

PUBLIC NOTICE



FEDERAL COMMUNICATIONS COMMISSION

445 12th STREET, S.W.

WASHINGTON, D.C. 20554

DA 00-335

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COMMON CARRIER BUREAU SEEKS COMMENT ON SBC'S REQUEST FOR INTERPRETATION, WAIVER, OR MODIFICATION OF THE SBC/AMERITECH MERGER CONDITIONS

CC Docket No. 98-141

ASD File No. 99-49

Released: February 18, 2000

On October 6, 1999, the Commission approved, subject to conditions, the transfer of control of certain licenses and authorizations from Ameritech Corporation to SBC Communications ("SBC").¹ Pursuant to the *Merger Conditions*, SBC must establish one or more separate affiliates to provide advanced services, including Digital Subscriber Line ("DSL") advanced services.² SBC's Advanced Services Affiliate must, among other things, own (or lease) and operate all new advanced services equipment used to provide advanced services.³

On February 15, 2000, SBC filed a letter with the Chief of the Common Carrier Bureau ("Bureau") seeking the Bureau's interpretation regarding an ownership arrangement of certain advanced services equipment.⁴ Specifically, SBC seeks the Bureau's concurrence that its proposed ownership arrangement is consistent with the *Merger Conditions*. In the event the Bureau finds SBC's proposed ownership arrangement inconsistent with the *Merger Conditions*, SBC seeks a waiver of the applicable requirements or a modification of the conditions to allow the proposed operating environment.

Through this public notice, the Bureau seeks comment on SBC's request. We invite parties to present their views on all aspects of SBC's February 15th Letter, which is attached in its entirety to this notice. Interested parties may file comments or oppositions regarding SBC's request not later than **March 3, 2000**. Responses to these comments or oppositions may be filed not later than **March 10, 2000**. Copies of this notice and SBC's February 15th Letter are available from the Commission's duplicating contractor, International Transcription Service, Inc., at its offices at 1231 20th Street, N.W., Washington, D.C. 20036, telephone (202) 857-3800.

¹ Applications of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Commission's Rules, CC Docket 98-141, *Memorandum Opinion and Order*, FCC 99-279 (rel. Oct. 8, 1999) ("*SBC/Ameritech Merger Order*"). Information about the Merger Conditions is posted on the Internet at: <<http://www.fcc.gov/ccb/mcot>>.

² *SBC/Ameritech Merger Order* at Appendix C, paras. 1-13.

³ *Id.* at Appendix C, para. 3(d).

⁴ Letter from Paul K. Mancini, Vice President & Assistant General Counsel, SBC Communications, Inc., to Lawrence E. Strickling, Chief, Common Carrier Bureau, FCC at 1, 6 (Feb. 15, 2000) ("*February 15th Letter*"). Although SBC's February 15th Letter labels one attachment as "confidential," SBC indicates that the information is suitable for public disclosure.

1. EX PARTE STATUS OF THIS PROCEEDING

Because this matter involves broad public policy issues, the Bureau will treat the proceeding as "permit but disclose" for purposes of the Commission's *ex parte* rules. See generally 47 C.F.R. §§ 1.1200-1.1216. Should circumstances warrant, the Bureau may designate this proceeding and all interrelated proceedings as restricted. As a "permit but disclose" proceeding, *ex parte* presentations will be governed by the procedures set forth in Section 1.1206 of the Commission's rules applicable to non-restricted proceedings.⁵

Parties making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must contain a summary of the substance of the presentation and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented is generally required. See 47 C.F.R. § 1.1206(b)(2), as revised. Other rules pertaining to oral and written presentations are set forth in Section 1.1206 (b) as well. Interested parties are to file with the Commission Secretary, Magalie Roman Salas, 1919 M Street, N.W., Room 222, Washington, D.C. 20554, and serve Janice Myles of the Policy and Program Planning Division, Common Carrier Bureau, Room 544, 1919 M Street, N.W., Washington D.C. 20554, and International Transcription Service, Inc., 1231 20th Street, N.W., Washington, D.C. 20036, with copies of any written *ex parte* presentations in these proceedings filed in the manner specified above.

2. FILING PROCEDURES

Interested parties may file comments and/or petitions to deny regarding SBC's request not later than **March 3, 2000**. Responses or oppositions to these comments and petitions may be filed not later than **March 10, 2000**. In accordance with Section 1.51(c) of the Commission's Rules, 47 C.F.R. §1.51(c), an original and four copies of all pleadings must be filed with the Commission's Secretary, Magalie Roman Salas, 445 Twelfth Street, S.W., TW-A325, Washington, D.C. 20554. In addition, copies of each pleading must be filed with other offices in the following manner: (1) one copy with International Transcription Service, Inc., the Commission's duplicating contractor, 445 12th Street, S.W., CY-B402, Washington, D.C. 20554, (202) 857-3800; (2) one copy with Janice Myles of the Policy and Program Planning Division, Common Carrier Bureau, 445 Twelfth Street, S.W., Room 5-C327, Washington, D.C. 20554; (3) one copy with Anthony Dale, Accounting Safeguards Division, Common Carrier Bureau, 445 Twelfth Street, S.W., Room 6-C461, Washington, D.C. 20554; and (4) six copies with Debbi Byrd, Accounting Safeguards Division, Common Carrier Bureau, 445 12th Street, S.W., Room 6-C316, Washington, D.C. 20554.

In addition to filing paper comments, parties may also file comments using the Commission's Electronic Comment Filing System (ECFS).⁶ Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. In completing the transmittal screen, commenters should include their

⁵ An *ex parte* presentation is any communication (spoken or written) directed to the merits or outcome of a proceeding made to a Commissioner, a Commissioner's assistant, or other decision-making staff member, that, if written, is not served on other parties to the proceeding or, if oral, is made without an opportunity for all parties to be present. 47 C.F.R. Sec. 1.1201.

