

LAWLER, METZGER, KEENEY & LOGAN, LLC

2001 K STREET, NW  
SUITE 802  
WASHINGTON, D.C. 20006

GIL M. STROBEL  
GStrobel@lawlermetzger.com

PHONE (202) 777-7700  
FACSIMILE (202) 777-7763

**REDACTED FOR PUBLIC INSPECTION –  
REQUEST FOR CONFIDENTIAL TREATMENT  
PURSUANT TO 47 C.F.R. §§ 0.457 AND 0.459**

December 2, 2013

*VIA ELECTRONIC FILING*

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street SW  
Washington, D.C. 20554

Re: Ameritech Operating Companies Tariff F.C.C. No. 2 – Transmittal No. 1803;  
BellSouth Telecommunications, LLC Tariff F.C.C. No. 1 – Transmittal No. 71;  
Nevada Bell Tel. Co. Tariff F.C.C. No. 1 – Transmittal No. 254;  
Pacific Bell Tel. Co. Tariff F.C.C. No. 1 – Transmittal No. 498;  
Southern New England Tel. Co. Tariff F.C.C. No. 39 – Transmittal No. 1061;  
Southwestern Bell Tel. Co. Tariff F.C.C. No. 73 – Transmittal No. 3383  
*Request for Confidential Treatment of Sprint Corporation*

Dear Ms. Dortch:

Pursuant to Exemption 4 of the Freedom of Information Act (“FOIA”) and the rules of the Federal Communications Commission (“FCC” or “Commission”),<sup>1</sup> Sprint Corporation (“Sprint”) hereby requests confidential treatment for the information that it has redacted in its Petition to Reject and to Suspend and Investigate filed herewith in the above-referenced matter (the “Sprint Information”). This information relates to Sprint’s

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<sup>1</sup> 5 U.S.C. § 552(b)(4); 47 C.F.R. §§ 0.457(d) and 0.459; *see also* 18 U.S.C. § 1905 (prohibiting disclosure “to any extent not authorized by law” of “information [that] concerns or relates to the trade secrets, processes, operations, style of work, or apparatus, or to the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures of any person, firm, partnership, corporation, or association”).

expenditures for special access services that it purchases from the above-referenced issuing carriers, collectively referred to as “AT&T.” The data provided in the Sprint Information contains company-specific, highly confidential commercial information and financial data that are protected from disclosure by FOIA Exemption 4<sup>2</sup> and the Commission’s rules protecting information that is not routinely available for public inspection and that would customarily be guarded from competitors.<sup>3</sup>

1. *Identification of the specific information for which confidential treatment is sought.* Sprint requests that all of the redacted information contained in the Sprint Information be treated as confidential pursuant to Exemption 4 of FOIA and Sections 0.457(d) and 0.459 of the Commission’s rules, which protect confidential commercial, financial, and other information not routinely available for public inspection. The Sprint Information contains company-specific, competitively-sensitive, business confidential commercial and financial information concerning Sprint’s internal operations and expenditures that would not routinely be made available to the public, and customarily would be guarded from competitors. If such information were disclosed, Sprint’s competitors could use it to determine Sprint’s competitive position and aspects of its operations, and could use that information to gain a competitive advantage over Sprint.

2. *Identification of the Commission proceeding in which the information was submitted or a description of the circumstance giving rise to the submission.* This information is being submitted as part of Sprint’s Petition to Reject and to Suspend and Investigate the above-referenced tariff filings by AT&T.

3. *Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged.* The Sprint Information contains company-specific, competitively-sensitive, confidential and/or proprietary, commercial, financial information. This information can be used to determine information about Sprint’s operations and financial position and is sensitive for competitive and other reasons. This information would not customarily be made available to the public and customarily would be guarded from all others, especially competitors. If this information were not protected, Sprint’s competitors could use it in an effort to determine how best to undercut Sprint’s business.

4. *Explanation of the degree to which the information concerns a service that is subject to competition.* The confidential information at issue relates to Sprint’s provision of wireline and mobile wireless services, for which it is subject to competition.

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<sup>2</sup> 5 U.S.C. § 552(b)(4).

<sup>3</sup> 47 C.F.R. §§ 0.457(d) and 0.459.

If the information is not protected, Sprint's competitors will be able to use it to their competitive advantage.

5. *Explanation of how disclosure of the information could result in substantial competitive harm.* Since this type of information generally would not be subject to public inspection and would customarily be guarded from competitors, the Commission's rules recognize that release of the information is likely to produce competitive harm. Disclosure could cause substantial competitive harm because Sprint's competitors could assess aspects of Sprint's operations, finances, business plans and strategies and could use that information to undermine Sprint's competitive position.

6.-7. *Identification of any measures taken by the submitting party to prevent unauthorized disclosure, and identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties.* The confidential information in the Sprint Information is not available to the public, and has not otherwise been disclosed previously to the public. Sprint routinely treats this information as highly confidential and assiduously guards against disclosure of this information to others.

8. *Justification of the period during which the submitting party asserts that the material should not be available for public disclosure.* Sprint requests that the Sprint Information be treated as confidential indefinitely, as it is not possible to determine at this time any date certain by which the information could be disclosed without risk of harm.

9. *Any other information that the party seeking confidential treatment believes may be useful in assessing whether its request for confidentiality should be granted.* The confidential information contained in the Sprint Information would, if publicly disclosed, enable Sprint's competitors to gain an unfair competitive advantage. Under applicable Commission and federal court precedent, the information provided by Sprint on a confidential basis should be shielded from public disclosure. Exemption 4 of FOIA shields information that is (1) commercial or financial in nature; (2) obtained from a person outside government; and (3) privileged or confidential. The information in question clearly satisfies this test.

Additionally, where disclosure is likely to impair the government's ability to obtain necessary information in the future, it is appropriate to grant confidential treatment to that information.<sup>4</sup> Failure to accord confidential treatment to this information is likely

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<sup>4</sup> See *National Parks and Conservation Ass'n v. Morton*, 498 F.2d 765, 770 (D.C. Cir. 1974); see also *Critical Mass Energy Project v. NRC*, 975 F.2d 871, 878 (D.C. Cir. 1992) (*en banc*) (recognizing the importance of protecting information that "for whatever

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to dissuade providers from voluntarily submitting such information in the future, thus depriving the FCC of information necessary to evaluate facts and market conditions relevant to policy issues under its jurisdiction.

If a request for disclosure occurs, please provide sufficient advance notice to the undersigned prior to any such disclosure to allow Sprint to pursue appropriate remedies to preserve the confidentiality of the information.

If you have any questions or require further information regarding this request, please do not hesitate to contact me.

Sincerely,

/s/ Gil M. Strobel  
Gil M. Strobel  
*Counsel to Sprint Corporation*

Attachment

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reason, ‘would customarily not be released to the public by the person from whom it was obtained’”) (citation omitted).

