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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

November 10, 1999

By Hand

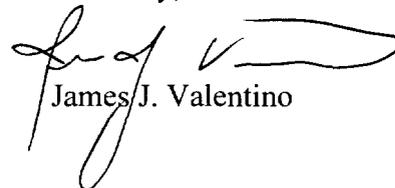
Magalie Roman Salas
Secretary
Federal Communications Commission
Room CY-A257
455 Twelfth Street, SW
Washington, D.C. 20554

Re: Written Ex Parte Submission
In the Matter of Deployment of Wireline Services
Offering Advanced Telecommunications Capability
CC Docket No. 98-147

Dear Ms. Salas:

Pursuant to section 1.1206(b)(1) of the Commission's rules, 47 C.F.R. § 1.1206(b)(1), an original and one copy of the enclosed letter sent to the Office of Chairman Kennard, with attachments, are being provided to you for inclusion in the public record in the above-captioned proceeding. Copies of the written ex parte transmission were also distributed to the Offices of Commissioners Ness, Powell, Tristani, and Furchtgott-Roth, the Policy and Program Planning Division of the Common Carrier Bureau, and the Office of General Counsel.

Sincerely,



James J. Valentino

Enclosures

cc (w/ encl.): Dorothy Attwood
Rebecca Beynon
Kyle Dixon
Sarah Whitesell
Larry Strickling
Carol Matthey
Margaret Egler
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Vincent Palladini
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November 9, 1999

Dorothy Attwood
Legal Advisor to Chairman Kennard
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: Proposed Line-Sharing UNE, CC Docket 98-147

Dear Ms. Attwood:

As you know, CoreComm has discussed the Commission's proposal for a new "line-sharing" UNE with the Common Carrier Bureau and with the Commissioners' common carrier advisors. The discussions to date have not altered CoreComm's view that this proposal for a custom-tailored UNE is deficient on both legal and policy grounds. If anything, CoreComm's misgivings have grown.

It is perfectly understandable that the Commission wishes to vigorously pursue measures that it believes will promote investment and innovation in advanced telecommunications services. Despite the importance of this goal, however, the Commission must be careful to temper its enthusiasm for "broadband" with due regard for its other statutory responsibilities. In particular, the Commission's desire to further stimulate the already substantial success of the "DSL CLECs" ought not to be pursued in a manner that undermines telecommunications competition or jeopardizes the interests of telephone subscribers. For the reasons discussed below, CoreComm believes a line-sharing UNE will discourage facilities-based competition and shortchange the interests of telephone ratepayers.

1. In the discussions to date, CoreComm has been unable to obtain an explanation of how facilities-based competition for voice services and for bundles of services can be advanced if one discrete (and possibly transitory) class of competitors can obtain access to frequency-divided loop capabilities without paying for use of a full unbundled loop. It is difficult to see why the Commission would expect CLECs to construct their own loop facilities or to procure unbundled ILEC loops if a rival can offer both voice and high-speed data services over the same loop but without having to pay the full TELRIC price of that loop.^{1/}

^{1/} The DSL CLECs have generally emphasized in this proceeding their interest in providing high-speed data services and nothing but high-speed data services. But statements to potential

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The dangers to competition would be particularly acute if, as we understand, the line-sharing UNE will be available to the DSL CLEC only so long as the end-user remains a POTS subscriber of the ILEC. Under this scenario, DSL CLECs will have an unfair competitive advantage over CLECs offering voice services only and CLECs offering bundles of services. It will not be sufficient for CLECs to persuade the end-user to abandon either the ILEC or the DSL CLEC; only a decision to abandon both will serve. And both the ILEC and the DSL CLEC will have a shared interest in perpetuating the end-user's existing service arrangements, thereby hindering competition from facilities-based providers.

2. Equally troubling is the Commission's apparent failure to work through the ratemaking consequences of the proposed line-sharing UNE. ILEC investment in telephone plant is flowed through the Uniform System of Accounts (Part 32), the Joint Cost rules (Part 64), and jurisdictional separations (Part 36) before it affects intra- and interstate rates. The Commission's Notice of Proposed Rulemaking offered no insights as to how any of these rules might need to be changed as a consequence of adopting a line-sharing UNE.^{2/} In our discussions to date it appears that, while the Commission now is aware of this issue, it has not yet analyzed how a line-sharing UNE could be reconciled with the Commission's other statutory responsibilities.

How can the Commission protect the interests of telephone ratepayers in receiving affordable, basic telephone service without knowing whether one consequence of the proposed line-sharing UNE will be to complicate, and perhaps hinder, the recovery of investment that is assigned to the intrastate jurisdiction? Given the demonstrated proclivities of the ILECs to sue for "takings" that they claim result from regulatory action, the FCC has a duty to satisfy itself that telephone companies will not be able to manipulate recorded investment and revenue requirements in ways that adversely affect the rates for, or quality of, basic telephone service. Failure to address these issues will necessarily frustrate the statutory requirement that the FCC and the states "establish any necessary cost allocation rules, accounting safeguards, and guidelines to ensure that *services included in the definition of universal service bear no more than a reasonable share of the joint and common costs of facilities used to provide those services.*" 47 U.S.C. § 254(k) (emphasis added).

customers and to the financial community, as well as articles in the trade press, tell a different story. As the attached documents indicate, voice services are very much in the immediate plans of the DSL CLECs.

^{2/} The analysis of these issues may vary depending on whether the DSL CLECs are offering high-speed data services only or voice services as well. See n.1 *supra*. The Commission needs to consider *both* sets of possibilities in whatever order it adopts in this proceeding.

