

REDACTED

*Redacted
undocketed*

2008 Competitive Local Exchange Carrier (CLEC) Questionnaire
(Due by April 15, 2008)¹

Legal Company Name: PAETEC Communications, Inc.

D/B/A: _____

FPSC Company Code (e.g., TX000) TX234

Contact name & title: Judith Messenger; Senior Manager Regulatory Affairs

Telephone number: (585) 340-2822

E-mail address: judy.messeng@paetec.com

Stock Symbol (if company is publicly traded): PAET

Services Provided in Florida

1. Do you provide local telephone service in Florida? Please check yes or no.

X Yes
_____ No

2. How is your local service provisioned? Please mark the appropriate response(s).

_____ Resale agreement with ILEC
_____ Agreement with ILEC for wholesale platform (formerly known as UNE-P)
_____ Purchase some UNEs (other than wholesale platform) from ILEC
_____ Purchase elements (e.g., loops, switching) from other than ILEC (e.g., other CLECs)
_____ Completely self-provisioned
_____ Other (please describe)

CMP 1 3. Please complete the data tables.

Please See Attachment A

COM _____ 4. What services, other than local service, does your company offer in Florida? Please check all that apply.

CTR _____
ECR _____ X Private line/special access

X Wholesale loops

GCL _____ X VoIP

_____ Fiber or copper based video service

OPC _____

RCA _____ ¹ The due date is set by Section 364.386(1)(b), Florida Statutes. Failure to comply with this rule may result in the Commission assessing penalties of up to \$25,000 per offense, with each day of noncompliance constituting a separate offense per Section 364.285(1), Florida Statutes.
SCR _____
SSA _____

SEC _____

OTH _____

Wholesale transport
 Interexchange service
 Cellular/wireless service

Cable television
 Satellite television
 Broadband Internet access

5. If you do not currently provide video services, do you have plans to offer video services in conjunction with other network services in the next three years? **NO**
6. This question concerns **prepaid** local telephone service in Florida. Please place a check by the response that most accurately reflects whether or not you offer **prepaid** local telephone service.

Company offers ONLY prepaid local telephone service in Florida
 Company offers prepaid AND non-prepaid local telephone service in Florida
 Company does NOT offer prepaid local telephone service in Florida

Bundled Services

7. Do you offer bundled services to your Florida residential and business customers? For the purpose of this question, bundled services are specially priced packages that consist of local service plus at least one other feature (e.g., call waiting) or service (e.g., long distance or broadband or video). Please check the applicable response(s).

Yes - Residential
 No - Residential
 Yes - Business
 No - Business

8. If you do offer bundled services, what is the percentage of your Florida residential and business customers that can purchase the bundles? Please provide the percentage below. If you do not offer bundled services, please check "not applicable."

N/A Residential
 Business
 Not applicable

9. If you do offer bundled services, what percentage of your Florida residential and business customers purchase the bundles? Please provide the percentage below. If you do not offer bundled services, please check "not applicable."

N/A Residential
 Business Not applicable

VoIP

10. Indicate below whether you are offering VoIP service to end users in Florida. VoIP service is defined as IP-based voice service provided over a digital connection. Please check any that apply.

- Not offering VoIP service to end users
- Offering VoIP services to business end users
- Offering VoIP services to residential end users

11. If you are offering VoIP service in Florida:

a. Where are you offering VoIP service, e.g., specific cities, counties, statewide, etc.?
Statewide

b. What is the range of prices for residential VoIP service?
N/A PAETEC is currently only providing services to business customers

c. What is the range of prices for business VoIP service?

- d. Please check all that apply to your VoIP service:
- Offer wireless VoIP service
 - Offer wireline VoIP service
 - Optional power backup
 - Standard power backup
 - Contribute to Universal Service Fund
 - Peer-to-Peer only (no interconnection with PSTN)
 - Use of public Internet
 - Use of private IP network

e. If you are not offering VoIP service to end-users in Florida, do you anticipate doing so? If yes, identify rollout month/year.
N/A

Broadband

12. Do you offer broadband to residential customers in Florida? Please check the applicable answer.

- Yes
- No

13. If you do offer broadband to residential customers in Florida, please provide your best

estimate of the percentage of residential end user premises in your Florida service area for which your broadband services are available.

N/A

14. For your Florida territory in which you currently do not offer broadband, what percentage of these customers do you plan to provide broadband availability in the next 5 years? **NONE**
15. How many residential broadband subscribers do you have in Florida?
N/A
16. Please list the method(s) of broadband provisioning utilized in Florida by your company (i.e. DSL, cable modem, fiber, etc.). N/A
17. What are the typical downstream and upstream speeds for your most popular broadband service? N/A
18. What is the monthly price for your most popular residential broadband service?
N/A

Fiber Deployment

19. Did you deploy fiber to homes or businesses in Florida between May 31, 2006 and December 31, 2007?

 Yes
 X No

20. If you answered **Yes** to question 19 above, please provide the following information:

- a. Location of each deployment (e.g., name of development, wire center, and exchange).
N/A PAETEC does deploy fiber in Florida
- b. Type of infrastructure for each deployment (e.g., Fiber to the Home/Fiber to the Premises/Fiber to the Curb). **N/A PAETEC does not deploy fiber in Florida**
- c. Number of residential and business premises passed in each deployment and the number of residential and business subscribers for each. This includes Fiber to the Home, Fiber to the Premises, and Fiber to the Curb.

 N/A Residential premises passed
 N/A Residential subscribers
 N/A Business premises passed
 N/A Business subscribers

- d. What services do you offer in each deployment?

FCC Form 477 -- Local Telephone Competition and Broadband Reporting Cover Page: Name & Contact Information

June 30, 2007

<http://www.fcc.gov/Forms/Form477/477instr.pdf>

1. Company.
2. Filers must report data for ILEC and non-ILEC operations on separate forms. Use the following drop-down box to indicate whether this worksheet contains data for ILEC or for non-ILEC operations.
3. Use the following drop-down box to select the name of your parent or controlling entity. If you are not affiliated with any other filer, select your company name. Select "not shown" if no appropriate name appears in the list. See instructions section IV.B.1 for information on preparing file names.

If you selected "not shown" above, then provide the following:
Parent or controlling entity name (if none, enter company name).
4. Filers must report data for different states in separate forms. State.
5. Contact person (person who prepared the data contained be
6. Contact person telephone number and email address.
Phone.
Email.
7. Indicate whether this is an original or revised filing. Example >>>
8. Indicate whether you request non-disclosure of some or all of the information in this file because you believe that this information is privileged and confidential and public disclosure of such information would likely cause substantial harm to the competitive position of the filer.

Reminders:

- 1) Ensure files are virus free by using up-to-date virus detection software. Filers a
- 2) If you are filing original or revised data for an earlier semi-annual reporting period, do not use this particular form (which is only for data as of June 30, 2007). See reminder 4.

You may not insert or delete columns or rows, move cells, or edit text or numbers outside the cells provided for data entries. Filers will be required to correct and resubmit any files that cannot be opened in EXCEL 2003, any files whose structure has been altered, and any files with improper names.
- 4) If you have questions about the form, contact the Wireline Competition Bureau, Industry Analysis and Technology Division at (202) 418-0940; via email at 477INFO@fcc.gov; or via TTY at (202) 418-0484.
- 5) You must submit a Certification Statement signed by an officer of your company. A single statement may cover all files submitted. See Instructions sections IV & V.
- 6) Name your files as specified in Instructions section IV.B.1. To assist you, comp number as specified in Instructions. This number s

FLA#J07PAETEC Communications, Inc. XLS

DOCUMENT NUMBER-DATE
03693 MAY-5 08
FPSC-COMMISSION CI FR*

FCC Form 477 -- Local Telephone Competition and Broadband Reporting Part I: Broadband

PAETEC Communications, Inc. for Florida June 30, 2007

Complete Part I.A if you provide one or more lines or wireless channels in the state that connect end users to the Internet at information transfer rates exceeding 200 kbps in at least

If you complete Part I.A, you must provide in Part V specified lists of 5-digit Zip Codes. See Instructions.

