ORIGINAL

RECEIVED

MAY 22 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Sage

EX PARTE OR LATE FILED

May 22, 2002

Via Hand Delivery

Marlene H. Dortch, Secretary
Federal Communications Commission
The Portals
445 - 12th Street, SW
Washington, D.C. 20554

Re: Notice of Ex Parte Presentation by Sage Telecommunications
CC Docket Nos. 01 – 338, 96-98 and 98-147

Dear Ms. Dortch:

Pursuant to Sections 1.1206(b)(1) and (2) of the Commission's Rules, Sage Telecommunications ("Sage") submits in the above-captioned docketed proceedings this notice of an oral ex parte presentation made on May 21, 2002 to Rob Tanner, Christine Newcomb, Jon Reel, Jeremy Miller, Julie Veach, Dennis Johnson and Ian Dillner of The Wireline Competition Bureau. The presentation was made by myself, Gary Nuttall, Vice President, Chief Technical Officer, Sage and Heather Gold, The KDW Group. A set of talking points was distributed during the meeting; a copy is attached to this notice.

Pursuant to Sections 1.1206(b)(1) and (2) of the Commission's Rules, Sage submits an original and one (1) copy of this oral ex parte notification and attached talking points for inclusion in the public record of the above-referenced proceedings. Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,

Gary P. Nuttall, pl

Gary Nuttall
Vice President, Chief Technical Officer
Sage Telecommunications

Encl:

cc: Rob Tanner
Christine Newcomb
Jon Reel
Jeremy Miller
Julie Veach
Dennis Johnson
Ian Dillner

No. of Copies rec'd 0
List ABCDE

Sage Telecom, Inc.
805 Central Expressway South, Suite 100 Allen, TX 75013-2789 (214) 495-4700 (214) 495-4790

RECEIVED
MAY 22 2002
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Sage TELECOM*

Competition In The Mass Market

CC Docket Nos. 01-338, 96-98 and 98-147

FCC Ex Parte

May 21, 2002

Gary P. Nuttall

VP, Chief Technical Officer

Who Is Sage?

Sage TELECOM*

- UNE-P based competitor was founded in 1996
- Turned its back on the "build it and they will come" strategy
- Began service in Texas in 1998
- Now serves throughout the old SBC service territory

Who Is Sage?

Sage TELECOM*

- Has been profitable for the last two years
- Has no debt
- Raised $10M for start up expenses, but has since funded its growth entirely from internally generated cash flow
- Privately held
- Revenue doubled in 2001 from 2000

