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FOLDER

Via Overnight Mail

November 22, 2005

Bret Mingo  
President

★ Core Communications, Inc.  
209 West Street, Suite 302  
Annapolis, MD 21401

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A-30922

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Dear Mr. Mingo:

I write in reply to your letter dated October 12, 2005, which was sent in response to my letter dated October 10, 2005.

In your letter you state that the amount Verizon Pennsylvania Inc. (“Verizon”) seeks to collect is disputed by Core, as Verizon has incorrectly charged interstate access rates for local interconnection trunks. After investigating this assertion, Verizon agrees that some of the charges reflected in my demand letter are not owed to Verizon. For a period before May 28, 2003, Core was incorrectly invoiced for some of Core’s DS1 local interconnection trunks at interstate access rates, instead of at the applicable rates for local interconnection. Although Verizon corrected this error on a going-forward basis as of May 28, 2003, we find no record of Verizon having provided a billing credit to correct mis-rated charges for the period before May 28, 2003. In addition, Verizon has invoiced Core for DS3 interconnection facilities at interstate access rates, rather than at the applicable rates for local interconnection. This issue will be corrected so that Verizon’s prospective billing reflects the correct rates for DS3 circuits.

Attached is a spreadsheet (Attachment A) outlining the circuit specific details with both the actual invoiced charges and billing credits to be provided Core for the rerating of prior invoiced charges at local interconnection rates instead of interstate access rates. As noted and itemized, Verizon will issue a billing credit that will be posted to Core’s January invoices in the amount of \$229,580.18 to correct charges for DS1 and DS3 trunking facilities that were mis-rated. This billing credit will correct all over-billing related to the mis-rating, and it will reverse the related portion of late payment charges assessed since the relevant circuits were provisioned.

Please note that even after application of this credit, Core owes Verizon \$282,210.30 for the interconnection facilities provided by Verizon. This amount accrued because Core has not been paying any amount for the local interconnection trunks provided by Verizon – even on the ones that Verizon has been billing for properly since May 2003.

You make two other assertions in your October 12 letter. First, you assert that Verizon has incorrectly billed Core for usage at the interstate access rate rather than the local

interconnection rate, and you complain that this further inflated Verizon's invoices to Core. While it is true that Verizon has been billing the incorrect rate for usage similar to the rate for the associated facilities, this actually resulted in under-billing for usage, not over-billing. The interstate access rate at which Core was billed for usage is \$0.00243 per minute, which is slightly lower than the local interconnection rate of \$0.002814 per minute. Had Core been billed at the local interconnection rate for usage since service inception, Core's usage charges would have been slightly higher than originally invoiced by Verizon. However, since the usage billed by Verizon has been less than 1,000 minutes per month, this would result in a minimal difference in Core's invoices. (For example, in a month where Core originates 1,000 minutes of usage, the under-billing by Verizon would have amounted to less than 39 cents.) Verizon has taken steps to correct the usage billing rate prospectively beginning on the January 2006 invoices.<sup>1</sup>

Second, you allege that because Core's ability to charge for terminating local traffic delivered by Verizon is based in part on the volume of local traffic sent by Core to Verizon, the fact that Verizon has billed usage at interstate access rates rather than local interconnection rates has prevented Core from billing amounts due to it for terminating local traffic. Again, due to the low volume of usage involved, any variance would have a minimal impact on Core's invoices. Verizon's Sanford McMurtry has been attempting to resolve a similar issue with Core in Maryland. Mr. McMurtry sent a spreadsheet to Core on October 19, 2005 which showed the difference between what Verizon paid in reciprocal compensation since 2003 and what Verizon would have paid if all usage was categorized as local and billed at the local interconnection rate, in which the differential amounted to only \$437.00. Core responded to Verizon's recalculation of the associated usage reclassification and rerating in Maryland, agreeing with the Verizon calculation. In Pennsylvania, the differential would be less due to Core's lower monthly usage in that state. Verizon will be happy to discuss such a recalculation with regard to Core's Pennsylvania usage, but given the small dollar amount this should not prevent Core from satisfying any past due balance owed Verizon.

After the application of the \$229,580.18 billing credit, Core's undisputed past due balance owed Verizon on its Pennsylvania accounts has been reduced to \$282,210.40.<sup>2</sup> Verizon requests that Core pay this amount promptly so that Verizon can avoid having to take further collection action.

Yours sincerely,



Ellen M. Horgan

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<sup>1</sup> Given the small dollar value of the under billing, Verizon does not anticipate back-billing for the rate differential, but it reserves the right to do so in the future.

<sup>2</sup> This amount includes charges which have become past due since Verizon's October 10, 2005 letter.

