

Dee May
Vice President
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July 28, 2004

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EX PARTE

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th 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 28, 2004, Dee May, Ed, Shakin and Karen Zacharia of Verizon met with Christopher Libertelli, Senior Legal Advisor to Chairman Michael Powell as well as Paul Margie and Jessica Rosenworcel, Legal Advisors to Commissioner Michael Copps 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: Christopher Libertelli
Paul Margie
Jessica Rosenworcel

I. Demand For High Capacity Facilities Is Concentrated.

- 80 percent of the demand for Verizon's high capacity special access services is concentrated in fewer than 8 percent of its wire centers.
- Three-quarters of these wire centers are located in just 20 MSAs.

II. Competing Providers Are Not Dependent on ILEC Facilities in Any of these MSAs.

- There is an average of about 20 networks in each of the top 50 MSAs nationally.
- Competing providers have deployed their own facilities in the wire centers with concentrated demand in each of the 20 MSAs that Verizon examined.
- Competing providers have deployed their own loop facilities to hundred of buildings, including the majority of buildings with large annual telecommunications expenditures.
- In each out-of-region market where it provides high capacity services, Verizon has found that at least one CLEC, and frequently more than one, has high-capacity loop and transport facilities with coverage comparable to the ILEC.
- Time Warner, for example, boasts that "while [RBOCs] have lots of fiber deployed, I don't know that they have more buildings connected than we do in all cases."

III. Competing Providers That Do Use ILEC Facilities Use Special Access Not UNEs.

- Time Warner recently reported that it "does not rely upon UNEs," and where it needs ILEC facilities to connect to remote customers, it purchases those facilities "under special access tariffs or under agreements with ILECs."
- 93 percent of the DS-1 loops that carriers purchase from Verizon and 98 percent of the DS-3 loops are purchased as special access services, not as UNEs.
- 95 percent of DS-1 loops that are purchased in combination with transport are purchased as special access, not as UNE EELs.
- Carriers purchase these services at deep volume and term discounts averaging 35 to 40 percent off of base rates or list prices.
- Carriers are successfully serving customers of all shapes and sizes using special access, ranging from the large enterprise customers whose business they dominate, to small and medium businesses such as antique dealers, book stores, dry cleaners, florists, gas stations, hairdressers, and travel agents.

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

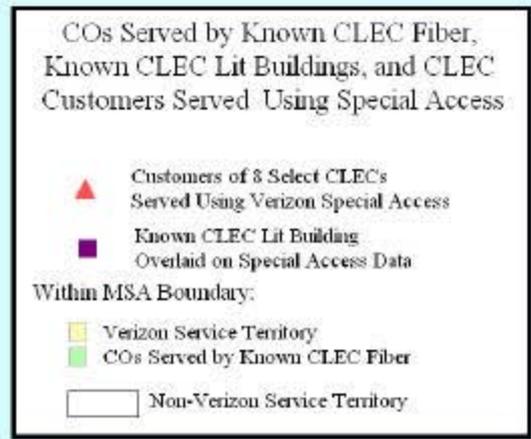
- Competing carriers have 10,000 circuit switches and packet switches nationwide.
- They have used these switches to provide voice telephone service in wire centers that contain 86 percent of Bell company access lines nationwide.
- In Verizon's 25 top MSAs, competitors are serving at least 2.1 million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

