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October 7, 2002

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: *Ex Parte Presentation*  
In the Matter of Review of the Section 251 Unbundling  
Obligations of Incumbent Local Exchange Carriers,  
CC Docket Nos. 01-338, 96-98, 98-147

Dear Ms. Dortch:

On October 7, 2002, Peter Reynolds and Hank Hultquist of WorldCom, Inc., and Ruth Milkman, Lawler, Metzger & Milkman, counsel to WorldCom, met with Ben Childers, Ian Dillner, Michael Engel, Jeremy Miller, Thomas Navin, Claudia Pabo, Daniel Shiman, Jerome Stanshine, Robert Tanner, Julie Veach, and Elizabeth Yockus to discuss the above-captioned proceeding. In this meeting, WorldCom discussed the material in the attached presentation regarding high-capacity loops and EELs.

Pursuant to section 1.1206(b)(2) of the Commission's rules, 47 C.F.R. § 1.1206(b)(2), this letter is being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,

  
Ruth Milkman

Enclosure

cc: Ben Childers  
Michael Engel  
Thomas Navin  
Daniel Shiman  
Robert Tanner  
Elizabeth Yockus  
Ian Dillner  
Jeremy Miller  
Claudia Pabo  
Jerome Stanshine  
Julie Veach

# Hi-Cap Competition

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

WorldCom, Inc.

October 7, 2002

# Overview

- Hi-Cap circuits include loops and EELs.
- State of Competition.
- WorldCom's ability to self-provide.
- WorldCom's use of CLECs/CAPs.
- Barriers to use of UNEs must be removed.
- Conclusion.

# Loops & EELs

- Most basic input to all telecom services is a transmission path.
- From the perspective of a requesting carrier, loops and EELs provide identical functionality.
- When there is insufficient transport competition in the end user's wire center, requesting carriers are necessarily impaired without access to both loops and EELs.

# State of Competition

- Competitive last-mile deployment:
  - Limited to buildings located near CLEC metropolitan fiber rings.
  - Record shows that CLECs have “lit” no more than 30,000 buildings nationally.
- BOCs’ claim that CLECs serve up to 95% of customer lines on alternative last-mile facilities is absurd.

# WorldCom's Last-Mile Deployment

- WorldCom installs a diverse lateral to buildings located within a mile of an existing ring.
- Process is both expensive and time-consuming.
  - Generally takes from 6-9 months and costs approximately \$250,000.
  - Only feasible for buildings where there is demand for multiple DS3s or optical-level circuits.
- Record shows that WorldCom reaches a very small percentage of its customer locations on its own last-mile facilities.

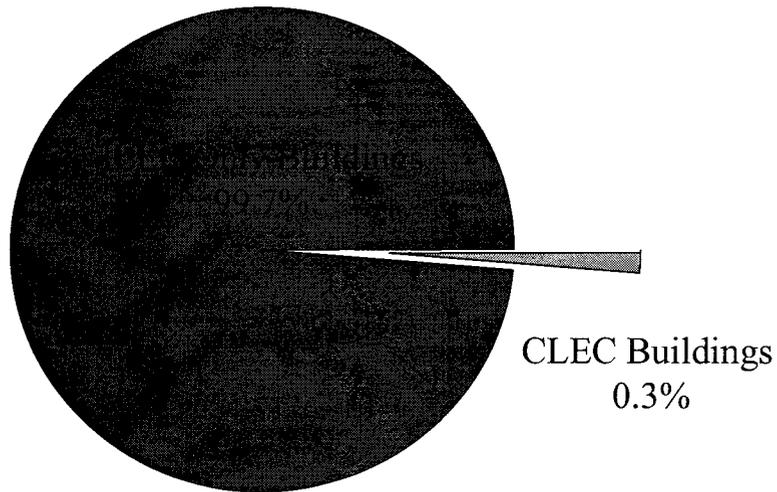
# CLEC Lit Buildings

- WorldCom contracts with 41 CLECs.
  - Only 24 CLECs have a local Lit building footprint totaling 22,600 buildings to augment WorldCom's on-net buildings.
  - Limited capital forcing CLECs to economically justify any new building adds.
- WorldCom Provisioning system selects the service Provider based on availability and price.
  - Approximately 10% of monthly orders are provisioned on WorldCom on-net or CLEC Lit buildings.
  - CLECs account for 1% of the provisioned orders.
- CLECs' presence in the "Most Competitive Serving Areas" is minimal.

