



June 15, 2018

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: *Petition of USTelecom for Forbearance Pursuant
to 47 U.S.C. § 160(c) to Accelerate Investment in
Broadband and Next-Generation Networks
(WC Docket No. 18-141)*

Dear Ms. Dortch:

Pursuant to the Protective Order adopted in the above-referenced proceeding,¹ USTelecom – The Broadband Association (“USTelecom”) hereby files this public, redacted version of materials describing the data sources and methodologies used to create Charts 1 through 6 included in the USTelecom Petition in the proceeding.² Although USTelecom derived the data series for these Charts from publicly available data, including primarily Commission data,³ the descriptions include proprietary information that reveals sources and methods of analysis used, including limits on the use of the data and analyses. USTelecom has also filed a CONFIDENTIAL version of this submission with the Commission’s Secretary.

Please contact me at (202) 326-7282 if you have questions or would like to discuss further.

Sincerely,

Patrick Brogan
Vice President, Industry Analysis

[Encl. Contains Confidential Information]

¹ Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. §160(c) to Accelerate Investment in Broadband and Next-Generation Networks, WC Docket No. 18-141, Protective Order, DA 18-575 (June 1, 2018).

² Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. §160(c) to Accelerate Investment in Broadband and Next-Generation Networks, WC Docket No. 18-141 (filed May 4, 2018).

³ See Opposition of USTelecom to the INCOMPAS Motion to Dismiss, WC Docket No. 18-141 (filed May 21, 2018) at p. 5.



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USTelecom Petition – Chart Sources and Methodologies – WC Docket No. 18-141

USTelecom derived the data series for Charts 1, 3, 4, 5, and 6 in its Petition in WC Docket No. 18-141 from the Commission’s historical Form 477 Voice Telecommunications Services (“VTS”) reports and Local Telephone Competition reports (collectively “Form 477 Voice Data”).¹ USTelecom derived the data series in Chart 2 in the Petition from data that the Centers for Disease Control (CDC) releases to the public, the Commission’s Form 477 Voice Data² and – for periods prior to 2008 – additional public sources as described in USTelecom research incorporated by reference below. Since the Commission has occasionally changed the data collection and formatting for its Form 477 Voice Data, USTelecom has taken special care to ensure consistency of its data series over time.³ Below are detailed descriptions of the data sources and methodology used for each chart. [BEGIN CONFIDENTIAL]

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¹ USTelecom uses the Nationwide Subscriptions data from the Microsoft (MS) Excel files the Commission releases with its VTS reports, which are available at <https://www.fcc.gov/voice-telephone-services-report> (last visited June 6, 2018), also typically found in Table 1 of the Commission’s written VTS reports. USTelecom historically collected data from Local Telephone Competition Reports also using the MS Excel files. For Local Telephone Competition Report data, the file “lcom1213_tables.xls” is available from <https://www.fcc.gov/general/local-telephone-competition-reports> (last visited June 6, 2018). While the Commission’s written Local Telephone Competition reports do not show all years of historical data, the MS Excel files contain historical data for selected tables dating back to the late 1990s.

² The FCC releases data semi-annually reflecting the mid-point of the year (June 30) and the end of the year (December 31). While USTelecom tracks and maintains semiannual data, the data and charts in the Petition reflect year-end data points only, except for Chart 4, which shows both mid-year and year-end data.

³ When VTS reports replaced the Local Telephone Competition reports starting in mid-2014, the Commission altered its reporting format and line items, but provided a Crosswalk to Local Telephone Competition Report as of 12/31/13 to provide consistency. The Commission also provides historical data using the VTS reporting format and line items at the national and state levels from 2008 through 2016 in a spreadsheet titled, “VTS_subscriptions_hist” (available from <https://www.fcc.gov/voice-telephone-services-report> (last visited June 6, 2018)). [BEGIN CONFIDENTIAL]

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Charts 1 and 2

USTelecom has published versions of Charts 1 and 2 of the Petition and periodic updates dating back to at least January 2012. The most recent publication, based on the most current available data from the Commission as of year-end 2016, was on March 1, 2018.⁶ Earlier versions of this published research describe the underlying data and methodology.⁷ USTelecom has also submitted data, in written or graphical format, corresponding to Charts 1 and 2 in previous Commission proceedings.⁸ In several such proceedings, the Commission has cited and relied upon this data.⁹

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⁶ See Patrick Brogan, USTelecom, USTelecom Industry Metrics and Trends 2018 (Mar. 1, 2018) at pp. 4 and 10, available at <https://www.ustelecom.org/broadband-industry/broadband-industry-stats> (visited June 6, 2018). The charts are based on actual data through year-end 2016 and straight-line projections through year-end 2018.

