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September 27, 2007

**VIA ECFS**

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

**Re: WC Docket No. 06-125**

Dear Ms. Dortch:

Pursuant to the Commission's *Ex Parte* rules, 47 C.F.R. § 1.1206, this letter provides notice that on September 26, 2007, Stephen W. Crawford, Senior Vice President and General Counsel, Alpheus Communications, L.P. ("Alpheus") and the undersigned met separately with Ian Dillner, Office of Chairman Kevin J. Martin, John Hunter, Office of Commissioner Robert M. McDowell, Scott Bergmann, Office of Commissioner Jonathan S. Adelstein, and Donald Stockdale and William Dever of the Wireline Competition Bureau. In these meetings, Alpheus presented the views set forth in its previously-filed comments in this proceeding as well as the attached document which was provided at the meetings.

Sincerely yours,



Joshua M. Bobeck

Counsel for Alpheus Communications, L.P.

Enc.

cc: Ian Dillner  
 John Hunter  
 Scott Bergmann  
 Donald Stockdale  
 William Dever

Boston  
 Hartford  
 Hong Kong  
 London  
 Los Angeles  
 New York  
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 Santa Monica  
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# ALPHEUS

*A View from the Texas Trenches*

September 26, 2007



# Company Overview

- Operator of strategically-located Texas metro fiber networks
- Primarily a Carrier's Carrier
  - IXC's
  - Wireless Carriers
  - CLECs
  - ISPs
- Expanding to provide Data Center and Network Services
  - Large and medium sized businesses
  - Governmental entities



# Alpheus Products & Services

## Core product offerings include:

- Bandwidth (T1 – OC192)
- Interconnection
- Metrolocity (virtual meet-me-room)
- Colocation services
- Intrastate long haul
- Metro Ethernet
- Type II off-net solutions
- Data Center facilities
- Managed services
- Disaster recovery
- Dedicated Internet access
- Private line
- Managed wavelengths



# Alpheus' Texas Fiber Network

- Robust, reliable and cost-effective deep metro network deployed in the six major metropolitan areas of Texas:

