

ATTACHMENT A

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Petition of Bell Atlantic Telephone
Companies for Forbearance from
Regulation as Dominant Carriers in
Delaware; Maryland; Massachusetts; New
Hampshire; New Jersey; New York;
Pennsylvania; Rhode Island; Washington,
D.C.; Vermont; and Virginia

CC Docket No.

Affidavit of Robert J. McDonnell

Introduction

1. I am Robert J. McDonnell, Director - Regulatory Policy, for the Bell Atlantic telephone companies. I have been involved in the development of federal regulatory policy since 1993. In my current position, I am responsible for policy issues regarding interstate access and our response to competitive developments in the interstate access market. I was responsible for coordinating and developing the attached "Demonstration of Competition" document. I submit this affidavit for the purpose of describing the methods used to develop that document.

2. No comprehensive source is available to describe the extent of competition that Bell Atlantic is experiencing for its special access service. In order to develop as complete a picture as possible, Bell Atlantic prepared both state-by-state reviews of special access competition, as well as profiles of a limited selection of the many competitors that have a competitive presence in the states covered by this petition.

3. As an initial matter, Bell Atlantic sought a conservative measure to show the extent to which competitors already have an established presence that allows them to reach special access customers (a concept sometimes referred to as “addressability”).

4. First, Bell Atlantic looked at where competitors had fiber facilities offering special access service. To do this, we relied on reports produced by Quality Strategies, Inc. Under contract to Bell Atlantic, Quality Strategies examined the competitive markets in the larger metropolitan areas and other areas in the states covered by this petition. Because Bell Atlantic’s special access demand is so concentrated in these areas, this measure covers the vast majority of that demand. (See attached map which shows the 20% of Bell Atlantic wire centers areas where 93% of the special access demand is concentrated). As part of their analysis, Quality Strategies produced maps of the competitors’ networks. These maps, along with maps of competitive networks Bell Atlantic obtained from marketing materials produced by the competitors themselves were the primary sources for the maps included with the “Demonstration of Competition.”

5. In addition, we looked at Bell Atlantic’s own data to identify wire centers where competitors have collocation facilities. The wire centers we included as collocated wire centers were those where the collocator had facilities ordered and available.¹ The affidavit of Michael McCullough (¶ 18) explains how competitors use collocation to

¹ These include wire centers where the collocator had operational collocation facilities, those where the collocation facility was completed and waiting for occupation by the collocator, and those where the collocated facility was ordered and under construction, all as of August, 1998. The time to complete such construction is three to six months. The individual state summaries are also based on these data.

offer a competitive special access service to locations where they do not have their own fiber.

6. The wire centers identified as having collocated facilities or that are served by competitors' facilities were classified as competitive wire centers. For each state included in this petition, the wire centers identified as competitive were compared with data on special access demand (DS1 equivalent channel terminations) to calculate the portion of Bell Atlantic's special access demand that had a competitive alternative available. The results of the above analysis are shown in the attached chart.

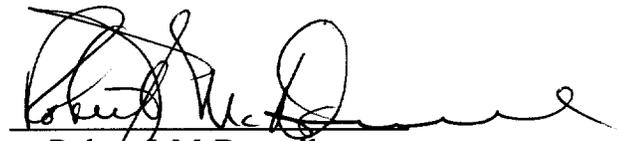
7. For the state-by-state reviews and competitor profiles, in addition to information provided by Quality Strategies, we relied on research reports by financial analysts, reports by industry experts, information research services, articles in the trade press, competitors' marketing material, information on competitors' Internet web sites and their press releases. Specific reports and other sources are cited in the profiles.

8. The individual carriers highlighted in the company profiles are intended only as examples of the types of special access competitors that operate across many states included in the petition. This listing is not intended to be an exhaustive list. For example, because cable companies current special access competition is generally concentrated in one or more jurisdictions for each company,² we did not prepare separate profiles for each cable company. The activities of these competitors are highlighted in the state-by-state reviews.

² For example Cox competes with Bell Atlantic special access services in Virginia while Cablevision offers special access as well as exchange and other services in New York and Massachusetts.

