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July 30, 2014

VIA ELECTRONIC DELIVERY

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Room TWA325
Washington, DC 20554

Re: ***Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, WC Docket No. 05-25; RM-10593**

Dear Ms. Dortch:

On Monday, July 28, 2014, Vodafone Group representatives Markus Reinisch and Robert MacDougall, Vodafone US representative Megan Doberneck and Michele Farquhar, counsel for Vodafone (collectively "Vodafone"), met with Federal Communications Commission ("FCC") Commissioner Jessica Rosenworcel and her legal advisor, Priscilla Delgado Argeris. Later that day, Vodafone held a separate meeting attended by Jonathan Chambers, Chief of the Office of Strategic Planning and Policy Analysis and Henning Schulzrinne, FCC Chief Technologist.

On Tuesday, July 29, 2014, Vodafone held separate meetings with Troy Tanner, Walter Strack, Kathleen Collins, David Krech, Brian Carter, Tracy Weisler, Mark Uretsky, and Richard Lerner of the International Bureau; with Nick Degani, legal advisor to Commissioner Ajit Pai; and with Carol Mattey, Matthew DelNiro, Deena Shetler, Kalpak Gude, and Claude Aiken of the Wireline Competition Bureau.

During each of these meetings, Vodafone provided background on its global business model (as described in the attached presentation), and its experience as a purchaser of special access services in both the E.U. and the U.S. Vodafone urged the FCC to take steps now to examine overly restrictive terms and conditions in the special access commitment plans offered by incumbents. In addition, Vodafone requested that the FCC simplify and expedite the data collection in this proceeding and, once the data collection has been completed, to quickly reform its special access rules. Vodafone also asked the FCC not to maintain forbearance for non-TDM special access services (*e.g.*, Ethernet), and to acknowledge in any rules governing special access services that "best efforts" Internet is not a viable substitute for Ethernet for enterprise customers. Finally, Vodafone recommended that the FCC consider the use of a multifactor approach that includes business establishment density, as well as the number of collocators, as a benchmark for deregulating access.

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Pursuant to Section 1.1206(b) of the Commission's rules, I am filing this notice electronically in the above-referenced dockets. Please contact me directly with any questions.

Respectfully submitted,

/s/ Michele Farquhar

Michele Farquhar

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cc: Commissioner Jessica Rosenworcel
Priscilla Delgado Argeris
Jonathan Chambers
Henning Schulzrinne
Troy Tanner
Walter Strack
Kathleen Collins
David Krech
Brian Carter
Tracy Weisler
Mark Uretsky
Richard Lerner
Nick Degani
Carol Mattey
Matthew DelNiro
Deena Shetler
Kalpak Gude
Claude Aiken

Vodafone presentation to Federal Communications Commission

Washington DC – 28 & 29 July 2014

Global footprint

EUROPE

Operating Companies

- Albania (99.9%)
- Czech Republic (100%)
- Germany (100%)
- Greece (99.9%)
- Hungary (100%)
- Ireland (100%)
- Italy (100%)
- Malta (100%)
- Netherlands (100%)
- Portugal (100%)
- Romania (100%)
- Spain (100%)
- Turkey (100%)
- UK (100%)

Partner Markets

- Austria
- Belgium
- Bulgaria
- Channel Islands
- Croatia
- Cyprus
- Denmark
- Estonia
- Faroe Islands
- Finland
- France
- Iceland
- Latvia
- Lithuania
- Luxemburg
- Macedonia/FYROM
- Norway
- Poland
- Serbia
- Slovenia
- Sweden
- Switzerland

Numbers in brackets show Vodafone's equity ownership.

