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October 17, 2002

Marlene Dortch
Office of the Secretary
Federal Communications Commission
9300 E. Hainpton Drive
Capitol Heights, MD 20743

VIA OVERNIGHT MAIL

RE: Ex Parte Presentation of Network Telephone Corporation
CC Docket No 01-338

Dear Ms. Dortch:

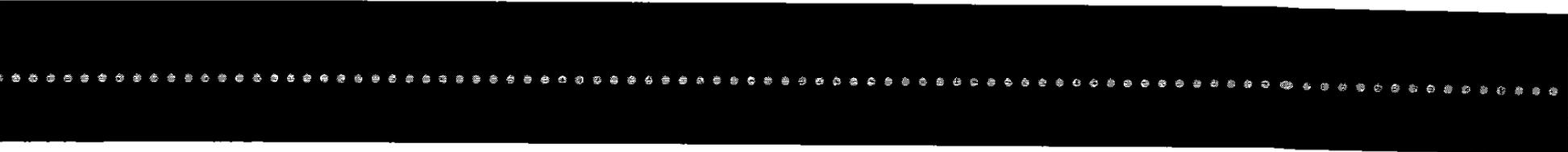
Attached in accordance with 47 C.F.R. 1.1206 please find an original and one copy of the summary of an oral *ex parte* presentation made to Wireline Competition Bureau staff on October 17, 2002 by Network Telephone Corporation. Copies have also been provided via e-mail to the Commission employees involved in the presentation.

Sincerely,

Margaret H. Ring, Director
Regulatory Affairs

Encl

10/18/02
01-338-001
ATL



Network Telephone

FCC Conference Call Ex Parte Presentation

CC Docket No. 01-338

10-17-02

(Interoffice Transport & EEL's)



Outline



- About Network Telephone Corp. (NTC)
- Interoffice UNE Transport needs
- Typical NTC MSA Network Configuration
- Typical CAP/ Fiber Based CLEC MSA Network Configuration
- UNE Interoffice Transport Comments
- EEL Comments
- Summary

About Network Telephone Corp. (NTC)

- Facilities-based voice provider operating in 31 markets in eight BellSouth states.
- Focused on serving small business customers in Tier 2 and 3 markets; 100,000 lines in service.
- Network configuration similar to some DLECs, but using voice over broadband technology, utilizing DSLAMs co-located in BST Central Offices, and NTC-owned switches.

