

**Before the  
Federal Communications Commission  
Washington, DC 20554**

In the Matter of	)	
	)	
Reporting Requirements for U.S. Providers	)	IB Docket No. 04-112
of International Telecommunications	)	
Services	)	
	)	
	)	

**REPLY COMMENTS OF VERIZON**

Michael Glover  
*Of Counsel*

Edward Shakin  
Katharine R. Saunders  
Verizon  
1320 North Courthouse Road – 9th Floor  
Arlington, Virginia 22201  
(703) 351-3097  
  
*Counsel for Verizon*

September 2, 2011

## TABLE OF CONTENTS

INTRODUCTION .....	1
I.    The Commission Should Not Create Unnecessary and Burdensome New Reporting Requirements .....	3
A.    The Commission Should Not Extend International Reporting Requirements to Interconnected VoIP Service .....	3
B.    The Commission Should Not Create Burdensome New Substantive Obligations .....	6
C.    The Commission Should Not Impose Procedural Requirements that Handicap Providers .....	7
II.   Providers Should Be Permitted to Seek Confidentiality for Traffic and Revenue Data.....	9
CONCLUSION.....	11

**Before the  
Federal Communications Commission  
Washington, DC 20554**

In the Matter of	)	
	)	
Reporting Requirements for U.S. Providers	)	IB Docket No. 04-112
of International Telecommunications	)	
Services	)	
	)	
	)	

**REPLY COMMENTS OF VERIZON<sup>1</sup>**

As the international telecommunications market becomes increasingly competitive, the Commission should continue to eliminate outdated reporting requirements. The Commission’s May 13 Order<sup>2</sup> takes helpful steps in that direction by removing and simplifying some existing reporting requirements, including consolidating the annual traffic/revenue reporting requirements and annual circuit status reports and eliminating certain billing codes, service categories and some regional totals. But even as the Order removes some existing requirements, the accompanying Further Notice recommends a broad and troublesome expansion of several obligations. The Commission should not undermine its streamlining process by creating new and burdensome international reporting requirements, extending existing obligations to new technologies, or by requiring broad disclosure of confidential information.

---

<sup>1</sup> The Verizon companies participating in this filing (“Verizon”) are the regulated, wholly owned subsidiaries of Verizon Communications Inc. and Verizon Wireless.

<sup>2</sup> *Reporting Requirements for U.S. Providers of International Telecommunications Services*, First Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 7274 (2011) (“FNPRM”).

International telecommunications services markets have changed significantly since the last time international reporting requirements were extensively reviewed in the 1990s. The United States and other countries have committed to allow additional foreign providers to offer service within their borders and providers have diversified their offerings to include increased non-common carrier cable and satellite facilities. *See* FNPRM ¶ 6. Technological developments, including a dramatic increase in use of Voice over Internet Protocol (“VoIP”) usage, have buoyed international competition. Further, the ongoing requirement that U.S. carriers adhere to benchmark rates has minimized opportunities for anti-competitive conduct by preventing foreign carriers from extracting excessive profits for terminating U.S. outbound international calls. As a result, the Commission has been sufficiently impressed with the “significant competitive growth” of the international market as to propose elimination of the International Settlements Policy.<sup>3</sup> In short, market conditions that once spurred adoption of extensive and detailed reporting requirements no longer exist.

Nor are new obligations necessary. Increased competition coupled with the Commission’s existing sources of data render the FNPRM’s proposed expansion of international reporting requirements unnecessary. Providers already spend substantial time and effort compiling existing reports that provide the Commission with extensive international information. For example, the Commission already obtains revenue data through FCC Forms 499-A and 499-Q as part of its assessment of carrier contributions to the USF. Similarly, the Commission has access to data regarding the use of international bearer circuits through its assessment of regulatory fees on those circuits. In both cases,

---

<sup>3</sup> *See International Settlements Policy Reform*, Notice of Proposed Rulemaking, 26 FCC Rcd 7233, ¶ 14 (2011).

providers today bear the costs of collecting this information and then manually manipulating it into the form prescribed by the Commission, sometimes having to create systems and processes solely for that purpose. Seeking additional information in other, sometimes incompatible, forms only compounds the burden. New obligations and requirements run afoul of President Obama’s directive to government agencies to “get[] rid of absurd and unnecessary paperwork requirements that waste time and money”<sup>4</sup> and “cut[] down on the paperwork that saddles businesses with huge administrative costs.”<sup>5</sup>

Rather than add new reporting requirements, the Commission should act vigorously to minimize ongoing reporting requirements and attendant burdens on providers. The Commission should not impose new, unnecessary obligations.

