

and businesses in the Denver MSA. This technology continues to be aggressively deployed. For example, in April 2006, the Downtown Denver Partnership began offering free WiFi along the 16th Street Mall in downtown Denver.” The service, which was installed and is maintained by Broomfield-based Kiva Networks, provides up to two hours of free usage per 24 hour period with additional usage available for a fee. In addition, in September 2006, a group of ten west Denver metro communities – seven of which are within the Denver MSA – announced the planned creation of one of the largest regional WiFi networks in the country. Known as the Colorado Wireless Communities network, it will be a privately funded and operated network that will “blanket each of the 10 cities, an area that covers about 220 square miles and more than 600,000 people.”¹²⁰

41. The Denver area is home to many wireless innovators. For example, WavMax Broadband, headquartered in Littleton, Colorado, delivers commercial-quality wireless broadband access to the internet via secure radio frequency (RF) transmission and offers “an array of low cost carrier-quality IP services including data, voice, video . . . and worldwide internet roaming to the wholesale and business markets.”¹²¹ WavMax’s coverage area includes at least 25 communities in the Denver metro and Castle Rock areas.¹²² In describing its rapid growth, WavMax states:

In the five years since the company’s creation, WavMax has successfully executed its strategy to deploy a widespread, carrier class, affordable wireless broadband

¹¹⁹ http://www.denverpost.com/frontpage/ci_3721605. See Exhibit 5, page 13.

¹²⁰ http://www.denverpost.com/ci_4401357?source=rss. See Exhibit 5, page 15.

¹²¹ http://www.wavmax.com/about_us/index.htm. See Exhibit 5, page 17.

¹²² http://www.wavmax.com/coverage_maps/map_denver.htm and http://www.wavmax.com/maps/map_castle_rock.htm. See Exhibit 5, page 18.

network to effectively address the wholesale market and offers a “last mile” solution to commercial customers to gain access to the Western Region.¹²³

WavMax also offers VoIP service, with prices starting at \$35 “per seat” per month for local service and unlimited long distance calling. The product and service offerings from WavMax Broadband integrate WiFi and wireless VoIP technologies for small business and enterprise business customers, as well as wholesale customers, representing yet another facilities-based substitute for Qwest business telecom services

42. Qwest does not maintain that wireless service is viewed by every customer in the Denver MSA as a complete substitute for traditional wireline service. A certain number of customers will never switch from wireline service to wireless service no matter how attractive wireless service becomes. However, it is clear that when current facts regarding functionality (for voice as well as data/internet applications), price and convenience are examined, wireless service now represents a viable and direct substitute for Qwest’s wireline services for many Coloradans. It is equally clear that wireless substitution is occurring today, and that the rate of such substitution will continue to increase. Wireless competition continues to grow in intensity and now represents significant price constraining competition in the Colorado telecom market.

VII. VOIP COMPETITION.

43. VoIP service, which is typically offered as a package that includes unlimited local and long distance service plus an array of calling features, is now readily available from a

¹²³ http://www.wavmax.com/about_us/index.htm. See Exhibit 5, page 17.

broad range of providers to any residence or business customer in the Denver MSA that has broadband internet access.¹²⁴ As a preliminary matter, some parties contend that VoIP service is significantly more expensive than traditional landline service because a broadband connection is required. However, this precept incorrectly implies that a customer purchases broadband service solely to facilitate VoIP. In fact, most customers purchase broadband services primarily for internet access and entertainment purposes, not simply to facilitate VoIP. For these customers, there is no incremental cost for broadband when they elect to add VoIP telephone service via the preexisting broadband internet connection, and the cost of broadband is therefore not a factor in their VoIP purchase decision.

44. According to the FCC, broadband access lines in Colorado have grown from 61,408 in June 2000 to 1,165,853 in June 2006—an increase of almost 1,800%.¹²⁵ In fact, in the first six months of 2006 alone, broadband access lines in Colorado increased by 32%.¹²⁶ As of June 2006, approximately 41% of the broadband access lines in Colorado were served by cable modem.¹²⁷ The FCC found that “more than 99% of the country’s population lives in the 99% of zip codes where a provider reports having at least one high-speed service subscriber,”¹²⁸ and that every zip code in Colorado has at least one

¹²⁴ Broadband internet access is **now** available from a number *of* sources, including cable modem service, digital subscriber line, wireless broadband and satellite.

¹²⁵ *High Speed Services for Internet Access: Status as of June 30, 2006*, Industry Analysis and Technology Division, Wireline Competition Bureau, January 2007, Table 10.

¹²⁶ *Id.*

¹²⁷ *Id.*, Table 9

¹²⁸ *Id.*, Page 4.

broadband service provider available as of June 2006.¹²⁹ Competitive broadband services are now widely available from multiple providers in the Denver MSA, and have been embraced by a rapidly increasing number of customers. Each broadband customer represents a potential VoIP subscriber.

45. Currently, there are at least 60 VoIP providers serving the Denver MSA, including Verizon, AT&T, Vonage, Speakeasy, Cordia, Packets, SunRocket, SageVone, ITP and many others. Some of these providers, such as Packets, SageVone, and ITP offer service options for both the residential and business markets, while others, such as Speakeasy and SunRocket, focus primarily on the residential market.¹³⁰ Vonage, which is probably the most recognized independent residential VoIP provider, recently announced that in just over two years its customer base has rapidly grown to over 2 million subscribers in the U.S.¹³¹ Since VoIP calls don't rely on Qwest's switched network and calls transported via non-Qwest broadband facilities don't rely on Qwest's local loop network, the rapid customer VoIP adoption rate represents an increasingly significant form of network bypass competition.

