



October 6, 2006

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

Dear Ms. Dortch:

**RE: Ex Parte Notice. WC Docket No. 06-74. Application for Consent to Transfer of Control Filed by AT&T and Bellsouth Corporation**

On October 5, 2006, Debbie Goldman, CWA Research Economist, met with Michelle Carey, Senior Legal Advisor to Chairman Kevin J. Martin, to discuss the AT&T/BellSouth merger.

Ms. Goldman discussed the potential public interest benefits of the proposed merger, particularly the promise of accelerating the deployment of high-speed Internet networks to many more Americans by expanding AT&T's Project Lightspeed into the nine-state BellSouth region. Ms. Goldman noted that the Commission has no assurance that this deployment will reach all types of consumers in the BellSouth region – including low-income and rural customers. Moreover, AT&T has not made a concrete commitment to the Commission with specific deployment benchmarks to ensure that the promise of accelerated deployment becomes a verifiable, merger-related public interest benefit.

As the Commission considers specific deployment benchmarks, Ms. Goldman suggested as a starting point the commitments that AT&T has made in its 13-state region. AT&T has already announced plans to deploy Project Lightspeed's IPTV services, which is being offered under the U-verse brand, to 18 million of its 36 million customers – or 50 percent of its customers -- in its 13-state region.<sup>1</sup> Further, AT&T CEO Edward Whitacre earlier this year affirmed the company's commitment to make its Project Lightspeed video services available within three years to 5.5 million low-income customers, representing 30 percent of its projected 18 million Lightspeed customers. In addition, Mr. Whitacre announced plans to offer a satellite-based broadband service in select

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<sup>1</sup> Application for Consent to Transfer of Control Filed by AT&T and Bellsouth Corporation, Description of Transaction, Public Interest Showing and Related Demonstration, WC Docket No. 06-74, page 22.

rural markets not served by landline broadband services, and to expand WiMAX and other fixed wireless technologies.<sup>2</sup> A copy of that announcement was provided to Ms. Carey, and is attached to this notice.

Ms. Goldman also noted that the California video franchising legislation (AB2987) included the following build-out requirements on AT&T: access to its video service to at least 35 percent of households in its telephone service area within three years, and to at least 50 percent of these households within five years. Of these households, at least 25 percent must be low-income within three years, and at least 30 percent must be low-income within five years. "Low-income household" is defined as \$35,000 annual household income, adjusted for inflation. Ms. Goldman provided the relevant pages from AB2987, which are attached to this notice.

At a minimum, the Commission should look for similar commitments by AT&T throughout the 9-state BellSouth region.

Ms. Goldman emphasized that build-out of high-speed, high-capacity networks will preserve an open Internet by eliminating bandwidth scarcity. With sufficient bandwidth, consumers will be able to access whatever content they want on the Internet without fear of blocking, privileging, or degradation of any content or service. However, any merger-related conditions that would require AT&T to provide to third parties free of charge any service that they provide to themselves over the Internet would dampen investment in high-speed networks, thereby undermining the policy objective of accelerated deployment of open, high-speed networks

Merger-related conditions should focus on specific, verifiable benchmarks for high-speed network deployment, which will provide the capacity to protect consumers' unrestricted access to an open Internet.

Sincerely,



Debbie Goldman, Research Economist  
Research and Development Department

cc: Michelle Carey

Enclosures

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<sup>2</sup> Letter from Thomas F. Hughes, AT&T Vice President – Federal Regulatory to Ms. Donna Gregg, FCC Chief of the Media Bureau, dated May 9, 2006.