



ACCESSCOM 2000 WEST

THE STATUS OF BUILDING
ACCESS LEGISLATION AND
REGULATION AT THE FEDERAL
LEVEL

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The leading national association
representing facilities-based
competitors to the local telephone
companies.

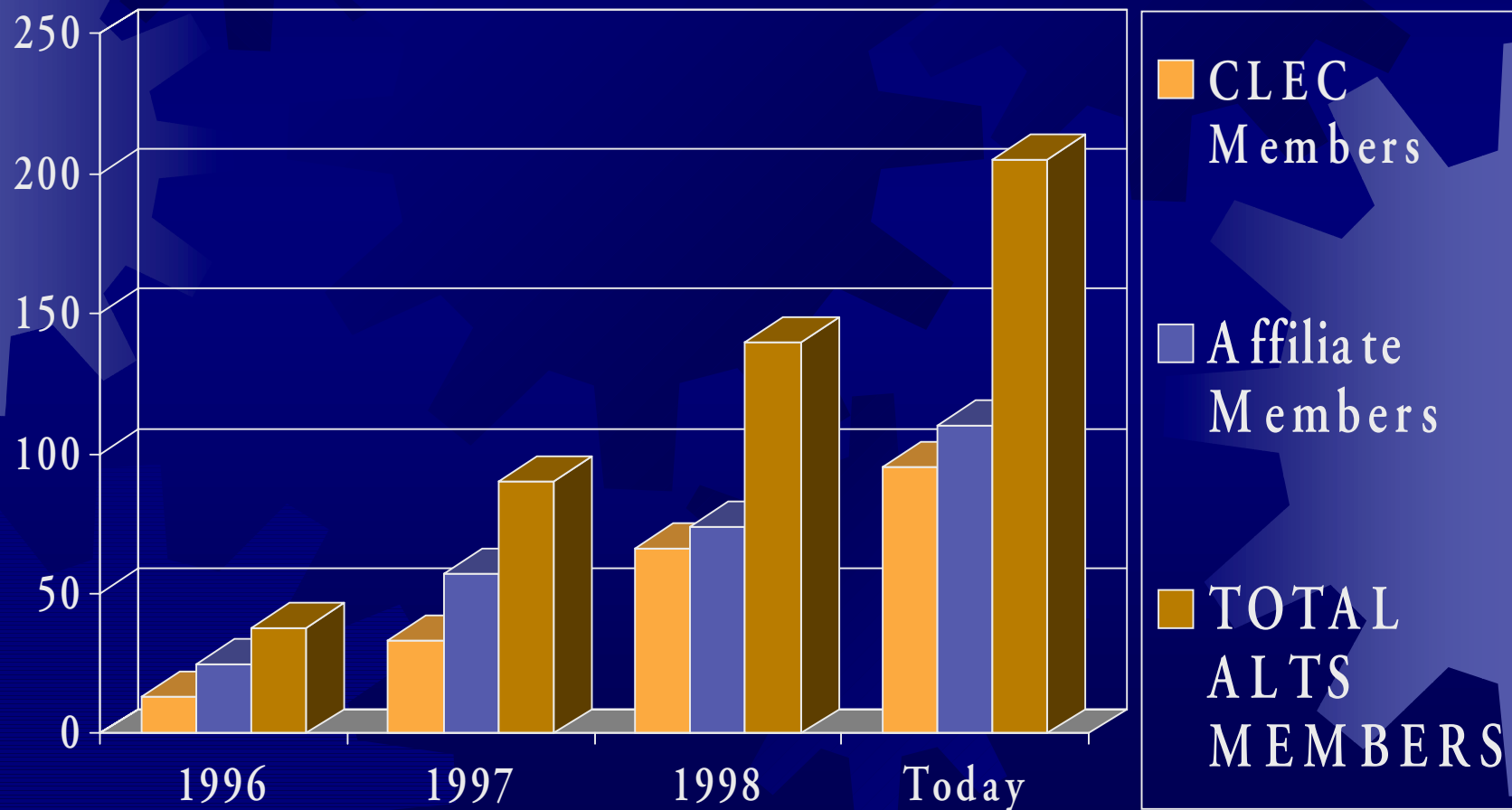
www.alts.org

Who Does ALTS Represent?

