



the existing list of “core” services that make up the definition of universal service. *See, e.g.*, Florida Public Service Commission (Florida PSC) at 7, 8; New York State Department of Public Service (NYSDPS) at 2, 7; BellSouth Corporation at 1-2; AT&T Corp. at 1, 10; Dobson Communications Corporation at 3, 20-21; MCI at 1, 6. The Joint Board carefully considered whether the proposed services were “essential to education, public health, or public safety,” “have . . . been subscribed to by a substantial majority of residential customers,” “are being deployed in public telecommunications networks by telecommunications carriers,” and “are consistent with the public interest, convenience, and necessity” as required by the Act, 47 U.S.C. § 254(c)(1), and concluded that the proposed services did not meet these criteria.

A few commenters attempt to argue that additional services should be added to the universal service definition. For example, the Montana Universal Service Task Force (MUST) and the National Association of State Utility Consumer Advocates (NASUCA) ask the Commission to add unlimited local flat-rate calling to the list of “core” services. MUST at 7-8; NASUCA at 4-5. The United States Conference of Catholic Bishops, et al. (USCCB) seeks the addition of “soft dial tone.” USCCB at 4-12. The National Telecommunications Cooperative Association (NTCA) and Valor Telecommunications Enterprises, LLC (Valor) argue that supported universal services should include advanced services. NTCA at 7; Valor at 3-7. The Joint Board appropriately determined that these services should not be added to the definition.

As the Joint Board found, “unlimited local usage is not essential to education, public health, or public safety.” *Recommended Decision* ¶ 44. “Some degree of ‘free of charge’ usage for ‘Universal Service’ is already required by Commission rules and further expansion

to mandate unlimited calling is not necessary.” *Id.* Mandating unlimited local flat-rate calling would interfere both with state regulatory commissions’ ability to determine state requirements, and with the marketplace. *Id.* ¶¶ 43, 45.

Similarly, the Joint Board concluded that adding soft dial tone/warm line to the universal service definition “could conflict with existing state programs and would eliminate state flexibility to establish programs that meet local needs.” *Id.* ¶ 28. Moreover, in the absence of operational standards (the development of which the Joint Board concluded was outside the scope of this proceeding), a requirement to provide soft dial tone/warm line could be *contrary* to public safety and public health, because it could result in confusion among carriers, 911 agencies, and public safety answering points. *See id.* ¶ 28 (*citing* Texas 9-1-1 Agencies and National Emergency Number Association Comments). Finally, such a requirement would reduce the overall utilization of outside loop plant facilities and switch line ports, and could strain scarce numbering resources, which could increase costs. *Id.* ¶¶ 28, 30. In light of these factors, the Joint Board appropriately concluded that adding soft dial tone/warm line to the universal service definition was not consistent with the public interest at this time.

Finally, the Joint Board correctly concluded that the universal service definition should not be expanded to include advanced or high speed services. As the Joint Board found, these services do not meet the statutory criteria. 47 U.S.C. § 254(c)(1). They are not “essential” for education, public health, or public safety, nor are they subscribed to by a majority – let alone a substantial majority – of residential consumers. *Recommended Decision* ¶¶ 12, 13. In addition, as Verizon has previously explained, attempting to expand the availability of advanced services through subsidies that would burden all telephone users

is the wrong approach. *See* Comments of Verizon, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, at 4-5 (filed Nov. 5, 2001); *see also Recommended Decision* ¶ 16. This assumes a monopoly environment where the government must intervene to remedy a failure of the market to meet consumer needs. But there is no monopoly and no market failure in the advanced services market. Cable companies provide twice as much broadband service to the home as telephone companies, and satellite-based companies have now introduced two-way broadband services that are available nationwide and that no longer use the telephone network for the return path. Deregulation of advanced service offered by telephone companies, not new subsidy programs, is the best way to encourage the carriers to invest in technologies that will make advanced services available to customers throughout the country. Moreover, because the cost of upgrading the telephone network to provide advanced and high-speed access services would have a significant effect on the size of the universal service fund, which in turn would lead to a substantially larger universal service fund assessment making telephone service less affordable and jeopardizing the Act's universal service goals, adding these services to the definition would not be consistent with the public interest. *Recommended Decision* ¶ 15.

## **II. The Commission Should Not Add Equal Access to the Universal Service Program.**

A few commenters argue that equal access<sup>2</sup> should be added to the universal service definition. *See, e.g.,* NASUCA at 3-4; Nebraska Rural Independent Companies (NRIC) at 4-12; NTCA at 2-7. Although these commenters claim that equal access meets the statutory criteria, their arguments are without merit.

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<sup>2</sup> As used by the Joint Board, "equal access" means the ability for "consumers to access the presubscribed long distance carrier of the consumer's choice by dialing 1+ the phone number and is sometimes referred to as dialing parity." *Recommended Decision* ¶ 67.

For example, these commenters attempt to argue that equal access is “essential to education, public health, or public safety.” But it is not. While access to interexchange services may meet this criterion, it is already included in the universal service definition. *Equal access* is not essential for this purpose, and does nothing to enhance customers’ access to basic telephone service, which is the goal of the universal service fund. As the New York State Department of Public Service accurately notes, “[e]qual access and universal service were created for different purposes.” NYSDPS at 6.

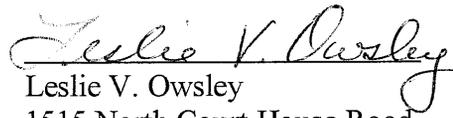
Moreover, NRIC admits that consumers are unlikely to use the “benefits” that will supposedly be available if CMRS carriers provide equal access: “If bundles of minutes are of benefit to consumers and are competitively priced, CMRS carriers should not fear the addition of equal access to the definition of supported services, as customers would likely choose to retain such packages.” NRIC at 8. The Florida Public Service Commission correctly recognized that this is a reason *not* to add equal access to the list of core services. Florida PSC at 7 (“Customers [of CMRS providers] will be unlikely to purchase long distance services through another IXC given monthly rates that include both local and long distance minutes”). It makes no sense, and certainly is not consistent with the public interest, to impose significant costs on carriers to implement functionality that might provide a hypothetical benefit, but for which there will be little or no real-world demand.

### Conclusion

For the foregoing reasons, the Commission should adopt the recommendation of the Joint Board not to expand the existing definition of universal service, and should not add equal access to the definition of universal service.

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Dated April 28, 2003

**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.  
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