

August 24, 2001

Alexander Starr  
Chief  
Enforcement Bureau  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Dear Mr. Starr:

This letter responds to Covad's August 3, 2001 letter regarding its request to migrate loops from existing virtual collocation arrangements to existing physical collocation arrangements in certain central offices. Verizon operational personnel started migrating Covad's loops even before Covad filed its August 3<sup>rd</sup> letter with the Commission. Covad's claims about Verizon's collocation practices are meritless. It is Covad – not Verizon – that is responsible for any delay in completing loop migrations.

Covad claims that Verizon refused to migrate its existing customer loops from Covad's virtual collocation arrangement to its physical collocation arrangement in 16 central offices (11 in Pennsylvania, 4 in Maryland, and 1 in Virginia). Covad then claims that Verizon has actually agreed to migrate the loops only if Covad signs a waiver excluding the migration orders from the relevant performance measurements. Covad has mischaracterized the facts.

Covad currently has both a virtual and a physical collocation arrangement in each of the 16 central offices it identifies in its August 3, 2001 letter. Contrary to Covad's claims, Verizon has not refused to migrate Covad's loops. Rather, Verizon offered to handle the migrations on a project management basis in which Verizon and Covad would mutually manage and coordinate the schedule and completion of the physical work and any potential schedule changes. Under the project management process, Covad would have the flexibility to prioritize central offices where the requested migrations would be completed and to make subsequent changes to whatever schedule it initially adopted. A Verizon project manager would work with Covad to address any issues it might have such as making changes to its orders or modifying the timing for completing a batch of orders. For example, if Covad sought to change the completion schedule for an order it previously submitted, rather than submitting a local service request supplement for that loop, as required by Verizon's normal ordering process, Covad could simply call its project manager to make the change. Additionally, in the project management process, work is scheduled on mutually agreed upon dates, and Covad and Verizon personnel regularly review and adjust the schedule based on customer readiness and customer prioritization needs.

Since the project management process may involve the holding of orders or changing of due dates based on decisions made by Covad and Verizon's respective

project coordinators, Verizon asked Covad to agree that project-managed migration work would be excluded from the normal performance measurements calculation. This request was entirely reasonable given that in a project management scenario, Verizon works collaboratively with the CLEC and lacks sole responsibility over the order completion schedule.

Initially, Covad apparently misconstrued Verizon's request for the waiver as an indication that Verizon had refused to complete the migrations work absent the waiver. However, Verizon clarified that Covad was free to submit orders to re-terminate the loops as part of Verizon's normal course of business. Such orders would be included in the performance measurements. The email from Verizon to Covad in Attachment 1 indicates that although Covad had not signed the waiver to proceed with the project management effort that Covad could nevertheless submit local service requests to accomplish the migrations as part of Verizon's normal course of business. This means Covad would submit a single local service request for each Covad loop, which would proceed through Verizon's normal ordering process, to accomplish the disconnection of the loop from the virtual collocation arrangement and the re-connection of that loop to the physical collocation arrangement. While Verizon's performance for completing each of these orders would be included in the relevant performance measurements under this scenario, Covad would not have the flexibility to manipulate the scheduling of the work as it would under a project managed process.

The choice was Covad's, and Covad chose to proceed with the project management effort. Notably, although Covad feigns concern about including the migrations work in the performance measurements, its real agenda was revealed in a July 12, 2001 letter where it agreed to exclude the migrations from the performance measurements if Verizon would agree to complete the migration work for free. *See* Attachment 2. In any event, even though Covad has not agreed to waive the project-managed migration work from the performance measurements, Verizon has nevertheless started to migrate Covad's loops in good faith. On July 31, 2001, *before* Covad filed its August 3<sup>rd</sup> letter with the Commission, Verizon completed the migrations in the Damascus, MD office, which is identified in Covad's letter.