– Local Competitors

- ★ Wireline — ICG, Intermedia, Focal
- ★ Wireless — Teligent, Winstar, ART, NextLink
- ★ Cable Affiliates — Cablevision Lightpath,
Time Warner Telecom
- ★ DSL Companies — Covad, NorthPoint,
Rhythms
- ★ Small ILEC Affiliates — AllTel, Blackfoot
- ★ NOT: Long distance companies or
Bell Companies

ALTS' GROWTH



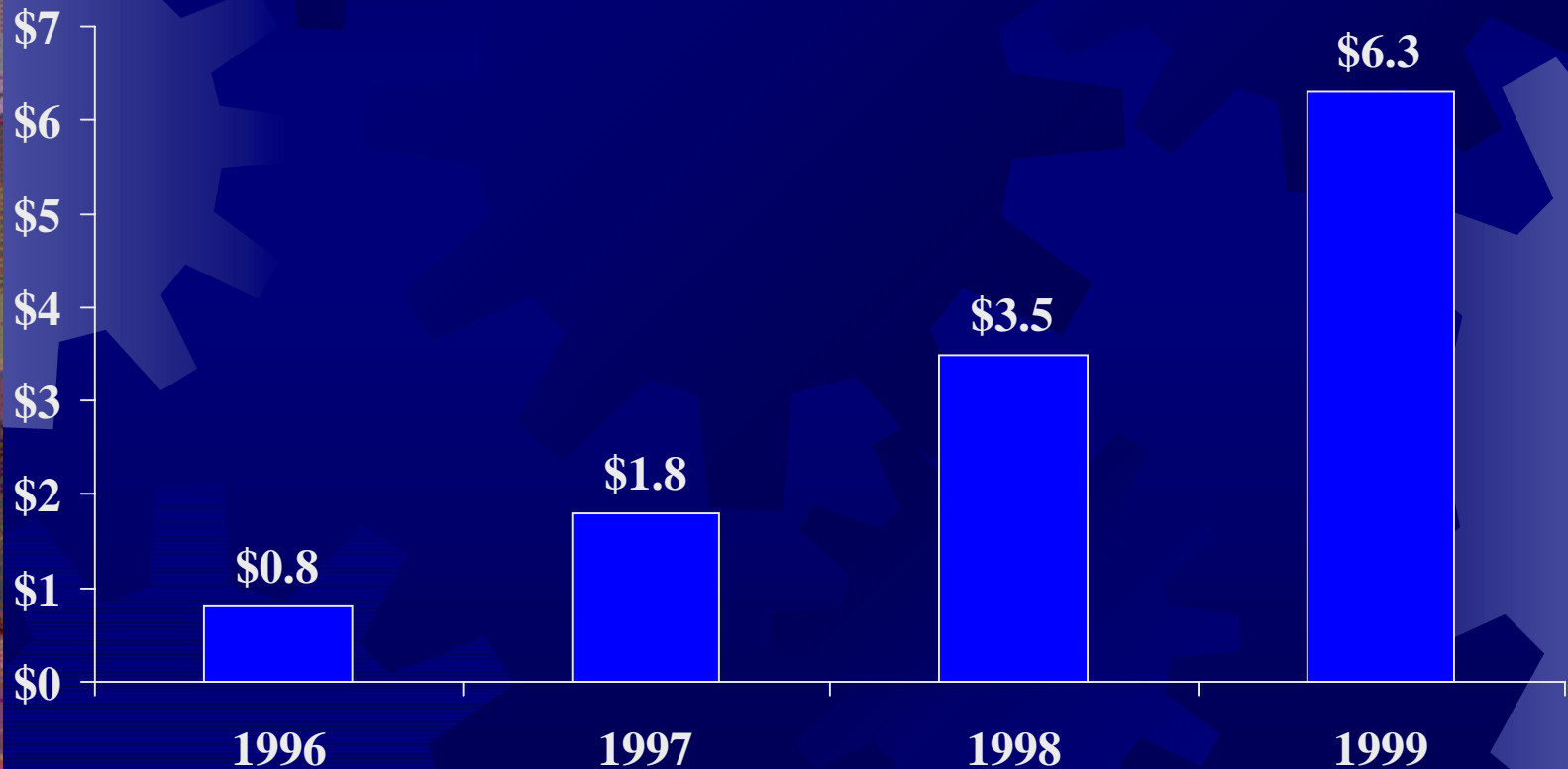
