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Electronic Submission

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Portals II, Room TW-A325
Washington, DC 20554

*Re: Special Access Rates for Price Cap Local Exchange Carriers,
WC Docket No. 05-25*

Dear Ms. Dortch:

On July 13, 2011 Frank Simone, Jay Bennett, Christopher Heimann and the undersigned on behalf of AT&T met with Pam Arluk (by telephone), Ben Childers (by telephone), Richard Kwiatkowski, Ken Lynch, Betsy McIntyre, Raffi Melanson, Andy Multz and Deena Shetler of the Wireline Competition Bureau. At the meeting AT&T described the numerous options available to customers for discounts to DS1 and DS3 Special Access services via the attached PowerPoint presentation.

In accordance with section 1.1206(b)(2) of the Commission's rules, this letter is being filed electronically with your office. Please feel free to contact me if you have any questions.

Sincerely,

Attachment

cc: Pam Arluk
Ben Childers
Richard Kwiatkowski
Ken Lynch
Betsy McIntyre
Raffi Melanson
Andy Multz
Deena Shetler



at&t

FCC Special Access DS1 & DS3 Service by Region

**AT&T
July 2011**

DS1 and DS3 Purchasing Options Provide Customers Significant Flexibility

AT&T offers a wide variety of special access service options and pricing plans, which vary by region. Consequently, the discussion of AT&T's special access offerings herein necessarily provides only a general overview of the terms and conditions of those offers – the specific terms and conditions of any particular offer may vary by region and/or plan.

Term discounts: 1 – 10 year terms

- No volume or revenue commitments required
- Discounts can be as much as 70% off the month to month rate.

Portability Plans

- Are combined with or include a term plan and provide flexibility to disconnect or add circuits within a range based on the volume commitment level.
- Require a volume commitment

Pricing Flexibility Contract Offerings

- Can provide additional flexibility or discounts off the term discount rate:
 - May have concurrent subscription to contracts in other regions or may be geographically specific
 - May include a Revenue Commitment (MARC) that provides additional discounts

DS1 Service by Region

	East	Midwest	Southeast	Southwest	West
Available Term Options	<p>MTM</p> <p><u>Optional Payment Plan (OPP):</u></p> <ul style="list-style-type: none"> •1, 3, and 5 Year Terms 	<p>MTM</p> <p><u>Optional Payment Plan (OPP):</u></p> <ul style="list-style-type: none"> •1, 2, 3, 4, and 5 Year Terms 	<p>MTM</p> <p><u>Channel Service Payment Plan (CSPP):</u></p> <ul style="list-style-type: none"> •Plan A = 24-48 months •Plan B = 49-72 months 	<p>MTM</p> <p><u>DS1 Term Payment Plan (TPP):</u></p> <ul style="list-style-type: none"> •1, 2, 3, 5 and 7-Year Terms 	<p>MTM</p> <p><u>DS1 Term Payment Plan (TPP):</u></p> <ul style="list-style-type: none"> •1, 2, 3, 5 and 7-Year Terms
Rate Zones & Rate Elements	<p>Rate Zones: 3</p> <p><u>Basic Rate Elements:</u></p> <ul style="list-style-type: none"> •Channel Termination •Inter-office Mileage (Fixed and Variable) •Multiplexing 	<p>Rate Zones: 5</p> <p><u>Basic Rate Elements:</u></p> <ul style="list-style-type: none"> •Local Distribution Channel •Channel Mileage Terminations •Channel Mileage •Multiplexing 	<p>Rate Zones: 3</p> <p><u>Basic Rate Elements:</u></p> <ul style="list-style-type: none"> •Channel Termination •Inter-office Mileage (Fixed and Variable) •Multiplexing 	<p>Rate Zones: 3</p> <p><u>Basic Rate Elements:</u></p> <ul style="list-style-type: none"> •Channel Termination •Inter-office Mileage (Fixed and Variable) •Multiplexing 	<p>Rate Zones:3 (CA); 1 (NV)</p> <p><u>Basic Rate Elements:</u></p> <ul style="list-style-type: none"> •Channel Termination •Inter-office Mileage (Fixed and Variable) •Multiplexing
Minimum Service Period	OPP = 3 Months	One Month	<p>MTM = One Month</p> <p><u>CSPP & ACP:</u></p> <ul style="list-style-type: none"> •Plan A = 24 months •Plan B = 49 months 	One Month	One Month
Installation NRC Waivers	No Waiver	No Waiver	No NRC waivers available. Discount for Long Service Intervals - if customer selects a due date of 16 business days or greater, on an otherwise standard interval qualifying DS1, the customer will receive a 20% discount off NRC.	Waived on 2 year terms or greater	Waived on 2 year terms or greater

