

TRANSCRIPT OF PROCEEDINGS
BEFORE THE
PUBLIC UTILITY COMMISSION OF TEXAS
AUSTIN, TEXAS

SECTION 271 COMPLIANCE)
MONITORING OF SOUTHWESTERN) PUC PROJECT
BELL TELEPHONE COMPANY) NO. **20400**
OF TEXAS)

WORKSHOP
MONDAY, JUNE 5, 2000

BE IT REMEMBERED THAT at 10:30 a.m., on
Monday, the 5th day of June 2000, the
above-entitled matter came on for hearing at the
Public Utility Commission of Texas, 1701 North
Congress Avenue, William B. Travis Building,
Commissioners' Hearing Room, Austin, Texas
78701, before NARA SRINIVASA and JOHN MASON,
Arbitrators; and the following proceedings were
reported by Janis Simon, a Certified Shorthand
Reporter of:

1 P R O C E E D I N G S

2 MONDAY, JUNE 5, 2000

3 (10:30 a.m.)

4 MR. MASON: We're on the record.

5 This is Docket 20400. It's the xDSL working
6 group. My name is John Mason, Office of
7 Regulatory Affairs, and with me is --

8 MR. SRINIVASA: Nara Srinivasa.
9 I'm also with the Office of Regulatory Affairs.

10 MR. MASON: And we also have two
11 Commission staff members.

12 MS. MALONE: Melanie Malone with
13 the Office of Policy Development.

14 MR. CHIAPPETTA: Robert
15 Chiappetta, Office of Policy Development.

16 MR. MASON: And my understanding
17 is that MCI is going to present an overview
18 presentation, and then if anybody else wants to
19 give sort of a broad overview, we would invite
20 those comments as well. And then we'll get into
21 sort of specific questioning on the issues.

22 So if you would like to proceed,
23 go ahead.

24 MR. DELREGNO: Great. My name is
25 Nick DelRegno, and as you know, I'm representing

1 MCI WorldCom this morning. Really what we
2 wanted to talk about today is kind of a generic
3 overview of sub-loop unbundling that -- the
4 unbundled network elements, what we have today,
5 what we think is still lacking, and then also
6 not only just the technical details of it, but
7 what all we can do it with, what are the
8 advanced services we can provide.

9 So the agenda is pretty simple. I
10 would like to talk about digital line equipment
11 proposals, what we can do with that to a certain
12 extent, and what else we would like to see in
13 those proposals and what we would like to work
14 towards. We would also like to broach the
15 subject of adjacent RT collocation. We've seen
16 a lot of work to date with central office
17 collocations.

18 We're looking at the platform type
19 proposals, and now we would like to, at least,
20 broach the subjects of adjacent RT collocation
21 in which we are interested. And then I want to
22 brush over some of the advanced services that
23 can be provided via collocation, but then also
24 some of the digital line equipment, the platform
25 type offerings as well.

1 Within the ILEC DLE proposals,
2 today we're looking at somewhat limited platform
3 offerings where it is ADSL only, and with regard
4 to line sharing, the CLEC can provide only the
5 high frequency portion with the ILEC retaining
6 the voice band. Between the remote terminal and
7 the central office it is a shared data
8 transport, and today in the proposals that have
9 been put forward is strictly UNE-P as far as a
10 quality of service. So it's a contention based
11 quality of service mechanism.

12 And the only option that a CLEC
13 has from an RT perspective is UNE-P voice, but
14 again, then that gets into some of the line
15 sharing issues. Some of the additional options
16 that we would desire and that we're trying to
17 work towards are additional flavors. The fact
18 that there's an RT and you have customers served
19 by an RT, a -- today possibly limits DSL
20 deployment. So today we may not be able to get
21 to those customers.

22 But the fact that -- I mean, we
23 think that RTs in the access arena are good
24 because it does reduce the copper loop link, and
25 that helps all the different flavors, whether

1 it's ADSL, SDSL, G.Lite, HDSL, or even VDSL as
2 it's emerging. We would also desire guaranteed
3 transport bandwidth and quality of service, and
4 there have been discussions with regard to how
5 would we do this. And in talking with some of
6 the equipment manufacturers, it's doable, and
7 then we also want to -- we would like UNE-P
8 voice and data, line shared where we can own
9 both the voice side and the data side, almost a
10 resale type arrangement.

11 On Slide 4 it shows basically the
12 drawing -- it shows what the architecture looks
13 like to date. So you have in the right side of
14 it, for the color slides, you have all the ADLU
15 cards where ADSL can be provided. The POTS goes
16 back over separate OC-3 from the data, which is
17 fine. And, again, our contention there with the
18 OC-3 is that it is UBR, as opposed to constant
19 bit rate or other types of QOS.

20 And another issue that we're
21 interested in exploring further is the
22 connectivity to the optical concentration
23 device. Today it specifies DS3 or OC-3, but as
24 the -- since moving the RT closer to the
25 customer allows you to deploy higher bandwidth

1 applications, then you have the possibility of
2 needing more than an OC-3. So it's less of a
3 specified -- actual bit rate, but maybe a
4 negotiated bit rate.

5 MR. SRINIVASA: Excuse me. What
6 does UBR mean? Unspecified bit rate?

7 MR. DELREGNO: Unspecified bit
8 rate. So basically you're not saying what
9 you're going to transmit. It's very effective
10 for Internet access. You can use
11 oversubscriptions, so you can get a hundred
12 customers to one where you normally use one in a
13 constant bit rate. And you play the law of
14 averages and its statistical gain so that you
15 can -- you don't have to allocate as much
16 bandwidth.

17 The problem is you cannot
18 guarantee bandwidth. So if you have a one
19 megabyte customer and everybody's on at the same
20 time, theoretically, each one is 10 kilobits.
21 So for Internet access that's probably okay, but
22 for any advanced services beyond just straight
23 Internet access, that can be a problem.

24 Slide 5 shows just some
25 modifications, and again, we are not trying to

1 kind of shooting -- grabbing things out of the
2 blue sky here. We've been talking to some of
3 the same manufactures that the ILECs are using,
4 and a lot of these capabilities are on the road
5 maps. We would like to see different flavors.

6 We don't want to necessarily see
7 an ADSL specification. We would like to see as
8 HDSL is ruled out, as SDSL is ruled out, and as
9 VDSL is ruled out, we would like to be able to
10 take advantage of some of those services. In
11 the transport between the RT and the central
12 office, we would very much like to be able to
13 specify different quality of services.

14 So if I'm a customer and I'm
15 coming to the ILEC and I have, let's say, 20
16 customers, maybe I want to buy a certain amount
17 of bandwidth from them, a constant bit rate
18 bandwidth. And then take that bandwidth and
19 subdivide it among those customers. I may have
20 one business that needs constant bit rate type
21 traffic, and I may have other customers that are
22 just purely Internet access and they can handle
23 unspecified bit rate.

24 But in the proposals to date, we
25 don't have that flexibility. And, again, with

1 regard to the optical concentration device in
2 that interconnection point, we would like it to
3 be an OC-X. I mean, depending on our demands
4 and what the pricing is then that would allow us
5 to say, "Okay. We can deploy VDSL when we can."
6 And then if we need more than an OC-3, then we
7 would purchase more than an OC-3 and not
8 necessarily have a hard specification of DS3 or
9 OC-3 today.

10 MR. SRINIVASA: What does VBR
11 mean? Variable --

12 MR. DELREGNO: Variable bit rate,
13 and then you have real-time and nonreal-time.
14 Those are more for like, voice over ATM type
15 applications, real-time applications, such as
16 streaming video, streaming media. It's --
17 again, it's -- each various ATM quality of
18 service has different specifications to it.
19 Constant bit rate maintains clock timing.

20 So, I mean, you could actually
21 provide DS1, DS3 type services over it, and
22 that's more of like a traditional private line.
23 Variable bit rate means that the bandwidth can
24 vary, but you have tolerances in there, and you
25 also have the ability to say, "It's forwarded on

1 in an expedited manner." In other words, I get
2 packets from this customer. They need to be
3 sent to a network with high priority, get from
4 point A to point B because it may be voice.

5 We don't want packet delay. We
6 don't want network delay, whereas the Internet
7 access can wait a couple of milliseconds for the
8 voice to go by. So, again, it's a different way
9 of classifying the traffic according to what
10 application would be riding over it and vice
11 versa. We can then take our applications and
12 assign them to the different quality of service
13 guarantees.

14 MR. SRINIVASA: I'm trying to
15 visualize. Apparently this is a transport.
16 Let's say it's an OC-12 transport.

17 MR. DELREGNO: Correct.

18 MR. SRINIVASA: Now, you want to
19 have the flexibility to -- the flexibility to
20 have unspecified bit rate within that OC-12. Is
21 that exclusively OC-12 that's assigned to a
22 CLEC, or is that OC-12 shared by multiple CLECs
23 and an ILEC?

24 MR. DELREGNO: What we're
25 suggesting is the latter, the sharing, but what

1 we're suggesting is this: Since the ILEC cannot
2 really determine, and we may not know ahead of
3 time who all our customers will be, we may want
4 to go in and say, "I need four megabits and I
5 need it to be a guaranteed four megabits. And
6 some quality of service mechanism needs to
7 provide me four megabits," then within that
8 bandwidth space, I can then go on a per customer
9 basis and say, "I have nine Internet access."
10 They can be unspecified.

11 It doesn't matter. I can
12 oversubscribe, what have you, but I may need
13 some guarantees in there. I may have a constant
14 bit rate customer. I may have somebody that
15 wants more like private line services over this.
16 I may have people that want to do voice over ATM
17 type services over this.

18 So they may be -- those may be
19 services that we want to provide to them. So
20 it's almost -- it's almost -- and if you look at
21 the TDM world, it's almost like saying, "I need
22 X number of DS1s," and then what I put on those
23 DS1s really doesn't matter to the backbone
24 provider. I get my X number -- you know, my
25 fractional DS3, and then I subdivide that per

1 customer, maybe it's two phone calls for this
2 customer, two phone lines, three phone lines for
3 another customer, maybe it's DDS.

4 MR. SRINIVASA: I'm trying to --
5 how would you price something like that? If you
6 are buying -- say if there's an OC-12 pipeline,
7 I mean, the optical concentrated device, and the
8 remote transmitter, supposing that CLEC A wants
9 the unspecified bit rate and CLEC B wants
10 variable bit rate, and CLEC C wants constant bit
11 rate. Okay. How do you price these?

12 MR. DELREGNO: Well, each -- the
13 more exclusive or the more guarantees you get
14 the more it's going to cost. Now, I haven't --
15 we haven't really -- we engineers haven't really
16 worked a lot of the numbers. If MCI WorldCom
17 sells this type of service today, most large
18 carriers in the backbone sell this type of
19 service today, and you pay -- excuse me -- based
20 on the quality of service that you're given.

21 MR. SRINIVASA: So it's based on
22 bit rate -- the rate is tied to --

23 MR. DELREGNO: It's based on bit
24 rate. A lot of times it's committed information
25 rate. So how much I'm going to guarantee, what

1 your birth size might be above that, and then
2 beyond that it's also -- it may be network delay
3 tolerances that may be part of the service level
4 agreement, things such as that.

5 MR. SRINIVASA: Okay. So the
6 price is tied to this -- the quality of service.

7 MR. DELREGNO: Absolutely.

8 MR. SRINIVASA: And that any of
9 these, like delayed tolerance or bit rate,
10 anything is not up to what was demanded, then
11 the price also goes down?

12 MR. DELREGNO: Yes. I mean,
13 basically we don't suggest that you carve up
14 your network and give me half of your network
15 transport and I'm only going to pay, let's say,
16 what an Internet access provider is paying. I
17 mean, that's more valuable to you.

18 Whereas an Internet access
19 provider may be able to put a hundred customers
20 in there and defray the cost across a hundred
21 customers. We may be saying, "We only want it,
22 and -- we want to take it up, and we only want
23 to use it for one customer." And we're going to
24 have to pay more for it per customer.

25 Again, we haven't run --

1 personally, we haven't run the models, but in
2 the industry today you can buy different
3 qualities of service and you pay accordingly.

4 MR. SRINIVASA: So what you have
5 done is if you want the fiber, you can get the
6 fiber that's access to the dark fiber --

7 MR. DELREGNO: Correct.

8 MR. SRINIVASA: -- one type of
9 unbundling.

10 MR. DELREGNO: Correct.

11 MR. SRINIVASA: And then now
12 you're saying it's the bit stream unbundling.

13 MR. DELREGNO: Yes.

14 MR. SRINIVASA: That's what you're
15 trying to get to?

16 MR. DELREGNO: Yes, yes, to a
17 certain extent. I mean, what we're doing with
18 some of the ILEC proposals, that's already part
19 of that. The transport between the RT and the
20 central office is already in that because it's a
21 platform that's naturally part of it.

22 What we're suggesting is, instead
23 of it just being a contention based best effort
24 type service between the two, the equipment
25 supports turning up multiple qualities of

1 service, and then we pay more for a better
2 quality of service. What that allows us to do
3 is to really differentiate the types of products
4 and services we offer across this platform.

5 MR. LEAHY: Your Honor?

6 MR. SRINIVASA: Yes?

7 MR. LEAHY: Tim Leahy with
8 Southwestern Bell. If I could just ask a
9 question. The comments you've just given, are
10 those limited to the fiber between the RT out
11 from the RT toward the central office, or are
12 those comments inclusive of the copper portion
13 from the RT and the end-user?

14 MR. DELREGNO: We've been mainly
15 looking at the fiber portion, but if we needed a
16 constant bit rate service, it would need to be
17 on the copper portion as well.

18 MR. LEAHY: That's what I thought,
19 and so my question is: I think it's fair to say
20 from the perspective of the DSL CLECs, their
21 position has been "Just give me a loop as it
22 were, give me a loop, and I'll know how best to
23 fill it."

24 MR. DELREGNO: Right.

25 MR. LEAHY: And we've also --

1 we've been directed both at the federal and the
2 state level not to -- as an ILEC not to involve
3 ourself in the spectrum management, say, for a
4 T1 circumstance. Does your expectation of a
5 guarantee contemplate any sort of spectrum
6 management, or are you presuming that you can
7 guarantee independent or despite a lack of --

8 MR. DELREGNO: Well, again, I
9 think it's when it -- spectrum management
10 becomes an issue when there are certainly other
11 technologies within the binder, and it becomes
12 an even bigger issue possibly when you're -- I'm
13 sorry. It becomes even a bigger issue possibly
14 when you're talking about injecting frequencies
15 at an RT, kind of a midspan where it would be
16 overriding some things at our central office
17 space.

18 But what we're looking at is, from
19 a platform perspective, today if the only thing
20 you're offering out of that RT is ADSL, the only
21 thing you're offering out of that -- between the
22 RT and the central office is unspecified bit
23 rate, then you don't have to play any of those
24 games. What we're suggesting is, the
25 technologies are coming into these to say, "I

1 want a G.Lite service or I want a VDSL service
2 maybe next year."

3 If I want to do anything with it
4 other than just Internet access, then I'm going
5 to need those guarantees. It doesn't really get
6 into the spectrum management issue because of
7 what we're saying here. When you start putting
8 all of those in there anyway, it's -- you're
9 going to get into spectrum management.

10 MR. LEAHY: Okay. That's what I'm
11 just trying to clarify from your perspective
12 is -- as the engineer, is spectrum management
13 going to be on a horizon as an issue if you
14 pursue these sort of guaranteed bit rates in the
15 copper portion plan?

16 MR. DELREGNO: Well, I think it
17 will affect it. And the onus is upon the ILEC
18 if we're buying a service from you. If you're
19 providing a platform service then it's something
20 that we would sign some type of agreement with
21 you to say, "We need X number of bits per
22 second," and then it does come down to a
23 spectrum management issue with regard to if I'm
24 selling a megabit and I can only get, you know,
25 half a megabit, what do we do? You know, can we

1 sell it, or what are the settlement issues, and
2 what are -- how -- what mechanisms do we use to
3 resolve that? And that's a good question.

4 Again, what we're suggesting is
5 you're going to have that to a certain extent
6 with ADSL except that the application running
7 over it is more tolerable of variable bit rates
8 or bit rate variances. What we're suggesting is
9 that ultimately we would like to be able to do
10 more things, and so spectrum management will
11 come into play.

12 But it will be less of a -- our
13 requesting certain spectrum management in it's
14 more of a bit rate. I need in the end this type
15 of bit rate, this type of quality of service,
16 and then the onus is upon whoever's providing
17 that platform service to guarantee that other --

18 MR. SRINIVASA: Let me clarify
19 something. When you say "spectrum management
20 may be an issue" or, at least, you appear to --
21 or seem to say that there may be some sort of
22 the spectrum management may be needed, is it
23 related to access to the copper portion of the
24 sub-loop, the proximity of a cable pair to
25 another cable pair which carries a different

1 flavor of DSL signal? Therefore, it may
2 interfere. Is that what you're referring to?

3 MR. DELREGNO: Correct. It may
4 interfere, and let's say that ideally at a
5 certain distance of copper, I should be able to
6 get a certain bit rate. And now because of
7 other disturbers, I'm not able to get that bit
8 rate.

9 The question then becomes -- I
10 don't care. From this type of proposal I don't
11 care because I'm just buying a service with a
12 certain bit rate. Then -- the ILEC would then
13 have to say, "We told them we would sell them a
14 megabit, and we're only able to guarantee 900
15 kilobits." Why is that? And it may come down
16 to a spectrum management issue, but from a CLEC
17 perspective who's buying the platform service,
18 we don't necessarily care what else is in there,
19 as long as we can get that megabit, whatever
20 we've signed the contract for.

21 MR. SRINIVASA: Assuming that you
22 have an end-use customer who wants a constant
23 bit rate and you're able to do that for the
24 first three months, you know, and subsequent to
25 that, three months later, someone else comes

1 along and then, you know, deploys a different
2 brand of DSL in the same binder group because
3 the end-user customer happens to be a neighbor
4 of that customer, multiple lines. So now the --
5 if the speed drops, are you saying that the rate
6 should also go down? Because you are
7 subscribing to constant bit rate.

8 MR. DELREGNO: Right. That's a
9 good question. I mean, that really gets into
10 what are the mechanisms we use if an SLA is not
11 met? It's -- I mean, the spectrum management is
12 not -- I mean, it's germane to any of these.
13 It's basically any time that you've got multiple
14 players in there, you're going to have a harder
15 time with spectrum management.

16 What we're saying is that, if you
17 want an SLA and it may come down to somebody --
18 maybe from a CO, maybe from an adjacent RT, for
19 some reason they're disturbing and causing the
20 service level to drop, to degrade, and then
21 there has to be a mechanism for us to determine
22 why is that and what kind of mechanisms are in
23 there so that we can either pay an ILEC a lower
24 amount or that we can get the ILEC to resolve
25 the situation. It's a customer/vendor type

1 arrangement.

2 MR. SRINIVASA: Now, to come to a
3 conclusion that some brand of xDSL services or
4 adjacent pairs may interfere, what was the
5 basis? Did you rely on some practical knowledge
6 of that? Have you observed any? Have you
7 deployed any? I mean, any other state -- how
8 did you come to that conclusion, or is it just
9 theoretical at this point in time?

10 MR. DELREGNO: It's theoretical to
11 a large extent. It -- from a user's
12 perspective, if we're a customer of the ILEC and
13 we're buying this platform service, whether it's
14 ADSL, VDSL, whatever, and we're getting
15 performance that is below what we either
16 expected or what we've contracted for, then we
17 have to go back to our provider and say,
18 "Why" -- you know, "Why are we getting this type
19 of service." And then it may come down to the
20 ILEC saying, "Well, somebody's added a
21 disturber. We've got to do something about it."

22 And, again, there may need to be a
23 mechanism there. What we're suggesting is that
24 from our perspective, we won't know anything
25 about spectrum management. We're just going to

1 be buying a service from them, whether it's the
2 proposed service, or it's a more restrictive,
3 more guaranteed type of service.

4 MR. SRINIVASA: Yes?

5 MS. GENTRY: Jo Gentry, IP
6 Communications. I certainly understand what the
7 gentleman from WorldCom is saying, but what I
8 would like to add to that is with spectrum
9 management, I think we all know that T1E1 and
10 different groups like that are going to be
11 working with the spectrum issues going forward
12 with the new technologies. And certainly this
13 Commission has kind of made a position statement
14 on spectrum management to date.

15 So what I would like to say is
16 certainly he has a theoretical understanding,
17 but I don't want anyone to falter the immediate
18 conclusion that spectrum management is a
19 necessity when you're talking about restricting
20 types of DSLs in the same binder group or
21 adjacent binder group. So I would like to kind
22 of put it in context.

23 Going forward, there's lots of
24 things that are going to happen, and technology
25 is going to change dramatically. But that does

1 not mean that spectrum management is essential
2 when you're restricting binder groups. I
3 believe that they're all being developed so that
4 they, being the DSL players that we know today,
5 are being developed so that they're compatible.

6 So all I would do is caution us to
7 continue to look towards the T1E1 and groups
8 like that for their development.

9 MR. SRINIVASA: Thank you. Now --
10 I'll be with you in one second. Now, this
11 spectrum interference or disturber character
12 that you're looking at, is it dependent upon the
13 type of modulation they use, you know, whether
14 they use DMT or CAP? Are there other kinds of
15 modulation techniques that are coming up in the
16 horizon that the spectrum interference may not
17 be an issue in the future?

18 MR. DELREGNO: Most of the work
19 that I've seen -- A, let me state that I'm not
20 our spectrum guy, so let me temper it that way.
21 But most of what we have seen is that everything
22 has to be somewhat backwards compatible. So
23 we're expecting, we're hoping that everything
24 going forward will be less of a disturber than
25 those that are currently out there, such as the

1 T1 AMI type connections.

2 MR. SRINIVASA: Those are known to
3 be the worst case disturbers?

4 MR. DELREGNO: Absolutely.

5 MR. SRINIVASA: May I get the
6 input from Southwestern -- is that your
7 understanding also? The T1 AMIs are the worst
8 disturbers?

9 MR. KEOWN: Yes, the T1 AMI are
10 the worst disturbers in there.

11 MR. SRINIVASA: Okay.

12 MS. BOURIANOFF: Michelle
13 Bourianoff on behalf of AT&T, and I just wanted
14 to clarify for some of us advanced services
15 being (inaudible) in the room. When you're
16 talking about a platform service in this
17 context, you're not talking about UNE-P
18 arrangements, are you? You're talking about
19 Southwestern Bell's broadband service offering
20 involving next generation digital capabilities.
21 Is that what you're --

22 MR. DELREGNO: Correct. What
23 we're really referring to is what was laid out
24 in Project Pronto, and to date, it's been very
25 much Internet access centered. And while -- we

1 definitely see business there. We see business
2 elsewhere as well, and all we're really trying
3 to say is this: Anybody that enters the market
4 is going to analyze what is the customer, who
5 are the customers, and how many customers can I
6 pick up? And they're going to deploy
7 accordingly.

8 So initially I think a lot of the
9 market entry is going to be via "resale-esque,"
10 if you will, platform type applications and
11 services. But similar to what we've done with
12 central office collocations and unbundled local
13 loops, at some point we may want to get in there
14 and say, "It justifies -- the customer take
15 rates justify our actually building equipment
16 inside or connecting into the physical copper."
17 And we see this as one of the applications.

18 As we go into a market we
19 certainly see this as a viable way of entering
20 that market. What we're suggesting is that
21 there may be other services that we can offer on
22 top of this if we're guaranteed qualities of
23 service, if we're given different flavors, what
24 have you.

25 MR. SRINIVASA: Okay. What does

1 ABCU mean? Yeah, within the -- there are boxes,
2 HDSL-2, SDSL, G.Lite --

3 MR. JACKSON: ATM bank control
4 unit.

5 MR. SRINIVASA: Thank you.

6 THE REPORTER: Could you repeat
7 that, please?

8 MR. JACKSON: ATM bank control
9 unit.

10 THE REPORTER: Thank you. And
11 your name, sir? I'm sorry.

12 MR. JACKSON: Jerry Jackson,
13 Alcatel.

14 MR. SRINIVASA: Please proceed.

15 MR. DELREGNO: On Slide 6 we
16 really start to get into the adjacent RT
17 collocation. Most of the discussion today, like
18 I said, has been around central office
19 collocations, leveraging unbundled local loops.
20 Now we're talking about RTs but being offered
21 platforms, and we're looking at business cases
22 where it may -- the business case may justify
23 putting in an adjacent RT out there.

24 And what we're suggesting is, that
25 should be looked at. A, it should not be

1 precluded we don't think, and here are some of
2 the reasons why -- some of the things -- the
3 ways that we would do it and some of the
4 services we could offer from there. We -- there
5 are -- in the -- people are actually doing this,
6 before I go into the slide details. Some of the
7 people like US West are doing this on their own
8 plant to provide advanced services on top of
9 their voice infrastructure and are finding that
10 it costs -- the cost models work for them.

11 There are people on the far end of
12 the spectrum that are actually going out and
13 looking at business cases to deploy a new build
14 of coax or a new build of copper overbuilds.
15 We're not suggesting that yet. We're talking
16 about adjacent RT collocations, and what we're
17 really suggesting is that it would just be an
18 adjunct cabinet that has some copper
19 connectivity into the RT or into the
20 cross-connect via an interconnecting cable.

21 The CLEC leases the complete
22 copper line. So it's very much like a unbundled
23 local loop where we have the copper loop all the
24 way into the CO, and now we're suggesting we
25 have it all the way to a pedestal, all the way

1 to a collocation area that's not within a CO.

2 The CLEC could provide voice with
3 any DLEC providing the high frequency portion.

4 So, again, since we would have the full copper
5 loop, we could provide the voice service. If we
6 want to provide data service on there, we could,
7 but it could also be opened up, we could sell
8 data service to anybody. So if we have an MCI
9 WorldCom voice customer, let's say, and they
10 wanted to have a Rhythms ADSL service, then
11 there is nothing here that would preclude that.
12 We would certainly welcome that.

13 And then we could also -- the CLEC
14 provides a high frequency portion via line
15 sharing with voice routed to the ILEC. So,
16 again, we could go in via line sharing at that
17 point, have an adjunct remote terminal that's
18 just providing advanced services, and leave the
19 voice services to the incumbent LEC. Does that
20 make sense?

21 MR. SRINIVASA: If you're buying
22 an unbundled sub-loop, are you buying the access
23 to the sub-loop, or are you saying that you're
24 buying the entire copper, all frequency
25 spectrums, whatever they can accommodate, you're

1 buying the whole thing off of that loop?

2 MR. DELREGNO: Yes.

3 MR. SRINIVASA: Say, for example,
4 your unbundled loop rates are paid.

5 MR. DELREGNO: I mean, it's very
6 similar to what we're doing within the CO today
7 as far as having our own copper loop and being
8 able to provide -- put whatever technologies,
9 within reason, that we desire on that copper
10 loop, just having the same type of capability
11 out at the remote terminal.

12 There are some complications
13 involved there. Again, if we've got high
14 insertion powers and it's overriding maybe some
15 other technologies that are being originated
16 from this central service, there may be some
17 contention there. But that will be true whether
18 it's an adjacent cabinet putting that in or if
19 it's an ILEC cabinet putting that in.

20 MR. SRINIVASA: If -- besides the
21 voice on that unbundled sub-loop, if some other
22 form is also transmitted or is coexisting, say,
23 for example, a higher frequency VDSL or ADSL,
24 whatever it may be --

25 MR. DELREGNO: Right.

1 MR. SRINIVASA: -- well, actually,
2 ADSL today --

3 MR. DELREGNO: Right. Correct.

4 MR. SRINIVASA: If it is ADSL on
5 the higher frequency spectrum of that, will
6 there be a different level of maintenance there
7 for that sub-loop?

8 MR. DELREGNO: I don't know if we
9 know that yet. I don't know the answer to that
10 question. Again, it -- there's really nothing
11 different here if the same services were being
12 provided out of an ILEC remote terminal and
13 voice and ADSL and the high frequency were
14 provided. The maintenance would be similar for
15 both.

16 All we're saying is that it would
17 be a CLEC-owned piece of equipment generating
18 the frequencies and interconnecting to that
19 instead of an ILEC.

20 MR. SRINIVASA: Okay. And who
21 would be managing? Like, for example, CLEC has
22 got them on a loop base and some other CLEC
23 comes in and wants to -- DLEC wants to provide
24 ADSL and the end-use customer decides they don't
25 want to stay with that DLEC and they want to

1 switch to a different DLEC. Who would keep
2 track of that? Who manages that?

3 MR. DELREGNO: The person who owns
4 the -- or the entity that owns that copper loop.

5 So if --

6 MR. SRINIVASA: You would have
7 your own OSS interface, and they will send an
8 order to you directly and they're not involved
9 in it?

10 MR. DELREGNO: Correct.

11 MR. SRINIVASA: Okay.

12 MR. KEOWN: James Keown, SBC.
13 What the slide suggests at least to me is that
14 you're looking for a jumper -- you build a
15 cabinet looking for a jumper that would
16 interconnect the ILEC's RT to a CLEC RT, and
17 most of our cabinet locations or hut locations,
18 there are no physical locations to make that
19 interconnection it appears this slide is looking
20 for.

21 MR. DRAKE: WorldCom is aware of
22 your architecture and the shortcomings of it,
23 and it does preclude a connecting at the RT.
24 That's why if you look at Slide No. 8 we have a
25 serving area of cross-connect next to the RT.

1 You're doing a whole bunch of new installation
2 at this time, deployment of RTs brand new ones,
3 and this could be done, which are new
4 installations. And they could also be done with
5 your existing ones by pulling the pigtailed out
6 and putting into it from the RT and the incoming
7 cables from the SAI.

8 MR. KEOWN: And Your Honor asked a
9 very pertinent question that with this type of
10 arrangement the maintenance calls, the
11 maintenance -- keeping up with the pairs and the
12 assignment of those pairs becomes extremely
13 difficult --

14 MR. DRAKE: Why would it be more
15 difficult than -- from an SAI to RT?

16 MR. KEOWN: Because in a typical
17 arrangement, an SAI is dedicated to a specific
18 geographic area. What is being suggested here
19 is a cross-connect that serves a huge area with
20 multiple SAIs in this particular picture which
21 presents a huge, huge --

22 MR. DRAKE: You're saying you only
23 have one SAI per RT?

24 MR. KEOWN: No, no, no. I'm
25 saying that in the new RTs that we're deploying,

1 there will certainly be multiple SAIs, but you
2 have specific counts that are dedicated from an
3 RT out to that particular ASI.

4 MR. DRAKE: Correct. Those same
5 counts that come through the FCC --

6 MR. MASON: Let's remember we're
7 on the record.

8 MR. KEOWN: So with all these
9 pairs going through here it means you have to
10 make physical cross-connects with jumpers
11 through these -- through this cross-connect to
12 those multiple SAIs. So it becomes a real
13 engineering challenge to try to build this type
14 of an architecture, and that's why today's plant
15 is built to serve SAIs so you know which pairs
16 you have going to those neighbors, to those
17 geographic areas that you're trying to search,
18 rather than trying to run everything through one
19 big cross-connect point.

20 MR. SRINIVASA: Please proceed.

21 MR. DELREGNO: Okay. The first
22 part of Slide 6 talks about the copper side.
23 The latter part of the Slide 6 really discusses
24 the optical transport and the various options
25 there, and it should -- for the most part, it's

1 optical transport. But it ideally is transport
2 depending -- and it really doesn't matter as
3 much what the optical -- or what the transport
4 mechanism system.

5 The CLEC could lease bandwidth on
6 an ILEC RT to the CO transport. In other words,
7 similar to what Pronto is proposing today, but
8 it would require some interconnection. And
9 equipment such as Alcatel, Litespan devices do
10 not provide this type of capability today. So
11 it does not exist and would require possibly
12 tertiary devices.

13 Part of the -- one of the UNEs is
14 the dark fiber, and one of the options we're
15 suggesting here is that we would at least --
16 dark fiber from an ILEC and use that as the
17 transfer facility back to the central office.

