



**Anthony M. Alessi**  
Director  
Federal Relations

EX PARTE OR LATE FILED

October 14, 1998

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

RECEIVED

OCT 14 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: **Ex Parte Filing** ✓  
CC Docket 96-262

Dear Ms. Salas:

On Tuesday, October 13, 1998, Mr. Karl Wardin, Ms. Kris Shulman and I met, in separate meetings, with Mr. Tom Power, Legal Advisor to Chairman Kennard, Mr. James Casserly, Senior Legal Advisor to Commissioner Ness, and Mr. Kevin Martin, Legal Advisor to Commissioner Furchtgott-Roth, to discuss Ameritech's position on access reform and pricing flexibility as set forth in ex parte material filed by Ameritech on April 9, 1998, June 5, 1998, and September 14, 1998. In addition, the attached material was also used for purposes of our discussion.

Sincerely,

Attachment

cc: T. Power  
J. Casserly  
K. Martin

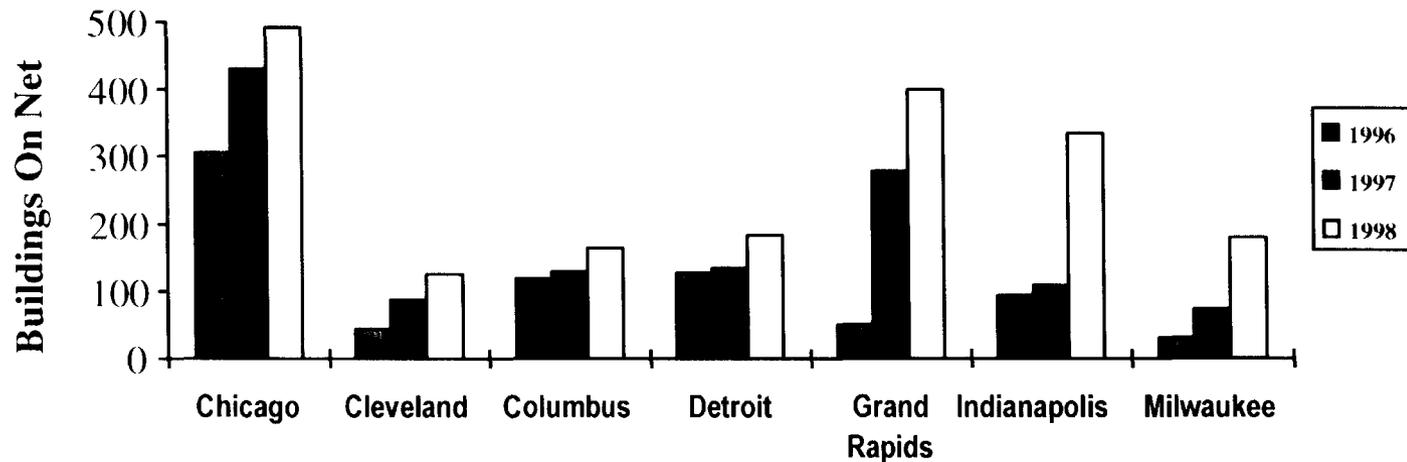
No. of Copies rec'd 022  
List A B C D E



