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

In the Matter of Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration	)	CC Docket No. 00-218
Petition of AT&T Communications of Virginia Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia Corporation Commission Regarding Interconnection Disputes With Verizon Virginia Inc.	)	CC Docket No. 00-251

MEMORANDUM OPINION AND ORDER

Adopted: January 29, 2004 **Released: January 29, 2004**

By the Chief, Wireline Competition Bureau:

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I. INTRODUCTION

1. On August 28, 2003, the Wireline Competition Bureau (Bureau), acting pursuant to authority delegated by the Commission,[1] adopted a decision resolving disputes regarding the rates that Verizon Virginia, Inc. (Verizon) may charge AT&T Communications of Virginia, Inc. (AT&T) and WorldCom, Inc. (WorldCom) for access to unbundled network elements (UNEs), interconnection, and resale.[2] The Bureau applied the Commission's pricing rules[3] and "baseball" arbitration rules[4] to choose among cost models presented to us and to select the appropriate algorithms, network design assumptions, and inputs for use in the chosen models. Based on those decisions, we (1) set recurring rates for unbundled loops, (2) directed Verizon to submit a compliance filing to establish recurring rates for all other UNEs, interconnection rates, and the wholesale discount for resold services, and (3) directed AT&T and WorldCom (AT&T/WorldCom) to submit a compliance filing to establish rates for non-recurring charges (NRCs).[5]

2. Consistent with the time frames set forth in the *Cost Order*, on October 28, 2003, the parties submitted compliance filings that contained cost studies and supporting declarations.[6]

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1 *Procedures for Arbitrations Conducted Pursuant to Section 252(e)(5) of the Communications Act, as amended*, Order, 16 FCC Rcd 6231, 6233, paras. 8-10 (2001) (*Arbitration Procedures Order*).

2 *Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration*, CC Docket Nos. 00-218, 00-251, Memorandum Opinion and Order, 18 FCC Rcd 17722 (WCB 2003) (*Cost Order*).

In two previous orders, the Bureau addressed the terms and conditions of interconnection agreements between the petitioners and Verizon. *See Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration*, CC Docket Nos. 00-218, 00-251, Memorandum Opinion and Order, 17 FCC Rcd 27039 (WCB 2002) (*Non-Cost Arbitration Order*); *Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration*, CC Docket Nos. 00-218, 00-251, Memorandum Opinion and Order, 17 FCC Rcd 19654 (WCB 2002) (*Non-Cost Arbitration Approval Order*).

3 *See* 47 C.F.R. §§ 51.501 *et seq*., 51.701 *et seq*.

4 *See* 47 C.F.R. §§ 51.807(b), (d).

5 *See Cost Order*, 18 FCC Rcd at 17727-28, 17991-93, 18002-03, paras. 4, 694-98, 701-02, App. E. Because AT&T and WorldCom jointly filed cost studies and jointly filed most of their supporting testimony and post-hearing briefs, as well as jointly submitted a compliance filing, we generally refer to them collectively as AT&T/WorldCom. In instances in which either AT&T or WorldCom individually supports a position or submitted a filing, that party will be referred to individually.

6 *See Petition of WorldCom, Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia Corporation Commission Regarding Interconnection Disputes with Verizon Virginia, Inc., and for Expedited Arbitration*, CC Docket Nos. 00-218, 00-251, Letter from Polly B. Smothergill, Attorney for Verizon Virginia Inc., to Marlene H. Dortch, Secretary, FCC, CC Docket Nos. 00-218, 00-251 (filed Oct. 28, 2003) (Verizon Compliance Filing); Testimony of Terry L. Murray, Joseph P. Riolo, and Richard J. Walsh in Support of Compliance Filing of AT&T and WorldCom, Inc. d/b/a MCI (filed Oct. 28, 2003) (AT&T/WorldCom Compliance Filing).

The Verizon Compliance Filing contains the Declaration of Patrick A. Garzillo (Garzillo Decl.), as well as cost studies. On November 20, 2003, Verizon submitted in both paper and electronic form the input data that it used in its compliance switching cost study. *See* Letter from Samir Jain, Wilmer, Cutler & Pickering, to Marlene H. Dortch,

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They submitted rebuttal filings on November 18, 2003.[7] Verizon, on its own initiative, submitted a "Response" to AT&T/WorldCom's rebuttal filing on December 3, 2003.[8]

3. In this order, we resolve issues raised by the parties with respect to the compliance filings and set the rates (recurring and non-recurring) that Verizon may charge AT&T/WorldCom for UNEs and interconnection, as well as the wholesale discount rates for resold services.[9] We continue to apply the baseball arbitration rules to resolve compliance issues raised by the parties.[10] We emphasize, however, that we restrict ourselves to addressing the issues that the parties have directly placed at issue through their compliance filings.[11] To the extent that a party, rather than (or in addition to) challenging the other side's compliance with the *Cost Order*, instead seeks to relitigate an issue resolved in that order, such a challenge to the order is procedurally inappropriate, and we will not entertain it here.[12] The rates we establish are set forth in Appendix A attached hereto and incorporated herein by this reference.

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Secretary, FCC, CC Docket Nos. 00-218, 00-251 (filed Nov. 20, 2003). The AT&T/WorldCom Compliance Filing contains, in addition to the witness declaration, their compliance NRC cost model and a NRC rate sheet. Although we understand that AT&T/WorldCom served Verizon and Bureau staff with a complete version of the AT&T/WorldCom Compliance Filing, because the officially filed copy appeared to be incomplete, AT&T re-filed the AT&T/WorldCom Compliance Filing on November 4, 2003. *See* AT&T/WorldCom Compliance Filing (re-filed Nov. 4, 2003).

[7] *Petition of WorldCom, Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia Corporation Commission Regarding Interconnection Disputes with Verizon Virginia, Inc., and for Expedited Arbitration*, CC Docket Nos. 00-218, 00-251, Verizon Virginia Inc.'s Reply to AT&T/WorldCom Compliance Filing (filed Nov. 18, 2003) (Verizon Rebuttal); Rebuttal Comments of AT&T Communications of Virginia LLC and WorldCom, Inc. on Non-Loop Compliance Studies Submitted by Verizon Virginia Inc. (filed Nov. 18, 2003) (AT&T/WorldCom Rebuttal).

[8] *Petition of WorldCom, Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia Corporation Commission Regarding Interconnection Disputes with Verizon Virginia, Inc., and for Expedited Arbitration*, CC Docket Nos. 00-218, 00-251, Verizon Virginia's Response to AT&T/WorldCom's Rebuttal to Verizon VA's Compliance Filing (filed Dec. 3, 2003) (Verizon Additional Response).

[9] Recurring rates for unbundled loops were established in the *Cost Order*. *See Cost Order*, 18 FCC Rcd at 17727, 17991, 18002-03, paras. 4, 694, App. E.

[10] *See* 47 C.F.R. §§ 51.807(b), (d); *see also Cost Order*, 18 FCC Rcd at 17736, para. 24.

[11] We note that there appear to be some minor discrepancies between the requirements of the *Cost Order* and the Verizon Compliance Filing that are not challenged by AT&T/WorldCom. Because these discrepancies were not challenged and appear to have minimal effects on the rates, we do not require any further compliance submissions.

[12] We therefore decline to address in this order Verizon's argument that we should reverse our decision to adopt the AT&T/WorldCom NRC model (NRCM). *See* Verizon Rebuttal at 1-7, Minion Rebuttal Decl. at para. 5. In the *Cost Order*, we expressly adopted the AT&T/WorldCom NRCM, requiring AT&T/WorldCom to resubmit the model to reflect only those changes specified in the *Cost Order*, and we afforded Verizon the opportunity to submit responsive rebuttal testimony. *Cost Order*, 18 FCC Rcd at 17991, para. 695. Verizon's challenge to the use of the AT&T/WorldCom NRCM goes well beyond the scope of appropriate rebuttal testimony.