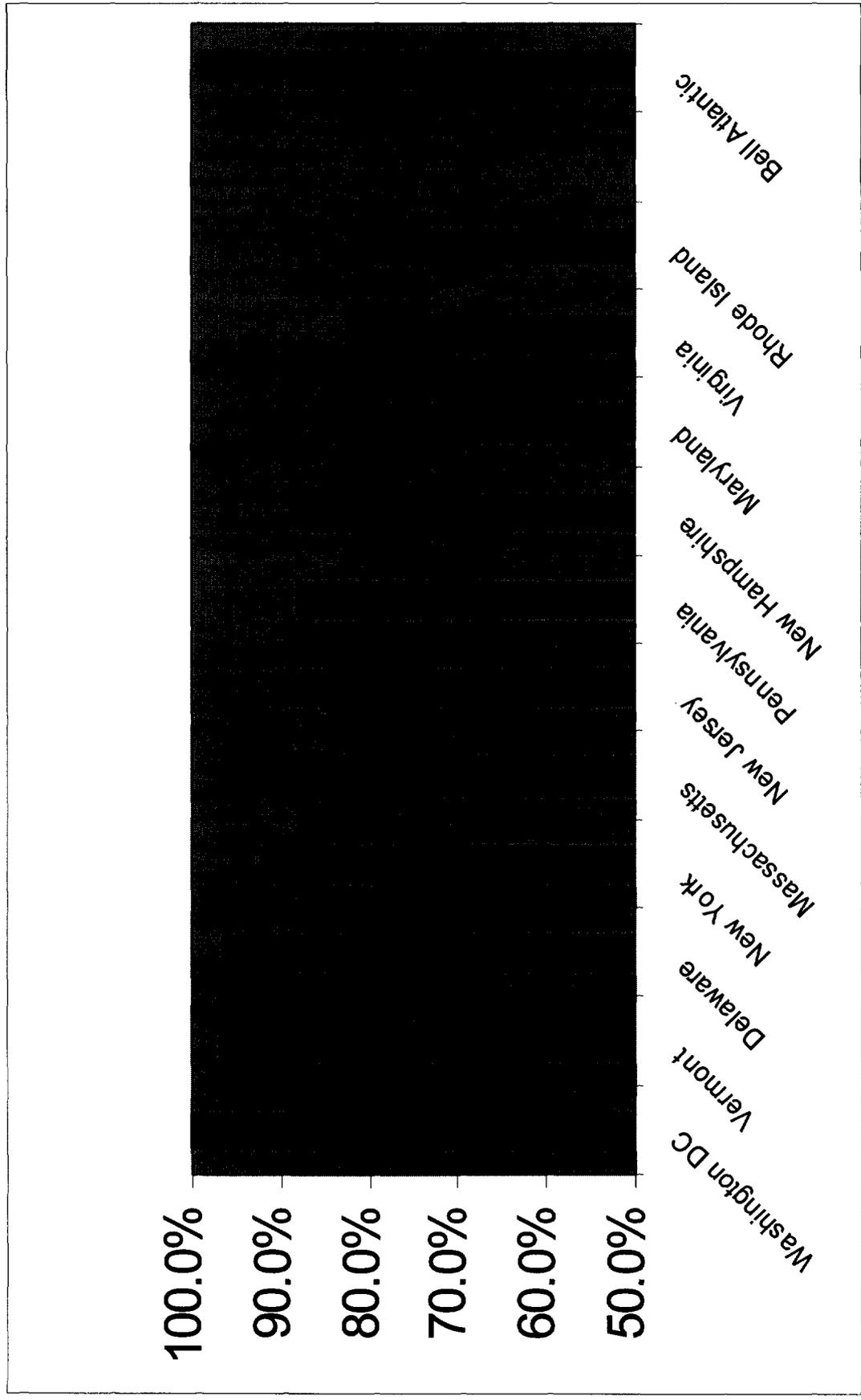
9. Taken as a whole, the attached compilation demonstrates there is robust competition for special access services in the states covered by the petition and there is no need for continued price regulation. However, this compilation should not be taken as an exhaustive inventory of special access competition. For example, the Demonstration of Competition does not attempt to quantify the growing levels of special access self-supply. Moreover, the percentage of special access services for which a competitive alternative is available includes only the services that Bell Atlantic still provides – it does not include those customers that are already using a competitive supplier. As a result, the Demonstration of Competition is provides a conservative picture of only a portion of the alternatives available for consumers of special access services.

