

**REDACTED - FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Applications of AT&T Inc. and)	WT Docket No. 11-65
Deutsche Telekom AG)	
)	
For Consent To Assign or Transfer Control of)	
Licenses and Authorizations)	

REPLY COMMENTS OF ZAYO GROUP, LLC

Scott E. Beer
Zayo Group, LLC
400 Centennial Parkway, Suite 200
Louisville, Colorado 80027
303.381.4664 (t)
303.226.5923 (f)
sbeer@zayo.com

and

Eric J. Branfman
BINGHAM MCCUTCHEN, LLP
2020 K St., NW
Washington, DC 20006
202.373.6000 (t)
202.373.6001 (f)
eric.branfman@bingham.com

REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

Pursuant to the Public Notice issued by the Federal Communications Commission (“Commission” or “FCC”) in the above-captioned proceeding on April 28, 2011,¹ Zayo Group, LLC, on behalf of itself and its wholly owned operating subsidiaries (collectively referred to herein as “Zayo”), files this Reply to the Joint Opposition of AT&T Inc. (“AT&T”), Deutsche Telekom AG (“DT”), and T-Mobile USA, Inc. (“T-Mobile,” and together with AT&T and DT, “Applicants”) to Petitions to Deny and Reply to Comments filed in the above-captioned proceeding on June 10, 2011 (“Opposition”).

I. Introduction and Summary

Zayo is a provider of bandwidth infrastructure services, including fiber based services and collocation and interconnection-related services. Among other things, Zayo provides lit and dark fiber services over its regional, metro and fiber to cell site networks (including T-Mobile’s, as referenced in Applicants’ Opposition) and other customers. Zayo’s bandwidth infrastructure services are used by wireless service providers, carriers and other communication service providers, media and content companies, and other bandwidth-intensive businesses. Zayo provides traditional macro cell site backhaul services in Tier 1, 2 & 3 markets supporting both TDM and Ethernet based requirements of wireless service providers. Zayo also supports several alternative RF needs of wireless carriers (e.g. DAS, Micro, Pico and WiFi) through its Antenna Infrastructure Solutions (AIS) product. The Zayo AIS product supports these alternative RF needs via Zayo’s fiber, TDM and Ethernet based services. Generally, Zayo’s infrastructure based products for wireless service providers come in the form of dark fiber and/or raw

¹ FCC Public Notice, *AT&T Inc. and Deutsche Telekom AG Seek FCC Consent to the Transfer of Control of the Licenses and Authorizations Held by T-Mobile USA, Inc. and Its Subsidiaries to AT&T Inc.*, WT Docket No. 11-65, DA No. 11-799 (rel. Apr. 28, 2011) (“Public Notice”).

REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

bandwidth in support of wireless applications such as (i) Metro and Regional, (ii) Mobile Switching Centers (“MSC”) to MSC connectivity, (iii) Direct Connects, (iv) MSC to LSO connectivity, and (v) MSC to Data Center and key IP aggregation and carrier interconnection points. Zayo currently has *** BEGIN HIGHLY CONFIDENTIAL [REDACTED] END HIGHLY CONFIDENTIAL*** fiber to the cell sites on net, and serves T-Mobile on *** BEGIN HIGHLY CONFIDENTIAL [REDACTED] END HIGHLY CONFIDENTIAL*** of those sites. There are an additional *** BEGIN HIGHLY CONFIDENTIAL [REDACTED] END HIGHLY CONFIDENTIAL*** T-Mobile fiber to the cell sites that are under contract but not yet installed. As of May 2010, Zayo served T-Mobile at *** BEGIN HIGHLY CONFIDENTIAL [REDACTED] END HIGHLY CONFIDENTIAL*** fiber to the cell sites,² contrary to the information provided at Table 1 of the Reply Declaration of Willig et al filed June 10, 2011. Additional Zayo statistics are contained in paragraph 3 of David Howson’s Declaration attached as Exhibit A hereto.

As appropriately addressed by several Petitions to Deny and Comments filed by other parties, the Applicants’ proposed merger, absent conditions, will provide the Merged Company the opportunity to maintain and increase AT&T’s legacy monopoly power and otherwise damage competition in a number of markets.³ Such negative impacts will be especially apparent in non-

² Howson Declaration, ¶ 3.