**REDACTED FOR PUBLIC INSPECTION –  
REQUEST FOR CONFIDENTIAL TREATMENT  
PURSUANT TO 47 C.F.R. §§ 0.457 AND 0.459**

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Ameritech Operating Companies	)	
Tariff F.C.C. No. 2	)	Transmittal No. 1803
	)	
BellSouth Telecommunications, LLC	)	
Tariff F.C.C. No. 1	)	Transmittal No. 71
	)	
Nevada Bell Telephone Company	)	
Tariff F.C.C. No. 1	)	Transmittal No. 254
	)	
Pacific Bell Telephone Company	)	
Tariff F.C.C. No. 1	)	Transmittal No. 498
	)	
Southern New England Telephone	)	
Company Tariff F.C.C. No. 39	)	Transmittal No. 1061
	)	
Southwestern Bell Telephone Company	)	
Tariff F.C.C. No. 73	)	Transmittal No. 3383
	)	

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**PETITION OF SPRINT CORPORATION TO  
REJECT AND TO SUSPEND AND INVESTIGATE**

Charles W. McKee  
*Vice President, Government Affairs,  
Federal and State Regulatory*  
Norina T. Moy  
*Director, Government Affairs*  
Chris Frentrup  
*Director, Senior Economist*  
900 Seventh Street NW, Suite 700  
Washington, DC 20001  
(703) 433-3205

December 2, 2013

**REDACTED – FOR PUBLIC INSPECTION  
SUBJECT TO REQUEST FOR CONFIDENTIAL TREATMENT  
PURSUANT TO 47 C.F.R. §§ 0.457 AND 0.459**

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**Before the  
Federal Communications Commission  
Washington, DC 20554**

In the Matter of	)	
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Tariff F.C.C. No. 1	)	Transmittal No. 498
	)	
Southern New England Telephone	)	
Company Tariff F.C.C. No. 39	)	Transmittal No. 1061
	)	
Southwestern Bell Telephone Company	)	
Tariff F.C.C. No. 73	)	Transmittal No. 3383
	)	

**PETITION OF SPRINT CORPORATION TO  
REJECT AND TO SUSPEND AND INVESTIGATE**

Pursuant to section 1.773 of the Commission’s rules,<sup>1</sup> Sprint Corporation (“Sprint”), by its attorneys, hereby respectfully requests that the Federal Communications Commission (“FCC” or “Commission”) reject the above-captioned price cap tariff revisions<sup>2</sup> and suspend and

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<sup>1</sup> 47 C.F.R. § 1.773.

<sup>2</sup> See Ameritech Operating Companies (“Ameritech”) Tariff F.C.C. No. 2, Transmittal No. 1803, Revised Tariff Pages to Section 7 (issued Nov. 25, 2013); BellSouth Telecommunications, LLC (“BellSouth”) Tariff F.C.C. No. 1, Transmittal No. 71, Revised Tariff Pages to Sections 2, 7, and 10 (issued Nov. 25, 2013); Nevada Bell Telephone Company (“NBTC”) Tariff F.C.C. No. 1, Transmittal No. 254, Revised Tariff Pages to Section 7 (issued Nov. 25, 2013); Pacific Bell Telephone Company (“PBTC”), Tariff F.C.C. No. 1, Transmittal No. 498, Revised Tariff Pages to Sections 5 and 7 (issued Nov. 25, 2013); Southern New England Telephone Company (“SNET”), Tariff F.C.C. No. 39, Transmittal No. 1061, Revised Tariff Pages to Sections 2 and 7 (issued Nov. 25, 2013); Southwestern Bell Telephone Company (“SWBT”), Tariff F.C.C. No.

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investigate the above-captioned pricing flexibility tariff revisions.<sup>3</sup> Through these changes, AT&T effectively seeks to raise its customers' costs by unreasonably eliminating the term plans greater than three years that Sprint and other purchasers rely on when obtaining special access services.

## I. INTRODUCTION AND SUMMARY

AT&T proposes to eliminate all term plans longer than 36 months for tariffed TDM-based special access services (the “longer-term plans” or “longer-term discount plans”), requiring its customers either to select shorter term plans (with smaller discounts) or to buy service at month-to-month rates as their existing agreements expire.<sup>4</sup> By eliminating these discount plans that Sprint and others rely on to meet many of their special access needs, AT&T

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73, Transmittal No. 3383, Revised Tariff Pages to Sections 7 and 20 (issued Nov. 25, 2013). The six issuing carriers are collectively referred to herein as “AT&T.”

<sup>3</sup> See Ameritech Tariff F.C.C. No. 2, Transmittal No. 1803, Revised Tariff Pages to Section 21 (issued Nov. 25, 2013); BellSouth Tariff F.C.C. No. 1, Transmittal No. 71, Revised Tariff Pages to Sections 2 and 23 (issued Nov. 25, 2013); NBTC Tariff F.C.C. No. 1, Transmittal No. 254, Revised Tariff Pages to Section 22 (issued Nov. 25, 2013); PBTC Tariff F.C.C. No. 1, Transmittal No. 498, Revised Tariff Pages to Sections 5 and 31 (issued Nov. 25, 2013); SNET Tariff F.C.C. No. 39, Transmittal No. 1061, Revised Tariff Pages to Sections 2 and 24 (issued Nov. 25, 2013); SWBT Tariff F.C.C. No. 73, Transmittal No. 3383, Revised Tariff Pages to Section 39 (issued Nov. 25, 2013).

<sup>4</sup> See, e.g., AT&T “Accessible Letter” No. ACCESS13-063, *AT&T 13-STATE – Announces the Elimination of Term Plans Exceeding 3 Years for Multiple Digital Services* (Oct. 10, 2013), included as Attachment A; AT&T “Accessible Letter” No. CLECSE13-082, *AT&T Southeast Region – Announces Elimination of Term Plans Exceeding 3 Years for Multiple Digital Services* (Oct. 10, 2013), included as Attachment B; AT&T “Accessible Letter” No. ACCESS13-073, *AT&T 13-STATE – Announces Revised Date for the Elimination of Term Plans Exceeding 3 Years for Multiple Digital Services* (Oct. 25, 2013), included as Attachment C (“Oct. 25 Accessible Letter”).

effectively is raising its customers' costs by forcing them to pay more for the services they currently buy under extended term plans, primarily five- and seven-year plans.

As explained below, because AT&T's modifications to its price cap tariffs violate the Commission's regulations, those tariff revisions must be rejected. In addition, there are substantial questions regarding the lawfulness of AT&T's proposed revisions to its pricing flexibility tariffs.<sup>5</sup> Accordingly, the Commission should suspend and investigate those tariff revisions. AT&T's unilateral actions are nothing more than an attempt to use its market power in the provision of special access services to engage in an unreasonable practice that will increase customers' costs substantially, thereby harming competition, businesses, and, ultimately, the consumers they serve.<sup>6</sup> The Commission has a statutory obligation to ensure that carriers' practices are just and reasonable.<sup>7</sup> In fact, the Commission relied on its authority to suspend and investigate incumbent local exchange carriers' ("LECs") tariffs in responding to a

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<sup>5</sup> See, e.g., *Ameritech Operating Companies, Tariff FCC No. 2, Nevada Bell Telephone Companies, Tariff FCC No. 1, Pacific Bell Telephone Company, FCC Tariff No. 1, Southern New England Telephone Companies, Tariff FCC No. 39, Southwestern Bell Telephone Company, FCC Tariff No. 73*, Order, 17 FCC Rcd 15913, ¶ 6 (2002) (suspending and investigating tariff revisions because the "petitioners raise substantial questions regarding the lawfulness of SBC's tariff revisions that require further investigation").

<sup>6</sup> As the FCC has recognized, there is "significant evidence" that the pricing flexibility rules "are not working as predicted" to constrain the incumbent LECs' ability to charge unjust and unreasonable rates and impose unjust and unreasonable terms and conditions. *Special Access for Price Cap Local Exchange Carriers; AT&T Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, Report and Order, 27 FCC Rcd 10557, ¶ 1 (2012) ("*Pricing Flexibility Suspension Order*"). The fact that, despite this finding, AT&T now is attempting to impose substantial cost increases on its customers raises significant questions about the lawfulness of AT&T's tariff revisions.

<sup>7</sup> See, e.g., 47 U.S.C. § 201(b) ("All charges, *practices*, classifications, and regulations for and in connection with such communication service, shall be just and reasonable . . .") (emphasis supplied); 47 U.S.C. §§ 204-205.

petition for writ of mandamus requiring the Commission to resolve its long-running proceeding on special access pricing.<sup>8</sup> The Commission should fulfill its statutory duty and prevent harm to special access customers by suspending and investigating AT&T's pricing flexibility tariff revisions, particularly given that the special access proceeding has not yet been resolved.

