

BellSouth Monthly Performance Summary
Louisiana Only
Provisioning, Metrics and Submetrics

Pate/Graulich Declaration
 Attachment C

% Prov. Trouble w/i 30 Days UNE Digital Loop < DS1 Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Digital Loop >= DS1 Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Digital Loop >= DS1 Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Digital Loop >= DS1 Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Digital Loop >= DS1 Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE ISDN Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE ISDN Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE ISDN Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE ISDN Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Line Sharing Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Line Sharing Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Line Sharing Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Line Sharing Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Loop + Port Combinations Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Loop + Port Combinations Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Loop + Port Combinations Non-Dispatch (Dispatch In) < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Loop + Port Combinations Non-Dispatch (Dispatch In) >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Loop + Port Combinations Non-Dispatch (Switch Based) < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Loop + Port Combinations Non-Dispatch (Switch Based) >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Loop + Port Combinations Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Loop + Port Combinations Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Other Design Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Other Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Other Design Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Other Design Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Other Non-Design Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Other Non-Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Other Non-Design Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Other Non-Design Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Switch Ports Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Switch Ports Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE Switch Ports Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE Switch Ports Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE xDSL (HDSL, ADSL, and UCL) Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE xDSL (HDSL, ADSL, and UCL) Dispatch >= 10 Circuits
% Prov. Trouble w/i 30 Days UNE xDSL (HDSL, ADSL, and UCL) Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 30 Days UNE xDSL (HDSL, ADSL, and UCL) Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop Design Dispatch < 10 Circuits

BellSouth Monthly Performance Summary
Louisiana Only
Provisioning, Metrics and Submetrics

Pate/Graulich Declaration
 Attachment C

% Prov. Trouble w/i 5 Days 2W Analog Loop Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop Design Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop Design Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop Non-Design Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop Non-Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop Non-Design Non-Dispatch (Dispatch In) < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop Non-Design Non-Dispatch (Dispatch In) >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Design Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Design Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Design Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Non-Design Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Non-Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Non-Design Non-Dispatch (Dispatch In) < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Non-Design Non-Dispatch (Dispatch In) >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/LNP - Design Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/LNP - Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/LNP - Design Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/LNP - Design Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/LNP - Non-Design Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/LNP - Non-Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/LNP - Non-Design Non-Dispatch (Dispatch In) < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/LNP - Non-Design Non-Dispatch (Dispatch In) >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Design Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Design Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Design Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Non-Design Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Non-Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Non-Design Non-Dispatch (Dispatch In) < 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Non-Design Non-Dispatch (Dispatch In) >= 10 Circuits
% Prov. Trouble w/i 5 Days 2W Analog Loop w/INP - Non-Design Non-Dispatch (Dispatch In) >= 10 Circuits
% Prov. Trouble w/i 5 Days INP (Standalone) Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days INP (Standalone) Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days INP (Standalone) Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days INP (Standalone) Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days LNP (Standalone) Dispatch < 10 Circuits

BellSouth Monthly Performance Summary
Louisiana Only
Provisioning, Metrics and Submetrics

Pate/Graulich Declaration
 Attachment C

% Prov. Trouble w/ 5 Days LNP (Standalone) Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days LNP (Standalone) Non-Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days LNP (Standalone) Non-Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Local Interconnection Trunks
% Prov. Trouble w/ 5 Days Local Transport (Unbundled Interoffice Transport) Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Local Transport (Unbundled Interoffice Transport) Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Local Transport (Unbundled Interoffice Transport) Non-Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Local Transport (Unbundled Interoffice Transport) Non-Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale Business Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale Business Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale Business Non-Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale Business Non-Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale Centrex Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale Centrex Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale Centrex Non-Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale Centrex Non-Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale Design Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale Design Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale Design Non-Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale Design Non-Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale ISDN Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale ISDN Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale ISDN Non-Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale ISDN Non-Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale PBX Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale PBX Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale PBX Non-Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale PBX Non-Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale Residence Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale Residence Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days Resale Residence Non-Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days Resale Residence Non-Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days UNE Combos - Other Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days UNE Combos - Other Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days UNE Combos - Other Non-Dispatch (Dispatch In) < 10 Circuits
% Prov. Trouble w/ 5 Days UNE Combos - Other Non-Dispatch (Dispatch In) >= 10 Circuits
% Prov. Trouble w/ 5 Days UNE Digital Loop < DS1 Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days UNE Digital Loop < DS1 Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days UNE Digital Loop < DS1 Non-Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days UNE Digital Loop < DS1 Non-Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days UNE Digital Loop >= DS1 Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days UNE Digital Loop >= DS1 Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days UNE Digital Loop >= DS1 Non-Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days UNE Digital Loop >= DS1 Non-Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days UNE ISDN Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days UNE ISDN Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days UNE ISDN Non-Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days UNE ISDN Non-Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days UNE Line Sharing Dispatch < 10 Circuits
% Prov. Trouble w/ 5 Days UNE Line Sharing Dispatch >= 10 Circuits
% Prov. Trouble w/ 5 Days UNE Line Sharing Non-Dispatch < 10 Circuits

