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Qwest
Spirit of Service™

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VIA COURIER

October 26, 2010

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

RE: *In the Matter of Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25; *In the Matter of AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, RM-10593 – *Ex Parte* of Qwest

Dear Ms. Dortch:

Qwest Communications International Inc. is filing the attached *ex parte* and the appended declaration of Beth A. Halvorson in the above-captioned proceedings. Both the *ex parte* and the declaration contain information designated confidential pursuant to the June 8, 2005 Order and Protective Order in WC Docket No. 05-25, 20 FCC Rcd 10160 (2005) (or Protective Order). Qwest also notes that notwithstanding the Protective Order, there is a separate statutory basis for not making this confidential information available for public inspection. 47 C.F.R. §§ 0.457(d), 0.459. Thus, for both WC Docket No. 05-25 and RM-10593, wherein the FCC has not adopted a Protective Order and Qwest is also submitting the *ex parte* and declaration, it seeks confidential treatment pursuant to 47 C.F.R. §§ 0.457(d), 0.459, for which it provides justification in the attached Appendix. Qwest considers the confidential information in the *ex parte* and declaration to be confidential trade secret, commercial information that is "not routinely available for public inspection." 47 C.F.R. § 0.457(d).

And, because Qwest believes the information designated confidential actually to be highly confidential (which is explained further below and in the Appendix), it has marked each page of the non-redacted versions of the *ex parte* and declaration, pursuant to paragraphs 1 and 6 of the Protective Order, as follows: "**CONFIDENTIAL INFORMATION**

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(COPYING PROHIBITED) – SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NO. 05-25 before the Federal Communications Commission". Each page of the redacted version of the *ex parte* and declaration is marked "**REDACTED – FOR PUBLIC INSPECTION**". This cover letter contains no confidential information and is included (with the same text except for the markings) with both the non-redacted and redacted versions of the submission.

The June 8, 2005 Protective Order defines "Confidential Information" (at paragraph 1 of Appendix A attached thereto) as "information contained in Stamped Confidential Documents or derived therefrom that is not otherwise available from publicly available sources[.]" The information that Qwest designates as confidential in the *ex parte* and declaration constitutes "trade secrets" and/or "commercial information" and is otherwise entitled to confidential treatment under Sections 0.457(d), 0.459 and the Protective Order. Disclosure of this type of confidential information would reveal company-sensitive proprietary commercial and financial information.

Although the Protective Order does not contain a provision to classify information as "highly confidential" (as do some other protective orders released by the Commission in similar contexts in other proceedings over the years),[1] Qwest views the information in question to be of extreme sensitivity, and deserving of full protection under Sections 0.457(d) and 0.459. Qwest has therefore marked the confidential version of the ex parte and declaration as "**Copying Prohibited**." This information is of critical importance to Qwest's ongoing business operations and includes, for example, bid-related information for the provision of fiber to cell sites, discussion of wireless providers' use of certain Qwest services for backhaul to their cell sites, product marketing data and a figure for the amount of fiber investment by Qwest in 2010. Not withholding from public inspection this information that Qwest designated confidential would risk revealing extremely sensitive company proprietary commercial and financial information.

For the non-redacted version of the submission, Qwest is filing via courier with the Office of the Secretary one copy each in WC Docket No. 05-25 and RM-10593, along with an additional copy to be stamped and returned to the courier. As to the redacted version of the submission, wherein the confidential information has been omitted from the *ex parte* and declaration, Qwest is filing it via the FCC's Electronic Comment Filing System in WC Docket No. 05-25 and RM-10593. Also, pursuant to paragraphs 3 of the Order and 8.d. of the Protective Order, two copies of the non-redacted version (with confidential information) are to be transmitted to Margaret Dailey (Room 5-A221) or Pamela Arluk (Room 5-A266), Pricing Policy Division, Wireline

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[1] *E.g.*, Protective Order in GN Docket Nos. 09-47, 09-51 and 09-137, 24 FCC Rcd 13742, 13744 ¶ 6 (2009).

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Competition Bureau, Federal Communications Commission at 445 12th Street, S.W., Washington, DC 20554.

Please contact me at 303.383.6649 if you have any questions.