RUSSIA AND CIS

Partner Markets

- Armenia
- Russia
- Turkmenistan
- Ukraine

AMERICAS

Partner Markets

- Brazil
- Canada
- Chile

CENTRAL ASIA, MIDDLE EAST, AFRICA

Operating Companies

- Democratic Republic of Congo (51%)
- Egypt (54.9%)
- Ghana (70%)
- Lesotho (80%)
- Mozambique (85%)
- Qatar (23%)
- South Africa (65%)
- Tanzania (65%)

Partner Markets

- Afghanistan
- Bahrain
- Iraq
- Jordan
- Kuwait
- Saudi Arabia
- United Arab Emirates

Partner Market Affiliates

- Kenya (40%)

ASIA AND AUSTRALIA

Operating Companies

- India (64.4%)
- New Zealand (100%)

Partner Markets

- Fiji
- French Polynesia
- Malaysia
- Papua New Guinea
- Solomon Islands
- Sri Lanka

Alliance Partnerships

- Hong Kong
- Japan
- Philippines
- Singapore
- South Korea
- Taiwan
- Thailand
- Vietnam

Partner Market Affiliates

- Australia (50%)

Strategic Partners

- China

Affiliates

- India (4.4%)

Global operations

We have 434 million mobile customers and 9 million fixed broadband customers across the globe.

Europe

- 4G in 11 EU countries – aim to reach 91% population coverage by March 2016
- 44% increase in European data traffic vs 4% for voice
- Video streaming & web browsing nearly 75% of European mobile data usage
- 67% of 3G footprint in Europe now operates at peak speeds of 43.2Mbps, up from 42% one year ago

Emerging Markets

- increasing and enhancing our base station sites to improve voice and data quality and coverage
- extending fibre to enterprise customers to meet the expected demand for unified communications services
- expanding our leading money transfer service, M-Pesa

Q1 14/15 highlights

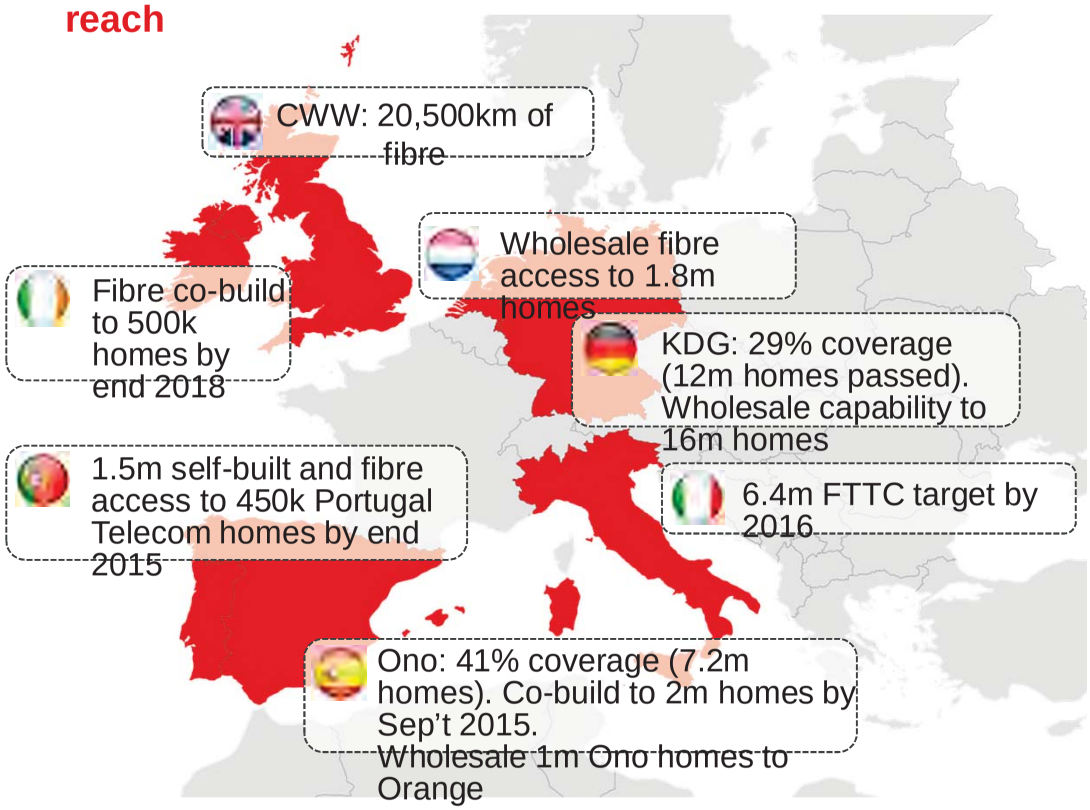
- Group service revenue -4.2%; (-2.9% excluding MTRs); continued growth in AMAP, up 4.7%; Europe -7.9%, early signs of stabilisation in performance
- Driving data growth; 6.7m 4G users, data traffic growth accelerating - Europe +53%, Group +73%
- Strong progress on Project Spring: 4G coverage 52%, up 20ppts since September 2013
- Progress on unified communications: KDG integration commenced, new NGN[1] access agreements in Ireland, Portugal and Spain, Ono acquisition completed 23 July
- M&A: purchase of Cobra (M2M provider, £115m) and sale of Fiji (£51m)
- Net debt £14.1bn; free cash outflow £0.6bn

