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**

COMMENTS OF CONVERSENT COMMUNICATIONS OF MASSACHUSETTS, LLC IN CONNECTION WITH THE COMPLIANCE FILING OF VERIZON MASSACHUSETTS

Conversent Communications of Massachusetts, LLC ("Conversent") provides these comments in connection with the compliance filing of Verizon Massachusetts ("VZ-MA") in the above captioned proceeding.

Conversent has invested millions of dollars in Massachusetts in order to be able to provide facilities-based voice and data services to small businesses in competition with VZ-MA and other carriers. Conversent has found that it can efficiently provide voice and broadband services to small businesses by relying on its own switch and collocated transmission equipment, and leasing unbundled loops, dark fiber interoffice transport and interconnection services from Verizon.

By collocating in VZ-MA's central offices, Conversent is able to order unbundled loops in order to serve end-user customers. Competitive local exchange carriers ("CLECs") such as Conversent that use this entry strategy typically order unbundled 2-wire analog loops in order to provide basic voice telephone service.

As an operational matter, when Conversent wins a customer from VZ-MA, VZ-MA must perform a "hot-cut". This entails actually disconnecting the customer's existing service, reconnecting the loop that is cross-connected to the CLEC's facilities, and undertaking the associated translations work in VZ-MA's switch. The importance of hot-cuts to facilities-based CLECs can not be overstated.

I. The Compliance Filing Demonstrates that the Department Must Solve the Hot-Cut Pricing Problem

Today, under DTE 17, VZ-MA charges CLECs a hot-cut charge of about $15 per loop. This consists of a central office wiring charge of $1.90 and a provisioning charge of $13.36.[1] Under VZ-MA's proposed "2-wire hot-cut option 1," VZ-MA would charge facilities-based CLECs approximately $107 for the first loop and approximately $78 for additional loops.[2] Under the proposed alternative hot-cut process, CLECs would be charged approximately $56 for the first loop and $42 for additional loops.[3] To illustrate the application of these charges, under VZ-MA's existing tariff, the NRC that would be charged to a facilities-based CLEC to migrate a Verizon customer with 5 lines to a CLEC's switch is approximately $75 (5 lines x $15.26).[4] Under 2-wire hot-cut option 1, VZ-MA's existing fully coordinated hot-cut process, the NRC that would be assessed to a facilities-based CLEC to migrate the same customer would be approximately *$425* ($107 for the first loop + $78 per loop for the additional 4 loops). Under "2-wire hot-cut option 2," VZ-MA's proposed alternative hot-cut process, the NRC that would be assessed to a facilities-based CLEC for migrating the same 5 line customer would be about *$224* ($56 for the first loop + $42 each for the remaining 4 loops). Finally, the cost in the compliance filing to migrate the same

[1] *See*, NRC Compliance Rates filed 2/13/03, p. 1 of 17.

[2] Id. This would include a service order charge of $1.24, a central office wiring charge of $32.25 and a provisioning charge of $73.51 for the first loop. For additional loops there would be a central office wiring charge of $22.14 and a provisioning charge of $56.17.

[3] Id. This consists of a service order charge of $1.24, a central office wiring charge of $29.01, and a provisioning charge of $28.46 for the first loop. For additional loops there would be a central office wiring charge of $20.76 and a provisioning charge of $21.84.

[4] A service order charge of $10.17 would also apply.

5-line customer to a CLEC that uses UNE-P is only *$1.33* (a service order charge of $0.57 and a provisioning charge of $0.19 per loop)!

At the risk of stating the obvious, there is no way that facilities-based CLECs, such as Conversent, Allegiance or ChoiceOne, will be able to compete in Massachusetts if they are required to pay anywhere from $225 to $425 to migrate a small business customer when VZ-MA faces no such charge and UNE-P providers only face a charge of $1.33. This underscores the fact that the Department must closely scrutinize the alternative hot-cut process that will be investigated in a separate docket and make sure that VZ-MA has reduced or eliminated all of the manual tasks and task times that reasonably can be reduced or eliminated. Otherwise, there will be little or no new facilities-based entry in Massachusetts and existing facilities-based carriers who have already invested in facilities and equipment will have no choice but to migrate all of their new small business customers to UNE-P, instead of migrating them on to their own networks. Conversent believes that a migration cost structure that encourages reliance on VZ-MA facilities is a huge step in the wrong direction.

