THE VERIZON TELEPHONE COMPANIES

TARIFF F.C.C. NOS. 1 AND 11

PACKET AT REMOTE TERMINAL SERVICE

DESCRIPTION AND JUSTIFICATION

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PACKET AT REMOTE TERMINAL SERVICE

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SECTION 1

DESCRIPTION AND JUSTIFICATION

A. Introduction

Verizon with this filing introduces Packet At Remote Terminal Service (PARTS) in Section 16 of its Tariff F.C.C. No. 1 and in Section 17 of its Tariff F.C.C. No. 11. This service offering will be offered subject to the availability and limitations of Company facilities and systems.

B. Service Description

Packet at Remote Terminal Service (PARTS) is an access service that uses Digital Subscriber Line (DSL) technology. Data traffic generated by a Customer-provided modem is transported to an ATM Port in the end user's serving wire center, which is connected to a Customer's collocation arrangement through a cross connect.

PARTS is available only to locations served by DSL-equipped remote terminals and serving wire centers. PARTS availability is further limited to Customers who purchase Physical or Virtual collocation under the appropriate federal expanded interconnection tariff, under Telephone Company Network Interconnection/Miscellaneous Network Service state tariffs; under an Interconnection Agreement pursuant to Section 251 (c) of the Communications Act, or through negotiation of an Interconnection Agreement pursuant to Section 252 of the

Communications Act. This does not include affiliated Internet Service Provider equipment collocated pursuant to Report and Order, 104 F.C.C. 2d. 958, 1037-38 (paras. 151-153) (1986) or equipment located in commercially leased arrangements.

PARTS supports an Unspecified Bit Rate quality of service on an ATM Port connected to the Customer's collocation arrangement. Transmission rates of DS3 (45 Mbps) or OC3c (155 Mbps) are available for the connection to the collocation arrangement. One Permanent Virtual Circuit (PVC) per connected Competitive Local Exchange Carrier (CLEC) end-user is supported. With each PVC connection, the Customer must specify the Virtual Path Identifier/Virtual Channel Identifier used at both the end user premises and at the collocation arrangement.

PARTS will support the following service configurations:

Configuration 1: The Company provides the dial tone to the end user and provides the data handoff to the Customer at its collocation arrangement in the end user's serving wire center.

Configuration 2: The Customer provides the dial tone to the end user and the Company provides a data handoff and a voice grade service handoff to the Customer at its collocation arrangement in the end user's serving wire center.

Configuration 3: The Company will provide a data handoff to the Customer at its collocation arrangement in the end user's serving wire center.

Four types of PARTS will be available based on the downstream and upstream speed combinations chosen by the customer:

1. A maximum downstream data rate of 768 Kbps. A maximum upstream data rate of 128 Kbps.
2. A maximum downstream data rate of 1.5 Mbps. A maximum upstream data rate of 128 Kbps.
3. A maximum downstream data rate of 1.5 Mbps. A maximum upstream data rate of 384 Kbps.
4. A maximum downstream data rate of 384 Kbps. A maximum upstream data rate of 384 Kbps.

C. Application of Rates

Verizon proposes that monthly recurring charges and non-recurring charges will apply for the various components of PARTS as indicated below.

ATM Ports

Monthly and Nonrecurring Charges will apply per transmission speed (DS3 or OC3c). In addition, an Office Channel Termination (Tariff F.C.C. No. 11) or a Cross-Connect Service

Charge (Tariff F.C.C. No. 1) will apply for each connection from the OCD Port to the customer's collocation arrangement within the Central Office.

PVC

Monthly and Nonrecurring Charges will apply per arrangement available based on the downstream and upstream speed combinations chosen by the customer as shown above.

PARTS Line

Rates and charges for PARTS Line apply based on the service configuration chosen by the customer as shown above. For Service Configuration 1, where the Telephone Company provides the dial tone, appropriate Local Exchange Access Line Monthly Rates and Nonrecurring charges apply per the local exchange tariff. For Service Configuration 2, where the customer provides the dial tone, appropriate Voice Grade UNE Monthly Rate and Nonrecurring Charges apply per the local state tariff or Interconnection Agreement. For Service Configuration 3, where the Telephone Company provides a data handoff to the customer, Monthly charges apply per arrangement.

