

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

In the Matter of)	
)	
Notice of Inquiry Concerning a Review of the)	
Equal Access and Nondiscrimination)	CC Docket No. 02-39
Obligations Applicable to Local Exchange)	
Carriers)	

REPLY COMMENTS OF VERIZON

Most of the commenters agree with Verizon¹ that, as a result of the fundamental transformation of the communications marketplace over the past two decades, the equal access and nondiscrimination obligations no longer serve a useful purpose, are counterproductive, and should be eliminated. As Time Warner Cable notes (at 4), “the growth of facilities-based telephone competition . . . has eliminated the need for equal access mandates.” That is because “the widespread availability of facilities-based bundled offerings from cable operators and wireless carriers ensures that consumers have a choice of service plans that include unlimited long distance,” and consumers also “can choose from an array of over-the-top VoIP services and resale offerings.” Time Warner Cable at 4-5. Time Warner Cable also explains (at 5) that there no longer is a separate stand-alone long distance market, but rather “market forces drive competition for long distance services as part of bundles, rather than as stand-alone products.” In light of these market developments, imposing equal access and nondiscrimination obligations only on a subset of providers is counterproductive: “The differential imposition of equal access requirements imposes needless costs and burdens on selected competitors, and accordingly should be remedied through the prompt elimination of such obligations.” *Id.* at 8.

¹ The Verizon companies participating in this filing (“Verizon”) are the regulated, wholly owned subsidiaries of Verizon Communications Inc.

Only three commenters – GCI, NASUCA, and the New Jersey Division of Rate Counsel – argue that the Commission should preserve the equal access and nondiscrimination requirements, but they provide no basis for doing so. GCI – which “now serves more than 50% of the interexchange market” in Alaska – claims that there are areas in the country with limited local exchange competition, and thus still in need of such requirements. GCI at 2, 4-5. But GCI focuses only on competitive wireline providers, and ignores intermodal competition, such as wireless and VoIP services. *See id.* at 3. The most recent data released by the Commission show that there are 10 wireless carriers serving Alaska.² As Verizon’s comments demonstrated, nationwide, ILEC wireline access lines constitute only a small share of voice connections.

NASUCA claims that ILECs remain dominant and that the shift from stand-alone long distance to bundles of services is a result of that dominance. NASUCA’s argument stands history on its head. Wireless carriers were in fact the pioneers in offering distance-insensitive voice services.³ The wireless carriers’ all-distance plans, beginning in 1999 and 2000, led to massive displacement away from landline long distance calls and reversed what had been a steady increase in wireline long distance minutes. To compete, Verizon and other wireline companies responded to these plans with their own comparable offerings. Today, service providers of every variety – wireline, cable, wireless, and VoIP alike – now all routinely offer distance-insensitive calling plans. Under current market conditions, there is no plausible argument that traditional wireline carriers could use their local networks to dominate the provision of voice long distance service.

² *See Ind. Anal. & Tech. Div., Wireline Competition Bureau, FCC, Local Telephone Competition: Status as of June 30, 2006* at Table 14 (Jan. 2007).

³ *See Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Services*, Ninth Report, 19 FCC Rcd 20597, ¶ 113 (2004).

Finally, the New Jersey Division of Rate Counsel argues (at 2) that the Commission should not eliminate the equal access rules because “[t]here are significant numbers of local exchange customers who do not want or need to purchase bundles of services.” But Rate Counsel’s own comments and the article it attaches make clear that there are many providers competing to serve these customers. There is no need to mandate regulatory solutions where the marketplace is already serving customer needs.

In sum, the extensive – and undisputed – evidence that Verizon has submitted shows that there is significant competition for voice services, that there is no longer a separate market for stand-alone long distance, and that retaining the equal access and nondiscrimination rules in these circumstances is unnecessary and counterproductive. The Commission should, therefore, eliminate these requirements.

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Respectfully submitted,



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