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FILED/ACCEPTED

JUL - 9 2008

Federal Communications Commission
Office of the Secretary

July 9, 2008

BY HAND DELIVERY

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: *Notice of Ex Parte Presentation*: In the Matter of Petitions of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Denver, Minneapolis-St. Paul, Phoenix, and Seattle Metropolitan Statistical Areas, WC Docket No. 07-97

REDACTED FOR PUBLIC INSPECTION

Dear Ms. Dortch:

Yesterday, Carl Grivner, Heather B. Gold, and Lisa Youngers of XO Communications, LLC ("XO"), Brad Mutschelknaus of Kelley Drye & Warren, LLP, and Kevin Joseph of The Joseph Group, met with Commissioner Michael J. Copps, and Scott M. Deutchman, Competition and Universal Service Legal Advisor to Commissioner Copps. During that meeting information was presented addressing Qwest's latest attempt to undermine the Triennial Review Remand Order through forbearance requests. Attached to this *Notice of Ex Parte Presentation*, is a redacted version of the presentation provided at the meeting.

In accordance with paragraph 14 of the *Second Protective Order*, dated June 1, 2007 (DA 07-2293) in the above-captioned proceeding, a copy of the presentation, containing Highly Confidential information is being submitted to your attention under separate cover.

No. of Copies rec'd 041
LIST ABOVE

KELLEY DRYE & WARREN LLP

Ms. Marlene H. Dortch
July 9, 2008
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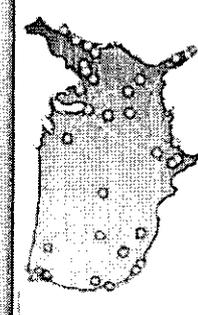
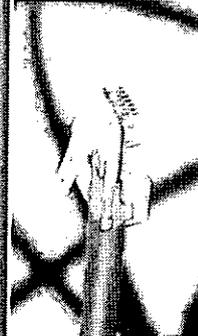
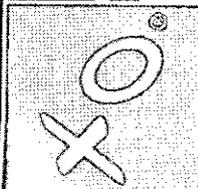
Kindly date stamp the duplicate of this letter and return it to the courier. Please contact the undersigned at (202) 342-8539, if you have any questions about this letter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "B. Mutschelknaus", with a long horizontal flourish extending to the right.

Brad Mutschelknaus

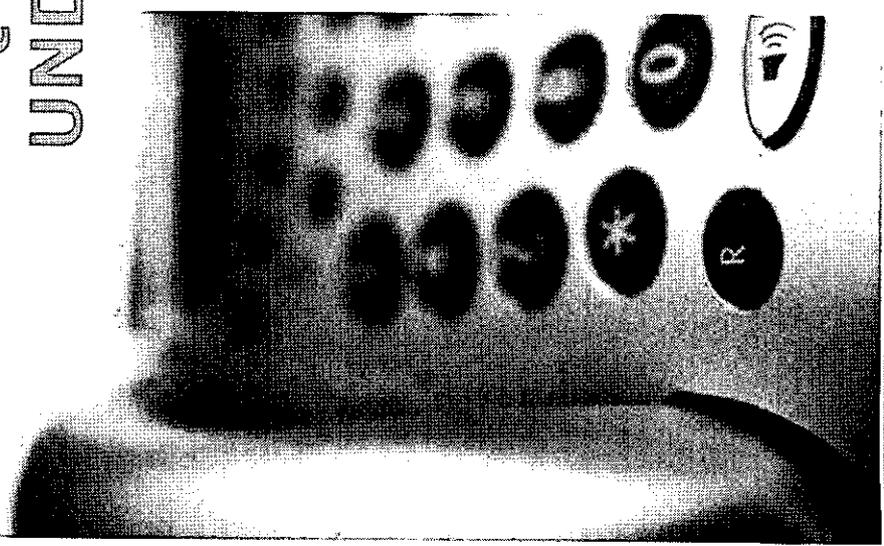
Enclosures



www.xo.com

21st Century Communications

QWEST'S LATEST ATTEMPT TO UNDERMINE THE TRRO THROUGH FORBEARANCE REQUESTS



Presentation by:

Carl Grivner, Chief Executive Officer, XO Communications
Heather B. Gold, Senior Vice President/External Affairs, XO Communications

Lisa Youngers, Director/Federal Regulatory Affairs, XO Communications

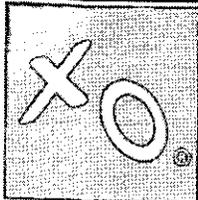
Brad Mutschelknaus, Kelley Drye & Warren LLP

