

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In The Matter Of The Continued)
Costing And Pricing Of Unbundled) **DOCKET NO. UT - 003013**
Network Elements, Transport,) **PHASE B**
Termination, And Resale)

PHASE B REBUTTAL TESTIMONY OF
HOWARD LEE JONES
SENIOR GROUP MARKETING MANAGER, NETWORK SERVICES

ON BEHALF OF
VERIZON NORTHWEST INC.

SUBJECT: RECIPROCAL COMPENSATION TECHNICAL ISSUES

FEBRUARY 7, 2001

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1 **I. INTRODUCTION**

2
3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4 A. My name is Howard Lee Jones and my business address is 600 Hidden Ridge, Irving, Texas
5 75038.

6
7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK
8 EXPERIENCE.**

9 A. In 1973, I received a Bachelor of Arts in Economics from Ripon College. In 1978, I received
10 a Masters of Business Administration from the University of Wisconsin – Whitewater.

11
12 I have been employed continuously by various Verizon (and former GTE) departments from
13 1979 to the present. I began my career as a Forecast Analyst in Marketing Services. From
14 1979 through 1989, I occupied several positions in Marketing Services, Information Systems,
15 and Economic Analysis/Pricing. In 1989, I became a Product Manager in Special
16 Access/Data Services. From 1989 until 1997, I proceeded through several positions until I
17 was promoted to my current position as Senior Group Marketing Manager, Network
18 Services. From 1996 to April 2000, I was responsible for all products and services sold by
19 Verizon (former GTE local exchange companies) to the Internet Service Provider ("ISP")
20 market segment. This included, but was not limited to, CyberPOP (an aggregation modem
21 for Internet user dial access) and CyberWAN (a router for aggregation of ISP special access
22 lines).

23
24 **Q. PLEASE DESCRIBE YOUR CURRENT JOB RESPONSIBILITIES?**

1 A. In my current position, I am responsible for issues involving the payment of reciprocal
2 compensation for the delivery of ISP-bound traffic. My duties relating to this issue include
3 preparing testimony and assisting with proceedings at the state and federal level. I am also
4 responsible for issues involving the next generation network planning. Generally, next
5 generation network technology involves the convergence of long established voice circuit
6 switched network equipment platforms with Internet Protocol network equipment platforms.
7 Next generation technology is the source of SS7 signaling gateway equipment that I will refer
8 to later in my testimony.

9

10 **Q. HAVE YOUR PREVIOUSLY TESTIFIED BEFORE ANY STATE REGULATORY**
11 **COMMISSIONS?**

12 A. Yes. I have presented testimony on behalf of the former GTE Companies before the Florida,
13 Michigan, Missouri, Texas, Tennessee, Wisconsin, and California public utilities
14 commissions on various matters, some of which involved the propriety of paying reciprocal
15 compensation for the delivery of ISP-bound traffic. I have also filed affidavits and have been
16 involved in ISP proceedings before the Federal Communications Commission (“FCC”).
17 Finally, I have testified in contract arbitrations involving ISP issues in Pennsylvania, New
18 Mexico, Texas, and North Carolina.

19

20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

21 A. I will address, from a technical perspective, certain statements made by witness Michael
22 Starkey, testifying on behalf of Focal Communications Corporation and XO Washington;
23 witness B. Glenn Blackmon, testifying on behalf of the Commission Staff; witness Rex

1 Knowles, testifying on behalf of XO Washington; and witness Mark Argenbright, testifying
2 on behalf of Worldcom concerning reciprocal compensation and interconnection facilities.
3

4 **II. RECIPROCAL COMPENSATION**
5

6 **Q. MR. STARKEY CLAIMS THAT THE ILECS “INVITE THE COMMISSION TO**
7 **IGNORE THE AVERAGE INCREMENTAL COSTS THAT REPRESENT TELRIC,**
8 **AND INSTEAD, FOCUS ON A SUBSET OF THESE COSTS, I.E., THE COST**
9 **DELIVERED TO A CERTAIN TYPE OF CUSTOMER, I.E. ISPs.”(PG. 9) DO YOU**
10 **AGREE WITH THIS STATEMENT?**

