ADVANCING GLOBAL COMMUNICATIONS

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December 8, 2006

VIA ELECTRONIC FILING

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

Re: *Ex Parte* Notice

Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992, MB Docket No. 05-311.

Dear Ms. Dortch:

On Thursday, December 7, 2006, representatives of the Telecommunications Industry Association (TIA) met with Chris Robbins, Acting Legal Advisor to Commissioner Deborah Tate. The TIA representatives were Tim Regan, Corning; Stan Fendley, Corning; Paul Kenefick, Alcatel-Lucent; Suzanne Yelen, Wiley, Rein & Fielding; Grant Seiffert, TIA; Rebecca Schwartz, TIA; and the undersigned. The purpose of the meeting was to reiterate TIA's position in the above-captioned proceeding, and to emphasize the importance of regulatory certainty necessary to stimulate investment. Setting forth guidelines for the local franchising process will provide such certainty and simultaneously help to remove barriers for competitive video service providers. TIA's presentation, attached hereto as Appendix A, summarizes this position. Appendix B summarizes state statutes that have enacted statewide video franchising regimes. TIA urged that the Commission maintain a path consistent with its mandate to provide advanced communications to all Americans.

Pursuant to Section 1.1206 of the Commission's Rules, 47 C.F.R. § 1.1206, a copy of this submission is being provided to Commissioner Adelstein and Rudy Brioche. Please contact the undersigned with any questions in connection with this filing.

Respectfully submitted,

/s/ Danielle Jafari

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Danielle Jafari

cc:
Chris Robbins, Acting Legal Advisor, Office of Commissioner Tate

Appendix A

Impact of Streamlined Video Franchising
on Investment
in Next Generation Broadband

December 7, 2006

Message

- Need streamlined franchising to promote investment in next generation broadband deployment and to maintain global leadership
- Video services are necessary for the deployment of next generation broadband deployment
- Telco video entry will provide competition with cable video and provide access diversity for content
- Need national franchising model to encourage states to adopt streamlined franchising and to guide their policies

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TRO Deregulation Model is Instructive
Great FTTP progress underway

2% 12%
7%
7%
9%
63%

ILEC
MUNI/PUD
DEV/CLEC
CLEC
RBOC
MSO

Subscriber breakdown

FCC TRO
(Oct 2003)

Cumulative Homes ('000)

7000
6000
5000
4000
3000
2000
1000
0

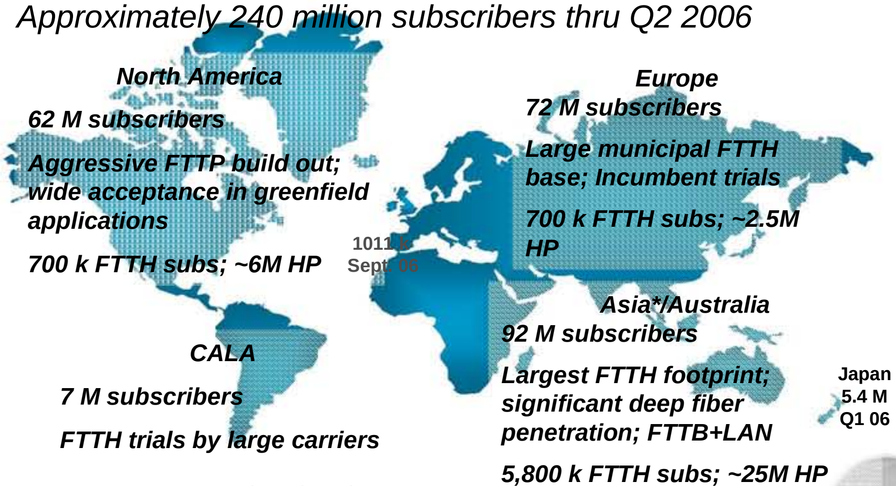
Sept '01 Mar '02 Sept '02 Mar '03 Sept '03 Mar '04 Sept '04 Mar '05 Sept '05 Mar '06 Sept '06

VZ Passed
Total Passed
Total Connected

Source: Render, Vanderslice & Associates; Corning analysis

Global Broadband Statistics

Approximately 240 million subscribers thru Q2 2006



* Excludes Russia and Middle East

Source: Ovum RHK, Corning, Point Topic, Render Vanderslice (April 2006)

