

**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,)	PART B
Termination, And Resale)	

PART B SUPPLEMENTAL RESPONSIVE TESTIMONY

PART B REBUTTAL TESTIMONY

OF

R. KIRK LEE

SENIOR MARKETING MANAGER

ON BEHALF OF

VERIZON NORTHWEST INC.

SUBJECT: LINE SPLITTING, UNE COMBINATIONS & DARK FIBER

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

5
6 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY ON BEHALF OF**
7 **VERIZON NORTHWEST IN PART B OF THIS PROCEEDING?**

8 A. Yes, I have sponsored Direct, Responsive Direct, Supplemental Direct, and 2nd
9 Supplemental Direct Testimony.

10
11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. The purpose of my testimony is to respond to the Supplemental Direct Testimony of
13 AT&T witness Joseph Gillan and WorldCom witness Roy Lathrop on line splitting
14 issues. In addition, I am rebutting the Responsive Direct Testimony of Mr. Gillan and
15 XO Washington, Inc. (XO) witness Rex Knowles in regards to unbundled dark fiber and
16 UNE combinations issues. Finally, I address line sharing over fiber-fed loops discussed
17 in the Supplemental Responsive Testimony of Covad witness Richard Cabe.

18
19 **II. LINE SPLITTING ISSUES**

20
21 **Q. DOES VERIZON HAVE AN OBLIGATION TO PROVIDE THE SPLITTER IN A**
22 **LINE SPLITTING OVER UNE-P ARRANGEMENT AS CLAIMED BY AT&T**
23 **AND WORLDCOM?**

1 A. No. The FCC has stated that incumbent LECs have an obligation to permit competing
2 carriers to engage in line splitting over UNE-P only “**where the competing carrier**
3 **purchases the entire loop and provides its own splitter**.....For instance, if a competing
4 carrier is providing voice service over the UNE-P, it can order an unbundled xDSL-
5 capable loop terminated to a collocated splitter and DSLAM equipment and unbundled
6 switching combined with shared transport to replace its UNE-P with a configuration that
7 allows provisioning of both data and voice service.”¹

8
9 Clearly, the FCC has not required Verizon and other Incumbent Local Exchange Carriers
10 (“ILECs”) to own and maintain splitters on behalf of CLECs. This position was first
11 documented in the FCC's Line Sharing Order where they said “the incumbent LEC **may**
12 maintain control over the loop and the splitter functionality **if desired**.”² The FCC
13 reiterated its position in the SBC 271 Order where it said, “The Commission has never
14 exercised its legislative rulemaking authority under section 251(d)(2) to require
15 incumbent LECs to provide access to the splitter, and **incumbent LECs therefore have**
16 **no current obligation to make the splitter available**.”³

17
18 In its most recent reconsideration Order on Line Sharing, the FCC again declined to
19 require ILECs to provide splitters, but deferred the issue to further proceedings.⁴

20

¹FCC Order approving SBC's Texas Inter-LATA Application, CC Docket No. 00-65, released June 30, 2000, ¶325. [Emphasis Added]

²FCC Order 99-355, the Line Sharing Order, at ¶76. [Emphasis Added]

³FCC's Order approving SBC's 271 Application, ¶325. [Emphasis Added]

1 Verizon is required to allow line splitting only under the circumstances described above,
2 where the Competitive Local Exchange Carrier (“CLEC”) provides the splitter.⁵
3 Attempts by AT&T and WorldCom to convince this Commission to set policy in direct
4 conflict with the FCC should be rejected.