Kevin Joseph, Principal, The Joseph Group

July 8, 2008



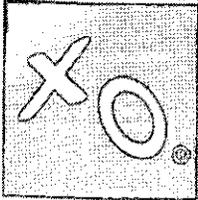
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XO AND OTHER LARGE COMPETITIVE CARRIERS ARE SIGNIFICANT PROVIDERS OF COMMUNICATIONS SERVICES

- XO Has Annualized Revenue of \$1.4 Billion
- We Serve 140,000 Business Customers
 - Including Fortune 500 companies, leading cable companies, carriers, content providers, and mobile operators
 - Serve over half of the world's largest telecommunications companies
 - Vast majority are small to medium businesses utilizing T1 and below access
- XO's Award Winning Bundled VoIP Service is Used by* **[Begin Highly Confidential Information]**
[End Highly Confidential Information]*

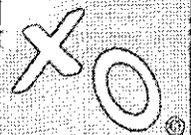
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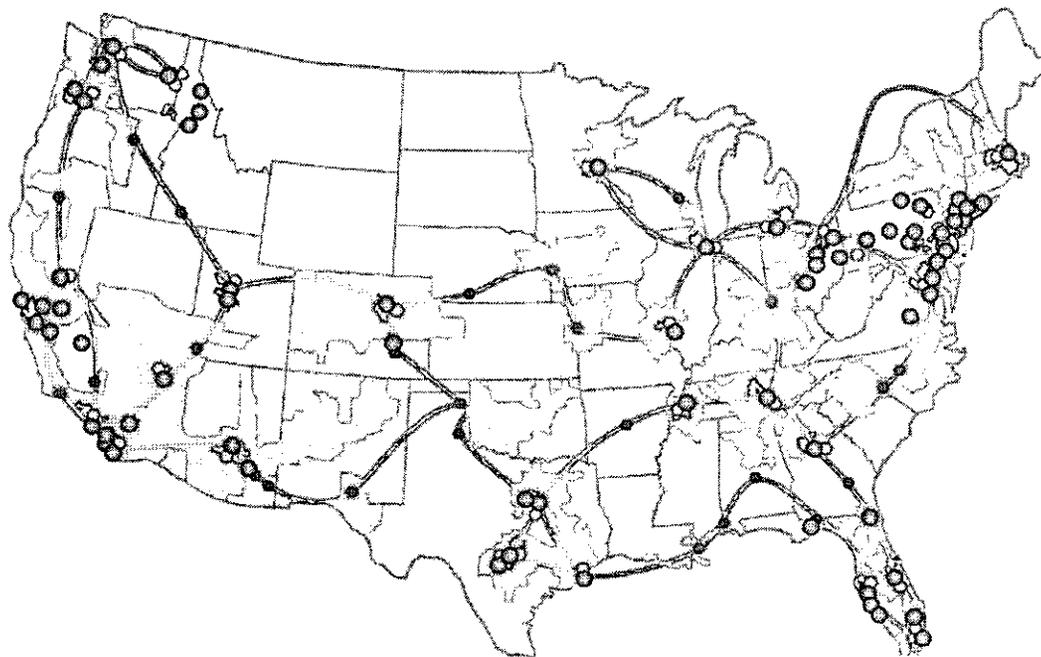
XO HAS SERIOUS "SKIN IN THE GAME"

- XOHO Has Invested More Than \$7 Billion in its Network
- Our State-of-the-Art Network Includes:
 - 18,000-mile next generation nationwide inter-city fiber optics network
 - A network fiber footprint of over one million fiber miles
 - 37 metro fiber networks serving 75 markets
 - 950 central office collocations
 - 3,000 "on net" buildings
 - 200 DSL access points
 - 60 Class 5 switches
 - 100 Sonus Networks softswitch controlled media gateways
 - LMDS/39 GHz licenses in 81 markets

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XO Holdings: Network Assets



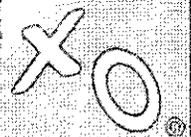
\$7+ Billion Network Investment

- **75 Markets**
- **4,000 Traffic Aggregation Points**
- **1M Metro Fiber Miles**
- **OC-192 IP Network**
- **18,000 Route Miles**
- **1.2 terabytes Capacity**

