



November 15, 2002

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

RE: **Notice of Ex Parte Communication**

Review of 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

Appropriate Framework for Broadband Access to the Internet over Wireline Facilities. CC Docket No. 02-33

Dear Ms. Dortch:

On November 14, 2002, Steve Gray, Todd Wilkens, Chris Ryan, Bill Courter, Christine Mayer, and I met (on behalf of McLeodUSA Telecommunications Services, Inc.) ("McLeodUSA") with Michelle Carey, Brent Olson, Robert Tanner, Gina Spade, and Aaron Goldberger (of the Competition Policy Division, Wireline Competition Bureau). The purpose of the meeting was to provide information about McLeodUSA's need for access to unbundled loops, including loops provided over IDLC, and to discuss McLeodUSA's progress in migrating customer lines from off-switch to on-switch (that is, from resale or UNE-P to UNE loops connected to McLeodUSA's switching network). McLeodUSA informed the Division that it was vital that we have the ability to reach customers using loop facilities without regard to whether those loops contain fiber or IDLC electronics, and to provide a complete range of services over all available loops. We also discussed the potential barriers to migration of customers on-switch, and the need for improved loop access as part of any phase-out of unbundled local switching. Attached are the presentations used in the meeting.

Marlene H. Dortch
November 15, 2002
Page 2

Pursuant to the requirements of Section 1.1206 of the Commission's rules, we are filing an electronic copy of this notice.

Very truly yours,

David R. Conn
Deputy General Counsel

cc: Michelle Carey (w/out attachments)
Brent Olson (w/out attachments)
Robert Tanner (w/out attachments)
Gina Spade (w/out attachments)
Aaron Goldberger (w/out attachments)



ILEC Unbundled Network Elements
November 14, 2002



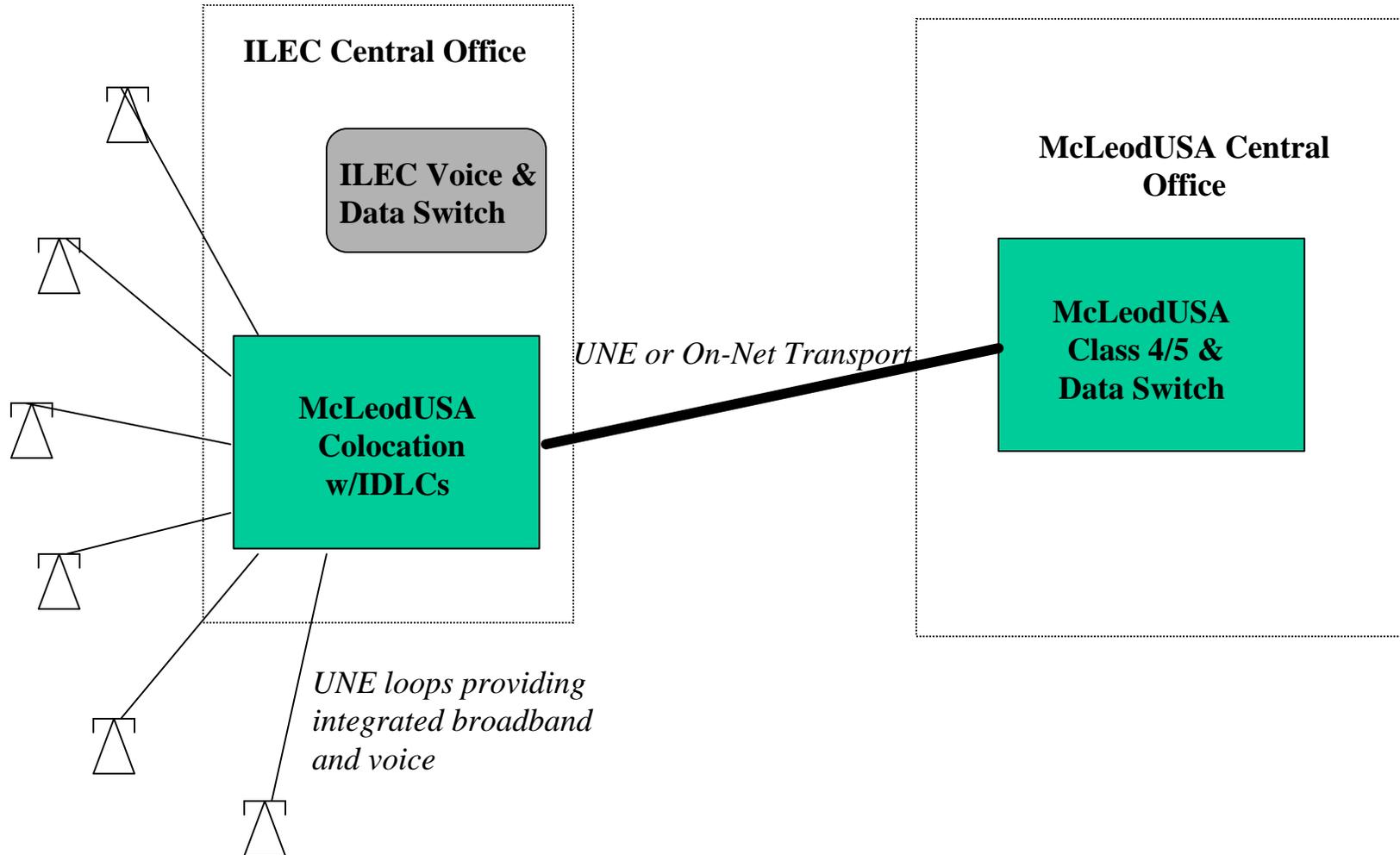
Current McLeodUSA Network Architecture

McLeod's current network architecture consists of the following basic elements:

