



Ann D. Berkowitz  
Director – Federal Regulatory Affairs

1300 I Street, NW  
Suite 400 West  
Washington, DC 20005  
(202) 515-2539  
(202) 336-7922 (fax)  
aberkowitz@verizon.com

June 29, 2010

**EX PARTE**

Marlene H. Dorth  
Secretary  
Federal Communications Commission  
455 12th Street, S.W.  
Washington, DC 20554

**RE: Section 63.71 and 63.19 Application of Verizon to Discontinue Post-Paid Calling Card, Personal Toll-Free and Away From Home Services (WC Docket No. 10-115); and Section 63.71 and 63.19 Application of Verizon to Discontinue SmartTouch (WC Docket No. 10-116)**

Dear Ms. Dorth:

Yesterday, Karen Zacharia, Donna Epps, Rashann Duvall and the undersigned met with Bill Devers, Kimberly Jackson and Rodney McDonald of the Wireline Competition Bureau. During the meeting, Verizon provided additional background on SmartTouch, Post-Paid Calling Card Service, Personal Toll-Free Service and Away From Home Services. Verizon explained that as the communications marketplaces has evolved, these services have experience significant declines in use over time. Verizon also discussed the alternatives to these services, including pre-paid calling cards and wireless phones and explained that the customer notices provided satisfied the requirements of 47 C.F.R. 63.71. Verizon also explained that it is in the public interest for the Commission to grant the applications prior to July 1 and that the customer comments do not provide a basis for concluding that discontinuing these services would impair the public convenience or necessity.

As a follow-up to this meeting, Verizon provides additional information below concerning the services being discontinued.

**The Services Being Discontinued Have Experienced Significant, Steady Declines in Use.**

Marketplace developments, including the rapid growth of cell phones and the popularity of competitively priced pre-paid calling cards, have led to significant declines in customer use of SmartTouch, Personal Toll-Free Service and Post-Paid Calling Card services. Below we describe each of these services and provide facts to demonstrate that all three services have experienced significant declines in use.

SmartTouch. SmartTouch is a pre-paid long distance service that allows customers to prepay the amount of money they anticipate spending on long distance calls each month. The customer's actual long-distance expenses are then deducted from that amount. When placing long distance calls, SmartTouch customers receive notice of the amount remaining in their SmartTouch account and have the option of adding additional money in the account as needed to place additional long distance calls. Today, SmartTouch customers pay 8 cents a minute (inclusive of taxes and regulatory fees) to place domestic long distance calls.

Notices of the proposed discontinuance of SmartTouch were mailed to impacted customers on April 26, 2010. In addition, Verizon has provided SmartTouch customers with a web-notification (available at: <https://www22.verizon.com/foryourhome/mysmarttouch/?otc-domains2008&cmecat=home&domain=www.getsmarttouch.com>). Since May 1, 2010, SmartTouch customers also hear the following oral message when they place calls using SmartTouch.

*“On or after July 1, 2010 Verizon Long Distance LLC plans to discontinue your prepaid long distance calling plan, SmartTouch, and calls will no longer be completed using this service. You must choose a different Verizon plan or new service provider to prevent interruption of your calling service. Any remaining balances that you put into your SmartTouch account will be refunded within 90 days after your account is disconnected. We apologize for the inconvenience.”*

As of April 2010, approximately 20, 700 billed telephone numbers had SmartTouch accounts. SmartTouch use has steadily declined over time. In August 2005, there were about 1,379,600 minutes of use for SmartTouch nationwide. By August 2007, SmartTouch use had declined by more than half to 619,500 minutes of use. In August 2009, SmartTouch use again declined by almost half to about 309,400 minutes of use.

Contrary to the claims of one commenter, SmartTouch customers will not be assessed a pic change fee as a result of the SmartTouch discontinuance.

Personal Toll-Free Service. Verizon's Personal Toll-Free service allows residential customers to receive calls placed from any phone in the United States via a Toll-Free Number. Customers subscribing to this service were issued pin numbers that they could distribute to family members and friends placing calls using Verizon's Personal Toll-Free number. The customer would then receive a bill for any calls placed via Verizon's Personal-Toll Free Service using his or her pin. Today, calls made to Verizon's personal toll-free number cost approximately 25 cents per minute.

