Decision 06-07-033 July 20, 2006

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Petition of Verizon California Inc. (U 1002 C) for Arbitration of an Amendment to Interconnection Agreements with Competitive Local Exchange Carriers and Commercial Mobile Radio Service Providers in California Pursuant to Section 252 of the Communications Act of 1934, as Amended, and the Triennial Review Order.	Application 04-03-014 (Filed March 10, 2004)

DECISION RESOLVING FINAL ISSUES IN AMENDMENT TO INTERCONNECTION AGREEMENTS

I. Summary

While most disputed issues in this arbitration proceeding were resolved in Decision (D.) 06-02-035, Verizon California Inc. (Verizon) and the Competitive Local Exchange Carriers (CLECs) found additional areas of disagreement as they were attempting to prepare the Amendment to conform to our directions in D.06-02-035. In this decision, we resolve the remaining disputed issues and order parties to file the conformed Amendment as an Advice Letter.

II. Background

In orders issued in 2003 and 2005, known, respectively as the *Triennial Review Order*[1] *(TRO)* and the *Triennial Review Remand Order*[2] *(TRRO),* the Federal

[1] *In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, Report and Order and Order on Remand and Further Notice of Proposed Rulemaking,* 18 FCC Rcd. 16,978, FCC 03-36 (2003).

Communications Commission (FCC) eliminated or restricted the unbundling obligations for numerous unbundled network elements (UNEs). Verizon filed this petition for arbitration in March 2004 in an effort to implement change-of-law provisions emanating from the FCC's *TRO* order. The parties attempted to negotiate amendments to their interconnection agreements (ICAs) in order to implement the changes in unbundling rules, and eventually brought 24 disputed issues to the Commission to resolve.

Parties filed Opening Briefs on the disputed issues on December 23, 2005, and Reply Briefs, on January 13, 2006. In D.06-02-035, we resolved the disputed issues and, in Ordering Paragraph 2, we ordered the parties to file the final version of the Amendment as an Advice Letter with the Commission's Telecommunications Division within 30 days of the effective date of our order.

Following issuance of D.06-02-035, the parties worked to prepare a conformed version of the amendment. However, in a number of instances, the parties believed that it was necessary to add or delete language that the Commission did not specifically order added or stricken. Verizon filed its brief on the conforming language disputes on March 22, 2006, as did AT&T (operating as a CLEC in Verizon's territory). The Joint CLECs filed their comments on the disputed contract language on March 30, 2006.

III. Disputed Issues

The parties brought eight disputed issues for the Commission to resolve in this decision.

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[2] *In the Matter of Unbundled Access to Network Elements; Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, Order on Remand,* 20 FCC Rcd 2533, FCC 04-290 (rel. Feb. 4, 2005) (TRRO).

A. Section 3.5

Verizon asks that the Commission add the following caveat to Section 3.5: "to the extent that it is not in conflict with the terms in the underlying Agreement…" Verizon bases its request on the fact that the Commission made a similar change to Section 3.5.4.1 in D.06-02-035.

We decline to make the change that Verizon proposes. The language in Section 3.5.4.1 reflects the fact that the parties have agreed to a provision that access rates would be applied to Section 251(c)(2) interconnection facilities. However, if we were to apply those same terms to Section 3.5, it would mean that affected CLECs would not have access to high capacity transport for interconnection purposes, if it was in conflict with the underlying agreement. That violates the rights granted to CLECs in the *TRRO.* We have determined that CLECs are entitled to access to high capacity transport for interconnection purposes, and adding the language that Verizon proposes could eliminate that right. We are not willing to do that.

Verizon's proposed language in Section 3.5 is rejected.

B. Sections 3.7.1 and 3.7.2

The parties have several disputes regarding the language in §§ 3.7.1 and 3.7.2. We note that Verizon reformatted §§ 3.7.1 and 3.7.2 and edited those sections without explanation of why they should deviate from what we ordered in D.06-02-035. We reject Verizon's reformatting and editing of those sections.

