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EX PARTE OR LATE FILED



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September 12, 2012

FILED/ACCEPTED

SFP 12 2012

Ex Parte

Federal Communications Commission
Office of the Secretary

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

Re: Special Access for Price Cap Local Exchange Carriers, WC Docket No. 05-25 and RM-10593

Dear Ms. Dortch:

Enclosed is an ex parte for filing in the above-captioned proceeding.

The filing contains Highly Confidential Information. Highly Confidential Information has been marked "HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO SECOND PROTECTIVE ORDER IN WC DOCKET NO. 05-25, RM-10593" in accordance with the Second Protective Order in this proceeding.¹ The information is Highly Confidential Information because it includes, among other things: the location of individual companies' cell sites; locations that companies serve with last-mile facilities; and the extent to which companies rely on incumbent local exchange carrier (ILEC) and non-incumbent LEC last-mile facilities.²

Specifically, we are herewith submitting for filing one original of the Highly Confidential filing; and two copies of the redacted filing, as specified in the Second Protective Order.³ Additionally, one machine-readable copy of the redacted version of this document will be filed electronically via ECFS.

¹ See *Special Access for Price Cap Local Exchange Carriers*, Second Protective Order, 25 FCC Rcd 17725 (2010) ("Second Protective Order").

² *Second Protective Order*, ¶ 6.

³ *Second Protective Order*, ¶ 15.

REDACTED – FOR PUBLIC INSPECTION

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Marlene H. Dortch
September 12, 2012
Page 2

Two copies of the Highly Confidential version of this ex parte filing will be delivered to Andrew Mulitz of the Pricing Policy Division of the Wireline Competition Bureau.⁴

We are also tendering to you certain copies of this letter for date-stamping purposes. Please date-stamp and return these materials.

Thank you for your assistance in this matter. Please contact me at 202-515-2527 if you have any questions regarding this filing.

Sincerely,



Enclosure

cc: Andrew Mulitz (highly confidential version)
Michael Steffen (redacted version)
Christine D. Kurth (redacted version)
Angela Kronenberg (redacted version)
Priscilla Delgado Argeris (redacted version)
Nicholas Degani (redacted version)
Deena Shetler (redacted version)
Nick Alexander (redacted version)
Betsy McIntrye (redacted version)
Eric Ralph (redacted version)

⁴ FCC Public Notice, *Competition Data Requested in Special Access NPRM*, DA 11-1576 (Sept. 19, 2011).

Kathleen Grillo
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SFP 12 2012

Federal Communications Commission
Office of the Secretary

September 12, 2012

Ex Parte

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

Re: Competition Data Requested in Special Access NPRM, WC Docket No. 05-25 and RM-10593

Dear Ms. Dortch:

Sprint has long been one of the lead proponents of the argument that there are no alternatives to traditional ILEC special access services, and Sprint continues to be one of the loudest voices arguing that those services should be regulated more heavily than they already are. But Sprint's own conduct now conclusively disproves those claims. Both Sprint's public statements and the bids it has awarded as part of its Network Vision initiative prove conclusively that providers have alternatives to ILEC special access services and that those alternatives are available from competitive providers.

Sprint launched its network modernization plan, Network Vision, in December 2010. Sprint has stated that the project's goals include increasing network efficiency, enhancing network flexibility, and reducing operating costs.¹ As part of Network Vision, Sprint is moving its wireless backhaul throughout its network away from TDM-based services to next-generation higher-capacity services.² Sprint opened its backhaul business to competitive bids in 2010, when Sprint issued the first phase of a four-phased Request For Quotes (RFQ) requesting Ethernet pricing at a total of [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] cell sites across the United States, including forty-eight states (excluding Alaska and Montana), Puerto Rico, and the U.S. Virgin Islands. The list of sites included addresses, latitude, longitude, and other relevant data. Using the latitude and longitude of each cell site, we were able to identify that

¹ See Sprint Network Vision Information Center, September 10, 2012, *available at* <http://newsroom.sprint.com/presskits/>.

² See Nomura Equity Research Report, "Sprint Nextel Corporation: Takeaways from Meetings with Management." ("Nomura Report") *attached to* Ex Parte Letter from Donna Epps, Verizon, to Marlene Dortch, FCC, WC Docket No. 05-25 & RM-10593 (July 24, 2012).

REDACTED — FOR PUBLIC INSPECTION

[BEGIN HIGHLY CONFIDENTIAL] **[END HIGHLY CONFIDENTIAL]** of the sites were located within Verizon’s incumbent local exchange service area.

