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Via Courier

EX PARTE

January 8, 2007

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

FILED/ACCEPTED

JAN - 8 2007

Federal Communications Commission  
Office of the Secretary

Re: **REDACTED -- FOR PUBLIC INSPECTION** – *In the Matter of Petition of Qwest Communications International Inc. for Forbearance from Enforcement of the Commission's Dominant Carrier Rules As They Apply After Section 272 Sunset Pursuant To 47 U.S.C. § 160, WC Docket No. 05-333*

Dear Ms. Dortch:

Qwest Communications International Inc. ("Qwest") hereby provides notice for the public record that Qwest today is filing separately under seal confidential information submitted in response to the following requests contained in a letter dated January 5, 2007 from Thomas J. Navin of the FCC to Craig J. Brown of Qwest: 1.b; 1.c; 1.d; 1.h; 1.j; 1.j.i; 1.j.ii; 5.a.iv; and 5.c. In this submission Qwest is providing quarterly data, where available, beginning with the first quarter 2004 through the present. In most instances data are not yet available for the fourth quarter 2006.

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REDACTED – FOR PUBLIC INSPECTION

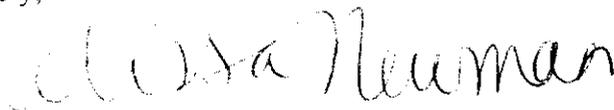
Notwithstanding the *Protective Orders* adopted in this proceeding,<sup>1</sup> Qwest believes there is also a separate statutory basis for not making this confidential information available for public inspection. See 47 C.F.R. §§ 0.457(d), 0.459. As such, appended hereto is Qwest's associated confidentiality justification. The non-redacted portions of this submission contain Qwest's confidential information and confidential information associated with the operations of other telecommunications providers (with their identities masked) that Qwest has in its possession.<sup>2</sup> This information would not ordinarily be made available to the public, and disclosure may cause substantial competitive harm to Qwest and to other telecommunications providers. Accordingly, the non-redacted information is appropriate for non-disclosure both under Sections 0.457(d) and 0.459, as well as under the *Protective Orders*.

As required by the Wireline Competition Bureau's *Protective Orders*, Qwest is also submitting one (original) copy of the non-redacted attachments to the Secretary's office. In addition, Qwest is submitting with this letter two copies of the redacted confidential attachments. As required by the *Protective Orders*, these redacted copies include the following legend: "REDACTED – FOR PUBLIC INSPECTION".

The confidential, non-redacted version of Qwest's response will be made available for inspection, pursuant to the terms of the *Protective Orders*, at 607 14<sup>th</sup> St. NW, Suite 950, Washington DC. Arrangements for inspection may be made by contacting Joan O'Donnell at 202-429-3104.

Acknowledgment and date of receipt of this submission are requested. A duplicate copy is included for this purpose. If you have any questions regarding this submission, please contact Melissa Newman at 202-429-3120.

Sincerely,



Melissa Newman  
Vice President-Federal Regulatory  
Qwest

Attachments

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<sup>1</sup> *Petition of Qwest Communications International Inc. for Forbearance from Enforcement of the Commission's Dominant Carrier Rules As They Apply After Section 272 Sunsets*, WC Docket No. 05-333, First and Second Protective Orders (rel. Jan. 5, 2007) (DA 07-22 & 07-23) (collectively, "*Protective Orders*").

<sup>2</sup> Specifically, in addition to requesting confidential treatment of the information of other telecommunications providers, Qwest has masked the identity of these providers by labeling carrier-specific information as information of Carrier XX, Carrier XY, and so on.

Ms. Marlene H. Dortch  
January 8, 2007  
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**REDACTED – FOR PUBLIC INSPECTION**

## APPENDIX

### Confidentiality Justification

Qwest requests confidential treatment of the information being provided in its *ex parte* because this information is competitively sensitive and its disclosure would have a negative competitive impact on Qwest and other telecommunications providers were it made publicly available. Such information would not ordinarily be made available to the public, and should be afforded confidential treatment under the *Protective Orders* and both 47 C.F.R. § 0.457 and § 0.459.

