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December 13, 2002

**By Electronic Filing**

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

**EX PARTE**

**Re: WCB Docket Nos. 01-338, 96-98, 98-147**

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Commission's Rules, 47 C.F.R. § 1.1206, this is to notify the Commission that on December 12, 2002, Richard Anderson, Allegiance Telecom, Inc.'s Vice President, Planning, Engineering, and Operations, Mary C. Albert, its Vice President, Regulatory and Interconnection, and I spoke with Pam Arluk of the Wireline Competition Bureau concerning the above-referenced dockets.

Specifically, we discussed Allegiance's unique need as a facilities-based local service provider for continued access to incumbent local exchange carriers' ("ILECs") SS7-based services, including signaling, call-related databases, and Advanced Intelligent Network ("AIN") services, as unbundled network elements at Total Element Long Run Incremental Cost ("TELRIC")-based rates. Alternative providers of SS7 signaling and call-related databases cannot provide those services as economically and reliably as the ILECs themselves. In the event that the Commission determines that ILECs are no longer obligated to provide SS7 signaling and call-related databases on an unbundled basis, it must provide a reasonable transition period of 18-to-24 months in which those services will remain available to competitors at TELRIC rates.

**I. SS7 Is An Essential Component Of Local Telecommunications**

Signaling System 7 ("SS7") is a platform and protocol that delivers signaling messages between switching elements and providers. Its primary and essential function is to exchange call set-up messages within and between carrier networks. SS7 supports inter-network billing as well as database driven services and features such as 8YY service, local number portability ("LNP"), custom local area signaling services ("CLASS," services such as caller ID with name), and line information databases

("LIDB," services such as number screening services for alternate billing). The SS7 platform is hierarchically made up of signal transfer points ("STPs"), connected over link sets to service control points, and ultimately to an adjunct database. Certain databases, such as LNP databases, must be accessed to properly route virtually all telephone calls.

## **II. As A Local Service Provider, Allegiance Purchases SS7 Services Directly From ILECs**

Allegiance is a facilities-based competitive local exchange provider serving 36 U.S. markets using its own switches and leasing local loops from ILECs. Allegiance focuses on providing local telecommunications services; it does not provide its own interexchange service. Therefore, Allegiance does not signal between its Central Offices in different cities or states. Approximately 80% of Allegiance's customer calls are delivered to or received from local ILEC Central Offices or tandems. Allegiance purchases the SS7 signaling services it needs to complete calls from the ILEC in 35 of its 36 markets. In these markets, Allegiance connects to the ILEC STPs via DS-0 level 'A'-links that ride direct trunked DS1 transport facilities. This architecture distinguishes Allegiance from interexchange carriers that provide local service as an adjunct to their long distance products. Such carriers must interconnect their physically distant switches. Because of the distances interexchange carrier networks cover, use of regional hub providers is more economical for them. Allegiance interconnects only locally and obtains its signaling directly from the ILEC, and via a direct route through direct trunking to the ILEC STP ports.

## **III. For Local Networks Like Allegiance's, Hub Providers Do Not Provide A Satisfactory Substitute For ILEC SS7 Services**

### **A. Hub providers interpose an additional SS7 platform to provide the same services Allegiance purchases directly from the ILECs**

Although certain third-party hub providers offer SS7 signaling, these providers are not a satisfactory substitute for the ILECs' service for carriers like Allegiance. Hub providers interpose another SS7 platform between the Allegiance switch and the ILEC SS7 hierarchy. By performing this middleman function, hub providers add additional network cost and decreased network reliability. For example, in Chicago, Allegiance pays Ameritech a total of \$3,321.00 per month for SS7-related facility rate elements such as STP ports and channel mileage charges to the only two Ameritech STPs necessary to serve the entire market. Allegiance also pays Ameritech usage charges associated with call set-up functions based on traffic volumes. Allegiance recently solicited bids from hub providers for SS7 services for the same area and those bids ranged from two-to-three times as much for similar rate elements for an equivalent coverage area. Of course, Chicago is a densely populated metropolitan market. In other markets, Allegiance would be required to interconnect to more distant STPs, perhaps even in other states, to reach the same geographic coverage Allegiance could cover with fewer and closer ILEC STPs. For a local call in Chicago, it is neither economical nor efficient for Allegiance to route

the call via 'A'-link circuits to Denver, for example, to access a hub provider's SS7 network and then have the hub provider route the call back to the ILEC's STP in Chicago. Yet that is what Allegiance would have to do if it had to rely on hub providers for the signaling that it currently obtains from the ILEC directly.

