

Jeffrey A. Masoner  
Vice President – Interconnection Services Policy & Planning



**Network Services**  
2107 Wilson Blvd., 11<sup>th</sup> Floor  
Arlington, VA 22201

Telephone: 703/974-4610  
Facsimile: 703/974-0314  
jeffrey.a.masoner@verizon.com

May 10, 2001

Sandra C. Adix  
Corporate Counsel  
International Telecom, Ltd.  
417 Second Avenue West  
Seattle, Washington 98119

Re: Requested Adoption Under the FCC Merger Conditions

Dear Ms. Adix:

Verizon New England Inc., d/b/a Verizon Massachusetts (“Verizon”), has received your letter stating that, pursuant to paragraph 32 of the BA/GTE Merger Conditions (“Merger Conditions”), released by the FCC on June 16, 2000 in CC Docket No. 98-184, International Telecom, Ltd., d/b/a Kallback (“ITL”) wishes to provide services to customers in Verizon’s service territory in the Commonwealth of Massachusetts by adopting the voluntarily negotiated terms of the Interconnection Agreement between Global NAPS, Inc. (“GNAPS”) and Verizon New England Inc., d/b/a Verizon Vermont, f/k/a New England Telephone and Telegraph Company (“Verizon Vermont”) that was approved by the Vermont Public Service Board as an effective agreement in the State of Vermont, as such agreement exists on the date hereof after giving effect to operation of law (the “Verizon Vermont Terms”).

I understand that ITL has a copy of the Verizon Vermont Terms which, in any case, are attached hereto as Appendix 1. Please note the following with respect to ITL’s adoption of the Verizon Vermont Terms.

1. By ITL’s countersignature on this letter, ITL hereby represents and agrees to the following three points:
  - (A) ITL agrees to be bound by and adopts in the service territory of Verizon, the Verizon Vermont Terms, as they are in effect on the date hereof after giving effect to operation of law, and in applying the Verizon Vermont Terms, agrees that ITL shall be substituted in place of Global NAPS, Inc. and GNAPS in the Verizon Vermont Terms wherever appropriate.

- (B) Notice to ITL and Verizon as may be required or permitted under the Verizon Vermont Terms shall be provided as follows:

To ITL:

Attention: Yvette Melendez  
International Telecom Ltd.  
417 2<sup>nd</sup> Avenue West  
Seattle, WA 98119  
Telephone number: 206-479-1905  
FAX number: 206-479-3234  
Internet Address: yvette@ms.kallback.com

To Verizon:

Director-Contract Performance & Administration  
Verizon Wholesale Markets  
600 Hidden Ridge  
HQEWMNOTICES  
Irving, TX 75038  
Telephone Number: 972-718-5988  
Facsimile Number: 972-719-1519  
Internet Address: wmnotices@verizon.com

with a copy to:

Vice President and Associate General Counsel  
Verizon Wholesale Markets  
1320 N. Court House Road  
8th Floor  
Arlington, VA 22201  
Facsimile: 703/974-0744

- (C) ITL represents and warrants that it is a certified provider of local telecommunications service in the Commonwealth of Massachusetts, and that its adoption of the Verizon Vermont Terms will only cover services in the service territory of Verizon in the Commonwealth of Massachusetts.
2. ITL's adoption of the Verizon Vermont Terms shall become effective upon the date that Verizon files this letter with the Massachusetts Department of Telecommunications and Energy ("Commission") (which Verizon will promptly do upon my receipt of a copy of this letter, countersigned by ITL as to points (A), (B) and (C) of paragraph 1 above) and remain in effect no longer than the date the GNAPS/Verizon Vermont agreement terminates. The GNAPS/Verizon Vermont agreement is currently scheduled to terminate on November 1, 2001. Thus, the Verizon Vermont Terms adopted by ITL also shall terminate on that date.

