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July 18, 2000

By Hand

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

Re: *Written Ex Parte*
Response to SBC's Requests for Interpretation Waiver or Suspension of
Merger Conditions Affecting the Ownership of Plugs/Cards and OCDs,
CC Docket No. 98-141

Dear Ms. Salas:

Transmitted herewith for inclusion in the public record of the above-referenced proceeding are two copies of a written *ex parte* letter delivered this day to Lawrence E. Strickling, Chief of the Common Carrier Bureau.

Sincerely,



Ruth Milkman

- cc: Carol Matthey
- Anthony Dale
- Dorothy Attwood
- Jordan Goldstein
- Rebecca Beynon
- Kyle Dixon
- Sarah Whitesell
- Michelle Carey
- Kathy Farroba
- Bill Kehoe

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By Hand

Mr. Lawrence E. Strickling, Chief
Common Carrier Bureau
Federal Communications Commission
445 Twelfth Street, S.W.

Washington, D.C. 20554

Re: CC Docket No. 98-141, Response to SBC's Requests for Interpretation, Waiver or Suspension of Merger Conditions Affecting the Ownership of Plugs/Cards and OCDs

Dear Mr. Strickling:

On July 13, 2000, SBC Communications, Inc. (SBC) filed a written *ex parte* communication (SBC Proposal) in the above-referenced proceeding. The submission sets forth a series of "Voluntary Commitments" that SBC proposes to implement if the Commission grants its pending request for waiver of certain conditions that were imposed by the Commission in approving the merger of SBC and Ameritech Corp. (Ameritech).¹ Although NorthPoint Communications, Inc. (NorthPoint) is encouraged by SBC's effort, its proposal falls well short of providing the necessary assurance that approval of its waiver request will advance the Commission's goal of vigorous facilities-based competition for Digital Subscriber Line advanced services in SBC operating territories. Specifically, the proposed commitments are unacceptably vague and ambiguous regarding key deployment and provisioning issues. NorthPoint identifies below these critical shortcomings and suggests revisions that would improve significantly SBC's proposal. We also recommend an enforcement plan for ensuring compliance with commitments that the Commission ultimately may accept and make conditions of its approval of the requested waiver.

As an initial matter, if the Commission grants SBC's waiver request, regardless of the conditions imposed on the waiver, it should make clear that its action is subject to any decisions it may make in rulemaking proceedings during the period the waiver is in effect. There should be no doubt that any action taken in this proceeding does not supercede the Commission's adoption of requirements generally applicable to incumbent local exchange carriers.

¹ See *In re Applications of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Section 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95 and 101 of the Commission's Rules, Memorandum Opinion and Order, CC Docket No. 98-141 (released October 8, 1999) ("SBC-Ameritech Merger Conditions")*.



As NorthPoint has stressed in prior submissions in this proceeding,² it does not oppose SBC's plan to construct thousands of remote terminals in its service territories in the future, known as Project Pronto. Rather, NorthPoint has stated consistently that its overriding concern is that this deployment is accomplished in a manner that preserves robust, facilities-based competition for advanced services in areas served by remote terminals. To that end, the Commission must ensure that the deployment plan for Project Pronto includes three fundamental requirements:

- 1) SBC commits to retain and maintain existing copper plant between its central offices and end user premises (so-called "home run copper");
- 2) SBC commits to provide adequate space for DSL carriers to collocate their equipment in remote terminals; and
- 3) SBC commits to make available to DSL carriers at pro-competitive prices all of the features and functions of the equipment that SBC deploys in remote terminals to offer advanced services.

None of these commitments individually is sufficient to ensure effective, facilities-based competition for advanced services in a post-Project Pronto world. Rather, each relates to a different approach to entering SBC's markets and each has particular limitations that make it infeasible under certain market circumstances. Collectively, however, they would provide NorthPoint and other DSL providers a reasonable opportunity to compete with SBC's DSL affiliate in markets served by SBC's incumbent local exchange carriers (LECs). Without these commitments, subscribers served by SBC's remote terminals essentially would have access only to SBC's "Broadband Service Offering," which all DSL providers would be forced to purchase and resell. Those consumers would be deprived of the benefits of service and price competition that consumers enjoy in areas where facilities-based entry by DSL providers is permitted.