Between April 1 and April 30, 2010, customers for Verizon's Personal Toll Free service received written notification of the proposed discontinuance via a bill message. In addition to this written notification, since May 1, customers placing calls using this service will hear the following oral message:

*“On or after July 1, 2010, Verizon Long Distance LLC plans to discontinue your Personal Toll-Free Service and calls will no longer be completed using this service. We apologize for the inconvenience.”*

Pins for Verizon’s personal toll-free service were issued to about 484,700 billed telephone numbers. The number of customers using Personal Toll-Free service has steadily declined over time. As of November 2009, approximately 5,700 billed telephone numbers nationwide reflected personal toll-free number use.

Post-Paid Calling Cards. Verizon’s Post-Paid Calling Cards were issued to residential customers subscribing to Verizon’s Long Distance services. Customers could use these cards from anywhere in the United States to place long distance calls and would be billed for calls made using the card. Today, domestic calls made using Verizon’s post-paid calling card services cost 25 cents per minute for domestic calls. (Additional taxes and fees apply on top of these rates).

Between April 1 and April 30, 2010, customers for Verizon’s Post-Paid Calling Cards service received written notification of the proposed discontinuance via bill message. In addition to this written notification, since May 1 customer placing calls using this service will hear the following oral message:

*“On or after July 1, 2010, Verizon will discontinue this Calling Card and calls will no longer be completed using this service. We apologize for the inconvenience.”*

The number of customers using Post-Paid Calling Cards has significantly declined over time. Approximately 1,683,700 billed telephone numbers nationwide requested post-paid calling cards, with only about 9,500 of these billed telephone numbers reflecting post-paid calling card use in the six months preceding November 2009 for the West and March 2010 for the East. For Verizon’s West region, in August 2005 there were approximately 1,624,500 minutes of use for post-paid calling cards. By August 2007, that number declined to about 469,300 minutes of use. In August 2009, post-paid calling card use further declined to about 161,100 minutes of use. Verizon cannot pull equivalent information for the East region, but the West data is indicative of overall declining usage trends for this service.

**Competitively Priced Alternatives to the Services Being Discontinued are Widely Available.**

As explained in Verizon’s June 22, 2010 letter, competitively priced alternatives to SmartTouch, Personal Toll-Free and Post-Paid Calling Card service are widely available.<sup>1</sup>

For SmartTouch, the alternatives include pre-paid calling cards and pre-paid wireless phones. As explained above, SmartTouch customers pay approximately 8 cents a minute (which

---

<sup>1</sup> See Verizon’s June 22 letter at 2-4 (discussing orders, rules and industry notices in which the FCC and state public utilities commissions have indicated that a bill message is an appropriate means of providing important information to customers).

includes taxes and regulatory fees) for domestic long distance calls. According to the Commission's own data, "88 carriers have reported that they are engaged in the provision of prepaid calling cards."<sup>2</sup> Pre-paid calling card providers, including Speedy Pin Phone Cards and Calling Card.com offer rates that are less than 2 cent per minute for calls within the U.S.<sup>3</sup> Several providers also offer low cost pre-paid wireless phone service. For example, Cricket offers unlimited wireless calling, including domestic long-distance, for calls placed from Cricket's nationwide coverage area, for \$30 per month, without a contract.<sup>4</sup> MetroPCS offers unlimited wireless calling, including domestic long-distance, for calls placed within MetroPCS's nationwide coverage area, for \$40 per month, without a contract.<sup>5</sup>

For personal toll-free service, the alternatives are personal toll-free service through other providers, as well as pre-paid calling cards and wireless phones (both pre-paid and monthly plans). Verizon's personal toll-free customers pay approximately 25 cents a minute (which does not include taxes or regulatory fees) for domestic long distance calls. Several other providers offer competitively priced personal toll-free service, some of which do not require any monthly contract. For example, My 800 Online offers a personal toll-free number with calls billed at 5.9 cents per minute within the U.S., "with no monthly fees or contracts."<sup>6</sup> Charges are deducted from a pre-paid account balance. Calls to the toll-free number are forwarded to the home, office, or mobile phone designated by the customer. Cucumber Communications offers a personal toll-free number with calls billed at 4.5 cents per minute for out-of-state calls,<sup>7</sup> and starting at 4.9 cents for in-state calls.<sup>8</sup> TollFreeForwarding.com offers a personal toll-free number through monthly plans with rates as low as 3.2 cents per minute, or annual plans with rates as low as 2.7 cents per minute.<sup>9</sup> IBNtel.com offers a personal toll-free number at rates as low as 2.6 cents per minute, with a \$1.50 monthly fee.<sup>10</sup> And, as explained above, numerous providers offer competitively priced pre-paid calling cards and pre-paid wireless phone service. In addition, wireless providers offer competitively priced monthly plans. For example, T-Mobile offers long distance wireless plans for as low as 29.99 per month for 500 minutes or \$39.99 per month for

---

<sup>2</sup> *Local Number Portability Porting Interval and Validation Requirements*, Report and Order ¶ 20, WC Docket No. 07-244, FCC 10-85 (rel. May 20, 2010).

