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October 22, 2004

Via Electronic Filing

Honorable Michael Powell
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Directory Assistance Competition -- CC Docket No. 99-273

Dear Chairman Powell:

Nearly three years ago, the Commission posed the question whether consumers would be better off with competition in one of the few areas of the telecom sector that so far has been immune from competitive forces: retail Directory Assistance (DA). On behalf of the world's leading independent provider of directory assistance services – a company that has brought competition, higher quality and competitive prices to England and very much wants to do the same in our country – we urge you to move promptly to adopt a framework for retail DA competition in the United States.

Today, over 242 million Americans living in 38 states (over 80% of the U.S.) pay \$1.25 or more for national DA, and more than 108 million consumers in twenty-two states pay over \$1 for a simple directory assistance call.¹ As the attached chart shows, DA prices are one of the few areas of telecommunications services that have been steadily *increasing* since passage of the 1996 Act. These high, and rising, prices cost consumers dearly, since these retail prices in some cases represent a 400% or greater mark-up from widely available wholesale prices. But because incumbent telephone companies control the retail DA short codes (411 and 555-1212), retail DA competition is not possible. InfoNXX and other companies are ready, willing and able to offer consumers better quality services (using live operators) at competitive prices. In the UK, consumers embraced the concept of DA competition: one year after competition arrived in the UK, the incumbent provider, BT, lost nearly half the retail DA traffic because competing providers, including InfoNXX and other companies that likely would enter the U.S. market, were offering services that consumers actively wanted at a price point they found appealing. The UK experience followed similar market-opening decisions by Ireland, Germany, Spain, Norway and

¹ *Ex parte* Letter from Gerard J. Waldron to Marlene Dortch (July 9, 2004), CC Docket No. 99-273 (Attachment A).

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other EU countries; France and Italy are about to launch competitive markets as well. Why should European consumers alone enjoy the benefits of competition?

The Commission is justifiably proud of its role in leading the U.S. and the world towards competitive telecommunications markets. The time has come to offer those 242 million Americans who are paying high prices for retail DA services a competitive choice. We urge the Commission to take prompt action to promote DA competition and benefit consumers.

Sincerely,

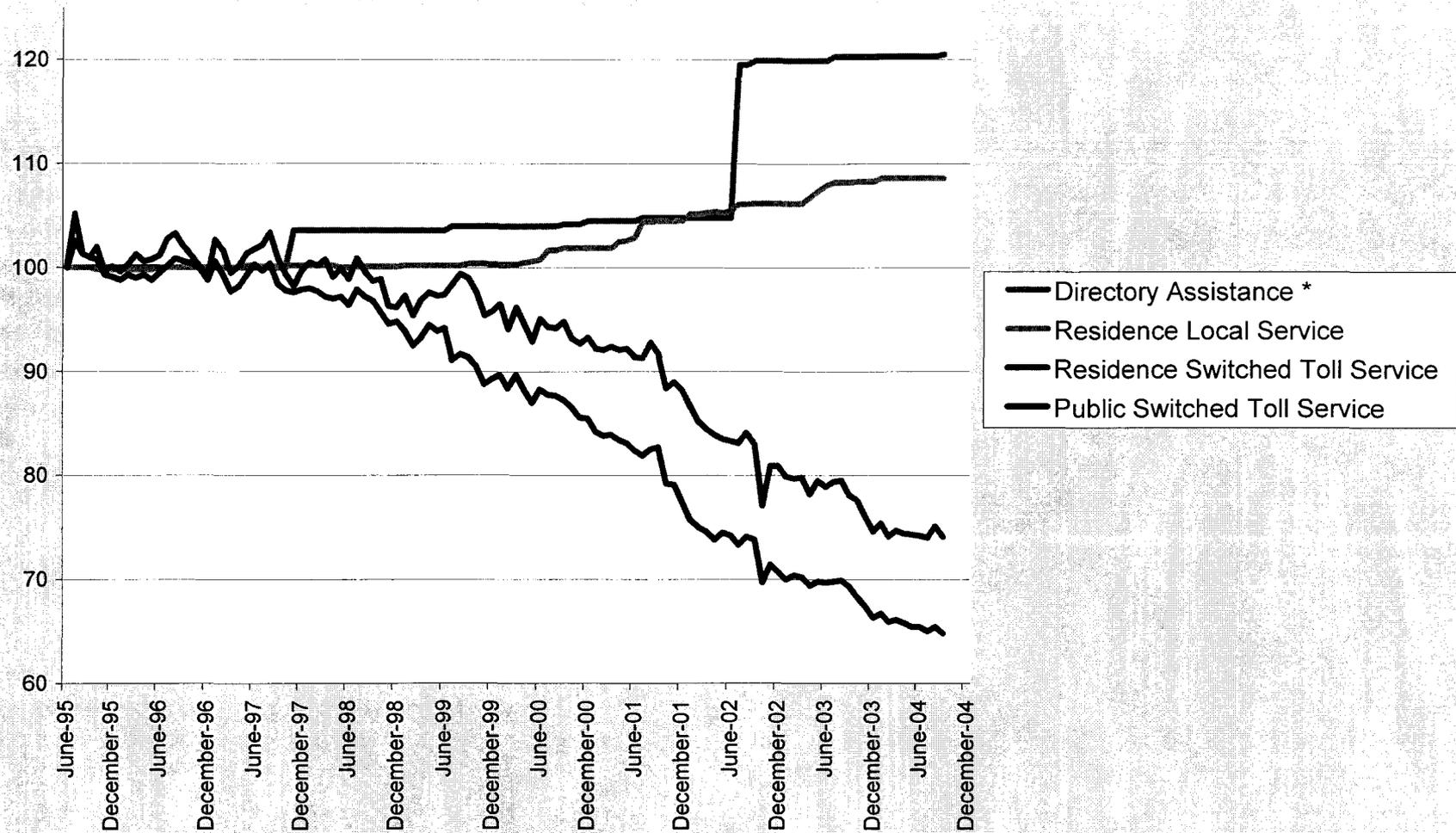


Gerard J. Waldron
Counsel to InfoNXX, Inc.

Attachment

cc: Commissioner Abernathy
Commissioner Adelstein
Commissioner Copps
Commissioner Martin
Mr. Chris Libertelli
Mr. Matt Brill
Mr. Scott Bergmann
Ms. Jessica Rosenworcel
Mr. Dan Gonzalez
Ms. Marlene Dortch

Producer Price Indices for Telecommunications



Source: Bureau of Labor Statistics, Producer Price Index Revision-Current Series (September 2004) (June - September 2004 preliminary).

* At the end of 2003, BLS converted from the Standard Industrial Classification (SIC) system to the North American Industry Classification System (NAICS). Through December 2003, BLS tracked the directory assistance SIC separately from a SIC for "Other Local Service." With the discontinuance of SIC, the "Other Local Service" series was dropped and, according to the BLS's SIC to NAICS Concordance Table, the SIC category called "Directory Assistance" (SIC PCU4813#11401) was continued as the "Other Local Service" series (NAICS 517110114). Starting with the January 2004 data, NAICS data are presented for all categories listed, and the DA series presented is NAICS 517110114.