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January 23, 2013

**VIA ELECTRONIC FILING**

Secretary Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Core Communications, Inc. v. Verizon of Pennsylvania, Inc. and Verizon  
North, LLC  
Docket Nos. C-2011-2253750 and C-2011-2253787**

Dear Secretary Chiavetta:

Enclosed for filing please find the Main Brief of Core Communications, Inc. in the above-referenced matter. A copy of this document has been served upon the parties of record in accordance with the attached Certificate of Service.

If you have any questions, please feel free to contact me.

Sincerely,

STEVENS & LEE

  
Michael A. Gruin

Enclosures

cc: Certificate of Service  
Honorable Susan Colwell, Administrative Law Judge

Philadelphia • Reading • Valley Forge • Lehigh Valley • Harrisburg • Lancaster • Scranton  
Wilkes-Barre • Princeton • Cherry Hill • New York • Wilmington

A PROFESSIONAL CORPORATION

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

CORE COMMUNICATIONS, INC.  
Complainant

v.

Docket No. C-2011-2253750  
Docket No. C-2011-2253787

VERIZON PENNSYLVANIA INC.  
and

VERIZON NORTH, LLC  
Respondents

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**MAIN BRIEF  
OF  
CORE COMMUNICATIONS, INC.**

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Core Communications, Inc.*

Dated: January 23, 2013

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>CORE COMMUNICATIONS, INC.</b>	:	
<b>Complainant</b>	:	
	:	
v.	:	<b>Docket No. C-2011-2253750</b>
	:	<b>Docket No. C-2011-2253787</b>
<b>VERIZON PENNSYLVANIA INC.</b>	:	
and	:	
	:	
<b>VERIZON NORTH, LLC</b>	:	
<b>Respondents</b>	:	
	:	

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**MAIN BRIEF OF CORE COMMUNICATIONS, INC.**

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**I. INTRODUCTION AND STATEMENT OF THE CASE**

This case involves a Formal Complaint filed by Core Communications, Inc. (“Core”) against Verizon Pennsylvania Inc. and Verizon North, Inc. (collectively “Verizon”), and Counterclaims filed by Verizon against Core. The claims and counterclaims in this matter can be broken down into two main categories. The first set of issues relates to Core’s intercarrier compensation billings to Verizon for telecommunications traffic delivered from Verizon to Core. In its pleadings, Core alleged that Verizon had no basis for suddenly refusing to pay Core for this traffic, and Core further alleged that Verizon had actually drastically underpaid Core for traffic that Verizon has sent to Core for termination. In its pleadings, Verizon alleged that Core had been overpaid for such traffic, and that Verizon was entitled to a refund for past payments made. The second set of issues relates to Verizon’s billings to Core for certain facilities that Verizon claims it provisioned to Core, along with some billings for intercarrier compensation charges that

Verizon billed to Core. Core has denied that it is liable to Verizon for these billings, for a number of reasons which were fully outlined by Core in its pleadings, and later in its testimony.

This case was initiated by Core in July of 2011 because Verizon unilaterally declared that all of the telecommunications traffic that Verizon sends to Core's network had suddenly become "non-compensable", even though Verizon had consistently made payment on such traffic for the preceding seven years. Despite multiple requests by Core and multiple opportunities to state the basis for its conclusion, Verizon refused to provide any basis for its conclusion that the traffic is non-compensable. Facing imminent financial distress as a result of Verizon's sudden and unexplained cessation of all intercarrier compensation payments, Core sought Interim Emergency Relief from the Pennsylvania Public Utility Commission ("Commission") to require Verizon to resume making intercarrier compensation payments. The Commission granted the relief Core requested, finding that Verizon's cessation of intercarrier compensation payments amount to unlawful self-help, and ordered Verizon to resume payment of intercarrier compensation immediately.

In response to Core's Complaint, Verizon filed Counterclaims which asserted that Core had overbilled Verizon for intercarrier compensation, and that Core owed Verizon over \$4 million for facilities and access charges in Pennsylvania. These charges relate to invoices sent by Verizon to Core for various services allegedly provided by Verizon to Core, primarily dedicated, high capacity circuits known as "special access services." These invoices and the associated "services" are wholly unrelated to the intercarrier compensation claims raised by Core in its Complaint in this matter, and it is evident that Verizon filed its Counterclaims for these billings purely as retaliation against Core. Core responded to Verizon's Counterclaims by denying that it had overbilled Verizon, and by noting that Core has steadily and consistently

disputed Verizon's billing since 2003, by means of voluminous correspondence, including emails, spreadsheets and formal letters, as well as numerous attempts to discuss the billings with the appropriate Verizon personnel. In other words, Core had legitimately disputed Verizon's billings from day 1, whereas Verizon never disputed Core's billings until unilaterally deciding to cease payment.

While the resolution of certain issues in this case will be controlled by prevailing Commission and Federal authority, the starting point for the analysis of the claims and counterclaims in this case is the ICAs in place between the parties. Both parties have alleged that the other has violated one or more provisions of the ICAs. As discussed in more detail below, Core has submitted voluminous evidence in support of its claims, and the ICAs fully support Core's positions. By contrast, Verizon has provided little in the way of actual records to support its positions, and its positions cannot be reconciled with the clear provisions of the ICA or relevant state and federal authority.

## **II. PROCEDURAL HISTORY**

On July 22, 2011, Core filed its formal Complaint against Verizon Pennsylvania and Verizon North, along with a Petition for Interim Emergency Relief. Core's Complaint alleged that Verizon had breached various provisions of the Interconnection Agreements (ICAs) between the parties with respect to Verizon's non-payment of intercarrier compensation to Core. Core's Petition alleged that the cessation of payment severely jeopardized Core's ability to maintain its network operations, serve its customers, and pay ordinary expenses associated with its business operations. The Petition sought an Interim Emergency Order from the Commission directing Verizon to immediately desist from its refusal to pay intercarrier compensation pursuant to the ICAs between Core and Verizon, and to make payment in full of Core's May 31, 2011

intercarrier compensation invoices as well as subsequent intercarrier compensation invoices issued by Core.

An evidentiary hearing on Core's Petition for Interim Emergency Relief was held on July 29, 2011. Verizon filed its Answer to Core's Petition for Interim Emergency Relief on August 1, 2011.

On August 3, 2011, Administrative Law Judge Susan Colwell ("ALJ Colwell") issued an Order denying Core's Petition for Interim Emergency Relief and certifying her ruling to the Commission as a Material Question, in accordance with 52 Pa. Code § 3.10(b).

On August 10, 2011, Verizon and Core filed briefs on the Material Question. On August 16, 2011, Verizon filed its Answer, New Matter and Counterclaims, and Preliminary Objections to Core's Complaint. On September 6, 2011, Core filed its Reply to New Matter, Answer and New Matter to Counterclaims and Preliminary Objections to Counterclaims. On August 16, 2011, Verizon filed its Answers to Core's Preliminary Objections to Counterclaims. On August 26, 2011, Core filed its Answer to Verizon's Preliminary Objections.

By Order entered on September 23, 2011, the Commission granted Core's Petition for Interim Emergency Relief, and ordered Verizon Pennsylvania Inc. and Verizon North LLC to pay the invoices issued by Core Communications, Inc. in the same ratio by which Verizon Pennsylvania Inc. and Verizon North LLC previously paid invoices issued by Core Communications, Inc., beginning with the May 2011 invoice and continuing thereafter. The Commission also directed that the Complaint be directed to the Commission's mediation unit.

An initial mediation session was held on October 12, 2011. The parties engaged in multiple rounds of discussion following the initial mediation session, but ultimately a resolution of the case was not reached through mediation. By letter dated March 22, 2012 from Mediator

Herb Nurick, the mediation was terminated and the Complaint was referred back to the Office of Administrative Law Judge for adjudication.

On April 9, 2012, Verizon filed a "Motion for Order Imposing Bilateral Payment Obligations". Core filed its Amended Complaint on April 16, 2012. On April 30, 2012, Core filed its Answer to Verizon's Motion for Order Imposing Bilateral Payments.

A Prehearing Conference was held on May 9, 2012 before ALJ Colwell. On May 14, 2012, ALJ Colwell issued the Scheduling Order for this case.

Verizon filed its Amended Answer, New Matter and Counterclaims on May 16, 2012. Core filed its Reply to New Matter and Answer and New Matter to Amended Counterclaims on June 5, 2012. Verizon filed its Reply to Core's New Matter to Amended Counterclaims on June 25, 2012.

The parties served Direct Testimony on August 23, 2012. The parties served Rebuttal Testimony on October 4, 2012. The parties served Surrebuttal Testimony on October 25, 2012. On November 12, 2012, Core filed a Motion to Strike Portions of Verizon's Surrebuttal Testimony. On November 26, 2012, Verizon filed its Answer to Core's Motion to Strike.

The evidentiary hearing in this matter was held on December 4 and 5, 2012. The hearing generated a transcript of 381 pages. In addition to the parties' written testimony, multiple hearing exhibits were admitted into the record, consisting of 2 Verizon Re-Direct Exhibits, 19 Core Cross-Examination Exhibits, 1 Core Re-Direct Exhibit, and 17 Verizon Cross-Examination Exhibits.

### **III. SUMMARY OF ARGUMENT**

From the outset of this case, Core has repeatedly stated that that Verizon had no valid basis for ceasing payments of intercarrier compensation to Core in 2011, and that Verizon's cessation of payments violated the Interconnection Agreements ("ICAs") between the parties. The record in this case unequivocally validates Core's position. Core conclusively demonstrated that Verizon's claims regarding the nature of Core's traffic were hastily compiled without any justification, that Verizon's positions changed numerous times throughout the proceeding, and most importantly, that each of Verizon's positions was meritless and based on grossly erroneous assumptions that were universally disproven at the hearing.

The record also demonstrates that Verizon's counterclaim for payment of its ancient facilities bills was grossly overstated. On their face, Verizon's Counterclaims were always suspect, since they purported to seek payment for intrastate and interstate charges billed to Core for periods dating back as far as 2003. Verizon's witnesses admitted at the hearing that huge portions of Verizon's claim relates to periods prior to 2008, which would put them well beyond the statute of limitations. For the periods within the statute of limitations, Verizon's witnesses admitted that only a fraction of Verizon's billings to Core relate to intrastate charges over which the Commission has jurisdiction. And Core has demonstrated that even those limited charges were never billed at the lawful rate. So, even before Core's disputes regarding the technical functionality of Verizon's services are addressed, the total scope of Verizon's billings that are subject to the Commission's jurisdiction in this case is less than 1/10<sup>th</sup> of Verizon's original claim for payment.

By contrast, the record in this case conclusively demonstrates that Core billed Verizon for intercarrier compensation in complete accordance with the provision of the ICAs, and that Verizon is fully responsible for all of the intercarrier compensation charges claimed due by Core. Throughout this proceeding, Verizon's rationale for ceasing payment of Core's bills changed multiple times. At various times, Verizon theorized that Core had inflated the volume of traffic for which it billed Verizon, that Core billed Verizon for third party traffic, that Core billed Verizon the wrong rate for traffic, and/or that Core had double-billed Verizon for traffic billed to third parties. But Core directly and completely refuted each of these theories through the testimony of its own witnesses, and via cross-examination of Verizon's witnesses. Verizon initially claimed that 100% of the traffic was non-compensable, then put forth a number of 92%, then 28%, and finally rested at 35% of traffic being non-compensable before equivocating even on that figure under cross examination. More importantly, Verizon never submitted any documentation to support its conclusions regarding what percentage of traffic was "overbilled", and Verizon's witnesses eventually admitted that their conclusions about the traffic were ultimately based on mistaken interpretations and erroneous assumptions. In short, Verizon fell far short of meeting its burden of proving that it had been overbilled by Core.

By contrast, Core submitted extensive evidence and analysis in support of its billings to Verizon. In fact, Core not only demonstrated that Verizon had been billed for the correct number of minutes, Core also demonstrated that Verizon should originally have been billed at a higher rate (and since has been so billed) for much of the traffic it sent Core over the years. Core also provided extensive support for its position that Verizon's billings to Core were validly disputed on a variety of grounds, and that Core would be liable for only a tiny fraction of Verizon's bills even under Verizon's best theory.

## IV. ARGUMENT

### A. Jurisdiction

The Commission has jurisdiction over this matter pursuant to its enabling statute, which vests the Commission with broad supervisory powers over “any public utility... subject to this part.”<sup>1</sup> The Commission also has delegated jurisdiction over this dispute pursuant to the Communications Act of 1934, 47 U.S.C. § 151, *et seq.*, as amended by the Telecommunications Act of 1996, 47 U.S.C. § 251, *et seq.* (hereinafter, the “Act”). State commissions have authority pursuant to section 252 of the Act to review and resolve disputes arising under interconnection agreements that they have approved.<sup>2</sup> The Commission approved the interconnection agreements (“ICAs”) at issue here. The ICAs are publicly available and on file with the Commission.<sup>3</sup>

### B. Burden of Proof

In a formal complaint case between two certificated carriers, “the proponent of a rule or order has the burden of proof.”<sup>4</sup> This means that each party bears the burden of proof with respect to the claims it has pled. Many of the factual allegations raised in this case have potential relevance for claims pled by both parties. To be clear, with respect to reciprocal compensation billings, Core has burden of proof beginning with the May 31, 2011 invoices which Verizon first refused to pay, and subsequent invoices which Verizon has paid only by virtue of the

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<sup>1</sup> 66 Pa. C.S. §331(a).

<sup>2</sup> *Core Communications, Inc. v. Verizon Pennsylvania Inc.*, 493 F.3d 333, 343 (3d Cir. July 18, 2007) (“interpretation and enforcement actions that arise after a state commission has approved an interconnection agreement must be litigated in the first instance before the relevant state commission. A party may then proceed to federal court to seek review of the commission’s decision or move on to the appropriate trial court to seek damages for a breach, if the commission finds one.”).

<sup>3</sup> Citations to the ICAs herein shall simply refer to relevant provisions by section number. The ICA between Core and Verizon Pennsylvania, Inc. shall be referred to as the “Verizon ICA,” and the ICA between Core and Verizon North, LLC shall be referred to as the “Verizon North ICA.”

<sup>4</sup> 66 Pa. C.S. § 332.

Commission's *Material Question Order*.<sup>5</sup> Core's previous reciprocal compensation invoices were paid without any dispute relevant to the issues in this case for seven (7) years.<sup>6</sup> Verizon raises a counterclaim with respect to those billings, and the burden of proof lies squarely on its shoulders for that period.

**C. Verizon Breached the ICAs' Payment, Applicable Law & Dispute Resolution Procedures by Refusing to Pay Core's Reciprocal Compensation Invoices Without Any Bona Fide Dispute (Count I of Core's Amended Complaint)**

Verizon's unjustified refusal to pay any compensation for Core's termination of traffic pursuant to the ICAs for the 88 days between July 2, 2011 and September 28, 2011 breached numerous provisions of the ICAs. The record in this case affirms the Commission's initial conclusion, that Verizon "instituted what amounts to a "self-help" remedy by unilaterally deciding to withhold payment to Core for the traffic at issue without providing a factual or legal basis for such unilateral action," and "violate[d] the spirit, if not the letter, of the Commission-approved ICAs between the Parties."<sup>7</sup>

As was demonstrated at the hearing, Core's reciprocal compensation invoices are fully supported by the ICAs and the extensive factual record in these proceedings. The ICAs mandate that the sending carrier (here, Verizon) will transmit only local and intraLATA toll traffic, and

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<sup>5</sup> See, *Order Core Communications, Inc. v. Verizon Pennsylvania Inc. & Verizon North, Inc.*, Pa. P.U.C. Docket No. P-2011-2253650 (entered September 23, 2011) ("*Material Question Order*"), at 20 and Order Paragraph 4 ("payments made by Verizon Pennsylvania Inc. and Verizon North LLC to Core Communications, Inc. pursuant to Ordering Paragraphs Nos. 2 and 3 will be made subject to refund should Verizon Pennsylvania Inc. and Verizon North LLC prevail in the underlying Complaint proceedings at Docket Nos. C-2011-2253750 and C-2011-2253787.").