DS3 Service by Region

	East	Midwest	Southeast	Southwest	West
Available Term Options	<u>DS3 Optional Payment Plan</u> 1, 3, and 5 Year Terms and Monthly Extension Rates when term plan expires	<u>DS3 Optional Payment Plan</u> 1, 2, 3, 4 and 5 Year Terms and Monthly Extension Rates when term plan expires	<u>LightGate DS3 Service</u> •MTM ; or <u>Transport Payment Plan</u> •Plan A (12-36 months) •Plan B (37-60 months) •Plan C (61-96 months)	<u>Megalink Custom Service</u> 1, 3, 5 and 10 Year Terms and Monthly Extension Rates when term plan expires	<u>Fiber Advantage DS3 Rate Stability Payment Plan (RSPP)</u> 1, 3, and 5 Year Terms and Monthly Extension Rates when term plan expires
Rate Zones & Rate Elements	Rate Zones: 3 <u>Basic Rate Elements:</u> •Channel Termination •Inter-office Mileage (Fixed and Variable) •Multiplexing	Rate Zones: 5 <u>Basic Rate Elements:</u> •Local Distribution Channel •Channel Mileage Termination •Channel Mileage •Multiplexing	Rate Zones: 3 <u>Basic Rate Elements:</u> •Local Channel Systems •Inter-office Mileage •Multiplexing	Rate Zones: 3 <u>Basic Rate Elements:</u> •Channel Termination •Inter-office Mileage (Fixed and Variable) •Multiplexing	Rate Zones:3 (CA); 1 (NV) <u>Basic Rate Elements:</u> •Channel Termination •Inter-office Mileage (Fixed and Variable) •Multiplexing
Minimum Service Period	12 months	12 months	MTM = 4 months Plan A = 12 months Plan B = 37 months Plan C = 61 months	12 months	CA DS3, DS3X3= 12 months DS3X12 = 36 months NV DS3 =12 months
Installation NRC Waivers	No Installation NRC on terms of 5 years or longer	No Waiver	No Waiver	No Installation NRC on terms greater than 3 years.	No Installation NRC on terms of 5 years or longer

DS1 Portability Plan Overview

Customers who want the flexibility to add, disconnect, and move channel terminations and/or interoffice mileage without incurring an early termination penalty can sign up for a portability plan which requires:

- Volume commitment equal to 90-100% of current AT&T in-service (except in the Southeast where the customer sets the level) and a term ranging from 2 to 5 years depending on the region.
 - For regions requiring a volume commitment of 100% , the customer must maintain 80 – 124% of the committed volume.
 - For regions that allow a volume commitment of less than 100%, anything under the committed volume will result in a shortfall.
- A short fall adjustment is charged if the actual number of channel terminations, in any month, falls below the minimum number of channel terminations the customer is required to maintain.
 - May be billed a non-recurring charge per Channel Termination or monthly rate per circuit below the minimum depending on the region.

Note that the only tariffed DS3 Portability Plans are the 5 and 10 year term plans in Southwest region.

