Appendix C - Table 8 Verizon Market Share - Small/Medium Enterprise Customers (2006)			
MSA	Market Share	HHI	Rivals
Long Distance Services – Bell Atlantic			
Albany-Schenectdy NY	REDACTED		
Binghamton NY			
Boston-Cambrdg MA-NH			
Bridgeport-Stmfrd CT			
Buffalo-Niagra Fl NY			
Burlington VT			
Manchester-Nashua NH			
New York NY-NJ-PA			
Portland-S Prtlnd ME			
Poughkeepsie-Nwbr NY			
Providence RI-MA			
Rochester NY			
Springfield MA			
Syracuse NY			
Worcester MA			
Allentown-Bethlhm PA			
Baltimore-Towson MD			
Charleston WV			
Erie PA			
Harrisbrg-Carlisl PA			
Lancaster PA			
Phildlph PA-NJ-DE-MD			
Pittsburgh PA			
Reading PA			
Richmond VA			
Roanoke VA			
Scranton-WilkesBr PA			
Trenton-Ewing NJ			
Virginia Beach VA-NC			
Washngtn DC-MD-VA-WV			
York-Hanover PA			
Youngstwn-Wrrn OH-PA			
Minimum			
Maximum			
Median			

Appendix C - Table 8 Verizon Market Share - Small/Medium Enterprise Customers (2006) - Continued			
MSA	Market Share	HHI	Rivals
Long Distance Services – GTE			
Akron OH	REDACTED		
Ann Arbor MI			
Asheville NC			
Austin-Round Rock TX			
Bakersfield CA			
Beaumont-Pt Arthr TX			
Canton-Massillon OH			
Charleston SC			
Charlotte-Gstn NC-SC			
Chicago-Npr IL-IN-WI			
Cincinnati OH-KY-IN			
Cleveland-Elyria OH			
Columbia SC			
Columbus OH			
Corpus Christi TX			
Dallas-Fort Worth TX			
Dayton OH			
Detroit-Wrn-Lvnia MI			
Durham NC			
Elkhart-Goshen IN			
Evansville IN-KY			
Fort Wayne IN			
Fresno CA			
Grand Rapids-Wyo MI			
Greenville SC			
Houston-Baytown TX			
Indianapolis IN			
Kalamazoo-Portage MI			
Lakeland FL			
Lansing-E Lansing MI			
Los Angeles-LngBc CA			
Madison WI			
Milwaukee-Wauksha WI			
Oxnard-Thous Oaks CA			
Peoria IL			
Portland-Vncvr OR-WA			
Riversd-SnBrn-Ont CA			

Appendix C - Table 8 Verizon Market Share - Small/Medium Enterprise Customers (2006) - Continued			
MSA	Market Share	HHI	Rivals
Long Distance Services – GTE			
Rockford IL	REDACTED		
Sacramento-Arden CA			
Salem OR			
Salinas CA			
San Antonio TX			
San Francisco-Okl CA			
San Jose-Sunnyvle CA			
Santa Barbara CA			
Santa Rosa-Petlma CA			
Sarasota-Bradentn FL			
Seattle-Tacoma WA			
South Bend-Msh IN-MI			
Spokane WA			
Springfield IL			
St Louis MO-IL			
Stockton CA			
Tampa-St Petersbrg FL			
Toledo OH			
Minimum			
Maximum			
Median			
T-1 Services – Bell Atlantic			
Albany-Schenectdy NY	REDACTED		
Boston-Cambrdg MA-NH			
Bridgeport-Stmfrd CT			
Buffalo-Niagra Fl NY			
Burlington VT			
Manchester-Nashua NH			
New York NY-NJ-PA			
Portland-S Prtlnd ME			
Poughkeepsie-Nwbr NY			
Providence RI-MA			
Rochester NY			
Springfield MA			
Syracuse NY			