<sup>6</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 18.

<sup>7</sup> *Material Question Order*, at 16 and note 8 (referencing actual or potential violations of provisions of the Verizon ICA regarding payment (Part A, § 4.1), compliance with laws (Part A, § 6.1), dispute resolution (Part A, § 24), good faith performance (Part A, § 42), compensation for local traffic transport and termination (Att. IV, § 2.42), and billing disputes (Att. VII, § 3.19); and provisions of the Verizon North ICA regarding payment, good faith performance (§ 5.0), payment terms, disputed amounts and audits (§ 11.0), and reciprocal compensation arrangements (§ 2.7)).

traffic transiting to other ILECs over the Local Interconnection Trunk Groups (“LITGs”);<sup>8</sup> and that the receiving carrier (here, Core) shall bill the sending carrier for each minute of traffic received over the LITGs.<sup>9</sup> This is precisely how Core bills Verizon for reciprocal compensation. Core bills Verizon for each minute of traffic delivered by Verizon over the LITGs.<sup>10</sup> Core does not bill Verizon anything for traffic delivered over the Access Toll Connecting Trunks (“ATCs”).<sup>11</sup> And in fact, this is precisely how Verizon bills Core for traffic Core sends Verizon over LITGs pursuant to the exact same ICA provisions.<sup>12</sup>

Core has produced massive volumes of SS7 CDRs, MF time stamp records and monthly worksheet calculations to document every Minute of Use (“MOU”) it billed as reciprocal compensation going back to May, 2008, as well as detailed descriptions of how the bills were generated.<sup>13</sup> By contrast, Verizon has refused to provide data to support even one month of its reciprocal compensation or switched access billings to Core.<sup>14</sup> Although Verizon has quibbled with Core’s MF trunks sampling technique, and the minute counts produced by Core’s SS7 CDRs, Core has demonstrated that its minute counts are reliable and predictable.<sup>15</sup> Indeed, Core’s minute counts have fallen dramatically in this period, consistent with the overall “churn” dynamic in the dial-up Internet access market.<sup>16</sup> Further, Verizon never challenged Core’s minute counts for seven (7) years.<sup>17</sup>

When it did begin to challenge Core’s reciprocal compensation invoices, in July, 2011, Verizon had no legitimate basis for doing so. Instead, Verizon “instituted what amounts to a

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<sup>8</sup> Verizon ICA, Att. IV, § 1.1.1; Verizon North ICA, Pt. V, § 1.2.

<sup>9</sup> Verizon ICA, § 7.2; Verizon North ICA, § 2.6.2.

<sup>10</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 13,16.

<sup>11</sup> *Id.*

<sup>12</sup> Core Statement 4.0 (Panel Surrebuttal Testimony), at 9; and Exhibits CORE R-27 and CORE R-28.

<sup>13</sup> Core Statement 4.0 (Panel Surrebuttal Testimony), at 14.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*, at 10-13 (MF trunks); and 13 (SS7 trunks).

<sup>16</sup> *Id.*, at 12 and Figure SR-2.

<sup>17</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 18.

“self-help” remedy by unilaterally deciding to withhold payment to Core for the traffic at issue without providing a factual or legal basis for such unilateral action.”<sup>18</sup> Without a *bona fide* basis for its “dispute,” Verizon’s unilateral refusal to pay breached numerous provisions of the ICAs, including provisions relating to payment for services rendered,<sup>19</sup> compliance with applicable law,<sup>20</sup> dispute resolution and continuing performance of the ICA,<sup>21</sup> and good faith cooperation in performance of the ICA.<sup>22</sup>

The Commission’s initial assessment that Verizon had no legitimate basis to stop paying Core’s reciprocal compensation disputes in July, 2011 has been confirmed many times over by the record in this case. Indeed, that record demonstrates that Verizon’s refusal to pay was intended to harm Core financially and hopefully (from Verizon’s point of view), put Core out of business. Although Verizon has since concocted a counterclaim involving a hypothetical model for “third-party” carrier traffic (disputing either 28% or 35% of Core’s billings, depending which round of testimony one reads), Verizon’s initial position before this Commission was that 100% of the traffic it sent Core was “non-compensable.”<sup>23</sup> Verizon’s second position was that “92%” of the traffic it sent Core was directed to a handful of telephone numbers, alleging a nefarious scheme by Core to self-generate traffic for which it could bill Verizon.<sup>24</sup> The fact that Verizon has since abandoned these absurdly aggressive positions does not excuse its original transgression. Combined with evidence of Verizon’s coordinated litigation and non-payment posture against Core and its affiliates in other states,<sup>25</sup> Verizon’s bogus positions and refusal to

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<sup>18</sup> *Material Question Order*, at 16.

<sup>19</sup> Verizon ICA, § 4.1; Verizon North ICA, General Terms & Conditions, § 11.1.

<sup>20</sup> Verizon ICA, § 6.1; Verizon North ICA, General Terms & Conditions, § 8.1.

<sup>21</sup> Verizon ICA, § 24.1; Verizon North ICA, General Terms & Conditions, § 11.

<sup>22</sup> Verizon ICA, Pt. A, § 42; Verizon North ICA, General Terms & Conditions, § 5.

<sup>23</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 23.

<sup>24</sup> Verizon Answer, New Matter & Counterclaims, at ¶ 115.

<sup>25</sup> Core Statement 3.0 (Direct Testimony of Christopher F. Van de Verg), at 2-7.

pay Core's Pennsylvania reciprocal compensation invoices demonstrate Verizon's intent and motivation to harm Core above all else.

**D. Verizon Breached the ICAs by Refusing to Pay Switched Access Charges Due Pursuant to the ICAs (Count II of Core's Amended Complaint)**

As noted in the preceding section, the ICAs contemplate that the parties shall use LITGs to transmit local, intraLATA toll and transit traffic to other ILECs. Nevertheless, the ICAs also contain straightforward procedures for the parties to bill one another switched access charges when parties transmit switched access traffic via the LITGs. The ICAs require that each party pass calling party number ("CPN") for all, or substantially all, the traffic it sends over the LITGs.<sup>26</sup> The ICAs permit the party terminating the traffic to bill the sending party at intrastate or interstate switched access rates, by rating each call using CPN.<sup>27</sup> The ICAs specifically reference and incorporate the parties' respective intrastate and interstate switched access tariffs to establish the rates and rate elements applicable to this traffic.<sup>28</sup> The rates and elements applicable to Core's provision of intrastate and interstate switched access services within Pennsylvania are set forth in Core's Pa. P.U.C. Tariff No. 4 and FCC Tariff No.3, respectively. These tariffs are duly-filed and approved by the appropriate commission.

For many years, Core was content to simply bill Verizon at reciprocal compensation rates for all of the traffic Verizon sent Core over the LITGs.<sup>29</sup> However, in discussions with Verizon following Verizon's sudden refusal to pay Core's reciprocal compensation bills, Core learned that one of Verizon's objections to paying reciprocal compensation was that some of the traffic it sends Core should have been rated as toll, instead.<sup>30</sup> Accordingly, Core reexamined its CDRs for

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<sup>26</sup> Verizon ICA, Att. IV, § 7.3; Verizon North ICA, Pt. V, § 2.6.1.

<sup>27</sup> Verizon ICA, Att. IV, § 7.3; Verizon North ICA, Pt. V, § 2.6.2.

<sup>28</sup> Verizon ICA, App. 2 (Price Schedule), Item B.III.

<sup>29</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 13.

<sup>30</sup> *Id.*, at 30.

traffic received on the SS7 LITGs and ATCs, and discovered that Verizon had been sending Core substantial volumes of toll traffic over the interconnection arrangements, for years. Using the CPN provided in the SS7 call stream, and the billing methodology set forth in the ICAs, Core issued backbills to Verizon in January, 2012 dating back to the inception of the SS7 interconnection trunks.<sup>31</sup> Subsequently, Core has issued Verizon monthly switched access invoices on a current basis.<sup>32</sup>

Core's switched access billing methodology is fully documented and industry standard. Core records the CPN, called number, start time, answer time and end time of each call at its terminating switches in order to generate switch records which it then stores and uses to generate switched access bills to Verizon.<sup>33</sup> Core compares the CPN and the called number of each call to identify switched access (as opposed to local) traffic that Verizon sends Core, and to jurisdictionalize the traffic as intrastate or interstate.<sup>34</sup> This methodology is fully consistent with the manner in which Verizon bills Core for traffic Core sends Verizon over the interconnection trunks.<sup>35</sup> Verizon owes Core no less than \$2,532,143.22 through the June, 2012 usage period for switched access services billed in this manner.<sup>36</sup>

In order to eliminate the possibility of double-billing for switched access minutes, Core compares its switch records against the EMI records, and eliminates any call for which there is a corresponding EMI record from the bucket of calls for which switched access bills are rendered.<sup>37</sup> In comparing switch records against Verizon's EMI, Core assumes that any call in the EMI that has the same calling party and called party number, and is placed on the same day,

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<sup>31</sup> *Id.*, at 14.

<sup>32</sup> *Id.*, at 32.

<sup>33</sup> *Id.*, at 31.

<sup>34</sup> *Id.*

<sup>35</sup> *See*, Exhibit Core R-27.

<sup>36</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32-33 and 35; and Exhibit BLM-5.

<sup>37</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15-16.

as a call found in Core's switch records, is a match.<sup>38</sup> Once a call is determined to have a matching EMI, Core does not bill Verizon switched access for such calls, rather, Core relies on the EMI to bill the appropriate third-party carrier. Every switched access invoice Core issues Verizon is accompanied by lengthy bill detail which lists the specific rate elements billed and specific rates applicable to each and every MOU Core billed.<sup>39</sup> Should Verizon ever decide to pay, or be compelled to pay, its switched access bills, Core will deduct any amounts previously paid at the \$0.0007 rate.<sup>40</sup>

Verizon has never articulated a serious dispute with respect to Core's switched access bills. Verizon's sole business-to-business response to these bills was a cursory, one-page dispute letter.<sup>41</sup> Core offered to provide CDRs to support its switched access billings to Verizon; but Verizon never responded.<sup>42</sup> However, Core has nonetheless provided CDRs to support its switched access billing to Verizon as part of the discovery in this case.<sup>43</sup>

In addition to the switched access amounts due pursuant to invoices Core has issued to Verizon for traffic Verizon delivered via the SS7 LITGs, Core has been prevented from billing and collecting additional amounts of switched access for traffic Verizon transmitted via the now-retired MF LITGs. Because Verizon refused to pass CPN or its equivalent (ANI) over the MF LITGs (even though the ICA so requires),<sup>44</sup> Core was unable to create CDRs for this traffic, which in turn made it impossible for Core to calculate precise amounts due for switched access,

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<sup>38</sup>

*Id.*

<sup>39</sup>

Core Statement 4.0 (Panel Surrebuttal Testimony), at 15; and Exhibit CORE SR-5.

<sup>40</sup>

*Id.*, at 16.

<sup>41</sup>

Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 33-34.

<sup>42</sup>

*Id.*

<sup>43</sup>

*Id.*

<sup>44</sup>

Verizon ICA, Att. IV, § 7.3 (CPN); and Att. III, § 11.1.6 and Att. IV, § 3.3 (ANI).

or render bills to Verizon.<sup>45</sup> Core has reasonably estimated the damages in lost switched access revenue caused by Verizon's refusal to pass CPN/ANI at \$2,661,655.78.<sup>46</sup>

**E. Verizon's Breached the Verizon PA ICA By Failing to Mirror Rates in Compliance with the *ISP Remand Order* (Count III of Core's Amended Complaint)**

In the 2001 *ISP Remand Order*, the FCC instituted the "mirroring rule" to ensure that "incumbent LECs will pay the same rates for ISP-bound traffic that they receive for section 251(b)(5) traffic."<sup>47</sup> Pursuant to the mirroring rule, "[t]he rate caps for ISP-bound traffic that we adopt here apply, therefore, only if an incumbent LEC offers to exchange all traffic subject to section 251(b)(5) at the same rate."<sup>48</sup> The FCC was concerned that it would be "patently unfair, to allow incumbent LECs to benefit from reduced intercarrier compensation rates for ISP-bound traffic, with respect to which they are net payors, while permitting them to exchange traffic at state reciprocal compensation rates, which are much higher than the caps we adopt here, when the traffic imbalance is reversed."<sup>49</sup> The terms of the *ISP Remand Order* have been incorporated into the Core-Verizon PA ICA.<sup>50</sup> The FCC's mirroring rule applies to ILECs only—not CLECs.<sup>51</sup>

Verizon implements the mirroring rule in Pennsylvania by offering CLECs and wireless carriers the opportunity to agree to Verizon's so-called "Rate Plan B" amendment.<sup>52</sup> When a carrier agrees to this amendment to its ICA, Verizon and the carrier mutually lower the rate

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<sup>45</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 35-36.

<sup>46</sup> *Id.*, at 36.

<sup>47</sup> *ISP Remand Order*, ¶ 89.

<sup>48</sup> *Id.*

<sup>49</sup> *Id.*

<sup>50</sup> Opinion & Order, *Petition of Core Communications, Inc. for Resolution of Dispute with Verizon Pennsylvania, Inc. Pursuant to the Abbreviated Dispute Resolution Process*, Docket No. A-310922F7000 (entered May 27, 2003).

<sup>51</sup> *AT&T Communications of Cal., Inc. v. Pac-W. Telecomm, Inc.*, 651 F.3d 980, 987 (9th Cir. 2011).

<sup>52</sup> Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 11-12.

applicable to what Verizon terms “Reciprocal Compensation Traffic,” with both carriers lowering their rate for this traffic to \$0.0007/MOU.<sup>53</sup> The amendment, or the underlying ICA, stipulates a Verizon-drafted, highly restrictive definition for “Reciprocal Compensation Traffic,” limiting this category to traffic exchanged within Verizon-defined exchanges, and excluding compensation for numerous subcategories of traffic; and eliminates any compensation for ISP-bound traffic.<sup>54</sup> Although Verizon has entered into Rate Plan B amendments with numerous carriers in Pennsylvania, Core understands that the terms of all of these amendments are identical or substantially the same.<sup>55</sup>

There are two big problems with Verizon’s implementation of the mirroring rule. *First*, Verizon’s definition of “Reciprocal Compensation Traffic” as set forth in its Rate Plan B amendments, is overly restrictive. The mirroring rule requires Verizon to lower the rate it charges *for all section 251(b)(5) traffic*. Section 251(b)(5) traditionally applied to all traffic other than switched access traffic.<sup>56</sup> Following the FCC’s November, 2011 *ICC Transformation Order*, section 251(b)(5) now applies to switched access traffic, as well.<sup>57</sup> This means Verizon has been able to confine the class of traffic for which it has actually mirrored the FCC’s rate to a tiny subset of the section 251(b)(5) universe. *Second*, with respect to traffic Core sends Verizon pursuant to the Verizon Pennsylvania, Inc. ICA, Verizon has utterly failed to adopt the FCC’s mirroring rate.