CLEC Industry Metrics

(as of 12/31/99)

- ✱ Total CLECs: 375+
- ✱ Facilities-based CLECs: 333
- ✱ Employees: 70,000
- ✱ CLEC Access Lines: 10.4 million
- ✱ Total Access Lines in the U.S.: 185 million
- ✱ Route Miles: 161,717
- ✱ Voice Switches: 828
- ✱ Data Switches: 1,416

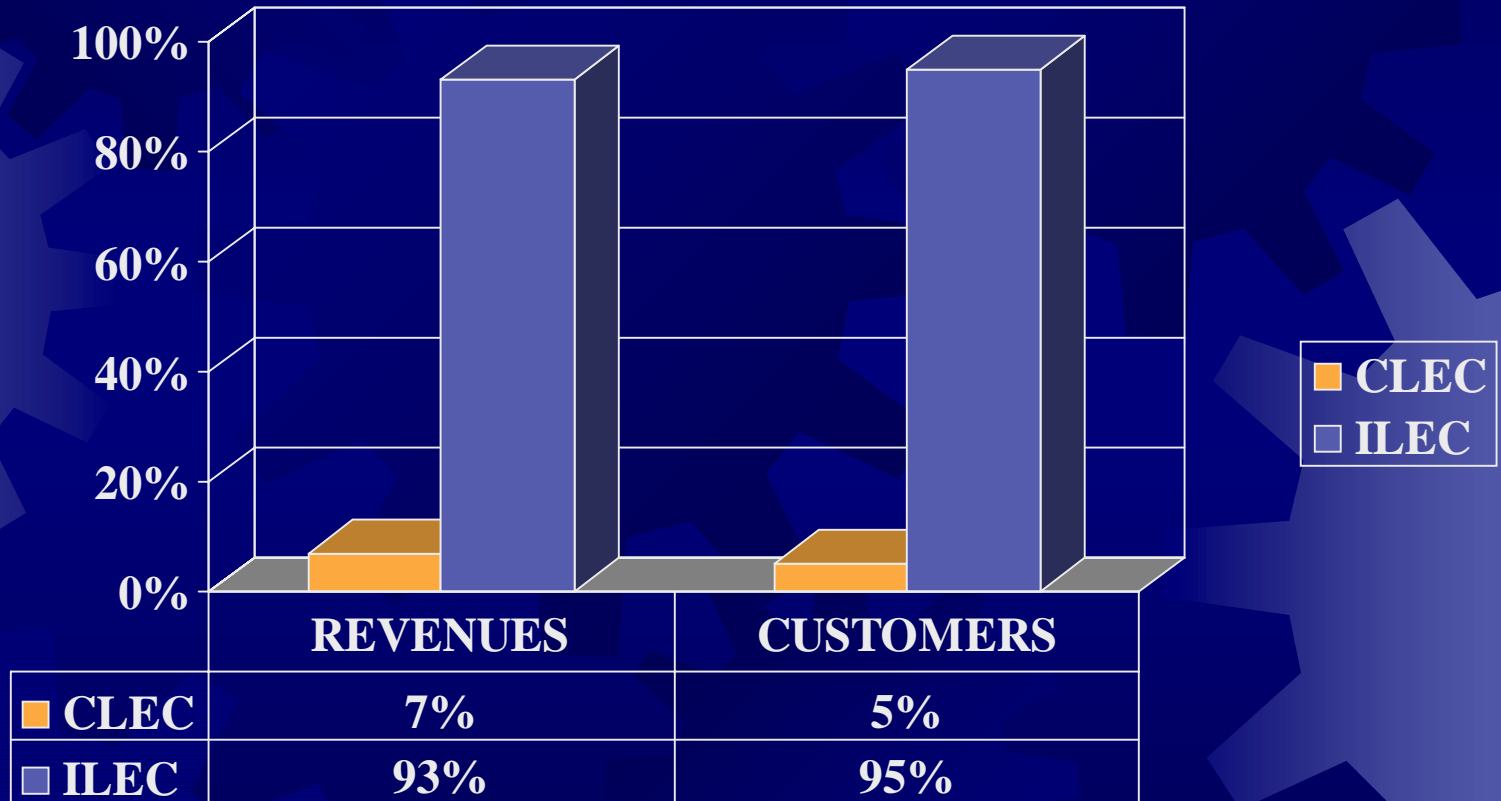
Sources: ALTS, New Paradigm Resources Group, Merrill Lynch

