



900 17th Street, NW, Suite 400, Washington, DC 20006. PH:202 296 6650. FX:202 296 7585. www.comptel

June 25, 2008

Re: Federal Communications Commission WC Docket No. 07-97

I would like to respond to recent letters that Qwest executives sent to Congress concerning the company's pending forbearance petitions at the FCC. COMPTEL and its member companies are on record opposing these petitions as they do not meet the criteria for forbearance set forth under Section 10 of the Telecommunications Act of 1996. The competitive industry is not alone in its opposition to these petitions.

The local "expert agency" in each of the affected states has filed in opposition to Qwest's petitions at the FCC.<sup>1</sup> Also, the state Attorneys General for Arizona and Washington have opposed the Qwest request and argued that Qwest's petitions are not in the public interest and would likely reduce competition in the affected markets.<sup>2</sup> In addition, the Colorado Office of Consumer Counsel, the Minnesota Association of Community Telecommunications Administrators, and the City of St. Paul, Minnesota filed comments opposing Qwest's petition for forbearance<sup>3</sup>. These are all the local experts with an intimate understanding of the affected Qwest markets; and their analysis to date is that Qwest's petitions for forbearance should be denied.

Finally, there are factual errors in the Qwest letters that must be addressed. First, the Telecommunications Act does not require Qwest to provide access at "below-cost prices". Under the Act, state regulatory commissions set the wholesale rates for network access based on the cost of providing the interconnection or network element, *plus a reasonable profit*<sup>4</sup>. As a result, competitive carriers pay millions of dollars annually to Qwest and other incumbent companies to access their customers. Second, cable services, over-the-top VoIP services, and cellular wireless are not sufficient alternatives to serve the business market. Though cable may offer services to some businesses already within its network footprint, the fact remains that small, medium, and large businesses remain wholly reliant on wireline services.

Respectfully, to my friends at Qwest, Congress has the authority and public duty to ensure that federal agencies give sufficient weight to the expertise of state and local agencies, as well as the

---

<sup>1</sup> The Arizona Corporation Commission, the Colorado Public Utilities Commission, the Minnesota Public Utilities ("MPUC") Commission, and the Washington Utilities and Transportation Commission all oppose Qwest's request for forbearance. The MPUC, in particular, conducted its own proceeding to determine the affect of forbearance on the local market. The analysis by the MPUC determined that such action would, indeed, result in harm.

<sup>2</sup> See Office of Attorney General State of Arizona comments (filed June 10, 2008) and Washington State (filed August 31, 2007).

<sup>3</sup> See comments of the Colorado Office of Consumer Counsel (filed August 31, 2007); the Minnesota Association of Community Telecommunications Administrators (filed March 21, 2008); and the City of St. Paul, Minnesota (filed June 12, 2008).

<sup>4</sup> This pricing methodology was upheld by the Supreme Court in 2002. Furthermore, under the Act, Qwest has the right to petition the state commission for increases in its wholesale rates if it believes that its costs have risen.

opinions of local customers, in matters that greatly affect consumer prices and choices in the telecommunications market. The member companies of COMPTEL sincerely hope that with proper Congressional oversight, the FCC will seriously consider the opinions and analysis of the local experts in these affected markets.

Sincerely,

Matt Salmon  
President