

FILE



1300 Columbus Sandusky Rd. N.  
Marion, Ohio 43302

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April 30, 2007

Ms. Renee J. Jenkins  
Public Utilities Commission of Ohio  
Chief of Docketing  
180 East Broad Street  
Columbus, OH 43215-3793

PUCO

2007 APR 30 PM 3:34

RECEIVED-DOCKETING DIV

RE: PUCO Case No. 05-497-TP-ACO

Dear Ms. Jenkins:

In accordance with the PUCO Opinion and Order dated November 29, 2005 in the above-referenced case, a report containing confidential information has been submitted to Staff reflecting circumstances as of December 31, 2006 on competition in the local exchange service area of Verizon North Inc.

Sincerely,

Todd Colquitt  
President

Attachment

This is to certify that the images appearing are an  
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Technician \_\_\_\_\_ Date Processed 4/30/07

**OHIO MARKET STUDY REPORT**

**FIRST REPORT ON COMPETITION**

**IN THE LOCAL EXCHANGE SERVICE AREA OF**

**VERIZON NORTH INC.**

**Delivered to**

**the Staff of the Public Utilities Commission of Ohio**

**by**

**Verizon North Inc.**

**on**

**April 30, 2007**

**In Fulfillment of the Market Power Requirement of**

**Case No. 05-497-TP-ACO**

# **Ohio Market Study Report**

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## **Introduction**

In accordance with the Commission's Order in Case No. 05-497-TP-ACO, this Ohio Market Study Report provides a composite picture of the competitive environment within the Ohio local exchange serving area of Verizon North Inc., f/k/a GTE North Incorporated (hereafter "Verizon Ohio"). This is the first report filed in compliance with the Commission's Order and generally follows the structure of the previous studies that Verizon Ohio filed in compliance with the Commission's Order in Case 98-1398-TP-AMT. The objective is to present a comprehensive view of local competition by integrating Verizon Ohio's demand data with available market data on the availability of service from competitive providers and the extent to which customers are utilizing these alternatives to satisfy their communications needs.

The remainder of this report is organized in the following sections.

- Section 1 discusses the scope of the data used to prepare the report.
- Section 2 presents measures of revenue and volume - grouping central offices into 5 quintiles based on revenues.
- Section 3 presents data on collocation activity including quantities of collocations, addressable lines and revenues by quintile.
- Section 4 presents data on interconnection including a tabular presentation and discussion of competitors with interconnection agreements.
- Section 5 presents a description of the competitive landscape – competitive market entry strategies, target markets, target segments.
- Section 6 presents a discussion of the measures of customer choice focused on 'inter-modal' alternatives such as wireless, cable telephony and VoIP.
- Section 7 presents calculations of market share based on available retail and wholesale data.

These calculations are conservative as they exclude competitive alternatives that do not use Verizon Ohio's network, such as wireless, cable telephony and Voice over Internet Protocol ("VoIP").

# **Ohio Market Study Report**

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## **Section 1: Scope of Data**

The data for this report focus upon local switched services and are derived from Verizon Ohio's billing records effective December 31, 2006.<sup>1</sup> The switched services upon which the data presented in this report are based include basic local telephone service, measured local usage, intraLATA toll usage, vertical features, switched access, and other ancillary services such as directory assistance. The data do not capture:

- Wireless penetration or usage;
- Alternative technologies such as cable modems, wireless broadband, or satellite telecommunications services;
- Dedicated services such as private line or special access;
- InterLATA toll service; or,
- Bypass technologies and services, and self-provisioning.

The available market data will not capture all of the facilities deployment in Verizon Ohio's territory. As such, the conclusions reached in this report are conservative. Where data associated with these technologies and services are described, sources are noted. This report does not validate or audit those sources.

## **Section 2: Measures of Revenue and Volume**

For the purposes of this report, each of Verizon Ohio's 256 central offices has been classified as belonging to one of five quintiles based on total switched service revenues. The 256 central offices are sorted by revenue in descending order and then assigned to one of five groups such that each group contains approximately 20 percent of Verizon Ohio's total revenue.

As of December 31, 2006, nine central offices that constitute approximately four percent of Verizon Ohio's service area make up the top revenue quintile. With the addition of the second and third revenue quintiles, a total of just 52 of Verizon Ohio's 256 central offices -- 20 percent of Verizon Ohio service area -- generates 60 percent of retail switched service revenues. The remaining 40 percent of revenues stem from 204 central offices, or 80 percent of Verizon Ohio's service territory.

Figure 1 below shows that from a central office perspective, the concentration of residential revenues is nearly as great as that of business. In the top 20 percent of its central offices, Verizon earns 72 percent of its business revenues and 54 percent of its residential revenues.

**Figure 1**  
**Concentration of Verizon Ohio Average Monthly Local Service Revenues**  
**December 31, 2006**

Revenue Quintiles	Central Office		Business		Residential		Total	
	Number	Pct	Revenue (\$M)	Pct	Revenue (\$M)	Pct	Revenue (\$M)	Pct
1	9	3.5%	\$ 2.236	26.6%	\$ 3.028	16.5%	\$ 5.264	19.6%
2	14	5.5%	\$ 2.087	24.8%	\$ 3.149	17.1%	\$ 5.236	19.5%
3	29	11.3%	\$ 1.751	20.8%	\$ 3.762	20.5%	\$ 5.514	20.6%
4	56	21.9%	\$ 1.379	16.4%	\$ 4.040	22.0%	\$ 5.420	20.2%
5	148	57.8%	\$ 0.953	11.3%	\$ 4.408	24.0%	\$ 5.360	20.0%
Total	256	100%	\$ 8.406	100%	\$ 18.387	100%	\$ 26.794	100%

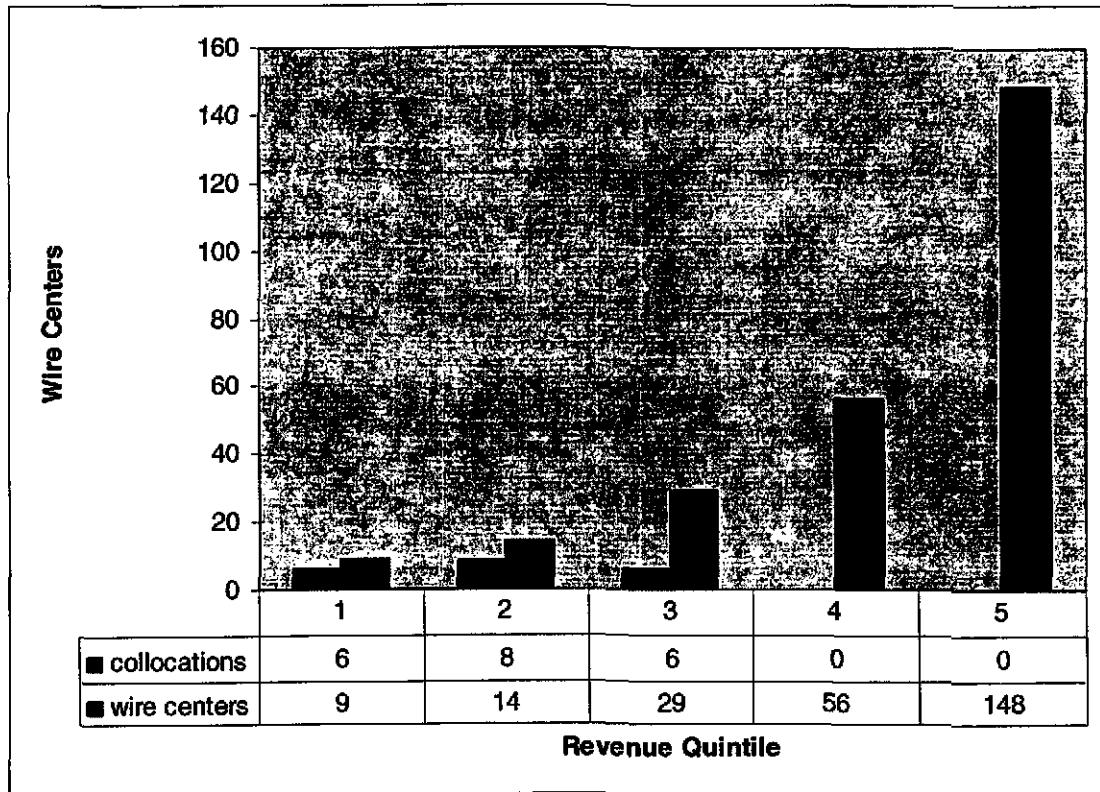
Attachment 1 in the Appendix shows all of Verizon Ohio's central offices and illustrates coverage areas in gray and the proximity of competitors' local service switches. Attachment 2 in the Appendix shows all Incumbent Local Exchange Carriers ("ILECs") in Ohio. Both maps are based on data from Telecordia Technologies Inc.

## Section 3: Collocation Activity

As of December 31, 2006, collocations had been provisioned in 27 of Verizon Ohio's central offices. Multiple offices have several collocations. Verizon Ohio provisioned a total of 67 collocated sites (physical, virtual and cageless) for different CLECs in these 27 offices. However, as of December 2006, 42 collocations had been terminated and one was pending, leaving 20 offices with 24 active collocations. Figure 2 demonstrates that 14 of the 20 central offices with competitive collocations fall into the two highest revenue quintiles, which represent just nine percent of Verizon's service area, but generate nearly 40 percent of Verizon Ohio's local service revenue. The remaining 6 central offices fall into revenue quintile 3. There are no competitive collocations in the two lowest revenue quintiles. In terms of lines, the 14 central offices with collocations in revenue quintiles 1 and 2 represent 52 percent of Verizon Ohio's business lines and 35 percent of its residential lines.

<sup>1</sup> Billed data excludes any accounting-related changes typically associated with journal entries or adjustments.

**Figure 2**  
**Verizon Ohio Collocated Central Offices by Revenue Quintile**



## Section 4: Interconnection

As of December 31, 2006, Verizon had 110 interconnection agreements with competitors in Ohio, as indicated in Attachment 3. Verizon Ohio has consistently negotiated between ten and twenty agreements each year for the past several years. This indicates that regional and national competitors in Verizon Ohio's service area are continuing to compete in the delivery of local products and services as they did for the past several years, by serving customers via combinations of their own facilities and incumbent local loops, competitor facilities and incumbent local loops, UNE Platform, and also through facilities bypass, such as those employed by some CLECs and cable companies, and via wireless local service. According to the FCC's Local Competition Report released on January 31, 2007, of non-ILEC customers (those served by competitors) as of June 2006, 50% of end-user access lines in Ohio were served by CLEC owned lines, 43% by UNEs, and 7% through resold lines.

### Section 5: Competitive Landscape<sup>2</sup>

Based on data reported by the FCC, as of June 30, 2006, 15% of Ohio end-users are serviced by ILEC competitors (excluding wireless and broadband providers). Only eleven states registered more lines to competitors than Ohio as of June 30, 2006, and the FCC also reports only ten states with more CLECs operating per state than Ohio's 51 CLECs. A description of competitors within the Verizon Ohio service area was developed. Attachment 4 provides details on some local switched services competitors.

In addition to the data presented in Attachment 4, a description of the competitive landscape in Ohio can be obtained directly from the Public Utilities Commission of Ohio's web site ([www.puco.ohio.gov](http://www.puco.ohio.gov)). The site contains a search tool that identifies, at an exchange level, the availability of competitive providers (CLECs). Although, the data is self-reported by the CLECs and has not been audited by the Commission, it does provide a clear picture of the presence of competitors in Ohio measured in terms of geographic scope, mode of competition and service diversity. The information available through the search tool on the web site includes:

- An identification of the CLEC as a reseller or facilities-based provider
- An identification of the CLEC's service as 'operational' or 'available'
- An identification of the CLEC's offerings as available to residential customers, business customers or both.

Figures 3 – 6 summarize this information.

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<sup>2</sup> Sources of data for this section, Section 6 and Attachment 4 include:

- Federal Communications Commission:
  - "Local Telephone Competition: Status as of June 30, 2006" February 2007 report
  - "High Speed Services for Internet Access: Status as of June 30, 2006"
- Public Utilities Commission of Ohio ("PUCO") databases
- Public information sources such as news stories, press releases, Internet sites, company reports, surveys, etc.
- Analysis and reports by consulting and financial equity firms specializing in the telecommunications industry
- Trade association information such as The Ohio Telecom Industry Association and The Cable Telecommunications Association
- Cellular, Telecommunications & Internet Association

**Figure 3**

**Verizon North Wire Center Counts by # of Operational CLECs**

# of Operational CLEC's	# Wire Centers	# Business Lines	# Residential Lines
0	3	6,883	13,017
1	12	885	8,118
2	41	5,124	33,959
3	53	11,336	66,549
4	53	19,990	80,109
5	45	29,410	97,111
6	35	64,956	149,942
7	7	11,155	25,659
8	3	17,084	34,596
9	4	14,846	29,877
Totals	256	181,669	538,937

**Figure 4**

**Verizon North Residential and Business Customer Presence in Wire Centers**

**Served by "Operational" CLEC's - Cumulative**

# of Operational CLEC's	# Wire Centers	# Business Lines	# Residential Lines	% Business Lines	% Residential Lines
0 or greater	256	181,669	538,937	100%	100%
1 or greater	253	174,786	525,920	96%	98%
2 or greater	241	173,901	517,802	96%	96%
3 or greater	200	168,777	483,843	93%	90%
4 or greater	147	157,441	417,294	87%	77%
5 or greater	94	137,451	337,185	76%	63%
6 or greater	49	108,041	240,074	59%	45%
7 or greater	14	43,085	90,132	24%	17%
8 or greater	7	31,930	64,473	18%	12%
9	4	14,846	29,877	8%	6%



Figure 5

Verizon North

Wire Center Counts by # of Operational CLEC's by Revenue Quintile

# of Operational CLEC's	# Wire Centers	# Business Lines	# Residential Lines	Rev. Quintile	Rev. Quintile	Rev. Quintile	Rev. Quintile	Rev. Quintile	Total Wire Centers
				1	2	3	4	5	
0	3	6,883	13,017	1	0	0	2	0	3
1	12	885	8,118	0	0	0	1	11	12
2	41	5,124	33,959	0	0	0	4	37	41
3	53	11,336	66,549	0	0	4	9	40	53
4	53	19,990	80,109	0	0	5	15	33	53
5	45	29,410	97,111	0	3	9	11	22	45
6	35	64,956	149,942	3	7	11	10	4	35
7	7	11,155	25,659	1	1	0	4	1	7
8	3	17,084	34,596	2	1	0	0	0	3
9	4	14,846	29,877	2	2	0	0	0	4
Totals	256	181,669	538,937	9	14	29	56	148	

Throughout the Verizon Ohio footprint, 15 CLECs have identified themselves as 'operational' in at least one exchange. These 15 CLECs are identified in Figure 6. Figure 6 also presents a measure of the overall presence of each of the 15 CLECs within the entire state of Ohio.