The proper vehicle to challenge the Bureau's findings in the *Cost Order* (such as the selection of the AT&T/WorldCom NRCM) is a petition for reconsideration or an application for review. *See* 47 C.F.R. §§ 1.106, 1.115. We note that, although no party filed for reconsideration with the Bureau, all three parties filed applications for review by the Commission. *See Petition of WorldCom, Inc. Pursuant to Section 252 (e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration*, CC Docket Nos. 00-218, 00-

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II. OUTSTANDING ISSUES

4. We resolve here the issues identified by the parties in their compliance filings and their rebuttal filings. These issues fall into four categories, and we address them accordingly. First, Verizon claims that the calculations of the additional NRCs by AT&T/WorldCom in their compliance filing are flawed.[13] Second, Verizon alleges that a few of our findings contain discrete errors and claims that it corrected these errors in its compliance filings.[14] Third, AT&T/WorldCom contend that Verizon's compliance filing fails to comport with the *Cost Order* in three specific ways.[15] Finally, both AT&T/WorldCom and Verizon decline to propose a loop conditioning cost sharing mechanism.[16]

A. Verizon's Challenges to the Additional AT&T/WorldCom Non-Recurring Charges Calculations

1. Resale Non-Recurring Charges

5. Verizon claims that the AT&T/WorldCom compliance filing improperly includes NRCs associated with POTS/ISDN migration and installation for resold services.[17] Verizon argues that the *Cost Order* adopted Verizon's proposed methodology for resale, and that the appropriate method for determining resale NRCs is to reduce the relevant retail NRC by the wholesale discount rate.[18]

6. We agree with Verizon. The 1996 Act requires the determination of resale rates (*i.e.*, wholesale discount rates) on the basis of the retail rate less avoided costs.[19] We adopted the Verizon avoided cost study to set resale rates.[20] Neither the 1996 Act nor the Verizon avoided cost study makes any distinction between the standard to be used to set recurring and non-

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251, Application of AT&T Communications of Virginia LLC for Review (filed Sept. 29, 2003); Verizon Virginia Inc.'s Application for Review (filed Sept. 29, 2003) (Verizon Application for Review); WorldCom's Application for Review (filed Sept. 29, 2003). We also note that Verizon submitted a motion for stay of the *Cost Order*. *Petition of WorldCom, Inc. Pursuant to Section 252 (e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration*, CC Docket Nos. 00-218, 00-251, Verizon Virginia Inc.'s Motion for Stay (filed Sept. 29, 2003) (Verizon Stay Motion). Verizon challenges our decision to use the AT&T/WorldCom NRCM in both its application for review and its stay motion. Verizon Application for Review at 62-70; Verizon Stay Motion at 26-30. Under the Commission's rules, the pendency of these petitions does not affect the finality of the *Cost Order* and does not prevent this order from being effective and binding upon release. *See Arbitration Procedures Order*, 16 FCC Rcd at 6233, paras. 8-10; *see also Non-Cost Arbitration Approval Order*, 17 FCC Rcd at 19655-56, para. 2.

13 *See* Verizon Rebuttal at 4-6, Declaration of Louis Minion (Minion Rebuttal Decl.) at paras. 6-23.

14 *See* Verizon Compliance Filing, Garzillo Decl. at paras. 20-28.

15 *See* AT&T/WorldCom Rebuttal, Rebuttal Declaration of Michael R. Baranowski (Baranowski Rebuttal Decl.) at paras. 4-21.

16 *See* AT&T/WorldCom Compliance Filing at 9-14; Verizon Rebuttal at 6-7, Minion Rebuttal Decl. at para. 27.

17 *See* Verizon Rebuttal at 6, Minion Rebuttal Decl. at para. 25.

18 *See id.*

19 47 U.S.C. § 252(d)(3).

20 *See Cost Order*, 18 FCC Rcd at 17983-84, 17986-91, paras. 673-74, 678-93.

recurring resale rates. The Commission, moreover, has previously stated that NRCs "that have a retail equivalent are to be priced based on the avoided cost standard in section 252(d)(2)" of the 1996 Act.[21] We find, therefore, that NRCs for POTS/ISDN BRI migration and installation should be excluded from AT&T/WorldCom's NRCM and, instead, should be set at the retail rate less the wholesale discount rate.

2. Digital Subscriber Line and Line Sharing Non-Recurring Charges

7. Verizon contends that AT&T/WorldCom understate the costs of the non-recurring activities associated with each of the seven digital subscriber line (DSL) and line sharing non-recurring rate elements that AT&T/WorldCom add in their compliance filing. Verizon alleges that (1) AT&T/WorldCom fail to include any costs associated with orders that need to be processed manually; (2) AT&T/WorldCom fail to include necessary work tasks and/or underestimate the time necessary to perform certain tasks; and (3) the AT&T/WorldCom NRCM should be adjusted for these understatements by using the results of the Verizon non-recurring task survey.[22] We address Verizon's contentions in the following sections.

a. Use of the Verizon Surveys

8. Where Verizon claims AT&T/WorldCom either fail to include a necessary task or underestimate the time necessary to perform a task, Verizon proposes to use its task time surveys to identify the missing tasks and task times.[23] For example, Verizon's proposed adjustments to AT&T/WorldCom's proposed load coil removal rate and their line sharing connect and disconnect rates are based on Verizon's worker surveys.[24]

9. For the same reasons that we rejected the use of the Verizon surveys in the *Cost Order*, we continue to reject their use here. As we stated, the surveys suffer from numerous deficiencies that make them biased and unreliable, including (1) containing instructions that encourage the respondents to overstate task times, (2) failing to weight survey responses to account for the frequency with which the respondents perform the tasks, (3) failing to exclude outlier results, (4) excessively disaggregating tasks, and (5) assuming inefficient and highly manual procedures that are inconsistent with TELRIC principles.[25] The surveys, thus, remain an improper basis on which to determine non-recurring costs, and we will not rely on them here. Where Verizon demonstrates that AT&T/WorldCom fail to include a necessary task or underestimate a task time, we instead adjust the AT&T/WorldCom compliance filing using other record-based methods.

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[21] *Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, to Provide In-Region, InterLATA Services in Michigan*, CC Docket No. 97-137, Memorandum Opinion and Order, 12 FCC Rcd 20543, 20700, para. 296 n.752 (1997) (subsequent history omitted).

[22] *See* Verizon Rebuttal, Minion Rebuttal Decl. at paras. 6-26.

[23] *See id.*, Minion Rebuttal Decl. at paras. 13-15, 20-21, 23, Attach. A at 2-8.

[24] *See id.*, Minion Rebuttal Decl. at paras. 13, 20-21.

[25] *See Cost Order* 18 FCC Rcd at 17946-47, paras. 572-75.

b. Order Handling and Fallout

10. Verizon alleges that AT&T/WorldCom fail to include in their proposed manual loop qualification, engineering query, and line sharing install and disconnect NRC rates the costs for order processing in those situations where manual handling of orders is required.[26] To correct this alleged error, Verizon proposes adding the manual tasks and task times identified in its surveys.[27]

11. We agree with Verizon that the costs associated with processing orders that fall out of the mechanized operations support systems processes must be reflected in these NRCs. Our review of the AT&T/WorldCom Compliance Filing shows that AT&T/WorldCom include costs for order fallout in determining its line sharing install and disconnect costs, but that AT&T/WorldCom fail to include these costs in their manual loop qualification and engineering query NRCs. It is appropriate, therefore, to adjust the AT&T/WorldCom NRCM to include costs for these activities.

12. We do not, however, adopt Verizon's proposed adjustments. For reasons we explain in the immediately preceding section and in the *Cost Order*, Verizon's surveys are an inappropriate basis for determining NRCs. Instead, we adjust the AT&T/WorldCom model by assuming the same two percent fallout rate we adopted in the *Cost Order*,[28] and add the same ordering, fallout, and order closing mechanism cost inputs to the manual loop qualification and engineering query NRCs that AT&T/WorldCom use to calculate line sharing NRCs.[29]

c. Verizon's Task and Task Time Allegations

13. In this section, we address on an element-by-element basis Verizon's additional criticisms of AT&T/WorldCom's proposed DSL and line sharing NRCs.

14. Manual Loop Qualification and Engineering Query. Verizon alleges that AT&T/WorldCom omit tasks necessary to perform a manual loop qualification and an engineering query, and it proposes instead to add additional tasks and task times identified in Verizon's NRC study, including its survey.[30] Verizon also claims that AT&T/WorldCom

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[26] *See* Verizon Rebuttal, Minion Rebuttal Decl. at paras. 7, 14.

[27] *See id*., Minion Rebuttal Decl. at para. 7.

[28] *See Cost Order*, 18 FCC Rcd at 17954-55, paras. 592-93.

[29] We make all of the necessary adjustments to the AT&T/WorldCom DSL NRCs, except for the adjustment to the bridged tap NRC, by changing inputs to the "Processes & Calcs" worksheet of the Excel file "NRCM 2.2-VA-FCC.xls." *See* AT&T/WorldCom Compliance Filing, Ex. 2 (AT&T/MCI FCC Compliance Filing Non-Recurring Cost Model 2.2-VA-FCC), CD "AT&T/MCI Joint Testimony," Excel file "NRCM 2.2-VA-FCC.xls, Worksheet "Processes & Calcs" (hereinafter AT&T/WorldCom Process & Calcs Worksheet). To apply the necessary adjustment to include costs associated with order fallout to the five DSL NRCs (*i.e.*, Manual Loop Qualification, Engineering Query, Engineering Work Order, Load Coil Removal, and Bridged Tap Removal), we activated the same order processing and fallout steps for these non-recurring elements that AT&T/WorldCom included for the line sharing elements. We placed an "X" in the line for each step to be activated, thereby causing the model to include the related times and costs in its calculations. Specifically, in the columns corresponding to each of the five NRCs, we placed an "X" (1) in the lines marked ID Nos. 47 and 48 under the category "Pull and Analyze Order Steps," (2) in the lines marked ID Nos. 198, 202, 203, and 204 under the category "Fall Out Steps," and (3) in the lines marked ID Nos. 209 and 201 under the category "Close Order."