Retention of Existing Copper Loops

NorthPoint and other DSL carriers currently provide advanced services to subscribers in SBC territories over existing copper loops that connect end users to DSL equipment collocated in SBC central offices. Project Pronto would replace this end-to-end or home run copper with a combination of fiber optic cable between the central office and a remote terminal and copper loops from the remote terminal to the end users' premises. To preserve head-to-head, facilities-based competition after Project Pronto has been deployed, it is essential that SBC commit to retain and maintain copper loops between its central offices and end users' premises.

The SBC Proposal does not provide that commitment. Indeed, its commitment regarding retention of existing copper loops appears to be internally inconsistent. SBC initially states that "SBC/Ameritech has no current plans or plans under development to retire mainframe terminated copper facilities related to [the deployment of NGDLC architecture]." Three sentences later, however, SBC describes the situation "[w]here SBC/Ameritech deploys new fiber feeder facilities to support a NGDLC architecture that supports both POTS and xDSL

² See, e.g., Letter from Michael Olsen, Deputy General Counsel, NorthPoint to Carol Matthey, May 31, 2000.

services and SBC/Ameritech decides to retire copper related to that deployment . . .³ This statement clearly suggests that SBC, in fact, anticipates that it will retire copper loops as a result of its implementation of Project Pronto.

Competitors have grown wary of SBC's assurances that it has no plans to remove copper. In a recent filing, SBC made a similar declaration: "[t]here are no plans to remove copper facilities from service outside the normal course of business."⁴ *Five days* after making this pledge to the Commission, SBC told the California Public Utilities Commission that, despite several "erroneous interim holdings" in an arbitrators' line sharing decision, the PUC should adopt the resulting agreements with one exception. "The one exception is the interim holding that prohibits Pacific from decommissioning copper lines until the issue of transport over fiber DLC plant is resolved." No sooner did SBC tell this Commission that it had no intention of pulling this copper, than it explicitly objected to an arbitrator's decision holding SBC, even in the interim, to that same commitment.

Moreover, NorthPoint and other DSL competitors have experienced first-hand the impact of SBC's retirement of copper plant on facilities-based competition for advanced services. In 1994, SBC conducted a field test of broadband technology by installing eight remote terminals in Richardson, Texas. As part of the test, SBC removed from service the copper plant between the remote terminals and central offices. When SBC subsequently received requests for collocation space in those central offices from NorthPoint and others, it never advised them that it had retired the copper plant that terminated in those offices. Today, after having invested in equipment and collocation space necessary to provide service, DSL competitors requesting unbundled loops in Richardson, Texas uniformly receive a response that the customer is served by fiber to the curb. In the absence of a copper loop, NorthPoint and other DSL providers cannot provide service to those consumers and they, in turn, are denied the benefits of facilities-based competition for advanced services. More importantly, the deployment of Project Pronto without adequate assurance that existing copper plant in affected areas will be maintained would sentence millions of other SBC customers to the same fate as the residents of Richardson.

SBC apparently seeks to allay concerns about its plans to de-commission copper plant by pledging that it will not retire over the next three years more than "5% of SBC/Ameritech's incumbent LECs' total mainframe terminated copper facilities in service as of September 1, 2000." This commitment hardly seems consistent with SBC's repeated assurances that it has no plans to retire any copper plant and, in any event, does so only rarely. Moreover, in light of the impact of copper plant retirements on competition for advanced services and the limited commitments SBC has proposed with respect to collocation space and the availability of the full functionality of equipment deployed in remote terminals, its retirement of copper plant permitted by this commitment could still foreclose facilities-based competition to significant customer segments in SBC's operating territories. In NorthPoint's view, nothing less than an unambiguous commitment by SBC to maintain its existing copper plant for five years, absent an Act of God, will provide some assurance regarding the continued viability of facilities-based competition. In the event that SBC were to seek a waiver to retire copper loops during this

³ SBC Proposal at 6-7 (emphasis supplied).

⁴ See Letter from Paul K. Mancini, SBC to Carol Matthey, June 2, 2000, at 9 (SBC June 2 Letter).

period, we suggest in the last section below a simple procedure for doing so in a way that would minimize the impact on advanced services competition in SBC incumbent LEC markets.

Even assuming, *arguendo*, the Commission were inclined to accept SBC's commitment, it would need to require SBC at a minimum to clarify the scope of its obligation. For example, SBC would need to define more precisely the phrase "mainframe terminated copper facilities," and to specify what the "5%" measures. In addition, SBC should be required to commit to notify interested parties in *any* case in which it plans to retire copper plant. If, as SBC has indicated, it removes copper plant from service only rarely, this commitment should not impose any burden. The notice should be provided through an easily detected announcement on the home page of the SBC web site identifying the reason for SBC's retirement of the particular copper as well as clear, direct written notification to DSL carriers providing service in the affected state as of that date.

