

Alexander W. Moore
Deputy General Counsel

125 High Street
Oliver Tower – 7th Floor
Boston, MA 02110
Phone 617 743-2265
Fax 617 737-0648
alexander.w.moore@verizon.com



February 21, 2012

Catrice C. Williams, Secretary
Department of Telecommunications & Cable
1000 Washington Street, Suite 820
Boston, Massachusetts 02118-6500

Re: DTC 06-61 – Resale

Dear Secretary Williams:

Enclosed for filing in the above-referenced matter is Verizon New England Inc. d/b/a Verizon Massachusetts' Second Motion for Clarification.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Alexander W. Moore".

Alexander W. Moore

Enclosures

cc: Service List (electronic copy)

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS & CABLE**

Investigation by the Department on its own)	
Motion as to the Propriety of the)	
Rates and Charges Set Forth in the Following)	
Tariff: M.D.T.E. No. 14, Filed with the)	D.T.C. 06-61
Department on June 16, 2006, to Become)	
Effective July 16, 2006, by Verizon New)	
England, Inc. d/b/a Verizon Massachusetts)	

SECOND MOTION FOR CLARIFICATION

Verizon New England Inc., d/b/a Verizon Massachusetts (“Verizon MA”) hereby moves the Department for an order clarifying an additional aspect of the Order on Reconsideration issued by the Department on January 5, 2012 (“2012 Order”).¹ The Department found in the 2012 Order, at 17, that indirect expenses in Account 612300 (Office Equipment Expenses), Account 672300 (Human Resources) and Account 672800 (General and Administrative) “are avoided in the ratio of avoided intrastate direct expenses to total company intrastate direct expenses.” The 2012 Order does not discuss the issue of intrastate vs. unseparated expenses, however, and Verizon MA believes that the Department intends for it to calculate these amounts using unseparated expenses, consistent with its decision on this issue in its order of January 30, 2001 (“2007 Order”).²

Whether avoided costs should be calculated based only on intrastate expenses, as Verizon MA advocated, or should encompass unseparated expenses, as the CLEC Coalition advocated,

¹ Verizon MA reserves all rights it may have to contest and appeal any matters addressed in the 2012 Order, including the finding that Verizon MA avoids indirect costs as a result of resale of its services and the methods the Department has adopted to determine the amount of such avoided costs, and nothing in this motion may be construed to waive any such rights.

² Accounts 612300 and 672300 are also addressed in Verizon MA’s first Motion for Clarification, seeking clarification that the avoided costs in these accounts should be calculated by removing the share of expenses associated with Account 6612 (Sales), rather than a ratio of total avoided direct expenses to total direct expenses. The CLEC Coalition does not oppose that request.

was a major issue in this proceeding. *See* 2007 Order, part B, at 21-33. The Department ultimately agreed with the CLECs: “Verizon seeks to limit the avoided costs used to calculate the resale discount to those avoided costs allocated, in accordance with the FCC’s jurisdictional separations rules, to the intrastate jurisdiction only. As discussed fully below, we reject this approach.” *Id.* at 29. Consequently, the Compliance Cost Study approved by the Department calculated all avoided direct costs based on unseparated expenses, and going forward, the avoided indirect costs in the accounts other than those addressed here will be based on unseparated expenses.

Using intrastate expenses as the basis for determining the avoided costs in Accounts 612300, 672300 and 672800 would be inconsistent with the 2007 Order and the way in which all other avoided costs are calculated in this proceeding. Given that the separations issue was not even before the Department on the CLEC Coalition’s motion for reconsideration and is not discussed in the 2012 Order, Verizon MA does not believe that the Department intended to reverse its prior decision or create an exception solely for these three accounts. The Virginia and D.C. Arbitrations used intrastate expenses not just for these accounts but for all accounts at issue, direct and indirect.³ Given that the Department parted ways with the Wireline Competition Bureau and the D.C. Commission by requiring Verizon MA to use unseparated expenses, Verizon MA believes that the Department intends for it to use the methodology from those cases but to apply it to unseparated expenses in these accounts. The use of unseparated expenses will not delay calculation of the revised discount rates.

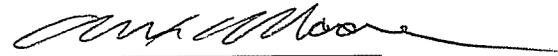
³ *See* Initial Brief of Verizon Massachusetts dated November 22, 2006, at 10-11,

WHEREFORE, Verizon MA respectfully requests that the Department grant this motion and confirm that Verizon MA should use unseparated expenses in calculating the amounts in Accounts 612300, 672300 and 672800 that are deemed avoided on resale.

Respectfully submitted,

VERIZON MASSACHUSETTS

By its attorney,



Alexander W. Moore
125 High Street
Oliver Tower, 7th Floor
Boston, MA 02110-1585
(617) 743-2265

Dated: February 21, 2012