

July 5, 2001

Sent via e-mail, hand-delivery, and/or U.S. Mail

Mary L. Cottrell, Secretary
Massachusetts Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: Verizon's Alternative Regulation Plan, D.T.E. 01-31

Dear Ms. Cottrell:

Enclosed for filing please find the Attorney General's First Set of Document and Information Requests to Verizon Massachusetts, AG-VZ-1-1 to 1-18, together with a Certificate of Service in the above-referenced proceeding.

Sincerely,

Karlen J. Reed
Assistant Attorney General
Regulated Industries Division
200 Portland Street, 4th Floor
Boston, MA 02114
(617) 727-2200

KJR/kr

Enc.

cc: D.T.E. 01-31 Service List (w/enc.)

**THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Investigation by the Department of Telecommunications and Energy on))	
its own Motion into the Appropriate Regulatory Plan to succeed Price Cap))	
Regulation for Verizon New England, Inc. d/b/a Verizon Massachusetts'))	D.T.E. 01-31
intrastate retail telecommunications services in the Commonwealth))	
of Massachusetts))	

**ATTORNEY GENERAL'S
FIRST SET OF DOCUMENT AND INFORMATION REQUESTS
TO VERIZON MASSACHUSETTS**

INSTRUCTIONS

1. These Document and Information Requests call for all information, including information contained in documents, which relates to the subject matter of the requests and which is known or available to Verizon New England d/b/a Verizon Massachusetts ("Verizon MA" or "Company") or to any individual or entity sponsoring testimony or retained by the Company to provide information, advice, testimony or other services in connection with this proceeding.
2. Where a Request has a number of separate subdivisions or related parts or portions, a complete response is required to each such subdivision, part, or portion. Any objection to a Request should clearly indicate the subdivision, part, or portion of the Request to which it is directed.
3. If information requested is not available in the exact form requested, provide such information or documents as are available that best respond to the Request.
4. These requests are continuing in nature and require supplemental responses when further or different information with respect to the same is obtained.
5. Each response should be furnished on a separate page headed by the individual Request being answered. Individual responses of more than one page should be stapled or bound and each page consecutively numbered.

6. Each Document and Information Request to "Please provide all documents..." or similar phrases includes a request to "identify" all such documents. "Identify" means to state the nature of the document, the date on which it was prepared, the subject matter and the titles and the names and positions of each person who participated in the preparation of the document, the addressee and the custodian of the documents. To the extent that a document is self-identifying, it need not be separately identified.
7. For each document produced or identified in a response which is computer generated, state separately (a) what types of data, files, or tapes are included in the input and the source thereof, (b) the form of the data which constitutes machine input (e.g., punch cards, tapes), (c) a description of the recordation system employed (including descriptions, flow charts, etc.), and (d) the identity of the person who was in charge of the collection of input materials, the processing of input materials, the data bases utilized, and the programming to obtain the output.
8. If a Document and Information Request can be answered in whole or part by reference to the response to another Request served in this proceeding, it is sufficient to so indicate by specifying the other Request by participant and number, by specifying the parts of the other response which are responsive, and by specifying whether the response to the other Request is a full or partial response to the instant Request. If it constitutes a partial response, the balance of the instant Request must be answered.
9. If the Company cannot answer a Request in full, after exercising due diligence to secure the information necessary to do so, state the answer to the extent possible, state why the Company cannot answer the Request in full, and state what information or knowledge is in the Company's possession concerning the unanswered portions.
10. If, in answering any of these Document and Information requests, you feel that any Request or definition or instruction applicable thereto is ambiguous, set forth the language you feel is ambiguous and the interpretation you are using responding to the Request.
11. If a document requested is no longer in existence, identify the document, and describe in detail the reasons the document is unavailable.
12. Provide copies of all requested documents. A response which does not provide the Attorney General with the responsive documents, and requests the Attorney General to inspect documents at any location is not responsive.