11 A. Yes I do. The point here is that the network characteristics of the ILEC are significantly
12 different from those of the Competitive Local Exchange Carrier ("CLEC") who are new
13 entrants to the market. It is entirely appropriate for the Commission to focus on the costs that
14 new entrants incur to provide service to ISPs. This is especially true when new entrants have
15 focused their marketing efforts on a specific type of customer and then design and deploy
16 their networks to meet a specialized service demand. CLECs that deploy a network focused
17 on terminating traffic to ISPs can and do use a trunk-to-trunk network architecture that
18 minimize the cost of delivering a high volume of traffic destined for a small subset of the
19 overall wide range of telephone service customers.
20

21 **Q. CAN YOU DEMONSTRATE HOW THE NETWORK USED BY VERIZON**
22 **NORTHWEST TO SERVE ITS CUSTOMERS IS DIFFERENT THAN THE**
23 **NETWORK DEPLOYED BY CLECs TO DELIVER HIGH VOLUME ONE-WAY**

1 **TRAFFIC TO ISPs?**

2 A. Yes. Table 1 below indicates whether Verizon Northwest serves a particular customer
3 classification with a line-side connection to the central office switch or a trunk-side
4 connection. It also demonstrates that for the broad base of non-ISP residential and business
5 customers Verizon Northwest provides service using a network that is 97.7% line-side based.
6 In contrast, Verizon Northwest provides service to its ISP customers using a network
7 architecture that is 96.8% trunk-side based.

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Table 1

Verizon Northwest - Washington¹

	Number of Lines	% Non-ISP & ISP	% Line or Trunks Served
Residence (incl 2 nd , all line served)	744,625	72.4%	
Business (line served)	259,740	25.3%	97.7%
Business (trunk served)	<u>23,355</u>	<u>2.3%</u>	2.3%
Total Lines non-ISP	1,027,720	100.0%	
ISPs (line served)	1,467	3.2%	3.2%
ISPs (trunk served)	<u>44,377</u>	<u>96.8%</u>	96.8%
Total Lines ISP	45,844	100.0%	
Total Lines Verizon Washington	1,073,564		
Total Verizon Line served	1,005,832	93.6%	
Total Verizon Trunk Served	67,732	6.3%	

Q. HOW DO YOU EXPLAIN THE WIDE PREFERENCE THAT VERIZON ISP CUSTOMERS SHOW FOR TRUNK SERVED OFFERINGS COMPARED TO THE VERIZON BUSINESS CUSTOMERS?

A. Because of my experience working in Verizon’s ISP customer segment since 1996, I observed in the early years of Internet penetration among consumers that many ISPs did order line-side services. In 1997, this changed dramatically with the introduction of the 56Kbps (V.90 standard) home user modem. Because the V.90 modem can only achieve speeds above 28.8 Kbps when the ISP modem banks are connected to the LEC network by trunk-side configurations, any ISP who wanted to sell subscriptions to V.90 users had to order trunk-

¹The source of this information is a 2000 year-end unit report from Verizon’s Demand Analysis

1 side services. During the same time frame, ISDN Basic Rate Interface (“BRI”) services
2 became more popular with home and business Internet users, because ISDN provides a full
3 64 Kbps path if the ISP modem bank is connected to ISDN Primary Rate Interface (“PRI”)
4 services from the ILEC. Finally, the ISP modem aggregation equipment manufacturers
5 began producing machines in 1998 that could receive hundreds of dial paths. Modem bank
6 machines prior to that point could not receive more than 96 dial paths. These three factors all
7 require trunk-side ILEC service to the ISP modem bank, and ISDN PRI is the most preferred
8 method to meet this need. In contrast, business users generally do not need or have modem
9 aggregation equipment like the ISP.