BellSouth Monthly Performance Summary
Louisiana Only
Provisioning, Metrics and Submetrics

Pate/Graulich Declaration
 Attachment C

% Prov. Trouble w/i 5 Days UNE Line Sharing Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE Loop + Port Combinations Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days UNE Loop + Port Combinations Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE Loop + Port Combinations Non-Dispatch (Dispatch In) < 10 Circuits
% Prov. Trouble w/i 5 Days UNE Loop + Port Combinations Non-Dispatch (Dispatch In) >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE Loop + Port Combinations Non-Dispatch (Switch Based) < 10 Circuits
% Prov. Trouble w/i 5 Days UNE Loop + Port Combinations Non-Dispatch (Switch Based) >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE Loop + Port Combinations Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days UNE Loop + Port Combinations Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE Other Design Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days UNE Other Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE Other Design Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days UNE Other Design Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE Other Non-Design Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days UNE Other Non-Design Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE Other Non-Design Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days UNE Other Non-Design Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE Switch Ports Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days UNE Switch Ports Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE Switch Ports Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days UNE Switch Ports Non-Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE xDSL (HDSL, ADSL, and UCL) Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days UNE xDSL (HDSL, ADSL, and UCL) Dispatch >= 10 Circuits
% Prov. Trouble w/i 5 Days UNE xDSL (HDSL, ADSL, and UCL) Non-Dispatch < 10 Circuits
% Prov. Trouble w/i 5 Days UNE xDSL (HDSL, ADSL, and UCL) Non-Dispatch >= 10 Circuits

Service Order Accuracy

Manual Service Order Accuracy - Regional Local Interconnection Trunks Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional Local Interconnection Trunks Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional Local Interconnection Trunks Non-Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional Local Interconnection Trunks Non-Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional Resale Business (Non-Design) Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional Resale Business (Non-Design) Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional Resale Business (Non-Design) Non-Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional Resale Business (Non-Design) Non-Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional Resale Business Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional Resale Business Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional Resale Business Non-Dispatch < 10 Circuits

BellSouth Monthly Performance Summary
Louisiana Only
Provisioning, Metrics and Submetrics

Pate/Graulich Declaration
 Attachment C

Manual Service Order Accuracy - Regional Resale Business Non-Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional Resale Design Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional Resale Design Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional Resale Design Non-Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional Resale Design Non-Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional Resale Residence (Non-Design) Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional Resale Residence (Non-Design) Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional Resale Residence (Non-Design) Non-Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional Resale Residence (Non-Design) Non-Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional Resale Residence Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional Resale Residence Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional Resale Residence Non-Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional Resale Residence Non-Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional UNE Design Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional UNE Design Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional UNE Design Non-Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional UNE Design Non-Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional UNE Non-Design Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional UNE Non-Design Dispatch >= 10 Circuits
Manual Service Order Accuracy - Regional UNE Non-Design Non-Dispatch < 10 Circuits
Manual Service Order Accuracy - Regional UNE Non-Design Non-Dispatch >= 10 Circuits

BellSouth Monthly Performance Summary
Louisiana Only
Trunk Group Performance, Metrics and Submetrics

Pate/Graulich Declaration
Attachment C

Trunk Group Performance Agg.