13. If you refuse to respond to any Document and Information Request by reason of a claim of privilege, or for any other reason, state in writing the type of privilege claimed and the facts and circumstances you rely upon to support the claim of privilege or the reason for refusing to respond. With respect to requests for documents to which you refuse to respond, identify each such document.
14. Each request for information includes a request for all documentation which supports the response provided.
15. Provide two copies of each response.
16. Unless the Request specifically provides otherwise, the term "Company" refers to Verizon MA's intrastate operations and includes all witnesses, representatives, employees, and legal counsel.
17. Please furnish each response on a separate sheet of paper, beginning with a restatement of the question.
18. Please provide all responses to requests within 10 calendar days from receipt of request, as per the Hearing Officer's Ground Rules issued May 7, 2001.

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AG-VZ-1-1 Please refer to the direct testimony of William E. Taylor, page 4, line 12, where he states: "...entry into Massachusetts' retail telecommunications markets is comparatively easy."

- a. Please define with specificity the phrase "comparatively easy" as used by the witness.
- b. To what is "entry into Massachusetts' retail telecommunications markets" being "compared" by the witness?
- c. Has the witness performed, caused to be performed, or reviewed any quantitative studies or analyses in which the specific "comparison(s)" identified in response to item (b) of this request are being made? If the response is anything other than an unqualified negative, identify and provide complete copies of any and all such studies and analyses.

AG-VZ-1-2 Please refer to the direct testimony of William E. Taylor, page 4, line 12, where he states: "...entry into Massachusetts' retail telecommunications markets is comparatively easy."

- a. Does the witness offer the same opinion with respect to Massachusetts' *wholesale* telecommunications markets?
- b. If the response to (a) is anything other than an unqualified negative,
 - (1) Please define with specificity the phrase "comparatively easy" as used by the witness in the context of this response.
 - (2) To what is "entry into Massachusetts' wholesale telecommunications markets"

being "compared" by the witness?

- (3) Has the witness performed, caused to be performed, or reviewed any quantitative studies or analyses in which the specific "comparison(s)" identified in response to item (b)(2) of this request are being made? If the response is anything other than an unqualified negative, identify and provide complete copies of any and all such studies and analyses.
- c. If the response to (a) is anything other than an unqualified affirmative, has the witness performed, caused to be performed, or reviewed any quantitative studies or analyses upon which he relies in support of the specific "comparison(s)" identified in response to item (a) of this request are being made? If the response is anything other than an unqualified negative, identify and provide complete copies of any and all such studies and analyses.

AG-VZ-1-3 Please refer to the direct testimony of William E. Taylor, page 4, line 13, where he states: "... competitive pressure is brought to bear on retail prices for all services in all geographic areas."

- a. Has the witness performed, caused to be performed, or reviewed any quantitative studies or analyses in which the extent of such specific "competitive pressure ... on retail prices" is calculated or estimated? If the response is anything other than an unqualified negative, identify and provide complete copies of any and all such studies and analyses.
- b. With respect to non-facilities-based competition confronting Verizon MA at the retail level, has the witness performed, caused to be performed, or reviewed any quantitative studies or analyses that calculate the dollar magnitude of the operating margins available to competing retail providers between the Verizon MA retail price levels for comparable services and the Verizon MA wholesale (including both bundled services for resale and unbundled network elements) price levels that would confront such competing retail providers? If the response is anything other than an unqualified negative, identify and provide complete copies of any and all such studies and analyses.
- c. With respect to partially facilities-based competition confronting Verizon MA at the retail level (*e.g.*, where Verizon MA provides the UNE loop or special access line and the CLEC provides the end office switching functions), has the witness performed, caused to be performed, or reviewed any quantitative studies or analyses that calculate the dollar magnitude of the operating margins available to competing retail providers between the Verizon MA retail price levels for comparable services and the Verizon MA wholesale (including both bundled services for resale and unbundled network elements) price levels that would confront such competing retail providers? If the

response is anything other than an unqualified negative, identify and provide complete copies of any and all such studies and analyses.