Do not report anywhere in the form any high-capacity connections between two locations of the same end user customer, ISP or communications carrier.

Data as of June 30, 2007

I.A. Lines and wireless channels connecting end users to the Internet that you provided over your own local loop facilities, or over UNE loops or other lines and wireless channels that	(a) Total connections to end	Percentages of				
		(b) Provided to resi	(c) Provided over	(d) Billed (or inco	(e) Provided to resi	(f) Have infor mat
I - 1. Asymmetric xDSL.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I - 2. Symmetric xDSL.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I - 3. Traditional wireline such as T-carrier.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I - 4. Cable modem.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I - 5. Optical carrier (fiber to the end user).	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I - 6. Satellite.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I - 7. Terrestrial fixed wireless (licensed or unlicensed).	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I - 8. Terrestrial mobile wireless (licensed or unlicensed).	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I - 9. Electric power line.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I - 10. All other technologies. Report specific corresponding number of connections in	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Note: In Part I.A, report actual counts of connections. Do not report voice-grade equivalent measures.

FCC Form 477 -- Local Telephone Competition and Broadband Reporting Part I: Broadband (continued)

PAETEC Communications, Inc. for Florida June 30, 2007

Complete Part I.B ONLY IF you are an ILEC (or an affiliate of an ILEC) that is reporting asymmetric or symmetric xDSL connections in Part I.A OR you are a cable system (or an aff

For the purposes of completing Part I.B:

- (1) "Residential end user premises" include residential living units, individual living units in such institutional settings as college dormitories and nursing homes, and other end
- (2) The "service area" of an ILEC consists of those residential end user premises to which the ILEC can deliver telephone service over local loop facilities (or the fixed-wireless I
- (3) The "service area" of a cable system consists of those residential end user premises to which the system can deliver cable service over cable plant that it owns.

I.B Report your best estimate of the percentage of residential end user premises in your service area, in this state, to which your broadband connections could be provided using

	(a) Estimated % of residential end user premises
I - 11. Providers of xDSL (asymmetric or symmetric) connections should base responses on the service area	<input type="text"/>
I - 12. Providers of cable modem connections should base responses on the service area of the	<input type="text"/>

FCC Form 477 -- Local Telephone Competition and Broadband Reporting Part II: Wireline and Fixed Wireless Local Telephone

EXPIRATION DATE: 05/31/2008

PAETEC Communications, Inc. for Florida June 30, 2007

Complete Part II if you provided one or more voice-grade equivalent lines or wireless voice-grade equivalent channels used for local exchange or exchange access service in the state.

If in Part II you report voice-grade equivalent lines or voice-grade equivalent wireless channels for service provided to end users, you must provide in Part V a list containing the 5-digit area code and exchange for each location.

Do not report anywhere in the form special access lines or any high-capacity connections between two locations of the same end user customer, ISP or communications carrier. No

Data as of June 30, 2007

	Percentages				
(a)	(b)	(c)	(d)	(e)	(f)

II.A Voice telephone service provided to end users.	Total voice-grade equivalent lines and voice-grade equivalent wireless channels in service	Residential lines	For which you (including affiliates) are the presubscribed interstate long distance carrier	Residential lines for which you (including affiliates) are the presubscribed interstate long distance carrier	Provided over your own local loop facilities or the fixed wireless last-mile equivalent	Provided over UNE loops obtained without UNE switching
---	--	-------------------	---	---	---	--

II - 1. Total lines and channels you provided to end users.

II.E Voice telephone service that you provided to

- II - 2. Lines and channels you provided to unaffiliated communications carriers under Total Service Resale
- II - 3. Lines and channels you provided to unaffiliated communications carriers under other resale arrangements,

II.C UNE loops that you provided to unaffiliated communications carriers, categorized by:

Total lines and wireless channels

- II - 4. Lines and channels that you provided to unaffiliated communications carriers under a UNE loop
- II - 5. Lines and channels that you provided to unaffiliated communications carriers under a UNE loop

Complete Part III if you serve one or more mobile voice telephony subscribers in the state over your own facilities. See Instructions for definitions of "mobile voice telephony subscri

Data as of June 30, 2007

III. Mobile voice telephony subscribers in service and served over your own facilities. (Include directly billed subscribers, pre-paid subscribers, and subscribers served via resellers.)

(a) Network telephone service subscribers	(b) Percentage of subscribers reported in (a) that are directly billed or pre-paid subscribers
--	--

III - 1. Cellular, PCS and other mobile telephony.

Note: In Part III, count a subscriber as a mobile handset, car-phone or other revenue-generating active voice unit that has a unique phone number and that can place and receive calls from the public switched network. Subscriber counts by state should be

FCC Form 477 -- Local Telephone Competition and Broadband Reporting Part IV: Explanations and Comments

PAETEC Communications, Inc. for Florida June 30, 2007

Space for comments or explanatory notes.

Part	Line	Comment
------	------	---------

Asymmetric
xDSL



Symmetric
xDSL



Cable
modem



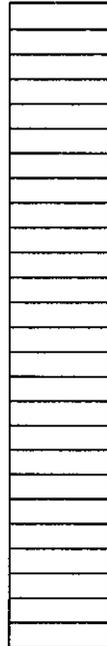
Optical
carrier (fiber
to the end
user)



Satellite



Terrestrial
fixed
wireless



Terrestrial
mobile
wireless



Electric



are encouraged to submit files via email (address: FCC477@fcc.gov).

plete this Cover Page to generate an "example" name, below. Replace the character "#" in this example name with a sequence

.....

.....

in one direction. For this purpose, include connections provided over yo

lines and wireless channels reported in (a), and

That have information transfer rates exceeding 200 kbps in both directions, and:

(g) Have information transfer rates in	(h) Have information transfer rates in	(i) Have information transfer rates in	(j) Have information transfer rates in
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

affiliate of a

last mile equivalent)

OMB NO: 3060-0816
EXPIRATION DATE: 05/31/2008

ate. See Instructions about including lines provisioned over channelized high
digit Zip Codes of the locations to which you provide those lines or ch
ote that competitive LECs (CLECs) typically do not provide either Total Service

of lines and wireless channels reported in (a)

(g)

(h)

(i)

(j)

Provided over UNE-Platform

Provided by reselling another carrier's service (including Centrex/Centron or channelized special access service)

Provided over coaxial cable at the end user premises ("cable telephony")

Provided over fixed wireless at the end user premises

OMB NO: 3060-0816

EXPIRATION DATE: 05/31/2008

ibers" and "own facilities".

OMB NO: 3060-0816

EXPIRATION DATE: 05/31/2008

OMB NO: 3060-0816
EXPIRATION DATE: 05/31/2008

Reporting mobile wireless broadband connections must report

Part I				Telephone service reported in Part II
1)	(i)	(i)	91	

FCC Form 477 -- Local Telephone Competition and Broadband Reporting Cover Page: Name & Contact Information

EXPIRATION DATE

All filers must complete Items 1 through 8 of this Cover Page. Data as of

Review Instructions before completing this form. Instructions are posted at:

<http://www.fcc.gov/Forms/Form477/477Instr.pdf>

1. Company.

2. Filers must report data for ILEC and non-ILEC operations on separate forms. Use the following drop-down box to indicate whether this worksheet contains data for ILEC or for non-ILEC operations.

3. Use the following drop-down box to select the name of your parent or controlling entity. If you are not affiliated with any other filer, select your company name. Select "not shown" if no appropriate name appears in the list. See Instructions section IV.B.1 for information on preparing file names.

If you selected "not shown" above, then provide the following:

Parent or controlling entity name (if none, enter company name).

4. Filers must report data for different states in separate forms. State.

5. Contact person (person who prepared the data contained below)

6. Contact person telephone number and email address. Phone.

Email.

7. Indicate whether this is an original or revised filing.

8. Indicate whether you request non-disclosure of some or all of the information in this file because you believe that this information is privileged and confidential and public disclosure of such information would likely cause substantial harm to the competitive position of the filer.