New York-Newark-Edison, NY-NJ-PA

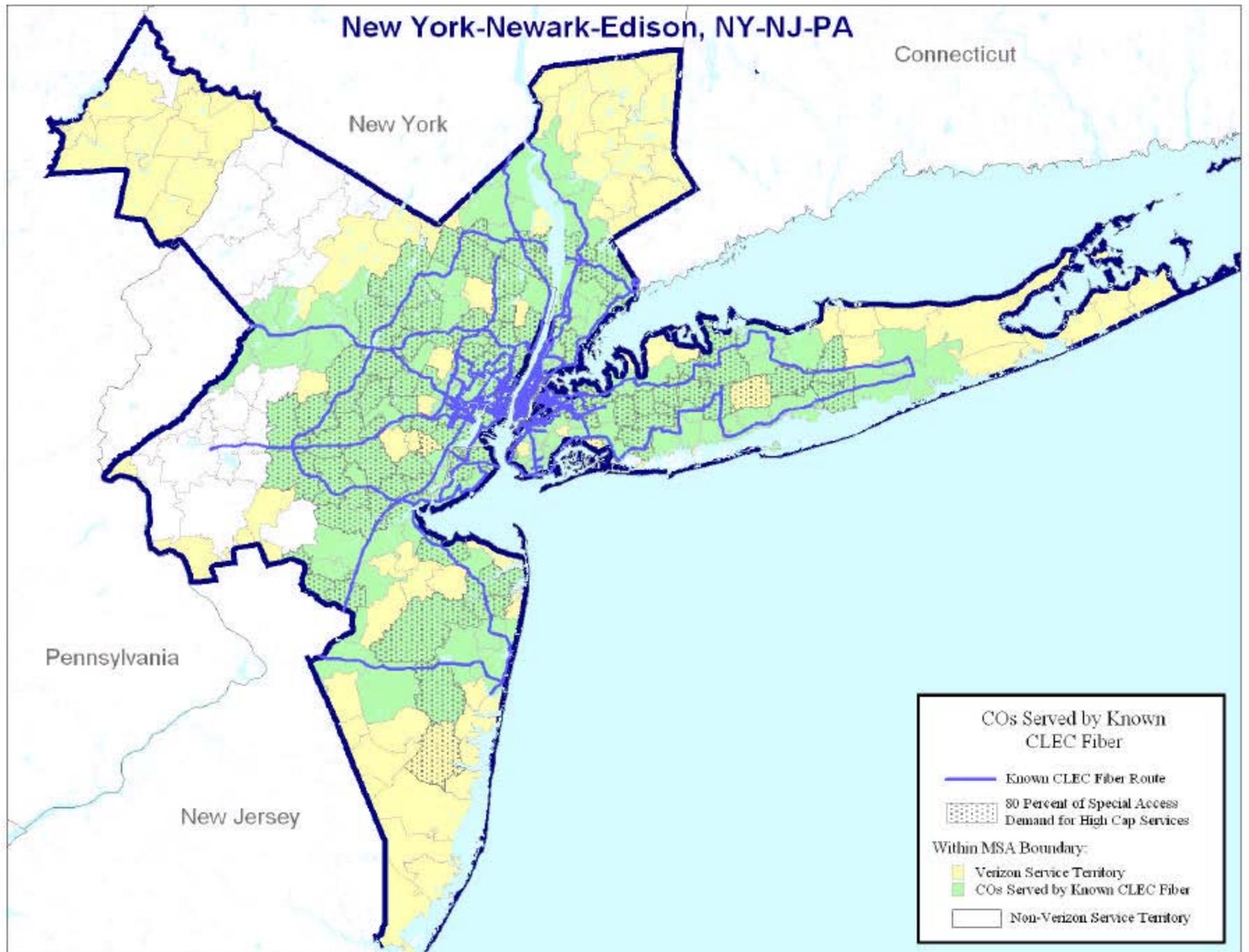
Connecticut

Pennsylvania

New Jersey



New York-Newark-Edison, NY-NJ-PA



New York-Newark-Edison, NY-NJ-PA

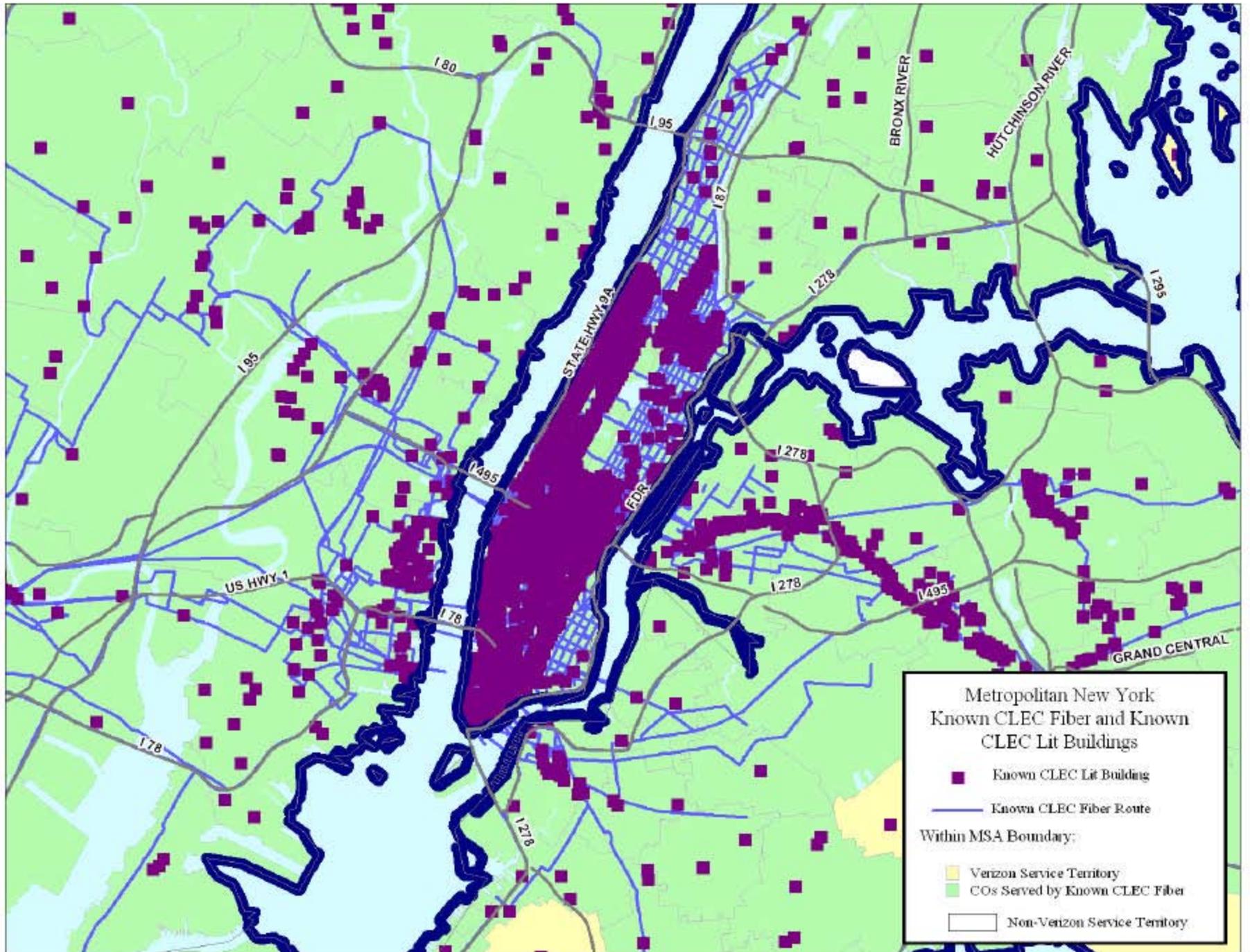
Connecticut

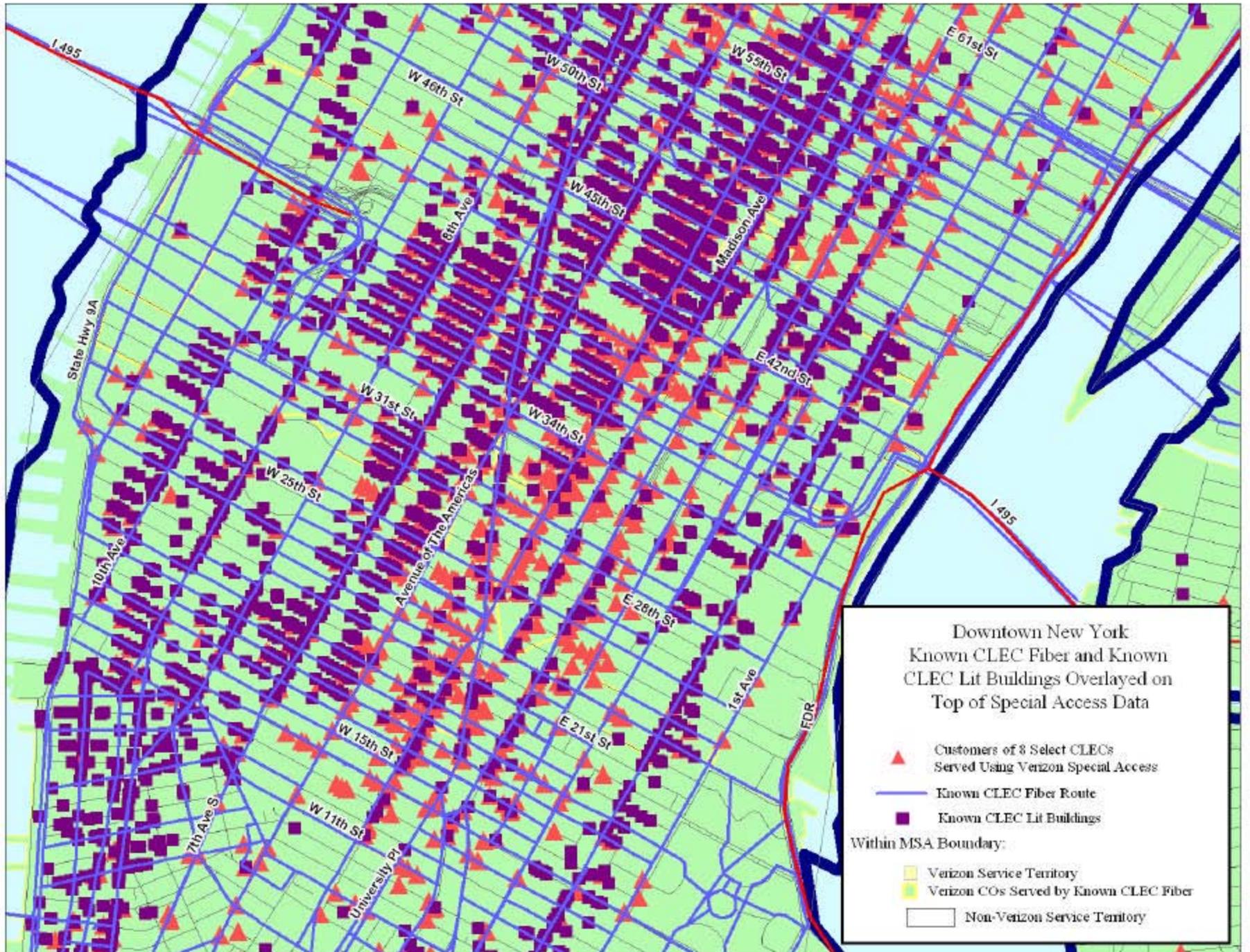