**Figure 6**

## Total Ohio Presence of CLECs Operational in the Verizon North Footprint

Provider	Web Site	Competitive Presence (Total # of Ohio ILEC Exchanges where CLEC service is either operational or available)
Buckeye Telesystem	<a href="http://www.buckeyecablesystem.com">www.buckeyecablesystem.com</a>	Operational – Facilities – Res & Bus - 12 Operational – Facilities - Bus - 6
BullsEye Telecom	<a href="http://www.bullseyetelecom.com">www.bullseyetelecom.com</a>	Available – Resale - 187 Operational – Resale – Bus – 169
Comcast Phone of Ohio	<a href="http://www.comcast.com">www.comcast.com</a>	Operational – Facilities – Res – 28
Ernest Communications	<a href="http://www.ernestgroup.com">www.ernestgroup.com</a>	Operational – Facilities – Bus – 55
EXCEL	<a href="http://www.excel.com">www.excel.com</a>	Operational – Facilities – Res – 186 Available – Facilities – 249
France Telecom Corporate Solutions	<a href="http://www.francetelecom.com">www.francetelecom.com</a>	Available – Resale – 64 Operational – Resale – Bus – 11
Global Connection Inc. of America	<a href="http://www.globalc-inc.com">www.globalc-inc.com</a>	Available – Resale – 719 Operational – Resale – Bus – 11
Goldstar Communications	<a href="http://www.gldstr.com">www.gldstr.com</a>	Operational – Facilities – Res & Bus – 4 Operational – Facilities – Bus – 1 Operational – Resale – Res & Bus – 1 Available – Resale – 1
Level 3 Communications	<a href="http://www.level3.com">www.level3.com</a>	Operational – Facilities – Bus – 339 Available – Facilities – 302
Metropolitan Telecommunications of Ohio	<a href="http://www.mettel.net">www.mettel.net</a>	Operational – Facilities – Bus – 90 Available – Facilities – 648
PNG (Powernet Global)	<a href="http://www.pngcom.com">www.pngcom.com</a>	Operational – Resale – Res – 431 Available – Resale – 393
QualStar	<a href="http://www.qualstar.net">www.qualstar.net</a>	Operational – Facilities – Bus – 52 Available – Resale – 357
TRINSIC	<a href="http://www.trinsic.com">www.trinsic.com</a>	Operational – Facilities – Res & Bus – 86 Operational – Facilities – Res – 114 Operational – Facilities – Bus – 54 Available – Facilities – 200
TSC Communications Inc	<a href="http://www.telserco.com">www.telserco.com</a>	Operational – Resale – 1 Operational – Resale – Bus – 7 Operational – facilities – Res and Bus -2 Available – Facilities – 1
ValTech Communications	<a href="http://www.valtech.info">www.valtech.info</a>	Operational – Resale – Res & Bus - 600

## Section 6: Measures of Customer Choice

Attached in the Appendix are maps of:

- Cable (“CATV”) Providers in Ohio – Attachment 5
- Verizon Wireless Coverage in Ohio – Attachment 6
- Ohio Wireless Competition – Attachment 7 through 7e

## **Ohio Market Study Report**

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Cable coverage in Ohio is nearly ubiquitous and cable providers have infrastructure within the boundaries of nearly every Verizon Ohio wireline area. Cable companies are competing with traditional phone providers with both circuit-switched and VoIP products. Nationwide, as reported by the FCC, cable telephony lines increased 6%, to 3.2 million lines in the second half of 2006, representing 11% of CLEC owned lines.

Time Warner Cable covers the majority of the state, and actively promotes a Triple Play for Consumer at nearly \$100 per month. In 2006, Time Warner Cable acquired Xspedius Communications, LLC, expanded IP VPN service to 1 Gbps availability and nationwide reach, and completed acquisition of Adelphia. Comcast serves a smaller portion of the state, but also has a Triple Play for Consumer just under \$100 per month. Nationwide, they are among the major competition to incumbent traditional phone companies.

Virtually all cable companies are basing their offerings on bundles of local, toll and long distance voice, packaged with Internet access and TV service. Additionally, most are looking to incorporate resold wireless into their bundled offers, thereby minimizing the last advantage held by some incumbent telcos.

Numerous smaller cable companies, including American Broadband, Armstrong, Buckeye and First Communications, service non-major areas. American Broadband provides local, unlimited long distance service and Internet access for residential and business customers. Armstrong, in the Cleveland area, has more than 40 years in cable television offering consumers hundreds of viewing options, including high definition programming, personal video recorders and video on demand, as well as high speed Internet and telephone service. Buckeye Telesystems and Buckeye Cable launched new triple play network infrastructure in 2006 based on the Meriton Networks 6400 OTP (Optical Transport Platform). Buckeye has 1,700 route miles of fiber. First Communications is moving off its TDM switched equipment to IP and Broadband over Power Lines (BPL) as a delivery mechanism. They currently are conducting trials for this transfer. Others, such as Sun Rocket, are voice providers for business and residential customers over Internet Broadband connection. They provide low monthly rates with multiple calling features for business and residential customers.

According to the FCC's January 2007 "Local Telephone Competition: Status as of June 30, 2006" report, there were 1,115,618 high-speed coaxial ("HSC") lines and 752,633 ADSL lines in Ohio. HSC enables cable company delivery of a bundled, three-pronged approach (TV, Internet, telephony) to residential and business users. Based on FCC data as of June 2006, at least two providers of high speed lines operate in every zip code in Ohio.

## **Ohio Market Study Report**

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The Ohio Wireless Competition Maps (Attachments 6 through 7e) show that wireless competitors have coverage in every area served by Verizon Ohio wireline. Based on Ohio data as reported by the FCC, as of June 2006 there were 8,010,972 wireless subscribers in the state compared to 5,367,588 ILEC wireline subscribers.

A brief compilation of publicly available news articles and press releases is presented in Attachments 8 and 8A. This material further reinforces the scope and extent of competitive activity in Ohio.

### **Section 7: Market Share**

Competitors use ILEC facilities as well as their own facilities to compete in the local telecom market, targeting both business and residential customers. Alternatives to Verizon Ohio's local switched network are also provided over cable and wireless networks. The increase in CLEC numbering resources, ramp up in wireless subscribers, and the availability of cable in nearly every major exchange is clear evidence that competition in Ohio's telecommunications market is robust.

### **Conclusion**

Local service competition continues to increase in Verizon Ohio's service territory for residential and business customers. Initially, Verizon Ohio competed primarily with CLECs. However, as shown in this report, Verizon Ohio currently competes with numerous intermodal carriers. As a result, Verizon Ohio continues to experience significant line loss.

## **Ohio Market Study Report**

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### **Appendix**

<b><u>Item</u></b>	<b><u>Contents</u></b>
Attachment 1	Verizon Ohio's central offices with CLEC switches
Attachment 2	Incumbent Local Exchange Carriers (ILECs) in Ohio
Attachment 3	Interconnection Agreements as of December 31, 2006
Attachment 4	Competitive Landscape Matrix
Attachment 5	Map of Cable (CATV) Providers in Ohio
Attachment 6	Map of Verizon Ohio's Wireless Coverage
Attachments 7 – 7e	Maps of Ohio Wireless Competition
Attachment 8	Competitive News Articles from January 2006 through December 2006
Attachment 8A	Internet New Articles from January 2006 through December 2006

	Ayersville Telephone Co.
	Bascom Mutual Telephone Co.
	Benton Ridge Telephone Co.
	Buckland Telephone Company
	Centurytel of Ohio, Inc.
	Champaign Telephone Co.
	Chillicothe Telephone Co.
	Cincinnati Bell, Inc.
	Columbus Grove Telephone Co.
	Conneaut Telephone Co.
	Continental of Ohio
	Doylestown Telephone Co.
	Farmers Mutual Telephone Co.
	Fort Jennings Telephone Co.
	Frontier Com of MI, Inc. - OH
	Germantown Indep Telephone Co.
	Glandorf Telephone Co., Inc.
	Kalida Telephone Co., Inc.
	Little Miami Communications Corp.
	McClure Telephone Co.
	Middle Point Home Telephone Co.
	Minford Telephone Co.
	New Knoxville Telephone Co.
	Nova Telephone Co.
	Oakwood Telephone Co.
	Orwell Telephone Co.
	Ottoville Mutual Telephone Co.
	Pattersonville Telephone Co.

	Syl
	Tel
	Un
	Val
	Val
	Wa
	We

Map of Ohio showing county boundaries and telephone area codes. The area codes are as follows:

- Akersville: 216
- Bascom: 216
- Benton Ridge: 216
- Buckland: 216
- Centurytel: 216
- Champaign: 216
- Chillicothe: 216
- Cincinnati Bell: 216
- Columbus Grove: 216
- Conneaut: 216
- Continental: 216
- Doylestown: 216
- Farmers Mutual: 216
- Fort Jennings: 216
- Frontier Com: 216
- Germantown: 216
- Glandorf: 216
- Kalida: 216
- Little Miami: 216
- McClure: 216
- Middle Point: 216
- Minford: 216
- New Knoxville: 216
- Nova: 216
- Oakwood: 216
- Orwell: 216
- Ottoville: 216
- Pattersonville: 216

☐ Ridgeville Telephone Co.

☐ Sherwood Mutual Telephone Association, Inc.

- Allegiance telecom
- American Broadband and Telecom
- Bright Clec, LLC
- Broadband Office Com
- Brooks Fiber Com \*
- Buckeye Telesystem
- ▣ CT Comm Network
- Cablevision Lightpath
- Centurytel Acq., LLC dba  
KMC Telecom III, LLC - OH
- ▲ Choice One Com
- ▲ Cincinnati Bell Extended Territories
- Citynet Ohio
- ▲ Comcast Phone
- ▲ Communication Options
- Cox Ohio Telcom
- Ctsi, Inc.
- Data-Telecom Corp
- Doylestown Comms, Inc.  
dba Heritage Telco - OH
- Duckworth Enterprises
- First Communications LLC  
dba Corecomm - OH
- Focal Com Corp of Ohio
- Global Crossing Local Services
- Global Naps, Inc. - GA OH
- Goldstar Comm
- Icg Telecom Group - IL OH
- Intermedia Com \*
- ▣ KMC Data
- KMC Telecom V, Inc.
- Level 3 Communications
- ▲ Long Distance of Michigan, Inc.  
dba Ldmi - OH
- ▲ MCI Worldcom Com\*
- ▲ McInetro. Ats. Inc. \*

- 
- Ohio Telecom  
 ■ Pac-West Telecomm  
 ▲ Qualstar Com  
 + SBC Long Distance, LLC  
 ★ dba AT&T Long Distance - OH  
 ✕ Pac-West Telecomm
- McLeodusa Telecom Svcs  
 Midwest Communications, LLC  
 dba Comwvz - OH  
 Neutral Tandem-Michigan  
 Ohio Telecom  
 Pac-West Telecomm  
 Qualstar Com  
 SBC Long Distance, LLC  
 dba AT&T Long Distance - OH  
 Pac-West Telecomm

**VERIZON NORTH INC. - OHIO**  
**OHIO INTERCONNECTION AGREEMENTS**  
**DECEMBER 31, 2006**

**Attachment 3**

<b>Contract #</b>	<b>Name</b>	<b>State</b>	<b>Effective</b>	<b>Service Type</b>
15027	ACN Communication Services, Inc.	OH	11/19/2003	Interconnection, UNEs & Resale
16297	Alaska Native Broadband 1 License, LLC	OH	3/13/2006	Wireless
15986	ALLTEL Communications, Inc.	OH	9/16/2005	Wireless
15192	Alternative Access Telephone Communications Inc.	OH	3/15/2004	Resale
14736	American Broadband & Telecommunications Company	OH	4/8/2003	Interconnection, UNEs & Resale
4889	American Cellular Corporation	OH	11/12/1997	Wireless
13607	American Fiber Network Inc.	OH	11/1/2001	Interconnection, UNEs & Resale
5323	American Messaging Services, LLC	OH	8/12/1998	Wireless - Paging
4720	Ameritech Information Industry Services	OH	6/30/1997	ILEC to ILEC Interconnection
5164	Ameritech Mobile Communications Inc.	OH	6/18/1998	Wireless
5041	Ameritech Wireless Communications Inc.	OH	1/7/1998	Wireless
16320	Armstrong Telecommunications, Inc.	OH	6/20/2006	Interconnection, UNEs & Resale
4638	AT&T Communications of Ohio Inc.	OH	12/30/1998	Interconnection, UNEs & Resale
8288	AT&T Wireless Services Inc.	OH	10/22/1999	Wireless
15322	BCN Telecom, Inc.	OH	7/1/2004	Resale, Unbundled
8269	Brooks Fiber Communications Inc.	OH	11/4/1999	Interconnection, UNEs & Resale
5718	Buckeye Telesystem Inc.	OH	5/12/1999	Interconnection, Unbundled
13779	Budget Phone Inc.	OH	3/4/2002	Interconnection, UNEs & Resale
14426	BullsEye Telecom Inc.	OH	9/4/2002	Interconnection, UNEs & Resale
15122	CallNet Communications, Inc.	OH	2/12/2004	Interconnection, UNEs & Resale
7708	Cellco Partnership and Verizon Wireless LLC and GTE Wireless of the Midwest Incorporated	OH	6/16/1999	Wireless
5039	Centennial Cellular Tri-State Operating Partnership	OH	1/7/1998	Wireless
14384	CenturyTel Acquisition LLC	OH	8/30/2002	Interconnection, UNEs & Resale
16671	CenturyTel Solutions, LLC	OH	8/10/2006	Interconnection, UNEs & Resale
16169	Cincinnati Bell Extended Territories LLC	OH	1/19/2006	Interconnection, UNEs & Resale
5448	Cincinnati Bell Telephone Company	OH	7/22/1998	ILEC to ILEC Interconnection
15437	Cincinnati Bell Wireless LLC	OH	9/7/2004	Wireless
13058	Cinergy Telecommunication Networks-Ohio Inc.	OH	7/19/2001	Interconnection, UNEs & Resale
14875	Citynet Ohio LLC	OH	7/23/2003	Interconnection, UNEs & Resale
12980	Cleveland Unlimited, Inc.	OH	5/23/2001	Wireless
16056	CloseCall America, Inc.	OH	12/15/2005	Interconnection, UNEs & Resale
15577	Comcast Phone of Ohio, LLC	OH	12/6/2004	Interconnection, UNEs & Resale
6604	Communications Options, Inc.	OH	8/4/1999	Interconnection, UNEs & Resale
13611	Comtel Telecom Assets LP	OH	11/28/2001	Interconnection, UNEs & Resale
14069	Comtel Telecom Assets LP	OH	6/3/2002	Interconnection, UNEs & Resale
16110	Covista, Inc.	OH	12/26/2005	Interconnection, UNEs & Resale
13229	Cricket Communications, Inc.	OH	8/29/2001	Wireless
16124	CSM Wireless, LLC	OH	1/19/2006	Wireless
7131	DIECA Communications Inc.	OH	7/30/1999	Interconnection, UNEs & Resale
15038	Digital Connections, Inc.	OH	12/8/2003	Interconnection, UNEs & Resale
5632	Dobson Cellular Systems, Inc.	OH	3/16/1999	Wireless
15459	Doylestown Communications, Inc.	OH	7/14/2004	Interconnection, UNEs & Resale
12870	DSLnet Communications LLC	OH	5/23/2001	Interconnection, UNEs & Resale
14831	DVC Enterprises, Inc.	OH	4/16/2003	Resale
15893	Easton Telecom Services, L.L.C.	OH	7/13/2005	Resale
14846	Ernest Communications Inc.	OH	6/18/2003	Interconnection, UNEs & Resale
13310	Essex Acquisition Corporation	OH	8/24/2001	Resale
15061	Faster Processing LLC	OH	12/30/2003	Interconnection, UNEs & Resale
15897	FiberNet of Ohio, LLC	OH	7/1/2005	Interconnection, UNEs & Resale
15200	First Communications LLC	OH	4/7/2004	Interconnection, UNEs & Resale
16138	France Telecom Corporate Solutions, LLC	OH	9/27/2005	Resale
15850	Global Connection Inc. of America	OH	6/20/2005	Interconnection, UNEs & Resale
5404	Global Crossing Local Services Incorporated	OH	2/18/1999	Indirect Interconnection
8249	Global Crossing Local Services Incorporated	OH	10/7/1999	Interconnection, Unbundled
14344	Global NAPs Inc.	OH	10/3/2002	Interconnection, UNEs & Resale



