

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
AT&T Corp.)	WC Docket No. 05-65
)	
and)	
)	
SBC Communications Inc.)	
)	
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.)	

**REPLY COMMENTS OF
THE MISSOURI OFFICE OF THE PUBLIC COUNSEL**

May 10, 2005

I. INTRODUCTION AND SUMMARY

The proposed SBC/AT&T and Verizon/MCI mergers would merge the two largest ILECs with the two largest CLECs. In Missouri, it would mean that the state's largest ILEC would merge with the largest IXC operating in the state and SBC's largest competitor for local exchange services. MCI is the second largest IXC and SBC's second largest CLEC competitor.

The emerging level of local competition is the result of more than a decade of extensive efforts by the Missouri Public Service Commission, other state commissions, the FCC, and others. These mergers would effectively destroy much of the public good that has come from those extensive efforts. These mergers are not in the public interest. Some things, such as merging the largest ILECs with the largest CLECs, are inherently harmful. It is time for the FCC to just say no.

II. ARE THERE ANY UNACCEPTABLE MERGERS?

In its Comments, the Consumer Federation of America, Consumers Union and U.S. Public Interest Research Group, stresses that the mergers of SBC/AT&T and Verizon/MCI would have a devastating impact on the prospects for competition. The group's Comments state:

we are witnessing the ultimate demise of the consumers' hope for more and more choices and lower prices for local, long distance, wireless, and the new Internet-based services entering the market.

We agree with the Consumer Federation of America, Consumers Union and U.S. Public Interest Research Group. If there were ever an unacceptable merger, the proposed

merger of SBC and AT&T is it. It is time that the Commission demonstrate that it is not willing to approve every telecommunications merger, regardless of how damaging that merger may be to the public interest. AT&T is the largest CLEC.¹ The local service lines that AT&T serves represents about 31%² of the lines served by all CLECs combined nationwide. AT&T and MCI together have over 40%³ of all CLEC lines in the nation. Despite AT&T's new spin on its level of significance in the provision of competitive residential local services, AT&T continues to be the nation's largest CLEC and continues to market and provide competitive residential local services throughout SBC's local service territory and throughout the nation. The proposed merger would allow the combination of one of the nation's largest ILECs with the nation's largest CLEC.

If regulators are willing to allow the SBC/AT&T and Verizon/MCI mergers, the end of meaningful local service competition is near. If regulators are willing to allow the ILECs' foremost competitors to merge with those ILECs, then there could be no reasonable justification for objection to proposed mergers between smaller, less significant CLECs and the ILECs.

If the Commission approves the SBC/AT&T and Verizon/MCI mergers, the Commission will have established the precedent that it is acceptable for the ILECs to simply buy any CLEC that becomes large enough to become a significant competitive

¹ AT&T 2003 Annual Report to stockholders, page 2.

² According to the FCC's "Local Telephone Competition" Report, December 2003, Table 8, there were a total of 27 million end-user access lines served by reporting CLECs in June of 2003 nationwide. Carriers with under 10,000 lines in a state are not required to report to the FCC. Also, see AT&T 2003 Annual Report to stockholder, page 2 for the number of local lines service by AT&T.

³ In the residential market AT&T's bundled subscribers are growing: "Partially offsetting the overall decline was an increase in bundled services revenue, which increased \$0.7 billion and \$0.9 billion in 2004 and 2003, respectively, reflecting an increase in subscribers primarily due to penetration in existing markets, as well as entry into new markets." From page 46 AT&T 10K Report for the year 2004. MCI's Form 10-K, filed March 16, 2005, for the period ending December 31, 2004, page 50.

threat to the ILECs. Approval of the present merger would approve the policy of allowing ILECs to eliminate its competitors through merger or purchase.

In June of 1997, then FCC Chairman Reed E. Hundt described a merger between AT&T and a Bell operating company as “unthinkable”. Because of AT&T’s size and name recognition, Mr. Hundt stated,

It’s difficult to imagine that any other firm will be a more broad-based local entrant. It seems unreasonable to assert that AT&T cannot obtain at least some meaningful entry in Bell markets if it seeks to enforce all the rights of entry given to it under the new law and our rules. Imputing to AT&T even a modest percentage of market share taken from the existing Bell incumbent in that Bell’s region, as we must do under our potential or precluded competitor doctrine, then under conventional and serviceable antitrust analysis, a merger between it and the Bell incumbent is unthinkable.⁴

As Mr. Hundt expected, AT&T has become the largest local competitor to the ILECs, and the proposed merger would end that.

