

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

In the Matter of

PAGING COALITION

Request for a Declaratory Ruling

CC Docket No. 01-346

REPLY OF VERIZON

Most of the commentators supporting Petitioners merely parrot the arguments in the Petition. And like Petitioners, most ignore the Commission's decision in *TSR Wireless v. U S WEST* that "LECs are not obligated under our rules to provide [these reverse billing] services at all."¹

Arch does note this order and correctly reports the Commission's "holding that 'LECs are not obligated under our rules to provide [wide-area calling] services at all.'"² Arch then, inexplicably, says that Verizon's Option 3A reverse billing "was not raised in *TSR Wireless*." While Option 3A was not referred to by that name, the Commission made it clear that it understood that the arrangements in question were those "where a terminating carrier agrees to

¹ *TSR Wireless v. U S WEST*, 15 FCC Rcd 11,166 ¶ 30 (2000). This conclusion was confirmed today in *Mountain Communications, Inc. v. Qwest Communications International, Inc.*, File No. EB-00-MD-017, DA 02-250, Memorandum Opinion and Order ¶ 11 (rel. Feb. 4, 2002), "wide area calling services are not necessary for interconnection or for the provision of service by a paging provider to its customers, ... [and] the Commission's rules do not require LECs to offer such services at all."

² Arch at 4 n.8.

compensate the LEC for toll charges that would otherwise have been paid by the originating carrier's customer"³ — that is, Option 3A.

Another commentor, VCL, also acknowledges the *TSR Wireless* decision, but asks the Commission to “revisit” it, describing it as “unfortunate dicta.”⁴ First, VCL notes that while that quoted language refers to “LECs” generally, “ILECs” have different obligations.⁵ The *TSR Wireless* case, of course, involved formal complaints against a number of “ILECs,” and the Commission’s decision was plainly referring to the obligation that the law imposed on these defendant ILECs. Second, whether this sentence can best be characterized as “dictum” or “holding” is beside the point. The point is that the Commission plainly held that these are billing arrangements, not interconnection arrangements — that these are “reverse billing arrangements whereby [a CMRS provider] can ‘buy down’ the cost of such toll calls to make it appear to end users that they have made a local call rather than a toll call”⁶ and that they “are not necessary for interconnection.”⁷ And this characterization as billing not interconnection *was* necessary to the Commission’s decision in *TSR Wireless* that an ILEC is permitted to charge for the arrangements.

VCL’s comments also try to interject a new issue into this proceeding. It asks the Commission to require Verizon to continue providing it “honored/distributed” calling arrangements.⁸ These are not reverse billing arrangements like the Option 3A that is the subject

³ 15 FCC Rcd 11,166 ¶ 1.

⁴ VCL at 13.

⁵ VCL at 13.

⁶ 15 FCC Rcd 11,166 ¶ 31.

⁷ 15 FCC Rcd 11,166 ¶ 30.

⁸ VCL at 2-3.

of the Petition. With reverse billing, Verizon provides a toll service — it carries calls from one rate center to another — but it bills the service to the CMRS provider rather than to the caller. The honored/distributed calling arrangement Verizon has with VCL is different in that Verizon does not provide any toll service at all, and Verizon bills toll neither to the caller nor to VCL. With honored/distributed calling, VCL has Verizon deliver calls to a VCL NXX associated with one rate center to VCL's point of presence in another rate center (and, in fact, in another LATA), and VCL then carries the calls to its customers in the other rate center. Verizon does not reverse bill any toll charges because it is not providing any toll service.

Honored/distributed calling does, however, have one thing in common with reverse billing — it is a special arrangement that is based on the telephone number dialed by the caller.⁹ VCL, of course, is a cellular carrier,¹⁰ not a paging provider. It will be required to provide number portability and number pooling later this year. Nowhere in VCL's comments does it explain how Verizon is supposed to provide it with this calling arrangement after VCL pools or provides number portability. Once VCL must pool a number block in one of its NXX codes or VCL's customers are allowed to take telephone numbers in this NXX code with them when they change carriers — to a PCS provider, LEC or cellular carrier — honored/distributed calling will no longer work.

Other commentors make a variety of other, often contradictory, arguments in support of the Petition.

Bobier acknowledges that it previously told the Commission that reverse billing was a billing service, but says it was mistaken then and now, as “[u]pon close reflection,” it has

⁹ VCL at 2.

¹⁰ VCL at 1.

realized that it is “a type of interconnection.”¹¹ It then goes on to argue, inconsistent with its new view on interconnection, that Verizon may not withdraw this arrangement without following the section 214 procedures that apply to a “service.”¹² These billing arrangements, of course, are not “services” subject to section 214. Even if they were services, they are overwhelmingly intrastate arrangements, often provided pursuant to state tariffs, that would be subject to the States’ regulatory authority.

SBT claims that withdrawal of these arrangements is a denial of dialing parity for local calls.¹³ This is nonsense. Reverse billing does not involve local calls, calls that are local to the calling party as determined by the calling party’s LEC. If the calls were local, there would be no toll charges to reverse bill.

Finally, commentators argue that continuation of these reverse billing arrangements is in the public interest because they conserve local telephone number resources.¹⁴ It is worth noting that this plea in the name of number conservation is coming from paging carriers which have consistently resisted participating in number pooling, the Commission’s main number conservation program. More important, however, is that ending these reverse billing arrangements need not affect local telephone number usage. In the United States, reverse billing is typically accomplished through 800 telephone numbers. More than 50 million calls are reverse billed in this way every day, and thousands of customers use these arrangements to prevent

¹¹ Bobier at 2 n.3.

¹² Bobier at 6-7. Bobier also claims that substitute services are not available, an assertion that is disproved by Arch’s correct observation that these arrangements used to be provided through 800 numbers (Arch at 2).

¹³ SBT at 12.

¹⁴ *E.g.*, Arch at 6; SBT at 4-6.

callers from being assessed toll charges. These arrangements are actually far superior to the reverse billing arrangements at issue here. Option 3A works only on calls from Verizon customers, not from customers of CLECs and some independent ILECs. 800 calling would make calls from customers of all LECs toll free, and 800 services offer a variety of features and options that are not available under Option 3A. Elimination of Option 3A need not affect local number usage at all.

Conclusion

The Commission should deny the petition.

Respectfully submitted,

Handwritten signature of John M. Goodman in black ink.

John M. Goodman
John M. Goodman

Attorney for the Verizon
telephone companies

1300 I Street, N.W.
Washington, D.C. 20005
(202) 515-2563

Michael E. Glover
Edward Shakin
Of Counsel

Dated: February 4, 2002