Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Petition of USTelecom For Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain Legacy Telecommunications Regulations	)))))))	WC Docket No. 12-61

COMMENTS OF VERIZON

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TABLE OF CONTENTS

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INTRODUCTION AND SUMMARY

USTelecom's Petition provides the Commission with a ready-made vehicle to promote the nation's transition to next-generation networks, and to help achieve the President's and the Commission's regulatory reform objectives.[2] The Petition focuses on some of the most egregious examples of outdated and counterproductive regulation. The Commission should grant the Petition, eliminating legacy regulations that impede providers' efforts to transition to next-generation networks or simply serve no purpose.

Verizon continues to invest aggressively in broadband networks, and the Commission's own technical advisors stress that the "transition to the next generation network is real, is occurring now, and is being driven by market forces."[3] Chairman Genachowski has correctly stressed that the focus of the agency must be "the

[1] The Verizon companies participating in this filings ("Verizon") are the regulated, wholly owned subsidiaries of Verizon Communications Inc.

[2] Petition of US Telecom For Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain Legacy Telecommunications Regulations, WC Docket No. 12-61 (Feb. 16, 2012) ("Petition").

[3] Technical Advisory Council, Federal Communications Commission, Summary of Meeting at 2 (Dec. 20, 2011) (available at http://transition.fcc.gov/oet/tac/tacdocs/tac-meeting-summary-12-20-11-final.pdf).

communications platform of today and the future,"[4] and the Commission has taken important steps to help facilitate this transition in its universal service, intercarrier compensation, and broadband infrastructure proceedings.

The reality is that outdated regulations – untouched for years, if not decades – also stand as obstacles that slow this transition, retard the development and availability of new services, and add unnecessary costs. Too often, these delays and costs unfairly penalize only the incumbent local exchange carriers (ILECs), providing some IP providers an artificial advantage that harms consumers and competition by substituting regulatory fiat for consumer choice.

For example, the Petition calls for forbearing from aspects of the Commission's section 214 service discontinuance rules and Part 51 network change rules, which add costs, delay, and uncertainty to network investment without any commensurate consumer benefit. These rules were established years ago to protect consumers from a loss of service, yet now may delay the transition to next-generation platforms that provide new and more robust services and applications. The transition away from "plain old telephone service" should not require extra paperwork or approval processes designed for the monopoly analog era. Other existing notice practices are more than adequate to protect consumers and competition. Forbearance from these rules would promote the IP transition and help accelerate efforts to deliver new services to consumers.

The Commission should also forbear from the Part 32 accounting rules for price cap carriers. These rules are misplaced in a world of next-generation networks. The

[4] Julius Genachowski, Chairman, FCC, Remarks at the Georgetown Center for Business and Public Policy at 1 (Nov. 7, 2011) ("Chairman Genachowski Remarks"), available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-310876A1.pdf.

Commission's accounting rules designed for rate-of-return providers require company accounting systems to adhere to regulatory mandates that no federal regulator, no consumer, and no competitor make use of today. In deregulatory environments or under incentive-based regulatory regimes, the requirement to keep a set of regulatory books serves only itself; the output of this process is not used by anyone for a federal purpose, including regulators who oversee certain rates or consumers who pay those rates. As Commission staff long ago recognized, the costs (even if relatively small) of myopic accounting rules such as the federal property records rules, which require carriers to generate unnecessary detailed information for all assets, simply cannot be justified.

The USTelecom Petition highlights other legacy requirements that have also outlived their intended purpose, are divorced from today's networks and competitive landscape, and only impose unneeded costs and delays. In this regard, the Chairman has explained that "standing still can mean moving backward." Chairman Genachowski Remarks at 2. Nowhere is that principle more true than with respect to the Commission's failure to strike from its rulebooks unnecessary legacy telephone regulations.

Specifically, USTelecom is correct that the remaining open network architecture (ONA) and comparably efficient interconnection (CEI) requirements fail to reflect three decades of technological developments and competitive changes. They impose costs and complexity on the development of new services without any practical benefit to consumers or enhanced service providers, and should be eliminated. Nor should the Commission maintain its prepaid calling card reporting requirements, which have long since outlived their purpose.