CLEC SWITCHED LOCAL REVENUE GROWTH 1996-1999

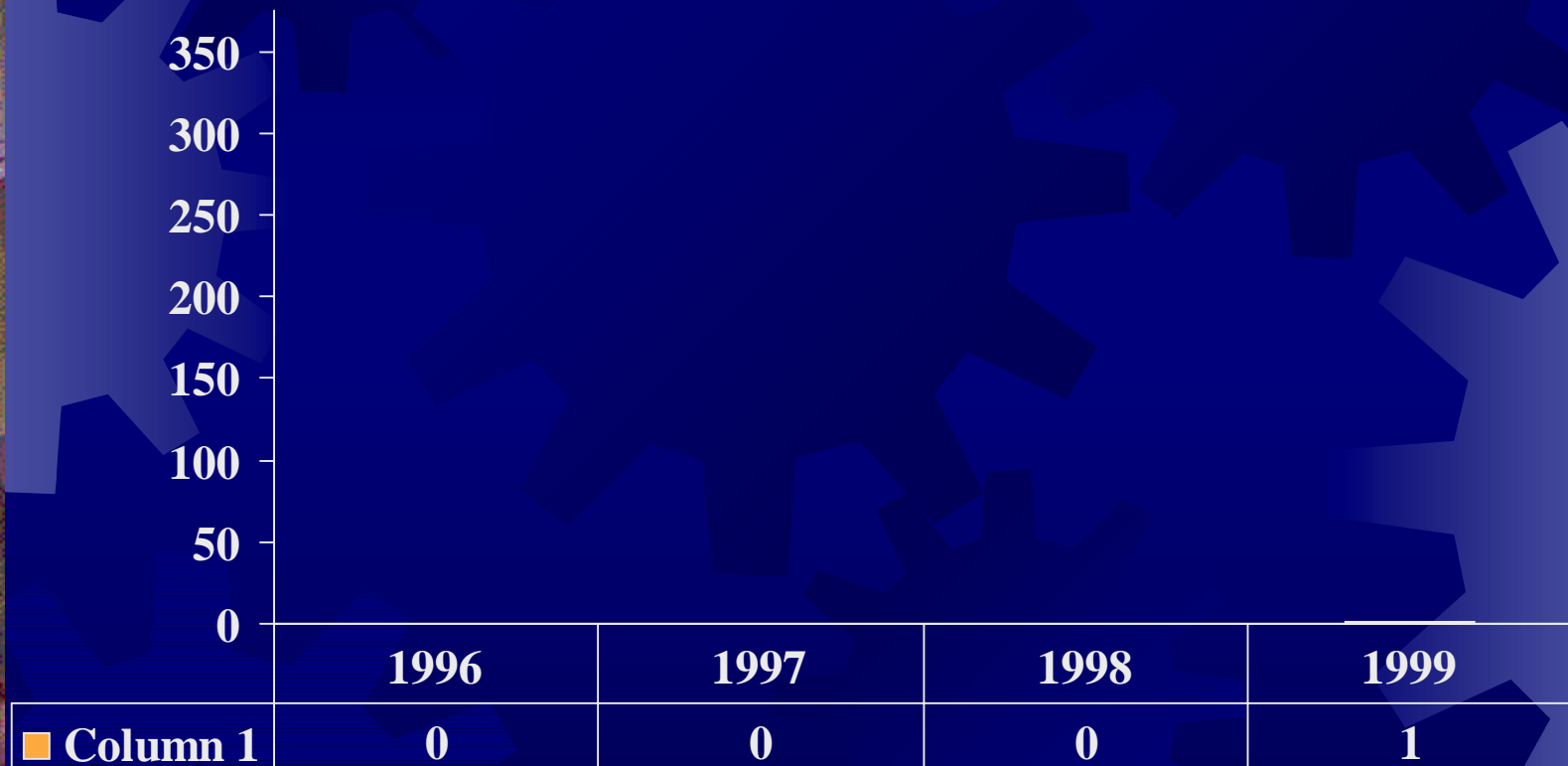


Sources: New Paradigm Resources Group

CLEC/ILEC MARKET SHARE