46. IP5280 Communications is a VoIP provider focusing solely on the business market within the Denver MSA. IP5280 is a "Denver-owned and operated next-generation communications company, specializing in VoIP and converged IP voice and

¹²⁹ *Id.*, Table 17.

¹³⁰

http://www.voipreview.org/service.all2.aspx?provider=0&Country=0&Area_Code=303&serviceType=1&pg=1&sort_exp=ProviderName%20asc. See Exhibit 6, Page 1.

¹³¹ <http://pr.vonage.com/releasedetail.cfm?ReleaseID=209928>. See Exhibit 6, Page 17.

data services.”¹³² IP5280 offers a wide selection of VoIP services, including its Business IP Trunking to Hosted VoIP Services that is targeted to enterprise business customers.

IP5280 describes the advantages afforded by its Business IP Trunking service:

“ . . . IP5280 also offers easy-to-use and implement IP Trunking solutions that provide advanced VoIP features to existing PBX phone systems. IP Trunking provides the same unlimited local and long distance calling features as Hosted VoIP, and maintains all of your current PBX functionality without the cost and hassle of replacing your phone system. Replace your PRI connections and eliminate local and long distance charges with an integrated voice and data broadband connection.”¹³³

Through strategic partnerships with companies such as cable giant Comcast, ICG, premier collocation provider Data393 and others, IP5280 is well positioned to meet the demands of mid-sized and large enterprise businesses. Moreover, IP5280 has been expanding its operations through key acquisitions. In announcing its most recent acquisition in November 2006, IP5280 stated:

“IP5280 Communications, Colorado’s business VoIP specialists, and GoXpand, a broadband services provider delivering connectivity to in-building fiber, announced today the transfer of ownership of GoXpand’s commercial business VoIP customer base to IP5280. This is IP5280’s third acquisition of assets since the beginning of the year, furthering its expansion plan of business customers across the Colorado market.”¹³⁴

GoXpand is further described in this announcement as “a fiber network access services provider delivering interconnection from selected buildings across Denver metro to existing fiber backbone infrastructures.”¹³⁵ IP5280 also recently announced an agreement with WavMax, a regional wireless broadband provider of voice video and data services

¹³² <http://www.ip5280.com/aboutus.html>. See Exhibit 6, Page 18.

¹³³ <http://www.ip5280.com/busiptrnk.html>. See Exhibit 6, Page 19.

¹³⁴ <http://www.ip5280.com/goxpandvoip.html>. See Exhibit 6, Page 20

¹³⁵ *Id.*

described earlier in this declaration.¹³⁶ These two Denver-based companies are teaming up to provide “a portfolio of wireless broadband VoIP services to small and mid-size business customers across Colorado.”¹³⁷ In addition, WavMax’s “trademarked, industry leading” SkyFiberTM wireless network offers wholesale customers the needed bandwidth to deploy VoIP.¹³⁸

47. SimpleSignal, a full-service business VoIP provider, is identified by IP5280 as yet another one of its strategic partners. SimpleSignal is headquartered in Southern California, with a second location in Englewood, Colorado.¹³⁹ SimpleSignal describes itself as follows:

“SimpleSignal is a facilities-based complete network provider of business VoIP. The company’s enterprise-grade service is designed specifically for small to medium sized businesses, combining voice and data, hosted PBX, long distance and conferencing into one powerful, cost effective communications solution. SimpleSignal delivers more capabilities than on-premise PBX systems, with greater flexibility, simplicity, and personalized service. Now businesses of any size can leverage the power of advanced IP communications technology, improving business productivity, while significantly reducing overall telecom costs.”¹⁴⁰

SimpleSignal, IP5280 Communications, and WavMax are just three examples of the many VoIP providers that are aggressively competing with Qwest for small and large business customers in the Denver MSA.

¹³⁶ <http://www.ip5280.com/wavmax.html>. See Exhibit 6, Page 21

¹³⁷ *Id.*

¹³⁸ <http://www.wavmax.com/wholesale/index.htm>. See Exhibit 6, Page 22.

¹³⁹ <http://www.simplesignal.com/contact.html>. See Exhibit 6, Page 23

¹⁴⁰ <http://www.simplesignal.com/press-releases.html>. See Exhibit 6, Page 24.

48. While VoIP providers such as Vonage are currently reporting impressive subscriber totals, industry experts forecast exponential VoIP growth in the future. For example, Frost and Sullivan found that VoIP market revenue totaled \$295.1 million in 2004, and they expect revenues to reach \$4.1 *billion* in 2010—a *growth rate of over 1,200%*.¹⁴¹ As noted earlier, the broadband connections that enable VoIP service have increased significantly to date, and that growth is expected to continue. The Yankee Group found that roughly 44% of all U. S. households now subscribe to broadband internet access service, and that proportion is expected to increase to over 58% by 2010.¹⁴²

With respect to VoIP in the business markets, Infonetics Research, a major research ~~firm~~ specializing in data networking and telecommunications issues, released a study in May 2006 that found:

- 36% of large, 23% of medium and 14% of small North American organizations interviewed were already using VoIP products and services in 2005.
- Almost half of small and two-thirds of large organizations in North America will be using VoIP products and services by 2010.¹⁴³

Thus, leading industry analysts predict seismic changes in the structure of the competitive mass market and enterprise telecom markets in the U.S., with a significant shift away from traditional wireline telephone services and toward intermodal services such as VoIP.