First, the CLECs assert that Verizon has added language to Section 3.7.1. They are correct. On page 67 of D.06-02-035, we adopted the CLECs' language in Section 3.7.1 and did not adopt Verizon's proposed language. Therefore, we reject the additional language proposed by Verizon. The adopted language in Section 3.7.1 reads as follows:

> Effective as of March 11, 2005, and subject to the transition requirements set forth in Section 3.7.3 below, Verizon is not required, pursuant to Section 251(c)(3) of the Act, to provide **CLEC** with access to Mass Market Switching (which, for purposes of this Amendment, means local circuit switching used for the purpose of serving a Mass Market Customer, and does not include Four Line Carve Out Switching) on an unbundled basis.

Second, Verizon proposes to delete the final phrase in the first paragraph of Section 3.7.2 proposed by the CLECs that suggests that the Commission has the power to modify FCC rules. We concur with Verizon that the California Commission does not have the authority to modify FCC rules. The following language will be adopted for the first paragraph of Section 3.7.2:

> Verizon shall continue to provide access to Mass Market Switching to **CLEC** for **CLEC** to serve its embedded base of customers in accordance with 47 C.F.R. 51.319(d)(2)(iii).

Third, we will make clear in the second paragraph of Section 3.7.2 that certain aspects of Section 3.7.2 are limited to CLECs covered by the provisions of D.05-03-027. This is consistent with our finding on page 68 of D.06-02-035. The adopted language reads as follows:

> Those CLECs that are covered by the provisions of D.05-03-027 shall be able to initiate, and Verizon shall accept, new orders for new Mass Market Switching service arrangements for CLEC's Embedded Base customers until May 1, 2005. **CLEC** shall be entitled to initiate feature add and/or change orders, record orders, and disconnect orders for Embedded Base customers. Those CLECs that are covered by the provisions of D.05-03-027 shall also be entitled to initiate orders for the conversion of UNE-P to a UNE line splitting arrangement to serve the same end user and UNE line splitting arrangement to UNE-P for the same end user.

Fourth, Verizon proposes to eliminate CLEC proposed language that Verizon believes is confusing or fails to properly recognize the deadline for transitioning the embedded base of UNE-P arrangements. The CLECs disagree, saying that the language is designed to eliminate all doubt about the effect of D.05-03-027. The CLECs assert that since the Commission explicitly ruled[3] that the Amendment should contain language acknowledging the effect of D.05-03-027, the Commission should now direct that the language of the third through fifth paragraphs and the dependent clause at the beginning of the sixth paragraph of Section 3.7.2 as proposed by the CLECs should be included in the Amendment.

We concur with Verizon that the third paragraph under Section 3.7.2 should be deleted. That paragraph refers to a Section 2.1.1.1, but there is no Section 2.1.1.1 in the Amendment. Also, that paragraph refers to the Local Circuit Switch, but that term is not defined.

However, we agree with the CLECs that the fourth and fifth paragraphs, and the introductory clause on the sixth paragraph should be included in the Amendment. Those paragraphs are necessary to spell out the rights of those CLECs covered by D.05-03-027. Also, Verizon objects to the reference to the FCC's rule in the introductory clause to the final paragraph, but we see no objection in referring to that rule. However, in response to Verizon's suggestion, we will change the reference to the rule to the proper citation format. Those three paragraphs read as follows:

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[3] D.06-02-035 (Decision) at 67-71.

> Verizon shall continue to provide access to Mass Market Switching for **CLEC** to serve its embedded base of customers under this Section. In accordance with and only to the extent permitted by the terms and conditions set forth in this Amendment, for a transitional period of time, ending for a particular ULS/UNE-P arrangement upon the earlier of:
>
> (a) **CLEC's** disconnection or other discontinuance (except Suspend/Restore) of use of such ULS or UNE-P arrangement;
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> (b) **CLEC's** transition of such ULS Element(s) or UNE-P arrangement to an alternative arrangement; or
>
> (c) March 11, 2006.
>
> In accordance with 47 C.F.R. 51.319(d)(2)(ii), **CLEC** shall migrate its embedded end user customer base off of the Mass Market Switching element to an alternative arrangement no later than March 10, 2006.

We recognize that the deadlines in the paragraphs cited above are in the past, but we need to make clear the CLECs' rights and Verizon's obligations during the period in question. Those paragraphs accomplish that goal.

