

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

<b>In the Matter of</b>	)	
	)	
<b>Verizon Communications Inc.</b>	)	
	)	<b>WC Docket No. 15-44</b>
<b>and</b>	)	
	)	
<b>Frontier Communications Corporation</b>	)	
	)	
<b>Application for Consent To Partially Assign</b>	)	
<b>And Transfer Control of Domestic and</b>	)	
<b>International Authorizations Pursuant To</b>	)	
<b>Section 214 of the Communications Act of</b>	)	
<b>1934, as Amended</b>	)	

**COMMENTS OF TEXALTEL**

**TEXALTEL**

Charles D. Land, P.E.  
Executive Director  
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April 13, 2015

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<b>Application for Consent To Partially Assign And Transfer Control of Domestic and International Authorizations Pursuant To Section 214 of the Communications Act of 1934, as Amended</b>	)	

**COMMENTS OF TEXALTEL**

TEXALTEL is a trade association that represents competitive telecommunications carriers<sup>1</sup> that operate in Texas but provide service throughout the country. In particular, our members operate in the territory Verizon seeks to transfer to Frontier in Texas. TEXALTEL, through the undersigned, submits these comments on the proposed assignment and transfer of control of Verizon California Inc., Verizon Florida LLC, and Verizon Southwest (the “Transferring Companies”) from Verizon Communications, Inc. to Frontier Communications Corporation and the assignment of certain long distance customer relationships from Verizon Long Distance LLC to Frontier Communications of America, Inc.<sup>2</sup>

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<sup>1</sup> TEXALTEL is a trade association of competitive telecommunications providers that do business in Texas. TEXALTEL was formed in 1982 as an association of long distance providers, but today its members have a wide array of business plans and provide a wide array of telecommunications, internet and other services. TEXALTEL’s designated representative is the undersigned. TEXALTEL’s members include: Bestline Communications, Alpheus Communications, Grande Communications, Global Capacity, Hypercube Telecom, LLC, Logix Communications, LLC, Meriplex Communications, Network Communications, Inc., and Telepacific Communications.

<sup>2</sup> *In the Matter of Verizon Communications Inc. and Frontier Communications Corporation, Consolidated Application For the Partial Assignment and Transfer of Control of*

TEXALTEL members provide a varying array of services to their customers including basic local telephone service, high speed data services, and Voice over Internet Protocol services (VoIP). TEXALTEL members have a vested interest in ensuring that the largest incumbent carriers cannot engage in anticompetitive conduct that would impair competitors' ability to compete and/or artificially inflate the cost of network facilities purchased by competitors to finish the services they offer to customers. Similarly, as participants in the telecommunications marketplace, TEXALTEL advocates public policy that keeps the marketplace open to competitive carriers allowing consumers to have choices in services and providers for their communications needs. As such, our members have a substantial interest in this proceeding as our members compete in the Verizon areas in Texas.

TEXALTEL comes before the Federal Communications Commission (the Commission or FCC) today to submit comments on the Commission's Notice seeking Comment on Proposals Submitted by Verizon and Frontier. We appreciate the Commission providing the opportunity to provide comment in this proceeding.

## **INTRODUCTION AND SUMMARY**

TEXALTEL files these comments in response to the *Notice* regarding the Verizon/Frontier proposals for conditions on their merger. The change in ownership creates confusion regarding how wholesale services and facilities will be provided and managed. As such, TEXALTEL seeks certainty and certain updating of the terms for such access to offset the potential harm to competition and competitors that may result.

In these comments TEXALTEL discusses specific conditions that should be included before approval of the Verizon/Frontier transaction can be considered.

### **A. Interconnection Agreements**

Wholesale customers and competitors should not be adversely affected simply because of the change in ownership from Verizon to Frontier. TEXALTEL seeks conditions that create

certainty and industry standard prices, terms and conditions that will avoid/offset harms that the transaction will cause.

Frontier has stated in its Application that the Transferring Companies will remain bound by their existing interconnection agreements, tariffs and contracts, and that “existing facilities and arrangements will remain undisturbed.”<sup>3</sup>

This statement alone does not adequately address the concerns of our members. These conditions are presented in the context of Texas. If others believe they should be expanded to other states, TEXALTEL will leave that discussion to them. As such, TEXALTEL seeks conditions relating to the interconnection agreements as follows:

- (1) Frontier, in Texas, to offer four year extensions to all interconnection agreements without regard to whether that agreement is in its initial term, renewal term, or in evergreen status.
- (2) Frontier, in Texas, to offer updated collocation terms, conditions and rates consistent with the terms, conditions and rates that the Texas Public Utility Commission has already imposed on AT&T Texas. These terms include pricing for collocation power based on usage, not the maximum fused capacity.
- (3) Frontier to offer a 25% reduction on its unbundled network element (UNE), collocation, and Rights of Way pricing (recurring and nonrecurring) in Texas. The rates in the existing interconnection agreements have never been subject to a final pricing proceeding in Texas. Based on a comparison between the AT&T Texas rates and the Verizon Texas rates, it has been shown for a number of years that the UNE, collocation, and Rights of Way rate sheets are inflated. The 25% reduction would partially correct this problem thereby mitigating the difficulties caused by the transaction. Also, related to the UNE rates, TEXALTEL seeks the elimination of the non-cost-based charges for “clear channel”. These charges have been heavily discredited as not being based on costs and have not been charged by AT&T Texas.