Trunk Group Performance Trunk Group Performance Agg.
--

Reply Declaration of Dennis
W. Carlton & Hal S. Sider

*Redacted Version
For Public Inspection*

**REPLY DECLARATION OF
DENNIS W. CARLTON AND HAL S. SIDER**

June 19, 2006

TABLE OF CONTENTS

I.	INTRODUCTION AND OVERVIEW	1
II.	RESPONDENTS FAIL TO IDENTIFY SIGNIFICANT MERGER-RELATED HARM IN THE PROVISION OF SPECIAL ACCESS SERVICES.....	6
A.	OVERVIEW OF RESPONDENTS' COMMENTS	6
B.	OVERVIEW OF CONCLUSIONS FROM OUR INITIAL DECLARATION.....	7
C.	RESPONDENTS PRESENT NO EVIDENCE SUPPORTING THEIR CLAIMS THAT THE PROPOSED TRANSACTION WILL RESULT IN A SUBSTANTIAL REDUCTION IN HORIZONTAL COMPETITION.....	8
1.	Application of the general approach taken by the DOJ in the SBC/AT&T transaction reveals no competitive concerns in all but a small number of buildings.....	8
2.	Respondents do not dispute that there has been entry by numerous firms into the provision of Type I and Type II special access services in the Bellsouth region.....	11
3.	Respondents fail to acknowledge the limitations of rates of return for special access services based on ARMIS data.....	13
4.	Data on CLEC pricing indicate that there is extensive competition in the provision of special access services in the Bellsouth territory	16
D.	THERE IS NO BASIS FOR RESPONDENTS' REQUEST FOR EXPANSIVE REMEDIES.....	17
E.	RESPONDENTS FAIL TO IDENTIFY MERGER-RELATED HARM IN THE PROVISION OF SPECIAL ACCESS SERVICES DUE TO INCREASED VERTICAL INTEGRATION.....	18
1.	Respondents raise no new concerns and present no evidence to support their concerns about vertical integration.....	18

2.	Sprint’s claim is inconsistent with industry experience.	19
3.	Respondents raise concerns that are independent of the proposed merger.	21
III.	THE PROPOSED TRANSACTION RAISES NO CONCERN REGARDING HARM TO COMPETITION IN THE PROVISION OF BROADBAND WIRELESS SERVICES.	23
A.	OVERVIEW OF RESPONDENTS’ COMMENTS	23
B.	OVERVIEW OF WIRELESS BROADBAND SERVICES	24
1.	Types of wireless broadband services	24
2.	Spectrum available to provide mobile and fixed broadband services	26
3.	Spectrum held by AT&T, BellSouth and Cingular	31
C.	THE TRANSACTION DOES NOT INCREASE AT&T’S ABILITY TO FORECLOSE ENTRY INTO THE PROVISION OF MOBILE OR FIXED WIRELESS SERVICES IN ANY GEOGRAPHIC AREA.	32
D.	THE MERGED FIRM ACCOUNTS FOR A MODEST NATIONWIDE SHARE OF SPECTRUM SUITABLE FOR THE PROVISION OF MOBILE AND FIXED BROADBAND SERVICES.	32
E.	THE MERGED FIRM FACES SUBSTANTIAL ACTUAL COMPETITION IN THE PROVISION OF BROADBAND SERVICES, ILLUSTRATING THAT IT HAS NO ABILITY TO HARM COMPETITION BY WAREHOUSING SPECTRUM.	34
1.	Post-transaction AT&T will face substantial actual competition in the provision of mobile broadband services.	34
2.	Post-transaction AT&T will face substantial actual competition in the provision of landline broadband services.	35
3.	Post-transaction AT&T will face substantial competition from nascent and potential competitors with large spectrum holdings.	36

