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**EX PARTE**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**RE: Section 251 Unbundling Obligations for Incumbent Local Exchange Carriers, CC Docket No. 01-338; Implementation of Local Competition Provision of the Telecommunications Act of 1996, CC Docket No. 96-98; Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147**

Dear Ms. Dortch:

On July 19, 2004, Dee May, Ed Shakin, and Karen Zacharia of Verizon met with Scott Bergmann, Legal Advisor to Commissioner Jonathan Adelstein to discuss Verizon's June 24, 2004 ex parte filed in the above proceedings. The attached documents were also discussed during the meeting. All positions presented by Verizon were consistent with those filed in the record.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Dee May".

Attachment

cc: Scott Bergmann

## **I. Cable Company Deployment of Voice Services Has Ballooned Since the TRO.**

- Cable companies already offer circuit-switched voice telephony to 15 percent of homes nationwide.
- Cable companies already offer VoIP to millions of homes and plan to extend VoIP to more than 24 million homes this year and at least 20 million more in 2005.
- In Verizon's service areas, companies now offer service to more than 12 million homes and are rolling it out to millions more.
  - *Cablevision* now offers VoIP to the 4 million homes it passes in the New York metropolitan area and in New Jersey.
  - *Time Warner* will deploy VoIP to "essentially all" of the 8 million homes it passes in Verizon's service territory in 2004.
  - *Comcast* now offers circuit-switched service to 6 million homes in Verizon's service territory; it plans to also offer VoIP to half the homes it passes this year and to the rest next year; it passes approximately 15 million homes in Verizon's service areas.
  - *Cox* already offers circuit switched voice service to approximately 1.7 million homes in Verizon's service areas; it offers VoIP in Roanoke, Virginia and plans to offer VoIP in additional markets this year.

## **II. VoIP is Widely Available to Anyone Who Has Access to Broadband Service**

- VoIP is available from or being deployed by a wide range of companies, including major long distance companies, national VoIP providers such as Vonage, and other national or regional providers.
  - AT&T recently expanded its consumer VoIP offering to a total of 72 markets, plans to expand to 100 metropolitan markets by the end of this year, and plans to have at least one million customers by 2005.
- VoIP is available to any customer who has access to broadband, such as the 85-90 percent of U.S. homes that have access to cable modem service (or 92 percent in Verizon's 25 top MSA's).
- VoIP offerings are very competitive and are typically priced 30-40 percent or more below comparable circuit-switched offerings.
- Even for customers who currently use dial up access, a broadband connection with VoIP is very competitive with what customers pay for a narrowband bundle of local, long distance and dial up internet access.

### **III. Wireless carriers are aggressively competing both for lines and for traffic.**

- Since the time of the TRO Order, wireless carriers are competing to an increasing degree to replace wireline access lines and calls.
- The number of wireless lines has grown from 137 million to 155 million while the number of wireline lines has declined.
- The percentage of users giving up their landline phones has grown from 3-5 percent to 7-8 percent.
- Wireless traffic has grown from 16 to 29 percent of all voice traffic and to 43 percent of long distance traffic.
- Other sources of intermodal competition such as e-mail and instant messaging also now substitute for a large amount of traffic on switched wireline networks.

### **IV. Carriers are Continuing to Compete with Their Own Switches**

- Competing carriers have 10,000 circuit switches and packet switches nationwide.
- They have used these switches to provide voice telephone service in wire centers that contain 86 percent of Bell company access lines nationwide.
- In Verizon's 25 top MSAs, competitors are serving at least 2.1 million mass market lines using at least 133 of their own switches.
- In Verizon's top MSAs, competitors are using their own switches to serve lines in wire centers that contain 86% of Verizon's access lines.