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Legal Department

August 15, 2000

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

*VIA HAND DELIVERY*

Carol Matthey  
Deputy Chief, Common Carrier Bureau  
Federal Communications Commission  
The Portals  
445 Twelfth Street, S.W.  
Washington, DC 20554

Re: *Ex Parte*  
"Project Pronto"  
CC Docket No. 98-141  
ASD File No. 99-49

Dear Ms. Matthey:

Mpower Communications Corp. ("Mpower") (formerly MGC Communications, Inc.) submits these comments in response to SBC's August 2, 2000 revised proposed voluntary commitments in connection with its planned deployment of Project Pronto.<sup>1</sup> SBC's revised proposed voluntary commitments continue to fail to provide an acceptable basis to permit deployment of Project Pronto.

Mpower emphasizes again that what is at stake here is whether SBC and other ILECs can deploy fiber in the loop in ways that undermine their key market-opening obligations under Section 251 of the Act. The Commission's objective should be to assure that improvements in loop technology are implemented and made available to competitive carriers in ways that help achieve, rather than thwart, the pro-competitive goals of the Act. The ILECs' obligation to provide meaningful access to the network, regardless of medium (*e.g.* copper or fiber) should grow in response to technological change and demand (wholesale and retail) and not be artificially constrained by the type of limits and restrictions that SBC seeks to establish for

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<sup>1</sup> Mpower previously submitted comments concerning SBC's initial proposed voluntary commitments. See Letter from Mpower to Carol Matthey, CC Docket No. 98-141, filed July 27, 2000. Mpower does not modify the views expressed in that letter in response to SBC's revised proposed voluntary commitments.

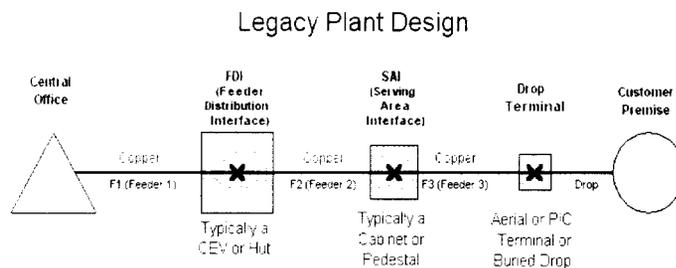
Project Pronto.

## Events in Richardson, Texas Show the Need for Adequate Competitive Safeguards

On July 27, 2000, at a DSL Workshop before the Texas Public Utility Commission (“Texas PUC”), Southwestern Bell Telephone Company (“SWBT”) finally clarified for the record the significance of its VDSL trial in Richardson, Texas.<sup>2</sup> The end result: the fiber technology currently being deployed by SWBT in the City of Richardson prevents competition of advanced telecommunications services, including xDSL service products.

Beginning in 1994, without any direction from the Texas PUC or the Federal Communications Commission (“FCC”), SWBT entered into an agreement with the City of Richardson to initiate a technology trial with the objective of providing integrated telecommunications services to customers, including video. The plan was to bring fiber closer to the customer’s premises (“fiber to the curb”).<sup>3</sup> The technology trial was a departure from the traditional legacy plant design. (See Diagram 1.)

Diagram 1



The project called for the elimination of most of the copper infrastructure through the removal of aerial cables, serving area interfaces, and pedestals.<sup>4</sup> SWBT introduced a fiber-based network feeding fiber from the central office (“CO”) to optical networking units (“ONUs”) – devices sitting at neighborhood street corners serving 16 to 20 customers each.<sup>5</sup> The only remaining copper facilities are the drop wires from the customer premises to the ONUs. (See Diagram 2.) This technology serves over 30,000 customers in the City of Richardson and continues to be deployed in new subdivisions within the city boundary covering five of seven zip

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<sup>2</sup> PUC Docket No. 22165, *Implementation of Docket Nos. 20226 and 20272*.

