

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

In the Matter of	)	
	)	
Petition of AT&T Inc. for Forbearance	)	WC Docket No. 07-21
Under 47 U.S.C. § 160 from Enforcement	)	
Of Certain of the Commission's Cost	)	
Assignment Rules	)	
	)	
Petition of BellSouth Telecommunications,	)	WC Docket No. 05-342
Inc. for Forbearance Under 47 U.S.C. § 160)	)	
From Enforcement of Certain of the	)	
Commission's Cost Assignment Rules	)	

**Opposition**

By Public Notice of June 12, 2008 (DA 08-1402), the Commission solicited comment on an *ex parte* request made by Qwest and Verizon for the same forbearance relief from Commission cost assignment rules as the Commission granted AT&T on April 24, 2008.<sup>1</sup> The AdHoc Telecommunication Users Committee ("AdHoc") hereby opposes the request of Qwest and Verizon.

On May 27, 2008, Sprint Nextel, AdHoc, Comptel and Time Warner Telecom petitioned for reconsideration of the *Order*. For all of the reasons set forth in the Petition for Reconsideration and in AdHoc's June 23, 2008 Reply to AT&T's Opposition to the Petition for Reconsideration, the Commission should reconsider granting AT&T's

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<sup>1</sup> See *Petition of AT&T Inc. For Forbearance under 47 U.S.C. § 160 from Enforcement of Certain of the Commission's Cost Assignment Rules and Petition of BellSouth Telecommunications, Inc. for Forbearance under 47 C.F.R. § 160 from Enforcement of Certain of the Commission's Cost Assignment Rules*, WC Docket Nos. 07-21 and 05-342 (rel. April 24, 2008), pet. for recon. pending (hereinafter the "*Order*").

petition. The Commission should not compound its serious mistake by extending on its own motion the same forbearance relief granted to AT&T Qwest and Verizon.<sup>2</sup>

In addition to the sound arguments set forth in the Petition for Reconsideration, new evidence warrants reconsideration of the *Order* and denial of the subject request. In a clear admission against interest, Verizon has represented to the Commission that, “*Experience suggests that when there is an incentive for carriers to demonstrate high costs, they will do so.*”<sup>3</sup> Verizon made this statement in a proceeding considering reform of the high cost component of the Universal Service Fund (USF). In that context Verizon’s statement would appear not to be an admission against interest. The import of Verizon’s statement extends, however, far beyond that proceeding, and in a broader context is an admission against interest.<sup>4</sup> Whether a carrier’s incentive is to obtain greater USF high cost support, to cross-subsidize competitive and/or unregulated services from regulated and/or de facto monopoly services, to avoid rate decrease prescriptions for special access service, to avoid adjustments to price cap formulae, or to accomplish other objectives that may be in the carrier’s interest but not in the public interest, Verizon’s statement acknowledges that carriers have the ability and incentive to demonstrate the costs needed to accomplish a given objective. Indeed, given the context within which it was made, Verizon’s statement seems reasonably to imply that

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<sup>2</sup> Qwest and Verizon have not filed petitions for forbearance seeking the same forbearance relief granted AT&T.

<sup>3</sup> Reply Comments of Verizon and Verizon Wireless, at 13, *Federal-State Joint Board on Universal Service*, WC Docket No 05-337 and CC Docket No. 96-45, (high cost reform), June 2, 2008 (emphasis added).

<sup>4</sup> More specifically, Verizon’s statement was part of its criticism of a recent Commission decision to allow competitive eligible telecommunications carriers (CETCs) to seek Universal Service Fund (USF) subsidies greater than that allowed under the *Interim Cap Order* if the CETCs file cost data demonstrating their costs meet USF thresholds.

carriers may have an incentive at least to select data and methods that further their interests, whether or not the data present a fully accurate picture.

According to the Commission, AT&T, Qwest and Verizon possess exclusionary market power<sup>5</sup> and cost assignment information continues to be necessary for the Commission to satisfy its responsibilities under the Communications Act.<sup>6</sup> Given Verizon's admission against interest, and the implications thereof, the Commission cannot reasonably trust carrier cost assignments made pursuant to carrier-originated cost assignment schemes. Rather than grant Qwest and Verizon the same forbearance relief that it gave AT&T on April 24, 2008, the Commission should reconsider the *Order*, and, of course, not foolishly compound the mistake by extending the same forbearance to Qwest and Verizon.

In view of the forgoing, AdHoc requests that the Commission not extend to Qwest and Verizon the same forbearance relief as it granted to AT&T in the *Order*.

Respectfully submitted,



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<sup>5</sup> *Order*, ¶ 27

<sup>6</sup> *Id.* ¶¶ 19, 22, 29-30