IV.	RESPONDENTS FAIL TO RECOGNIZE THAT CHANGES IN THE COMPETITIVE ENVIRONMENT REDUCE OR ELIMINATE CONCERNS IDENTIFIED BY THE FCC IN THE SBC/AMERITECH TRANSACTION.....	38
A.	OVERVIEW OF RESPONDENTS' COMMENTS	38
B.	OVERVIEW OF CONCLUSIONS FROM OUR INITIAL DECLARATION.....	38
C.	RESPONDENTS PRESENT NO ANALYSIS OR EVIDENCE TO SUPPORT THEIR CLAIM THAT THE PROPOSED MERGER WOULD INCREASE INCENTIVES TO DISCRIMINATE GIVEN THE CHANGES IN COMPETITIVE CONDITIONS SINCE 1999.....	40
D.	RESPONDENTS FAIL TO RECOGNIZE THAT CHANGES IN COMPETITIVE CONDITIONS SINCE 1999 HAVE REDUCED COMPETITIVE CONCERNS RELATING TO THE LOSS OF AN ILEC REGULATORY BENCHMARK.....	43
	1. Respondents ignore the development of new systems for monitoring ILEC performance developed since 1999.....	43
	2. There is no basis for respondents claim that ILECs will coordinate to withhold information from regulators as a result of the proposed merger.....	45
E.	THERE IS NO BASIS FOR RESPONDENTS' CONCERNS THAT THE TRANSACTION ELIMINATES POTENTIAL COMPETITION GIVEN THE CHANGES IN COMPETITIVE CONDITIONS SINCE 1999.....	46
V.	RESPONDENTS MISCHARACTERIZE THE IMPACT OF THE PROPOSED TRANSACTION ON RETAIL MASS MARKET AND BUSINESS SERVICES.....	49
A.	OVERVIEW OF RESPONDENTS' COMMENTS	49
B.	OVERVIEW OF CONCLUSIONS FROM OUR INITIAL DECLARATION.....	49
C.	INTEGRATION OF CINGULAR WITH AT&T WILL NOT ADVERSELY AFFECT COMPETITION BETWEEN WIRELESS AND LANDLINE SERVICES.....	50

D.	RESPONDENTS MISCHARACTERIZE THE EXTENT OF COMPETITION FOR BUSINESS CUSTOMERS.	52
VI.	RESPONDENTS INCORRECTLY CLAIM THAT THE IDENTIFIED EFFICIENCIES ARE SPECULATIVE AND ARE NOT MERGER-SPECIFIC.	56
A.	OVERVIEW OF RESPONDENTS’ COMMENTS	56
B.	OVERVIEW OF CONCLUSIONS FROM OUR INITIAL DECLARATION	57
C.	COST SAVINGS FROM THE PROPOSED TRANSACTION ARE LARGE, CREDIBLE, MERGER-SPECIFIC AND BENEFIT CONSUMERS.	57
1.	Overview of estimated synergies	57
2.	The estimated synergies are credible.	60
3.	Cingular-related cost savings are merger-specific.	62
4.	Cost savings from the proposed transaction will benefit consumers	64
D.	THE PROPOSED TRANSACTION WILL ENABLE THE MERGED FIRM TO BE A MORE EFFECTIVE SUPPLIER OF WIRELESS SERVICES.	66
1.	The proposed transaction will make Cingular a more effective supplier of wireless services to enterprise customers.	66
2.	The merged firm will be a more effective provider of “converged” services.	68
E.	ACCELERATION OF THE DEPLOYMENT OF IPTV SERVICES AS A RESULT OF THE PROPOSED MERGER IS LIKELY TO GENERATE SIGNIFICANT CONSUMER BENEFITS.	71
1.	Acceleration of the deployment of IPTV services is a merger-specific efficiency.	71
2.	There is no basis to respondents’ claims that deployment of IPTV services will not benefit consumers.	73

3.	Illustrative calculation of consumer welfare gains from acceleration of the rollout of IPTV service in BellSouth's region.	74
a.	<i>Assumed IPTV deployment pattern with and without merger</i>	75
b.	<i>Impact of entry on price</i>	76
c.	<i>Impact of price decline on output</i>	77
d.	<i>Other elements of calculation</i>	78
	Appendix 1 - SUMMARY OF RESPONDENTS' CLAIMS REGARDING HARM TO COMPETITION IN THE PROVISION OF SERVICES	83
	Appendix 2 - CALCULATION OF APPROXIMATE SPECTRUM SHARES	92
	Appendix 3 - CALCULATIONS ON CONSUMER WELFARE GAINS FROM ACCELERATION OF IPTV DEPLOYMENT BASED ON FORD / KOUTSKY MODEL	96

I, Dennis W. Carlton, hereby declare the following:

I, Hal S. Sider, hereby declare the following:

I. INTRODUCTION AND OVERVIEW

1. We previously submitted a declaration in this matter dated March 29, 2006 (hereafter, Carlton/Sider Declaration). Our qualifications and curricula vitae are included in that report.