⁶ See Electronic Filing of Documents in Rulemaking Proceedings, 63 Fed. Reg. 24,121 (1998).

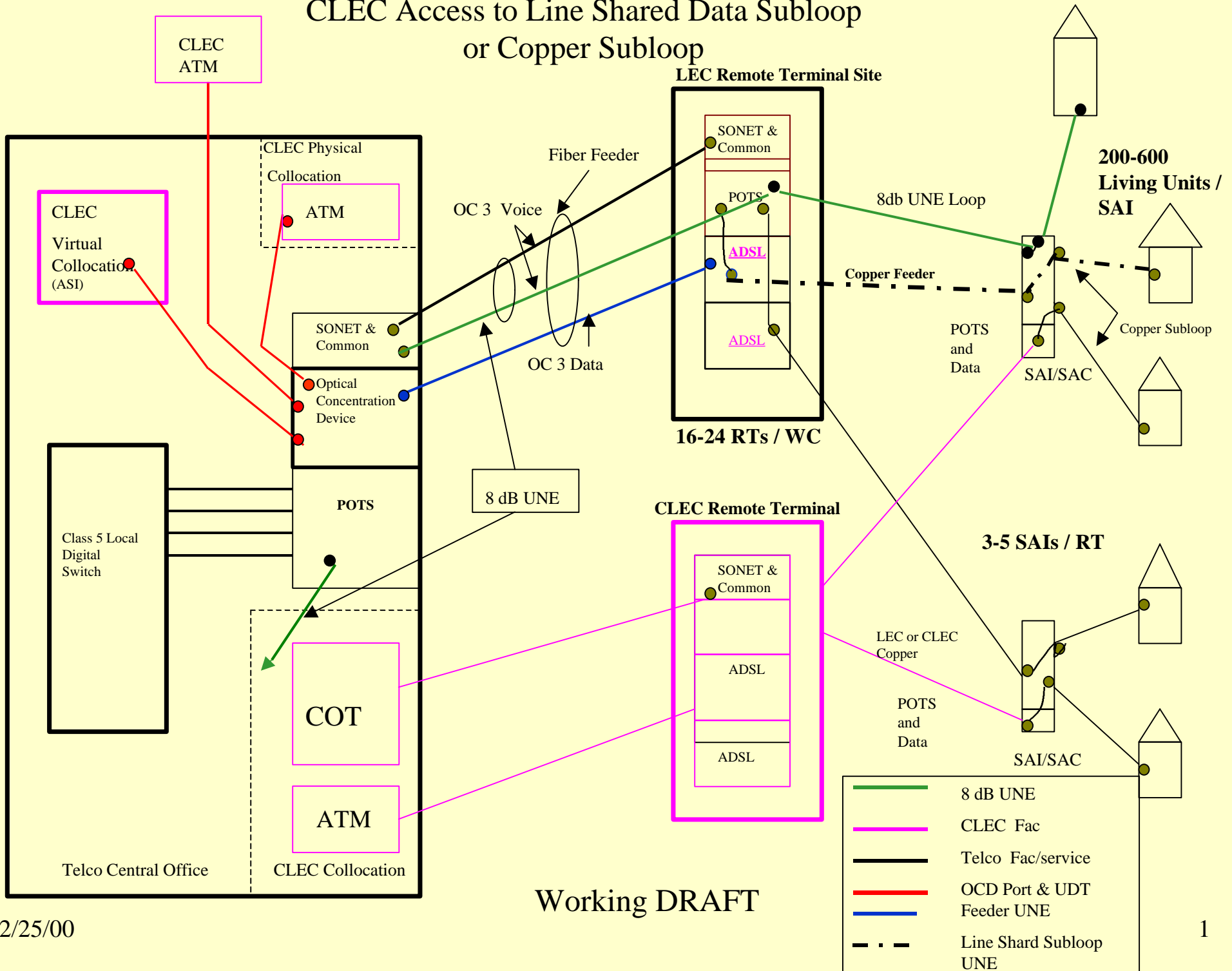
full name, Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. For filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov and should include the following words in the body of the message: "get form <your e-mail address.>" A sample form and directions will be sent in reply.

Copies of the applications and any subsequently filed documents in this matter may be obtained from International Transcription Service, Inc., 445 12th Street, S.W., CY-B402, Washington, D.C. 20554, (202) 857-3800. Electronic versions of the applications are also available on the FCC's Internet Home Page (<http://www.fcc.gov>) and through the Commission's Electronic Comment Filing System. To the extent that parties file electronic versions of responsive pleadings, such filings also will be available on the FCC's Internet Home Page and through the Commission's Electronic Comment Filing System. Copies of the applications and documents are also available for public inspection and copying during normal reference room hours at the Commission's Reference Center, 445 12th Street, S.W., CY-A257, Washington, D.C. 20554.

For further information contact Anthony Dale, Accounting Safeguards Division, Common Carrier Bureau at (202) 418-2260.

--Action by the Deputy Chief, Common Carrier Bureau--

CLEC Access to Line Shared Data Subloop or Copper Subloop



Working DRAFT

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February 15, 2000

Mr. Lawrence E. Strickling
Chief
Common Carrier Bureau
Federal Communications Commission
Washington, D.C. 20544

Re: CC Docket No. 98-141—Ownership of Plugs/Cards and OCDs

Dear Mr. Strickling:

This letter brings to your attention two critical and time sensitive issues related to the SBC/Ameritech Merger Conditions that were recently discussed with FCC Staff. SBC is seeking expedited resolution of these issues. SBC, its incumbent LECs and Advanced Services affiliates are working diligently to implement the advanced services provisions of the Merger Conditions and the Commission's UNE Remand and Line Sharing Orders. This has proven to be a complex and involved undertaking that has raised issues not directly addressed during last year's merger negotiations. Nonetheless, we are moving forward as quickly as possible with the ongoing objective to comply with the Merger Conditions and the requirements of Telecommunications Act of 1996.

