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OpTel
The Multi-Family
Telecommunications Specialist

Chairman William Kennard
Federal Communications Commission
445 12th Street, SW
Room 8B-201
Washington, DC 20554

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April 7, 1999

Chairman William Kennard
Federal Communications Commission
445 12th Street, SW
Room 8B-201
Washington, DC 20554

CC DKT NO. 98-141

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F.C.C.
Federal Communications Commission
Office of Secretary
OFFICE OF THE SECRETARY

Re: Proposed SBC/Ameritech Combination

Dear Chairman Kennard:

I read recently that you have asked whether there are particular conditions that should be imposed on SBC Communications Inc. ("SBC") and Ameritech Corp. ("Ameritech") if the two companies are allowed to combine. As an officer of a facilities-based CLEC, I can assure you that no single condition will facilitate immediate local telephone competition faster than a simple commitment by these companies that the combined enterprise will permit prompt, non-discriminatory access to on-property distribution network at multi-tenant buildings and multiple dwelling unit (collectively "MDU") properties.

In the MDU market, a number of facilities-based CLECs are poised and ready to provide service. One barrier, however, has consistently and continually stymied the development of full-blown competition — access to ILEC-controlled on-property distribution plant. CLECs that bring their network facilities directly to the property line of an MDU, using microwave links or limited fiber installation, often find that the costs and physical disruption involved in rewiring an entire MDU property are prohibitive. Even if such an overbuild were practicable, which it almost never is, the end result would be five different wires to each building or unit on an MDU property for the resident to have a choice among five different carriers.

The pro-competitive answer to this problem, of course, is to make the installed wiring available, on a non-discriminatory basis, to whichever carrier actually is serving a particular customer on the property. All campus, riser and premises wiring should be available at a single and accessible demarcation point on the MDU property, at the "Minimum Point of Entry" as defined under current federal law.

So far, however, in the vast majority of markets, ILECs are resisting efforts by CLECs to obtain pro-competitive access to the on-property distribution plant at MDUs. Although the tactics vary from market to market, ILECs inhibit access by establishing numerous demarcation points at each MDU property, designing networks so that access at or near the property line is infeasible, or failing to establish any cross-connect point other than the ILEC central office ("CO"). The end result is often that even where a CLEC has built facilities to an MDU property and is prepared to offer a facilities-based choice to a resident or tenant, the CLEC must "backtrack" to the ILEC end office and purchase expensive and unnecessary loops to reach the potential customer.

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By contrast, when OpTel wires a new property, it brings all on-property distribution wiring to a single, accessible point at or near the property line at which the ILEC — or any other CLEC for that matter — may have access to any customer on the property. If ILECs were to adopt the same approach for newly constructed and existing MDU properties, CLECs would have practical access to customers, they would be able to reduce their reliance on ILEC loop facilities, and collocation congestion at ILEC COs would be eased.

In short, if a rapid infusion of facilities-based competition into the local telephone markets is what is sought, SBC and Ameritech should commit to providing CLECs with prompt access to the on-property distribution plant, at a single point at or near the MDU property line, for the purpose of cross connecting networks. Naturally, the costs of any network reconfiguration required should be shared by all concerned.

OpTel is confident that this single step would result, in a very short time, in true local telephone competition for millions of subscribers within the SBC-Ameritech markets. I hope that you will consider this fact as the FCC continues its review of the proposed SBC-Ameritech combination.

Sincerely,

Michael E. Katzenstein
Vice-President and General Counsel
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