# *Competitors continue to invest in fiber and increase customer penetration...*

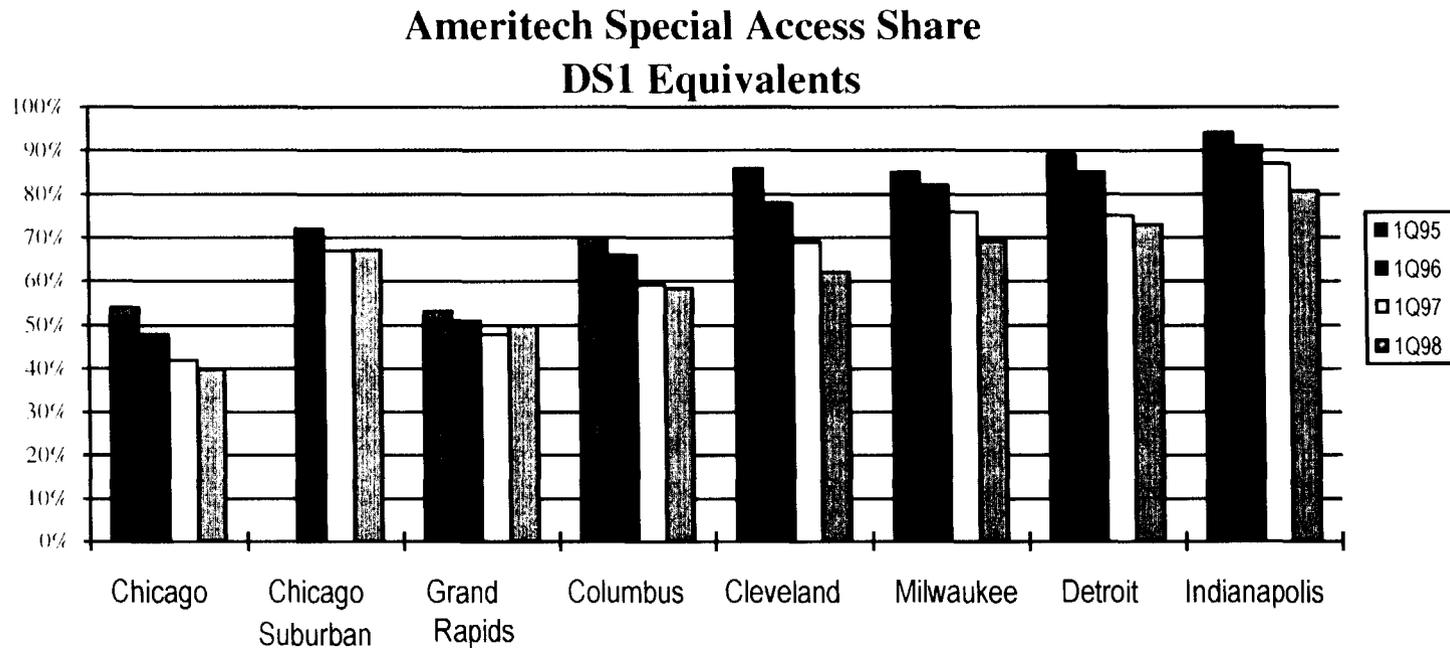
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**Growth of Competitor On Net Building Penetration**



Fiber deployment has increased 38% overall and competitor on-net building penetration has nearly doubled since 1996

