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MEMORANDUM**

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AZ CORP COMMISSION
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TO: THE COMMISSION

FROM: Utilities Division

DATE: April 16, 2001

**RE: IN THE MATTER OF THE APPLICATION OF VERIZON CALIFORNIA INC.,
F/K/A GTE CALIFORNIA, INC.-ARIZONA, FOR APPROVAL OF A
INTERCONNECTION, RESALE AND UNBUNDLING AGREEMENT WITH
DIRECT2INTERNET CORPORATION (DOCKET NO. T-01846B-01-0195)**

On March 5, 2001, Verizon California, Inc. ("Verizon") f/k/a GTE California Inc.-Arizona, filed an application for approval of an Interconnection, Resale and Unbundling Agreement between Verizon, and Direct2Internet Corporation. ("Direct"). The term of the Agreement shall be effective upon Commission approval and remain in effect until January 15, 2003. Upon expiration, the agreement shall remain in force and effect until terminated by either party on ninety (90) days written notice. The Agreement governs the terms and conditions, under which Verizon will offer interconnection to Direct.

The Telecommunications Act of 1996 ("1996 Act") directed incumbent local exchange carriers to make their networks available for interconnection and resale by new entrants to the local exchange market. The 1996 Act provides for interconnection and resale agreements to be concluded by voluntary negotiation. This Agreement between Verizon and Direct was voluntarily negotiated, without resort to arbitration.

Under the terms of the Agreement, Verizon will provide specified local exchange services for Interconnection, Resale, Collocation and Unbundled Network Elements to Direct. Generally, Verizon services will be made available to Direct for resale at a 10.9 percent discount for resale services.

According to the 1996 Act and State Rule, the Commission must approve voluntarily negotiated interconnection and resale agreements if their provisions are non-discriminatory and in the public interest. Staff has reviewed the Agreement and finds it to be non-discriminatory and in the public interest. Verizon is offering the same terms and conditions of the Agreement to all other interested parties. The Agreement is in the public interest because it will act to further competition in the local exchange market in Arizona.

Arizona Corporation Commission

DOCKETED

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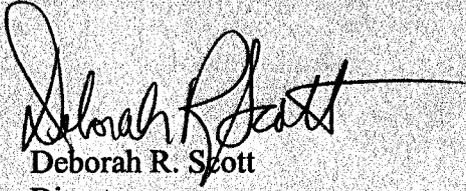
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THE COMMISSION

April 16, 2001

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Since there are no grounds for rejection of the Agreement pursuant to Section 252(e)(2)(A) of the 1996 Act, Staff recommends that the Commission approve the Interconnection Agreement between Verizon and Direct.



Deborah R. Scott

Director

Utilities Division

DRS:EAA:jbc/MAS

ORIGINATOR: Erinn Andreasen

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL
Chairman
3 JIM IRVIN
Commissioner
4 MARC SPITZER
Commissioner
5

6 IN THE MATTER OF THE APPLICATION)
OF VERIZON INC. F/K/A GTE CALIFORNIA,)
7 INC -ARIZONA, FOR APPROVAL OF A)
INTERCONNECTION, RESALE AND)
8 UNBUNDLING AGREEMENT WITH)
DIRECT2INTERNET CORPORATION)

DOCKET NO. T-01846B-01-0195

DECISION NO. _____

ORDER

9
10 Open Meeting
May 1 and 2, 2001
11 Phoenix, Arizona

12 BY THE COMMISSION:

13 FINDINGS OF FACT

14 1. On March 5, 2001, Verizon California, Inc. ("Verizon") f/k/a GTE California Inc.-
15 Arizona, filed an application for approval of an Interconnection, Resale and Unbundling
16 Agreement between Verizon, and Direct2Internet Corporation ("Direct"). The term of the
17 Agreement shall be effective upon Commission approval and remain in effect until January 15,
18 2003. Upon expiration, the agreement shall remain in force and effect until terminated by either
19 party on ninety (90) days written notice. The Agreement governs the terms and conditions under
20 which Verizon will offer interconnection to Direct.

21 2. The Telecommunications Act of 1996 ("1996 Act"), directed incumbent local
22 exchange carriers to make their networks available for interconnection and resale by new entrants
23 to the local exchange market. The 1996 Act provides for interconnection and resale agreements
24 to be concluded by voluntary negotiation.

25 3. This Agreement between Verizon and Direct was voluntarily negotiated, without
26 resort to arbitration.

27 4. Under the terms of the Agreement, Verizon will provide specified local exchange
28 services for Interconnection, Resale, Collocation and Unbundled Network Elements to Direct.

1 Generally, Verizon services will be made available to Direct for resale at a 10.9 percent discount
2 for resale services.

3 5. According to the 1996 Act and Commission Rule, the Commission must approve
4 voluntarily negotiated interconnection and resale agreements, if their provisions are non-
5 discriminatory and in the public interest.

6 6. Staff has reviewed the Agreement and finds it to be non-discriminatory and in the
7 public interest. Verizon is offering the same terms and conditions of the Agreement to all other
8 interested parties. The Agreement is in the public interest because it will act to further
9 competition in the local exchange market in Arizona.

10 7. Since there are no grounds for rejection of the Agreement pursuant to Section
11 252(e)(2)(A) of the 1996 Act, Staff has recommended that the Commission approve the
12 Interconnection Agreement between Verizon and Direct.

13 CONCLUSIONS OF LAW

14 1. Verizon is an Arizona public service corporation within the meaning of Article XV,
15 Section 2, of the Arizona Constitution.

16 2. The Commission has jurisdiction over Direct and over the subject matter of the
17 Application.

18 3. The Commission, having reviewed the Application and Staff's Memorandum has
19 determined that the Interconnection Agreement negotiated between Verizon and Direct meets the
20 requirements of Section 252(e)(2)(A) of the 1996 Act, which governs the approval of voluntarily-
21 negotiated agreements and is in the public interest.

22 4. The Commission maintains jurisdiction over the subject matter of the Agreement
23 and Amendments thereof, to the extent permitted pursuant to the powers granted the Commission
24 by the Arizona Constitution, Statutes, Commission Rule, and the 1996 Act and the Rules
25 promulgated thereunder.

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ORDER

IT IS THEREFORE ORDERED that the Commission hereby approves the Interconnection Agreement between Verizon and Direct filed on March 5, 2001.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of _____, 2001.

BRIAN C. McNEIL
Executive Secretary

DISSENT: _____

DRS:EAA:jbc/MAS

1 SERVICE LIST FOR: Verizon California, Inc. and Direct2Internet Corporation
2 DOCKET NO. T-01846B-01-0195

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