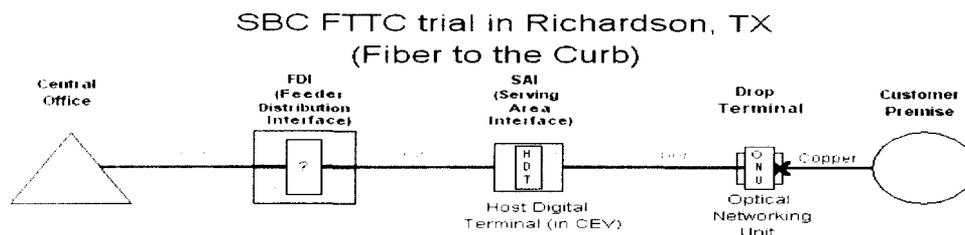
<sup>3</sup> *Id.*, Workshop, Wednesday, July 26, 2000, Proceedings Transcript, at 5-6.

<sup>4</sup> *Id.*, p. 28 (SBC stating that it has no plans to reinstall copper to serve end-users).

<sup>5</sup> *Id.*, Trans. at 22.

codes.<sup>6</sup>

Diagram 2



From technology and competitive standpoints, this project has proven a major and harmful failure. From the perspective of technological expectations, SWBT was unable to deliver the cable television product it promised the citizens of Richardson. After an initial trial, the service was terminated, and today the original vendor, Broadband Technologies, no longer supports the trial. The fiber optic network is essentially used to provide basic telephone service.<sup>7</sup> From a competitive standpoint, the fiber-based network prevents CLECs from providing xDSL services to customers because SWBT cannot break down the network into unbundled components, except at the ONU. Since SWBT removed existing copper facilities, CLECs collocated at the Richardson CO have little if any access to copper loop UNEs for the provision of xDSL service. This has left customers in the City of Richardson without any meaningful broadband competitive service choices provided over SWBT's network.<sup>8</sup> The Richardson technology trial demonstrates the inherent danger of allowing SWBT to deploy network architectures that cannot readily support provision of UNEs, to control technologies that limit competitive access, and to eliminate copper facilities necessary for xDSL competition.

### **Project Pronto Is More Richardson, Texas Scenarios Waiting to Happen**

SBC's proposed revised voluntary commitments do not foreclose more Richardson, Texas scenarios. As in Richardson, Texas, SBC is under no real constraint under its proposed voluntary commitments to prevent it from removing copper loops. SBC's proposed commitment to not retire any mainframe terminated copper facilities overlaid by NGDLC architecture for one year is a step in the right direction, but provides no assurances after that time. SBC's proposed

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<sup>6</sup> *Id.*, Trans. at 8, 12, 15.

<sup>7</sup> *Id.*, Trans. at 15-16, 19.

<sup>8</sup> Given that Project Pronto for all the reasons explained by CLECs in this proceeding does not adequately protect competition, it is ironic that SWBT now proposes to introduce a Project Pronto-type "solution" in Richardson within six months as a means to address CLECs' concerns about the inability to compete for xDSL customers. Trans. at 7.

region-wide cap on copper retirements of no more than 5 percent of total mainframe terminated facilities during the next three years is inadequate because SBC could apply the 5 percent cap to a particular central office or offices so that all of the copper loops in a city are retired. And, of course, the cap expires after three years. Accordingly, the proposed voluntary commitments provide no more than limited, temporary restraints on copper retirement. There could be many more Richardsons under SBC's proposal.

### **Copper Loops Must Be Maintained for At Least Ten Years**

ILECs have generally based their forward-looking cost estimates on maintenance of copper loops for at least 15 - 25 years. SBC should not be permitted to pull-up copper merely because fiber systems are being deployed when most copper continues to have a far longer useful life than what is employed for pricing studies. Moreover, for the foreseeable future, copper loops owned by the incumbent will continue to be essential facilities. Under any reasonable interpretation of the "essential facilities doctrine,"<sup>9</sup> ILECs have an obligation to maintain existing copper loops in order to assure that the nightmare of Richardson, Texas is not repeated. CLECs are unable to provide advanced services, and expensive collocation space is rendered useless, because SBC has precipitously removed copper loops.<sup>10</sup> As pointed out by Mpower in its July 27, 2000 letter, CLECs require a longer time horizon of assurance of the availability of copper loops in order adequately to formulate, finance, and implement business plans. As part of any Project Pronto conditions, SBC should be required to maintain copper loops for at least ten years.<sup>11</sup>

