

December 4, 2006

EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
Room TW-325
445 12th Street, S.W.
Washington D.C. 20554

Re: In the Matter of AT&T Inc. and BellSouth Corporation
Applications for Approval of Transfer Of Control,
WC Docket No. 06-74

Dear Ms. Dortch:

The undersigned parties hereby file a clarification to their September 22 *Ex Parte* letter¹ to address a serious issue that many purchasers of special access would encounter if, as is appropriate, the FCC requires the merged AT&T and BellSouth to reduce special access tariffed rates as a required condition of the Commission's merger approval. The discrete clarification described in this letter is intended to clarify the September 22 *Ex Parte* proposal only to the extent explicitly described herein. In all other respects, the September 22 *Ex Parte* proposal remains unchanged.

The issue is as follows. Many entities purchase special access from both AT&T and BellSouth under individually negotiated volume/term contracts. The contract price for each special access component is often a fixed discount off of generally available tariffed rates. Where this is the case, a merger condition reducing the generally available tariffed rates will flow through to special access contract price reductions.

To obtain discounts in volume/term contracts, purchasers must often agree to a minimum annual revenue commitment ("MARC") for "eligible services" (which sometimes include both special access and other services) that must be reached in order to obtain the discounts and avoid substantial penalties. If the generally available tariffed rates were reduced as the result of a merger condition, but the MARC was not reduced by an amount equal to the resulting reduction in spending on "eligible services," purchasers would likely miss their MARCs and be forced to pay substantial penalties. This outcome would obviously cancel out part or all of the intended benefit of reducing the absurdly high prices AT&T and BellSouth currently charge for tariffed services.

¹ See Letter of Karen Reidy *et al.*, to Marlene H. Dortch, Secretary, FCC, WC Dkt. No. 06-74 (Sept. 22, 2006) ("Sept. 22 *Ex Parte*").

/s/

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