

REDACTED - FOR PUBLIC INSPECTION

June 3, 2010

EX PARTE OR LATE FILED

VIA COURIER

NOTICE OF EX PARTE PRESENTATION  
FILED/ACCEPTED

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW, Room TW-A325  
Washington, DC 20554

JUN - 3 2010

Federal Communications Commission  
Office of the Secretary

Re: *Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Phoenix Metropolitan Statistical Area, WC Dkt. No. 09-135*

Dear Ms. Dortch:

Yesterday, Dudley Slater, Chief Executive Officer, Integra Telecom, Inc. ("Integra"), Jeff Oxley, Executive Vice President and General Counsel, Integra, and the undersigned, outside counsel to Integra, met with Commissioner Meredith Attwell Baker, Christi Shewman, Legal Advisor to Commissioner Baker, and Henry Greenidge, Intern, Commissioner Baker's Office, regarding the above-referenced proceeding.

Today, Mr. Slater, Mr. Oxley, and the undersigned also met separately with: (1) Commissioner Michael Copps and Jennifer Schneider, Legal Advisor to Commissioner Copps; (2) Commissioner Mignon Clyburn and Angela Kronenberg, Legal Advisor to Commissioner Clyburn; and (3) Zachary Katz, Deputy Chief, Office of Strategic Planning and Policy Analysis, regarding the above-referenced proceeding.

At the meetings, Mr. Slater and Mr. Oxley provided an overview of Integra's business and discussed Integra's concerns regarding Qwest's petition for forbearance from unbundling obligations in the Phoenix MSA. In particular, consistent with Integra's previous filings in this docket, they explained that Qwest's petition should be denied because (1) there is a lack of facilities-based competition in the Phoenix retail business market; (2) there is a lack of facilities-based competition in the Phoenix wholesale market; and (3) if forbearance is granted, Integra's ability to compete in the Phoenix retail business market would be severely limited.

Please find enclosed for filing two copies of the redacted version of the confidential and highly confidential presentation document that was distributed at the meetings. Pursuant to the *Second Protective Order* in this proceeding, one copy of the confidential and highly confidential presentation document that was distributed at the meetings is being filed today with the Secretary's Office under

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separate cover and one copy of the confidential and highly confidential presentation document will be provided to Gary Remondino of the Wireline Competition Bureau.

Please do not hesitate to contact me if you have any questions or concerns about this submission.

Respectfully submitted,

A handwritten signature in black ink that reads "Thomas Jones/JP". The signature is written in a cursive, slightly slanted style.

Thomas Jones

*Counsel for Integra Telecom, Inc.*

Enclosure

cc (via email): Commissioner Baker  
Commissioner Clyburn  
Commissioner Copps  
Zachary Katz  
Angela Kronenberg  
Jennifer Schneider  
Christi Shewman  
Henry Greenidge

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# Integra Telecom Presentation

Qwest Phoenix Forbearance Proceeding  
WC Dkt. No. 09-135

June 2-3, 2010

**RESPONSIVE. RELIABLE. LOCAL.**

# Integra at a Glance

## **Provides voice and data service to businesses**

- o Local, long-distance, phone systems and Internet access

## **Unique, customer-focused Business Model**

- o Local customer care representatives
- o Local management
- o Secure, reliable network

