Pursuant to Section 1.1602 of the Commission's rules, this will provide notice that on September 29, 2006, the undersigned, Andrew D. Lipman of this firm, and Mike Gallagher, CEO, FDN Communications met with Chairman Kevin J. Martin and Tom Navin, Chief, Wireline Competition Bureau. We presented the views set forth in the attached documents, which were provided at the meeting.

Although there are a number of potentially useful requirements that the Commission should impose on any approval of the proposed AT&T/Bellsouth merger, FDN stressed that continued access to copper loops on a UNE basis is of overarching concern. Continued UNE access to copper loops would not affect the Commission's unbundling relief granted to promote investment in broadband because copper loops are legacy investment.

Respectfully,

Patrick J. Donovan
Counsel for FDN Communications
FDN Communications

- Competitive communications service provider founded in 1999.
- “Smart growth” strategy, regional focus.
- Provides best quality voice and data services to the primarily small and medium-sized business market in Florida and Georgia.
- Financially successful.
- Sustained growth in access lines since founding.
- Close to 350,000 voice and data lines.
- 5-10% penetration in small and medium-sized business market.
- One of Florida’s top 200 companies.
- Largest user of UNE loops in Florida and Georgia.
- $100M invested in networks and collocation.
- Currently heavily investing in ADSL2+ and VoIP.
Competitive Harms

Enhanced Incentives to Discriminate. Because discrimination in a region harms competitors that compete across regions, the Merged Company would have an enhanced incentive to discriminate against competitors in both the AT&T and BellSouth regions.

Loss of Competitive Benchmarks. Regulators will have a substantially reduced range of options for determining carrier best practices. Customers will have fewer measures for comparing best prices and terms and conditions.

Elimination of A Major Competitor in the BellSouth Region. AT&T is a major potential competitor in the BellSouth region.

Conditions

Operating Procedures and Policies. There cannot be major changes to OSS that would be disruptive and/or costly to CLECs without CLEC concurrence.

Copper Loop Retirement. Moratorium on retirement of DSL-capable copper loops.

CLEC Access Charges. The merged company will promptly pay CLECs current inter and intrastate access charges in accordance with the terms and conditions of current applicable tariffs and contract tariffs.

TDM Over Packet-Switched Service. The Merged Company will offer TDM over packet-switched loop and transport services.

Winbacks. The Merged Company may not (1) offer retail pricing that is below TELRIC wholesale deaveraged zone pricing for the equivalent service or (2) charge CLECs UNE disconnect fees when the customer switches back to the Merged Company.

Performance Measures. The Merged Company should be subject to strengthened performance measures. Existing applicable service quality measures (“SQMs”) and self-effectuating enforcement mechanisms (“SEEMs”) may not be weakened.

TRRO. Recalculation of line density. Count AT&T as fiber-based collocator.

Net Neutrality. Consumer choice must be preserved.
Competition in Florida Today & Tomorrow: How FDN Fits In
The Telecom Act passed in 1996. The purpose of the Act was to bring the benefits of competition to everyone, not just the big business customer the CAPs could serve. FDN was founded in Florida in 1998 after FDN founders observed successful UNE loop provisioning in Texas and Michigan.

FDN launched services in Orlando in May 1999, Ft. Lauderdale, Jacksonville, West Palm Beach, Tampa and Miami followed by 2000.

In March 2003 FDN purchased and successfully integrated Mpower Communications Florida & Georgia customer base into its own.

In 2005, FDN acquired half interest in Supra Telecommunications, a provider of residential communications services in Florida.

Today, FDN has more UNE loops in service than any other CLEC in Florida and Georgia, FDN is financially healthy and is one of Florida’s top 200 companies.
FDN: Entrenched and Growing

**FDN Historical Voice and Data Lines**

- **Service Launched May 1999**
- **Mpower Acquisition March 2003**

**Months In Service**

- 1 5 9 13 17 21 25 29 33 37 41 45 49 53 57 61 65 69 73 77

- 0 50000 100000 150000 200000 250000 300000 350000
FDN Contributes Economic Growth

Jobs

Years:
- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005

Numbers of Jobs:
- 1998: 25
- 1999: 100
- 2000: 200
- 2001: 300
- 2002: 400
- 2003: 500
- 2004: 600
- 2005: 700
FDN’s Rainbow of 65,000 Customers

- Health Services
- Real Estate
- Eating and Drinking Places
- Personal Services
- Business Services
- Miscellaneous Retail
- Wholesale Trade - Durable Goods
- Engineering, Accounting, Research, Management & Re
- Insurance Agents, Brokers and Service
- Legal Services
- Automotive Repair, Services and Parking
- Construction - Special Trade Contractors
- Home Furniture, Furnishings and Equipment Stores
- Automotive Dealers and Gasoline Service Stations
- Food Stores
- Nondepository Credit Institutions
- Membership Organizations
- Social Services
- Building Constr - General Contractors & Operativ
- Apparel and Accessory Stores
## Mix of FDN’s Customers

