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October 20, 2005

Ex Parte Presentation

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

Re: WC Docket 05-75, *Verizon Communications Inc. and MCI, Inc., Applications for Transfer of Control*

Dear Ms. Dortch:

On October 19, 2005, John Messenger and J.T. Ambrosi of PAETEC Communications, Inc. and the undersigned met with Russell Hanser of Commissioner Abernathy's staff to discuss the Verizon/MCI merger proceeding. Messrs Messenger and Ambrosi participated in the meeting by telephone.

The PAETEC representatives began with an explanation of PAETEC's operations. PAETEC is a competitive telecom company that provides local, long distance, data and Internet access services primarily to medium-sized and larger business customers in Tier 1 markets throughout the Northeast (Verizon's footprint) and in California, Florida and Illinois. Since its founding in 1998, PAETEC has grown into a successful and profitable company with over $400 million in annual revenue.

PAETEC generally uses T-1 special access loops to connect its customers' premises to various points of presence (POPs) distributed throughout its serving area, and interoffice fiber transport at the DS-3 level or higher to connect the POPs with its switches. Unlike most other CLECs, PAETEC has always obtained its interoffice transport in the form of special access rather than unbundled network elements. Thus, PAETEC is intimately familiar with the special access market in the Verizon footprint and the impact of the proposed merger on competition in that market. Although PAETEC obtains almost all of its T-1 loops from the ILEC, PAETEC has found the market for DS-3 interoffice transport to be quite competitive, and has benefited from the availability of multiple providers. PAETEC's largest single interoffice transport supplier is MCI (through its MFS subsidiary), with Verizon a distant second. MFS's pricing is substantially lower than Verizon's, and its network is second in scope only to that of

Verizon. In PAETEC's experience, what competition exists today in the special access market comes from MCI and, to a lesser extent, AT&T's TCG subsidiary.

PAETEC stated that the Verizon/MCI merger would cause a significant loss of competition in the market for special access interoffice transport, and it discussed the supporting evidence that had been provided by other parties to the proceeding. PAETEC challenged the applicants' assertions that other competitors such as Looking Glass Networks or NEON had interoffice services or networks that were anywhere near as large or as ubiquitous as the MCI/MFS network. PAETEC argued that a divestiture of MCI's in-region interoffice transport facilities would be the most effective remedy to prevent that loss of competition. PAETEC emphasized that while it supported divestiture of special access loop facilities as well, the loss of competition in the interoffice transport market, and the resulting need for divestiture, were much greater.

Mr. Hanser questioned whether the PAETEC position was in conflict with the Commission's decision in the TRRO concerning entrance facilities, a part of the special access market. The PAETEC representatives stated that there was no conflict, as the impairment standard applied in the TRRO was different from the harm to competition standard used in antitrust analysis of the merger's effects. Moreover, the TRRO conclusion rested in large part on actual competition from MCI and AT&T in the entrance facility market, and on potential competition from other entities. If the mergers are approved, the competition from MCI and AT&T will disappear.

If you have any questions, please feel free to contact me at the above number.

Sincerely,

Mark C. Del Bianco

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Counsel to PAETEC Communications, Inc.

Cc: Russell Hanser