- McLeod switch locations (McLeod COs). These are the facilities based locations where a McLeod owned Class 4/5 (local and LD) switch is located along with the associated transmission equipment (approximately 34 year-end 2002).
- McLeod colocations within an ILEC Central Office (CO). These are physical colocations with the ILEC in the Central Office. McLeod installs its own Integrated Digital Loop Carrier (IDLC) equipment at these sites along with associated transport equipment. UNE components are terminated at these facilities to provide voice and data services to McLeod customers (approximately 554 year-end 2002).
- Metro and Long Haul Fiber facilities and associated transmission equipment (approximately 16,000 miles in 25 states).
- McLeod projects 55% on-switch, 45% off-switch end of year 2002. 2003 objectives a function of regulatory landscape. By December of 2003, McLeodUSA plans to be 33% resale, 66% facilities. Migration from UNE-P to UNE-L is a top priority.



McLeod Architecture





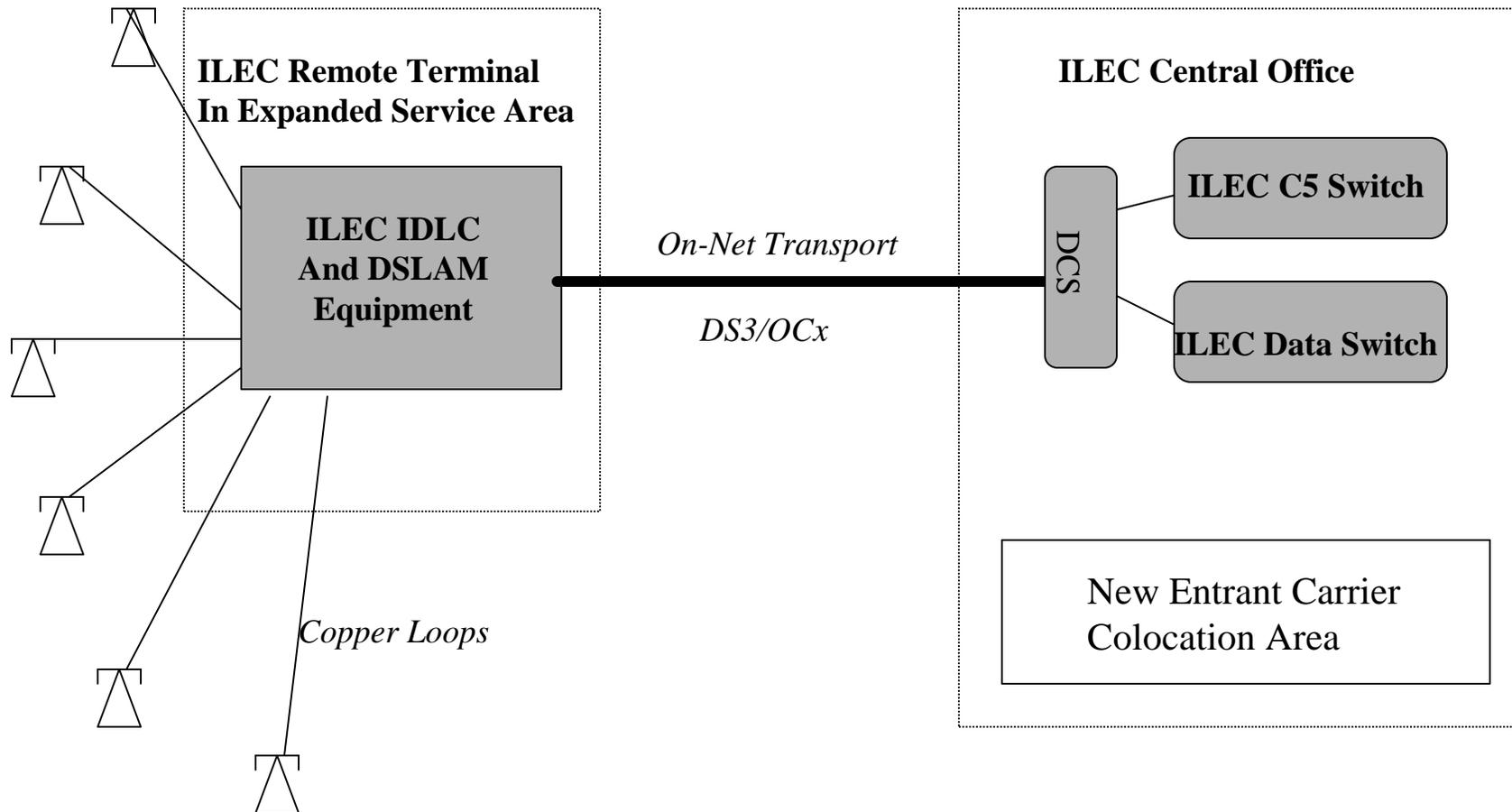
Current ILEC Network Architecture

The ILECs current network architecture consists of the following basic elements:

- ILEC Central Offices. These locations house local Class 5 voice switches and associated transport equipment (DCS, Fiber Terminals, etc.)
- ILEC Remote Terminals. These locations house IDLCs and DSLAMS serving expanded service areas.
- Metro transport facilities and associated transmission equipment.



ILEC Architecture



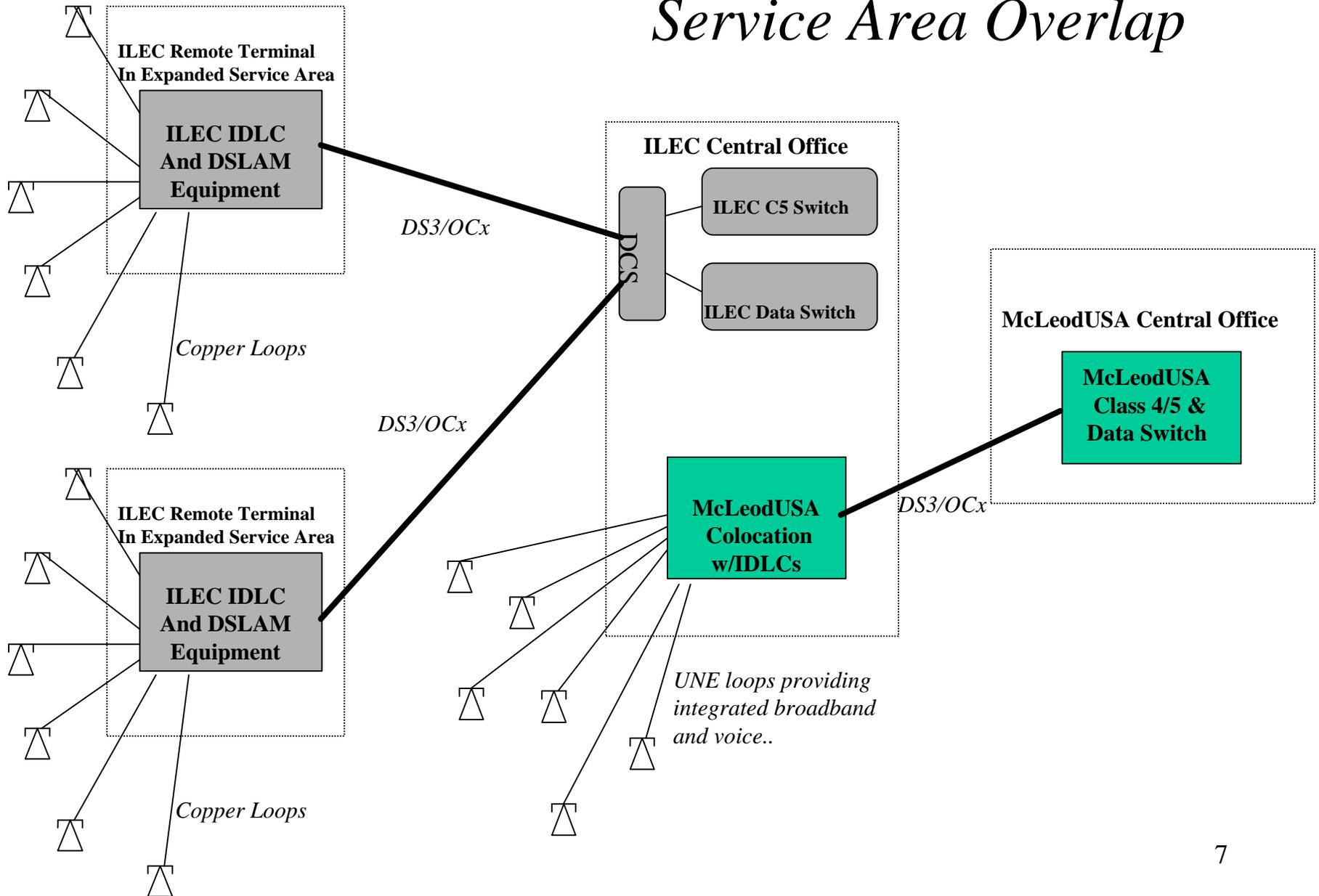


ILEC and McLeodUSA Service Areas

- The ILECs have a significant expanded service area due to the ILEC Central Office-Remote Terminal configuration.
- McLeodUSA has UNE access to only those copper facilities served by the Central Office, not the Remote Terminal.