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<sup>9</sup> The essential facilities doctrine is an antitrust doctrine that imposes an obligation on a firm that controls facilities that are essential for the existence of competition between itself and a competitor to share such facilities on non-discriminatory terms. *MCI Telecommunications Corp. v. American Tel. & Tel. Co.*, 708 F.2d 1081, 1132-33 (7th Cir. 1983).

<sup>10</sup> Mpower stresses that SBC accepted Mpower's orders for collocation space in Richardson, Texas, permitted Mpower to spend several hundred thousand dollars in provisioning that space and then informed Mpower that there were no copper facilities available to reach customers in areas served by SBC's technology trial.

<sup>11</sup> For many years the Commission has had a policy of encouraging investment in radio spectrum by issuing licenses with a high expectation of renewal together with a ten year notice to vacate that medium when needed for other purposes. See e.g. *Amendment of Section 2.106 of the Commission's Rules for Use by the Mobile-Satellite Service*, ET Docket No. 95-18, FCC 00-233, released July 3, 2000. This makes Mpower's request that copper loops be available for ten years exceedingly modest.

## Other Revised Proposed Voluntary Commitments

In its revised proposed voluntary commitments, SBC states that its rates for new features and functions of its vendors' NGDLC equipment will be just and reasonable. SBC should be required to make available the features and functions of its NGDLC equipment in accordance with applicable pricing methodology for UNEs under Section 251(c)(3) and 252(d)(1) of the Act, as it proposes to do for its proposed broadband service offering and its combined voice/data service offering.

SBC also states that it has clarified the procedures for Special Construction Arrangements ("SCAs") for providing additional space in, or adjacent to, SBC/Ameritech remote terminals. These clarifications are themselves problematic because they merely provide SBC an opportunity to override its voluntary commitments concerning SCAs by filing new or revised state tariffs.

More importantly, however, SCA's do not provide an acceptable basis for provisioning of additional collocation space at remote terminals. Mpower's overwhelming experience with SCAs is that they provide an opportunity for ILECs to impose unreasonable charges<sup>12</sup> without regulatory review, require lengthy periods of time to implement, and resolution of any pricing or construction issues can take many months to resolve. The Commission should send SBC back to the drawing board concerning provisioning of collocation space at remote terminals with direction to propose a streamlined process that would actually permit CLECs to obtain and use additional collocation space within reasonable time frames and at reasonable cost. SBC's preferred approach is merely an opportunity to forestall any competitively meaningful provision of additional collocation space in remote terminals. To the extent state tariffs are to play any role in provisioning of collocation space at remote terminals, SBC should be required to submit in this proceeding a model tariff with standardized pricing

Mpower emphasizes that SBC has not addressed any of the fundamental underlying issues that make its proposed use of SCAs an unacceptable alternative for providing collocation space at remote terminals. As stated by Mpower in its July 27, letter, SBC should have an absolute obligation to provide collocation space at remote terminals, there should be no distinction between current and future collocation space in remote terminals, and pricing should be consistent with forward-looking incremental cost pricing. In addition, SBC should not be permitted to use retail and wholesale demand projections as the basis for denying collocation space. SBC should be required to provide additional space regardless of its demand forecasts. Otherwise SBC can effectively block CLECs from collocating in remote terminals by a combination of undersizing and overforecasting, knowing that CLECs may not be able to construct adequate space at all or in time to compete.

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<sup>12</sup> For example, one ILEC requested Mpower to pay between \$1.2 and \$1.7 million for the provision of individual standard size collocation cages, per cage.

SBC has also failed to clarify the application of its proposed voluntary commitments. The commitments should be explicit in applying to each SBC operating ILEC, including the former Ameritech, PacBell, and SNET operating companies.