Bret Mingo  
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CC: James J. McNulty,  
Pennsylvania Public Utility Commission

Bureau of Consumer Services,  
Pennsylvania Public Utility Commission

Law Bureau,  
Pennsylvania Public Utility Commission

Core PA Summary

STATE	BAN	MONTHLY RECURRING CREDIT	LPC CREDIT	TOTAL CREDIT
PA	215 M11-0750 019	\$20,451.20	\$10,318.35	
PA	412 M11-0341 031	\$2,599.56	\$1,311.52	
PA	215 Y13-0200 086	\$3,360.06	\$1,665.07	
PA	412 Y13-0153 065	\$3,173.00	\$1,572.37	
PA	717 Y13-0122 070	\$7,654.10	\$3,792.97	
PA	412 M11-0256 252	\$35,096.67	\$17,392.07	
PA	717 M11-0321 338	\$43,252.75	\$21,433.80	
PA	215 M11-0590 680	\$37,783.28	\$18,723.41	
		\$153,370.62	\$76,209.56	\$229,580.18

Core PA DS1

BAN	CIRCUIT	Circuits Corrected	Monthly Access Rate	Monthly Local Interconnection Rate	Monthly Rate Differential	Daily Rate Differential	# of Days	Credit Due for MRC over-billing	LPC credit	Total
215 M11-0750 019	129 T1ZF PHLAPAFGW43 WLMGDEWLDC2	5/28/2003	\$490.80	\$0.00	\$490.80	\$16.36	266	\$4,351.76		
	135 T2F FTWSPAFW72T PHLAPAFGW43	5/28/2003	\$306.00	\$0	\$306.00	\$10.20	266	\$2,713.20		
	150 T1zf PHLAPAGW43 WLMGDEWLDC2	5/28/2003	\$490.80	\$0.00	\$490.80	\$16.36	252	\$4,122.72		
	151 T1zf PHLAPAGW43 WLMGDEWLDC2	5/28/2003	\$490.80	\$0.00	\$490.80	\$16.36	252	\$4,122.72		
	250 T1ZF FTWSPAFW72T PHLAPAFGW43	5/28/2003	\$306.00	\$0.00	\$306.00	\$10.20	252	\$2,570.40		
	251 T1ZF FTWSPAFW72T PHLAPAFGW43	5/28/2003	\$306.00	\$0.00	\$306.00	\$10.20	252	\$2,570.40		
<b>TOTAL</b>								\$20,451.20	\$10,318.35	\$30,769.55
412 M11-0341 031	106 T1ZF PITBPAKBW02 PITBPAOKDC0	5/28/2003	\$104.40	\$0.00	\$104.40	\$3.48	261	\$908.28		
	107 T1ZF PITBPAKBW02 PITBPAOKDC0	5/28/2003	\$104.40	\$0.00	\$104.40	\$3.48	243	\$845.64		
	108 T1ZF PITBPAKBW02 PITBPAOKDC0	5/28/2003	\$104.40	\$0.00	\$104.40	\$3.48	243	\$845.64		
<b>TOTAL</b>								\$2,599.56	\$1,311.52	\$3,911.08
215 Y13-0200 086		5/28/2003	N/A	N/A	N/A	N/A	N/A	\$3,360.06	\$1,665.07	\$5,025.13
412 Y13-0153 065		5/28/2003	N/A	N/A	N/A	N/A	N/A	\$3,173.00	\$1,572.37	\$4,745.37
717 Y13-0122 070		5/28/2003	N/A	N/A	N/A	N/A	N/A	\$7,654.10	\$3,792.97	\$11,447.07
<b>DS1 GRAND TOTAL</b>								\$37,237.92	\$18,660.28	\$55,898.20

Core PA DS3

BAN	CIRCUIT	Circuit Corrected	Monthly Access Rate	Monthly Local Interconnection Rate	Monthly Rate Differential	Daily Rate Differential	# of days	Credit Due for MRC over-billing	LPC Credits	Total
412 M11-0256 252	103 T3Z PITBPADTK18 PITBPAKBW02	11/6/2005	\$1,429.19	\$511.23	\$917.96	30.5986000	1147	\$35,096.67	\$17,392.07	\$52,488.74
717 M11-0321 338	105 T3Z HRBGPACTW00 HRBGPAHAK32	11/6/2005	\$2,199.71	\$1,110.22	\$1,089.49	36.1630000	1191	\$43,252.75	\$21,433.80	\$64,686.55
215 M11-0590 680	3597 T3Z PHLAPAFGW43 PHLAPAMKK35	11/6/2005	\$1,743.72	\$792.00	\$951.72	31.7240000	1191	\$37,783.28	\$18,723.41	\$56,506.69
DS3 Total								\$116,132.71	\$57,549.28	\$173,681.99