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September 18, 2006

Chairman Kevin Martin
Commissioner Michael Copps
Commissioner Jonathan Adelstein
Commissioner Deborah Taylor Tate
Commissioner Robert McDowell

Re: AT&T/BellSouth merger

Dear Chairman Martin and Commissioners:

As the Chairman of Georgia ACORN, I urge you to take concrete steps to protect consumers from harm as a result of the AT&T/BellSouth merger. ACORN, the Association of Community Organizations for Reform Now, is the nation's largest community organization of low- and moderate-income families, working together for social justice and stronger communities. Since 1970, ACORN has grown to more than 175,000 member families, organized in 850 neighborhood chapters in 75 cities across the U.S. and in cities in Canada, the Dominican Republic and Peru.

ACORN is concerned that the proposed merger of AT&T and BellSouth could harm low and moderate income families. As we face gas prices near $3 per gallon, continued disaster recovery in the South, and uncertainty about the current state of jobs and the economy, our families should not have to add higher phone bills to the list of worries. The merger of AT&T and BellSouth will create the largest communications monopoly in the country, and monopolies are not constrained by competition and thus can raise prices with impunity.

Our primary concern is that this merger will raise phone prices. After FCC approval of the SBC/AT&T and Verizon/MCI mergers, Commissioner Copps challenged the FCC thusly: “If rates go up for residential and business users as a result of our decision today . . . then we have a clear and pressing duty to revisit what we have done.” Commissioner Adelstein similarly warned that the FCC should have imposed “additional and more rigorous safeguards beyond those set forth in these Orders.” The facts have sadly proved their prescience. Since closing the SBC/AT&T merger, AT&T has raised consumer phone rates across the nation. Just last month, AT&T announced over 15 new fee increases on its local and long distance plans. AT&T also just increased its "minimum monthly usage" on long distance service from 99 cents to $9.99, meaning low income consumers could be hit with a $10 fee for failing to make enough calls. Since the SBC/AT&T merger, AT&T has hiked local phone prices in Missouri, Wisconsin, Texas and Oklahoma, to name just a few. AT&T's basic rate phone plan that cost $10.12 in 1996 now costs $25.82 – and increase of over 150%.

As Commissioner Copps warned in his September 14 appearance on Pacifica Radio, the trend towards massive conglomerates and consolidation in the communications industry is "damaging for minorities and diversity communities, people who live in the inner cities and people who live in rural America." This is certainly true of AT&T/BellSouth. Because AT&T will control the largest wireline, wireless, and Internet companies in the country, and because AT&T has an established pattern of harming consumers, the risk to our communities has never been greater.

AT&T and BellSouth have told you that this merger will benefit consumers through (a) wireless, as the management of Cingular is unified, and (b) video, as AT&T brings its video offering to market. On the wireless side, it appears that the unification of Cingular will bring huge benefits to AT&T, but none to consumers. We are very concerned that Cingular is discriminating against low income families. Cingular, the nation's largest wireless company, will be wholly owned by AT&T following this merger. On August 1, Cingular announced that it would begin charging customers who haven't purchased new phones in three years an extra $5 per month until they agree to buy a new phone, whether they can afford one or not.

According to Cingular, there are 5 million customers who have these older phones. These customers are largely lower income customers who cannot afford new phones – yet Cingular will cut them off if they don't buy new phones. Cingular said it wants to force these "low value" customers off of its network. Cingular's Chief Operating Officer, Ralph de la Vega, confirmed on August 1 that consumers who have older phones "are almost certainly lower revenue subscribers" and said the plan to get them off Cingular's network was "very surgical" and that "most of the churn that happens if that does occur will be good churn."

Published accounts of documents leaked by Cingular insiders show what Cingular means by "low value:" customers who pay "less than $30 per month" for wireless service. The documents instruct customer service representatives at Cingular: "Some customers contribute more value to Cingular than others . . . we are most interested in keeping the most valuable customers. We do not want to give our most valuable offers to retain a low-value customer." This policy is absolutely outrageous: Cingular withholds money-saving offers in an effort to get rid of customers who can't afford to pay for lucrative wireless plans.

It also appears that AT&T will discriminate against low income families in its broadband and video deployments. AT&T has said that network upgrades to provide broadband and video services over new fiber would reach 90% of “high value” customers, and only 5% of “low value” customers. As the Concerned Mayors Alliance demonstrated to the FCC, “AT&T has engaged in the practice of redlining – denying or delaying the deployment of advanced or even basic telecommunications services to areas populated by low-income or minority residents. Even when AT&T has deployed in low-income or minority neighborhoods, there continues to be a disparity in the quality of service when compared to affluent and predominantly white suburban areas.” AT&T cannot be permitted to widen the digital divide by deploying next generation services only to the wealthy.

We are also concerned that jobs will be cut and service quality will suffer as a result of this merger, and our families will have no recourse. According to the Communications Workers of America (CWA), “the merger of BellSouth into a national company could result in the closing of technical operations, call centers, or other facilities” which would “result in the destruction of good, family-supporting jobs.” We need only look at what happened after SBC bought the “old” AT&T. During that merger review process, SBC and AT&T assured regulators the merger would create a much stronger job outlook for the combined organization and would have a positive impact on employment. Six months after the closing of the merger, AT&T announced a reduction-in-force, including the closure of consumer call centers in Pennsylvania, Arizona, and Massachusetts and a 25 percent reduction in positions at the TRS relay center for the hard of hearing in Pennsylvania. AT&T has already announced at least 10,000 more job cuts, and has promised that half of all merger synergies will come from further job reductions. For a company that will employ 300,000 Americans to threaten such job cuts cannot be in the public interest.

In conclusion, the FCC must not rubber stamp this merger: it must adopt concrete and enforceable conditions that protect competition and consumers. Consumer groups like Free Press, Consumer Federation of America, and Consumers Union, have urged the imposition of conditions that require AT&T/BellSouth to provide service to all communities at fair rates, and to continue providing, at cost-based rates, access to crucial facilities that are vital to competitive entry. That competition will help ensure that phone prices remain fair and that our families have somewhere else to go when AT&T raises rates. Although it is always a struggle for grassroots activists to challenge multi-billion dollar corporations, we hope that the FCC will put the public interest before AT&T’s interest. We urge the FCC to impose conditions on this merger that protect consumers.

Respectfully submitted,

<u>/s/ Dana Williams</u>

Deacon Dana Williams Chairman