

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of:)	
)	
Promotion of Competitive Networks in Local Telecommunications Markets)	WT Docket No. 99-217
)	
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996)	CC Docket No. 96-98
)	

COMMENTS OF VERIZON¹

Any limitations on exclusive access agreements for residential Multiple Dwelling Units (“MDUs”) or private developments should not be more extensive than those imposed on such agreements for video services.

As the Commission has noted in its Public Notice,² the market for communications services has “shift[ed] from competition between stand-alone service to competition between service bundles including broadband, local exchange, and long distance services” – and, the Commission should have added, video services as well. In its recent Comments in response to the Commission’s Notice of Proposed Rulemaking on Exclusive Service Contracts for Provision of Video Services in Multiple Dwelling Units and Other Real Estate Developments, Verizon explained that, at this sensitive time in the development of video competition, exclusive access agreements for video services between owners of MDUs or private developments and video service providers can threaten competitive development in video services, deprive consumers of

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

² Public Notice, *Parties Asked To Refresh Record Regarding Promotion of Competitive Networks in Local Telecommunications Markets*, DA 07-1485, at 1-2 (rel. Mar. 28, 2007).

the benefits of competitive choice among video service providers, and inhibit deployment of advanced broadband networks.³

For those services Verizon is seeking a narrowly constrained limitation on exclusive access agreements. Verizon's proposal is constrained both in duration and scope. We propose a five year prohibition that could be extended only if the Commission finds competitive conditions warrant such extension. Likewise, Verizon suggests that any restriction be limited to exclusive *access* agreements, and should not affect other types of exclusive or preferential marketing arrangements. *See* Verizon Video Comments 2-3 (explaining proposed rule). Exclusive marketing agreements *promote* competition, as they offer residents additional options and information without restricting their ultimate choice of service providers.

With respect to telecommunications services, the Commission has already prohibited exclusive access agreements in commercial multi-tenant buildings.⁴ To the extent the Commission decides to impose any restrictions on exclusive access agreements for telecommunications services in residential MDUs or private developments, it should adopt a rule no more extensive than it adopts for video services. Unlike the video services market, where there is evidence of use of exclusive access agreements to extend the impact of prior franchise limitations, *see* Verizon Video Comments 8-13, there is no such evidence of abuse for telecommunications services. To the contrary, there is abundant evidence of competition in

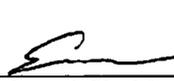
³ *See* Comments of Verizon on Exclusive Access Contracts, MB Docket No. 07-51 (filed July 2, 2007) ("Verizon Video Comments").

⁴ *See* First Report and Order and Further Notice of Proposed Rulemaking in WT Docket No. 99-217, Fifth Report and Order and Memorandum Opinion and Order in CC Docket No. 96-98, Fourth Report and Order and Memorandum Opinion and Order in CC Docket No. 88-57, *Promotion of Competitive Networks in Local Telecommunications Markets*, 15 FCC Rcd 22983 (2000).

voice and data markets.⁵ Moreover, in competition with cable companies and other providers, voice and data services are often sold in bundles with video services.⁶ Thus it would make no sense to impose restrictions on exclusive telecommunications contracts that are more extensive than those imposed on video services.

Respectfully submitted,

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⁵ See 2006 Biennial Regulatory Review, Staff Report, 22 FCC Rcd 2803, 2815-16 (2007); Memorandum Opinion and Order, *Verizon Communications Inc. and MCI, Inc. Applications for Approval of Transfer of Control*, 20 FCC Rcd 18433, ¶ 102 (2005) (“We also conclude that competition from intermodal competitors is growing quickly, and we expect it to become increasingly significant in the years to come.”); FCC Wireline Competition Bureau, Industry Analysis and Technology Division, *High-Speed Services for Internet Access: Status as of June 30, 2006* at Table 15 (Jan. 2007) (showing that nearly 87% of zip codes are served by three or more high-speed internet providers), available at http://hraunfoss.fcc.gov/edocs_public/attachmatach/DOC-270128A1.pdf.

⁶ See, e.g., Christopher M. Larsen, et al., *Credit Suisse, RBOC Video Deployments* at 3 (June 20, 2007) (“Offering video services turns the traditional voice and data bundle from the telcos into a voice, data, and video bundle of services that can better compete with the cable MSOs.”).