[30] *See* Verizon Rebuttal, Minion Rebuttal Decl. at paras. 6-9.

unreasonably propose identical NRCs for these activities based on the assumption that tasks and task times for these elements are identical.[31] Verizon argues that an engineering query entails more tasks than does the manual loop qualification because the engineering query is designed to provide considerably more loop make-up information than is the manual loop qualification.[32]

15. We reject Verizon's proposal to modify the AT&T/WorldCom NRC model for these elements by adding numerous manual tasks and the associated task times from Verizon's original NRC cost study. In the *Cost Order* we declined to use Verizon's "inefficient manual procedures and other procedures designed primarily for Verizon's own retail purposes."[33] We reiterate this finding here.

16. We do, however, agree with Verizon that the manual loop qualification and the engineering query rates should not be identical. Verizon is correct that the engineering query appears to involve more work, and therefore is likely to have greater associated costs, than does the manual loop qualification. AT&T/WorldCom fail to provide us with a basis to identify these tasks and their associated costs. We must, therefore, look to Verizon for guidance. Although we have rejected using the absolute values resulting from the Verizon worker surveys, absent other record evidence, we find that the relative task times identified in the Verizon surveys for these two NRCs may serve as a reasonable basis for adjusting the AT&T/WorldCom proposed rates.[34] Consequently, because the Verizon cost study shows that twenty-two percent more time is needed to perform an engineering query than a manual loop qualification,[35] we find that the engineering query NRC shall be (for purpose of this arbitration) twenty-two percent higher than the manual loop qualification rate proposed by AT&T/WorldCom.[36]

17. Engineering Work Order. Verizon argues that AT&T/WorldCom include insufficient time to design work requirements after researching the cable plats. Verizon claims that the ten minutes included in the AT&T/WorldCom NRCM is contradicted by their earlier testimony, which stated that this task could take up to thirty minutes, and that even this amount is not enough.[37] Verizon also alleges that AT&T/WorldCom understate the task times for the other steps involved in performing an engineering work order, and that additional steps are required.

18. We agree with Verizon that AT&T/WorldCom fail to include sufficient time for the design work requirements. AT&T/WorldCom admitted that thirty minutes is reasonable for this

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31 *See id*., Minion Rebuttal Decl. at para. 8.

32 *See id*.

33 *Cost Order*, 18 FCC Rcd at 17963, para. 615.

34 Our determination here is analogous to the ratio-based approach we used in the *Cost Order* to set recurring rates for 2-wire CCS, 2-wire ISDN BRI, and 4-wire DDS loop types. *See id*. at 17857-61, paras. 349-56.

35 *See* Verizon Rebuttal, Minion Rebuttal, Decl., Attach. A at 1 (column "VZ-VA Times as Filed").

36 We apply this twenty-two percent adjustment to the rate proposed by AT&T/WorldCom and then add to this amount the costs associated with order fallout. *See supra* section II.A.2.b. We perform the this adjustment by increasing the time in the line marked ID No. 234, Column H (Time (minutes)) for the engineering query in the AT&T/WorldCom Processes & Calcs Worksheet by twenty-two percent (*i.e.*, from 30.00 to 36.60).

37 Verizon Rebuttal, Minion Rebuttal Decl. at para. 10 (citing AT&T/WorldCom Ex. 13 (NRC Panel Rebuttal), Attach. A at para. 29).

task, and we will therefore modify their model accordingly.[38] We decline to adjust this time further, as Verizon suggests, because Verizon provided no basis to do so. We also decline otherwise to adjust the AT&T/WorldCom model for this element. Rather, we note that the additional tasks and task times proposed by Verizon are of the sort that, as AT&T/WorldCom previously explained, are likely only in a worst case scenario,[39] and are based on Verizon's worker survey.

19. Load Coil Removal. Verizon claims that AT&T/WorldCom allow insufficient time for the field technicians to travel between load coil locations. In particular, Verizon objects to AT&T/WorldCom's proposal that it takes only ten minutes to drive between the second and the third load coil locations when they claim it takes twenty minutes to drive between the first and second locations.[40] Verizon also argues that it is inappropriate for AT&T/WorldCom to assume that two field technicians will be at the first two load coil locations but that only one technician will continue on to the third location.[41]

20. We are not persuaded by Verizon's arguments about AT&T/WorldCom's travel time estimates, but we agree that AT&T/WorldCom's assumption that the second technician would not be present at the third load coil location is unreasonable. Although AT&T/WorldCom do not explain why it takes less time to travel between the second and third load coil sites than between the first and second sites, we find reasonable their estimate that it takes ten minutes to travel slightly more than one mile (load coils are located 6,000 feet apart on a loop).[42] On the other hand, we find it unreasonable that the second technician would disappear after removing the second load coil. AT&T/WorldCom assume two technicians are necessary for removing the first two, presumably underground, load coils.[43] The AT&T/WorldCom NRCM also states that the technicians travel "to the aerial splice location from underground splice location."[44] Thus, AT&T/WorldCom implicitly concede that two technicians should be at the third location as well. Further, if only one technician goes to the third load coil location, a second truck would be required for the second technician to return from the second load coil location.[45] The AT&T/WorldCom NRCM does not include costs associated with this return travel or for a second truck. We therefore adjust the AT&T/WorldCom model to include two technicians at the third location.[46]

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38 We perform the this adjustment by increasing the value in the line marked ID No. 311, Column H (Time (minutes)) for the engineering work order in the AT&T/WorldCom Processes & Calcs Worksheet from 10.00 to 30.0.

39 *See* AT&T/WorldCom Ex. 13, Attach. A at paras. 25-48.

40 *See* Verizon Rebuttal, Minion Rebuttal Decl. at paras. 17-19.

41 *See id*., Minion Rebuttal Decl. at para. 18.

42 *See* AT&T/WorldCom Ex. 13, Attach. 1 at para. 11; Tr. at 5009.

43 *See* AT&T/WorldCom Compliance Filing at 5 and CD-ROM "AT&T/MCI Joint Testimony," Excel File "ATT_MCI VA Compliance DSL NRCs.xls," Worksheet "Load Coil Removal," "Assumptions."

44 *See* AT&T/WorldCom Compliance Filing, CD-ROM "AT&T/MCI Joint Testimony," Excel File "ATT_MCI VA Compliance DSL NRCs.xls," Worksheet "Load Coil Removal," Steps 612, 618.

45 *See* Verizon Rebuttal, Minion Rebuttal Decl. at para. 18.

46 We adjust the AT&T/WorldCom NRCM by doubling the value in the lines marked ID Nos. 257-266 and 268-275 in column H for the load coil removal NRC in the AT&T/WorldCom Processes & Calcs Worksheet.

21. Bridged Tap Removal. Verizon argues that AT&T/WorldCom's assumption that it takes twenty minutes for the technician to travel slightly over three miles to the location of the bridged tap to be removed is unreasonably short, particularly in light of AT&T/WorldCom's estimates that it takes fifty minutes to travel this aggregate distance in its load coil operations.[47] Verizon also claims that the AT&T/WorldCom model improperly assumes that none of the bridged taps to be removed is located in underground plant when, it alleges, 18.44 percent are actually located in underground plant.[48] Verizon proposes adding tasks and task times from its worker survey to account for bridged tap removal from underground plant.[49]

22. We reject Verizon's proposed increase in travel time, but we adjust the AT&T/WorldCom NRCM to assume that 18.44 percent of bridged tap removal will occur in underground plant. Verizon's travel time logic is flawed. First, we find it reasonable to assume that a technician would travel three miles in twenty minutes.[50] Second, Verizon's reliance on AT&T/WorldCom's travel times for load coil removal is misplaced. Load coil removal requires three different travel times because multiple load coils must be removed, each from a different location. Thus, travel time must be included for travel between each location. Bridged tap removal, on the other hand, requires travel only to a single location.

23. Verizon's argument that some bridged tap removal would occur in underground plant, however, is reasonable. Although the 18.44 percent is unsupported, it is the only non-zero figure presented by either party. We therefore modify AT&T/WorldCom's proposed bridged tap removal rate to include costs reflecting that the removal occurs in underground plant in 18.44 percent of occurrences.[51]

24. Line Sharing Installation and Disconnect. Verizon contends that AT&T/WorldCom's one minute time estimate for running cross-connects is unreasonably low and that this figure should be replaced with the 8.5 minute figure generated by the Verizon worker surveys.[52] Verizon also argues that AT&T/WorldCom improperly exclude time for the Regional CLEC

47 Verizon Rebuttal, Minion Rebuttal Decl. at para. 22.

48 *Id.*, Minion Rebuttal Decl. at paras. 22-23, Attach. A at 7.

49 *Id.*, Minion Rebuttal Decl. at para. 23, Attach. A at 7.

