Before the

STATE OF FLORIDA
PUBLIC SERVICE COMMISSION

In re: Petition by Global NAPs, Inc. for arbitration pursuant to 47 U.S.C. §252(b) of interconnection rates, terms and conditions with Verizon Florida, Inc.	**Docket No. 011666-TP**

Rebuttal Testimony

of

LEE L. SELWYN

on behalf of

Global NAPs, Inc.

January 16, 2003

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REBUTTAL TESTIMONY

Introduction

Q. Please state your name, position and business address.

A. My name is Lee L. Selwyn; my business address is Two Center Plaza, Boston, Massachusetts 02108. I am President of Economics and Technology, Inc. ("ETI").

Q. Are you the same Lee L. Selwyn who submitted direct testimony in this proceeding on May 8, 2002 on behalf of Global NAPs, Inc.?

A. Yes, I am.

Q. What is the purpose of the additional testimony that you are offering at this time?

A. This testimony responds to the direct testimony submitted by Verizon Florida Inc. ("Verizon Florida") witness Pete D'Amico with respect to Issues 1 and 2 and Verizon Florida witness Terry Haynes with respect to Issues 3 and 4 as have been designated by the Commission for consideration in this proceeding.

I would note at the outset, however, that my direct testimony anticipated and rebutted many of the arguments that Messrs. D'Amico and Haynes raise in their testimony. Accordingly, I will not repeat all of the discussion of these issues that I have already

submitted, but will attempt in this brief rebuttal testimony to elucidate the fundamental policy conflicts between the Verizon Florida and Global NAPs positions as demonstrated by the Verizon Florida witnesses' direct testimony.

Verizon Florida's "VGRIP" proposal is in no sense a compromise as portrayed by Mr. D'Amico, but instead would permit the Company to charge Global NAPs call origination fees that are expressly prohibited by the FCC's intercarrier compensation rules.

Q. Mr. D'Amico contends that if Global NAPs was permitted to establish a single POI in the LATA without paying for the transport of Verizon Florida originated calls beyond the local calling area boundary to the POI, Global NAPs would not be constrained to make efficient network design choices and Verizon Florida "would unfairly be forced to subsidize GNAPs' costs of interconnection as well as their network design choices."[1] Do you agree with that assessment?

A. No. The Commission should not lose sight of the fact that Global NAPs is a new entrant to the Florida local exchange market, competing against Verizon Florida, an incumbent LEC, that controls essentially all of the potential customer base and virtually all of the existing local exchange facilities within its service territory. As the recent rash of ALEC bankruptcies throughout the US has confirmed, any ALEC confronting this situation must operate as efficiently as possible in order to have a chance to survive. As I

1. D'Amico (Verizon) Direct Testimony, at 5.

explained in my Direct Testimony,[2] the FCC established its ILEC-to-CLEC interconnection policies and rules fully recognizing that basic asymmetry, and expressly granted CLECs the ability to select the most efficient points of interconnection with ILECs from the LECS' perspective so as to partially offset the ILECs' inherent advantages. Adoption of the VGRIP proposal would drastically curtail Global NAPs' ability to make those choices and to compete with Verizon Florida.

Q. Mr. D'Amico contends that the VGRIP proposal would require Verizon Florida to incur "more than its share of the transport obligation, because its transport obligation would still exceed that normally associated with traffic within a local calling area."[3] Do you agree with that assessment?

A. No. As a threshold matter, I should explain that Global NAPs' position is that the issue of financial responsibility for transport is essentially a legal matter. Counsel advises me that in his opinion, FCC rule 47 CFR §51.703(b),[4] which prohibits a LEC from charging another carrier for its originating traffic, precludes Verizon Florida from creation of the IP/POI fiction that results in charges to Global NAPs for transport on the Verizon

2. Selwyn (Global NAPs) Direct Testimony, at 23-25.

3. D'Amico (Verizon) Direct Testimony, at 11, lines 2-4.

4. 47 CFR §51.703(b) reads as follows: "A LEC may not assess charges on any other telecommunications carrier for telecommunications traffic that originates on the LEC's network."

Florida side of the POI for calls originated by Verizon Florida's own customers.[5] Thus, Verizon Florida entirely mischaracterizes this issue when it tries to portray it as a matter of fairness or equity. However, setting aside the legal basis for resolving this issue, VGRIP would not cause the Company to incur "more than its share" of those transport costs. With very few exceptions,[6] LECs' local calls are charged on a "sent-paid" basis, meaning that *all* costs and charges associated with completing the call — including all transport costs — are intended to be assessed on the originating caller and not, for example, on any interconnecting carrier.[7] The sent-paid paradigm has continued to apply even as ALECs have been permitted into the local service market and now exchange local traffic with ILECs. By proposing to charge Global NAPs to recover part of the costs of transporting the sent-paid local calls originated by Verizon Florida end users, Verizon Florida would be violating the sent-paid paradigm.

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5. Verizon Florida does not dispute that the transport for which it proposes to charge Global NAPs occurs on Verizon Florida's side of the POI. *prior to hand-off of its originating traffic to Global NAPs*. Consequently, those transport costs are part of the costs of *originating* calls, not *terminating* them. Under VGRIP, Verizon Florida proposes to charge its unbundled transport interoffice rates to the terminating carrier (in this case, Global NAPs) for transport on *the Company's side of the designated POI*. This would constitute the imposition of call origination charges, which counsel advises me are expressly prohibited by 47 CFR §51.703(b). See also page 29 of my Direct Testimony on this issue.

6. One exception that I have addressed in my Direct Testimony (pages 68 -71) is the 500-number wide area service arrangement that Verizon offers in numerous other jurisdictions.

7. The "sent-paid" approach is explained more fully at page 14 of the Selwyn/Lundquist paper on intercarrier compensation provided in Attachment 6 to my Direct Testimony.

Q. Has the FCC affirmed that its prohibition of charging local call origination fees to another carrier applies in the context of the single POI rule?

A. Yes, that is my understanding. In its *Kansas/Oklahoma Section 271 Order*, the FCC stated:

> Finally, we caution SWBT from taking what appears to be an expansive and out of context interpretation of findings we made in our SWBT Texas Order concerning its obligation to deliver traffic to a competitive LEC's point of interconnection. In our SWBT Texas Order, we cited to SWBT's interconnection agreement with MCI-WorldCom to support the proposition that SWBT provided carriers the option of a single point of interconnection. We did not, however, consider the issue of how that choice of interconnection would affect inter-carrier compensation arrangements. *Nor did our decision to allow a single point of interconnection change an incumbent LEC's reciprocal compensation obligations under our current rules. For example, these rules preclude an incumbent LEC from charging carriers for local traffic that originates on the incumbent LEC's network.* These rules also require that an incumbent LEC compensate the other carrier for transport and termination for local traffic that originates on the network facilities of such other carrier.

Q. Has the FCC had the occasion to apply this understanding of its current rules in addressing Verizon's contention that an ALEC is responsible for costs of transport on the ILEC's side of the single point of interconnection where such transport extends beyond the local calling area of the ILEC's customer?

A. Yes, indeed it has. On July 17, 2002, the FCC's Wireline Competition Bureau ("Bureau") released a *Memorandum Opinion and Order* that resolved certain disputed issues brought to the FCC for arbitration by AT&T, Cox, and WorldCom, after those

companies were unable to reach negotiated interconnection agreements with Verizon.[8] This consolidated arbitration case (CC Docket Nos. 00-218, 00-249, and 00-251) was initiated when the Virginia State Corporation Commission ("Virginia Commission") declined to arbitrate the carriers' disputes under Section 252(c) of TA96, and the three CLECs petitioned the FCC to preempt the Virginia Commission's authority under Section 252(e)(5).[9] The FCC granted the carriers' motion, and the two-prong proceeding commenced in January 2001.[10] The Wireline Competition Bureau notes in its July order that "[i]n this proceeding, the Wireline Competition Bureau, *acting through authority expressly delegated from the Commission*, stands in the stead of the Virginia State Corporation Commission."[11] Counsel advises me that this decision is final in the sense that it has taken effect, although the parties could appeal the Bureau's *Order* to the Commission for its reconsideration. Subsequently, the parties filed conforming interconnection agreements which were also approved by the FCC.

In the *FCC Virginia Arbitration Decision*, the Bureau interpreted Section 251(c)(2) of the *Act*, which grants CLECs the right to request interconnection at any technically

8. *FCC Virginia Arbitration Decision*, at paras. 1-2.

9. *Id.*, at para. 6.

10. *Id.*, at para. 6. This proceeding is the first of two decisions to resolve the disputed terms of interconnection between the carriers. The second decision will address cost-related issues requiring arbitration. *Id.*, at para 5.

11. *Id.*, at para. 1, emphasis supplied.

feasible point on the incumbent's network, to mean that CLECs have the right to interconnect at a single point per LATA.[12] Specifically, the Bureau declared that:

> *[u]nder the Commission's rules, competitive LECs may request interconnection at any technically feasible point. This includes the right to request a single point of interconnection in a LATA.* The Commission's rules implementing the reciprocal compensation provisions in section 252(d)(2)(A) prevent any LEC from assessing charges on another telecommunications carrier for telecommunications traffic subject to reciprocal compensation that originates on the LEC's network. Furthermore, under these rules, to the extent an incumbent LEC delivers to the point of interconnection its own originating traffic that is subject to reciprocal compensation, the incumbent LEC is required to bear financial responsibility for that traffic. The interplay of these rules has raised questions about whether they lead to the deployment of inefficient or duplicative networks. The Commission is currently examining the interplay of these rules in a pending rulemaking proceeding. As the Commission recognized in that proceeding, incumbent LECs and competitive LECs have taken opposing views regarding application of the rules governing interconnection and reciprocal compensation.[13]

Thus, this decision confirms that, under the Commission's existing rules and interpretation of the *Act*, ALECs have the option to determine a single point of interconnection per LATA.

Q. Did the Bureau also address the issue of transport costs in the *Virginia Arbitration Decision*?

12. *Id.*, at para. 52.

13. *Id.,* footnotes omitted, emphasis supplied.

A. Yes, clearly it did. As paragraph 52 demonstrates, the Bureau also determined unequivocally that the incumbent is responsible for the costs associated with transporting a call originating on its network to the ALEC's POI. In doing so, the Bureau cited 47 CFR 51.703(b) as prohibiting LECs "... from charging any other carrier for traffic originating on that LEC's network ..."[14] Furthermore, the Bureau rejected Verizon's proposal attempting to establish multiple interconnection points ("IPs"), separate from the ALEC's POI, to serve as points at which the ALEC would become responsible for the costs associated with further transport on Verizon's network.[15] Thus, the Bureau has clearly stated in the *Virginia Arbitration Decision* that carriers are responsible for the transport of their own traffic over their networks up to the POI(s) chosen by the ALEC.

All of this supports the conclusion that ALECs are *entitled* to designate one and only one location at any technically feasible point within a LATA as their POI for that LATA, and the ILEC is *required* to transport traffic originated by its customers to be interchanged with the ALEC between the ILEC's end office switches and that POI, with the ALEC assuming the obligation to transport the traffic between the POI and the ALEC's end office switches. Nowhere is there any provision, either in the statute or in FCC rules, that would permit an ILEC to force interconnecting ALECs to establish a POI within each ILEC local calling area or to limit the ILEC's obligations with respect to reciprocal compensation to only those situations in which the POI is physically located

14. *Id.*, footnote 119, and para. 53, footnote 125.

15. *Id.*, at para. 53.

within the ILEC local calling area associated with the ILEC customer who originated the call. Furthermore, the respective transport obligations of the ILEC and the ALEC on either side of their POI must encompass *financial* responsibility for the associated costs of their transport as well as the physical transport activity itself.

This conclusion is also reinforced by considering the larger context of the *Act*. As a policy matter, it is unquestionable that the overriding purpose of the *Act* is to encourage competition in the local exchange market. That purpose would be frustrated if the ILEC could directly or indirectly force ALECs to incur costs to, in effect, duplicate the ILEC's ubiquitous legacy network. This anticompetitive result, however, is exactly what would occur if ALECs were forced to pick up traffic from the ILECs in multiple locations. It would also amount to the same thing, and have equally anticompetitive consequences, if the ILEC was able to shift financial responsibility for some or all of the transport costs incurred on its side of the POI to the ALEC, which is responsible for the transport that occurs on its side of the POI.

Q. Has this Commission issued any rulings that are consistent with Global NAPs' positions with respect to Issues 1 and 2?

A. Yes. In this Commission's generic proceeding on reciprocal compensation issues, it determined that ILECs are responsible for transporting their originating traffic to the

ALEC's single POI.[16] The Commission reasoned that because the ALEC also must bear the cost of transporting its originating traffic to the POI, the ILEC was not being placed at a disadvantage, and that requiring a terminating carrier to be held responsible for a portion of the transport costs of the originating carrier would "provide for asymmetrical recovery and, in addition, would appear to be contrary to 47 CFR 51.703(b), which prohibits a LEC from assessing charges on any other carrier for traffic originating on the LEC's network."[17] The Commission concluded that

> Based on the foregoing, we find that an originating carrier is precluded by FCC rules from charging a terminating carrier for the cost of transport, or for the facilities used to transport the originating carrier's traffic, from its source to the point(s) of interconnection in the LATA. These rules require the originating carrier to compensate the terminating carrier for transport and termination of traffic through intercarrier compensation.[18]

Q. Have any other state commissions determined that the ILEC is financially responsible for transport costs on its side of the single POI in each LATA?

A. Yes. In its *Order Resolving Arbitration Issues* between Global NAPs and Verizon New York last year, the New York Public Service Commission rejected Verizon New York's proposal (which was similar to Verizon Florida's in this case) and determined that the

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16. *Investigation into the appropriate methods to compensate carriers for exchange of traffic subject to Section 251 of the Telecommunications Act of 1996*, Florida Public Service Commission Docket No. 000075-TP, Order No. PSC-02-1248-FOF-TP, Issued September 10, 2002 (*"Florida Reciprocal Compensation Order"*), at 25.

17. *Id.*, at 23-24.

18. *Id.*, at 24.

PSC would retain the existing framework that makes each party responsible for the costs associated with the traffic that their respective customers originate until it reaches their point of interconnection. As explained in that order:

> As to the allocation of transport costs, we have previously considered and rejected proposals resembling VGRIP. Verizon has provided no convincing basis to treat cost allocation at this time and under these circumstances differently here than we have with respect to carriers offering voice as well as data service. As there is no legal or regulatory authority at this time requiring modification of the allocation of costs for transport to the point of interconnection, the GNAPs position is adopted.
>
> Verizon relies upon §252(d)(1) of the 1996 Act as requiring GNAPs to compensate it for additional costs associated with interconnection at points chosen by Global. As we have recently determined, the Verizon VGRIP proposal is a fundamental change, requiring the divergence of the physical point of interconnection from the financial point. Under this plan, GNAPs would pay to have traffic originated by Verizon customers on Verizon's network hauled to the physical point of interconnection. We rejected this proposal recently, while recognizing that Verizon raised a legitimate concern. We rejected the proposal on the basis that not only would the competitor "pay for the transport of traffic associated with virtual NXX calls, it would also pay for the transport of traffic associated with its facilities-based local exchange business."[19]

The NYPSC also rejected claims that the Global NAPs arbitration presented a unique situation in that Global NAPs "appears to be overwhelmingly, if not entirely, a carrier for the provision of internet service."[20] Mr. D'Amico has implied in this case that

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19. *Petition of Global NAPs, Inc., Pursuant to Section 252(b) of the Telecommunications Act of 1996, for Arbitration to Establish an Intercarrier Agreement with Verizon New York Inc.*, NYPSC Case No. 02-C-0006, Order Resolving Arbitration Issues, May 24, 2002 ("NYPSC Verizon-GNAPs Arbitration Order"), at 9.

20. *Id.*, at 9.

