



Daniel E. Mullin
Executive Director – State Public Policy
100 Southgate Parkway
Morristown, NJ 07960
(973) 656-7913

February 17, 2009

Via Email

Bill Shuttleworth
Executive Director
Vermont Telecommunications Authority
One National Life Drive
National Life Records Center Bldg.
Montpelier, VT 05620-3205

Dear Bill,

I am writing on behalf of Verizon Wireless in connection with the Vermont Telecommunications Authority's (VTA) Request for Proposal (RFP) for an anchor tenant on cell sites in unserved areas of Vermont including the VTA trial using VTA constructed cellsites and wind turbines (the "VTA Pilot") for the same purpose. As you know from our discussions, Verizon Wireless shares the VTA's goal of improved wireless coverage in Vermont and desires to continue discussions with the VTA to help achieve that goal. Accordingly, Verizon Wireless has carefully reviewed and considered the RFP, including the VTA Pilot, in its current form. They each raise questions and concerns for VTA to consider in developing the mechanism for meeting its goal of improved wireless coverage in Vermont. I would like to share these questions and concerns with you as a predicate for further talks with the VTA, although, due to such considerations, we will not file an intent to respond to the RFP.

With respect to the RFP, before being able to assess the required commitment of time, funds and other resources, fundamental parameters need to be clarified to support an effort of this magnitude (building a network of 200 cell sites). For example, if a key objective is the expansion of broadband in Vermont, in accordance with "Access for All: Meeting Vermont's Broadband and Wireless Goals," our engineers have some concerns about the proposed VANU technology, which is essentially a voice and narrowband data technology that does not support Verizon Wireless' broadband EVDO service. In addition, the RFP contemplates a huge investment in GSM and CDMA equipment when most major carriers have announced the selection of LTE as their 4G technology choice. Verizon Wireless recognizes that LTE deployment is not entirely in synchronization with the RFP timeframe; however, perhaps the VTA could consider the best timeframe for the goal, the long-term implications of this project and what appears to be an ultimate need to convert to LTE technology in all events.

As another example, the RFP requires that the anchor tenant achieve 90% coverage of the state's population and roadways. Our understanding has been that the VTA goal of 90% coverage was for all wireless providers combined. 90% coverage by a single provider is a much higher objective than that of the combined industry, and places a significant burden on potential respondents.

Many important aspects of the arrangement proposed in the RFP are speculative, including for example, funding, leveraging state assets, how the new permitting process would work, the backhaul savings and the uncertainties associated with the VANU technology as discussed above. These matters represent significant risks in light of the necessary equipment, investment, ownership rights and reputational risks to be taken by a potential anchor tenant.

With respect to the VTA Pilot sites, Verizon Wireless has tested them and found them unacceptable for customer use on a variety of basic measures. Coverage was found to be very limited. Cell site selection criteria needs to be improved (e.g. a shorter pole needs an elevated site). RF design needs to be improved (e.g. antennas set in steeples need RF transparent material around them). Verizon Wireless is concerned about excessive blocked calls, especially calls to 911. The capacity is inadequate and the sites lack battery backup. In general, the equipment configuration was far below Verizon Wireless standards for reliability. Verizon Wireless is willing to work with the VTA to improve these matters so that signal can be provided of a reliable quality to meet customer expectations.

As you know, Verizon Wireless has an excellent track record in building out in Vermont and elsewhere. Our brand is based upon reliability, and when we move ahead with a project it is carefully planned and executed. In light of the questions and concerns raised above, Verizon Wireless is not in a position to file an intent to respond to the RFP but would like to have further discussions with the VTA toward our common goal of improving wireless coverage in Vermont.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale E. Meli". The signature is fluid and cursive, with a large initial "D" and a long, sweeping tail.