**Customers: Over 100,000**

**Employees: 2,300**

**Annual Revenues: Over \$610 Million**

**Headquartered in Portland, OR.**

**Founded in 1996.**

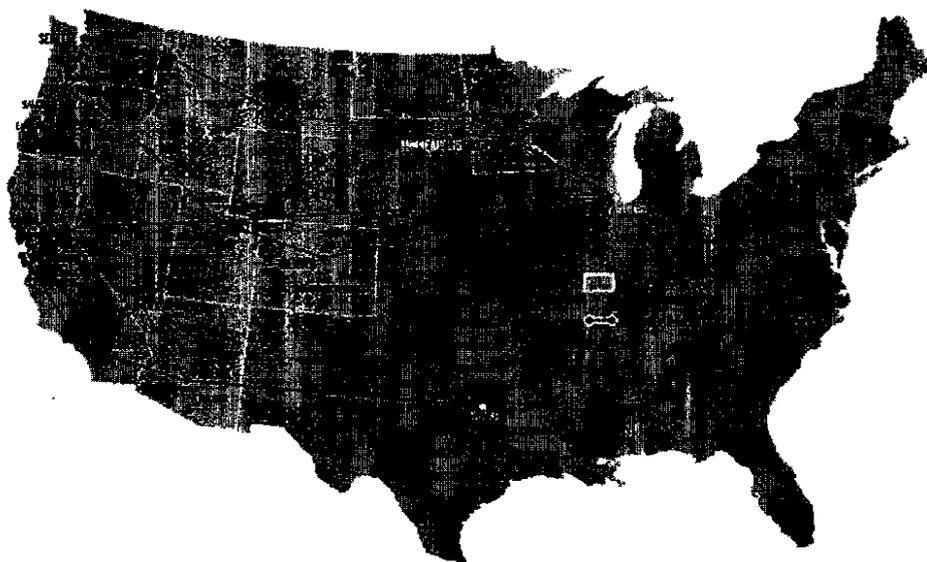
- o Integra Telecom is a result of the Telecom Act of 1996

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# Integra Telecom

Industry leading fiber optic network



2,800 route mile (160,000 fiber miles) metropolitan area network

Unique 4,900-mile, long haul network – one of largest in U.S.  
[\*\*\*BEGIN CONFIDENTIAL\*\*\*]

[\*\*\*END CONFIDENTIAL\*\*\*]  
11-State Service Territory

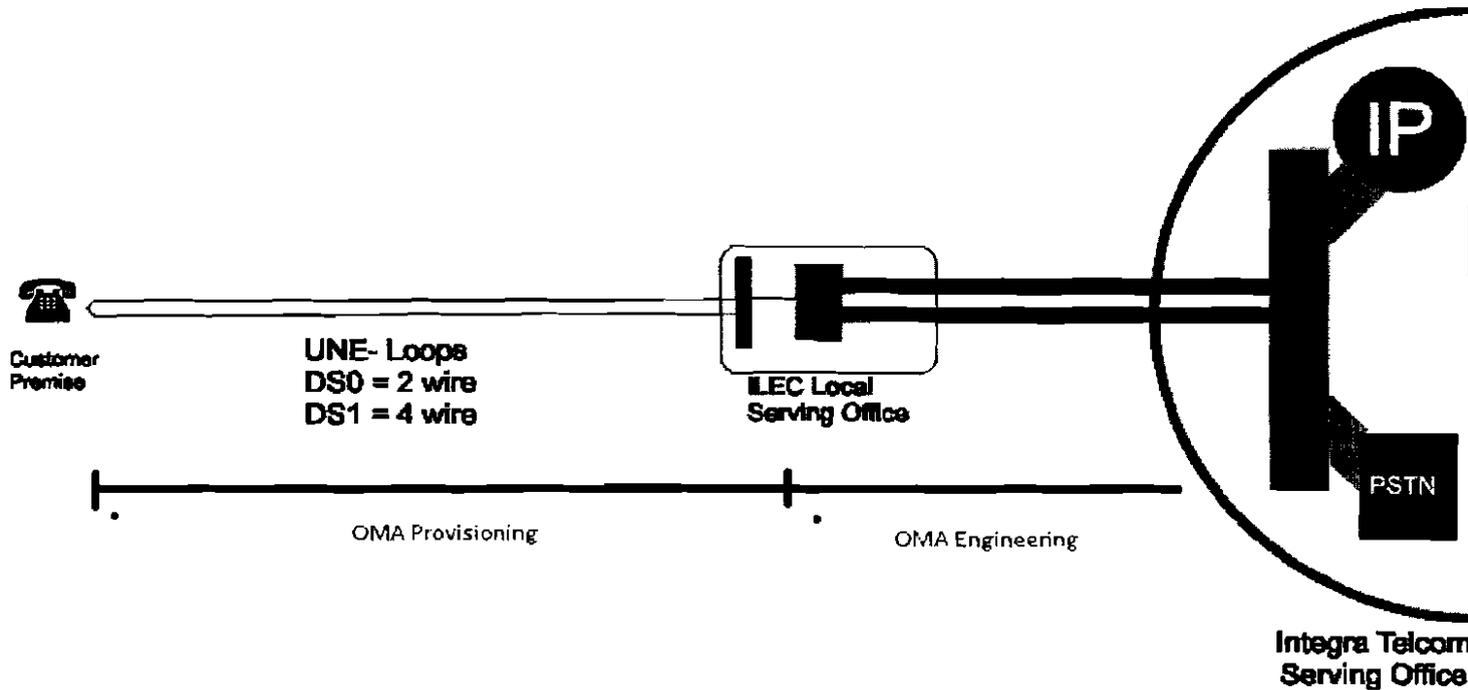
*Building a network takes time - even when you have a monopoly and a guaranteed rate of return.*



