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December 9, 2002

RECEIVED

BY HAND

DEC - 9 2002

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

FEDERAL COMMUNICATIONS COMMISSION  
 OFFICE OF THE SECRETARY

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 December, 6, 2002, Richard Whitt, Kimberly Scardino and Henry Hultquist of WorldCom, Inc., and Ruth Milkman, of Lawler, Metzger & Milkman, counsel to WorldCom, met with Christopher Libertelli, Legal Advisor to Chairman Powell, to discuss the above-captioned proceeding. During the meeting, WorldCom discussed the attached presentation on DSL.

WorldCom also described the circumstances under which incumbent LECs should continue to be required to provide access to unbundled transport and high-capacity loops, as discussed in previous WorldCom submissions filed in this docket.<sup>1</sup> WorldCom emphasized the importance of being able to obtain timely migration of circuits from incumbent LEC facilities to competitors' own fiber facilities. This migration, known as grooming, plays an important role in permitting the development of competitive alternatives to incumbent-LEC provided transport. Unfortunately, Verizon and SBC are limiting the number of circuits they will groom in a given month. Until this situation is remedied, WorldCom will not consider extending competitive fiber transport facilities to additional Verizon wire centers. Verizon's refusal to perform circuit migrations in a timely fashion makes it cost-ineffective for WorldCom to deploy its own facilities. WorldCom therefore urged the Commission to take the steps necessary to ensure that incumbent LECs such as Verizon and SBC substantially increase the number of circuits they will groom each month, and are held accountable for circuits that are not groomed by the requested date.

<sup>1</sup> "Transport Competition and Circuit Grooming" (Sept. 30, 2002), filed with letter from H. Hultquist to M. Dortch (Oct. 1, 2002); "Hi-Cap Competition," filed with letter from R. Milkman to M. Dortch (Oct. 7, 2002); Letter from H. Hultquist, filed with letter from R. Milkman to M. Dortch (Oct. 30, 2002); and Memorandum, "Legal and Policy Considerations with Respect to EELs," filed with letter from R. Milkman to M. Dortch (Nov. 18, 2002).

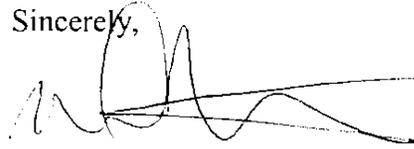
NO. 01-338-076  
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Marlene H. Dortch

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Gil Strobel', with a long horizontal flourish extending to the right.

Gil Strobel

Attachment

cc: Christopher Libertelli

# WorldCom DSL

December 6, 2002

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SLIDE 1 © WorldCom

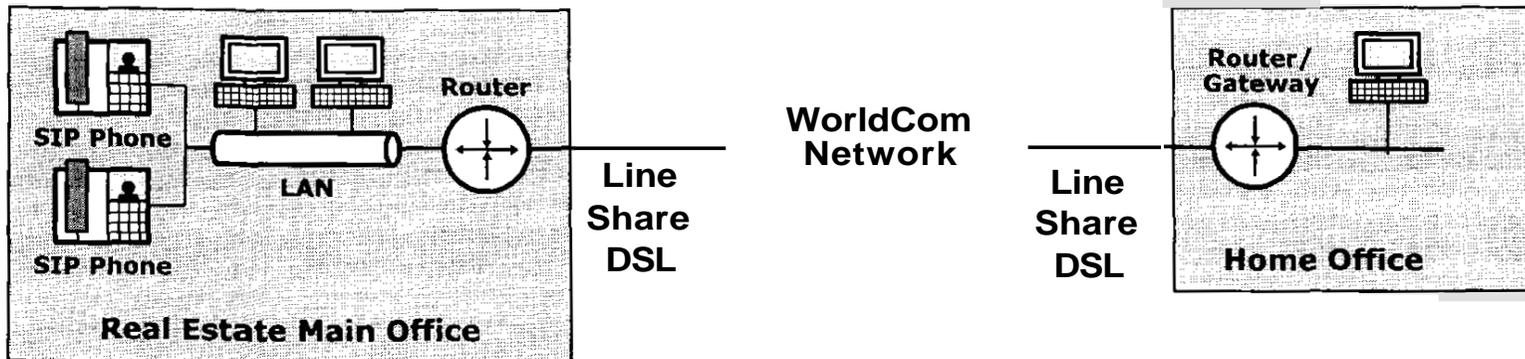


## Distinguishing Aspects of WorldCom DSL

- Competitive Option for Businesses and ISPs
- Nationwide Coverage / Single Supplier
  - Key for ISP & Regional/National Enterprises
- Owned and Managed Facilities from DSLAM to WCOM Backbone
- DSL Access to Multiple Network Backbones
  - Important for business to connect to existing infrastructure
- WorldCom Service Levels
  - Business or consumer grade
  - Customers willing to pay for the features

