Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	
Joint Petition for Expedited Rulemaking Establishing Minimum Notice Requirements for Detariffed Services	CI Docket No. 02-22
Policy and Rules Concerning the Interstate, Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as amended	CC Docket No. 96-61

COMMENTS OF VERIZON

The Verizon telephone companies and their affiliated long distance companies[1] ("Verizon") oppose the petitioners' request for a rulemaking to impose a 30-day written notice requirement for changes in the rates, terms and conditions of detariffed interexchange services. The Commission made the right decision in deregulating interexchange services and in relying on competition to ensure that carriers are responsive to their customers' needs. If customers are not being provided the advance notice of rate changes that they desire, the answer is to enhance competition by allowing more carriers like the former Bell operating companies to enter the long distance market, not to reverse course and re-impose government regulation.

[1] The Verizon telephone companies are the affiliated local telephone companies of Verizon Communications Corp. These companies are listed in Attachment A. The Verizon affiliated long distance companies participating in this filing are Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance, NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions, and Verizon Select Services Inc.

When the Commission decided to detariff the provision of interexchange services by nondominant carriers, it found that advance notice of pricing changes through tariff filings impeded vigorous competition and promoted tacit price coordination among carriers. ***See*** *Policy and Rules Concerning the Interstate, Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as amended*, Second Report and Order, 11 FCC Rcd 20730, ¶¶ 37, 52 (1996) ("*Detariffing Order*"). Consequently, the Commission required the carriers to enter into contractual relationships with their customers, which would require the carriers to give advance notice directly to customers of changes that adversely affect them (i.e., rate increases). ***See*** id., ¶¶ 41, 56. The Commission found that relying on competition and contract law would provide customers greater protection than tariff filings, which bound customers to unilateral changes by the carriers under the "filed rate doctrine." ***See*** id., ¶ 55.

The petitioners do not demonstrate that there is any marketplace failure here that requires government intervention. Although the petitioners represent public advocacy groups and state regulatory associations, notably absent from the petition is any evidence that *customers* are unhappy with the information they receive about rate changes or that they have been harmed in any way. Not a single complaint is cited, and there are no facts, or even allegations, about the actual notice that customers have received or the way in which they have received it. All that the petitioners claim (at 4-5) is that they have looked at the terms and conditions in the contracts and web site postings of some of the interexchange carriers, and that these carriers reserve the *right* to change rate schedules or terms and conditions at any time without giving what the petitioners consider to be "effective" notice. However, this does not demonstrate that the interexchange carriers have reserved the right to make such changes without notice at all, or that the actual notice that they are giving customers is inadequate.

In fact, Verizon, which is the fourth largest provider of interexchange services, normally provides advance written notice of rate increases through a bill message or an insert in the billing period prior to the month in which the increase is effective. (***See*** Detariffing FAQs at http://www.verizonld.com/about/regulatoryinfo/faq.htm#ratechange). For example, Verizon Long Distance's contract states that;

> We will notify You of any material change in this Agreement, in Your Services, or of an increase in Charges prior to the billing period in which the changes would go into effect. Notification of the change may be in the form of a bill insert or by a message within Your invoice; by postcard or letter; by Our calling or speaking to You or leaving a message for You; by postings on our Internet web site at www.verizonld.com/regulatory/faq; or by e-mail, with Your consent.[2]

The normal practice for other interexchange carriers is to provide at least 15 days' notice of rate increases through a variety of media, such as bill inserts, postcards, letters, e-mail messages, and web site postings.[3] The petitioners' claims that carriers are misusing the contract process to avoid giving customers effective notice of rate changes is simply without foundation.

If customers want better advance notice of rate changes, they will gravitate to carriers who satisfy this need, and carriers that do not will feel competitive pressure to respond with similar practices. There is no evidence that the market is not responding. If the market is not sufficiently responsive, the solution is to increase competition by removing regulatory barriers that prevent carriers like Verizon from serving additional markets.

The 30 day written notice rule that the Petitioners seek would not only interfere with market forces, but it would be even more restrictive than the notice period that the Act and the

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[2] ***See*** http://www.verizonld.com/pdfs/DetariffBrochureENGLISHDec-01.pdf.

[3] ***See, e.g.***, AT&T, http://serviceguide.att.com/ACS/ext/agreement.cfm; Sprint, http://208.25.106.20/ratesandconditions/documents/sprinttermsandconditions.pdf.

Commission's rules impose on dominant local exchange carriers. Under section 204(a)(3) of the Act, an incumbent local exchange carrier may file tariffs on a streamlined basis, including 15 days' notice of rate increases and 7 days' notice of rate decreases. ***See*** 47 U.S.C. § 204(a)(3). The Commission's rules only require local exchange carriers to provide actual notice to customers of rate increases or discontinuances of service, and such notice "should be made in a form appropriate to the circumstance, and may include written notification, personal contact, or advertising in newspapers of general circulation." 47 C.F.R. § 61.58(a)(4). This does not require notice within any particular number of days prior to the effective date of the rate increase, and it does not require written notice in every circumstance. It would be unreasonable to impose more stringent rules here.

Finally, as the Commission observed when it detariffed interexchange services, consumers would still be able to file section 208 complaints with the Commission if they believe that the carriers' practices are unreasonable, and "in the absence of tariffs, consumers will be able to pursue remedies under state consumer protection and contract laws in a manner currently precluded by the "filed-rate" doctrine." *Detariffing Order*, ¶ 38. There is no evidence that these protections have proven inadequate. Indeed, the Petitioners do not cite any complaints filed by consumers with the Commission or state commissions indicating dissatisfaction with the notice they receive of rate changes for long distance services. Nor have the Petitioners made a case that state consumer protection laws have proven ineffective in protecting customers. The Commission has not been presented with any basis for overturning its findings in the *Detariffing Order*.

Conclusion

For the foregoing reasons, the Commission should reject the Petitioners' request to establish a rule requiring 30 days' written notice of changes in rates, terms or conditions for long distance service.

Respectfully submitted,

By: _____
Joseph DiBella

1515 North Court House Road
Suite 500
Arlington, VA 22201-2909
(703) 351-3037
joseph.dibella@verizon.com

Attorney for the Verizon
telephone companies and the
Verizon long distance companies

Of Counsel
Michael E. Glover
Edward Shakin

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ATTACHMENT A

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.