

**BEFORE THE FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of )  
 )  
Application Pursuant to Section 214 of ) WC Docket No. 06-74  
the Communications Act of 1934 and )  
Section 63.04 of the Commission's Rules )  
for Consent to the Transfer of Control of )  
BellSouth Corporation to AT&T, Inc. )

**RESPONSE COMMENTS OF  
BEAVER CREEK COOPERATIVE TELEPHONE COMPANY  
CANBY TELEPHONE ASSOCIATION  
CASCADE UTILITIES, INC.  
CLEAR CREEK MUTUAL TELEPHONE COMPANY  
COLTON TELEPHONE COMPANY  
GERVAIS TELEPHONE COMPANY  
HELIX TELEPHONE CO.  
MOLALLA COMMUNICATIONS COMPANY  
MONITOR COOPERATIVE TELEPHONE COMPANY  
MONROE TELEPHONE COMPANY  
MOUNT ANGEL TELEPHONE COMPANY  
OREGON TELEPHONE CORPORATION  
PINE TELEPHONE SYSTEM, INC.  
PIONEER TELEPHONE COOPERATIVE  
ROOME TELECOMMUNICATIONS INC.  
ST. PAUL COOPERATIVE TELEPHONE ASSOCIATION  
SCIO MUTUAL TELEPHONE ASSOCIATION**

June 20, 2006

## RESPONSE COMMENTS

These Response Comments are filed on behalf of Beaver Creek Cooperative Telephone Company, Canby Telephone Association, Cascade Utilities, Inc., Clear Creek Mutual Telephone Company, Colton Telephone Company, Gervais Telephone Company, Helix Telephone Co., Molalla Communications Company, Monitor Cooperative Telephone Company, Monroe Telephone Company, Mount Angel Telephone Company, Oregon Telephone Corporation, Pine Telephone System, Inc., Pioneer Telephone Cooperative, Roome Telecommunications Inc., St. Paul Cooperative Telephone Association, Scio Mutual Telephone Association (collectively the “Oregon Companies”). Each of the Oregon Companies is a rural telephone company as defined by the Act.<sup>1</sup> Each of the Oregon Companies provides local exchange service within the State of Oregon. Each of the Oregon Companies provide access services to AT&T.

The Oregon Companies are very concerned about the continued consolidation of market power into an entity that would have the size and scope that the combined AT&T and BellSouth would have.

1. The Oregon Companies Support the Comments and Petitions That Have Been Filed Pointing Out the Adverse Effect on Competition the Merger of AT&T and BellSouth Would Have.

The Oregon Companies note that in the opening round of Comments and Petitions, the central theme which runs throughout those filings is that the merger of BellSouth and AT&T would have an adverse effect on competition throughout the communications industry. Virtually every aspect of competition in the communications marketplace is identified as threatened by the proposed merger. The markets that are at risk have been identified as follows:

- Small businesses<sup>2</sup>

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<sup>1</sup> 47 U.S.C. §153(37).

<sup>2</sup> Petition to Deny of the Concerned Mayors Alliance at p. 27-28.

- Mass markets<sup>3</sup>
- Large businesses<sup>4</sup>
- Special access services for business<sup>5</sup>
- Business markets generally<sup>6</sup>
- Access rates and access markets<sup>7</sup>
- CLEC competition in local markets<sup>8</sup>
- Resale markets<sup>9</sup>
- Long distance services<sup>10</sup>
- Broadband services<sup>11</sup>
- Internet backbone services<sup>12</sup>
- Broadband wireless platforms<sup>13</sup>
- Internet services generally<sup>14</sup>
- Tandem switching and transit services<sup>15</sup>
- Wireless services<sup>16</sup>
- Video services<sup>17</sup>

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<sup>3</sup> Comments of Cbeyond Communications, et al. at p. 35-51.

<sup>4</sup> Petition to Deny of Access Point, Inc., et al. at p. 7-13.