Effective commitments to retain and maintain copper plant after Project Pronto has been implemented are a necessary, but not a sufficient condition for preserving facilities-based competition for advanced services in SBC territories. Even this condition has its weaknesses. For example, SBC has informed competitors that once it moves an end user's distribution copper to fiber feeder-plant in the remote terminal, *i.e.*, away from "home-run copper," it will not return that end user to copper feeder if the customer cancels its DSL service. Thus, once an end user is placed on the new fiber architecture, a competitive provider of DSL service would be unable to serve that customer over a shared copper line from the central office, even if SBC maintains the copper running from the remote terminal to the central office. That is why the other two commitments are essential to accomplish the Commission's competitive goals.

Collocation of Competitive Facilities at Remote Terminals

Congress, through the enactment of the Telecommunications Act of 1996, and the Commission, through its adoption of rules implementing the Act, both have recognized the central importance of collocation at incumbent LEC offices in promoting facilities-based competition. Indeed, the conditions that the Commission imposed on SBC's merger with Ameritech were designed expressly to ensure that all DSL providers, including SBC's affiliate, would be treated in a non-discriminatory manner in obtaining access to collocation space at the offices of SBC's incumbent LECs. Implementation of those conditions is a particularly powerful tool in making certain that consumer choice among DSL service offerings would be based on the merits of the products, not bottleneck advantages. If the Commission were to waive the requirement that the SBC affiliate own advanced services equipment in remote terminals, it must put adequate, effective safeguards in place to ensure that competing DSL providers will be able to deploy their own equipment in remote terminals, where technically feasible.

To address these concerns, SBC has committed to build additional space for collocation when it constructs new huts and controlled environmental vaults (CEVs) to serve as remote

terminals.⁵ In addition, SBC proposes to construct additional space for collocation at newly constructed cabinets through its so-called “Special Construction Arrangements.” Under its proposed conditions, as we understand them, SBC would assess competing DSL providers 100 per cent of the “actual costs” of providing access to “the copper subloop for the purpose of enabling the requesting carrier to connect its equipment at a remote terminal site, including an adjacent cabinet structure, with applicable copper extending to the subtending Service Area Interface(s) (“SAI”).”⁶

SBC’s commitments to provide space for collocation in remote huts and CEVs represent a step in the right direction, but its commitments with respect to remote cabinets require clarification. Moreover, its proposed pricing scheme for access to remote copper plant is contrary to the Commission’s rules.

First, SBC states that cabinets “generally serve fewer than 2000 lines.” Because SBC’s obligations under its proposal differ significantly between cabinets and huts/CEVs, SBC should define the term “cabinets” more precisely. SBC, for example, could define “cabinets” to mean remote terminals that serve no more than 2000 access lines. Absent a more precise definition, SBC arguably could label any remote terminal a “cabinet,” regardless of the number of lines it serves. In addition, SBC should commit to provide Bureau staff monitoring compliance with its merger conditions with a comprehensive description of its deployment plan (*e.g.* list of central offices and associated remote terminals) to ensure that SBC does not construct a series of remote cabinets in an area, rather than a few huts or CEVs, in order to avoid its obligation to provide additional collocation space.

Second, SBC’s proposal to require a competitor to pay the “actual cost” of certain copper loop facilities is not a model of clarity. SBC may mean that a DSL carrier should pay the “actual cost” of the copper that links its collocated equipment in a remote terminal to a point outside the office where the loop is connected by a splice to the copper plant running to the end user’s premises. If that is what its submission means, it suggests that SBC’s position is that the copper link between the terminal and splice point is not part of the subloop that runs to the end user’s premises. If the Commission were to accept this argument, SBC would have an incentive to place the engineering controlled splice a great distance from the remote terminal to exploit this gap in the treatment of the individual portions of the loop as network elements.

⁵ See SBC Proposal at 4. By making this commitment, SBC appears to have abandoned its specious argument that it was not necessary to provide such space in new huts and CEVs because to date “there have been virtually no bona fide requests for collocation space in SBC’s remote terminals.” SBC June 2 Letter at 10. In fact, a primary reason for this dearth of requests at existing remote terminals has been SBC’s failure to establish any process for provisioning such space. SBC has consistently refused to furnish to NorthPoint and the other DSL providers any useful information regarding its remote terminals (such as their location and the number of customers served by each), collocation processes, or prices. As SBC well knows, absent this information, it is impossible for a DSL competitor to develop a business plan for deploying equipment in remote terminals.