/s/ Craig J. Brown

Attachments

Two copies (non-redacted version) to be delivered to:
Margaret Dailey or Pamela Arluk

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APPENDIX

Confidentiality Request and Justification

Qwest requests confidential treatment of its *ex parte* and declaration of Beth A. Halvorson, as filed in WC Docket No. 05-25 and RM-10593 on October 26, 2010, pursuant to the Order and Protective Order (or Protective Order) in WC Docket No. 05-25, released on June 8, 2005, 20 FCC Rcd 10160, as well as pursuant to 47 C.F.R. §§ 0.457(d), 0.459.

47 C.F.R. § 0.457(d)

Qwest has designated certain information contained in the *ex parte* and declaration to be confidential, and proprietary as "trade secrets" and/or "commercial information" and is entitled to confidential treatment under the Protective Order. The Protective Order defines "Confidential Information" (at paragraph 1 of Appendix A attached thereto) as "information contained in Stamped Confidential Documents or derived therefrom that is not otherwise available from publicly available sources[.]" Qwest has marked the information in the *ex parte* and declaration as confidential; not withholding this type of confidential information from public inspection would risk revealing company-sensitive proprietary commercial and financial information. Given the extreme sensitivity of this information, which relates to Qwest's ongoing business operations and includes, for example, bid-related information for the provision of fiber to cell sites, discussion of wireless providers' use of certain Qwest services for backhaul to their cell sites, product marketing data and a figure for the amount of fiber investment by Qwest in 2010, Qwest actually considers the information to be highly confidential and thus is designating it **"CONFIDENTIAL INFORMATION (COPYING PROHIBITED) – SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NO. 05-25 before the Federal Communications Commission"** pursuant to paragraphs 1 and 6 of the Protective Order. Not withholding from public inspection this information that Qwest considers highly confidential would risk revealing extremely sensitive company proprietary commercial and financial information.

Qwest also seeks non-disclosure to the public of the information it has designated confidential and believes to be highly confidential under Section 0.457(d). This information is described in the preceding paragraph. Disclosure of this information to the public that Qwest considers highly confidential would risk revealing extremely sensitive company proprietary commercial and financial information. Therefore, in the normal course of Commission practice this information should be considered "Records not routinely available for public inspection."

47 C.F.R. § 0.459

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Specific information included in the *ex parte* and declaration is also subject to protection under 47 C.F.R. § 0.459, as demonstrated below.

Information for which confidential treatment is sought

Qwest requests that the information contained in the *ex parte* and declaration be withheld from public disclosure under Exemption 4 of the Freedom of Information Act. The information designated confidential and which Qwest considers to be highly confidential is sensitive trade secrets, commercial/financial or other information which Qwest maintains as proprietary and/or confidential and is not normally made available to the public. The release of this information that Qwest considers highly confidential information could have a substantial negative competitive impact on Qwest. Each page of the *ex parte* and declaration (non-redacted version) is marked with the following legend: **"CONFIDENTIAL INFORMATION (COPYING PROHIBITED) – SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NO. 05-25 before the Federal Communications Commission"**.

Commission proceeding in which the information was submitted

The filing is being submitted in *In the Matter of Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25 and *In the Matter of AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, RM-10593.

Degree to which the information in question is commercial or financial, or contains a trade secret or is privileged

The information designated as confidential which Qwest considers highly confidential contains sensitive trade secrets, commercial/financial or other information which Qwest maintains as proprietary and withholds from public inspection. Release of the information could have a substantial negative competitive impact on Qwest.

Degree to which the information concerns a service that is subject to competition; and manner in which disclosure of the information could result in substantial competitive harm

The type of trade secrets or commercial/financial information identified as confidential but which Qwest considers highly confidential relates to Qwest's ongoing business operations and includes, for example, bid-related information for the provision of fiber to cell sites, discussion of wireless providers' use of certain Qwest services for backhaul to their cell sites, product marketing data and a figure for the amount of fiber investment by Qwest in 2010. This information, pursuant to paragraphs 1 and 6 of the Protective Order, has been designated **"CONFIDENTIAL INFORMATION (COPYING PROHIBITED) – SUBJECT TO**

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PROTECTIVE ORDER IN WC DOCKET NO. 05-25 before the Federal Communications Commission". This information would generally not be subject to routine public inspection under the Commission's rules (47 C.F.R. § 0.457(d)), which demonstrates that the Commission already anticipates that the release of this kind of information likely would produce competitive harm. Qwest confirms that release of this information would cause it substantial competitive harm by allowing competitors to become aware of extremely sensitive trade secrets, commercial/financial or other confidential information regarding the operation of Qwest's business as it relates to the provision of special access services.

