Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	CC Docket No. 01-140
	)	
Bell Atlantic Telephone Companies	)	Transmittal Nos. 1373 and 1374
Revisions in Tariff FCC Nos. 1 and 11	)	
	)	
Verizon Telephone Companies	)	Transmittal Nos. 23 and 24
Tariff FCC Nos. 1 and 11	)	

ORDER DESIGNATING ISSUES FOR INVESTIGATION

Adopted: June 26, 2001 **Released:** June 26, 2001

Direct Case Due Date: July 17, 2001
Oppositions to Direct Case Due Date: July 31, 2001
Rebuttal Due Date: August 7, 2001

By the Chief, Common Carrier Bureau:

TABLE OF CONTENTS

I. INTRODUCTION

1. On April 11, 2001 and April 12, 2001, the former Bell Atlantic Telephone Companies filed Transmittal Nos. 1373 and 1374, respectively, to revise Tariff FCC Nos. 1 and 11.[1] Both became effective on April 26, 2001. The revisions in Tariff FCC No. 1 revise the monthly rate for DC power for physical collocation, and establish a new rate element for DC power for virtual collocation, in the Bell Atlantic–South region. The revisions in Tariff FCC No. 11 revise monthly rates for DC power for physical and virtual expanded interconnection arrangements in New York/Connecticut and New England.

2. On April 17, 2001, Conversent Communications filed a petition to reject or, in the alternative, to suspend and require an accounting of Verizon's tariff filings.[2] On April 18, 2001, Sprint Corp. filed a petition to reject or suspend and investigate;[3] Qwest Communications International, Inc. and Qwest Communications Corporation filed a joint petition for suspension or rejection;[4] WorldCom, Inc. filed a petition to suspend and investigate;[5] AT&T Corp. filed a petition to suspend and investigate;[6] and the Association for Local Telecommunications Services, Allegiance Telecom, Inc., Choice One Communications, Inc., Covad Communications Company, Network Plus, Inc., Rhythms Links, Inc., and XO Communications, Inc. ("Joint CLECs") filed a petition to suspend, investigate, or reject Verizon's tariff filings.[7] On April 25, 2001, Verizon filed a reply.[8] On that same day, the Common Carrier Bureau suspended the tariffs for one day, and set them for investigation.[9] In this Order, we designate issues for the investigation of Verizon's transmittals, and we direct Verizon to file additional information as described below.

---

[1] The former Bell Atlantic Telephone Companies are now doing business as Verizon Communications (Verizon). Subsequent to filing Transmittal Nos. 1373 and 1374, Verizon filed its Transmittal Nos. 23 and 24 in order to issue the Verizon Telephone Companies Tariff FCC Nos. 1 and 11 to replace Bell Atlantic Tariff FCC Nos. 1 and 11. These became effective April 28, 2001. The tariff revisions filed under Bell Atlantic Transmittal Nos. 1373 and 1374 were moved into the Verizon tariffs without change.

[2] Conversent Communications, Petition to Reject or, in the Alternative, Suspend and Require an Accounting of, the Proposed Revisions of Verizon to its Monthly DC Power Rates in FCC Tariff No. 11 (filed Apr. 17, 2001) ("Conversent Petition").

[3] Sprint Corporation, Petition to Reject or Suspend and Investigate (filed Apr. 18, 2001) ("Sprint Petition").

[4] Qwest Communications International, Inc. and Qwest Communications Corporation, Joint Petition for Suspension or Rejection of Revisions to Verizon Communications Tariff FCC Nos. 1 and 11 (filed Apr. 18, 2001) ("Qwest Petition").

[5] WorldCom, Inc., WorldCom Petition to Suspend and Investigate (filed Apr. 18, 2001) ("WorldCom Petition").

[6] AT&T Corp., Petition of AT&T Corp. (filed Apr. 18, 2001) ("AT&T Petition").

[7] Association for Local Telecommunications Services, Allegiance Telecom, Inc., Choice One Communications, Inc., Covad Communications Company, Network Plus, Inc., Rhythms Links, Inc. and XO Communications, Inc., Petition to Reject or Suspend and Investigate Proposed Tariff Revisions (filed Apr. 18, 2001) ("Joint CLEC Petition").

[8] Reply of Verizon to Petitions to Suspend and Investigate (filed Apr. 25, 2001) ("Verizon Reply"). The Common Carrier Bureau grants Verizon's Motion to Accept Late-Filed Reply (filed Apr. 24, 2001). Verizon also filed Transmittal No. 1375 on April 24, 2001, to remove certain penalty provisions that the petitioners have contested. Verizon notes that it may file the penalty provisions through a separate transmittal on a later date.

[9] The Bell Atlantic Telephone Companies, Revisions for Tariff FCC Nos. 1 and 11; The Verizon Telephone Companies, Tariff FCC Nos. 1 and 11, *Order*, DA 01-1077 (Com. Carr. Bur. rel. Apr. 25, 2001).

II. BACKGROUND

3. The historic dominance of incumbent local exchange carriers ("ILECs") and the ubiquity of their networks led the Commission, in a series of orders beginning in 1992, to order certain ILECs to file tariffs offering expanded interconnection services to competitive access providers ("CAPs"), interexchange carriers ("IXCs"), and end users.[10] Expanded interconnection allows parties to collocate network equipment dedicated to their use in the LECs' central offices, thus providing them with direct access to bottleneck facilities and enabling them to compete on a facilities basis with LEC access services by interconnecting their circuits with those of a LEC at a LEC central office.[11] The Commission found that the availability of expanded interconnection at reasonable rates, terms, and conditions would result in numerous public interest benefits, including enhanced choices for telecommunications services, increased efficiency, technological innovation, and lower prices for interstate access services.[12]

4. When Congress passed the Telecommunications Act of 1996 to promote the development of competition in all telecommunications markets, it too recognized the essential role of collocation in fostering facilities-based entry. Congress required incumbent LECs "to provide for physical collocation of equipment necessary for interconnection or access to unbundled network elements at the premises of the local exchange carrier."[13] In the *Local Competition Order*, the Commission adopted the existing interstate expanded interconnection requirements, with some modifications, for collocation provided under section 251,[14] one difference being that section 251 does not require tariffing of collocation services. The existing tariffing requirements continue to apply, however, for interstate special access and switched transport expanded interconnection.

5. Expanded interconnection can promote competitive entry, however, only if it is offered at rates that reflect costs and under terms and conditions that are just and reasonable. Competitive providers

[10] Expanded Interconnection with Local Telephone Company Facilities, *First Report and Order*, 7 FCC Rcd. 7369 (1992), vacated in part and remanded, Bell Atlantic Telephone Companies v. FCC, 24 F.3d 1441 (1994) ("*Bell Atlantic v. FCC*"); Expanded Interconnection with Local Telephone Company Facilities, *Memorandum Opinion and Order*, 8 FCC Rcd. 127 (1993), vacated in part and remanded, *Bell Atlantic v. FCC*; Expanded Interconnection with Local Telephone Company Facilities, *Second Memorandum Opinion and Order on Reconsideration*, 8 FCC Rcd. 7341 (1993); Expanded Interconnection with Local Telephone Company Facilities and Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board, *Second Report and Order and Third Notice of Proposed Rulemaking*, 8 FCC Rcd. 7374 (1993), vacated in part and remanded, *Bell Atlantic v. FCC*; Expanded Interconnection with Local Telephone Company Facilities, *Memorandum Opinion and Order*, 9 FCC Rcd. 5154 (1994) ("*Virtual Collocation Order*"), remanded for consideration of 1996 Act, Pacific Bell v. FCC, 81 F.3d 1147 (1996) (collectively referred to as "*Expanded Interconnection*").