Many of the regulations identified by USTelecom have been marked for deletion for years. The Commission's biennial review process has identified these rules, and these rules have been flagged in the Commission's retroactive analysis of existing rules and data reform efforts. Yet inertia has carried the day here, and the Commission has been unable to take the critical step – indeed the only step that actually matters – and eliminate these rules. There is a clear consensus that these vestiges of yesterday's networks and monopoly environment conditions should be eliminated. USTelecom has now provided the Commission with a clear and simple means by which to eliminate unnecessary rules. The Petition should be granted expeditiously: it clearly meets the requirements of Section 10 as it is apparent that none of these rules are necessary to ensure just and reasonable rates, to protect consumers, or to serve the public interest.

I. THE COMMISSION SHOULD ELIMINATE LEGACY REGULATIONS THAT IMPEDE THE TRANSITION TO NEXT-GENERATION NETWORKS

The Commission in multiple proceedings has stressed the need to promote greater investment in next-generation broadband networks.[5] All industry trends demonstrate the growth in new platforms, and the gradual decline of legacy offerings. Verizon's experience in 2011 is instructive: while our switched access lines declined by over 1 million lines, broadband connections increased by 278,000, interconnected VoIP lines by over 1 million, and wireless connections by over 5 million.[6]

[5] *See, e.g., Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) ("*Connect America Fund Order*"); *Implementation of Section 224 of the Act*, Report and Order and Order on Reconsideration, 26 FCC Rcd 5240 (2011).

[6] *See* Verizon Communications, Inc., *Verizon Communications: Financial and Operating Information*, 13, 16 (rel. Jan. 24, 2012), *available at* http://www22.verizon.com/idc/groups/public/documents/adacct/2011_q4_foi_pdf_v2.pdf.

USTelecom recognizes that outdated and anachronistic regulation stands as an obstacle to further network investment and could jeopardize the development and introduction of advanced services. Forbearing from unnecessary regulatory requirements that may discourage such investment will help increase the capabilities of our nation's communications infrastructure.

Section 214 Service Discontinuance Approval Requirements. USTelecom proposes that a carrier transitioning from legacy platforms to a next-generation broadband platform provide notice of the change to both the Commission and customers, but should not be required to gain Commission approval for that change. Petition at 59-63. This modest approach makes sense and would encourage investment in new networks, although even broader relief from outdated discontinuance regulations is justified.

In establishing the Connect America Fund, the Commission took steps to "simply shift[] to a technologically neutral approach, allowing companies to provision voice service over any platform, including the PSTN and IP networks." *Connect America Fund Order*, 26 FCC Rcd at 17692 ¶ 78. The Commission concluded that "[t]his modification will benefit both providers (as they may invest in new infrastructure and services) and consumers (who reap the benefits of the new technology and service offerings)." *Id.*

Such a technologically agnostic framework is an appropriate means to promote and encourage investment in next-generation networks, and should apply to section 214 discontinuance procedures as well. This same rationale and approach underlies USTelecom's proposal to simplify section 214 discontinuance procedures when a carrier moves from services provided over a legacy platform to new services provided over next-generation networks (to the extent section 214 requirements even apply in such circumstances). In such pro-consumer, win-win instances, the normal operation of the Commission's section 214 procedures only adds costs and delays to the exact type of investment the Commission seeks to encourage, and targeted forbearance is warranted.

Specifically, the long-standing procedures for discontinuance are designed for circumstances in which a provider fully terminates service to a customer, and they were crafted at a time when generally only a single provider was providing service. Those rules require a carrier to provide notice to the affected customers, the Pentagon, the relevant state public utility commission, and the relevant state Governor. 47 C.F.R. § 63.71. After that, the carrier must then file a separate discontinuance request with the Commission, which is automatically granted after 31 or 60 days, for non-dominant and dominant carriers respectively, unless the Commission notifies the carrier otherwise. That clock does not begin until the Wireline Competition Bureau issues a separate public notice announcing the planned discontinuance. 47 C.F.R § 63.71(c).