**I. The Commission Should Not Create Unnecessary and Burdensome New Reporting Requirements**

**A. The Commission Should Not Extend International Reporting Requirements to Interconnected VoIP Service**

Although it recognizes the burdens associated with existing reporting requirements, the FNPRM contemplates extending those reporting requirements to new technologies such as VoIP. The Commission should refrain from doing so. The

---

<sup>4</sup> President Barack Obama, “Toward a 21<sup>st</sup> Century Regulatory System,” Wall Street Journal, <http://online.wsj.com/article/SB10001424052748703396604576088272112103698.html> (Jan. 18, 2011).

<sup>5</sup> Remarks by the President to the Chamber of Commerce, U.S. Chamber of Commerce Headquarters, Washington, D.C., <http://www.whitehouse.gov/the-press-office/2011/02/07/remarks-president-chamber-commerce> (Feb. 7, 2011); *accord* President Barack Obama, Executive Order 13563 (Jan. 18, 2011), 76 FR 3821 (2011); *and* President Barack Obama, Executive Order 13579 (July 11, 2011), 76 FR 41857 (2011).

Commission’s hands-off regulatory approach has helped fuel the growth of VoIP,<sup>6</sup> and the Commission should adhere to its policy of letting VoIP develop and flourish without burdensome regulation, rather than imposing reporting requirements. Extending legacy regulatory obligations to these new – and inapplicable – technologies will only saddle consumers and providers with associated costs that inevitably result in higher prices and disincentive to invest and innovate.

The Commission has already addressed certain public interest issues as they relate to VoIP services – including E911, Customer Proprietary Network Information, the Communications Assistance to Law Enforcement Act, disability access, local number portability, and universal service – and determined that these requirements apply regardless of whether VoIP is classified as a telecommunications service or information service. But continuing to extend international reporting requirements to VoIP and IP-enabled services – where no similar public interest issues are implicated – would stifle incentives to invest in new technologies and undermine the Communications Act’s goal of encouraging the further deployment of broadband.<sup>7</sup> The Commission has previously made clear that regulatory intervention may interfere with consumers’ ability to access new and innovative offerings.<sup>8</sup> And the Commission has emphasized that “regulation

---

<sup>6</sup> FNPRM at 117.

<sup>7</sup> See 47 USC 157.

<sup>8</sup> *Inquiry Concerning High-Speed Access to the Internet Over Cable and Other Facilities*, Declaratory Ruling and Notice of Proposed Rulemaking, 17 FCC Rcd 4798, ¶ 5 (2002) (“[B]roadband services should exist in a minimal regulatory environment that promotes investment and innovation in a competitive market.”) (citing Wireline Broadband NPRM, internal citation omitted); *Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities*, Report and Order and Notice of Proposed Rulemaking, 20 FCC Rcd 14853, ¶ 1 (2005) (“establish[ing] a minimal regulatory environment for wireline broadband Internet access services to benefit American consumers and promote innovative and efficient communications”); Brief of the Federal

imposes costs on consumers to the extent it denies [a provider the] . . . flexibility it needs to react to market conditions and customer demands.”<sup>9</sup> Moreover, Congress has declared that it is the policy of the United States “to preserve the vibrant and competitive free market that presently exists for the Internet and other interactive computer services, unfettered by Federal or State regulation.”<sup>10</sup>

Technology innovations like VoIP have dramatically reshaped the international market. Consumers increasingly use interconnected VoIP services for international calls, and these services have provided an impetus for reduced international rates for consumers. In particular, as the Commission noted, VoIP services have “enhanced the ability to communicate internationally.”<sup>11</sup> In this landscape, burdening these technologies with new regulations only produces disincentives to invest and innovate, thus creating fewer benefits for consumers over time.

Moreover, even setting aside the significant policy implications, requiring detailed reporting on international interconnected VoIP traffic may be substantively

---

Petitioners, 2004 U.S. Briefs 277; 2005 U.S. S. Ct. Briefs Lexis 27 (2005) \* 31 (2004) *NCTA v. Brand X Internet Services*, 545 U.S. 967 (2005) (“[H]eightedened regulatory obligations could lead [broadband providers] . . . to raise their prices and postpone or forego plans to deploy new broadband infrastructure, particularly in rural or other underserved areas . . . [and] could also discourage investment in facilities.”); see also Reply Brief of the Federal Petitioners, *NCTA v. Brand X Internet Services*, 2004 U.S. Briefs 277; 2005 U.S. S. Ct. Briefs Lexis 285 (2005); \*18; 545 U.S. 967 (2005) (emphasizing that the broadband market “has shown enormous growth under a hands-off regulatory regime”); Brief for Respondents, *Orloff v. FCC*, (No. 02-1189), (D.C. Cir. Filed Nov. 27, 2002); 352 F3d 415 (regulation can “take away carriers’ ability to make rapid, efficient responses to changes in demand . . . and remove incentives for carriers to introduce new offerings”) (citation omitted).

