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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, NW Room 222
Washington, DC 20554

Re: Ex Parte Presentation in CC Docket No. 97-231; CC Docket No. 97-121; CC Docket No. 97-208; CC Docket No. 97-137

Dear Ms. Salas:

On Friday, May 1, 1998, I submitted the attached document on MCI's GR303 proposal to Jennifer Fabian of the Policy Division.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(2) of the Commission's rules. Due to the lateness of the hour, this Notice was not filed until the day after the meeting.

Sincerely,

Susan Jin Davis

Attachment

cc: Michael Pryor
Carol Mattey
Melissa Newman
Jennifer Fabian

MCI's GR303 Proposal Compared to BA's "Extend-a-Link" Proposal

In order to make it possible for competitors to use more of their own facilities in appropriate circumstances, MCI has proposed the use of GR303 technology that would allow new entrants to get more efficient and economic access to unbundled loops. Under MCI's GR303 proposal, MCI would lease from BA-NY three network elements: 1) a local loop; 2) digital loop carrier ("DLC") equipment with GR303 capability; and 3) interoffice transport from that end office to a point on MCI's local network. BA-NY would combine these three elements for MCI, and that combination would occur in BA-NY's central office where the loops would otherwise terminate. The NY PSC has endorsed MCI's proposal for loop concentration equipment. In its draft "prefiling statement" the NY PSC requires BA-NY to offer "concentration equipment" in its end offices, as long as it is technically feasible.

Assuming appropriate pricing, MCI's GR303 Proposal is an efficient and economic means for greater access to unbundled loops. There are two distinct advantages to MCI's GR303 Proposal. First, it reduces the need for collocation, helping to overcome the serious problem of lack of collocation space in many of BA-NY's end offices. Normally, CLECs attempting to purchase unbundled loops would collocate in the end office where loops terminate. Given the expense and time necessary to establish collocations (not to mention the lack of space in a number of key BA-NY end offices), this obviously limits CLECs' access to unbundled loops. Second, in contrast to BA-NY's so-called "Extend-a-Link" service, MCI's GR303 proposal would provide for efficient transport of the loops to MCI's network. Under the Extend-a-Link proposal, a CLEC would need to purchase a circuit of transport for each unbundled loop. This is extremely wasteful and expensive. With MCI's GR303 proposal, unbundled loops would be "concentrated" onto the transport. Up to 6 loops (and perhaps 10, depending on engineering assumptions) would ride a single circuit of transport. Thus, for example, if MCI were to lease 24 unbundled loops, under BA-NY's Extend-a-Link proposal, MCI would have to order 24 circuits (DS-0's) of transport; in contrast, under MCI's Proposal, MCI would need only to lease 4 circuits of transport, saving the cost of the unbundled transport and saving the costs of switch ports on MCI's local switch (to which the transport circuits connect). Moreover, MCI's Proposal does not require CLECs to

purchase the additional equipment that would be necessitated by Extend-a-Link. The efficiencies of MCI's Proposal over BA-NY's Extend-a-Link are obvious.

MCI's GR303 Proposal is technical feasible and is consistent with current ILEC practices and industry standards. MCI's GR303 proposal is not technically different than how the ILECs use DLC equipment today in their own networks. ILECs today, for longer loops, use DLC equipment to connect distribution plant to feeder plant for transport back to ILEC central offices. MCI's Proposal is analogous to this use, essentially treating the unbundled loops like distribution plant, and the interoffice transport like feeder plant. The only difference between the ILECs' use of this equipment and MCI's proposed use is the location of the DLC equipment (in the ILEC's case it is in the field; in MCI's case, it is in the central office). GR303 is a Bell Core standard and is now the industry standard for next generation digital loop carrier systems (NGDLC). Bell Atlantic, Bell South, and Cincinnati Bell are all implementing the GR303 standard in their DLC equipment.

BA-NY has denied MCI's request for GR303 arrangements. BA-NY claims, based on the decision by the 8th Circuit, that it is not required to combine elements for CLECs. BA-NY's argument is specious for many reasons. First, BA-NY is unable to provide physical collocation in each of its end offices on the reasonable terms required by the Telecommunications Act. Nor has BA-NY provided the direct access to its network for combining contemplated by the 8th Circuit. Second, BA-NY has agreed to combine loops and transport (via its Extend-a-Link proposal), so it is disingenuous for them to now refuse to combine loops, transport, and concentration equipment -- which is MCI's Proposal. As noted above, BA-NY's Extend-a-Link proposal is inefficient (because of the lack of concentration). This inefficiency translates into additional and unnecessary costs for CLECs who attempt to use unbundled loops. In addition to this fundamental problem, BA-NY's Extend-a-Link prices the transport piece at special access rates. These rates are well above economic cost (TELRIC plus a reasonable share of joint and common costs).

In contrast with Extend-a-Link, the proposal discussed in the NY PSC's prefiling statement under Combinations of Elements does include concentration and TELRIC or wholesale discounts, which

is acceptable assuming the concentration equipment used is GR303 and the pricing is clearly defined so that none of the undefined "additional charges" referred to in the paragraph is permitted. It should be noted, however, that even if MCI's proposal was implemented flawlessly by BA-NY, this would not remove the urgent need for platform to be available to permit widespread local service to be offered by competitors.