18 MR. SRINIVASA: A single dark
19 fiber working both ways, bi-directional or --

20 MR. DELREGNO: That's -- there are
21 technologies that do allow that. The question
22 there again with that is redundancy, but for a
23 market entry vehicle that's certainly possible.
24 And then the third option is that the CLEC could
25 provide their own fiber infrastructure, and

1 again, this is probably the most expensive of
2 the three options. But there are ILECs and
3 others that are looking at this and finding
4 business cases that make -- that prove this in.

5 And then for lower speed access,
6 for lower speed Internet access or initial
7 market entry, services such as wireless
8 transport could be leveraged as well. Again,
9 it's more of a way to get data from the RT back
10 to a common aggregation point, whether that
11 aggregation point is by an ILEC central office
12 or a CLEC aggregation point. And fiber could be
13 used, but certainly for low speed access
14 applications, wireless transport could be used
15 as well.

16 MR. SRINIVASA: Who would provide
17 this wireless transport?

18 MR. DELREGNO: A wireless service
19 provider.

20 MR. SRINIVASA: Oh, it's -- not an
21 incumbent LEC, so somebody would have to deploy
22 a radio system --

23 MR. DELREGNO: Right. And, again,
24 it's -- what we're trying to do here is
25 elucidate all the options and not saying

1 necessarily our business case suggests that
2 we're going to go out and deploy wireless
3 everywhere for this purpose, but as wireless
4 continues to grow, we see that as maybe a
5 possible market entry vehicle.

6 And some of the advanced services
7 support -- on Slide 7 -- are certainly baseband
8 voice. There's definitely a market there for
9 that. Services such as derived voice, second
10 lines, voice over DSL type services, data
11 services, such as the consumer Internet access,
12 but also business type data services where the
13 qualities of service guaranteed by an Internet
14 access type service are not sufficient.

15 We're also looking at the
16 possibility of being able to provide video type
17 services over such architectures. And, again,
18 it's less of the architecture, and it's more of
19 the bandwidth. The more of bandwidth that we
20 can drive into the local area, the more varied
21 products and services and the more products and
22 services we can offer, one of which being
23 network and local broadcast video content, pay
24 per view, video on demand type offerings.

25 There are -- we've talked to many

1 video owners, if you will, content owners, and
2 they're very interested in getting into the
3 local market to provide those -- to extend their
4 services out to the local markets. And there
5 really is no cost-effective way of doing that
6 today, and services such as this would allow the
7 deployment of broadband services and allow those
8 markets to evolve.

9 It also allows kind of a novel
10 concept, and that being, again, the wireless
11 aspect and that being the "mini-POP," whether it
12 be for fixed or mobile wireless type
13 applications. If you're -- the way we look at
14 it is if you're going to invest in putting
15 technology out in the remote area, because it's
16 going to be very expensive to do if we own
17 everything, of course, then we would like to be
18 able to provide as many services as we can out
19 of that.

20 So maybe for mobile radio type
21 applications, global Internet access. It also
22 provides a nice jumping-off point, if you will,
23 for a fiber to the X type migration, fiber to
24 the curb, fiber to the home type migration.

25 In Slide 8 this is a picture, and

1 it's a very generic picture. Each ILEC, each
2 area, each neighborhood may be somewhat
3 different, but what we're suggesting is a common
4 interconnect point for CLECs at the RT, close to
5 the RT, or something with access to the RT, but
6 within a distance that doesn't limit us from
7 providing the advanced services we want. So
8 not, you know, two miles from the RT. What
9 we're looking at is a way of -- similar to how
10 we had the central office now, a parity for
11 everybody that could afford to come in and
12 provide service.

13 We suggest something similar with
14 the RT making it so that a CLEC, if they can
15 make the business case work, they can come in
16 and collocate it adjacently to this. Now, the
17 question that that raises is how many RTs can
18 you have in one location? And that becomes less
19 of a Public Utility Commission issue, less of an
20 FCC issue, and it really comes down to more of a
21 city code, municipalities, neighborhoods,
22 homeowner organizations, and things like that.

23 So we don't know that -- we don't
24 know what the magic number is. Today there's
25 one. We submit that maybe two or three is

1 doable, and there may be a significant
2 opportunity there to do it and providing a
3 cross-connect type function there. Although, it
4 may have some difficulties. We're not
5 suggesting it's a panacea, but what we're
6 suggesting is that this would allow competition
7 within that local area. And we think that the
8 benefits would greatly outweigh the headaches,
9 if you will.

10 And, again, until late last year
11 we didn't put much thought into this because it
12 really was not much of a possibility. What
13 we're suggesting now is we're seriously looking
14 at this as well as all the different ways of
15 getting access to the customers, and want to
16 point out that there may be some ways to do this
17 so that not only does it benefit the CLEC
18 markets, but it also benefits the ILECs. We
19 don't expect to get this for free. We think
20 that the business case can be positive for both
21 the ILEC and the CLEC.

22 So that Slide 8 really shows kind
23 of a generic snapshot of where we think it is
24 today and where it could be shortly to where
25 we -- what an adjacent collocation would look

1 like. So instead of having to connect at every
2 SAI, we would then connect to a more centralized
3 remote terminal cross-connect point. And
4 although we don't know the networks as
5 intimately as Southwestern Bell does and what
6 have you, it's our understanding that much of
7 the effort going into ILEC RT location and
8 location planning is to be able to aggregate
9 some this traffic, to be able to aggregate
10 multiple SAIs into the RT and provide a
11 centralized point for themselves. And all we're
12 suggesting is a cross-connect functionality
13 there so that we can provide services as well.

14 MR. SRINIVASA: Do you envision
15 having multiple -- the SAC, additional
16 collocation. Can multiple CLECs be doing that
17 so there will be multiple boxes adjacent --

18 MR. DELREGNO: No, we see that the
19 SAC would be ILEC-owned. That would be theirs,
20 and that would be our interconnection point to
21 them because we cannot interconnect into the RT
22 necessarily via the splice case. So what we're
23 suggesting is it's an interconnection point at
24 the RT.

25 Now, we've seen in several

1 deployments where you'll have an RT, and you'll
2 have an SAC sitting right next to it anyway.
3 They may not represent SBC's well in a lot of
4 certain circumstances to date. What we're
5 suggesting is there are people doing that, and
6 we don't know that it's a nightmare proposal.
7 What you may see is that where we show the CLEC
8 RT there, we're suggesting there may be multiple
9 CLEC RTs that would then connect into that
10 cross-connect, and that would really be our
11 interconnection point.

12 MR. SRINIVASA: Are there some
13 activities in the industry known -- for example,
14 Alcatel's RTs located that you could buy a card
15 from Paradyne or Coppermountain or somebody
16 else, some other vendor, install it in the same
17 motherboards similar to what's going on in the
18 computer industry?

19 MR. DELREGNO: No. There's
20 really -- there's been discussion along those
21 lines. I don't think that's going to happen for
22 a couple of reasons. One, it's -- I mean, and
23 it's been discussed in the other forums.

24 One is that that really means
25 opening up your architecture and decreasing your

1 ability to compete from a vendor perspective.
2 It lowers the cost, but it also could lower the
3 reliability and the quality of the product. And
4 so I don't know that that's really going to
5 happen.

6 The other one is from -- and it's
7 not just within a card, but it's also within an
8 RT, the collocation. Many of the RTs today are
9 built specifically -- the cabinets are built
10 specifically for the equipment that is in there.
11 So if it's an Alcatel equipment in there, then
12 it's an Alcatel cabinet. And the -- the heat
13 dissipation and everything, it's designed
14 strictly around that equipment.

15 And in many cases while there may
16 be room to put something else in there, it
17 invalidates the warranty on the equipment
18 because then the cabinet may -- you make
19 something that generates tons of heat and it
20 causes the Alcatel cards to fail, and Alcatel
21 doesn't warrant those cards. So there are other
22 issues around that. With regard to competition
23 as far as the interfaces are concerned -- and
24 the vendor community can probably address that
25 better, but I don't really see that happening.

1 MS. GENTRY: Jo Gentry, IP. Let
2 me just add a little to what -- some of us had
3 the opportunity to participate at the FCC at an
4 RT discussion we had a few weeks ago, and I
5 think, just to summarize what some of the CLECs
6 and kind of a cross-section of the vendors, it
7 was the voice of several CLECs that they wanted
8 the opportunity to have different brands of
9 cards by different vendors.

10 And realize that we were not there
11 from a technology point of view, that it was
12 something that was very much voiced by some
13 specific CLECs. I also know that with different
14 of the technology vendors, they said that, of
15 course, they do not have that developed as of
16 yet. It was something that they could look at.

17 I know that different
18 representatives from AT&T, people like that,
19 said that it would have to have consideration.
20 There are more operational issues as far as
21 keeping track of who owns it and in whose
22 warehouse is it. Those are the things that
23 probably are the hardest to -- the day-to-day
24 operational issues are the harder things to do
25 than the technology development.

1 So all I would add to that is is
2 that that is something that much of the
3 community, the CLEC community wants going
4 forward is the opportunity of having
5 interchangeable cards as this develops in
6 technology.

7 MS. BOURIANOFF: Michelle
8 Bourianoff on behalf of AT&T, and I just want to
9 clarify. There have been some things that --
10 throughout this presentation. My understanding
11 is this is MCI WorldCom's presentation of what
12 they would like to see. It's not a
13 representation of what the entire CLEC community
14 would like to see.

15 I assume at some point we'll see
16 an overview from Southwestern Bell about what
17 service -- what their Project Pronto service
18 offering is going to look like, and then there
19 will be an opportunity for other CLECs to make
20 comments or ask questions. And so we're just
21 not making any comments as we go along, if
22 that's okay.

23 MR. MASON: Correct.

24 MR. CRUZ: Hi, this is Rod Cruz
25 with SBC. And just to add to Jo's comments, I

1 also attended that same presentation with the
2 FCC on collocation of remote terminals, and I
3 know that we have some Alcatel representatives
4 in the room today. And maybe they can speak for
5 their company, but I know for a fact that
6 Alcatel and Lucent said, "We would not be
7 willing to exchange the technology or the
8 secrets to the code to be able to do the
9 (inaudible) plug in play as some folks in the
10 industry have called it.

11 So I agree with everything Jo
12 said, but I think at the end of the day -- at
13 the end of the discussion, Lucent and Alcatel
14 both were sitting at the table saying, "I will
15 not be willing to share that technology." And I
16 don't know if anybody can reflect on that.

17 MR. JACKSON: Jerry Jackson with
18 Alcatel. I concur that Alcatel will not open up
19 that interfacing switch site at the RT.

20 MR. CRUZ: So, just for
21 clarification, even though it was a request
22 placed on the table, I think one of the gating
23 factors that was highlighted was the fact that
24 to the -- you know, to our vendors, similar
25 vendors have problems, you know, saying, "Yeah,

1 go ahead. I'll let you have the keys into the
2 store, and come on in and we can play together."

3 MR. DELREGNO: And our answer
4 really should have been more of a two-pronged
5 answer. We would love it, but we just don't
6 think it's going to happen.

7 MR. SRINIVASA: Please proceed.

8 MR. DELREGNO: And to kind of
9 summarize the adjacent RT, and one of the things
10 Ms. Gentry had mentioned, we do not necessarily
11 represent the entire CLEC community here. At
12 the FCC meeting, the question was asked, "Is
13 anybody interested in adjacent RTs?" And there
14 was a resounding no, but there -- I think there
15 will be companies that will be interested in
16 that.

17 We, as a company, are
18 investigating and evaluating business cases that
19 hinge upon that and are working diligently
20 towards that this year. What we are suggesting
21 is that there should not be any regulations that
22 prevent us from that, preclude us from getting
23 access to that if the business case is
24 warranted.

25 Some of the issues related to the

1 adjacent RT, they are more capitally -- capital
2 investment intensive than other options, but it
3 does open the last mile to greater competition.
4 It facilitates higher bandwidth deployment, such
5 as ADSL, SDSL, and G.Lite because of the
6 inherent shorter loops as I mentioned. As an
7 example, VDSL, some of the emerging standards
8 right now, they're working on 23 by 6. 23
9 megabits downstream, 6 megabits upstream,
10 asymmetric or 6/6 symmetric and coming is 13/13
11 possibly. So you're really looking at a
12 significant leap in the bandwidths available via
13 VDSL, but then the loops are actually shorter.

14 So if we look at VDSL as a
15 technology to be deployed from the central
16 office, it's going to have a very, very limited
17 reach. We really think that the sweet spot for
18 VDSL is going to be in adjacent RT collocations
19 and fiber to the curb type deployments.

20 One other thing that's interesting
21 is that the next generation technology is
22 available today in many cases, from Legacy
23 equipment manufacturers, such as your Alcatels,
24 your Lucent's, what have you. If it's not
25 available today, it's coming very soon. But

1 there are also a lot -- there is a lot of
2 activity in the start-up community with regards
3 to next generation technologies from next
4 generation telecom vendors.

5 We expect to see a flurry of that
6 type of activity at supercom this week. We've
7 been talking to quite a few. We have several in
8 our laboratories in Richardson, and we're
9 finding that the cost -- just like with anything
10 else in the industry, the costs are going down,
11 the quality is going up, and the sizes are going
12 down.

13 So we're seeing that it's -- we're
14 not asking for anything that can't be done.
15 We're suggesting that it's doable. We need to
16 analyze business cases, but again, we should not
17 be precluded from it. And the issues to be
18 resolved are, again, how many collocated RTs
19 will be allowed, and then the copper
20 interconnection agreements and maintenance, as
21 SBC pointed out.

22 And then the last slide is just
23 kind of a reference slide. We kind of put that
24 in there, just, again, as a reference for
25 different physically -- or technically feasible

1 unbundling points within the network. And,
2 again, where a CLEC would apply or where they
3 would negotiate interconnection agreements and
4 actually put equipment would depend on the
5 market that they're trying to address.

6 We're suggesting that from a
7 regulatory perspective we should not be
8 precluded from doing any of these and making a
9 business case that is not only agreeable to the
10 CLEC but also for the ILEC.

11 MR. MASON: Does that conclude
12 your presentation?

13 MR. DELREGNO: That concludes the
14 presentation.

15 MR. MASON: Thank you very much,
16 and we'll give Southwestern Bell an opportunity
17 to sort of give their overview. I know we got
18 into some clarifying questions, and we'll step
19 back after we sort of do an overview. But I
20 would like to give you an opportunity.

21 And, of course, if any other CLEC
22 wants to give sort of their overview of what's
23 going on, that would be fine, too, and then we
24 can get into specifics probably after lunch.
25 But if you want to give a short overview, that

1 would be fine. If not, we can sort of proceed.

2 MS. FLATT: This is Sherri Flatt,
3 SBC. To begin with, we would like to thank the
4 Commission for allowing us to be here today to
5 share information with you and with the CLECs
6 that are present today, and hopefully to explain
7 Project Pronto.

8 Project Pronto is an investment by
9 SBC in fiber electronics, ATM technology, that
10 allow us to create a robust data, centric,
11 network architecture to deploy broadband
12 services to the mass market for high speed
13 Internet access and to increase the overall
14 efficiency of our network. One component of
15 Project Pronto is the next generation digital
16 loop carrier, and it's through the deployment of
17 this fiber and ATM capacity -- excuse me -- it's
18 designed to eliminate the loop length and
19 qualification limits normally placed on
20 broadband type services or DSL services.

21 And this mass market deployment
22 offers the consumer and other service providers
23 new choices that they don't have today at the
24 lowest possible cost. The maximum loop length
25 reach associated today with DSL on copper is

1 like 18,000 feet, and so you really have to be
2 relatively close to the central office in order
3 to have these DSL services today without the
4 Pronto architecture.

5 And the goal of Project Pronto is
6 to extend the reach of DSL based services in the
7 most economic manner that we can to the CLECs or
8 to other service providers so that we can offer
9 residences and small businesses high speed
10 Internet access. The most economical way to
11 provide the access to these customers is through
12 our overall existing POTS, network, or our loops
13 today. And doing so avoids the cost of separate
14 loops that -- for providing the Internet access.

15 If we had to maintain a separate
16 loop or if we continued to use the existing
17 copper loops, then the people who are served or
18 the customers who are served on DSL today would
19 not have access to the maintenance that is
20 provided by the digital loop carrier or by the
21 fiber fed DLC. And we see the new broadband
22 infrastructure that it must provide both voice
23 and data, and building an overlay data loop
24 network, we would try our long continuation of
25 that imbedded loop network that we would have to

1 maintain. And it would not offer the same
2 maintenance that we could offer on the fiber
3 fed.

4 Under Project Pronto the next
5 generation digital loop carrier will be placed
6 in approximately 20,000 new or upgraded RTs in
7 SBC's 13 state ILEC territory. And I'm sorry.
8 I don't have that broken down.

9 MR. SRINIVASA: For Texas?

10 MS. FLATT: I'm sorry. I don't. I
11 don't have that information. These RT sites fed
12 by fiber copper cables -- or fiber cables who
13 push the broadband capability deeper into the
14 network and closer to the end-user so that we
15 could provide those DSL services. In the end
16 result, if allowed to proceed as projected today
17 or as planned today, will be the 80 percent of
18 the customers residing in Southwestern Bell's
19 ILEC territory, and approximately 80 percent in
20 Texas will be within 12,000 feet of a central
21 office or an RT.

22 This will enable competitive
23 broadband certain providers to offer DSL based
24 services with a minimum downstream speed of 1.5
25 megabits per second to approximately 77 million

1 customers across Southwestern Bell's ILEC or
2 SBC's ILEC territory. And I'm sorry. I don't
3 have that broken down to Texas specifically.

4 ILEC ownership of the OCD and the
5 cards is the best solution for the CLECs and the
6 customers as it helps maintain the low cost
7 option for providing DSL services and maximizes
8 the limited use or number of ports using the
9 same plug in the card -- in the same slot. In
10 addition, any option for provisioning DSL based
11 services that the CLECs have today, they will
12 still have tomorrow after the deployment of
13 Project Pronto.

14 So it doesn't limit the technology
15 or their options. It just actually enhances the
16 options that are available to them today.
17 Southwestern Bell plans to offer all requesting
18 carriers the ability to use the Project Pronto
19 infrastructure through wholesale broadband
20 offerings, and the first of these products has
21 already been presented. And I think it was last
22 week, and we can talk about that today, those
23 product offerings today, also.

24 And with this product the CLECs
25 will be able to reach customers that otherwise

1 they could only reach if they remotely located
2 their own DSLAM, and although the next
3 generation digital loop carrier technology is
4 being deployed by Southwestern Bell currently,
5 only supports ADSL. You know, we're open, and
6 we have every incentive to want to, you know,
7 open that up to new technologies. But that's
8 basically dependent on the vendors and their
9 manufacturing of the equipment that -- to
10 support those technologies.

11 MR. SRINIVASA: This -- let me
12 clarify something. You say that the new
13 generation DOCs that you're going to deploy over
14 20,000 of them throughout the SBC territory. Is
15 it multiple vendor, or you -- did you go to --
16 did you sole source it?

17 MS. FLATT: No, those are new and
18 upgraded, new or upgraded RTs, okay, that you're
19 talking about, the 20,000.

20 MR. SRINIVASA: Right. That you
21 are going to deploy --

22 MR. KEOWN: Let me answer that,
23 Your Honor. We have one primary vendor, but we
24 have other vendors that we're looking at. We're
25 working with them to get their technology where

1 we need to be. So there would be multiple
2 vendors in this 20,000.

3 MR. SRINIVASA: Thank you.

4 MS. FLATT: And, of course, any --
5 once we deployed the Project Pronto, any
6 additional DSL capabilities that are available
7 would also be deployed, you know, on an equal
8 and fair basis to all CLECs or to other service
9 providers. And we've heard the CLECs' concerns
10 and issues and share some of those same
11 concerns, and basically that's why we are where
12 we are today with the ownership of the OCD, the
13 issues of the ownership of the OCD, and the
14 card.

15 But we're making every effort to
16 resolve some of those issues. Southwestern Bell
17 has agreed to enlarge or -- not enlarge, but to
18 build larger CEVs and huts or to deploy larger
19 ones in order to give the CLECs more capability
20 to collocate in those with us to provide the DSL
21 services to their customers. Assuming that
22 we're permitted to own the facilities and --

23 MR. MASON: Let me -- I'm sorry.
24 Let me stop you just for -- well, I'll let you
25 finish. I want to talk about remote terminals

1 and the size and volume and all that stuff. So
2 I'll wait. Go ahead, and I won't interrupt you.
3 And we'll talk about that in a minute.

4 MS. FLATT: Okay. Anyway,
5 assuming that we're permitted to own the
6 facilities and equipment necessary to deploy
7 Project Pronto, these additional options would
8 be available to the CLECs under TELRIC pricing,
9 under TELRIC prices. And the essential
10 challenge, as MCI stated, is basically how
11 multiple providers deal with the scarce limited
12 resource of this limited size of the space in
13 the RTs -- in existing RTs.

14 Southwestern Bell's position is to
15 support the use of its RTs including the next
16 generation digital loop carrier RTs by other
17 providers with reasonable principles, such as no
18 harm being caused to our network or to our
19 existing customers and, of course, you know,
20 that we're compensated. Southwestern Bell's
21 investments in Project Pronto infrastructure
22 serve the public interest by bringing broadband
23 services and additional choices to the
24 customers, both our customers and to other
25 service providers' customers and end-users. It

1 gets, like I said, the fiber deeper into the
2 network. We get closer to the end-users by
3 deploying the next generation digital loop
4 carrier fiber fed.

5 And it actually creates just the
6 opposite of what was indicated, that we're
7 limiting the choices and that we're limiting
8 technology and we're limiting options.
9 Actually, we are expanding those options and
10 expanding the technology over what it is today.
11 Southwestern Bell's investment in Project Pronto
12 infrastructure brings additional broadband
13 service options to customers who may otherwise
14 today only have access to broadband services or
15 DSL via the cable modems.

16 MR. SRINIVASA: Okay. But are you
17 offering other flavors of DSL services, also, as
18 part of this -- the ASI?

19 MS. FLATT: Not today.

20 MR. SRINIVASA: Again, these RTs
21 are deployed by SBC.

22 MS. FLATT: SBC, yes, sir. By the
23 TELCO.

24 MR. KEOWN: The TELCO.

25 MR. SRINIVASA: By the TELCO. And

1 ASI will be providing the retail service, but
2 they buy this, the broadband UNE and the loop on
3 an unbundled basis from TELCO?

4 MR. BOYER: ASI will purchase the
5 broadband service offering in a similar manner
6 as to any other CLEC that's out there today.

7 MR. MASON: Does that conclude
8 your presentation?

9 MS. FLATT: Yes.

10 MR. BOYER: Your Honor, if at all
11 possible, I would like to give an overview of
12 the product offering that we're making available
13 today because I think Sherri covered essentially
14 the high level structure. We would like to
15 actually have an opportunity to address what our
16 specific product offering is and maybe discuss a
17 few of the points that MCI brought out in their
18 presentation as well.

19 MR. MASON: Sure. That would be
20 great.

21 MR. BOYER: My name is Chris Boyer
22 by the way, SBC.

23 (Brief pause)

24 MR. MASON: Before we start with
25 this additional presentation, if any CLECs -- we

1 are going to get into the specific issues
2 probably it's going to be after lunch now. So
3 you will have plenty of opportunity to comment,
4 but if you, for sake of the record, wanted to
5 give a broad overview of response to what SBC
6 just presented, you're welcome to do that. And
7 if not, we'll go ahead and let SBC present the
8 second part.

9 UNIDENTIFIED SPEAKER: I was just
10 wondering if we could also get a copy of the --
11 of what SBC was reading off of.

12 MS. FLATT: It was just my notes.
13 I don't have a copy of that. That was just my
14 own notes.

15 MR. LEAHY: Actually, I think
16 those were just Sherri's notes.

17 MR. SRINIVASA: You're on the
18 record. Please state that for that record,
19 please.

20 MS. FLATT: Oh, I'm sorry. I
21 don't have that in a published format. Those
22 are just basically my own notes.

23 MR. BOYER: Chris Boyer from SBC.
24 What I'd like to do here is actually talk
25 through a presentation that we've put together

1 that we've given several folks in the past.
2 What this presentation outlines is what we're
3 referring to as the broadband service product
4 offering -- the broadband service product
5 offering was a product offering that was
6 announced to the industry on May 24th of this
7 year. We issued an accessible letter that was
8 sent out to each of the SBC five ILECs. That
9 would be including to Texas, to SWBT, and that
10 product offering also has been discussed on
11 quite many other occasions during a CLEC forum
12 that we held back on the 1st of March of this
13 year.

14 So what I'm going to do is just
15 talk about what we're offering today and then
16 elaborate a little bit on why our offering is
17 somewhat different than what MCI is looking for,
18 maybe what some of the other CLECs may be
19 looking for and talk about some of the issues as
20 to why we have moved in that direction.

21 So anyway, going to the third page
22 of this presentation, Slide lable -- Slide 3,
23 this slide is basically entitled "CO based DSLAM
24 infrastructure," and all this slide is really
25 intended to do is kind of -- this is a picture

1 that we've used internally and in some
2 conversations to talk about the way a
3 traditional DSL infrastructure may look like
4 which is really an infrastructure that includes
5 like a central office, DSLAM type technology.

6 The CLEC options in this case
7 would be to purchase the high frequency portion
8 of a loop which would be the line shared product
9 offering or a UNE 2-wire DSL capable loop if
10 they wanted to purchase the full loop into their
11 DSLAM in the office, and I think everybody's
12 pretty familiar with that. And obviously we
13 have the copper disturbers in the network and
14 the fact that, generally speaking, the loop
15 lengths are limited -- or DSL services are
16 limited to loops less than 17.5 kilofeet from
17 the office just to kind of set the framework.

18 On Page 4 I address the next
19 generation DLC. Now, obviously, the problem
20 with CO based DSLAM architecture as the loop
21 length is you have the loop length issue and
22 copper disturbers in the network limiting the
23 availability of DSL type services. What next
24 generation DLC does it essentially bridges what
25 we were calling to as the digital divide,

1 meaning that in this particular instance, we're
2 referring to the situation of those folks that
3 are within 17.5 kilofeet of the central office
4 in comparison to those folks that may be a
5 further distance away not being able to get
6 advanced services.

7 So really what this does is it
8 provides DSL capability to customers that reside
9 beyond the reach of the CO based DSL, which is a
10 little bit redundant to what Sherri said, but
11 let me go through this list. It also adds
12 capacity for mass market, high speed Internet
13 access characterized by bursty traffic, which is
14 ATM, asymmetrical type traffic in nature.

15 It actually will increase the
16 availability of copper pairs that are not
17 available today. As some POTS customers
18 purchase the DSL service, they will actually be
19 migrated on a one-by-one basis from their
20 existing copper loop over to the new next
21 generation DLC. So to elaborate a little bit on
22 that point, the network is being deployed as an
23 overlay network. So the intent at this point is
24 not for this network to be a copper replacement
25 network. It's an overlay network, so each

1 customer as he orders DSL is moved on a
2 one-by-one basis over to this new type of
3 infrastructure.

4 So essentially the copper loops
5 are going to remain in place for the time being.

6 MR. SRINIVASA: Let me clarify.
7 If you have an integrated digital loop carrier
8 that's already deployed and you're providing
9 plain old telephone service through that to an
10 end-use customer, if that end-use customer
11 decides to go with ASI, let's say, for example,
12 and wants the DSL service, ADSL, then if ASI
13 contacts Southwestern Bell for the unbundled
14 loop, then you're going to move them over to the
15 NG, the next generation --

16 MR. BOYER: Right. Yeah, like if
17 you were -- if you were referring to the fact --
18 like maybe they're served by like a SLC-96 or
19 some other type of IDLC or integrated DLC,
20 whatever it might be, what we would do is we
21 would actually physically move them from one --
22 move them over to this new type of deployment,
23 to this next generation network.

24 MR. SRINIVASA: So the copper --
25 you're going to cross-connect the copper to

1 another interface there. Right? Some sort of
2 frame?

3 MR. BOYER: My understanding is
4 that the serving area interface.

5 MR. SRINIVASA: Serving area
6 interface. Okay.

7 MR. BOYER: Right. We would
8 actually move a jumper at the serving area
9 interface to move them from where they're
10 currently served. I think like in a traditional
11 network you may have like a copper feeder cable,
12 and then distribution cross-connected at the
13 SAI.

14 MR. SRINIVASA: FDI is what is --

15 MR. BOYER: FDI -- FDI, feeder --

16 MR. SRINIVASA: Right. In this
17 particular instance you would actually trip a
18 technician out there, and he would just move
19 that jumper from the feeder -- the copper feeder
20 over to this -- serving this RT, this particular
21 RT.

22 MR. SRINIVASA: Okay.

23 MR. BOYER: In addition to that
24 fact, this network also has the potential to
25 provide new services based upon future vendor

1 deployment, development, and market operational
2 economic factors, which I -- obviously MCI has
3 laid out the framework for some of that. One
4 thing I do want to point out is that this
5 particular network is really targeted for the
6 consumer market segment, and it -- really for
7 the purposes of, in fact, providing high speed
8 Internet access.

9 And I think I would like to
10 preface that by stating that, in general, Pronto
11 is going into locations that are greater than
12 17.5 kilofeet. That's the majority going to be
13 consumers. I think the number that's been
14 thrown around has been anywhere from 85 to 90
15 percent of the actual end-users served by this
16 network will be consumer networks.

17 This is going to be in suburban
18 areas, residential neighborhoods. So that is
19 one of the reasons why we've chosen to go in the
20 direction of offering unspecified bit rate
21 applications. A constant bit rate application
22 is really not a necessity for a consumer out
23 there who just wants Internet access. It really
24 defeats the purpose of what we're trying to
25 provide to that customer, but of course

1 that's -- certainly other companies or other
2 entities may have different business plans, some
3 considerations there.

4 On the bottom of this page it
5 talks about some of the elements that are
6 necessary to provision a DSL service through
7 next generation digital loop carrier. Obviously
8 the first network element, or the element that
9 would have to be deployed would be a remote
10 terminal that's equipped with the next
11 generation DLC system. You would have to put
12 the remote terminal combo cards, which are the
13 POTS and the ADSL cards. And, again, the card,
14 the ADLU card actually is a combination card
15 serving both POTS and ADSL through that card.

16 So the telephone company still --
17 whoever's providing the voice service still
18 needs the use of that card regardless of the
19 ownership.

20 MR. SRINIVASA: So essentially if
21 someone purchases an unbundled loop and also,
22 say, for example, let me -- if an end-use
23 customer is obtaining their ADSL service from --
24 say from ASI, and then that customer decides to
25 move to AT&T, let's say, for example. Now, TCG

1 who's got their own switch, so what happens? I
2 mean, do they still have to buy that card on an
3 unbundled basis or --

4 MR. BOYER: Well, we've actually
5 included the card element, or actually it's at a
6 port level. The card itself has two ports today
7 and will have four ports in the future. So
8 really you have two customers sharing one card.

9 The way we position the product is
10 is that we have separate elements, per se, so
11 when they purchase the -- what we're calling the
12 fiber feeder elements, that card kind of comes
13 with that. So if they switched from one DLEC or
14 CLEC providing the data to another, we would
15 just migrate them on that same facility.

16 MR. SRINIVASA: The same thing is
17 true if they move to -- for the ADSL service
18 instead of ASI if they moved to WorldCom it's
19 the same way.

20 MR. BOYER: Yes, definitely.

21 MS. CARTER: This is Melia Carter
22 with Covad. I just had a question: Is SBC
23 willing to provide -- give us the ability to
24 have any line card capable of a -- that's being
25 provisioned out of a particular digital loop

1 carrier, or are you just limiting it to ADSL?
2 For example, if we wanted SDSL, if that was
3 capable --

4 MR. BOYER: Actually --

5 MS. CARTER: -- in a particular
6 digital loop carrier.

7 MR. BOYER: I intend to address
8 that. It's just I haven't gotten to that point
9 in the presentation yet. So moving forward.

10 In addition to the actual next
11 generation DLC, systems that are being deployed,
12 and the combo cards, you also have -- obviously
13 have remote terminal derived copper sub-loops
14 from the SAI to the living unit. Now, I would
15 like to point out here that the way the
16 network's actually being laid out, the next
17 generation DLC, there is no cross-connect panel,
18 per se, in the new remote terminals that are
19 going in.