10
11 **Q. BASED ON THE CLEC BILLS RECEIVED BY VERIZON FOR RECIPROCAL**
12 **COMPENSATION FOR SWITCHING, WHAT IS THE COMPOSITION OF THE**
13 **CLEC(S) NETWORK IN WASHINGTON?**

14 A. The CLECs network in Washington is primarily comprised of trunk-side connections to the
15 switch. This conclusion is based on traffic volumes from the bills Verizon receives from
16 CLECs in proportion to the traffic volumes on the bills that Verizon sends to CLECs. These
17 bills are for 17 times the minutes of use it receives in return traffic from CLECs. This
18 indicates that the CLECs are serving a customer base containing a majority of ISPs, since no
19 other business type exists that can create this kind of volume for one-way dial traffic.
20 Assuming for the sake of argument that the CLEC’s ratio of line-side to trunk-side ISP
21 services resembles that of the ILEC, it would be delivering traffic using 96.8% trunk-side
22 connections.

Forecasting Departments.

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Q. WHAT IMPACT DOES THE DISPARITY BETWEEN THE NETWORK DEPLOYED BY VERIZON NORTHWEST AND THE NETWORK DEPLOYED BY CLECS HAVE ON A HIGH VOLUME OF TRAFFIC IN ONE DIRECTION?

A. It shows that CLEC networks would be configured very differently from the “total” or the “average” ILEC network. Because the CLECs would fill ISP service requests that utilize a primarily trunk based network configuration, there would be little or no line concentration equipment needed at CLEC switching centers.

Q. WHY IS LINE CONCENTRATION EQUIPMENT IMPORTANT WHEN CONSIDERING THE APPROPRIATE RECIPROCAL COMPENSATION RATE?

A. While this equipment itself is not included in the “average” TELRIC switching cost, the volume of line concentration outlays is directly proportional to switch module investment by an ILEC. Switch Module investment is incorporated into TELRIC switching costs. This creates a fundamental difference in the underlying calculations of cost and points out the fallacy of using ILEC network costs as a surrogate for CLEC network costs on a “total” network basis. Due to the imbalance in minutes of use billed to Verizon by CLECs compared to the minutes billed by Verizon to CLECs, it is obvious that the ISP market is targeted by the CLECs. This gives the CLECs' network-engineering customer demand to deploy one-way, highly concentrated traffic flows that are not reflected in an average TELRIC switching cost calculation based on the total network deployed by Verizon Northwest.

1 **Q. GIVEN THE DIFFERENCES IN NETWORK ARCHITECTURE USED TO**
2 **DELIVER HIGH VOLUME TRAFFIC TO ISPs AND THE NETWORK DEPLOYED**
3 **BY VERIZON NORTHWEST TO SERVE ITS CUSTOMER BASE OF BOTH ISP**
4 **AND NON-ISP CUSTOMERS, DO YOU AGREE WITH DR. BLACKMON’S**
5 **STATEMENT THAT THE NATURE OF THE CALL DOES NOT DETERMINE ITS**
6 **COST?**

7 A. No, I do not. On page 8 of Dr. Blackmon’s testimony, he criticizes Verizon witness Dennis
8 Trimble for proposing different rates for Internet-bound calls “because the nature of the call,
9 i.e., whether it is Internet bound or not does not determine its cost”. As I discuss above,
10 CLECs have a high volume of traffic destined for ISP customers which allows for the
11 deployment of geographically concentrated trunk-side switching platforms that are less
12 expensive per minute of use to build due to their load carrying capability. Therefore, it is not
13 always correct to claim that the nature of the call does not determine its cost.

