

REDACTED - FOR PUBLIC INSPECTION

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July 28, 2011

VIA HAND DELIVERY AND ECFS

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street S.W. TW-A325
Washington, DC 20554

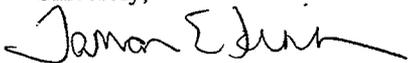
Re: Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; Connect America Fund, WC Docket No. 10-90; High-Cost Universal Service Support, WC Docket No. 05-337; and A National Broadband Plan for our Future, GN Docket No. 09-51

Dear Ms. Dortch:

On behalf of PAETEC Holding Corp. and its subsidiaries ("PAETEC"), enclosed please find two (2) copies of the redacted version of Exhibit 1 related to PAETEC's intercarrier compensation revenue and expense data and projections of the net impact of proposed reform scenarios on PAETEC. This information is being filed pursuant to the Protective Order issued in this proceeding on September 16, 2010.¹ In accordance with the Protective Order, all pages of this filing are marked **REDACTED - FOR PUBLIC INSPECTION**.

By separate letter addressed to Ms. Dortch and Ms. Lynne Hewitt Engledow, PAETEC has requested confidential treatment of this information pursuant to Section 0.457 and 0.459 of the rules of the Federal Communications Commission.

Please contact the undersigned if you have any questions. Please date-stamp the enclosed extra copy of this transmittal and return it to me in the self-addressed envelope provided.

Sincerely,


Tamar E. Finn
Counsel for PAETEC Holding Corp.

Attachments

¹ See *Developing a Unified Intercarrier Compensation Regime*, Protective Order, CC Docket No. 01-92, *et al.*, DA 10-1749 (rel. Sept. 16, 2010) ("Protective Order").

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REDACTED FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135,
10-90, GN DOCKET NO. 09-51
BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

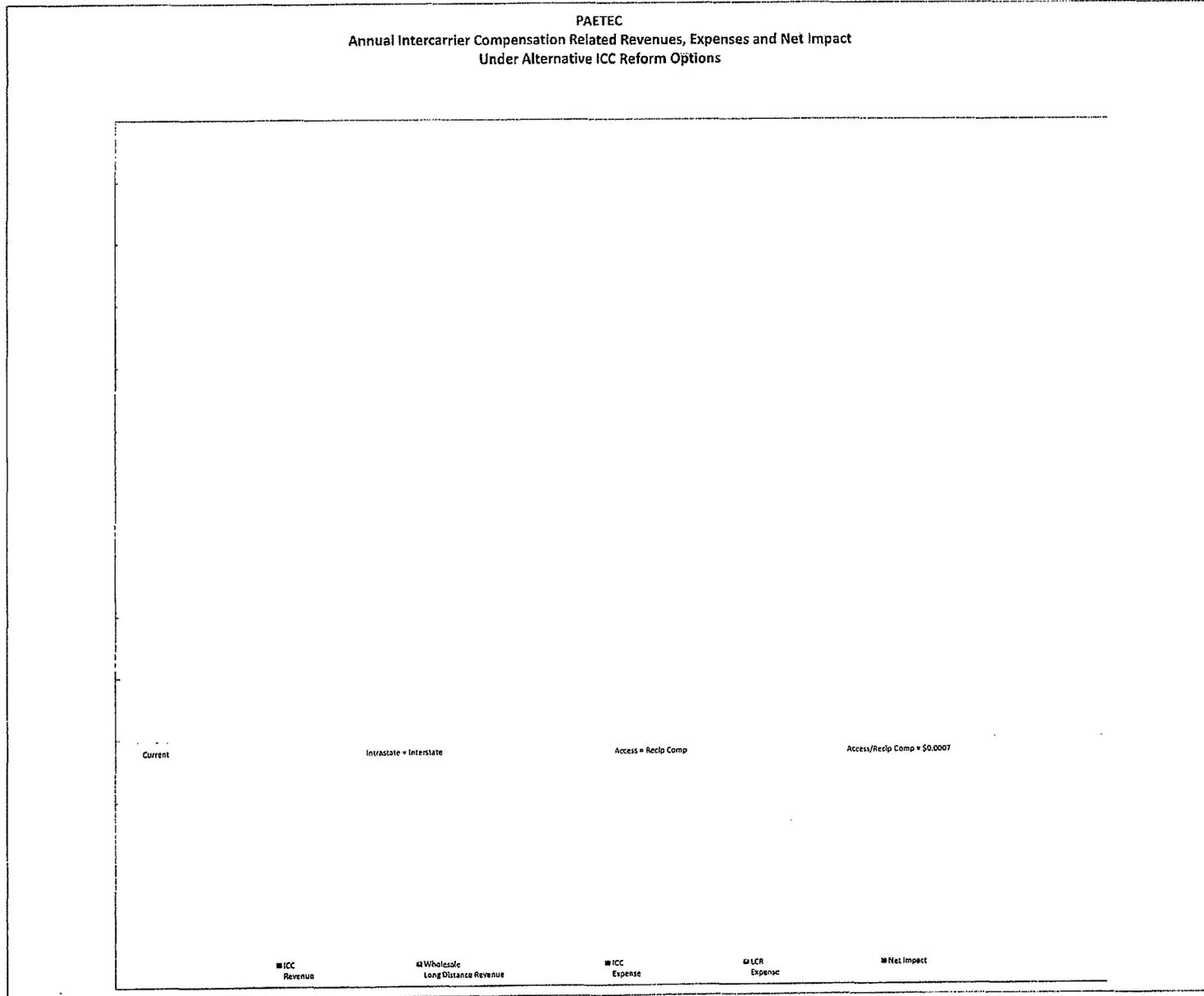
PAETEC HOLDING CORP.

