



October 4, 2004

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

Re: In the Matter of Unbundled Access to Network Elements, Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, WC Docket No. 04-313, CC Docket No. 01-338

Dear Ms. Dortch:

Pacific LightNet supports the Commission's stated commitment to promote the development of facilities-based competition and adopt unbundling rules to achieve that end. As a facilities-based provider operating on all six major Hawaiian Islands, Pacific LightNet well-appreciates the importance and difficulty of balancing local concerns with consistent national policy. Pacific LightNet offers these comments to aid the Commission's efforts in that regard.

A competitive local exchange carrier with its own class 5 switch and undersea fiber-optic network, Pacific LightNet competes with Verizon Hawaii for local exchange customers throughout the state of Hawaii, as well as provides dedicated transport private line services, intrastate private line and switched services, including inter-island toll services.

However, despite the millions invested in its statewide network, Pacific LightNet—like most, if not all, facilities-based competitors—requires continued access to unbundled network elements within the incumbent LEC's rate-payer funded network. Even with a state-of-the-art switch and hundreds of miles of fiber-optic cable, many small and mid-size businesses remain beyond the reach of Pacific LightNet's network. For example, without access to the incumbent's unbundled network elements, facilities-based providers cannot economically justify constructing facilities to a single small business located in a multi-tenant office building. As a result, the small business customer must wait until several tenants, or at least one other large business tenant, orders service from the competitor. The Commission's unbundling rules should reflect an impairment standard that takes such market realities into account—recognizing, of course, that local markets vary significantly in terms of business climate and construction feasibility.

In Pacific LightNet's experience, the incumbent LEC—in this case, Verizon—is generally willing to meet only the bare minimum that the law requires—which, unfortunately, means meaningful competition and the smaller business customer already suffer the consequences of institutionalized foot-dragging. Verizon's so-called national template interconnection

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agreement that forms the basis of Verizon's inter-carrier negotiations already reflects this depressing and unwavering trend, wherein Verizon commits to provide unbundled network elements "only to the extent required by both 47 U.S.C. § 251(c)(3) and 47 C.F.R. part 51." To further dilute these rules without appropriate safeguards can only serve to strengthen the incumbents' resolve—and ability—to further stifle competition.

Thus, given that any proposal to modify the Commission's unbundling rules is of vital concern to Pacific LightNet, we support the comments filed today by CompTel/Ascent.

Respectfully submitted,

/s/

John Warta

Chairman and CEO