⁶ SBC Proposal at 5.

Alternatively, SBC may be suggesting that a DSL carrier should pay the “actual cost” of the entire copper facility from the remote terminal to the SAI. In addition, although SBC’s definition of “actual cost” is somewhat unclear, its proposed Special Construction Arrangements appear to be clearly inconsistent with the pricing principles the Commission has adopted for setting rates for unbundled network elements.

Both readings of SBC’s proposal are contrary to the Commission’s rules concerning access to subloop unbundled network elements. Those rules require SBC to make access to a copper subloop available at a remote terminal.⁷ SBC, therefore, may not require carriers to interconnect with a copper subloop at a splice point located outside a remote terminal. Further, the pricing of access to such subloops is clearly governed by the pricing principles for unbundled network elements, not SBC’s Special Construction Arrangements.

Third, SBC asserts that it will “terminate available spare dark fiber for telecommunications carrier(s) having equipment located at such remote terminals or adjacent cabinet structure consistent with applicable Commission rules.”⁸ This statement is so vague that it is impossible to specify the obligations that SBC proposes to undertake. Competing DSL providers clearly require access to transmission capacity, whether copper or fiber, between a remote terminal and a central office in order to interconnect their equipment at the two locations. Moreover, the Commission’s rules require incumbent LECs to provide access to “any portion of the loop that is technically feasible to access at terminals in the incumbent LEC’s outside plant...”⁹ The rules further specify that the points of interconnection with a subloop “may include, but are not limited to, ... the main distribution frame, the remote terminal, and the feeder/distribution interface.”¹⁰ SBC’s proposal, therefore, should state clearly that it is obligated to offer access to subloops connecting remote terminals to SBC central offices, consistent with the requirements of sections 251 and 252 applicable to the pricing of unbundled network elements.¹¹

Like access to copper plant, efficient access to collocation space in remote terminals is essential for facilities-based competition to develop and thrive in SBC operating territories after it has implemented Project Pronto. SBC’s proposal makes collocation at remote terminals materially more difficult than it would be if SBC included additional space for collocation at the time of deployment of the remote terminals. Thus, it is vitally important that NorthPoint’s other avenues for reaching end users be preserved. As stated above, access to existing copper loops is essential to facilities-based competition. In addition, NorthPoint and other competing DSL providers need access to all of the features, functions and capabilities of SBC’s remotely located

⁷ See 47 C.F.R. § 51.319(a)(2).

⁸ *Id.* at 6.

⁹ 47 C.F.R. § 51.319 (a)(2).

¹⁰ *Id.*

¹¹ See 47 U.S.C. §§ 251(c), 252(d).

DSLAM in order to offer a service that is different from the service provided by carriers that subscribe to SBC's Broadband Service.

Access to the Features, Functions and Capabilities of SBC's Advanced Services Equipment

The advanced services separate affiliate benefits the public interest by ensuring that all DSL providers face the same competitive landscape. If SBC receives a waiver of this condition for its deployment of Project Pronto, it would have an incentive to design its "Broadband Service" to suit the business plan of its separate affiliate (*e.g.*, utilize the capabilities of the advanced services equipment that do not compete with the parent's service offering) without regard to the needs of competitors. In this way, the separate affiliate will enjoy vicariously the benefits of its corporate parent's monopoly size and scope.

Although SBC insists that it will "make available to all telecommunications carriers . . . all technically feasible Advanced Services features and functions of equipment (*e.g.*, an ADLU card) installed in remote terminals . . .," a close reading of the proposed conditions reveals that SBC maintains complete discretion to determine which features it will make available.¹² Competitors have no ability to appeal SBC's decision. Competitors have asked SBC for certainty with respect to the availability of these features, and SBC has responded by promising only a cumbersome, collaborative process, which at the end of the day, leaves SBC with complete discretion to offer differentiating features when it is ready.

Given this unfettered discretion, SBC can be expected to design an "affiliate's size fits all" service. In doing so, it would hobble the functionality of its equipment to prevent competitors from competing with SBC's own business or provide services that SBC is not yet ready to provide. But clearly, the affiliate's size *does not* fit all. Although SBC's interest would be served by this outcome, the public interest would not. Competition brings consumer choice in products, prices, and packages of service. With SBC's "Broadband Service," consumers would have only one choice of product: ADSL. To avoid this outcome, SBC must make available all of the functionalities of the advanced services equipment it installs at remote terminals.

