BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 030851-TP

In the Matter of

IMPLEMENTATION OF REQUIREMENTS ARISING FROM FEDERAL COMMUNICATIONS COMMISSION'S TRIENNIAL UNE REVIEW: LOCAL CIRCUIT SWITCHING FOR MASS MARKET CUSTOMERS.

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VOLUME 8

Pages 1336 through 1464

PROCEEDINGS:	HEARING
BEFORE:	CHAIRMAN BRAULIO L. BAEZ COMMISSIONER J. TERRY DEASON COMMISSIONER LILA A. JABER COMMISSIONER RUDOLPH "RUDY" BRADLEY COMMISSIONER CHARLES M. DAVIDSON
DATE:	February 24, 2004
TIME:	Commenced at 9:35 a.m.
PLACE:	Betty Easley Conference Center Room 148 4075 Esplanade Way Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR
Official FPSC Reporter
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APPEARANCES: (As heretofore noted.)

I N D E X

WITNESSES

EXHIBITS

NUMBER:		ID.	ADMTD.
78	Exhibits to Prefiled Testimony of Verizon Hot Cut Panel as Indicated in the Prehearing Order	1342	

P R O C E E D I N G S

(Transcript follows in sequence from Volume 7.)

MR. CHAPKIS: The next Verizon witness is the Hot Cut Panel. The Hot Cut Panel filed direct, rebuttal and surrebuttal. The Hot Cut Panel initially consisted of Carleen A. Gray, Maryellen T. Langstine, Thomas Maguire, James McLaughlin, Michael A. Nawrocki and Larry G. Richter. John White ultimately adopted the testimony of Michael Nawrocki.

In terms of the surrebuttal testimony, we added a Julie A. Canny to the panel. This testimony -- in addition to the testimony and exhibits of Larry Richter, a member of the panel, filed an errata, and this morning another errata to the testimony of Larry A. Richter was filed. We would ask that the Hot Cut Panel direct, rebuttal and surrebuttal testimony be entered into the record as though read, and that the errata be entered into the record as well. So entered as amended, and that the exhibits thereto be marked as Composite Exhibit Number 78.

CHAIRMAN BAEZ: All right. I want to identify the members of the Hot Cut Panel for the record, but you've thrown 17 different names on me, so you're going to have to --

MR. CHAPKIS: I'll slow it down for you.

CHAIRMAN BAEZ: But we have the Hot Cut Panel consisting of Witnesses Langstine, Gray, Maguire, Nawrocki --

go ahead. This is where you lost me. Richter.

MR. CHAPKIS: I'm sorry. We've lost each other. How about if I start and we'll --

CHAIRMAN BAEZ: You enter it.

MR. CHAPKIS: We've got Carleen A. Gray, Maryellen T. Langstine, Thomas Maguire, James McLaughlin, Michael Nawrocki, but his testimony was adopted by John White ultimately.

CHAIRMAN BAEZ: Okay.

MR. CHAPKIS: Larry Richter. And then we also added in the surrebuttal round a Julie A., a Julie A. Canny.

CHAIRMAN BAEZ: Can you spell Canny for me?

MR. CHAPKIS: I believe it's spelled C-A-N-N-Y.

CHAIRMAN BAEZ: Okay. But for Witness Canny, the Hot Cut Panel had direct, rebuttal and surrebuttal; correct?

MR. CHAPKIS: Yes, sir.

CHAIRMAN BAEZ: Okay. Let's see if I get this straight. The direct, rebuttal and surrebuttal of the Hot Cut Panel consisting of Witnesses Gray, Langstine, Maguire, McLaughlin, Nawrocki adopted by White, and Witness Richter, as well as the surrebuttal of Witness Canny, including errata, shall, without objection, be entered into the record as though read.

The collective exhibits attached to such testimony shall be identified as Composite 78. Did I get everybody,

Mr. Chapkis?

MR. CHAPKIS: I have that -- I believe that's correct and that's everything for Verizon.

(Exhibit 78 marked for identification.)

I. INTRODUCTION

A. Purpose And Scope Of The Testimony

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. This testimony is submitted on behalf of Verizon Florida ("Verizon") in response to the FCC's Triennial Review Proceeding. In its *Triennial Review Order*,[1] the FCC found that, in some markets, the current hot cut process, used to transfer loops from incumbent switches to CLEC switches, can pose operational and economic barriers to CLECs deploying their own switches. *Triennial Review Order* ¶ 465. The FCC determined that the hot cut process could be improved if cutovers were offered on a bulk basis. *Id.* ¶ 474. Accordingly, as a precursor to the elimination of UNE-P in particular markets, the FCC directed state commissions to either approve and implement a batch cut process or issue detailed findings that the current hot cut processes do not give rise to impairment in a market, making a batch cut process unnecessary. *Id.* ¶ 490. The FCC directed states to decide the appropriate volume of loops to be included in the batch and to approve the specific process to be employed in performing batch cuts. As the FCC noted, "the process adopted will necessarily vary based on the relevant incumbent's particular design and cut over practices." *Id.* ¶ 489. Accordingly, this testimony addresses four principal issues:

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[1] Report and Order and Order on Remand and Further Notice of Proposed Rulemaking, *In the Matter of Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Deployment of Wireline Services Offering Advanced Telecommunications Capability*, FCC 03-36, CC Docket Nos. 01-338, 96-98, 98-147 (rel. Aug. 21, 2003) ("*Triennial Review Order*").

- The nature of the hot cut processes that Verizon will soon offer — a "basic" process and a Project, or Large Job, process, both utilizing the Wholesale Provisioning and Tracking System ("WPTS").
- A new "batch" hot cut process that Verizon proposes to offer in response to concerns raised in the FCC's *Triennial Review Order*.
- The TELRIC cost of providing "basic," "Large Job," and "batch" hot cuts and proposed rates for these processes.
- The "scalability" of Verizon's hot cut processes — *i.e.*, Verizon's ability to handle the level of hot cut activity expected if unbundled local switching (and therefore the combination of unbundled network elements known as the UNE Platform, or "UNE-P") were eliminated as a competitive provisioning alternative.

B. The Witnesses

Q. WHO IS SPONSORING THIS TESTIMONY?

A. This testimony is offered by a witness panel consisting of (in alphabetical order):

- Carleen A. Gray
- Maryellen T. Langstine
- Thomas Maguire
- James L. McLaughlin
- Michael A. Nawrocki
- Larry G. Richter

The background and qualifications of each of these witnesses are set forth in Exhibit I-A to this testimony.

While all members of the Panel have reviewed and agree with this testimony in its entirety, each Panel member assumed primary responsibility for specific segments of the testimony. Each Panel member relies on the facts and analyses developed by the other Panel members in their areas of primary responsibility.

C. Organization Of The Testimony

Q. PLEASE DESCRIBE THE ORGANIZATION OF THIS TESTIMONY.

A. The testimony is divided into four parts (of which this is the first), each addressing a separate subject area. The parts, and the witnesses principally responsible for the discussions in each part, are as follows:

- PART I (Introduction): This section is submitted on behalf of the entire Panel.
- PART II (Hot cut processes): Messrs. Maguire and Nawrocki, along with Ms. Langstine and Ms. Gray are principally responsible for this section of the testimony. Mr. Maguire provides expertise on operational issues, Mr. Nawrocki addresses technical and engineering issues, Ms. Langstine provides expertise on Operations Support Systems ("OSS"), and Ms. Gray is responsible for product management issues.
- PART III (Hot cut costs and rates): Mr. Richter and Ms. Gray are principally responsible for this section of the testimony. Mr. Richter addresses cost issues and Ms. Gray addresses rate structure and rate application issues.

- PART IV (Hot cut scalability): Messrs. McLaughlin and Maguire, along with Ms. Langstine, are principally responsible for this section of the testimony.

Each part is accompanied by one or more exhibits, each of which is numbered to indicate the specific Part of the testimony to which it relates, and the exhibit sequence within that Part. Thus, Exhibit I-A is the first exhibit to this Part I of the testimony; and Exhibit II-B is the second exhibit to Part II. These exhibits include worksheets, tabulations of backup data, relevant diagrams and flowcharts, and the electronic spreadsheet models used in preparing particular portions of the testimony.

For convenience, we provide in Exhibit I-B a complete list of Exhibits, and, in Exhibit I-C, definitions of certain acronyms used throughout this testimony.

D. Overview Of The Testimony

Q. PLEASE SUMMARIZE THE CONCLUSIONS THAT VERIZON REACHES IN THIS TESTIMONY.

A. Verizon's principal conclusions are as follows:

- The hot cut processes that Verizon currently offers or will shortly begin offering in Florida provide CLECs with a range of effective and efficient options that utilize current technology and comply with Verizon's obligations under this Commission's orders and under the FCC's *Triennial Review Order*. These include a "batch" hot cut process that complies with the requirements of FCC Rule 319(d)(2)(ii).

- Verizon's cost studies demonstrate the efficiencies associated with the use of forward-looking systems such as the Wholesale Provisioning Tracking System ("WPTS"). These efficiencies are reflected in Verizon's batch cut costs and proposed rates.
- Verizon's current hot cut processes as well as the new batch cut process are "scalable," in that they can handle the volume of hot cuts predicted for a post-UNE-P environment.

II. HOT CUT PROCESSES

A. Purpose Of Testimony

Q. WHAT IS THE PURPOSE OF THIS PART OF VERIZON'S TESTIMONY?

A. The purpose of this Part of the testimony is to describe the processes that Verizon currently uses for performing hot cuts, as well as an additional "batch" hot-cut process that it will be introducing in the near future.

B. Background

1. Definition of a "Hot Cut"

Q. WHAT IS A HOT CUT?

A. Although there may be unique hot cut processes utilized by the different incumbent local exchange carriers ("ILEC"), the term "hot cut" is used in the local exchange industry as a generic term to describe the near-simultaneous disconnection of a Verizon working loop from a port on one carrier's switch, and the reconnection of that loop to a port on a different carrier's switch, without any

significant out-of-service period.[2] Initially, the loop may be any of: (a) a Verizon retail loop, (b) a loop being used to provide resold service, (c) a part of a UNE-P arrangement, or (d) a UNE-L connected, through a CLEC collocation arrangement, to a CLEC switch, and being used by that CLEC to provide local exchange service to one of its customers. After the cutover, the loop would generally be a UNE-L connected through to a different CLEC switch.

A simplified diagram of the basic physical connections and disconnections involved in a typical hot cut is provided in Exhibit II-A.

Q. HOW DO VERIZON'S COORDINATED HOT CUT PROCESSES AVOID ANY SIGNIFICANT OUT-OF-SERVICE PERIOD FOR THE CUSTOMER BEING CUT OVER?

A. Continuity of service is maintained through the continuous exchange of information concerning the status of the migration between the CLEC that will provide service after the cutover, Verizon's Regional CLEC Coordination Center ("RCCC"), and Verizon's frame technicians.

In addition to this exchange of information, most of the necessary connections are pre-wired in order to reduce the time required for the actual cutover and thus to minimize the duration of any out-of-service condition. (The connections that

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[2] Verizon employs two different types of coordinated hot cuts: a "coordinated conversion" and a "hot cut coordinated conversion." The only difference between the two basic processes is that, for a "hot cut coordinated conversion," there is a live, continuous conference call during the entire process, so that the CLEC stays on line with Verizon through out the migration, whereas in the coordinated conversion Verizon contacts the CLEC only before proceeding with the work and again after the work is complete. For purposes of this testimony, we will refer to both "coordinated conversions" and "hot cut coordinated conversion" as "basic" hot cuts. In addition, Verizon offers a non-coordinated migration that will not be discussed in this filing as it is more analogous to the provisioning of a new loop.

are pre-wired prior to the "due date" of the cut (*i.e.*, prior to the day on which the cut is actually made), and those that are made and broken on the due date itself, are identified in Exhibit II-A.

Finally, on the "due date" of the hot cut, Verizon ensures that the CLEC is ready to move forward with the migration, checks the status of the line at the time of the cutover in order to ensure that no call is in progress, and immediately notifies the CLEC when the wires have been moved.

Q. WHY IS THIS COORDINATION BETWEEN VERIZON AND THE CLEC NECESSARY?

A. Coordination is necessary for two reasons. First, some form of coordination is necessary to ensure that dial tone is available on the new provider's switch port at the time of the cutover. This ensures continuity of the customer's ability to make outgoing calls.

Second, coordination is necessary to ensure that the customer's number is ported immediately after the Verizon frame technician completes the cut. This ensures continuity of the customer's ability to receive incoming calls. *See Triennial Review Order* ¶ 465 n.1409. Although there are various steps involved in local number porting, the key step is notification of the Number Portability Administration Center ("NPAC") that the physical transfer of the customer to the new provider's switch has been completed and that the number can therefore be ported. This final notification cannot be made before the cutover — because that would prevent the customer from receiving incoming calls before the cutover — but it must be made as soon as possible after the cutover. Under current

coordinated conversion procedures, this notification is submitted by the new local service provider.

Q. IN DEFINING HOT CUTS, YOU INDICATED THAT THE FINAL STATE OF THE CUT-OVER LOOP WOULD GENERALLY BE AS A UNE-L ARRANGEMENT CONNECTED THROUGH TO A CLEC SWITCH. WHY DID YOU EXCLUDE CASES IN WHICH THE CUSTOMER IS BEING TRANSFERRED FROM A CLEC TO VERIZON'S RETAIL SERVICE?

A. Although the process used for such "winbacks" is similar in many ways to the standard Verizon-to-CLEC hot cut process, it also differs from it in one very significant respect. Specifically, in a winback cutover, little or no coordination is required between Verizon and the CLEC. As discussed above, coordination is required in a standard hot cut in order to ensure that dial tone is available from the customer's new carrier, and that the customer's number is ported, at the time the loop is cut over. In a winback scenario, however, the new dial tone is being provided by Verizon, and it is Verizon that submits the final authorization to port the customer's number. It is also Verizon, of course, that performs the physical wiring work that completes the hot cut. Thus, winbacks primarily require coordination *within* Verizon rather than coordination between Verizon and a CLEC.

Winbacks differ from standard Verizon-to-CLEC hot cuts in another way as well. For example, Verizon is not always able to obtain from the CLEC that is losing the customer the circuit identification information necessary for a successful

cutover. In such cases, Verizon has no choice but to provision the customer's service on a separate line.

For purposes of this testimony, we will refer to a cutover that occurs as part of a winback as a "reverse" hot cut.

Q. ARE REVERSE HOT CUTS ADDRESSED IN THIS TESTIMONY?

A. Only to a limited extent. Since a winback is in most respects a retail service, rather than a service provided to a CLEC, the manner in which that service is provided is not part of this proceeding and thus is not addressed in this testimony. However, reverse hot cuts are appropriately taken into account in Verizon's scalability analysis, since they are part of the additional work load that would result from the elimination of UNE-P, and would use some of the same resources as standard hot cuts.

2. Hot Cuts of IDLC-Equipped Loops

Q. WHAT IS INTEGRATED DIGITAL LOOP CARRIER ("IDLC") TECHNOLOGY?

A. IDLC is a loop provisioning technology. In IDLC-equipped loops, the electrical signal generated by the end user's customer premises equipment is converted into a channelized, digital, DS0 format at a Remote Terminal ("RT"). The DS0 channels are then multiplexed, in groups of 24, into DS1 signals, and are transported to the central office over a fiber feeder or other high-speed digital feeder facility. At the central office, the feeder facility is terminated and IDLC traffic is routed as DS1-level signals directly to the digital line ports on the switch. Since in IDLC technology voice traffic is delivered to the central office and into

the switch as a multiplexed, DS1-level signal, there is no direct appearance of individual analog voice grade loops in the central office.

Q. WHAT IS THE RELEVANCE OF IDLC TECHNOLOGY TO HOT CUTS?

A. Although IDLC is a well-accepted and efficient means to deliver voice traffic over a digital loop carrier system to a digital switch, there is no technically feasible, practicable means of obtaining access to individual voice-grade loops at the central office when such loops are provisioned over an IDLC system. Accordingly, before a customer served by an IDLC-equipped loop can be cut over to a switch-based CLEC, the customer must be shifted from an IDLC-equipped loop to an all-copper loop or to a loop served via Universal Digital Loop Carrier ("UDLC") technology (which, unlike IDLC, can be unbundled in the central office).

Q. HOW IS THIS CHANGE IN FACILITIES ACCOMPLISHED?

A. In the case of IDLC-equipped loops, a field operations technician must be dispatched to the Serving Area Interface ("SAI") associated with the copper distribution pair that serves the customer. (Because the SAI is part of the outside loop plant, such dispatches are referred to as "outside" dispatches.) The distribution pair for an IDLC-equipped loop is cross-connected at the SAI to a copper "sub-feeder" pair that is in turn connected to IDLC electronics at the RT. In order to permit a hot cut to be made, the distribution pair must be moved at the SAI so that it will be cross-connected either to a pair in a copper feeder system, or to a sub-feeder pair associated with a UDLC system in the RT. This is illustrated in Exhibit II-B-1.

If spare copper or UDLC facilities are not available at the SAI, then a "line and station transfer" ("LST"; also known as a "pair swap") may be required. In an LST, the technician moves *another* Verizon retail customer from copper or UDLC facilities to IDLC equipment. The customer for whom the hot cut was requested can then be moved to the freed-up copper or UDLC facilities. This is illustrated in Exhibit II-B-2. Indeed, in some cases, even more complex rearrangements of the outside plant will be required in order to free up copper or UDLC facilities. Generally, all necessary connections at the central office are pre-wired before the customer's service is cut over in the field on the due date.

Q. HOW DOES THIS AFFECT THE HOT CUT PROCESS?

A. The outside dispatch that is required must be coordinated with the other activities involved in the cut to ensure that the cut can be made on the due date. For example, a hot cut for an IDLC-equipped loop will be scheduled for a morning or afternoon appointment, rather than for a specific time, because of variability in the travel conditions and other factors that may affect the time required for the outside technician to reach the SAI.

3. Organizations Involved in Implementing Hot Cuts

Q. PLEASE IDENTIFY THE VERIZON ORGANIZATIONS INVOLVED IN PERFORMING A HOT CUT.

A. The principal operations and personnel at Verizon that are involved in implementing a hot cut and performing hot-cut related activities for all Verizon hot cut processes discussed below are:

- The National Market Center ("NMC"), which is responsible for processing Local Service Requests ("LSRs") that are submitted by the CLECs.
- The RCCC, which "project manages" the hot cut process and ensures proper coordination between Verizon and the CLEC.
- The Assignment Provisioning Center (the "APC"), which handles facility assignment issues related to the migration request, such as ensuring that an alternative facility (copper or UDLC) is available if necessary.
- The frame technicians at the Central Office where the cut is performed.
- Field technicians (where outside dispatches are required).
- The Recent Change Memory Administration Center ("RCMAC"), which is responsible for removing the translations from Verizon's switch once a Verizon-to-CLEC cutover is complete (thus terminating the provision of Verizon dial tone to the customer).
- The Local Number Portability Center ("LNPC"), which handles Verizon activities related to the porting of the customer's number.

4. Verizon's Hot Cut Processes Satisfy the Forward-Looking Technology Standard

Q. DOES VERIZON UTILIZE THE MOST EFFICIENT TECHNOLOGY CURRENTLY AVAILABLE FOR PERFORMING HOT CUTS?

A. Yes, each of the hot cut processes employed by Verizon utilizes the most efficient technology that is currently available.

Q. PLEASE EXPLAIN THE BASIS FOR THAT CONCLUSION.

A. Any consideration of hot cuts must begin with the understanding that they require physical disconnection and connection of wires, and that wiring is inherently a manual process. Contrary to the assertions that CLECs have made in numerous forums, Verizon is aware of no viable, technically feasible, practical option for automating the wiring function out of existence. *See Triennial Review Order* ¶ 465 n. 1409 (referring to a hot cut as a "largely manual process requiring incumbent LEC technicians to manually disconnect the customer's loop, which was hardwired to the incumbent LEC switch, and physically re-wire it to the competitive LEC switch . . . .").

Q. SOME CLECS HAVE SUGGESTED THAT THE WIRING PROCESS IN THE CENTRAL OFFICE COULD BE COMPLETELY AUTOMATED BY SYSTEMS THAT USE ROBOTIC TECHNOLOGY TO MAKE AND BREAK CONNECTIONS AT THE FRAME. PLEASE COMMENT ON THIS CLAIM.