III. AT&T IS THE LARGEST CLEC IN THE COUNTRY

In its Comments, NASUCA states,

SBC and AT&T attempt to minimize the impact of their merger by arguing that AT&T is no longer in the residential market.⁵

AT&T’s recent statements attempting to minimize its position as a CLEC do not change the reality that AT&T is the largest CLEC. First of all, AT&T statements that AT&T has reduced its marketing or focus in the residential market do not change the fact

⁴ “Hunt Declares Opposition to AT&T-Bell Company Mergers”, *Telecommunications Reports TR Daily*, June 19, 1997.

⁵ NASUCA Comments, page 13.

that AT&T is the nation's largest CLEC. Secondly, AT&T is the largest business CLEC, providing competitive local business service to 4.7 million business customers in 2004.⁶

The last AT&T's annual report that was issued *prior to* the announcement of the SBC/AT&T merger proudly boasts that they were the largest CLEC:

“We're the country's largest competitive local exchange carrier, with 4.5 million local access business lines and over 4 million local residential customers”.⁷

AT&T's 8.5 million local service lines represented about 31% of the total local service lines served by all CLECs combined nationwide.⁸

With 8.5 million local service lines, AT&T is by far the nation's largest CLEC. For comparison, Vonage, which is a company providing local service using VoIP technology, is a very small company that serves only about 600,000 lines worldwide.⁹

In the last annual report that was issued *prior to* the announcement of the SBC/AT&T merger, AT&T also boasted to be the leader in the exploration of finding new technologies to deliver services to residential customers' homes. AT&T's annual report states:

“We already deliver services directly to our customers' homes and premises over every major access technology, and we're leading the exploration into new alternate access technologies, such as broadband power line, free space optics and fiber to the home.”¹⁰

With this proposed merger the self-proclaimed leader in developing ways to connect to the homes in competition with the ILECs would become part of an ILEC.

⁶ Page 43, AT&T 10K Report for the year 2004.

⁷ AT&T 2003 Annual Report to stockholders, page 2.

⁸ As of June 30, 2003, a total of 125 reporting CLECs served 27 million access lines nationwide. See FCC Local Telephone Competition report, December 2003, Table 8 and Table 12. According to the FCC's "Local Telephone Competition" Report, December 2003, Table 8, there were a total of 27 million end-user access lines served by reporting CLECs in June of 2003 nationwide. Carriers with under 10,000 lines in a state are not required to report to the FCC.

⁹ Vonage website (http://www.vonage.com/corporate/aboutus_fastfacts.php), May 2, 2005.

¹⁰ AT&T 2003 Annual Report to stockholders, page 2.

On June 24, 2004, just six months before the announcement of a merger between SBC and AT&T¹¹, AT&T was proclaiming itself to be a critical source of competitive telecommunications alternatives for consumers. AT&T stated that without AT&T, consumers will have “virtually no choice of telecommunications provider”. AT&T’s CEO David Dorman specifically stated:

We foresee a future with less choice for consumers. Competitive alternatives are simply not available today for most Americans. Because as AT&T loses the ability to provide them with an alternative to the Bell companies, they will have virtually no choice of telecommunications provider.¹²

Prior to its merger aspirations, AT&T accurately described itself as what it is - the best hope that consumers have for competitive alternatives to the Bell companies’ services. Of course, now that AT&T has aspirations of merging itself with SBC, AT&T has changed its tune in an attempt to downplay its significance as a provider of competitive alternatives to the Bell companies’ services. The “spin” that the merging partners are presenting does not change the fact that AT&T is by far the largest CLEC.

IV. AT&T’S LOCAL SERVICE IS ACTUALLY GROWING, NOT DECLINING

AT&T’s recent statements attempting to minimize its position as a CLEC do not change the reality that AT&T is by far the largest CLEC. There is no denying that what is currently being proposed is that the largest CLEC be merged with one of the largest ILECs.

¹¹ According to SBC’s 2004 SBC Annual Report to stockholders (page 2), SBC announced the news of the proposed merger between itself and AT&T in January 2005.

¹² “AT&T cuts back consumer service availability”, NetworkWorld.com, June 24, 2004.

