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Exhibit G

May 11, 2007 and May 18, 2007 Letters to USAC from McLeodUSA

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May 11, 2007

VIA E-MAIL

Christy Mi
Internal Audit Division
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

Re: McLeodUSA Telecommunications Services, Inc., supplemental information

Dear Ms. Mi:

In response to your email correspondence of May 4, 2007, enclosed please find the supplement to McLeodUSA Telecommunications Services, Inc.'s ("McLeodUSA") response to its previously filed response to USAC's draft audit report.

1. IAD agrees we did not consider the DSL "Freeze Level" order when conducting the audit. Please provide us with the DSL revenues billed to customers for the months of October-December, 2005 by **May 11, 2007.** Please note these revenues should be from the billing systems directly.

RESPONSE:

McLeodUSA is unable to provide this information. On further review, McLeodUSA withdraws its request that USAC consider the effect of the "Freeze Level " on its 2006 Form 499-A filing. As instructions for the applicable Form 499-A did not contain the instruction concerning the Freeze Level, *cf.*, 2007 Form 499-A, Instructions at 26, McLeodUSA now believes use of the "Freeze Level" is inappropriate for an audit of the 2006 Form 499-A.

2. USAC is requesting supporting documentation for the following previously requested items:
   - Breakout of DSL transport and access.
   - Breakout of Integrated Access (internet access, transport, interstate and intrastate). Per McLeod's audit response, the original breakout information provided was incorrect. Please provide revised data with supporting documentation.
   - Detail revenue breakout for the $ "other charges and credits," this should include the sub-ledger account description and revenue associated with each account.

RESPONSE:

Due to key personnel being out of the office during the five days USAC provided McLeodUSA to produce this information, McLeodUSA cannot provide supplemental formation concerning its DSL and Integrated Access products in the time allotted. McLeodUSA will provide this information early next week after the required personnel are available. McLeodUSA apologizes for this delay, but believes that USAC's time period for producing this information was impossible to meet given the circumstances.

With regards to the "Other Charges and Credits, McLeodUSA has provided the requested sub-ledger account information with amounts with this response. Specifically, the enclosed Attachment 1, is a detailed revenue break out for these charges and credits. As clearly demonstrated by this accounting, these charges include fees for intrastate services not subject to USF contribution, as well as, billing, maintenance, installation, and a multitude of other non-telecommunications services.

Of the charges listed, approximately % of the total amount is comprised of $ in fees for wholesale local services. Attachment 1, at 11. Charges for other local services, including local promotions, billing reports, free local service, reconnection fees and charges for local calling features comprise $ in charges. *Id.* at 1, 2, 6, 9, 11-15, 17, 18, 20-23. A significant amount of the remaining charges are billing and collection services, including $ for Billing and Rating services, *Id.* at 2, and $ for various additional billing fees. *Id.* 12-13, 18, 20-21. Also, other large charges, totaling $, are for equipment and collocation services which are clearly non-telecommunications services. *Id.* at 1. $ are fees for wholesale long distance which are not subject to USF fees. *Id.* at 10. Finally, some charges, amounting to $ are comprised of long distance switched services, which are jurisdictionally mixed. *Id.* at 4-6.

As USAC well knows, wholesale charges are not subject to USF contributions. Similarly, local services are predominately intrastate (except in rare situations not applicable here), and are not assessable as interstate services. Billing and collection services are a non-telecommunications services not subject to USF. 2006 Form 499-A, Instructions at 24. Other charges such as equipment and related installation are also not subject to contribution. *Id.* As McLeodUSA has noted from the beginning, the company is primarily a CLEC, and often a wholesale CLEC, providing local services. As such, a significant portion of its revenue is not interstate end user telecommunications services as USAC incorrectly assumed. The long distance service charges, while a relatively minor portion of the overall list, are for the company's switched IXC service. While this service contains interstate and intrastate traffic, it is clearly jurisdictionally mixed and not purely interstate as USAC has assumed. These charges should be allocated at the interstate and intrastate percentages that USAC determined, after audit, for the company's IXC services in Lines 311 and 414 of the Form 499-A. To be clear, however, the vast majority of these "other charges" must be allocated to non-telecommunications services, wholesale or intrastate telecommunications.

