Exhibit No. _____ (RKL-1T)
Docket No. UT-003013 – Phase B

BEFORE THE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

IN THE MATTER OF THE CONTINUED COSTING AND PRICING OF UNBUNDLED NETWORK ELEMENTS, TRANSPORT, TERMINATION, AND RESALE	**)** **)** **)**	**DOCKET NO. UT-003013 PHASE B**

PHASE B DIRECT TESTIMONY OF

R. KIRK LEE

SENIOR MARKETING MANAGER

ON BEHALF OF

VERIZON NORTHWEST, INC.

Formerly Known as GTE Northwest Incorporated

SUBJECT: POLICY AND TERMS & CONDITIONS FOR DARK FIBER & UNE COMBINATIONS

AUGUST 4, 2000

TABLE OF CONTENTS

I.INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is R. Kirk Lee. My business address is 600 Hidden Ridge, Irving, Texas 75038.

A. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed as Sr. Marketing Manager for Verizon. Functionally, I am Product Manager for unbundled network elements ("UNEs"), responsible for product roll-out and life cycle management to ensure that UNEs are provided in accordance with the requirements of the Telecommunications Act of 1996 (the "Act"). My responsibilities also include testifying on related policy issues before regulatory bodies.

A. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. In 1978, I graduated with a Bachelor of Arts degree in Business Administration (Accounting concentration) from the University of Washington. In 1988, I received a Master of Business Administration degree from Seattle University. My work experience began with GTE Northwest Incorporated in Everett, Washington, in December 1978 as a Staff Accountant. At GTE Northwest, I held various positions of increasing responsibility in payroll, cost

accounting, general accounting, internal auditing, and budgeting. In June of 1989, I was named to the position of Staff Manager-Regulated Earnings Analysis in the Regulatory and Governmental Affairs department at GTE Telephone Operations Headquarters in Texas, responsible for analyzing and reporting interstate and intrastate rates of return, and supporting GTE Telops' annual Interstate Access Tariff filing. From June 1992 through January 1995, I was the Section Manager-Intrastate Access Pricing, in the Pricing and Tariffs Department, responsible for planning and rate design for access and ancillary services, and tariff implementation of these services. Following assignments in Strategic Planning and Finance, I returned to Pricing as Manager-Pricing in November 1996, and was responsible for managing the integration and implementation of GTE's rates for UNEs, interconnection, collocation, and resale required by the Act. I assumed my current responsibilities in May 1999.

A. ON WHOSE BEHALF ARE YOU PRESENTING TESTIMONY IN THIS PROCEEDING?

A. I am presenting testimony on behalf of Verizon Northwest, Inc., which was formerly known as GTE Northwest Incorporated. The company recently changed its name after the closure of the merger between its parent company, GTE Corporation, and Bell Atlantic Corporation. The merged company is named Verizon Communications.

A. IN YOUR TESTIMONY HOW DO YOU USE THE TERMS "VERIZON NW" AND "GTE"?

A. My fellow witnesses and I use "Verizon NW" to refer to Verizon Northwest, Inc., the company that is a party to this proceeding and on whose behalf we are testifying. I use "GTE" to refer to the former GTE companies, which are now part of the Verizon Communications companies along with the former Bell Atlantic companies. This will make clear that we are talking about cost studies and inputs that have been developed by and for the GTE telephone operating companies and about those companies' operations, practices and procedures.

Q. HAVE YOU TESTIFIED PREVIOUSLY IN WASHINGTON?

A. Yes. I have previously testified before the WUTC in Phase II of the Generic Cost Docket (Nos. UT-960369, UT-960370, and UT-960371) on UNE and Collocation pricing and policy matters; and in arbitration proceedings with ELI (Docket No. UT-980370) and ATTI (Docket No. UT-990390). I have also sponsored testimony in various rate and arbitration proceedings before state regulatory commissions in California, Florida, Hawaii, Illinois, Indiana, Michigan, New Mexico, Oklahoma, Oregon, Texas, and Wisconsin.

A. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to present Verizon NW's policy positions, and terms and conditions associated with the ordering and provisioning of Unbundled Dark Fiber and combinations of UNEs, including UNE Platforms ("UNE-P") and Enhanced Extended Links ("EELs"). Dark fiber and those Combinations are provided to Competitive Local Exchange Carriers ("CLECs") under the terms of the FCC's UNE Remand Order (the "Order"), released on November 5, 1999.[1]

I.UNBUNDLED DARK FIBER

Q. WHAT IS DARK FIBER?

A. Dark fiber is deployed fiber optic cable connecting two points within the Incumbent Local Exchange Carrier's ("ILEC's") network that is unused, either in whole or in part. It is "dark" because it does not have electronics on either end of the fiber segment to energize it to transmit a telecommunications service. In other words, it is a fiber optic facility that does not have any restrictive devices, allowing the CLEC to transport unlimited bandwidth. When lit fiber is used by Verizon NW, it is Verizon NW that provides the terminating multiplexing equipment, electronic-to-optic conversion equipment, and any intermediate regeneration devices. In contrast, when dark fiber is provided by Verizon NW, the CLEC owns all the light

[1] FCC 99-238, the Third Report and Order in CC Docket No. 96-98.

transmission, terminating and regeneration equipment necessary to make the fiber "lit."

The FCC provided additional definition of dark fiber by identifying it as unused fiber that is "in place and easily called into service"[2] and "can be used by competitive LECs without installation by the incumbent."[3] The FCC further clarified, "we do not require incumbent LECs to construct new transport facilities to meet specific competitive LEC point-to-point demand requirements for facilities that the incumbent LEC has not deployed for its own use."[4]

Q. HOW DID THE FCC ADDRESS DARK FIBER AS AN UNBUNDLED NETWORK ELEMENT IN ITS ORDER?

A. In its order, the FCC modified the definitions of unbundled loops and dedicated transport to include dark fiber. The FCC stated that dark fiber meets the statutory definition of a network element and therefore included it within the definitions of these UNEs. The FCC said that, because dark fiber is unused transport capacity, "we find that it is a feature, function, and capability of facilities used to provide telecommunications services."[5] Although Verizon NW does not agree with

[2] Order at ¶174.
[3] Order at footnote 323.
[4] Order at ¶324.
[5] Order at ¶326.

the FCC's ruling that dark fiber satisfies the "necessary and impair" standards required to be deemed a UNE, it recognizes that the FCC's rules are currently binding upon ILECs and will abide by the FCC's guidelines. Verizon NW began offering unbundled dark fiber to CLECs in Washington as of May 17, 2000, the effective date of the FCC's Order as it relates to requirements for providing unbundled dark fiber.

Q. PLEASE EXPLAIN THE PROCESS FOR ORDERING UNBUNDLED DARK FIBER FROM VERIZON NW.

A. First, a CLEC must submit an Access Service Request ("ASR") for each dark fiber interoffice route or loop/subloop requested so that Verizon NW can evaluate whether there is dark fiber available on the route requested. A significant research effort is required by two different engineering groups to determine whether unused fiber capacity even exists. Plant records in two separate systems must be queried and compared. If fiber is found to be available, site visits may also be required in some cases to test the end-to-end connectivity of the facility. If fiber is determined to be available, Verizon NW will provide information back to the CLEC on the type of fiber, and its length. A non-recurring Service Inquiry Charge will be assessed to recover the costs generated by these requests.