A. Devices do exist that automatically make copper-to-copper physical connections between any of a set of input positions and any of a set of output positions. For the most part, Verizon utilizes these devices in small, unstaffed central offices that serve an average of a few thousand lines (and in which, incidentally, there is minimal if any collocation). (Examples are central offices in such towns as Aripera, Casper, Gulfside, Lake Deeson and Willow Oak.) By enabling Verizon to make cross-connections automatically and remotely, such devices reduce the need for frame technicians to travel to those offices.

However, such devices cannot be efficiently scaled up to serve larger central offices. Indeed, the largest cross-connect matrix of which we are aware can

make connections between a set of about 5,000 input and output pairs — far smaller than the number of pairs served by even a moderately-sized central office. In order to manage central offices of larger than 5,000 lines, the only solution at present is to divide a Main Distributing Frame ("MDF") into "zones" roughly the size of the cross-connect system. Obviously, for true "any-to-any" connectivity to be available in such an arrangement, extensive cross-connections would be necessary *between* the individual "zones." For larger central offices, the number of zones necessarily increases, as does the number of positions on the cross-connect device that would have to be devoted to inter-zone connections. In Verizon's judgment, this need for partitioning, and for cross-connections between the partitioned zones, would render such devices unusable for large-scale central offices. The only theoretical alternative to this sort of daisy-chaining would be to segment the wire center so that certain lines could be connected only to certain ports or POT bay appearances, and this would not be a viable option for CLECs that want the ability to access *any* feeder pair served by the central offices in which they collocate.

Moreover, although automated cross-connect devices are capable of connecting and disconnecting circuits automatically, manual wiring would still be required, where such devices are used, to establish connectivity from the MDF through the automated system to the loops served by the central office. There are two choices for establishing this connectivity. First, the necessary connections could be established on an as-needed basis. In that scenario, however, the need for a manual connection in order to implement a CLEC interconnection request would

not be eliminated. (MCI has acknowledged that such a strategy would not make any sense.) Second, the loops served by the central office could all be pre-wired to the automated system and the automated system could be pre-wired to the MDF. Thus, in addition to the vendor cost of an automated system sufficiently large to be connected to all of the loops in a central office, Verizon would also incur substantial costs in pre-wiring the necessary connections. Those costs, of course, would appropriately be borne by the cost causers — *i.e.*, the requesting CLECs. Even then, though, Verizon may fail to recover the capital costs associated with pre-wiring if CLECs can avoid using the service or services whose rates are set to recover those costs.

For these reasons, automated cross-connect devices are neither feasible nor cost-effective for use in the larger central offices that support virtually all of the collocation and hot cut activity in Verizon's network. Verizon, of course, closely monitors new product offerings from its vendors, and when any promising new device appears, evaluates it for its ability to reduce costs and improve performance. As yet, no automated cross-connect device has appeared that can efficiently eliminate the need for manual work in cross-connecting a UNE loop to a CLEC's POT bay in a large central office.

Q. CLECS HAVE ALSO SUGGESTED THAT THROUGH APPROPRIATE USE OF GR-303 TECHNOLOGY, VERIZON COULD IMPLEMENT "ELECTRONIC LOOP PROVISIONING," THROUGH WHICH LINES COULD BE CUT OVER BETWEEN SWITCH PROVIDERS ON A SOFTWARE BASIS, WITHOUT

REQUIRING ANY PHYSICAL CONNECTION OR DISCONNECTION WORK. PLEASE COMMENT ON THIS CLAIM.

A. The concept of using GR-303 technology to accomplish Electronic Loop Provisioning is flawed from both a technical and a practical implementation standpoint.

First, GR-303 technology does not support multi-carrier applications such as the cutover of loops between switch providers. While GR-303 vendor products do support the existence of multiple interface groups between the remote terminal and the digital switch, they do not support control of, and access to, the GR-303-compliant RT electronics by more than one carrier. GR-303 technology requires a high degree of sophisticated real-time coordination between the digital switch, the RT electronics, and the associated OSS. Thus, multi-carrier access to a GR-303 system would require partitioning of control, security, provisioning, and testing functions, as well as other measures that would prevent carriers from inadvertently or intentionally interfering with each others' services. At this time, Verizon is not aware of any vendor solution — much less one supported by industry-wide standards bodies — that would address these issues.

Second, even if these issues were somehow solved, it is unlikely that CLECs would be willing to underwrite the cost of pre-provisioning multiple DS1 connections to every next generation digital loop carrier system in the office, which is what would be required — at a minimum — to enable electronic provisioning of GR-303 loops.

Q. HAVE OTHER ELECTRONIC LOOP PROVISIONING ALTERNATIVES BEEN PROPOSED?

A. Yes. A number of proposals, differing in various technical details, have been floated in various regulatory proceedings. We are not aware of any that provide a feasible, practical, cost-effective means of eliminating the need for hot cuts in Verizon's network. For example, a form of Electronic Loop Provisioning that had been proposed by AT&T was considered by the FCC in its *Triennial Review* proceeding. The FCC concluded that the feasibility of the proposal had not been established. The FCC cited evidence that an effective Electronic Loop Provisioning process would require "a fundamental change in the manner in which local switches are provided" and "dramatic and extensive alterations to the overall architecture of every incumbent LEC local telephone network," at a cost estimated at more than $100 billion. The FCC accordingly rejected the proposal, stating that "the record in this proceeding does not support a determination that electronic provisioning is currently feasible." *Triennial Review Order* ¶ 491 & n. 1517.

Q. IN WHAT SPECIFIC RESPECTS ARE VERIZON'S HOT CUT PROVISIONING PROCESSES EFFICIENT, TECHNOLOGICALLY UP-TO-DATE, AND FORWARD-LOOKING?

A. First of all, the *ordering* of a hot cut makes use of Verizon's electronic ordering interfaces and up-to-date, highly efficient OSS. In addition to providing a means of transmitting the LSR from the CLEC, Verizon's OSS move a sizable portion of properly completed LSRs through the service order generation process and, in

turn, move these orders through the assignment process and into the RCCC, thus obviating the need for manual order processing in the NMC and manual assignment by the APC.

In addition, Verizon is in the process of implementing the Wholesale Provisioning Tracking System ("WPTS") in its West territory — a web-based system that has enjoyed great success in the East region.

Q. WHAT IS WPTS?

A. WPTS is a system that was created by Verizon to assist the CLEC community, the RCCC, and Verizon's frame organization in the coordination functions associated with hot cuts. It automatically retrieves information on hot cut orders from Verizon's OSS, and serves as a "clearinghouse" for a wide range of data on the progress of those orders. At appropriate points, it automatically forwards work for review and verification to the CLEC and to Verizon's RCCC. It provides a secure web site on which a CLEC (and authorized Verizon personnel) can view (and download) status information. It also provides a platform for the delivery of messages between Verizon and the CLEC, in most cases eliminating the need for telephone calls. The system thus helps to ensure that all key steps of the hot cut process are properly completed and that all necessary communications between the CLEC and Verizon work teams occur effectively and at minimum cost.

Q. IS WPTS UTILIZED BY OTHER INCUMBENT LECS?

A. No. WPTS was developed by Verizon as an enhancement to its hot cut process, and it is unique to Verizon. Other ILECs have expressed interest in the system.

Q. ARE THERE ANY OTHER BENEFITS TO WPTS?

A. Yes. Aside from its role in facilitating the exchange of information between Verizon and the CLEC, WPTS also allows frame technicians to communicate electronically with the RCCC (and directly with the CLEC) about CLEC dial tone issues, the CLEC's willingness to proceed with the cut (the "go-ahead"), and the completion of wiring work. As a further enhancement to WPTS, Verizon is currently using handheld devices on a trial basis; those devices provide frame technicians with more rapid and convenient access to WPTS and other systems.

5. Specific Hot Cut Processes Utilized By Verizon

Q. WHAT SPECIFIC HOT CUT PROCESSES ARE OFFERED BY VERIZON?

A. Verizon currently uses two separate, though closely related, hot cut processes: a "Basic" and a "Project" or "Large Job" process. In addition to these proven processes, Verizon has developed a new process that we refer to as a "Batch" hot cut process. These three processes are described in greater detail below. It should be noted that no additional special hot cut processes exist, or are required, for different types of migrations (Verizon-to-CLEC v. CLEC-to-CLEC; Verizon retail (or resale)-to-UNE-L v. UNE-P to UNE-L), for different types of end users (*e.g.*, residential v. business), or for orders submitted in different ways (*e.g.*, via Wholesale Internet Service Engine, or "WISE" or via Electronic Data Interface, or "EDI"). Simply put, a hot cut is a hot cut.

Q. CAN VERIZON PERFORM CLEC-TO-CLEC HOT CUTS WITH ITS BASIC HOT CUT PROCESS?

A. Yes. The only problem such cuts raise is the practical one referred to above in connection with winbacks — in some cases, necessary circuit ID information is not available to Verizon.

C. The Basic Hot Cut Process

Q. WHAT IS VERIZON'S "BASIC" HOT CUT PROCESS?

A. Although this process is also sometimes described as the "individual" hot cut process, that is something of a misnomer, since the process is not limited to orders for one loop or even a small number of loops. Rather, it is Verizon's default, generally applicable hot cut process.

Although, as described below, Verizon has a separate "Project" process, that process only applies if the CLEC is willing and able to group orders by central office or collocation arrangement, and chooses to submit the orders in that manner. In the normal course of business, however, even in periods of high volume, orders are generally handled through the basic process.

Q. PLEASE DESCRIBE THE BASIC PROCESS.

A. A flowchart describing the process is provided as Exhibit II-C-1.

Q. PLEASE DESCRIBE THE INITIAL PROCESSING OF ORDERS IN THE BASIC PROCESS.

A. The process itself is relatively straightforward. The CLEC submits a LSR via WISE or EDI to Verizon, indicating that it wishes to use the existing loop to serve the customer. A properly completed LSR will generate three related Verizon service orders:

- A disconnect or "out" ("O") order, for example, to discontinue the existing retail service where the customer was originally a Verizon retail customer.
- An install ("I") order to establish the UNE-L for the CLEC and send a message to NPAC before the due date indicating that the end user's telephone number will be ported to the CLEC.
- A record order, if requested, to establish listing information.

The LSR will either electronically flow through Verizon's ordering systems, be routed to the NMC for manual processing (assuming that there are issues that can be addressed by the NMC representative), or be rejected back to the CLEC for additional work.

Q. PLEASE DESCRIBE THE ROLE PLAYED BY THE RCCC AND THE RCMAC IN THE PROCESSING OF A HOT CUT ORDER.

A. The RCCC takes the "I" and "O" orders referred to above, and makes sure that they are processed to completion. The "I" order generates the physical hot cut wiring activity. The "O" order flows automatically for RCMAC processing after the hot cut is complete.

Q. PLEASE DESCRIBE THE ROLE PLAYED BY THE APC.

A. The APC handles facility assignment issues for the "I" and "O" orders. For example, the APC addresses orders that fall out of the assignment process because of facilities problems. In the case of loops using IDLC technology, the APC must find and assign alternative copper or UDLC facilities, for the reasons discussed above.

Q. PLEASE DESCRIBE THE PRE-WIRING PROCESS.

A. Prior to the due date for the hot cut, the frame technician generally runs a jumper or cross connect wire from the appearance of the CLEC's collocation facility assignment on Verizon's frame, to the appearance of the end user's loop on the MDF. At this time the technician will determine that the CLEC dial tone is working and that there are no apparent problems with the loop. The technician will also use the Automatic Number identification (ANI) or Automatic Number Announcement (ANAC) tool to ensure that they are working on the correct TN coming from the CLEC's collocation appearance and the Verizon switch. If there are any problems, the frame technician will advise the RCCC and, if necessary, the CLEC.

Q. PLEASE DESCRIBE THE ACTIVITIES THAT OCCUR ON THE DUE DATE.

A. The CLEC will advise Verizon that it is willing and able to process the cut. Upon receipt of this "go-ahead" confirmation, the frame technician will check once again for the presence of CLEC dial tone. If the end user is using the line, the technician will wait for the line to go idle. Once the lines are properly checked, the technician will lift off the jumper going to the Verizon switch and cut down the wire connected to the CLEC switch, thus completing the process of connecting the loop through to the CLEC switch. Once this cutover is complete, the technician will advise the RCCC and CLEC and complete all required internal processes.

Q. PLEASE EXPLAIN VERIZON'S "THROWBACK" PROCESS.

A. In the event that for some reason the CLEC cannot accept the customer once the wiring work is complete, the CLEC will ask Verizon to put everything back the way it was prior to the hot cut.

Q. HOW DOES THE PROCESS DESCRIBED ABOVE DIFFER WHEN THE HOT CUT ORDER RELATES TO AN IDLC-EQUIPPED LOOP?

A. On IDLC cuts, the frame technician will wire the CLEC dial tone to the alternative facility identified by the APC. A field operations technician will be dispatched to the customer's SAI to ensure that the alternate facility (copper or IDLC) is in working order. If it is not in working order, the field technician will search for a suitable alternative. On the due date, a field technician will perform the final cutover in the field at the SAI.

Q. HOW IS THE PROCESS MODIFIED IF THE CLEC NOTIFIES VERIZON THAT IT IS NOT READY TO PROVIDE DIAL TONE OR IF VERIZON OTHERWISE DETERMINES THAT DIAL TONE IS NOT AVAILABLE AT THE TIME OF THE CUTOVER?

A. In the event that the CLEC is not in a position to provide dial tone, Verizon will ask the CLEC to submit a supplemental LSR to either cancel the request or push it into a future date. At the same time Verizon will push its disconnect order into the future so as to ensure that the customer does not get erroneously disconnected from the Verizon switch.

Q. HAS VERIZON'S HOT CUT PROCESS BEEN EVALUATED BY A THIRD PARTY?

A. Yes. Verizon's hot cut process has been evaluated in numerous Section 271 cases. In addition, since November 2002, both the basic hot cut process discussed above and the "Large Job" ("Project") process discussed below have been certified by the International Organization for Standardization ("ISO"), a "network of national standards institutes from 147 countries working in partnership with international organizations, governments, and industry, business. and consumer representatives." (http://www.iso.ch/iso/en/ ISOOnline.openerpage) ISO 9000 is a set of generic management system standards. "Management systems standards," according to ISO, "provide the organization with a model to follow in setting up and operating the management system. This model incorporates the features on which experts in the field have reached a consensus as representing the international state of the art. A management system which follows the model – or 'conforms to the standard' – is built on a firm foundation of state-of-the-art practices." (www.iso.ch/iso/en/iso9000-14000/basics/general/basics_3.html) More particularly, ISO 9000 is a family of "quality management" standards. "[T]he standardized definition of quality refers to all those features of a product (or service) which are required by the customer. 'Quality management' means what the organization does to ensure that its products or services satisfy the customer's quality requirements and comply with any regulations applicable to those products or services." (www.iso.ch/iso/en/ iso9000-14000/basics/general/basics_4.html). Verizon is audited every six months in

order to retain its ISO certification. In fact, in May of this year Verizon attained recertification under the latest ISO standards

D. The "Large Job" ("Project") Hot Cut Process

1. In General

Q. WHAT IS VERIZON'S "LARGE JOB" HOT CUT PROCESS?

A. In the ordinary course of business, Verizon uses the basic hot cut process, described above, for orders of varying sizes, some of them quite large. However, Verizon does employ a separate process in cases in which CLECs are willing to aggregate their orders by central office and due date, or if Verizon is able to aggregate multiple CO-specific orders on behalf of the CLEC. Verizon refers to this as the Large Job, or Project, Hot Cut Process. (It has sometimes been referred to informally as the "bulk" hot cut process, however we do not use that term in this testimony.)

Q. PLEASE PROVIDE A BASIC DESCRIPTION OF THE LARGE JOB PROCESS.

A. The CLEC initiates the Large Job process by contacting Verizon (either its Account Manager or the NMC) to request Project Coordination treatment for a group of orders. The Verizon contact then negotiates a due date with the CLEC and the frame organization. In order to allow for quick identification of the individual orders in the job, the CLEC submits LSRs whose Purchase Order Numbers ("PONs") all start with the same four characters. All orders in the job that are in a particular central office and have a particular due date will be assigned to a single RCCC coordinator.

A flow chart describing the steps in the Large Job process is provided in Exhibit II-C-2.

Q. HOW DOES THE LARGE JOB PROCESS DIFFER FROM THE BASIC HOT CUT PROCESS?

A. In most respects, including particularly the wiring work required, the two processes are identical. The principal differences lie in the facts that in the Large Job Process: (a) the due date is negotiated rather than being the five business day standard interval; (b) a single PON prefix is assigned to all orders included in the Project, as described above; (c) loops included in a Project are typically cut over after normal business hours.

Q. WHY ARE DUE DATES FOR LARGE JOBS SET THROUGH NEGOTIATION, RATHER THAN THROUGH THE USE OF A FIXED, STANDARD INTERVAL?

A. The negotiation process enables Verizon to schedule Large Job work in a way that makes the most efficient use of its force. However, the company is currently evaluating the implementation of an automated scheduling system for Large Jobs, similar to the approach used for some types of field dispatchable UNE orders.

Q. PLEASE DESCRIBE THE DUE DATE COORDINATION PROCESS FOR LARGE JOBS AND THE MANNER IN WHICH IT DIFFERS FROM THE EQUIVALENT PROCESS FOR BASIC HOT CUTS.

A. Some CLECs have indicated that they prefer to be notified of the completion of each cut in the Project while others may look for groups of cuts to be completed before they are notified. Notification takes place by telephone.

Q. HOW ARE IDLC LINES TREATED IN THE CONTEXT OF LARGE JOBS?

A. This is another aspect of the Large Job process that will be changed as a result of discussion at the recent New York Hot Cut Workshops. Originally, Verizon did not handle lines that would require an outside dispatch (such as IDLC-equipped lines) as part of a Project, opting instead to handle them as a basic hot cut. This is due to the need to dispatch a field technician to the SAI.

Q. IN WHAT RESPECTS DOES VERIZON INTEND TO MODIFY THIS POLICY?

A. During the recent New York Hot Cut Workshops, Verizon proposed to discontinue its policy of requiring CLECs to omit IDLC lines from a Large Job. Instead, we proposed to automatically remove IDLC-equipped lines from Large Jobs, and to convert them to basic hot cut orders, without requiring submission of a supplemental LSR by the CLEC. The CLECs participating in the recent New York Hot Cut Workshops supported this change.

Q. IN SUCH CASES, WHAT WOULD BE THE DUE DATE FOR THE IDLC ORDER?

A. Where feasible, Verizon would arrange to make the cut by the due date that had been negotiated for the Large Job Project, even though the loop in question had been removed from the Project.

Q. HAS THE LARGE JOB PROCESS BEEN ISO CERTIFIED?

A. Yes, as discussed above, both the basic and large job processes have been ISO certified.

2. Advantages of the Large Job Process

Q. WHAT ARE THE ADVANTAGES OF THE LARGE JOB PROCESS?

A. For both Verizon and the CLEC, Large Job processing enables large numbers of lines to be cut over in a way that makes the most efficient use of the parties' work forces. Because of the need for coordination, hot cuts require attention from both Verizon and CLEC personnel on the due date, and on various occasions before the due date. If a large number of orders submitted by a single CLEC can be processed together, on a systematic basis, then both Verizon and CLEC personnel will face a relatively constant amount of work over a predictable period of time. This allows for more efficient force management than would be possible if the same number of cuts were completed on a sporadic and independent basis. This, rather than any reduction in the amount of work required per hot cut, is the principal benefit of the Large Job process.

Q. GIVEN THE LARGER NUMBER OF LINES INVOLVED, WHY ISN'T THE AMOUNT OF WORK REQUIRED FOR A LARGE JOB HOT CUT SIGNIFICANTLY SMALLER, ON A PER-LINE BASIS, THAN THE AMOUNT REQUIRED FOR A BASIC HOT CUT?

A. As noted previously, the core of the hot cut process is physical wiring work, and the same amount of wiring is required per line whether orders are processed independently or as part of a Large Job. Other steps also involve similar levels of work for both processes. Moreover, the Large Job process has some steps, such as interval negotiation, that are not utilized in the basic process.

E. The "Batch" Hot Cut Process

Q. WHAT WAS THE REASON FOR THE CREATION OF AN ADDITIONAL "BATCH" HOT CUT PROCESS?

A. The process was developed to respond to the issues raised by the FCC concerning hot cuts in the *Triennial Review Order*. The "Batch" cut hot cut optimizes the efficiencies of the Project process regardless of the CLECs' ability to aggregate orders on a CO-by-CO basis. It also allows to the accumulation of orders for multiple CLECs, whereas Project hot cuts are CLEC-specific. More significantly, it eliminates the need to coordinate since Verizon proposes to manage the entire process from order acceptance to port activation. All of this results in virtually seamless migrations and lower CLEC costs.

