

Leora Hochstein
Executive Director
Federal Regulatory



November 14, 2007

1300 I Street, NW, Suite 400 West
Washington, DC 20005

Phone 202 515-2535
Fax 202 336-7922
leora.l.hochstein@verizon.com

EX PARTE

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

RE: DTV Consumer Education Initiative, MB Docket No. 07-148; Leased Commercial Access, Development of Competition and Diversity in Video Programming Distribution and Carriage, MB Docket No. 07-42; Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, MB Docket No. 05-255

Dear Ms. Dortch:

Yesterday, Will Johnson and I met with Michelle Carey, Legal Advisor to Chairman Martin, to discuss our positions in the above-referenced proceedings.

Regarding leased access, we stated that the Commission's and Congress's goals of encouraging the carriage of independent programming would be better served by continuing the Commission's efforts to promote wireline competition in the video market rather than modifying the current leased access rules to further lower rates. Competition in the marketplace will ensure that consumers can view the programming they desire and that independent programmers will be able to obtain carriage of their programming. In this regard, we noted that Verizon already carries numerous independent programmers, such as The America Channel, the NFL Network and the Hallmark Channel, and Verizon has every incentive to meet consumers' demand for offering such programming in order to differentiate itself from its competitors. We also noted that while Verizon has carriage agreements with these independent programmers, the leased access requests that it has received to date relate to infomercials and home shopping networks, rather than these types of independent programmers. In fact, some of these programmers have admitted that leased access is not a viable business model for them.

Concerning new entrants, such as Verizon, we explained that the leased access rules were not designed with these parties in mind, and urged the Commission to reject any rules that would discourage competitive entry into the video market and continued technological innovation or that would undermine the FCC's broader goals of video competition and broadband deployment. Specifically, we explained how the current leased access rules and the proposed modifications are disproportionately harmful to new entrants. The FCC should recognize that effective wireline competition obviates the need for the FCC to regulate leased access rates, or, at least, should remove leased access rate regulation from competitive providers. More generally, the

Commission must ensure that any changes to its leased access rules do not disadvantage new entrants or providers deploying more efficient and advanced video networks.

With respect to the programming carriage complaint process, we asked the Commission to refrain from modifying its current procedures. There is no evidence that the process in place today is not adequate to resolve the limited disputes that have arisen or may arise in the future. Finally, we oppose mandatory arbitration as a means for resolving program carriage and leased access disputes.

Next, we discussed the Commission's proceeding regarding public education efforts related to the broadcast DTV transition. Consistent with our previous filings in this proceeding, we emphasized that imposing particular broadcast DTV education obligations on video providers or telephone providers – in addition to being unnecessary, in light of the substantial voluntary efforts already underway, and unlawful – would not effectively inform the public, and would instead result in consumer confusion. In particular, we emphasized that Verizon will soon be undergoing its own digital transition – separate and apart from the broadcasters' DTV transition scheduled for February 17, 2009 – as it moves its FiOS TV service to all-digital. In order to avoid customer confusion and disruption, Verizon will engage in significant efforts to notify and educate our customers concerning this transition, and any obligations to simultaneously educate these consumers concerning the *broadcasters'* completely separate transition will unreasonably complicate this effort and likely result in customer confusion. Video providers that are moving to an all-digital service require substantial flexibility to manage this process and meet their customers' needs.

Finally, with respect to Section 612(g)'s "70/70 test," we reiterated that the whether or not that threshold has been met, the Commission should continue to pursue policies that encourage video competition and should not burden new entrants with regulatory obligations that undermine video competition and broadband investment.

Sincerely,

A handwritten signature in black ink, appearing to read "James H. Stewart". The signature is written in a cursive, flowing style with some loops and flourishes.

cc: Michelle Carey