NUMBER OF CLECS EARNING A PROFIT 1996-1999

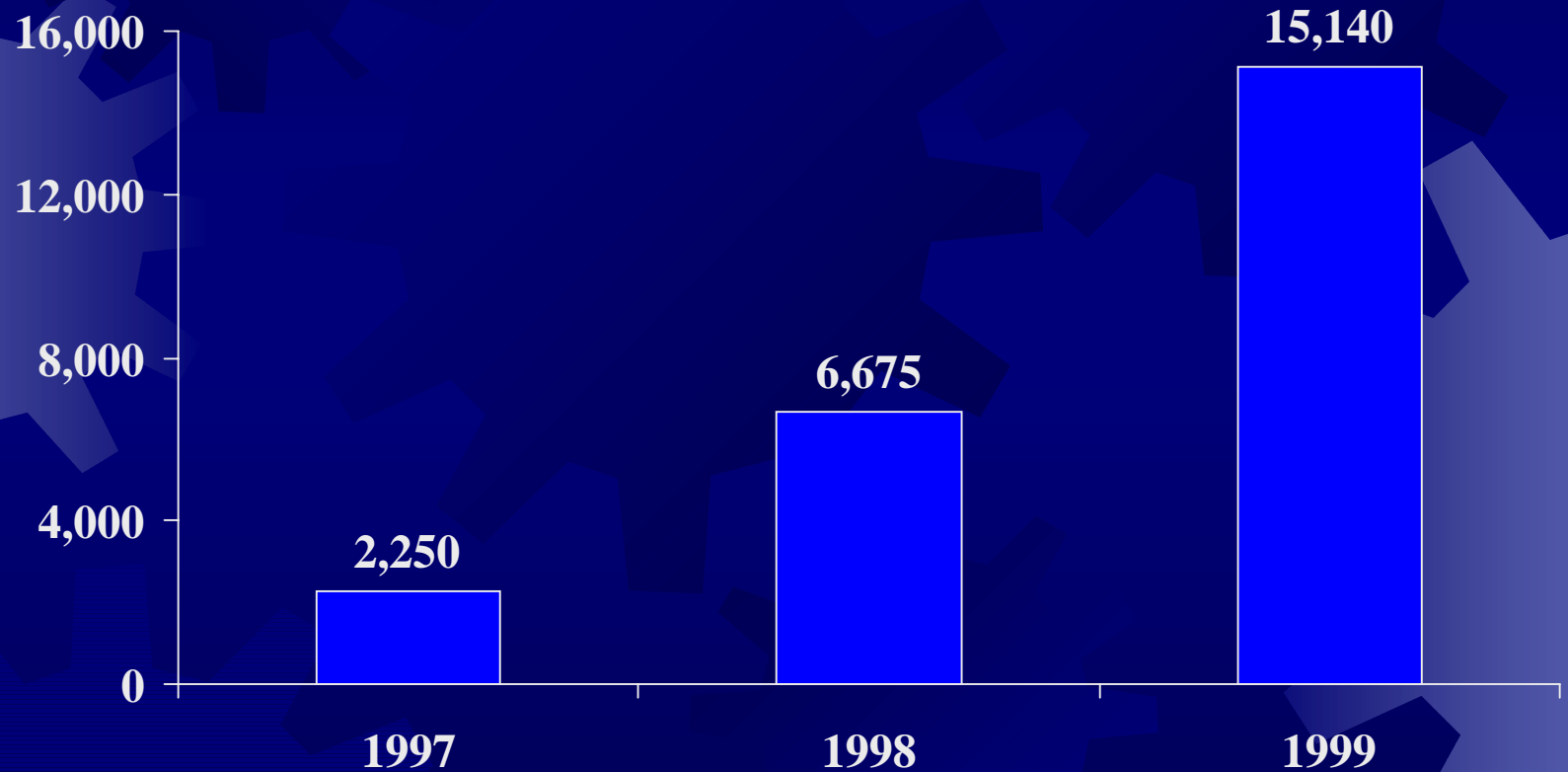


Source: Company Reports

Three Barriers to Competition

