

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matters of)
)
Petition of SBC Communications Inc.)
for Forbearance from Structural Separation)
Requirements of Section 272 of the)
Communications Act of 1934, as Amended,)
and Request for Relief to Provide)
International Directory Assistance Services)
)
Petition of Verizon for Further Forbearance) CC Docket No. 97-172
from Section 272 Requirements in Connection)
with Directory Assistance Services)
)
Petition of BellSouth for Forbearance under)
47 U.S.C. § 160(c) from Application of)
the Separate Subsidiary Requirements of)
Section 272 of the Communications Act of)
1934, as Amended, to Provide International)
Directory Assistance Service)

MEMORANDUM OPINION AND ORDER

Adopted: March 19, 2004

Released: March 19, 2004

By the Commission: Commissioner Abernathy concurring and issuing a statement.

I. INTRODUCTION

1. BellSouth Corporation (BellSouth), SBC Communications Inc. (SBC), and the Verizon telephone companies (Verizon) filed petitions for forbearance from the application of section 272 of the Communications Act of 1934, as amended (the Act), in connection with their provision of international directory assistance services.¹ In this Order, we conclude that

1 Petition of BellSouth for Forbearance under 47 U.S.C. § 160(c) from Application of the Separate Subsidiary Requirements of Section 272 of the Communications Act of 1934, as Amended, to Provide International Directory Assistance Service, CC Docket No. 97-172 (filed Nov. 25, 2003) (BellSouth Petition); Petition of SBC Communications Inc. for Forbearance of Structural Separation Requirements and Request for Relief to Provide International Directory Assistance Services, CC Docket No. 97-172 (filed Mar. 21, 2003) (SBC Forbearance Petition); Petition of Verizon for Further Forbearance from Section 272 Requirements in Connection with Directory Assistance Services, CC Docket No. 97-172 (filed July 14, 2003) (Verizon Forbearance Petition); see Pleading Cycle Established for Comments on Revised Petition of BellSouth for Forbearance under Section 10 of the

petitioners' provision of international directory assistance services to their in-region subscribers constitutes the provision of in-region, interLATA service. Although petitioners normally must provide in-region, interLATA services through separate affiliates,² we find that petitioners satisfy the statutory criteria for forbearance and we therefore forbear from applying the separate affiliate requirements of section 272 to international directory assistance services that the petitioners provide under section 271(g)(4) of the Act. Petitioners must modify their cost allocation manuals to reflect any integration of these services.

2. In this Order, we also address the requests of BellSouth, SBC, and Verizon that we waive our comparably efficient interconnection (CEI) requirements to allow them to provide particular information services – electronic and operator-assisted international reverse directory assistance services – on an integrated basis without complying with those requirements.³ We find the requested waivers are in the public interest.⁴ We condition these waivers on compliance

Communications Act, as Amended, from Section 272 Requirements for International Directory Assistance Services and Request for Comparably Efficient Interconnection Waiver, CC Docket No. 97-172, Public Notice, DA 03-3823 (rel. Dec. 1, 2003) (*BellSouth Public Notice*); *Pleading Cycle Established for Comments on Petition of SBC for Forbearance from Application of the Separate Subsidiary Requirements of Section 272*, CC Docket No. 97-172, Public Notice, 18 FCC Rcd 6421 (2003); *Pleading Cycle Established for Comments on Petition of Verizon for Forbearance under Section 10 of the Communications Act, as Amended, from Section 272 Requirements for International Directory Assistance Services and Request for Comparably Efficient Interconnection Waiver*, CC Docket No. 97-172, Public Notice, 18 FCC Rcd 15386 (2003) (*Verizon Public Notice*). An earlier-filed forbearance petition for these services was withdrawn by BellSouth on November 24, 2003. See *Petition of BellSouth for Forbearance from the Separate Subsidiary Requirements of Section 272 of the Communications Act of 1934, as Amended, to Provide International Directory Assistance Services*, CC Docket No. 97-172, Order, 18 FCC Rcd 24813 (Comp. Pol. Div., WCB 2003). No comments were timely filed on the SBC and Verizon petitions. AT&T, however, filed comments on the BellSouth Petition that also address the SBC and Verizon petitions. BellSouth and SBC filed reply comments, and Verizon filed an *ex parte* letter in response to AT&T's comments.

² See 47 U.S.C. § 272(a)(2).

³ See BellSouth Petition at 7 n.23; Letter from Davida Grant, Senior Counsel, SBC, to Marlene Dortch, Secretary, Federal Communications Commission, CC Docket No. 97-172 (filed Apr. 14, 2003) (SBC CEI Waiver Petition); Letter from Marie Breslin, Assistant Vice President – Federal Regulatory Advocacy, Verizon, to Marlene Dortch, Secretary, Federal Communications Commission, CC Docket No. 97-172 (filed July 21, 2003) (Verizon CEI Waiver Petition); see also *BellSouth Public Notice* at 1; *Pleading Cycle Established for Comments on Letter of SBC Communications Inc. for Comparably Efficient Interconnection Waiver*, CC Docket No. 97-172, Public Notice, 18 FCC Rcd 7692 (2003); *Verizon Public Notice* at 1. We define these services in para. 6, below.

⁴ The Wireline Competition Bureau (formerly the Common Carrier Bureau) (Bureau) granted BellSouth, SBC, and Verizon waivers to provide domestic electronic and operator-assisted reverse directory assistance services, including nonlocal, on an integrated basis without complying with the CEI requirements. See *BellSouth Petition for Waiver of the Computer III Comparably Efficient Interconnection Requirements; Petition of the Verizon Telephone Companies for Waiver of Comparably Efficient Interconnection Requirements to Provide Reverse Directory Assistance*, CC Docket Nos. 01-288, 02-17, Memorandum Opinion and Order, 17 FCC Rcd 13881 (WCB 2002) (*BellSouth/Verizon Reverse Directory Assistance CEI Waiver*); *Petition of Nevada Bell, Pacific Bell, Southwestern Bell Telephone Company, Southern New England Telephone, and the Ameritech Michigan Bell, Ohio Bell, Illinois Bell, Indiana Bell, and Wisconsin Bell Telephone Companies to Provide Operator-Assisted Reverse Directory Assistance Services and Electronic Reverse Directory Assistance Services and for Waivers of and/or*

with the Commission's joint cost rules and appropriate amendments to the carriers' cost allocation manuals.

II. BACKGROUND

A. International Directory Assistance Services and International Reverse Directory Assistance Services

3. BellSouth, SBC, and Verizon currently provide, on an integrated basis, local and nonlocal directory assistance services to customers throughout their regions.⁵ Directory assistance services are considered "local" when a customer requests the telephone number of a subscriber within his or her local access and transport area (LATA) or area code.⁶ Directory assistance services are considered "nonlocal" when a customer requests the telephone number of a domestic subscriber outside his or her LATA or area code.⁷ BellSouth, SBC, and Verizon now seek to provide international directory assistance services integrated with their local and nonlocal directory assistance services.⁸ Directory assistance services are considered "international" when a customer requests the telephone number of a subscriber outside the United States.⁹

Forbearance from Any Comparably Efficient Interconnection or Telecommunications Act of 1996 Requirements, CC Docket No. 00-227, Memorandum Opinion and Order, 16 FCC Rcd 19255 (Com. Car. Bur. 2001) (*SBC Reverse Directory Assistance CEI Waiver*).

