BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AT&T COMMUNICATIONS OF THE PACIFIC NORTHWEST, INC., Complainant, v. VERIZON NORTHWEST, INC., Respondent.	DOCKET NO. UT-020406

REPLY BRIEF OF COMMISSION STAFF

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I. ARGUMENT

A. The Commission Has Legal Authority to Order Verizon to Reduce Its Access Charges Immediately

1 In its Opening Brief, Verizon Northwest, Inc. (Verizon) argues that the Washington Utilities and Transportation (Commission) lacks authority to order the company to reduce its access charges. Verizon bases this position on five ill-conceived legal arguments. First, it argues that the Commission cannot reduce its access charges because doing so would be single-issue ratemaking. Verizon's Br. at 13. Second, Verizon argues that the Commission cannot order Verizon to reduce its access charges because the complainant, AT&T of the Pacific Northwest, Inc. (AT&T), failed to state a lawful claim against Verizon under RCW 80.04.110. *Id.* at 14. Third, Verizon argues that AT&T and the Commission Staff's arguments regarding Verizon's excessive and discriminatory access charges are improper collateral attacks on WAC 480-120-540. *Id.* at 15. Fourth, Verizon contends that its current access charges cannot be reduced because the Commission "specifically held" them "lawful" in approving the Bell Atlantic/GTE merger, and that any claim against the reasonableness of its access charges is a "collateral attack" on the merger order. *Id.* at 34. Finally, Verizon argues that the Commission cannot order Verizon to reduce its access charges because such action would result in rates that are not sufficient. *Id.* As argued below, Verizon is wrong on all points.

1. Reducing Verizon's Access Charges In This Docket Is Not Improper Single-Issue Ratemaking

2 Verizon contends that the Commission must dismiss AT&T's complaint as single-issue ratemaking. Verizon's Br. at 13. Verizon cites the Commission's order in Docket No. UT-970653, where the Commission dismissed a complaint by MCI Communications Corporation against GTE Northwest's access charges, as support for its position. *Id.* However, Verizon's reliance on that decision is misplaced.

3 In its order dismissing MCI's complaint, the Commission said it "*generally* will not engage in single issue or 'piecemeal' ratemaking." *MCI Telecommunications Corp. v. GTE Northwest, Inc.*, Docket No. UT-970653, Second Supplemental Order Dismissing Complaint, at 7 (Oct. 22, 1997) (emphasis added.) Ordering a change to access charges is not "single-issue ratemaking" as that term typically has been understood because access charges are implicated in virtually every significant policy issue relating to telecommunications, including universal service, local competition, toll charges, and local calling areas. Therefore, changes to access charges should not be considered single-issue ratemaking.

4 In addition, the Commission's order in Docket No. UT-970653 is not "directly on point" as Verizon claims. Verizon's Br. at 14. In that case, the Commission noted that "MCI does not allege that GTE's access rates violate any statute or Commission order. MCI does not contend that GTE's access rates are unfair, unjust, or unreasonable under the current Commission-approved structure for intrastate rates." Second Supp. Order

at 6. In this case, AT&T specifically has alleged that Verizon's access charges violate RCW 80.36.186 and 80.36.180, the Commission's imputation test, and federal law. Therefore, this docket is plainly different from the MCI access charge complaint case.

2. AT&T Has Stated a Lawful Claim Under RCW 80.04.110

5 Verizon also argues that AT&T cannot complain against its access charges under RCW 80.04.110. Verizon's Br. at 14. Verizon contends that AT&T has no cause of action under RCW 80.04.110 because AT&T does not compete with Verizon's access service; therefore, AT&T's only remedy under RCW 80.04.110 must be directed to Verizon's toll rates. *Id.* (citing RCW 80.04.110). Unfortunately for Verizon, this argument has not gained merit since Verizon first raised it last summer.

6 RCW 80.04.110 permits a company, like AT&T, to complain against the rates charged by a company against which it competes, like Verizon. Verizon's argument that AT&T may complain only against Verizon's toll rates is an unduly restrictive interpretation of RCW 80.04.110. According to Verizon's reading of the statute, access charges—which are implicated in virtually every significant policy issue relating to telecommunications—are immune from challenge by the very companies who must pay them in order to provide toll service. Nothing suggests that the Legislature, in crafting RCW 80.04.110, intended such an unlikely result. Therefore, the Commission should reject this argument.

