WORLDCOM.SM

January 17, 2003

BY ELECTRONIC DELIVERY

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

Re: *Ex Parte Presentation,* 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 January 16, 2003, Donna Sorgi, Paul Bobeczko, and Kimberly Scardino of WorldCom, Inc.; Michael Pelcovits of Microeconomic Consulting and Research Associates (MiCRA); and Ruth Milkman of Lawler, Metzger and Milkman, LCC, counsel for WorldCom, met with Christopher Libertelli, Legal Advisor to Chairman Powell. During the meeting, WorldCom discussed the importance of the unbundled network element platform (UNE-P) to serving residential customers, the conditions under which competitive local exchange carriers (LECs) could transition from UNE-P to the unbundled loop (UNE-L), and the model results that WorldCom recently filed in the record of this proceeding. As part of this discussion, WorldCom provided Mr. Libertelli with a copy of the attached slides.

In discussing the model, WorldCom explained that even in central offices with more than 25,000 residential lines, competitive carriers will continue to be impaired without access to UNE-P until current operational and economic barriers are addressed. WorldCom has provided the Commission a description of the operational and economic barriers that currently impair competitive carriers' ability to compete without UNE-P.[1] WorldCom also reiterated the need for the Commission to take the actions necessary to ensure that incumbent LECs provide competitive carriers access to appropriately configured DS0 enhanced extended links (EELs) with concentration at cost-based rates. As WorldCom has explained, DS0 EELs with concentration could reduce competitors' costs by eliminating collocation fees; however as configured today by the Bell Operating Companies (BOCs), DS0 EELs are not an option for competitors and are not a substitute for UNE-P anywhere.[2]

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[1] *See* letter from Donna Sorgi, WorldCom to William Maher, FCC, attached to letter from Gil Strobel to Marlene Dortch (Jan. 8, 2003).

[2] *See* letter from Kimberly Scardino, WorldCom, to Michelle Carey, FCC, attached to letter from Ruth Milkman to Marlene Dortch (Nov. 13, 2002).

In response to a question from Mr. Libertelli, WorldCom explained that it must have the ability to add DSL to its UNE-P lines, either by providing DSL over WorldCom's own facilities or by partnering with another data provider. In either case, WorldCom must depend on the incumbent LEC to facilitate the "line splitting" arrangement. WorldCom urged the Commission to reiterate in its forthcoming *UNE Triennial Order* that the BOCs continue to have an obligation to facilitate line splitting arrangements. As WorldCom explained, the BOCs already have developed the OSS systems needed to enable such arrangements. In addition, WorldCom pointed out that the BOCs' refusal to allow competitive carriers to provide voice service to customers that subscribe to BOC-provided DSL service is anti-competitive and unnecessarily limits consumers' choice of service providers.

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

Sincerely,

Kimberly Scardino (DO)

Kimberly Scardino
Senior Counsel
202-736-6478

Attachment

cc: Christopher Libertelli

Three Cases Modeled

- Case 1: WCOM is collocated at the BOC CO, and is "on-net"
- Case 2: BOC CO is in a LATA where there is an existing WCOM local switch. Includes a few cases with collocation
- Case 3: BOC CO is <u>not</u> in a LATA where there is an existing local WCOM switch