The parties agree that the Draft Decision (DD) neglected to resolve the disputed language in paragraph 7 of Section 3.7.2. The CLECs urge the Commission to adopt the language, along with the other adopted language in Section 3.7.2. Verizon believes that it would create ambiguity to adopt that CLECs' proposed language since the issue is already addressed in the other paragraphs of section 3.7.2 and in sections 3.9.1, 3.9.1.1, 3.9.2 and 3.9.2.1. For example, Verizon asserts that the Commission-ordered provisions require the CLEC to place orders for alternative services not later than a date that allows Verizon adequate time to complete the conversion or migration prior to the end of the transition period. Verizon is concerned that the CLECs might argue that the disputed language in the seventh paragraph of section 3.7.2 allows them to

place orders at any time during the transition period under the "Mass Market Switching Transition Plan," a term that Verizon points out is not defined elsewhere in the amendment. Verizon's position on this issue is adopted. The CLECs' language at the beginning of paragraph 7 of section 3.7.2 is deleted. We are concerned that because the "Mass Market Switching Transition Plan" is not defined, it could lead to disputes between the parties.

Finally, the CLECs point out that the Commission adopted the CLEC language for the eighth paragraph of Section 3.7.2.[4] The CLECs note that Verizon completely re-wrote the paragraph and renumbered it as Section 3.7.2.2. As noted above, we are rejecting all of Verizon's proposals to reformat and edit language we adopted in D.06-02-035. Verizon's Section 3.7.2.2 is rejected, and the eighth paragraph of Section of 3.7.2 is reaffirmed.

C. Section 3.8

Section 3.8 spells out the nonrecurring charges that CLECs must pay in order to transition services. According to the CLECs, the disputed language in Section 3.8 is an attempt by Verizon to re-work language that was proposed by the CLECs, but rejected in D.06-02-035. The CLECs assert that Verizon's approach does not work. Instead, it results in ambiguity and potentially an outcome that is entirely different from that the Commission adopted.

Verizon's proposed language reads as follows:

> …and any associated service order charges, including, without limitation, orders relating to LSRs or ASRs that are submitted in writing on a project basis, shall be assessed.

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[4] Decision at 72.

The CLECs object to Verizon's proposed revision saying that it fails to address how service order charges will be applied (i.e., based on how the CLEC submits its order), thus leaving that issue open to interpretation. In addition, the CLECs state that Verizon's language seems to imply that Verizon could assess the service order portion of the non-recurring disconnect charge for UNE loop that remains in place as a result of a transition from UNE-P to UNE-L. The Commission however, did not authorize this new proposal.

In response, the CLECs propose the following language:

> any associated service order charges shall be assessed based on how **CLEC** submits its service orders.

We find that the CLECs' proposed language has greater specificity as to the specific charges that would apply. The charges vary depending on how the order is submitted, and Verizon's language does not reflect that variation. Therefore, we will adopt the CLECs' proposed language.

In its comments on the DD, Verizon asserts that there was no dispute over the language in Section 3.8, and therefore urges the Commission to reject the language proposed by the CLECs. The CLECs say that Verizon is "mistaken." We have no crystal ball to determine the truth of the matter so we will make our decision based strictly on the language presented. We reiterate our finding above that the CLECs' proposed language lends clarity to the paragraph and will be adopted.

D. Section 3.11.1.3.4 (previously numbered 3.11.1.4)

In D.06-02-035, the Commission adopted CLEC language intended to ensure that conversions occur with a minimum of disruption to end users. The Commission was persuaded to adopt this language, in part, because AT&T, the Incumbent Local Exchange Carrier (ILEC), had agreed to similar language in its

TRO/TRRO Amendment. In accordance with the AT&T decision, the language adopted in Section 3.11.1.3.3 reads as follows (with emphasis added):

> Verizon will complete ***CLEC** conversion orders in accordance with the OSS guidelines in place in support of the conversion that **CLEC** is requesting with ***any disruption to the end user's service reduced to a minimum or***, where technically feasible given current systems and processes, no disruption should occur. ***Where disruption is unavoidable,*** due to technical considerations, Verizon shall accomplish such conversions in a manner to ***minimize any disruption*** detectable to the end user. Where necessary or appropriate, Verizon and **CLEC** shall coordinate such conversions.

