

Biography of
W. Richard Morris

Richard is a graduate of the University of Utah where he received degrees in Economics and Business Management. He continued his studies at Brigham Young University Law School where he graduated with a J.D. degree.

His career began with Northwestern Bell Telephone Company nearly 20 years ago when he began work in the legal department. At the time of the AT&T divestiture, Richard joined the AT&T legal department where he worked as a General Attorney in the state regulatory arena. During his tenure with AT&T, he also served as External Affairs Vice President for a five state area.

In 1990, Richard joined Sprint's External Affairs department as a General Attorney providing support to Sprint's Local Telecommunications Division. In 1996 he accepted the position of Director of Regulatory Policy. He assumed his current position as Vice President - Local Market Integration in Sprint's National Integrated Services organization in 1997.

Comments of
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FCC En Banc
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Sprint appreciates the opportunity to participate in today's En Banc presentations concerning implementation of Section 706 of the 1996 Act.

In early June Sprint announced its Integrated On-Demand Network, or ION initiative, to the industry and regulators. At the core of this initiative is Sprint's resolve to provide broadband capability with integrated voice, video and data services, to both business and residential telecommunications customers. This opportunity to discuss the provision of new, innovative broadband services to the market is very timely, as is a frank discussion of the dangers of implementing Section 706 of the Telecommunications Act of 1996 in an improper manner.

Sprint believes that there are several technologies that hold promise in delivering broadband services. At the high end of the market, where dedicated wireline facilities are currently used, Sprint believes wireline facilities will continue to be the facility of choice. As broadband extends to what is now the switched services market, Sprint believes that xDSL, cable modem technology and broadband wireless may all ultimately be used to provide broadband services to the consumer market.

The scarce resource in the delivery of broadband technology continues to be the last mile facility that is largely dominated by the ILECs. While Teleport, MFS and others have built state-of-the-art facilities in large urban areas, these facilities do not directly connect with most business customers and connect with very few consumer market customers. The ILEC continues to be the bottleneck to the customer.

While cable companies may provide a wireline alternative to some customers in the future via cable modem technology and their own class 5 switching, there is not much real competition via cable facilities in the consumer market at this point in time. The same is true of broadband wireless technology: there is promise in the future but no significant competitive activity at this point.

This brings us, once again, to the current bottleneck: the ILEC's last mile. To use these monopoly last mile facilities, several data CLECs have been collocating with ILECs to provide xDSL services. However, this activity is occurring only in major, urban

markets. The ILECs have increasingly responded by announcing xDSL and data network deployments of their own. As history has shown, however, in smaller offices competition will develop slowly, if at all, because there is not enough market to support multiple facilities-based providers. The ILEC, deploying first, will dominate this segment of the market and competition will not develop in much of America.

Many of the RBOCs have petitioned the Commission to declare that their data networks, including proposed interLATA networks, and associated technology such as xDSL and ATM switching should be exempt from regulation. They claim that regulation of these services, networks, and technology discourages deployment because they would otherwise be required to open these services and facilities to resale and unbundled network element purchase by potential competitors. The implied threat is that rather than provide new services to the public, the RBOCs in question would forego deployment of these new services and facilities if they were subject to the statutory requirements of the Telecommunications Act of 1996.

There is great danger in granting the 706 petitions of the RBOCs. First, there is a risk to the Commission's ability to regulate the ILECs' traditional network and earnings. As Sprint's ION announcement has shown, traditional voice telephony can become part of a data stream on a data network. There will be few data networks in the future that do not carry voice and in the near term, such networks may carry more digitized voice traffic than traditional data or video. Thus, deregulation of data provides an avenue for the RBOCs to move their core voice services from a regulated status to a deregulated status by digitizing the voice and sending it over integrated data networks. As this occurs, price cap regulation would be destroyed as regulated voice services and earnings are migrated to the data services that the RBOCs seek to provision in a deregulated manner.

Deregulation of data services may well reduce customer choice and reduce competition for a great number of Americans, defeating the very purpose of Section 706. Large, urban centers have been attracting xDSL deployment by data CLECs and the ILECs have rapidly been announcing deployment of xDSL technology and data networks to serve these urban areas. In smaller population centers there will not be competitive room for multiple deployment of xDSL technology. This means that the ILEC, with the largest expected local service market share, will likely be the only company deploying xDSL. The simple conclusion is that in smaller markets, the RBOC is likely to be a monopoly in xDSL deployment.

Even in urban markets, xDSL competition may not be assured in many offices because of the lack of either physical or virtual collocation space for data CLEC equipment. Further, the xDSL equipment deployed by data CLECs may be different than that deployed by ILECs creating significant maintenance and training expenses if the ILECs continue to demand that only they can install and maintain equipment in a virtual collocation environment. Finally, only UNEs applied to ILECs assures that innovative, integrated services will be available in ILEC offices where space is at a premium.

The outcome sought by the RBOCs is harmful because those that have made 706 filings don't propose to make these xDSL and other data facilities available to other parties. As a result, Sprint, and other innovative competitors, are prohibited from using Section 251 of the Act to obtain xDSL through UNEs or resale. This, in turn, will mean that the benefits of ION -- with its innovative, integrated voice, data and video capabilities -- and of other innovative services provided by others, will be unavailable to many captive ILEC customers, including those customers receiving service out of smaller, more rural, or otherwise less competitive offices. A result which leaves ILECs as the only supplier of broadband in many areas and which denies access to these capabilities by their competitors is not the vision of either Section 706 or the rest of the Act.

Sprint strongly urges the Commission to stay the course charted by Congress -- use Sections 251, 252, and 271 to open the market and provide competitive choices to consumers. Competition will attract broadband deployment, as recent ILEC announcements have already shown, and access by other carriers to ILEC xDSL, data services and facilities will increase customer choice. The result will be more broadband services by more providers than would be the case if the existing ILEC monopoly is deregulated.