⁵ See *Petition of SBC Communications Inc. for Forbearance of Structural Separation Requirements and Request for Immediate Interim Relief in Relation to the Provision of Nonlocal Directory Assistance Services*, WC Docket No. 02-156, Memorandum Opinion and Order, 18 FCC Rcd 8134 (WCB 2003) (*SBC Nevada NDA Forbearance Order*); *BellSouth Petition for Forbearance for Nonlocal Directory Assistance Service, Petition of SBC Communications Inc. for Forbearance of Structural Separation Requirements and Request for Immediate Interim Relief in Relation to the Provision of Nonlocal Directory Assistance Services, Petition of Bell Atlantic for Further Forbearance from Section 272 Requirements in Connection with National Directory Assistance Services*, CC Docket No. 97-172, Memorandum Opinion and Order, 15 FCC Rcd 6053 (Com. Car. Bur. 2000) (*BellSouth/SBC/Bell Atlantic-South NDA Forbearance Order*); *Petition of Bell Atlantic for Forbearance from Section 272 Requirements in Connection with National Directory Assistance Services*, CC Docket No. 97-172, Memorandum Opinion and Order, 14 FCC Rcd 21484 (Com. Car. Bur. 1999) (*Bell Atlantic-North NDA Forbearance Order*).

⁶ See *Petition of U S WEST Communications, Inc. for a Declaratory Ruling Regarding the Provision of National Directory Assistance*, CC Docket No. 97-172, *Petition of U S WEST Communications, Inc., for Forbearance*, CC Docket No. 97-172, *The Use of N11 Codes and Other Abbreviated Dialing Arrangements*, CC Docket No. 92-105, Memorandum Opinion and Order, 14 FCC Rcd 16252, 16254-55, para. 5 (1999) (*U S WEST NDA Forbearance Order*).

⁷ See *id.* at 16254-55, para. 6.

⁸ See BellSouth Petition at 1; SBC Forbearance Petition at 3; Verizon Forbearance Petition at 2.

⁹ The Act defines "United States" as "the several States and Territories, the District of Columbia, and the possessions of the United States, but does not include the Canal Zone." 47 U.S.C. § 153(51).

4. Petitioners propose to provide international directory assistance services in the same general manner as the nonlocal component of their directory assistance services.¹⁰ A customer typically accesses nonlocal directory assistance services by dialing the number for local directory assistance services.¹¹ The local central office switch routes the call to an operator services switch, which adds a voice response unit to the call. The voice response unit delivers a script requesting the city, state, and listing desired and records the caller's response. The operator receiving the call listens to that response and, if the end user's response is incomplete or unintelligible, asks the caller to clarify the request. Once he or she understands the request, the operator launches a database query.¹²

5. Petitioners state that their international directory assistance services will be offered through the same service configuration as their nonlocal directory assistance services, using information storage facilities owned by the respective petitioners that would provide international directory assistance listings.¹³ If the requested number is local, the operator would query a database that contains local directory listing information. If the requested number is nonlocal or international, it would be retrieved from a database that contains nonlocal listings, international listings, or both.¹⁴ On any international directory assistance call, the end user, operator, and information storage facility could be located in different LATAs.¹⁵ Thus, petitioners' international directory assistance services would be provided on an interLATA basis.

6. By contrast, international reverse directory assistance services permit a customer to retrieve the name and address of a subscriber outside the United States by providing a telephone number.¹⁶ Petitioners seek a waiver for both electronic and operator-assisted reverse directory assistance services. Using electronic reverse directory assistance services, a customer who knows a telephone number and wishes to match that number with the corresponding name

¹⁰ See BellSouth Petition at 8; SBC Forbearance Petition at 3; Verizon Forbearance Petition at 2.

¹¹ See, e.g., *U S WEST NDA Forbearance Order*, 14 FCC Rcd at 16254-55, paras. 5-7. Customers typically access their local exchange carrier's directory assistance services by dialing 411, 1-411, or 555-1212. See *id.* at 16254-55, para. 6.

¹² See, e.g., *BellSouth/SBC/Bell Atlantic-South NDA Forbearance Order*, 15 FCC Rcd at 6055, para. 4.

¹³ See BellSouth Petition at 8; SBC Forbearance Petition at 3; Verizon Forbearance Petition at 3; see also *Petition of U S WEST Communications, Inc. for a Declaratory Ruling Regarding the Provision of National Directory Assistance*, CC Docket No. 97-172, Order on Reconsideration, 17 FCC Rcd 17030, 17034, para. 8 (2002) (*U S WEST NDA Forbearance Order on Reconsideration*) (concluding that an ownership interest of greater than 10 percent in information storage facilities makes those facilities the "information storage facilities of such company" under section 271(g)(4)).

¹⁴ See, e.g., SBC Forbearance Petition at 3; see also *BellSouth/SBC/Bell Atlantic-South NDA Forbearance Order*, 15 FCC Rcd at 6056, para. 6.

¹⁵ See, e.g., BellSouth Petition at 8; SBC Forbearance Petition at 3; see also *BellSouth/SBC/Bell Atlantic-South NDA Forbearance Order*, 15 FCC Rcd at 6056, para. 6.

¹⁶ See, e.g., *BellSouth/Verizon Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 13884, para. 5.

or address receives that information by interacting electronically with a directory database.¹⁷ Using operator-assisted reverse directory assistance services, a customer seeking to match a telephone number with a name and address calls a directory operator to receive that information.¹⁸

B. Statutory and Regulatory Requirements

1. Sections 271 and 272

7. Sections 271 and 272 establish a comprehensive framework governing Bell operating company (BOC) provision of “interLATA service.”¹⁹ Pursuant to section 271(a) and (b), neither a BOC nor a BOC affiliate may provide in-region, interLATA service prior to receiving authorization from the Commission.²⁰ Section 271(b)(3) does, however, authorize BOCs to engage in the provision of the “incidental interLATA services” described in section 271(g) immediately after the date of enactment of the Telecommunications Act of 1996.²¹ One such service is defined in section 271(g)(4) as “the interLATA provision by a [BOC] or its affiliate . . . of a service that permits a customer that is located in one LATA to retrieve stored information from, or file information for storage in, information storage facilities of such company that are located in another LATA.”²² Section 272 requires BOCs to provide the information storage and retrieval services authorized by section 271(g)(4) through a separate affiliate until section 272 sunsets in that state.²³ We previously have determined that we may

¹⁷ See *SBC Reverse Directory Assistance CEI Waiver*, 16 FCC Rcd at 19259-60, para. 8.