[11] Physical collocation allows an interconnector to locate its own transmission equipment in a segregated portion of the LEC central office. The interconnector pays the LEC for use of the central office space and may enter the space to install, maintain, and repair its equipment. Virtual collocation is a service that allows an interconnector to terminate its circuits in central office transmission equipment owned by the LEC and under the physical control of the LEC. The interconnector has the right to designate its choice of central office equipment, which is dedicated to the exclusive use of the interconnector, and is installed, maintained, and repaired by the LEC.

[12] *See* Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection Through Physical Collocation for Special Access and Switched Transport, CC Docket No. 93-162, *Second Report and Order*, 12 FCC Rcd. 18730, 18733 (1997) ("*Physical Collocation Tariff Investigation Order*").

[13] 47 U.S.C. § 251 (c)(6).

[14] *See* Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, *First Report and Order*, 11 FCC Rcd. 15499, 15787 (1996).

must buy collocation and all associated inputs, including power, from their ILEC competitors. We must ensure, therefore, that ILECs offer these services at just and reasonable rates so as not to raise their rivals' costs.

6. Carriers employing either physical or virtual collocation arrangements require electrical power to operate their collocated telecommunications equipment. Verizon's Transmittal Nos. 1373 and 1374 modify the rates and rate structure applicable to its provision of –48V DC (direct current) power. DC power provided by an ILEC to collocated competitors must be provisioned on an uninterrupted basis in order for the collocators to provide services comparable in quality to those offered by the ILEC. If the flow of commercial AC (alternating current) power is disrupted for any reason, the ILEC's central office power serving arrangements, which ordinarily will include a back-up generator, batteries, rectifiers, and other equipment,[15] ensure a continuous flow of power to the collocators' equipment. A collocator typically orders two power "feeds" to deliver power from the ILEC's fuse panel to its collocated equipment.[16] One feed is the primary feed, or A-feed, and the other is a back-up feed, or B-feed, again ensuring a continuous power supply in the event that the flow on one feed is disrupted for some reason.[17] The feeds are connected to fuses on the fuse panel, and it appears to be standard industry practice to fuse the feeds somewhere between 125% and 250% of predicted peak load.[18] In the instant transmittals, Verizon proposes to change the basis for determining its monthly DC power rates from a "per-fused amp" basis to a "per-load amp" basis. Under the previous per-fused amp rates, a collocator's power usage was assessed and billed based upon the total fused capacity of each power feed ordered by the collocator on its collocation application.[19] When power is charged on a per-load amp basis, however, a collocator's power usage is assessed and billed on a per-load amp basis for the total number of amps ordered by the collocator on its collocation application for all feeds.[20]

7. Verizon's proposed monthly DC power rates, determined on a per-amp basis, are $25.32 per load amp in New York/Connecticut, $16.61 per load amp in the rest of its New England region

[15] *See, e.g., Physical Collocation Tariff Investigation Order*, 12 FCC Rcd. at 18791.

[16] *See, e.g.*, Conversent Petition at 8.

[17] *See, e.g., id.*; *see also* Verizon Transmittal No. 1373; Tariff FCC No. 1, § 19.3.9 (A) and Tariff FCC No. 11, § 28.2.1(C).

[18] *See, e.g.*, Qwest Petition at 2 (standard industry practice for customer to order a fuse size up to 2.5 times the load amps ordered); *id.* at 5 (standard industry practice to fuse power cables for collocated equipment between 125% and 150% of predicted peak load); Verizon Transmittal No. 1373; Tariff FCC No. 1, § 19.3.9 (A) and Tariff FCC No. 11, § 28.2.1(C) (Verizon "will permit the Collocator to order a fuse size at up to 2.5 times the load amps ordered"). This relationship between the load amps ordered and the fuse size is the "fusing factor."

[19] *See* Verizon Reply at 3. For instance, suppose that a given collocator requests two power feeds at 40 amps per feed in its collocation application. If we assume a fusing factor of 1.5, which is the multiplier that converts the requested load amps per feed to fused feed capacity, the total number of amps billed monthly to the collocator would be:

(2 feeds)*(40 amps/feed)*(1.5 fusing factor) = 120 amps.

[20] *See* Verizon Transmittal No. 1373; Tariff FCC No. 1, § 19.3.9 (A)(1) and Tariff FCC No. 11, § 28.2.1 (C)(1) (the collocator "will be charged on the basis of the total number of load amps ordered, . . . and not based on the total number of amps available for the fuse size ordered"). Again, assuming a request of two power feeds at 40 amps per feed, the total number of amps billed monthly to a collocator would be:

(2 feeds)*(40 amps/feed) = 80 amps.

("Verizon New England"), and $20.23 per load amp in its southern region ("Verizon South").[21] Verizon does not propose to impose any non-recurring charges (NRCs) for DC power.

8. Verizon's proposed monthly rates for DC power, determined on a per-load amp basis, reflect significant increases relative to its previous monthly rates per *fused* amp. Verizon's previous monthly rates for DC power were $6.44 per fused amp in New York/Connecticut, $4.88 per fused amp in Verizon New England, and approximately $8.72 per fused amp in Verizon South. As such, Verizon's proposed monthly per-load amp rates represent increases of approximately 293%, 236%, and 132% relative to its monthly per-fused amp rates in New York/Connecticut, Verizon New England, and Verizon South, respectively.

9. Verizon offers three primary reasons why its proposed monthly DC power rates are neither unreasonable nor anti-competitive, and should not therefore be subject to investigation. First, Verizon argues that it is not appropriate to compare monthly per-fused amp rate levels to monthly per-load amp rate levels because the latter rate structure reduces the total number of amps for which a given collocator will be billed on a monthly basis (all else equal).[22] Accordingly, because Verizon is entitled to recover the cost of providing power to collocators, its monthly per-amp rates will be higher than its monthly per-fused amp rates. Second, Verizon argues that the prices of inputs used to provide power to collocators have increased since the 1993 and 1996 cost studies that support the per-fused amp rates (*e.g.*, inflation in power equipment prices).[23] Third, Verizon argues that the cost study used to determine its proposed rates (the "2000 study") is a more accurate reflection of the actual costs incurred to provide DC power to collocators than its 1993 and 1996 cost studies.[24] For example, referring to the 1993 study and its former per-fused amp rates, Verizon states that "[t]he rates that Verizon charges currently in its FCC tariffs are based on cost studies that are outdated, and that were done with very little experience providing power to expanded interconnection. Verizon's inexperience in expanded interconnection 8 years ago resulted in studies that *grossly underestimated* the costs of providing collocation."[25]

10. Verizon's methodology for determining its monthly recurring DC power rates in its 2000 study can be conceptualized as an "inverted cost pyramid." At the base of this pyramid are the fundamental materials costs used to derive initial unit investment estimates. Verizon then applies a successive series of "cost factors" to these initial estimates, causing the base of the inverted cost pyramid to expand upward and outward. The *rate* at which the pyramid grows is largely determined by the levels of the various cost factors used in its methodology. The *width* of the "top" of the inverted cost pyramid determines Verizon's proposed monthly DC power rates.