Appendix C - Table 8 Verizon Market Share - Small/Medium Enterprise Customers (2006) - Continued			
MSA	Market Share	HHI	Rivals
T-1 Services – Bell Atlantic (Continued)			
Utica-Rome NY	REDACTED		
Worcester MA			
Allentown-Bethlhm PA			
Baltimore-Towson MD			
Charleston WV			
Harrisbrg-Carlisl PA			
Lancaster PA			
Phildlph PA-NJ-DE-MD			
Pittsburgh PA			
Reading PA			
Richmond VA			
Roanoke VA			
Scranton-WilkesBr PA			
Trenton-Ewing NJ			
Virginia Beach VA-NC			
Washngtn DC-MD-VA-WV			
York-Hanover PA			
Youngstwn-Wrrn OH-PA			
Minimum			
Maximum			
Median			
T-1 Services – GTE			
Akron OH	REDACTED		
Ann Arbor MI			
Asheville NC			
Austin-Round Rock TX			
Beaumont-Pt Arthr TX			
Canton-Massillon OH			
Charleston SC			
Charlotte-Gstn NC-SC			
Chicago-Npr IL-IN-WI			
Cincinnati OH-KY-IN			
Cleveland-Elyria OH			
Columbia SC			
Columbus OH			

Appendix C - Table 8 Verizon Market Share - Small/Medium Enterprise Customers (2006)- Continued			
MSA	Market Share	HHI	Rivals
T-1 Services – GTE (Continued)			
Corpus Christi TX	REDACTED		
Dallas-Fort Worth TX			
Davenport-Moln IA-IL			
Dayton OH			
Detroit-Wrn-Lvnia MI			
Durham NC			
Elkhart-Goshen IN			
Evansville IN-KY			
Fort Wayne IN			
Fresno CA			
Grand Rapids-Wyo MI			
Greenville SC			
Houston-Baytown TX			
Indianapolis IN			
Kalamazoo-Portage MI			
Lakeland FL			
Lansing-E Lansing MI			
Los Angeles-LngBc CA			
Madison WI			
McAllen-Edinburg TX			
Milwaukee-Wauksha WI			
Oxnard-Thous Oaks CA			
Peoria IL			
Portland-Vncvr OR-WA			
Riversd-SnBrn-Ont CA			
Rockford IL			
Sacramento-Arden CA			
Salem OR			
San Antonio TX			
San Francisco-Okl CA			
San Jose-Sunnyvle CA			
Santa Barbara CA			
Sarasota-Bradentn FL			
Seattle-Tacoma WA			

Appendix C - Table 8 Verizon Market Share - Small/Medium Enterprise Customers (2006) - Continued			
MSA	Market Share	HHI	Rivals
T-1 Services – GTE (Continued)			
South Bend-Msh IN-MI	REDACTED		
Spokane WA			
Springfield IL			
St Louis MO-IL			
Stockton CA			
Tampa-St Petersbrg FL			
Toledo OH			
Minimum			
Maximum			
Median			
T-3 Services Bell Atlantic			
Boston-Cambrdg MA-NH	REDACTED		
New York NY-NJ-PA			
Washngtn DC-MD-VA-WV			
T-3 Services GTE			
Chicago-Npr IL-IN-WI	REDACTED		
Dallas-Fort Worth TX			
Los Angeles-LngBc CA			
San Francisco-Okl CA			
ATM Services – Bell Atlantic			
New York NY-NJ-PA	REDACTED		
Chicago-Npr IL-IN-WI			
Los Angeles-LngBc CA			
Frame Relay Services – Bell Atlantic			
Boston-Cambrdg MA-NH	REDACTED		
New York NY-NJ-PA			
Baltimore-Towson MD			
Phildlph PA-NJ-DE-MD			
Pittsburgh PA			
Washngtn DC-MD-VA-WV			
Minimum			
Maximum			
Median			

Appendix C - Table 8 Verizon Market Share - Small/Medium Enterprise Customers (2006) - Continued			
MSA	**Market Share**	**HHI**	**Rivals**
Frame Relay Services – GTE			
Charlotte-Gstn NC-SC	**REDACTED**		
Chicago-Npr IL-IN-WI			
Cleveland-Elyria OH			
Columbus OH			
Dallas-Fort Worth TX			
Detroit-Wrn-Lvnia MI			
Houston-Baytown TX			
Indianapolis IN			
Los Angeles-LngBc CA			
Milwaukee-Wauksha WI			
Portland-Vncvr OR-WA			
Sacramento-Arden CA			
San Francisco-Okl CA			
San Jose-Sunnyvle CA			
Seattle-Tacoma WA			
Tampa-StPetersbrg FL			
Minimum			
Maximum			
Median			
Source: Verizon Apr. 20, 2007 *Ex Parte* Letter, Exh. 4.5 (MSA data). Staff calculations are done for markets with at least 30 observations. Small/Medium Enterprise Customers are defined as businesses with 5 to 249 employees.			

