



August 21, 2013

Ex Parte

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

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

Dear Ms. Dortch:

On August 19, 2013, representatives of USTelecom and member companies met with Rebekah Goodheart, legal advisor to Acting Chairwoman Clyburn, and Julie Veach, Chief of the Wireline Competition Bureau, in connection with the docket identified above. Representing the industry in this meeting, either in person or by conference call, were the following: Robert Barber and Jay Bennett of AT&T; Jeff Lanning and Jeb Benedict of CenturyLink; Curtis Groves and Maggie McCready of Verizon; and Patrick Brogan and Glenn Reynolds of USTelecom.

During this meeting, we discussed the scope and timing of the Commission's mandatory data request. In particular we reiterated our support for the Commission's comprehensive, mandatory data request. In order to assess competition in this dynamic industry, the Commission must look not only at the competitive alternatives available to customers today, but also at new sources of supply that competitors have planned or that are likely to become available going forward. The deployment of competitive high-capacity facilities is critical to that analysis, and, we explained that the Commission must collect information regarding the location of network facilities, including mapping information, from all competitive providers.

We also explained that there should be no special exemptions or modifications for particular types of competitors, including in particular cable companies. Cable companies are expanding their existing networks and are deploying new networks and technologies to serve the rapidly growing demand for broadband and other advanced services among enterprises of all sizes. We explained that cable companies continue to grow and expand their competitive offerings, referencing recent examples included in the Exhibit.

All parties will bear a significant burden in responding to the data request, including USTelecom members. If selected parties are given special treatment, exempted from reporting

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requirements altogether, or are permitted to submit more limited data, the Commission will not have the necessary data to develop an accurate analysis of the competitive marketplace. Nor should there be carve-outs for particular types of services, such as “best efforts” Internet access. If parties are exempted from reporting particular types of services, the Commission would be in the position of prejudging the relevance of those services in the marketplace. If, instead of exempting carriers from having to respond, the Commission decides to modify data request questions in an attempt to ease the burden for some carriers, it may still lack the necessary data to analyze the contestability of the marketplace. We recommended that if the Commission intends to make material changes to the data request, it should seek comment prior to submitting the request to OMB.

We also discussed the timing of the data collection. To develop an accurate picture of the dynamic and rapidly evolving high-capacity-services marketplace, it is essential for the Commission to collect the most current available data. We noted that 2012 data will be outdated by the time data are collected, and that 2013 data would more accurately reflect current conditions.

Pursuant to Commission rules, please include this ex parte letter in the docket of the proceeding identified above.

Sincerely,



Glenn Reynolds
Vice President, Policy

Attachment

cc: Rebekah Goodheart
Julie Veach

**Special Access for Price Cap Local Exchange Carriers, WC Docket No. 05-25 and RM-10593
Exhibit - Cable Companies Continue to Grow their Competitive Presence**

**TWC - Q2 2013 Time Warner Cable Inc. Earnings Conference Call - AUGUST 01, 2013
THOMSON REUTERS STREETEVENTS | www.streetevents.com |**

From slides:

Business services reached a milestone in the quarter, delivering backhaul service to more than 10,000 cell towers.

From the press release:

Grew Business Services Revenue by over 20% for the 13th Consecutive Quarter.

From the Transcript

Rob Marcus - Time Warner Cable Inc. - President & COO

"Business services continues to perform exceptionally well. [W]e will continue to take share in the small business space, largely by connecting more buildings to our network and further developing our sales capabilities. Second, we are expanding our ability to serve medium-sized businesses and enterprise customers by leveraging our existing capabilities and expanding our product portfolio in sales channels. And third, we intend to build on the success we have already had in mining the significant wholesale opportunity in our footprint."

Artie Minson - Time Warner Cable Inc. - CFO

"Looking a little deeper into the financial results, revenue growth of 2.7% was driven by 22% growth in business services, as voice and wholesale transport revenues each grew over 35%. We continue to expect over 20% revenue growth for the full-year in business services."

Excerpts from 6/4/13 Bank of America Merrill Lynch Conference - Comcast transcript

Mike Angelakis - Comcast Corporation - Vice Chairman & CFO at page 11.

"[About] six years ago or so we started a commercial business. We went after the very, very small end of businesses, this is enterprises that have less than 25 employees. That business today, our commercial business, is about a \$3 billion revenue business growing very nicely. It grew in the 30% range top line with accretive margins with positive free cash flow. [W]e are probably in the 15% to 20% penetration of the very, very small businesses.

[A]bout two years ago we decided that it needed a second leg to this, which is going after businesses that are a little bit more complicated, above 25 employees. That again is probably a \$10 billion to \$15 billion opportunity for us. "[We] now have metro Ethernet throughout the entire network and we're going into much more complicated businesses with primarily a metro E product. And we are competing against ISDN and T-1 lines, which is kind of not a fair fight."

Cable MSOs Move in on Ethernet Sales

<http://www.lightreading.com/converged-access/cable-msos-move-in-on-ethernet-sales/240159425>

August 06, 2013

"All large U.S. multiple system operators (MSOs) have moved into the business services market," notes Steve Koppman, research analyst with *Heavy Reading Cable Industry Insider* and author of the report. "Ethernet is a growing portion of that portfolio, with more than 25 percent of the U.S. Ethernet services market going to cable operators by the end of 2012."

"The emergence of cable operators as a major competitive threat in Ethernet services has a significant impact," Koppman says.