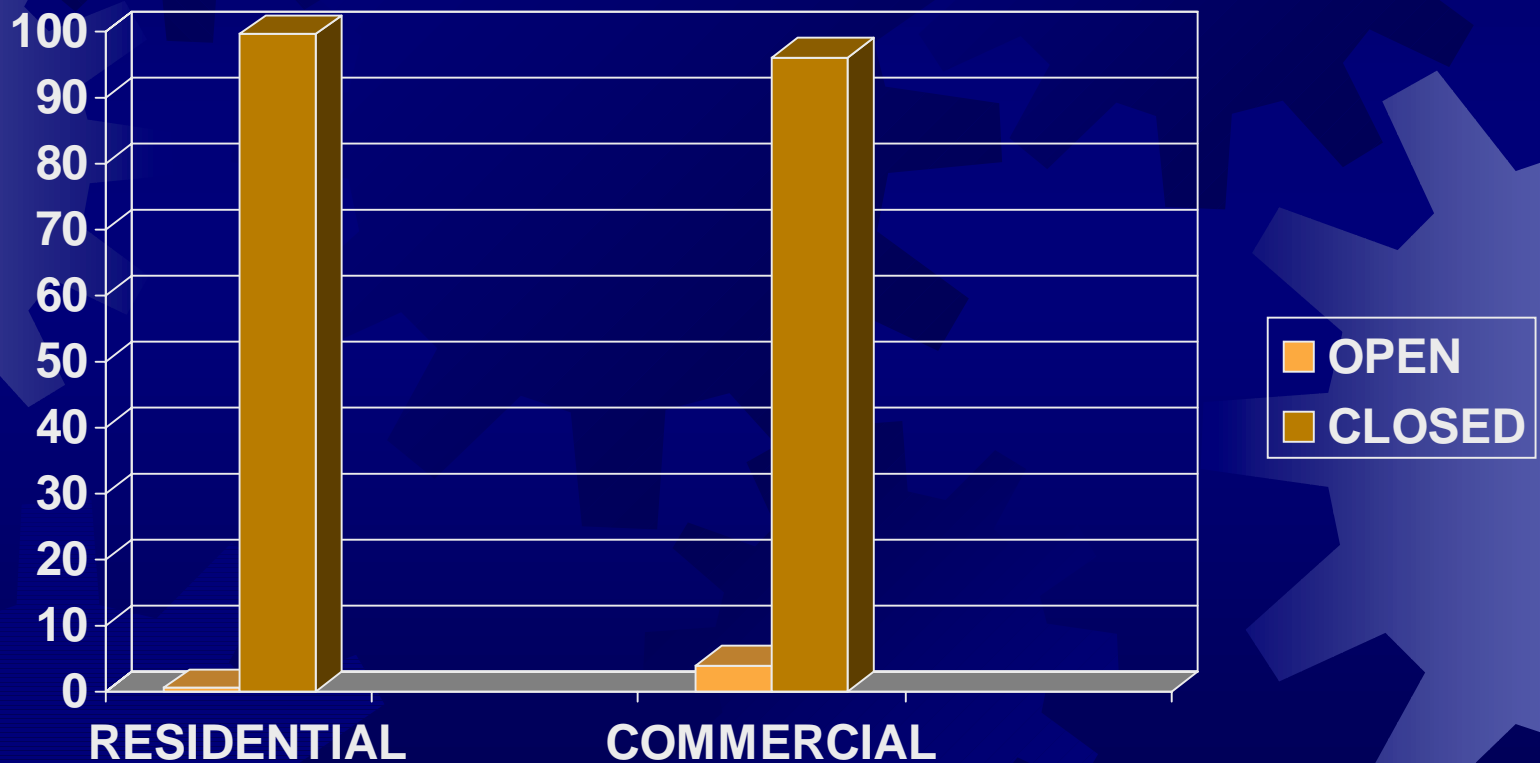
- ✱ **ILEC Refusal/Inability to Open their Networks to Competition**
- ✱ **Access to Municipal rights of way**
- ✱ **Building Access**

