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June 22, 2000

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TWB-204
Washington, D.C. 20554

Re: Ex Parte Presentation in CC Docket No. 96-98

Dear Ms. Salas:

Yesterday Joseph Gillan, Richard Burk, and I, on behalf of the Promoting Active Competition Everywhere (PACE) Coalition, met with Larry Strickling, Chief of the Common Carrier Bureau, and Jared Carlson, Jonathan Reel, Jake Jennings, and Christopher Libertelli of the Common Carrier Bureau, regarding the above-referenced proceeding. During the meetings, PACE reviewed a switching cross-over analysis performed by PACE, and asked the FCC to modify the rule specifying that incumbent local exchange carriers do not have to provide local switching as a mandatory UNE for customers with four lines or more in certain circumstances. A copy of the written materials distributed by PACE at the meetings are attached.

PACE submits that, consistent with the impairment standard in 47 U.S.C. § 251(d)(2)(B), the cutoff for availability of the local switching element should be DS1-based. PACE pointed out that access to the local switching UNE is necessary to serve analog lines in mass-market conditions and in that broad-based local competition will not develop if manual processing must be employed to migrate customers.

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In accordance with Section 1.1206 of the Commission's rules, an original and one copy of this letter and accompanying materials are being filed with your office.

Sincerely,

Genevieve Morelli

Genevieve Morelli

Attachment
cc: Larry Strickling
Jared Carlson
Jake Jennings
Jonathan Reel
Christopher Libertelli

The PACE Coalition
Promoting Active Competition Everywhere
June 21, 2000

The 3 Line Restriction Creates A "Lost Market" Of Business Customers that Would Be Served by UNE-P CC Docket No. 96-98

A. The Birch Analysis demonstrated that customers with fewer than 20 lines cannot be viably served using a DS-1 facility. Consequently, entrants would be significantly impaired without access to unbundled local switching and UNE-P to serve this market.

B. An EEL, if available, may make it possible to serve larger customers at distant end offices without the need for collocation, but the economic crossover to a DS-1 using an EEL increases beyond 20 lines.

C. The 3 line restriction creates a market gap of customers too small to be served by a DS-1, yet for whom the unbundled local switching element would not be available to support UNE-P based competition.

Number of Lines with Account	**Distribution of Market (Ameritech)**[1]	**Access Method**	**Distribution of Market Served by UNE-P Carriers Today**[2]	
			PACE #1	**PACE #2**
3 or less	20.6%	UNE-P Available	24.8%	36.6%
4 to 20	32.6%	The "Lost Market"	62.2%	60.3%
More than 20	46.8%	Sufficiently Large for DS-1	13.0%	3.1%

* The 3 line restriction will deny competition to nearly a third of the business market in the top 50 MSAs.

* The above analysis demonstrates that the small business market (20 lines or less) is critically important to PACE members.

* Increasing the line restriction to 20 lines would still restrict UNE-P from being used to serve nearly 50% of the business lines in the top 50 MSAs.

1 Compiled from Ameritech *Ex Parte* filed September 3, 1999, CC Docket 96-98.

2 Statistics based on the actual line distributions of two PACE members serving business customers today, unimpaired by the line restriction.