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Vice President
Federal Regulatory

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August 31, 2007

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1300 I Street, NW, Suite 400 West
Washington, DC 20005

Ex Parte

Phone 202 515-2529
Fax 202 336-7922
dolores.a.may@verizon.com

FILED/ACCEPTED

AUG 31 2007

Federal Communications Commission
Office of the Secretary

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

Re: Petitions for Forbearance from Title II and Computer Inquiries Requirements for Enterprise Broadband Services, WC Docket Nos. 06-125 and 06-147 and Special Access Rates for Price Cap Local Exchange Carriers, WC Docket No. 05-25 and RM-10593

Dear Ms. Dortch:

Yesterday, Ms. Sherry Ingram and I met with Mr. Chris Moore of Commissioner Tate's office. We reviewed Verizon's position as set forth in the above proceedings. No new data or positions were discussed. Mr. Moore requested additional information as follows:

1. What are the term commitments for our new Fiberconnect offering to Wireless carriers? The customer can sign up for 1, 3 or 5 year terms.
2. The Denver Post article on Time Warner Telecom's business success and having 900,000 buildings within just a mile of their fiber footprint. (Attachment 1)
3. A chart displaying which MSAs have what type of regulation – Price cap, Phase I or Phase II for both channel terminations and transport. (Attachment 2)

Please let me know if you have any additional questions.

Sincerely,

Attachments

cc: C. Moore
T. Navin
M. Maher
C. Shewman
D. Stockdale

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ATTACHMENT 1

Tech meltdown survivor secures its niche; Time Warner Telecom's conservative strategy allowed it to triumph as other companies failed.

By Andy Vuong

1054 words

Sat Aug 25, 12:00 AM ET

Denver Post

During the tech boom a decade ago, Time Warner Telecom took the conservative business approach of securing customer contracts before deploying fiber-optic lines to provide businesses with high-speed Internet connections. The strategy allowed it to emerge as one of the rare success stories from the ensuing telecom meltdown that swallowed a number of its free-spending competitors.

"A lot of the companies that got into the local fiber area - they were good at construction, not so good at putting customers on the network and customer service," said Donna Jaegers, a telecom analyst with Janco Partners.

After the wave of industry consolidation in recent years, Douglas County-based Time Warner Telecom is one of the few remaining stand-alone metro fiber companies that have much-coveted "last mile" connections into cities and individual buildings.

Among the 75 metro areas it operates in are Denver, Miami, San Francisco, Los Angeles, New York and Dallas.

Viewed by analysts as a strategic fit for long-haul network operators such as Denver-based Qwest and Broomfield-based Level 3, Time Warner Telecom has seen its stock price grow fivefold since 2005.

Earlier this month, Time Warner Telecom shares shot up 23 percent to about \$20 a share after it announced second-quarter financial results.

The company is on the verge of profitability, a milestone that may be reached in the fourth quarter or early next year, according to analysts.

"We secure the customer first, make sure we've got the right solution for their needs and their applications, and then we spend the capital to go out to build to them," said Mike Rouleau, senior vice president of business development and strategy for Time Warner Telecom, which employs 2,800 nationwide, including about 1,100 in Colorado.

Product of joint venture

The company's annual capital expenditures peaked in 2001 at \$425 million. It expects to spend \$240 million this year.

Time Warner Telecom's roots stem from a joint venture formed in 1993 by Qwest's

predecessor, US West, and New York-based Time Warner Inc.

US West poured \$2.5 billion into the Time Warner Entertainment venture. It included *programming and entertainment assets such as HBO and Warner Bros. movies and music*, as well as Time Warner Telecom, known then as Time Warner Communications.

The communications arm was initially assigned to develop and sell residential and business cable phone services using a hybrid optical-fiber and coaxial-cable technology.

In 1998, US West spun off its cable arm MediaOne (later acquired by AT&T, then Comcast), which included the investment in the joint venture.

