

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Investigation by the Department of Telecommunications and Energy on its own Motion into the Appropriate Pricing, based upon Total Element Long-Run Incremental Costs, for Unbundled Network Elements and Combinations of Unbundled Network Elements, and the Appropriate Avoided Cost Discount for Verizon New England, Inc. d/b/a Verizon Massachusetts' Resale Services in the Commonwealth of Massachusetts

D.T.E. 01-20

**AT&T'S THIRTY-FIRST SET OF INFORMATION
REQUESTS TO VERIZON**

AT&T Communications of New England, Inc. submits to Verizon the following information requests. Please provide responses to these requests as they are completed.

Instructions

1. Each request should be answered on a separate page preceded by the request and by the name of the person responsible for the answer.
2. Please provide answers as they are completed.
3. These requests shall be deemed continuing so as to require supplemental responses if Verizon subsequently receives or becomes aware of additional information responsive to these requests.
4. If an answer refers to Verizon's response to another information request in this proceeding, please provide that response with the answer.
5. If Verizon cannot answer a request in full, answer to the extent possible and state why Verizon cannot answer the request in full.
6. If Verizon refuses to respond to any request by reason of a claim of privilege, state the privilege claimed and the facts relied upon to support the claim of privilege.

INFORMATION REQUESTS

- ATT-VZ 31-1 For the Chester, PA, office and for the offices listed in the proprietary chart on page 14 of the Supplemental Testimony of Thomas J. Mazziotti, please provide a list of all switch components necessary for a new switch installation that are **not** included in the Verizon requests for competitive bid and are not part of the functions and material included in the EF&I factor in Verizon's cost study. For each such switch component:
- a. list and describe the function of the component, and explain why it is needed for a new switch installation;
 - b. identify the detailed accounting functional code (*i.e.*, digital switch-377, digital circuit-357, *etc.*) for the component;
 - c. identify the list price and the price Verizon paid for the component under the competitive bids;
 - d. specify whether the component's list and net prices include vendor engineering and installation; and
 - e. specify whether the component function's cost is typically included in a different part of the Verizon cost study, including, but not limited to, power equipment, EF&I loading factor, and feature costs.
- ATT-VZ 31-2 For the Chester, PA, office and for the offices listed in the proprietary chart on page 14 of Mr. Mazziotti's testimony, please identify the switch components included in the new switch competitive bid prices that are feature-related; for example, conference circuits, announcements, *etc.* For each component, please provide a description and both the list and net prices of each component.
- ATT-VZ 31-3 For the Chester, PA, office and for the offices listed in the proprietary chart on page 14 of Mr. Mazziotti's testimony, please identify the switch components included in the new switch competitive bid prices that are related to non-basic ports, including, but not limited to, ISDN BRI, ISDN PRI, and PBX trunks. For each component, please identify what type of port requires the component and both the list and net prices of each component.
- ATT-VZ 31-4 Please explain in detail how Verizon arrived at the \$36 Nortel material price per line set forth in Verizon's Reply Brief at page 67 and provide all workpapers and documentation, including citations to relevant sections or pages, supporting the \$36 price per line.
- ATT-VZ 31-5 Please provide: (a) the per line material price paid by Verizon for each new switch purchase it has made from January 1, 2000, to the present; (b) all workpapers and documentation, including citations to relevant sections or pages, supporting the per line material price; and (c) all instructions or

guidelines that Verizon provided to switch vendors for competitive bids resulting in any such new switch purchases.

- ATT-VZ 31-6 For each of the four new switch purchases listed at page 4, lines 8-11, of Mr. Mazziotti's testimony, please provide all documents (in their entirety) that support the initial RTU fees quoted for each of the switches and include citations to relevant pages and sections of that documentation.
- ATT-VZ 31-7 For each of the four new switch purchases referred to at page 4, lines 8-11, of Mr. Mazziotti's testimony, please provide the following information, along with all supporting documentation (including citations to relevant pages and sections of that documentation):
- a. the date of the switch bid and the date of the switch purchase;
 - b. the type of switch (*e.g.*, host, standalone, remote);
 - c. the manufacturer;
 - d. the number of lines (including remote lines if the RTU package is assessed only to host switches);
 - e. an itemized list of each software package and associated list and net price included in the RTU fee;
 - f. identification of each RTU package fee that was not charged because Verizon previously paid for it as part of a software buyout or pooling arrangement; and
 - g. identify whether the switch was purchased through competitive bid, under a contract, or by some other means.
- ATT-VZ 31-8 Please provide any and all contracts, competitive bids, quotes, and correspondence regarding any proposed prices for initial RTU fees that Verizon received on or after January 1, 2000.
- ATT-VZ 31-9 Please explain the differences in the initial RTU fees among the bids listed on page 4, lines 8-11. Please list the cost(s) associated with each difference and provide all supporting documentation.
- ATT-VZ 31-10 Refer to page 4 of Mr. Mazziotti's testimony, lines 13-17:
- a. Please provide an explanation of a "software buyout" and a "pooling arrangement" and state how Verizon determines whether to purchase software as part of a software buyout, pooling arrangement, individual packages, or as part of a switch purchase; and

- b. Please list each RTU package and associated list and net price included in the software costs that Verizon previously paid for as part of a software buyout or pooling arrangement. Please include the name of or reference to the software buyout or pooling arrangement and provide all supporting documentation.