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3. Another area of continuing concern relates to the legal standard for creation of unbundled network elements. The one aspect of the Commission's local competition decision that the Supreme Court reversed involved the standards under which the unbundling obligations of Section 251(c)(3) are determined. The Court viewed the Commission as having been too cavalier in its approach to Section 251(d)(2) and therefore directed the Commission to give meaning to the "necessary" and "impair" clauses. Now that the Commission's UNE Remand Order is available, it appears that the case for a custom-tailored line-sharing UNE is weaker than ever.

Assuming that there are likely no "proprietary" considerations in line sharing, the Commission would apply the "impair" standard of section 251(d)(2)(B), rather than the "necessary" standard of Section 251(d)(2)(A), to determine whether to unbundle the high-frequency portion of the loop. The record in this proceeding does not support a finding that lack of access to a line-sharing UNE impairs, or materially diminishes, a DSL CLEC's ability to provide competitive services to customers. On the contrary, as the Commission has recently observed, the DSL CLECs have experienced tremendous growth and are aggressively deploying advanced services such as xDSL across the country. See Implementations of the Local Competitive Provisions of the Telecommunications Act of 1996, Third Report and Order, at ¶ 307 ("UNE Remand Order").

Of course, DSL CLECs would likely argue that any Commission failure to unbundle line sharing constitutes an "impairment" because it would materially raise their entry costs, delay broad-based entry, and limit the scope and quality of their service offerings. As support for their claim, they will likely cite to the Commission's statement in the UNE Remand Order that, absent line sharing, a DSL CLEC would incur "additional non-trivial costs" because they "must purchase an *additional* unbundled loop to serve their customers" with xDSL service. See UNE Remand Order at ¶ 310 (emphasis added). CoreComm maintains, however, that this statement is demonstrably false. Like facilities-based providers of integrated services, DSL CLECs are free to provide their services over the *primary* loop serving the customer, provisioned as a UNE. They have the opportunity to earn multiple revenue streams, including access charges, local voice and toll charges, and charges for data traffic, and if they choose not to provide all of these services they are free to partner with others who do.^{3/}

Thus, absent this false premise, the determination of whether line sharing should be unbundled is no different than the Commission's analysis of DSLAMs and packet switches, as to which the Commission decided *not* to create new UNEs. In concluding that DSLAMs and

^{3/} Again, it bears emphasis that DSL CLECs are positioning themselves to provide an integrated package of services, including voice, making their reluctance to assume responsibility for a whole loop all the more unsustainable.

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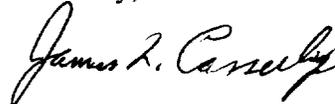
packet switches should generally not be unbundled, the Commission noted that the presence of "multiple requesting carriers providing service with their own packet switches is probative of whether they are impaired without access to unbundled packet switching." UNE Remand Order at ¶ 306. While the Commission concluded that competitors may be impaired in their ability to serve certain segments of the market, namely residential and small business, the Commission opted not to order unbundling of DSLAMs and packet switches given the "nascent nature of the advanced services marketplace." Id. The same statements could well be made about a frequency-sharing UNE.

In addition to the "necessary" and "impair" standard, the Commission has concluded that it may consider how the UNEs it adopts will further the goals of the 1996 Act "to open the local exchange and exchange access markets to competition and to promote innovation and investment by all participants in the telecommunications marketplace." UNE Remand Order at ¶¶ 2, 103 (citing Joint Explanatory Statement at 1). CoreComm fails to see how the Commission's proposed line-sharing UNE, which benefits DSL CLECs at the expense of facilities-based competition for voice services, comports with these goals. Indeed, unlike access to unbundled subloop elements discussed in the UNE Remand Order, a line-sharing UNE increases, not reduces, reliance on the incumbent and discourages competitors from deploying their own loop facilities.

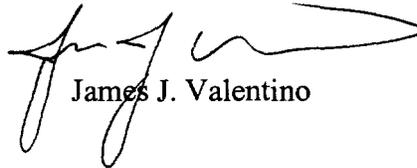
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We appreciate the opportunity to participate in the Commission's continuing consideration of these issues. Thank you in advance for considering the foregoing points. Please feel free to call if you believe further discussions would be useful.

Sincerely,



James L. Casserly



James J. Valentino

cc: Linda Kinney
Rebecca Beynon
Kyle Dixon
Sarah Whitesell
Larry Strickling
Carol Matthey
Staci Pies
Margaret Egler
Vincent Paladini
Sonja Rifken



DSL Showcase Services Support DSL Store Inside Covad Home

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- › **Investor Relations**
- › **Q&A**



Press Releases

→ Covad Announces First Alliance to Deliver Voice over DSL Services to Small Business

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Covad targets \$45 billion local phone market

Santa Clara, Calif., (July 21, 1999) - Small businesses and consumers seeking alternatives to their incumbent local exchange carrier (ILEC) services are a significant step closer to enjoying voice service alternatives. Covad Communications (NASDAQ: COVD), a leading broadband access provider, today announced that it has reached an agreement with Integrated Communications Provider (ICP) GST Telecommunications, Inc. (NASDAQ: GSTX) to develop integrated → voice over digital subscriber line (DSL) services using asynchronous transfer mode (ATM) transport technology. The two companies have agreed to jointly develop service offerings to small businesses that will allow customers to utilize one DSL line for integrated data service and up to 16 voice lines.