¹⁴¹ Real World Network, Trend and Forecasts, North American Residential VoIP Market to Increase Growth, July 19, 2005. See Exhibit 6. Page 31

¹⁴² 2006 U.S. *Consumer Fixed Line Forecast*. The Yankee Group, January, 2007.

¹⁴³ <http://www.infonetics.com/resources/upna06.ipv.nr.shtml>. See Exhibit 6. Page 33.

49. In the past, a lack of reliable access to 911 emergency service providers was often mentioned as a reason not to consider VoIP services as a viable direct substitute for traditional wireline service. However, this issue has been largely resolved with regard to VoIP customers at fixed locations. The primary remaining VoIP E911 issue currently being addressed by the industry is the problem of “nomadic” E911, involving instances where customers transport their VoIP phone equipment to a location other than the location at which the equipment is registered and attempt to place an E911 call from the remote location.¹⁴⁴ Unless the VoIP provider is notified that the customer has changed locations, the E911 call will show the name and address of the location at which the VoIP equipment was originally registered. For example, if customer John Smith registers his VoIP equipment at 123 Main Street in Denver, but subsequently takes his VoIP equipment with him on a business trip to Chicago where he places an E911 call without notifying his VoIP service provider of the new location, the E911 operator will recognize his call as originating at 123 Main Street in Denver. However, if the customer is not “nomadic” and simply uses his or her VoIP equipment at a fixed location as a landline phone replacement (and has properly notified the VoIP provider of the address of the fixed location), 911 calls from that fixed location are recognized by the E911 operator as originating from the location at which the VoIP service was initially registered.

In an article in USA Today, AT&T discussed a solution it has devised to address the problem of nomadic VoIP:

¹⁴⁴ The FCC ordered all VoIP providers to make their VoIP services fully 911-capable by November 28, 2005, particularly in instances where the customer is “nomadic.”

AT&T's nomadic solution, called Heartbeat, uses its internet network to track the location of users. Here's how it works: when VoIP customers power down, AT&T's network will automatically suspend VoIP service. Once the phone adapter is plugged back in, AT&T will ask the user to verify his or her location. For customers who indicate they haven't moved, service will be instantly restored. If they have moved, they'll be directed to an 800 number or web page to register the new location.¹⁴⁵

Again, so long as the VoIP subscriber properly registers his or her location with the VoIP provider, the E911 operator will automatically receive the 911 caller's name, telephone number and street address. VoIP providers are actively working to resolve the remaining E911 issues driven by nomadic VoIP applications. To the extent the VoIP service is used by the VoIP subscriber to replace wireline service at a static address, VoIP must clearly be viewed as a direct substitute for traditional wireline service.

VIII. WHOLESALE COMPETITION.

50. Earlier in our declaration, we briefly mentioned that wholesale services are now offered by several carriers as an alternative to Qwest's wholesale services. In fact, many carriers (including several CLECs discussed earlier) now offer dark fiber, wholesale access, wholesale transport and finished telecommunications services to other telecom providers in the Denver MSA. For example, AT&T, Covad, Eschelon, Global Crossing, Granite Telecommunications, Level 3, McLeodUSA, Time Warner Telecom, Trinsic, Verizon and XO Communications have all self-reported to the FCC that they are offering "carrier's carrier" services to other telecommunications service providers.¹⁴⁶ Since inter-

¹⁴⁵ AT&T Solves VoIP's 911 Issue. USA Today, October 12, 2005. See Exhibit 6, Page 34

¹⁴⁶ Telecommunications Provider Locator, Industry Analysis & Technology Division, Wireline Competition Bureau, Table 3, March 2006.

carrier services are typically provided on a contractual basis, details of such services are difficult to obtain. However, the presence of numerous carriers actively marketing wholesale services in the Denver MSA demonstrates that Qwest's competitors have a clear alternative to purchasing UNEs from Qwest. A brief discussion of the wholesale offerings of a sample of these carriers follows.

51. Comcast offers wholesale services to other carriers in the Denver MSA over its extensive coaxial and fiber network. On its website, Comcast touts the carrier benefits of its network, describing its wholesale offering as a "cost effective transport that can reach into new markets and scale at a moment's notice." Further, in addressing the advantages to other carriers of utilizing its network, Comcast states:

"Comcast's services can be deployed quickly and efficiently with minimal wait and bureaucracy than you are typically confronted with when purchasing services from traditional telephone carriers."¹⁴⁸

While Comcast's pricing for such loop and transport wholesale services is a proprietary matter of carrier-to-carrier contracts and is not publicly posted, it is clear that Comcast positions its wholesale services as a direct alternative to wholesale network elements available from incumbent telephone service providers such as Qwest.

52. AT&T also utilizes its fiber network to offer wholesale services to other carriers in the Denver MSA. AT&T states:

"Years of experience serving wholesale customers, targeted investment in our network and technology innovation have positioned AT&T as an

¹⁴⁷ <http://www.comcastcommercial.com/index.php?option=content&task=view&id=33&Itemid=71>. See Exhibit 7, Page 1.