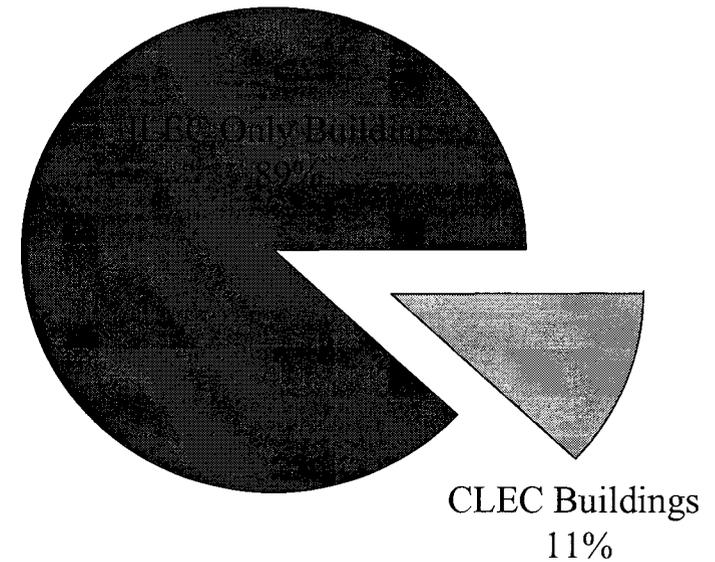
# WorldCom's Hi-Cap Buildings

## Top 26 MSAs

CLEC Total Building Coverage



Penetration in Most Competitive Serving Areas

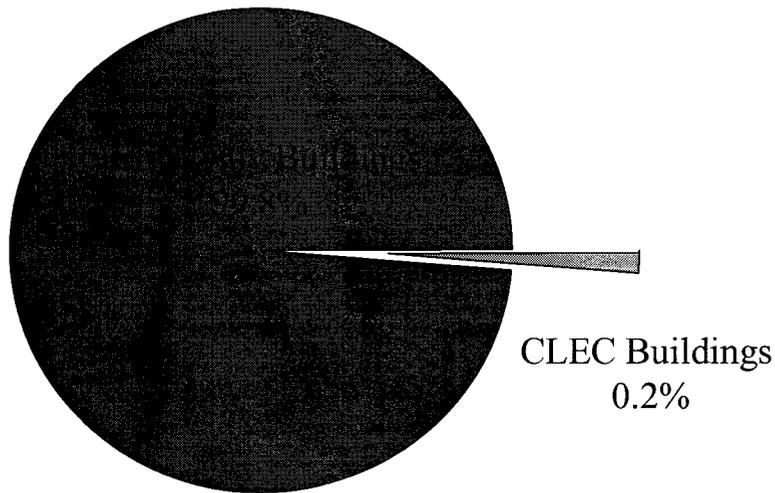


- Buildings with ILEC expense
- Central Office with CAP Presence

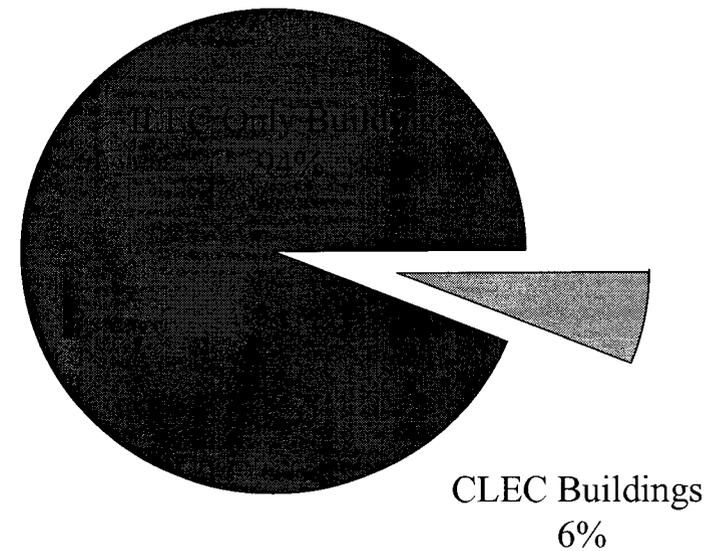
# WorldCom's Hi-Cap Buildings

## Atlanta MSA

CLEC Total Building Coverage