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<sup>53</sup> *Id.*, at 12.

<sup>54</sup> *Id.*; and Exhibit CFV-9.

<sup>55</sup> *Id.*

<sup>56</sup> *In re Connect America Fund, et al.*, WC Docket No. 10-90 *et al.* (FCC, Rel. Nov. 18, 2011), Report and Order and Further Notice of Proposed Rulemaking, *slip op.* FCC 11-61, 26 FCC Rcd 17663 (2011)(“*ICC Transformation Order*”), *appeals pending*, at ¶ 761.

<sup>57</sup> *Id.*, at ¶ 762.

Beginning in August, 2010, Core began to send substantial amounts of section 251(b)(5) voice traffic to Verizon.<sup>58</sup> Subsequently, Core discovered and has since confirmed that Verizon bills Core either at the TELRIC reciprocal compensation rates set forth in the ICAs, or the switched access rates set forth in Verizon's tariffs, for the termination of Core's section 251(b)(5) traffic, but never at the FCC's mirroring rate of \$0.0007/MOU.<sup>59</sup> Verizon claims that it recently began charging Core \$0.0007/MOU for traffic in Verizon North territory, but this traffic is *de minimis*. Verizon has never properly opted in to the *ISP Remand Order*. As a result of its failure to properly opt-in to the *ISP Remand Order*, Verizon underpaid Core in the amount of \$24,072,573.30 for traffic terminated by Core between March, 2008 and June, 2012.<sup>60</sup>

**F. Verizon's Access Bills to Core Are Unlawful, Unsubstantiated, Outdated and Outside the Commission's Jurisdiction**

In retaliation for Core's original Complaint in this matter, and its accompanying Petition for Emergency Relief, Verizon resurrected reams of moldering switched and special access invoices dating back to 2002. These invoices relate to access services Verizon has provisioned in response to Core's request for local interconnection services. There are two major issues with respect to the trunking that Verizon has provisioned. *First*, Verizon has never provided Core with local interconnection facilities under the ICAs, which Core has attempted to order since 2001. Instead, Verizon reinterprets Core's trunk orders and provisions service and bills Core using interstate and intrastate special access rates and rate elements that are designed for Interexchange Carriers ("IXCs"). *Second*, the trunks Verizon did provide are defective, as they do not function as local interconnection facilities pursuant to the ICAs.

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<sup>58</sup> Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 14.

<sup>59</sup> *Id.*

<sup>60</sup> *Id.*, at 15; and Exhibit CFV-11.

## 1. Verizon Never Provisioned or Billed For the Local Interconnection Services Core Ordered

Core has attempted to order local interconnection services from Verizon for years, including local interconnection trunk groups (“LITGs”) and access toll connecting trunk groups (“ATCs”) pursuant to its ICAs, the Act, and FCC rules.<sup>61</sup> Core used Verizon’s “Access Service Request” (“ASR”) process to order, or attempt to order, local interconnection facilities.<sup>62</sup> The ASR process was created long before the Telecommunications Act of 1996 as a means for IXC’s to order access facilities from incumbent LECs.<sup>63</sup> Core used the ASR process under protest and with reservations about how Verizon would later point to its use of ASRs to “prove” that Core ordered an access service when all it wanted was local interconnection service.<sup>64</sup> However, since Verizon offered no other system through which to order local interconnection facilities, Core used ASRs.<sup>65</sup> Core did everything it could to specify its intent to order local interconnection trunks, including inserting a note to that effect into each and every ASR it submitted to Verizon.<sup>66</sup>

For years, Verizon steadfastly ignored Core’s orders for local interconnection facilities and instead provisioned access facilities designed for use by IXC’s connecting to Verizon’s access tandems for the delivery of their toll traffic to Verizon’s end users.<sup>67</sup> An access facility is designed for an IXC to send and receive its subscribers’ long distance toll traffic to and from end users residing on an incumbent LEC’s local network.<sup>68</sup> Core has steadily and consistently

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<sup>61</sup> Core Statement 3.0 (Panel Rebuttal Testimony), at 20.

<sup>62</sup> *Id.*, at 28; *and see*, Verizon ICA, Pt. B—Definitions (““Access Service Request” (ASR) means the industry standard forms and supporting documentation used for ordering Access Services. The ASR may be used to order trunking and facilities between MCI and Bell Atlantic for local interconnection.”).

<sup>63</sup> Core Statement 3.0 (Panel Rebuttal Testimony), at 28.

<sup>64</sup> *Id.*

<sup>65</sup> *Id.*

<sup>66</sup> Core Statement 4.0 (Panel Surrebuttal Testimony), at 4; and Exhibit CORE SR-1.

<sup>67</sup> Core Statement 3.0 (Panel Rebuttal Testimony), at 28.

<sup>68</sup> *Id.*; and Figure R-1.

disputed Verizon's billing since at least 2003, by means of voluminous correspondence, including emails, spreadsheets and formal letters, as well as numerous attempts to discuss the billings with the appropriate Verizon personnel face-to-face and telephonically.<sup>69</sup> Core never ordered service out of Verizon's tariffs.<sup>70</sup>

Applicable law and the ICAs clearly require Verizon to provide local interconnection trunks to Core at cost-based rates. In 1996, the FCC concluded that prices for interconnection services pursuant to section 251(c)(2) should be set at forward-looking long-run economic cost, in other words, at Total Element Long Run Incremental Cost (TELRIC).<sup>71</sup> Entrance facilities (circuits which competitors lease from incumbents in order to deliver interconnection traffic) and related dedicated transport are local interconnection services which Verizon must make available to CLECs at cost-based TELRIC rates pursuant to section 251(c)(2) of the Act, 47 U.S.C. § 251(c)(2) and FCC implementing rules.<sup>72</sup>

With respect to these interconnection facilities, the Supreme Court recently found:

These cases concern incumbent LECs' obligation to share existing "entrance facilities" with competitive LECs. Entrance facilities are the transmission facilities (typically wires or cables) that connect competitive LECs' networks with incumbent LECs' networks. The FCC recently adopted a regulation specifying that entrance facilities are not among the network elements that § 251(c)(3) requires incumbents to lease to competitors on an unbundled basis at cost-based rates. See 47 CFR § 51.319(e)(2)(i) (2005). The Commission noted, however, that it "d[id] not alter the right of competitive LECs to obtain interconnection facilities pursuant to section 251(c)(2)." *Talk Am., Inc. v. Michigan Bell Tel. Co.*, 131 S. Ct. 2254, 2258, 180 L. Ed. 2d 96 (2011).

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<sup>69</sup> Core Statement 3.0 (Panel Rebuttal Testimony), at 30-34; and Exhibit CORE R-19.

<sup>70</sup> *Id.*, at 39.

<sup>71</sup> First Report & Order, *In re Implementation of Local Competition Provisions in the Telecommunications Act of 1996*, 11 FCC Rcd. 15499, 15605, ¶ 672 (1996) ("*Local Competition Order*").

<sup>72</sup> *Talk America, Inc. v. Michigan Bell Tel. Co.*, 131 S. Ct. 2254, 2258, 180 L. Ed. 2d 96 (2011).

The Supreme Court concluded: “Petitioners contend that [an ILEC] must lease its existing entrance facilities for interconnection at cost-based rates. We agree.” *Talk Am., Inc. v. Michigan Bell Tel. Co.*, 131 S. Ct. 2254, 2258, 180 L. Ed. 2d 96 (2011).

When it applied for and received long distance authority in Pennsylvania under section 271 of the Act, 47 U.S.C. § 271, Verizon told the Commission that it had “established [TELRIC] rates for local interconnection trunks in accordance with the Commission’s Order in ‘MFS Phase III’ Docket Nos. A-310203F0002, A-310213F0002, A-310236F0002, and A-310258F0002, entered August 7, 1997.”<sup>73</sup> And indeed, the Verizon ICA provides that Core may purchase dedicated transport from Verizon in order to deliver its outbound local traffic to Verizon’s tandem(s). Att. IV, § 2.4.1; and it provides that Verizon must make available two-way trunks for exchange access traffic terminating to Core from IXCs pursuant to the ICAs. Att. IV, § 1.1.2. The cost-based TELRIC rates applicable to these facilities under the Verizon ICA are set forth in Appendix 2 (“Detailed Schedule of Itemized Charges”), section II. The ICAs also commit Verizon to “perform terms, conditions and operations under this Agreement in a manner that complies with all Applicable Law, including all regulations and judicial or regulatory decisions of all duly constituted governmental authorities of competent jurisdiction,”<sup>74</sup> and “act in good faith and consistently with the intent of the Act.”<sup>75</sup>

Yet, despite the overwhelming weight of relevant authority, the terms of the ICAs, and Verizon’s own commitment to the Commission, Verizon has never provided a local interconnection trunk to Core, and never submitted a TELRIC bill to Core.<sup>76</sup> Core cannot and should not be required to pay bills for access services it never ordered. Nor can Verizon now

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<sup>73</sup> Core Statement 3.0 (Panel Rebuttal Testimony), at 27; and Exhibit CORE R-14.

<sup>74</sup> Verizon ICA, § 6.1; Verizon North ICA, General Terms & Conditions, § 8.1.

<sup>75</sup> Verizon ICA, § 42.1.; Verizon North ICA, General Terms & Conditions, § 5.

<sup>76</sup> Tr., 492 (Verizon witness Peter D’Amico).

claim that it is owed “at least” TELRIC for the access services it did provision.<sup>77</sup> The record is absolutely bare with respect to what Verizon may have legitimately billed Core using TELRIC rates and rate elements. It was not incumbent on Core, nor is it realistic to expect Core, to have somehow generate TELRIC bills to itself, based on the wide array of disparities between the rates and elements applicable to local interconnection as opposed to access services. One need only compare the 24-page price schedule attached to the Verizon ICA as Appendix 2 to Verizon’s voluminous intrastate and interstate switched and special access tariffs to see that there is no one-to-one comparison through which Core could remedy Verizon’s refusal to render TELRIC invoices. Perhaps most telling is that Verizon itself has declined to undertake the task of rerating its own access bills—even though it argues Core should have paid them at TELRIC.

There are additional problems with Verizon’s bills and associated claims for switched and special access charges associated with the access trunks it has provisioned. *First*, Verizon’s designated witness was unable to authenticate Verizon’s own bills to Core,<sup>78</sup> and admitted on the record that “I don’t think I’ve actually looked at [Core’s] bill.”<sup>79</sup> Nor did Verizon submit any testimony supporting anything other than the existence of its own invoices—no explanation of how, when or by whom the putative services were ordered, nor that in fact they were provisioned or used. Verizon also admitted that much of its claim is premised on amounts billed as far back as 2002,<sup>80</sup> and that it no longer maintains any billing detail at all for charges prior to January 1, 2008.<sup>81</sup> Verizon further admitted that it does not store any records relating to its intercarrier compensation bills to Core for more than five (5) days, and refused on numerous occasions to

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<sup>77</sup> To the extent Verizon has *any* claim with respect to these facilities (and Core does not concede that it does), that claim would be limited to *quantum meruit*.

<sup>78</sup> Tr., 495 (Verizon witness Peter D’Amico).

<sup>79</sup> Tr., 497 (Verizon witness Peter D’Amico).

<sup>80</sup> Tr., at 474 (Verizon witness Peter D’Amico).

<sup>81</sup> Exhibit CORE R-12 (Verizon Response to Core Interrogatory IV-1), subparts (c) and (d).

provide call detail records (CDRs) to support even one month's worth of billings.<sup>82</sup> This fundamental evidentiary gap is, by itself, fatal to Verizon's claims.

*Second*, it is clear that the great majority of Verizon's claims are so old as to have fallen outside the applicable statutes of limitations. Even though it had been issuing access invoices to Core since 2002, Verizon waited until the filing of its original answer in this case, on August 16, 2011, to file suit to collect these charges. Applying Pennsylvania's four-year statute of limitations for contract claims,<sup>83</sup> Verizon's claim is limited to amounts accrued after August 16, 2007, that is, invoices which became due after that date. Core asked Verizon in discovery to identify such charges, but Verizon was unable or unwilling to do so, explaining that it "is unable to provide a breakdown of charges billed before January 1, 2008 because the detailed billing records are no longer available."<sup>84</sup> The fact that such records are "no longer available" is reason enough to deny Verizon any recovery for that period. Nor is it possible, for the same reason, to apply the federal Communications Act's two-year statute of limitations<sup>85</sup> to Verizon *interstate* access claims, although Verizon does admit that at least \$556,728.44 of its interstate access charges accrued prior to relevant date for the federal statute, which is August 16, 2009.<sup>86</sup>

Other than the bloated figure of \$4.55 million set forth in Verizon's direct testimony, the only hard-and-fast figures Verizon has provided in connection with its access claims are \$2,101,913.86 in interstate access charges and \$386,359.74 in intrastate access charges that allegedly accrued between May 1, 2008 and May 7, 2012.<sup>87</sup> In the absence of any other figure, the \$2,101,913.86 interstate figure should be reduced by the \$556,728.44 Verizon admits

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<sup>82</sup> Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 10.

<sup>83</sup> 42 Pa.C.S.A. § 5525.

<sup>84</sup> Exhibit CORE R-12 (Verizon Response to Core Interrogatory IV-1), subparts (c) and (d).

<sup>85</sup> 47 U.S.C. § 415.

<sup>86</sup> Exhibit CORE R-12 (Verizon Response to Core Interrogatory IV-1), subpart (e).

<sup>87</sup> Exhibit CORE R-10.

accrued prior to August 16, 2009, to arrive at a maximum permissible recovery of \$1,545,185.42 under the federal statute. Similarly, as Verizon has provided no figure for intrastate access claims that accrued prior to August 16, 2007, the Commission should adopt the figure of \$386,359.74 as the maximum possible recovery under the Pennsylvania statute.

*Third*, most of Verizon's billings were issued pursuant to its interstate access tariff, and therefore its claim for associated amounts is entirely outside the Commission's jurisdiction. The Commission only has jurisdiction over intrastate traffic and tariffs.<sup>88</sup> The Commission has no jurisdiction to evaluate Verizon's interstate access claims. Therefore the absolute maximum that the Commission has jurisdiction to consider is Verizon's intrastate access claims, which amount to \$386,359.74 for the period May 1, 2008 through May 7, 2012.

## **2. The Trunks Verizon Provisioned Were Defective**

Even putting aside the wrongful billing, limitations and jurisdictional issues, the access services Verizon did provision were defective on a variety of technical fronts, which is not surprising since they are not the local interconnection services Core actually ordered.

The MF outbound LITGs and two-way ATCs were, in a word, useless. The ICAs require the parties to pass ANI and/or CPN over the LITGs.<sup>89</sup> Yet, despite the ICAs and despite numerous requests dating back to 2000,<sup>90</sup> On the MF LITGs and ATCs, Verizon never enabled these trunks to pass ANI/CPN to and from Core's end users (even though it technically feasible and quite easy to do so), rendering these trunks unfit for commercial applications.<sup>91</sup> Verizon's refusal to permit ANI/CPN to pass over the MF trunks rendered those trunks useless because

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<sup>88</sup> Opinion & Order, *MilleniaNet Corporation v. Verizon Pennsylvania Inc.*, Docket No. C-20055173, at 11 (entered May 2, 2008) ("We agree with Verizon that Section 1501 of the Code does not give this Commission jurisdiction over disputes concerning billing and other services provided in connection with items purchased from an FCC-approved tariff.").