Once the fiber information is provided to the CLEC, and assuming the CLEC has

pre-positioned its collocation arrangement or point of connection, it can then submit a firm order through the ASR process. When ordering dark fiber, the CLEC must order in pairs and at a minimum of two dark fiber strands per A-to-Z route unless the CLEC deploys Dense Wave Division Multiplexing ("DWDM"), then individual fibers may be ordered. A separate ASR is required for each A-to-Z route requested. The specific non-recurring charges ("NRCs") for the service inquiry, ordering and provisioning activities, as well as the monthly recurring charges ("MRCs") for the dark fiber facility itself, are discussed further in the phase B direct testimony of Verizon NW Witness Dennis Trimble.

Q. PLEASE EXPLAIN THE PRE-POSITIONING PROCESS NECESSARY TO GAIN ACCESS TO UNBUNDLED DARK FIBER.

A. Access to interoffice dark fiber, or the central office end of the dark fiber loop or sub-loop, requires the CLEC to be collocated at the central office ends of the transmission facility, similar to how it gains access to other UNEs today. In addition, a CLEC must be collocated at any intermediate central office points where it plans to place regenerative equipment. Upon receipt of a firm order, Verizon NW will provision facilities by installing a fiber jumper to terminate each end of the Dark Fiber Interoffice Transport (or the central office end of a loop or sub-loop) at a fiber patch panel that has been pre-connected to the CLEC's collocation arrangement via optical cross-connects (i.e. fiber terminations).

To obtain access to dark fiber in the sub-loop remote terminal location, the CLEC must be pre-positioned via either the Bona Fide Request (BFR) or collocation process. The BFR process is used whenever a CLEC plans to hand off its fiber cable to be terminated at the Verizon NW remote terminal location, without concurrent collocation of CLEC equipment. When the CLEC plans to place its own equipment at Verizon NW's remote terminal location, then the Collocation processes are used in place of a BFR.

Q. WHAT PARAMETERS ARE CONSIDERED IN DETERMINING WHETHER DARK FIBER IS CURRENTLY AVAILABLE?

A. Available interoffice Dark Fiber consists of any unused fiber strands that exist between a fiber patch panel, or its functional equivalent, located within the Verizon NW Central Office at one end of the network segment, and the fiber patch panel located in the Central Office at the other end of the network segment. For Dark Fiber in a loop or subloop, the unused fiber must terminate on a fiber patch panel, or functional equivalent, at the Central Office end of the facility, an accessible remote terminal location, and/or the customer's premises. An accessible terminal is a point on the loop where technicians can access the fiber within the cable without removing a splice case.

Unused fibers located at a fiber splice point in a cable vault or a controlled

environment vault, manhole or other location, inside or outside the Central Office or Verizon NW premises, and not terminated to a fiber patch panel within the Central Office or Verizon NW Premises, are not available to CLECs. At the Customer premise end of a dark fiber loop, unused fibers are not available to a CLEC unless such fibers terminate on a fiber patch panel within the Customer premise. Unused fibers located in a fiber splice point located outside the Customer premise are not available to CLECs.

In addition, Dark Fiber will be offered to CLECs in the condition that it is found in Verizon NW's network at the time that the CLEC submits its request (i.e., "as is"). Dark fiber will not be spliced or re-spliced for CLEC's use, nor will Verizon NW convert lit fiber to Dark Fiber for a CLEC's use.

Spare wavelengths on fiber strands, where Wave Division Multiplexing ("WDM") or DWDM equipment is deployed, are not considered to be spare Dark Fiber because, in these cases, there is transmission equipment attached which lights it. However, CLECs always have the option to purchase these lit facilities as other UNEs, such as dedicated transport.

Q. BESIDES DETERMINING IF FIBER IS PHYSICALLY AVAILABLE, DOES VERIZON NW USE ANY OTHER CRITERIA TO DETERMINE AVAILABILITY?