50 An assumed speed of nine miles per hour does not seem excessive.

51 We adjust the AT&T/WorldCom proposed bridged tap removal rate to account for removal in underground plant by adding the additional time that AT&T/WorldCom estimate for underground load coil removal as compared to aerial load coil removal. (The additional steps indicated in the load coil removal appear similar to those that would be necessary for bridged tap removal based on Bureau staff analysis of the itemized detail contained in the AT&T/WorldCom Compliance Filing.) Relying on the development of the AT&T/WorldCom load coil NRC requires adding twenty-three minutes to the seventy-four minutes that AT&T/WorldCom estimate for aerial bridged tap removal, totaling ninety-seven minutes for underground removal. Safety rules require two technicians to perform work in underground plant. This requires doubling the time. We also adjust the mix of underground, aerial, and buried operations to incorporate the 18.44 percent of underground plant. AT&T/WorldCom assume that half of the above ground operations are for aerial plant and half occur at pedestals for buried plant. We thus use the following weights: 18.44 percent underground, 40.78 percent aerial, and 40.78 percent buried. This produces a weighted average of 80.22 minutes, or 1.47 times AT&T/WorldCom's estimate of 54.5 minutes. (The sums of the work times were all identified on the AT&T/WorldCom Compliance Filing, CD-ROM AT&T/MCI Joint Testimony, Excel file "ATT_MCI VA Compliance DSL NRCs.xls," Worksheet "Bridged Tap Removal.") We therefore multiply AT&T/WorldCom's proposed rate by 1.47.

52 Verizon Rebuttal, Minion Rebuttal Decl. at para. 13.

Coordination Center (RCCC) coordinating functions and proposes that RCCC tasks and times identified in its non-recurring cost model be used to adjust the AT&T/WorldCom proposal.[53]

25. We reject Verizon's proposed adjustments to the AT&T/WorldCom NRCM for line-sharing NRCs. Verizon again proposes to use its flawed non-recurring cost study and task times to adjust AT&T/WorldCom's NRCM. Again, we reject use of the overly manual and biased tasks and task times proposed by Verizon. The one minute cross-connect time used in the AT&T/WorldCom NRCM for line sharing NRCs is the same as the analogous time estimate used in other elements in the AT&T/WorldCom NRCM for which we have already adopted the model's use. We thus adopt AT&T/WorldCom's proposed line sharing NRCs without adjustment.

B. Verizon's Challenges to Specific Requirements of the Bureau's Order

26. Verizon contends that the Bureau erred in three discrete areas in the *Cost Order* and, therefore, Verizon adjusted its compliance cost studies to correct these errors. First, Verizon claims "that it is entitled under the terms of the [*Cost*] *Order* to collect a reciprocal compensation charge" on calls placed to a Verizon end-user by both AT&T and WorldCom UNE-P and facilities-based customers.[54] Because, Verizon alleges, the Bureau did not specify how the Meet-Point A and the end office component of Meet-Point B reciprocal compensation rates should be developed, Verizon uses the Meet-Point A rate previously established by the Virginia Commission as the Meet-Point A rate and as the end office component of the Meet-Point B rate.[55]

27. Second, because Verizon claims that it is not technically feasible to provide dedicated transport without both multiplexing and DCS equipment, Verizon does not propose separate rates for the dedicated transport option (Option 4) that excludes all such equipment.[56] Specifically, Verizon argues that (1) because interoffice synchronous optical network (SONET) systems operate at DS-3 capacities and above, DS-1 SONET-based transport cannot be provided without multiplexing functionality, and (2) because multiplexing functionality cannot be removed from DS-3 or higher capacity transport without eliminating the SONET terminal equipment and thereby leaving bare interoffice fiber cable, it is not possible for Verizon to provide Option 4.

28. Third, Verizon made changes to certain of the plant-specific annual charge factors (ACFs) ordered by the Bureau "to correct typographical errors and inconsistencies."[57] Verizon changed the ACF inputs ordered for COE (Digital), Poles, and Conduits because, it alleges, the *Cost Order* improperly required the use of end-of-year investments instead of averaged investments.[58] Verizon also based its calculation of average investment for COE (Digital), in

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53 *Id*., Minion Rebuttal Decl. at paras. 14-15, Attach. A at 9.

54 Verizon Compliance Filing, Garzillo Decl. at para. 22; *see id.*, Garzillo Decl. at paras. 20-24.

55 *Id*., Garzillo Decl. at paras. 22-24. Both Meet-Point A and Meet-Point B reciprocal compensation arrangements are described in the *Cost Order*. *See Cost Order*, 18 FCC Rcd at 17911, para. 485.

56 *See* Verizon Compliance Filing, Garzillo Decl. at para. 26.

57 *Id*., Garzillo Decl. at para. 27.

58 *Id*.

part, on Verizon's investment as reported for 1999 in the Automated Reporting Management Information System (ARMIS), $1,339,844,000, rather than the value required in the Cost Order, $1,399,844,000.[59] Further, Verizon changed the Circuit Equipment ACF sub-account split from DDS and non-DDS (as set forth in the *Cost Order*[60]) to Sub Pair Gain and Digital Other sub-accounts in order to make the split consistent with use of these accounts in Verizon's cost studies.[61]

29. AT&T/WorldCom do not address these issues in their rebuttal filing.[62]

30. We reject Verizon's assertion that we permitted it to include end office switching costs in its reciprocal compensation rates. In the *Cost Order*, we unambiguously began the discussion of reciprocal compensation by stating: "We find that end-office switch and shared end-office trunk port costs should be excluded from both Meet-Point A and Meet-Point B reciprocal compensation prices."[63] We found that the flat, per line port rate for recovery of end office switching costs is a fully compensatory rate because this price is equal to total switching costs divided by total line ports.[64] Nevertheless, Verizon finds our discussion ambiguous and unilaterally proposes to include the Virginia Commission's previously ordered Meet-Point A rate as a proxy for end-office switching and end-office trunk port costs in Verizon's proposed Meet-Point A and Meet-Point B reciprocal compensation rates. To avoid any confusion on this matter, we reiterate that Verizon may *not* include end-office switching or end-office trunk port costs in its reciprocal compensation rates.[65] We therefore set the Meet-Point A reciprocal compensation rate at zero ($0.00) and subtract Verizon's proposed end-office proxy rate from its proposed Meet-Point B reciprocal compensation rate.[66]

31. We allow Verizon's proposal for dedicated transport. Verizon made reasonable efforts to comply with our order, which required it to develop rates for four different dedicated transport options. Verizon proposed rates for three options. It did not, however, propose separate rates for Option 4, which excludes multiplexing and DCS equipment, claiming that this option is not technically feasible. AT&T/WorldCom do not challenge this assertion in their

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59 *Id.*; *see Cost Order*, 18 FCC Rcd at 17997, App. B.

60 *See Cost Order*, 18 FCC Rcd at 17997, App. B.

61 Verizon Compliance Filing, Garzillo Decl. at para. 28.

62 *See* AT&T/WorldCom Rebuttal, Baranowski Rebuttal Decl. at paras. 1-21.

63 *Cost Order*, 18 FCC Rcd at 17912, para. 488.

64 *Id.*

65 Verizon's claim here is also procedurally inappropriate for the same reasons we discuss in rejecting Verizon's contention that we should not have adopted the AT&T/WorldCom NRCM. *See supra* note 12 and accompanying text. That is, Verizon was simply to implement the requirements of the *Cost Order* in its compliance filing. Challenges to the merits of our decision belong in a motion for reconsideration or an application for review. *See* 47 C.F.R. §§ 1.106, 1.115.

66 *See infra* App. A. In calculating the Meet Point B reciprocal compensation rate, we use the common transport rates from AT&T/WorldCom's restatement of Verizon's compliance filing because we agree with them regarding the number of annual busy day equivalents that should be used in determining common transport costs. *See infra* section II.C. We also note that the Commission's symmetrical compensation rule requires that the reciprocal compensation rates AT&T or WorldCom may charge Verizon shall be the same as those that Verizon charges them unless they demonstrate that their costs warrant a different rate. *See* 47 C.F.R. § 51.711(a)-(b).

rebuttal filing. We distinguish Verizon's position on this issue from its refusal to apply our reciprocal compensation decision. With respect to the latter issue, Verizon simply claims that we were wrong and therefore disregards the *Cost Order*. Verizon, however, was fully *capable* of implementing the order. Here, in contrast, Verizon claims that it is not possible for it to provide dedicated transport in the manner specified in Option 4 and, therefore, that it was not able to develop separate rates for that option. Given that AT&T/WorldCom do not dispute this contention in their rebuttal filing, based on the record before us, we do not require Verizon to develop a rate for Option 4.[67]

32. We also allow Verizon's proposed changes to plant-specific ACFs. First, Verizon's position that all of the investment data should reflect averaged investments, instead of some reflecting averaged investments and others reflecting end-of-year investments, appears reasonable. Second, with regard to the investment for COE (Digital) account, we have reviewed the ARMIS data and agree with Verizon that the *Cost Order* contains a typographical error. The figure reported in ARMIS for 1999 is $1,339,844,000, not $1,399,844,000.[68] Third, we find it reasonable for Verizon to change the Circuit Equipment sub-account ACFs to match the sub-accounts used in Verizon's cost models. AT&T/WorldCom do not oppose Verizon's proposed ACF changes in their rebuttal filing. Finally, we distinguish these changes from Verizon's actions, discussed above, with regard to reciprocal compensation. With respect to ACFs, Verizon's adjustments are intended to address typographical errors and unintended inconsistencies in the *Cost Order*; Verizon is not refusing to implement the order.

