

**Before the
Federal Communications Commission
Washington, D.C. 20554**

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) **WC Docket No. 16-70**
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**Applications Filed for the Transfer of
Control of XO Communications, LLC to
Verizon Communications Inc.**

Comments of Transbeam Inc.

Pursuant to Section 1.419 of the Commission’s rules and its Public Notice of April 2, 2016, Transbeam Inc. herein files its opposition to the application of Verizon Communications Inc. (“Verizon”) and XO Holdings (together with Verizon, the “Applicants”) for consent to the transfer of control of XO Communications, LLC (“XO”) from XO Holdings to Verizon.¹ As we explain below, Transbeam supports the Petition to Deny of Incompas and urges the Commission to deny Verizon’s acquisition of XO Holdings wireline assets.²

Transbeam is a provider of Ethernet of Copper (“EoC”) services to small and medium enterprise business customers in the New York (including one wire center in Newark), Boston and Philadelphia markets. Verizon’s acquisition of XO in these markets – where Verizon is the

¹ XO Holdings, Inc. and Verizon Communications Inc., Consolidated Application for Consent to Transfer Control of Domestic and International Section 214 Authorizations (filed Mar. 4, 2016) (“Transfer of Control Application”). See *Applications Filed for the Transfer of Control of XO Communications, LLC to Verizon Communications, Inc.*, WC Docket No. 16-70, Public Notice, DA 16-393 (rel. April 12, 2016) (“*Transfer of Control Public Notice*”).

² *Petition to Deny of Incompas*, WC Docket No. 16-70, filed May 3, 2016. Although Transbeam supports the *Petition to Deny* filed by Incompas, it is not a member of that organization.

dominant incumbent provider of business services and XO is both a leading competitor and a supplier of wholesale services to other carriers, including Transbeam – will further solidify Verizon’s incumbent advantages, decrease competition, reduce alternative networks to competitors such as Transbeam, and inevitably lead to higher prices.

Transbeam has invested over a million dollars to collocate in 16 Verizon wire centers where it leases copper UNE-L facilities and combines them with our investment to offer Ethernet over Copper (“EoC”) advanced broadband services to our customers. In addition, we lease EoC circuits from XO in order to expand our geographic reach. In our view, this acquisition, if permitted to proceed without strong wholesale protections, will materially harm Transbeam’s continued ability to provide broadband services to its customers.

To begin, Verizon has begun denying Transbeam the ability to serve new customers in certain areas by refusing to provide copper loops where Verizon claims to be deploying fiber. Although we can understand Verizon’s desire to replace some of its copper infrastructure with fiber, Verizon has not yet offered Transbeam a replacement offering that is a reasonably priced wholesale alternative. Acquiring XO will eliminate a major provider of EoC services, increasing Verizon’s leverage negotiating a reasonable replacement offering with those EoC providers that remain.

In addition, eliminating XO will greatly reduce Transbeam’s effective footprint and ability to provide EoC services to multi-location customers. Although Transbeam has collocated in 16 wire centers, it has a contract with XO to obtain wholesale EoC circuits in wire centers

where XO has facilities. This arrangement greatly expands Transbeam's effective footprint and has enabled us to *serve* customers in over 40 additional wire centers, with the *potential* to serve customers in even more wire centers.

Our goal is to be as independent of Verizon as possible, but this transaction (if approved) will *increase* our dependence on Verizon as it acquires XO's wholesale offering both within its footprint and nationally. Because Verizon has not agreed to offer a viable wholesale alternative to its copper loops when it replaces such facilities with fiber, we are concerned that this elimination of a wholesale competitor will make negotiating with Verizon that much more difficult. Allowing Verizon to acquire XO will increase its dominance within its incumbent footprint and further increase its negotiating leverage in offering a reasonable replacement product. Verizon's acquisition of XO will geographically restrict our effective footprint and lead to less competition and ultimately higher prices for business customers. For these reasons, the Commission should deny the Verizon's Application as proposed.

Respectfully submitted,

/s/ Marc Sellouk
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