**VERIZON NORTH INC. - OHIO**  
**OHIO INTERCONNECTION AGREEMENTS**  
**DECEMBER 31, 2006**

Attachment 3

Contract #	Name	State	Effective	Service Type
13572	GoldStar Communications LLC	OH	12/12/2001	Interconnection, UNEs & Resale
15023	Granite Telecommunications, LLC	OH	11/20/2003	Interconnection, UNEs & Resale
4761	GTE Mobilnet of Cleveland Incorporated	OH	7/17/1997	Wireless
4782	Horizon Personal Communications Inc.	OH	10/8/1997	Wireless
13868	ICG Telecom Group Inc.	OH	3/29/2002	Interconnection, UNEs & Resale
15728	Impact Network Solutions, Inc.	OH	11/19/2004	Interconnection, UNEs & Resale
15316	Intelcom, Inc.	OH	6/30/2004	Interconnection, UNEs & Resale
15456	Intermedia Communications, Inc.	OH	7/15/2004	Interconnection, Resale
13984	Level 3 Communications LLC	OH	5/15/2002	Interconnection, UNEs & Resale
14855	MCI WORLDCOM Communications Inc.	OH	6/25/2003	Interconnection, Unbundled
14859	MCImetro Access Transmission Services LLC	OH	6/25/2003	Interconnection, Unbundled
13165	McLeodUSA Telecommunications Services Inc.	OH	8/27/2001	Interconnection, UNEs & Resale
14867	Metropolitan Telecommunications of Ohio, Inc.	OH	3/28/2003	Interconnection, UNEs & Resale
5218	Minford Telephone Corporation	OH	4/23/1998	ILEC to ILEC Interconnection
16191	Navigator Telecommunications, LLC	OH	2/17/2006	Interconnection, UNEs & Resale
15270	Neutral Tandem-Michigan, LLC	OH	5/3/2004	Interconnection, UNEs & Resale
9453	New Edge Network Inc.	OH	6/15/2000	Interconnection, UNEs & Resale
5493	Nextel West Corp.	OH	11/24/1998	Wireless
13934	Nexus Communications Inc.	OH	4/30/2002	Interconnection, UNEs & Resale
13036	NOS Communications Inc.	OH	6/4/2001	Interconnection, UNEs & Resale
13734	Ntelos Wireless Inc.	OH	2/1/2002	Interconnection
14537	Ohio Telecom Inc.	OH	1/9/2003	Interconnection, UNEs & Resale
16079	Pac-West Telecomm, Inc.	OH	12/16/2005	Interconnection, UNEs & Resale
14461	Phone-Link Inc.	OH	11/19/2002	Interconnection, UNEs & Resale
13351	Preferred Carrier Services Inc.	OH	8/22/2001	Interconnection, UNEs & Resale
16307	Quality Telephone, Inc.	OH	6/21/2006	Resale
14291	QualStar Communications Inc.	OH	8/13/2002	Interconnection, UNEs & Resale
14210	QuantumShift Communications Inc.	OH	7/1/2002	Interconnection, UNEs & Resale
12172	Revolution Communications Company LTD	OH	1/15/2001	Resale
15045	Salmon PCS, LLC	OH	10/1/2003	Wireless
13808	SBC Long Distance, LLC	OH	3/31/2002	Interconnection, UNEs & Resale
12699	Southern Ohio Communication Services Inc.	OH	3/13/2001	Wireless - Paging
13446	Sprint Communications Limited Partnership	OH	10/23/2001	Interconnection, UNEs & Resale
8491	Sprint Spectrum L.P.	OH	3/28/2000	Wireless
15426	TCG Ohio, Inc.	OH	6/2/2004	Interconnection, UNEs & Resale
5729	TelCove Operations, Inc.	OH	6/10/1999	Interconnection, UNEs & Resale
15283	Telnet Worldwide, Inc.	OH	5/31/2004	Interconnection, UNEs & Resale
14300	Tier 2 Communications, LLC	OH	8/12/2002	Interconnection, UNEs & Resale
16008	Time Warner Cable Information Services (Ohio), L.L.C.	OH	10/11/2005	Interconnection, UNEs & Resale
5730	Time Warner Telecom of Ohio LLC	OH	5/18/1999	Interconnection, UNEs & Resale
5144	T-Mobile USA Inc.	OH	3/19/1998	Wireless
13276	T-Mobile USA Inc.	OH	9/3/2001	Wireless
15836	Trans National Communications International, Inc.	OH	6/7/2005	Interconnection, UNEs & Resale
12931	Trinsic Communications, Inc.	OH	6/1/2001	Resale, Unbundled
12855	TSC Communications Inc.	OH	4/15/2001	Interconnection, UNEs & Resale
14671	United Telecom, Inc.	OH	3/3/2003	Interconnection, UNEs & Resale
15507	Unitycomm, LLC	OH	11/19/2004	Interconnection, UNEs & Resale
14122	Universal Telecom, Inc.	OH	6/24/2002	Resale
14944	ValTech Communications, LLC	OH	8/26/2003	Interconnection, UNEs & Resale
15741	Volo Communications of Ohio, Inc.	OH	3/24/2005	Interconnection, UNEs & Resale
16222	Wabash Mutual Telephone	OH	4/21/2006	Interconnection
15713	West Virginia PCS Alliance, L.C.	OH	3/16/2005	Wireless
6120	XO Communications Services, Inc.	OH	7/8/1999	Interconnection, UNEs & Resale
16814	Ygnition Networks, Inc.	OH	11/8/2006	Interconnection, UNEs & Resale
16290	Ymax Communications Corp.	OH	6/2/2006	Interconnection, UNEs & Resale

Verizon North Inc.  
2006 Competitive Landscape Matrix

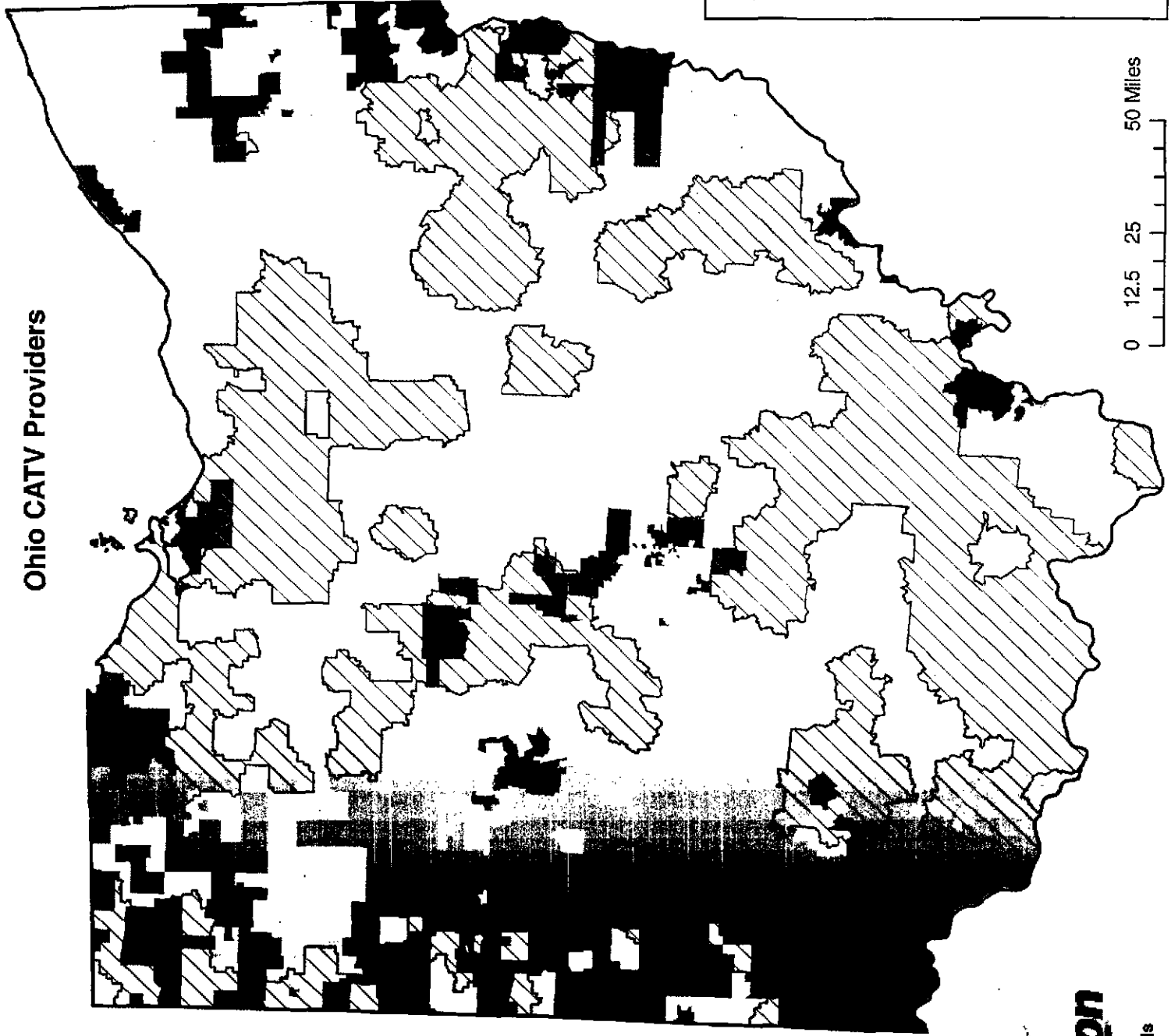
		B = General Business (includes Small/Medium Business) E = Enterprise Business G = Government C = Consumer	V = Voice D = Internet & Data W = Web Hosting S = Phone Equipment/Systems VI = Video		Facilities based	Operational = providing service Ready = permitted to acquire customers	Countries included where determinable	
Cablevision	Verizon	B, C	V, D	Provides local, unlimited long distance service and Internet access for residential and business customers. Offers flat-rate unlimited pricing plan for residential voice service.	Facilities based	Operational Business and residential	Clark, Columbiana, Coshocton, Cuyahoga, Fairfield, Falmale, Franklin, Gallia, Greene, Highland, Lake, Lawrence, Lucas, Madison, Monroe, Montgomery, Muskingum, Perry, Portage, Preble, Stark, Summit, Trumbull, Washington	Offers "Teleusor" package which is bundled service and price for phone and Internet.
Cablevision	Verizon	B, C	V, D, VI	Provides local phone, Internet, and data services. Low priced promotional offerings for bundled services	Facilities based	Operational Business and Residential	Ashland, Ashabula, Lawrence, Marion, Medina, Trumbull, Wayne	More than 40 years in cable television, but provides broadband and voice, offering consumers hundreds of viewing options, including high definition programming, personal video recorders and video on demand, as well as high speed Internet and telephone service.
Cablevision	Verizon	B, E, G, C	V, D, W, VI, S	Provider of broadband, long distance, and local voice service across state. Leverages the heritage of its predecessor companies that have provided telecommunications services for decades.	Facilities-based, UNE-P	Operational Bus and Res	Adams, Athens, Belmont, Brown, Butler, Champalgn, Clark, Columbiana, Coshocton, Cuyahoga, Erie, Fairfield, Fayette, Franklin, Gallia, Geauga, Green, Hancock, Highland, Hocking, Jefferson, Lake, Lawrence, Lucas, Madison, Mahoning, Miami, Monroe, Montgomery, Muskingum, Perry, Pickaway, Portage, Sandusky, Seneca, Stark, Summit, Trumbull, Tuscarawas, Warren, Washington, Wayne, Wood, Wyandot	Merged with Bell South in 2006. Selected Ohio as first state to launch Homezone product in 2006.
Cablevision	Verizon	B	V, D, W	Full array of services for voice, data, and video, including long distance and video conferencing. Tout there "agility, responsiveness, and expertise" in providing telecommunications services.	Facilities-based	Operational	Erie, Lucas, WOOD (northwest Ohio area)	Launched new triple play network infrastructure in 2006 based on the Meriton Networks 8400 OTP (Optical Transport Platform). Buckeye has 1,700 route miles of fiber.
Cablevision	Verizon	B, S, C	V, D, VI	Full-service local telephone company offering advanced telecommunications products, including phone high-speed Internet for business and residential customers, and digital television. Diverse suite of products available to large business or consumers.	Facilities-based	Operational Bus and Res and available	WYANDOT, TRUMBULL, PERRY, BELMONT, CLARK, MADISON, GREENE, JEFFERSON, CUYAHOGA, FAIRFIELD and more	Merged with Talk-America in December 2006. Cavalier currently serves over 95,000 business and 550,000 residential customers with projected revenues of \$750M and \$150M in operating cash flow.
Cablevision	Verizon	C, B	V, D, V	Comcast digital phone over a hybrid fiber coaxial network. Bundled with video and Internet services	Facilities-based	Operational residential	COLUMBIANA, DELAWARE, JEFFERSON, FRANKLIN, V, MAHONING	Major competition to incumbent traditional phone companies. Offering "triple play" of voice, Internet and video services over their own network with minimal regulation.
Cablevision	Verizon	B, S, G, C, E	V, D, W, VI	Fifth largest LEC in the nation and largest independent Telco. Provides residential and business bundled solutions consisting of voice, data, video, and wireless.	Facilities-based, UNE-P, Resale, All digital switching	Operational Bus and Res	Adams, Allen, Ashland, Athens, Auglaize, Belmont, Brown, Butler, Carroll, Champalgn, Clark, Clinton, Columbiana, Coshocton, Crawford, Darke, Delaware, DuWayne, Erie, Fairfield, Fulton, Guernsey, Hancock, Hardin, Harrison, Highland, Hocking, Holmes, Huron, Jackson, Jefferson, Lawrence, Lorain, Lucas, Madison, Marion, Medina, Meigs, Mercer, Miami, Montgomery, Muskingum, Noble, Ottawa, Paulding, Pickaway, Portage, Preble, Richland, Sandusky, Seneca, Stark, Summit, Tuscarawas, Union, Van Wert, Vinton, Washington, Wayne, Williams, Wood, Wyandot	Formerly the local telephone division of Sprint Nextel. Spin off completed on May 17, 2006.

Verizon North Inc.  
2006 Competitive Landscape Matrix

Attachment 4

		Facilities based	Operational Res	Summit and more	
B, C	V, D	Provides local phone service, long distance, and dial-up services. First Communications continues to develop its proprietary Broadband over Power Lines (BPL) products.			Serves 200,000 residential and commercial customers throughout the country. Over the past few years, has become one of the largest integrated telecommunications companies in the Mid-West.
	B, S, E	Advertises dial-up Internet for as low as \$10.00/month and long distance voice @ 8 cpm 24/7	Operational business and residence and available	AUGLAIZE MERCER SHELBY	Wholly owned affiliate of the New Knoxville Telephone Co. which deployed next generation class 5 switches to CLEC subsidiary, GoldStar. Utilizes next gen switching platform to terminate VoIP, VoATM, and traditional voice.
	B, E, G	Operates one of largest Internet backbones in the world. One of largest providers of wholesale dialup services to ISPs and primary broadband provider via cable and DSL.	Facilities-based with local network in Cincinnati, Cleveland, Columbus. Local fiber with gateways	ASHLAND MONTGOMERY PIKE WILLIAMS UNION RICHLAND MEIGS OTTAWA CLINTON SCIOTO MARION OTTAWA DELAWARE HANCOCK MADISON BUTLER SENECA JEFFERSON BROWN CLINTON HARRISON VAN WERT ADAMS MEDINA ATHENS ALLEN AUGLAIZE TUSCARAWAS NOBLE LUCAS JEFFERSON MIAMI MONTGOMERY MEDINA HANCOCK HURON COSHOCTON WASHINGTON PIKE WOOD LORAIN JACKSON PREBLE WAYNE WILLIAMS PICKAWAY COLUMBIANA CHAMPAIGN	In 2006 acquired Broadwing, TelCove, SAVVIS, and Looking Glass Network. The company provides services over its broadband fiber optic network including Internet Protocol services, broadband transport and infrastructure services, voice services, and VoIP.