<u>Measures taken by Qwest to prevent unauthorized disclosure; and availability of the information to the public and extent of any previous disclosure of the information to third parties</u>

Qwest has treated and treats the information disclosed in this submission as confidential (copying prohibited) and has protected it from public disclosure to parties outside of the company.

<u>Justification of the period during which Qwest asserts that the material should not be available for public disclosure</u>

Qwest cannot determine at this time any date on which this information should not be considered confidential (copying prohibited), or would become stale for purposes of the current action, except that the information would be handled in conformity with general Qwest records retention policies, absent any continuing legal hold on the data.

<u>Other information that Qwest believes may be useful in assessing whether its request for confidentiality should be granted</u>

Under applicable Commission and court rulings, the information in question should be withheld from public disclosure. Exemption 4 of the Freedom of Information Act shields information that is (1) trade secrets or commercial or financial in nature; (2) obtained from a person outside government; and (3) privileged or confidential. The information in question satisfies this test.

WILMERHALE

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October 26, 2010

Marlene H. Dortch
Secretary
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445 12th Street, S.W.
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Re: *In the Matter of Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25; *In the Matter of AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, RM-10593

Dear Ms. Dortch:

Advocates of re-regulation argue that, if only the Commission forced down the rates for traditional DSn-level special access circuits, it could somehow promote greater wireless broadband deployment by allowing wireless broadband providers to meet their backhaul needs more cheaply.[1] As Qwest has explained, any such regulatory measure would have precisely the opposite effect: it could artificially prolong the industry's reliance on this transitional DSn-level technology on the margin and thereby reduce the strong competition for the provision of much-needed fiber facilities to wireless cell sites.[2] Qwest submits this letter and the attached Declaration of Beth A. Halvorson, attached as Exh. A, to address this point in greater detail.

Just a few years ago, the nation's wireless networks primarily supported narrowband, voice-centric services that imposed relatively limited demands on backhaul facilities. Today, wireless networks support not only voice, but 3G and emerging 4G broadband services as well, over which end users run enormously bandwidth-hungry data applications such as streaming video. The result has been an exponential increase in the backhaul needs for these wireless

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[1] *See, e.g.,* Letter from Gil Strobel, Sprint Nextel, to Marlene Dortch, FCC, WC Docket No. 05-25, Attachment at 4 (Oct. 10, 2007) (claiming that "special access rates . . . deter the deployment of innovative, competitive broadband networks").

[2] *See* Comments of Qwest Communications International Inc., WC Docket No. 05-25, at 8, 14-17 (Jan. 19, 2010).

networks.[3] Traditional special access services, in the form of copper-based DSn-level circuits, are not a sustainable long term solution to that backhaul challenge. Instead, wireless providers are turning to wireless backhaul and, increasingly, *fiber*-based solutions because of their far greater bandwidth.

The experience in Qwest's fourteen-state region, detailed in the attached declaration, is representative of this nationwide trend. In Qwest's region, wireless providers have approximately **[begin confidential]** [redacted] **[end confidential]** cell sites (defined here to mean wireless antennas, such that a particular cell tower may support multiple "cell sites"). Exh. A, ¶ 4. Of these sites, wireless providers have issued RFPs for the provision of fiber-optic backhaul facilities to **[begin confidential]** [redacted] **[end confidential]** of those sites. *Id.*, ¶¶ 2, 6. Remarkably, almost all of those RFPs have been issued just since 2008, *id.*, ¶ 2, when 3G wireless services began exploding in popularity. This trend is widely expected to continue. Indeed, Qwest projects that, by 2016, **[begin confidential]** [redacted] **[end confidential]** of the total cell sites in its territory will be provisioned with fiber-based backhaul facilities. *Id.*, ¶ 4. These are extraordinary figures, given the relatively small number of cell sites that were provisioned with fiber until very recently, and Qwest's region encompasses some of the most rural areas in the country.