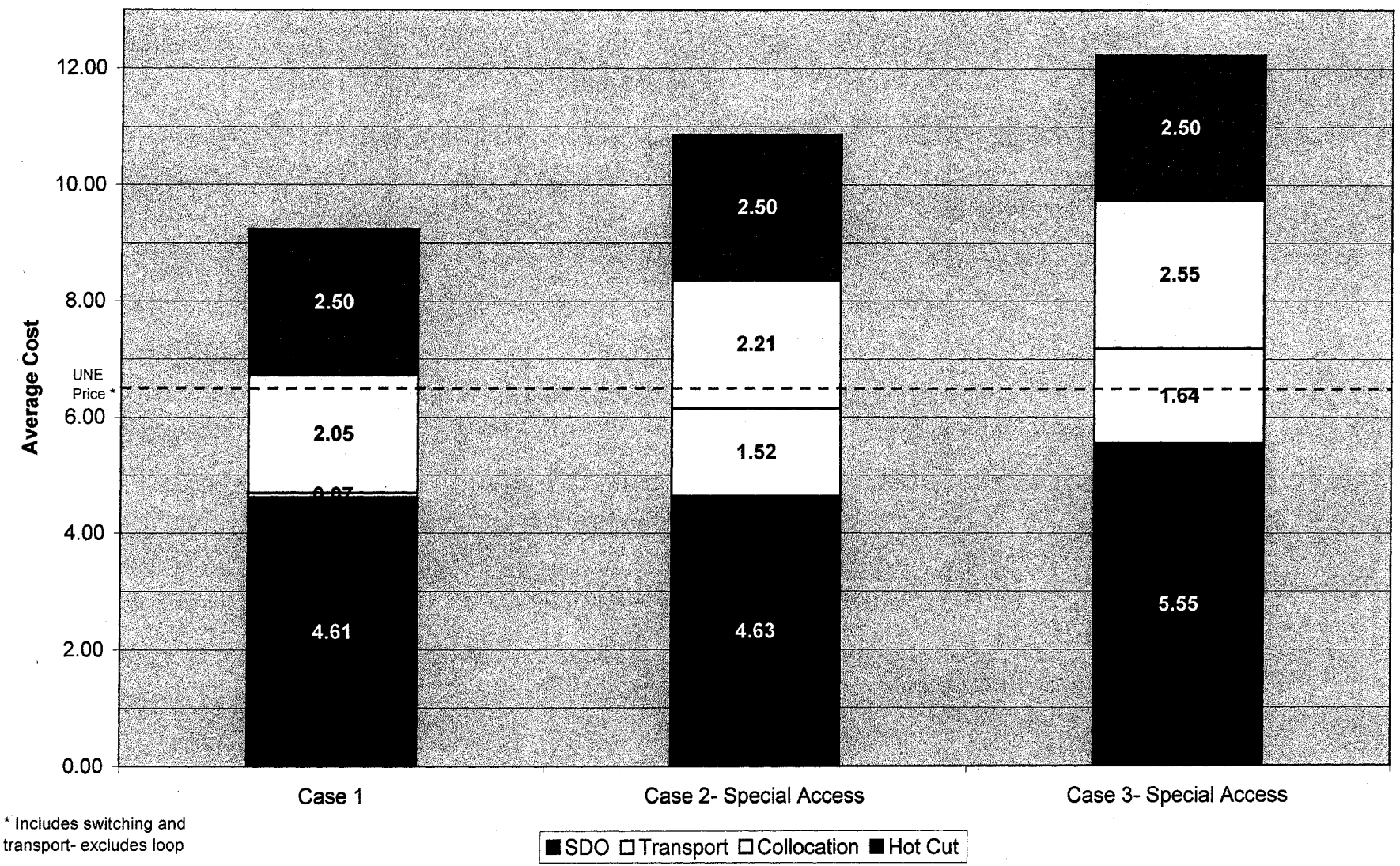
Table 7: Average Cost per Month for Three Cases: CLEC Market Share of 7%

Category	Number of COs	Number of BOC Lines	UNE-L Cost (excludes loops)	UNE-P (excludes loops)	Cost Increment UNE-L over UNE-P
Case 1	431	12,557,038	$10.03	$6.44	56%
Case 2	4343	47,248,573	$17.92	$6.44	178%
Case 3	3164	19,487,802	$25.84	$6.44	301%