Reminders:

- 1) Ensure files are virus free by using up-to-date virus detection software. Filers are encouraged to submit files via email (address: FCC477@fcc.gov).
- 2) If you are filing original or revised data for an earlier semi-annual reporting period, do not use this particular form (which is only for data as of December 31, 2007). See reminder 4.
- 3) You may not insert or delete columns or rows, move cells, or edit text or numbers outside the cells provided for data entries. Filers will be required to correct and resubmit any files that cannot be opened in EXCEL 2003, any files whose structure has been altered, and any files with improper names.
- 4) If you have questions about the form, contact the Wireline Competition Bureau, Industry Analysis and Technology Division at (202) 418-0940; via email at 477INFO@fcc.gov; or via TTY at (202) 418-0484.
- 5) You must submit a Certification Statement signed by an officer of your company. A single statement may cover all files submitted. See Instructions sections IV & V.
- 6) Name your files as specified in Instructions section IV.B.1. To assist you, this Page to generate an "example" name, below. Replace the character "#" in with a sequence number as specified in Instructions. This number should not be used to cause you to submit more than one file with the identical file name.

Example >>>

DOCUMENT NUMBER-DATE
03693 MAY-5 08
FPSC-COMMISSION CLERK

FCC Form 477 -- Local Telephone Competition and Broadband Reporting Part I: Broadband

EXPIRATION DATE: _____

PAETEC Communications, Inc. for Florida December 31, 2007

Complete Part I.A if you provide one or more lines or wireless channels in the state that connect end users to the Internet at information transfer rates exceeding 200 kbps in at least one direction. For this purpose, include connections provided over your own local loop facilities or over lines or wireless channels you provisioned to enable information transfer at the end user location at rates exceeding 200 kbps in at least one direction. See Instructions for definitions of "broadband", "end user", "own local loop facilities", and "residential end user premises".

If you complete Part I.A, you must provide in Part V specified lists of 5-digit Zip Codes. See Instructions.

Do not report anywhere in the form any high-capacity connections between two locations of the same end user customer, ISP or communications carrier.

Data as of December 31, 2007

I.A. Lines and wireless channels connecting end users to the Internet that you provided over your own local loop facilities, or over UNE loops or other lines and wireless channels that you obtained from unaffiliated entities and equipped as broadband, categorized by technology at the end user location.

(a) Total connections to end users (information transfer rates exceeding 200 kbps in at least one direction)	Percentages of lines and wireless channels reported in (a), and						
	(b) Provided to residential end user premises	(c) Provided over your own local loop facilities or the wireless last-mile equivalent	(d) Billed (or incorporated in a service billed) to end users by you, or your affiliates or agents	That have information transfer rates exceeding 200 and:			
				(e) Provided to residential end user premises	(f) Have information transfer rates in the faster direction greater than 200 kbps and less than 2.5 mbps	(g) Have information transfer rates in the faster direction greater than or equal to 2.5 mbps and less than 10 mbps	(h) Have information transfer rates in the faster direction greater than or equal to 10 mbps and less than 25 mbps
I - 1. Asymmetric xDSL.							
I - 2. Symmetric xDSL.							

- I - 3. Traditional wireline such as T-carrier.
- I - 4. Cable modem.
- I - 5. Optical carrier (fiber to the end user).
- I - 6. Satellite.
- I - 7. Terrestrial fixed wireless (licensed or unlicensed).
- I - 8. Terrestrial mobile wireless (licensed or unlicensed).
- I - 9. Electric power line.
- I - 10. All other technologies. Report specific technology corresponding number of connections in the comment section of Part IV.

Note: In Part I.A, report actual counts of connections. Do not report voice-grade equivalent measures.

FCC Form 477 -- Local Telephone Competition and Broadband Reporting Part I: Broadband (continued)

EXPIRATI

PAETEC Communications, Inc. for Florida December 31, 2007

Complete Part I.B **ONLY IF** you are an ILEC (or an affiliate of an ILEC) that is reporting asymmetric or symmetric xDSL connections in Part I.A **OR** you are a cable system (or an affiliate of a cable system) that is reporting cable modem connections in Part I.A.

For the purposes of completing Part I.B:

- (1) "Residential end user premises" include residential living units, individual living units in such institutional settings as college dormitories and nursing homes, and other end user locations to which you (including affiliates and agents) market broadband services that are primarily designed for residential use.
- (2) The "service area" of an ILEC consists of those residential end user premises to which the ILEC can deliver telephone service over local loop facilities (or the fixed-wireless last mile equivalent) that it owns.
- (3) The "service area" of a cable system consists of those residential end user premises to which the system can deliver cable service over cable plant that it owns.

I.B. Report your best estimate of the percentage of residential end user premises in your service area, in this state, to which your broadband connections could be provided using installed distribution facilities.

(a)
Estimated % of residential end user premises

I - 11. Providers of xDSL (asymmetric or symmetric) connections
 should base responses on the service area of the
 affiliated ILECs.

I - 12. Providers of cable modem connections should base
 responses on the service area of the affiliated cable
 systems.

FCC Form 477 -- Local Telephone Competition and Broadband Reporting Part II: Wireline and Fixed Wireless Local Teleph

PAETEC Communications, Inc. for Florida December 31, 2007

EXPIRATI

Complete Part II if you provided one or more voice-grade equivalent lines or wireless voice-grade equivalent channels used for local exchange or exchange access service in the service area. See Instructions about including lines provisioned over channelized high-capacity facilities, including PRI circuits used to provide local connectivity to dial-up ISPs. Also see Instructions for definitions of "voice telephone service", "voice-grade equivalent", "end user", "residential lines", "presubscribed interstate long distance carrier", "own local loop facilities", and "unaffiliated communications carrier".

If in Part II you report voice-grade equivalent lines or voice-grade equivalent wireless channels for service provided to end users, you must provide in Part V a list containing the Codes of the locations to which you provide those lines or channels. See Instructions.

Do not report anywhere in the form special access lines or any high-capacity connections between two locations of the same end user customer, ISP or communications carrier. Competitive LECs (CLECs) typically do not provide either Total Service Resale or UNE arrangements. Therefore, on Line II-3 of Part II, CLECs typically report any wholesale service channels sold to unaffiliated communications carriers.

Data as of December 31, 2007

(a)	Percentages of lines and wireless channels reported in (a)						
	(b)	(c)	(d)	(e)	(f)	(g)	(h)

	Total voice-grade equivalent lines and voice-grade equivalent wireless channels in service	Residential lines	For which you (including affiliates) are the presubscribed interstate long distance carrier	Residential lines for which you (including affiliates) are the presubscribed interstate long distance	Provided over your own local loop facilities or the fixed wireless last-mile equivalent	Provided over UNE loops obtained without UNE switching	Provided over UNE-Platform	Provided by reselling another carrier's service (including Centrex/Centron or channelized special access service)
II.A. Voice telephone service provided to end users.								
II - 1. Total lines and channels you provided to end users.								
II.B. Voice telephone service that you provided to unaffiliated communications carriers, categorized by:								
II - 2. Lines and channels you provided to unaffiliated communications carriers under Total Service Resale arrangements.								
II - 3. Lines and channels you provided to unaffiliated communications carriers under other resale arrangements, such as resold Centrex or resold channelized special access								
II.C. UNE loops that you provided to unaffiliated communications carriers, categorized by:	Total lines and wireless channels							
II - 4. Lines and channels that you provided to unaffiliated communications carriers under a UNE loop arrangement, where you did not provide switching								
II - 5. Lines and channels that you provided to unaffiliated communications carriers under a UNE loop arrangement, where you also provided switching for the line ("UNE-								

Complete Part III if you serve one or more mobile voice telephony subscribers in the state over your own facilities. See Instructions for definitions of "mobile voice telephony subscribers" and "own facilities".