The Commission should confirm that its discontinuance rules do not apply to such circumstance where a provider is migrating away from legacy platforms to provide its services but continuing to provide service. The Commission has no legal authority to decide the technologies that a provider employs to serve its customers. The long-standing multi-layered approach to discontinuance also does not fit in such situations. The Commission has explained that it "normally will authorize the proposed discontinuance 'unless it is shown that customers would be unable to receive service or a reasonable substitute from another carrier.'" *IP-Enabled Services*, Report and Order, 24 RCC Rcd 6039, 6042-43 ¶ 6 (2009). In the limited circumstances raised by

USTelecom's Petition, namely replacement of legacy service with new offerings, the Commission's standard will always be met.

Specifically, the "discontinuing" carrier itself will be providing the same customer access to services that are "a reasonable substitute," obviating any need for searching Commission review or approval process. Requiring approval would also be counter to Commission's recently articulated technologically neutral policy and the statute: there is no basis under section 214 to limit providers' flexibility in terms of the technology to deliver services. Regulatory roadblocks would also run directly counter to the Commission's own goals to facilitate such network investments. Therefore, the Commission should confirm that the discontinuance rules have no role as providers' transition their services to new platforms, and, to the extent that the discontinuance rules were determined to apply in the context of providers migrating to new networks for their services, the Commission should forbear.

The need for reform is even more apparent in those instances where a provider is not receiving universal service support. If a carrier does not receive either legacy high cost or new Connect America Fund support, the Commission should eliminate all remaining discontinuance and eligible telecommunications carrier obligations under sections 214 and 254, including the Part 63 rules identified by the Petition.[7] Outside of the universal service context – where, going forward, providers will make affirmative choices about program participation – the Commission lacks authority to force particular providers to "offer" service at all, much less service over a particular technological platform.

[7] *See e.g.,* Comments of Verizon, WC Docket No. 10-90, at 2-18 (Jan. 18, 2012).

The Commission's approval process can also be costly, injecting delay and uncertainty into carrier investment decisions. Even beyond potential for delay associated with a Commission failure to approve a 214 discontinuance application, carriers have experienced delays just to obtain the necessary public notice necessary to *start* the current process. Specifically, in the past twelve months, an average of three weeks passed between the carrier filing its discontinuance request and the Bureau public notice triggering the start of the approval clock. There is also little consistency in how quickly the Bureau acts: in just the past year, public notices were released in as little as five days, and as long as six weeks, after the carrier filing. If the Commission desires, it can delay the discontinuance indefinitely upon notice to the carrier, layering on even greater uncertainty, delay, and cost. Given the lack of any legal or policy need to evaluate such discontinuance requests, these regulatory costs cannot be justified.

Indeed, the Part 63 notifications described above, from which USTelecom does not seek forbearance, are more than sufficient to protect consumers and the public interest. Streamlining and simplifying section 214 procedures for next-generation network investments by forbearing from the Part 63 approval procedures meets the criteria of section 10, is consistent with the statute and the Commission's desire to promote investment in new networks and services, and would reduce the costs and delays associated with existing Commission practice.

Part 51 Network Change Notices. Similarly, the duplicative sets of notices related to carrier network changes in Part 51 are representative of the type of legacy regulatory requirements that impede the evolution of networks. Petition at 56-59. For example, under the short term notification option in the rules, a carrier must provide notice directly to affected customers, and also provide notice of the network changes on the carrier's website. 47 C.F.R. §§ 51.325-51.333. After that, the carrier must then file with the Commission a largely duplicative filing announcing the same network change. *Id.* The Commission should streamline its Part 51 processes by relying on existing measures that provide notice, and by eliminating duplicative filings that are unnecessary, waste agency resources, and only serve to delay much-needed investment.

Similar to the section 214 procedures, the key practical challenge of the current Part 51 rules is that short term network changes cannot be implemented until after a Bureau-initiated Public Notice, the timing of which the requesting carrier has no control over. The Commission has issued 28 public notices since December 1, 2011, and the average gap between the carrier website notice and the related Commission public notice has been over three months. Verizon's own experience has been similar, and not a single customer has challenged any of Verizon's network changes in this time period. There is no reason why the Commission cannot rely on the carrier's notice, instead of a Bureau-initiated notice, to act as the trigger to start any necessary waiting periods or related obligations.