In a nearly identical situation in the context of unbundled local switching, the Commission has required incumbent LECs to make available all vertical features that the switch is capable of providing. The Commission has explained,

requiring [incumbent LECs] to provide all vertical features that the switch is capable of providing permits competing carriers using unbundled local switching to compete more effectively by designing new packages and pricing plans. [Limiting an incumbent LEC's unbundling obligation to vertical features that it currently offers to its retail customers]

¹² "The availability of such existing features and functions is subject to . . . a determination by the SBC/Ameritech incumbent LECs . . ." SBC's Proposed Commitments at 2; "Deployment [of future functions] will be subject to a determination by the SBC/Ameritech incumbent LECs . . ." *Id.* at 3.

would limit the end user's choice of vertical features to those features that the [incumbent LEC] has made a business decision to offer, and therefore, would stifle the ability of competing carriers to offer innovative packages of vertical features.¹³

Similarly, NorthPoint seeks access to the features of SBC's equipment that the equipment is capable of providing in order to compete more effectively by offering innovative packages of services.

SBC has identified certain "existing features and functions" that it "will make available for deployment for use by affiliated and unaffiliated service providers." Upon closer reading, however, it is clear that once again SBC has given itself discretion to decide not to provide these features. SBC states that it will make the features available "consistent with this paragraph and subject to the factors specified in Paragraph 8 below." That is, the features will be available consistent with SBC determination that it will do so, and subject to the cumbersome collaborative session described in paragraph 8.

To eliminate this ambiguity, SBC should specify the particular features, functions and capabilities that it intends to make available to competing DSL providers. Those commitments should enable competitors to take advantage of the full range of functionality that SBC's equipment is capable of providing. For example, although SBC states that it will provide two virtual path circuits per end user, NorthPoint understands from Alcatel, the manufacturer of the Litespan 2000, that the Litespan 2000 is capable of providing four permanent virtual circuits per port. SBC, therefore, should commit to provide up to four such circuits per end user. Similarly, although SBC generally states that it will offer access to CBR (Constant Bit Rate) service, it does not specify the manner in which it will make this feature available. SBC should clarify that it will permit DSL competitors to lease CBR circuits in units of 32 kilobits per second up to a maximum of 30 megabits per second. Effective access to CBR service is particularly important to DSL competitors such as NorthPoint because that service will enable carriers to offer residential, multi-line voice service over DSL in direct competition with SBC's voice products..

SBC commits only to provide existing or future features and functionalities at rates that are nondiscriminatory. It does not commit to make the features available at rates consistent with the pricing of unbundled network elements. Under SBC's proposal, for example, it could offer CBR capability at an exorbitant price as long as it offered it to its own affiliate at the same price. The end result is the same as if SBC never offered the feature at all, leaving a consumer unable to choose between suppliers of differentiated products. Just as other features of the equipment are made available through SBC's "Broadband Service," the features requested by NorthPoint and other competitive LECs must be made available subject to the same pricing rules that govern unbundled network elements.

¹³ Application by BellSouth Corporation, *et al.* Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-Region, InterLATA Services in Louisiana, CC Docket No. 97-231, Memorandum Opinion and Order, 13 FCC Rcd 20599 (1998), at para. 217 (*Second BellSouth Louisiana Order*).

Finally, we note that the “industry collaborative sessions” described in SBC’s proposal as the method by which competitors may ask for additional features and functionalities “need not be held or continued on an issue in the event that substantially the same issue is the subject of a pending or completed Commission rulemaking proceeding.”¹⁴ Thus, upon notice of a Commission rulemaking proposing rules related to the provision of new features of incumbent-owned advanced services equipment in a remote terminal, SBC would be free to cease any such collaborative.

NorthPoint is sensitive to the Commission’s concerns that competitors’ use of the functionalities of this equipment not threaten network integrity or SBC’s use of the equipment. Again, the Commission’s approach to the availability of switch features is instructive:

The only time that a switch could not offer all vertical features is if two or more of the vertical features conflicted with each other. [The incumbent LEC] would then have the burden of proof to demonstrate it was not technically feasible to offer both features at the same time.¹⁵

The same principle should apply to functionalities of equipment at the remote terminal. SBC must bear the burden of proof that it is not technically feasible to employ the functionalities requested by competitors at the same time as the functionalities used by SBC.