Verizon is not challenging this language but asks the Commission to reject the CLECs' attempt to insert other language that conflicts with the adopted language and that the Commission apparently overlooked. Specifically, in the paragraph at the end of Section 3.11.1.3.4, CLECs have proposed language that would require Verizon to perform conversions with no service disruptions at all:

> Verizon shall perform any conversion from a wholesale service or group of wholesale services to an unbundled Network Element or Combination of unbundled Network Elements, in such a way so that ***no service interruption*** as a result of the conversion will be discernable to the end user customers.

Verizon states that the Commission should reject the language cited above because it conflicts with the first paragraph cited above from Section 3.11.1.3.3. Verizon points out that in this arbitration proceeding the Commission repeatedly rejected a strict liability standard for service interruptions. Verizon states that when the CLECs proposed language associated with Issues 10(d)(5) and 13(h), that would have required Verizon to perform conversions in a "seamless" manner and without adversely affecting the end-user's service quality, the Commission rejected it saying: "The language proposed by the CLECs does not

reflect the fact that service disruptions may occur in the conversion process."[5] And in deciding under Issue 13(h) that service disruptions should be "reduced to a minimum" (as opposed to completely eliminated), the Commission relied on its discussion of seamless transitions under Issue 10(d)(5).[6]

AT&T asserts that although the two passages may appear inconsistent, the passages should be interpreted to mean that whenever disruption is unavoidable due to technical considerations, Verizon is required to accomplish such conversions in a manner to minimize any disruption detectable to the end user.

The CLECs are correct that we adopted Section 3.11.1.3.4 with the paragraph cited above. However, that particular paragraph under Section 3.11.1.3.4 was not discussed, nor was the seeming inconsistency between the paragraphs cited above pointed out to the Commission.

While AT&T and the other CLECs see no inconsistency between the two paragraphs, we do find the two paragraphs to be inconsistent. In its comments, AT&T talks about the need to "minimize any disruption to the end user" whenever "disruption is unavoidable due to technical considerations." That language recognizes that some disruptions could be unavoidable, which is reflected in the adopted language in Section 3.11.1.3.3. Since we have found that some disruptions may be avoidable, it is not appropriate to include a section that says that there will be <u>no</u> service interruptions. Therefore, the paragraph that AT&T and the other CLECs propose in Section 3.11.1.3.4, which mandates that there be no service interruptions as a result of the conversion, is rejected.

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[5] Decision at 42.

[6] Decision at 72.

E. Section 3.11.1.1.5 (previously numbered 3.11.1.1.1)

In D.06-02-035, we adopted detailed language regarding Verizon's commingling obligations. In the *TRO,* the FCC modified its rules "to affirmatively permit requesting carriers to commingle UNEs and combinations of UNEs with services (e.g., switched and special access services offered pursuant to tariff) and to require incumbent LECs to perform the necessary functions to effectuate such commingling upon request."[7] We agreed with the CLECs that having greater specificity in the amendment will minimize disputes between the CLECs and Verizon later on.

In D.06-02-035, we adopted the CLECs' proposed language on commingling, with some changes.[8] Included in the language was the following paragraph that Verizon now wants to delete:

> Unless expressly prohibited by the terms of this Amendment, Verizon shall permit **CLEC** to connect an unbundled Network Element or a Combination of unbundled Network Elements with (i) wholesale services obtained from Verizon, (ii) services obtained from third parties or (iii) facilities provided by **CLEC**. For purposes of example only, **CLEC** may Commingle unbundled Network Elements or Combinations of unbundled Network Elements with other services and facilities including, but not limited to, switched and special access services, or services purchased under resale arrangements with Verizon.

In its *Errata* brief on conforming language disputes, Verizon states that the above language is inconsistent with the Commission's ruling deleting similar

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[7] *TRO* ¶ 579.

[8] Decision at 81-82.

language with respect to connection of third-party facilities. Verizon also expresses concern that the language might be interpreted to allow CLECs to perform work on Verizon's network to connect UNEs to wholesale services.

We adopted the language in question in D.06-02-035, and we find the paragraph provides a good summary of Verizon's obligations for commingling and it will be included in the amendment. We reiterate our belief that greater specificity in the Amendment will reduce disputes between the parties. However, to address Verizon's concern that the language could be interpreted to allow CLECs to perform work on Verizon's network, we will add the following sentence at the end of the paragraph:

> Nothing in this section shall be construed to allow **CLEC** to perform the work on Verizon's network to connect UNEs to wholesale services.

