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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

January 28, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D. C. 20554

Re: Ex Parte Presentation -- CC Docket 96-98 and CC Docket 97-1

Dear Mr. Caton:

On Monday, January 27, 1997, Mr. Gerry Salemme, Mr. Wayne Fonteix, Ms. Jane Medlin and I, all representing AT&T met with Mr. Richard A. Metzger, Mr. Richard K. Welch, Mr. Donald K. Stockdale Jr., Ms. Lisa Gelb, Mr. Kalpak Gude and Mr. Douglas L. Slotten, all with the Common Carrier Bureau, to discuss AT&T's view of access to shared transport. The attached presentation were used as the basis of the discussion. We also made the group aware of AT&T's request to order the Unbundled Network Platform, which includes Shared Transport, in Illinois and Michigan and Ameritech's position that pending further FCC or state regulatory action they will not further discuss this issue, per the attached letters dated January 10, 1997 and January 14, 1997.

Because the meeting was held late in the day, two (2) copies of this Notice are being submitted on the following business day with the Secretary of the FCC in accordance with Section 1.1206(a)(2) of the Commission's rules.

Sincerely,

Bruce K. Cox

Attachments

cc: Mr. Metzger, Ms. Gelb, Mr. Welch, Mr. Gude, Mr. Stockdale, Mr. Slotten

Access to Shared Transport

January 27, 1997

Defintion of unbundled network element

- "We conclude that the definition of the term 'network element' broadly includes ... all 'features, functions, and capabilities that are provided by means of such facility or equipment'"
  - First Report and Order, Paragraph 262
- "Carriers seeking other elements, especially shared facililties such as common transport, are essentially purchasing access to a functionality of the incumbent's facilities on a minute-by-minute basis"
  - First Report and Order, Paragraph 258

Ameritech has previously acknowledged its obligations regarding true shared transport

- "As required by the Rules (47 C.F.R. Section 51.319(d) (2)), Ameritech's Proposed Agreement provides for dedicated transport, *common transport,* and tandem switching as unbundled network elements." *(emphasis added)*
  - Verified Statement of Gregory J. Dunny on behalf of Ameritech Illinois, 8/26/96
  - ICC Dkt Nos. 96-AB-003 & 96-AB-004
- Pricing schedule attached to Ameritech's Proposed Agreement of 8/26 includes MOU pricing for Shared Interoffice Facilities

Ameritech proposal for "shared" transport is merely dedicated transport with a billing option

- Single price schedule; no minute of use pricing
- Prorate option: Ameritech would "permit" primary carrier to resell portions of the dedicated transport and act as primary carrier's billing agent; but ILECs have no right to restrict resale or sharing in any event

FCC policy is clear on pricing of network elements vs. pricing of services

- "If we were to conclude that any functionality sold directly to end users as a service...cannot be defined as a network element, then incumbent LECs could...evade the unbundling requirement in 251(c)(3). ...We further reject Ameritech's argument that we should not permit carriers to use unbundled elements to provide services that are priced above cost at retail. ...We agree...that competition will not develop if we find that supracompetitive pricing is protected by the 1996 Act"
  - First Report and Order, Paragraph 263

Shared transport is not identical to any retail or wholesale service

- End user local usage services are provided via combination of switching, signaling and transport
- IntraLATA toll services provided by PIC'd carrier include access charges for local switching
- Unbundling requires that charges for unbundled transport cannot include charges for switching

Usage sensitive pricing for shared use of Ameritech's interoffice facilities is consistent with other network elements

- Unbundled local switching
- Tandem switching
- Signaling
- Call related databases

Economies of scale and scope are fundamental to unbundling

- "The incumbent LECs have economies of density, connectivity, and scale; traditionally, these have been viewed as creating a natural monopoly. As we pointed out in our NPRM, the local competition provisions of the Act require that these economies be shared with entrants."
  - First Report and Order, Paragraph 11

- "National requirements for unbundled elements will allow new entrants, including small entities, seeking to enter local markets on national or regional scale to take advantage of economies of scale in the network design."
  - First Report and Order, Paragraph 242

Ameritech seeks to deny access to a network element

Minute-of-use purchase of shared transport is:

- Consistent with definition of unbundled network elements
- Explicitly spelled out in 96-98 order
- Consistent with use of network elements to provide telecommunications services (retail usage and access)
- Consistent with 252 pricing

TA 96 and FCC policy preclude redefintion of shared transport as proposed by Ameritech

- Ameritech does not offer true shared transport as directed by the FCC
- Ameritech's wholesale usage "option" is bundling of switching with other services
- Unbundled local switching and the "Unbundled Platform" would not be practical without cost-based, minute-of-use pricing of incumbents' interoffice facilities

FCC policy is clear and now must be enforced

"Carriers seeking other elements, especially shared facililties such as common transport, are essentially purchasing access to a functionality of the incumbent's facilities on a minute-by-minute basis"

- First Report and Order, Paragraph 258

AT&T Corporate Center
227 West Monroe
Chicago, Illinois 60606

January 10, 1997

Ms. Bonnie Hemphill
Account Director
Ameritech Information Industry Services
350 North Orleans
Floor 3
Chicago, IL 60654

Via MESSENGER SERVICE

RE: AT&T's Order for the Platform with OS/DA in Illinois and Michigan

Dear Ms. Hemphill:

Per my voice message, attached are AT&T's order forms requesting the Unbundled Network Element Platform with Operator Services and Directory Assistance ("Platform") in Illinois and Michigan. As you are aware given our previous conversations, AT&T is seeking to initiate a "concept trial" of the Platform with OS/DA to test all aspects of this option. The concept trial will insure that capability exists for further implementation testing prior to market introduction by AT&T of Platform based services. AT&T understands based on our prior conversations that Ameritech has no tariff in place, and that no interconnection agreements have been finalized, although we expect a final agreement shortly. Moreover, no Ameritech ordering form for the Platform with OS/DA has yet been adopted. AT&T would like to work cooperatively through this initial ordering request to define the process and facilitate its timely implementation. AT&T wants to work with Ameritech to migrate a select few Illinois and Michigan Ameritech customers, as well as an AT&T resale local customer and add a new business customer, to AT&T by means of the Platform. This is in accordance with the agreement we have from these individuals. AT&T would like to move forward with this concept trial immediately, and therefore places the attached orders today.