DS1 Portability Commitment Plans

	East	Midwest	Southeast:	SW, CA, NV
Plan Name and Term Option(s)	DS1 OPP Portability Commitment •3 or 5 Year Term	Discount Commitment Program (DCP) •3 or 5 year term	Area Commitment Plan (ACP) •Plan A: 24-48 months •Plan B: 49-72 months	DS1 High Capacity Service Portability Commitment •3 Year Term
Initial Commitment Level (CL)	Volume Commitment equal to 100% of in-service DS1 Channel Terminations	Volume Commitment equal to 90% of in-service DS1 Channel Terminations	Customer determines the volume commitment for Channel Terminations and /or Interoffice Mileage	Volume Commitment equal to 100% of in-service DS1 Channel Terminations
Shortfall & Overage Charges	Billed zone 1 MTM NRC per Chan Term if in-service volume of 3 year or greater DS1 channel terminations falls below 80% of CL or above 124% of CL	<ul style="list-style-type: none"> •Billed DCP rates for channel termination counts under CL. •Billed MTM rates for channel terminations in excess of 30% of CL for 3 year DCP or 50% for 5 year DCP •90 Day review period to correct CL shortfall/overage 	<ul style="list-style-type: none"> •Shortfall is billed 50% of ACP rate for channel terminations or interoffice mileage below the Commitment Level. •If customer exceeds the CL, the ACP discount is capped at their CL volumes. 	Billed \$900 NRC per Chan Term if in-service volume of 2 year or greater DS1 Chan Terms falls below 80% of CL or above 124% of CL
Commitment Level Changes	<ul style="list-style-type: none"> •CL Increases allowed anytime at no charge •CL decreases allowed but early termination fees apply 	<ul style="list-style-type: none"> •CL Increases allowed anytime at no charge •CL decreases allowed but early termination fees apply 	<ul style="list-style-type: none"> •CL Increases allowed at no charge •CL decreases allowed but require establishment of a new ACP agreement. Early termination fees apply to the old ACP 	<ul style="list-style-type: none"> •CL Increases allowed anytime at no charge •CL decreases allowed but early termination fees apply
Early Termination Fees (ETF)	<ul style="list-style-type: none"> •No ETF on individual circuit disconnects •ETF charge assessed for CL decreases and complete cancellation of CL prior to expiration date •Calculated as decrease in CT's times MTM rate times # of months remaining in term 	<ul style="list-style-type: none"> •No ETF on individual circuit disconnects •ETF charge assessed for CL decreases and complete cancellation of CL prior to expiration date. •Calculated as payback of savings – the difference between the price paid and the price of the actual term in-service. 	<ul style="list-style-type: none"> •No ETF on individual circuit disconnects •ETF charge assessed for CL decreases and complete cancellation of CL prior to expiration date •Equals decrease in CL times ACP rate times # of months remaining in term times 40% for terms in place 12 months or less or 20% for terms in place > 12 months 	<ul style="list-style-type: none"> •No ETF on individual circuit disconnects •ETF charge assessed for CL decreases and complete cancellation of CL prior to expiration date •Calculated as decrease in CT's times MTM rate times # of months remaining in term
Upgrade Options	Not Applicable	No ETF if upgrade to higher speed Telco service and longer term or conversion to OPP	No ETF if upgrade to higher speed Telco service but requires customer to establish a new ACP with a CL equal or greater than the current ACP CL less the quantity of services upgraded.	Not Applicable

Early Termination Fees

A customer that prematurely terminates service purchased under a term plan may be subject to an early termination fee (“ETF”).

- ETF determinations vary by region and the calculation methodologies are summarized on the following two pages.
- For example, for DS3 service in the Southeast, the ETF is the difference between the Transport Payment Plan (“TPP”) rate customer subscribed to, and the rate associated with the TPP actually completed multiplied by the number of months in service.
 - Therefore, if a customer in the Southeast subscribed to a 61 month DS3 TPP and disconnected service during the 37th month, the ETF termination charge would be calculated in the following manner:

$$[37 \text{ month TPP Rate} - 61 \text{ month TPP rate}] \times 37$$

- If that same customer subscribed to the 60 month RSPP in the West, the ETF is 45% of all recurring charges for the remaining months of the term calculated in the following manner:

$$[60 \text{ month RSPP rate}] \times 23 \times .45$$

Early Termination may not apply if the customer has met the minimum service period and upgrades the service or subscribes to a term that is equal to or longer than the remaining term of the original term plan.