→ The development agreement is the first in the industry in the emerging market for integrated voice and data DSL services. Covad will work directly with GST to develop voice over DSL service offerings in the geographic regions where GST provides communications service. GST has already signed an agreement with Covad to provide Covad's DSL service to GST's end users. GST and Covad envision service trials of voice over DSL service by the end of 1999.

→ "Securing development agreements with voice CLECs is an important step toward providing true competition and choice to the \$45 billion dollar small business voice communications market," said Robert Roblin, executive vice president of Marketing for Covad. "By working with aggressive, nimble voice CLECs such as GST, Covad plans to break the local phone service monopoly for voice services."

→ The agreement closely follows Covad's successful completion of voice over DSL technical trials using Covad's existing gateways and related voice equipment from both Jetstream Communications, Inc. and CopperCom, Inc. In June, Covad completed more than 200,000 phone calls over DSL lines using its ATM transport network. Covad envisions a manageable solution for small businesses that will enable them to apportion up to 16 voice lines and data through one DSL connection. The technical trials proved the feasibility of this plan and demonstrated the high quality of voice over DSL via ATM.

→ "Although the technology behind the service is impressive by any standard, voice over DSL is really about leveraging a DSL line to provide voice products with better service delivery and better customer service," added Roblin. "Our research indicates that small businesses have strong dissatisfaction with their current service providers. Covad aims to provide alternatives for voice and data services to small businesses that have never had a choice of providers."

Joe Basile, president and chief executive officer of GST Telecommunications, said, "By expanding our alliance with Covad, GST will be able to offer its extensive voice services over the same lines deployed for Internet access. Integrated DSL services are a cost-effective alternative for small businesses to take advantage of new network capabilities which can help make them more competitive. DSL gives GST a broader geographic reach within our major metropolitan markets, and is another way for us to bypass the incumbent local exchange carriers (ILECs), allowing us to provide faster provisioning intervals, more responsive customer service, and lower prices than those available when working through an ILEC connection."

GST Telecommunications, Inc., an Integrated Communications Provider (ICP) headquartered in Vancouver, Wash., provides a broad range of integrated telecommunications products and services including local dial tone, Internet, long distance, and enhanced data services throughout the United States with a robust presence in California and the West. Facilities-based GST continues to focus on its western regional strategy by anchoring its next generation networks in local markets and connecting them via long haul fiber networks.

About Covad

Covad Communications is a leading broadband access provider of high-speed Internet and network access. It offers DSL services through Internet Service Providers to small and medium-sized businesses and home users, and direct to large enterprise customers. Covad services are currently available in 16 regions, encompassing 37 Metropolitan Statistical Areas (MSA). Service is available in the

regions encompassing the San Francisco Bay, Los Angeles, Seattle, Sacramento, New York, Boston, Washington D.C., Baltimore, Chicago, Philadelphia, San Diego, Atlanta, Detroit, Minneapolis/St. Paul, Denver, and Portland, Oregon. Covad has announced its plans to offer its services in a total of 22 regions, which would encompass 51 MSAs nationwide by Q4 1999. Covad Communications and its affiliates, doing business as Covad Communications Company, are wholly owned subsidiaries of Covad Communications Group, Inc. (Nasdaq:COVD). Corporate headquarters is located at 2330 Central Expressway, Santa Clara, CA, 95050. Telephone: 1-888-GO-COVAD. Web Site: www.covad.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

The statements contained in this release, which are not historical facts may be deemed to contain forward-looking statements, including, but not limited to, deployment of the Company's network in new and existing regions and the timing and breadth of coverage in each region. Actual results may differ materially from those anticipated in any forward-looking statements as a result of certain risks and uncertainties, including, without limitation, the Company's dependence on strategic third parties to market and resell its services, intense competition for the Company's service offerings, dependence on growth in demand for DSL-based services, availability of collocation space and facilities, ability to manage and scale operations, and other risks and uncertainties detailed in the Company's Securities and Exchange Commission filings. The Company disclaims any obligation to update information contained in any forward-looking statement.

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Technology that adapts to you (not the other way around).

Our services are all based on one of the hottest technologies around - Digital Subscriber Line (DSL). It surprises a lot of people to hear how versatile the technology is, offering speeds from 128 kbps to 7.1 Mbps (nearly five times as fast as a T-1!) But we provide service levels you can't get anywhere else.

We're in the business of providing services to business.

Our customer base comes from demanding industries like banking and brokerage services, high-tech manufacturing, healthcare, media, and other organizations with mission-critical networking requirements. They enjoy our full suite of flexible solutions:

- Enterprise Telework — A solution for people who need to work from home and connect to a corporate network at higher speeds at any hour
- Internet Access — An affordable and reliable solution for any size business to connect to the net
- Branch Office Interconnect — A solution for communication between branch offices, affiliates and the corporate network

A combination of speed, service and cost you can't get anywhere else.

Our solutions are based on high-speed DSL technology integrated with a sophisticated carrier-class network. Customers choose from a list of speed options that are the broadest in the industry. Depending on your location, and your need for speed, Rhythms will provide you with either a symmetrical or asymmetrical configuration:

Symmetrical DSL

128 kbps	256 kbps	384 kbps	512 kbps	768 kbps	1.1 Mbps	1.5 Mbps
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Asymmetrical DSL (Downstream/upstream)

3x1	5x1	7.1x1
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Mbps Mbps Mbps

We could go on and on about the advantages of DSL.

- Dedicated access. DSL isn't affected by telephone or fax traffic.
- Always on. No need to dial up an ISP - just open your email or browser program and you're immediately connected.
- No dropped connections.
- Bit for bit, less costly than ISDN, frame relay or even a T-1 line.