Data as of December 31, 2007

III.A. Mobile voice telephony subscribers in service and served over your own facilities. (Include directly billed subscribers, pre-paid subscribers, and subscribers served via resellers.)

(a) Network telephone service subscribers	(b) Percentage of subscribers reported in (a) that are directly billed or pre-paid subscribers
--	---

III - 1. Cellular, PCS and other mobile telephony.

Note: In Part III, count a subscriber as a mobile handset, car-phone or other revenue-generating active voice unit that has a unique phone number and that can place and receive calls from the public switched network. Subscriber counts by state should be based on the area codes of the phone numbers provided to subscribers.

FCC Form 477 -- Local Telephone Competition and Broadband Reporting Part IV: Explanations and Comments

PAETEC Communications, Inc. for Florida December 31, 2007

EXPIRATION DATE

Space for comments or explanatory notes.

OMB NO: 3060-0816
ON DATE: 05/31/2008

ers are

complete this Cover
this example name
be "1" unless using "1"



OMB NO: 3060-0816
CN DATE: 05/31/2008

		Have information transfer rates in the faster direction greater than or equal to 25 mbps and less than 100 mbps	()	kpbs in both directions.
		Have information transfer rates in the faster direction greater than or equal to 100 mbps	()	

OMB NO: 3060-0816
ON DATE: 05/31/2008

OMB NO: 3060-0816
ON DATE: 05/31/2008

e state.
tructions for
INE-
5-digit Zip

Note that
atched voice lines and

(i)	(j)
-----	-----

<input type="checkbox"/>	Provided over coaxial cable at the end user premises ("cable telephony")
<input type="checkbox"/>	Provided over fixed wireless at the end user premises

OMB NO: 3060-0816
ON DATE: 05/31/2008

OMB NO: 3060-0816
ON DATE: 05/31/2008

reporting
and offered

	Telephone service reported in Part II
(i) Other including traditional wireline	(j) Wireline and fixed wireless exchange telephone

Table 1: Traditional Retail Switched Access Lines on a Voice-Grade Equivalent (VGE) Basis

Company Name: PAETEC Communications, Inc.

Company Code*: TX-234

* Your Company code is shown on the label affixed to the envelope in which this was mailed and on the cover letter.

THIS TABLE IS TO ONLY CAPTURE TRADITIONAL RETAIL SWITCHED ACCESS LINES. DO NOT INCLUDE LINES REPORTED IN TABLE 5.

Complete Table 1 if you provided *voice telephone service* to Florida *end users* via one or more *voice-grade equivalent (VGE)* lines or fixed wireless *VGE* channels. See FCC Form 477 definitions and instructions for *Line A.II-1* and complete this table accordingly.

Each Exchange name and corresponding data must be entered in a separate row.

Do *not* report special access lines or any high-capacity connections *between two locations of the same* end user, ISP, or telecommunications carrier.

Please provide data as of June 30, 2007 and as of December 31, 2007 in two separate tables.

(1)	(a)	Percentages of lines and wireless channels reported in (a)**					
		Ⓐ	Ⓑ	Ⓒ	Ⓓ	Ⓔ	Ⓕ

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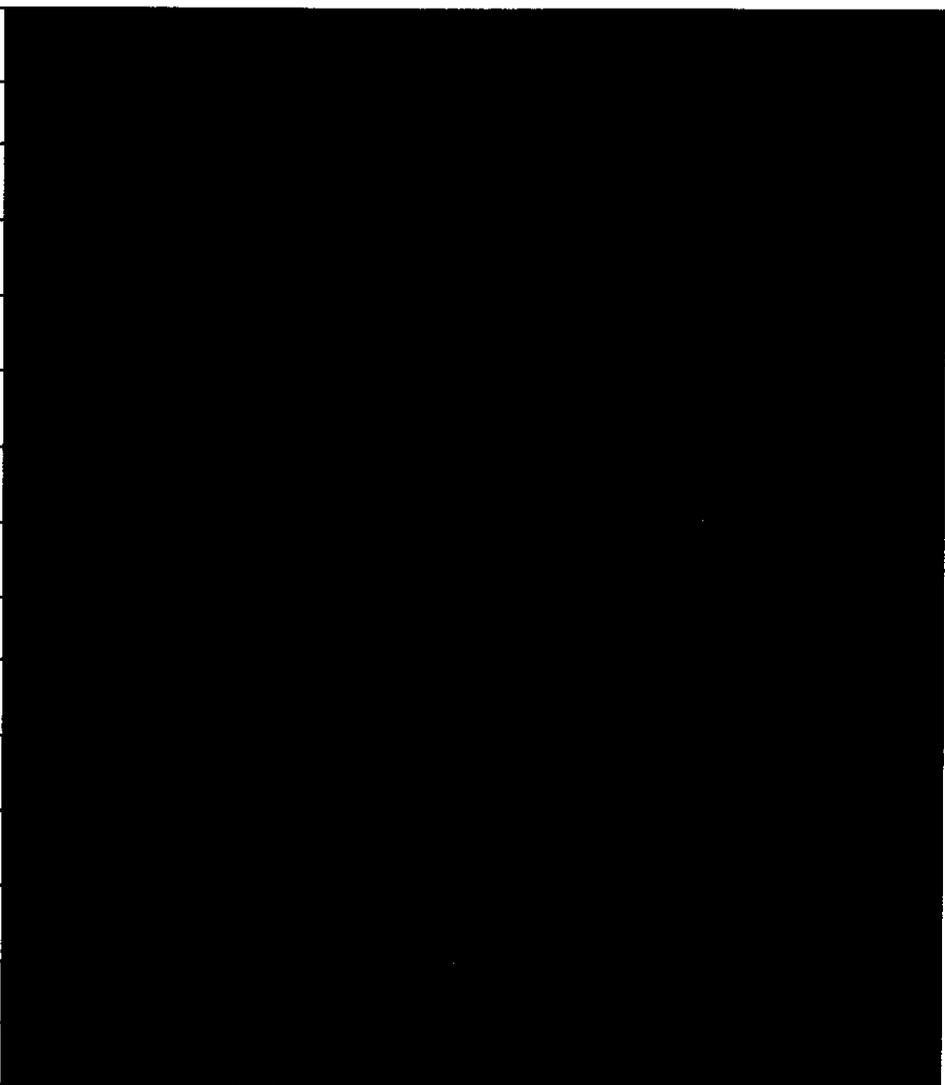
II.A. Voice telephone service provided to end users :

Exchange	Total VGE lines and VGE wireless channels in service
APOPKA	<div style="background-color: black; width: 100%; height: 100%;"></div>
BARTOW	
BOCA RATON	
BOYNTONBCH	
BUNNELL	
CELEBRATN	
CLEARWATER	
COCOA	
Residential lines	
Provided over your own local loop facilities or the fixed wireless last-mile equivalent	
Provided over UNE loops obtained without UNE switching	
Provided over UNE-Platform	
Provided by reselling another carrier's service (including Centrex/Centron or channelized special access service)	
Provided over coaxial cable at the end user premises ("cable telephony")	
Provided over fixed wireless at the end user premises	

CORAL SPG
DAYTONABCH
DEBARY
DEERFLDBCH
DELAND
DELEON SPG
DELRAY BCH
EAU GALLIE
FLAGLERBCH
FORTPIERCE
FTLAUDERDL
GAINESVL
GREENCVSPG
HOBE SOUND
HOLLYWOOD
HOMESTEAD
HUDSON
JACKSONVL
JUPITER
KEYS
KISSIMMEE

LAKELAND
MELBOURNE
MIAMI
NAPLES
NORTH DADE
NWPTRICHEY
NWSMYRNBCH
OAK HILL
ORLANDO
PALATKA
PALM COAST
PALMETTO
PERRINE
PIERSON
POMPANOCH
PTCHARLOTT
PTST LUCIE
REEDYCREEK
SANFORD
SARASOTA
ST JOHNS

STPERERSBG
STUART
TALLHASSE
TAMPA
TAMPACEN
TAMPAEST
TAMPAWST
TITUSVILLE
VERO BEACH
WINTER HVN
WINTERGRDN
WINTERPARK
WKISSIMMEE
WPALMBEACH



Total lines and channels you provided to *end users*:

* *We are not asking for information contained in columns (c) and (d) of the FCC Form 477.