F. Section 3.12.1.1

Verizon states that in the section on Routine Network Modifications in D.06-02-035, the Commission held that Verizon should be required as a routine network modification to install "a short stub to connect two existing cable circuits which Verizon would do for its own customers."[9] Section 3.12.1.1, which is intended to effectuate this holding, does not exactly conform to this ruling, because it fails to specify that only "short" cable stubs are required. Verizon proposes to include the word "short" to make it clear that CLECs are not entitled to what amounts to new cable construction.

The CLECs object to Verizon's proposal, saying Verizon takes an observation of the Commission in the Order and turns it into language inserted

[9] Decision at 116.

into the text of Section 3.12.1.1. The CLECS had argued that a cable stub is, by definition, "short" and that, therefore, if Verizon would install such a stub for its own customers, the FCC's ruling that ILECs need not construct entirely new loops for CLECs is no impediment to requiring Verizon to place cable stubs for CLECs.[10] However, the CLECs point out at no point did the parties agree to the insertion of the word "short" before the phrase "cable stubs" and there is no definition of either "short" or "cable stubs" in the Amendment. The CLECs believe that the addition of the adjective "short" is likely to result in disagreements between Verizon and the CLECs.

We agree with the CLECs. Since the terms "short" and "cable stub" are not defined, it could lead to disputes between the parties as to their meaning. Verizon's proposal to add the word "short" to Section 3.12.1.1 is rejected.

G. Sections 4.7.10 and 4.7.19

Verizon asserts that the definitions of "dedicated transport" and "entrance facility" must be revised to avoid undermining the Commission's decision to leave in place existing rates and terms for Section 251(c)(2) interconnection. These definitions include language which allows the relevant facilities to be reclassified as an interconnection facility at no charge where no physical work is required. Verizon states that a CLEC might contend that such facilities must be provided as interconnection facilities and priced at TELRIC under § 251(c)(2)(d). According to Verizon, §§ 4.7.10 and 4.7.19 are inconsistent with the Commission's determination not to override the rate provisions of existing agreements. Verizon says that the two sections should be modified to make clear

[10] CLECs Reply Brief at 119-120.

that the free reclassification permitted in those sections does not apply where inconsistent with the terms of the underlying ICA.

The CLECs object to Verizon's proposed language saying that the new language would limit the right of CLECs to reclassify such facilities if doing so would be inconsistent with the underlying agreement. It would undercut the right of CLECs to obtain amendment interconnection provisions that reflect the changes of law resulting from the FCC's adoption of the *TRO* and *TRRO*.

The CLECs point out that prior to the *TRO* and *TRRO*, there was little reason for CLECs to distinguish between § 251(c)(3) UNEs and § 251(c)(2) interconnection facilities. However, even if an ICA contains provisions that explicitly or implicitly would conflict with the reclassification rights adopted in D.06-02-035, the subject provisions most certainly would not have been agreed to in the context of the elimination of § 251(c)(3) UNEs. The CLECs assert that allowing pre-existing provisions for UNEs and interconnection facilities to continue to operate in a manner that would prohibit or limit reclassifications would be contrary to the purposes of this proceeding.

We agree with the CLECs that allowing pre-existing provisions that would prohibit or limit reclassifications is at odds with the stated intent of this proceeding, which is to adopt provisions for ICAs that reflect the significant changes of law that have resulted from the *TRO* and *TRRO*. The statement we made on page 99 of D.06-02-035 referred to the *rates* to be charged for entrance facilities. We concluded that if the parties had agreed to rates for interconnection in the underlying ICA, we would not change those rates in the amendment. However, Verizon is attempting to expand this statement to include terms and conditions under which interconnection facilities are available to CLECs. Verizon's proposed language in §§ 4.7.10 and 4.7.19 is rejected.

H. Pricing Attachment Section 1.2

According to Verizon, the Commission adopted Section 1.2 nearly as proposed by Verizon. The only exception was to tariff references, which Verizon deleted as ordered. However, the CLECs propose to delete Section 1.2 and insert a new Section 1.2 which reads as follows:

> Charges for Services provided under the Amended agreement shall be those set forth in Exhibit A of this Pricing Attachment. The Charges stated in Exhibit A of this Pricing Attachment shall be automatically superseded by any new Charge(s) when such new Charge(s) are required by any order of the Commission or the FCC, approved by the Commission or the FCC, provided such new Charge(s) are not subject to a stay issued by any court of competent jurisdiction.