Verizon stands ready to complete the remaining migrations in all of the central offices identified by Covad. However, until August 16, 2001, Covad had failed to submit the necessary local service requests for the remaining central offices. For example, Verizon was ready to process local service requests for the migration work in the Exton, PA office on July 24, 2001, but Covad told Verizon to delay the work in that office and to complete the migrations in the Lansdowne central office instead. Verizon indicated that it could either complete the work in both central offices concurrently, or it could complete work in only the Lansdowne central office. *See* Attachment 1. However, until August 16<sup>th</sup>, Covad had failed to submit local service requests to migrate circuits in either office. On August 16<sup>th</sup>, Covad submitted local service requests in the Lansdowne office and Verizon has processed those orders. Verizon and Covad operational personnel have been in daily contact to discuss the status of this project. In an August 10, 2001 email to Verizon, Covad indicated it was not feasible for it to have the migration work occur

concurrently in two central offices due to Covad's "internal head count restraints." See Attachment 3. Consequently, it is Covad -- not Verizon-- that is responsible for any delay in completing the loop migrations.

Covad also contends Verizon has refused to commit to a time frame for completing the loop migration work. However, the time line for completing the migrations depends in large part on Covad itself and whether it delays the process by failing to submit local service requests in a timely manner or rescheduling work. Verizon has agreed that once it receives the appropriate local service requests, it will complete the conversions as expeditiously as possible, and Verizon has proved as much by already completing the migrations in the Damascus, MD central office. Moreover, as noted below, the fact that Covad continues to submit orders terminating loops to its virtual arrangements in several of the identified offices further undermines Verizon's ability to commit to a date certain for completion of the work.

Covad's next complaint is that Verizon has imposed excessive fees on Covad by charging it "a fee for the disconnect, a fee for the reconnect, and a fee for the new loops." Covad has misstated the facts and is simply trying to get something for nothing. Verizon does not charge Covad a fee for a new loop because there is no "new" loop involved in the loop migration process. Covad will still utilize the same UNE loop. The migration work simply re-terminates the loop from the virtual to the physical collocation arrangement. Therefore, Covad's claim that "it is as if Covad is being forced to undergo the up front expense of installing new loops for a second time" is mere hyperbole. Covad at 2.

In reality, Verizon charges Covad a disconnect fee, a reconnect fee and applicable service order processing fees to complete the migration work. These fees cover Verizon's costs for actually re-terminating the loops from Covad's virtual collocation arrangements to its physical arrangements and for processing Covad's local service requests. There is nothing unjust or discriminatory about these fees as Covad claims. In Pennsylvania, the fees are tariffed rates approved by the Pennsylvania commission, and they would apply to all carriers seeking to re-terminate a loop. (Maryland and Virginia do not require these fees to be tariffed). Covad has requested that Verizon move its loops from one place to another, and Verizon is entitled to recover its costs for this work. If Covad has a valid objection to these fees, it should pursue the dispute resolution process under its interconnection agreements or file a complaint with the appropriate state commissions.

Although Covad's primary complaints concern the migration of Covad's loops and the charges associated with that work, Covad also raises an issue which refers to activity that occurred over 2 years ago. Covad suggests Verizon improperly denied its requests for physical collocation in the 16 central offices where it now has virtual and physical arrangements. According to Covad, although Verizon denied its applications due to a lack of available space for physical collocation, space in those central offices "magically" "became" available after the Commission adopted certain collocation rules.

Covad is wrong. Verizon received Covad's requests for physical collocation in the specified central offices prior to March 31, 1999. At that time, Verizon properly informed Covad that there was no space available for physical collocation in those offices and offered Covad virtual collocation arrangements instead. Covad agreed to accept virtual arrangements in those offices.

Verizon's assessment regarding the lack of space for physical collocation in the specified central offices was consistent with the collocation rules that were in effect at the time it received Covad's physical collocation applications. On March 31, 1999, the Commission issued its *Advanced Services Order* which required incumbent carriers to make cageless collocation arrangements available in single-bay increments. *Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Dkt. 98-147, March 31, 1999 ("*Advanced Services Order*"). The then new cageless collocation arrangements required significantly less space than physical caged collocation.