Appendix C - Table 9 Long Distance Services Provided to Multi-Location Enterprises (Fourth Quarter, 2006)		
Provider	**Market Share (Revenues)**	**Market Share (Minutes)**
AT&T/BS	**REDACTED**	
Verizon		
JA*		
Qwest		
Other		
Total		
HHI		
Source: AT&T May 1, 2007 *Ex Parte* Letter, Exh. 5a. Market shares are for customers purchasing more than **[REDACTED]** of services per year. *See* Letter from Frank S. Simone, Executive Director, Federal Regulatory, AT&T, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 02-112, Exh. 5a. (filed Mar. 29, 2007) (AT&T Mar. 29, 2007 *Ex Parte* Letter). * "JA" is an alias for another carrier that was listed in the confidential data submitted by AT&T.		

APPENDIX D

WHOLESALE LONG DISTANCE VOICE AND DATA MARKETS

Appendix D - Table 1 Wholesale Service Revenues (%)	
Wholesale Voice Long Distance (2006)	
Carrier	**Market Share**
AT&T	**REDACTED**
Verizon	
JA*	
Qwest	
EG*	
Other	
Total	
HHI	
Wholesale Data Revenue (2006)	
Carrier	**Market Share**
AT&T	**REDACTED**
Verizon	
JA*	
Qwest	
EG*	
Other	
Total	
HHI	
Source: AT&T May 1, 2007 *Ex Parte* Letter, Exh. 5b. * "JA" and "EG" are aliases for other carriers that were listed in the confidential data submitted by AT&T.	

JOINT STATEMENT OF COMMISSIONER MICHAEL J. COPPS AND COMMISSIONER JONATHAN S. ADELSTEIN, CONCURRING IN PART, DISSENTING IN PART

Re: ***Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements; 2000 Biennial Regulatory Review Separate Affiliate Requirements of Section 64.1903 of the Commission's Rules; Petition of AT&T Inc. for Forbearance Under 47 U.S.C. § 160(c) with Regard to Certain Dominant Carrier Regulations for In-Region, Interexchange Services*, WC Docket No. 02-112, CC Docket No. 00-175, WC Docket No. 06-120, Report and Order and Memorandum Opinion and Order (Aug. 31, 2007).**

In this Order, the Commission allows the Bell Operating Companies (BOCs) to provide long-distance services on an integrated basis and subject to non-dominant carrier regulations, as long as they comply with targeted safeguards adopted in this Order and with their continuing statutory and regulatory obligations. We support this relief, with the conditions and commitments included herein, because the Commission must take into account the changing long-distance market.

We cannot fully join this decision because we are concerned that the Order does not fully take into account the significant consolidation that has taken place in the marketplace and what this means for consumers. Nor does the Order put in place a comprehensive mechanism for monitoring changes in the marketplace (*e.g.*, in the long-distance, wireless, and access markets) that would enable the Commission to reliably make decisions. Consumers will not be well-served if the Commission allows the competitive options to dwindle to a choice of bundles from a duopoly of providers. With this concern in mind, we cannot support the decision to reach beyond the rulemaking proceeding to use forbearance to take away equal access scripting – a long-standing and useful tool for consumers seeking information about competitive options.

This Order finally addresses the important issue of what rules should govern the BOCs' provision of long-distance services after the sunset of Section 272 separate affiliate and related requirements. After much urging, we are pleased that the Commission here engages in a credible analysis of the need for alternative safeguards. Indeed, there are notable changes in the long distance market for which the Commission must account.

We also support the combination of conditions – some voluntarily offered, others not – that address concerns which the separate affiliate rules were designed, at least in part, to address – such as cost shifting, non-discrimination and the availability of competitive service for all consumers. Not all customers have benefited equally from changes in the marketplace because of a lack of effective choice of providers. We therefore appreciate the commitments made by AT&T and Verizon to offer calling plans targeted for residential consumers who make relatively few long-distance calls and to provide call detail information to enable consumers to make informed decisions about the most cost effective long-distance plans. We are grateful to Consumers Union and others who have drawn much-needed attention to these issues. The needs of low-volume consumers are too often overlooked, even though they have a real need for our vigilance.

As the Commission did in the *Qwest Section 272 Sunset Forbearance Order*, here we make a number of important findings regarding the potential for price and performance discrimination. Notably, the Order acknowledges that incumbent providers retain the ability to raise their rivals' costs, and the Order maintains dominant carrier regulation for critical access services used by alternative long-distance providers. The Order correctly concludes that certain requirements of Section 272 will continue to apply, and it adopts rules for imputation and reporting that should help the Commission and competitors evaluate whether the petitioner is engaging in price discrimination. In addition, we are pleased that the

Order makes permanent the BOCs' current commitments via merger orders and the *Qwest 272 Sunset Forbearance Order* to comply with special access performance metrics in order to ensure that they do not engage in non-price discrimination in the provision of special access services.

