

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Applications Filed for the Transfer of)	
Certain Spectrum Licenses and Section 214)	WC Docket No. 07-22
Authorizations in the States of Maine,)	
New Hampshire, and Vermont from)	
Verizon Communications Inc. and its)	
Subsidiaries to FairPoint)	
Communications, Inc.)	

**REPLY COMMENTS OF THE
INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE
TO THE PETITIONS TO DENY**

The Independent Telephone & Telecommunications Alliance (ITTA) submits these reply comments in support of the Opposition of FairPoint Communications, Inc. (FairPoint) and Verizon New England Inc., NYNEX Long Distance Company, Bell Atlantic Communications, Inc., Verizon Select Services Inc., Verizon Communications Inc., and Northern New England Spinco Inc. (collectively, Verizon) in the above-captioned proceeding.¹

ITTA is an alliance of mid-size telephone companies, including FairPoint. ITTA members provide a broad range of high-quality wireline and wireless voice, data, Internet, and video services to over 13 million customers in 43 states. They are independent telephone companies operating as incumbent local exchange carriers (ILECs) and, in many areas, as competitive local exchange carriers (CLECs), as well.

ITTA member companies have participated in a number of transactions very similar to the one proposed here, in which FairPoint would acquire certain local exchange assets and customer relationships from subsidiaries of Verizon. For example, CenturyTel, Inc. affiliates have completed many such deals. CenturyTel has acquired lines from Verizon or GTE in

¹ Opposition to Petitions to Deny of FairPoint Communications, Inc. and Verizon, WC Docket No. 07-22 (filed May 7, 2007) (Opposition).

Arkansas, Missouri, and Alabama, and from Ameritech in Wisconsin. CenturyTel's predecessor-in-interest PTI acquired lines from US West in Colorado,² and another predecessor-in-interest, MebTel, Inc., acquired lines in North Carolina from AT&T's predecessor in interest BellSouth Communications.³ Similarly, Iowa Telecom acquired the former GTE lines in Iowa.⁴ The Commission readily approved each of these transactions, without any significant conditions, allowing ITTA members to expand their services to consumers in rural, suburban, and small urban markets.

² *E.g., ALLTEL Corporation, Petition for Waiver of Section 61.41 of the Commission's Rules; CenturyTel, Inc. and CenturyTel of Alabama, LLC Petition for Waiver of Sections 61.41(b) and (c) of the Commission's Rules; CenturyTel, Inc. and CenturyTel of Missouri, LLC Petition for Waiver of Sections 61.41(b) and (c) of the Commission's Rules; Puerto Rico Telephone Company Petition for Waiver of Section 61.41 of the Commission's Rules or, in the Alternative, Request for Waiver of Section 54.303(a) of the Commission's Rules*, Memorandum Opinion and Order, 17 FCC Rcd 27694 (2002) (granting, *inter alia*, price cap waivers related to CenturyTel affiliates' acquisitions of all of Verizon's lines in Alabama and Missouri); *CenturyTel of Northwest Arkansas, LLC, CenturyTel of Central Arkansas, LLC, and GTE Arkansas et al., Joint Petition for Waiver of the Definition of "Study Area" Contained in Part 36, Appendix-Glossary of the Commission's Rules; CenturyTel of Northwest Arkansas, LLC and CenturyTel of Central Arkansas, LLC Petition for Waiver of Sections 61.41(c) and 69.3(g) of the Commission's Rules*, Memorandum Opinion and Order, 15 FCC Rcd 25437 (2000) (granting study area, price cap and pooling waivers related to the acquisition of GTE lines in Arkansas by CenturyTel subsidiaries); *CenturyTel Central Wisconsin LLC and GTE North Inc. Joint Petition for Waiver of the Definition of "Study Area" Contained in Part 36, Appendix-Glossary of the Commission's Rules; CenturyTel Central Wisconsin LLC Petition for Waiver of Sections 61.41(c) and 69.3(g)(2) of the Commission's Rules*, Order, 15 FCC Rcd 15043 (2000) (granting study area, price cap and pooling waivers related to the acquisition of GTE lines in Wisconsin by a CenturyTel affiliate); *Kendall Telephone Inc., Application for Authority to Acquire and Provide Service over 19 Local Exchanges in Northern and Central Wisconsin Pursuant to 47 U.S.C. § 214(a); Ameritech Wisconsin (Wisconsin Bell), Application for Authority to Discontinue Service in 19 Local Exchanges in Northern and Central Wisconsin Pursuant to 47 U.S.C. § 214(a); Kendall Telephone, Inc., Request to Associate with LATAs*, Order and Certificate, 13 FCC Rcd 21604 (1998) (granting approval of acquisition of Ameritech Wisconsin lines by a CenturyTel subsidiary). See also *US West Communications, Inc. and Eagle Telecommunications, Inc., Joint Petition for Waiver of the Definition of "Study Area" Contained in Part 36, Appendix-Glossary of the Commission's Rules, and Eagle Telecommunications, Inc. Petition for Waiver of Section 61.41(c) of the Commission's Rules*, Memorandum Opinion and Order, 10 FCC Rcd 1771 (1995) (granting study area and price cap waivers relating to the acquisition of U S West lines in Colorado by a subsidiary of PTI subsequently acquired by CenturyTel).