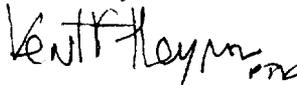
### **Conclusion**

SBC's deployment of advanced technology in Richardson, Texas unfortunately presents a case study of the direct financial harms to CLECs and harm to competition that can occur when ILEC's arrogate entirely to themselves decisions about when and how to employ advanced loop technology. The Commission should draw the lessons that ILECs may only deploy advanced loop technologies that genuinely support the offering of UNEs, that ILECs may not unilaterally control such technologies, and that ILECs may not precipitously remove copper loops. Also unfortunately, SBC's revised proposed voluntary commitments, while constituting improvements in some areas, simply fail to remedy the anticompetitive impacts of Project Pronto and are not sufficient to preclude more Richardsons, Texas. The possibility that copper loops could be precipitously retired after three years, use of an onerous and costly SCA process to provide collocation space, and the proposal to use future collaboratives instead of well-defined obligations make it all too likely that Project Pronto will hinder the deployment of competitive advanced services throughout the SBC region.

Accordingly, the Commission should delay any resolution of this proceeding until, first, it has obtained a complete report and explanation from SBC concerning its technology trial in Richardson, Texas. In particular, SBC should be required to explain what it was thinking when it was providing collocation space to CLECs while knowing that there are no copper facilities to enable utilization of the collocated equipment. Mpower is attaching to this letter the transcript of proceedings before the Texas PUC concerning Richardson, Texas to aid the Commission's

review of this matter. Any grant of the waivers requested by SBC, whether before or after an inquiry into Richardson, Texas, should be subject to the conditions requested by Mpower in this proceeding. The Commission should also explicitly provide that SBC's deployment of Project Pronto will be subject to the outcome of the recently released *Collocation NPRM*.<sup>13</sup>

Sincerely,



Kent F. Heyman  
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cc: Michelle Carey  
Jake Jennings  
Johanna Mikes  
Staci Pies  
Anthony Dale  
Mark Stone  
Magalie Roman Salas

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<sup>13</sup> *Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket No. 98-147, FCC 00-297, released August 10, 2000.

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

IMPLEMENTATION OF DOCKET ) PUC DOCKET NO.  
NOS. 20226 AND 20272 ) 22165

WORKSHOP  
WEDNESDAY, JULY 26, 2000

BE IT REMEMBERED THAT AT approximately  
9:40 a.m., on Wednesday, the 26th day of July  
2000, the above-entitled matter came on for  
hearing at the Offices of the Public Utility  
Commission of Texas, 1701 North Congress Avenue,  
William B. Travis State Office Building,  
Commissioners' Hearing Room, Austin, Texas  
78701, before JOHN MASON; and the following  
proceedings were reported by William C.  
Beardmore, Lou Ray and Patricia Gonzalez,  
Certified Shorthand Reporters of:

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

2 WEDNESDAY, JULY 26, 2000

3 (9:40 a.m.)

4 MR. MASON: Okay. We're on the  
5 record. This is the DSL working forum.

6 This is Docket 22165, implementation of  
7 Docket Nos. 20226 and 20272 and Project  
8 No. 20400, Section 271 compliance monitoring of  
9 Southwestern Bell Telephone Company of Texas.

10 Before we get started, I am John Mason,  
11 with the Office of Regulatory Affairs.

12 MR. SRINIVASA: My name is Nara  
13 Srinivasa. I'm with the Office of Regulatory  
14 Affairs with the telecom division.

15 MR. MASON: And we have other  
16 Staff present.

17 MR. RAJAGOPAL: This is Raj. I'm  
18 from the TIA.

19 MR. CHIAPPETTA: Robert  
20 Chiappetta, from OPD.

21 MS. MALONE: Melanie Malone, OPD.

22 MR. CURRY: Rowland Curry, OPD.

23 MR. MASON: And before we get  
24 started, could we have appearances of the  
25 parties. Actually, let's have the people up

1 front make appearances, and then if any  
2 attorneys want to make an appearance we can take  
3 their appearance also.