¹⁴⁸ *Id.*

industry leader. With AT&T Wholesale's dedicated sales, customer care and global operations teams at your side, you will have the networking expertise to support a full range of voice, video, data and IP services - for you and your customers."¹⁴⁹

On November 13, 2006, AT&T announced that it had been awarded "best national U.S. wholesale provider" by Capacity Magazine as part of that publication's second annual Global Wholesale Awards."¹⁵⁰ AT&T currently offers a full range of wholesale services to other carriers, including local and long distance voice services, data services, internet protocol services, applications services and international services.¹⁵¹

53. Covad operates as a facilities-based, integrated telecommunications service provider with infrastructure located in 2,050 central offices in 235 MSAs across the country, including the Denver MSA.¹⁵² Covad provides a wide range of retail and wholesale services including business and consumer DSL, Frame Relay, T-1 and VoIP services (with other services, such as Bonded T-1 and wireless to be introduced in 2007).¹⁵³ In its Third Quarter 2006 presentation to investors, Covad reported that it provides wholesale DSL and Line Powered Voice Access (a VoIP service that requires no special broadband equipment at the customer's location) to carriers serving the consumer and small, "single owner" business markets. In addition, Covad reported that it provides Voice Optimized Access ("VOA"), xDSL, T-1 and Frame Access to carriers

¹⁴⁹ <http://www.business.att.com/?segment=whole>. See Exhibit 7, Page 3

¹⁵⁰ <http://www.sbc.com/gen/press-room?pid=5097&cdvn=news&newsarticleid=23110>. See Exhibit 7, Page 4

¹⁵¹ <http://www.business.att.com/services.jsp?repopid=ProductCategory&segment=whole>. See Exhibit 7, Page 5.

¹⁵² Covad Communications Group, Inc.: Third Quarter 2006 Investor Presentation, pages 3 and 5. See Exhibit 7, Page 6.

¹⁵³ *Id.*, page 6.

serving medium and large enterprise business customers.¹⁵⁴ Regarding its wholesale products, Covad reports that its “unique set of assets will continue to attract strategic partners,” including carriers such as Earthlink, AT&T, United Online, XO, Nextlink, Verizon, Sprint, etc.¹⁵⁵ On a consolidated basis (wholesale and retail operations combined), Covad announced 2006 total revenues of \$474 million with wholesale service revenues of \$275 million. Thus, wholesale revenues represent well over half of Covad’s annual revenue stream for the year.¹⁵⁶ Clearly, Covad’s strong wholesale facilities-based focus is contributing significantly to its growth nationally and within the Denver MSA.

54. XO offers wholesale services through its XO Communications Carrier Services division, and asserts that it provides wholesale telecom services to CLECs, Interexchange Carriers, Cable TV providers, wireless service providers and VoIP service providers.¹⁵⁷ Its wholesale product portfolio includes wholesale local voice service, long distance service, IP aggregation, dedicated internet access, private line service, DS-I aggregation, Ethernet services, VoIP services and collocation.¹⁵⁸ XO was one of the first wholesale carriers to deploy a finished wholesale service (“Wholesale Local Voice” service) designed to replace UNE-Platform service. In a 2006 press release, XO states:

Launched in August 2005, XO’s wholesale offering for CLECs serving the residential and small business markets has rapidly gained momentum as a viable alternative to the unbundled network element platform (UNE-P) provided by incumbent carriers that were eliminated on March 11, 2006.

¹⁵⁴ *Id.*, page 6

¹⁵⁵ *Id.*, page 7

¹⁵⁶ Covad Communications Group, Inc.: Fourth Quarter 2006 Earnings Supplement. pages 3 and 6. See Exhibit 7, Page 18.

¹⁵⁷ <http://www.xo.com/products/carrier/>. See Exhibit 7. Page 32.

¹⁵⁸ *Id.*

The XO service delivers all the advantages of the UNE-P platform, and enables CLECs to avoid less economical choices such as building their own network facilities, or paying premium prices through commercial agreements or Special Access services from incumbent local exchange carriers.¹⁵⁹

In addition, it is important to note that XO's wholesale business is not limited to services provided via landline facilities. As discussed earlier in this declaration, XO's broadband wireless subsidiary, Nextlink, also provides wholesale telecommunications services. Nextlink offers wireless backhaul, as well as network redundancy and diversity services to mobile wireless providers and wireline carriers through fixed wireless broadband technology and over XO's licensed spectrum, which covers 75 metropolitan markets,¹⁶⁰ including Denver.¹⁶¹ Nextlink's wholesale broadband wireless services can be offered in any Qwest wire center in the Denver MSA that is within reach of a Nextlink broadband wireless transmitter/receiver, since such wireless services are not constrained by physical wire center boundaries.

55. As described earlier in this declaration, prior to its acquisition of Broadwing, Level 3 focused almost exclusively on the wholesale market. While the October 2006 acquisition of Broadwing expanded Level 3's presence in the retail market, it also increased the scope of Level 3's wholesale telecom service operations. Level 3 notes that "approximately half of Broadwing's revenue comes from the wholesale market, with business customers comprising the remaining revenue."¹⁶² Level 3 identifies its primary

¹⁵⁹ <http://www.xo.com/news/292.html>. See Exhibit 7, Page 34.

¹⁶⁰ Current Analysis, Company Assessment of XO Communications, July 2006.

