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October 31, 2005

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

RE: Notice of Ex Parte – Application for Consent to Transfer Control of AT&T Corp. to SBC Communications Inc., WC Docket No. 05-65

Dear Ms. Dortch:

At the request of Staff, we respectfully request the attached letter be placed in the public record, in accordance with Section 1.1206(b)(1) of the Commission's rules.

Please contact me at (202) 326-8915 should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Thomas F. Hughes". The signature is written in a cursive style with a large, stylized "H" and "F".

CC: Michelle Carey
Jessica Rosenworcel
Russ Hanser
Scott Bergmann
Tom Navin



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October 31, 2005

The Honorable Kevin Martin
Chairman
Federal Communications Commission
445 Twelfth Street, SW, 8th Floor
Washington, DC 20554

Dear Chairman Martin:

Throughout the course of this proceeding, SBC and AT&T have demonstrated that their merger should be approved promptly and without conditions.¹ We have shown that the merger will decidedly advance the public interest by bringing together two companies with complementary assets and strengths, thereby creating a more efficient, more innovative company capable of accelerating and expanding the delivery of high quality advanced technologies and services to all classes of customers, large and small. We have shown that the merger will solidify and secure the nation's status as a world leader in telecommunications and that it will strengthen national security. And we have shown that all of these benefits will be realized without any cognizable harm to competition.

Since that time, the merger has been reviewed and approved by 33 states, the District of Columbia, and 13 foreign entities. It also has been subject to exacting scrutiny by the Department of Justice, which found no anticompetitive effects except in a small number of commercial buildings. The Department established conditions to address the potential effects in those buildings. We steadfastly believe that no further conditions are warranted, all the more so, because the Commission has initiated rulemaking proceedings to establish special access rules of general applicability across the entire ILEC industry. It is in those proceedings that the Commission should consider most of the issues raised by opponents of the merger.

Nevertheless, in the interest of facilitating the speediest possible approval of the merger by the Commission, and in response to a request from Commission staff, Applicants would agree to the following additional merger conditions. Applicants reserve the right to withdraw these voluntary

¹ The term "SBC/AT&T" as used in this letter refers to SBC Communications Inc. and all of its affiliates whose financial results on the day following the Merger Closing Date would be included as consolidated subsidiaries in SBC's consolidated financial statements as required by U.S. generally accepted accounting principles.

commitments upon two days' written notice to the Commission if the Commission has not approved the merger at that time.

Unbundled Network Elements

1. For a period of two years, beginning on the Merger Closing Date, SBC/AT&T shall not seek any increase in state-approved rates for unbundled network elements ("UNEs") that are currently in effect, provided that this restriction shall not apply to the extent any UNE rate currently in effect is subsequently deemed invalid or is remanded to a state commission by a court of competent jurisdiction in connection with an appeal that is currently pending (i.e., for appeals of state commission decisions in Illinois, Indiana and Texas). In the event of a UNE rate increase in Illinois, Indiana or Texas during the two year period, following a court decision invalidating or remanding a UNE rate, SBC/AT&T may implement that UNE rate increase but shall not seek any further increase in UNE rates in that state during the two-year period. This condition shall not limit the ability of SBC/AT&T and any telecommunications carrier to agree voluntarily to any UNE rate nor does it supersede any current agreement on UNE rates.
2. Within thirty days after the Merger Closing Date, SBC/AT&T shall exclude fiber-based collocation arrangements established by AT&T or its affiliates in identifying wire centers in which SBC claims there is no impairment pursuant to section 51.319(a) and (e) of the Commission's rules. SBC/AT&T shall file with the Commission, within thirty days of the Merger Closing Date, revised data or lists that reflect the exclusion of AT&T collocation arrangements, as required by this condition.