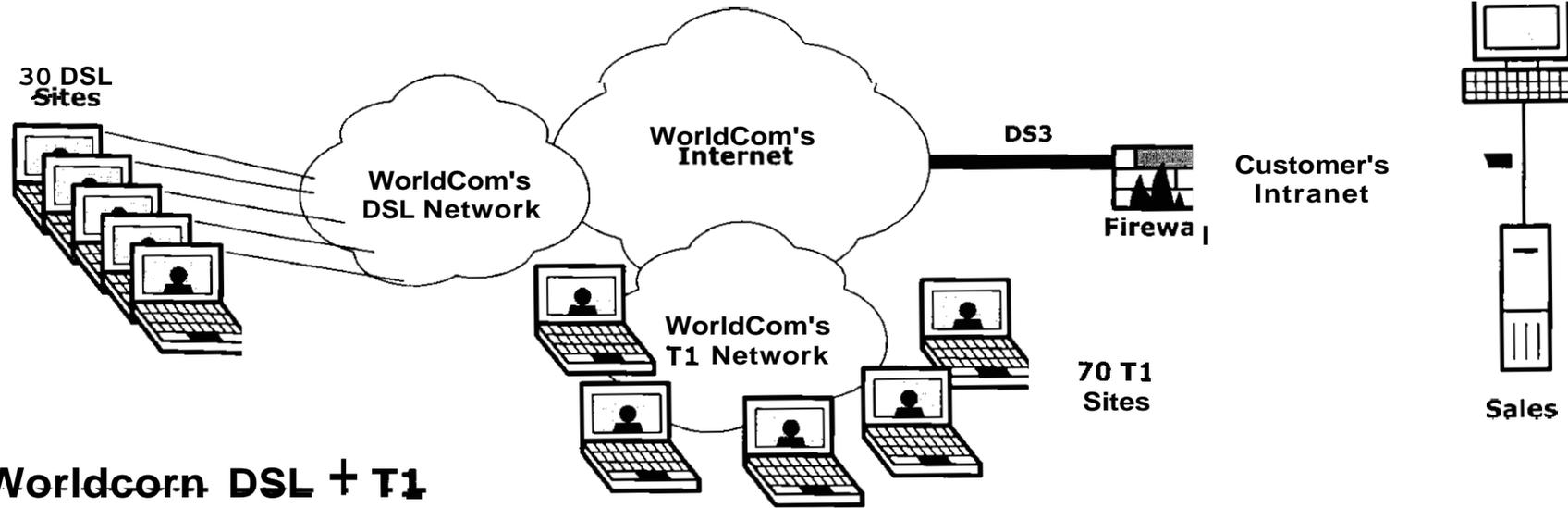


# Business: Line Sharing Delivers Benefits to Businesses



- Typical customer: two site real estate company
- Wcom Business DSL Line Sharing Offering
  - Each site 1.5M down/256k up bandwidth
  - Price - \$75
  - Service Guarantees
  - Integrated access to value added service(VoIP, IP Centrex)
- **Forced** to use xDSL loops:
  - absorb ~\$330 install costs
  - 30% increase in monthly costs
  - not feasible with this market
- Alternative is ILEC Consumer Grade
  - 1.5M down/256k up
  - Price - \$60 per month (VZ Web)
  - No service guarantees
  - No integrated access to value added services(VoIP, IP Centrex)