A significant percentage of the network changes made today are directly related to IP upgrades and investment. The extra paperwork requirements in the Commission's rules, however, only frustrate and delay these investments (or at a minimum inject unnecessary uncertainty), and the Commission should recognize that proper notice given to the customer directly and on the carrier website is more than sufficient. As proposed by USTelecom, the Commission should eliminate the additional mandated Commission filing that, as a practical matter, does not provide notice to any relevant parties, or serve any regulatory purpose.

BellSouth first proposed similar modifications to the Part 51 rules in 2006. Comments of BellSouth, WC Docket No. 06-157 (Sept. 1, 2006). Last year, the Bureau recognized "that some of the Part 51 rules … may no longer be necessary in the public interest as a result of meaningful economic competition."[8] Indeed, dating back to 2002, the Bureau has stressed that the Part 51 rules "may have become unnecessarily complicated in light of carriers' ability to provide notice of changes and other information via the Internet."[9]

The overlapping procedures required under today's rules do nothing to serve the public interest, protect consumers, or maintain just, reasonable, and non-discriminatory rates. In practice, they only serve to delay network updates and evolution, and add uncertainty to the exact type of investment the Commission seeks to facilitate.

USOA, Part 32. The Commission should forbear from the Part 32 Uniform System of Accounts (USOA) for all price cap carriers. USTelecom is correct that the costs to maintain "regulatory" books separate and apart from normal financial recordkeeping and reporting cannot be justified. Petition at 34-43. The Commission has long understood that "USOA may increase an incumbent LEC's costs of performing

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[8] *Commission 2010 Biennial Review of Telecommunications Regulations*, Public Notice, 26 FCC Rcd 16943, 16944 (2011) (*2010 Biennial Review Public Notice*).

[9] *Biennial Regulatory Review of Regulations Administered by the Wireline Competition Bureau*, Notice of Proposed Rulemaking, 19 FCC Rcd 764, 770 ¶ 19 (2003), *citing* Wireline Competition Bureau, *Biennial Regulatory Review 2002,* Staff Report, 18 FCC Rcd 4622, 4659 (WCB 2002) (2002 Biennial Review Report).

internal accounting services,"[10] and that "uniform cost accounting rules are slow to change and may not adapt to the quickly evolving characteristics of competitive markets."[11]

The USOA serves no federal regulatory purpose today in the IP world, and the associated costs and regulatory lag of the USOA have real-world consequences that can delay efficiencies and innovation as carriers invest in next-generation networks and systems. As the Petition highlights, Verizon is in the middle of updating its accounting systems, and the additional cost, complexity, and expense related to building in this anachronistic set of regulatory requirements is substantial. These rules essentially require price cap carriers to keep two sets of books (and maintain sufficient internal controls to generate these books): (1) the carrier's "real" books required by the Securities and Exchange Commission (SEC) and actually reviewed and used by government agencies, financial analysts, and others; and (2) the carrier's regulatory books that are not reviewed or used by anyone for a federal purpose, including regulators and consumers.

The USOA was a necessary safeguard in a rate-of-return monopoly era world. As the Commission explained, the USOA was established "[t]o record company investment, expense, cost and revenue for rate-of-return rate regulation." *AT&T Cost Assignment Forbearance Order*, 23 FCC Rcd at 7304 ¶ 3. The rules were very granular to "parallel the level of detail in the cost-of-service calculations that LECs performed to develop their rates for interstate access services." *Id.* at 7311 ¶ 17. The subsequent adoption of "price

[10] 2002 Biennial Review Report, 18 FCC Rcd at 4642.

[11] *Petition of AT&T Inc. for Forbearance Under 47 U.S.C. § 160 From Enforcement of Certain of the Commission's Cost Assignment Rules*, Memorandum Opinion and Order, 23 FCC Rcd 7302, 7315 ¶ 23 (2008) ("*AT&T Cost Assignment Forbearance Order*").

cap regulation sever[ed] the direct link between regulated costs and prices,"[12] and the Commission has long since stopped "ongoing tinkering with price caps,"[13] which, as a practical matter, eliminated USOA's central purpose for price cap carriers.