Special Access

1. SBC/AT&T affiliates that meet the definition of a Bell operating company in section 3(4)(A) of the Act ("SBC BOCs")² will implement, in the SBC Service Area,³ the Service Quality Measurement Plan for Interstate Special Access Services ("the Plan"), as described herein and in Attachment A. The SBC BOCs shall provide the Commission with performance measurement results on a quarterly basis, which shall consist of data collected according to the performance measurements listed in Attachment A. Such reports shall be provided in an Excel spreadsheet format and shall be designed to demonstrate the SBC BOCs' monthly performance in delivering interstate special access services within each of the states in the SBC Service Area. These data shall be reported on an aggregated basis for interstate special access services delivered to (i) SBC/AT&T's section 272 affiliates, (ii) its BOC and other affiliates, and (iii) non-affiliates.⁴ The SBC BOCs shall provide performance measurement

² For purposes of these conditions, SBC Advanced Services, Inc. ("ASI") shall not be considered an SBC BOC.

³ For purposes of this condition, "SBC Service Area" means the areas within SBC's service territory in which SBC's Bell Operating Company subsidiaries, as defined in 47 U.S.C. § 153(4)(A), are incumbent local exchange carriers.

⁴ BOC data shall not include retail data.

results (broken down on a monthly basis) for each quarter to the Commission by the 45th day after the end of the quarter. The SBC BOCs shall implement the Plan for the first full quarter following the Merger Closing Date. This condition shall terminate on the earlier of (i) thirty months and 45 days after the beginning of the first full quarter following the Merger Closing Date (that is, when SBC/AT&T file their 10th quarterly report); or (ii) the effective date of a Commission order adopting performance measurement requirements for interstate special access services.

2. For a period of thirty months after the Merger Closing Date, SBC/AT&T shall not increase the rates paid by existing customers (as of the Merger Closing Date) of the DS1 and DS3 local private line services that AT&T provides in SBC's in-region territory⁵ pursuant, or referenced, to its TCG FCC Tariff No. 2 above their level as of the Merger Closing Date.
3. For a period of thirty months after the Merger Closing Date, SBC/AT&T will not provide special access offerings to its wireline affiliates that are not available to other similarly situated special access customers on the same terms and conditions.
4. To ensure that SBC/AT&T may not provide special access offerings to its affiliates that are not available to other special access customers, for a period of thirty months after the Merger Closing Date, before SBC/AT&T provides a new or modified contract tariffed service under section 69.727(a) of the Commission's rules to its own section 272(a) affiliate(s), it will certify to the Commission that it provides service pursuant to that contract tariff to an unaffiliated customer other than Verizon Communications Inc., or its wireline affiliates. SBC/AT&T also will not unreasonably discriminate in favor of its affiliates in establishing the terms and conditions for grooming special access facilities.
5. SBC/AT&T shall not increase the rates in SBC's interstate tariffs, including contract tariffs, for special access services that SBC provides in its in-region territory and that are set forth in tariffs on file at the Commission on the Merger Closing Date. This condition shall terminate thirty months from the Merger Closing Date.

Internet Backbone

1. For a period of three years after the Merger Closing Date, SBC/AT&T will maintain at least as many settlement-free U.S. peering arrangements for Internet backbone services with domestic operating entities as they did in combination on the Merger Closing Date. SBC/AT&T may waive terms of its published peering policy to the extent necessary to maintain the number of peering arrangements required by this condition.

⁵ For purposes of these conditions, SBC's "in-region territory" means the areas within SBC's service territory in which an SBC operating company is the incumbent local exchange carrier, as defined in 47 U.S.C. § 251(h)(1)(A) and (B)(i).

2. Within thirty days of the Merger Closing Date, and continuing for two years thereafter, SBC/AT&T will post its peering policy on a publicly accessible website. During this two-year period, SBC/AT&T will post any revisions to its peering policy on a timely basis as they occur.