## **II. AT&T'S REVISIONS TO ITS PRICE CAP TARIFFS VIOLATE THE COMMISSION'S RULES AND MUST BE REJECTED**

AT&T's elimination of its longer-term discount plans under its price cap offerings constitutes a restructuring of its service offerings.<sup>9</sup> Prior to this filing, customers wishing to purchase DS1 or DS3 service had several options, typically including month-to-month plans, three-year plans, five-year plans, and in some territories seven-year plans. After this filing, customers will have no option longer than a three-year plan. For example, if the tariff revisions take effect, any AT&T customer that currently has a five- or seven-year plan will only be able to choose from higher-priced month-to-month or three-year plans when the customer's current plan expires. That change represents an increase in the prices those customers pay for the services they currently buy under longer-term plans. In turn, that price increase must be reflected in AT&T's Actual Price Index ("API") and Service Band Indexes ("SBIs"). The historical demand

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<sup>8</sup> See Opposition of FCC to Petition for Writ of Mandamus at 27-28, *In Re COMPTTEL, et al.*, No. 11-1262 (D.C. Cir. Oct. 6, 2011) (arguing that "petitioners have several alternative avenues – other than an immediate overhaul of the special access rules – for pursuing the relief they seek," including asking the FCC to suspend a tariff and to hold a hearing on the tariff's lawfulness pursuant to section 204 of the Communications Act).

<sup>9</sup> *Policy and Rules Concerning Rates for Dominant Carriers*, Second Report and Order, 5 FCC Rcd 6786, ¶ 314 (1990) ("[c]arriers can restructure a service . . . by changing a term or condition . . ."); see also, e.g., *Toll Free Service Access Codes*, Report and Order, 11 FCC Rcd 2496, ¶ 42 n.141 (1996) (same); 47 C.F.R. § 61.3(mm).

used to compute the API for the Special Access basket as well as the SBIs for the DS1 and DS3 category, however, includes demand for all of the options currently available. Applying the Commission's rules on the price cap treatment of rate restructurings, therefore, will ensure that the demand for longer-term plans is appropriately remapped to the new rate structure, *i.e.*, to month-to-month or three-year plan rates.

The Commission's rule governing the restructuring of existing rates is currently codified in section 61.49(e).<sup>10</sup> As the Commission has explained, this rule sets forth "[t]he tariff filing and other requirements currently applicable to restructured service offerings."<sup>11</sup> Accordingly,

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<sup>10</sup> 47 C.F.R. § 61.49(e). The FCC often uses the terms "rate restructure" and "service restructure" interchangeably. *See, e.g., Policy and Rules Concerning Rates for Dominant Carriers*, Notice of Proposed Rulemaking, 2 FCC Rcd 5208, ¶ 54 (1987) ("[W]e might need to decide how to treat a dominant carrier's proposal to *restructure the rates* of a previously capped service. Depending upon how the price cap constraint governing the original service had been defined, it could become necessary not only to determine the price cap constraint that should govern the *restructured service*, but also whether the rates proposed by the carrier met that constraint.") (emphasis supplied); *Policy and Rules Concerning Rates for Dominant Carriers*, Report and Order and Second Further Notice of Proposed Rulemaking, 4 FCC Rcd 2873, ¶ 533 (1989) ("Tariffs proposing *restructured services* are much more likely to raise issues of discrimination than tariffs proposing only rate level changes. We therefore conclude that the streamlined review afforded below-cap, within-band filings is insufficient for *restructured services*. Rather, we require that tariffs proposing *restructured rates* be filed on 45 days' notice.") (emphasis supplied).

<sup>11</sup> *Price Cap Performance Review for Local Exchange Carriers; Treatment of Operator Services Under Price Cap Regulation; Revisions to Price Cap Rules for AT&T*, Second Further Notice of Proposed Rulemaking in CC Docket No. 94-1, Further Notice of Proposed Rulemaking in CC Docket No. 93-124, and Second Further Notice of Proposed Rulemaking in CC Docket No. 93-197, 11 FCC Rcd 858, ¶ 43 (1995) (citing then-section 61.49(f) of the Commission's rules, which is now codified as section 61.49(e)); *see also Access Charge Reform; Price Cap Performance Review for Local Exchange Carriers; Transport Rate Structure and Pricing Usage of the Public Switched Network by Information Service and Internet Access Providers*, Notice of Proposed Rulemaking, Third Report and Order, and Notice of Inquiry, 11 FCC Rcd 21354, Appendix B (1996) ("Section 61.49 is amended to remove Section 61.49(d)."); *Price Cap Performance Review for Local Exchange Carriers*, 62 Fed. Reg. 4657 (Jan. 31, 1997) (effective

when AT&T filed revisions designed to restructure its price cap services by eliminating longer-term discount plans, it was required to provide “supporting materials sufficient to make the adjustments to each affected API and SBI required by §§ 61.46(c) and 61.47(d), respectively.”<sup>12</sup> To comply with this rule, AT&T should have incorporated the historical base period demand for its longer-term plans into the three-year and month-to-month rate structures and then demonstrated that the restructured offerings comply with the API and SBI limits.<sup>13</sup> AT&T plainly failed to make such a showing or provide the supporting materials that the Commission’s rules require. As a result, AT&T’s price cap tariff filings must be rejected.<sup>14</sup>

### **III. THE COMMISSION SHOULD SUSPEND AND INVESTIGATE AT&T’S REVISIONS TO ITS PRICING FLEXIBILITY TARIFFS**

As explained below, AT&T’s proposed revisions raise substantial questions of law and, consequently, should be suspended and investigated pursuant to section 204 of the Communications Act of 1934, as amended.<sup>15</sup> Specifically, AT&T’s proposal to eliminate

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June 30, 1997) (“Section 61.49 is amended by removing paragraph (d) and redesignating paragraphs (e) through (k) as paragraphs (d) through (j).”).

<sup>12</sup> 47 C.F.R. § 61.49(e); *see also* 47 C.F.R. § 61.46(c) (providing, in part, that “[a]ny price cap tariff filing proposing rate restructuring shall require an adjustment to the API pursuant to the general methodology described in paragraph (a)”); 47 C.F.R. § 61.47(d) (providing, in part, that “[a]ny price cap tariff filing proposing rate restructuring shall require an adjustment to the affected SBI pursuant to the general methodology described in paragraph (a)”).

<sup>13</sup> Repricing demand to the shorter-term rates almost certainly would cause AT&T’s API to exceed its Price Cap Index, and the rates would, thus, be unlawful.

<sup>14</sup> Should the Commission conclude that, contrary to its own precedents, AT&T’s price cap proposals do not constitute service restructurings subject to the requirements of section 61.49(e) of the rules, the analysis in Section III demonstrates that the Commission must, at a minimum, suspend and investigate AT&T’s proposed price cap tariff revisions.

<sup>15</sup> 47 U.S.C. § 204.

discounts ultimately will increase its downstream competitors' costs and thereby harm competition and consumers. AT&T's actions are a transparent attempt to use its market power in the provision of special access services to increase its revenues. The Commission has a statutory obligation to prevent AT&T from implementing these unjust and unreasonable tariff revisions.<sup>16</sup>

***AT&T's Unilateral Actions Represent an Unlawful Exercise of Its Market Power.***

Longer-term discount plans are common in the special access marketplace and AT&T is the only carrier seeking to eliminate these plans for TDM-based special access services. Consistent with the Commission's prior findings, the fact that other carriers continue to offer longer-term discounts raises "obvious questions as to the reasonableness" of AT&T's proposals<sup>17</sup> and, thus, also raises substantial questions regarding the lawfulness of these proposals. Although the fact that other carriers continue to offer these plans provides significant evidence of the unreasonableness of AT&T's tariff revisions, it does not mean that customers that require special access services in AT&T's incumbent LEC territories have a meaningful alternative to AT&T's offerings, as explained below.