<sup>89</sup> Verizon ICA, Att. IV, § 7.3 (CPN); and Att. III, § 11.1.6 and Att. IV, § 3.3 (ANI).

<sup>90</sup> See, e.g., Exhibit CORE R-19 (Letters dated March 5, 2008 and December 6, 2005 from Core to Verizon).

<sup>91</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 10,11.

consumers expect to receive ANI/CPN when they subscribe to Caller ID and related services.<sup>92</sup> As of November, 2011, Core had completely replaced the old MF trunking with SS7 trunking, a process that began in 2008.<sup>93</sup> Core never used the MF outbound LITGs to any material degree, and never sent traffic over the MF ATCs—although Verizon appears to have dumped some traffic down those trunks. Only once the MF trunks were retired was Core able to offer outbound and voice services, since these services rely on passing CPN.

With respect to the SS7 trunks, Verizon is inserting Core's CIC *into the EMI records* for traffic Core passes over the SS7 LITGs.<sup>94</sup> This is a significant problem because, when third-party carriers receive EMI records from Verizon indicating Core's CIC (as opposed to an OCN), the industry standard protocol is to bill Core as an IXC (i.e., expensive access charges) as opposed to a LEC (i.e., relatively cheap reciprocal compensation).<sup>95</sup> This is why Core limits the traffic it sends Verizon to traffic destined for Verizon telephone numbers (even though Core is entitled to use the LITGs for transit traffic to other ILECs), and this is why Core contends the SS7 LITGs have limited functionality.<sup>96</sup> And in fact, Verizon itself bills Core at access rates for traffic Core sends over the SS7 LITGs. With respect to the SS7 ATCs, Verizon is not transmitting carriers' CIC or OCN in the SS7 signaling stream across these trunks, making it difficult or impossible for Core to properly bill and collect appropriate switched access charges from carriers.<sup>97</sup> Core has disconnected all of SS7 ATCTs because Verizon refuses to address the outstanding issues, and because competitive alternatives exist.<sup>98</sup> Core initiated the transition from MF to SS7 trunking

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<sup>92</sup> Core Statement 3.0 (Panel Rebuttal Testimony), at 47.

<sup>93</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 10-11.

<sup>94</sup> Core Statement 3.0 (Panel Rebuttal Testimony), at 47.

<sup>95</sup> *Id.*

<sup>96</sup> *Id.*

<sup>97</sup> *Id.*

<sup>98</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 10.

arrangements with Verizon in 2008, a process which was completed in November, 2011.<sup>99</sup>

Core's competitive tandem provider can and does pass CIC and OCN in the SS7 stream—and in the EMI records it provides—further underlining Verizon's obstinacy.

**G. The Commission Should Reject Verizon's "LNP Lookup" Analysis of Third-Party Traffic**

In its testimony, Verizon offers up a newly-minted "LNP lookup" analysis to concoct an estimate that either 28% or 35% of the traffic it sent Core over the LITGs in the past several years was actually traffic originated by third-party carriers transiting Verizon's network, and for which Verizon has no ICC responsibility whatsoever.<sup>100</sup> Before getting to the numerous flaws which run through Verizon's newfound theory, it is important to note that the LNP lookup analysis is just that—a hypothetical damages theory.<sup>101</sup> At hearing, Verizon was obliged to admit that it cannot actually identify the percentage of third-party-originated traffic that it sent Core over the years.<sup>102</sup> And of course, the Commission has no power to award damages.<sup>103</sup>

Verizon's model is flawed because EMI records—not the LNP database—are the industry standard method for identifying and billing third-party carriers in lieu of a tandem provider such as Verizon.<sup>104</sup> Verizon's LNP lookup methodology is performed on a call-by-call review of historical data, and is not a workable solution for billing third-party carriers.<sup>105</sup>

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<sup>99</sup> Core Statement 3.0 (Panel Rebuttal Testimony), at 46.

<sup>100</sup> Verizon Statement No. 1.0 (Panel Direct Testimony), at 72; and Verizon Statement No. 3.0 (Panel Surrebuttal Testimony), at 68. We leave it to the Commission to judge the propriety of substantially amending and increasing one's damages claim *in surrebuttal testimony*.

<sup>101</sup> Core Statement 3.0 (Panel Rebuttal Testimony), at 62.

<sup>102</sup> Tr., at 527-28 (Verizon witness William Munsell); and Core Cross Exhibit 13.

<sup>103</sup> *Feingold v. Bell of Pennsylvania*, 477 Pa. 1, 8, 383 A.2d 791, 794 (1977).

<sup>104</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 31-32; *and see*, Verizon ICA, Pt. B—Definitions (““Exchange Message Record System” (EMR) means the system used among ILECs for exchanging telecommunications message information for billable, non-billable, sample, settlement and study data. EMR format is contained in BR-010-200-010 CRIS Exchange Message Record, published by Bellcore and which defines the industry standard for exchange message records.”); *and see*, Att. VIII, § 3.1.3.8 (specifying transfer of EMI records so that terminating carrier may bill IXCs).

<sup>105</sup> Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.

Verizon's methodology of searching the LNP database to find the originating carrier on a call-by-call basis is not a standard methodology for call rating and cost assignment.<sup>106</sup> No carrier uses such a method for billing purposes, including Verizon.<sup>107</sup> Nor—as Verizon's witness was forced to admit—is the LNP lookup analysis authorized by the ICAs.<sup>108</sup>

CIC and OCN—as found in valid EMI records—are the standard, accepted way to identify the carrier that is responsible for intercarrier compensation charges associated with each call.<sup>109</sup> CPN and LRN derived from the LNP database do not identify the carrier responsible for payment of ICC obligations.<sup>110</sup> At best, CPN and LRN would only identify the LEC that holds the TN as service provider, not the carrier that is responsible to pay for particular calls.<sup>111</sup> The reason Verizon avoids using EMI to estimate third-party carrier traffic is that Verizon does not send nearly enough EMI to support its 28%/35% damages claim.<sup>112</sup> Nor do Verizon's EMI records indicate *which set of trunks* (i.e., LITG or ATCT) Verizon used to send any particular call.<sup>113</sup> Verizon sends IXC traffic down LITGs, local traffic down ATCs and the EMI Verizon provides does not specify which calls went down which trunks.<sup>114</sup> Until January, 2012, when Core replaced the last of the Verizon ATCs with competitive tandem provider trunks, Verizon was transmitting all types (local, IXC, Verizon-originated and third-party originated) of traffic over both sets of trunks.<sup>115</sup> There is no way to determine which EMI calls came in over LITGs

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*Id.*

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Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.

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Tr., at 569 (Verizon witness William Munsell).

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Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.

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*Id.*

111

*Id.*

112

Core Statement 3.0 (Panel Rebuttal Testimony), at 47-48.

113

*Id.*, at 48.

114

*Id.*, at 52.

115

*Id.*, at 48.

(and may have been billed to Verizon) and which came in over ATCTs (and were not billed to Verizon).<sup>116</sup>

From May, 2008 through December, 2010, the EMI records Verizon sent Core never accounted for more than 4% of the total traffic Verizon sent Core over the LITGs.<sup>117</sup> Neither party recorded the volume of traffic Verizon sent Core over the ATCs.<sup>118</sup> It stands to reason that most of the minutes recorded in the EMI were sent to Core over the ATCs, not the LITGs, since ATCs are designed for transmission of traffic to Core from IXCs. In 2011, the volume of EMI minutes rose to 17% of total traffic recorded on the LITGs.<sup>119</sup> Consistent with Core's entry into the voice market, 2011 was the period in which Core was receiving substantial volumes of traffic from IXCs over the ATCs. In 2012, the volume of EMI minutes has hovered between 5% and 8%.<sup>120</sup> 2012 is the period in which Verizon admits it has made an effort to transmit more EMI to Core and other terminating carriers.

Instead of lurking silently for years, there were many ways for Verizon to have avoided the issues it raises in its LNP lookup analysis: (1) Verizon did not have to send Core third-party carrier traffic over the LITGs; (2) Verizon could have established separate trunk groups for this traffic; (3) Verizon could have contracted with another carrier to deliver the traffic to Core; (4) Verizon could have sent Core an EMI for every call it delivers to Core (including its own traffic); or (5) Verizon could have signaled CIC/OCN on all traffic it delivers to Core.<sup>121</sup> Finally, it is also worth noting that, when Verizon bills Core for ICC, Verizon takes no steps whatsoever to "weed out" third-party "transited" traffic which Core may be transmitting over the LITGs.<sup>122</sup>

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<sup>116</sup>

*Id.*

<sup>117</sup>

Core Statement 3.0 (Panel Rebuttal Testimony), at 65; and Figure R-5.

<sup>118</sup>

*Id.*, at 65-66.

<sup>119</sup>

Core Statement 3.0 (Panel Rebuttal Testimony), at 65; and Figure R-5.

<sup>120</sup>

Core Statement 3.0 (Panel Rebuttal Testimony), at 65; and Figure R-5

<sup>121</sup>

Core Statement 3.0 (Panel Rebuttal Testimony), at 66.

<sup>122</sup>

Tr., at 512 (Verizon witness Peter D'Amico).

## V. CONCLUSION

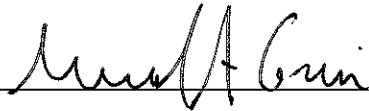
Wherefore, for the foregoing reasons, Core Communications respectfully requests that the Commission enter an Order:

1. Finding that Verizon Pennsylvania, Inc. has breached the terms of its ICA with Core;
2. Finding that Verizon North, LLC has breached the terms of its ICA with Core;
3. Directing Verizon to refrain from any further unjustified refusal to pay intercarrier compensation pursuant to the ICAs between Core and Verizon and the Tariffs referenced therein;
4. Directing Verizon to make timely payment of all subsequent intercarrier compensation invoices issued by Core pursuant to the ICAs between Core and Verizon and the Tariffs referenced therein;
5. Directing Verizon to pay Core's unpaid Access Charge Bills within 30 days;
6. Finding that Verizon has failed to comply with the *Mirroring Rule* and directing Verizon to pay Core the full and appropriate rate for all past traffic delivered terminated by Core between March, 2008 and June, 2012.
7. Finding that Verizon's non-payment and resulting breaches of the ICA were done intentionally, in bad faith and with a specific intent to injure Core;
8. Assessing interest, late payment charges, collection costs and other fees authorized by the ICAs, the Public Utility Code, and the Commission's regulations upon Verizon;

9. Assessing a civil penalty in the maximum permissible amount upon Verizon for each day of its unjustified non-payment of any intercarrier compensation for the 88 days between July 2, 2011 and September 28, 2011; and
10. Dismissing Verizon's Counterclaims in their entirety; and
11. Granting such other relief as the Commission may deem appropriate.

WHEREFORE, for the foregoing reasons, Core respectfully requests that the Commission rule in Core's favor on Counts I-III of its Amended Complaint, and dismiss Verizon's Counterclaims in their entirety.

Respectfully submitted,



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Communications, Inc.*

January 23, 2013

## **Appendix A – Proposed Findings of Fact**

1. Core is a facilities-based telecommunications service provider certificated by the Pennsylvania Public Utility Commission (“Commission”) to provide competitive local exchange services throughout Pennsylvania. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 1.
2. Core operates six switch sites in Pennsylvania. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 1.
3. Core is also certified to provide local exchange services in Maryland, and operates an additional four switch sites there. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 1.
4. Core traditionally focused on the provision of local exchange telecommunications and related services to dial-up Internet service providers (“ISPs”). Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 2.
5. More recently, Core has also begun offering local exchange telecommunications services to voice-over-Internet protocol (“VOIP”) carriers, which similarly handle large call volumes and are intensive users of telecommunications services. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 2.
6. Core markets its “Managed Port Service” to ISPs and its “Superport” service to VOIP carriers. Both services are tariffed in Core’s Pa. P.U.C. Tariff No. 1 (“Local Exchange Services”). With both services, Core offers its customers the ability to provision scalable wholesale telecommunications capacity, measured in DS0-level “ports,” on a LATA-wide basis. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 2.

7. For many consumers, dial-up ISP may be their preferred option to have Internet access and Core facilitates the ability of these consumers to have this access by enabling landline telephone calls to reach the ISPs. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 2.
8. Consumers of VOIP services are highly variegated: some are residential subscribers to popular retail VOIP offerings such as Vonage, others are small businesses that use a VOIP integrator to replace their traditional PBX system with a VOIP system and still others are consumers of specialized VOIP or fax-over-IP applications. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 3-4.
9. Core's telecommunications services provide a platform upon which its customers can build any number of IP-related applications geared to suit their end users' needs. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 3-4.
10. Verizon Pennsylvania and Verizon North combine to form the largest incumbent local exchange carrier in Pennsylvania. They serve millions of business and residential customers throughout the Commonwealth..Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 4.
11. Verizon Business competes directly with Core in the market for wholesale local exchange services to ISPs and VOIP providers. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 4.
12. Core has established six wire centers in Pennsylvania, one in each LATA, and each one housing a Core switch. Core's wire centers are located in Altoona (LATA 230), Erie (LATA 924), Harrisburg (LATA 226), Philadelphia (LATA 228), Pittsburgh (LATA 234) and Wilkes-Barre (LATA 232). Each switch serves

the LATA in which it is situated. Each switch is capable of performing or is associated with numerous telecommunications network functions. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 5-6.

13. Core deploys a wide range of telecommunications equipment, including Ciena fiber-optic transport systems, Lucent switches and Cisco routers, SS7 signaling software from Squire Technologies as well as proprietary software and numerous internal servers and routers to provide switching logic and to coordinate the operation of various pieces of network equipment. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 6-7; and Exhibit BLM -1.
14. Trunks are the logical communications channels (usually expressed in terms of DS1s) which “ride” over the physical facilities which connect the parties’ networks. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 8.
15. In each LATA, both parties have established one-way local interconnection trunk groups (“LITGs”) to carry locally-dialed traffic. Specifically, Verizon has established a large number of one-way LITGs into Core’s network, each LITG carrying traffic from one or more Verizon switches, through Verizon’s tandem network, and on to Core’s IP. Core completes the transport link by providing Verizon with terminating trunk ports and multiplexing at its IP. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 8.
16. Core established (or attempted to establish) a relatively small number of one-way LITGs into Verizon’s IP, to carry locally-dialed traffic from Core to Verizon. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 8.

17. In addition, the parties used to be connected by access toll connecting trunks (“ATCs”) which were intended to carry interexchange traffic between Core’s IP and IXCs connected to Verizon’s access tandem network. As of today, Core has disconnected or requested disconnection of all of the remaining Verizon ATCTs. Core now uses competitive alternative providers for access tandem services. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 8.
18. Signaling is the function whereby the originating and terminating carrier coordinate their respective resources in order to facilitate a call. There are two types of signaling, multi-frequency (“MF”) and signaling system 7 (“SS7”). Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 9.
19. When Core began operating in Pennsylvania in 2000, Core and Verizon agreed that both parties would utilize multi-frequency (“MF”) signaling. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 9.
20. Prior to filing its papers in this case, Verizon never complained about interconnecting with Core using MF. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 9.
21. Core initiated a transition to SS7 signaling in 2009. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 9.
22. Beginning in September, 2009, Core began offering local exchange service to VOIP carriers, so that Verizon now sends Core substantial volume of locally-dialed voice traffic, in addition to some long-distance or toll-dialed voice traffic as well. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 10.