I hereby swear, under penalty of perjury of the laws of the United States, that the foregoing is true and correct.


Robert J. McDonnell

Dated: January 19, 1999

Special Access Demand Serviceable by Competitors



**Demonstration
Of
Competition**

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Introduction

The market for special access services in the territory served by Bell Atlantic is highly competitive. Multiple carriers provide a competitive alternative for the vast majority of special access lines. These competitors have the financial and technical ability to expand and serve the entire territory served by Bell Atlantic. They are providing services over 725,000 fiber miles of new, state-of-the-art fiber based networks in conjunction with facilities collocated in Bell Atlantic's central offices. Taken together, these facilities enable competitors to offer an alternative for about 90% of Bell Atlantic's total demand for special access services in the jurisdictions included in this petition.

Competitors are offering special access services throughout the key areas where special access services are concentrated, including, but not limited to: Wilmington, Newark, New Castle, and Claymont in Delaware; Baltimore and throughout its suburbs, Laurel, Gaithersburg, Towson, Ellicott City, Owings Mill, Glen Burnie, College Park, Hunt Valley, Woodlawn, Catonsville, Cockeysville, Timonium, Columbia, Greenbelt and Prince Georges and Anne Arundel counties in Maryland; throughout Boston and its suburbs within the route 128 corridor and in Springfield, Chicopee, Holyoke, Amherst, and Northampton in Massachusetts; Manchester, Nashua, Dover and Portsmouth in New Hampshire; Trenton, Camden, Jersey City, Newark, Morristown, Piscataway, Princeton, New Brunswick, Bridgewater, Bernardsville, Bloomfield, West Orange, Orange and throughout northern New Jersey; all five boroughs of New York City and throughout its suburbs, and in Albany, Buffalo, Binghamton and Syracuse and their suburbs in New York; Philadelphia and throughout its suburbs, King of Prussia, Valley Forge, Horsham, Conshohocken, Great Valley, Paoli, Plymouth Meeting, Bala-Cynwyd, West Chester, Bryn Mawr, Ambler, Fort Washington, Hatboro, Bensaleam, Radnor, Berwyn, Huntington Valley, St. Davids, Blue Bell, Ivyland, Sprinhouse, Collegeville, Jenkingtown, Trevoese, Elkins Park, Oaks, Westminister, Exton, and Willow Grove, Pittsburgh and throughout its suburbs, Elizabeth, Oakland, Pleasant Hills, Edgewood, Bethel Park, Monroeville, Scott, McKeesport, Crafton, Carnegie, Ambridge, Etna, Sewickley, Sharpsburg, Aspinwall,

Vandergrift, Blawnox, Murrysville, Carnegie, and in York, Harrisburg, Reading, Lancaster, and Allentown in Pennsylvania; Providence, East Providence, North Providence, Woonsocket, Pawtucket, Cranston, Warwick, West Warwick, Lincoln, Cumberland, Smithfield and North Smithfield in Rhode Island; throughout the state of Vermont; Alexandria, Tyson's Corner, Reston, Innsbrook, Glen Allen, Richmond and its suburbs, Hampton Roads, Norfolk and its suburbs, Greenbrier, Koger, Pembroke, Lynnhaven, Portsmouth, Dam Neck, Little Creek, Oceana, Roanoke and its suburbs in Virginia; and throughout the District of Columbia and its suburbs. Because the demand for special access services is so geographically concentrated, these locations cover a predominance of Bell Atlantic's special access demand. Attached below is a map of the region served by Bell Atlantic showing these competitive networks, wire centers with collocation, and the top 20% of its wire centers where almost 93% of Bell Atlantic's total special access demand is concentrated. In addition, the Exhibits and Appendices to this attachment provide more detailed maps and state-by-state descriptions showing the extent of competition in the Bell Atlantic states covered by this petition.