As a result of the *Advanced Services Order*, Verizon reassessed the space in its central offices under the new requirements and determined that space was available to accommodate cageless collocation in a number of the central offices in which CLECs had previously sought physical collocation. Additionally, while the change in the Commission's rules was an important factor that resulted in additional physical collocation space, in some of the specified central offices, space became available due to events which occur in the normal course of business, such as the building of additions to central offices and the retirement of equipment. In addition, in some cases, Verizon re-located administrative functions to create collocation space, even though such action was not required by the Commission's rules.

As soon as Verizon determined that space for physical cageless collocation was available in the central offices for which Covad had previously sought physical collocation, Verizon informed Covad of that fact. Covad subsequently filed physical cageless collocation applications for the offices.

In short, Verizon's denial of Covad's initial requests for physical collocation in the specified offices was consistent with the then-applicable Commission rules. More importantly, though, despite the denials, Covad was still able to enter the market and serve its customers utilizing virtual collocation arrangements. Additionally, even though Covad now complains about the number of loops that require re-termination from its virtual to its physical collocation arrangements, Covad itself is responsible for unnecessarily increasing the number of loops terminated to its virtual collocation arrangements. In all of the central offices Covad identifies, Covad has continued to order loops for termination to its virtual arrangements even though Verizon has long ago completed Covad's physical collocation arrangements in those offices. In fact, in 6 of the offices Covad identifies, Covad has ordered loops for termination at its virtual collocation arrangements with due dates as late as August 2001.

Next, Covad repeats an argument it previously raised with the Enforcement Bureau. Covad claims it was unfairly forced to establish new physical collocation

arrangements in central offices where it already had virtual collocation arrangements because Verizon refused to just convert its existing, in-service virtual collocation arrangements to physical arrangements. The Enforcement Bureau has already denied Covad's request to make this claim the subject of its accelerated docket process, and Verizon previously provided information that proved to the Enforcement Bureau's satisfaction that Verizon's policies are consistent with the Commission's collocation rules. *See* February 25, 2000 Letter from David Solomon of the Enforcement Bureau to Verizon's Edward Young. As Verizon explained to the Enforcement Bureau, Verizon did not convert Covad's in-place virtual collocation arrangements to physical arrangements in every central office where Covad requested such conversions because in some cases, Covad's virtual collocation equipment was commingled with Verizon equipment in the same equipment bays and line ups. The Commission's rules have never required such commingling for physical collocation arrangements. In fact, this issue is still pending in the Commission's CC Docket 98-147. *See Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Dkt. 98-147, Order on Reconsideration and Second Further Notice of Proposed Rulemaking, 15 FCC Rcd. 17806 (2000). Given the commingled nature of the equipment, Verizon could not implement the reasonable security measures permitted under the Commission's rules to properly protect its equipment. In those instances, Verizon agreed to provide cageless collocation to Covad in other areas in the same offices where space for cageless collocation was available.

Finally, Covad claims Verizon has disconnected 2 Covad customers. Without the relevant order detail or specific information about the circuits involved in these alleged disconnections, Verizon can not provide a substantive response to this complaint.

In sum, Covad's complaint about the migration of its loops from virtual to physical collocation arrangements is meritless and fails to raise any competitively significant issues. The fact remains that Covad is serving customers today in each of the central offices it identifies. This fact alone demonstrates Verizon has provided Covad with the collocation arrangements and unbundled loops it has requested. In fact, as of July 31, 2001, Verizon has provided Covad over [600] collocation arrangements throughout the former Bell Atlantic states and approximately [120] arrangements in Pennsylvania.

Moreover, Verizon has already started completing Covad's requested loop migrations and the only delay in completing this work has been Covad's failure to submit the necessary local service requests in a timely fashion. Covad's complaints about the charges associated with the migration work boil down to little more than an attempt to get something for nothing. Despite Covad's complaints, Verizon's recovery of the costs it legitimately incurs for re-terminating loops on Covad's behalf says nothing about whether Verizon provides collocation at rates, terms and conditions that are just, reasonable and nondiscriminatory. For all of these reasons, the Commission should reject Covad's complaints out of hand.