- ATT-VZ 31-11 Please identify the portion of the total RTU cost included in Verizon's cost study that is associated with software buyouts. Identify the total cost for each software buyout, the number of years and the number of switches that the buyout covered, and the RTU packages included in the buyout. Identify how many switches operating at non-current generic software loads were "caught up" to current generic software loads covered by each software buyouts.
- ATT-VZ 31-12 Please identify the portion of the total RTU cost included in Verizon's cost study that is associated with pooling arrangements. Identify the total cost for each pooling arrangement, the number of years and the number of switches that the pooling arrangement covered, and the RTU packages included in the pooling arrangement. Identify how many switches operating at non-current generic software loads were "caught up" to current generic software loads covered by each pooling arrangement.
- ATT-VZ 31-13 Mr. Mazziotti states on page 4, lines 14-15, that "it is common for Verizon to pre-pay for software costs." Please define "pre-pay" and state specifically how often Verizon "pre-pays" for software costs.
- ATT-VZ 31-14 Please provide RTU capital costs from 1995 through 1998 for all of Verizon, Verizon-Massachusetts, and the entities formerly known as New England Telephone, Bell Atlantic, and Nynex.
- ATT-VZ 31-15 Please provide the number of new switches that were purchased for the same entities between 1995 and 1998 for all of Verizon, Verizon-Massachusetts, and the entities formerly known as New England Telephone, Bell Atlantic, and Nynex.
- ATT-VZ 31-16 Please provide Verizon's RTU expensed costs from 1995 through 1998 for all of Verizon, Verizon-Massachusetts, and the entities formerly known as New England Telephone, Bell Atlantic, and Nynex.
- ATT-VZ 31-17 Please provide Verizon's RTU amortized costs from 1998 through 2002 for all of Verizon, Verizon-Massachusetts, and the entities formerly known as New England Telephone, Bell Atlantic, and Nynex.
- ATT-VZ 31-18 Identify each right to use package or fee with a zero cost in any Verizon switch purchased between 1998 and 2002 as part of a vendor's overall competitive switch price, but not as part of a software buyout or pooling arrangement.

ATT-VZ 31-19 Please provide all supporting documentation for the statement on page 4 of Mr. Mazziotti's testimony that "feature specific software would be identified and priced when a switch is actually ordered."

ATT-VZ 31-20 For planning purposes (including, but not limited to, anticipating the total cost of a switch, obtaining approval for purchasing a switch, *etc.*), please state whether Verizon assumes some cost for "feature specific software." Provide all cost values and assumptions that Verizon uses to anticipate feature specific software for a new switch.

ATT-VZ 31-21 Refer to page 4 of Mr. Mazziotti's testimony, lines 19-21, where Mr. Mazziotti states that "[r]ecent Lucent bids indicate that the Base software for Generic 5E14 was paid for in a buyout...."

- a. Please provide the Lucent bids referred to in this statement; and
- b. Please specify the cost of the Generic 5E14 buyout and provide all supporting documentation. Please identify how many switches the buyout covered and/or all other relevant terms that would allow parties to determine the per switch or per line cost attributable to switches in Massachusetts.

ATT-VZ 31-22 Refer to page 5 of Mr. Mazziotti's testimony.

- a. Please provide the "list of the software packages installed with the new 5E switch recently installed at Franklin Street in Boston" referenced at lines 3-4;
- b. Please provide all documentation of the joint Lucent/Verizon effort to identify the software packages installed at the Franklin Street switch, including, but not limited to, the start date of the joint effort to identify the list of software packages, the date of switch purchase and switch installation, the number of lines, the number of remotes and the number of associated lines; and
- c. Please provide for each software package: (i) the Lucent list price if no buyouts are in place, (ii) the discounted price under the current switch contract, and (iii) the price under competitive bids.

ATT-VZ 31-23 For the new switch recently installed at the Franklin Street office, referenced at page 5 of Mr. Mazziotti's testimony, please provide the following information, along with all supporting documentation (including citations to relevant pages and sections of that documentation):

- a. the date of the switch bid and the date of the switch purchase;

- b. the type of switch (*e.g.*, host, standalone, remote);
- c. the number of lines (including remote lines if the RTU package is assessed only to host switches);
- d. an itemized list of each software package and associated list and net prices included in the RTU fee;
- e. identification of each RTU package fee that was not charged because Verizon previously paid for it as part of a software buyout or pooling arrangement;
- f. identify whether the switch was purchased through competitive bid, under a contract, or by some other means;
- g. provide the competitive bid documentation, the telephone equipment order documentation, and all other documentation that includes hardware and software price information; and
- h. provide a list of the software packages installed at Franklin Street that were purchased as part of a software buyout or pooling arrangement.