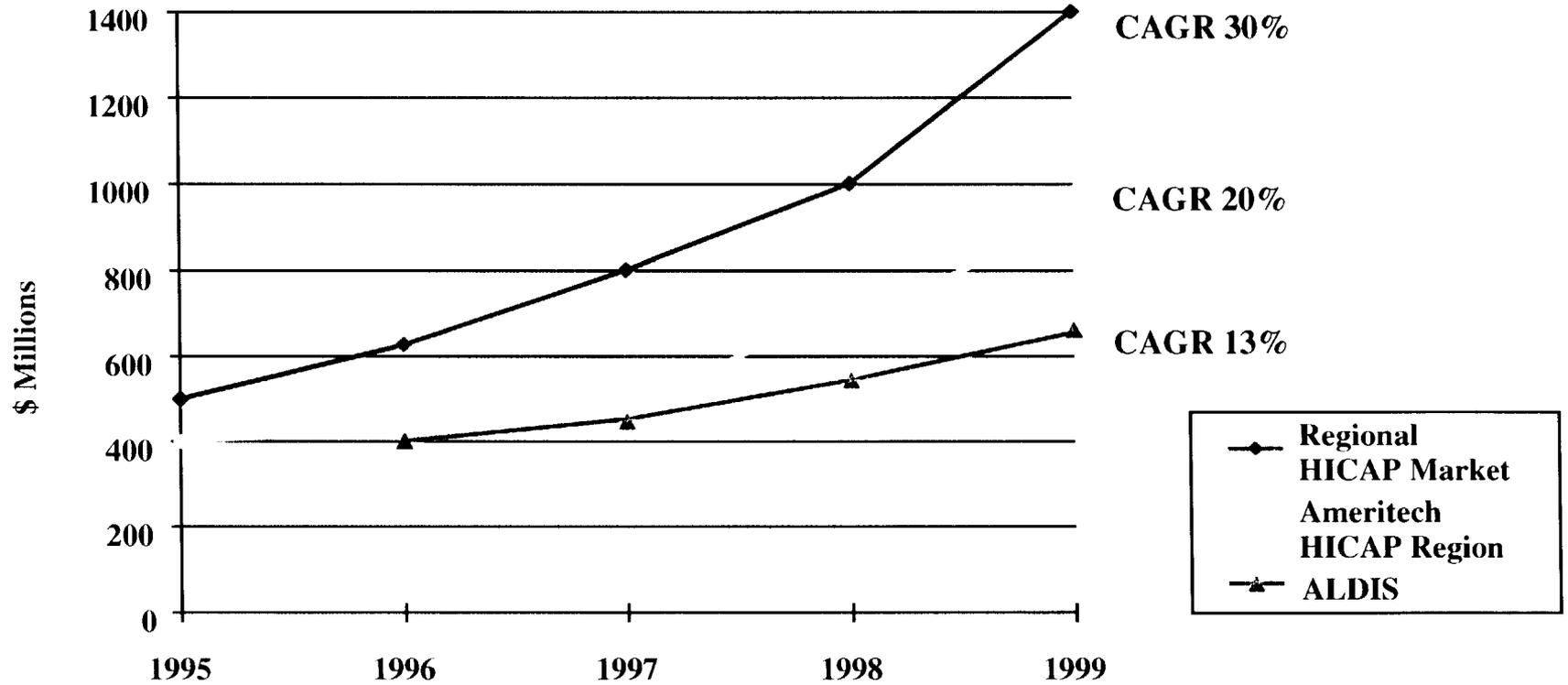
# *...Impacting Transport in major metros*



Facilities based competitors have successfully targeted transport in Ameritech's major metros