5
6 **Q. HAVE ANY STATE COMMISSION'S AGREED THAT VERIZON HAS NO**
7 **OBLIGATION TO OWN AND MAINTAIN SPLITTERS?**

8 A. Yes. As I noted in my Part B Supplemental Direct Testimony, both Massachusetts and
9 Maryland have recently issued orders affirming the FCC's and Verizon's position. In
10 addition, the California Commission issued an Interim Order affirming the Final
11 Arbitrators Report in Rulemaking 93-04-003/002, stating affirmatively that “ILECs are
12 not required to own and provision splitters.”⁶ The New York PSC has also ruled that
13 “splitter ownership by Verizon will continue to be at its option unless the FCC rules
14 otherwise.”⁷ Finally, additional support can be found in cases decided before Public
15 Utility Commissions in Illinois, Pennsylvania, and Texas as noted in the Post Hearing
16 Reply Brief of Verizon Northwest, Inc. in Part A of this proceeding.⁸

17
18 **Q. MR. GILLAN CLAIMS IT IS VERIZON'S POSITION THAT A COMMON**
19 **POOL OF VERIZON-OWNED SPLITTERS FOR ALL CLECS TO SHARE IS**

⁴FCC Order No. 01-26, Adopted and Released January 19, 2001, ¶25.

⁵From Verizon's perspective, either the voice CLEC or the DLEC can own the splitter.

⁶PUC of the State of California, Decision 00-09-074, Sept. 21, 2000, Findings of Fact No. 13.

⁷State of New York PSC, Opinion No. 00-12, Case 00-C-0127, Pages 18-20.

⁸See cites in Verizon's Reply Brief dated October 23, 2000, footnote 11.

1 **THE MOST EFFICIENT MEANS OF PROVIDING SPLITTERS IN A CENTRAL**
2 **OFFICE. IS HE CORRECT?**

3 A. No. In making this claim, AT&T witness Gillan has taken the testimony of Verizon
4 witness Russell Bykerk completely out of context. In his Part A Responsive Direct
5 Testimony, Mr. Bykerk made this statement in response to the hypothetical question that,
6 if Verizon were required to provide splitters (which it is not), what would be the most
7 efficient method of provisioning this arrangement, using common splitters (line-at-a-
8 time) or using dedicated splitters (shelf-at-a-time).⁹ Mr. Gillan has twisted these words to
9 make it appear that Verizon has changed its position, which it has not.

10
11 **Q. WHY ARE VERIZON-OWNED SPLITTERS NOT THE MOST EFFICIENT**
12 **OPTION?**

13 A. Quite simply, given the fast changing technology in this area, and the separate equipment
14 demands of multiple DLECs, it would not be possible for Verizon to meet the needs of all
15 parties. Verizon would likely have to buy and maintain a variety of splitters to match
16 diverse CLEC equipment. Such a requirement would be unreasonable, inefficient and
17 unnecessary. It is much more efficient for the CLECs to deploy their own equipment,
18 based on their own specific business plans and infrastructure. If Verizon were required to
19 own and maintain splitters, it would be subject to significant stranded investment as the
20 CLECs migrated to newer technologies going forward. Clearly, this would not be an
21 efficient use of capital dollars. Ultimately, it is the consumers who would have to bear
22 this burden as costs are passed on.

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Q. HAVE THE CLECS PROVIDED ANY EVIDENCE IN THIS PROCEEDING AS TO WHY THEY CANNOT OWN AND MAINTAIN THEIR OWN SPLITTERS?

A. No. CLECs have the same capability as ILECs to purchase and maintain splitters. The ILECs have no monopoly on the ability to acquire this equipment. Clearly, the CLECs are trying to compel the ILECs to become the bankers and risk-takers for their business startup in line sharing and line splitting. This kind of obligation goes well beyond the market-opening requirements of the Telecommunications Act of 1996 for access to the ILECs existing, functioning network.

It should also be noted that Verizon does not even purchase splitters for its own use, so it should never be required to purchase splitters for the use of CLECs. With the completion of the BA-GTE merger, Verizon has been required to form a separate data affiliate, Verizon Advanced Data Inc. (“VADI”), for the provision of advanced services such as xDSL. It is VADI, not Verizon NW that purchases and owns the DSLAM and splitter equipment. Verizon NW is required to treat VADI just like any other CLEC that wishes to purchase line sharing UNEs or line splitting. In addition to VADI, I understand that in collaborative meetings in the California line sharing proceeding, Rhythms has expressed a preference to own splitters.