As the Commission recently recognized in suspending application of the pricing flexibility triggers, there is "widespread agreement across industry sectors that [the pricing

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<sup>16</sup> *Id.*

<sup>17</sup> *See, e.g., Verizon Telephone Companies, Tariff FCC Nos. 1 & 11, Transmittal No. 232, Order Designating Issues for Investigation, 17 FCC Rcd 23598, ¶ 7 (2002) (noting that "the fact that a major carrier voluntarily offers highly similar service at significantly lower rates raises obvious questions as to the reasonableness of Verizon's proposed rates"); see also id. ¶ 39 (asking Verizon to explain why certain service limitations are imposed given that other companies' offerings appear to offer more flexibility).*

flexibility] rules fail to accurately reflect competition in today's special access markets.”<sup>18</sup> As a result, even in areas where the Commission has granted AT&T pricing flexibility, special access purchasers have few, if any, alternatives to the DS1 and DS3 circuits that account for the majority of AT&T's special access services.<sup>19</sup> That fact alone raises substantial questions about AT&T's ability to exercise its market power in areas where it has been granted relief from price cap regulation and is sufficient to warrant suspension and investigation of AT&T's proposed tariff revisions.<sup>20</sup>

Indeed, it is the absence of competition that enables AT&T to engage in this unreasonable practice unilaterally.<sup>21</sup> In a competitive marketplace, AT&T's actions would have

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<sup>18</sup> *Pricing Flexibility Suspension Order* ¶ 1.

<sup>19</sup> *See, e.g.*, Comments of Sprint Nextel Corporation, WC Docket No. 05-25, at ii (Jan. 19, 2010) (“Sprint Jan. 19, 2010 Comments”) (“The incumbent LECs have an overwhelming share of the special access business. Over 98 percent of all DS1 circuits are purchased from incumbent LECs, as are the vast majority of DS3 connections.”).

<sup>20</sup> The Commission's special access proceeding is replete with evidence that price cap incumbent LECs such as AT&T continue to exploit their dominance in the provision of special access services. *See, e.g.*, Comments of the Ad Hoc Telecommunications Users Committee, WC Docket No. 05-25, at 9 (Jan. 19, 2010) (noting that “the excessive level of [incumbent LEC] special access rates” makes clear that neither actual nor potential competition has been sufficient to constrain incumbent LECs' special access prices); Reply Comments of Sprint Nextel Corp., WC Docket No. 05-25, at 11 (Feb. 24, 2010) (“Sprint Reply Comments”) (discussing the “consistent trend of increasing market share and ever-rising profits for the BOCs”); Comments of the NoChokePoints Coalition, WC Docket No. 05-25, at 12 (Jan. 19, 2010) (“NoChokePoints Comments”) (explaining that “potential competition is not disciplining ILEC behavior” in the special access marketplace).

<sup>21</sup> AT&T remains a dominant carrier with respect to the services at issue and clearly retains market power even in areas where it has been granted pricing flexibility. *See, e.g.*, *Access Charge Reform*, Fifth Report and Order and Further Notice of Proposed Rulemaking, 14 FCC Rcd 14221, ¶ 151 (1999), *aff'd sub nom. WorldCom v. FCC*, 238 F.3d 449 (D.C. Cir. 2001) (“Phase II relief is not tantamount to non-dominant treatment.”); *id.* ¶ 180 (“Dominant carriers are carriers that possess individual market power . . .”). In turn, as the Commission previously

been constrained by concerns that its customers would switch to other providers that continue to offer longer-term plans and the discounts that accompany those plans. The lack of significant competition, however, enables AT&T to exploit its market power by eliminating previously-available discounts and raising the costs its rivals must incur to obtain the special access inputs they require to compete with AT&T in the downstream retail marketplace.<sup>22</sup> The Commission cannot permit AT&T to use its dominance to engage in an unreasonable practice and raise its customers' and competitors' costs. The Commission should, therefore, suspend and investigate AT&T's tariff revisions and prevent them from being deemed lawful. At a minimum, the

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has found, firms with market power can “rationally price their services in a way which, or *impose terms and conditions* which, would contravene Sections 201(b) and 202(a) of the Act.” *Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation for Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 16318, ¶ 71 n.160 (2012) (emphasis supplied) (citation omitted). *See also Policy and Rules Concerning the Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as Amended*, Second Order on Reconsideration and Erratum, 14 FCC Rcd 6004, ¶ 6 (1999) (“[I]t is highly unlikely that interexchange carriers that lack market power could successfully charge rates, or impose terms and conditions, for interstate, domestic, interexchange services that violate sections 201 and 202 of the Communications Act because consumers could simply switch to a competing provider that offered better rates, terms, and conditions.”).

<sup>22</sup> To the extent any questions remain about AT&T's market power with respect to special access services, they should be answered in the Commission's ongoing special access proceeding. *See, e.g., Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 16318, ¶ 67 (2012). In fact, the Commission has formulated a data request designed to help it gather the information needed to resolve disputes over the extent of the former Bell Operating Companies' market power. *See, e.g., Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, WC Docket No. 05-25; RM-10593, Report and Order, DA 13-1909 (rel. Sept. 18, 2013).

Commission must carefully examine the ramifications of AT&T's proposed changes before allowing them to take effect.

***AT&T's Revisions Would Impose Unreasonable Increased Costs on Competitors.***

AT&T's tariff revisions would undermine competition by raising the costs of its retail competitors' key inputs. Indeed, several customers already have noted that AT&T's decision to eliminate the discounts associated with longer term commitments "will result in substantial price increases for special access customers."<sup>23</sup> For example, Sprint's analysis of AT&T's tariffs shows that the revisions would increase the costs of a representative DS3 circuit by up to:

- 24% in AT&T's Southwestern Bell regions;
- 8% in AT&T's Ameritech territories;
- 17% in AT&T's BellSouth regions; and
- 7% in AT&T's Pacific Bell territories.<sup>24</sup>

The cost increases for DS1 circuits are only slightly less onerous. For example, Sprint's analysis shows that AT&T's tariff revisions will raise the cost of a typical ten-mile DS1 circuit by up to:

- 14% in AT&T's Southwestern Bell territories;
- 8% in AT&T's Ameritech regions;

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<sup>23</sup> Letter from Colleen Boothby, Ad Hoc Telecommunications Users Committee; William Weber, Cbeyond, Inc.; Christopher Murray, EarthLink, Inc.; Michael Mooney, Level 3 Communications, LLC; Katherine Mudge, MegaPath Corporation; Charles McKee, Sprint Corporation; Michael Rouleau, tw telecom inc.; and Lisa Youngers, XO Communications, to Marlene Dortch, FCC Secretary, WC Docket No. 05-25, at 1-2 (Oct. 18, 2013).

<sup>24</sup> These calculations are based on the difference in the costs of a ten-mile DS3 circuit, comprised of two channel terminations, one channel mileage-fixed charge, and ten miles of channel mileage-per mile charges, under currently-available longer-term (primarily five- or seven-year) plans, versus the prices for the same circuit under a three-year plan.