11. In light of this approach, the monthly DC power rates that Verizon charges to collocated competitors will be increased significantly (*i.e.*, widening the top of the inverted cost pyramid) if: (1) the initial unit investment estimates derived from its materials, labor, and power plant data are too high;

---

[21] The remaining states in Verizon New England are Massachusetts, Maine, New Hampshire, Rhode Island, and Vermont. Verizon South includes Washington, D.C., Delaware, Maryland, New Jersey, Pennsylvania, Virginia, and West Virginia.

[22] Verizon Reply at 1-2.

[23] *Id.* at 5.

[24] *Id.* Verizon has not submitted to the Commission the 2000 cost study to which it refers throughout its Reply. *See, e.g.,* Verizon Reply at 5-6, 10-11. We direct Verizon to provide the study and all supporting data. *See infra* paragraph 23.

[25] *Id.* at 4-5 (emphasis added).

and/or (2) *any one* of its cost factors is too high.[26] Of course, the potential impact of any such upward bias is greatly exacerbated if *more* than one of the cost factors is inappropriately large.

12. The specific steps comprising Verizon's pricing methodology are as follows. Verizon first derives estimates of various *state-specific* "total DC power plant unit costs of investment."[27] Verizon increases these unit investment estimates by application of an Engineered, Furnished and Installed ("EF&I") factor to derive an estimate of "total installed investment."[28] Total installed investment is then inflated by Land and Building Factors.[29] The resulting state-specific investment estimate is then referred to as "total unit investment."[30]

13. The total unit investment estimates are then used to determine the state-specific annual direct cost of investment. Verizon disaggregates its total unit investment estimates into three distinct investment categories: land, building, and "switching" equipment.[31] Applied to each of these categories are six category-specific direct cost factors, otherwise known as Annual Cost Factors ("ACFs"): (1) depreciation; (2) cost of money; (3) income tax; (4) maintenance; (5) administration; and (6) other tax.[32] Total annual direct costs, by state, are derived by multiplying all the ACFs by their respective category of investment, and then summing over all the categories.[33] Each state-specific annual direct cost

[26] Verizon's initial state-specific unit investment estimates are made with respect to: (1) the per-amp costs of individual power equipment items; and (2) the distribution of power plant types by state. Verizon's subsequent application of the cost factors is made only at the unit investment level, not at the individual equipment or power plant level. *See, e.g.*, Verizon Transmittal No. 1373; Workpaper 1.0, page 3, line 46; *id.* at page 2, lines 2-10; *id.* at page 1, lines 2-8.

[27] *See, e.g.*, Verizon Transmittal No. 1373; Workpaper 1.0, page 3, line 46 (total unit investment in Washington, D.C.).

[28] The EF&I factor generally reflects all costs associated with the provisioning of power arrangements to Verizon's collocated competitors.

[29] *See, e.g.*, Verizon Transmittal No. 1373; Workpaper 1.0, page 2, lines 6-7 (land and building investment factors in Washington, D.C.).

[30] *See, e.g.*, Verizon Transmittal No. 1373; Workpaper 1.0, page 2, line 10 (total unit investment in Washington, D.C.).

[31] Note that the land and building components are identical to the total land and building expenses used to derive the total unit investment estimates. The "switching" investment is simply the difference between total unit investment and the sum of land and building investment, and is therefore identical to total installed investment.

[32] *See, e.g.*, Verizon Transmittal No. 1373; Workpaper 1.0, page 1, lines 2-7 (ACFs in Washington, D.C.). As a result, there are: (3 investment categories)*(6 unique ACFs per category) = 18 unique ACFs for each state.

[33] For example, the annual direct cost associated with the building investment category for a given state is:

Building Direct Cost = (Building Investment)*(Building Depreciation ACF + Building Cost of Money ACF + Building Income Tax ACF + Building Other Tax ACF + Building Maintenance ACF + Building Administration ACF).

A similar procedure is used to calculate the state-specific direct costs associated with the land (Land Direct Cost) and switching categories (Switching Direct Cost). Total annual direct costs, by state, are then calculated as:

Annual Direct Cost = (Building Direct Cost) + (Land Direct Cost) + (Switching Direct Cost).

estimate is then weighted by the proportion of total access lines in the region that are located within each state.[34]

14. Verizon's region-specific monthly weighted direct cost estimate is calculated by summing over each state's weighted annual direct cost estimate and dividing by 12. Verizon increases its region-specific monthly weighted direct cost estimate by multiplying it by a region-specific overhead loading factor. The specific overhead loading factors employed by Verizon in its 2000 study are 1.32 for New York/Connecticut, 1.23 for states in Verizon South, and 1.0 for Verizon New England. The resulting region-specific calculations are referred to as the "monthly rates."

15. Verizon appears to have conducted its 2000 study for each state and corresponding region with respect to: (1) power provision at less than or equal to 60 amps; and (2) power provision at greater than 60 amps. Verizon then assigned weights to the resulting rates to derive the single blended monthly recurring rates reflected in its tariffs.[35]

16. Given the significant potential for Verizon's methodology to yield inflated estimates of the actual monthly costs of providing DC power to collocated competitors and the apparently significant rate increases, we designate in this Order several issues for investigation. We also direct Verizon to conduct additional studies and file information as described below.

III. ISSUES DESIGNATED FOR INVESTIGATION

A. Input Prices

17. Historical Prices. Verizon cites inflation as one reason for its rate increases (*i.e.*, increases in the cost of inputs used to produce power).[36] WorldCom claims, however, that Verizon's revised rates indicate a quadrupling of direct costs that would amount to an equivalent *annual* inflation rate of almost 19 percent.[37]

---

[34] For example, in Verizon South, the weights used are:

State		Proportion of Total Verizon South Access Lines in State
Washington, D.C.		0.03644
Delaware		0.02566
Maryland		0.16245
New Jersey		0.29196
Pennslyvania		0.29019
Virginia		0.15549
West Virginia		0.03782
	TOTAL	1.00000

[35] Again, the tariffed monthly DC power rates are as follows: $25.32 per load amp in New York/Connecticut, $16.61 per load amp in Verizon New England, and $20.23 per load amp in Verizon South. *See* Verizon Transmittal No. 1373; Workpapers 1-1, 1-2, 2-1.

[36] Verizon Reply at 5.

[37] WorldCom Petition at 3. WorldCom notes that the actual rate of inflation experienced by telecommunications firms is significantly lower. *Id.* The Joint CLECs cite to a recent Commission study that observed an increase in the gross domestic product chain-type price index (GDP-CPI) of 17 percent *cumulatively* since October 1992. Joint CLEC Petition at 5 (citing Annual Adjustment of Revenue Threshold, *Public Notice*, DA 01-903 (Apr. 11, 2001).