<sup>3</sup> See, e.g., SpeedyPin Phone Cards, *USA – Continental Phone Cards – USA Calling Cards*, <http://speedypin.com/phone/cards/USA> (rates starting at 0.6 cents per minute to landlines in addition to a weekly fee); CallingCards.com, *USA Calling Cards & USA Phone Cards from USA*, [http://www.callingcards.com/shopping/rate\\_table1.asp?Origin=USA&Destination=USA](http://www.callingcards.com/shopping/rate_table1.asp?Origin=USA&Destination=USA) (rates starting at 1.5 cents per minute).

<sup>4</sup> Cricket, *Select Plans*, <http://www.mycricket.com/cell-phone-plans>; Cricket, *Unlimited \$30 Plan*, [http://www.mycricket.com/cell-phone-plans/plan/30plan\\_r\\_ta](http://www.mycricket.com/cell-phone-plans/plan/30plan_r_ta).

<sup>5</sup> MetroPCS, *Unlimited Cell Phone Plans*, <http://www.metropcs.com/plans/default.aspx>.

<sup>6</sup> My 800 Online, *Toll Free Services*, <http://www.my800online.com/features>.

<sup>7</sup> Cucumber Communications, *Personal Toll Free Numbers*, <http://www.cucumber.com/tollfree.htm>.

<sup>8</sup> Cucumber Communications, *Intrastate/Regional*, <http://www.cucumber.com/intrastate.htm>.

<sup>9</sup> TollFreeForwarding.com, *Pricing*, <http://www.tollfreeforwarding.com/content/rates.html>.

<sup>10</sup> IBNtel, *Toll Free Number Details*, [http://www.ibntel.com/toll\\_free.asp](http://www.ibntel.com/toll_free.asp).

1,000 minutes, with unlimited night and weekend minutes.<sup>11</sup> Without factoring unlimited night/weekend minutes or free mobile-to-mobile calling, these plans offer unlimited domestic long-distance calling at 4 to 6 cents per minute, before taxes and fees. T-Mobile also offers an unlimited minute plan for \$49.99 per month.<sup>12</sup>

For post-paid calling cards the alternatives are pre-paid calling cards and wireless phones (both pre-paid and monthly plans). Customers using Verizon's post-paid calling card service pay about 25 cents per minute for long distance calls (which does not include taxes or regulatory fees). As explained above, numerous providers offer pre-paid calling cards, pre-paid wireless phones and contract based wireless phone plans at competitive rates.

**A Combined Bill Message and Oral Notification Was the Most Customer Friendly, Efficient, and Cost Effective Means of Providing Notice to Personal Toll-Free and Post-Paid Calling Card Customers.**

Verizon also explained that its notifications satisfied the Commission's rules.

For SmartTouch, there are no issues with the adequacy of Verizon's notice to customers. The Commission did not seek comment concerning the method Verizon used to notify customers, and no customers commented on Verizon's notice. As noted above, all SmartTouch customers received a letter notification about the SmartTouch discontinuance. Verizon also used a web-based notification and an oral message to notify customers about the SmartTouch discontinuance.

For Personal Toll-Free Service and Post-Paid Calling Card Service, customers received written notification via a bill message. In addition, anyone who uses these services receives an additional oral notification whenever they use these services to place calls.

Using a bill message to provide written notice concerning the discontinuance of Personal-Toll Free, Post-Paid Calling Card and Away From Home Services is consistent with the written notice requirements of 47 C.F.R. 63.71 as well as prior discontinuances that were automatically granted where a bill message was used to provide written notice to customers. As explained in Verizon's June 22, 2010 letter, under the circumstances present here, a combined oral notice and a bill message was the most efficient, cost effective means of providing notice to impacted customers. All impacted customers received written notification concerning the proposed notice via a bill message.<sup>13</sup> The bill message complied with the written notice and content requirements of 47 C.F.R. § 63.71.