Global NAPs' network architecture presents an extraordinary situation.[21] To the contrary, what is "extraordinary" is Mr. D'Amico's suggestion that a CLEC's preferred network architecture or business plan should permit Verizon to avoid its interconnection obligations under the *Act* and FCC's rules. The NYPSC supports this position, noting that: "Our orders establishing the framework for competition, recognize that CLEC networks would, in all likelihood, not mirror the incumbent's."[22]

In its October 1, 2002, the Illinois Commerce Commission ("Illinois CC") released its final decision in the Global NAPs-Verizon arbitration case, and held that:

> "Each party here should assume financial responsibility for transport on its side of any POI established for the exchange of telecommunications traffic. Accordingly, the final sentence of section 2.1.1 of the 'Interconnection Attachment' to the Global Revision should be included in the interconnection agreement between the parties."[23]

Q. Are you aware of any other recent decisions in Verizon arbitrations with Global NAPs in which a state regulatory commission also rejected Verizon's position on Issues 1 and 2?

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21. D'Amico (Verizon) Direct Testimony, at 8-10.

22. NYPSC Verizon-GNAPs Arbitration Order, at 27. (Footnote omitted.)

23. *Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Verizon North, Inc., f/k/a GTE North Incorporated and Verizon South Inc., F/k/a GTE South Incorporated*. Illinois Commerce Commission Arbitration Decision. Docket 02-0253. Order ("*Verizon Illinois Arbitration Decision*"), at 11.

A. Yes. In its Verizon Illinois Arbitration Decision, the Illinois Commerce Commission ("Illinois CC") held that:

> Moreover, the question is not whether Verizon's proposal prohibits a single POI (it does not), but whether it imposes a penalty on that lawful option, thereby undermining it.
>
> The Commission finds that the VGRIP proposal is such a penalty. It is a direct response to Global's single POI proposal and is explicitly intended to increase the cost of that proposal to Global . By choosing the single POI option, Global is doing what the Federal Act allows. The Congress could have established a concomitant compensation scheme for the additional transport that a single POI necessitates, but did not do so. We will not second-guess the Congress on this point.[24]

Verizon's position on VNXX calls is discriminatory and anticompetitive in that the Company seeks to require that Global NAPs pay switched access charges for VNXX calls that physically terminate in a different local calling area, while pursuing its own product marketing strategies that effectively evade and avoid Verizon's own access charge practices.

Q. What is your understanding of Verizon Florida's position with respect to Global NAPs' use of so-called virtual NXX codes?

A. Mr. Haynes states that Verizon does not oppose Global NAPs' use of virtual NXX codes, only that if the physical locations of the calling and called parties (e.g., the Verizon customer who originates the call and the Global NAPs customer who receives

24. *Id.*,, at 10.

it) are not both within the same *Verizon* local calling area, then Global NAPs should be required to pay access charges to Verizon for such calls.[25]

Q. Is it feasible for Global NAPs to utilize virtual NXX codes under such conditions?

A. No. As posited by Mr. Haynes, not only would Global NAPs not be compensated for its work in completing calls *originated by Verizon customers*, it would be forced to *pay Verizon* for the privilege of doing so.

Q. Does Verizon Florida's demand that access charges be applied for calls placed by its customers to Global NAPs VNXX numbers also apply to ISP-bound traffic that is specifically addressed in the FCC's *ISP Remand Order*?[26]

A. That is not clear; certainly Mr. Haynes does not distinguish between ISP-bound calling and other types of calls in his testimony.

Q. Does the FCC's *ISP Remand Order* address the applicability of access charges on ISP-bound calls that extend beyond the ILEC's local calling area?

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25. Haynes (Verizon Florida), at 4.

26. *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and Intercarrier Compensation for ISP-Bound Traffic*, CC Docket Nos. 96-98 and 99-68, *Order on Remand and Report and Order,* FCC 01-131 (rel. April 27, 2001) ("*ISP Remand Order*").

A. Yes, and the imposition of access charges on such calls is expressly prohibited. At footnote 82 of the *ISP Remand Order*, the FCC states:

> ... Some have argued that 'information access' includes only certain specialized functions unique to the needs of enhanced service providers and does not include basic telecommunications links used to provide enhanced service providers with access to the LEC network. The MFJ definition of information access, however, includes the telecommunications links used for the 'origination, termination, [and] transmission' of information services, *and* '*where necessary*, the provision of network signaling' and other functions. Others have argued that the 'information access' definition engrafts a geographic limitation that renders this service category a subset of telephone exchange service. We reject that strained interpretation. Although it is true that 'information access' is necessarily initiated 'in an exchange area,' the MFJ definition states that the service is provided '*in connection with* the origination, termination, transmission, switching, forwarding or routing of telecommunications traffic to or from the facilities of a provider of information services.' Significantly, the definition does not further require that the transmission, once handed over to the information service provider, terminate within the same exchange area in which the information service provider first received the access traffic.

(Emphasis in original, citations omitted.) Put simply, the FCC has determined that ISP-bound calls are interstate information access traffic, and has ruled that information access traffic is not subject to *intrastate* local calling areas or local/toll distinctions. Accordingly, *all* information access traffic is subject to the intercarrier compensation regime established by the FCC in the *ISP Remand Order*.

Q. Has this point been recognized by other state commissions?

A. Yes. On October 28, 2002, the New Hampshire PUC issued an order in its generic *Investigation as to Whether Certain Calls are Local*[27] in which it concluded (a) that the rating of ISP-bound calls as local has been preempted by the FCC in its *ISP Remand Order*, and that (b) one or more "Information Access NXX" ("IANXX") codes should be established specifically and solely for use in connection with ISP-bound traffic that would be rated as local from all exchanges within New Hampshire.

> In sum, for purposes of inter-carrier compensation, the FCC found that ISP traffic is information access service and jurisdictionally interstate. In addition, ISP traffic remains subject to the ESP exemption. Because the FCC determined that inter-carrier compensation for ISP-bound traffic is within its jurisdiction under 47 USCS §201, our consideration of the issues raised in this docket excludes any rulings regarding inter-carrier compensation for ISP-bound traffic.[28]
>
> . . .
>
> We will deal with this ISP-bound data traffic in a manner that promotes the public interest by fostering competition in a non-discriminatory marketplace. LECs wishing to carry information-access traffic outside of traditional local calling areas without incurring toll charges for the end user shall do so by using specific NXX blocks which will have statewide extended area service (EAS). This practice will serve the public interest by separately identifying federal jurisdictional traffic and state jurisdictional traffic and by creating an unconstrained pathway to information access. The process we intend to implement, as described below, is within our authority to direct the manner in which our jurisdictional telephone utilities serve their customers. *See* RSA 374:26. Arguments to the contrary about our jurisdiction are irrelevant, as we do not rely upon the authority delegated by the FCC for numbering conservation actions and we do not attempt to exercise authority over ISPs.

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27. *Investigation as to Whether Certain Calls are Local*, New Hampshire PUC Docket DT-00-223, *Independent Telephone Companies and Competitive Local Exchange Carriers – Local Calling Areas*, Docket DT-00-054, *Final Order*, No. 24,080, issued October 28, 2002.

28. *Id.*, at 44-45.

> We direct Staff to work with NANPA and the LECs to arrange for specified NXX blocks having statewide EAS, such service to be known as information access NXX (IANXX) service, that will be used only for information access traffic. All ISPs will be able to purchase IANXX service from any carrier. Carriers shall provide IANXX service only for information access traffic. Carriers shall obtain certification from their customers that such numbers will be used only for Internet-bound traffic. We will, as necessary, audit the carriers' certifications, and, in the event of an investigation, a carrier must demonstrate that, to its knowledge, the IANXX service was used as intended.[29]

The New Hampshire ruling substitutes a single LATA-wide "Information Access NXX" ("IANXX") code for the multiple VNXX codes that CLECs in that state had been using for purposes of achieving local rate treatment for ISP-bound calling. This was done for purposes of promoting number resource conservation, and is functionally the same as the use of multiple VNXX codes from the perspective of the calling party, the ALEC, and the ISP. The use of a "local from everywhere" NXX code for ISP access provides a competitively neutral result that is technically feasible (since Verizon has established such arrangements for inbound calls to wireless phones), consistent with the *ISP Remand Order* (by providing local call access to ISPs statewide), efficient in its use of numbering resources, and will assure the availability of Internet access on a local call basis in all parts of the state. This solution is clearly in the public interest, and should be adopted for Global NAPs in this arbitration and, more generally, for all LECs in the generic proceeding.

29. *Id.*, at 53-54.

Furthermore, the in its Verizon Illinois Arbitration Decision, the Illinois Commerce Commission ("Illinois CC") held that:

> Since we will not require either reciprocal compensation payments or access charges, the allocation of cost responsibility for virtual NXX traffic remains before us. In the Essex Telecom Order, the Commission instructed the parties "to adopt a bill-and-keep regime for FX-like calls between the two systems." We will do the same here. Under bill-and-keep, which is authorized under the Federal Act, Verizon will retain its local service revenues and Global will keep whatever it is able to charge for a virtual NXX. This arrangement is consistent with our determination, above, that each carrier will be responsible for its own transport to and from the parties' POI. It is similarly consistent with the Commission's directive in the Global-Ameritech Arbitration Order, at 15, that "each party should bear its own costs on its side of the POI for FX and FX-like traffic." As Verizon recognizes, it will incur no more additional cost for transporting a virtual NXX call to the POI than it does for transporting any other Global-bound local call to the POI, and we have already found that such additional cost will be trivial (footnotes omitted).[30]

Q. Is there any technical reason why a "local from everywhere" NXX code could not be established, as Global NAPs has requested?

A. There is no *technical* reason why ALECs need multiple NXX codes in order to provide a LATA-wide local call presence for their customers. In fact, for a number of years, Verizon has been providing LATA-wide locally-rated inbound calling interconnections to wireless carriers irrespective of the nominal rate center to which specific wireless NXX codes are assigned (see Attachment 1). That very same technique can be used for ALEC interconnections; were that done, ALECs such as Global NAPs would be able to

30. *Id.*, at 17.

offer their customers the same LATA-wide local presence that is presently accomplished by means of virtual NXX codes by instead utilizing a single LATA-wide code. At the present time, the use of virtual NXX codes is the only viable means by which Global NAPs has been able to compete with Verizon FX services and, in the case of ISP customers, with Verizon's Internet Protocol Routing Services. I would certainly urge the Commission to examine the use of single-number local calling on a LATA-wide or other extended area basis.

Q. In its recent *Reciprocal Compensation Order,* the Commission found that:

> We believe that virtual NXX is a competitive response to FX service, which has been offered in the market by ILECs for years. Differing network architectures necessitate differing methods of providing this service; nevertheless, we believe that virtual NXX and FX service are similar "toll substitute services." Therefore, we believe carriers should be permitted to assign NPA/NXXs in a manner that enable them to provision these competitive services.[31]

Does Verizon Florida propose to apply equivalent reciprocal compensation treatment for calls placed by ALEC subscribers to Verizon FX numbers as it is proposing for calls placed by its subscribers to ALEC VNXX numbers?

A. No. If an ALEC customer dials a Verizon Florida FX number that is rated within the calling party's local calling area (as defined by Verizon's tariffs) but is physically delivered to a location outside of that local calling area, Verizon will *not* pay access

31. *Florida Reciprocal Compensation Order*, at 28.

charges to the ALEC. If Verizon's proposed treatment of VNXX calls were actually driven by principle, then regardless of how *Verizon Florida* chooses to market or charge for a given service (e.g., FX) offered to its subscribers, if that service involved transport to an end-point that was physically beyond the originating caller's local calling area, then the service should be classified as "interexchange" so that switched access charges apply, rather than be classified as "local" so that reciprocal compensation applies. Additionally, in its former Bell Atlantic and NYNEX operating areas, Verizon is already offering expanded inbound calling services that similarly do not involve the payment or imputation of any access charges.

While attempting to shut down ALEC competition in the market for dial-up ISP access services by imposing prohibitive access and transport charges on ALEC use of virtual NXX codes, Verizon has itself created a single "500" number statewide local calling mechanism for use by its own ISP affiliate, Verizon Online, and other ISPs under an arrangement that is not, as a practical matter, available to ALECs.

Q. To what expanded inbound calling services are you referring?

A. The Verizon service to which I have been referring is known generally as "Internet Protocol Routing Service" ("IPRS"). While initially introduced in the former NYNEX (Verizon-North) and Bell Atlantic (Verizon-South) regions, Verizon has announced plans to introduce IPRS throughout its entire footprint:

> At this point, IPRS is offered only in the former Bell Atlantic footprint. However, planning for deployment in the former GTE footprint is currently underway. We plan to offer one nationwide IPRS tariff covering both the

former Bell Atlantic and former GTE areas, making the pricing and terms consistent across the entire Verizon footprint.[32]

Q. What is IPRS, and how does it work?

A. I have reproduced portions of Verizon's FCC Tariff Nos. 1 and 11 pertaining to IPRS in Attachment 2 to my testimony. Tariffs 1 and 11 are Verizon's Interstate Access tariffs covering, respectively, the former Bell Atlantic (Tariff 1) and NYNEX (Tariff 11) regions.[33] The descriptions and rates for IPRS contained in the two tariffs are substantially the same. The specific feature of IPRS that is a direct competitor to Global NAPs' use of virtual NXX codes is known as "Primary Rate Interface Single Number Service" ("PRI SNS"). Verizon's PRI SNS product description is reproduced in Attachment 2 to my testimony.

Verizon has obtained, from the North American Numbering Plan Administration ("NANPA"), the '699' NXX code in the '500' Service Access Code ("SAC"). Verizon has designated all calls to '500-699-XXXX' numbers as "local" when originated from any telephone within the geographic area served by an IPRS "LATA Hub." Calls to the IPRS '500-699-XXXX' "will only work with [Verizon] NPA-NXX end offices equipped

32. *Verizon ISP Markets Market Talk*, June 2001, available at www22.verizon.com/ispmarkets/ fifth/files/market_talk.pdf (Reproduced in Attachment 2 hereto.)

33. Verizon's IPRS offering can be found in FCC No. 1 for the states of MD, VA, WV, DE, PA, NJ, and DC; Verizon's IPRS offering can be found in FCC No. 11 for the states of CT, NY, MA, ME, NH, RI, and VT.

