



July 15, 2015

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EX PARTE

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

Re: Technology Transitions, GN Docket No. 13-5; Policies and Rules Governing Retirement of Copper Loops by Incumbent Local Exchange Carriers, RM-11358

Dear Ms. Dortch:

Tom Maguire, Curtis L. Groves, Kelton Shockey, and I of Verizon met July 13 with Randy Clarke, Daniel Kahn, Jean Ann Collins, Mike Ray, Michele Berlove (by phone), and Heather Hendrickson (by phone) of the Wireline Competition Bureau to discuss so-called “*de facto* copper retirement.” We urged the Commission not to define copper retirement as including vague “*de facto* retirements.” We also explained that—contrary to the impression that the Communications Workers of America (CWA) and Public Knowledge seek to create—the overall state of Verizon’s copper network remains healthy, and we continue to take reasonable steps to maintain it.

Consumers have choices for voice service. Verizon’s goal is to provide high quality service to our customers over the best available network—including over our copper facilities—so they stay with Verizon. Residential customers have more choices in the marketplace than ever, and customers are switching away from the legacy services that ride the legacy wireline network. During the second half of 2014, more than 45% of American homes relied solely on wireless telephones for voice service, a 4.4% year-over-year increase.¹ And at the end of 2013, traditional switched access lines made up less than 20% of the total retail telephone connections, given consumers’ embrace of wireless and interconnected VoIP.² Indeed, ILEC wireline retail local telephone service connections represented just 17% of that total.³ Customers are flocking to other less regulated services, including cable, while wireline ILECs serve only a small

¹ Center for Disease Control, “Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, July–December 2014,” (June 23, 2015) <http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201506.pdf>.

² Industry Analysis and Technology Division, Wireline Competition Bureau, FCC, “Local Telephone Competition: Status as of December 31, 2013,” at Figure 1 (Oct. 2014) https://apps.fcc.gov/edocs_public/attachmatch/DOC-329975A1.pdf.

³ *Id.* at Figures 1 and 4.

minority of the lines in service. Only about 20 percent of households that can obtain service from Verizon's copper network currently do.

Where available, fiber is the best choice for our wireline customers. Verizon is responding to these and other marketplace forces, and in areas where we have deployed fiber, that is the best way to meet our consumers' current and future communications needs. It is reliable—fiber lines are more durable than copper, require fewer repairs, and have a longer lifespan—and fiber offers improved performance, and is more energy efficient. Our customers have embraced fiber as we have made it available over the last decade. Verizon today passes 19.8 million premises with its all-fiber network. Where fiber-based services are available to our customers about nine times as many of our customers now are served over fiber facilities as those still on copper.

Most of our customers on fiber transitioned voluntarily, in order to gain access to the more robust services fiber enables. But to better serve our customers and to realize the benefits of having deployed a more modern and efficient network, in some areas we have begun the process of migrating customers from copper to fiber. In a handful of communities we have successfully completed the migration to all-fiber facilities, as we did in six wire centers last year. In other cases, where customers have had repeated troubles with their copper connections, we have moved their service to the more robust and reliable fiber network. In these cases we work with our customers to provide them the information they need and to address their concerns. Verizon estimates that it has made approximately 1.4 million fewer repair or trouble-shooting dispatches than would have been required had it not been for our programs in recent years to encourage customers experiencing repeated service issues with aging copper facilities to migrate to fiber, sparing our customers the time and hassle of scheduling repair appointments and being home or missing work to meet a repair technician. A conservative estimate of the consumer welfare gains from those avoided repairs would approach \$140 million.⁴ Fiber is the best answer for customers where it is available.

These migrations to fiber do not mean customers lose access to the traditional voice services or lose the prices or capabilities they enjoy. For Plain Old Telephone Service (POTS) customers, we continue to provide POTS on the same terms and conditions over fiber unless the customer voluntarily chooses to upgrade to a different service. We do not force customers to switch to FiOS Digital Voice. When we notify our customers about the transition to fiber, we make clear they can keep their existing POTS voice service with no price increase and will not be charged for the network transition. And we let them know they can keep their existing telephone equipment, their access to 911 service will not change, and they will have battery backup power in case commercial power fails.

⁴ This values customers' time based on the national average hourly wage of \$24.95. See Bureau of Labor Statistics, Table B-3a: *Average hourly and weekly earnings of all employees on private nonfarm payrolls by industry sector, seasonally adjusted*, <http://www.bls.gov/web/empsit/cese3a.htm> (last visited July 15, 2015).

“De facto” copper retirement is a myth. CWA and Public Knowledge have tried to paint a picture that our customers on copper are subject to widespread *de facto* retirements or are being forced to wireless service. Those are both wrong.

Contrary to CWA’s suggestions, Verizon continues to take reasonable steps to ensure that our copper network is healthy—particularly in areas where fiber is not available—and that our customers served by copper facilities receive high quality service. Since 2008, Verizon has spent more than \$200 million on its copper network. Just last month, the New York Public Service Commission found that despite Verizon’s diminished revenues and subscribership for traditional voice services, Verizon “continue[s] to reinvest heavily in New York State infrastructure.”⁵ Indeed, contrary to the bleak picture CWA and Public Knowledge paint, across our footprint, our trouble rate, measured in troubles per 100 access lines—the metric that is likely the best indicator of network reliability—has improved by more than 18 percent, to just over two troubles per 100 lines. This is well below the benchmark generally set by states that engage in service quality regulation.