C. AT&T/WorldCom's Challenges to Verizon's Compliance Filing

33. AT&T/WorldCom claim that Verizon errs in three specific aspects in its compliance filing. First, they allege that Verizon, while correctly using 339 annual equivalent busy days in its compliance tandem switching cost study, fails to use 339 busy days in its other compliance studies and instead uses the 251 busy days figure that the Bureau rejected in the *Cost Order*.[69] Second, AT&T/WorldCom contend that Verizon improperly calculates the costs of the remote call forwarding (RCF) feature. Verizon bases that calculation on the total investment for the Lucent 5ESS switch, weighted by the 5ESS switch mix, instead of on the RCF investment generated by the Switching Cost Information System/Intelligent Network (SCIS/IN) cost study reports, as Verizon did for all other features.[70] Third, AT&T/WorldCom claim that SCIS/IN overstates the investment for those features that are not available for all three switch technologies included in the Verizon switching cost model.[71] For such features, AT&T/WorldCom assert that Verizon improperly weights investment only among the switch technologies that can provide the feature.[72] AT&T/WorldCom contend that Verizon should change its methodology and weight all

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[67] We note that the Verizon Compliance Filing includes rates for Option 4, which are essentially the same as the rates it proposes for Option 3. *See* Verizon Compliance Filing, Garzillo Decl. at para. 26, Attach. A at 4.

[68] *See* URL: http://svartifoss2.fcc.gov/eafs/adhoc/table_year_tab_action.cfm?reportType=4303 (Report for 1999, Verizon Virginia, Account 2212) (visited Dec. 12, 2003).

[69] AT&T/WorldCom Rebuttal, Baranowski Rebuttal Decl. at paras. 4-7.

[70] *Id*., Baranowski Rebuttal Decl. at paras. 8-10.

[71] *Id*., Baranowski Rebuttal Decl. at paras. 11-20 (confidential version).

[72] *See id*., Baranowski Rebuttal Decl. at para. 12.

features among all three switch technologies.[73] AT&T/WorldCom propose restated rates for the elements affected by these errors.[74]

34. In Verizon's Additional Response, Verizon responds to AT&T/WorldCom's third claim only.[75] Verizon argues that AT&T/WorldCom should have raised this concern in their original pre-filed testimony and that it is procedurally improper for them to raise it for the first time in their compliance testimony.[76] Verizon also argues that AT&T/WorldCom improperly assume that, if the SCIS/IN does not include investment for a feature for a particular switch type, the feature is costless for that switch type.[77] Thus, Verizon claims that, to avoid understating the feature costs, only those switches for which SCIS/IN provides an estimate for feature investments should be used in determining the proper weights to calculate feature costs.[78]

35. We address each of AT&T/WorldCom's claims in turn. First, we agree with AT&T/WorldCom that Verizon should have used 339 annual equivalent busy days in any calculation that required an input for the number of equivalent busy days in Virginia. Although we discussed the number of busy days primarily with respect to Verizon's tandem switching cost study, as opposed to its end office switching study, we did so because the calculation of a flat rate end office switching rate does not rely on an input for the number of equivalent busy days.[79] We in no way endorsed Verizon's continued use of 251 equivalent busy days in any of its calculations. Rather, our busy day calculations in the *Cost Order* determine the appropriate number of busy day equivalents in Virginia for use anywhere this input is required.[80] We note, moreover, that Verizon, in its Additional Response, did not challenge AT&T/WorldCom on this issue.[81] We have verified that AT&T/WorldCom adjusted Verizon's compliance cost studies to use 339 equivalent busy days, and we adopt AT&T/WorldCom's restated rates for the affected elements.[82]

36. Second, we agree with AT&T/WorldCom that Verizon improperly calculated the RCF feature rate in its compliance study but disagree with AT&T/WorldCom's proposed

73 *Id.*, Baranowski Rebuttal Decl. at para. 20.

74 *See id.*, Baranowski Rebuttal Decl., Attach. A (confidential version)

75 *See* Verizon Additional Response at 1-3.

76 *Id.* at 1-2.

77 *Id.* at 2-3.

78 *Id.*

79 *See Cost Order*, 18 FCC Rcd at 17900, paras. 454-55.

80 *See id.* at 17900-01, paras. 456-57.

81 *See* Verizon Additional Response at 1-3.

82 Although we agree with AT&T/WorldCom, we adjust their restatement of the line information database (LIDB) rates because their restatement adjusts the input for annual equivalent busy days not just of Verizon Virginia, but of Verizon South, as well. The 339 figure, however, is a Virginia-specific calculation based on Virginia-specific data and, therefore, does not necessarily correspond to the appropriate figure for Verizon South. We therefore accept AT&T/WorldCom's replacement of 251 busy days with 339 busy days for the Verizon Virginia input, but reject this same change as made to the Verizon South input in the AT&T/WorldCom restatement calculations. We have recalculated the LIDB rates accordingly. We also make additional corrections to AT&T/WorldCom's restated Meet Point B reciprocal compensation rate. *See supra* section II.B.

correction. In its original cost studies, Verizon calculated the RCF feature investment used in the RCF cost calculation by multiplying Lucent 5ESS "line port investment" derived from the SCIS/Model Office (SCIS/MO) by the percentage of lines that use 5ESS switches.[83] In their original restatement, AT&T/WorldCom used this same method to calculate the RCF feature rate.[84] We did not order any change to this method of calculating the RCF feature in the *Cost Order*. Both Verizon and AT&T/WorldCom, however, propose new and different RCF feature calculations in their compliance submissions. Verizon proposes using Lucent 5ESS total switch investment, rather than 5ESS line port investment, from the SCIS/MO.[85] AT&T/WorldCom propose using the RCF investment generated by the SCIS/IN.[86]

37. Both sides' proposals are inconsistent with the *Cost Order*. We directed the parties in their compliance filings "to reflect the changes – *and only those changes* – set forth [in the *Cost Order*]."[87] Here, Verizon and AT&T/WorldCom propose new methods for calculating the RCF feature costs different from that relied on in the *Cost Order*. Verizon, moreover, failed to offer any justification for its departure from the *Cost Order*. AT&T/WorldCom, on the other hand, propose, for the first time in their rebuttal filing, that RCF feature costs be based on SCIS/IN investment because all other feature costs are based on SCIS/IN investment.[88] Consequently, we find both proposals procedurally inappropriate.[89] Instead, we have recalculated the RCF feature

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83 Specifically, in this calculation Verizon used as the 5ESS line port investment the sum from SCIS/MO of: (1) one-half the per line investment for the main distribution frame and protector; (2) the per line non-traffic sensitive switching investment; and (3) the per line excess capacity investment. *See* Verizon Ex. 125P (Matt Supplemental Surrebuttal), Attach. A, Verizon Switching Cost Information System 5 ESS Grand Weighted Line Termination Report, lines A1, A2, C (confidential version); Verizon Ex. 161P (Matt Second Supplemental Surrebuttal), CD "VZ-VA FCC ARB, Additional Cost Studies," folder "VA EXCEL & WORD STUDIES," folder "VA SWITCHING SUPPORT FILES," folder "VA UNBUNDLED PORTS SUPPORT," workbook "VA UnSwPortsFtrs 10_01.xls," worksheet "Inputs," cell B69, and worksheet "Feature_Inv," cell B68 (confidential version).

For the percentage of switched access lines connected to 5 ESS switches Verizon used in this calculation, *see* Verizon Ex. 161P, CD "VZ-VA FCC ARB, Additional Cost Studies," November 1, 2001, folder "VA EXCEL & WORD STUDIES," folder "VA SWITCHING SUPPORT FILES," folder "VA UNBUNDLED PORTS SUPPORT," workbook "VA UnSwPortsFtrs 10_01.xls," worksheet "Inputs," cell B81, and worksheet "Feature_Inv," cell B68 (confidential version).

84 *See* AT&T/WorldCom Ex. 24P (Pitts Supplemental Surrebuttal), CD "VA FCC ARB, Docket 00-251, Workpapers Supporting Supplemental Surrebuttal of Catherine E. Pitts," folder "VA UNBUNDLED PORTS SUPPORT," workbook "VA Sw Ports & Ftrs.xls," worksheet "Inputs," cells B69 and 81, and worksheet "Feature_Inv," cell B68, and folder "VA UNBUNDLED PORTS SUPPORT," folder 'Inputs," workbook "Inputs_ATT.xls," worksheet "SCIS-IN", cells D5, D6, D7, D9, and worksheet "VA EOFC," cells B225, B226, B227 (confidential version).

85 Verizon Compliance Filing Proprietary, CD 3 "VZ-VA FCC ARB Proceeding, Compliance – FCC Order DA 03-2738, Additional Cost Studies," folder "COST STUDY DOCUMENTATION," folder "Part C-01 – Ports & Features," workbook VA UNE Compliance Ports & Features, worksheet "Inputs," cells B69, B81 and worksheet "Feature_Inv," cell B68, and folder "COST STUDY DOCUMENTATION," folder, "Part C-08 – Usage," folder "Support Documentation," workbook "VA UNE Compliance Backup for Switching & Ports," worksheet "WP 10 Summary Compliance Inv," cells C82, C83, C84, C85, C86, C87, C88 (confidential version).

