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July 2, 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 30, 2015, Paula Foley of Granite Telecommunications, LLC (“Granite”), and the undersigned met in person with Travis Litman, Legal Advisor to Commissioner Rosenworcel. On the telephone was Joseph Farano of Manhattan Telecommunications Corporation d/b/a Metropolitan Telecommunications (“MetTel”). The meeting was also on behalf of TelePacific Communications, Impact Telecom, New Horizon Communications Corp., Xchange Telecom LLC, 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. MetTel pointed out that it has received bids for construction to customers 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.

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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 noted that in a post-transition world in which ILECs had no obligation to provide service at wholesale, the ILECs would face no competition for such customers. As the Commission recognized throughout its NPRM in this docket, continuing to provide end users with the benefits of competition is a critical goal of this Commission.

We also discussed 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."¹ We pointed out that this fails to consider what alternative arrangements can be made during the one or two years. 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.

We also discussed the possibility of deferring a ruling until the Commission completes the Special Access Docket, WC Docket No. 05-25. We pointed out that the docket has been open for 10 years and does not appear to be close to completion. We noted that AT&T has indicated that it would be filing 214 applications this year; we suggested that it would be far preferable to establish policy for such applications in this rulemaking docket, rather than to address AT&T's and other ILECs' 214 applications one at a time. We also pointed out that the information collected in the special access docket will not enable the Commission to determine whether competition for the types of customers served by the members of the Wholesale Voice Line Coalition would continue to exist absent an obligation for ILECs to provide an equivalent service post-transition. For example, even if a facilities-based CLEC has fiber facilities to a building, it is not clear whether that CLEC could economically use those facilities to serve customers in the building that need only a few voice lines.

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.

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 2.

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Respectfully submitted,

/s/ Eric J. Branfman

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cc: (Via E-Mail)
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Members of the Wholesale Voice Line Coalition