³ See, "Non-Streamlined Domestic Section 214 Application Granted," Public Notice DA 05-1086, WC Docket No. 05-51 (Domestic 214 Application Filed for Transfer of Control of BellSouth's Milton and Gatewood Exchanges to Madison River Telephone Company, LLC) (Apr. 14, 2005).

⁴ See *Petition for Forbearance of Iowa Telecommunications Services, Inc. d/b/a/ Iowa Telecom Pursuant to 47 U.S.C. §160(c) from the Deadline for Price Cap Carriers to Elect Interstate Access Rates Based on the CALLS Order or a Forward Looking Cost Study*, 17 FCC Rcd 24319, para. 4 (2002) ("Iowa Telecom was formed in 1999 through the purchase of GTE's exchanges in the state of Iowa, and started operations on July 1, 2000.").

With regard to the instant transaction, the Commission should not take any actions that could discourage similar future transactions. The types of conditions urged by the labor unions⁵ would likely hamper a mid-size carrier's access to capital on reasonable terms, and do nothing to serve the public interest. Moreover, the unions offer no valid justification for such support – in fact, mid-size carriers have a strong track record of customer service and investing in rural markets, and many have successfully deployed broadband and video services. For example, Madison River Communications, which CenturyTel recently acquired, built a high-quality network that is nearly 100 percent broadband-enabled and includes a 2,400 route-mile fiber network.⁶ Another ITTA member, TDS Telecom, offers a wide diversity of high-speed internet options with speeds ranging from 256K to as high as 4 MEG symmetrical access in the vast majority of its 120 exchanges in 28 states. As of March 31, 2007, DSL is available to approximately 83 percent of TDS ILEC access lines. Year-on-year growth in DSL customers exceeds 56 percent, and their penetration now stands at 19 percent (DSL/physical lines). Additionally, TDS Telecom is investing in fiber-optic network infrastructure in Tennessee, where the company is “trialing” an IP video offering with robust high-definition channels, digital video recorder technology, and video-on-demand. This new product will allow the company the ability to enter the entertainment business, offering essentially the triple-play of voice, data, and video. In North Carolina, MebTel introduced DSL in exchanges acquired from BellSouth, and now boasts 75 percent DSL availability in those exchanges. In Arkansas alone, CenturyTel invested \$73,951,000 in new capital improvements from mid-year 2000 until year-end 2001 to provide local dial-up and DSL services throughout the state. Transactions of the type described above often bring to customers in underserved areas services, such as voice-mail, that consumers in urban areas “take for granted.”

⁵ See Petition to Deny of Communications Workers of America and International Brotherhood of Electrical Workers, WC Docket No. 07-22 (filed Apr. 27, 2007).

⁶ See *CenturyTel Completes Madison River Purchase*, TMCNET NEWS, Apr. 30, 2007, at <http://www.tmcnet.com/usubmit/2007/04/30/2565023.htm>.

FairPoint's record on both customer service and broadband deployment, described in the Opposition, is well documented. Such achievements are typical of the advanced, high-quality services and customer-oriented focus that mid-size carriers bring to rural and smaller urban markets. The Commission need not have any concern that service quality or consumer choice would suffer when FairPoint acquires the northern New England exchanges.

The Commission should approve the transaction proposed by FairPoint and Verizon without conditions in order to ensure that such benefits continue to be made available to consumers in these markets. Moreover, ITTA strongly urges the Commission to refrain from treating FairPoint as a Bell Operating Company (BOC) simply because it would have acquired lines from a BOC, as one petitioner requests.⁷ FairPoint and Verizon observe properly that the Commission has never classified an acquiring carrier as a BOC,⁸ including in the transactions involving lines purchased from Ameritech, BellSouth, and U S West, cited above. There is no basis for the Commission to do so now. The differences between the BOCs and all other carriers are well known to the Commission, and are embodied in the Telecommunications Act of 1996 and other precedent through the different regulatory treatment afforded to them.⁹ Classifying FairPoint, or any purchaser of BOC lines, as a BOC (or a successor or assign of a BOC) would contradict this well-established distinction and trigger obligations that never were intended to apply. Ultimately, such a ruling would discourage carriers from entering into transactions that promise many benefits for the affected customers and local economies.

The better approach, and one that is consistent with the Commission's past practice and sound policy, is to reject the Petitions to Deny and approve the transaction as proposed. The transaction contemplated herein will benefit consumers in Maine, New Hampshire, and Vermont without causing any competitive harm, and will therefore serve the public interest.

⁷ See Petition to Deny of One Communications Corp., WC Docket No. 07-22 (filed Apr. 27, 2007) at 4.

⁸ Opposition at 38.

⁹ See, e.g., 47 U.S.C. § 251(f); see also Opposition at 37 (citing cases).

Respectfully submitted,

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