

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

In the Matter of)
)
Application for Consent to) WC Docket No. 06-74
Transfer of Control Filed by)
AT&T Inc. and BellSouth Corporation)

Comments of
Communications Workers of America

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The merger of AT&T and BellSouth holds the promise of accelerating the deployment of high-speed Internet networks to many more Americans by expanding AT&T's Project Lightspeed into the nine-state BellSouth region. The U.S. has fallen to 16th in the world in broadband penetration, with U.S. broadband speed far slower than in many other industrial nations. The combination of BellSouth's fiber-rich network with AT&T's investments in IPTV technology and content will result in faster deployment of high-speed networks than if the companies remain separate. The merger will also permit integration of the separate AT&T, BellSouth, and Cingular wireless networks into a single IP network capable of carrying local and long distance voice, data, and wireless traffic, making possible converged wireless/wireline services.¹

The Communications Workers of America (CWA) represents more than 175,000 employees at the merging companies. CWA represents 97,000 employees at AT&T, more than 42,000 at BellSouth, and more than 36,000 at Cingular. CWA has a long and proud history of partnership with these companies. CWA members look to share in the growth at the merged AT&T/BellSouth.

However, to date BellSouth and AT&T have not provided CWA with commitments regarding the employment security of our members. The Joint Applicants anticipate the loss of 10,000 jobs after the merger.² The Joint Applicants

¹ AT&T Inc. and BellSouth Corporation Public Interest Statement, WC Docket No. 06-74, March 31, 2006, 6-12, 20-25.

² AT&T, BellSouth, "Substantial Synergy Opportunities, Strengthened Growth Platforms in Wireless, Business and Integrated Services," March 6, 2006, p28. Available at

project that half of the \$13.9 billion in operating expense synergies will result from headcount reduction.³

CWA is particularly concerned that the merger of BellSouth into a national company could result in the closing of technical operations, call centers, or other facilities in one community and the movement of that work to another community. The result will be the destruction of careers for employees and good jobs in many communities. Moreover, since quality service depends upon adequate staffing by trained, career employees, the result would be the deterioration of service provided to customers.

BellSouth is still rebuilding its facilities in the wake of Hurricane Katrina. With another hurricane season approaching, it is particularly important that a merged AT&T/BellSouth deploy sufficient, well-trained, experienced personnel who are knowledgeable about the networks and facilities in their local communities.

Under Sections 214(a) and 310(d) of the Communications Act, the Commission must determine whether the proposed AT&T/BellSouth merger serves the public interest, convenience, and necessity. The Commission has made clear that its public interest review includes an assessment of the impact of the transaction upon

http://library.corporate-ir.net/library/11/113/113088/items/186562/ATT_BellSouth%20Conf%20Call.pdf

³ The Joint Applicants project \$18 billion in net synergies, consisting of 77 percent (\$13.9 billion) in operating expense synergies, 9 percent (\$1.6 billion) in revenue synergies, and \$2.5 billion in CapEx synergies. *Id.*

employees.⁴ The Commission has noted that it may assess whether the merger will affect the quality of telecommunications services⁵ and service-affecting employment levels.⁶ Provision of quality telecommunications service requires a skilled, experienced, and well-trained workforce.

In past mergers, companies have cut employment with negative consequences for customers in order to reach projected synergy targets. We need only look at what happened after SBC bought the “old” AT&T to become the “new” AT&T. Six months after the closing of that merger, AT&T announced a reduction-in-force (“RIF”), including the closure of consumer call centers in Pennsylvania, Arizona, and Massachusetts and 25 percent reduction in positions at the TRS relay center for the hard of hearing in Pennsylvania. At the same time that AT&T announced the

⁴ “It is incumbent upon the Commission, in evaluating the merits of the instant application for transfer of control, to ascertain whether the proposed treatment of the employees affected is consistent with the public interest; whether the attachment of conditions to any authorization issued herein is necessary to insure proper protection of such employees; and if so, the kind of conditions which should be imposed. *In the Matter of ITT World Communications Inc. Application for Consent to Transfer of Control of Press Wireless, Inc. to ITT World Communications Inc.* Memorandum Opinion and Order, File No. 1488-C4-TC-(2)-65, July 28, 1965 (adopted) [alternate citation: 1 FCC 2d 213 (1965) WL 11869]; “We wish to state that we recognize that the interest of the employees...is a factor to be considered in our evaluation of the public interest.” *In the Matter of the Application for Merger of the Western Union Telegraph Co. and Postal Telegraph, Inc.*, Decision, Docket No. 6517, Feb. 27, 1961 (adopted), at ¶ 164.

⁵ *Application of Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, for Consent To Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Commission’s Rules*, CC Docket No. 98-141, Memorandum Opinion and Order (“*SBC-Ameritech Order*”) at 50; *Application of WorldCom, Inc. and MCI Communications Corporation for Transfer of Control of MCI Communications Corporation to WorldCom, Inc.*, CC Docket No. 97-211, Memorandum Opinion and Order, 13 FCC Rcd. at 18031 (1998) (“*WorldCom-MCI Order*”) at 9.

⁶ In the *WorldCom/MCI Order*, the Commission considered the impact of that merger on employment. See *WorldCom/MCI* at 213. In the *SBC/AMT Order*, the Commission cited SBC’s commitment to “improving service quality by hiring more employees.” *SBC/AMT Order* at 567. In the Puerto Rico Telephone Authority/GTE Merger, the Commission also cited employee commitments as a merger-related public interest benefit. *Puerto Rico/GTE Order* at ¶ 57.

closing of U.S.-based call centers, it was contracting with vendors based overseas to handle customer calls.

As a result of the announced Pennsylvania call center closing, the Pennsylvania PUC opened an investigation, noting that “utility RIFs may impact the safe and reliable service to the public required by law.” Prior to an order being entered, AT&T announced that it would cancel the lay-offs and not close the call center in that state.⁷

CWA is hopeful that we will be able to reach agreement with AT&T and BellSouth to protect the employment security of our members, while promoting growth and quality service. We will keep the Commission apprised of any progress. Absent progress, we will look to the Commission to meet its obligation to protect the public interest, including protection of service-impacting employment, by ensuring that the merged entity does not sacrifice quality customer service by reducing employment and closing facilities to meet synergy targets.

The proposed AT&T/BellSouth merger promises many benefits in accelerated deployment of advanced wireline and wireless networks and new services to consumers. CWA members who build, maintain, and service these networks and customers look to share in this bright future.

Respectfully Submitted,

⁷ Pennsylvania Public Utility Commission Order, In Re: Informal Investigation of AT&T, Inc., May

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