20 The actual -- the next generation
21 DLC that's being deployed is spliced. It's a
22 spliced technology that goes out to the SAIs.
23 So the actual interface point of an actual
24 unbundled sub-loop remains at the serving area
25 interface. There is no access point inside the

1 remote terminal, per se.

2 So that's why we only have to go
3 out and run the jumper in the servicing area
4 interface, versus actually tripping to the
5 remote terminal.

6 MR. SRINIVASA: What was the --
7 why did you choose that option? To go with --
8 you know, to have a splice instead of
9 establishing a frame? What was the reason for
10 that?

11 MR. KEOWN: That's kind of typical
12 outside planning or layout for remote terminals.
13 There's a protector frame where the cables are
14 just spliced through the protector frame to keep
15 lightening and high voltages from coming into
16 the electronic equipment, but that's just
17 typical outside plant design.

18 MR. SRINIVASA: Say, for example,
19 if a CLEC wants to have an adjacent off-site
20 collocation, how do they get to that? I mean,
21 do they have to get to their spliced case to get
22 to the ASI?

23 MR. KEOWN: Well, the intent is
24 that the -- following the line share in order of
25 where the first available cross-connect point

1 is, the CLEC would have to cross-connect at the
2 serving area interface or the FDI, distribution
3 interface. That is a harsh splice through the
4 remote terminal, and it's just -- again, just
5 typical outside plant design for remote
6 terminals.

7 MR. SRINIVASA: So an adjacent --
8 if a CLEC, some CLEC wants to locate their own
9 instead of buying the RT, you know, the access
10 on an unbundled basis, if they want to install
11 their own remote transmitter and they want to
12 interconnect at the ASI, how do they do it under
13 this architecture, under this network structure?

14 MR. KEOWN: A cable will have to
15 be provided by the CLEC to the serving area
16 interface to access the sub-loops.

17 MR. SRINIVASA: So it's like a tie
18 cable that comes in. You're not -- it's not to
19 the splice case. You're just -- is there a --

20 MS. FLATT: Right. It wouldn't be
21 to the splice case.

22 MR. KEOWN: No, but the
23 termination would be at the serving area
24 interface. That's the first accessible point to
25 the pairs to the sub -- to the distribution

1 pairs would be at the serving area interface.
2 So FDI feeder distribution interface. So that's
3 where the cable would have to be provided, too.

4 MR. BOYER: It'd also like to
5 point out that that is consistent with the UNE
6 remand order for sub-loop unbundling. I believe
7 the access as specified there was at the serving
8 area interface as well.

9 MR. KEOWN: Or first accessible
10 point --

11 MR. BOYER: Or first successful
12 point of interface, cross-connect.

13 MR. SIEGEL: Howard Siegel, IP
14 Communications. Just so it's clear for the
15 record, Page 9 of MCI's presentation, just as an
16 example, there's one ILECs RT and three separate
17 SAIs. So am I understanding correctly that what
18 that would mean is that the CLEC would have to
19 have three collocations as opposed to one for
20 that same population?

21 MR. KEOWN: I don't think that's
22 correct. You can have -- you can place your --
23 a CLEC places his RT wherever. I mean, wherever
24 he or she is able to find space, and then varied
25 fiber to any of those SAIs -- or excuse me,

1 copper to any of those SAIs.

2 MR. SIEGEL: So that not be to
3 connect, three separate connection forms as
4 opposed to one connect --

5 MR. SRINIVASA: That's a good --
6 there are three ASIs there, so they have to
7 extend the copper cable to each one?

8 MR. KEOWN: That is correct.

9 MS. FLATT: That is correct.

10 MR. SRINIVASA: From the RT?

11 MR. KEOWN: Yes, that's correct.

12 MR. SIEGEL: And that's -- at
13 least in part due to the fact that there's a
14 fiber slice as opposed to some sort of
15 distribution frame at the RT.

16 MR. KEOWN: No. It's just due
17 again to the design of the outside plant
18 facilities, and that there's no accessible point
19 at the RT to access the sub-loops. For
20 instance, a CLEC may not have customers in each
21 one of the SAIs served by these RTs. Therefore,
22 they would only run cable to the ones that they
23 had customers that they wanted to serve them out
24 of.

25 MR. SRINIVASA: So this SAC that

1 they have a box where SAC is already connected
2 to all of the -- you know, the three SAIs, that
3 way CLEC's RT is connected only at one point.
4 Are you deploying this SAC also in your network?

5 That's your --

6 MR. DELREGNO: That's our
7 recommendation.

8 MR. KEOWN: And to answer your
9 question, we're not doing that. It's --

10 MR. JACKSON: Jerry Jackson with
11 Alcatel. Typical outside (inaudible) for our
12 product basically is like a 2100 (inaudible)
13 cable coming out of the RT itself. As Mr. Keown
14 mentioned, it is protected with protective
15 blocks at that point into the network that would
16 typically go into like a splice chamber where it
17 sends stuff out to go out to like an east/west
18 north type route to the various (inaudible).

19 MR. GARCIA: Gabriel Garcia with
20 Mpower. Chris, before you go on, you mentioned
21 that when a customer requests DSL he will be
22 moved over a new network. What happens to that
23 copper loop that is currently serving the
24 customer?

25 MR. BOYER: It stays in place.

1 MR. GARCIA: It stays in place?

2 MS. FLATT: There's no immediate
3 plans to remove that copper.

4 MR. GARCIA: Okay. Thanks.

5 MR. SRINIVASA: Please proceed.

6 MR. BOYER: Okay. Moving down my
7 list of elements necessary for the service. The
8 fourth bullet on the list down, it's the next
9 generation DLC central office equipment.
10 Obviously with any DLC type system you have a
11 central office terminal piece and the piece out
12 in the field. That piece essentially is to
13 deliver the voice path back into the CO.

14 You also have, as MCI pointed out,
15 a shared OC-3 transport. Actually, in this
16 case, we actually have two separate paths. We
17 have one OC-3 transport for the voice side,
18 which is a TDM based, time division multiplex
19 scenario, and also we have a separate OC-3c ATM
20 based that is strictly for the data path.

21 And then the final element there
22 would have to be provided the network is an
23 optical concentration device, OCD. Basically
24 that device is deployed to aggregate incoming
25 traffic over the -- all of the different shared

1 OC-3c's. Essentially what you would have there
2 is, say, for instance, you had one central
3 office with maybe 30 or 40 remote terminals
4 served out of it, you could conceivably have 30
5 or 40 OC-3c's coming in for data traffic.

6 What the OCD does is it takes all
7 the in-bound traffic from all those different
8 RTs. It has the intelligence to route
9 individual packets for a certain CLEC to their
10 port that we will provide to them.

11 MR. SRINIVASA: Today the
12 unbundled network element rates that are in the
13 T2A, this Texas 271 agreement, the generic
14 interconnection agreement that -- which anyone
15 can opt into, and the prices you have transport
16 rates, OC-3 and different levels. And they were
17 based on TDM, time division multiplex.

18 Now, if you're offering this other
19 OC-3 for the ATM with the variable bit rate or
20 constant bit rate or however you're going to
21 structure it, what rates are you implying? Is
22 it the same as what we have for the --

23 MR. BOYER: Your Honor, that is
24 actually different. I mean, in this particular
25 instance we are only offering UBR, and to be

1 quite honest with you, we, too, have struggled
2 with the issue of trying to determine a rate if
3 we did other flavors other than UBR. But I
4 think if you stick with the assumption that
5 it's -- at least for now, that the offering is
6 going to be unspecified bit rate, we actually
7 priced out the cost of that particular element
8 from the remote terminal, that pipe base
9 essentially.

10 We priced that out through a
11 capacity cost. Basically we took the average --
12 in a Litespan you only have a certain number of
13 channel banks that can be equipped for DSL. So
14 we took the average number of DSL customers that
15 we could provide at a capacity basis through a
16 particular Litespan and used that as the
17 denominator factor to divide into the total cost
18 of that pipe.

19 So basically it's priced out at
20 the maximum number of customers you could put
21 through there under a UBR scenario. That's how
22 we came up with the rates.

23 MR. SRINIVASA: That includes even
24 the -- say, for example, apparently at the
25 central office it's going to an ATM, basing from

1 the -- it includes the cost associated with the
2 ATM on the port?

3 MR. BOYER: Actually what we did
4 is we separated the port out as a separate
5 element, but we -- you would have to provision a
6 permanent virtual connection from the RT back
7 into that port on the OCD. What we did was is
8 in the -- we have three elements: The copper
9 piece and then the middle piece, which is the
10 port on the card and then the fiber transport
11 back to the OCD. That particular element
12 includes the permanent virtual path -- or
13 connection. I'm sorry, not path, but connection
14 that goes from the Litespan equipment in the RT
15 all the way back to the OCD port, and it
16 includes all the different connections that
17 would go on there.

18 The OCD port itself we priced out
19 as a separate element only because that one port
20 can support anywhere from a thousand to many
21 thousand customer lines per one port on the
22 OCDs. So we really had a -- in terms of just
23 the ordering process and other issues, we had to
24 separate that particular element out.

25 MR. SRINIVASA: So if some -- a

1 CLEC wants to buy a combination of that port and
2 this, that they can do that, and you'll combine
3 it for them. And it's offered as a UNE
4 combination then, the broadband?

5 MR. BOYER: Well, it's not -- the
6 product is not really being positioned as an
7 unbundled network element, per se. It's being
8 offered as a service, meaning that they're not
9 separate elements. What we will do is we
10 will give the CLEC the fiber transport and then
11 the port, and we will actually via our ordering
12 process that we've developed, we'll actually go
13 in and do the translations work that needs to be
14 done in the OCD to connect to the individual
15 loops to that particular OCD port that they
16 purchased.

17 That port will not be -- that port
18 will be delivered to their collocation space.
19 So essentially you're correct. They would get a
20 combination of the fiber transport and the port
21 delivered to collocation. I would somewhat
22 disagree on the fact of whether it would be a
23 UNE combo because we're not positioning this as
24 unbundled element.

25 MR. SRINIVASA: Does it mean that

1 they have to be physically collocated in every
2 office where you have the ATM?

3 MR. BOYER: Yes.

4 MR. SRINIVASA: Please go on.

5 MR. BOYER: Okay. On Page 5 --
6 Page 5 is just a general definition of an OCD,
7 and I think I just elaborated on that point. It
8 also talks about the ADLU plug in card. The
9 ADLU plug in card is supported by common channel
10 cards and software in the NGDLC, in the Litespan
11 equipment.

12 It processes and splits the voice
13 from the data. There is no DSLAM, per se, to
14 play with this device. Basically the data
15 signal from over the copper portion -- or the
16 integrated signal, I guess, voice and data goes
17 to the ADLU card. And, again, it splits the
18 signals off in conjunction with the NGDLC to
19 provide two separate paths, one for voice and
20 data. Page 6 --

21 MS. CARTER: If this were --
22 (inaudible) --

23 THE REPORTER: Excuse me.

24 MS. CARTER: -- if you're going to
25 give us the ability to have (inaudible) of the.

1 MR. MASON: Can you state your
2 name for the record and speak up?

3 MS. CARTER: Melia Carter with
4 Covad Communications. What I'd like SBC to
5 answer my question I posed earlier is whether we
6 were going to have the ability to have any line
7 card that was capable of being provisioned out
8 of that digital loop carrier, or is it just
9 going to be ADSL?

10 MR. BOYER: Well, I can address
11 that question. At this point, our product
12 offering is an ADSL line card because that is
13 the only card that's available at this point
14 from the vendor and that works with the
15 Litespan.

16 I will say this much, that as the
17 vendor develops additional cards or different
18 types of flavors of DSL, per se, that could be
19 deployed through this, SBC will consider
20 requests from CLECs to deploy those particular
21 cards. Now, obviously, we have some technical
22 and economical issues that we need to consider
23 before granting any of those requests.

24 We have -- actually my intent was
25 after this presentation to talk about some of

1 the dynamics that we have working here on that
2 particular issue, but I think you have to
3 consider the fact that Project Pronto is being
4 deployed basically with the intent to providing
5 advanced services to the consumer marketplace.
6 If we start deploying different types of cards
7 or offering different types of services over the
8 network, there are going to be some issues in
9 limiting the availability of the service just
10 because of some technical issues the way the
11 network is deployed today in order to
12 accommodate some of those requests.

13 We also have a huge expense issue
14 of trying to actually deploy additional fiber or
15 additional transport to the particular RTs in
16 order to do that. So it's not as simple as just
17 going out and switching out the card, and I
18 can -- after this is done with, I can elaborate
19 in some detail on that.

20 MR. SRINIVASA: You know,
21 apparently in order to deploy the new generation
22 DLC you would need space. If you have an
23 existing SLC-96 or whatever, are you obtaining
24 additional rights-of-way to expand that area, I
25 mean, to increase the available space, the land

1 so that you can deploy new generation --

2 MS. FLATT: Not in existing RTs.

3 MS. FISHER: Marsha Fisher with
4 SBC. In -- where we have existing remote
5 terminals, a SLC-96 or a discus device, the
6 Pronto overlay will serve those areas. So we
7 will acquire these sites.

8 MR. SRINIVASA: Are you just
9 limiting as if it's going to be -- the extent
10 that space is required would be -- would
11 accommodate only NGDLC, or are you (inaudible)
12 on space so others can come in there and look at
13 their remote DLCs?

14 MS. FISHER: As Mr. Keown said
15 earlier, these devices are sized for a certain
16 geographic area, and that depends upon the size
17 of the easement. And someone mentioned housing
18 authorities and those things, but we do purchase
19 an easement.

20 And right now, the intent is that
21 it would house one of these cabinets and then an
22 area for safety, our technicians to park
23 (inaudible). We do not have aggressive plans to
24 make the sizing or anything of the easement
25 significantly greater for purchasing more --

1 MR. SRINIVASA: Yeah. The reason
2 why I was asking is if ADLC is the only brand
3 that can be using Litespan which you just stated
4 a few minutes ago, if someone wants to look at
5 their own deals and offer a different brand in
6 that same area, will you make some space
7 available for them?

8 MR. BOYER: Are you saying if they
9 wanted to collocate their own equipment in that
10 particular RT to offer a different type of
11 service of DSL? I think that would be pursuant
12 if space is available under the existing
13 collocation guidelines.

14 MR. SRINIVASA: But if you're
15 obtaining new space --

16 MS. FLATT: Are you referring to
17 space in the RT, or are you referring to --

18 MR. SRINIVASA: Just the land
19 where there are fences or wherever they're
20 located. You know, it's not inside the CAP.
21 Apparently, new generation DLC is not going to
22 go in the same cabinet.

23 It's got to be a fenced area.
24 You're going to have a different concrete pad,
25 and that's where you're going to locate this.

1 MS. FLATT: Right.

2 MR. SRINIVASA: So, are you going
3 to have additional space? What I mean by
4 "space" is you have to have power for that. You
5 have to have all of a concrete pad area,
6 security gate.

7 MS. FLATT: Would we acquire
8 additional space next to wherever we are for
9 adjacent collocation?

10 MR. SRINIVASA: Uh-huh.

11 MS. FLATT: I'm not certain of the
12 answer to that, but I think even so, it's up to
13 the CLEC to purchase their own rights-of-way,
14 their own right to be there through the
15 municipalities.

16 MS. FISHER: There are -- some of
17 these houses can be in public rights-of-ways,
18 others may be on private easements. And the
19 CLECs would certainly have the option to secure
20 another easement or collocate in the public
21 right-of-way. There may be space in an easement
22 that we've selected and procured for Project
23 Pronto this CLEC could place their device on.

24 However, my understanding is that
25 those easements will need some kind of agreement

1 from the property owner that granted them for
2 the CLEC to be there.

3 MR. SRINIVASA: Well, as a case of
4 last resort, you have the eminent domain, you
5 know, to obtain that reasonable value, the
6 space. Do CLECs have that same? You know, it's
7 only for a public utility. Public utilities are
8 incumbent LECs.

9 MR. LEAHY: Your Honor, Tim Leahy,
10 if I might -- if I may. I think I understand
11 the question -- your point on eminent domain I
12 think drives home to your question. We, of
13 course, have to prove things up to get eminent
14 domain.

15 What I would ask is I think we now
16 understand your question. Perhaps at lunch we
17 can, among this group, have a discussion and
18 perhaps have a more specific answer to your
19 question. But as I understand the question,
20 it's not so much the space within the particular
21 cabinet, for instance, or rather it's a matter
22 of as we go out, do we pursue longer or larger
23 land masses for purposes of anticipating some
24 other carrier's desire to use that additional
25 space.

1 Of course, I'm -- what I'm
2 telegraphing to you is that the concern is that
3 to prove up what's required to get such rights
4 from municipalities and neighborhoods requires
5 some actual knowledge of what the plan uses
6 generally. But I think -- if that's the
7 question, I think we perhaps at lunch can have a
8 discussion and get back and be a little more
9 responsive.

10 MR. SRINIVASA: Yeah, please.

11 MR. SIEGEL: One follow-up on the
12 question -- Howard Siegel, IP Communications. I
13 thought I remembered from the meeting, I guess
14 it was the beginning of March in Dallas, that
15 SBC had stated that it was anticipated that
16 Alcatel would have cards other than ADSL
17 available this fall and that they would deploy
18 those cards at the request of CLECs. And I know
19 they were just referring to Alcatel, so they
20 would obviously work with the Litespan. Is that
21 correct, or am I -- is my recollection wrong?

22 MR. BOYER: Perhaps Alcatel could
23 address that.

24 MR. JACKSON: This is Jerry
25 Jackson with Alcatel. We are in the process of

1 developing additional cards for the Litespan
2 system that would enable HDSL, HDSL-2, SHDSL, as
3 the standards are getting involved in working
4 towards that. And we have a timetable and a
5 rollout of those products that have -- typically
6 for any company that utilizes our product we go
7 through a product approval phase where they have
8 to take the product and test it and verify it
9 and so forth.

10 But I think the first thing will
11 be coming out the latter part of this year or
12 early next year, and they roll out 2001 as far
13 as that development goes.

14 MR. KEOWN: And I think to answer
15 the second part of that question, as Mr. Boyer
16 stated, we will certainly take a look at those
17 and have to look at the technical, economic, and
18 the issues that surround deploying that new
19 service or new product of service that will be
20 offered. So I don't think we said that we would
21 just automatically deploy those. We would still
22 have to do the economics -- make sure the
23 economics around those services are viable.

24 MR. JACKSON: Jerry Jackson,
25 again. That's another part about our

1 development process is that we have to ensure
2 that it can be collocated in -- with the
3 products that we've already developed, like the
4 ADLU card, because of the heat dissipation,
5 power consumption, and other impacts, the MI
6 interference (inaudible) in the design process.

7 MR. GARCIA: Gabriel Garcia with
8 Mpower. I was just wondering how long the test
9 that you mentioned the CLECs have to go through.

10 MR. JACKSON: It's typically the
11 ILEC or CLEC that procures our product. It's up
12 to their development people that want to do the
13 test and integration work as to how long they
14 will put it into a work office application or
15 into a working area for tests.

16 MR. GARCIA: So it would be weeks
17 or months or years?

18 MR. JACKSON: It varies with the
19 operating company that buys it, yes. I mean,
20 when we're finished and we say we've completed
21 it, it's kind of a (inaudible) test at that
22 point whether we purchase it.

23 MS. GENTRY: Jo Gentry, IP
24 Communications. I know that when we had the FCC
25 presentation the CLECs at that time asked SBC

1 kind of as a general mass we would very much
2 like to have those discussions with you. That
3 was one of things that concerned us about Pronto
4 is that we had not been brought into any
5 discussions on Pronto. The first time we heard
6 anything about it was March 1st.

7 So in this forum I would like to
8 just say, certainly on behalf of my company, but
9 perhaps I could speak for other CLECs, we would
10 like very much to have very preliminary
11 discussions with you regarding deployment of
12 other types of cards for DSL and how you're
13 going to involve that process, what decision
14 process, what criteria you're going to go
15 through in deciding if it's financial to your
16 benefit because we believe that we are an impact
17 to that because our demand for that service will
18 be a component in that.

19 So if we can, please be on notice
20 that we very much want to participate in those
21 discussions almost immediately.

22 MR. BOYER: And this is Chris
23 Boyer with SBC. I would just like to reply to
24 that. We have scheduled a CLEC forum for Dallas
25 on the 15th of June to actually begin the

1 process of some collaborative discussions
2 between SBC and the CLEC community, and I'm sure
3 we'll certainly get to addressing that issue as
4 well.

5 MS. CARTER: Can you briefly --
6 I'm sorry. Melia Carter, Covad Communications.
7 Can you briefly go through at a high level what
8 your criteria would be to determine what it
9 would take for CLECs to have access to those
10 types of line cards?

11 MR. KEOWN: Can you be more
12 specific?

13 MS. CARTER: Okay. Essentially,
14 one -- our goal would be to have the ability to
15 have any line card that's capable of being a
16 provision in the digital loop carrier, and I
17 believe what I just heard SBC say is that even
18 if there was a line card that was incapable of
19 providing other services, we wouldn't
20 necessarily get the advantage of utilizing that
21 until SBC did some sort of analysis.

22 Can you just quickly identify what
23 type of analysis that would be?

24 MS. FLATT: Well, we would have to
25 make certain that it doesn't affect other cards

1 in the network and that it doesn't affect the
2 other customers served by our network. And, of
3 course, we're going to have to look at whether
4 it's technically feasible and analyze it from a
5 business case point of view, also.

6 MS. GENTRY: Let me see if I can
7 expand on what her question -- I think I have a
8 sense where she's going. We would like ADSL,
9 SDSL, VDSL, name all the flavors that go behind
10 the X in the DSL, whatever they are, and the new
11 ones that are being developed as we speak. We
12 would like to have all that capability.

13 At the FCC presentation it was
14 basically stated that you are the primary person
15 that is purchasing from Alcatel. So with that
16 said, you need to initiate some of that request
17 from a vendor/customer relationship. So we're
18 telling you we want those, so we want you to ask
19 them for those capabilities.

20 As they develop them and they're
21 put through a trial process, we want to have
22 input put into those being immediately deployed
23 in the infrastructure of SBC. So the problem is
24 is that we're in a difficult position. We can't
25 ask the vendor to make the cards for you unless

1 you initiate that because we're not the one
2 that's going to be paying for the card directly;
3 certainly indirectly, but not directly.

4 So the fact that you're saying
5 you're only doing ADSL now and you might do
6 something else, I'm asking you to initiate the
7 request to have them developed, and at the point
8 that they're coming through the development
9 process, to make us aware so we can become
10 engaged in that process with you.

11 MR. BOYER: I think in response to
12 that, it is fully our intent to offer a product,
13 per se, that we can sell it to as many CLECs as
14 possible. I mean, from my personal perspective
15 in developing a product, we look at -- we view
16 the CLECs in this case as being a wholesale
17 customer of ours purchasing this actual use of
18 our infrastructure. So it's in -- I think in
19 everybody's best interest at some point to
20 develop products and services that our own
21 customers want to purchase, which in this case
22 is the CLECs.

23 You know, I think that there are
24 some issues here though. It's not just as
25 simple as actually going out and taking an

1 ADSL --

2 MR. SRINIVASA: Just one second.
3 In obtaining this product or this equipment,
4 apparently you have to go out and get bits, but
5 you have to issue an RFP. In that request for
6 proposal you have to specify what kind of
7 product you needed. Did you specify in any of
8 those -- or do you plan to specify that whatever
9 is supplied to you must accommodate all flavors
10 of DSL cards? Is that in your specification
11 anywhere?

12 MR. KUBES: George Kubes, SBC.
13 What we've done in the specification, we've
14 allotted standards, and we're working with
15 industry standards to substantiate these cards.
16 In other words, we don't want to go out with a
17 card that doesn't meet an industry standard and
18 allow our consumer the ability to move within
19 the area and still retain their service without
20 having to go to through an elaborate
21 reprogramming or change.

22 But basically all of our equipment
23 as specified today will be able based upon
24 market demand, based upon the economics, the
25 technical suitability, the space, heat,

1 temperature, the bandwidth requirements for the
2 location, all of these factors have to dovetail
3 to bring the service to market.

4 So as we receive these requests we
5 start this process, and this process can
6 start -- it could be very simple, it could be
7 just a couple of months, a very simple card, or
8 the card in a service requires a complete
9 evaluation of a new software load on the
10 platform. It could take up to six months,
11 because there is not only development test time
12 for us, there is development test time for
13 suppliers.

14 MR. BOYER: If I may have an
15 opportunity, I would like to -- the chance to
16 address, you know, just at a high level maybe
17 some of the issues that would be associated with
18 deploying one of those cards if that would be in
19 the Commission's interest. I think there's an
20 allusion that's been created to a certain extent
21 that it's perhaps as simple as just switching
22 out a card and providing an SDSL card in the
23 channel bank.

24 I think with the Litespan I think
25 it needs to be understood that it's not quite

1 that easy. We have several different goals that
2 we need to try to manage from an SBC
3 perspective, and those are the factors that we
4 need to consider before any decision is made to
5 provide an additional service. For instance,
6 with Pronto being laid out, obviously, our
7 number one goal is to provide xDSL service to
8 the most number of consumers that are out there
9 today.

10 Now, with the technology being
11 deployed, the Litespan 2000, my understanding of
12 Litespan is that today you can only put nine
13 channel bank assemblies in a particular remote
14 terminal under like a -- into a cabinet, per se.
15 And out of those nine channel bank assemblies,
16 you can only equip three of those for DSL type
17 services.

18 So assuming that each channel
19 bank -- at this point in the future when quad
20 cards are introduced that can support 224 DSL
21 customers per bank, you're looking at a maximum
22 of 672 DSL customers through that entire cabinet
23 of services. Now, if we choose -- make the
24 decision to deploy an SDSL card, for instance,
25 that SDSL card, you would be providing

1 symmetrical services, bi-directional, which
2 could mean 1.544 upstream and downstream with a
3 constant bit rate application as MCI has
4 suggested.

5 So what you're doing is is you're
6 taking the capability of putting 672 customers
7 from three channel banks over one of those OC-3
8 pipes because it's a bursting traffic, and now
9 putting constant bit rate, 1.544 signals,
10 bi-directional over that same pipe. Just doing
11 the simple math tells you can't get 672
12 customers over that pipe.

13 So in order for us to serve that
14 particular service to a customer, there's a lot
15 of technical issues of, number one, do we deploy
16 additional capacity greater -- you know,
17 additional OC-3s? Also, if you decided to
18 deploy constant bit rate, you have to allocate
19 an entire channel bank assembly to one provider,
20 one provider, that would be one CLEC, just for
21 constant bit rate.

22 So maybe a CLEC has 20 customers
23 out there that they want to do constant bit rate
24 to. They would have to technically purchase
25 from us an entire channel bank, one-third of the

1 capacity of that cabinet just to service those
2 customers. So there's a lot of issues of how
3 does SBC as a company manage the issue of
4 guaranteeing high speed Internet access to the
5 most number of end-users that are out there
6 today and offering a product that is what our
7 customers, in this case, the CLEC community is
8 looking for, and also at the same time, manage
9 keeping the rates for DSL access down from a
10 consumer perspective.

11 I can tell you that if we just
12 deploy one channel bank for a constant bit rate
13 or SDSL type services, it's actually going to
14 drive the price of the remaining two channel
15 bank unspecified bit rate services up by nearly
16 40 percent on a per unit type basis. So it's a
17 drastic increase in pricing but of course, is
18 passed on to the consumer market.

19 So I think there's a lot of
20 issues -- there's a very big dynamic that needs
21 to be analyzed by our company. So just to say
22 that once the card's available, we're going to
23 put it in there, I don't think we can answer
24 that question today.

25 MR. SRINIVASA: It looks like this

1 is something that needs to be taken up in a cost
2 proceeding, how -- what the -- how you would
3 load these channel banks and what the ratio
4 would be. I don't know if it's going to be
5 decided here in the forum, but anyway you need
6 to bring that issue up, at least, you know --
7 that there is a problem.

8 MR. BOYER: Yes, Your Honor. My
9 only point was to bring up that fact there's a
10 lot of issues that need to be considered here.

11 MR. SRINIVASA: Yeah. Yes?

12 MS. GENTZ: This is Susan Gentz on
13 behalf of Connect! I think the gentleman's
14 latest statement is exactly the issue that the
15 CLECs are looking at, is, what is SBC managing
16 here, in that he's talking about delivery of a
17 certain kind of DSL Internet access for a
18 certain group of customers.

19 And by and large, that's the
20 business goal of ASI, not necessarily what one
21 might expect the business goal of a wholesale
22 provider to be. And I'm not suggesting that
23 Southwestern Bell should not be concerned with
24 all of its CLEC customers, but I have a concern
25 that they are overly concerned with their

1 affiliate.

2 MR. LEAHY: And this is Tim Leahy
3 with Southwestern Bell. I think what's
4 beneficial about this discussion is that we are
5 hearing the variety -- we're hearing the
6 suggestions from a variety of CLECs reflected or
7 caused by their own business plans. But we, as
8 an incumbent local exchange carrier, have
9 obligations to serve all of them, of course.

10 And if we're -- as Chris just
11 pointed out, you've got bursting technologies
12 and then you've got guaranteed bit rates. It's
13 a policy question: Is the incumbent LEC
14 obligated to make its network available to the
15 most number of customers, end-users, and CLECs
16 as possible, or are we to categorize and
17 prioritize certain types of transmissions? I
18 don't think we've been directed in that regard
19 yet, but what we've suggested is the bursty type
20 makes sense for the most number of users.

21 MR. SRINIVASA: Well, to me,
22 surprisingly, it's not like it's not possible to
23 provide someone constant bit rate. Apparently
24 you need a different multiplexer. Therefore,
25 the cost is going to go up. So it's a pricing

1 issue. Why is it a technical feasibility issue?

2 It's technically feasible to
3 provide it to them, but how much are you going
4 to charge them is the issue.

5 MR. BOYER: Well, it's also --
6 Your Honor, it's also an issue of technical
7 feasibility, in that, as I had indicated, the
8 Litespan cabinet today only supports three banks
9 for DSL. You have to allocate an entire bank
10 just for constant bit rate.

11 So that, by definition, decreases
12 the availability of other types of services. So
13 if we took a -- like I said before, if each bank
14 is 224 DSL customers, if you take an entire bank
15 and make it constant bit rate, and now you only
16 have two banks or 448 customers that can be
17 served with unspecified bit rate. So, by
18 definition, by offering this constant bit rate
19 or SDSL application over one of those banks,
20 you've just reduced the capacity of unspecified
21 bit rate which is the real -- just the real
22 market for Internet access and considering the
23 fact this is being deployed primarily in
24 consumer areas is the --

25 MR. SRINIVASA: Is that the

1 application of just the Litespan 2000, just that
2 product?

3 MR. BOYER: That is my
4 understanding of Litespan, yes.

5 MR. SRINIVASA: That's why I was
6 asking, after lunch you're going to come back
7 and let me know if you want to make -- obtain
8 additional land mass so other DOCs can be
9 deployed in there where you have the Litespan.

10 MR. WAKEFIELD: Your Honor, Jason
11 Wakefield, WorldCom. I would agree with the
12 characterization it's a pricing issue. And even
13 though what we've just heard, it becomes a
14 pricing issue. I mean, it's -- the question is
15 what increment can be used for a particular
16 service and what increment remains with the
17 other services? That, again, is that it can be
18 addressed as a pricing issue.

19 MR. BOYER: I would -- Your Honor,
20 I would still to an extent disagree. It's not
21 only a pricing issue. It's also an availability
22 and capacity issue as well.

23 MR. MASON: Off the record just a
24 second.

25 (Discussion off the record)

1 MR. MASON: Let's just go off the
2 record and stop.
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1 AFTERNOON SESSION

2 MONDAY, JUNE 5, 2000

3 (1:35 p.m.)

4 MR. MASON: Okay. We're back on
5 the record, and where we left off is SBC was
6 giving an overview of their PRONTO rollout, and
7 I believe we'll start up with that, where you
8 left off.

9 MR. BOYER: Okay. I believe that
10 we were just on Page 5 of this attachment. I
11 think we've pretty much wrapped up all the
12 issues through Page 5, so I think I'll start
13 with Page 6, and this page generally just
14 provides some definitions of some of the
15 elements.

