

From: Kula, William R (Bill) [REDACTED]
Sent: Tuesday, May 10, 2011 7:07 PM
To: Rate Betsy; [REDACTED]
Cc: Laverty, Kevin R (Kevin); Henson, Bobbi L (Bobbi); Lee, Clifford P
Subject: RE: Query from a PBS/Engadget journalist (Verizon response)

Betsy, Rick -- Please see our response here for your questions about unbundling. Let me know if you have any follow-ups please. -- Bill

Q1: For the U.S. market, does Verizon support or oppose the kind of local loop unbundling that has reduced prices and improved the quality of service in the U.K.?

A1: In the U.S., we oppose the unbundling of our local wireline network elements for competitive reasons.

Q2: If Verizon opposes such policies in the U.S., why?

A2: The debate about unbundled network elements has been heavily debated for the past 10 years or so. Generally speaking, the unbundling of network elements represents bad public policy and bad news for consumers and various state economies.

Artificially low wholesale rates only benefit a few big phone companies that compete with Verizon, and those companies do not pass their savings on to customers.

Furthermore, because these competitors do not invest in their own networks, states lose out on economic development. And, the below-cost rates mean that Verizon must attempt to maintain an expensive and capital-intensive network while other companies that would receive unbundled network elements from us would skip out without paying their fair share of the cost of maintaining the network they rely on. Simply put, the below-cost discounts are not needed to create competition.

The UNE-P debate got its roots before Verizon introduced its all fiber-optic network to power our FiOS services that we launched in 2004. Fortunately, the FCC ruled against the need for companies that operate all fiber-optic networks like ours to have to unbundled our proprietary FiOS network elements so as to encourage other service providers to make similar broadband investments for the benefit of their customers.

More affordable choices exist today in the U.S. because of the huge growth of broadband services in the 90s, the proliferation of wireless voice and data services, and side services like instant messaging and video conferencing, which are saving consumers hundreds of dollars a year. These choices keep local phone rates down for everyone, not just because states regulate those local phone rates, but also because companies that want to raise rates now risk losing customers to more affordable alternatives.

Given all the broadband competition that exists in the U.S. today, we believe the government should continue to keep level the playing field for all competitors - not by giving big savings to companies that then keep the money, but instead by letting the market work so all companies can compete fairly and invest in new high-capacity, broadband services for Verizon and U-Verse for AT&T as two major examples.

Bill Kula, APR
Director Media Relations
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Irving, Texas 75038
[REDACTED]

-----Original Message-----

From: Rate Betsy [REDACTED]
Sent: Tuesday, May 10, 2011 11:50 AM
To: Kula, William R (Bill)
Cc: Laverty, Kevin R (Kevin); Henson, Bobbi L (Bobbi); Lee, Clifford P
Subject: RE: Query from a PBS/Engadget journalist

Hi Bill.

Hope this finds you well.

My name is Betsy Rate and I'm producing this piece with Rick Karr for "Need to Know." We are entering the final stretch of our production process, so I wanted to check in to see if you have a sense of when we should expect to

receive a statement from the company.

Many thanks for your time - and please let me know if you require any additional information.

Best,

Betsy

Betsy Rate
Producer
Need to Know / WNET
825 Eighth Avenue, 12th Floor
New York, NY 10019

> -----Original Message-----

> From: Rick Karr [REDACTED]
> Sent: Wednesday, May 04, 2011 4:40 PM
> To: Kula, William R (Bill)
> Cc: Laverty, Kevin R (Kevin); Henson, Bobbi L (Bobbi); Lee, Clifford P
> Subject: Query from a PBS/Engadget journalist

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> Dear Mr. Kula:

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> My name is Rick Karr. I'm a correspondent for Need to Know, a weekly newsmagazine that appears on PBS stations nationwide. I'm preparing a story for our broadcast that examines the difference between the quality and price of broadband service here in the U.S. and the options that are available overseas. My reporting was funded by a grant from the Ford Foundation and done in collaboration with the technology web site Engadget.com, which will post a version of the story.

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> As part of my reporting, I traveled to London, where I spoke with representatives of British Telecom and other broadband providers. They all told me that the unbundling of BT's wires has led to faster broadband speeds, lower prices, and vigorous innovation in the consumer and business broadband markets. The incumbent telecom told me its broadband business is as profitable as ever; its competitors say competition has been a boon to industry and consumers alike.

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> I also note that Verizon is a member of the UK Competitive Telecommunications Association, which advocates for increased broadband competition in Britain.

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> I'm writing to ask you to provide me with a statement answering two questions for our broadcast:

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> * For the U.S. market, does Verizon support or oppose the kind of local loop unbundling that has reduced prices and improved the quality of service in the U.K.?

> * If Verizon opposes such policies in the U.S., why?

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> I'm working under a tight deadline: My story is scheduled to air on Friday, May 13, 2011. That means I'll need a response no later than noon, Eastern Time on Thursday, May 12.

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> I've CC-ed your colleagues Kevin Laverty, Bobbi Henson, and Cliff Lee on this email, as their job descriptions at the Verizon media relations site suggest some overlap with this topic. I've attached a PDF of my formal request letter to this email.

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> Please don't hesitate to contact me if there's any additional information I can provide. Thank you for your time and consideration.

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> Thanks,

> --

> Rick Karr
> Public Broadcast Journalist
> Adjunct Professor, Columbia University Graduate School of Journalism

[REDACTED]

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