EXHIBIT A-2

McLeodUSA

Hand-Delivered

May 12, 1997

Mr. Joel I. Klein
Acting Assistant Attorney General
Antitrust Division, Department of Justice
Main Justice Bldg
10th & Constitution Ave., N.W.
Room 3208
Washington, D.C. 20530

Dear Mr. Klein:

Mr. Clark McLeod, Chairman and CEO of McLeod, Inc. (d/b/a McLeodUSA, "McLeodUSA"), recently was on a panel discussing the status of local competition at a meeting of the Regional Oversight Committee (ROC) in Sante Fe, New Mexico. On April 29, 1997, Attorney Joyce Hundley of the Department's Telecommunication Task Force, who also attended the ROC conference and heard Mr. McLeod's recitation of problems with U S West Communications, Inc. ("U S West"), contacted McLeodUSA regarding its experiences in dealing with U S West. Attorney Hundley asked for more detailed information as the Department prepares for an eventual section 271 filing by U S West.

McLeodUSA understands and encourages the Department's evident resolve in fulfilling its pivotal role of evaluating an incumbent local exchange company's ("ILEC") application under section 271 of the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) ("1996 Act") to provide in-region long distance service. Indeed, to effectively protect the public interest by ensuring that local exchange markets are truly competitive before recommending that an ILEC should be authorized to provide in-region long distance service, the Department must have a thorough understanding of how an ILEC can manipulate its network bottleneck to technically, economically and operationally inhibit or prohibit development of competition in its local exchange markets.

However, even more fundamental to the Department than its role in reporting on an ILEC's section 271 compliance, is the Department's ongoing responsibility of investigating and prosecuting antitrust violations under sections 1 and 2 of the Sherman Act. As you noted in your recent speech *Preparing for Competition in a Deregulated Telecommunications Market*, the 1996 Act explicitly keeps the antitrust laws in force. Anticompetitive actions taken by an ILEC against a new entrant may rise to the level of antitrust violations.

Over the past four years, McLeodUSA believes it has been subject to a pattern of anticompetitive actions. U S West has denied McLeodUSA nondiscriminatory, reasonably-priced access to "essential facilities," setting up a classic supplier/competitor-customer/competitor friction leading to strategic (and tactical) anticompetitive conduct that warrants an investigation by the Justice Department.

Introduction

McLeodUSA (NASDAQ:MCLD) through its operating subsidiaries, provides integrated telecommunication services to small and medium size businesses, and (since June 1996) residential customers. Currently, McLeodUSA serves approximately 80,000 telephone lines, primarily in Iowa and Illinois, providing local, long distance and other telecommunication services to approximately 14,000 business customers and 12,000 residential customers. Industry analysts have concluded that, based on the number of lines served, McLeodUSA is the second largest competitive local exchange carrier in the country.

Furthermore, McLeodUSA's marketing strategy focuses on small and medium businesses and residential customers in their homes (rather than on large businesses with many lines in a relatively few locations, or residential users in multi-occupancy dwellings). As a result, McLeodUSA believes that it likely is the largest competitive local exchange carrier in the country in terms of customers and locations actually served. Even so, McLeodUSA has but 7.5% and 3.2% market share in the Regional Bell Operating Companies' ("RBOC") service areas in Iowa and Illinois, respectively. McLeodUSA currently serves its customer base exclusively via resale; McLeodUSA intends to eventually transition its customer base to facilities-based service.

McLeodUSA currently uses a product known as "Centrex"[1] in order to provide competitive local exchange services, and long distance service using capacity purchased from long distance carriers. Centrex utilizes existing lines and switching equipment of the incumbent carrier in order to provide local service to a designated group of lines. These lines are connected to a Centrex "common block" within the serving central office switch. This common block is not a physical piece of equipment, but rather is a software "partition" of the existing central office switch. The Centrex user receives a certain package of features on lines connected to the common block; and toll calls from users connected to the common block can be routed over dedicated access facilities to reach an interexchange carrier.

Because Centrex uses existing access lines and switching equipment, transferring a customer to Centrex service provided by McLeodUSA is a relatively simple proposition. Only

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[1] Various versions of Centrex have existed over the years, as different features and functions have developed. The version currently available in most U S West states is known as Centrex Plus. All versions, however, are similar in their essential operating features.

software instructions are required to change the class of service and add the line(s) in question to McLeodUSA's already-existing Centrex common block in the central office switch. No change in telephone numbers, and no physical disconnection or reconnection of equipment, is necessary. Centrex was chosen by McLeodUSA for its entry strategy, in part, because U S West's twenty years plus experience in providing this product to end users and other resellers in an identical manner should permit U S West to seamlessly transition into a commercially scalable resale mode for this product.

McLeodUSA began its local service operations in January 1994 in Iowa, expanded to Illinois in mid-1994, and recently began offering local exchange and other telecommunications services in Wisconsin and Minnesota. McLeodUSA may now be U S West's single largest local line customer purchasing more than 50,000 lines, plus currently paying U S West more than $11,000 per day in installation charges alone. Local service expansion plans for 1997 include South Dakota, North Dakota, Colorado and Wyoming. Subsequent expansion should occur in Utah, Montana, Nebraska and Idaho. While other new entrants have been preparing to offer telecommunications services in local exchange markets since passage of the 1996 Act, McLeodUSA has been in the trenches for more than three years competing with ILECs to provide customers a choice in service providers and paving the way for other competitors to follow.

McLeodUSA's expansion plans and its ability to provide service, however, are being severely obstructed by the anticompetitive actions of U S West, the RBOC utilizing its continued control of local phone lines -- monopoly bottleneck elements -- to impair, inhibit, and degrade the service McLeodUSA can provide to its customers.[2]

U S West's anticompetitive actions have taken various forms. Nevertheless, each action hinges on its ability to manipulate its network bottleneck to technically, economically and operationally inhibit or prohibit McLeodUSA's ability to effectively compete with U S West in its region. The litany of U S West's actions shows a consistent and continuing pattern of an ILEC abusing its monopoly power against a comparatively small competitor. These U S West actions were taken even though McLeodUSA has binding contracts with U S West governing provision of Centrex service.

Moreover, U S West is intentionally blocking or delaying McLeodUSA's entry into new markets, and concurrently draining McLeodUSA's finite resources, by repeating anticompetitive actions in each new market entered by McLeodUSA. McLeodUSA is being thwarted from entering and effectively competing with U S West in new markets until each succeeding state regulatory authority declares U S West's actions to be unlawful. There can be no question that U S West is using strategies and tactics to damage and obstruct McLeodUSA given its absolute refusal to negotiate region wide resolution of issues between the companies. U S West is fighting a war of attrition against a smaller competitor.

