

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

In the Matter of	)	
	)	
Numbering Policies for Modern Communications	)	WC Docket No. 13-97
	)	
IP-Enabled Services	)	WC Docket No. 04-36
	)	
Telephone Number Requirements for IP-Enabled Services Providers	)	WC Docket No. 07-243
	)	
Telephone Number Portability	)	CC Docket No. 95-116
	)	
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
Numbering Resource Optimization	)	CC Docket No. 99-200
	)	
Petition of Vonage Holdings Corp. for Limited Waiver of Section 52.15(g)(2)(i) of the Commission's Rules Regarding Access to Numbering Resources	)	
	)	
Petition of TeleCommunication Systems, Inc. and HBF Group, Inc. for Waiver of Part 52 of the Commission's Rules	)	

**COMMENTS OF THE VERIZON AND VERIZON WIRELESS**

Michael E. Glover  
*Of Counsel*

Christopher M. Miller  
Mark J. Montano  
Curtis L. Groves  
VERIZON  
1320 North Courthouse Road  
9th Floor  
Arlington, VA 22201

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The Commission’s efforts to streamline its rules to better “promot[e] innovation, investment, and competition for the ultimate benefit of consumers and businesses” constitute a

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<sup>1</sup> In addition to Verizon Wireless, the Verizon companies participating in this filing are the regulated, wholly owned subsidiaries of Verizon Communications Inc.

cornerstone of the technology transition.<sup>2</sup> The focus of this proceeding – allowing interconnected VoIP providers direct access to numbering resources – is a step in the right direction so long as the same numbering rules apply equally to all providers.<sup>3</sup> The *Notice* raises two related numbering issues that the Commission should also take up now. In this rulemaking, the Commission should address the long overdue petitions to clarify and revise the numbering cost allocation methodology and update its numbering rules to account for the rapid growth of machine-to-machine (“M2M”) devices.

Since 2005, providers have brought to the Commission’s attention the escalating costs of the Number Portability Administration Center (NPAC) databases. The current system that assigns costs based on a provider’s revenues – an approach the Commission adopted in 1998 – is outdated. Some providers are paying a significant share of the NPAC database costs even though other providers are causing those costs by initiating vast quantities of database transactions, the overwhelming majority of which are intra-company. And interconnected VoIP providers’ direct access to numbers could further drive up these costs. As such, the Commission should require the provider that initiated the intra-company NPAC database transaction (i.e., the cost-causer) to pay the costs of the transaction. Furthermore, the Commission should apply the same principle to inter-company ports and assess whether it should be applied to pooling transactions.

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<sup>2</sup> *Numbering Policies for Modern Communications, et al.*, Notice of Proposed Rulemaking, 28 FCC Rcd 5842, ¶ 1 (2013) (“*Notice*”).

<sup>3</sup> See Verizon Comments, *Administration of the North American Numbering Plan*, CC Docket No. 99-200 (Apr. 11, 2005); see also Verizon Comments, *Number Resource Optimization*; Qwest Communications Corporation, *on Behalf of its IP-Enabled Service Operations, Petition for Limited Waiver of Section 52.15(g)(2)(i) of the Commission’s Rules Regarding Numbering Resources*, CC Docket No. 99-200 (June 6, 2005).

The Commission should also revise its numbering rules to recognize how telephone numbers are assigned to and used in M2M devices. The rules that were written for geographic numbers used for voice service by voice-only devices are ill-suited for M2M applications. As written, the rules can impede the deployment of innovative services because wireless carriers may not be able to obtain sufficient numbers for new M2M devices. The Commission should ensure in this rulemaking that its requirements for acquiring additional non-geographic numbers for M2M use are appropriately tailored to the unique manufacturing and use characteristics of M2M services.