3. As the Verizon Vermont Terms are being adopted by ITL pursuant to the Merger Conditions, Verizon does not provide the Verizon Vermont Terms to ITL as either a voluntary or negotiated agreement. The filing and performance by Verizon of the Verizon Vermont Terms does not in any way constitute a waiver by Verizon of any position as to the Verizon Vermont Terms or a portion thereof. Nor does it constitute a waiver by Verizon of any rights and remedies it may have to seek review of the Verizon Vermont Terms, or to seek review of any provisions included in these Verizon Vermont Terms as a result of ITL's election pursuant to the Merger Conditions.
4. ITL's adoption of the Verizon Vermont Terms pursuant to the Merger Conditions is subject to all of the provisions of such Merger Conditions. Please note that the Merger Conditions exclude the following provisions from the interstate adoption requirements: state-specific pricing, state-specific performance measures, provisions that incorporate a determination reached in an arbitration conducted in the relevant state under 47 U.S.C. Section 252, provisions that incorporate the results of negotiations with a state commission or telecommunications carrier outside of the negotiation procedures of 47 U.S.C. Section 252(a)(1), and provisions from the GNAPS/Verizon Vermont agreement that are not required pursuant to Section 251(c) of the Telecommunications Act of 1996 (the "Act"). Verizon, however, does not oppose ITL's adoption of the Verizon Vermont Terms at this time, subject to the following reservations and exclusions:
  - (A) Verizon's standard pricing schedule for interconnection agreements (as such schedule may be amended from time to time) (attached as Appendix 2 hereto) shall apply to ITL's adoption of the Verizon Vermont Terms. ITL should note that the aforementioned pricing schedule may contain rates for certain services the terms for which are not included in the Verizon Vermont Terms and thus are not subject of this adoption. In an effort to expedite the adoption process, Verizon has not deleted such rates from the pricing schedule. However, the inclusion of such rates in no way obligates Verizon to provide the subject services and in no way waives Verizon's rights under the Merger Conditions.
  - (B) ITL's adoption of the Verizon Vermont Terms shall not obligate Verizon to provide any interconnection arrangement or unbundled network element unless it is feasible to provide given the technical, network and Operations Support Systems attributes and limitations in, and is consistent with the laws and regulatory requirements of the Commonwealth of Massachusetts and with applicable collective bargaining agreements.
  - (C) On January 25, 1999, the Supreme Court of the United States issued its decision on the appeals of the Eighth Circuit's decision in Iowa Utilities Board. The Supreme Court modified several of the FCC's and the Eighth Circuit's rulings regarding unbundled network elements and pricing

requirements under the Act. *AT&T Corp. v. Iowa Utilities Board*, 119 S. Ct. 721 (1999). Certain provisions of the Verizon Vermont Terms may be void or unenforceable as a result of the Supreme Court's decision of January 25, 1999, the United States Eighth Circuit Court of Appeals' decision in Docket No. 96-3321 regarding the FCC's pricing rules, and the current appeal before the Supreme Court of the United States regarding the FCC's UNE rules. Moreover, nothing herein shall be construed as or is intended to be a concession or admission by Verizon that any provision in the Verizon Vermont Terms complies with the rights and duties imposed by the Act, the decisions of the FCC and the Commissions, the decisions of the courts, or other law, and Verizon expressly reserves its full right to assert and pursue claims arising from or related to the Verizon Vermont Terms.

- (D) ITL's adoption of the Verizon Vermont Terms does not include any provisions related to reciprocal compensation, which provisions are not subject to the interstate adoption requirements under the Merger Conditions. For example, reciprocal compensation provisions constitute state-specific pricing, which as described above, is exempt from the interstate adoption requirements in the Merger Conditions. Also, because the obligation to pay reciprocal compensation is found in Section 251(b)(5), reciprocal compensation provisions are outside the scope of Merger Conditions' requirement permitting adoptions of provisions required to be provided under Section 251(c). Moreover, even if the Merger Conditions were misconstrued as encompassing not only items subject to Section 251(c), but also items subject to Section 251(b), it would still not obligate Verizon to permit the interstate adoption of compensation terms pertaining to Internet Traffic. The FCC found that Internet Traffic constitutes "information access" outside the scope of the reciprocal compensation obligations set forth in Section 251(b)(5).<sup>1</sup> Thus, even if the GNAPS/Verizon Vermont agreement were mistakenly construed as containing a voluntary commitment to pay compensation on Internet traffic, that commitment would be entirely outside the scope of the requirements of Section 251, and therefore not subject to the interstate adoption provisions of the Merger Conditions. Please contact Verizon at your earliest convenience to supplement ITL's adoption with an agreement regarding reciprocal compensation.
- (E) ITL's adoption does not include any terms that were arbitrated in the Verizon Vermont Terms.

5. Verizon reserves the right to deny ITL's adoption and/or application of the Verizon Vermont Terms, in whole or in part, at any time:

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<sup>1</sup> Order on Remand and Report and Order, In the Matters of: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68 (rel. April 27, 2001) ¶44.

- (A) when the costs of providing the Verizon Vermont Terms to ITL are greater than the costs of providing them to GNAPS;
  - (B) if the provision of the Verizon Vermont Terms to ITL is not technically feasible;
  - (C) if Verizon otherwise is not obligated to permit such adoption and/or application under the Merger Conditions or under applicable law.
6. Should ITL attempt to apply the Verizon Vermont Terms in a manner that conflicts with paragraphs 3-5 above, Verizon reserves its rights to seek appropriate legal and/or equitable relief.

Please arrange for a duly authorized representative of ITL to sign this letter in the space provided below and return it to the undersigned.

Sincerely,

VERIZON NEW ENGLAND INC., d/b/a VERIZON MASSACHUSETTS

\_\_\_\_\_  
Jeffrey A. Masoner  
Vice President – Interconnection Services Policy & Planning

Reviewed and countersigned as to points A, B, and C of paragraph 1:

INTERNATIONAL TELCOM, LTD.

\_\_\_\_\_  
By \_\_\_\_\_

Title \_\_\_\_\_

Attachment

c: Hernando Londono - Verizon (w/out attachments)