Levine Blaszak Block & Boothby LLP

September 13, 2004

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

***Ex parte* submission**

Re: Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements; 2000 Biennial Regulatory Review Separate Affiliate Requirements of Section 64.1903 of the Commission's Rules – WC Docket No. 02-112, CC Docket No. 00-175.

Dear Ms. Dortch:

On September 10, 2004, the undersigned and Andrew M. Brown, both of Levine, Blaszak, Block and Boothby LLP, and Lee L. Selwyn, President of Economics and Technology, Inc. ("ETI"), on behalf of the Ad Hoc Telecommunications Users Committee, met with Jeff Carlisle, Bureau Chief, Rich Lerner, Associate Bureau Chief and Chief of Staff, Diane Griffin, Assistant Bureau Chief, Margaret Dailey, Legal Counsel to the Bureau Chief, and Rob Tanner, Legal Counsel to the Bureau Chief, all of the Wireline Competition Bureau; Thomas Navin, Acting Division Chief, Bill Dever, Deputy Division Chief, Julie Veach, Deputy Division Chief, Jon Minkoff, Senior Attorney Advisor, William Kehoe, Senior Attorney Advisor, Darryl Cooper, Senior Attorney Advisor, Michael Carowitz, Senior Attorney Advisor, all of the Competition Policy Division; Tamara Preiss, Division Chief, Deena Shetler, Deputy Division Chief, Jeremy Marcus, Attorney Advisor, and Jay Atkinson, Senior Economist, all of the Pricing Policy Division; Rodger Woock, Division Chief, Alan Feldman, Deputy Division Chief, and Ellen Burton, Assistant Division Chief, all of the Industry Analysis and Technology Division. During these meetings the parties discussed the white paper entitled *Competition in Access Markets: Reality or Illusion* which was prepared by ETI and filed as an *ex parte* in the above referenced proceeding on August 26, 2004.

We discussed the contents of the white paper, focusing on the unreasonably high prices and astonishingly high rates of return earned by

incumbent local exchange carriers ("ILECs") for special access services and the paper's conclusion that markets for access service are not competitive. The parties also discussed three slides, not previously entered into the record but attached hereto, which describe (i) the dramatic percentage increases in recently proposed rates for various special access components provided by Qwest;[1] (ii)the dramatic upward pricing trend for ten-mile DS-1s provided by Qwest; and (iii) the relatively small number of buildings in the City of San Francisco to which competitive local exchange carriers ("CLECs") can connect using their own facilities compared to buildings in San Francisco for which CLECs must rely on special access services obtained from incumbent local exchange carriers.

In addition, the parties discussed recent statements by SBC to the press in which SBC challenged the paper's conclusions and blamed the ILECs' high rates of return on FCC cost accounting rules. ETI explained that SBC's press statements were disingenuous, at best, for the reasons provided in the white paper's discussion of the ARMIS rules.

Pursuant to Section 1.1206(b) of the Commission's Rules, 47 C.F.R. § 1.1206(b), copies of this letter and attachments are being filed with the Office of the Secretary.

Sincerely,

Colleen Boothby

Colleen Boothby

Counsel for
Ad Hoc Telecommunications Users
Committee

Attachments

[1] AT&T Petition to Reject or Suspend and Investigate Qwest Transmittal No. 206, filed August 23, 2004, Exhibit A, page 1.