Penetration in Most Competitive Serving Areas

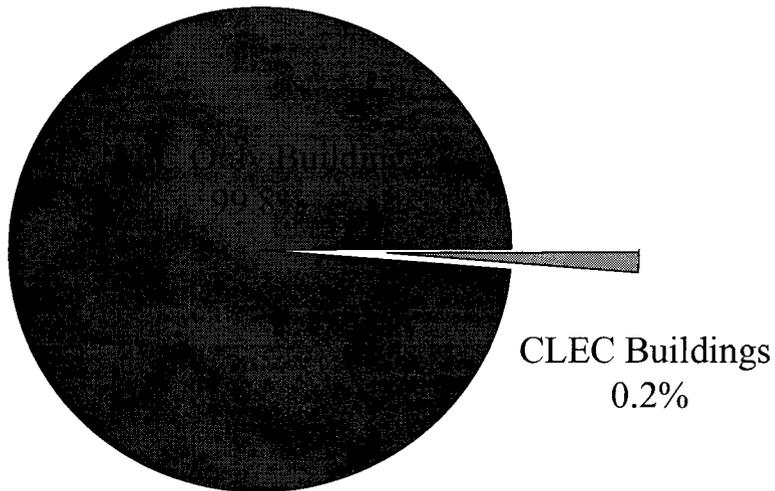


- Buildings with ILEC expense
- Central Office with CAP Presence

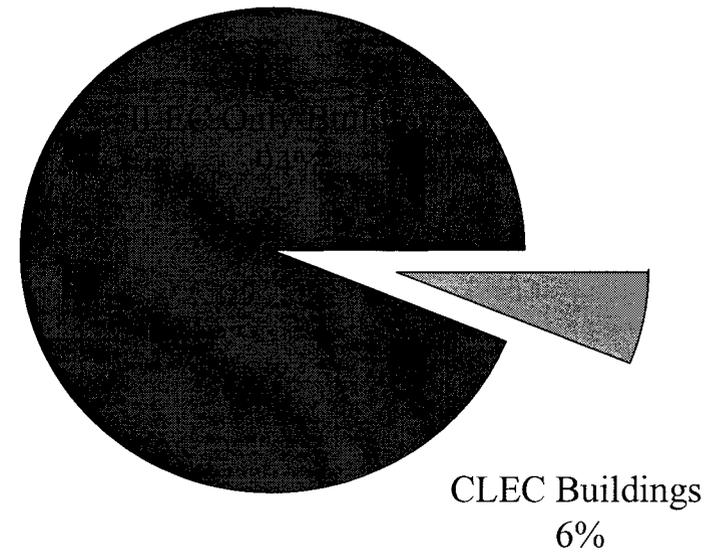
# WorldCom's Hi-Cap Buildings

## Chicago MSA

CLEC Total Building Coverage



Penetration in Most Competitive Serving Areas