The transaction creates a vast amount of uncertainty and costs for competing carriers as they adjust to new realities created by Frontier taking over these exchange areas. Some interconnection agreements are operating in “evergreen”, meaning that such agreements have passed their expiration dates but are to continue in effect until canceled by either party. Today, there is at least some comfort that Verizon is comfortable with these agreements and there is not any expectation that Verizon would notice them for termination any time soon. Frontier’s attitude is unknown, and Frontier has made no commitments as to what it will do with these

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<sup>3</sup> Exhibit 1 to the Application at 3, 20.

agreements the day after the acquisition closes. Similar concerns exist for agreements that will soon expire. The 4 year extension suggested herein will resolve this uncertainty and give all competitors operating in areas to be transferred much greater certainty as to interconnection terms and prices. The conditions addressed above help offset these concerns in the area of interconnection agreements. Frontier should have no objection to the Commission imposing such a condition on this transaction as well. The Commission should similarly prohibit Frontier from claiming or filing for a rural exemption from its interconnection and other wholesale obligations under Section 251 of the Act<sup>4</sup> in any of the geographic areas currently served by Verizon in Texas.

## **B. Special Access and Ethernet Offerings**

In the context of special access and Ethernet, Frontier should be required to provide flexible pricing agreements (TDM-based) and Ethernet agreements that are at least as competitive as those offered by AT&T Texas. As a merger condition, TEXALTEL specifically seeks to require Frontier to, at a minimum, match the wholesale Ethernet offerings of AT&T Texas. Such a condition will assure that Frontier neither backslides nor fails to modernize its offerings in a commercially standard manner. As part of the process, Frontier should further provide the same kind of transitional approach from TDM to Ethernet services through a technology upgrade program. This will prevent customers from being stranded.

By implementing this condition, the FCC will help lessen the harm that would be caused by Frontier attempting to “fund” the transaction by utilizing market power to limit competition to the harm of both consumers and competitors. For the above reasons, TEXALTEL offers the following condition:

In the areas to be transferred from Verizon in Texas, Frontier will, at a minimum, match any flexible pricing agreements for TDM services and/or Ethernet services that are offered by AT&T Texas in AT&T Texas’ incumbent areas including, but not limited to, terms, conditions, transitional policies and rates.

Additionally, TEXALTEL recognizes the anticompetitive harm that can be caused by restrictive provisions that are in existing volume and term agreements that both retail and

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<sup>4</sup> See Section 251(f) of the Act and *Frontier/Verizon Decision* at ¶ 40 and Appendix C, Conditions 18 and 27.

wholesale customers have with Verizon. As such, TEXALTEL also supports the conditions supported by COMPTEL.

### **C. Operation Support Systems (“OSS”)**

TEXALTEL agrees with COMPTEL that Frontier’s Application is very short on detail about how it plans to transition the operations of the Transferring Companies and Verizon’s wholesale customers to its existing operations support systems (“OSS”) and billing systems at closing. It is the TEXALTEL members and their current and prospective customers that will be harmed by any delays, complications and/or limitations during the OSS transition and beyond.

Frontier must maintain all existing wholesale functionality, performance and e-bonding at a level at least equivalent to what Verizon was providing and commit to improvements and expansions as would customarily be made by Verizon. At this point in time, Frontier has not provided sufficient information or details to address this critical need.

### **CONCLUSION**

TEXALTEL strongly supports the need a full Commission review of the proposed transaction in the implementation of the conditions sought herein. A transaction such as the one proposed herein does not happen in a vacuum. There are large populations affected in Texas. Moreover, competitors, including TEXALTEL members, have made large investments to provide services in the current Verizon territories in Texas. This change will cause competitors costs as they manage from the known to the unknown. The conditions proposed herein are intended to offset the anticompetitive effects of the merger.

Thank you for your consideration of these comments.

Respectfully Submitted,

**TEXALTEL**

By:     /s/ Charles D. Land, P.E.    

Charles D. Land, P.E.  
Executive Director

STATE OF TEXAS )  
 )  
COUNTY OF BEXAR )

**AFFIDAVIT OF CHARLES LAND**  
**ON BEHALF OF TEXALTEL**

Before me, the undersigned authority, on this 13th day of April, 2015, personally appeared Charles D. Land, P.E., who, upon being duly sworn, states the following:

1. My name is Charles Land. I am over the age of 21, of sound mind, and am competent to testify as to the matters stated herein. I am the Executive Director for TEXALTEL. I have personal knowledge of the facts contained herein.
2. The facts contained in these comments and related attachments are accurate. Moreover, I have personal knowledge as to this information through the due course of my duties in my capacity as TEXALTEL's Executive Director.

Further Affiant sayeth not.

\_\_\_\_\_  
/s/  
Charles D. Land

Sworn to and subscribed to before me this 13th day of April 2015, to certify which witness my hand and seal.

\_\_\_\_\_  
/s/  
Notary Public in and for the State of Texas  
My Commission expires:\_\_\_\_\_