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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

March 8, 2002

Mr. William F. Caton, Secretary
Federal Communications Commission
450 12th Street S.W.
Washington, D.C. 20554

NOTICE OF EX PARTE PRESENTATION
Triennial Review, CC Docket Nos. 01-338, 96-98, 98-147
UNE Metrics, CC Docket No. 01-318, 98-056, 96-98, 98-147 98-141

Dear Mr. Caton:

On March 7, 2002, Royce Holland, Dan Yost, Tony Parella, Dick Anderson and Kevin Joseph of Allegiance Telecom, Inc. met with Commissioner Kevin Martin and Emily Willeford in Dallas, Texas and discussed matters at issue in the above-referenced dockets. Allegiance reiterated positions taken in its previously filed written comments in the UNE Metrics proceeding and made the attached presentation on unbundled network elements.

If you have any questions, kindly contact the undersigned.

Respectfully submitted,

Mary C. Albert

cc: Commissioner Kevin Martin
Emily Willeford

Allegiance Telecom

The New Way for Business to Connect®

- The Allegiance Networks (all of them).
- How the Allegiance Network was built (and is continuing to grow).
- UNE Necessity
  - Unbundled Local Loop
  - Unbundled Interoffice Facility
  - Unbundled SS7 and associated databases
  - Unbundled e-Bonding to OSS.