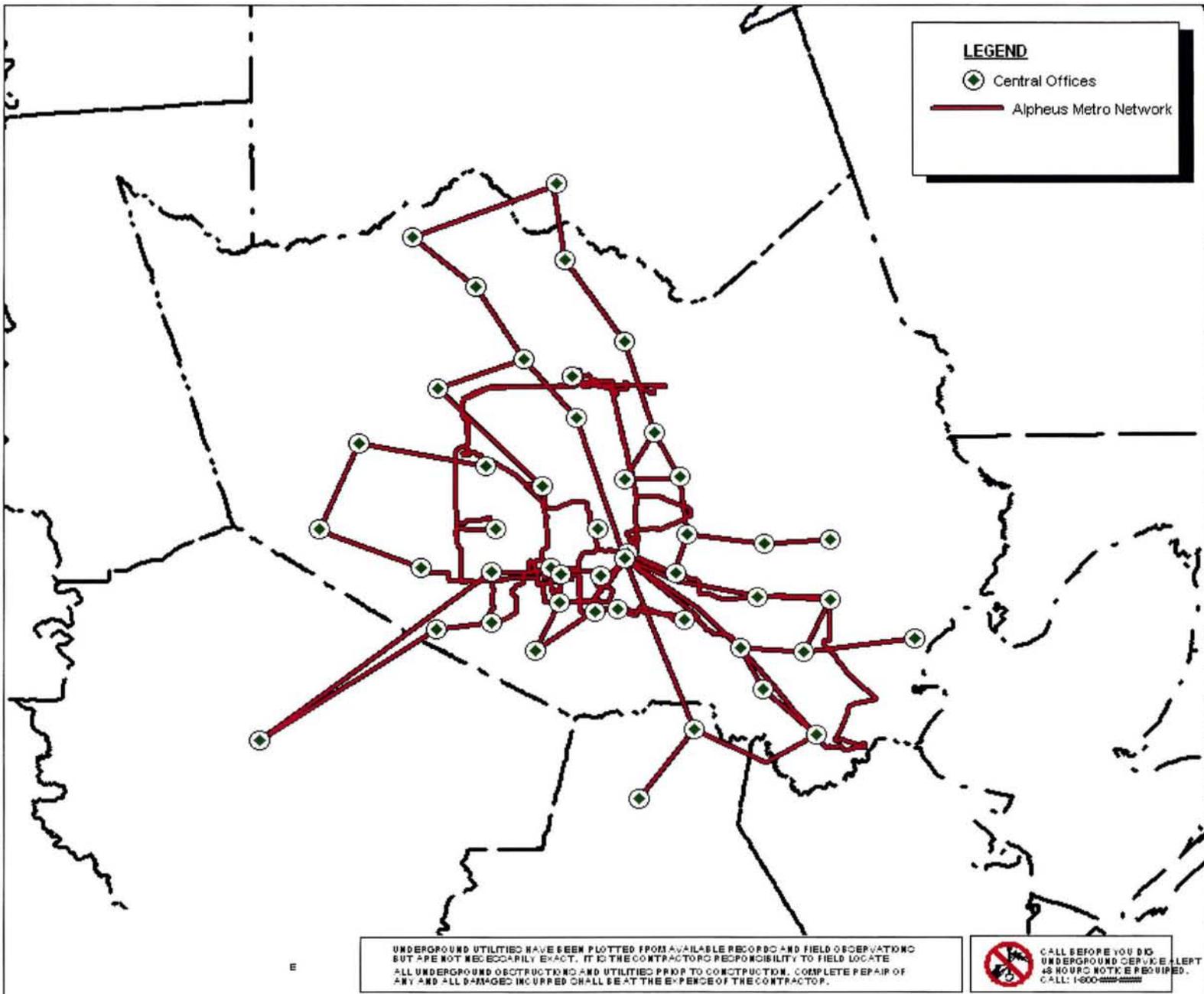
**Houston**  
**San Antonio**

**Dallas**  
**Austin**

**Fort Worth**  
**Corpus Christi**

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- Over 77,000 fiber miles.
- Cross connected with over 200 carrier facilities.
- Network is proximate to hundreds of enterprise and building connections.
- Hub and spoke architecture/physically diverse fibers.
- Collocated in 120 of AT&T's Central Offices ("COs") within our Texas markets.
- Equipped with next generation DWDM, Ethernet and SONET technology.
- Network includes over 2,000 optical, ethernet, and IP active nodes.



**LEGEND**

- Central Offices
- Alpheus Metro Network



**Houston Metro Area Schematics**

APPROVALS

DRAWN BY	DATE
CHECKED BY	DATE
DESIGN COORD.	DATE
PROJECT MGR.	DATE
OPERATING	DATE

REVISIONS

NO.	DESCRIPTION	DATE

DRAWING DATA

HOR. SCALE:	I.E.
VERT. SCALE:	PROJECT ID:
File No.:	

DATE: September 21, 2007  
**01 OF 01**

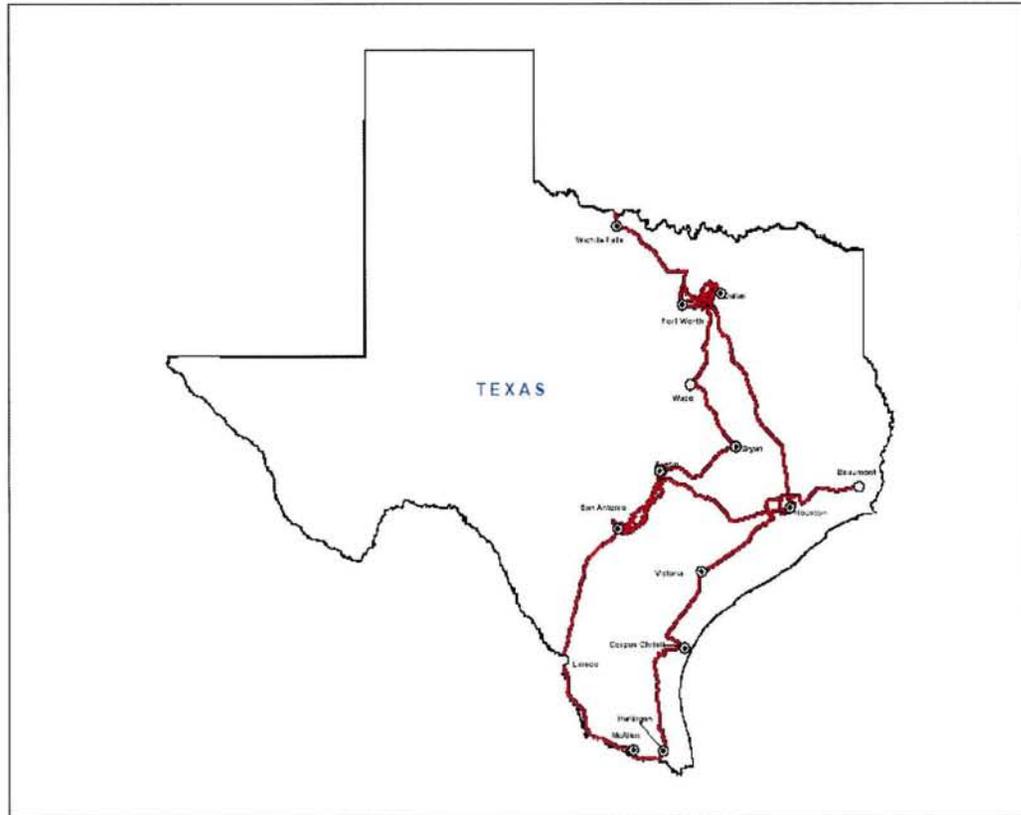
UNDERGROUND UTILITIES HAVE BEEN PLOTTED FROM AVAILABLE RECORDS AND FIELD OBSERVATIONS BUT ARE NOT NECESSARILY EXACT. IT IS THE CONTRACTOR'S RESPONSIBILITY TO FIELD LOCATE ALL UNDERGROUND OBSTRUCTIONS AND UTILITIES PRIOR TO CONSTRUCTION. COMPLETE REPAIR OF ANY AND ALL DAMAGES INCURRED SHALL BE AT THE EXPENSE OF THE CONTRACTOR.