3. WAC 480-120-540 Does Not Insulate Verizon's Access Charges From Complaint

7 Verizon contends that AT&T and Staff, by advocating reductions to Verizon's access charges, are collaterally attacking WAC 480-120-540. *See* Verizon's Br. at 15. This contention fails.

8 The access charge rule, WAC 480-120-540, does not insulate Verizon's excessive and anticompetitive access charges from complaint. Rather, the rule sets forth an access rate *structure* to replace the rate structure established in Cause Nos. U-85-23 et al. The rule does not close the book on Commission oversight of access charges. The Commission may evaluate access charges under other statutes, such as RCW 80.04.110, 80.36.180, and 80.36.186. Because the rule does not set access rates, it does not preclude a complaint regarding the amount of access charges. *See* Tr. at 555 ("[I]t [WAC 480-120-540] says nothing about whether the originating rate at any particular level is fair or unfair."). If the rule were as open-ended as Verizon would have the Commission believe, Verizon surely never would have challenged the rule in court, because Verizon's reading of the rule would give it virtually unlimited authority to increase not just access charges but most other regulated rates as well.

9 In its brief, Verizon correctly states that WAC 480-120-540 requires that terminating access charges be set at LRIC-based local interconnection rates (plus the ITAC), and allows any resulting reductions to terminating access charges to be offset by increases to originating access charges. Verizon's Br. at 15. However, it simply does not

follow that any level of originating access charge, no matter how high, is fair, just, and reasonable. In adopting the access charge rule, the Commission did not place an upper bound on originating access rates, but that does not mean that those rates are unbounded. Rather, originating access charges are to be treated like the vast majority of a regulated company's rates, wherein the general standards of fairness, reasonableness, etc., are applied when evaluating rates.

10 If Verizon's argument were applied more broadly, local rates also would be immune from complaint. There are rules in WAC 480-120 governing various aspects of local service, but no rule stating a specific cap on the local rate, so by Verizon's logic there is no limit on the local rate. Even Verizon would not go that far—the fact that it sought an increase in local rates in this proceeding demonstrates that it knows the local rate is regulated. Originating access rates also are regulated, and the Commission may order a reduction even if there were no violation of WAC 480-120-540. The same reasoning applies to the interim universal service charge, or ITAC. The rule permits a company to use an ITAC, but the level of that charge is not specified in the rule. The Commission may allow companies to recover universal service costs on terminating access service without granting unlimited rate levels, and it has done precisely that in adopting WAC 480-120-540.

4. The Bell Atlantic/GTE Merger Order Does Not Preclude AT&T's Complaint

11 Verizon persistently argues that the Commission, in approving the Bell Atlantic/GTE merger, "specifically held that these [access] charges were lawful, and therefore AT&T's claim is nothing more than an unlawful collateral attack on the Merger Order." Verizon's Br. at 34 (footnotes omitted). Verizon's argument ignores both the regulatory scheme set forth in Title 80 RCW and the nature of settlement.

12 A telecommunications company's rates may be challenged under Title 80 RCW. Prior Commission approval of a rate, even after a full evidentiary rate case, will not insulate a particular rate from subsequent complaint. Verizon acknowledges this in its brief. *See* Verizon's Br. at 34 n.46.

13 Verizon also misses the point of settlement. When a settlement is presented for approval, the Commission does not consider individually each and every element of the proposed settlement. When the Commission approved the Bell Atlantic/GTE merger, it did not individually scrutinize Verizon's access charges. Rather, it considered the settlement presentation as a whole. In short, the Commission specifically approved the merger, but it did not specifically approve Verizon's access charges.

14 In approving the merger order the Commission did not establish a policy that above-cost access charges are lawful. *See id.* While Staff does not agree with AT&T that access charges must be set at cost, we also do not agree with Verizon that the Commission ruled on this issue in approving the Bell Atlantic/GTE merger.

15 Verizon's argument would have more merit if the AT&T complaint had come immediately after the merger order. To the contrary, AT&T's complaint came as the specific term of the rate provisions in the merger order were expiring. To the extent the merger order places a stamp of approval on Verizon's rates, that stamp expired on June 30, 2002.

