

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of Application for)
Transfer of Control Filed by) **WC Docket No. 05-75**
Verizon Communications Inc. and)
MCI, Inc.)

COMMENTS BY THE ALLIANCE FOR PUBLIC TECHNOLOGY

The Alliance for Public Technology (“APT”) appreciates this opportunity to comment on the application of Verizon and MCI for consent to their application for transfer of control. APT is a nonprofit organization of public interest groups and individuals, working together to foster broad access to affordable, usable information and communications services and technology, for the purpose of bringing better and more affordable health care to all citizens, expanding educational opportunities for lifelong learning, enabling people with disabilities to be independent and productive members of our society, creating opportunities for jobs and economic advancement, making government more responsive to all citizens and simplifying access to communications technology.

As it has in previous transfer of control proceedings,¹ APT urges the Commission to evaluate whether the pending transaction serves the public

¹ See, e.g., Comments of the Alliance for Public Technology, In the Matter of Application for Transfer of Control Filed by SBC Communications, Inc. and AT&T Corp., WC Docket No. 05-65 (April 25, 2005); and Response of the Alliance for Public Technology, In the Matter of Amended Applications of WorldCom, Inc. and MCI Communications Corp. for Transfer of Control of MCI Communications Corp. to WorldCom, Inc., CC Docket No. 27-211 (Jan. 26, 1998).

interest, convenience and necessity² by examining whether it will promote the goal of Section 706 of the Telecommunications Act of 1996, to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans. . . ." ³ APT believes that in the 21st century, universal access to advanced telecommunications technologies and services will be fundamental to effective communication, quality of life, and democratic participation.

Verizon and MCI (the "Applicants") assert that their merger will strongly benefit consumers (as well as business customers), in ways that are consistent with the goals set forth in Section 706. The benefits the Applicants cite include the creation of a stronger and more efficient competitor in national and global markets, strengthened national security, additional investment in long-term innovations, and faster delivery of next-generation multimedia services. Furthermore, the Applicants assert that the merger will not adversely affect competition for mass market voice and other services.

APT wishes to highlight several issues raised by the Application for further discussion.

Faster delivery of next-generation multimedia services.

The Application notes that "Verizon will invest substantially to produce these [public interest] benefits, and has already committed to an investment of \$2

² 47 USC §214 (a).

³ 47 USC §157.

billion in MCI's network and information technology platforms.”⁴ It also speaks to Verizon's “ambitions plan to deploy fiber-to-the premises, over which Verizon will be able to provide voice, data, and – going forward – video services.”⁵

APT applauds Verizon's current investments in advanced networks, and believes that faster deployment of such facilities to consumers in Verizon's service territory would be a very significant positive impact of the merger. Verizon's deployment of fiber-to-the-premises networks is especially noteworthy. Such networks are likely to spur innovative new services, especially in health care, education, communication by persons with disabilities, and other areas that require high-speed capacity in both directions.

Nonetheless, the Application provides few, if any, specifics by which to evaluate whether all customers in Verizon's service territory are likely to have access to fiber-to-the-premises technology, or comparable facilities with advanced bi-directional capabilities. Before approving the merger, the Commission should seek more detailed information from the Applicants. In particular, the Commission should examine how this merger will affect Verizon's deployment of advanced services in rural areas, in lower-income neighborhoods, to Native American populations, and to the other demographic segments of our society that often do not experience the deployment of succeeding generations of telecommunications technologies at the same pace as customer segments that are more attractive from a marketing standpoint.

⁴ Applicants' Public Interest Statement at 11.

⁵ *Id.* at 16.

The merger's impact on the Applicants' existing and emerging services to persons with disabilities.

MCI has been a leader in the development of technically advanced Telecommunications Relay Services that utilize Internet Protocol technologies. The Application, however, is silent on what, if any, impact the merger will have on such services. The Commission should seek additional information from the Applicants concerning the merger's effects on their disabilities access programs, including relay services, the deployment of accessible telecommunications products and services, and similar programs.

Open networks.

APT anticipates that some commenters in this proceeding will ask the Commission to impose conditions on the Applicants to require Verizon to offer "naked DSL," or other conditions that seek to ensure that Verizon's facilities remain open to unaffiliated IP service providers.

APT supports open, interoperable advanced networks, and believes that consumers should be able to obtain their voice services from the provider of their choice, separate from their broadband service provider. These principles, however, should apply to *all* providers of advanced networks facilities (including cable), not merely to these Applicants.

Furthermore, as former Chairman Powell noted in his "Internet Freedoms" speech, the challenge for policy makers will be to maintain an open Internet,

while preserving the industry's incentives to deploy high speed platforms.⁶ It is not yet clear whether prescriptive regulations will be needed to ensure open networks, whether swift, targeted enforcement actions⁷ will be sufficient to do the job, or whether marketplace forces will be enough to discipline industry behavior.⁸

Thus, the Commission should follow its practice of declining to consider matters in merger proceedings that are not unique to a specific merger,⁹ and address issues concerning naked DSL and the openness of IP-enabled networks in the context of other broader Commission proceedings.

Conclusion

In conclusion, APT agrees that the merger has the potential to result in a stronger competitor, which will be able to “provide new and improved services faster and more efficiently.”¹⁰ Prior to granting its approval, the Commission should seek additional information from the Applicants, and, consistent with its

⁶ Remarks of Michael K. Powell, Chairman, Federal Communications Commission, at the Silicon Flatirons Symposium on “The Digital Broadband Migration: Toward a Regulatory Regime for the Internet Age.” University of Colorado School of Law, Boulder, Colorado (February 8, 2004), at: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-243556A1.doc.

⁷ See, e.g., *In re Madison River Communications, LLC and Affiliated Companies*, Order, DA-05-543, March 3, 2005.

⁸ See, e.g., Richtel, Matt, “Some Verizon Customers to Get ‘Naked’ DSL, *New York Times*, April 18, 2005; Reardon, Marguerite, “SBC Plans to Get ‘Naked,’ *CNET News.com*, May 6, 2005, at http://news.com.com/SBC+plans+to+get+naked/2100-1034_3-5698066.html?tag=html.alert..

⁹ See, e.g., *In re Applications of AT&T Wireless Services, Inc. & Cingular Wireless Corp. et al.*, MO&O, 19 FCC Rcd. 21522, at ¶43 (2004).

¹⁰ Applicants’ Public Interest Statement at 3.

oversight responsibility under Section 706, monitor Verizon's deployment of advanced telecommunications capability to ensure that such benefits reach all of the customers that Verizon serves.

May 9, 2005

Respectfully Submitted:

Daniel B. Phythyon
Public Policy Director

Alliance for Public Technology
919 M Street
Suite 900
Washington, DC 20006