Verizon urges the Commission to reject this language. Verizon is concerned that by reciting that all charges for services provided under the agreement are necessarily included in Exhibit A of the Pricing Attachment, the language might be interpreted to negate the Commission's decision allowing Verizon to be compensated for various charges that may not be stated in Exhibit A—including certain nonrecurring charges in Section 3.8 and the surcharges permitted under Section 3.9.2.1. Verizon points out that Exhibit A to the amendment does not set forth all charges for all services that Verizon is required to provide under the parties' amended ICAs.

Verizon also urges the Commission to reject the CLECs' request to delete language the Commission approved for the pricing attachment and add other language the Commission did not order. The language the CLECs seek to add is underlined and the language they propose to delete is shown in bold italics as follows:

> Subject to compliance with applicable change-of-law provisions of the Amended Agreement, the Charges stated in exhibit A of this Pricing Attachment shall be automatically superseded by any new Charge(s) when such new Charge(s) are required by any order of the Commission of the FCC, approved by the Commission or the FCC, **or otherwise allowed to go into effect by the Commission or the FCC,** provided such new Charge(s) are not subject to a stay issued by any court of competent jurisdiction.

Verizon states that the CLECs' proposed language would render the remaining language meaningless. The approved language allows Verizon to automatically implement new charges that are approved by the FCC or the Commission. The CLECs' new language, however, might allow the CLECs to insist on a change-of-law proceeding to implement approved rates, thereby nullifying the language stating that "[t]he Charges stated in Exhibit A of this Pricing attachment shall be automatically superseded by any new Charge(s)." Verizon's points out that the change-of-law provisions in many, if not all agreements are not triggered by rate changes.

The CLECs dispute Verizon's allegations, saying that there is no question that the Commission did not agree to allow Verizon to charge rates for routine network modifications that are derived from any of the CLECs' underlying ICAs.[11] Further, since the Commission will not allow Verizon to charge rates that it has not reviewed and approved, the phrase, "or otherwise allowed to go into effect by the Commission or the FCC," should come out of the section. As made

[11] The CLECs cite the following from the Decision at 135-136: "Therefore, since we have not had an opportunity to examine the rates in the underlying ICAs to determine whether the costs of those RNMs are being recovered in existing UNE rates, we will not allow Verizon to charge the rates in the underlying ICAs."

clear by Verizon's parenthetical phrase that the Commission rejected ("including, but not limited to, in a tariff that has been filed with the Commission or the FCC),") the above language refers to a situation in which Verizon has filed a tariff, but neither this Commission nor the FCC has actively reviewed the charges, and the rates have gone into effect without review.

We will delete Verizon's proposed phrase "or otherwise allowed to go into effect by the Commission or the FCC." As the CLECs say, that could refer to a tariff, and we have determined that CLECs should have certainty in the prices they will pay so the Amendment should not reference Verizon's tariff which could change over time.

In their comments on the DD, the CLECs defend their inclusion of the phrase: "Subject to compliance with applicable change-of-law provisions of the Amended Agreement…" According to the CLECs, the Commission should not depart from its ten-year practice of requiring new UNE rates to be inserted by amendment into the parties' ICAs. The CLECs state that in every previous adjustment of UNE rates, the Commission has required the ILECs to file the new rates in an ICA amendment before they become effective. This gives the CLECs the opportunity to review the rates and ensure that they conform completely to the Commission's directions in its order establishing the new rates. The CLECs' position has merit; we see that there could be disputes if we made the rates effective without the filing of an amendment to the ICA. The CLECs propose alternate language: "Subject to their insertion into the Agreement by amendment…" We prefer that language and will adopt it.

We have added language to address Verizon's concern that the CLECs could refuse to pay charges which appear in the Amendment, but are not included in Exhibit A.

We have also adopted language to address the CLECs' concern that if the Commission or FCC stayed the effectiveness of the rates pending further consideration, Verizon would nonetheless be empowered by their proposed language to begin charging the new rates, notwithstanding the Commission or FCC stay. We have reworded the clause as follows: "provided such new charges are not subject to a stay issued by the Commission, the FCC, or any court of competent jurisdiction."