Franchise Reform is Next Logical Step

Need streamlined franchising

- **Franchise reform is 2006's TRO and will have a similar impact on deployment and investment**
- **Video franchise problems**
  - Delayed entry because of large number of franchises and difficult negotiations
  - Buildout requirements to a cable franchise area
  - Increased cost due to extraneous obligations
- **The solutions**
  - Centralized franchising authority
  - Automatically issue a franchise expeditiously
  - Self-determined franchise area
  - 5% franchise fee
  - 1% fee for PEG
  - No extraneous requirements
- **Result: economic deployment of FTTP to 50%-60% of households within 10 years**

The Evidence is In

Telcos invest in states with streamlined franchising

- **Impact in Texas**
  - November 2005-May 2006: FTTP communities double from 82 to 160
  - November 2005: AT&T announced $800 million investment
  - July 2006: Grande Communications said it raised $35 million in new capital to do FTTP
- **Impact in California**
  - March 2006: AT&T to invest $1 billion if franchise reform occurs
- **Impact in Indiana**
  - May 2006: AT&T announced $250 million investment
  - November 2006: Verizon building video plant, hiring technicians
- **Impact in Kansas**
  - May 2006: AT&T to invest $247 million
- **Impact in New Jersey**
  - August 2006: Verizon announced $1.6 billion investment
  - August 2006: Verizon moved equipment/personnel from New Hampshire to New Jersey

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Broadband Net Adds in North America

Pricing drives net adds

Thousands of Subscribers

000s

2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0

2Q seasonality

NA Telco Net Adds

2Q seasonality

2Q seasonality

2Q seasonality

NA Cable Net Adds

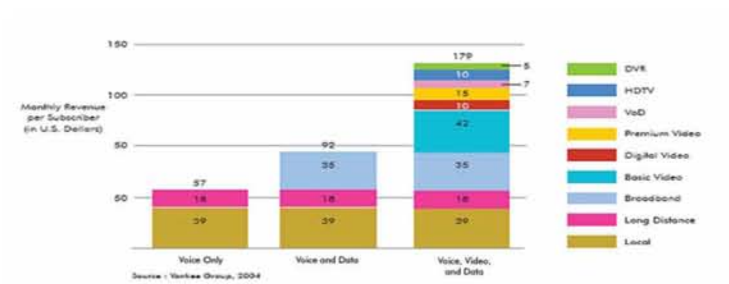
Source: Company reports, brokerage reports

	1q02	2q02	3q02	4q02	1q03	2q03	3q03	4q03	1q04	2q04	3q04	4q04	1q05	2q05	3q05	4q05	1q06	2q06
NA Cable Net Adds	1,090	1,055	1,241	1,392	1,444	1,007	1,381	1,271	1,304	1,011	1,428	1,310	1,356	1,007	1,402	1,395	1,718	1,047
NA Telco Net Adds	716	641	752	654	705	726	980	1,031	1,378	1,036	1,222	1,343	1,579	1,082	1,576	1,662	1,877	1,296
Cable Share Net Adds	60.4	62.2	62.3	68.0	67.2	58.1	58.5	55.2	48.6	49.4	53.9	49.4	46.2	48.2	47.1	45.6	47.8	44.7
Telco Share Net Adds	39.6	37.8	37.7	32.0	32.8	41.9	41.5	44.8	51.4	50.6	46.1	50.6	53.8	51.8	52.9	54.4	52.2	55.3
Cable Share Subs	62.6	62.5	62.5	63.0	63.4	63.1	62.7	62.1	61.0	60.3	59.8	59.1	58.2	57.8	57.1	56.4	55.8	55.4
Telco Share Subs	37.4	37.5	37.5	37.0	36.6	36.9	37.3	37.9	39.0	39.7	40.2	40.9	41.8	42.2	42.9	43.6	44.2	44.6

Source: Company reports, brokerage reports

Triple Play Necessary to Compete with Cable

Justify next generation broadband investments



- Triple play necessary to maintain customers and mitigate access line loss.
- Estimated that by YE ’06:
  - Cable will offer triple play to 62% of homes passed compared to 6% for telcos
  - Cable will have 8% of the residential voice market, telcos less than one percent of the video market

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States Without Streamlined Franchising May Suffer

- 8 states have recently passed streamlined video franchising laws while 5 states already had streamlined video franchising processes

APPROVED	HHs	% total HHs
AT&T	**19,377,885**	**44%**
VZ	**10,445,205**	**34%**
Independents	**4,262,253**	**24%**
Qwest	**0**	**0%**
Total	**34,085,343**	**33%**

Streamlined Video Franchise Approved

- 34 million customers in 13 states will be served first
- With no national process for streamlined franchising, what will happen with other states?