14
15 **Q. ON PAGE 12 DR. BLACKMON DISCUSSES HOW VERIZON SHOULD**
16 **DEMONSTRATE THAT INTERNET-BOUND CALLS WOULD, IF THEY HAD**
17 **REMAINED ON ITS NETWORK, HAVE BEEN ROUTED USING A DIFFERENT**
18 **TECHNOLOGY. WHICH PARTY WOULD BE BEST ABLE TO DEMONSTRATE**
19 **THIS?**

20 A. The network disparity between ILECs and CLECs outlined above indicates the Commission
21 would be better served by asking the CLECs to demonstrate that the network(s) they use to
22 route this traffic are as costly or more costly than previously submitted ILEC cost studies.

23

1 **Q. IF THE CLECS ARE UNWILLING OR UNABLE TO MAKE THIS SHOWING, CAN**
2 **YOU GIVE AN EXAMPLE OF HOW THIS COST DETERMINATION MIGHT BE**
3 **UNDERTAKEN?**

4 A. Yes. Verizon Northwest provides a product called CyberPOP, which is utilized by ISPs.
5 CyberPOP provides the ISP with modem banks and ISDN PRI connectivity to the public
6 switched network. Based on the type of CyberPOP configuration used by Verizon for one
7 very large ISP in Washington, the cost incurred for a trunk-to-trunk connection is
8 significantly less than that for an average minute of use for trunk-to-line connected
9 customers such as residence customers. Verizon witness Kevin Collins has included in his
10 Phase B Rebuttal Testimony a cost scenario for trunk-to-trunk switching that would
11 approximate the CyberPOP configuration. Again, Verizon feels that the CLECs are best
12 positioned to demonstrate this kind of cost behavior over a more ISP dominated network.

13
14 **Q. AT PAGE 5 DR. BLACKMON DISCUSSES HOW THE COMMISSION HAS**
15 **RECOGNIZED THE IMPORTANCE OF HAVING LOCAL INTERCONNECTION**
16 **PRICES SET PROPERLY. HAS THE COMMISSION EXPRESSED THIS**
17 **POSITION TO THE FCC?**

18 A. Yes. The Washington Commission position for a separate rating of ISP-bound calling after
19 costs are determined in a proceeding, such as this one, was presented in an ex parte by the
20 Commission Staff to William Kennard on December 14, 2000. Verizon maintains that “bill
21 and keep” is an appropriate structure for ISP-bound traffic because the Enhanced Service
22 Provider ("ESP") exemption, if nullified, would otherwise force ISPs to pay switched access
23 charges. “Bill and keep” for ISP-bound traffic is a very fair-handed way to match the

1 incremental usage revenues received by Verizon Northwest (i.e., zero under a flat rate
2 structure) for ISP bound traffic to the intercarrier compensation paid to another carrier for
3 handling this traffic.

4
5 **Q. WHAT IS THE IMPLICATION OF THE LONGER DURATION OF ISP-BOUND**
6 **CALLING DISCUSSED BY MR. STARKEY ON PAGE 12?**

7 A. It is an accepted fact that ISP-bound calls are approximately 10 times longer than “average”
8 voice calls from all and any voice sources. Given the wide disparity between the
9 composition of the networks, the “reasonable approach”(es) suggested by Mr. Starkey to
10 recognize longer ISP calls would result in nothing more than an ILEC “average” of all voice
11 and ISP calls being used to reciprocally compensate a CLEC (either on an adjusted ILEC
12 average or set-up/duration model) even though the CLEC “average” is widely different than
13 the ILEC “average”. Such “fixes” to the calculation of CLEC cost ignore the very different
14 nature of the CLEC network. This is especially true for CLECs that have sold a majority of
15 their network services to ISPs.