16 The merger order does not divest the Commission of the authority to hear AT&T's complaint, particularly now that the rate provisions have expired. The Commission may reduce Verizon's access charges notwithstanding its approval of the Bell Atlantic/GTE merger.

5. The Level of Verizon's Earnings Does Not Preclude the Commission From Reducing Verizon's Access Charges Upon Finding They Are Unfair, Unjust, Unreasonable, or Discriminatory

17 Finally, Verizon argues that the Commission cannot reduce its access charges in this proceeding because any such reduction "would result in unlawful, 'insufficient' rates." Verizon's Br. at 2. As Staff argued in its opening brief, and below, Verizon is not underearning. In fact, the company can reduce its access rates without falling below its authorized rate of return. But even if Verizon's earnings would be insufficient with an access charge reduction, it does not follow that the Commission permit Verizon to charge an unlawful level of access charges. If the Commission finds Verizon's access charges to be unlawful in this proceeding, then the Commission should order Verizon to reduce its access charges to a level that is fair, just, and reasonable. If this causes

Verizon concern over its earnings, Verizon can take the appropriate actions to request whatever relief it deems necessary.

B. Verizon's Reliance on the Access Rate Structure the Commission Established in Cause No. U-85-23 Is Misplaced

18 Throughout its brief, Verizon relies on the access rate structure the Commission had established in Cause Nos. U-85-23 et al. *See, e.g.*, Verizon's Br. at 5-7. It is plain that Verizon believes the industry is still operating under the access rate structure the Commission established in Cause Nos. U-85-23 et al. Verizon's arguments lack credibility because the U-85-23 rate structure has been superceded.

19 Verizon claims that in Cause Nos. U-85-23 the Commission set a policy that access charges must recover 25 percent of a local exchange company's non-traffic sensitive costs, mainly loop costs. Verizon's Br. at 5-6. However, in US West's last major rate case, the Commission stated that the allocation factors from U-85-23 "produce arbitrary results that do not reflect either competitive realities or the public policy considerations that should guide the setting of individual rates." *Washington Utils. & Transp. Comm'n v. US West Communications, Inc.*, Docket No. UT-950200, Fifteenth Supplemental Order, at 84-85 & n.45 (April 11, 1996). Therefore, by as early as 1996, the Commission was aware that the access rate structure set in U-85-23 would need to be changed to reflect the on-going changes in the telecommunication industry.

20 In Docket No. UT-970653, the same docket Verizon argues supports dismissal of this case, the Commission unequivocally stated that it would revise the U-85-23 access

rate structure through rulemaking in Docket No. UT-970325. *MCI Telecommunications Corp. v. GTE Northwest, Inc.*, Docket No. UT-970653, Second Supplemental Order Dismissing Complaint, at 5 (Oct. 22, 1997) ("In Cause No. U-85-23, the Commission established an access rate structure for the industry. *We conclude that revisions to the structure should be addressed in a broader forum in which all carriers affected by a change of policy can participate, and in which interrelated issues can be considered.* An appropriate forum for addressing the issues raised by MCI in this filing would be Docket No. UT-970325.") (emphasis added).

21 In addition, by adopting a new access rate structure in WAC 480-120-540, the Commission departed from the structure set in Cause Nos. U-85-23. In fact, the Commission stated that the U-85-23 rate structure created "problems," which WAC 480-120-540 was intended to remedy. *In the Matter of Adopting WAC 480-120-540 Relating to Intrastate Carrier Access Charge Reform*, Docket No. UT-970325, General Order No. R-450, Order Adopting Rules Permanently, at 3 (Sept. 23, 1998).

22 Verizon invites the Commission to ignore all of the changes in the telecommunications industry on a state and national level and decide this case as if it were still 1986. The Commission should decline this invitation.

C. The Commission Should Reject Verizon's Proposed ITAC

23 Verizon prefaces its ITAC argument with the contention that the Commission cannot order Verizon to change its ITAC because AT&T did not allege that Verizon's

ITAC violates WAC 480-120-540. The Commission should reject this argument. AT&T alleged that Verizon's access charges are unlawfully excessive and discriminatory. In setting Verizon's lawful and proper access charges the Commission should look at all elements of those charges, including the ITAC.

24 In our evidence and opening brief in this docket, Staff explained why the Commission should reduce Verizon's ITAC to $0.0188679. *See* Staff's Opening Br., ¶¶ 19-27; Exhibit T-100, at 2-6. We do not repeat those arguments here, rather, we address inaccuracies in Verizon's opening brief.

