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June 18, 2003

Via Electronic Filing

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: Oral ex parte, CC Docket No. 99-273

Dear Ms. Dortch:

This letter is being filed to inform you that on June 17, 2003, Karen Reidy of WorldCom and Ruth Milkman of Lawler, Metzger & Milkman, its counsel, and Lois Pines of InfoNXX, Inc. and the undersigned, its counsel, met with Christopher Libertelli, Legal Advisor to Chairman Powell, and separately met with Gregory Cooke of the Wireline Bureau, to discuss the attached presentation.

Sincerely,



Gerard J. Waldron

GJW:cad  
Attachment

# FCC Retail DA Proceeding

June 17, 2003

## FCC Retail DA Proceeding

### FCC Action To Promote Wireline Retail DA Competition Is Long Overdue

- 1996 Telecom Act sought to promote competition in *all* telecommunications markets
- The \$5 billion wireline DA sector has been left out of the FCC's pro-competitive efforts
  - Wireline DA is still controlled almost exclusively (through 411) by ILECs; nonlocal DA products through 411 have *tightened* ILEC control of the wireline retail DA market
  - Wireline DA prices have been *increasing* since the 1996 Act.

## FCC Retail DA Proceeding

### What Do Competitive DA Providers Offer?

Competitive directory assistance provider have emerged at the wholesale level, offering contract DA services for wireless and competitive networks.

Competitive DA providers have pioneered new DA services such as free “call completion” connecting the caller directly to the requested number.

Competitive DA providers offer “enhanced” information services including movie listings, restaurant reservations, directions and other helpful information.

Competitive DA providers often use live operators and provide higher quality service than other DA providers.

## FCC Retail DA Proceeding

### Wireline Retail DA NPRM: Essential Questions

1. Can the retail DA market sustain competition?
2. Will consumers respond to DA competition?
3. How best can the FCC bring retail DA competition to this sector of the telecommunications industry?

## FCC Retail DA Proceeding

### Retail DA Competition In The E.U.

#### “If You Build It, They Will Come”

- The European experience shows that competitors will enter the DA market, and consumers will make use of competitive services, if the regulatory model is right.
- Where regulatory policies assure real numbering parity between DA/DQ providers, competitive providers are investing in and consumers are using new DA/DQ services.

## FCC Retail DA Proceeding

### “If You Build It, They Will Come” The U.K. Example

- Since new DA codes went into service on 12/10/02, ten new competitors have spent some £10 million marketing their DA codes; another 10 companies are expected to launch service before August 2003 and another £90 million is expected to be spent on marketing this year. Millions more have been spent on call centers and telecom infrastructure.
- BT's figures show that about 20% of all calls originating on their network have already shifted to using the new 118 DQ access codes. The rate of switching to new services is increasing daily.
- BT believes that it will raise additional revenue per call due to new innovative services developed as a response to competition, and higher call volume due to increased advertising and innovation will generate revenue that will offset much of the potential losses.

## FCC Retail DA Proceeding

### Retail DA Competition In The E.U. “Real” Numbering Parity Is The Key

- European regulators have learned that removing the incumbent default code and establishing a framework where all DA providers have numbers of equal pattern and length is the only way to create effective competition.
- Germany, the U.K., Ireland, Sweden, Norway and Spain have followed this model.
- Learning from experience that numbering parity is a precondition to competition, Spain has changed its regulatory regime for the second time in only a few years. The Netherlands is in the process of reviewing its regulatory regime and is expected to require numbering parity. Initially, these countries had not required true numbering parity.
- Other regulatory regimes may produce competition initially, but it quickly fades as consumers return to the incumbent provider.

## FCC Retail DA Proceeding

### Other European Models Do Not Result In Effective Competition

- None of the other models implemented by European countries have resulted in effective competition:
  - Switzerland and France introduced new number ranges for competitors and retained the incumbent default code.
  - Denmark and Portugal reserved shorter access codes for incumbents and gave competitors longer codes.
  - Belgium and Greece required competitors to offer DA service only via premium-rate numbers, while incumbents retained their short default code.
- In each instance, after an initial surge to competitive services, competition has faded as consumers return to the shorter incumbent code.

## FCC Retail DA Proceeding

### MCI, InfoNXX and Telegate Agree: 555 Numbers For All Providers – A Workable Solution

MCI, InfoNXX and Telegate agree that implementation of 555 numbers for *all* retail DA providers is the way to jump-start competition in the retail DA market.

- Elimination of the US default codes – 411 & 555-1212 – is a prerequisite to competition.
- Consumers will readily adapt to using 555 numbers. They are already familiar with the use of 555 numbers for information services.
- ILECs already route 555 numbers – therefore, a 555 solution would not be administratively or technically burdensome.
- Eight years ago, the Commission adopted a decision that entities other than LECs should be able to use national and regional 555 numbers.