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VIA ELECTRONIC FILING

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: *Open Internet Remand Proceeding*, GN Docket No. 14-28

Dear Ms. Dortch:

In this proceeding, Verizon has repeatedly warned that Title II reclassification of broadband Internet access service will depress long-term capital investment, discourage innovation in broadband and related services and cost the economy thousands of middle-class jobs. Despite Verizon's consistent position on this issue, some parties have taken out of context and distorted a few brief comments by Verizon's Chief Financial Officer Fran Shammo in December as evidence that reclassification would not impact Verizon's investments in its networks. On December 12, 2014, we submitted a letter with an attached blog entry by Mr. Shammo making clear his perspective on the negative relationship between Title II regulation and network investment.[1]

We write today to submit for the record recent statements by Mr. Shammo and by Verizon's Chief Executive Officer Lowell McAdam again confirming their views about the dangers of Title II reclassification to network investment. During a January 22 quarterly earnings call,[2] Mr. Shammo reiterated the dangers of Title II for jobs and investment:

> Kevin Smithen - Macquarie Research Equities – Analyst: Just a quick follow-up. Does your guidance change at all under certain Title II outcomes? And what is your current thinking on this, given recent government comments?
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> Fran Shammo - Verizon Communications Inc. - EVP & CFO: That's a great question, because I personally have been misquoted both in the press and in Congress on what I've said. So this is a good question for me to clear this up.

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[1] Letter from Verizon to FCC, GN Docket No. 14-28 (Dec. 12, 2014).
[2] Transcript of Fourth Quarter 2014 Verizon Earnings Call at 17-18 (Jan. 22, 2015), *available at* http://www.verizon.com/about/investors/quarterly-reports/4q-2014-quarter-earnings-conference-call-webcast/.

> First of all, this is not an issue about Internet rules. It's about an issue of FCC reclassifying broadband as a Title II service, and this will absolutely affect us and the industry on long-term investment in our networks.
>
> That can be seen factually as to what happened in the rest of the world, where you have high regulation, the networks are not invested in, they are not good quality of service networks. And that's where this will put us.
>
> I guess I would emphasize also that the approach, in whole or in part, on Title II is an extreme and risky path that will jeopardize our investment and the development of innovation in broadband Internet and related services. It will also tie up the industry in a very uncertain time and cause all types of litigation.
>
> So when I said before and [was] misquoted on the fact that it would not hurt our investment, I was talking about 2015. But if this piece of Title II was to pass, I can absolutely assure you it would certainly change the way we then view our investment in our networks.
>
> The other thing, too, is I think it is important to show that this industry, on a high-level basis, has invested about $50 billion a year in networks and improving the quality of service and open network to everyone. That is what the industry believes is that this is an open Internet basis.
>
> If we curtail the investment of this industry, it will definitely trickle down to what we would consider middle-class jobs. And it's because of most of -- at least for Verizon Wireless, a lot of our build are done by thousands of contractors across the United States. That will impact those small businesses and impact their employees.

Similarly, during a February 5, 2015 conference call,[3] Mr. McAdam explained that the prospect of Title II reclassification was a factor in Verizon's decision concerning how to use the proceeds of recent transactions. Mr. McAdam explained that the proceeds would primarily go to reduce debt and repurchase shares rather than incremental network investment:

> [W]e weighed a number of factors to determine the best use of proceeds for our shareholders. An important consideration was the current regulatory uncertainty and the potential impacts on future investments of a reclassification of broadband under Title II.

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[3] Transcript of Call Regarding Recent Verizon Transactions at 3, 10 (Feb. 5, 2015), *available at* http://www.verizon.com/about/investors/verizon-transactions-investor-webcast/.

> [L]ook it's been no secret that we think that Title II is completely the wrong way to go in trying to regulate something as dynamic as the Internet in 2015. I mean, using 1934 regulation is just completely inappropriate. I use the term, "it's like trying to use a buggy whip to steer a Ferrari." So it was a factor in our decision as I said. The uncertainty of the regulatory environment made it such that we thought returning those dollars to the shareholders is the appropriate method until this becomes a little bit clearer. You see this in other companies. I'm not here to speak for anybody, but you see an awful lot of capital going outside of the US into places like Mexico, and I think Washington should be very, very thoughtful how they go forward here because this uncertainty is not good for investment and it's not good for jobs in America.

Sincerely,

Maggie McCready