Not only is AT&T the largest CLEC, but it's local service revenues and customers are growing in both the residential and business markets as shown by its very recent 10K Report filed with the SEC for the year 2004:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
AT&T Business Services Voice Revenues: ¹³			
Local voice (millions).....	\$ 1,673	\$ 1,484	\$ 1,155
Business access lines (millions):	4.7	4.5	3.6
AT&T Consumer Services Revenues (millions): ¹⁴			
Stand-alone long distance voice services and other:	\$5,161	\$7,401	\$10,299
Bundled services (bundled local, local toll, LD): ¹⁵	2,743	1,999	1,114
	-----	-----	-----
Total Consumer Services revenue.....	\$7,904	\$9,400	\$11,413

As shown above, in 2004 35% of AT&T's residential (Consumer) service revenues were from Bundled services, which bundled AT&T local service with Long Distance and Local Toll services. As shown above, in 2004 AT&T local service revenues and lines were growing in both the residential and business market.

In retail stores, customers will currently find prominent displays in which AT&T is advertising its "AT&T CallVantage" service which includes "unlimited local and long distance" for \$29.99 per month, or "unlimited local calling" for \$19.99 per month. Attached as Exhibit A is a current brochure for AT&T's VoIP service, which is currently

¹³ Page 43, AT&T 10K Report for the year 2004

¹⁴ Pages 45 and 46, AT&T 10K Report for the year 2004

¹⁵ In the residential market AT&T's bundled subscribers are growing: "Partially offsetting the overall decline was an increase in bundled services revenue, which increased \$0.7 billion and \$0.9 billion in 2004 and 2003, respectively, reflecting an increase in subscribers primarily due to penetration in existing markets, as well as entry into new markets." From page 46 AT&T 10K Report for the year 2004.

available at Best Buy store outlets.¹⁶ This AT&T service is a “Voice over Internet Protocol” (VOIP), and AT&T also offers other local services as well.

A simple visit to AT&T’s website (www.att.com), reveals that AT&T currently is actively offering a number of local services to residential customers. In addition to VoIP service, in most areas AT&T currently offers residential customers “the one rate” plan that includes unlimited local and long distance. In many areas, AT&T also currently offers other local services. Even in SBC’s home state, Texas, AT&T offers residential customers: (1) “AT&T CallVantage Service Plan” with unlimited local and long distance in US and Canada service for \$29.99 per month¹⁷; (2) “AT&T CallVantage Local Plan” with unlimited local for \$19.99 per month¹⁸; (3) “One Rate USA” for \$41.95 per month, which includes unlimited local and long distance in US; and (4) “Call Plan Unlimited” for \$18.50 per month which includes unlimited local calling plus two features. In addition, AT&T currently has several local business services generally available. AT&T is still competing in the business and residential local service market.

Also in Missouri AT&T is a major competitor to SBC. In a recent October 2004 testimony,¹⁹ SBC witness Ms. Stoia pointed to AT&T as one of the primary and “most active” competitors for residential voice service.²⁰ In the same testimony Ms. Stoia also

¹⁶ The specific flier attached as Exhibit A was obtained from Best Buy in Springfield, Illinois on May 1, 2005.

¹⁷ Requires a broadband connection.

¹⁸ Requires a broadband connection.

¹⁹ October 29, 2004 Direct Testimony of Elizabeth Stoia on behalf of SBC Missouri in Missouri Case No. TO-2005-0035.

²⁰ Page 20, lines 29-32 of the October 29, 2005 Direct Testimony of Elizabeth Stoia on behalf of SBC Missouri in Missouri Case No. TO-2005-0035.

states that AT&T is one of the CLEC's offering services that are "substitutable for or functionally equivalent to SBC Missouri's residential access line service."²¹

V. MCI IS ONE OF THE NATIONS LARGEST CLECs

There is a current proposal that MCI be merged with Verizon. We believe that that the potential impact of the Verizon/MCI merger be considered when assessing the impact of the SBC/AT&T proposed merger. According to MCI's 10K report for 2004 annual report to the SEC, MCI served approximately 3.3 million residential and small business local subscribers at the end of 2004.²² This is over 10% of the total CLEC lines in the nation.²³

AT&T and MCI are the largest CLECs, and all together serve over 40% of all CLEC lines in the nation.

VI. THE EXISTENCE OF OTHER OR REMAINING SMALL CLECS DOES NOT JUSTIFY MERGING THE LARGEST ILECS WITH THE LARGEST CLECS.

The proponents point out that even after the large CLEC's (AT&T and MCI) are merged with the major ILECs, there would still be other CLEC's. However the other CLECs are much smaller than AT&T and MCI.