The rapid acceleration of competition in the special access market is evident by the amount of collocation and interconnection provided in Bell Atlantic central offices. Bell Atlantic has provided competitors with operational collocation in approximately 370 central offices. In these central offices, competitors have over 900 physical or virtual collocation arrangements. As of November 1998, competitors have also negotiated over 826 interconnection agreements with Bell Atlantic with over 610 approved by the state regulatory agencies. These competitors have over 550,000 trunks interconnected with Bell Atlantic's network and have exchanged over 25 billion minutes of use with Bell Atlantic.

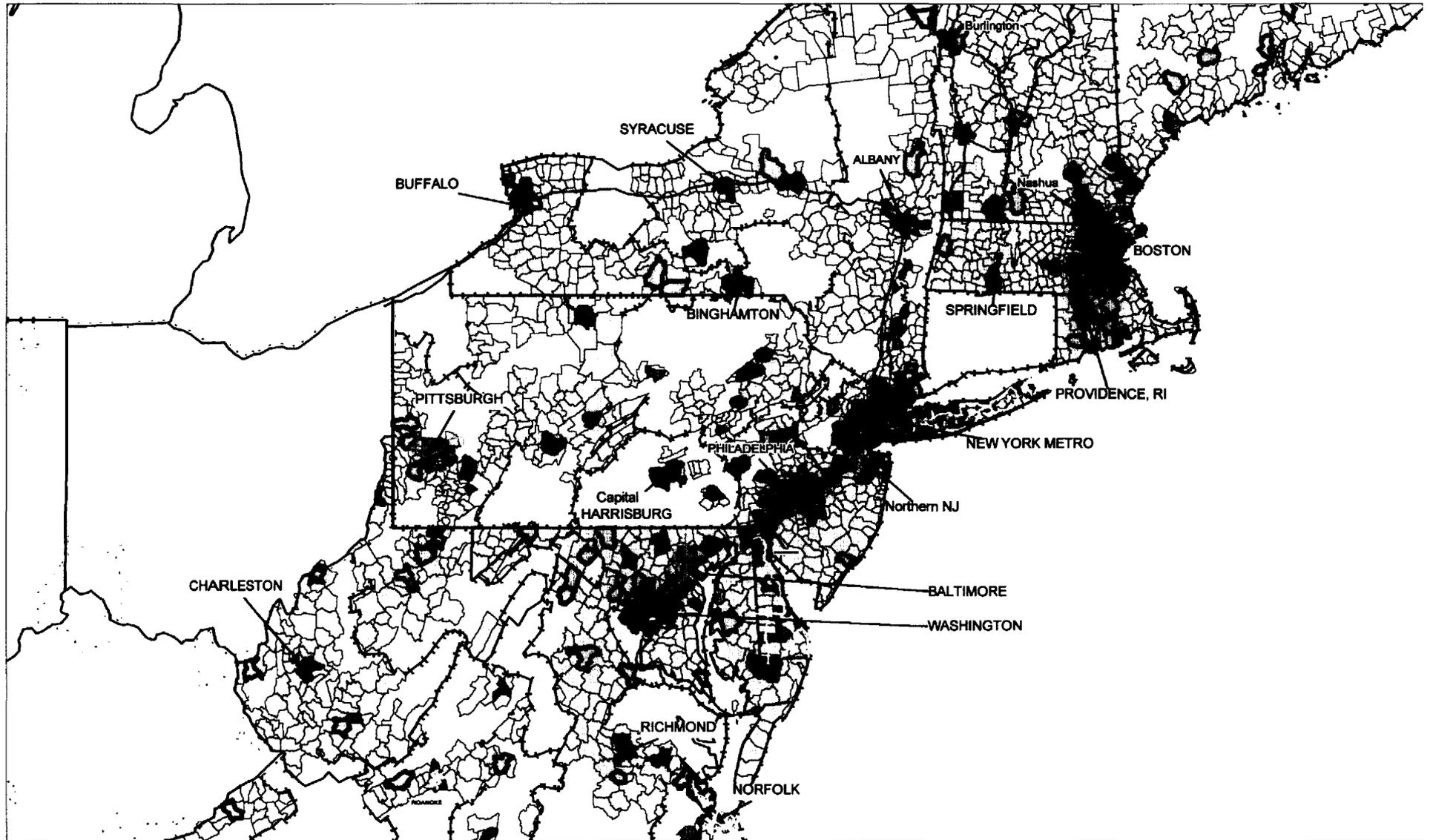
Competitors have been upgrading and expanding their networks, both by construction and acquisition. Many, such as MCI Worldcom/MFS and AT&T/TCG, already have extensive fiber optic networks in place due largely to their early beginnings as competitive access providers ("CAPs"). For these carriers, much of the focus is on upgrading the networks and expanding them through acquisition.