23. Beginning in August, 2010, Core began to send substantial amounts of voice traffic to Verizon. This traffic is locally-dialed voice traffic. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 10.
24. Core and Verizon are party to two interconnection agreements (“ICAs”) in Pennsylvania: (1) an ICA dated March 31, 2000 between Core and Verizon Pennsylvania, Inc.; and (2) an ICA dated August 4, 2005 between Core and Verizon North, LLC. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 2.
25. The vast majority of the billings and related matters that are at issue in this case have arisen between Core and Verizon Pennsylvania, Inc. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 2.
26. Core maintains an intrastate switched access service tariff (Pa. PUC Tariff No. 4) with the Commission. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 2. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 2.
27. Core maintains an interstate switched access service tariff with the Federal Communications Commission (“FCC”). Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 2.
28. These tariffs govern Core’s provision of switched access services to, and its receipt of intercarrier compensation from, Verizon and other carriers, for traffic terminating to Core in Pennsylvania. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 2.

29. Core monitors the one-way LITGs that the parties established to carry local traffic from Verizon to Core, and bills Verizon for each terminating MOU which Verizon sends Core via these trunk groups. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 13.
30. Core does not bill Verizon for any of the MOUs which Verizon sends (or used to send) via the access toll connecting trunks, which are intended to carry traffic from third-party carriers to Core. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 13.
31. Core bills Verizon for reciprocal compensation on a monthly and per-LATA basis by adding up the total MOUs delivered on each LITG in a LATA, then multiplies that total by the reciprocal compensation rates of \$0.002814/MOU (Verizon PA) and \$0.0079536 (Verizon North), which is set forth in the ICAs. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 16.
32. In order to implement the *ISP Remand Order's* "3 to 1 Ratio" for distinguishing ISP-bound from voice traffic, the parties agreed upon a procedure whereby Core bills Verizon at the reciprocal compensation rate set forth in the ICAs, Verizon multiplies the total number of outbound MOUs Core delivered to Verizon by three, pays for these "below ratio" MOUs at the TELRIC rate, pays the remainder of its MOUs (the "above ratio" minutes) to Core at the FCC's mirroring rate of \$0.0007/MOU, and disputes the difference between TELRIC and \$0.0007 for the "above-ratio" minutes. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 17.

33. From October, 2004, through April, 2011, Verizon consistently paid Core's Pennsylvania intercarrier compensation bills for locally-dialed traffic at the FCC's mirroring rate of \$0.0007/MOU. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 18.
34. Verizon never contested the number of MOUs which Core billed during this time period. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 19.
35. With respect to the now-retired multi-frequency signaling ("MF") LITGs, Core used a sampling technique that sampled the number of trunk ports in use at regular intervals to calculate total MOUs each month per local trunk group. Core Statement 3.0 (Panel Rebuttal Testimony), at 59.
36. These MF LITG totals were adjusted to account for modem training time and calls that were answered by a modem but which did not train properly, which the sampling technique did not register. Core Statement 3.0 (Panel Rebuttal Testimony), at 60.
37. Although the MF time-stamp records themselves do not "contain" a trunk group identifier, they were recorded by Core's systems based on monitoring of particular trunk groups—the LITGs from Verizon to Core. Core Statement 3.0 (Panel Rebuttal Testimony), at 60.
38. Core did not create individual call records for the MF LITGs because Verizon passed no ANI/CPN over those trunks, rendering creation of call records futile. Core Statement 3.0 (Panel Rebuttal Testimony), at 61.
39. For the SS7 LITGs, Core records incoming usage on each inbound SS7 hunt group from Verizon, adds up the monthly totals for all hunt groups that

correspond to each of its LITGs with Verizon in a given LATA, and bills Verizon for the total MOUs recorded in each LATA on a monthly basis. Core Statement 4.0 (Panel Surrebuttal Testimony), at 10.

40. For the MF LITGs, Core used a simple sampling technique which measured the total number of “live” IP sessions at regular intervals of approximately ten minutes, multiplied the measurements times the sample period to calculate the “area under the curve.” Core Statement 4.0 (Panel Surrebuttal Testimony), at 10-11; and Figure SR-1.
41. Core’s MF time-stamp sampling technique produced results which were consistent, predictable and which reflect industry trends in the dial-up market. Core Statement 4.0 (Panel Surrebuttal Testimony), at 11-12; and Figure SR-2.
42. The transition from SS7 to MF trunks began in February, 2009 and finished in November, 2011. Core Statement 4.0 (Panel Surrebuttal Testimony), at 12; and Figure SR-2.
43. The number of minutes Core billed to Verizon for traffic on the LITGs has fallen steadily and dramatically from 2008 through the present. Core Statement 4.0 (Panel Surrebuttal Testimony), at 12; and Figure SR-2.
44. The sampling technique for the MF trunks billing was built around a modem-only business model and the shortcomings of Verizon’s MF trunks, which did not pass the information (i.e., CPN) necessary to generate CDRs in the ordinary sense. Core Statement 4.0 (Panel Surrebuttal Testimony), at 14.
45. The MF trunks carried ISP-bound traffic only. Core Statement 4.0 (Panel Surrebuttal Testimony), at 14.

46. Core has produced massive volumes of SS7 CDRs, MF time stamp records and monthly worksheet calculations to document every MOU it billed going back to May, 2008, as well as detailed descriptions of how the bills were generated. Core Statement 4.0 (Panel Surrebuttal Testimony), at 14.
47. Verizon has refused to provide data to support even one month of its reciprocal compensation billings to Core. Core Statement 4.0 (Panel Surrebuttal Testimony), at 14.
48. Verizon bills Core in exactly the same way Core bills Verizon. Core Statement 3.0 (Panel Rebuttal Testimony), at 56.
49. Verizon rates each incoming call from Core based on the NPA-NXX of the calling and called parties. Core Statement 3.0 (Panel Rebuttal Testimony), at 56; and Exhibit CORE R-27.
50. Verizon admitted that “[a]ll traffic sent by Core to Verizon is billed to Core. When Core handles third party originated traffic, those third parties are Core’s customers. Third party traffic sent by Core is billed to Core.” Core Statement 3.0 (Panel Rebuttal Testimony), at 56; and Exhibit CORE R-28.
51. Core originally assumed that Verizon sent Core only local traffic over the LITGs, and only switched access traffic from third-party carriers over the ATCT groups. As a result of its discussions with Verizon preceding mediation in this case, Core reexamined the traffic Verizon sends Core over all trunk groups on a granular, call-by-call level. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 13.
52. Core was surprised to learn that Verizon had been surreptitiously mixing local and switched access traffic and Verizon and non-Verizon traffic on both types of trunk

groups, and expects Core to re-sort the traffic on a call-by-call basis into locally-dialed and switched access traffic. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 13.

53. Verizon makes certain Electronic Message Interface (“EMI”) records available to Core via a web-based interface. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 13.

54. EMI records should contain information that allows Core to bill third-party carriers for the transited traffic they transmit to Core via the Verizon tandem network. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 13.

55. Other than EMI records, Verizon does not provide Core with any other records related to the traffic that it sends to Core. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 13.

56. Core uses the Verizon-provided EMI records to bill the appropriate third-party carriers, including IXCs, CLECs, ILECs and wireless carriers, for calls that Core receives from them. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 14.

57. As a result of discussions with Verizon preceding the mediation in this case, Core reexamined the traffic Verizon has been sending to Core, over all the SS7 trunk groups, including both LITG and ATCT groups. Using its own switch records, Core discovered that Verizon, in fact, has been sending Core a lot of traffic for which there is no corresponding EMI record. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 14.

58. The SS7 signaling call stream consists of call routing information transmitted by Verizon's SS7 controllers to Core's SS7 controllers in order to establish a call path through the networks and thereby facilitate a call. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15.
59. Verizon passes calling party number (CPN) and called number ("CN") in the signaling stream. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15.
60. Verizon does not pass carrier identification code ("CIC") or operating carrier number ("OCN") in the signaling stream. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15.
61. CIC is a billing parameter that identifies the IXC that is responsible for a call. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15.
62. OCN is a billing parameter that identifies a LEC that is responsible for a call. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15.
63. Core records the CPN, CN, start time, answer time and end time at its terminating switches in order to generate switch records which it then stores and uses to generate switched access bills to Verizon. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15.
64. Core compares the CPN and the CN of each call to identify switched access (as opposed to local) traffic that Verizon sends Core, and to jurisdictionalize the traffic as intrastate or interstate. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15.
65. Core then compares its switch records against the EMI records, and eliminates any call for which there is a corresponding EMI record from the bucket of calls

for which switched access bills are rendered. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15.

66. Verizon's EMI records notably do not track Trunk Group Number or Two-Six Code, although Core's switch records do. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15.
67. In comparing switch records against Verizon's EMI, Core assumes that any call in the EMI that has the same calling party and called party number, and is placed on the same day, as a call found in Core's switch records, is a match. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15.
68. Once a call is determined to have a matching EMI, Core does not bill Verizon switched access for such calls, rather, Core relies on the EMI to bill the appropriate third-party carrier. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 15.
69. Every switched access invoice Core issues Verizon is accompanied by lengthy bill detail which lists the specific rate elements billed and specific rates applicable to each and every MOU Core billed. Core Statement 4.0 (Panel Surrebuttal Testimony), at 15; and Exhibit CORE SR-5.
70. Core has produced CDRs to support each and every MOU it billed as switched access to Verizon. Core Statement 4.0 (Panel Surrebuttal Testimony), at 15.
71. Should Verizon ever decide to pay, or be compelled to pay, its switched access bills, Core will deduct any amounts previously paid at the \$0.0007 rate. Core Statement 4.0 (Panel Surrebuttal Testimony), at 16.

72. In addition to CDRs, Core also provided Verizon with a key to the trunk groups, so that Verizon could associate each call record with a trunk group (i.e., ATCs v. LITGs): this does not mean that Core billed Verizon for all this traffic, and Verizon knows that. Core Statement 4.0 (Panel Surrebuttal Testimony), at 16-17.
73. Core's switched access billing EMI matching algorithm is very generous to Verizon in that it eliminates multiple calls from the same CPN to the same called number from Core's bills, even if there is an EMI for only one such call on that day. Core Statement 4.0 (Panel Surrebuttal Testimony), at 17.
74. Core uses its switch records (except those that match an EMI record, as described above) to determine Verizon's intrastate and interstate switched access amounts due each month. Core applies its tariffed rates to Verizon's calls, and bills Verizon accordingly. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 16.
75. Core began issuing switched access invoices to Verizon in January, 2012. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.
76. Using its historical SS7 switch records, Core backbilled Verizon through February, 2009, which is when the first SS7 trunks went live in Pennsylvania. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.
77. Since January, Core has billed Verizon on a monthly basis for actual traffic recorded in the preceding calendar month. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.

78. Verizon owes Core no less than \$2,532,143.22 through the June, 2012 usage period for switched access services billed in this manner. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32-33 and 35; and Exhibit BLM-5.
79. Verizon's sole response to Core's switched access bills is a cursory, one-page dispute letter. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 33-34.
80. Core offered to provide CDRs to support its switched access billings to Verizon; but Verizon never responded. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 34.
81. Core did provide CDRs to support its switched access billing to Verizon as discovery in this case. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 34.
82. The 2000 ICA between Core and Verizon Pennsylvania was never amended to reflect the FCC's 2001 *ISP Remand Order*. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 10.
83. Verizon implements the Mirroring Rule in Pennsylvania by offering CLECs and wireless carriers the opportunity to agree to Verizon's so-called "Rate Plan B" amendment. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 11-12.
84. When a carrier agrees to this amendment to its ICA, Verizon and the carrier mutually lower the rate applicable to what Verizon terms "Reciprocal Compensation Traffic," with both carriers lowering their rate for this traffic to \$0.0007/MOU. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 12.

85. The amendment, or the underlying ICA, stipulates a Verizon-drafted, highly restrictive definition for “Reciprocal Compensation Traffic,” limiting this category to traffic exchanged within Verizon-defined exchanges, and excluding compensation for numerous subcategories of traffic; and eliminates any compensation for ISP-bound traffic. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 12; and Exhibit CFV-9.
86. Although Verizon has entered into Rate Plan B amendments with numerous carriers in Pennsylvania, Core understands that the terms of all of these amendments are identical or substantially the same. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 12.
87. Beginning in August, 2010, Core began to send substantial amounts of section 251(b)(5) voice traffic to Verizon. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 14.
88. Subsequently, Core discovered and has since confirmed that Verizon bills Core either at the TELRIC reciprocal compensation rates set forth in the ICAs, or the switched access rates set forth in Verizon’s tariffs, for the termination of Core’s section 251(b)(5) traffic, but never at the FCC’s mirroring rate of \$0.0007/MOU. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 14.
89. Verizon claims that it recently began charging Core \$0.0007/MOU for traffic in Verizon North territory, but this traffic is *de minimis*. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 14.

90. Verizon has never properly opted in to the *ISP Remand Order*. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 14.
91. As a result of its failure to properly opt-in to the *ISP Remand Order*, Verizon underpaid Core in the amount of \$24,072,573.30 for traffic terminated by Core between March, 2008 and June, 2012. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 15; and Exhibit 11.
92. Between September 10, 2010 and February 24, 2011 (a period of five-and-a-half months), Core engaged Verizon in an email discussion concerning Core's plans to begin sending outbound voice traffic over the interconnection arrangements. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 19-21.
93. In these discussions, Core noted that Verizon was systemically undercounting the number of interconnection minutes Core was transmitting to Verizon, and provided Verizon with CDRs to demonstrate the volume of traffic on January 18, 2011. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 19-21.
94. In these discussions, Core also noted that Verizon had failed to "mirror" the FCC's rate of \$0.0007/MOU for ISP-bound traffic because it was not billing Core at that same rate for Core's outbound voice traffic. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 21.
95. Verizon never responded to Core's concerns. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 21.
96. Between June 14, 2011 and July 1, 2011 (a period of 17 days), Verizon initiated an email discussion in which it demanded that Core produce CDRs to support its

reciprocal compensation invoices for the month of May, 2011. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 21-23.

97. In these discussions, Verizon refused to acknowledge that it never responded to the CDRs Core produced on January 18, 2011. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 22.

98. On June 30, 2011, Verizon rejected Core's offer to exchange records, so that the parties could mutually identify any discrepancies. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 22-23.

99. On July 5, 2011, Verizon notified Core that it was "withholding payment" on Core's May 31, 2011 reciprocal compensation invoices. Verizon's notices declared that the entire amount (100%) of reciprocal compensation billed by Core to be "invalid," stating that "the traffic billed... is not in fact compensable to Core as reciprocal compensation traffic." Verizon's notice provide no explanation for its never-before-raised conclusion that Core's intercarrier compensation bills were invalid, and the notice made no reference to any provision in the ICA or any other authority which would provide Core with the basis for the non-payment. Verizon also sent its standard dispute letters, disputing the difference between TELRIC and \$0.0007 for the presumptively ISP-bound MOUs, at this time. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 23.

100. Nearly 60 days passed after Core issued the May 31, 2011 invoices, and Verizon had still remitted no payment on the invoices and had provided no basis for the non-payment. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 24.