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[2] The Iowa Utilities Board recently found that U S West had not complied with the terms of interconnection agreements with AT&T and MCI by not providing required documentation to those companies. The Board fined U S West a total of $126,500 in civil penalties for these violations. AT&T Communications of The Midwest, Inc. and U S West Communications, Inc., Docket No. AIA-96-1 (ARB-96-1) "Order Finding Continuing Violation and Levying Civil Penalties" (IUB April 4, 1997), and MCI Metro Access Transmission Services, Inc. and U S West Communications, Inc., Docket No. AIA-96-2 (ARB-96-2) "Order Finding Continuing Violation and Levying Civil Penalties" (IUB April 4, 1997)(finding of a wilful violation). Attachment A.

Relief from state regulatory agencies from U S West's anticompetitive actions has not been adequate to deter U S West from continuing its pattern of anticompetitive actions. In general, state regulatory agencies have been unwilling to evaluate U S West's actions for violations of the 1996 Act. U S West has been quick to argue that because state regulatory agencies have limited jurisdiction over its intrastate operations, these agencies cannot consider whether U S West's actions violate provisions of the 1996 Act. In many cases, state agencies have limited themselves to evaluating U S West's actions for compliance with state laws, some of which have not been amended yet to foster development of local competition. Thus, state agencies have produced inconsistent rulings based on state law on issues that should have uniform results under the 1996 Act.

Moreover, the fact that some state regulatory agencies cannot expeditiously resolve McLeodUSA's complaints benefits U S West. The stream of monopoly revenues to U S West continues and McLeodUSA is inhibited or prohibited from effectively competing with U S West until the regulatory agency resolves the complaint. Thus, U S West repeats anticompetitive actions in each new state with little trepidation despite the best efforts of state regulatory agencies.

McLeodUSA believes the following summary and detailed discussion shows U S West has been engaged in a pattern of anticompetitive actions intended to obstruct, if not destroy, a smaller market entrant. The only place where a comprehensive and overall review of U S West's anticompetitive actions can be achieved, is your Department. McLeodUSA believes the conduct of U S West should be subjected to a full investigation by your Department.

Summary of Anticompetitive Actions
By U S West Communications, Inc.

- **Centrex withdrawal:** U S West stopped McLeodUSA's planned expansion into new states by withdrawing Centrex service as of February 5, 1996. U S West knowingly prevented McLeodUSA from expanding competitive local exchange service to Minnesota, North Dakota, South Dakota and Nebraska in 1996;

- **ICAM:** In 1997, U S West proposed a new fee termed an Interconnection Cost Adjustment Mechanism ("ICAM") to be charged to competitors. If approved by state regulatory agencies, the ICAM will be an insurmountable barrier for most new local market entrants;

- **NAR surcharge:** In 1993, U S West tried to impose a surcharge on Network Access Registers (NARs) of $120 per NAR per month on lines used for Centrex resale for no technical reason, a rate that was nearly four times more than U S West charged other local exchange customers for identical functionality; such a surcharge would have stopped McLeodUSA's entry into competitive local market service in Iowa even before it began;

- **Call detail records:** U S West provides deficient station message detail recording (SMDR) to McLeodUSA on an untimely basis that tarnishes McLeodUSA's credibility with its customer base and causes lost revenue for McLeodUSA;

- **Assumed Dial 9:** In 1995, U S West threatened to eliminate an "Assumed Dial 9" feature for McLeodUSA customers, which would have forced McLeodUSA customers to manually dial "9" before every call, thereby eliminating dialing parity, a threat repeated by U S West when McLeodUSA attempted to initiate Centrex service in Minnesota;

- **Order limitation:** U S West discriminates by limiting McLeodUSA to one service conversion per hour, per central office (a maximum of ten new customers per day, per central office) for no technical reason;

- **Order entry:** U S West completed only between 8-15% of McLeodUSA's residential orders within U S West's standard five day interval, creating a backlog of more than three thousand residential orders by mid April. Customers are denied their choice of provider, and revenue from serving those customers until conversion is completed is forever lost to McLeodUSA. McLeodUSA was forced to decide between losing credibility with its Iowa customer base or withdrawing its residential marketing efforts in Iowa;

- **Order entry errors:** U S West commits an error on roughly 40-50% of all lines converted to McLeodUSA causing approximately 70% of McLeodUSA's new customers to immediately have service problems;

- **CMS restrictions:** U S West discriminated against McLeodUSA by restricting the number of Centrex management system (CMS) priority changes that McLeodUSA could use while no such restriction existed on U S West's use of CMS. Though the Iowa Utilities Board determined in May 1995 that U S West's priority CMS limitation was unlawfully discriminatory, U S West is now limiting McLeodUSA's use of CMS priority changes in Minnesota and other new states;

- **CMS system update:** U S West fails to update its own CMS database to reflect that new residential lines are being served by McLeodUSA on the same day service is initiated, which prevents McLeodUSA from efficiently making requested service adds, changes, or modifications, or even determining when, or if, McLeodUSA is the customer's service provider;

- **LIDB misinformation:** U S West refused to include correct end user information in its line information database (LIDB), causing misinformation regarding the identity of the calling party to be transmitted to caller-ID subscribers. Though the Iowa Utilities Board concluded that U S West was unlawfully discriminating against McLeodUSA and ordered U S West to correct the problem in July 1996, U S West is attempting to impose a comparable discriminatory charge to correct the problem in Minnesota;

- **Resale restrictions:** U S West blocked McLeodUSA's entry into Colorado's local exchange markets by filing new tariff restrictions (*i.e.*, requiring a separate common block for each customer) on the resale of Centrex service that make Centrex resale uneconomical and inefficient. The new restriction on Centrex service is not technically required to provide Centrex service for any customer, including a reseller of the service, and has been rejected by other regulatory agencies as an unlawful attempt to restrict or eliminate resale;

- **Toll aggregation restriction.** In late 1995, U S West filed tariffs with the FCC that would have prevented resellers of Centrex service from using dedicated access facilities to reach interexchange carriers for no technical reason. Although the Common Carrier Bureau rejected U S West's the tariffs as being "patently unlawful," U S West included this same toll aggregation restriction in a new tariff provision in Colorado. Such a restriction on toll aggregation greatly increases McLeodUSA's costs;

- **Directory listing fees:** U S West charges an exorbitant and discriminatory monthly directory listing fee (priced significantly above U S West's cost) to provide a listing for a reseller's customer that effectively increases McLeodUSA's monthly line cost in Minnesota more than 25%. U S West provides the same directory listing <u>for free</u> to its own customers;

- **Discriminatory services:** U S West degrades service to McLeodUSA's end users in Minnesota by preventing customers who switch their service from efficiently retaining existing telephone numbers. U S West service limitation causes McLeodUSA to limit conversions to two per day and makes Centrex resale cost prohibitive;

- **Abuse of process:** U S West depletes McLeodUSA's finite resources by engaging in the same pattern of conduct determined to be unlawful by one agency in each new state in which McLeodUSA seeks to provide competitive local exchange service.

