

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
BT North America Inc.)	DA 02-570
Expedited Petition for Clarification)	

COMMENTS OF VERIZON¹

Contrary to BT North America’s claim, some of the services for which it seeks an exemption from paying universal service fees appear to compete directly with video distribution services offered by Verizon and others that are subject to universal service fees. Verizon and others offer broadcast-quality private line and occasional use services to individual stations and networks, distributing programming to and from satellite antenna sites and from remote locations to broadcast stations and hubs. Verizon must pay universal service contributions on its revenues from these services, to the extent that they are interstate, and there is no justification for exempting BT from paying into the fund for its competing services.

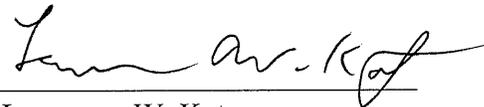
BT seeks a ruling that services it offers that “are essentially equivalent to, and directly compete with, those offered by broadcasters and DBS providers” should not pay universal

¹ The Verizon telephone companies (“Verizon”) are the local exchange carriers affiliated with Verizon Communications Inc. listed in Attachment A.

service contributions. Petition at 2-3. To the extent that BT provides services that transmit video signals directly to homes and businesses in competition with other video providers, Verizon agrees it should be exempt from universal service contributions. However, in describing its services, BT says that it “transmits and distributes” programming to “major broadcasting and cable programming clients,” including broadcast and cable networks. *Id.* at 5-6. Contrary to its claims that these compete only with broadcast and DBS services (at 6-9), from BT’s description, it appears that these distribution services compete directly with transmission services offered by Verizon and others that distribute broadcast signals for broadcasters and cable operators. *See, e.g.,* The Verizon Telephone Companies, Tariff F.C.C. No. 9, Broadband Transport Services.

BT’s argues that whether a service is subject to universal service contributions should depend on whether the service with which it competes is subject to contributions. Verizon agrees. Here, however, from BT’s description, its services compete directly with Verizon’s services that, to the extent they are interstate, are subject to contribution. Therefore, under BT’s own reasoning, BT’s competing interstate services should likewise contribute.

Respectfully submitted,



Lawrence W. Katz
1515 North Court House Road
Suite 500
Arlington, Virginia 22201-2909
(703) 351-3071

Attorney for the Verizon
telephone companies

Michael E. Glover
Edward Shakin
Of Counsel

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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.