Table 2: Resold Lines Provided to Unaffiliated Telecommunications Carriers on a Voice-Grade Equivalent (VGE) Basis

Company Name: PAETEC Communications, Inc.

Company Code*: TX-234

* Your Company code is shown on the label affixed to the envelope in which this was mailed and on the cover letter.

THIS TABLE IS TO ONLY CAPTURE RESOLD LINES PROVIDED TO UNAFFILIATED TELECOMMUNICATIONS CARRIERS.

Complete Table 2 if you provided one or more *voice-grade equivalent (VGE)* lines or fixed wireless *VGE* channels to *unaffiliated* telecommunications carriers, including those under *commercial* agreements, to enable the *unaffiliated* carriers to provide *voice telephone service* to Florida end users. See FCC Form 477 definitions and instructions for *Line B.II-2* and *Line B.II-3* and complete this table accordingly, except that you should *not* report any UNE-Ps in this table.

Each Exchange name and corresponding data must be entered in a separate row.

Report all lines and channels under *resale* arrangements with *unaffiliated* carriers, including *other resale* arrangements under *commercial* agreements that replace, or substitute for, UNE arrangements or line-sharing. However, do *not* report any Local Platform (formerly known as UNE-P) loops in this table, as those should be reported in Table 4. Examples of *other resale* arrangements also include *Centrex/Centron* or *Special Access* service to enable the *unaffiliated* carriers to provide *local* telephone service to their end users. However, do *not* report special access lines or any high-capacity connections *between two locations of the same* end user, ISP or telecommunications carrier.

Please provide data as of June 30, 2007 and as of December 31, 2007 in two separate tables.

II.B. *Voice telephone service* that you provided to *unaffiliated* telecommunications carriers, categorized by:

(1) Exchange	(a) Total VGE lines and VGE wireless channels in service
BOCA RATON	
FTLAUDERDL	
GAINESVL	
HOLLYWOOD	
HOMESTEAD	
KEYS	
MIAMI	
POMPANOBCH	
PTCHARLOTT	
SANFORD	
Lines and channels under <i>Resale</i>	
arrangements	

Table 3: UNE Loops Without Switching Provided to Unaffiliated Telecommunications Carriers - Not on VGE Basis

Company Name:

PAETEC Communications, Inc.

Company Code*:

TX-234

* Your Company code is shown on the label affixed to the envelope in which this was mailed and on the cover letter.

THIS TABLE IS TO ONLY CAPTURE UNE LOOPS WITHOUT SWITCHING PROVIDED TO UNAFFILIATED TELECOMMUNICATIONS CARRIERS.

Complete Table 3 if you provided circuits to *unaffiliated* telecommunications carriers under an *unbundled network element (UNE) loop* arrangement, including those under *commercial* agreements, to enable the *unaffiliated* carrier to provide *voice telephone service* to Florida end users. See FCC Form 477 definitions and instructions for *Line C.11-4* and complete this table accordingly.

Each Exchange name and corresponding data must be entered in a separate row.

Please provide data as of June 30, 2007 and as of December 31, 2007 in two separate tables.

II.C. UNE Loops that you provided to <i>unaffiliated</i> telecommunications carriers, categorized by:	(1) Exchange	(a) Total lines and wireless channels (do <i>not</i> convert to VGEs)
Lines and channels under a UNE loop arrangement, where you <i>did not provide switching</i> for the line.		

Table 4: UNE Loops With Switching (formerly known as UNE-P) Provided to Unaffiliated Telecommunications Carriers - Not on VGE Basis

Company Name:

Company Code*:

* Your Company code is shown on the label affixed to the envelope in which this was mailed and on the cover letter.

THIS TABLE IS TO ONLY CAPTURE UNE LOOPS WITH SWITCHING PROVIDED TO UNAFFILIATED TELECOMMUNICATIONS CARRIERS.

Complete Table 4 if you provided circuits to *unaffiliated* telecommunications carriers under a *Local Platform* (formerly known as *UNE-P*) arrangement, including those under *commercial* agreements, to enable the *unaffiliated* carriers to provide *voice telephone service* to Florida end users. See FCC Form 477 definitions and instructions for *Line C.II-5* and complete this table accordingly, except that you should include the UNE-Ps governed by *commercial* agreements in this table, not in Table 2.

Each Exchange name and corresponding data must be entered in a separate row.

Please provide data as of June 30, 2007 and as of December 31, 2007 in two separate tables.

II.C. UNE Loops that you provided to <i>unaffiliated</i> telecommunications carriers, categorized by:	(1) Exchange	(a) Total lines and wireless channels (do <i>not</i> convert to VGEs)
Lines and channels under a UNE loop arrangement, where you also <i>provided switching</i> for the line (" <i>Local Platform</i> ", formerly <i>UNE-P</i> ").		

Table 5: VoIP Access Lines on a Voice-Grade Equivalent (VGE) Basis

Company Name:

PAETEC Communications, Inc.

Company Code*:

TX-234

* Your Company code is shown on the label affixed to the envelope in which this was mailed and on the cover letter.

THIS TABLE IS TO ONLY CAPTURE VoIP LINES. DO NOT INCLUDE LINES REPORTED IN TABLE 1.

Complete Table 5 if you provided VoIP service to Florida *end users* via one or more *voice-grade equivalent (VGE)* lines or wireless *VGE* channels.

An access line connects the end user's customer premises equipment (CPE) to the serving switch and allows the end user to originate and/or terminate local telephone calls on the public switched telephone network (PSTN). The access line counts in Table 5 below must be based on all of your different types of access lines (including fixed wireless) that are used to provide VoIP service.

Each field must be populated. All entries must be made without quotation marks.

TABLE COLUMN INSTRUCTIONS:

Column (a). List Exchanges in alphabetical order corresponding to the primary location where service is provided. **Reported exchange data should not be based on secondary service locations (i.e., where service has been moved temporarily to a secondary location such as a vacation home).**

Column (b). Enter the abbreviation **Res** for Residential lines or **Bus** for Business lines. **Residential lines and business lines must be entered in separate rows.**

Column (c). Enter line count as *voice-grade equivalents (VGEs)*. Report *VGEs* based on how the customer is billed. If the customer is billed for a dynamic bandwidth VoIP product, the line count would be the maximum number of VoIP lines available. If the customer is billed for a specific number of VoIP lines, or a range of lines, the VoIP line count would be the number of VoIP lines or the highest number of the range, respectively. **Each line count must be entered in separate rows.**

Please provide data as of June 30, 2007 and as of December 31, 2007 in two separate tables.

(a)	(b)	(c)
Exchange	Res or Bus	Total VGE Lines
BOCA RATON	BUS	
BOYNTONBCH	BUS	

BRADENTON	BUS
CELEBRATN	BUS
CLEARWATER	BUS
COCOA	BUS
DEERFLDBCH	BUS
DELRAY BCH	BUS
EAU GALLIE	BUS
FTLAUDEDL	BUS
GENEVA	BUS
HOLLYWOOD	BUS
HOMESTEAD	BUS
JUPITER	BUS
KEYS	BUS
MELBOURNE	BUS
MIAMI	BUS
NORTH DADE	BUS
ORLANDO	BUS
OVIEDO	BUS
PERRINE	BUS
PLANT CITY	BUS
STPETERSBURG	BUS
TAMPACEN	BUS
TAMPANTH	BUS
TARPON SPG	BUS
WPALMBEACH	BUS
WINTERPARK	BUS
Grand Total	

Table 1: Traditional Retail Switched Access Lines on a Voice-Grade Equivalent (VGE) Basis

Company Name:

PAETEC Communications, Inc.

Company Code*:

TX-234

* Your Company code is shown on the label affixed to the envelope in which this was mailed and on the cover letter.