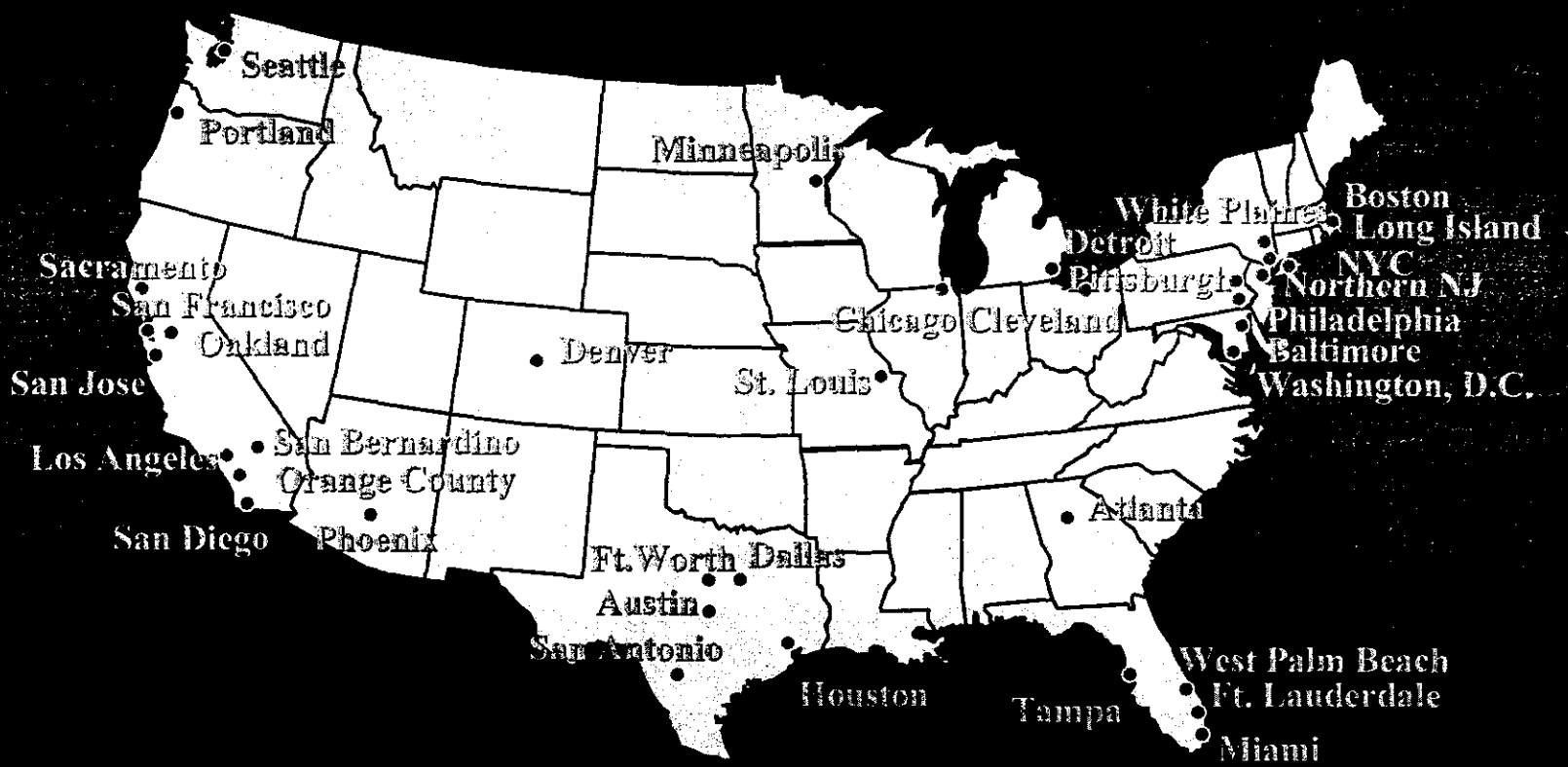
Allegiance Telecom

The New Way for Business to Connect®

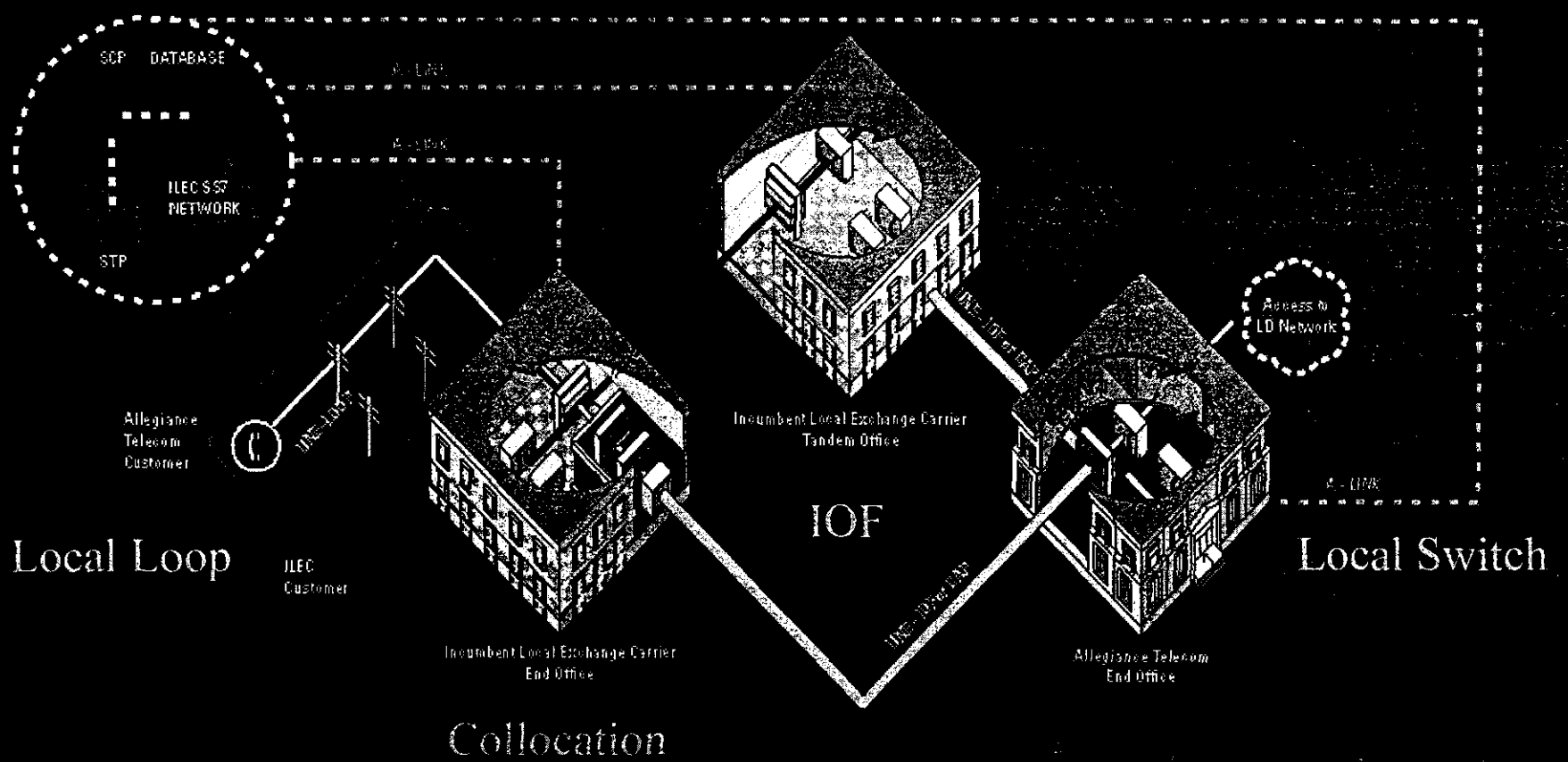
Allegiance Telecom is a true facilities based local service provider serving small and medium sized businesses.