More recent developments have further demonstrated that the USOA has outlived its usefulness. First, last year's universal service and intercarrier compensation reform abolished potential Commission needs for Part 32 information for price cap carriers. In particular, the Commission froze all price cap carrier universal service support, and determined that such support will "no longer [be] calculated based on embedded costs." *Connect America Fund Order*, 26 FCC Rcd at 17723 ¶ 151. Much like the transition to price caps decades ago, this transition to "forward-looking costs and market-based mechanisms" effectively eliminated the need for actual cost-based safeguards in this context for price cap carriers. *Id.* And on the intercarrier compensation side, in the *Connect America Fund Order,* the Commission elected ultimately to eliminate these regulated carrier-to-carrier charges altogether, severing the theoretical connection to carrier financial data here, too. *Connect America Fund Order*, 26 FCC Rcd at 17905-14 ¶¶ 742-759.

Verizon's experience under its cost allocation compliance plan, resulting from the 2008 cost allocation forbearance, also reinforces that there is now (if there ever was) no continuing regulatory need for granular Part 32 accounting data.[14] Specifically, Verizon

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[12] *Computer III Remand Proceedings: Bell Operating Company Safeguards and Tier 1 Local Exchange Company Safeguards*, Report and Order, 6 FCC Rcd 7571, 7596 ¶ 55 (1991).

[13] *AT&T Cost Assignment Forbearance Order*, 23 FCC Rcd at 7313 ¶19.

[14] *Service Quality, Customer Satisfaction, Infrastructure and Operating Data Gathering*, Memorandum Opinion and Order and Notice of Proposed Rulemaking, 23 FCC Rcd 13647 (2008); *see also AT&T Cost Assignment Forbearance Order*; Letter from Ann Berkowitz, Dir.

was required to maintain its accounting data, and "provide usable information … if requested by the Commission." *See AT&T Cost Assignment Forbearance Order*, 23 FCC Rcd at 7320 ¶ 31. In the nearly four years since that plan was filed in 2008, the agency has never once requested data from Verizon, let alone specific Part 32 data. The Commission has explained that it cannot maintain a reporting requirement "in anticipation of a speculative need for the information at some point in the future."[15] It is now apparent that Part 32 information is not needed by the Commission to conduct its routine business. This is especially true following the *Connect America Fund Order* in which the Commission confirmed that this data is no longer even theoretically necessary for future reforms of the federal universal service and intercarrier compensation systems.

Because there is no current federal need for accounting data in the anachronistic Part 32 format, the Commission should forbear from these requirements as the next logical incremental deregulatory step to remove unneeded ILEC regulation. In addressing prior forbearance requests, the Commission did not consider Part 32 relief simply because petitioners did not seek such relief. *AT&T Cost Assignment Forbearance Order*, 23 FCC Rcd at 7307-08 ¶ 12. Additional experience under the rules has led USTelecom to seek relief now, and the Commission should forbear from Part 32 because the USOA plays no role in maintaining just, reasonable, and non-discriminatory rates and practices, protecting consumers, or serving the public interest.

Fed. Reg. Affairs, Verizon, to Dana Shaffer, Chief, Wireline Competition Bureau, FCC, WC Docket No. 07-21 (Sept. 19, 2008).

[15] *Petition of Qwest Corp. for Forbearance from Enforcement of the Commission's ARMIS and 492A Reporting Requirements Pursuant to 47 USC §160(c)*, Memorandum Opinion and Order, 23 FCC Rcd 18483, 18488 ¶ 10 (2008) ("*Recordkeeping and Reporting Forbearance Order*").

Further, the Commission has more than adequate access to any accounting data it may need in the future. In similar circumstances, the Commission explained that it has "ample authority" to require carriers "to produce any accounting data that the Commission needs for regulatory purposes, including rulemakings and adjudications, in the future." *AT&T Cost Assignment Forbearance Order*, 23 FCC Rcd at 7314 ¶ 21. Further, the Commission has previously found that "there are sufficient sources of such data … that provide accounting information that may be needed by the Commission in the future." *Recordkeeping and Reporting Forbearance Order*, 23 FCC Rcd at 18489 ¶ 12.

Indeed, Verizon is required to follow Generally Accepted Accounting Principles (GAAP) or a successor standardized accounting regime, is subject to SEC scrutiny, and must adhere to the Sarbanes-Oxley Act and Foreign Corrupt Practices Act, which require detailed records accurately and fairly reflecting transactions and dispositions of assets. The existence of these other governmental protections ensures the integrity of a carrier's financial records through financial transparency or accountability. *AT&T Cost Assignment Forbearance Order*, 23 FCC Rcd at 7323-24 ¶ 38.