18. To the extent that Verizon seeks to justify the reasonableness of its new rates on the basis of inflation, we direct Verizon to provide a time series for the period 1993 to 2000 of *nominal annual material prices* for the following power equipment items: (1) microprocessor plant (BUSS BAR); (2) rectifiers; (3) batteries; (4) automatic breakers; (5) power distribution cabinets; (6) emergency engines/turbines; (7) battery distribution fuse bays; (8) plant distribution bays; and (9) any other plant associated with the provision of DC power, including jumpers, distribution cable, and any other bundled cable or connection equipment used in providing this service.[38] Verizon also must provide supporting billing and/or vendor price data used in setting its annual equipment price estimates.

19. Verizon must calculate and present an annual chain-type power equipment price index derived from the price data of all equipment directly related to the provision of DC power. This shall include each individual power item referred to above, and any other plant used in establishing a typical power arrangement, including jumpers, distribution cable, and any other bundled cable or connection equipment used in providing this service. In addition, Verizon must fully document and justify its method of performing this calculation. This index shall be provided for the years 1993 through 1999.

20. Verizon also must compare the annual changes in the power equipment price index it constructs pursuant to paragraph 19, above, against the annual changes in the telecommunications equipment price indexes with respect to private fixed investment in equipment and software provided by the U.S. Bureau of Economic Analysis (BEA).[39]

21. Current Prices. AT&T and the Joint CLECs criticize Verizon's lack of supporting data to verify the costs it seeks to recover in its DC power rates.[40] We direct Verizon to provide a detailed description of the precise functionality of each general type of hardware and plug-in item used to calculate the total material investment estimate.[41] For example, without limitation, in Pennsylvania, one plug-in item is listed as "202T Modem." Verizon should explain precisely how each such item is required for the provision of DC power to collocation arrangements. Verizon must provide the sources of the data used to derive the "material cost" of each hardware and plug-in item that factors into the total material investment estimate.

22. For all equipment that Verizon installs to establish power service to a given collocation arrangement, Verizon must identify the Part 32 account category into which the equipment and associated installation fees fall for cost recovery.[42] This listing should include any plant used in establishing a typical power arrangement, including jumpers, distribution cable, and any other bundled cable or connection equipment used in providing this service.

---

[38] Verizon refers to this list of equipment for the purpose of calculating its state-specific unit investment estimates. *See, e.g.,* Verizon Transmittal No. 1373; Workpaper 1.0, page 3; Workpaper 1.1, page 3.

[39] U.S. Bureau of Economic Analysis (BEA) publishes indexes of annual changes in telecommunications equipment prices.

[40] *See, e.g.,* AT&T Petition at 2; Joint CLEC Petition at 4 (noting lack of supporting data to verify "Engineering" costs).

[41] Total material investment estimate is equivalent to the denominator used in calculating the federal EF&I factor. *See infra* Section III.D.

[42] *See* 47 C.F.R. Part 32.

23. Verizon has not submitted to the Commission the 2000 study to which it refers throughout its Reply.[43] We direct Verizon to provide the cost study and all supporting data and assumptions. As noted previously,[44] Verizon appears to have conducted its 2000 study for each state and corresponding region with respect to: (1) power provision at less than or equal to 60 amps; and (2) power provision at greater than 60 amps. Verizon then assigned weights to the resulting rates to derive the single blended monthly recurring rates reflected in its tariffs. Verizon must identify and justify the weights it assigned to the monthly rate for amps less than or equal to 60, and the monthly rate for amps greater than 60. Furthermore, Verizon must explain and justify its decision to divide its cost study into the two components of less than or equal to 60 amps, and greater than 60 amps. We note that the greater than 60 amps calculations employed a plant distribution bay in place of a battery distribution fuse bay.

B. Comparison to Previous Cost Studies

24. Several petitioners contend that the cost support for Verizon's revised rates is inconsistent with Verizon's 1993 and 1996 cost studies.[45] Verizon replies that its previous cost studies "grossly underestimated the costs of providing collocation" and do not accurately reflect the actual costs of provisioning DC power to collocated competitors.[46] To the extent that Verizon seeks to preclude comparison to its old rates by contending that those rates provided inadequate cost recovery, Verizon must provide a detailed analysis of inputs and associated costs, relevant to the provisioning of DC power to collocated competitors, that were underestimated or omitted from its 1993 and 1996 cost studies. In addition, Verizon must detail those inputs and associated costs that it determines were overestimated in its 1993 and 1996 cost studies.

25. Verizon must quantify the effects of correcting for the defects in its 1993 and 1996 cost studies. In other words, Verizon must show what its tariffed region-specific monthly DC power rates for New York/Connecticut, Verizon New England, and Verizon South would have been in 1993 and 1996 had Verizon correctly estimated and/or included all relevant power provisioning costs.

26. Verizon also asserts that changing its DC power rate structure from a per-fused amp to a per-load amp basis will decrease the total number of amps for which a collocated competitor will be charged on a monthly basis.[47] To the extent that Verizon contends that its revised rates are reasonable in light of this rate structure modification, it must demonstrate that its previously tariffed DC power rates were based upon cost studies that assessed power costs on a per-fused amp basis. Verizon furthermore must demonstrate that it charged its collocation customers for DC power on a per-fused amp basis. To make this demonstration, Verizon may submit, by way of example, collocation applications and bills.

C. Central Offices Supporting Collocation Arrangements

27. Verizon's 2000 study divides state central offices into four types based upon the number of lines served in each: (1) metro; (2) urban; (3) suburban; and (4) rural.[48] Verizon derived its state-

[43] *See, e.g.*, Verizon Reply at 5-6, 10-11.

[44] *See supra* ¶ 15.

[45] Conversent Petition at 7; WorldCom Petition at 1-3; Joint CLEC Petition at 3-5.

[46] Verizon Reply at 3-4.

[47] Verizon Reply at 1.

[48] Verizon Reply at 6. For New York, Verizon further subdivides the Metro category into "Major Cities" and "High Rise Major Cities."

specific estimates of total unit investment in order to calculate an average cost of power for each state. In deriving its total unit investment estimates by state, Verizon appears to have assumed that collocation occurred in all central office types. As a result, central offices in which collocation arrangements are less likely to be found (*e.g.*, rural offices) may have been included in the analysis. We note that there are significant disparities between per-amp investment in rural offices and per-amp investment in larger offices. We designate for investigation: (1) whether it was reasonable for Verizon to include in its analysis central offices that lack collocation arrangements;[49] and (2) given the cost disparities relative to the provision of power to metro, urban, suburban, and, in particular, rural offices, whether it was reasonable for Verizon to develop a single, averaged DC power rate.

