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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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

Re: Ex Parte, CC Docket No. 98-147/Deployment of Wireline Services Offering
Advanced Telecommunications Capability; CC Docket No. 96-98, Implementation of the
Local Competition Provisions in the Telecommunications Act of 1996

Dear Ms. Roman Salas:

On Thursday, November 2, 2000, Richard Rubin, C. Michael Pfau and the undersigned, all of AT&T, met with the following members of the Commission's Common Carrier Bureau and the Office of Engineering and Technology: Kathy Farroba, Johanna Mikes, William Kehoe III, David Ward, Staci Pies, Alan Thomas, Dennis Johnson, Shanti Gupta, Paul Marrangoni and Jerry Stanshine. The purpose of the meeting was to discuss AT&T's previously filed comments in the above-captioned proceedings. The attached presentation was used to facilitate our discussion.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(2) of the Commission's rules.

Sincerely,

ATTACHMENT

- cc: K. Farroba
- S. Gupta
- D. Johnson
- W. Kehoe III
- P. Marrangoni
- J. Mikes
- S. Pies
- J. Stanshine
- A. Thomas
- D. Ward

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CLEC Access to Collocation and Next Generation Loops— A Competitive Necessity

Presentation by AT&T Corp.

November 2, 2000

Collocation Summary

- The DC Circuit's remand requires explanation, not significant modification of existing rules
- Centralized access to collocation capabilities is the key to most facilities-based competition
- Collocation of equipment that performs transmission and switching functions is "necessary" for CLECs to be able to provide comparable services of equal quality to the services offered by ILECs
- CLEC-to-CLEC cross-connects are essential to competition and permissible

NGDLC Loop Summary

- ILECs' introduction of Next Generation DLC (NGDLC) loop architecture does not require significant modification of existing Commission rules
- Changes in ILEC outside plant cannot alter the simple fact that a loop is a loop
- Remote collocation – in any form -- will almost never provide CLECs with a meaningful opportunity to compete

NGDLC Loop Summary

- Unbundling NGDLC loops will not negatively impact ILEC investment
- Competition for local voice *and* data services will be stifled if CLECs cannot efficiently access their customers' "bits"
- If CLECs are prevented from obtaining comparably efficient access to an ILEC's entire loop, including NGDLC functionality, the Commission must require the unbundling of packet switching

CLEC Collocation Requirements

- Centralized access to collocation is the key to most facilities-based entry
- National standards are needed to assure that CLECs can collocate equipment that performs transmission and switching functions
 - Virtually all commenters other than ILECs support this view
 - Qwest explicitly supports rules allowing collocation of “transmission equipment, including multiplexers; ATM switches; DSLAMs; routers and concentrators; frame relay switches; and Ethernet switches”

The Court's Remand Does Not Compel A Different Result

- Other ILECs' legal arguments regarding the Court's remand are simply wrong
 - The Court only expressed concern about the *potential* effects of the Commission's rule, not the specific equipment referenced
 - The Court did *not* hold that section 251(c)(6) precluded collocation of any specific telecommunications functionality; rather, it left such issues for the Commission to decide on remand

The “Necessary” Standard of Section 251(c)(6)

- The ILECs’ narrow view of “necessary” ignores the main issue: “necessary for what”?
- The Act answers the question: necessary for CLECs to have efficient “access” to ILEC UNEs and “interconnection”
- The Commission has defined “access to UNEs” as the ability to use all of a UNE’s features, functions and capabilities and “interconnection” to require the ability to provide service equal in quality to the ILEC’s

The “Necessary” Standard of Section 251(c)(6)

- At a minimum, collocation of telecommunications functionalities is “necessary” if a CLEC would not otherwise be able to
 - provide a desired service, or serve some customers, using UNEs or interconnection or
 - provide such service at quality levels equal to that of the ILEC for comparable services

The “Necessary” Standard of Section 251(c)(6)

- This standard is fully consistent with the Supreme Court’s definition of “necessary” in section 251(d) and the UNE Remand Order
- The focus of the analysis must always be on functionality, not the identity of specific equipment

Collocation of Multi-Function Equipment Must Be Permitted

- Exclusion of multi-function equipment that does not consume more space than collocatable single-purpose equipment is unreasonable and discriminatory
 - Such equipment was developed to meet ILEC needs and provide ILECs with added efficiencies
- Requiring CLECs to disable functions of multi-function equipment is also wasteful and anticompetitive

Collocation of Transmission Functionality is “Necessary”

- Even Verizon admits that transmission and multiplexing functionalities, including DSLAMs and concentrators, can be collocated
 - Such devices are essential to make entry economically viable
- Collocation of ancillary equipment used for remote monitoring of transmission functionality is also necessary to support CLECs’ quality of service

Collocation of Switching Functionalities is “Necessary”

- Switching, as multiplexing and concentration, can be used to conserve transmission resources
- All CLECs and Qwest demonstrate that collocation of switching functionality, especially packet switching functionality, is necessary to enable them to provide competitive service
- Packet switches perform both switching and transmission functions, which the Commission recognizes are increasingly inseparable