- Operations in 36 Tier 1 cities.
- Each of the 36 markets is autonomous.
- 31 Class 5 central office switches (Lucent 5ESS).
- 800+ collocations within ILEC wire centers provide access to the last mile (e.g. Unbundled Local Loop).
- Leveraged existing infrastructure for network deployment (i.e. "Smart Build Strategy").
- Major investment to electronically bond with ILEC Operational Support Systems (OSS).

Allegiance Telecom's Markets

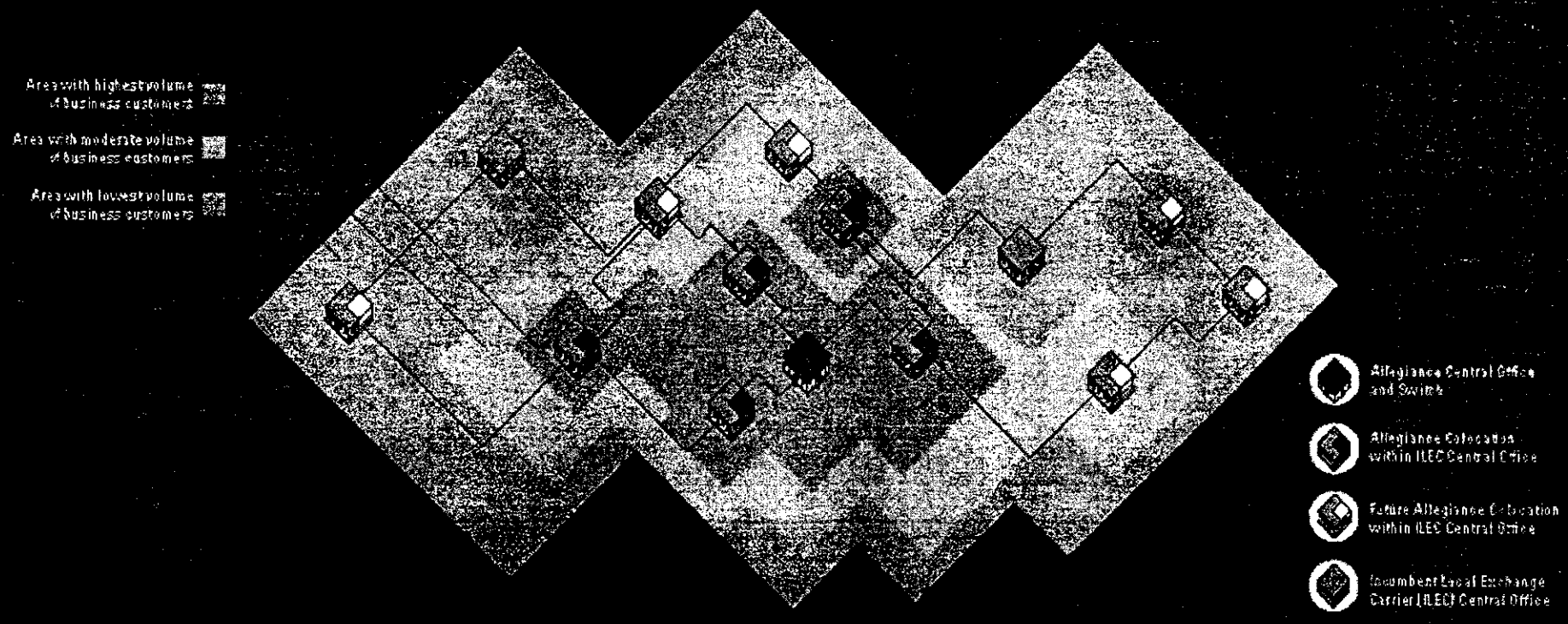


Allegiance Infrastructure



Allegiance Market Deployment Strategy

- Reach locations with the largest concentration of small and medium sized businesses.
- Continually expand footprint



Smart Build - 2 Stage Approach

- **Stage 1 - Lease Capacity**
  - Purchase and Install Switches
  - Collocate within ILEC COs
  - Lease Interoffice Transport (UNE IOF)
  - Utilize other UNEs (incl. OS/DA, Local Loop, SS7, OSS e-Bond.)
- **Stage 2 - Purchase Dark Fiber**
  - Buy from Available Providers
  - Purchase and Install Electronics
  - Continue to Utilize UNEs

Smart Build

- **Utilize Unbundled Network Elements (UNEs)**
  - UNE-Loop
  - UNE-IOF (Interoffice Transport Facility)
  - UNE-SS7 and Related Databases
  - UNE-Operator Service/Directory Assistance (removed as UNE in 1999)
  - UNE-Operations Systems e-Bonding

Stage 2 - Purchase Dark Fiber

- Allegiance fiber systems installed in 21 markets today (~12,000 fiber miles)
- Connecting about 18% (146) of Allegiance Collocations to Allegiance local switches.

UNE Necessity

- Critical to Allegiance continued growth and expansion plans.
  - Local Loops (last mile)
  - Interoffice Facilities (IOF)
  - SS7 and associated databases
  - e-Bonding

UNE-Local Loop

The "last mile"

- In almost all instances, there are no alternatives to the ILEC local distribution plant when trying to reach small and medium sized businesses.

- Controlling the local loop, controls access to the end user customer.

- New broadband distribution technologies and outside plant have the potential to limit access to the end user and therefore limit the possibility of competition at the service level.

UNE-IOF

Interoffice Facilities

- Provides the umbilical that connects the Allegiance central office switching system(s) to the ILEC wire centers.

- As Allegiance's geographic footprint expands, dependence on ILEC IOF increases.

UNE IOF

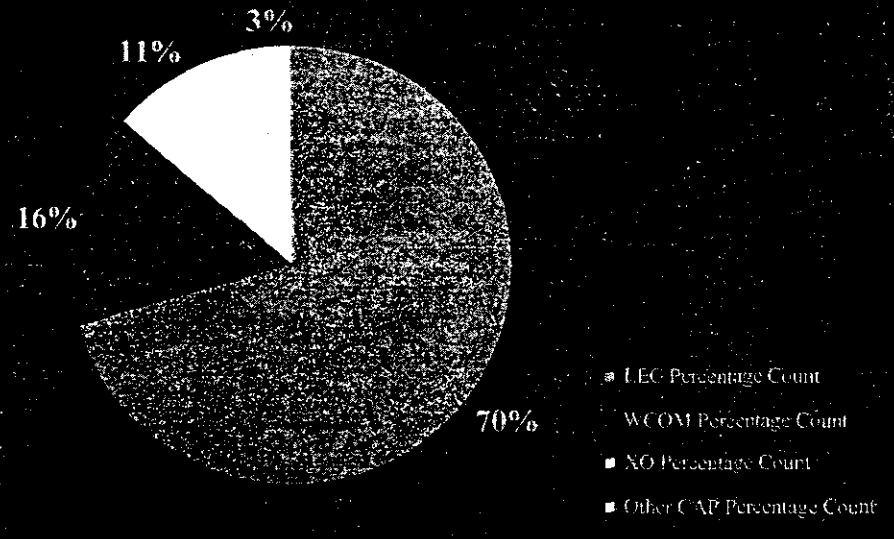
Washington DC (LATA 236) - Representative IOF Environment