⁹Exhibit RAB-1T, Pages 3-4.

1 Finally, the Commission’s Phase A Order in this proceeding recognized that Verizon has
2 no obligation to provide splitters for line sharing.¹⁰ The Commission should also affirm
3 that Verizon is not required to provide splitters under a line splitting scenario.
4

5 **Q. DOES VERIZON REQUIRE UNE-P PROVIDERS TO COLLOCATE?**

6 A. No. In a line sharing or line splitting scenario, only the DLEC is required to collocate in
7 order to place its DSLAMs and splitters in the central office. A voice CLEC providing
8 UNE-P could split the line with a DLEC-provided splitter, without ever having to
9 collocate. However, if a voice CLEC chooses to provide its own splitter, it would need to
10 collocate, either virtually or physically. If the voice CLEC is also the DLEC, it most
11 likely has already collocated its DSLAMs and related equipment.
12

13 **Q. MR. LATHROP CLAIMS THAT VERIZON CONTINUES TO REFUSE TO**
14 **ALLOW UNE-P PROVIDERS TO ENGAGE IN LINE SPLITTING. IS HE**
15 **CORRECT?**

16 A. No. Verizon is willing to allow line splitting over UNE-P under the conditions imposed
17 by the FCC. That is, where the CLECs purchase the entire xDSL-capable loop and
18 provide their own splitters. As I mentioned in both my Part B Supplemental Direct and
19 2nd Supplemental Direct Testimony, Verizon is actively involved in ongoing collaborative
20 discussions with the CLECs in New York for the purpose of defining the service and to
21 determine the methods and procedures that will be employed to provide it. Once the
22 issues surrounding ordering, billing, maintenance, etc. are resolved and a service

¹⁰13th Supplemental Order, Docket UT-003013 (Part A), dated January 31, 2001, ¶196.
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1 description is finalized, Verizon will negotiate CLEC contracts with specific rates, terms
2 and conditions to provide line splitting over UNE-P in Washington and its other states.

3
4 **Q. SHOULD LINE SPLITTING BE TARIFFED AS SUGGESTED BY MR.**
5 **LATHROP?**

6 A. No. Mr. Lathrop's suggestion appears to be based on his concern with Qwest's proposal
7 to require Bona Fide Requests (“BFRs”) for line splitting. Verizon does not propose a
8 BFR process for line splitting. Therefore, Mr. Lathrop's suggestion should not be
9 imposed upon Verizon. Verizon will accept Local Service Requests (“LSRs”) for line
10 splitting which will help facilitate the processing of the commercial volumes that Mr.
11 Lathrop is concerned about. Further, Verizon's standard contract for line splitting, which
12 will be based on the results of the New York collaborative discussions, will ensure that
13 the product is consistently defined without the need for a tariff.

14
15 **III. UNE COMBINATION ISSUES**

16
17 **Q. MR. GILLAN, REPRESENTING AT&T, IMPLIES THAT VERIZON IS**
18 **LEGALLY REQUIRED TO COMBINE NETWORK ELEMENTS THAT ARE**
19 **NOT PRESENTLY COMBINED IN ITS NETWORK. DO YOU AGREE?**

20 A. No. Although I am not an attorney, I do not agree that Verizon is legally obligated to
21 combine network elements that are not currently combined. Section 251(c)(3) of the Act
22 requires ILECs to provide unbundled network elements (“UNEs”) “in a manner that
23 allows requesting carriers to combine such elements in order to

1 provide....telecommunications services.” The Act is clear, and the courts have agreed,
2 that the CLEC is required to combine the network elements and FCC Rule 51.315(b) does
3 not require Verizon to combine network elements that are not currently combined. I
4 agree that Verizon cannot separate requested network elements that are already combined,
5 as required by FCC Rule 51.315(b).