# Ohio CATV Providers



**Verizon Wirecenter Area**

**Cable (CATV) Providers**

Armstrong

Block Communications

Charter

Comcast

Insight Communications

Mediacom

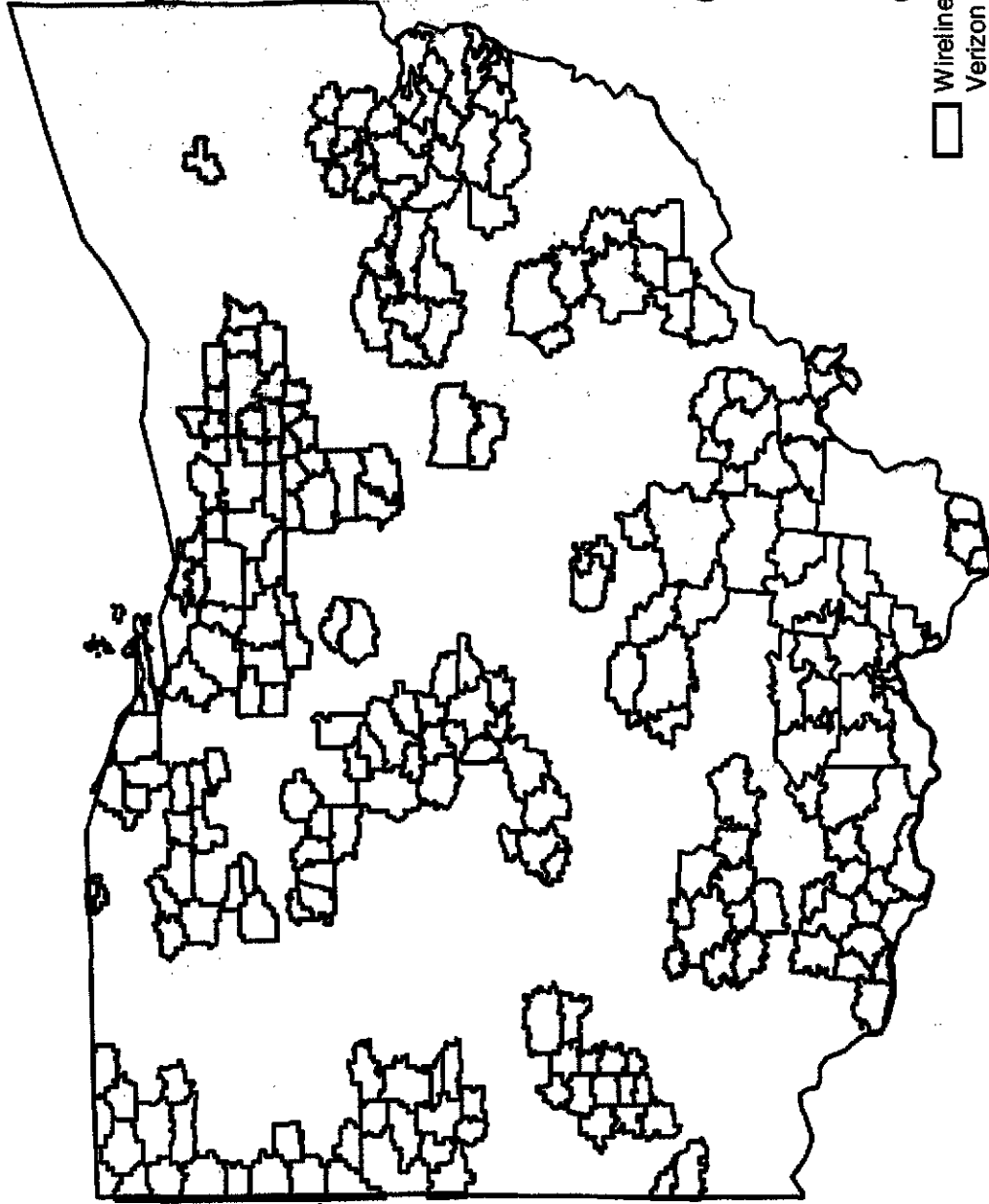
Time Warner

Other CATV Providers

No CATV Providers



Attachment 6



# Ohio Verizon Wireless Coverage

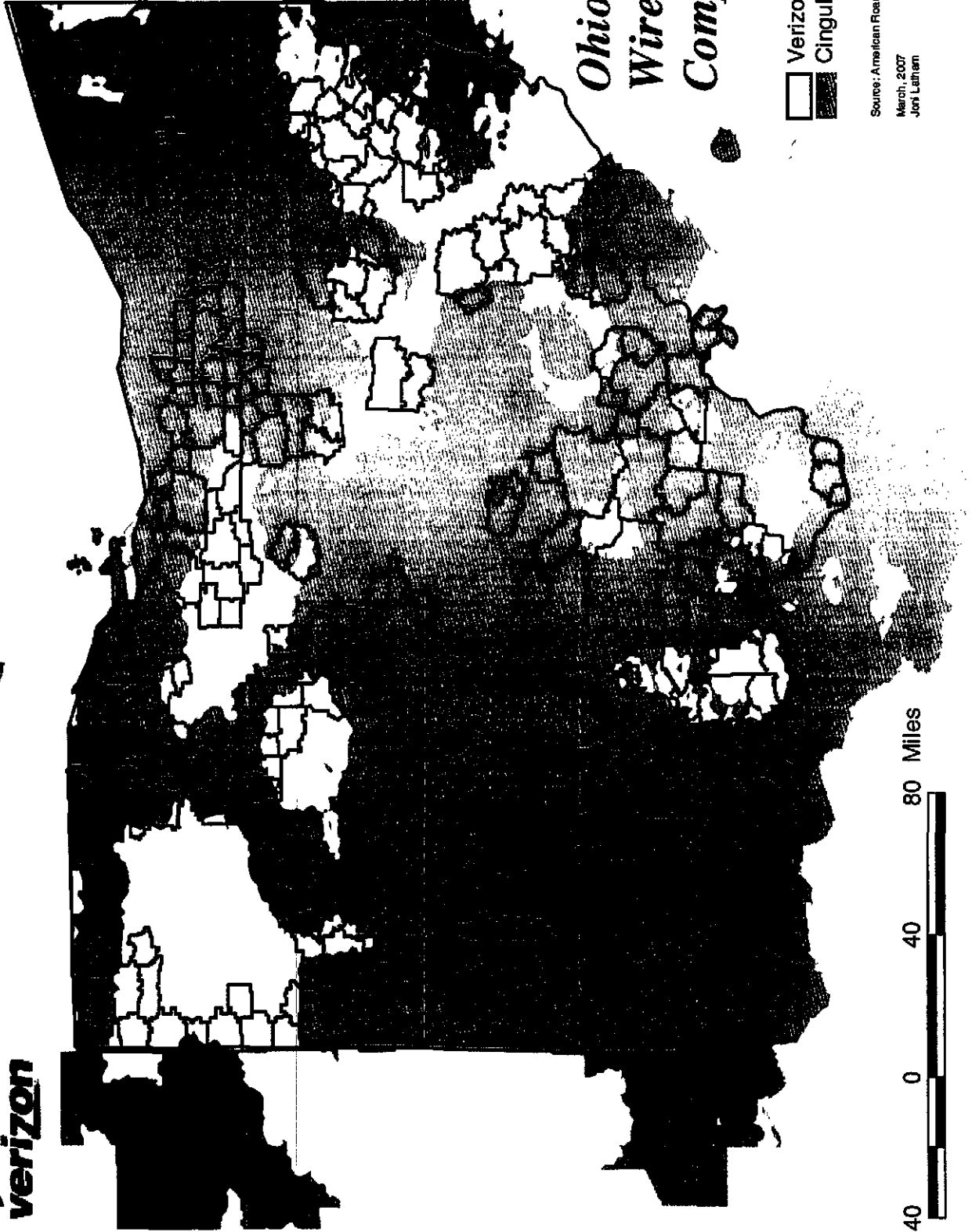
Wireline Area  
Verizon Wireless Coverage