Finally, the Commission asks about the status of IP interconnection for VoIP traffic and how it can facilitate and promote IP interconnection. Verizon is leading the market-based transition to IP interconnection and is actively pursuing IP interconnection arrangements for VoIP traffic. Many of the companies complaining the loudest about an alleged inability to obtain IP interconnection arrangements have not shown interest in negotiating. Instead, they have focused their efforts on burdening their competitors with unnecessary regulation. The Commission can best promote and facilitate IP interconnection for VoIP traffic by putting a stop to that. The Commission should be clear in its expectation that companies – especially those companies seeking regulatory mandates – should actually be pursuing voluntary commercial negotiations. And it should make clear that companies that do enter into voluntary commercial agreements should not be penalized for advancing the IP transition through commercial agreements by then having those agreements subject to more than fifty different regulatory regimes.

## DISCUSSION

### I. The Commission Should Clarify and Revise its Cost Allocation Methodology Based on Cost Causation Principles.

If interconnected VoIP providers receive the benefits of direct access to telephone numbers, they too should bear their share of the costs of numbering. Yet, as industry participants have repeatedly pointed out over the past seven years, the Commission's cost allocation methodology needs updating to avoid saddling some providers with costs that others cause. The Commission should act now to clarify and revise its rules so that the costs of numbering are equitably assessed and meet the "competitively neutral" requirements of § 251(e)(2).

In late 2005, BellSouth (now AT&T) filed a petition to initiate a rulemaking reexamining how to distribute the spiraling costs associated with the regional NPAC databases.<sup>4</sup> AT&T sought a change in the cost allocation rules from the current revenue-based cost allocation scheme to one in which carriers would pay for all the NPAC transactions that they initiate, whether related to porting, pooling, or otherwise.<sup>5</sup> The Commission has taken no action on AT&T's petition, but in the meantime, the costs of the NPAC databases have continued their growth trend and have more than doubled, totaling approximately \$409 million in 2012.

Seeking to revive the issue in 2011, Verizon filed a petition for a declaratory ruling that would partially remedy the inequity in the cost allocation system.<sup>6</sup> In its petition, Verizon explained again that the main driver of the escalating costs is the frequent use of the NPAC databases by certain service providers to accomplish a wide variety of tasks unrelated to number

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<sup>4</sup> See BellSouth Petition for Rulemaking, *Petition for Rulemaking to Change The Distribution Methodology for Shared Local Number Portability and Thousands-Block Number Pooling Costs*, RM-11299 (Nov. 3, 2005).

<sup>5</sup> *Id.*

<sup>6</sup> See Verizon and Verizon Wireless Petition, *Petition for Declaratory Ruling to Assess NPAC Database Intra-Provider Transaction Costs on the Requesting Provider*, WC Docket No. 11-95 (May 31, 2011) ("*Verizon Petition*").

portability or pooling, such as grooming their own networks and offering new services to customers.<sup>7</sup> The cost of these transactions (which NPAC categorizes as LNP Type 1 intra-provider ports and “modifies”), however, are not paid for by those providers that request and directly benefit from them; rather, other providers like Verizon largely foot the bill through the current revenue-based cost allocation system. Requiring providers to share the costs of all NPAC transactions is inconsistent with the Commission’s *Third Report and Order*, which explicitly excludes the sharing of costs for any NPAC service that is discretionary, elective, and unnecessary for the provision of local number portability or pooling.<sup>8</sup> Verizon requested a declaration that LNP Type 1 intra-provider ports and “modifies” of NPAC records are excluded from the shared NPAC database costs and that they should be paid for by the cost-causing provider. The comment cycle closed in August 2011, and there has been no further activity by the Commission.

The Commission should not permit additional delay before addressing the merits of these petitions, particularly when interconnected VoIP providers’ direct access to numbers may significantly inflate NPAC database costs. As the Commission recognizes in the *Notice*, interconnected VoIP providers would port all their existing numbers from their carrier partners upon receiving direct access to numbers.<sup>9</sup> This would require a separate NPAC transaction for each assigned number, resulting in millions of transactions. For example, Vonage alone has approximately 2.4 million subscribers, all of which must be ported to Vonage directly if VoIP

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<sup>7</sup> See *id.* at 4-7.

