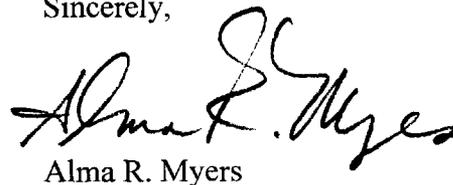


May 12, 2005

To Whom It May Concern:

Please be advised that due to a computer error an incorrect version of the Reply Comments of WiTel Communications, LLC in FCC Docket No. WC 05-65 was filed on May 10, 2005. Attached is the correct version of the above-mentioned Reply Comments, which was served on all parties on May 10, 2005.

Sincerely,



Alma R. Myers

Attachment

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

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

To: The Commission

REPLY COMMENTS OF WILTEL COMMUNICATIONS, LLC

WilTel Communications LLC (“WilTel”) submits its reply comments on the application of SBC Communications Inc. (“SBC”) and AT&T Corp. (“AT&T”) for approval of their merger. 1/

In these reply comments, WilTel discusses SBC’s startling claim that it cannot successfully compete for enterprise customers without owning both a local and a long distance network. No other provider in that marketplace owns both long distance networks and extensive local facilities in all the geographic areas where it offers service – least of all the IXC’s, CLEC’s, and system integrators with whom SBC surprisingly asserts it is unable to compete. Moreover, SBC overstates the alleged merger benefits relating to improved “end-to-end network management control and flexibility to meet [enterprise] customers[’] demanding requirements for system integration and accountability, performance and provisioning and trouble-shooting

1/ See Public Notice, Commission Seeks Comment on Application for Consent to Transfer of Control Filed By SBC Communications Inc. and AT&T Corp., DA 05-656, WC Docket No. 05-65 (rel. March 11, 2005)

speed and flexibility.” 2/ SBC mischaracterizes its unique Alliance arrangement with WilTel which, in point of fact, already enables SBC to obtain these benefits using the WilTel network. Finally, we underscore some of the important comments made by other parties regarding the potentially anti-competitive and discriminatory impacts of the proposed merger. 3/

1. First, it makes no sense for SBC to argue that it needs to acquire AT&T in order to compete effectively to provide national and global services to enterprise customers. 4/ WilTel concurs with the commenting parties who have demonstrated that it is illogical for SBC to argue, on the one hand, that it cannot succeed in the enterprise market without owning both a local and a long distance network and, on the other hand, that it faces fierce competition in the enterprise market from parties, such as system integrators, that own no network at all. 5/ SBC claims that it faces vigorous competition from CLECs, IXCs, systems integrators, equipment vendors, and value-added resellers. 6/ But most of these parties, like SBC today, do not own long-haul network facilities, and none of them comes anywhere near SBC in terms of ownership and bottleneck control of *local* networks.

The reality is that the successful development of competition throughout the telecommunications sector to date has depended upon interconnection between different

2/ SBC/AT&T Public Interest Statement at 99.

3/ As noted in our Initial Comments, to date WilTel’s ability to participate in this proceeding has been limited by the fact that SBC and AT&T alone possess the most relevant data regarding their respective facilities, services, and business plans, and have made little of that data available for review by interested parties. The Applicants were directed to submit data yesterday, May 9, in response to Staff questions. WilTel has not had any opportunity to obtain this material (let alone analyze it) prior to submitting these Reply Comments, and anticipates submitting *ex parte* comments after it has had an opportunity to do so.

4/ See, e.g., SBC/AT&T Public Interest Statement at 39-44, 96-101.

5/ See CompTel/ALTS at 27-28; ACN Communications Services, Inc. *et al.* at 52-54; Broadwing/SAVVIS at 18-21; Cbeyond *et al.* at 72.

