

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)

**Applications of AT&T Inc. and Atlantic)
Tele-Network, Inc. for Consent to the)
Transfer of Control of Licenses and)
Authorizations Held by Atlantic Tele-Network,)
Inc. and Its Subsidiaries**)

WT Docket No. 13-54

**THIRD SUPPLEMENTAL RESPONSE OF AT&T INC. TO
INFORMATION AND DISCOVERY REQUEST DATED JUNE 5, 2013**

August 28, 2013

9. REQUEST:

Describe in detail how the Company expects to migrate customers and provide all plans, analyses, and reports discussing the migration plan, including plans for customer transition to new pricing plans and devices, and the timeline for this transition.

- a. Explain the likely impact of the Proposed Transaction and the Company's migration plans on Allied customers' existing rates, service plans, and devices, including, but not limited to, a discussion of device replacement plans, device comparability, and whether customers will be subsidized, in full or in part, for the costs of new devices. This explanation should also include, but not be limited to, a discussion of the Company's maintenance and transition of those Allied customers, detailed by plan, that have lower price rate plans to the extent that the Company does not provide comparably-priced plans for comparable services.**
- b. Explain whether the CDMA network will be maintained at the same level prior to transitioning customers off the network, and whether subscribers will be able to access the same services during this time period.**
- c. Explain whether AT&T will honor the terms and conditions of the Allied customers' existing contracts for the life of their contracts.**
- d. Provide all documents relied upon in preparing these responses.**

RESPONSE:

With this Third Supplemental Response, AT&T is providing additional narrative related to the superior value that AT&T's rate plans offer to both Allied's prepaid and postpaid customers and to the process for migrating Allied's prepaid customers to AT&T's network.

Rate Plans

Prepaid. Allied's lead prepaid offering is a \$45 per month plan with unlimited voice service, unlimited domestic texting, and data at \$1.99/MB. Data plans are also available as an add on at prices that range from \$10 for 250 MB to \$25 for 2 GB.

[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

AT&T's current in-store and online GoPhone brand prepaid offerings are also superior to Allied's. For prepaid feature phone customers, AT&T's GoPhone brand offers a \$50 per month plan that has everything in the Allied plan plus unlimited data, for only \$5 more per month than the Allied plan. For prepaid smartphone customers, AT&T's GoPhone brand offers unlimited voice service, unlimited domestic texting, and 2 GB of data at \$60 per month, as opposed to the \$70 per month that Allied charges for the same services (i.e., \$45 base plan plus \$25 for 2 GB data plan).

Postpaid. For postpaid feature phone customers, Allied offers a \$45 per month single-plan with unlimited voice service, unlimited domestic texting, and data at \$1.99/MB. AT&T's comparable plan offers unlimited voice service, unlimited domestic texting and 300 MB of data for only \$5 more per month. For a two-line plan, Allied charges \$85 per month whereas AT&T charges \$80, and Allied charges \$1.99/MB for data (as opposed to 300 MB of free shared data offered by AT&T).

For postpaid smartphone customers, Allied's single-line plan with unlimited voice service and unlimited domestic texting is more costly than AT&T's – \$75 per month as opposed to \$70 per month – although the Allied plan includes more data (2 GB v. 300 MB). An AT&T smartphone plan with 2 GB of data costs \$95 per month. Allied's two-line postpaid smartphone

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plan with unlimited voice service and unlimited domestic texting also is more costly than AT&T's – \$145 per month as opposed to \$120 per month – although again the Allied plan includes more data (2 GB per line as opposed to 300 MB of shared data). An AT&T plan with 4 GB of data to share between two smartphones costs \$150 per month, and an AT&T plan with 2 GB of data to share between two smartphones costs \$130 per month.

Prepaid Customer Migration

AT&T plans to migrate existing Allied prepaid customers to its LTE/HSPA+/GSM network by allowing Allied prepaid customers to purchase HSPA+ and HSPA+/LTE devices (which are also backward compatible to GSM) through AT&T and Allied distribution channels as the HSPA+ network upgrade is launched. As a general matter, prepaid customers frequently upgrade their devices, so AT&T expects that a large percentage of Allied's existing CDMA prepaid customers can quickly and naturally be migrated to the upgraded network. At the same time, AT&T will continue to support CDMA prepaid service for existing Allied prepaid customers until at least July 2014, so Allied prepaid customers who choose not to migrate to the upgraded HSPA+/LTE network or to defer their migration may continue using their existing CDMA devices on Allied's network until that time.

Although Allied customers will have the option of using their CDMA devices on Allied's CDMA network until July 2014, AT&T plans to give those customers incentives to move to the upgraded network more quickly. Prepaid customers typically churn at a much higher rate than postpaid subscribers. AT&T intends to make attractive offers to those customers to minimize churn during the migration process and incent them to move onto the upgraded network. AT&T has experience in successfully migrating prepaid customers in past transactions and will tap into that experience here. In prior migrations, AT&T offered prepaid customers discounted devices

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and/or bundles of free minutes, and AT&T plans to offer similar incentives to Allied prepaid customers. These offers will be communicated via text message and online, and will be available to Allied prepaid customers in AT&T stores. AT&T also plans to use additional customer incentives toward the end of the customer migration period to ensure a timely migration. AT&T has budgeted for such incentives. Their specific amount, scale and breadth have not yet been planned.