Sources: American Roamer

March, 2007  
Jon Latham



50 0 50 100 Miles



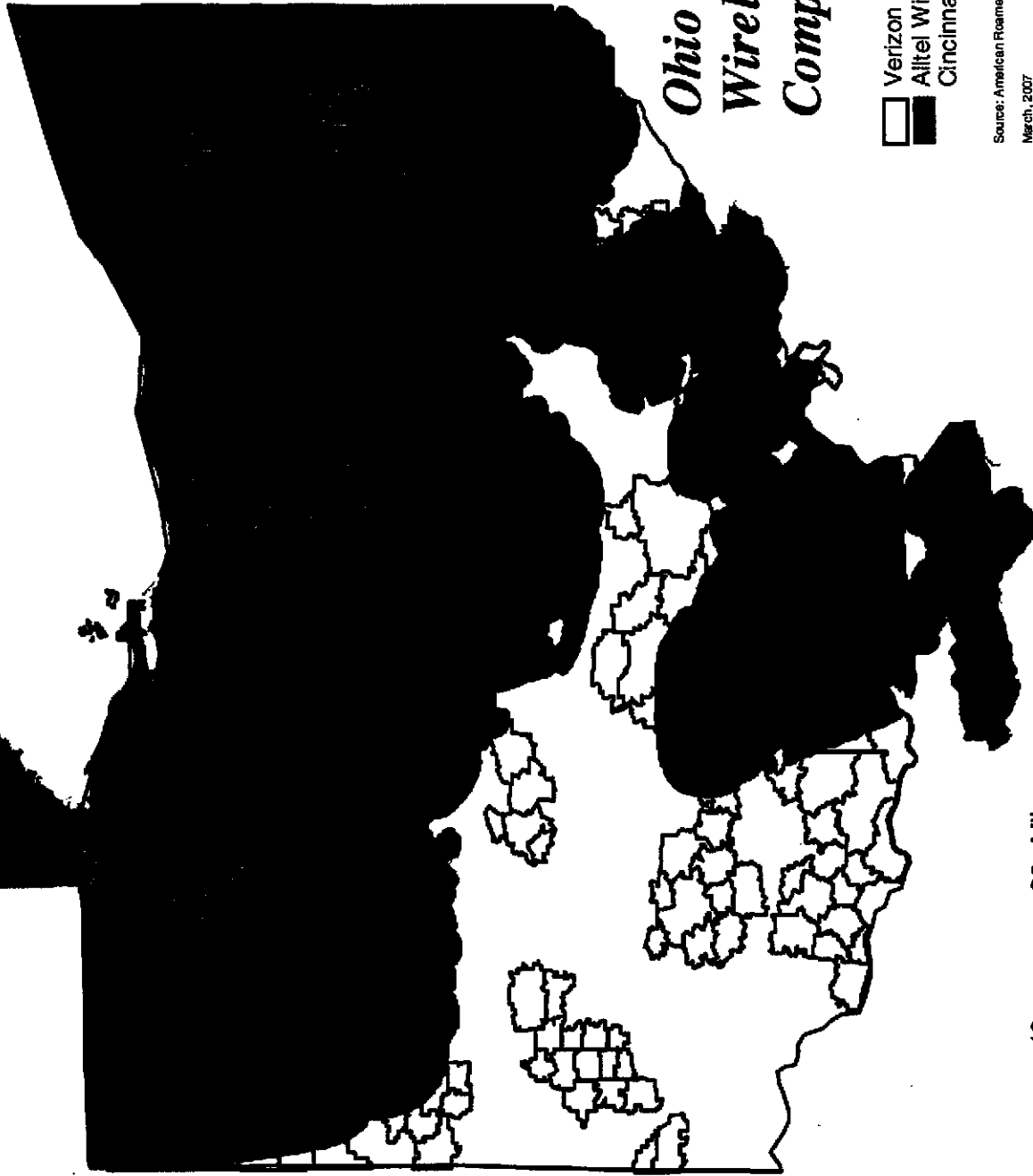
# Ohio Wireless Competition

Verizon Wireline Area  
Cingular Wireless

Source: American Roamer  
March, 2007  
Jon Latham



Attachment 7a



# Ohio Wireless Competition

- Verizon Wireline Area
- Alltel Wireless
- Cincinnati Bell Wireless

Source: American Roamer  
March, 2007  
Jon Latham

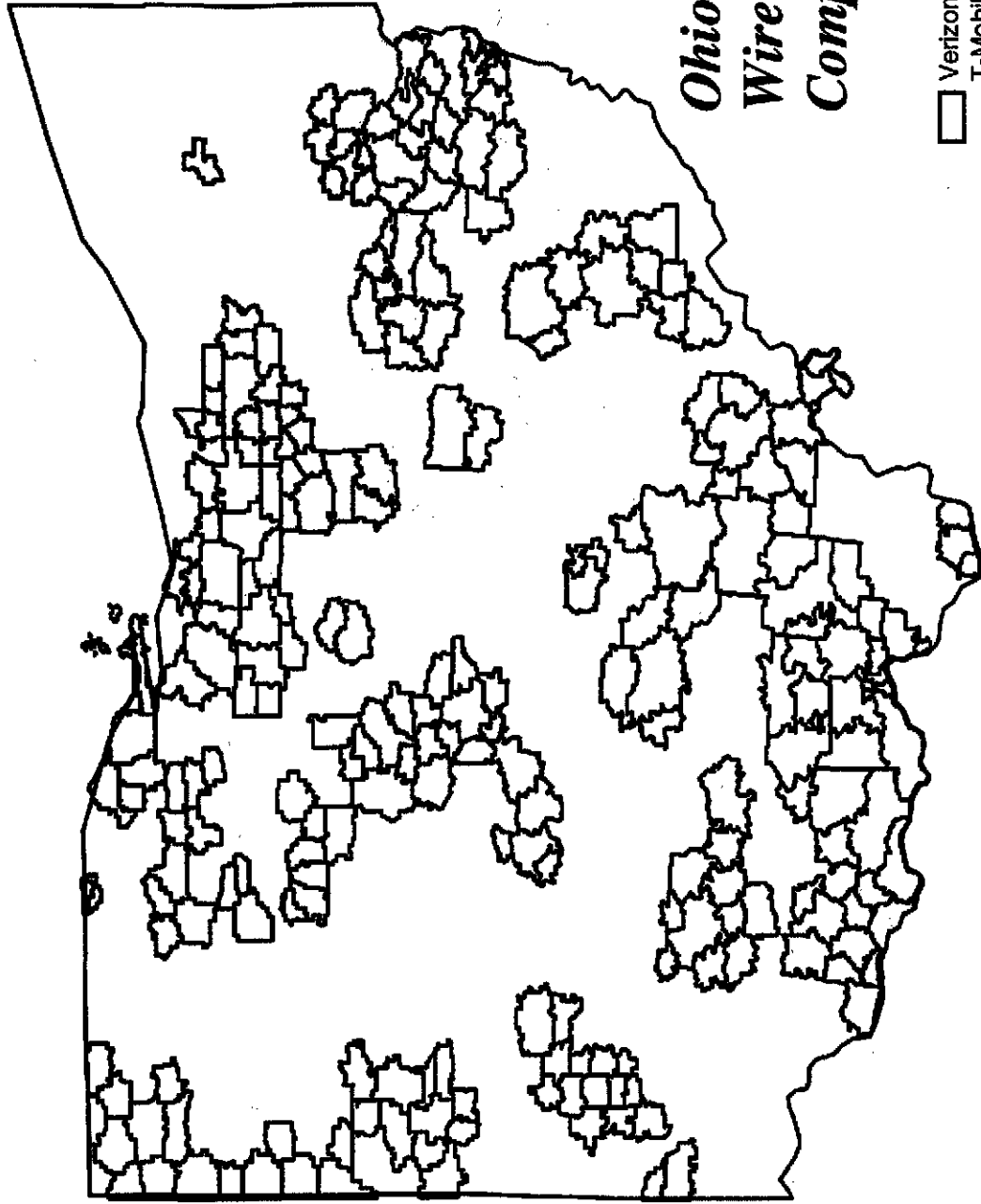


80 Miles





Attachment 7b



# Ohio Wireless Competition

□ Verizon Wireline Area  
□ T-Mobile USA

Source: American Roamer  
March, 2007  
Jon Latham



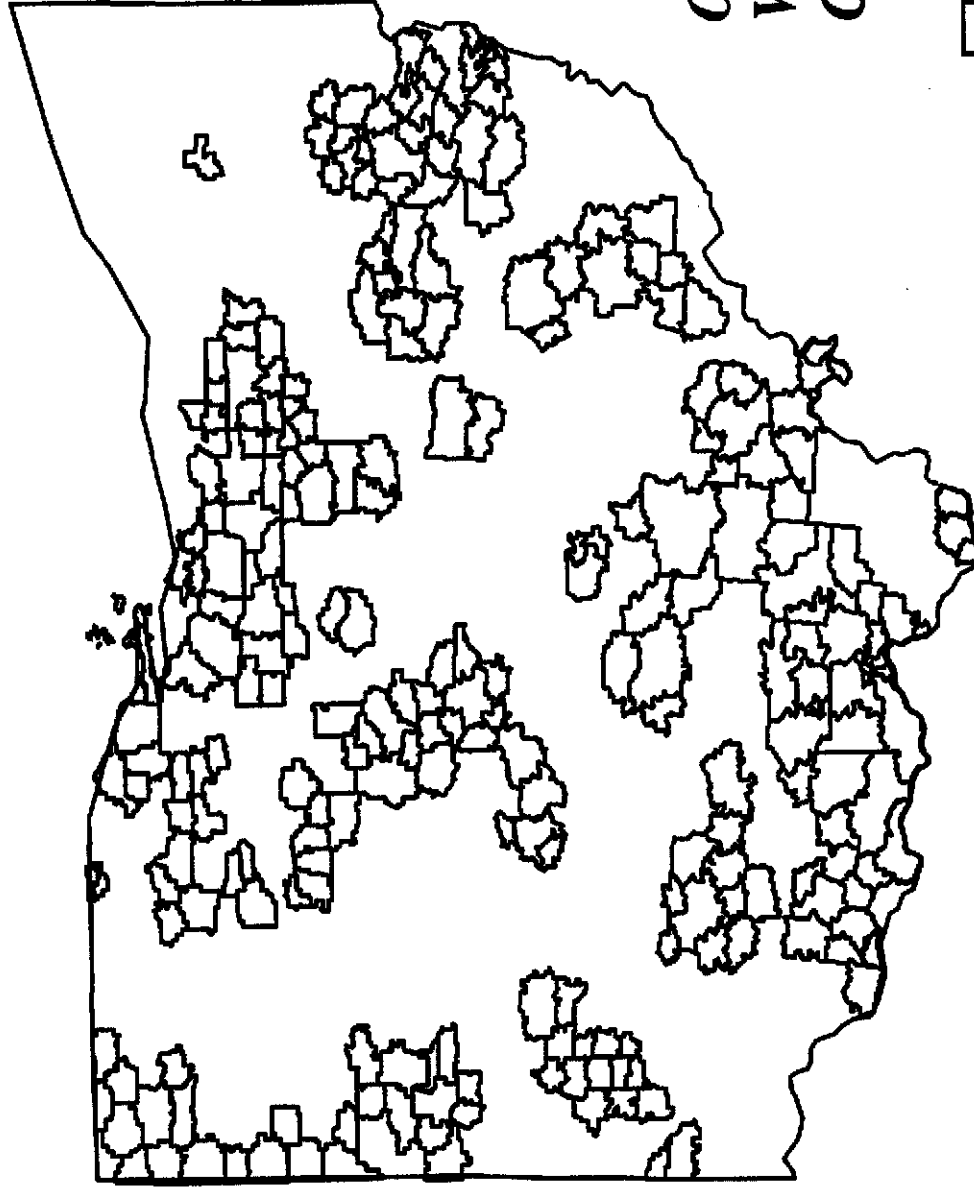
40 0 40 80 Miles







Attachment 7c



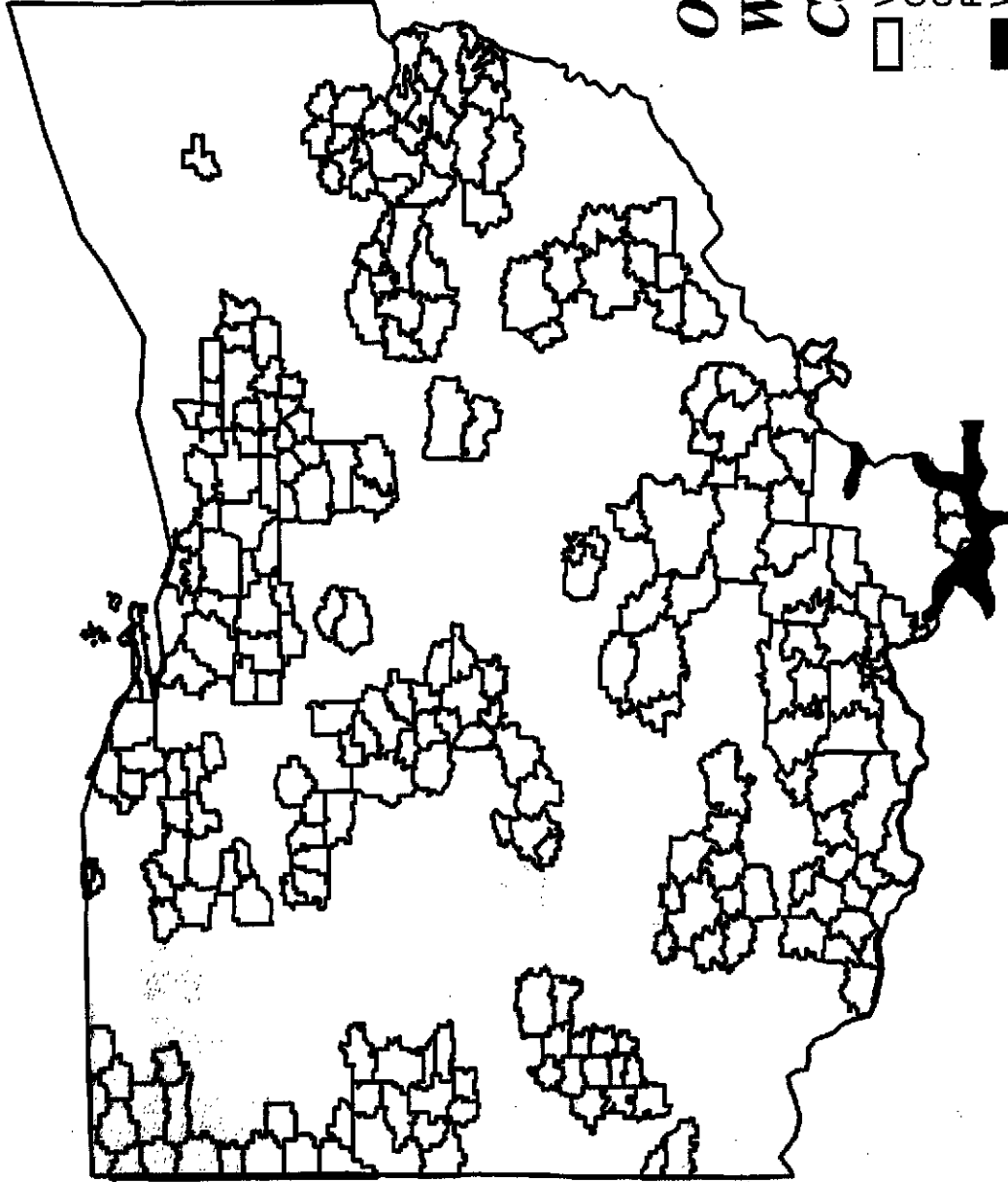
# Ohio Wireless Competition

Verizon Wireline Area  
Sprint Wireless

Source: American Roamer  
March, 2007  
Joni Latham



40 0 40 80 Miles



# Ohio Wireless Competition

- Verizon Wireline Area
- Centennial Wireless
- Crickit Wireless
- Revol Wireless
- West Virginia Wireless

Source: American Roamer

March, 2007  
Jord Latham

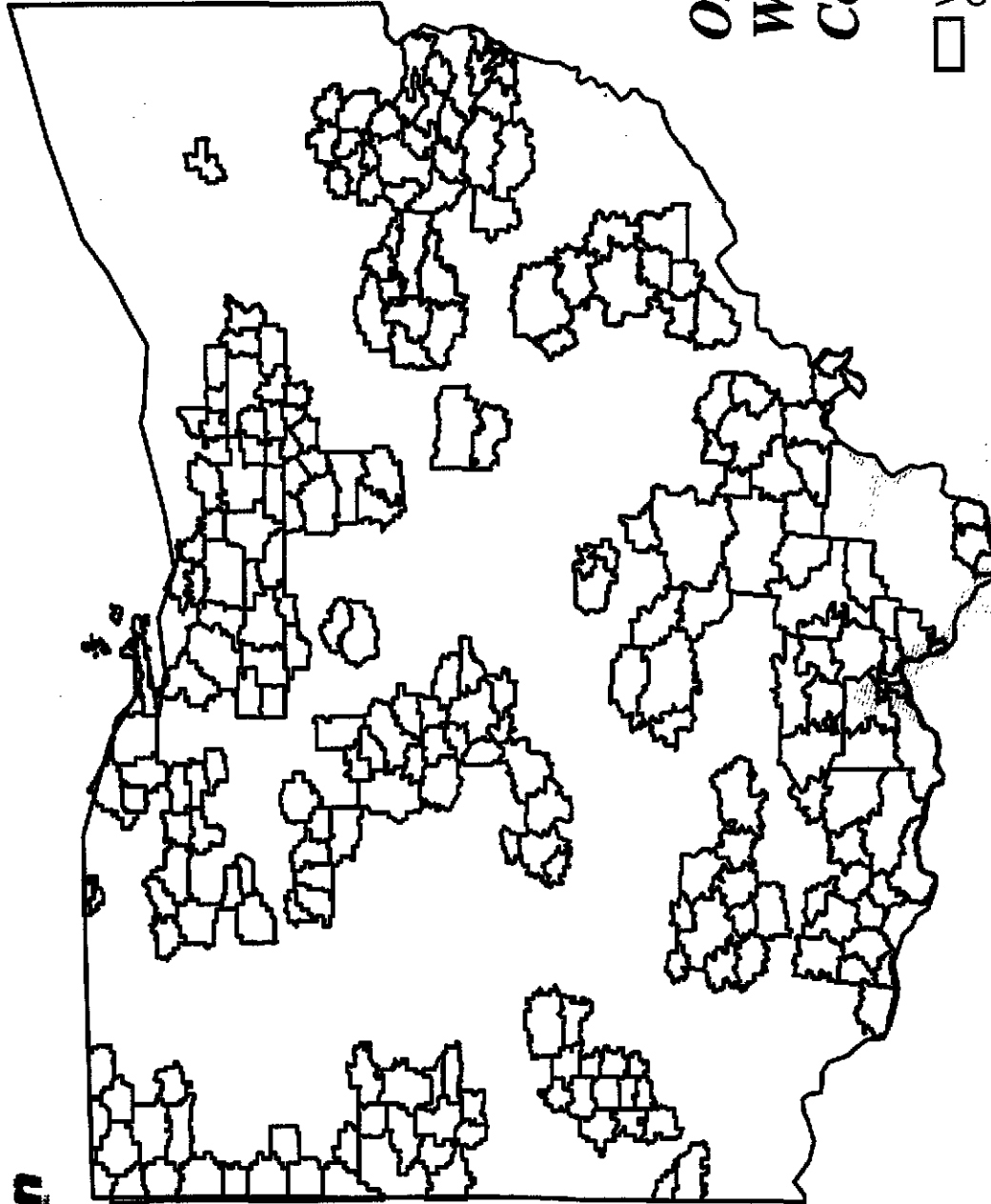


80 Miles





Attachment 7e



# Ohio Wireless Competition

- Verizon Wireline Area
- Cellular One
- N Telos Wireless

Source: American Roamer

March, 2007  
Jon Latham



80 Miles



**Verizon North Inc.  
Competitive News Articles  
Telecommunications Competition in Ohio  
January 2006 – December 2006**

**1. Across enemy lines; Cable, telephone companies intensify fight for customers in NE Ohio.  
(Northeast Ohio)(Time Warner Inc.)(AT&T Inc.)**

John Booth, 892 words, 20 November 2006, Crain's Cleveland Business, English, Copyright 2006 Crain Communications, Inc.

Election Day has passed, but Northeast Ohio remains a battleground as the cable and telephone industries wrestle for control of customers' remote controls while also butting heads over franchising rights to provide services that increasingly overlap.

"Everybody's getting into everybody else's business," observed Caryn Candisky, director of public affairs for AT&T Ohio. "It's driven really by customer demand - a demand for not only the next generation of technology, but also for competition and choice."

And it's a competition that's heating up locally: AT&T is rolling out its Homezone package of Internet access, home computer interactivity, telephone service and Dish Network-run satellite television service across the company's 13-state footprint following a soft launch in Ohio that began in July.

Meanwhile, cable operators such as Cox Communications and Time Warner Cable, which have had their toes on the telecommunications turf for several years with telephone service offered over cable lines, also are working to step up their offerings.

AT&T, the relative latecomer to the full media crossover party, has tried to make up for it by adding bells and whistles to what both sides call the "triple-play" offering of television, high-speed Internet access and telephone service. For instance, AT&T's Homezone digital video recorder can network a home computer with a television set to play movie files or show pictures stored on the computer. It also allows remote access to the DVR. So, if you get to work and realize you've forgotten to record tonight's episode of "24," you can fix that oversight through any computer with a broadband connection.

"I do strongly believe that Homezone really does provide an integrated, unique experience in the market," said Kevin Petersen, vice president and general manager of AT&T Ohio. "It does differentiate us versus cable."

AT&T would not disclose how many Homezone customers it has in Ohio, though the service currently remains limited to new Dish Network subscribers who live in areas where AT&T provides high-speed Internet access.

"In the first quarter of next year, we expect to be able to offer Homezone to our embedded base of (current) customers," Mr. Petersen said.

Beyond Homezone for AT&T is a wireless partnership with Cingular, and AT&T's next venture, U-Verse, which will provide television directly over the company's existing hard-wire network without the need for an outside partner such as Dish. U-Verse already is in place in San Antonio, Texas, and AT&T has an agreement with the city of Lakewood to launch the service next year.

Cable companies aren't sitting still as AT&T expands its menu.

Both Time Warner Cable - which is in the process of adding digital phone service to its Cleveland network - and Cox Communications are planning to add wireless phone service to their offerings, as well as a new product to rival AT&T's full-home linkup.

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Cable's Time Warner, Cox and Comcast are working with Sprint and Advance Publications, which owns The Plain Dealer and has cable and online interests, to create a network that, like AT&T's projects, will tie together practically every electronic communications device in a household.

"You've got to align yourself where the partnerships are," said Heidi Mock, spokeswoman for Time Warner's Northeast Ohio office. "We've been doing that, and it just makes sense now to go get that next piece (of service)."

#### **Turf wars**

While the tech-geek goodies provide the flashy part of the cable/telco clash, behind the scenes a grittier fight goes on: Cable companies, long bound by rules that mandate negotiation of franchise rights with every municipality they serve, say they want the phone companies to play by the same rules now that they're basically in the same business.

But even as they negotiate individual agreements, as AT&T did in Lakewood, the telecommunications players are lobbying for reforms to change the current system. Changes allowing statewide negotiations for service rights already have been made by AT&T in California, Indiana and Texas.

William Hanna, a partner at Walter & Haverfield LLP, which represents municipalities in franchise negotiations, said cities need to tread carefully in the changing environment.