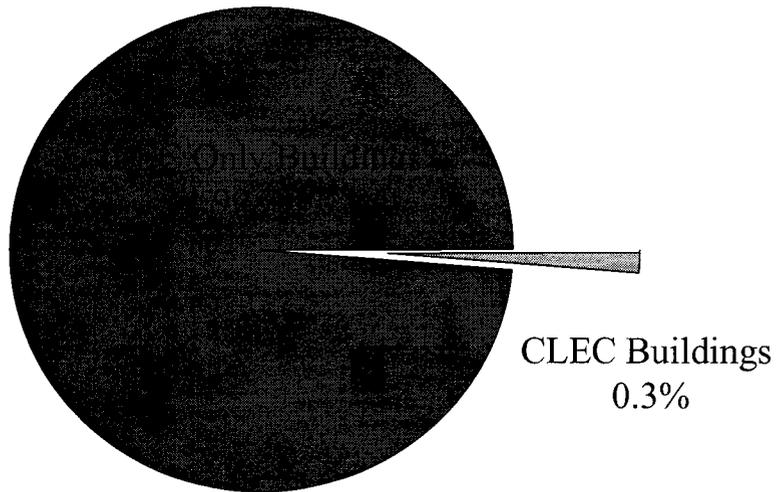


- Buildings with ILEC expense
- Central Office with CAP Presence

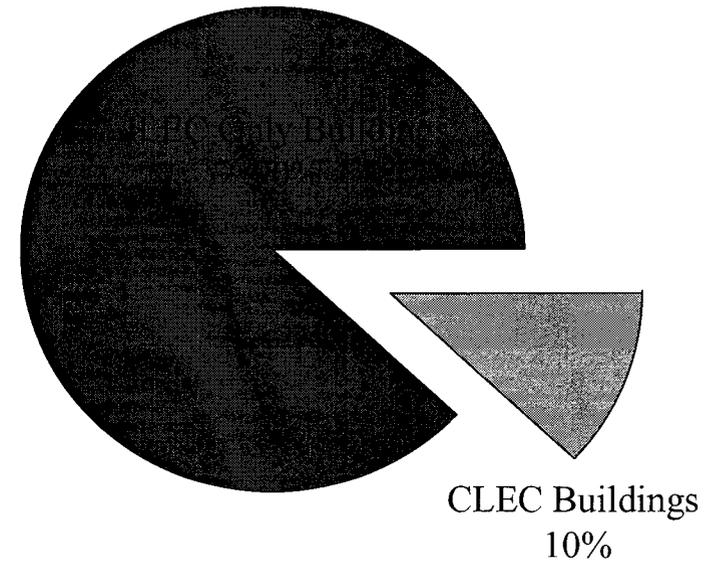
# WorldCom's Hi-Cap Buildings

## Dallas MSA

CLEC Total Building Coverage



Penetration in Most Competitive Serving Areas



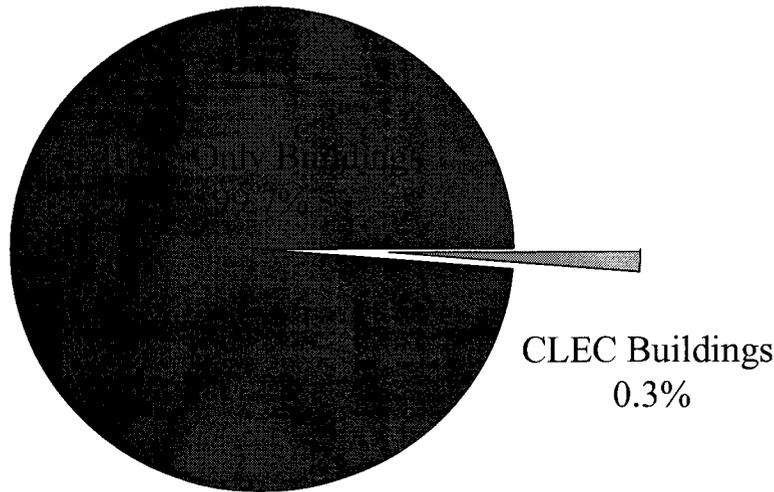
- Buildings with ILEC expense
- Central Office with CAP Presence