#### 47 C.F.R. § 0.457

The attachments contain information which is confidential and proprietary to Qwest and to other telecommunications providers as “commercial or financial information” under Section 0.457(d). Disclosure of such information to the public would risk revealing company-sensitive proprietary information in connection with Qwest’s ongoing business plans and operations and the operations of other telecommunications providers. Therefore, in the normal course of Commission practice this information should be considered “Records not routinely available for public inspection.”

#### 47 C.F.R. § 0.459

Specific information in the attachments to the *ex parte* is also subject to protection under 47 C.F.R. § 0.459, as demonstrated below.

#### Information for which confidential treatment is sought

Qwest requests that the attachments be treated on a confidential basis under Exemption 4 of the Freedom of Information Act. This information is competitively-sensitive data which Qwest and other telecommunications providers maintain as confidential and is not normally made available to the public. Release of the information would have a substantial negative competitive impact on both Qwest and other telecommunications providers. The confidential information is contained in the non-redacted version of Qwest’s *ex parte* submission, which is marked with the following legend: **HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO SECOND PROTECTIVE ORDER IN WC DOCKET NO. 05-333 before the Federal Communications Commission – COPYING PROHIBITED.**

Commission proceeding in which the information was submitted

The information is being submitted in WC Docket No. 05-333, *In the Matter of Petition of Qwest Communications International Inc. for Forbearance from Enforcement of the Commission's Dominant Carrier Rules As They Apply After Section 272 Sunset Pursuant To 47 U.S.C. § 160.*

Degree to which the information in question is commercial or financial, or contains a trade secret or is privileged

The information designated as confidential includes detailed confidential information for both Qwest and other telecommunications providers in the form of estimates of revenue shares for various types of services and geographic areas and subscriber volumes/amounts of services provisioned to different classes of customers. As noted above, the data are competitively sensitive information which is not normally released to the public as such release would have a substantial negative competitive impact on Qwest and other telecommunications providers.

Degree to which the information concerns a service that is subject to competition; and manner in which disclosure of the information could result in substantial competitive harm

This type of commercial information would generally not be subject to routine public inspection under the Commission's rules (47 C.F.R. § 0.457(d)), demonstrating that the Commission already anticipates that the release of this kind of information likely would produce competitive harm. Qwest confirms that release of its confidential and proprietary information would cause it competitive harm by allowing its competitors to become aware of sensitive proprietary information regarding the operation of Qwest's business. Qwest assumes that the same would be true regarding the confidential and proprietary information of other telecommunications providers.

Measures taken by Qwest to prevent unauthorized disclosure; and availability of the information to the public and extent of any previous disclosure of the information to third parties

Qwest has treated and treats the information disclosed in its non-redacted *ex parte* as confidential and has protected it from public disclosure to parties outside of the company.

Justification of the period during which Qwest asserts that the material should not be available for public disclosure

Qwest cannot determine at this time any date on which this information should not be considered confidential or would become stale for purposes of the current inquiry, except

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that the information would be handled in conformity with general Qwest records retention policies, absent any continuing legal hold on the data.

Other information that Qwest believes may be useful in assessing whether its request for confidentiality should be granted

Under applicable Commission and court rulings, the information in question should be withheld from public disclosure. Exemption 4 of the Freedom of Information Act shields information that is (1) commercial or financial in nature; (2) obtained from a person outside government; and (3) privileged or confidential. The information in question satisfies this test.

**REDACTED – FOR PUBLIC INSPECTION**

**Attachment 1(b)**

Request 1(b): For each Qwest franchise area, provide: The number of residential lines Qwest provides to resellers, and the name and corresponding line counts for the top three purchasers of resold lines.

Response: See attached tables, with the identities of the top three purchasers masked.

**Attachment 1(b)**

**Table(s) –**

**REDACTED IN FULL**

**Attachment 1(c)**

Request 1(c): For each Qwest franchise area, provide: The number of residential UNE-L lines provided by Qwest, and the name and corresponding line counts for the top three purchasers of UNE-L lines.