2. In that declaration we concluded based on our analysis to date that the proposed merger of AT&T Inc. (AT&T) and BellSouth Corp. (BellSouth) will not adversely affect competition. We also concluded that the proposed transaction would benefit consumers by creating a more efficient firm better positioned to develop and deploy new services.

3. We have been asked by counsel for AT&T and BellSouth to evaluate claims made by various parties submitted in opposition to the proposed transaction. We may supplement our response based on continuing analysis of respondents' claims.

4. Given the limited time available to prepare a reply, we have not attempted to address each claim made by respondents. Instead, we have focused on the major arguments that are common to a variety of respondents. Our failure to address a particular claim made by a respondent should not be interpreted to imply that we agree with the claim.

5. Our comments focus on respondents' claims relating to:

*Redacted Version
For Public Inspection*

- Whether the proposed transaction significantly reduces competition in the provision of special access services by eliminating AT&T as an alternative provider of Type I or Type II special access services.
- Whether the proposed transaction, by increasing vertical integration, creates incentives for the merged firm to disadvantage or discriminate against rival suppliers of business services by raising special access rates or increasing technical discrimination against downstream rivals.
- Whether the proposed transaction will adversely affect the development of broadband wireless services by increasing the merged firm's incentive to "warehouse" spectrum.
- Whether the proposed transaction, by reducing the number of ILECs and increasing the size of AT&T's ILEC "footprint," (i) increases AT&T's incentives to discriminate against CLECs; (ii) significantly harms regulators' ability to monitor ILEC performance; and (iii) eliminates a significant potential entrant into mass market services.
- Whether the proposed transaction will harm the provision of retail services to mass market and business consumers.
- Whether efficiencies generated by the proposed transaction are merger-specific or otherwise should be given weight in evaluating whether the proposed transaction is in the public interest.

6. We conclude that respondents' claims are based on incomplete analysis and do not have empirical support. Their comments do not lead us to alter our prior

conclusions that the proposed transaction is unlikely to adversely affect competition and is likely to benefit consumers.

7. The major conclusions discussed in this declaration are as follows:
- ***Special Access:*** Respondents fail to identify significant merger-related harm in the provision of special access services. Application of the general approach taken by the Department of Justice (DOJ) in the SBC/AT&T transaction demonstrates that virtually all of the buildings served by both AT&T and BellSouth do not raise significant competitive concerns. Respondents also fail to identify or establish merger-related harm in the provision of special access services due to increased vertical integration. For example, Sprint's claim that the merger will increase incentives to discriminate in the provision of special access services to rival wireless carriers is inconsistent with industry experience.
 - ***Broadband Wireless Services:*** The transaction raises no concerns regarding harm to competition in the provision of broadband wireless services. There is very limited overlap in AT&T and BellSouth's holdings of spectrum available to entrants. The merged firm will account for only a modest share nationwide of spectrum identified as suitable for broadband wireless services and additional spectrum will soon be made available. Thus, the merged firm does not have the ability to harm competition by denying entrants access to spectrum.
 - ***The FCC's 1999 "Ameritech" Concerns:*** Respondents present no analysis or evidence to support their claim that the proposed merger

*Redacted Version
For Public Inspection*

would, by increasing AT&T's geographic "footprint," increase its incentive to discriminate against downstream rivals given the changes in competitive conditions since the FCC expressed this concern in 1999. Respondents also fail to recognize that significant changes in competitive conditions since 1999 have reduced the risk of harm to competition resulting from the loss of an ILEC benchmark. Finally, respondents fail to recognize that BellSouth has no plans to provide mass market services outside of its region and events since 1999 indicate that LECs have no advantage over other firms in providing mass market services in adjacent regions. Given the current competitive conditions in the industry, respondents provide no basis to conclude that the proposed transaction eliminates a significant potential competitor.