86 AT&T/WorldCom Rebuttal, Baranowski Rebuttal Decl. at paras. 8-10.

87 *Cost Order*, 18 FCC Rcd at 17991-92, paras. 695-97 (emphasis added).

88 *See* AT&T/WorldCom Rebuttal, Baranowski Rebuttal Decl. at a paras. 9-10.

89 Although the parties are, of course, free to *agree* to a result different than that required by the Bureau, the parties have not done so here. *See* 47 U.S.C. § 251(a) (carriers "may negotiate and enter into a binding agreement . .

(continued....)

rate using Verizon's original methodology, which was unchallenged by AT&T/WorldCom throughout the hearing process.[90]

38. Third, we disagree with AT&T/WorldCom's contention that Verizon improperly weights investments for features for which investments are not identified for all three switch types included in Verizon's cost models.[91] AT&T/WorldCom raise this issue for the first time in their rebuttal compliance filing. As with respect to RCF feature costs, we find it procedurally inappropriate to raise for the first time in a compliance submission an issue that could have been raised during the hearing.[92] Accordingly, we reject AT&T/WorldCom's restatement of the Verizon feature investment weights.

D. Loop Conditioning Cost Sharing Mechanism

39. In the *Cost Order*, we found that NRCs for loop conditioning recover costs for non-recurring activities that may benefit carriers (including Verizon) that use the loop subsequent to AT&T or WorldCom.[93] We therefore directed the parties to propose a cost sharing arrangement to allocate these costs among the various carriers that may benefit from the loop conditioning.[94] The parties, however, declined to propose any loop conditioning cost allocation mechanism. AT&T/WorldCom claim that developing such a mechanism would be unduly complex and, in any event, is unnecessary because the line conditioning NRCs are so high as to discourage entry.[95] Verizon argues that a cost sharing mechanism is inappropriate and, in any event, agrees with AT&T/WorldCom that its development is not workable.[96]

(...continued from previous page)
. without regard to the standards set forth in subsections (b) and (c) of section 251"); *cf. infra* section II.D (parties agreed not to design a required loop conditioning cost allocation mechanism). We are, therefore, left to resolve the disagreement between the parties and do so consistent with the requirements of the *Cost Order*. We note, moreover, that any other course would result in our having to resolve the merits of the parties' disagreements without the benefit of cross-examination, discovery, or briefs, which were critical to our analyses and findings in the *Cost Order*.

[90] *See infra* App. A.

[91] As a preliminary matter, we note that Verizon submitted the Verizon Additional Response, which addresses only this issue, on its own accord and without any motion requesting permission to do so. *See Cost Order*, 18 FCC Rcd at 17991-92, paras. 695-97 (requiring the submission of compliance filings and a single round of rebuttal filings only). Although the *Verizon Additional Response* is, therefore, procedurally inappropriate, we do not rely on it in rejecting AT&T/WorldCom's claim here.

[92] We also question the substance of AT&T/WorldCom's argument. It is not clear to us that, just because the SCIS/IN does not generate a feature investment amount for a particular switch type, the switch type is incapable of supporting that feature. If, instead, the particular switch type supports the feature but the SCIS/IN does not generate an investment amount, then assigning a weight to a zero investment for that switch type would understate the feature costs (assuming that the feature has an incremental cost that is not accounted for in SCIS/MO). Without the ability to cross-examine party witnesses on this issue, however, we cannot make a fully informed substantive decision.

[93] *Cost Order*, 18 FCC Rcd at 17974, para. 644.

[94] *Id*.

[95] AT&T/WorldCom Compliance Filing at 9-14.

[96] Verizon Rebuttal at 6-7, Minion Rebuttal Decl. at para. 27.

40. Although the parties have not complied with the particular requirement of the *Cost Order* to propose a cost sharing mechanism, they have agreed among themselves not to include such a mechanism in their interconnection agreements, thus complying with the broader purpose of this proceeding and of the Telecommunications Act of 1996 (1996 Act)[97] to negotiate (where possible) the rates, terms, and conditions of their interconnection agreements.[98] Accordingly, pursuant to the 1996 Act and the Commission's baseball arbitration rules, no issue remains for us to arbitrate.

III. RATES

41. As we explained herein and in the *Cost Order*, in this order we set the rates (recurring and non-recurring, as applicable) that Verizon may charge AT&T and WorldCom in Virginia for access to UNEs, interconnection, and for resold services. We direct the parties to apply the rates set forth in Appendix A hereto. We further direct the parties to memorialize the results of this order and the *Cost Order* in their respective interconnection agreements. Specifically, both Verizon and AT&T and Verizon and WorldCom shall submit to the Bureau, within ten (10) calendar days of the effective date of this order, an amendment to their respective interconnection agreements that incorporates the rates set forth in Appendix A hereto. The parties shall include in their amendments only the rates identified in Appendix A and any other mutually agreed upon rates. No party may submit in these amendments any proposed rate that is not either contained in Appendix A or otherwise mutually agreed to by the parties to the underlying interconnection agreement.

42. Consistent with the *Arbitration Procedures Order*, the rates set forth herein shall be effective immediately upon release of this order,[99] except for the switching rates, which (pursuant to Verizon's earlier commitment in the Virginia section 271 proceeding) shall be deemed to have become effective as of August 1, 2002.[100] The pendency of the parties' amendments to their interconnection agreements to incorporate the ordered rates shall in no way delay the effectiveness of this order or the rates contained herein.

43. The foregoing notwithstanding, however, in the event that the Commission, on review, establishes rates that differ from those set forth in this order, the rates identified in this order shall be trued-up to the rates ordered by the Commission.[101] Any such true-up shall apply

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[97] *See* Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996). We refer to the Communications Act of 1934, as amended by the 1996 Act and other statutes, as the Communications Act, or the Act. *See* 47 U.S.C. §§ 151 *et seq*.

[98] *See* 47 U.S.C. §§ 251(c)(1), 252(a)(1).

[99] *See Arbitration Procedures Order*, 16 FCC Rcd at 6233, para. 9 ("The Bureau's decisions issuing the arbitration award and approving or rejecting the agreement . . . will be effective and binding upon release.") (citing 47 U.S.C. § 155(c)(3) and 47 C.F.R. § 1.102(b)).

[100] *Application by Verizon Virginia Inc., Verizon Long Distance Virginia, Inc., Verizon Enterprise Solutions Virginia Inc., Verizon Global Networks Inc., and Verizon Select Services of Virginia Inc., for Authorization to Provide In-Region, InterLATA Services in Virginia*, WC Docket No. 02-214, Memorandum Opinion and Order, 17 FCC Rcd 21880, 21945-46, para. 114 (2002) ("Verizon states that it has agreed to make any switching rates set during the Virginia Arbitration Proceeding effective as of August 1, 2002, the date of its section 271 application."); *see also Cost Order*, 18 FCC Rcd at 17992, para. 698 (citing same).

[101] *See Arbitration Procedures Order*, 16 FCC Rcd at 6233, para. 10; *Cost Order*, 18 FCC Rcd at 17737, para. 26.

retroactively to August 1, 2002 for switching rates and to the effective date of this order for all other rates. Payment of the net true-up amount owed by the appropriate party to the interconnection agreement shall be made to the other party to the agreement in accordance with the billing practices and other relevant provisions delineated in the agreement. To the extent that there is a disagreement between the parties as to the amount of any such true-up or to the appropriate true-up procedures, such disagreement shall be subject to the dispute resolution provisions of the respective interconnection agreement.[102]

IV. ORDERING CLAUSES

44. Accordingly, IT IS ORDERED that, pursuant to Section 252 of the Communications Act of 1934, as amended, and the authority delegated pursuant to Sections 0.91, 0.291, and 51.807 of the Commission's rules, 47 U.S.C. § 252 and 47 C.F.R. §§ 0.91, 0.291, 51.807, the issues presented for arbitration are determined as set forth in this Order.

45. IT IS FURTHER ORDERED that AT&T Communications of Virginia, Inc. and Verizon Virginia, Inc. SHALL INCORPORATE the above determinations into an amendment to their interconnection agreement, setting forth the rates ordered herein and any other mutually agreed upon rates, to be filed with the Commission, pursuant to Section 252(e)(1) of the Communications Act of 1934, 47 U.S.C. § 252(e)(1), within 10 calendar days from the date of this Order.

46. IT IS FURTHER ORDERED that WorldCom, Inc. and Verizon Virginia, Inc. SHALL INCORPORATE the above determinations into an amendment to their interconnection agreement, setting forth the rates ordered herein and any other mutually agreed upon rates, to be filed with the Commission, pursuant to Section 252(e)(1) of the Communications Act of 1934, 47 U.S.C. § 252(e)(1), within 10 calendar days from the date of this Order.