Q. HOW ARE THESE BENEFITS ACHIEVED?

A. In essence, under the batch process, a CLEC will be permitted (but not required) to earmark specified hot cut orders for batch processing. In each central office, orders submitted for batch processing will be held until a "critical mass" of such orders is reached.

The size of the critical mass will vary from office to office. The manager of each individual central office, based on the volume of cuts and the optimum level of frame staffing, will determine the number of lines that will constitute a critical mass *in that office*. For example, a "critical mass" might be achieved relatively rapidly in an extremely busy staffed office, while a remote, less active office might accumulate orders until a technician makes a scheduled visit to the office.

Q. WOULD THERE BE ANY LIMITS ON THE AMOUNT OF TIME THAT THE ORDER WILL BE HELD?

A. Yes. Initially the minimum holding period will be ten business days and a maximum period will be 35 business days. Once we determine the "float rate" of

hot cuts for each CO, this holding period will be adjusted. In addition, Verizon is exploring other new features that will help CLECs to determine the next available cut date prior to submitting their LSRs.

Q. HOW WOULD THE CLEC KNOW WHEN THE CUTOVER WILL ACTUALLY BE MADE?

A. The LSR submitted by the CLEC will specify a due date 35 business days in the future, corresponding to the maximum holding period for the batch process. The CLEC will receive notification of the actual cutover date on or before "DD-minus-6" (*i.e.*, six days prior to the actual due date), and will be required by DD-minus-3 to give Verizon a sign-off (*i.e.*, a "go/no-go" indication) for the cut through WPTS. The sign-off will verify that there is dial tone on the CLEC facility that will be used to serve the customer.

Q. WHAT WILL HAPPEN WHEN THE CRITICAL MASS IS REACHED?

A. When the critical mass is reached, the "batch" will be created. The orders in the batch will be re-dated to show the new due date (which will generally be six days after the batch is created), the CLEC will be notified, and Verizon will begin preparing for the cutover. The cutover process will differ in one very significant way from the current Large Job process. As a condition of utilizing the batch process, CLECs would be required to authorize Verizon to submit the final number-port activation order to NPAC in place of the CLEC. This will virtually eliminate the need for coordination with the CLEC at the time of the cutover. In order to facilitate this process, the CLEC will be required to include in its DD-

minus-3 sign-off a verification that it has created a port order in the NPAC database for Verizon to activate on the due date.

Q. WILL NPAC ACCEPT A PORT NOTIFICATION FROM VERIZON WHEN THE LINE IS BEING CUT OVER TO A CLEC?

A. Verizon has discussed this matter with NPAC, which has indicated that it would be willing to accept the port notification provided that appropriate authorization is provided by the CLEC.

Q. WOULD THERE BE ANY OTHER DIFFERENCES BETWEEN LARGE JOB PROCESSING AND BATCH PROCESSING OF ORDERS?

A. Yes. Because of the reduced coordination requirements, the CLEC will not need to know the precise order in which the lines will be cut. Thus, the cutover schedule will not need to be rigidly tied to the order in which LSRs are received. This will give the frame work force increased flexibility to organize the orders in a way that will reduce somewhat the time spent moving between one cut and the next.

Q. WHAT WOULD HAPPEN AFTER A CUT IS COMPLETE?

A. Once the cut and the number port are complete, the process will be identical to the basic and Project processes; Verizon's translations for the retail or UNE-P service previously provided to serve the customer will be removed from the switch. Upon completion of each cut, Verizon will notify the CLEC through WPTS. Verizon will also complete the service orders, thus generating a Provisioning Completion Notice ("PCN") and a Billing Completion Notice ("BCN") to the CLEC.

Q. HOW WOULD VERIZON MITIGATE THE IMPACT OF THE TEN-TO-35-BUSINESS-DAY HOLDING PERIOD FOR BATCH ORDERS?

A. A CLEC would have the option of transferring the customer to UNE-P until the line is cut. This would be accomplished simply by submitting a UNE-P order for the customer before the batch hot cut order is submitted. (The UNE-P order must be complete before the hot cut order is submitted.) For batch cut orders submitted in market areas in which Verizon is relieved of its obligation to provide mass market local switching on an unbundled basis, a service functionally similar to UNE-P would be provided, but only, as noted above, for the holding period of the order. (Initially, and subject to subsequent review by the Company, Verizon proposes to price the interim UNE-P-like service at the rates currently applicable to UNE-P.)

Q. PLEASE PROVIDE A FLOWCHART OF THE BATCH PROCESS.

A. Such a flowchart is provided in Exhibit II-C-3.

Q. WHAT REQUIREMENTS WOULD BE IMPOSED ON CLECS THAT WISH TO UTILIZE THE BATCH PROCESS?

A. The nature of the process would entail certain restrictions:

- The option of putting (or keeping) the customer on a UNE-P or UNE-P-like arrangement during the holding period prior to the cut could only be made available for lines that are, before the submission of the CLEC LSR, either Verizon retail lines, resold lines, or UNE-P lines. Any other type of line would require a hot cut before a transitional UNE-P-like service could be established.

- As noted above, the CLEC must authorize Verizon to submit the final number port notification to NPAC.
- The process would not apply to IDLC lines and to certain other loop types.
- Use of WPTS would be mandatory.
- Once the batch hot cut order has been submitted, no changes to the interim UNE-P account could be made without canceling and re-issuing the hot cut order.
- The process is not available for UNE-L to UNE-L migrations as this would involve a third party (CLEC) in the porting process.

Q. WOULD CLEC ORDERS AUTOMATICALLY BE INCLUDED IN THE BATCH PROCESS?

A. No. The batch process would be an optional service, not a requirement. A CLEC would have to submit an LSR specifically requesting the process.

Q. WHAT OPERATIONAL BENEFITS WOULD THE BATCH PROCESS CREATE FOR CLECS?

A. The batch process would greatly reduce the need for CLEC personnel to become involved in the coordination process, thus reducing the "internal" CLEC costs associated with hot cuts. The CLECs would also be able to eliminate their involvement with the porting activation, again reducing their costs.

Q. WHAT IS THE STATUS OF THE DEVELOPMENT AND AVAILABILITY OF THE BATCH PROCESS?

A. Verizon is currently developing a trial program of the batch cut process to begin in the near future, and is working towards commercial availability by the end of the second quarter of 2004.

Q. FCC RULE 319(D)(2)(II) RELATES TO STATE COMMISSION REVIEW AND APPROVAL OF A "BATCH CUT MIGRATION PROCESS." IS THE BATCH PROCESS DESCRIBED ABOVE A "BATCH CUT MIGRATION PROCESS" WITHIN THE MEANING OF THE FCC'S RULE?

A. Yes. Rule 319(d)(2)(ii) defines a "batch cut process" as "a process by which the incumbent LEC simultaneously migrates two or more loops from one carrier's local circuit switch to another carrier's local circuit switch, giving rise to operational and economic efficiencies not available when migrating loops from one carrier's local circuit switch to another carrier's local circuit switch on a line-by-line basis." The process described above is consistent with that definition. The specific requirements of Rule 319(d)(2)(ii) are set forth below:

- Rule 319(d)(2)(ii)(A)(1) requires a state commission reviewing a batch process to "first determine the appropriate volume of loops that should be included in the 'batch.'" As noted above, we would propose to perform the cuts when a "critical mass" of lines is reached. The "critical mass" standard does not require any prior specification of an absolute minimum or maximum number of lines, which as noted will vary from office to office.
- Rule 319(d)(2)(ii)(A)(2) states that a "state commission shall adopt specific processes to be employed when performing a batch cut, taking into

account the incumbent LEC's particular network design and cut over practices." The process proposed by Verizon is described above.

- Rule 319(d)(2)(ii)(A)(3) requires the state commission to "evaluate whether the incumbent LEC is capable of migrating multiple lines served using unbundled local circuit switching to switches operated by a carrier other than the incumbent LEC for any requesting telecommunications carrier in a timely manner, and may require that incumbent LECs comply with an average completion interval metric for provision of high volumes of loops." Timeliness is assured here by the limitations on the "holding period" for batch orders, the availability of a transitional, UNE-P-like service while the lines accumulate in the batch, and by Verizon's scalability analysis. To the extent the Commission wishes to address in metrics issues related to batch hot cuts, those issues should be addressed a metrics-related proceeding, rather than in this proceeding.
- Rule 319(d)(2)(ii)(A)(4) requires the adoption of batch hot cut rates in accordance with the FCC's UNE pricing rules. Such rates are proposed for the batch process in Part III of this testimony. The Rule further requires that these rates "reflect the efficiencies associated with batched migration of loops to a requesting telecommunications carrier's switch, either through a reduced per-line rate or through volume discounts as appropriate." Such efficiencies are reflected in Verizon's cost studies.

Although Verizon's batch process satisfies Rule 319(d)(2)(ii), as described above, it is important to note that Verizon is not required to offer a batch process.

Q. WHY IS THAT?

A. The Rule requires only that the Commission "either establish an incumbent LEC batch cut process as set forth in paragraph (d)(2)(ii)(A) of this section ***or*** issue detailed findings explaining why such a batch process is unnecessary, as set forth in paragraph (d)(2)(ii)(B) of this section." (emphasis added). Subsection (B) in turn states: "If a state commission concludes that the absence of a batch cut migration process is not impairing requesting telecommunications carriers' ability to serve end users using DS0 loops in the mass market without access to local circuit switching on an unbundled basis, that conclusion will render the creation of such a process unnecessary. In such cases, the state commission shall issue detailed findings regarding the volume of unbundled loop migrations that could be expected if requesting telecommunications carriers were no longer entitled to local circuit switching on an unbundled basis, the ability of the incumbent LEC to meet that demand in a timely and efficient manner using its existing hot cut process, and the non-recurring costs associated with that hot cut process. The state commission further shall explain why these findings indicate that the absence of a batch cut process does not give rise to impairment in the market at issue."

As we demonstrate in Part III of this testimony, these requirements are satisfied, and therefore no batch process is required. Verizon has nevertheless proposed, and is willing to offer, the process described above.

III. HOT CUT COSTS

A. Purpose Of Testimony And Background

Q. WHAT IS THE PURPOSE OF THIS PART OF VERIZON'S TESTIMONY?

A. This testimony presents Verizon's analysis of the forward-looking, non-recurring costs that it incurs in connection with the processing and provisioning of CLEC-requested hot cuts using the basic, Large Job, and batch processes discussed in Part II of this testimony. We also propose rates based on those costs. This testimony does not address the non-recurring costs to Verizon of providing hot cuts pursuant to the non-WPTS process previously litigated in Case 990649B-TP, or of any other wholesale, access or retail services.

Q. PLEASE DESCRIBE THE STRUCTURE OF VERIZON'S CURRENT HOT CUT RATES.

A. Verizon's hot cut rates are described in Appendix A to the Pricing Attachment to Verizon's interconnection agreements in effect in Florida ("Appendix A"). Appendix A generally sets forth a rate structure involving two separate rates:

- A Service Order charge, which recovers the costs associated with processing an LSR that requires a hot cut. This charge is imposed on a per-order basis.
- A Provisioning charge, which recovers costs associated with wiring and pre-wiring activities, coordination, and other activities related to the management of the hot cut. These costs are incurred in a variety of organizations, including principally the Central Office Frame organization,

the RCCC, the RCMAC, and the APC. This charge is assessed on a per-unit basis, with separate charges for the first and additional units.

The ordering charges are further broken down into "100% manual" and "semi-mechanized" charges, The manual charges assume the receipt of an order via fax and manual processing. Semi-mechanized assumes that some of the steps involved are automated and others are performed manually.

Each rate has associated with it an "expedite" charge that applies to requests for expedited service.

Finally, if a CLEC requests a Verizon technician to be dispatched to the field in connection with a hot cut, a Loop Facility Charge reflecting the costs associated with the Outside Plant technician will apply.

Q. WHAT ARE THE LEVELS OF VERIZON'S CURRENT HOT CUT RATES, AND HOW WERE THOSE RATES SET?

A. The Commission adopted rates for coordinated conversions and hot cut coordinated conversions in 990649B-TP. Those rates are currently stayed pending appeal to the Florida Supreme Court. The rates presently in effect for hot cuts on two-wire loops therefore are currently set forth in Appendix A to the Pricing Attachment: $18.69 per order for the Service Order function and $9.43 for Central Office Connection. These costs are in addition to the cost of the unbundled loop ordered: the rate for a 2-wire loop is $47.25 for the Initial Service Charge and $10.50 for Installation. There are also separate rates for the associated additional units and expedited service, and for Outside Facility Connections. The rates specified above add up to $85.87. The average actual

per-line rate would, of course, vary depending upon the number of orders, the number of lines included in an order, whether expedited service had been requested, and whether the order was submitted electronically or by fax. In many cases, the effective rate would be significantly below $85.87, because of the allocation of the Service Order charge over all the lines involved in multi-line orders, and because in many cases the applicable service connection rates would be the lower "additional-unit" rates instead of the higher initial-unit rates.

Q. WHAT HOT CUT PROCESSES WERE CONSIDERED IN VERIZON'S NEW COST STUDIES?

A. This testimony addresses the cost of (a) the current "basic" hot cut process utilizing WPTS, and (b) the current Large Job/Project process (which also utilizes WPTS). Additionally, Verizon's cost analysis includes the new "batch" hot cut process introduced in Part II of this testimony.

Q. WHAT RATE STRUCTURE IS VERIZON PROPOSING HERE FOR HOT CUTS?

A. Verizon proposes to utilize the same two-part rate structure (Ordering and Service Connection) that is set forth in its interconnection agreements and that is described above. This structure best reflects the manner in which hot-cut-related costs are incurred by Verizon.

In addition, however, a new, third rate element, the IDLC Surcharge, is now being added for cases in which Verizon is required to substitute facilities before a cut can be made — *i.e.*, primarily where the loop is provisioned using IDLC technology. This charge will apply to each IDLC-equipped loop that is being

cutover to a UNE-L configuration. As explained in Part II of this testimony, before an IDLC-equipped line can be cut over to a CLEC, the customer's service must be switched to an all-copper or UDLC facility. The costs associated with this charge are incurred principally in four organizations: the Outside Plant, the Central Office Frame, the RCCC, and the APC.

Finally, Verizon reserves its right to recover, through a future filing, any costs associated with the implementation of OSS support for the batch process that are not recovered in existing rates.

Q. WHAT ASSUMPTIONS DID VERIZON MAKE CONCERNING THE OPERATIONAL DETAILS OF THESE TWO HOT CUT PROCESSES?

A. We assumed that the processes will be provisioned as described in Part II of this testimony, and in the associated exhibits.

Q. THE FCC IS CONSIDERING MODIFICATIONS TO THE TELRIC APPROACH IN WC DOCKET NO. 03-173. WHAT IS THE RELEVANCE OF THOSE CHANGES TO THESE STUDIES?

A. The testimony presented here is based on current TELRIC approaches, consistent with current FCC regulations and with the prior orders of the Commission. To the extent that the TELRIC methodology is changed at any time in the future, or to the extent that it is replaced by some alternative methodology, Verizon reserves its rights to submit revised rates consistent with such new methodology.

B. Costing Methodology

1. In General

Q. WHAT ARE NON-RECURRING COSTS?

A. Non-recurring costs are the costs Verizon incurs in connection with the one-time activities necessary to process and provision CLEC requests for the initiation, change, or disconnection (termination) of service, or for other one-time activities related to UNEs provided by Verizon to CLECs.

Non-recurring costs are incurred in response to a specific event by a specific cost causer, and involve easily identifiable, concrete tasks. The most efficient and equitable means of recovery, accordingly, is through a one-time charge to the cost causer — *i.e.*, in this case, the CLEC that requested the hot cut.

Q. HOW DID VERIZON ASSESS THE NON-RECURRING COSTS AT ISSUE IN THIS PROCEEDING?

A. Verizon's "NRC Model" was modified for this purpose. Only the portions of that Model relevant to hot cuts were utilized here.

Q. PLEASE DESCRIBE THE NRC MODEL.

A. The NRC Model, which is provided as Exhibit III-A, implements a bottoms-up calculation that measures each cost arising in connection with servicing individual CLEC requests for UNEs and related services (in this case, hot cuts). The Model identifies all of the activities involved in fulfilling such requests, organized by the functional organizations within Verizon that perform each activity.

Q. DESCRIBE THE STEPS UTILIZED BY THE NRC MODEL TO DETERMINE VERIZON'S NON-RECURRING COSTS.

A. There are four major steps in the NRC Model. First, Verizon determined the average amount of time currently required to perform each activity through a variety of methods discussed further below. Second, Verizon adjusted these times through the application of several factors, also explained below, to reflect work times in a forward-looking environment. Third, Verizon multiplied these "forward-looking" work activity times by the appropriate labor rates in order to calculate the total non-recurring costs. Fourth, Verizon applied appropriate overhead loadings (common overhead and gross revenue loading) to calculate a final rate.

Q. HOW DO VERIZON'S COST STUDIES, AND ITS PROPOSED RATES, AVOID DOUBLE RECOVERY OF VERIZON'S COSTS?

A. Because the work tasks identified in the Model are specific to the services at issue here (*i.e.*, various forms of hot cuts), and because measures approved in previous UNE cases have ensured that none of the costs recovered through non-recurring charges are taken into account in the development of recurring charges, Verizon's proposed rates do not create any risk of double recovery.

Q. HOW WAS THE NRC MODEL MODIFIED FOR THIS PROCEEDING?

A. Although the underlying model logic remained the same, sections were included for the new hot cut processes only. Sections were also created for the IDLC Surcharge calculation, which uses a slightly different method for calculating the costs, as will be discussed below. Sections were added to explicitly calculate an expedite surcharge. Also, factors and labor rates were updated in value and for applicability to the studies at hand.

2. Forward-Looking Nature of Verizon's Cost Studies

Q. ARE VERIZON'S NON-RECURRING COST STUDIES FORWARD-LOOKING?

A. Yes. First, the processes that are studied are themselves forward-looking, as described in Part II of this testimony. Second, the non-recurring cost studies have taken into account all anticipated efficiencies over a three-year planning period resulting from the deployment of forward-looking technology and improved processes. In conducting the studies, Verizon identified productive work times and reflected the savings due to projected system improvements and methods. Indeed, Verizon's studies reflect an extremely optimistic view regarding the potential benefits of future technologies and learned efficiencies.

Q. DOES THE NRC STUDY PROCESS REFLECT FORWARD-LOOKING OSS?

A. Yes. The non-recurring cost process fully reflects Verizon's implementation of forward-looking wholesale OSS and its adoption of process improvements that reflect a forward-looking efficient environment. Key attributes of this environment include:

- Electronic application-to-application ordering interface for the carrier;
- Flow through service order and work order distribution processes; and
- Mechanized coordination and communication through WPTS.

3. Determination of Forward-Looking Work Times

a) In General

Q. PLEASE EXPLAIN THE STEPS USED TO DETERMINE AND ADJUST WORK TIMES IN THE NRC MODEL.

A. The process of determining forward-looking work times involves the following steps:

- Identify, and map to the relevant organizations, the non-recurring ordering, wiring, and provisioning activities required for hot cuts.
- Determine the average amount of work time required to perform each work activity when it is performed *today*.
- Apply a "Typical Occurrence Factor" (the frequency, in percent terms, with which an activity is performed currently) to the estimate of the average work time determined in the preceding step. This produces the total average time (in minutes) consumed today for the work activity, taking into account the fact that the activity need not be performed in all cases.
- Apply to the time identified in the preceding step a "Forward-Looking Adjustment Factor" ("FLAF"). The FLAF is a factor expressed in percent terms that reflects the reduction in frequency with which an activity is expected to be performed and/or a reduction in the time needed to complete the activity by the end of the forward-looking three-year planning period. The result of this adjustment is a forward-looking work time.

b) Identification of Relevant Activities

Q. HOW WERE THE ACTIVITIES INCLUDED IN THE NRC MODEL FOR HOT CUTS DETERMINED?

A. The NRC Model contains the activities performed in each functional organization within Verizon associated with the ordering, wiring, and provisioning of hot cuts to requesting CLECs. The list of activities was developed based on input from the

appropriate work center personnel who are engaged in the day-to-day work activities needed to satisfy CLEC hot cut service orders. This process was designed to identify a comprehensive list of the individual work steps that are or may be involved in fulfilling such requests.

c) Determination of Current Work Times

Q. HOW WERE CURRENT AVERAGE WORK TIMES DETERMINED?

A. In the cases of the RCCC and Central Office Frame, the current average work times in Verizon's NRC Model are based on a new rigorous survey of personnel actually involved in the relevant work functions under study. This new survey consists of a self-reported time and motion study. Field Dispatch times were developed using a sub-loop study previously filed in Docket No. 990649B-TP. For the NMC, Verizon developed costs using historical data from system-generated-reports. For the APC and the RCMAC, Verizon used commission-approved times for the centers in Verizon that have the most experience provisioning hot cut orders.