- ***Retail Services:*** Respondents provide no support for their claim that that increased vertical integration between Cingular and AT&T would increase prices for wireless or landline services. Increasing competition from cable firms, VoIP providers and rival wireless carriers indicates that attempts to raise price would simply drive customers to rival carriers. In addition, there is no basis for respondents' claim that suppliers that make use of special access services provided by ILECs to offer VoIP and other services are not independent competitors.
- ***Efficiencies:*** The respondents incorrectly claim that the claimed efficiencies are speculative and are not merger-specific. Instead, available evidence indicates that anticipated cost savings are large, credible, merger-

*Redacted Version
For Public Inspection*

specific and will benefit consumers. We show that the proposed transaction will enable the merged firm to be a more effective supplier of wireless and “converged” services. We also show that the expected acceleration of the deployment of IPTV services would be likely to generate significant benefits to consumers in BellSouth’s region.

8. The remainder of this declaration is organized as follows:
- Section II addresses respondents’ claims that the transaction will reduce competition in the provision of special access services, including both “horizontal” and “vertical” concerns.
 - Section III addresses respondents’ claims relating to potential harm to competition in the provision of wireless services.
 - Section IV addresses respondents’ claims relating to issues raised in the 1999 SBC/Ameritech transaction. These include claims that the increase in the size of AT&T’s ILEC footprint will result in increased discrimination against CLECs; claims that the loss of an ILEC benchmark will harm competition; and claims that the proposed transaction eliminates potential competition.
 - Section V addresses the impact of the proposed transaction on retail mass market and business services.
 - Section VI addresses respondents’ claims relating to efficiencies claimed to result from the proposed transaction.

II. RESPONDENTS FAIL TO IDENTIFY SIGNIFICANT MERGER-RELATED HARM IN THE PROVISION OF SPECIAL ACCESS SERVICES.

A. OVERVIEW OF RESPONDENTS' COMMENTS¹

9. A variety of respondents claim that the proposed transaction will reduce competition in the provision of special access service and have asked the Commission to impose remedies as conditions for approving the proposed transaction.

10. Sprint Nextel (Sprint) claims that the proposed merger will reduce competition in the provision of Type I special access and will result in increased discrimination by AT&T against downstream rivals.² Sprint requests that the merger be approved not only subject to conditions similar to those imposed in the SBC/AT&T transaction, including divestitures of IRUs to selected buildings, but also that additional restrictions on AT&T's marketing and pricing of special access services be imposed.³

11. Cbeyond claims that the merger will harm competition in the provision of Type I and Type II special access services.⁴ Cbeyond argues that approval of the proposed merger should be conditioned on price regulation of special access rates, and the divestiture of all of AT&T's local facilities in the BellSouth region.⁵

12. Time Warner Telecom also argues that the merger will harm competition in the provision of Type I special access services and will result in increased discrimination by AT&T against its downstream rivals.⁶

1. These comments are more fully summarized and cited in Appendix 1.

2. Sprint Comments, p. ii.

3. Sprint Comments, p. iii-iv.

4. Cbeyond Comments, pp. 65-66.

5. Cbeyond Comments, pp. 106-9.

6. TWTC Comments, pp. 7, 33.

13. Several respondents cite ARMIS data to support their claim that a remedy is required.⁷ As discussed further below, it is widely recognized that special access returns calculated from ARMIS data provide a highly misleading view of the returns, and changes in returns, earned by ILECs in the provision of special access.

14. This section briefly reviews the conclusions presented in our prior declaration regarding the impact of the proposed transaction on competition in the provision of special access services. We then present additional analysis to address these respondents' claims regarding special access issues, first analyzing horizontal issues; then vertical issues.

B. OVERVIEW OF CONCLUSIONS FROM OUR INITIAL DECLARATION

15. Many of the claims made in respondents' comments were anticipated and addressed in our March 29 declaration. Our major conclusions regarding special access in that declaration were as follows:

- AT&T faces competition from a variety of fiber networks in each of the 11 metropolitan areas in the BellSouth territory which it has local facilities.
- AT&T provides service to fewer than 330 buildings in the BellSouth region. More than half of these are served by at least one other CLEC. Application of criteria we understand were used by the Department of Justice in evaluating the SBC/AT&T merger indicates that potential competitive issues remain at fewer than 50 buildings.