DS1 Termination Liability Calculation

East	Midwest	SE	SW & West Regions
<p>50% of all recurring charges for the remaining months of the customer's term unless payback of savings is lower</p> <p>In addition a Minimum Period Charge of 100% of the monthly rate applicable to the initial 3 month period of the plan will be assessed if the service is disconnected prior to completion of the 3 month minimum period.</p>	<p>Payback of Savings Policy as follows:</p> <p><u>If service is discontinued in 1st through 11th month:</u> $(.40 \times 12 \text{ Mo. OPP rate} \times [12 - \text{number of Months in service}]) + ([12 \text{ Mo. OPP rate} - \text{subscribed to OPP rate}] \times \text{number of Months in service})$</p> <p><u>If service is discontinued in 12th through 60th month:</u> The dollar difference between the current OPP rate for the OPP term that could have been completed during the time the service was actually in service, and the customer's current OPP rate for each month the service was provided.</p> <p><u>NRC Recovery:</u> The dollar difference between the nonrecurring charge for an OPP term that could have been completed during the time the service was actually in service, or the nonrecurring charge associated with the minimum service period for services in place less than 12 months, and the nonrecurring charge the customer actually paid.</p>	<p><u>Channel Service Payment Plan (CSPP):</u></p> <p>60% of all recurring charges for the remaining months of the customer's term</p>	<p>40% of all recurring charges for the remaining months of the customer's term</p>

DS3 Termination Liability Calculation

East	Midwest	SE	SW	West
<p>75% of all recurring charges for 1 and 3 year term and 60% for 5 year term for the remaining months of the customer's term unless payback of savings is lower</p> <p>In addition a Minimum Period Charge of 100% of the monthly rate applicable to the initial 12 month period of the payment plan will be assessed if the service is disconnected prior to completion of the 12 month minimum period.</p>	<p>Payback of Savings Policy as follows:</p> <p><u>If service is discontinued in 1st through 11th month:</u> $(.40 \times 12 \text{ Mo. OPP rate} \times [12 - \text{number of Months in service}]) + ([12 \text{ Mo. OPP rate} - \text{subscribed to OPP rate}] \times \text{number of Months in service})$</p> <p><u>If service is discontinued in 12th through 60th month:</u> The dollar difference between the current OPP rate for the OPP term that could have been completed during the time the service was actually in service, and the customer's current OPP rate for each month the service was provided.</p> <p><u>NRC Recovery:</u> The dollar difference between the nonrecurring charge for an OPP term that could have been completed during the time the service was actually in service, or the nonrecurring charge associated with the minimum service period for services in place less than 12 months, and the nonrecurring charge the customer actually paid.</p>	<p><u>Transport Payment Plan (TPP):</u></p> <p>Difference between the TPP rate customer subscribed to, and the rate associated with the TPP actually completed (MTM rates if did not fulfill minimum Plan A term) multiplied by the number of months fulfilled.</p>	<p>20% of all recurring charges for the remaining months of the customer's term</p> <p>In addition a Minimum Period Charge of 100% of the monthly rate applicable to the initial 12 month period of the payment plan will be assessed if the service is disconnected prior to completion of the 12 month minimum period.</p>	<p>)</p> <p>45% of all recurring charges for the remaining months of the customer's term</p> <p>In addition a Minimum Period Charge of 100% of the monthly rate applicable to the initial 12 month period of the payment plan will be assessed if the service is disconnected prior to completion of the 12 month minimum period.</p>

Carriers Can Combine Discounts to Achieve Significant Savings

Example #1

- Carrier X chose to purchase a 3 year term for a discount of between 30-60% depending on the region.
- Carrier X could have added a portability commitment but chose not to, although they have had one in the past.
- Carrier X negotiated a price flex contract for additional discounts.
 - Contract terms apply to all 22 states.
 - Customer committed to a \$145M MARC which can be achieved with its spend for DS1 and DS3 as well as other wholesale products (e.g., Ethernet, OCn)
 - If customer meets the MARC, an annual \$8M discount will be credited to customer bill.
 - Additionally, if customer spends \$210M, another \$3M will be credited to the customer.
- Carrier X's total spend with AT&T is more than 50% higher than the MARC. The AT&T spend has decreased nearly 15% since the contract was signed.