4 MR. ARMSTRONG: Richard Armstrong,  
5 Lucent Technologies.

6 MR. KUBES: George Kubes, SBC.

7 MR. SANDS: Bob Sands, SBC.

8 MR. BROWN: Linc Brown, SBC  
9 Advanced Solutions.

10 MS. GENTRY: Jo Gentry, IP.

11 MS. LOPEZ: Ann Lopez, Rhythms.

12 MR. DRAKE: William Drake,  
13 WorldCom.

14 MR. MILLER: John Miller,  
15 WorldCom.

16 MR. LEAHY: And, Your Honors, Tim  
17 Leahy, representing Southwestern Bell Telephone.

18 MR. EPSTEIN: Keith Epstein,  
19 General Counsel for SBC/ASI.

20 MS. CARTER: Your Honor, Chris  
21 Goodpastor, for Covad, will be here shortly.

22 MR. SIEGEL: Howard Siegel, IP  
23 Communications.

24 MS. BOURIANOFF: Michelle  
25 Bourianoff, AT&T.

1 MR. GUNNELS: Mike Gunnels, AT&T.

2 MS. GENTZ: Susan Gentz, for  
3 Mpower Communications and Connect South and  
4 Ionix.

5 MR. DRUMMOND: Your Honor, I'm  
6 with Casey, Gentz & Sifuentes appearing on  
7 behalf of Rhythm Links.

8 MR. MASON: Okay. And if anybody  
9 else wishes to speak, just state your name for  
10 the record, please. This is a joint working  
11 group today. We're going to be discussing a  
12 technical publication which Southwestern Bell  
13 has submitted for approval.

14 That was noticed for this morning, but  
15 apparently there are some folks here that would  
16 like to leave -- talking about the Richardson  
17 fiber to the curb issue -- and so we're going to  
18 address that issue first.

19 As far as the fiber to the curb, I  
20 guess we can start with just sort of an update.  
21 I'm looking at the issues list sent by IP  
22 Communications on July 19th. And No. 2 is the  
23 Richardson fiber to the curb issue.

24 And I guess the best way to do it would  
25 be to sort of give an overview. I know we

1 talked about this briefly, but maybe you could  
2 give us a broad overview just for a refresher  
3 and then sort of a status on what's going on.

4 MR. SANDS: Okay. Bob Sands,  
5 Southwestern Bell Telephone. Basically  
6 Richardson fiber to the curb is a technology  
7 that we employed in 1994 to provide service to  
8 all of the Richardson residential area.

9 And the way it is set up, basically,  
10 all of the narrow band and the broadband are  
11 integrated into the central office. There are  
12 drops running from what we call ONUs, or optical  
13 network units, out in the field. These ONUs  
14 feed 16 residential units out there.

15 And basically from that point back into  
16 the central office there is fiber, and there is  
17 electronics in between, but basically fiber all  
18 the way back to the central office, integrated  
19 into an ATM switch or into the central office  
20 switch itself.

21 MR. SRINIVASA: Was this trial in  
22 response to -- did the Commission direct you, or  
23 did the FCC order such trials, or how was it  
24 done?

25 MR. SANDS: No, Your Honor. It

1 was something that was initiated by SBC. We  
2 made an agreement with the City of Richardson  
3 that we wanted to trial this technology that  
4 also included video, and we wanted to bring  
5 fiber closer to the home.

6 Part of the agreement was that we would  
7 remove aerial cables and get rid of serving area  
8 interfaces, large green boxes, and put in an  
9 advanced-type technology.

10 MR. SRINIVASA: Did SBC notify the  
11 State PUC of such deployment, and was that  
12 included in the rate base when you were still  
13 under the rate of return or if you were required  
14 to maintain the books of the continuous property  
15 records in accordance with that rule that was in  
16 existence at the time?

17 Did you notify the State Commission of  
18 that?

19 MR. SANDS: My understanding is  
20 that there was a letter sent out that there was  
21 a notification that we were going to conduct the  
22 trial. And beyond that, I honestly don't know  
23 any of the details, but I've been told that  
24 there was a letter sent out that we were going  
25 to introduce this technology.