Response: See attached tables which contain the total number of UNE-L lines by state purchased by CLECs and the top three purchasers of UNE-L lines within each state with their identities masked. Qwest has no knowledge of whether CLECs use UNE-L lines to serve residential or business customers.

**REDACTED – FOR PUBLIC INSPECTION**

# **Attachment 1(c)**

**Table(s) –**

**REDACTED IN FULL**

**Attachment 1(d)**

Request 1(d): For each Qwest franchise area, provide: The number of residential Qwest Platform Plus (QPP) lines or similar arrangements provided by Qwest, and the name and corresponding line counts for the top three purchasers of these lines.

Response: See attached tables, with identities of the top three purchasers masked.

**REDACTED – FOR PUBLIC INSPECTION**

**Attachment 1(d)**

**Table(s) –**

**REDACTED IN FULL**

**Attachment 1(h)**

Request 1(h): For each Qwest franchise area, provide: An estimate of the total number of residential consumers that subscribe to mobile wireless service instead of wireline local exchange service and long distance service.

Response: Qwest is unclear whether this question seeks data regarding solely the proportion of the residential mobile wireless customer base that has elected to completely discontinue wireline local service in favor of mobile wireless service (i.e. “cut the cord”) or also seeks data regarding customers who still retain wireline local telephone service but who have shifted a significant amount of usage (local and/or long distance) to mobile wireless service (i.e. wireless replacement). Both the cutting the cord and the wireless replacement effects demonstrate convincingly that customers view wireless long distance service as a direct substitute for wireline long distance service.

With respect to the former, Qwest has not prepared for its internal purposes an estimate of the number of residential consumers in its service territory that have cut the cord. Qwest is aware that others have developed estimates of wireless substitution. In its most recent Commercial Mobile Radio Services (“CMRS”) report, released on September 29, 2006, the FCC stated at paragraph 205:

“While exact percentages are difficult to determine, wireless substitution has grown significantly in recent years. According to the 2005 National Health Interview Survey (NHIS), 7.8 percent of adults lived in households with only wireless phones in the second half of 2005, up from 5.5 percent in the second half of 2004, and 3.5 percent in the second half of 2003. Similarly, based on a survey conducted in the fourth quarter of 2005, one analyst found that about 8 percent of U.S. households that subscribe to cell phone service had given up their landline phones, up from 5 percent in 2004 and 4 percent in 2003. The analyst observed, “[h]ouseholds are ditching home wired phones faster because cell phone service is getting cheaper, wireless coverage is improving and fewer people need their land lines for access to the Internet.” Moreover, the survey found that more than six million households, and nearly 6 percent of the total U.S. population, rely exclusively on wireless phones. Another survey from early 2006 found that 12 percent of cellphone users use cellphones as their only phone. A fourth survey from October 2005 found that nearly one in five consumers who recently purchased mobile phones said they had no landline service.” [footnotes omitted]

If the year-to-year growth of approximately two percent in wireless substitution indicated by the NHIS study continues, it would suggest that at least ten percent of CMRS customers in 2006 do not subscribe to wireline local exchange or long distance service.

Qwest also notes that more recent research shows that the proportion of wireless substitution in certain markets may be higher than the NHIS estimates. On October 18, 2006, Telephia released a public press release highlighting its findings with respect to wireless substitution in specific metropolitan areas across the U.S. Qwest does not have access to the underlying report, but only the press release. However, a copy of this press release is attached to this response for the Commission's consideration. In its press release, Telephia shows specific metropolitan areas, including metro areas within Qwest's service territory including Phoenix, Seattle, Denver and Minneapolis. For those areas, Telephia's research shows that the wireless substitution rate is 13.5%, 13.2%, 11.3% and 15.2% respectively. This data suggests that an estimate of 10% for "cord cutting" within Qwest's territory as of 2006 is likely understated.

In any event, using the more conservative ten percent figure described above, Qwest has, in the attached schedule, extrapolated an estimate of the residential mobile wireless subscribers in Qwest's 14 states who substituted wireless for wireline service (i.e. cut the cord) as of December 2005.