¹⁸ See *id.*

¹⁹ The term “interLATA service” is defined in the Act as “telecommunications between a point located in a local access and transport area and a point located outside such area.” 47 U.S.C. § 153(21). “Telecommunications” is defined as “the transmission, between or among points specified by the user, of information of the user’s choosing, without change in the form or content of the information as sent and received.” 47 U.S.C. § 153(43).

²⁰ 47 U.S.C. § 271(a), (b).

²¹ 47 U.S.C. § 271(b)(3).

²² 47 U.S.C. § 271(g)(4).

²³ See 47 U.S.C. § 272(a)(2)(B), (f)(1); see also *Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements*, WC Docket No. 02-112, Memorandum Opinion and Order, 17 FCC Rcd 26869, 26876, para. 13 (2002) (concluding that section 272(f)(1) should be interpreted as providing for a state-by-state sunset of the section 272 separate affiliate and related requirements). The section 272 provisions (other than section 272(e)) have sunset in New York, Texas, Kansas, and Oklahoma. See *Section 272 Sunsets for Verizon in New York State by Operation of Law on December 23, 2002 Pursuant to Section 272(f)(1)*, WC Docket No. 02-112, Public Notice, 17 FCC Rcd 26864 (2002) (*New York Section 272 Sunset Notice*); *Section 272 Sunsets for SBC in the State of Texas by Operation of Law on June 30, 2003 Pursuant to Section 272(f)(1)*, WC Docket No. 02-112, Public Notice, 18 FCC Rcd 13566 (2003) (*Texas Section 272 Sunset Notice*); *Section 272 Sunsets for SBC in Kansas and Oklahoma by Operation of Law on January 22, 2004 Pursuant to Section 272(f)(1)*, WC Docket No. 02-112, Public Notice, FCC 04-14 (rel. Jan. 22, 2004) (*Kansas and Oklahoma Section 272 Sunset Notice*); see also *Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as Amended*, CC Docket No.

forbear from this separate affiliate requirement for services provided pursuant to section 271(g)(4).²⁴ In contrast, the Commission recently concluded that it may not forbear from applying requirements of section 272 that are incorporated by reference into section 271 until section 272 is “fully implemented.”²⁵

2. CEI Requirements

8. Pursuant to the regulatory scheme established in the *Computer II* proceeding, the Commission has traditionally classified communications services as either basic or enhanced.²⁶ In that proceeding, the Commission defined “basic” services as those that provide a “pure transmission capability over a communications path that is virtually transparent in terms of its interaction with customer-supplied information.”²⁷ The Commission defined “enhanced services” as “services offered over common carrier transmission facilities used in interstate communications, which employ computer processing applications that act on the format, content, code, protocol, or similar aspects of the subscriber’s transmitted information; provide the subscriber additional, different, or restructured information; or involve subscriber interaction with stored information.”²⁸ In the *Computer III* proceeding, the Commission established a regulatory framework through which BOCs could offer enhanced and basic services on an

96-149, First Report and Order and Further Notice of Proposed Rulemaking, 11 FCC Rcd 21905, 22035, para. 270 (1996) (*Non-Accounting Safeguards Order*) (subsequent history omitted) (discussing the relationship between sections 272(f) and 272(e)); *Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements*, WC Docket No. 02-112, Notice of Proposed Rulemaking, 17 FCC Rcd 9916, 9923-24, para. 20 (2002) (seeking comment on the Commission’s interpretation of the relationship between sections 272(f) and 272(e)).

²⁴ See generally, e.g., *US WEST NDA Forbearance Order*, 14 FCC Rcd 16252.

²⁵ See *Petition of Verizon for Forbearance from the Prohibition of Sharing Operating, Installation, and Maintenance Functions Under Section 53.203(a)(2) of the Commission’s Rules*, CC Docket No. 96-149, Memorandum Opinion and Order, 18 FCC Rcd 23525 (2003) (*Verizon OI&M Forbearance Order*), appeal pending, *Verizon Tel. Cos. v. FCC*, D.C. Cir. No. 03-1404.

²⁶ See *Amendment of Section 64.702 of the Commission’s Rules and Regulations*, Final Decision, 77 FCC 2d 384 (*Computer II Final Decision*), recon., 84 FCC 2d 50 (1980) (*Computer II Reconsideration Order*), further recon., 88 FCC 2d 512 (1981), *aff’d sub nom. Computer and Communications Indus. Ass’n v. FCC*, 693 F.2d 198 (D.C. Cir. 1982), *cert. denied sub nom. Louisiana Pub. Serv. Comm’n v. FCC*, 461 U.S. 938 (1983) (referred to collectively as *Computer II*).

²⁷ *Computer II Final Decision*, 77 FCC 2d at 420, para. 96.

²⁸ 47 C.F.R. § 64.702(a). In the *Non-Accounting Safeguards Order*, the Commission concluded that all the services previously considered to be “enhanced services” are “information services,” as defined in the Act. See *Non-Accounting Safeguards Order*, 11 FCC Rcd at 21955, para. 102. We note that the requirement to provide interLATA information services through a separate affiliate sunset on February 8, 2000. See 47 U.S.C. § 272(a)(2)(C), (f)(2); see also *Request for Extension of the Sunset Date of the Structural, Nondiscrimination, and Other Behavioral Safeguards Governing Bell Operating Company Provision of In-Region, InterLATA Information Services*, Order, 15 FCC Rcd 3267 (2000) (*Information Services Sunset Order*) (denying request to prolong the requirement that BOCs provide interLATA information services through a separate affiliate).

integrated basis, pursuant to nonstructural safeguards, including the CEI requirements.²⁹ The Commission imposed the CEI requirements to help prevent discrimination against competing enhanced service providers with respect to the rates, terms, and conditions of access, and help prevent BOCs from improperly subsidizing enhanced services with revenues from basic services.³⁰ In their CEI plans, the BOCs are required to explain how they will offer to competing enhanced service providers on a nondiscriminatory basis all the underlying basic services that they use in their own enhanced service offerings.³¹ A BOC must post a CEI plan on its Internet site and notify the Bureau upon such posting, but it need not seek pre-approval of the plan before offering the enhanced service.³² The Bureau has previously waived the CEI rules to allow petitioners to provide local and nonlocal reverse directory assistance services on an integrated basis without complying with those rules.³³

3. Section 10

9. The Act requires the Commission to forbear from applying any regulation or any provision of the Act to telecommunications carriers or telecommunications services, or classes thereof, if the Commission determines that the three conditions set forth in section 10 are satisfied. In particular, section 10 provides that:

the Commission shall forbear from applying any regulation or any provision of this Act to a telecommunications carrier or telecommunications service, or class of telecommunications carriers or telecommunications services, in any or some of its or their geographic markets, if the Commission determines that –

- (1) enforcement of such regulation or provision is not necessary to ensure that the charges, practices, classifications or regulations by, for, or in connection with that telecommunications carrier or telecommunications service are just and reasonable, and are not unjustly or unreasonably discriminatory;

²⁹ For a detailed history of the CEI and other *Computer III* requirements, including court decisions and remands, see *Computer III Further Remand Proceedings: Bell Operating Company Provision of Enhanced Services; 1998 Biennial Regulatory Review – Review of Computer III and ONA Safeguards and Requirements*, Report and Order, 14 FCC Rcd 4289, 4292, para. 4 (*CEI Further Rulemaking*), recon., 14 FCC Rcd 21628 (1999).