³ See COMPTTEL Petition to Deny, filed May 31, 2011 (“COMPTTEL Petition”); Petition of MetroPCS Communications, Inc. and Ntelos Inc. to Condition Consent, or Deny Application, filed May 31, 2011 (“MetroPCS Petition”); Petition to Deny of NoChokePoints, filed May 31, 2011 (“NoChokePoints Petition”); Petition to Deny of EarthLink, Inc., filed May 31, 2011 (“EarthLink Petition”); Petition to Deny of PAETEC Holding Corp., Mpower Communications Corp., and U.S. TelePacific Corp., filed May 31, 2011 (“PAETEC Petition”); Comments of Fibertech, LLC, filed May 31, 2011 (“Fibertech Comments”); Sprint Nextel Corp, Petition to Deny, filed May 31, 2011 (“Sprint Petition”); Petition to Deny of Rural Cellular Association, filed May 31, 2011 (“RCA Petition”); Comments of United States Cellular Association, filed May 31, 2011.

REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

Tier 1 markets where there are fewer alternative fiber based access providers and/or where such competition via alternative fiber based access providers is nascent. The Applicants' proposed merger will generally suppress horizontal competition in the wireless market and vertical competition in upstream markets. It will specifically, have a negative impact on the upstream fiber to the cell backhaul market.⁴ Zayo disagrees with the Opposition's defense of the proposed merger. Unless significant and targeted conditions are placed on Applicants to eliminate the potential harms to the fiber to the cell backhaul market, the Applicants' proposed merger is not in the public interest and should not be allowed to proceed.

II. Objections to the Applicants' Proposed Merger

As articulated in the filings of others, until recently, wireless backhaul was accomplished largely by DS- and OCn-level special access, furnished almost exclusively by ILECs, and characterized by very high prices, enormous rates of return, and restrictive terms and conditions that inhibited competition by competitive providers of special access.⁵ Indeed, T-Mobile itself was one of the most vigorous opponents of a special access regime that was predicated on bloated ILEC rates and restrictive terms and conditions that precluded competitive entry.⁶ Zayo agrees with the Opposition that as the result of explosive growth in wireless data usage and technological developments, wireless backhaul is currently in a stage of transition from DS- and

⁴ Another concern worth noting, apart from injury to the fiber to the cell site backhaul market, is the fact that the spectrum license consolidation contemplated by the transaction is contrary to the Commission's goals in the areas of competition and economic opportunity. *See* COMPTTEL Petition, at pp. 11-14; MetroPCS Petition at pp. 33-34.

⁵ *See* NoChokePoints Petition at pp. 3-6; EarthLink Petition at pp. 12-16; PAETEC Petition at pp. 12-15; MetroPCS Petition at p. 54; Fibertech Comments at pp. 4-5; Sprint Petition at pp. 39-41; COMPTTEL Petition at pp. 23-25; RCA Petition at p. 22.

⁶ *See* NoChokePoints Petition at p. 6; Comptel Petition at pp. 24-25; PAETEC Petition at p. 15; Fibertech Comments at p. 28; RCA petition at p. 22.

REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

OCn-level backhaul to fiber and optical Ethernet delivered over fiber all the way to cell sites.

Zayo is part of that transition, and has been successful in working with T-Mobile and other wireless carriers to provide fiber to the cell site backhaul in competition with AT&T, Verizon, and other ILECs. As others have pointed out,⁷ T-Mobile has stated in FCC filings that it has been a leader in this transition and associated innovation. Independent of the ILECs, T-Mobile has sought out less expensive backhaul solutions provided by Zayo and others that do not rely on its principal competitors, AT&T and Verizon. While these alternative fiber to the cell site solutions are less expensive to T-Mobile, the alternative fiber providers (like Zayo) have deployed substantial success based capital to construct and deploy these fiber solutions.

