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February 25, 2008

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: **Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps To Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, GN Docket No. 07-45**

In the Matter of Free Press et al Petition for Declaratory Ruling Regarding Internet Management Policies, WC Docket No. 07-52

In the Matter of Free Press et al Petition for Declaratory Ruling That Text Messages and Short Codes are Title II Services or are Title I Services Subject to Section 202 Non-Discrimination Rules, WT Docket No. 08-7

Dear Ms. Dortch:

Please file the attached written statement submitted on behalf of Mr. Tom Tauke, Verizon Communications Executive Vice President-Public Affairs, Policy and Communications, in today's FCC Public En Banc Hearing in Cambridge, MA on Broadband Network Management Practices. Please enter Mr. Tauke's statement in the above proceedings.

If you have any questions, please feel free to call me.

Sincerely,

Dee May

Attachment

cc: S. Bergmann, I. Dillner, J. Hunter, R. Chissen, A. Goldberger, C. Moore

Prepared Testimony of Verizon EVP Thomas J. Tauke
FCC En Banc Hearing
Cambridge, Massachusetts
Monday, February 25, 2008

Thank you for the invitation to participate in today's conference.

For a company like Verizon, which is a leader in providing wireline and wireless broadband connections to the public Internet, network management practices are important to the secure and reliable functioning of our networks. But network management is just as important, if not more so, to consumers.

Consumers expect that when they log on to the Internet their mailboxes will not be overstuffed with SPAM. They expect that their online experience will not be degraded or disrupted because of the online activities of their next-door neighbor. Customers expect that the services they pay for will not be susceptible to denial of service attacks or other online threats.

In meeting consumers' needs, network management has always been and always will be a fundamental and necessary part of operating a broadband network or providing a service that gives access to such networks. Network management covers a range of activities that use technology and functionalities, to provide robust broadband connections for customers. To the extent possible, they are consistent with the

services purchased by the consumer and aren't undermined by various forms of attacks, including viruses, SPAM and Trojan Horses. Some online activities may pose few problems for a wireline network, yet devastate the quality of other users' services who share a limited amount of spectrum capacity on a wireless network.

The broadband world is changing and evolving constantly. New technologies are emerging, and consumers are getting more choices. In this kind of a marketplace, Verizon believes the best approaches for network management are determined by an innovative and competitive marketplace, not through anticipatory regulation which could have unintended consequences on consumers and the marketplace.

The options available to broadband providers for tackling these challenges vary considerably depending on the context. These practices are technically complex and evolve constantly along with the ever-changing challenges facing broadband providers and the Internet. Particularly in a competitive and evolving marketplace like broadband, these are decisions best made by network engineers and operators – not policymakers.

Robust capacity, among other things, allows providers to offer differentiated services and to experiment with different business models, while also driving competitors to offer bigger, better, or different broadband services. In the end, it is the

consumer who gets to pick which providers and which services best suit their needs. There is no reason to believe that consumers should be limited to a one-size-fits-all solution in this context, when they prefer a diversity of choices in most others.

This brings me to a key point: so long as consumers have information about the nature of their broadband services and the practices of their providers they will vote with their feet and their pocketbooks on the practices of various providers.

Further, all of us should be bound by responsible conduct in the broadband world. That means that in addition to providing appropriate information to consumers, all online service providers have a responsibility in developing products that do not harm others. This isn't just a network provider issue. To the extent application providers develop distribution methods that don't adversely affect the Internet experience available to others, there would be less need for proactive network management.

Mr. Chairman, you asked me to address wireless short codes. Short codes have nothing to do with the Internet, with broadband services, or with network management. Short codes are abbreviated telephone numbers that mobile-content advertisers lease through an industry-wide system. Wireless carriers decide to accept short codes and facilitate the related campaigns in accordance with policies that are, among other things, designed to protect customers from unlawful or

unwanted content. Short codes have nothing to do with managing the flow of traffic on wireless networks.

Short codes started as a form of advertising for mobile content, and are most commonly used for things like game-show voting, sales of ringtones for handsets, sports-score alerts, and so on. Short codes use text messages to communicate, but they are not the same as text messaging, any more than 900-numbers were the same as telephone calls.

We and other wireless carriers have a legitimate interest in ensuring that short codes are assigned and used appropriately, in order to make sure that our customers are not bombarded with SPAM or other unwanted messages, and are not charged for messages without their prior consent. Adding to this interest is the fact that wireless carriers bill customers for the premium charges associated with the use of these short codes, which means we must answer to our customers when things go wrong. For these reasons, we listened to our customers who said they did not want unsolicited or inappropriate messages, and a policy was put in place to prevent such messages sent via short codes.