---

<sup>11</sup> T-Mobile, *Individual Plans*, [http://www.t-mobile.com/shop/plans/Cell-Phone-Plans.aspx?catgroup=Individual&WT.z\\_unav=mst\\_shop\\_plans\\_individual](http://www.t-mobile.com/shop/plans/Cell-Phone-Plans.aspx?catgroup=Individual&WT.z_unav=mst_shop_plans_individual).

<sup>12</sup> T-Mobile, *Individual Plans*, [http://www.t-mobile.com/shop/plans/Cell-Phone-Plans.aspx?catgroup=Individual&WT.z\\_unav=mst\\_shop\\_plans\\_individual](http://www.t-mobile.com/shop/plans/Cell-Phone-Plans.aspx?catgroup=Individual&WT.z_unav=mst_shop_plans_individual).

<sup>13</sup> See Application of Verizon Long Distance LLC to Discontinue Domestic Telecommunications Services at 3, WC Docket No. 10-115 (Filed Apr. 30, 2010).

Bill messages are routinely used to provide important notices to customers, and the Commission and numerous state public utilities commissions allow for the use of bill messages to provide required written notices to customers.<sup>14</sup> And, as Verizon explained in its June 22 letter, bill messages have been used to notify customers of other Commission authorized service discontinuances.<sup>15</sup> Indeed, just a few days ago, Verizon's application to discontinue enterprise post-paid calling card service was automatically granted.<sup>16</sup> There, as is the case for personal toll-free service and post-paid calling card service, a bill message was used to notify customers.<sup>17</sup>

In any event, individuals who actually use post-paid calling cards or who dial Verizon personal toll-free numbers hear an oral message concerning the proposed discontinuances.<sup>18</sup> For

---

<sup>14</sup> See, e.g., *Rules and Regulations Implementing the Telephone Consumer Protection Act of 1991*, Second Order on Reconsideration, 20 FCC Rcd 3788 ¶ 19 (2005) (clarifying that carriers can use conspicuous bill messages to comply with the do-not-call list notice requirements in 47 C.F.R. § 64.1200 (g) and acknowledging that bill messages “may be a less expensive and an efficient alternative to a separate page in the bill for some carriers”); see also, New York Public Service Commission, Order Waiving Newspaper Publication for Certain Routine Telephone Tariff Filings, *Streamlining Approval Procedures for Routine Submission by Regulated Utilities*, Case 99-M-1571 at 2 (Dec. 2000) (waiving newspaper notification for routine tariff filings where customer notice was provided by “bill insert, bill message or separate billing.”); Massachusetts Department of Telecommunications & Energy, Industry Notice, Customer Notice of Rate Increases, (Released Feb. 8. 2002) (noting that telecommunications carriers must notify customers of rate increases through a “bill insert, bill message, separate mailing or similar means.”); Arizona Corporation Commission, (noting that customer notice of increases in tarified rates may be provided “in the form of a bill insert, bill message or direct mailing”) available at <http://www.cc.state.az.us/divisions/utilities/TARIFF/util-tariffs-faq.asp#i>.; Washington Admin. Code, 480-70-271 (1)(d)(i) (providing that for rate increases or changes, and restrictions to access to service (including discontinuances) “[n]otice may be provided by bill insert, bill message, message printed on the back of the billing envelope, separate mailing, or by can tag.”) available at <http://apps.leg.wa.gov/wac/default.aspx?cite=480-70-271>

<sup>15</sup> See, e.g., *Comments Invited on Application of Bell Atlantic Communications Inc., d/b/a Verizon Long Distance Application to Discontinue Domestic Telecommunications Services*, Public Notice, 18 FCC Rcd 7072 (2003) (noting that customers were notified of the proposed discontinuance of casual calling services via a bill message).

<sup>16</sup> See *Comments Invited on Application of Verizon Enterprise Solutions LLC to Discontinue Domestic Telecommunications Services*, Public Notice, WC Docket No. 10-114, DA 10-987 (Rel. May 27, 2010) (no comments were filed, and this application was automatically granted effective June 28, 2010).

<sup>17</sup> *Id.*

<sup>18</sup> See *Application of Verizon Long Distance LLC to Discontinue Domestic Telecommunications Services*, WC Docket No. 10-115 at 3 (Filed Apr. 30, 2010). The audible message for Verizon's post-paid calling cards can be accessed by dialing 1-800-255-2255 or 1-800-225-5483. Individuals placing calls using post-paid calling cards are able to speak with live operators who can answer further questions concerning the proposed discontinuances. Individuals placing calls to personal toll-free numbers also have the opportunity to speak to a live operator about the proposed discontinuances.

post-paid calling cards, the message is audible to the party who uses the card to make a call. For personal-toll free service, the message is audible to the party who dials the personal toll-free number, which may include the Verizon customer, or family members or acquaintances who dial the customer's personal toll-free number.