16 This talks about the OC-3c ATM data
17 transport piece, that being the shared transport
18 facility from the remote terminal back to the
19 central office that goes to the OCD, and I would
20 state that I know that there was some discussion
21 during the MCI presentation to the effect that
22 this was an OC-12. This is actually an OC-3
23 shared pipe. It's not an OC-12.

24 MR. SRINIVASA: OC-3c is -- what
25 is it? In terms of megabytes per second, what

1 is it?

2 MR. BOYER: 155. Then the only
3 other definition on this particular page is a
4 permanent virtual circuit, that being the
5 logical path from the Litespan and remote
6 terminal back to the central office OCD. Again,
7 that will be provided for -- as part of one of
8 the elements we're offering with this service,
9 and again, it will only be offered at an
10 unspecified byte rate.

11 I'm going to skip through the rest of
12 this and go to Page 7 if there's no --

13 MR. SRINIVASA: Why is that c
14 added to that? Do you know? Does anybody know?

15 MR. DEL REGNO: It's not
16 channelized TDM. It uses the full serial
17 bandwidth.

18 MS. FLATT: You get the whole
19 pipe, whole enchilada.

20 MR. SRINIVASA: So it's not
21 conventional TDM channelized or any frame --

22 MR. MASON: Just remember that
23 we're on the record and we have a new court
24 reporter. So if you could state your name when
25 you speak.

1 THE REPORTER: And talk one at a
2 time.

3 MR. DEL REGNO: Nick Del Regno
4 with MCI WorldCom.

5 MR. SRINIVASA: Okay. Thank you.

6 MR. BOYER: It looks like this was
7 misnumbered -- so Page 8. Once we get back into
8 the central office, we will provide to the CLECs
9 a -- what we're calling an OCD port termination.
10 That is physically a port on the OCD device.

11 That port will be cross-connected over
12 to the CLEC's collocation space. The port
13 itself will be offered at either an OC-3c or a
14 DS-3 speed, and I believe we talked about that
15 previously. I know MCI has suggested that we
16 could offer it at a greater speed, but an
17 OC-3c -- or they had mentioned the fact that
18 they would like to see us offer it at a greater
19 speed than an OC-3c.

20 Again, as we pointed out before, we
21 would consider any request for a new service
22 based upon economic and technical interests. I
23 would just like to point out in that area that
24 the reason that we are offering only a DS-3 and
25 OC-3 right now is that the OCD device itself is

1 intended to serve. Again, we could have
2 anywhere from 30 to 40, or more, remote
3 terminals through one OCD so clearly we have to
4 manage that particular device to accommodate the
5 number of CLECs that will want access or want
6 ports on that device and accommodate all the
7 different RTs that are going to require ports
8 for inbound traffic. So, again, there's another
9 dynamic that needs to be managed there to
10 determine whether we could do anything greater
11 than that, and also whether or not the device
12 that's been procured could even offer anything
13 greater than an OC-3c worth of traffic from it.

14 MR. SRINIVASA: You say DS-3 --

15 MR. BOYER: Yes.

16 MR. SRINIVASA: -- which is at 45
17 megabytes per second?

18 MR. BOYER: Yes.

19 MR. SRINIVASA: Is that
20 channelized, or is that a clear channel also,
21 DS-3 45 megabyte stream, how does it --

22 MR. BOYER: I don't know the
23 answer to that one. I think it's channelized.

24 MS. FLATT: Channelized.

25 MR. SRINIVASA: It's channelized

1 in terms of DS-1, 28 -- does anybody --

2 MR. BOYER: I'm not an expert on
3 the OCD device itself. George?

4 MR. KUBES: George Kubes, SBC.
5 Yes, it is channelized. It's full bandwidth 45
6 megabytes going back upstream broken up into
7 DS-1s.

8 MR. BOYER: Flipping to Page 9,
9 this page is really intended just to outline
10 what some of the CLEC capabilities are with this
11 offering. I think really the intent here is to
12 point out the fact that this product offering is
13 an additional offering.

14 It really adds to the number of options
15 that the CLECs have today. Again, they still
16 have the issue of they could collocate in remote
17 terminals. That is one option they may have. I
18 think MCI outlined several different scenarios
19 that they were looking for. This is just one
20 additional option, and it's what we're offering
21 over the Pronto infrastructure as of today.

22 There's been some questioning in a lot
23 of previous conversations that this was a
24 limiting type scenario, but CLECs still have the
25 option to collocate in a remote terminal, to

1 purchase dark fiber, to purchase access to
2 subloops. All the existing set of unbundled
3 elements or products as ordered by the UNE
4 remand in other proceedings still exist today.
5 So this is just one additional option that's
6 been provided to them.

7 I also would like to point out on this
8 page that, you know, this product is being
9 offered on a non-discriminatory basis. Every
10 CLEC, including our own affiliate, will purchase
11 the exact same elements as are outlined in this
12 presentation under the same terms and conditions
13 that are being offered today, and at -- the
14 pricing for this particular service has been --
15 although we are positioning this as
16 quote-unquote "service" and not as unbundled
17 network element, we are still pricing this out
18 at TELRIC-based rates.

19 MS. GENTRY: Can I ask a
20 clarifying question? Jo Gentry, IP. I would
21 like to go back to something that was said
22 earlier.

23 If I keep all the capabilities that I
24 have today, then my assumption from that is that
25 I still have full opportunity to use unbundled

1 loops, and in this case, the unbundled loops
2 that are DSL capable. So let's go back to the
3 conversation we talked about. The copper loops
4 that are in the ground today -- what is SBC
5 going to do with the copper loops that are in
6 the ground today?

7 I asked that question, and I'm really
8 looking for a very definitive response because
9 in March you said you would not cut out the
10 copper and leave it in place for access or
11 ability to use. Today you said you had no
12 plans, and it was a very iffy kind of response
13 today. Immediate plans -- immediate means this
14 afternoon. Tomorrow you'll change your mind so
15 that leaves me very uncomfortable. I'm looking
16 for a definitive response on what you're going
17 to do with the copper.

18 In Texas, you have thousands of
19 unbundled loops today. Many of those are
20 copper. Am I going to have the opportunity to
21 retain those exactly as they are today? With
22 that said, if you're going to offer me the
23 opportunity to convert them over to a
24 Pronto-like environment, how long in advance am
25 I going to know that? Can I refuse you? Are

1 you going to do it because you've chosen to do
2 it? What kind of notice am I going to have?
3 Because, certainly, a few weeks is never going
4 to be acceptable.

5 We're looking for a six- to 12-month
6 kind of time frame. We need definition around
7 that to say that I still have the existing
8 capability and you're adding with Pronto
9 additionally.

10 MR. KEOWN: I'll try to address
11 that, Jo. James Keown, SBC. As we've stated
12 several times in the past, Project Pronto is an
13 overlay network, which means that we put it in,
14 and we start service on it as customers order
15 ADSL service.

16 We do not have plans -- immediate plans
17 to drag the copper out of the ground. However,
18 if copper becomes unmanageable, unmaintainable
19 or problems exist that we just simply can't fix
20 it or continue to provide adequate services over
21 it, then certainly it has to be SBC's option to
22 do something with that copper, but to think that
23 in the next day after we turn on Project Pronto
24 that we're going to shut off the copper, that is
25 not the plan for Project Pronto.

1 MS. GENTRY: Is SBC in a position
2 to make some type of a time commitment for the
3 notice that you would give me? Because when
4 you're looking at your outside plant, you were
5 doing that on a proactive basis. It's not -- I
6 mean, you were making some plans.

7 We are asking you for some kind of a
8 realistic notice that you're going to change out
9 copper plant so that I can make appropriate
10 arrangements also because I have customers on
11 that, and it may not be cost beneficial to me to
12 go to Pronto.

13 MR. KEOWN: Well, we certainly
14 have heard that same complaint and same problem.
15 One thing that we want to keep in mind though is
16 regardless of what happens in Pronto, if we just
17 went out today and deployed a digital loop
18 carrier system, the same problem would exist
19 today, and I think you would agree with me on
20 that case, Jo, that regardless of what happened,
21 we would still end up with the same problem with
22 copper, whether it stays in the ground or not,
23 but it has to be on an economic basis.

24 I mean, if it really becomes
25 deteriorate -- I mean, we have some copper that

1 might deteriorate. I don't know that I'm
2 here -- I can give you a time frame on a
3 notification period, when we'll do that, but as
4 it becomes unmanageable and unmaintainable, we
5 have to be able to change the facilities out,
6 but that's not the immediate plans of Project
7 Pronto.

8 MS. GENTRY: All I would respond
9 to that is you're giving me no comfort zone that
10 I have any opportunity to continue doing
11 business as my market plans have established for
12 me.

13 I feel like I'm being forced into a
14 Pronto environment, and because of that, that's
15 where my discomfort is. So I do believe we need
16 to find some type of definition around what's
17 going to be the reasons that causes you to
18 change out copper. It needs to be something
19 more than that. I mean, I'm not looking at one
20 specific copper line to a person's house.
21 That's incremental. We need to understand more
22 about your philosophy.

23 MR. SRINIVASA: Let me understand
24 this, what you're trying to -- if you are
25 providing some sort of DSL service using a

1 copper pair all the way from the central office
2 to the end-use customer premises and if they
3 deploy Pronto and -- to the same customer, if
4 they move to that subloop segment of that over
5 to Pronto new generation DLC, you don't want to
6 go with that. You still want to stay with that
7 same copper. That's what you're saying?

8 MS. GENTRY: I want the
9 opportunity to leave my existing copper loop
10 that's the full copper loop from the MDF to the
11 end-user's net. I want to be able to leave that
12 exactly as it is, and if for some reason,
13 because of proactive plant management, they need
14 to change that, I want some type of notice, at
15 minimum of six months, so that I could make
16 appropriate arrangements because you've just
17 changed the way that I do businesses, especially
18 since they're doing ADSL.

19 A statement was made earlier in the day
20 that they use connotations of length. They said
21 18k and seventeen five were the length a DSL
22 went. I think we as a community of CLECs
23 certainly know that's not the case. Thirty
24 thousand feet can be a copper loop; its feed is
25 just not as fast.

1 So I do lots of different things with a
2 copper loop than SBC is choosing to do for its
3 business needs. I need to retain those
4 opportunities. To retain them, I've got to have
5 access to a full copper loop. Now, there may be
6 circumstances when the only thing in that
7 neighborhood is integrated, and so if it's only
8 integrated digital loop carrier, I might choose
9 that it's financially beneficial for me to
10 utilize Pronto. That's a different business
11 decision, but I don't want to be precluded from
12 customers that I have today because they change
13 their architecture without even making me aware
14 of it.

15 MR. SRINIVASA: There's a
16 residential class of customers, and then you
17 have small businesses, and you have large
18 business customers. Typically what do you have,
19 two pairs extended to a residential customer?

20 MR. KEOWN: Typically -- well,
21 typically we engineer about a pair and a half if
22 we're going to engineer to new --

23 MR. SRINIVASA: At the back of my
24 house --

25 MR. KEOWN: -- distribution pairs.

1 MR. SRINIVASA: How about the
2 feeder?

3 MR. KEOWN: About two.

4 MR. SRINIVASA: How about the
5 feeder?

6 MR. KEOWN: It's typically like a
7 two-to-one ratio. For instance, if we had a
8 900-pair feeder pair coming into an FDI, you
9 would have 1800 pairs going out.

10 MR. SRINIVASA: So if you are
11 moving towards new generation DLCs, it's not the
12 feeder because you are going to extend fiber.
13 So that copper cable would still be there. So
14 the only issue would be are you going to take
15 away the distribution segment of that?

16 MR. KEOWN: Distribution pairs
17 will still be there.

18 MS. GENTRY: Your Honor, I
19 understand what you've just said. We've talked
20 about -- they've said the overlay, but they have
21 not definitively said that the existing copper
22 from the CO to the RT will stay in place.
23 That's the part that I'm concerned about.

24 MR. LEAHY: Your Honor, if I may,
25 Tim Leahy for Southwestern Bell. I think we

1 understand IP Communications' concern, and it
2 really comes down to some sort of notice that
3 they've requested, as I understand it.

4 There are a lot of variables. There
5 are a lot of different circumstances that might
6 lead to an appropriate notice. Frankly, I think
7 that's more appropriately handled in
8 negotiations with the account team when you get
9 down to those sorts of specifics rather than in
10 a workshop.

11 (Simultaneous discussion)

12 MR. LEAHY: Wait a minute. Wait a
13 minute. I wasn't finished, first of all.

14 MR. SRINIVASA: One at a time.

15 MR. LEAHY: Second of all, the way
16 the companies behave toward each other is set
17 out in the terms and conditions. I think it's
18 appropriate that these parties, to the extent
19 they have these sorts of very specific
20 requirements -- she wants six months, somebody
21 wants five months, somebody thinks two months is
22 appropriate -- we can negotiate those sorts of
23 terms and conditions.

24 We're here to talk about some very
25 broad policy issues, and we're glad to do so,

1 but this is a very specific request that she
2 makes. It's a legitimate request that she
3 makes. We're not suggesting it's not. We're
4 just suggesting that it not be negotiated right
5 now.

6 MR. GARCIA: Gabriel Garcia,
7 Mpower Communications. It's just not -- it's
8 not simply a question of notice. For some CLECs
9 such as Mpower, we sell an SDSL product. We
10 really are not interested in an ADSL product.

11 So if the issue comes up to, "Well, you
12 can have ADSL," well, that just means we can't
13 reach our customer any more. So it's not just
14 notice. It's also the availability to reach the
15 customer with a product that supports our
16 business plan.

17 MR. SRINIVASA: Ms. Chambers, you
18 were next, I believe.

19 MS. CHAMBERS: Julie Chambers with
20 AT&T, and I just disagree. I do think that
21 business decisions made by Southwestern Bell
22 affect all CLECs that might be serving in that
23 area. So it's not something that should be
24 negotiated on a one -- you know, on an
25 individual CLEC-by-CLEC basis, but it's policy

1 issues that are going to affect the way CLECs do
2 business with Southwestern Bell in the future.

3 You know, we're purchasing that loop
4 from Southwestern Bell so it is -- it does
5 require, you know, notification as well as what
6 the gentleman just said previously, that it's
7 more than just notification. It is also
8 understanding the business impacts and --

9 MS. BOURIANOFF: I just wanted to
10 add -- Michelle Bourianoff for AT&T -- that it's
11 not just data CLECs who are interested in this.
12 AT&T is interested in copper loop, in
13 maintaining access to the copper loop from the
14 access -- or the vantage point of a CLEC
15 surveying voice customers either through the UNE
16 platform or through UNE loop because we're not
17 clear how Project Pronto affects our ability to
18 serve small business customers over UNE loops or
19 residential customers over the UNE platform.

20 MS. LOPEZ: Ann Lopez, Rhythms. I
21 agree with Jo and Julie and Mpower. The fact
22 that we're continually told to go and discuss
23 this with our account manager when we're
24 trying -- we're consistently trying to work with
25 SBC at the various forums and ask and get

1 answers to these questions -- to go back,
2 there's a lot of times that we are working
3 jointly, the various CLECs, and our products
4 work jointly that we need to be able to have
5 these same intervals, same time frames and a
6 clear understanding of the products we process.

7 MR. SRINIVASA: Go ahead.

8 MR. CRUZ: Rod Cruz, SBC, and let
9 me take a stab at this. I'll share with you
10 what I've heard, and I'm not the network expert,
11 but I can tell you that today SBC in all the
12 regions has a disciplined, structured approach,
13 a specific algorithm that says this 900 paired
14 cable that we've got out in the field has taken
15 so many trouble reports. From an economic
16 perspective, it doesn't behoove me to continue
17 to maintain that cable, and then we'll
18 decommission it, and so irrelevant of what
19 happens with Pronto, those same processes and
20 steps and business rules are going to be
21 continued today.

22 So to provide some comfort to the CLEC
23 community to say, irrelevant of what Pronto was
24 doing, this maintenance process that we have in
25 place today, and we've had for many years, will

1 continue to be in place yesterday as it is today
2 as it will be tomorrow. That's what I can give
3 you some confirmation -- I can't give you
4 specificity about, you know, when it gets to a
5 certain threshold, then we'll decommission the
6 copper, but the copper is not going away.

7 To the point that all the folks on the
8 panel have spoken today, it is an overlay
9 network, meaning the next generation digital
10 loop carrier. It's something that's added as an
11 additional offering that the CLECs can utilize
12 to deliver broadband services to and thus to the
13 end user.

14 However, the copper -- I think
15 irrelevant of whether Pronto is here today, we'd
16 get this type of discussion sooner or later to
17 say, what is your process and when you
18 decommission the copper because that influences
19 my business plan that I've committed capital
20 investment maybe to DSLAM to central office to
21 provide service to end users.

22 So I want to make sure we kind of keep
23 those organized and structured, and it sounds as
24 if the CLEC community is asking us for a
25 notification process, and I think that we can

1 provide some detail around that.

2 James, you may be more plugged in to
3 some of the network issues than I am, but I
4 think it seems that we -- the processes and the
5 business rules we have in place to decommission
6 copper are not being altered by anything we're
7 doing with deploying Pronto.

8 As a matter of fact, it's -- you know,
9 to be redundant, it's an additive overlay
10 network. So I don't know if we're getting here
11 to a couple of issues that are intertwined.
12 James, if you want to, maybe address that.

13 One other second point. Jo, we're not
14 just going to cut people over to Pronto when you
15 submit a request for an end user between two --
16 and Chris, you keep me honest here -- 12,000 to
17 17,500 loop, loop qual will come back and give
18 you that option to say, "I would rather take the
19 loop as is." Say the loop length is 22,000
20 feet, or it comes back and gives you a CLLI code
21 from a specific RT, and Pronto architecture
22 says, "Yes, I would rather provide my offering
23 to the customer -- an end user the Pronto." So
24 SBC will never proactively move people from the
25 copper to the Pronto architecture. It's always

1 going to be the customer who makes that
2 decision. So I think you're --

3 MR. SRINIVASA: Let me ask you
4 this: If a CLEC purchases an unbundled --
5 actually subscribes to an unbundled loop and
6 provides some flavor of DSL service, which goes
7 up to 30,000 feet, and they paid for
8 conditioning. They paid for removing the load
9 coils, the bridged taps or whatever is needed
10 for that so they've conditioned it, and they're
11 providing high-capacity service, which they are
12 to their end-use customer.

13 Now, if Pronto is deployed, unless you
14 can provide that same service without any
15 increase in price at the same rate, you
16 shouldn't be removing that copper loop.

17 MR. KEOWN: Your Honor, we aren't.
18 When Pronto is deployed, if the customer is
19 served over that copper loop, 30,000 or
20 whatever, however far they can go out, as long
21 as the copper is there and is working for them,
22 our plan is not to cut that copper out.

23 MR. SRINIVASA: Okay.

24 MR. GARCIA: Gabriel Garcia,
25 Mpower. What we're now hearing, however, is

1 that what's going to happen to that copper a
2 year from now, two years from now? Is it going
3 to become unmanageable, as the gentleman said,
4 and at that point it will no longer be
5 available? Who is going to maintain that
6 copper? Is that going to become an issue that's
7 going to be a business decision for Southwestern
8 Bell to no longer maintain that copper, and,
9 therefore, affect the business decision or
10 really the business of the CLECs? That's, I
11 think, the concern that is being voiced on this
12 side of the room.

13 MR. SRINIVASA: What I hear from
14 you -- let me clarify this. An existing
15 customer that's got 30,000 feet of loop length,
16 somebody has already paid for conditioning it,
17 everything, that are providing the service, and
18 if they want to continue, they're not going to
19 remove it. They're going to let them continue.
20 What you're saying is if that customer
21 currently does not have any type of DSL service,
22 30,000 feet long, is -- still they've got load
23 coils in them. They've got bridged taps. If
24 they move them to Pronto, are they going to
25 abandon them in place, or is that what you're --

1 you want them to retain that with the load coils
2 and the bridged taps in place?

3 MR. GARCIA: Here is where the
4 concern comes in. What Project Pronto will do
5 is the customers that are 12,000 feet -- between
6 twelve and eighteen thousand feet, those
7 customers essentially will migrate slowly
8 towards Project Pronto. That's the goal.

9 CLECs have collocated equipment in
10 order to reach customers up to 18,000 feet. So
11 you essentially now have concentric circles at
12 12,000 and 18,000 feet. The customers that are
13 in that band, from 12,000 to 18,000, what -- I
14 think what the CLECs are afraid of is that those
15 customers are going to migrate to the Pronto
16 architecture, and then if those loops are no
17 longer maintained, they will no longer have
18 access to those customers if they need to
19 provide SDSL because SDSL is not being supported
20 today.

21 MR. SRINIVASA: What's the
22 practical solution for this?

23 MR. GARCIA: Probably the
24 practical solution is to be able -- for CLECs to
25 collocate their equipment in remote terminals.

1 MS. GENTRY: Jo Gentry, IP. That
2 is an option we want to consider. I may want to
3 leave exactly the configuration I have today. I
4 want to leave my equipment in the central office
5 because I have very embedded capital sitting
6 there in the central office today, and I want to
7 serve unbundled loops in the connotation that
8 we've known the last three or four years --
9 unbundled loops for DSL. That may be what I as
10 a business decision wish to do. I want to know
11 that I have some assurance with some time frames
12 so that I can look out far enough that I can
13 retain that business plan.

14 MR. SRINIVASA: What if that
15 customer doesn't want to stay with you; they
16 want to be served by Pronto?

17 MS. GENTRY: Then, you know,
18 that's something -- when the circuit is
19 disconnected, then the new CLEC has the
20 opportunity of -- if Pronto is there, they said
21 that the loop qual comes up that either Pronto
22 is available or the existing loop is available.
23 I don't want to change what was my embedded
24 base.

25 MR. SIEGEL: Real briefly. Howard

1 Siegel, IP Communications. I just want to make
2 sure that everyone understands that this issue
3 of the copper inventory is not just for an
4 existing customer and how they're affected. It
5 is also people that maybe aren't customers but
6 that you have access to and will no longer have
7 access to them. So it's not just the customers
8 you have today but it's also those potential
9 customers, and do you lose the potential for
10 certain customers?

11 MR. SRINIVASA: Well, the
12 distribution segment -- the feeder is not an
13 issue. Apparently they are going to replace
14 them with the fiber.

15 MR. SIEGEL: Well, feeder is an
16 issue for the CLECs to make sure the feeder
17 remains in the ground.

18 MS. GENTRY: Remains copper.

19 MR. BOYER: Your Honor, I think I
20 could probably address that. I think what we
21 really are talking about here is in fact the
22 feeder. The distribution copper will, in all
23 instances, remain as is. I think what we're
24 doing here is -- and I think just to sum this
25 issue up from my understanding of what the CLEC

1 community is presenting here is that they're
2 really looking for some sort of commitment as to
3 how long the actual existing copper will remain
4 in place, is what they're looking for.

5 MR. SRINIVASA: The feeder and --

6 MR. BOYER: Just the -- well, yes,
7 both essentially. Just from the perspective of
8 that, if they have a DSLAM deployed in the
9 office and offered an SDSL service, they would
10 like for us to continue to provide a copper loop
11 because they can in fact service that customer
12 over the existing unbundled copper loop, and I
13 think that as of this time, the way this product
14 is laid out, as Rod had mentioned, we will still
15 offer an as-is scenario.

16 I mean that if the CLEC does do a loop
17 qualification, they will be provided the results
18 of the loop qualification. It will be their
19 option. They can either provision a DSL
20 service over the Pronto infrastructure, or they
21 could use the as-is copper facilities. It only
22 becomes an issue at such point in time if the
23 copper facilities are no longer in the network.

24 So I would say as long as the copper
25 facilities are still in the network and still

1 maintained per the current standards that we
2 have for any unbundled network element UNE loop
3 today that they will still have that option to
4 do an as-is copper loop and provide unbundled
5 DSL capability.

6 MR. SRINIVASA: What I heard is
7 may become maintenance-wise uneconomical. There
8 may come a day which you-all are going to
9 removed the feeder and tell them that, no, you
10 have to go through Pronto. That's their
11 concern.

12 MR. KEOWN: James Keown, sir. I
13 guess from our experience, we haven't had an
14 opportunity to retire much copper in a long,
15 long time, and we don't intend to do it with
16 this particular project. I mean, that's a very
17 expensive undertaking for us also.

18 I think one of the points that we
19 really want to emphasize, too, is, again -- and
20 it's been said over and over again -- that this
21 is an overlay network. I heard the gentleman
22 from Mpower mention customers moving to Pronto.

23 What that actually does has been said
24 once this morning. That actually frees up
25 additional pairs. It's not every day that we

1 have entire cables going bad. Typically it's
2 pairs that go bad, and as more and more pairs
3 are freed up as customers migrate to Pronto when
4 they buy their ADSL service, then there are more
5 pairs that become available in case there are
6 some customers out there that still want that
7 copper pair.

8 So to think that we're going to pull it
9 all out of the ground is far from our mind. To
10 be able to say two years from now a piece of
11 cable will become unmanageable, uneconomical to
12 maintain, I can't predict that far. I don't
13 know.

14 We've got a lot of copper, that's sure
15 true enough, but it's not SBC's intention or
16 plans at this point to just go through and
17 retire cable just because of the deployment of
18 Pronto. We are going --

19 MR. GARCIA: Gabriel Garcia,
20 Mpower. They keep talking about -- SBC keeps
21 talking about DSL. They really mean ADSL. For
22 most of us who sell SDSL, that doesn't mean
23 anything to us. They're not providing us
24 anything. Until they have the capability to
25 provide SDSL, we essentially can't reach that

1 customer through Project Pronto architecture.
2 We're still limited to copper -- full copper
3 loops.

4 MS. CARTER: Melia Carter, Covad
5 Communications. I think this is just another
6 example that highlights the CLECs' concerns that
7 the proposal that SBC is putting out there is
8 very much the proposal of their affiliate, and I
9 think the CLECs' concern is that we don't want
10 to be bound by an ADSL type of technology.

11 We want to be able to differentiate our
12 products and services to our customers, and --
13 for various reasons, the line cards and the
14 copper. We want to be able to have that
15 capability out there to do that, and we don't
16 want it taken away from us.

17 MR. SRINIVASA: If they are able
18 to provide the same service, SDSL for that
19 example, if it's possible to provide that
20 service through this new generation DSL at the
21 same price, what difference does it make whether
22 it's copper or not?

23 MS. CARTER: I think it depends on
24 the type of architecture that you're trying to
25 deploy, and I can't speak for the --

1 MR. SRINIVASA: So if the central
2 office -- they have to provide you with an SDSL
3 type of signal so you can take it to your
4 equipment?

5 MS. CARTER: I think essentially
6 our issue is that we want the options available
7 so that we can provide our service. We don't
8 want to be providing SDSL to an end user and
9 then essentially what happens is Pronto shifts
10 it over to a different architecture and now we
11 can't provide that end user with the capability
12 that they once had and potentially lose the
13 business with that end user. I think that's the
14 crux of the concerns here.

15 MR. JACKSON: Jerry Jackson,
16 Alcatel. I've been involved in looking at the
17 Project Pronto and what people are talking about
18 here, but things have been brought up, and what
19 SBC is looking at doing and -- they're treating
20 ASI just like every CLEC here in the process of
21 doing it in that this is an overlay network that
22 they're putting in or, as they've indicated,
23 ADSL service, which is intended to get to the
24 mass market for Internet access using the UBR
25 methodology.

1 Down the road they may have intentions
2 to add SDSL, so on and so forth, but in the
3 meantime, they're leaving the embedded
4 copper-based network in place to continue to
5 support the networks that you have today for
6 SDSL and so forth as -- so it is only an overlay
7 network that's being put in.

8 MS. GENTRY: Jo Gentry, IP.

9 MR. SRINIVASA: Just a second.
10 Let me get SBC's response.

11 MR. CRUZ: Rod Cruz, SBC. Just
12 reiterating the point, the maintenance processes
13 and procedures we have in place today that we
14 did yesterday are still going to be here
15 tomorrow under Pronto, and I think that
16 mitigates some of their concern to say --

17 MR. SRINIVASA: Tomorrow and how
18 long thereafter?

19 MR. CRUZ: I mean, there's no --
20 to me -- I mean, once again, I'm not the network
21 guy, but my understanding is it's going to be
22 around, you know --

23 MR. SRINIVASA: It's some sort of
24 certainty for them to do business, that's what
25 they're looking at. Tomorrow, after tomorrow --

1 day after tomorrow, it's going to be gone? They
2 don't know. They just want some time period.
3 I'm not saying it's going to be -- that's
4 something that you may want to think about and
5 come back.

6 MS. FLATT: Sherri Flatt,
7 Southwestern Bell. Today we don't guarantee
8 them that this -- in our typical manner of
9 replacing copper today or decommissioning copper
10 today, when it is unmanageable and we've taken X
11 number of trouble reports and it's just -- we
12 today replace sections of cable.

13 When the entire cable becomes
14 unmanageable, it's, you know, totally outdated,
15 totally unmanageable, then we're going to retire
16 that cable, and so we don't guarantee today how
17 long that cable is going to be there and that
18 we're going to be able to maintain that cable.
19 We won't be able to guarantee them tomorrow any
20 more than we guarantee them today or any less
21 than we guarantee them today.

22 We're going to continue to manage our
23 copper plant just as we manage it today. If it
24 comes to the point we've got to retire cable,
25 then we'll do it, and just like James said

1 earlier -- I mean, very seldom have we ever
2 retired copper plant. So I don't understand how
3 we can offer a guarantee tomorrow that we can't
4 offer today.

5 MR. GARCIA: Gabriel Garcia for
6 Mpower. I guess without the alternative of a
7 new architecture, if that copper is no longer
8 usable and it has to be retired, it simply would
9 be replaced with another copper loop, but if
10 they have an alternative with Project Pronto,
11 then that's an alternative that they would
12 pursue that may not necessarily benefit CLECs.

13 MR. SRINIVASA: Well, let me ask
14 you this: Copper cable, feeder segments, those
15 are in multiple pairs. Right?

16 MR. KEOWN: Correct.

17 MR. SRINIVASA: What I heard you
18 say before is that not all pairs are going to go
19 bad; some pairs may go bad. If you don't use
20 it, if it's left in place, what are the chances
21 of that going bad? Moisture, is that going to
22 get in there and spoil the cable if it's not in
23 use, if it's not energized in any way? I mean,
24 what are the problems if it is not active?

25 MR. KEOWN: Certainly that could

1 be a problem if we don't maintain the cable, but
2 again, we have a huge customer base that is
3 still in the copper cable. We expect the take
4 rate, for instance, on ADSL to be less than 100
5 percent, which means that we'll still have
6 copper -- we'll still have customers riding the
7 copper cable -- copper facilities for voice.

8 I mean, my mother will not buy ADSL
9 tomorrow. So she'll still be served on that
10 same copper loop. So to think that we're going
11 to be retiring that real soon is unthinkable in
12 our minds right now, but again, SBC has to have
13 the flexibility.

14 If a copper cable becomes totally
15 unmaintainable -- I mean, if you get some
16 splices that just absolutely crumble in your
17 hand when you open them, we have to do
18 something.

19 The gentleman from Mpower said that if
20 we were going to do something different today if
21 the copper cable would go bad we would put more
22 copper in it, I would like to correct that.

23 What we actually would do is an
24 economic analysis. It might be more economical
25 to put more copper if we weren't doing

1 something -- didn't already have a serving
2 vehicle out there, but at the same time, it
3 might be more economical to put a digital
4 pairing system or --

5 MR. SRINIVASA: In doing the
6 economic analysis, are you going to consider
7 only ADSL technology? Are you going to look at
8 some of the other technologies that might be
9 offered, you know, using the copper loop?

10 MR. KEOWN: That was just a
11 hypothetical example of what he said. If we
12 were going to replace copper today, his
13 statement was that we would probably replace it
14 with a copper section, and my response is we'd
15 do an economic analysis and decide what was the
16 best serving vehicle. In today's term, we'd
17 certainly be looking at a broadband replacement
18 I would think, but that's not -- it depends on
19 the area that we're serving, the area we're
20 looking at.

21 MR. SRINIVASA: So your economic
22 analysis will not be based on just one type of
23 service, like, for example, ADSL? You're going
24 to look at -- if someone were providing SDSL,
25 you would consider that also in your economic

1 analysis?

