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WorldCom, Inc.
1133 19th Street, N.W.
Washington, DC 20036

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: In the Matters of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, CC Docket No. 01-338; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98; Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147

Dear Mr. Caton:

On March 27, 2002, the Commission adopted and released a Protective Order to ensure that any confidential or proprietary documents submitted by a party to the above-referenced proceeding would be afforded adequate protection. WorldCom has today submitted a Declaration of Peter H. Reynolds. Mr. Reynolds serves as WorldCom's Director of National Carrier Management and Initiatives. His declaration includes confidential information regarding the ability of WorldCom to self-provide or obtain from other competitive providers, the last-mile and interoffice facilities needed to provide service to WorldCom's customers. Pursuant to the terms of the Protective Order, WorldCom submits the attached Redacted Confidential Filing of Mr. Reynolds' declaration.

Sincerely,

Henry G. Hultquist
Associate Counsel
202.736.6485

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Review of the Section 251 Unbundling	)	**CC Docket No. 01-338**
Obligations of Incumbent Local Exchange	)	
Carriers	)	

DECLARATION OF PETER H. REYNOLDS ON BEHALF OF WORLDCOM, INC.

1. My name is Peter H. Reynolds. My business address is 22001 Loudoun County Parkway, Ashburn, VA 20147. I was awarded a Bachelor of Science degree in Economics from Florida State University in 1982.

2. I am employed by WorldCom, Inc. (WorldCom), and I serve as Director, National Carrier Management and Initiatives, in WorldCom's Business Operations organization. My responsibilities include managing contracts and vendor relations with Competitive Access Providers and enhanced services providers, maintenance and analysis of internal measurement of ILEC service delivery performance, and business analysis and project management regarding items that affect WorldCom's telecommunications expense.

3. The purpose of this declaration is to discuss the extent to which WorldCom is able to provision loops and transport over its own local network facilities. I show that, despite multi-billion dollar investments in local network facilities, WorldCom still

relies on the incumbent local exchange carriers to supply the vast majority of the circuits that WorldCom requires to deliver services to its customers.

Loops

4. WorldCom's preference is to serve customers "on-net," i.e., by provisioning circuits to the customer premises using WorldCom local network facilities. By using its own local network facilities, WorldCom is able to circumvent high-priced incumbent LEC access services and is also able to control service quality "end-to-end."

5. To support this strategy, WorldCom has constructed fiber rings in several cities and, in some cases, has extended its fiber rings to large office buildings, carrier hotels, interexchange carrier points of presence, and other large customer buildings. However, WorldCom's local fiber network only reaches approximately **<<REDACTED>>** buildings. And, even when a building is "on-net," WorldCom is in some cases restricted to serving only particular floors or particular customers within the building.

6. The approximately **<<REDACTED>>** "on-net" buildings represent only a small fraction of the buildings where WorldCom has customers. A recent analysis of WorldCom's customer base performed by my staff found that WorldCom serves customers using ILEC special access circuits (DS0, DS1, DS3, or OC-n) in over **<<REDACTED>>** buildings that are not on WorldCom's local network. In other words, WorldCom's **<<REDACTED>>** "on-net" buildings represent no more than **<<REDACTED>>** percent of the buildings where WorldCom serves customers using DS-0 or above circuits.

7. WorldCom's reliance on ILEC facilities is especially pronounced for lower-capacity circuits such as DS-1s. The analysis discussed above found that WorldCom serves customers using ILEC DS-1 special access circuits in over **<<REDACTED>>** buildings that are not on WorldCom's local network. In other words, WorldCom's "on-net" buildings represent no more than **<<REDACTED>>** percent of the buildings where WorldCom provides service using DS-1 circuits.

8. CAPs provide only a limited supplement to WorldCom's local network facilities. First, WorldCom does not have contracts with all CAPs. Particularly if a CAP reaches only a small number of buildings, the cost of establishing interconnection and provisioning arrangements with that CAP outweighs the potential benefits of avoiding ILEC services.

9. Moreover, even the CAPs with which WorldCom has contracts provide only a limited alternative to ILEC services. WorldCom's database of buildings served by the CAPs with which WorldCom has contracts includes only about **<<REDACTED>>** buildings. And the **<<REDACTED>>** building figure actually overstates the degree to which WorldCom can use CAP facilities to reach customers' premises. Some of the **<<REDACTED>>** CAP "buildings" are not office buildings or other "end user" customer buildings, but are instead "network" buildings such as ILEC central offices or IXC POPs.

10. Because of the limited scope of WorldCom and CAP local network facilities, WorldCom is dependent on ILEC loops even in the most "competitive" wire centers in the nation. My staff has analyzed WorldCom's customer base in 24

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large Metropolitan Statistical Areas (MSAs), including Los Angeles, New York, Chicago, and Washington, DC. We isolated those wire centers where at least one building is connected to the fiber networks of WorldCom or a CAP with which WorldCom has a contract. Even in these wire centers, our analysis found that the WorldCom or CAP networks extend to only **<<REDACTED>>** percent of the buildings where WorldCom serves customers using DS-0 or above circuits.

11. Moreover, even when a CAP serves a particular building, routing circuits over the CAP's facilities may be inefficient. Because CAP networks are limited in scope, the only point of interconnection between WorldCom and the CAP may be far from the "target" building. In these instances, it may be more efficient to purchase an ILEC circuit from a WorldCom collocation or other point of interconnection with the ILEC that is closer to the target building.

12. Finally, the growing financial difficulties experienced by several CAPs further limits their usefulness as an alternative to the ILEC. As a general matter, WorldCom is reluctant to order circuits from CAPs whose business prospects are uncertain. The risk that a CAP's business failure will cause degradation or interruption of service to a WorldCom customer typically outweighs the benefits of avoiding ILEC facilities.

Dedicated Transport

13. In order to serve customer buildings that are not on WorldCom's network, WorldCom must use, at a minimum, loop facilities obtained from the ILEC. In

many cases, WorldCom must also rely on dedicated transport obtained from the ILEC.

14. Neither WorldCom nor any other CAP has a network "footprint" that reaches more than a handful of ILEC central offices in each city. Despite multi-billion dollar investments in local network facilities, WorldCom's local fiber network still extends to only **<<REDACTED>>** incumbent LEC central offices.

15. WorldCom can supplement its own local facilities with CAP-provided transport only to a limited extent. In most cities, none of the CAPs reaches more than a small percentage of the ILEC central offices that are not on WorldCom's local network.

16. Moreover, the presence of CAP facilities in a particular central office does not necessarily indicate that the CAP is a viable alternative to the ILEC. First, if a CAP reaches only few ILEC central offices, the cost of establishing interconnection and provisioning arrangements with the CAP typically outweighs the potential benefits of avoiding ILEC services.

17. Second, it may not be possible to route traffic efficiently over CAP facilities. For example, if the point of interconnection between WorldCom and the CAP is far from the target central office, it is often more efficient for WorldCom to purchase ILEC transport from a WorldCom collocation site that is closer to the target office.

18. Finally, as discussed above, WorldCom is, as a general matter, reluctant to purchase transport services from CAPs whose business prospects are uncertain.

I declare, under penalty of perjury, that the foregoing is true and correct to the best of my knowledge and belief.

Peter H. Reynolds

April 4, 2002