

Before the  
Federal Communications Commission  
Washington, DC 20554

In re	)	
Application for the	)	
Transfer of Control of Licenses	)	WC Docket No. 05-65
and Authorizations of AT&T	)	DA 05-656
Corporation to SBC	)	File No. 002052427
Communications, Inc.	)	

COMMENTS

United States Cellular Corporation ("USCC") hereby files its Comments on the above-captioned application.<sup>1</sup> USCC requests that the Commission condition any grant of the above-captioned application in such a way as to ensure that AT&T, under SBC's ownership, will continue to make available to USCC and similarly situated wireless carriers interexchange service on fair and non-discriminatory terms. USCC also requests that the FCC require that AT&T safeguard competitively sensitive information it obtains as a consequence of its business relationship with USCC and that it treat USCC and similarly situated carriers in a fair and non-discriminatory manner with respect to "provisioning," outage restoration and other service relationships.

USCC, a majority owned subsidiary of Telephone and Data Systems, Inc. ("TDS"), is a mid-sized wireless carrier providing cellular and PCS service to approximately 4.9 million customers in 146 markets. USCC's markets are predominantly rural in character and are concentrated in a few regional "clusters."

USCC's main regional concentration is in the Midwest, in the states of Illinois, Iowa, Wisconsin, and Missouri. It has other regional "clusters," in upper New England, Oklahoma, the mid-Atlantic states, Tennessee and North Carolina, and in portions of Washington, Oregon, and northern California. However, USCC is not a national carrier and its network does not cover the whole country. Accordingly, it needs to use the networks of interexchange carriers to transmit calls from its customers and roamers to those whom they call throughout the country. AT&T has, for some time, been one of USCC's main interexchange service providers and USCC

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<sup>1</sup> See Public Notice, "Commission Seeks Comment on Application for Transfer of Control Filed by SBC Communications, Inc. and AT&T Corp.," WC Docket 05-65, DA 05-656, released March 11, 2005 ("AT&T/SBC Application").

considers the business relationship to have been a positive one for both parties. However, SBC controls Cingular Wireless, a competitor of USCC, and SBC's acquisition of AT&T would create a new and possibly anti-competitive situation, which the FCC should address, by devising adequate safeguards to protect the rights of USCC and similarly situated carriers.

I. The Commission Should Protect Competition In This New and Unique Situation.

In recent months, the FCC has been asked to approve this and three other mergers, which, if implemented, will radically reshape the telecommunications industry.<sup>2</sup> The proposed Western Wireless/ALLTEL and Sprint/Nextel mergers will speed the consolidation of and increase concentration in the wireless industry. The proposed SBC/AT&T and Verizon (or Qwest)/MCI mergers would result in the absorption of the two largest interexchange carriers into Regional Bell Operating Companies, thus inevitably increasing RBOC and ILEC pricing and other market power in intercarrier relationships. Also, when AT&T and MCI disappear as independent companies, their absence in regulatory proceedings and industry negotiations will substantially strengthen the advocacy and negotiating position of the RBOCs and other national carriers in such matters, and significantly weaken the advocacy and negotiating position of the smaller carriers that have business interests that conflict with the business interests of the RBOC and other national carriers. It is thus urgent that the FCC act to ensure that competition and the rights of small, mid-sized and regional wireless carriers will be protected in a competitive environment in which the market power of the largest integrated telecommunications carriers will be vastly increased.

As noted above, AT&T is one of USCC's interexchange service providers. One of USCC's reasons for choosing AT&T as a provider, other than its national network and ability to provide the services USCC needs, was AT&T's independence of any USCC competitor. However, if the merger is approved, USCC will suddenly

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<sup>2</sup> See also Public Notice, "Western Wireless Corporation and ALLTEL Corporation Seeks FCC Consent to Transfer Control of Licenses and Authorizations, DA 05-332, released February 7, 2005; Public Notice, "Nextel Communications, Inc. and Sprint Corporation Seek FCC Consent to Transfer Control of Licenses and Authorizations, WT Docket No. 05-63, DA 05-502, released February 28, 2005; Public Notice, "Commission Seek Comments on Application for Consent to Transfer of Control Filed By Verizon Communications, Inc. and MCI, Inc., WC Docket No. 05-76, DA 05-762, released, March 24, 2005.

have a customer-vendor relationship with a company which is under common ownership with one of its main competitors, Cingular Wireless. USCC's concerns are focused on the following:

Pricing. USCC is concerned that AT&T might alter its pricing or other policies to benefit Cingular Wireless and disadvantage USCC and other small, mid-sized and regional competitors of Cingular Wireless, or to take advantage of its market power. While USCC does not seek regulation of interstate long distance rates in a market where no carrier is "dominant,"<sup>3</sup> we would ask that the FCC announce that it will maintain a careful and vigilant watch over the pricing practices of AT&T and other RBOC controlled IXC's to ensure that they have no discriminatory or anti-competitive purpose or effect. This policy is warranted in this case by the new situation in which one company, SBC, would control both the largest wireless carrier, Cingular, and the largest IXC, AT&T, as well as maintaining its dominant ILEC status in a thirteen state region.<sup>4</sup> AT&T's new status justifies increased scrutiny of its service and rate practices with respect to the competitors of its future affiliate, Cingular Wireless.

Competitively Sensitive Information. Of perhaps greater immediate urgency to USCC are the following matters. USCC's relationship with AT&T as its interexchange carrier involves the provision of USCC "call detail" to AT&T. This information is competitively sensitive and might obviously be of commercial use to Cingular Wireless, which will now be under common ownership with AT&T. The FCC should require that such information, and indeed all competitively sensitive information pertaining to the commercial relationship of AT&T with other wireless carriers, not be shared with Cingular Wireless.