Configuration Change Charge

A Configuration Change Charge will apply per whenever a customer-initiated change is made to the parameters of a PVC regarding transmission speed or other service parameters that

require no changes in physical facilities, and are able to be implemented from the Company network control center without dispatch of a technician to the customer location.

SECTION 2

COMPLIANCE WITH COMMISSION'S RULES

This filing includes documentation to comply with §§61.49(g) and (h) of the Commission's Rules,[1] which specify the material required to support new service tariff filings. This material includes 1) a study containing a projection of costs for a representative 12-month period, 2) estimates of the effect of the new service on traffic and revenues, and 3) supporting workpapers for estimates of costs, demand, and revenues. Section 3 -- Costs, Demand, Rates, and Revenues, and the attached workpapers, contain the information required to comply with §§61.49(g) and (h).

[1] 47 C.F.R. §§ 61.49(g) and (h).

SECTION 3

COSTS, DEMAND, RATES, and REVENUES

A. Cost Development

Deployment plans provide for the initial roll-out of PARTS in the Verizon East operating territories, although the Company plans on extending availability to the Verizon West territories. Costs were developed on a total Verizon basis to support nationwide pricing for the service. The costs developed individually for East and West, were weighted based upon the ratio of DSL lines. A single cost per rate element was utilized in establishing pricing for the service. The cost information presents an accurate identification of the unit costs for PARTS. Following represents a generic overview of the study effort for the recurring and nonrecurring costs of the service.

(1) Recurring Charges

Verizon performed cost studies to determine the investment required to deploy PARTS Service. The unit investments were multiplied by account-specific annual cost factors to calculate the direct cost components of depreciation, cost of money, income taxes, maintenance, administration, and other taxes. The weighted, nationwide, recurring annual and monthly costs are shown on Workpaper 1.

(2) Nonrecurring Charges

Task-oriented studies were used to develop the labor costs associated with the installation activities required for PARTS Service. The time required to provision the Service was multiplied by the applicable labor rate to calculate the nonrecurring costs. The weighted, nationwide nonrecurring cost development is shown on Workpaper 2.

(3) Ratios

Verizon developed ratios in order to compare 1) investment-related recurring direct unit costs, and unit investment and 2) direct unit costs and rates. These ratios are shown at the bottom of Workpaper 1.

B. Demand Forecast

The demand forecast for the Service is based upon Product Management estimates. The demand forecast is shown on Workpaper 3.

C. Rates

Verizon first developed direct recurring and nonrecurring costs, as shown above, to determine the minimum level at which prices can be set. Conditions that impact the price for the Service were evaluated to determine the proposed rates for the Service. Such conditions include recovery of overhead costs, consideration of investment risks, and pricing levels that reflect marketplace conditions. Nonrecurring and recurring rates are set above cost.

D. Revenue Forecast

The projected revenues for the Service were calculated by multiplying the proposed rates by the projected demand. The projected revenues are calculated in Workpaper 3.

E. Additional Cost Documentation

Workpaper 1, 2 and 3 present a summary of the development of the recurring and nonrecurring costs as well as the revenue forecast for PARTS. Additional supporting cost detail is contained in additional workpapers included in this filing package. Workpaper 4 provides detail on the various individual cost components (e.g., depreciation, return, taxes, etc.) that are included in the direct unit costs presented in Workpaper 1.

Workpaper 5 provides the East/West breakdown of the weighted investments shown in Workpaper 4. Workpaper 6 provides the DSL summary of lines in service that was used to weight VZ East and VZ West costs to a single nationwide Verizon cost. Workpapers 7 and 8 provide the annual cost factors for the East and West, respectively, that were applied to the investments for each of these operating areas.

SECTION 5

WORKPAPERS

Workpaper 1	Recurring Costs
Workpaper 2	Nonrecurring Costs
Workpaper 3	Demand, Annual Costs and Revenues
Workpaper 4	Direct Costs
Workpaper 5	Investment Development
Workpaper 6	DSL In-Service Summary
Workpaper 7	Annual Cost Factors – Verizon East
Workpaper 8	Annual Cost Factors – Verizon West