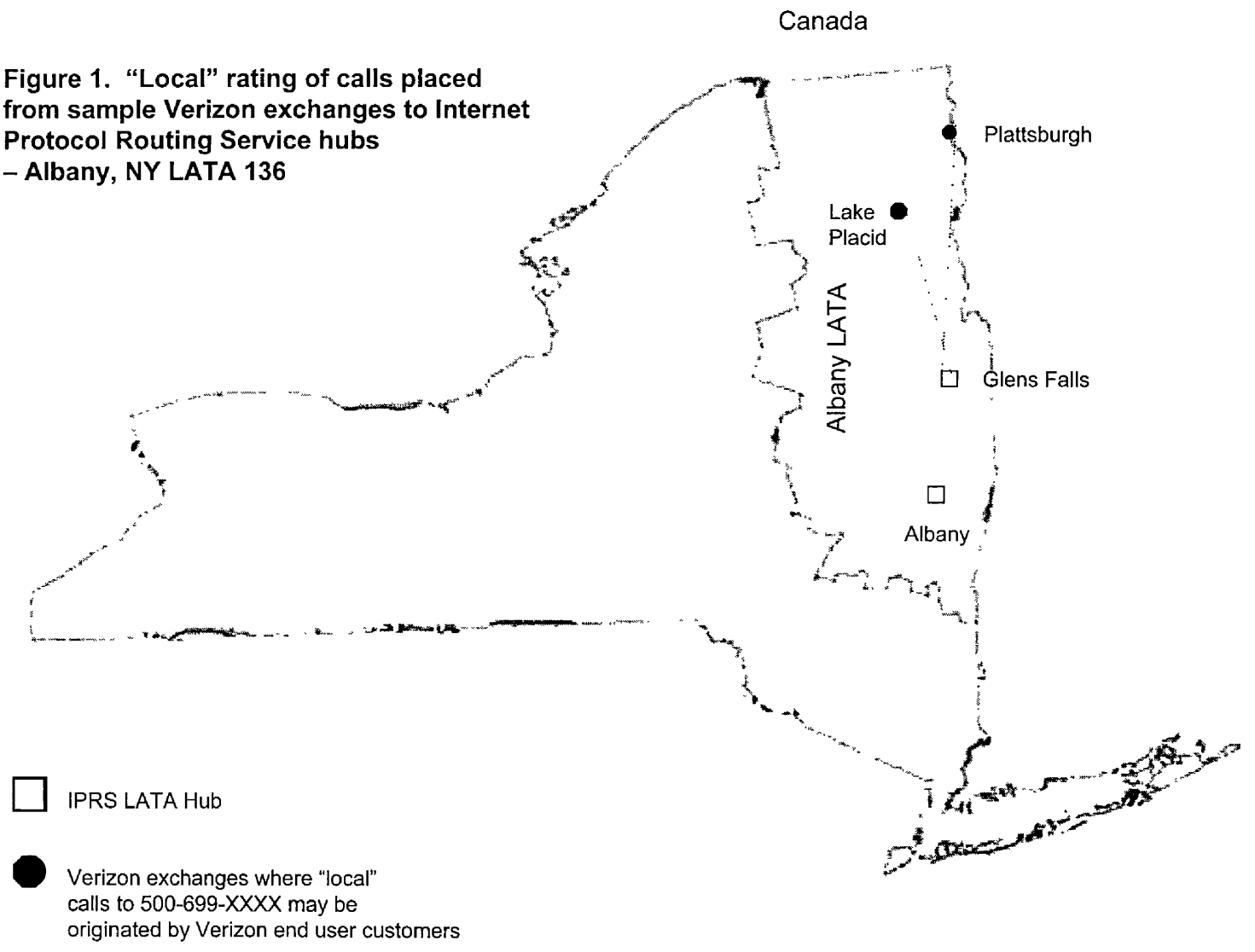
with the Advanced Intelligent Network (AIN) platform."[34] "Calls to the SNRS [500] number will be charged to the originating party as a local call.[35] The call is transported over the Public Switched Telephone Network ("PSTN") as an ordinary voice call from the originating telephone to the IPRS LATA Hub. At the IPRS LATA Hub, calls from throughout the serving area of the LATA Hub are aggregated and converted to digital form, where they are transported to the site designated by the ISP. While dedicated facility transport charges do apply for the portion of the call *between the LATA Hub and the ISP*, there are no access or transport charges for the portion of the call that is carried over the PSTN, i.e., between the calling party and the IPRS LATA Hub. Significantly, the distances involved with respect to the PSTN portion of the call can extend well beyond the originating party's local calling area.

For example, the Albany, New York LATA 134 stretches approximately 200 miles from Selkirk, New York (south of Albany) to the Canadian border (see Figure 1 below).

34. Maine PUC Docket No. 98-758, Verizon response dated September 20, 2002, to GNAPs Request 1-1.

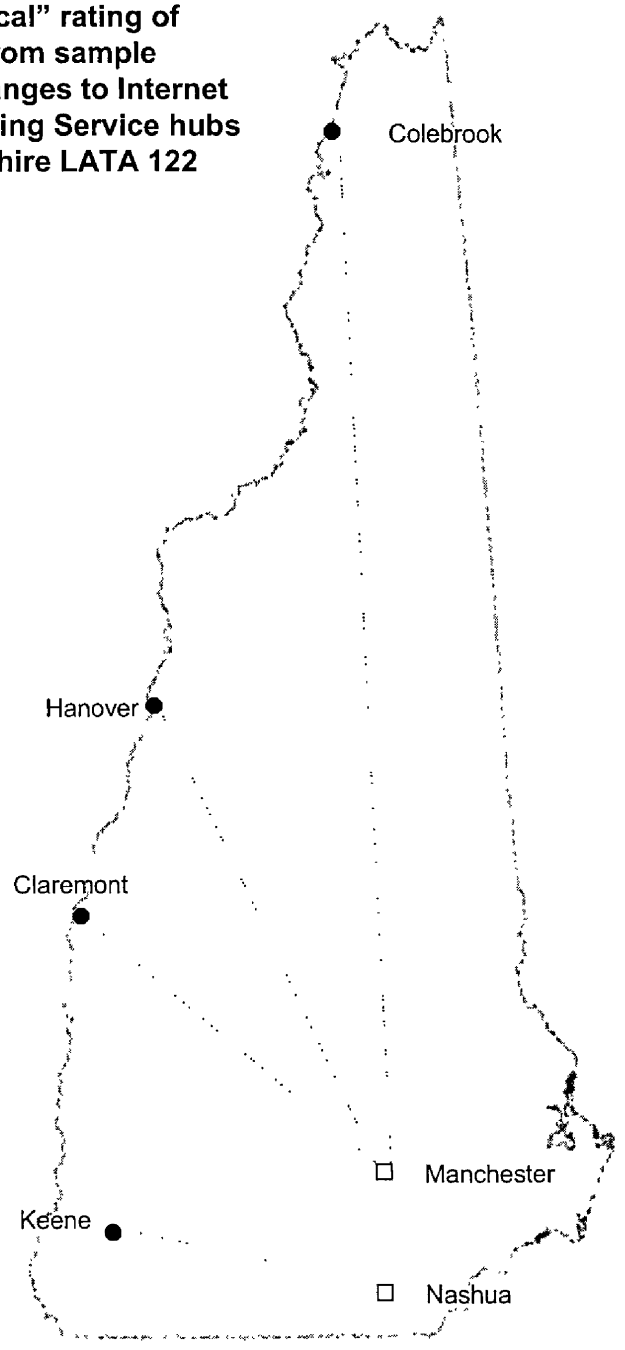
35. *Id.*

Figure 1. "Local" rating of calls placed from sample Verizon exchanges to Internet Protocol Routing Service hubs – Albany, NY LATA 136



Verizon has established only two IPRS hubbing points in the Albany LATA, one in Albany and a second in Glens Falls, about 40 miles to the north. Similarly, the entire state of New Hampshire, which is a single LATA (LATA 122), also has only two IPRS hubs, one in Nashua just over the Massachusetts border, and a second in Manchester, about 15 miles north (see Figure 2). *In both of these cases, which are fully representative of the IPRS hub deployments across the former Bell Atlantic footprint, "local" calls to the IPRS 500-699-XXXX numbers can involve transport distances of well in excess of 100 miles*, distances that far exceed the extent of any normal local calling areas in the various Verizon jurisdictions.

Figure 2. "Local" rating of calls placed from sample Verizon exchanges to Internet Protocol Routing Service hubs – New Hampshire LATA 122



IPRS LATA Hub

Verizon exchanges where "local" calls to 500-699-XXXX may be originated by Verizon end user customers

Q. But aren't these "500" calls the same as "800"-type toll-free calls?

A. No, they are distinctly different. 800-type calls (i.e., 800/888/877/866) are in all cases "toll" calls that are subject to applicable switched access charges at both the originating and terminating ends of each call, *even if the two end-points happen to be physically located within the same local calling area.* 800-type calls and their associated switched access charges are billed on a usage-sensitive basis. The calling party is never charged for calls to 800-type numbers, even if placed from a local measured-service access line. If called from a payphone, no coin drop is required to reach an 800-type number, and payphone owners receive compensation from the IXC that provides the 800-type service for such calls. And, for purposes of 47 CFR Part 36, the FCC's Jurisdictional Separations Rules, calls to 800-type numbers would be classified as "toll."

Verizon's treatment of calls to its 500-699-XXXX numbers is drastically different. First, if placed from a Verizon telephone, all such calls are always "local" even if the IPRS LATA hub (where the PSTN portion of the call physically terminates) and/or the ultimate location where the call is physically delivered to the ISP are outside of the calling party's local calling area. If the caller had measured local service, a local message charge would apply. If the call were placed from a payphone, a coin drop would apply. If customers in Bartow or Venice, as the case may be, had selected, for example, AT&T as their intraLATA Presubscribed Interexchange Carrier ("PIC"), the calls — even though traversing what is unambiguously a toll route — would still be

carried by Verizon and would *not* be handed-off to AT&T.[36] Further, for purposes of Jurisdictional Separations, this usage would be classified as "local," not as "toll."

Q. What charges would the IPRS customer — i.e., the ISP — pay for the PSTN portion of these IPRS 500-number calls?

A. Verizon's FCC Tariff 11, at Section 17.5.1, states as follows:

> The customer has the option of utilizing, as a feature of IPRS, Single Number Routing (SNR) in lieu of local telephone numbers, which are included as part of IPRS. This option provides for all end users in a defined geographic area (i.e., a LATA) to have access to the customer via one specialized telephone number. The end user can initiate a call within the service area to the customer, and the call will be treated as a local call by the Telephone Company for the connection and duration of the call. This option (which is assigned USOC NS01X) is part of the standard IPRS offering and is included in the rates and charges at no additional charge.

Verizon's Interstate Access Tariff FCC No. 11, Original Page 31-312, provides the per-port charges for IPRS "dial-up" ports, which can be as low as $29 per month based upon a 5-year term commitment and port volumes of up to 75,500. By contrast, Verizon's monthly rate for an ordinary flat-rate multiline business local exchange service access line in New Hampshire, for example, including all applicable Subscriber Line Charges, Universal Service Charges, Local Number Portability charges, and the like, is $54.89 per

36. Mr. Haynes confirms that the call would not be handed off and is carried entirely on Verizon's network. Haynes (Verizon NH) New Hampshire Direct Testimony, at 46.

month.[37] Indeed, even the monthly local multiline Verizon New Hampshire business *measured-rate* access line rate - which might be used by a customer with primarily inbound calling requirements and from which inbound local calling is strictly limited to the local calling area associated with that measured business line — is $31.12, which is still *higher* than the $29 charge per IPRS "port" that offers unlimited inbound statewide toll-free "local" calling. The corresponding Verizon Florida *measured* business line rate, including the SLC and all other surcharges is $37.11 or $42.70[38] per month, depending upon rate group. Both of these rates also easily exceed the $29 flat-rate IPRS "port" charge under a five-year term contract. The inbound 500-number service also offers its customers unlimited LATA-wide toll-free inbound calling. There is no additional "transport charge" for hauling the call from the exchange where it is

37. This number is a total of the Basic Exchange Business subscriber line charge (Unlimited 1 party for Rate Group C - business line charges range from $27.74 to $44.67 depending on the customer's rate group classification), End user Common line charge, primary interexchange carrier charge, service provider number portability per month charge and the basic FUSF surcharge. The Verizon Telephone Companies Tariff FCC No. 1, Access Service, section 4.1.7.4 (H) 1., 5th revised page 4-21 effective July 13, 2002 and 6th revised page 4-23 effective July 1, 2001, The Verizon Telephone Companies Tariff FCC No. 1, Access Service, section 13.3.16 (F), effective April 28, 2001, Verizon - Maine Inc., Tariff No. 83 Exchange and Network Services, Part M, Section 1.5.1, page 16, effective 3-07-01.

38. This number is a total of the Basic Exchange Business subscriber line charge (Unlimited 1 party for Rate Group C - business line charges range from $24.47 to $30.06 depending on the customer's rate group classification), End user Common line charge, primary interexchange carrier charge, service provider number portability per month charge and the basic FUSF surcharge. The Verizon Telephone Companies Tariff F.C.C. No. 14, Facilities for Interstate Access, Section 13.11, 10th Revised Page 13-6, Effective October 26, 2002; Section 12.4.5, 10th Revised Page 12-15, Effective October 26, 2002; Section 12.5, 9th Revised Page 12-22, Effective October 26, 2002; Verizon Florida Inc., General Services Tariff, Section A3.2, 19th Revised Page 1, Effective July 1, 2002; NECA F.C.C. No. 5, Access Service Tariff, Section 17.1.3(C), 24th Revised Page 17-3, Effective August 1, 2002.

originated to the IPRS hub. In fact, the only "transport charge" associated with IPRS service is for the portion of the call *between the IPRS Hub and the point of delivery to the ISP*. Verizon's Tariff 11 makes this clear:

> The Telephone Company's IP (Internet Protocol) Routing Service, IPRS, provides for the collection, concentration and management of the customer's data traffic within a LATA. IPRS consists of network routers located at LATA hub sites that will collect the customer's end user data traffic and *concentrate it for connection and transport over the Telephone Company's fast packet data network* to a customer's designated location. (Emphasis supplied.)

As the tariff language confirms, the "transport" for which specific charges apply is to carry the ISP's traffic *from the IPRS LATA hub sites* to the ISP's designated location. The "transport charge" that Verizon Florida seeks to apply for calls handed-off to Global NAPs *is for the portion of the call between the Verizon Florida end user and the point of interconnection with Global NAPs*. As Figure 3 demonstrates, this segment of a Verizon-to-Global NAPs call is *identical* in every material respect to the PSTN segment of a Verizon IPRS call — the segment from the calling party to the IPRS LATA Hub. Yet in the case of calls handed-off to Global NAPs, Verizon is insisting not only on being compensated for transport beyond the local calling area, but for access charges as well.

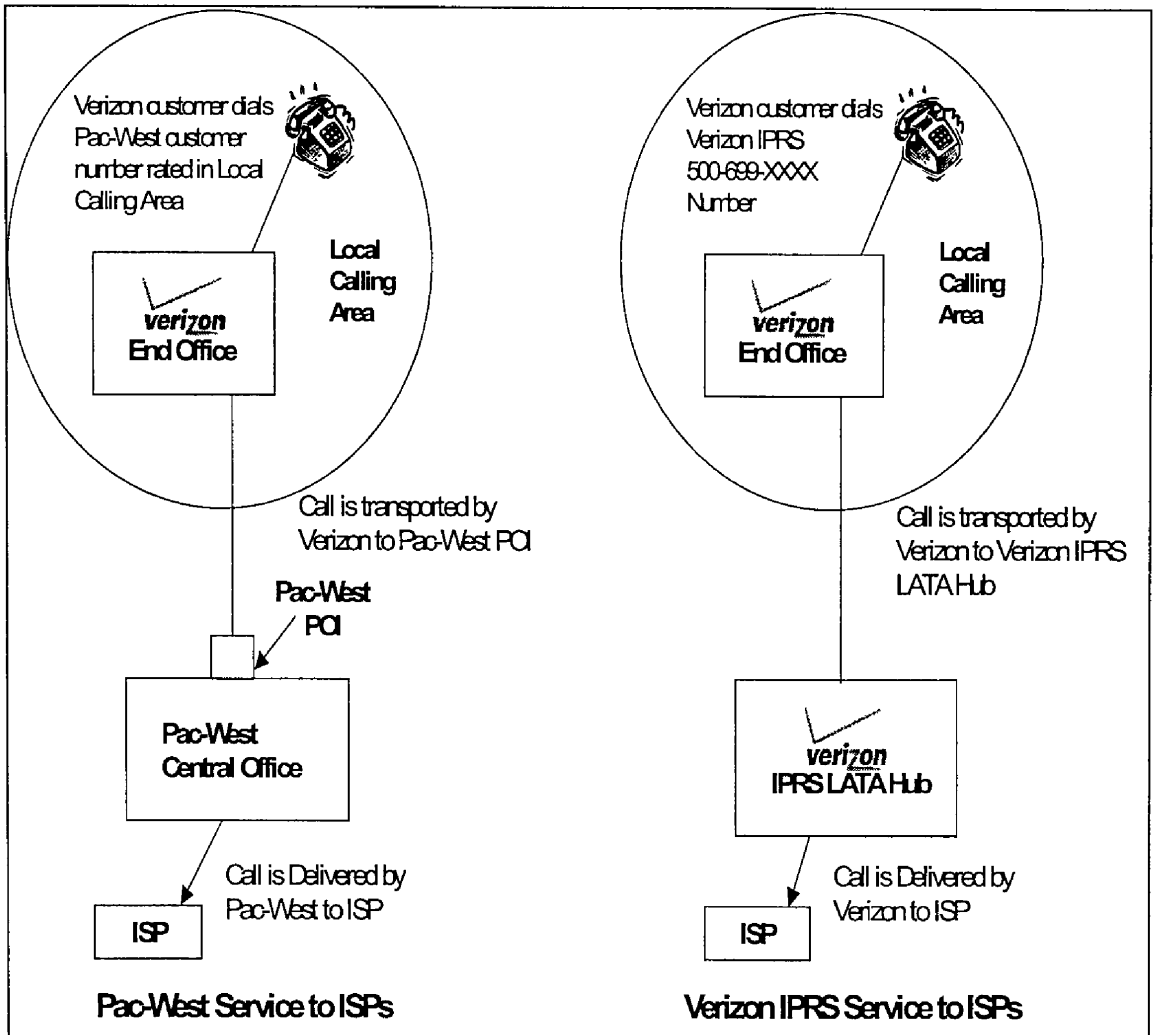


Figure 3. Comparison of transport provided over the Verizon network for IPRS calls vs. virtual NXX calls handed off to single LATA-wide CLEC point of interconnection

Q. Do any access charges apply with respect to Verizon IPRS calls that involve transport beyond the calling party's local calling area?