Also that year, Time Warner Telecom separated from Time Warner Entertainment, kept the Time Warner name under a licensing agreement and shifted its focus to selling Internet, networking and voice services solely to business customers. The company went public in 1999 with an initial offering of \$14 a share. The stock surged to \$85 in 2000.

Time Warner Telecom initially generated 60 percent of its revenue from carriers such as WorldCom and AT&T.

In recent years, the company has transformed from being a "carrier's carrier" to one that serves more enterprise customers - large businesses such as HealthOne. Today, more than 60 percent of its revenue comes from the more lucrative enterprise customers and only about a third comes from wholesale agreements with other carriers.

Company escaped bankruptcy

Time Warner Telecom has yet to reach sustained profitability, only posting a small profit in 2000 largely because of a one-time boost in revenue. Like others in the industry, the company also struggled during the downturn as its stock price dropped to less than a dollar.

But armed with about \$1 billion in cash in 2001, the company avoided bankruptcy. Its shares have steadily rebounded amid industry consolidation.

Time Warner Telecom acquired Xspedius, also a metro fiber operator, last year for about \$580 million in cash and stock. The acquisition and successful integration added 31 markets to Time Warner's service territory, taking the number to 75.

"We have 900,000 buildings within just a mile of our fiber footprint," Rouleau said.

Time Warner Telecom trails only AT&T and Verizon in the number of Ethernet ports in service - which provide businesses with access to high-speed Internet and other services.

Consolidation has left Time Warner Telecom as one of the few remaining independent

local and regional fiber operators, said analyst Jaegers.

"During the telecom boom, it was easy for Qwest or Level 3 to get railroad rights of way and build long-haul fiber," said Jaegers, whose firm does business with Time Warner Telecom. "What was harder, and thus is a lot more scarce, was building local fiber."

Time Warner Telecom launched a rebranding effort last year after Time Warner Inc. began selling off its large stake in the company. The licensing agreement with Time Warner Inc., which no longer holds a stake in Time Warner Telecom, called for the company to change its name once the stake dropped to less than 30 percent.

Shortly before it was to announce a new name this summer, the company postponed the change until next June, spurring speculation that it would be acquired.

"They spent lots and lots of money on a rebranding effort," said Eric Paulak, a Boulder-based telecom analyst with market research firm Gartner. "Why do you spend all of that money only to quit what you were doing?"

"Our belief is why go through a rebranding effort twice - your new name and the name of the company that's going to acquire you. ... We fully think that Qwest is likely to buy Time Warner Telecom," Paulak said.

Takeover speculation

Qwest spokeswoman Diane Reberger said the company doesn't comment on speculation.

Rouleau said the one-year extension helps the company because it still has a couple of names going through the patent process.

"The name is only one part of the whole branding process," he said.

Jaegers said she doesn't believe Time Warner Telecom chief executive Larissa Herda's endgame is to be acquired.

"They have the same potential that MCI had in the early days as far as gaining some major market share in the enterprise space," Jaegers said.

Jaegers added a wrinkle to the takeover speculation, suggesting that cable company Comcast - a fierce Qwest competitor - could have interest in Time Warner Telecom.

"Comcast is talking a lot about getting into the business enterprise space," Jaegers said.

Comcast spokeswoman Tracy Baumgartner declined to comment.

ATTACHMENT 2

Verizon MSAs**Summary**

Number of MSAs by Pflex Phase		
	End User Chan Term	Transport (All Other)
Phase II	24	58
Phase I	26	11
Price Cap	150	131
Grand Total	200	200