<sup>8</sup> See *Telephone Number Portability*, Third Report and Order, 13 FCC Rcd 11701, ¶ 92 (1998) (“*Third Report and Order*”) (permitting “usage-based charges for discretionary services such as audits and reports . . . [b]ecause these services are elective to the parties requesting them, and not necessary for the provision of number portability.”).

<sup>9</sup> See *Notice* ¶ 68.

providers gain permanent, direct access to numbers (which the Commission should allow).<sup>10</sup>

Because these transactions would benefit *only* the interconnected VoIP provider and not any other industry participant (particularly the former carrier partner that is losing its business from the interconnected VoIP provider), there is no reason why the costs of these transactions should be subsidized by the entire industry. This is the type of discretionary transaction that the Commission has already sought to exclude in the *Third Report and Order*.<sup>11</sup>

In addition, interconnected VoIP providers are experiencing tremendous growth in popularity. Rapid growth in the number of subscribers often necessitates internal activities, such as network grooming or technology upgrades, that would require “intra-company ports” or “modifies” of existing NPAC records. Like all providers, interconnected VoIP providers should be required to take into account all costs – including the full NPAC costs – before deciding to implement network upgrades or reconfigurations using the NPAC regional databases when other, more efficient alternatives may exist.

Accordingly, the Commission should take action expeditiously – at least concurrently with allowing interconnected VoIP providers direct access to numbers. The Commission could start by granting the *Verizon Petition* immediately, but that should not end the Commission’s inquiry into the most appropriate allocation of numbering costs. Rather, the Commission should resolve the more fundamental question raised in the *BellSouth Petition* regarding the sharing of all numbering costs, including inter-company porting and pooling. The instant rulemaking,

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<sup>10</sup> See Vonage, About Us, <http://www.vonage.com/corporate/> (last visited July 18, 2013).

<sup>11</sup> *Id.* ¶ 92. Because the service provider would change in the NPAC records, this may be considered to be an LNP Type 2 transaction like any other competitive port. However, in substance, these transactions are not materially different than the intra-company transactions that are the subject of the *Verizon Petition*. As such, their costs also should be borne by the cost causer (i.e., the interconnected VoIP provider).

which will result in an order following the time-limited trial program, presents an ideal opportunity to decide this critical issue.<sup>12</sup>

The current revenue-based allocation method was not intended to be permanent. In the *Third Report and Order*, the Commission felt that the allocation method for NPAC database costs was appropriate at this early stage in the deployment of local number portability to minimize the risk that such charges would hamper competing companies' ability to compete due to a cost disadvantage.<sup>13</sup> Much has changed in the telecommunications industry in the 15 years since the Commission issued the *Third Report and Order*. There are multiple participants in a vigorously competitive market, and interconnected VoIP providers have achieved rapid market success. Thus, the Commission's rationale that a competitive market for voice service requires allocating NPAC costs based on provider revenues no longer holds.

In light of the 15 year history of subsidization by certain industry participants, the Commission should quickly revise the cost allocation methodology for inter-company ports so that they are paid for by the cost causer – i.e., the entity that directly benefits from the port. The Commission should further assess whether it should apply the same methodology for the costs of pooling transactions. The Commission should avoid alternative approaches to cost allocation, such as replacing revenues in the allocation calculation with a provider's number of subscribers or assigned numbers, that would not meaningfully change today's inequitable allocations.

## **II. The Commission Should Modernize its Numbering Rules To Account for Machine-to-Machine Uses.**

The Commission's numbering rules also need updating in light of the rapid rise of M2M devices and the ways that telephone numbers are assigned to such devices. Though things may

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<sup>12</sup> Initiating a separate rulemaking as suggested by the *Notice, see id.* ¶ 69, would only introduce unnecessary delay as the *Notice* includes the cost allocation discussion in its *rulemaking* section.