However, during the course of implementing those Conditions and related Commission orders, we have encountered two critical issues concerning the ownership of certain equipment: combination plugs/cards and an Optical Concentration Device. We believe that we have developed nondiscriminatory solutions for these two issues that are permissible under the most reasonable reading of the current Merger Conditions. If the Commission disagrees, however, SBC would request a modification of the Merger Conditions (or an indefinite extension pursuant to Paragraph 72) on an expedited basis. SBC needs clarification of these two issues from the Common Carrier Bureau and/or Commission in an expedited manner to enable SBC to comply with the UNE Remand and Line Sharing Orders and to move forward with "Project Pronto," SBC's ambitious initiative to speed the deployment of advanced services. SBC intends to implement the ownership scenarios described herein unless informed by the Commission that the scenarios are contrary to the Merger Conditions.

I. Ownership of Combination Plugs/Cards in Remote Terminals

Implementation of the UNE Remand and Line Sharing Orders have required a thorough and complex analysis of how Project Pronto assets should be allocated between the incumbent LECs and Advanced Services affiliates. This analysis has been performed in light of the Merger Conditions and other related legal/regulatory considerations. There are three primary asset groups involved in Project Pronto: newly placed fiber feeder facilities, Advanced Services Equipment and upgraded or new Remote Terminals ("RTs"). The plan to date has been that the SBC incumbent LECs will own and manage the newly placed fiber feeder facilities and the RTs, and the Advanced Services affiliates will own and operate Advanced Services Equipment.

One of the underlying issues involves the physical space limitations of RTs and how to most efficiently provide non-discriminatory access to both unaffiliated providers and the Advanced Services affiliates. The objective has been to fashion a solution to provide such access and not create a scenario involving numerous RTs on the same site, a so-called "village of RTs," which neighborhoods and governmental entities would not find acceptable. Nor did we want to find ourselves in the equally unacceptable situation of having to create RTs the size of central offices. As will be discussed, we believe that we have developed a unique and workable solution to this RT space limitation problem.

As indicated, SBC's incumbent LECs own or will own three types of RTs: controlled environmental vaults (CEVs), huts and cabinets. There will be over 20,000 upgraded or newly placed RTs throughout SBC's 13 states during the life of Project Pronto.

As to newly placed Pronto CEVs and huts, the SBC incumbent LECs are currently planning for additional space than would be required to meet their own needs, in order to create additional potential space for some unaffiliated and affiliated CLECs for collocation purposes. For both existing and new CEVs and huts, physical collocation will be provided on a nondiscriminatory, limited space available basis, consistent with Commission and state rules.

Cabinets, on the other hand, are designed, pre-sized and pre-provisioned to serve a certain number of living units (e.g., households over a certain number of years). In other words, there is little or no excess space in cabinets. To overcome these space limitations in cabinets, we have developed two unique alternatives to provide efficient and nondiscriminatory access to this particular type of RT (These options would also be available in CEVs and huts that have Project Pronto Litespan equipment.)

With this background, the first ownership issue needing prompt resolution involves the ownership of combination plugs/cards that are placed in RTs. In the first option we developed, all CLECs, including SBC's Advanced Services affiliates, would own their combination plugs/cards (i.e., ADLU cards), and the inventory of plugs would be managed and installed in the RT by the SBC incumbent LEC on a nondiscriminatory basis, which some have come to call "plug and play." (See attached diagram)

Under "plug and play," the CLEC would have an efficient, convenient and less capital intensive means to access the data subloop in the RT by the placement of the ADLU card. This option is especially valuable where there is no space available in the RT for the CLEC's own equipment. The ADLU card is an ADSL service card that provides the same functionality as a DSLAM in that it splits the voice and data signal. An ADLU card has the capability to support more than one voice/data end user and the cards can be set to provide service at different speeds. The benefits of this option include each CLEC purchasing and owning its ADLU cards and the lessening of easement and rights-of-way and tax issues which may be created by the "village of RTs" scenario if additional cabinets had to be installed to accommodate numerous CLECs.

In initial meetings between CLECs and SBC, CLECs, generally indicated a positive interest in this "plug and play" option. However, during further discussions it became readily apparent that managing this pool of plugs, which could involve thousands of plugs owned by numerous CLECs in several thousand cabinets across 13 states, would be difficult, if not practically impossible. This option would create numerous and substantial administrative, tax and inventory receipt and control problems for both incumbent LECs and CLECs that may make it infeasible in practice.

Based upon this feedback from data CLECs and these serious practical considerations, SBC developed a second "plug and play" option, which is the subject of this letter. Under our proposed approach, the SBC incumbent LEC would own the combination plugs/cards in the RTs and include them in a new nondiscriminatory unbundled network element ("UNE") offering to all CLECs, including the SBC Advanced Services affiliates. (See attached working draft Interconnection Agreement language, which when finalized will be applied on a nondiscriminatory basis.) This option provides the same functionality to CLECs and the SBC Advanced Services affiliates for provision of advanced services to their respective customers. This second option preserves the benefit of providing DSLAM capabilities on a non-discriminatory basis, but avoids the serious administrative, tax and inventory issues that may make the first option unworkable. Like the first variant of plug and play, this option would facilitate the mass-market deployment of broadband services by both CLECs and SBC.

consistent with the goals of the Commission and the recent UNE Remand and Line Sharing Orders.