- 10% in AT&T's Pacific Bell regions; and
- 4% in AT&T's BellSouth territories.<sup>25</sup>

If the Commission allows AT&T's revisions to take effect as proposed, Sprint estimates that it will pay approximately **[Begin Confidential Information]** [REDACTED] **[End Confidential Information]** more for the remainder of 2013 and 2014 for the *same* DS1 and DS3 circuits it purchases today. Further, Sprint estimates that by 2020 the annual cost of AT&T's elimination of its current longer-term discounts will amount to approximately **[Begin Confidential Information]** [REDACTED] **[End Confidential Information]** for the circuits that Sprint currently leases from AT&T. Sprint, of course, is only one of many customers – including both carriers and end users – that will incur substantial increases in the costs of the special access services that are available solely from AT&T. AT&T's unilateral attempt to impose significant additional costs on its competitors and end-user customers without a reasonable justification constitutes an unjust and unreasonable practice. Such changes would have a significant adverse impact on special access customers<sup>26</sup> and, more broadly, on the U.S.

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<sup>25</sup> These calculations are based on the difference in the costs of a ten-mile DS1 circuit, comprised of two channel terminations, one channel mileage-fixed charge, and ten miles of channel mileage-per mile charges, under currently-available longer-term (primarily five- or seven-year) plans, versus the prices for the same circuit under a three-year plan.

<sup>26</sup> Sprint is far from alone in entering into discount plans to avoid paying the incumbent LECs' undiscounted rack rates. The vast majority of special access circuits appear to be purchased pursuant to some sort of tariffed discount plan, including those AT&T is seeking to eliminate. *See, e.g.*, Response of Verizon, Competition Data Requested in Special Access NPRM, WC Docket No. 05-25 and RM-10593, at 15 (Dec. 5, 2011) ("About eighty-five percent of Verizon's ILEC DS1 and DS3 revenues are from customers who subscribe to generally available Tariff Discount Plans . . .").

economy.<sup>27</sup> As Windstream has observed, “AT&T’s unilateral plan for transitioning the PSTN in its ILEC footprint does not bode well for future competition in the business services marketplace.”<sup>28</sup> Similarly, other purchasers of AT&T’s services already have noted that “[i]f AT&T’s proposed effective rate increase were to take effect, it would cause significant harm to competition by raising rivals’ costs and potentially yielding higher business broadband prices.”<sup>29</sup>

The customers that would be impacted by AT&T’s actions, including Sprint, made decisions about network design and commitments to customers based on the expectation that they would be able to continue purchasing special access services from AT&T under long-term plans that provided significant discounts from AT&T’s month-to-month rates. At a minimum, these customers had a reasonable expectation that their rates for DS1 and DS3 special access services would not increase over time. After all, these services have been on the market for decades, and the facilities used to provide the vast majority of circuits were deployed – and paid

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<sup>27</sup> See Stephen E. Siwek, Economists Incorporated, *Economic Benefits of Special Access Price Reductions*, at 3 (March 2011), <https://prodnet.www.neca.org/publicationsdocs/wwpdf/31511sareport.pdf> (concluding that a 50% reduction in special access prices would increase U.S. output by over \$20 billion, increase employee earnings by over \$4 billion, add nearly 100,000 jobs, and increase the value added to the U.S. economy by approximately \$12 billion.). Given the positive effect special access price reductions would have on the economy, it is safe to assume that increases in special access costs would have a correspondingly negative effect on the economy.

<sup>28</sup> Letter from Eric N. Einhorn, Windstream Corporation, to Marlene H. Dortch, FCC Secretary, WC Docket No. 05-25, at 4 (Nov. 22, 2013) (“Windstream Letter”); see also *id.* (“The effective price increase resulting from discontinuance of five-year and longer term commitment discounts would logically mean business end users, by extension, will see the prices for competitive options go up . . .”).

<sup>29</sup> Letter from Thomas Jones, Counsel for Cbeyond Communications, LLC, EarthLink, Inc., Integra Telecom, Inc., Level 3 Communications, LLC, and tw telecom inc., to Marlene H. Dortch, FCC Secretary, WC Docket No. 05-25, at Attachment (Nov. 20, 2013) (“Cbeyond, *et al.* Letter”).

for – many years ago.<sup>30</sup> Thus, these customers had no reason to suspect that AT&T would act unilaterally to eliminate existing discount plans and increase their costs. If nothing else, customers relied on the FCC’s ability to exercise its regulatory authority to prevent AT&T from taking such unjust and unreasonable actions.

AT&T’s proposal to eliminate the discounts available under its longer-term plans also contrasts sharply with its previous representations to the Commission, which emphasized the importance of AT&T’s discount plans. Indeed, in contesting assertions that it is using its market power to charge supra-competitive rates, AT&T urged the FCC to disregard its month-to-month rack rates because “very few special access customers pay the rack rate.”<sup>31</sup> As Sprint and others previously have shown, customers seek to avoid paying those basic month-to-month rates because they are set well above competitive levels.<sup>32</sup> The main reason Sprint enters into long-term commitments with AT&T is to obtain the highest possible discounts from the egregiously high rack rates.<sup>33</sup> Of course, even these discounted rates are higher than those that would prevail

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<sup>30</sup> See *infra* at 16.

<sup>31</sup> Supplemental Comments of AT&T Inc., WC Docket No. 05-25, at 36-37 (Aug. 8, 2007); see also Supplemental Reply Comments of AT&T Inc., WC Docket No. 05-25, at 25-26 (“the relevant rates are the discounted rates that customers actually pay, not the ‘rack’ rates”) (Aug. 15, 2007).

<sup>32</sup> The record in the ongoing special access proceeding makes clear that “[i]n both price cap areas and price flexibility areas special access prices are consistently well above the available measures of forward-looking costs.” See Declaration of Bridger M. Mitchell at 4 ¶ 14, appended as Attachment A to Sprint Jan. 19, 2010 Comments; see also, e.g., NoChokePoints Comments at 18-27 (reviewing evidence that the incumbent LECs’ special access rates are set at supra-competitive levels); Sprint Reply Comments at 15-16 (summarizing evidence showing that the incumbent LECs’ special access rates are unreasonable).

<sup>33</sup> When a monopolist sells most or all of its products at a “discount,” it has the incentive to set the “discount” price equal to the monopoly price, while raising the “undiscounted” price to a

in a competitive marketplace, but they are the best rates customers can obtain given the current lack of competitive alternatives.

AT&T's proposal to eliminate its longer-term discount plans plainly will increase Sprint's special access costs substantially, both in the short run as well as over the long term. What makes AT&T's decision even more disconcerting is the fact that this could be the first step toward eliminating all discount plans and forcing customers to pay the rack rates that apply to month-to-month purchasers. If the Commission allows AT&T to eliminate longer-term plans, it will set a clear precedent that will make it more difficult for customers to successfully challenge subsequent tariff revisions eliminating three- and one-year term plans. Put simply, AT&T's elimination of these plans unquestionably would harm competition, a fact that clearly creates significant questions regarding the lawfulness of AT&T's tariff revisions. The Commission must, therefore, exercise its broad discretion to suspend and investigate tariffs and prevent AT&T from engaging in this unreasonable practice.<sup>34</sup>

***AT&T Lacks a Marketplace Justification for Its Proposals.*** There is no reasonable justification for AT&T's decision to eliminate long-standing discount plans and impose

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*supra-monopoly* price. As parties have explained in the ongoing special access proceeding, "when a monopolist offers proportional or relative discounts off its undiscounted prices in order to induce customers to agree to exclusionary provisions, it has an incentive to set the undiscounted price above even the monopoly level (because, rather than simply deterring demand, an increase above the monopoly level steers customers into the discount plans and also brings the discount prices closer to the monopoly level)." Reply Declaration of Joseph Farrell on Behalf of CompTel, attached to Reply Comments of CompTel, et al., WC Docket No. 05-25, at 2-3 (July 29, 2005).