Each of these anticompetitive actions individually negatively impacts McLeodUSA's ability to efficiently and economically compete with U S West by imposing additional and unnecessary costs on McLeodUSA. Together these actions evidences, in McLeodUSA's judgement, wilful anticompetitive and unlawful conduct.

Discussion

As the Department is well aware, the 1996 Act was intended to open the monopoly local exchange markets to competition. As the Department is also aware, enactment of the Act alone did not, will not, and cannot create the desired competition. The essence of competitive telecommunications services is "the network of networks." Every user must be able to reach every other user, regardless of the underlying provider of service. No competitor can enter the market and offer switched local exchange services on a facilities or resale basis unless it has access to the ubiquitous network of the incumbent local exchange carrier and has available to it, at a minimum, the various "checklist" items contained in Section 271 of the 1996 Act. Thus, access to an RBOC's central office and network facilities is a classic antitrust "essential facility" which must be offered on a nondiscriminatory, reasonably-priced basis to competitors. This exact point was found in MCI Communications Corp. v. AT&T Co., 708 F.2d 1081, 1132 (7th Cir.), cert. denied 464 U.S. 891 (1983), where access to this same type of network was denied to competitive long distance carriers. See also United States v. Terminal R.R. Ass'n, 224 U.S. 383

(1912)(railroad lines); Otter Tail Power Co. v. United States, 410 U.S. 366 (1973)(electric transmission lines); Fishman v. Wirtz, 807 F.2d 520 (7th Cir. 1986)(professional sports arena).

As you recently noted, the ability of a competitor to enter the local exchange market in any meaningful way is dependent not only on the availability of the "fixed points" of the Section 271 checklist, but also on the existence of essential support systems that function on a commercial scale. McLeodUSA's experiences with U S West underscore these points. The lack of commercially functional support systems and the lack of cooperation of an RBOC will effectively block any meaningful entry by competitors into the market. As the Court stated in MCI, supra, "it was technically and economically feasible for AT&T to have provided the requested interconnections, and that AT&T's refusal to do so constituted an act of monopolization. Id. at 1133 (emphasis added). This obligation was made a central pillar of the 1996 Act. See 47 U.S.C. § 271.

If McLeodUSA, or any other new entrant, is unable to provide the level of service the customer demands when the customer switches from "the telephone company," the customer is unaware and uninterested in whether the deficiency is a result of McLeodUSA's actions or U S West's and assumes the problem lies with the new entrant. To the customer, the situation is as simple as not having a problem with U S West, while having a problem with the new provider. Faced with this situation, the customer likely will abandon the new entrant for the "security" of the monopoly provider. McLeodUSA has lost new customers for just this reason on numerous occasions.

While the physical interconnection of competitive networks entails a very large number of difficult but surmountable problems, the resale of a LEC's services -- a checklist item -- is clearly far less complex, and one which RBOCs and the industry have had experience with for years. This should especially ring true for the resale of Centrex, a product sold in virtually the same fashion by U S West to customers for more than twenty years.

Centrex originated in the 1970s as a service targeted to large customers, who might otherwise use PBX equipment to provide comparable features and functions. To make the service more appealing, incumbent carriers such as U S West have enhanced the service over the years, priced Centrex competitively and allowed Centrex customers to combine small numbers of lines at various locations into a single common block. These enhancements have made it feasible for companies such as McLeodUSA to purchase Centrex service, and "repackage" the service for resale to a large number of smaller customers (in much the same way that services such as WATS were purchased by resellers in early 1980s to aggregate the long-distance traffic of smaller users). U S West has resisted this aggregation, generally arguing the Centrex was not "intended" as a vehicle for resellers to enter the local exchange market (again, echoing AT&T's failed arguments against WATS resale). The FCC has continued to pursue it pro-competitive policies in this area, however, noting last August that it has "generally not allowed carriers to prevent other carriers from purchasing high-volume, low price offerings to resell to a broad pool of lower volume customers." In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, FCC 96-325, ¶ 958 (August 8, 1996).

McLeodUSA elected to use Centrex service as its entry vehicle into the local exchange market for several reasons. When McLeodUSA began the process of providing local service in 1993, Centrex was essentially the only mechanism available. No other "volume priced" local exchange service existed. U S West has had decades of experience in providing Centrex service, and the ordering and provisioning processes associated with the service should be well understood and smoothly functioning. Centrex should provide an established, scalable process by which McLeodUSA can provide services in competition with U S West. This does not mean that other companies must adopt the same approach to market entry as McLeodUSA. Rather, McLeodUSA believes each new market entrant should be allowed to proceed on the basis of its own marketing and provisioning strategy. U S West, however, should not be allowed to force new entrants to compete based on the product mix that U S West deems "best." Specifically, U S West should not be able to make the use of a particular product so difficult or infeasible that it is effectively eliminated from the "mix" that is available to potential competitors. Under the Act, competitors should succeed or fail based on the approaches they select themselves, and not based on the ones selected by the ILEC.

In the real world, regardless of the method of providing service, the issues preventing successful market entry can be quite mundane. If McLeodUSA is unable to provide a customer with a seamless initiation of service, McLeodUSA fails in the customer's mind to provide a level of service comparable to that of U S West. Thus, by delaying or incorrectly processing a transfer of service (whether deliberately or through failure to implement and support commercially scalable processes), or by forcing McLeodUSA to subscribe to inefficient and unreliable services, U S West can cause customers to have a negative reaction to McLeodUSA's service and stifle development of competition.[3] As the United States Supreme Court has consistently held for 85 years, access to essential facilities must be afforded to competitors "upon such just and reasonable terms and regulations as will, in respect to use, character and cost of service, place every such company upon as nearly an equal plane, as may be with respect to expenses and charges as that occupied by the proprietary company." U.S. Terminal R.R. Ass'n, 224 U.S. at 411.