New York

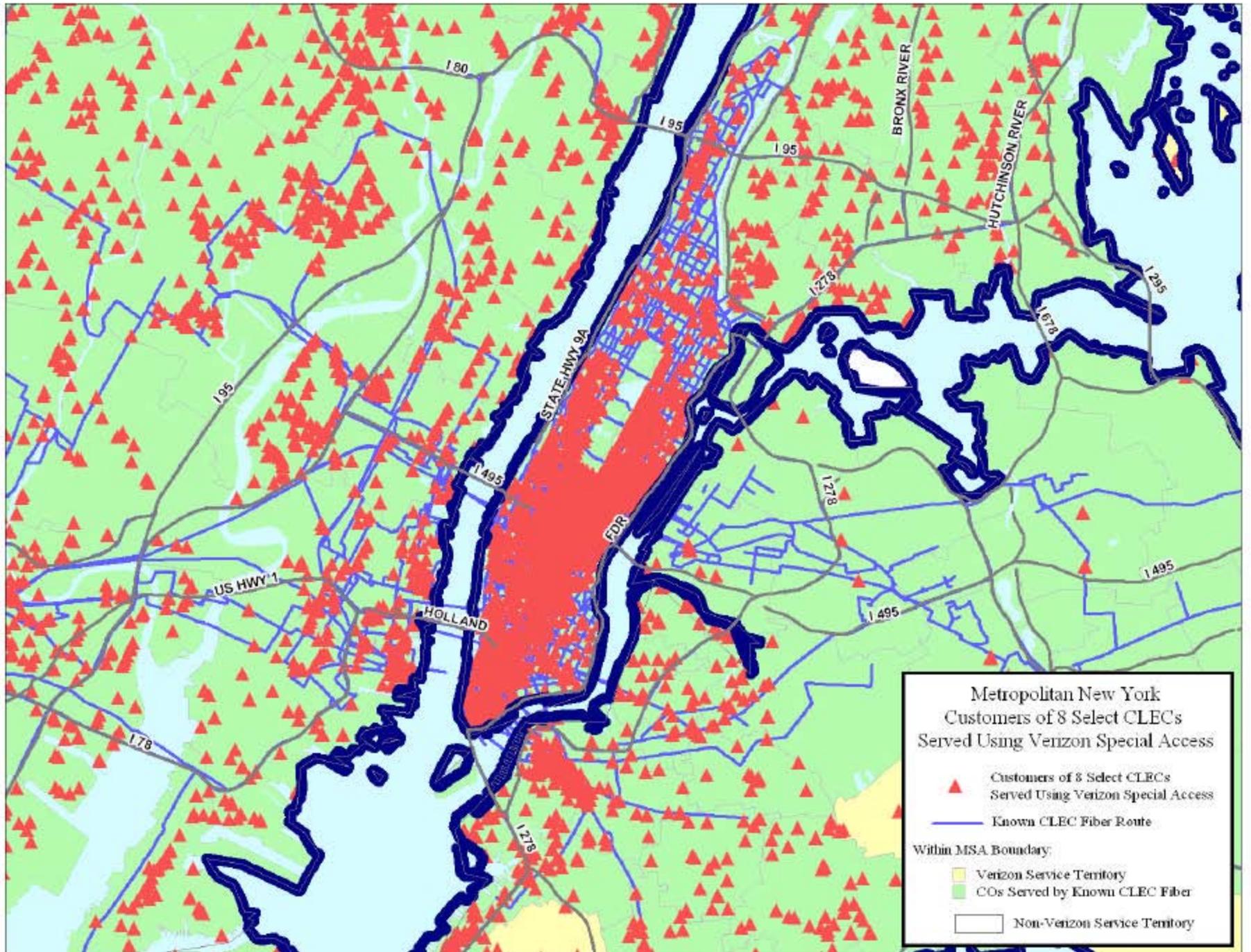
Pennsylvania

New Jersey

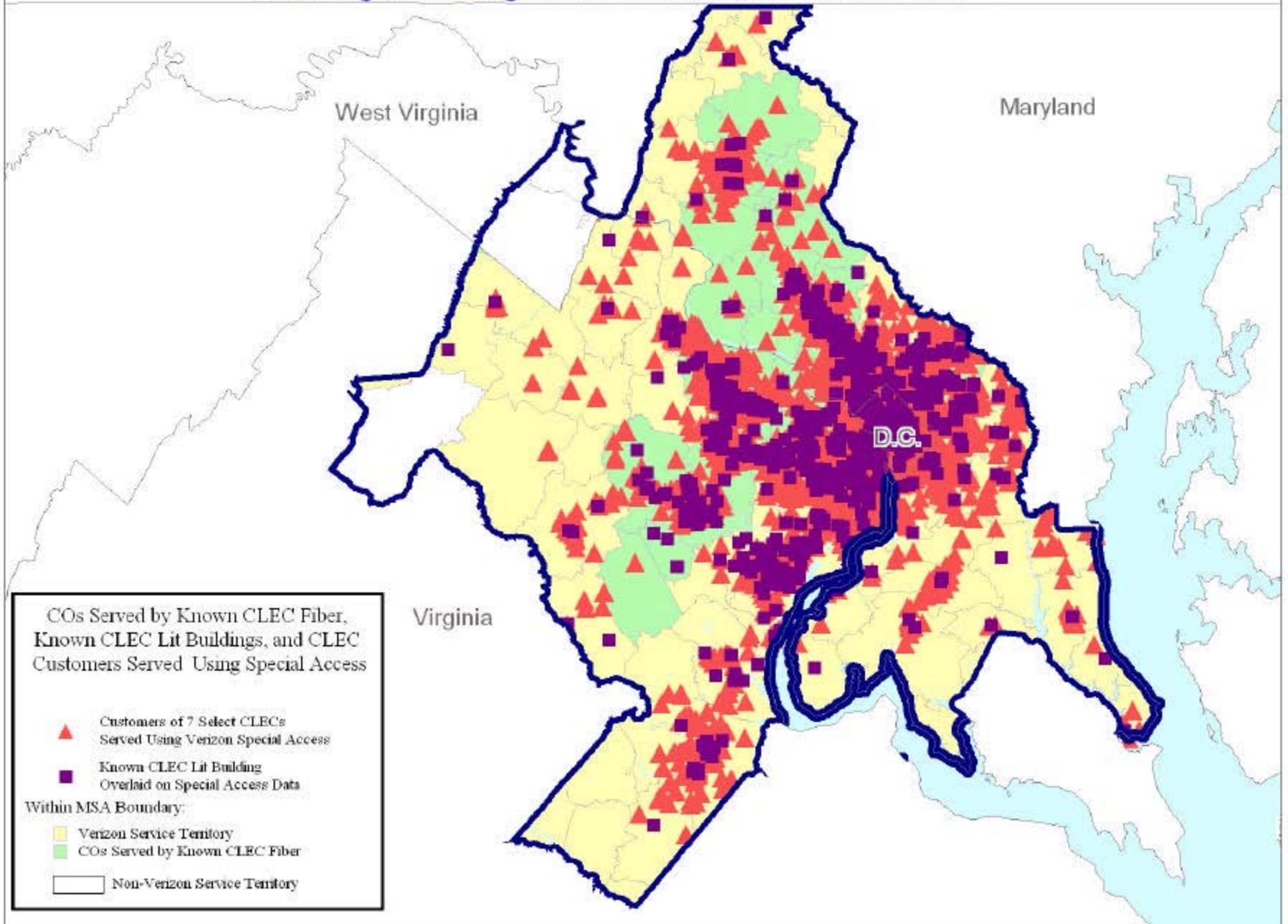




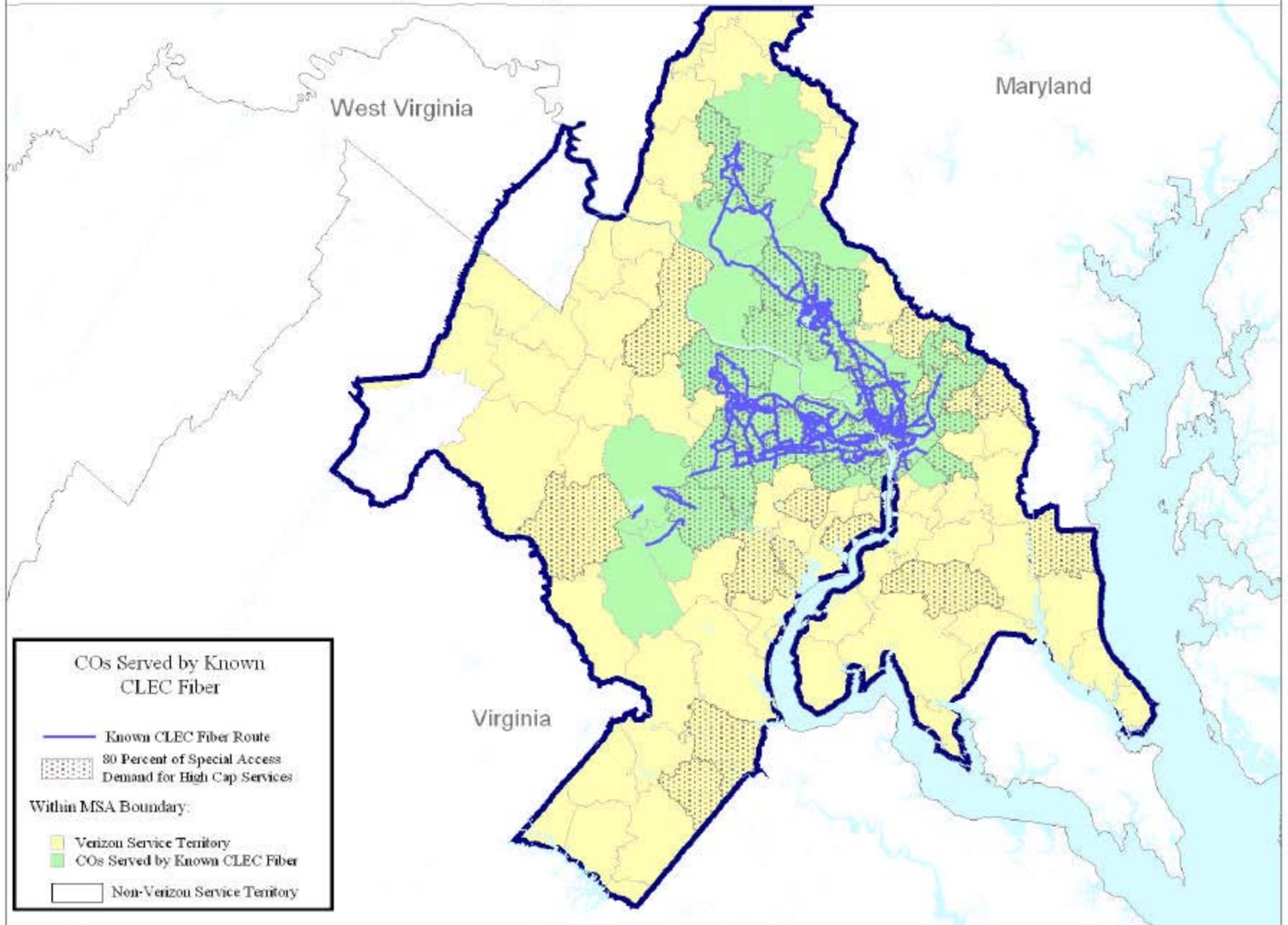




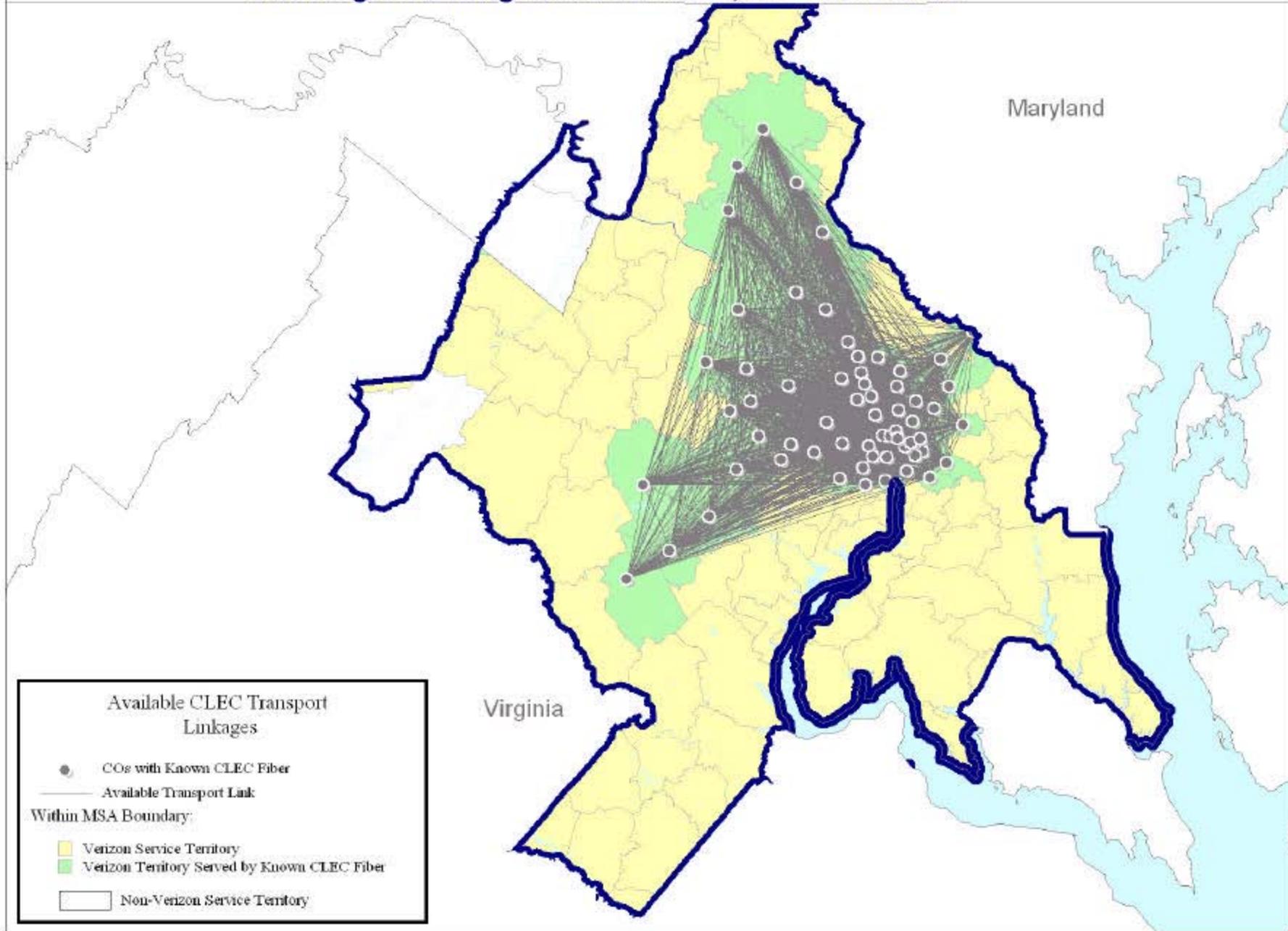
Washington-Arlington-Alexandria, DC-VA-MD-WV