Q. IS VERIZON'S SURVEY METHODOLOGY RELIABLE?

A. Yes. The new Verizon times for the RCCC and Central Office Frame are based on surveys of employees who have actual experience in performing hot cuts, and the process, as described below, is designed to elicit accurate work-times for the relevant processes.

Q. PLEASE DESCRIBE THE SURVEY PROCESS.

A. Verizon Service Cost personnel used process workflows and discussions with supervisory personnel of the centers to develop surveys to determine the time

required to complete various work activities. The surveys were then administered to the organizations responsible for the wiring and provisioning of hot cuts. Verizon distributed surveys to those employees actually involved with wiring and provisioning hot cuts for Verizon's CLEC customers. Detailed instructions were provided.

The Service Cost staff monitored survey results to ensure collection of the surveys from respondents in all work groups. Substantial efforts were made to convey the importance of the process and the need for unbiased employee response.

Q. WHAT REVIEW PROCESS DID VERIZON EMPLOY TO ASSURE THE RELIABILITY OF THE SURVEY RESULTS?

A. The reported work times were reviewed at several levels.

First, the single points of contact in each department who distributed and collected the survey forms examined the responses. In order to maximize the response rate, if the response forms were incomplete or no response was received from an individual, the contact person went back to the respondent to obtain valid answers.

Second, the service cost analysts conducted a thorough review of the survey data. If answers were ambiguous, the cost analyst went back to the point of contact within the relevant organization to have the respondent provide a clearer response.

In a handful of cases, the survey form was disregarded entirely because it was either blank or had incorrectly populated entries and the point of contact was unable to obtain a valid response.

Third, the frequency distribution of the responses (*i.e.*, the amount of time that the value of each response appeared) was reviewed for each work activity on a per-unit basis. The data set was then trimmed by eliminating the 10% of responses with the highest time estimates and the 10% of responses with the lowest time estimates. This is a standard statistical tool employed to eliminate potential biased responses. It is the same method used in Olympic Scoring of events where the highest score and the lowest score of a ten judge panel are dropped, and the remaining eight scores are averaged together.

Q. HOW WERE TIMES DETERMINED FOR FIELD DISPATCH ACTIVITIES?

A. Field work data for the hot cut activity is based on a sub-loop time and motion study conducted to determine travel time and the time it takes to perform various activities that may be required in the field.

Q. HOW WAS SYSTEMS DATA USED TO DEVELOP CURRENT TIMES FOR THE NMC?

A. Decision Support System ("DSS") results were used to collect handling times and other work functions reported on a Verizon West (former GTE) basis. The centers responsible for processing LSRs and ASRs are considered "virtual environments" meaning that LSRs and ASRs for all states use the same process and level of mechanization. DSS provides a data warehouse used to collect and store data from numerous legacy systems and is the common tool for

performance reporting of productivity and quality. Verizon's DSS tool has been designed to assist Wholesale Services Customer Centers in their quest for continuous improvement. The web-based reporting tool provides objective ordering process data that help Managers and Coaches understand the overall performance of their team and the contributions to the Center's productivity. DSS provides center level information on productivity volumes and quality for call and ordering activity. DSS was first deployed in the Verizon West National Market Centers (NMC).

d) Application of Occurrence Factors to Current Work Times

Q. EXPLAIN THE PROCESS BY WHICH CURRENT AVERAGE WORK TIMES ARE ADJUSTED IN THE NRC MODEL TO REFLECT THE FREQUENCIES WITH WHICH EACH ACTIVITY IS PERFORMED.

A. Current average work times are adjusted within the NRC Model by multiplying the average time it takes to perform an activity (when it in fact occurs) by the frequency with which the activity is expected to be performed — *i.e.*, the estimated percentage of cases in which the activity will be required. The result is an average time required for the activity across all orders — those in which it is required, and those in which it is not. Field managers (*i.e.*, the managers of those personnel who completed surveys) were polled by the cost analysts to determine in today's environment how frequently a given activity is performed in the ordering, wiring, and provisioning of hot cuts. As a result of this poll, Verizon developed a Typical Occurrence Factor to reflect and adjust for the frequency with which each activity is performed.

e) Adjustment of Current Work Times to Develop Forward-Looking Work Times

Q. PLEASE EXPLAIN HOW FORWARD-LOOKING ACTIVITY TIMES WERE DEVELOPED.

A. As noted above, average current work times were adjusted by applying a FLAF to the total time currently required to perform the work. The adjustments reflect future operating conditions assuming anticipatable improvements in processes, productivity, and mechanization, including enhancements to OSS resulting in reduced work times and/or increased electronic "flow-through" in Verizon's automated systems. The FLAF accounts both for anticipated reductions in the frequency with which an activity must be performed and reductions in the time needed to perform the activity.

Q. WHY IS THE USE OF CURRENT AVERAGE WORK TIMES A REASONABLE STARTING POINT FOR ESTIMATING FORWARD-LOOKING COSTS?

A. Current average work times are a reasonable starting point for estimating forward-looking costs because the current average times are known and measurable. Attempting to determine forward-looking work times without using current times as a baseline would amount to nothing more than speculation.

Q. HOW WERE THESE FLAFS DEVELOPED?

A. The subject matter experts within the functional organization most familiar with the hot cut processes were asked to identify the impacts of any known system or process improvements expected over the three-year planning period. In some cases, Service Cost personnel applied an even more aggressive FLAF to account for likely improvements which would result from other factors.

f) Other Issues

Q. HOW WERE WORK TIMES DETERMINED FOR PROCESSES THAT VERIZON HAS NOT OFFERED REGULARLY IN THE PAST, AND FOR WHICH THE SURVEY APPROACH DESCRIBED ABOVE IS THEREFORE INAPPLICABLE, SUCH AS THE NEW BATCH PROCESS?

A. To a great extent, the activities performed in the batch process correspond to similar activities performed in the Large Job process. In concert with the subject matter experts, Service Costs personnel examined each activity identified under the Large Job process for applicability and impact to the batch process.

Q. HOW WERE WORK TIMES DEVELOPED FOR FOUR-WIRE HOT CUTS?

A. Most of the relevant activities would require the same work time regardless of whether the circuit to be converted is a two-wire or a four-wire circuit. However, for those activities that can be assumed to vary linearly with the number of pairs (*e.g.*, physical wiring work on the frame), the activity time calculated for the two-wire hot cut was simply doubled for the four-wire hot cut.

Q. WHY DID YOU NOT USE THE SURVEY PROCESS DIRECTLY FOR THE FOUR-WIRE HOT CUTS?

A. There were no appropriate four-wire hot cuts scheduled during the time that the survey data was being collected.

Q. HOW DID YOU DETERMINE THE COSTS ASSOCIATED WITH HOT CUTS ON INITIAL LINES VERSUS HOT CUTS ON ADDITIONAL LINES (WITHIN A SINGLE ORDER)?

A. For those activities that are expected to be performed in the same fashion regardless of the number of lines (e.g., those in the NMC), the time associated with the activity was assigned to the initial line and zeroed out for the additional line. For activities in the RCCC and the CO Frame, those activities that will be performed only on the initial line are identified and applied to the initial. Those activities that will only be performed on the additional lines are applied to the additional lines.

Q. HOW DID YOU DETERMINE THE APPROPRIATE TRAVEL TIME TO AN UNMANNED CENTRAL OFFICE?

A. Verizon used the same sub-loop time and motion study previously discussed that was used to determine field work or field dispatched activities.

Q. HOW DID YOU DETERMINE THE TIME ASSOCIATED WITH PROCESSING A REQUEST FOR AN EXPEDITED DUE DATE?

A. A request for an expedited hot cut will automatically cause the order to drop out to the NMC. The NMC should then contact the RCCC to see if the earlier due date can be accommodated. The RCCC would respond back to the NMC and

either deny the request or approve the earlier due date. The NMC should request the CLEC to submit a supplemental order, and the order will be modified with the new due date. All expedites need to get an approval from the frame or field before the RCCC manager will approve the earlier due date.

As a result, the work times or Typical Occurrence Factors for the relevant connect activities in the NRC Model were adjusted. In the RCCC and C.O. Frame, the activity "Analyze Hot cut Order" was set to 200% since it will be done twice – once when the NMC seeks confirmation that the earlier due date can be met and once when the order is actually issued and worked. For the NMC, Subject Matter Experts identified the time associated with performing the required activities to answer the request for an expedite. The expedite time is then added to the ordering costs for those orders that request an expedite.

Q. HOW DID YOU DETERMINE THE TIME ASSOCIATED WITH THE IDLC SURCHARGE?

A. First, there was one explicit activity identified in the RCCC. Second, it was assumed that the APC would be involved for assignment purposes. Third, a new line needs to be established at the frame. If a spare copper or UDLC facility to the SAI exits, this needs to be done once. If a spare copper or UDLC facility to the SAI does not exist, this needs to be done at least twice – once (or more) to move a different in-service customer to a new facility and once to move the customer for whom the hot cut is being requested. However, once this is done, the time identified in the central office frame f or the hot cut itself is credited out of

the cost study. Fourth, outside plant engineers were questioned as to the amount of time needed to perform the transfers out at the SAI. Finally, an estimated percentage was applied to reflect how often a spare copper or UDLC facility would exist in the SAI serving the customer for whom the hot cut is being requested.

4. Application Of Forward-Looking Labor Rates To Determine Forward-Looking Direct Costs

Q. HOW ARE THE WORK TIMES CONVERTED INTO COSTS?

A. The first step in the conversion is the multiplication of the work times by the relevant labor rates.

Q. PLEASE EXPLAIN HOW LABOR RATES WERE DEVELOPED IN THE NRC MODEL.

A. Verizon's starting point for developing the labor rates was the base-year 2002 basic wage expense for each Job Title divided by the total productive hours for employees within that Title.

Q. WHAT IS A JOB TITLE?

A. The Job Title is a descriptor used by Verizon to identify a specific type of work function, such as a Representative-NMC.

Q. WHAT IS A "PRODUCTIVE HOUR"?

A. Productive hours are the time spent on specific job functions, such as preparing orders and provisioning loops. Labor rates must also recover the cost associated with an employee's non-producing time for activities such as clerical support and supervision of reporting personnel, as well as the costs for paid absence,

premium time, payroll taxes, and benefits. These expenses are distributed over productive hours to produce the total directly assigned labor cost per hour.

Q. HOW WERE THE LABOR RATES FOR THIS FILING DEVELOPED?

A. The labor rates were developed using total year 2002 expenses from data sources such as payroll records and time sheets.

Q. WERE THE LABOR RATES TRENDED FORWARD FOR PURPOSES OF THESE COST STUDIES?

A. Yes. The NRC Model averages the labor rates over a three-year planning period (2004-2006), for which Verizon believes realistic predictions can reasonably be made of the expected process times. The 2002 labor rate data was trended to the middle of 2005. This labor rate at the midpoint of the planning period is considered to be the average over the entire planning period. The Labor Trend Factors used to bring the 2002 labor rates to 2005 is 1.04 for each year of the period from 2002 to 2005. The factor is based on Verizon's estimate of non-management annual salary increases based on the currently effective most recent labor agreements.

5. Application of Factors and Other Adjustments To Direct Labor Costs

Q. WHAT FINAL ADJUSTMENTS WERE MADE TO THE FORWARD-LOOKING LABOR COSTS TO DETERMINE THE FINAL NON-RECURRING COSTS FOR PURPOSES OF THIS STUDY?

A. After applying the forward-looking labor rate to yield the forward-looking direct costs, two more steps were taken to determine the final costs. First, Verizon multiplied the total cost figure by the Common Overhead Factor, in order to

apportion common overhead expense to the direct non-recurring costs. The Common Overhead Factor does not include any labor expenses from the functional organizations that are directly assigned to non-recurring costs. Second, Verizon assigned to the direct plus common costs a Gross Revenue Loading ("GRL") by multiplying the costs identified in the previous step by the GRL Factor. This factor recovers uncollectibles and the State and Federal Communications Commission assessments that Verizon is required to pay under applicable law.

Q. WHAT VALUES WERE USED FOR THE COMMON OVERHEAD FACTOR AND THE GROSS REVENUE LOADING?

A. The values are set forth in Exhibits III-C and III-D.

Q. PLEASE EXPLAIN WHY FOR THE GRL EXCLUDED THE IMPACTS OF SIGNIFICANT ONE-TIME EVENTS.

A. We excluded the effects of the WorldCom and Genuity bankruptcies from the calculation of the uncollectible rates in order to be conservative. Excluding the effect of the WorldCom and Genuity bankruptcies may cause the uncollectibles rates calculated here to understate the actual level of uncollectibles that will be experienced going forward, but it eliminates any potential argument that including the effect of the WorldCom or Genuity bankruptcies would overstate the expected future level of uncollectibles.

C. Results Of The Cost Analysis And Proposed Rates

Q. WHAT ARE THE RESULTS OF VERIZON'S NEW COST STUDIES, AND WHAT RATES IS IT PROPOSING BASED ON THOSE STUDIES?

A. The rates are set forth in Exhibit III-A.

Q. DO THE SERVICE ORDER, CENTRAL OFFICE WIRING, AND PROVISIONING RATES DERIVED HERE APPLY TO ANY NON-RECURRING ACTIVITY OTHER THAN HOT CUTS?

A. No.

Q. ARE THE RESULTS OF THE STUDY STATISTICALLY VALID?

A. Yes. The study approach and the sample sizes obtained should yield reasonable precision for the estimated hot cut costs presented in this testimony.

IV. SCALABILITY

A. Purpose Of Testimony

Q. **WHAT IS THE PURPOSE OF THIS PART OF VERIZON'S TESTIMONY?**

A. In this Part of its testimony, Verizon shows that its hot cut process is scalable, in that it can be used to handle the greater volumes of hot cuts and related work that would be expected to result from the elimination of local switching as an unbundled network element in Florida (and the consequent elimination of UNE-P as a competitive entry and provisioning strategy for CLECs). The analysis is based on the conservative customer migration estimates developed by Dr. William E. Taylor in his testimony.

B. Background And Overview

Q. WHICH OF THE HOT CUT PROCESSES DESCRIBED IN PART II OF THIS TESTIMONY IS ASSUMED FOR PURPOSES OF VERIZON'S SCALABILITY ANALYSIS?

A. For purposes of this analysis, we have assumed that the "basic" hot cut process would be utilized. Although in a real post-UNE-P environment, Large Job and batch processing would undoubtedly account for a significant percentage of hot cut orders, particularly in the conversion of the embedded base, this scalability analysis is limited to the basic process. Since, as noted previously, the Large Job and batch processes enable Verizon to make more efficient use of its work force than the basic process, the analysis presented here is conservative (*i.e.*, biased towards overestimation).

Q. WILL ANY CHANGES HAVE TO BE MADE TO THE BASIC PROCESS TO ACCOMMODATE INCREASED HOT CUT DEMAND?

A. No. The process itself is flexible enough to accommodate a large range of demands.

Q. WHAT CHANGES WOULD BE REQUIRED TO HANDLE INCREASED DEMAND?

A. As with all non-recurring functions, the basic input is work time, and the basic constraint on the volume of work that can be handled is the size of the relevant work force. Verizon's basic approach to meeting increased demand would be to appropriately increase the size of the work forces at its central offices and at work centers such as the NMC and the RCCC.

Q. PLEASE PROVIDE AN OVERVIEW OF THE SCALABILITY ANALYSIS PRESENTED HERE.

A. The first step in the analysis is the determination of the number of additional workers that would have to be added in various work centers to meet the

incremental demand for hot cuts and related activity resulting from the elimination of UNE-P. This analysis is performed by a spreadsheet model which is described in greater detail below.

The second phase of the analysis considers hiring, training, work space, and other issues, in order to show that the force expansion that would be required is feasible, and that no external constraint (such as limitations in the size of central offices) would prevent Verizon from achieving the requisite hot cut volumes.

C. The Force-Load Model ("FLM")

Q. WHAT MODEL IS VERIZON USING TO ESTIMATE THE ADDITIONAL FORCE REQUIREMENTS THAT WOULD RESULT FROM THE ELIMINATION OF UNE-P?

A. Verizon has developed a spreadsheet model that we refer to as the "Force-Load Model" ("FLM"). A working, electronic copy of the Model is provided in Exhibit IV-A, and Model documentation is provided in Exhibit IV-B. The model can be run on a personal computer using any recent version of Microsoft Excel.

Q. WHAT IS THE FIRST PHASE OF THE ANALYSIS PERFORMED BY THE FLM?

A. The first phase is the determination of the incremental level of hot cuts and Verizon winbacks that would be required in a post-UNE-P world. This incremental hot cut demand has two components: the incremental demand resulting from the normal movement of customers between carriers, and the incremental demand resulting from the conversion of the embedded base. It

should be emphasized that the FLM seeks to predict *incremental* (*i.e.*, additional) work resulting from the elimination of UNE-P, not total work levels.

The work volume estimates are based on the assumptions and data described in the testimony of Dr. Taylor.

Because the embedded base conversion is a temporary phenomenon — *i.e.*, it will be completed within a 27-month period — the analysis necessarily reflects a changing incremental work load over time.

Q. WHAT IS THE NEXT STAGE OF THE FLM'S ANALYSIS?

A. Next, the Model converts the incremental work requirements into incremental staffing levels. In general, this is done by converting work loads to work times, which are then converted into incremental force requirements.

Q. PLEASE EXPLAIN HOW THE INCREMENTAL HOT CUT AND WINBACK DEMAND RESULTING FROM CUSTOMER MIGRATION IS CONVERTED INTO INCREMENTAL STAFFING NEEDS IN THE CENTRAL OFFICE.

A. First, the number of hot cuts and winbacks is allocated among all of Verizon's central offices in Florida. Since detailed data on the total number of hot cuts per office is not available, this was done by allocating the total demand on the basis of the number of UNE-P lines in each central office. The number of UNE-P lines is a good indicator of the current level of competitive activity in a particular office, which in turn provides the best way to predict hot cut levels in a post-UNE-P environment.

Q. WHAT IS THE NEXT STEP?

A. Next, the total number of incremental hot cuts and winbacks is converted to incremental minutes of frame technician work, based on factors reflecting the minutes required to cut over or install each line. These factors are derived from Verizon's WFA system but are consistent with the current work times determined in Verizon's cost studies.

Incremental work time is then converted into an incremental work force level through division by a factor representing a standard number of minutes per month for a central office technician.

The force levels are then adjusted by a standardized factor reflecting an allocation of time to sick time, vacations, and training. Incremental supervision requirements are accounted for by applying an associate/manager ratio to the incremental number of associates determined through the analysis described above.

Q. HOW ARE IDLC LINES HANDLED IN THE MODEL?

A. The techniques are very similar, except here there is an additional level of incremental work required for outside dispatches.

Q. HOW ARE INCREMENTAL WORK REQUIREMENTS IN THE NMC, RCCC, AND OTHER WORK CENTERS ACCOUNTED FOR?

A. Techniques similar to those described above for central office technicians are utilized, with the following variations: (a) The work loads at the NMC and the RCMAC are proportional to the number of orders handled, not the number of lines; (b) NMC and LNP demand are driven largely by the number of non-flow-through orders handled, so that flow-through levels need to be factored into the

analysis; and (c) Winback orders do not give rise to any work requirements in the RCCC.

Q. PLEASE DESCRIBE THE ANALYSIS USED FOR THE CONVERSION OF THE EMBEDDED BASE.

A. The analysis is similar to the analysis of incremental hot cut demand resulting from customer migration, as described above. The volumes were determined as described in Dr. Taylor's testimony. The FLM addresses demand for five periods starting with the submission of the embedded base conversion plan to the Commission at the end of Month 2 (all months being measured from the Commission's non-impairment determination). The five periods are: (a) Months 3 through 5 (during which the CLEC may continue ordering new UNE-Ps); (b) Months 6 through 13 (the remainder of the first 13-month embedded-base conversion period); (c) Months 14 through 20 (the second, 7-month embedded-base conversion period); (d) Months 21 through 27 (the last, 7-month, portion of the embedded base conversion period); and (e) Months 28 forward (the post-conversion "steady state" period). During the embedded base conversion, both the conversion itself, and customer migration, are taken into account. After the conversion is completed, the only incremental demand remaining is caused by customer migration.

