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Vice President-Federal Regulatory

August 26, 1999

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EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

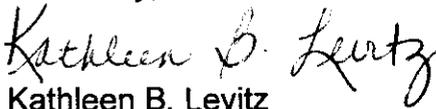
Re: CC Docket No. 96-98

Dear Ms. Salas:

On August 25, 1999, Sid Boren, Allan Price, Randy New, Jim White, Robert Blau, and I, representing BellSouth, met with Lawrence Strickling, Chief of the Commission's Common Carrier Bureau, Robert Atkinson, Deputy Chief of that Bureau, Jordan Goldstein, Legal Counsel to the Bureau Chief, Jane Jackson, Chief of that Bureau's Competitive Pricing Division, Carol Matthey, Chief of that Bureau's Policy and Program Planning Division, and Jake Jennings, a staff member of that Division. During the meeting BellSouth representatives discussed the impact upon BellSouth of a Commission decision to require unrestricted provision of unbundled loops and transport in combination at TELRIC pricing. In making that presentation we relied upon the attached documents.

In accordance with Section 1.1206(b)(2), I am filing two copies of this notice in the docket identified above. If you have any questions concerning this, please call me.

Sincerely,


Kathleen B. Levitz

Attachment

cc: Lawrence Strickling
Robert Atkinson
Jordan Goldstein
Jane Jackson
Carol Matthey
Jake Jennings

No. of Copies rec'd 0/2
List ABCDE

Loop/Transport Combinations

CC Docket No. 96-981

August 25, 1999

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050

Unbundled Transport and Loop/Transport Combinations

Perceived Current FCC Direction

Financial Impact

Assumptions

- Loops provided everywhere
- Transport provided everywhere
- Loop/Transport provided everywhere
- All transport products (DSO, DS3, etc.) are subject to recombination
- We compared UNE prices to prices paid in the market, not just standard tariff
 - Discount example (DS1):

		Effective Discount
Standard Tariff Rate	\$591	58%
Best DS1 Price	\$386	36%
UNE Combo Price	\$245	

Impacts

- Flash cut (billing change) of 90% of current special access to loop/transport.
- Big three IXCs are billed 90% of special access today.
- Termination liability of \$179m would be paid immediately-impact would be overcome in 4-5 months.
- Current private line services would be lost to competition over time, assuming the CLEC must first win the end user customer from BellSouth

Overall Result

- Local competition marginally incented
- Huge transfer of wealth to three major IXCs

Unbundled Transport and Loop/Transport Combinations Policy Options

General Principles

- Local competition should not be impaired.
- Arbitrage of special access, which only produces a financial windfall to IXCs and does not advance local competition, should be prohibited.
- Plan should utilize readily available data.
- Plan should be consistent with 251 (d)(2) necessary and impair language of the Act

Use Restriction Option

Financial Impact

Assumptions

- Unbundled Network Elements and Recombinations are ordered as above, but special access service may not be provided using loop/transport.

Impacts

- Current private line services would be lost to competition over time, assuming the CLEC must first win the end user customer from BellSouth
- Would serve as a transition vehicle until access reform and universal service are fully implemented
- All transport products (DSO, DS3, etc.) are subject to recombination

