



April 22, 2005

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: SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control – WC Docket No. 05-65; and Verizon Communications Inc. and MCI, Inc. Applications for Approval of Transfer of Control – WC Docket No. 05-75.

Dear Ms. Dortch:

On April 21, 2005, the undersigned and Susan Gately, of Economics and Technology, Inc. (“ETI”), on behalf of the Ad Hoc Telecommunications Users Committee, met with Bill Dever, Pam Megna, Marcus Maher, Ben Childers, and Kimberly Jackson of the Wireline Competition Bureau’s Competition Policy Division; Paul Zimmerman and Craig Stroup of the Wireline Competition Bureau’s Industry Analysis and Technology Division; JoAnn Lucanik of the International Bureau, Satellite Division; Ann Bushmiller, Jim Bird, and C. Anthony Bush of the Office of General Counsel, Transaction Team; and J. Scott Marcus and Jonathan Levy of the Office of Strategic Planning & Policy Analysis.

At the meeting, the parties discussed the attached white paper entitled *Competition in Access Markets: Reality or Illusion* which was prepared by ETI and filed as a written *ex parte* presentation in a number of Commission proceedings in August 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, previously filed as *ex parte* presentations with the white paper and attached hereto, which describe (i) the dramatic percentage increases in recently proposed rates for various special access components



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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 statements by Bell Operating Companies ("BOCs") to the press in which the BOCs challenged the white paper's conclusions and blamed the BOCs' high rates of return on flaws in the FCC's cost accounting and ARMIS reporting rules. Ms. Gately referred meeting participants to the BOCs' contradictory claims that the FCC's ARMIS rules are *not* flawed in state and other FCC proceedings.

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,

A handwritten signature in black ink that reads 'Colleen Boothby' in a cursive script.

Colleen Boothby

Counsel for
Ad Hoc Telecommunications Users
Committee

Attachment

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