6
7 Due to the pending litigation on combinations in the Eighth Circuit Court, the FCC, in its
8 UNE Remand Order, specifically chose not to address whether an ILEC must combine
9 network elements that are not already combined in the network.¹¹ Subsequently, in its
10 opinion issued July 18, 2000, the U.S. Court of Appeals for the Eighth Circuit reaffirmed
11 its previous decision that section 251(c)(3) of the Act does not impose a duty on the
12 ILECs to combine previously uncombined elements. Accordingly, FCC rules 51.315 (c)-
13 (f), which dealt with combining network elements, remained vacated by the Court.
14 (Eighth Circuit Order at 25.) As a result, Verizon is not required to offer UNE
15 combinations that are not already combined in its network.

16
17 **Q. MR. GILLAN CITES THE FCC RULES, CLAIMING THAT “CURRENTLY**
18 **COMBINED” MEANS “ORDINARILY COMBINED” IN THE NETWORK. DO**
19 **YOU AGREE?**

20 **A.** No. If AT&T’s over generous interpretation of the rulings on this issue were correct, and
21 the Eighth Circuit Court had agreed, the Court could easily have reinstated FCC Rules
22 51.315 (c)-(f), which require ILECs to combine elements not currently combined.

1 However, the court declined to take this action. Therefore, Mr. Gillan’s reading of the
2 law and orders on this issue appears to be wishful thinking. The ILECs are only obligated
3 to provide already-combined elements as a UNE combination. The Commission should
4 affirm in this docket that Verizon must provide only existing UNE combinations—that is,
5 those that are currently combined in its network to serve the customer location in
6 question.

7
8 **Q. WILL VERIZON COMBINE NETWORK ELEMENTS EVEN THOUGH IT IS**
9 **NOT LEGALLY OBLIGATED TO DO SO?**

10 A. No. In my Part B Direct Testimony, I stated that Verizon would offer new UNE-P
11 combinations in situations where facilities are in place and construction of facilities is not
12 required, but that Verizon would not create new UNE-P combinations for CLECs that it
13 does not do for itself today. In addition, I stated that Verizon would offer new EEL
14 combinations in certain locations when it is necessary to trigger the FCC’s unbundled
15 local switching exclusion. These statements emanated from GTE policy prior to the
16 merger with Bell Atlantic that created Verizon Communications. The modified position
17 of the merged entity is that Verizon will only offer UNE-P and EELs where the facilities
18 are already combined.¹² Verizon will comply scrupulously with the requirements of the
19 Act and the lawful regulations of the FCC, as determined by the courts. Complying with
20 the Act to meet its pro-competitive goals means, however, not only offering what

¹¹Order at Executive Summary, Combinations of Network Elements, page 14.

¹²Verizon is currently in the process of re-evaluating whether or not it will seek to offer new EELs in order to invoke the FCC's switching exclusion. Per the UNE Remand Order, the switching exclusion is available in the top 50 MSAs, density zone 1 exchanges, when a CLEC

1 Congress determined competition requires, but also withholding those things that
2 Congress determined the CLECs should do for themselves. The development of robust
3 competition requires no less — not only making certain of our facilities being available to
4 assist the CLECs, but also encouraging them to build their own networks where ours does
5 not immediately meet their needs. Accordingly, Verizon will make available to CLECs
6 all required UNEs and will provide them in their combined state if they are already
7 combined, in accordance with the Act and the FCC’s rules. But where UNEs are not
8 combined, Verizon will not combine them for the CLECs, but will, in full accordance
9 with the law, make them available individually for the CLECs to combine themselves.
10

serves customers with 4 or more lines, and when EELs are offered in these exchanges.

1 Contrary to Mr. Gillan’s claim, competition can still flourish without new combinations,
2 and there is no penalty for success. The CLEC always has the option of meeting
3 customer demand and growth through the resale option, the use of other facilities-based
4 carriers, or build-out of their own switch networks. In the future, Verizon may also
5 consider development of a separate market-based local wholesale product to satisfy
6 CLEC needs for growth.