Competitive Trigger Option

Financial Impact

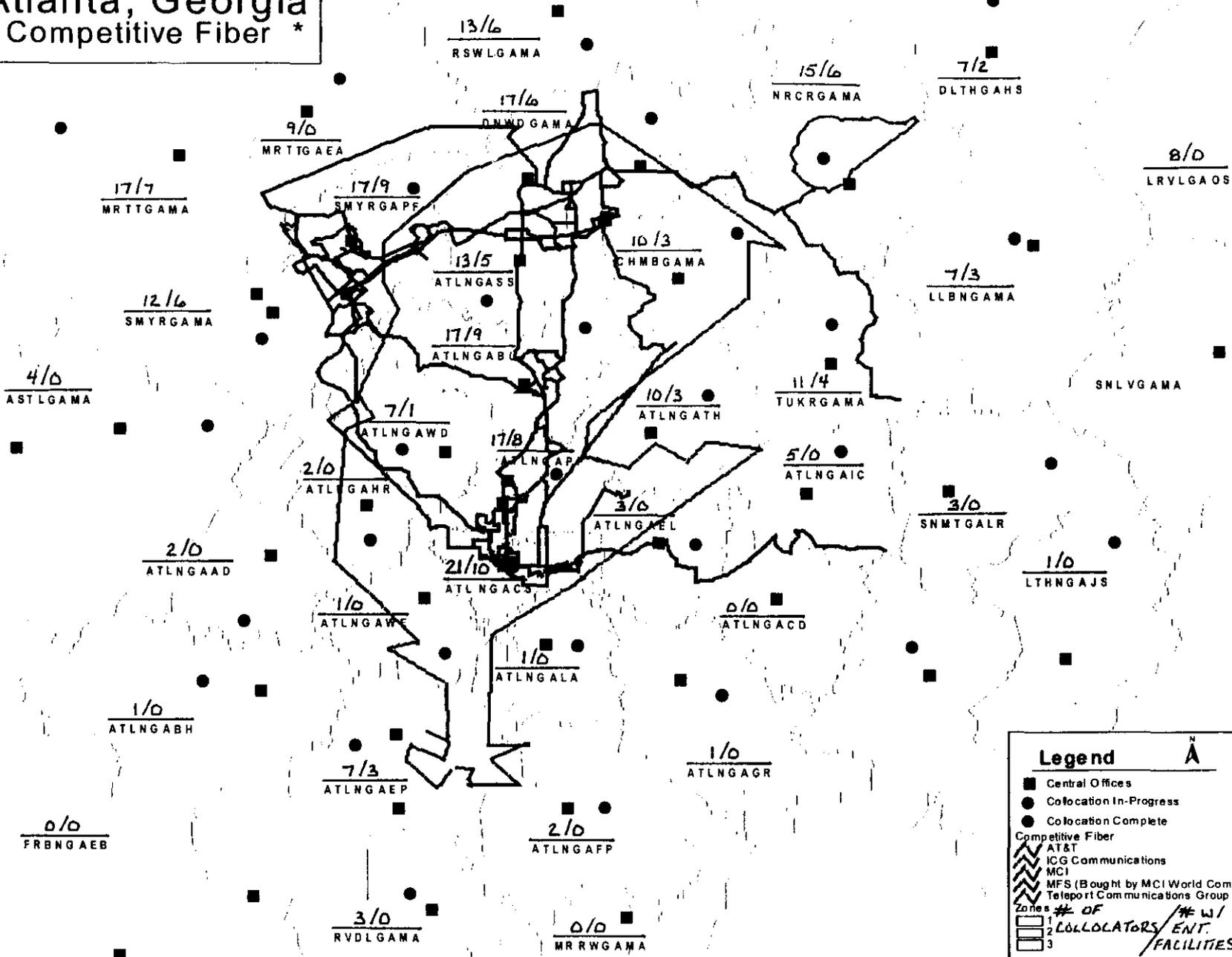
Assumptions

- Could address competitive alternatives for special access and private line more equally
- Consideration of transport could be divided into
 - Transport between the ILEC serving wire center and an IXC point of presence, or POP
 - Interoffice transport
- Possible Triggers could be:
 - Transport between the ILEC serving wire center and POP provided as a UNE except in those wire centers in which there is at least one competitive entrance facility and one collocator
 - Interoffice Transport provided everywhere except between those wire centers that have at least two entrance facilities and two collocators
- Data to augment BellSouth data may be necessary

Overall Results

- Local comp incented
- Inappropriate arbitrage prevented

Atlanta, Georgia Competitive Fiber *



Legend N

- Central Offices
- Collocation In-Progress
- Collocation Complete

Competitive Fiber

- ▨ AT&T
- ▨ ICG Communications
- ▨ MCI
- ▨ MFS (Bought by MCI World Com)
- ▨ Teleport Communications Group

Zones: # OF COLLOCATORS / # W/ ENT. FACILITIES

- 1
- 2
- 3

* Additional existing utility company, CLEC, and/or CATV fiber not shown