²¹ Page 12, lines 1-8 of the October 29, 2005 Direct Testimony of Elizabeth Stoia on behalf of SBC Missouri in Missouri Case No. TO-2005-0035.

²² MCI's Form 10-K, filed March 16, 2005, for the period ending December 31, 2004, page 50.

²³ According to the FCC's Local Competition Report, a total of 136 reporting CLECs nationwide were serving 32 million lines²³ in June 2004. See FCC Local Telephone Competition report, December 2004, Table 8 and Table 12.

As NASUCA points out in a study attached to its Comments, outside of AT&T and MCI, the remaining group of smaller CLECs do not have large resources.

NASUCA's Comments state:

With AT&T merged into RBOCs, the surviving group of much smaller competitive local and long distance carriers cannot hope to match the economic, legal, and political resources of the RBOCs' and their "bottomless pockets."²⁴

In addition, AT&T and MCI have name recognition among the residential customers, which is a major asset that is important in trying to convince residential customers to subscribe. As AT&T says in its "AT&T CallVantage" brochure, attached hereto as Attachment A,

"plus, you're AT&T, not a "no-name" company..."

The smaller remaining CLECs do not have the name recognition that AT&T and MCI have.

The FCC made a similar finding in its SBC-Ameritech Merger Order. For example, in paragraph 87 of FCC 99-279, Released October 8, 1999 in CC Docket No. 98-141, the FCC stated:

[T]he three largest interexchange carriers, AT&T, MCI (now MCI WorldCom), and Sprint are among the most significant participants in the mass market for local exchange and exchange access services. We find that these firms each have the capabilities, incentives, and stated intentions to serve the mass market for local exchange services. All three firms already have a substantial base of residential customers of their long distance services and established brand names resulting from their marketing of these services. Thus, these firms are among the best positioned to provide local services to residential customers.

And went on to say in paragraph 88 of that same Order that:

²⁴"Confronting Telecom Industry Consolidation", attached to the Comments of NASUCA, page 42.

Other firms, currently serving or planning to serve the mass market for local exchange and exchange access services out-of-region, are not yet included in the list of most significant market participants. Competitive LECs have begun serving residential markets but do not yet have the existing customer base and brand name that enable AT&T, MCI, and Sprint, as well as certain incumbent LECs, to become most significant competitors.

In addition, if SBC and Verizon's purchase of the largest CLECs is accepted, then there could be no valid objection to SBC and Verizon buying the small CLECs as well. These proposed mergers establish the precedent that the ILECs do not have to compete with the CLECs, instead they can simply buy them, thoroughly depriving the public of the benefit of competition.

VII. THE MERGER WOULD RESULT IN A LOSS OF AN IMPORTANT AND ACTIVE PARTICIPANT IN REGULATORY PROCEEDINGS AT BOTH THE FEDERAL AND STATE LEVELS

In its Comments, the New Jersey Division of the Ratepayer Advocate ("New Jersey Ratepayer Advocate") points out that the SBC/AT&T merger would result in a detrimental loss of AT&T's vigorous participation in regulatory proceedings. The New Jersey Ratepayer Advocate states:

The loss of AT&T (a carrier with unique "brand recognition") as an independent CLEC, as a regulatory "activist," and as an SBC rival would be monumental, irrevocable and potentially a major setback to competition.²⁵

The New Jersey Ratepayer Advocate raises a very important point. Throughout the years since Divestiture, AT&T and MCI have provided regulators including the Missouri Public Service Commission, other state commissions and the FCC with valuable input in telecommunications regulatory proceedings that deal with controversial, complex

²⁵ Comments on Behalf of the New Jersey Division of the Ratepayer Advocate, April 25, 2005, page 5.

and highly contested issues. In regulatory proceedings, it is often AT&T and MCI who provide the input that is in opposition to the ILECs. For example, the Federal Universal Service Fund (FUSF) proceeding benefited greatly from the fact that AT&T and MCI sponsored a cost study in competition with the cost study sponsored by several ILECs.²⁶ The FUSF utilizes a cost study called the “Synthesis Model”. The Synthesis Model is essentially an amalgamation of parts of the Hatfield (HAI) Model sponsored by AT&T and MCI, and the Benchmark Cost Proxy Model, which was sponsored by U S West, Bellsouth, and Sprint.²⁷ If AT&T and MCI had already been merged into the ILECs at the time the FCC was developing its FUSF cost model, the FCC would have likely been faced with an ILEC-sponsored model, and no competent competing model to represent the interests of others.