ILEC and McLeodUSA Service Area Overlap





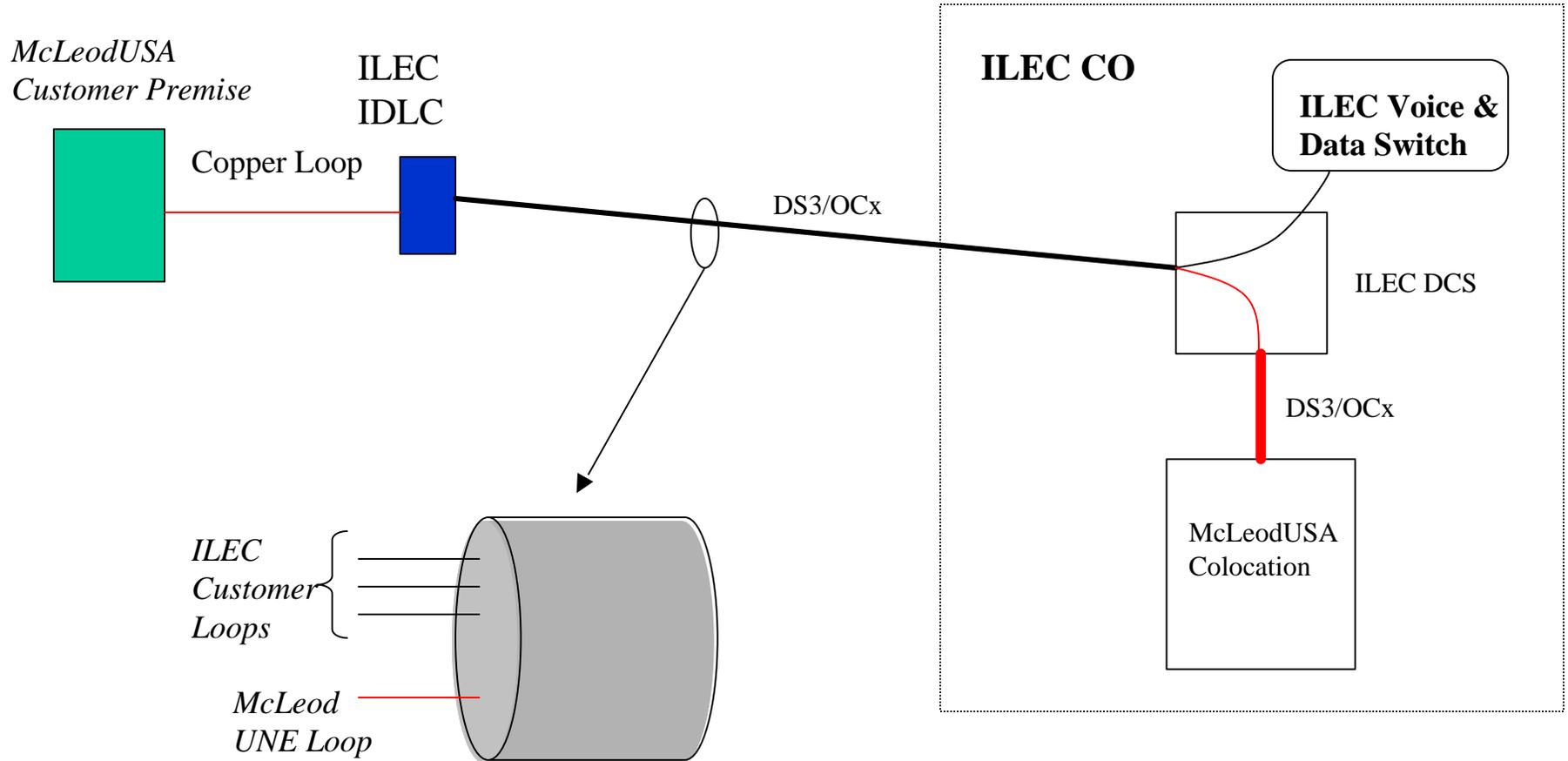
ILEC Unbundled Network

Further Network Unbundling is essential in fostering competition. The Network unbundling needs to include the electronics to provide the facility.

- ILEC Integrated Digital Loop Carriers (IDLC) need to be a component of the UNE solution.
- These devices provide extended reach access and are part of the actual loop, not the switching infrastructure.
- This is not UNE-P. The UNE loop is delivered to the McLeod ILEC colocation via the ILEC DCS multiplexed onto a DS3/OCx facility.
- ILEC loops are directed to the ILEC switch for services. **McLeod will provide its own voice and broadband switching infrastructure.**
- The unbundling of the IDLC equipment needs to be technology agnostic. In other words, the copper loop could utilize POTS or xDSL technology on the IDLC. Again, this is just part of the electronics to deliver the loop.
- This infrastructure should be available at TELRIC rates for both voice and broadband.