Verizon MSAs

2006 MSA	Verizon Pflex Status End User Chan Term
Akron, OH	Phase II
Binghamton, NY	Phase II
Bloomington-Normal, IL	Phase II
Bridgeport-Stamford-Norwalk, CT	Phase II
Charleston, WV	Phase II
Dallas-Fort Worth-Arlington, TX	Phase II
Erie, PA	Phase II
Fort Wayne, IN	Phase II
Hagerstown-Martinsburg, MD-WV	Phase II
Harrisburg-Carlisle, PA	Phase II
Huntington-Ashland, WV-KY-OH	Phase II
Lancaster, PA	Phase II
No MSA DE	Phase II
Parkersburg-Marietta-Vienna, WV-OH	Phase II
Pittsburgh, PA	Phase II
Reading, PA	Phase II
Richmond, VA	Phase II
Roanoke, VA	Phase II
San Francisco-Oakland-Fremont, CA	Phase II
Scranton--Wilkes-Barre, PA	Phase II
State College, PA	Phase II
Vineland-Millville-Bridgeton, NJ	Phase II
Virginia Beach-Norfolk-Newport News, VA-NC	Phase II
Williamsport, PA	Phase II
Albany-Schenectady-Troy, NY	Phase I
Allentown-Bethlehem-Easton, PA-NJ	Phase I
Altoona, PA	Phase I
Baltimore-Towson, MD	Phase I
Bangor, ME	Phase I
Boston-Cambridge-Quincy, MA-NH	Phase I
Buffalo-Niagara Falls, NY	Phase I
Durham, NC	Phase I
Elkhart-Goshen, IN	Phase I
Lakeland, FL	Phase I
Lynchburg, VA	Phase I
Manchester-Nashua, NH	Phase I
New York-Northern New Jersey-Long Island, NY-NJ-PA	Phase I
No MSA ID	Phase I
No MSA WV	Phase I
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	Phase I
Portland-South Portland-Biddeford, ME	Phase I
Portland-Vancouver-Beaverton, OR-WA	Phase I
Providence-New Bedford-Fall River, RI-MA	Phase I
Sarasota-Bradenton-Venice, FL	Phase I
Seattle-Tacoma-Bellevue, WA	Phase I
Springfield, MA	Phase I
Syracuse, NY	Phase I
Tampa-St. Petersburg-Clearwater, FL	Phase I

2006 MSA	Verizon Pflx Status End User Chan Term
Washington-Arlington-Alexandria, DC-VA-MD-WV	Phase I
Worcester, MA	Phase I
<i>Burlington-South Burlington, VT</i>	Price Cap
Elimira, NY	Price Cap
Johnstown, PA	Price Cap
Los Angeles-Long Beach-Santa Ana, CA	Price Cap
No MSA VT	Price Cap
Poughkeepsie-Newburgh-Middletown, NY	Price Cap
Riverside-San Bernardino-Ontario, CA	Price Cap
Santa Barbara-Santa Maria-Goleta, CA	Price Cap
Atlantic City, NJ	Price Cap
Flint, MI	Price Cap
Houston-Sugar Land-Baytown, TX	Price Cap
No MSA MD	Price Cap
No MSA VA	Price Cap
No MSA WA	Price Cap
No MSA WI	Price Cap
Oxnard-Thousand Oaks-Ventura, CA	Price Cap
Utica-Rome, NY	Price Cap
Wheeling, WV-OH	Price Cap
York-Hanover, PA	Price Cap
Anderson, IN	Price Cap
Ann Arbor, MI	Price Cap
Appleton, WI	Price Cap
Asheville, NC	Price Cap
Augusta-Richmond County, GA-SC	Price Cap
Austin-Round Rock, TX	Price Cap
Bakersfield, CA	Price Cap
Barnstable Town, MA	Price Cap
Battle Creek, MI	Price Cap
Beaumont-Port Arthur, TX	Price Cap
Bellingham, WA	Price Cap
Blacksburg-Christiansburg-Radford, VA	Price Cap
Bloomington, IN	Price Cap
Brownsville-Harlingen, TX	Price Cap
Canton-Massillon, OH	Price Cap
Champaign-Urbana, IL	Price Cap
Charleston-North Charleston, SC	Price Cap
Charlotte-Gastonia-Concord, NC-SC	Price Cap
Charlottesville, VA	Price Cap
Chicago-Naperville-Joliet, IL-IN-WI	Price Cap
Cincinnati-Middletown, OH-KY-IN	Price Cap
Cleveland-Elyria-Mentor, OH	Price Cap
Coeur d'Alene, ID	Price Cap
College Station-Bryan, TX	Price Cap
Columbia, SC	Price Cap
Columbus, OH	Price Cap
Corpus Christi, TX	Price Cap
Cumberland, MD-WV	Price Cap
Danville, IL	Price Cap
Danville, VA	Price Cap