A. Yes. Because Verizon NW has an obligation to provide service as a carrier of last resort ("COLR"), it is concerned about ensuring that sufficient network transmission capacity exists to meet its service commitments. Requiring incumbent ILECs to make their reserve capacity available to new entrants discourages otherwise efficient investment. Although Verizon NW is not proposing to reserve unused fiber for its own use, the Company will implement several reasonable limitations on dark fiber to ensure that it can meet its COLR obligations, as well as enable routine maintenance and emergency restoration activities. First, Verizon NW will limit a CLEC in any two-year period from leasing more than 25% of the dark fiber in a given segment of the network. Further, Verizon NW reserves the right to revoke leased fiber from CLECs with 12 months notice, upon establishing the need to the satisfaction of the Commission, and also reserves the right to take back underused (less than OC-12) fiber.

The FCC has granted states the flexibility to establish reasonable limitations and technical parameters for dark fiber unbundling.[6] Although the limitations discussed above first originated at the Texas Commission, the FCC specifically mentioned them as the type of reasonable limitations on the availability of dark fiber that should be left in place because they help address the legitimate concerns of ILECs in

[6] Order at ¶352.

meeting their COLR obligations.[7] Moreover, Verizon NW reserves the right to petition to the Commission, in accordance with paragraph 352 of the FCC Remand Order, to keep additional dark fiber, as circumstances warrant.

Q. WHAT OTHER TERMS AND CONDITIONS APPLY TO UNBUNDLED DARK FIBER?

A. First, CLECs are responsible for providing all transmission, terminating and regeneration equipment necessary to light and use Dark Fiber. In addition, CLECs purchasing Verizon NW's Dark Fiber may not resell it to third parties. Finally, CLECs may not reserve Dark Fiber. Dark fiber is available on a first come, first served basis.

II.UNE COMBINATIONS

Q. HOW DOES THE FCC'S UNE REMAND ORDER ADDRESS THE ISSUE OF COMBINATIONS?

A. The FCC Order, in conjunction with the U.S. Supreme Court ruling on January 25, 1999, requires ILECs to provide currently combined elements to CLECs without disassembling them. There are basically two types of combinations that are at issue here: UNE-P and EELs. A UNE-P is a combination of a loop, local circuit switching

[7] See Order at ¶199 and footnote 694.

and shared transport. It is essentially a working local service, which can be used by a CLEC to provide retail local services such as R1 or B1 service. EELs are combinations of loops and dedicated transport, with or without multiplexing, a configuration that is often found in the special access product set today. EEL combinations do not include local switching. Due to the pending litigation on Combinations in the Eighth Circuit Court, the FCC did not elect to define UNE-Ps or EELs as separate network elements, nor did it address whether an ILEC must combine network elements that are not already combined in the network.[8] Verizon NW began offering combinations of UNEs to CLECs as of February 17, 2000, the effective date of the FCC's Modified Rule 47 CFR § 51.319.

A. UNE PLATFORMS

Q. UNDER WHAT CONDITIONS WILL VERIZON NW OFFER UNE-P COMBINATIONS?

A. Verizon NW will offer these UNE-Ps throughout the State of Washington with one exception. The FCC Order provides for a limited exception in offering unbundled local circuit switching, a component of UNE-P. The FCC ruled that local circuit switching need not be provided when it is being used to serve end users with four or more lines in access density zone 1 in the top 50 Metropolitan Statistical Areas ("MSAs"), provided that the ILEC offers non-discriminatory, cost-based access to

[8] Order at Executive Summary, Combinations of Network Elements, page 14.

EELs throughout these zones.[9] In accordance with the FCC's rule, Verizon NW has elected to provide EELs in these areas in lieu of UNE-P and local circuit switching for end users with four or more lines. Verizon NW has 11 exchanges in Washington which meet this criteria, as listed below.

