

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

In the Matter of)	
)	
Ameritech Operating Companies)	Transmittal Nos. 1437
Tariff F.C.C. No. 2)	
)	
Nevada Bell Telephone Company)	Transmittal No. 89
Tariff F.C.C. No. 1)	
)	
Southern New England Telephone Company)	Transmittal No. 849
Tariff F.C.C. No. 39)	
)	
Pacific Bell Telephone Company)	Transmittal No. 194
Tariff F.C.C. No. 1)	
)	
Southwestern Bell Telephone Company)	Transmittal No. 3028
Tariff F.C.C. No. 73)	

PETITION OF AT&T CORP.

Pursuant to Section 1.773 of the Commission's rules, 47 C.F.R. § 1.773, AT&T Corp. ("AT&T") requests the Commission to reject or, in the alternative, suspend and investigate the tariff revisions filed January 6, 2005 by the above-referenced SBC Communications operating telephone companies (collectively "the SBC companies").¹ For the second time in less than a month, the SBC companies propose to restructure their Additional Engineering, Additional Labor, and Miscellaneous Services charges. As part

¹ A tariff is subject to rejection when it is *prima facie* unlawful, in that it demonstrably conflicts with the Communications Act or a Commission rule, regulation or order. *See, e.g., American Broadcasting Companies, Inc. v. AT&T*, 663 F.2d 133, 138 (D.C. Cir. 1980); *MCI v. AT&T*, 94 F.C.C.2d 332, 340-41 (1983). Suspension and investigation are appropriate where a tariff raises substantial issues of lawfulness. *See AT&T* (Transmittal No. 148), Memorandum Opinion and Order, 56 RR2d 1503 (1984); *ITT* (Transmittal No. 2191), 73 F.C.C.2d 709, 716 n.5 (1979) (citing *AT&T*, 46 F.C.C.2d 81, 86 (1974)).

of this restructure, the SBC companies have incorrectly recast their current 2003 base period demand by including repairs that are attributable to problems caused by those carriers. In addition, SBC Ameritech has deregulated certain rate elements, and incorrectly offset this reduction in their regulated revenues with rate increases.

The SBC companies propose several changes to their current labor and installation charges. Among those changes is that SBC no longer will bill for call-outs where the trouble is attributed to SBC. Removing this segment of demand from SBC's 2003 base period demand for this service has created a reduction in its revenues of \$1.2 million.² As part of their instant tariff filings, the SBC companies have made rate increases to recover this \$1.2 million.

On December 10, 2004, the SBC companies filed substantially the identical tariff revisions as in their current transmittals, although they do not even acknowledge the fact in their present filings.³ AT&T petitioned to reject or, in the alternative, to suspend and investigate the December 10 tariff filings.⁴ As AT&T showed then, repairs that are the result of trouble found in the LECs' equipment should never have been billed to the access customer. Only repairs that are the result of trouble found in the customer's equipment should have been billed to the customer. Removing the demand for repair

² See Exhibit A attached hereto.

³ See Ameritech Operating Companies Tariff F.C.C. No. 2, Transmittal No. 1428; Nevada Bell Telephone Company Tariff F.C.C. No. 1, Transmittal No. 82; Southern New England Telephone Company Tariff F.C.C. No. 39, Transmittal No. 842; Pacific Bell Telephone Company Tariff F.C.C. No. 1, Transmittal No. 184.

⁴ See Petition of AT&T Corp., filed December 17, 2004, in Ameritech Operating Companies Tariff F.C.C. No. 2, Transmittal No. 1428, *et al.* ("AT&T Petition").

calls that are attributable to the SBC companies, and thus should be nonchargeable, results in a reduction of those carriers' revenues totaling \$1.2 million, and the SBC companies should not be permitted to make rate increases to offset this \$1.2 million reduction in their revenues.