For example:

- WorldCom acquired MCI/MCImetro, MFS and Brooks Fiber and it is estimated that the combined company can self supply more than 70% of its access capacity and, given its current expansion plans, that should grow to 90%.
- AT&T acquired TCG which had already acquired ACC and Eastern TeleLogic and their local networks. This purchase is expected to result in up to \$1.5 billion in synergy savings in 1999, with more than half of that to be reductions in access expenses.

MCI WorldCom, and AT&T/TCG are the largest special access competitors (and significantly also the largest customers). The attached Appendices provide detailed profiles of these companies, and a few selected others as examples of the range and strength of Bell Atlantic's special access competitors.

Competitive Networks



— World/MFS
AT&T/TCG

— Hyperion
Other

□ Wire Center
LATA

■ Top 20 WC
Coll WC

EXHIBITS

State Demonstrations

EXHIBIT 1

DISTRICT OF COLUMBIA

In the District of Columbia, competing carriers have the ability to offer service to virtually 100% of Bell Atlantic's special access demand. They are providing special access services over approximately 11,750 fiber miles of new, state-of-the-art networks in conjunction with numerous facilities collocated in Bell Atlantic's central offices. Bell Atlantic has provided competitors with collocation in 9 central offices. In these central offices, competitors have established 57 physical or virtual nodes. Competitors have also negotiated over 60 interconnection agreements with Bell Atlantic with over 40 approved by the state regulatory agencies. Below is an overview of some of the competitors offering service in the area and maps showing the competitive networks.

AT&T/TCG entered the D.C. metropolitan market in 1996. The TCG network runs 233 route miles with 22,368 fiber miles throughout the metropolitan area. The company serves customers using a Class 5-voice switch. TCG has been a fully certified CLEC in D.C. since 1996. The company has been providing local service to District businesses since 1997.

TCG has expanded its network rapidly from downtown D.C. to include northern Virginia with additional fiber in Prince Georges County. TCG's District network currently extends to Tysons Corner on the west and Bailey's Crossroads to the south. It has a Nortel DMS-500 switch located in the District that has been operational since 1997. TCG plans to spend up to \$10 million annually on network construction as it expands throughout the metropolitan Washington region. The company also plans to lay fiber in the business areas of the northern Virginia suburbs including Vienna, Fairfax, and Reston.

MCI WorldCom with MFS has been a competitor in the D.C. for more than ten years. The company opened a fiber network in 1987 and started offering service as a CAP. It currently has an Ericsson AXE 10 voice switch and a data switch. MCI WorldCom is a fully certified CLEC and signed an interconnection agreement with Bell Atlantic in July

1996. MCIMetro also has a voice switch in D.C. and has been interconnected with Bell Atlantic since 1996.

MCI WorldCom has the largest competitive network in the metropolitan Washington, D.C. area with over 500 route miles of fiber. Approximately 90 route miles of fiber are in the District. MCI WorldCom currently has three SONET loops in the Washington, D.C. metropolitan area. MCI WorldCom's downtown loop serves businesses along K and L Streets. It also has SONET loops in Tyson's Corner, primarily along Leesburg Pike, and in Reston, Virginia. The metropolitan D.C. network reaches Gaithersburg, Maryland to the north; Anne Arundel County, Maryland to the east; Springfield, Virginia to the south; and Dulles Airport to the west.