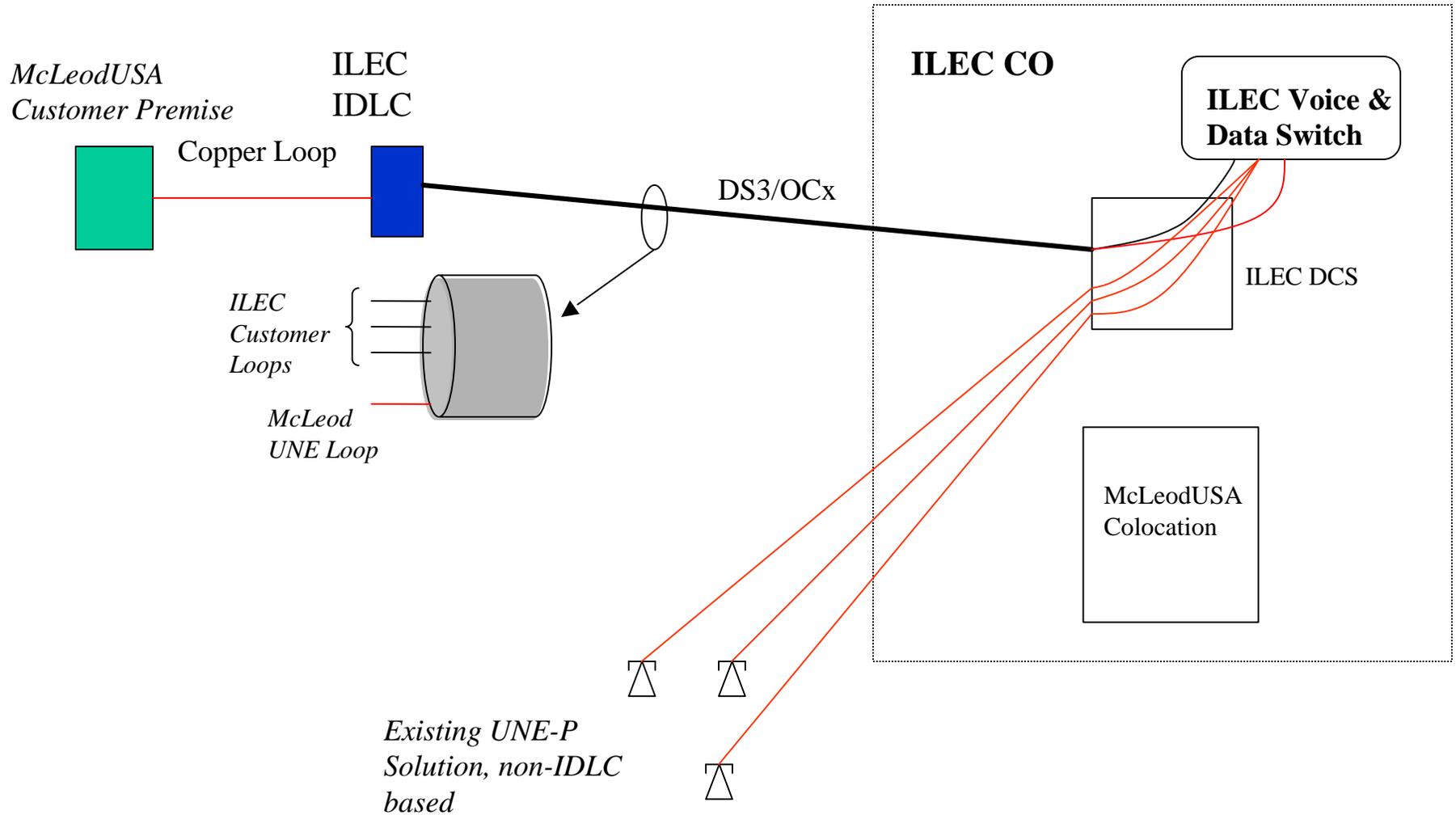


ILEC Unbundled Network





UNE-P Solution





DCS or No-DCS

The ILECs contend that in many instances, a Digital Cross-Connect System (DCS) is not located in front of the ILEC voice and data equipment, and, there would be significant capital investment required to implement a solution to “peel” off the New Entrant Carrier UNE loops from an IDLC.

The fact is the ILECs are leading the industry in implementing IDLCs and integrated Voice and Data Services. Capital investment in the deployment of IDLCs directly implies an integrated voice/broadband architecture. This architecture is simply not implemented without the use of DCS or similar other equipment. Even in the event that DCS equipment is not used, the IDLC manufacturers have already implemented technology that creates multiple interface groups specifically designed to allow service to more than one provider.

Furthermore, TELRIC rates include both capital and the cost of capital.



