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October 21, 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 21, 2005, John Messenger, Sean Pflaging and J.T. Ambrosi of PAETEC Communications, Inc. and the undersigned met with Jessica Rosenworcel of Commissioner Copps's staff to discuss the Verizon/MCI merger proceeding. Messrs Messenger, Pflaging and Ambrosi participated in the meeting by telephone. On the same day, the undersigned sent an email with an attached copy of this ex parte notice to Scott Bergmann of Commissioner Adelstein's staff.

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 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, including T-Mobile, Qwest, and the Ad Hoc Telecommunications Users group. PAETEC also pointed out that this would be a merger of the first and second largest special access providers in the Verizon territory, and that the combined entity would price special access at Verizon levels, not the much lower MCI/MFS level. 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 in the special access market. 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.

PAETEC also stated that if divestiture were not required as a condition of approval of the merger, then it would be necessary to impose behavioral conditions to preserve a semblance of the existing competition. PAETEC stated that it would support any and all of the behavioral remedies proposed by other parties in this proceeding, including baseball style arbitration for commercial special access agreements and the specific conditions suggested in the October 17, 2005 ex parte filing by Qwest Communications et al and the October 21, 2005 filing by CompTel.

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

Sincerely,

A handwritten signature in black ink that reads "Mark C. Del Bianco". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Mark C. Del Bianco

Counsel to PAETEC Communications,

Inc.

Cc: Jessica Rosenworcel  
Scott Bergmann