¹⁶¹ http://www.nextlink.com/spectrum_map.htm. See Exhibit 7, Page 37.

¹⁶² <http://www.level3.com/newsroom/pressreleases/2006/20061017.html>. See Exhibit 7, Page 38.

targeted customers as “RBOCs, major IXCs, major foreign PTTs, major ISPs and Portals, Media Companies, wireless companies, satellite companies, established CLECs, system integrators, government, academia and content providers.”¹⁶³ Level 3 states that it offers five major categories of wholesale services: voice services, Softswitch, internet and data services, transport services and infrastructure services (which include collocation and dark fiber services).¹⁶⁴ As described earlier in this declaration, the combined Broadwing/Level 3 entity owns significant facilities in the Denver MSA, with over [REDACTED] fiber miles in areas served by Qwest. These facilities can be used to provide wholesale services to customers in direct competition with Qwest’s wholesale UNE services.

56. Time Warner Telecom provides both retail and wholesale services in the Denver MSA. Time Warner Telecom’s Denver network is part of the national Time Warner Telecom network, which delivers communications services over “more than 24,000 miles of fiber networks, to businesses in 30 states and 75 U.S. markets.”¹⁶⁵ Time Warner Telecom provides a range of wholesale services as a “carrier’s carrier,” including voice services, internet and data services, switched and transport services and collocation.¹⁶⁶ On June 1, 2005, Time Warner Telecom announced an agreement with the merged AT&T/SBC to provide, through 2010, “Special access and other last mile network services to the companies nationwide.”¹⁶⁷ Thus, AT&T can obtain Special Access

¹⁶³ <http://www.level3.com/580/html>. See Exhibit 7, Page 40.

¹⁶⁴ *Id.*

¹⁶⁵ http://twtelecom.com/about_us/networks/html. See Exhibit 7, Page 45

¹⁶⁶ http://www.twtelecom.com/cust_solutions/application.html. See Exhibit 7, Page 47.

¹⁶⁷ Time Warner Telecom press release: *Time Warner Telecom, AT&T, SBC Extend Long-Term Service Agreement*, June 1, 2005. See Exhibit 7, Page 49.

services from a provider other than Qwest as it seeks to further expand its business presence in markets such as Denver.

57. Also offering wholesale access and transport options to other carriers in the Denver area is Adesta, which owns over [REDACTED] fiber miles in Qwest's wire centers in the Denver MSA.¹⁶⁸ In November 2006, Adesta announced that it had been recognized by *Broadband Properties Magazine* as one of the leading companies in the fiber broadband industry.¹⁶⁹ Adesta describes itself as a trusted provider of a wide range of fiber optic services, specializing in last mile and broadband solutions for ILECs, CLECs, utilities, municipalities, **and** other entities.” The company offers custom-tailored services for SONET, IP/Ethernet, ATM, wireless, last-mile and broadband networks. Adesta also serves as a systems integrator and project management company for communication networks and security systems.

IX. SYSTEMS INTEGRATORS.

58. With the increasing complexity of communications systems, large businesses are increasingly turning to “systems integrators”” to assess, plan and manage their telecommunications systems. Systems Integrators provide a “single point of contact” for the design and management of complex telecommunications systems that minimizes the

¹⁶⁸ GeoTel fiber route data, October 2006.

¹⁶⁹ <http://www.adestagroup.com/adesta/html/news2.shtml>. See Exhibit 7, Page 52.

¹⁷⁰ <http://www.adestagroup.com/adesta/html/markets1.shtml> and <http://www.adestagroup.com/adesta/html/markets6.shtml>. See Exhibit 7, Page 54.

¹⁷¹ Systems Integrators are also known as Managed Telecom Service Providers.

need for businesses to perform these functions in-house. The demand for systems integrators is driven by the fact that extensive planning and management is required to create converged communications systems—blending voice, data, video, internet and wireless applications--without having to create new physical networks from scratch. Systems integrators have shown that they can compete successfully against traditional telecommunications providers such as Qwest.¹⁷² In the enterprise business market, nearly half of all medium and large enterprises utilize some form of managed telecom and IT services.¹⁷³

59. Systems integrators such as Electronic Data Systems, Data Systems Corp, IBM, Accenture, Northrop Grumman, New Edge Networks, Mammoth Networks **and** the aforementioned Adesta are now providing “single point of contact” telecommunications services to business customers. For example, New Edge provides managed telecom services to “telecom carriers, small to midsize businesses and large corporations”¹⁷⁴ in many U.S. markets, including Denver. IBM also provides systems integration services through its IBM Converged Communications Services division. According to its promotional materials, “IBM can help you design, deploy and manage an IP telephony infrastructure that can help reduce the costs associated with managing and maintaining separate voice and data equipment and networks, and increase the productivity of your

¹⁷² The North American managed telecom service market generated **\$18.6** billion in revenues in 2006 and is expected to generate **\$29.5** billion in **2012**. Source: North American Managed Telecom Services Markets, Study N022-63. Frost and Sullivan, 2006, Page 29.

¹⁷³ *Id.*, Page 10.