Table 8: Average Cost per Month at Different CLEC Market Shares

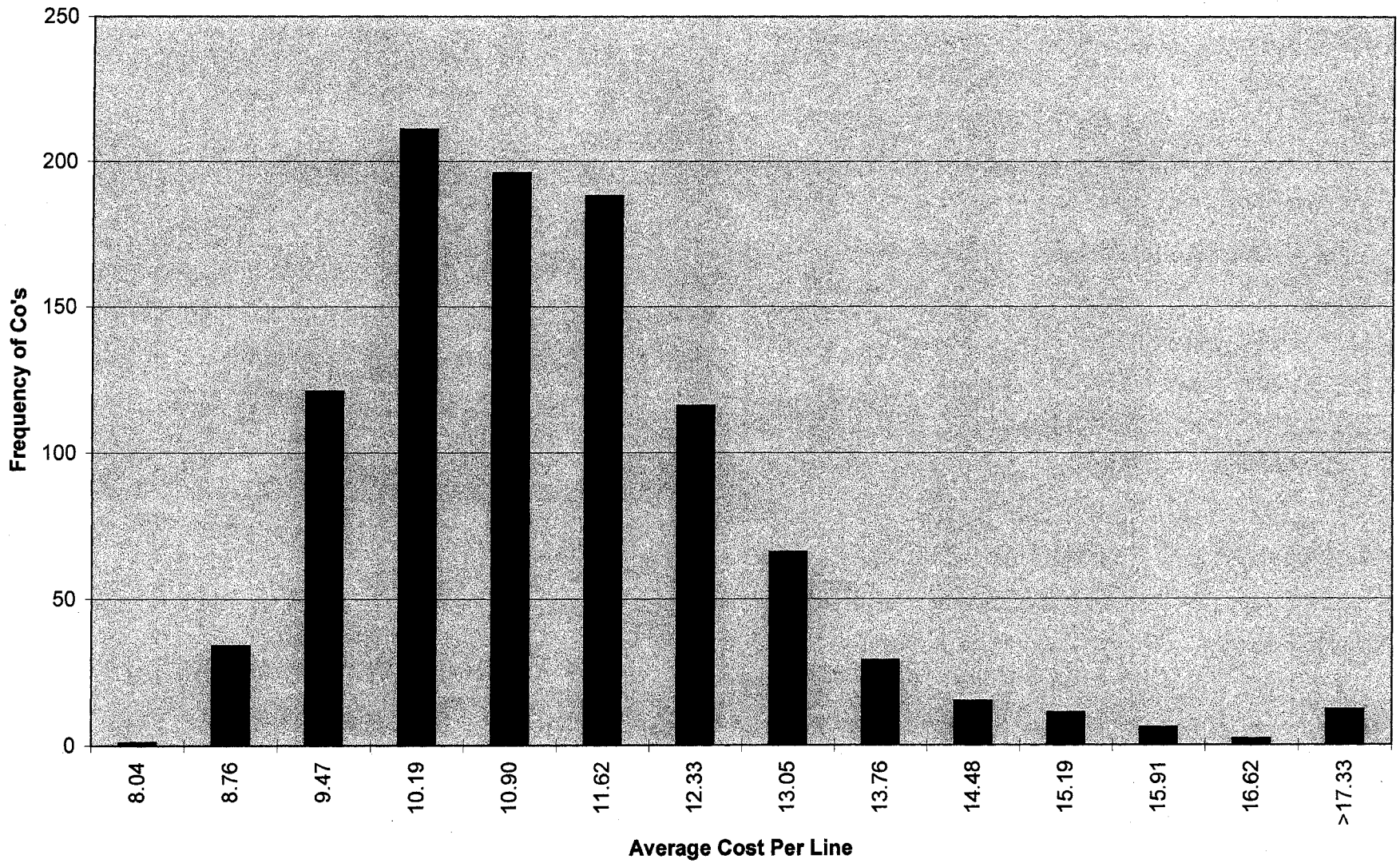
	5% Market Share	7% Market Share	10% Market Share	15% Market Share
Case 1	$11.08	$10.03	$9.22	$8.61
Case 2	$21.38	$17.92	$15.21	$13.03
Case 3	$32.07	$25.84	$21.03	$17.04