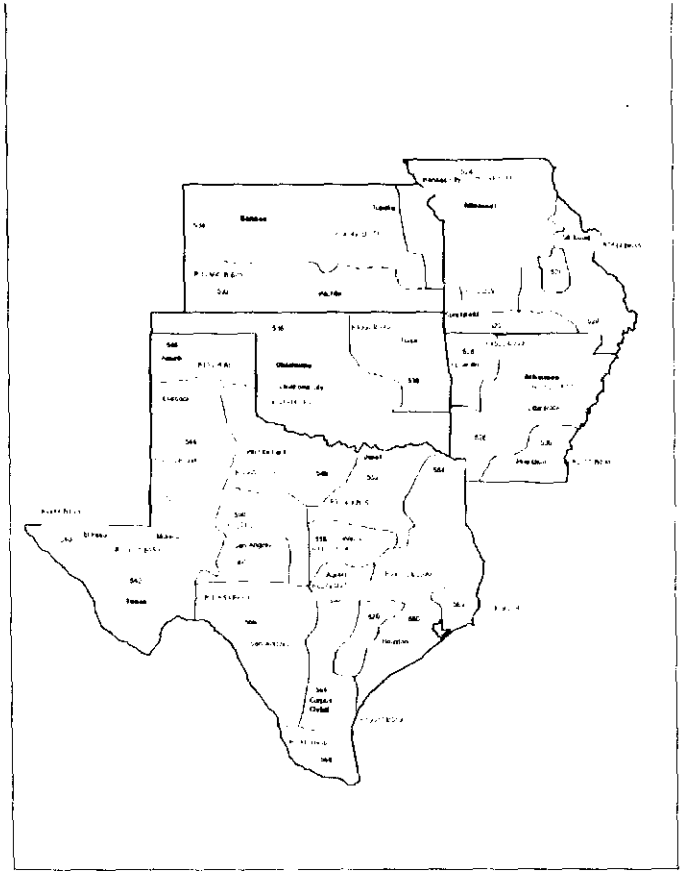
Customers of Sage

Sage TELECOM*

- Customers are overwhelmingly residential (93%) and primarily located in zone 2 and 3 service areas (over 80%)
- Currently serves over 312,000 single lines
- Has customers in all five historical SBC states, Texas, Oklahoma, Kansas, Missouri and Arkansas

Service Territory

Sage TELECOM*



Sage's Customer Value

Sage TELECOM*

- Provides package of local, Id and caller-id services priced 15% to 20% below SBC's
- Markets primarily through direct mail
- Heavily invested in back office systems for customer services and trouble reporting
  - EDI Interface for 98% of Orders
  - Online Trouble Tickets
  - Real Time CC Processing
  - Automated System to Reduce Customer Time and Errors
  - Automated Customer Notification Systems for Conversions & IT
- Provides customer service, billing and calling cards in Spanish for interested customers

UNE Needs

Sage TELECOM

- To continue to serve its 300,000+ customers, Sage needs access to the full panoply of UNEs offered as a bundle
  - Loops and NIDs
  - Switching
  - Interoffice transport
  - OSS
  - OS/DA

Triennial Review Issues

Sage TELECOM*

- Sage Telecom would be impaired in providing services to the mass market if the current UNEs at TELRIC pricing were not continued
- Texas PUC has been model for encouraging competition for mass market providers
  - ULS and OS/DA on an unrestricted basis
  - UNE-P carriers can get USF
- FCC must not undermine any positive state actions

Requirements for Serving the Mass Market

Sage TELECOM*

- TA96 did not favor one method of entry over any other
- There is no basis for a policy that only those consumers who can be served by a carrier's own facilities should have choice
- There is no carrier today that self-provisions all of its own telecommunications needs
- To provide choice in the mass market requires geographic dispersion and ubiquity

Requirements for Serving the Mass Market

Sage TELECOM

- Without access to UNE-P, competitors would literally need to collocate in 1000s of end offices
- Millions of unbundled loops would have to be transferred to competitors by hand
- The cost, time and unreliability entailed would forever preclude competition to the mass market

What Sage Needs

Sage TELECOM*

- Access to Unbundled Local Loops
  - Essential bottleneck facilities
  - Self provision of loop plant particularly for the mass market may never be economic
  - Hot Cut issues define impairment
    - integrity
    - cost
    - reliability
    - capacity constraints -- how many loops can be processed at any given time?

What Sage Needs

Sage TELECOM*

- Access to Unbundled Local Switching
  - Fortunately for Sage, TPUC requires ULS without restriction, enabling it to truly be able to serve mass market
  - Current federal restrictions impair competition in the mass market
    - ubiquity -- Market requires that Sage needs to be able to serve same geographic area as ILEC
    - cost, timeliness, and impact on network operations

What Sage Needs

Sage TELECOM*

- Access to Unbundled Shared Interoffice Transport
  - Mass market cannot justify dedicated transport -- service territory and customers are too geographically dispersed
  - Non-ILEC providers concentrate in central business district while Sage's markets are in outlying regions where there are no substitutes for ILEC facilities

What Sage Needs

Sage TELECOM*

- Access to Unbundled OS/DA
  - Cannot today be effectively delivered from alternative sources
  - Lack of customized routing from the ILEC precludes competitive options
  - Sage cannot justify purchase of DS1 level transport facilities from each customer served end office

What Should the FCC Do?

Sage TELECOM*

- After six years of legal wrangling , FCC finally has clear authority to promote competition for **all consumers**
- Without maintenance and indeed expansion of its existing rules with respect to UNE-P availability, the FCC is preventing robust competition for the mass market
- The FCC must affirm the delivery of competition by all means outlined in TA96