⁷ See Patrick Brogan, USTelecom Research Brief, Voice Competition Data Support Regulatory Modernization (Nov. 25, 2014) available at <https://www.ustelecom.org/news/research-briefs/voice-competition-data-support-regulatory-modernization>. Note that Chart 1 in this Research Brief corresponds to Chart 2 in the USTelecom Petition; however, in the Research Brief the chart is in the form of a line chart rather than a bar chart. See also Patrick Brogan, USTelecom Research Brief, Voice Competition Has Ended ILEC Dominance (Apr. 30, 2014); Patrick Brogan, USTelecom Research Brief, Growing Voice Competition Spotlights Urgency of IP Transition (Nov. 22, 2013); Patrick Brogan, USTelecom Research Brief, Evidence of Voice Competition and ILEC Non-Dominance Mounts (Apr. 3, 2013); Patrick Brogan, USTelecom, The Transformation of Personal Communications and the Erosion of Traditional Voice Provider Dominance Presented at the Telecommunications Research Policy Conference (Sep. 22, 2012, revised and updated Nov. 15, 2012) at 6-18; and Patrick Brogan, USTelecom Research Brief, Competitive Market for Voice Services (Jan. 5, 2012).

⁸ See, e.g., Petition of US Telecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Obsolete ILEC Regulatory Obligations that Inhibit Deployment of Next-Generation Networks, WC Docket No. 14-192 (filed Oct. 6, 2014) at 8-16; Petition of USTelecom for Declaratory Ruling that Incumbent Local Exchange Carriers Are Non-Dominant in the Provision of Switched Access Services, WC Docket No. 13-3 (filed Dec. 19, 2012) (“USTelecom 2012 Non-Dominance Petition”) at 8 and 26; and United States Telecom Association Petition for Forbearance under 47 U.S.C. § 160(c) from Enforcement of Certain Legacy Telecommunications Regulation, WC Docket No. 12-61, at Appendix B (filed Feb. 16, 2012) (“USTelecom 2012 Forbearance Petition”).

⁹ See, e.g., *Technology Transitions et al.*, GN Docket No. 13-5, WC Docket No. 13-3, et al., Declaratory Ruling, Second Report and Order, and Order on Reconsideration (rel. July 15, 2016) (FCC 16-90) at ¶¶16 and fn. 35, 36, 37, and 38; *Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Enforcement of Obsolete ILEC Legacy Regulations That Inhibit Deployment of Next-Generation Networks*, WC Docket No. 14-192, Memorandum Opinion and Order (rel. Dec. 28, 2015) (FCC-15-166) at ¶¶6 and fn. 23, 26, and 27; *Technology Transitions et al.*, GN Docket No. 13-5 et al., Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking (rel. Aug. 7, 2015) (FCC 15-97) at ¶¶9 and

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Chart I of the Petition focuses on the decline in the use of incumbent local exchange carrier (“ILEC”) circuit switched networks due to facilities-based competition and the transition to Voice over Internet Protocol (“VoIP”).¹⁰ It captures all lines that go over ILEC circuit switches, including wholesale lines that Non-ILECs purchase from ILECs and resell. Below is a description of the key data sources and calculations for Chart I.

Total Retail and Wholesale ILEC Switched Lines

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Residential Retail ILEC Switched Lines

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fn. 32; *Petition of USTelecom for Forbearance Under 47 U.S.C. § 160(c) from Enforcement of Certain Legacy Telecommunications Regulations*, et al., WC Docket No. 12-61, et al., Memorandum Opinion and Order and Report and Order and Further Notice of Proposed Rulemaking and Second Further Notice of Proposed Rulemaking (rel. May 17, 2013) (FCC 13-69) at ¶135 and fn. 385 and ¶161 and fn. 443.

¹⁰ The Commission collects and reports data on “Interconnected VoIP,” which can interconnect with the public switched telephone network (“PSTN”). The Commission does not collect or report data for non-interconnected VoIP services that cannot interconnect with the PSTN. For simplicity, herein, “VoIP” refers to “Interconnected VoIP.”

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Chart 2 of the Petition focuses on the shift among residential telephone users to services other than ILEC circuit switched services, including wireless and VoIP services. USTelecom notes that there is an incorrect source citation in Chart 2. The language “FCC, CDC, Census, USTelecom Analysis (2008-2015P)” should read, “FCC, CDC, Census, USTelecom Analysis (2008-2018P).” “P” denotes projections. The chart reflects actual data through 2016 and projections for 2017-2018.

USTelecom presents data in Chart 2 for Wireless-Only households as a share of U.S. telephone households, based on CDC data;¹² and an allocation of the remaining landline households between ILEC Switched Landline and Landline Other than ILEC Switched categories, based on FCC Form 477 Voice Data. CDC has provided the same data set consistently covering the periods from 2003 to present.

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- Wireless-Only: [BEGIN CONFIDENTIAL]

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- Landline households: [BEGIN CONFIDENTIAL]

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¹² The CDC releases semi-annual reports titled, “Wireless Substitution: Early Release of Estimates From the National Health Interview Survey.” The reports are available from 2006 (with data from as early as 2003) to present at <https://www.cdc.gov/nchs/nhis/releases.htm> (last visited June 6, 2018). In each report, the CDC releases the results of a 6-month survey, which includes, among other things, the percentage of households that are wireless-only and the percentage of households that does not have telephone service. CDC reports data for households, adults, and children. USTelecom uses the household data. [BEGIN CONFIDENTIAL]

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- ILEC Switched Landline: [BEGIN CONFIDENTIAL]

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- Landline Other than ILEC Switched: [BEGIN CONFIDENTIAL]

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Chart 3, 4, 5, and 6.

USTelecom has not previously published Charts 3, 4, 5, and 6 of the Petition; but the underlying inputs come directly from the Commission's Form 477 Voice Data.

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