- 31 collocations currently established
- nn IOF DS3s currently in service
- 36% of DS3s are on Allegiance fiber systems
- 61% of DS3s are on Verizon IOF
- 3% of DS3s are on other provider IOF
- 23% of existing collocations are served via Allegiance fiber systems.

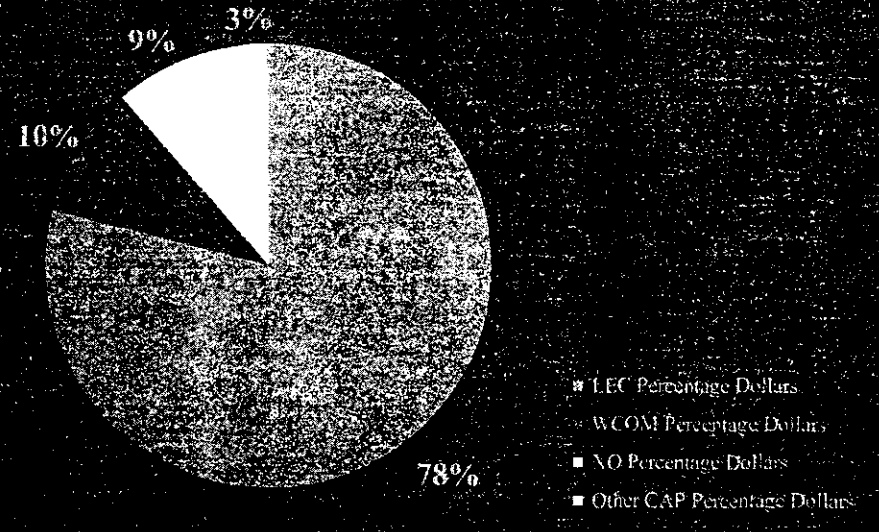
IOF DS-3 Breakdown - All Markets

All Markets

Total Leased DS3 Allocation/Circuit



Total Leased DS3 Allocation/Dollars



Signaling System #7 (SS7) Overview

'Out-of-band' Signaling

- Enables the efficient exchange of traffic between local service providers.
- Enables the efficient processing of database sensitive and signaling related network services like:
  - 8YY (a.k.a. 800 service)
  - Local Number Portability (LNP)
  - Line Interface Database (LIDB)
  - Calling Name service (CNAM)
  - CLASS (ACB, ACR, CND, COT, SCR, SCF, DR/CW)
  - N11 (ex. 211, 711, 511, 311)
- Enables the creation and rapid deployment of customer capabilities like:
  - Privacy Manager (Incoming Call Screening)
  - Call Distribution Services (Pizza Hut)