- d. Has the witness performed, caused to be performed, or reviewed any quantitative studies or analyses that compare the retail price levels being charged by Verizon MA and the retail price levels being charged by competing providers for services that the witness believes to be comparable in the Massachusetts local exchange service market? If the response is anything other than an unqualified negative, identify and provide complete copies of any and all such studies and analyses.
- e. Has the witness performed, caused to be performed, or reviewed any quantitative studies or analyses of CLEC retail prices and underlying costs (including both payments for Verizon MA for wholesale services and UNEs and additional costs incurred by the CLEC in providing its services to retail customers) that assess the potential extent to which a CLEC can expect to operate profitably in the Massachusetts local exchange service market? If the response is anything other than an unqualified negative, identify and provide complete copies of any and all such studies and analyses.

AG-VZ-1-4 Please refer to the direct testimony of William E. Taylor, page 4, line 14, where he states: "... the additional threat of entry from large, well-known telecommunications firms presently supplying other services to Massachusetts customers effectively disciplines Verizon's retail prices even if there were little current competition on the ground."

- a. Define precisely and quantitatively what the witness means by the phrase "effectively disciplines Verizon's retail prices."
- b. Has the witness performed, caused to be performed, or reviewed any quantitative studies or analyses upon which he relies to support this statement? If the response is anything other than an unqualified negative, identify and provide complete copies of any and all such studies and analyses.
- c. Has the witness performed, caused to be performed, or reviewed any quantitative studies or analyses of the cross-price elasticity(ies) confronting Verizon MA with respect to prices being charged by actual competitors or threatened by potential competitors offering or potentially offering comparable services in the Massachusetts local exchange service market? If the response is anything other than an unqualified negative, identify and provide complete copies of any and all such studies and analyses.
- d. Has the witness had any specific discussions, correspondence or other communication with Verizon, Verizon MA, or other personnel of any Verizon affiliate regarding the

precise nature and extent of any specific “threat” that Verizon or Verizon MA perceives it confronts from “entry from large, well-known telecommunications firms presently supplying other services to Massachusetts,” and specifically with respect to the quantitative impact upon Verizon MA’s market share, growth, total revenues, or other impacts associated with such entry? If the response is anything other than an unqualified negative, describe in detail the nature of all such communication, including date(s), names of personnel involved, nature of facts, opinions, formal or informal assessments, or other items discussed, and any written documents obtained or produced as a result of such communication.

AG-VZ-1-5 Please refer to the direct testimony of William E. Taylor, page 4, line 20, where he states: "Moreover, the increased demand of customers for packaged services provided by a single supplier through one-stop-shopping reduces the advantages of incumbency in all markets. Verizon is an incumbent local exchange carrier, and other firms are incumbent in markets from which Verizon Massachusetts is currently excluded (that is, interLATA toll and data markets), so that in selling additional services in a package to a current customer, it is no longer clear who is the entrant and who is the incumbent." If the witness intends to modify this statement in light of developments that have occurred subsequent to its filing, please provide the specific modification that the witness will offer.

AG-VZ-1-6 Please refer to the direct testimony of William E. Taylor, page 6, line 10, where he states: "According to Verizon data, there were at least 184,844 residential lines being served by competitors in January 2001, compared to 121,229 total lines being served in July 2000 - representing a growth rate of 52 percent in 6 months or over 100 percent on an annualized basis. Between September 2000 and January 2001, the total number of access lines (residential and business) that competitors served grew from an estimated 731,000 to 851,000 – an increase of 16 percent in just five months."

- a. Provide the source documents from which this "Verizon data" was extracted.
- b. Provide the total number of lines being provided by Verizon MA to retail customers for the corresponding dates (*i.e.*, July 2000, September 2000 and January 2001).
- c. Indicate the number of lines being provided by Verizon MA to CLECs for resale for the corresponding dates (*i.e.*, July 2000, September 2000 and January 2001).
- d. Indicate the number of lines being provided by Verizon MA to CLECs as UNE-Platform arrangements for the corresponding dates (*i.e.*, July 2000, September 2000 and January 2001).

- e. Indicate the number of lines being provided by Verizon MA to CLECs as UNE-loops for the corresponding dates (*i.e.*, July 2000, September 2000 and January 2001).