1           The problem is that competitors want  
2 access for DSL service for their customers, and  
3 can't. We have come up with an interim  
4 solution, and we're looking at long-term  
5 solutions to fix this problem.

6           The interim solution -- and we have  
7 committed and are committing that it will be  
8 taken care of in no more than six months, and we  
9 hope it will be a lot sooner.

10           We have committed to IP and we're  
11 committing today that it will be handled within  
12 six months. It's not anything that we have  
13 today as far as something like this working. So  
14 the solution that we're going to use is the  
15 Pronto OCD in the central office, and we're  
16 going to place this in front of the new bridge  
17 ATM switch.

18           We are going to test this physically  
19 and then we're going to test it with service  
20 order flows, because we don't know for sure if  
21 it can work. We've been assured by Lucent that  
22 it will, but we don't have anything like this  
23 working today. So we must test it.

24           MR. MASON: Is Richardson the only  
25 area that is like this in Texas right now?

1                   MR. SANDS: No. There is a place  
2 called Starwood Subdivision that actually works  
3 out of the Essex wire center in the Frisco  
4 exchange, but it is fed from Richardson and it  
5 is trunked over to this subdivision.

6                   So when we speak of Richardson, we're  
7 really going to include a solution for this  
8 location also, Starwood Subdivision.

9                   MR. MASON: Those would be the  
10 only two locations?

11                   MR. SANDS: As far as I know, that  
12 is correct. There have been other questions  
13 addressed, and we have answered those through  
14 other vehicles. As far as we know, that's it,  
15 as far as fiber to the curb in Texas.

16                   MR. SRINIVASA: So are you adding  
17 to that network for growth or have you stopped  
18 deploying this technology?

19                   MR. SANDS: We are adding to it  
20 for growth for new subdivisions in Richardson.

21                   MR. SRINIVASA: So you're using  
22 the same technology with --

23                   MR. SANDS: Correct.

24                   MR. SRINIVASA: But this solution  
25 that you came up with, are you going to be

1 implementing that to Lucent, equipment which is  
2 still under trial which would also accommodate  
3 the DSL? Right?

4 MR. SANDS: Yes, sir.

5 MR. SRINIVASA: Are you going to  
6 be deploying that for any new growth?

7 MR. SANDS: We're going to  
8 continue with the fiber to the curb in the  
9 Richardson residential areas, as we have agreed  
10 to before.

11 And the solution will take care of  
12 those new areas also, the short term and the  
13 long-term solution.

14 MS. GENTRY: Jo Gentry, IP. I  
15 would just like to ask some more clarifying  
16 questions, because we did speak of this, SBC and  
17 IP, two weeks ago.

18 If you reflect back on about eight  
19 weeks ago when we were here in the Commission,  
20 at that time I brought a document that was a  
21 national publication and I know that we gave a  
22 copy to Mr. Leahy.

23 It talked in there and it quoted an SBC  
24 executive that of the 30,000 -- approximately  
25 30,000 Richardson end users that had fiber to

1 the curb, it talked about how SBC was adding  
2 10,000 more.

3           We asked at that time who, where and  
4 what were these 10,000, and we have not yet  
5 heard back to find out, because in there it  
6 would give you whoever your executive was that  
7 you were suppose to have gone to research to  
8 figure out, did he make a correct statement or  
9 was he misquoted or what was that, and I know  
10 you have that document.

11           So my follow-up question would be, was  
12 that accurate, because I'm trying to size how  
13 big the Richardson situation is. We've talked  
14 about the 30,000 that were done in 1994. You  
15 shared with me two weeks ago that you believed  
16 it was only 900 DSL working customers today.

17           You shared with me that those 900 were  
18 transferred to ASI the latter part of May,  
19 somewhere of the last week, whatever the dates  
20 are are irrelevant at this point, but they were  
21 transferred over to the subsidiary at this  
22 point.

23           My question would be, what are those  
24 10,000? So I need to have kind of a clarity  
25 on -- did that mean that you -- and it's kind of

1 following the question that you just had -- are  
2 you adding more customers in the same technology  
3 type as the Richardson fiber to the curb was six  
4 years ago?