There is also strong competition to provide fiber-based backhaul facilities in response to these RFPs, as Qwest's experience further demonstrates. *Id.*, ¶¶ 6-8. Qwest routinely submits bids in competition with CLECs, cable companies, and fiber wholesalers. Of the RFPs issued for these **[begin confidential]** [redacted] **[end confidential]** cell sites, Qwest has so far won bids to serve only **[begin confidential]** [redacted] **[end confidential]** and has lost bids to serve **[begin confidential]** [redacted] **[end confidential]**. *See id.*, ¶¶ 2, 6. There are not yet winning bidders for the remaining **[begin confidential]** [redacted] **[end confidential]** cell sites that are the subject of outstanding RFPs. *Id.* Although Qwest hopes to win a substantial number of those bids, it faces formidable obstacles. For example, in addition to the general presence of competitors for these sites, one major wireless provider has imposed a flat 50% limit on the number of bids that can be awarded to any single provider of special access services. *See id.*, ¶ 7.

[3] In the Chairman's words: "Mobile data usage is not just growing, it's exploding." Prepared Remarks of Chairman Julius Genachowski, *Mobile Broadband: A 21st Century Plan for U.S. Competitiveness, Innovation and Job Creation*, New America Foundation, Washington, D.C., at 3 (Feb. 24, 2010), http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-296490A1.pdf; *see, e.g., Surfing hertz*, Fin. Times, Dec. 1, 2009, http://uk.finance.yahoo.com/news/surfing-hertz-ftimes-96b9286f2ccc.html (noting exponential increase in wireless traffic).

There are two major reasons why this backhaul marketplace has become so competitive, and they are the same reasons the Commission has taken a deregulatory approach to fiber-based services generally.[4] *First*, sites with high traffic volumes produce large revenues, and such sites will generally attract multiple bids. *Second*, when a wireless provider decides to make the transition from copper to fiber backhaul facilities, ILECs generally enjoy no cost advantages over their rivals in deploying fiber to that provider's cell sites, even if they already provide backhaul by means of legacy copper facilities. To replace copper with fiber, Qwest must do what any competitive provider must do: it must hire work crews to lay new conduit. *See* Exh. A, ¶ 10 (explaining why it is infeasible to use existing conduit for copper lines in this context). Moreover, even in those cases where *existing* conduit can be used to deploy new fiber—for example, where an ILEC has previously deployed fiber to the same location—an ILEC's rivals

[4] *See, e.g., In the Matters of Petition of AT&T Inc. for Forbearance Under 47 U.S.C. § 160(c) from Title II and Computer Inquiry Rules with Respect to Its Broadband Services; Petition of BellSouth Corporation for Forbearance Under Section 47 U.S.C. § 160(c) from Title II Computer Inquiry Rules with Respect to its Broadband Services,* Memorandum Opinion and Order, 22 FCC Rcd 18705, 18724-25 ¶ 32 (2007) ("[W]e find, consistent with the Commission's findings in the *Triennial Review* and the *Triennial Review Remand Orders*, that there is substantial deployment of competitive fiber loops at OCn capacity and that competitive carriers are often able to economically deploy these facilities to large enterprise customers. We further find, consistent with this precedent, that OCn-level facilities produce revenue levels that can justify the high cost of loop construction.") (footnotes omitted), *aff'd, Ad Hoc Telecomm. Users Comm. v. FCC*, 572 F.3d 903 (D.C. Cir. 2009); *In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Deployment of Wireline Services Offering Advanced Telecommunications Capability*, Report and Order, 18 FCC Rcd 16978, 17144 ¶ 276 (2003) ("[A]s with greenfield deployments, competitive and incumbent LECs largely face the same obstacles in deploying overbuild FTTH loops . . . . Both competitive LECs and incumbent LECs must obtain materials, hire the necessary labor force, and construct the fiber transmission facilities. Second, we note that the revenue opportunities associated with deploying any type of FTTH loop are far greater than for services provided over copper loops."), *aff'd in relevant part and vacated in other respects, United States Telecom Ass'n v. FCC*, 359 F.3d 554 (D.C. Cir. 2004).

can make use of that conduit on favorable regulated terms.[5] The result is that ILECs and their rivals face essentially the same costs to deploy fiber backhaul solutions to cell sites, and each provider competes on a level playing field.