Verizon responded to Sprint’s RFQ with pricing and availability at these sites, and through July 26 we determined that Sprint had awarded Verizon the backhaul business at only **[BEGIN HIGHLY CONFIDENTIAL]** **[END HIGHLY CONFIDENTIAL]** sites within its ILEC service area – or less than six percent of the total number of sites in the Verizon incumbent footprint. While Verizon has no direct information about what Sprint did with the contracts and sites that Verizon did not win, public reports indicate that Sprint has “[a]lmost completed [the] backhaul contracts for all 38k sites,” and that while “all cable operators are involved, Verizon [is] not a significant vendor...”³

	<u>Sprint Cell Sites Bid</u>	<u>Sprint Cell Sites</u>
	<u>in Verizon Incumbent</u>	<u>Awarded to Verizon</u>
<u>CMA</u>	<u>Area</u>	<u>in Verizon Incumbent Area</u>
[BEGIN HIGHLY CONFIDENTIAL]		

[END HIGHLY CONFIDENTIAL]

Verizon has attached maps to this letter that depict the cell sites where Sprint awarded contracts to Verizon in particular Census Metropolitan Areas (CMAs) (*see* Attachment A). The maps show that both in the urban centers of cities and in the suburban and rural outskirts, Sprint

³ Nomura Report at 2. In addition, Sprint has given Verizon a second opportunity to submit bids in some locations, but this does not affect the vast majority of sites.

did not award to Verizon its backhaul business at an overwhelming number of the cell sites open for bid.

These data show without question that competitive alternatives are available for high-capacity services and that companies like Sprint are using them in earnest. And, Sprint is far from the only company moving in this direction. Cox Communications, tw telecom, XO, Tower Cloud, FiberLight, Cablevision, Level 3 and others have recently touted the growth of their high-capacity services and the move away from TDM-based services.⁴ This is precisely the kind of information that Sprint and others have failed to provide to the Commission and that they are trying to prevent the Commission from collecting — and it proves conclusively that Sprint’s arguments are false and lack credibility.

These data also demonstrate that the Commission must focus its upcoming mandatory request on forward-looking data that reflects the direction of this dynamic market. Sprint has argued that the Commission should focus on the past⁵ – even though the Commission has correctly rejected an approach that looks only backwards.⁶ That approach would miss the fundamental shifts going on in the marketplace and hide vital data from the Commission’s review. The Commission should reject this effort to ignore the facts and should investigate not only what has happened in the marketplace, but also what can and likely will happen. The Commission must seek the right kinds of forward-looking data to evaluate where the high-capacity services marketplace is headed and what policy framework will best create incentives for continued investment in new technologies. If, for example the Commission asked Sprint to provide only a current snapshot of its buy-side information and asked its new vendors to provide only current snapshots of their sell-side information, the data request would miss Sprint’s imminent plans to abandon Verizon special access and move to new services provided primarily by cable operators and other competitors – competition Sprint refuses to acknowledge.

⁴ See Ex Parte Letter from Donna Epps, Verizon, to Marlene Dortch, FCC, WC Docket No. 05-25 & RM-10593 (May 2, 2012).

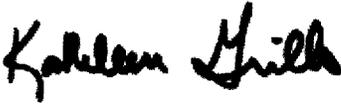
⁵ See Ex Parte Letter from Paul Margie & Mark Davis, Wiltshire & Grannis LLP, counsel for Sprint Nextel, to Marlene Dortch, FCC, WC Docket No. 05-25, RM-10593 (August 14, 2012).

⁶ *Special Access for Price Cap Local Exchange Carriers, et al*, Report and Order, WC Docket No. 05-25, RM-10593; FCC 12-92, ¶ 101 (Aug. 22, 2012); see also Ex Parte Letter from Donna Epps, Verizon, to Marlene Dortch, FCC, WC Docket No. 05-25 & RM-10593, at 1-2 (July 31, 2012).

September 12, 2012
Page 4

Please contact me if you have any questions.

Respectfully submitted,

A handwritten signature in black ink that reads "Kathleen Grillo". The signature is written in a cursive, slightly slanted style.

Attachment

cc: Andrew Multz (highly confidential version)
Michael Steffen
Christine D. Kurth
Angela Kronenberg
Priscilla Delgado Argeris
Nicholas Degani
Deena Shetler
Nick Alexander
Betsy McIntrye
Eric Ralph

Attachment A

**REDACTED FOR
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