A. No. Mr. Haynes' New Hampshire testimony confirms this[39] and the point was also clarified in a Verizon-New York response to an on-the-record information request in the recent Global NAPs arbitration.[40] As the response confirmed, calling *to the IPRS hub* from an end user's dialtone line is rated as local and involves no usage-based or other transport, toll, or access charges:

> By purchasing the IOF at the rates in the NYPSC No. 1, the originating caller dialing an ISP served via a PRI HUB purchaser can send a call beyond the local calling area without incurring additional toll charges. A PRI HUB customer (CLEC/ISP) must also purchase dedicated high speed access facilities from the PRI HUB to the (CLEC/ISP) customer premises equipment in order to complete the call. PRI HUB rates do not include the price of access to a phone line (i.e., the end user must still buy local phone service to get dialtone).[41]

Q. Do access charges apply if an IPRS call goes beyond the local calling area of the calling party?

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39. Haynes (Verizon NH) Direct Testimony, at 45-47.

40. Verizon New York's Responses to Global NAPs Data Requests, April 11, 2002 (e-mail from Verizon New York counsel Kimberly Newman to Global NAPs counsel Jim Scheltema, ALJ Stein, et al), NYPSC Case No. 02-C-0006.

41. *Id.*, at 2.

A. No. The IPRS subscriber pays only the $29 dial-up port charge and pays no usage-based transport or access charges for receiving inbound calls placed by Verizon end user subscribers to the IPRS 500-699-XXXX number, even if and especially if those calls extend beyond that end user's normal local calling area.

Q. In recent arbitration proceedings between Global NAPs and Verizon, Verizon has attempted to suggest that Global NAPs' use of VNXX numbers amounts to Foreign Exchange (FX) service, for which Verizon applies transport charges.[42] As such, Verizon argues that Global NAPs should compensate Verizon for the its use of VNXX service just as end users compensate Verizon for Foreign Exchange (FX) services. In view of Verizon's planned deployment of IPRS, is the comparison that Verizon seeks to draw as between Global NAPs' VNXX offerings and Verizon's FX service the appropriate one?

A. No. In fact, VNXX arrangements of the type being offered by Global NAPs are *exactly analogous* to Verizon's designation of the 500-699 SAC-NXX as "local" when dialed

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42. See, *e.g.*, *In the Matter of Global NAPs North Carolina, Inc. Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Verizon South, Inc. f/k/a GTE South Incorporated*, North Carolina Utilities Commission Docket No. P-1141, Sub 1, Direct Testimony of Terry Haynes on behalf of Verizon South Inc., May 14, 2002, at 29; *Petition of Global NAPs Ohio, Inc. for Arbitration Pursuant to Section 252 of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Verizon North Inc f/k/a GTE North Incorporated*, Ohio Public Utilities Commission Case No. 02-876-TP-ARB, Response of Verizon North Inc. To the Petition for Arbitration of Global NAPs Ohio, Inc., May 6, 2002, at 48; *In the Matter of Global NAPs, Inc. Petition for Arbitration Pursuant to 47 U.S.C. § 252(b) of Interconnection Rates, Terms and Conditions with Verizon-Pennsylvania,* Pennsylvania Public Utility Commission Docket No. A-310771, Direct Testimony of Terry Haynes on behalf of Verizon Pennsylvania, April 23, 2002, at 28-29.

from Verizon telephone lines. Whereas Verizon FX service usually (but not always) involves a dedicated private line between the "virtual" rate center where the FX NPA-NXX is homed and the physical location of the FX customer, Verizon's IPRS 500-699 Single Number Service utilizes *exactly the same type of public switched network common transport* that Verizon utilizes in transporting calls originated by its end user customers to the Global NAPs POI. And while Verizon may apply toll charges for ordinary calls placed by its *retail* customers that are directed to points outside the customers' local calling areas, it applies no toll, access, or any other form of transport charge for hauling the IPRS calls from the originating Verizon end user to the IPRS LATA Hub. IPRS is thus *not* like FX service, because FX service as offered by Verizon involves specific mileage-based charges, and is not like other "toll-free" services, such as 800/888 type services, because these involve usage-based toll-like charges and, where provided by Verizon, require imputation of switched access charges as well.

Q. Are there ISPs currently utilizing Verizon's Internet Protocol Routing Service and the associated 500-699-XXXX "local" numbers?

A. Yes. I am aware of at least one such ISP, which happens to be Verizon's own ISP affiliate, Verizon Online. Verizon Online offers its dial-up subscribers not just LATA-wide or statewide access, but *region*-wide single-number local call access via a uniform number, 500-699-9900 (see Attachment 3). Calls to 500-699-9900 are rated as "local calls" from wherever originated, *provided that the originating telephone line is served by Verizon.* In other words, an ALEC or an independent company customer would not

be able to dial the Verizon Online "500" number on a local call basis or, for that matter, might not be able to dial it at all.

Q. Is Verizon actively marketing IPRS to other, non-affiliated ISPs?

A. Indeed it is. As demonstrated in the product descriptions reproduced in Attachments 2 and 3, not only is Verizon promoting this service to ISPs, it has even created a specific "migration plan" for ISPs to move from ALEC virtual NXX dial-up arrangements to the single 500-699-XXXX number:

> In order to minimize any disruption of service to the ISP's customers, Verizon would redirect the (Verizon) assigned lead dial access numbers currently in use today to the new PRI trunk groups by using the AIN 10-digit trigger. As a future enhancement, for those TNs assigned to the ISP by CLECs (TCG, Brooks Fiber, NE PA Telephone, TC NY NJ, Peco Hyperion, etc.), Verizon would trigger on the dialed numbers using the local number portability (LNP) platform and direct those calls to the new PRI trunk groups. Once the conversion was complete, all traffic would be directed to ISP over the PRIs terminated in each sector hub, and the old PRIs could be disconnected. Verizon would be able to provide ISP with a hub homing table to NPA-NXX cross-reference table to assist in the sizing of the PRI trunk groups.

Q. Couldn't Global NAPs or any other ALEC offer its ISP customers similar "500" number services that would also enable those ISPs to offer their dial-up subscribers local call access LATA-wide or beyond?

A. In theory they could, but as a practical matter it is extremely unlikely that any rational ISP would actually order such service from an ALEC. The reason for this is that to

reach the "500" number the calling party must also be served *by the same local carrier as the "500" number subscriber* (i.e., the ISP). Inasmuch as no single ALEC currently serves more than a tiny fraction of the total access line market,[43] ALEC-provided "500" numbers would be *inaccessible* from all but an insignificant fraction of the potential ISP customer base.

The only practical means by which Global NAPs or other ALECs can compete with Verizon for ISP business is through the use of virtual NXX codes, which can be dialed from *any* telephone, served by *any* local carrier. If ALECs are denied the ability to utilize virtual NXX codes as a means for competing in this market, or are subject to transport, access or other charges that are not applicable for Verizon's own competing offering, the dial-up Internet access market will quickly be conceded to, and will ultimately be monopolized by, Verizon.

Q. Aside from the obvious impact upon ALEC competition, are there any other implications of allowing Verizon to acquire a *de facto* monopoly of the market for dial-up ISP access through its provision of these "500" numbers?

A. Indeed there are. Because these Verizon "500" numbers can only be dialed from *Verizon* telephones, Verizon would be in the position of creating what may be viewed as

43. A recent FCC report indicates that as of June 30, 2002, less than 10% of end-user switched access lines in Florida were served by ALECs; there were 19 reporting ALECs. FCC, Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of June 30, 2002*, December 2002, Table 6 and Table 10, respectively.

a *de facto* tying arrangement (in the antitrust sense of the term) between its regulated local exchange service and its nonregulated ISP, Verizon Online. Indeed, even if other ISPs who currently utilize ALEC services are forced to migrate to Verizon because those ALECs will no longer be able to offer virtual NXX local call access, then *end users* of dial-up ISP services will be forced to take their local phone service from Verizon in order to obtain local call access to their ISP — whether that ISP is Verizon Online or a non-affiliated provider that has subscribed for Verizon "500" number service because it can no longer obtain virtual NXX calling arrangements from an ALEC.[44]

The point is that Verizon's introduction of "500" number local calling for dial-up Internet use is clearly the Company's response to ALEC competition in the ISP access market. But by restricting the use of these "500" numbers to Verizon local service customers only while at the same time attempting to shut down ALECs' use of virtual NXX serving arrangements, Verizon not only recaptures the ISP market, but forces individual consumers to abandon their ALEC-provided residential and small business services in order to obtain local Internet access at all.

As the marketing and service strategies of Verizon confirm, Verizon outrageously and disingenuously asks this Commission and other state regulatory commissions to *reject*

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44. In this case, the "tying" product is the Verizon IPRS/Verizon Online service, which Verizon will come to monopolize if ALECs are not permitted to compete with IPRS using dialable NANP numbers (either a VNXX or a "local from everywhere" NXX code), and the "tied" product is basic exchange service, which is (in theory) being offered by ALECs in competition with Verizon. If customers are only able to call ISPs from Verizon telephones, they will be forced to buy local exchange service from Verizon as a condition for accessing an ISP on a local call basis.

LEC use of virtual NXX numbers and "local from everywhere" numbers *while proceeding with its own plans to develop and to deploy essentially the same type of services with the same no-transport-charge features*. All of the various arguments regarding "compensation" for ILEC transport and concerns about universal service apply equally to these ILEC-provided serving arrangements, yet the ILECs are proceeding to embark upon precisely the same service strategies apparently with little regard for these same concerns.

Q. What is the solution — should the Commission *prevent* the ILECs from offering these ISP-oriented services?

A. Only if the Commission prevents Global NAPs and other ALECs from providing the same types of services, but that would mean that dial-up ISP access would not be available outside of the principal Florida population centers.

Instead, the Commission should allow for these services, and allow Global NAPs the ability to offer like services, such as the ability to deploy VNXX numbers without being required to apply toll charges for such calls or, preferably, define a single NXX code in each LATA calls to which will be rated as local when originated from any exchange within Florida, just as Verizon plans to use of 500-699-XXXX numbers in connection with its IPRS affords Verizon's ISP customers (including its own affiliate) the ability to offer dial-up access on a local call basis statewide. Competition is expected to spur innovation in services and pricing. If ALECs and ILECs are prevented from offering

these services to ISPs, then consumers in more rural areas of Florida will be denied local dial access to the Internet. I am in no way suggesting that the Commission prevent Verizon from deploying IPRS, but it is unfair and highly inappropriate for the Commission to impose costs and burdens upon ALECs with respect to these services while permitting Verizon to pursue them without suffering similar restrictions.

Q. Is IPRS or SNRS current being offered by Verizon in Florida?

A. No, not to my knowledge. Nevertheless, the fact that Verizon *is* providing this service in other states, coupled with its stated intent to roll out the service throughout its entire footprint, serves to place the issue squarely before this Commission. The Commission should not permit Verizon to prevent ALECs from competing with a service that Verizon clearly intends to introduce at some point in Florida. Verizon should also not be permitted to escape Commission examination of the relationship between IPRS and the VNXX issue in this arbitration merely because, as of this particular date, Verizon has not itself introduced IPRS in this state. The *possibility* that Verizon will introduce IPRS or some other type of inbound calling service at any time during which the Global NAPs Interconnection Agreement will be in effect is by itself sufficient justification for the Commission to examine and address this disparity at this time. IPRS, like FX, competes directly with ALEC services that are based upon VNXX number assignment, and it is essential, in order to assure competitive neutrality, that identical compensation arrangements be applied with respect to all of these competing services.

Q. Why do you believe that the fact that Verizon is currently providing IPRS *outside of Florida* is relevant to the issues in this Arbitration?

A. The existence of IPRS as a Verizon service offering goes directly to several of the enumerated issues in this Arbitration, *viz.*, Issue 3 (basis for distinguishing "local" vs. "toll" calls and treatment of calls to so-called "virtual" NXX numbers), and Issue 4 (responsibility for transport costs on each carrier's side of a single POI per LATA). Verizon Florida's corporate parent has *announced* that "planning for deployment in the former GTE footprint is currently underway" and that Verizon "plan[s] to offer one nationwide IPRS tariff covering both the former Bell Atlantic and former GTE areas, making the pricing and terms consistent across the entire Verizon footprint."[45] IPRS *when offered by Verizon Florida* would compete for the very same ISP business that GNAPs currently serves by means of VNXX numbering arrangements, which Verizon Florida is attempting in this arbitration to "tax" out of existence through the imposition of access and transport charges. Verizon's IPRS will provide *exactly the same type of transport beyond the calling party's local calling area* without any access or transport charges either to the ISP or the ISP's end user customer. Whatever erosion of Verizon Florida toll and access revenues the Company claims to result from GNAPs' VNXX calling *will occur in exactly the same way* once Verizon Florida introduces IPRS to the ISP market.

45. *Verizon ISP Markets Market Talk*, June 2001 (Reproduced in Attachment 2 hereto).

Verizon has presented GNAPs with a "template agreement" that it uses throughout its entire Bell Atlantic/NYNEX/GTE footprint. Global NAPs should not be expected to operate its business oblivious to current market conditions and trends. Verizon *is* offering IPRS outside of Florida. Based upon Verizon's own announcements, Global NAPs has every basis to expect that Verizon Florida *will* be introducing IPRS *in Florida* within the term of this interconnection agreement. There are no technical impediments that I am aware which may otherwise preclude Verizon from offering IPRS in Florida.

Verizon's opposition to an ALEC's right to establish its own local calling areas and to utilize virtual NXX services is an attempt to deter competition in the local exchange market and thereby to protect its retail services from innovative offerings.

Q. Verizon witness Haynes claims that Verizon does not dispute Global NAPs' right to define its retail local calling areas as broadly as it wishes, but contends that nevertheless, "[t]he Commission should maintain the status quo–that is, approve use of Verizon's local calling areas for purposes of applying intercarrier compensation."[46] Does Verizon's position raise anticompetitive concerns?

A. Yes, it certainly does. As I explained in my Direct Testimony,[47] as an economic matter, the local/toll rating distinctions maintained by Verizon and other ILECs are no longer supported by significant distance-based cost differences between "local" and "toll" calls, and they would not be sustainable in a fully-competitive marketplace. Verizon is able to

46. Haynes (Verizon) Direct Testimony, at 5, lines 4-6.

47. Selwyn (Global NAPs) Direct Testimony, at 51-52.

maintain the distinction between "local" and "toll" rate treatment solely because it remains the monopoly provider of switched access services to competing interexchange carriers. Stated simply, the Company's position is that if *Verizon* treats a particular route as a toll call with respect to *retail* pricing, its *wholesale* switched access charges, rather than local reciprocal compensation arrangements, will apply. However, the economic effect of this policy is to protect Verizon's *retail* prices by preventing competitors from offering comparable services under structurally different pricing regimes.