THIS TABLE IS TO ONLY CAPTURE TRADITIONAL RETAIL SWITCHED ACCESS LINES. DO NOT INCLUDE LINES REPORTED IN TABLE 5.

Complete Table 1 if you provided *voice telephone service* to Florida *end users* via one or more *voice-grade equivalent (VGE)* lines or fixed wireless *VGE* channels. See FCC Form 477 definitions and instructions for *Line A.II-1* and complete this table accordingly.

Each Exchange name and corresponding data must be entered in a separate row.

Do *not* report special access lines or any high-capacity connections *between two locations of the same* end user, ISP, or telecommunications carrier.

Please provide data as of June 30, 2007 and as of December 31, 2007 in two separate tables.

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(1) Exchange	(a) Total VGE lines and VGE wireless channels in service	Percentages of lines and wireless channels reported in (a)**						
		(b) Residential lines	(c) Provided over your own local loop facilities or the fixed wireless last-mile equivalent	(d) Provided over UNE loops obtained without UNE switching	(e) Provided over UNE-Platform	(f) Provided by reselling another carrier's service (including Centrex/Centron or channelized special access service)	(g) Provided over coaxial cable at the end user premises ("cable telephony")	(h) Provided over fixed wireless at the end user premises
APOPKA								

II.A. *Voice telephone service* provided to *end users*:

BARTOW
BOCA RATON
BOYNTONBCH
BUNNELL
CELEBARTIN
CLEARWATER
COCOA
CORAL SPG
DAYTONABCH
DEBARY
DELAND
DELEON SPG
DEERFLDBCH
DELRAY BCH
EAU GALLIE
FLAGLERBCH
FTLAUDERDL
FORTPIERCE
GAINESVL
GREENCVSPG
HOBE SOUND

HOLLYWOOD
HOMESTEAD
HUDSON
JACKSONVL
JUPITER
KEYS
KISSIMMEE
LAKELAND
MELBOURNE
MIAMI
NAPLES
NWPTRICHEY
NWSMYRNBCH
NORT DADE
OAK HILL
ORLANDO
OVIEDO
PALATKA
PALM COAST
PALMETTO
PERRINE

PIERSON
PLANT CITY
POMPANO BCH
PTST LUCIE
REEDY CREEK
SANFORD
SARASOTA
ST JOHNS
ST PETERSBURG
STUART
TALLAHASSEE
TAMPACEN
TAMPA EST
TAMPANATH
TAMPA WST
TITUSVILLE
VERO BEACH
WAKISSIMMEE
W PALM BEACH
WINTER GRDN
WINTER HVN

WINTERPARK

Total lines and channels you provided to *end users*:

* *We are not asking for information contained in columns (c) and (d) of the FCC Form 477.

Table 2: Resold Lines Provided to Unaffiliated Telecommunications Carriers on a Voice-Grade Equivalent (VGE) Basis

Company Name:

PAETEC Communications, Inc

Company Code*:

TX-234

* Your Company code is shown on the label affixed to the envelope in which this was mailed and on the cover letter.

THIS TABLE IS TO ONLY CAPTURE RESOLD LINES PROVIDED TO UNAFFILIATED TELECOMMUNICATIONS CARRIERS.

Complete Table 2 if you provided one or more *voice-grade equivalent (VGE)* lines or fixed wireless *VGE* channels to *unaffiliated* telecommunications carriers, including those under *commercial* agreements, to enable the *unaffiliated* carriers to provide *voice telephone service* to Florida end users. See FCC Form 477 definitions and instructions for *Line B.II-2* and *Line B.II-3* and complete this table accordingly, except that you should *not* report any UNE-Ps in this table.

Each Exchange name and corresponding data must be entered in a separate row.

Report all lines and channels under *resale* arrangements with *unaffiliated* carriers, including *other resale* arrangements under *commercial* agreements that replace, or substitute for, *UNE arrangements or line-sharing*. However, do *not* report any Local Platform (formerly known as UNE-P) loops in this table, as those should be reported in Table 4. Examples of *other resale* arrangements also include *Centrex/Centron* or *Special Access* service to enable the *unaffiliated* carriers to provide *local* telephone service to their end users. However, do *not* report special access lines or any high-capacity connections *between two locations of the same end user, ISP or telecommunications carrier*.

Please provide data as of June 30, 2007 and as of **December 31, 2007** in two separate tables.

II.B. Voice telephone service that you provided to unaffiliated telecommunications carriers, categorized by:	(1) Exchange	(a) Total VGE lines and VGE wireless channels in service
	BOCA RATON FTLAUDEDL GAINESVL HOLLYWOOD HOMESTEAD KEYS MIAMI POMPANOBCH PTCHARLOTT SANFORD	
Lines and channels under Resale arrangements		

Table 3: UNE Loops Without Switching Provided to Unaffiliated Telecommunications Carriers - Not on VGE Basis

Company Name:

PAETEC Communications, Inc.

Company Code*:

TX-234

* Your Company code is shown on the label affixed to the envelope in which this was mailed and on the cover letter.

THIS TABLE IS TO ONLY CAPTURE UNE LOOPS WITHOUT SWITCHING PROVIDED TO UNAFFILIATED TELECOMMUNICATIONS CARRIERS.

Complete Table 3 if you provided circuits to *unaffiliated* telecommunications carriers under an *unbundled network element (UNE) loop* arrangement, including those under *commercial* agreements, to enable the *unaffiliated* carrier to provide *voice telephone service* to Florida end users. See FCC Form 477 definitions and instructions for *Line C.11-4* and complete this table accordingly.

Each Exchange name and corresponding data must be entered in a separate row.

Please provide data as of June 30, 2007 and as of December 31, 2007 in two separate tables.

II.C. UNE Loops that you provided to <i>unaffiliated</i> telecommunications carriers, categorized by:	(1) Exchange	(a) Total lines and wireless channels (do not convert to VGEs)
Lines and channels under a UNE loop arrangement, where you <i>did not provide switching</i> for the line.		

Table 4: UNE Loops With Switching (formerly known as UNE-P) Provided to Unaffiliated Telecommunications Carriers - Not on VGE Basis

Company Name:

PAETEC Communications, Inc.

Company Code*:

TX-234

* Your Company code is shown on the label affixed to the envelope in which this was mailed and on the cover letter.

THIS TABLE IS TO ONLY CAPTURE UNE LOOPS WITH SWITCHING PROVIDED TO UNAFFILIATED TELECOMMUNICATIONS CARRIERS.

Complete Table 4 if you provided circuits to *unaffiliated* telecommunications carriers under a *Local Platform* (formerly known as *UNE-P*) arrangement, including those under *commercial* agreements, to enable the *unaffiliated* carriers to provide *voice telephone service* to Florida end users. See FCC Form 477 definitions and instructions for *Line C.II-5* and complete this table accordingly, except that you should include the UNE-Ps governed by *commercial* agreements in this table, not in Table 2.

Each Exchange name and corresponding data must be entered in a separate row.

Please provide data as of June 30, 2007 and as of December 31, 2007 in two separate tables.

	(1) Exchange	(a) Total lines and wireless channels (do not convert to VGEs)
II.C. UNE Loops that you provided to <i>unaffiliated</i> telecommunications carriers, categorized by: Lines and channels under a UNE loop arrangement, where you also <i>provided switching</i> for the line (" <i>Local Platform</i> , formerly <i>UNE-P</i> ").		

Table 5: VoIP Access Lines on a Voice-Grade Equivalent (VGE) Basis

Company Name: PAETEC Communications, Inc.

Company Code*: TX-234

* Your Company code is shown on the label affixed to the envelope in which this was mailed and on the cover letter.

THIS TABLE IS TO ONLY CAPTURE VoIP LINES. DO NOT INCLUDE LINES REPORTED IN TABLE 1.

Complete Table 5 if you provided VoIP service to Florida end users via one or more voice-grade equivalent (VGE) lines or wireless VGE channels.