UNE-SS7

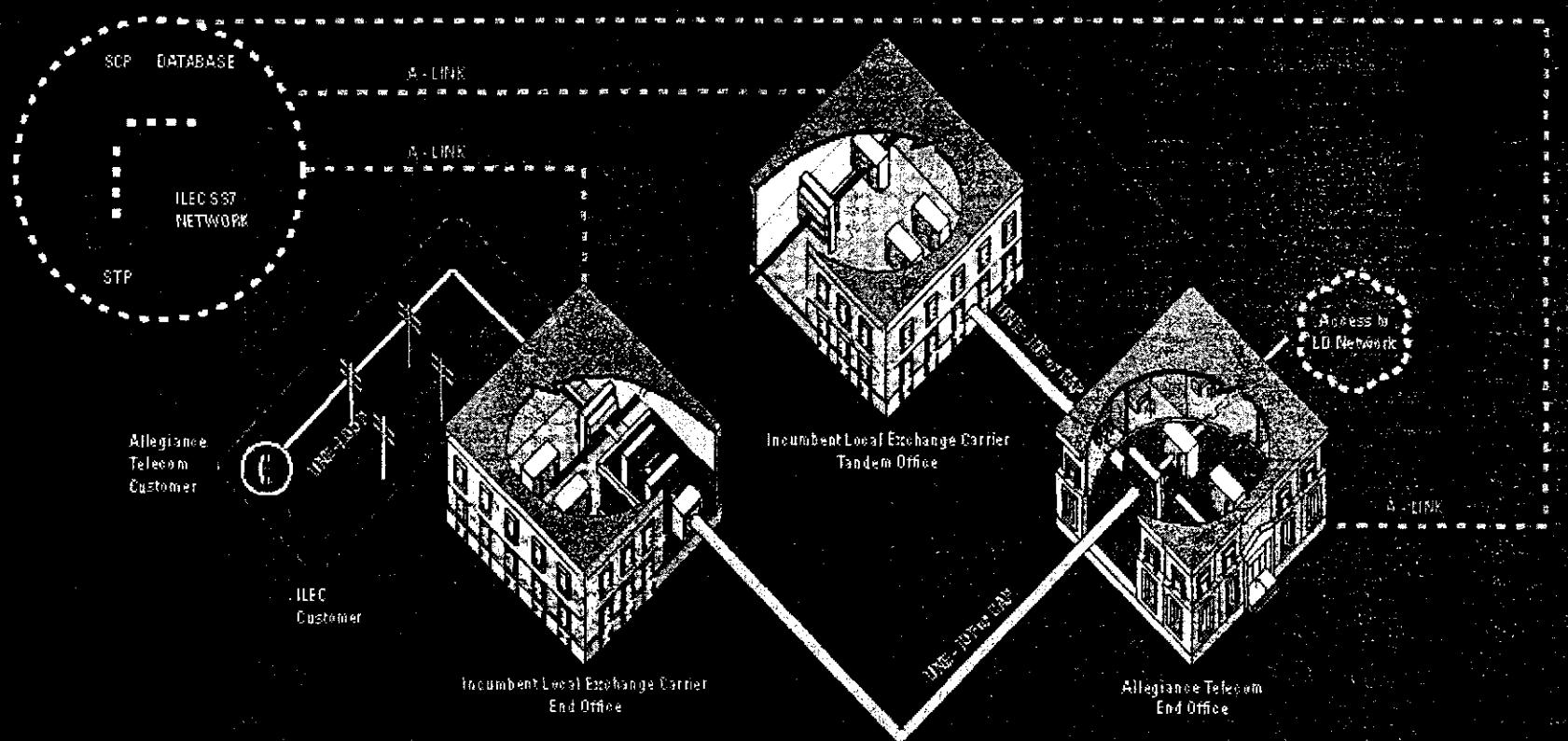
Signaling System #7 (SS7) and related databases

- **99% of Allegiance originated traffic is delivered directly to an ILEC office.**
  - Access tandem (Equal Access to Long Distance Carriers)
  - Local Tandem (Efficient exchange of local traffic)
  - End office (Direct exchange of local traffic to and from Allegiance and ILEC customers.)

- **On average, across the Allegiance network, > 65% of all interconnection trunks are direct end office trunks (DEOTs).**

Allegiance Infrastructure with SS7

SS7 UNE



Conclusion

- Allegiance is committed to being a premier facilities-based local service provider for small and medium sized businesses.

- UNEs continue to be critical to the local deployment strategy.
  - UNE-Loop
  - UNE-IOF
  - UNE-SS7
  - UNE-Operations Systems e-Bonding