2 MR. KEOWN: We would certainly
3 have to look at the services that we're
4 currently providing in the facility.

5 MS. GENTRY: Jo Gentry, IP
6 Communications. I would like to make -- just
7 kind of comment on a couple of things. The
8 gentleman from Alcatel a few moments ago gave a
9 reinforcing statement about what he thought SBC
10 was going to do with their infrastructure, and I
11 think that's nice that he wanted to contribute
12 his perception.

13 He's a vendor. He's the primary vendor
14 that's going to be in the RTs. So -- and I
15 think that's good that he supports his client,
16 but that's not -- I mean, that's a vendor
17 supporting his client, so -- as long as we have
18 a frame of reference for that.

19 I would like to expand a little bit
20 more on the whole thing we were talking about.
21 I don't want to be a reseller. IP does not want
22 to be a reseller. We don't want to resell the
23 product that SBC has decided they're going to
24 deploy in their infrastructure.

25 I may want to do ADSL, but I may want

1 to do it differently than they're going to do
2 it. I definitely want to do SDSL, IDSL and the
3 other ones. That's the basis for our lack of
4 comfort in what's going to happen.

5 So if it means that we need to have
6 further discussions on how we acknowledge to
7 each other things are going to change, then we
8 need to establish that kind of dialogue, but
9 there's nothing that's been said here today that
10 gives me any more comfort than when I walked in
11 the door that I will have any certainty because
12 they're already deploying the Pronto into their
13 infrastructure, which means they already have
14 targeted certain offices and certain binder
15 groups or certain cable groups that they're
16 going to change into Pronto, which means it's
17 going to diminish the existing copper loops that
18 are out there today, the ones that are longer,
19 which changes my market strategy.

20 I do have an embedded base of a certain
21 amount of equipment and that type thing. I need
22 to consider that because if I thought I was
23 going to have a penetration level of X percent
24 into a central office, that percentage, under a
25 market plan of a central office based DSLAM has

1 now changed because I would have to convert to
2 Pronto.

3 MR. SRINIVASA: Let me ask you
4 this: You don't expect them to keep on
5 maintaining that forever even though it's going
6 to be uneconomical for them to do it, do you?

7 MS. GENTRY: Well, I expect them
8 to certainly use their prudent standard
9 technical decision process that ILECs and
10 Bellcore people have established over the years.
11 They have to manage their network. So I'm not
12 saying that I'm asking them to relinquish their
13 responsibility to manage their network.

14 They are taking Pronto -- from
15 everything I understand, it's being deployed.
16 They are already targeting binder groups or
17 groups of cable, whatever size of cable, that
18 will be Pronto capable.

19 With that said, I don't know if it's 50
20 percent of an RT's capability or what volume,
21 but they're already targeting -- because that's
22 the whole principle of Pronto, is to take the
23 longer loops. I'm already in those central
24 offices. Now, by the nature of that, a certain
25 quantity of those customers, because they've

1 deployed that, are going to now be more Pronto
2 in nature -- the new customers. So that changes
3 my market strategy.

4 MR. SRINIVASA: I see -- you've
5 identified the problem, but I'm trying to see,
6 you know, what are the solutions? Do you -- do
7 they need to inform you ahead of time, 12
8 months, these cable pairs are going to be
9 retired? Is that what you're expecting?

10 MS. GENTRY: Well, retired is
11 proactive. I think that's part of the
12 difference. If it's an actual maintenance issue
13 of a specific pair, that's one thing. If
14 they're going to take a group, a large --
15 whatever the quantity is that they're taking
16 over in bundles, that's something different. So
17 if they're doing it on a proactive -- my fear is
18 is that what's out there today that I have not
19 yet requested is going to diminish in its
20 volume, there are going to be less full
21 unbundled loops available to me, the only way
22 I'm going to get a significant customer base is
23 through Pronto, that may not be cost justified
24 for me because I have an embedded base of
25 equipment today, but I need to look at that, but

1 I don't know if an office is going to be 50
2 percent or 75 percent Pronto. That uncertainty
3 is what is making us the discomfort.

4 MR. SRINIVASA: Do you have
5 anything new to add?

6 MR. GARCIA: I lost my train of
7 thought. I'm sorry.

8 MR. BOYER: Your Honor, I would
9 like a chance to respond. I would just like a
10 chance to clarify what Ms. Gentry is saying
11 from IP.

12 Just the fact that she's claiming that
13 SBC is actually going to be reducing the copper
14 loops, I think we've just spent 20 minutes going
15 through this presentation, having detailed
16 discussion about the fact that SBC has no plans
17 at this point in time to actually reduce the
18 copper loops in the network and that most of
19 those loops will be maintained.

20 I think the same issue presents itself
21 in existing UNE loops. If a customer went out
22 there and purchased a two-wire DSL-capable UNE
23 loop or a UNE loop just for voice purposes
24 today, you still have the same problems with
25 maintaining copper loops.

1 This issue is really not an issue
2 that's specific to Pronto. Again, we've already
3 indicated our intent to not take the copper
4 loops out of the network for the time being, and
5 this issue is going to present itself across the
6 board in any UNE loop. So this is really out of
7 context, and to claim the fact that we have said
8 that we're going to take 50 percent or 70
9 percent out of the network is completely
10 erroneous.

11 MR. KEOWN: Your Honor, to add to
12 that, and it's redundant, and I hate to be
13 redundant but -- I'm sorry. James Keown. We've
14 said it several times, and I hate to be
15 redundant, but Pronto is an overlay. It does
16 not mean -- and to Mr. Boyer's point, it does
17 not mean that just because a wire center has
18 been planned for Pronto that we have automatic
19 plans to reduce the number of copper loops in
20 that wire center. Whatever the count of copper
21 loops in that wire center today, when we go into
22 that wire center and do Pronto, it just means we
23 have more feeder pairs, just some of them happen
24 to be right in the feeder of fiber
25 distribution -- excuse me -- fiber feeder

1 system, but the copper -- those where it exists
2 today, those copper feeder loops will continue
3 to exist.

4 MR. GARCIA: You asked -- Gabriel
5 Garcia, Mpower Communications. You asked what
6 solutions we may have. I guess one of the
7 problems that Mpower sees, and other CLECs see,
8 specifically those that sell SDSL, is that by
9 deploying an ADSL product first it's really
10 giving -- it's giving an advantage to the CLECs
11 that have a business plan around deploying ADSL,
12 such as the affiliate of SBC, Advanced Services.

13 So that means that those of us who do
14 not have a business plan to deploy ADSL, we are
15 deploying SDSL, we really are at a disadvantage
16 now because of this project that SBC has decided
17 to go forward with.

18 So it's really -- it's putting some
19 CLECs at a disadvantage over others, and it just
20 so happens that SBC's own affiliate has a
21 business plan of pursuing ADSL. It doesn't seem
22 fair to us, Your Honor.

23 MR. SRINIVASA: Should that be in
24 place for five years, ten years?

25 MR. GARCIA: Should what be in

1 place?

2 MR. SRINIVASA: The copper plant.
3 If they move to Pronto, if there is a continuous
4 copper loop which is in excess of 12,000 feet,
5 which is their criteria, and if it works okay
6 for your service, SDSL, should that be left in
7 place? Distribution is not an issue. It's the
8 feeder segment.

9 They're all going to use fiber optics
10 in the feeder segment, so, therefore, they are
11 going to be in place. It's not like they're
12 going to have an inadequate number of pairs.
13 There will be plenty of pairs, but they are
14 going to leave it in place for X number of years
15 after they move over to Pronto. Is that
16 definitive enough for you?

17 MR. GARCIA: That addresses the
18 current investment in the equipment -- the CLEC
19 equipment that is sort of within the 18,000
20 square feet. That doesn't even start addressing
21 the opening of the additional market that SBC is
22 talking about with Project Pronto.

23 Right now my understanding is they can
24 serve approximately 10 percent of their
25 customers with ADSL. The goal of Project Pronto

1 is to go up to 80 percent of their customers
2 with ADSL, which means that CLECs that do not
3 provide ADSL -- we essentially are being told,
4 "You cannot go -- you cannot participate in this
5 new market of DSL customers. Only ADSL CLECs
6 can participate," and ASI happens to be one that
7 will be doing that.

8 MR. SRINIVASA: Let me understand.
9 What I'm hearing is, "Go ahead and install the
10 fiber and the Pronto system to that customer.
11 In addition, to that install a copper pair also
12 if it's a new customer, even though they happen
13 to be greater than 18,000" -- I don't understand
14 what the point is.

15 MS. GENTRY: Let me try again. Jo
16 Gentry, IP. The customer today is on a copper
17 loop and he's 18k. He's a POTS customer. They
18 transition him over to Pronto. So now he's got
19 fiber on the initial portion and left his
20 copper. I want to sell DSL to him.

21 Aren't you going to have to take him
22 back over to a copper loop? Isn't SBC going to
23 have to line and station transfer that customer
24 that you cut to Pronto back to a copper loop,
25 assuming one is available, for the feeder?

1 Do you follow me? Feeder distribution,
2 all copper today. Tomorrow you take feeder to
3 fiber, and obviously you've left the copper at
4 the end. Now, I want him, and I want him on a
5 copper loop. So you would have to take him back
6 to where he was initially back over to a copper
7 loop, line and station transfer an RT back over.
8 So you've got the copper there, assuming it's
9 still available, but you're going to have to
10 still manipulate it back.

11 MR. SRINIVASA: It's a line and
12 station transfer.

13 MS. GENTRY: Yes. We're going to
14 have to pay for it.

15 MR. SRINIVASA: Just like you're
16 doing in your DLC today.

17 MS. GENTRY: But a whole bunch of
18 us are going to be over there on fiber.

19 MS. FISCHER: This is Marsha
20 Fischer with SBC, and your point is well taken,
21 Jo, in the sense they don't migrate to Pronto
22 until they buy ADSL. Okay? So --

23 MS. GENTRY: You don't -- do you
24 not take any customers to Pronto until they buy
25 ADSL?

1 MS. FISCHER: If we don't have
2 existing facilities, the embedded copper is
3 exhausted, the new POTS growth could go on
4 Pronto, but that's not the first choice. That
5 embedded base is there exactly as you said, for
6 CLEC use and for SBC's own use, and James --
7 Mr. Keown mentioned his mother, that if she
8 wanted to stay on a POTS basis, she'd stay on
9 that copper.

10 As we said, we'll maintain that just
11 like we do today, but if the customer -- let's
12 say the Pronto RT is deployed; it's capable and
13 it's ready for service. The customer would like
14 ADSL, and they choose to buy from someone who is
15 using the broadband service. That customer
16 would be migrated to Pronto, and they would use
17 the broadband service.

18 If tomorrow they wanted to change to
19 someone who didn't use the broadband service,
20 then -- your example uses CO based DSLAM -- they
21 would be migrated back to the copper.

22 MS. GENTRY: That was something I
23 heard, but let me see if I can say back to you
24 what I thought I heard. SBC is not going to
25 take anyone to the Pronto architecture unless

1 they requested ADSL from someone using the
2 Pronto infrastructure.

3 MS. FISCHER: Am I
4 missing something?

5 MS. GENTRY: Am I saying back to
6 you what you said? All of your
7 infrastructure --

8 (Simultaneous discussion)

9 MR. MASON: Wait, wait. Hold on.
10 Hold on. We've got a bunch of people talking at
11 the same time.

12 MS. FISCHER: I could have a new
13 location.

14 MS. GENTRY: No, existing
15 customer --

16 MR. MASON: Okay. We still have a
17 bunch of -- let her finish, and then go.

18 MS. FISCHER: I can have a new
19 location where I don't have existing facilities.
20 I don't have copper, I don't have embedded DSC
21 to serve it, and they're POTS only. I would put
22 them on the Litespan for initial service. Okay?

23 MS. GENTRY: Talk about your
24 embedded base. You have existing facilities to
25 residents today. They have POTS service. You

1 have millions of them. Are you going to take
2 any of your existing customers that do not have
3 DSL -- so all of your customers that are not on
4 DSL today, are you going to take any of them
5 over to the Pronto environment, or is what
6 triggers having them on a Pronto architecture a
7 request for ADSL from someone?

8 MS. FISCHER: I think our thought
9 has been -- Chris will answer it better.

10 MR. BOYER: That's correct, yes.
11 In fact, in that particular scenario, you would,
12 again, have the option, based upon your loop
13 qualification, to use existing copper facilities
14 or use the Pronto infrastructure. So if you so
15 happen to be a CLEC out there who was offering a
16 DSL type service that you required the copper
17 for, we would leave them on the copper as is.
18 You would specify that on the service order. If
19 you wanted to provide the service using Pronto,
20 again, you would use different codes in the
21 service order, and you would tell us to move it
22 to Pronto. So it's really your prerogative at
23 that point.

24 MR. SRINIVASA: So your order
25 would not be rejected saying they're served

1 through Pronto, therefore, we can't provide the
2 unbundled loops. They can't reject it.

3 MR. BOYER: We would not reject
4 it. We would go back to them and say, "The loop
5 length is too long to serve over traditional
6 DSL, and it will be your choice."

7 MS. GENTRY: So if he's on an
8 existing UNE loop, no matter what's being sent
9 over, you wouldn't change him over to Pronto
10 either because that person didn't request ADSL?
11 You're not sure what they're doing with the UNE
12 loop, but it's not ADSL through Pronto -- see,
13 this is the uncertainty we have. These are
14 things that we haven't had clarified. My
15 concern was I had the vision that you were going
16 to take a certain percentage of your
17 infrastructure and convert it over to RT
18 technology.

19 MR. BOYER: We would do like a
20 cable -- like a --

21 MS. GENTRY: Take come volume
22 because of the efficiencies you saw. I won't
23 know that till after the fact, and then my
24 complications increase because I no longer have
25 the old embedded base.

1 MR. MASON: Okay. Mr. Siegel has
2 been waiting patiently so --

3 MR. SIEGEL: I think we probably
4 can move on, but I just -- and maybe it's the
5 use of language, but just to give an example,
6 what makes the hair stand on the backs of our
7 necks is -- not this time, but the last time
8 Mr. Boyer spoke when he was dissuading our
9 concerns, at the very end, he said, "for the
10 time being," and it's those kind of words that
11 create our concern and which is why we have this
12 disconnect.

13 MR. ALTAIR: He took the words out
14 of my mouth. I'm sorry; this is Tom Altair with
15 NorthPoint. We do share the concerns on the
16 long-term of the non-Pronto architecture, and we
17 have seen -- and I don't know -- the trial in
18 the Richardson area where it's fiber to the curb
19 almost everywhere, and we want to see,
20 obviously, what there are for long-term plans
21 non-Pronto-wise.

22 MR. SRINIVASA: Ms. Chambers.
23 Then we're going to move on. Go ahead.

24 MS. CHAMBERS: Julie Chambers with
25 AT&T. This is a related question. I had a

1 conversation with Southwestern Bell previously
2 about just the scenario where a customer was
3 served by half of the day -- take Southwestern
4 Bell or ASI's offer and is moved to a Pronto
5 architecture, and then decides -- for the sake
6 of the fact that the UNE-P DSL issue is in
7 dispute, we won't go there -- but the customer
8 wants just UNE-P voice. They just want a voice
9 service with AT&T.

10 Then what was -- what would
11 Southwestern Bell's position be? Would there
12 have to be some destruction of service, move
13 them back to a copper loop, or would they remain
14 on the Pronto architecture?

15 Southwestern Bell indicated that -- and
16 I would like to make sure this is accurate given
17 some of the discussion that we've had here --
18 that they would actually leave the customer on
19 the integrated card, disconnect the data at the
20 OCD, I guess, and allow that customer to just
21 have voice service over the current Pronto
22 architecture. Is that right, Rod?

23 MR. CRUZ: Chris, do you want --

24 MR. BOYER: I don't quite
25 understand, to be honest with you. I think -- I

1 mean, it is possible for us to deliver voice
2 over the Litespan just like you would with any
3 digital loop carrier type system, but I don't
4 know if I understand.

5 MR. CRUZ: Rod Cruz. Let me take
6 a stab at this. Julie and I, along with some
7 other folks from AT&T, and Chris, and probably
8 some other SMEs -- and the question -- Julie,
9 keep me honest.

10 The way this was characterized is if an
11 existing customer was being currently served
12 over the -- had bought the broadband service and
13 then, say, that teenage son that was heavily
14 into the Internet went off to college, and so
15 when he left, the parents decided to disconnect
16 the broadband service and just go to original
17 POTS. Right?

18 So the question that Julie asked was
19 what would you do? Would you then cut them back
20 over to the copper network or would you leave
21 them alone, or would you leave them working over
22 the existing Pronto architecture? Fair
23 question; and our response was, we would leave
24 them on the existing integrated card for the
25 time being and just still serve voice over that

1 architecture, and then over time -- and we have
2 not set thresholds and set business rules for
3 those -- we would then go out and conduct a kind
4 of recovery of those integrated cards and move
5 them to a channel bank and do POTS dedicated
6 only. It would still be over the Pronto
7 architecture, but it would just take one trip
8 out to the RT to recover the integrated cards,
9 move them down to a channel bank that had POTS
10 only, and then service the end users in that
11 fashion.

12 MR. SRINIVASA: Does it cause
13 service disruption? Is that the issue then?

14 MS. CHAMBERS: Yes.

15 MR. CRUZ: Is that fair -- of our
16 conversation.

17 MS. CHAMBERS: Yes. I mean, the
18 concern from AT&T is, again, customer disruption
19 as well as -- you know, AT&T, if they were just
20 placing a voice service order, would not know
21 whether or not they were ADSL qualified.

22 I mean, they wouldn't have done loop
23 qual and so would still just expect to pay
24 normal UNE-P loop-port combo rates. I mean, it
25 wouldn't be anything based on the architecture

1 that they are served for today, similar to the
2 ruling in the arbitration -- in the mega-arb
3 about customer served over IDLC would remain on
4 IDLC and not be taken off of their existing
5 loop.

6 MR. SRINIVASA: The loop costs
7 that were set in the mega-arb or that's in T2A
8 included some of the DLCs that are deployed out
9 there. DLC costs were included in that. You're
10 saying that if someone wants the loop and port
11 combination that loop costs shouldn't change
12 because they've been served through port, it
13 should still stay the same?

14 MS. CHAMBERS: Exactly.

15 MR. BOYER: I think the issue,
16 really, here, Your Honor, is the fact, I
17 think -- you can correct me if I'm wrong, Julie,
18 but I think what you're saying is that if we're
19 providing a voice through the DLC side of the
20 Litespan, not the data side of it, but if you
21 take the data side completely out of it that we
22 would offer it in the same manner as we do any
23 other unbundled loop through any other type of
24 DLC, whether it be Litespan or some other
25 physical device. Would that be at the same cost

1 essentially, is that the question -- general
2 direction?

3 MR. SRINIVASA: Right. The loop
4 and port costs have already been set in the
5 mega-arb. Now you've decided to deploy Pronto,
6 and if someone says that they don't want the
7 ADSL, if they just want the UNE loop and port
8 just for plain old telephone service, will the
9 loop costs go up?

10 MR. BOYER: No.

11 MR. WAKEFIELD: Jason Wakefield on
12 behalf of --

13 MS. BOURIANOFF: I think they
14 answered the question -- Julie's question about
15 the costs involved, but I think there's also a
16 pending question.

17 MR. SRINIVASA: Service disruption
18 issues. How do you plan to address that?

19 MR. CRUZ: Rod Cruz. I think the
20 issue would be as we go into the jumper, it
21 would be LST. So we run the jumper, and it
22 would be maybe a couple minutes of service
23 interruption while we run the jumpers over to
24 the integrated POTS cards -- not the integrated
25 POTS cards, just the POTS cards.

1 MS. BOURIANOFF: So if I heard you
2 correctly -- Michelle Bourianoff on behalf of
3 AT&T -- there would be some disruption for the
4 customer during the time that you might do the
5 line station transfer and you would hope to be
6 able to minimize it to be a couple of minutes.
7 Is that correct?

8 MR. KEOWN: This James Keown.
9 That is correct.

10 MR. KUBES: That's correct. What
11 we could do is pre-establish the path on it so
12 that's already sitting there with a dial tone,
13 and then the technician would actually go to the
14 SAI cabinet, do the physical cross-connect
15 jumper, and that's just a matter of unscrewing
16 it from one binding post and moving it to
17 another, a couple of minutes.

18 MS. CHAMBERS: Julie Chambers with
19 AT&T. Is that something that AT&T would be
20 notified before their customers went through
21 some type of conversion?

22 MR. KUBES: No, we normally would
23 not notify a customer for a normal LST if it's
24 going to be of that short duration. The
25 technicians do monitor the line to ensure that

1 there's not service at the time. In other
2 words, if they detect conversation or if the
3 line is in use, they won't perform that
4 operation, but if it's a dead line, they'll go
5 ahead and do that change, assuming it's just a
6 couple of minutes.

7 Now, if it's a longer outage, we have
8 procedures in place where we would notify the
9 customer to let them know that a major cable
10 throw or some activity was going on, but if it's
11 just a one by one, we would just ensure we would
12 not interrupt a current telephone call.

13 MR. SRINIVASA: If the interrupt
14 is longer, then it's a trouble report. If it's
15 a UNE-P -- UNE loop and port customer of yours
16 and if there's an extended outage on it, if they
17 don't have service, then it's a trouble report.

18 MS. BOURIANOFF: I understand,
19 Nara, that it will be picked up -- there's a way
20 to get it measured in the performance measures
21 arguably. Our concern is that our customers not
22 lose service or that we be -- at the minimum
23 that we be notified so we can work with our
24 customer base.

25 The last thing I want to ask, and I

1 just want to clarify, is I assume that because
2 Southwestern Bell is instigating this
3 activity -- this work in the remote terminal or
4 line station transfer to free up its card that
5 AT&T will not be charged for any of the
6 technician's time involved in doing that.

7 MR. KUBES: George Kubes,
8 Southwestern Bell. I don't know if our current
9 procedures would allocate or charge back. I
10 think within the state of Texas and all the
11 other public service commissions there are some
12 guidelines of where we would be required to
13 refund or provide compensation back, but I think
14 for a two-minute outage, especially if we're not
15 interrupting a telephone call, I don't believe
16 they fall in those guidelines.

17 MR. MASON: I think it's the
18 charge that they're concerned about for the work
19 performed.

20 MR. KUBES: There would be no --
21 I'm sorry. I misunderstood. I was still
22 following your logic on service outage. No,
23 there would be no charge to the CLEC for
24 rerouting that customer back to a POTS-only
25 card.

1 MR. WAKEFIELD: Jason Wakefield.
2 One clarifying question on this issue. If there
3 were a transfer from the integrated card to a
4 POTS card, that wouldn't occur as part of the
5 conversion to this CLEC. Would it occur later?
6 Is that what I was hearing you describe?

7 In other words, you wouldn't have the
8 outage occur as part of the conversion on the
9 voice level for Southwestern Bell, but you would
10 have it be a CLEC --

11 MR. KUBES: I didn't quite hear
12 the whole question.

13 MR. WAKEFIELD: What I had
14 understood was if a -- let's say there's a
15 customer who's son goes off to college, they
16 drop off the data service, that the transition
17 of the line would occur at a later date.

18 MR. KUBES: Correct.

19 MR. WAKEFIELD it wouldn't occur
20 exactly when the data service was disconnected.
21 My question was, let's say this occurs as part
22 of a transition -- a conversion from a -- from
23 Southwestern Bell to a UNE-P CLEC, just the
24 voice. You wouldn't have the outage occur as
25 part of that conversion. Would it occur at a

1 later time?

2 MR. CRUZ: You mean the recovery
3 process?

4 MR. WAKEFIELD: Correct.

5 MR. KUBES: The recovery process
6 would take place at a later time. We would not
7 necessarily do it at the same time unless the
8 technician was currently there. That would be a
9 business decision at that time.

10 MR. WAKEFIELD: That would be a
11 concern to WorldCom. If Southwestern Bell sees
12 the opportunity, because the technician is
13 there, to at that time do the transfer, then
14 what you will see when there is a conversion
15 from Southwestern Bell to a UNE-P CLEC, you will
16 see a service outage, and, of course, that would
17 reflect poorly on the UNE-P CLEC. So that would
18 be a concern to WorldCom.

19 MS. CHAMBERS: Julie Chambers with
20 AT&T. Just to clarify on that point, it's my
21 understanding that actually this bulk transfer
22 would occur as -- you know, as Southwestern Bell
23 looks at the threshold, however much of that
24 remote terminal is serving only voice on that
25 integrated card and that it would be more

1 efficient to move then all the voice-only
2 customers to a POTS card. It wouldn't be done
3 on a one-by-one basis as the technician is out
4 there or at the time of the service order, that
5 Southwestern Bell would leave it on the existing
6 integrated card at the time of the conversion.

7 MR. BOYER: I think the general
8 plan, Your Honor, is that we would not move them
9 on a one-by-one basis, that, generally speaking,
10 we would probably not move them to a POTS cards
11 until such time as it looked like we were going
12 to exhaust -- or exhaust a significant portion
13 of the capacity that we had on the combination
14 card. So generally that should not occur.

15 MS. CARTER: Melia Carter, Covad
16 Communications. Since we're on the topic of
17 UNE-P, I had -- I believe Covad had the concern
18 that if we are -- it's my understanding that if
19 we are currently line sharing with the ILEC on
20 an ILEC splitter and now AT&T would come and
21 take that voice track over on a UNE-P that we
22 would lose that customer.

23 MR. BOYER: Is this a line sharing
24 question? I didn't quite understand the
25 question.

1 MR. SRINIVASA: Can you repeat
2 that question, please?

3 MS. CARTER: It's my understanding
4 Covad has the business plan to go in doing line
5 sharing with ILEC-owned splitters, and it's my
6 understanding that should we be in a situation
7 where we're line sharing with SBC, and then AT&T
8 comes in and takes the customer's voice service
9 using the UNE platform that Covad would no
10 longer be eligible to have that customer as a
11 line shared off the ILEC splitter. In that
12 sense, we would be impacted every time there
13 would be a conversion on the voice.

14 MR. SRINIVASA: That's an --
15 that's being arbitrated. I believe there are --
16 in AT&T's and Southwestern Bell's arbitration
17 that's an issue there. I don't know if it's an
18 issue in the other arbitration also.

19 MS. BOURIANOFF: AT&T has teed up
20 in its arbitration the issue of a UNE-P
21 provider's access to a high-frequency portion of
22 the loop, or line splitting is another way to
23 call it, not line sharing. I mean, I think it's
24 a fair question.

25 Covad and Rhythms and NorthPoint

1 obviously aren't parties to the arbitration, and
2 I think it gets teed up in this context too to
3 the extent they take a service like the
4 broadband service -- like Project Pronto where
5 Southwestern Bell provides some sort of
6 integrated capability. Are they impacted if a
7 voice CLECs wins the voice service?

8 MR. LEAHY: Your Honors, Tim Leahy
9 with Southwestern Bell. I think it's fair to
10 say that the definition of the term line sharing
11 is -- in the arbitration is a generic docket
12 that the interim portion was finished recently
13 and we're moving on to the permanent portion.

14 The question used the term line sharing
15 as if an entity other than the ILEC was
16 providing the voice. It's our view --
17 Southwestern Bell's view that under the line
18 sharing order issued by the FCC the term line
19 sharing is limited to the ILEC as the provider
20 of service. Admittedly, we may not agree to
21 this, but that is an issue that will be
22 addressed in the arbitration, what we'll call
23 the generic line sharing docket.

24 MS. CARTER: So I guess my
25 concern -- Melia Carter, Covad Communications.

1 I guess my concern is, what is your plan to
2 manage that so that we can know ahead of time
3 that AT&T won the customer and what are we
4 supposed to do as a third party that has no
5 impact on the voice service.

6 MS. BOURIANOFF: Maybe, Tim,
7 before that question -- I mean, maybe -- AT&T
8 actually agrees with Southwestern Bell's
9 position on the definition of line sharing, we
10 asked that --

11 MR. LEAHY: What page are we on?

12 MS. BOURIANOFF: -- line sharing
13 applies when the ILEC is the voice provider, and
14 that's why I used the term line splitting.
15 Maybe outside of the line sharing, line
16 splitting context -- I mean, you have this
17 broadband service offering that you're talking
18 about making available in the Project Pronto
19 environment, and is that available to a data
20 CLEC to use as a broadband service offering that
21 Southwestern Bell is making available to provide
22 DSL service when a CLEC other than Southwestern
23 Bell is providing the voice service? Maybe
24 that's the way to take it out of this other
25 context that's teed up in the arbitration.

1 MR. LEAHY: I think the answer is
2 that we -- Southwestern Bell telephone as the
3 ILEC is not obligated to line share under the
4 FCC order if it does not provide the voice --
5 underlying voice service, and that's our
6 position.

7 So to the extent that a third party --
8 a CLEC, in effect, takes the voice customer,
9 then the coordination of that future line
10 splitting, line arrangement between those two
11 CLECs can be worked out between those two CLECs.
12 So that's kind of where we are right now.

13 MR. SRINIVASA: So, in other
14 words, if a CLEC purchases a loop-and-port
15 combination, the UNE, on an unbundled basis,
16 they bought the high-frequency portion of it
17 also so they control it, whether there's someone
18 else --

19 MR. LEAHY: To me -- I understand
20 that this is an issue that will have to be
21 addressed, but the problem is it runs -- it's, I
22 think, a little bit more than we anticipated
23 today, but it runs into some of these sort of
24 slamming type issues. The customer says, "I
25 want a new voice service provider, a new CLEC."

1 I don't want to change my DLEC for my high-speed
2 Internet access."

3 Well, there's got to be some sort of
4 notification when that happens so that the
5 end-user consumer can make its interests known
6 to carriers. I don't know that we're prepared
7 to address that today.

8 I'm not saying it shouldn't be
9 addressed. I'm just saying we're not prepared
10 to address it today, and I know that
11 Southwestern Bell Telephone's obligations are
12 limited in that regard, and some
13 responsibilities need to be placed on both the
14 data carrier and the CLEC voice carrier.

15 MR. SIEGEL: Let me ask a slightly
16 different question based on my understanding
17 from the May 24 accessible letter. My
18 recollection is one thing that Southwestern Bell
19 provided for in the accessible letter is that a
20 carrier can do integrated voice and data. So
21 they can have -- one carrier can provide voice
22 and data as a CLEC, which is something that's
23 different from how you use ILEC splitters and
24 whatnot, but just talking Pronto.

25 Can that integrated -- that carrier

1 that's providing voice and data use as their
2 vehicle for providing their data a LOA that says
3 going to the OCD port of whoever, and it may not
4 be -- OCD port may not be tied to that voice
5 carrier's AECN. It may be tied to some other
6 carrier's AECN, but that's their mechanism of
7 providing an integrated voice and data service.

8 MR. BOYER: I can answer that
9 question. In terms of -- Mr. Siegel, at a
10 general level, he's correct. We will offer an
11 integrated voice and data service offering. In
12 fact, that was my next slide that I was going to
13 get into a discussion of so if we could move
14 forward to there, I'll talk about how that's
15 going to be offered and how that would work.

16 This is on Page 10 of the presentation.
17 There's basically three scenarios or three
18 arrangements we're going to offer this service
19 under, the first one being line shared. That is
20 obviously a situation in which the ILEC is
21 providing the voice, the DLEC -- or any CLEC --
22 would be adding the high-frequency portion of
23 the loop to that particular service.

24 The second scenario would be a
25 data-only option in which, if for some reason

1 somebody wanted to provide strictly data to that
2 customer on one separate facility, for whatever
3 purpose, we would offer that scenario.

4 The third scenario is what we're
5 calling integrated voice and data, which is what
6 Mr. Siegel was just referencing. That
7 particular element will basically allow for one
8 provider, one CLEC to offer both the voice and
9 the data, and how that will work is that we are
10 actually positioning that so that the CLEC will
11 purchase the underlying UNE -- or the underlying
12 loop provisioned over the DLC, including the
13 fiber back to the central office, and that will
14 basically be delivered at a DSL level right back
15 to the MDF, like any unbundled loop today.