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# Substantial infrastructure relies on UNE loops to access customers

-----last mile is unique to each customer type-----      ---however, transport & hub is shared-----



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# Integra Customer Profile

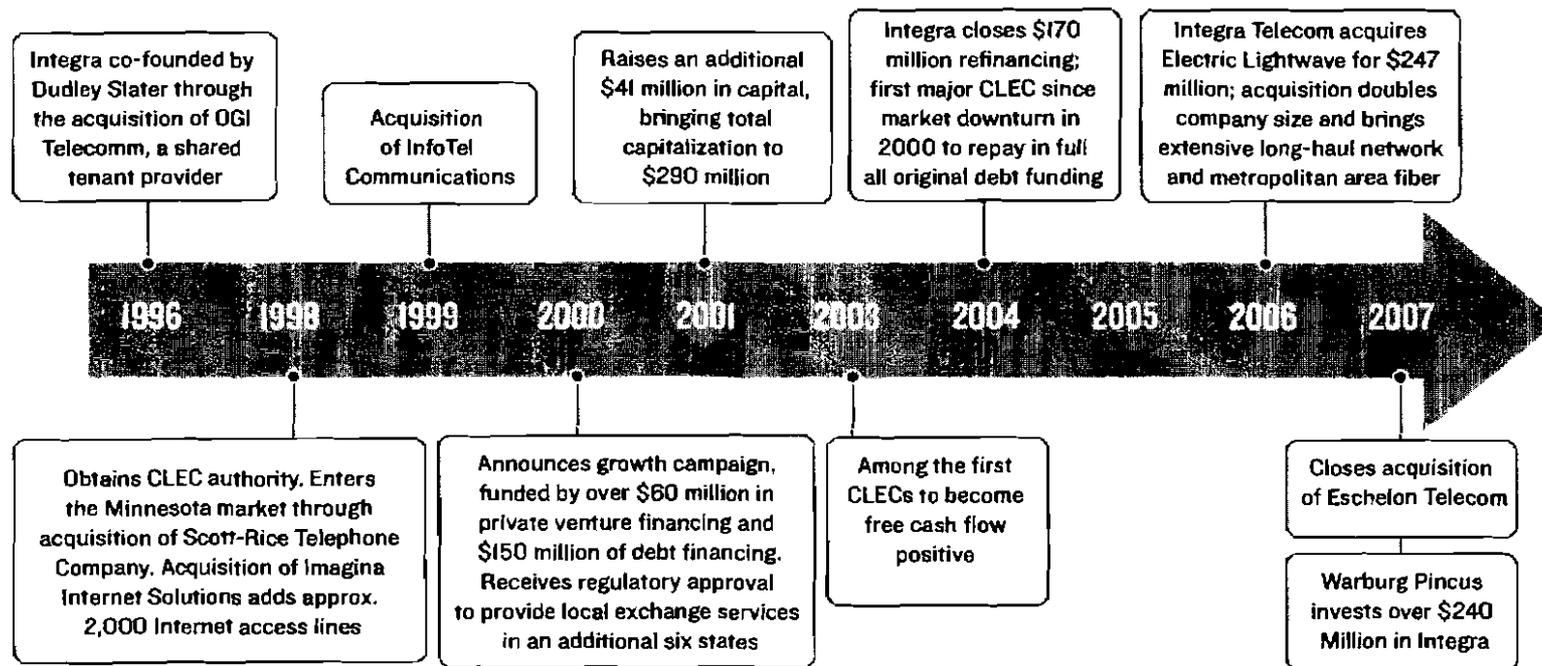
\*\*\*BEGIN CONFIDENTIAL\*\*\*

- o High speed Internet
- o Local service
- o Private network/ Virtual private network
- o Long Distance
- o Fax Lines
- o DSL
- o Fiber network
- o Web hosting
- o Domain Services
- o Email
- o Equipment Maintenance Plans
- o IP Addressing
- o Interactive Voice Response
- o LAN/WAN Hardware
- o ISP services
- o Managed Firewalls
- o MPLS (Multi-Protocol Label Switching)
- o Network Configuration
- o SIP Trunking
- o Unified messaging