Alaska

1. SBC/AT&T acknowledges that the merger does not change carrier of last resort obligations imposed by the State of Alaska on interexchange services provided by Alascom.
2. SBC/AT&T acknowledges that the merger will not alter statutory and regulatory geographic rate averaging and rate integration rules that apply on the Merger Closing Date to Alascom.
3. SBC/AT&T agrees that, for a period of at least two years after the Merger Closing Date, they will operate Alascom as a distinct, though not structurally separate, corporate entity.

ADSL Service

1. Within twelve months of the Merger Closing Date, SBC/AT&T will deploy and offer within its in-region territory ADSL service to ADSL-capable customers without requiring such customers to also purchase circuit switched voice grade telephone service. SBC/AT&T will continue to offer this service in each state for two years after the "implementation date" in that state. For purposes of this condition, the "implementation date" for a state shall be the date on which SBC/AT&T can offer this service to eighty percent of the ADSL-capable premises in SBC's in-region territory in that state.⁶ Within twenty days after meeting the implementation date in a state, SBC/AT&T will file a letter with the Commission certifying to that effect. In any event, this commitment will terminate no later than three years from the Merger Closing Date.

Net Neutrality

1. Effective on the Merger Closing Date, and continuing for two years thereafter, SBC/AT&T will conduct business in a manner that comports with the principles set forth in the FCC's Policy Statement, issued September 23, 2005 (FCC 05-151).

⁶ After meeting the implementation date in each state, SBC/AT&T will continue deployment so that it can offer the service to all ADSL-capable premises in its in-region territory within twelve months of the Merger Closing Date.

The Honorable Kevin Martin
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Annual Certification

1. For three years following the Merger Closing Date, SBC/AT&T shall file annually a declaration by an officer of the corporation attesting that SBC/AT&T has substantially complied with the terms of these conditions in all material respects. The first declaration shall be filed 45 days following the one-year anniversary of the Merger Closing Date, the second and third declaration shall be filed one and two years thereafter respectively.

Sunset

1. For the avoidance of doubt, unless otherwise expressly stated to the contrary above, all conditions and commitments contained in this letter shall end on the second anniversary of the Merger Closing Date.

Should you have any questions regarding this letter, please give me a call.

Sincerely,

A handwritten signature in cursive script, appearing to read "James Smith".

CC: The Honorable Kathleen Abernathy, Commissioner
The Honorable Michael Copps, Commissioner
The Honorable Jonathan Adelstein, Commissioner

ATTACHMENT A

Service Quality Measurement Plan For Interstate Special Access

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Section 1: Ordering

FOCT: Firm Order Confirmation (FOC) Timeliness

Definition

Firm Order Confirmation (FOC) Timeliness measures the percentage of FOCs returned within the Company-specified standard interval.

Exclusions

- Service requests identified as “Projects” or “ICBs”
- Service requests cancelled by the originator
- Weekends and designated holidays of the service center
- Unsolicited FOCs
- Administrative or test service requests
- Service requests that indicate that no confirmation/response should be sent
- Other exclusions as defined by each RBOC to reflect system and operational differences

Business Rules

Counts are based on the first instance of a FOC being sent in response to an ASR. Activity starting on a weekend or holiday will reflect a start date of the next business day. Activity ending on a weekend or holiday will be calculated with an end date of the last previous business day. Requests received after the company’s stated cutoff time will be counted as a “zero” day interval if the FOC is sent by close of business on the next business day. The standard interval will be that which is specified in the company-specific ordering guide.

Calculation

Firm Order Confirmation (FOC) Interval = (a - b)

- a = Date and time FOC is returned
- b = Date and time valid access service request is received

Percent within Standard Interval = (c / d) X 100

- c = Number of service requests confirmed within the designated interval
- d = Total number of service requests confirmed in the reporting period

Report Structure

- Non-Affiliates Aggregate
- RBOC Affiliates Aggregate
 - RBOC 272 Affiliates Aggregate

Geographic Scope

- State

SQM Disaggregation (Percent FOCs returned within Standard Interval)

- Special Access – DS0
- Special Access - DS1
- Special Access - DS3 and above

Section 2: Provisioning

PIAM: Percent Installation Appointments Met

Definition

Percent Installation Appointments Met measures the percentage of installations completed on or before the confirmed due date.