2006 MSA	Verizon Pflex Status End User Chan Term
No MSA MI	Price Cap
No MSA MO	Price Cap
No MSA NC	Price Cap
No MSA NH	Price Cap
No MSA NV	Price Cap
No MSA NY	Price Cap
No MSA OH	Price Cap
No MSA OR	Price Cap
No MSA PA	Price Cap
No MSA SC	Price Cap
No MSA TX	Price Cap
Ocean City, NJ	Price Cap
Peoria, IL	Price Cap
Pittsfield, MA	Price Cap
Rochester, NY	Price Cap
Rockford, IL	Price Cap
Sacramento--Arden-Arcade--Roseville, CA	Price Cap
Saginaw-Saginaw Township North, MI	Price Cap
Salem, OR	Price Cap
Salinas, CA	Price Cap
Salisbury, MD	Price Cap
San Angelo, TX	Price Cap
San Antonio, TX	Price Cap
San Jose-Sunnyvale-Santa Clara, CA	Price Cap
San Luis Obispo-Paso Robles, CA	Price Cap
Sandusky, OH	Price Cap
Santa Rosa-Petaluma, CA	Price Cap
Sheboygan, WI	Price Cap
Sherman-Denison, TX	Price Cap
South Bend-Mishawaka, IN-MI	Price Cap
Spartanburg, SC	Price Cap
Spokane, WA	Price Cap
Springfield, IL	Price Cap
Springfield, OH	Price Cap
St. Louis, MO-IL	Price Cap
Stockton, CA	Price Cap
Sumter, SC	Price Cap
Terre Haute, IN	Price Cap
Toledo, OH	Price Cap
Trenton-Ewing, NJ	Price Cap
Tyler, TX	Price Cap
Victoria, TX	Price Cap
Visalia-Porterville, CA	Price Cap
Wausau, WI	Price Cap
Weirton-Steubenville, WV-OH	Price Cap
Wenatchee, WA	Price Cap
Winchester, VA-WV	Price Cap
Yakima, WA	Price Cap
Youngstown-Warren-Boardman, OH-PA	Price Cap
Yuba City, CA	Price Cap

Verizon MSAs

2006 MSA	Verizon Pflx Status Transport (All Other)
Akron, OH	Phase II
Binghamton, NY	Phase II
Bloomington-Normal, IL	Phase II
Bridgeport-Stamford-Norwalk, CT	Phase II
Charleston, WV	Phase II
Dallas-Fort Worth-Arlington, TX	Phase II
Erie, PA	Phase II
Fort Wayne, IN	Phase II
Hagerstown-Martinsburg, MD-WV	Phase II
Harrisburg-Carlisle, PA	Phase II
Huntington-Ashland, WV-KY-OH	Phase II
Lancaster, PA	Phase II
No MSA DE	Phase II
Parkersburg-Marietta-Vienna, WV-OH	Phase II
Pittsburgh, PA	Phase II
Reading, PA	Phase II
Richmond, VA	Phase II
Roanoke, VA	Phase II
San Francisco-Oakland-Fremont, CA	Phase II
Scranton--Wilkes-Barre, PA	Phase II
State College, PA	Phase II
Vineland-Millville-Bridgeton, NJ	Phase II
Virginia Beach-Norfolk-Newport News, VA-NC	Phase II
Williamsport, PA	Phase II
Albany-Schenectady-Troy, NY	Phase II
Allentown-Bethlehem-Easton, PA-NJ	Phase II
Altoona, PA	Phase II
Baltimore-Towson, MD	Phase II
Bangor, ME	Phase II
Boston-Cambridge-Quincy, MA-NH	Phase II
Buffalo-Niagara Falls, NY	Phase II
Durham, NC	Phase II
Elkhart-Goshen, IN	Phase II
Lakeland, FL	Phase II
Lynchburg, VA	Phase II
Manchester-Nashua, NH	Phase II
New York-Northern New Jersey-Long Island, NY-NJ-PA	Phase II
No MSA ID	Phase II
No MSA WV	Phase II
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	Phase II
Portland-South Portland-Biddeford, ME	Phase II
Portland-Vancouver-Beaverton, OR-WA	Phase II
Providence-New Bedford-Fall River, RI-MA	Phase II
Sarasota-Bradenton-Venice, FL	Phase II
Seattle-Tacoma-Bellevue, WA	Phase II
Springfield, MA	Phase II
Syracuse, NY	Phase II
Tampa-St. Petersburg-Clearwater, FL	Phase II
Washington-Arlington-Alexandria, DC-VA-MD-WV	Phase II
Worcester, MA	Phase II
Burlington-South Burlington, VT	Phase II
Elmira, NY	Phase II
Johnstown, PA	Phase II
Los Angeles-Long Beach-Santa Ana, CA	Phase II