¹⁷⁴ <http://www.newedgenetworks.com/products/>. See Exhibit 8, Page 1.

employees.””” Mammoth Networks, with operations in Denver, provides DSL, Frame Relay and ATM service aggregation. Mammoth states: “We have built out a nine-state, 14 LATA network for the benefit of ISPs, CLECs, DLECs, integrators and virtual ISPs. Mammoth Networks provides flexibility by allowing you to connect your DS1s and DSL customers to our network, while having those circuits invoiced to you.”¹⁷⁶ In addition to system integration, Mammoth offers collocation to other telecom carriers via numerous “fiber hotels” in Qwest’s service territory, including in Denver.¹⁷⁷ A variant of the systems integrators, “Virtual Network Operators (VNOs),” has also appeared in the enterprise business market. Denver-based Virtela is a “global network solutions company” and “super integrator” that leases network capacity from other providers, while owning network intelligence hardware and software unique to its service portfolio.¹⁷⁸ While acknowledging that it falls into the VNO service provider category, Virtela considers itself to be more of “a hybrid in that it combines the best characteristics of both the VNO and a facilities based carrier, as well as those of an MSSP (Managed Security Services Provider).”¹⁷⁹ These examples represent just a few of the many competitive alternatives offered by systems integrators serving the medium and large enterprise business markets.

¹⁷⁵ <http://www-935.ibm.com/services/us/index.wss/offering/gn/a1025378>. See Exhibit 8, Page 2.

¹⁷⁶ <http://www.mammothnetworks.com/index.php>. See Exhibit 8, Page 3.

¹⁷⁷ <http://www.mammothnetworks.com/fiberhotel.php>. See Exhibit 8, Page 5.

¹⁷⁸ <http://www.virtela.net/>. See Exhibit 8, Page 6.

¹⁷⁹ *Id.*

X. CONCLUSION.

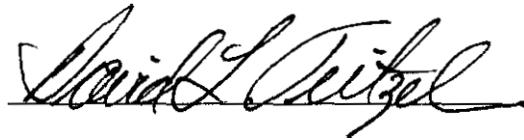
60. The Denver MSA is one of the most robustly competitive markets in Qwest's 14 state region, with numerous intermodal and intramodal carriers now actively competing in the market. Retail customers in every Qwest wire center in the Denver MSA now have the choice of at least one, and often many more, alternatives to Qwest's retail telecommunications services. This collection of competitors ranges from traditional wireline CLECs, to cable-based telecom service providers, to wireless (narrowband and broadband) providers to VoIP providers. In addition, multiple wholesale telecom service providers now provide services to other carriers in the Denver MSA, providing these carriers with alternatives to the purchase of Qwest UNEs and other wholesale services. Qwest's service territory in the Denver MSA is now fully competitive, and it is clear that Qwest cannot exercise market power in view of the scope and composition of competition that now exists in that MSA.

We declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April 26, 2007

A handwritten signature in cursive script, appearing to read "Robt H Brigham", written over a horizontal line.

Robert H. Brigham

A handwritten signature in cursive script, appearing to read "David L Teitzel", written over a horizontal line.

David L. Teitzel

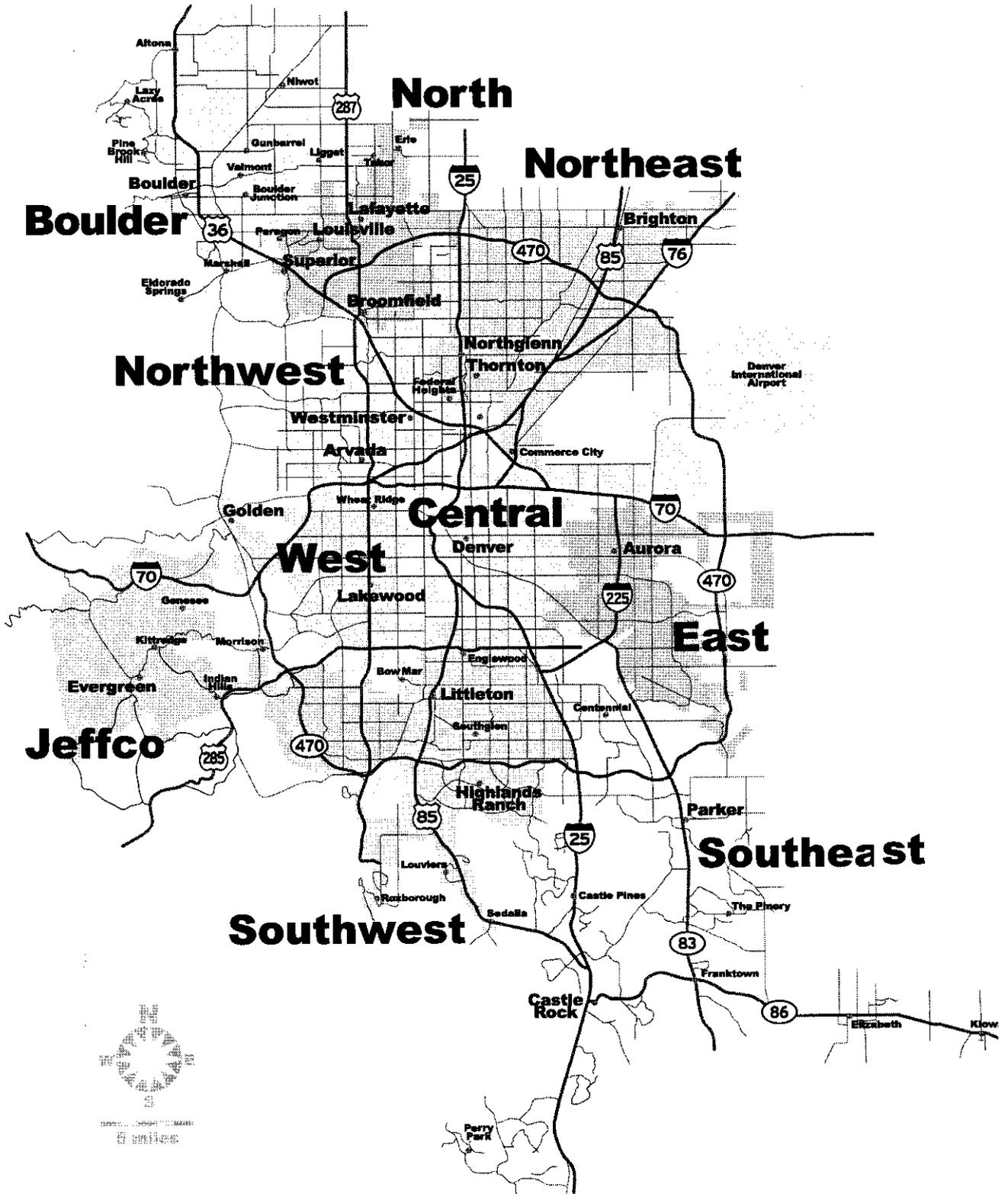
**DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL
REGARDING THE STATUS OF COMPETITION IN THE DENVER,
COLORADO METROPOLITAN STATISTICAL AREA**