Exclusions

- Orders issued and subsequently cancelled
- Orders associated with internal or administrative (including test) activities
- Disconnect Orders
- Other exclusions as defined by each RBOC to reflect system and operational differences

Business Rules

This measurement is calculated by dividing the number of service orders completed during the reporting period, on or before the confirmed due date, by the total number of orders completed during the same reporting period. Installation appointments missed because of customer caused reasons shall be counted as met and included in both the numerator and denominator. Where there are multiple missed appointment codes, each RBOC will determine whether an order is considered missed.

Calculation

Percent Installation Appointments Met = $(a / b) \times 100$

- a = Number of orders completed on or before the RBOC confirmed due date during the reporting period
- b = Total number of orders where completion has been confirmed during the reporting period

Report Structure

- Non-Affiliates Aggregate
- RBOC Affiliates Aggregate
 - RBOC 272 Affiliates Aggregate

Geographic Scope

- State

SQM Disaggregation

- Special Access – DS0
- Special Access - DS1
- Special Access - DS3 and above

NITR: New Installation Trouble Report Rate

Definition

New Installation Trouble Report Rate measures the percentage of circuits or orders where a trouble was found in RBOC facilities or equipment within thirty days of order completion.

Exclusions

- Trouble tickets issued and subsequently cancelled
- Customer Provided Equipment (CPE) or customer caused troubles
- Troubles closed by the technician to disposition codes of IEC (Inter-exchange Carrier) or INF (Information)
- RBOC troubles associated with administrative service
- No Trouble Found (NTF) and Test OK (TOK)
- Other exclusions defined by each RBOC to reflect system and operational differences
- Subsequent trouble reports

Business Rules

Only the first customer direct trouble report received within thirty calendar days of a completed service order is counted in this measure. Only customer direct trouble reports that required the RBOC to repair a portion of the RBOC network will be counted in this measure. The RBOC completion date is when the RBOC completes installation of the circuit or order.

Calculation

Trouble Report Rate within 30 Calendar Days of Installation = $(a / b) \times 100$

- a = Count of circuits/orders with trouble reports within 30 calendar days of installation
- b = Total number of circuits/orders installed in the reporting period

Report Structure

- Non-Affiliates Aggregate
- RBOC Affiliates Aggregate
 - RBOC 272 Affiliates Aggregate

Geographic Scope

- State

SQM Disaggregation

- Special Access – DS0
- Special Access - DS1
- Special Access - DS3 and above

Section 3: Maintenance & Repair

CTRR: Failure Rate/Trouble Report Rate

Definition

The percentage of initial and repeated circuit-specific trouble reports completed per 100 in-service circuits for the reporting period.

Exclusions

- Trouble reports issued and subsequently cancelled
- Employee initiated trouble reports
- Trouble reports/circuits associated with internal or administrative activities
- Customer Provided Equipment (CPE) or customer caused troubles
- Troubles closed by the technician to disposition codes of IEC (Inter-exchange Carrier) or INF (Information)
- Tie Circuits
- No Trouble Found (NTF) and Test OK (TOK)
- Other exclusions as defined by each RBOC to reflect system and operational differences

Business Rules

Only customer direct trouble reports that require the RBOC to repair a portion of the RBOC network will be counted in this report. The trouble report rate is computed by dividing the number of completed trouble reports handled during the reporting period by the total number of in-service circuits for the same period.