We believe that the option of the incumbent LEC owning the combination card/plug is consistent with the Merger Conditions because the combination card/plug is an integrated piece of technology having both POTS and DSLAM capabilities as well as the "splitter" functionality. In fact, the majority of cards/plugs will likely be used to provide POTS services rather than Advanced Services (at least initially). Paragraph 3d of the Merger Conditions indicates that equipment used for both non-Advanced Services and Advanced Services purposes need not be quarantined from the incumbent LEC. Paragraph 3d requires the Advanced Services affiliates to own newly placed Advanced Services Equipment that is "used to provide Advanced Services." The paragraph then amplifies this requirement by recognizing that integrated equipment (including spectrum splitters and DACs frames) may be used for both Advanced Services and non-Advanced Services, and clarifying that such equipment should be isolated from the incumbent LEC only if it used "solely" in the provision of Advanced Services. In short, the combination card/plug with splitter functionality is not used "solely in the provision of Advanced Services."

In light of these provisions, Paragraph 3d is most fairly read as excluding mixed-use equipment such as the combination cards/plugs from the definition of Advanced Services Equipment; and, thus the requirement to be owned by the Advanced Services affiliate. Moreover, even if these cards/plugs were Advanced Services Equipment, they would not be "used to provide Advanced Services" in the sense intended by Paragraph 3d and, thus may be owned by the incumbent LEC. The incumbent LEC may use such equipment in the provision of its services and in the provision of UNEs to all CLECs.

It should be noted that ownership of the combination cards/plugs by the LEC would be transparent to the end user customer who will still obtain the Advanced Service from either the Advanced Service affiliate or an unaffiliated Advanced Service provider.

SBC has discussed this proposal for incumbent LEC ownership of the combination plugs/cards with unaffiliated data CLECs. SBC believes that these have been positive meetings. Northpoint has indicated that it has not yet reached a final position with regard to this ownership proposal. Covad Communications, Co., has indicated that it will contact the Commission directly about its position on these matters.

In summary, SBC believes that incumbent LEC ownership of the combination plugs/cards is in the best interest of all parties as it is responsive to

CLEC concerns and will provide efficient, lawful and non-discriminatory access to and in RTs for line sharing and unbundling purposes.

II. Ownership of Optical Concentration Device

The new network architecture associated with Project Pronto combined with the factors of multiple RTs and multiple CLECs utilizing those RTs has created the need for a new piece of equipment called an Optical Concentration Device (OCD). The nature of this equipment (located in the LEC central office) and its function has led to an issue of ownership under the Merger Conditions and recent Commission orders. Under the new developing Broadband UNE, the OCD would aggregate data traffic from multiple RTs and for various CLECs in a central office, and then route the traffic to each respective CLEC's ATM cloud. (See attached diagram). The issue here is whether SBC will be able to accommodate the concerns of its CLEC customers, consistent with the Merger Conditions and Commission Orders.

The OCD is technically an ATM switch. ATM switches used in the provision of Advanced Services are generally deemed to be Advanced Service Equipment under Paragraph 3d of the Merger Conditions, and thus may be owned by the Advanced Services affiliates. Accordingly, SBC had planned to have the Advanced Services affiliates own the OCDs and lease back only the OCD functionality to the SBC LECs for delivery of UNEs by the LECs to all advanced services providers.

However, in recent meetings with data CLECs, at least one CLEC voiced strong concerns and objections about a competitor, SBC's Advanced Services affiliate, owning the OCDs. We believe this concern is not well founded, especially since the incumbent LEC will be responsible for providing the UNE capability to the unaffiliated providers, and given the nature of the telecommunications industry where carriers are routinely interconnected with competitors. Nonetheless, in response to this CLEC customer's concern and the fact that the primary function of the OCD is to concentrate and route data signals to various CLECs rather than to provide retail Advanced Services to customers, SBC is now proposing that the SBC incumbent LECs own the OCDs for use in providing the new Broadband UNE on a nondiscriminatory basis. The same basic rationale that applies to the ownership of the combination plug/card applies to the OCD with the distinction that the OCD is not an integrated piece of equipment (i.e., its only purpose is to route data signals). In short, the OCD is not used to provision Advanced Services to customers but to concentrate and route traffic to the appropriate provider of Advanced Services (both affiliated and unaffiliated providers).

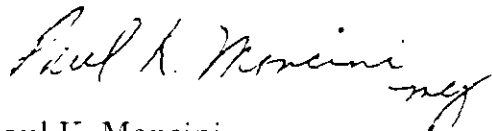
As with the combination plug/card question, SBC has discussed ownership of OCDs with unaffiliated Advanced Services providers. SBC believes that these meetings have been positive. Northpoint has indicated that it has not yet reached a final position with regard to this ownership proposal. As indicated above, Covad has indicated that it will contact the Commission directly about its position with regard to these matters.

The ownership of the OCD by the incumbent LEC is consistent with the Merger Conditions and Commission orders, is lawful and non-discriminatory and is directly responsive to concerns raised by SBC's CLEC customers.