By Order of the Bureau,

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William F. Maher, Jr.
Chief, Wireline Competition Bureau

[102] *See Cost Order*, 18 FCC Rcd at 17737, para. 26.

APPENDIX A – RATES

VERIZON VIRGINIA UNBUNDLED NETWORK ELEMENTS	VERIZON VIRGINIA RECURRING RATES
Unbundled Loop	
2 Wire Basic Unbundled Loop - Density Cell 1	$ 11.89
2 Wire Basic Unbundled Loop - Density Cell 2	$ 15.26
2 Wire Basic Unbundled Loop - Density Cell 3	$ 28.43
2 Wire Basic Unbundled Loop - State Average	$ 14.43
4 Wire Basic Unbundled Loop - Density Cell 1	$ 20.08
4 Wire Basic Unbundled Loop - Density Cell 2	$ 26.03
4 Wire Basic Unbundled Loop - Density Cell 3	$ 49.06
4 Wire Basic Unbundled Loop - Statewide Average	$ 24.53
2 Wire Customer Specified Signaling - Density Cell 1	$ 16.76
2 Wire Customer Specified Signaling - Density Cell 2	$ 19.69
2 Wire Customer Specified Signaling - Density Cell 3	$ 32.98
2 Wire Customer Specified Signaling - Statewide Average	$ 19.19
2 Wire xDSL loop - Density Cell 1	$ 11.89
2 Wire xDSL loop - Density Cell 2	$ 15.26
2 Wire xDSL loop - Density Cell 3	$ 28.43
2 Wire xDSL loop - Statewide Average	$ 14.43
4 Wire Customer Specified Signaling - Density Cell 1	$ 20.08
4 Wire Customer Specified Signaling - Density Cell 2	$ 26.03
4 Wire Customer Specified Signaling - Density Cell 3	$ 49.06
4 Wire Customer Specified Signaling - Statewide Average	$ 24.53
ISDN BRI - Density Cell 1	$ 14.15
ISDN BRI - Density Cell 2	$ 17.09
ISDN BRI - Density Cell 3	$ 30.42
ISDN BRI - Statewide Average	$ 16.59
Digital 4 Wire (56&64 Kbps) - Density Cell 1	$ 13.15
Digital 4 Wire (56&64 Kbps) - Density Cell 2	$ 16.94
Digital 4 Wire (56&64 Kbps) - Density Cell 3	$ 31.56
Digital 4 Wire (56&64 Kbps) - Statewide Average	$ 15.97
DS1/ISDN PRI Loop - Density Cell 1	$ 51.13
DS1/ISDN PRI Loop - Density Cell 2	$ 65.62
DS1/ISDN PRI Loop - Density Cell 3	$ 122.25
DS1/ISDN PRI Loop - Statewide Average	$ 62.05
DS3 Loop - Statewide Average	$ 595.96
Off Premise Extension Unbundled Loop - Density Cell 1	$ 11.89
Off Premise Extension Unbundled Loop - Density Cell 2	$ 15.26
Off Premise Extension Unbundled Loop - Density Cell 3	$ 28.43
Off Premise Extension Unbundled Loop - Statewide Average	$ 14.43

APPENDIX A – RATES

VERIZON VIRGINIA UNBUNDLED NETWORK ELEMENTS	VERIZON VIRGINIA RECURRING RATES	
Unbundled Sub-Loop Arrangements		
Sub Loop Distribution - 2 Wire - Density Cell 1	$	8.49
Sub Loop Distribution - 2 Wire - Density Cell 2	$	15.38
Sub Loop Distribution - 2 Wire - Density Cell 3	$	28.15
Sub Loop Distribution - 4 Wire - Density Cell 1	$	16.69
Sub Loop Distribution - 4 Wire - Density Cell 2	$	30.54
Sub Loop Distribution - 4 Wire - Density Cell 3	$	56.06
Sub Loop Feeder - DS1 - Density Cell 1	$	122.70
Sub Loop Feeder - DS1 - Density Cell 2	$	136.63
Sub Loop Feeder - DS1 - Density Cell 3	$	139.01
Subloop Feeder - DS3 Density Cell Statewide Average	$	1,120.86
Unbundled Network Interface Device (NID)		
NID to NID Connection 2 Wire (per NID)	$	0.89
NID to NID Connection 4 Wire (per NID)	$	0.95
Standalone NID - 2 Wire (Per NID)	$	0.89
Standalone NID - 4 Wire (Per NID)	$	0.95
Standalone NID - DS1(Per NID)	$	6.26
UNE Shared NID (Per Line)	$	0.28
Unbundled xDSL Conditioning & Qualification		
Wideband Test Access	$	1.83
Unbundled EEL Testing		
2 Wire Analog Test Charge	$	0.38
2 Wire Digital Test Charge	$	0.49
4 Wire Analog Test Charge	$	1.20
1.544 Mbps (DS1) Digital Test Charge	$	2.64
Digital 4 Wire (56 or 64 kbps) Test Charge	$	1.30
Unbundled EEL IOF		
Voice Grade Fixed includes both ends	$	28.07
Voice Grade per Mile	$	0.13
Line Sharing/Line Splitting		
Admin & Support		
Option C	$	4.77
Splitter Equipment Only -Option C	$	3.98
Nonrecurring		
Splitter Installation	$	1,565.08
Unbundled OSS rates for Line Sharing and Splitting		
OSS for Line Sharing	$	0.89

APPENDIX A – RATES

VERIZON VIRGINIA UNBUNDLED NETWORK ELEMENTS	VERIZON VIRGINIA RECURRING RATES
Unbundled Line Ports	
POTS/PBX/CTX	$ 2.83
ISDN BRI or Ctx Port	$ 5.99
ISDN PRI Port	$ 118.71
Unbundled Public Access Line Port (UPALP)	$ 2.83
Unbundled Coin Port (UCP)	$ 3.43
SMDI II (Simplified Message Desk Interface) Port	$ 236.35
Switched DS1 Port (DS1 Port with Line Treatment)	$ 42.37
Automatic Identified Outward Dialing (AIOD)	$ 2.37
Direct Inward Dialing and Outward (DID/DOD)	$ 5.22
IDLC Port per Interface Group (TR008/GR303)	$ 243.76
Unbundled Dedicated Trunk Ports	
Dedicated Trunk Port - End Office	Included in line port
Dedicated Trunk Port - Tandem	$ 23.72
Dedicated Trunk Port - TOPS	$ 13.73
Unbundled Individual Line Port Features	
Res/Bus Features	
Call Waiting Display Name and Number	$ 0.0027
Three Way Calling	$ 0.1209
Remote Call Forwarding	$ 0.4794
Calling Number Delivery	$ 0.0029
Calling Number & Name Delivery	$ 0.9312
Anonymous Call Rejection	$ 0.0119
Automatic Recall (Return Call)	$ 0.0945
Call Waiting	$ 0.00002
Automatic Callback (Repeat Call)	$ 0.0936
Unbundled CENTREX Features	
CTX Intercom	Included in line port
CTX Announcement	$ 0.2488
Ctx 3-Way Conference	$ 0.1209
Ctx Automatic Recall (Return Call)	$ 0.0472
Ctx Distinctive ringing	$ 0.0010
Ctx Loudspeaker Paging	$ 3.0322
Ctx Meet-Me Conference	$ 0.0160
Ctx Selective Call Acceptance	$ 0.0105
Ctx Selective Call Forwarding	$ 0.0026
Ctx Selective Call Rejection	$ 0.0112
Ctx 6-Way Conference	$ 0.4418
Ctx Station Message Detail Record (SMDR)	$ 1.5915
Ctx Repeat Call	$ 0.0936
Ctx Call Transfer - All Calls	$ 0.0054
Ctx Call Waiting Terminating (All Calls)	$ 0.00001
Ctx Directed Call Pick-up with Barge-In (Originating)	$ 0.0007
Ctx Executive Busy Override	$ 0.00003

APPENDIX A – RATES

VERIZON VIRGINIA UNBUNDLED NETWORK ELEMENTS	VERIZON VIRGINIA RECURRING RATES
Unbundled ISDN Features	
ISDN Intercom	Included in line port
ISDN Announcement	$ 3.1143
ISDN 3-Way Calling	$ 0.1209
ISDN 6-Way Conference	$ 0.2779
ISDN Call Pickup	$ 0.0001
ISDN Selective Call Rejection	$ 0.0211
ISDN Call Transfer Individual - All Calls (Ftr. 578)	$ 0.0168
Calling Name and Number Delivery	$ 0.8535
Unbundled Switching- Per MOU	
Originating EO Local Switching per MOU	Included in line port
Terminating EO Local Switching per MOU	Included in line port
Unbundled Tandem Switching	
Tandem Switching MOU	$ 0.000020
Unbundled Common Trunk Ports	
Common Trunk Port - End Office (per mou)	Included in line port
Common Trunk Port - Tandem (per mou)	$ 0.000107
Common Trunk Port - TOPS (per mou)	$ 0.000068
Unbundled Common Transport	
Fixed - Common	$ 0.000054
Per Mile	$ 0.000002
Unbundled Reciprocal Compensation	
Meet Point A End Office (per mou)	$ 0.000000
Meet Point B End Office (per mou)	$ 0.000290
Unbundled Dedicated Transport	
Entrance Facilities	
DS-3 Entrance Facility	$ 412.42
STS-1 Entrance Facility	$ 414.56
OC-3 Entrance Facility	$ 939.79
OC-12 Entrance Facility	$ 3,026.49
IOF	
Option 1	
DS-1 Fixed includes both ends	$ 41.85
DS-1 per Mile	$ 3.02
DS-3 Fixed includes both ends	$ 314.10
DS-3 per Mile	$ 42.71
STS-1 - Fixed includes both ends	$ 317.80
STS-1 - per mile	$ 42.93
OC-3 - Fixed includes both ends	$ 1,119.65
OC-3 - per mile	$ 141.71
OC-12 - Fixed includes both ends	$ 3,409.49
OC-12 - per mile	$ 317.73