The prevailing distinction between "local" and "toll" is a *retail pricing issue* that is an artifact of the ILECs' historic monopoly and their network architectures and technological conditions that are no longer applicable. There is no reason why competitive marketplace forces should not be permitted to expand or otherwise reshape the traditional definition of "local calling" and perhaps to eliminate the notion of "intraLATA toll" altogether as has already been done for wireless services, especially given that call distance no longer influences costs in the manner that it did when the "local" versus "toll" pricing distinction was first established.

In fact, by "walling off" its local calling areas via this device, Verizon actually protects *two* categories of retail service — intraLATA toll, and intraLATA foreign exchange (FX) services. Global NAPs' position is that it should be allowed to compete in both of these markets without being burdened with Verizon's *above-cost* access charges that exist to protect the Company's legacy of monopoly-era pricing practices.

In contrast, Verizon seeks to block Global NAPs' ability to offer expansive local calling areas (or, similarly, to use virtual NXXs) whenever Global NAPs seeks to offer services that would compete directly with Verizon's intraLATA toll and/or foreign exchange offerings. Also, as I have noted, the Company's future offering of "500" number services is an attempt by Verizon to further impede competition.

Significantly, Mr. Haynes candidly admits that Verizon's opposition to Global NAPs on Issues 3 and 4 is motivated specifically by this concern that Verizon would be placed "at a competitive disadvantage with regard to intraLATA toll calling" under GNAPs' proposal.[48] Mr. Haynes' solution is to have the Commission protect Verizon from the potential revenue losses that Global NAPs might cause it to endure if Global NAPs is successful in competing against it. However, to the extent they arise, those competitive losses represent an *opportunity cost* precisely in the manner spelled out in the FCC's rules,[49] and the FCC is correct in forbidding ILECs from extracting them from ALECs via their reciprocal compensation arrangements.

48. Haynes (Verizon) Direct Testimony, at 9, lines 19-20.

49. *See* 47 CFR §51.505(d)(3): "Opportunity costs. Opportunity costs include the revenues that the incumbent LEC would have received for the sale of telecommunications services, in the absence of competition from telecommunications carriers that purchase elements."

Q. In his testimony, Mr. Haynes contends that basing reciprocal compensation on the originating carrier's retail local calling area would not be "competitively neutral" in that it would afford different treatment to ALECs, ILECs and IXCs.[50] Do you agree?

A. No. As a threshold matter, the FCC long ago deviated from "competitive neutrality" with respect to "local calling areas" and the application of access charges as between wireline and wireless carriers.[51] Wireless carriers are not subject to access charges, and may exchange traffic with wireline carriers via reciprocal compensation, for all calls initiated by their customers to points within the same "Major Trading Area" ("MTA").[52] A map of the Florida MTAs is reproduced as Figure 4 below. Florida is divided into four MTAs. The South Florida MTA covers roughly the southern one-third of the state, running from Key West to Fort Myers on the west coast to Vero Beach on the east coast. The Central Florida MTA embraces virtually all of the Verizon Florida service area, running from Sarasota to Ocala, including the Tampa-St. Petersburg metropolitan area, and across the state to south of Melbourne to north of Daytona Beach. The North

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50. Haynes (Verizon Florida), at 15-16.

51. Compare 47 CFR §51.701(b)(1) with (b)(2). 47 CFR §51.701(b)(2) holds that reciprocal compensation, *not* access charges, apply with respect to "[t]elecommunications traffic exchanged between a LEC and a CMRS provider that, at the beginning of the call, originates and terminates within the same Major Trading Area ..." Major Trading Areas ("MTAs") are *not* defined relative to the ILEC's local calling areas and in fact are typically much broader than ILEC local calling areas.

52. 47 CFR §24.202(a) relies upon the delineations of Major Trading Areas as set forth in the standard *Rand McNally Commercial Atlas & Marketing Guide.*, *See*, e.g., *1994 Rand McNally Commercial Atlas and Marketing Guide*, 125th Edition, Copyright 1994, Rand McNally Publishing, at 39.0

Florida MTA includes Jacksonville, Gainesville, Tallahassee and Panama City, and well as a large area of southern Georgia. And Pensacola is included in a multi-state MTA that includes parts of southern Alabama, southern Mississippi, and the southern half of Louisiana, including New Orleans, Baton Rouge, and Lafayette. Calls to or from wireless phones both ends of which fall within the same MTA but not within the same ILEC local calling area are not subject to access charges and are treated as "local" for reciprocal compensation purposes. Note that the various Florida MTAs extend well beyond LATA boundaries. Verizon Florida's affiliate, Verizon Wireless, and other ILEC-affiliated wireless carriers, are thus able to, and do, offer their customers expanded local calling without having to pay access charges to complete many of these calls. Indeed, this "free long distance" feature has become a central focus of Verizon Wireless' marketing strategy. Consumers are using their wireless phones to place what would otherwise be "toll" calls,[53] and such use has the same impact upon Verizon Florida's ability to support universal service as would a policy that similarly permits an ALEC to offer expanded local calling without having to pay access charges to the ILEC that terminates the call. Mr. Haynes' position seeks to protect Verizon Florida and Verizon Wireless from ALEC competition, and nothing more. The Commission should dismiss Mr. Haynes' transparent argument, and reaffirm its decision in the generic docket that reciprocal compensation will apply on all calls defined as "local" by the originating carrier.

53. See, e.g., *When The Cellphone Is The Home Phone*, Simon Romero, The New York Times, Thursday, August 29, 2002, at E1 and E7.

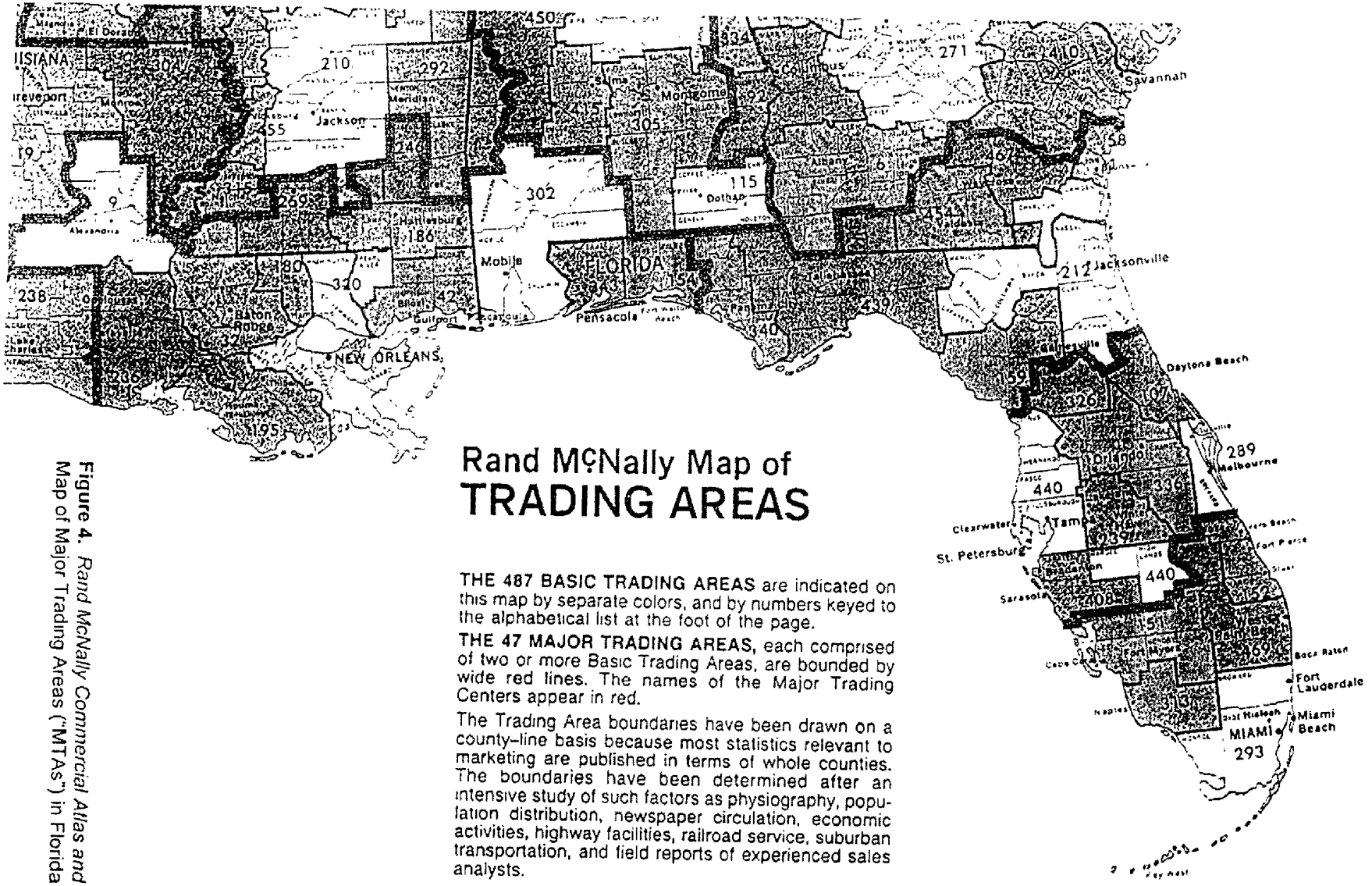

Figure 4. *Rand McNally Commercial Atlas and Marketing Guide,* Map of Major Trading Areas ("MTAs") in Florida

Q. What standard should be applied in determining whether reciprocal compensation or access charges apply when one local carrier terminates a call handed-off to it by another local carrier?

A. In its September 10, 2002 Order in the generic local competition proceeding, the Commission concluded that use of the ILEC's definition of "local calling areas" will effectively prevent ALECs from offering their customers anything different:

> Using the ILEC's retail local calling area appears to effectively preclude an ALEC from offering more expansive calling scopes. Although an ALEC may define its retail local calling area as it sees fit, this decision is constrained by the cost of intercarrier compensation. An ALEC would be hard pressed to offer local calling in situations where the form of intercarrier compensation is access charges, due to the unattractive economics.[54]

And in that ruling, the Commission has required that the *retail local calling areas* as defined by the *originating local carrier* be used as the default for purposes of determining where reciprocal compensation, rather than access charges, are to be paid to the terminating carrier:

> Based on the foregoing, we find that it is appropriate to establish a default local calling area for purposes of reciprocal compensation. This issue appears with enough frequency that a default definition is needed for the sake of efficiency. A default should be as competitively neutral as possible, thereby encouraging negotiation and development of business solutions. On this basis, we find that the originating carrier's retail local calling area

54. *Investigation into the appropriate methods to compensate carriers for exchange of traffic subject to Section 251 of the Telecommunications Act of 1996*, Florida Public Service Commission Docket No. 000075-TP, Order No. PSC-02-1248-FOF-TP, Issued September 10, 2002 (*"Florida Reciprocal Compensation Order"*), at 53.

shall be used as the default local calling area for purposes of reciprocal compensation.[55]

I understand that this aspect of the generic decision is currently being reconsidered by the Commission, and that the Staff has recommended that the *Order* be modified such that ILEC local calling areas, rather than the originating LEC's local calling areas, would be controlling on the matter of reciprocal compensation vs. access charges. I believe that the September 10, 2002 ruling is the correct policy position and urge the Commission to retain it, especially with request to this arbitration between Verizon and Global NAPs. Reverting to ILEC local calling areas would undermine, at its most fundamental level, an ALEC's ability to introduce new and competitively attractive services, and would serve only to protect the competitive interests of the ILECs and their wireless affiliates. And those wireless affiliates would be enabled to offer expanded local calling over what are ILEC "toll" routes with intercarrier compensation being based upon reciprocal compensation rather than access charges. The form of intercarrier compensation should in all cases be based upon the retail local calling area *as defined by the originating local carrier*. If Global NAPs treats a particular call as "local" even if Verizon treats it as "toll," then Global NAPs should compensate Verizon at the applicable reciprocal compensation rate for terminating the call to the Verizon customer.

Q. Is there support for this position in the *Telecommunications Act*?

A. Yes, I believe that there is. 47 U.S.C. §153(47) defines "Telephone exchange service:"

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55. *Id.*, at 54-55.

> The term "'telephone exchange service'" means (A) service within a telephone exchange, or within a connected system of telephone exchanges within the same exchange area operated to furnish to subscribers intercommunicating service of the character ordinarily furnished by a single exchange, and which is covered by the exchange service charge, or (B) comparable service provided through a system of switches, transmission equipment, or other facilities (or combination thereof) by which a subscriber can originate and terminate a telecommunications service.

47 U.S.C. §153(48) defines "Telephone toll service" as

> telephone service between stations in different exchange areas *for which there is made a separate charge not included in contracts with subscribers for exchange service.*

(Emphasis supplied.) Read together, any "telephone service between stations in different exchange areas" for which *no separate charge is made* is *not* "telephone toll service." If calls to Sarasota from Tampa are *included* in Global NAPs' "contracts with subscribers for exchange service," then *by definition* those calls are *not* toll calls.

Q. How does this relate to the question of whether Verizon is entitled to reciprocal compensation or switched access payments for terminating such calls?

A. Once again we can look to the statute. 47 U.S.C. §153(16) defines "Exchange access":

> The term "'exchange access'" means the offering of access to telephone exchange services or facilities *for the purpose of the origination or termination of telephone toll services.*

(Emphasis supplied.) Charges for "exchange access" are thus only applicable for "telephone toll services" "for which there is made a separate charge not included in

contracts with subscribers for exchange service." If Global NAPs does not impose "a separate charge" for calls that are included in its retail local calling areas, then those calls are not "telephone toll service" and, accordingly, are not subject to switched access charges.

Q. Is it appropriate that competing carriers be permitted to adopt local calling area definitions that differ from those of the ILEC?

A. Indeed it is. One of the primary public policy goals of introducing competition into the local telecommunications market has been specifically to encourage and stimulate innovation in the nature of the services that are being offered. ALECs should not be limited to competing solely with respect to *price*, nor should they be expected to become mere "clones" of the ILEC with respect to the services they offer. And indeed, the extent of the local calling area is itself becoming something that some ALECs see as an opportunity to differentiate their products from those being offered by the ILEC. An ALEC might, for example, offer its customers a larger local calling area than that being offered by the ILEC as a means for attracting customers or, alternatively, might choose to offer a *smaller* local calling area than the ILEC's service provides, at a correspondingly lower price. ILECs themselves are also changing the definition of "local calling area" by introducing optional calling plans that provide for extended area local calling including, in some cases, all exchanges within the subscriber's LATA.[56]

56. Indeed, in some locations, ILECs have established optional calling plans that allow unlimited, flat-rated calling — "local" in all relevant respects — to all locations within an (continued...)

This is not to say that establishing larger local calling areas — whether inward or outward — will necessarily be the optimal competitive strategy for all ALECs, or even for the ILEC. One of the effects of decades of tight regulation of ILEC local service plans has been that we don't really know what combinations of price, inward/outward calling areas, and other features will appeal to different segments of the market. So, for an initial period — in fact, likely lasting for several years — I would expect to see different ALECs experimenting with different service plans, as long as regulators grant them the necessary flexibility to do so.

Q. Is it appropriate for this Commission to protect Verizon's toll and access revenues from ALEC competition, as Mr. Haynes would have it do?