In the past, we've declined to activate short code campaigns which invite users to send in other people's mobile phone numbers so they can then be sent advertisements. Such text messages would be unsolicited and may result in a text-message charge to the recipient. We have also not activated

short code campaigns when we found that the content provider was making available wallpaper with nude images, or ringtones that contained profanity or racial slurs. Verizon Wireless has declined to activate a text alert campaign which required a $29.99 per month subscription charge. (Because of consumer concerns about high charges, we generally limit campaigns to $9.99 subscription charges, and $100 per month total, per subscriber, per short code campaign.)

Indeed, many of the concerns that arose with 900-number services can be found in short code campaigns. The mobile content industry through the Mobile Marketing Association and the wireless industry have put in place guidelines designed to address these issues, yet still make available to consumer and content providers this relatively new medium for advertising and delivering content. This market-driven system is as it should be because it safeguards consumers.

Last fall, NARAL sought a short code from Verizon Wireless. That request was initially declined, based on a misapplication of our content policy. As soon as Verizon Wireless management learned that NARAL was denied a short code, that decision was reversed.

While this incident is unrelated to the broadband issues before you today, it does at least demonstrate in another context how in this highly competitive, consumer focused, and

increasingly transparent marketplace, errors are exposed and quickly resolved.

Focusing again on network management, let me offer several observations.

First, the Internet industry has a responsibility to establish sound industry practices for the benefit of consumers.

We have many examples of industries working effectively to develop principles and standard practices to help ensure consumer protection. For example, the movie industry developed in the 1960's a set of film-ratings standards intended to provide film goers with an idea of a film's thematic and content suitability. In the 1990's companies with web sites developed a series of standards under the auspices of the industry-led Online Privacy Alliance to ensure consumers were made fully aware of the privacy policies of each company's web site. Advertisers have established guidelines for the industry and have created procedures to enforce those practices.

Likewise, the FCC's Broadband Policy Statement reflects key principles developed by a large group of high-tech companies and associations that called themselves the High Tech Broadband Coalition. These principles basically said consumers generally should have access to any content, run

any application, attach any device and receive meaningful information about limitations on their use of the network.

Verizon was part of that coalition, and we continue to stand by those principles. As the technology and services of the Internet have evolved, we stand ready to work with industry participants to adapt those principles to changing circumstances. We also stand willing to collaborate with other interested parties in developing innovative, pro-consumer solutions to new challenges. For example, Verizon is already working with P2P providers, researchers from Yale, and other broadband providers through the P4P Working Group to develop new solutions that could improve the efficiency of P2P applications, while also reducing the congestion that such applications may cause – a win-win-win for broadband providers, applications providers, and consumers.

Second, many of the concerns related to network management practices can be addressed by ensuring that consumers receive meaningful information about these practices. In this context, transparency is a virtue.

As I mentioned earlier, all of us could probably do a better job of this, and we are working on it. In addition, the very networks we are deploying enable an active and vigilant online community that watches, tests and discusses everything that we do. There are now armies of technology experts, consumer

advocates, journalists, academics and customers who are watching and discussing everything that goes on in the broadband market. Consumers have more information available to them than ever before about their service choices, from traditional sources like *Consumer Reports*, but also directly from websites like Broadband Reports.

Which brings me to my third observation. At the end of the day, consumers will be best served by having multiple broadband platforms competing, likely with a wide range of business models and services that allow these competitors to differentiate themselves.

The FCC has done a good job of encouraging investment in broadband platforms, whether cable broadband, DSL, next-generation fiber networks, fixed wireless, broadband over powerlines, or mobile wireless broadband networks. As a direct result of those policies, Verizon has undertaken one of the most significant investments in infrastructure this country has ever seen to bring fiber all the way to the home. These kinds of investments, coupled with policies to bring more spectrum to the market for wireless broadband, have created an environment where most Americans have a choice of multiple broadband providers. Today, 96 percent of households have access to wireline or fixed wireless broadband, and more than 80 percent of the households with computers subscribe to broadband services. But that's not enough.

There are still some parts of the country that for a variety of reasons do not have adequate broadband availability. Filling in the gaps is important and should be a part of any broadband strategy. Even in the many places with vigorous broadband competition – which makes up most of the country – continued investment and innovation is required. The continued growth in content and applications is driving demand for greater speeds and capacity. Responding to this customer demand in a competitive market means that companies will have to make significant investments in infrastructure and technology. Any broadband policies must be considered carefully to see if they encourage or discourage deployment and investment. Preserving the healthy dynamic of investment, competition, and innovation is a vital policy consideration.

In conclusion, let me say, the world really has changed. Broadband competition is strong and growing. Innovation is happening at a rapid pace, promising bigger and better broadband networks that will support an ever-growing range of Internet services. The applications and huge amounts of information running over these networks are empowering consumers.

And in a competitive market, that is what it's all about.

Federal Communications Commission

The FCC Acknowledges Receipt of Comments From …

Verizon

…and Thank You for Your Comments

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