In order for us to continue to move forward with expeditiously complying with the UNE Remand and Line Sharing Orders, the Project Pronto deployment and the transition to the SBC Advanced Services affiliates, we respectfully request resolution of these two important issues within a matter of days. Specifically, we are requesting Common Carrier Bureau/Commission concurrence that SBC incumbent LEC ownership of the combination card/plugs and OCDs is consistent with the current terms of the Merger Conditions. If you disagree, however, we would request a modification of the Merger Conditions or, under Paragraph 72, an indefinite extension of SBC's obligation to comply with Paragraphs 3d and 4n(5) with respect to this particular equipment. The ownership scenario should be permissible either by an interpretation of the current Merger Conditions, modification of those Conditions, or an indefinite extension. SBC's proposal is in the public interest, is non-discriminatory, promotes the efficient mass-market deployment of advanced services, and is consistent with recent Commission rulings with respect to unbundling, line sharing and access in and to incumbent LEC Remote Terminals. The rejection of SBC's proposal, on the other hand, could lead to unnecessary delay in bringing the benefits of advanced services to customers on a wide-spread basis.

Your prompt attention to this matter is greatly appreciated.

Very truly yours,



Paul K. Mancini
Vice-President & Assistant General Counsel

Attachments

cc: All Parties of Record in CC Docket No. 98-141
Mr. Robert Atkinson
Ms. Carol Matthey

Mr. Tony Dale
Ms. Michelle Carey
Mr. Jake Jennings

APPENDIX DLE-DSL

(DRAFT CONTRACT LANGUAGE)

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and its affiliates only and is not for general distribution.

APPENDIX DLE-DSL**Digital Loop Electronics (DLE) – Asynchronous Digital Subscriber Line (ADSL)****1 INTRODUCTION**

- 1.1. This Appendix sets forth the terms and conditions for providing Asynchronous Digital Subscriber Line (“ADSL”) utilizing Digital Loop Electronics (“DLE”) infrastructure by the applicable SBC Communications Inc. owned Incumbent Local Exchange Carrier (ILEC) and CLEC.
- 1.2. SBC Communications Inc. (SBC) means the holding company which owns the following ILECs: Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, Michigan Bell Telephone Company, Nevada Bell Telephone Company, The Ohio Bell Telephone Company, Pacific Bell Telephone Company, The Southern New England Telephone Company, Southwestern Bell Telephone Company and/or Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin.
- 1.3. As used herein, SBC-12STATE means the above listed ILECs doing business in Arkansas, California, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma, Texas and Wisconsin.
- 1.4. As used herein, SNET means the applicable above listed ILEC doing business in Connecticut.
- 1.5. The prices at which SBC-12STATE agrees to provide CLEC with DLE-DSL are contained in the applicable Appendix Pricing and/or applicable Commissioned ordered tariff as specified below.
- 1.6. For CLECs operating in Connecticut, SNET’s unbundled DLE-DSL offering may be found in the Commission ordered Connecticut Access Service Tariff.
- 1.7. The term ILEC in this Appendix references the SBC ILECs doing business in the regions, as more particularly described below.

2 DESCRIPTION OF INFRASTRUCTURE

- 2.1. The DLE infrastructure is defined by the Broadband Infrastructure currently being deployed by the SBC ILECs. The Broadband Infrastructure Project will require placement of at least the following components by the SBC ILECs in their respective networks: a Remote Terminal (“RT”); RT Derived ADSL Capable Loops; a Central Office Terminal (“COT”); and access to CLEC Asynchronous Transfer Mode (“ATM”) capacity.
- 2.2. An RT for the purposes of this Appendix can be defined as either a Controlled Environmental Vault (“CEV”), Fiber Hut or Cabinet with Litespan 2000, 2012 or UMC 1000 Digital Loop Carrier (“DLC”)equipment installed.
- 2.3. A Serving Wire Center (“SWC”) for the purposes of this Appendix can be defined as an end office.
- 2.4. RTs (Litespan 2000, 2012 and UMC 1000) will be installed to effectively shorten copper loops for DSL to less than 12 Kft. The loops from these RTs will be referred to as RT derived DSL capable loops and are defined as the copper facility from the remote terminal, through the Subscriber Access Interface (“SAI”) to the end user premise. These loops will consist of feeder cable from the remote terminal to the SAI and distribution cable from the SAI to the end user premises. The feeder cable is integrated (hard-wired) into the RT DLC equipment. A cross-

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connect must be made in the SAI to connect the distribution copper to the appropriate feeder copper facility to integrate the end user facility through DLC.

- 2.5. From the RT, OC-3s will be utilized to transport voice and data from the RT to the Central Office on a non-protected fiber. A distinct OC-3c will be provided for the data portion of path and a distinct OC-3 will be provided for the voice path. In the central office, the incoming data OC-3c be cross connected from the Fiber Distribution Frame (“FDF”) to an Optical Concentration Device (OCD). The OCD aggregates many incoming OC-3cs from multiple RTs to a smaller number of outbound OC-3c or DS3 facilities and routes traffic the appropriate CLEC ATM Network.
- 2.6. Deployment of this infrastructure will occur in multiple, overlapping phases over three (3) years. The SBC ILECs have chosen the Alcatel 2000 DLC system for this deployment. The Litespan 2000 consists of two or more terminals or nodes; a COT; and one or more RTs connected by a single-mode fiber optic span. The current version of Litespan 2000 (Release 8) uses the standard OC-3 transmission rate and provides up to 2016 POTS lines. Litespan 2000 integrates traditional DLC and fiber optic multiplexer functions, eliminating the need for two separate functions when providing services over single-mode optical fibers in the loop feeder network. Litespan 2000 also enables cross-connecting both DS0 channels and DS1 rate signals. Cross connections may be made between COT channel units and RT channel units or between channel units located in the same terminal.
- 2.7. A combination (voice and data) card will be placed in the RT for use with the Alcatel DLC system. This card is referred to as the ADSL Distribution Line Unit (ADLU). The ADLU card is an ADSL service card. This card provides the same functionality as a DSLAM in that it splits the voice and data signal. At this time, each ADLU card is capable of supporting two DSL end users (dual cards).

