AT&T Exhibit 1 - Verizon Costs Improperly Included in its Transmittal No. 214

	Application/ Functional Area*	Modifications Verizon Asserts Were Required*	System Function/ Explanation by Verizon*	Verizon Rationale for Cost Recovery*	AT&T Comments
1	Revenue Requirements include expenditures for the years 1998 through mid-2001	None directly identified.	None directly identified.	Revenue Requirement includes prior year expenditures.	Expenditures prior to the time the FCC ordered number pooling, chose the pooling standards, and selected the Pooling Administrator may not be recovered as part of the national pooling cost recovery mechanism.
2	Pooling-specific NPAC releases/ Shared Industry Costs	Implementation of NPAC releases.	Enable TBNP functionality for NPAC.	Verizon claims this as a cost that would not have been incurred "but for" TNBP and therefore should be eligible for recovery.	NPAC Release 3.1 does not satisfy the "but for pooling" criteria. Although TBNP may have been a contributor to the performance issues that drove 3.1, Release 3.1 is not a number pooling release, but rather a platform enhancement release related to through-put. In addition, Release 3.1 was necessary for porting. Thus, there should be no cost recovery allowed for it.
3	Donation/Receipt of Pooled Numbers	Use of third party vendors to issue service orders in conjunction with donated blocks. Establish an administration center to manage the TN inventory. Perform code administration. Establish a porting center for events associated with TNBP.	Ensure that service orders align properly with OSS updates. Establish two network centers - one for number administration the other for porting calls.	TBNP has directly caused an increase to Verizon's share of industry costs.	Establishing two work centers for processes that already exist - number administration and porting - brings into question the efficiency of Verizon's implementation of TBNP. First, since these are existing processes Verizon needs to identify the incremental cost , if any, caused by TBNP. Second, because these costs are being recovered from competitors. Verizon must be held to an efficient implementation standard.
4	Methods & Procedures	Development and distribution of TBNP methods.	Develop and distribute TBNP methods.	The development of these methods and the subsequent training are directly caused by TBNP.	Testing and training functions would be required whether or not TBNP was implemented. It is not clear that costs related to this item are over and above the costs that would have been incurred in the absence of TBNP.

	Application/ Functional Area*	Modifications Verizon Asserts Were Required*	System Function/ Explanation by Verizon*	Verizon Rationale for Cost Recovery*	AT&T Comments
5	ASMS & LSMS/ Operations Support Systems (OSS)	Creation of thousands blocks & viewing of blocks from NPAC. Implement EDR for range attributes of telephone number pooling.	Sends porting & pooling information to the NPAC and receives information from NPAC.	Enables the use of NPAC 3.0 and 3.1 EDR to receive telephone number blocks from the Pooling Administrator.	Verizon claims $45.5M in capital and expense for its OSS in total. AT&T questions the need for all these expenditures in the context of pooling implementation. In particular for ASMS & LSMS, Release 3.1 is not a number pooling release, but rather a platform enhancement release related to through-put. Thus, there should be no cost recovery allowed for it.
6	TN Tracker & BACAS/ OSS	Management of and reporting on telephone numbers at the thousands-block level.	Provides forecast data and utilization reports at thousands block level. Supports day-to-day functions associated with requests for numbering resources and associated assignment activity.	Required to request thousands-block inventory per the Pooling Administration Guidelines, administer thousands blocks at a rate center level, donate & receive thousands block data and implement in the provisioning process.	Number pooling was not the cause for the need "to provide thousands-block-level data". The antecedent to this requirement was the FCC's First NRO Order which required reporting at the 1000s block level (i.e., NRUF reports). The FCC believed that a more thorough understanding of number use within NXXs would allow for clearer solutions to the numbering crisis. To collect NRUF-development expenses in the guise of number pooling cost recovery is an improper response to the FCC's order.
7	Provisioning Systems: SOAC, SOP, LIVEWIRE, SWITCH, MARCH, Service Express, LiveWire Gateway, SSNS/ OSS	Ability for systems to accept, recognize & interpret new pooling indicators and to expand data fields in order to show these indicators.	Service order systems that enable assignment of facilities, provision of customer service, administration & inventory of telephone numbers. Also needed to ensure proper "snap back" procedure.	Required to properly handle the "snap back" process, to handle pooled-in and pooled-out telephone numbers in service order and telephone number assignment processes.	As evidenced by AT&T's previous comments on SWITCH and TN Tracker and Verizon's response, it is impossible to tell what Verizon is including and not including in these costs and how it has excluded ineligible costs. Moreover, administration and inventory systems are incidental to the provisioning of TBNP, and therefore the costs are not recoverable. In any event, modifying systems to recognize, use, and pass on one additional data field should not entail significant expenditures.
8	XEA, TIS WEB GUI, Request Manager, Request Broker/ OSS	Ability for systems to recognize pooling indicators.	Verizon provisioning systems accessed by CLEC representatives.	Required to communicate pooled number information to CLECs.	Modifying systems to recognize, use, and pass on one additional data field should not entail significant expenditures.

- Verizon Transmittal No. 214, Description and Justification.