



November 22, 2004

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

RE: *Ex Parte*, WC Docket No. 04-313, CC Docket Nos. 01-338

Dear Ms. Dortch:

McLeodUSA urges the Commission to reject any definition of the term “mass market” based on telephone numbers or access lines per business locations, because, as confirmed by the independent data from Dun and Bradstreet (D&B) research conducted on November 19, 2004, a significant number of small and medium business customers would be denied any competitive alternative for service providers. See attached D&B letter.

McLeodUSA urges the Commission to define the term “mass market” as encompassing exclusively residential customers and home office business customers. We refer Staff to the November 9, 2004 ex parte letter from Chris A. Davis, McLeodUSA Chairman and Chief Executive Officer, to Chairman Powell for additional facts to support our proposed definition.

D&B, the leading provider of global business information analyzed all business locations within the United States on November 19, 2004 based on the number of access lines per business location. The results confirm that defining the term “mass market” based on access lines (or its functional equivalent telephone numbers) per business location would deny a significant number of business customer locations with any competitive alternative for its telecommunications services. For example, according to D&B, nearly 34% of all business locations in the United States have 2 or fewer access lines. Therefore, if the Commission would define “mass market” as business customers with 2 or fewer lines per location, facilities-based competitors, like McLeodUSA, would be denied unbundled access to network elements to serve over one third of all business locations over fiber or hybrid fiber-copper loops under the Commission’s recent broadband unbundling decisions.

A further review of D&B's independent data confirms McLeodUSA's position that the Commission should reject any definition of "mass market" based on telephone numbers or access lines. For example, a definition using 5 or fewer lines per business location would deny access to over 76% of all locations, while a definition using 8 or fewer access lines per location would deny access to 85% of all business locations. See attached D&B letter for additional analysis.

Additionally, defining "mass market" using any number of access lines or telephone numbers would also be arbitrary and confusing. For example, we currently provide local service to two very large business customers that have over 4,000 and 1,900 locations, respectively, with the vast majority of these having only one or two access lines. Despite the very small line counts at each location, these customers are very large enterprise customers that the RBOCs strive to win back. However, if the FCC were to define mass market as 1 or 2 access lines or telephone numbers per location, these very large business customers would be forced back to the RBOC because they only require one or two lines at each business location. As this example shows, what may be classified as a small business customer using a strict access line or telephone number per location standard is in fact a very large enterprise customer.

Finally, as further detailed in our November 9 ex parte filing, mass market should be strictly limited to residential customers. Today, the only market with ubiquitous intermodal competition for telephony services is the residential market in the form of alternative cable and/or wireless service providers. Cable telephone, wireless, and VoIP provide limited competitive choices for business customers.

If the definition of mass market is not limited to residential customers, then the Commission should limit "mass market" customers to residential and home office business customers. A home office business customer is thoroughly consistent with Chairman Powell's statement accompanying the fiber-to-the-curb (FTTC) order that this relief was geared to "very small" business customers. This would also be consistent with the Commission's previous decision to limited fiber-to-the-home (FTTH) relief to "predominantly residential" premises, since the fact that incidental business activities conducted within a home do not change the fact that the premises is primarily residential.

For these reasons, we respectfully urge the Commission to reject any definition of the term "mass market" based on telephone numbers or access lines per business location. Instead, McLeodUSA urges the Commission to define "mass market" as residential and home office business customers.

Sincerely,

William H. Courter
Assistant General Counsel

cc: Stephen C. Gray, President
Honorable Michael K. Powell
Honorable Kathleen Q. Abernathy
Honorable Michael J. Copps
Honorable Kevin J. Martin
Honorable Jonathan S. Adelstein
Christopher Libertelli
Matthew Brill
Jessica Rosenworcel
Daniel Gonzalez
Scott Bergmann
Jeffery Carlisle
Michelle Carey
Thomas Navin
Jeremy Miller
Russell Hanser
Pamela Arluk
Carol Simpson
Tim Stelzig
Ian Dillner
Marcus Maher
Gail Cohen
John Stanley
Christopher Killion
Cathy Zima
Erin Boone



Decide with Confidence

McLeodUSA Incorporated
6400 C St. SW
Cedar Rapids, IA 52404

November 18, 2004

RE: FCC Triennial Review Remand proceeding

McLeodUSA Incorporated (McLeodUSA) contracts with Dun & Bradstreet (D&B) to utilize various types of D&B's domestic database of business information. D&B is the world's largest provider of business information, with a patented process of gathering and enhancing data, called DunsRight. The DunsRight process consists of 5 Key Drivers with a Quality Assurance check built into each. These Drivers are: Global Data Collection; Entity Matching; Duns Numbering; Corporate Linkage and Predictive Indicators.

McLeodUSA relies on D&B's DunsRight process, specifically, the actionable output of this process – Predictive Indicators. One set of Predictive Indicators that McLeodUSA utilizes is D&B's Telecom Marketing Scores. These scores are developed utilizing TNS Telecom's (TNST) proprietary BusinessWave® telephone survey information as its source data. BusinessWave is the longest-running commercial survey initiative of its type (since 1995), and is also the widest in terms of telecommunications content. Each calendar quarter, TNST telephone interviewers contact a nationally representative cross-section of business firms and conduct a 45-minute interview with the appropriate knowledgeable contact at the firm. Information on that firm's behavior and usage relating to telecommunications-related products and services is gathered.

In order to create the underlying models ultimately used to create the BusinessScores data elements, special TNST "Multivariate Visualization" software is used to allow the core BusinessWave data to speak for itself, to identify trends in the data, and to gain insight on which firmographic elements are the most likely to emerge as viable "driver" variables for the creation of the scores. After these "driver" variables have been identified, TNST then uses advanced multivariate, non-linear statistical regression and LOGIT techniques to derive the models. The results are validated against actual data to confirm predictability.

The resulting Telecom Marketing Scores rely on:

- A large, consistent source of extensive and current primary data, at the firm level of detail (BusinessWave).
- A data source that provides a complete, "holistic" view of a business firm's telecommunications-related behavior and demand and their associated relationships.
- Industry and systems expertise to create a truly objective modeling methodology.
- A "bottom-up" approach that maximizes the accuracy of the estimates at the firm level.
- Extensive and on-going validation of the models and their results.
- Direct measures of the error-bounds linked directly to each D&B firm record.



Decide with Confidence

These factors ensure that the Telecom Marketing Scores are one of the most extensive and accurate products of its kind. One million updates are made to the D&B business database daily, making it the most up-to-date and fresh source of business to business information worldwide.

On **November 19, 2004**, applying the Telecom Marketing Scores above to D&B's US business universe of marketable records, the following counts were derived:

Number of Lines	Number of Sites/Locations in Range	% of Sites
1 line	736,009	5.6%
2 lines	3,683,843	28%
2 or fewer (1+2 lines)	4,419,852	33.6%
3 lines	2,902,211	22%
3 or fewer (1+2+3 lines)	7,322,063	55.6%
4 lines	1,657,113	12.6%
4 or fewer (1+2+3+4 lines)	8,979,176	68.2%
5 or fewer	10,030,909	76.3%
8 or fewer	11,221,018	85.3%
10 or fewer	11,560,623	87.8%
12 or fewer	11,790,462	89.6%
15 or fewer	12,028,442	91.4%
20 or fewer	12,263,316	93.2%
50 or fewer	12,696,882	96.5%
All lines	13,154,929	100%

Sincerely,
Jennifer Schmidt
Relationship Manager, D&B US Sales
641.787.0906