NTCA
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION
The Voice of Rural Telecommunications
www.ntca.org

Ex Parte Handout, October 21, 2005

SBC/AT&T Merger, WC Docket No. 05-65
Verizon/MCI Merger, WC Docket No. 05-75

NTCA urges the Commission to adopt several market power safeguards as a condition of approving the proposed SBC/AT&T and Verizon/MCI mergers. NTCA requests that as a condition of the mergers, the Commission require the merged companies to:

1. Provide rural ILECs and other small companies with the same quality, terms, conditions and prices to interconnect and gain access to merged companies' facilities that comprise the public switched telephone network (PSTN) as the merged companies offers to their affiliates and subsidiaries, as well as other companies similar in size to the merged companies.

2. Provide rural ILECs and other small companies with the same quality, terms, conditions and prices to interconnect and gain access to the merged companies' Internet protocol (IP) backbone facilities as the merged companies offer to their affiliates and subsidiaries, as well as other companies of similar size to the merged companies.

3. To the extent that the newly formed merged companies will provide and control distribution of video programming, the Commission should require the merged companies to provide access to this video programming to rural ILECs and other small companies with the same quality, terms, conditions and prices as the newly merged companies' offer to their affiliates and subsidiaries, as well as other companies similar in size to the merged companies.

4. Provide Most Favored Nation (MFN) conditions on all of the merged companies' 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 the merged companies, receive in their contracts with the merged companies.

5. Disclose publicly the terms and conditions of contracts involving interconnection and access to the PSTN, IP backbone and video programming. Prohibiting non-disclosure agreements will assist in ensuring that rural carriers and their customers receive the same quality service and reasonable prices for these facilities and services.

6. Provide a Statement of General Available Terms (SGAT) concerning access to the merged companies' facilities that comprise the PSTN and IP Backbone with prices that are cost based.

NTCA believes that these conditions are necessary to ensure that the new vertically integrated SBC/AT&T and Verizon/MCI will interconnect their facilities with small communications companies at reasonable rates, terms and conditions. Consolidations of this

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magnitude without these market power safeguards will only enhance the market power of these 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, these multibillion dollar companies 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 little or no leverage in negotiations with large companies. Large vertically integrated corporations can walk away from negotiations, small companies cannot. Non-disclosure agreements hide from 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 the newly formed SBC/AT&T's and Verizon/MCI's contracts involving the connection to the IP backbone, access to video content, and interconnection of telecommunications and information services between the merged companies and other companies.

The Commission review of these and other merges must be very sensitive to the mergers' potential impact on competitors, consumers and the public interest. If these 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.