101. Verizon gave no indication that it intended to pay the outstanding amounts due on the May 31, 2011 invoices, or to pay any further monthly intercarrier compensation invoices from Core. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 24.
102. Nor did Verizon pay subsequent rounds of invoices dated June 30, 2011 and July 31, 2011. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 25.
103. Core filed its original Complaint in this matter and contemporaneous Petition for Interim Emergency Order on July 22, 2011. Core asked the Commission to order Verizon to pay its outstanding intercarrier compensation invoices, since it had no valid dispute pending. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 25.
104. A hearing was held before ALJ Susan D. Colwell on July 29, 2011. At this hearing, Verizon had an opportunity to present a witness to explain its alleged “disputes” relative to Core’s intercarrier compensation invoices, but Verizon chose not to do so. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 25.
105. On August 3, 2011, ALJ Colwell issued an Order denying Core’s Petition, and certified the question of whether the relief Core sought was appropriate to the Commission. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 25.
106. On August 4, 2011, ALJ Colwell ordered the parties to exchange CDRs with respect to Pennsylvania traffic terminating on each party’s network. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 25.

107. The parties agreed to exchange their respective call detail records relative to one day's worth of traffic (May 25, 2011) from Verizon to Core in Pennsylvania over the LITGs (not the ATCTs) for which Core billed Verizon reciprocal compensation. Core also agreed to produce CDRs relative to traffic from Verizon to Core in Maryland and from Verizon to Core's affiliates in New York and Virginia. In addition, Verizon agreed to provide CDRs relative to Core's traffic to Verizon. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 25.
108. Verizon filed its New Matter and Counterclaim Seeking Affirmative Relief ("Verizon New Matter") on August 16, 2011. In it, Verizon finally revealed its position relative its own traffic bound for Core, for which Core bills Verizon reciprocal compensation. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 26.
109. With respect to Core's traffic to Verizon, Verizon stated that its "investigation reveals that Core overstated its MOUs." Verizon New Matter, at ¶ 113.
110. With respect to Verizon's traffic to Core, Verizon stated that essentially all of the calls Verizon sent Core were directed to "just a handful of telephone numbers" on Core's network, leading Verizon to the conclusion that Core was self-generating "terminating minutes solely for the purpose of inflating reciprocal compensation." Verizon New Matter, at ¶ 115.
111. The parties exchanged CDRs on or about August 19, 2011. Core sent Verizon CDRs for Maryland, Pennsylvania, New York and Virginia, while

Verizon sent Core CDRs for Pennsylvania only. Verizon also sent its own CDRs relative to the traffic it sent Core. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 26.

112. Verizon's data revealed that Verizon's statement that its traffic to Core went to just a handful of telephone numbers, and the Core was self-generating terminating minutes, were made without any justification. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 26.

113. In reaching its erroneous conclusions, Verizon made a serious methodological error by populating the CPN field in its records with Core's location routing numbers ("LRN") instead of actual CPN. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 26.

114. LRN is not a destination telephone number, like CPN. Even though LRN has ten digits, it is not a TN, but rather a type of network identifier that permits the originating carrier to direct LNP-dipped calls to the right carrier. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 27.

115. The only way Verizon could have concluded that 92 % of all of their calls to Core in the May 25 sample went to "just a handful" of numbers, was for Verizon to populate the CPN field in the call detail records with Core's LRNs, since all calls to Core's network will be associated with a relatively small set of LRNs—one LRN for each switch. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 27.

116. No credible telecommunications analyst could have honestly mistaken LRN for CPN in the May 25, 2011 call sample of Verizon's own records. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 27.
117. Verizon knowingly and intentionally decided to replace LRN for CPN in its analysis of the May 25, 2011 call sample which formed the basis for the allegations made in its August 16, 2011 verified filing with the Commission. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 27-28.
118. On September 30, 2012, Verizon sent Core a "summary" of its analysis of the records Core produced for May 25, 2011. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 29.
119. In the summary, Verizon claimed that all of the CDRs for calls it sent Core over the MF trunks were missing CPN, making it impossible analyze this traffic. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 29.
120. In the summary, Verizon claimed that some of the calls were destined for called numbers in the Delaware portion of the Philadelphia LATA. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 30.
121. In the summary, Verizon claimed that some of the calls were "non-local" and therefore not subject to reciprocal compensation. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 30.
122. In the summary, Verizon further claimed that even though Verizon handed all the calls to Core, some of the calls were actually originated by third-party carriers, based on Verizon's looking in the LNP database for the carrier associated

with each every CPN for each and every call record. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 30.

123. With respect to traffic Verizon delivered to Core over MF trunks, Verizon steadfastly refused to send or receive CPN over the MF trunks during the entire tenure of their existence. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 30.

124. With respect to traffic Verizon delivered to Core for termination to a Delaware number, Core is billing Verizon because Verizon—not its Delaware affiliate—delivered the traffic to Core, in Pennsylvania. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 31.

125. With respect to traffic Verizon claims are “non-local” and not subject to reciprocal compensation, Verizon is correct: such calls are toll calls and are billable to Verizon as such, unless Verizon provides a matching EMI record which Core may use to bill a third-party carrier. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 31.

126. Verizon’s conduct, as outlined in this testimony, harmed Core in several direct and demonstrable ways. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 34.

127. Verizon’s nonpayment almost bankrupted company, making investment in new network and services impossible. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 34.

128. Were Verizon to resume non-payment of Core invoices, Core would quickly find itself in the dire financial straits described in the affidavit that was

filed with the Amended Complaint in this case. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 34-35; and Proprietary Exhibit BLM-7.

129. For many years, Verizon transmitted traffic, including terminating switched access traffic, to Core over the now-defunct MF trunks. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 35-36.
130. Verizon never passed CPN over these trunks, making it impossible to rate the traffic in the ordinary industry standard way, which is to compare the NPA-NXX of the calling and the called parties. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 35.
131. As a result, Core only billed and collected ICC from Verizon at the FCC's very low mirroring rate of \$0.0007/MOU for these trunks. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 35.
132. As a result, Core was unable to bill Verizon for approximately \$2,661,655.78 in switched access charges which, but for Verizon's refusal to pass CPN, Core would have been able to issue invoices. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 36.
133. Verizon and its affiliates have withheld and continue to withhold every single form of intercarrier compensation due to Core and its affiliates in Maryland, New York, Pennsylvania and Virginia, including reciprocal compensation, facilities charges and switched access charges, with the sole exception of the reciprocal compensation that the Pennsylvania Commission has ordered Verizon to pay in this proceeding. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 4.

134. The amount due and withheld by Verizon in Maryland and Virginia reciprocal compensation is well in excess of \$500,000.00. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 4.
135. Verizon's IXC affiliates have withheld and continue to withhold 100% of the switched access payments due Core and its affiliates—an amount due which is now well in excess of \$1,000,000.00. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 4.
136. Beginning in 2011, Verizon made a business decision to withhold all intercarrier compensation from Core and its affiliates in all states in order to put Core out of business. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 4-7.
137. But for the Commission's order enjoining Verizon to resume its reciprocal compensation payments to Core, Verizon would have succeeded in putting Core out of business. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 4-7.
138. There was no rational basis for Verizon to conclude that the Core outbound traffic CDRs provided in January, 2011 would shed light on Verizon's traffic inbound to Core. Core Statement 3.0 (Panel Rebuttal Testimony), at 59.
139. Core has produced literally every conceivable call detail record and related billing data—several gigabytes of data—associated with the traffic for which it has billed Verizon, going back to 2008. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 8.

140. Verizon has produced little or nothing in the way of call detail records, either for the traffic it sends Core, or for the traffic Core sends Verizon, and for which it bills Core.
141. Verizon has stated that it “does not generate switch records for the locally-dialed traffic that originates on the Verizon network.” Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 8; and Exhibit CFV-6.
142. When it began to dispute Core’s bills in 2011, Verizon claimed its own “data” showed traffic volumes much lower than Core was invoicing. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 8; and Exhibit CFV-7.
143. Verizon does not keep records relating to the traffic it terminates on behalf of Core for more than five days, at which time they disappear into an inaccessible archive. Core Statement 2.0 (Direct Testimony of Christopher F. Van de Verg, Esq.), at 10.
144. A healthy competitive market includes a variety of specialty firms competing to provide specific functions to specific classes of buyers, as well as a smaller number of big providers which provide a broader range of services. Core Statement 3.0 (Panel Rebuttal Testimony), at 1.
145. A small firm such as Core must select a niche and attack that market aggressively to survive. Core Statement 3.0 (Panel Rebuttal Testimony), at 1.
146. Core operates in a highly competitive marketplace for wholesale telecommunications. Core Statement 3.0 (Panel Rebuttal Testimony), at 3.

147. Core competes with Verizon Business and numerous other CLECs and ILECs in the dial-up ISP market as well as the market for what Verizon calls “Calling Service Companies,” basically, companies which offer conference calling, calling card and other services which generate high volumes of inbound usage. Core Statement 3.0 (Panel Rebuttal Testimony), at 3.
148. In any competitive environment, the incumbent would prefer to not deal with a competitor. Core Statement 3.0 (Panel Rebuttal Testimony), at 3.
149. All carriers seek to increase the traffic carried on their networks. Core Statement 3.0 (Panel Rebuttal Testimony), at 4.
150. Paying incentives to brokers with close connections to valued customers is nothing new in telecommunications, or in any other competitive industry. Core Statement 3.0 (Panel Rebuttal Testimony), at 4.
151. Core doesn’t offer free service. Core Statement 3.0 (Panel Rebuttal Testimony), at 8.
152. Core does offer lower rates to customers with more traffic. Core Statement 3.0 (Panel Rebuttal Testimony), at 8.
153. The *Order on Mandamus* was appealed, not only by Core, but by NARUC and a host of state commissions, including the Commission. Core Statement 3.0 (Panel Rebuttal Testimony), at 10.
154. Verizon’s practice of suddenly withholding ICC payments based on newly-found disputes is not limited to its dealings with Core. Core Statement 3.0 (Panel Rebuttal Testimony), at 12-13.

155. Throughout the twelve years since Core and Verizon were first interconnected in Pennsylvania, Verizon's use of Core network resources has vastly exceeded Core's use of Verizon's network resources. Core Statement 3.0 (Panel Rebuttal Testimony), at 14.
156. In calendar year 2011, Verizon delivered at least 1,304,412,469.75 minutes-of-use ("MOUs") to Core for termination on Core's network in Pennsylvania; in this same period, Core delivered just 7,916,401.35 MOUs to Verizon in Pennsylvania. Core Statement 3.0 (Panel Rebuttal Testimony), at 14.
157. Core does not have sufficient funds to make a reserve without endangering ongoing operations, largely because of Verizon's refusal to pay its bills, but also because of a wider climate in the industry of carrier self-help and nonpayment. Core Statement 3.0 (Panel Rebuttal Testimony), at 15.
158. Meanwhile, Verizon has insured itself by embarking on a widespread and unflinching campaign of self-help vis-à-vis Core in particular. Core Statement 3.0 (Panel Rebuttal Testimony), at 15.
159. Verizon's IXC divisions are currently withholding a substantial amount in outstanding, invoiced charges due to Core and its affiliates. Core Statement 3.0 (Panel Rebuttal Testimony), at 15.
160. Because of the nonpayment epidemic, Core has just barely enough revenue to cover ongoing operations, and may need to eliminate facilities in certain areas. Core Statement 3.0 (Panel Rebuttal Testimony), at 15.

161. Unless and until the climate improves, discretionary expenditures, such as creating a reserve for Verizon, are simply not feasible or responsible. Core Statement 3.0 (Panel Rebuttal Testimony), at 15.
162. In a filing with federal district court, Verizon stated that it is withholding apparently undisputed amounts due Core's Virginia affiliate "to recover [alleged] past overpayments to CoreTel" for switched access charges and "to recoup its past overpayments to CoreTel" for reciprocal compensation." Core Statement 3.0 (Panel Rebuttal Testimony), at 16; and Exhibit CORE R-8.
163. Core has engaged in selective litigation to stem the tide of carrier nonpayment and to stabilize its revenues and financial health. Core Statement 3.0 (Panel Rebuttal Testimony), at 16-17.
164. By lodging disputes having no factual or legal basis, then engaging in self-help nonpayment, Verizon's conduct clearly flies in the face of Commission policy on ICC. Core Statement 3.0 (Panel Rebuttal Testimony), at 18.
165. Core has attempted to order local interconnection services from Verizon for years, including local interconnection trunk groups ("LITGs") and access toll connecting trunk groups ("ATCs") pursuant to its ICAs, the Act, and FCC rules. Core Statement 3.0 (Panel Rebuttal Testimony), at 20.
166. In its January 8, 2001 "Checklist Declaration" to the Commission in Docket No. M-00001435, Verizon stated that it "has established rates for local interconnection trunks in accordance with the Commission's Order in 'MFS Phase III' Docket Nos. A-310203F0002, A-310213F0002, A-310236F0002, and

A-310258F0002, entered August 7, 1997.” Core Statement 3.0 (Panel Rebuttal Testimony), at 27; and Exhibit CORE R-14.

167. Core used Verizon’s “Access Service Request” (“ASR”) process to order, or attempt to order, local interconnection facilities. Core Statement 3.0 (Panel Rebuttal Testimony), at 28.

168. The ASR process was created long before the Act as a means for IXC’s to order access facilities from incumbent LEC’s. Core Statement 3.0 (Panel Rebuttal Testimony), at 28.

169. Core used the ASR process under protest and with reservations about how Verizon would later point to its use of ASR’s to “prove” that we ordered an access service when all we wanted was local interconnection service. Core Statement 3.0 (Panel Rebuttal Testimony), at 28.

170. However, since Verizon offered no other system through which to order local interconnection facilities, Core used ASR’s. Core Statement 3.0 (Panel Rebuttal Testimony), at 28.

171. Verizon has steadfastly ignored Core’s orders for local interconnection facilities and instead provisioned access facilities designed for use by IXC’s connecting to Verizon’s access tandems for the delivery of their toll traffic to Verizon’s end users. Core Statement 3.0 (Panel Rebuttal Testimony), at 28.

172. An access facility is designed for an IXC to send and receive its subscribers’ long distance toll traffic to and from end users residing on an incumbent LEC’s local network. Core Statement 3.0 (Panel Rebuttal Testimony), at 28; and Figure R-1.

173. An access facility is designed for an IXC to send and receive its subscribers' long distance toll traffic to and from end users residing on an incumbent LEC's local network. Core Statement 3.0 (Panel Rebuttal Testimony), at 28; and Figure R-1.
174. Core has steadily and consistently disputed Verizon's billing since at least 2003, by means of voluminous correspondence, including emails, spreadsheets and formal letters, as well as numerous attempts to discuss the billings with the appropriate Verizon personnel face-to-face and telephonically. Core Statement 3.0 (Panel Rebuttal Testimony), at 30-34; and Exhibit CORE R-19.
175. Core never ordered service out of Verizon's tariffs. Core Statement 3.0 (Panel Rebuttal Testimony), at 39.
176. Verizon has never issued a facilities (trunks) bill to Core using TELRIC rates. Tr. 492 (Verizon witness Peter D'Amico).
177. Verizon billed Core \$2,488,273.60 billed between May 1, 2008 and May 7, 2012. 41.
178. \$2,101,913.86 was issued pursuant to Verizon's interstate tariff. 41; and Exhibit CORE R-10.
179. \$386,359.74 was issued pursuant to Verizon's intrastate tariff. 41; and Exhibit CORE R-10.
180. All of Core's communications with Verizon over the years demonstrate a desire to order local interconnection services, which is clear from the correspondence attached to Core's rebuttal testimony. Core Statement 4.0 (Panel Surrebuttal Testimony), at 2-3; and Exhibit CORE R-19.