As noted above, Qwest believes that wireless replacement data is relevant here as well. In Qwest's response to Staff request 1(j)(ii), research results from the Yankee Group were discussed which indicated that approximately 64% of long distance calls have been replaced by wireless calling.

Finally, Qwest addressed these wireless "cut the cord" and replacement effects in its ex parte filing on December 7, 2006.

ESTIMATE OF RESIDENTIAL MOBILE WIRELESS SUBSCRIBERS IN QWEST 14 STATES  
WHO SUBSTITUTE WIRELESS FOR WIRELINE SERVICE: DEC. 2005

[REDACTED]		Dec. 2005 Total Wireless Subs (B)	[REDACTED]
[REDACTED]	[REDACTED]	3,849,152.00	[REDACTED]
[REDACTED]	[REDACTED]	3,260,286.00	[REDACTED]
[REDACTED]	[REDACTED]	1,767,830.00	[REDACTED]
[REDACTED]	[REDACTED]	838,095.00	[REDACTED]
[REDACTED]	[REDACTED]	3,370,196.00	[REDACTED]
[REDACTED]	[REDACTED]	526,954.00	[REDACTED]
[REDACTED]	[REDACTED]	454,456.00	[REDACTED]
[REDACTED]	[REDACTED]	1,169,068.00	[REDACTED]
[REDACTED]	[REDACTED]	1,170,436.00	[REDACTED]
[REDACTED]	[REDACTED]	2,417,992.00	[REDACTED]
[REDACTED]	[REDACTED]	482,623.00	[REDACTED]
[REDACTED]	[REDACTED]	1,531,763.00	[REDACTED]
[REDACTED]	[REDACTED]	4,177,196.00	[REDACTED]
[REDACTED]	[REDACTED]	358,593.00	[REDACTED]
[REDACTED]	[REDACTED]	25,374,640.00	[REDACTED]

Source:

[REDACTED]  
Column B - Local Telephone Competition Report, Table 14, July 2006

# ...TELEPHIA...

Your connection to the digital consumer

## MIDWESTERNERS CUT THE CORD: HOUSEHOLDS IN DETROIT AND MINNEAPOLIS-ST. PAUL HAVE THE HIGHEST RATE OF WIRELESS SUBSTITUTION AMONG 20 LARGEST U.S. CITIES, ACCORDING TO TELEPHIA

### *San Francisco Has the Lowest Substitution Rate*

**SAN FRANCISCO—October 18, 2006**—More and more U.S. households are dropping their landlines and opting to go completely wireless. According to Telephia, the largest provider of consumer research to the communications and new media markets, households in Detroit and Minneapolis-St. Paul have the highest rate of wireless substitution among the 20 largest cities in the country. Detroit and Minneapolis-St. Paul posted household wireless substitution rates of 19 and 15.2 percent, respectively (see Table 1). The Tampa metropolitan area secured a 15.1 percent rate, representing nearly 177,000 households. Nearly 219,000 (14.3%) households in Atlanta and 220,000 (13.6%) households in Washington D.C. cut the cord. Rounding out the top 10 were Phoenix, Seattle, Denver, Boston and Los Angeles.

“Several factors influence the rate of wireless substitution across different metropolitan markets including income levels, ethnic mix, and average age,” said Kanishka Agarwal, Telephia’s VP of New Products. “Telephia provides wired and wireless service providers with the research they need to understand and track this important change in consumer behavior at the market level.”

### **San Francisco: Tech Capital Holding onto Landline**

San Francisco, which generally leads the nation in the adoption of many new technology products, landed at the bottom of the list. According to Telephia, the San Francisco metropolitan area posted just a 5.5 percent wireless substitution rate, which works out to be a little over 105,000 households.

“San Franciscans have traditionally been early adopters of advanced technologies. It is a bit of a surprise to see this metro much lower on the list, but this could be driven by the area’s high income level or its relatively low level of mobile network quality,” added Agarwal. “For topology and zoning reasons, mobile networks in San Francisco are not as reliable as compared to other top cities and it’s a less attractive substitute.”