³⁰ See *CEI Further Rulemaking*, 14 FCC Rcd at 4294-95, para. 8. The CEI rules require BOCs to comply with nine CEI parameters designed to assure technically equal interconnection with the local exchange carrier network by affiliated and unaffiliated enhanced service providers.

³¹ See *id.*

³² See *id.* at 4292, para. 4.

³³ See *BellSouth/Verizon Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 13887, para. 10; *SBC Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 19260, para. 10.

(2) enforcement of such regulation or provision is not necessary for the protection of consumers; and

(3) forbearance from applying such provision or regulation is consistent with the public interest.³⁴

With regard to the public interest determination required by section 10(a)(3), section 10(b) states that, “[i]f the Commission determines that such forbearance will promote competition among providers of telecommunications services, that determination may be the basis for a Commission finding that forbearance is in the public interest.”³⁵ Section 10(d) specifies that “[e]xcept as provided in section 251(f), the Commission may not forbear from applying the requirements of section 251(c) or 271 under [section 10(a)] until it determines that those requirements have been fully implemented.”³⁶ To date, and as noted above, the Commission has interpreted the meaning of “fully implemented” only in the context of the requirements of section 272 incorporated by reference into section 271.³⁷

C. The Nonlocal Directory Assistance Forbearance Orders

10. In the *U S WEST NDA Forbearance Order*, the Commission held that U S WEST (now Qwest) could provide the regionwide component of its nonlocal directory assistance services without obtaining authorization from the Commission to provide in-region, interLATA service under section 271(d), because such service fell within the scope of the exception provided in section 271(g)(4).³⁸ Section 271(g)(4) authorizes “the interLATA provision by a [BOC] or its affiliate . . . of a service that permits a customer that is located in one LATA to retrieve stored information from, or file information for storage in, information storage facilities of such company that are located in another LATA.”³⁹ The Commission further concluded that section 271(g)(4) authorizes BOC provision of the capability for customers to access only the BOC’s own centralized information storage facilities.⁴⁰ The Commission has since clarified that

³⁴ 47 U.S.C. § 160(a).

³⁵ 47 U.S.C. § 160(b).

³⁶ 47 U.S.C. § 160(d). Section 251(f), not relevant here, provides for exemptions, suspensions, and modifications for rural telephone companies and rural carriers. 47 U.S.C. § 251(f).

³⁷ See generally *Verizon OI&M Forbearance Order*, 18 FCC Rcd 23525.

³⁸ See *U S WEST NDA Forbearance Order*, 14 FCC Rcd at 16265-66, paras. 23-24.

³⁹ 47 U.S.C. § 271(g)(4).

⁴⁰ The Commission found that such a construction of the statute is apparent from Congress’ use of the term “such company” in setting forth the types of services authorized by section 271(g)(4). The Commission further noted that such a construction of section 271(g)(4) is consistent with Congress’ directive that the provisions of section 271(g) are to be narrowly construed. See *U S WEST NDA Forbearance Order*, 14 FCC Rcd at 16265, para. 23 (citing 47 U.S.C. § 271(h)); see also *BellSouth/SBC/Bell Atlantic-South NDA Forbearance Order*, 15 FCC Rcd at 6059, para. 12.

an ownership interest of greater than 10 percent in information storage facilities makes those facilities the “information storage facilities of such company” under section 271(g)(4).⁴¹

11. Although section 272 requires the services described in section 271(g)(4) to be provided through a separate affiliate until section 272 sunsets in the particular state, the Commission forbore from enforcing those requirements with respect to U S WEST’s provision of the regionwide component of its nonlocal directory assistance service, but retained the nondiscrimination requirements of section 272(c)(1).⁴² The Commission has stated that its previous decisions with regard to nonlocal directory assistance are limited to the provision of domestic nonlocal directory assistance services and were not intended to encompass international directory assistance services.⁴³

III. DISCUSSION

A. Section 271(g)(4)

12. For the reasons set forth below, we conclude that petitioners’ international directory assistance services, as they are described in their petitions, fall within the scope of the exception provided in section 271(g)(4) for incidental, interLATA services. We find that petitioners’ provision of international directory assistance services will constitute the provision of in-region, interLATA service. In providing international directory assistance services to their in-region subscribers, petitioners will use interLATA transmission to connect end users to directory assistance operators and to retrieve directory listing information from the appropriate information storage facilities.⁴⁴ We make clear, however, that our decision is limited to only such services as are provided in accordance with the ownership requirement under section 271(g)(4) and that forbearance cannot otherwise apply.

13. As previously noted, section 271(g)(4) authorizes “the interLATA provision by a [BOC] or its affiliate . . . of a service that permits a customer that is located in one LATA to retrieve stored information from, or file information for storage in, information storage facilities

⁴¹ See *U S WEST NDA Forbearance Order on Reconsideration*, 17 FCC Rcd at 17034, para. 8.

⁴² See *U S WEST NDA Forbearance Order* at 16271-74, paras. 33-38. Since the *U S WEST NDA Forbearance Order*, the Bureau has granted on delegated authority other petitions for forbearance from section 272 for BOCs’ nonlocal directory assistance services. See generally *SBC Nevada NDA Forbearance Order*, 18 FCC Rcd 8134; *BellSouth/SBC/Bell Atlantic-South NDA Forbearance Order*, 15 FCC Rcd 6053 (granting forbearance for BellSouth, SBC (except in Nevada), and Bell Atlantic-South); *Bell Atlantic-North NDA Forbearance Order*, 14 FCC Rcd 21484.

⁴³ See *U S WEST NDA Forbearance Order on Reconsideration*, 17 FCC Rcd at 17038-39, para. 15 (declining on reconsideration to include international directory assistance services within the scope of the nonlocal directory assistance services decisions because petitioners had not raised the issue in the *U S WEST NDA Forbearance Order* proceeding).

⁴⁴ See *U S WEST NDA Forbearance Order*, 14 FCC Rcd at 16263-64, paras. 18-19.

of such company that are located in another LATA.”⁴⁵ In the *U S WEST NDA Forbearance Order*, the Commission concluded that section 271(g)(4) authorizes BOC provision of the capability for customers to access only the BOC's own centralized information storage facilities. The Commission has concluded that an ownership interest of greater than ten percent in information storage facilities makes those facilities the “information storage facilities of such company” under section 271(g)(4).⁴⁶ Petitioners state that they each currently own greater than ten percent of the information storage facilities they will use in the provision of international directory assistance services, as required by section 271(g)(4).⁴⁷ We, therefore, find that petitioners’ international directory assistance services will be configured in the same manner as the regionwide component of the nonlocal directory assistance services the Commission considered in the *U S WEST NDA Forbearance Order*. The addition of international directory assistance listings to the databases does not change the outcome of our analysis pursuant to that of the *U S WEST NDA Forbearance Order*.