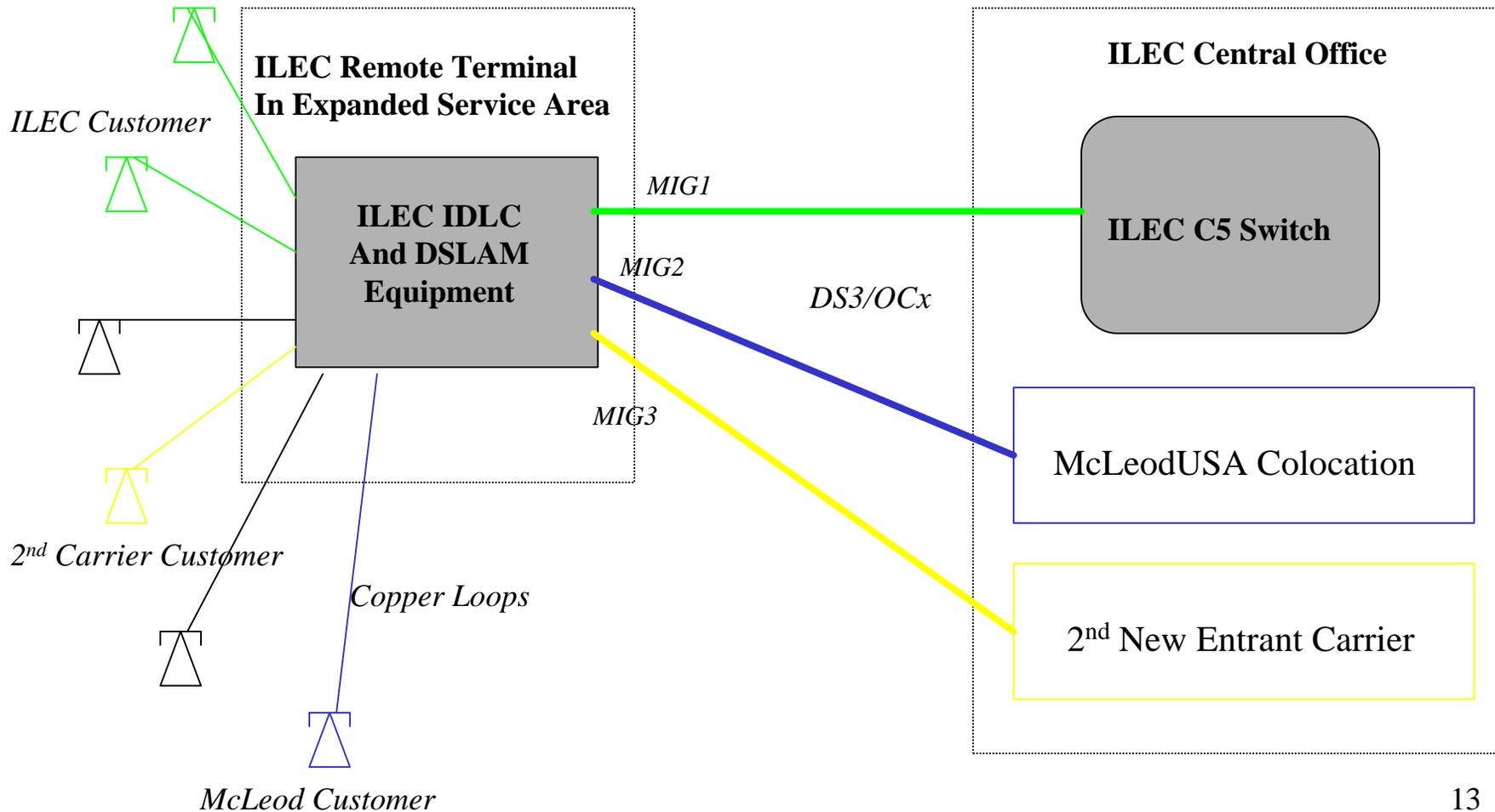
IDLC, Multiple Interface Groups

In the event that a DCS is not present at an ILEC CO, most IDLCs installed today utilize technology to be able to create Multiple Interface Groups (MIGs).

An IDLC can “logically” be divided into different partitions. Each partition serving a specific carrier while sharing the copper loop resources from the end user. This way, an IDLC can be divided or sold by its base components. These components can be picked up at a local DCS or a DS1/DS3 facility directly from the IDLC to the New Entrant Carrier Colocation.



IDLC, Multiple Interface Groups, No DCS





The ILEC IDLC Advantage

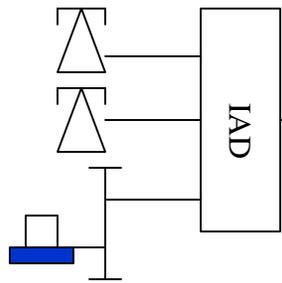
ILECs are investing capital to deploy IDLC and Integrated voice/broadband access solutions. Why? A dramatic improvement in their cost infrastructure to deliver services. IDLCs will enable ILECs to “bundle” multiple services onto single copper pairs. This gives the ILECs a tremendous cost and pricing advantage over competitors in the same markets without access to this technology.

For example, instead of utilizing one copper pair for a \$30/month phone line, the ILECs could put eight \$30/month phone lines over the same single copper loop in addition to Internet Access. In expanded service areas served by IDLCs, the ILECs would be the only carrier to have this advantage.

