



Verizon response to Ofcom's review of the Metering and Billing Direction: The application of the Relevant Turnover threshold under GC11 to providers of wholesale services

1. Verizon UK Limited ("Verizon") welcomes the opportunity to respond to Ofcom's review of the Metering and Billing Direction and the question as to whether turnover from wholesale publicly available telephony services (PATs) should be included in the relevant turnover threshold calculation.
2. Verizon is the global IT solutions partner to business and government. As part of Verizon Communications – a company with nearly \$108 billion in annual revenue – Verizon serves 98 per cent of the Fortune 500. Verizon caters to large and medium business and government agencies and is connecting systems, machines, ideas and people around the world for altogether better outcomes.
3. Verizon's approach to responding to this consultation has been to provide a summary of our position in relation to the issue under review and then move on to address the specific questions raised by Ofcom in the consultation document.
4. Please note the views expressed in this response are specific to the UK market environment and regulatory regime and should not be taken as expressing Verizon's views in other jurisdictions where the regulatory and market environments could differ from that in the UK.

Summary

5. Verizon supports and agrees with Ofcom's overall assessment that if wholesale services remain within the mandatory provisions of the Direction, the calculation of Relevant Turnover should include turnover from wholesale PATs (as well as retail PATs).
6. Any other outcome could lead to concerns over fairness and discrimination of the application of the Direction, not to mention the potential detriment faced by retail consumers whose service is dependent upon wholesale services.
7. The remainder of this response addresses the specific questions posed by Ofcom in the consultation document.

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Q1 Do you agree with our assessments of the impacts? If not, please explain your reasons why.

8. Verizon does agree with Ofcom's assessments of the impacts. Like Ofcom, Verizon considers that the impacts, if any, will be negligible. We also agree that it would be nonsensical for wholesale services to be covered by the mandatory requirements of the



Direction and yet the associated turnover not to be included in the calculation to assess whether or not a Communications Provider ("CP") exceeds the turnover threshold and therefore needs to seek approval of its Total Metering and Billing System ("TMBS").

9. Any other outcome risks raising concerns over fairness of the implementation of the Direction, with the application dependent on a CPs business model and the mix across retail and wholesale services.
10. Furthermore, if wholesale services were excluded from the threshold calculation, then consumers of retail CPs who rely upon such services from a wholesale CP would be disadvantaged in terms of the assurances around bill accuracy, with a knock on effect for its end-users.

Q2. Do you agree with our proposed change and the wording of the Direction? If not, please explain your reasons why.

11. Verizon does agree with Ofcom's proposed change and the wording of the Direction. We consider that the proposed change meets Ofcom's tests in that the change is justifiable, not unduly discriminatory and proportionate.
12. The proposed change addresses the identified anomaly and ensures that providers of wholesale services are all treated fairly and consistently. Whilst there may be additional costs associated with ensuring compliance with the clarified obligations, such increases are likely to be fairly minimal and are not considered to be unreasonable or disproportionate.

Verizon
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