# WorldCom's Hi-Cap Buildings

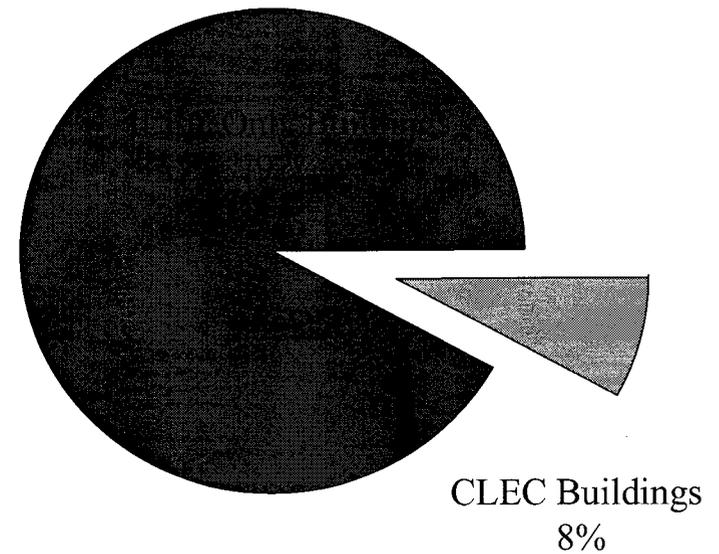
## Los Angeles MSA

### CLEC Total Building Coverage

11 MSAs



### Penetration in Most Competitive Serving Areas

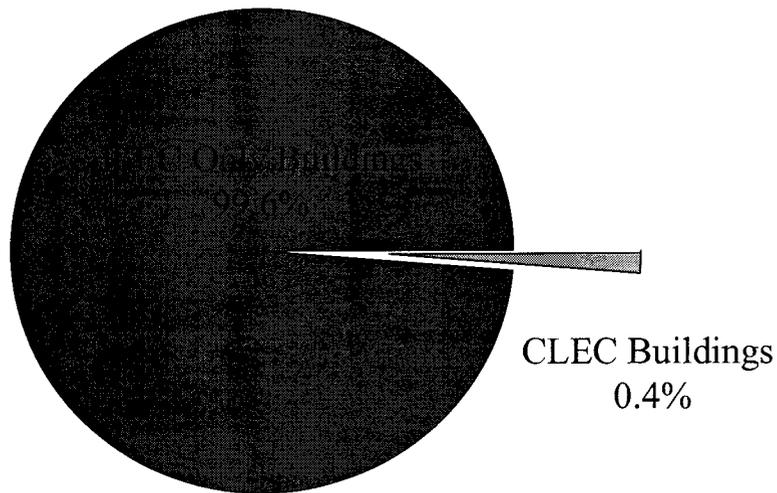


- Buildings with ILEC expense
- Central Office with CAP Presence

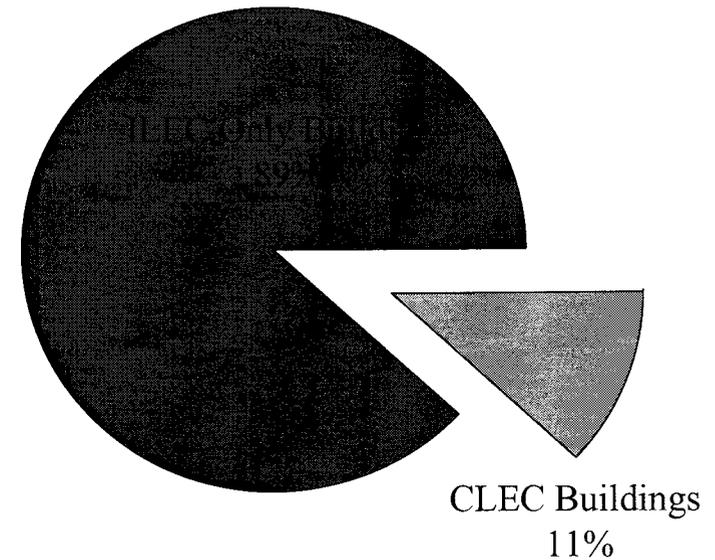
# WorldCom's Hi-Cap Buildings

## New York MSA

CLEC Total Building Coverage



Penetration in Most Competitive Serving Areas



- Buildings with ILEC expense
- Central Office with CAP Presence

# Barriers to Use

- EELs use restrictions are irrational and unlawful.
  - Makes no sense to find a requesting carrier is impaired if denied unbundled access to a particular circuit only for certain uses.
  - If Commission performs a granular impairment analysis, no possible justification.
- Co-mingling ban forces needless inefficiencies on competitors.
  - No conceivable reason why requesting carriers should not order loops/EELs to be combined with ILEC muxing.

# Barriers (continued)

- ILEC “no facilities” rejects must be rejected.
  - If the ILEC would provision the circuit to meet a special access order, must be required to provide unbundled access.
- Commission must meet ILEC intransigence with swift enforcement.
  - E.g., Verizon’s refusal to convert special access channel terminations to unbundled loops based on the spurious claim that its tariff does not allow such conversions.

# Conclusion

- Competitive last-mile deployment is limited.
- Absolutely imperative that DS1 loops and EELs be unbundled.
- ILECs must not be allowed to side-step obligations through irrational barriers to UNE use.