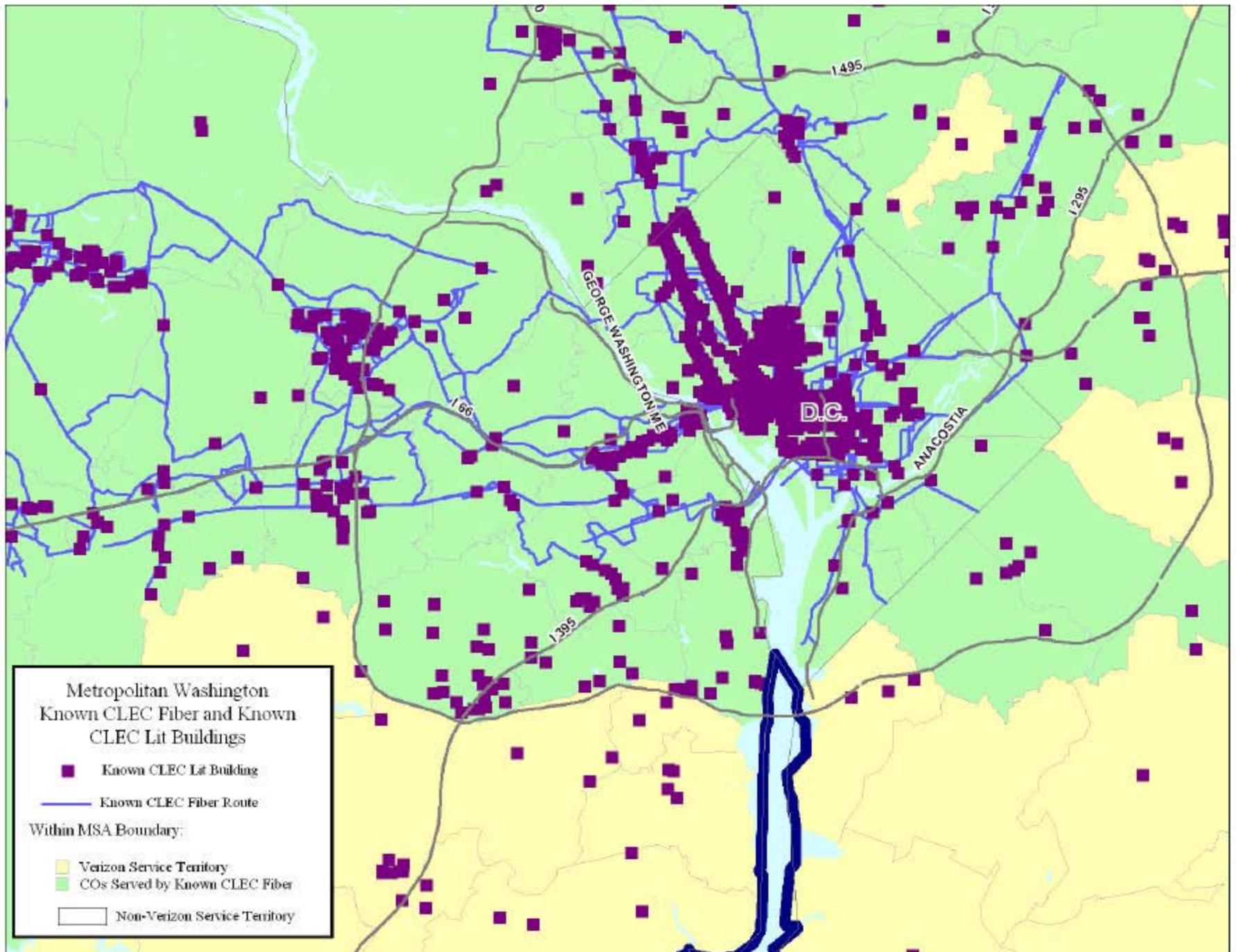


Washington-Arlington-Alexandria, DC-VA-MD-WV



Washington-Arlington-Alexandria, DC-VA-MD-WV





Metropolitan Washington
Known CLEC Fiber and Known
CLEC Lit Buildings

■ Known CLEC Lit Building

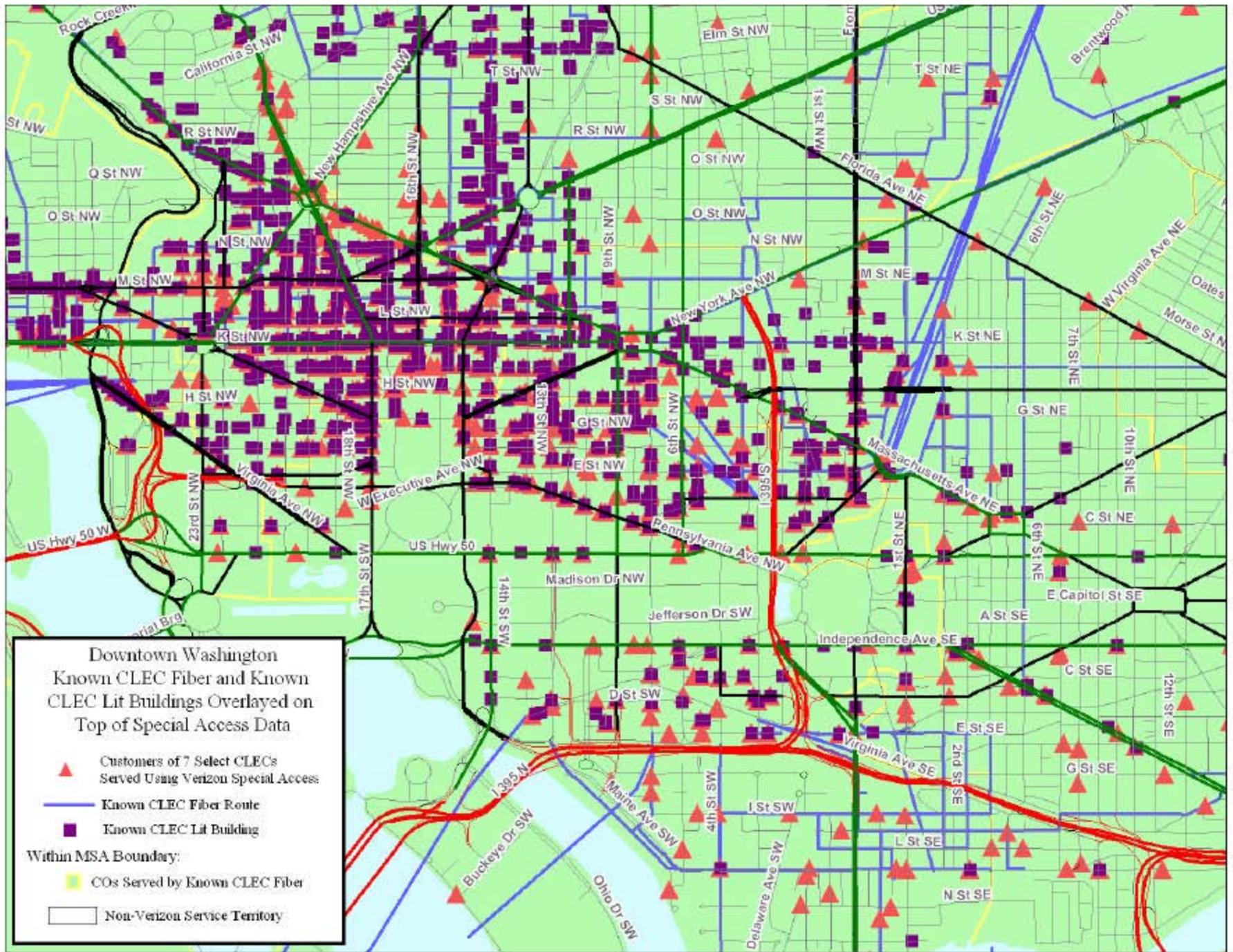
— Known CLEC Fiber Route

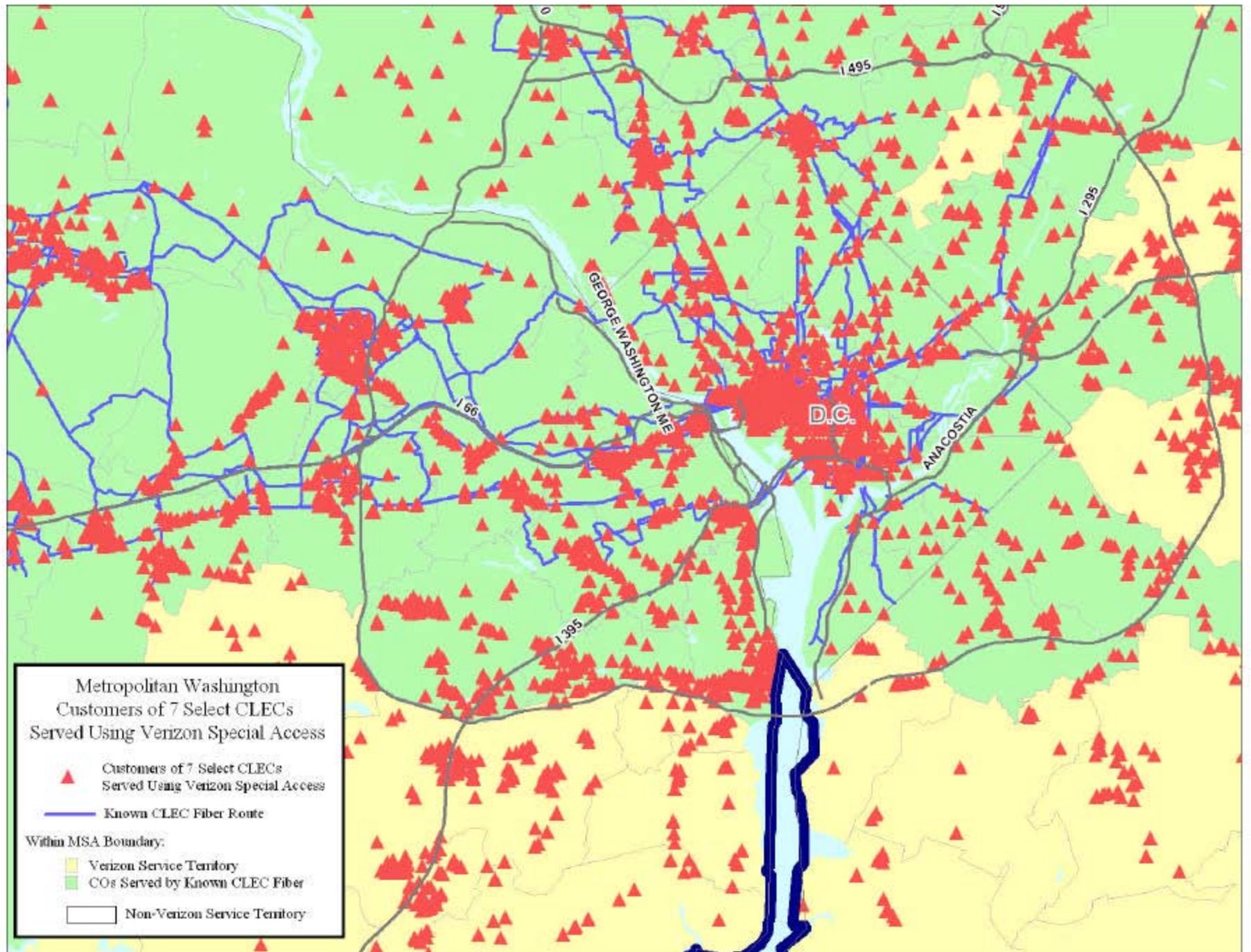
Within MSA Boundary:

■ Verizon Service Territory

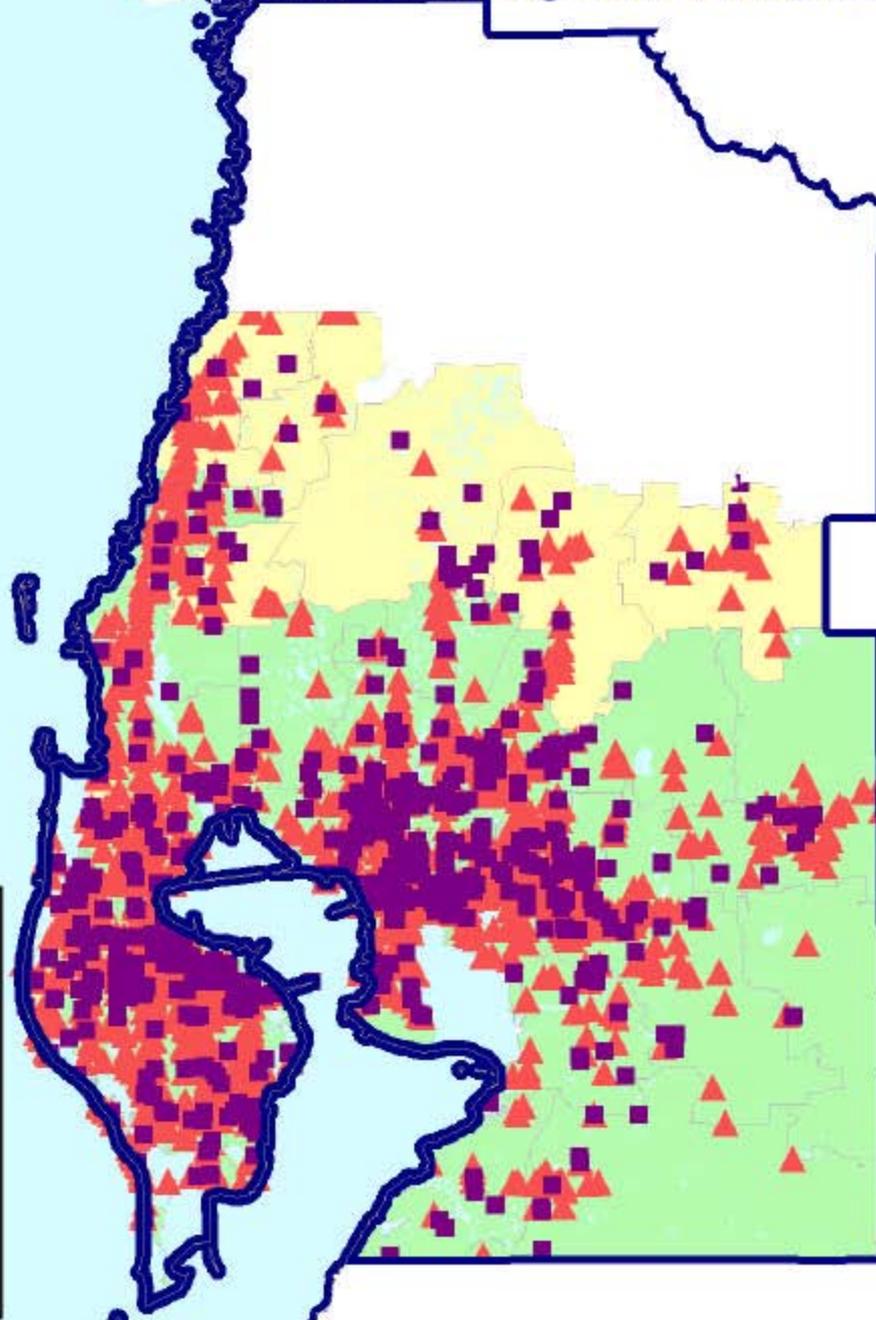
■ COs Served by Known CLEC Fiber

□ Non-Verizon Service Territory





Tampa-St. Petersburg-Clearwater, FL



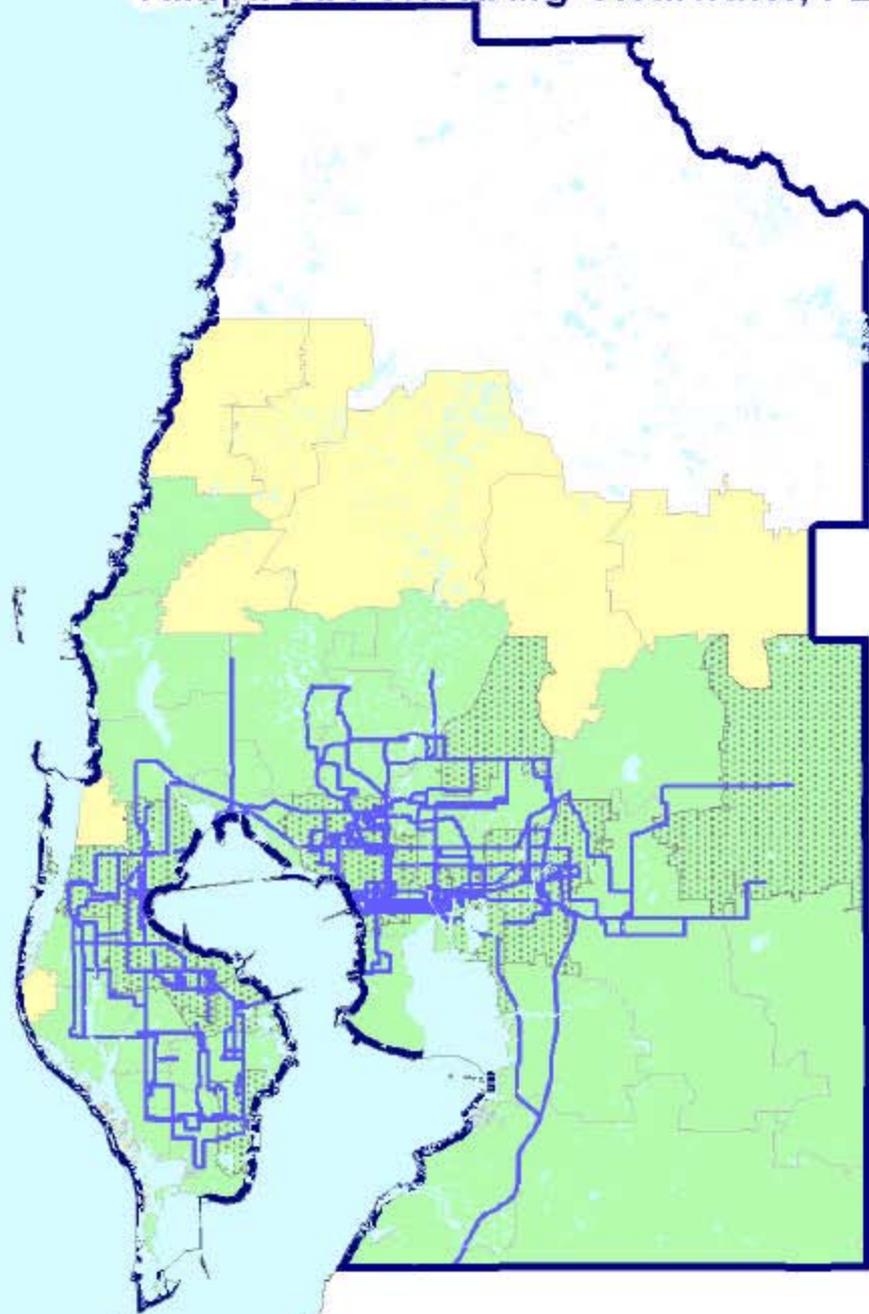
COs Served by Known CLEC Fiber,
Known CLEC Lit Buildings, and CLEC
Customers Served Using Special Access

- ▲ Customers of 5 Select CLECs Served Using Verizon Special Access
- Known CLEC Lit Building Overlaid on Special Access Data

Within MSA Boundary:

- Verizon Service Territory
- Verizon COs Served by Known CLEC Fiber
- Non-Verizon Service Territory

Tampa-St. Petersburg-Clearwater, FL



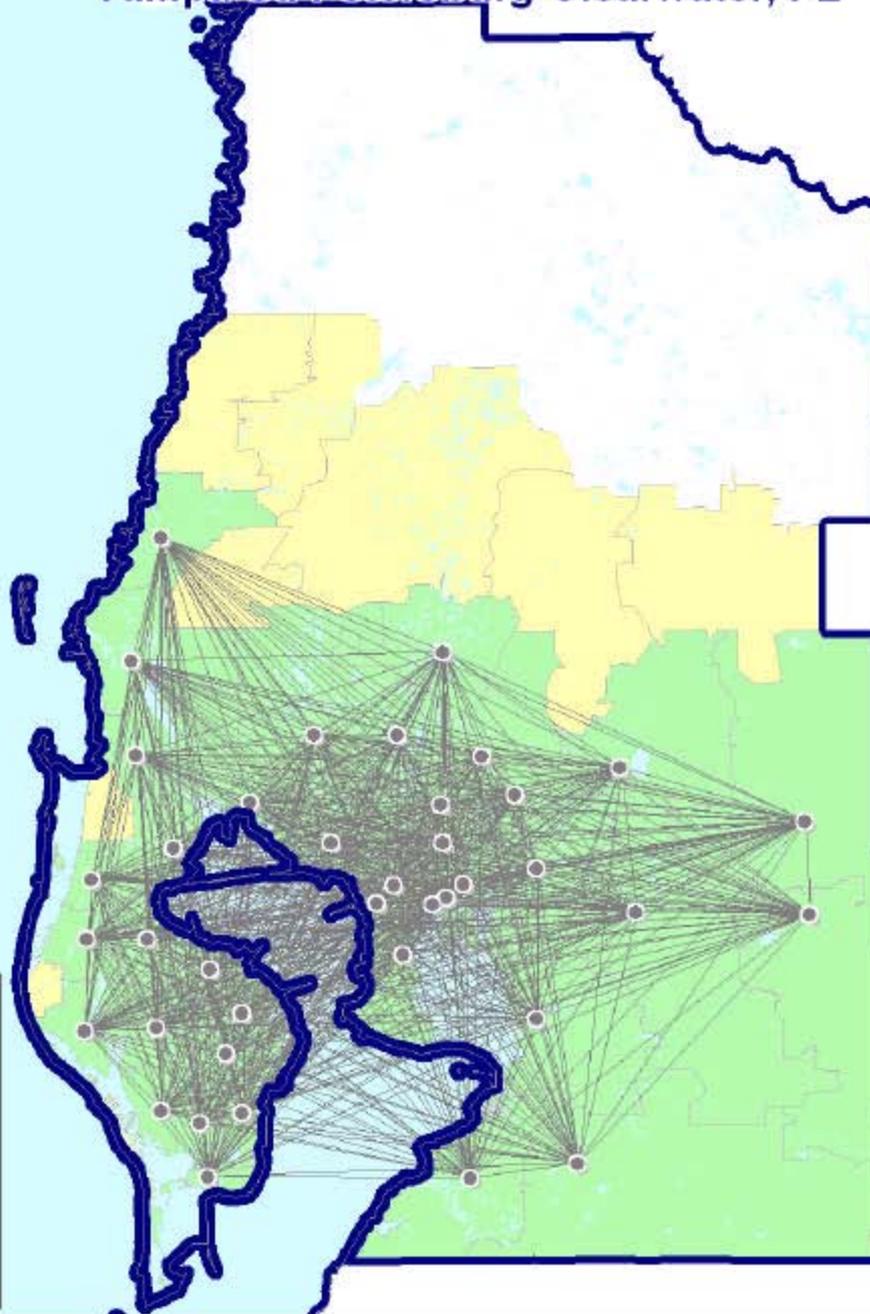
COs Served by Known CLEC Fiber

- Known CLEC Fiber Route
- ▨ 80 Percent of Special Access Demand for High Cap Services