25 In its brief, Verizon appears to argue that interstate access support (IAS) is not high-cost support. Verizon's Br. at 10, & n.9. Verizon is wrong. Recently, this Commission enacted a rule requiring telecommunications companies to report the amount of all federal high-cost universal service support they receive during a calendar year. WAC 480-120-311. As this rule expressly provides, this Commission considers IAS a part of high-cost support:

> Each eligible telecommunications carrier (ETC) in Washington receiving federal high-cost universal service support funds must provide the following to the commission not later than August 31 of each calendar year:
>
> . . .
>
> The amount of all federal high-cost universal service fund support received for the calendar year preceding the year in which the filing must be made (this includes, but is not limited to, High Cost Loop Support or "HCL," Local Switching Support or "LSS," Long Term Support or "LTS,"

> Interstate Access Support or "IAS," and Interstate Common Line Support or "ICLS") . . . .

WAC 480-120-311(2)(d).[1]

26 Verizon also grossly misstates Exhibit 120. Staff provided Verizon with what would become Exhibit 120 as a response to a data request asking for the individual dollar components of the revenue benchmarks of $31 for residential and $51 for business. In its brief, Verizon erroneously says that Exhibit 120 is "Mr. Zawislak's pre-CALLS illustration." In fact, Exhibit 120 is not a pre-CALLS example, rather, it is a post-CALLS hypothetical example of what comprises the revenue benchmarks. It is plainly a post-CALLS example because it lists the current amount of the subscriber line charge (SLC). In labeling Exhibit 120 a pre-CALLs example, Verizon dismisses the current SLC charge as a "mistake." Verizon's Br. at n.11. The Commission should reject Verizon's patently misleading recitation of the evidence.

27 In addition, Verizon's argument that Staff's proposed ITAC is not revenue neutral is misleading. Under WAC 480-120-540, so long as Verizon's originating access charges are set at a reasonable level, then Staff's proposed ITAC is revenue neutral. However, if Verizon's originating access charges are set at an excessive level, then Staff's proposed ITAC will not be revenue neutral from Verizon's (unreasonable) perspective. Under WAC 480-120-540(6), the Commission would allow the revenue

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[1] This classification is also consistent with the National Exchange Carrier Association's ("NECA") recent article in its bi-monthly *Access Newsletter*, dated May/June 2003. That article, on page 4, states, "Other high-cost programs are *interstate access support*, local switching support, long term support, interstate common line support . . ." (emphasis added).

neutral shift (if otherwise in the public interest) only if the company's originating access charges were reasonable to begin with. *See* Attachment 1 (illustrative example of how WAC 480-120-540 would work for a company with reasonable originating access charges). Staff presented evidence that explains why Verizon's current originating access charges are unreasonable. WAC 480-120-540 is not designed to perpetuate excessive rates.

28 Staff disagrees with AT&T that the ITAC, and WAC 480-120-540 violate federal law. First, AT&T cannot challenge the legality of WAC 480-120-540 in this proceeding. Rather, it must challenge the rule pursuant to RCW 34.05.570(2).

29 AT&T relies on *COMSAT Corp v. Federal Comm. Comm'n*, 250 F.3d 931 (5th Cir. 2001) for its argument that the ITAC violates federal law. AT&T's Br. at 22-24. However, the *COMSAT* case addresses federal interstate access charges, not the intrastate access charge structures governed by the states. *See COMSAT*, 250 F.3d at 938.

30 Contrary to AT&T's argument, the ITAC is explicit support. In addition, the ITAC complies with the requirements of 47 U.S.C. § 254(e) that state universal service support be "specific, predictable, and sufficient," and not unduly burdensome on federal universal service support mechanisms. *Id.* Therefore, the ITAC does not violate federal law.

D. <u>Verizon Has Offered No Argument Regarding the Proper Originating Access Charge</u>

31 In defense of its originating access charges, Verizon makes several (unsound) legal arguments as to why the Commission cannot change them, Verizon's Br. at 12-16, which we have addressed above. Verizon does nothing else to explain why its originating access charges are lawful and proper.