AG-VZ-1-7 Please refer to the direct testimony of William E. Taylor, page 6, line 21, where he states: "Of the total 851,000 lines served by competitors in January 2001, lines served by facilities-based competition increased to (at least) 554,000 in January 2001, exhibiting an annualized growth rate between September 2000 and January 2001 of 65 percent." Provide the source of this 554,000 figure and the figure for the alleged 65 percent growth.

AG-VZ-1-8 Please refer to the direct testimony of William E. Taylor, page 7, line 19, where he states: "RCN is another effective competitor in Massachusetts. A comparison of RCN Platinum service with an equivalent package constructed by Verizon shows that RCN has a price advantage of more than \$75 per month over Verizon."

- a. Identify the specific communities in which RCN is currently offering basic residential or business telephone service in Massachusetts. For each such community, indicate the number of residential and business customers (separately) currently being served by RCN.
- b. Identify the specific communities in which RCN has obtained construction or other entry authorization but in which no or only limited service is currently being provided. For each such community, indicate: (1) the date at which the construction or entry authority was granted by the municipality or other local franchising authority, (2) the date that construction commenced, (3) the present status of such construction, and (4) the date at which the full build-out is currently expected to be completed.

AG-VZ-1-9 Indicate whether Dr. Taylor has personally participated in the procurement of business exchange telephone service in Massachusetts from a CLEC. If the response is in the affirmative, provide a detailed description of the service being procured, the name(s) and location(s) of the business customers involved, the quantity(ies) of service being ordered by such customers, the name(s) of the CLEC(s) from which such service(s) was(were) being purchased, the date(s) at which the order(s) for service was(were) placed, the date(s) that the service(s) was(were) installed, and whether the service(s) was(were) provided by the CLEC utilizing Verizon MA wholesale services, UNEs, special access lines, or other Verizon MA services or facilities.

AG-VZ-1-10 Identify all instances where Verizon MA initiated a request for interconnection with a CLEC. For each such instance, provide the identity of the CLEC, the date at which such request was first made to the CLEC, the date at which the CLEC responded with a draft or template interconnection agreement, the date at which Verizon MA provided

its responsive comments/red-lines to the draft or template agreement, whether and the date at which an interconnection agreement was successfully negotiated between Verizon MA and the CLEC. In the event that no such successful negotiation took place, indicate what subsequent actions or initiatives were taken by Verizon MA (*e.g.*, mediation, arbitration) to secure an agreement, and the current status of the agreement or lack thereof.

AG-VZ-1-11 For each month beginning in January 2000 and extending to the most recent month for which data is available, provide:

- a. The total number of Flexpath T-1 exchange access lines/trunks being provided by Verizon MA at retail to business customers in Massachusetts.
- b. The total number of Flexpath T-1 exchange access lines/trunks installed as new inward orders by Verizon MA at retail to business customers in Massachusetts.
- c. The interval being quoted by Verizon MA to its retail customers for installation of Flexpath T-1 exchange access lines/trunks from the date at which the retail customer order is placed with Verizon MA until the date at which the Flexpath T-1 Service is installed.
- d. The actual installation interval experienced by Verizon MA with respect to its retail customer orders for installation of Flexpath T-1 exchange access lines/trunks from the date at which the retail customer order is placed with Verizon MA until the date at which the Flexpath T-1 Service is installed.
- e. The number of "missed installation dates" for Flexpath T-1 Service provided at retail by Verizon MA to its retail end-user customers, and the number of orders that had not been installed within thirty (30) calendar days of receipt by Verizon MA of the order from the CLEC..
- f. The total number of T-1 Special Access facilities being provided by Verizon MA to CLECs in Massachusetts.
- g. The total number of T-1 Special Access facilities installed by Verizon MA as new inward orders received from CLECs in Massachusetts.
- h. The interval being quoted by Verizon MA to CLECs for installation of T-1 Special Access facilities from the date at which the CLEC order is placed with Verizon MA until the date at which the T-1 Special Access facility is installed at the CLEC's customer's location.