<sup>9</sup> *Revisions to Price Cap Rules for AT&T Corp.*, Report and Order, 10 FCC Rcd 3009, ¶ 27 (1995).

<sup>10</sup> 47 USC 230 (b)(2).

<sup>11</sup> FNRPM ¶ 117.

difficult or impossible. The Commission contemplates requiring interconnected VoIP providers to report their international voice traffic and revenue in the same manner that carriers report IMTS traffic and revenue.<sup>12</sup> But IP-based service platforms – in which voice traffic may be just one minor application among many – did not develop in the same regulated environment and reporting requirements as did traditional platforms. Geographic-based tracking of traffic origination and termination of IP-based services is not always feasible with existing systems and processes. And, even if possible, differentiating international voice-based packets from other data packets could require significant systems and technical modifications, as well as substantial cost.

**B. The Commission Should Not Create Burdensome New Substantive Obligations**

The Commission has proposed several new requirements and modifications that are either unduly burdensome or could cause confusion. These include the requirement that a filing entity list all the international Section 214 authorizations it holds and proposed requirements that country-specific and type-of-termination data be broken out and reported separately.

First, the proposed annual Services Report would, under the FNPRM, require a filing entity to list all the international section 214 authorizations it holds. As Sprint has noted,<sup>13</sup> this would require “a time-consuming and unwieldy process.” Moreover, the request seeks unnecessary information, as the Commission already is aware of which section 214 authorizations it has granted. Requiring a duplicative listing on an annual basis is unnecessarily redundant.

---

<sup>12</sup> *Id.* ¶ 116.

<sup>13</sup> Sprint Comments at 2 (filed Aug. 18, 2011).

Second, many of the proposed substantive changes may be either impossible or hugely burdensome to comply with, given current system requirements. For example, existing data collection may not routinely provide country-specific breakouts of fixed vs. mobile outbound terminations, as requested in new schedule 1. To comply with this request, carriers may have to revise their process or institute systems changes, even assuming the data are available. Additionally, the new obligations requiring reporting of the breakdown of revenue and traffic between residential/mass markets, business/government, reseller, and reorigination/transit, and the requirements for the split between wholesale and retail minutes and revenues, particularly at a country-level, will be difficult to meet for many providers, or require substantial and burdensome systems changes.

Further, the Commission should not prescribe a precise allocation method for non-route specific revenues,<sup>14</sup> but should – as the FNPRM alternately proposes – allow each filing entity to determine an allocation method appropriate for its unique situation for non-route specific data (e.g., monthly recurring fees for service plans and other revenue that cannot be identified with particular destination countries). Entities may have different circumstances surrounding their non-route specific plans or services, and an attempt to dictate one allocation method for all may result in unnecessary burdens or inapplicable procedures.

**C. The Commission Should Not Impose Procedural Requirements that Handicap Providers**

The Commission has recommended a May 1 deadline for filing annual reports and has proposed changes to the current rule outlining when carriers must revise filed reports.

---

<sup>14</sup> FNPRM ¶ 87.

As commenters have already noted,<sup>15</sup> the Commission should reject both of these proposals.

First, the Commission has suggested that the new consolidated annual circuit status and traffic report should be filed on May 1. This is three months earlier than the current annual traffic report. As AT&T notes, this new proposed deadline likely would cause major difficulties.<sup>16</sup> U.S. carriers need to receive foreign correspondent traffic information before formulating their responses to this reporting requirement, and these data may not arrive in time for carriers to process it accurately or completely for a May 1 reporting deadline.<sup>17</sup> For this reason, the due date for the annual combined report should not be earlier than July 1. This deadline would not complicate the International Bureau's preparation of annual reports because it is earlier than the current July 31 deadline for the annual traffic and revenue report.

Second, the Commission has proposed eliminating a specific date for filing revisions to the traffic/revenue reports. Currently, companies are required to file a revised traffic report 90 days after the initial report correcting inaccuracies exceeding five percent of the reported figure. The existing regime provides certainty to both companies and to the FCC by identifying a clear deadline after which reports will be considered final. But under the FNPRM, companies would be required to file corrections any time they become aware of an error or adjustment that is equal to or greater than one percentage point of the filed data, or if multiple adjustments under one percentage point

---

<sup>15</sup> AT&T Comments at 6 (filed Aug. 18, 2011).