14. Our forbearance in this Order is limited to the provision of international directory assistance services that fall within the scope of the exception provided in section 271(g)(4) for incidental, interLATA services. BellSouth, Verizon, and SBC assert that this limitation is unnecessary because they now have been granted section 271(d) authority to provide in-region, interLATA services throughout their respective regions.⁴⁸ We, however, recently addressed the scope of our forbearance authority in the *Verizon OI&M Forbearance Order*.⁴⁹ We concluded that, with respect to services that require authorization under section 271(d), section 10(d) prohibits the Commission from forbearing from the requirements of section 272 requirements

⁴⁵ 47 U.S.C. § 271(g)(4).

⁴⁶ See *U S WEST NDA Forbearance Order on Reconsideration*, 17 FCC Rcd at 17034, para. 8.

⁴⁷ See BellSouth Petition at 8; SBC Forbearance Petition at 3; Verizon Forbearance Petition at 3.

⁴⁸ See SBC Forbearance Petition at 2-4 & n.9; Verizon Forbearance Petition at 3; BellSouth Petition at 5; see also *Application by BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc., for Authorization to Provide In-Region, InterLATA Services in Florida and Tennessee*, WC Docket No. 02-307, Memorandum Opinion and Order, 17 FCC Rcd 25828 (2002) (granting BellSouth authority to provide in-region, interLATA service in the last two of its in-region states); *Application by Verizon Maryland Inc., Verizon Washington, D.C. Inc., Verizon West Virginia Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions), Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization to Provide In-Region, InterLATA Services In Maryland, Washington, D.C., and West Virginia*, WC Docket No. 02-384, Memorandum Opinion and Order, 18 FCC Rcd 5212 (2003) (granting Verizon authority to provide in-region, interLATA service in the last three of its in-region states); *Joint Application by SBC Communications Inc., Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, the Ohio Bell Telephone Company, Wisconsin Bell, Inc., and Southwestern Bell Communications Services Inc. for Authorization to Provide In-Region, InterLATA Services in Illinois, Indiana, Ohio, and Wisconsin*, WC Docket No. 03-167, Memorandum Opinion and Order, 18 FCC Rcd 21543 (2003) (granting SBC authority to provide in-region, interLATA service in the last four of its in-region states).

⁴⁹ See generally *Verizon OI&M Forbearance Order*, 18 FCC Rcd 23525 (finding that the Commission was prohibited by section 10(d) from forbearing from applying the operating, installation, and maintenance requirements of section 272 to Verizon).

until three years after the grant of section 271(d) authority in a state.⁵⁰ We also noted that the Commission has, in the past, forbore from section 272 requirements for services that do not require authorization under section 271(d), including nonlocal directory assistance services authorized under section 271(g)(4).⁵¹ Therefore, regardless of whether petitioners satisfy the three prongs of the forbearance test, we may not forbear from the requirements of section 272 to the extent that petitioners provide international directory assistance services under section 271(d) (*i.e.*, without complying with the information storage facilities ownership requirement in section 271(g)(4)), at least until such time as the three-year period has expired.⁵² We may, however, grant them forbearance from the requirements of section 272 to the extent that the services fall within the scope of section 271(g)(4). As discussed above, we find that the services, as described in the petitions, fall within the scope of section 271(g)(4). Therefore, we grant forbearance only to the extent that petitioners provide the services pursuant to the requirements of section 271(g)(4), including compliance with the information storage facilities ownership requirement.

B. Forbearance from Section 272 for International Directory Assistance Services

15. We further conclude that petitioners' international directory assistance services meet the three criteria for forbearance set forth in section 10 of the Act.⁵³ We therefore forbear from applying the separate affiliate requirements of section 272 to these services. Thus, petitioners may provide international directory assistance services on an integrated basis to the extent that the services are provided pursuant to section 271(g)(4).

16. The first forbearance criterion requires us to determine whether application of the separate affiliate requirement "is not necessary to ensure that the charges, practices, classifications or regulations by, for, or in connection with that telecommunications carrier or telecommunications service are just and reasonable and are not unjustly or unreasonably

⁵⁰ See *id.* at 23529, para. 6. This condition has been satisfied only in New York, Texas, Oklahoma, and Kansas, where the section 272 requirements (other than section 272(e)) have sunset. See *New York Section 272 Sunset Notice*, 17 FCC Rcd at 26864; *Texas Section 272 Sunset Notice*, 18 FCC Rcd at 13566; *Kansas and Oklahoma Section 272 Sunset Notice* at 1.

⁵¹ See *Verizon OI&M Forbearance Order*, 18 FCC Rcd at 23529, para. 6.

⁵² As noted above, the section 272 requirements (other than section 272(e)) have already sunset in New York, Texas, Kansas, and Oklahoma. See *New York Section 272 Sunset Notice*, 17 FCC Rcd at 26864; *Texas Section 272 Sunset Notice*, 18 FCC Rcd at 13566; *Kansas and Oklahoma Section 272 Sunset Notice* at 1. Even in states where the separate affiliate obligation has sunset, however, BOCs may elect, and have elected, to continue the affiliate structure in order to avoid subjecting their interLATA telecommunications service operations in those states to dominant carrier regulation. Therefore, these requests for forbearance may be relevant even when the section 272 requirements (other than section 272(e)) have sunset for particular states. See generally *Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements; 2000 Biennial Regulatory Review Separate Affiliate Requirements of Section 64.1903 of the Commission's Rules*, WC Docket No. 02-112; CC Docket No. 00-175, Further Notice of Proposed Rulemaking, 18 FCC Rcd 10914 (2003).

⁵³ See 47 U.S.C. § 160(a).

discriminatory.”⁵⁴ With respect to this criterion, we find it relevant that petitioners would be new entrants in the market for international directory assistance services. As such, petitioners likely would face competition from interexchange carriers (such as AT&T, Sprint, and MCI), Internet service providers, and others in the provision of those services.⁵⁵ Like any international directory assistance service competitor, petitioners generally would have to obtain the listing information used to provide international directory assistance services from third parties.⁵⁶ This lack of control over international listing information should prevent petitioners, even with integrated operations, from having unjust, unreasonable, or unjustly or unreasonably discriminatory charges, practices, classifications, or regulations for or in connection with those services.

17. We reject AT&T’s request that we require petitioners “to make available, on nondiscriminatory terms and conditions, the [international directory assistance] information for wireline [telecommunications] services between the United States and foreign countries where they are treated as dominant carriers because of their overseas affiliate.”⁵⁷ Specifically, the countries in question are the Dominican Republic, Gibraltar, Venezuela, Belgium, Denmark, and South Africa.⁵⁸ AT&T’s request is based on the contention that the “[i]n-region telephone numbers [considered in the *U S WEST NDA Forbearance Order*] and international telephone numbers where the BOCs are treated as dominant give rise to the same concerns, and the conditions imposed ought to be the same as well.”⁵⁹ We find that the two proceedings present markedly different factual situations and thus that application of similar nondiscrimination obligations in this context is not warranted.

