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Vice President
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FILED/ACCEPTED

MAR 24 2011

Federal Communications Commission
Office of the Secretary



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March 24, 2011

VIA HAND DELIVERY

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20534

Ms. Lynne Hewitt Engledow
Pricing Policy Division, Wireline Competition Bureau
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20534

Re: Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; Connect America Fund, WC Docket No. 10-90; High-Cost Universal Service Support, WC Docket No. 05-337; and A National Broadband Plan for our Future, GN Docket No. 09-51

Dear Ms. Dortch and Ms. Hewitt Engledow:

Pursuant to staff's request, enclosed please find certain Verizon intercarrier compensation data and non-rural carrier rate information. This information is being filed pursuant to the Protective Order issued in this proceeding and supplements Verizon's March 14, 2011 submission.¹

Please contact the undersigned if you have any questions.

Sincerely,

/s/ Maggie McCready
Maggie McCready

cc: Rebekah Gooheart, Kevin King (confidential versions w/CD Rom)

¹ *Developing a Unified Intercarrier Compensation Region*, Protective Order, CC Docket No. 01-92, et al., DA 10-1749 (Released Sept. 16, 2020) ("Protective Order").

REDACTED – FOR PUBLIC INSPECTION

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Re: Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; Connect America Fund, WC Docket No. 10-90; High-Cost Universal Service Support, WC Docket No. 05-337; and A National Broadband Plan for our Future, GN Docket No. 09-51

Dear Ms. Dortch and Ms. Hewitt Engledow:

At the request of Commission staff and pursuant to the September 16, 2010 Protective Order¹ in these proceedings, please find attached certain confidential and proprietary information related to Verizon's intercarrier compensation revenues, expenses, and usage patterns by state. See Exhibit 1. This more granular data supplements information that was filed on March 14, 2011.

Verizon seeks confidential treatment of the information provided at Exhibit 1 under the Protective Order. Notwithstanding the Protective Order, the information provided at Exhibit 1 is entitled to confidential, non-public treatment under the Freedom of Information Act (FOIA) and related provisions of the Commission's rules. See 47 C.F.R. §§ 0.457 and 0.459; 5 U.S.C. § 552, *et seq.* The attached information contains highly sensitive revenue, expense, and related usage data. The Commission has consistently held that such data satisfy the requirements of FOIA

¹ *Developing a Unified Intercarrier Compensation Regime*, Protective Order, CC Docket No. 01-92, et al., DA 10-1749 (Released Sept. 16, 2010) ("Protective Order").

Exemption 4 (trade secrets or commercial/financial information). *See, e.g., Cox Communications, Inc.; Request for Confidentiality for Information Submitted on Forms 325 for the Year 2003*, 19 FCC Rcd 12,160 ¶ 6 (2004) (“Cox”); *see also Comcast Cable Communications, Inc.; Request for Confidentiality for Information Submitted on Forms 325 for the Year 2003*, 19 FCC Rcd 12,165 ¶ 6 (2004); *Time Warner Cable; Request for Confidentiality for Information Submitted on Forms 325 for the Year 2003*, 19 FCC Rcd 12,170 ¶ 5 (2004); and *Altrio Communications, Inc.; Request for Confidentiality for Information Submitted on Forms 325 for the Year 2003*, 19 FCC Rcd 12,176 ¶¶4-5 (2004). In addition, Verizon treats the revenue, expense, and related usage information at Exhibit 1 as confidential. As in the *Cox* case, Verizon does not customarily release this information to the public. *Cox*, ¶ 5. Verizon also limits the internal circulation of this information to only those with a “need-to-know.” *Id.*

Moreover, information in the possession of a public entity is considered to be “confidential” if disclosure is likely to substantially harm the competitive position of the person from whom the information was obtained. *See National Parks and Conservation Ass’n v. Morton*, 498 F.2d 765, 770 (D.C. Cir. 1974); and *Critical Mass Energy Project v. Nuclear Regulatory Commission*, 975 F.2d 871, 873 (D.C. Cir. 1992).

Verizon is subject to actual and potential competition with respect to all wireline and wireless products and services with associated intercarrier compensation revenues, expenses, and usage. The information at Exhibit 1 provides a roadmap detailing the traffic patterns and associated revenues and expenses of Verizon customers, both wireline and wireless. The cumulative nature of this information is also such that competitors reviewing the data could gain access to Verizon’s confidential market strategies, revenue targeting, and expense reduction plans.

If competitors are able to gain an unfair advantage by obtaining such a picture of Verizon’s business strategies, they may be able to anticipate Verizon’s strategic initiatives and protect themselves against competition from Verizon—or structure their own competitive initiatives—in a targeted way, without engaging in the business-wide price reductions and service improvements they may otherwise be forced to make. As a result, the information at Exhibit 1 is sensitive and commercially valuable, and its disclosure would substantially harm Verizon’s competitive position.

In support of its request for confidential treatment of Exhibit 1, Verizon submits the following more specific information pursuant to section 0.459:

Identification of the specific information for which confidential treatment is sought. Verizon seeks confidential treatment for the information at Exhibit 1, which contains confidential and proprietary information related to Verizon’s intercarrier compensation revenues, expenses, and usage patterns.