3 DEFINITION OF UNBUNDLED NETWORK ELEMENTS

- 3.1. The term DLE describes a specific outside plant network infrastructure that is described in detail above.
- 3.2. The term ADSL describes various technologies and services. **SBC-12STATE**’s unbundled DLE-DSL offering is set forth below for CLECs to use in conjunction with providing ADSL to their end-user over the DLE infrastructure. Any service deployed under the terms of this Agreement must be compatible with the **SBC-12STATE** ILECs DLC equipment deployed in the RT and with any **SBC-12STATE** ILECs equipment deployed in the COT or serving wire center (SWC). **SBC-12STATE** shall publish Technical Publications for the purpose of communicating current standards and their application within the Public Switched Telephone Network (PSTN).
- 3.3. This offering will support the deployment of any DSL equipment which provides for the transmission of ADSL technologies which comply with current national standards (ANSI T1.413-1998). Loop qualification will be offered as described in Appendix DSL to this agreement.
- 3.4. At this time other DSL technologies will not be offered in conjunction with this offering due to technical limitations with the DLE infrastructure being deployed by the SBC ILECs. As additional technologies are made technically feasible, the SBC ILECs will consider such technologies at that time. A CLEC may place a request for additional technologies to be addressed in this Appendix via the Bonafide Request Process (“BFR”) set forth in Appendix UNE to this agreement.

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- 3.5. The unbundled network elements necessary for a CLEC to provision a DSL service in the DLE environment will be offered in two situations: Line Shared versus Non-Line Shared.
- 3.6. The elements described herein are for use in conjunction with the DLE environment only and cannot be used in conjunction with or as a substitution for any other unbundled network elements offered in this Agreement. In addition to this Appendix, CLEC, must have negotiated Appendix DSL to this Agreement to be utilized in conjunction with the elements outlined herein. If CLEC wishes to purchase line shared unbundled network elements as addressed herein, CLEC must also have Appendix HFPL to this agreement for line sharing.

4 LINE SHARED UNBUNDLED NETWORK ELEMENTS

- 4.1. The following unbundled network elements will be necessary in order for CLEC to provision a DSL service in the DLE environment under line sharing: a high frequency portion of the sub-loop (“HFPSL”) from the RT to the Network Interface Device (“NID”) at the customer premise; DLE ADSL feeder from the DLC equipment in the RT terminating in the OCD in the central office; and a port on the OCD.
- 4.2. Additional cross-connects will be required depending upon the arrangement. A DLE-ADSL Cross-Connect will be required in the SAI in the field to connect feeder cable from the DLC equipment in the RT to the distribution cable to the individual end user. Also, an OCD cross connect to either Collocation or a CLEC Point of Presence (“POP”) will be required to extend the OCD port to the CLEC point of presence in the SWC or Adjacent Central Office.
- 4.3. The following is a numerical listing of the UNEs necessary for the provisioning of a line shared DSL service under the DLE infrastructure:
 - 4.3.1. UNE – DLE-ADSL HFPSL
 - 4.3.2. UNE – DLE-ADSL Feeder
 - 4.3.3. UNE - OCD Port Termination

5 NON-LINE SHARED UNBUNDLED NETWORK ELEMENT

- 5.1. In the non-line shared environment the same set of UNEs as those described above for the line shared environment will be utilized by CLEC with one exception. The UNE DLE-ADSL HFPSL will be substituted with a data only DLE-ADSL Sub-loop. This sub-loop is the entire physical copper loop from the RT to the NID at the customer premise.

6 UNE DLE-HFPSL

- 6.1. The DLC sub-loop is defined as a transmission path beginning at the cross connect within the RT (RT) and extending to the standard NID or demarcation point at the end user premises. CLEC will own and is responsible for providing the end user splitter at the customer premise.
- 6.2. CLEC will be required to purchase the HFPSL (unbundled spectrum portion of the sub-loop) in a line shared environment. The unbundled spectrum will be allocated over the DLC sub-loop and cross-connect at the RT; an ADLU card in the DLC equipment; and OC-3c DLC transport to the central office. The OC-3c will be integrated to the DLC equipment in the RT. In addition to the HFPSL, CLEC must purchase the DLE-ADSL Cross Connect in the SAI as described above.
- 6.3. For purposes of this application, this sub-loop will be a line shared loop only. CLEC will own the HFPSL to provide DSL data services over the shared copper facility. The voice portion of this loop will belong to the appropriate SBC ILEC providing the voice service. This option will not be available to CLEC where the voice service is provided by any party other than the SBC

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ILEC, including those situations where the voice service is provided by any other carrier on a resale or leased basis (e.g., UNE combinations) from the SBC ILEC.

- 6.4. The OCD Port Termination and OCD Cross-Connect to collocation or to the CLEC POP must be in place prior to CLEC's placing of DLC sub-loop orders.
- 6.5. The existing loop qualification process as outlined in Appendix DSL will be required in conjunction with the DLC sub-loop. Also, the service performance, maintenance and provisioning and installation intervals for an ADSL capable loop as outlined in Appendix DSL will be applicable in conjunction with this offering.
- 6.6. A design layout record ("DLR") will not be offered in conjunction with this DLE offering.

7 UNE DLE-ADSL SUB-LOOP

- 7.1. When the CLEC desires to provide a dedicated data only facility from the RT to the end user under the DLE infrastructure, CLEC will be required to purchase the DLE-ADSL Sub-Loop. This element is identical to the HFPSL element described above and will be provided under the same terms and conditions as outlined above with the exception that the DLE-ADSL Sub-Loop will consist of the entire sub-loop from the RT to end user NID and not simply the high frequency portion of the sub-loop.
- 7.2. This element will be provided only in conjunction with the DLE infrastructure for the use with data only sub-loops in the non-line shared environment.