Q. IN MOST CASES, THE FLM PREDICTS A NON-INTEGRAL NUMBER OF INCREMENTAL WORKERS AT EACH CENTRAL OFFICE (0.13 WORKERS, 0.57 WORKERS, ETC.). HOW DOES THE FLM HANDLE THIS?

A. A very conservative approach would be to round up to the next highest whole number in each central office and work center. For the central offices, however, this approach would be excessively cautious. For example, a cluster of central offices in a rural area, each of which requires (say) an incremental staff of 0.1 people, could be handled by a single person traveling from office to office as needed. Indeed, this is the strategy currently used in many rural areas, where many of the central offices are currently unstaffed. Within such clusters, the fractional workers can simply be added together rather than rounded up before adding.

More generally, requirements for fractional workers *outside* of clusters can be handled by job shifting and overtime within the framework of existing staffing levels. Thus, outside of clusters, standard rounding is applied at the individual central office level.

Q. WHAT WAS THE BASIS FOR ASSIGNING CENTRAL OFFICES TO CLUSTERS WITHIN THE FLM?

A. Essentially, a cluster is defined as any group of central offices located near enough to each other to permit the use of a traveling work force.

D. Hiring, Training, And Resource Issues Associated With The Work Force Expansion

Q. HOW WOULD VERIZON MEET THE INCREMENTAL HIRING LEVELS PREDICTED BY THE FLM?

A. In general, the elimination of UNE-P, a basic premise of the analysis, would free up a large number of workers handling UNE-P-related tasks in central offices and

at work centers; this could account for some of the new work force needs. We would, however, expect to rely in part on new hires.

Q. HOW DOES VERIZON HIRE NEW EMPLOYEES FOR ITS CENTRAL OFFICES AND FOR WORK CENTERS SUCH AS THE NMC?

A. Verizon's current collective bargaining agreement specifies a process under which a certain percentage of job openings must be offered first to current employees. Otherwise, the jobs can be filled through new hires. Verizon's standardized hiring processes would be used for this purpose.

Q. WHAT QUALIFICATIONS DOES VERIZON REQUIRE FOR AN APPLICANT FOR A CENTRAL OFFICE OR WORK CENTER REPRESENTATIVE POSITION?

A. Generally, there are no educational requirements for new hires to associate positions, although a high school or equivalent diploma is preferred. Applicants are required to pass a battery of tests that measure situational judgment and basic cognitive skills. A physical and drug screening are also required and, for field technician jobs, requirements for working aloft.

Q. DOES VERIZON BELIEVE IT CAN HIRE THE NUMBER OF PEOPLE REQUIRED IN A RELATIVELY SHORT PERIOD OF TIME? IF SO, WHY?

A. Yes. First, a sufficient number of potential employees are clearly available. Because of force reductions in the telecommunications industry over the last several years, there is a large pool of experienced workers available to fill incremental staffing needs. Indeed, because the qualifications for these positions are relatively modest, as described above, Verizon would not be limited

to hiring experienced telecommunications workers. An analysis of current unemployment statistics for Florida provided by Dr. Taylor in his testimony shows that qualified job seekers are available in numbers far exceeding those that would be required by Verizon.

Third, the well-publicized meltdown in the global telecommunications industry has resulted in massive layoffs and force reductions. Until recently, the *Financial Times* maintained a website tracking announcements of layoffs by major communications employers. According to this compendium, between July 2000 and May 2002, the global telecom sector cut approximately 539,000 jobs.[3] In the U.S., as of May 2002, Qwest, BellSouth and Verizon had announced job cuts of 13,000, 4,200 and 7,500 respectively. In September 2002, SBC announced a reduction of 11,000 jobs, in addition to the 10,000 jobs eliminated in the first three quarters of 2002.[4] AT&T's announced layoffs amounted to 10,000 jobs by May 2002.

Fourth, FCC data on U.S. telephone employment also shows a dramatic reduction, continuing into 2003. Based on preliminary data through March 2003, total employment has fallen by about 160,000 jobs from its peak in 2001. *See* Exhibit IV-C.

In sum, all indications from the labor markets suggest that sufficient workers are available to manage the expected additional work load from incremental hot cuts.

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[3] *See* http://news.ft.com/ft/gx.cgi/ftc?pagename=View&c=Article&cid=FT3MOCS3OPC, the FT.com Telecoms job cuts watch, last updated May 14, 2002. This figure includes telecom operators, cable operators and network equipment providers, categories that have been particularly hard hit.

[4] "SBC to Cut 11,000 Jobs and Investment Due to Outmoded Regulatory Scheme and Weak Economy," SBC Press Release, September 26, 2002.

Q. WHAT STRATEGY WILL VERIZON USE FOR FILLING THE INCREMENTAL WORK FORCE NEEDED TO HANDLE THE EMBEDDED BASE, GIVEN THE FACT THAT THOSE PEOPLE WOULD ONLY BE NEEDED FOR A MAXIMUM OF 27 MONTHS?

A. Verizon has the ability to hire temporary workers for up to one year. Those workers can be terminated or converted to full-time employees at the end of the one-year period.

Q. WHAT TRAINING WOULD BE REQUIRED FOR THE NEW CENTRAL OFFICE TECHNICIANS AND SERVICE REPRESENTATIVES AT THE WORK CENTERS?

A. Training requirements vary depending on job title. For the central office environment, both Central Office Technicians and Frame Specialist titles are utilized to perform hot cut activity. Formal training includes a hands-on basic frame course, hot cut certification training, and courses designed to utilize OSS for managing work and on-the-job training. The work centers employ a formal instructor-led course, a CBT course, and on-the-job training. Here again, the training is focused on the specific tasks associated with the job requirements and covers use of OSS, line translations, database, customer contact skills and order entry, to name a few.

Q. HOW LONG WOULD IT TAKE TO PUT TRAINED WORKERS IN PLACE?

A. A trained workforce could be put in place relatively quickly. In accordance with Verizon's standard training requirements, new central office technicians would be required to attend approximately 20 hours of training, which could be provided

within a single week. Service representatives would require approximately 112 hours of training, delivered over three weeks. Since the projected demand will not materialize all at once, Verizon will have time to hire and train the necessary staff on a rolling basis.

Q. WILL WORK SPACE (OFFICE SPACE) AND FACILITIES (COMPUTERS, ETC.) BE AVAILABLE AT THE LEVELS REQUIRED FOR THE NEW EMPLOYEES?

A. Yes. Verizon's force levels have been significantly reduced in the recent past, which will make it easier to provide office space, computers, and other needed office tools for new employees. Also, existing office space has been consolidated, freeing up additional space. Making new office space and facilities available, to the extent necessary, should not impose any insurmountable obstacles. Verizon has frequently had to provide space and facilities for additional staff on a rapid basis (*e.g.*, in connection with the establishment of new work centers).

Q. WITH SPECIFIC REFERENCE TO CENTRAL OFFICE WORK, WILL THE ADDITIONAL FORCE REQUIREMENTS LEAD TO CROWDING THAT COULD INTERFERE WITH NORMAL WORK AT THE FRAME?

A. No. The necessary additional hiring would merely bring the level of frame activity closer to staffing levels prevailing in earlier years, at which crowding was not a problem.

Q. ARE VERIZON'S OSS CAPABLE OF HANDLING THE ADDITIONAL ORDERING ACTIVITY THAT WOULD BE ASSOCIATED WITH THE ELIMINATION OF UNE-P?

A. Yes. Indeed, Verizon would not expect overall ordering levels to increase significantly, since by and large UNE-P orders would simply be replaced by UNE-L orders. In any event, Verizon's OSS are robust and are scalable to support significant increases in transaction volumes.

Verizon follows a comprehensive capacity management process to ensure that its systems have sufficient capacity to handle current and projected volumes. Capacity management is an ongoing process. Verizon collects key system performance data such as CPU utilization, memory utilization, and transaction volumes. Verizon analyzes the performance data and identifies any servers that are exceeding pre-defined utilization thresholds. Verizon also extrapolates from existing performance data to anticipate future utilization based on predicted transaction workload. Based on the utilization data and the predicted future needs, Verizon develops specific action plans for addition system tuning, application architecture changes, and infrastructure upgrades for hardware and system software components.

Q. CAN NPAC HANDLE THE ADDITIONAL DEMAND FOR NUMBER PORTING THAT WOULD BE ASSOCIATED WITH A SHIFT FROM UNE-P TO UNE-L?

A. Yes. In an *ex parte* submission to the FCC, the current number portability administrator, NeuStar, states that the NPAC database has the capability to handle in excess of 25 telephone number ports per second, a level of

performance that should be ample to support any conceivable increase in hot cut demand. Note that 25 ports per second amounts to approximately 65 million ports per month. However, NeuStar's web site indicates sufficient overall NPAC capacity for "tens of millions" of transactions per day, corresponding to hundreds of millions of transactions per month. (*See* http:// www.neustar.com/numbering/npac.cfm.) Our estimated volume of incremental hot cuts for Florida is less than 40,000 per month. Thus, the additional demand on the NPAC database would amount to much less than one percent.

* * *

Q. DOES THIS CONCLUDE THE PANEL'S TESTIMONY?

A. Yes.

I. INTRODUCTION

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. This testimony is submitted by Verizon Florida Inc. ("Verizon") in response to the direct testimony of MCI, AT&T, and the Florida Competitive Carriers Association ("FCCA") (collectively "the CLECs") concerning Verizon's batch hot cut process. We cite the CLEC testimony by the sponsoring party, witness last name, and page number. (*E.g.*, "MCI Lichtenberg 23.")

Q. WHO IS SPONSORING THIS TESTIMONY?

A. This testimony is sponsored by the following witnesses, all of whom sponsored Verizon's direct hot cut testimony, filed on December 4, 2003: Carleen A. Gray, Maryellen T. Langstine, Thomas Maguire, James L. McLaughlin, Michael A. Nawrocki, and Larry G. Richter. The Panel members have the same general areas of primary responsibility as were described in the initial testimony. *See* Verizon Panel Direct on Hot Cut Processes and Scalability at 2-4 (Dec. 4, 2003) ("Verizon Panel Direct on Hot Cuts").

Q. HAVE THE CLECS SPECIFICALLY ADDRESSED THE VERIZON BATCH CUT PROPOSAL IN THEIR DIRECT TESTIMONY?

A. No. With rare exception, the CLEC direct testimony does not substantively address the Verizon batch cut proposal in their direct testimony, notwithstanding the fact that Verizon explained its proposed batch cut process at the Commission's collaborative on October 28, 2003, and submitted written testimony on the identical process proposed here on October 24, 2003 (New York), November 7, 2003 (California), November 14, 2003 (Massachusetts),

and December 1, 2003 (Rhode Island). AT&T and MCI are active participants in all those proceedings. Nonetheless, AT&T's direct testimony offers only a two-page critique of Verizon's batch cut process (AT&T Van de Water at 30-32.), while MCI vaguely addresses "ILEC" proposals on several pages of testimony. (MCI Webber at 20, 26, 28-30). The specific arguments raised by AT&T and MCI in their testimony are addressed below. To the extent that CLECs offer additional feedback on Verizon's batch cut proposal in their rebuttal testimony, Verizon will address it in its reply testimony.

II. THE SCOPE OF THIS PROCEEDING

Q. ARE THE ALLEGED DEFICIENCIES OF THE EXISTING INDIVIDUAL HOT CUT PROCESS RELEVANT TO WHETHER THE COMMISSION SHOULD APPROVE AND IMPLEMENT VERIZON'S BATCH CUT PROPOSAL?

A. No. The CLECs allege a number of deficiencies in the current hot cut process offered by BellSouth and, to a much lesser degree, Verizon. (*See, e.g.*, AT&T Van de Water; MCI Lichtenberg). In the *TRO*, the FCC addressed the precise issues that the CLECs raise here – the timeliness, cost, and labor intensiveness of the process, as well as the alleged delays and service outages and inability to handle large volumes of cutovers. *See TRO* ¶¶ 465-71. To the disappointment of the CLECs, the FCC resolved these issues by requiring states to adopt and implement a batch cut process, rather than preserving UNE-P indefinitely. *See, e.g.*, *TRO* ¶ 475 ("[W]e take affirmative steps to reduce this impairment and promote an environment suitable for increased facilities-based competition . . . we find that the present impairment can be mitigated by an improved loop

provisioning process."); *see also id.* ¶ 487 ([T]he loop access barriers contained in the record may be mitigated through the creation of a batch cut process by spreading loop migration costs among a large number of lines, decreasing per-line cut over costs."). Thus, the Commission should disregard the CLECs' claims and instead focus on implementing a batch cut migration process that "will render the hot cut process more efficient and reduce per-line hot cut costs." *TRO* ¶ 460.

Q. PLEASE RESPOND TO THE CLECS' CLAIM THAT THE IMPLEMENTATION OF A BATCH HOT CUT PROCESS WILL NOT BE SUFFICIENT TO OVERCOME OPERATIONAL IMPAIRMENTS TO DEPLOYING THEIR OWN SWITCHES. (*SEE, E.G.*, AT&T VAN DE WATER AT 32-33.)

A. The FCC has already rejected the CLECs' claims that the batch hot cut process must eliminate all of the alleged operational and economic impairment issues that the CLECs can dream up. Verizon proposed a batch cut process that satisfies the requirements of 47 C.F.R. § 51.319(d)(2)(ii). *See* Verizon Panel Direct on Hot Cuts at 34-35. And, as discussed in the testimony of Verizon witness Orville D. Fulp, and Verizon's Motion to Clarify the Scope of the Proceeding filed on January 7, 2004, because the *TRO* "self-provisioning trigger" is satisfied in the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area ("MSA"), which is the sole market where Verizon presently seeks the elimination of unbundled mass market circuit switching, a finding of "no impairment" is required as a matter of law. Thus, the CLECs' claims are irrelevant to this proceeding.

Q. WHAT ARE THE RULES GOVERNING APPROVAL AND IMPLEMENTATION OF A BATCH CUT PROCESS?

A. As noted above, FCC Rule 319(d)(2)(ii) governs the approval and implementation of a batch cut process.

First, this rule defines a "batch cut process" as "a process by which the incumbent LEC simultaneously migrates two or more loops from one carrier's local circuit switch to another carrier's local circuit switch giving rise to operational and economic efficiencies not available when migrating loops from one carrier's local circuit switch to another carrier's local circuit switch on a line-by-line basis." 47 C.F.R. § 51.319(d)(2)(ii).

Second, FCC Rule 319(d)(2)(ii)(A)(1) requires a state commission reviewing a batch process to "determine the appropriate volume of loops that should be included in the 'batch.'"

Third, FCC Rule 319(d)(2)(ii)(A)(2) further states that a "state commission shall adopt specific processes to be employed when performing a batch cut, taking into account the incumbent LEC's particular network design and cut over practices."

Fourth, under FCC Rule 319(d)(2)(ii)(A)(3), a state commission must "evaluate whether the incumbent LEC is capable of migrating multiple lines served using unbundled local circuit switching to switches operated by a carrier other than the incumbent LEC for any requesting telecommunications carrier in a timely

manner, and may require that incumbent LECs comply with an average completion interval metric for provision of high volumes of loops."

Finally, FCC Rule 319(d)(2)(ii)(A)(4) requires the adoption of batch hot cut rates in accordance with the FCC's UNE pricing rules.

Q. HAS VERIZON SATISFIED THIS STANDARD?

A. Yes. As demonstrated in this panel's direct testimony, Verizon's batch cut proposal satisfies the requirements of FCC Rule 319(d)(2)(ii). Specifically:

- Verizon's batch cut process can simultaneously migrate multiple loops from the Verizon switch to a CLEC switch. *See* Verizon Panel Direct on Hot Cuts at Part II.
- The Batch Cut process can migrate an "appropriate volume" of loops. Verizon proposes to perform the cuts when a "critical mass" of orders are reached. *See* Verizon Panel Direct on Hot Cuts at 29-30. The "critical mass" standard does not require any prior specification of an absolute minimum or maximum number of lines, which will vary from office to office, based on the volume of cuts and the optimal level of frame staffing.
- The Batch Cut Process takes into account Verizon's particular network architecture and cut over practices. *See* Verizon Panel Direct on Hot Cuts at Part II.
- The Batch Cut Process will perform cutovers in a timely manner. Verizon indicated that Batch Hot Cut orders would be cut over when a critical mass of orders had accumulated in the relevant central office,

but that the cut-over date would in no event be less than 10 business days, or more than 35 business days, from the date that the Batch Hot Cut LSR was submitted. *See* Verizon Panel Direct on Hot Cuts at 30. Verizon has since modified the minimum and maximum dates to 6 business days after order submission and 26 business days after order submission, respectively. To the extent the Commission wishes to address metrics issues related to batch hot cuts, those issues should be addressed in a metrics-related proceeding, rather than in this proceeding.

- Finally, as shown in our direct testimony, Verizon proposes batch hot cut rates are TELRIC-compliant rates. *See* Verizon Panel Direct on Hot Cuts at Part III.

III. SPECIFIC CLEC CLAIMS CONCERNING HOT CUTS

A. "Seamlessness" of the Batch Cut Process

Q. THE CLECS SUGGEST THAT, IN ORDER TO BE APPROVED, ANY BATCH CUT PROCESS MUST BE AS SEAMLESS AS UNE-P MIGRATIONS. DO YOU AGREE?

A. No. MCI claims that UNE-P cannot be eliminated until the "ILECs' daily processes can support the seamless and reliable provisioning of loops to multiple carriers at commercial volumes consistent with the manner in which they currently accommodate CLEC orders via the UNE-P." (MCI Webber at 7, 9.) AT&T likewise asserts that "the appropriate comparison must be whether the ILEC can move customers served by the UNE-L at the same volumes and performance levels as UNE-P" (AT&T Van de Water at 61).

The CLECs fundamentally misstate the standard imposed by the *TRO*. The conversion of loops from Verizon retail to UNE-P is not a valid benchmark because the process of migrating a customer from UNE-P to UNE-L is fundamentally different. Computer-generated switch translations are able to move a customer from one carrier to another automatically in a UNE-P migration because a customer's line remains connected to Verizon's switch throughout the process. By contrast, migrations from Verizon's switch to UNE-L arrangements cannot solely be handled by computer software and require the *physical* movement of the customer's line from Verizon's switch to the CLEC's switch.

Indeed, the *TRO* recognized that hot cuts are, by their nature, a "largely *manual* process requiring incumbent LEC technicians to *manually* disconnect the customer's loop, which was hardwired to the incumbent LEC switch, and *physically re-wire* it to the competitive LEC switch . . . ." *TRO* ¶ 465 n. 1409 (emphasis added). Acknowledging these differences, the *TRO* nevertheless calls for a batch process to "improve" the "hot cut process" by allowing the "timing and volume" of the cut over to be better managed and "spread[] loop migration costs among a larger number of lines, decreasing per-line cut over costs." *TRO* ¶¶ 487. *See also id.* ¶ 488 ("State commissions must approve . . . a batch cut migration process . . . that will address the costs and timeliness of the hot cut process."). In other words, the FCC did not envision that the batch cut process would be fundamentally different than existing hot cut processes, but rather would achieve economies of scale absent from existing, individual hot cut procedures.

By contrast, a fully automated process like the one by which UNE-P orders are provisioned is, by definition, not a hot cut process at all. The FCC never stated, and there is certainly no reason to believe, that a hot cut process cannot provide timely and high-quality service unless it matches the non-manual, fully automated UNE-P provisioning process. Indeed, the FCC's rejection of AT&T's Electronic Loop Provisioning proposal in the *TRO* confirms that the FCC could not have believed that end-to-end "hands-off" provisioning was an essential component of a batch hot cut process.

Q. AT&T HAS ARGUED THAT UNE-P SHOULD NOT BE ELIMINATED UNTIL ELECTRONIC LOOP PROVISIONING ("ELP") IS AVAILABLE FOR ALL CUTOVERS. (VAN DE WATER AT 70.) DO YOU AGREE?