7
8 **Q. DO YOU AGREE WITH MR. KNOWLES THAT THERE SHOULD BE NO**
9 **TERMINATION LIABILITY CONDITIONS PLACED ON CONVERSION OF**
10 **SPECIAL ACCESS RATES TO UNE RATES?**

11 A. No. To understand why, one must examine the reasons CLECs use special access
12 services in the first place. Some CLECs have purchased special access facilities to
13 connect their collocated area, in a Verizon central office, to CLEC facilities located
14 elsewhere. This begs the question, why weren't these facilities ordered as UNEs up front
15 if they are being used to provide a significant amount of local exchange service? A
16 reasonable answer is that it is likely that UNEs were not available at the time of the
17 original order and, since ILECs are not obligated to build UNEs, the CLECs placed orders
18 for tariffed services instead. Generally, as a COLR, Verizon is required to build facilities
19 on demand when tariffed services are ordered. As a result, Verizon incurs substantial up
20 front cost to engineer and install the facilities. These costs can become stranded if the
21 ILEC is not allowed to recover them. Under the terms of the tariff, Verizon is entitled to
22 a termination liability when a carrier that has previously committed to a term and volume
23 agreement elects to terminate that agreement early. By ordering out of the tariff, the

1 CLEC has already agreed to these terms and conditions and should be made to abide by
2 them just as any other carrier is required to. Of course, if the CLEC is purchasing the
3 special access facilities on a month-to-month basis, then there is no termination liability
4 to be concerned with.

5
6 Verizon can lose significant margin and incur stranded costs when a CLEC converts to
7 UNE rates that are based on the FCC’s hypothetical forward-looking cost rules currently
8 in place. Verizon may never be able to recover its costs and earn a reasonable return on
9 its investment under TELRIC-based UNE rates. Further, allowing unfettered conversion
10 of these special access facilities to UNEs would allow CLECs to circumvent the UNE “no
11 build” rule. The Commission should deny any CLEC attempts to skirt the established
12 rules.

13
14 **Q. MR. KNOWLES OBJECTS TO THE “NO BUILD” RULE FOR UNES AND IS**
15 **UNAWARE OF ANY BASIS FOR IT. ARE ILECS REQUIRED TO BUILD UNES**
16 **AS SUGGESTED BY MR. KNOWLES?**

17 A. No. Mr. Knowles should be aware of the Eighth Circuit Court Opinion issued in July
18 1997 which stated, “...We also agree with the petitioner's view that subsection 251(c)(3)
19 implicitly requires unbundled access only to an incumbent LEC's existing network--not to
20 a yet unbuilt superior one...”¹³ The Eighth Circuit made it very clear, and subsequent
21 Supreme Court actions have not overruled its decision, that an ILEC is only required to
22 unbundle its existing network. This is not a new rule proposed by Verizon. It is the

1 Court’s interpretation of the Act that applies to all ILECs.

2
3 Contrary to Mr. Knowles claim, there is nothing discriminatory or anti-competitive about
4 the limits of an ILECs obligation to unbundle only its existing network. The CLEC has
5 access to the same network that the ILEC has access to, and CLECs can build or add to
6 their networks in the same way that an ILEC can. In writing the Act, Congress
7 envisioned that facilities-based competition would evolve in the years following the Act
8 and that end user customers would reap the benefits of new technologies, which would
9 compete with the ILEC’s networks. It appears that XO would prefer to hitch a ride on
10 Verizon’s network forever and never have any incentive to build new technologies to
11 benefit consumers.

