



Qwest Forbearance — Effects on residential consumers

Cavalier Telephone and TV

July 16, 2008

Qwest Forbearance Petition – WC
Docket No. 07-97

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Cavalier Telephone – Overview

- ***Residential and Small Business Provider***
 - Largest CLEC in Virginia, Pennsylvania, and Michigan
 - Service area includes Northeast, Southeast, and Midwest
 - 600,000 retail lines
- ***Premier Competitive Provider of IPTV***
 - Technology innovator using copper to bring low cost IPTV to residential and small business customer
- ***First CLEC to launch C2 partnership with Google***
 - Unlimited Local and Long Distance Phone Service and Hi-Speed Internet enhanced with Google Apps for \$50/month
 - Nearly 8.7 million Americans are eligible for Cavalier's Hi-Speed Internet service
- ***Innovator of Ethernet over copper***
 - 15 megs over copper pair



Cavalier Telephone – Residential

- Cavalier is one of the few remaining, if only, CLECs in the country that continues to serve residential customers
- Cavalier offers its residential customers competitively priced voice and data services to meet their communication needs. Cavalier's residential services include basic dial tone, long distance, dial-up Internet access and DSL (ADSL2+, MVL2, GSHDSL)



Cavalier Telephone – Residential

- In many markets, including Virginia Beach, Cavalier is the only CLEC remaining to serve residential customers, including traditional customers of plain old telephone service or “POTS” and those without cell phones, high speed internet, or cable.
- Cavalier’s prices for phone service, including voicemail and unlimited long distance, is on average about \$10 a month cheaper than either Verizon or Cox. For the typical Cavalier customer, the “pure mass market customer,” landline remains the only viable alternative and it must be landline service provided by a company that will accept those with lower credit scores.

Technology At Risk

- *Innovation over copper pair not possible via resale or special access*
- *Innovative suppliers like Cavalier dependent on two wire copper pair (DS0)*
 - Broadband DSL, IPTV, T1's, Bundles/Packages, Ethernet product
 - Much lower retail prices than the Bell

Actions From FCC

- Refuse to include “Cut-the-Cord” wireless substitutability per Omaha precedent
- Do not forget about residential consumers
- Look at forbearance effect on wholesale competition
- Remember the importance of competition to 1996 Telecommunications Act
 - 1996 Act encouraged facilities based investment by competitors
 - Hundreds of thousands of customers rely on competitive facilities
 - UNEs are a competitive backstop, as the FCC recognized in the AT&T Broadband Forbearance Order: “Where self-deployment and purchasing from competitive LECs are not options, potential providers may obtain unbundled network elements (UNEs) from the incumbent LEC to meet [enterprise] customers’ needs.” (§21) If that option is eliminated, the factual basis for broadband forbearance is undermined.



Thank You

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