Fixed Wireless

- **Average 1 GHz Spectrum in 81 Markets**
- **Deliver 10-622 Mbps Services**

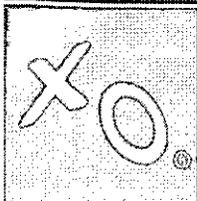
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XO HAS BUILT FIBER BACKBONE NETWORKS IN EACH OF THE MSAs COVERED BY THE QWEST PETITIONS

- Minneapolis/St. Paul - 133 route miles (or 14,000 fiber miles)
- Seattle - 192 route miles (or 25,000 fiber miles)
- Phoenix - 90 route miles (or 10,000 fiber miles)
- Denver - 200 route miles (or 21,000 fiber miles)

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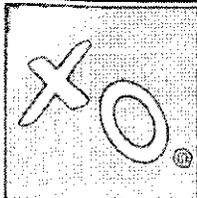


XO IS USING ITS ASSETS TO BRING NEXT GENERATION BROADBAND SERVICES TO A WIDE VARIETY OF CUSTOMERS

- Next Gen Products Provide More Capabilities at Lower Costs and Greater Flexibility
 - VoIP with dynamic band-width allocation
 - Using so-called “old wires,” XO is delivering a cost-effective 10MG ethernet service over copper – more bandwidth at a lower cost
 - IPVPN gives large customer capability to small/medium businesses
 - Private data networking

ILECs reluctantly compete in this market only because we do

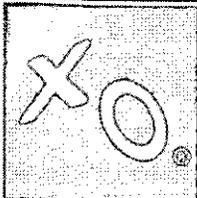
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QWEST HAS NOT PRODUCED DATA THAT MEETS ITS BURDEN OF PROOF FOR MASS MARKET SHARE LOSS

- White Page Directory Listing Data Showed Collective Competitor Market Share Far Below the Required Threshold in Denver, Minneapolis-St. Paul and Seattle
- Cox and Qwest Supplied Data Regarding Collective Competitive Market Share in Phoenix Fails the Test After Non-Qualifying Lines are Subtracted
 - Exclude QPP and resale lines from competitor tally
 - Omit cut-the-cord wireless from wireline market analysis; or, at a minimum:
 - Employ CDC regional data
 - Use lower bound of the CDC confidence interval
 - Delete 18-24 year old age group
 - Not substitutable for business and broadband services

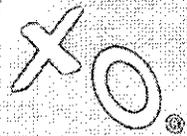
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THE COMMISSION CANNOT PRESUME THAT FACILITIES-BASED RESIDENTIAL COMPETITION IS REPLICATED IN THE BUSINESS MARKET

- The Commission's "Predictive Judgment" that RBOCs Would Replace UNEs with Other Reasonably Priced Wholesale Services in Omaha Proved to be Disastrously Incorrect
 - McLeod/Paetec forced to withdraw
 - Eschelon/Integra abandoned plans to enter
 - Quickly emerging residential service duopoly and enterprise service monopoly in Omaha
- When UNEs are Eliminated, ILECs Lose Any Remaining Incentive Even to Negotiate Special Access Discount Plans

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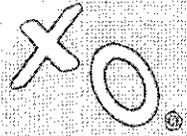
EVEN WITH XO'S ENORMOUS INVESTMENTS WE MUST RELY ON ILEC LAST MILE FACILITIES

- XO Relies on ILEC Loop Facilities to Provision the Last Mile
***[Begin Highly Confidential Information]**



[End Highly Confidential Information]*

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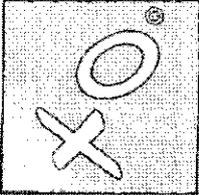


