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VIA ELECTRONIC SUBMISSION

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

Re: AT&T Inc. and BellSouth Corporation Applications for Approval of Transfer of Control, WC Docket No. 06-74; Policy and Rules Concerning the Interstate, Interexchange Marketplace, CC Docket No. 96-61

Dear Ms. Dortch:

On July 11, 2006, AT&T Inc. ("AT&T") filed its response to the Wireline Competition Bureau ("Bureau") staff's initial information and document request concerning the pending AT&T/BellSouth Corporation ("BellSouth") merger.¹ Included among staff's information requests was a question about how "the merged entity would comply with [the rate integration and averaging requirements of section 254] if the merger is approved."² AT&T responded that, because it "will not know all of the relevant details of BellSouth's rate plans until after the merger is approved, AT&T's current plan is to seek a limited, short-term waiver of the rate integration and geographic deaveraging requirements. . . ."³ AT&T explained that such a waiver will permit it to evaluate BellSouth's various rate plans and the contractual obligations that BellSouth has incurred under those plans, to rationalize the BellSouth and AT&T plans, and to make any changes necessary to ensure compliance with all applicable requirements of section 254 and the Commission's rules.⁴

Consistent with that response, AT&T hereby requests a limited 120-day waiver of section 64.1801 of the Commission's rules,⁵ to take effect on the Merger Closing Date.⁶ AT&T and

¹ See Letter from Scott Feira, Arnold & Porter, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 06-74 (filed July 11, 2006).

² *Id.* at 83 (responding to request # 40).

³ *Id.*

⁴ *Id.*

⁵ 47 C.F.R. § 64.1801.

⁶ As explained below, the amount of time requested in this filing is based on information that is currently available to AT&T. If AT&T subsequently determines that the requested time is insufficient to fully complete all of the integration, notification, and re-training activities necessary to implement rate offerings that are fully integrated, AT&T reserves the right to supplement this request. AT&T will, however, make every effort to meet the 120-day requested deadline.

BellSouth have historically operated as separate entities with distinct, myriad rate plans and service offerings, and they have continued to operate independently of each other, as required by law, since announcing their proposed merger. The merged entity thus will need some time after the Merger Closing Date to unify its pricing plans across all of the combined company's states. In particular, the merged company will need to evaluate each of the plans offered by BellSouth based on information that will be unavailable to AT&T prior to the Merger Closing Date, compare those plans with AT&T's existing plans and determine which plans should be available across all AT&T states and which should be withdrawn. The merged company will then need to implement those decisions by extending certain rate plans to states in which they are not now offered and by withdrawing certain rate plans on a going forward basis. To the extent a plan will be extended to new states, the company needs time to make necessary changes in its guidebooks, web postings and billing systems. Conversely, to the extent an existing plan will be withdrawn from the market, subject to grandfathering, the company will have to give proper customer notice, consistent with applicable regulatory requirements, before effecting that decision.⁷ In addition, the merged company will have to educate its customer sales representatives about any changes to existing service offerings and the new plans that the merged company will offer. These tasks will require a minimum of 120 days from the Merger Closing Date to complete.

Under these circumstances, there clearly is good cause for the requested waiver.⁸ As noted, legal restrictions and practical realities make it impracticable for AT&T and BellSouth to comply fully with the requirements of section 64.1801 on the Merger Closing Date. The 120-day waiver requested herein will give the combined company the necessary time to comply with those requirements in an orderly manner that minimizes customer confusion and disruption while accommodating its legitimate business need to reconcile and combine the AT&T and BellSouth long distance portfolios in a way that makes sense to the business and its customers. At the same time, the limited nature of the waiver will ensure that the combined company completes the work necessary to come into compliance with the rate integration/averaging requirements as quickly as reasonably possible. In these circumstances, grant would provide the means for a "more effective implementation of overall policy"⁹

The requested waiver is fully consistent with Commission precedent. Indeed, the Commission has acknowledged the complexity of moving to a new, integrated rate structure on numerous occasions and granted carriers a reasonable period of time to come into compliance following an acquisition.¹⁰ For example, in 2001, Time Warner Telecom Inc. ("Time Warner")

⁷ See 47 C.F.R. § 63.71. In addition, several states where AT&T and BellSouth operate require prior customer notification of changes to customers' plans, which includes grandfathering. These state notification requirements would be triggered if AT&T and/or BellSouth were to modify any of their bundled local and long distance plans.

⁸ The Commission's rules may be waived for good cause shown. 47 C.F.R. § 1.3.

⁹ *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969), cert. denied, 409 U.S. 1027 (1972).

¹⁰ See, e.g., *Policy and Rules Concerning the Interstate, Interexchange Marketplace: Implementation of Section 254(g) of the Communications Act of 1934, as Amended*, First Report and Order, 11 FCC Rcd 9564, 9596-99, ¶¶66-73 (1996) (providing carriers that served certain territories one year within which to comply with their rate integration and averaging obligations); *Policy and Rules Concerning the Interstate, Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as Amended*, Order and Order Seeking Comment, 12 FCC Rcd 11357, 11358-60, ¶¶ 3-7 (1996) (granting American Mobil Satellite Carriers Subsidiary Corp. a one year waiver to integrate rates charged for its offshore service into the rate structure for its mainland service).

sought and received what was in effect a temporary waiver of the rate integration requirements when the Commission extended the time for Time Warner to certify compliance with section 254(g)'s rate integration and averaging obligations following Time Warner's acquisition of the assets of GST Telecommunications, Inc.¹¹ In its petition, Time Warner had explained that it recently had purchased the assets of GST and required additional time to modify its systems to bill the former company's customers the same interstate interexchange rates that Time Warner charged to its customers.¹² Time Warner initially sought and received a thirty day extension of the date for certifying, and it subsequently sought a further extension of time to comply with section 254(g)'s requirements, which the Bureau granted.¹³ From the time of purchase of the other company's assets, Time Warner ultimately was given over one year to come into compliance with its rate integration and averaging obligations. By contrast, AT&T is seeking a limited 120-day waiver to rate integrate interstate interexchange plans affecting dramatically more customers than at issue with Time Warner's petition.

AT&T has demonstrated good cause for its request and that granting a short transitional compliance period will serve the public interest. Accordingly, for the reasons provided above, AT&T respectfully requests grant of a waiver of section 64.1801 for a period of 120 days from the Merger Closing Date.

If you have any further questions or seek additional information about this matter, please do not hesitate to contact me.

Sincerely,
/s/
Gary L. Phillips

¹¹ Time Warner Telecom Inc. Petition for Extension of Time to File Initial Certification of Compliance with Section 254(g) of the Communications Act of 1934, CC Docket No. 96-61 (filed Feb. 28, 2001).

¹² *Id.* at 3-5.

¹³ See Time Warner Telecom Inc. Petition for Further Extension of Time to File Initial Certification of Compliance with Section 254(g) of the Communications Act of 1934, CC Docket No. 96-61 (filed Aug. 29, 2001). The Bureau granted Time Warner's petition, via grant stamp, on September 26, 2001.