28. We direct Verizon to confirm whether it included in its analysis central offices that lack collocation arrangements, and, if so, to justify the inclusion of those offices. We also direct Verizon to provide a listing of the total number of collocators in each central office, by state, that it used in determining its state-specific total unit investments. Verizon also must recalculate its state-specific total unit investment estimates based upon the *actual* distribution of collocation arrangements among its offices, weighted by the number of collocators in each office. In other words, if Verizon determines that a central office upon which it had previously relied *does not* have any collocation arrangements, then Verizon must note the absence of collocation, and delete the costs associated with that central office from the calculation of its various state-specific unit investment estimates. Verizon must then calculate and present the results of its various state-specific unit investment estimates after making this adjustment and weighting the remaining offices by the number of collocators in each office. In addition, Verizon must calculate and present the corresponding region-specific monthly DC power rates. For each of these calculations, Verizon must follow the tabulation structure that it used in its instant transmittals to calculate its state unit investment estimates, annual direct cost estimates, and monthly rate estimates.[50]

29. Finally, we seek comment from all interested parties on any alternative methodologies of accounting for: (1) offices that lack collocation arrangements; and (2) the cost disparities relative to the provision of power to metro, urban, suburban, and, in particular, rural offices. We specifically seek comment on the reasonableness of developing a single DC power rate, representing an average of costs across a given region. Any party proposing an alternative methodology should provide a full explanation and justification of its proposed methodology and, in the case of Verizon, all data necessary to this calculation.

D. Engineering, Furnished and Installed ("EF&I") Factor

30. Several petitioners oppose Verizon's federal EF&I factor of 2.7852, questioning its derivation.[51] Verizon replies that the federal EF&I factor used in the 2000 study represents a weighted average of state EF&I factors that these petitioners unsuccessfully contested in state proceedings.[52]

---

[49] For purposes of this Order, "collocation arrangements" refer to those instances in which Verizon has completed all work necessary to prepare a collocation space and has turned the space over to the collocator.

[50] *See, e.g.*, Verizon Transmittal No. 1373; Exhibit pages 1-4; Verizon Workpaper 3.0, pages 1-3; Verizon Workpaper 3.1, pages 1-3.

[51] *See* Sprint Petition at 3 (noting that Sprint's own EF&I factor is only 1.7); WorldCom Petition at 2 (describing Verizon's EF&I factor as valuing the "installed" investment at three times the "material" investment); AT&T Petition at 2-3 (arguing that certain new requirements for collocators to pay Verizon to change fuse sizes and reconfigure power feeds may already be embedded in the EF&I factor).

[52] Verizon Reply at 6-7.

31. Verizon must explain and justify the specific methodology used to determine its federal EF&I factor. For each specific ordered and completed power equipment installation job used to calculate its federal EF&I factor, Verizon must provide: (1) a brief narrative describing the purpose of the job and how it relates to the provision of DC power; and (2) bill(s) for the job including the actual costs incurred by Verizon for completing it. Verizon derives its federal EF&I factor from the ratio of "total installed investment" to "total material investment." With respect to "total installed investment," Verizon is directed to explain in detail the derivation of the "in-place cost" associated with each hardware and plug-in item. In its Reply, Verizon states that "[i]n 2000, the vendor material price was multiplied by a Verizon regional power-specific installation factor to obtain the total EF&I investment."[53] Verizon must explain this statement. How was the region-specific factor derived? Was the same region-specific factor applied to each state? If more than one region-specific factor was employed, then which region-specific factor was applied to each state and why? In addition, Verizon must provide the sources of the data used to derive its various "in-place cost" estimates.[54]

32. We also direct Verizon to recalculate its federal EF&I factor by removing from its calculations any costs related to engineering, furnishing, and installing power equipment in central offices that lack collocation arrangements. Verizon also must recalculate the corresponding region-specific monthly DC power rates associated with this change in the federal EF&I factor. For each of these calculations, Verizon must follow the tabulation structure that it used in its instant transmittals to calculate its state unit investment estimates, annual direct cost estimates, and monthly rate estimates.

33. Furthermore, we direct Verizon to recalculate its federal EF&I factor including *only* costs of engineering, furnishing, and installing the following hardware items: microprocessor plant (BUSS BAR), rectifiers, batteries, automatic breakers, power distribution service cabinets, emergency engines/turbines, power plant distribution bays, and battery distribution fuse bays. Verizon then must recalculate its monthly region-specific DC power rates incorporating these changes to the federal EF&I factor. For each of these calculations, Verizon must follow the tabulation structure that it used in its instant transmittals to calculate its state unit investment estimates, annual direct cost estimates, and monthly rate estimates.

34. We also direct Verizon to recalculate its federal EF&I factor as described in paragraph 33, above, while excluding all costs relating to engineering, furnishing, and installing the equipment identified in that paragraph in central offices that lack collocation arrangements. Verizon then must recalculate its monthly region-region specific DC power rates incorporating these changes to the federal EF&I factor. For each of these calculations, Verizon must follow the tabulation structure that it used in its instant transmittals to calculate its state unit investment estimates, annual direct cost estimates, and monthly rate estimates.

35. If, pursuant to Section III.C, above, Verizon proposes an alternative methodology of accounting for offices that lack collocation arrangements or for cost disparities across offices, it must calculate its federal EF&I factor as described in paragraph 33, above, in accordance with its proposed methodology. Verizon also must calculate the corresponding region-specific monthly DC power rates. For each of these calculations, Verizon must follow the tabulation structure that it used in its instant transmittals to calculate its state unit investment estimates, annual direct cost estimates, and monthly rate estimates.

[53] Verizon Reply at 6.

[54] With respect to "total material investment," Verizon must provide the information as requested in *supra* Section III.A.

36. Finally, to the extent that Verizon seeks to justify its federal EF&I factor by reference to EF&I factors approved in state proceedings, Verizon must provide all relevant state decisions and all cost support adduced in those proceedings.

E. Building and Land Investment Factors

37. We direct Verizon to explain in detail the methodology used to derive its Building and Land Investment Factors for each state. Verizon also must explain why it believes its methodology accurately estimates the shared costs of land and building *occupied by power equipment*. To the extent that its building factor reflects costs associated with power equipment located outside its enclosed central office space (*e.g.*, rooftop), Verizon must justify this inclusion and report the degree to which power equipment is located outside its enclosed central offices.

38. To the extent that any of the central offices upon which Verizon relied to derive its Land and Building Investment Factors lack collocation arrangements, Verizon must recalculate its Building and Land Investment Factors after removing any costs associated with those offices. Verizon also must calculate and present the corresponding state-specific unit investment estimates and region-specific monthly DC power rates that reflect any such changes. For each of these calculations, Verizon must follow the tabulation structure that it used in its instant transmittals to calculate its state unit investment estimates, annual direct cost estimates, and monthly rate estimates.

39. "Double recovery." Some petitioners contend that some of the expenses Verizon recovers through application of the land and building investment factors may be recovered through other tariffed recurring or non-recurring collocation charges,[55] such as, for example, space preparation charges. Verizon denies that its space preparation charges recover any of the costs of installing power facilities.[56] Verizon must demonstrate that no "double recovery" is occurring. In other words, it must demonstrate that no building or land expenses recovered through DC power rates are recovered through any other collocation charge.

40. To the extent that Verizon discovers any such "double recovery," it must recalculate the relevant state unit investment estimates, and the corresponding region-level monthly DC power rate. Verizon also must make this calculation excluding all costs related to central offices that lack collocation arrangements. For each of these calculations, Verizon must follow the tabulation structure that it used in its instant transmittals to calculate its state unit investment estimates, annual direct cost estimates, and monthly rate estimates. In addition, if, pursuant to Section III.C, above, Verizon proposes an alternative methodology of accounting for offices that lack collocation arrangements or for cost disparities across offices, it must calculate its building and land investment factor in accordance with its proposed methodology. Verizon also must calculate the corresponding region-specific monthly DC power rates.