AVAILABILITY OF WHOLESALE LOCAL LOOP FACILITIES FROM COMPETITIVE CARRIERS IS RARE

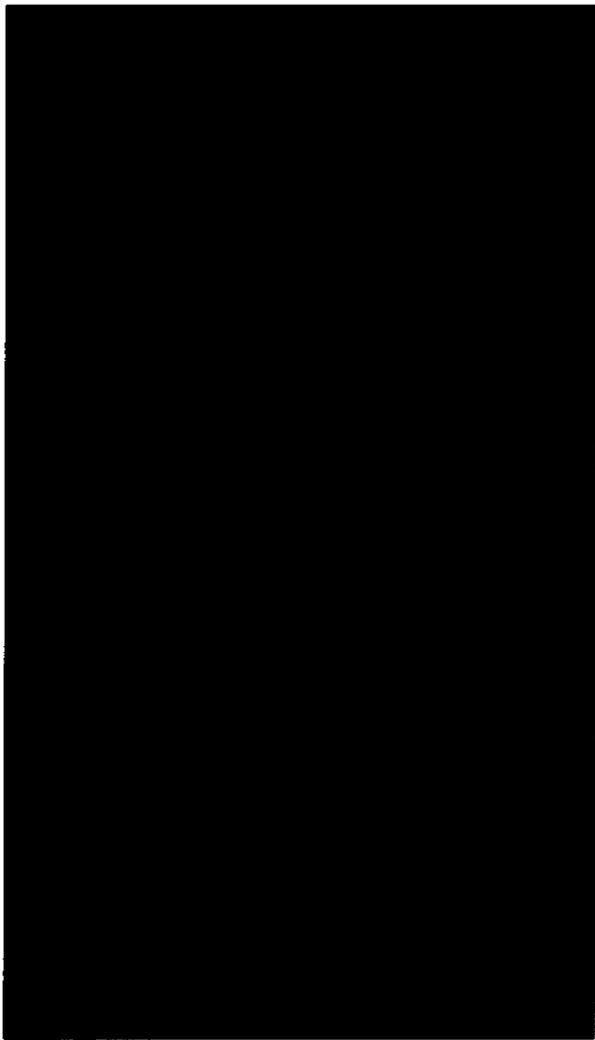
- 94% of Commercial Buildings Nationwide are Served Exclusively by ILECs (GAO)
- Options to use Other Competitive Providers are Severely Constrained
 - Percent of competitive loop facilities in each MSA in Qwest's petition
 - Denver - .24%
 - Minneapolis/St. Paul - .26%
 - Phoenix - .17%
 - Seattle - .18%

(Note: XO supplied wire center level data which does not differ materially.)

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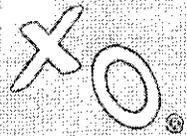


**XO'S CURRENT FACILITIES-BASED LIT COMMERCIAL BUILDING
MARKET PENETRATION [BEGIN HIGHLY CONFIDENTIAL
INFORMATION]**



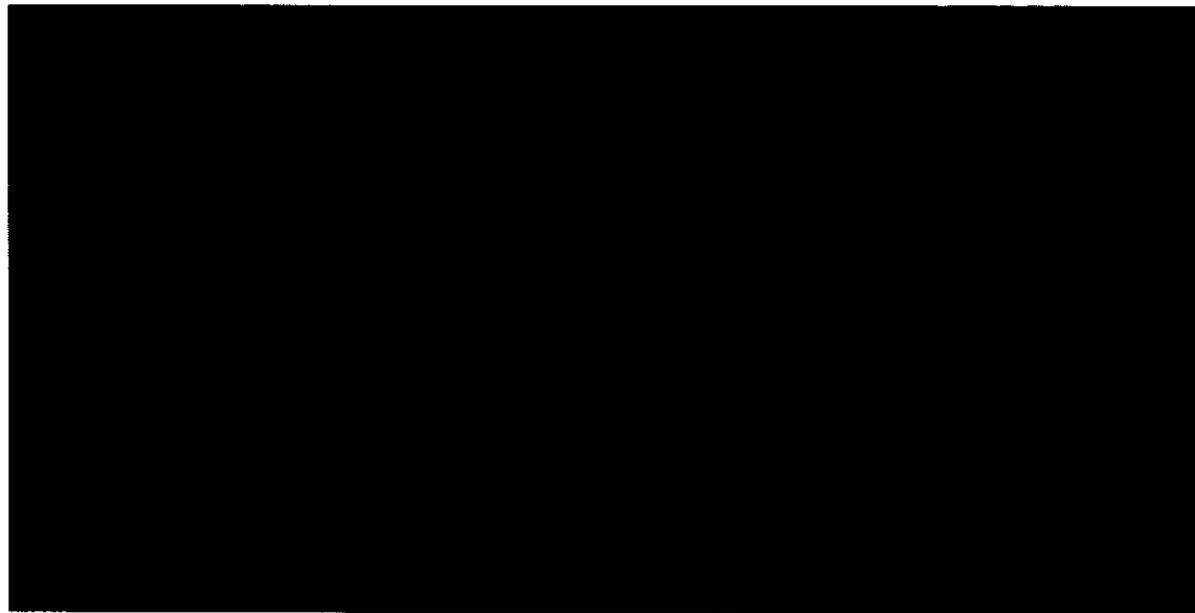
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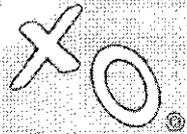
**MOST COMMERCIAL BUILDINGS ARE TOO DISTANT FROM
XO'S FIBER BACKBONE NETWORKS TO JUSTIFY
CONSTRUCTION OF LATERALS**