Appendix: Table 3
7% Market Share
>25,000 Residential Lines



* Includes switching and transport- excludes loop

Appendix: Table 2
7% Market Share Histogram
>25,000 Residential Lines



Appendix: Table 1

		5% Market Share					7% Market Share					10% Market Share					# of Obs	
		SDO	Trans	Collo	Hot Cut	Average	SDO	Trans	Collo	Hot Cut	Average	SDO	Trans	Collo	Hot Cut	Average	CO	Lines
Case 1	Lines>25k	4.73	0.07	2.66	2.50	**9.96**	4.61	0.07	2.05	2.50	**9.23**	4.51	0.07	1.58	2.50	**8.66**	229	9,675,499
	25k>Lines>15k	5.13	0.07	5.02	2.50	**12.72**	4.86	0.07	3.73	2.50	**11.17**	4.69	0.07	2.76	2.50	**10.03**	98	1,979,360
	15k>Lines>5k	5.66	0.07	8.94	2.50	**17.18**	5.37	0.07	6.53	2.50	**14.48**	4.91	0.07	4.73	2.50	**12.20**	77	832,337
	Lines<5k	8.46	0.07	35.56	2.50	**46.59**	7.64	0.07	25.60	2.50	**35.81**	6.97	0.07	18.11	2.50	**27.65**	27	69,842
	All	4.87	0.07	3.64	2.50	**11.08**	4.72	0.07	2.74	2.50	**10.03**	4.58	0.07	2.07	2.50	**9.22**	431	12,557,038
Case 2: SA	Lines>25k	4.76	1.93	2.89	2.50	**12.08**	4.63	1.52	2.21	2.50	**10.86**	4.53	1.21	1.70	2.50	**9.94**	619	23,647,711
	25k>Lines>15k	5.14	2.29	5.16	2.50	**15.09**	4.87	2.44	3.83	2.50	**13.65**	4.70	2.29	2.83	2.50	**12.33**	490	9,604,473
	15k>Lines>5k	6.02	6.36	10.59	2.50	**25.47**	5.53	4.87	7.71	2.50	**20.60**	5.09	3.74	5.55	2.50	**16.88**	1,079	9,756,196
	Lines<5k	10.09	18.39	46.50	2.50	**77.49**	8.58	16.04	33.45	2.50	**60.57**	7.53	13.50	23.62	2.50	**47.15**	2,155	4,240,193
	All	5.58	4.41	8.89	2.50	**21.38**	5.22	3.71	6.50	2.50	**17.92**	4.95	3.06	4.70	2.50	**15.21**	4,343	47,248,573
Case 2: UNE	Lines>25k	4.76	0.85	2.89	2.50	**11.01**	4.63	0.82	2.21	2.50	**10.15**	4.53	0.76	1.70	2.50	**9.49**	619	23,647,711
	25k>Lines>15k	5.14	0.99	5.16	2.50	**13.79**	4.87	0.97	3.83	2.50	**12.17**	4.70	0.95	2.83	2.50	**10.99**	490	9,604,473
	15k>Lines>5k	6.02	1.36	10.59	2.50	**20.47**	5.53	1.29	7.71	2.50	**17.02**	5.09	1.23	5.55	2.50	**14.38**	1,079	9,756,196
	Lines<5k	10.09	2.86	46.50	2.50	**61.96**	8.58	2.51	33.45	2.50	**47.03**	7.53	2.18	23.62	2.50	**35.83**	2,155	4,240,193
	All	5.58	1.17	8.89	2.50	**18.14**	5.22	1.10	6.50	2.50	**15.31**	4.95	1.02	4.70	2.50	**13.18**	4,343	47,248,573
Case 3: SA	Lines>25k	6.18	1.93	3.37	2.50	**13.98**	5.55	1.64	2.55	2.50	**12.23**	5.24	1.20	1.94	2.50	**10.87**	160	5,093,255
	25k>Lines>15k	6.36	2.24	5.20	2.50	**16.31**	5.70	2.35	3.86	2.50	**14.41**	5.29	2.24	2.85	2.50	**12.88**	247	4,802,388
	15k>Lines>5k	7.45	6.55	11.14	2.50	**27.65**	6.46	5.07	8.11	2.50	**22.14**	5.78	3.85	5.83	2.50	**17.96**	663	5,683,296
	Lines<5k	11.87	17.64	48.96	2.50	**80.98**	9.76	15.28	35.22	2.50	**62.76**	8.32	12.92	24.86	2.50	**48.60**	2,094	3,908,863
	All	7.75	6.53	15.30	2.50	**32.07**	6.70	5.56	11.08	2.50	**25.84**	6.03	4.59	7.91	2.50	**21.03**	3,164	19,487,802
Case3: UNE	Lines>25k	6.18	0.82	3.37	2.50	**12.87**	5.55	0.80	2.55	2.50	**11.40**	5.24	0.76	1.94	2.50	**10.43**	160	5,093,255
	25k>Lines>15k	6.36	0.96	5.20	2.50	**15.02**	5.70	0.94	3.86	2.50	**13.00**	5.29	0.92	2.85	2.50	**11.56**	247	4,802,388
	15k>Lines>5k	7.45	1.37	11.14	2.50	**22.47**	6.46	1.30	8.11	2.50	**18.37**	5.78	1.25	5.83	2.50	**15.36**	663	5,683,296
	Lines<5k	11.87	2.80	48.96	2.50	**66.14**	9.76	2.44	35.22	2.50	**49.92**	8.32	2.13	24.86	2.50	**37.82**	2,094	3,908,863
	All	7.75	1.42	15.30	2.50	**26.96**	6.70	1.31	11.08	2.50	**21.59**	6.03	1.22	7.91	2.50	**17.66**	3,164	19,487,802

