



December 26, 2006

EX PARTE

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

Re: Ex Parte, WC Docket No. 06-74

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Commission's rules, COMPTEL hereby gives notice that on December 22, 2006, its representative had a conversation with Bruce Gottlieb, Legal Advisor to Commissioner Copps. COMPTEL explained that the proposed merger conditions proffered by AT&T on Friday, October 13th (as corrected by AT&T's October 16th Erratum) do little to mitigate the public interest harms previously identified by COMPTEL and others. COMPTEL reiterated its plea that the public interest is best served by the Commission rejecting the proposed license transfer applications.

However, COMPTEL also provided some further explanation of a few merger conditions COMPTEL had previously suggested that the Commission could adopt to ameliorate, but not eliminate the public interest harms that will likely result from the proposed merger. Specifically, COMPTEL described how certain of the merger conditions it had previously proposed were directly designed to address merger specific harms.

Wholesale Market Power—Special Access Market. The merger between AT&T and BellSouth will eliminate all existing and all potential wholesale metro transmission competition between the two largest wireline competitors in the BellSouth region. The elimination of this competition will result in both a near-term accretion in market power and a foreclosure of future competition in the market for wholesale metro transmission services. The Commission must address this problem through

disciplining prices immediately and through the elimination of artificial barriers to entry which have the effect of deterring entry by, and slowing the expansion of, alternative fiber providers. To address this problem COMPTTEL suggested: 1) immediate special access price reductions—across the board—for all access customers, and 2) eliminating anticompetitive term and volume “bundled discount” contracts, which constructively—or sometimes even explicitly—raise the costs of customers who seek to use competitive access providers, and reduce the prospective revenues available to potential access market competitors.

Representing COMPTTEL was the undersigned attorney.

Sincerely,

/s/ Jonathan Lee
General Counsel