

Verizon

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IDAHO PUBLIC
UTILITIES COMMISSION



17933 N.W. Evergreen Pkwy
P.O. Box 1100
Beaverton, OR 97076

March 5, 2004

Ms. Jean Jewell
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

Dear Ms. Jewell,

Enclosed for filing are the Comments of Verizon Northwest Inc. in IPUC Case No. VZN-T-03-06 and VZN-T-03-07. Please call me at (503) 645-7909 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Renee Willer".

Renee Willer
Verizon Northwest Inc.

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In the Matter of the Petition for Approval)
of an Amendment to an Interconnection)
Agreement Between Verizon Northwest Inc.)
f/ka GTE Northwest Incorporated and)
respectively MCI WORLDCOM)
Communications, Inc. and MCImetro Access)
Transmission Services, LLC)

**VERIZON NORTHWEST INC. RESPONSE
TO COMMENTS OF LEVEL 3 COMMUNICATIONS**

Verizon Northwest Inc. (Verizon) responds to the comments filed by Level 3 Communications (Level 3).

To date, no party has opposed the Commission's approval of the proposed amendment to Verizon's Interconnection Agreements with MCI.¹ And Level 3 itself does not oppose it. Instead, Level 3 raises a single legal issue that is not ripe for the Commission to consider now. Level 3 asks the Commission to address prematurely what precedential value the Commission's approval of the proposed amendment will have in the context of future proceedings. This issue is appropriately addressed, as a matter of law, in such future proceedings. At that time, all parties will have the right to advance arguments about the precedential value of this amendment as such arguments relate to matters at issue then. The Commission, therefore, should approve the proposed amendments without addressing Level 3's legal issue of future precedent.²

¹ The term "MCI" refers to all entities addressed by the proposed amendment.

² It is clear that a real and existing controversy does not exist with respect to Level 3's concern in the current proceedings. No party suggests that the proposed amendment will be binding on Level 3, who is not a party to the amendment. The Commission's approval will serve to effectuate the amendment as between Verizon and MCI. Thus, it is apparent that any ruling on the question of law Level 3 raises (i.e., what precedential value the Commission's approval should have in future cases) cannot affect the results as to the parties and the issues in the current proceedings.

Furthermore, while it would be inappropriate for the Commission to consider what precedential value its approval will have in future proceedings, it is important to note that Level 3's supposed rationales for assigning the Commission's approval no value in future proceedings are entirely inaccurate. Level 3 alleges that the amendment's "blended" rate for compensation is inconsistent with the FCC's rules regarding compensation for Internet bound traffic, and that the amendment's inclusion of Voice Over Internet Protocol ("VOIP") as a Telecommunications Service is inconsistent with the definition of Telecommunications Services contained in the Telecommunications Act of 1996 (TA96). (Level 3 Cmts., pp. 4-6). Level 3 is wrong on both counts.

First, the amendment's blended rate approach expressly relies on the FCC's interim rate structure for Internet traffic adopted in its *Order on Remand*.³ (See, Amendment, pp. 1-4, 11, Ex. B). As such, the amendment is perfectly consistent with the framework set forth by the FCC regarding compensation for Internet bound traffic. The blending essentially permits Verizon and MCI to reach agreement on the timing for implementation of the FCC's rate structure set forth in its *Order on Remand* in each of the states in which they operate. The implementation of the FCC's new rate structure has been the major issue in dispute between the parties, and through the amendment they have been able to reach agreement on the issue.

Even if blended rates were not consistent with the FCC's rules, which they are, Verizon and MCI are perfectly free to negotiate terms to govern compensation for Internet bound traffic that differ from any rules the FCC may implement. Level 3 acknowledges that this is true.

³ Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Intercarrier Compensation for ISP-Bound Traffic, *Order on Remand and Report and Order*, 2001 WL 455869, 16 FCC Rcd. 9151 (2001) ("*Order on Remand*"), remanded further by *WorldCom, Inc. v. FCC*, 288 F.3d 429 (DC Cir. 2002) (declining to vacate interim rate structure on remand), cert. denied by *Core Communications, Inc. v. FCC*, 123 S.Ct. 1927, 155 L.Ed.2d 848 (2003).

(Level 3 Cmts., p. 3). Thus, Verizon's and MCI's agreement to the blended rates would still be consistent with TA96's legal framework and Congressional intent.

Second, Level 3's assertion that VOIP is not a Telecommunications Service as defined by TA96 is pure speculation. (Level 3 Cmts., p. 5). The FCC has initiated a rulemaking to investigate the issue of the regulatory status of VOIP traffic and has not come to any conclusive determinations with respect to the types of VOIP traffic that MCI is offering.⁴ Thus, Level 3's statements that presume certainty as to the regulatory status of VOIP traffic constitute nothing more than guesses as to the eventual outcome of the FCC's rulemaking.

The proposed amendment provides, however, that should the FCC or Congress subsequently hold otherwise, the parties would adhere to such decision. The proposed amendment specifically provides as follows:

Notwithstanding anything in this Section 2 [addressing VOIP Traffic], if, after the Effective Date, the FCC or Congress promulgates an effective and unstayed law, rule or regulation, or a court of competent jurisdiction issues an effective and unstayed nationally-effective order, decision, ruling, or the like regarding VOIP Traffic, the Parties will adhere to the relevant portions (i.e., those relating to the regulatory classification of or, compensation for, VOIP Traffic generally or any category of VOIP Traffic) of such legally effective and unstayed rule, regulation, order, decision, ruling or the like as soon as it becomes legally effective.

(Amendment, p. 7). Accordingly, the proposed amendment currently is consistent with the regulatory status of VOIP traffic.

Once again, however, it is not necessary for the Commission to consider whether Level 3's arguments regarding the amendment's blended rates and VOIP are accurate. Level 3 does not comment on these matters for purposes of opposing the Commission's approval of the proposed

⁴ Notice of Proposed Rulemaking, Docket No. WC 04-36, FCC 04-28 (adopted Feb. 12, 2004)(not yet released). To the best of Verizon's knowledge, MCI is not presently offering a free PC-to-PC VOIP service comparable to that of Pulver.com, which the FCC recently concluded was an information service. See, In the Matter of Petition for Declaratory Ruling that pulver.com's Free World Dialup is Neither Telecommunications Nor a Telecommunications Service, *Memorandum Opinion and Order*, 2004 WL 315259, WC Docket No. 03-45, FCC 04-27 (rel. Feb. 19, 2004).

amendment. Level 3, rather, only does so in a premature effort to have the Commission declare what precedential value approval will have in the context of unknown, future proceedings. The Commission should reserve judgment until such future proceedings arise.

WHEREFORE, Verizon respectfully requests that the Commission approve the proposed amendment pursuant to Subsections 252(e) of TA96, decline to address the precedential value that its order in these proceedings will have with respect to any future issues that may arise in future proceedings, and grant any and all other appropriate relief.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Renee M. Willer". The signature is written in a cursive style with a large initial "R".

Renee M. Willer
Authorized Representative
Verizon Northwest Inc.