\*\*\*END CONFIDENTIAL\*\*\*



# Timeline



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# Metropolitan Area Network

Metropolitan Area Networks (MANs)

[\*\*\*BEGIN HIGHLY CONFIDENTIAL\*\*\*]

## MAN Cities:

- o Portland (sample)
- o Seattle
- o Minneapolis
- o Salt Lake City
- o Sacramento
- o Boise
- o Phoenix

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[\*\*\*END HIGHLY CONFIDENTIAL\*\*\*]



# Access to Qwest Last Mile Facilities is Essential

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## Competition = Lower Prices, Improved Service & Innovation

Why are businesses choosing CLECs?

### Benefits of Competition:

- Customers enjoy service improvements and lower rates
- CLECs lead new product innovation for businesses

Baby Bells had DSL technology but didn't deploy. CLECs drove the delivery of DSL.

[\*\*\*BEGIN CONFIDENTIAL\*\*\*]

[\*\*\*END CONFIDENTIAL\*\*\*]



Compelling opportunity to capture market share remains available to Integra

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[\*\*\*END HIGHLY CONFIDENTIAL\*\*\*]

Integra is uniquely positioned to create value

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\*\*\*END CONFIDENTIAL\*\*\*



**Concerns Regarding  
Qwest Phoenix MSA  
Forbearance Petition**

## Lack of Facilities-Based Retail Competition

- o It is not possible for Integra to construct loop facilities to the vast majority of the customer locations it serves in the Phoenix MSA. Integra (through its subsidiary, ELI) has constructed loops to only **\*\*\*BEGIN HIGHLY CONFIDENTIAL\*\*\*** **\*\*\*END HIGHLY CONFIDENTIAL\*\*\*** buildings in the Phoenix MSA. Also, Integra has not been able to deploy significant interoffice transport facilities in the Phoenix MSA.
- o Integra's experience in the retail business market indicates that Qwest is a far more formidable competitor than Cox. For example, during the first six months of 2009, Integra ported out numbers **\*\*\*BEGIN HIGHLY CONFIDENTIAL\*\*\*** **\*\*\*END HIGHLY CONFIDENTIAL\*\*\*** to Qwest than to Cox.

## Lack of Facilities–Based Wholesale Competition

- o Qwest is the only wholesale provider of loop facilities at the vast majority of Integra's customer locations in the Phoenix MSA.
- o As Integra has explained in the record, Cox is not a viable alternative wholesale provider in the Phoenix MSA because:
  - (1) Cox offers wholesale access only to the relatively limited number of buildings to which it has constructed fiber loops;
  - (2) Cox's prices for these wholesale loop facilities are high; and
  - (3) Cox does not have sufficient wholesale OSS (e.g., electronic bonding) in place.
- o SRP and AGL have publicly stated that their networks reach only 50 and 64 buildings, respectively, in the Phoenix area.
- o No intramodal wholesaler has significant network reach in the Phoenix MSA.

## Implications of Forbearance for Consumer Welfare

- If forbearance is granted, Integra would likely have no choice but to pay Qwest's special access prices (or, in the case of DS0/conditioned copper loops, Qwest's "commercial agreement" prices).
- This would substantially increase Integra's costs and place Integra in a price squeeze. Integra's ability to compete in the Phoenix retail business market would be severely limited. As explained in the record, Integra's cost studies show that if forbearance were granted:
  - Integra would likely be price squeezed out of the market for 2-wire DS0 loop-based services;
  - Integra would not be able to profitably serve customers in the market for DS1-EEL-based services; and
  - it would be difficult for Integra to justify continuing to offer DS1 loop-based services.
- Business customers would be deprived of Integra's presence in the market; small and medium-sized businesses would have fewer choices, would likely pay higher prices, and would likely experience slower innovation.