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November 12, 2004

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: *Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, CC Docket No. 01-338 & WC Docket No. 04-313

Dear Ms. Dortch:

In its initial comments in the above-referenced proceeding, MCI explained why the wire center is the appropriate geographic market for the Commission's analysis of whether competitive local exchange carriers (LECs) are impaired in the absence of unbundled switching.[1] The reply comments filed by others mischaracterize previous statements made by MCI in a manner that suggests those statements are inconsistent with MCI's position on the relevant geographic market. In an effort to ensure the accuracy of the record developed in this proceeding and aid the Commission's analysis, MCI hereby submits this letter to correct those errors.

CLEC Entry Decisions. The BOCs erroneously claim that competitors make entry decisions based on broader geographic markets rather than individual wire centers, and argue that the Commission should use these larger geographic markets to evaluate impairment in the absence of unbundled switching. SBC, in particular, relies on prior MCI statements regarding the geographic reach of switching equipment to argue that competitors do not enter on a wire center basis.[2] While it is true that some cost categories, such as the purchase of a switch, may have large economies of scale related to serving larger geographic areas, as MCI explained in its comments, this point in no way undercuts the conclusion that competitors decide whether to enter a given market using UNE-L at the individual wire center level.[3] Rather, it simply means that there are several steps in the entry decision, with a decision to enter a larger geographic area (*e.g.*, a BOC region, state, or MSA) logically preceding a decision to enter a particular wire center in that area. As MCI discussed in its comments, MCI has thoroughly analyzed the viability

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1 *See* MCI Comments at 35-42 (Oct. 4, 2004). (All comments cited herein were filed in WC Docket No. 04-313.)

2 *See, e.g.*, SBC Reply Comments at 71-72 (Oct. 19, 2004).

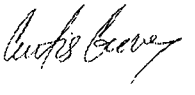
3 *See* MCI Comments at 39.

of a mass market UNE-L strategy.[4] That analysis was conducted on a wire center-by-wire center basis, and not on any other basis. This is necessarily so, because MCI's ability to obtain nondiscriminatory access to the unbundled loop is impacted by factors that vary by wire center, including, for example, collocation readiness and space, and presence of integrated digital loop carrier in the incumbent LEC's network. Notably, these factors do not arise when MCI makes its entry decisions based on a UNE-P service delivery mechanism, and therefore those decisions can be made based on a wider geography. But UNE-L entry conditions, because they depend on loop access, vary by wire center, and MCI hereby reaffirms that it in fact makes a decision whether to enter a particular market using UNE-L *on a wire center-by-wire center basis.*

Clustered Wire Centers. The Ohio Consumers' Counsel proposes that the Commission define the relevant geographic market as "clusters of wire centers," noting that a number of other parties in the state impairment proceeding, including MCI, supported such an approach.[5] To ensure that the record is clear on this matter, MCI did not agree during the state proceedings that the appropriate geographic market is a cluster of wire centers.[6] Rather, MCI recommended, as it has here, that the Public Utilities Commission of Ohio (PUCO) conduct its switching impairment analysis on an individual wire center basis.[7]

If you have any questions, please do not hesitate to contact me.

Respectfully submitted,



cc: Pamela Arluk, Michelle Carey, Russ Hanser, Thomas Navin, Scott Bergmann, Jeffrey Carlisle, Christopher Libertelli, Jessica Rosenworcel, Matthew Brill, Daniel Gonzalez, Jeremy Miller

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4 *See id.* at 32-33.

5 Ohio Consumers' Counsel Comments at 25 & n.95 (Oct. 4, 2004).

6 Testimony of Terry L. Murray filed on behalf of MCI at 16-17, *Implementation of the Federal Communications Commission's Triennial Review Regarding Local Circuit Switching in the Mass Market*, Case No. 03-2040-TP-COI (PUCO Dec. 1, 2003).

7 *Id.* MCI did state that, if its wire center proposal were rejected, the next best alternative would be for the PUCO to examine impairment on the basis of clustered wire centers, provided that the groupings exhibited near-uniformity of economic and operational conditions. *Id.* at 55-56; Transcript Vol. II at 23-24 (PUCO Dec. 24, 2003).