The only appropriate manner for the SBC companies to modify their tariffs is to make a change in their terms and conditions, stating that they will no longer bill customers for repairs that are attributed to SBC. AT&T therefore requested the Commission to direct the SBC companies to modify their tariff filings by recasting demand to eliminate any pricing effects that are the result of no longer billing customers for repairs that are attributed to SBC. Shortly after the filing of the AT&T petition, the SBC companies advised the Commission that they were withdrawing the December 10 tariff revisions and would refile changes in their labor and repair charges at a later date.⁵

However, just as they have ignored their prior tariff filings that were withdrawn, in their present filings the SBC companies fail to again address, much less to justify, their ploy of using the pricing headroom obtained from eliminating charges for repair calls for which they are at fault as a vehicle to increase charges for other rate elements.⁶ In light of the SBC companies' repeated failure even to make a pretense of defending the lawfulness of their filings, the Commission should, at a minimum, suspend those tariff

⁵ See Ameritech Operating Companies Transmittal No. 1434, filed December 23, 2004; Nevada Bell Telephone Company Transmittal No. 86, filed December 23, 2004; Pacific Bell Telephone Company Transmittal No. 191, filed December 23, 2004;. Southern New England Telephone company Transmittal No. 846, filed December 23, 2004; Southwestern Bell Telephone Company Transmittal No. 3025, filed December 23, 2004.

⁶ See, e.g., Transmittal No. 842, D&J, at 3-4.

revisions unless the SBC companies restructure their demand to preclude rate increases based on the elimination of repair charges for problems caused by those carriers.

Additionally, as part of these filings the charges for Maintenance of Service are being deregulated for SBC Ameritech.⁷ In its calculations showing the increases and decreases to revenues as part of this tariff restructure, Ameritech includes the demand and revenues for those services being deregulated.⁸ By including the charges for the services being deregulated as part of its restructure, Ameritech has unlawfully reduced its revenues. The absence of any resultant reduction to its PCI has enabled Ameritech to make rate increases in this filing to offset these revenue reductions attributable to deregulation of the Maintenance of Service charges.

The deregulation of those charges should not be part of Ameritech's restructure calculations. Instead, Ameritech must make an exogenous cost reduction to its Special Access price cap index ("PCI") to reflect the deregulation of these services. Section 61.45(d)(1)(v) of the Commission's rules (47 C.F.R. § 61.45(d)(1)(v)), governing price cap regulation of local exchange carriers ("LECs"), provides that exogenous cost changes to those carriers' PCIs "*shall include . . . the reallocation of investment from regulated to nonregulated activities*" (emphasis supplied).

The amount of charges being deregulated is \$226,000.⁹ If Ameritech does not make an exogenous cost reduction to its Special Access PCI to account for the services being deregulated, it will double recover this amount through its proposed rate increases

⁷ Transmittal No. 1437, D&J at 2.

⁸ Transmittal No. 1437, Exhibits 1 and 2.

⁹ See Exhibit B attached.

for regulated services. Therefore, to correctly account for the services being deregulated in this filing, Ameritech should remove the demand and revenues for the charges being deregulated from its restructure calculations, and make an exogenous cost adjustment of \$226,000 to its Special Access PCI.¹⁰

¹⁰ Alternatively, the SBC companies may account for the services that are being deregulated, without double recovering the \$226,000, by removing those revenues from its price caps, but not make the adjustment to their Special Access actual price indices (“APIs”). This procedure is similar to what is done when a LEC removes revenues from price caps after receiving pricing flexibility. The revenues receiving pricing flexibility are removed from price caps, but no pricing headroom is created because there is no adjustment to the LEC's API.

CONCLUSION

For the reasons stated above, the Commission should reject or, in the alternative, suspend and investigate for the full five months SBC's tariff filings and impose an accounting order.

Respectfully submitted,

AT&T CORP.