Impact of Streamlined Franchising
Corning FTTP Port Shipments 2005-2006

- Port shipments are an important measure of FTTP deployment
- Each port is an access point to the network
- Ports are indicative of homes passed

Change from 2005 to 2006*	**States with streamlined franchising**	**States without streamlined franchising**
Ports	**34%**	**0%**

* Through Nov 2006

Source: Corning

What States are Doing
Essential elements of streamlined franchising in 8 states

- Centralized franchising: 7 of 8 states issuing state-wide franchises
- Rapid issuance of franchise: all 8 states have deadlines ranging from 15 days (Indiana) to 120 days (Virginia)
- Franchise fees: 6 of 8 states cap at 5%
- PEG channels: 4 of 8 states require same channel capacity as incumbent
- Build-out: 5 of 8 states prohibit build-out requirements, others limit to telephone exchange area

Appendix B

	California	Indiana	Kansas	New Jersey	North Carolina	South Carolina	Texas	Virginia
Form of Franchise	State franchise, issued by California PUC	State franchise issued by Indiana Utility Regulatory Commission	State franchise, issued by Kansas Corporation Commission	State franchise, issued by Board of Public Utilities	State franchise issued by Secretary of State	State franchise issued by Secretary of State	State franchise issued by Texas PUC	Locally-issued franchise
Issuance Deadline	44 calendar days	15 business days	30 calendar days	45 calendar days	Franchise is deemed granted upon filing of a notice of franchise with the Secretary of State. Franchisee then must provide cable service within120 days, followed by a notice of service within 10 days after cable service begins	80 days	16 business days	After engaging in negotiations with locality for 120 days, applicant may receive "ordinance franchise" commensurate with incumbent.
Fees	Franchise fee up to 5% of gross revenue, PEG fee up to 1% of gross revenue	Franchise fee up to 5% of gross revenue, PEG fee equal to incumbent	Franchise fee up to 5% of gross revenue	Franchise fee up to 6% of gross revenue	LFAs no longer assess and collect franchise fees, but rather receive portion of cable sales tax collections	Franchise fee up to 5% of gross revenue	Franchise fee up to 5% of gross revenue, PEG fee up to 1% of gross income	Franchise fee of 5% of gross revenue; PEG fee of 1.5% of gross revenue.
PEG	Provision of PEG channels equivalent to incumbent cable operator	Equal to incumbent	Up to 2 PEG channels required	Must provide each municipality with two educational and governmental access channels, as well as free Internet service in fire houses, schools, police stations and libraries	Two PEG channels for a county or for a city with population less than 50,000, three channels for a city with population of 50,000 or more. If incumbent provides more channels, state franchisee must match.	Equal to incumbent	Equal to incumbent. If no incumbent, up to 3 channels.	Equal to incumbent or up to three, whichever is greater.
Build-Out	Telephone companies satisfy anti-redlining requirement by building out to 25% of low-income households over 3 years and 30% over 5 years. Small telephone companies satisfy anti-redlining by offering service to entire service area over reasonable time	Build-out requirement prohibited	Build-out requirement prohibited	Large telephone companies (serving 40% of state or more) must within 3 years provide video service to all county seats within telephone service area plus municipalities in that area with a population density greater than 7,111 per square mile of land area. Within 6 years, must provide service to all residential customers in service area	Build-out requirement prohibited	Build-out requirement prohibited	Build-out requirement prohibited	Build-Out: Under ordinance franchise, the franchisee identifies its "initial franchise area," which must be completely served within 3 years. The franchisee must serve 65% of the area in which it has telephone facilities within 7 years, and 80% of that area within 10 years.