An access line connects the end user's customer premises equipment (CPE) to the serving switch and allows the end user to originate and/or terminate local telephone calls on the public switched telephone network (PSTN). The access line counts in Table 5 below must be based on all of your different types of access lines (including fixed wireless) that are used to provide VoIP service.

Each field must be populated. All entries must be made without quotation marks.

TABLE COLUMN INSTRUCTIONS:

Column (a). List Exchanges in alphabetical order corresponding to the primary location where service is provided. **Reported exchange data should not be based on secondary service locations (i.e., where service has been moved temporarily to a secondary location such as a vacation home).**

Column (b). Enter the abbreviation **Res** for Residential lines or **Bus** for Business lines. **Residential lines and business lines must be entered in separate rows.**

Column (c). Enter line count as *voice-grade equivalents (VGEs)*. Report VGEs based on how the customer is billed. If the customer is billed for a dynamic bandwidth VoIP product, the line count would be the maximum number of VoIP lines available. If the customer is billed for a specific number of VoIP lines, or a range of lines, the VoIP line count would be the number of VoIP lines or the highest number of the range, respectively. **Each line count must be entered in separate rows.**

Please provide data as of June 30, 2007 and as of December 31, 2007 in two separate tables.

(a) Exchange	(b) Res or Bus	(c) Total VGE Lines
BOCA RATON	BUS	
BOYNTONBCH	BUS	
BRADENTON	BUS	
CELEBRATN	BUS	

CLEARWATER	BUS	
COCOA	BUS	
DEERFLDBCH	BUS	
DELRAY BCH	BUS	
EAU GALLIE	BUS	
FTLAUDEDL	BUS	
GENEVA	BUS	
HOLLYWOOD	BUS	
HOMESTEAD	BUS	
JUPITER	BUS	
KEYS	BUS	
MELBOURNE	BUS	
MIAMI	BUS	
NORTH DADE	BUS	
ORLANDO	BUS	
OVIEDO	BUS	
PERRINE	BUS	
PLANT CITY	BUS	
POMPANOCH	BUS	
SANFORD	BUS	
STPETERSBURG	BUS	
STUART	BUS	
TAMPACEN	BUS	
TAMPANTH	BUS	
TARPON SPG	BUS	
WPALMBEACH	BUS	
WINTERPARK	BUS	
Grand Total		

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
Petitions of Verizon Telephone Companies for) WC Docket No. 06-172
Forbearance Pursuant to 47 U.S.C. § 160(c) in)
the Boston, New York, Philadelphia, Pittsburgh.)
Providence and Virginia Beach Metropolitan)
Statistical Areas)

**REPLY COMMENTS OF
PAETEC COMMUNICATIONS, INC. AND US LEC CORP.**

PAETEC Communications, Inc. and US LEC Corp.¹ (collectively “PAETEC”), by their counsel, respectfully submit these Reply Comments in the above-captioned proceeding, opposing Verizon’s Petitions for forbearance from its obligation to provision § 251(c)(3) loop and transport unbundled network elements (“UNEs”) throughout the Boston, New York, Philadelphia, Pittsburgh, Providence and Virginia Beach Metropolitan Serving Areas (“Six MSAs”). As explained below, if Verizon’s Petitions are granted, PAETEC is concerned that the monopoly rent prices paid by wholesale customers for Verizon’s special access services will continue to increase.² Injury to the public interest will be twofold: 1) special access will cease as

¹ On behalf of itself and its operating subsidiaries: US LEC Communications, Inc. d/b/a PAETEC Business Services; US LEC of Alabama, Inc. d/b/a PAETEC Business Services; US LEC of Florida, Inc. d/b/a PAETEC Business Services; US LEC of Georgia, Inc. d/b/a PAETEC Business Services; US LEC of Maryland, Inc. d/b/a PAETEC Business Services; US LEC of North Carolina, Inc. d/b/a PAETEC Business Services; US LEC of Pennsylvania, Inc. d/b/a PAETEC Business Services; US LEC of South Carolina, Inc. d/b/a PAETEC Business Services; US LEC of Tennessee, Inc. d/b/a PAETEC Business Services; and US LEC of Virginia L.L.C. d/b/a PAETEC Business Services.

² This concern is borne out in the recent GAO report, cited by other opponents to the Petitions, in which the GAO determined that rates for special access services have increased where they are not regulated, thus demonstrating that the lack of facilities-based competitive alternatives results in unconstrained rates. GAO, Telecommunications - FCC Needs to Improve

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enhanced extended loops, or dark fiber. Instead, PAETEC relies on special access services for its loop plant until it becomes economical to self-provision the necessary facilities. (Undoubtedly, PAETEC is one of the carriers that Verizon has referenced as an example of competitors who successfully rely on special access services to compete.)³

In contrast to typical CLECs, which provide telecommunications service through unbundled network elements, commercial agreements, local resale, or through combination of UNEs and their own facilities, PAETEC relies on UNEs for only a small percentage of its loop and transport needs. Instead, PAETEC employs special access for most of its “last mile” connectivity. In order to reach its subscribers, PAETEC purchases DS1 and DS3 special access service from ILECs to connect the customer premises with the nearest PAETEC POP.

PAETEC pays the higher rates for special access circuits rather than TELRIC-based UNE rates for two reasons. First, PAETEC’s experience shows that ILEC special access operations support systems and processes -- although burdened with ordering confusion, provisioning delays and maintenance failures in their own right -- are still better than the operations support systems and processes related to UNEs. Second, regulatory uncertainty regarding UNE availability (as amply demonstrated in a long line of proceedings) wreaks havoc with business plans and distracts from the actual operation of the business.

PAETEC’s strategy has worked extremely well. Unlike many other competitive telecommunications carriers, PAETEC has never gone through a bankruptcy or financial reorganization, but has managed to grow successfully while honoring its commitments to all of its creditors and investors. As successful as PAETEC has been in the competitive

³ See, e.g. New York Petition, Lew/Verses/Garzillo Decl. paras. 11, 12, 45; see also *Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, Verizon Comments, Lew Decl. at 23.

telecommunications marketplace, however, its network and the continued growth of its business is dependent on the availability of reasonably priced special access facilities. PAETEC leases these facilities almost exclusively from ILECs. Particularly after the recent spate of large wireline carrier mergers, there now remain very few competitive access alternatives to ILEC-provided services.

II. FORBEARANCE WILL ELIMINATE THE CONSTRAINING INFLUENCE OF TELRIC RATES ON SPECIAL ACCESS PRICING.

Many parties in this proceeding have commented that forbearance will eliminate UNEs in the Six Cities, forcing competitive carriers who rely on these UNEs either to build out their networks to the last mile (an unlikely scenario) or convert their UNEs to special access circuits. To the casual observer, this would seem to benefit greatly PAETEC, since it has a business model that can operate profitably under these conditions, whereas its UNE-based competitors may not. However, this is not quite the case.

Although PAETEC does not lease UNEs as a primary loop and transport source, it does rely on their availability to provide a market check on special access rates. One only needs to review special access rates in areas in which Phase II pricing flexibility has been granted to conclude that the absence of UNEs will result in grossly excessive special access rates. These prices, which are simply monopoly rents for bottleneck facilities, not only increase a CLEC's cost of services (in many instances beyond the point of commercial viability), but they also result in higher prices paid to *all* carriers by the business telecommunications consumer, not just CLECs. While CLECs who purchase special access must pass on the increased cost to their customers, ILECs also are freer consequently to increase their own end-user rates in turn. The ripple effect on the American economy is substantial.