SBC maintains that ADSL is “the beginning, not the end of the new services to come.” Nevertheless, SBC insists on appointing itself the gatekeeper of new services, supplanting technological development as the driving force in consumer choice.

Enforcement of SBC’s Compliance with Three Basic Commitments

The three fundamental commitments outlined above represent the minimum obligations that must be binding on SBC in order for facilities-based competition for advanced services to survive after Project Pronto is implemented. We outline below a simple scheme for ensuring that SBC fulfills those commitments.

Retention of Copper Loops. As discussed above, in view of SBC’s representations that it has no plans to retire copper loops as a result of the deployment of Project Pronto, SBC should be willing to agree not to retire any copper plant from service for a period of five years (except for Acts of God). In the event, that during this period SBC were to conclude that it is necessary to seek a waiver to remove copper plant from service, SBC should agree to a simple procedure that would balance its network management interests with the broader public interest in advanced services competition. Specifically, SBC should agree to give carriers six months notice of any plan to remove copper plant from service in its operating territories by posting an advisory on its web site. The notice should include a description of the copper to be retired (*e.g.*

¹⁴ SBC Proposal at 7.

¹⁵ *Second BellSouth Louisiana Order* at n. 695.

age, gauge), a list of the affected central offices, and a statement of whether or not spare copper will still be available on the affected routes after the designated plant is retired. Carriers would have 45 days to object to SBC's planned retirement. If the dispute could not be resolved within 30 days thereafter through negotiations, SBC and the objecting carriers would submit the matter to the Commission's established procedures for accelerated complaint resolution. The Commission could decide the matter based on whether the proposed retirement would serve the public interest, giving particular weight to the effect of SBC's plans on competition for advanced services in the affected areas.¹⁶

Collocation Space. SBC represents that all new huts and CEVs constructed after September 1, 2000 will include additional space for collocation. To enforce this commitment, the Commission should make clear that if SBC fails to fulfill this obligation, the FCC immediately will suspend the authority of SBC's advanced services affiliate to offer service to consumers served by the affected remote terminals. The FCC could enforce this remedy by requiring SBC to configure its databases (those used by potential customers as well as those used by SBC's affiliate) so that in response to queries, the databases indicate that DSL service is not available to end users served by the affected remote terminals.

Access to Features, Functions and Capabilities of SBC Equipment . As described above, the waiver order should specify: (1) that a specified list of functionalities must be made available to competitive LECs; and (2) that the full set of functionalities of the remote terminal equipment, which may change over time as equipment is upgraded or new equipment is installed, must be made available to competitive LECs. The Commission should state that requests by competitive LECs that are denied by SBC can be resolved through the Rocket Docket, and that it will resolve the dispute by determining whether SBC satisfies its burden of proof that it is not technically feasible to employ the functionalities requested by competitors at the same time as the functionalities used by SBC.¹⁷

¹⁶ Even assuming, *arguendo*, the Commission were to accept SBC's proposed "5%" proposal for retiring copper over the next three years, SBC nonetheless should agree to this procedure to ensure that such retirements would not affect adversely the development of facilities-based competition for advanced services.

¹⁷ *Second BellSouth Louisiana Order* at n. 695

Conclusion

As discussed above, SBC's Proposal contains some encouraging elements, but it needs to be revised in certain fundamental respects for the Commission to conclude that facilities-based competition for advanced services has a reasonable opportunity to develop and thrive after SBC deploys Project Pronto. Absent such changes, Project Pronto will deprive consumers in the affected SBC service areas of the benefits of that vigorous competition.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William R. Olsen". The signature is written in a cursive style with a large, stylized "R".

Michael E. Olsen, Vice President and Deputy General
Counsel

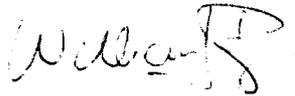
William Bailey, Assistant General Counsel

cc: Ms. Carol Matthey
Mr. Anthony Dale
Ms. Dorothy Attwood
Mr. Jordan Goldstein
Ms. Rebecca Beynon
Mr. Kyle Dixon
Ms. Sarah Whitesell

Conclusion

As discussed above, SBC's Proposal contains some encouraging elements, but it needs to be revised in certain fundamental respects for the Commission to conclude that facilities-based competition for advanced services has a reasonable opportunity to develop and thrive after SBC deploys Project Pronto. Absent such changes, Project Pronto will deprive consumers in the affected SBC service areas of the benefits of that vigorous competition.

Respectfully submitted,



Michael E. Olsen, Vice President and Deputy General Counsel

William Bailey, Assistant General Counsel

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