

# **Memorandum of Understanding**

## **Verizon and USIA**

**Purpose:** The purpose of this document is to delineate points of agreement between the Verizon Telephone Companies ("Verizon") and the United States Internet Industry Association ("USIA") as it relates to the provisioning of broadband Internet service to customers in Verizon's operating territory.

**Intent:** The intent of this document is to facilitate consumer choice through regulatory parity, deregulation, and the implementation of fair and reasonable commercial contracts for broadband service.

**Outcome:** If implemented, the following proposal and rules will facilitate the maximum deployment of broadband Internet services in the Verizon operating territory.

### **National Broadband Framework**

Technological convergence has made it possible for a variety of facility platforms to offer broadband services. The FCC is the only regulatory body with authority over competing broadband platform providers -- cable, wireless, wireline and satellite. Accordingly, the FCC is the only regulatory body with the requisite jurisdiction to establish a uniform national framework governing this new and evolving convergent broadband marketplace. The FCC must exercise exclusive authority to encourage broadband investment and deployment in a manner that fairly governs the entire marketplace. The FCC must preempt any current or future state action that is inconsistent with the national framework or that seeks to impose regulatory requirements in a disparate manner on competing broadband platforms or providers.

### **Regulatory Parity**

Fundamental to any uniform national framework is the premise that all providers of broadband services must be allowed to operate pursuant to the same regulatory framework with minimal regulation. This is essential to encourage investment, deployment, and the creation of new and beneficial market-driven products and services. No operators or technology platforms should be artificially advantaged or disadvantaged by asymmetrical regulatory rules.

### **Market-Driven Commercial Terms**

Commercial agreements between Verizon and ISPs should determine their business relationship. National policy must facilitate the formation of creative commercial arrangements that allow for differentiation in business relationships based on volume, terms, points of connection, and other established market forces. Market-driven commercial agreements will facilitate the most efficient, productive, creative and technology-neutral provisioning of broadband services. Verizon and the USIA support market-based approaches to price, terms, and conditions governing the offering of broadband services. Accordingly, existing Federal and State tariffs and other common carrier obligations should be replaced by market based commercial agreements. These business arrangements would remove constraints on both parties that deprive them of the opportunity to provide creative and innovative services to consumers.

### **Universal Service**

No broadband service provider should be disadvantaged in the marketplace by having certain government-imposed universal service fund costs asymmetrically applied to its products while competitors are free from any such government obligation.

### **Verizon Commitment**

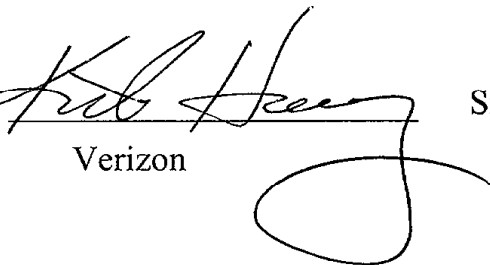
In a deregulated broadband market Verizon is willing to commit that, at a minimum, commercial agreements for broadband services used to provide Internet services will be available and negotiated between Verizon and ISPs based on volume, terms, points of connection, and other established market forces.

### **Transition to Market-Based Commercial Agreements**

In a deregulated broadband market, Verizon is willing to grandfather existing agreements with ISPs for the remaining term of existing agreements or transition an ISP to a negotiated, market based agreement. Information about current wholesale broadband offers will be made available to an ISP when it is considering Verizon as a business partner for the delivery of broadband Internet services to customers.

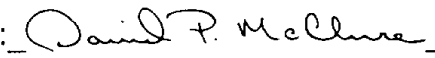
Signed on this date, June 25, 2002.

Signed:



Verizon

Signed:



USIA