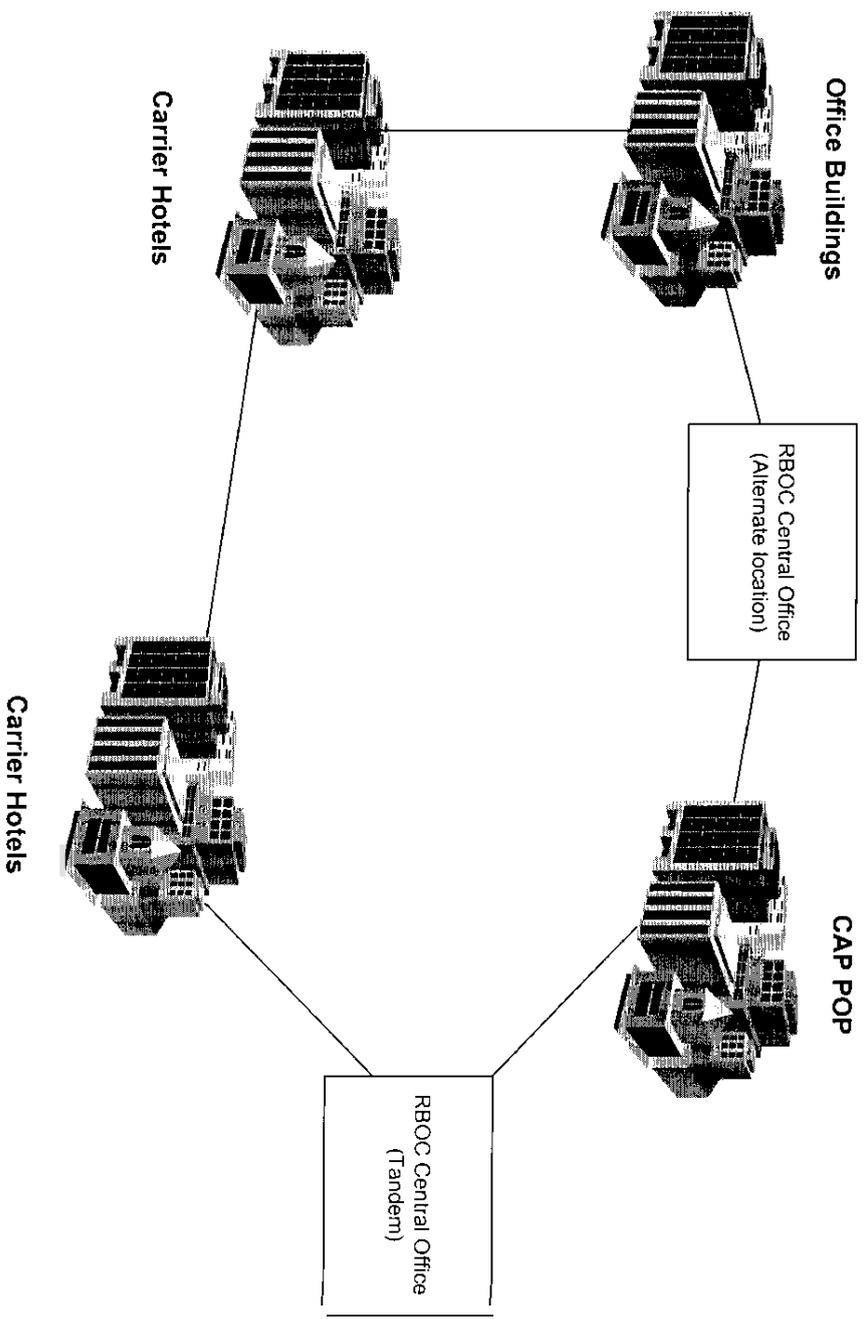


Interoffice UNE Transport Needs

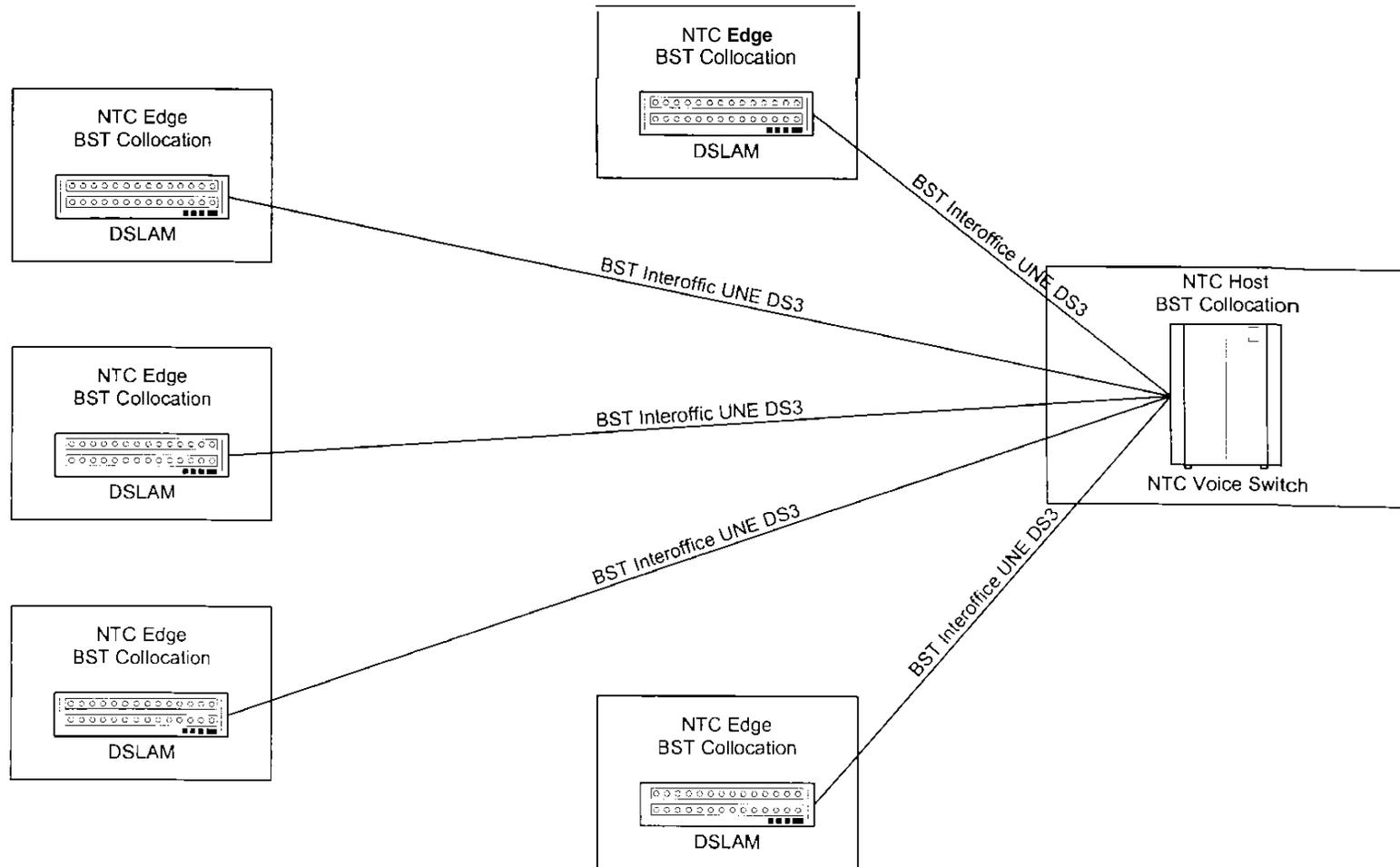


- As will be illustrated in the attached diagrams, NTC utilizes the ILEC Interoffice UNEs to connect co-locations within a MSA to a centralized co-location.

Typical GAP/Fiber Based GLEC MSA Network Configuration



Typical NTC MSA Network Configuration



Why Interoffice UNEs Are Vital



- Interoffice UNEs provide NTC the ability to connect co-locations within a given MSA to a centralized location.
- Route specific testing before elimination of any Interoffice Transport UNE is imperative due to the uniqueness associated with each individual circuit.
- The fact that a Competitive Access Provider (CAP) or other CLEC has fiber in a given MSA does not necessarily mean that competition exists for that MSA.



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Why Interoffice UNEs Are Vital



- If the alternate Transport Provider does not have access to all ILEC Central Offices in which the CLEC is co-located, then the ILEC is the only alternative.
- If the ILECs are granted relief from the requirement to provide Interoffice UNE facilities, the only alternative available to the CLECs would be to purchase the facilities via the ILEC Special Access Services Tariff (SPA).

Why CAPs Providers Are Not Currently A Viable Alternative

- Due to capital constraints the CAPs and Fiber Based CLECs do not have a presence in a large quantity of ILEC Central Offices.
- The CAPs built Fiber Networks as an alternative to the ILEC Access Tariff offerings prior the 1996 Telecom Act. For this reason most of their routes were built to accommodate the needs of their primary target market, which were the IXCs.

Why CAPs Providers Are Not Currently A Viable Alternative