<sup>34</sup> See 47 U.S.C. § 204(a)(1) (providing that the Commission may, on its own initiative, enter upon a hearing concerning the lawfulness of a revised practice).

significantly higher costs on its customers. AT&T claims that its proposed tariff modifications “are an initial step toward implementing AT&T’s plan . . . to migrate its legacy TDM network to IP-based network facilities and services.”<sup>35</sup> As parties already have noted, however, “[t]he effective rate increase is not necessary to advance AT&T’s stated goals of phasing out long-term DS1 and DS3 circuits and eliminating those services by 2020.”<sup>36</sup> Putting aside the question of whether AT&T should be allowed to act unilaterally to phase out DS1 and DS3 services its customers continue to demand,<sup>37</sup> the fact remains that AT&T could achieve its asserted goal without raising its competitors’ costs. For example, AT&T could eliminate its longer-term plans but increase the discounts it currently offers under its three-year term plans to keep its customers’ costs the same.<sup>38</sup> Indeed, “[d]espite claiming that its elimination of five-year and

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<sup>35</sup> See, e.g., Oct. 25 Accessible Letter.

<sup>36</sup> Cbeyond, *et al.* Letter at Attachment.

<sup>37</sup> The Commission should be wary of AT&T’s attempts to dictate the terms of the IP transition. The better course would be for AT&T to wait until the Commission addresses the appropriate transition from TDM to IP in the ongoing proceeding on this matter, including how the Commission’s discontinuance obligations will apply as part of the transition. See, e.g., *Technology Transitions Policy Task Force*, GN Docket No. 13-5; *Petitions to Launch a Proceeding Concerning the TDM-to-IP Transition*, GN Docket No. 12-353.

<sup>38</sup> Another possible alternative for AT&T to consider would be to take the same approach it has taken with respect to some of its non-tariffed optical service offerings. In that context, AT&T continued to offer longer-term plans (and the accompanying discounts), but established new “fixed termination dates . . . which will apply regardless of the nominal lengths of those term plans. In other words, once the fixed expiration dates become effective, affected term plans will expire on those dates, regardless of when they would otherwise expire.” AT&T “Accessible Letter” No. ACCESS13-064, *AT&T 13-STATE – Announces Expiration Dates on Term Plans for Specific Optical Services* (Oct. 10, 2013), included as Attachment D. Similarly, AT&T could amend its tariffs to allow it to terminate its service offerings if the Commission permitted it to cease providing TDM-based DS1 and DS3 services in a particular service territory. This approach would allow AT&T’s customers to continue purchasing service under

longer term discounts is not driven by economics, AT&T has yet to explain why it cannot offer the level of discount applicable to five-year and longer term discounts to three-year term commitments.”<sup>39</sup>

The elimination of longer-term discounts clearly cannot be related to an increase in AT&T’s costs of providing the services in question. To the contrary, a substantial portion of the costs of providing special access services are incurred in connection with the initial deployment of the circuits used to provide those services.<sup>40</sup> AT&T, however, serves the vast majority of its DS1 and DS3 special access customers over facilities that were deployed long ago. The capital and other initial costs of those facilities similarly were recovered years ago.<sup>41</sup> Accordingly, there is no reasonable, cost-based justification for AT&T’s proposal to eliminate these offerings.

In addition, there are significant outstanding questions about whether the Ethernet services to which AT&T seeks to move its customers are a viable alternative to the tariffed DS1

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longer-term discount plans while also providing AT&T with the flexibility to terminate those plans if and when necessary to effectuate a transition to IP.

<sup>39</sup> Windstream Letter at 2-3.

<sup>40</sup> See, e.g., *Special Access Rates for Price Cap Local Exchange Carriers; AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, Order and Notice of Proposed Rulemaking, 20 FCC Rcd 1994, ¶ 26 (2005) (“Most of the cost of providing a special access line is in the support structure, *i.e.*, the trenches, manholes, poles, and conduits, the rights-of-way, and the access to buildings . . .”).

<sup>41</sup> As Sprint has explained previously, the rates an incumbent LEC charges over the life of a plan’s term presumably are designed to allow the LEC to recover both the customer-specific sunk costs and recurring costs associated with providing the services being purchased. Otherwise, the incumbent LEC would not offer such a rate. See Comments of Sprint Nextel Corporation, WC Docket No. 05-25, at 42 (Feb. 11, 2013). Thus, AT&T is “recovering” the costs of these circuits for the second or third time at this point. Put differently, AT&T is essentially *guaranteed* a positive return in offering these service plans and faces no risk in continuing to offer them.

and DS3 services at issue here. To be clear, Sprint supports the ultimate transition to Ethernet and other non-TDM technologies, but this transition should not occur prematurely, at increased prices, on AT&T's terms, and to the detriment of competition. Ethernet services are *not even available* in all of the areas in which Sprint currently obtains DS1 service from AT&T. As other purchasers have noted, "Ethernet is not a viable alternative in many cases (*e.g.*, . . . AT&T often does not offer it (at least reliably); AT&T's prices are too high . . . to enable competitors to offer downstream retail services at prevailing rates; provisioning is often extremely slow (much slower than for DS1 and DS3 services); and Ethernet purchases often do not count toward DS1/DS3 volume lock-up commitments)." <sup>42</sup> Moreover, AT&T may also impose a special construction charge when a customer moves from DS1 to an Ethernet service. AT&T's attempt to force a migration to higher-priced services on its own prematurely-determined schedule serves as yet further evidence of its continued dominance in the provision of special access service and the unreasonableness of its actions. <sup>43</sup>

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<sup>42</sup> Cbeyond, *et al.* Letter at Attachment.

<sup>43</sup> AT&T's attempt to move customers from DS1 and DS3 TDM-based services to Ethernet services belies AT&T's claims about the competitiveness of Ethernet services. No rational firm would seek to move customers from a service for which it is not subject to competition to a service for which it is subject to competition. Thus, AT&T's actions are yet another indication that AT&T retains market power over Ethernet and other non-TDM-based services. *See* Petition of Ad Hoc, et al. to Reverse Forbearance from Dominant Carrier Regulation of Incumbent LECs' Non-TDM-Based Special Access Services, WC Docket No. 05-25, at 30-59 (Nov. 2, 2012). Indeed, "[n]othing about the change in transmission technology (from TDM to packetized) fundamentally alters the economic barriers and market conditions that relate to last-mile facilities." Susan M. Gately and Helen E. Golding, S.M. Gately Consulting LLC, *The Benefits of a Competitive Business Broadband Market*, at 11 (April 2013), <http://thebroadbandcoalition.com/storage/benefits-of-broadband-competition.pdf>.

***Failure to Suspend and Investigate AT&T's Tariffs Will Harm Both Customers and Competition.*** If the Commission refuses to suspend and investigate AT&T's tariffs, the tariffs will be "deemed lawful," and AT&T will be insulated from liability for overcharging its customers.<sup>44</sup> As a result, Sprint and other special access purchasers will have no recourse for addressing the unjust and unreasonable cost increases AT&T is attempting to impose on its customers. In Sprint's case, the adverse impact of these cost increases will be compounded by the fact that the additional revenues will be paid to AT&T, resulting in a wealth transfer from Sprint to one of its biggest competitors. Particularly given the substantial questions regarding the lawfulness of the proposed tariff changes and the "substantial risk that ratepayers or competitors would be harmed if the proposed tariff revisions were allowed to take effect,"<sup>45</sup> the Commission must, pursuant to its statutory obligations, preserve the rights of Sprint and other special access customers by suspending AT&T's tariff revisions and designating them for investigation.