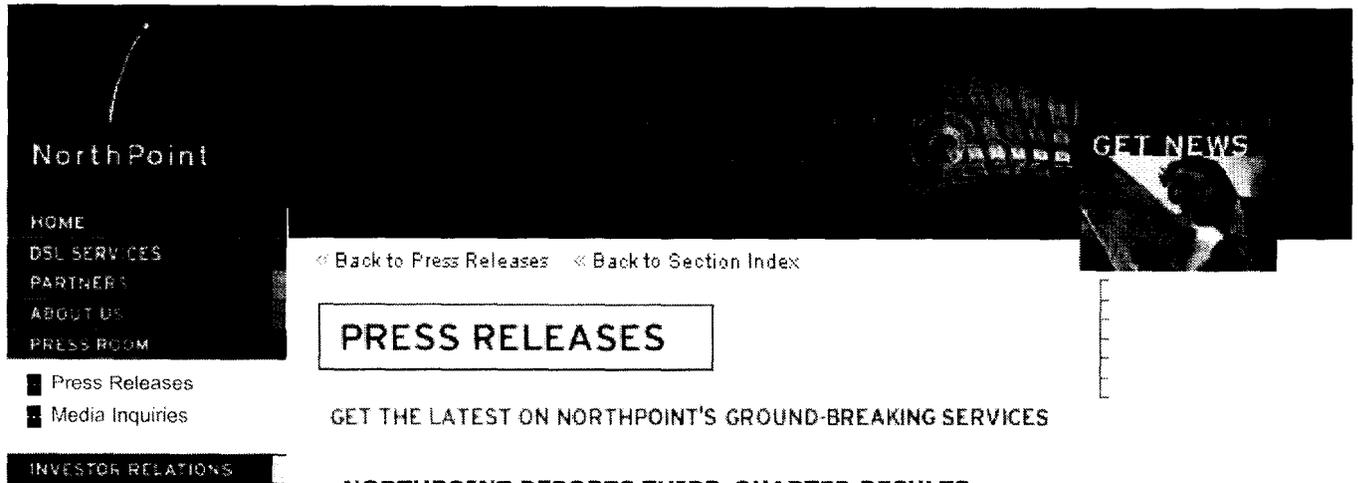
Most importantly, no one does DSL like Rhythms.

Rhythms DSL gives your business the services, capabilities and support you can't get anywhere else.

- Complete installation all the way to the desktop. One call installs everything and shows you how to work it. No one else does that.
- Customer service and support at any hour. You'll sleep better at night knowing we never do. Our network operations center is staffed 24 hours a day, 7 days a week. Talk to a live professional at any time.
- Go anywhere you need to go. Our national IP backbone can transport you anywhere, locally or nationally.
- Designed with your future in mind. Our network is completely scalable and based on technology positioned to carry integrated voice, data, video, and multimedia all over a single line.
- Flexibility. You tell us what you need, and we will meet those needs.
- Security. The advanced Rhythms network is the industry's most secure - and monitored 24 X 7 to keep it that way.
- More capability than just DSL. Features like flexibility in reaching the Internet or corporate network, automatic data backup, PBX Extension, and many more round out Rhythms Total Access Solutions™.

What are you waiting for?

If your business is already bogged down by slow data services, or if you're simply interested in hearing more about today's most talked-about technology, check out our product solutions through the links above. To order now, go to [Get Rhythms](#) or call **1-800-RHYTHMS (800-749-8467)**.



NorthPoint

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PRESS RELEASES

GET THE LATEST ON NORTHPOINT'S GROUND-BREAKING SERVICES

NORTHPOINT REPORTS THIRD-QUARTER RESULTS

Third-Quarter Highlights:

- Exceeded 1999 network expansion goals: 28 markets, 51 MSAs, more than 1,100 cities
- Operational central offices grew 56 percent to 683
- 25 percent of all U.S. businesses passed by NorthPoint network
- Revenue and subscriber growth of 129 percent and 107 percent respectively

NorthPoint Announces Year 2000 Network Expansion Goals to Over 60 Markets and 110 Metropolitan Statistical Areas (MSAs)

San Francisco, October 27, 1999 –

NorthPoint Communications Group, Inc. [Nasdaq: NPNT] today announced strong third-quarter results, highlighted by substantial sequential revenue and subscriber growth. Revenue for the quarter ended September 30, 1999 was \$5.73 million versus revenue of \$2.50 million for the quarter ended June 30, 1999, a 129 percent sequential increase. Revenue for the third quarter of 1998 was \$0.24 million.

Net loss for the third quarter of 1999 was \$46.5 million versus a net loss of \$37.9 million for the quarter ended June 30, 1999 and a net loss of \$7.8 million in the quarter ended September 30, 1998. Earnings before net interest, taxes, depreciation and amortization (EBITDA) for the quarter ended September 30, 1999 were negative \$42.0 million versus negative \$29.2 million for the quarter ended June 30, 1999 and a negative \$5.1 million for the quarter ended September 30, 1998.

NorthPoint launched service in eight new U.S. markets during the quarter, and can now offer service to one-quarter of all U.S. businesses and 20 percent of all households. The company currently offers service in 28 major metropolitan areas, spanning 51 metropolitan statistical areas (MSAs) and more than 1,100 cities and towns. Operational central offices increased 56 percent during the quarter to 683 at September 30, 1999 from 438 at June 30, 1999. The number of homes and businesses passed increased 47 percent during the quarter to approximately 22 million at September 30, 1999 from approximately 15 million at June 30, 1999. As of September 30, 1999, the company had secured collocation space in more than 1,200 central offices. The number of subscribers more than doubled, increasing 107 percent during the third quarter to approximately 11,800 lines at September 30, 1999 from approximately 5,700 subscribers at June 30, 1999.