A. AT&T will eliminate T-Mobile's purchases from alternative access vendors

Zayo agrees with others that have asserted that if the merger is allowed without conditions on the Merged Company's backhaul purchases, T-Mobile will likely purchase backhaul exclusively from AT&T within AT&T's region and where AT&T has facilities out-of-region.⁸ Such negative impacts will include not only the loss to the competitive market of new (i.e. growth) cell sites, but also the loss of existing backhaul sites. The suggestion of AT&T's economists that post-merger T-Mobile will purchase backhaul from AT&T *only* where it cannot obtain such backhaul at a lower price from competitive backhaul providers⁹ is based on theoretical, ivory tower economics, and is simply not credible in the real world.

⁷ See Sprint Petition at p. 40; PAETEC Petition at p. 15; Fibertech Comments at p. 25; COMPTTEL Petition at p. 30.

⁸ See Sprint Petition at pp. 40-41; EarthLink Petition at p. 14; PAETEC Petition at pp. 11-12; Fibertech Comments at pp. 2, 25; COMPTTEL Petition at pp. 7-8; NoChokePoints Petition at p. 7.

⁹ Reply Declaration of Robert D. Willig, Jonathan M. Orszag and Jay Ezrielev, filed June 10, 2011, at ¶¶ 109-110.

**REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

In meetings and discussions between Zayo and AT&T's Global Access Management (GAM) team (the team responsible for procurement of AT&T's network from external vendors), AT&T has explicitly informed *** BEGIN HIGHLY CONFIDENTIAL [REDACTED]

[REDACTED]

■ [REDACTED]

[REDACTED]

■ [REDACTED]

■ [REDACTED]

[REDACTED]

■ [REDACTED]

■ [REDACTED] END HIGHLY

CONFIDENTIAL ***¹⁰

AT&T's above stated order of priority is a clear indication of how it intends to exercise its monopoly power and negatively impact vertical competition – including the very important but nascent fiber to the cell site backhaul market and related infrastructure services. The impacts of AT&T's execution against these priorities on the competitive access space are far reaching. When the use of alternate access providers such as Zayo are the last priority, the new fiber builds that are required to provide optical Ethernet services to cell sites that are so desperately needed to increase the competitive footprint of broadband penetration across the USA, will fall into the hands of the existing incumbents. Such a result will only extend the head start the incumbents already have and greatly reduce the expansion of alternative fiber access

¹⁰ Howson Declaration, ¶ 5.

**REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

networks (and consequently additional broadband deployment). The growing demand from cell sites is a large source of demand in many of the non-tier 1 markets, and is the natural driver to attract new fiber based networks and open up competition in these markets.

AT&T's recent behavior illustrates its desire to (i) follow the above stated order of priority for network solutions for its 4G roll-out, and (ii) wield its legacy monopoly power to the detriment of alternative fiber based access providers. *** BEGIN HIGHLY CONFIDENTIAL

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] END HIGHLY CONFIDENTIAL***¹¹.

In addition, Zayo's recent experience with AT&T is that in virtually every out-of-region AT&T market, AT&T (through its legacy CLEC business (TCG)) is initiating builds that will reduce and/or eliminate competitive fiber based services in the access market. This AT&T behavior is being seen in *** BEGIN HIGHLY CONFIDENTIAL [REDACTED]

¹¹ Thus, Zayo agrees with COMPTTEL's observation that the completion of this merger, absent conditions, may facilitate coordinated action for AT&T to purchase Ethernet backhaul services for both AT&T Mobility and T-Mobile exclusively from Verizon in locations in Verizon's ILEC region where AT&T has no facilities, in exchange for Verizon Wireless purchasing backhaul exclusively from AT&T in locations in AT&T's ILEC region where Verizon has no facilities.-COMPTTEL Petition at p. 29; see PAETEC Petition at p. 15 (pointing to existing arrangements between Verizon and AT&T for discounted special access).

REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

[REDACTED] [REDACTED] END HIGHLY

CONFIDENTIAL***and other areas.¹²

B. Loss of T-Mobile's purchasing power will harm competition for wireless backhaul

While AT&T downplays the competitive significance of the volume of T-Mobile's backhaul purchases, pointing to the \$36 billion of purchases in the overall special access market,¹³ Zayo agrees with others that the loss of T-Mobile as an independent purchaser of backhaul is of greater significance than can be measured by comparing the volume of T-Mobile's current, but rapidly growing, wireless backhaul purchases with the size of the overall special access market.¹⁴ For one thing, having argued that the Commission should look at the competition in the evolving market for Ethernet and fiber special access, it is inappropriate for AT&T to point to the dollar volume of the entirety of special access, most of which is the DS- and OCn-level service that is not part of the evolving market for Ethernet and fiber special access..

