

August 2, 2006

BY ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth St., S.W.
Washington, D.C. 20554

Re: REDACTED – FOR PUBLIC INSPECTION IN WC DOCKET
NO. 06-74 BEFORE THE FEDERAL COMMUNICATIONS
COMMISSION

Dear Ms. Dortch:

By this letter, AT&T responds to three requests from the Staff of the Wireline Competition Bureau.

First, enclosed please find a redacted Excel spreadsheet labeled “Exhibit 5.6 – Legacy SBC In-Region Revenue (in thousands of dollars).” This spreadsheet revises Exhibit 5.6 to the *Response of AT&T Inc. to Initial Information and Document Request Dated June 23, 2006* (“AT&T Response”), which reported these revenues in millions of dollars.

Second, AT&T clarifies its description of legacy SBC’s long distance and out-of-region business units. SBC Long Distance Inc., the Delaware corporation that formerly provided legacy SBC’s long distance services, was converted to SBC Long Distance, LLC, a Delaware limited liability company, in April 2005. SBC Telecom, Inc., a Delaware corporation that formerly provided legacy SBC’s out-of-region telecommunications services, contributed all of its assets and liabilities to SBC Long Distance, LLC, in May 2005. Legacy SBC’s long distance and out-of-region revenues and line counts continue to be maintained in separate systems and, as described in the

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AT&T Response, are separately reported in Exhibits 5.4 and 5.10 (long distance revenues and line counts, respectively) and Exhibits 5.5 and 5.11 (out-of-region revenues and line counts, respectively) to the AT&T Response.

Third, enclosed please find redacted supplemented Exhibits 5.1 through 5.6 to the AT&T Response. These supplemented Exhibits map the revenue reported in the original Exhibits 5.1 through 5.6 against the customer categories described in the response to Specification 1. The "segment" column lists the customer category from Specification 1 to which the revenue line item corresponds.

For each of the re-mapped Exhibits, the re-mapping required that the data be generalized so that correlations to the categories in the response to Specification 1 could be made. In addition, in some instances, correlations existed only for a certain time period, and therefore, the ratios for those time periods were applied across the other time periods in question. Different methodologies were employed to map the revenue to the categories from the response to Specification 1 for each different business unit, as described below.

For the Legacy AT&T business unit (Exhibit 5.1), the systems that track revenues employ categories that generally correspond to the customer categories in the response to Specification 1. Accordingly, the customer category revenues reported in supplemented Exhibit 5.1 (Legacy AT&T) are mapped according to actual revenues. In some instances, the revenues did not track exactly to the categories in the response to Specification 1; in those instances, the closest correlation was used to map the revenues.

For the Legacy SBC-IS (Exhibit 5.2), Legacy SBC ASI/AADS (Exhibit 5.3), Legacy SBC long distance services (Exhibit 5.4), and Legacy SBC In-Region (Exhibit 5.6) business units, the systems used to track revenue generally did not correspond to the customer categories in the response to Specification 1. The customer category revenues reported in supplemented Exhibit 5.2 (Legacy SBC-IS), supplemented Exhibit 5.3 (Legacy SBC-ASI/AADS), supplemented Exhibit 5.4 (Legacy SBC long distance services) and supplemented Exhibit 5.5 (Legacy SBC out-of-region services) therefore are based on the closest correlation available for those revenues to the customer categories.

In addition, the categories originally reported in Exhibits 5.2 (Legacy SBC-IS), 5.3 (Legacy SBC-ASI/AADS), and 5.4 (Legacy SBC long distance services) have been further segmented or revised to correspond to the customer categories described in the response to Specification 1. First, the ABS Retail Sales category has been segmented

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into ABS Signature, ABS Enterprise, ABS Select, and ABS Government customer categories. In addition, some previously reported segments have been removed. For example, a portion of the "Internet Operations Org" segment is actually attributable to consumer revenues, which are not responsive to this information request, but which were included for purposes of completeness. Also, the "ABS Support" segment has been omitted because it does not reflect relevant product revenues. Instead the ABS Support segment is used for various fees, subscriptions, and membership expenses. Also, the BCS revenues for West, Midwest, Southwest and East are not segmented into BCS GEM, BCS Select and BCS Valued in the ordinary course of business. However, the finance organization was able to correlate from compensation data and the sales organization to further segment the data into the categories identified in response to Specification 1.

For Exhibit 5.5 (Legacy SBC Telecom), a different methodology was employed. The organization responsible for this data recently completed a project that mapped the Legacy SBC sales categories to the categories currently used by AT&T, described in response to Specification 1. Accordingly, the customer category revenues reported in supplemented Exhibit 5.5 (Legacy SBC-Telecom) are mapped according to actual revenues. In some instances, the revenues did not track exactly to the categories in the response to Specification 1; in those instances, the closest correlation was used to map the revenues.

Information in the revised Exhibit 5.6 and the supplemented Exhibits 5.1 through 5.6 is both commercially and financially sensitive and is proprietary information that AT&T would not in the normal course of business reveal to the public or its competitors. In addition, supplemented Exhibits 5.1 through 5.6 contain revenues and numbers of customers disaggregated by customer type and a market area smaller than the nation. Accordingly, the revised Exhibit 5.6 has been redacted pursuant to the First Protective Order,¹ and the supplemented Exhibits 5.1 through 5.6 have been redacted pursuant to the Second Protective Order.²

Per the direction of the Staff, AT&T is filing with the Secretary today, under separate transmittals, a CD-ROM containing one copy of the complete unredacted exhibits. AT&T is also providing to the Staff copies of the unredacted exhibits.

¹ *In re AT&T Inc. & BellSouth Corp. Applications for Approval of Transfer of Control*, WC Dkt No. 06-74, Protective Order, DA 06-1032 (rel. May 12, 2006).

² *In re AT&T Inc. & BellSouth Corp. Applications for Approval of Transfer of Control*, WC Dkt No. 06-74, Second Protective Order, DA 06-1415 (rel. July 7, 2006).

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AT&T's complete response will be made available for inspection, pursuant to the terms of the Protective Order and Second Protective Order at the offices of Crowell & Moring LLP. Counsel for parties to this proceeding should contact Jeane Thomas of that firm at (202) 624-2877 to coordinate access.

We trust this information is responsive to the Staff's requests. If there are any questions, please do not hesitate to contact me.

Sincerely,

/s/ Gary L. Phillips

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cc: Donald K. Stockdale, Jr.
William Dever
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Enclosures