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May 22, 2013

**Ex Parte**

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

**Re: *Connect America Fund*; WC Docket No. 10-90**

Dear Ms. Dortch:

On February 12, 2012, USTelecom filed with the Commission documentation for the CQBAT model,<sup>1</sup> which updated the ABC Coalition's prior proposal for a forward-looking cost model ("Coalition Model.") In response to a request from Wireline Competition Bureau staff, Verizon is filing this letter in order to provide an expanded description of the methodology used to determine the Coalition Model's plant mix inputs.

The plant mix inputs for the Coalition Model were derived in part from Verizon's forward-looking cost model for fiber to the premises. The Verizon forward-looking model is conceptually similar to the Connect America Cost Model in that it geocodes households and businesses, clusters them based on equipment capacity and engineering design rules, and connects them to a wire center using a road-based minimum spanning method. Cables are sized based on cumulative demand (with lines and households as relevant factors) and application of a sizing factor.

Engineers choose structure type based on factors including right-of-way conditions, installation cost efficiency and expected maintenance. Verizon's expectation is that the forward-looking structure selection will generally follow the existing choice. The model's structure type is derived for each plant segment from engineering sources. Cable and equipment quantities by size type are aggregated in a table, which is used to derive sheath footage. Individual "components" are defined for different cable structure types.

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<sup>1</sup> Letter from Jonathan Banks, US Telecom, to Marlene H. Dortch, Federal Communications Commission, WC Docket No. 10-90, filed February 13, 2012.

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The Coalition Model allowed for separate plant mixes to be applied on various criteria. Verizon chose to create six groups of jurisdictions to recognize regional differences.

- North Atlantic: comprising Massachusetts, Rhode Island, New York, New Jersey and Pennsylvania. These states are characterized by a high proportion of aerial plant.
- South Atlantic: comprising Delaware, Virginia and Maryland. These states are characterized by a moderate proportion of buried plant.
- Washington, DC is characterized by a high proportion of underground plant.
- The three non-contiguous Verizon jurisdictions, California, Florida and Texas, were each left stand-alone. These states use a high proportion of buried plant.

The Coalition Model also allows disaggregation of urban, suburban and rural territory. The model defines Rural as 0 – 100 lines per square mile, Suburban as 100 – 2550 lines per square mile, and Urban as 2550 or more lines per square mile. Verizon classified each wire center into one of these density zones.

The Plant Mix results were calculated by summing the sheath footage of cable for each density zone within the groups of jurisdictions, by structure type, then dividing each sum by the total for the respective category.

Sincerely,

/s/ Alan Buzacott

cc: Carol Matthey  
Steve Rosenberg