Telecommunications companies "are lobbying heavily to ... do away with franchise agreements, or make a national franchise, or have a single agreement as the basis" for all such deals, Mr. Hanna said.

"In cable franchising, we've never recommended that people go with a cookie-cutter approach," he said.

AT&T Ohio's Ms. Candisky said it's simply time to make the franchising process less cumbersome.

#### **Moving target**

"Technically, we're not governed by cable TV laws, because it's not cable" the company is offering, she said. "Cable franchise and video franchise regulations were authored years ago, and since the time those regulations were written, a lot has changed in the industry."

Still, Ms. Candisky said AT&T has worked with cities such as Lakewood to set up franchise-like agreements to cover fees paid to the city and set aside public-access channel space on the video network. Lakewood has the only such agreement in Northeast Ohio with AT&T, though AT&T has similar deals with a half-dozen Columbus-area communities.

Cable companies, with franchise agreements that often include providing services for city offices and schools, maintain that if the telephone companies want to play on the same field as television providers, they should follow the existing rules.

"All we're asking for in a franchise situation is a level playing field," said Christy Bykowski, director of public affairs for Cox in Parma.

**Verizon North Inc.  
Competitive News Articles  
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**2. GROWING CELL-PHONE USE**

More Ohioans wireless than wired

Monique Curet, 321 words, 19 September 2006, English, The Columbus Dispatch, Copyright The Columbus Dispatch 2006

If it seems that most people in Ohio are using a cell phone these days, it's now official.

Wireless companies now have more customers in the state than traditional "wired" or landline phone companies, according to a report from the Ohio Telecom Association.

Wireless providers also lead traditional telephone companies in Ohio in minutes of use, customer spending and total company revenue.

The report, released yesterday at the association's annual convention, provided details on competition in the telecom industry. The entry of wireless service providers in the industry has had significant implications for traditional phone companies, which have lost 20 percent of their customers in Ohio during the past four years, the association said. They also are fighting Internet-based phone services.

The report's findings are "representative of what most of our companies are facing," said Charles Moses, president of the Ohio Telecom Association.

Even though Ohio is considered a laggard in areas including technology deployment, said Richard Vedder, an Ohio University economist, "it appears in telecommunications, we are certainly following the national trend."

Vedder said the increased competition should lead to less regulation of the industry. He said justification for government oversight of telecommunications years ago was based on lack of competition and fear of monopoly pricing. "Most of those arguments have fallen by the wayside."

In fact, traditional phone companies have asked the Public Utilities Commission of Ohio to ease its rules, because providers of cell-phone service don't have to abide by minimum service standards, as they do, and aren't governed by the state agency, as they are.

Although phone-service choices have increased for many Ohio consumers, the state does not enjoy true competition, said Janine Migden-Ostrander, Ohio Consumers Counsel.

People who live in rural areas, for example, do not have the same breadth of choices as those in urban areas.

"Until we solve those issues so that everyone in Ohio has access, we do not have competition," she said.

**3. Internet Phone Start-Ups Look Past Low Prices**

Ellen McCarthy, 881 words, 20 March 2006, Washington Post online, English, Copyright 2006 The Washington Post

**Verizon North Inc.  
Competitive News Articles  
Telecommunications Competition in Ohio  
January 2006 – December 2006**

Internet phone service -- it's a hot idea and it has a strong selling point: It's cheap.

Hundreds of new companies have cropped up to sell the service in the past few years, and venture capitalists are pouring hundreds of millions of dollars into the industry. All that was appealing enough to entice former America Online Inc. executive Lisa Hook out of early retirement and into the job she started last week as chief executive of SunRocket Inc., a two-year-old Vienna firm offering phone service over the Internet.

And the prospects sound promising, except for one word creeping into the vocabulary -- bundling.

That's the term describing the way communication services are expected to be sold in the future. Rather than buying cable from one company, long-distance phone service from another and Internet access from a third, customers are increasingly able to buy all three from a single provider. Many analysts say large telecom and cable companies that already have relationships with huge groups of customers -- companies such as Verizon Communications Inc. and Comcast Corp. -- have a big advantage in the market.

That doesn't scare off Hook and SunRocket's investors, who are betting that if the firm acts quickly to build a loyal base of customers, it will be able to survive the pressures of bundling.

The companies springing up to sell Internet phone services are reminiscent of the hundreds of dial-up Internet firms that emerged in the late 1990s with hopes of becoming kings of the industry -- or at least growing big enough to fetch a decent price in a sale. Of course, most of those companies simply fizzled as a handful of giants came to dominate the market and broadband superseded dial-up service.

Analysts say companies like SunRocket that offer only Internet phone service -- and there are at least 1,100 of them according to Sandvine Inc., an Ontario firm that sells equipment to broadband companies-- may face a similar fate.

"Over time, this type of service is likely to be absorbed by the larger vendors," said Bern Elliot, an analyst at Gartner Inc. who studies the telecom market.

But Hook, who made a name for herself as an executive skilled at marketing new technologies to consumers, is betting there is room for both.

"We're at the very front end of this market," she said last week. "We can be one of a handful of new brands that are winners in this category."

At AOL, Hook, now 48, led the company's broadband division, which went from 300,000 subscribers to 5 million in two years. Before her four-year stint at AOL, she was a partner at a private equity firm focused on the telecom and media industries.

"We were looking for an executive with experience in the consumer marketplace," said Joyce Dorris, SunRocket's co-founder.

SunRocket has about 80,000 subscribers, making it a leading Internet phone service company in the Washington area. But its success is dwarfed by that of Vonage Holdings Corp., a Holmdel, N.J., firm with 1.5 million business and household Internet phone lines in service.

Dorris and Paul Erickson, veterans of the telecom industry who spent more than a decade together at MCI Inc., founded SunRocket in 2004. To get the company off the ground, the two attracted more than

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\$34 million in venture capital from funds like Baltimore-based Anthem Capital Management and BlueRun Ventures of Menlo Park, Calif.

The company has tried to differentiate itself from the pack partly through its pricing, offering a year of local and long-distance service for \$199, or more limited monthly service for about \$10.

Hook said she was introduced to SunRocket as a potential board member but agreed to lead the firm after trying the service and meeting with some of its 125 employees.

The company's mission now is to snap up new customers willing to trade in their traditional land lines for Internet phone service. It's an effort that does not come cheap -- to build its customer base, rival Vonage spent \$232.4 million in marketing its brand during 2004 and the first three quarters of 2005. That company has raised \$394.5 million in venture funding from investors including Baltimore-based New Enterprise Associates and in February filed to raise as much as \$250 million through an initial public offering.

Forrester Research Inc. estimates that about 1.5 million homes are using Internet phone service today, but the number is expected to grow to 12.3 million by 2010.

Despite the rapid growth, some analysts say it could be tough for companies like SunRocket and Vonage to compete against brands like Comcast, Verizon and AT&T Inc. with their packages of services.

"They're all going to offer that killer bundle, and that's what people are going to buy because the pricing is better," said Jeff Kagan, a telecom analyst.

Kagan added that independent Internet phone companies like SunRocket will have a chance to succeed, "just in a smaller universe" than previously perceived.

Hook believes that universe will be large enough to build a thriving company.

"Obviously there will be people who choose buy their services in bundles, but there have always been people who will purchase best-in-class service from stand-alone providers as well," Hook said. "I'm voting with my feet by climbing out of my swimming pool and coming to SunRocket."

#### **4. Time Warner deal to add jobs**

Purchase of Adelphia complete; upgrades planned

Monique Curet, 450 words, 01 August 2006, English, The Columbus Dispatch, Copyright 2006 The Columbus Dispatch

Time Warner Inc. completed its acquisition of Adelphia Communications Corp. yesterday, which will add Time Warner jobs in central Ohio.

Time Warner's cable subsidiary will invest \$50 million over three years in infrastructure upgrades in its mid-Ohio division and plans to offer phone and high-speed Internet services to its new Adelphia customers during the period.



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The division also will add 155 jobs in its Columbus office over three years, gain 300 Adelphia employees and pick up 200,000 Adelphia customers, said Rhonda Fraas, the division president.

Time Warner will gain customers in Chillicothe, Granville, Heath, Logan, Marion, Newark and Washington Court House.

The deal means that the mid-Ohio division will grow by nearly 50 percent, Fraas said. It had 442,000 customers before the acquisition and now will have more than 600,000.

Statewide, Time Warner will gain 800,000 Adelphia customers, bringing its number of customers in Ohio to 2.3 million.

The company is building a \$30 million regional headquarters along Rt. 315 in Columbus.

Time Warner also will add jobs at its customer-support call centers in Columbus, Lima and Zanesville. Adelphia had outsourced its customer-support calls; Time Warner will bring those back to the state, Fraas said.

Mary Jo Green, vice president of public affairs for Time Warner, said the company could raise the cable rates of its new customers in the future, "but not in the immediate future, not by the end of the year."

Time Warner and Comcast Corp. agreed in April 2005 to purchase the assets of bankrupt Adelphia for \$17.6 billion; \$12.7 billion in cash and 16 percent of the stock in Time Warner's cable subsidiary.

Time Warner has said it plans to file for an initial public stock offering in its cabletelevision division when the Adelphia acquisition is complete.

Adelphia offered cable television to all of its subscribers and highspeed Internet in some areas. Time Warner, which offers cable, high-speed Internet and phone service, hopes to have all of its products available in its newly acquired areas within three years, Fraas said.

"For us, it's all about being able to offer consumers all three services on one bill."

The key thrust among cable operators is getting customers to sign up for a combination of several services from one provider, said James Goss, a media and entertainment analyst with Barrington Research in Chicago.

That's where Adelphia was somewhat inconsistent, and where the perceived opportunities for Time Warner are, Goss said.

Jonathon McGee, executive director of Ohio Cable Telecommunications Association, thinks the deal will offer more digital access because of Time Warner's planned upgrades. McGee's organization is a trade association based in Columbus, and Time Warner is a member.

"Overall, this is good news for the state," McGee said.

## **5. Can Embarq Take Off?**

Dan Frommer, 796 words, 05 May 2006, English, Forbes online

**Verizon North Inc.**  
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New York - All aboard a sinking ship? When Sprint Nextel spins off its local phone division later this month, the new company, Embarq, could face a tough sell for investors hesitant to ride with aging technology and soaring competition.

The deal should be completed May 17, the companies said Thursday, allowing Sprint Nextel and (nyse: S - news - people ) Chief Executive Gary Forsee to focus on their wireless business, whose first-quarter sales doubled year-over-year. In the spinoff, Sprint Nextel shareholders will receive one Embarq share per 20 Sprint shares. But with revenue and subscriber numbers expected to fall, who wants to keep them?

In a document filed with the U.S. Securities and Exchange Commission, Embarq warned that the number of access lines--its bread and butter--could fall between 5.5% and 7.5% on a year-over-year basis. The company also said Thursday that it expects flat or sinking revenue of \$6.2 billion to \$6.3 billion in 2006, compared with \$6.3 billion in 2005. And Embarq will carry some \$7.25 billion in debt.

But there is an upside: Embarq counts some desirable markets, including North Carolina, Florida, Nevada and Ohio, among its 18-state coverage area. With about 7.26 million subscriber lines, Embarq carries about 5% of U.S. households. And while the national telecom scene has consolidated, with the likes of AT&T (nyse: T - news - people ), BellSouth (nyse: BLS - news - people ) and SBC joining forces--as well as Verizon (nyse: VZ - news - people ) with MCI--some analysts say regional telcos might be next. "I would try to give it some time to see how this niche, regionalized carrier market develops," says David Weissman, senior telecom analyst for Zacks Investment Research. "That could offer value here."

Embarq, slated to trade on the New York Stock Exchange under the symbol EQ, will also need to leverage partnerships to make up for its aging infrastructure and competition from cable companies for its phone customers. The company plans to sell Embarq-branded wireless service as a virtual operator on Sprint's network and Dish Network satellite video through a partnership with EchoStar (nasdaq: DISH - news - people ). In addition to its digital subscriber line high-speed Internet service, which Embarq expects to grow 40% year-over-year, this gives the company a hodgepodge "quadruple play"--for now.

In the meantime, Sprint is pairing with cable companies like Comcast (nasdaq: CMCSA - news - people ) and Time Warner (nyse: TWX - news - people ) to resell wireless to cable customers, which could eat at Embarq's business. Others are cutting the cord completely--about 2% of U.S. households go wireless-only each year. And telco giants AT&T and Verizon are both betting billions that their aggressive fiber-optic projects will pave the road for new broadband services, leaving both cable and satellite companies in the dust.

With no fiber plans of its own yet, Embarq looks more like a utility company than anything else. Analysts compare it to regional telcos like Alaska Communications Systems (nasdaq: ALSK - news - people ), Citizens Communications Co. (nyse: CZN - news - people ), with major operations in New York, Minnesota and Arizona and Consolidated Communications (nasdaq: CNSL - news - people ), which sells phone service in Illinois and Texas. Each of those comparable companies sports a market capitalization between about 1.3 to two times annual revenue, meaning Embarq's market capitalization could range from about \$8 billion to \$12.5 billion.

Despite the long-term dangers regional telcos face from new technologies and bigger competitors, their recent performance bodes well for Embarq. Alaska Communications is lately trading at \$12.91, near its 52-week high. Citizens closed Thursday at \$13.12, just 6% off of its 52-week high, and Consolidated is selling for \$14.98, 11% off its recent top.

"It has the potential to be an income vehicle," Anthony Ferrugia, telecom analyst with A.G. Edwards, says of Embarq. "It's a very good set of assets under very prudent management. They're saying up front that

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they're not going to make junk out of it and will maximize payout." He adds that Embarg could be an attractive investment for a relatively conservative investor looking for dividend income with potentially modest growth.

Meanwhile, some analysts say Sprint's pure-play wireless company will become a more attractive investment itself. "While maturing, the U.S. wireless market continues to represent one of the more solid growth opportunities in wireless globally," says David Barden, telecom analyst for Banc of America Securities. Sprint declined to comment because of the impending deal.

Sprint isn't alone in isolating its wireless assets. Alltel (nyse: AT - news - people ) will spin off its wireline business midyear, combining with Valor Communications Group (nyse: VCG - news - people ) under the new name Windstream Communications.

#### **6. It pays to check around for deal**

Ohio Web site compares phone services, offers to fit consumer needs

Betty Lin-Fisher, 1,022 words, 22 October 2006, Ohio online, English, Copyright Akron Beacon-Journal 2006

A few weeks ago, I was innocently shopping around for a new local phone provider on my own -- not even for a column.

But then I stumbled on something interesting.

I was being vigilant to make a phone company honor a promotion I had seen mentioned on a handy interactive tool from the Ohio consumers' counsel (OCC) that lets you plug in features you want and then gives you a sampling of offers that fit those needs. Instead, I learned a heck of a lot more about state phone rules than I ever wanted to know.

Here's the good news: Companies that provide local phone service in Ohio must file their plans -- called tariffs -- with the Public Utilities Commission of Ohio. The often voluminous filings are more than any average consumer wants to read. But they outline the types of plans that a company intends to offer, and sometimes their promotions as well. Companies are allowed to change the plans, but they still must adhere to what's in them.

I ran into some frustration with Sage Telecom -- a telephone company out of Allen, Texas, that competes heavily with AT&T and others -- when I saw attractive promotions on the Ohio consumers' counsel's Web site. When I called as a regular consumer, multiple Sage customer service representatives told me they didn't know anything about the promotions and such promotions were unavailable. I was also promised return phone calls that never came.

But in the end, after research with staffers at the state agencies, I spoke to Robert McCausland, Sage vice president of regulatory affairs. The company has responded by notifying its customer service representatives of the promotions. I'll give you specifics a little further down.

#### **Interactive tool**

The market for local phone service is competitive: A lot of companies are vying for your business.