We have consistently stated our view that competition must mean more for consumers than a choice between two providers – a cable and a telephone company – and that such a result would represent an unfortunate back-sliding for consumers. So while we are pleased that the Order acknowledges the rapid changes to the long-distance market, we are also aware that some of these changes favor incumbent providers. It is imperative for the Commission rigorously to monitor the effect of these safeguards. We would have preferred that the Commission adopt a formal, comprehensive mechanism for verifying whether the predictions in this Order prove accurate.

In particular, the evidence in this record shows that the BOCs have enjoyed dramatic success in the long distance market in a relatively short period of time, particularly among consumers who choose bundles of local and long distance service. So, we are disappointed that the Commission reaches beyond the rulemaking proceeding to grant forbearance from the long-standing equal access scripting rules that require customers be informed of their right to select the long-distance provider of their choice. Given the BOCs' high share of the bundled marketplace, we dissent to this portion of the Order as the Commission should not be taking this valuable tool away from consumers.

For these reasons, we concur in part and dissent in part.

STATEMENT OF COMMISSIONER DEBORAH T. TATE

Re: ***Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements; 2000 Biennial Regulatory Review Separate Affiliate Requirements of Section 64.1903 of the Commission's Rules; Petition of AT&T Inc. for Forbearance Under 47 U.S.C. § 160(c) with Regard to Certain Dominant Carrier Regulations for In-Region, Interexchange Services*, WC Docket No. 02-112, CC Docket No. 00-175, WC Docket No. 06-120, Report and Order and Memorandum Opinion and Order (Aug. 31, 2007).**

In this decision we establish a new framework to govern the provision of in-region, long distance services by the Bell Operating Companies and their independent incumbent local exchange carrier affiliates. Once again we recognize the significant competition that exists in the long distance market. I support moving away from regulation where the record shows that a competitive market exists, rendering those regulations unnecessary. Today's decision takes a carefully balanced approach, providing regulatory relief to the incumbent Bell Operating Companies, allowing them to respond to marketplace demands efficiently and effectively, but ensuring that less intrusive or less costly regulation remains that protects important consumer interests and competition. Accordingly, I support today's Order removing legacy regulations where robust competition has rendered those regulations no longer necessary to maintain a competitive market.

STATEMENT OF
COMMISSIONER ROBERT M. McDOWELL

Re: *Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements; 2000 Biennial Regulatory Review Separate Affiliate Requirements of Section 64.1903 of the Commission's Rules; Petition of AT&T Inc. for Forbearance Under 47 U.S.C. Sec. 160(c) with Regard to Certain Dominant Carrier Regulations for In-Region Interchange Services,* **WC Docket No. 02-112, CC Docket No. 00-175, and WC Docket No. 06-120, Report and Order and Memorandum Opinion and Order**

Petition of AT&T Inc. for Forbearance Under 47 U.S.C. § 160(c) with Regard to Certain Dominant Carrier Regulations for In-Region, Interexchange Services, **WC Docket No. 06-120, Memorandum Opinion and Order**

In these orders, we grant relief from dominant carrier regulation of the Bell Operating Companies' (BOCs') in-region, interstate, long distance services. This is a classic instance where regulation had been appropriate to protect emerging competitors and consumers, but where the relevant market has become sufficiently competitive to warrant less onerous regulation, while continuing to protect consumers.

In place of the outmoded regulation, we establish a more appropriate regulatory framework that responds to the level of competition in the long distance services market and is uniformly applicable to all the BOCs. One of those safeguards is the adoption of special access metrics that were approved in the *BOC Merger Orders* and the *Qwest Section 272 Sunset Forbearance Order*. This is an example where a condition of specific mergers has market-wide validity. I am pleased to support adoption of this narrowly-tailored requirement on a uniform basis. Our order today also establishes regulatory parity.

While we grant relief to the BOCs, the independent incumbent local exchange carriers continue to be subjected to regulation that may be ripe for a lighter regulatory touch. If those carriers choose to seek such relief, I would seriously consider those requests based on relevant substantiation of their competitive situations.

I thank Chairman Martin for his leadership and hard work on these orders and I am delighted to support his effort.