41. Alternative Methodology. Verizon also must present the following information for each central office with collocation relied upon in its Transmittal Nos. 1373 and 1374: (1) the amount of building investment;[57] (2) the amount of land investment;[58] (3) the number of square feet in each central office dedicated to power equipment; (4) the number of square feet occupied by collocation arrangements

[55] *See, e.g.*, Conversent Petition at 6-7.

[56] Verizon Reply at 11.

[57] This corresponds to the numerator used in determining its building investment factor, but on a central office-basis.

[58] This corresponds to the numerator used in determining its land investment factor, but on a central office-basis.

in each central office; and (5) the average number of amps generated by each central office. Verizon must then calculate building and land investment per-amp according to the following two formulas, using as variables the inputs 1-5 defined above, for each central office:

[(1)*{(3)/(4)}]/(5); and
[(2)*{(3)/(4)}]/(5).

F. Annual Cost Factors ("ACFs")

42. As mentioned above, Verizon employed six separate ACFs (depreciation, cost of money, income tax, maintenance, administration, other tax) within each of three separate unit investment categories (land, building, and "switching" (*i.e.*, installed investment)). Verizon must present a complete listing of all ACF values for each state relied upon in its instant transmittals.

43. Verizon must explain and justify the derivation of, and accounting logic relevant to, each state-specific ACF. Verizon must include: (1) a summary and explanation of the specific cost components embedded within each state-specific ACF; (2) the methodology used to transform the individual components to the applied ACF; and (3) an explanation of how each derived ACF is relevant to cost recovery associated specifically with power equipment (*e.g.*, how exactly does the installation of power equipment justify the need for a separate Land Maintenance ACF? what is the nature of the Administration expense associated with the provisioning and operation of a battery or other power equipment?). Verizon also must present a summary of all data sources used to construct each individual state-specific ACF. We also seek comment from all interested parties on whether it is appropriate to apply each of these cost factors to power equipment when calculating a rate for power provided to collocated competitors.

44. Verizon must explain the reasons for the apparent differences in the various Maintenance and Administration ACFs applied to different states within and across its various regions. For example, without limitation, Verizon must explain why the applied Land Administration ACF is 0.0623 in Washington, D.C., yet only 0.0291 in Delaware.

45. Finally, Verizon must demonstrate that the costs recovered through each separate ACF are not also recovered in any other collocation charges. For example, without limitation, Verizon must demonstrate that no part of the cost recovered through application of its Building Maintenance ACF is also recovered through its space preparation charges.

G. Switching Depreciation ACF

46. Verizon applies a uniform depreciation factor (*i.e.*, the Switching Depreciation ACF) to all types of central office power investment, including generators, based upon a 377C Digital Switching Account category.[59] WorldCom notes, however, that Verizon used a depreciation life of 44 years for backup generators in a 1993 cost study,[60] the same cost study upon which Verizon bases its current overhead loading factors.[61] Verizon replies that the Commission's rules require it to use the digital switching account to calculate the depreciation life of power equipment.[62] We seek comment from all

[59] Verizon Reply at 10.

[60] WorldCom Petition at 3.

[61] *See infra* Section III.H.

[62] Verizon Reply at 10 (citing 47 C.F.R. § 32.2212); *see also* 47 C.F.R. § 32.9000 (defining "associated equipment" to include network power equipment, and classifying associated equipment according to predominant use rather than its own characteristics).

interested parties on the extent to which the Commission's rules either require or support Verizon's use of the digital switching account for determining power equipment depreciation. Moreover, we seek comment on whether it is appropriate to apply a uniform depreciation factor to power equipment when calculating a rate for power provided to collocated competitors.

47. In addition, Verizon must provide data regarding the expected life of the following power investment items: microprocessor plant (BUSS BAR), rectifier, battery, automatic breaker, power distribution service cabinet, emergency engine/turbine, battery distribution fuse bay, and power plant distribution bay. Verizon also must cite the sources used to derive these estimates.

48. Verizon must explain its decision *not* to base its depreciation rate for installed power investment on the actual depreciation lives of individual power equipment. For instance, Verizon must explain why the 44-year life for a backup generator used in its 1993 study does not accurately reflect the actual life of the equipment (based on Verizon's own experience). We note that power equipment is atypical of most telecommunications equipment, in that power equipment is less susceptible to obsolescence, and is typically changed-out only at the end of the equipment's designed service life.

49. We direct Verizon to verify whether the company used a leveled net investment rate in calculating its applied Switching Depreciation ACF. If so, we direct Verizon to provide this figure. In addition, we direct Verizon to report the identity and the expected life of the digital switching equipment used in calculating its Switching Depreciation ACF.

50. Alternative Methodologies. Verizon must calculate, on a state-by-state basis, its Switching Depreciation ACF based upon two alternative methodologies. First, Verizon must calculate the Switching Depreciation ACF based upon the *average* expected lives of the following power equipment items: microprocessor plant (BUSS BAR), rectifier, battery, automatic breaker, power distribution service cabinet, emergency engine/turbine, battery distribution fuse bay, and power plant distribution bay. Verizon also must calculate and present its region-specific monthly DC power rates resulting from this recalculation of the Switching Depreciation ACF.

51. Second, Verizon must calculate its Switching Depreciation ACF based upon the *weighted average* of the expected lives of the following power equipment items: microprocessor plant (BUSS BAR), rectifier, battery, automatic breaker, power distribution service cabinet, emergency engine/turbine, battery distribution fuse bay, and power plant distribution bay. The weight used for each item's expected life shall be the proportion of total unit investment (on a per-amp basis) comprised by that same item (on a per-amp basis). To calculate the weights assigned to each item, Verizon must divide the weighted equipment item cost estimate for provisioning power at less than or equal to 60 amps, by the total unit investment level for each state for provisioning power at less than or equal to 60 amps.[63] Verizon also must calculate and present its region-specific monthly DC power rates resulting from this recalculation of the Switching Depreciation ACF. For each of these calculations, Verizon must follow the tabulation structure that it used in its instant transmittals to calculate its state unit investment estimates, annual direct cost estimates, and monthly rate estimates.

52. Finally, we direct Verizon to apply this same alternative Switching Depreciation ACF weighting to the Switching Other Tax ACF for each of the following power equipment items: microprocessor plant (BUSS BAR), rectifier, battery, automatic breaker, power distribution service cabinet, emergency engine/turbine, battery distribution fuse bay, and power plant distribution bay.

[63] *See, e.g.*, Verizon Transmittal No. 1373; Workpaper 1.0, page 3 (comparing total unit investment to separate statewide unit investments, according to power equipment item). For example, the weight to be attributed to rectifiers in Washington, D.C. is $33.49 ÷ $221.40 = 0.15.

Verizon also must calculate and present its region-specific monthly DC power rates resulting from this recalculation of the Switching Other Tax ACF. For each of these calculations, Verizon must follow the tabulation structure that it used in its instant transmittals to calculate its state unit investment estimates, annual direct cost estimates, and monthly rate estimates.