Appendix: Table 1 Continued

		15% Market Share					# of Obs	
		SDO	Trans	Collo	Hot Cut	Average	CO	Lines
Case 1	Lines>25k	4.45	0.07	1.22	2.50	**8.24**	229	9,675,499
	25k>Lines>15k	4.55	0.07	2.01	2.50	**9.13**	98	1,979,360
	15k>Lines>5k	4.77	0.07	3.32	2.50	**10.66**	77	832,337
	Lines<5k	6.01	0.07	12.25	2.50	**20.83**	27	69,842
	All	4.49	0.07	1.55	2.50	**8.61**	431	12,557,038
Case 2: SA	Lines>25k	4.46	1.09	1.30	2.50	**9.35**	619	23,647,711
	25k>Lines>15k	4.56	1.54	2.05	2.50	**10.66**	490	9,604,473
	15k>Lines>5k	4.84	3.25	3.87	2.50	**14.46**	1,079	9,756,196
	Lines<5k	6.49	10.68	15.94	2.50	**35.61**	2,155	4,240,193
	All	4.74	2.49	3.30	2.50	**13.03**	4,343	47,248,573
Case 2: UNE	Lines>25k	4.46	0.70	1.30	2.50	**8.95**	619	23,647,711
	25k>Lines>15k	4.56	0.88	2.05	2.50	**9.99**	490	9,604,473
	15k>Lines>5k	4.84	1.19	3.87	2.50	**12.40**	1,079	9,756,196
	Lines<5k	6.49	1.93	15.94	2.50	**26.86**	2,155	4,240,193
	All	4.74	0.95	3.30	2.50	**11.49**	4,343	47,248,573
Case 3: SA	Lines>25k	4.88	1.09	1.46	2.50	**9.93**	160	5,093,255
	25k>Lines>15k	4.85	1.51	2.07	2.50	**10.93**	247	4,802,388
	15k>Lines>5k	5.22	3.32	4.05	2.50	**15.10**	663	5,683,296
	Lines<5k	6.99	10.34	16.77	2.50	**36.60**	2,094	3,908,863
	All	5.40	3.70	5.44	2.50	**17.04**	3,164	19,487,802
Case3: UNE	Lines>25k	4.88	0.71	1.46	2.50	**9.55**	160	5,093,255
	25k>Lines>15k	4.85	0.86	2.07	2.50	**10.28**	247	4,802,388
	15k>Lines>5k	5.22	1.21	4.05	2.50	**12.98**	663	5,683,296
	Lines<5k	6.99	1.89	16.77	2.50	**28.15**	2,094	3,908,863
	All	5.40	1.13	5.44	2.50	**14.47**	3,164	19,487,802