More importantly, by diminishing the addressable market for independent wholesale providers of special access, the merger may negatively impact an independent fiber provider's ability to more cost effectively serve or invest in the fiber/Ethernet backhaul market. The importance of T-Mobile as an anchor fiber-to-the cell site tenant is magnified by the fact that

¹² Howson Declaration, ¶ 6.

¹³ Opposition at p. 170.

¹⁴ See NoChokePoints p. 7; EarthLink Petition at pp. 15-16 (pointing to declaration of T-Mobile executive that T-Mobile expects data traffic to grow by "at least 20 times" between 2010 and 2015); PAETEC Petition at p. 15 (pointing to T-Mobile's greater use of open market purchases of backhaul); Fibertech Comments at pp. 3-5, 25-26; CompTel Petition at pp. 3, 8-9, 25-29.

**REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

there are few customers at a cell site, and substantial economies of scale. Over the past 3 ½ years, Zayo has deployed a substantial amount of capital to construct and deliver fiber to the cell site backhaul services for T-Mobile. Specifically, Zayo has deployed *** BEGIN HIGHLY CONFIDENTIAL [REDACTED] END HIGHLY CONFIDENTIAL*** of capital in support of T-Mobile fiber backhaul projects and will spend an additional *** BEGIN HIGHLY CONFIDENTIAL [REDACTED] END HIGHLY CONFIDENTIAL*** in the near term to support 'in-flight' T-Mobile fiber to the cell site service orders (i.e. contracted services yet to be installed). These capital investments for T-Mobile fiber backhaul projects represent approximately ***BEGIN HIGHLY CONFIDENTIAL [REDACTED] END HIGHLY CONFIDENTIAL*** of Zayo's total capital deployments for fiber to the cell site.¹⁵ It is critical to Zayo (as an alternative fiber based access provider) and other access customers (many of whom are direct competitors to T-Mobile and AT&T Mobility) that T-Mobile not only comply with its contractual obligations to Zayo, but also that T-Mobile maintain, preserve and extend these vital fiber to the cell site backhaul services.

*** BEGIN HIGHLY CONFIDENTIAL [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹⁵ Howson Declaration, ¶ 7.

REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

[REDACTED] END HIGHLY CONFIDENTIAL*** This further supports the previous points that the existing T-Mobile contracts must be maintained and extended and that new networks such as these are vital to improve competition in markets.¹⁶

It is also important to note that Applicants' claim that "no carrier, including any ILEC, has any historical head start or advantage in providing Ethernet backhaul services,"¹⁷ is incorrect. In particular, Zayo and other alternative access providers encounter numerous obstacles in constructing fiber to cell sites that are not that are not encountered by ILECs, including right of way and building access requirements, longer mileage to build, lack of existing ILEC copper facilities, absence of the captive demand of wireless affiliates, take-or pay contracts with the ILECs that prevent potential customers from changing carrier, and the lack of a legacy fiber network. Various smaller wireless providers have communicated to Zayo that they could not sign new backhaul service orders and/or needed to delay Ethernet rollout due to being locked into take-or-pay volume commitment deals with ILECs.¹⁸

As shown above, if T-Mobile's demand for independently provided backhaul diminishes

¹⁶ Applicants appear to suggest that competitive backhaul networks are already deployed to a significant number of cell sites so that wireless providers can readily switch from the ILEC to a competitive alternative. See Mayo Decl. ¶ 5 ("T-Mobile USA has been able to choose from among backhaul options offered by various providers."). Based on Zayo's knowledge and experience, Mr. Mayo's assertion is false. In most instances in which Zayo is asked to bid on providing fiber based services to a cell site, it has to construct new facilities. Zayo, like all other alternative fiber backhaul providers, cannot afford to build fiber networks on a speculative basis to any customer. Except in circumstances where Zayo is already serving a cell site, Zayo does not have existing fiber facilities that can provide backhaul service to a cell site. Instead, Zayo responds to RFPs from wireless carriers for fiber based services and if and when it is awarded a contract to provide such service, Zayo must deploy new fiber cable and bear the expense and delays associated with such fiber deployment. Howson Declaration, ¶ 9.