TOTAL WIRELESS CLEC BUILDING ACCESS RIGHTS 1997-2000



Sources: Company Reports

Percentage of Buildings Open to Competitors



CASE STUDIES

- ★ “In the majority of cases, it takes **nine months to two years** to negotiate access rights with building owners...[a]t this rate, it will take decades to obtain access rights to all the buildings and customers that fixed wireless networks are designed to reach.” Timothy Graham, *Executive Vice President, Winstar Communications*
- ★ “As an example, one building owner on the East Coast requested \$50,000 upon the signing of an access contract with WinStar in addition to a fee of \$1,200 per month... by contrast, the incumbent telephone company typically receives access for free.” Timothy Graham, *Executive Vice President, WinStar Communications*

CASE STUDIES (CONT.)

- ★ “The manager of one large Florida property has demanded from a CLEC a rooftop access fee of \$1,000 per month and a \$100 per month fee for each hook up in the building. The company estimates that this fee structure would cost it about \$300,000 per year – just to service one building.”
- ★ “The management company for another Florida building demands that a telecom carrier pay the management company \$700 per customer for access to the building, in addition to a sizable deposit, a separate monthly rooftop fee and a substantial monthly riser fee that, when taken together, precludes the company from providing tenants in that building a choice of telecommunications carriers.”

CASE STUDIES (CONT.)

- ★ “Another large property owner and management company demanded \$10,000 per month per building just for access rights to building riders.”
- ★ “One CLEC has encountered a building owner that demanded a \$50,000 flat fee at signing of a contract and a lease payment of \$1,200 per month.”
- ★ “One building management company told a CLEC not to solicit its tenants.”

CASE STUDIES (CONT.)

- ★ “In Washington state, the owner of a new building put the provision of telecommunications services to the tenants out to bid. The winning bidder would gain exclusive access to provide telecommunications services to the tenants in the building. The incumbent provider was able to outbid all other providers, offering to pay \$10,000 every year to the building owner. The incumbent was thereby able to shut its competitors out of the building entirely.”



ALTS' GOAL

WE SEEK TO OFFER A FULL
ARRAY OF COMPETITIVE
TELECOMMUNICATIONS
SERVICES TO ALL TENANTS IN
MULTI-TENANT
ENVIRONMENTS

ALTS' PRIORITIES

- ★ 1. WE SEEK CONTRACTUAL ARRANGEMENTS WITH BUILDING OWNERS TO ALLOW CONSUMERS TO HAVE ACCESS TO THEIR TELECOM CARRIER OF CHOICE.
- ★ 2. WE WILL NEGOTIATE WITH BUILDING OWNERS TO ARRIVE AT MUTUALLY AGREEABLE TERMS AND CONDITIONS.