Carriers Can Combine Discounts to Achieve Significant Savings

Example #2

- Depending on the region, Carrier Y chose to purchase either a 5 or 7 year term plan for discounts of between 30-70%.
- Carrier Y opts for DS1 portability commitments in some regions but not others and negotiates DS3 portability commitments in price flex agreements for some of those same regions.
- Carrier Y opts into Carrier X's 22 State Price Flex Agreement and negotiates other geographically specific price flex contracts.
 - Contract terms apply to all 22 states.
 - Customer commits to a \$145M MARC which can be achieved with its spend for DS1 and DS3 as well as other wholesale products (e.g., Ethernet, OCn)
 - If customer meets the MARC, an annual \$8M discount will be credited to customer bill.
 - Additionally, if customer spends \$210M, another \$3M will be credited to the customer.
 - Geographic Contracts provide additional discounts and favorable terms
 - Spend or volume commitments to receive reduced rates
 - Terms and conditions include waiver of shortfall adjustment if the shortfall is due to 'general economy' and not moving services to a competitor.
- Carrier Y's total spend with AT&T more than 200% of the MARC. The spend has decreased approximately 10% since the contract was signed in 2009.

Appendix

DS1 and DS3 Tariffs by Region

	East	Midwest	Southeast	Southwest	West
	The Southern New England Telephone Company FCC 39 Tariff	Ameritech Operating Companies FCC No. 2 Tariff	BellSouth Telecommunications FCC 1 Tariff	Southwestern Bell Telephone Company FCC 73 Tariff	Pacific Bell Telephone Company and Nevada Bell Telephone Company FCC 1 Tariffs
Price Cap Rates	<u>(OPP)</u> Sect 7.16.4	<u>(OPP)</u> Sect. 7.5.9	<u>(CSPP)</u> Sect. 7.5.9	<u>(TPP)</u> Sect. 7.3.10 (DS1) Sect. 20.5 (DS3)	<u>(TPP)</u> (CA) Sect 7.5.9 (NV)Sect.7.11.5.3
Price Flex. Rates	<u>(OPP)</u> Sect.24.5.2.6.1	<u>(OPP)</u> Sect. 21.5.2.6	<u>(CSPP)</u> Sect. 23.5.2.9.1	<u>(TPP)</u> Sect. 39.5.2.7.1 Sect. 39.5.2.12.1	<u>(TPP)</u> (CA) Sect. 31.5.2.7.1 (NV) Sect. 22.5.2.6.1
Price Flex Agreements	Sect 25	Sect 22	Sect 25	Sect 41	(CA) Sect 33 (NV)Sect.33
DS1 Portability Commitment Plan	Sect 2.11.1.1(D)	Sect 7.4.13	Sect 2.4.8 (B)	Sect 7.2.22 (E)	(CA) Sect 7.4.18 (E) (NV) Sect 7.11.5.2 (E)
DS1 Termination Liability	Sect 2.11.1.1(D)	Sect 7.4.10 (C)	Sect 2.4.9 (B)	Sect 7.2.22 (G)	(CA) Sect 7.4.18 (G) (NV) Sect 7.11.5.2 (G)
DS3 Termination Liability	Sect 2.11.1.1(B)	Sect 7.4.10 (C)	Sect 2.4.8(D) (4)	Sect 20.4.6	(CA) Sect 7.4.11 (B) (NV) Sect 7.11.5.1 (B)