II. The Department Should Modify Verizon's Cross-Connect Restructuring Proposal

Under VZ-MA's current state physical collocation tariff, there is no *non-recurring* charge ("NRC") for voice grade, DS-1, or DS-3 cross connects. There are tariffed *recurring* charges for voice grade, DS-1 and DS-3 cross-connects. Specifically, VZ-MA charges a "SAC POT Bay Termination Charge" for voice grade cross-connects of $0.08 and "SAC Cable and Frame Termination Charge" of $0.19 (for a total monthly recurring charge of $0.27 per cross-connect).[5] The tariff makes clear that the SAC POT Bay Termination Charge applies per termination and is used for the connection of VZ-MA's POT Bay to VZ-MA's equipment location. "It is assessed on a per termination basis and is added coincident with connection of each unbundled loop network element to the collocation arrangement."[6] Similarly, the SAC Cable and Frame Termination Charge applies per termination and is used for the connection of VZ-MA's cables and frame terminations. As is the case with the SAC POT Bay Termination Charge, it is assessed on a termination basis and is added "coincident with the connection of each unbundled network element to the collocation arrangement."[7] The recurring SAC POT Bay Termination Charge for a DS-1 cross-connect is $0.38 and the recurring SAC Cable and Frame Termination Charge for a DS-1 cross-connect is $1.43 (for a total monthly charge of $1.81 for DS-1 cross-connects). The recurring SAC POT Bay Termination Charge for a DS-3 cross-connect is $0.68 and the SAC Cable and Frame Termination Charge is $28.30 (for a total monthly recurring charge of $28.98 per DS-3 cross-connect).

Under its new proposed rate structure, VZ-MA is introducing new cross-connect NRCs and reducing some recurring charges. At the technical meeting, VZ-MA's collocation witness stated that the rate restructuring is a "good deal" for CLECs because the new recurring rates are substantially lower than the recurring rates under the prior rate structure. It is true that the monthly recurring charges for cross-connects are reduced. For example, that the monthly recurring charges for a voice grade cross-connect (together, SAC POT Bay Termination Charge and the SAC Cable and Frame Termination Charge) will be reduced by about $0.17 (a $17 per month reduction for 100 cross-connects). Unfortunately, the savings that a physically collocating CLEC may gain in the future from the reduction in recurring charges is substantially outweighed by the immediate increase in the NRCs from $0 to $732.39 for 100 voice grade cross connects; from $0 to $1,169.51 for 28

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[5] DTE MA No. 17, Part M, Section 5.2.4
[6] Id, Part E, Section 2.6.4.

DS-1 cross-connects; and from $0 to $421.51 for each DS-3 cross connect. For example, on a going forward basis, it will take a CLEC approximately 43 months to break even under VZ-MA's proposed voice grade cross-connect restructuring proposal ($732.37 new NRC ÷ $17 per mo. MRC rate reduction in the SAC POT Bay Termination Charge and SAC Cable and Frame Termination Charges = 43 months).

What makes matters worse is that instead of applying the SAC POT Bay Termination and SAC Cable and Frame Termination monthly recurring charges when the cross connects are actually put in use by a CLEC (as they are today), VZ-MA intends to start billing the monthly recurring charges *immediately*. Accordingly, if VZ-MA's cross-connect restructuring proposal is approved, CLECs will be required to pay for cross-connects before the loop associated with the cross-connect is put into service. This is especially egregious as it applies to the monthly DS-1 cross-connect charges. This is because VZ-MA requires CLECs to order DS-1 cross-connects in bundles of 28, even if a CLEC only anticipates that it will need to put a single DS-1 into service. Thus, under VZ-MA's proposal, CLECs (i) will be charged a new NRC for DS-1 cross-connects that have already been ordered and provisioned (but not yet put into use); (ii) will be charged a monthly recurring charge for cross-connects before they are put into use; and (iii) will be charged a monthly recurring charge for 28 DS-1 cross-connects even if the CLEC only uses a single DS-1 cross-connect. The better result would be for the Department to insist that VZ-MA be permitted to charge the SAC POT Bay Termination and SAC Cable and Frame Termination recurring charges once the terminations are actually put into service, as they are today under VZ-MA's existing tariff.

[7] Id.

Respectfully submitted,

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