A. No, it is not. In competitive markets, prices are expected to closely approximate costs, and so a loss of revenues (e.g., as a result of a loss of a customer to a competitor) would be expected to be roughly offset by a corresponding decrease in cost. If the price of a product or service is set (and sustainable) at a level that is well in excess of cost, for example, intraLATA toll rates and carrier switched access charges, then the ILEC has the potential to sustain a net decrease in profit. The solution, of course, is to eliminate the supracompetitive prices, rather than to protect the incumbent's ability to maintain them. If Verizon provides interconnection and other services to Global NAPs and as a

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56. (...continued)
entire LATA. This type of arrangement only highlights that even in the case of the ILEC, the distinction between "local" and "toll" is largely arbitrary in terms of network technology and the underlying costs of providing service.

result Global NAPs is able to attract some Verizon toll users to the Global NAPs service, Verizon might consider as an "opportunity cost" of the services it furnishes to Global NAPs that forgone toll revenue. However, this does not mean that Verizon should be entitled to recover such "competitive losses." The interconnection agreement between the parties must not work to limit Global NAPs' ability to compete and in so doing afford special protection to the ILECs' market, pricing practices, or other aspects of its incumbency — particularly since Verizon's wireless affiliate is permitted to compete with the Verizon ILEC entity and exchange most intraLATA traffic, and some inter-LATA traffic as well, on the basis of reciprocal compensation, not access charges.

Q. Mr. Haynes seems to be saying that the rates and quality of basic local telephone service would potentially be at risk because Verizon's revenues from toll and access charges would be diminished.[57] Has he demonstrated that this is in fact going to happen?

A. No, he has not. Rhetoric aside, Mr. Haynes has offered no actual facts or evidence to support his contentions. Global NAPs is not required to pay access charges on calls that traverse routes that Verizon treats as toll, or that whatever impact Global NAPs' expanded local calling would have upon Verizon Florida's revenues would be consequentially different than the impact arising from Verizon's own wireless affiliate — and other CMRS providers — exemption from access charges on intra-MTA calls. While a competitive loss of retail sales to Global NAPs might well erode *shareholder earnings*, there is no basis upon which the Commission can conclude that any such loss would so

57. See Haynes (Verizon) Direct Testimony, at 9, lines 2-14.

adversely impact Verizon's financial position as to invoke extraordinary relief measures or put any of its franchised services at risk. Indeed, past attempts by ILECs to explicitly recover "competitive losses" have been soundly rebuffed by state regulators. For example, the California PUC soundly *rejected* claims by Pacific Bell and GTE (now Verizon) that they should be made whole with respect to their "competitive losses." The California Commission concluded that:

> Assuring the LECs recovery of competitive losses would undermine the incentive that NRF was intended to create... Compensating for competitive loss would force the LECs' customers to shelter [the requested amounts] of toll revenue from competitive risk even after rates are rebalanced, effectively granting the LECs rate cap returns on those revenues. This would be inconsistent with the ratepayer safeguards and LEC incentives established in NRF. Moreover, Pacific's and GTEC's competitors have no captive markets to provide them with a steady revenue stream if they are inefficient... Therefore, Pacific's and GTEC's requests for compensation for competitive losses are denied.[58]

Protecting incumbents from competitive losses fundamentally undermines competition. Accordingly, the Commission should not act to protect Verizon Florida or any other incumbent LEC with respect to the financial consequences of a loss of business to competing local carriers.

Q. Does this conclude your rebuttal testimony at this time?

A. Yes, it does.

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58. California Public Utilities Commission, Investigation (I.) 87-11-033, *Alternative Regulatory Frameworks for Local Exchange Carriers*, Decision (D.) 94-09-065, *Implementation and Rate Design*, 56 CPUC 2d 117, 210-211.

Attachment 1

Verizon East Wireless Handbook 6.2
Type 2 (CMRS) Interconnection Service

Verizon East Customer Documentation

Wireless Handbook

June 2001 Release

Revisions Since Last Release

◀ Previous Page Next Page ▶

6.2 Type 2 Interconnection Service

Type 2 Interconnection service is a trunk side connection between Verizon's network and the Wireless Carrier's Point of Interconnection (POI). These connections facilitate the exchange of various types of switched traffic including:

- Mobile-to-Land
- Land-to-Mobile
- Emergency Services
- Operator Services
- 800/888, etc.

Several forms of Type 2 Interconnection are currently available from Verizon, including:

- Type 2A - Public Switched Telephone Network Interconnection via an access tandem
- Type 2B - High Usage Trunk Group to an End Office
- Type 2C - Emergency Services Interconnection

It is important to note that state-of-the-art survivability features can be combined with the Type 2 Interconnections.

For example, Alternate Serving Wire Center (ASWC) offers diversity for the critical link between the Verizon wire centers and the wireless providers.

See Section 7.6, Alternate Serving Wire Center (ASWC), for additional information of this survivability product.

6.2.1 Type 2A Interconnection Service

Type 2A Interconnection Service provides a trunk-side connection between the Verizon access tandem in the Public Switched Telephone Network (PSTN) and the wireless service provider's Point of Interconnection (POI).

Type 2A Interconnection Service provides access to all end offices subtending a tandem.

Type 2A Interconnection provides access to interconnecting networks at the specific access tandem including:

- Verizon's Local Exchange Network
- Interexchange Carriers (IXCs)
- Independent Telephone Companies (ITCs)
- Competitive Local Exchange Carriers (CLECs)
- Other Commercial Mobile Radio Service (CMRS) Carriers

Type 2A Interconnection Service can be used by a Wireless Carrier to deliver traffic efficiently to multiple Interexchange Carriers in order to meet any equal access requirements.

NXX Code Assignment

Unlike Type 1 Interconnection, the telephone numbers for Type 2 do not reside in Verizon's end offices. Instead, dedicated NXX code(s) reside at the wireless service provider or Point of Interconnection (POI) or switch location as designated in the Local Exchange Routing Guide (LERG). Once an NXX code has been assigned, the wireless provider selects the rate center (based on Vertical and Horizontal coordinates) used to determine calling party billing on land-to-mobile calls.

Virtual POI (VPOI)

Verizon's Virtual Point of Interconnection (VPOI) provision allows you to choose the rate center for your dedicated NXX codes without establishing multiple POI locations.

This rate center is used to determine the appropriate landline billing charge to the calling party on land-to-mobile calls. Any rate center that is served by the tandem to which the Wireless Carrier is connected may be chosen as the rate center for a particular NXX.

Verizon-North Calling Plans

In Verizon-North, Type 2A Interconnection Service is offered with three calling plans, which affect the rating of the landline originated calls.

Calling Plan 1

Calling Plan 1 is designed so that land-to-mobile calls to Type 2 NXX codes are billed to the calling party at tariffed local or toll rates.

Calling Plan 2

Calling Plan 2 provides for the establishment of a LATA-wide calling plan in which the carrier is billed contract usage charges for landline originated calls (similar to 800 service). Landline users are not billed for calls to mobile NXXs under Calling Plan 2.

Verizon-South Calling Plans

In Verizon-South, Type 2A Interconnection Service is offered with two calling plans, which affect the rating of the landline originated calls.

Type 2A Standard Calling Plan

Calling Plan 1 is designed so that land-to-mobile calls to Type 2 NXX codes are billed to the calling party at tariffed local or toll rates.

Wide Area Calling

Wide Area Calling is available in Verizon-South only. This calling plan provides for the establishment of a LATA-wide calling plan in which the Wireless Carrier is billed contract usage charges for landline originated calls. Landline users will be billed for a local call in Verizon-South.

6.2.2 Type 2B Interconnection Service

Type 2B Interconnection Service provides a direct trunk group between a Verizon end office and the wireless service provider's Point of Interconnection (POI). The Type 2B interconnection provides access only to the directory numbers served by the specific Verizon end office to which it is interconnected.

Type 2B Interconnection is primarily meant for high-usage traffic from an end office that may overflow to a Type 2A Tandem Interconnection. The first route of traffic would be over the Type 2B connection with any overflow then routed to the Type 2A connection.

When used in conjunction with Type 2A Interconnection, the Type 2B Interconnection provides for:

- Network efficiency for high-usage traffic
- Network reliability by providing an alternate route in case of disaster

No NXX codes are assigned to a Type 2B Interconnection. Type 2B Interconnection Service may not be available in all Verizon end offices. Please check with your Account Manager about availability in your specific area.

6.2.3 Type 2C Interconnection Service

Many wireless customers require the ability to make emergency service (911) calls. Type 2C service makes this possible by connecting the wireless service provider to a 911 emergency service provider via the Verizon 911 Tandem.

Type 2C Interconnection Service currently supports Phase 1 of Wireless E911 Service as defined by Federal Docket 94-102.

Type 2C Interconnection Service is offered either with SS7 signaling or Multi-Frequency Signaling.

Type 2C Interconnection Service is only available via an interconnection agreement and is available wherever Enhanced 911 service is provisioned by Verizon.

Please check with your local Public Safety Answering Point or State Emergency Communication Bureau for specific requirements for emergency call handling.

6.2.4 Signaling System 7 (SS7)

Signaling System 7 (SS7) on Type 2 Interconnection Service is an optional feature which enables carriers to use Common Channel Signaling (CCS) technology to transport signaling information associated with a call over a separate signaling network. SS7 signaling removes the trunk set-up signals from the message path.

SS7 call set-up utilizes a Type S Interconnection facility or SS7 link between the wireless provider's Point of Interconnection (POI) or Signal Transfer Point (STP) and Verizon's STP. The use of SS7 technology boosts trunk efficiency, reduces call set-up time, and allows the Wireless Carrier to provide enhanced features.

In addition to faster call set-up, CCS/SS7 permits a more efficient use of the network and enables carriers to offer their subscribers the benefits of:

- Caller ID
- Custom Local Access Signaling Services (CLASS) as they become available

SS7 is only available on Type 2 Services. Additional information and forms for SS7 Certification are available in Section 8.4.2. Please contact your Account Manager to discuss SS7 certification procedures.

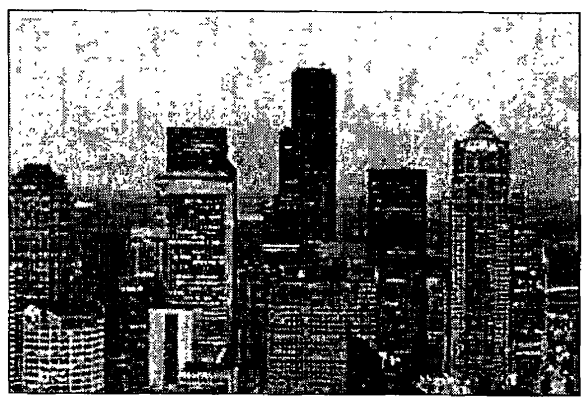
TOP

Last Updated: Thursday, March 21, 2002

Attachment 2

Verizon's Internet Protocol Routing Service

Verizon ISP Markets



Special Promotions Currently in Effect!!

From June 1st through July 31st, Verizon ISP Markets is offering a variety of promotions to reward our National and Premier customers for their ongoing support.

These programs have been carefully developed to address the specific business needs of each particular segment.

These promotions are as follows:

In This Issue:

Reduced Modem Price

ISPs in the East and West, who use the DSL Direct model (end user billed by Verizon for DSL and by the ISP for Internet Access) can purchase a DSL modem for $49.95. This rate applies to all orders submitted between June 1st, 2001 and July 31st, 2001, by the ISP, or the end user themselves.

Increased Co-Marketing Payment

ISPs currently on 5A or 5B term and volume plans, and who have signed a Co-Marketing agreement have the option to enhance the arrangement for June and July. The Co-Marketing payment from Verizon can be increased from the standard $100 to $200 for net new lines installed between June 1st, 2001 and August 30, 2001, **provided that the line was ordered in June or July**.

New, "Fresh Look Window"

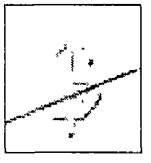
Between June 1st, 2001 and July 31st, 2001, ISP Markets will implement a contract "Fresh Look Window" opportunity. This will assist customers who have signed multi-year term and volume agreements committing to a specific volume, yet after more careful review have found that there is a more suitable plan, with more acceptable terms and volume requirements.

The original contract period will stay in effect. This is not an opportunity to cancel the agreement, rather, to change plans without penalty. **Changing plans during this period will readjust the monthly rate for embedded lines in service as well as new lines moving forward** (at new tariff rates if applicable).

Term & Volume Reduction

A modification to the DSL 5A term and volume plan tariff has been filed reducing the total volume commitment over 5 years to 2,500 lines from its current 5,000 lines. This eases the challenge to upgrade to a multi-year agreement, taking advantage of our co-marketing program. Additionally the volume commitment level for each year on the 5A Plan has been reduced by 50%. This makes the year one volume commitment equal to 125 lines, easing your market entry.

IPRS Price Slashed by up to 21%



As of February 25, 2001, the monthly recurring charge for one of Verizon's most popular services, IPRS (Internet Protocol Routing Service), was substantially reduced, by up to 21% in some cases. If you were an existing customer, at the time, no action was necessary on your part. The price change was automatically reflected in your next bill.

Verizon is also continuing with the promotion of zero-rating non-recurring charges for those customers who contract for IPRS for three-year and five-year commitment periods. Those customers ordering IPRS Dial Up Ports on the month-to-month term will continue to be subject to the $35 per port NRC. If you are interested in this service or would like additional information, please give your Verizon Corporate Account Manager a call.

New Aligned DSL Speeds

On June 15th, 2001, our newly aligned DSL speeds will go into effect. They are as follows:

Downstream	Upstream
384K	384K
768K	128K
768K	768K
1.5M	128K
1.5M	384K
7.1M	768K

After June 15th, 2001, these are the only speeds that will be accepted for pre-qualification and order requests. If you have any questions regarding the new DSL speeds, please contact your Corporate Account Manager.

CyberPOP and IPRS

(Internet Protocol Routing Service)

What Are CyberPOP & IPRS?

CyberPOP and IPRS are modem based aggregation products that provide Central Office based remote access solutions for Internet Service Providers. They enable ISPs to offer dial-up Internet access and serve as an extension to your network by providing a combination of modem pools, terminal server routing and protocol translation capabilities in a single solution.

How Do They Work?

CyberPOP and IPRS accommodate analog and digital dial-up modems, which permit you to collect, concentrate and transport subscribers' service to your designated ISP location. CyberPOP and IPRS leverage Verizon's national footprint to build your presence in the marketplace without you having to own or maintain equipment and staff a new, perhaps remote, facility. The responsibility for managing the access, funding expansion and performing capacity planning rests with Verizon. These services let you focus on how to grow your business and capturing more customers, instead of how you are going to pay for new equipment.

How Do They Differ?

CyberPOP is a "dedicated" product, meaning that the modems and any related equipment in a C.O. are dedicated to that specific ISP. The ISP also has full responsibility for the software that manages the equipment. They obtain and load their own IP addresses, provide software changes and upgrades, perform their own NOC (network operations center) monitoring, perform the authentication function, etc.

IPRS is a "managed" service (managed by Verizon). The modems, located in a C.O., are not dedicated to a specific ISP, but are shared by multiple ISPs, yet the equipment is secure and safe. With IPRS, Verizon manages the equipment, installs the software, loads IP addresses, performs NOC monitoring, etc.

What Are The Benefits of CyberPOP & IPRS?

- Reduction in ISP capital expenditures
- Speed to market
- Verizon National Presence
- Single Point of Contact for all ordering, billing, and maintenance

Where Are They Available?

CyberPOP can be available in almost every Verizon Central Office . The pricing and terms are consistent across the board. As a dedicated product, it is only deployed when and where the need exists.

At this point, IPRS is offered only in the former Bell Atlantic footprint. However, planning for deployment in the former GTE footprint is currently underway. We plan to offer one nationwide IPRS tariff covering both the former Bell Atlantic and former GTE areas, making the pricing and terms consistent across the entire Verizon footprint.

ISP Markets Adds Managed Security Services to Its Mix of Products

Verizon ISP Markets now offers network security solutions for its ISP customers. Under this new arrangement, ISP Markets will resell the full range of Activis solutions, which includes the management of firewalls, virtual private networks, an e-mail content management and filtering tool as well as a vulnerability scanning service. These products and services will allow Network Service Providers to deploy managed security solutions to their customers without having to make the large capital investment in infrastructure and expensive staff that such services require.

David Sperandeo, Vice President of Channel Sales-North America, Activis, said: "We are pleased to be providing Activis' full range of managed security solutions through Verizon, who is clearly a leader in communication services. This will

immediately give Verizon the opportunity to add value to its already strong sales proposition."