The cumulative effect of U S West's actions has been to significantly damage McLeodUSA's ability to grow its operations. McLeodUSA has been forced to dedicate significant financial and personnel resources to confront U S West related operational and legal problems; resources that would otherwise be used to provide more efficient competitive local exchange service to consumers of telecommunication services in its markets. McLeodUSA conservatively estimates that nearly one-fourth of its service and support (and upper management) labor costs in each of its first three years of operations have been dedicated to addressing problems caused by U S West's anticompetitive actions. When one considers the compounding effect on McLeodUSA of being forced to dedicate a substantial portion of its labor force each year to overcoming operational, marketing and regulatory roadblocks created by U S West's anticompetitive actions, McLeodUSA believes its customer base is at least fifty

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3 U S West effectively exacerbates operational problems for McLeodUSA by routinely changing its personnel responsible for dealing with McLeodUSA. In less than three years, U S West has assigned five different individuals to the senior executive position responsible for relations with McLeodUSA. Each succeeding U S West executive must be brought up to speed on outstanding operational and economic issues between the companies. Resolution of problems are delayed and deferred while U S West engages in a pattern of shuffling personnel.

percent smaller, if not more, than the size it would have grown to, but for U S West's obstructionist activities. Moreover, forcing McLeodUSA to dedicate substantial resources to redundantly fighting a monopolist's anticompetitive actions in each new market is clearly detrimental to the efficient development of competitive local exchange markets and telecommunication consumers that were intended to benefit from such competition.[4]

U S West has taken or attempted to take anticompetitive actions despite the efforts of regulators in various states to exercise necessary regulatory authority to foster development of competitive local exchange markets within the confines of existing state law. This is particularly true in Iowa where development of competitive local exchange markets was mandated under Iowa law adopted in 1995, and the Board has consistently concluded that U S West's actions unlawfully impacted development of competition. McLeodUSA's experiences to date with U S West in Iowa, Minnesota, South Dakota, North Dakota, Colorado and other states underscore the anticompetitive nature and intent of its conduct. The continuous array of operational problems and U S West's refusal to promptly address them, shows clearly that U S West has undertaken a pattern of action intended to impede local exchange competition in its markets. McLeodUSA believes your Department can effectively and promptly remedy this anticompetitive situation.

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[4] In early 1994, McLeodUSA's officers met with U S West personnel to discuss McLeodUSA's plans to initiate competitive local exchange service in Iowa. At that time, U S West made it clear that it would do nothing, other than the legal minimum that it was legally obligated to do, to enable McLeodUSA to provide service. Since that meeting, U S West's behavior shows that its position has changed to providing less than what is legally required of it. U S West has in fact discriminated against and significantly damaged the operations of McLeodUSA.

Centrex withdrawal. In January 1996, upper management personnel from McLeodUSA met with U S West representatives in Des Moines, Iowa to discuss various operational problems. During the meeting, McLeodUSA informed U S West representatives that McLeodUSA planned to expand its provision of competitive local exchange service via resale of Centrex service into several additional U S West states in the upper Midwest in 1996.

Less than two weeks later, in the few days between the time the 1996 Act passed the Congress and the time it was signed into law by the President, U S West attempted to "grandfather" Centrex service in all fourteen of its states. The stated purpose of this action was to prevent resellers from "arbitraging" the service (which in U S West's view meant using Centrex to provide local services in competition with U S West). The proposed recision of Centrex was not based on any valid technical or operational limitation of the service.

McLeodUSA filed complaints on U S West's attempt to withdraw Centrex in many states throughout U S West's region, and the vast majority of state regulatory commissions considering this issue rejected U S West's actions as discriminatory and in violation of state or federal law (or both).[5] If the grandfathering had been implemented, McLeodUSA's growth in existing markets would have been cut off and expansion into new markets eliminated. The proceedings resulting from U S West's filings consumed a substantial amount of McLeodUSA's resources, and until resolved, placed in question McLeodUSA's ability to expand into new markets.

In fact, U S West's action forced McLeodUSA to delay entering Minnesota local exchange markets for much of 1996, and Colorado, North Dakota and South Dakota markets for

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[5] See Attachment B for a sample complaint filed by McLeodUSA and a sample decision of a state utility commission.

all of 1996 and well into 1997. Obviously, McLeodUSA expansion's plans in the three states that have approved U S West's "grandfathering" have been sidetracked. U S West knew its attempted withdrawal of Centrex would clearly stop McLeodUSA's expansion plans dead in its tracks. At the January 1996 Des Moines meeting, a U S West attendee stated, in effect, that if U S West did not sell Centrex, then McLeodUSA would not be in the local exchange business.

U S West defends its action by claiming that Centrex is "dead"and that other products can be resold by competitors. U S West wants Centrex "dead" because it seeks to prevent competitors such as McLeodUSA (with its extensive experience using Centrex in such a fashion) from using this service to quickly and efficiently provide competitive local service. Centrex is not a "dead" product; in states where Centrex is available for resale, the number of Centrex lines is growing.

Moreover, while U S West consistently advocates that other resale options exist, the fact is that no one knows whether those other products will work in a resale environment, and whether U S West's support systems will work on the scale necessary to support their resale. Since no one has resold other services on any sort of commercial scale, new entrants have no experience with the marketing and operational intricacies and pratfalls of reselling 1FB and 1FR service. Similarly, competitors do not have significant experience, if any, provisioning local service through the purchase of unbundled loop elements.[6] If successful in forcing competitors into unchartered territory of providing competitive local service with untested and new methods,

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6 According to information provided by various competitors at the ROC conference, it does not appear that U S West has provisioned one unbundled loop to date. Thus, it does appear anyone has this type of experience in U S West's region.

U S West will gain a significant competitive advantage over competitors. U S West's entry into in-region long distance service will be a much simpler task, having been accomplished by innumerable competitors.

By withdrawing the one product known to work in a commercially scalable environment, U S West is forcing competitors to make a giant leap of faith that other products and support systems for other products will work. Absent U S West's control of essential facilities, U S West could not force McLeodUSA to make such a decision in a truly competitive marketplace.