1. Bothell
2. Everett Casino
3. Everett Main
4. Halls Lake
5. Juanita
6. Kirkland
7. Manor Way
8. Marysville
9. Oak Harbor
10. Redmond
11. Sammamish

Q. PLEASE EXPLAIN VERIZON NW'S ORDERING AND PROVISIONING PROCESS FOR UNE-P.

A. CLECs will order UNE-P from Verizon NW using the standard Local Service Request ("LSR") form. Additional information, to be provided on a data gathering form, may be required in conjunction with the more complex switch features such as Centranet. Prior to ordering, a CLEC is not required to be collocated to purchase UNE-P since no handoff of facilities to the CLEC is necessary. A UNE-P is a standalone working service. Currently, Verizon NW requires the CLEC to update the E911 Database records associated with end user customers they serve via UNE-P. However, Verizon NW is modifying its systems and plans to be able to perform these updates for the CLEC by year-end.

[9] Order at ¶278.

Verizon NW will provision UNE-P in a manner similar to how it provisions resale or its own retail services. For instance, an unbundled loop that is part of a UNE-P may be provisioned over IDLC technology. This is different than a standalone UNE loop, which requires all copper facilities or D4 channel banks. Also, UNE-P is always provisioned as a measured service. The CLEC will be billed for local switching usage as well as shared transport. Verizon NW will provide local and access usage files to the CLEC so it can, in turn, bill its end users and any IXCs. Finally, vertical services can be added to any platform at the CLEC's option. Additional charges may apply for vertical services. Rates for UNE-P and other combinations are discussed further in the phase B direct testimony of Verizon NW Witness Dennis Trimble.

Q. WILL VERIZON NW PROVIDE NEW COMBINATIONS OF LOOP AND SWITCHING?

A. Verizon NW is not required by the FCC order to provide "new" combinations of unbundled elements which do not already exist. However, Verizon NW will offer new UNE-P in circumstances where facilities are in place and construction of facilities is not required. The provisioning of new UNE-P means that Verizon NW will combine the loop and port, or otherwise finish a working service on behalf of the CLEC, when facilities are already in place or have been left in place from a previous

customer. For instance, if a jumper has been left in place or the line has Express Dial Tone, Verizon NW will accept and complete the UNE-P order. UNE-P is also to be utilized only for existing services in the retail tariff, which means that Verizon NW will not create new combinations of elements for CLECs that it does not do for itself today.

B. LINE SHARING OVER THE UNE- P

A. WILL VERIZON NW PROVIDE LINE SHARING OVER THE UNE-P?

A. No. As noted in Verizon NW Witness John Boshier's Phase A Responsive Direct Testimony filed on July 21, 2000, the FCC Line Sharing Order does not require line sharing when a CLEC provides service via the UNE-P. The ILEC's obligation to provide line sharing does not cover the situation where the CLEC is the voice provider on the shared line. Moreover, evaluation and resolution of the numerous operational and technical issues associated with offering line sharing over UNE-Ps will take a significant amount of time.

C. EELs

Q. WHAT WILL VERIZON NW OFFER IN THE WAY OF NON-SWITCHED COMBINATIONS OR EELS?

A. Verizon NW is not allowed to separate UNEs that are currently combined as a special access service arrangement. As a result of this requirement, Verizon NW will offer combinations of network elements that are already combined, including combinations of loop, multiplexing/concentrating equipment, dedicated transport and entrance facilities, if they are currently combined in Verizon NW's network. There are many potential combinations of loop types, multiplexing arrangements, and transport bandwidth that could be provided under an EEL arrangement. In addition, Verizon NW will provide non-switched combinations on a proactive basis in density zone 1 exchanges in the top 50 MSAs where Verizon NW currently conducts business.

Q. UNDER WHAT CONDITIONS CAN EXISTING SPECIAL ACCESS ARRANGEMENTS BE CONVERTED TO EELS?

A. The FCC issued a Supplemental Order in CC Docket No. 96-98 on November 24, 1999,[10] which set up a temporary constraint on the circumstances under which carriers could convert special access combinations to UNE combinations. The FCC constrained carriers from substituting entrance facilities and combinations of unbundled loops and dedicated interoffice transport network elements for the ILECs special access service. Because it was concerned that carriers that provide exchange access service would be able to arbitrage special access rates and harm universal

[10] FCC 99-370, CC Docket No. 96-98.

service, the FCC allowed conversions of special access services to UNE rates only if the carrier provides a significant amount of local exchange service on the facility.