APPENDIX A – RATES

VERIZON VIRGINIA UNBUNDLED NETWORK ELEMENTS	VERIZON VIRGINIA RECURRING RATES
Option 2	
DS-1 Fixed includes both ends	$ 27.39
DS-1 per Mile	$ 3.02
DS-3 Fixed includes both ends	$ 314.10
DS-3 per Mile	$ 42.71
STS-1 - Fixed includes both ends	$ 317.80
STS-1 - per mile	$ 42.93
OC-3 - Fixed includes both ends	$ 1,119.65
OC-3 - per mile	$ 141.71
OC-12 - Fixed includes both ends	$ 3,409.49
OC-12 - per mile	$ 317.73
Option 3	
DS-1 Fixed includes both ends	$ 53.80
DS-1 per Mile	$ 3.02
DS-3 Fixed includes both ends	$ 295.23
DS-3 per Mile	$ 42.71
STS-1 - Fixed includes both ends	$ 298.94
STS-1 - per mile	$ 42.93
OC-3 - Fixed includes both ends	$ 1,058.68
OC-3 - per mile	$ 141.71
OC-12 - Fixed includes both ends	$ 3,409.49
OC-12 - per mile	$ 317.73
Option 4	
DS-1 Fixed includes both ends	Note: DS0 w/o mux
DS-1 per Mile	or DCS is DS3
DS-3 Fixed includes both ends	$ 295.23
DS-3 per Mile	$ 42.71
STS-1 - Fixed includes both ends	$ 298.94
STS-1 - per mile	$ 42.93
OC-3 - Fixed includes both ends	$ 1,058.68
OC-3 - per mile	$ 141.71
OC-12 - Fixed includes both ends	$ 3,409.49
OC-12 - per mile	$ 317.73
Unbundled SS7	
STP Port - Monthly per Port	$ 286.98
SS7 Link per Mile	$ 0.13
Unbundled Signaling Databases	
800 Database	
Basic Per Query	$ 0.0001367
Vertical Query	$ 0.0001367
LIDB	
Calling Card per query	$ 0.019197
Billed Number Screening per query	$ 0.019197

APPENDIX A – RATES

VERIZON VIRGINIA UNBUNDLED NETWORK ELEMENTS	VERIZON VIRGINIA RECURRING RATES
Unbundled Dark Fiber - IOF	
Verizon C.O. to Verizon C.O.	
Serving Wire Center ("SWC") Charge / SWC / Pair	$ 13.45
Inter Office Per Mile	$ 131.00
Verizon C.O. to CLEC C.O.	
Serving Wire Center ("SWC") Charge / SWC / Pair	$ 13.45
Channel Termination Charge/CLEC CO	$ 155.89
Unbundled Dark Fiber - Loop	
Serving Wire Center Charge / SWC / Pair	$ 13.45
Loop Charge/Pair per Rate Group	
Loop Charge/Pair per Density Cell 1	$ 172.01
Loop Charge/Pair per Density Cell 2	$ 255.87
Loop Charge/Pair per Density Cell 3	$ 322.91
Customized Routing per line per month	$ 0.00084
Daily Usage File (DUF)	
Per Record Recording	$ 0.00111
Per Record Transmitted	$ 0.000133
Per Media (Tape or Cartridge)	$ 21.36
SMS (AIN Service Creation)	
Service Creation Usage	
Remote Access per 24 Hr. day	$ 2,723.00
On Premise per 24 Hr. day	$ 2,723.00
Certification and Testing per Hour	$ 60.81
Help Desk Support per Hour	$ 65.05
Service Charges	
Subscription Charges	$ 3.36
Database Queries	
Network Query	$ 0.00028
CLEC Network Query	$ 0.00028
CLEC Switch Query	$ 0.00028
Utilization Element	$ 0.00005
Service Modification	
DTMF Update Per Change	$ 0.01272
Switched Based Announcement	$ 0.00066
Developmental Charges	
Service Creation Access Ports per month, per Logon ID	$ 1,405.49
Operations Support Systems (per UNE Loop/Platform/Combination or resold line)	
Ongoing and Recovery of one time (during 10 yr. Period)	$ 0.85
Ongoing only (after 10 yr. Period)	$ 0.48

APPENDIX A – RATES

Verizon Virginia Non-Recurring Charge Elements	Verizon Virginia Non-Recurring Rates
POTS / ISDN BRI Migration (TSR)	*
POTS / ISDN BRI Install (TSR)	*
POTS / ISDN BRI Migration (UNE Platform)	$ 0.26
POTS / ISDN BRI Install (UNE Platform)	$ 0.26
POTS / ISDN BRI Disconnect (UNE Platform*)	$ 0.26
POTS / ISDN BRI Migration (UNE Loop)	$ 5.01
POTS / ISDN BRI Install (UNE Loop)	$ 4.83
POTS / ISDN BRI Disconnect (UNE Loop)	$ 44.28
Feature Changes	$ 0.26
4 Wire Migration (UNE Loop)	$ 26.92
4 Wire Install (UNE Loop)	$ 26.92
4 Wire Disconnect (UNE Loop)	$ 19.43
2 Wire Migration at the FDI	$ 22.58
2 Wire Disconnect at the FDI	$ 21.73
4 Wire Migration at the FDI	$ 61.57
4 Wire Disconnect at the FDI	$ 37.61
2 Wire Migration at 6 line NID	$ 41.89
Channelized DS1 Virtual Feeder to RT Install	$ 19.20
Channelized DS1 Virtual Feeder to RT Disconnect	$ 14.95
DS1 Interoffice Transport Install	$ 8.14
DS1 Interoffice Transport Disconnect	$ 0.49
DS3 Interoffice Transport Install	$ 8.14
DS3 Interoffice Transport Disconnect	$ 0.49
2 Wire Loop, different CO Migration	$ 28.68
2 Wire Loop, different CO Install	$ 14.36
2 Wire Loop, different CO Disconnect	$ 12.38
4 Wire Loop, different CO Migration	$ 29.56
4 Wire Loop, different CO Install	$ 15.46
4 Wire Loop, different CO Disconnect	$ 14.58
DS1 Loop to Customer Premise Migration	$ 36.88
DS1 Loop to Customer Premise Install	$ 27.19
DS1 Loop to Customer Premise Disconnect	$ 19.41
DS3 Loop to Customer Premise Migration	$ 33.42
DS3 Loop to Customer Premise Install	$ 19.32
DS3 Loop to Customer Premise Disconnect	$ 10.85
Line Port (DS0, Analog, ISLU) Install	$ 4.65
Line Port (DS0, Analog, ISLU) Disconnect	$ 4.28
Channelized DS1 line port (TR-303-IDT) Install	$ 19.20
Channelized DS1 line port (TR-303-IDT) Disconnect	$ 14.13
Fiber Cross Connects Install (LGX)	$ 9.36
Fiber Disconnect (LGX)	$ 10.24

APPENDIX A – RATES

Verizon Virginia Non-Recurring Charge Elements	Verizon Virginia Non-Recurring Rates
SS7 Links (DS0) Install	$ 30.44
SS7 Links (DS0) Disconnect	$ 13.70
SS7 Links (DS1) Install	$ 23.97
SS7 Links (DS1) Disconnect	$ 7.38
SS7 STP global title translations 'A Link' only Install	$ 30.26
SS7 STP global title translations 'A Link' only Disconnect	$ 30.26
SS7 STP message transfer part 'A Link' only (port) Install	$ 21.45
SS7 STP message transfer part 'A Link' only (port) Disconnect	$ 20.57
Line Sharing - Install	$ 5.93
Line Sharing - Disconnect	$ 5.56
Manual Loop Qualification	$ 28.70
Engineering Query	$ 34.31
Engineering Work Order	$ 42.52
Load Coil Removal	$ 416.68
Bridged Tap Removal	$ 70.67

* Total Service Retail NRCs are set at the retail rate less the wholesale discount rate.

APPENDIX A – RATES

VERIZON VIRGINIA RESOLD SERVICES	VERIZON VIRGINIA WHOLESALE DISCOUNT RATE
With Verizon Operator Services / Directory Assistance	13.11 %
Without Verizon Operator Services / Directory Assistance	14.74 %