16 They will be given the voice at a
17 separate hand-off point in their collocation
18 cage right off the MDF, and at the same time,
19 they will be delivered the data portion at the
20 OCD. So they'll pick up their data traffic from
21 their -- through their port on the OCD, extend
22 it to collocation, and at a separate hand-off
23 point in the collocation cage, they will be
24 delivered the voice off the MDF.

25 That's pretty much how the integrated

1 voice and data is going to work, and I actually
2 have a picture on Page 12. This is a pretty
3 detailed diagram, but basically what it shows is
4 from the -- the box is labeled Litespan 2000
5 remote terminal. If you can see on this
6 picture, the line labeled OC-3 for voice versus
7 OC-3c for data, obviously it's two separate
8 facilities coming into the office. When they
9 terminate on the fiber distribution frame, the
10 voice side, we can actually take the voice
11 channel, deliver it through the central terminal
12 portion of the Litespan, and at the DSL level
13 extend the voice over to the MDF, just like we
14 would any other unbundled UNE loop today. So
15 they could still pick up the voice at their
16 collocation cage off of the IDF -- IDF/MDF type
17 relationship.

18 For the data side, it's exactly the
19 same as if they purchased a line shared or
20 data-only scenario. The data is delivered to
21 the OCD port that they've purchased and extended
22 from there to collocation as well. So
23 essentially a CLEC could pick up both the voice
24 and the data traffic under this type of
25 scenario, and that is being developed today to

1 be offered.

2 MR. SIEGEL: So my question was
3 was -- this actually reminds me of another
4 one -- but my question was if the voice
5 provider's mechanism for providing that -- the
6 integrated offering is to do something akin to
7 reselling the network of a data provider, I
8 assume that that voice provider can give you any
9 OCD port to send it to that -- what that voice
10 provider wants regardless of what carrier that
11 OCD port is tied to.

12 MR. BOYER: My assumption would be
13 that if you had a relationship with that
14 particular data carrier to do that, that would
15 be your business to make that arrangement.

16 MR. SIEGEL: But what the LOA
17 would say is -- it would say, "Release those
18 bits of data to the IP Communications port."

19 MR. BOYER: So essentially sharing
20 the same OCD port basically amongst many
21 carriers.

22 MR. SIEGEL: Yes, that could be
23 one.

24 MR. BOYER: Amongst some sort of
25 relationship. From my perspective, I don't see

1 any problem with doing that. You know, if a
2 CLEC issues a service order and says, "I want my
3 data traffic delivered to this OCD port," and
4 that port belongs to one data carrier, if they
5 want to make the arrangements between themselves
6 with other parties to offer that connection,
7 that's the data side of it obviously.

8 MR. MASON: So technically
9 speaking, no problems?

10 MR. BOYER: I don't see any
11 problems.

12 MR. SRINIVASA: So what -- you
13 will charge one of the CLECs the OCD port
14 charge, and they need to make arrangements with
15 the other CLEC?

16 MR. BOYER: Yes, third-party
17 relationship. It's not line sharing. We're
18 just delivering the data to one party, and
19 they're handing it off to whoever they want to
20 hand it off to.

21 MR. DRAKE: William Drake,
22 WorldCom. You're showing that you always go to
23 the CLEC collocation cage with the data side.

24 MR. BOYER: Right.

25 MR. DRAKE: Does it have be? I

1 mean, we interface with you with OC-3s or
2 whatever all the time, not through a collocation
3 cage. Is there -- you're doing this for a
4 purpose or --

5 MR. BOYER: You're asking for,
6 like, a network-to-network interconnection, like
7 an OC-3 directly to the OCD?

8 MR. DRAKE: Yes. The DSLAMS are
9 out here at the RT. We don't have to go to the
10 collocation cage for a DSLAM, and it's just ATM.

11 MR. BOYER: I'm a little bit
12 confused. Are you asking for a
13 network-to-network interconnection to the OCD or
14 to the --

15 MR. DRAKE: Yes.

16 MR. BOYER: So, like, if you had
17 your own ATM switch. Right now we're requiring
18 that it be extended to collocation.

19 MR. DRAKE: So if I don't have a
20 collocation cage, and I want the data, I could
21 not get this service?

22 MR. BOYER: At this point, that's
23 correct. At this point, we're requiring
24 collocation in a similar manner to other -- I
25 think our analogy would be that this OCD itself

1 is a -- is similar in concept, at least at a
2 theoretical level, to like a regular voice
3 switch in which you purchased a port and a voice
4 switch. We extend the collocation. This is a
5 data switch, and we're extending it to
6 collocation just in the same manner. So it
7 would still be that collocation would be
8 required. That's been a generic requirement for
9 access to UNE for quite some time.

10 MR. SRINIVASA: Have you heard of
11 the enhanced extended link in your -- and you
12 extend the transport also to another office. So
13 what you're asking is you want to interface with
14 them at the fiber level?

15 MR. DRAKE: Yes, fiber right to
16 the OCD. This is --

17 MR. BOYER: They are asking for,
18 like, an interconnection actually --
19 network-to-network interconnection.

20 As of today, we're not offering that as
21 part of this proposal. We could certainly have
22 a discussion between MCI and Southwestern
23 Bell --

24 MR. SRINIVASA: Yes.

25 MR. BOYER: -- and talk about

1 that.

2 MR. GUNNELS: Yes, my name is Mike
3 Gunnels with AT&T. In reference to your diagram
4 on Page 12, instead of running the voice portion
5 to a voice switch in the CLEC collo, could that
6 be routed to a port on -- a port that we would
7 get from SBC? So instead of having our own
8 switch, could we just route that voice portion
9 to a port on a 5E?

10 MR. BOYER: You're asking if it
11 was extended from the MDF to, like, a -- to our
12 5E switch we would just deliver the port like a
13 UNE port to you?

14 MR. GUNNELS: Exactly.

15 MR. SRINIVASA: If it's an
16 unbundled port.

17 MR. GUNNELS: Can you run it to an
18 unbundled port?

19 MR. BOYER: Can we have one minute
20 on that question, please?

21 MR. SRINIVASA: Okay.

22 (Brief pause)

23 MS. BOURIANOFF: To clarify, Your
24 Honor, I think we were just asking if it was
25 technically feasible.

1 MR. GUNNELS: We would like an
2 answer to both of those, if it's technically
3 feasible and if they're going to allow us to do
4 it.

5 (Brief pause)

6 MR. SRINIVASA: The 5E is not
7 collocated.

8 MR. BOYER: No, I understand that.

9 MR. SRINIVASA: Only remote
10 switches can be collocated.

11 MR. BOYER: I think the clarifying
12 point was the fact that if they wanted access to
13 a port off a switch, there would be
14 cross-connects to collocation in a similar
15 manner as if we had a -- if we had a 5E switch
16 that belonged to the ILEC, they would purchase
17 the port, extend it to collocation.

18 In this case, it's a data switch, same
19 type of scenario. They purchase a port, extend
20 it to collocation.

21 MS. BOURIANOFF: I'm sorry. Was
22 that responsive to Mike's question?

23 MR. BOYER: No, it was not.

24 MR. LEAHY: Tim Leahy with
25 Southwestern Bell. We actually have some people

1 who we believe are down in the cafeteria.
2 Perhaps when we get a break -- and I'm not
3 requesting one right now -- but when we get a
4 break -- can we hold that question in abeyance,
5 and then get back to you?

6 MR. MASON: We're off the record,
7 and we are taking a break for about ten minutes.

8 (Recess: 2:50 p.m. to 3:20 p.m.)

9 MR. SRINIVASA: Let's get back on
10 the record. Let's go ahead and start, because
11 it's getting late. You were going to check on
12 that UNE-P question and get back to us anyway.
13 Do you have an answer?

14 MR. BOYER: Could I ask the
15 gentleman from I believe it was AT&T to repeat
16 the question one more time, please?

17 MR. GUNNELS: Yes. Mike Gunnels
18 with AT&T. I'm referring back to your diagram
19 on Page 12 where you show a voice portion of the
20 call going to a voice switch in the CLEC collo
21 area. What I'm asking is instead of that voice
22 portion of the call going to the voice switch,
23 could it be routed to a UNE port that we would
24 acquire from SPC?

25 MR. BOYER: I guess the simple

1 answer to that question is that I think that it
2 would be doable from a technical perspective.
3 However, I think that this product itself is
4 being offered as a wholesale service. So what
5 you would be talking about is essentially a
6 mixing of a -- an end-to-end service offering in
7 which we're offering a data and a voice
8 integrated capability to a CLEC and an unbundled
9 network element in the same sentence. So this
10 is not something that we considered, at least at
11 this point in time, in the product offering,
12 because truly this is an integrated service
13 providing to the end user. So I'm not sure how
14 that would intermingle with one another offering
15 an unbundled port along with this whole set of
16 other elements that we're making available as
17 part of this service offering.

18 MR. SRINIVASA: I have a question.
19 Apparently, in your diagram, Page 12, in the
20 CLEC collocation there's one block -- ATM
21 capacity then a voice switch. Apparently they
22 cannot collocate voice switch.

23 MR. BOYER: Right.

24 MR. SRINIVASA: That doesn't allow
25 collocation of the voice switch.

1 MR. BOYER: Right.

2 MR. SRINIVASA: So either they
3 have to have a remote transmitter -- a remote
4 switch, or they'll have to route it to your
5 switch if they buy it on an unbundled basis.

6 MR. BOYER: Correct.

7 MR. SRINIVASA: So I think that
8 AT&T is asking that if they don't have a remote
9 switch -- if they don't have a voice switch
10 collocated, can they route it to your unbundled
11 switch port. It's still an analog signal at
12 this point in time or a DSO signal? What is it?

13 MR. BOYER: It's at a DSO.

14 MR. SRINIVASA: Okay. So your
15 switches -- it's coming off of the central
16 office terminal -- oh, you are converting that
17 from the analog to digital, and there is a DSO
18 signal?

19 MR. BOYER: I'd have to ask --
20 could you clarify that?

21 MR. KUBES: George Kubes, SBC.
22 When it's coming off of the Litespan 2000
23 central office terminal, it would be coming off
24 the DSO level, voice frequency, and would be
25 going to the MDF as diagramed here on this

1 particular diagram.

2 MR. SRINIVASA: So it's a digital
3 signal at that point at the MDF?

4 MR. KUBES: No. It's a voice
5 frequency signal.

6 MR. SRINIVASA: If it's an analog
7 signal, can that be routed to your analog
8 switchboard?

9 MR. BOYER: Like I said before, I
10 think it's doable. I don't think from a
11 technical perspective there's any problem with
12 that. As I said before, this is not something
13 that we've contemplated before in the product
14 offering, it's not something that's outlined
15 here.

16 MR. CRUZ: This is Rod Cruz --

17 MR. GUNNELS: I understand that.
18 Then the answer is technically it's feasible,
19 but at this point in time they're not allowing
20 that to happen. Is that correct?

21 MR. CRUZ: That's correct, Mike.
22 I think the point here is that this is an
23 unbanned service that's contiguous in nature and
24 not really a set of unbundled network elements
25 as we've known the platform to be. So from an

1 SBC perspective -- Southwestern Bell Telephone
2 perspective, this is a service that's composed
3 of several network components that's end to end,
4 and therefore, unbundling it to use something
5 similar to an analog or to a UNE-P model, it's
6 really inappropriate for the service.

7 MR. SRINIVASA: This is still
8 based on TELRIC. It's not a market based rate.

9 MR. CRUZ: It is.

10 MR. SRINIVASA: It's not a market
11 rate.

12 MR. CRUZ: It is, but it's not
13 a -- I'm sorry.

14 MR. SRINIVASA: Is it a market
15 rate, or is it a TELRIC based rate?

16 MR. CRUZ: No. The costs are
17 TELRIC based.

18 MR. SRINIVASA: And do you add
19 common costs to that, and that's how you set the
20 rates?

21 MR. CRUZ: Yes, sir.

22 MR. SRINIVASA: Okay.

23 MR. CRUZ: But it's not a UNE if
24 you want (inaudible). It's a network service.
25 So, even though we are using TELRIC based costs

1 to get to the rates, the whole -- the product
2 has been positioned to be a service, not a UNE,
3 not an unbundled network element.

4 MR. SIEGEL: If there was a
5 disagreement as to what the appropriate TELRIC
6 rate is, does Southwestern Bell believe that a
7 252 arbitration with the State Commission is
8 appropriate, or is it -- Southwestern Bell's
9 voluntary pricing that they will offer at what
10 they believe is TELRIC principles?

11 MR. LEAHY: This is Tim Leahy with
12 Southwestern Bell. I think we'd have to give
13 that some more thought. I don't know that we've
14 examined what arbitration or whether a
15 particular type of arbitration is appropriate.

16 MR. SRINIVASA: Okay. We can
17 proceed with the rest of the presentation on
18 this.

19 (Laughter)

20 MR. SRINIVASA: You had a question
21 before that?

22 MR. DELREGNO: Before we move
23 on -- this is Nick DelRegno with MCI WorldCom.
24 Before the break we tabled the discussion about
25 the ATM side of this as between MCI and SBC. I

1 beg to differ that I believe that this is
2 somewhat germane and universal to any CLEC. The
3 question is in some of the earlier drawings,
4 some of the draft presentations of Pronto -- and
5 we show it as such in our presentation from
6 earlier this morning -- the capability to
7 interconnect outside of a collocation space.

8 And, A, we're wondering -- since it was
9 presented before, was it found to be technically
10 infeasible to offer such an interconnection, why
11 it was removed? And I'd like to add some
12 background to that in that not everyone is in
13 every CO. So, when you're requiring collocation
14 in order to take advantage of the Pronto
15 platform, then it seems a barrier to entry. So
16 the only way a CLEC can actually take advantage
17 of a Pronto service is to build in collocation
18 space, which may be a barrier to entry. If all
19 that it requires is an interconnection point, be
20 at the OCD, then just about anybody who could
21 afford to provide -- let's say lease facilities
22 into that CO, could then be a CLEC.

23 MR. SRINIVASA: Well, the issue is
24 is it technically feasible to interconnect at
25 the OCD as necessary, or will it impair -- if

1 they don't provide it, impair the ability of the
2 CLEC to complete? Those are the standards that
3 need to apply.

4 MR. DELREGNO: And what we're not
5 sure is from this drawing perspective, what the
6 difference between whether or not the ATM switch
7 is actually physically collocated within the
8 building or across the street or across town, as
9 long as does the physical characteristics of the
10 fiber support it, it's still the same interface.
11 And so why wouldn't that be allowed?

12 MR. SRINIVASA: Southwestern Bell
13 will respond to that question. Previously when
14 this issue was brought up, they said they were
15 going to negotiate with you on that, the point
16 of interconnection being at a different --

17 MR. DELREGNO: Well, I think we
18 kind of went off on a different slant with that,
19 though. We were talking UNI versus NNI. And I
20 think it's less of a network interconnection
21 signaling format, if you will, and it's more
22 of -- if I'm providing the same interface to the
23 OCD, does it matter whether or not my ATM switch
24 is within that building, adjacent to the
25 building, down the street, or in some

1 metropolitan aggregation point?

2 For me, as an engineering point of
3 view, from that perspective, it seems like it
4 shouldn't make any difference. And what that
5 allows you to do is sell more Pronto service to
6 not only the CLECs who already have built
7 collocation spaces, but also to CLECs who have
8 chosen not to because of the proposed take
9 rates.

10 MR. BOYER: Your Honor, I
11 recognize the fact that in the original proposal
12 that we made on March 1st it did in fact show a
13 connection from the OCD to some sort of CLEC ATM
14 capacity. Since that time, obviously that
15 document was labeled as being a draft document
16 at the time. And we have made a change in the
17 product offering to extend the OCD port to
18 collocation. And again, we'll be more than
19 willing to take that issue up in a negotiation
20 session with MCI or any other CLEC that wants to
21 address that issue.

22 MR. WAKEFIELD: Your Honor, Jason
23 Wakefield, WorldCom. We've had experience with
24 negotiations on a lot of interconnection issues.
25 There are a whole lot of interconnection issues

1 that were submitted for arbitration with the
2 Commission. And to the extent we were to engage
3 in negotiations -- bilateral negotiations on
4 this issue, I expect they will result in
5 arbitration over a long period of time, and it
6 would be a barrier to entry. If there's a
7 technically feasible manner in doing what has
8 been outlined by my subject matter experts and
9 if we meet the necessary tests, we would ask
10 that it be addressed in this form.

11 MR. LEAHY: And, Your Honor, I
12 think it needs to be cleared for the record. The
13 necessary and impair standard or test is the
14 first component. Once you pass the necessary
15 and impair test, then you look at the
16 technically feasible. Technically feasible is a
17 where question, not a whether question. In
18 other words, it's not whether we're obligated.
19 That comes under the necessary and impair.
20 Technically feasible is at any technically
21 feasible point or place. So, when people say
22 "Is it technically feasible," that doesn't
23 answer the question whether there's an
24 interconnection obligation. That only springs
25 from the necessary and impair analysis. I think

1 the record should be clear as to that point. I
2 think that's sort of a mainstream position.

3 MR. SRINIVASA: So that's only
4 true to provide that type of access or element
5 or service with cost based rates. Are you
6 saying that if it's not cost based -- if it's
7 market based rates, are you still saying you're
8 not going to provide it?

9 MR. LEAHY: I'm sorry, Your Honor.

10 MR. SRINIVASA: Well, if the
11 necessary and impair and technically feasible
12 standard applies, and if the answer to all of
13 them is yes, then you are required to offer that
14 on TELRIC based rates.

15 MR. LEAHY: Correct.

16 MR. SRINIVASA: Okay. If the
17 answer to one of them is no, it does not mean
18 that you're not going to offer that. It won't
19 be offered at TELRIC based rates.

20 MR. LEAHY: Your Honor, I'm not in
21 any way altering the presentation on this
22 broadband service. I was just recounting our
23 view of that analysis, those tests.

24 MR. WAKEFIELD: Your Honor, one
25 other point that would apply to unbundled

1 network elements that would not apply to
2 interconnection is subject to the technical
3 feasibility test. So, to the extent this were
4 an interconnection and not an unbundled network
5 element, then the necessary and impair standard
6 would not apply.

7 MR. LEAHY: I don't contest that
8 point with regard to interconnection.

9 MR. SRINIVASA: Okay. So this is
10 interconnection between ATM switches as opposed
11 to interconnection between the trunk side of
12 two switched equipment -- or two circuit
13 switches?

14 MR. WAKEFIELD: That's certainly
15 possible. I'd have to check with my subject
16 matter experts as to whether it was
17 interconnection or an unbundled network element.
18 I was just addressing the legal issue. This
19 very well may be an instance of interconnection
20 and not unbundled network element.

21 MR. SRINIVASA: Okay. That's
22 fine.

23 MR. GUNNELS: Mike Gunnels with
24 AT&T. I wanted to go back and ask one
25 clarifying question about the question I had

1 asked before. SBC says that this service is a
2 broadband service product. How does this relate
3 to the broadband UNE service that was
4 implemented on May 24th in their OSS systems?
5 Is it a service or is it a UNE? They've been
6 calling it a UNE in all of their publications so
7 far that we've seen. And yet now they're
8 contending that it's not a UNE and that it's a
9 service instead.

10 MR. CRUZ: This is Rod Cruz, SBC.
11 That is in fact true that earlier on -- in
12 earlier drafts and documentation we had
13 circulated with the industry we referenced it as
14 a broadband UNE. After further review -- and,
15 Your Honor, everything we circulated had a draft
16 and -- had draft and had been labeled as such
17 because it was a work in progress. We took a
18 proactive -- this product has been a unique
19 situation for us. Since we held very
20 preliminary discussions with the industry even
21 as earlier as March the 1st for a lot of the
22 (inaudible). And therefore, a lot of the
23 documents that have been circulated have been
24 labeled as draft, and I think accordingly and
25 appropriately so. Our May 24th letter -- Chris?

1 MR. BOYER: Yes.

2 MR. CRUZ: The accessible letter
3 that was distributed to the industry did
4 re-label this as a broadband service for all the
5 reasons I just went through earlier, that it was
6 a contiguous end to end service, that SBC had no
7 plans to unbundle this a piece at a time,
8 however we were offering it at TELRIC cost based
9 rate. So we didn't want to define this as a UNE
10 per the act, but we wanted to offer it as an end
11 to end service, because we felt it was
12 integrated in nature, and unbundling it would
13 not be appropriate. So that may address Mike's
14 question.

15 MS. CARTER: Melia Carter, Covad
16 Communications. I just have a question related
17 to SBC's comment. Because this presentation is
18 labeled draft, does this mean that this is not
19 going to be the way that Project Pronto is laid
20 out?

21 MR. CRUZ: Yeah, Melia. I'd be
22 happy to answer that question. The reason why
23 even the stuff you see in front of you is
24 labeled draft is because we have the outstanding
25 ownership issue with the FCC with respect to

1 ownership of the optical concentration device
2 and the plug-in cards at the remote terminal.
3 So, in essence, really we're sort of in an
4 unregulatory environment that's unstable due to
5 the ownership issue in front of the FCC. So
6 you're right, even the draft released to the
7 industry is still labeled as such because of
8 that ownership being outstanding until the FCC
9 provides an opinion.

10 MS. BOURIANOFF: Michelle
11 Bourianoff on behalf of AT&T. And that leads to
12 a question I had, Rod. Has Southwestern Bell
13 deployed Project Pronto in any of the remote
14 terminals yet? I've checked your Web site on
15 SBC that has the deployment scheduled, and what
16 I see indicated is June dates for some remote
17 terminals and facilities, but I wasn't clear if
18 it's already been deployed places or if you're
19 waiting for FCC approval.

20 MR. CRUZ: I'll take a stab at
21 this. This is Rod Cruz. James and Marsha,
22 these are really the experts that probably
23 should address this. I think we've deployed a
24 couple of OCDs, one in California and one in
25 Houston. And we've begun deploying some of the

1 Litespan equipment in remote terminals, however
2 I don't know if the service has actually been
3 turned on and working. But I'll let you guys
4 address that.

5 MR. KEOWN: James Keown, SBC. Rod
6 is right. We have deployed some of the remote
7 terminals. But for POT service, some of these
8 things were needed for growth. But we have
9 deployed some, but not for this product, because
10 we don't have the product totally defined.

11 MS. CARTER: Melia Carter, Covad
12 Communications. Considering your comment about
13 this being a draft and it's subject to change,
14 how are we supposed to know -- receive notice on
15 what's going to change so that we can
16 incorporate in our business plan? Because
17 we're sitting here today assuming that this is
18 SBC's way of deploying Project Pronto, however I
19 personally don't have a comfort level that this
20 is what you're actually going to do.

21 MR. CRUZ: I'll address -- she
22 asked like five questions and one comment. The
23 first question was how would I provide
24 notification to you. We have a June 15th
25 scheduled meeting in Dallas to talk with

1 industry about the product offering. That's our
2 hopes that the FCC will hopefully provide --
3 render some opinion and provide some direction
4 decision before then. So that would be an
5 excellent point in time to get together and just
6 go over how the product is going to be shaped
7 and defined by the FCC.

8 No. 2, I assume that in advance of that
9 if something were to happen, we would be -- send
10 out an accessible letter that would finalize the
11 product position and offering to the industry.

12 MS. CARTER: And what type of
13 notification are you going to have on that
14 accessible letter as far as a time frame?

15 MR. CRUZ: I'm not sure I
16 understand your question.

17 MS. CARTER: Well, I guess my
18 question is is it going to be a notice saying,
19 "As of today this is changing," or is it going
20 to be a notice saying, "In 90 days this is
21 changing"? What type of time frame on the
22 notice are you going to provide to the --

23 MR. CRUZ: It's going to depend on
24 the decision provided by the FCC. I mean, if
25 they say a telephone company can own the OGDs

1 and the plugs, I imagine it would be very short
2 turnaround to say, "Here's the product we're
3 offering. Let's begin contract negotiations."
4 And we are having some preliminary discussions
5 with the carriers on the offering today. So
6 those conversations are taking place as we
7 speak. However, if they say the telephone
8 company cannot own the plugs or cannot own the
9 OCD, then we've got a lot of product work to do.
10 So I can't commit to you a specific date,
11 because we're working very hard to just try to
12 get the product to line. We're making those
13 assumptions that are causing those documents to
14 be labeled as draft.

15 MS. CALDWELL: This is Jackie
16 Caldwell. In order for us to get our business
17 plans together, we would find it very helpful to
18 get a more detailed deployment schedule. As we
19 look at it, you look at the city of Amarillo,
20 and it says 2001. It doesn't even state the
21 quarter. Will you be covering the whole town?
22 What specific areas of the town will you be
23 going to? We need some information like that.

24 MR. KEOWN: I'll take that. James
25 Keown, SBC. Understanding that as we roll out

1 Project Pronto, we already talked about 20,000
2 remote terminals. So we certainly haven't set
3 dates on when those 20,000 will all turn up. So
4 as the engineering work proceeds and the
5 planning proceeds, we'll start posting dates on
6 months that those remote terminals will turn up.
7 But 2001 is a long ways for us right now. And
8 just knowing that it will turn up in 2001 is
9 pretty big for us.

10 MS. CALDWELL: Well, then, what
11 kind of notice will we be getting? Will we be
12 getting a schedule six months in advance? Nine
13 months in advance? A year?

14 MR. KEOWN: Yes. That's --

15 MR. MASON: Let me ask a
16 clarifying question. I'm sorry. You're just
17 going to show when they're turned up, or you're
18 going to proactively plan for -- I didn't
19 understand that.

20 MR. KEOWN: Okay. James Keown
21 again. We will be disclosing the remote
22 terminal turn-up date six months in advance.
23 It's a plan for the Web site.

24 MR. SRINIVASA: Does that answer
25 your question? Six months in advance.

1 MS. CALDWELL: Thank you.

2 MS. BOURIANOFF: Michelle

3 Bourianoff on behalf of AT&T. Is there a place
4 that CLECs can go to get information on where
5 Pronto has actually been deployed? You
6 indicated that it has been deployed in a few
7 remote terminals, I guess. And then after you
8 answer that question, I have one other question.
9 Because I can't find it on the Web site where
10 you -- where the list of deployment is.

11 MR. KEOWN: Let me take part of
12 it, and then I'll let Chris handle the other
13 part. The remote terminals that have turned up
14 aren't -- I mean, they're part of Project
15 Pronto, but they aren't providing this broadband
16 service that we're planning on offering. So
17 it's just normal business for us to turn up
18 remote terminals, and that's what we've done
19 with these particular ones. Chris.

20 MR. BOYER: The information should
21 be available at the Web site that we've pointed
22 out in the accessible letter that was released
23 on the 24th. Also, that same Web address is
24 listed at the end of this presentation as well.
25 The information should be there. If you have

1 any problems in terms of accessing the Web site
2 or if the information is not there, contact me,
3 and we'll see if we can get the information put
4 out on the site.

5 MS. BOURIANOFF: My confusion when
6 I look at that Web site is that it shows, you
7 know, remote terminals and facilities, and the
8 first dates there are June. And I guess I was
9 confused by an earlier answer. I thought you
10 had said you already deployed a couple of
11 locations in California and in Texas associated
12 with Project Pronto.

13 MR. CRUZ: Michelle, those were
14 the optical concentration devices. So that
15 would be at the central office. I wanted to
16 clarify that we've done some work at the CO.
17 But specific to the RTs, I think you can follow
18 that schedule on the Pronto Web site to give you
19 more insight.

20 MR. BOYER: And just one more
21 point of clarification on that as well. Those
22 sites in California and in Houston actually were
23 deployed for test purposes to test the
24 functionality between the OCD and the Litespan.
25 Obviously, we have some internal issues for

1 anybody to provide -- we have to make sure the
2 Litespan works properly with the device that we
3 procured for the OCD. So those were deployed
4 specifically for internal testing to make sure
5 the products that were outlined in here actually
6 did work.

7 MS. BOURIANOFF: And then those
8 locations where Southwestern Bell -- I'm
9 sorry -- where SBC deployed the OCD in the
10 central offices, does Southwestern Bell own the
11 OCD?

12 MR. BOYER: I believe in that
13 situation, yes, we're working off the assumption
14 that Southwestern Bell will own the OCD unless
15 we hear otherwise from the Federal Commission.

16 MS. McCALL: Cindy McCall,
17 WorldCom. You said that those RTs were deployed
18 recently for testing purposes. Do you have real
19 customers?

20 MR. KEOWN: James Keown. We don't
21 have any real ADSL customers over these POTS --

22 MS. McCALL: Do you have real POTS
23 customers?

24 MR. KEOWN: I don't know the
25 answer to that question.

1 MS. McCALL: I would be interested
2 to know that. And, also, did I understand y'all
3 earlier to say that you would not be migrating
4 current customers over to the Pronto network
5 unless they requested ADSL?

6 MR. KEOWN: James Keown again.
7 That is correct. Pronto again is -- I sound
8 like a broken record. I'm sorry. Pronto again
9 is an overlay network. We don't have plans to
10 just mass LST customers over to the Pronto
11 platform.

12 MS. McCALL: You didn't understand
13 my interest in why -- in whether or not those
14 customers that you -- the customers that you
15 have on there are real customers that just have
16 POTS that you put on Pronto, the California and
17 the Houston RT.

18 MR. KEOWN: I'm sorry. I couldn't
19 hear all your question. I'm sorry.

20 MS. McCALL: I would be interested
21 to know the answer to my question.

22 MR. BOYER: Is the -- if I may
23 ask, please. Is the question the fact at
24 whether or not we have any voice customers on
25 that particular RT or DSL customers?

1 MS. McCALL: No. If there are
2 real voice POTS customers on those RTs.

3 MR. BOYER: Thank you.

4 MR. GUNNELS: Mike Gunnels with
5 AT&T. Over the last six months, most of the
6 CLECs in here have been involved with SBC on
7 line sharing. And through that process, we have
8 a lot of input into where splitters would be
9 deployed, under what COs, and things like
10 that -- when they would be deployed and things
11 like that. I was just wondering what kind of
12 process are they following for Project Pronto in
13 terms of where they're going set up these RTs
14 and what capacity the RTs would have and that
15 type of thing? I have not seen a similar
16 process for Project Pronto. I would think that
17 they would want to size up the demand from the
18 CLEC community for that.

19 MR. SIEGEL: And I guess I can
20 just add to that question. I know that CLECs,
21 at least during the March 1st meeting -- IP
22 Communications as one of the -- did request to
23 have input towards the timing of where the new
24 equipment would go in.

25 MR. SRINIVASA: Have you taken any

1 input from the CLEC community, because they're
2 also your potential customers? For Pronto, we
3 want new generation DLC boxes.

4 MR. KEOWN: As far as sizing, the
5 capacity --

6 MR. SRINIVASA: And also siting,
7 where it's going to be located.

8 MR. GUNNELS: And schedule, where
9 it's going to be deployed first.

10 MR. MASON: Like territorially,
11 not --

12 MR. KEOWN: I'm not aware of any.
13 I don't know the answer to that. I'm not aware
14 of any.

15 MR. CRUZ: This is Rod Cruz with
16 SBC. James, could you maybe talk us through
17 some of the history with the decisions that SBC
18 has take to roll out Pronto and -- the point of
19 all this is this was done years ago -- a year
20 and a half ago. And it wasn't something that --
21 versus line sharing when we worked collaborative
22 with the CLEC community to implement and be in
23 compliance with the line sharing order. In a
24 collaborative setting, we got together and
25 talked through, you know, when -- the whole

1 ownership of the splitter and who would own it,
2 the ILEC or the CLEC. And we decided to work
3 together to talk and prioritize central offices
4 on which SBC, the ILEC, would own and deploy the
5 splitters. I think Pronto and the whole
6 broadband service offering is maybe in a
7 different light. James, maybe if you could talk
8 us through some of the --

9 MR. MASON: And just let me add
10 this before you answer. I guess the question is
11 there has to be some criteria that was used, so
12 what is that?

13 MR. KEOWN: Well, let me answer
14 that in a backwards fashion. And if I don't
15 answer your question, please ask it again. The
16 way remote terminals are sized -- and any
17 outside plant design is sized -- I'm not an
18 outside plant engineer specialist, but I did
19 have the staff for a while, so I know how things
20 are laid out.