*At the same time, the HICAP market is growing rapidly*

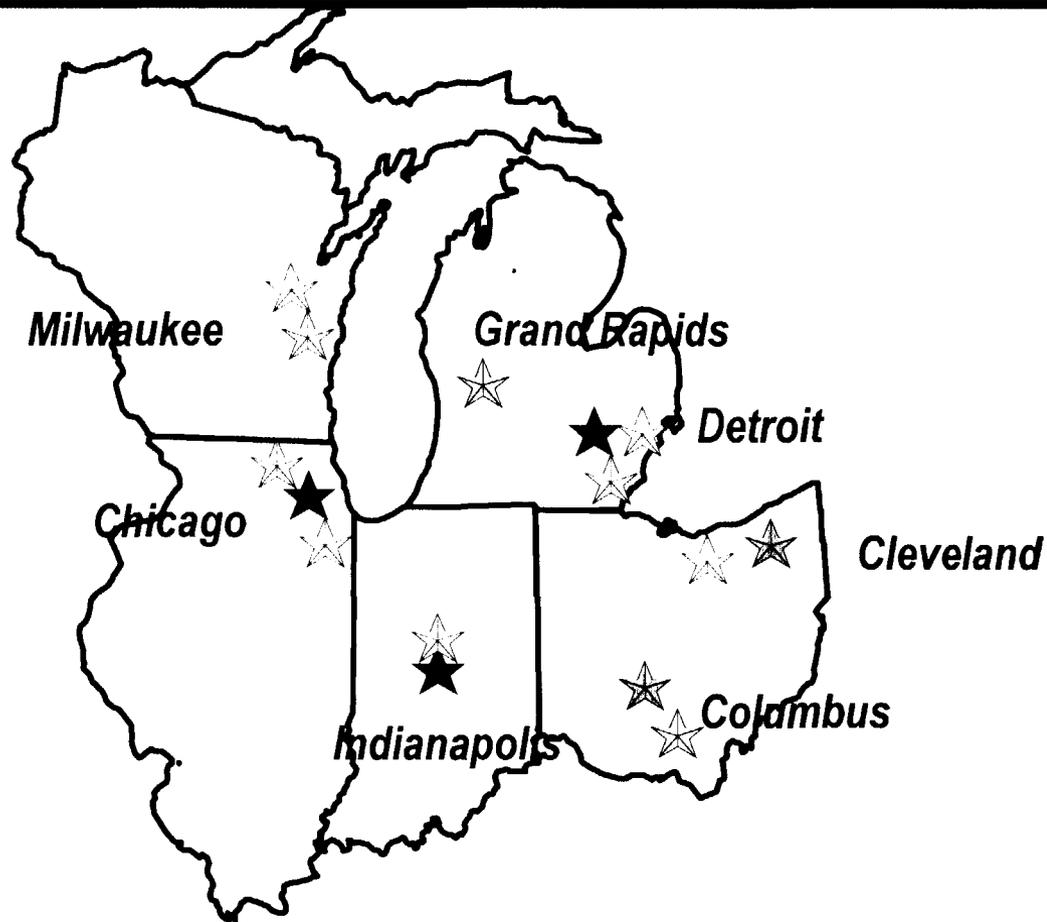
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# *Facilities competitors increased switch deployment from 15 switches in 1996 ...*

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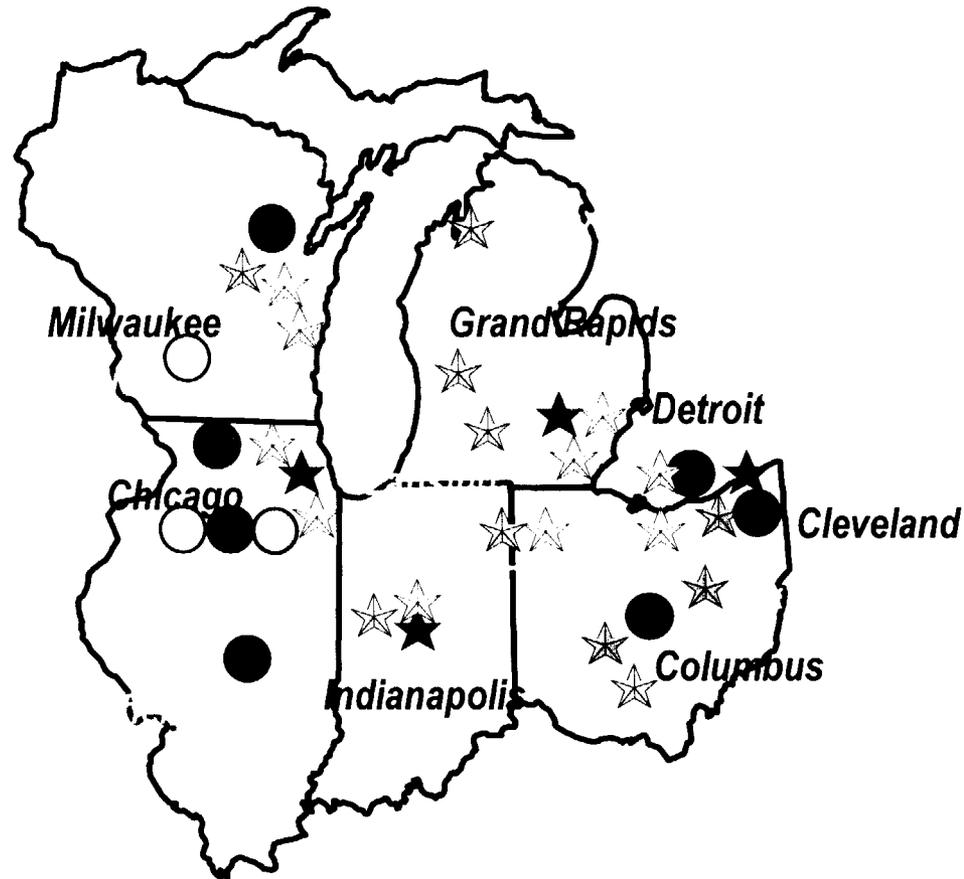
- ★ MFS
- ☆ TCG
- ☆ MCI metro
- ☆ Brooks Fiber
- ☆ ICG
- ☆ TWC



