



NOTICE OF EX PARTE PRESENTATION; electronic filing

March 23, 2004

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Room TW B204
Washington, DC 20554

Re: Pricing of UNEs WC Docket No. 03-173

Dear Ms. Dortch:

Please be advised that on March 18, 2004, Charles A. Acquard, Executive Director of the National Association of State Utility Consumer Advocates ("NASUCA"), and Dr. David Gabel and Dr. Robert Loube, representing NASUCA, met with the following members of the staff of the Pricing Policy Division of the Wireline Competition Bureau: Jay Atkinson, Monica Desai, Alvaro Gonzalez, Jeremy Marcus, Steve Morris and Marvin Sacks.

As NASUCA representatives, Mr. Acquard, Dr. Gabel and Dr. Loube discussed the issues pertaining to UNE pricing set forth in the attached Powerpoint summary of NASUCA's position.

The discussions covered issues under consideration in this proceeding and were consistent with NASUCA's position as expressed in filed comments. The focus of the discussions was on UNE cost studies, with particular emphasis on costing the loop. Issues addressed were the objectives of UNE cost studies, selecting a methodology to calculate UNE costs, the proposals of Incumbent Local Exchange Carriers for calculating UNE costs, the source of incremental cost data, the relationship between investment incentives and UNE prices, and consistency among state UNE rates.

The NASUCA representatives stressed that a current demand methodology should be applied consistently to the costing of UNEs. This is superior to the replacement cost methodology proposed by the Regional Bell Operating Companies (RBOCs) because the replacement cost methodology does not model a network that is designed to serve the current total demand. Further, the replacement cost methodology uses an average cost per pair derived from the embedded stock of cables. This results in costs being misstated. A further problem is that there are significant problems with the data used to develop costs in the methodological approach employed by the RBOCs.

We apologize for the delay in filing this ex parte notice.

Sincerely,

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Chair, NASUCA Telecommunications Committee

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cc: Jay Atkinson, Monica Desai, Alvaro Gonzalez, Jeremy Marcus, Steve Morris and Marvin Sacks (all via e-mail)