The Missouri Universal Service Fund (MoUSF) proceeding²⁸ similarly benefited by the fact that various parties sponsored cost studies to be used to establish the costs for implementation of the Fund. SBC (then Southwestern Bell Telephone Company) sponsored its own “Actual Operating Cost Wire Center Study”.²⁹ Other ILECs (Sprint and GTE) sponsored the use of the Benchmark Cost Proxy Model (BCPM).³⁰ AT&T sponsored the use of the Hatfield (HAI) Model Version 5.0a (“HAI 5.0a”). That proceeding benefited greatly from the fact that AT&T provided an independent cost study

²⁶ The Benchmark Cost Proxy Model (BCPM) was sponsored by U S WEST, BellSouth and Sprint. According to Sprint’s website, Sprint is an incumbent local exchange carrier (ILEC) in 18 states (<http://local.sprint.com/home/local/index.html>). Sprint is also a Competitive Local Exchange Carrier (CLEC) and an Interexchange Carrier (IXC).

²⁷ FCC 98-279, CC Docket No. 96-45 and CC Docket No. 97-160, Fifth Report and Order, Released October 28, 1998, ¶3.

²⁸ Missouri Case No. TO-98-329.

²⁹ Missouri Case No. TO-98-329, Direct Testimony of Tim Morrissey on behalf of Southwestern Bell Telephone Company, page 2.

³⁰ Missouri Case No. TO-98-329, Direct Testimony of Carl Laemmli on behalf of Sprint, page 3. Direct Testimony of David L. Behrle on behalf of GTE Midwest Incorporated, page 2.

in competition to the ILEC sponsored models. Without input from various parties that have varied interests, it is difficult for regulators to reach fair and balanced decisions.

At present the Missouri Public Service Commission is conducting an arbitration of the successor standard interconnection agreement for use by CLECs to interconnect with SBC. The agreement called the M2A was the result of the Missouri Section 271 proceedings that authorized SBC's entry into the interLata toll market. *In the Matter of Southwestern Bell Telephone, L.P., d/b/a SBC Missouri's Petition for Compulsory Arbitration of Unresolved Issues For a Successor Interconnection Agreement to the Missouri Section 271 Agreement ("M2A"), TO-2005-0336.* AT&T and MCI were major CLEC participants in the Section 271 proceeding.

Most CLECs are small companies that lack the financial resources that are generally needed to provide meaningful detailed and sustained input and involvement in regulatory proceedings. If AT&T and MCI are merged with the ILECs, the result will be a devastating loss of opposing views, expertise, and positions in regulatory proceedings at both the state and Federal levels.

The obvious result of AT&T and MCI merging with ILECs is that critical representation in support of other than ILEC interests will be lost in regulatory proceedings throughout the country.

VIII. THE WIRELESS MARKET IS DOMINATED BY THE ILECS

In its Comments, the Consumer Federation of America, Consumers Union and U.S. Public Interest Research Group, point out that the largest incumbent local exchange

carriers are also the largest wireless carriers.³¹ The Comments of NASUCA include a study that states that SBC, BellSouth and Verizon - together control 63% of the wireless market.”³² The Companies’ Annual Reports support this fact.³³ The SBC Annual Report proclaims that Cingular Wireless is the nation’s largest wireless carrier with 49 million subscribers.³⁴ Verizon Wireless is the nation’s second-largest wireless carrier with over 37 million subscribers.³⁵

If the mergers are approved, SBC and Verizon would be (1) the two largest ILECs, (2) the two largest wireless carriers, (3) the two largest CLECs, and (4) the two largest IXCs.

Giving customers a “choice” of local service from the ILEC division, wireless division, or CLEC division of the same overall corporation is not real local competition.

IX. EVEN IF THE WIRELESS MARKET WAS NOT DOMINATED BY THE ILECS, WIRELESS IS NOT AN ADEQUATE SUBSTITUTE FOR LANDLINE TELEPHONE SERVICE

In its Comments, NASUCA points out that wireless service is less than an adequate substitute for SBC and AT&T wireline service.³⁶ NASUCA is correct. Wireless services are generally considered to be a *compliment* to wireline services, not a substitute for wireline services. In its Triennial Review Order (TRO), the FCC found that wireless services are not a substitute for wireline services. The FCC specifically found:

³¹Comments of the Consumer Federation of America, Consumers Union and U.S. Public Interest Research Group, page 2.

