

HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN WC
DOCKET NO. 15-247 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION



at&t

DS1 Portability Plan Tariff Investigation

WC Docket No. 15-247

**AT&T
March 2016**

CLEC Claims Fail On The Facts

- The FCC and the CLEC filings fundamentally misapprehend the nature of AT&T's portability plans.
 - They do not offer volume discounts -- but instead offer discounts based only on term lengths
- CLEC foreclosure claims are flatly at odds with the facts:
 - As of 2013, circuit portability plans accounted for only about 10% of all special access revenue in AT&T's region
 - AT&T DS1 non-affiliate billed revenues declined by more than [REDACTED] from 2013-15 (and by [REDACTED] from 2010-13)
 - About [REDACTED] of AT&T's DS1s are not sold with portability; instead customers purchase under a pure term plan or on a MTM basis
 - Customer headroom permits substantial demand to be moved to AT&T's rivals without penalty
 - The CLECs have not disputed these facts or analysis

The Plans Do Not Offer Volume-Based Discounts

- Far from being anti-competitive, AT&T's portability plans give customers pro-competitive flexibility
 - Unless the FCC is prepared to find that term plans are inherently anti-competitive, it cannot possibly find that giving customers the option of escaping ETLs for a portion of their circuits is anti-competitive
- AT&T portability plans are “ETL Avoidance Plans”
- None of AT&T's plans under investigation include volume-based discounts - all discounts in these plans are tied only to the length of the chosen term, not the number of circuits
- These are not “loyalty plans” – they do not require a customer to commit all circuits within a region to AT&T
- And, the benefits to the CLECs under these plans scale linearly

Complaining CLECs Either Do Not Use these Plans, or Have Significant Headroom

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* BellSouth ACP does not have a headroom calculation because customers must maintain 100% of their commitment level, which they themselves set

These Plans Represent a Minority of AT&T's DS1 Sales

- Less than [REDACTED] of all DS1 circuits sold by AT&T in 2014 were under plans that included portability
 - [REDACTED] of DS1s in the Ameritech region were sold under plans other than the DCP
 - About [REDACTED] of the DS1s in the PacBell and SWBT regions were sold under plans that do not include portability
 - About [REDACTED] of the DS1s in the BellSouth region were sold under plans other than the ACP

The Record Shows that CLECs Are Able To Move Circuits Off These Plans

- Complaining CLECs can and do move circuits to other providers
 - By the CLECs' own admission, they were able to move a substantial percentage of circuits away from ILECs between 2012 and 2014
 - And, AT&T revenue numbers bear this out: DS1 non-affiliate revenues decreased by [REDACTED] from 2013 to 2015
- Several large CLECs significantly reduced their AT&T DS1 purchases from late 2013 through 2015
 - Level 3 reduced its purchases by [REDACTED]
 - XO reduced its purchases by [REDACTED]
 - Birch reduced its purchases by [REDACTED]
- CLECs are able to reduce their DS1 commitment levels when they renew
 - For those customers that reduced their commitment level upon renewal, the average reduction in from 2012 to 2015 was [REDACTED]

Questions?