Sincerely,

Jason Groves


cc: Michelle Carey  
Chief  
Policy Division, Common Carrier Bureau  
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445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

cc: Jason D. Oxman  
Senior Counsel  
Covad Communications  
600 14<sup>th</sup> Street, N.W.  
Suite 750  
Washington, D.C. 20005

# **ATTACHMENT 1**



EUGENE WINSTON  
08/10/2001 01:19 PM

To: "Shafer, Betsy" <bshafer@covad.com>  
cc: CYNTHIA T. ROYSTER/EMPLVA/Bell-Atl, Shelton L. Ricks/EMPLVA/Bell-Atl@VZNotes  
Subject: RE: COVAD VIRTUAL TO PHYSICAL CCOE PROJECT 

Betsy,

Thanks for the update and I know you are anxious to get started. Just to remind even though the waiver letter hasn't been signed off by all your departments there is still the option of moving ahead with the virtual to physical changes in Lansdowne. As discussed, we could execute the changes on a regular PON basis. The orders would be issued as the PONs are received without inter company coordination. The orders would be queried or confirmed within 24v hours and the due dates would reflect the dates requested by COVAD. As such there would be no project coordination, and if changes are required COVAD would have to issue supps.

The offering to handle the Virtual to physical changes for both Exton and Lansdowne simultaneously remains on the table should you desire to moving forward. We do understand however that currently Lansdowne is your priority and where we will start. Moreover it is our current understanding that when Lansdowne is complete we will start with the virtual to physical changes in Exton.

Please advise of any changes.

Thanks...Eugene



## **ATTACHMENT 2**



101 Whately Road  
Conway, MA 01341

(413) 369-0123

**SENT VIA E-MAIL**

Dave Russell, Account Team Manager  
Verizon  
125 High Street  
Boston, MA

July 12, 2001

Dave:

Please accept this letter as authorization to exclude certain Covad UNE Loop Local Service Requests in connection with in the Virtual to Physical Conversion Project from the measurements for (1) Firm Order Confirmation (FOC) and Reject Timeliness and (2) service order intervals. Covad is willing to allow the exclusion of these orders from the metrics under the following conditions:

- 1) Verizon does not charge Covad for the conversion of these orders, virtual Collocation was Verizon's creation, not something Covad requested. Covad advocated for Cageless Collocation. This conversion is necessary because Virtual Collocation does not work.
- 2) Verizon commits to meeting the central office by central office completion schedule as agreed to with Verizons appointed Project Manager.
- 3) If the conversion is not completed by the mutually agreed date, Verizon agrees to cease billing Covad for the virtual collocation arrangements in that central office. (Related thereto, it is also our understanding that the schedule will be based upon Verizon converting 25 to 50 lines per night.)

Unless I hear otherwise from you, we will assume that Verizon agrees with the conditions set forth above. Please call me if you have any questions.

John Berard  
Director, ILEC Relations

# **ATTACHMENT 3**



"Shafer, Betsy" <bshafer@covad.com> on 08/10/2001 08:54:05 AM

To: EUGENE WINSTON/EMPL/VA/Bell-Atl@VZNotes  
cc: CYNTHIA T. ROYSTER/EMPL/VA/Bell-Atl@VZNotes  
Subject: RE: COVAD VIRTUAL TO PHYSICAL CCOE PROJECT

Eugene,

We are still waiting for approval on the Exclusion letter from our Network Deployment group. We expect to have them sign-off on it by the early next week. John will be able to provide you with an update on Monday's Operations call, although I am fairly certain that he has been in contact with Pat to update him on the situation.

After speaking with our NOC, we have determined that converting 2 CO's at the same time would not be feasible at this time due to head-count restraints.

Please let me know if you have any questions.

Thanks,