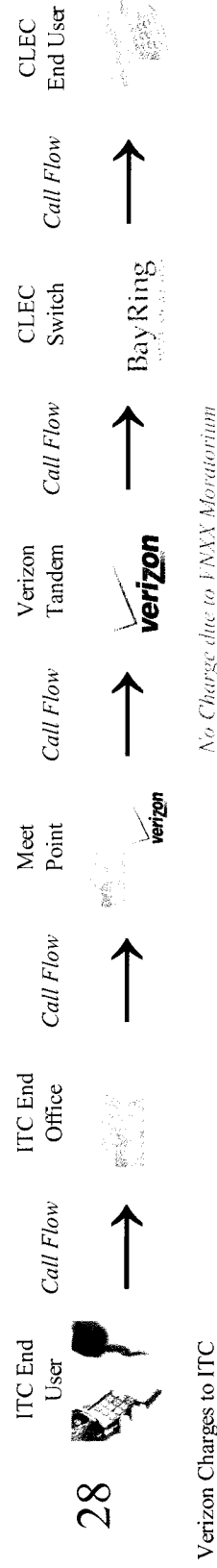
TYPES OF CALLS THAT TRAVERSE VERIZON'S TANDEM

Local calls to CLEC End User

Local call from Verizon end user to CLEC end user

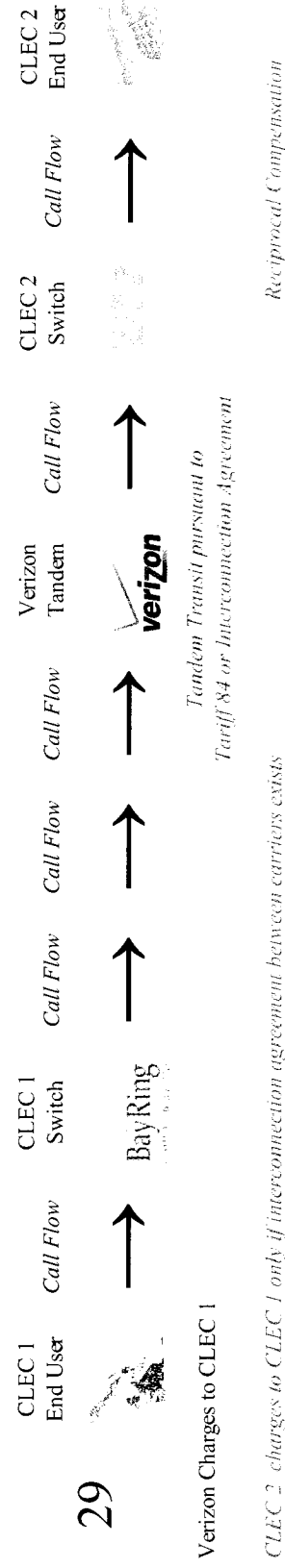


Local call from ITC end user to CLEC end user



ITC charges to CLEC only if traffic exchange agreement exists

Local call from CLEC end user to CLEC end user

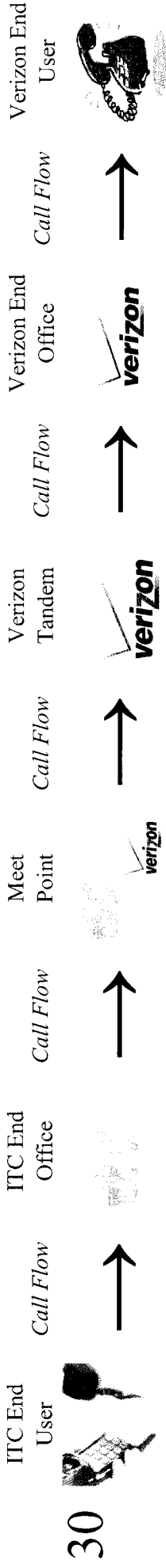


CLEC 2 charges to CLEC 1 only if interconnection agreement between carriers exists