A. No. Although AT&T does not acknowledge it, the FCC already considered, and explicitly rejected, AT&T's proposal that ELP be a prerequisite to a finding of no impairment. (AT&T Van de Water at 70.) In the *TRO* proceeding, AT&T advocated a form of ELP. The FCC concluded that AT&T had failed to demonstrate that such a system existed and could be implemented. In particular, the FCC stated that an effective ELP process would require "a fundamental change in the manner in which local switches are provided" and "dramatic and extensive alterations to the overall architecture of every incumbent LEC local telephone network," at a cost estimated at more than $100 billion. *TRO* ¶¶ 491 & 487 n.1517. The FCC therefore rejected AT&T's proposal, stating that "the record in this proceeding does not support a determination that electronic provisioning is currently feasible." *TRO* ¶ 491 &

n. 1517. This Commission should likewise reject AT&T's suggestion that the adoption of ELP is a pre-requisite to the elimination of unbundled mass market switching.

B. Non-Batch Process for "Everyday" Hot Cuts

Q. PLEASE RESPOND TO MCI'S CLAIMS THAT, IN ADDITION TO A BATCH HOT CUT PROCESS, THE COMMISSION MUST ALSO APPROVE A PROCESS FOR "EVERYDAY" HOT CUTS BEFORE UNE-P CAN BE ELIMINATED. (*E.G.*, MCI WEBBER AT 17-18; LICHTENBERG AT 48-49)

A. MCI argues that, in addition to a batch cut process, Verizon must adopt a new process for switching mass market customers from one carrier to another on a going-forward basis – what MCI calls the "Mass Market Hot Cut Process." (*E.g.*, MCI Webber at 17-18). According to MCI, this new Mass Market Hot Cut Process will be needed *after* the initial conversion of the "embedded base" of UNE-P loops following the elimination of unbundled mass market circuit switching. (MCI Webber at 18; MCI Lichtenberg at 48-49.) Indeed, MCI argues that the establishment of a new process for such "everyday" hot cuts following the conversion of the embedded base is "far more critical" than the adoption of a "transitional" batch cut process. (MCI Lichtenberg at 46).

MCI's claims make no sense. First, Verizon's batch hot cut process, which MCI fails to address, *will* govern the "everyday" conversions of customers from Verizon to a CLEC, if requested by the CLEC, in addition to the transition of the embedded base of UNE-P to UNE-L.

Second, to the extent MCI is arguing that Verizon's other hot cut processes must somehow be changed to accommodate MCI's alleged operational concerns, MCI is incorrect. Under the *TRO*, because Verizon is only presenting a triggers analysis in this proceeding, the Commission must perform only two tasks prior to eliminating mass market circuit switching in this market: (1) determine whether the self-provisioning trigger has been satisfied (*i.e.*, that there are three CLECs using their own switches); and (2) adopt and implement a batch hot cut process. The FCC did *not* require states to modify existing procedures for individual hot cuts, and in fact required that, if the trigger is met, the state make no further inquiry into operational issues. *TRO* ¶ 506.

Thus, states are not permitted, much less required, to modify existing *individual* hot cut processes (as opposed to the batch hot cut process) in this proceeding. MCI tacitly concedes as much, by recommending that the Commission open a *separate* docket to address issues concerning migration issues that will arise after the conversion of the embedded base. (MCI Lichtenberg at 28).

Q. HAS VERIZON TAKEN ANY STEPS TO IMPROVE ITS EXISTING, NON-BATCH HOT CUT PROCESSES?

A. Yes. Although not required by the *TRO*, Verizon has recently introduced a streamlined individual hot cut option that utilizes the Wholesale Provisioning Tracking System ("WPTS") to eliminate almost all of the manual coordination tasks associated with hot cuts. WPTS has been well-received by the CLEC community in this proceeding and before other state commissions.

For example, in the October 28, 2003 workshop, when asked what MCI would like to see in a batch hot cut process, the witness stated: "MCI would certainly

like to see BellSouth take look at WPTS system and see how they could implement something similar." TRO Hot Cut Workshop (Oct. 28, 2003) (quotations transcribed from audio tape). MCI acknowledged in its direct testimony that Verizon's system goes a long way to addressing the CLEC's desire to streamline the hot cut process and eliminate manual tasks associated with hot cuts. (MCI Webber at 24 ("Verizon, for example, has developed a wholesale provisioning tracking system known as 'WPTS' that has automated a number of the manually intensive coordination steps [of the individual hot cut process]."))

Similarly, in a recent filing with the Colorado Public Utilities Commission, MCI recommended that "Qwest should develop an electronically bonded and on-line system for communicating with CLECs similar to the Verizon [WPTS]." MCI's Response to Qwest's Proposal for Region-Wide Batch Loop Conversion Process" (Colo. PUC Docket No. 03I-485T) (Nov. 18, 2003), at 10 (footnote omitted) (In the footnote, MCI added a boilerplate disclaimer indicating that its reference to WPTS "does not mean that MCI considers that system in its presently identified status to be ideal or acceptable to MCI.") In a California hot cut workshop, an MCI representative identified WPTS as "a very robust system from my perspective," admitting that "one of the recommendations we made to SBC in the Ohio collaboratives was that they look at WPTS." The MCI witness further stated that "we're moving our folks onto WPTS because we do believe that it will – that the less you have to send email or faxes or phone calls, the better that we can manage this process, particularly in seeing the status of that cut rather than waiting for jeopardy

notifications." California Public Utility Commission Rulemaking 95-04-03 and Investigation 95-04-044, Collaborative Workshop on Batch Hot Cut Processes (Nov. 17, 2003), Tr. 2411-12.

C. Scalability

Q. AT&T ASSERTS THAT VERIZON'S ANALYSIS OF ITS ABILITY TO "SCALE UP" TO MEET INCREASED HOT CUT VOLUMES FAILS TO ADDRESS A NUMBER OF RELEVANT CONSIDERATIONS, INCLUDING "THE IMPACT OF WIN-BACKS BY VERIZON" (AT&T VAN DE WATER AT 31). IS THIS ALLEGATION CORRECT?

A. No. Verizon has conducted a comprehensive analysis, using a sophisticated force-to-load model, of its ability to "scale up" to meet the incremental demand for hot cuts that would occur if unbundled mass market circuit switching were eliminated throughout the Verizon territory in Florida. *See* Verizon Panel Direct on Hot Cuts at Part IV. As Verizon's direct testimony in Florida (and other states) states explicitly, winbacks (also known as "reverse hot cuts") *are* taken into account in Verizon's scalability analysis, since they are part of the additional work load that would result from the elimination of UNE-P, and would use some of the same resources as standard hot cuts. *See id.* at 9; *see also id.* at 59 (discussing treatment of winbacks in scalability model).

Q. AT&T ALSO ASSERTS THAT VERIZON'S SCALABILITY ANALYSIS DOES NOT TAKE INTO ACCOUNT "HOW MANY VERIZON PERSONNEL CAN WORK AT A FRAME" (AT&T VAN DE WATER AT 30). HAS VERIZON CONSIDERED SPACE LIMITATIONS AT

THE FRAME IN ASSESSING ITS ABILITY TO HANDLE THE INCREASED VOLUMES OF HOT CUTS THAT WOULD RESULT FROM THE ELIMINATION OF UNE-P?

A. Yes. As explained in our direct testimony, the increased force levels estimated by that model simply bring the level of frame activity closer to staffing levels in earlier years, when crowding was not a problem. *See* Verizon Panel Direct on Hot Cuts at 66. If, in rare cases, two frame technicians are assigned work in the same frame location at the same time, they are experienced in making pragmatic scheduling adjustments to deal with such conflicts on a real time basis. Such measures, which work well today and worked well in the days when frame staffing levels were as high as those predicted by the Force Load Model, will be sufficient to resolve any space availability issues.

Indeed, the additional flexibility created by the batch hot cut process makes the work-space issue even *less* significant. That process, by significantly reducing Verizon/CLEC coordination requirements, will enable Verizon to spread cutover work over an entire 24-hour period, rather than limiting it to one or two work shifts. Even where the batch process is not utilized, pre-wiring activities can be done outside of normal work hours.

Q. DO YOU AGREE WITH AT&T'S CLAIM THAT VERIZON'S SCALABILITY ANALYSIS DOES NOT ADDRESS THE "IMPACT OF IDLC"? (AT&T VAN DE WATER AT 31)

A. No. Again, Verizon's scalability model, filed on December 4, 2003, explicitly addresses the impact of IDLC loops by appropriately accounting for the added

level of work required by the outside field dispatches associated with IDLC. *See* Verizon Panel Direct on Hot Cuts at 60.

D. Types Of Loops Covered By Batch Cut Process

Q. DO YOU AGREE WITH THE CLECS' CLAIM THAT ANY BATCH HOT CUT PROCESS MUST INCLUDE LINE SPLIT LOOPS? (AT&T VAN DE WATER AT 31, 46-52; MCI WEBBER AT 20; MCI LICHTENBERG AT 26.)

A. No. Issues relating to the migrations of line split loops have nothing to do with this proceeding. The *TRO* discusses hot cuts in general, and batch hot cuts in particular, as a means to migrate "mass market" customers served by Verizon-provided loops from one local circuit switch to another. *See* 47 C.F.R. §§ 51.319(d)(ii), 51.319(d)(ii)(A). Thus, the batch hot cut requirements of the *TRO* do not apply to line sharing or line splitting arrangements because these arrangements do *not* involve the mass migration of local circuit switched customer lines from one carrier to another, but rather involve non-switched data service. DSL service, whether provided on a line split or line shared loop, does *not* rely on circuit switching. Not surprisingly, then, although the *TRO* discusses the issue of hot cuts at length, there is absolutely no mention of any need for a batch process specific to customers receiving data service via line splitting or line sharing arrangements. Indeed, the *TRO* explicitly addresses line splitting issues separately in the *TRO* in Rule 319(a)(1).

Not only did the FCC *not* require line splitting issues to be addressed in the context of a batch hot cut inquiry, it specifically "encourage[d] incumbent

LECs and competitors to use existing state commission collaboratives and change management processes to address OSS modifications that are necessary to support line splitting." Consistent with the *TRO,* several migration issues relating to line splitting recently have been raised in Verizon's established and agreed-upon Verizon OSS Change Management process. Thus, the Commission should resist the implicit invitation in the CLECs' testimony to turn this case into a broad-ranging inquiry into provisioning and other issues related to line splitting.

Q. PLEASE BRIEFLY DESCRIBE VERIZON'S CHANGE MANAGEMENT PROCESS.

A. Verizon and the CLECs jointly designed Verizon's OSS Change Management Process to address precisely the type of technical and operational issues associated with the growth of line splitting arrangements. The FCC has repeatedly approved this process in Verizon's Section 271 proceedings. *See, e.g.*, Memorandum Opinion and Order, *Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of New York*, 15 FCC Rcd 3953, 4004-4005 ¶¶ 111-112 (1999); Memorandum Opinion and Order, *Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Co. (d/b/a Verizon Enterprise solutions) and Verizon Global Network Inc., for Authorization to Provide In-Region, InterLATA Services in Massachusetts,* 16 FCC Rcd 8988, 9045-9046 ¶ 102 (2001); *see also id.* at 9046 ¶¶ 103-113. This process includes a framework for setting priorities among requested system changes that assigns priority,

based on agreed criteria, to change requests affecting CLEC interfaces and business processes, whether initiated by Verizon or by the CLECs. The priority assigned to a change request as a result of this process is a key factor in scheduling work on the change requests.

Verizon will work with the CLECs to further define the line splitting-related migration scenarios they have recently raised in Change Management, explore the feasibility of the OSS changes necessary to accommodate this CLEC request, and report on the progress of these efforts at the monthly Change Management meetings.

Q. ARE THERE MANY LINE SPLITTING OR LINE SHARING ARRANGEMENTS CURRENTLY IN PLACE IN FLORIDA?

A. No. There are no line splitting and only a minimal number of line sharing arrangements in place in Verizon's service areas in Florida. With respect to line sharing, the voice provider is, by definition, Verizon (rather than a CLEC). Thus the elimination of unbundled mass market circuit switching would not result in increased demand for hot cuts to transfer customers from Verizon's switch to a CLEC switch. This is another reason why this issue is irrelevant to this proceeding. The migration of any future volume of line splitting or line sharing arrangements can easily be handled on a project basis.

Q. BOTH AT&T AND MCI DISCUSS CLEC-TO-CLEC MIGRATIONS (AT&T VAN DE WATER AT 63; MCI WEBBER AT 20; MCI LICHTENBERG AT 26), AND AT&T ASSERTS THAT A BATCH CUT

PROCESS MUST HANDLE SUCH CONVERSIONS. WHAT IS YOUR REACTION?

A. As Verizon made clear in its direct testimony, both the basic hot cut process and the project hot cut process (also known as the "large job" process) apply to all types of hot cuts, whether Verizon retail to UNE-L, resale to UNE-L, UNE-P to UNE-L, and UNE-L to UNE-L. *See* Verizon Panel Direct on Hot Cuts at 19-20. The mechanics and coordination requirements of all of these types of hot cuts are identical, except for the identities of the carriers that are involved. In addition, CLEC UNE-P to CLEC UNE-L order can be provisioned using Verizon's proposed batch hot cut process.

Q. CAN THE BATCH PROCESS BE USED FOR CLEC UNE-L TO CLEC UNE-L MIGRATIONS?

A. No. The batch hot cut process cannot be used for CLEC UNE-L to CLEC UNE-L migrations because of problems caused by the failure of the "losing" CLEC to coordinate with the "winning" CLEC. Under the Batch Hot Cut process, Verizon (rather than the CLEC) submits the final number porting notification to NPAC. This process works when migrating to UNE-L from UNE-P, resale, or Verizon retail, because Verizon submits a porting trigger order to NPAC, while the UNE-L provider (*i.e.*, the new local service provider) creates the initial porting notification with NPAC. However, in a CLEC UNE-L to CLEC UNE-L migration, the trigger order would have to be created by the old local service provider. And, the CLECs have no incentive to cooperate with one another. Because Verizon would not be able to determine whether the porting trigger order had in fact been submitted and the port was ready to be

activated, it is possible that a number of customers would be left without service. Therefore, to ensure that continuity of service is not put at risk, CLEC UNE-L to CLEC UNE-L migrations are not eligible for the Batch process. In addition, it makes little sense for Verizon to become involved in disputes between the old and new CLECs concerning the submission of information and authorizations to NPAC.

CLEC UNE-L to CLEC UNE-L migrations can be handled, however, via either the Basic or Large Job processes, because in such processes Verizon is not responsible for placing the porting trigger order to NPAC.

Q. DO AT&T AND MCI TAKE CONSISTENT POSITIONS WITH RESPECT TO THE INCLUSION OF CLEC UNE-L TO CLEC UNE-L MIGRATIONS IN THE BATCH CUT PROCESS?

A. No, they do not. Although both allege that such migrations are important, MCI appears to take the position that such conversions are more appropriately handled through a process to be developed in a separate proceeding. (Although by no means clear, it appears that MCI believes that such a process would be what they term a non-batch "Mass Market Hot Cut process"). MCI acknowledges that CLEC UNE-L to CLEC UNE-L conversions require a significant degree of tri-party coordination among the two CLECs and the ILEC. (MCI Lichtenberg at 27). MCI therefore "recommends that the Commission open a separate docket to address these issues and additional operational issues." (MCI Lichtenberg at 28). Although Verizon does not object to discussing the CLECs' concerns in another docket or, more

appropriately, through the well-established change management process (which is the appropriate forum for handling these complex business to business issues), such a proceeding should have no bearing on the Commission's finding that Verizon has met the triggers and implemented a batch hot cut process.

Q. THE CLECS CLAIM THAT THE BATCH HOT CUT PROCESS MUST INCLUDE LOOPS PROVISIONED ON IDLC. (AT&T VAN DE WATER AT 63; MCI WEBBER AT 20, 29; MCI LICHTENBERG AT 26.) WHAT IS YOUR REACTION?

A. As discussed at length in Verizon's direct panel testimony, IDLC loops cannot be handled through the Large Job or Batch hot cut processes because there is no technically feasible, practicable means of obtaining access to individual voice-grade loops at the central office when such loops are provisioned over an IDLC system. *See* Verizon Panel Direct on Hot Cuts at 9-11. This does not mean that there is no "bulk" method for migrating such loops. As explained in our direct testimony, each of Verizon's three hot cut processes (Basic, Large Job, and Batch) is capable of handling large line volumes *(i.e.*, "bulk" orders). *See* Verizon Panel Direct on Hot Cuts at Part II.

Q. DOES THE EXCLUSION OF IDLC LOOPS FROM THE BATCH AND LARGE JOB PROCESSES CREATE PROBLEMS FOR CUTTING OVER MULTI-LINE CUSTOMERS WHERE ONE OR MORE OF THE CUSTOMER'S LINES ARE PROVISIONED THROUGH IDLC, AS THE CLECS CLAIM? (AT&T VAN DE WATER AT 45-46).

A. No. Such orders can simply be submitted through the Basic Hot Cut process.

Moreover, if an IDLC loop is encountered in the context of a Large Job, the process is even simpler. As Verizon indicated in the New York technical workshops, it would be willing to modify its procedures to create a Basic Hot Cut order for such a loop, and attempt to cut it over within the time frame of the Large Job from which it was excluded. Thus, although CLECs should attempt to identify IDLC lines in advance and exclude them from Large Job and Batch orders, they can certainly be processed in large volumes through the Basic process.

Q. SHOULD ENHANCED EXTENDED LINKS ("EELS") BE INCLUDED IN THE BATCH CUT PROCESS, AS MCI ARGUES? (MCI WEBBER AT 20).

A. No. EELs have never been subject to hot cuts of any sort—whether batch or otherwise – because there is no way to "hot cut" an EEL. Hot cuts have always been available only for ordinary two-wire loops, as the FCC was no doubt aware when it issued the *TRO*. EELs, by contrast, are "designed" circuits providing "special" services over a combination of a loop plus interoffice transport. In addition, there is no way for an ILEC to identify the local loop portion of an EEL in order to transfer it from one carrier to another because the circuit identification is for the entire EEL rather than the loop alone. EELs are, in any event, very rare in the mass market and thus there is clearly no need for Verizon or any other ILEC to have any type of "batch" or "bulk" process for migrating EEL-served customers from one carrier to another.

Q. MCI ASSERTS THAT VERIZON'S BATCH CUT PROCESS CANNOT BE USED FOR CUSTOMERS HAVING MORE THAN FOUR LINES (MCI WEBBER AT 20). IS THAT TRUE?

A. No. The Batch Cut Process will be available for all mass market customers regardless of the number of lines per customer. Thus, whatever this Commission establishes as the break point between the mass market and the enterprise market, the Batch Cut process will apply to those customers that are considered part of the mass market. Verizon addresses the appropriate break point in the rebuttal testimony of Orville D. Fulp filed on January 7, 2004.

Q. PLEASE RESPOND TO MCI'S ALLEGATION THAT THE BATCH CUT PROCESS WILL NOT PERMIT REQUESTS FOR MORE THAN 25-50 LOOP CUTOVERS PER DAY PER CENTRAL OFFICE WITHOUT SIGNIFICANT NEGOTIATION AND DEPARTURE FROM EXISTING PROVISIONING AND PERFORMANCE INTERVALS (MCI WEBBER AT 20).

A. Again, this is not true with respect to the Verizon Batch Cut process. As noted above, the size of the "batch" will vary by central office. There is no pre-set limit on the size of the batch, and the vast majority of Verizon central offices in Florida will be able to accommodate batch cutovers of more than 25-50 loops per day. Moreover, such batch cutovers will be performed in the same amount of time as any other Batch Cut orders – in a minimum of 6 business days from the submission of the order to a maximum of 26 business days after order submission.

E. Testing

Q. THE CLECS ASSERT THAT VERIZON'S BATCH CUT PROCESS MUST BE SUBJECT TO PRE-IMPLEMENTATION TESTING (AT&T VAN DE WATER AT 65). DO YOU AGREE?

A. No. Verizon agrees that one issue that should be examined in this case is whether Verizon can handle the volume of hot cut orders that would be expected in a post-UNE-P environment. Verizon has addressed that question through the scalability analysis included in its initial testimony. We do not agree, however, that the Commission must or should address the scalability issue through "volume testing" of the new Batch Hot Cut process or, for that matter, of the existing Basic and Large Job processes.

Q. WHY NOT?

A. The *TRO* clearly does not contemplate volume testing of Verizon's batch hot cut processes. First, by July 2004, this Commission is required by the FCC's rules either to either approve a batch hot cut process, or to show why the current hot cut process is sufficient. In other words, the Commission does not have the option of delaying its approval of the process indefinitely while volume testing takes place. *See* 47 C.F.R. § 51.319(d)(2)(ii).

