

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Verizon Communications Inc. and Frontier	)	WC Docket No. 15-44
Communications Corporation Application for	)	
Consent to Partially Assign and Transfer	)	
Control of Authority to Provide Global	)	
Facilities-Based and Global Resale	)	
International Telecommunications Services	)	
and Transfer Control of Domestic Common	)	
Carrier Transmission Lines, Pursuant to	)	
Section 214 of the Communications Act of	)	
1934, As Amended	)	

**REPLY COMMENTS OF COMPETITIVE CARRIERS ASSOCIATION**

Competitive Carriers Association (“CCA”) submits these reply comments in response to the *Public Notice* (“Public Notice”)<sup>1</sup> in the above-captioned proceeding, in which the Federal Communications Commission (“FCC” or the “Commission”) seeks comment on Frontier Communications Corporation (“Frontier”) and Verizon Communications Inc.’s (“Verizon’s”) (collectively, the “Applicants”) applications seeking approval for various assignments and the transfer of control of licenses and authorizations to Frontier held by Verizon’s wholly-owned subsidiaries in California, Florida, and Texas (the “Transaction”). CCA limits its reply comments to concerns related to access to interconnection, wholesale agreements and special access services in the wake of the Transaction. Specifically, CCA agrees with previous commenters that the Commission should condition approval of the Transaction on Frontier’s

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<sup>1</sup> *Applications Filed By Frontier Communications Corporation and Verizon Communications Inc. for the Partial Assignment or Transfer of Control of Certain Assets in California, Florida, and Texas*, WC Docket No. 15-44, Public Notice, DA 15-320 (rel. Mar. 12, 2015) (“*Public Notice*”).

commitment to provide critical inputs in the subject markets that are necessary for competition to flourish, such as agreements for interconnection and special access.

## I. INTRODUCTION

CCA represents the interests of more than 100 competitive wireless carriers, several of which are competitors and/or customers of Verizon's subsidiaries in California, Florida, and Texas,<sup>2</sup> and as a result, CCA has a cognizable interest in the outcome of this proceeding. Both Verizon and Frontier currently provide interconnection and wholesale access in California and Florida, while Frontier will be entering the Texas market as a result of the Transaction. Several of CCA's members rely on interconnection with Verizon to serve their customers, making access to those networks critical to transporting traffic. Similarly, special access is crucial to wireless networks, but unfortunately is usually made available only at supra-competitive rates because of a dearth of competition among wireline backhaul providers.

The Commission has a long record of recognizing the important roles that interconnection and wholesale access play in a competitive marketplace. For instance, the FCC imposed conditions on the IP transition trial proposals to maintain wholesale access and the status quo in interconnection.<sup>3</sup> The same policy considerations hold true with respect to proposed assignments and transfers of control. To find that a proposed transaction is in the

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<sup>2</sup> Verizon California, Inc., Verizon Florida LLC, and Verizon Southwest, respectively.

<sup>3</sup> See *In the Matter of Technology Transitions; AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition; Connect America Fund; Structure and Practices of the Video Relay Service Program; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Numbering Policies for Modern Communications*, GN Docket Nos. 13-5, 12-353; WC Docket Nos. 10-90, 13-97; CG Docket Nos. 10-51, 03-123; Order, Report and Order and Further Notice of Proposed Rulemaking, Report and Order, Order and Further Notice of Proposed Rulemaking, Proposal for Ongoing Data Initiative, 29 FCC Rcd 1433 ¶¶ 59-62 (2014).

public interest, the Commission “must ‘be convinced that it will enhance competition.’”<sup>4</sup> As the Commission has acknowledged, “[f]or competition to thrive, the principle of interconnection . . . needs to be maintained”<sup>5</sup> and “special access services . . . serve as critical inputs to competition.”<sup>6</sup> CCA urges the Commission to protect the public interest, particularly with respect to competitive carriers’ continued access to interconnection and wholesale inputs post-Transaction. Therefore, the Commission should impose conditions as previously proposed in this proceeding to protect competitive carriers’ access to these critical inputs, assuming the Transaction is approved.<sup>7</sup>

## II. DISCUSSION

To protect competition and end users in the applicable markets, the Commission should condition its approval of the Transaction on commitments from Frontier to maintain existing agreements or arrangements for interconnection. Further, the Commission should allow non-discriminatory access to any terms, conditions or pricing made available to Verizon following the Transaction for wireless backhaul or other wholesale services.

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<sup>4</sup> *In the Matter of Applications for Consent to the Transfer of Control of Licenses and Authorizations by Time Warner Inc. and America Online, Inc., Transferors, to AOL Time Warner Inc., Transferee*, CS Docket No. 00-30, Memorandum Opinion and Order, 16 FCC Rcd 6547 ¶ 21 (2001).