H. Overhead Loading Factors

53. Several petitioners object to Verizon's overhead loading factors. In particular, Sprint criticizes Verizon's reliance on the overhead loading factors established by the Commission in 1997 (which were in turn based upon cost studies from 1993).[64] Sprint asserts that Verizon's overhead costs may have decreased since 1993, due to mergers and other economies of scale.[65] Verizon maintains that its reliance on the Commission's 1997 order is justified.[66] We seek comment from all interested parties on the reasonableness of Verizon's reliance on the overhead loading factors prescribed by the Commission in 1997.

54. The Commission derived the overhead loading factors contained in its 1997 order on the basis of direct costs reported by the Bell Atlantic and NYNEX telephone companies in 1993, subject to direct cost revisions to reflect statistical disallowances.[67] This resulted in prescribed overhead loadings of 1.32 for New York/Connecticut, 1.23 for Verizon South, and 1.0 for Verizon New England.[68] To the extent that Verizon proposes a region-specific overhead loading factor greater than 1.0, it must demonstrate that its proposed factor does not exceed the lowest overhead loading factor applicable to any interstate service that competes with services offered by collocators, including DS1, DS3, and Digital Subscriber Line (DSL) services. In calculating the overhead loading factors applicable to these services, Verizon must take into account any and all volume and term discounts.

55. Verizon must calculate and present its region-specific monthly DC power rates resulting from any recalculation of its overhead loading factors pursuant to paragraph 54, above.

I. Comparisons with Other Carriers' Rates

56. Several petitioners assert that Verizon's DC power rates significantly exceed those of other ILECs in federal and state collocation tariffs.[69] Verizon replies, however, that such comparisons of

[64] Sprint Petition at 3-4. Verizon uses the overhead loading factors established by the Commission's 1997 physical collocation tariff investigation order. *See Physical Collocation Tariff Investigation Order*, 12 FCC Rcd. at 18982, Appendix D (1997); *see also id.* at 18853-59 (discussion of overhead loading standards and prescriptions).

[65] Sprint Petition at 3.

[66] Verizon Reply at 9.

[67] *See Physical Collocation Tariff Investigation Order*, 12 FCC Rcd. at 18921, Appendix C.

[68] *See* Verizon Reply at 9; *Physical Collocation Tariff Investigation Order*, 12 FCC Rcd. at 18858-59, 18982, Appendix D.

[69] *See* Conversent Petition at 4-5 (noting that SNET charges CLECs $9.37 per amp in Connecticut; Ameritech charges $7.99 per amp (federal) in Illinois, Indiana, Michigan and Ohio, $6.43 per amp (federal) in Wisconsin and $5.95 per amp (state) in Michigan; BellSouth charges $3.48 per amp (federal) and $8.86 per amp (state) in Florida; SBC charges $5.25 per amp (state) in Texas; and Pacific Bell charges $7.40 per amp (federal)); Sprint Petition at 2-5 (noting that, for 40 load amps, SNET's charge is 1.8 times lower in New York/Connecticut, and Ameritech's charge is 2.6 times lower in Wisconsin); WorldCom Petition at 3-4 (noting that, depending on location, Qwest charges

its own monthly recurring rates to the monthly recurring rates of other ILECs are improper, because other ILECs impose typically high non-recurring (up-front) charges, while Verizon recovers its up-front costs through higher recurring rates.[70]

57. To the extent Verizon contends that its revised DC power rates are reasonable in light of rates charged by other ILECs for the same services, Verizon must provide an analysis to support that comparison, including all supporting assumptions.

J. Cumulative Analysis

58. We direct Verizon to recalculate each of its various state-specific total unit investment estimates and region-specific monthly DC power rates after taking into account each of the following changes to its methodology: (1) removal of the costs associated with central offices that lack collocation arrangements from the calculation of its total unit investment estimates, federal EF&I, Land and Building Investment Factors, and any other factors where this change would be relevant; (2) substitution of its Switching Depreciation ACF with an ACF based upon the methodologies described in paragraphs 50 and 51, above; (3) the elimination of any source of "double recovery" of its power costs; and (4) substitution of the previous overhead loading factors with those requested in paragraph 54, above. For each of these calculations, Verizon must follow the tabulation structure that it used in its instant transmittals to calculate its state unit investment estimates, annual direct cost estimates, and monthly rate estimates. In addition, if, pursuant to Section III.C, above, Verizon proposes an alternative methodology of accounting for offices that lack collocation arrangements or for cost disparities across offices, it also must calculate a cumulative analysis in accordance with its proposed methodology. Verizon also must calculate the corresponding region-specific monthly DC power rates.

K. Non-Recurring Charge Augmentation Fee

59. If a collocation customer should order a change to its power configuration that requires a new –48-volt DC power feed, Verizon charges the customer a Non-Recurring Charge Augmentation Fee.[71] In Tariff FCC No. 1, the fee is $963.00 for virtual collocation and $1506.00 for physical collocation; in Tariff FCC No. 11, the fee for both virtual and physical collocation is $1,500.00 for New York/Connecticut, and $1,717.02 for all other states. Verizon offers no justification for the imposition of this fee, or why it is necessary for the reconfiguration of DC power.[72]

60. Verizon must provide the non-recurring cost information that formed the basis for this fee, and any justification for imposing it.

L. Terms and Conditions

61. Certification of Not Exceeding Load Power Ordered. Verizon's tariff revisions require each collocator annually to submit a written statement signed by a responsible officer of the collocator's

---

$9.31 to $12.66 per amp, Pacific Bell charges $5.05 to $7.40 per amp, BellSouth charges $3.42 per amp and the former GTE companies charge $9.90 to $13.85 per amp); Joint CLEC Petition at 6.

[70] Verizon Reply at 8-9 (noting that Ameritech, Qwest, SBC, and BellSouth require collocators initially to pay cabling costs, or to lay cable themselves, in addition to recurring charges). Conversent alleges, however, that Verizon may be double-recovering certain non-recurring costs. Conversent Petition at 6-7 (citing *Physical Collocation Tariff Investigation Order*, 12 FCC Rcd. at 18762). Verizon denies this allegation. Verizon Reply at 11.

[71] *See* Verizon Transmittal No. 1373; Tariff FCC No. 1, § 19.3.9(F); Tariff FCC No. 11, § 28.2.1(H).

[72] The petitioners did not comment on this provision.

firm attesting that it is not exceeding the load power ordered for each collocation arrangement within Verizon's operating territories.[73] Failure to submit such statement within a 30-day notice period results in the billing of DC power at each collocation arrangement to the total number of amps fused.[74]

62. WorldCom and the Joint CLECs argue that this provision is unnecessarily burdensome because the tariff already defines the requirements for obtaining DC power.[75] Verizon does not explain the need for this provision in either its transmittals or its Reply to the petitions.

63. Verizon must justify precisely why it requires such a written statement for each arrangement. In addition, Verizon must justify why it is reasonable to charge collocators for the total number of amps fused if such a statement is not submitted within 30 days.

