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

In the Matter of	)	
	)	
Petition Pursuant to Rule 64.1002(d)	)	IB Docket No. 09-10
Requesting Issuance of Settlements Stop	)	
Payment Order on the U.S. – Tonga Route	)	

COMMENTS OF VERIZON

Verizon[1] supports the petition filed by AT&T requesting issuance of a settlements stop payment order on the United States – Tonga route.[2] Tonga Communications Corporation ("TCC") has blocked Verizon's circuits to Tonga since November 17, 2008, as it did AT&T's circuits, in support of its demand to increase termination rates on this route to 30 cents. TCC's actions constitute anti-competitive behavior on the US – Tonga route that will result in harm to U.S. consumers and therefore requires the Commission's intervention.

Verizon's experience with TCC is similar to AT&T's. Verizon has had a longstanding business relationship with TCC, the dominant international carrier in Tonga, and with its predecessor Cable & Wireless Tonga. Verizon does not have a correspondent relationship with Digicel, the only other carrier in that country, and therefore TCC terminates all traffic, fixed and mobile, sent by Verizon to Tonga. Under Verizon's most recent termination rate agreement with TCC effective from September 1, 2007 through December 31, 2007, TCC terminated Verizon's U.S. – Tonga traffic at an agreed rate well below the benchmark. The agreement also provided that its term would "extend indefinitely thereafter [after December 31, 2007] until terminated by

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[1] The Verizon companies participating in this filing ("Verizon") are the subsidiaries of Verizon Communications Inc. holding international Section 214 authorizations.

[2] Petition of AT&T Inc. for Settlements Stop Payment Order on the U.S.-Tonga Route, IB Docket No. 09-10 (Dec. 3, 2008) ("AT&T Petition").

either Party with thirty (30) days prior written notice or until amended by the parties upon their mutual written agreement."

On August 12, 2008, TCC sent an email to Verizon, notifying it of a ruling from the Tongan Department of Communication ("DOC"), dated August 7, 2008, setting a minimum rate for all inbound traffic into Tonga of 30 cents per minute, effective September 1, 2008. That rate is more than 50 percent higher than the Commission's benchmark rate. This was followed on August 13, 2008 by a letter confirming the information contained in the email and attaching a copy of the ruling which was issued in the Tongan Government Gazette on August 11, 2008. The ruling provides no explanation or justification for the rate increase.

Verizon wrote to TCC's Managing Director on September 9, 2008, stating that it was unable to agree to the new rate because it exceeded the Commission's benchmark, and expressing concern that the rate increase was contrary to Tonga's WTO commitments. The annex on telecommunications in Tonga's WTO commitment requires the provision of access to telecommunications networks and services in Tonga on reasonable terms and conditions, and the WTO reference paper requires interconnection services with all international carriers be provided at cost oriented rates. TCC responded by letter dated September 18, 2008, explaining that it was obliged to comply with the Tongan government ruling requiring an inbound termination rate of "no less than US$0.30 / minute."

On November 14, 2008, TCC sent an email informing Verizon of its decision to "turn down circuits with [Verizon]" effective November 17, 2008 to avoid being out of compliance. TCC began blocking Verizon circuits to Tonga after the close of business on November 17, 2008. Verizon has been unable to terminate traffic to Tonga via TCC since then, and instead has had to route traffic to Tonga through third countries at an increased cost to U.S. consumers.

As AT&T explains, the actions of TCC and the Tongan DOC meet all three of the "indicia of potential anticompetitive conduct by foreign carriers" that "may require Commission action to protect U.S. customers."[3] The increased settlement rate of 30 cents is well above the Commission's benchmark for Tonga of 19 cents. In addition, it is clear from the DOC ruling and TCC's correspondence that the 30-cent rate is a rate floor, which is more than 170 percent higher than the previously negotiated rates between Verizon and TCC. Finally, TCC has disrupted Verizon's circuits because Verizon would not agree to the increased rate.

Verizon agrees with AT&T that the blockage of circuits on the U.S. – Tonga route has harmed the public interest by leading to increased calling prices for U.S. consumers. In addition, the public interest would be harmed if Tonga's unjustified action were allowed to stand and therefore became a precedent for similar action by other foreign carriers. For the foregoing reasons, Verizon supports AT&T's petition seeking a settlements stop payment order on this route.

Respectfully submitted,

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[3] AT&T Petition at 7-8, citing *International Settlements Policy Reform*, First Report and Order, 19 FCC Rcd 5709, ¶ 44 (2004).