As a related matter, USTelecom separately highlights the need to eliminate the Part 32 property records rules. Petition at 43-47. These rules require ILECs to generate unnecessary, detailed information for all plant accounts such as descriptions of property, location information, date of placement into service, and original cost data. *See* 47 C.F.R. § 32.2000. These continuing property record requirements go well beyond the detail required by modern accounting procedures such as GAAP, and should be eliminated. In fact, the Commission already concluded more than a decade ago that continuing property records rules and reports should be eliminated, yet these requirements persist.[16]

II. THE COMMISSION SHOULD ELIMINATE OTHER OUTDATED AND UNNECESSARY REGULATIONS

The Commission should forbear from all the rules and requirements identified in the Petition, many of which have already been forborne for a subset of carriers or have been identified as outdated and unnecessary by the Commission and industry for years. Two representative proposals—the elimination of the *Computer Inquiry* narrowband requirements and prepaid calling card report requirements—underscore the need for the Commission to take steps to reduce the regulatory underbrush facing ILECs.

ONA/CEI Rules. USTelecom properly highlights the need to eliminate the remaining components of the Commission's *Computer Inquiry* requirements, including the ONA and CEI requirements.[17] These rules date back decades, when the communications landscape looked nothing like the marketplace that now exists. At that time, the ILECs' telephone networks were the "primary, if not sole, facilities-based platform available for the provision of 'information services' to consumers," and the CEI and ONA requirements were based on the "implicit, if not explicit, assumption that the

[16] *See 2000 Biennial Regulatory Review – Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2*, Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 19911, 19987 ¶ 212 (2001) ("[W]e tentatively conclude that we should eliminate our detailed [continuing property records] rules in three years.").

[17] Petition at 24-31. For an extended discussion of the ONA and CEI requirements, and the history of these rules, *see* Comments of Verizon, *Biennial Regulatory Review of Regulations Administered by the Wireline Competition Bureau*, WC Docket No. 08-183 (Oct. 6, 2008); Comments of Verizon, *Review of Wireline Competition Bureau Data Practices*, WC Docket No. 10-132 (Apr. 1, 2011).

incumbent LEC wireline platform would remain the only network platform available to enhanced service providers."[18]

The Commission has rightly eliminated these requirements for broadband Internet access services,[19] enterprise broadband services,[20] and most recently suspended the reporting requirements associated with narrowband services.[21] In doing so, the Wireline Competition Bureau highlighted that not a single commenter "identified any utility … for these reports." *Data Practices Order*, 26 FCC Rcd at 11280 n.3. There is no need for the reports, because there is no need for the underlying requirements.

The narrowband obligations serve no purpose in the modern IP marketplace. These requirements simply do not "make common sense in light of current technological, market, and legal conditions."[22] The Commission explained nearly seven years ago that "vendors do not create new technologies with [legacy regulations applicable only to

[18] *Appropriate Framework for Broadband Access to the Internet over Wireline Facilities*, Report and Order and Notice of Proposed Rulemaking, 20 FCC Rcd 14853, 14856 ¶ 3. 14877 ¶ 43 (2005) ("*Wireline Broadband Order*"), *aff'd Time Warner Telecom, Inc. v. FCC*, 507 F.3d 205 (3d Cir. 2007).

[19] *Id.* at 14865 ¶ 18.

[20] *See Sprint Nextel Corp. v. FCC*, 508 F.3d 1129 (D.C. Cir. 2007) (upholding determination that Verizon's petition for forbearance from certain Title II and *Computer Inquiry* requirements for enterprise broadband services was deemed granted by operation of law); *Petition of AT&T Inc. for Forbearance Under 47 U.S.C. § 160(c) from Title II and Computer Inquiry Rules with Respect to Its Broadband Services*, Memorandum Opinion and Order, 22 FCC Rcd 18705 (2007) (granting forbearance from *Computer Inquiry* requirements as related to AT&T's enterprise broadband services to provide AT&T parity with Verizon); *Qwest Petition for Forbearance Under 47 U.S.C. § 160(c) from Title II and Computer Inquiry Rules with Respect to Broadband Services*, Memorandum Opinion and Order, 23 FCC Rcd 12260 (2008) (granting similar forbearance relief to Qwest).