<sup>16</sup> *Id.*

<sup>17</sup> The Order's elimination of the quarterly reports does not aid carriers in meeting the May 1 deadline, since those obligations are independent of the timing of carriers' receipt of the foreign information.

had a cumulative value exceeding one percent.<sup>18</sup> And each corrected filing made after the initial filing deadline would, under the FNPRM's proposal, require a separate request for waiver of the section 43.62 filing date to explain the reason for the adjustment.

The proposed changes to the revision requirement would impose significant burdens on both carriers and on the Commission, as AT&T has noted.<sup>19</sup> Under the new proposal, companies could be forced to prepare multiple revisions as they receive updated information from foreign correspondents, particularly given the proposed much lower threshold for revisions. These could occur throughout the third and fourth quarter, and even after, leaving the Commission without certainty as to when data might be final for use in its own reports. The Commission therefore should not adopt this proposal, but should maintain the current October 31 deadline for revisions greater than 5 percent.

## **II. Providers Should Be Permitted to Seek Confidentiality for Traffic and Revenue Data**

As both AT&T and Sprint have noted,<sup>20</sup> the Commissions' proposals to limit the confidentiality of filed traffic and revenue information, and to make publicly available company-specific traffic and revenue data, particularly on a route-by-route basis, risk significant harm to competition and to proprietary business interests.

The Commission properly notes that requests for confidential treatment of data submitted in companies' annual submissions have increased, but the Commission draws the wrong conclusion.<sup>21</sup> Far from showing a lack of need for confidentiality, the

---

<sup>18</sup> FNPRM at ¶ 59; Draft Manual for Filing Section 43.62 Annual Reports, DA 11-1182, ¶ 30 (July 2011).

<sup>19</sup> AT&T Comments at 7.

<sup>20</sup> *Id.* at 12-15; Sprint Comments at 7.

<sup>21</sup> FNPRM, ¶¶ 134-35.

increased number of requests highlight the growing competitive sensitivity of provider specific revenue, traffic, and circuit information. These data are produced to the Commission by FCC mandate; they are not otherwise publicly available nor do companies regularly disseminate them, particularly not on a disaggregated or provider-specific basis. Companies maintain the confidentiality of these data to protect free market competition and public domestic reporting regularly excludes provider-specific information.<sup>22</sup>

Here, however, the Commission advises that it “propose[s] to continue to treat traffic and revenue data as generally available to the public” and proposes limits on the confidential treatment of some of this data (including disaggregated data by customer category and routing arrangement).<sup>23</sup> Publication of otherwise confidential cost, revenue, and traffic data could give foreign competitors unfair – and one-sided – insight into U.S. companies’ market strategies, and could create an unlevel marketplace. Sprint has noted that parties seeking proprietary data through the FOIA process or otherwise are often employed by foreign governments and carriers that seek to exploit route-by-route traffic data for use in foreign legal and regulatory proceedings with potentially higher resulting costs for U.S. consumers.<sup>24</sup> Rather than discouraging requests for confidentiality, the

---

<sup>22</sup> See, e.g., *Providing Eligible Entities Access to Aggregate, Form 477 Data*, Order, 25 FCC Rcd 5059, ¶ 5 (2010) (noting that the FCC “has had a longstanding policy of ‘releasing only aggregated information about broadband deployment . . . to protect against release of company-specific information directly or indirectly’”) (internal citation omitted); *Local Competition and Broadband Reporting*, Report and Order, 15 FCC Rcd 7717, ¶ 89 (2000) (noting that Form 477 data is aggregated so as not to identify individual providers in published reports).

<sup>23</sup> FNPRM, ¶¶ 132, 135, 138.

<sup>24</sup> Sprint Comments at 8.

Commission should allow filers to request confidential treatment of their filed data in a more streamlined manner, as AT&T suggests.<sup>25</sup>

### CONCLUSION

While the Commission properly proposes to eliminate some existing reporting requirements, it should not adopt new ones in their stead. Nor should the Commission impose new procedural or substantive hurdles for parties who must file international data, or improperly handicap parties' abilities to seek confidential treatment of their proprietary business information.

Respectfully submitted,



---

Edward Shakin  
Katharine R. Saunders  
Verizon  
1320 North Courthouse Road – 9th Floor  
Arlington, Virginia 22201  
(703) 351-3097

*Counsel for Verizon*

Michael Glover  
*Of Counsel*

September 2, 2011

---

<sup>25</sup> AT&T Comments at 15.