

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Section 63.71 Application of Verizon New Jersey Inc. and Verizon New York Inc. to Discontinue Domestic Telecommunications Services	)	WC Docket No. 13-150
	)	Comp. Pol. File No. 1115
Technology Transitions Policy Task Force Seeks Comment on Potential Trials	)	GN Docket No. 13-5
	)	

**COMMENTS OF AT&T SERVICES, INC.<sup>1</sup>**

The Commission should grant (either by order or operation of law) Verizon’s above-referenced application to grandfather and discontinue provision of interstate wireline telecommunications services, including interstate interexchange and exchange access services (collectively “Affected Services”), in those areas of New York and New Jersey where copper facilities were destroyed or rendered inoperable by Superstorm Sandy on or after October 29, 2012, and where the new deployment of wireline facilities is impractical.<sup>2</sup> In place of the Affected Services, Verizon is offering its Voice Link service,<sup>3</sup> which uses wireless technology, works seamlessly with a customer’s existing telephone, and offers a voice communications capability that is comparable to that previously offered over the copper facilities destroyed by

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<sup>1</sup> AT&T Services, Inc. files these comments on behalf of itself and its operating company affiliates (hereinafter “AT&T”).

<sup>2</sup> Under section 63.71(c), Verizon’s request will be deemed granted automatically on the 60<sup>th</sup> day after release of the Commission’s public notice regarding Verizon’s application, unless the Commission notifies Verizon that such grant will not be automatically effective. Comments Invited on Application of Verizon New Jersey Inc. and Verizon New York Inc. to Discontinue Domestic Telecommunications Services, Public Notice, WC Docket No. 13-150, Comp. Pol. File No. 1115, DA 13-1475 (rel. Jul. 29, 2013) (citing 47 C.F.R. § 63.71(c)).

<sup>3</sup> Application of Verizon New Jersey Inc. and Verizon New York Inc. to Discontinue Domestic Telecommunications Services at 4-5 (filed June 7, 2013) (Verizon Application).

Sandy.<sup>4</sup> Verizon acknowledges that some non-voice functionalities, such as alarm systems and facsimile machines, may not work over Voice Link,<sup>5</sup> but publicly has committed that “Voice Link will evolve over time to be a more comprehensive service just like copper did,” and observed that, in many cases, additional alternatives (including Verizon’s 4G LTE network) are available.<sup>6</sup>

The question in this case is not whether Verizon should be permitted to discontinue traditional wireline, TDM-based services – that occurred when an act of nature destroyed the network facilities and infrastructure used to provide those services. Rather, it is whether a carrier in these circumstances can or should be required to build new wireline facilities in order to continue providing traditional wireline services using rapidly obsolescing TDM-based technology. For the reasons discussed herein, it should not. Rather, the Commission should grant Verizon’s petition and allow it to replace the facilities that were destroyed by Superstorm Sandy with newer, more resilient technologies and facilities, and offer a replacement service, such as Voice Link. More importantly, the Commission should recognize that the devastation caused by Superstorm Sandy only underscores the need for the Commission to quickly gain a better understanding of the issues posed by transitioning from traditional wireline infrastructure and services to newer alternatives and ultimately to all IP networks. That transition is occurring at a rapid pace anyway, but disasters like Sandy may force changes even more quickly than would otherwise occur. AT&T’s proposal for comprehensive, geographic all-IP trials will enable the industry, working with the Commission and other stake holders, to identify and

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<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> Tom Maguire, Setting the Record Straight on Fire Island and Voice Link, Verizon Policy Blog, available at: <http://publicpolicy.verizon.com/blog/entry/setting-the-record-straight-on-fire-island-and-voice-link> (last checked Jul. 23, 2013).

develop solutions to the many issues posed by the transition before the next natural disaster or other emergency forces the industry's and Commission's hands.

**The Commission Should Grant Verizon's 214 Application.**

As an initial matter, it is not clear whether Verizon is required to obtain authorization under section 214 to discontinue wireline voice services in these unique circumstances. Indeed, Verizon is not discontinuing the provision of voice service; it is reinitiating service in the areas devastated by Superstorm Sandy using a wireless platform. While the wireless platform it is using to serve those areas is different from (and does not support all the same functionalities as) the wireline platform and technology destroyed by Sandy, Verizon's Voice Link service continues to offer the same basic voice telephony features and functions as before. AT&T thus has doubts as to whether a section 214 application is required by law in these circumstances.

In any event, assuming for present purposes that a section 214 application is required, it should be granted. It would make no sense to try to require Verizon to continue providing the same, traditional POTS services and to re-build the wireline, TDM-based infrastructure and facilities wiped out by Superstorm Sandy. That would force Verizon to invest in obsolete facilities and equipment, much of which has been discontinued by their manufacturers, and for which replacement parts and knowledgeable technicians are increasingly scarce (if not altogether unavailable). More importantly, even if those facilities and equipment were readily available, it is unlikely that any provider would have a business case for deploying them in the locations at issue, given their unique geography and demographic conditions.<sup>7</sup> Where, as here, there is no prospect for adequate recovery of investment in network facilities, the Commission could not lawfully order a service provider to make such investments.

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<sup>7</sup> These include: (1) those areas' susceptibility to future storms that could again wipe out any wireline facilities Verizon deploys in those areas, and (2) the small number of year round residents.

When POTS and that infrastructure originally were deployed, the telephone was the only two-way telecommunications service available, and the telephone company had an exclusive franchise to provide that service. As a consequence, the telephone company reasonably could expect to recover the cost of its investment in that infrastructure – both from the specific customers served by that infrastructure and through the web of implicit subsidies in the rates charged to other customers.<sup>8</sup> But, with the market forces unleashed by the 1996 Act, Verizon can have no such expectation as consumers have dropped traditional wireline voice services in droves, and switched instead to a variety of alternative wireless and wireline communications platforms and services.