<sup>5</sup> Petition to Deny of Time-Warner Telecom at p. 6-24.

<sup>6</sup> Petition to Deny of Time-Warner Telecom at p. 32-42 and Comments of Cbeyond Communications, et al. at p. 51-57.

<sup>7</sup> Petition to Deny of Earthlink, Inc. at p. 21-27.

<sup>8</sup> Petition to Deny of Access Point, Inc., et al. at p. 20-24.

<sup>9</sup> Joint Comments of Image Access, Inc., d/b/a NewPhone, et al.

<sup>10</sup> Petition to Deny of Access Point, Inc., et al. at p. 20-24.

<sup>11</sup> Petition to Deny of Earthlink, Inc. at p. 5-21.

<sup>12</sup> Petition to Deny of Time-Warner Telecom at p. 25-30.

<sup>13</sup> Petition to Deny or, in the Alternative, to Condition Consent filed by Clearwire Corporation at p. 13-17.

<sup>14</sup> Petition to Deny of Access Point, Inc., et al. at p. 29-34 and Petition to Deny of Earthlink, Inc. at p. 5-21.

<sup>15</sup> Petition to Deny of Access Point, Inc., et al. at p. 36-38.

<sup>16</sup> Comments of Sprint Nextel Corporation at p. 6-11.

<sup>17</sup> Petition to Deny of the Concerned Mayors Alliance at p. 15-19.

The Comments of two of the consumer groups pointed out the potential adverse effect that the proposed merger would have on a wide variety of services from telecom to Internet to video.<sup>18</sup>

## 2. The Oregon Experience.

Many of the Oregon Companies have been in existence since the early 1900s. All of the Oregon Companies were created because they were in geographic areas that the original AT&T had no interest in serving. Not only did the original AT&T have no interest in serving those geographic areas, the original AT&T had no interest in interconnecting with the Oregon Companies as they began service. There were long, hard-fought battles waged in order to win the right to interconnect with AT&T. Those battles were the precursor to the original Communications Act of 1934. The original AT&T was shameless in its exercise of its overwhelming market power. It was only with government intervention and the hard-fought battles waged by independent companies, such as the Oregon Companies, that some of that market power was curbed.

Even after divestiture, AT&T was not easy to deal with. When AT&T was only an interexchange company, it still had the size to dominate independent companies the size of the Oregon Companies. Keep in mind, that this is the AT&T that would, in essence, “red line” independent company territory by refusing to make certain of the packages of toll services available in independent company territory.

As AT&T has grown once again to become part of a larger and larger entity, there are increasing signs of the return to AT&T’s old ways. AT&T has become increasingly difficult to deal with. AT&T apparently decides when and how it will pay for its access services.<sup>19</sup> The

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<sup>18</sup> See, e.g., Petition to Deny of Consumers Union, et al. and Comments on Behalf of the New Jersey Division of the Ratepayer Advocate.

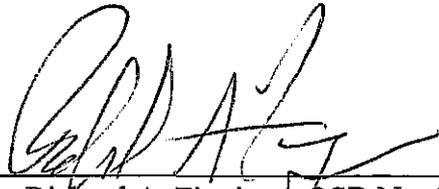
<sup>19</sup> Citation to Prepaid Calling Order.

attitude now appears to be a variation of the old “We don’t care and we don’t have to.” The current attitude is “We don’t care and if you don’t like it, sue us.”

CONCLUSION

History should not be forgotten. Nor should it be repeated. The Oregon Companies believe that the positions advanced in the opening round of Comments and Petitions express very real concerns about the effect on competition that will be produced if the AT&T/BellSouth merger is allowed to take place. The Oregon Companies urge the Commission to give very careful consideration to those concerns, which appear to be well supported by the material contained in the record produced by the Comments and Petitions and, importantly, by practical experience.

Respectfully submitted this 20th day of June, 2006.

By:   
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