**Table 1: Wireless Substitution Rates for Largest U.S. Metropolitan Areas**

Metropolitan Area	Total Households	Wireless Substitution Rate	Wireless Only Households
New York	6,988,000	6.5%	453,254
Los Angeles	5,374,491	9.8%	527,497
Chicago	2,751,090	8.3%	228,748

Philadelphia	2,309,987	7.4%	171,102
Boston	1,950,139	10.0%	194,962
San Francisco	1,903,708	5.5%	105,127
Dallas	1,694,764	8.0%	135,219
Washington, D.C.	1,613,508	13.6%	220,145
Houston	1,613,508	8.7%	140,821
Phoenix	1,543,860	13.5%	207,714
Atlanta, GA	1,532,252	14.3%	218,393
Detroit	1,474,213	19.0%	280,612
Seattle	1,288,485	13.2%	169,938
Tampa	1,172,405	15.1%	176,877
San Diego	1,102,757	9.6%	105,983
Cleveland	1,079,541	7.3%	78,287
Denver	1,056,326	11.3%	119,460
St. Louis	1,056,326	7.2%	76,090
Minneapolis	975,070	15.2%	148,254
Baltimore	858,990	5.8%	49,981

*Source: Observed data from the Telephia Total Communications Survey (Q2 2006)*

*Note: Wireless substitution rates were determined through an online survey of 700+ households for each metropolitan area. National Health Interview Survey (NHIS) data was used to adjust for off-line households. Differences in wireless penetration rates between cities may not be statistically significant.*

Please join Telephia at the following industry events:

- The World Digital Publishing Conference and Expo (London October 26-27). For more information, visit: [wan-press.org](http://wan-press.org)
- Digital Music Wire LA Games Conference (Los Angeles, CA November 7-8). For more information, visit: [lagamesconference.com](http://lagamesconference.com)
- Informa Telecoms and Media Mobile TV Summit (New York, NY November 14-16) For more information, visit: [informatm.com](http://informatm.com)

### **About Telephia**

Telephia is the largest provider of syndicated consumer research to the communications and new media markets. Telephia is your connection to the digital consumer.

Since 1998, executives at service providers, device manufacturers, content providers, and retailers have relied on Telephia data to make confident competitive strategy, marketing and resource allocation decisions. Telephia uses its unique measurement tools and large-scale consumer panels to completely understand the digital consumer's behavior, attitudes and experience.

To learn how Telephia data can help you understand the digital consumer and track your competitive performance, please contact us at (415) 395-0500 or [sales@telephia.com](mailto:sales@telephia.com).

###

**REDACTED – FOR PUBLIC INSPECTION**

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p: 415.637.4904

**REDACTED – FOR PUBLIC INSPECTION**

**Attachment 1(j)**

Request 1(j): For each Qwest franchise area, provide: The number of Qwest's residential mobile wireless subscribers.

Response: See attached table.

**REDACTED – FOR PUBLIC INSPECTION**

**Attachment 1(j)**

**Table(s) –**

**REDACTED IN FULL**

**Attachment 1(j)(i)**

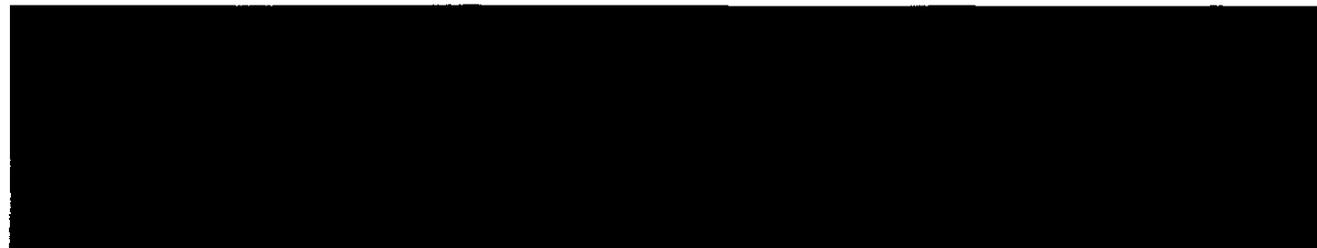
Request 1(j)(i): For each Qwest franchise area, provide: . . . an estimate of Qwest's share of residential mobile wireless lines.