Within MSA Boundary:

- Verizon Service Territory
- Verizon COs Served by Known CLEC Fiber
- Non-Verizon Service Territory

Tampa-St. Petersburg-Clearwater, FL

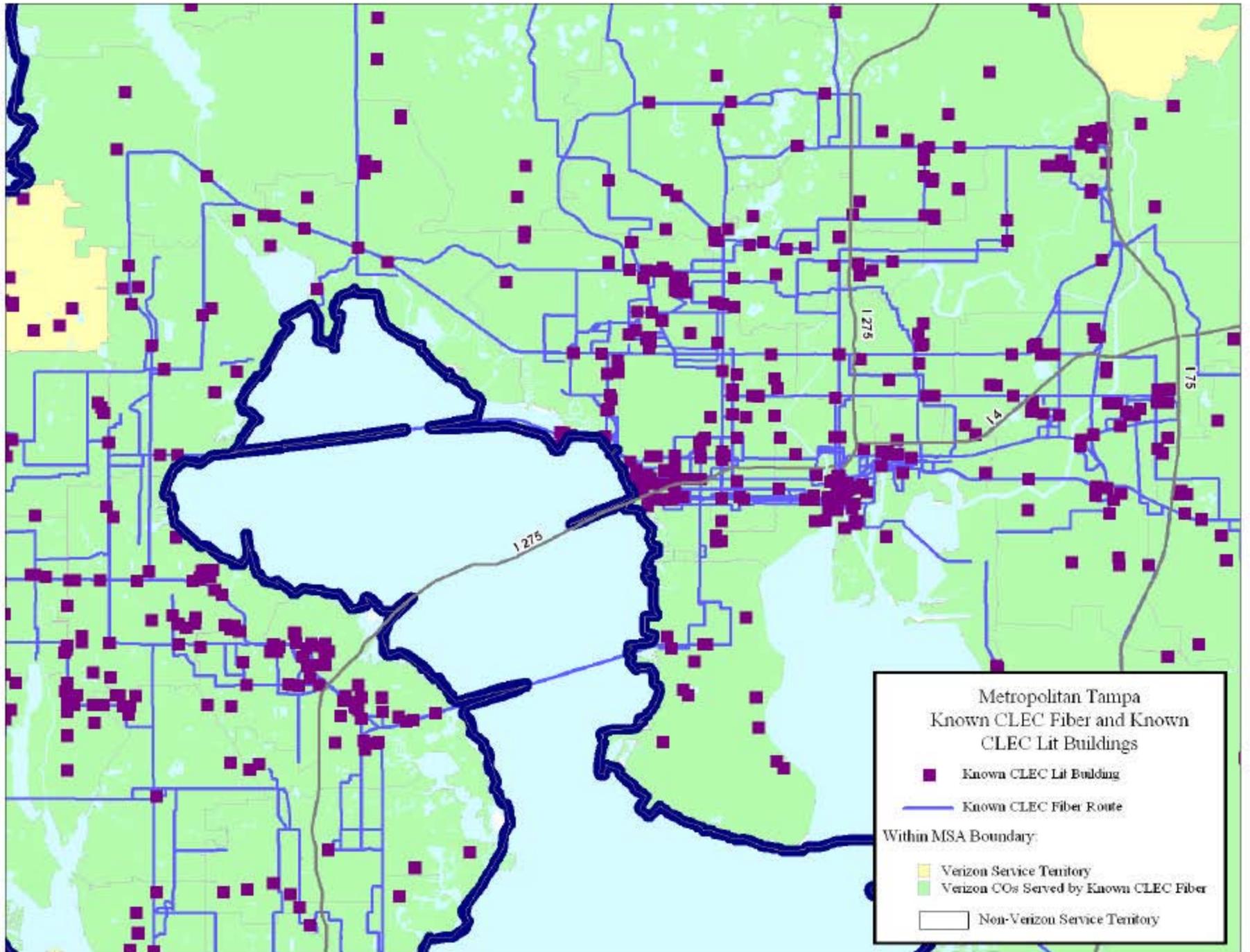


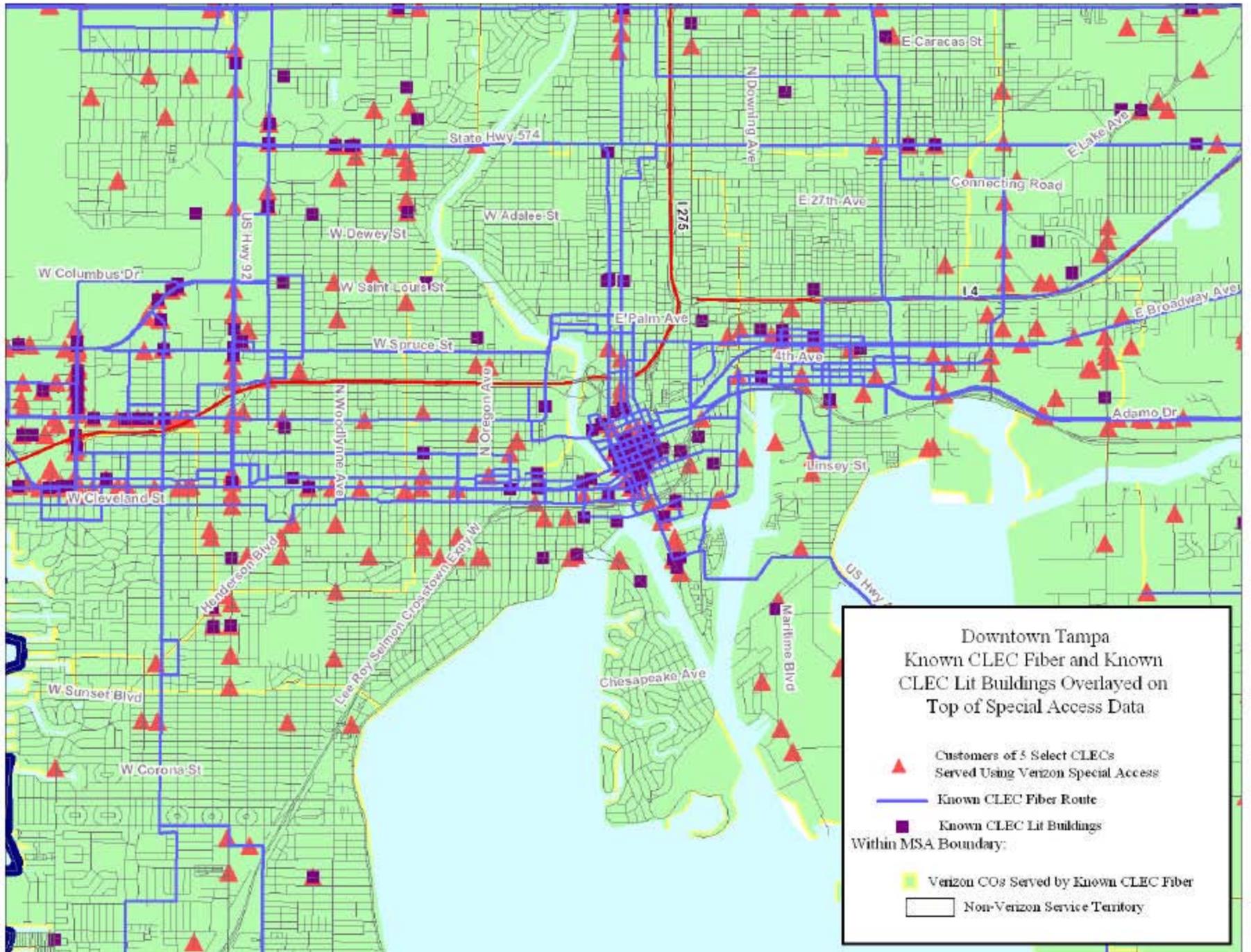
Available CLEC Transport Linkages

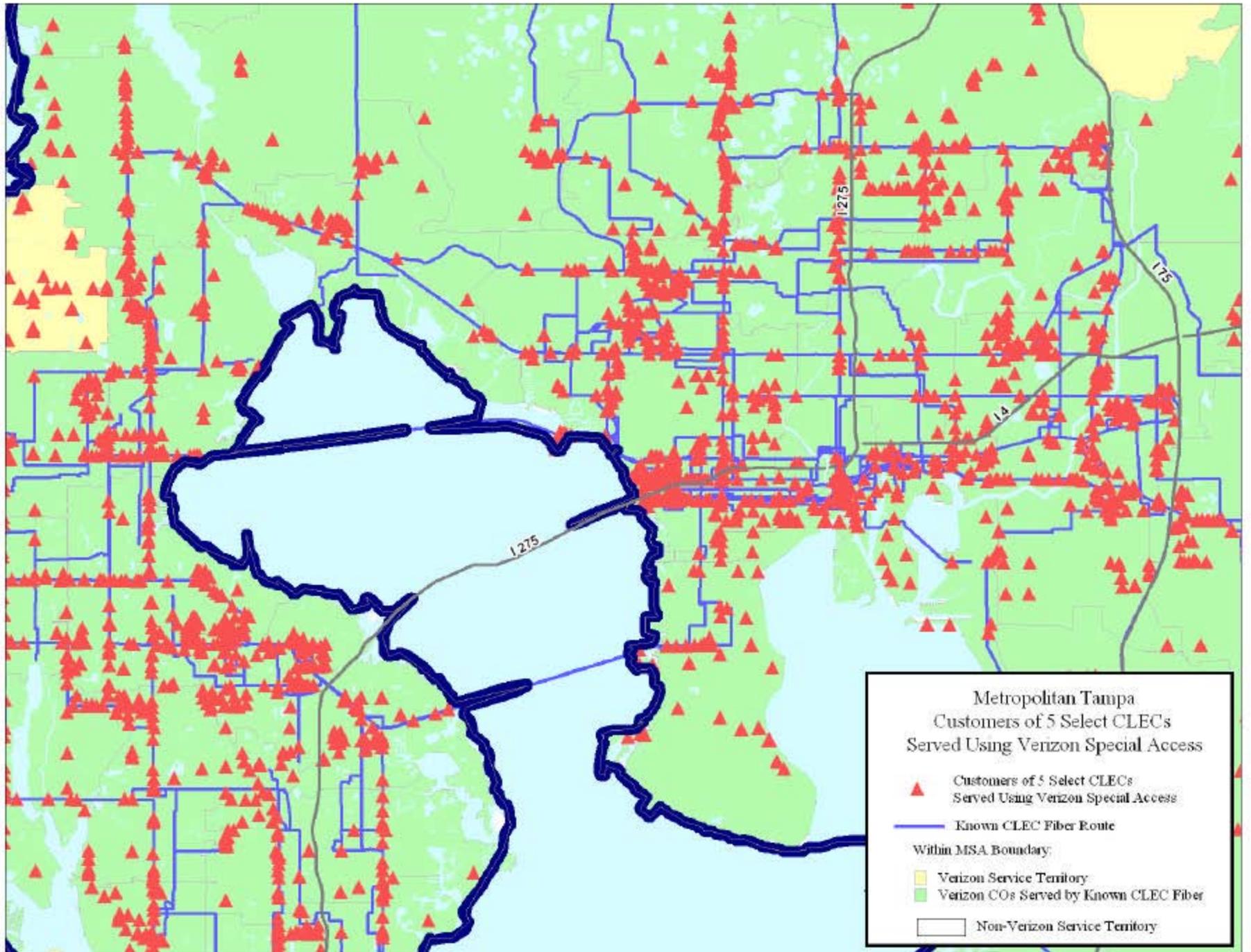
- COs with Known CLEC Fiber
- Available Transport Link

Within MSA Boundary:

- Verizon Service Territory
- Verizon COs Served by Known CLEC Fiber
- Non-Verizon Service Territory







New York-Newark-Edison, NY-NJ-PA

Connecticut

New York

Pennsylvania

New Jersey

Cable Modem Service Availability

95-100% of the population within the MSA has access to cable modem service and VoIP service

-  Cablevision
-  Comcast Cable Communications Inc.
-  Time Warner Cable
-  Remaining Carriers

Within MSA Boundary:

-  Verizon Service Territory
-  Non-Verizon Service Territory

New York-Newark-Edison, NY-NJ-PA

New York

Connecticut

Pennsylvania

New Jersey

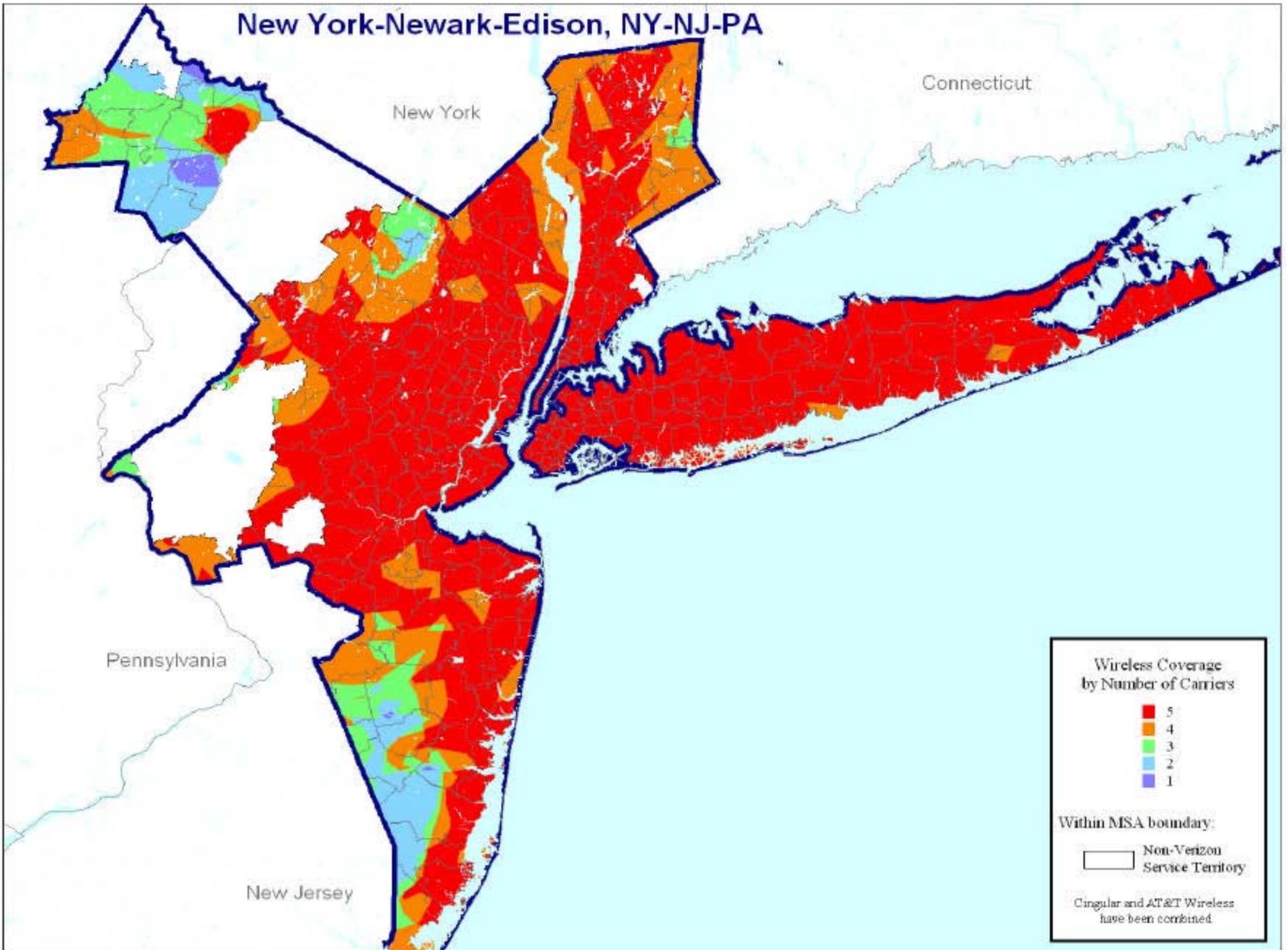
Wireless Coverage by Number of Carriers



Within MSA boundary:

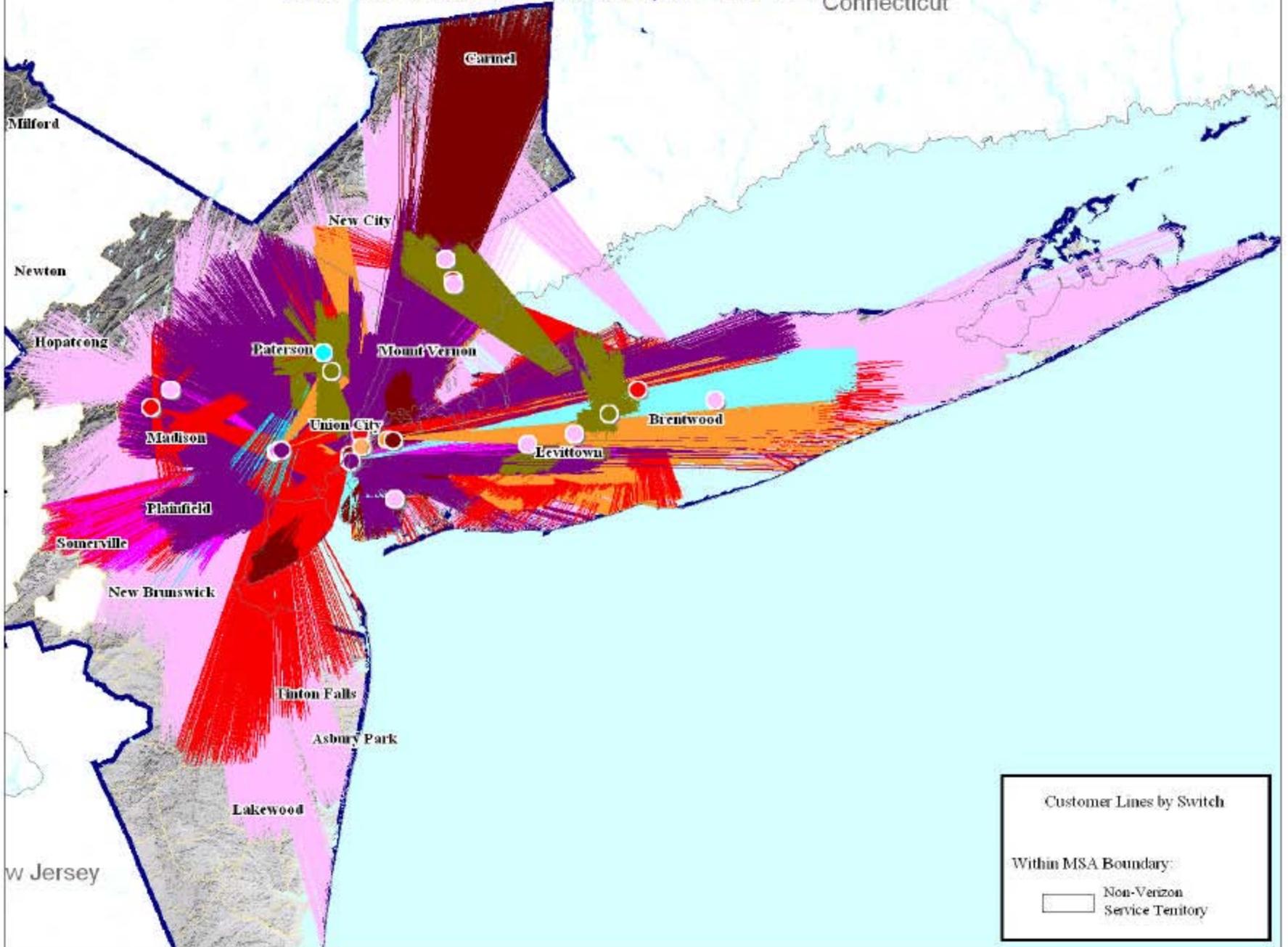
Non-Verizon
Service Territory

Cingular and AT&T Wireless
have been combined



New York-Newark-Edison, NY-NJ-PA

Connecticut



New York-Newark-Edison, NY-NJ-PA

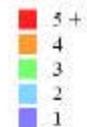
Connecticut

New York

Pennsylvania

New Jersey

Coverage by Number of Competitive Carriers Determined by Switch Reach

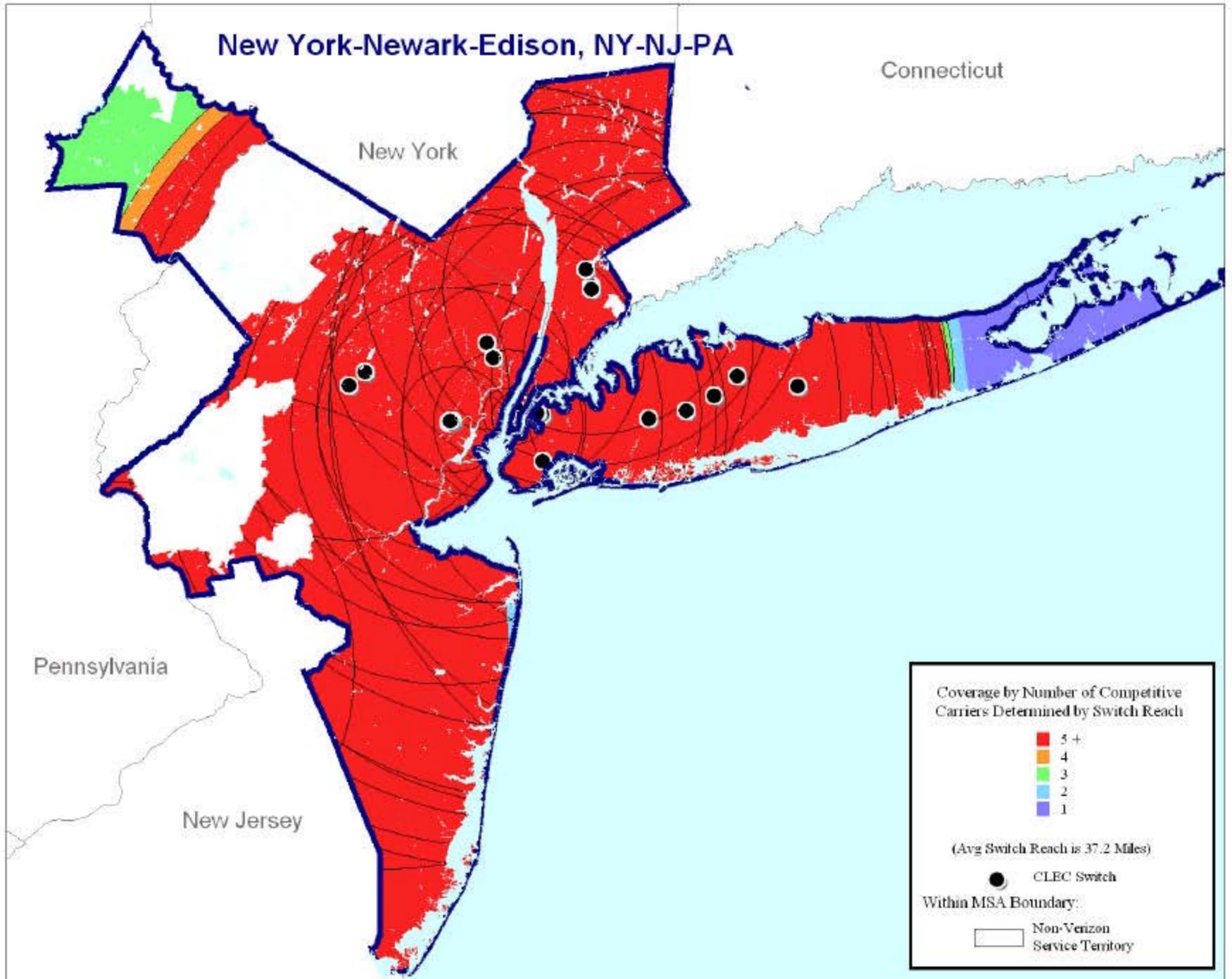


(Avg Switch Reach is 37.2 Miles)