Interconnection Cost Adjustment Mechanism. During 1996, U S West was involved in many arbitration proceedings conducted in accordance with the 1996 Act. The end result in the vast majority of arbitrated interconnection proceedings was that state regulatory agencies priced U S West's unbundled elements and wholesale rates well below the level that U S West had advocated. In early 1997, U S West proposed a new fee in its region termed an Interconnection Cost Adjustment Mechanism ("ICAM") to be charged to competitors to allegedly reimburse U S West for the cost of updating facilities and processes to accommodate interconnection with competitors. Even though U S West had ample opportunity to prove up these types of costs in its numerous arbitration proceedings, U S West made no such effort to specifically quantify interconnection related costs.

If approved by state regulatory agencies, the ICAM would be a virtually insurmountable financial barrier for most new local market entrants. Not only would McLeodUSA have to incur costs of interconnecting with U S West, it would also be forced to reimburse U S West for costs related to the introduction of competition. Even if not approved, U S West's action has forced

McLeodUSA to consume its limited resources fighting U S West in numerous state regulatory proceedings, and damaged McLeodUSA's business prospects by placing in question the ability of new entrants to afford interconnection with U S West.

McLeodUSA and others jointly filed a preemption petition with the Federal Communication Commission ("FCC") asking that the FCC preempt state regulatory agencies from approving the ICAM because the charge is discriminatory on its face and constitutes a barrier to entry into U S West's local exchange markets.[7] No other RBOC has proposed to impose such a fee on competitors in their regions.

NAR surcharge. In mid-1993, McLeodUSA filed an application with the Iowa Utilities Board for a certificate to provide competitive local exchange services. In the Board's trial-type proceeding considering that request, U S West's position was that the certificate should be granted only if the Board imposed a surcharge of $120 per Network Access Register (NAR)[8] per month, on NARs purchased by McLeodUSA, which, if adopted, would have been nearly four times the rate charged by U S West to other local exchange customers for identical functionality and made McLeodUSA's operations financially infeasible. The Iowa Utilities Board rejected U S West's request for a NAR surcharge, characterizing it as "radical."

Call Detail Records. McLeodUSA purchases ancillary services from the specific Centrex catalogue referenced in its Centrex contracts with U S West, including station message

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7 Attachment C.

8 A NAR is a pathway from the Centrex common block to the public switched network. One NAR is required in each common block for each simultaneous incoming or outgoing call by a McLeodUSA customer.

detail recording (SMDR). The SMDR service purchased by McLeodUSA requires U S West to set a "flag" on a telephone line to begin recording the originating call detail record for each interexchange message, which McLeodUSA matches with the call detail record provided by its underlying interexchange carrier.[9] The accuracy of the call detail records provided by U S West has been significantly deficient the vast majority of time, due primarily to U S West's failure to timely set SMDR "flags." Indeed, McLeodUSA believes that U S West fails to set 100% of SMDR "flags" for up to two weeks after a customer converts service to McLeodUSA, and McLeodUSA estimates SMDR "flags" are not set on a substantial percentage of new customers' lines for an average of eighteen days after service is initiated.

In addition to providing inaccurate SMDR data, U S West will not agree to provide the magnetic tapes containing the SMDR data on a near real time basis. Instead, U S West has only been willing to provide the tapes on a monthly basis and gives itself until the tenth business day of the following month to provide the tapes. U S West's refusal to modify its SMDR service by delivering the SMDR tapes on a more frequent basis prevents McLeodUSA from being able to stagger its customer billing throughout the month.[10]

U S West's failure to timely set SMDR "flags" tarnishes McLeodUSA's credibility with its customer base by preventing McLeodUSA from providing accurate long distance call detail to

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[9] Setting an SMDR "flag" consists of merely instructing the central office to begin recording SMDR for a particular telephone line. Timely setting the "flag" to the "on" position is merely a matter of establishing and following a process to ensure this instruction is entered into the CO switch when service is converted for a telephone line.

[10] In contrast, Ameritech provides SMDR magnetic tapes to McLeodUSA on a daily basis. This is but one example of U S West's performance falling well below the industry standard set by its sister RBOC.

customers, and causing lost revenue for McLeodUSA by precluding billing for significant amounts of long distance service. McLeodUSA is also forced to expend its finite resources performing line audits to minimize the deficient SMDR data provided by U S West. McLeodUSA and U S West recently engaged in mediation on this issue.

Assumed Dial 9. McLeodUSA had established an "Assumed 9" function in the Centrex common blocks purchased from U S West in Iowa. This function allowed McLeodUSA's Iowa customers to make telephone calls without dialing "9" at the outset of each call. In late 1995, U S West announced -- with no explanation -- that it would reprogram its software so that McLeodUSA Centrex customers would henceforth be required to dial "9" for every call. While U S West eventually retreated from this change after McLeodUSA's strong protests, U S West's threatened action shows how easily U S West can abuse monopoly control of its network to discriminate against competitors without regard to an existing contract.

When McLeodUSA tried to initiate Centrex service in Minnesota in Fall 1996, U S West repeated its threat to deny McLeodUSA the Assumed Dial 9 capability, causing McLeodUSA to delay its Minnesota expansion plans and to unnecessarily expend resources to resolve the problem. U S West made this threat despite the fact that its Minnesota facilities were equally capable of providing "Assumed dial 9" functionality. This clearly shows U S West's pattern of repeating anticompetitive actions to thwart McLeodUSA from entering new markets.

Order Limitations and Order Entry. McLeodUSA was forced to file a complaint with the Iowa Utilities Board in July 1996 challenging U S West's unilateral limitation on the number of McLeodUSA orders that U S West would execute -- one order per hour per central office.[11] Since then, McLeodUSA has spent months in proceedings before the Board seeking to obtain U S West compliance with the Board's order to eliminate this limit. U S West's performance in processing McLeodUSA orders was substandard despite the fact that McLeodUSA modified its order form per U S West request and has been providing U S West with 60 day forecasts of orders since October 1996.

From late March to mid April 1997, U S West's performance in meeting the standard five day interval for converting residential service hovered around the 8-15% range. Customers that have chosen McLeodUSA as their service provider are being forced to wait about four calendar weeks between the time McLeodUSA submitted the order and the time U S West converts the customer's service. U S West's unwillingness to process McLeodUSA's orders within the standard five day interval created a backlog of more than 3,000 orders for residential service. At the rate at which U S West was completing McLeodUSA's orders (160-170 residential orders per day), it would have taken more than 18 years before its residential customers in Iowa could have taken advantage of the competitive options available to them.[12]

Because of the stifling effect of the backlog on McLeodUSA's marketing in Iowa, McLeodUSA filed a Motion with the Iowa Utilities Board seeking district court enforcement of

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11 Attachment D.

