COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Proceeding by the Department on its own Motion to Implement the Requirements of the Federal Communications Commission's Triennial Review Order Regarding Switching for Mass Market Customers	)	D.T.E. 03-60

REBUTTAL TESTIMONY

(SWITCHING)

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February 6, 2004

Q. MS. CARDWELL, PLEASE STATE YOUR FULL NAME, POSITION EMPLOYER AND RESPONSIBILITIES.

A. My name is Valerie Cardwell, Vice President – Government and External Affairs for Covad. I act as a liaison between Covad's business personnel and Verizon. I am also responsible for participating in various federal and state regulatory proceedings, representing Covad.

Q. PLEASE BRIEFLY OUTLINE YOUR EXPERIENCE IN THE TELECOMMUNICATIONS INDUSTRY.

A. Before joining Covad, I was employed by Verizon Communications for 13 years. After joining that company in 1985, I held various management positions including Assistant Manager of Central Office Operations and Manager of Installation, Maintenance and Dispatch Operations. In those positions, I oversaw the installation and maintenance of services to retail customers. Specifically, I supervised several groups that were responsible for the physical end-to-end installation of facilities and the correction of any defects or problems on the line. In 1994, I became Director of ISDN Implementation. In that position, I established work practices to ensure delivery of ISDN services to customers and to address ISDN facilities issues -- issues very similar to those encountered in the DSL arena.

Q. MR. CLANCY, PLEASE STATE YOUR FULL NAME, POSITION AND EMPLOYER.

A. My name is Michael Clancy, Director of Government and External Affairs for Covad.

Q. PLEASE BRIEFLY OUTLINE YOUR EXPERIENCE IN THE TELECOMMUNICATIONS INDUSTRY.

A. Prior to my current position, I performed customer support and operations functions for Covad's New York Tri-State region. In particular, I was responsible for building out Covad's network in New York and all other operations activities. Prior to coming to Covad, I was employed by Verizon's predecessor companies, in various Network Services, Special Services, and Engineering assignments, with increasing levels of responsibility, for over 27 years. My last assignment in Verizon New York was Director of Interoffice Facility Provisioning and Process Management for the Bell Atlantic 14-state footprint.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of this testimony is to describe why and how there are operational and competitive factors that impair competitive providers in serving the mass market if forced to use UNE-L. The operational impediments and issues we describe in this testimony are those that must be taken into account when the Department decides whether competitors really can provide service successfully to the mass market using a UNE-L strategy. Our testimony is designed to illuminate for the Department the need to retain unbundled local switching ("UBS") unless and until Verizon corrects the operational and competitive issues that arise in the context of a UNE-L delivery strategy and the associated hot cut procedures that must underlie the UNE-L delivery strategy.

Q. PLEASE DESCRIBE THE FCC'S CONCLUSION REGARDING MASS MARKET SWITCHING.

A. In its Triennial Review Order ("*TRO*"), the FCC made a national finding that CLECs are impaired without access to UBS when providing service to the mass market. (*TRO* ¶ 419). The FCC's impairment determination was grounded in economic and operational factors that demonstrated, to the FCC's satisfaction, that impairment exists without access to UBS. (*TRO* ¶¶ 461-484). The FCC entertained the possibility, however, that there may be certain situations in particular geographic areas where there would be no impairment without access to UBS. Accordingly, the FCC directed the state commissions, upon petition by a party seeking to overturn the impairment finding, to consider certain economic and operational criteria in determining whether to reverse the national finding of impairment in light of those state-specific factors.

In addition, the FCC described a number of economic and operational factors that create sufficient barriers to entry such that access to UBS is required. In other words, when considering whether CLECs should be required to provide service via a UNE loop (UNE-L) and their own switching facilities, rather than the more operationally efficient and cost-effective UNE platform (UNE-P), which uses the ILEC switch, the FCC identified factors that shed light on whether or not CLECs are impaired without access to UBS.

Q. ARE DATA SERVICES RELEVANT TO THE DEPARTMENT'S IMPAIRMENT EVALUATION?

A. Yes. There are two reasons why the Department should take into account the impact on data services when evaluating whether competitors are impaired in serving mass market customers in this Commonwealth without access to UBS. The first reason is that, in the absence of access to UBS, CLECs can not provide a "line split" DSL service in Massachusetts, which means that CLECs will be deprived of the only economically viable means by which they can provide data services to residential customers. Obviously, if the only choice available to residential customers is ILEC data (or even ILEC data and cable data), the monopoly/duopoly that is created will result in residential consumers paying higher prices for their data services.

The second reason is that, from the viewpoint of what consumers want, CLECs must be able to provide a bundled offering that combines voice service with data service. Absent the ability to provide a bundled service, CLECs will be placed at a clear competitive disadvantage to Verizon, and also face higher disconnect rates.

Q. PLEASE BRIEFLY DESCRIBE LINE SHARING, LINE SPLITTING AND UNE-L LINE SPLITTING.

A. Line sharing is the arrangement in which the ILEC (Verizon) provides the end user with Verizon retail voice service, and a data CLEC (Covad) provides the end user with DSL service, using a single 2-wire loop to the customer premises.

Line splitting is an arrangement in which a voice CLEC (e.g. AT&T or MCI) using UNE-P partners with a data CLEC (Covad) to provide the end user with a bundled voice and data service, again using a single 2-wire loop to the customer premises.