12
13 **Q. IN HIS REBUTTAL TESTIMONY AT PAGES 7-8, MR. GILLAN SUPPORTS**
14 **THE NOTION THAT CLECS WILL SEEK TO ILLICITLY BYPASS THE “NO**
15 **BUILD” RULE. WHAT SHOULD THE COMMISSION DO TO ADDRESS THE**
16 **ISSUE OF STRANDED COST ASSOCIATED WITH THE CONVERSION OF**
17 **TARIFFED SERVICES TO UNES?**

18 A. CLECs should not be allowed to intentionally circumvent the no build rule by ordering
19 tariff services and subsequently converting them to UNEs once they are built. The
20 Commission should affirm this restriction and consider establishing a minimum time
21 frame before facilities that were ordered via tariff or resale can be converted to UNEs (for
22 example, two years). This solution would also help mitigate the problem of unnecessary

¹³120 F. 3d 753, 813 (8th Cir. 1997).
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1 costs and double-work that Mr. Gillan is concerned about. As an alternative, the
2 Commission could require CLECs to reimburse Verizon for any up front costs it incurred
3 to build the tariffed services.
4

5 **IV. UNBUNDLED DARK FIBER ISSUES**

6
7 **Q. WHY DOES VERIZON DEFINE DARK FIBER AS FIBER THAT TERMINATES**
8 **AT A FIBER PATCH PANEL?**

9 A. A fiber patch panel is a readily accessible point of access to the fiber. Verizon generally
10 terminates fiber cables to a patch panel when they are installed. However, in cases where
11 the fiber has not been terminated to a patch panel, a work order would be required to
12 engineer, splice and extend the cable to the patch panel. This would, in effect, be
13 building the facility so the CLEC could have access to it. As I discussed above, Verizon
14 has no obligation to build UNEs, including dark fiber. Further, the FCC's UNE Remand
15 Order made it clear that splice points are not accessible points of access for CLECs.¹⁴
16

17 **Q. IS VERIZON'S PROPOSAL TO LIMIT DARK FIBER LEASES TO 25% OF THE**
18 **AVAILABLE FIBER REASONABLE?**

19 A. Yes. As I pointed out in my Part B Direct Testimony, the FCC agreed that this restriction
20 was a reasonable restriction that helped address the legitimate concerns of ILECs
21 regarding their ability to meet COLR obligations. The FCC did not tie it to any specific
22 amount of available fiber in order to deem it reasonable.

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Q. WOULD VERIZON’S RIGHT TO REVOKE A CARRIER’S LEASE CURTAIL THE USEFULNESS OF THE FIBER AS CLAIMED BY MR.GILLAN?

A. No. Under this restriction, the CLEC would be given significant advance notice of one year that Verizon intended to take back the fiber. In addition, Verizon would seek permission from the Commission before any take back occurred. The advance notice would give the CLEC plenty of time to migrate its services to another provider or to Verizon's tariffed special access services (i.e. lit fiber applications) so that service interruptions would not occur. Unbundled dark fiber is a mandated offering and should not be subject to the same IRU 20-year lease agreements found in a competitive market for fiber. Verizon, unlike competitive fiber providers, is not in that business by choice. The Company must rely on its fiber inventory to continue to meet its COLR obligations.

Q. MR. GILLAN CLAIMS THAT, UNDER VERIZON’S PROCEDURES, ENTRANTS MUST GUESS WHERE DARK FIBER MAY BE LOCATED, SUBMIT A REQUEST, AND ONLY THEN FIND OUT IF FIBER EXISTS IN THAT LOCATION. HOW DO YOU RESPOND?

A. First of all, guessing is not involved. CLECs submit their dark fiber inquiry based on the two end points in the network for which they are seeking fiber access. Based on the CLEC’s request, Verizon must manually research and compare plant records in multiple systems to determine first, if fiber exists at the requested location and second, whether spare capacity is available. The CLEC is then informed of the search results so that a

¹⁴FCC Order 99-238 in CC Docket No. 96-98, ¶206.
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1 firm order can be submitted. This is a reasonable approach because Verizon does not
2 have mechanized dark fiber plant inventory records available at its fingertips. Verizon is
3 not able to let the CLECs know where the fiber resource is located without the manual
4 research on a case by case basis. Further, this approach is in parity with the information
5 available to Verizon.

