Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Consent to Transfer of Control	)	
Filed by SBC Communications	)	Docket No. WC 05-65
and AT&T Corp.	)	

COMMENTS OF THE STATE OF ALASKA

SBC Communications Inc. ("SBC") and AT&T Corp. ("AT&T"), including its wholly owned subsidiary Alascom Inc. d/b/a AT&T-Alascom ("Alascom"), have filed a series of applications with the Federal Communications Commission seeking approval of the transfer of control to SBC of licenses and authorizations held directly and indirectly by AT&T. The transfer will result in AT&T becoming a wholly owned subsidiary of SBC, with Alascom becoming a second level subsidiary of SBC. The State of Alaska does not oppose this merger; however, the State does seek assurances that certain requirements placed on AT&T and Alascom will continue to apply to SBC.

When AT&T acquired Alascom in 1995 from Pacific Telecom, Inc., the FCC placed numerous requirements on the joint operations of AT&T and Alascom,[1] which remain in place to this day. Additionally, the Alaska Joint Board market structure proceeding placed certain other

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1 *See In re Application of Alascom, Inc., AT&T Corp. and Pacific Telecom, Inc. for Transfer of Control of Alascom, Inc. from Pacific Telecom, Inc. to AT&T Corp.*, 11 FCC Rcd 732 (1995) ("Alascom Transfer Order").

requirements on AT&T and Alascom,[2] which should apply to the post-merger SBC. The State of Alaska respectfully requests that the FCC reaffirm that the requirements placed on the operations of AT&T and Alascom will continue under the new corporate structure, thus, applying equally to SBC.

Background

Prior to the adoption of the Alaska Market Structure Order, Alascom offered interstate long distance services under a joint services arrangement with AT&T, pursuant to which AT&T reimbursed Alascom for all of its allocable costs and guaranteed it a rate of return. The Alaska Joint Board and the FCC viewed the Alascom – AT&T joint service arrangement as inefficient and inconsistent with a competitive marketplace. In general, the requirements imposed in the Alaska Market Structure Order and the Alascom Transfer Order were intended to ease transition from a less competitive to a more competitive marketplace, while preventing interstate and intrastate long distance rate increases which might otherwise result from Alascom's loss of guaranteed revenue from AT&T.[3]

Analysis

Among the continuing obligations placed on AT&T and Alascom, the State of Alaska is particularly concerned that the following five requirements remain in place.

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2 *See Integration of Rates and Services for the Provision of Communications by Authorized Common Carriers Between the Contiguous States and Alaska, Hawaii, Puerto Rico and the Virgin Islands*, Final Recommended Decision, 9 FCC Rcd 2197 (Joint Board 1993) ("FRD"), *adopted and modified*, Memorandum Opinion and Order, 9 FCC Rcd 3023 (1994) ("Alaska Market Structure Order").

3 *See* Alaska Market Structure Order ¶ 12.

First, Alascom was required to be operated as a separate subsidiary of AT&T[4] and should continue as a separate subsidiary of SBC. While SBC has stated that it intends to continue to operate Alascom as a subsidiary, the State of Alaska believes that this requirement should be reaffirmed in order to ensure that SBC will do so.

Second, AT&T is required to provide northbound and southbound interstate long distance services at rate integrated rates.[5] As this is now a statutory requirement,[6] the State assumes, but also seeks assurances, that SBC will comply with this requirement.

Third, Alascom must make the Alaska Spur (an undersea cable linking Alaska and the "Lower 48") available on nondiscriminatory terms and prices.[7] While this requirement may no longer be necessary due to an increase in the number of competing undersea cable connections between Alaska and the contiguous States and other changes in the method by which interstate service is provided, until such a determination is made by the FCC, the State of Alaska believes it is only appropriate for this requirement to remain in place.

Fourth, Alascom should continue to be bound by the carrier of last resort responsibilities previously mandated by the FCC. In the Alaska context, it is of extreme importance to have a single carrier of last resort.

Finally, the State of Alaska hopes that the FCC will continue to vigorously apply the rate integration requirements of section 254(g). The State of Alaska fears that without the

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4 *See* Alascom Transfer Order ¶ 31.

5 *See* Alaska Market Structure Order ¶ 25; Alascom Transfer Order ¶ 7.

6 *See* Section 254(g).

7 *See* Alascom Transfer Order ¶ 9.

requirement of geographic rate averaging service to its rural and bush locales would quickly cease to exist due to the high costs of operating in those areas.

Conclusion

For the requirements of both the Alascom Transfer Order and the Alaska Market Structure Order to remain meaningful, they must continue to be enforced as to SBC. The State of Alaska asks that the Commission continue to do so. Additionally, given the dispersion of the State's people over such a large geographic area, the continued application of statutorily required geographic rate averaging will provide for acceptable rates in rural Alaska.

Finally, the State would appreciate SBC providing, to the extent possible, further details in its future FCC filings as to how it intends to operate in Alaska.

Respectfully submitted,

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