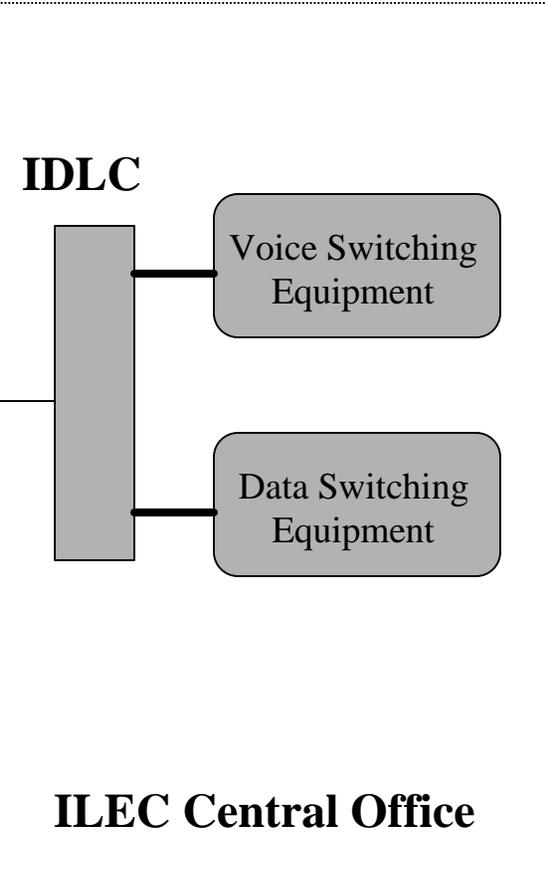


Integrated Access via The ILEC IDLC

Customer Premise

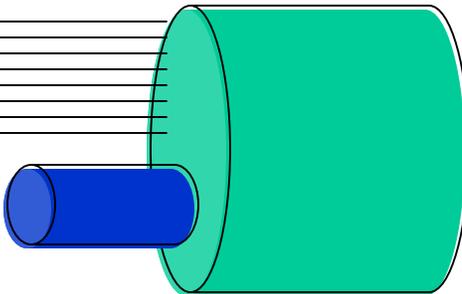


Copper Loop



8 Voice Lines

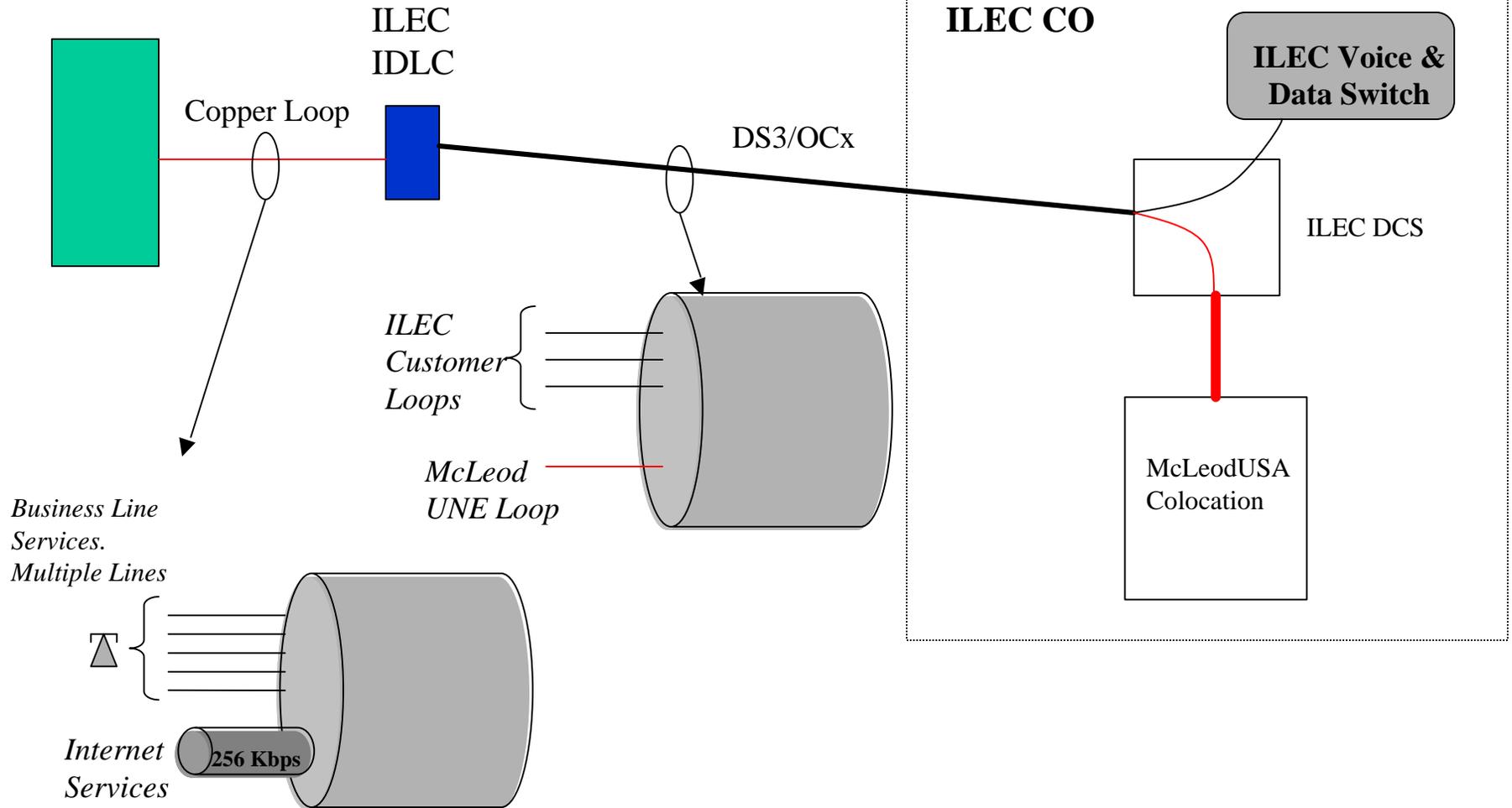
256 kpbs Internet Access





ILEC Unbundled Network

McLeodUSA
Customer Premise





McLeod Position

McLeodUSA requires a UNE solution for expanded service areas served by ILEC Remote Terminals and existing colocations. This solution must provide equal access to all customers at a fair price (both recurring and non-recurring charges). Additionally, the repair, maintenance, and operations must be in parity with the RBOCs.

The goal at McLeodUSA is to be a facilities based communications provider. All voice and broadband switching will be provided by McLeodUSA, not the ILEC. With the use of Integrated Digital Loop Carriers, the ILECs have a clear cost and pricing advantage over other facilities based carriers. Consequently, the unbundling of network and the IDLCs will put the ILECs and New Entrant Carriers on a level playing field.

McLeodUSA

UNE-L Line Migrations

November 14, 2002

McLeodUSA Line Migrations

- 104K lines moved to UNE-L in 2001
- 150K lines projected to be completed in 2002
- 400K resale lines remaining in current base:
 - 180K to 200K planned to migrate in 2003
 - As base is reduced, number of “problematic” lines increases as a % of total
 - LEC Barriers are high

RBOC Barriers: Service Parity

- McLeodUSA can't effectively migrate fax / modem lines:
 - The exact number of fax / modem lines in our base is unknown
 - Our estimate is 100K of the 400K resale lines we have remaining are used for these purposes
 - When we migrate lines, we typically don't know there's a problem until conversion is completed
 - The loops that we get are not on par with RBOC retail customers; therefore what used to work no longer does!

RBOC Barriers: Volume Limitations

- All RBOC's have implemented effective (if not formal) volume limitations:
 - Not formally communicated; verbal discussions in the context of meetings and conference calls to plan migration activities
 - Affects primarily smaller markets with Qwest
 - Universally applied with Ameritech (25-35 orders / day / CO)