6
7 **V. LINE SHARING OVER FIBER-FED LOOPS**

8
9 **Q. MR. CABE STATES THAT “SEVERAL DIFFERENT ARRANGEMENTS ARE**
10 **POSSIBLE FOR TRANSPORTING A CUSTOMER’S XDSL DATA WHERE A**
11 **DLC IS USED FOR THE CUSTOMER’S VOICE SERVICE.” PLEASE**
12 **DESCRIBE THE TYPES OF ARRANGEMENTS VERIZON IS CURRENTLY**
13 **PROVIDING OR IS CONTEMPLATING THE FUTURE DEPLOYMENT OF TO**
14 **PROVIDE LINE SHARING OVER FIBER-FED LOOPS.**

15 A. Currently, Verizon recognizes one network configuration that is capable of providing the
16 sub-loop line sharing functionality at this time, and another one that is being researched
17 for possible future deployment. The configuration currently available involves the co-
18 location of a CLEC or Data Local Exchange Carrier (“DLEC”) - owned DSLAM at the
19 DLC location. Exhibit RKL-7 is an example of this configuration. The second method
20 involves the use of an integrated DLC line card that provides voice and ADSL
21 functionality. Exhibit RKL-8 is an example of this integrated line card configuration
22 Verizon has now made a tentative decision to pursue the development of a potential
23 wholesale product offering using this second method, similar to SBC’s Project Pronto.

1 This is the first step of a process involving a multitude of regulatory, funding, technical,
2 and operational issues that must be resolved.¹⁵ Technical issues include obtaining
3 hardware and software from DLC suppliers that meet performance and standardization
4 testing, and data aggregation and de-aggregation configuration development.
5 Additionally, many process and administrative issues have yet to be addressed, much less
6 resolved, including the development of ordering and provisioning processes, and the
7 necessary back-office function development and testing. Verizon has invited over 300
8 CLECs and DLECs to a workshop to be held in New York on February 6, 2001 to address
9 issues surrounding the provision of xDSL services over fiber-fed loops. (Attached as
10 Exhibit RKL-9 is a copy of the letter and agenda sent out to CLECs and DLECs.)

11 In addition, as stated above, VADI was created for the provision of advanced services
12 such as xDSL as a merger condition. Verizon cannot offer retail digital services of this
13 type on its own. If a wholesale offering utilizing integrated DLC line cards with ADSL
14 functionality becomes available, Verizon will offer it on a non-discriminatory basis to all
15 DLECs and CLECs, including its own affiliate VADI, with the appropriate contractual
16 agreements.

17
18 **Q. SHOULD CLECS BE PERMITTED TO OWN DLC LINE CARDS AT ILEC**
19 **REMOTE TERMINALS?**

20 A. There are no conditions under which the CLEC should be able to own a line card in an
21 ILEC remote terminal. The remote terminal line card is an integral part of the ILEC voice

¹⁵As discussed in Part B Direct Testimony of Russ Bykerk, Verizon has many testing and operational hurdles to overcome before specific deployment plans can be developed in

1 network, in the same fashion as a switch line card. It is an asset that absolutely needs to
2 remain the property of, and under the sole control of, the ILEC. Likewise, when dual
3 function cards become available (i.e. integrated line cards), the ILEC needs to be allowed
4 ownership and control of the physical asset. However, as indicated earlier, even though
5 Verizon has decided to pursue a potential wholesale service offering which would
6 provide DSL capabilities at remote terminals using integrated line cards, it has not
7 finalized that decision nor is it anywhere near operationally ready to offer such a service
8 at this time.