5           Is that what you are continuing to  
6 deploy? Is that, what we are calling, old, no  
7 longer available technology, or are you stopping  
8 and doing a more updated type of technology? My  
9 concern is something you've just said is, you're  
10 adding more to it.

11           You're only exacerbating the problem if  
12 you're adding more of that old technology to new  
13 customers, to new end users. So if you can  
14 clarify that, that's kind of important to me,  
15 and then if you can tell me where that 10,000  
16 customer base went, that would be interesting.

17           MR. SANDS: Okay. As new  
18 subdivisions are developed in Richardson, we are  
19 continuing with the existing technology, fiber  
20 to the curb.

21           MS. GENTRY: Of the same  
22 generation of six years ago?

23           MR. SANDS: Yes.

24           MR. SRINIVASA: In 1994 when you  
25 notified the Commission of your trial, wasn't

1 that limited just for those customers that were  
2 being served at the time? Did you come in here  
3 and seek to keep on adding to that with the  
4 Commission's authority or permission?

5           Because if it is not a standard  
6 telecommunications network that was being  
7 deployed to serve all the other customers, if  
8 you were using this technology and if you were  
9 doing that on a trial basis, was that limited  
10 just to those customers at the time?

11           MR. SANDS: No. It was set up for  
12 all the residential customers in the City of  
13 Richardson. And the agreement would be as  
14 customers are added, new subdivisions developed  
15 that we would continue with that same  
16 architecture. That is what we're doing today.

17           MR. SRINIVASA: Did you notify the  
18 Commission of that, that you will be doing that  
19 to all new subdivisions that's going to be  
20 coming out in the Richardson area, that you will  
21 be using this new technology at the time when  
22 you sought permission from the Commission to do  
23 this trial?

24           MR. SANDS: As far as I know, we  
25 didn't. We just said that we were going to

1 deploy this new technology in the City of  
2 Richardson.

3 MS. GENTRY: Jo Gentry, IP. I  
4 have a few more follow-up questions.

5 MR. LEAHY: Frankly, I don't think  
6 we've answered all your -- you had a number of  
7 questions. So if I could have just a minute, I  
8 would like to clarify.

9 MR. SANDS: May I go back to the  
10 10,000 thing. Evidently that was an old quote,  
11 and apparently that was at a time when it was  
12 under construction.

13 The initial construction started in  
14 '94. As customers were cut over -- and there  
15 were still some customers that were cut over  
16 last year. So I'm going to assume that the  
17 person that made this -- and I didn't talk to  
18 him directly, but I got information from  
19 somebody that I worked with that said they  
20 called him and he said, it was an old quote, and  
21 it probably meant that we still had another  
22 10,000 customers to cut over, that where the  
23 facilities had already been placed and we just  
24 hadn't cut them from the copper facilities over  
25 to the fiber to the curb.

1           There is no expansion beyond the City  
2 of Richardson city limits itself. There are  
3 approximately 40,000-odd lines working with  
4 those 30,000-odd customers, approximately.

5           MR. SRINIVASA: The city boundary  
6 and the exchange boundary are not the same.

7           MR. SANDS: That is correct.

8           MR. SRINIVASA: So this technology  
9 was deployed only in the Richardson city  
10 boundary, but some parts of that exchange may  
11 still be served using copper technology?

12          MR. SANDS: Yes, that is correct.  
13 Part of the City of Dallas is served out of the  
14 Richardson wire center. So the boundaries are  
15 different, although they may be close, but the  
16 city limit boundaries and the wire center  
17 boundaries are definitely different.

18          MS. GENTRY: Jo Gentry, IP. Let  
19 me ask you a few more questions. Some of this  
20 is information you shared with me two weeks ago,  
21 but I want the people here in the room to have  
22 the benefit of some of the things that perhaps I  
23 know that they are not familiar with.