6/ SBC/AT&T Public Interest Statement at 72-89 & Appendix B; Carlton & Sider Declaration at 37-41 (¶¶ 77-89).

networks – *i.e.*, a “network of networks” – as well as use of those networks by non-facilities-based providers. WilTel – along with today’s AT&T and every other IXC – works closely with multiple carriers to implement nationwide network connectivity, relying heavily on SBC and other ILECs for local connectivity to end-users. Neither SBC nor anyone else needs to own and control all the network facilities used by their customers in order to compete effectively.

2. WilTel also believes that SBC has grossly overstated the disadvantages in integration that it allegedly suffers as a result of procuring its long-distance service through an arrangement with WilTel. As noted in our initial comments, WilTel has a unique perspective on the proposed merger, as the leading supplier of long distance network connectivity to SBC. Since 1999, WilTel has worked closely with SBC in a complex and extensive Alliance ^{7/} – one that SBC has characterized as perhaps the largest in corporate America. Under the Alliance, SBC provides voice and data services over WilTel’s state-of-the-art network, both within and outside SBC’s 13-state region. That national network includes 33,000 miles of lit fiber, an OC192 MPLS Internet backbone, 19 domestic voice switches, and two international gateways, with on-net interconnectivity to over 12,500 interconnection points in over 300 cities. SBC’s services are supported by WilTel’s network operations control (“NOC”) facilities, which are among the largest and most capable in the world.

The Alliance goes far beyond a network services agreement such as those WilTel has with other carriers. SBC and WilTel work closely together to engage in integrated product and technology development and marketing. The Alliance enables SBC to offer competitively priced and differentiated voice and data products that meet the growing demands of SBC's

^{7/} See Press Release, “SBC Forms Alliance With Williams Communications To Transport Long-Distance Data, Voice Traffic, *Agreement Another Milestone In SBC's Goal To Become Single-Source, Global Provider*,” (Feb. 8, 1999) (quoting SBC Chairman and CEO Edward Whitacre) (available at <http://www.sbc.com/gen/press-room?pid=4800&cdvn=news&newsarticleid=6835>).

customers. The Alliance is governed through a series of committees with representatives from both WilTel and SBC. An officer-level Alliance Council directs the overall goals of the Alliance. A Network Transport and Technology Alliance Committee jointly designs, plans and implements the WilTel network architecture and infrastructure. Multiple other Alliance committees jointly address other functional areas, including: Service Assurance, Service Delivery, Product Development, Sales and Marketing, Platform/Wholesale Committee, Information Technology, International and Finance.

Specifically, the Alliance agreements give SBC the following capabilities:

- The ability to participate in designing, planning, controlling and implementing network architectures and infrastructure, plan new technology for deployment in the network, select vendors, and develop network stability and reliability plans – working together with WilTel engineers and technologists to ensure that SBC is able to serve its market needs.
- Extraordinarily high Service Level Agreements, defining industry-leading network quality standards, including intervals for service delivery and targets for network reliability and restoration, which WilTel has consistently not only met but exceeded throughout the six-year duration of the Alliance agreements.
- Unprecedented system integration, in which SBC—
 - directly accesses WilTel systems for order entry, customer service provisioning, interfacing with trouble tickets,
 - works jointly with WilTel to resolve customer trouble issues (an arrangement whose success to date is demonstrated by consistently exceeding the established performance standards for trouble resolution),
 - maintains real-time visibility into WilTel’s network management systems to perform management functions and overall network surveillance, and receives near real-time alarm feeds correlated by circuit IDs,
 - deploys SBC’s own fraud control equipment throughout WilTel’s network, and
 - receives daily call detail records, performance measurements for DS3 and OCn private line circuits, and other data, as well as monthly trouble ticket data.

Through its Alliance, SBC also obtains access to WilTel's industry-leading service quality, which consulting firm Atlantic/ACM, based on survey responses from enterprise customers, has rated #1 in the industry over the past three years in a row, including ratings based on service quality, provisioning intervals, and billing accuracy. Significantly, WilTel's performance on each of these measures has consistently exceeded that of AT&T. ^{8/} The Alliance enables SBC to provide its customers with a full range of voice and data services supported by WilTel's network, including a complete voice services portfolio (one plus, toll-free, card, operator, directory assistance, IP-enabled); data services (WAN, frame relay, ATM, optical wave, private line); Internet protocol services (dedicated internet access, IP VPN); and video (videoconferencing, video transport).