EXHIBIT 1

REDACTED FOR PUBLIC INSPECTION

REDACTED - FOR PUBLIC INSPECTION, SUBJECT TO PROTECTIVE ORDER
IN CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135, 10-90,
GN DOCKET NO. 09-51, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

PAETEC
Annual Intercarrier Compensation Related Revenues, Expenses and Net Impact
Under Alternative ICC Reform Options



REDACTED - FOR PUBLIC INSPECTION, SUBJECT TO PROTECTIVE ORDER
 IN CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 7-135, 10-90,
 GN DOCKET NO. 09-51, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

Annual Intercarrier Compensation Related Revenues, Expenses and Net Impact Under Alternative ICC Reform Options

	ICC Revenue	Wholesale Long Distance Revenue	Combined ICC and Wholesale LD Revenue	ICC Expense	LCR Expense	Combined ICC and LCR Expense	Net Impact
Current	\$	\$	\$	\$	\$	\$	\$
Intrastate = Interstate	\$	\$	\$	\$	\$	\$	\$
Access = Recip Comp	\$	\$	\$	\$	\$	\$	\$
Access/Recip Comp = \$0.0007	\$	\$	\$	\$	\$	\$	\$

Inter-carrier compensation revenue and expense data include PAETEC, USLEC and McLeodUSA operations but exclude Cavalier Telephone's operations due to differences in billing systems. The impact of ICC reform on Cavalier Telephone's operations is expected to be consistent with the results presented above based upon the 1st half of 2011. Least Cost Routing ("LCR") expenses include all PAETEC entities.

ICC revenue related assumptions: (1) usage trend consistent with 1st half 2011; (2) 100% of inter-carrier compensation rate reductions flow through.

ICC expense related assumptions: (1) usage trend consistent with 1st half 2011; (2) state specific per MOU expense figures equal to per MOU revenue figures where available; (3) where state specific per MOU figures are unavailable, company averages are utilized; (4) non bill and keep reciprocal compensation and transit rate average is per MOU; (5) 100% of inter-carrier compensation rate reductions flow through.

LCR expense and LD revenue related assumptions: (1) usage trend remains flat consistent with 1st half 2011; (2) blended interstate 1+ and toll free LCR expenses are and per MOU, respectively; (3) non bill and keep reciprocal compensation and transit rate average is per MOU; (4) LCR expense attributable to inter-carrier compensation; (5) wholesale LD expense attributable to LCR expenses; (6) 100% of inter-carrier compensation rate reductions flow through to LCR expenses and 100% LCR expense reductions flow through to wholesale LD.

Net Impact considers lost revenues as well as reduced ICC and LCR expenses.