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Chairman Patrick J. Leahy
Committee on the Judiciary
United States Senate
Washington, DC 20510-6275

Dear Chairman Leahy:

I am pleased to respond to your letter of October 23 to Lowell McAdam. Verizon prides itself on building the most advanced networks and providing our customers with the best connectivity experience possible. As a result, Verizon both supports and relies on the open Internet. Our business is selling broadband services, and fundamental to this business is enabling our customers to go where they want and do what they want online with their broadband services. We have clearly committed this to our customers for a decade, and we stand by that commitment.¹

Your letter focuses on “paid prioritization” – a theoretical scenario in which an Internet service provider is paid by a content provider to carry that content provider’s traffic more quickly than other traffic within a customer’s last-mile broadband Internet access connection. In the current net neutrality debate, those favoring the replacement of traditional light-touch regulation with unprecedented utility-style regulation have fixated on the phantasm of “paid prioritization.” Yet no major broadband provider has ever implemented paid prioritization, most have disavowed any interest in doing so, and no one has even offered a clear business case for paid prioritization.

As we have said before, and affirm again here, Verizon has no plans to engage in paid prioritization of Internet traffic. Moreover, in our view, the FCC has authority under Section 706 of the 1996 Act to presumptively prohibit those forms of paid prioritization the Commission determines are likely to harm competition or consumers. All of the other major broadband providers and their trade associations have agreed that the FCC has authority under Section 706 to address harmful paid prioritization, limiting the universe of parties who could potentially challenge FCC rules on this point and making any move to ill-fitting Title II regulation gratuitous. Unfortunately, the fever pitch over “paid prioritization” and “fast lanes” among advocates of greater Internet regulation is just demagoguery since no major ISP has expressed an interest in offering “paid prioritization” and all agree that the FCC has a valid legal path to prohibit it.

The issue of paid prioritization aside, we believe that all who support a robust Internet and the innovation it brings should be concerned about the consequences of restrictive new regulation on Internet services. The real significance of the vast record in the Commission’s net neutrality proceeding is that it once again confirms the

¹ See Verizon’s Commitment to Our Broadband Internet Access Customers, *available at*: http://www.verizon.com/about/sites/default/files/Verizon_Broadband_Commitment.pdf

lack of any real-world problems that need to be addressed. Over the two decades of the bipartisan, light-touch approach to Internet services, investment and innovation have proceeded at unprecedented levels, the open Internet has flourished, and consumers have benefitted. The list of alleged abuses by broadband providers is exceedingly short, and rare examples of “abuse” have been exposed and quickly addressed through market forces or the FCC’s basic rules.

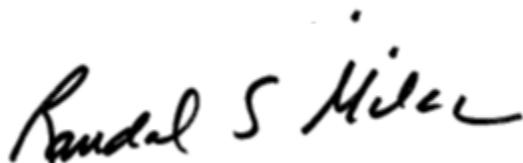
Rather than consumer protection, the driving forces behind the push for more regulation are entities seeking regulatory protection for their business plans and digital elites advocating self-serving policies. Many of these voices have consistently, and wrongly, predicted the imminent demise of the Internet for two decades.

In contrast to the shadows of harms that these groups encourage regulators to chase, the downsides of unnecessary, inflexible regulation are real. The real risk is born by our customers and your constituents – in the forms of less robust and available broadband, higher costs, and fewer jobs – of ill-advised policies in this area. Recently, the Communications Workers of America and the NAACP provided a useful reminder of the real stakes in this debate. As these organizations recognize, “hundreds of billions of dollars of additional investment are needed to build the robust high-speed broadband capability needed” for current and future applications “and to create a permanent bridging of the digital divide.”² According to CWA/NAACP’s calculations, network operators’ 2013 capital investment of \$70.1 billion far exceeded so-called edge providers’ \$13.2 billion in capital investment.³ Similarly, the 17 largest network operators accounted for over 869,000 employees in 2013, which is more than three times the number of people employed by the 16 leading edge providers for which data was available.⁴ The huge number of jobs provided by network operators is especially significant for minorities because, in CWA/NAACP’s words, “[n]etwork companies also have a far better track record for employment of African Americans and Hispanics” than do the Silicon Valley companies.⁵

Inflexible regulation also threatens to take choices away from American consumers. For example, some net neutrality advocates have attacked new business models, such as sponsored data or “zero-rating,” that would save money for consumers. Under these nascent arrangements, content providers could voluntarily agree to pick up the tab for usage-charges when consumers go to their sites. Or in other instances, such as T-Mobile’s Music Freedom plans, in order to differentiate its service a broadband provider could decide not to charge usage for certain types of traffic. While most consumers would no doubt welcome the opportunity not to pay for their usage – and some consumer groups have recognized the potential for such practices to help address affordability and encourage adoption – many of the loudest supporters of new regulation have advocated the regressive step of banning these pro-consumer practices.

Given the high stakes, I applaud and thank you for your interest in this issue. Verizon will continue to lead in our commitment to deliver the best Internet experience to our customers and in our commitment to preserve an open Internet. I hope you will urge the Commission and other policymakers to “do no harm” and to ensure that the regulatory framework applying to broadband services continues to promote the competition, innovation and investment that deliver enormous benefits to American consumers.

Sincerely,

A handwritten signature in black ink that reads "Randal S. Milch". The signature is written in a cursive, flowing style.

Randal S. Milch
Executive Vice President
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² CWA/NAACP Comments at 13.

³ *Id.* at 9.

⁴ *Id.* at 9, Table 2.

⁵ *Id.* at 12.