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September 25, 2006

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., Room TWB-204
Washington, D.C. 20554

Re: ***Ex Parte Notification:*** Application Pursuant to Section 214 of 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. – WC Docket No. 06-74

Dear Ms. Dortch:

On Friday, September 22, 2006, John Heitmann of Kelley Drye & Warren LLP, along with Todd Graham, Director of Telecommunications, ScanSource, Inc., and John Ellsworth, General Counsel and Corporate Secretary, ScanSource, Inc., met with Kevin Martin, Chairman of the Federal Communications Commission and Anthony Dale of OMD.

During the meeting, ScanSource discussed and distributed the attached presentation. In explaining the presentation, ScanSource made clear that the market for local services provided to enterprise customers is not sufficiently competitive. In particular, ScanSource explained that the list of potential bidders (carriers claiming or having current capability to serve ScanSource's enterprise-level needs near term in various geographic and product markets) actually was quite limited and that the list of potentially viable bidders (potential bidders that might actually succeed in winning a bid to provide such services) was even smaller. If the proposed merger between AT&T and BellSouth were allowed to proceed, ScanSource explained that the list of potential bidders for its enterprise-level product needs in the local market within the BellSouth operating territory would be reduced from 4 to 3. More significantly, the list of potentially viable bidders for ScanSource's enterprise-level local service needs would be reduced from 3 to 2. In support of this position, ScanSource explained that cable, wireless and many CLECs do not currently offer enterprise customers such as ScanSource an effective alternative.

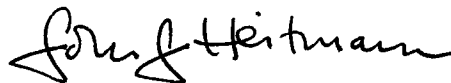
Marlene H. Dortch
September 25, 2006
Page Two

ScanSource further discussed conditions necessary to ameliorate, in part, harms that would result from the removal of one of the three potential bidders from the market. In particular, ScanSource explained that imposition of a special access rate cap condition was necessary to provide pricing discipline on carriers and to bolster enterprise customers' reduced negotiating leverage. ScanSource also explained that a "fresh-look" condition was necessary not only to discipline a newly enlarged and empowered incumbent LEC, but also to facilitate the development of competitive alternatives needed to fill the gap left by the removal of the largest competitive LEC in the region from local markets.

Chairman Martin inquired about and the meeting participants also discussed the potential effectiveness of an FCC merger condition requiring divestiture of fiber IRUs in cases where Department of Justice consent decree conditions do not require such divestiture. As the parties discussed, such a condition would be most effective if ScanSource could purchase the IRU. Such a condition should allow ScanSource the flexibility to operate the fiber itself or to contract with a carrier of its choosing to operate the fiber. ScanSource believes that such a condition would be an excellent addition to the special access rate cap and fresh look conditions it has urged the Commission to adopt to ameliorate harms caused by consummation of the proposed merger.

Please feel free to contact me, if you have any questions regarding this *ex parte* notification. In accordance with the Commission's rules, this letter, is being filed electronically for inclusion in the public record of each of the above-referenced proceedings.

Respectfully submitted,



John J. Heitmann

JJH:cpa

Enclosure

cc: Chairman Martin
Anthony Dale
Michelle Carey
Scott Bergman
Scott Deutschman
Ian Dillner
Tom Navin