21 But the way outside plant remote
22 terminals are sized is typically you look at the
23 number of living units in a particular
24 geographic area that these terminals are going
25 to be served. So, if you have a piece of ground

1 that will hold 100 households, you typically
2 size your remote terminals to serve that 100
3 households. That ground is not going to expand,
4 so you are pretty much bound by the capacity and
5 the number of services -- the number of
6 customers you'll be serving out of that area.
7 So, to take any more input would assume that
8 there's going to be some houses on top of houses
9 or living units on top of living units. So we
10 have sized the terminals to handle the
11 geographic areas that they're serving. And to
12 that extent, I think we've covered --

13 MR. MASON: Well, we can talk
14 about that. I mean, I didn't want to get into
15 the remote terminal sizing because, I mean, that
16 doesn't take into account collocation space in
17 there. But we can talk about that in a second.
18 I think the specific question is the roll-out
19 schedule and what the criteria were for where
20 you're placing RTs, not the size of -- we can
21 get into that in a second -- but just how that
22 process has taken off.

23 MR. KEOWN: And maybe a little
24 history on Project Pronto. Sometime ago, in
25 early '99 or late '98, SBC had made a decision

1 to deploy the Alcatel or a next generation
2 digital loop carrier system in a serving
3 territory. Project Pronto was kind of conceived
4 in an August -- really in a March time frame to
5 look at deploying a broadband network capable of
6 serving DSL service -- high speed Internet
7 access service -- to a customer base.

8 To answer your question, it would take
9 CLEC consideration. Again, I don't know -- I
10 don't recall any CLEC input into the time and
11 the sizing. Again, the plans were to deploy
12 this type of architecture anyhow to relieve
13 capacity and to provide the broadband network.
14 So, no, we did not -- I'm not aware of any,
15 unless somebody else is.

16 MR. BOYER: No. And to add to
17 James' point, the Project Pronto deployment
18 schedule was targeted to try to increase the
19 availability of DSL services to the mass market.
20 So I think realistically, as you talk about
21 criteria that we would use in deploying the
22 service, obviously I think some of the criteria
23 would be how do we most effectively meet the
24 additional demand that we may have for DSL type
25 services, specifically in quite a few different

1 Tier I office locations and some of the Tier II
2 offices.

3 So what you're looking at here is a
4 deployment that increases the availability of
5 DSL from about 40 percent of Southwestern Bell's
6 end users in Texas to approximately 80 percent.
7 So I think it was strategically deployed to meet
8 that general goal. Now, to say, you know,
9 whether or not we received input from any one
10 party or any party at all in terms of where to
11 physically put those elements, I think that --
12 the assumption would be that because most of
13 this deployment is going into large metropolitan
14 areas and universally across Texas to reach that
15 80 percent goal, that you're going to meet most
16 of the demand.

17 MR. KEOWN: And to add to that,
18 one of the things that we did take a look at is
19 we went to our marketing organization to look
20 for lots of pieces of intelligence. And one of
21 the big inputs in that intelligence was where
22 are cable modems at. And we wanted to provide a
23 competitive alternative for cable modem
24 customers with DSL type service. So we took
25 some input from our marketing organization

1 looking at the cable modem footprint, and
2 there's some other demographic information that
3 went into this mix to prioritize how our
4 offices were -- our roll-out schedule. So
5 there's a lot of information that went into the
6 pipeline into the -- into the thinking.

7 MR. SRINIVASA: Did you get the
8 ACI's deployment plan? Did they say where they
9 were going to deploy cable modems? Time Warner,
10 did they give where they're going to deploy
11 cable modems?

12 MR. KEOWN: We had commissioned a
13 study from -- and I don't remember the name of
14 the company that did the study for us -- to just
15 look at where cable modems were rolling out.
16 Again, that was one factor. There were about
17 five factors that were used in determining the
18 priority schedule of our offices.

19 MR. MASON: I'm not sure that
20 answers your question, so maybe I'll let you ask
21 another one.

22 MR. SIEGEL: Howard Siegel. I
23 guess I'll have to say that the concern the
24 CLECs raised back in March was that given that
25 SBC is only -- or Southwestern Bell is only a

1 wholesale provider of this service, is not a
2 retail provider, although was providing retail
3 services when they conceived the product, but
4 now is only wholesale, it would make sense that
5 you would deploy based on the needs of your
6 consumers, that being the data providers, and no
7 consultation in place.

8 MR. SRINIVASA: Was this a
9 historical perspective you were gaining prior
10 to -- the ADSL service was still Southwestern
11 Bell Telephone's offering at the time, if you
12 were looking at --

13 MR. KEOWN: That is correct.

14 MR. SRINIVASA: Now, the ASI is
15 going to provide the service, but you're going
16 to provide the infrastructure for any DSL
17 provider?

18 MR. KEOWN: That's correct. Any
19 data CLEC will have access to it.

20 MR. SRINIVASA: So the ASI is just
21 another customer just like any other CLEC?

22 MR. KEOWN: Absolutely.

23 MR. SRINIVASA: Now, are you going
24 to consider other CLEC's deployment plans and
25 where their activities are in planning -- in

1 determining the locations for your new
2 generation DLC equipment? It's customer demand.
3 That's what's going to drive where you're going
4 to deploy them.

5 MR. KEOWN: Well, a lot of the
6 work has already been done, particularly for
7 this year's roll out, so it's -- that's a little
8 behind us. Again, we took a lot of data -- a
9 lot of information intelligence from our
10 marketing organizations that -- where would be
11 the best positions to locate these things and
12 put that into our decisions. I don't know that
13 I'm prepared to answer any more specifically
14 than that.

15 MS. GENTRY: Jo Gentry, IP. Let
16 me try a different twist on that. I believe you
17 had told us in March that you started developing
18 Pronto in '98, so approximately two years ago
19 and however many months since then. So we can't
20 undo what you didn't ask us over the last two
21 years. So going forward, we asked you in March
22 that we'd like to participate in discussions.
23 We're asking you again today we'd like to
24 participate in discussions. I guess what we're
25 looking for is a commitment.

1 It took us from March 1st until today
2 to have another Pronto discussion with SBC.
3 Many of us CLECs have asked repetitively for a
4 group forum to do that. We appreciate you
5 coming today. We appreciate you doing the one
6 on the 15th, next week. Can we participate in
7 some kind of collaborative strategic placement
8 of how you're going to roll out going forward --
9 I mean, I'd like to be optimistic that we can
10 actually have some input into it and then have
11 some results of things that we wished developed
12 into your going forward product.

13 MR. CRUZ: This is Rod Cruz. I
14 take some objection to some of the comments that
15 Jo just made, because we've had dialogue and
16 discussions with other CLECs, other carriers on
17 the broadband service. As a matter of fact --

18 MS. GENTRY: We've had individual
19 one-on-ones. We asked for group discussions so
20 that we can address the issues.

21 MR. CRUZ: We had an unprecedented
22 forum back on March the 1st. And the reason why
23 the POTS isn't available and laid out is because
24 of the uncertainty on the ownership issue which
25 we're still waiting on. So, even in advance of

1 that, we're still scheduling a June 15th forum
2 to once again talk with folks. So I think to
3 characterize it as something that "We have
4 requested meetings and discussions and dialogue
5 and we have not responded," I think that's
6 unfair. That's my personal view.

7 Secondly, I think that without a doubt
8 we would want to meet with CLECs and consider
9 their needs on a future going forward basis to
10 see what demand they would have for the
11 broadband service and what flavors and what
12 shapes and colors and sizes we would take into
13 consideration. I mean, if they want me to
14 commit to saying, you know, we'll meet. Yeah.
15 The answer is yes, of course, we'll meet and
16 have these type of discussions with the
17 carriers.

18 MS. GENTRY: Let me clarify. Are
19 you saying you wish to have one-on-one meetings
20 going forward instead of collective CLEC forums?
21 Because what I was addressing was group things
22 that you could address the industry's issues. I
23 know you and I have talked off-line. But that
24 isn't -- if that's the only vehicle I have is
25 one-on-one, then we'll pursue those.

1 MR. CRUZ: And I think I'm going
2 to give probably a fairly generic response to
3 that. No. 1, I think we need to have some group
4 discussions that would address big policy
5 questions as a whole, but yet, as we get on
6 one-on-one negotiations -- IP's business plans
7 and utilization of my broadband service versus
8 what Covad, NorthPoint, AT&T may do are all
9 going to be totally different lines of interest.
10 So, from my view, I think you've got to do both,
11 and I think we've done both is my point. We've
12 had one-on-one discussions with carriers. And
13 in addition, we've had one large seminar on
14 March the 1st, and we're willing to have another
15 one. And the reason I'm telling you that we
16 haven't had others is because of this ownership
17 question that's been outstanding.

18 So I just want to make sure that
19 everybody understands that we're willing to
20 discuss this in a dialogue. And so what I want
21 to do on a one-on-one, Jo, is sit down with you,
22 and you tell me what are your needs, what are
23 your forecasts, what are your markets, what
24 central offices are you interested in, and then
25 we'll go from there, which I think is a very

1 different plan than what Mike and Julie were
2 talking about from an AT&T perspective.

3 MR. KEOWN: And, Your Honor, to
4 add to that, even I forget sometimes that this
5 platform -- this architecture that we're
6 deploying is more than just a DSL serving
7 vehicle. I mean, it will serve neighborhoods.
8 It will serve voice customers. It will serve
9 POTS. So, again, as I mentioned earlier, when
10 we do an outside plant plan, we have to engineer
11 to meet those demands also. You mentioned
12 earlier the carrier of choice -- or last carrier
13 of choice. So we still have to meet the demands
14 of the market from a voice perspective also. So
15 we have to take in all these considerations as
16 we look to lay out these remote terminals. So
17 all that stuff piles in -- all those items pile
18 in together to make the decision on where you
19 locate the remote terminal and when do you go in
20 with them.

21 MS. CALDWELL: Jackie Caldwell.
22 If SBC has been looking at providing this
23 service since 1998, then obviously they've
24 considered various marketing factor on where
25 they're going to place their remote terminals.

1 Have they shared their marketing research with
2 ASI? That would put ASI way ahead of the curve
3 as to knowing exactly what's going on with this
4 project.

5 MR. KEOWN: I can tell you that at
6 least since I've been involved with this
7 project, which was from early 1999 -- of course
8 ASI wasn't even formed until October of '99.
9 But since --

10 MR. LEAHY: This is Tim Leahy for
11 Southwestern Bell. I think it should be clear
12 for the record that the separate subsidiary,
13 ASI, was created as a result of merger
14 conditions with the SBC and Ameritech merger.
15 Other ILECs are not subject to that condition.
16 So I think the record needs to be clear that
17 we're subject -- the SBC companies are subject
18 to a greater separation than other ILECs are
19 subject.

20 MS. CARTER: Melia Carter, Covad
21 Communications. I think her question was does
22 ASI -- the ASI affiliate have similar leadership
23 that were prior to those plans in 1998?

24 MR. LEAHY: ASI wasn't -- there
25 was no ASI to speak of.

1 MS. CARTER: But the people may
2 have been around.

3 MR. LEAHY: Okay. Well, if we're
4 going to talk about transfer and (inaudible), I
5 think that can be addressed in some other forum,
6 perhaps, but it's certainly not appropriate
7 here. That was all -- that separate subsidiary
8 was established by the FCC as part of merger
9 concerns, and merger conditions are fairly
10 specific. And if you want to -- you know, if
11 Covad participated in that process and if Covad
12 wants to ask the FCC to reconsider that order,
13 it can, or maybe it has done so.

14 MS. CARTER: I think the question
15 was does the affiliate have information that the
16 CLEC community does not have?

17 MR. LEAHY: And we've got very
18 specific -- we've got very specific obligations
19 under the merger conditions, and we fulfilled
20 those merger conditions. So, if the question is
21 rhetorical, my suggestion is that it's
22 inappropriate. If the question is not
23 rhetorical, I suggest you go to the merger
24 conditions and look at what our obligations are.

25 MR. SRINIVASA: The merger

1 conditions are what they are. They're already
2 stated in there.

3 MS. CARTER: I understand. That's
4 not my question.

5 MR. SRINIVASA: The issues are --
6 we're trying to find out their deployment
7 schedule, their planning. Did that take CLEC
8 demands into account? That's what we're trying
9 to get to. Historically they didn't. On a
10 going forward basis, they're saying they are
11 going to consider it. And if they are going to
12 consider it, how are you going to communicate to
13 them what your plans are, and what mechanism
14 should be established to make that happen?

15 MR. SIEGEL: Howard Siegel, IP
16 Communications. There are probably a variety of
17 things that can be done. What we did in the
18 line sharing, which I think worked well, is we
19 actually had -- the CLECs, including ASI as
20 another interested party, kind of went around
21 the room prioritizing. And it was -- the
22 community itself said, "Okay. This is my first.
23 This is my second," and we went around, and SBC
24 built a schedule taking those numbers, working
25 it around their work groups, and then

1 prioritizing consistent with the way they were
2 prioritized by the CLEC community.

3 MS. SCHLACKMAN: This is Betty
4 Schlackman with SBC. I would just like to say
5 that that prioritization schedule was done in
6 compliance with the line sharing order, and also
7 it was where Southwestern Bell agreed to provide
8 splitters. Line sharing was available at all
9 offices where CLECs want to put in their
10 splitters, so I think that's kind of apples and
11 oranges.

12 MR. BOYER: And this is Chris
13 Boyer speaking from SBC as well. I would just
14 like to quickly elaborate on that point. In the
15 accessible letter that we released on May 24th,
16 we actually indicated in there our intention of
17 having the forum on June 15th to actually talk
18 about some collaborative issues with the CLEC
19 community. We also listed in there the fact
20 that we are considering at this time having
21 monthly meetings with the CLEC community to talk
22 about the Pronto deployment. So these are
23 certainly issues that we can bring up in any
24 kind of collaborative meetings what we would
25 have going forward.

1 MR. KEOWN: And, Your Honor, just
2 to make sure the record is clear, ASI doesn't
3 have any more information about where these RTs
4 are than what is published on the public Web
5 site for all CLECs.

6 MR. GUNNELS: This is Mike Gunnels
7 with AT&T. I just wanted to make the
8 observation in terms of the level of
9 collaboration that has gone on around line
10 sharing, which is probably a much simpler issue
11 than Project Pronto, and yet we have met on a
12 weekly basis since the 1st of January. And I
13 think it would take a lot more than just a
14 monthly meeting to really start ironing out some
15 of these issues on a collaborative basis.

16 MR. CRUZ: Rod Cruz, Southwestern
17 Bell. I disagree with that. I think that the
18 issues around line sharing from an operational
19 perspective were complex in nature. We were
20 really understanding a lot of the relationship
21 between having two carriers share the metallic
22 loop. And in that case, it was -- I think we
23 had a very short time frame to meet a very full
24 agenda, and I think weekly meetings were
25 appropriate at that time. I think with the

1 broadband service, if we can get some positive
2 dialogue around either the negotiation tables or
3 the forum or the monthly meetings -- and I'm not
4 opposed to -- Mike, if you believe we need to
5 have them every other week or biweekly, I think
6 we can meet those demands. I just don't
7 think --

8 MR. SRINIVASA: Why don't you
9 start off with biweekly and see how that goes?
10 I mean, can you establish something similar to
11 biweekly meetings with your customers?

12 MR. CRUZ: Yeah, we're willing to
13 do that.

14 MR. BOYER: Yeah, we're willing to
15 consider that.

16 MR. CRUZ: I mean, I just wanted
17 to say that initially if we need to meet more
18 often, we can. But just to say line sharing is
19 simple and (inaudible), I would disagree with
20 that statement.

21 MS. LOPEZ: Ann Lopez, Rhythms.

22 THE REPORTER: I'm sorry. I can't
23 hear you.

24 MS. LOPEZ: I'm sorry. Ann Lopez
25 from Rhythms. I've never been accused of being

1 able to talk low or not being heard.

2 I would like to get a specific date as
3 to when these meetings would actually start,
4 because we've been asking for this. And we've
5 had dates and time frames that we've been
6 committed to on a one-by-one basis, but then
7 when it comes to a general forum, those dates
8 seem to be slipping. So I would like to have a
9 committed date or time frame to start these
10 meetings from SBC so that we can start moving
11 forward and getting these issues resolved and
12 get a clear understanding of this service which
13 is no longer a UNE product.

14 MR. SRINIVASA: Can you set a
15 start date and then --

16 MR. CRUZ: Well, one dynamic
17 that's a little different with respect to this
18 product -- again, I go back to the uncertainty
19 of the ownership issue. If we want to talk
20 conceptually, we can talk, you know, without
21 making some assumption about the POTS offering,
22 we'll have to do that -- we've been doing that
23 one-on-one with other carriers. And, Ann, I
24 apologize if you sent something my way that
25 requested a meeting with us to talk about the

1 broadband service, because I've not seen it.

2 MR. SRINIVASA: Well, let me ask
3 you this. Regardless of --

4 MR. CRUZ: June 15th is the
5 meeting we've got scheduled, which is, what, ten
6 days away. I have a meeting in Dallas as a CLEC
7 industry and community to talk about the issues.

8 MR. SRINIVASA: How about
9 June 15th?

10 MS. LOPEZ: June 15th is fine for
11 me.

12 MR. SRINIVASA: For the first
13 meeting. And you're going to have biweekly
14 meetings. Regardless of what the ownership is,
15 you still have to know -- you know, if ASI owns
16 all of them -- if you decide to deploy that
17 equipment for ASI, you have to consider what
18 these people are saying for the equipment, too,
19 to deploy what needs to be deployed.

20 MR. CRUZ: The ownership issue
21 gets to be complex from the ordering provision
22 perspective of the product. That's all I want
23 to say about that. So, I mean, as long as
24 people understand that there are still some
25 uncertainties around the order and provisioning

1 of the product. If the ownership of that
2 equipment changes, then we'll be happy to visit
3 with anyone about the subject.

4 MR. BOYER: We should be able to
5 discuss theoretically some of the other issues,
6 but would not be able to get into some more
7 specifics in terms of ordering requirements not
8 knowing some of the issues.

9 MR. SRINIVASA: Start from
10 June 15th, and then try to schedule one every 15
11 days. And I'd like to see, at least, if you
12 come up with some resolutions or something in
13 that meeting -- you know, if you can put that in
14 written form and file that under this project,
15 20400, at least you'll keep us posted at what's
16 going on in the meeting. Let's go on.

17 MR. BOYER: I kind of lost my
18 train of thought here.

19 MR. MASON: Your short overview.

20 MR. BOYER: My short overview
21 turned into quite a long presentation.

22 MR. MASON: I think we're on

23 Page 13.

24 MR. BOYER: Yes, I think we are.

25 I would like to just make one --

1 MR. MASON: If we could just
2 quickly work through the rest of this.

3 MR. BOYER: Yeah.

4 MR. SRINIVASA: And we can hold
5 off questions and then come back.

6 MR. BOYER: Right. Actually, the
7 last two pages here talk about the high level
8 service order flows. Your Honor, if you have
9 any questions specifically regarding order
10 flow -- I would just prefer to avoid that topic.
11 And what I will do is commit to the CLEC
12 community that we will address that in quite a
13 bit more detail here on the 15th meeting. So I
14 think we'll get into quite a bit of detail on
15 service order flow, unless you have any specific
16 questions about the -- I will say this much
17 about it. ASI will have the same order flow as
18 any other CLEC there, so it's a parity offering.
19 So we will get into quite a bit of detail on
20 that in the next meeting.

21 So, at this point, I'd like to just go
22 to Page 15. This is just mostly logistical
23 information. The actual business requirements,
24 including LSR service order exhibits, those have
25 been part of the change management process since

1 March 10th, and they also are part of the
2 May 27th release through changed management. We
3 did provide the accessible letter announcing an
4 ASR piece of this, the requirements again, on
5 the 24th of May. The product as of today --
6 this offering that is in here today -- I guess
7 somebody had pointed out before whether or not
8 we would make this product available. Under the
9 general assumption that the Federal Commission
10 does not materially alter the manner in which we
11 could provide this, what is listed in here today
12 is going to be at least the basis of our initial
13 product offering. And that is not to say that
14 this is our final offering. As we talked
15 throughout the discussion today, there are
16 several other issues we will consider in term of
17 expanding this as we move down the road.

18 Contract language was attached to the
19 accessible letter, so we are in a position at
20 this point in time to negotiate terms, if any
21 parties are interested in having one-on-one
22 discussions with us during contract
23 negotiations. This also lists -- network
24 disclosures were released that list the
25 information as to which RTs are being deployed.

1 That is available at the Web site listed here.

2 And basically just as a final comment
3 on this, I would just like to state, based on
4 all the -- to get on the record, based on all
5 the conversation today, that this product
6 offering really is intended to make DSL -- make
7 the xDSL offering available to the mass market
8 consumer out there. And my belief is that it is
9 firmly consistent with the Federal Commission
10 and with all the stated intent that we will
11 provide DSL services to the mass market to the
12 majority of consumers out there, which is the
13 reason why we've chosen, with this particular
14 offering, to go with the burst e-type technology
15 with asynchronous type modes. And that's the
16 position that we've outlined in this particular
17 presentation. That is -- again, not to say that
18 we won't consider other flavors and other forms
19 as time goes by.

20 MR. SRINIVASA: Do any of the
21 other CLECs want to give their viewpoint?

22 MR. GARCIA: Yeah. Five minutes.
23 Gabriel Garcia, Mpower Communications. I guess
24 I just want to give you the perspective from one
25 CLEC coming into the Texas market. Mpower

1 Communications is a facilities-based
2 communications company. We're collocating
3 equipment in several cities in Texas; Houston,
4 San Antonio, Austin, Dallas, Fort Worth. We're
5 investing millions of dollars into that
6 equipment. Our goal is to sell local and long
7 distance and provide Internet service, providing
8 voice and data over DSL.

9 Our product is geared at the small to
10 medium-sized businesses. It's through DSL --
11 through an SDSL technology. What I'm hearing
12 today, and what I've heard from previous
13 discussions at the FCC, essentially is that SBC
14 is going from currently being able to provide
15 ADSL to about 10 percent of its customers,
16 almost 10 million customers, to 80 percent,
17 approximately 77 million customers. I'm hearing
18 that companies such as Mpower will not be able
19 to reach that expanded -- that new market of
20 xDSL customers for a variety of reasons.

21 What I've heard is that SBC is
22 deploying 20,000 of these remote terminals.
23 They also have a lot of them in place that are
24 being upgraded, and that roughly 60 percent of
25 those RTs are cabinets, which is the majority,

1 and it's very difficult to collocate in those,
2 if at all. I'm hearing that the rest, 40
3 percent, are going to be CEVs and huts, and
4 there may be opportunity to collocate in those.
5 So what I'm hearing is that as to that expanded
6 market for -- the DSL market, that I may be able
7 to -- that companies such as Mpower may be able
8 to reach 40 percent of that new market.

9 I'm also hearing that with regard to
10 the market that I already have entered into
11 where I've collocated, I'm hearing "Don't worry.
12 Even though there's going to be an overlay with
13 Project Pronto of a new technology, you're
14 not" -- essentially that no -- that in that band
15 from 12,000 to 18,000 feet, I'm hearing that,
16 "Oh, we're not -- you're not -- those customers
17 are not going to be migrating over to Project
18 Pronto," so I'll be able to still reach those
19 customers. And I still have some concerns about
20 that. I think some of the CLECs here have the
21 same concerns.

22 So, in a nutshell, I'm hearing that
23 companies such as Mpower that are coming into
24 Texas, deploying millions of dollars by
25 collocating, essentially will not be able to

1 reach this new expanded market for DSL.

2 Let me just illustrate for you what I'm
3 talking about. Y'all have seen these from SBC's
4 Web page. These are deployment maps. This is
5 for Dallas. This is for Austin. Essentially,
6 the gray areas -- this is pre- and post-Project
7 Pronto. The white circles are the pre-Project
8 Pronto. Those are the customers that can be
9 reached -- that's the radius around the central
10 offices. The post is the gray area. I'm
11 hearing that I will not be able to reach the
12 customers in the gray area. That's what I'm
13 hearing today, that companies such as Mpower
14 will not be able to reach the customers in the
15 gray areas. That does not sound to me like the
16 opening of the local market to competition.

17 MR. BOYER: Your Honor, I'd like
18 an opportunity to address that, if I could.

19 MR. SRINIVASA: Please.

20 MR. BOYER: You know, I think in
21 general SBC supports the deployment of advanced
22 services. I think the gentleman from Mpower may
23 have somewhat confused the issue, because I
24 don't quite understand how he's saying that he
25 could not provided advanced services in those

1 particular areas. Most of the areas in which
2 we're deploying Pronto, especially in Texas, are
3 going to be areas in which we cannot serve DSL
4 services today using traditional CO-based DSLAM
5 infrastructure.

6 As we've stated today again and again,
7 that in the cases in which you could possibly
8 use either a CO-based DSLAM or the Pronto
9 infrastructure, the CLEC will be given a choice.
10 We will leave the copper in the ground for the
11 time being, and the CLEC will have the option of
12 either using copper, which he could tie into a
13 CO-based DSLAM, or using the Project Pronto
14 infrastructure to serve those customers in which
15 either technology will work. In the case in
16 which the loop length is too long, even, as
17 Ms. Gentry stated, sometimes even greater than
18 30,000 feet if they have some sort of upgraded
19 type of DSL offering, the only technology that
20 is going to work is Project Pronto, the
21 technology we're deploying here.

22 I would like to ask what other feasible
23 forms of technology would you like to see
24 deployed? I mean, if you don't deploy Project
25 Pronto, those consumers -- those customers that

1 are that distance from the office have no option
2 for DSL service. So, really, this is an
3 additive. This is adding additional
4 capabilities to the CLECs and adding DSL
5 capability to the consumers. I think that most
6 of the folks in this room would support that as
7 a general goal, to expand the availability of
8 advanced services.

9 MR. SRINIVASA: Does Project
10 Pronto support SDSL services?

11 MR. BOYER: Not at this point in
12 time, no.

13 MR. GARCIA: That's the concern,
14 Your Honor.

15 MR. BOYER: But you still have
16 copper facilities that do support SDSL.

17 MR. LEAHY: Your Honor, Tim Leahy
18 for Southwestern Bell. I'd just like to ask
19 Mr. Garcia what's the length -- what's the reach
20 of your SDSL that you provide today?

21 MR. GARCIA: Well, it's --
22 basically it's -- the equipment, we use copper
23 mounting equipment. It's up to 18,000 feet, but
24 usually there's some -- you know, it's not
25 uncommon to find load coils in that 12,000 to

1 18,000, you know, area. I think all the CLECs
2 here are very familiar with that. So we -- you
3 know, when we're trying to reach customers
4 within that band, usually we have to make a
5 request to -- a request has to be made to remove
6 load coils or things of that nature to reach
7 those customers.

8 MR. SRINIVASA: The gray area
9 which you were showing, today -- you know, there
10 is one, which is the white area. Then you have
11 the gray -- the circles.

12 MR. GARCIA: Right.

13 MR. SRINIVASA: You are able to
14 offer SDSL service within that circle?

15 MR. GARCIA: Within that circle,
16 correct.

17 MR. SRINIVASA: Okay. Are you
18 able to offer SDSL outside of that circle, in
19 the gray areas?

20 MR. GARCIA: Not today, no. And
21 what Project Pronto will do is that it will open
22 up that market. What I'm suggesting is that
23 it's opening it up in an unfair manner, because
24 CLECs such as Mpower that essentially have a
25 business plan based on SDSL -- we're not

1 interested in ADSL. Our whole business plan is
2 based on another version of DSL, and therefore
3 those CLECs that can -- that will have access to
4 that market will have a tremendous competitive
5 advantage over those CLECs that have a business
6 placed based on SDSL.

7 That's the concern that I have, is
8 there's going to be a tremendous advantage
9 because SBC has made a business decision to
10 deploy Project Pronto in such a manner that ADSL
11 will be provided ahead of SDSL or any other
12 flavor of DSL.

13 MR. SRINIVASA: Let me ask the
14 vendor. Is your --

15 MR. JACKSON: Jerry Jackson with
16 Alcatel. From a vendor manufacturing production
17 point of view, our viewpoint was where will the
18 deployment come from? We felt the deployment
19 would come from the mass market of ADSL. That's
20 why our development program went along with
21 ADSL.

22 We developed ADSL DSLAM products first
23 for the CO, 18 kilofoot range. Alcatel then
24 acquired a company called DSC Communications,
25 which was heavily involved in the digital loop

1 carrier arena, because Alcatel itself had no
2 product here in the States that had a digital
3 loop carrier system. We acquired DSE
4 Communications, and as part of that process of
5 acquiring that company, we have then taken and
6 integrated the DSL chip sets into card
7 technology that we have now deployed in those
8 digital loop carriers. We will do the same
9 going down the road for the other forms of DSL
10 as time allows us to do the development and the
11 standards get --

12 MR. GARCIA: Gabriel Garcia for
13 Mpower. As SBC said, the CLECs were not
14 consulted in that process. There was no
15 planning to say, "You know, it's going to be
16 really unfair to deploy ADSL before other
17 versions of DSL," and we should try to do it in
18 a time frame where you can roll them out
19 simultaneously, for example. No discussions of
20 that nature ever took place.

21 MR. KEOWN: Your Honor, James
22 Keown. I'm having a hard time following the
23 gentleman's logic a little bit, too, in that he
24 said there won't be -- it will be unfair to
25 Mpower to be able to complete in the areas after

1 Pronto in that the vehicle that we have today
2 does -- it's technology. What we sometimes fail
3 to forget -- or fail to remember is that what
4 we're using is a DLC, a digital loop carrier
5 system, which was designed predominantly to
6 provide voice service, and it has been enhanced
7 to be able to provide this. It's not something
8 that's been around for a long period of time.

9 So, when he turned the chart around,
10 the areas that turned white on that chart still
11 are just ADSL serving areas because that's all
12 we can do out there at this particular point
13 with the technology. Now, if a CLEC chooses --

14 (Simultaneous discussion)

15 MR. MASON: Hold on. Let him
16 finish.

17 MR. KEOWN: If a CLEC chooses to
18 collocate or build their own facilities to be
19 able to provide the other flavors that they're
20 looking for, then those options, as we stated
21 before, are still there. Pronto doesn't remove
22 those options. So, if Mpower decided to build
23 out to a location -- in one of those other
24 locations for SDSL service prior to the
25 capabilities of the technology that we have,

1 then -- those options are still available.

2 MR. GARCIA: But we're being told,
3 Your Honor, that cabinets -- that there's no --
4 there's little or no space in cabinets to
5 collocate and that it's -- you know, it may not
6 be possible to put equipment adjacent to that.
7 On top of that, 60 percent of the current plans
8 for the RTs are cabinets. So there are some
9 serious restrictions in the way that this has
10 been architected.

11 MR. SRINIVASA: Prior to the lunch
12 break, you were going to go back and discuss --
13 find out in acquiring the land that you're going
14 to have adequate space in there for someone to
15 collocate something other than what Litespan can
16 do, you know, with DSL capability boxes. Have
17 you looked into that? Do you have --

18 MR. KEOWN: This is James Keown,
19 and I'm prepared to address that. What we want
20 to make sure that's very clear is that in
21 rolling out Project Pronto, in the new CEVs and
22 huts that are being deployed with Project
23 Pronto, SBC is going to spend an additional
24 \$50 million to increase the size of those new
25 CEV and huts to take into consideration

1 collocation space. We're trying to build those
2 so that they will accommodate anywhere from
3 three to five CLECs and their equipment at those
4 new huts and CEVs. We recognize real clearly
5 and real --

6 MR. MASON: What -- and I know
7 there was a lot of discussion about this on the
8 federal level at the workshop that they had up
9 there, but are the percentage-wise numbers about
10 the same for Texas as they are SBC overall as
11 far as percentage of CEV and huts versus the
12 cabinets?

13 MR. KEOWN: I don't have the Texas
14 specific numbers.

15 MR. GARCIA: Your Honor, I think
16 that at the FCC, SBC -- I'm sorry. I think it
17 was a gentleman from Covad that made the
18 representation that in California 75 percent of
19 their RTs are cabinets. So it varies from state
20 to state.