Favored treatment of affiliates. The Commission should condition any grant of this application on AT&T being required not to favor its commonly owned wireless affiliate over other wireless carriers with respect to such matters as the "provisioning" of "trunks" at points of interconnection and restoration of service following

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<sup>3</sup> In re Motion of AT&T To Be Declared Non-Dominant for International Service. Order, 11 FCC Red 17963 (1996).

<sup>4</sup> USCC is aware that AT&T is exiting the residential and small business local exchange and interexchange business. However, the application's "Public Interest" exhibit emphasizes AT&T's intention to remain a prominent competitor in the provision of service to "enterprise, government and wholesale long distance customers." (Public Interest Exhibit, p. 50).

network "outages." USCC and similarly situated wireless carriers are dependent on their interexchange carriers for prompt "provisioning" of requested interconnections, the swift restoration of service following any outages and the correction of other service problems. It will be vital that AT&T not discriminate between its affiliate and other carriers in the event such problems arise. We do not allege that the applicants have any present intention of doing so, but all carriers are subject to competitive pressures and the temptations which arise as a consequence of such pressures. USCC does not seek any formal "separate affiliate" requirements, as were required of the RBOCs by Section 272 of the Communications Act. Rather, we seek some formal assurance through a grant "condition" of fair and non-discriminatory treatment. In 2004, in a proceeding involving AT&T, the FCC recognized the validity of such concerns when it forbade BellSouth from favoring its interexchange services affiliate, BellSouth Long Distance, over other IXCs.<sup>5</sup>

Most favored nation condition. There is also precedent for the FCC to condition its approval of the merger on a "most favored nation" provision. In 2000, in approving the GTE-Bell Atlantic merger, the FCC imposed "most favored nation" conditions to ensure fair treatment of other carriers which might have been adversely affected by the market power of the merged entity.<sup>6</sup> We urge that the FCC impose a "most favored nation" condition on its approval of this merger, pursuant to which AT&T could not unreasonably discriminate among its customers on account of their size or whether they had an affiliate relationship with AT&T.

Applicant assurances in lieu of merger conditions. The SBC/AT&T application's public interest exhibit is lengthy, with voluminous attachments. It contains detailed arguments concerning various competition-related issues, but does not refer to the competitive issues and problems which may arise when SBC-owned AT&T provides long distance service to small, mid-sized and regional competitors of Cingular Wireless. This is an important matter and it is necessary that the FCC deal with it. We welcome

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<sup>5</sup> See AT&T Corp. v. BellSouth Telecommunications, Inc., Memorandum Opinion and Order, 198 FCC Red 23898 (2004)

<sup>6</sup> See also Application of GTE Corporation. Transferor and Bell Atlantic Corporation. Transferee. Memorandum Opinion and Order, 15 FCC Red 14032 (2000) (FCC imposed "most favored nation" conditions in approving GTE/Bell Atlantic merger).

any representations which the applicants might make concerning these issues in response to this filing. However, we submit that any such reassurances, while desirable, are not a substitute for appropriate application grant conditions.

CONCLUSION

For the foregoing reasons, USCC asks that the FCC condition any grant of the above-captioned application on AT&T (a) having to treat all its wireless customers in a fair and non-discriminatory manner and (b) not disclosing their competitively sensitive information.

Respectfully submitted,

UNITED STATES CELLULAR CORPORATION

\_\_\_\_\_/s/\_\_\_\_\_  
James R. Jenkins  
Vice President Legal and External Affairs  
United States Cellular Corporation  
8410 West Bryn Mawr  
Chicago, IL 60631

\_\_\_\_\_/s/\_\_\_\_\_  
Thomas Gutierrez  
Lukas, Nace Gutierrez & Sachs, Chartered  
1650 Tysons Boulevard, Suite 1500  
McLean, VA 22102

**CERTIFICATE OF SERVICE**

I, David Crawford, do hereby certify that on this 25th day of April, 2005, I caused copies of the attached Comments to be electronically served upon the following:

Best Copy and Printing, Inc.  
445 12<sup>th</sup> Street, S.W., Room CY-B402  
Washington, D.C. 20554

Gary Remondino  
Competition Policy Division  
Wireline Competition Bureau  
445 12<sup>th</sup> Street, S.W., Room 5-C143  
Washington, D.C. 20554

Marcus Maher  
Competition Policy Division  
Wireline Competition Bureau  
445 12<sup>th</sup> Street, S.W., Room 5-C360  
Washington, D.C. 20554

Bill Dever  
Competition Policy Division  
Wireline Competition Bureau  
445 12<sup>th</sup> Street, S.W., Room 5-C266  
Washington, D.C. 20554

Mary Shultz  
Wireless Telecommunications Bureau  
1270 Fairfield Road  
Gettysburg, PA 17325

Jeff Tobias  
Wireless Telecommunications Bureau  
445 12<sup>th</sup> Street, S.W., Room 3-A432  
Washington, D.C. 20554

David Krech  
Policy Division  
International Bureau  
445 12<sup>th</sup> Street, S.W., Room 7-A664  
Washington, D.C. 20554

JoAnn Lucanik  
International Bureau  
445 12<sup>th</sup> Street, S.W., Room 6-A660  
Washington, D.C. 20554

Charles Iseman  
Office of Engineering and Technology  
445 12<sup>th</sup> Street, S.W., Room 7-A363  
Washington, D.C. 20554

James Bird  
Office of General Counsel  
445 12<sup>th</sup> Street, S.W., Room 8-C824  
Washington, D.C. 20554

Jonathan Levy  
Office of Strategic Planning and Policy  
Analysis  
445 12<sup>th</sup> Street, S.W., Room 7-C362  
Washington, D.C. 20554

\_\_\_\_\_/s/\_\_\_\_\_  
David Crawford

April 25, 2005