<sup>13</sup> See *Third Report and Order*, ¶ 88.

change, for now most M2M devices still need numbers for billing and provisioning activities, and some M2M devices offer voice communication or SMS functionality. The existing numbering rules could be “a barrier to deployment of innovative services”<sup>14</sup> – the type of barrier that the Commission is seeking to remove in this rulemaking. The Commission inquires about allowing providers of M2M services direct access to numbers,<sup>15</sup> and the Commission should explore the ramifications of that approach. But in the short term, the Commission should clarify or revise its numbering rules for non-geographic numbers used by M2M devices to ensure that M2M providers’ wireless carriers can obtain sufficient numbers to meet the projected demand for these innovative services.

**A. M2M Devices Are Growing Rapidly in Number and Importance.**

The growth in M2M devices – both in their sheer numbers and in their importance – is striking. As Commissioner Rosenworcel recently remarked, “[t]he much-vaunted Internet of Things is around the bend, and the ways we connect, communicate, and conduct our commerce will never be the same.”<sup>16</sup> For example, growth of M2M devices can improve tracking and pricing for businesses as demonstrated by recent innovation in rental car companies that employ wireless sensors to allow customers to reserve cars online, all without a rental car center.<sup>17</sup> Improvements in technology allow businesses to understand events as they happen, such as monitoring security remotely using audio, video, vibration, and other sensory technology.<sup>18</sup> The health industry benefits, as one company created a way to incorporate M2M technologies into

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<sup>14</sup> Notice ¶ 71.

<sup>15</sup> *Id.*

<sup>16</sup> Commissioner Jessica Rosenworcel, FCC, “The Next Ten Years of Spectrum Policy,” Remarks, Silicon Flatirons Conference (2013), [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-317319A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-317319A1.pdf)

<sup>17</sup> See Michael Chui, Markus Löffler, and Roger Roberts, “The Internet of Things,” McKinsey Quarterly (March 2010), available at [http://www.mckinsey.com/insights/high\\_tech\\_telecoms\\_internet/the\\_internet\\_of\\_things](http://www.mckinsey.com/insights/high_tech_telecoms_internet/the_internet_of_things).

<sup>18</sup> *Id.*

pills taken by patients, allowing health professionals to understand the body's response to certain medication as the pill communicates to devices from within a patient's body.<sup>19</sup> Improvements in technology also can help consumers save money, such as by monitoring their use of utilities to avoid costly and unnecessary usage.<sup>20</sup>

An increasingly important type of M2M application is telematics devices in automobiles. Telematics devices generally are installed in automobiles at the time of manufacture, but also may be installed later by a dealer. Automotive telematics devices are usually programmed to call 911 and/or the telematics call center automatically when they detect signs of an accident, such as deployment of the car's airbags. Many telematics applications also allow consumers to obtain non-emergency information, such as traffic, weather, directions, restaurant reservations, or theater tickets, and also often allow consumers to use the device as a car phone to call any number the user desires to reach and to receive phone calls.

In 2006, around 5.3 million terrestrial wireless and satellite M2M devices were shipped in the United States.<sup>21</sup> The number of M2M devices that were connected to wireless carriers' networks in 2010 was more than double the number of human subscribers added that year.<sup>22</sup> In 2011, cellular M2M subscriptions increased by 26% in North America, bringing the total number to 30 million.<sup>23</sup> The United States currently boasts over 500 million devices connected to the

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<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> "Connected cars and meters in sight on the North American Wireless M2M Market," *The North American Wireless M2M Market*, Berg Insight Report (March 2007), available at <http://www.berginsight.com/ReportPDF/ProductSheet/BI-NAWM2M-PS.pdf>.

<sup>22</sup> Ericsson, *More than 50 Billion Connected Devices*, at 2 (Ericsson White Paper, Feb. 14, 2011), <http://www.ericsson.com/res/docs/whitepapers/wp-50-billions.pdf>.

<sup>23</sup> "What's next for the wireless M2M market after reaching 100 million subscribers?" *The Global Wireless M2M Market* (Berg Insight 2011), <http://www.berginsight.com/ReportPDF/ProductSheet/bi-globalm2m4-ps.pdf>.