12 U S West's failure to process a competitors' orders in a timely manner contrasts sharply with its touted 54% decrease between 1995 and 1996 in the number of its own orders which it has had to hold beyond its standard start interval.

the Board's order requiring U S West to timely process McLeodUSA's orders.[13] In response to this latest motion, U S West finally submitted a plan on April 15, 1997, to eliminate the backlog of residential orders by May 19, 1997 and committing itself to processing McLeodUSA's orders within the standard five day interval.

While improving its order entry rate after making the committment in mid-April, the fact remains that more than seven months passed before U S West effectively agreed to comply with the Board's September 1996 ruling. In the interim, U S West was able to significantly thwart McLeodUSA's marketing of its residential service in Iowa, force McLeodUSA to waste substantial resources (especially upper management) to confront the problem, and prolong its stream of monopoly revenues from captive residential customers longer than what the competitive market would have permitted, but for U S West's anticompetitive actions.

Moreover, it is also obvious that U S West's stonewalling evaporated only after the Iowa Utilities Board slammed U S West with hefty civil penalties for not complying with interconnection agreements on April 4, 1997. The fact that U S West delayed addressing the backlog and order processing issues until it faced significant monetary damages clearly shows its intention is to damage a competitor by using its bottleneck to obstruct a competitor until the last feasible moment. Now it appears that even though U S West finally acknowledged in writing its obligation to process orders within the standard five day interval, U S West is continuing to test the limits of its non-compliance.

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13 Attachment E.

Order Entry Systems. U S West must not be permitted to use its order entry process and systems as an excuse to thwart the development of true local competition. Indeed, because of the potential (and now realized) adverse impact on McLeodUSA of U S West's failure to promptly initiate service, McLeodUSA offered to compensate U S West for the update of its order process, or in the alternative, to design a quicker system for the joint use of McLeodUSA and U S West.[14] To date, U S West has virtually ignored this proposal, and instead in its most recent filing with the Iowa Board, complains that the number of McLeodUSA orders is too great for its staff to process within standard five day intervals. This unreasonable refusal to even negotiate with McLeodUSA for the development of a more efficient and technically enhanced ordering process *at McLeodUSA's expense* can only be viewed as stonewalling by the incumbent monopolist.

Order Entry Errors. U S West commits errors on upwards of 50% of the lines it processes for McLeodUSA. In other words, approximately 70% of McLeodUSA's new customers have problems immediately with their service from McLeodUSA because of U S West's errors in processing McLeodUSA's orders. U S West is able to provide such substandard service because it controls essential facilities used to process McLeodUSA's orders. At each step along the way -- the processing of orders, the entry of customers into the CMS network, and the actual upgrade of the customer -- U S West has at one time or another imposed delays or errors that ultimately (and wrongly) reflect poorly on McLeodUSA. The continuing refusal of U S West to respond in a productive fashion to McLeodUSA's fair requests for

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14 Attachment F.

improved procedures and technologies must be viewed as the raw exercise of the RBOC's monopoly power to disadvantage a new entrant.

CMS restrictions. In 1995, U S West attempted to limit the number of real-time changes that McLeodUSA could use in the Centrex Management System (CMS)[15] to change the service characteristics of McLeodUSA's customers. The CMS limitation imposed by U S West had no technical purpose; the CMS limitation was purely intended to make McLeodUSA's operations less efficient. McLeodUSA filed a complaint against U S West with the Iowa Utilities Board, and U S West's action was found by the Board (after a trial-type hearing) to be unlawful and discriminatory.[16] This decision was upheld on appeal to the Iowa District Court. If permitted, the limitations proposed by U S West would have imposed additional restrictions on the ability of McLeodUSA to provide service on a basis comparable to U S West. In fact, U S West's mere claim that it had the right unilaterally to implement limitations to the service purchased by McLeodUSA was and continues to be clearly disruptive to McLeodUSA's operations. Despite the fact that there is no technical basis for such a limitation, and the Iowa Utilities Board's finding that such a limitation was unlawfully discriminatory, U S West is now attempting to impose the same discriminatory CMS limitations on McLeodUSA's operations in Minnesota and other new states.

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[15] CMS is an optional feature of Centrex service for which McLeodUSA pays that provides a limited electronic interface to make certain changes (such as adding features) to McLeodUSA's existing Centrex lines. McLeodUSA purchases CMS from U S West in order to gain at least a limited ability to solve some customer problems without the intervention of U S West. To utilize this service on a near real-time basis requires "priority" CMS service, which McLeodUSA purchases in addition to standard CMS.

[16] Attachment G.

CMS System Update. It should be noted that the outdated manual order process for Centrex is not the only means by which U S West degrades the service McLeodUSA is able to provide its customers. Delays in cutovers to McLeodUSA service also result from U S West's dilatory efforts in adding customers to its own CMS database that is accessed by McLeodUSA. McLeodUSA accesses U S West's CMS database to manage its customers' Centrex features once service has been switched to McLeodUSA. Customers are supposed to be "visible" to McLeodUSA through CMS on the same day that service was converted. However, it now takes several days for a customer's name to be provided to McLeodUSA's system through the CMS service. The result of this increased delay is that when a new customer calls McLeodUSA to register a complaint about service (an event which occurs with great frequency due to the fact that U S West's order processing errors affect 70% of McLeodUSA's new customers), not only is McLeodUSA prevented from examining which Centrex features the customer has requested, McLeodUSA has no way of telling whether the individual is one of its customers at all, since the name does not appear in the CMS database. McLeodUSA is thus prevented from responding to its customer, and is mistakenly blamed for U S West's process delays and upgrade errors.