8 UNE DLE-ADSL FEEDER

- 8.1. The UNE DLE-ADSL Feeder element will be necessary to transmit the DSL data side of the loop to the OCD in the central office.
- 8.2. This product will consist of a port on the ADLU card in the DLC equipment in the RT and the use of a dedicated fiber from the RT DLC equipment to the SWC FDF.
- 8.3. The data OC-3c will transport packets of information from the multiple ADLU cards placed in the DLC equipment deployed in the RT. These packets are bursting in nature and are from multiple end users, assigned to multiple CLECs. Because of the common nature of this transport a permanent virtual connection (PVC) must be configured over this OC-3c fiber facility to support CLEC's DSL service. The PVC consists of virtual cross-connects or channel connections established at both the DLC equipment in the RT and in the OCD device deployed in the SWC.
- 8.4. A PVC will be made available to CLEC for the establishment of its DSL service. One PVC per end user will be made available to CLEC. Unspecified Bit Rate (UBR) PVCs will be the only type of PVC made available with this offering at this time.
- 8.5. The maximum number of PVCs that can be provisioned over the DLE-ADSL Feeder is dependant upon the form of OCD Port Termination (as described below) purchased in the central office. At this time, the approximate maximum number of PVCs that can be provisioned over a DS3 OCD port is 1000 and 6000 for an OC-3c port.
- 8.6. CLEC will be responsible for the monitoring of the OCD port termination to ensure that the number of established PVCs provisioned through such port do not exceed the limits above. In such instance as CLEC exceeds the thresholds as set forth above, the SBC ILECs reserve the right to notify CLEC and require CLEC to purchase additional ports or capacity where available before adding any additional PVCs to the OCD.

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- 8.7. PVCs are configured in advance by ATM service providers between the DSL customer and a single service provider. Under the terms of this Agreement, CLEC represents the single service provider. CLEC is responsible for providing the information necessary for the SBC ILEC to provision the PVC in the SBC ILEC DLC equipment in the RT and in the OCD in the SWC. This information must be provided by the CLEC to the SBC ILEC pursuant to the Customer Information Form (CIF) process outlined in the CLEC Handbook.
- 8.8. The SBC ILECs will be responsible for network monitoring of the use of the common OC-3c between the central office and the RT. In the provisioning of the PVC, CLECs will be restricted to a downstream bandwidth speed of 1.544 Mbps per second and an upstream bandwidth speed of 384 Kbps per second.
- 8.9. Initially, the SBC ILECs will not allocate this DLE-ADSL Feeder UNE by bandwidth, but reserve the right to modify this Agreement upon the mutual agreement of both parties in order to do so, dependent upon traffic concerns over the shared OC-3c data facility should the amount of cumulative traffic over this shared facility from all ADSL providers exceed a threshold of 75% of the maximum capacity of the OC-3c bandwidth available for ADSL traffic. Should the Parties be unable to reach agreement on modified terms and conditions within 60 days of the initial written notice from the SBC ILEC, either Party may request resolution of any remaining issues by any appropriate Commission.

9 OCD PORT TERMINATION

- 9.1. The incoming dedicated OC-3c for data will terminate in the OCD. An OCD will be placed in each SWC where this product is made available. CLEC will be required to purchase a port termination on the OCD. The OCD Port Termination will consist of a DS3 or OC-3c port on the OCD.
- 9.2. In addition to the OCD Port Termination, CLEC must purchase a physical OCD cross-connect. This cross-connect is a physical appearance on the FDF that will allow for the OCD Port Termination to be extended to CLEC's physical or virtual point of collocation or to a CLEC POP in an adjacent central office. The OCD Cross Connect will be provided at the OC-3c and DS3 level.

10 PROVISIONING AND INSTALLATION

- 10.1. Provisioning and installation of these elements should be considered on two distinct separate paths: CLEC infrastructure orders and end user specific orders. CLEC will be required to build the necessary network infrastructure to support its DSL service in the DLC environment prior to placing end user orders for the UNE DLE-ADSL HFPSL, UNE DLE-ADSL Sub-Loop or UNE DLE-ADSL Feeder elements. The necessary elements for infrastructure are the OCD Port Termination and associated cross-connects. The OCD Port Termination will be issued via one (1) Access Service Request (ASR). End user specific orders consist of either the DLE-ADSL HFPSL or the DLE-ADSL Sub-Loop and the DLE-ADSL Feeder. These elements will be issued utilizing a Local Service Request (LSR). In addition to the LSR, as set forth above, a Customer Information Form (CIF) will be necessary from CLEC to provide necessary information to provide the PVC over the DLE-ADSL Feeder.

11 PRE-QUALIFICATION OF LOOPS

- 11.1. Because the elements set forth herein are provided for over the DLE infrastructure, all loops will be less than 17 kft in length. Therefore, the existing DSL pre-qualification process outlined in Appendix DSL of this agreement will not be necessary in conjunction with these elements.

12 LOOP QUALIFICATION

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12.1. The existing Loop Qualification as outlined in Appendix DSL will be offered in conjunction with these services. Loop qualification will be used by CLEC to identify loops served out of the DLE infrastructure.

13 SPECTRUM MANAGEMENT

13.1. In order to protect the integrity of the network, CLEC agrees to use the DSL capable loops in a manner consistent with industry standards as referenced in this appendix and in Appendix DSL.

13.2. Spectrum Management requirements as addressed in Appendix DSL must be adhered to by CLEC in conjunction with this product offering.

14 RATE STRUCTURE

14.1. UNE DLE-ADSL HFPSL, UNE DLE-ADSL SUB-LOOP AND UNE DLE-ADSL FEEDER

14.1.1. CLECs will be charged both a monthly recurring charge and non-recurring initial and additional charge for this element.