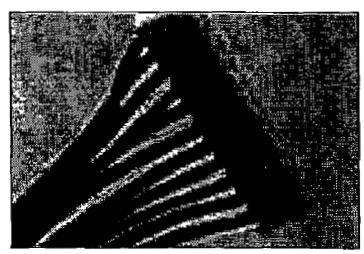
New DSL Direct "Partnership Program" Rolls Out

In an effort to offer the products and services that ISPs are looking for, ISP Markets has introduced the "DSL Direct Partnership Program" to its customers in the former Bell Atlantic footprint. Similar to an offering already available in the former GTE footprint. This option allows end users to purchase their DSL service directly from Verizon, while getting their Internet service from their preferred ISP. The ISP can also place the DSL order on behalf of their customer through a standard letter of agency arrangement.

To keep the ISP's billing responsibilities at a minimum, the end user is billed by Verizon for the DSL and by the ISP for the Internet Access. Verizon can also handle the CPE ordering, shipping, and billing. In order to get end users up and running as quickly as possible, Verizon also offers a DSL Self Installation Kit. To support end user self-installations, Verizon has dedicated support staff that provides Help Desk Support 24 hours per day, 7 days per week, excluding holidays. For additional information on this new service, please contact your Verizon Corporate Account Manager.

Virtual ISP Dial Access
(Managed Dial-up Service)

Do you want to extend your dial-up market reach without the expense of a network build out? Are you looking for a predictable, cost effective way for remote users to connect to your network? If you answered,



"Yes", to either of these questions, Verizon ISP Markets' Virtual ISP Dial Access is the service for you.

Verizon Virtual ISP Dial Access is a managed, remote access service that provides ISPs with a cost effective, turnkey solution to connect subscribers to the Internet. This service is available in many parts of the country.

Dial Access service is available in a variety of pricing and volume discount plans. The Dial Access pricing philosophy is based on term, volume of users, and in some cases usage. For more information on how Virtual ISP Dial Access can benefit your business, please call your Verizon Corporate Account Manager.

Virtual ISP Managed DSL

By creating a value added product "bundle", ISP Markets takes away the pain and financial responsibility of building a DSL network. This bundled solution combines all networking components (i.e. tariffed DSL lines, ATM links, network management, DSL modem, etc.) and packages them with Verizon's backbone Internet access connectivity.

Verizon gives you a low wholesale price per user, which can be resold by you at margins your business plan will support. You pay for the service as each end user is signed up, lowering your investment expense. Existing ISPs can expand their markets without building out their network. Growing firms can enter new markets with very little capital or technical resources. This is an extremely popular package of services from ISP Markets, especially in today's challenging business environment. Being a "player"

in broadband can be easily enabled with this solution. For more information, please contact your Verizon Corporate Account Manager.

Fall ISPCon

The Verizon ISP Markets team will see you at ISPCON Fall 2001 in Las Vegas, Nevada on October 9th - 11th. Please contact your Verizon Corporate Account Manager for more information on events being held during ISPCON Fall 2001.

DWDM is Now Available Through the Nortel OPTera Suite

ISP Markets now offers Nortel's Optera Metro 3000 & 5000 platforms as CPE or as a Managed Network Service.

Managed Wavelength Services are high-capacity individually leased lambdas within a Metropolitan or Long Haul network. This service is typically used to connect data centers, POPs, or corporate campuses. This capability can also be offered by a Service Provider to end-users as part of a bundled solution for connectivity in protected or unprotected wavelengths. Typical bandwidth increments range from 155 Mbps to 10 Gbps. The managed network service version of this service is subject to availability, while our partnership with Nortel can also provide this capability in CPE fashion virtually anywhere.

Visit our web-site

www.verizon.com/ispmarkets

New design coming soon. We've been busy updating our web-site to give you our customer a single national Verizon web experience.

Market Talk Newsletter

Market Talk has been developed for you, our customer, to provide additional insight into some of Verizon's value added products and services.

For more information regarding any of the topics covered here, please contact your Verizon Corporate Account Manager, contact us through our Web site at www.verizon.com/ispmarkets, or call us toll free at (877) 470-3661.

PRI SNS®

Search

keyword

Advanced Search

ADSL

ATM

DIAS-ISP

Frame Relay

IPRS

PRI SNS

SONET

Primary Rate Interface Single Number Service

PRI SNS® Overview

PRI SNS® is a LATA-wide PRI service that is currently available in 31 LATAs within Verizon. (The 31 LATAs are all in the former Bell Atlantic region.) With this service, an ISP could connect to each LATA at one of the designated interconnection points in that LATA and would then identify the quantity of PRIs to be terminated at each of the defined sector hubs in each of the chosen LATAs, with a requirement to connect to Verizon with a minimum of one PRI in each sector.

Either a 500-699 number assigned by Verizon, or a 555 telephone number (TN) assigned by the North American Numbering Plan Administration (NANPA) would be selected by an ISP. Verizon, using its Advanced Intelligent Network (AIN) platform, would route the call based on a combination of the dialed TN plus the originating TN to the designated sector hub. Calls would then complete over the PRIs connected at the sector hubs via the Interconnection Point to the designated ISP POP.

Customers dialing the 500-699 TN must follow the same dialing requirements as an 800 TN. In many areas, the dialing plan requirement is 1 + 500-699. Customers dialing the 555 number must follow local calling rules for completing a local call. For example, if there is mandatory 10-digit local dialing, as in Maryland, the user must append the 555 number with the local NPA (e.g., 301-555-2NET). If a local area allows 7-digit local calling, as in Northern Virginia, the customer can dial 555-2NET.

All calls made to the 500-699 or 555 number will be toll free, with no charge over that of a regular local call. For example, if the subscriber pays some type of message unit for a local call, that same charge would apply. If the subscriber has flat rate unlimited service today, no incremental charge would be assessed. Alternately, if the customer has an ISDN line, normal usage charges would apply as well.

CLECs and Independent Telcos are not required to pass 555 or 500 calls to Verizon. Your customers in those areas would be required to dial a local access TN, or an 800 number, to reach the sector hub for the call to complete. The ISP can, however, use the same 500 or 555 number throughout Verizon LATAs where service is available. In addition, if the ISP chooses to subscribe to PRI-SNS in one LATA, and IPRS with ISNA (Internet Single Number Access) in another LATA, the same 500 or 555 TN can be used with both network solutions.

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Interconnection Points, Sector Hubs, and Hub Hopping Configuration

Each Verizon LATA has several key elements associated with the PRI-SNS deployment

- Interconnection Point: An ISP would choose from the provided Interconnection Point table (provided by Verizon) the closest location to their POP and connect the appropriate quantity of DS3s necessary to support their PRI demand for the LATA.
- Sector Hubs: An ISP would identify the quantity of PRIs required to meet their forecasted demand in each of the Verizon sector hubs. Verizon would route all traffic originating from that sector to the PRI trunk group connected to the sector hub switch.
- Hub Homing Table: Verizon has identified the subtending central offices in each sector hub in the hub homing table. In the case that there are remote switches deployed in a given LATA, they follow their associated host switch from a hub homing assignment perspective.
- Hub Hopping Table: Each Verizon end office has been associated with a primary hub as identified in the hub homing table. If all PRI ports are busy in that hub, each primary hub has been associated with a maximum of two alternate hub locations to which the call will attempt to complete. If capacity is full at both the primary and alternate hub locations, the call will fail, and a busy signal will be returned. This routing configuration is illustrated in the next event list hub hopping table. This functionality is planned for a future release date to be determined.
- Lead Telephone Number: (ISP) would be assigned a local lead TN associated with each sector hub. (ISP) can use this number to reach their PRIs for access (as in the case of a CLEC switch customer, independent telco customer, or long distance access) or for diagnostic reasons.
- QDefault Routing: As identified in the hub homing table, each end office is uniquely associated with one sector hub. Based on routing tables built in the Advanced Intelligent Network ISCP, any 500-699 or 555 call originated in an end office will be routed to the designated sector hub switch. In the event that the routing table does not recognize the originating TN, and a valid number was dialed, the call will route to a designated default sector hub location for that LATA. The default hub location is identified in the sector hub table.

Service Transition

In order to minimize any disruption of service to the ISP's customers, Verizon would redirect the (Verizon) assigned lead dial access numbers currently in use today to the new PRI trunk groups by using the AIN 10-digit trigger. As a future enhancement, for those TNs assigned to the ISP by CLECs (TCG, Brooks Fiber, NE PA Telephone, TC NY NJ, Peco Hyperion, etc.), Verizon would trigger on the dialed numbers using the local number portability (LNP) platform and direct those calls to the new PRI trunk groups. Once the conversion was complete, all traffic would be directed to ISP over the PRIs terminated in each sector hub, and the old PRIs could be disconnected. Verizon would be able to provide ISP with a hub homing yable to NPA-NXX cross-reference table to assist in the sizing of the PRI trunk groups.

For more information regarding PRI SNS® in your area, select your state from Internet Service Providers: Products and Services.

Internet Service Providers

From high bandwidth transport to special access services, Verizon Wholesale works hard to make it easy to meet your subscribers' requirements. Likewise, we work hard to provide the information and tools you need to help manage your business successfully.

At Verizon Wholesale, you can locate the products and services available in your geographic area with ease; access tools and applications for everything from order status, billing and trouble administration to performance measurement reports and other templates. You can also register for training courses and workshops; link to relevant support and contact information; stay informed about how to do business with Verizon; and read about notifications, tariffs and regulatory information in our Online Library.

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Products and Services

Verizon offers a unique product lineup developed specifically to meet the specialized needs of Internet Service Providers.

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Manage your business - from order status, billing and trouble administration to Performance Measurement reports and other templates to help you get the job done.

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Our training classes and workshops provide you with valuable information regarding Verizon Wholesale's products, services, systems and operations.

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Verizon Wholesale provides you with convenient access to resources, contact information and frequently asked questions.
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From getting started to process flows, we offer the following documentation to establish and support your relationship with Verizon
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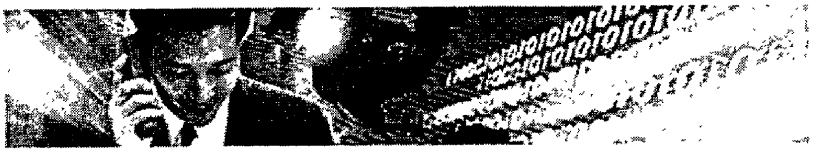

Welcome to Verizon ISP Markets.

ISP Markets delivers high-speed Internet and data capabilities to the ISP marketplace.

We represent the combined offerings of two areas formerly within Bell Atlantic and GTE. Our vision is to be the customer's first choice for communications and information services in every market we serve, domestic and international. With sales offices throughout the country, ISP Markets is committed to offering ISPs customized solutions with uncompromising service and dedication to excellence.

Products
ISP Markets offers the following products, **ADSL**, **ATM**, **PRI SNS (PRI Single Number Service)**, **SONET**, **IPRS/CYBERPOP (Managed Modem Service)** , **Frame Relay** and **DIAS-ISP (Dedicated Internet (Backbone) Access)**.

Answer Center
If you have questions regarding any product or service, ISP Markets has the answers.

ISP Resources
Web resources and tariff information for ISP Markets customers.

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Special News Bulletin for our Advanced Services and Enterprise Solutions Customers:
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ISDN - PRI Single Number Service (SNS)

Serve more subscribers and improve service while you reduce operating costs.

ISDN from Verizon strengthens your competitive position. Carriers and Internet Service Providers (ISPs) can serve all subscribers equally well with Verizon Integrated Services Digital Network (ISDN).

There is no need to install and manage separate analog and digital trunks for handling different peak loads. Therefore, you will realize a reduction in operating costs that can increase your bottom line.

ISDN's ability to provide for a wide range of subscriber applications will attract new business, while its efficiency lets you serve more customers and deliver a higher level of service.

To find out more about Verizon's ISDN solutions, talk with your Verizon account manager, contact us through our Web site at http://www.verizon.com/ispmarkets or call us toll free at 877-470-3661.

Verizon ISP Markets

verizon

ISDN PRI SNS

http://www.verizon.com/ispmarkets

Single Number Service...

Single Number Service allows you to use your trunk groups more efficiently. ISDN-PRI – Single Number Service is a LATA wide PRI service that is currently available in 31 LATAs within Verizon's former Bell Atlantic region. With this service, an ISP could connect to each LATA at one of the designated Interconnection Points in that LATA and would then identify the quantity of PRIs to be terminated at each of the defined Sector Hubs in each of the chosen LATAs, with a requirement to connect to Verizon with a minimum of one PRI in each sector..

Either a 500-699 number assigned by Verizon, or a 555 TN assigned by the North American Numbering Plan Administration (NANPA) would be selected by an ISP. Verizon, using its Advanced Intelligent Network (AIN) platform, would route the call based on a combination of the dialed TN plus the originating TN to the designated sector hub. Calls would then complete over the PRIs connected at the sector hubs via the Interconnection Point to the designated ISP POP.

All calls made to the 500-699 or 555 number will be toll free, with no charge over that of a regular local call being charged. For example, if the subscriber pays some type of message unit for a local call, that same charge would apply. If the subscriber has flat rate unlimited service today, no incremental charge would be assessed. Alternately, if the customer has an ISDN line, normal usage charges would apply as well.

CLECs and Independent Telcos are not required to pass 555 or 500 calls to Verizon. Your customers in those areas would be required to dial a local access TN, or an 800 number, to reach the sector hub for the call to complete. The ISP can, however, use the same 500 or 555 number throughout the entire Verizon footprint as service is available. In addition, if the ISP chooses to subscribe to PRI-SNS in one LATA, and IPRS with ISNA (Internet Single Number Access) in another LATA, the same 500 or 555 TN can be used with both network solutions.

Best of all, Verizon makes adding our ISDN service to your product portfolio easy. We will coordinate the installation with you and your subscribers, so you'll have less of an administrative drain on your company resources. To find out how to make ISDN-PRI Single Number Service a competitive advantage for your business, talk with your Verizon account manager, contact us through our web site verizon.com/ispmarkets or call us toll free at 1-877-470-3661.

Lee L. Selwyn

From: Jim Scheltema [jscheltema@comcast.net]
Sent: Thursday, April 11, 2002 8:34 PM
To: Lee L. Selwyn
Subject: Fw: Verizon New York's Response to GNAPs Data Request


Availability of PRI hub Servic...