Instead of focusing on Verizon’s solid and improving network reliability, CWA would have the Commission rely on 59 anecdotal complaints CWA recently cherry-picked out of 3 million annual posts on Verizon’s Home Phone Forum. While complaints are inevitable in any business—especially a business with millions of customers—the complaints CWA chose often had nothing to do with network quality, and the Commission could not rely upon them to demonstrate anything. As it has consistently recognized in other contexts, the Commission should find that cherry-picked anecdotes cannot outweigh objective performance data.⁶

First, CWA claimed these anecdotes show troubles on copper lines when it rains. But we explained this is not a new phenomenon and does not demonstrate neglect. Copper by nature has always been susceptible to service outages when it gets wet. We explained the air-pressure systems we use to keep copper dry and to help identify potential troubles. And we said not only can animals, tree roots, and other environmental factors cause holes in copper sheaths that lead to wet copper, sometimes even new copper cables have pinholes that allow water to leak in. Second, CWA claimed the posts it selected show customers cannot reach live representatives. Even if this were true, that relates to staffing levels and customer service, not the health or maintenance of our networks. Finally, unlike CWA’s claims, Verizon does not regularly schedule out-of-service repair appointments for seven to 10 days out.⁷ Long intervals like those would occur only if a customer requests them or under extreme circumstances. Instead, our average repair interval for voice out-of-service on copper currently is about 1.5 days.

⁵ Office of Telecommunications, New York Department of Public Service, *Study on the State of Telecommunications in New York State: Staff Assessment of Telecommunications Services*, Case 14-C-0370, at 79 (June 23, 2015).

⁶ See, e.g., *Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act To Provide In-Region, InterLATA Service in the State of New York*, Memorandum Opinion and Order, 15 FCC Rcd 3953, ¶ 50 (1999).

⁷ Letter from Debbie Goldman, Communications Workers of America to Marlene Dortch, FCC, *Technology Transitions*, GN Docket No. 13-5, *et al.*, at 4 (June 24, 2015).

Marlene H. Dortch

July 15, 2015

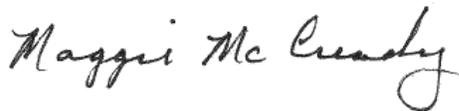
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CWA also inaccurately describes Verizon's practices in other ways. For example, while sometimes a dispatch requires repairing an entire copper cable, in other cases the best way to resolve a trouble may be fixing an individual customer's service without repairing the entire cable. We look for the best repair option available depending on the circumstances.

CWA also mischaracterizes Verizon Voice Link service, which we offer as an optional replacement service to a limited set of voice-only customers with a history of copper repair issues in areas where we do not have fiber.⁸ Contrary to CWA's suggestion, Verizon is not moving customers en masse to Voice Link. In fact, we currently have fewer than 15,000 customers using Voice Link. Verizon provides Voice Link as one option for customers whose needs it may quickly and reliably meet. But these customers can choose to stay on copper if they prefer, and we maintain the copper.

Under these circumstances, there is no case for new regulation of supposed "*de facto*" copper retirement, and the Commission should decline to impose new burdens or costs related to the legacy copper network. Among other practical problems, the vague *de facto* retirement concept could result in unmanageable loop-by-loop retirement requirements or complicate a provider's ability to move customers to fiber when that is the best and most efficient way to resolve troubles they are experiencing with copper facilities. Especially when many state commissions—which typically are charged with regulating utilities and making sure they provide adequate service—are recognizing the extensive competition for communications services and streamlining service-quality regulation, the Commission should not start regulating *de facto* copper retirement.⁹

Sincerely,



cc: Randy Clarke
Daniel Kahn

Jean Ann Collins
Mike Ray

Michele Berlove
Heather Hendrickson

⁸ In the New Jersey barrier islands communities of Mantaloking, Brick, and Bay Head, where Hurricane Sandy in 2012 destroyed much of Verizon's copper network, given the impracticality of repairing those copper facilities, Verizon is using Voice Link to serve customers that had been served by destroyed copper.

⁹ See, e.g., *Joint Petition of Verizon Pennsylvania LLC And Verizon North LLC for Competitive Classification of all Retail Services in Certain Geographic Areas and for a Waiver of Regulations for Competitive Services*, Opinion and Order, P-2014-2446303, P-2014-2446304 (Penn. Pub. Util. Comm'n Mar. 4, 2015); *Verizon Virginia LLC Notice of Election to be Regulated as a Competitive Telephone Company*, Order, Case No. PUC-2014-00032 (Va. State Corp. Comm'n July 30, 2014); *Motion of the Commission to Examine Issues Related to the Transition to Intermodal Competition in the Provision of Telecommunications Services*, Statement of Policy, Case 05-C-0616 (New York Pub. Serv. Comm'n Apr. 11, 2006).