7. Sprint Comments, p. 2; TWTC Comments, p. 12.

- AT&T has de minimis sales of Type II special access services (which rely in part on ILEC facilities) in the BellSouth region and there are a variety of other firms that are as well situated as AT&T to provide Type II special access services.

C. RESPONDENTS PRESENT NO EVIDENCE SUPPORTING THEIR CLAIMS THAT THE PROPOSED TRANSACTION WILL RESULT IN A SUBSTANTIAL REDUCTION IN HORIZONTAL COMPETITION.

1. Application of the general approach taken by the DOJ in the SBC/AT&T transaction reveals no competitive concerns in all but a small number of buildings.

16. Various respondents rely on national data to suggest that the provision of special access services is not competitive. For example, Sprint writes that the merging parties' "overwhelming [national] shares belie any suggestion that the marketplace for special access service is meaningfully competitive."⁸ National shares, however, are of little if any relevance in evaluating the impact of the proposed merger on competition in special access. As the DOJ and FCC recognized in the SBC/AT&T Order and other proceedings, competition in the provision of special access services is highly localized in nature and can vary on a building by building basis.

17. In the SBC/AT&T merger, the Department of Justice required certain building-specific remedies. Several respondents have requested that the FCC impose building-specific divestitures similar to those required by the DOJ in the SBC/AT&T merger.⁹

8. Sprint Comments, p. 2. See also Cbeyond Comments, pp. 22-24.

9. Sprint Comments, p. iii. See also Paetec Comments, Appendix 1, p. 3.

*Redacted Version
For Public Inspection*

18. The Department of Justice generally considered a variety of criteria in analyzing the competitive conditions in each building. From our involvement in that process and DOJ's public filings, we understand these criteria include the following:

- The presence or absence of another fiber-based CLEC providing service to the building;
- Estimates of the demand for bandwidth for the building at issue;
- The building's proximity to CLEC fiber routes;
- Other building characteristics identifying locations that do not raise competitive concerns, including buildings that are vacant or occupied only by the merged firm.¹⁰

19. Since submitting our initial declaration, we have obtained additional information and updated the building-specific analysis presented in our March 29, 2006 declaration, which uses using the approach that we understand the Department of Justice used to evaluate special access competition in the SBC/AT&T merger.¹¹

10. Reply of the United States to ACTel's Opposition to the United States' Motion for Entry of the Final Judgment, p. 20.

11. As explained in our March 29, 2006 declaration, this analysis incorporates information from a survey of certain locations not excluded by the criteria described above. At the time the Public Interest Statement was submitted, Applicants had not yet gained access to inspect many of the Atlanta and Miami buildings that AT&T's records indicate were served with AT&T local fiber connections. Almost all of these buildings have now been inspected and analyzed. Additional inspections would serve only to reduce the number, reported below.

*Redacted Version
For Public Inspection*

20. These updated figures indicate that there are only 318 buildings in BellSouth's territory in which AT&T provides a Type I connection. Fully two-thirds of these are served by at least one other CLEC. Another 71 buildings meet at least one of the other criteria that we understand that the DOJ used to evaluate special access competition in the SBC/AT&T merger. Only two areas – Miami and Atlanta (which each have over a dozen firms with fiber networks) – have more than six buildings that raise potential competitive issues after application of these criteria. Moreover, we understand that wireless carriers such as XO and First Mile Communications have deployed fixed wireless facilities that could be used as a substitute for special access services in Miami and Atlanta.¹² AT&T does not serve any wholesale customers in any of the remaining buildings in Miami and Atlanta.

21. In total, there are only 32 buildings which are not excluded using these criteria.¹³ More than 65 percent of the remaining buildings have at least one CLEC within 0.1 mile and more than 35 percent have two or more CLECs within 0.1 mile.