Calculation

Percent Trouble Report Rate = $(a / b) \times 100$

- a = Number of completed circuit-specific trouble reports received during the reporting period
- b = Total number of in-service circuits during the reporting period

Report Structure

- Non-Affiliates Aggregate
- RBOC Affiliates Aggregate
 - RBOC 272 Affiliates Aggregate

Geographic Scope

- State

SQM Disaggregation

- Special Access – DS0
- Special Access - DS1
- Special Access - DS3 and above

MAD: Average Repair Interval/Mean Time to Restore

Definition

The Average Repair Interval/Mean Time to Restore is the average time between the receipt of a customer trouble report and the time the service is restored. The average outage duration is only calculated for completed circuit-specific trouble reports.

Exclusions

- Trouble reports issued and subsequently cancelled
- Employee initiated trouble reports
- Trouble reports associated with internal or administrative activities
- Customer Provided Equipment (CPE) or customer caused troubles
- Troubles closed by the technician to disposition codes of IEC (Inter-exchange Carrier) or INF (Information)
- Tie Circuits
- No Trouble Found (NTF) and Test OK (TOK)
- Other exclusions as defined by each RBOC to reflect system and operational differences

Business Rules

Only customer direct trouble reports that require the RBOC to repair a portion of the RBOC network will be counted in this measure. The average outage duration is calculated for each restored circuit with a trouble report. The start time begins with the receipt of the trouble report and ends when the service is restored. This is reported in a manner such that customer hold time or delay maintenance time resulting from verifiable situations of no access to the end user premise, other CLEC/IXC or RBOC retail customer caused delays, such as holding the ticket open for monitoring, is deducted from the total resolution interval ("stop clock" basis).

Calculation

Repair Interval = (a – b)

- a = Date and time trouble report was restored
- b = Date and time trouble report was received

Average Repair Interval = (c / d)

- c = Total of all repair intervals (in hours/days) for the reporting period
- d = Total number of trouble reports closed during the reporting period

Report Structure

- Non-Affiliates Aggregate
- RBOC Affiliates Aggregate
 - RBOC 272 Affiliates Aggregate

Geographic Scope

- State

SQM Disaggregation

- Special Access – DS0
- Special Access - DS1
- Special Access - DS3 and above

GLOSSARY

Access Service Request (ASR)	A request to the RBOC to order new access service, or request a change to existing service, which provides access to the local exchange company's network under terms specified in the local exchange company's special or switched access tariffs.
RBOC 272 Affiliates Aggregate	RBOC Affiliate(s) authorized to provide long distance service as a result of the Section 271 approval process.
RBOC Affiliates Aggregate	RBOC Telecommunications and all RBOC Affiliates (including the 272 Affiliate). Post sunset, comparable line of business (e.g., 272 line of business) will be included in this category.
Business Days	Monday thru Friday (8AM to 5PM) excluding holidays
CPE	Customer Provided or Premises Equipment
Customer Not Ready (CNR)	A verifiable situation beyond the normal control of the RBOC that prevents the RBOC from completing an order, including the following: CLEC or IXC is not ready to receive service; end user is not ready to receive service; connecting company or CPE supplier is not ready.
Firm Order Confirmation (FOC)	The notice returned from the RBOC, in response to an Access Service Request from a CLEC, IXC or affiliate, that confirms receipt of the request and creation of a service order with an assigned due date.
Unsolicited FOC	An Unsolicited FOC is a supplemental FOC issued by the RBOC to change the due date or for other reasons, e.g., request for a second copy from the CLEC/IXC, although no change to the ASR was requested by the CLEC or IXC.
Project or ICB	Service requests that exceed the line size and/or level of complexity that would allow the use of standard ordering and provisioning interval and processes. Service requests requiring special handling.
Repeat Trouble	Trouble that reoccurs on the same telephone number/circuit ID within 30 calendar days
Service Orders	Refers to all orders for new or additional lines/circuits. For change order types, additional lines/circuits consist of all C order types with "I" and "T" action coded line/circuit USOCs that represent new or additional lines/circuits, including conversions for RBOC to Carrier and Carrier to Carrier.