Response: See attached table.

**REDACTED – FOR PUBLIC INSPECTION**

**ESTIMATE OF QWEST'S SHARE OF RESIDENTIAL MOBILE WIRELESS LINES**

Dec. 2005 Total Wireless Subs (B)			
3,849,152			
3,260,286			
1,767,830			
838,095			
3,370,196			
526,954			
454,456			
1,169,068			
1,170,436			
2,417,992			
482,623			
1,531,763			
4,177,196			
358,593			
25,374,640			



Source: Column B - Local Telephone Competition Report, Table 14, July 2006



**Attachment 1(j)(ii)**

Request 1(j)(ii): For each Qwest franchise area, provide: . . . an estimate of the proportion of Qwest's residential mobile wireless subscribers that subscribe to Qwest's mobile wireless service instead of a wireline local exchange service and long distance service.

Response: Again, as with request no. 1(h) above, Qwest is unclear whether this question seeks data regarding solely the proportion of the specified residential mobile wireless customer base that has elected to completely discontinue wireline local service in favor of mobile wireless service (i.e. "cut the cord") or also seeks data regarding customers who still retain wireline local telephone service but who have shifted a significant amount of usage (local and/or long distance) to mobile wireless service (i.e. wireless replacement). Qwest believes both the cutting the cord and the wireless replacement effects demonstrate convincingly that customers view wireless long distance service as a direct substitute for wireline long distance service. As noted in response no. 1(h), above, Qwest has not prepared for its internal purposes an estimate of the number of its residential mobile wireless customers who do not subscribe to wireline local exchange and long distance service. However, Qwest recognizes that others have developed estimates of the percentage of *total* CMRS customers who do not subscribe to wireline service. Those estimates are discussed in response no. 1(h), above. Qwest further notes that Qwest residential mobile wireless customers only represent a small percentage of the *total* CMRS customers in its service area.

Qwest also believes that its CMRS customers, like those of other wireless carriers, use their mobile handsets to place long distance calls that otherwise would have been placed over wireline facilities. Although Qwest has not prepared its own estimate of that migration, either among its own CMRS customers in its service territory or generally, Qwest believes the attached schedule provides a reasonable extrapolation of this replacement effect.

Finally, Qwest addressed these wireless "cut the cord" and replacement effects in its ex parte filing on December 7, 2006.

**REDACTED – FOR PUBLIC INSPECTION**

**Attachment 1(j)(ii)**

**Table(s) –**

**REDACTED IN FULL**

**Attachment 5(a)(iv)**

Request 5(a)(iv): In a December 7, 2006 *ex parte* letter, Qwest provides two tables containing nationwide and regional market share estimates based upon proprietary data that Qwest obtained from TNS Telecoms. Table 1 provides estimates for “InterLATA Service Revenues for Enterprise Customers.” Table 2 provides estimates for “InterLATA Service Revenues for Small Business Customers.” For each of these tables, [s]tate whether the regional estimates include data only for Qwest’s franchise areas or for the entire state.

Response: The regional estimates in Tables 1 and 2 only include data for Qwest franchise areas within each of the 14 states that Qwest serves. These regional estimates do not include any customer or carrier data for independent telephone company franchise areas.

**REDACTED – FOR PUBLIC INSPECTION**

**Attachment 5(c)**

Request 5(c): In a December 7, 2006 *ex parte* letter, Qwest provides two tables containing nationwide and regional market share estimates based upon proprietary data that Qwest obtained from TNS Telecoms. Table 1 provides estimates for “InterLATA Service Revenues for Enterprise Customers.” Table 2 provides estimates for “InterLATA Service Revenues for Small Business Customers.” If the estimates in Tables 1 and 2 are not based on a TNS Telecoms report, provide an explanation of the methodology used to develop each estimate, and all documentation, including data, used to arrive at each estimate.

Response: The revenue share estimates in Tables 1 and 2 are all based on TNS Telecoms data.