12. See coverage map at http://www.xo.com/about/network/maps/wireless_large.html. According to XO, these services “deliver[] business grade broadband services over high-speed wireless links” that eliminate “the need to lease local access facilities from incumbent telephone companies.” Press Release, XO Communications Inc., April 24, 2006, available at <http://www.xo.com/news/300.html>. See also, Press Release, First Mile, April 18, 2006, available at <http://www.firstmile.com/content/40.htm>.

13. Based on our experience in the prior transaction, we have attempted to replicate the DOJ analysis by excluding: buildings in which there is OCn level demand with at least one CLEC fiber network within 0.1 to 0.5 miles, where the greater the demand the greater the likelihood of entry from a longer distance; buildings in which AT&T or an affiliate is the only customer, vacant buildings, buildings identified as repeater huts, buildings identified as local nodes; buildings in which AT&T obtains access through an IRU on a lateral and the provider of the IRU retains a significant number of fibers to the building; and areas in which the residual potential competitive issues are *de minimis*.

22. Overall, the number of buildings that remain after application of these criteria is de minimis when evaluated relative to the number of buildings with special access level demand in the BellSouth region.¹⁴ As discussed in our prior report, data from Dun & Bradstreet indicate that there are more than 219,000 such buildings in the BLS territory.¹⁵ Further, in many instances, CLECs can purchase loop and transport UNEs to many of these buildings at TELRIC-based rates. BellSouth data show that UNE loops are currently available to nearly two-thirds of the 32 remaining buildings.

2. Respondents do not dispute that there has been entry by numerous firms into the provision of Type I and Type II special access services in the Bellsouth region.

23. Available data indicate that there are a large number of firms that have deployed fiber networks and facilities in the BellSouth region, indicating that there are no significant barriers to the entry or expansion of special access services there. More specifically, available data indicate that multiple CLECs have deployed local fiber networks and thus are capable of offering Type I service in the 11 areas in the BellSouth region where AT&T has deployed local network facilities. For example, in our March 29, 2006 declaration, we reported data on the number of CLECs with local (e.g., last mile) fiber facilities identified in the GeoTel data, as well as in lists of CLEC-lit buildings maintained by AT&T. Table 7.1 from our March 29, 2006 report indicates that many firms provide Type I special access service in areas in BellSouth's territory where AT&T has deployed local fiber networks.¹⁶ For example:

14. Since mergers tend to generate efficiencies, it is appropriate to consider the relative magnitude of competitive concerns and efficiencies, which tend to depend on the size of the transaction. We discuss efficiencies in more detail in Section VI.

15. See Carlton/Sider Declaration, ¶112.

16. As explained in our March 29, 2006 declaration, GeoTel acknowledges that its data can undercount CLECs with fiber networks because certain firms do not report their

*Redacted Version
For Public Inspection*

- For Atlanta, GeoTel data indicate that 17 firms have deployed local fiber, and building lists provided to AT&T report 14 firms providing service.
- For Miami, the GeoTel data indicate that 15 firms have deployed local fiber networks, while the AT&T building lists report 8 firms.
- Even in Nashville, the 39th largest metropolitan area in the United States, the GeoTel data indicate that five firms have deployed local fiber, while the lit building lists report that nine firms provide Type I service.

24. These data indicate that there are no significant barriers to the deployment of local fiber networks and thus the provision of Type I special access services in the BellSouth region.

25. Available data also indicate that there has been substantial deployment of fiber-based collocations which means that a variety of firms currently are capable of deploying Type II special access services. Since we completed our initial declaration, BellSouth has undertaken a review of the number of CLECs that have fiber-based collocations in BellSouth central offices in which AT&T has fiber-based facilities. We understand that BellSouth, along with AT&T, is continuing to evaluate these data and may revise its estimates. Fiber-based collocations indicate the presence of a CLEC with a fiber network (even if it does not provide “last mile” connections) and thus the ability to provide Type II special access services.

26. As shown in Table 2.1, BellSouth reports that AT&T has deployed fiber-based facilities in 88 of the central offices surveyed by BellSouth. The BellSouth data

fiber holdings to GeoTel. In addition, the AT&T lit building lists list only firms that provide Type I services to AT&T and thus are likely to understate the number of CLECs serving an area.