

**BEFORE THE  
KENTUCKY PUBLIC SERVICE COMMISSION**

**RE:**

**In the Matter of Implementation of The FCC's  
Triennial Review Order**

**Docket No. 2003-00379**

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**AFFIDAVIT**

I, James C. Falvey depose and say as follows:

1. The facts contained herein are true and based upon my personal knowledge.
2. I am a citizen of Millersville, Maryland, where I have resided since 1996. I am 41 years of age. I am not under any disability and am fully competent to make this affidavit.
2. My name is James C. Falvey. I am employed as Senior Vice President of Regulatory Affairs by Xspedius Communications, LLC ("Xspedius"). My business address is 7125 Columbia Gateway Dr., Suite 200, Columbia, Maryland 21046.
3. I have been asked by CompSouth to provide some basic information about Xspedius.
4. It is my understanding that Xspedius has been named by BellSouth as a Self-Provider using our own local circuit switches in Kentucky to serve mass market customers.
5. I am familiar with the FCC definitions in the Triennial Review Order of "enterprise customers" and "mass market customers".
6. Based on these definitions, Xspedius should not be considered a Self Provider of analog Plain Old telephone Service ("POTS") to the mass market utilizing our switches in Kentucky. The principal business of Xspedius is to serve the enterprise and not the mass market in the areas in Kentucky where our switches are located. Today, Xspedius actively markets to medium and large business enterprise customers with a high demand for a variety of sophisticated data-centric telecommunications services and solutions.
7. As an initial matter, the FCC has stated that the mass market is made up of residential and small business analog POTs customers. While Xspedius does serve a very small number of small business customers, Xspedius does not serve any residential customers in Kentucky.
8. Specifically, Xspedius currently serves [REDACTED] voice grade equivalents (VGEs) in Kentucky. Yet Xspedius has only [REDACTED] DS-0 lines operational on its Kentucky switches. This does not begin to include all the other Internet and data services that Xspedius sells

in the state of Kentucky. These DS-0 customers are therefore an incidental part of Xspedius' business, and a de minimis portion of the total lines in Kentucky. Moreover, none of these lines are for residential customers, a segment of the market that Xspedius has never served in Kentucky. Serving these DS-0 customers is not currently, and never has been, a significant part of Xspedius sales and marketing efforts.

9. The small business customers are not "mass market customers" in the sense that they are not "lower revenue accounts characterized by low margins and serviced on a month to month basis and not pursuant to annual contracts". As discussed in Xspedius' marketing materials on its web site, Xspedius offers Complete Access, an integrated T-1 product designed for and marketed to sophisticated small and midsize companies with complex voice and data telecommunications needs. The Xspedius T-1 products are not designed for very small business customers and would not represent an efficient or affordable solution to the needs of very small business customers. Xspedius Complete Access is an "integrated T-1" service integrating local, long distance, and toll-free on a single T-1. It is sold with or without dedicated Internet service.
10. Xspedius utilizes an individualized contract with each customer. As a result, the lower revenues and "churn" experienced by carriers serving mass market customers tends not to be present with Xspedius' targeted customer segment.

Further affiant sayeth not,

Signed to this 29<sup>th</sup> day of March, 2004.

*James C. Falvey*  
Signature of Affiant

James C. Falvey  
Print Name of Affiant

STATE OF Maryland

COUNTY OF Howard

In Columbia, on the 29<sup>th</sup> day of March, 2004, before me, a Notary Public in and for the above state and county, personally appeared James C. Falvey, known to me or proved to be the person named in and who executed the foregoing instrument, and being first duly sworn, such person acknowledged that he or she executed said instrument for the purposes therein contained as his or her free and voluntary act and deed.

*Rabinai E. Carson*  
NOTARY PUBLIC