<sup>5</sup> FCC, Omnibus Broadband Initiative, *Connecting America: The National Broadband Plan*, at 49 (2010).

<sup>6</sup> *In the Matter of Ensuring Customer Premises Equipment Backup Power for Continuity of Communications; Technology Transitions; Policies and Rule Governing Retirement of Copper Loops by Incumbent Local Exchange Carriers; Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, PS Docket No. 14-174; GN Docket No. 13-5; RM-11358; WC Docket No. 05-25; RM-10593, Notice of Proposed Rulemaking and Declaratory Ruling, 29 FCC Rcd 14968 ¶ 29 (2014).

<sup>7</sup> See Comments of COMPTTEL, WC Docket No. 15-44 at 11 (filed Apr. 13, 2015) (“COMPTTEL Comments”).

The Applicants' representations regarding the status of future services to be provided following the Transaction evidences the need for these conditions. For instance, Frontier states that "wholesale customers will continue to receive substantially the same services on the same terms and conditions under their existing contracts, price lists and tariffs" and "wholesale customer arrangements will remain substantially the same . . ." <sup>8</sup> This vague promise of "substantially the same" services is not enough to protect the public interest. "Substantially the same" does not protect customers from changes to the terms or conditions of their agreements and services. Instead, "substantially the same" suggests that Frontier will indeed make changes. As CCA's members have witnessed in the past, these types of changes involve increased prices and other anti-competitive actions, *unless* the Commission imposes targeted conditions on this Transaction to ensure that wholesale customers, and indirectly, end users are not harmed by a grant of this Transaction.

To that end, CCA supports several conditions to "safeguard the availability of prices, terms and conditions" in existing interconnection agreements and wholesale arrangements concerning special access. <sup>9</sup> These conditions are necessary to maintain a competitive balance in the markets affected by this Transaction. And in fact, these conditions are consistent with those previously agreed to by Frontier in 2010 as part of another acquisition of facilities by it from Verizon, and are designed to help ensure that the critical inputs provided by both Verizon and Frontier will continue to be offered on a fair and non-discriminatory basis. <sup>10</sup>

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<sup>8</sup> Exhibit 1 to the Application at 3, 20.

<sup>9</sup> COMPTTEL Comments at 6.

<sup>10</sup> *See id.* at 7-12 (discussing COMPTTEL's proposed conditions 1-6 and 8).

For example, the retail wireless services offered by CCA's members rely heavily on cellular backhaul, special access, and other high-capacity telecommunications services provided by competitive LECs. The ability of competitive LECs to access wholesale inputs from ILECs not only fosters competition between wireline competitive carriers and ILECs, but also enables wireless service providers, such as CCA's members, to compete with the wireless offerings of an ILEC's affiliate. The Commission must condition any approval of this Transaction to protect these inputs, using the below guidance.

Interconnection. Sections 251 and 252 of the Act were founded on concerns over the ability of ILECs to exercise market power and undermine voice competition as a result of their ubiquitous networks. As CCA has consistently demonstrated, the language of Sections 251 and 252 plainly applies to the interconnection of voice networks and the exchange of voice traffic between telecommunications carriers, irrespective of the technology they use.<sup>11</sup> In addition, the Commission has also suggested that the interconnection duties set forth in Section 251(c) are technology-neutral.<sup>12</sup> For instance, under Section 251(c), ILECs have a duty to “negotiate in good faith” for interconnection, and this duty “does not depend upon the network technology underlying the interconnection,<sup>13</sup> whether TDM, IP, or otherwise.”<sup>14</sup>

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<sup>11</sup> See, e.g., Comments of Competitive Carriers Association, PS Docket No. 14-174, GN Docket No. 13-5, RM-11358, WC Docket No. 05-25, RM-10593 (filed Feb. 5, 2015); Comments of Competitive Carriers Association, GN Docket Nos. 13-5, 12-353, WC Docket No. 13-97 (filed Mar. 31, 2014) (“CCA Technology Transitions Comments”); Letter from Ross Lieberman, ACA, Karen Reidy, COMPTTEL, Rebecca Murphy Thompson, CCA, and Catherine R. Sloan, CCIA, to Marlene H. Dortch, FCC, GN Docket No. 12-353 (filed Mar. 21, 2013); Reply Comments of Competitive Carriers Association, GN Docket Nos. 13-5, 12-353, 4-5 (filed Aug. 7, 2013).

<sup>12</sup> *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 ¶ 1342 (2011) (finding that the requirements of Section 251 “do not vary based on whether one or both of the interconnecting providers is using TDM, IP, or another technology in their underlying networks”) (“*CAF FNPRM*”).

<sup>13</sup> 47 U.S.C. § 251(c)(1).