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Its Attorneys

January 13, 2005

Repairs Attributed to SBC

SBC Company	Number of Repairs Attributed to SBC	Current Rate	Amount Billed
Ameritech			
Additional Labor-Install/Repair-OT-First 1/2 hr	3,202	\$30.06	\$96,252
Additional Labor-Install/Repair-OT-Additional 1/2 hr	19,082	\$26.62	\$507,963
Additional Labor-Install/Repair-Prem-First 1/2 hr	420	\$31.46	\$13,213
Additional Labor-Install/Repair-Prem-Additional 1/2 hr	1,925	\$31.46	\$60,561
Total			\$677,989
Pacific Bell			
Additional Labor-Install/Repair-OT-First 1/2 hr	1,703	\$45.00	\$76,635
Additional Labor-Install/Repair-OT-Additional 1/2 hr	10,219	\$24.00	\$245,256
Additional Labor-Install/Repair-Prem-First 1/2 hr	731	\$49.00	\$35,819
Additional Labor-Install/Repair-Prem-Additional 1/2 hr	4,151	\$28.00	\$116,228
Total			\$473,938
SNET			
Additional Labor-Install/Repair-OT-First 1/2 hr	321	\$55.99	\$17,973
Additional Labor-Install/Repair-OT-Additional 1/2 hr	1,925	\$25.00	\$48,125
Additional Labor-Install/Repair-Prem-First 1/2 hr	89	\$59.58	\$5,303
Additional Labor-Install/Repair-Prem-Additional 1/2 hr	524	\$28.59	\$14,981
Total			\$86,382
Nevada Bell			
Additional Labor-Install/Repair-OT-Each 1/2 hr	28	\$60.32	\$1,689
Additional Labor-Install/Repair-Prem-Each 1/2 hr	10	\$80.42	\$804
Total			\$2,493
SBC Total			\$1,240,801

Source: Exhibit 1 of SBC's Transmittals identified below:

Ameritech Transmittal No. 1437, Filed January 6, 2005

Pacific Bell Transmittal No. 194, Filed January 6, 2005

Southern New England Telephone Transmittal 849, Filed January 6, 2005

Nevada Bell Transmittal No. 89, Filed January 6, 2005

Maintenance of Service Charges Deregulated by SBC-Ameritech

Description	Number of Repairs moved to MVV	Current Rate	Amount Billed
Add'l Labor-Install/Repair-OT-First 1/2 hr	65	\$30.06	\$1,954
Add'l Labor-Install/Repair-OT-Addt'l 1/2 hr	522	\$26.62	\$13,896
Add'l Labor-Install/Repair-Prem-First 1/2 hr	297	\$31.46	\$9,344
Add'l Labor-Install/Repair-Prem-Addt'l 1/2 hr	2377	\$31.46	\$74,780
Total			\$99,974
Description	Number of Dispatch Charges moved to MVV	Current Rate	Amount Billed
Add'l Labor-Testing/Maint-Basic-First 1/2 hr	1143	\$23.94	\$27,363
Add'l Labor-Testing/Maint-Basic-Addt'l 1/2 hr	2286	\$22.68	\$51,846
Add'l Labor-Testing/Maint-OT-First 1/2 hr	461	\$26.62	\$12,272
Add'l Labor-Testing/Maint-OT-Addt'l 1/2 hr	921	\$26.62	\$24,517
Add'l Labor-Testing/Maint-Prem-First 1/2 hr	102	31.46	\$3,209
Add'l Labor-Testing/Maint-Prem-Addt'l 1/2 hr	205	31.46	\$6,449
Total			\$125,657
Ameritech Total			\$225,631

Source:

Exhibit 1-Ameritech Transmittal No. 1437, Filed January 6, 2005

CERTIFICATE OF SERVICE

I, Hagi Asfaw, do hereby certify that on this 13th day of January, 2005, a copy of the foregoing "Petition of AT&T Corp." was served by facsimile and U.S. first class mail, postage prepaid, on the party named below.

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/s/ Hagi Asfaw
Hagi Asfaw