"We are pleased with the progress made during the quarter. We believe the efforts we have made to accelerate our network expansion provide us with a competitive advantage in that we now have a presence in more metropolitan areas nationwide than any other provider," said Michael Malaga, NorthPoint's chairman and CEO. "During the quarter we continued to add subscribers to our nationwide DSL network at an accelerating pace."

NorthPoint Unveils Network Expansion Plans

NorthPoint also announced today an aggressive network expansion plan for the year 2000 that it expects will enable it to serve more than 50 percent of all U.S. businesses and 45 percent of U.S. households by the end of the year. The company expects to deploy service in at least 32 new markets, increasing its presence to over 60 major metropolitan areas and 110 MSAs by the end of next year.

"Due to increasing demand for broadband services NorthPoint continues to extend the reach of its DSL services in its existing 28 operational markets. Also, we will expand the geographic breadth of our service, providing the benefits of broadband to more businesses and consumers nationwide," said Malaga. "We remain committed to offering our wholesale partners the most expansive DSL footprint available in the United States."

Third-Quarter and Recent Highlights

NorthPoint's third-quarter was highlighted by several strategic marketing, technology and business development initiatives as well as by federal regulatory developments that are expected to create new market opportunities and enable the company to expand its service portfolio.

During the third quarter, NorthPoint announced the availability of technology allowing the future doubling, to 3 Mbps, of access speeds on its existing network. This technology, called "DSL bonding," also enables NorthPoint to offer higher speeds at greater distances from central office facilities. NorthPoint also announced a voice over DSL trial with leading voice CLEC, Focal Communications. NorthPoint and Focal will utilize their respective expertise with data and voice services to develop integrated services.

In addition, NorthPoint announced a first-of-its kind reciprocal services agreement with New Edge Networks, enabling the company to quickly extend its footprint in second- and third-tier markets. The agreement enables NorthPoint to offer services in markets that complement NorthPoint's own expansion plans.

More recently, NorthPoint announced an important agreement with SBC, the first wholesale agreement of its kind between competitive and incumbent local carriers. As part of the agreement, NorthPoint will enable SBC to immediately expand its DSL service offerings to more consumers throughout California.

NorthPoint also formed recent agreements with High Speed Access Corporation (HSAC) and iBEAM. NorthPoint will expand the broadband service offerings HSAC offers its cable partners to include DSL, creating a unique new distribution channel for NorthPoint and demonstrating the complementary nature of cable modem and DSL technology. With iBEAM, NorthPoint brings high-quality streaming content over digital subscriber line (DSL) technology to its Internet and other network service provider partners.

Finally, NorthPoint also welcomed the Federal Communications Commission's ruling on unbundled network elements, which reinforced the availability of local loops and transport services NorthPoint needs to continue the aggressive deployment of its broadband network. In its September 15 ruling, the FCC also recognized the importance of facilities-based competitors such as NorthPoint by not requiring incumbent carriers to unbundle DSL equipment. NorthPoint was also encouraged by SBC-Ameritech merger conditions approved by the FCC on October 6, requiring a separate data subsidiary, substantially discounted loop prices, increased collocation rights, and better access to operation support systems in the 13-state SBC-Ameritech region.

About NorthPoint

NorthPoint Communications, based in San Francisco, is a national, facilities-based competitive local exchange carrier dedicated to providing affordable, dedicated high-speed Internet access over existing phone lines using digital subscriber line (DSL) technology. The company currently operates DSL-based local networks in 28 major markets, spanning 51 metropolitan statistical areas (MSAs) and expects to reach over 60 markets and 110 MSAs by the end of 2000. By that time, NorthPoint's DSL network will pass nearly 45 percent of homes and more than half of all businesses in the U.S. NorthPoint provides DSL-based Internet access service -- at speeds up to 1.5 Mbps, more than 25 times faster than common dial-up modems -- through national and

times faster than common dial-up modems -- through national and regional Internet service providers, CLECs, long distance carriers, value-added resellers and other partners. For additional information, visit www.northpointdsl.com

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

The statements contained in this release which are not historical facts may be deemed to contain forward-looking statements. Such statements are indicated by words or phrases such as "anticipate," "estimate," "projects," "believes," "intends," "expects" and similar words and phrases. Actual results may differ materially from those expressed or implied in any forward-looking statement as a result of certain risks and uncertainties, including, without limitation, the company's dependence on strategic third parties to market and resell its services, intense competition for the company's service offerings, dependence on growth in demand for DSL-based services, ability to raise additional capital and other risks and uncertainties detailed in the company's Securities and Exchange Commission filings. Prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any of the forward-looking statements contained herein to reflect future events or developments.

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Send comments to webmaster@northpointcom.com

ICG mulls voice-over-DSL options

Carrier considers retail, wholesale approaches

VINCE VITTORE

Attempting to make the transition from a first generation competitive local exchange carrier to a third generation integrated communications provider, ICG Communications is looking to voice-over-DSL service.

But the transition from dial tone provider to an entity centered around packets is filled with big questions, all of which could have multiple correct answers.