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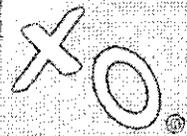
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ALL CLECS COMBINED CONNECT WITH THEIR OWN FACILITIES TO A MINOR PORTION OF COMMERCIAL BUILDINGS IN THE AFFECTED MSAs

MSA	Total Number of Commercial Buildings in MSA	% of Commercial Buildings Served by Facilities-Based CLECs
Denver	104,385	0.24%
Minneapolis/ St.Paul	124,740	0.26%
Phoenix	127,763	0.17%
Seattle	127,880	0.18%

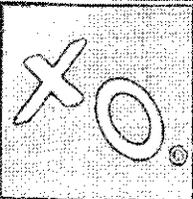
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EVEN IN THE MOST COMPETITIVE WIRE CENTERS, ALL CLECS COMBINED CONNECT WITH THEIR OWN FACILITIES TO VERY FEW COMMERCIAL BUILDINGS

MSA	Wire Center with Highest Percentage of Commercial Buildings Served by Facilities-Based CLECs	Total Number of Commercial Buildings in Wire Center	Percentage of Commercial Buildings Served by Facilities-Based CLECs
Denver	ENWDCOMA	2433	2.28%
Minneapolis/ St.Paul	MPLSMNDT	1574	3.63%
Phoenix	PHNXAZSE	1095	1.46%
Seattle	STTLWAEL	666	3.15%

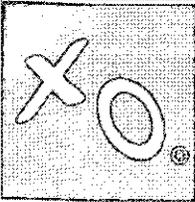
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ALL CLECS COMBINED SELDOM CAN SERVE MORE THAN 5% OF THE AFFECTED COMMERCIAL MARKET OVER THEIR OWN FACILITIES

MSA	Number of Wire Centers in MSA with Facilities-Based CLEC Addressable Demand Market Share Between 0%-5%	Number of Wire Centers in MSA with Facilities-Based CLEC Addressable Demand Market Share Between 5%-10%	Number of Wire Centers in MSA with Facilities-Based CLEC Addressable Demand Market Share Between 10%-15%	Number of Wire Centers in MSA with Facilities-Based CLEC Addressable Demand Market Share Above 15%
Denver	41	3	3	0
Minneapolis/ St.Paul	133	6	1	0
Phoenix	72	4	0	0
Seattle	66	2	1	0

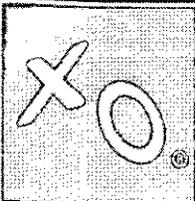
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FIXED WIRELESS IS STILL AN EMERGING SOLUTION

- Early Success Has Largely Been in Cellular Backhaul and Diversity Solutions
- Given the State of the Available Technology, Fixed Wireless is NOT a Viable Alternative to UNEs at This Point

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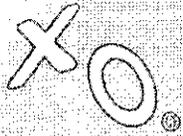


GRANTING FORBEARANCE WOULD RESULT IN AN IMMEDIATE AND SHOCKING COST INCREASE

- Cost-Based Rates for UNE Facilities Would Immediately be Re-priced at Monopolistic Special Access Prices
- Even When Purchased at Discounted Pricing Available Under Special Access Volume and Term Plans, the Increases in Monthly Recurring Charges Would be Prohibitive
 - **DS0 costs would triple**
 - **DS1 costs would increase 50%**
 - **DS3 costs would double**

Impact on customers would be devastating – rate increases ranging from*[Begin Highly Confidential Information] [Redacted] [End Highly Confidential Information]* required

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STATE, LOCAL OFFICIALS AND PUBLIC INTEREST GROUPS HAVE CONDEMNED THE QWEST PETITION

- Arizona Corporation Commission
- Arizona State Attorney General's Office
- Members of Arizona House of Representatives and Senate
- City of St. Paul, Minnesota
- Colorado Public Utility Commission
- Consumer Federation of America
- Consumers Union
- Educause
- Free Press
- The Greater Metro Telecommunications Consortium (Denver)
- Media Access Project
- Minnesota Public Utilities Commission
- Minnesota Association of Telecommunications Administrators
- National Association of Telecommunications Officers and Advisors
- National Association of State Utility Consumer Advocates
- New America Foundation
- The New Jersey Division of Rate Counsel
- Public Knowledge
- U.S. Public Interest Research Group
- Washington State Attorney General's Office
- Washington Independent Business Association
- Washington Utilities and Transportation Commission

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