LIDB Misinformation. McLeodUSA's experience with U S West with respect to caller ID service shows a familiar discriminatory pattern. McLeodUSA's small-business customers typically desire only a single directory listing, even when several lines are purchased. McLeodUSA must purchase each directory listing in Iowa from U S West, and currently pays an exorbitant $3.00 monthly for each such listing. Because these business do not want listings for lines other than their "main" line, no listings are purchased for non-main lines. Because no listings are purchased for those lines, however, U S West chooses not to associate the end-user customer's name with those lines in the Line Information Data Base (LIDB). The result of this choice by U S West is that, when a McLeodUSA end-user places a call from one of those non-main lines to a person subscribing to Caller ID (with name) service, the calling party is shown as "McLeodUSA" rather than as the actual end-user placing the call. The resulting confusion was clearly undesirable for the customer making the call, the customer receiving the call, and for McLeodUSA. The only solution offered by U S West was for McLeodUSA to purchase additional directory listings (for $3.00 per line per month) for each of these non-main lines, and then pay an additional $4.00 per line per month to keep these listings from being published in U S West's directory. Clearly, payments by McLeodUSA of an additional $7.00 per non-main line per month to make the LIDB function correctly is discriminatory, and would make service by McLeodUSA financially infeasible.

McLeodUSA again found it necessary to file a complaint with the Iowa Utilities Board on this subject. Once again, the Board found that U S West's conduct was unlawful and discriminatory.[17] Once again, U S West is now attempting to impose the same unreasonable and discriminatory charges on McLeodUSA's Centron service in Minnesota to correct the LIDB misinformation. However, the anticompetitive impact on McLeodUSA's Minnesota operations is exponentially worse because the additional directory listing "solution" proposed by U S West is 100% more expensive in Minnesota than it was in Iowa. U S West's proposal increases McLeodUSA's average line cost about $11 month, or about $44 for an average McLeodUSA customer, ensuring that McLeodUSA would be priced out of the market for small and medium

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[17] Attachment H.

business customers in order simply to provide the same level of service that U S West provides its own end users.

Resale restrictions. U S West's conduct in Colorado with respect to resellers resembles its anticompetitive efforts in Iowa. As McLeodUSA has alleged in a recent complaint before the Colorado Public Utilities Commission,[18] U S West discriminates against McLeodUSA Centrex orders in two significant ways. First, U S West has refused to process McLeodUSA's orders because it insists that a separate Centrex system (a common block) must be established for each individual end user in Colorado. Colorado is the only state in which U S West requires resellers to purchase separate systems for each end user. A common block for each customer location is not technically required to provide Centrex service for any customer, including a reseller and its end users, as evidenced by the fact that McLeodUSA serves thousands of lines out of two or three common blocks McLeodUSA maintains on average in central offices in Iowa, Illinois, Minnesota and Wisconsin. Furthermore, non-reseller customers of U S West can combine station lines at unlimited locations served by a central office into a single system, but U S West prohibits McLeodUSA from doing so. This prohibition constitutes an unreasonable restriction on the resale of Centrex by McLeodUSA, and imposes a discriminatory barrier to McLeodUSA's entry into the market.

Toll aggregation restriction. In late 1995, U S West filed tariffs with the FCC that would have prevented resellers of Centrex service from using dedicated access facilities to reach

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[18] Attachment I. McLeodUSA raised these same issues in another proceeding, Docket No. 96S-331T. It is likely the Colorado Commission will resolve these issues more expeditiously in the later docket.

interexchange carriers. There was no technical justification for imposing such a limitation on toll aggregation. McLeodUSA objected to those tariffs, and the Common Carrier Bureau, finding that the restrictions were contrary to long-standing FCC policy favoring resale, rejected them as "patently unlawful."[19] If the FCC had approved U S West's tariffs, McLeodUSA's costs would have greatly increased. Consistent with its plan to bleed McLeodUSA's significantly smaller resources, U S West is forcing McLeodUSA to fight this issue again in Colorado where U S West has included this same toll aggregation restriction in a new tariff provision.

Directory listing fees. U S West also engages in discriminatory conduct in Minnesota with respect to its directory listings offerings. Specifically, U S West requires resellers of Centrex service to pay nonrecurring and recurring charges for a directory listing for its end users, but U S West does not incur these fees itself to provide service to its own end users. U S West's own cost study shows that its current $10 per listing charge is significantly higher than its cost of providing a directory listing to a reseller's end users. The discriminatory listing charge effectively increases McLeodUSA's line costs by 30% in Minnesota. Such a cost difference will prevent McLeodUSA from competing with U S West for residential customers. U S West's directory listing fee clearly discriminates in U S West's favor over entrants seeking to compete with U S West.[20]

Discriminatory Services. U S West currently permits its own end-user customers to retain their telephone numbers in Minnesota when switching from standard service to

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19 Attachment J.

20 Attachment K.

Centron/Centrex service -- this is known as a "chip in". By contrast, U S West uses a technologically inferior and significantly more expensive service in Minnesota called automatic call transfer ("ACT") to permit customers of Centron resellers to retain their existing numbers. Significantly, McLeodUSA's customers in Minnesota who have used the ACT system to keep their telephone numbers are experiencing, on average, service outages lasting four hours because of implementation problems with the ACT system. In Iowa, on the other hand, McLeodUSA uses the "chip in" service that U S West uses itself to transfer customers and their telephone numbers in little more than thirty minutes, with no accompanying service outages. While U S West has recently proposed to substitute the "chip in" service for the ACT system in Minnesota, it has also announced that it will charge a $55 non-recurring fee for the new service. U S West end-user customers do not pay for this identical functionality.[21]

In order for McLeodUSA to compete with U S West for customers in Minnesota and other states, McLeodUSA must be able to provide services on essentially the same terms and conditions as U S West provides. However, if McLeodUSA customers repeatedly encounter problems with their service as a result of U S West delay in processing, or if McLeodUSA is charged additional amounts to allow customers to retain their numbers when switching from U S West, U S West will prevent McLeodUSA from competing effectively for the Minnesota customer base. Attracting business customers who have invested advertising in their existing phone number and residential customers will be particularly difficult, if not impossible, for McLeodUSA.

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[21] Attachment L. In addition, U S West has introduced a new product, Centrex 21, directed towards small and medium businesses in competition with McLeodUSA. U S West allows customers switching to Centrex 21 to retain existing phone numbers without using ACT and at no additional cost.

Abuse of Process. A favorite tactic of monopolists in their effort to delay the rise of competition is to drain the resources of new entrants by making them relitigate issues in a variety of fora. U S West's activity in Minnesota, South Dakota, North Dakota and Colorado clearly shows it is engaging in such a practice, and if successful, could dramatically hinder the development of local competition in its region. U S West is imposing the same competitive roadblocks as it did previously in Iowa, and is expected to use the same tactic in each subsequent state entered by McLeodUSA.