- i. The actual installation interval experienced by Verizon MA to CLECs for installation of T-1 Special Access facilities from the date at which the CLEC order is placed with Verizon MA until the date at which the T-1 Special Access facility is installed at the CLEC's customer's location.
- j. The number of "missed installation dates" for T-1 Special Access facilities provided by Verizon MA to CLECs in Massachusetts.
- k. The total number of T-1 UNE facilities being provided by Verizon MA to CLECs in Massachusetts.
- l. The total number of T-1 UNE facilities installed by Verizon MA as new inward orders received from CLECs in Massachusetts.
- m. The interval being quoted by Verizon MA to CLECs for installation of T-1 UNE facilities from the date at which the CLEC order is placed with Verizon MA until the date at which the T-1 UNE facility is installed at the CLEC's customer's location.
- n. The actual installation interval experienced by Verizon MA to CLECs for installation of T-1 UNE facilities from the date at which the CLEC order is placed with Verizon MA until the date at which the T-1 UNE facility is installed at the CLEC's customer's location.
- o. The number of "missed installation dates" for T-1 UNE facilities provided by Verizon MA to CLECs in Massachusetts, and the number of orders that had not been installed within thirty (30) calendar days of receipt by Verizon MA of the order from the CLEC.

AG-VZ-1-12 Provide the same information as requested in item (11) separately for each Verizon MA central office.

AG-VZ-1-13 For each year from 1993 through 2000 inclusive, please provide, on both total company (unseparated) and a Massachusetts intrastate jurisdictional basis, the following financial information for Verizon MA:

- a. Operating revenues;
- b. Operating expenses;
- c. Operating taxes broken out separately from expenses;
- d. Average net investment (net plant);

- e. Realized return on investment as well as return on equity;
- f. Authorized rate of return and revenue requirement.

AG-VZ-1-14 For each year from 1993 through 2000 inclusive, please provide separately the following revenues received by Verizon MA for:

- a. Residential local exchange service;
- b. Business local exchange service;
- c. Discretionary services, including vertical services;
- d. IntraLATA toll revenues;
- e. Switched access revenues, identifying separately intraLATA access revenues from interLATA access revenues;
- f. Yellow pages directory advertising.

AG-VZ-1-15 If the response to AG-VZ-1-14(f) is other than the net operating profit generated by the Verizon (formerly Bell Atlantic, formerly NYNEX) yellow pages directory operations in Massachusetts (for example, a payment or imputation received from an affiliate under a directory publishing agreement), provide the net operating profit generated by the Verizon (formerly Bell Atlantic, formerly NYNEX) yellow pages directory operations in Massachusetts by such affiliate.

AG-VZ-1-16 Please refer to your May 24, 2001 responses to DTE-VZ-2-6 and 2-7.

- a. Have the public utility commissions for Rhode Island, New Jersey, New York, Pennsylvania, or South Carolina accepted or rejected the applicable Verizon proposed alternative regulation plan? Please produce copies of the commissions' decisions. If no decision has been entered, please so state and briefly summarize the status of the case.
- b. Please produce copies of the state public utility commissions' orders in which the applicable Verizon alternative regulation plans were approved for Vermont, Connecticut, and Maine (Parts 1 and 2).

AG-VZ-1-17 Please refer to your June 13, 2001 (sent June 25, 2001) response to DTE-VZ-3-1. Using your definition of "new products and services" *i.e.*, any new product and service not currently offered in Verizon MA's tariffs or any combination of new and/or existing

services including the bundling of a new set of existing services not currently offered in combination, state the number of new products and services that Verizon MA has offered and expects to offer in:

- a. 1999.
- b. 2000.
- c. 2001.
- d. 2002.
- e. 2003.

AG-VZ-1-18 Please define and distinguish the terms “exchange,” “central office,” and “wire center.” For the purposes of this docket, are these terms always interchangeable? If not, why, when and where not?

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of Massachusetts))	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding by either hand delivery, mail, and/or e-mail.

Dated at Boston this 5th day of July 2001.

Karlen J. Reed
Assistant Attorney General
Regulated Industries Division
200 Portland Street, 4th Floor
Boston, MA 02114
(617) 727-2200