MCI WorldCom provides service in the following areas: downtown D.C.; Arlington, Herndon, Vienna, Fort Belvoir, McLean and Falls Church, Virginia; Bethesda, Germantown, Greenbelt, College Park, Rockville, Silver Spring and Gaithersburg, Maryland. It offers service to large and small businesses and residential customers.

Intermedia Communications is certified to provide full CLEC services in D.C. where it operates a data switch. Intermedia signed an interconnection agreement with Bell Atlantic in February of 1997.

e.spire activated a Lucent 5ESS switch in the Washington, D.C. area in October of 1998. The company has a network of approximately 100 route miles in the Washington, D.C. area. Currently, e.spire is working on a network expansion that will connect its Baltimore and Washington, D.C. networks, bringing e.spire's total number of route miles to 230 in the Baltimore to Washington, D.C. corridor.

Level 3 Communications recently purchased XCOM Technologies and plans to enter the D.C. market. The company will open a network with a Nortel DMS 500 voice switch to serve customers in the area.

Winstar Communications, a fully certified CLEC in D.C., serves customers using a Lucent 5ESS voice switch that it installed in 1997. The company has 5 channels of capacity (500 MHz) in the D.C. market—with no less than 1 DS3 of capacity per channel to each building served which may be used to provide special access services. Winstar signed an interconnection agreement with Bell Atlantic in 1996. In 1997, WinStar turned up its

38-gigahertz wireless network in Washington, D.C. WinStar uses wireless microwave transmission facilities instead of traditional copper or fiber land-lines. It's Washington, D.C., network relies on line of sight transmission facilities located on rooftops. According to WinStar, it has established facilities on at least 30 rooftops in the area. In areas far removed from its network, WinStar resells Bell Atlantic or other CLEC local exchange lines. WinStar is targeting small to mid-sized business customers.

Metromedia Fiber Network, Inc. has plans to enter the D.C. market using a network that will be operational in 1999. The network will span 120 route miles and consist of 25,920 fiber miles. The company also is building an intercity link between D.C. and New York City that will cover 264 route miles with 114,000 fiber miles.

Teligent, a relatively new CLEC, is targeting Washington, D.C. as one of its initial markets. Teligent is currently constructing point-to-multi-point digital wireless networks that will enable the company to offer high-speed data and special access, local, long-distance and Internet access to the ten cities the company has targeted. These high-capacity fixed wireless networks will serve many buildings from a centrally located station. It has regulatory approval and signed interconnection agreements in the District. The company is targeting small to medium-sized businesses. Teligent has begun testing its network in Washington, D.C., and currently provides Internet service to some customers.