18. In the *U S WEST NDA Forbearance* proceeding, the Commission had before it a detailed record demonstrating that, as a result of its dominance in the local exchange and exchange access markets within its region, U S WEST possessed competitive advantages in the provision of the telephone numbers of customers inside its region.⁶⁰ The Commission found that

⁵⁴ 47 U.S.C. § 160(a)(1).

⁵⁵ See BellSouth Petition at 10; SBC Forbearance Petition at 5; Verizon Forbearance Petition at 5-6; see also *BellSouth/SBC/Bell Atlantic-South NDA Forbearance Order*, 15 FCC Rcd at 6060, para. 14.

⁵⁶ But see para. 19, *infra*.

⁵⁷ AT&T Comments at 2; see also Letter from Frank S. Simone, Government Affairs Director, to Marlene H. Dortch, Secretary, Federal Communications Commission, CC Docket No. 97-172, Attach. at 1-3 (filed Jan. 14, 2004) (AT&T Jan. 14, 2004 *Ex Parte* Letter).

⁵⁸ See SBC Reply at 2. Verizon is classified as dominant under 47 C.F.R. § 63.10 on the U.S.-Dominican Republic, U.S.-Gibraltar, and U.S.-Venezuela routes. SBC is classified as dominant on the U.S.-Belgium, U.S.-Denmark, and U.S.-South Africa routes. BellSouth is not currently classified as dominant on any U.S.-international routes. See 47 C.F.R. § 63.10. Section 63.09 defines when a domestic carrier is affiliated with a foreign carrier. 47 C.F.R. § 63.09; AT&T Comments at 2.

⁵⁹ AT&T Comments at 3.

⁶⁰ See *id.* However, the Commission noted that, like competing providers of nonlocal directory assistance services, U S WEST must obtain the telephone numbers of subscribers outside its region from unaffiliated entities that compile national listings or from other local exchange carriers. As a result, the Commission concluded that U S

these advantages had enabled U S WEST to develop in-region directory assistance databases that included listing information for its own local customers as well as listing information for independent LECs and competitive LECs operating in the U S WEST region.⁶¹ Consequently, the Commission reasoned, U S WEST had access to a more complete, accurate, and reliable in-region directory assistance database than its competitors.⁶² The Commission also found that U S WEST had refused to provide its directory assistance competitors with access to all the listings in this database and, to the extent access was provided, had charged its competitors unreasonably high and unreasonably discriminatory rates.⁶³ Because these ongoing practices gave U S WEST a significant competitive advantage in the provision of domestic, in-region directory assistance services, the Commission retained the nondiscrimination requirement of section 272(c)(1) and mandated that U S WEST provide to unaffiliated entities all of the in-region directory listing information it used to provide nonlocal, domestic directory assistance service at the same rates, terms, and conditions it imputed to itself.⁶⁴

19. Here, the record and the factual situation is markedly different. Unlike the situation before the Commission in the *U S WEST NDA Forbearance* proceeding, the record before us provides no indication that the petitioners have used, or could use, their ownership interests in dominant foreign carriers to control access by other domestic carriers to directory listing information for the countries where those carriers operate. Allegations in this regard are thus speculative. On the contrary, the record simply does not support a conclusion that the domestic context cited by AT&T in support of its proposed condition is sufficiently analogous to the international context at issue in the instant proceeding to warrant a result similar to that in the *U S WEST NDA Forbearance Order*.⁶⁵ We, therefore, conclude that the first criterion for forbearance is satisfied without retaining the nondiscrimination requirement of section 272(c)(1) or otherwise limiting petitioners' ability to use listing information obtained from their foreign affiliates.⁶⁶

WEST did not exercise control over the components used to provide the telephone numbers of customers outside its region, and therefore, did not require it to provide these listings to unaffiliated entities as a condition of forbearance. *See id.* at 16271-74, paras. 33-37; *see also BellSouth/SBC/Bell Atlantic-South NDA Forbearance Order*, 15 FCC Rcd at 6060, para. 14.

⁶¹ *See U S WEST NDA Forbearance Order*, 14 FCC Rcd at 16272-73, para. 35.

⁶² *Id.*

⁶³ *Id.* at 16271-72, para. 34.

⁶⁴ *See id.* at 16273-74, para. 37.

⁶⁵ *See generally* AT&T Comments at 2-3; BellSouth Reply at 3-6; SBC Reply at 2-3; AT&T Jan. 14, 2004 *Ex Parte* Letter, Attach. at 2-3; Letter from Kathleen Grillo, Assistant Vice President – Federal Regulatory Advocacy, Verizon, to Marlene H. Dortch, Secretary, Federal Communications Commission, CC Docket No. 97-172, at 1-2 (filed Jan. 8, 2004).

⁶⁶ We note that AT&T's concern over the leveraging of foreign affiliations to impede international directory assistance competition, to the extent it materializes, could apply more broadly to any domestic carrier that is dominant on a particular international route and is not necessarily limited to BOCs with foreign affiliations. Thus,

20. The second forbearance criterion requires us to determine whether enforcement of the separate affiliate requirements of section 272 is necessary for the protection of consumers.⁶⁷ With respect to this criterion, forbearance should benefit consumers by promoting the development of a fully competitive market for international directory assistance services.⁶⁸ We note that, because petitioners generally do not exercise control over the components used to provide international directory assistance services, they will not have an undue advantage in the international directory assistance services market. Indeed, new entry into the market by petitioners likely will increase competition in the provision of these services. Because this increased competition is likely to benefit consumers, we conclude that the application of the separate affiliate requirements in section 272 to petitioners' international directory assistance operations is not necessary to keep those operations from harming consumers. We therefore find that the second criterion for forbearance is met.

21. The third forbearance criterion requires us to determine whether forbearance from applying the separate affiliate requirements is "consistent with the public interest."⁶⁹ With respect to this criterion, we conclude that allowing petitioners to provide international directory assistance services on an integrated basis is in the public interest because it will give petitioners the opportunity to become effective competitors in the international directory assistance services market.⁷⁰ Petitioners argue that if they were required to provide international directory service only through separate affiliates, they would likely not offer the service at all.⁷¹ Therefore, the additional costs and adverse competitive consequences for petitioners outweigh any potential benefits for consumers from enforcing the separate affiliate requirements. We conclude that petitioners' participation in the market for international directory assistance services should increase competition in this market, which ultimately should benefit consumers because they would have additional sources for international directory assistance services. Finally, as discussed above,⁷² the record does not support a finding that petitioners will use affiliations with

we might address this area at some future time, if called upon to do so as a result of a showing of anti-competitive conduct. We decline to do so at this time with respect to the BOCs or more generally in this proceeding on the basis of AT&T's submissions. To the extent carriers believe, in the future, that circumstances have changed and discriminatory practices have emerged with respect to these particular routes, they are free to file petitions with the Commission.

⁶⁷ See 47 U.S.C. § 160(a)(2).

