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July 1, 2004

Ex Parte

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

Re: WC Docket No. 01-338

Dear Ms. Dortch:

Verizon is requesting that the attached letter from Susanne Guyer, Senior Vice President of Verizon to Chairman Powell, be placed on the record in the above docket. Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ann D. Berkowitz".

cc: Chairman Powell
Commissioner Abernathy
Commissioner Adelstein
Commissioner Copps
Commissioner Martin
Bryan Tramont
Scott Bergmann
Matthew Brill
Dan Gonzalez
Chris Libertelli
Jessica Rosenworcel
William Maher
Jeff Carlisle
Michelle Carey
Tamara Preiss

Attachment

Susanne A. Guyer
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July 1, 2004

EX PARTE

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Powell:

In a June 23 letter, ALTS implies that Verizon is renegeing on the commitment in Ivan Seidenberg's June 11 letter, and suggests that Verizon intends to "begin discontinuing providing loops, switching and transport immediately."

First, Verizon will adhere to its commitment and nothing cited by ALTS suggests otherwise. The only support ALTS offers are two state filings that focus, not on the commitment to this Commission, but on the different issue of what is required by the terms of Verizon's interconnection agreements. In fact, one filing that ALTS points to is dated June 1, and therefore pre-dates the commitment to this Commission. The other filing that ALTS points to attaches a copy of Verizon's June 11 letter and makes it clear that, regardless of the terms of its agreements, Verizon will adhere to the commitment in that letter. Neither of these filings in any way suggests that Verizon is renegeing on its commitment.

Second, because the June 11 letter's commitment to provide UNE-P for mass market consumers for five months does not extend to high capacity facilities, ALTS claims that something more is required to protect small businesses that "rely on facilities-based CLEC service offerings over high-capacity loops." In doing so, it ignores the facts. As Verizon demonstrated during the course of the Triennial proceeding, and again in its filing on this issue last week:

- demand for high capacity services is highly concentrated (with 80 percent of demand in just eight percent of wire centers);
- carriers have targeted deployment of their own facilities to serve that concentrated demand (with an average of 20 networks in the top 50 MSAs); and
- carriers have successfully (and extensively) used special access purchased from Verizon at steep volume and term discounts to provide high capacity services to business customers of all shapes and sizes, including antique dealers, travel agents and hair dressers.

While ALTS claims that carriers cannot provide high capacity services without access to high-capacity loops at UNE rates, the facts are that:

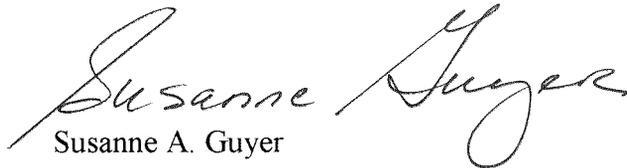
- 93 percent of the DS-1 loops that carriers buy from Verizon to provide high capacity services to their own customers are purchased as special access, not as UNEs;
- 95 percent of the DS-1 loops that are purchased along with transport are purchased as special access, not as UNEs; and
- 98 percent of the DS-3 loops that carriers buy from Verizon to provide high capacity services to their customers are purchased as special access, not as UNEs.

As these facts make clear, carriers as a whole overwhelmingly use special access to serve their own customers, and this is true for large and small carriers alike. In addition, some carriers use special access services exclusively, or have publicly acknowledged that they do not need high capacity UNEs. For example, Time Warner Telecom has stated that it “does not rely upon UNEs,” and that in “[i]nstances where we need services from ILECs to connect our remote customers to our vast fiber network, we purchase those under special access tariffs or under agreements with ILECs.”

As the D.C. Circuit emphasized, the fact that other carriers are already successfully serving customers using special access means that there is no basis for re-imposing an unbundling obligation for high-capacity facilities. But it also means more than that. The fact that carriers are providing service overwhelming through the use of special access means that there simply is no basis to ALTS’ claim that the court’s decision will result in price increases for end users. Carriers obviously are offering competitive rates to their customers when they use special access, or those customers wouldn’t be buying their service. And the court’s decision does nothing to change that.

In sum, the ALTS letter is long on rhetoric about the danger to facilities-based carriers and small business customers, but its claims do not stand up to the facts.

Sincerely,



Susanne A. Guyer

cc: Commissioner Kathleen Q. Abernathy
Commissioner Jonathon S. Adelstein
Commissioner Michael J. Copps
Commissioner Kevin J. Martin