EXHIBIT 1



Coverage Map

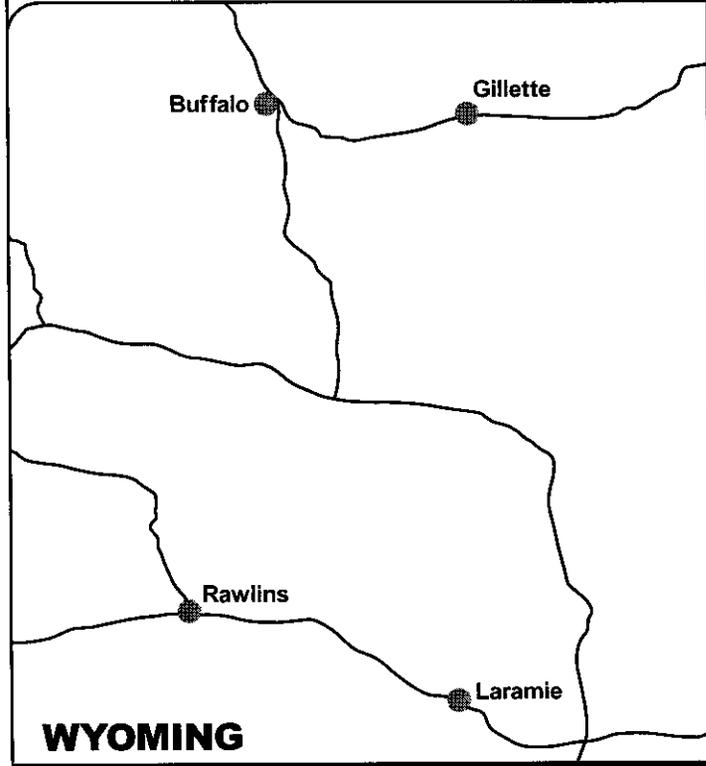
Denver Metro Area



Map boundaries are an approximation of zone coverage and do not reflect precise boundaries. Comcast Spotlight will periodically update the information provided. For more information, please contact your Sales Account Executive. Comcast Spotlight is a registered trademark of Comcast Corporation.

