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March 18, 2014

Catrice Williams, Secretary
Department of Telecommunications & Cable
1000 Washington Street, Suite 820
Boston, Massachusetts 02118-6500



Re: D.T.C. 13-6 – Agreement of Verizon New England Inc.

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding are Verizon's Responses to the Department of Telecommunications and Cable's Second Set of Information Requests.

Thank you for your attention to this matter.

Sincerely,


Alexander W. Moore 

Enclosure

cc: Michael Scott, Hearing Officer (2)
Service List

**Verizon New England Inc.
d/b/a Verizon MA**

Commonwealth of Massachusetts

D.T.C. Docket No. 13-6

Respondent: Paul Vasington
Title: Director, State Government
Relations

REQUEST: D.T.C. to Verizon, Set #2

DATED: March 4, 2014

ITEM: DTC-VZ 2-1

Referring to Page 2, Lines 17-19 of the Rebuttal Testimony of Eugene J. Spinelli, Sherri D. Schlabs, and Paul B. Vasington on behalf of Verizon MA, in which Verizon MA states, “and Mr. Burt’s statement is not true with respect to today’s VoIP marketplace, in which no provider has market power”:

- A. Provide a detailed description of Verizon MA’s “VoIP Market” including, but not limited to geographic boundaries, competitors, available products, substitute product, available services, substitute services, infrastructure, suppliers, classes of customers, levels of economic activities, estimated monetary value, and market shares.
- B. Explain in detail how the VoIP market relates to the market for:
 - 1. voice communications services; and
 - 2. traditional TDM telecommunications services.

Reply to A. and B.:

Our testimony referred to “today’s VoIP marketplace,” not to a “VoIP Market.” We did not contend, nor did we intend to suggest, that VoIP service constitutes a separate product market, as that term is commonly understood in antitrust and competition analyses, as to which the parameters listed in the question would be relevant. Verizon has not conducted the type of analysis of VoIP as a separate market that would be necessary to provide the detailed data and evaluations sought in the question. Similarly, Verizon does not consider VoIP, voice communications services, and traditional TDM telecommunications services to each constitute separate product markets, as that term is commonly understood in antitrust and competition

analyses. Instead, we referred to the “marketplace” — the sphere of economic activity — in which VoIP services are sold. In that marketplace, Verizon MA is neither the first nor the largest provider of VoIP services in Massachusetts. And as we explained in our testimony, Verizon MA does not exercise any market power in the provision of VoIP services.

Furthermore, the cited discussion in the Rebuttal Testimony is part of a broader response to claims made by Sprint’s witness, Mr. Burt. At Page 2, Lines 9-14, we referenced our Direct Testimony (pages 30-33) in which we “explained how different today’s communications landscape is from the one that the 1996 Act addressed,” and how the “marketplace has changed dramatically.”¹ On pages 30-33 of our Direct Testimony, we provided extensive data showing how a wide range of communications services are provided today across the country and in the Commonwealth, using data provided by the FCC. Consumers, indisputably, very often prefer those services — which include VoIP services, wireless services, and text-based communications — to the ILEC-provided, wireline, POTS services that were the primary mode of communication when Congress enacted the 1996 Act. In today’s communications marketplace, VoIP is one of many ways consumers have to communicate, and Verizon MA’s own VoIP services make up only a small part of consumers’ use of that communications option in Massachusetts.

Many consumers today likely see their VoIP service as simply one application among many in an integrated suite of services provided over a broadband platform. There is no question that demand for VoIP services as part of a bundle of integrated services is growing while demand for TDM-based voice service over the PSTN is shrinking. Consumers nationally and in Massachusetts are migrating to IP-based networks and services, including VoIP, and away from the voice services that they previously purchased as stand-alone PSTN-based products. The FCC recently noted that this transition is “the historic journey from a voice-focused communications network that would have been easily recognizable to Alexander Graham Bell to the very different all-IP networks that collectively will comprise the global multimedia communications infrastructure of the future.”²

¹ The full sentence containing the text quoted in the Request similarly referred back to this showing in our Direct Testimony:

But the conditions with respect to traditional switched services that the 1996 Act sought to address no longer exist, and Mr. Burt’s statement is not true with respect to today’s VoIP marketplace, in which no provider has market power, *as we demonstrated in our direct testimony*.

Rebuttal Testimony of Eugene J. Spinelli, Sherri D. Schlabs, and Paul B. Vasington on behalf of Verizon MA at Page 2, Lines 16-19 (emphasis added).

² FCC Technology Transitions Order, Report and Order, and Notice of Proposed Rulemaking, FCC 14-5, rel. Jan. 31, 2014, at ¶ 9.

**Verizon New England Inc.
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D.T.C. Docket No. 13-6

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REQUEST: D.T.C. to Verizon, Set #2

DATED: March 4, 2014

ITEM: DTC-VZ 2-2

Referring to Page 6, Line 5 - Page 9, Line 4, of the Direct Testimony of Eugene J. Spinelli, Sherri D. Schlabs, and Paul B. Vasington on behalf of Verizon MA, describing Verizon's FiOS Digital Voice Service:

- A. Provide complete and detailed documentation supporting the contention that the intertwining of communications platforms and the integration of additional functions with voice communications is a factor affecting consumers' purchasing decisions for voice communications services.
- B. Provide complete and detailed documentation supporting the contention that the availability of an underlying IP network over a traditional TDM network is a factor affecting consumers' purchasing decisions for voice communications services.

Reply to A. and B.:

The referenced portion of our Direct Testimony provided a detailed description of Verizon's FiOS Digital Voice Service. It did not include any contentions related to "factor[s] affecting consumers' purchasing decisions for voice communications services." However, it is true that consumer demand has shifted to services provided over IP networks and services that intertwine with other platforms and that are integrated with additional functions. We noted elsewhere in our Direct Testimony that, "[e]very day, more and more customers are choosing innovative VoIP services like Verizon's FiOS Digital Voice." Direct Testimony at 3, lines 18-19. We also noted the reduction in demand for ILEC switched access lines and testified that "[f]ormer ILEC POTS customers have not disappeared, but have shifted to other technologies: wireless services, which

are not subject to state economic regulation, and VoIP provided by cable companies, “over-the-top” providers, and the ILECs themselves.” *Id.* at 31, lines 3-5.

Customers who are choosing an integrated bundle of services provided over IP networks are likely looking at the totality of services and functions that they receive in the bundle, and the services and features in that integrated bundle are “factors” in their decision. That consumers are increasingly purchasing these integrated services provided over IP networks and leaving stand-alone voice service provided over the PSTN is the clearest indication that consumers value the availability and ability to use the services and functions that advanced IP networks make possible. Different consumers will place different values on the specific services, functions, and network infrastructure included in, and used to provide, those integrated services.