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<sup>44</sup> See 47 U.S.C. § 204(a)(3); see also 47 U.S.C. § 204(a)(1); *Investigation of Tariffs Filed by ACS of Anchorage, Inc., and the National Exchange Carrier Association; December 17, 2001, MAG Access Charge Tariff Filings*, Memorandum Opinion and Order, 17 FCC Rcd 10849, ¶¶ 9-10, 12, 31 n.73 (2002) (suspending a tariff for one day and initiating an investigation is enough to remove "deemed lawful" status).

<sup>45</sup> *Implementation of Section 402(b)(1)(A) of the Telecommunications Act of 1996*, Notice of Proposed Rulemaking, 11 FCC Rcd 11233, ¶ 13 (1996) ("Pursuant to Section 204(a) of the Act, the Commission may suspend and investigate proposed tariffs if they raise substantial questions of law and fact and there is substantial risk that ratepayers or competitors would be harmed if the proposed tariff revisions were allowed to take effect.").

#### IV. CONCLUSION

For all of the reasons set forth above, Sprint urges the FCC to reject AT&T's price cap tariff changes and suspend and investigate AT&T's pricing flexibility tariff changes.

Respectfully submitted,

**SPRINT CORPORATION**

/s/ Charles W. McKee

Charles W. McKee

*Vice President, Government Affairs,  
Federal and State Regulatory*

Norina T. Moy

*Director, Government Affairs*

Chris Frentrup

*Director, Senior Economist*

900 Seventh Street NW, Suite 700

Washington, DC 20001

(703) 433-3205

December 2, 2013

**ATTACHMENT A**

**REDACTED – FOR PUBLIC INSPECTION  
SUBJECT TO REQUEST FOR CONFIDENTIAL TREATMENT  
PURSUANT TO 47 C.F.R. §§ 0.457 AND 0.459**



**AT&T 13-STATE - Announces the elimination of Term Plans Exceeding 3 Years for Multiple Digital Services**

Date: October 10, 2013

Number: **ACCESS13-063**

Category: Special Access

Issuing ILECS: AT&T Illinois, AT&T Indiana, AT&T Ohio, AT&T Michigan, AT&T Wisconsin, AT&T California, AT&T Nevada, AT&T Arkansas, AT&T Kansas, AT&T Missouri, AT&T Oklahoma, AT&T Texas and AT&T Connecticut (collectively referred to for purposes of this Accessible Letter as "AT&T 13-State")

Contact: Account Manager

Subject to any delays resulting from the federal government shutdown, effective November 9, 2013, AT&T 13-State no longer will offer new term plans longer than 36 months for tariffed TDM services. Existing services under term plans that are longer than 36 months and already in place as of November 9, 2013 will remain subject to the terms and conditions of those plans until their terms expire, at which time customers may either select from the term plans for which they are eligible under the expiring plan, or continue receiving service under month-to-month or monthly extension rates.

AT&T 13-State is modifying its ordering systems to reflect these tariff changes. Upon completion of those modifications, if a customer submits an order for a term plan longer than 36 months, the order will be rejected automatically.

System modifications may not be fully implemented immediately. Until those modifications are complete, if a customer submits an order for a term plan longer than 36 months, AT&T's ordering systems may automatically return a firm order confirmation ("FOC") that incorrectly confirms such order, contrary to the terms of AT&T's tariff. In that case, AT&T will notify the customer that the term plan ordered is not available. The notice will be provided by email (to the address identified by the customer), as soon as possible after submission of the order. That notice will supersede any confirmation, via FOC or otherwise, of the term plan originally chosen by the customer. AT&T's email notice will inform the customer of its intent to revise the term (and associated rate) applicable to the customer's order to reflect a 36-month term plan (*i.e.*, the maximum term offered pursuant to AT&T's tariff), unless the customer modifies or cancels the order prior to the service due date (in which case no order modification or cancellation charges will apply).

Notice of the revision also will be reflected in the customer's first bill. When a customer receives such a notice, the customer may decline the charges by issuing a disconnect order (without early termination charges) if the customer does not wish to accept service under a 36-month term plan. If the customer does not issue a disconnect order prior to the due date of the first bill for the service, the customer will be deemed to have acknowledged and approved the order for the 36-month term plan.

AT&T reserves the right to modify or to cancel the information in this Accessible Letter. In the event of such modification or cancellation, AT&T will notify carriers in a subsequent Accessible Letter. AT&T will incur no liability if the information in this Accessible Letter is modified or cancelled.

The changes apply to the following special access service types:

- Analog Private Line and DS0 Services
- DS1 and DS3 Services

A detailed list of AT&T 13-state Tariff sections impacted is provided in Exhibit 1:



Exhibit 1 - 13-State  
Tariff Term Plan Elimir

If you have questions related to these changes, please contact your AT&T Account Manager.

AT&T reserves the right to modify or to cancel the information in this Accessible Letter. In the event of such modification or cancellation, AT&T will notify carriers in a subsequent Accessible Letter. AT&T will incur no liability if the information in this Accessible Letter is modified or cancelled.

**ATTACHMENT B**

**REDACTED – FOR PUBLIC INSPECTION  
SUBJECT TO REQUEST FOR CONFIDENTIAL TREATMENT  
PURSUANT TO 47 C.F.R. §§ 0.457 AND 0.459**



Date: **October 10, 2013** Number: **CLECSE13-082**  
Effective Date: **November 9, 2013** Category: **Special Access**  
Subject: **(BUSINESS PROCESSES) AT&T Southeast Region - Announces Elimination of Term Plans Exceeding 3 Years for Multiple Digital Services**  
Related Letters: **NA** Attachment: **Yes**  
States Affected: **Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee**  
Issuing ILECS: **AT&T Alabama, AT&T Florida, AT&T Georgia, AT&T Kentucky, AT&T Louisiana, AT&T Mississippi, AT&T North Carolina, AT&T South Carolina and AT&T Tennessee (collectively referred to for purposes of this Accessible Letter as "AT&T Southeast Region")**  
Response Deadline: **NA** Contact: **Account Manager**  
Conference Call/Meeting: **NA**

Subject to any delays resulting from the federal government shutdown, effective November 9, 2013, AT&T no longer will offer new term plans longer than 36 months for tariffed TDM services. Existing services under term plans that are longer than 36 months and already in place as of November 9, 2013 will remain subject to the terms and conditions of those plans until their terms expire, at which time customers may either select from the term plans for which they are eligible under the expiring plan, or continue receiving service under month-to-month or monthly extension rates.

AT&T is modifying its ordering systems to reflect these tariff changes. Upon completion of those modifications, if a customer submits an order for a term plan longer than 36 months, the order will be rejected automatically.

System modifications may not be fully implemented immediately. Until those modifications are complete, if a customer submits an order for a term plan longer than 36 months, AT&T's ordering systems may automatically return a firm order confirmation ("FOC") that incorrectly confirms such order, contrary to the terms of AT&T's tariff. In that case, AT&T will notify the customer that the term plan ordered is not available. The notice will be provided by email (to the address identified by the customer), as soon as possible after submission of the order. That notice will supersede any confirmation, via FOC or otherwise, of the term plan originally chosen by the customer. AT&T's email notice will inform the customer of its intent to revise the term (and associated rate) applicable to the customer's order to reflect a 36-month term plan (*i.e.*, the maximum term offered pursuant to AT&T's tariff), unless the customer modifies or cancels the order prior to the service due date (in which case no order modification or cancellation charges will apply).

Notice of the revision also will be reflected in the customer's first bill. When a customer receives such a notice, the customer may decline the charges by issuing a disconnect order (without early termination charges) if the customer does not wish to accept service under a 36-month term plan. If the customer does not issue a disconnect order prior to the due date of the first bill for the service, the customer will be deemed to have acknowledged and approved the order for the 36-month term plan.

