

July 22, 2004

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

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Federal Communication Commission
Bureau / Office

Re: WC Dkt. Nos. 04-36 and 04-242,
CC Dkt. No. 01-338
Ex Parte Filing

Dear Chairman Powell:

The high technology workforce will be a major winner from the huge investments that local phone companies are beginning to make in their networks as long as the FCC continues to eliminate regulatory burdens that otherwise would apply to these new networks as President Bush has urged. For example, both Verizon and SBC have announced plans to deploy massive amounts of new fiber optic infrastructure in their networks over the next five years at a cost of as much as \$20 billion. In 2004 alone, Verizon has committed to spend an estimated \$1 billion in making new fiber technology available to about one million residences in its service area.

North Carolina manufacturing companies have received contracts to produce a large portion of that technology, and they are adding workers to meet their commitments. For example, Sumitomo Electric Lightwave is making equipment for Verizon's new fiber upgrade program at both its Research Triangle Park headquarters and its Whiteville, NC plant. Preformed Line Products is making products at its Asheville and Albemarle, NC plants. We also understand that Corning is making fiber optic cable for the Verizon program at its Wilmington and Hickory plants; that Northern Telecom is doing work for the Verizon project at its Raleigh facility; and that Tyco is producing equipment for Verizon at its Fuquay-Varina, NC plant.

Telecom manufacturers are increasing employment in other states too due to their FTTP contracts with Verizon. For example, Fiber Optic Network Solutions is making equipment for the Verizon project at its Northboro, MA plant, and Pirelli Communications is making equipment for the Verizon project in Lexington and Columbia, SC. We also understand that ADC is making equipment in Minnesota at its Eden Prairie and Shakopee facilities; that Preformed is doing work for Verizon at its Rogers, AK plant; and that Nortel, Corning, and Advanced Fiber Communications have indicated that they are performing work in connection with their Verizon FTTP contracts at Richardson and Keller, TX as well as Petaluma, CA and Miramar, FL.

Altogether, the US economy is on schedule to gain several thousand new jobs within the next 12-18 months from the Verizon modernization program alone.

However, Verizon has made clear to our companies -- as I'm sure both Verizon and SBC have made clear to *all* manufacturers with whom they contracted to produce infrastructure for these major network modernization programs -- that their modernization plans will remain on the rapid pace that is now projected *only* if the FCC continues to make substantial progress in reducing regulatory burdens that otherwise would apply to these new fiber optic networks. So, while their assessment of the market prompts an aggressive deployment, they admit that adverse regulatory developments could force an equally swift cutback in their fiber optic technology investment plans.

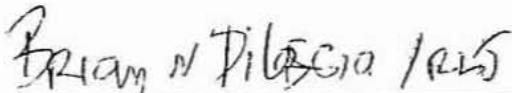
Honorable Michael Powell

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The FCC is now considering several important proposals for regulatory relief which will help ensure that consumers get the benefit of the new services that fiber optic networks will produce and that the U.S. telecom manufacturing industry in North Carolina and around the country receives the jump start that it still so badly needs. The Commission should adopt those proposals quickly. We note that President Bush has endorsed the elimination of regulatory burdens on new telecom networks, and you have called facilitating the deployment of fiber optic and other broadband technology the FCC's "central policy objective" for bringing about new services for consumers and helping the still struggling telecom manufacturing industry survive, an industry which you have described as the "innovator, the R&D arm that has kept . . . [U.S. telecom network[s] at the cutting edge."

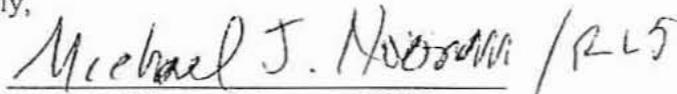
In the short term, the Commission should grant the request that Verizon filed in Docket 04-242 giving that company freedom to enter agreements with ISPs for use of its new fiber optic platform for the provision of ultra-high-speed Internet access service without the need to comply with tariff regulations. The Commission also should expeditiously adopt an order in Docket 04-36 which makes clear that VoIP and all other IP-enabled services provided over broadband networks will be substantially free of FCC and state PUC regulation. Moreover, the agency should grant requests filed in Docket 01-338 to clarify that phone companies are not required to provide broadband facilities to competitors as unbundled network elements under *any* provision of the Communications Act.

Taking these actions will help ensure that regulatory obstacles do not cause local telephone companies to slow the aggressive fiber infrastructure programs they recently have announced. In turn, these actions will promote both more rapid and widespread availability of new and innovative communications services for consumers and also growth in the telecom manufacturing industry in North Carolina and around the country.



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Sincerely,



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cc:

Marlene H. Dortch, Secretary (by hand)
Commissioner Kathleen Q. Abernathy
Commissioner Jonathan S. Adelstein
Commissioner Michael J. Copps
Commissioner Kevin J. Martin
William Maher, Chief Wireline Competition Bureau