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March 5, 1999

VIA MESSENGER

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re CC Dockets No. 98-147

Dear Ms. Salas:

On Thursday, March 4, 1999, Jeffrey Blumenfeld, Glenn Manishin, and the undersigned, counsel for Rhythms NetConnections Inc. ("Rhythms") and MachOne Communications, Michael Olsen and Ruth Milkman, counsel for NorthPoint Communications and Thomas Koutsky, counsel for Covad Communications met with Kevin Martin of Commissioner Furchgott-Roth's Office to address the issues raised in the captioned proceedings in light of the Supreme Court's decision in *Iowa Utilities*. The attached materials were distributed and summarize the issues discussed.

Pursuant to Section 1.1206 of the Commission's Rules, two copies of this letter are enclosed for filing. Please contact me should you have any questions in regard to this matter.

Sincerely,

Christy C. Kunin

CCK:hs

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List ABCDE

Promoting Broadband Deployment Post *Iowa Utilities*

FCC Briefing Materials

Covad Communications, MachOne Communications, NorthPoint Communications, Rhythms NetConnections

Today, Only the Advanced Data Services Market Is Developing Substantial Competition

- The FCC has recognized that the competitive DSL industry is growing rapidly and is a key broadband technology.
- ILEC entrance into the DSL retail market add incentives to delay competitor entry.
- In the absence of a 706 mandate, ILECs are impeding competitors by slow-rolling access to xDSL-capable loops.
- Uncertainty following *Iowa Utilities* has emboldened ILECs publicly to repudiate their unbundling obligations.
- At this crucial stage, financial and consumer markets must be assured that the FCC will safeguard DSL competition.

Immediate Release of the 706 Order Will Promote Competitive Data Services Markets

- The issues in the Section 706 proceeding must be addressed as soon as possible.
  - Collocation
  - Line sharing
  - Resale

Policy Reasons to Reaffirm ILEC Loop Obligations

- To preserve *status quo* and prevent the competitively destructive absence of law that could cause a substantial disruption in telecommunications markets.
- To reassure financial and consumer markets of the continued viability of data and advanced services competition.

Section 706 Order Should Include Loop Remedies

- *Iowa Utilities* strongly validates the FCC's jurisdiction and broad rulemaking discretion under the 1996 Act.
- Loop remedies remain appropriate on the basis of the FCC's existing record.
- Nothing in *Iowa Utilities* precludes FCC action in Advanced Services rulemaking for loops.
- Paragraph 52 of the Advanced Services MO&O requires ILECs to provide xDSL-capable loops and only requires affirmation in this Order.

Alternative FCC Actions for Loop Remedies

- Enforcement of loop unbundling obligations via the Section 208 "Rocket Docket"
- Public statements by the Commission and Staff affirming ILEC loop unbundling obligations
- Issuance of a Declaratory Ruling that ILEC must provide xDSL-capable loops

The FCC Must Expedite the UNE NPRM

- An expedited proceeding is appropriate in light of the extensive record already developed on UNEs.
- The telecommunications markets require final and swift resolution of the unbundling requirements.
- Rapid resolution of the unbundling issues will minimize any backlash from an interim rules Order.