64. Commencement of Billing. Verizon's tariff revisions also require that monthly billing begin on the occupancy date, or 30 days from the date Verizon provides access to the collocation arrangement, whichever comes first.[76]

65. Conversent and Sprint object to this provision for commencement of billing.[77] They claim that, after construction, Verizon must complete other tasks such as inspections before power can be drawn.[78] They propose that billing begin only when the power feeds have been fused and power can, in fact, be drawn by the collocator.[79] In its Reply, Verizon argues that it should not have to wait to recover its costs for the "several months" that it may take for the collocators to install their equipment and to receive the necessary inspections and fusing.[80]

66. Verizon must justify why it should charge the monthly rate when the collocator has its equipment in place either on the occupancy date or within 30 days from the date Verizon provides access to the collocation arrangement, even in such circumstances when Verizon's inability to inspect and/or fuse power prevents the collocator from drawing power.

67. Ordering of Power Reduction. The tariff revisions allow Verizon to bill a non-recurring charge when a collocator orders a reduction in its power requirements. Verizon waived this charge if a collocator ordered a power reduction prior to May 26, 2001, which was 30 days after the effective date of Transmittal Nos. 1373 and 1374.[81]

---

[73] *See* Verizon Transmittal No. 1373; Tariff FCC No. 1, § 19.3.9(D); Tariff FCC No. 11, § 28.2.1(F).

[74] *Id.*

[75] WorldCom Petition at 4-5; Joint CLEC Petition at 15.

[76] *See* Verizon Transmittal No. 1373; Tariff FCC No. 1, § 19.3(R).

[77] Conversent Petition at 11-12; Sprint Petition at 8.

[78] *Id.*

[79] Conversent Petition at 12; Sprint Petition at 8.

[80] Verizon Reply at 11-12.

[81] *See* Verizon Transmittal No. 1373; Tariff FCC No. 1, § 19.3.9(E); Tariff FCC No. 11, § 28.2.1(G).

68. WorldCom and the Joint CLECs argue that the 30-day waiver is insufficient.[82] WorldCom suggests that three months is more reasonable.[83] Verizon does not justify why 30 days is reasonable in either its transmittals or its Reply to the petitions.

69. Verizon must explain why 30 days is a reasonable period of time for a collocator to order a reduction in power requirements without incurring this charge. In its explanation, Verizon must indicate the number of collocators that had this charge waived, and the number that were actually assessed this charge after the 30-day period.

70. The Joint CLECs also argue that this requirement is unnecessarily burdensome because it is redundant, irrelevant, and time-consuming. Any original collocation application plainly sets forth the collocator's requirements for load amps, and actual power drawn does not necessarily relate to the size of a fuse.[84] Verizon must justify its non-recurring charge in light of these criticisms.

IV. PROCEDURAL MATTERS

A. Filing Schedules

71. This investigation will be conducted as a notice and comment proceeding, for which we have designated CC Docket No. 01-140.

72. Verizon shall file its direct case(s) no later than **July 17, 2001.** Verizon's direct case(s) must present its positions with respect to the issues described in this Order. Pleadings responding to Verizon's Direct Case(s) may be filed no later than **July 31, 2001**, and must be captioned "Oppositions to Direct Case" or "Comments on Direct Case." Verizon may file a "Rebuttal" to oppositions or comments no later than **August 7, 2001.**

73. An original and four copies of all pleadings shall be filed with the Secretary of the Commission. In addition, parties shall serve with three copies: Competitive Pricing Division, Common Carrier Bureau, 445 12th Street, S.W., Room 5-A452, Washington, D.C. 20554, Attn: Paul Moon. Parties shall also serve with one copy: International Transcription Service, Inc. (ITS), 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, (202) 857-3800. Members of the general public who wish to express their views in an informal manner regarding the issues in this investigation may do so by submitting one copy of their comments to the Office of the Secretary, Federal Communications Commission, 445 12th Street, S.W., Room TW-A325, Washington, D.C. 20554. Such comments should specify the docket number of this investigation, 01-140. Parties are also encouraged to submit their pleadings via the Internet through the Electronic Comment Filing System at <http://www.fcc.gov/e-file/ecfs.html>. Generally, only one copy of an electronic submission must be filed. In completing the transmittal screen, commenters should include their full name, Postal Service mailing address, and the applicable docket number, which in this instance is CC Docket No. 01-140. Parties may also submit an electronic comment via Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to <ecfs@fcc.gov>, and should include the following words in the body of the message: "get form <your e-mail address>." A sample form and directions will be sent in reply.

74. All relevant and timely pleadings will be considered by the Commission. In reaching a decision, the Commission may take into account information and ideas not contained in pleadings,

[82] WorldCom Petition at 6; Joint CLEC Petition at 16-17.

[83] WorldCom Petition at 6.

[84] Joint CLEC Petition at 16-17.

provided that such information, or a writing containing the nature and source of such information, is placed in the public file, and provided that the fact of reliance on such information is noted in the order.

B. *Ex Parte* Requirements

75. Pursuant to 47 C.F.R. § 1.1200(a), which permits the Commission to adopt modified or more stringent *ex parte* procedures in particular proceedings if the public interest so requires, this proceeding will be governed by "permit-but-disclose" *ex parte* procedures that are applicable to non-restricted proceedings under 47 C.F.R. § 1.1206. Designating this proceeding as "permit-but-disclose" will provide an opportunity for all interested parties to receive notice of the various technical, legal, and policy issues raised in *ex parte* presentations made to the Commission in the course of this proceeding. This will allow interested parties to file responses or rebuttals to proposals made on the record in this proceeding. Accordingly, we find that it is in the public interest to designate this proceeding as "permit-but-disclose."

76. Parties making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must contain a summary of the substance of the presentation and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented generally is required. *See* 47 C.F.R. § 1.1206(b)(2), as revised. Other rules pertaining to oral and written presentations are set forth in Section 1.206(b) as well. Interested parties are to file any written *ex parte* presentations in this proceeding with the Commission Secretary, Magalie Roman Salas, 445 12th Street, S.W., TW-B204, Washington, D.C. 20554, and serve with three copies: Competitive Pricing Division, Common Carrier Bureau, 445 12th Street, S.W., Room 5-A452, Washington, D.C. 20554, Attn: Paul Moon. Parties shall also serve with one copy: International Transcription Service, Inc. (ITS), 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, (202) 857-3800.

C. Paperwork Reduction Act

77. The collections of information contained within this Order are contingent upon approval by the Office of Management and Budget, in accordance with the provisions of the Paperwork Reduction Act, 44 U.S.C. §§ 3506 *et seq.*

V. ORDERING CLAUSES

78. IT IS ORDERED that, pursuant to Sections 4(i), 4(j), 201(b), 203(c), 204(a), 205, and 403 of the Communications Act, 47 U.S.C. §§ 154(i), 154(j), 201(b), 203(c), 204(a), 205, and 403, and Sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, the issues set forth in this Order ARE DESIGNATED FOR INVESTIGATION.

79. IT IS FURTHER ORDERED that Verizon Telephone Companies SHALL INCLUDE, intheir direct case(s), a response to each request for information that they are required to answer in this Order.

FEDERAL COMMUNICATIONS COMMISSION

Dorothy T. Attwood
Chief, Common Carrier Bureau