Last week, the company took a significant step toward the future by

Once testing is completed and a vendor is selected, the carrier still will have several unanswered questions. Key among them is whether to approach the market as a wholesale or retail provider, and who will own and operate the voice gateways planned for deployment across the company's network. For ICG, the decision is complicated by its history as a first generation voice CLEC with many Class 5 switches.

"We're not a big data company

pieces of equipment are the same—a Class 5 switch, DSL [access multiplexers] (DSLAMs), integrated access devices and gateways," said Kevin Walsh, vice president of marketing for Accelerated Networks. "The potential problem comes from who owns the integrated access device. It becomes a lot more ambiguous because you have three entities to deal with. Who gets brand identity out of this?"

Initially most providers, particularly data CLECs, are opting for the retail approach. Rochester, N.Y.-based data CLEC Choice One Communications, for example, is in the midst of testing its own voice-over-DSL service with CopperCom, Jetstream and TollBridge in Albany, Syracuse, and Buffalo. And although the company has yet to settle on a single vendor, there is no doubt about its target market—small and medium-sized businesses.

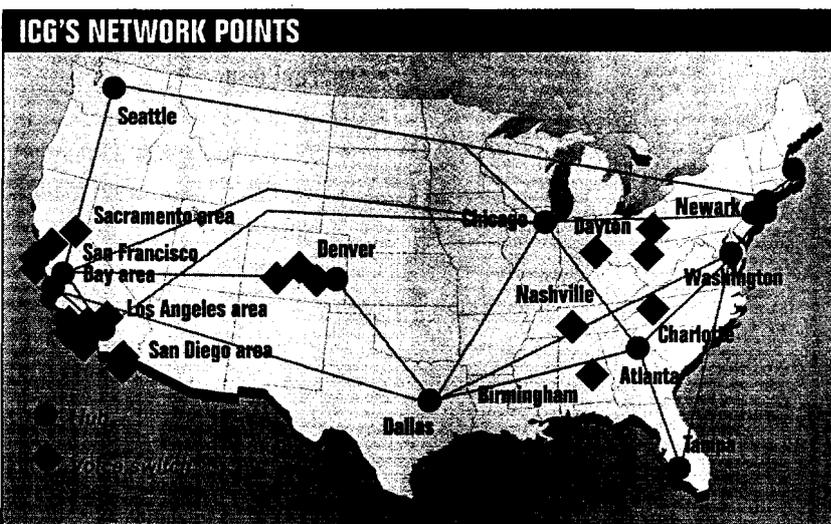
"This technology is ideally positioned to go after that market," said Kevin Dickens, senior vice president of operations and engineering for Choice One. "Being able to package voice and high-speed data is a perfect fit for our target market."

The wholesale approach, he added, may be a good strategy for some business plans, but the starting point is different for second generation CLECs. "We already have the co-locations and the DSLAMs in place, so we look at this technology as a better way to do business," Dickens said.

Those entering the market as wholesale providers also may face some issues from the FCC, which could force carriers to open their DSL networks to competitors.

Regardless of marketing approach, ICG is looking to take advantage of its existing infrastructure and provide lifeline service.

"There are no technology challenges that can't be overcome, but we have to ask, does it look, taste and feel like dial tone today?" Lowry said. ●



beginning a series of tests with voice-over-DSL gateways and customer premises equipment from CopperCom, Jetstream Communications and TollBridge Technologies. While the Englewood, Colo.-based carrier is looking for the equipment to withstand heavy traffic loads, it's also placing a premium on quality of service.

The carrier expects voice-over-DSL service to have the same quality level as traditional public switched network voice service, said Jon Lowry, senior director of ISP markets for ICG. "I think initially voice over DSL needs to meet the current expectations. It's very easy to retreat from that baseline. It's a lot harder to make up ground later."

although we do support a lot of Internet infrastructure," Lowry said. "There's a question as to who owns the gateway. As we go down the road, the business issues will really decide who owns it. Right now, though, it's up in the air."

The company would prefer to own the gateway because it simplifies the management process, Lowry added.

The wholesale approach, which GST Communications and Covad Communications have adopted, doesn't necessarily change the network architecture but changes partnership arrangements. ICG currently is partnering with Covad, Jato Communications and NorthPoint Communications.

"From a technical perspective the

Voice over DSL comes of age

CopperCom lands equipment deal with Picus

LIANE H. LABARBA

While DSL deployments have become commonplace, voice-over-DSL technology still has been held up in the developmental and testing phases. But Norfolk, Va.-based competitive local exchange carrier Picus Communications will announce this week its rollout of CopperCom's voice-over-DSL solution, CopperComplete DSL.

The deal could be worth \$24 million over the first year and involves up to 6 million voice lines over three years. Picus plans to begin installation of the CopperCom gateway and the CopperCom MXR by the end of September. The CLEC will deploy the equipment in 22 Bell Atlantic central offices in the Mid-Atlantic region and plans to have the service running in 60 to 90 days, said Peter Cousin, director of marketing for Picus.

already knew—this is market validation that our strategy is paying off.”

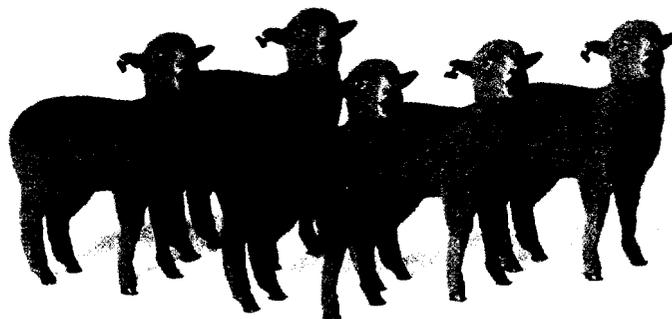
In addition to the CopperCom equipment, Nokia will provide its

with Nokia and because of the advantages of the CopperCom product,” Cousin said. CopperCom's solution offers ease of use and operation, he added.