16
17 **Q. AT PAGE 35 MR. STARKEY STATES THAT MR. TRIMBLE FAILS TO IDENTIFY**
18 **THE MANNER BY WHICH CARRIERS SHOULD IDENTIFY AND SEPARATE**
19 **ISP-BOUND TRAFFIC. DO YOU HAVE ANY METHODS TO “SEPARATE”**
20 **TRAFFIC?**

21 A. Yes. In response to Joint Intervenors Data Request JI-24, Verizon provided an algebraic
22 model that can be used to determine a statistically valid estimate of ISP bound traffic. The
23 response is attached as Exhibit HLJ-2. This methodology uses holding times of individual

1 calls in the billed minutes and separates them into likely ISP-bound and non-ISP bound
2 groups using flexible inputs of both voice and ISP expected holding times. While no
3 statistically based approach to separate traffic is 100% accurate, these methods have been
4 used to estimate state versus interstate and local versus toll in telephony for many years.
5 Verizon proposes this method as being very effective and expedient in the current situation
6 of unregulated ISP market players who have little or no incentive to identify themselves, and
7 their customer usage, in order to relieve an intercarrier compensation problem.
8

9 **Q. ON PAGES 15 THROUGH 22, MR. STARKEY ELABORATES ON WHY ISDN-PRI**
10 **SERVICES ARE USAGE SENSITIVE. DO YOU HAVE ANY PROBLEMS WITH**
11 **HIS ARGUMENT?**

12 A. Yes. The technical issue of whether there is a “dedicated” path (pg. 18) should be resolved
13 in light of the practical issue of usage demand in switching costs versus customer orders for
14 1:1 trunk based services. A PRI is a 1:1 ratio service, meaning that dial tone will always be
15 available to the purchaser and no call that reaches the delivery side of the PRI will be
16 blocked. Because the “switch fabric” discussed by Mr. Starkey is designed by all major
17 manufacturers to be non-blocking, the central “core” of the switch cost does not vary with
18 PRI usage. What is interesting is that a customer ordering PRI requires certain parameters of
19 switch costs to be deployed regardless of the usage on the PRI circuit. Therefore, unlike line
20 concentrated services such as residence and business single line, the equipment design for
21 PRI is in response to units ordered instead of minutes served. Practically speaking, since
22 there is no cost option for PRI provisioning by expected usage, there is no traffic sensitivity
23 to the service.

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Q. MR. STARKEY ON PAGE 31 AND 32 MAINTAINS THAT A CLASS 5 SWITCH DIFFERS FROM A TANDEM SWITCH IN THAT THE CLASS 5 SWITCH FUNCTION IS “CONNECTING A DIALED TELEPHONE NUMBER WITH A CALLED TELEPHONE NUMBER.” IS THIS CORRECT?

A. No. Both a tandem and a Class 5 switch analyze the digits of the dialed call and route the call, in the case of ISP traffic, to an outbound trunk for delivery to a customer premise telephone or in the case of an ISP modem. While the end office serving the originating end user would employ non-tandem type equipment to read the dialed digits and set up the call path, the Class 5 switch serving the ISP simply routes the traffic to a trunk for delivery to the modem. Unless the originating end user is served by the same end office as the ISP,² the Class 5 switch serving the ISP will be performing a tandem like function. Exhibit HLJ-3 is a Verizon ex parte with the FCC that outlines the logic for application of the tandem rate only for ISP-bound reciprocal compensation eligible local traffic.³

Q. MR. ARGENBRIGHT OF WORLDCOM DISCUSSES WHY A “FUNCTIONAL” ANALYSIS OF ISP-BOUND TRAFFIC DOES NOT SUPPORT ASSERTIONS THAT A CALL TO AN ISP TERMINATES AT SOME POINT BEYOND THE ISP (PAGES 8 THROUGH 10). WHAT IS YOUR RESPONSE?

A. It should be intuitive that, if the call were not connected to some point beyond the ISP local call scope presence, the user would get only modem tones. The entire experience of using

²Interconnection of two switches is required to incur reciprocal compensation charges in ILEC/CLEC arrangements.

³This information was also provided to the Joint Intervenors in response to data request JI-22.

