

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

In the Matter of )  
)  
SBC Communications Inc. and ) WC Docket No. 05-65  
AT&T Corp. ) DA 05-656  
)  
)  
Application Pursuant to Section 214 of the )  
Communications Act of 1934 and Section 63.04 )  
Of the Commission's Rules for Consent )  
To the Transfer of Control of AT&T Corp. to )  
SBC Communications Inc. )

**NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION  
RESPONSE TO PLEADINGS FILED**

The National Telecommunications Cooperative Association (NTCA)<sup>1</sup> submits its response to pleadings filed in the Federal Communications Commission's (Commission's or FCC's) *Public Notice* in the above-referenced proceeding.<sup>2</sup> NTCA urges the Commission to adopt several proposed market power safeguards offered by NTCA and other interested parties in this proceeding as a condition of approving the proposed

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<sup>1</sup> NTCA is the premier industry association representing rural telecommunications providers. Established in 1954 by eight rural telephone companies, today NTCA represents more than 560 rural rate-of-return regulated telecommunications providers. All of NTCA's members are full service incumbent local exchange carriers (ILECs) and many of its members provide wireless, cable, Internet, satellite and long distance services to their communities. Each member is a "rural telephone company" as defined in the Communications Act of 1934, as amended (Act). NTCA's members are dedicated to providing competitive modern telecommunications services and ensuring the economic future of their rural communities.

<sup>2</sup> *In the Matter of SBC Communications Inc. and AT&T Corp., Application Pursuant to Section 214 of the Communications Act of 1934 and Section 63.04 of the Commission's Rules for Consent to the Transfer of Control of AT&T Corp. to SBC Communications Inc.*, WC Docket No. 05-65, DA No. 05-656, (rel. March 11, 2005). (*Public Notice*).

SBC/AT&T merger. NTCA specifically requests that as a condition of the SBC/AT&T merger, the Commission require a merged SBC/AT&T to:

1. Provide rural ILECs other small companies with the same quality, terms, conditions and prices to interconnect and gain access to SBC/AT&T's facilities that comprise the public switched telephone network (PSTN) as SBC/AT&T offers to its affiliates and subsidiaries, as well as other companies of similar size to SBC/AT&T.<sup>3</sup> This will prevent rural carriers and other small companies and their customers from receiving reduced service quality and/or unreasonable rates for these facilities.<sup>4</sup>
2. Provide rural ILECs and other small companies with the same quality, terms, conditions and prices to interconnect and gain access to SBC/AT&T's Internet protocol (IP) backbone facilities as SBC/AT&T offers to its affiliates and subsidiaries, as well as other companies of similar size to SBC/AT&T.<sup>5</sup> SBC/AT&T should not be allowed to interconnect with MCI or a newly merged Verizon/MCI for free, but demand interconnection/access fees from all other smaller carriers seeking access to SBC/AT&T's IP backbone facilities.
3. To the extent that the newly formed SBC/AT&T will provide and control distribution of video programming, the Commission should require SBC/AT&T to provide access to this video programming to rural ILECs and other small companies with the same quality, terms, conditions and prices as SBC/AT&T offers to its affiliates and subsidiaries, as well as other companies of similar size to SBC/AT&T.
4. Provide Most Favored Nation (MFN) conditions on all of SBC/AT&T's contracts involving interconnection and access to the PSTN, IP backbone and video programming so that rural carriers and other small companies can obtain the same favorable terms, conditions and prices that large carriers, or affiliated carriers of SBC/AT&T, receive in their contracts with SBC/AT&T.<sup>6</sup>
5. Make all of SBC/AT&T's contracts involving interconnection and access to the PSTN, IP backbone and video programming public information and not subject to non-disclosure agreements. This will assist ensuring rural carriers and other small companies and their customers to receive the same quality service and reasonable prices for these facilities and services.

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<sup>3</sup> Vonage Comments pp. 7-8.

<sup>4</sup> Independent Alliance Comments p. 8.

<sup>5</sup> Vonage Comments pp. 9-13.

<sup>6</sup> Independent Alliance Comments p. 8

NTCA believes that these conditions will be necessary in order to ensure that a new giant vertically SBC/AT&T will interconnect their facilities with small communications companies at reasonable rates, terms and conditions. Consolidations of this magnitude without market power safeguards will only enhance the market power of this and other future mega voice/data/video corporations to dictate the prices, terms and conditions in contracts with small communications, broadband, video, voice over Internet protocol (VoIP), and other IP-enabled service providers. With unchecked market power, this multibillion dollar company will have a greater opportunity to conduct predatory pricing and implement discriminatory practices against their much smaller competitors.

Small communications, broadband, IP and video companies have very little leverage in negotiations with large companies. Large vertically integrated corporations can walk away from negotiations, small companies cannot. Non-disclosure agreements shield the public from any discriminatory rates and conditions that may be imposed on small providers seeking wholesale interconnection to the PSTN, IP backbone and video content from large providers. As a condition of this and any future mega-merger approvals, NTCA urges the Commission to prohibit non-disclosure agreements and allow small carriers MFN status concerning SBC/AT&T's contracts involving the connection to the IP backbone, access to video content, and interconnection of telecommunications and information services between SBC/AT&T and other companies.

The Commission review of this and other mega-merges must be very sensitive to the merger's potential impact on competitors, consumers and the public interest. If this and other new mega-corporations abuse their market power, small communications providers could be harmed dramatically and rural consumers could find themselves in a

world without certain services or a world without competition for voice, video or data services in their rural communities. Such a result would be contrary to the Communications Act's goals of ensuring universal service, promoting the deployment of advanced services, developing competition and maintaining affordable rates for all Americans.

For the above stated reasons, NTCA urges the Commission to adopt the proposed market power safeguards above as a condition of the proposed SBC/AT&T merger.

Respectfully submitted,

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May 10, 2005

CERTIFICATE OF SERVICE

I, Gail Malloy, certify that a copy of the foregoing Response to Pleadings Filed of the National Telecommunications Cooperative Association in WC Docket No. 05-65, DA 05-656 was served on this 10th day of May 2005 by first-class, U.S. Mail, postage prepaid, or via electronic mail to the following persons.

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