¹⁷ Casto Declaration, filed June 10, 2011, ¶ 11.

¹⁸ Howson Declaration, ¶ 10.

REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

as a result of the merger, it may negatively impact a competitive provider's ability to serve other wireless carriers at the cell site cost-effectively. This, in turn, may result in harm to the wireless market, as other independent wireless providers find it more difficult and more costly to purchase the backhaul that is an indispensable input to their service and a significant part of their cost of service.¹⁹

Moreover, the cascading impact of the loss of T-Mobile as an independent buyer of backhaul does not stop at the cell site. Building to the cell site enables Zayo to compete for other special access business along the route. Zayo agrees with Fibertech²⁰ that the loss of T-Mobile may adversely affect competition in not only the fiber to the cell site market, but also for non-backhaul special access to other customers along the route.

C. The merger will result in loss of innovation

In addition, Zayo agrees with Fibertech's assertion that the loss of T-Mobile as a purchaser may result in injury to innovation because "in the absence of independent wireless companies such as T-Mobile that have been at the forefront of using fiber to the cell site, those additional competitive last mile networks will never be built."²¹ Zayo knows from its own experience that T-Mobile has been a leader in innovating less costly means of connecting to cell sites, and its disappearance from the market may prevent continued innovation.

III. Remedies

¹⁹See MetroPCS Petition at p. 54; NoChokePoints Petition at pp. 6-8; Sprint Petition at pp. 42-43; PAETEC Petition at pp. 15-16; COMPTTEL Petition at pp. 22-25; Fibertech Comments at pp. 3-5, 26-28.

²⁰ Fibertech Comments at pp. 3, 20.

²¹ Fibertech Comments at p. 29; see COMPTTEL Petition at p. 30 ("elimination of T-Mobile as an independent purchaser of wireless backhaul facilities is also likely to slow innovation and therefore harm consumers").

REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

Finally, Zayo endorses several of the remedies proposed by other commenters.²² Zayo agrees that it is appropriate to impose substantial and targeted conditions that will ensure that T-Mobile's current contracts for backhaul are maintained and extended and its independent spending is maintained and grows in accordance with the Merged Company's overall growth in need for backhaul. Thus, Zayo proposes that the Commission adopt the following remedies:

1. The Commission should require the Merged Company for 60 months after closing of the merger to maintain at least the level of backhaul purchases that equals or exceeds the amount of that T-Mobile and ATT purchase from non-BOC affiliated backhaul providers within the AT&T 22 state ILEC region; the minimal level of purchase shall be increased by the same annual percentage as the percentage of growth in backhaul usage by the Merged Company. These minimum purchase levels should be maintained whether or not AT&T decides to integrate T-Mobile's network into the AT&T Mobility network or transfer the T-Mobile assets to AT&T Mobility or any other AT&T entity

2. T-Mobile should be required to extend its current contracts with non-BOC providers of special access by an additional thirty-six months. As part of this condition, neither T-Mobile nor any successor or assignee would be allowed to terminate circuits except where it decommissions a cell site and no longer has any need for facilities between the designated end-points. It should not be permitted to terminate circuits in order to groom the line over to AT&T's facilities.

3. The merged company should be prohibited from purchasing special access from Verizon or CenturyLink under sole source contracts, without allowing for bidding by others, and

²²*E.g.*, Fibertech Comments at pp. 29-30.

**REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

should be prohibited from selling special access to Verizon or CenturyLink under sole source contracts, without allowing for bidding by others.

4. All existing contracts, contract tariffs and other arrangements between AT&T and Verizon for special access must be modified to eliminate most favored nations provisions and reciprocal dealing. As part of this condition, AT&T must reinstate revenue that was disconnected from non-BOC providers since January 1, 2011 that was in any way related to reciprocal dealings contracts with Verizon and must be prohibited from disconnecting any additional service unless the incumbent non-BOC provider is unwilling to match Verizon pricing. Any such contracts that have minimum volume requirements must be modified so that the minimum volume requirements can be met by at least 50 customers, based on 2010 purchase volumes.