### Top 10 SIC

<table>
<thead>
<tr>
<th>SIC</th>
<th>SIC Description</th>
<th>% of FDN Base by Line Count</th>
<th>% with 4 lines and below</th>
<th>Avg. Employees</th>
<th>% of Florida Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>Health Services</td>
<td>8.1%</td>
<td>46%</td>
<td>8.9</td>
<td>6.8%</td>
</tr>
<tr>
<td>58</td>
<td>Eating and Drinking Places</td>
<td>7.0%</td>
<td>71%</td>
<td>17.6</td>
<td>5.1%</td>
</tr>
<tr>
<td>72</td>
<td>Personal Services</td>
<td>6.8%</td>
<td>85%</td>
<td>4.3</td>
<td>5.3%</td>
</tr>
<tr>
<td>59</td>
<td>Miscellaneous Retail</td>
<td>5.4%</td>
<td>70%</td>
<td>4.7</td>
<td>5.8%</td>
</tr>
<tr>
<td>65</td>
<td>Real Estate</td>
<td>5.4%</td>
<td>41%</td>
<td>7.2</td>
<td>5.4%</td>
</tr>
<tr>
<td>50</td>
<td>Wholesale Trade - Durable Goods</td>
<td>5.2%</td>
<td>47%</td>
<td>8.3</td>
<td>5.4%</td>
</tr>
<tr>
<td>73</td>
<td>Business Services</td>
<td>5.0%</td>
<td>46%</td>
<td>7.8</td>
<td>6.0%</td>
</tr>
<tr>
<td>87</td>
<td>Engineering, Accounting, Research, Management &amp; Re</td>
<td>3.7%</td>
<td>49%</td>
<td>6</td>
<td>3.9%</td>
</tr>
<tr>
<td>64</td>
<td>Insurance Agents, Brokers and Service</td>
<td>3.5%</td>
<td>41%</td>
<td>4.5</td>
<td>1.6%</td>
</tr>
<tr>
<td>75</td>
<td>Automotive Repair, Services and Parking</td>
<td>3.4%</td>
<td>78%</td>
<td>4.3</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

*SIC = Standard Industry Classification*
Broader Suite of Business Communications Services

- **Voice Services**
  - Flat rate business lines.
  - Complete Voice® – Feature-rich business lines.
  - Enhanced calling features.
  - Voice and Data over integrated or burstable T1.
  - Centrex – PBX functionality.
  - PBX Trunks (Digital and Analog)
  - PRI (Primary Rate Interface)
  - Voice Mail
  - Foreign Exchange and Remote Call Forward (RCF) numbers.

- **Long Distance Services**
  - Intra-LATA, Intrastate, Interstate and International Long Distance.
  - Switched & Dedicated.
  - Account Codes.
  - Toll Free Services with features such as geographical or time of day routing
  - Calling Cards
  - Management Reports

- **Data Service**
  - Dial-up & Dedicated Internet Access.
  - Web Hosting & Email.
  - IDSL, ADSL & SDSL – All with Static IPs.
  - Managed Routers.
  - T1, Fractional, Full or Integrated and Burstable up to 1.5Mbps.
  - Frame Relay Service (I-FRAME).
  - Collocation Services.
FDN is Focused Across Multiple Customer Segments

- Residential
- SME
- Large Business/Carrier

Products:
- PRI Trunks
- Data Networking
- DS-3
- UNE-L xDSL
- UNE-P Resale
- VOIP

Supra
- Broadline
- Vonage

Cleartel
- STS

FDN

ITCD
- US LEC
- XO
- Nuvox

Verizon
- TimeWarner Telecom
- Telcove
Where Does FDN Provide Service?

FDN Service Footprint

Dark Green: Collocation CO
Light Green: EEL Serviced Area
Where Does FDN Provide Service?

FDN Service Footprint
Georgia

Dark Green: Collocation CO
Light Green: EEL Serviced Area
The Market:
Wireline Business Service

- Competitive carriers have about 34% market share in Florida as of May 2005
- For that trend to hold steady, economic access to copper -- the foundation for UNE-L and a data strategy -- is required.
- Cable companies do not compete heavily in the Florida and Georgia business markets and will not in the foreseeable future.
The Market:
Wireline Residential Service

- Competitive carriers have about 9% market share in Florida as of May 2005
- Without UNE-P, this may decrease in the short term
- Economic access to copper is the foundation for UNE-L and a “third pipe” data strategy for residential wireline competition.
- Many consumers do not yet want broadband, but are entitled to competitive choice for voice services. UNE-L is the way to bring them choice.
The Market:

Broadband Issues

• Broadband over power line and WiMax are in experimental stages. Available WiMax equipment is often not designed for voice service.
• Wireless spectrum issues: access, availability, reliability.
• A duopoly for broadband service will not benefit consumers.

In a duopoly a market with only two competitors, supracompetitive pricing at monopolistic levels is a danger....
The combination of concentrated markets and barriers to entry is a recipe for price coordination.

• FDN wants to provide a third choice for consumers.
FDN’s Network: Leveraged for the Florida & Georgia Markets

- FDN has invested over $100M in network and collocations.
- FDN has more UNE-L loops in service in the states of Florida and Georgia than all other CLECs.
- FDN market penetration is estimated to be between 5% to 10% of small and medium sized businesses.
- FDN operates a facilities based network with over 260 collocation sites in the BellSouth, Sprint and Verizon territories.
- Six Class 5 Nortel DMS 500 Switches, 5 Juniper Core Routers and 6 Marconi ATM Switches.
- FDN is now investing millions in ADSL2+ and VOIP
Metro Network Overview
Typical LSO Footprint: The Reach of Copper
FDN “Speeding up” Copper Loops Via ADSL2+
About FDN’s Direction….

- Stay the course on serving small business and UNE-P wholesale replacement.
- Retain regional strategy resulting in responsible growth instead of spreading our resources too thin.
- Focus on excellent customer service… our customers and our quality of service are our best advertising.
- Grow our business through organic growth, eye other opportunities.
- Engage regulators and lawmakers on importance of UNEs and choice for “the little guy.”
- Deploy products needed by small business and wholesale/mass market customers.