Against this backdrop, it would be exceptionally counterproductive to artificially force down the rates for legacy DSn-level circuits. Doing so would not somehow promote wireless broadband deployment because, as the evidence shows, these legacy circuits are rapidly becoming inadequate in most areas to support the backhaul needs associated with broadband wireless services. In fact, lowering the price for these legacy circuits could artificially prolong each wireless provider's reliance on them and, on the margin, delay its upgrades from copper to fiber. Such delays could, in turn, threaten the ability of wireless providers to meet exploding demand for data-intensive wireless applications—and could thus deter them on the margin from offering the more advanced wireless broadband services that could swamp backhaul capacity on these legacy DSn circuits.

In sum, the best way to promote wireless broadband deployment is to let the market do what it does best: choose the most efficient solutions for complex technological problems. Here, that solution consists, for the most part, of fiber-based backhaul solutions, which thrive best in today's largely deregulated competitive environment.

Respectfully submitted,

/s/ Jonathan E. Nuechterlein
Attorney for Qwest Communications
International Inc.

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[5] *See* 47 U.S.C. § 224(f); First Report & Order, *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, 11 FCC Rcd 15499, 16071-74, ¶¶ 1151-58 (1996), *aff'd in part and rev'd in part on other grounds*, *Iowa Utils. Bd. v. FCC*, 525 U.S. 366 (1999).

Exhibit A

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Special Access Rates for Price Cap Local Exchange Carriers	)	WC Docket No. 05-25
	)	
AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services	)	RM-10593

DECLARATION OF BETH A. HALVORSON

1. My name is Beth A. Halvorson. My business address is 200 S. Fifth Street, Minneapolis, Minnesota, 55402. I am employed by Qwest Corporation as Vice President – Sales in Qwest's Wholesale Markets organization. In that capacity, I am responsible for Qwest's negotiations with wireless service providers to provide backhaul services to their cell sites. I have been representing Qwest in transactions with wireless service providers for over ten years, and I have been employed by Qwest and its predecessors for 38 years.
2. As discussed in this declaration, exploding demand for wireless services has dramatically accelerated the transition from copper- to fiber-based backhaul for

wireless cell sites in Qwest's in-region footprint.[1] Since 2008, wireless providers have sought bids to extend fiber backhaul to more than **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** percent of those cell sites, and similar bids for additional cell sites are upcoming in the near future. Thus, wireless providers' use of Qwest's DS1 and DS3s for backhaul to their cell sites is quickly waning in most areas. As they transition to fiber-based backhaul, wireless providers have issued **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** Requests For Proposals (RFP) for the provision of fiber-based backhaul services within Qwest's footprint, and they are finding numerous providers willing and able to provide these services, including cable providers, CLECs and independent LECs.[2] Indeed, while Qwest has bid for the provision of fiber backhaul to **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** cell sites within its footprint, it has won bids to serve **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** of those sites, lost bids to serve **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]**, and awaits decisions on the remaining **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]**. This strong competition is not surprising, given that these

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[1] By "cell site" I mean the location of an individual wireless provider's antennas and equipment on a cell tower or similar structure. Cell towers often host cell sites of multiple wireless providers. Typically each wireless provider separately arranges for its own backhaul services to its cell site.

[2] And this does not include wireless providers such as Clearwire that are relying heavily on wireless backhaul to meet increasing demands.

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are essentially overbuild projects, for which Qwest has no cost advantage arising from its existing copper-based backhaul services.

Key Facts:

3. 3G and 4G wireless device applications are driving an unprecedented demand for fiber backhaul facilities to cell sites. This demand has created a new direction, drive and business plan for many wholesale providers that are competing for this market. These providers include CLECs, cable TV operators, and providers of microwave and wireless backhaul services.