Other Abuses of Incumbent Status. On at least a weekly basis, McLeodUSA suffers from a variety of other anticompetitive abuses that are not the result of U S West's control of its network bottleneck, but from the fact that as the incumbent, it currently serves virtually all the customers that McLeodUSA is seeking to attract. For example, when McLeodUSA recently forwarded a request for a customer's telephone service records to U S West, instead of forwarding McLeodUSA the customer information, U S West's marketing department suddenly offered the prospect a new agreement with better prices. U S West never forwarded the customer's records.

U S West's anticompetitive attitude has permeated its employee base to the detriment of competition. For example, when a U S West customer called directory assistance to ask for McLeodUSA's telephone number because she was interested changing local service, the U S West directory assistance representative told the caller that McLeodUSA is a bad company and too cheap to buy a directory assistance listing (a false statement). When the caller persisted, a U S West directory assistance supervisor told the caller to watch television advertisements to find out McLeodUSA's number and hung up. Similarly, when a U S West technician made two service calls at a McLeodUSA customer's home, on each visit the technician told the customer that McLeodUSA was a "paper company" and did not pay U S West enough money. Although anecdotal, these incidents provide rare glimpses inside U S West's corporate mind set, and evidence not just of a clumsy but benign provider of service, but a conscious, purposeful and pervasive corporate policy to thwart McLeodUSA wherever and by whatever means possible.

Conclusion

The development of robust local exchange competition will only occur if new entrants have access to a choice of local exchange network facilities before incumbent LECs are permitted to provide in-region long distance service. The Department's ability to informatively fulfill its role in evaluating an ILEC's section 271 compliance is essential to making sure this once in a lifetime opportunity to create competitive local exchange markets is not forever lost.

McLeodUSA's experience with U S West as a reseller of Centrex service barely scratches the surface of potential problems that an ILEC can purposefully impose on new entrants to squash development of competition in its core markets. Indeed, resale of an existing bundled telecommunications service, Centrex, should be decidedly less complex for both the new entrant and an ILEC than provisioning of unbundled loop elements and the interconnection of networks. The fact that U S West has been able to consistently obstruct McLeodUSA in a simple resale environment is testament to the vast expanse of unexplored issues relating to facilities-based competition in need of absolute resolution before an ILEC's incentive to cooperate with new entrants is completely eliminated by granting it authority to provide in-region long distance service.

Beyond clearly demonstrating that U S West is eons away from section 271 compliance, U S West's pattern of conduct reflects a knowing and intentional strategy to block McLeodUSA's ability to provide competitive local exchange service in U S West's region. U S West's attempt make Centrex "dead" by withdrawal is a blatant effort to force McLeodUSA to abandon a successful entry strategy for something that is unproven and untested. If U S West is allowed to create and impose such roadblocks on new entrants with impunity, many new entrants will be irreparably damaged and effective market competition will not emerge. This conduct occurs at the same time as it is boasting to the investor community that it has created targeted programs to win back customers from McLeodUSA and put in place programs to maintain customers in response to McLeodUSA.[22] U S West's actions are totally unacceptable under the Act and the antitrust laws.

U S West's actions also have another significant market entry impact. To the extent that McLeodUSA is required to expend financial and managerial resources in proceedings before state and federal agencies, those resources cannot be devoted to competing with U S West. This effort to impose unnecessary and unreasonable costs onto a competitor is a standard response of a monopolist to the emergence of competition. The public interest is further harmed by delaying the advent of competitive choices available to consumers.

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[22] U S West made this claim while, according to analyst attendees, its representatives made several derogatory statements against McLeodUSA at its 1997 Investor Conference held in New York, beginning February 20, 1997. As evidenced by the abnormal trading activity in McLeodUSA's stock at or about the time of U S West's analyst conference, we believe that U S West's statements toward McLeodUSA were at least partly responsible for McLeodUSA's stock declining more than 15% in value. Attachment M.

McLeodUSA strongly urges the Department to investigate U S West's conduct, which appears to be a clear example of U S West's efforts to deter market entry into its core business regardless of the 1996 Act's mandate to the contrary. McLeodUSA is prepared to fully cooperate with the Department in such an investigation.

Once the Department confirms through its investigation this pattern of anticompetitive conduct U S West is presently engaged in, McLeodUSA urges the Department to take all appropriate steps to make it clear to U S West and other RBOCs that the Department has an essential role to play in ensuring that during the transition to competition, the bottleneck monopoly providers not be permitted to effectively eliminate that competition through the use of their continued control of bottleneck monopoly elements.

We would appreciate the opportunity to discuss McLeodUSA's experience with U S West with you and other members of the Department.

Sincerely,

Casey D. Mahon
Senior Vice President and General Counsel

cc: Clark McLeod
Chairman and CEO

Stephen C. Gray
President and COO

Mr. Donald Russell
Chief, Telecommunications Task Force
Antitrust Division, Department of Justice

Ms. Joyce Hundley
Attorney, Telecommunications Task Force
Antitrust Division, Department of Justice

Andrew Lipman, Swidler & Berlin

ATTACHMENT LIST

Attachment	Description
A	Iowa Utilities Board Orders issued in Docket Nos. AIA-96-1 (ARB-96-1) and AIA-96-2 (ARB-9-2)
B	Sample Complaint challenging U S West's withdrawal of Centrex service and Commission Order Rejecting Withdrawal
C	FCC preemption petition filed jointly by McLeod and others
D	Complaint filed by McLeod against U S West in Iowa identified as Docket No. FCU-96-6
E	Supplement to Progress Report and Motion to Enforce Orders filed by McLeod in Docket No. FCU-96-6
F	Letters from Thomas Parvin requesting electronic interface and offering to either develop the code or pay reasonable costs of development
G	Iowa Utilities Board order issued in Docket No. FCU-95-4
H	Iowa Utilities Board order issued in Docket No. FCU-96-6
I	Complaint filed by McLeod against U S West in Colorado identified as Docket No. 97F-072T
J	In the Matter of U S West Tariff F.C.C. Nos. 3 and 5, Transmittal No. 629, DA-95-2064, slip op. 7 (FCC Common Carrier Bureau, September 28, 1995).
K	Complaint filed by McLeod against U S West in Minnesota identified as Docket No. P-421/C-96-968
L	Additional Comments of McLeodUSA Telecommunications Services, Inc. filed in Docket No. P-421/C-96-968
M	Historical Trading Data for McLeod, Inc. from February 10, 1997 to March 14, 1997