9
10 **Q. MR. CABE RECOMMENDS THAT THE COMMISSION ORDER**
11 **WASHINGTON ILECS TO PUT TELRIC-BASED UNE RATES INTO EFFECT**
12 **PRIOR TO OFFERING THEIR OWN DSL SERVICE ON LOOPS SERVED BY**
13 **DLC SYSTEMS. DOES VERIZON AGREE WITH THIS RECOMMENDATION?**

14 A. No. The integrated line card solution that Mr. Cabe is referring to, if offered by Verizon,
15 should be viewed as a wholesale offering and not a TELRIC-based UNE offering. The
16 FCC has not determined this arrangement to fall within the definition of unbundled
17 network elements. Further, because Verizon has not yet determined the configuration it
18 would provide these services under, it cannot provide detailed cost studies to support
19 rates at this time. The arrangement where the CLEC places its DSLAM at the remote
20 terminal is the only one that should be considered for TELRIC treatment, based on the
21 FCC's UNE Remand Order.

1 **Q. SHOULD VERIZON BE REQUIRED TO DISCLOSE BOTH THE TECHNICAL**
2 **CHARACTERISTICS AND THE GEOGRAPHIC AVAILABILITY OF LINE**
3 **SHARING ARRANGEMENTS ON DLC SYSTEMS AT THE SAME TIME THAT**
4 **ILECS MAKE THEIR OWN RETAIL OFFERINGS AVAILABLE AS**
5 **RECOMMENDED BY MR. CABE?**

6 A. No. There is no regulatory or legal requirement that Verizon must disclose this type of
7 proprietary information at any time. Instead, Verizon intends to work proactively with
8 the CLEC community on any potential offering of the integrated line card solution that
9 Verizon may provision. Evidence of this fact can be seen with the customer workshop
10 efforts that Verizon is conducting in New York on February 6, 2001. Moreover, Verizon
11 will not provide a retail offering of xDSL service over fiber-fed loops, and will offer such
12 a service to VADI on the same timeline as every other DLEC.

13
14 **Q. MR. CABE STATES THAT THERE ARE SEVERAL COMMISSIONS THAT**
15 **HAVE REQUIRED THE PROVISION OF LINE SHARING OVER FIBER-FED**
16 **DLC SYSTEMS. HAVE ANY STATE COMMISSIONS REQUIRED VERIZON**
17 **TO PROVIDE LINE SHARING IN THIS FASHION?**

18 A. The arrangement involving the CLEC/DLEC provided DLSAM located at a DLC location
19 is a result of the FCC UNE Remand Order, and Verizon provides that option today.
20 However, no state commissions have required Verizon to provision the integrated line
21 card solution.

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VI. CONCLUSION

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Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN THIS PROCEEDING.

A. I recommend that the Commission take the following positions:

- 1) Verizon’s proposed terms and conditions for unbundled dark fiber and UNE combinations are reasonable, in accordance with FCC requirements and applicable law, and should be adopted as proposed.
- 2) Verizon should be allowed to continue collaborative efforts to implement a standardized line splitting product. Costing and pricing decisions and the implementation of a line splitting product should be deferred until a service description is finalized and the operational and technical issues are resolved.
- 3) Consistent with the Commission’s recent decision regarding line sharing, Verizon is not required to provide CLECs or DLECs Verizon-owned splitters under a line splitting scenario.
- 4) AT&T's proposal for a UNE-P migration should be rejected because it is unreasonable and not cost-based.
- 5) Verizon is not required to tariff its lines splitting services.
- 6) Verizon’s position that “currently combined” network elements means “already combined” network elements is in accordance with applicable law and is affirmed.
- 7) CLECs should not be allowed to circumvent the law regarding restrictions on building UNEs.
- 8) Verizon meets all requirements for line sharing over fiber-fed loops today and should not be required to develop costs and prices for arrangements (i.e., an integrated card solution) the Company is only contemplating to deploy.

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2 **Q. DOES THIS CONCLUDE YOUR PART B SUPPLEMENTAL RESPONSIVE AND**
3 **REBUTTAL TESTIMONY?**

4 **A. Yes.**