

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
SBC Communications, Inc. and)	
AT&T Corporation)	WC Docket No. 05-65
For Approval of)	
Transfer of Control)	

**REPLY COMMENTS OF THE
CALIFORNIA SMALL BUSINESS ASSOCIATION
AND CALIFORNIA SMALL BUSINESS ROUNDTABLE
IN SUPPORT OF APPROVAL**

The California Small Business Association (“CSBA”) and California Small Business Roundtable (“CSBRT”) (collectively, “California Small Businesses”) submit the following reply comments to the Federal Communications Commission’s (“FCC”) Public Notice in the above-captioned docket, released on March 11, 2005¹, and various comments filed in response.

1. Interest of the Parties.

The California Small Business Association (CSBA) is a nonprofit organization 501(c)(6), which advocates on behalf of small business owners in California. The leaders of the 1980 White House Conference on Small Business established CSBA. CSBA has 203,000 members throughout

¹ Public Notice, DA 05-656, March 11, 2005

California. The California Small Business Roundtable (CSBRT) provides public policy guidance to CSBA and is comprised of forty leading small business owners from across the state. Both are volunteer, grassroots-driven, advocacy associations, which work to improve the economy by engaging in public policy issues, which have a significant impact on small businesses including telecommunications. Both have been frequent contributors to the telecommunications policy forum in California. Members of CSBA and CSBRT are retail telecommunications customers of all certificated providers in California. Additionally, our 203,000 members take service via a number of technologies, including landline, wireless, cable, satellite, and other experimental technologies.

2. California Small Businesses Encourage Enlightened and Light-Handed FCC Regulation That Allows the Market to Freely Function.

As businesspersons, the California Small Businesses appreciate and understand the dramatic evolution that is occurring in the telecommunications industry, as the twin forces of competition and rapid technological innovation are unleashed. The Commission has cleared a path by which the market and technology can spur tremendous gains over the next decade. That job has not been easy; nor is the job over.

Change is not without pain. For a regulatory agency, that change is especially challenging where it involves permitting competitive forces to work

in a market as a superior alternative to regulation. But that is, after all, the goal of enlightened regulation: to allow market forces to allocate resources in the belief that it is a superior arbiter and will ultimately produce a superior result for consumers. As businesspersons, we believe that, and we commend the Commission for bringing the telecommunications industry to this point.

Now that the path has been cleared, the Commission should judiciously allow the market and technology to work so that consumers can realize the benefits of a competitive marketplace. The merger of SBC and AT&T is a logical step in the development of a competitive marketplace. In much the same way that SBC's acquisition of Pacific Bell and AT&T's acquisition of TCG made the market *better*, not more vulnerable, the dynamic is the same here. Our members are customers of each, and sometimes both, and the combination makes logical and business sense.² We respectfully remind the Commission that AT&T has not been a major provider for small businesses and residential households and had stopped soliciting them for some time.

More importantly, as businesspersons who also are customers, it is in the public interest. In this regard, we join commentators, such as the Bay Area Council, in pointing out the synergistic fit of these two organizations.³ There is a logical fit to the combination of these two entities. The sum is

² We note that all of the business groups commenting on the merger appear to share our view that approval should be granted. See, e.g., *Comments of Kansas Chamber of Commerce and Industry*, April 22, 2005.

³ *Comments of Jim Wunderman, Bay Area Council*, April 22, 2005.

greater than the parts because of what each organization brings to the deal, and, in turn, will be able to offer consumers. The merger of SBC and AT&T is a strategic combination that is good for the parties, good for the market and, most importantly, good for consumers. Accordingly, it should be approved.

3. **The Proposed Combination Will Produce Tangible Benefits For Small Business**

As businesspersons, we are bottom-line persons. Quite simply, we favor the proposed combination of AT&T and SBC because we believe it will produce lower prices for small businesses and greater choices through technological innovations. Significantly, we are not alone in that view.⁴ Just like others, we believe that merger synergies will translate into lower prices for consumers, including small business. This is especially the case because the AT&T and SBC networks fit well together as a marriage of a predominantly national/international network (AT&T) and a predominantly local network (SBC). The result should be the ability to provide a more cost-effective service package for small business services. We have seen that consistently in past acquisitions (e.g. PacBell, TCG), and expect to see the same here. Over the years many have made all sorts of claims about problems that just have not materialized. There is more competition today

⁴ *Comments of Women Impacting Public Policy*, April 22, 2005, at 5.

than ever with more choices for all consumer and there will be even more choices in the future.

4. Conclusion

For the reasons set forth, the California Small Business Association and California Small Business Roundtable, on behalf of themselves and their 203,000 small business members, urge approval of the proposed transaction between SBC Communications, Inc. and ATT&T Corporation.

Respectfully submitted,

/s/ Jim Conran, Chair
Utility Committee
California Small Business Association
PO Box 2346
Orinda, CA 94563

Dated: May 10, 2005