PAETEC and many other special access customers have already commented at length on

the inability of the Commission's current rules to restrain BOC special access rates.⁴ and PAETEC will not belabor the point here. Suffice it to say that Verizon has been carefree in its special access pricing ever since the Commission granted Verizon's request for Phase II pricing flexibility in the Six MSAs.⁵ With no competitive pressure to restrain Verizon's special access rates, Verizon has raised its rates for DS1 and DS3 channel terminations and channel mileage.⁶ For example, Verizon's special access pricing flexibility rates in these MSAs for a DS1 10-mile circuit are 20 to 30 percent higher than its (minimally) regulated price cap rates.⁷ Most recently, Verizon's 2006 interstate special access accounting rate-of-return was 52 percent.⁸ This return reflects Verizon's dominant market power; it far exceeds both the last authorized rate-of-return of 11.25%⁹ for such services and the expected return that would be made if the wholesale market were fully competitive. Thus, the Commission's prediction that adequate competitive alternatives exist to constrain Verizon's anticompetitive pricing of special access has proven entirely inaccurate and the lack of competition leaves Verizon free to increase rates above competitive

⁴ See *Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, Comments of PAETEC Communications, Inc. (June 13, 2005).

⁵ Verizon has received Phase II pricing flexibility relief for channel mileage in all of the six MSAs at issue here. For channel terminations, Verizon has Phase II pricing relief in the Pittsburgh and Virginia Beach MSAs and Phase I relief in the remaining four MSAs. *Verizon Petition for Pricing Flexibility for Special Access and Dedicated Transport*, CCB/CPD Nos. 00-24 and 00-28, Memorandum Opinion and Order, 16 FCC Rcd 5884, 5885 (2001); *Petition of Verizon for Pricing Flexibility for Special Access and Dedicated Transport Services*, CCB/CPD File No. 01-27, Memorandum Opinion and Order, 17 FCC Rcd 5359 (2002).

⁶ See *Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, Ad Hoc Telecommunications Users Committee Comments at 21, Attachment C at 1-4 (June 13, 2005). The analysis was performed based on a 10-mile circuit (either DS1 or DS3) since pricing flexibility was granted.

⁷ *Id.*

⁸ This is based on Verizon's own Automated Reporting Management Information System (ARMIS) data.

⁹ *Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, Notice of Proposed Rulemaking, FCC 05-18 para. 60 (rel. Jan. 31, 2005).

levels.

Even with these supracompetitive rates, an imperfect and barely tolerable competitive environment for access services still exists. This is only due to the availability of high capacity UNEs and price caps on some special access services. In the apparent absence of a competitive market for access services, a reasonable substitute must exist in order to control what would otherwise be unfettered ILEC natural monopoly behavior. The availability of ILEC high capacity UNEs priced at TELRIC contributes to special access pricing stability simply because purchasers of special access retain the flexibility to migrate to UNE services if wholesale special access prices are increased. The economics of substitute goods availability are well known to competitive providers like PAETEC. However, without the countervailing influence of TELRIC-based UNEs or complementary government imposed price caps, special access rates in all likelihood will continue to increase significantly and, eventually, may no longer be affordable.

Where an ILEC has a monopoly over an upstream input needed by competitors in downstream markets, the ILEC has powerful incentives to engage in anticompetitive price and non-price discrimination in the provision of that input to competitors. Because Verizon continues to enjoy monopoly control over local loops and transport facilities in many locations, it would have every incentive once UNEs are eliminated to increase special access prices (or reduce available discounts), degrade service quality, and engage in other anticompetitive conduct that inhibits competitors in the local market.

In its Comments in the Triennial Review Proceeding, Time Warner Telecom (“TWTC”) related a real-life example of this. It described how, prior to the *USTA II* decision,¹⁰ it had been making progress (albeit slowly) toward negotiating an agreement with SBC that would have

¹⁰ *United States Telecom Ass’n v. FCC*, 359 F.3d 554 (D.C. Cir. 2004).

provided TWTC with slightly reduced special access pricing combined with modest performance commitments. After the release of the *USTA II* decision, however, SBC's proposed terms became significantly more onerous and discriminatory. SBC immediately rescinded its offer of limited flexibility on revenue commitments and, instead, actually increased TWTC's overall termination penalties for non-compliance with the volume and term commitments contained in the draft agreement and refused to continue negotiations regarding performance benchmarks or penalties.¹¹ TWTC related similar problems with Qwest. After *USTA II*, Qwest significantly increased the month-to-month charges in its federal special access tariff.¹² Given these examples, there is every reason to believe that, if the Commission were to relieve Verizon of its obligation to offer § 251(c)(3) loop and transport facilities in the MSAs at issue, Verizon's special access rates for DS1 and DS3 facilities in these areas would increase beyond their already inflated levels.¹³

The Commission has unequivocally demonstrated that it understands this dynamic. In the *TRRO*, it explained that, even assuming that some competitive LECs like PAETEC can profit by using special access to provide their services, "the availability of UNEs is itself a check on special access pricing, and [the] elimination of UNE availability to customers using tariffed alternatives might preclude competition using those tariffed services going forward. Specifically, without recourse to TELRIC-priced UNEs, carriers using special access could lose

¹¹ *Unbundled Access to Network Elements*, WC Docket No. 04-313, Time Warner Telecom Comments at 16 (Oct. 4, 2004).

¹² *Id.* at 17.

¹³ Although, as Verizon states in its Petitions, the *Verizon/MCI Order* prohibits Verizon from raising its DS1 and DS3 special access rates for 30 months following the merger closing (*i.e.*, July 28, 2008), Verizon would likely increase its prices shortly after that time frame. *Application of Verizon Communications, Inc. and MCI, Inc.*, WC Docket No. 05-75, Memorandum Opinion and Order, 20 FCC Rcd 18433 *Appendix G*, Special Access Condition No. 5 (2005) ("*Verizon/MCI Order*").

substantial bargaining power when negotiating special access rates.”¹⁴ It agreed with TWTC that “UNEs have unquestionably had a constraining influence on the incumbents’ exercise of their power over special access price and service quality.”¹⁵ In the *Verizon/MCI Order*, the Commission reaffirmed this conclusion and stated that “regardless of whether competitors are able to negotiate significant discounts, where competitive duplication of the last-mile facility is not economic, competing carriers will be able to rely on high-capacity loop and transport UNEs priced at Total Element Incremental Cost (TELRIC)”¹⁶

At least two RBOCs agree as well. In the Triennial Review proceeding, BellSouth explained that “[w]here [UNE-based] competition occurs, it is very likely that the ILECs will continue offering advantageous pricing arrangements in order to avoid handicapping their special access customers relative to UNE providers.”¹⁷ In the SBC - AT&T merger, the parties reiterated the Commission’s finding verbatim, quoting the Commission’s statement that “the availability of UNEs is itself a check on special access pricing.”¹⁸

¹⁴ *Unbundled Access to Network Elements*, WC Docket No. 04-313, Order On Remand, 20 FCC Rcd 2533 para. 65 (2005) (“*TRRO*”).

¹⁵ *Id.*

¹⁶ *Verizon/MCI Order* para. 43; *see also id.* para. 51 (explaining that “where UNEs are available, they provide an alternative for special access service and might serve to constrain, at least to some extent, special access price increases and other raising rivals’ costs strategies.”) (citing *TRRO* paras. 167-181 and 62-65).

¹⁷ *Unbundled Access to Network Elements*, WC Docket No. 04-313, BellSouth Special Access *Ex Parte* Letter at 8 (Dec. 7, 2004).

¹⁸ *SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control*, WC Docket No. 05-65, Description of the Transaction, Public Interest Showing and Related Demonstrations at 105 & n.348 (Feb. 21, 2005).

III. CONCLUSION

Through their efforts over the years, the ILECs have already been successful in restricting the affordability and, therefore, practical availability of UNEs. Their latest strategy is to abuse Section 10 forbearance to further cement their monopoly control of the last mile to the customer premises. Elimination of TELRIC-based UNEs would undoubtedly increase special access pricing, undermining or destroying the ability to compete using tariffed alternatives, thereby frustrating the pro-competitive goals of the Act. Given Verizon's continued dominance in the special access market, PAETEC urges the Commission to refrain from any action that will permit special access rates to rise above their already inflated levels. It should accordingly deny the Petitions for Forbearance. If it does grant forbearance, however, even in the face of overwhelming reasons not to, then it is absolutely imperative that the Commission immediately address the issue of unrestrained special access pricing in proceedings already before it.

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