All growth rates shown are organic unless otherwise stated. Organic growth includes Italy at 100%, and excludes joint ventures (Indus, Australia and Fiji).

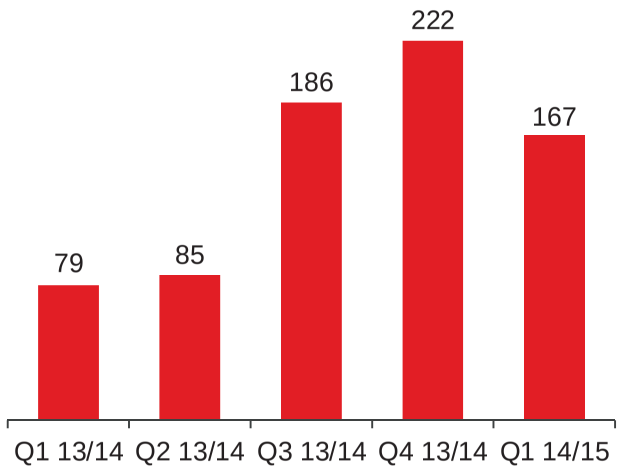
1. Next generation network

Unified communications: continued progress and traction

Expanding Next Generation Network reach



Europe fixed broadband net adds ('000s)[1]



- Fixed accounts for 23% of service revenue
- 9.4m fixed broadband customers across Group and 8.7m in Europe

1. Includes KDG for all periods

EU: Connected Continent

Package evolution		Contents			
Sep 13	Commission Proposal	Roaming Consumer	Net neutrality Spectrum harmonisation	Single Authorisation Enterprise Access	OTHER Incoming roaming International calls
Jan14	Parliament proposal	Roaming Consumer	Net neutrality Spectrum harmonisation	Single Authorisation Enterprise Access	OTHER Incoming roaming International calls
Q4 14	Council prognosis	Roaming Consumer	Net neutrality Spectrum harmonisation	Single Authorisation Enterprise Access	OTHER Incoming roaming International calls

IN

OUT

EU requirements applicable to telecoms operators

Transparency

Information in relation to traffic management practices and better information on speed

Need to provide accurate upload/download speeds, min speeds. Minimum QoS may be imposed

No blocking or discrimination

No blocking/throttling of competing services

Means no blocking of VOIP or operator's own content. Specialised services have to be provided on non-discriminatory basis

Specialised services

These must not impact on internet access service + must be provided over logically distinct capacity

No differentiation or customisation of services. Significant capacity over dimensioning or creation of a separate network required to offer QoS consumer or enterprise services

Limited traffic management

Only traffic management allowed for exceptional congestion/security

Network management and optimisation of basic services (VOIP, IPTV, compression, screen optimisation) prohibited.
No parental controls
No blocking of child abuse sites