Internet in homes with Internet access.<sup>24</sup> Estimates are that by 2020 there will be five to ten connected devices per person in the United States.<sup>25</sup>

**B. The Current Numbering Rules Are a Poor Fit for M2M Applications.**

M2M devices present new challenges for the rules related to the assignment and tracking of telephone numbers. Those rules, established more than a decade ago, require carriers to report semiannually on whether telephone numbers they have acquired are “assigned,” which is defined as “working in the Public Switched Telephone Network under an agreement such as a contract or tariff at the request of specific end users or customers for their use, or numbers not yet working but having a customer service order pending.”<sup>26</sup> Carriers’ ability to obtain additional numbers depends on their achievement of a “utilization threshold” in which at least 75% of the numbers they already hold in the same rate center are categorized as “assigned.”<sup>27</sup> Many M2M applications use numbers that are not tied to any particular geographic area (currently known as 5YY (soon to be 5XX) or non-geographic numbers) and, as a result, their use does not contribute to geographic area code exhaust. The requirements for 5XX numbers will closely track the current numbering rules.

While the numbering rules may be relatively easy to apply to numbers that have been assigned to devices used by people for voice service, their application is far more complicated for M2M devices. For example, some devices that historically would not have had any communications capability – such as thermostats, refrigerators, or even irons or coffeemakers – now may include the ability to be controlled or monitored via software or mobile applications.

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<sup>24</sup> NPD Group Press Release, *Internet Connected Devices Surpass Half a Billion in U.S. Homes* (Mar. 18, 2013), <https://www.npd.com/wps/portal/npd/us/news/press-releases/internet-connected-devices-surpass-half-a-billion-in-u-s-homes-according-to-the-npd-group/>.

<sup>25</sup> *More than 50 Billion Connected Devices*, *supra* at 3 (customers in “mature markets” will have “between 5-10 connected devices each.”).

<sup>26</sup> 47 C.F.R. § 52.15(f)(iii).

<sup>27</sup> 47 C.F.R. § 52.15(g)-(h).

Purchasers of these devices generally have the option to activate the M2M capability in these devices at any time after purchasing the device, though it may not be practical for the manufacturer to wait to activate the communications capability in the device – a process that includes assigning a specific number – until the consumer decides to use it. In other words, the most efficient way to provision M2M capability in some devices may be to build it into the product when it is manufactured, even though the manufacturer cannot be sure whether or when the ultimate purchaser will elect to use the M2M capability.

The extended manufacturing and delivery process for some M2M devices can further complicate matters. For instance, automotive telematics devices are typically manufactured in one location (whether in country or out of country) then shipped to a distribution location, then inventoried there until installed in a vehicle, and then activated after the vehicle with the device arrives to its final destination for sale. Several months may pass between numbers being provided to a device manufacturer and the number working on the network.

There are a variety of reasons why it may be impractical to wait to program numbers into M2M devices until the devices need to transmit or receive information on the network. First, some devices used for monitoring or sensing may be used rarely or never, but must be available for use (e.g., to report trouble) immediately at any time. Even where the device does not need to be ready for use on a moment's notice, it may be impractical to program the device at a later time if it is needed. For example, the manufacturer of the device is likely to have an agreement with a particular carrier to provide connectivity with the device. Wireless carriers can program numbers into devices remotely using over-the-air (OTA) programming, but generally only can do so when the device is located within the carrier's home network footprint. Many wireless carriers today achieve nationwide network coverage using roaming agreements, but are

unable to use OTA programming to activate devices and program numbers into them when the device is located in a roaming area. Because the manufacturer is unlikely to know where the device will be located when it first needs to address the network, it may be necessary to install a number in the device before the device is sold (or, at minimum, well before the device is used).

To the extent that a number that is built into an M2M device and may (or may not) be activated at any time by the owner of the device, the current numbering rules do not have an appropriate way to categorize such numbers. Treating the number as anything other than “assigned” for the 75% utilization calculation required by today’s rules would limit the number of non-geographic numbers a provider could obtain, thus impeding the development and manufacture of M2M devices.

