

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

1200 19<sup>TH</sup> STREET, N.W.

SUITE 500

WASHINGTON, D.C. 20036

(202) 955-9600

FACSIMILE

(202) 955-9792

www.kelleydrye.com

NEW YORK, NY  
TYSONS CORNER, VA  
CHICAGO, IL  
STAMFORD, CT  
PARSIPPANY, NJ  
BRUSSELS, BELGIUM

AFFILIATE OFFICES  
JAKARTA, INDONESIA  
MUMBAI, INDIA

October 18, 2005

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
The Portals  
445 – 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: **SBC/AT&T Application – WC Docket No. 05-65;**  
**Verizon/MCI Application – WC Docket No. 05-75**

Dear Ms. Dortch:

In numerous ex parte filings previously submitted in WC Docket Nos. 05-65 and 05-75 by XO Communications and other competitive providers (on May 9, June 6, June 14, July 14, and August 31), these parties offered evidence regarding the likelihood that SBC and Verizon will mutually forbear from competing with one another in the local wholesale market after their proposed mergers are consummated. This evidence demonstrated that SBC and Verizon make no real effort to compete with one another today despite numerous opportunities or federally imposed requirements to do so. These parties further applied the economic concepts of tacit collusion and demonstrated that the conditions existing post-merger in the local wholesale market would make such collusion likely and sustainable. The attached Supplemental Declaration by Simon Wilkie builds on these previous submissions and quantifies the basis for concluding that SBC and Verizon will tacitly collude. More specifically, the Declaration finds that it pays to collude – that is, SBC will reap over \$1 billion in extra profits by not competing against Verizon in the local wholesale market, and Verizon will earn about \$400 million more.

Sincerely,



Thomas Cohen  
Kelley Drye & Warren LLP  
1200 19<sup>th</sup> Street. NW – Ste. 500  
Washington, DC 20036

Marlene H. Dortch  
October 18, 2005  
Page 2 of 2

Counsel for:  
XO COMMUNICATIONS

Attachment: Supplemental Declaration of Simon Wilkie

cc: Daniel Gonzalez  
Michelle Carey  
Russ Hanser  
Jessica Rosenworcel  
Scott Bergmann  
Sam Feder  
Thomas Navin  
Jonathan Levy  
Julie Veitch  
Bill Dever  
Marcus Maher  
Gail Cohen