UNE-L Line splitting is similar to UNE-P line splitting, with one minor difference. UNE-L Line splitting is an arrangement in which a voice CLEC using UNE-L partners with a data CLEC (Covad) to provide the end user with a bundled voice and data service, again using a single 2-wire loop to the customer premises with the dial tone, or voice service, coming from the CLEC switch. In all three arrangements, the voice is transmitted over the low frequency portion of the loop and data service is provisioned over the high frequency portion of the loop.

Q. WHY IS LINE SPLITTING IMPORTANT?

A. The future of voice competition in the Massachusetts mass market hinges upon the ability of competitors to provide a bundled voice and data product—via line splitting—in competition with the voice and data bundles currently being provided by Verizon. Currently, Verizon's discriminatory line splitting ordering and migration operations and OSS in the Commonwealth constitute a barrier to entry, and almost certainly guarantee that competitors cannot profitably offer line splitting in Massachusetts. Ensuring that Verizon's line splitting operations and OSS are both adequate and nondiscriminatory is an essential predicate to

Massachusetts consumers receiving the benefits of competition in the growing market for bundled voice and data products. Because Verizon does not currently have operations and OSS to adequately support UNE-L line splitting ordering and migrations, or UNE-P line splitting to UNE-L loop splitting ordering and migrations, CLECs are impaired without access to line splitting over UNE-P.

Q. ARE THERE DIFFERENCES IN VERIZON'S LINE SPLITTING PROCESSES?

A. Yes. Verizon's line splitting processes and OSS for line splitting with a UNE-L provider are different than those applied to a UNE-P provider. Verizon requires CLECs to submit an ASR (Access Service Request) in the UNE-L scenario, rather than an LSR (Local Service Request) used for UNE-P line splitting and line sharing. As a result, Verizon's processes for UNE-L providers are not scaleable. Line splitting over UNE-L should use the same LSR process as line sharing and UNE-P line splitting.

In order to accomplish line splitting, a UNE-P provider and a collocated telecommunications carrier must interconnect with each other within the same Verizon premises via a jumper connection between a Connecting Facility Assignment ("CFA") and the Office Equipment that is the Unbundled Switch port. Verizon requires the disassembly of UNE-P into its component elements, the Switch Port and the UNE Loop to provide Line Splitting. In the case involving UNE-L and data providers, Verizon does not follow the same process

for CLEC-to-CLEC cross connects. Verizon requires CLECs to interconnect with each other using Verizon's Dedicated Transit Service ("DTS") out of its respective FCC Special Access tariffs. DTS does not use the processes and OSS that Verizon has built to manage UNE orders and Line Splitting orders in UNE-P scenarios. With DTS, Verizon requires CLECs to submit an ASR, rather than an LSR. The ASR process forces CLECs, such as Covad, to build new systems to manage what is the same provisioning process used with UNE-P providers. The need for these extra (parallel) systems and the resulting additional costs to CLECs arises entirely because of Verizon's insistence that UNE-L CLECs use ASRs instead of LSRs. In addition, the ASR process directs the demand for these services to a center within Verizon that is not designed to handle the provisioning of UNE loops. Instead, Verizon's ASR process typically manages high capacity services, such as DS3 and OCn services. Consequently, the agents in these centers are neither trained for nor familiar with the particularized challenges providers typically encounter while provisioning shared loop services.

Q. WHAT IS THE IMPACT OF VERIZON'S LINE SPLITTING PROCESSES?

A. Verizon's discriminatory actions not only impair a UNE-L CLEC's ability to place orders for Main Distribution Frame ("MDF") cross connections, as they do now, but by forcing this demand into centers that typically handle high capacity services, Verizon will increase the costs for itself and for CLECs, will reduce its production capability for CLEC high capacity services, and will prove unable to

manage commercial volumes of orders to line split on UNE-L orders by interconnecting Voice providers with Data providers. This is absolutely contrary to the Department's (and FCC's) goal of promoting facility deployment and facilities-based interconnection.

Verizon's decision to use different processes and OSS for UNE-P and UNE-L providers is meant only to impede the availability of line splitting. Verizon can easily modify its OSS to support the interconnection of two CFAs. Verizon currently inventories CFAs in order to provision voice services ordered by the facilities-based voice CLECs on UNE loops. Additionally, Verizon inventories the data provider's splitter assignments as CFAs in its OSS. In fact, Verizon performs this function today in order to self-provision line sharing where Verizon's dial tone equipment is connected to a competitive data CLEC's CFA. In other words, the nondiscriminatory solution is both clear and technically feasible.

Moreover, Verizon has yet to instruct CLECs what to submit in order to connect the splitter to the UNE Loop. Verizon's current process does not work to share a loop because it is an incomplete process and, importantly, keeps line splitting migrations out of the LSR-based process. Unfortunately, Verizon simply refuses to perform the same functions for a facilities-based voice CLEC that it does for its own retail voice service today.

Q. WHAT ARE THE BENEFITS OF LINE SPLITTING?

A. Line Splitting only enables viable competition to the extent that it is possible for competitors to order and provision Line Splitting at parity with the incumbent's ability to add data services for an existing voice customer (that is, Line Sharing). Competitors must have the ability to efficiently and quickly deliver bundled voice and data services. Should the Department fail to address Line Splitting issues in this 9-month proceeding, the outcome of this proceeding will be of reduced consequence because the future of voice competition in the residential market is inextricably intertwined with the ability of competitors to compete with Verizon's bundled voice and data product.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, this concludes our testimony.