As a result, the Commission should address this issue for non-geographic numbers in the instant proceeding. The Commission has a variety of options that could apply just to these specific numbers, including clarifying that a 5XX number should be categorized as “assigned” when provided to a M2M provider or adopting a new category for 5XX numbers for numbers that a wireless carrier has provided to a M2M provider and including that category in the numerator of the utilization calculation. Regardless of the specific approach utilized, the Commission should not delay acting here.

### **III. The Commission Should Promote IP Interconnection for VoIP Traffic by Encouraging Companies to Negotiate Business Solutions.**

The marketplace is already driving the transition to IP interconnection for VoIP traffic. That will continue regardless of how the trials fare, because companies’ business incentives are leading them to transition over time to efficient IP voice interconnection arrangements.

While direct access to numbering resources for VoIP providers may help to facilitate IP interconnection for VoIP as Vonage and others have suggested, one does not depend on the

other. The numbering trials can proceed and succeed using existing TDM-based interconnections. And IP interconnection for VoIP traffic will continue to develop as the numbering access trials play out.

Vonage, for example, does not mention IP interconnection in its trial proposal.<sup>28</sup> That does not mean that Vonage is disinterested in IP interconnection for its VoIP traffic. To the contrary, Vonage has made clear its interest in IP interconnection and its belief that direct access to numbering resources can facilitate it.<sup>29</sup> While some companies have started exchanging some types of voice traffic in IP format, the transition from TDM-based interconnections to IP interconnections for other types of voice traffic is still in the early stages of development. That is unsurprising, given the host of technical issues associated with the exchange of voice traffic in IP format, including “routing, addressing, security, signaling, media, quality, accounting/charging, and testing.”<sup>30</sup> Because of the complexities involved, companies likely will not flash cut all of their voice traffic to IP interconnection arrangements. These interconnected companies will gain experience with their IP interconnection arrangements with certain traffic types before developing plans to migrate other traffic types from TDM interconnection facilities to IP interconnection facilities. Accordingly, for some time, Verizon anticipates that carriers will maintain both TDM and IP format interconnection arrangements. Because the trials are limited to six months, it makes sense that a company interested in making them work would use

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<sup>28</sup> See Letter from Brita D. Strandberg, Counsel, Vonage Holdings Corp., to Marlene H. Dortch, Secretary, FCC, *Numbering Policies for Modern Communications*, WC Docket No. 13-97, *et al.* (May 24, 2013) (submitting public version of May 17, 2013 trial proposal).

<sup>29</sup> See Letter from Brita D. Strandberg, Counsel, Vonage Holdings Corp., to Marlene H. Dortch, Secretary, FCC, *Petition of Vonage Holdings Corp. for Limited Waiver of Section 52.15(g)(2)(i) of the Commission’s Rules Regarding Access to Numbering Resources, Petition of TeleCommunication Systems, Inc. and HBF Group, Inc. for Waiver of Part 52 of the Commission’s Rules*, CC Docket 99-200 (Feb. 12, 2013).

<sup>30</sup> *Technology Transitions Policy Task Force Seeks Comment on Potential Trials*, Public Notice, 28 FCC Rcd 6346, at 5 (2013).

available TDM interconnections while perhaps also commencing negotiations for IP voice interconnections.

Another approach would be to make unrealistic demands to try to set up IP interconnection for failure and score regulatory points. That appears to be Level 3's approach. Level 3 – which opposed Vonage's waiver petition and argued that granting the waiver would *not* facilitate IP interconnection<sup>31</sup> – now apparently plans to use the trials as a test case designed to fail. Level 3 recently issued to Verizon (and presumably other carriers) this ultimatum: "Level 3 ES will seek direct IP Interconnection with the legacy carriers we have identified but if they refuse to make this possible within the defined timeframes we intend to utilize Tandem and Local Interconnect products from legacy CLECs, and will advise the FCC."<sup>32</sup>

Despite the many technical and operational issues that must be worked out between two interconnecting providers, Level 3, according to its proposal, expects to be able to execute an IP voice interconnection agreement and operationalize it 45 to 60 days later.<sup>33</sup> This is unrealistic – even for TDM interconnection arrangements that have been standardized for more than a decade – as Level 3 surely knows.