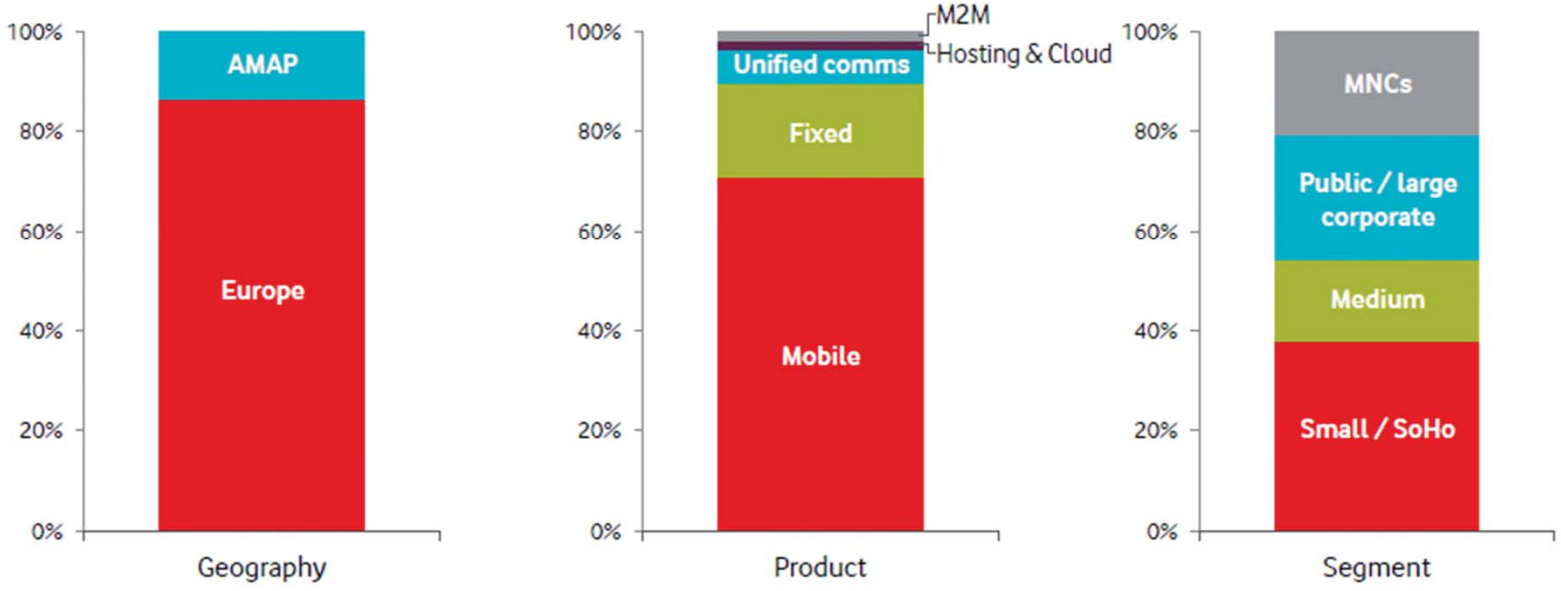
European Commission Proposal / September 13