Given the sheer volume of customers who requested personal toll-free numbers and post-paid calling cards, a bill message was the most efficient, cost-effective means of complying with the written notice requirement under the Commission's discontinuance rules. As noted above, approximately 484,700 billed telephone numbers nationwide requested personal toll-free numbers from Verizon, with only about 5,700 of these billed telephone numbers actually reflecting personal-toll free number use as of November 2009. For post-paid calling cards, approximately 1,683,700 billed telephone numbers requested post-paid calling cards, with only about 9,500 of these billed telephone numbers reflecting post-paid calling card use in the six months preceding November 2009 for the West and March 2010 for the East. Given the fact that many customers requested post-paid calling cards and personal toll-free service for occasional rather than regular use, the most customer friendly approach was to provide written notice to *all* customers who requested these services, rather than just the customers who regularly use them. A bill message was the most cost-effective, efficient means of complying with 47 C.F.R. § 63.71's requirement to provide written notice to customers. In addition, Verizon also used an oral message on the platforms for these services that is heard by anyone who places a call using these services. That oral message started running on May 1, 2010. Customers using Personal Toll-Free Service or Post-Paid Calling Card service can reach a live operator through the platforms for these services to discuss the discontinuance of these services and alternative services.

**A Delay in Granting Verizon Authority to Discontinue These Services Would Not Serve the Public Interest.**

A delay in granting Verizon authority to discontinue these services would not serve the public interest. Indeed, a delay would likely result in customer confusion, and would also be burdensome to Verizon in light of the numerous technological and logistical issues associated with eliminating a service.

As discussed above, customers have already received adequate notification that they will no longer be able to use SmartTouch, Personal Toll-Free Service and Post-Paid Calling Card Service on or after July 1. To avoid customer confusion, Verizon should be permitted to discontinue these services effective July 1, consistent with Verizon's oral and written notices to impacted customers.

Moreover, there are numerous technological and logistical steps that are associated with discontinuing a service. Delaying the discontinuance would require additional work to halt the processes that are scheduled to take effect on July 1 and then restart those processes once Verizon receives authorization to discontinue these services. For example, extensive IT work has already been scheduled to shut down the electronic platforms that are used to provision SmartTouch, Personal Toll-Free Service and Post-Paid calling card service. This IT work took

Marlene H. Dortch

June 29, 2010

Page 8

several months to plan, develop, and test. There are also numerous changes to Verizon's contracts with outside vendors that were scheduled to take effect on July 1 in connection with the discontinuance of these services. Delaying authorization to discontinue these services would require temporarily halting these scheduled changes and would also require Verizon to extend outside vendor contracts that are scheduled to end on July 1.

The imminent close of the Frontier transaction and the impact a delay of the approval of the application will have on customers who are being transferred to Frontier provides another reason why it is in the public interest for the FCC to grant the applications now, before the scheduled July 1 close of the Frontier transaction. As a general matter, customers in the 14 states where lines are being transferred to Frontier, who prior to close obtained their long distance services from Verizon will receive their long distance service from Frontier after the close. However, SmartTouch, Personal-Toll Free Service and Post-Paid Calling Card Service were not a part of the Frontier transaction. This means that if the applications are not granted prior to July 1, Verizon must continue providing SmartTouch, Personal Toll-Free Service and Post-Paid calling card services to these customers after the close. These customers will now be receiving long distance service from both Frontier and Verizon, causing significant customer confusion. In addition, Verizon designed its post-paid calling card service and personal toll-free service to be available *only* to customers who also received long distance service from Verizon. Therefore, Verizon must complete extensive systems changes in order to continue providing these services to those customers after close.

\* \* \*

As Verizon explained in its application to discontinue SmartTouch, and also in its application to discontinue Post-Paid Calling Card Service and Personal Toll-Free Service, the public convenience and necessity will not be impaired by the proposed discontinuances because there are many comparable, alternative long distance services available to the impacted customers. Accordingly, the Commission should grant Verizon's applications to discontinue these services with an effective date before July 1, 2010.

Sincerely,



cc: Bill Dever  
Kim Jackson  
Rodney McDonald