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Particularly, they want to provide you with all the extras that some people want beyond the basic dial tone: caller ID with name, call waiting, voice mail, three-way calling and long-distance. These are some of the premium features on which they're able to make a profit, and many of the companies offer attractive bundled packages.

The companies are also trying to compete with people who ditch their traditional land-line phone and go to cell phones or Voice over Internet Protocol.

But the myriad offers out there can be dizzying. That's where I found the OCC's Web site, [www.pickocc.org](http://www.pickocc.org), to be helpful. The state's residential utility advocate has come up with an interactive tool under the links "telecommunications" and "comparing your local telephone choices."

You can click on what features you're looking for (for example, unlimited local calls, call waiting and caller ID with name). The interactive tool will come up with offers from various companies. It's a good place to start to find a sampling of offers. There are also links directly to the companies so you can see more offers.

I liked another plan I saw on Sage's Web site, called Simply Savings Preferred, at \$29.99 a month, with unlimited local calls, 300 free nationwide and in-state long-distance minutes, home wire maintenance (the equivalent of AT&T's Linebacker, which can save you from costly repairs), and a myriad of calling features, including the ones I cared about: call waiting and caller ID with name.

On the OCC's site, it mentioned a Sage promotion for one of three things: (1) \$5 off in each of the first six months; (2) \$10 off in each of the first four months or (3) a \$50 check after your fifth month.

When I called Sage, customer service representatives didn't know about the second and third options. I was also not offered any promotions -- even when I asked whether there were any.

The OCC bases its charts on tariffs filed with the state and on contact with the companies, said spokesman Ryan Lippe. The original chart I saw a few weeks ago did have a typographical error on it for Sage's plans, saying you could combine the second and third offers, and that has been changed, Lippe said. The agency tries to be accurate but encourages consumers to double-check offers with companies.

But if you're suspicious that a company is not offering something it should be, you can always contact the Ohio consumers' counsel (877-742-5622) or the Public Utilities Commission of Ohio (800-686-7826) to have them look into the tariffs.

The current OCC chart is only for the service area of AT&T -- formerly SBC/Ameritech -- where the majority of competition exists. The OCC hopes to expand the service to other territories in the state. There is also a printed version of the chart for AT&T and other territories, which is more limited because of space. The information is updated every two weeks.

For me, it took five calls to Sage -- including one to McCausland when I identified myself as a reporter and told him my problems -- for the situation to get worked out. McCausland said he was very disappointed to hear about my troubles, and by the end of the day, he had fixed the problem.

"It's not in our best interest that our personnel aren't identifying to inquiring potential customers some of our competitive plans," he told me.

When I called the number for Sage (866-385-7281) after McCausland assured me the message about the promotions would get to the representatives, I had no problems, so you shouldn't, either. The promotions

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were designed to be offered in direct-mail campaigns, but if you ask specifically for them, you should be able to get them, he said.

I decided to go with the middle one -- \$10 off in each of the first four months. Even though the \$50 check after the fifth month is more appealing, I also know from reporting on the telecom industry that AT&T will most likely try to "win back" my business, meaning it will contact me with appealing discounts. (AT&T's package most comparable to Sage's is the "Personal Choice" package for \$27.95, but it doesn't include long-distance minutes. But win-back offers usually have deeper discounts or incentives.) So I'll wait and see. With telephone switches, there are no long-term contracts to sign, and you can keep your telephone number, so you can change anytime.

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**1. Buckeye TeleSystem Goes for the Triple Play**

<http://www.broadband-today.com/index.asp?layout=articlePrint&articleID=CA6351723>

By BBT Staff  
July 12, 2006

Buckeye TeleSystem has launched a new triple play network infrastructure based on Meriton Networks 6400 OTP (Optical Transport Platform). A facilities-based provider of telecommunications services with 1,700 route miles of fiber, Buckeye TeleSystem offers a full array of solutions for voice, data and video requirements, including local and long-distance phone service, Internet and intranet access, and video conferencing. As part of its overall network transformation to meet the growing demand for broadband multimedia services, Buckeye TeleSystem is leveraging its state-of-the art, multi-service infrastructure to deliver converged voice and Ethernet data services to the Toledo Public School district, and to supply compelling triple play services at competitive prices to the surrounding residential and business customers. A sister company, Buckeye CableSystem, for years has provided video services to Toledo schools via its hybrid fiber-coax network.

The new network links 60 administrative sites and schools throughout the greater Toledo area, delivering each location with high speed Internet access, TDM, and videoconferencing services - enhancing the students' educational experience and improving the efficiency of district's communications system. It is also supporting the delivery of FTTH voice, video and data services allowing Buckeye to rapidly roll out new services based upon customer demand.

"The Meriton 6400 OTP was an ideal match for the demands of the Toledo Public School district," said Doug Ward, director-network operations at Buckeye TeleSystem in a prepared statement. "With the Meriton platform, we save OPEX through the use of the automated network planning tool and we save CAPEX by deploying fewer wavelengths through the use of ADM-on-a-Wavelength technology. Additionally, the 6400 OTP supports both optical and copper GigE interfaces, which means that it fits well into our existing network and further leverages our previous investments."

**2. FCC ruling opens door to television competition**

Cable, phone companies will battle for our business

<http://www.cleveland.com/business/plaindealer/index.ssf?/base/business/1166702455115490.xml&coll=2&thispage=1>

Thursday, December 21, 2006  
From staff and wire reports

Washington- Worried about high cable rates, federal regulators on Wednesday approved rules making it easier for phone companies to compete with cable companies to offer pay TV subscriptions.

The Federal Communications Commission voted 3-2 to streamline the rules under which states and localities grant phone companies local franchises, allowing them to offer consumers "bundles" of service that include phone and video services, along with high-speed Internet access.

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The ruling is expected to make it easier for the nation's two biggest phone companies - AT&T Inc. and Verizon Communications - to get into the television business. Both have lobbied heavily for the regulatory changes.

FCC Chairman Kevin Martin said he is eager to see Internet-based television rolled out, because "competition is desperately needed in the video market."

Verizon already offers its FIOS video service to 175,000 customers in eight states, but has not yet decided when it will market the product in Ohio, where it is the local phone company in communities spread throughout 80 counties, said spokesman William Kula.

AT&T Ohio is actively negotiating with municipalities across the state and already has signed agreements with seven cities, including Lakewood and Kent, where it will compete head to head with Time Warner Cable.

"We expect to offer our U-verse service in Ohio in 2007," said AT&T spokeswoman Caryn Candisky.

Bring it on, is the response from Time Warner.

"I think it is going to make us look good," Time Warner spokesman William Jasso said of the competition. "We have a product to offer. They don't yet. It's all going to come down to service and we look forward to it."

Internet-based U-verse television is part of AT&T's three-year, \$4.6 billion upgrade to place fiber optic cable and high-tech equipment deeper into neighborhoods.

U-verse television is one part of what AT&T is calling its Project Light Speed, which is designed not only to provide high-quality television but also superior broadband and voice service.

"By the end of '08, our goal is to reach 19 million households with this new product," said Candisky. "That's half of the households we serve in our 13-state service area."

At Wednesday's FCC meeting, Chairman Martin pointed to a cable rate report showing that between 1995 and 2005, cable TV rates jumped 93 percent nationwide, about triple the rate of inflation. In places where consumers had a choice only between a cable company and a satellite TV provider, the average monthly cost was \$43.33 in 2005, the report said. But where cable companies faced direct competition from another "wired" company, the rate was 17 percent lower.

The FCC's new rules are aimed at encouraging such competition.

They require local authorities to act on a video franchise application within six months - and within 90 days if the applicant already has secured local rights of way for its wires. They also ban local governments from forcing new competitors to build out their systems more quickly than the current pay-TV provider.

The five-member commission's two Democrats, along with many local officials and consumer advocates, did not share Martin's enthusiasm for streamlined franchise rules.

They fear the new procedures will make it difficult for local authorities to force video providers to offer public, educational and government access channels. Also, they fear phone companies will "cherry-pick" the most affluent neighborhoods, and ignore poorer ones.

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Cable companies also say rates rose so sharply over the past decade because of higher programming costs, especially for sports.

Large phone companies, particularly AT&T and Verizon, want to quickly recoup the huge cost of building advanced networks to offer fast Internet connections and video services. But they are being slowed by the traditional franchising process, which requires them to seek approvals from thousands of local authorities with varying rules.

Plain Dealer reporter John Funk and Cox News Service contributed to this story

**3. Posted by VoipMonitor on January 30, 2006**

**Vonage Expands Service in Ohio**

Vonage Marketing, a subsidiary of Vonage Holdings Corp., a leading provider of broadband phone service, announced the availability of service in Bethany, Cincinnati, Hamilton, Harrison, Lebanon and Middletown, Ohio.

High-speed Internet subscribers working and residing near the Ohio River can now take advantage of Vonage's broadband phone service, which offers unlimited local and long distance calling and popular features like call waiting, call forwarding and voicemail for one low, flat monthly rate. Vonage customers in the southwestern corner of Ohio can now keep their current numbers or choose telephone numbers within the popular (513) area code.

"Who Dey can now direct his Bengal's fans to cheer for Vonage's flat-rate, full-featured cost-effective broadband service plans," said Michael Tribolet, president of Vonage America. "Vonage is clearly the choice for Cincinnati residents and small businesses who want broadband service plans they cannot get from their local or long distance phone companies, which include unlimited calling throughout the U.S., Canada and Puerto Rico, plus all of the traditional service plan features, as well as many proprietary features unique to Vonage at a great price."

Using the latest technology, Vonage sets the standard for the new generation of phone service with the following residential and business calling plans:

**Vonage pricing plans and features\***

**\$14.99/month - Residential Basic Plan - 500 minutes of local, toll and long distance calling throughout the United States, Canada and Puerto Rico.**

**\$24.99/month - Residential Premium Unlimited Plan - unlimited calling throughout the 50 United States, Canada and Puerto Rico anytime, anywhere.**

**\$39.99/month - Small Business Basic Plan - 1500 minutes of calling throughout the United States, Canada and Puerto Rico including a free dedicated fax line.**

**\$49.99/month - Small Business Unlimited Plan - unlimited calling throughout the United States, Canada and Puerto Rico including a free dedicated fax line.**

**Features included at no charge in all Vonage plans:**



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Voice  
Caller ID  
Call waiting  
Call forwarding  
Call hunt  
Call transfer  
Call return (\*69)  
Caller ID block (\*67)  
Repeat dialing  
Area code selection  
Number mobility  
Bandwidth saver  
Web-based account management  
Voicemail retrieval and real-time inbound/outbound calling activity  
International calling at significantly reduced rates  
London 4 cents a minute  
Hong Kong 4 cents a minute  
Sydney 5 cents a minute

\* Vonage 911 service operates differently than traditional 911. See <http://www.vonage.com/911> for details. Monthly rates exclude fees for activation, premium services, regulatory recovery fees & taxes. International calls are billed per minute. First Month Free offer only available for the \$24.99 Unlimited Plan and covers only the monthly cost of the plan, other charges & taxes may apply. Credit card & high-speed Internet req'd. Other restrictions may apply. See <http://www.Vonage.com> for complete Terms of Service & details.

**4. AT&T Unwires Ohio, DFW**

[http://www.lightreading.com/document.asp?doc\\_id=93161](http://www.lightreading.com/document.asp?doc_id=93161)

APRIL 24, 2006

**CLEVELAND -- Walk-Up Fee Moves to \$3.95 as Part of the AT&T "Cut Loose for Less" Promotion at Cleveland Hopkins International, Quicken Loans Arena and Hot Spots Along the Ohio Turnpike**

*Just in time for weekend getaways and entertainment events as thousands embrace spring's return, AT&T Inc. (NYSE: T - message board) today announced a new hot offer for high speed Internet users in Ohio -- a limited-time only Wi-Fi (high speed wireless Internet) hot spot connection fee for only \$3.95 for a two-hour session at Cleveland Hopkins International Airport, Quicken Loans Arena and multiple hot spots along the Ohio Turnpike.*

As one of the nation's largest Wi-Fi networks available to AT&T Yahoo! High Speed Internet customers, AT&T Remote Access enterprise customers and others who do not have AT&T services but simply need a Wi-Fi connection when on the go, AT & T Wi-Fi service is designed to enhance today's high speed Internet experience and to accommodate communications needs beyond the office and the home.

"The popularity of mobile communications continues to be a clear industry trend," Kevin Petersen, AT&T general manager. "And with more and more customers relying on a high speed Internet

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connection on a regular basis, it's important for AT&T to meet this expectation and deliver a consistent communications experience wherever our customers may be."

Customers at Quicken Loans Arena can access AT&T Wi-Fi service throughout much of the venue, including Gordon's Sports Bar, the food court, Bridges at The Q restaurant and other portions of the bowl arena. Service is available at Terminals A, B, C, D and the food court area at Cleveland Hopkins International Airport as well as in the concession, fueling and parking areas of 10 service plazas along the Ohio Turnpike.

Available for only \$1.99 a month for customers who bundle AT&T Wi-Fi with their AT&T Yahoo! High Speed Internet, customers can expand the value of their high speed Internet connection to include nearly 11,000 AT&T Wi-Fi locations nationwide, including Ohio hot spots.

To accommodate customers on the go who may not already have AT&T services, monthly AT&T Wi-Fi memberships are available to any consumer for \$19.95 a month and provide unlimited access to thousands of AT&T Wi-Fi hot spots, including select McDonald's restaurants; The UPS Store(R) and Mail Boxes Etc.(R); coffee shops, such as Caribou Coffee; and Avis rental car locations.

**5. Time Warner revamps AOL**

[http://money.cnn.com/2006/08/02/news/companies/timewarner\\_earnings/index.htm](http://money.cnn.com/2006/08/02/news/companies/timewarner_earnings/index.htm)

No. 1 media company reports mixed results, confirms plans to give away many AOL services for free. By Paul R. La Monica, CNNMoney.com senior writer August 2 2006: 12:52 PM EDT

NEW YORK (CNNMoney.com) -- Time Warner reported second-quarter earnings Wednesday that slightly exceeded expectations, and also confirmed plans to revamp the strategy for its struggling AOL Internet division.

Shares of Time Warner (up \$0.50 to \$16.75, Charts), the world's biggest media company, rose about 3 percent in early trading on the New York Stock Exchange.

Time Warner confirmed on Wednesday that it will now offer many of its services, such as e-mail and security, for free to broadband users.

Shares of Time Warner have dipped this year but shares of two of its top media rivals and its biggest cable competitor have surged.

Time Warner, which owns CNNMoney.com, posted net income of \$1 billion, or 20 cents a share, after excluding the effects of discontinued operations and an accounting change.

Wall Street expected Time Warner to report earnings per share of 19 cents, excluding one-time items. The company reported a loss of 9 cents a share a year earlier.

Sales were a bit lighter than expected though. The company reported revenue of \$10.7 billion, up 1 percent from the same period last year. Analysts were predicting that Time Warner would report sales of nearly \$11 billion for the quarter.

AOL still losing subscribers and revenue

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And as widely expected, Time Warner announced that it would allow AOL subscribers with a broadband connection to access their AOL accounts for free. Previously, AOL charged a discounted rate to these subscribers. The company said AOL will continue to offer dial-up access but will not market it as aggressively.

AOL has been struggling for the past few years as subscribers abandoned its dial-up Internet access service in favor of broadband plans offered by big cable and phone companies, as well as cheaper dial-up services from rivals such as EarthLink and United Online's NetZero.

Although AOL has made steps to boost its exposure to the white-hot online advertising market - an area currently dominated by the likes of search leaders Google (Charts) and Yahoo! (Charts) - by offering more services for free on its AOL.com site, this has not been enough to offset the eroding subscriber base and resulting decline in sales and operating profits.

In the second quarter, AOL's subscriber base declined by 3.1 million from the same period last year. As such, sales fell 2 percent from a year earlier, despite a 40 percent increase in advertising revenue. Operating profit at AOL dipped 5 percent.