24          Just again to size it, there are five  
25 zip codes in Richardson that basically cover the

1 initial residential area, and those were the  
2 ones that this fiber to the curb was deployed at  
3 six years ago.

4           There are two other zip codes in that  
5 area. Now, again, they could expand. That is  
6 obviously a fluxing, growing thing, but it's not  
7 a business application except for some small  
8 strip mall or smaller businesses but not major  
9 business complexes, I believe, is what you have.

10           MR. SANDS: That is correct.

11           MS. GENTRY: You've already told  
12 us that you've taken the copper out. For all of  
13 those initial 30,000 customers you took all of  
14 the copper out, cut it off or however you  
15 disabled it so that you believe at this time  
16 there is no copper available that you could  
17 resurrect.

18           MR. SANDS: That is correct.

19           MS. GENTRY: Now you're sharing  
20 with me -- I had understood that this was rather  
21 historical. I had the perception until just now  
22 that this was something you had done so called  
23 six years ago and these customers -- I didn't  
24 understand until today that you're still  
25 converting additional customers over to a

1 technology that you shared with me is no longer  
2 manufactured, is no longer embellished or  
3 supported from a new technology point of view by  
4 its original vendor. In fact, I can't remember  
5 the subsidiaries name -- Broadband --

6 MR. SANDS: Broadband  
7 Technologies.

8 MS. GENTRY: -- Technologies is no  
9 longer in existence, you believe, when you told  
10 me two weeks ago. But Lucent obviously  
11 understands some of the boxes. Now, let me  
12 frame how I understood how you told me.

13 There is a CFE piece of equipment that  
14 needs to be at the end user, and that there are  
15 2000 more of these widgets manufactured -- they  
16 are not going to make anymore of them -- it was  
17 a one-time shot -- in their warehouse somewhere  
18 by their owner.

19 To put new customers on, you were going  
20 to make available that piece of CPE to potential  
21 CLECs, but you also shared you believed the  
22 price was about \$650, approximately \$650. So I  
23 would have to work an arrangement with whoever  
24 that vendor is that warehouses these CPEs for  
25 \$650 for a DSL customer and we already -- I

1 think we laughed at the time about it probably  
2 makes them totally impractical to do that.

3 But in the interim, no customers in  
4 Richardson or Starwood could have DSL from  
5 anyone until those CPE boxes became available  
6 and only if I wished to pay for them. Am I  
7 factual so far?

8 MR. SANDS: Yes.

9 MS. GENTRY: But you just shared  
10 with us that you're cutting more customers over  
11 to fiber to the curb. Are you cutting out the  
12 copper to any existing or are these brand-new  
13 housing developments and you're not laying any  
14 copper, you're only laying fiber to the curb of  
15 the old technology?

16 MR. KUBES: George Kubes, SBC. I  
17 think I can address that issue. The growth that  
18 Bob is referring to is in new subdivisions  
19 outside of the traditional locations, but it's  
20 still within the boundary of the Richardson wire  
21 center.

22 That means that there is no copper  
23 feeder facilities to these. The only way that  
24 these new subdivisions or these new growth areas  
25 could be fed would be a fiber platform.

1           In addition, we don't have the ability  
2 to put in the Alcatel equipment at this time.  
3 In order to remain consistent within the wire  
4 center and within the way it's being grown,  
5 we're utilizing some of the existing on-hand  
6 stock of the ONUs and the HDTs.

7           The HDTs are already placed for the  
8 majority of these. What we're actually  
9 installing is the fiber feed from the HDT, or an  
10 equivalent would be a COT, to the ONU which  
11 would be the equivalent of a remote terminal at  
12 the back of the area.

13           That's the growth that is occurring.  
14 The actual digital loop carrier and feed is  
15 already in place in all of these situations.  
16 We're extending and providing the last leg of  
17 service to provide them.

18           That's where the conflict comes in.  
19 And these are just the new growth subdivisions  
20 within Richardson itself. There is no copper  
21 feeding these areas. That's the problem. If we  
22 had copper feeding the area, leaving the central  
23 office, then perhaps we could have brought them  
24 on.

25           But in this case, that's all been