Collocation of Switching Functionalities is “Necessary”

- Packet switches facilitate dramatic increases in transmission efficiency and service scope by integrating statistical multiplexing and route selection functions – but this efficiency cannot be fully achieved except through CO collocation
- Packet switches are necessary to enable CLECs to access all the functionalities of the loop
- Packet switches are typically no larger than transmission-only equipment

CLEC-to-CLEC Cross-Connects Are Permissible

- Refusal to permit such cross-connects would be an unjust and unreasonable term of collocation
- Refusal to permit cross-connection means that only the ILEC can connect to all other carriers throughout an office
- Collocation necessarily entails ancillary easements of this type, such as CLEC representatives' ability to walk through ILEC premises
- Cross-connects are also “necessary” to implement line splitting
- Requiring CLECs to connect elsewhere would be prohibitively expensive

Current Rules Almost Fully Address NGDLC Loop Issues

- The Commission's rules (§ 51.307(c)) already require that CLECs be provided with access to the entire loop, with all its features, functions and capabilities in a manner that is technology and service neutral
- “Attached electronics” are part of a loop (§ 51.319(a)(1))
- Remotely deployed electronics (including DSLAM functionality) perform multiplexing, which is a *transmission* (not switching) functionality

Current Rules Almost Fully Address NGDLC Loop Issues

- ILECs themselves admit that remote electronics are part of the loop (*e.g.*, BellSouth 5th FNPRM Comments at 6, 21; Verizon Comments at 35)
- ILECs must provide CLECs access to their customers' voice and data signals in the central office in a manner equally efficient as that provided to their data affiliates
- The end of the loop for data signals must be established as the OCD or similar device, *i.e.*, the *first place* a CLEC can access its customer's signals

Loops Are Loops

- NGDLC architecture expands transmission capacity, a basic functionality of existing loops; it does not create new network elements
- *Loops* connect customer premises with ILEC central offices, *not* customer premises and remote terminals (§ 51.319(a)(1)) and are not restricted to voice services
- *Subloops* are portions of a loop that may terminate at remote terminals and similar locations (§ 51.319(a)(2))
- ILEC rhetoric cannot obliterate this critical distinction
- Some ILECs (*e.g.*, BellSouth, 5th FNPRM Comments at 21) concede that ILECs are deploying NG architecture to create “what is in essence a new loop network”

Remote Collocation Is Generally Infeasible

- The sheer number of RTs makes the concept of remote collocation unworkable
 - BellSouth alone already has over 35,000 RTs
- ILECs admit that RTs are not designed for sharing
- Remote/adjacent collocation is impractical
- The economics of remote collocation are vastly worse than for central office collocation
 - CLECs' cost per customer served is prohibitive
- Manufacturers and ILECs oppose virtual collocation in RTs

Reaffirming that NGDLC Loops Must Be Unbundled Will Not Negatively Impact ILEC Investment

- ILECs have publicly committed to invest in NGDLC/DSL and customers want it
- Unbundling all loops will spur additional use of the new ILEC technology
- Unbundling does not provide CLECs with a “free ride” on ILEC investment
- ILEC threats to withhold investment without “additional financial upside” financials are nothing more than an attempt to secure additional monopolies for themselves and their data affiliates

Failure to Unbundle Loops Based on the Technology Used Would Stifle All Local Competition

- Full local competition depends on the CLECs' ability to be able to offer both voice and data services to compete with ILECs that deploy NGDLC loops
- CLECs cannot provide service at all if they cannot efficiently access their customers' premises and connect them to the CLECs' networks
- Lack of efficient CLEC access through unbundling of NGDLC loops means there will be significantly less -- and in some cases no -- competition

The Only Alternative Would Be Full Unbundling of ILEC Packet Switching

- The Commission has already found that lack of access to unbundled packet switching impairs CLECs for most customers
- The Commission's decision not to unbundle is based on two assumptions:
 - CLECs will have efficient access to the full capabilities of their customers' loops
 - CLECs need incentives to invest
- Failure to unbundle NGDLC completely undercuts both assumptions and would require full unbundling of packet switching

Other NGDLC Issues

- Although an NGDLC loop is not a “new” network element, the ILECs’ addition of NGDLC capabilities makes it harder, not easier, for CLECs to duplicate the ILECs’ loop plant
 - Thus CLECs’ impairment is increased if they are denied access to NGDLC loops
- ILEC arguments regarding regulation of retail advanced services are a red herring
 - The Act assures CLECs’ right to access to the ILECs’ underlying loop plant

Expedited Action Is Critical

- ILECs have a huge lead in the DSL marketplace and are deploying DSL lines at an increasing pace, usually with term commitments for customers
- ILECs are making it increasingly difficult for a customer to change voice carriers when there is line sharing
 - ILECs are rejecting orders for voice services when a customer also has data service on the line
 - Mechanisms necessary to support line splitting are not yet implemented and need federal attention