

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Local Competition and Broadband)	CC Docket No. 99-301
Reporting)	

REPLY COMMENTS OF VERIZON¹

The more than two dozen commenters are nearly unanimous in two key issues. First, every company (and representative trade associations) that would need to submit reports opposes the Commission's proposals to expand broadband reporting to include detailed reports of services by zip code. All show that the proposed expansions would create substantial burdens on the reporting companies but provide little additional useful information on broadband competition. And *no* party supports the Commission's proposal to presume that the data submitted in the reports should be made public. Based on the comments, the Commission should abandon its proposal to require more detailed broadband reports, and it should retain its existing presumption of confidentiality.

Several non-company commenters, however, want the Commission to increase the reporting burden even more. King County, Washington, for example, wants reports by census tract and by subsets of various services (such as SONET bit rates), concluding – without any support – that the added burden would be insubstantial. Similarly, the Kansas Corporation

¹ The Verizon telephone companies ("Verizon") are the local exchange carriers affiliated with Verizon Communications Inc. identified in the attached list.

Commission asks for reports not just by zip code but also by political subdivision, such as city, county, or locality. As Verizon demonstrated in its opening comments, just to set up reports by zip code and the disaggregation in the Commission's proposal would cost it more than eight million dollars and the ongoing reporting costs would exceed \$1.5 million annually, on top of the current reporting burden. If the reports had to be reformatted to include census tracts or political subdivisions, or if more service disaggregation were required, the burden would be even greater.

In any case, the Commission and the public would not benefit. The stated purpose of the reports is to "assess the degree of deployment of broadband services." *Second Notice of Proposed Rulemaking*, FCC 01-19, & 1 (rel. Jan. 19, 2001). The current reports allow that type of assessment, as the Common Carrier Bureau's most recent report shows. *See High-Speed Services For Internet Access: Subscribership as of June 30, 2000*, Industry Analysis Div., Common Carrier Bureau (Oct. 2000). That report includes, for example, the number of broadband providers in each state and within each zip code that meet the 250 line reporting threshold and the total number of broadband lines in service by state. If carriers with fewer than 250 lines in a state also listed the areas where they offer service, as Verizon proposed in its opening comments, the Commission could assess the extent to which broadband service is available and the number of providers in order to determine the potential for expansion of such services.

The expansions that King County and the Kansas Commission propose would provide little data that would help regulators develop policies to encourage broadband deployment – data already of record shows that the broadband market is sufficiently competitive that it should be largely deregulated. The requested data are, however, of strategic value in a competitive market. They would give competitors valuable information on the size of each other's market share and

mix of services in each discrete area. Even if the raw data were kept confidential, as it should be, an “aggregation” of the results by small geographical areas would still allow the competing providers in those areas to glean valuable competitive information about the reach and penetration of their competitors’ services – information that cannot be camouflaged effectively by aggregation. The competitive sensitivity would be compounded if the results had to be further disaggregated into types of service, such as various SONET bit rates and the like. Or, as WorldCom, argues, if the data were disaggregated by type of provider, market data for the incumbent local exchange carriers would be disclosed to their competitors, for example, because there is only one incumbent local exchange carrier serving any discrete geographical area. *See* WorldCom at 6-7.²

The Commission has already declined to require the type of reports of “wholesale metrics” which Covad seeks here. *See* Covad at 8. Instead, the Commission has left to the states imposition of performance measures and standards, and the states have adopted metrics in this and other areas. *See, e.g., Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and 4th FNPRM*, 15 FCC Rcd 3696, & 437 (1999).

In any event, Covad’s proposal is outside the scope of this proceeding. The Commission here is gathering data to assess the extent of broadband availability in the marketplace, not the competitive practices of any group of carriers. Therefore, even if the reports Covad requests had

² Contrary to WorldCom’s claim, safeguarding competitively-sensitive information is as important to the local exchange carriers as to their competitors, because their competitors, such as WorldCom, would be able to use the strategic data to target the incumbents’ customers and services. *See* WorldCom at 8-9. In addition, the local exchange carriers are in direct competition with cable modem providers, who have the lion’s share of the broadband market and would be able to use strategic data to their competitive benefit.

any value, which the Commission has already found they do not, the Commission should not consider them here.

Finally, the Commonwealth of the Northern Mariana Islands (the “Marianas”) ask the Commission to require the Micronesian Telecommunications Corporation (“MTC”), the incumbent local exchange carrier in the Marianas and a subsidiary of Verizon Communications, to file broadband reports, which are now voluntary.³ Marianas at 3-4. There is no justification for changing the requirements. Once the MTC reaches the threshold of 250 broadband lines in the Marianas, it will voluntarily file the reports as if it were included in the reporting requirement. If the Commission accepts Verizon’s proposal to require providers below the threshold to submit lists of zip codes where broadband service is offered, the MTC will file such a list in the event it offers broadband services.⁴

³ While claiming that the application of the reporting requirement to the Marianas is ambiguous, they quote the reporting instructions as unambiguously stating that such reports are voluntary and point to nothing to the contrary in the Commission’s order establishing the reports. *Id.* at 3.

⁴ MTC currently does not provide broadband services.

Accordingly, the Commission should not adopt its expanded broadband reporting proposal, nor should it make public the raw data filed by any broadband provider.

Respectfully submitted,

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THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc. These are:

Contel of the South, Inc. d/b/a Verizon Mid-States
GTE Midwest Incorporated d/b/a Verizon Midwest
GTE Southwest Incorporated d/b/a Verizon Southwest
The Micronesian Telecommunications Corporation
Verizon California Inc.
Verizon Delaware Inc.
Verizon Florida Inc.
Verizon Hawaii Inc.
Verizon Maryland Inc.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon Pennsylvania Inc.
Verizon South Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Coast Inc.
Verizon West Virginia Inc.