September 21, 2005

BY ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: ***In the Matter of Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from AT&T Corp., Transferor, to SBC Communications Inc., Transferee, WC Docket No 05-65***

Dear Ms. Dortch:

Six competitors of SBC and AT&T have filed in this docket a deeply flawed survey of unnamed companies.[1] These competitors tout this survey as finding that FORTUNE 1000 companies are concerned about the proposed merger of SBC and AT&T.[2] In fact, to the extent that anything at all can be gleaned from this defective survey, it is that SBC and AT&T have complementary strengths, which means that the merger will strengthen competition, promote innovation, and increase service quality. This conclusion is consistent with the dozens of statements submitted in this docket by identified companies that support the merger.[3]

The defects in this survey are glaring:

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[1] Letter from Thomas Cohen, Alliance for Competition in Telecommunications, to Marlene H. Dortch, FCC, WC Docket No. 05-65 (Sept. 13, 2005).

[2] Press Release, Fortune 1000 Companies Say SBC/AT&T and Verizon/MCI Mergers Will Raise Prices, Reduce Innovation and Service Quality (Sept. 13, 2005) (available at http://www.allianceforcompetition.com/newsroom/release/050913.php).

[3] SBC/AT&T Joint Opposition to Petitions to Deny, WC Docket No. 05-65 (May 10, 2005) (statements in support of SBC/AT&T merger from representatives of Woodard Tech & Investments LLC, Mazzio's Corporation, Journal Communications, Inc., ServiceMaster, Southwest Times Record, CBC Companies, Mission Federal Credit Union, Gregg Appliances Inc., Orco Construction Supply, Fremont Bank, National University, Granite Construction, Nix Check Cashing, Baldor Electric Company, Novo 1, Inc., Oak Street Mortgage, Dairy Farmers of America, NIBCO Inc., Yellow Roadway Technologies, KCG, Inc.); Letter from Gary L. Phillips, SBC, and Lawrence J. Lafaro, AT&T, to Marlene H. Dortch, FCC, WC Docket No. 05-65 (June 2, 2005) (statements in support of SBC/AT&T merger from representatives of BNSF Railway Company, ASUSTek Computer, Inc., First Midwest Bank, La Quinta Inns, Inc., Young's Market, Meijer, Inc., US Bancorp, Pro-Cap Laboratories).

- Only 100 persons responded to the survey. As a result, the margin of error is enormous – plus or minus nine percent, or a total swing of 18 percent.

- The respondents were paid to complete the survey.

- Only customers of AT&T (and MCI) were polled – no SBC (or Verizon) customers were polled.

- Questions were slanted to produce the desired answer. For example, respondents were asked *how concerned* they were about whether, following the SBC/AT&T merger, rates will *rise*, quality of service will *go down*, and there will be *less* competition. An unbiased survey would have asked the respondents *whether* they believed the merger will *affect* rates, quality of service, and competition, and if so, how.

- The "findings" that our competitors draw from the survey about the "perceived impact of mergers" do not follow from the questions that were asked. The competitors' summary of the survey claims that respondents "by a two to one margin . . . believe they will be worse off if the mergers go through." The respondents, however, were never asked whether they believed they would be worse off if the mergers go through. Instead, in this portion of the survey, they were asked whether AT&T (or MCI) can offer them better rates, more innovation, and more responsiveness than SBC (or Verizon). Not surprisingly, a majority of the respondents, all of whom are current AT&T (or MCI) customers, said yes, the current AT&T (or MCI) offers better rates, more innovation, or more responsiveness than the current SBC (or Verizon). Such a result was predictable – otherwise, presumably the respondents would have dropped their AT&T (or MCI) service in favor of SBC (or Verizon) service and thus would not have been included in the survey.

- Responses were grouped together to produce the desired answer. For example, while 55 percent of survey respondents expressed little or no concern about rates rising if the merger is consummated, the survey's authors concluded that "62% express concern about rising rates." They managed to reach this result by combining those who were only "a little concerned" with those who were "somewhat concerned" or "very concerned." Indeed, only 11 percent of respondents were "very concerned." Similar manipulations were performed on the responses to the questions regarding innovation and responsiveness.

- The presentation of the survey results does not permit separate analyses of the two mergers. The survey combines customer concerns about the SBC/AT&T merger with

> customer concerns about the Verizon/MCI merger and the cumulative effects of both mergers. This conflating of an extremely limited universe of responses not only demonstrates the survey's fundamental inaccuracy but also attempts to raise issues that have no place in the Commission's consideration of the SBC/AT&T merger.

Notwithstanding our competitors' attempts to distort the results of the purported survey, the survey in fact demonstrates that the SBC/AT&T merger will be beneficial. The survey finds that, for some customers, SBC offers better rates and more innovative products than AT&T, and that, for other customers, AT&T offers better rates and more innovative products than SBC. The obvious implication – that SBC and AT&T have complementary strengths – is a basic premise of the merger and source of many of the benefits that will flow from the merger. SBC's strength is in the sale of services to small and medium-sized business with a high percentage of their facilities in SBC's 13 in-state region states. AT&T's strength is in the sale of services nationwide to large multi-location businesses with generally more sophisticated telecommunications requirements. Merging these two complementary companies will create significant public interest benefits. The combined company will be better able to offer a portfolio of services suitable for any customer. The combined company also will have greater incentives and ability to invest in research and development and to make available the fruits of those efforts to all customers.

These conclusions about the beneficial effects of the merger are echoed in the numerous customer statements submitted in this docket, including statements of members of the FORTUNE 1000. For example, the CIO and Assistant Vice President of Telecommunications for BNSF Railway Company writes that his employer is "very supportive" of the proposed merger as a result of the "efficiencies [that] can be obtained" and "look[s] forward to dealing with companies that can offer a multitude of services supporting and supplementing our own private telecommunications infrastructure at all levels: regional, national, and international." The Executive Vice President of Technology Planning and Control at US Bancorp views the proposed merger as "beneficial to US Bancorp because it will permit us to obtain a broader array of local and long distance services from a single vendor." The Director of Information Technology for Granite Construction indicates that he "see[s] SBC and AT&T as complementary" and "the proposed merger between SBC and AT&T would be positive for Granite" and has "the potential for providing us more opportunities" with IP telephony. The Vice President of I/T Infrastructure Engineering at ServiceMaster notes that "consolidating two companies with complementary services would benefit both suppliers and customers" in light of the "excess capacity in the industry," and "there will continue to be more than a sufficient number of competitors." As these statements and many others like them in the record show, customers clearly recognize the benefits that will flow from the merger, and a tainted survey commissioned by our competitors cannot obscure this fact.

Sincerely,

SBC Communications Inc.	AT&T Corp.
/s/ Gary L. Phillips	**/s/ Lawrence J. Lafaro**
Gary L. Phillips	Lawrence J. Lafaro
SBC Communications Inc.	AT&T Corp.
1401 I Street, N.W.	Room 3A 214
Suite 400	One AT&T Way
Washington, D.C. 20005	Bedminster, NJ 07921
Tel: (202) 326-8910	Tel: (908) 532-1850

cc: Marcus Maher