14.2. OCD PORT TERMINATION

14.2.1. CLECs will be charged both a monthly recurring charge and non-recurring initial and additional charges for this element. The OCD port termination will be offered at both the DS3 and OC-3 speeds.

14.2.2. In addition to the OCD Port Termination, the OCD Cross-Connect element will be necessary from the OCD Port Termination to either CLEC collocation or to a CLEC POP in an adjacent central office. CLECs will be charged both a monthly recurring and non-recurring rate for the OCD Cross-Connect. The cross-connect will be offered at two speeds: OC-3 and DS3.

14.2.3. In such instance as CLEC desires to extend the OCD Port Termination to an adjacent central office POP, a per mile charge will apply for the use of SBC ILEC Interoffice Facilities (“IOF”).

14.3. All charges described herein are interim subject to true-up should a state Commission approve a different rate than that described in Appendix Pricing UNE.

15 RESERVATION OF RIGHTS

15.1. The parties acknowledge that the terms and conditions for the UNEs set forth above are specific to the DLE infrastructure. Such terms and conditions may not be applied to any other Appendix to this agreement.

15.2. The Parties acknowledge and agree that the provision of the UNEs set forth above and the associated rates, terms and conditions set forth in this Appendix are subject to any legal or equitable rights of review and remedies (including agency reconsideration and court review). Any reconsideration, agency order, appeal, court order or opinion, stay, injunction or other action by any state or federal regulatory body or court of competent jurisdiction which stays, modifies, or otherwise affects any of the rates, terms and conditions herein, specifically including those arising with respect to Federal Communications Commission orders (whether from the Memorandum Opinion and Order, and Notice of Proposed Rulemaking, FCC 98-188 (rel. August

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7, 1998), in CC Docket No. 98-147, the FCC's First Report and Order and Further Notice of Proposed Rulemaking, FCC 99-48 (rel. March 31, 1999), in CC docket 98-147, the FCC's Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-96 (FCC 99-238) or the FCC's Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98 (rel. December 9, 1999), or any other proceeding, the Parties shall expend diligent efforts to arrive at an agreement on conforming modifications to this Agreement. If negotiations fail, disputes between the Parties concerning the interpretation of the actions required or the provisions affected shall be handled under the dispute resolution procedures set forth in this Agreement.

- 15.3. SWBT's OR Pacific Bell's OR Nevada Bell's provision of UNEs identified in this Agreement is subject to the provisions of the Federal Act, including but not limited to, Section 251(d). The Parties acknowledge and agree that on November 5, 1999, the FCC issued its Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-96 (FCC 99-238), including the FCC's Supplemental Order issued *In the Matter of the Local Competition Provisions of the Telecommunications Act of 1996*, in CC Docket No. 96-98 (FCC 99-370) (rel. November 24, 1999), ("the UNE Remand Order"), portions of which become effective thirty (30) days following publication of such Order in the Federal Register (February 17, 2000) and other portions of which become effective 120 days following publication of such Order in the Federal Register (May 17, 2000). By entering into this Agreement which makes available certain UNEs, or any Amendment to this Agreement to conform such Agreement to the UNE Remand Order within the time frames specified in such Order, neither Party waives any of its rights to seek legal review or a stay pending appeal of the Order. In addition, both Parties reserve the right to dispute whether any UNEs identified in the Agreement must be provided under Section 251(c)(3) and Section 251(d) of the Act, and under this Agreement. In the event that the FCC, a state regulatory agency or a court of competent jurisdiction, in any proceeding, based upon any action by any telecommunications carrier, finds, rules and/or otherwise orders ("order") that any of the UNEs and/or UNE combinations provided for under this Agreement do not meet the necessary and impair standards set forth in Section 251(d)(2) of the Act, the affected provision will be invalidated, modified or stayed as required to immediately effectuate the subject order upon written request of either Party. In such event, the Parties shall expend diligent efforts to arrive at an agreement on the modifications required to the Agreement to immediately effectuate such order. If negotiations fail, disputes between the Parties concerning the interpretations of the actions required or the provisions affected by such order shall be handled under the Dispute Resolution Procedures set forth in this Agreement. In addition, the Parties agree that in the event the UNE Remand Order is stayed pending appeal, neither Party shall be obligated to implement the terms of such Order until such time as the stay is lifted.

16 APPLICABILITY OF OTHER RATES, TERMS AND CONDITIONS

- 16.1. Every interconnection, service and network element provided hereunder, shall be subject to all rates, terms and conditions contained in this Agreement which are legitimately related to such interconnection, service or network element. Without limiting the general applicability of the foregoing, the following terms and conditions of the General Terms and Conditions are specifically agreed by the Parties to be legitimately related to, and to be applicable to, each interconnection, service and network element provided hereunder: definitions, interpretation, construction and severability; notice of changes; general responsibilities of the Parties; effective date, term and termination; fraud; deposits; billing and payment of charges; non-payment and procedures for disconnection; dispute resolution; audits; disclaimer of representations and warranties; limitation of liability; indemnification; remedies; intellectual property; publicity and use of trademarks or service marks; no license; confidentiality; intervening law; governing law; regulatory approval; changes in End User local exchange service provider selection; compliance and certification; law enforcement; no third party beneficiaries; disclaimer of agency; relationship of the Parties/independent contractor; subcontracting; assignment; responsibility for environmental contamination; force majeure; taxes; non-waiver; network maintenance and management; signaling; transmission of traffic to third parties; customer inquiries; expenses;

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conflicts of interest; survival; scope of agreement; amendments and modifications; and entire agreement.

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