Allegiance understands that Verisign (formerly Illuminet), a leading hub provider, operates relatively few STPs in the nation. By contrast, the ILECs have STPs in each market where Allegiance provides local telephone service. As Allegiance would need more – and more distant -- transport trunks to reach hub provider STPs if it had to use them, there would be a greater threat to network reliability through cable cuts and other hazards. The hub providers that exist today were primarily created to serve long distance competition. Since the Commission issued its UNE Remand Order in 1999, the number of hub providers has not increased. Simply put, there is not sufficient competition to provide SS7 services. No single hub provider focuses on the local telephone markets that Allegiance serves or is ubiquitous enough to provide the same level, quality and reliability of SS7 services that Allegiance gets from the ILECs.

**B. Hub providers are not an efficient and economical provider of ILEC call-related databases.**

Reliance on third-party access to ILEC call-related databases is also not a satisfactory alternative to direct purchase of database services from the ILECs. It is not efficient or economical for Allegiance to route calls to other cities or states to query call-related databases for the same reasons it is not for signaling purposes. For call-related databases that third-party providers populate with information that must be obtained from the ILEC, adding this middleman provides an additional opportunity for degraded service. Moreover, Allegiance would pay for the information in the databases twice: once for the third-party to obtain it from the ILEC, and a second time to obtain it from the intermediary.

**C. Alternative providers cannot support AIN services to the same extent that ILEC SS7 networks can.**

SS7 also supports AIN services. These are call routing and management services in which the platform routes a call from a local number to a location nearest the caller. For example, use of AIN would direct calls to a single local number of a national pizza shop chain to the nearest delivery location that serves the caller's neighborhood. N11 services can operate on the same principle. Alternative providers cannot support AIN services to the same extent that ILECs do. If ILECs upgrade SS7-based services to an AIN-based platform, CLECs are at risk of being excluded from services customers demand if alternative providers cannot support them. To the extent the Commission decides to eliminate unbundled access to ILEC call-related databases, however, that access should be unbundled from the call set-up function of the SS7 network.

**IV. Discontinuing SS7 Unbundling Will Result In A Precipitous Increase In ILEC Competitors' Costs of Service**

Removing SS7 services from the list of required ILEC-provided unbundled network elements will have serious economic consequences as well. Once ILECs are freed from the obligation to provide these services at TELRIC-based rates, Allegiance anticipates a precipitous increase in the charges ILECs will demand for these services. As described above, the unregulated rate for SS7 services from alternative providers without ubiquitous signaling networks is two-to-three times the cost of purchasing the same services from the ILEC.

**V. The Commission Should Adopt A Substantial Transition Period If ILECs Are No Longer Required To Unbundle SS7 Services**

Should the Commission decide to relieve ILECs from the current obligation to offer unbundled SS7 services at TELRIC rates, it should provide for a transition period to allow CLECs to make alternative arrangements. The economic impact of a change in the status in SS7 services would be immediate. Allegiance would either have to pay substantially higher rates to ILECs for these same services, or migrate to hub providers with their more geographically dispersed STPs. No carrier is prepared to absorb such a flash cut change in these troubled economic times in the telecommunications industry. Moreover, the work associated with negotiating with alternative vendors, purchasing additional interexchange and local trunking, provisioning, and testing on a nationwide basis will be substantial. Allegiance submits that a minimum transition period of 18-to-24 months is necessary to allow carriers to undertake the radical restructuring of their current networks.

A copy of this letter is being filed electronically for inclusion in the public record in each of the above-referenced proceedings.

Very truly yours,

Morton J. Posner

cc(by electronic mail):  
Pam Arluk, Esq.