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March 26, 2007

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

Re: *In the Matter of Review of AT&T Inc. and BellSouth Corp. Application for Consent to Transfer of Control*, WC Docket No. 06-74

Dear Ms. Dortch,

On December 28, AT&T submitted a list of proposed merger commitments in order to facilitate expeditious approval of license transfers associated with its merger with BellSouth.¹ Included among these concessions was a commitment to file revisions to its special access tariffs to offer reduced rates for certain services in MSAs in which the Commission had granted AT&T Phase II pricing flexibility. This commitment, however, was subject to a carve-out: it would apply to services provided to other price cap LECs (and their affiliates) only if they agreed to make reciprocal reductions in their own Phase II pricing flexibility rates.² The following day, the Commission adopted an order approving the license transfer.³ In their separate statement, Chairman Martin and Commissioner Tate expressed reservations concerning the lawfulness of the carve-out.⁴ Subsequently, both Qwest and Verizon have filed ex partes with the Commission and pleadings with the D.C. Circuit complaining about the carve-out.⁵

¹ Letter from Robert W. Quinn, Jr. (AT&T) to Marlene H. Dortch (FCC), dated Dec. 28, 2006. On January 4, 2007, AT&T submitted a revised version of those commitments containing minor word changes not relevant here. Letter from Joan Marsh (AT&T) to Marlene H. Dortch (FCC), dated Jan. 4, 2007.

² *Id.*, Special Access Commitment #6.

³ News Release, "FCC Approves Merger of AT&T Inc. and BellSouth Corporation," Dec. 29, 2006.

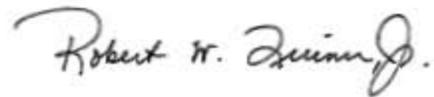
⁴ *Id.*, Separate Statement of Chairman Martin and Commissioner Tate.

⁵ Letter from Michael E. Glover (Verizon) to Marlene H. Dortch (FCC), dated Dec. 29, 2006; Letter from Robert Connelly (Qwest) to Marlene H. Dortch (FCC), dated Jan. 4, 2007; *In Re: Qwest Communications International Inc.*, Petition for Writ of Mandamus to Compel Action by the Federal Communications Commission, 07-1043, U.S. Court of Appeals for the District of Columbia Circuit (filed Feb. 12, 2007) (asking the court to compel the Commission to suspend and investigate any tariff including the carve out provision); *Verizon v. Federal Communications Commission and United States of America*, Petition for Review, 07-1009, U.S. Court of Appeals for the District of Columbia Circuit (filed Jan. 16, 2007).

AT&T already has explained why the carve-out contained in Special Access Merger Commitment #6 is lawful and fully justified by market conditions.⁶ Nevertheless, in order to resolve any lingering controversy over this issue, AT&T is willing to modify that commitment by eliminating the carve-out and marginally reducing the term of that commitment, as requested by the Commission. While these amendments will increase the cost of this commitment to AT&T, the deletion of the carve-out will eliminate any possible argument that the commitment violates the non-discrimination provisions of section 202(a) of the Act, and the reduction in term will partially offset the adverse impact on AT&T of eliminating the carve-out.

Accordingly, AT&T requests that the Commission modify the special access merger commitments, set forth in its December 29 order approving the merger of AT&T Inc. and BellSouth Corporation in the above-referenced proceeding. The specific language necessary to effectuate this amendment to the Special Access Merger Commitments is attached hereto.

Sincerely,

A handwritten signature in cursive script that reads "Robert H. Ziemer, Jr." with a period at the end.

Attachment

⁶ Letter from Gary L. Phillips (AT&T) to Marlene H. Dortch (FCC), dated Feb. 7, 2006.

Revised Special Access Merger Commitments

Special Access

With the exception of Special Access Commitment 6, each of the following special access commitments shall remain in effect until 48 months from the Merger Closing Date. . . .

6. In areas within the AT&T/BellSouth in-region territory where an AT&T/BellSouth ILEC has obtained Phase II pricing flexibility for price cap services (“Phase II areas”), such ILEC will offer DS1 and DS3 channel termination services, DS1 and DS3 mileage services, and Ethernet services,⁷ that currently are offered pursuant to the Phase II Pricing Flexibility Provisions of its special access tariffs,⁸ at rates that are no higher than, and on the same terms and conditions as, its tariffed rates, terms, and conditions as of the Merger Closing Date for such services in areas within its in-region territory where it has not obtained Phase II pricing flexibility. In Phase II areas, AT&T/BellSouth also will reduce by 15% the rates in its interstate tariffs as of the Merger Closing Date for Ethernet services that are not at that time subject to price cap regulation. The AT&T/BellSouth ILECs will file all tariff revisions necessary to effectuate this commitment within 90 days from the Merger Closing Date. This Commitment shall remain in effect until 39 months after the day the AT&T/BellSouth ILECs file with the Commission the final tariff revisions necessary to effectuate this commitment.

⁷ The Ethernet services subject to this commitment are AT&T’s interstate OPT-E-MAN, GigaMAN and DecaMAN services and BellSouth’s interstate Metro Ethernet Service.

⁸ The Phase II Pricing Flexibility Provisions for DS1 and DS3 services are those set forth in Ameritech Tariff FCC No. 2, Section 21; Pacific Bell Tariff FCC No. 1, Section 31; Nevada Bell Tariff FCC No. 1, Section 22; Southwestern Bell Telephone Company Tariff FCC No. 73, Section 39; Southern New England Telephone Tariff FCC No. 39, Section 24; and BellSouth Telecommunications Tariff FCC No. 1, Section 23.