E. In Determining Verizon's Price Floor, The Commission Staff Properly Adjusted Verizon's Conversion Factor

32 As AT&T notes in its brief, "But for the inclusion of Verizon's calculations in an exhibit to Staff's rebuttal testimony, [footnote omitted] the record would be devoid of any evidence on Verizon's proposal." AT&T's Br. at 7. There is no evidence in this proceeding that supports Verizon's conversion factors. Until Verizon properly demonstrates what its conversion factors should be, the Commission should not allow Verizon to use any conversion factor of less than 1.0000000 for the reasons set forth in Staff's opening brief. Staff's Br. at 15-16.

F. The Commission Should Reject Verizon's Earnings Arguments

33 Verizon improperly links its argument regarding its earnings to the Commission's orders in Cause Nos. U-85-23. Again, the Commission should ignore Verizon's reliance on decisions that plainly have been superceded.

34 Verizon would have the Commission believe that its current rate-of-return is 2.84%. However, as shown by the Commission staff, Verizon's current rate-of-return, as properly adjusted and restated on a "Commission basis," is 11.57%.

35 The evidence Verizon filed to support its claim that it is underearning was insufficient. Verizon failed to file the information required by WAC 480-09-330, which would have given the parties and the Commission sufficient basis to evaluate Verizon's earnings claims.[2] Although insufficient, Staff still was able to make high-level adjustments to the information Verizon filed in order to discredit Verizon's earnings evidence.

1. "Interstate Growth Mismatch" Adjustment

36 Verizon wrongly claims that in adjusting for the mismatch between interstate and intrastate revenue, expense, and investment, Staff Witness Betty Erdahl "simply shifted costs" from the intrastate jurisdiction to the interstate jurisdiction. Verizon's Br. at 45. Verizon calls this adjustment "unlawful" because it ignores the FCC's separations freeze. To the contrary, Staff's adjustment is lawful and proper, and consistent with the FCC's post-freeze separations rules as explained below.

37 Staff did not ignore the FCC's separations order. Verizon's Br. at 46 (citing *In the Matter of Jurisdictional Separations and Referral to the Federal-State Joint Board*, CC Docket No. 80-286, Report and Order, FCC 01-162, 16 FCC Rcd 11,382 (May 22, 2001). Verizon

[2] Verizon claims that Staff counsel commented in the settlement presentation hearing that Verizon had filed more evidence than what would be required by WAC 480-09-330. Verizon's Br. at 44. This is incorrect. During that hearing, in which Verizon joined Staff in proposing a plan to reduce Verizon's overall revenues, Staff's counsel said that the information offered by the parties in the docket, including the testimony of the panelists, was more information than required by the rule. This is does not mean that Verizon's earnings evidence meets the requirements of the rule.

In any event, even if the evidence Verizon filed regarding its earnings was sufficient in quantity, that evidence all the more proves that Verizon is earning in excess of its authorized rate-of-return.

contends that the FCC's separations freeze would prohibit Ms. Erdahl's interstate earnings adjustments to correct Verizon's practice of burdening intrastate ratepayers with the expenses associated with its interstate operations, while benefiting interstate services with increased profits. Verizon's argument misstates the purpose of the separations freeze and the FCC's plain statement that its separations rules do not prevent state commissions from considering the jurisdictional nature of accounts for ratemaking purposes. To agree with Verizon would, in effect, condone yet one more form of financial statement manipulation.

38 The FCC expressly has stated that its separations rules do not limit state commissions from considering the type of information Verizon says is unlawful for them to consider:

> The separations procedures described in this part are not to be interpreted as indicating what property, revenues, expenses and taxes, or what items carried in the income, reserve and retained earnings accounts, should or should not be considered in any investigation or rate proceeding.

47 C.F.R. § 36.1(h). In this rule, the FCC gave state commissions the discretion to consider whether a company's expenses and investment should be allocated to the intrastate jurisdiction when investigating its intrastate rates, regardless of the FCC's separations guidelines. Therefore, the FCC's separations freeze is no reason disallow Ms. Erdahl's interstate growth mismatch adjustment.[3]

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[3] In addition, Verizon's reliance on *Hawaiian Tel. Co. v. Public Utils. Comm'n of Hawaii*, is unhelpful. That case involved FCC Orders from 1981. In this case, Staff relies on 47 CFR § 36.1(h), which was enacted in 1984. *See* Exhibit T-150, at 6; Exhibit T-105, at 15 n.11. The *Hawaiian Tel.* case did not involve

2. Directory Assistance Adjustment

39 Verizon argues that Staff's directory assistance adjustment is incorrect because it adds revenues from rates that don't exist. Verizon's Br. at 48. This misses the point. Directory assistance is a competitive service, but its revenues and expenses are included in the regulated results of operations. Verizon's rate is considerably lower than other companies' rates for directory assistance. Therefore, it is proper to impute the higher rate when considering Verizon's overall earnings. This also prevents Verizon from subsidizing its rates for competitive services with the rates for non-competitive services.