181. Beginning in 2008, Core inserted specific instructions that it was ordering local interconnection out of its ICAs in the remarks field of each and every ASR it submitted to Verizon. Core Statement 4.0 (Panel Surrebuttal Testimony), at 3; and Exhibit CORE SR-1 (ASR).
182. Verizon's ASR and trunk forecast forms both permit the requesting carrier to specify MF or SS7, without stating any preference on Verizon's part. Core Statement 4.0 (Panel Surrebuttal Testimony), at 3.
183. Although calling party number ("CPN") can be passed over MF trunks just as well as SS7 trunks, Verizon had for years refused to pass Core CPN over the MF trunks. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 9.
184. As of November, 2011, we had completely replaced the old MF trunking with SS7 trunking. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 10.
185. There are two sets of issues with respect to the trunking that Verizon has provisioned. First, Verizon has never provided Core with local interconnection facilities under our ICAs, which have attempted to order since 2001. Instead, Verizon reinterprets Core's trunk orders and provisions service and bills Core using interstate and intrastate special access rates and rate elements that are designed for Interexchange Carriers ("IXCs").
186. Second, the trunks Verizon did provide are defective, as set forth in detail below.
187. MF Outbound One-Way LITGs: Despite numerous requests dating back to 2000, Verizon never enabled these trunks to pass the CPN of Core's end users

(even though it technically feasible and quite easy to do so), rendering these trunks useless for commercial applications. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 10.

188. MF ATCTs: Verizon never enabled these trunks to pass CPN to or from Core, again rendering these trunks useless. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 11.

189. Core has disconnected all MF trunking with Verizon. This process began in 2008 and was completed in 2011. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 11.

190. SS7 Outbound One-Way LITGs: Verizon is inserting Core's carrier identification code ("CIC") into the exchange message interface ("EMI") records generated by these trunks, making Core's outbound locally-dialed traffic appear to be toll in nature to third-party carriers. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 11.

191. SS7 ATCTs: Verizon is not transmitting carriers' CIC or OCN in the call stream across these trunks, making it difficult or impossible for Core to properly bill and collect appropriate switched access charges from carriers. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 11.

192. Core has disconnected all of SS7 ATCTs because Verizon refuses to address the outstanding issues, and because competitive alternatives exist. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 10.

193. Core initiated the transition from MF to SS7 trunking arrangements with Verizon in 2008, a process which was completed in November, 2011. Core Statement 3.0 (Panel Rebuttal Testimony), at 46.
194. This process was led entirely by Core; Verizon never expressed any interest either in continuing with MF, or moving to SS7. Core Statement 3.0 (Panel Rebuttal Testimony), at 46.
195. Both MF and SS7 trunks are capable of transmitting “the information that shows up as Caller ID,” i.e., ANI in the MF context, and CPN in SS7 parlance. Core Statement 3.0 (Panel Rebuttal Testimony), at 47.
196. Verizon’s refusal to permit ANI/CPN to pass over the MF trunks rendered those trunks useless because consumers expect to receive ANI/CPN when they subscribe to Caller ID and related services. Core Statement 3.0 (Panel Rebuttal Testimony), at 47.
197. Verizon is inserting Core’s CIC *into the EMI records* for traffic Core passes over the SS7 LITGs. Core Statement 3.0 (Panel Rebuttal Testimony), at 47.
198. This is a significant problem because, when third-party carriers receive EMI records from Verizon indicating Core’s CIC (as opposed to an OCN), the industry standard protocol is to bill Core as an IXC (i.e., expensive access charges) as opposed to a LEC (i.e., relatively cheap reciprocal compensation). Core Statement 3.0 (Panel Rebuttal Testimony), at 47.
199. This is why Core limits the traffic it sends Verizon to traffic destined for Verizon telephone numbers (even though Core is entitled to use the LITGs for

transit traffic to third-party carriers), and this is why Core contends the SS7 LITGs have limited functionality. Core Statement 3.0 (Panel Rebuttal Testimony), at 47.

200. By refusing to provide LITGS as a local interconnection product, and instead designating the trunks Core orders as access facilities, Verizon guarantees that the traffic Core sends third party carriers via Verizon's tandems will be routed over ATC groups and billed as access, which is why Verizon's provisioning process results in Core's traffic appearing to be IXC to third party carriers. Core Statement 3.0 (Panel Rebuttal Testimony), at 53.

201. There is no EMI filed dedicated to OCN or CIC, however, OCN and CIC can be transmitted in the optional undefined fields, so long as the sending and receiving carriers involved both know where to look. Core Statement 3.0 (Panel Rebuttal Testimony), at 53.

202. The competitive tandem providers Core now uses transmits OCN and CIC in the SS7 call stream, which enable Core to create complete CDRs which it can use to bill third-party carriers transiting the tandem network. Core Statement 3.0 (Panel Rebuttal Testimony), at 53.

203. MF trunks are fully capable of passing ANI, which is the same as "calling party detail." Core Statement 3.0 (Panel Rebuttal Testimony), at 54.

204. Verizon simply refused to send or accept ANI over the MF trunks, when they were in service. Core Statement 3.0 (Panel Rebuttal Testimony), at 54.

205. It is technically feasible for Verizon to send and receive ANI for all calls on LITGs with MF signaling. Core Statement 3.0 (Panel Rebuttal Testimony), at 55.
206. Core is not an IXC, and should not be identified with a CIC. Core Statement 4.0 (Panel Surrebuttal Testimony), at 4.
207. The only reason Core ever ordered a CIC was to comply with Verizon's trunk ordering process, which perversely requires CLECs to provide a CIC when ordering trunks. Core Statement 4.0 (Panel Surrebuttal Testimony), at 4.
208. Core is very careful to send Verizon outbound traffic destined only for Verizon telephone numbers. Core Statement 4.0 (Panel Surrebuttal Testimony), at 4.
209. If Verizon sent Core CIC and OCN in the SS7 signaling stream, Core could bill the appropriate carrier for each and every call it receives from Verizon, which would eliminate the potential for double-billing which seems to be Verizon's major objection to the way in which traffic is currently exchanged between the parties. Core Statement 4.0 (Panel Surrebuttal Testimony), at 4.
210. From January, 2008 through June, 2012, Verizon billed Core in the amount of \$1,137,943.57 for ATCs, of which \$725,869.88 was issued pursuant to Verizon's interstate FCC tariff and \$412,073.69 was issued pursuant to Verizon's intrastate tariff. Core Statement 4.0 (Panel Surrebuttal Testimony), at 5. and Exhibit CORE SR-3.

211. Verizon never billed Core any amount for the ATCs at TELRIC rates or using TELRIC rate elements. Core Statement 4.0 (Panel Surrebuttal Testimony), at 5; and Exhibit CORE SR-3.
212. Verizon populates EMI records with CIC when it receives the traffic on trunks ordered by a carrier using a CIC, and that it transits traffic received from these "CIC" trunks over ATCs to third party terminating carriers such as Core. Core Statement 4.0 (Panel Surrebuttal Testimony), at 6; and Verizon Statement 1.0, at 52-53 and 57.
213. Over the course of 2012, Core has noticed an increase in the number of CICs and OCNs being reported in the Verizon EMI Core receives. Core Statement 4.0 (Panel Surrebuttal Testimony), at 7.
214. Core has attempted to negotiate TEAs and ICAs with numerous CLECs, CMRS carriers and independent rural LECs for many years, including Verizon Wireless, but these negotiations and resulting litigation have been time-consuming, extremely costly and mostly fruitless. Core Statement 4.0 (Panel Surrebuttal Testimony), at 7.
215. Core's competitive tandem service providers can and do pass CPN for transited traffic, including wireless traffic, in the EMI and in the call stream. Core Statement 4.0 (Panel Surrebuttal Testimony), at 8.
216. There is no way to match up EMI MOUs to any particular trunk group or type of trunk group, such as LITG or ATCT; however, since the ICAs contemplate using EMI only for IXC traffic on ATCTs, it is reasonable to assume that the bulk of the minutes recorded in EMI over the years came over the

ATCTs—traffic for which Core never billed Verizon. Core Statement 4.0 (Panel Surrebuttal Testimony), at 9.

217. Verizon bills Core for every minute of traffic Core sends Verizon, including traffic Verizon deems third party carrier traffic. Core Statement 4.0 (Panel Surrebuttal Testimony), at 9; and Exhibits CORE R-27 and CORE R-28.
218. With respect to traffic Verizon claims were originated by third-party carriers, EMI—not the LNP database—is the proper method for identifying and billing such carriers in lieu of Verizon. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 31-32.
219. Alternatively, if Verizon pass OCN and CIC in the SS7 signaling call stream, this would permit Core to bill third-party carriers based on its own switch records, in which case, Core would not need for Verizon to send EMI records. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.
220. Verizon’s methodology of searching the LNP database to find the originating carrier on a call-by-call basis is not a workable solution for billing third-party carriers. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.
221. Verizon’s methodology of searching the LNP database to find the originating carrier on a call-by-call basis is not a standard methodology for call rating and cost assignment. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.
222. No carrier that uses such a method, including Verizon. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.

223. CIC and OCN—as found in valid EMI records—are the standard, accepted way to identify the carrier that is responsible for intercarrier compensation charges associated with each call. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.
224. CPN and LRN do not identify the carrier responsible for payment of ICC obligations. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.
225. At best, CPN and LRN would only identify the LEC that holds the TN, not the entity that is responsible to pay for particular calls. Core Statement 1.0 (Direct Testimony of Bret L. Mingo), at 32.
226. Verizon does not send nearly enough EMI to support its refund claim for third-party carrier traffic it allegedly sent Core over the LITGs. Core Statement 3.0 (Panel Rebuttal Testimony), at 47-48.
227. Nor do Verizon's EMI records indicate *which set of trunks* (i.e., LITG or ATCT) Verizon used to send any particular call. Core Statement 3.0 (Panel Rebuttal Testimony), at 48.
228. Until January, 2012, when Core replaced the last of the Verizon ATCs with competitive tandem provider trunks, Verizon was transmitting all types (local, IXC, Verizon-originated and third-party originated) of traffic over both sets of trunks. Core Statement 3.0 (Panel Rebuttal Testimony), at 48.
229. There is no way to determine which EMI calls came in over LITGs (and may have been billed to Verizon) and which came in over ATCTs (and were not billed to Verizon). Core Statement 3.0 (Panel Rebuttal Testimony), at 48.

230. AT&T has never paid Core a dime for the locally-dialed traffic we billed based on Verizon's CABS/EMI records. Core Statement 3.0 (Panel Rebuttal Testimony), at 49.
231. Verizon sends IXC traffic down LITGs, local traffic down ATCs and the EMI Verizon provides does not specify which calls went down which trunks. Core Statement 3.0 (Panel Rebuttal Testimony), at 52.
232. Verizon's retroactive analysis of CDRs provided by Core is hypothetical damages analysis. Core Statement 3.0 (Panel Rebuttal Testimony), at 62.
233. Verizon's analysis is erroneous in that it assumes that the OCN of the responsible carrier can be accurately derived from CPN; it cannot. Core Statement 3.0 (Panel Rebuttal Testimony), at 62.
234. CPN is simply the "return address" of the end user who placed the call; it does not determine which carrier is responsible for ICC resulting from that call. Core Statement 3.0 (Panel Rebuttal Testimony), at 62.
235. Verizon's analysis ignores the very existence of the entire competitive LCR industry which is made up of numerous LECs, IXCs and other carriers. Core Statement 3.0 (Panel Rebuttal Testimony), at 63.
236. Verizon's conclusion that 28% of the calls it sent Core should have been billed to a third-party is simply incorrect. Core Statement 3.0 (Panel Rebuttal Testimony), at 64.
237. From May, 2008 through December, 2010, the EMI records Verizon sent Core never accounted for more than 4% of the total traffic Verizon sent Core over the LITGs. Core Statement 3.0 (Panel Rebuttal Testimony), at 65; and Figure R-5.

238. Neither party recorded the volume of traffic Verizon sent Core over the ATCs. Core Statement 3.0 (Panel Rebuttal Testimony), at 65-66.
239. It stands to reason that most of the minutes recorded in the EMI was sent to Core over the ATCs, not the LITGs, since ATCs are designed for transmission of traffic to Core from IXCs.
240. In 2011, the volume of EMI minutes rose to 17% of total traffic recorded on the LITGs Core Statement 3.0 (Panel Rebuttal Testimony), at 65; and Figure R-5.
241. In 2012, the volume of EMI minutes has hovered between 5% and 8%. Core Statement 3.0 (Panel Rebuttal Testimony), at 65; and Figure R-5
242. 2012 is the period in which Verizon admits it has made an effort to transmit more EMI to Core and other terminating carriers.
243. There are many ways for Verizon to avoid the issues it raises in its analysis: (1) Verizon does not have to send Core third-party carrier traffic over the LITGs; (2) Verizon could establish separate trunk groups for this traffic; (3) Verizon could contract with another carrier to deliver the traffic to Core; (4) Verizon could send Core an EMI for every call it delivers to Core (including its own traffic); or (5) Verizon could signal CIC/OCN on all traffic it delivers to Core. Core Statement 3.0 (Panel Rebuttal Testimony), at 66.

## Appendix B – Proposed Conclusions of Law

1. The Commission has jurisdiction over this matter pursuant to 66 Pa. C.S. §331, which provides in pertinent part: “The Commission may, on its own motion and whenever it may be necessary in the performance of its duties, investigate and examine the condition and management of any public utility or any other person or corporation subject to this part.”
2. The Commission also has jurisdiction over this dispute pursuant to the Communications Act of 1934, 47 U.S.C. § 151, et seq., as amended by the Telecommunications Act of 1996, 47 U.S.C. § 251, et seq. (hereinafter, the “Act”).
3. State commissions have authority pursuant to section 252 of the Act to review and resolve disputes arising under interconnection agreements that they have approved. *Core Communications, Inc. v. Verizon Pennsylvania Inc.*, 493 F.3d 333, 343 (3d Cir. July 18, 2007).
4. The Commission approved the interconnection agreements (“ICAs”) at issue here.
5. Although the Commission may enforce the terms of ICAs and tariffs filed with the Commission, it has no power to award monetary damages to any party. *Feingold v. Bell of Pennsylvania*, 477 Pa. 1, 8, 383 A.2d 791, 794 (1977).
6. As explained in the Commission’s landmark 2006 *Core Rural Certification Order*, Core is a “niche” facilities-based CLEC focused primarily on providing its enhanced service provider customers with wholesale connectivity to the Public-Switched Telecommunications Network (“PSTN”). Opinion & Order, *Application of Core Communications, Inc. for Authority to amend its existing Certificate of Public Convenience and necessity and to expand Core’s Pennsylvania operations to include the*

*Provision of competitive residential and business Local exchange telecommunications services throughout the Commonwealth of Pennsylvania, et al.*, Docket Nos. A-310922F0002AmA & A-310922F0002AmB, (entered December 4, 2006), *aff'd*, *Rural Tel. Co. Coalition v. Pa. Pub. Util. Comm'n*, 941 A.2d 751 (Pa. Cmwlth. 2008).

7. Although the Verizon ICA was never formally amended to reflect the *ISP Remand Order*, the Commission did decide that the *ISP Remand Order* constituted a “change of law” under the terms of the Verizon ICA. Opinion & Order, *Petition of Core Communications, Inc. for Resolution of Dispute with Verizon Pennsylvania, Inc. Pursuant to the Abbreviated Dispute Resolution Process*, Docket No. A-310922F7000 (entered May 27, 2003).
8. The *ISP Remand Order* sets forth a “3 to 1” Ratio Rule which is intended to help parties distinguish ISP-bound from voice traffic:

We understand that some carriers are unable to identify ISP-bound traffic. In order to limit disputes and avoid costly efforts to identify this traffic, we adopt a rebuttable presumption that traffic delivered to a carrier, pursuant to a particular contract, that exceeds a 3:1 ratio of terminating to originating traffic is ISP-bound traffic that is subject to the compensation mechanism set forth in this Order.” Order on Remand & Report and Order, *In the Matter of Implementation of the Local Competition Provision in the Telecommunications Act of 1996 – Intercarrier Compensation for ISP-Bound Traffic*, 16 FCC Rcd. 9151 (April 27, 2001)(“*ISP Remand Order*”), at ¶ 79.