Competitor Switches - 1996

# ... to more than 30 switches in 1998

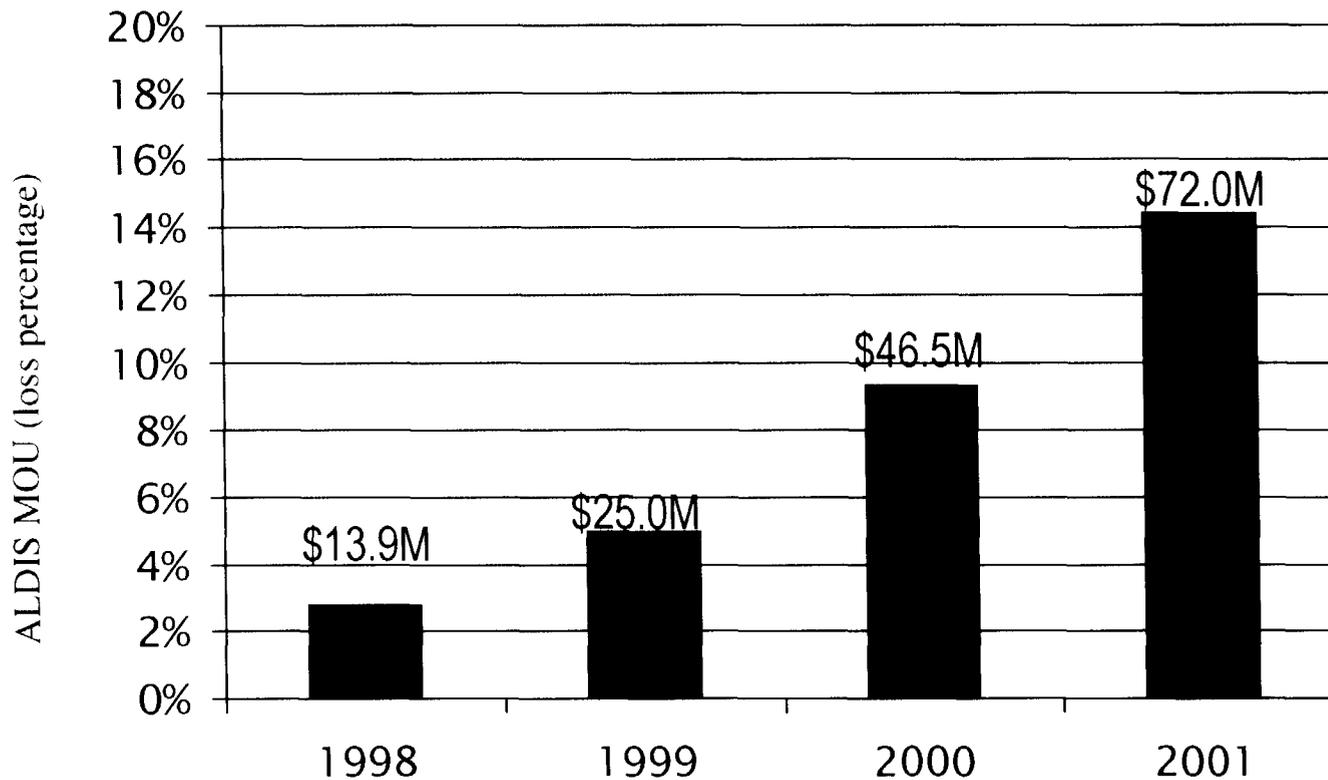
- ★ MFS
- ☆ TCG
- ☆ MCImetro
- ☆ Brooks Fiber
- ☆ ICG
- ☆ TWC
- WinStar
- Nexlink
- McLeodUSA
- USXchange
- KMC Madison
- Frontier
- Allegiance