Draft US Net Neutrality Position / April 14

EU Parliament – First Reading of Connected Continent Directive / April 2014

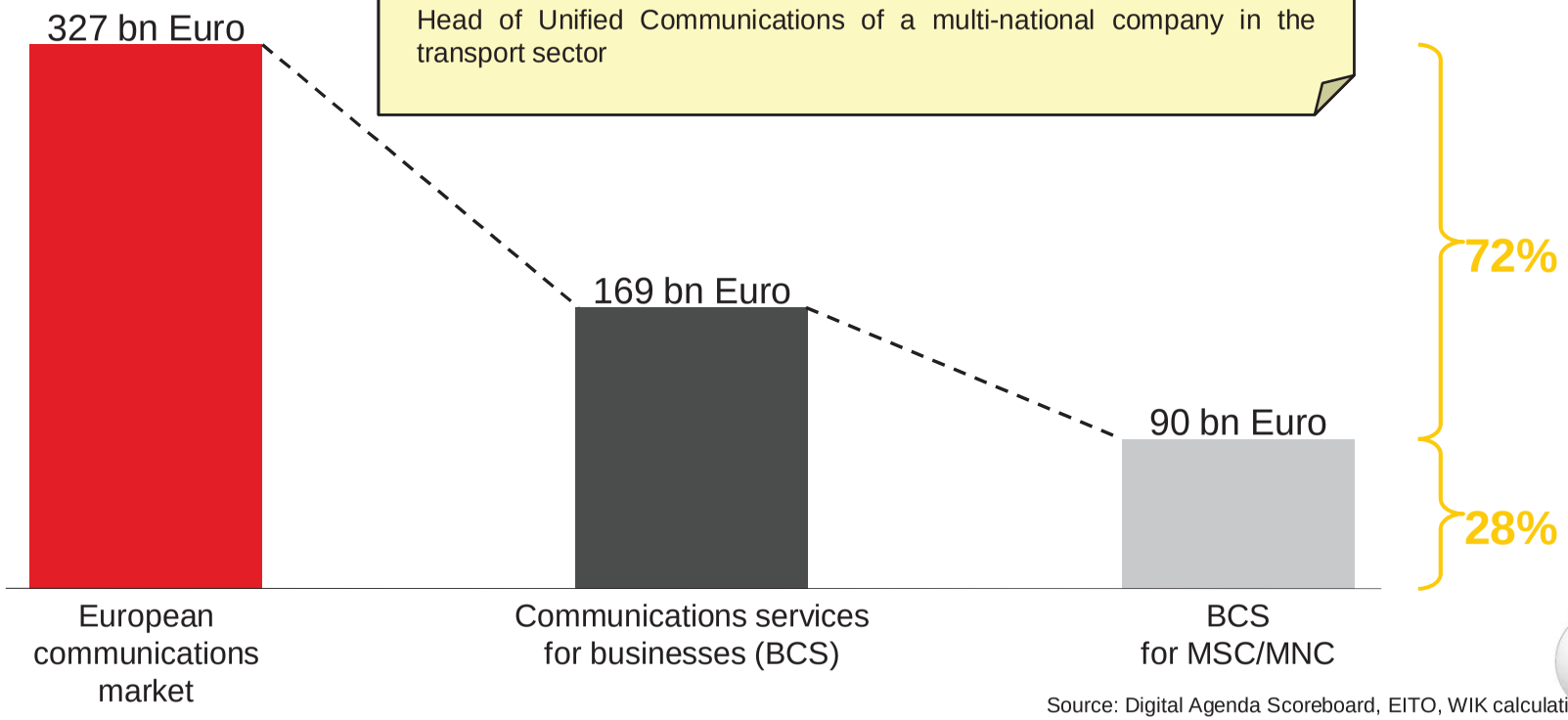
We have built an £11bn business in Enterprise - approximately 1/3 of Group Service revenue

Vodafone Enterprise revenue (%)



Businesses are major users of electronic communications constituting 50% of overall market

„Our business would no longer exist if we were not able to use our ICT applications with the same level of quality at all locations across the world“
Head of Unified Communications of a multi-national company in the transport sector



Source: Digital Agenda Scoreboard, EITO, WIK calculations

Regulation of Business Access products in the EU

- Business access from operators with “significant market power” (SMP) has traditionally been regulated in the EU.
- Cost-orientation approach to pricing typically in place, with retail minus an exception.
- EC defines ex-ante relevant markets that are not prospectively competitive.
- Regulation introduced via national market review process.
- Products relevant to business access:

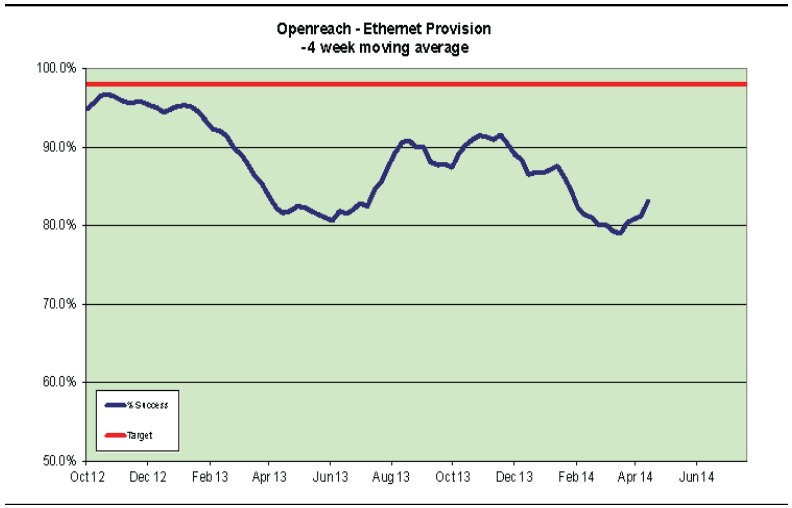
  Leased lines (trunk and tail)
  Unbundled local access (LLU)
  Bitstream/DSL

  VULA
  Dark Fibre

- Proposal for new relevant enterprise access market; “*traditional leased line segments, Ethernet services and suitably specified DSL services*”.
- National regulators can continue to define separate access markets and impose remedies (e.g. dark fibre, duct access, high quality bitstream).
- Regional deregulation possible in areas of high infrastructure competition.

Ofcom's 2014 Business Connectivity Market review

- Our focus is on obtaining duct/dark fibre access to address existing competition & quality of services issues. Even with the UK regime, there are still competition issues, and we request duct/dark fibre access to ensure we have greater control.



Source: 'Passive Access in the Business Connectivity Market', Frontier Economics report for Vodafone, June 2014

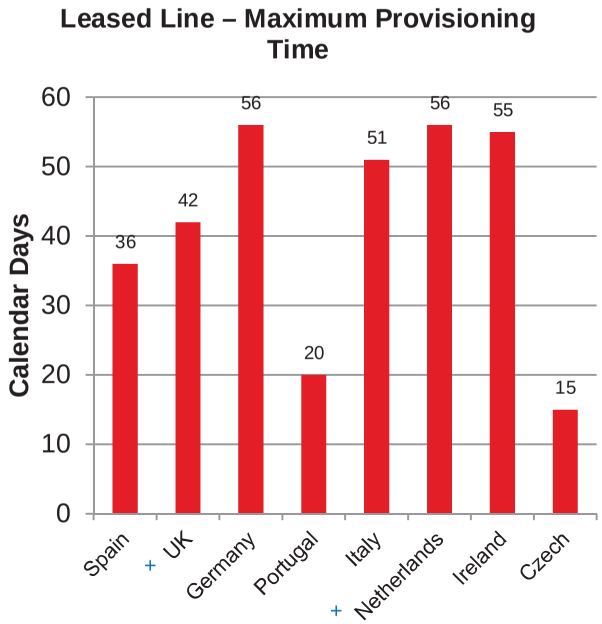
The EC ‘Costing & Non-Discrimination’ Recommendation

- Incumbents need to implement Equivalence of Input (**EoI**) in order to obtain
  - fibre retail price flexibility (retail minus) and
  - copper price stability / inflation
- EoI is where the same systems and processes are used by competitive carriers and the downstream arm of the incumbent represents best practice to implement the non-discrimination obligation.
- Our view on what effective ‘EoI’ should involve:
  - Systems and processes design should not be left to the incumbent
  - EOI should apply to all SMP products necessary to provide retail services
  - Independent & empowered oversight board
  - Equivalence regime should be periodically reviewed & amended

Case Study: Leased Line – Provisioning

Maximum period for providing an order after order receipt

Please note that the high level of complexity involved in Leased Line orders (due to differing bandwidths, technologies, and construction requirements) means when comparing provisioning timescales, caution should be taken to ensure that like for like orders are being compared.