According to Verizon, the DD's reference to "amendment" rather than "amended agreement" in Pricing 1.2 is problematic because it suggests that the charges for all services provided under the entire amended agreement are set forth in the amendment and its pricing attachment. This is incorrect because the amendment and Exhibit A to the pricing attachment only address certain *TRO*- and *TRRO*-related services. The amendment and Exhibit A do not capture all charges for all services that Verizon is required to provide under the parties' amended ICAs. Verizon proposes that the DD's use of amendment rather than amended agreement should be corrected. We agree, and have adopted the language that Verizon proposes.

The adopted language in Pricing 1.2 is as follows:

> Charges for Services provided under the Amended Agreement shall be those set forth in exhibit A of this Pricing Attachment and, except to the extent inconsistent with the provisions of CPUC Decision No. 06-02-035, in the Amended Agreement. Subject to their insertion into the Agreement by amendment, the Charges stated in Exhibit A of this Pricing Attachment shall be superseded by any new Charge(s) when such new Charge(s) are required by any order of the Commission or the FCC or approved by the Commission of the FCC, provided such new Charge(s) are not subject to a stay issued by the Commission, the FCC or any court of competent jurisdiction.

The adopted language in Pricing 1.2 is as follows:

> Charges for Services provided under the Amended Agreement shall be those set forth in exhibit A of this Pricing Attachment or elsewhere in this Amendment. The Charges stated in Exhibit A of this Pricing Attachment shall be automatically superseded by any new Charge(s) when such new Charge(s) are required by any order of the Commission or the FCC or approved by the Commission of the FCC, provided such new Charge(s) are not subject to a stay issued by any court of competent jurisdiction.

IV. Reduction of Public Review and Comment

The Public Utilities Code and our Rules of Practice and Procedure generally require that draft decisions be circulated to the public for review and comment 30 days prior to the Commission's vote.

However, Rule 77.7(f)(5) provides that we may reduce or waive the period for public review and comment "for a decision under the state arbitration provisions of the Telecommunications Act of 1996." In this case, we reduced the comment period. Comments were to be filed on or before July 14, 2006. Comments were filed on July 14, 2006. Comments and reply comments were filed and served by Verizon and the CLECs. The comments have been taken into account, as appropriate, in finalizing this decision.

V. Assignment of Proceeding

Michael R. Peevey is the Assigned Commissioner and Karen A. Jones is the assigned ALJ in this proceeding.

Findings of Fact

1. CLECs have the right to have access to high capacity transport for interconnection purposes, regardless of the provisions in the underlying ICA.
2. The Commission does not have the authority to modify FCC rules.

3. Certain portions of Section 3.7.2 are limited to CLECs covered by the provisions of D.05-03-027.

4. It is important to include language in Section 3.8 to show that the nonrecurring charges vary depending on how the order is submitted.

5. Service interruptions may occur in the conversion process so it is inappropriate to include a section that says that there will be no service interruptions.

6. The Amendment should include detailed information on Verizon's obligations for commingling.

7. The terms "short" and "cable stub" are not defined in the amendment.

8. Future rate changes are not automatically subject to change-of-law provisions.

Conclusions of Law

1. Nothing about the result of this arbitration is inconsistent with governing federal law.

2. No arbitrated portion of the Amendment to the ICA fails to meet the requirements of Section 251 of the Act, including FCC regulations pursuant to Section 251, or the standards of Section 252(d) of the Act.

3. The arbitrated amendment should be approved.

O R D E R

Therefore, **IT IS ORDERED** that:

1. Pursuant to the Telecommunications Act of 1996, the remaining disputed issues in the Amendment to the Interconnection Agreements between Verizon California Inc. and various Competitive Local Exchange Carriers (CLECs) are resolved.

2. Within 10 days of the effective date of this order, the parties shall file the final version of the entire amendment with the Telecommunications Division via Advice Letter. That filing shall include the names of all CLECs covered by the terms of this amendment.

3. The effective date for the language adopted in this order shall be the effective date of the order.

This order is effective today.

Dated July 20, 2006, at San Francisco, California.

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
Commissioners