

SouthEast Telephone

December 22, 2006

Chairman Kevin Martin
Commissioner Michael Copps
Commissioner Jonathan Adelstein
Commissioner Deborah Taylor Tate
Federal Communications Commission
445 – 12th St., SW
Washington, DC 20554

RE: *Ex Parte Presentation* -- AT&T, Inc. and BellSouth Corp. Applications for Approval of Transfer of Control; WC Docket No. 06-74

Dear Mr. Chairman and Commissioners,

I am writing to urge you to take action to preserve facilities-based competition in the rural areas served by BellSouth and AT&T. The merger presents a unique opportunity for conditions to address specific problems involving these two companies.

As you know, SouthEast Telephone is a CLEC serving 48,000 customers in a rural Appalachian mountain region in southeastern Kentucky. We are working toward serving consumers using our own facilities as much as possible. But affordable technology for rural deployment has become available only recently. With the high cost of network construction in our area and the long time frame needed for build-out, we also need to lease facilities from BellSouth. At this point, we cannot roll out our business without access to these network elements.

The Kentucky PSC understands our situation and is trying to get BellSouth to comply with its Section 271 “competitive checklist” obligations, which remain in place even for elements that are no longer subject to Section 251. But BellSouth is being extraordinarily uncooperative. The proposed merger is making matters worse by removing any possible access to alternative facilities from AT&T, and by strengthening BellSouth’s resolve not to work with us. Unlike some urban areas, consumers in our rural area do not have access to robust alternative network facilities from other CLECs, cable, or wireless.

As many as 44% of Kentucky residents live in rural areas served by BellSouth. I’m sure the numbers are comparable in other AT&T and BellSouth states. The FCC must use this opportunity to protect these rural consumers’ access to competitive alternatives. Merger conditions are needed to empower the State commissions to address this problem in particular geographic areas. Specifically, the merger should be subject to the following condition for 5-7 years:

- **In rural areas, the applicants agree to provide combinations of Section 271 network elements at just and reasonable rates and terms, in interconnection agreements subject to the state PSCs’ arbitration and oversight.**

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For this purpose, "rural" could be defined based on Zone 3 of the company's USF/UNE rate plans, or based on Section 61.26 of the FCC's rules.

In addition, if AT&T and BellSouth offer retail customers a 768 kbps ADSL service at \$10.00 per month, they also should be required to make this product available to CLECs in rural areas at a discounted wholesale rate of \$5.00. This will protect consumers' access to this important offering at reasonable prices, while also avoiding putting rural competitors out of business. The applicants also should agree not to retire decommissioned copper loops and to make them available as unbundled network elements. They should be required to abide by rigorous performance metrics and remedies to ensure their performance in processing orders, provisioning, repairing, and maintaining network elements for its competitors, making possible competitive entry. SouthEast also supports the other conditions proposed by CompTel, Momentum Telecom, and other competitive carriers.

In closing, I would like to emphasize that the conditions proposed here do not seek to address a generalized problem for the industry as a whole. They are focused on a unique problem involving BellSouth and AT&T. Unless appropriate conditions are imposed, this merger will make it difficult or impossible for consumers in the rural areas served by BellSouth and AT&T to enjoy the innovation and competition that is developing in the metropolitan markets. This is a great opportunity to preserve facilities-based competition in the rural areas served by BellSouth and AT&T, and make it possible for CLECs and others to deploy facilities and services into these rural markets.

We stand ready to work with you in any way. Please feel free to contact me should you have any questions.

Thank you very much.

Respectfully submitted,

Darrell Maynard
President

cc: Michelle Carey
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