³²“Confronting Telecom Industry Consolidation”, attached to the Comments of NASUCA, page 32.

³³ See SBC’s and BellSouth’s 2004 Annual Report to Stockholders.

³⁴ SBC Annual Report to stockholders, page 2. Cingular Wireless is 60% owned by SBC and 40% owned by BellSouth.

³⁵“Confronting Telecom Industry Consolidation”, attached to the Comments of NASUCA, page 55.

³⁶ NASUCA Comments, page 11.

The record shows that CMRS, while continuing to be primarily a complimentary technology to wireline narrowband service, is growing as a substitute to wireline narrowband service with about three to five percent of CMRS subscribers using their service as a replacement for primary fixed voice wireline service...[W]ireless CMRS connections in general do not yet equal traditional landline local loops in their quality, their ability to handle data traffic, and their ubiquity. Finally, the record indicates that CMRS is not yet capable of providing broadband services to the mass market...³⁷

X. VOIP IS NOT AN ADEQUATE SUBSTITUTE FOR LANDLINE TELEPHONE SERVICE

We agree with NASUCA that VoIP is not a full substitute for landline telephone service. NASUCA properly points out that customers must first have a broadband Internet connection in order to use VoIP service, which means VoIP is not available to the majority of customers. NASUCA also points out that “few VoIP providers offer reliable E-911 service.”³⁸

However, even if VoIP did not have all of the shortcomings discussed above, compared to traditional landline local telephone service, AT&T has its own VoIP service that it currently offers and markets to customers. Attached as Exhibit A is a copy of an AT&T advertisement flier for AT&T’s VoIP service

In the proposed mergers, SBC would be acquiring one of the major VoIP local service providers, thereby further reducing local service competition.

VoIP has other limitations. In Missouri, Vonage (a leading VoIP provider other than AT&T), currently only offers local phone numbers in three Missouri area codes (St. Louis (636 and 314) and Kansas City (816)).³⁹ This means, for example, that if a

³⁷ FCC Report and Order and Order on remand and Further Notice of Proposed Rulemaking, CC Docket No. 01-338 et. al., Released August 21, 2003, ¶230.

³⁸ NASUCA Comments, page 12.

³⁹ See Vonage website at <http://www.vonage.com/avail.php>.

customer in Springfield, Missouri (417 area code) chooses Vonage as their Competitive Local service provider they would receive a phone number with a different area code, and their next-door neighbor would incur long distance charges to call that Vonage customer. This is not a similar or substitutable service to SBC's local phone service in Springfield, Missouri, or in other similarly situated areas.

Two other significant differences between SBC local service and Vonage service is that Vonage 911 service does not know the location the emergency call is from and the telephone service will not work during power outages.⁴⁰

For the reasons stated above, VoIP service is clearly not an adequate substitutable service for SBC's. The FCC should not rely on the VoIP service as a viable competitor to SBC local service in the evaluation of the SBC/AT&T merger.

XI. IF THE COMMISSION ALLOWS THE SBC/AT&T MERGER, MANY EFFORTS ON THE PART OF STATE COMMISSIONS WILL HAVE BEEN WASTED

⁴⁰ The following is from an Article entitled "Vonage Lets You Dial 911" on the Vonage website (<http://www.vonage.com/features.php?feature=911>).

Vonage 911 Dialing Connects You With General Emergency Services

Your call will go to a general access line at the Public Safety Answering Point (PSAP). This is different from the 911 Emergency Response Center where traditional 911 calls go.

This means your call goes to a different phone number than standard 911 calls. You will need to state the nature of your emergency promptly and clearly, including your location and telephone number, as Public Safety Answering Point (PSAP) personnel will NOT have this information on hand.

the article goes on to say

Service Outages Can Prevent 911

911 and Vonage Service DO NOT function during an electrical power or broadband provider outage.

After the Telecommunication Act of 1996 (TA 96) was passed, the FCC asked the state commissions to perform a massive amount of work to assist it in establishing UNE rates, wholesale service discounts, and other requirements imposed by the Act. TA 96 did not require the state commissions to engage in such laborious efforts, but the FCC established guidelines and asked the states to conduct the detailed analyses required to set the UNE rates and discounts in each state.

The vast majority of the states, including Missouri, did what the FCC asked. They conducted extensive, complex, highly contentious proceedings in which they analyzed cost studies for a large number of rates and discounts, and ultimately established those rates and discounts. These were massive, expensive and time-consuming proceedings for the state commissions, the public advocates, and other parties. The FCC did not provide any funding for these state activities. The state commissions and other parties who participated believed that they were benefiting the public by establishing a level playing field that would allow the development of local services that were independent and competitive to the ILECs.