As Verizon has explained in previous comments, we exchange VoIP traffic in IP format today, we have incentives to explore different ways to interconnect in IP format, we have an agreement in place covering our FiOS Digital Voice traffic, and we are actively negotiating IP

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<sup>31</sup> See Letter from Michael J Shortley III, Level 3, to Marlene H. Dortch, FCC, *Petitions for Waiver of Commission's Rules Regarding Access to Numbering Resources*, CC Docket 99-200, at 3 (Nov. 20, 2012); see also Letter from James C. Falvey, Counsel; COMPTTEL, Level 3, Bandwidth & NTCA; to Marlene H. Dortch, Secretary, FCC, *Petitions for Waiver of Commission's Rules Regarding Access to Numbering Resources*, CC Docket 99-200, at 3 (Aug. 27, 2012).

<sup>32</sup> Level 3, WilTel Trial Proposal, *Numbering Policies for Modern Communications*, WC Docket No. 13-97, *et al.*, at Attachment 2, A2-2 (May 20, 2013).

<sup>33</sup> *Id.* at A2-3.

interconnection arrangements for VoIP traffic with several other companies. As the Commission has encouraged, the right way for two willing parties to obtain a mutually beneficial IP interconnection arrangement for VoIP traffic is for the two parties to negotiate a voluntary commercial agreement and to take the time to work through the technical and operational challenges.

Level 3 is not alone in trying to seek a regulatory answer to a business problem. For example, several companies in January petitioned the Massachusetts Department of Telecommunications and Cable and asked it to assert jurisdiction over a Verizon agreement covering its FiOS Digital Voice Traffic. Among the petitioners was tw data services, llc, an affiliate of tw telecom. Although the petitioning companies had not requested an IP interconnection agreement with Verizon and have shown little or no interest in pursuing a negotiated, business solution for interconnection in IP format for VoIP traffic, Verizon responded with letters inviting the petitioners and intervening companies to contact Verizon to begin negotiating commercial interconnection arrangements for the exchange of VoIP traffic in IP format where it is technically feasible and prudent for both parties. Verizon sent those letters more than a month ago. tw telecom, which has complained to the Commissions as loudly as anyone about its purported inability to obtain IP interconnection, has not responded to Verizon's letter, and neither have other petitioners and intervenors.

Verizon is actively working towards making the IP transition happen. But the reward for advancing the transition from TDM to IP networks and pursuing commercial agreements to facilitate the exchange of VoIP traffic in IP format should not be heightened oversight and, potentially, more than 50 different regulatory regimes. IP interconnection for VoIP traffic fundamentally differs from TDM interconnection. Interconnection in IP format can be

accomplished with just a few nationwide points of interconnection, rather than multiple points of interconnection in nearly 200 separate LATAs. Individual state regulation with differing requirements could be damaging to the inherent efficiencies of IP interconnection and significantly delay the transition to IP interconnection.

### **CONCLUSION**

At the same time the Commission considers updates to its numbering rules to allow interconnected VoIP providers direct access to numbers, the Commission should ensure that its cost allocation and non-geographic number resource acquisition requirements are appropriate in light of the significant changes in the marketplace. The Commission should also promote IP interconnection through voluntary commercial negotiations.

Respectfully submitted,

/s/ Mark J. Montano

Michael E. Glover  
*Of Counsel*

Christopher M. Miller  
Mark J. Montano  
Curtis L. Groves  
VERIZON  
1320 North Courthouse Road  
9th Floor  
Arlington, VA 22201  
(703) 351-3158

*Attorneys for Verizon  
and Verizon Wireless*

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