Identification of the Commission proceeding in which the information was submitted or description of the circumstances giving rise to the submission. *See above Commission dockets.* This information is being submitted in response to a request from Commission staff.

Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged. The information at Exhibit 1 includes particularized expense, revenue, and usage data broken down by traffic category, attributable to individual Verizon companies. The information is granular and considered highly confidential, both internal to Verizon and to external sources. Verizon treats this data as a confidential trade secret and would not agree to submit the data in response to the Commission staff's request without assurances that the information will be kept confidential. It would be highly inappropriate for the data to be disclosed to the public or third parties absent the protection of a non-disclosure agreement.

Identification of any measures taken by the submitting party to prevent unauthorized disclosure. The information provided at Exhibit 1 is made available only to Verizon representatives on a "need to know" basis.

Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third-parties. The information at Exhibit 1 is not publicly available.

Justification of the period during which the submitting party asserts that material should not be available for public disclosure. Verizon requests that the entire Exhibit 1 be treated as confidential indefinitely. As discussed above, this information is only made available on a "need to know" basis. Because of the sensitive nature of the data it would never be appropriate for this information to be placed on the public record.

Based on the foregoing, Verizon requests confidential treatment of Exhibit 1 pursuant to sections 0.457 and 0.459 of the Commission's rules and paragraph 4 of the Protective Order. Pursuant to the Protective Order, Verizon has marked each page of the non-redacted version of this filing with the legend "CONFIDENTIAL INFORMATION (ADDITIONAL COPYING PROHIBITED) – SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135, 10-90, GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION." Each page of the redacted version of this filing is marked with the legend "REDACTED – FOR PUBLIC INSPECTION." In addition, the information at Exhibit 1 is being provided electronically on a CD-Rom enclosed here. Confidential treatment is also requested for the CD-Rom and its contents.

With this filing Verizon is also complying with the delivery and copy procedures in paragraph 4 of the Protective Order. Specifically, two copies of the confidential version of this filing, inclusive of the CD-Rom, are being delivered by courier to Lynne Hewitt Engledow with the Pricing Policy Division of the Commission's Wireline Competition Bureau. One copy of the confidential version of this filing, excluding the CD-Rom, is being filed by courier with the Commission Secretary. Two copies of the public version of this filing, excluding the CD-Rom, are also being filed by courier with the Commission Secretary. One copy of the public version of this filing, excluding the CD-Rom, is being filed electronically through the Commission's Electronic

Marlene H. Dortch
Lynne Hewitt Engledow
March 24, 2011.
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Comment Filing System. Finally, one copy of the confidential version of this filing is being transmitted by courier to the Commission Secretary for time-stamp return by courier to Verizon.

Should you have any questions, please contact me.

Sincerely,

/s/ Maggie McCready
Maggie McCready

Enclosures

cc: Rebekah Goodheart (confidential version w/ CD-Rom)
Kevin King (confidential version w/ CD-Rom)

EXHIBIT 1

Verizon Telecom Inter-Carrier Compensation Revenue for 2010

Billed Revenue

Includes Payments Between Affiliates

VZ Telecom results adjusted to exclude properties sold to Fairpoint and Frontier

Excludes Tandem Transit

Revenue (\$ in millions)

BEGIN CONFIDENTIAL

State	Interstate Access			Intrastate Access			Reciprocal Compensation	Wireless IntraMTA	Wireless InterMTA	Facilities	Total Revenue
	Orig	Term	Total	Orig	Term	Total					
Total											

MOUs (millions)

State	Interstate Access			Intrastate Access			Reciprocal Compensation	Wireless IntraMTA	Wireless InterMTA		Total MOUs
	Orig	Term	Total	Orig	Term	Total					
Total											

END CONFIDENTIAL

Verizon Telecom Inter-Carrier Compensation Expense for 2010

Billed Expense

Includes Payments Between Affiliates

VZ Telecom results adjusted to exclude properties sold to Fairpoint and Frontier

Expense (\$ in millions)

BEGIN CONFIDENTIAL

State	Intrastate Access	Reciprocal Compensation	Wireless IntraMTA	Facilities	Total Expense
Total					

MOUs (millions)

State	Intrastate Access	Reciprocal Compensation	Wireless IntraMTA	Facilities	Total Expense
Total					-

END CONFIDENTIAL

Verizon Business Switched Access Expense and MOUs by State for 4th Quarter 2010

Data for former MCI only (represents approximately 80% of Verizon's total IXC access expense)

Includes payments to Verizon LECs

Includes usage charges only

Excludes tandem transit and monthly charges for dedicated trunks and ports

Quarterly Data (4Q 2010)

BEGIN CONFIDENTIAL

State	Interstate Expense (\$millions)			Intrastate Expense (\$millions)			Total Exp. (\$millions)	Interstate MOUs (millions)			Intrastate MOUs (millions)			Total MOUs (millions)
	Originating	Terminating	Total	Originating	Terminating	Total		Originating	Terminating	Total	Originating	Terminating	Total	
Total														