We are quite sure that virtually no one at the state level believed that after the FCC asked the states to perform this effort, that the FCC would then allow the resulting major CLECs to simply merge with the major ILECs. The states could not have reasonably expected that the FCC would simply allow the elimination of the competition that had been generated a result of the massive state and FCC efforts. If the resulting CLECs are allowed to be bought out by the ILECs, this would mean that those massive state efforts were largely wasted. If mergers such as the SBC/AT&T and Verizon/MCI mergers are allowed, the states will undoubtedly wonder what all of its efforts were for.

Had the FCC asked the state commissions to perform massive proceedings for the purpose of developing a division of SBC, we doubt that the state commissions, public advocates, CLECs, and other parties supporting competition would have been enthusiastic about volunteering their efforts and funds for such an effort. By asking the states to participate in the development of independent CLEC competition, the obvious FCC goal was to foster the development and preservation of independent CLECs. To now allow the merger of those CLECs with the ILECs would effectively break the spirit and trust of the state commissions that worked so hard to assist the FCC with its goal of establishing a level playing field that would allow the growth of independent CLECs.

XII. CONCLUSION

For all of the reasons stated above, the FCC should **just say no** to the proposed SBC/AT&T and Verizon/MCI mergers. These proposals would merge the two largest ILECs with the two largest CLECs. As a result of more than a decade of extensive efforts by the Missouri Public Service Commission and other state Commissions, the FCC, and others, local competition has been growing. These two proposed mergers would effectively destroy the consumer benefits that have come from those extensive efforts. Merging the largest ILECs with the largest CLECs is inherently harmful and not in the public interest.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was electronically transmitted, mailed or hand-delivered to all counsel of record on this 10th day of May, 2005.

/s/ Michael F. Dandino

PAY LESS, GET MORE.

AT&T CallVantage™ Service gives you more from your home phone than you ever imagined!

- **MORE SAVINGS:** You can make unlimited local & long distance calls. Plus you can **save 50%** on per minute rates for international calls, too!*
- **MORE RELIABILITY:** AT&T is the #1 carrier of IP traffic in the U.S.—service reliability and security are hallmarks of the AT&T network.
- **MORE FEATURES:** Powerful new features your current phone can't match, plus features you already use, all included in the flat rate.
- **MORE CONTROL:** Use a personalized Web page and advanced features like *Do Not Disturb* and *Locate Me* to save time and money. They're included at no extra cost!

THERE'S NO COMPARISON!

SERVICE & FEATURES	AT&T CALLVANTAGE SERVICE	TRADITIONAL PHONE SERVICE
UNLIMITED LOCAL AND LONG DISTANCE	\$29.99/month	\$45.99 – \$59.95/month
POPULAR TRADITIONAL FEATURES such as VoiceMail and Caller ID	INCLUDED	May charge extra per feature
POWERFUL NEW FEATURES such as Locate Me and Do Not Disturb	INCLUDED	NOT INCLUDED
MONTHLY FEDERAL USF AND FCC LINE CHARGES**	NO	YES

**Additional savings result because AT&T CallVantage Service customers do not pay Federal USF and FCC Line Charges and pay lower Federal Excise Tax.

Your total monthly savings as compared to traditional phone service: at least \$22
YOUR MINIMUM ANNUAL SAVINGS: \$250†

Broadband service fees not included in price of AT&T CallVantage Service or in calculation of minimum savings.

AT&T CallVantageSM

Phone service for broadband

- One simple flat rate for unlimited calling†, month after month
- Powerful new features your current phone can't match, plus features you already use, all included in the flat rate
- Works with your current Cable modem or DSL Internet connection and your existing home phone

PICK THE PLAN THAT'S RIGHT FOR YOU!

\$29⁹⁹ a month
 Enjoy unlimited Local, Long Distance, and calls to Canada.

\$19⁹⁹ a month
 For unlimited Local calls only. Long Distance calls only 4¢ per minute.

It all starts when you buy an AT&T CallVantage Service TA or Networking Router with AT&T CallVantage compatibility at Best Buy today!
 For more information, go to www.att.com/bestbuy.