Should you have any questions concerning this letter, please do not hesitate to contact the undersigned.

Regards,

Douglas D. Orvis II
Kimberly A. Lacey

Counsel for McLeodUSA Telecommunications Services, Inc.

cc: William Haas
David Capozzi
Leslie Bellavia

Enclosure

BINGHAM McCUTCHEN

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May 18, 2007

VIA E-MAIL

Christy Mi
Internal Audit Division
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

Re: McLeodUSA Telecommunications Services, Inc. Second Supplement

Dear Ms. Mi:

On May 11, 2007, McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") provided a response to USAC's request of May 4, 2007, for additional information concerning McLeodUSA's allocation of revenue for DSL and "Integrated Access" circuits. As indicated in the May 11, 2007, correspondence, due to key personnel being unavailable, McLeodUSA required additional time to respond completely to USAC's request.

Your email correspondence of May 4, 2007 requested "supporting documentation for the following previously requested items: ... [b]reakout of Integrated Access (internet access, transport, interstate and intrastate). Per McLeodUSA's audit response, the original breakout information provided was incorrect. Please provide revised data with supporting documentation."

As has been previously described, McLeodUSA's Integrated Access service consists of voice lines and Internet transport and access provided over a single circuit. In that sense, the Integrated Access service is essentially a bundled service, providing multiple services in a single package. McLeod's internal data shows that the average customer uses voice lines when purchasing the Integrated Access product. These lines are nearly identical, in terms of features and functionality provided, to McLeodUSA's "Premium Preferred" local service line. This service ranges in price from $ to $ a month, depending on the market, with an average price of $ per Premium Preferred line. Documentation concerning this pricing is enclosed with this letter.

As a result, the average customer purchasing Integrated Access service is spending the equivalent of $ for local voice service using its Integrated Access bundle, out of a total average cost of $ for an Integrated Access service. By comparison, the telecommunications component of the Internet service provided with the Integrated Access is smaller. The equivalent stand-alone service, a naked T-1 circuit, is available for $ Separate Internet access, a non-telecommunications service, is available for $ As noted above, Integrated Access as essentially a bundle of local service, dedicated transport, and non-telecommunications Internet access. Documentation concerning these pricing elements is enclosed with this letter.

Under the Commission's Bundling rules, it is appropriate to rely on tariff or published prices to determine the proper allocation of services in a bundle.[1] The total value of the services, if purchased separately is $ Allocating the discount equally across all services, approximately % of the service should be allocated to non-telecommunications, while approximately % should be allocated to private line service, and potentially be interstate. The remaining % should be considered local service and allocated as intrastate.[2]

Please review the requested documentation and contact us with any additional inquiries. McLeodUSA is confident that these documents will demonstrate, the Integrated Access service is indeed a local intrastate product, and not a purely private line interstate service. The requested documentation regarding the allocation DSL products will follow in a separate correspondence.

Should you have any questions concerning this letter, please do not hesitate to contact the undersigned.

Regards,

Douglas D. Orvis II
Kimberly A. Lacey

Counsel for McLeodUSA Telecommunications Services, Inc.

cc: William Haas
David Capozzi
Leslie Bellavia

Enclosures

1 *Policies and Rules Concerning the Interstate, Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as amended, 1998 Biennial Regulatory Review -- Review of Customer Premises Equipment And Enhanced Services Unbundling Rules In the Interexchange, Exchange Access And Local Exchange Markets*, Report and Order, CC Docket No. 96-61, 16 FCC Rcd 7418 (2001).

2 Even if USAC were to apply the discount entirely to non-telecommunications first, (effectively removing the Internet access from the allocation) and then equally across the telecommunications service, the private line service would be only % of the service and local service would be % of the service.