21 MR. KEOWN: It does.

22 MR. MASON: It would be nice to
23 see those type of numbers.

24 MR. KEOWN: I think the numbers
25 are about the same -- the percentages for Texas

1 are about the same as for the overall company.

2 The --

3 MR. DRAKE: Your Honor --

4 MR. KEOWN: The other

5 consideration is -- the other thing I want to
6 make sure is that we recognize that in a lot of
7 locations, we can't get extra space. That's why
8 we developed this broadband service to be able
9 to accommodate the CLECs' access -- provisioning
10 of advanced services. In order to enhance that,
11 we provided the optical concentration devices in
12 the central office at an additional \$300 million
13 to our business case for Project Pronto. So --

14 MR. DRAKE: William Drake with
15 WorldCom. Even if SBC expands their CEVs and
16 huts, if they have (inaudible) cases, we still
17 can't connect there. We'd still have to go out
18 to all the SEIs. So that's still holding us
19 back from deployment. They don't have a serving
20 area cross-connect at that point.

21 MR. SRINIVASA: Are you going to
22 establish serving area cross-connects like it
23 was shown in WorldCom's presentation?

24 MR. KEOWN: Kind of as we
25 discussed this morning, that's a very -- that's

1 another very expensive endeavor for the company,
2 adding another cross-connect adds another set of
3 hands in the plant type part -- point, too, so
4 you also get into some network liability issues
5 along with that. At this time, we are not
6 planning on adding that.

7 MR. SRINIVASA: In locations where
8 other flavor of DSLs cannot be provisioned using
9 the DLC technology that you're deploying, will
10 you provide ACSE so that they can provide their
11 own box for that?

12 (No response)

13 MR. SRINIVASA: Well, to the
14 extent that the new generation DLCs can
15 accommodate all flavors, there's no need to do
16 that. You can provide whatever flavor they
17 want. Only in those places where they cannot,
18 you know, can you consider that?

19 MR. KEOWN: At this point, we
20 aren't planning on building those serving area
21 cross-connects in our new plant.

22 MR. SRINIVASA: Not in all
23 locations. What I was talking -- only in
24 those -- where you cannot provide other flavors
25 of DSL -- accommodate other flavors of DSL in

1 that remote -- new generation DLC.

2 MS. CARTER: Melia Carter with
3 Covad. I would just like to reiterate the fact
4 that in many cases it may be a situation where
5 it can be accommodated, but it goes back to the
6 pricing issue that was raised earlier
7 essentially about having the ability to put
8 different types of line cards in the digital
9 loop carrier.

10 MR. BOYER: Your Honor, I'd like
11 to address that particular issue. I think once
12 again, as the gentleman from Mpower has just
13 stated and the woman from Covad -- you know,
14 everybody keeps talking about the fact that it
15 would be just as simple for us to deploy SDSL.
16 I think we need to keep in perspective one
17 thing -- first of all, there is no SDSL card
18 today. That's something that the vendor has to
19 develop. So you're talking about an issue that
20 doesn't even exist at this point in time. So,
21 to be considering policy issues on an item that
22 doesn't even exist is kind of -- we're getting a
23 little bit ahead of the game.

24 The other issue I'd like to point out
25 is the fact, as I outlined before, deploying

1 SDSL, deploying a constant bit rate type of data
2 stream on this particular technology is not as
3 simple as putting a card in the box. You have
4 severe impacts on the overall availability of
5 DSL over this service. And the Commission
6 should respectfully keep in mind the fact that
7 this is intended to go to a consumer marketplace
8 over -- like I said before, anywhere from 85 to
9 90 percent of this is going to be going to the
10 consumer marketplace. As the CLEC community has
11 addressed themselves, the deployment of SDSL is
12 really -- is to target it for a business market.
13 You're not going to need to put a 1.544
14 synchronous data stream up there for Internet
15 access for a consumer at home.

16 So, to belabor this point over and over
17 about whether or not we would deploy it, I think
18 we've made it clear today that our intention is
19 to consider deploying that technology as it's
20 made available by the vendor, considering all
21 the economic considerations that we've outlined
22 previously this afternoon. So --

23 MS. CARTER: Melia Carter with
24 Covad. I would take somewhat of an issue with
25 that response, because Covad does fully intend

1 on offering ADSL to residential end users, as
2 well as other types of technologies to other end
3 users. We do not want to be limited by the type
4 of DSL that we can provide. We have situations
5 now, currently, where we offer -- a customer may
6 want to subscribe to ADSL, and essentially they
7 are too far to give them -- too far from the
8 central office, so we do give them IDSL, which
9 can go up to 30,000 feet from the central
10 office. SDSL, I believe I've seen distances of
11 22,000 feet.

12 So we don't want to be limited just by
13 what SBC wants to deploy in the market, and we
14 don't want to be a follower of what SBC wants to
15 deploy in the market. We want to differentiate
16 ourselves in the market so that we can offer
17 services to all types of customers.

18 MR. SRINIVASA: Well, these are
19 all entry in copper that you're talking about.
20 You're not using the SDSL card in a remote DLC.
21 Is there a vendor that manufacturers a digital
22 loop carrier that accommodates SDSL cards as
23 well as IDSL cards?

24 MR. DRAKE: Yes.

25 MR. GARCIA: Your Honor, just to

1 respond a little bit to what Mr. Boyer said,
2 Mpower is interested in -- we're interested in
3 collocating in the remote terminals. I mean,
4 that would be our preference. We're really not
5 interested in becoming resellers of ADSL or
6 SDSL, which is where this product offering is
7 going. This product offering, essentially, is
8 turning the CLECs into resellers, and some of us
9 would prefer not to be resellers. You know, we
10 want -- as Covad said, we want to differentiate
11 our products from those offered by SBC.

12 MR. KEOWN: Your Honor, one thing
13 that we have to keep in mind is we talk about --
14 and I mentioned it earlier. We really are, at
15 least in my mind, taking a proactive step in
16 upsizing our CEVs and huts to try to accommodate
17 collocation. We've heard the number tossed
18 around about 25 percent of the new CEV and huts
19 that we're -- or at least 25 percent of the new
20 locations that we're deploying with Project
21 Pronto will be CEVs and huts. That really
22 represents 40 percent of the access lines within
23 the Pronto wire centers that we're deploying, so
24 there are opportunities for all, I think.

25 MR. GARCIA: I guess what I'm --

1 MR. MASON: Hold on. I'll get
2 back to that in just a second. Michelle, go
3 ahead. You've been waiting.

4 MS. BOURIANOFF: Michelle
5 Bourianoff with AT&T. Is Southwestern Bell
6 amenable to considering -- and it's my
7 understanding or my interpretation of the
8 virtual collocation tariff that CLECs might
9 already have this option -- but allowing CLECs
10 to virtually collocate on different types of
11 cards in remote terminals?

12 MR. SRINIVASA: Let me understand
13 this. So, if they have deployed a Litespan, you
14 would go to the Litespan vendor and buy the card
15 on your own and give it to them, like virtual
16 collocation?

17 MS. BOURIANOFF: Right. I mean,
18 especially if they're saying that space is going
19 to be a consideration in these CEVs, huts, and
20 cabinets, then --

21 (Cellular phone ringing)

22 MR. SRINIVASA: Could you turn
23 that off, please?

24 MR. GARCIA: I'm sorry.

25 MS. BOURIANOFF: My interpretation

1 of the Texas virtual collocation tariff is that
2 clearly in that situation, if space isn't
3 available, the CLEC absolutely has the right to
4 virtually collocate. But then, even broader,
5 given that Southwestern Bell has made this
6 decision to deploy Project Pronto in a manner
7 that supports ADSL and not other types of DSL
8 technology, would they be amenable to the CLECs
9 just generally having the right to collocate
10 other types of DSL cards in the remote
11 terminals?

12 UNIDENT. SPEAKER: I'll address
13 that. To say you will use a card is not
14 collocation. The order says you can collocate
15 equipment, and the card is not equipment,
16 therefore it's not eligible for collocation. We
17 will place equipment -- collocation, you may
18 place your own equipment --

19 MR. GARCIA: Sir, why didn't you
20 say that earlier this morning? Why did you
21 waste the whole day? Why didn't you just say
22 that earlier this morning?

23 MR. LEAHY: I'm sorry to
24 interrupt, but we've --

25 MR. SRINIVASA: If you have a

1 proposal, please make that, sir. I don't want
2 this to be a shouting match between each other.

3 MR. WAKEFIELD: Your Honor, I have
4 a question.

5 MS. BOURIANOFF: And I just
6 wanted --

7 MR. WAKEFIELD: I'm sorry. Go
8 ahead and finish your --

9 MS. BOURIANOFF: If I could just
10 respond. I mean, I understand that our
11 companies might have a dispute. My
12 understanding is that this was actually an issue
13 in the collocation proceedings in California
14 regarding what could be virtually collocated in
15 remote terminals. I understand Southwestern
16 Bell has a different interpretation regarding
17 that, but I wasn't confused. That was the
18 reason for my question.

19 MR. WAKEFIELD: Your Honor, I had
20 a question and observation. First the
21 observation that what the WorldCom subject
22 matter experts have outlined is a possible
23 product that would be provided to the mass
24 markets. It would be provided over a constant
25 bit rate, possibly it could be video, but it

1 would be to the consumer mass market. So
2 there's been discussion about ADSL being a mass
3 market product while SDSL is a business oriented
4 product. We're outlining to you a possible
5 product that would be a mass market or consumer
6 product.

7 The other question is there's
8 discussion about collocation in a remote
9 terminal. If we were to collocate in a remote
10 terminal, do we still have to connect at the
11 SAIs even though we collocated equipment in the
12 remote terminal? That was just something -- a
13 question that I had.

14 MR. KEOWN: And I think we've
15 answered that one in saying that at this point
16 the UNE remand says access to the subloop --
17 because that would be what you would really be
18 after is the subloop -- access to the subloop is
19 available at any -- at the first accessible
20 point of the subloop. And in the case of the
21 vast majority of our plants, the first access to
22 that subloop is at the serving area interface,
23 SAI or FDI, future distribution interface.

24 MS. LOPEZ: I'm sorry. Ann Lopez
25 from Rhythms. I'd like to ask a question about

1 that, because right now with Project Pronto, you
2 have facilities that run from -- because now
3 you're saying that these new CEVs will provide
4 space for two to three CLECs to collocate with.
5 In those CEVs, you actually run facilities from
6 that CEV to the SAI. If you're providing and
7 planning now to have those CEVs provide space
8 for the CLECs, wouldn't you also be providing or
9 take into consideration providing the facilities
10 from the CEV over to the SAI as part of what we
11 would connect to so that we would be able to
12 have access at the SAI? And we wouldn't have to
13 have the technicians go into the CEVs. They'd
14 simply be running the jumpers as part of the
15 subloop at the SAI, just like you would with
16 Project Pronto.

17 MR. KEOWN: Again, it gets back
18 into a basic design of the CEVs, huts, and any
19 remote terminal equipment, and how do you
20 place -- how do you run your cables. The
21 problem is the basic design -- and that is the
22 cables coming off the back planes of these
23 remote terminals just go to connector blocks and
24 splice chambers, as the Alcatel representative
25 has already outlined. That would be typical of

1 any RT design. The cables just run out to the
2 first distribution point.

3 MR. SRINIVASA: This is new
4 generation DLC.

5 MR. KEOWN: Yes.

6 MR. SRINIVASA: Why are you
7 designing it that way? If it is a new
8 generation DLC and you know there are multiple
9 providers in the market, why can't it be
10 designed differently? This is a new design.

11 MR. KEOWN: But the basic
12 principle of how the cable comes from the back
13 plane of the remote terminal to where it comes
14 to the -- to the protective frame is still the
15 same. That doesn't change. Typically the cable
16 size running from -- and if we use Alcatel as an
17 example, that cable size is 2,100 pair cable
18 because you have about 2,000 plus lines that
19 that terminal can serve. So you just run that
20 cable right out to the various SAIs or various
21 serving area interfaces. To change it -- to
22 change it means you either have to add more
23 cable pairs to keep your capacity the same,
24 which somebody would have to pay for, or you
25 chop up your plant so that it becomes much more

1 difficult to administer.

2 MR. SRINIVASA: ACSE is one of the
3 solutions that they came up with by having
4 serving area cross-connects.

5 MR. KEOWN: And that is
6 certainly -- that is certainly a possible
7 design. It is a chop up of a plant in the
8 typical design, and it is -- I mentioned earlier
9 it is an expensive proposition, because what you
10 end up with is -- I mentioned the 2,100 pairs
11 that's coming out of the cable. You also have
12 to build a device big enough to handle the
13 incoming pairs and any other devices that you
14 might have to cross-connect for other CLECs. So
15 this box could become extremely huge sitting
16 somewhere and being able to administer.

17 MS. LOPEZ: So, then, in
18 actuality, the new CEVs that they're saying
19 would accommodate two to three CLECs really
20 won't accommodate two to three CLECs?

21 MR. KEOWN: I don't think
22 that's -- James Keown again. I don't think
23 that's exactly what we're saying. We're saying
24 you still can get there. You still just have to
25 provide the cable.

1 MR. SRINIVASA: But you will have
2 to extend the cable from that all the way to the
3 SAI.

4 MR. KEOWN: Exactly.

5 MR. DRAKE: May I ask a question?

6 MR. KEOWN: If the space is still
7 available in the remote terminals for your
8 equipment --

9 MS. LOPEZ: But they're placing a
10 2,100 pair cable. They could just as easily
11 place a 3,600 pair cable and have those other
12 facilities available for the other collocating
13 CLECs.

14 MR. KEOWN: And I guess the -- we
15 get into a sizing and -- a sizing of the -- and
16 capacity of the cable that goes up on that
17 remote terminal. Do I put a 4,800? Do I put a
18 6,000? Do I put two 2,100s? I mean, it goes on
19 and on as to how big you -- and then who pays
20 for it? Those costs have to be allocated to
21 somebody, because they -- I mean, they don't
22 come free to any of us. So, I mean, I don't
23 know that on a case-by-case basis a BFR or a
24 bona fide request might be placed on us to look
25 at building that device, or at least --

1 MR. SRINIVASA: Whoever is
2 collocating there and using those cable pairs is
3 going to pay for that.

4 MR. KEOWN: But if we're talking
5 about pre-building that SAC as we go and build
6 these new terminals -- because that's been
7 suggested -- then there is no one there at that
8 particular point in time.

9 MS. GENTRY: Explain how you
10 decided which CEVs you're going to expand.
11 Because when we were in front of the FCC a few
12 weeks ago or whenever that was, my impression
13 was that SBC had not committed to do some kind
14 of an expanded -- because the discussion was you
15 can buy them in three panels or four panels, and
16 the decision was that you didn't know what to
17 scale. So you just told us today -- which was
18 something very informative. You have now
19 decided that you will build a larger CEV or a
20 larger area so that CLECs can collocate.

21 How did you determine who was going to
22 collocate there? You've never queried us to see
23 if we wanted to. You've never found out how
24 many. Because that would be how you would size
25 it. That would be how you figured out your

1 demand. And then this next step is then you
2 decide your transport or your umbilical between
3 the SAI and the CEV. So I'm missing the train
4 of thought.

5 MR. SRINIVASA: Are you familiar
6 with secured frame?

7 MS. GENTRY: Uh-huh.

8 MR. SRINIVASA: In terms of the
9 enhanced, extended loop, combination?

10 MS. GENTRY: Uh-huh.

11 MR. SRINIVASA: And the forecast
12 for the CLECs sizing it?

13 MS. GENTRY: Yes.

14 MR. SRINIVASA: And if you
15 underforecast or overforecast, there are some
16 penalties associated with that.

17 MS. GENTRY: Penalties. Yes, sir.

18 MR. SRINIVASA: Can something like
19 that be worked into this?

20 MS. GENTRY: Well, and when we
21 talked about this in front of the FCC, I walked
22 away with the impression that they were not
23 buying into the idea of making them bigger,
24 because we asked. I specifically remember Steve
25 Bowen, on behalf of Rhythms, asking to have them

1 made bigger, and that in fact the CLECs would
2 like to participate in that sizing, which would
3 mean query the industry to see if we wanted to
4 go in there. And realizing that there was a
5 time frame, that you would have to do it
6 quickly.

7 MR. KEOWN: Your Honor, Ms Gentry,
8 I think, has confused cabinets with CEVs and
9 huts. I remember very clearly Mr. Bowen asking
10 that question about extending the cabinets to
11 accommodate collocation. The answer you refer
12 to is the answer that was given at the FCC
13 forum, which is you don't know how big -- you
14 can't build a bigger cabinet real well. Let me
15 rephrase that. We asked one of the
16 manufacturers afterwards how long it would take
17 to build a bigger cabinet to be able to
18 accommodate that. We got at least a year or
19 more to be able to build bigger cabinets. So
20 there's a difference, Ms. Gentry, between
21 cabinets and CEVs and huts.

22 MS. GENTRY: Clarify the
23 difference of which ones you will make bigger
24 and how you know which ones that you're going to
25 make bigger since you've decided that the CEV --

1 how do you determine that you want that one at
2 that specific location bigger? How do you know
3 somebody wanted to come visit there?

4 MR. KEOWN: Well, maybe just a
5 two-second overview of a CEV, cabinet, and hut
6 would be appropriate. A CEV is just a
7 controlled environmental vault. It's where you
8 basically build a hole in the ground and put
9 concrete walls and set a structure in the
10 ground. A hut, on the other hand, is basically
11 a CEV sitting on top of the ground. So it's
12 like a little hut or a little outhouse, if you
13 will -- it's a little larger than an outhouse,
14 in most cases -- for the equipment. Whereas a
15 cabinet is a metal containerized box that has
16 racks already built into it. And those racks
17 and those shelves that are built in there
18 typically are sized to handle the geographic
19 area that they're going to serve.

20 So you can buy the CEVs and huts from
21 what we used to call mini-huts to maxi-huts, and
22 our sizing algorithm or sizing guidelines that
23 we're using basically says that if you size --
24 if you use the ultimate sizing guidelines and it
25 says you need -- and I'm going to just throw out

1 some numbers, so please don't take these as
2 facts. But if it comes up as a six by ten, then
3 you upsize it to the next larger size.

4 We've looked at some of the equipment
5 that CLECs are using for their own DSL service
6 and tried to arrange bays in those CEVs and huts
7 to accommodate, like I said, three to five
8 additional CLECs. So that's kind of what we
9 did.

10 Cabinets, on the other hand, are
11 manufactured by vendors, and they have some very
12 real constraints around them for heat
13 dissipation, the number of batteries you can put
14 in those to maintain service in case you lose
15 the AC, and a variety of other considerations
16 have to be taken into account. So just building
17 them larger -- I think even Mr. Bowen
18 acknowledged that in some cases when you add
19 these frames, you'd have to have additional
20 equipment. You'd have to have multiplexing
21 equipment, for instance, for SONET in order to
22 be able to access facilities. So, when you take
23 all that into consideration and the year delay,
24 we wouldn't be able to --

25 MS. GENTRY: Okay. So then just

1 help me for my benefit. You determined there
2 are some CEVs out there you're going to make
3 bigger. How do I find out which CEVs you've
4 decided you're going to make bigger, and then
5 how did you determine you were going to make
6 that specific one bigger? Because maybe I want
7 the one three blocks down the street instead of
8 that one. How is this all -- because you're
9 determining which CEVs you're expanding.

10 MS. FLATT: Excuse me. This is
11 Sherri Flatt with SBC. If I'm not mistaken, in
12 the FCC hearing on March 10th, I believe that
13 Wayne Masters said that he would agree to
14 increase the size of all CEVs and huts on a
15 going forward basis. He did state that cabinets
16 are what they are. Cabinets are cabinets, and
17 that's what they are. Like James said, after
18 going to the manufacture and their saying it's
19 going to take a year to a year and a half to
20 enlarge the size of those cabinets -- but if I'm
21 not mistaken -- and I'd have to go back to make
22 certain -- Wayne Masters did say at the FCC that
23 we would increase the size of all those huts and
24 cabinets on a going forward basis.

25 MR. CRUZ: This is Rod Cruz. Jo,

1 I'd be happy to take your input on where you'd
2 like to make those CEVs and huts larger.

3 MS. GENTRY: I'd just like to know
4 where you're also -- if you've already done it,
5 then that saves a lot of effort.

6 MR. CRUZ: I think -- James,
7 you've got to keep me honest here. I think that
8 we have not yet begun doing that work. I think
9 we conceptually agreed to do it to mitigate some
10 of the CLEC concerns to say there was no space
11 at CEVs and huts. Like James said -- but I
12 think your point is a good one. How do I --

13 MS. GENTRY: Yeah. I just --

14 (Simultaneous discussion)

15 MR. SRINIVASA: Well, I still need
16 to know an answer. Are you familiar with the
17 secured frame provision in the Texas 271
18 agreement where CLECs provide the forecast and
19 you size the frame based on the forecast so that
20 they can do their own combinations or
21 cross-connects -- I'm not saying it's the same
22 thing. In sizing the cable, can you size the
23 cable -- take the CLECs forecast into account.
24 If they overforecast and don't use it, they
25 still have to pay for that -- a certain portion

1 of that.

2 MR. KEOWN: I'm sorry, Your Honor.
3 I'm not familiar with that --

4 MR. LEAHY: Your Honor, Tim Leahy
5 with Southwestern Bell. We're generally
6 familiar with that penalty -- the forecasting
7 penalty provisions. I understand your point is
8 whether the CLECs are interested in entering
9 into some sort of arrangement such as that.

10 MR. SRINIVASA: Well --

11 MS. GENTRY: It would be
12 interesting to talk about, because it hasn't
13 been an option.

14 MR. SRINIVASA: Oh, it hasn't been
15 an option, but you --

16 MS. GENTRY: Well, we were just
17 today really realizing that you have to cable
18 between the SAI and the CEV. So now that we
19 know that, how would we have done it? Now we're
20 asking if you would do it in our behalf, then
21 we'd have to figure out how that would be
22 reimbursed.

23 MR. SRINIVASA: Well, if you're
24 virtually collocating your equipment and they're
25 expanding the CEV above ground -- a hut in that

1 case -- and if they have provided power,
2 air-conditioning, whatever is needed to cool the
3 equipment, and they are going to virtually
4 collocate, they still -- it will be their
5 responsibility to connect the cable to the SAI
6 if they're virtually collocated.

7 Now, if you're going to locate it
8 there -- again, if they ask you -- if there's no
9 ACSE -- if you're required to connect it to the
10 SAI -- a point was brought up that can you
11 increase -- instead of 2,400 pair, can you go to
12 a 3,600 pair? What I heard from Southwestern
13 Bell was it's going to cost too much. And if
14 you're going to pay for that, based on your
15 forecast if they size the cable -- if you
16 overforecast, if you don't use it, you still
17 pay -- you're required to pay for that, why
18 can't they do it? My take on that is that you
19 will be willing to do it. Right? Is that -- if
20 the CLECs are agreeable?

21 MR. SIEGEL: Howard Siegel, IP
22 Communications. Before we go too far down the
23 road of forecasting and forecast penalties and
24 what the costs are for that cable, I think we
25 need to take one step back and remember why that

1 additional cabling is necessary. It's being
2 required because the design of the RT with the
3 fiber splice is making that extra wiring
4 necessary rather than simply cross-connecting at
5 the RT.

6 So the first question -- it's my
7 understanding of the way a costing proceeding
8 would work is you would look and say "Is that
9 the way it ought to be in a forward looking
10 network," and whether any cost recovery would be
11 appropriate for that cabling. Then, if yes,
12 then this discussion, I think, becomes relevant.

13 MR. SRINIVASA: This is not the
14 fiber. I'm talking about the copper side of
15 this.

16 MR. SIEGEL: That's right. But
17 that copper is needed to go to the SAI only
18 because the CLEC can't cross-connect at the RT,
19 if I'm remembering correctly, because there's a
20 fiber splice there rather than a cross panel --
21 cross-connect panel at the RT, and so they have
22 to wire all the way to the SAI because they
23 can't -- they're not being able to use that
24 existing copper wire that exists between the SAI
25 and the RT.

1 MR. KEOWN: Your Honor, just a
2 quick point of clarification. I know Mr. Leahy
3 wants to say something also. We have tens of
4 thousands of remote terminals today. Many of
5 them are fiber-fed remote terminals. If you go
6 and look in our plant, you'll find that that is
7 a design that has been going on for years in our
8 plant. In most cases you have a fiber piece up
9 to a remote terminal, and then you extend to an
10 SAI with copper. You'll find that design in
11 plants that we've been designing for years and
12 years and years. So this isn't new with Pronto.
13 It's still --

14 MS. GENTRY: But we're asking --

15 MR. LEAHY: This is Tim Leahy. In
16 the UNE remand, the FCC examined that issue.
17 This is not a new issue. It was one part of the
18 UNE remand -- one of the issues addressed in
19 that docket.

20 MR. WAKEFIELD: Your Honor, Jason
21 Wakefield --

22 MR. SIEGEL: I mean, if -- are we
23 still on the same issue?

24 MR. WAKEFIELD: Yes.

25 MR. SIEGEL: Okay.

1 MR. WAKEFIELD: Jason Wakefield,
2 WorldCom. And I'll let -- my subject matter
3 experts can certainly go into more detail, but
4 conceptually what you're saying makes sense,
5 which is it's another way of accessing the
6 lines. So obviously we would want to discuss
7 pricing and all those issues, but that would be
8 done presumably in a cost proceeding and all
9 these issues could be hashed out, but
10 conceptually --

11 MR. DELREGNO: Nick DelRegno with
12 MCI WorldCom. I'd kind of like to take a step
13 back and go back to a comment that SBC made
14 earlier that there's a finite number of houses
15 and that we're not building houses on top of
16 houses. So it seems that there is a finite
17 customer base, of which we're going to start
18 getting percentage take rates for these new
19 services whether it's their equipment that's
20 driving those lines or our equipment or some
21 other CLEC's equipment.

22 So it seems to me that it's not a
23 matter of "I have five CLECs, so I need to
24 quintuple the number of interconnection cables
25 between that RT and the SAI." It's a matter of

1 "I've designed this RT to service a certain
2 volume of consumers." If I put in somebody
3 else, that just means that they're losing
4 business to a CLEC and not necessarily having to
5 overbuild the cables to do that, because then
6 you're talking about five times as many lines
7 going to an SAI, which now has to be five times
8 larger, to serve the same X number of houses.

9 MR. KEOWN: Your Honor, that was
10 an attempt to address some of the other issues
11 that have been raised about some of the
12 symmetrical services. That cable would have to
13 be upsized, because if you take Mpower's plan,
14 for instance, where he's providing SDSL, you
15 cannot provide voice over that SDSL.

16 MR. DELREGNO: Absolutely.

17 MR. KEOWN: I still have to
18 provide a copper loop out to that customer's
19 house to provide that service. So you still
20 have to provide the cable capacity for those --
21 for that POTS service.

22 MR. DELREGNO: And the point I'm
23 raising is it's not necessarily an X per CLEC.
24 There is some trade-off there. There will have
25 to be more cables. And just as you mentioned,

1 we would pay for that. I mean, it's one of the
2 things where I don't -- I mean, I'm grateful --
3 initially grateful for the SBC's willingness to
4 expand these cabinets, but if it means that I
5 have to then run out and trench and cable to get
6 back to the SAI, then I don't know that it has
7 gained us anything.

8 MR. SRINIVASA: They can't get to
9 the SAI unless they trench and install the
10 cable, and --

11 MS. LOPEZ: And, Your Honor, SBC
12 does that now. They've got the conduits there
13 in place. So, instead of -- instead of placing
14 the 2,100, they can fit that 3,600 in there.
15 Those cable -- the copper facilities would be
16 there for the CLECs to in turn utilize for their
17 DSLAM equipment.

18 MR. LEAHY: This is Tim Leahy for
19 Southwestern Bell. I don't want to cut anybody
20 off, but some of my clients have airplanes to
21 catch. I sense that we won't resolve this issue
22 soon, so I was hopeful that maybe we could end
23 it not too --

24 MR. DRAKE: One last question to
25 Rod, if I may, Your Honor. Rod, are you going

1 to send out a notice on this June 15th thing? I
2 haven't heard anything about it yet.

3 MR. BOYER: It was sent out.

4 MR. CRUZ: Rod Cruz. It was sent
5 out in the May 24th accessible letter that went
6 out to all the CLECs. So it's included in that
7 package.

8 MR. DRAKE: Thank you.

9 MR. CRUZ: With the time and
10 location and all the --

11 MR. SIEGEL: This started with
12 CLECs making statements. I'm just going to keep
13 this real short. Howard Siegel, IP
14 Communications. First, as SBC when they
15 first -- the CLECs do appreciate the Commission
16 taking this time. As you can see from the
17 number of CLECs here how interested and how long
18 we have been interested in Project Pronto.

19 The reason I don't have to spend a long
20 time is, unfortunately, if you take the SBC
21 presentation, you can't get past the second word
22 without having severe problems. By replacing
23 "broadband UNE" with "broadband service," 90
24 percent of what we've discussed and will discuss
25 on the 15th and will discuss two weeks

1 thereafter and thereafter almost is irrelevant.
2 The intent of changing "UNE" to "service"
3 appears to be to avoid any 252 arbitration
4 obligations, to avoid 251 obligations, and to
5 take any recourse that the CLECs might have for
6 any kind of lack of parity treatment or lack of
7 UNE 251(c) standards away.

8 When asked earlier, SBC said they
9 weren't sure if 252 would apply if there was a
10 costing dispute. This change right here, which,
11 you know, really takes this whole discussion of
12 Pronto and puts it back to where -- it's as if
13 nothing has even happened -- is a major problem,
14 and this word has to change.

15 MR. SRINIVASA: This is different
16 from UNE combo, which consisted of multiple
17 UNEs.

18 MR. SIEGEL: It is completely the
19 same. Those are UNEs. They fall under 251(c).
20 They're priced under TELRIC under NTA
21 requirement, not under voluntary offering, and
22 the broadband UNEs, which they are UNEs -- and
23 if this goes forward as a service, there will be
24 arbitrations by CLECs asking for it to be called
25 UNEs -- should fall the same way.

1 MR. SRINIVASA: Your enhanced
2 extended link is made of UNEs, and it's still
3 subject to 251 and 252.

4 MR. LEAHY: Your Honor, just for
5 the record, of course we're not obligated to
6 create Project Pronto. What we're doing with
7 this offering is create a service to facilitate
8 the use of the advances that accompany Project
9 Pronto.

10 MR. GARCIA: Your Honor, Gabriel
11 Garcia for Mpower Communications. I guess my
12 point is if they are going to deploy Project
13 Pronto, it should be in a competitively neutral
14 basis.

15 MS. BOURIANOFF: Michelle
16 Bourianoff for AT&T. Just in closing, in
17 addition to the comments that have been
18 expressed by the data CLECs, AT&T's concerns
19 center around the impact of the deployment of
20 Project Pronto on competitors that are trying to
21 provide an alternative in the voice market to
22 residential customers. So we want to make sure
23 that, you know, as we race to provide advanced
24 services to customers, that voice competition
25 isn't forgotten along the way.

1 MS. FLATT: Your Honor, this is
2 Sherri Flatt with SBC. I'd just like to
3 reiterate that it is opening more competition.
4 We are providing, through Project Pronto,
5 additional options for CLECs in addition to the
6 options they have today for providing DSL
7 services.

8 MR. MASON: Thank you. I really
9 don't want to ask this, but I will. Does
10 anybody else have anything else to say?

11 (Laughter)

12 MR. MASON: Okay. We're
13 adjourned.

14 (Proceedings adjourned at
15 4:55 p.m.)

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1 C E R T I F I C A T E

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3 STATE OF TEXAS)

4 COUNTY OF TRAVIS)

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6 We, Janis Simon, Evelyn Coder and
7 Steven Stogel, Certified Shorthand Reporters in
8 and for the State of Texas, do hereby certify
9 that the above-mentioned matter occurred as
10 hereinbefore set out.

11 WE FURTHER CERTIFY THAT the proceedings
12 of such were reported by us or under our
13 supervision, later reduced to typewritten form
14 under our supervision and control and that the
15 foregoing pages are a full, true, and correct
16 transcription of the original notes.

17 IN WITNESS WHEREOF, we have hereunto
18 set our hand and seal this 6th day of June 2000.

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