SBC has been able to achieve extraordinary market success based on its Alliance relationship with WilTel. On the mass market side, during the short time since its has received Section 271 authority, SBC has managed to grow its long distance market share from 0 to as much as 40-60 percent in some states. With regard to enterprise customers, SBC has a strong and successful track record of winning competitive bids. WilTel strongly encourages the Commission to critically review the market data submitted by SBC to date and, if necessary, to require it to submit additional data. ^{9/} Based on its own experience working with SBC, WilTel is confident that these data will show, contrary to the assertions of SBC, that many large business customers are willing to award major contracts to SBC, demonstrating their confidence in SBC's

^{8/} Source: Atlantic ACM Wholesale Carrier Report Card 2004.

^{9/} As noted above, WilTel has not yet had an opportunity to review the data that AT&T and SBC were required to submit the day before these comments were due.

ability, working with WilTel, to “guarantee its ability to manage and control the networks over which the service is provided.” 10/

In short, these claimed benefits of the merger are illusory because SBC already has full access to a world-class long-haul network, with ample ability to manage and control that network and the services provided over it. SBC does not need to acquire AT&T – with the attendant anti-competitive risks – in order to achieve this benefit.

3. Finally, WilTel shares the serious concerns raised in many of the initial comments regarding how the proposed merger could adversely affect competition. In particular, WilTel shares these parties’ concerns that, if allowed to proceed with their merger, SBC and AT&T could abuse their dominance over “upstream” local wholesale connectivity services (special and switched access) to reduce competition in “downstream” markets for long-distance and all-distance telecommunications services to enterprise and mass market customers. 11/ By eliminating its primary wholesale rival in AT&T, SBC will face even less pressure to reduce its prices for special access and other local connectivity. WilTel prides itself on the high quality and efficiency of its national interexchange network. But in the current market, where local access makes up 80% of the cost of service, the real issue is how this merger would further enable SBC to maintain excessive access prices that all of its competitors must pay, and allow SBC/AT&T to win customers based on this local pricing.

Given the thoughtful and thorough submissions by other parties, WilTel does not feel compelled to repeat that analysis; suffice it to say that WilTel shares many of these parties’

10/ James Kahan Declaration at 10 (¶ 25).

11/ See, e.g., Broadwing/SAVVIS Opposition at 29-35; Cbeyond *et al.* Pet. to Deny at 19-30; CompTel/ALTS Pet. to Deny at 27-29; Cox Communications Comments at 10-13; Global Crossing Comments at 17-19 & Attachment A (Statement of Joseph Farrell) at ¶¶ 41-45; Qwest Pet. to Deny at 25 & Declaration of B. Douglas Bernheim at 30-32 (¶¶ 84-92).

concerns and urges the Commission to seriously consider the risks that the proposed vertical combination of SBC and AT&T could pose to competition.

For the foregoing reasons, WilTel respectfully submits that the Commission must carefully consider the extensive impacts that the proposed merger could have upon competition and the public interest.

Respectfully submitted,

WilTel Communications, LLC

By 
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May 10, 2005

CERTIFICATE OF SERVICE

I, Alma R. Myers, Swidler Berlin, LLP, certify that I have caused copies of the foregoing Reply Comments in WC Docket 05-65 to be hand delivered, unless otherwise indicated, on this 10th day of May 2005 to the following:

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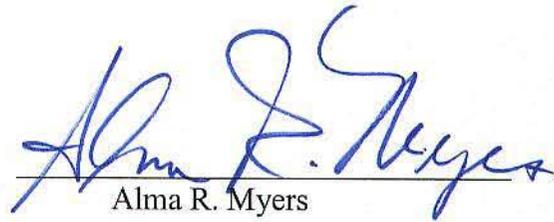
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