ATT-VZ 31-24 Please list the generic software version (*e.g.*, 5E14) currently loaded or deployed for each switch in Massachusetts.

ATT-VZ 31-25 Please provide all supporting documentation for Mr. Mazziotti's statement on page 8 of his testimony that "[h]istorically, discounts have been much lower in the early years of the life cycle."

ATT-VZ 31-26 Refer to page 8, lines 20-21, of Mr. Mazziotti's testimony. Please identify and provide all documentation referring to the "contracts and purchasing experience late in the product life cycle of the digital circuit switches" relied upon by Verizon to derive its new and growth discounts.

ATT-VZ 31-27 Provide all supporting documentation for: (a) the assumption on page 10, line 6, of Mr. Mazziotti's testimony that digital switches are at the "tail end of the product life cycle"; and (b) the statement on page 10, lines 6-7, of Mr. Mazziotti's testimony that "[n]o supplier can offer discounts experienced at the tail end of the product life cycle for the vast majority of purchases that it achieves over the whole life cycle."

ATT-VZ 31-28 Provide all supporting documentation for the statement on page 11, lines 5-7, of Mr. Mazziotti's testimony that "[a]s a matter of simple economics and common sense, vendors could not supply the entire switch market at 'new' switch prices that currently represent a portion of their equipment sales."

- ATT-VZ 31-29 Please provide all supporting documentation for the 2.4 percent growth rate proposed on page 12 of Mr. Mazziotti's testimony, including but not limited to the ARMIS data referenced at lines 1-2.
- ATT-VZ 31-30 Please explain why Verizon used an 11-year period from 1990 to 2001, as stated at page 12, line 7, of Mr. Mazziotti's testimony, for its life cycle analysis.
- ATT-VZ 31-31 Please provide the estimated line counts and switch type assumptions referenced on page 12, lines 11-12, of Mr. Mazziotti's testimony.
- ATT-VZ 31-32 Please provide all supporting documentation for Mr. Mazziotti's statement on page 13, line 1, of his testimony that vendors' new switch prices are "fire sale discounted."
- ATT-VZ 31-33 Please provide all supporting documentation for Mr. Mazziotti's statement on page 13, lines 5-7, of his testimony that "a large-scale order of several hundred switches in a short period of time would require the vendors to incur much greater costs in terms of additional factory labor and capital outlay as more production lines would need to be turned up to meet demand."
- ATT-VZ 31-34 Please provide all supporting documentation for Mr. Mazziotti's statement on page 13, lines 17-18, of his testimony that Lucent and Nortel's digital switch pricing policies have caused serious financial difficulties for those companies.
- ATT-VZ 31-35 Refer to the proprietary chart on page 14 of Mr. Mazziotti's testimony.
- a. Please identify the date Verizon received each of the "recent Nortel proposals" in the proprietary chart;
 - b. Please provide all supporting documentation for the discounts in the proprietary chart, including but not limited to the following for each switch: the Nortel bids, the list of equipment components, the list price, the net price, the number of lines, and in what round of bidding these Nortel proposals were made;
 - c. For each of the Nortel switches listed in this chart, please state the material price per line paid by Verizon, and provide all supporting documentation, with citations to the relevant pages or sections.
 - d. Provide all instructions and guidelines Verizon provided to Nortel for the competitive bids for the central offices listed in the proprietary chart;

- e. Please explain why the bid for the first central office listed in the proprietary chart was a “non-compliant bid.” Please list the areas of non-compliance; and
- f. Please provide all vendor bids with proposed prices for these switches and all supporting documentation.

ATT-VZ 31-36 Please state whether the proprietary chart on page 14 of Mr. Mazziotti’s testimony includes all new switches purchased by Verizon from Nortel from January 1, 2000 to the present and, if not, list each other new switch purchased by Verizon from Nortel from January 1, 2000 to the present, and for each such switch state the percent by which Nortel discounted the contract price, state the material price per line paid by Verizon, and provide all supporting documentation, with citations to relevant pages or sections.

ATT-VZ 31-37 Please indicate whether the Dulles Corner, VA, central office listed on page 14 of Mr. Mazziotti’s testimony is the same central office listed on page 4 of the testimony as Dulles Corner, MD. If so, please state whether the central office is located in Maryland or in Virginia.

ATT-VZ 31-38 Please identify the “numerous additional costs associated with switch purchasing” referenced at page 14, line 6, of Mr. Mazziotti’s testimony and state where in the Verizon model or cost study each of these additional costs is recovered.

ATT-VZ 31-39 Please provide a legible copy of the “Revised Table 3’s” referenced and attached to the October 12, 1998, letter from Nortel to Bell Atlantic, attached to the Direct Testimony of Catherine E. Pitts on Reconsideration as Exhibit 4 and produced by Verizon in response to RR-ATT-3.

ATT-VZ 31-40 Please provide for each switch in Massachusetts (by CLLI code, name and location) the current or most recently available number of access lines that the switch is assumed to be serving.

Respectfully submitted,

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