Moreover, Verizon's proposed Batch Hot Cut process is not yet in place on a commercial basis (nor is it required to be). Additional OSS support for the process is now being developed. This fact necessarily limits the time that can be devoted to large volume testing of the process before the end of the nine-month deadline.

Q. DOES THIS MEAN THAT THE COMMISSION AND THE PARTIES WILL BE STUCK WITH ANY LIMITATIONS OR FLAWS IN THE BATCH HOT CUT PROCESS THAT ARE DISCOVERED AFTER A PERIOD OF ACTUAL COMMERCIAL USE?

A. Not at all. Verizon is confident that the careful development of the process, the experience that will be gained during the trial period, and the intensive scrutiny that is being given to the process in this proceeding, make it unlikely that any important aspect of the process will escape the Commission's attention. Furthermore, as Verizon and the CLECs gain real production experience, Verizon will work with the CLECs to ensure that the process works well and will make modifications that may be needed.

It should be emphasized that most of the "piece parts" of the Batch Hot Cut process already exist and are already being utilized in other contexts in commercial volumes. For example, WPTS currently has the ability to identify and count hot cut orders on a central-office-by-central-office basis. This is essentially the accumulation or "batching" process described in our initial testimony. WPTS is also a proven communication tool, utilized by many CLECs across the nation. In addition, Verizon already activates number ports for itself on winback orders, and, therefore, it has significant experience managing the porting activations offered as part of the Batch Hot Cut process. Finally, Verizon central office forces currently manage projects for a number of CLECs across the country; thus, Verizon is also experienced with the management of "batch" migrations themselves.

Q. ARE THERE ANY OTHER CONSIDERATIONS THAT BEAR ON THE FEASIBILITY AND DESIRABILITY OF VOLUME TESTING OF VERIZON'S PROPOSED BATCH HOT CUT PROCESS?

A. Yes. Hot cut volume testing would be costly, difficult to manage logistically, and ultimately of minimal practical benefit either to Verizon, the CLECs, or the Commission.

Q. WHY WOULD HOT CUT VOLUME TESTS BE COSTLY?

A. Among other things, in order to perform hot cut volume tests, Verizon undoubtedly would be forced to create hundreds of test accounts and arrange for the use of collocation space at the central offices so that connectivity can be established at the Verizon MDF and switch. Hot cut volume testing, therefore, would be costly for both Verizon and the CLECs.

Q. WHY WOULD HOT CUT VOLUME TESTING BE LOGISTICALLY DIFFICULT?

A. Hot cut volume testing would require a high level of CLEC cooperation, and it would be very difficult to coordinate this assistance with Verizon's resources. Moreover, Verizon would have to hire and train large numbers of people to perform and manage the hot cut testing, who would be needed only for the duration of the test. These sorts of logistical problems make volume testing impractical.

Q. PLEASE EXPLAIN YOUR STATEMENT THAT THE RESULTS OF HOT CUT VOLUME TESTING WOULD BE OF MINIMAL

PRACTICAL BENEFIT.

A. A hot cut volume test would be of minimal practical benefit because of the extreme artificiality of the testing environment. A test would be most reliable and effective when the testing environment is as close to "real life" as possible and the test participants do not know that the test is being conducted. But it would be virtually impossible to create a blind hot cut volume test.

In short, given Verizon's past experience with volume hot cuts, and the managerial and staffing issues associated with organizing a hot cut volume test, as well as the very short timetable that would be imposed for such a test, the value of a hot cut volume test at this point in time would be questionable. The substantial costs and logistical difficulties to be shouldered by Verizon and the CLECs would certainly outweigh any utility of a hot cut volume test.

Q. HAS HOT CUT VOLUME TESTING BEEN REQUIRED IN THE PAST UNDER SIMILAR CIRCUMSTANCES?

A. No. In the Section 271 proceedings in the East, state commissions retained KPMG to conduct OSS testing. These states included — along with New York — Massachusetts, Rhode Island, Pennsylvania, New Jersey, and Virginia. No hot cut volume testing was performed in any of these states. Moreover, in its publicly filed reports, KPMG concluded that for certain processes, including those that involved "provisioning of large volumes of test transactions that would exceed the manual capacity of [Verizon's state] work center . . . it was not practical to simulate certain order types, troubles, and processes in a test situation." State of New York Dept. of Public Service, Bell Atlantic OSS

Evaluation Project, KPMG's Final Report at II-7 (Aug. 6, 1999), *available at* http://www.dps.state.ny.us/tel271.htm; *see also, e.g.,* Virginia State Corporation Commission, Verizon Virginia, Inc. OSS Evaluation Project, KPMG's Final Report at II-16 (April 15, 2002), *available at* http://www.state.va.us/scc/division/puc/osskpmg_final.htm. Hot cuts were among the transactions KPMG and the state commissions declined to volume test.

Q. WILL VERIZON CONDUCT A TRIAL OF ITS PROPOSED BATCH HOT CUT PROCESS?

A. Yes. Through this trial Verizon will be able to confirm that it is capable of activating the line number ports on behalf of the CLECs — the one step of the Batch Hot Cut process that will be relatively new — and that the process otherwise performs as expected.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

I. INTRODUCTION

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. This surrebuttal testimony is submitted by Verizon Florida Inc. ("Verizon") in response to the January 7, 2004 rebuttal testimony of AT&T, MCI and Supra concerning batch hot cuts in the above-captioned case. In their rebuttal testimony, both MCI and Supra praise aspects of Verizon's batch proposal, as discussed in more detail below. In addition, AT&T, MCI, and Supra direct most of their criticism at the batch process proposed by Bellsouth, rather than Verizon. (*See, e.g.*, AT&T Van de Water Rebuttal at 2-4; MCI Lichtenberg Rebuttal at 1-11.) To the extent CLECs have contended that Verizon's proposed batch cut process has shortcomings, many such allegations simply rehash arguments that Verizon has already addressed at length in its Direct and Rebuttal Panel testimony. We nevertheless, address these criticisms of the Verizon batch cut process below.

Q. WHO IS SPONSORING THIS TESTIMONY?

A. This testimony is submitted by the witness panel that sponsored Verizon's initial and rebuttal testimony, with the addition of a new panel member, Julie A. Canny. Ms. Canny is Verizon's Executive Director – Metrics Policy and Planning in Wholesale Markets. As was true of Verizon's initial testimony, while all members of the panel have reviewed and agree with this testimony in its entirety, each panel member assumed primary responsibility for specific segments of the testimony. Each panel member relies on the facts and analyses developed by the other panel members in their areas of primary responsibility.

The panel members have the same general areas of primary responsibility as were described in the initial testimony. In addition, Ms. Canny has primary responsibility for issues related to metrics.

Q. PLEASE SUMMARIZE MS. CANNY'S EDUCATION, BACKGROUND, AND EXPERIENCE.

A. Ms. Canny received a Bachelor of Science degree in Mathematical Economics and Management from Simmons College in 1977; and a Master of Business Administration degree, with a concentration in Finance, from Babson College in 1980.

She is currently responsible for developing the performance measurements and performance assurance plans for wholesale products and services provided to CLECs and resellers by Verizon and its local operating company affiliates in other states. She has been a participant in the New York Carrier Working Group ("NYCWG") since its inception in 1997.

Ms. Canny has had 23 years of experience in the telecommunications industry. She assumed her present position in July 2000 after the merger of Bell Atlantic and GTE. She had similar responsibilities for NYNEX between 1995 and the 1997 (when NYNEX merged with Bell Atlantic), and for Bell Atlantic between 1997 and 2000. From 1989 to 1995, she was Director of Quality for NYNEX, supporting all staff departments. In that function, she was involved with the implementation of quality processes and, in particular, the development of performance measurements for business purposes. From 1985 to 1989, she

held positions of increasing responsibility in Installation, Maintenance, and Construction Engineering in Boston and New Hampshire. From 1980 to 1985, she held various positions in Planning and Budgeting. Before joining New England Telephone and Telegraph Company in 1980, she was Senior Statistician at Liberty Mutual Insurance Company, where she was responsible for the integrity of Workers Compensation experience filings with various regulatory bodies.

Ms. Canny has testified before state commissions in California, Connecticut, Delaware, the District of Columbia, Maine, Massachusetts, Maryland, New Hampshire, New Jersey, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia and Wisconsin. She has testified in proceedings related to § 271 of the Telecommunications Act of 1996 in all Verizon-East states and at the FCC. She has also provided testimony at numerous arbitration hearings with respect to performance measures and remedies.

II. OPERATIONAL CONCERNS

A. Lack of CLEC Control

Q. AT&T ALLEGES THAT CLECS HAVE "NO CONTROL OVER . . . THE 'UNE-P' LIKE' SERVICE ARRANGEMENT" THAT VERIZON WILL OFFER AS PART OF ITS BATCH PROCESS. (AT&T VAN DE WATER REBUTTAL AT 4.) DO YOU AGREE WITH THIS CHARACTERIZATION?

A. No. It is true that CLECs will not be able to make changes while the batch order is pending against the line, but this same situation exists today for all

pending Verizon wholesale and retail service orders, to prevent provisioning issues that may arise if two orders overlap. CLECs will nevertheless have multiple opportunities to make changes. If the provisioning of the UNE-P-like order is complete and the CLEC has not issued the batch LSR, the CLEC may issue a change order against the "UNE-P- like" line. In addition, on the "UNE-P- like" migration LSR, the CLEC can add or change features on the line with an "as specified" migration. However, given the short period of time between the initial order and the batch cut, CLECs should not ordinarily need to issue change orders.

Q. AT&T COMPLAINS THAT UNDER VERIZON'S BATCH HOT CUT PROPOSAL, IT WILL BE UNABLE "TO MONITOR THE QUALITY OF THE CUT DURING THE CRITICAL PERIOD BETWEEN THE CUTOVER OF THE LOOP AND THE ACTIVATION OF THE NUMBER PORT AT NPAC." (AT&T VAN DE WATER REBUTTAL AT 4.) WHAT IS YOUR RESPONSE?

A. AT&T's concern is groundless. Verizon's batch process will provide CLECs with the same information through Verizon's Wholesale Provisioning Tracking System ("WPTS") that they receive today as part of the basic and large job processes. Thus, the CLECs will still be able to monitor the hot cut between the cutover of the loop and the activation of the number at the Number Portability Administration Center ("NPAC").

It is important to note that the CLECs have repeatedly praised WPTS for its ability to provide information about the hot cut process. In its rebuttal

testimony, Supra notes that Verizon has "taken advantage of existing automated processes and the Internet to improve the conversion process from beginning to end, reduced out of service time, add enhancements and reduce overall cost to the CLEC." Supra Neptune Rebuttal at 10. In addition, during a November 17, 2003 batch hot cuts workshop held by the California Commission, MCI representative Sherry Lichtenberg identified WPTS as "a very robust system from my perspective," admitting that "one of the recommendations we made to SBC in the Ohio collaboratives was that they look at WPTS." Ms. Lichtenberg further stated that "we're moving our folks onto WPTS because we do believe that . . . the less you have to send email or faxes or phone calls, the better that we can manage this process, particularly in seeing the status of that cut rather than waiting for jeopardy notifications." California Public Utility Commission Rulemaking 95-04-03 and Investigation 95-04-044, Collaborative Workshop On Batch Hot Cut Processes (Nov. 17, 2003), Tr. 2411-12. Moreover, during a workshop held by this Commission on October 28, 2003, when asked what MCI would like to see in a batch hot cut process, an MCI witness stated: "MCI would certainly like to see BellSouth take [a] look at WPTS system and see how they could implement something similar." TRO Hot Cut Workshop (Oct. 28, 2003) (quotations transcribed from audio tape). Similarly, in a recent filing with the Colorado Public Utilities Commission, MCI recommended that "Qwest should develop an electronically bonded and on-line system for communicating with CLECs similar to the Verizon [WPTS]." MCI's Response to Qwest's Proposal for Region-Wide Batch Loop Conversion Process" (Colo. PUC Docket No. 03I-485T) (Nov. 18, 2003), at 10 (footnote omitted). (In the footnote, MCI added a boilerplate disclaimer indicating that its reference to

WPTS "does not mean that MCI considers that system in its presently identified status to be ideal or acceptable to MCI.")

Finally, Verizon is currently exploring methods to deliver this information directly to CLECs' OSS, which would further enhance their ability to monitor the period between the cutover of the loop and the activation of the port.

Q. AT&T ALSO ASSERTS THAT VERIZON'S BATCH PROCESS WILL LEAVE CLECS UNABLE TO "CONTROL THE TIME OF DAY, AND DAY OF WEEK, THAT CUSTOMER'S SERVICE WILL BE INTERRUPTED . . . BY A HOT CUT." (AT&T VAN DE WATER REBUTTAL AT 4.) DO YOU AGREE?

A. No. First, the proposed batch process is just one of a menu of scalable hot cut processes that Verizon is offering to CLECs. If a CLEC feels the need to control the precise time of day and day of week that the cutover occurs, it may avail itself of the Basic or Large Job processes, rather than the Batch process. In addition, even under the Batch process, a CLEC is not kept in the dark as to the scheduling of the cutover, as Verizon explained in its Direct Panel Testimony. To the contrary, Verizon will notify CLECs of the cutover date for a request six days prior to performance of the actual batch cut. CLECs will then be required to give Verizon a sign-off (*i.e.*, a "go/no-go" indication) through WPTS three days prior to the scheduled cut-over date. *See* Verizon's Direct Panel Testimony at 30. The sign-off will verify that there is dial tone on the CLEC facility that will be used to serve the customer. Moreover,

throughout the Batch process, CLECs can monitor the progress of their order through WPTS.

Q. AT&T ALSO COMPLAINS THAT UNDER VERIZON'S BATCH PROPOSAL "CLECS LACK CONTROL OVER THE SEQUENCE IN WHICH THE LINES OF A MULTI-LINE ORDER ARE CUT." (AT&T VAN DE WATER REBUTTAL AT 4.) IS SUCH CONTROL NEEDED?

A. No. AT&T fails to explain this concern in any detail and it is unclear why AT&T would need or want to control the *sequence* of cutovers within a batch hot cut order. While the proposed batch hot cut process does not allow CLECs to control the sequence in which lines of a multi-line order are cut, a CLEC who wished to do so could simply request the Basic or Large Job processes. As discussed in Verizon's Direct Panel Testimony, both the Basic and Large Job hot cut processes are capable of handling a large volume of customer hot cut orders and scalable to meet the increased demand for hot cuts that would result from the elimination of UNE-P.

B. Testing and Metrics

1. Testing

Q. AT&T ASSERTS THAT BATCH CUT "OPERATIONAL PROCESSES, METHODS AND PROCEDURES" HAVE NOT BEEN "DEFINED, DOCUMENTED OR TESTED." (AT&T VAN DE WATER REBUTTAL AT 4). IN ADDITION, AT&T COMPLAINS THAT "THERE IS NO EXPERIENCE OF 'LIVE PRODUCTION' OPERATIONS" FOR THE PROPOSED BATCH PROCESS "IN A REAL WORLD

ENVIRONMENT." (AT&T VAN DE WATER REBUTTAL AT 4.) ARE THESE VALID CRITICISMS?

A. No. The proposed batch process incorporates many aspects of Verizon's existing hot cut processes, such as the Project hot cut process. Verizon has successfully performed thousands of hot cuts using its existing ISO-certified processes. Therefore, it is inaccurate to suggest that "[n]o operational processes, methods and procedures, or system messages" for Verizon's proposed batch hot cut process "have been defined, documented or tested." Years of real-world experience performing the constituent parts that make up the Batch process amply demonstrate Verizon's ability to implement the Batch process.

Q. AT&T IMPLIES THAT VERIZON'S PROPOSED BATCH CUT PROCESS MUST BE VOLUME TESTED BEFORE IT CAN BE APPROVED. (AT&T VAN DE WATER REBUTTAL AT 4.) DO YOU AGREE?

A. No. One issue that is being examined in this case is whether Verizon can handle the volume of hot cut orders that would be expected in a post-UNE-P environment. Verizon has addressed that question through the in-depth scalability analysis included in its initial testimony, which is based on a sophisticated force-load model ("FLM"). We do not agree, however, that the Commission must or should address the scalability issue through "volume testing" of the new batch hot cut process or, for that matter, of the existing basic and large Job processes.

Q. WHY NOT?

A. The *TRO* does not contemplate volume testing of Verizon's batch hot cut processes. The FCC rules require the Commission either to approve a batch hot cut process, or to show why the current hot cut process is sufficient. In other words, the Commission does not have the option of delaying its approval of the process indefinitely while volume testing takes place. *See* 47 C.F.R. § 51.319(d)(2)(ii).

Moreover, Verizon's proposed batch hot cut process is not yet in place on a commercial basis (nor is it required to be). Additional OSS support for the process is now being developed. This fact necessarily limits the time that can be devoted to large volume testing of the process before the end of the nine-month deadline.

Q. DOES THIS MEAN THE COMMISSION AND THE PARTIES WILL BE STUCK WITH ANY LIMITATIONS OR FLAWS IN THE BATCH HOT CUT PROCESS THAT ARE DISCOVERED AFTER A PERIOD OF COMMERCIAL USE?

A. Not at all. Verizon is confident that the careful development of the process, the experience gained during the trial period, and the intensive scrutiny that is being given to the process in this proceeding, make it unlikely that any important aspect of the process will escape the Commission's attention. Furthermore, as Verizon and the CLECs gain real production experience, Verizon will work with the CLECs to ensure that the process works well and will make modifications that may be needed.

It should be emphasized that, as noted above, most of the "piece parts" of the batch hot cut process already exist and are already being utilized in other contexts in commercial volumes. For example, WPTS currently has the ability to identify and count hot cut orders on a central-office-by-central-office basis. This is essentially the accumulation or "batching" process described in our initial testimony. WPTS is also a proven communication tool, utilized by many CLECs across the nation. In addition, Verizon already activates ports for itself on winback orders, and, therefore, it has significant experience managing the port activations offered as part of the batch hot cut process. Finally, Verizon central office forces currently manage projects for a number of CLECs across the country; thus, Verizon is also experienced with the management of "batch" migrations themselves.

Q. ARE THERE ANY OTHER CONSIDERATIONS THAT BEAR ON THE FEASIBILITY AND DESIRABILITY OF VOLUME TESTING OF VERIZON'S PROPOSED BATCH HOT CUT PROCESS?

A. Yes. Hot cut volume testing would be costly, difficult to manage logistically, and ultimately of minimal practical benefit either to Verizon, the CLECs, or the Commission.

Q. WHY WOULD HOT CUT VOLUME TESTS BE COSTLY?

A. Among other things, in order to perform hot cut volume tests, Verizon undoubtedly would be forced to create hundreds of test accounts and arrange for the use of collocation space at the central offices so that connectivity can be

established at the Verizon MDF and switch. Hot cut volume testing, therefore, would be costly for both Verizon and the CLECs.

Q. WHY WOULD HOT CUT VOLUME TESTING BE LOGISTICALLY DIFFICULT?

A. Hot cut volume testing would require a high level of CLEC cooperation, and it would be very difficult to coordinate this assistance with Verizon's resources. It would also be very difficult to create test orders using Verizon's existing systems. Moreover, Verizon would have to hire and train large numbers of people to perform and manage the hot cut testing, who would be needed only for the duration of the test. These sorts of logistical problems make volume testing impractical.

Q. PLEASE EXPLAIN YOUR STATEMENT THAT THE RESULTS OF HOT CUT VOLUME TESTING WOULD BE OF MINIMAL PRACTICAL BENEFIT.

A. A hot cut volume test would be of minimal practical benefit because of the extreme artificiality of the testing environment. A test would be most reliable and effective when the testing environment is as close to "real life" as possible and the test participants do not know that the test is being conducted. But it would be virtually impossible to create a blind hot cut volume test.

In short, given Verizon's past experience with volume hot cuts, and the managerial and staffing issues associated with organizing a hot cut volume test, as well as the very short timetable that would be imposed for such a test, the reliability of a hot cut volume test at this point in time would be questionable.

The substantial costs and logistical difficulties to be shouldered by Verizon and the CLECs would certainly outweigh any utility of a hot cut volume test.

