

**ALLEGIANCE TELECOM, INC.  
PRESENTATION REGARDING BELLSOUTH  
PETITION FOR RECONSIDERATION OF  
LOOP UNBUNDLING RULES**

December 2003

- In the Triennial Review Order, the FCC was careful to limit the application of the FTTH exemption to loops consisting of fiber that runs all the way to the end user's premises.

“By FTTH loop, we mean a loop consisting entirely of fiber optic cable between the main distribution frame (or its equivalent) and the demarcation point at the customer's premises. We recognize that other ‘fiber-to-the-home’ network architectures exist, such as ‘fiber to the curb’ (FTTC), “fiber to the node” (FTTN), and “fiber to the building” (FTTB). Our definition of FTTH loops excludes such intermediate fiber deployment architectures. For purposes of our unbundling rules, we consider any loop consisting of fiber optic and cable to be a hybrid loop.” Triennial Review Order n.811.

- There is no basis for viewing FTTC loops as equivalent to FTTH loops.
- The bandwidth delivered by FTTC is significantly less than the bandwidth delivered by FTTH. [e.g., 10 mbps vs. 100 mbps]
- Granting the relief sought by BellSouth is not necessary because it is now well-established that FTTH is economically feasible (at least for incumbent LECs).

“Verizon plans to pass one million homes with FTTP by the end of 2004.”  
“FTTP: Hype or Reality?,” Converge! Network Digest

“[T]he price of rolling out fiber to homes and offices has dropped 50% over the past five years and it will likely decline another 50% over the next few.” Id.

- While the FCC concluded that incumbents and competitors are in a similar position to build FTTH in some circumstances, this is not the case with FTTC. In deploying FTTC, incumbent LECs are able to take advantage of their existing market power by reusing equipment already purchased, leveraging their past investments in training and support systems, and leveraging their huge existing customer bases and network footprints.

“Every AccessMAX AFC has shipped since 1996 can be upgraded to FiberDirect . . . That means service providers with existing AccessMax products not only *maximize use of their existing boxes*, but they also can easily convert customers from copper to fiber and *can leverage the time they’ve put into tech training, processes, and support systems already in place to support Access Max.*” “AFC Provides Details on its FTTP Solution,” by Paula Bernier (Sept. 9. 2003) (emphasis added) (attached).

Lucent Technologies describes its “AnyMedia Optical Network Unit” as a “quick, cost-effective way to extend the reach and capacity of a new *or existing* AnyMedia Access System.

Alcatel promotes its Starspan system for FTTC as an incremental addition of equipment to existing legacy Alcatel equipment deployed in the past by carriers.

- The FCC itself has recognized (Triennial Review Order ¶ 312) that incumbent LECs possess a “first-mover” fiber deployment” advantage. They would exploit this by (1) relying on fiber constructed in the past in the feeder portion of the loop to reach a FTTC location while a CLEC would likely need to construct an entirely new fiber loop; and (2) exploiting a larger network footprint to share the “substantial fixed costs” of obtaining access to rights-of-way, digging up streets and trenching cable among several different locations (possibly all FTTC).

- In the Triennial Review Order, the FCC required incumbent LECs to continue to unbundle the TDM capabilities of all hybrid loops, subject to the application of impairment triggers by the states.

“incumbent LECs have deployed, and are continuing to deploy, a substantial amount of ‘hybrid loops,’ *i.e.*, local loops consisting of both copper and fiber optic cable (and associated electronics, such as DLC systems). Incumbent LECs appear to be at various stages of fiber deployment and have chosen a number of FITL architectures (e.g., FTTC, FTTN) and hybrid loops. Thus, we treat such intermediate deployments of fiber as hybrid loops because they consist of both copper and fiber optic cable.” Triennial Review Order n.832.

- Preserving access to DS1s provided over hybrid loops is absolutely essential for the survival of competition in the SME market.
- As the Commission concluded, it is simply not possible in most cases for competitors to justify self-deployment of DS1/DS3 loops given the costs of deployment and potential revenue opportunities. Triennial Review Order ¶¶ 320, 326.
- The BellSouth proposal regarding FTTC would swallow the TDM unbundling requirement as it represents nothing more than a hybrid fiber copper loop.