However, easy implementation is where one analyst sees a potential snare in voice-over-DSL rollouts. “It is not a no-brainer in terms of implementation,” said Paula Reinman, vice president of consulting at TeleChoice. “Voice over DSL is something where service providers can entrust and see value in the offer up front, but the devil will be in the implementation details.”

But while CopperCom basks in the glory of a first announced voice-over-DSL win, TollBridge Technologies also announced last week that its products will support the developing Internet Engineering Task Force standard for controlling telephony gateways, media gateway controller protocol. With that achievement, the IP-based TollBridge solution can link today's circuit-switched telephone network and next generation IP-based switches, said Jim Grady, vice president of marketing at TollBridge. ☐

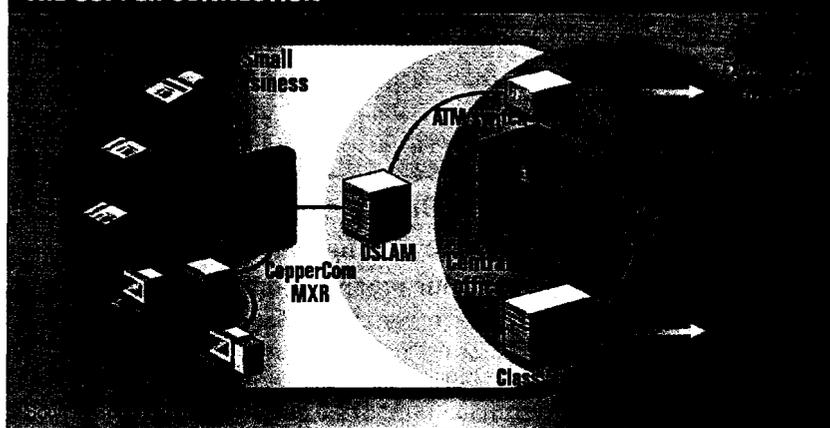
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THE COPPER CONNECTION



“This is a huge deal because Picus is the first service provider putting a stake in the ground with an aggressive rollout strategy [for voice over DSL],” said Jennifer Stagnaro, vice president of marketing at CopperCom. “It has taken a long time to prove to the outside world what we

D50 Speedlink DSL access multiplexer (DSLAM) to Picus. The CLEC also has contracted Nokia for project management, network implementation and integration and other services.

“We chose CopperCom because of its [interoperability] relationship

Voice over DSL lifts off—for some

A few service providers begin rollouts while others wait

LIANE H. LABARBA

Another favorite DSL capability finally is coming of age. Recently, competing voice-over-DSL gateway vendors Jetstream Communications and CopperCom announced deployment contract wins with competitive local exchange carriers. But as a few CLECs take stands and announce active deployments of voice-over-DSL-enabling equipment, other carriers are standing back.

The anxious CLECs that are not waiting are Picus Communications, which is rolling out CopperCom's CopperComplete DSL platform, and Network Plus, which is deploying Jetstream's CPX-1000 voice gateway and integrated access devices. These are the first equipment rollouts for both vendors.

But along with the rollouts comes a wide variance in opinion regarding the readiness of the technology.

"For CLECs, it's a no-brainer because they need to secure the fastest way possible to deliver voice to customers," said Claudia Bacco, director of DSL consulting at TeleChoice. Naturally, the CLECs rolling out the technology do not see the move as hasty, but wise and a way to leapfrog competition.

Deploying CopperCom's voice-over-DSL solution will give Picus a six- to eight-month lead on its competition, said Peter Cousin, director of marketing for Picus.

So what about the rest of the carriers in the market? For those using a public network, migrating to voice over DSL does not make a lot of sense at this point, Bacco said.

"What they are doing now works," she said. But incumbents will be far more likely to use the solution in

'We believe we can offer quality service this year, but from a [scalability] perspective, that will not happen until next year.'

**—Jim Greenberg
Rhythms NetConnections**

areas where copper exhaust exists, although their slow rollout of DSL also will be a factor in their voice-over-DSL rollouts, she said.

GTE is looking at the technology but believes it is in the early phases, a GTE spokesman said.

Qwest Communications named technology as the reason for the hold up on its deployment of voice-over-DSL equipment.

"We are looking at it and believe it is a compelling technology, but the lack of standards and lack of interoperability are cause for concern for us," said Mack Greene, vice

president of voice and data product management for Qwest. The carrier is testing of voice-over-DSL solutions in its labs.

"We won't entrust our customer's traffic to the technology until we know it is bulletproof," he said.

Similar responses came from

NorthPoint Communications and GST Communications.

"Voice must have reliability and scalability, and we need to be able to test that in a contained environment," said Mike Borsetti, director of technology strategy for NorthPoint.

GST, which has partnered with Covad Communications for its eventual

voice-over-DSL offering, shared the sentiment.

"We are pushing forward with technical and market trials, but we must be certain toll-quality service is guaranteed first," said Dave Williams, vice president of strategic marketing for GST. The CLEC expects to roll out the service some time next year.

But Rhythms NetConnections appears far more confident in the technology. Voice-over-DSL gateways will be ready for production services in the fourth quarter, said Jim Greenberg, vice president and chief network officer for Rhythms. Although vendors will be able to achieve that goal, they still have a lot to do, he added.

