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June 29, 2015

***Via* ECFS**

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

Re: *Technology Transitions*, GN Docket No. 13-5; GN Docket No. 12-353

Dear Ms. Dortch:

On June 25, 2015, Paula Foley of Granite Telecommunications, LLC ("Granite"), Joseph Farano of Manhattan Telecommunications Corporation d/b/a Metropolitan Telecommunications ("MetTel"), and the undersigned met in person with Daniel Alvarez, Advisor to Chairman Wheeler, and Daniel Kahn of the Wireline Competition Bureau. On the telephone were Deena Shetler of the Wireline Competition Bureau and Mordy Gross of Xchange Telecom LLC. The meeting was also on behalf of TelePacific Communications, Impact Telecom, New Horizon Communications Corp., and Access Point Inc. The industry parties will be referred to herein as the Wholesale Voice Line Coalition.

The Wholesale Voice Line Coalition members explained that all of their companies rely, in whole or in part, on the use of a voice-grade product purchased from ILECs to serve multi-location businesses that have relatively modest needs for voice communications at each location (most frequently 1-10 lines). The locations are widely dispersed, and often in suburban, exurban and rural areas where no competitive carrier has facilities and it is not economical for a CLEC to construct facilities duplicating the ILEC's, given the very limited demand at each location. Moreover, the local cable company usually cannot construct facilities to reach these businesses on an economical basis. Granite pointed out that cable companies have facilities to only approximately 15% of its customer locations. For other locations, it is necessary to pay special construction costs to use cable facilities. Members of the Wholesale Voice Line Coalition have received bids involving construction costs ranging to the hundreds of thousands of dollars in special construction costs. Only infrequently are such construction costs low enough to make use of cable facilities economically viable.

We pointed out that absent a requirement that ILECs continue to provide facilities to CLECs on comparable terms to those they currently provide, the customers will not have any competitive choice. For example, Granite has an average of 3.5 lines per location, more than 3/4 of its locations have 4 or fewer lines. Similarly, MetTel has an average of approximately 3.57 lines per location. The cost of constructing competitive facilities (or extending cable facilities) to serve such small customers could not be recovered in any commercially realistic time frame. We were asked whether ILECs currently compete with members of the Wholesale Voice Line Coalition to serve such customers and responded that they do. Thus, it is inevitable that in a post-transition world in which ILECs had no obligation to provide service at wholesale, the ILECs would offer to serve such customers and would face no competition. Thus, these small business customers would be at the mercy of an unregulated monopolist, which would not be in the interest of the small business customers or in the public interest. The Wholesale Voice Line Coalition strongly disagrees with the recent suggestion of US Telecom that the Commission's only goal should be "to ensure that end user customers have an adequate replacement service option."[1] As the Commission recognized throughout its NPRM in this docket, continuing to provide end users with the benefits of competition is also a critical goal of this Commission.

Nor does US Telecom's assertion that 45 percent of business lines are served by non-ILECs militate in favor of allowing ILECs to discontinue wholesale service. In that regard, the Commission must consider the fact that, as US Telecom admits, this percentage includes customers served over wholesale facilities.[2] Thus, as far as the data cited by US Telecom goes, all 45 percent may be served over wholesale facilities. If the right to wholesale facilities is taken away, US Telecom's data shows nothing at all about how many business customers would be served by non-ILECs. As far as the members of the Wholesale Voice Coalition are concerned, the overwhelming majority of their customers are served over ILEC facilities and CLECs could not economically build facilities to those customers. Thus, if US Telecom had its way, those customers would have no competitive choice.

Likewise, US Telecom's suggestion that a transition measure be limited to one or two years "to allow competitors who rely on wholesale inputs ample time to make alternative arrangements"[3] fails to consider what alternative arrangements can be made. If US Telecom is suggesting that members of the Wholesale Voice Line Coalition have as an economically feasible alternative constructing their own facilities to customers in stand-alone buildings who need 3 or 4 (or even 10 or 15) voice lines, it has offered no support for such an absurd proposition.

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[1] *Ex Parte* Letter of Diane Griffin Holland, U.S. Telecom, to Ms. Marlene Dortch, June 24, 2015, GN Docket No. 13-5, WC Docket No. 05-25, at 1.

[2] *Id*. at Attachment, p. 1.

[3] *Id.* at p. 2.

We also discussed the availability of resale post-transition. The Commission has never resolved the question of whether VoIP service is a telecommunications service that is subject to the resale requirement of Sections 251 and 252. If it is found not to be subject to Sections 251 and 252, then obviously resale would not provide a competitive alternative. But even if VoIP service is subject to the resale requirements of Sections 251 and 252, we pointed out that the resale discounts under those sections generally range from 10-15% and do not permit competition by a CLEC that relies exclusively on resold service. Certain members of the Wholesale Voice Line Coalition use resale for a very small fraction of their lines, to provide service to customers that want a single carrier for all their locations, although a commercial voice agreement is not available in some of their locations. A resale arrangement would not be economically viable for a CLEC that relied solely on resale.

We urged that the Commission move forward with an order that would establish that post-transition, ILECs are required to continue to offer wholesale inputs, including those found in commercial agreements, on rates, terms and conditions equivalent to those they offer today.

Respectfully submitted,

/s/ Eric J. Branfman

Eric J. Branfman
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cc: (Via E-Mail)
Daniel Alvarez
Daniel Kahn
Deena Shetler
Members of the Wholesale Voice Line Coalition