⁶⁸ See also *BellSouth/SBC/Bell Atlantic-South NDA Forbearance Order*, 15 FCC Rcd at 6061, para. 16; *U S WEST NDA Forbearance Order*, 14 FCC Rcd at 16278, para. 47.

⁶⁹ 47 U.S.C. § 160(a)(3); see also 47 U.S.C. § 160(b).

⁷⁰ See also *U S WEST NDA Forbearance Order*, 14 FCC Rcd at 16278-80, paras. 48-51; *BellSouth/SBC/Bell Atlantic-South NDA Forbearance Order*, 15 FCC Rcd at 6061-62, para. 17.

⁷¹ Contrary to AT&T's criticism, we find that providing international directory assistance services through separate affiliates would require uneconomic duplication of systems, equipment, and personnel. Compare AT&T Jan. 14, 2004 *Ex Parte* Letter at 2-3, with *BellSouth Reply* at 3. See also para. 27, *infra*.

⁷² See para. 19, *supra*.

dominant foreign carriers to impede international directory assistance competition. In these circumstances, we conclude that the public interest does not require conditioning forbearance on petitioners' making available, on nondiscriminatory terms and conditions, directory assistance information for countries where petitioners have dominant foreign affiliates, as AT&T proposes.⁷³ On the basis of these findings and conclusions, we also conclude that the third criterion for forbearance is met.

22. Because we also find that the first and second criteria for forbearance are met, we forbear from the application of the section 272 separate affiliate requirements to petitioners' provision of international directory assistance services under section 271(g)(4). Petitioners are required to make changes to their accounting procedures and cost allocation manuals to reflect these services.⁷⁴

C. CEI Waiver for International Reverse Directory Assistance Services

23. Electronic and operator-assisted reverse directory assistance services are information services that permit a customer to retrieve subscriber name and address information by providing a telephone number.⁷⁵ Reverse directory assistance services are considered "international" when a customer requests the name and address of a subscriber outside the United States.⁷⁶ Like domestic reverse directory assistance services, these services are enhanced because they involve computer processing applications that provide the subscriber with additional information and, in some instances, involve subscriber interaction with stored information.⁷⁷ Therefore, absent a waiver, a BOC may not provide international reverse

⁷³ Cf. *U S WEST NDA Forbearance Order*, 14 FCC Rcd at 16280-81, para. 53 (finding that such a requirement was necessary to ensure that forbearing from application of section 272 to U S WEST's national directory assistance operation would be consistent with the public interest).

⁷⁴ Consistent with prior orders, petitioners may use the 411 or 1-411 abbreviated dialing codes for international directory assistance services. See, e.g., *U S WEST NDA Forbearance Order*, 14 FCC Rcd at 16280, para. 51; see also *BellSouth Petition* at 8 n.24.

⁷⁵ See, e.g., *BellSouth/Verizon Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 13884, para. 5.

⁷⁶ See para. 3, *supra*.

⁷⁷ See 47 C.F.R. § 64.702(a). Using electronic reverse directory assistance services, the user interacts with the directory database to obtain the name or address information through an electronic transmission. Using operator-assisted reverse directory assistance services, the user receives the information from a live operator who retrieves the information from the directory database. See *SBC Reverse Directory Assistance CEI Waiver*, 16 FCC Rcd at 19259-60, para. 8. Petitioners may offer these information services on an integrated basis without forbearance from section 272 because the separate affiliate requirement for interLATA information services sunset pursuant to section 272(f). Section 272(f)(2) states that "the provisions of [section 272] (other than subsection (e)) shall cease to apply with respect to the interLATA information services of a Bell operating company 4 years after [February 8, 1996], unless the Commission extends such 4-year period by rule or order." 47 U.S.C. § 272(f)(2). The Commission did not extend the four-year period, and therefore, section 272, except for subsection (e), no longer applies to interLATA information services. See *Information Services Sunset Order*, 15 FCC Rcd at 3267,

directory assistance services involving computer processing applications on an integrated basis (*i.e.*, directly through a telephone operating company), unless it complies with the Commission's CEI requirements.⁷⁸ Accordingly, petitioners seek waivers of the CEI requirements to allow them to include international listings in their existing electronic and operator-assisted reverse directory assistance services for which they have already been granted waivers of the CEI requirements.⁷⁹

24. The Commission may grant a waiver of a provision of its rules "if good cause therefor is shown."⁸⁰ To establish good cause, a petitioner must demonstrate that "special circumstances warrant a deviation from the general rule and such deviation will serve the public interest."⁸¹ Accordingly, a petitioner seeking a waiver of the Commission's CEI requirements carries the burden of demonstrating that a waiver is in the public interest by establishing that a grant of a waiver is unlikely to permit the petitioner to engage in unlawful discrimination or cross-subsidization and is likely to benefit consumers.⁸²

25. In prior orders, the Bureau granted waivers allowing petitioners to offer domestic electronic reverse directory assistance services and operator-assisted reverse directory assistance services, including nonlocal reverse directory assistance services, on an integrated basis without complying with the CEI requirements, based on showings that waivers would serve the public interest. In each case, the Bureau found that application of the CEI requirements to domestic reverse directory assistance services was not in the public interest because compliance with the requirements was not necessary to allow competing providers to offer the service, and because a waiver was likely to benefit consumers by giving them additional choices of providers of reverse directory assistance services. Based on a showing that these services could be provided more efficiently using the same operators and databases already in place for other directory assistance services, the Bureau was "persuaded that the cost of compliance with the CEI requirements would far outweigh any potential benefits of compliance, particularly in light of the fact that there is already a choice of providers for operator-assisted reverse directory services."⁸³ Each

para. 1 (denying request to prolong the requirement to provide interLATA information services through a separate affiliate).

⁷⁸ See *U S WEST Communications, Inc. Petition for Computer III Waiver*, CC Docket No. 90-623, Order, 11 FCC Rcd 1195, 1199, para. 26 (Com. Car. Bur. 1995) (determining that U S WEST's reverse search capability is an enhanced service and is subject to the CEI requirements); see also *BellSouth/Verizon Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 13884, para. 5; *SBC Reverse Directory Assistance CEI Waiver*, 16 FCC Rcd at 19255-56, para. 1.

⁷⁹ See *BellSouth Petition* at 7-8 n.23; *SBC CEI Waiver Petition* at 1-2; *Verizon CEI Waiver Petition* at 1.

⁸⁰ 47 C.F.R. § 1.3.

⁸¹ *Northeast Cellular Tel. Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) (citing *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969)).

⁸² See *BellSouth/Verizon Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 13887, para. 9; *SBC Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 19260, para. 10.