3. Normalizing Adjustments

40 Verizon disputes Staff's adjustment to normalize the October and November 2001 results. Verizon claims that because VADI was not reintegrated until January of 2002, the adjustments are erroneous. While Ms. Erdahl believed the abnormal results for those months were due to the reintegration of VADI, which may not have occurred until January of 2002, the abnormal results nevertheless exist and require normalization.

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the current rule. The State of Hawaii's actions were not preempted by the current rule, and neither is Ms. Erdahl's adjustment in this case.

4. Line Sharing

41 Verizon disputes Staff's adjustment for line sharing because line sharing is included in the Company's 2002 results of operations. However, the adjustment was necessary to Verizon's 2001 results that were the basis of Staff's analysis. A line sharing adjustment of $4.00 per line must be imputed to Verizon's earnings for 2002, if Verizon has not yet done so. Verizon's 2002 revenue also will increase because of the high level of growth the company has experienced in its xDSL service in Washington.

5. Adjustment to Impute Directory Revenues

42 As Staff stated in our opening brief, it is lawful and proper to impute directory publishing revenues to Verizon. In prior orders, the Commission had imputed directory revenues to Verizon.

43 For example, in 1969, General Telephone Company of the Northwest, Verizon's predecessor, filed an application with the Commission for an order approving a directory publishing contract between General Telephone and its affiliated directory publishing company, General Telephone Directory Company. *In the Matter of the Application of General Telephone Company of the Northwest, Inc. for an Order Approving and Arrangement for the Furnishing of Telephone Directory Services by its Affiliated Interest, General Telephone Directory Company*, Cause No. U-9927, Order Conditionally Granting Application (Aug. 7, 1970). In approving the application, the Commission noted that

the directory publishing affiliate earned substantial profits, some of which should be passed back to the operating company. *Id.* at 3.

44 In Cause No. U-9914, a General Telephone Company of the Northwest general rate case, the Commission imputed to the company revenue earned by its affiliate, the General Telephone Directory Company. Specifically, the Commission reduced the company's revenue requirement by profits (in excess of cost plus a fair rate of return) earned by the affiliate. *In the Matter of the Petition of General Telephone Company of the Northwest, Inc., for a Determination of a Fair, Reasonable, Just and Sufficient Rate of Return*, Cause No. U-9914, Order Authorizing Tariff Revisions, at 5-12 & Appendix A (Dec. 24, 1970). This decision was affirmed by the Thurston County Superior Court by order dated September 16, 1974 (Cause No. 44043).

45 In 1983, the Commission imputed directory publishing revenue to GTE Northwest. In Docket Nos. U-82-45 and U-82-48 the Commission reduced the company's revenue requirement by the profits earned by the General Telephone Directory Company in excess of its cost plus a fair rate of return. *Washington Utils. & Transp. Comm'n v. General Telephone Company of the Northwest, Inc.*, Cause Nos. U-82-45 et al., Second Supplemental Order, at 23 (Aug. 18, 1983).

46 The Commission Staff properly adjusted Verizon's earnings. Verizon cannot expect the Commission to rely on unadjusted financial information in deciding whether Verizon is earning its authorized rate-of- return. The Commission should reject

Verizon's earnings analysis and find that Verizon is earning at least its authorized rate-of-return.

II. CONCLUSION

47 The evidence presented by Staff through its evidence and briefs shows that Verizon's access charges are excessive and discriminatory. Nothing in the record demonstrates that Verizon's earnings are so low that the company cannot sustain a reduction in its access charges so as to make them fair, just, reasonable, and sufficient. Even if Verizon had produced evidence of insufficient earnings, that would not justify continued imposition of access charges at their current level. Therefore, the Commission should order Verizon to reduce its access charges to the levels recommended by Staff.

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