2006 MSA	Verizon Pflex Status Transport (All Other)
No MSA VT	Phase II
Poughkeepsie-Newburgh-Middletown, NY	Phase II
Riverside-San Bernardino-Ontario, CA	Phase II
<i>Santa Barbara-Santa Maria-Goleta, CA</i>	Phase II
Atlantic City, NJ	Phase I
Flint, MI	Phase I
Houston-Sugar Land-Baytown, TX	Phase I
No MSA MD	Phase I
No MSA VA	Phase I
No MSA WA	Phase I
No MSA WI	Phase I
Oxnard-Thousand Oaks-Ventura, CA	Phase I
Utica-Rome, NY	Phase I
Wheeling, WV-OH	Phase I
York-Hanover, PA	Phase I
Anderson, IN	Price Cap
Ann Arbor, MI	Price Cap
Appleton, WI	Price Cap
Asheville, NC	Price Cap
Augusta-Richmond County, GA-SC	Price Cap
Austin-Round Rock, TX	Price Cap
Bakersfield, CA	Price Cap
Barnstable Town, MA	Price Cap
Battle Creek, MI	Price Cap
Beaumont-Port Arthur, TX	Price Cap
Bellingham, WA	Price Cap
Blacksburg-Christiansburg-Radford, VA	Price Cap
Bloomington, IN	Price Cap
Brownsville-Harlingen, TX	Price Cap
Canton-Massillon, OH	Price Cap
Champaign-Urbana, IL	Price Cap
Charleston-North Charleston, SC	Price Cap
Charlotte-Gastonia-Concord, NC-SC	Price Cap
Charlottesville, VA	Price Cap
Chicago-Naperville-Joliet, IL-IN-WI	Price Cap
Cincinnati-Middletown, OH-KY-IN	Price Cap
Cleveland-Elyria-Mentor, OH	Price Cap
Coeur d'Alene, ID	Price Cap
College Station-Bryan, TX	Price Cap
Columbia, SC	Price Cap
Columbus, OH	Price Cap
Corpus Christi, TX	Price Cap
Cumberland, MD-WV	Price Cap
Danville, IL	Price Cap
Danville, VA	Price Cap
Davenport-Moline-Rock Island, IA-IL	Price Cap
Dayton, OH	Price Cap
Decatur, IL	Price Cap
Detroit-Warren-Livonia, MI	Price Cap
Dover, DE	Price Cap
El Centro, CA	Price Cap
Evansville, IN-KY	Price Cap
Florence, SC	Price Cap
Fond du Lac, WI	Price Cap
Fresno, CA	Price Cap
Glens Falls, NY	Price Cap
Grand Rapids-Wyoming, MI	Price Cap