AT&T reserves the right to modify or to cancel the information in this Accessible Letter. In the event of such modification or cancellation, AT&T will notify carriers in a subsequent Accessible Letter. AT&T will incur no liability if the information in this Accessible Letter is modified or cancelled.

The changes apply to the following special access service types:

- Analog Private Line and DS0 Services
- DS1 and DS3 Services

A detailed list of AT&T Southeast Tariff sections impacted is provided in Exhibit 1:



Exhibit 1 - Southeast  
Tariff Term Plan Elimir

If you have questions related to these changes, please contact your AT&T Account Manager.

AT&T reserves the right to modify or to cancel the information in this Accessible Letter. In the event of such modification or cancellation, AT&T will notify carriers in a subsequent Accessible Letter. AT&T will incur no liability if the information in this Accessible Letter is modified or cancelled.

**ATTACHMENT C**

**REDACTED – FOR PUBLIC INSPECTION  
SUBJECT TO REQUEST FOR CONFIDENTIAL TREATMENT  
PURSUANT TO 47 C.F.R. §§ 0.457 AND 0.459**



**AT&T 13-STATE - Announces Revised Date for the Elimination of Term Plans Exceeding 3 Years for Multiple Digital Services**

Date: October 25, 2013

Number: **ACCESS13-073**

Category: Special Access

Issuing ILECS: AT&T Illinois, AT&T Indiana, AT&T Ohio, AT&T Michigan, AT&T Wisconsin, AT&T California, AT&T Nevada, AT&T Arkansas, AT&T Kansas, AT&T Missouri, AT&T Oklahoma, AT&T Texas and AT&T Connecticut (collectively referred to for purposes of this Accessible Letter as "AT&T 13-State")

Contact: Account Manager

This Accessible Letter modifies and clarifies Accessible Letter Number ACCESS13-063, regarding the grandfathering of certain tariffed term plans for DSx special access services.

To address questions and concerns that customers have raised regarding the tariff changes, AT&T 13-State has decided to postpone the filing of those changes by approximately 30 days. AT&T 13-State now plans to file the tariff changes to grandfather the term plans on November 25, 2013 (rather than October 25, 2013), to become effective on December 10, 2013 (rather than November 9, 2013). This additional time will enable discussion of your questions and concerns and exploration of alternative arrangements for your TDM and IP-based services.

These tariff modifications are an initial step toward implementing AT&T's plan to upgrade its network to meet growing demand for next generation broadband services, and to migrate its legacy TDM network to IP-based network facilities and services. As AT&T 13-State has previously announced, it intends to complete that transition by 2020. The IP network will be modern -- more efficient, more versatile, and more resilient than a traditional TDM network. IP services also provide new capabilities and an improved customer experience. The conversion will facilitate the migration of customers from aging technologies to new IP-based services that consumers and businesses demand. Eliminating long-term commitments to TDM services is a necessary part of that modernization process. Given the length of the term plans being grandfathered, AT&T 13-State must start the process now.

Although many of you already are moving to replace your TDM services with IP-based services, AT&T 13-State understands that the migration to IP-based services will take time and that, as a result, you may wish to continue to purchase TDM services in the near term. We encourage you to contact your AT&T Account Team to talk about your service needs and the migration to IP-based services.

As mentioned in the earlier accessible letter, existing services under term plans that are longer than 36 months and already in place as of the effective date, now December 10, 2013, will remain subject to the terms and conditions of those plans until their terms expire, at which time customers may either select from the term plans for which they are eligible under the expiring plan, or continue receiving service under month-to-month or monthly extension rates.

AT&T reserves the right to modify or to cancel the information in this Accessible Letter. In the event of such modification or cancellation, AT&T will notify carriers in a subsequent Accessible Letter. AT&T will incur no liability if the information in this Accessible Letter is modified or cancelled.

**ATTACHMENT D**

**REDACTED – FOR PUBLIC INSPECTION  
SUBJECT TO REQUEST FOR CONFIDENTIAL TREATMENT  
PURSUANT TO 47 C.F.R. §§ 0.457 AND 0.459**



## AT&T 13-STATE - Announces Expiration Dates on Term Plans for Specific Optical Services

Date: October 10, 2013

Number: **ACCESS13-064**

Category: Special Access

Issuing ILECS: AT&T Illinois, AT&T Indiana, AT&T Ohio, AT&T Michigan, AT&T Wisconsin, AT&T California, AT&T Nevada, AT&T Arkansas, AT&T Kansas, AT&T Missouri, AT&T Oklahoma, AT&T Texas and AT&T Connecticut (collectively referred to for purposes of this Accessible Letter as "AT&T 13-State")

Contact: Account Manager

Effective November 9, 2013, AT&T 13-State will grandfather certain term plans associated with the following access services:

- Optical Carrier Network (OCN) Point-to-Point Service
- Dedicated SONET Ring Service and OC-192 Dedicated SONET Ring Service
- OPT-E-MAN<sup>®</sup> and CSME Service

Grandfathering will be implemented by establishing fixed termination dates for future term commitments under the grandfathered term plans, which will apply regardless of the nominal lengths of those term plans. In other words, once the fixed expiration dates become effective, affected term plans will expire on those dates, regardless of when they would otherwise expire. Interstate Access Guidebook changes implementing the fixed termination dates are being made sufficiently in advance of the fixed termination dates and existing term commitments will not be affected.

The expiration dates for new term plans vary by service. All term plans which are established, or those that are renewed or extended, after November 9, 2013, with term lengths that otherwise would expire at any time after the fixed term plan expiration dates, will instead expire on the fixed term plan expiration dates. Following the expiration of the term plans, services will be provided on a month-to-month basis at the applicable month-to-month rates.

A list of AT&T 13-State Guidebook sections, services impacted, and term plan expiration dates is attached as Exhibit 1:



Exhibit 1 - 13-State  
Guidebook Term Plan

If you have questions related to these changes, please contact your AT&T Account Manager.

AT&T reserves the right to modify or to cancel the information in this Accessible Letter. In the event of such modification or cancellation, AT&T will notify carriers in a subsequent Accessible Letter. AT&T will incur no liability if the information in this Accessible Letter is modified or cancelled.

## Certificate of Service

I hereby certify that on this 2nd day of December, 2013, I caused a true and correct copy of the redacted version of the foregoing Petition to be served by facsimile and by U.S. mail to:

Scott Murray  
Area Manager – Rates/Tariffs  
311 S. Akard St., Room 1940.04  
Dallas, TX 75202  
Facsimile number: (214) 464-2006

Additionally, I caused a true and correct copy of the redacted version of the foregoing Petition to be served by hand delivery and electronic mail to:

Julie A. Veach  
Chief, Wireline Competition Bureau  
Federal Communications Commission  
445 12th Street SW  
Washington, DC 20054  
Julie.Veach@fcc.gov

Kalpak Gude  
Chief, Pricing Policy Division  
Wireline Competition Bureau  
Federal Communications Commission  
445 12th Street SW  
Washington, DC 20054  
Kalpak.Gude@fcc.gov

Pamela Arluk  
Wireline Competition Bureau  
Federal Communications Commission  
445 12th Street SW  
Washington, DC 20054  
Pamela.Arluk@fcc.gov

and

Best Copy & Printing, Inc.  
445 12th Street SW, Room CY-B402  
Washington, DC 20054  
fcc@bcpiweb.com

/s/ Ruth E. Holder  
Ruth E. Holder

**REDACTED – FOR PUBLIC INSPECTION  
SUBJECT TO REQUEST FOR CONFIDENTIAL TREATMENT  
PURSUANT TO 47 C.F.R. §§ 0.457 AND 0.459**