

ATTACHMENT 7

REPLY DECLARATION OF ROBERT F. PILGRIM

REDACTED – FOR PUBLIC INSPECTION

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Verizon Communications Inc. and)	
MCI, Inc.)	WC Docket No. 05-75
Applications for Approval of)	
Transfer of Control)	

**REPLY DECLARATION OF
ROBERT F. PILGRIM**

1. My name is Robert F. Pilgrim. I submitted a Declaration in this proceeding on March 11, 2005. My qualifications are set forth in that Declaration. I am accountable for this entire reply declaration.

2. The purpose of my reply declaration is to respond to claims regarding Verizon's long distance operations and their impact on wholesale long distance providers. I also address claims regarding Verizon's ability to peer with IP backbone providers.

3. As I explained in my Declaration, Verizon's long distance network is currently concentrated in Verizon's local service areas along with some densely populated areas of the United States that are outside of Verizon's local service area. *See* Exhibit 4 to Lack/Pilgrim Declaration. Verizon's network does not currently extend to the other areas of the country.

4. In order to provide long distance services to its customers, Verizon purchases wholesale long distance services from other carriers. In 2004, Verizon (including Verizon Wireless) purchased **[BEGIN PROPRIETARY]**

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[END PROPRIETARY] in wholesale long distance services from carriers other than MCI. Verizon's purchases of wholesale long distance services have declined in 2005 as Verizon expanded its long distance network.

5. If Verizon were to move all of the wholesale long distance services it currently purchases from other carriers onto MCI's long haul network, it would not have a significant impact on wholesale long haul carriers. According to one analyst, total U.S. long distance wholesale revenues in 2004 were over \$18.5 billion.¹ Verizon's purchases of domestic wholesale long distance services from carriers other than MCI accounts for less than [BEGIN PROPRIETARY] [END PROPRIETARY] of the total industry revenue.

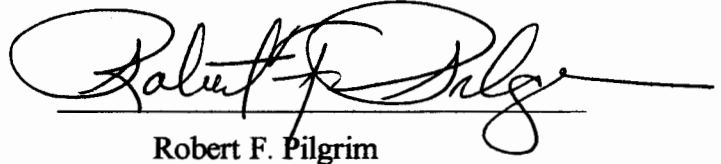
6. Some commenters claim that they may not be able to peer with Verizon if the Commission approves the merger. *See, e.g.*, Broadwing/SAVVIS Comments at 51-52. These claims are particularly ironic because SAVVIS and Global Crossing have both refused to peer with Verizon. Global Crossing has orally refused to enter into settlement-free peering arrangements with Verizon on the ground that Verizon does not generate a sufficient amount of traffic. SAVVIS terminated its peering arrangement with Verizon. Shortly after SAVVIS acquired Cable & Wireless USA, it notified Verizon that Verizon's peering arrangement no longer met the combined company's standard for settlement-free peering.

¹ *See* Jeff Halpern, Bernstein Research Weekly Notes, *U.S. Telecom: Wholesale Segment Is Declining, But Still Significant* at 3-4 (Jan. 21, 2005).

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on May ~~23~~ 2005

A handwritten signature in black ink, appearing to read "Robert F. Pilgrim", written over a horizontal line. The signature is highly stylized with large loops and a long horizontal tail.

Robert F. Pilgrim