Q. HAS HOT CUT VOLUME TESTING BEEN REQUIRED IN THE PAST UNDER SIMILAR CIRCUMSTANCES?

A. No. In the Section 271 proceedings, state commissions retained KPMG to conduct OSS testing. These states included New York, Massachusetts, Rhode Island, Pennsylvania, New Jersey, and Virginia. No hot cut volume testing was performed in any of these states. Moreover, in its publicly filed reports, KPMG concluded that for certain processes, including those that involved "provisioning of large volumes of test transactions that would exceed the manual capacity of [Verizon's state] work center . . . it was not practical to simulate certain order types, troubles, and processes in a test situation." State of New York Dept. of Public Service, Bell Atlantic OSS Evaluation Project, KPMG's Final Report at II-7 (Aug. 6, 1999), *available at* http://www.dps.state.ny.us/tel271.htm; *see also, e.g.,* Virginia State Corporation Commission, Verizon Virginia, Inc. OSS Evaluation Project, KPMG's Final Report at II-16 (April 15, 2002), *available at* http://www.state.va.us/scc/division/puc/osskpmg_final.htm. Hot cuts were among the transactions KPMG and the state commissions declined to volume test.

Q. WILL VERIZON CONDUCT A TRIAL OF ITS PROPOSED BATCH HOT CUT PROCESS?

A. Yes. Through this trial Verizon will be able to confirm that it is capable of activating the line ports on behalf of the CLECs — the one step of the batch hot cut process that will be relatively new — and that the process otherwise performs as expected.

2. Metrics

Q. AT&T CRITICIZES VERIZON'S BATCH PROPOSAL CLAIMING IT LACKS "METRICS AND PENALTIES THAT WOULD ENSURE A VERIZON COMMITMENT TO THE PROCESS IT PROPOSES." (AT&T VAN DE WATER REBUTTAL AT 5.) IS THAT A VALID CRITICISM?

A. No. As an initial matter, nothing in the *TRO* requires that performance metrics be established for batch hot cuts or addressed in this proceeding. In a document otherwise full of very explicit and mandatory directives to the states, this omission is quite telling. With respect to the adoption of metrics for batch hot cut processes, the TRO merely says that:

> Specifically, state commissions ***may*** require that incumbents comply with an average completion interval metric, including any further disaggregation of ***existing*** loop performance metrics (*i.e.*, quality or maintenance and repair metrics) for provisioning of high volumes of loops.

TRO ¶ 489 (emphasis added).

In any event, the first step to creating metrics is to establish a documented process upon which measures can be based. We note that AT&T

itself has expressed agreement with this approach at a collaborative workshop in California. There, Mr. Hoffman, speaking on behalf of AT&T, stated: "Of course, you can't put the cart before the horse because you really need to have a clearly defined process before you can look at what the metrics are going to be." *See* November 17, 2003 Transcript at 2457. This is the method used to create the current hot cut metrics. A specific proposal, with detailed definitions, exclusions and performance standards, has not been created at this time for Verizon's proposed batch hot cut process. We do know the key areas of measurements and can build upon existing Carrier-to-Carrier Metrics. It may be possible to modify existing metrics or the C2C glossary to address some concerns. While current metrics do not completely address all the scenarios that Verizon has recommended in its initial testimony, workable and effective metrics cannot be established until the batch hot cut process is actually being utilized. Evaluating hypothetical scenarios is simply not an efficient way to proceed. While one or more high level metrics could be developed quickly, detailed descriptions and appropriate exclusions need to be carefully worked out so that all parties understand exactly what procedures are being measured and reported. These steps must be sufficiently documented to avoid confusion down the road. The work of defining the metric should be performed by the JPSA Collaborative once the batch hot cut process has been finalized.

Q. HOW IS THE ESTABLISHMENT OF METRICS FOR BATCH HOT CUTS BEING ADDRESSED IN CALIFORNIA?

A. This is still an open issue in California. On January 23, 2004, the parties to the California *TRO* proceeding briefed the question of when and where

performance standards for batch hot cuts should be addressed. Verizon has advocated that a batch hot cut process be adopted by the California Commission before metrics issues are addressed. California Public Utility Commission Rulemaking 95-04-03 and Investigation 95-04-044, Panel Testimony of Verizon California Inc. on Behalf on Hot Cut Processes and Scalability, at 41 (Nov. 7, 2003). AT&T agrees with this position. California Public Utility Commission Rulemaking 95-04-03 and Investigation 95-04-044, Comments of AT&T Communications of California, Inc. on Issue Concerning Performance Measurements for the Batch Hot Cut Process, at 3-4. With respect to where the issues should be addressed, Verizon has urged the California Commission to permit metrics issues to be considered in the ongoing Joint Partial Settlement Agreement ("JPSA") discussions; AT&T, by contrast, has advocated consideration of the issue as part of the *TRO* docket. The California ALJ has not yet ruled on the parties' briefs.

Q. IF PERFORMANCE MEASURES FOR BATCH HOT CUTS ARE ADOPTED BY THE CALIFORNIA JPSA, WILL THIS COMMISSION HAVE AN OPPORTUNITY TO REVIEW THEM BEFORE THEY ARE IMPLEMENTED IN FLORIDA?

A. Under the Commission's June 25, 2003 Order Approving Stipulation On The Verizon Performance Measurement Plan, new or modified performance measures adopted by the California JPSA "flow through" to Florida unless a party files an objection with this Commission. Order, *In Re: Investigation Into The Establishment Of Operations Support Systems Permanent Performance Measures For Incumbent Local Exchange Telecommunications Companies*,

Docket No. 000121C-TP, Order No. PSC-03-0761-PAA-TP ("JPSA Order"). As the Commission has explained:

> The parties agree that the review process in California will consider and satisfactorily resolve such issues. In the event that it does not, any party can apply to the Florida Public Service Commission for resolution, as defined in the stipulation.
>
> Accordingly, while the Commission by this Order approves the stipulated agreement between and among the parties, it neither cedes jurisdiction nor abrogates any responsibility that we may have to review any change which may be proposed for the state of Florida as a result of changes which may arise in the California plan.
>
> JPSA Order at 4 (emphasis added).

III. COSTS

A. Verizon's Cost Model

Q. PLEASE RESPOND TO AT&T'S ARGUMENT THAT VERIZON'S COST STUDIES "LIKELY REFLECT COSTING METHODOLOGIES THAT ARE NOT TELRIC BASED." (AT&T VAN DE WATER REBUTTAL AT 29.)

A. As explained in Verizon's Direct Panel Testimony, Verizon's cost study is TELRIC-complaint and forward-looking. Verizon employed a statistically valid survey of workers that actually perform the relevant activities to determine current work times. In addition, Verizon's Cost Study takes into

account Forward-Looking Adjustment Factors ("FLAF") to account for expected increases in efficiency and improvements in processes. The Cost Model reflects the efficiencies that Verizon can reasonably be expected to achieve, given the uncertainties and complexities that Verizon faces; therefore, Verizon's approach is appropriately forward-looking and long-run.

Q. DO YOU AGREE WITH AT&T'S CLAIM THAT VERIZON HAS "NOT SHOWN THEY CAN IMPLEMENT A LOW COST BATCH PROVISIONING PROCESS?" (AT&T VAN DE WATER REBUTTAL AT 27.)

A. No. As noted above, Verizon's proposed batch process complies with TELRIC and employs processes and systems such as WPTS to reduce costs and provide for a more efficient process. This fact has also been noted in the testimony of other CLECs. For example, in its rebuttal testimony, Supra notes that Verizon has "taken advantage of existing automated processes and the Internet to . . . reduce overall cost to the CLEC." (Supra Neptune Rebuttal at 10).

IV. SCALABILITY

Q. AT&T ALLEGES THAT VERIZON'S BATCH HOT CUT PROCESS IS NOT SCALABLE BECAUSE IT REQUIRES MANUAL WORK. (AT&T VAN DE WATER REBUTTAL AT 26.) IS THAT CORRECT?

A. No. Verizon's Force-Load Model ("FLM") considered the fact that performing hot cuts requires manual work in determining that Verizon's proposed process is, in fact, scalable. The work times used in the scalability analysis were based

on estimates of actual hot cut work times, which reflect all necessary manual processing steps.

Q. AT&T ALLEGES THAT VERIZON'S FORCE LOAD MODEL IS DEFICIENT BECAUSE IT ALLEGEDLY "ASSUMES A RELATIVELY EVEN DISTRIBUTION OF EMBEDDED BASE MIGRATIONS" DESPITE THE FACT THAT THESE CONVERSIONS WILL ALLEGEDLY "BE 'BACK-LOADED' AT THE END OF THE SCHEDULE." (AT&T VAN DE WATER REBUTTAL AT 26.) IS THIS CORRECT?

A. No. Several factors led Verizon to assume a uniform, pro-rata conversion (on an access line basis) of each 1/3 of the embedded customer base within the time made available for that conversion by the FCC's rules. See Testimony of William E. Taylor on Behalf of Verizon Florida (Dec. 4, 2003). First, under 47 C.F.R. § 51.319(d)(2)(iv), CLECs must place orders to migrate 1/3 of the customers in the embedded base from UNE-P by 13 months from the date the Commission finds no impairment, half of the remainder (i.e., a second 1/3 of the customers comprising the embedded base) 20 months from that date, and all of the final remainder (i.e., the last 1/3 of the customers) by 27 months from that date. Second, the assumption of uniform conversion is a reasonable middle ground that recognizes the CLECs incentives to fill capacity on their switches as soon as possible and their conflicting incentive to postpone incurring the non-recurring costs of collocation and hot cuts. *See* Taylor Direct at 9. Finally, this assumption recognizes the fact that the detailed schedule of migration is subject to negotiation and Commission approval, a process that

will likely give weight to the operational advantages of a pro rata conversion. *See id.* at 10.

Q. AT&T ARGUES THAT SPACE LIMITATIONS AT THE FRAME WILL PREVENT VERIZON FROM BEING ABLE TO HANDLE INCREASED HOT CUT DEMAND SIMPLY BY INCREASING ITS WORK FORCE. (AT&T VAN DE WATER REBUTTAL AT 26.) DO YOU AGREE THAT PHYSICAL SPACE LIMITATIONS WILL MAKE IT IMPOSSIBLE FOR VERIZON TO SCALE UP ITS WORK FORCE TO THE NECESSARY EXTENT?

A. No. As Verizon has made clear in both its Direct and Rebuttal Panel testimony, work space issues will not prevent Verizon from being able to handle increased hot cut demand. Verizon's frame managers are experienced at adjusting work schedules to meet changing demand for hot cuts. In addition, because the batch hot cut process significantly reduces Verizon/CLEC coordination requirements, the batch process will allow Verizon to spread cutover work over an entire 24-hour period, rather than limiting it to one or two work shifts. In addition, even where the Batch process is not utilized, pre-wiring activities can be done outside of normal work hours.

Q. AT&T ALLEGES THAT VERIZON HAS FAILED TO ADDRESS "VERIZON'S CAPABILITY TO SUPPORT THE ADDITIONAL REQUIREMENTS THAT WOULD BE PLACED ON ITS COLLOCATION APPLICATION AND IMPLEMENTATION PROCESSES THAT A NON-UNE-P ENVIRONMENT WOULD

CREATE" OR THE IMPACT OF THE SHIFT IN TRAFFIC OFF OF VERIZON'S LOCAL SWITCH NETWORK ONTO THE TANDEM TRANSPORT NETWORK. (AT&T VAN DE WATER REBUTTAL AT 32). IS THIS A VALID CRITICISM OF VERIZON'S PROPOSAL?

A. No. These questions are irrelevant to the issue of whether Verizon has proposed a batch process that satisfies the requirements outlined by the FCC. These issues would only be relevant in a potential deployment case. However, as noted in the Direct and Rebuttal Testimony of Verizon Witness Orville D. Fulp, Verizon does not intend to advance a potential deployment case in this nine month proceeding.

V. THE BATCH HOT CUT PROCESS

A. CLEC-TO-CLEC UNE-L MIGRATIONS

Q. AT&T ASSERTS THAT VERIZON'S BATCH CUT PROCESS MUST HANDLE CLEC-TO-CLEC MIGRATIONS (AT&T VAN DE WATER REBUTTAL AT 4.) WHAT IS YOUR REACTION?

A. As Verizon indicated in its Direct and Rebuttal Panel testimony, Verizon's basic hot cut process as well as the large job hot cut process can be utilized for all types of hot cuts, whether Verizon retail to UNE-L, resale to UNE-L, UNE-P to UNE-L, or UNE-L to UNE-L. *See* Verizon Direct Panel Testimony at 20-21, 28; Verizon Rebuttal Panel Testimony at 18-19. In addition, CLEC UNE-P to CLEC UNE-L orders can be provisioned using Verizon's proposed batch hot cut process.

Q. CAN THE BATCH PROCESS BE USED FOR CLEC UNE-L TO CLEC UNE-L MIGRATIONS?

A. Though the batch hot cut process is capable of handling CLEC UNE-L to CLEC UNE-L migrations, Verizon has chosen not to make it available for such migrations because of the reluctance of a "losing" CLEC to coordinate with a "winning" CLEC. *See* Rebuttal Panel Testimony at 19. In the batch hot cut process, Verizon (rather than the CLEC) must submit the final number porting notification to NPAC. This process works for migrations to UNE-L from UNE-P, resale, or Verizon retail, because Verizon submits a porting trigger order to NPAC, while the UNE-L provider (*i.e.*, the new local service provider) creates the initial porting notification with NPAC. In a CLEC UNE-L to CLEC UNE-L migration, however, the trigger order would have to be created by the losing local service provider, not Verizon. If Verizon were responsible for submitting the porting notification, it would not be able to determine whether the porting trigger order had in fact been submitted and the port was ready to be activated. As a result, customers could be left without service. To ensure that CLEC UNE-L to CLEC UNE-L migrations do not undermine continuity of service, these migrations are not included in the batch process.

B. LINE SPLITTING ARRANGEMENTS

Q. AT&T ASSERTS THAT VERIZON SHOULD IMPLEMENT A BATCH CUT PROCESS TO MIGRATE LINE SPLITTING ARRANGEMENTS. (AT&T VAN DE WATER REBUTTAL AT 5.) IS THAT CORRECT?

A. No. In the *TRO*, the FCC ruled that Line Splitting migration issues should be addressed as part of the Change Management process, not the Nine-Month *TRO*

Case. The FCC's discussion of specific batch hot cut requirements clearly shows that it intended to exclude line splitting migrations from these proceedings. Nor do these proceedings apply to line sharing. In line sharing, Verizon is supplying the voice service to the end user and another carrier is providing the data service to the end user on all line sharing arrangements in Florida. As a result, the elimination of unbundled local circuit switching would have no effect on the provision of voice (or data) service, because Verizon would simply continue to provide voice service using its own local circuit switch. Thus, there would be no need for a hot cut. For this reason, these comments focus on line splitting rather than line sharing arrangements. (In addition, the *TRO* ends the obligation of ILECs to offer new line sharing arrangements after a three-year transition. *See TRO* ¶¶ 255-269.) The *TRO* defines the batch hot cut process as a means to migrate "mass market" customers served by Verizon-provided loops from *one local circuit switch to another.* For example, FCC Rule 51.319(d)(ii)(A) directs state commissions to establish a process for "migrating lines served by one carrier's local *circuit switch* to lines served by another carrier's local *circuit switch*") (emphasis added). 47 C.F.R. § 51.319(d)(ii)(A) (emphasis added). *See also* 47 C.F.R. § 51.319(d)(ii) (defining "batch cut process" as a process to migrate loops "from one carrier's local *circuit switch* to another carrier's local *circuit switch*") (emphasis added). But DSL service, whether provided over line splitting or line sharing arrangements, does ***not*** rely on circuit switching. Thus, the FCC's definition of a batch hot cut does not include the movement of data from one carrier to another.

Q. DOES THE *TRO* IDENTIFY THE PROPER FORUM FOR ADDRESSING ISSUES RELATING TO LINE SPLITTING?

A. Yes. The FCC "encourage[d] incumbent LECs and competitors to use existing state commission collaboratives and Change Management processes to address OSS modifications that are necessary to support line splitting," not the Nine-Month case addressing a batch process. *TRO* ¶ 252. Given the FCC's clear statements on this issue, other state commissions have declined to address line splitting arrangements in their *TRO* batch hot cut proceeding. The Arizona Commission specifically rejected the CLECs' claim that line splitting migration issues should be addressed in the *TRO* batch cut case because "the FCC's Triennial Review Order did not require line splitting to be addressed in the nine-month docket." *See* Arizona Corporation Commission, Procedural Order, *ILEC Unbundling Obligations As a Result of the Federal Triennial Review Order*, Docket No. T-00000A-03-0369, at 5-6 (Ariz. Corp. Comm'n Nov. 6, 2003); *id.* at 7 ("IT IS FURTHER ORDERED that line splitting will not be addressed in this docket."). Similarly, in Oregon, the ALJ hearing the nine-month *TRO* cases refused the request of Covad, AT&T, and other CLECs to add line splitting to the list of issues to be considered in that docket. The ALJ ruled against the CLECs because "Paragraph 252 of the TRO clearly contemplates that OSS modifications necessary to support line splitting will be considered primarily in processes *other than the nine-month mass market proceeding*." Ruling, Disposition: Final Issues List Adopted, *In the Matter of the Investigation To Determine, Pursuant to the Order of the Federal Communications Commission, Whether Impairment Exists in Particular Markets If Local Circuit Switching for Mass Market Customers Is No Longer*

Available As an Unbundled Network Element, Docket UM 1100, at 6 (Or. Pub. Utils. Comm'n filed Nov. 14, 2003) (emphasis added). Litigation of these issues in the nine-month *TRO* proceeding is unnecessary and will only circumvent and undermine the business-to-business Change Management process.

Q. WHY IS THE CHANGE MANAGEMENT PROCESS THE BEST FORUM FOR RESOLVING ISSUES SURROUNDING LINE SPLITTING MIGRATIONS?

A. Because issues relating to line splitting will significantly affect both Verizon's and the CLECs' OSS, Verizon's Change Management process, a forum specifically designed for handling these types of business-to-business issues, is far better suited than this *TRO* proceeding to resolve effectively and expeditiously the technical and operational issues concerning customer migrations involving both voice and data. The FCC has repeatedly approved Verizon's Change Management process in Section 271 proceedings, determining that Verizon's Change Management process "provides an efficient competitor with a meaningful opportunity to compete." *See, e.g., New York 271 Order* at 111-112. Verizon and the CLECs jointly developed the OSS Change Management process for managing changes to Verizon systems and processes. As part of the Change Management process, Verizon meets with interested CLECs once a month to discuss new change requests, the status of existing requests, and CLEC priorities.

Q. IS IT NECESSARY TO DEVELOP A BATCH HOT CUT PROCESS FOR LINE SPLITTING ARRANGEMENTS?

A. No. As noted in Verizon's January 7, 2004 Rebuttal Panel Testimony there are no line splitting and only a minimal number of line sharing arrangements in place in Verizon's service areas in Florida. Verizon Rebuttal Panel Testimony on Batch Hot Cuts, at 18 (Jan. 7, 2004). Thus, it is not necessary, and indeed makes no sense, to have a *bulk* process for line splitting arrangements in the Florida.

C. IDLC

Q. AT&T CLAIMS THAT VERIZON'S BATCH HOT CUT PROCESS MUST INCLUDE LOOPS PROVISIONED ON IDLC. (AT&T VAN DE WATER REBUTTAL AT 4.) WHAT IS YOUR REACTION?

A. Verizon's Direct and Rebuttal Panel Testimony demonstrate that IDLC loops cannot be handled through the large job or the proposed batch hot cut processes because there is no technically feasible, practicable means of obtaining access to individual voice-grade loops at the central office when such loops are provisioned over an IDLC system. *See, e.g.*, Verizon Direct Panel Testimony at 9-12. This does not mean that there is no "bulk" method for migrating such loops. As explained in our Direct Panel Testimony, each of Verizon's three hot cut processes (basic, large job, and batch) is capable of handling large volumes of lines *(i.e.*, "bulk" orders). *See* Verizon Direct Panel Testimony at Part II. As explained in Verizon's Rebuttal Panel Testimony hot cuts for IDLC loops can simply be submitted through the Basic Hot Cut process. In addition, if an IDLC loop is encountered in the context of a Large Job, Verizon is willing to

accommodate the CLEC by modifying its procedures to create a Basic Hot Cut order for such a loop, and attempt to cut it over within the time frame of the Large Job from which it was excluded.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

(Transcript follows in sequence with Volume 9.)

STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, LINDA BOLES, RPR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 27TH DAY OF FEBRUARY, 2004.

LINDA BOLES, RPR
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