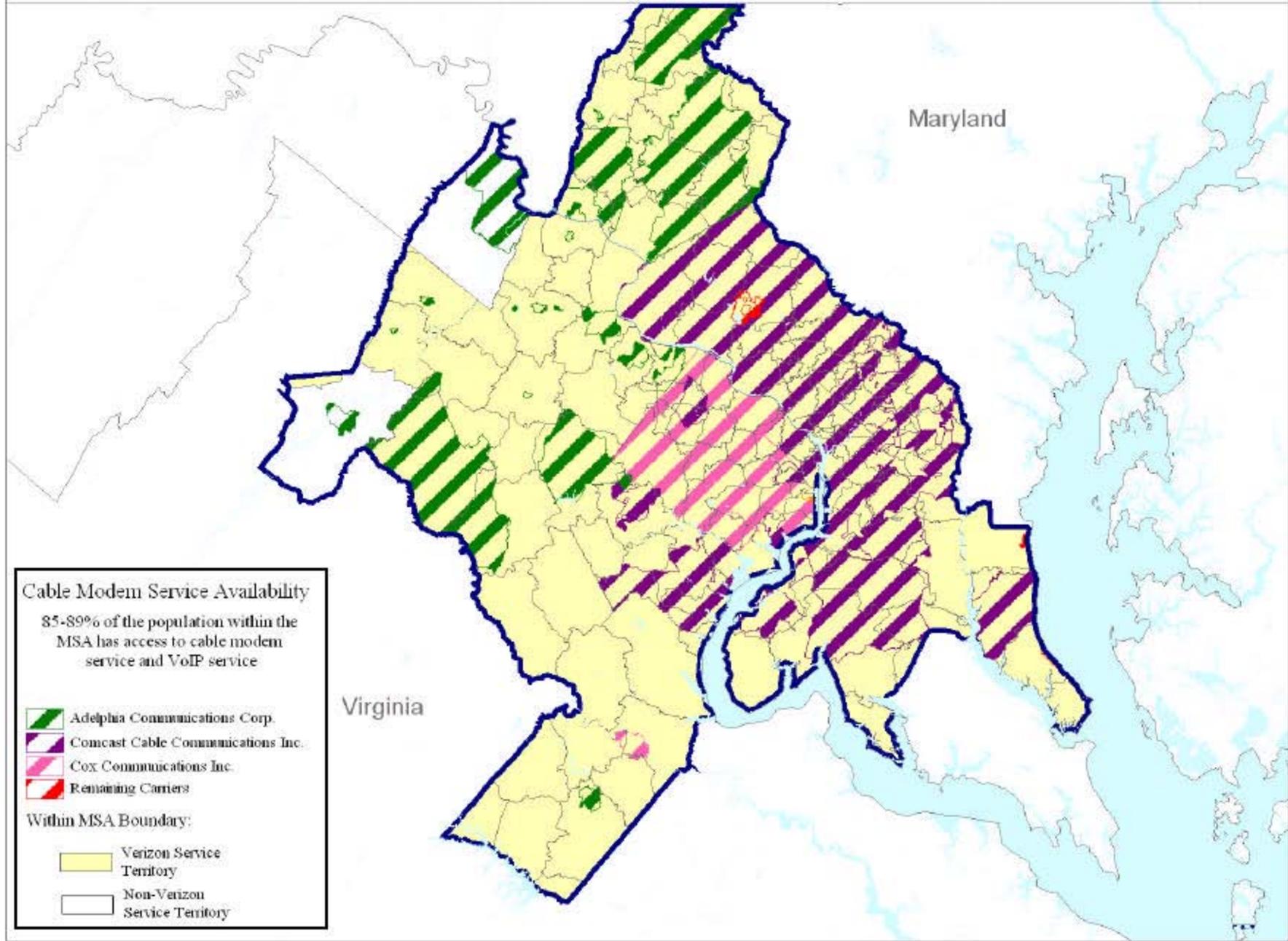
● CLEC Switch

Within MSA Boundary:

□ Non-Verizon Service Territory



Washington-Arlington-Alexandria, DC-VA-MD-WV



Maryland

Virginia

Cable Modem Service Availability

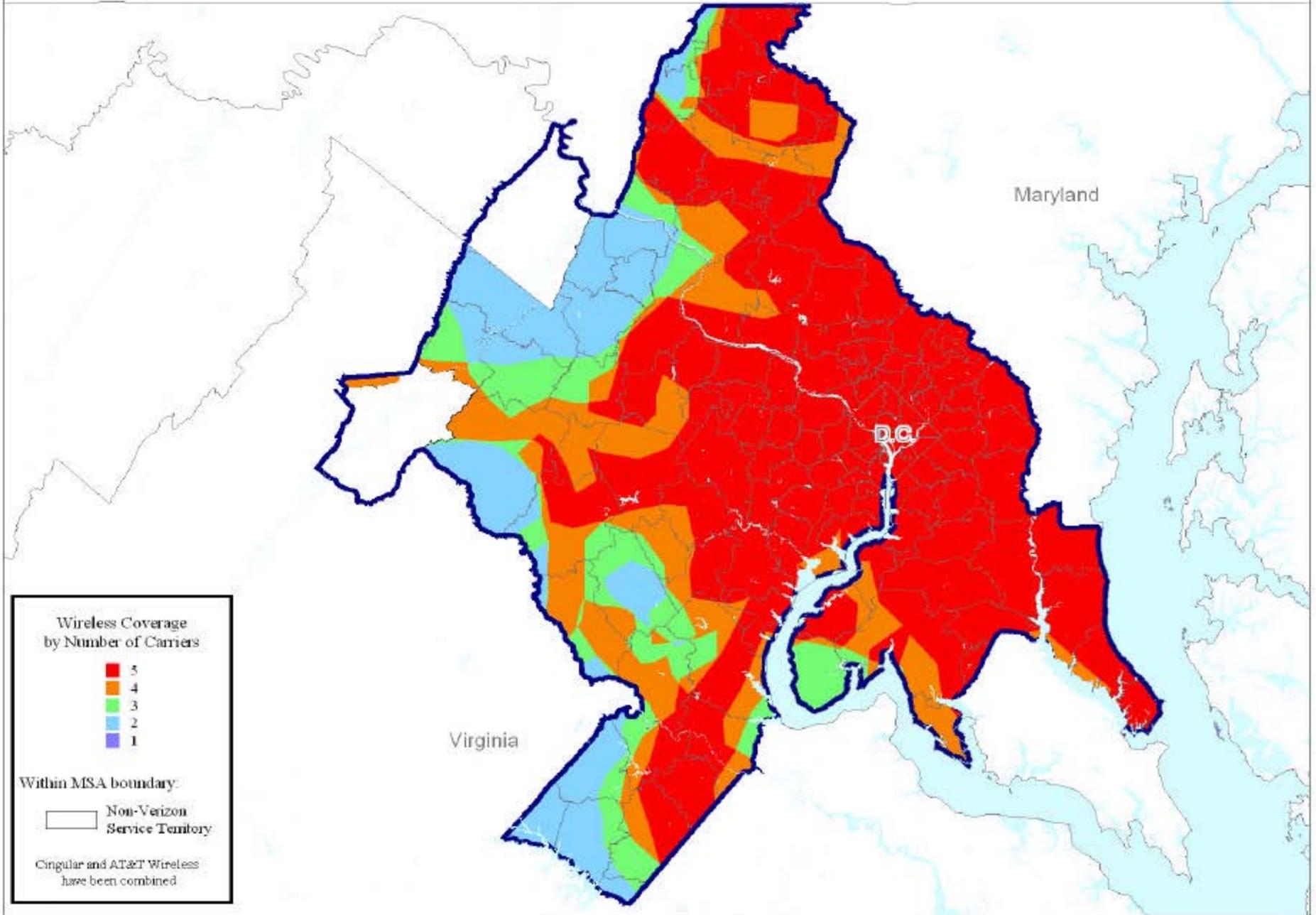
85-89% of the population within the MSA has access to cable modem service and VoIP service

-  Adelphia Communications Corp.
-  Comcast Cable Communications Inc.
-  Cox Communications Inc.
-  Remaining Carriers

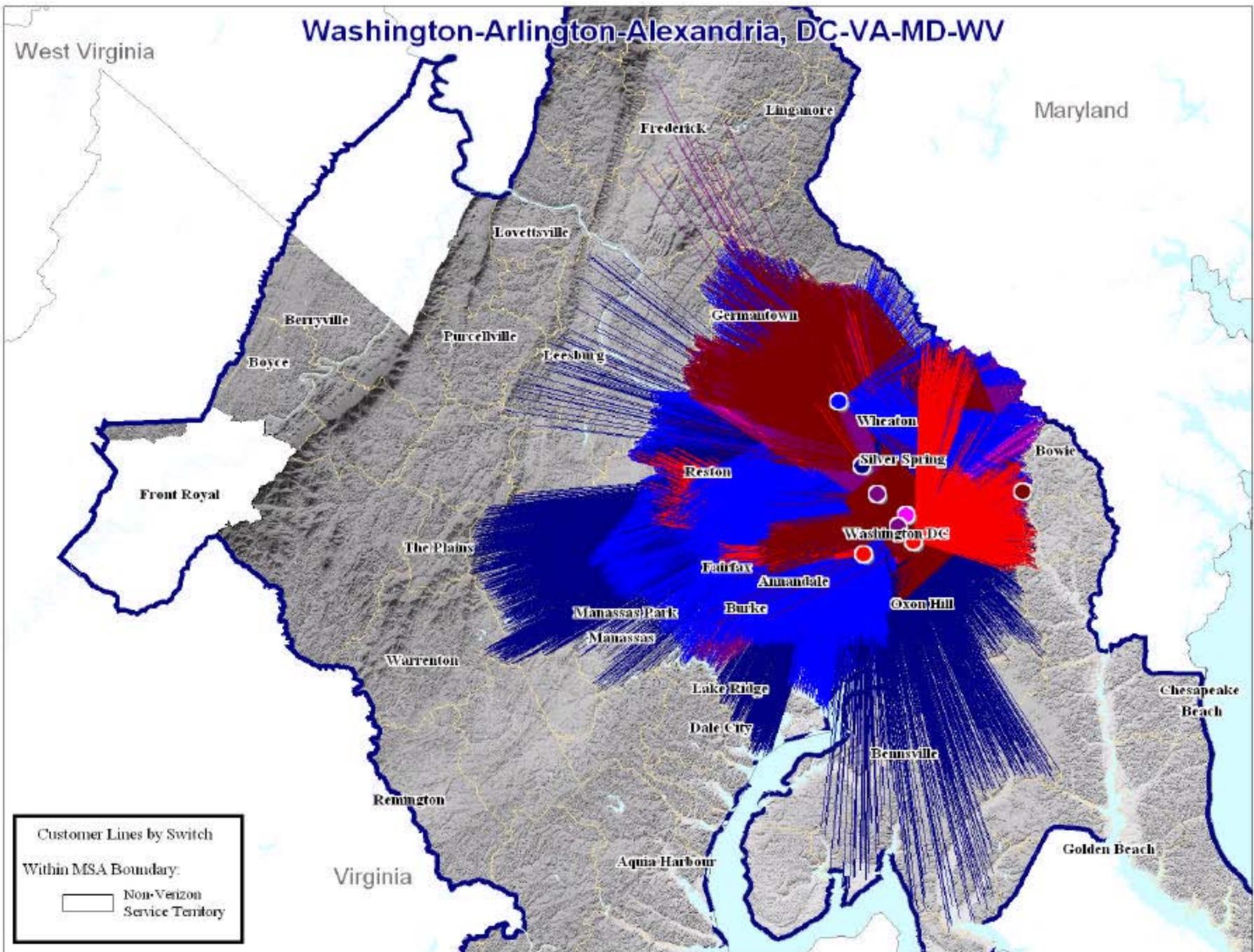
Within MSA Boundary:

-  Verizon Service Territory
-  Non-Verizon Service Territory

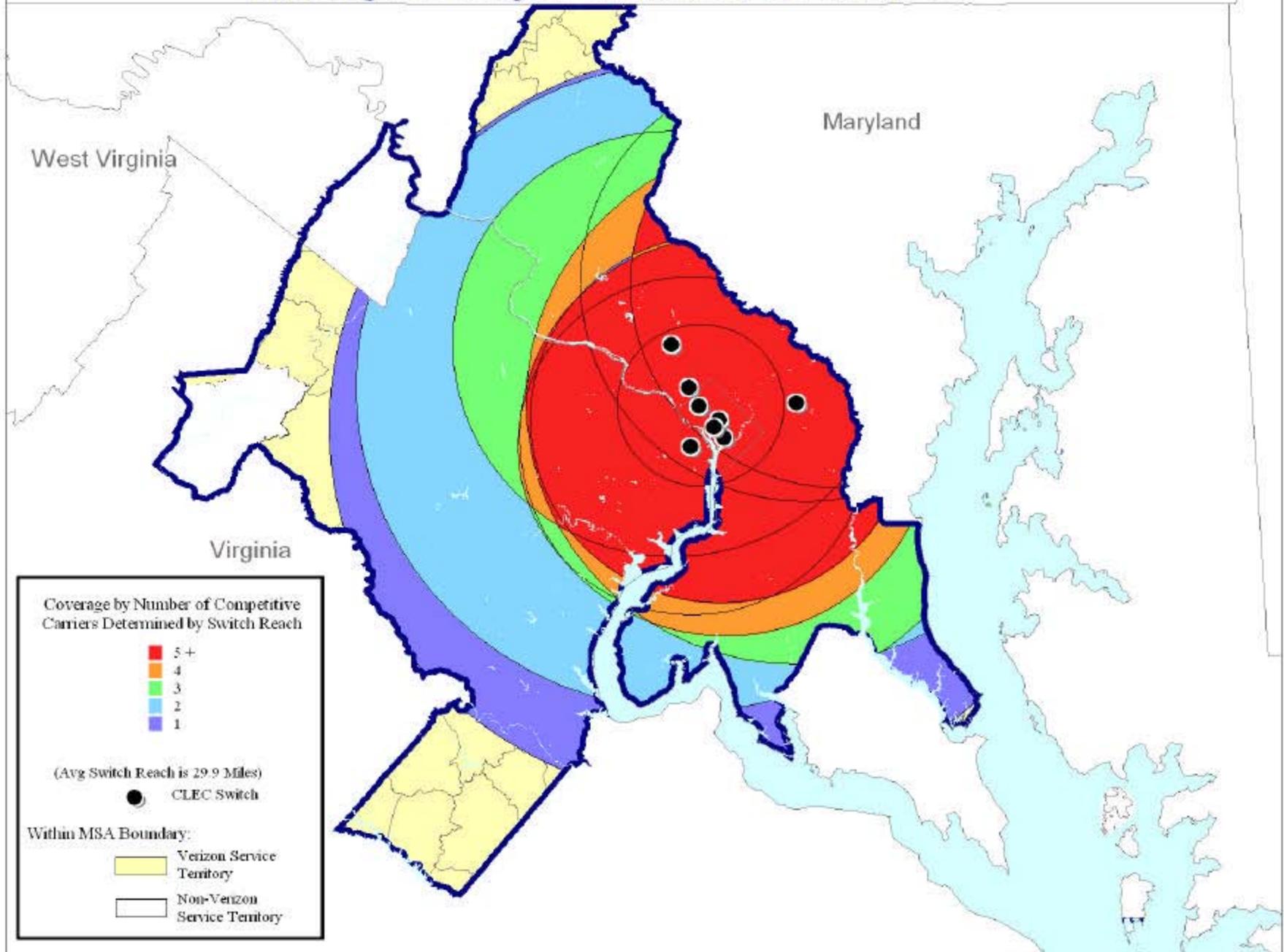
Washington-Arlington-Alexandria, DC-VA-MD-WV