The world's networking company™

†\$29.99 monthly service plan includes domestic direct-dialed calls and calls to Canada. \$19.99 monthly service plan includes local calls only. Long distance calls under the \$19.99 monthly service plan are 4 cents per minute. Service will not function during power outage. 911 Emergency Dialing works differently with this service than with traditional phone service. For more information, go to att.com/bestbuy.



YOUR VOICE OVER THE INTERNET



AND MONEY IN YOUR POCKET



The world's networking companySM

HOME PHONE SERVICE USING YOUR

*Savings on international calls based on weighted average of calling to all countries, compared to the lead plan of AT&T as of 10/1/04. International calls are billed at additional per minute rates. Calls terminating on mobile phones or other wireless devices may be charged additional per minute rates and are not included in stated savings. See www.att.com/bestbuy for details.

†As compared to the lead end-to-end offers of MCI, Sprint, Qwest, SBC, Verizon and Bell South as of 9/8/04. Savings may be higher depending on other factors.

AMAZING FEATURES YOUR CURRENT HOME PHONE JUST CAN'T MATCH!

Manage your calls in ways you never thought possible, using your current Cable modem or DSL connection and your existing home phone:

SPECIAL NEW FEATURES:

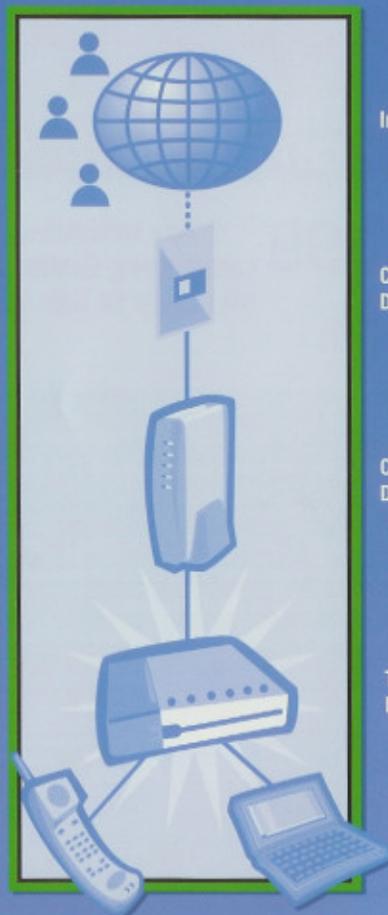
- **SIMPLE REACHSM NUMBER:** Create a "virtual number" from any area code to allow friends or family to call you as if you're in their hometown, without long distance charges. In fact, add up to nine different Simple Reach numbers for just \$4.99 per month per line.
- **INTERNATIONAL CALL BLOCK:** Turn off international dialing with a click of your mouse, or turn it back on with the same ease.

OTHER AMAZING FEATURES:

- **DO NOT DISTURB:** Schedule quiet time—yet still allow urgent calls to come through.
- **LOCATE ME:** Forward incoming calls to as many as five numbers—in any sequence you choose.*
- **ADVANCED VOICEMAIL:** Forward your VoiceMail as talking e-mail to anyone nationwide.
- **PERSONAL CONFERENCING^{**}:** Create a "virtual room" for up to 10 callers on one line.
- **REAL-TIME CALL LOGS:** View call data instantly, with the ability to "click and dial" right on-screen.

HOW IT WORKS

The AT&T CallVantageSM Service TA or Networking Router with AT&T CallVantage Compatibility, available at Best Buy,[®] connects your existing home phone to the Internet through your high-speed Cable modem or DSL connection. Sign up for AT&T CallVantage Service online, and you're ready to save on every call. There's no software to install, no contracts to sign.



Internet

Cable modem/
DSL Jack

Cable modem/
DSL connection

Telephone Adapter/
Networking Router

Telephone

Personal Computer

HOW TO USE IT

1. Buy an AT&T CallVantage Service Telephone Adapter (TA) or Networking Router with AT&T CallVantage Compatibility at Best Buy[®].



2. Follow the installation guide found inside the TA/router package.

PEOPLE CAN'T STOP TALKING ABOUT IT

Feedback from AT&T CallVantage Service Users:

"I'm thrilled with this new service. The pricing is perfect, the clarity is impeccable, and the feature set is amazing."

"I cannot tell you how very, very happy I am to have your service and all of its many benefits! ...Plus, you're AT&T, not a 'no-name' company..."

This is by far the coolest technology since wireless networks. This is what phone service was meant to be like.

* Call forwarding only available in the continental U.S.

** Personal conferencing is currently provided free of charge, but may become a paid feature in the future.