2006 MSA	Verizon Pflex Status Transport (All Other)
Greenville-Mauldin-Easley, SC	Price Cap
Hanford-Corcoran, CA	Price Cap
Harrisonburg, VA	Price Cap
Holland-Grand Haven, MI	Price Cap
Indianapolis-Carmel, IN	Price Cap
Ithaca, NY	Price Cap
Jackson, MI	Price Cap
Janesville, WI	Price Cap
Kalamazoo-Portage, MI	Price Cap
Kankakee-Bradley, IL	Price Cap
Kennewick-Richland-Pasco, WA	Price Cap
Kingston, NY	Price Cap
Kokomo, IN	Price Cap
Lafayette, IN	Price Cap
Lansing-East Lansing, MI	Price Cap
Lebanon, PA	Price Cap
Lewiston-Auburn, ME	Price Cap
Lima, OH	Price Cap
Longview, TX	Price Cap
Longview, WA	Price Cap
Louisville/Jefferson County, KY-IN	Price Cap
Madison, WI	Price Cap
Mansfield, OH	Price Cap
McAllen-Edinburg-Mission, TX	Price Cap
Merced, CA	Price Cap
Michigan City-La Porte, IN	Price Cap
Milwaukee-Waukesha-West Allis, WI	Price Cap
Monroe, MI	Price Cap
Morgantown, WV	Price Cap
Mount Vernon-Anacortes, WA	Price Cap
Muskegon-Norton Shores, MI	Price Cap
Myrtle Beach-Conway-North Myrtle Beach, SC	Price Cap
Niles-Benton Harbor, MI	Price Cap
No MSA AZ	Price Cap
No MSA CA	Price Cap
No MSA IL	Price Cap
No MSA IN	Price Cap
No MSA MA	Price Cap
No MSA ME	Price Cap
No MSA MI	Price Cap
No MSA MO	Price Cap
No MSA NC	Price Cap
No MSA NH	Price Cap
No MSA NV	Price Cap
No MSA NY	Price Cap
No MSA OH	Price Cap
No MSA OR	Price Cap
No MSA PA	Price Cap
No MSA SC	Price Cap
No MSA TX	Price Cap
Ocean City, NJ	Price Cap
Peoria, IL	Price Cap
Pittsfield, MA	Price Cap
Rochester, NY	Price Cap
Rockford, IL	Price Cap
Sacramento--Arden-Arcade--Roseville, CA	Price Cap
Saginaw-Saginaw Township North, MI	Price Cap

2006 MSA

Verizon Pflflex Status
Transport (All Other)

Salem, OR	Price Cap
Salinas, CA	Price Cap
Salisbury, MD	Price Cap
San Angelo, TX	Price Cap
San Antonio, TX	Price Cap
San Jose-Sunnyvale-Santa Clara, CA	Price Cap
San Luis Obispo-Paso Robles, CA	Price Cap
Sandusky, OH	Price Cap
Santa Rosa-Petaluma, CA	Price Cap
Sheboygan, WI	Price Cap
Sherman-Denison, TX	Price Cap
South Bend-Mishawaka, IN-MI	Price Cap
Spartanburg, SC	Price Cap
Spokane, WA	Price Cap
Springfield, IL	Price Cap
Springfield, OH	Price Cap
St. Louis, MO-IL	Price Cap
Stockton, CA	Price Cap
Sumter, SC	Price Cap
Terre Haute, IN	Price Cap
Toledo, OH	Price Cap
Trenton-Ewing, NJ	Price Cap
Tyler, TX	Price Cap
Victoria, TX	Price Cap
Visalia-Porterville, CA	Price Cap
Wausau, WI	Price Cap
Weirton-Steubenville, WV-OH	Price Cap
Wenatchee, WA	Price Cap
Winchester, VA-WV	Price Cap
Yakima, WA	Price Cap
Youngstown-Warren-Boardman, OH-PA	Price Cap
Yuba City, CA	Price Cap