Washington-Arlington-Alexandria, DC-VA-MD-WV



Washington-Arlington-Alexandria, DC-VA-MD-WV

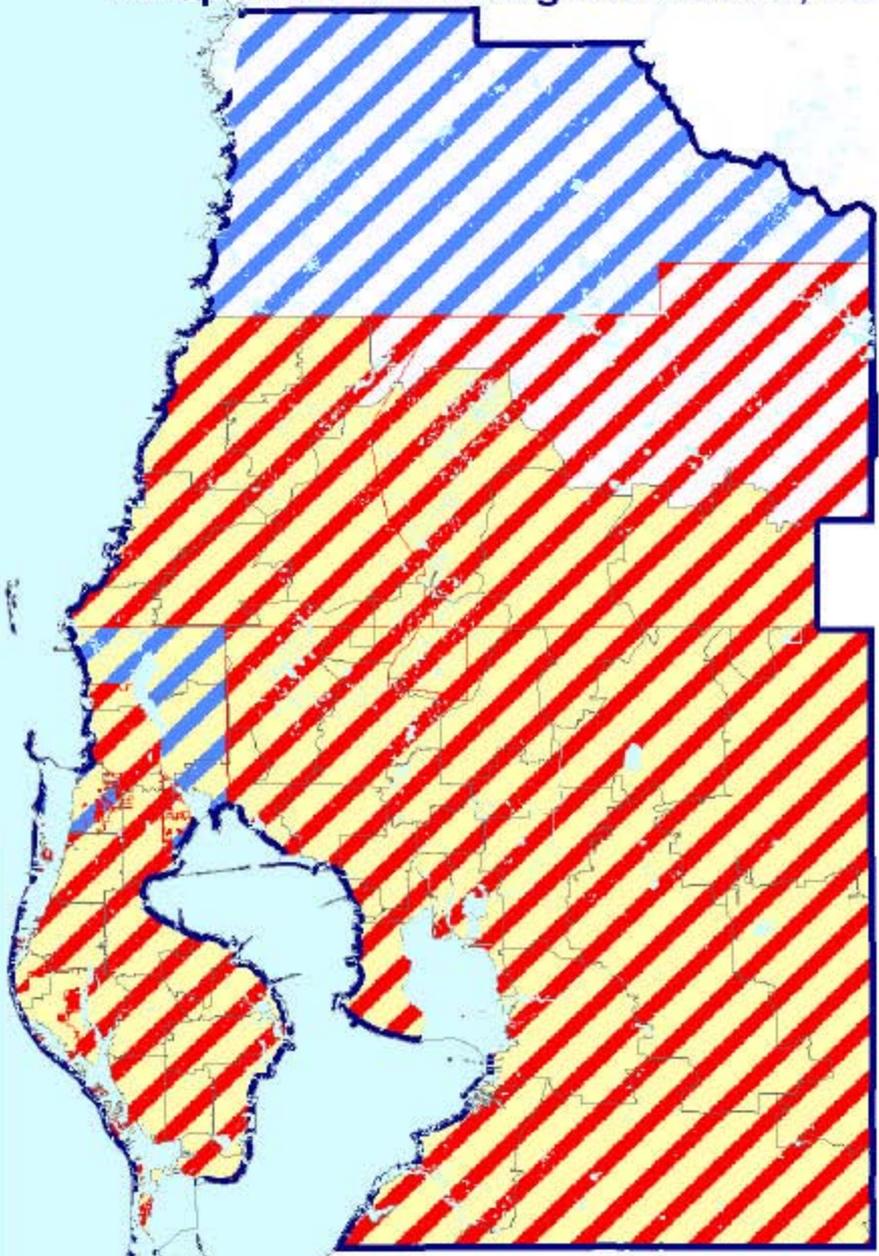


Tampa-St. Petersburg-Clearwater, FL

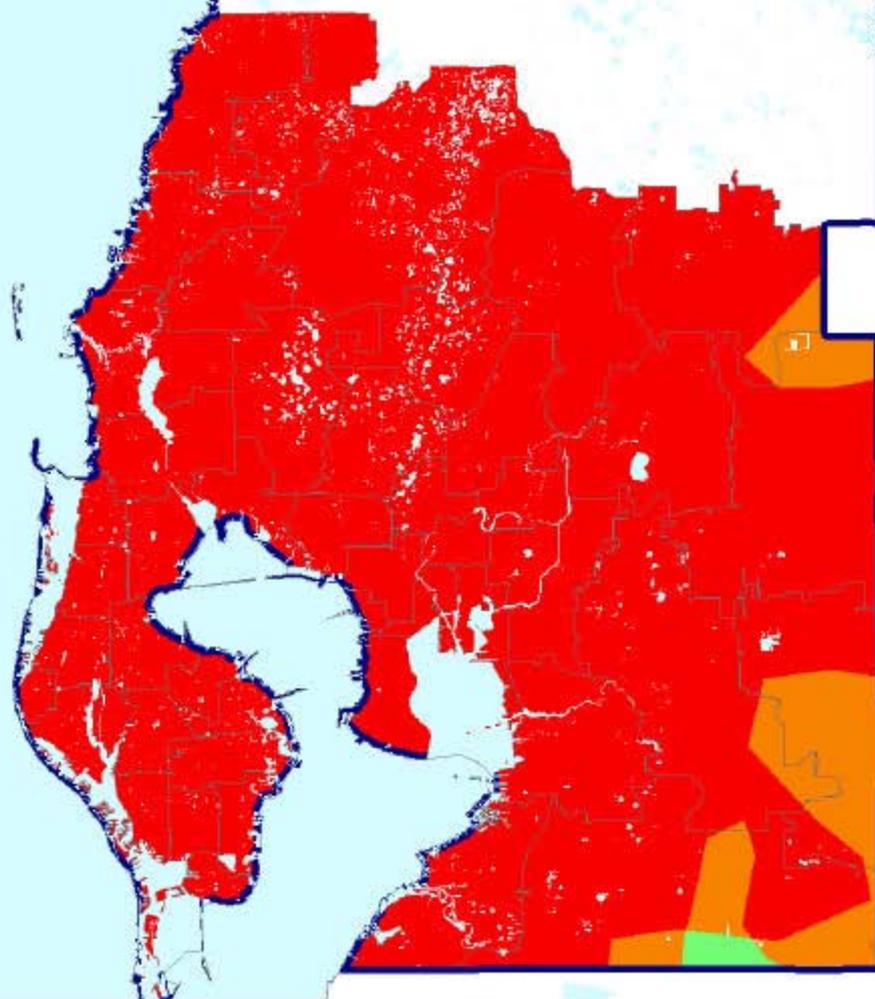
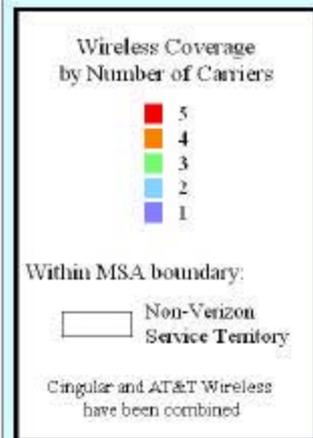
Cable Modem Service Availability
95-100% of the population within the MSA has access to cable modem service and VoIP service

 Time Warner Cable
 Remaining Carriers

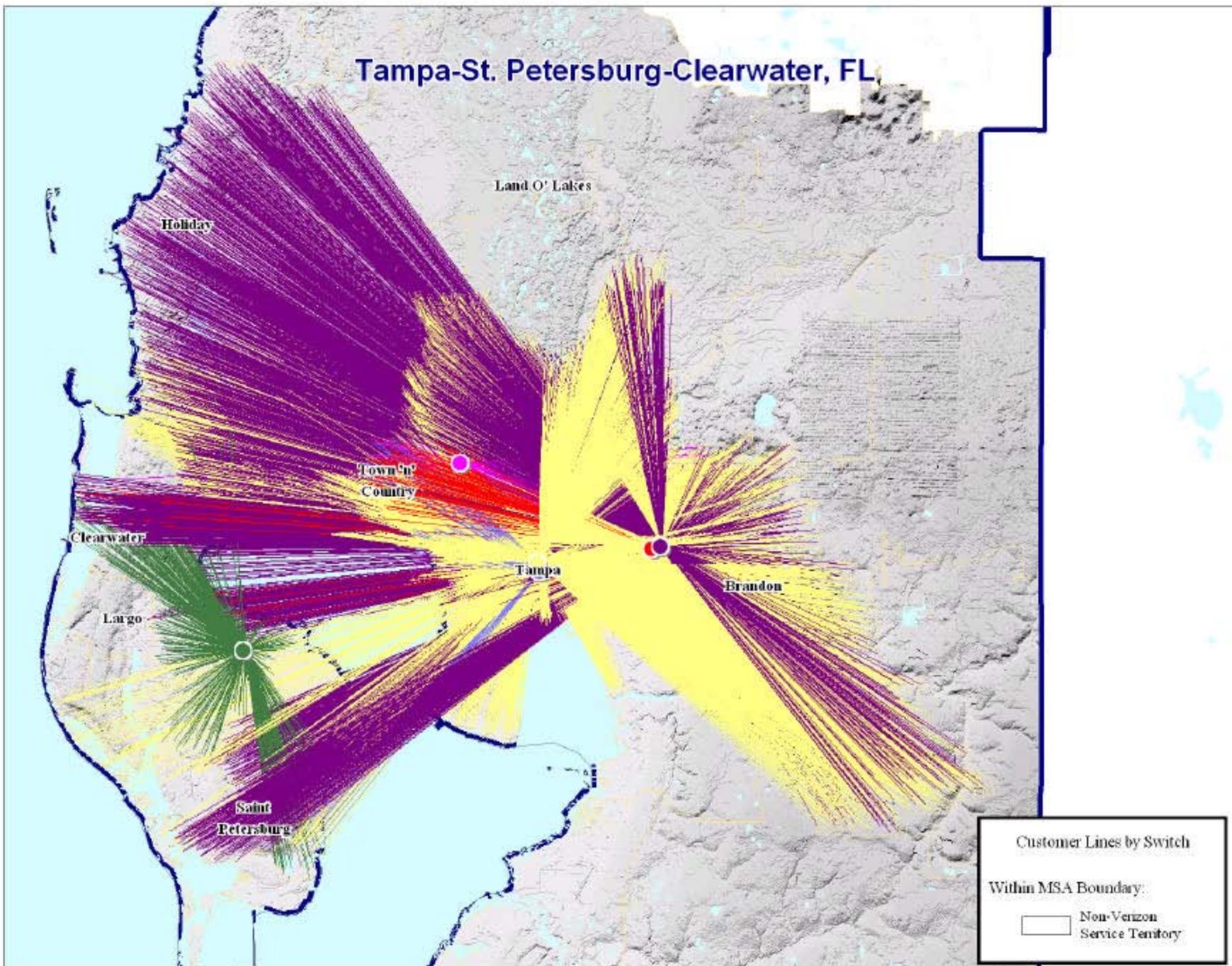
Within MSA Boundary:
 Verizon Service Territory
 Non-Verizon Service Territory



Tampa-St. Petersburg-Clearwater, FL



Tampa-St. Petersburg-Clearwater, FL



Tampa-St. Petersburg-Clearwater, FL

Coverage by Number of Competitive Carriers Determined by Switch Reach

- 5 +
- 4
- 3
- 2
- 1

(Avg Switch Reach is 23.4 Miles)

● CLEC Switch

Within MSA Boundary:

- Verizon Service Territory
- Non-Verizon Service Territory