"We believe we can offer quality service this year, but from a [scalability] perspective, that will not happen until next year," Greenberg said.

Rhythms plans to complete the production rollouts and have early adopters [subscribe] this year. The company plans to add scalability next year. ●



BRIEFLY

► GTE GOES FOR REDBACK

GTE Internetworking will deploy Redback's Subscriber Management Systems in its DSL rollout of aggregation services. GTE will use Redback's SMS in about 20 markets.

► NORTHPOINT GETS A NEW EDGE

NorthPoint Communications and New Edge Networks have teamed up in a reciprocal agreement in which NorthPoint will offer its services over New Edge's network and New Edge will have access to NorthPoint's network. The companies will focus future expansion where neither company already has service.

Voice over DSL asserts itself

CLEC deployments start to trickle in

LIANE H. LABARBA

Voice over DSL appears to be here to stay. With equipment becoming available and benefits becoming more obvious, service providers are putting more faith in the technology. To that end, Massachusetts-based competitive local exchange carrier Network Plus is rolling out a combination of AccessLan communications and Jetstream Communications' voice-over-DSL-enabling equipment in central offices within BellSouth and Bell Atlantic territories. Network Plus is focusing on the small and medium-sized business market typically underserved by incumbents.

The announcement came a few days after Jetstream competitor CopperCom announced its first product rollout with Picus, a CLEC in Virginia that also will tap into Bell Atlantic's domain.

Network Plus plans to deploy the service in about 300 COs and activate 10,000 lines within the next two years. The provider already has deployed equipment in 20 of those planned CO rollouts.

"It is exciting that Network Plus already has [COs] deployed today," said Laurie Falconer, an analyst with TeleChoice.

To enable the service, Network Plus will use AccessLan's PL-2000 DSL access multiplexers for symmetrical DSL and public network DSL and the PL-50 and PL-200 customer premises equipment. The provider will use Jetstream's CPX-1000 GR-303 voice gateway along with the vendor's integrated access devices.

Although the voice-over-DSL technology still is young, Network

Plus hopes that it will catapult the provider past RBOCs that have a tight grip on local access service. But in the small and medium-sized business markets, RBOCs have a looser grip, and, theoretically, the competitive providers should profit from that.

Network Plus' customers have an average of six lines each, which makes the provider a good candidate for the solution, which will enable it to condense the multiple lines into one.

in the door, but voice pays."

But beyond the planned reduced cost, the ability to add more services to offerings will present more business opportunities for providers.

"Multiple services are the way to go," said Ofer Doitel, CEO and president of AccessLan. "Internet access alone is not going to cut it anymore." Voice over DSL will make the Telecom Act real for the small and medium-sized business customer, Doitel said.

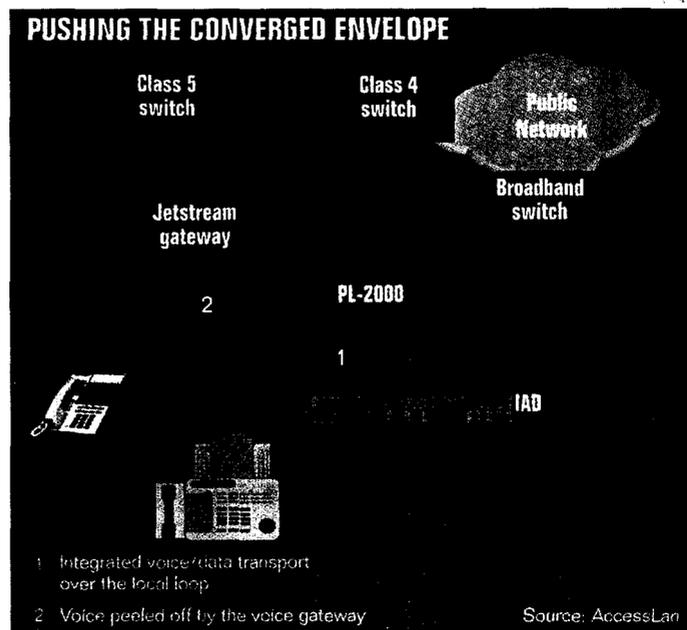
Although the voice-over-DSL equipment now is available, and the technology presents significant benefits to service providers, problems arise with the implementation of the service.

"The qualification of loops with the RBOCs will be our biggest challenge," said Haines, who added that Network Plus already has run into problems with Bell Atlantic.

"I think it would be interesting to know more about the problems erupting with Bell Atlantic," Falconer said.

In another voice over DSL-related announcement last week, Jetstream and Vertical Networks are partnering to deliver voice-over-DSL solutions. Vertical develops integrated communications platforms that, when combined with the Jetstream products, will enable voice over DSL for branch office and small business applications.

The combination will be used with Vertical's InstantOffice system, said Matt Howard, senior product manager for Vertical. InstantOffice provides voice, data and communications applications, such as PBX services, and voice and data LAN/WAN connectivity for offices with five to 100 employees. ●



"We will be able to offer service at a more competitive price point by driving down network costs as we continue to target customers with over eight lines," said Joseph Haines, senior vice president of operations at Network Plus. "Before we had eight customers going over eight lines, now we just have to worry about one, which enables us to sell more."

"Service providers can save money on copper loops, have lower co-location costs and lower backhaul transport costs and network management costs," said Sundi Sundaresh, CEO and president of Jetstream. "Data sells and gets traffic