ALTS' PRIORITIES:

- ★ 3. WE WOULD PREFER TO NEGOTIATE WITH BOMA AND THE OTHER BUILDING INDUSTRY REPRESENTATIVES TO RESOLVE POLICY DISPUTES.
- ★ 4. AS A LAST RESORT, WE WILL PURSUE LEGISLATION AND/OR REGULATION TO OPEN BUILDINGS TO CONSUMERS.

CONGRESSIONAL LEGISLATION

- *Nondiscriminatory Access Bill*: Congressman Oxley introduced H.R. 2891, the Competitive Broadband Telecommunications Rooftop Access Act that would require owners and managers of multi-tenant buildings to permit telecommunications carriers access on a reasonable and nondiscriminatory basis. It provides a basis for determining what reasonable conditions and reasonable rates would be and provides FCC authority to resolve disputes. For example, the bill permits building owners to require compliance with reasonable conditions designed to preserve the safety, security and appearance of the building and the safety and security of the tenants.

MORE CONGRESSIONAL LEGISLATION

- *Access to Federal Buildings*: Senator Stevens introduced S.1301, the Competitive Access to Federal Buildings Act, that would require the owners and managers of buildings in which any Federal Government agency leases space to provide reasonable and nondiscriminatory access to telecommunications carriers for the benefit not only of the Federal Government agency, but for all tenants in the building.

Congressman Davis introduced a parallel bill in the House, H.R. 2891.



FCC “Competitive Networks” PROCEEDING

- The FCC initiated the *Competitive Networks* rulemaking (WT Docket No. 99-217, CC Docket No. 96-98) in order to explore ways that facilities-based telecommunications carriers can obtain reasonable and nondiscriminatory rooftop access and reach their customers in multi-tenant buildings. A provision of the Communications Act requires utilities to provide telecommunications carriers with reasonable and nondiscriminatory access to their conduits and rights-of-way. The FCC is considering whether those utility rights-of-way and conduits extend within multi-tenant buildings.

FCC “Competitive Networks” PROCEEDING

The FCC is also considering whether it should directly require owners of multi-tenant buildings to provide telecommunications carriers with reasonable and nondiscriminatory access to buildings so that tenants in those buildings can enjoy the benefits of facilities-based telecommunications competition. In this proceeding, the FCC is also considering whether to relocate the demarcation point in multi-tenant buildings at the Minimum Point of Entry (*i.e.*, the basement equipment room).

LATEST DEVELOPMENTS

- ★ Smart Buildings Policy Project
- ★ New Legal Theory Proposed to FCC
- ★ Real Access Alliance Offer to Negotiate

Smart Buildings Policy Project SBPP

★ A Coalition Started by ALTS that now includes 22 companies, associations and consumer groups, including

- ★ Competition Policy Institute
- ★ American Electronics Association
- ★ Wireless Communications Ass'n
- ★ Working with United Homeowners Ass'n

New Legal Theory - Joinder

- ★ Recently, the SBPP/ALTS proposed a new legal approach to the FCC that would allow the FCC to assert jurisdiction over the telecom carrier that engages in an exclusive contract, and then “join” the building owner as a party to the case. (upheld by S.Ct in Ambassador Inc. v. U.S.)

Real Access Alliance Offer to Negotiate

- ✱ In the last month, the real estate industry has offered to negotiate with SBPP/ALTS concerning a model contract, a timetable for negotiations, “best practices”.
- ✱ RAA says it remains absolutely opposed to FCC enforcement and will not guarantee of outcome of negotiations.

FCC Decision – Sept. 14?

★ Likely Result?

- ★ Squeals

- ★ Appeals

- ★ Deals