Respectfully submitted,
/s/

Scott E. Beer
Zayo Group, LLC
400 Centennial Parkway, Suite 200
Louisville, Colorado 80027
303.381.4664 (t)
303.226.5923 (f)
sbeer@zayo.com

and

Eric J. Branfman
BINGHAM MCCUTCHEN, LLP
2020 K St., NW
Washington, DC 20006
202.373.6000 (t)
202.373.6001 (f)
eric.branfman@bingham.com
Counsel for Zayo Group, LLC

June 20, 2011

**REDACTED - FOR PUBLIC INSPECTION
SUBJECT TO SECOND PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Applications of AT&T Inc. and)	WT Docket No. 11-65
Deutsche Telekom AG)	
)	
For Consent To Assign or Transfer Control of)	
Licenses and Authorizations)	

DECLARATION OF DAVID HOWSON

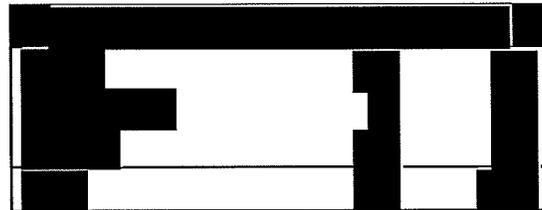
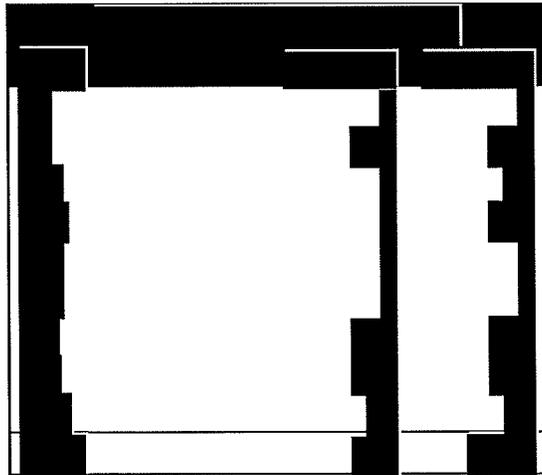
1. My name is David Howson. I am President of Zayo Bandwidth, a business unit within Zayo Group, LLC. In my current role, I am responsible for all strategic and financial decisions concerning Zayo Bandwidth, including Zayo's lit and fiber backhaul services. I have over 17 years of experience in the telecommunications industry. I graduated with an Engineering Degree with Honors from Oxford Brookes University, England.

2. This declaration responds to claims in Applicants' June 10, 2011 filing in this docket regarding their dealings with Zayo and the market for wireless backhaul. I have personal knowledge of the facts presented herein.

3. I present below in table form data on the number of cell sites Zayo had in service as of May 31, 2010 and May 31, 2011 with T-Mobile and in total. ***BEGIN

HIGHLY CONFIDENTIAL

**REDACTED - FOR PUBLIC INSPECTION
SUBJECT TO SECOND PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**



END HIGHLY CONFIDENTIAL***

4. ***BEGIN HIGHLY CONFIDENTIAL [REDACTED]

**REDACTED - FOR PUBLIC INSPECTION
SUBJECT TO SECOND PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. END HIGHLY CONFIDENTIAL***

5. ***BEGIN HIGHLY CONFIDENTIAL [REDACTED]
[REDACTED]

- [REDACTED]
[REDACTED]
- [REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
- [REDACTED]. END HIGHLY

CONFIDENTIAL***

6. In virtually every out-of-region AT&T market, AT&T (through its legacy CLEC business (TCG)) is initiating builds that will reduce and/or eliminate competitive fiber based services in the access market. This AT&T behavior is being seen in
***BEGIN HIGHLY CONFIDENTIAL [REDACTED]

**REDACTED - FOR PUBLIC INSPECTION
SUBJECT TO SECOND PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

[REDACTED] END HIGHLY

CONFIDENTIAL*** and other areas.