 - Creates longer intervals to complete conversions
 - Delays realization of improved margins
 - Adds significant cost structure to McLeodUSA's migration project

RBOC Barriers: Quality Issues

- UNE-L Migrations, by definition, require an Out Of Service condition for some period of time
- OOS duration is exacerbated by scheduling rules with RBOC's:
 - If IDLC is involved, no “coordinated hot-cut” is available; we must use “all day commit” (4-6 hour window)
 - McLeodUSA is unable to schedule specific time with our customer; perceived poor service
- Approximately 3% of our line migrations result in a trouble ticket with the RBOC at fault
- Customer perception of McLeodUSA is diminished

RBOC Barriers: EDI / Automation

- RBOC EDI systems do not provide the same capabilities as manual (toolbar) systems. Some examples of EDI gaps:
 - Common Channel Equipment Assignment / Connecting Facility Assignment Busy (Ameritech)
 - “Retain As-is” capability for directory listings
 - Directory listing detail such as captions, indent codes, placement information (used for listing format) and Address Location Identifier
 - “Bill-on” sub account detail such as Hunt Group sequencing
 - Centrex CSRs at the “Account Telephone Number” level (Ameritech)
- Customer Service Record (CSR) Quality
 - Frequent examples of missing data include Off Premise Extensions, Dual Ring Circuits, Distinctive Ring and Intra-group Dialing

RBOC Barriers: EDI / Automation

- Change of Ownership Process is difficult and expensive to implement
 - McLeodUSA has acquired several companies and still must operate as the “original carrier” in many CO’s because of RBOC system requirements and poorly defined processes to switch ownership
 - Line migrations that must be manually processed are made even harder
 - And, as a result, every line that we migrate creates a “loss notification” to McLeodUSA (as if we had lost the customer); we’ve had to put processes in place to deal with this incorrect information
 - Additionally, we are unable to order new telephone number blocks in these CO’s unless we convert our co-locations to a McLeodUSA identifier because the “original carrier” is no longer a legal entity
 - SBC, in particular, is now charging very high fees to switch ownership