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September 17, 2004

VIA ELECTRONIC SUBMISSION

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

Re: ***Notice of Ex Parte***
CC Docket Nos. 01-338, 96-98, 98-147 and 02-33
WC Docket Nos. 04-29 and 04-36

Dear Ms. Dortch:

On September 17, 2004, James C. Smith, Dorothy Attwood and Randall Stephenson on behalf of SBC Telecommunications, Inc. (SBC) met in separate meetings with Commissioner Copps and Jessica Rosenworcel, and Matt Brill to discuss SBC's Project Lightspeed as set forth in the attachment hereto.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being electronically filed. I ask that this letter be recognized with the proceedings identified above.

Please contact the undersigned at (202) 326-8883 should you have any questions.

Sincerely,

/s/ James K. Smith

Attachment

CC: Commissioner Michael J. Copps
Jessica Rosenworcel
Matthew Brill

Project Lightspeed:
SBC's Consumer IP Video Strategy

Summary of SBC's Project Lightspeed

- **IP based network provides SBC a substantial opportunity in the video space**
  - U.S. Video market is expected to grow from $53.7B in 2004 to $62.8 in 2008*
  - Source: PWC Global Entertainment and Media Outlook, 2004-2008
- **IP technology and advances in video compression when combined with fiber bandwidth can create new opportunities for competition in the video market**
  - Switched IP-based fiber architectures facilitate a paradigm shift.
  - Deliver to home gateway only video content that customer chooses
  - Expand fiber footprint, while still utilizing some existing copper infrastructure
- **IP enables SBC to become true triple play provider of voice, data and video**
  - $4 billion to $6 billion investment over five years with millions of customers being served region-wide by new platform
  - Pushing fiber deeper into neighborhoods
  - Building new, all-IP network to provide integrated voice, data and video solutions

SBC's Network Plan Delivers High Bandwidth Services To Consumers

FTTN → • **Fiber to node in existing neighborhoods**

FTTP → • **Fiber to the premise for new construction and multi-dwelling units**

- **<u>Bandwidth:</u> 15 to 25 Mbps**
  - **<u>Video:</u> Multiple streams for SDTV and HDTV**
  - **<u>Data:</u> Dedicated connection, 3 Mbps x 1 Mbps growing to 5 x 1 Mbps**
  - **<u>Voice:</u> Full feature Voice Over IP Offering**

Consumer Benefits of IP Video

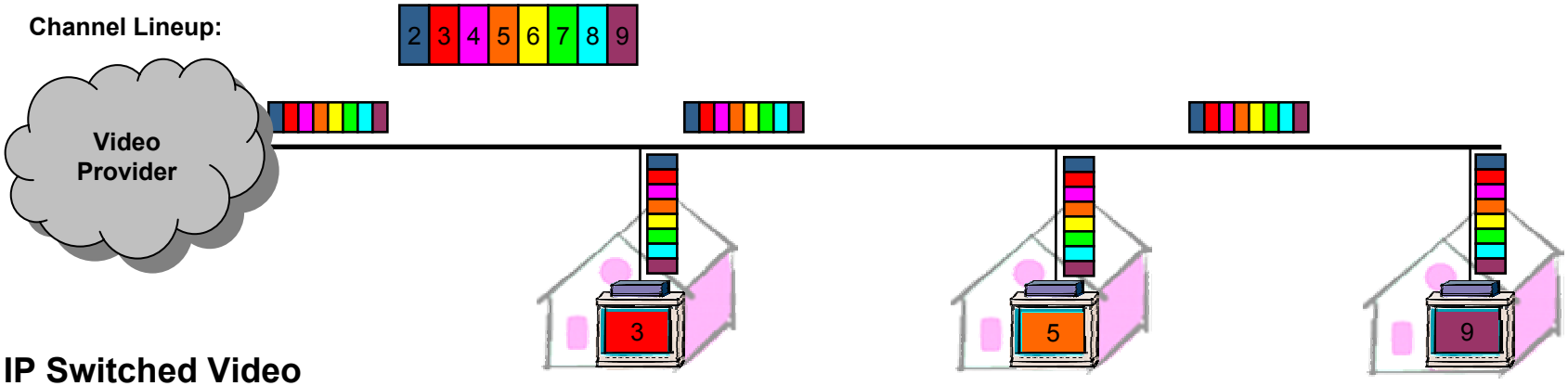
- **Virtually unlimited content and choice for customers (local, national, international)**
- **Differentiated video on demand (VOD) and IP based content**
- **Interactive services (multi-camera angle viewing)**
- **Network based digital video recording capabilities (TiVO like service)**
- **Integrated video, voice and data services (Integrated Caller ID with TV Screen)**
- **Other IP applications and services**