On June 2, 2000, the FCC issued a Supplemental Order Clarification,[11] in which it extended the temporary constraint and provided further definition on what constitutes a significant amount of local traffic. The FCC said that one of three circumstances must be met.[12] First, the requesting carrier certifies that it is the exclusive provider of an end user's local exchange service. Under this option, collocation is required in at least one ILEC central office within the LATA, and loop-transport combinations cannot be connected to the ILEC's tariffed services.

Second, the requesting carrier certifies that it provides local exchange and exchange access service to the end user customer's premises and handles at least one third of the end user customer's local traffic (percent local traffic factors are different for DS1 and higher). Collocation at a minimum of one central office is also required under the second option. The loop-transport combinations must terminate to the collocation arrangement(s) and cannot be connected to the ILEC's tariffed services.

[11] FCC 00-183, CC Docket No. 96-98.
[12] See Supplemental Order Clarification at ¶22.

Under the third and last criteria, the requesting carrier certifies that at least 50% of the activated channels on a circuit are used to provide local dial tone service, and at least 50% of the traffic on each of these local channels is local voice traffic, and that the entire loop facility has at least 33% local voice traffic. Collocation is not required with option three, however, the restriction on connecting loop-transport combinations to ILEC tariffed services is still in effect.

The FCC also required ILECs to allow CLECs to self-certify that they are providing a significant amount of local exchange service over combinations of UNEs. ILECs are allowed to subsequently conduct limited audits by an independent third party to verify the requesting carrier's compliance with the local usage requirements.[13] When converting from special access rates to UNE rates, the full termination liability will apply, if applicable.

Q. PLEASE EXPLAIN VERIZON NW'S ORDERING AND PROVISIONING PROCESS, TERMS AND CONDITIONS FOR EELS.

A. EELs will be ordered via an ASR (the GTE access service request form), billed through CABS (the GTE carrier access billing system), and will utilize existing UNE service order intervals. On the provisioning side, Verizon NW will add plug-in units

[13] See Supplemental Order Clarification at ¶29.

to support those services that utilize ancillary equipment, such as ISDN BRI loop extenders. Additionally, Verizon NW will supply the HDSL cards necessary to provide the DS1 functionality with DS1 EEL loops. However, DS3 EEL loops will be limited to those loops that have been provisioned as a special access circuit and currently have all necessary electronics in place.

Verizon NW will allow termination of EELs to a requesting carrier's point-of-connection ("POC") or a CLEC collocation arrangement. Verizon NW will not extend EELs across LATA boundaries. EELs may only be connected to dedicated transport, multiplexing or concentration that originates from a collocation arrangement or a carrier POC location with the same LATA. Further, EELs may in no manner be connected to Verizon NW switching equipment or to Verizon NW tariffed special access services. The FCC specifically prohibits the co-mingling of loop-transport combinations with special access services.[14]

Q. DO THE SAME "NO BUILD" RULES FOR UNES APPLY TO EELS AS WELL?

A. Yes. Verizon NW will not build to provide UNEs or EELs. Building constitutes hardwiring ancillary equipment into existing copper or fiber facilities at a point or location where the facilities are not currently breached or accessible. An example would be splicing a mid-span repeater into an existing cable arrangement. Additionally, building constitutes placing either interoffice or feeder and distribution cable, as well as adding shelving and/or any common equipment in order to provide ancillary equipment or special conditioning. CLECs may not order services via special access and later attempt to convert to UNE rates in order to circumvent the

[14] See Supplemental Order Clarification at ¶28.

"no build" restrictions.

Q. DOES THIS CONCLUDE YOUR PHASE B DIRECT TESTIMONY?

A. Yes.