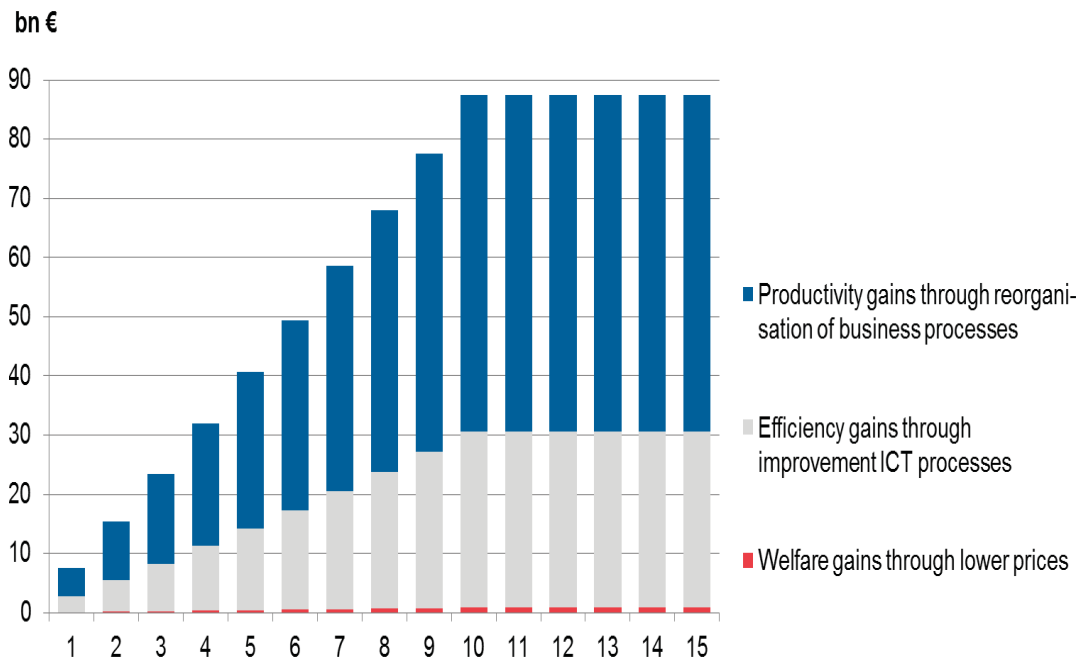
Opco	Technology	Construction
Spain	Commitment date of 36 days is lead time for 34 Mbps – 155 Mbps circuits and Ethernet circuits, without construction work. For other bandwidths, including construction work: 64 Kbit – 18 days 2048 Kbit (unstructured) – 30 days 2048 Kbit (structured) – 33 days 34 – 155 Mbps; Ethernet – 60 days	Commitment date shows standard delivery times (with construction). No construction required: 60% of max. lead time Modification of structure / equipment, no civil works: 75% of max. lead time
UK **(working days)**	N/A	Commitment date shows Category 1 orders. Provisioning timescales are: Category 1 (blowing/splicing fibre) - 30 working days Category 2 (duct/cabling/tubing) - 30 working days (subject to survey) Category 3 (spine cable required) - 57 working days (subject to survey) Category 4 (CJ cable required) - No SLA; 90 days indicative timescale (subject to survey)
Germany	N/A	Commitment date shows orders with no construction required. Moderate construction: 4 months Extensive construction: 6 months
Portugal	Commitment date is taken from the Leased Line contract, which does not cover Ethernet circuits; however, the Ethernet Reference Offer has the same provisioning timescales (see box adjacent).	Commitment date (20 days) is for Type 1 circuits in 95% of cases; commitment for 100% of orders is **40 days**. Commitment for Type 2 circuits is **40 days in 95%; 80 days in 100%**.
Italy	Commitment date shows standard provisioning; the premium delivery SLA reduces the max. lead time to 45 days.	N/A
Netherlands **(working days)**	Commitment date shows max. Fibre circuit lead time; max. Copper circuit lead time is 30 days.	Commitment date shows lead time for On-Net orders. For Near-Net orders, the max. lead time for Fibre is 65 days; for Copper, there is no max lead time. For Off-Net orders, there is no max. lead time.
Ireland	Commitment date shows max. lead time for >2Mbps – 155Mbps circuits. For: <2 Mbps circuits – 22 days 2 Mbps circuits – 26 days	
Czech Republic	Commitment date shows orders for OneNet circuits. For Backhaul Leased Lines, max provisioning time is 20 days.	Circuits requiring construction are not covered by contract, and have no max. lead time.