4. Today, Qwest provides backhaul service to over **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** cell sites within its in-region footprint. Of the total, over **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** cell sites are currently served by copper facilities. The remainder of the cell sites are either served by microwave **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** fiber or copper facilities owned by independent ILECs. By the end of 2010, Qwest estimates that approximately **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** cell sites will be provisioned with fiber, with thousands more under contract. There are about **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** rural sites that because of terrain and distance would be very costly to serve with fiber and most likely will not be provisioned with fiber in the foreseeable future. Qwest estimates that by 2016, **[BEGIN CONFIDENTIAL]** [redacted] **[END**

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CONFIDENTIAL] of the cell sites in its in-region footprint will be provisioned with fiber.

Bidding and Construction Processes:

5. Fiber to the cell is requested by wireless providers through the Request for Proposal RFP process. In Qwest's experience, each major customer uses a different procurement process and has different demands for its network design, volume and location. This requires Qwest to prepare individualized rather than standardized bids. In most or nearly all cases, the wireless provider requests bids from multiple competitive fiber providers and may award a portion of its business to more than one vendor to create vendor diversity in its network. For example, one major wireless provider will award a maximum of 50% of its business to any one vendor.
6. Following is a highly confidential table which describes Qwest's bidding experience from 2008 through 2010. It is difficult to track the number of RFPs and bids because most wireless providers schedule their fiber builds in multiple phases. Fiber vendors must bid separately in each phase. However, in some cases a wireless provider may issue an RFP for a specific number of cell sites or a specific location during Phase I, but may choose not to construct to those cell sites during the Phase I, and instead delay the construction for another phase. This means that vendors may have to bid multiple times for the same cell site. In many

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cases, if a vendor does not submit a bid for a particular phase, the wireless provider will not include that vendor in the bidding process in future phases.

Qwest Fiber-to-the-Cell Bids

[BEGIN CONFIDENTIAL]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

[END CONFIDENTIAL]

7. During the bidding process, the number of bidders varies by state and in many cases is driven by terrain and build-out expense. Within Qwest's service area, Cox and tw telecom have won a significant number of fiber backhaul bids for cell sites in AZ and NM. Qwest has also lost bids to Comcast (CO, MN), Iowa Network Services (IA), Bresnan (MN), tw telecom (AZ, WA) and Cox (AZ). In Tucson, for example, Qwest won only **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** of the sites put out for bid by a wireless provider. In addition, one of the largest purchasers of these fiber-based backhaul services limits to 50% of its demand the projects it will award to any single provider.

[3] The sum of Cell Sites Covered by Bids Lost and Bids Won does not total to Cell Sites Bid as there are still bids outstanding.

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8. Each cell tower can be served by multiple vendors. As an example, if Qwest and Comcast were to both build fiber facilities to a site used by multiple wireless providers (VZ, T-Mobile, Cricket etc.), both Qwest and Comcast could compete for the business of each of the wireless providers.

9. No matter who wins the bid, the construction process is essentially the same for ILECs and non-ILECs alike, and each incurs similar costs. The fiber vendor must trench, lay new conduit and run the fiber to the cell site. Though Qwest may currently provision many of the cell sites with copper facilities, it must follow these same steps to upgrade the sites to fiber. Thus, these projects are essentially overbuild situations.

10. In particular, Qwest generally cannot use existing conduit to run fiber facilities unless the copper facilities are removed. Qwest does not remove copper facilities once the fiber is turned up; therefore, all fiber jobs require Qwest, like any other backhaul provider, to install new conduit, except in the small percentage of cases where Qwest has already deployed fiber to the location. Even in those cases, other providers have access to Qwest's conduit under federal law.

11. In many cases, competitive vendors may have a competitive advantage over Qwest. Many such vendors have much newer networks than Qwest, and their networks are designed using fiber rings in and around major cities. In these instances, competitive vendors can very easily extend a loop from their fiber rings to a cell site, whereas Qwest has to build the entire transport and loop facility to

serve the same cell site. As a result, in order to compete with these providers, Qwest must spend a massive amount of capital to install fiber facilities. Such facilities must be funded up front with an outlay of cash. Conversely, cost recovery takes place slowly during the life of a contract. Qwest invested **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** on fiber in 2010 alone. Like any other fiber provider, Qwest must make prudent business decisions on where to invest capital and how much to invest.

I hereby declare that the foregoing is true and correct to the best of my knowledge, information, and belief.

Beth A. Halvorson

Executed on October 26, 2010