# Alpheus' Texas Long Haul Fiber

Alpheus is able to offer redundant high speed transport across the core of Texas, including the Rio Grande Valley.







# Alpheus Hub Facilities

## Best of Class Reliability:

- Highly redundant and disaster ready facility
- Carrier grade design and construction
- Secure caged colocation
- 24/7 monitoring





# Alpheus Data Center Facilities

- Redundant UPS power with generator backup
- Fully redundant HVAC system
- Dry pipe fire suppression with heat and smoke detection
- Raised floors
- Controlled temperature and humidity
- 24 x 7 x 365 critical monitoring/disaster prevention
- 24 x 7 x 365 secure access to all facilities
- Hands on support
- Multiple carrier Internet backbones



ALPHEUS



# Who Uses Alpheus?

- Wireless carriers who want to tie their network together efficiently.
- Switch-based carriers who need to deliver VoIP and broadband service.
- Over-builders who need to extend their service area.
- Enterprise users who need vendor diversity in their networks.
- Businesses who need reliable data storage and offsite data backup.
- Public and private sector operations that need robust disaster recovery facilities.
- Public sector entities seeking reliable, cost effective bandwidth.
- WiFi and WiMax providers requiring backhaul (over 1400 nodes).



# Competitive Challenge Is Still Last Mile Access

- No real wholesale alternative for last mile access
- No competition in last mile market
- ILEC remains only real last mile option



## DS1/DS3s – No Competitive Option for Last Mile Access

- FCC has acknowledged in the *TRRO*
- Even RBOCs do not seek deregulation at this capacity
- Revenue and lengths of contracts will likely never justify separate builds for DS1/DS3s



## Ethernet – No Competitive Option for Last Mile Access

- Increasingly Important
- CLECs limited to small percentage of buildings
- Cable presence in the Ethernet market is limited
  - Not core business
  - Most Cable companies not currently serving this market;
  - Cable’s residential-based networks not positioned to serve full business market
- AT&T does not sell stand alone Ethernet loop for last mile access - at any price
- No competitive fiber = no competitive fiber based services



## OCN – No Competitive Option for Last Mile Access

- OCN requires fiber connectivity
- ILECs still control most all fiber connections
- GAO: 91.5% of buildings with fiber connectivity in Phase II MSAs have only ILEC fiber
- Importantly, in-market Cable Companies do not offer OCN services
- No competitive fiber = no competitive fiber based services



## Case Study – FCC Dark Fiber Predictive Judgment Wrong

- TRRO eliminated DF loops as UNE, predicting revenues would justify competitors to self-deploy fiber
- Alpheus experience: revenues at end user locations rarely justifies fiber deployment
- National carriers are also limited to very few builds (*see e.g. TWTC Taylor Reply Decl., WC Dkt. No. 06-74 ¶ 9*)
- The cost to deploy fiber is fixed; not dependent on the service to be provided over that facility
- No competitive fiber = no competitive fiber based services



## Case Study – Cell Site Backhaul

- Current competition depends on special access T1s from ILEC
- Future back haul will be Ethernet based
- KEY: Megabit cost not linear
- Ethernet cost per megabit much cheaper than TDM
- Result – Just as carriers cannot self deploy T1s, carriers cannot afford to self-deploy fiber to provide Ethernet service.



## Alpheus Takeaways:

1. No real competition for the last mile facilities needed to provide TDM, OCN, or Ethernet based services to America's businesses
2. Potential cable competition for OCn and Ethernet is not significant in enterprise market
3. Cable companies do not offer DS1, DS3 or OCn level services and limited number of buildings have competitive fiber
4. Even if cable companies can eventually compete with ILECs for enterprise business – the effects of a duopoly are well known and are historically proven harmful to competition