THE COMPETITIVE COMMUNICATIONS ASSOCIATION

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April 6, 2015

VIA ECFS ***EX PARTE NOTICE***

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

> ***Re: Special Access Rates for Price Cap Local Exchange Carriers,*** **WC Docket No. 05-25*;*** ***AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*****, RM-10593;** ***Technology Transitions*****, GN Docket No. 13-5;** ***AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition*****, GN Docket No. 12-353**

Dear Ms. Dortch,

On April 2, 2015, James Butman, Group President, and Steve Pitterle, Manager - Carrier Relations, of TDS Telecommunications Corporation ("TDS") and Angie Kronenberg and the undersigned from COMPTEL had a phone conversation with Deena Shetler, Daniel Kahn, Marv Sacks, and Michele Berlove of the Wireline Competition Bureau and Virginia Metallo of the Office of General Counsel.

TDS is an incumbent LEC in 27 states across the country and has a wholly-owned subsidiary that operates as a competitive LEC in four states. Mr. Butman and Mr. Pitterle have decades of operational and market-based experience in the industry and have been working at TDS's competitive subsidiary from the ground up for over a decade. As an incumbent LEC, TDS embraced the objectives of the '96 Act and began competing outside of its incumbent region, making significant investments in its network. The creation of the competitive subsidiary enhanced both its incumbent and competitive service offerings. TDS provides customized, affordable services primarily to small and mid-sized business customers.

During the call, we emphasized the need for the Commission to adopt proposals set forth in the *Technology Transition NPRM*[1] and adopt competitive policies with regard to large incumbent LEC Ethernet special access services that yield wholesale prices that will enable competitors to effectively compete. In particular, Mr. Butman and Mr. Pitterle discussed TDS's experience in providing voice and data services, and the cost differences in the deployment of last mile fiber networks, throughout its incumbent LEC and competitive LEC segments, as

[1] *See* COMPTEL Comments and Reply Comments, *Technology Transitions*, GN Docket No. 13-5 *et al*, filed Feb. 5 and Mar. 9, 2015 (respectively).

addressed in detail in the Declaration of James Butman that was filed in the above-referenced proceedings on March 26, 2015.[2]

As demonstration of the need for special access reform for Ethernet services, in addition to what is addressed in the declaration, Mr. Butman and Mr. Pitterle provided an example of what would be the retail price of 10 Mbps Ethernet service offered by one of the largest incumbents (by estimating the portion of the price for stand-alone transmission from the retail package offering that includes transmission as well as other offerings) as 30% lower, and subject to a shorter term commitment, than what is offered to TDS for that level of transmission bandwidth on a wholesale basis from that incumbent. A true applies-to-apples comparison (i.e., where retail and wholesale services are subject to the same term commitment) yields an even larger price differential between retail and wholesale services. Additionally, Mr. Butman and Mr. Pitterle explained that the incumbents often condition the availability of wholesale Ethernet on TDS providing conduit builds from the incumbent's network facility terminal into the business customer's building, a task that can add thousands of dollars to the cost of purchasing wholesale Ethernet service. Mr. Pitterle also noted that these incumbent LECs' Ethernet service offerings do not include general circuit portability options. Moreover, Mr. Butman explained that it is typically not economic for TDS to offer its customers the level of bandwidth they desire, which is generally around 10 to 20 Mbps, via bonded T1s purchased or leased from the incumbents. As an example, he explained, the cost of 20 Mbps using bonded T1s is around nine hundred dollars a month, a price that most of the small- and medium-sized business customers that TDS service cannot afford.

Mr. Butman also pointed out that a significant percentage of TDS's customers have multiple locations and that this characteristic makes wholesale last-mile access policies especially critical. Multi-location customers prefer one-stop shopping for all of their office locations. As Mr. Butman explained, if TDS's footprint covers 13 locations of a customer with 21 locations, TDS needs to obtain last-mile access connections at reasonable rates from the incumbent to serve the remaining 8 locations in order to provide overall service to that customer. As COMPTEL has previously explained, a competitor's incentive to build last mile facilities where it is economical to do so is supported by reasonably priced last mile access where it is uneconomical to build. Only the ILEC has a ubiquitous network and competitors will not be able to replicate the *entire* ILEC network, at least for some period of time. For these reasons, TDS urged the FCC to reform Ethernet pricing in the special access proceeding and to adopt protections in the technology transitions proceeding to ensure that competition will be fostered in all geographic markets.

Please do not hesitate to contact us if you have any questions about this submission.

Respectfully submitted,

/s/ Karen Reidy

cc: meeting participants

[2] Ex Parte of Thomas Jones and Matthew Jones, Willkie Farr & Gallagher, on behalf of TDS, to Marlene Dortch, FCC, WC Docket No. 50-25 *et al*, filed on Mar. 26, 2015.