NYtariff.pdf


Tarrif1.pdf


Tariff2.pdf

James R.J. Scheltema
Director - Regulatory Affairs
Global NAPs, Inc.
5042 Durham Rd W
Columbia Maryland 21044
(617) 504-5513 cell
----- Original Message -----
From: "Lund, John" <jlund@hunton.com>
To: "'ALJ Eleanor Stein'" <eleanor_stein@dps.state.ny.us>; "'John C. Dodge'" <jcdodge@crblaw.com>; "'James Scheltema'" <jscheltema@comcast.net>; "'William J. Rooney, Jr.'" <wrooney@gnaps.com>; "'Maureen McCauley'" <maureen_mccauley@dps.state.ny.us>; "'David Kitchen'" <david_kitchen@dps.state.ny.us>; "'KC Halm'" <kchalm@crblaw.com>; "'Christine Kelly'" <christine_Kelly@dps.state.ny.us>
Cc: "Singher, Thomas" <tsingher@hunton.com>; "Newman, Kimberly" <knewman@hunton.com>; "Lund, John" <jlund@hunton.com>; "Corry, Conti" <ccorry@hunton.com>; "Hall, Valerie" <vhall@hunton.com>
Sent: Thursday, April 11, 2002 4:51 PM
Subject: Verizon New York's Response to GNAPs Data Request

> Dear Judge Stein:
>
> At the technical conference last week, you and
> counsel for GNAPs propounded five data requests regarding the product(s)
> that Verizon sells to Verizon Online in order to facilitate access to the
> ISP via "500" numbers. Verizon New York Inc. responds to each data request
> below.
>
> 1) General description of service -- what is it?
> Verizon New York actually sells two products that
> would permit an ISP or CLEC to offer a "500" number feature to its
> customers: the PRI HUB service set forth in the NYPSC Tariff No. 1 (relevant
> portions attached) and IPRS service set forth in the FCC Tariff No. 11
> (relevant portions attached). Although Mr. Haynes testified about the PRI
> HUB service at the technical conference, Verizon New York has since learned
> that Verizon Online actually purchases the IPRS service from FCC Tariff No.
> 11. General descriptions of each product are contained in the respective
> tariff sections that are attached.
>
> 2) Scope of availability -- where is it currently
> available in New York?
> Verizon New York offers both products in New York.
> The hub locations for each service are concentration points for data traffic
> originating throughout each LATA where Verizon has a franchise. The hubs
> for the PRI HUB service are in the New York central offices identified in

> the attached list. Ten customers, in addition to Verizon Online, use the
> IPRS service in New York . Hub locations for the IPRS service are
> identified in the federal tariff. The hubs for the IPRS service in New
York
> are located in Albany, Binghamton, Buffalo, New York City Metro,
> Poughkeepsie, and Syracuse LATAs.
>
> 3) Pricing terms -- what are the specific price/cost
> elements?
> The specific pricing terms are set forth in the
> respective tariffs. IPRS is not available at a resale discount (FCC
Tariff).
> PRI HUB is available at a resale discount. Please note the following:
>
> IPRS: By purchasing the ports at the rates set forth
> in the federal tariff, the IPRS purchaser can send a call from the trunk
> side of the IPRS HUB central office to the Verizon Fast Packet Network.
The
> IPRS purchaser must also buy a connection into the Verizon Fast Packet
> Network in order to complete the call. Rates for these connections (i.e.,
> ATM or Frame Relay) are found elsewhere in Verizon's tariffs. IPRS rates
do
> not include the price of access to a phone line (i.e., the end user must
> still buy local phone service to get dialtone).
> PRI HUB: By purchasing the IOF at the rates in the
> NYPSC No. 1, the originating caller dialing an ISP served via a PRI HUB
> purchaser can send a call beyond the local calling area without incurring
> additional toll charges. A PRI HUB customer (CLEC/ISP) must also purchase
> dedicated high speed access facilities from the PRI HUB to the (CLEC/ISP)
> customer premises equipment in order to complete the call. PRI HUB rates
> do not include the price of access to a phone line (i.e., the end user
must
> still buy local phone service to get dialtone).
>
> 4) Do access charges apply if a call goes beyond the
> local calling area of the calling party?
> No.
>
> 5) Do terms, conditions, prices applicable to
> Verizon Online differ in any way from terms, conditions, prices available
to
> other ISPs or CLECs?
> No, Verizon Online purchases out of the FCC No. 11
> tariff which is available to all other customers (including but not
limited
> to CLECs and ISPs). In addition, as Mr. Haynes testified at the technical
> conference last week, a customer (including but not limited to a CLEC or
> ISP) could also purchase out of NYPSC No. 1 to obtain the PRI HUB service
in
> order to provide access to the Internet via a local call.
>
> <<Availability of PRI hub Service - GNAPs NY Data
> Request(v1).DOC>> <<NYtariff.pdf>> <<Tarrif1.pdf>>
> <<Tariff2.pdf>>
>
>
> Kimberly A. Newman
> HUNTON & WILLIAMS
> 1900 K Street, NW
> Suite 1200
> Washington, DC 20006
> (202) 778-2225
>
>

NY VZ CENTRAL OFFICES CONTAINING PRI HUBS

LATA	CENTRAL OFFICE	ADDRESS
132	Second Avenue	204 Second Avenue, Manhattan, NY 10003
132	Williamsburg	Brooklyn, NY 11201
132	Deer Park	85 West Second Street, Deer Park, NY 11729
132	Garden City	741 Zeckendorf Blvd., Garden City, NY 11530
132	White Plains	111 Main Street, White Plains, NY 10601
133	Poughkeepsie-Hamilton	20 South Hamilton Street, Poughkeepsie, NY 12601
133	Kingston	449 Broadway, Kingston, NY 12401
134	Albany-Washington Street	1161 Washington Avenue, Albany, NY 12206
134	Glenn Falls	314 Glenn Street, Glenn Falls, NY 12801
136	Ithaca-Pleasant Grove	Pleasant Grove Road, Ithaca NY 14850
136	Syracuse - State Street	201 South State Street, Syracuse, NY 13202
136	Utica - Genessee Road	280 Genessee Road, Utica NY 13502
138	Binghampton - Henry Street	64 Henry Street, Binghampton, NY 13901
138	Elmira	Wisner Park, Elmira, NY 14901
140	Buffalo - Franklin Street	65 Franklin Street, Buffalo, NY 14202
140	Hamburg	141 Main Street, Hamburg, NY 14075
140	Lockport	52 Walnut Street, Lockport, NY 14094

Verizon Telephone Companies, FCC Tariff No. 11, Access Service, Section 31, Internet Protocol Routing Service

17. Packet Switching Access Service (Cont'd)

17.5 IP (Internet Protocol) Routing Service

17.5.1 Service Description

The Telephone Company's IP (Internet Protocol) Routing Service, IPRS, provides for the collection, concentration and management of the customer's data traffic within a LATA. IPRS consists of network routers located at LATA hub sites that will collect the customer's end user data traffic and concentrate it for connection and transport over the Telephone Company's fast packet data network to a customer's designated location.

The customer has the option of utilizing, as a feature of IPRS, Single Number Routing (SNR) in lieu of local telephone numbers, which are included as part of IPRS. This option provides for all end users in a defined geographic area (i.e., a LATA) to have access to the customer via one specialized telephone number. The end user can initiate a call within the service area to the customer, and the call will be treated as a local call by the Telephone Company for the connection and duration of the call. This option (which is assigned USOC NSO1X) is part of the standard IPRS offering and is included in the rates and charges for IPRS at no additional charge.

The following two alternatives are offered to the customer under this option:

1. The Telephone Company will assign a Single Number Routing telephone number from a 500 NPA; or

2. The customer can provide the Telephone Company with its own 555-XXXX telephone number acquired from the North American Numbering Plan Administration.

For those customers that opt for Single Number Routing, the Telephone Company will provision either a single 500 or 555 telephone number. If the customer requests additional 500 or 555 telephone numbers, special assembly charges will apply.

17. Packet Switching Access Service (Cont'd)

17.5 IP (Internet Protocol) Routing Service (Cont'd)

17.5.1 Service Description (Cont'd)

IPRS provides two types of ports for the collection of end user data traffic. The port type(s) is/are determined by the method(s) chosen by the customer for access to its end user(s). The two port types are:

1. Dial-up Port

2. IPRS DS1/1.544 Mbps Port* (C)

The dial-up port type is intended for use with a single computer connection and not for connection to a Local Area Network (LAN).

IPRS does not include the end user access service. End user services and facilities are available from this and other public telephone network tariffs.

IPRS requires the use of RADIUS (Remote Authentication Dial-In User Service), a network security protocol, for the customer's authentication and authorization of its dial-up end user(s). See Section 17.5.2 following for technical references.

* Effective September 15, 2001, the IPRS DS1/1.544 Mbps Port will no longer be available for new service requests. (N) (N)

ACCESS SERVICE

17. Packet Switching Access Service (Cont'd)

17.5 IP (Internet Protocol) Routing Service (Cont'd)

17.5.3 Terms and Conditions (Cont'd)

(B)

LATA	Hub Wire Center	Service Availability
NY Metro	West 36th Street NYC	May 1999
Eastern MA	Franklin Street Boston	May 1999
NY Metro	White Plains	June 1999
NY Metro	Garden City	June 1999
NY Metro	West 18th Street NYC	September 2000
NY Metro	East 13th Street NYC	September 2000
NY Metro	East 79th Street NYC	December 2000
NY Metro	Hempstead	September 2000
NY Metro	Deer Park	September 2000
Albany	State Street Albany	July 1999
Albany	Clinton St. Schenectady	August 1999
P'keepsie	Hamilton Street	Sept. 1999
P'keepsie	Kingston	May 2000
Binghamton	Henry Street	July 1999
Binghamton	Corning	May 2000
Syracuse	Tioga St. Ithaca	August 1999
Syracuse	State St. Syracuse	July 1999
Buffalo	Amherst	August 1999
Buffalo	Franklin St. Buffalo	July 1999
Eastern MA	Bent St. Cambridge	July 1999
Eastern MA	Framingham	July 1999
Eastern MA	Worcester	Sept. 1999
Eastern MA	Brockton	February 2001
Eastern MA	Lawrence	February 2001
Western MA	Pittsfield	August 1999
Western MA	Springfield	July 1999
Maine	Augusta	June 1999
Maine	Portland	May 1999
Maine	Ellsworth	January 2001
Maine	Lewiston	December 2000
New Hamp.	Manchester	May 1999
New Hamp.	Nashua	June 1999
Rhode Isl.	Providence	July 1999
Rhode Isl.	Newport	August 1999
Vermont	Burlington	June 1999
Vermont	Montpelier	June 1999
Vermont	St. Johnsbury	October 2000
Vermont	Brattleboro	January 2001
Vermont	Rutland	January 2001

Certain regulations previously found on this page can now be found on Original Page 17-45.1.

ACCESS SERVICE

31. The Verizon Telephone Companies Rates and Charges (Cont'd)

31.17 Packet Switching Access Service (Cont'd)

31.17.6 IP (Internet Protocol) Routing Service

Port Category	USOC	Monthly Rate Per Port	Nonrecurring Charge
(A) Dial-up Port			
Month-to-Month			
Up to 75,500 Ports	PRLA6	$56.00	$35.00
Over 75,500 Ports		See 17.5.4 (H) preceding	
3-year Term			
Up to 9,660 Ports	PRLJ2	39.00.	0.00
Up to 16,100 Ports	PRLJ3	38.00.	0.00
Up to 32,200 Ports	PRLJ4	37.00	0.00
Up to 48,300 Ports	PRLJ5	36.00	0.00
Up to 64,400 Ports	PRLJ6	34.00	0.00
Up to 75,500 Ports	PRLJ8	32.00	0.00
Over 75,500 Ports		See 17.5.4 (H) preceding	
5-year Term			
Up to 9,660 Ports	PRLQ2	36.00	0.00
Up to 16,100 Ports	PRLQ3	35.00	0.00
Up to 32,200 Ports	PRLQ4	34.00	0.00
Up to 48,300 Ports	PRLQ5	33.00	0.00
Up to 64,400 Ports	PRLQ6	31.00	0.00
Up to 75,500 Ports	PRLQ8	29.00	0.00
Over 75,500 Ports		See 17.5.4 (H) preceding	

ACCESS SERVICE

31. The Verizon Telephone Companies Rates and Charges (Cont'd)

31.17 Packet Switching Access Service (Cont'd)

31.17.6 IP (Internet Protocol) Routing Service (Cont'd)

Non-chargeable Optional Features	USOC	Monthly Rate
(E) Single Number Routing Feature Per Customer	NSO1X	None
(F) Ten-Digit Number Trigger Per Customer	TGRAR	None

31.18 Reserved for Future Use

Verizon Telephone Companies, FCC Tariff No. 1, Access Service, Section 16.5, Internet Protocol Routing Service

ACCESS SERVICE

16. Packet Data Services (Cont'd)

16.5 IP (Internet Protocol) Routing Service (Cont'd)

16.5.3 Terms and Conditions

(A) IPRS is a hubbed service. IPRS wire centers are designated in (B) following.

(B)

LATA	HUB Wire Center
Washington	Arlington
Washington	Gaithersburg
Washington	Reston - Fox Mills
Washington	Waldorf
Washington	Washington, D.C.
Baltimore	Columbia
Baltimore	Crofton
Baltimore	Westminster
Baltimore	Towson
Roanoke	Roanoke
Roanoke	Blacksburg
Roanoke	Norton
Salisbury	Salisbury
Culpeper	Culpeper
Culpeper	Fredericksburg
Culpeper	Leesburg
Hagerstown	Fredrick
Hagerstown	Hagerstown
Hagerstown	Martinsburg
Norfolk	Aberdeen
Richmond	Chester
Philadelphia	Conshohocken
Philadelphia	Ardmore
Philadelphia	Springfield
Philadelphia	Hatboro
Philadelphia	Newtown
Philadelphia	Doylestown
Philadelphia	Pottstown
Philadelphia	Exton
Philadelphia	West Chester
Philadelphia	Reading
Philadelphia	Market
Philadelphia	Mountainville
Philadelphia	Perkasie
Altoona	Altoona
Altoona	Barnesboro
Altoona	State College
Lynchburg	Church Street

ACCESS SERVICE

16. Packet Data Services (Cont'd)

16.5 IP (Internet Protocol) Routing Service (Cont'd)

16.5.3 Terms and Conditions (Cont'd)

(B) (Cont'd)

LATA	HUB Wire Center
Pittsburgh	Downtown
Pittsburgh	Uniontown
Pittsburgh	Bethel Park
Pittsburgh	Washington
Pittsburgh	Greenburg
Pittsburgh	Robinson Township
Pittsburgh	Perrysville
Pittsburgh	Oakmont
Pittsburgh	Monroeville
Pittsburgh	Beaver Falls
Capital	Harrisburg
Capital	Lebanon
Capital	Millersville
Capital	Newark
Capital	Dover
Capital	Georgetown
North Jersey	New Brunswick
North Jersey	Toms River
North Jersey	Lakewood
North Jersey	Spring Lake
North Jersey	Middletown
North Jersey	Jamesburg
North Jersey	Woodbridge
North Jersey	Plainfield
North Jersey	Bernardsville
North Jersey	Madison
North Jersey	Newark 2
North Jersey	Little Falls
North Jersey	Cliffside park
North Jersey	Closter
North Jersey	Ramsey
North Jersey	West Milford
North Jersey	Succasunna
North Jersey	Washington
Delaware Valley	Collingswood
Delaware Valley	Camden
Delaware Valley	Ewing
Delaware Valley	Burlington
Delaware Valley	Mount Holly
Delaware Valley	Wenonah
Delaware Valley	Vineland
Atlantic Coastal	Ocean City
Atlantic Coastal	Hammonton
Atlantic Coastal	Pleasantville
Atlantic Coastal	Wildwood
Northeast	Scranton
Clarksburg	Clarksburg
Clarksburg	Morgantown
Charleston	Charleston
Charleston	Parkersburg

Attachment 3

Verizon Online's use of IPRS 500-699-9900 for "local" dial access to its Internet service

Please enter your area code and the first 3 numbers (the exchange) of your phone number:

Area Code	Exchange
603	255

Submit | Clear Form

Verizon Online local dial-up access numbers are available in these states :

- Connecticut
- Delaware
- Maine
- Maryland
- Massachusetts
- New Hampshire
- New Jersey
- New York
- Pennsylvania
- Rhode Island
- Vermont
- Virginia
- Washington DC

SHOULD BE LOCAL

Access Site	LATA Name	Standard Dial-up Number (for Verizon telephone customers only)	Alternate Dial-up Number	DSL in Area
Standard	New Hampshire NH	500-699-9900	*Not Available*	No

The Standard Dial-Up Number (500-699-9900) will be billed as a local call for Verizon local telephone customers only. If you select this number, and Verizon does not provide your local telephone service, Verizon Internet Services Inc. will **NOT** be responsible for any toll charges you incur.

If Verizon Communications Inc. does NOT provide your local telephone service, we can not provide a local dial-up number at this time. Any access would require toll or long distance charges.

Verizon Online is **NOT** responsible for any toll or long distance charges you incur while using its service.

Try Verizon Online today - 100% RISK FREE! To get started:

- Download Verizon Online registration software, or
- Use our online order form to request registration software to be mailed to you, or
- To request software by phone call us at **1-800-NET-2026.**
- If you're interested in ultra high-speed Internet access, see the above chart to find out if Verizon Online DSL is available in your area. Click here to find out if it's available to your home

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