1 the Internet depends on reaching, and communicating with the distant target web site or mail
2 server. The locally located ISP modem has no capability beyond a simple pass-through
3 transmission function. It does not store, retrieve, or manage anything or any data useful to
4 the user. Mr. Argenbright argues that the function of call completion signaling defines the
5 termination point of the call. While the CLEC switch may perform signaling functions, these
6 rather mundane telephony enabling tasks do not and cannot define call termination. Call
7 termination occurs when the call reaches its ultimate destination and the originator is in full
8 communication with his intended party.⁴ Signaling also occurs from the end user’s modem,
9 passes through the ISP modem, and directs the path of the Internet session across IP routers
10

⁴See Verizon NW WN U-17 Tariff Section 2 sheet 6, “Local Message – Communication between customers within the same local service area.

1 on the Internet backbone network. It is not the IP signaling that makes the Internet session
2 interstate, but the ultimate destination and the ultimate utility of the end user's
3 communication path.

4
5 **Q. ON PAGES 9 AND 10, MR. ARGENBRIGHT REFERS TO TWO STATEMENTS**
6 **MADE BY THE TEXAS COMMISSION. ARE YOU AWARE OF ANY PROBLEMS**
7 **WITH THE TEXAS PROCEEDING ARGENBRIGHT REFERENCES?**

8 A. Yes. I was a witness in Docket No. 21706 and sponsored testimony. While the Texas 21706
9 case briefly considered the local versus interstate issue, the GTE position in that case was
10 primarily that MFS had not adequately supported the level of its charges to GTE with
11 detailed call records. The quotes referenced by Mr. Argenbright are taken out of context and
12 incorrectly imply that the nature of what constitutes call termination was the main issue in
13 the proceeding. In addition, the quote of the Texas Commission on page 10 of Mr.
14 Argenbright's testimony relies on the ill-founded logic that the flat rate nature of both voice
15 and ISP calling somehow dictates switching function. The flat rate nature of local and ISP
16 calling is a pricing mechanism used to achieve local regulatory goals and to implement the
17 FCC's ESP exemption rulings, which do not reflect and are not founded upon the actual
18 switching function being performed.

19
20 **Q. PAGE 12 OF MR. ARGENBRIGHT'S TESTIMONY RELIES ON AN FCC**
21 **DETERMINATION OF WHEN TA96 251(b)(5) TERMINATING SWITCHING**
22 **APPLIES BY SAYING "AT THE TERMINATING CARRIER'S END OFFICE**
23 **SWITCH (OR EQUIVALENT EQUIPMENT) AND THE DELIVERY OF THAT**

1 **TRAFFIC FROM THAT SWITCH TO THE CALLED PARTY’S PREMISES.”**

2 **WHAT IS YOUR INTERPRETATION OF THIS DEFINITION?**

3 A. The ISP is not the called party because it is not the ISP with whom the user wishes to
4 communicate and exchange information. The user must reach someone or something else to
5 perform any communication at all, because the ISP, at least locally with its modem banks,
6 has no information to give. Therefore, the “terminating carrier’s end office switch (or
7 equivalent facility)”, in the case of a call to an ISP, would be the last router delivering the IP
8 packets to the destination web site or mail server and not the CLEC serving the ISP.

9
10 **Q. ON PAGE 14 MR. ARGENBRIGHT DISCOUNTS DR. TAYLOR’S COST**
11 **CAUSATION ANALYSIS BY POINTING OUT THAT “VIRTUALLY ANY END**
12 **USER COULD BE ACCUSED OF “CAUSING THE ORIGINATING PARTY TO**
13 **PLACE A LOCAL CALL...” DO YOU AGREE?**

14 A. No. ISPs are unlike virtually all “end users” that I have encountered in telecommunications.
15 An ISP is strictly dependent on the sale of end user subscription services through dial-up
16 connections. Not only is the ISP dependent on the phone network to sell its service, but the
17 ISP is also dependent on the dialed phone call to transport his product to the subscriber. The
18 user pays in advance for an ISP transaction. The transaction covers the network from the
19 central office serving the ISP and the Internet backbone to reach desired web sites of
20 information. Thus, the ISP/end user transaction is wholly paid in the one transaction that is
21 the monthly ISP fee.

