

EX PARTE OR LATE FILED

September 28, 2005

EX PARTE

ORIGINAL

RECEIVED

SEP 28 2005

Federal Communications Commission  
Office of Secretary

Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

Re: Applications for Consent to Transfer Control of Filed by Verizon Communications, Inc. and MCI, Inc., WC Docket No. 05-75 - REDACTED

Dear Ms. Dortch:

Attached is an updated version of the spreadsheet we previously submitted setting out the results of an analysis of the limited number of buildings in Verizon's service areas where MCI provides fiber directly to buildings with end user business customers. The updated data provide further confirmation that the combination of MCI and Verizon will not adversely affect competition.

By way of background, some parties to this proceeding have argued that the combination of MCI and Verizon will eliminate a unique source of facilities-based competition for high capacity special access services, focusing on the fact that MCI has fiber directly to a limited number of buildings in Verizon's service areas. As we have previously explained, their arguments are misplaced for two reasons. First, individual buildings are not economically relevant markets. Rather, multiple competing carriers have deployed fiber to serve the same central business districts and other areas of concentrated business demand in the 30 MSAs where MCI has deployed overlapping fiber. For purposes of analyzing the current transaction, that should be the end of the matter. Second, we also have demonstrated that, even at the individual building level, based just on the limited information that is available to the applicants, the overwhelming majority of buildings where MCI has deployed fiber either already have another competitor with fiber in the building or are demonstrably suitable for competitive supply under this Commission's own standards. Thus, even if the analysis is (incorrectly) performed on a building-by-building basis, there still is no adverse impact on competition.

The updated building analysis attached to this letter provides further confirmation of the latter fact. As we explained, our previous building analysis calculated the distance between the buildings with MCI fiber and the nearest known fiber route of another provider. That analysis did not account for the fact that there are a number of buildings that are known to have fiber from another provider (based on lists from the other providers themselves) even though we do not know the route of the fiber into that building. By definition, these other buildings are served by another provider's fiber. But because we did not know the precise location of the fiber route into those buildings, our previous analysis did not calculate the distance from that fiber to the

REDACTED FOR PUBLIC INSPECTION

No. of Copies rec'd 091  
List A B C D E

buildings where MCI has fiber. Our original results therefore understated the extent to which MCI's buildings with fiber are in close proximity to other known fiber networks.

Our updated analysis tries to correct for this by measuring the distance from MCI's buildings with fiber both to other known fiber routes and to known buildings where other providers have deployed fiber. The distances were calculated using mapping software to determine the distance from the perimeter of the building to the closest known alternative fiber route or building with alternative fiber.<sup>1</sup> Our analysis still necessarily understates the percentages of MCI buildings that are close to alternative fiber, however, because our data on buildings where other providers have deployed fiber are incomplete and do not include data for a number of providers (such as Cox and Comcast, to pick just two notable examples) that public sources indicate have deployed fiber to individual buildings.

For convenience, the results of these calculations are reflected in the attached update to the spreadsheet that we previously submitted. Based on this analysis, of the **[BEGIN CONFIDENTIAL] [END CONFIDENTIAL]** buildings where the limited data available to us does not identify alternative fiber already in the building, at least **[BEGIN CONFIDENTIAL] [END CONFIDENTIAL]** (81 percent) are buildings that are within just a quarter mile of fiber deployed by a provider other than MCI, and at least **[BEGIN CONFIDENTIAL] [END CONFIDENTIAL]** (89 percent) are within a half mile of alternative fiber.

These figures are significant because, as we have previously shown, competing providers can and regularly do extend the reach of their fiber to serve buildings within a half mile of that fiber. For example, since the beginning of 2003, approximately 40 percent of MCI's approved building adds in Verizon's region were for buildings up to one-quarter mile from MCI's existing local network; and an additional 35 percent were for buildings between one-quarter mile and one-half mile from MCI's existing local network.<sup>2</sup>

When these updated proximity data are considered together with the data we previously provided on the level of demand within these buildings, at least **[BEGIN CONFIDENTIAL] [END CONFIDENTIAL]** (or 94 percent) of the MCI buildings without an identifiable additional fiber provider already in the building are within a quarter mile of an alternative network or meet one of the Commission's criteria for competitive supply, and that at least **[BEGIN CONFIDENTIAL] [END CONFIDENTIAL]** (or 96 percent) are within a half mile of an alternative network or meet one of those criteria. As we previously explained, the demand

---

<sup>1</sup> The mapping software assigns a single geocoded point to each address, which is a point that may be either in or outside the building; our analysis used the mapping software to draw a perimeter around that single point using a 100-foot radius.

<sup>2</sup> See Declaration of Edwin A. Fleming ¶ 5, attached to Ex Parte Letter from Dee May, Verizon, and Curtis Groves, MCI, to Marlene Dortch, FCC, WC Docket No. 05-75 (FCC filed Sept. 9, 2005).

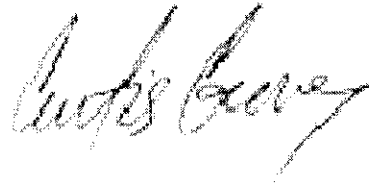
used to determine whether the Commission's criteria are met likely understates total amount of demand in these buildings in many (or all) cases because it includes only the capacity on MCI's lit fibers as well as the capacity that Verizon is supplying to wholesale customers to serve the building, but does not include the capacity that Verizon may be providing on a retail basis or that other competitors we have been unable to identify may be supplying using their own facilities.

In addition to the updates described above, the attached analysis reflects two other small revisions. First, we discovered that [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] of the [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] buildings that were previously identified as office buildings served by MCI fiber are in fact served by MCI using Verizon special access. Second, we discovered that 11 buildings are not in fact office buildings, but are either central offices, carrier hotels, controlled environmental vaults, or are not within Verizon's region. These buildings have accordingly been removed from the analysis, resulting in a total of [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] office buildings in Verizon's region where MCI has deployed fiber.

Sincerely,



Dee May  
Verizon



Curtis Groves  
MCI

cc: Michelle Carey  
Julie Veach  
William Dever  
Ian Dillner  
Gail Cohen  
Tom Navin  
Don Stockdale  
Gary Remondino

**CONFIDENTIAL INFORMATION –  
SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NO. 05-75  
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**