

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Verizon North Inc. (f/k/a GTE North)
Incorporated) and Verizon South Inc.)
(f/k/a GTE South Incorporated))
) Docket No. 00-____
Petition seeking approval of cost studies)
for Unbundled Network Elements, avoided)
costs and intrastate switched access)
services.)

PETITION OF
VERIZON NORTH INC. AND VERIZON SOUTH INC.

Verizon North Inc. (f/k/a GTE North Incorporated), and Verizon South Inc. (f/k/a GTE South Incorporated), (collectively “Verizon”) by and through their attorneys, hereby files this Petition in compliance with the directives of prior Orders of the Illinois Commerce Commission (“Commission”). In this Petition Verizon seeks approval of three matters: (1) Its Unbundled Network Element (“UNE”) cost study; (2) its avoided cost study; and (3) its updated intrastate switched access cost study. In support of this Petition Verizon states as follows:

1. In Docket No. 98-0866, the Commission entered an Order approving the Merger of GTE and Bell Atlantic (“Merger Order”). In the Merger Order, at Merger Condition 22, the Commission required Verizon to file an updated UNE cost study within six months of Merger closure, which would be no later than December 30, 2000. *Application for the Approval of a Corporate Reorganization Involving a Merger of GTE Corporation and Bell Atlantic Corporation*, Docket No. 98-0866 at 45.

2. On May 16, 2000, in Docket Nos. 97-0601, 97-0602, and 97-0516 (consol.), the Commission entered an Order on Reopening requiring, among other things, that Verizon file updated Long Run Service Incremental Cost Studies (“LRSICs”) for intrastate switched access services within 30 days of the entry of the Order on Reopening. Subsequent to the entry of the

Order on Reopening, the Commission granted Verizon's request to defer filing the intrastate switched access LRSIC studies until such time as its updated UNE cost studies were filed. Order, Docket Nos. 97-0601/97-0602/97-0516 (consol.), entered June 21, 2000 ("June 21 Order").

3. In accord with the Merger Order and the June 21, Order, Verizon files with this Petition its UNE cost studies, its associated avoided cost study, and its intrastate switched access LRSIC studies. Condition No. 20 of the Merger Order provides: "GTE shall continue to work with the Commission to reach final, Commission approved, wholesale service rates" (Merger Order at 45). Also, Condition No. 21 of the Merger Order provides "GTE shall continue to work with the Commission to reach final, Commission approved, unbundled network element, interconnection, transport and termination rates." *Id.* Thus, with this filing, Verizon also satisfies its compliance obligations under the Commission's earlier Orders, in addition to conditions 20, 21 and 22 of the Merger Order.

4. As noted herein, Verizon's filing is composed of the three cost studies—one study each for UNEs, avoided costs, and intrastate switched access. In support of these studies and this Petition, Verizon also files the direct testimony of six witnesses:

- David Tucek – who sponsors and explains the Total Element Long Run Incremental Cost ("TELRIC") cost study, including the use of the Integrated Cost Model ("ICM");
- Terry Dye – who addresses various monthly recurring and non-recurring costs for UNEs and switched access;

- Mishelle Richardson – who describes Verizon’s Operations Support Systems (“OSS”) and the projects both targeted and implemented to provide OSS;
- Richard Werner – who describes the financial systems used to identify OSS costs and the total costs for the OSS transition;
- Barbara Ellis – who presents TELRICs for non-recurring costs caused when wholesale UNEs, resale and access services are ordered from Verizon; and
- Connie Zigler – who sponsors the avoided discount study.

5. Verizon’s UNE cost study and intrastate switched access LRSIC studies employ the use of a new cost model, the Integrated Cost Model (“ICM”). As a result, the Commission Staff and other parties undoubtedly will require time to understand and work with this model. To this end, Verizon is providing to Staff and other interested parties electronic copies of each cost study. Portions of these studies have been marked as confidential and proprietary. Accordingly, Verizon is filing contemporaneously with this Petition a separate Motion for Protective Order seeking to protect such confidential and proprietary information.

6. It is Verizon’s position that a tariff is not necessary for the provision of UNEs and that the requirement of such a tariff could be contrary to the law. *Verizon North Incorporated, et al. v. Strand et al.*, No 5:98-CV-38 (W.D. Mich. December 6, 2000). Without waiving this position, and pursuant to discussions with the Commission Staff, Verizon will submit as part of its evidentiary filing in this proceeding an illustrative tariff for UNE rates on or before January 31, 2001.

7. With respect to its intrastate switched access services, Verizon proposes no alteration to the terms and conditions of its existing tariffs at this time. Consequently, Verizon proposes to maintain its existing intrastate switched access tariffs, subject to a proposed

amendment to current rates at a later time following approval of the study. This process fully complies with the Commission's Order on Reopening in Docket Nos. 97-0601/97-0602/97-0516 (consol.) that specifically directed Verizon to file updated LRSIC studies for intrastate switched access services.

8. In conclusion, this Petition demonstrates Verizon's compliance with the Commission's Merger Order and its Order concerning intrastate switched access LRSIC studies. With this Petition, Verizon has presented testimony and supporting documentation that demonstrates that its proposed wholesale discounts, UNE and intrastate switched access cost studies are just and reasonable. Accordingly, the Commission should approve this Petition and direct Verizon to file rates based on the studies approved herein.

WHEREFORE, Verizon respectfully requests the Illinois Commerce Commission to approve this Petition.

Dated: December 21, 2000.

Respectfully submitted,

VERIZON NORTH INC. AND VERIZON SOUTH
INC.

By: _____
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