Competitive Networks



District of Columbia

— World/MFS
AT&T/TCG

— Hyperion
Other

□
+ + + +

Wire Center
LATA

□
■

Top 20 WC
Coll WC

EXHIBIT 2

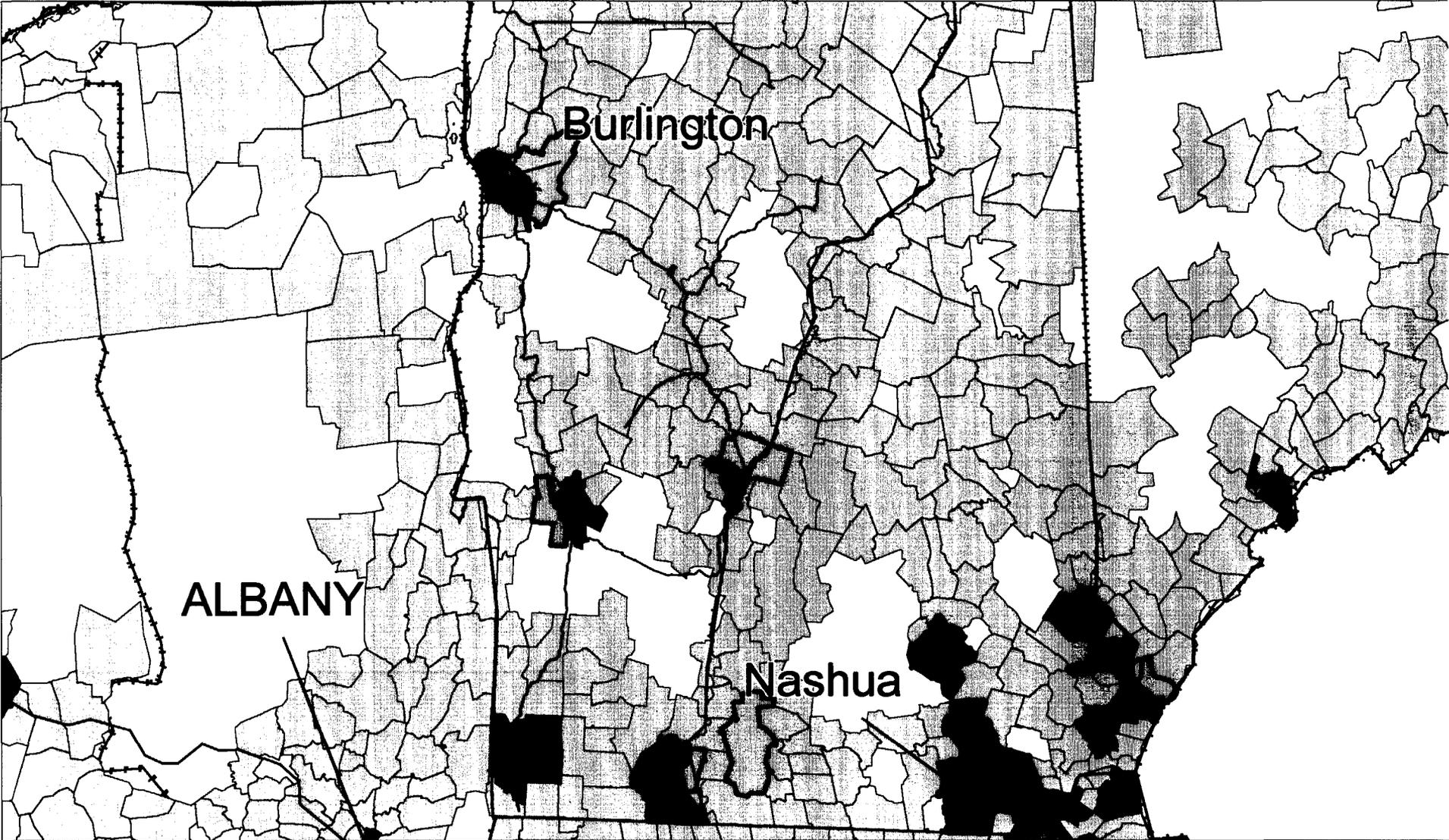
VERMONT

In Vermont, competing carriers have the ability to offer service to 97% of Bell Atlantic's special access demand. They are providing special access services over approximately 50,000 fiber miles of new, state-of-the-art networks in conjunction with numerous facilities collocated in Bell Atlantic's central offices. Bell Atlantic has provided competitors with collocation in 5 central offices. In these central offices, competitors have established 5 physical or virtual nodes. They have also negotiated 27 interconnection agreements with Bell Atlantic with 22 approved by the state regulatory agencies. Below is an overview of some of the competitors offering service in the state and maps showing the competitive networks.

Hyperion Telecommunications, Inc. has offered service as a CAP in Vermont since 1994. It currently has an operational Lucent 5ESS host switch in the Burlington metropolitan area. Hyperion's northeast cluster, which includes New York, spans 1,285 route miles and contains 53,947 fiber miles.

Hyperion currently has about 1,000 route miles throughout Vermont that cover most all of the state, and they are continuing to construct more. Hyperion has been providing high capacity special access services in Vermont for the past seven years. Hyperion's extensive network can serve a vast portion of the Vermont business market and provides for the provision of large bandwidth to those companies that demand it. Hyperion's fiber runs through all the major Vermont cities including Burlington, St. Johnsbury, Bennington, Barre, Montpelier, and Rutland. Hyperion is also targeting businesses in small towns outside of the major business centers. Hyperion has lit buildings in small towns such as Middlebury and Waterbury, both of which are located on its expansive fiber network.

Competitive Networks



— World/MFS
AT&T/TCG - - - Hyperion
Other □ Wire Center □ Top 20 WC
- - - LATA ■ Coll WC