7. Zayo has deployed ***BEGIN HIGHLY CONFIDENTIAL [REDACTED] END HIGHLY CONFIDENTIAL*** of capital in support of T-Mobile fiber backhaul projects and will spend an additional ***BEGIN HIGHLY CONFIDENTIAL [REDACTED] END HIGHLY CONFIDENTIAL*** in the near term to support 'in-flight' T-Mobile fiber to the cell site service orders (i.e. contracted services yet to be installed). These capital investments for T-Mobile fiber backhaul projects represent approximately ***BEGIN HIGHLY CONFIDENTIAL [REDACTED] END HIGHLY CONFIDENTIAL*** of Zayo's total capital deployments for fiber to the cell site.

8. ***BEGIN HIGHLY CONFIDENTIAL [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] . END HIGHLY
CONFIDENTIAL***

9. In most instances in which Zayo is asked to bid on providing fiber based services to a cell site, it has to construct new facilities. Zayo, like all other alternative fiber

REDACTED - FOR PUBLIC INSPECTION
SUBJECT TO SECOND PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

backhaul providers, cannot afford to build fiber networks on a speculative basis to any customer. Except in circumstances where Zayo is already serving a cell site, Zayo does not have existing fiber facilities that can provide backhaul service to a cell site. Instead, Zayo responds to RFPs from wireless carriers for fiber based services and if and when it is awarded a contract to provide such service, Zayo must deploy new fiber cable and bear the expense and delays associated with such fiber deployment.

10. Zayo and other alternative access providers encounter numerous obstacles in constructing fiber to cell sites that are not that are not encountered by ILECs, including right of way and building access requirements, longer mileage to build, lack of existing ILEC copper facilities, absence of the captive demand of wireless affiliates, take-or pay contracts with the ILECs that prevent potential customers from changing carrier, and the lack of a legacy fiber network. Various smaller wireless providers have communicated to Zayo that they could not sign new backhaul service orders and/or needed to delay Ethernet rollout due to being locked into take-or-pay volume commitment deals with ILECs.

11. Declarant sayeth no more.

I declare under penalty of perjury that the foregoing is true and correct.

/s/ David Howson

David Howson, President of Zayo Bandwidth

**REDACTED -FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 11-65
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

SERVICE LIST

I, Renee M. Britt , hereby certify that on this 20th day of June 2011, I have caused a copy of the foregoing Reply Comments of Zayo Group, LLC to be served, as specified, upon the parties listed below:

<p>Peter J. Schildkraut Kate Dumouchel Arnold & Porter LLP 555 Twelfth Street NW Washington, DC 20004 peter_schildkraut@aporter.com kate.dumouchel@aporter.com <i>Outside Counsel to AT&T Inc.</i> (Via Electronic Mail)</p>	<p>Nancy J. Victory Wiley Rein LLP 1776 K Street NW Washington, DC 20006 nvictory@wileyrein.com <i>Outside Counsel to Deutsche Telekom AG and T-Mobile USA, Inc.</i> (Via Electronic Mail)</p>
<p>Kathy Harris, Mobility Division Wireless Telecommunications Bureau Federal Communications Commission 445 12th Street, S.W. Washington, D.C. 20554 kathy.harris@fcc.gov (Via Electronic Mail)</p>	<p>Kate Matraves Spectrum and Competition Policy Division Wireless Telecommunications Bureau Federal Communications Commission 445 12th Street, S.W. Washington, D.C. 20554 catherine.matraves@fcc.gov (Via Electronic Mail)</p>
<p>David Krech, Policy Division International Bureau Federal Communications Commission 445 12th Street, S.W. Washington, D.C. 20554 david.krech@fcc.gov (Via Electronic Mail)</p>	<p>Jim Bird, Office of General Counsel Federal Communications Commission 445 12th Street, S.W. Washington, D.C. 20554 jim.bird@fcc.gov (Via Electronic Mail)</p>
<p>Best Copy and Printing, Inc. 445 12th St., S.W. Washington, D.C. 20554 FCC@BCPIWEB.COM (Via Electronic Mail)</p>	

/s/ Renee M. Britt _____