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TDS METROCOM

October 24,2002

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TWB-204
Washington, D.C. 20054

Re: Notice of Ex Parte Communication

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 Offing Advanced Telecommunications Capability. CC Docket No. 98-147

Dear Ms. Dortch:

On October 22, 2002, Jim Butman, Peter Healy and I met with Christopher Libertelli, Legal Advisor to Chairman Michael K. Powell. The group discussed the business plans and provisioning methods used by various TDS entities that offer competitive local exchange service. Additionally, the group discussed issues related to the above referenced dockets. The attached document describes in detail the points addressed during the meeting.

If you have and questions concerning this matter, please contact me.

Sincerely,

Mark Jennf
Manager - Federal Affairs
TDS METROCOM
608.664.4196

Enclosure
Cc: Christopher Libertelli

TDS TELECOM CLEC BACKGROUND

Since the passage of the Telccom Act of 1996, TDS Tclecom has embraced the goals of developing competition and promoting access to advanced services. Through its CLEC subsidiaries TDS Telecom has successfully begun to compete in the local services and broadband markets focusing on both residential and business customers in small to medium-sized markets primarily in Illinois, Michigan, Minnesota and Wisconsin. The TDS CLECs use a variety of entry strategies each with its own set of benefits and limitations.

TDS Metrocom - IL, MI and WI

- Facilities based CLEC with 7 Class 5 switches, over 100 collocatioii sites, fiber rings in a number of markets and limited direct-builds to long-tern customers.
- Over 200,000 lines, nearly 50% of which are residential (75% annual growth).
- Over 10,000 DSL custoniers (95% annual growth).
- 100% of customers served from TDS Metrocom switches.
- Examined the possibility of overbuilding loops in an entire market - could not be justified in any sizable market even assuming the provision of video services.

Challenges: Timely provision of unbundled loop facilities including high capacity loops and DSL-capable loops; access to accurate loop information; restrictions on access to fiber loops and loops behind DLCs

USLink - MN and ND

- Began life as a long distance carrier and moved into local services.
- Operates with a single Class 5 switch, several collocations and long haul fiber.
- Nearly 67,000 access lines (37% annual growth).
- 20% of lines are on-switch with the rest provisioned via UNE-P and resale.
- Plans in place to add facilities and transition custoniers off of UNE-P and resale when customer densities reach appropriate levels.

Challenges: High unbundled loop rates outside of Minneapolis-St. Paul; significant limitations on service offerings when using UNE-P or resale; repair, testing and coordination problems on UNE-P and resale lines; potential for multiple conversions as customers migrate from UNE-P to on-switch; dispersed customer base hampers plans to add facilities

HBC Telecom - Winona, MN

- Joint endeavor with a cable over-builder to provide local and long distance voice, high speed Internet access and video services.
- About 4000 voice customers.

Challenges: Huge capital requirements limit the ability to duplicate the model in more populous areas; high penetration rates necessary for profitability; right of way issues hamper deployment unless communi tics are supportive

WHAT WE HAVE LEARNED

ANY MEANINGFUL IMPAIRMENT STANDARD, WHETHER IT IS NATIONAL IN SCOPE OR GRANULAR IN NATURE, MUST INCLUDE **UNFETTERED ACCESS TO ANY AND ALL TYPES OF LOOP FACILITIES.**

- In a perfect world CLECs would build directly to all customers and avoid the RBOCs entirely. Economically this cannot be justified in all but a few instances and therefore access to DSO and DSI loops is critical to competitive entry in the residential and small business markets.
- In reality, fully overbuilding wireline networks is bad for both CLECs and ILECs because it drains limited capital, increases maintenance costs and causes monumental levels of stranded investment
- Communities and property owners are justifiably concerned about constant construction headaches and restoration costs.

THE LOCAL LOOP **IS** NOTHING MORE THAN A TRANSMISSION **PATH** FROM THE CENTRAL OFFICE TO THE CUSTOMER AND **LOOPS MUST BE MADE AVAILABLE REGARDLESS OF THE TECHNOLOGY AND EQUIPMENT USED** IN BETWEEN.

- Because of impediments on access to certain types of customer loops (fiber-fed DLCs in particular), stand-alone loops cannot currently be used to serve all customers.
- Simply because a loop is provisioned partially or completely over fiber facilities does not change the fact that CLECs are impaired without access to that loop.
- Adopting such a policy would allow the RBOCs to eliminate competition by maintaining and upgrading their network in the normal course of business.
- Access *to* sub-loops, remote terminals and home-run copper is not **an** adequate substitute because cost of facilities deployment, quality of service and long-term maintenance issues are limiting factors.

CUSTOMERS DEMAND INNOVATIVE PRODUCTS AND SERVICES, THE LATEST TECHNOLOGY AND BUNDLES OF VOICE, DATA AND VERTICAL **FEATURES AND** AS **A** RESULT, **LIMITING THE ABILITY OF CLECS TO OFFER BROADBAND OR OTHER SERVICES** OVER **LOOPS IS IMPAIRMENT.**

- The RBOCs use a single loop to provide voice and broadband/data to customers even in areas where an affiliate provides the advanced services component. CLECs must have the ability *to* use all of the capabilities of those loops just as the RBOCs do,
- 'IDS Metrocom loses customers every day where we cannot offer DSL to end-users behind fiber fed digital loop carriers. Many times these customers have been so dissatisfied with the

RBOC that they end **up** purchasing cable modems if possible even though RBOC DSL is available.

- The best way for the RBOCs to stem revenue loses is through embracing wholesale customers who can stimulate traffic and line growth with innovative products and services. **All** of the capabilities of the loop facilities must be made available for that to happen.

INADEQUATE PROVISIONING, FAULTY INFORMATION **AND** POOR WHOLESALE CUSTOMER SERVICE **IMPAIR** CLECS **AND ONLY AFTER THE PROBLEMS ASSOCIATED WITH ACCESSING LOOPS ARE SOLVED SHOULD THE COMMISSION CONSIDER REMOVING OTHER** UNES.

- High quality loop provisioning is critical to the success of competition, especially facilities-based competition TDS Metrocom provisions 10,000-12,000 lines per month, all via UNE loops.
- Strong performance metrics and remedy plans are necessary to ensure compliance and while a baseline federal plan in needed, preemption of state plans would undermine years of hard work by RBOCs, CLECs and state regulators alike in multi-state collaborative efforts.
- Vibrant wholesale markets €or switching, transport and other UNEs will never develop if it is too difficult to provision, test and repair loops with multiple providers involved or worse yet, if stand-alone loops cannot be used to serve certain customers.
- Requirements for accessing timely and accurate RBOC customer data and network information along with operation support systems must remain in place to make access to unbundled loops meaningful.