Regardless of whether an existing interconnection agreement with Verizon is entered into pursuant to Sections 251 and 252 of the Act, there must be continuity in the terms, conditions and pricing of these agreements as part of approval of the Transaction. As TEXALTEL notes, competitive providers have various forms of agreements with Verizon in these markets, some of which are “evergreen.”<sup>15</sup> Smaller carriers face a significant amount of uncertainty as a result of Frontier’s failure to explicitly guarantee that these agreements or those that are due to expire in the near term will continue,<sup>16</sup> causing an adverse effect on competitive carriers’ abilities to plan for and invest in their networks. As a condition precedent to approval of the Transaction, the Commission should, at a minimum, require Frontier to honor all of Verizon’s current interconnection agreements, wholesale tariffs and other existing wholesale arrangements that are in effect at closing, and allow carriers to extend “expired” but otherwise current interconnection agreements for a period of up to three years.<sup>17</sup> The Commission has in the past required succeeding companies to adhere to network agreements for a period of time following consummation of a transaction,<sup>18</sup> and this condition should apply regardless of the technology involved (*i.e.*, TDM versus IP).<sup>19</sup>

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(...continued)

<sup>14</sup> *CAF FNPRM* at ¶ 1011.

<sup>15</sup> Comments of TEXALTEL, WC Docket No. 15-44 at 5 (filed Apr. 13, 2015) (“TEXALTEL Comments”).

<sup>16</sup> *Id.* at 5-6.

<sup>17</sup> COMPTTEL Comments at 6-8; 12. Moreover, the Commission should condition its approval of the Transaction on Frontier’s agreeing to not seek rural exemptions from its interconnection and other wholesale obligations for any of the subject markets. *See* COMPTTEL Comments at 8; TEXALTEL Comments at 6.

<sup>18</sup> *See, e.g., Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements and Petition for Declaratory Ruling that the Transaction is Consistent with Section 310(b)(4) of the Communications Act*, WT Docket No.

(continued...)

Beyond these baseline conditions, the Commission should consider additional protections for competitive carriers for obtaining interconnection. Specifically, the Commission should require Frontier and its affiliates to offer other providers the same or substantially similar interconnection terms and conditions as those it offers Verizon and its affiliates in the relevant markets.<sup>20</sup> As COMPTTEL notes, the Applicants do not provide any details on terms and conditions associated with the Transaction, and to the extent Verizon will either inherit or has negotiated as part of the Transaction a sweetheart deal for its wireless affiliate, this would unfairly disadvantage smaller competitors.<sup>21</sup> The Commission can promote sound, technology-neutral interconnection policies by making any such terms or conditions available to competitive providers.

Special Access. The Commission should address the special access concerns raised in this proceeding as well. CCA appreciates the Commission's broader efforts on this issue,<sup>22</sup> and encourages it to continue its work to review the market data it has collected with an eye toward enacting meaningful special access reform. Due to lack of competition among wireline providers, only a few parties hold a dominant role in the industry that effectively allow them to control the backhaul networks that provide the pathway from wireless towers to wired networks

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08-95, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd 17444 ¶ 178 (2008).

<sup>19</sup> COMPTTEL Comments at 8, n.22.

<sup>20</sup> *Id.* at 11.

<sup>21</sup> *Id.* at 10-11

<sup>22</sup> See e.g., *Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, WC Docket No. 05- 25, RM-10593, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 16318 (2012).

in the covered areas. As previously noted, this concern is compounded by the fact that Verizon Wireless will continue to provide mobile service in the markets following the close of the Transaction. Accordingly, the Commission should require Frontier and its affiliates to offer special access and backhaul services to other providers (such as competitive carriers) at the same rates and under the same or similar terms and conditions offered to any Verizon affiliate in the areas pertaining to the Transaction.

Such conditions are not unusual for transactions like these, where the deal would create a dominant player in a particular input market, as it would here in the context of interconnection and special access. For instance, in its Order on the AT&T/SBC merger, the Commission included a condition requiring that “[f]or a period of thirty months after the Merger Closing Date, SBC/AT&T will not provide special access offerings to its wireline affiliates that are not available to other similarly situated special access customers on the same terms and conditions.”<sup>23</sup> Following this precedent, the Commission should similarly take appropriate actions to prevent unjust and discriminatory interconnection and wholesale inputs rates, terms and conditions resulting from the proposed Transaction, with the above-mentioned guidance.

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<sup>23</sup> *SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, WC Docket No. 05-65, FCC 05-183, Appendix F: Conditions, 123 (2005).

### III. CONCLUSION

For the foregoing reasons, in the event the Commission decides to approve the Transaction, CCA respectfully requests that the Commission adopt the conditions proposed herein to promote competition for critical inputs, particularly interconnection and special access.

Respectfully submitted,

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