Competitor Switches - 1998

# Alternative Technologies Pose Additional Threats

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Voice over Internet Protocol and Wireless will erode SWAC MOUs

# Ameritech Competitive Statistics

	November 1997	July 1998
Collocation		
Physical	50	207
Virtual	169	239
Total	<u>219</u>	<u>447</u>
EOI Trunks	84,555	182,491
Unbundled Loops	61,000	99,614
Resold Lines	398,000	903,064
Estimated Bypass*	171,520	402,236
Total Competitive Lines	<u>630,520</u>	<u>1,404,914</u>
Reciprocal Compensation	+4 billion mou in 1997	+8 billion projected in 1998

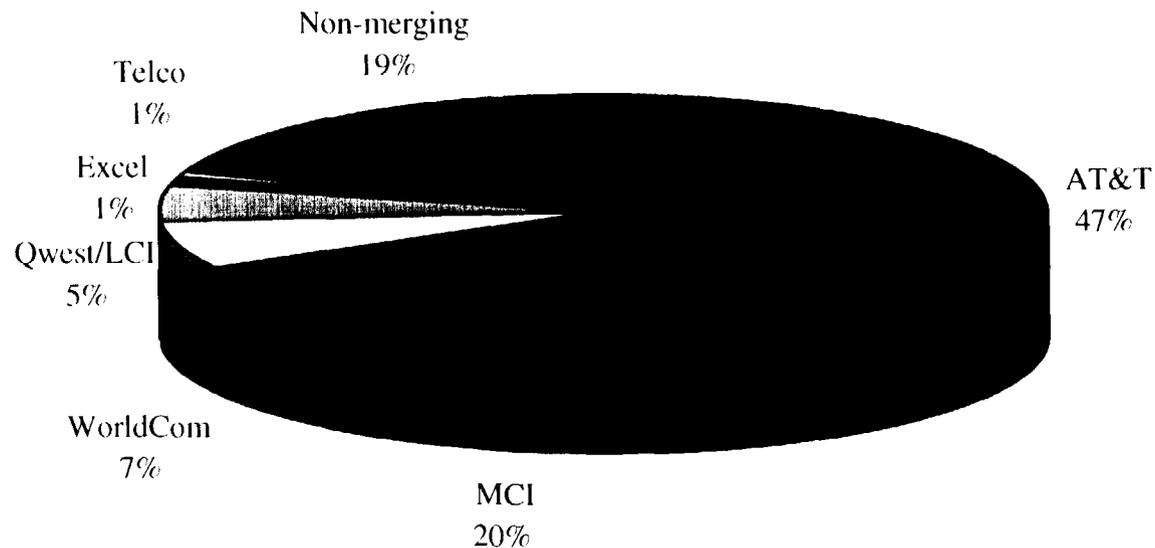
\* Bypass estimate assumes 2.75 Lines/EOI Trunk less unbundled loops.

# **COMPETITION IN THE AMERITECH REGION**

**October 13, 1998**

# ***Merger activity has affected over 80% of Ameritech's access revenue base***

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*Based on 1998 SWAC and Transport Revenue*

Although industry consolidation will continue, the majority of current mergers will complete by early 1999