But in a written statement, Time Warner president and chief operating officer Jeff Bewkes, said the company hoped that the changes at AOL will help the division get back on track.

"This is the next logical step for AOL to capitalize further on the explosive rise in broadband usage and online advertising. With its robust and rapidly expanding advertising operation, we expect to put AOL back on a growth path," Bewkes said.

Susan Kalla, an analyst with Caris & Co., wrote in a research report Wednesday morning that if the new AOL plan is a success, Time Warner might eventually want to consider spinning off the division.

However, she said investors would need to remain patient.

"A turnaround at AOL could be a catalyst for the stock, though not near term," she wrote, adding that subscription revenue for AOL should decline substantially during the next few years. But if the plan works, AOL's revenue could be back at the same level as they are today by mid-2008, she wrote, thanks to increased online advertising sales.

#### Mixed results for other businesses

Overall, Time Warner also reported a better than expected increase in adjusted operating income before depreciation and amortization (OIBDA), a key measure of profitability closely watched by Wall Street. Adjusted OIBDA rose 7 percent to \$2.66 billion, ahead of consensus forecasts of \$2.59 billion.

This profit increase was led by solid growth in two of Time Warner's other big businesses. Revenue at the company's cable division surged 15 percent and operating profit rose 22 percent, thanks to increased subscribers for high-speed data and digital phone services.

"Time Warner Cable delivered another great quarter," said Time Warner chief executive officer Dick Parsons during a conference call with analysts Wednesday morning.

Time Warner and rival Comcast completed their acquisition of the assets of bankrupt cable provider Adelphia Communications on Monday. That paves the way for Time Warner to possibly sell a stake in its cable business to the public.

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"As long as things are going well with the bread and butter cable unit, that's a tell-tale sign that the future may be bright for this company," said Greg Gorbatenko, an analyst with Jackson Securities.

Sales in the networks business, which includes CNN, TBS and HBO, gained 9 percent and operating profits rose 8 percent, thanks to higher subscription and advertising revenue.

Time Warner also raised its full-year adjusted OIBDA outlook, partly due to expected contributions from Adelphia as well as the recent purchase of the 50 percent stake in cable channel Court TV that Time Warner did not previously own.

The company said it now expects adjusted OIBDA to increase in the low double-digits in percentage for the year, as opposed to an earlier forecast of high-single digit growth.

"We're pleased with this quarter's results, which put us firmly on track to achieve our full-year financial objectives," Parsons said in a statement.

Time Warner's filmed entertainment division reported a mixed quarter though. Sales fell 10 percent from a year earlier due to tough comparisons to last year's strong second-quarter DVD sales. But operating profits rose 11 percent thanks to lower costs.

Time Warner's magazine publishing business continued to struggle as well due to lower subscriptions. Sales fell 2 percent and operating profit declined by 8 percent. But the company did say that the publishing unit's advertising sales increased, driven by online advertising revenue gains at SI.com and CNNMoney.

Still, AOL is where Wall Street is focusing most of its attention. Investors have been waiting for Time Warner to come up with a new plan for AOL. Many blame AOL's struggles for Time Warner's underperformance when compared to other media stocks.

Shares of Time Warner are down 6 percent this year while shares of media rivals Walt Disney (Charts) and News Corp. (Charts) have both gained more than 20 percent. Shares of Comcast (Charts) have surged more than 30 percent this year.

But one analyst pointed out that Time Warner's strong results from the cable business, combined with the changes at AOL, are a good sign.

"With Time Warner, it comes down to cable and AOL and we heard good things on both sides," said James Goss, an analyst with Barrington Research. "Generally speaking, this was a quarter to be pleased with."

Time Warner has continued to lag other media stocks despite the fact that the company has been buying back a large amount of its own stock. Share repurchases typically are viewed favorably by Wall Street because they help boost earnings per share.

Parsons said that Time Warner has so far repurchased \$11.7 billion's worth in shares since launching a buyback program last year. Under pressure from activist shareholder Carl Icahn, who had urged a break-up of Time Warner earlier this year, Time Warner agreed in February to boost the value of the buyback to \$20 billion.

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Time Warner said Wednesday that it expects to have repurchased a total of \$15 billion in Time Warner shares by the end of this year and that the remainder of the buyback will be completed in 2007.

**6. SunRocket to Unveil Global Calling Plan**

**Internet Phone Upstart Weighs in With Unlimited International Calling Plan**

By BRUCE MEYERSON AP Business Writer

<http://abcnews.go.com/Technology/wireStory?id=2172152>

NEW YORK Jul 10, 2006 (AP)— Internet phone company SunRocket Inc. to introduce a calling plan with unlimited calls to about 35 countries for \$25 a month, lowering the bar even further in the price wars that have unnerved investors about the young industry's long-term viability.

The plan includes unlimited calls to any landline anywhere in about 30 countries, regardless of whether it's over a traditional phone or another Internet service, plus 10 cities located in other countries.

As with most competing services, calls to mobile phones in the listed countries will still cost extra, with the per-minute rate ranging from 3 cents in many cases to 30 cents at the high end.

The new plan being launched Monday by SunRocket comes on the heels of the highly disappointing stock debut by industry leader Vonage Holdings Corp.

Vonage's shares have tumbled 55 percent since the initial public offering in late May, weighed down by worries the company spends too much on marketing to win new customers, and concerns that fierce price competition will force Vonage to lower its rates as well.

Investors also fret that Vonage's rapid growth and subscriber base, 1.6 million at last count, are threatened over the long haul by the lure of traditional phone and cable companies that are bundling calling plans with TV, Internet and cellular services on a single bill.

SunRocket, one of the industry's feisty upstarts, has doubled its subscriber base to 130,000 customers over the past four months with a service offering unlimited calls within the United States and Canada for \$199 a year.

Broken down, that plan costs about \$17 a month, or \$8 less than the \$25 Vonage charges for a similar unlimited service that also includes calls to five European countries,

The international SunRocket plan, priced at \$299 a year, includes calls to landlines throughout these countries: Argentina, Australia, Austria, Belgium, Chile, China, Czech Republic, Denmark, France, Germany, Greece, Ireland, Israel, Italy, Japan, Luxembourg, Malaysia, Netherlands, New Zealand, Norway, Poland, Portugal, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan and the United Kingdom.

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**7. Comcast adds 200,000 voice subs**

<http://www.marketwatch.com/news/story/comcast-adds-200000-digital-voice-subscribers/story.aspx?guid=%7B34A97EFE-9440-4547-B94E-D652556F0A01%7D&print=true&dist=printTop>

By David B. Wilkerson, MarketWatch Last Update: 6:01 PM ET Jan 9, 2006

CHICAGO (MarketWatch) -- Comcast Corp. added more than 200,000 digital-voice subscribers in 2005 and expects to sign up more than 1 million additional customers this year, the largest U.S. cable-television operator said Monday.

Philadelphia-based Comcast (CMCSKCMCSA) made the announcement ahead of Chairman Brian Roberts' appearance later Monday at Citigroup's annual conference for entertainment, media and telecommunications companies in Phoenix.

At the conference, Roberts told investors that the company now has 1.3 million digital-voice customers, and expects to have well more than 2 million by the end of 2006.

Comcast's goal is to have 20% penetration of the digital-voice market in five years.

Cable operators face competition not only from satellite broadcasters but increasingly from regional telephone companies. The phone firms' battle against cable involves broadband, dial-tone and -- most recently -- video customers.

Cable stocks have languished for the better part of two years, due in large part to the perception that the phone companies can eventually take meaningful market share from the industry.

For this reason, companies like Comcast want to make sure investors are aware of the progress they are making in attracting voice customers, a service that historically has been the domain of the phone firms.

Asked about the phone companies and their apparent effect on cable share prices, Roberts said that it won't be easy to catch up to cable's established fiber-optic infrastructure, partly because of the significant cost.

"I don't believe in the theory that [phone companies will spend to upgrade their plants] because they have to," he added. "You don't have to spend good money after bad if there's no payback."

Roberts also said that from Comcast's experience, such a rebuild "costs more, not less" than originally planned.

Among other newer technologies, Comcast arguably has been the foremost proponent of free video-on-demand, which allows users access to various kinds of programming whenever they choose. The technology allows content to be fast-forwarded, rewound or paused.

Roberts pointed out that the company's 300 free on-demand movies generated 7 million orders for viewing in September, 13 million in October and 15 million in December.

"Some 70% of users said it improves the value of digital cable," he said, adding that it helps to decrease the number of canceled digital subscriptions.

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Music, both videos and long-form concerts, constitutes the fastest-growing video-on-demand category for Comcast, according to Roberts, with 30 million views each month during the fourth quarter. "We just introduced karaoke -- go ahead and chuckle," he quipped. "We had 3 million songs viewed in December."

In response to a question from the audience, Roberts said that video-on-demand's growth has contributed to a slowdown in the number of new channels being attempted. "We're telling people who come to us [to propose a new network]: You're probably better off launching on-demand. ... There's no place for a karaoke channel, but on demand, someone is making money off that relationship."

Turning to other matters, Roberts indicated that the company remains "excited" about the close of its acquisition, with Time Warner Inc. (TWX), of bankrupt cable operator Adelphia Communications. The deal, he said, is still expected to close by the end of the second quarter.

The executive reiterated that Comcast has no intention of pursuing a major acquisition of a content provider, as it did when it tried to buy Walt Disney Co. (DIS) in early 2004. "That was a moment in time," he said. "We've now said we're going to build, not buy."

Comcast's shares rose 25 cents to close at \$27.11.

David B. Wilkerson is a reporter for MarketWatch in Chicago.

#### **8. MLB: INDIANS: Time Warner to launch SportsTime Ohio**

<http://www.noticias.info/asp/aspComunicados.asp?nid=150821&src=0>

February 3, 2006

New network is home of Cleveland Indians coverage

/noticias.info/ COLUMBUS, Ohio -- Time Warner Cable Mid-Ohio Division today announced that it will launch the Cleveland Indians TV network, known as SportsTime Ohio, on Standard Service channel 34 on March 29. Customers who subscribe to Time Warner Cable HD service and the Digital Variety Package may view SportsTime Ohio in high definition by tuning to high definition channel 752 beginning April 8.

A preview of the network will be available on Time Warner Cable Basic Service channel 24 from March 12 -18, providing coverage of the Indians' first five spring training games. The remaining spring training games will be available on channel 34 along with 130 regular season games.

Time Warner Cable also announced that effective March 29, it will relocate The Golf Channel, currently available on Standard Service channel 34, to Standard Service channel 62. Video Marketplace, currently on channel 62, will move to digital channel 137 as part of the Digital Variety Package.

"We're excited about the addition of what's sure to be a very popular channel for our customers," said Mid-Ohio Division President Rhonda Fraas.

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Last week, SportsTime Ohio management announced that in addition to coverage of Indians games, SportsTime Ohio will feature a 30-minute program that will look at what's happening in Major League Baseball each week.

Jim Liberatore, president of Fastball Sports Productions, which operates the network, said plans are to build SportsTime Ohio into a fulltime network that will feature original local programming centering on the interests of Ohio sports fans. "We believe there will be strong interest in programming that covers local teams and issues and that understands and speaks to the passions of Ohio sports fans," he explained. "This can include high school, college and professional games featuring area teams, and other programming - such as the best historical sports events - that will be of interest to fans."

**About Time Warner Cable Mid-Ohio Division**

Time Warner Cable Mid-Ohio Division is a division of Time Warner Cable, Inc., which owns and manages cable systems serving subscribers in 27 states including some of the most technologically advanced, best-clustered cable systems in the country with more than 75% of the Company's customers in systems of 300,000 subscribers or more. Utilizing a fully upgraded advanced cable network and a steadfast commitment to providing consumers with choice, value and quality customer care, Time Warner Cable is an industry leader in delivering advanced products and services such as video on demand, high definition television, digital video recorders, high-speed data, wireless home networking and Digital Phone. Time Warner Cable is a subsidiary of Time Warner Inc. (NYSE: TWX).

**About Fastball Sports Productions**

The Cleveland Indians Baseball Company Limited Partnership established Fastball Sports Productions in December 2005 as an innovative media enterprise to serve a variety of sports programming purposes. Its initial venture is to offer the largest television package in team history (158 games annually) on SportsTime Ohio, beginning with the 2006 season. The schedule calls for SportsTime Ohio to air 130 regular season games on cable and satellite television along with eight spring training games. SportsTime Ohio will also broadcast an additional 20 games on WKYC-TV (Cleveland) and other over-the-air local television stations in key Indians television markets. Plans are being developed to offer additional programming to complement this expanded baseball schedule throughout the year, geared specifically toward Ohio area sports fans and the passion that makes our region a great sports community.

**9. ARMSTRONG CABLE SELECTS EGT FOR NEW DIGITAL VIDEO PROJECTS**

<http://egt.solarvelocity.com/Page3277.aspx>

**Leading MSO Says EGT Encoders Provide the Best Video Quality in the Market**

Atlanta – March 31, 2006 - EGT today announced that Armstrong, the 18th largest MSO in the United States, has purchased an additional 88 channels of EGT's QUARTET encoder as part of Armstrong's digital video projects. To date, Armstrong has purchased 110 channels of EGT's PRELUDE and QUARTET Encoders. The superior video quality of EGT's encoders, along with the flexible and programmable platforms led Armstrong to choose EGT as its exclusive encoder vendor.

With EGT's encoders and supporting solutions, Armstrong is able to offer more digital programming to its subscribers while benefiting from an open and scalable product that provides the highest quality video output at very low bit rates. EGT products provide cable operators like Armstrong with



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considerable performance enhancing functions that have been designed to intelligently reduce the complexity and cost of delivering a full digital video experience. Additionally, Armstrong will have the ability to upgrade EGT encoders with feature-rich enhancements, such as variable bit rate (VBR) and distributed closed-loop encoding.

After an encoder bake-off, EGT proved to have the architecture, quality, options and price points we were looking for," said Mike Giobbi, Vice President of Engineering and Technology for Armstrong. "The EGT Encoders are an important element in our Digital Simulcast Network as we duplicate our analog channels all the way to customers' Set-Top boxes and Digital Televisions.

EGT's QUARTET is a high-density, constant bit rate (CBR) encoder with up to 4 channels in a 1RU (rack unit) chassis. Perfect for PEG channels, QUARTET is built on EGT's DSP-based platform, an open, programmable design that offers a superior, yet cost-effective solution that no other encoder can deliver.

"We are thrilled to be working with Armstrong as they deploy EGT encoders across their digital video projects," said Greg Nicholson, CEO of EGT. "As one of the top cable operators in North America, Armstrong continues to be a leader in innovation, designing highly reliable networks and providing cutting-edge services."

EGT's MPEG-2 digital video encoders provide operators with a cost-effective solution to develop new revenue sources. Specifically, EGT allows network operators, like Armstrong, to deliver more channels of content with less bandwidth, reduce rack space and power requirements, eliminate the need for ancillary equipment, and add future video processing application flexibility.

**About EGT**

EGT Inc., delivers the world's best digital video experience, helping today's leading multiple system operators (MSOs), IPTV operators, broadcasters, content providers, satellite and telecommunications companies deliver more value-added services and new revenue streams using existing networks. Today's North American and international MSOs rely on EGT's technology as a cost-effective, flexible solution for delivering the best video experience in the world, featuring more channels of content, more video on demand bandwidth, and more efficient analog-to-digital conversions within existing networks. Headquartered in Atlanta, with offices in Denver and New Jersey, EGT is privately owned and backed by industry-leading investors. For more information call (404) 591-4800 or visit at [www.egtinc.com](http://www.egtinc.com).

**About Armstrong Cable**

Armstrong@ provides television, high-speed Internet and telephone service to customers in Pennsylvania, Ohio, West Virginia, Kentucky and Maryland, and is America's 18th largest cable television provider\*.