# Large Businesses Benefit from WCOM DSL

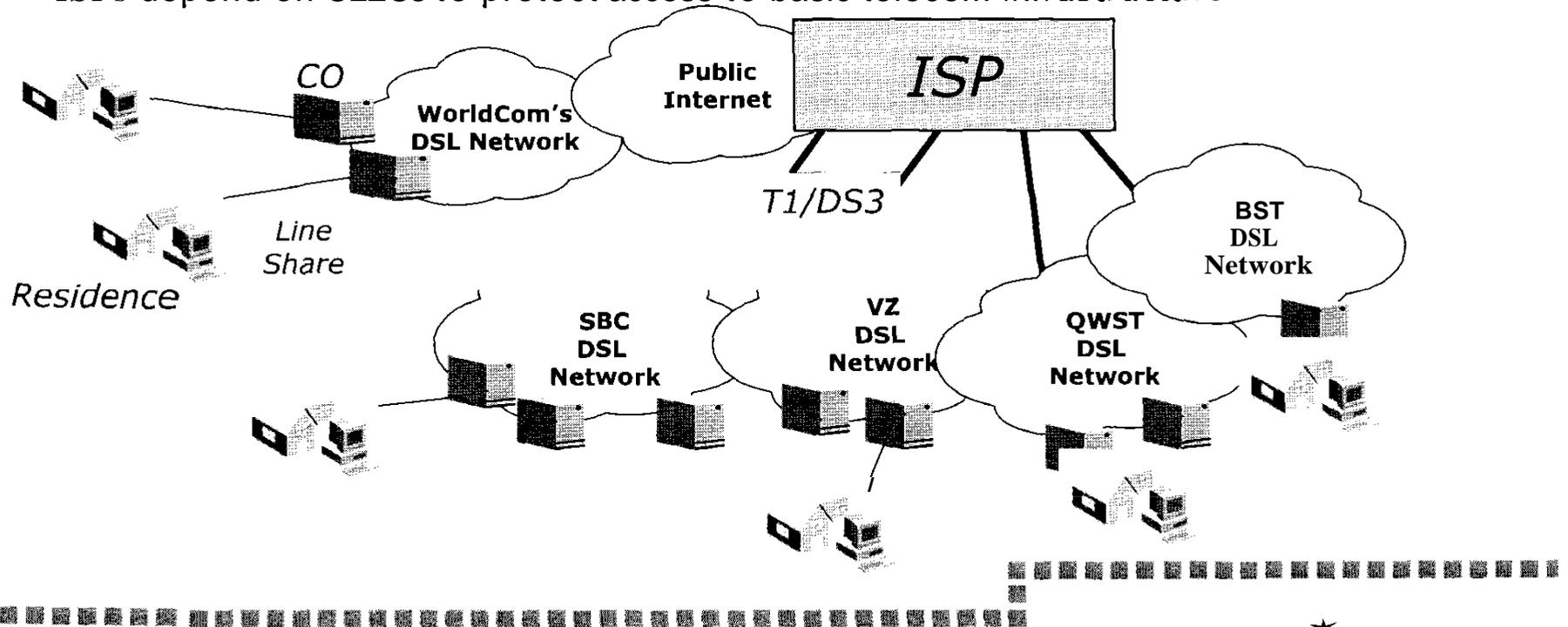


## Worldcom DSL + T1

- 30 DSL Sites @ \$175
- 70 T1 Sites @ \$800
- 1 DS3 @ \$2000
- Total Monthly Cost = \$63,250
- ILEC T1 offering - 100 T1's = \$82,000
- Net savings of \$18,750 per month

# ISP Competition with ILEC depends on Line Sharing

- **ISPs utilize WorldCom's broad product offering**
  - Consumer to business grade services based on line shared loops
- **WorldCom provides nation-wide, single supplier of line shared service**
  - Low investment to get started – encourages innovators
- **Without Line Sharing, ISPs will not be able to compete with ILEC offering on price**
  - ISPs depend on CLECs to protect access to basic telecom infrastructure



# CLECs Are Impaired Without Access to DSL Loops (including fiber-fed loops) and Line Sharing

- **CLECs** need access to **ILEC** network to provide **DSL**
  - ILECs own the last mile; CLECs cannot duplicate access
- Fiber-fed loops are no different from copper loops—they remain a bottleneck facility
  - WorldCom requesting bit-stream access, with a handoff in central office or at another point in the ILEC network
  - If pricing is concern, states can study whether inputs (e.g. cost of capital) should be adjusted
  - Provisioning issues should be addressed by the states (e.g. QOS)
- **CLECs** are impaired without access to line-shared loops
  - Second loop often unavailable (no facilities)
  - Cost of second loop materially increases provisioning costs, and decreases efficiency
  - Delivering Line Sharing UNE to CLEC is not a substantial incremental burden for ILECs
- Impairment analysis consistent with statute and USTA decision ---> unbundling of **xDSL loops** (including fiber-fed loops) and line sharing
- Benefits of **DSL** competition far outweigh the minimal costs associated with unbundling