TYPES OF CALLS THAT TRAVERSE VERIZON'S TANDEM

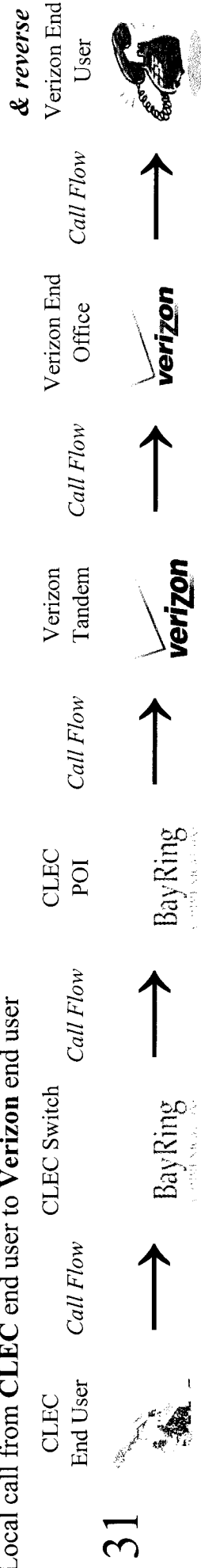
Local calls to Verizon End User

Local call from ITC end user to **Verizon** end user (traditional EAS call)



Bill and Keep or EAS Settlements covered by EAS agreements; many EAS routes are directly trunked and do not traverse tandem

Local call from **CLEC** end user to **Verizon** end user



Verizon Charges to CLEC

Reciprocal Compensation

[illegible]

* **34 & 35** BayRing disputed these charges in its initial filing. Verizon acknowledges that these charges are a billing error that will be corrected and credited.

EXHIBIT A-2

Key to Call Flow Changes				
Call Flow #	Old	New	Old	New
1	Dedicated Transport	LTDTT & LTEF		
2	Dedicated Transport	LTDTT & LTEF		
3	Dedicated Transport	LTDTT & LTEF		
4	Dedicated Transport	LTDTT & LTEF		
5	Dedicated Transport	LTDTT & LTEF		
6	Dedicated Transport	LTDTT & LTEF		
7	Dedicated Transport	LTDTT & LTEF		
8	Dedicated Transport	LTDTT & LTEF		LTT & LTF (between the tandem & MTSO)
9	Dedicated Transport	LTDTT & LTEF		LTT & LTF (between the tandem & MTSO)
10	Dedicated Transport	LTDTT & LTEF		LTT & LTF (between the tandem & MTSO)
11	no changes			
12	no changes			
13	no changes			
14	Dedicated Transport	LTEF		<i>note: VZ does not believe there are 2 seg of trans...did not change</i>
15	Dedicated Transport	LTEF		
16	Dedicated Transport	LTEF	LTT (between the tandem & MTSO)	LTT & LTF (between the tandem & MTSO)
17	Dedicated Transport	LTEF		
18	Dedicated Transport	LTEF	Deleted LS at the remote	
19	no changes			
20		LTEF		
21		LTEF		
22		LTEF	Deleted LS at the remote	<i>note: VZ did not refer to the extra LS, but this is now consistent w/18</i>
23	no changes			
24	no changes			
25	no changes			
26	Dedicated Transport	LTDTT & LTEF		<i>note: VZ noted an 800 db change may apply, did not add to diagram</i>
27	no changes			
28	no changes			
29	no changes			<i>note: VZ noted Exchange Message Record processing charges apply, did not add to diagram</i>
30	no changes			
31	no changes			
32	no changes			
33	no changes			
34	no changes			<i>note: VZ noted Exchange Message Record processing charges apply, did not add to diagram</i>
35	no changes			<i>note: VZ noted Exchange Message Record processing charges apply, did not add to diagram</i>
LTDTT Local Transport Direct Trunked Transport LTEF Local Transport Direct Entrance Facility LTT Local Transport Termination LTF Local Transport Facility				

Exhibit B

Verizon New England Inc.

6. Switched Access Service
6.1 General

6.1.2 Service Structure