- The CLECs built Fiber Networks to support their proposed Business Plans which resulted in a emphasis on large office buildings (potential customers), Carrier Hotels (switch sites), and the ILEC Tandem (trunking requirements).
- The presence of CAPs and Fiber Based CLECs diminish greatly based upon the size of the MSA. Most CAPs and Fiber Based CLECs are in the major MSAs with a rare presence in the Tier II & III markets.

Impact of Interoffice Transport UNE Removal

- The removal of the Interoffice UNE requirements will have a significant impact on the ability for consumers in small to medium-size markets to have access to competitive service offerings.
- If Interoffice UNE requirements are removed, the CLECs will not have any incentive to expand their footprint and build out new co-locations due to the high cost that would be associated with connecting the additional co-locations back to a centralized co-location within the MSA.

Combinations



- EELS provides NTC with the ability to expand our facilities-based footprint without significant capital expenditure.
- UNE-P is useful to a facilities-based provider as a transition strategy and to allow single-solution billing and service to customers with some locations outside the facilities-based footprint.
- ILECs should not be allowed to eliminate either offering during this tentative time in the marketplace. Capitol funding is not available for facilities expansion, and competitors struggle to establish a toehold in the market.

SUMMARY

- If Interoffice UNEs are removed prior to adequate alternative competition being in place, the value of NTCs co-locations has been effectively removed. NTC incurred the cost of co-locating under a business plan that included interoffice transport UNEs. To change the rules in mid-stream, when no competitive alternative on a route to route test is available, seriously impairs NTCs ability to provide competitive service and renders much of our co-location investment useless.