9. The *ISP Remand Order* also sets forth a “mirroring rule,” pursuant to which:

The rate caps for ISP-bound traffic that we adopt here apply... *only* if an incumbent LEC offers to exchange all traffic subject to section 251(b)(5) at the same rate. Thus, if the applicable rate cap is \$.0010/mou, the ILEC must offer to exchange section 251(b)(5) traffic at that same rate... For those incumbent LECs that choose *not* to offer to exchange section 251(b)(5) traffic subject to the same rate

caps we adopt for ISP-bound traffic, we order them to exchange ISP-bound traffic at the state-approved or state-arbitrated reciprocal compensation rates reflected in their contracts. This “mirroring” rule ensures that incumbent LECs will pay the same rates for ISP-bound traffic that they receive for section 251(b)(5) traffic.” *ISP Remand Order*, ¶ 89.

10. The FCC’s mirroring rule applies to ILECs only—not CLECs. *AT&T Communications of Cal., Inc. v. Pac-W. Telecomm, Inc.*, 651 F.3d 980, 987 (9th Cir. 2011).

11. The 1996 Act provides that “each incumbent local exchange carrier” has:

The duty to provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the local exchange carrier’s network—

for the transmission and routing of telephone exchange service and exchange access...

on rates, terms, and conditions that are just, reasonable, and nondiscriminatory, in accordance with the terms and conditions of the agreement and the requirements of this section and section 252 of this title. 47 U.S.C. § 251(c)(2).

12. In 1996, the FCC concluded that prices for interconnection and unbundled elements pursuant to sections 251(c)(2) and 251(c)(3) should be set at forward-looking long-run economic cost, in other words, at Total Element Long Run Incremental Cost (TELRIC). Third Report & Order, *In re Implementation of Local Competition Provisions in the Telecommunications Act of 1996*, 11 FCC Rcd. 15499, 15605, ¶ 672 (1996) (“*Local Competition Order*”).

13. Entrance facilities (circuits which competitors lease from incumbents in order to deliver interconnection traffic) and related dedicated transport are local interconnection services which Verizon must make available to CLECs at cost-based TELRIC rates pursuant to

section 251(c)(2) of the Act, 47 U.S.C. § 251(c)(2) and FCC implementing rules. *Talk Am., Inc. v. Michigan Bell Tel. Co.*, 131 S. Ct. 2254, 2258, 180 L. Ed. 2d 96 (2011).

14. In *Talk America*, the Supreme Court found:

- i. These cases concern incumbent LECs' obligation to share existing "entrance facilities" with competitive LECs. Entrance facilities are the transmission facilities (typically wires or cables) that connect competitive LECs' networks with incumbent LECs' networks. The FCC recently adopted a regulation specifying that entrance facilities are not among the network elements that § 251(c)(3) requires incumbents to lease to competitors on an unbundled basis at cost-based rates. See 47 CFR § 51.319(e)(2)(i) (2005). The Commission noted, however, that it "d[id] not alter the right of competitive LECs to obtain interconnection facilities pursuant to section 251(c)(2)." *Talk Am., Inc. v. Michigan Bell Tel. Co.*, 131 S. Ct. 2254, 2258, 180 L. Ed. 2d 96 (2011).

15. The Supreme Court concluded: "Petitioners contend that [an ILEC] must lease its existing entrance facilities for interconnection at cost-based rates. We agree." *Talk Am., Inc. v. Michigan Bell Tel. Co.*, 131 S. Ct. 2254, 2258, 180 L. Ed. 2d 96 (2011).

16. The Verizon ICA provides that "[i]n consideration of the services provided under this Agreement, the purchasing Party shall pay the charges set forth in Attachment I." § 4.1.

17. The Verizon ICA provides that each Party shall perform terms, conditions and operations under this Agreement in a manner that complies with all Applicable Law, including all regulations and judicial or regulatory decisions of all duly constituted governmental authorities of competent jurisdiction. § 6.1.

18. The Verizon ICA permits each Party to utilize the services provided thereunder in the provisions of telecommunications services to third-party carriers. § 9.1.

19. The Verizon ICA provides that any dispute arising out of or relating to this Agreement that the Parties themselves cannot resolve may be submitted to the Commission for resolution and that during the Commission proceeding, each Party shall continue to perform its obligations under this Agreement. § 24.1.
20. The Verizon ICA provides that in the performance of their obligations under this Agreement, the Parties shall cooperate fully and act in good faith and consistently with the intent of the Act. § 42.1.
21. Under the Verizon ICA, an “Access Service Request” (ASR) may be used to order trunking and facilities between MCI and Bell Atlantic for local interconnection.” Part B Definitions.
22. Under the Verizon ICA, “Applicable Law” means all applicable laws and government regulations and orders, including, but not limited to, the regulations and orders of the Federal Communications Commission and the Commission.
23. Under the Verizon ICA, “Automatic Number Identification” (ANI) is a feature that identifies and displays the number of a telephone that originates a call.
24. Under the Verizon ICA, “Calling Party Number” (CPN) is a CCS parameter which refers to the number transmitted through the network identifying the calling party.”
25. The Verizon ICA provides that, where MF signaling is utilized, each Party will outpulse ANI where available. Att. III, § 11.1.6; and Att. IV, § 3.3.
26. The Verizon ICA provides that the parties shall establish local interconnection trunks groups (“LITGs”) for the reciprocal exchange of combined local traffic, nonequal access intraLATA toll traffic, and local transit traffic to other ILECs. Att. IV, § 1.1.1.

27. The Verizon ICA provides that Verizon shall make available to Core access toll connecting trunk groups (“ATCs”), to Verizon’s access tandem(s), to be used two-way, for the exchange of equal access traffic between Core and purchasers of Verizon’s switched Exchange Access Services. Att. IV, § 1.1.2.
28. The Verizon ICA does not contemplate that the parties shall use LITGs to transmit transited traffic (i.e., traffic originated by a third-party carrier).
29. The Verizon ICA appends an optional side agreement for handling of transit traffic (Att. III, EXHIBIT H—INTRALATA TELECOMMUNICATIONS SERVICES SETTLEMENT), but the parties never executed this agreement.
30. The Verizon ICA provides that Core may purchase dedicated transport from Verizon in order to deliver its outbound local traffic to Verizon’s tandem(s). Att. IV, § 2.4.1.
31. The cost-based TELRIC rates applicable to dedicated transport under the Verizon ICA are set forth in Appendix 2 (“Detailed Schedule of Itemized Charges”), section II.
32. The Verizon ICA provides that orders to establish, add, change or disconnect trunks shall be processed by use of an Access Service Request (“ASR”) for local service ordering. Att. IV, § 4.3.1.
33. The Verizon ICA provides that each party shall bill calculate its reciprocal compensation bill to the other party by taking the total conversation seconds over each individual LITG, totaling for the entire monthly bill-round and then rounding to the next whole minute. Att. IV, § 7.2.
34. The Verizon ICA provides that for billing purposes, each Party shall pass Calling Party Number (“CPN”) information on each call carried over the traffic exchange trunks at

such time as the originating Switch is equipped for SS7 and from all switches no later than December 31, 1998. Att. IV, § 7.3.

35. The Verizon ICA provides that at such time as either Party has the ability, as the Party receiving the traffic, to use CPN information (passed by the party sending the traffic) to classify on an automated basis traffic delivered by the other Party as either Local Traffic or toll traffic, such receiving Party shall bill the originating Party the Local Traffic termination rates, intrastate Exchange Access rates, or interstate Exchange Access rates applicable to each minute of traffic for which CPN is passed, as provided in Attachment I and applicable Tariffs. Att. IV, § 7.3.
36. The Verizon ICA contains “meet point billing” procedures governing the parties joint provision of switched exchange access services to interexchange carriers (“IXCs”) when such IXCs use one party’s “tandem” switch to access end users served by the other party’s “end office” switch. Att. VIII, § 3.1.3.1.
37. The Verizon ICA provides that the tandem party shall provide the end office party with switched access detail usage data (a/k/a “EMI”) so that the end office party may bill the transiting IXCs. Att. VIII, § 3.1.3.8.
38. The Verizon ICA provides that each party shall notify the other party upon the discovery of a billing dispute. § 3.1.9.1.
39. The Verizon North ICA provides that in the performance of their obligations under this Agreement, the Parties shall act in good faith and consistently with the provisions of the Act and the applicable effective provisions of the FCC’s 1996 *Local Competition Order*. General Terms & Conditions, § 5.0.

40. The Verizon North ICA provides that its provisions are subject in their entirety to the applicable provisions of the Act and any other orders, restrictions and requirements of governmental, regulatory, and judicial authorities with competent jurisdiction over the subject matter thereof, and that each Party shall remain in compliance with Applicable Law in the course of performing the Agreement. General Terms & Conditions, § 8.1.
41. The Verizon North ICA provides that if any portion of an amount due to a Party under this Agreement is subject to a bona fide dispute between the Parties the disputing party shall give notice to the billing party and include in such notice specific details and reasons for disputing each item. General Terms & Conditions, § 11.23.
42. The Verizon North ICA provides that the parties shall establish separate and distinct trunk groups for different types of traffic. Part V, § 1.2.
43. The Verizon North ICA provides that the parties shall establish Traffic Exchange Trunks (LITGs) for the transmission and routing of terminating Reciprocal Compensation Traffic, Tandem Transit Traffic, translated LEC IntraLATA toll free service access code (e.g., 800/888/877) traffic, IntraLATA Toll Traffic, and, where agreed to between the Parties, InterLATA Toll Traffic between their respective Telephone Exchange Service customers pursuant to Section 251 (c)(2) of the Act, and Measured Internet Traffic. Part V, § 1.2.
44. The Verizon North ICA provides that the parties shall establish Access Toll Connecting Trunks (ATCs) for the transmission and routing of Exchange Access traffic, including translated InterLATA toll free service access code (e.g., 800/888/877) traffic, between Core Telephone Exchange Service customers and purchasers of Switched Exchange

Access Service via a VERIZON Tandem, pursuant to Section 251(c)(2) of the Act, in accordance with Section 3 herein. Part V, § 1.2.

45. The Verizon North ICA provides that for billing purposes, each Party shall pass Calling Party Number (“CPN”) information on at least ninety percent (90%) of calls carried over the Traffic Exchange Trunks. Part V, § 2.6.1.
46. The Verizon North ICA provides that at such time as either Party has the capability, on an automated basis, to use such CPN information to classify traffic delivered by the other Party as either Reciprocal Compensation Traffic/Measured Internet Traffic or Toll Traffic, such receiving Party shall bill the originating Party the Reciprocal Compensation Traffic call completion rate, Measured Internet Traffic rate, intrastate Exchange Access rates, or interstate Exchange Access rates applicable to each minute of Traffic for which CPN is passed, as provided in Part IV of the Agreement, the FCC Internet Order, and the parties’ respective intrastate and interstate terminating switched access tariffs. Part V, § 2.6.2.
47. The Verizon North ICA provides that the parties shall compensate each other for the transport and termination of Reciprocal Compensation Traffic over the terminating carrier’s switch in accordance with Section 251(b)(5) of the Act.” Part V, § 2.7.
48. The Verizon North ICA contains “meet point billing” procedures governing the parties joint provision of switched exchange access services to interexchange carriers (“IXCs”) when such IXCs use one party’s “tandem” switch to access end users served by the other party’s “end office” switch. Part V, § 3.3.

49. The Verizon North ICA provides that the tandem party shall provide the end office party with switched access detail usage data (a/k/a "EMI") so that the end office party may bill the transiting IXCs. Part V, § 3.3.8.
50. The Verizon North ICA provides that VERIZON shall provide Core with the transport of Tandem Transit Traffic. Part V, § 4.2.1.
51. The Verizon North ICA provides that "Act" or "Telecommunications Act" means the Communications Act of 1934 (47 U.S.C. §151 et. seq.), as from time to time amended (including without limitation by the Telecommunications Act of 1996), and as from time to time interpreted in the duly authorized rules and regulations of the FCC or the Commission within its state of jurisdiction. Att. 1—Definitions.
52. The Verizon North ICA provides that "Applicable Law" means all laws, regulations, and orders applicable to each Party's performance of its obligations hereunder. Att. 1—Definitions.
53. The Verizon North ICA provides that "Tandem Transit Traffic" or "Transit Traffic" means Telephone Exchange Service traffic that originates on SPRINT's network, and is transported through a VERIZON Tandem to the Central Office of a CLEC, ITC, Commercial Mobile Radio Service ("CMRS") carrier, or other LEC, that subtends the relevant VERIZON Tandem to which SPRINT delivers such traffic. Att. 1—Definitions.

## Appendix C – Proposed Ordering Paragraphs

### IT IS ORDERED:

1. That Verizon Pennsylvania, Inc. and Verizon North, Inc. have violated the ICAs between the parties;
2. That the Complaint of Core Communications, Inc. is granted in its entirety;
3. That the Counterclaims of Verizon Pennsylvania, Inc. and Verizon North, LLC are dismissed in their entirety;
4. That Verizon is hereby directed to refrain from any further unjustified refusal to pay intercarrier compensation pursuant to the ICAs between Core and Verizon and the Tariffs referenced therein;
5. That Verizon is directed to make timely payment of all subsequent intercarrier compensation invoices issued by Core pursuant to the ICAs between Core and Verizon and the Tariffs referenced therein;
6. That is hereby directed pay Core's unpaid Access Charge Bills, as referenced herein, plus all interest, late payment charges, collection costs and other fees authorized by the ICAs, the Public Utility Code, and the Commission's regulations, within 30 days of the entry of this Order,
7. That Verizon has failed to comply with the *Mirroring Rule* and is hereby directed Verizon to pay Core the full and appropriate rate for all past traffic delivered terminated by Core between March, 2008 and June, 2012, as referenced herein, plus interest, late payment charges, collection costs

and other fees authorized by the ICAs, the Public Utility Code, and the Commission's regulations, within 30 days of the entry of this Order;

8. That Verizon's non-payment and resulting breaches of the ICA were done intentionally, in bad faith and with a specific intent to injure Core;
9. That Verizon is hereby assessed a civil penalty in amount of \$88,000, which equals \$1000 for each of the 88 days of Verizon's unjustified non-payment of any intercarrier compensation between July 2, 2011 and September 28, 2011.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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CORE COMMUNICATIONS, INC. :  
Complainant :

v. :

Docket No. C-2011-2253750  
Docket No. C-2011-2253787

VERIZON PENNSYLVANIA INC. :  
and :

VERIZON NORTH, LLC :  
Respondents :

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**CERTIFICATION OF SERVICE**

I hereby certify that I have this day served a true and correct copy of the enclosed Main Brief upon the parties listed below, in accordance with the requirements of § 1.54 (relating to service by a party)

**VIA EMAIL ONLY**

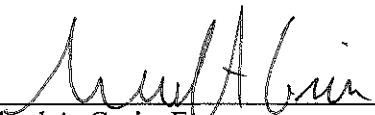
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January 23, 2013

  
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Michael A. Gruin, Esq.