According to an analysis of the Commission’s own data, ILECs still provide traditional, switched voice services to less than one-third of homes passed nationwide,<sup>9</sup> and AT&T has projected that, by the end of this year, only 21 percent of residential housing units in the states where AT&T is an ILEC still will subscribe to ILEC POTS services.<sup>10</sup> Moreover, approximately 40 percent of households have cut the cord entirely, and rely solely on wireless for their home voice services, with many more relying on wireless mostly to satisfy their communication needs.<sup>11</sup> And, according to Verizon, about 80 percent of the voice traffic travelling over Verizon’s networks from Fire Island was wireless before Superstorm Sandy wiped out Verizon’s

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<sup>8</sup> These implicit subsidies flowed from urban to rural areas, from business to residential customers, and from long distance to local service customers. With the advent of local exchange competition in 1996, and migration of consumers to wireless and wireline (such as cable) alternatives over the past 17 years, those implicit subsidies have evaporated – as both Congress and the Commission anticipated.

<sup>9</sup> Ex Parte Letter of Glenn Reynolds, USTelecom, to Marlene H. Dortch, Secretary, FCC, GN Docket No. 13-5, *et al.* at 3 (filed Jul. 1, 2013) (citations omitted).

<sup>10</sup> Reply Comments of AT&T, GN Docket No. 12-353 at 21 (filed Feb. 25, 2013).

<sup>11</sup> CDC, *Wireless Substitution: Early Release from the National Health Interview Survey, July-December 2012* (June 2013) (available at: <http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201306.pdf>) (last checked July 24, 2013).

wireline network.<sup>12</sup> Based on these data, if Verizon were to redeploy all of the wireline infrastructure damaged or destroyed by Superstorm Sandy, it is likely that only a small minority of consumers would actually use it, and it is equally likely that many of those that did would soon switch to other alternatives. As a consequence, it is inconceivable that Verizon would be able to recoup the costs of deploying new wireline facilities to replace those destroyed by Superstorm Sandy, and the Commission thus cannot require it to do so. But even if it could, mandating such investment would simply strand scarce investment dollars that could have been used to deploy new, more efficient networks and services in rapidly obsolescing TDM-based networks and services, contrary to the Commission's stated goals of encouraging deployment of broadband to all Americans, and facilitating the transition away from TDM to all-IP networks and services.

AT&T recognizes that certain non-voice functionalities (such as alarm systems and facsimile machines) may not work over Verizon's Voice Link service today.<sup>13</sup> But that does not mean that the Commission should deny Verizon's petition and force it to replace all of the wireline infrastructure destroyed by Superstorm Sandy. Particularly where newer technologies are being developed that could accommodate those needs (even if they might require new equipment, including CPE), the Commission should not deny Verizon the flexibility it needs to manage its network, and to develop and deploy solutions that make sense in light of rapidly changing market conditions, evolving technology, and the nation's goal of encouraging broadband deployment and facilitating the transition to all IP networks and services. Rather, the Commission, consumers and other stakeholders should work with Verizon (and, indeed, other

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<sup>12</sup> <http://publicpolicy.verizon.com/blog/entry/setting-the-record-straight-on-fire-island-and-voice-link>.

<sup>13</sup> Verizon Application at 5.

providers) to identify those functionalities that are essential to meet critical health and public safety needs,<sup>14</sup> and find other solutions for satisfying those needs.

**The Commission Should Promptly Authorize Comprehensive, Geographic Trials of the Transition from TDM to IP-based Networks and Services.**

The destruction of Verizon's wireline network and involuntary discontinuance of traditional wireline voice services caused by Superstorm Sandy demonstrates the critical need for the Commission to move forward with comprehensive geographic trials of the transition from legacy, TDM-based networks and services to next generation IP-based alternatives. That transition is inevitable, driven by market forces and technological changes. Equipment manufacturers have stopped making or are phasing out TDM equipment, making it difficult (and soon impossible) to maintain the facilities and equipment used to provide traditional, wireline voice telecommunications services. Likewise, the workforce that has the expertise to support TDM services and networks is aging, and on the cusp of retirement. As a consequence, the day when traditional TDM-based networks and services will go away is fast approaching, and the devastation and dislocations caused by Superstorm Sandy show what will happen if we do not begin to plan for that day now, while we still have a TDM safety net in place.

That is the reason AT&T proposed geographic trials of the transition under Commission auspices and oversight. The trials will provide a vehicle for identifying the issues created by the transition to all-IP networks and services, and a forum for all stakeholders to identify gaps and potential solutions in an environment in which a TDM safety net still is in place. The trials will provide real-world evidence and experience regarding the effects of the transition, and enable the industry, together with the Commission and other stakeholders, to avoid disruptions and

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<sup>14</sup> For example, ensuring that consumers with life threatening medical conditions can continue to use remote health monitoring devices is very different from ensuring that consumers can continue to use facsimile machines – particularly when alternative means of transmitting documents (such as scanning and emailing documents) are readily available.

consumer harm as the transition continues. In short, like the DTV trials in Wilmington, North Carolina (which identified technical issues regarding the digital television conversion), the trials will provide the information necessary to ensure that the TDM-to-IP transition is as seamless and non-disruptive to consumers as possible. The Commission thus should authorize comprehensive, geographic trials without further delay, and thus avoid the emergency-type processes and dislocations forced on Verizon by Superstorm Sandy.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Shandee R. Felton, do hereby certify that a copy of Comments of AT&T Services, Inc. filed in WC Docket No. 13-150 and GN Docket No. 13-5 has been served on the parties below via first class mail – postage prepaid on this 29<sup>th</sup> day of July 2013.

/s/Shandee R. Felton

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