Please note that AT&T is submitting two types of order forms for this concept trial which were prepared according to the guidelines included in AT&T's Specification Binder. AT&T is submitting its own "footprint" order form because Ameritech's draft of such order form is not designed to allow AT&T to request the Platform with the

Shared/Common Transport.[1] In addition, AT&T is submitting an end user customer order form to provide Ameritech with additional information to help facilitate the processing of its orders.

On related matters, AT&T is still anticipating information back from the December 20, 1996 UNE-Platform meeting. Perhaps learnings associated with this request can also be addressed in the context of future UNE-Platform meetings that Leslie Reambeault is working with you to schedule.

If Ameritech needs any assistance in processing AT&T's request, including any questions regarding insufficient information, then please give me a call so that I may involve our subject matter experts to reach resolution. In addition, AT&T anticipates that the Platform will be operational as indicated on the forms by no later than January 24, 1997.[2] Please forward this request to the appropriate work center for processing. Thank you for your immediate attention. I look forward to working with you regarding AT&T's future business needs.

Very truly yours,

Eddy Cardella

Eddy Cardella

Cc: Susan Bryant
Jane Medlin

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[1] AT&T believes Ameritech's position with regard to the Shared/Common Transport portion of the Platform is inconsistent with state and federal unbundling requirements. AT&T believes that we can purchase the Platform in this manner in accordance with the Ameritech/AT&T Interconnection Agreement which will be effective very shortly.

[2] In the event that Ameritech considers this concept trial to be interconnection pursuant to Article III of the AT&T/Ameritech Interconnection Agreement, then AT&T hereby notifies Ameritech of its intent to interconnect. Furthermore, this is a concept trial which is limited to the few customers listed on the order forms. Therefore, no forecasts will be provided.

Floor 3
Chicago, IL 60654
Office 312/335-6559
Fax 312/335-2927

Bonnie Hemphill
Account Director

January 14, 1997

Ed Cardella
AT&T
227 West Monroe Street
Chicago, Illinois 60606

Dear Ed:

This is to acknowledge your letter of January 10, 1997 seeking to order the Unbundled Network Platform with Operator Services and Directory Assistance in Illinois and Michigan.

Ameritech will be happy to work with AT&T to establish these accounts for your service. However, additional information is needed before Ameritech can proceed with the orders you forwarded to me.

In reviewing the orders submitted by AT&T, the service requested appears to be a combination of Ameritech's ULS service with an unbundled loop in order to provide service to end users. Rather than the "AT&T Footprint Document," this type of combination request is submitted electronically to Ameritech via EDI, which AT&T currently uses to submit resale orders.

However, prior to the submission of orders, AT&T must complete the Unbundling General Questionnaire as well as the ULS Class of Service Questionnaire, as we discussed in our December 20, 1996 meeting. These forms require 30 days to process, during which time Ameritech establishes the Daily Usage File as well as unique Line Class Codes (LCCs) for each end office AT&T wishes to establish service. AT&T will then use these unique LCCs on orders submitted. In addition, AT&T must indicate the specific type of loop and ULS port since there are numerous types of each service. Ameritech will then provide a unique combination USOC which AT&T will submit on the EDI order.

AT&T has indicated a desire to meet with Ameritech specifically to discuss ordering guidelines for rebundled combinations, and Ameritech would be glad to participate in such a meeting. During this meeting Ameritech will provide copies of the questionnaires and explain the preordering and ordering processes. Ameritech is willing to meet with AT&T at your earliest convenience.

Regarding your request for common transport in conjunction with the OS/DA platform, that proposal is inconsistent with our interconnection agreement, as arbitrated in Illinois and Michigan. As provided in Schedule 9.3.4 of the agreement in those states, the OS/DA platform is based upon rebundling of local loop transmission, unbundled local switching, and dedicated or shared transport. If AT&T wishes to order transport in conjunction with its OS/DA platform, it should specify the dedicated trunk ports and unbundled dedicated or shared transport facilities it wishes to order.

As you know, the issue of the qualification of common transport as a network element is now pending before the FCC in reconsideration phase of Docket 96-98. Ameritech's position is that common transport is not a network element, but rather is a rate element of switched access service provided over common switched and transport facilities. As such, Ameritech will provide common transport in accordance with its applicable access and wholesale tariffs unless ordered otherwise by the FCC or the applicable state regulatory agency. To date, neither the FCC nor the Illinois Commerce Commission or the Michigan Public Service Commission have entered such an order.

Alternatively, Ameritech has voluntarily offered to permit requesting carriers, such as AT&T, to have traffic originating from their unbundled local switching terminated over Ameritech's public switched network through a common trunk port. In that case, the requesting carrier will resell Ameritech's wholesale-rated toll or local usage or its access services, as applicable.

Please let me know which of the two options discussed above AT&T would like to pursue and when you would like to meet to discuss ordering in detail.

Sincerely,

Bonnie

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Fax 312/335-2927

Ameritech

Bonnie Hemphill
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