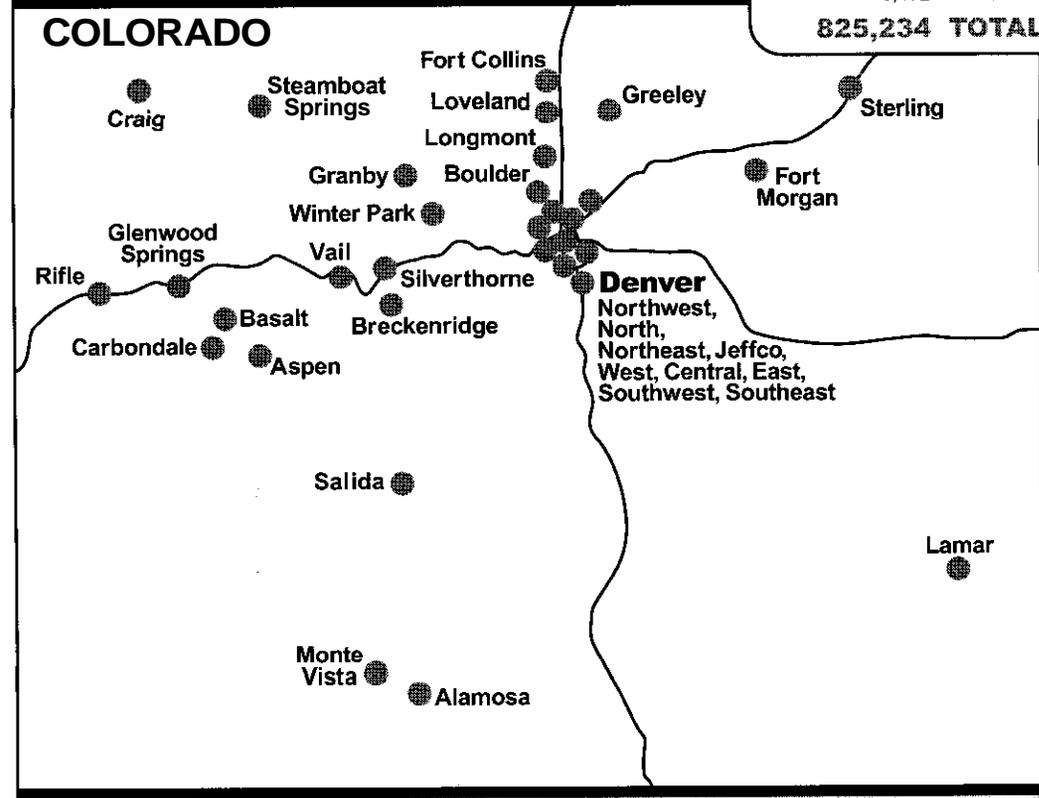
Comcast
SPOTLIGHT™ Coverage Map

Denver DMA Interconnect



Insertable Subcount*

5,997	Alamosa/Monte Vista
14,440	Aspen/Basalt
42,101	Boulder County
6,684	Breckenridge
1,993	Buffalo, WY
3,751	Craig
148,068	Denver Central
80,529	Denver East
27,898	Denver Jeffco
23,878	Denver North
37,895	Denver Northeast
60,973	Denver Northwest
29,125	Denver Southeast
57,588	Denver Southwest
57,194	Denver West
45,375	Fort Collins
6,172	Fort Morgan
11,042	Gillette, WY
6,366	Glenwood Spr/Carbondale
32,218	Greeley
3,477	Lamar
11,398	Laramie, WY
21,114	Longmont/Fort Lupton†
23,301	Loveland
5,917	Rawlins, WY
3,288	Rifle/Silt/New Castle
3,248	Salida
8,896	Steamboat Springs
5,805	Sterling
15,143	Summit County
18,188	Vail Valley
6,172	Winter Park/Granby
825,234	TOTAL



* The numbers of cable homes receiving advertisements on any network is a gwd-faith estimate and may vary by geographic areas and other factors. The information provided will be periodically updated by Comcast Spotlight. For more information, please contact your Sales Account Executive.
 † Longmont/Fort Lupton also includes Firestone, Frederick and Evanston. Comcast Spotlight is a registered trademark of Comcast Corporation.



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. Notional 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
- Digital Music Wire LA Games Conference (Los Angeles, CA November 7-8). For more information, visit: lagamesconference.com
- Informa Telecoms and Media Mobile TV Summit (New York, NY November 14-16) For more information, visit: 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.

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Comcast bundles savings

The deal for phone, cable and Internet is the latest salvo in the war between phone and cable firms.

By Kimberly S. Johnson
Denver Post Staff Writer

Article Last Updated: 06/29/2006 10:03:55 AM MDT

New Comcast customers in Colorado finally can take advantage of a \$99-a-month price for cable, high-speed Internet and digital telephone service, following similar pricing moves in some cities nationwide, the company said Monday.

To handle the expected influx of calls, Comcast is hiring 180 technicians, sales and service agents in Colorado

Comcast's "triple play" offering in Colorado is the latest salvo in the war between cable and telephone companies to offer a single suite of phone, video and Internet services. Comcast has 700,000 subscribers in Colorado.

Earlier this month, Qwest, a key Comcast competitor in Denver, dropped the price of its phone, Internet and satellite-TV service from about \$97 to \$87 per month for new customers. Qwest resells DirecTV satellite-TV service.

Customers who call Comcast for its deal would pay \$33 a month for each service for one year. After one year, the price would return to the regular bundle rate, which is \$130. Any customer wanting fewer than three services could pay \$33 for each service but only for six months.

The bundled package includes standard digital cable, which provides about 135 channels and video-on-demand offerings. The phone service includes unlimited local and long-distance calling. The high-speed Internet service offers a download speed of 6 megabits per second. Customers who want additional cable services, such as HBO, a digital video recorder set-top box or high-definition channels will pay additional fees.

In March, Comcast rolled out the \$99 bundle in Boston and areas of New Jersey. Other cities that have recently received the bundle include Portland, Ore., and Spokane, Wash.

Bill Mosher, Comcast Colorado's vice president of marketing, said Comcast is excited about the new package

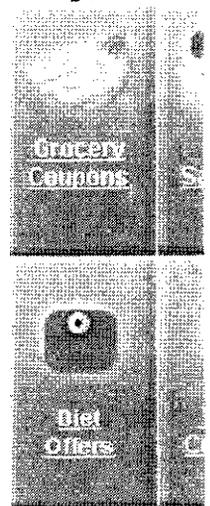
"In markets where we have offered the \$99, we've seen significant customer response," he said

Wireless phone service will be the next option offered in Comcast's bundle, as the company begins to leverage its recent partnership with Sprint Nextel, according to Comcast.

Staff writer Kimberly S. Johnson can be reached at 303-820-1088 or kjohnson@denverpost.com.

This story has been corrected in this online archive. Originally, due to a reporting error, it *incorrectly* stated that the \$99 cable-TV, phone and Internet package price applies to existing Comcast customers. Existing customers can't get a discount on services they already have. They can only get the \$33-a-month reduced price on new services they order.

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