22 **III. INTERCONNECTION FACILITIES**

1 **Q. MR. REX KNOWLES OF XO COMMUNICATIONS ARGUES THAT “EACH**
2 **CARRIER, THEREFORE, SHOULD PAY FOR THE FACILITIES INSTALLED TO**
3 **INTERCONNECT THE CARRIER’S NETWORKS IN PROPORTION OT THE**
4 **AMOUNT OF TRAFFIC THAT IT DELIVERS TO THE OTHER CARRIER FOR**
5 **TERMINATION.” (PAGE 8) WHAT ARRANGEMENT DOES VERIZON**
6 **CONSIDER APPROPRIATE FOR INTERCONNECTION FACILITY**
7 **COMPENSATION?**

8 A. First, Verizon’s position is that the appropriate place to consider interconnection facility
9 compensation is during the interconnection contract negotiation process between the ILEC
10 and the CLEC. This process is the appropriate avenue for resolution, because it is consistent
11 with the provisions of the 1996 Act, as well as, the only practical and logical place to address
12 questions of facility arrangements that vary substantially from ILEC to ILEC and CLEC to
13 CLEC.

14
15 Additionally, Mr. Knowles begins by describing three generic types of facility connections
16 and then further identifies 14 separate physical and/or engineering functions (pages 12-15).
17 This Commission should be concerned that any attempt to make structured generic regulatory
18 rulings on multiple facility configurations with 14 or more variables in each configuration
19 would be daunting. The proper way for the Commission to oversee the fairness of negotiated
20 facility arrangements is through the arbitration process where the merits of each party’s exact
21 facility configuration and circumstances can be detailed when necessary.

22
23 With this mind, I will address two principles that govern Verizon’s approach to the

1 compensation for local interconnection facilities. They include:

- 2
- 3 1) Verizon will be responsible for the facility capacity necessary to deliver Verizon
4 originated traffic within a reasonable distance to the CLEC(s) with whom the Company
5 is directly interconnected.
- 6 2) Verizon's responsibility for the facilities to deliver traffic to interconnected carriers
7 should be based on a reasonable length of haul in terms of transport distance. A
8 reasonable length of transport is the approximate length of haul Verizon would have
9 incurred to route these calls on its traditional ILEC network.

10

11 There are numerous ways to implement these two principles from a network deployment
12 perspective, and the most appropriate forum for these issues to be resolved is in the
13 interconnection negotiation process.

14

15 **IV. CONCLUSION**

16

17 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN THIS PROCEEDING.**

18 A. There are two main points in my Phase B Rebuttal Testimony that I recommend the
19 Commission adopt. First, there are fundamental differences between the network
20 configuration used by Verizon Northwest to serve a broad range of residential and business
21 customers and the network utilized by CLECs to deliver high volume one-way traffic to ISPs,
22 who have demanded a trunk-to-trunk architecture. Since the characteristics of the two
23 networks are so different, it would be totally inappropriate to use the cost of Verizon

1 Northwest's network as a surrogate for the compensation to be paid to CLECs for ISP traffic.

2 The second main point to my testimony is that the appropriate forum to resolve
3 compensation issues for interconnection facilities is via the interconnection negotiation
4 process, where the parties can take into consideration the numerous different approaches that
5 can be used for interconnection. During this process, the parties can develop an agreed upon
6 approach that is tailored to the network deployment strategy and needs of individual CLECs.

7 The Commission should allow this process to work and need not dictate how the parties
8 should compensate each other for the use of interconnection facilities.

9

10 **Q. DOES THIS CONCLUDE YOUR PHASE B REBUTTAL TESTIMONY?**

11 A. Yes.