FTTN - Why is This the Right Model for SBC?

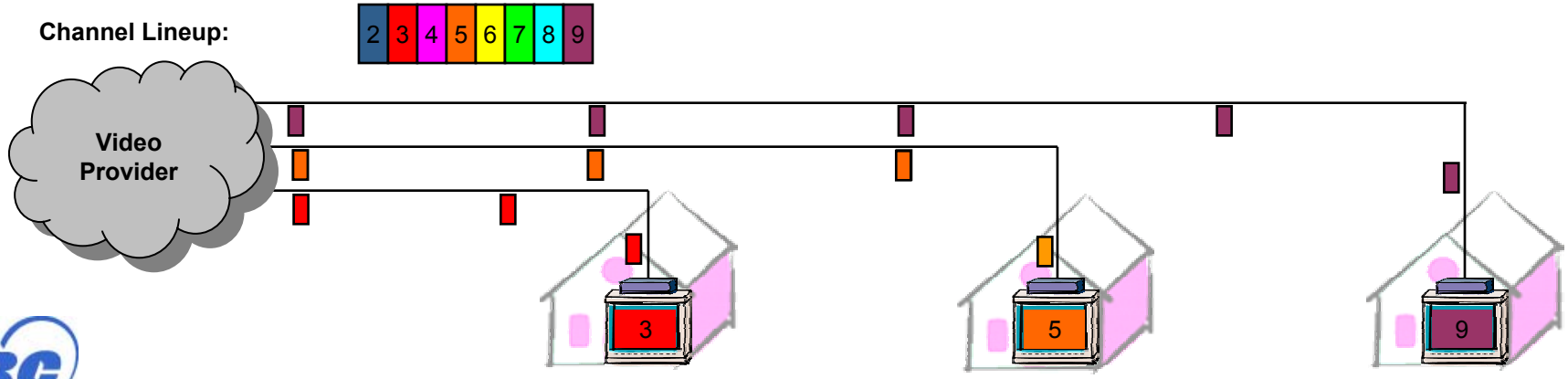
- **Robust platform for video and integrated services**
- **Flexible, capable of evolving as technologies advance**
- **Provides competition to cable TV … with no limit on content**
- **Multiple advantages versus 100% FTTP build:**
  - **Takes advantage of technological innovations (e.g. IP, video compression)**
  - **Improves speed to market**
  - **Lowers cost**

IP Switched Video Changes The Game

- **Broadcast RF Video**
  - All endpoints (Set Top Boxes) receive the full channel lineup at all times. The STB only displays (tunes) a single channel at a time. Channel changes are done within the STB to tune to different frequency in the lineup already being received.



- **IP Switched Video**
  - A STB only receives a single video channel at a time and displays that on the TV. The data stream for this single video channel is requested by the STB to the network. Channel changes are performed by the network at the request of the STB.



Business Challenges

- **New line of business for SBC -- time to market is key**
- **Requires construction of new IP and video network infrastructure**
- **Competing against incumbent cable operators that have "triple play" capabilities**
- **Ability to design IP-video products and service packages that attract customers is critical**
- **Unlike cable, not vertically integrated with content**

Regulatory Confidence Will Spur FTTx Deployment

- **Make clear that current wholesale unbundling rules don't apply to new IP platforms and services**
- **Don't extend common carrier or *Computer* Inquiry obligations to new IP platforms**
- **Make clear that new IP voice video and data services delivered over new IP platforms aren't burdened by legacy rules designed for telephone or cable TV services**