[21] *Review of Wireline Competition Bureau Data Practices*, Order, 26 FCC Rcd 11280 (WCB 2011) ("*Data Practices Order*").

[22] *Computer III Further Remand Proceedings: Bell Operating Co. Provision of Enhanced Services*, Further Notice of Proposed Rulemaking, 13 FCC Rcd 6040, 6043 ¶ 1 (1998).

BOCs] in mind." *Wireline Broadband Order*, ¶ 65. This is even more true today: The Commission should eliminate these regulatory artifices that discourage what innovation may still occur with respect to traditional narrowband services. Indeed, the Bureau last year recommended that "the Commission consider repealing or modifying the CEI/ONA rules in the CEI/ONA NPRM proceeding." *2010 Biennial Review Public Notice*, 26 FCC Rcd at 16945.

Even if these safeguards could have been justified in the past, forbearance is now warranted as USTelecom detailed in its Petition. These requirements are not necessary to ensure that rates are just, reasonable, or non-discriminatory; only harm, not help, consumers; and are not necessary to protect the public interest.[23]

Importantly, Verizon's wireline, wireless, IP, and other competitors do not face these same burdens. While other competitors are free to go from the drawing board to the marketing of a new service, Verizon is forced to take the additional time and expense to evaluate every new service to determine if, and how, it is subject to the *Computer Inquiry* requirements: what is "enhanced" versus "basic," and what functions must be offered separately under tariff. The Commission has long held that "disparate treatment of carriers providing the same or similar services is not in the public interest as it create distortions in the marketplace that may harm consumers"[24] The Commission should act

[23] *See Wireline Broadband Order*, ¶ 65 (finding that these requirements reduce "operational efficiency" and create "unnecessary costs and service delays").

[24] *Petition of ACS of Anchorage, Inc. Pursuant to Section 10 of the Communications Act of 1934, as Amended (47 U.S.C. § 160(c)), for Forbearance from Certain Dominant Carrier Regulation of Its Interstate Access Services, and for Forbearance from Title II Regulation of Its Broadband Services, in the Anchorage, Alaska, Incumbent Local Exchange Carrier Study Area*, Memorandum Opinion and Order, 22 FCC Rcd 16304, 16360 ¶ 129 (2007).

once and for all to eliminate the remaining CEI and ONA rules either in this proceeding, in the biennial review, or in the CEI/ONA docket.

Prepaid Calling Card Reports. The Commission for six years has required carriers to exchange prepaid calling card data, and file quarterly reporting and certification filing requirement to the Commission.[25] These reports serve no practical purpose in the industry today. These "interim" requirements were only adopted out of an abundance of caution "[t]o reduce further the incentive for carriers to report false or misleading information" amongst themselves. *Prepaid Calling Card Order*, 21 FCC Rcd at 7304 ¶ 38. USTelecom is correct to highlight the need to forbear from this unnecessary and burdensome reporting requirement, which has been highlighted for elimination in the most recent biennial review and in the data innovation docket. Petition at 72-73.

Any need for these requirements has long since lapsed, and the Commission's recent decision to transition all intercarrier compensation to bill-and-keep only reinforces that these regulations are no longer warranted to ensure that calling card rates are just, reasonable, and non-discriminatory; to protect consumers; or serve the public interest. *See, e.g.*, *Connect America Fund Order.* Indeed, the prepaid calling card marketplace itself has substantially eroded since 2006 because of robust competition and the proliferation of competitive alternatives. There is no evidence of any widespread concern with respect to ongoing compliance with access charge rules by prepaid calling card

[25] 47 C.F.R. § 64.5001; *see also Regulation of Prepaid Calling Card Services*, Declaratory Ruling and Report and Order, 21 FCC Rcd 7290, 7301-02 ¶ 31, 7304 ¶¶ 38-39 (2006) ("*Prepaid Calling Card Order*").

providers, or that Commission staff or carriers gain any utility from these paperwork requirements.

CONCLUSION

For these reasons, the Commission should grant USTelecom's request to forbear from unnecessary and costly regulations.

Respectfully submitted,

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