+ To account for the difference between working and calendar days used to measure provisioning times in some markets, the validation period for markets which use working days has been extended. The formula used is as follows, where:

PW = Provisioning Period in Working Days
PC = Provisioning Period in Calendar Days

PW / 5 x 7 = PC

Effective competition benefits the European economy



The total economic benefits of effective ex ante regulation for wholesale services in the market for Business Communications Services in European Union

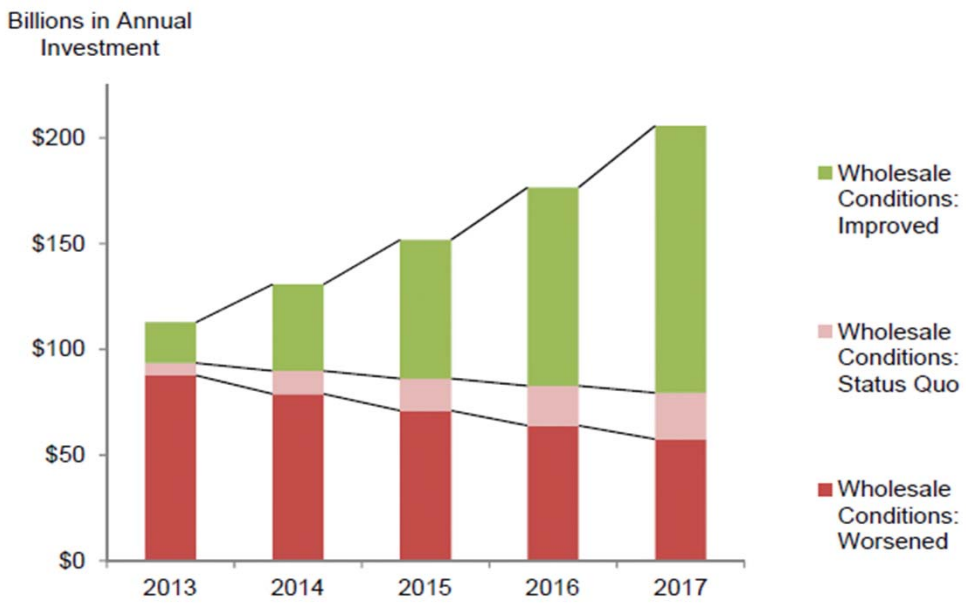
Source – WIK consult, 'Business Communications, Economic Growth and the Competitive Challenge', 2013

- The total economic benefits of an effective ex ante regulation for wholesale services in the market for Business Communications Services are calculated as the sum of:
  - welfare gains through lower prices for BCS provided to MSC/MNC,
  - efficiency gains through improvement of internal ICT related processes, and
  - productivity gains through reorganisation of business processes and value chains.

We are following the US regulatory debate, and note the calls for change

FCC's stated approach to analysing Special Access as per FCC 12-153:

- A one-time, multi-faceted market analysis
- Possible changes to pricing flexibility rules after proposed one-time, multi-faceted market analysis
- Terms and conditions



Projected changes in US capital investment levels 2013 – 2017
(Source: 'The benefits of a competitive business broadband market', S.M. Gately Consulting LLC, April 2013)

Position on Key Special Access Issues

- We believe that the FCC rules should:
  - compare actual purchase prices to specific pricing benchmarks before deregulating access
  - not maintain forbearance for non-TDM special access services (e.g., Ethernet), and return to dominant carrier regulation for these critical components
  - acknowledge that best efforts Internet is not a substitute for Ethernet
- We believe that the FCC should:
  - act now to examine overly restrictive terms and conditions in special access commitment plans
  - act quickly to reform special access rules once the data collection is completed
  - consider use of a multifactor approach that includes business establishment density, as well as the number of collocators, as a benchmark for deregulating access.

Thank you