⁸³ *SBC Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 19261, para. 11.

waiver was conditioned on the BOC's compliance with the Commission's joint cost rules and on the BOC's making appropriate adjustments to its cost allocation manual.⁸⁴

26. Consistent with this precedent, we find that petitioners have shown that it would serve the public interest to permit them to provide international reverse directory assistance services on an integrated basis without complying with the CEI requirements. The reasoning behind the waivers granted to petitioners for nonlocal reverse directory assistance services is fully applicable to international reverse directory assistance services.⁸⁵ Accordingly, this waiver extends the waivers already granted to petitioners for their local and nonlocal reverse directory assistance services to include international listings. Because petitioners generally do not exercise control over the listings used for international reverse directory assistance services, the application of the CEI requirements to petitioners' provision of these services is not necessary to allow competing providers to offer their services. The public interest is also furthered to the extent that waiving the CEI requirements will allow customers to have additional international reverse directory assistance services choices. The requested waivers thus are unlikely to permit petitioners to engage in unlawful discrimination and are likely to benefit consumers.⁸⁶

27. Petitioners also have shown that they can provide reverse directory assistance services efficiently only if they may use the same operators and databases that support their other directory assistance services. Integrated provision of forward and reverse directory assistance services, including international reverse directory assistance services, is therefore significantly more efficient than requiring these companies to use separate personnel, provisioning, and databases. Integration also allows customers to combine multiple directory assistance inquiries into one call to an operator or electronic database query. We are therefore persuaded that the costs of compliance with the CEI requirements would far outweigh any potential benefits of compliance.⁸⁷

28. We condition the CEI waivers on petitioners' compliance with the same requirements previously applied to petitioners' provision of domestic reverse directory assistance services.⁸⁸ Specifically, the grants are conditioned on petitioners' continued

⁸⁴ See *BellSouth/Verizon Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 13888, paras. 10-13; *SBC Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 19261, paras. 10-13.

⁸⁵ See BellSouth Petition at 7-8 n. 23; SBC CEI Waiver Petition at 2; Verizon CEI Waiver Petition at 1.

⁸⁶ See, e.g., *BellSouth/Verizon Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 13888, para. 11.

⁸⁷ See *BellSouth/Verizon Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 13888, para. 12; *SBC Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 19260-61, para. 11.

⁸⁸ Additionally, we note that our waivers here necessarily include a waiver of our requirement that a local exchange carrier may not offer enhanced services using a 411 code, or any other N11 code, unless the local exchange carrier offers nondiscriminatory access to that code to competing enhanced service providers. See *Use of N11 Codes and Other Abbreviated Dialing Arrangements*, CC Docket No. 92-105, First Report and Order and Further Notice of Proposed Rulemaking, 12 FCC Rcd 5572, 5600-5601, para. 48 (1997); *Amendment of Section 64.702 of the Commission's Rules and Regulations (Third Computer Inquiry)*, Report and Order, CC Docket No.

compliance with the joint cost rules and on their making appropriate amendments to their cost allocation manuals.⁸⁹

IV. CONCLUSION

29. For the reasons set forth above, we find that petitioners satisfy the statutory criteria for forbearance set forth in section 10. Therefore, we forbear from applying the separate affiliate requirements of section 272 to petitioners' provision of international directory assistance services to the extent that they are provided in compliance with section 271(g)(4). We also grant petitioners waivers to allow them to provide international reverse directory assistance services on an integrated basis without complying with our CEI requirements. These actions are subject to compliance with the Commission's joint cost rules and the timely provision of appropriate amendments to the carriers' cost allocation manuals.

V. ORDERING CLAUSES

30. Accordingly, IT IS ORDERED, pursuant to sections 4(i), 10, 201(b), 271-272, and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 160, 201(b), 271-272, 303(r), that the petitions for forbearance filed by BellSouth, SBC, and Verizon with respect to their international directory assistance services ARE GRANTED to the extent stated and subject to the conditions established herein, and otherwise ARE DENIED.

31. IT IS FURTHER ORDERED, pursuant to sections 4(i), 10, and 201-205 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 160, 201-205, and section 1.3 of the Commission's rules, 47 C.F.R. § 1.3, that the petitions for waiver of the *Computer III* CEI requirements filed by BellSouth, SBC, and Verizon for the provision of international electronic reverse directory assistance services and international operator-assisted reverse directory assistance services ARE GRANTED to the extent stated and subject to the conditions established herein, and otherwise ARE DENIED.

85-229, 104 FCC 2d 958, 1039-1042, paras. 154-66 (1986) (setting forth the nine equal access CEI parameters, including end-user access to abbreviated dialing); *see also BellSouth/Verizon Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 13888-89, para. 13 n.40; *SBC Reverse Directory Assistance CEI Waiver*, 17 FCC Rcd at 19261-62, para. 13 n.36.

⁸⁹ *See* 47 C.F.R. § 64.901 (addressing certain local exchange carriers' obligation to separate their regulated costs from nonregulated costs according to specified cost allocation methods); 47 C.F.R. § 64.903(b) (addressing certain local exchange carriers' obligations to file and accurately maintain cost allocation manuals); *see also Separation of Costs of Regulated Telephone Service from Costs of Nonregulated Activities; Amendment of Part 31, the Uniform System of Accounts for Class A and Class B Companies To Provide Nonregulated Activities and To Provide for Transactions Between Telephone Companies and Their Affiliates*, Report and Order, 2 FCC Rcd 1298, modified on recon., 2 FCC Rcd 6283 (1987), modified on further recon., 3 FCC Rcd 6701 (1988), *aff'd sub nom. Southwestern Bell Corp. v. FCC*, 896 F.2d 1378 (D.C. Cir. 1990).

32. IT IS HEREBY FURTHER ORDERED, pursuant to section 1.103(a) of the Commission's rules, 47 C.F.R. § 1.103(a), that this Memorandum Opinion and Order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

**STATEMENT OF COMMISSIONER KATHLEEN Q. ABERNATHY,
CONCURRING**

Re: Petition of SBC Communications Inc. for Forbearance from Structural Separation Requirements of Section 272 of the Communications Act of 1934, as Amended, and Request for Relief to Provide International Directory Assistance Services, et al., CC Docket No. 97-172, Memorandum Opinion and Order (adopted Mar. 19, 2004).

I fully support the grant of forbearance to facilitate the provision of international directory-assistance services. As set forth in the Order, the relief we provide will promote competition and benefit consumers. I concur in the Order because, although it reaches the correct result, I disagree with the Commission's conclusion that "we may not forbear from the requirements of section 272 to the extent that petitioners provide international directory assistance services under section 271(d) . . ." Order at ¶ 14. As I have stated previously, section 271(d) clearly has been "fully implemented" as required under section 10(d) now that the BOCs have obtained section 271 authority to provide long distance services in every state.¹ I continue to believe that the Commission should revisit its conclusion that full implementation has yet to occur. While the Commission is able to provide meaningful relief in this proceeding by relying on section 271(g), rather than section 271(d), there may well be other instances in which the Commission's faulty interpretation of the "fully implemented" provision in section 10(d) will needlessly bar deregulatory action that is entirely consistent with — and indeed mandated by — the statute.

¹ Dissenting Statement of Commissioner Kathleen Q. Abernathy, *Petition of Verizon for Forbearance from the Prohibition of Sharing Operating, Installation, and Maintenance Functions Under Section 53.203(a)(2) of the Commission's Rules*, Memorandum Opinion and Order, 18 FCC Red 23525 (rel. Nov. 4, 2003).