

December 5, 2013

Via Electronic Filing

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

**Re: *Ex Parte Communication*
Special Access Rates for Price Cap Local Exchange Carriers, WC Docket No. 05-25, RM-10593; 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; Connect America Fund, WC Docket No. 10-90.**

Dear Ms. Dortch:

On behalf of the U.S. Small Business Administration Office of Advocacy, I am writing to express concerns regarding AT&T's proposed special access tariff revisions, filed November 25, 2013, which would eliminate the availability of certain discounted long-term special access contracts with the carrier. Advocacy is greatly concerned that the changes will result in significant downstream cost increases for small business customers, including both small competitive local exchange carriers as well as end users. Additionally, Advocacy has persistent concerns regarding state of competition in the special access market, and its effect on small business customers.

Congress established Advocacy under Pub. L. 94-305 to represent the views of small business before Federal agencies and Congress. Advocacy is an independent office within the Small Business Administration (SBA), so the views expressed by Advocacy come from input received from outreach to small businesses and do not necessarily reflect the views of the SBA or the Administration. Part of our role under the Regulatory Flexibility Act (RFA) is to assist agencies in understanding how regulations may impact small businesses, and to ensure that the voice of small businesses is not lost within the regulatory process.¹ Congress crafted the RFA to ensure that regulations do not unduly inhibit the ability of small entities to compete, innovate, or to comply with federal laws.² In addition, the RFA's purpose is to address the adverse effect that "differences in the scale and resources of regulated entities" has had on competition in the marketplace.³

¹ Pub. No. 96-354, 94 Stat. 1164 (1980).

² Pub. L. 96-354, Findings and Purposes, Sec. 2 (a)(4)-(5), 126 Cong. Rec. S299 (1980).

³ Pub. L. 96-354, Findings and Purposes, Sec. 4, 126 Cong. Rec. S299 (1980).

AT&T has cited its desire to move its customers to Internet Protocol (IP) based services as its rationale for discontinuing its discounted contracts for special access. In effect, AT&T is proposing to shift demand toward more expensive IP-based offerings by artificially increasing the price of its TDM services. Without discounted contracts, purchasers of special access will be forced to pay higher rates for TDM services and the increased costs will inevitably be passed on to consumers. While the evolution to an all-IP network is something for small business consumers to look forward to, it should not be financed through artificial price increases in the special access market.

Small businesses currently rely on a healthy special access market for the provision of affordable wired and wireless broadband service. Rising business demand for high-speed broadband should ensure that prices not only stay the same, but decrease, as carriers compete and develop products to meet that demand. Price increases in the face of such booming demand point to possible anti-competitive behavior. The FCC is already investigating whether special access prices are artificially high due to other conditions in the special access market. Because of these concerns, Advocacy urges the FCC to suspend and investigate AT&T's proposed changes while it continues to examine the state of competition in the special access market.

Advocacy is pleased to be able to forward these concerns to the Commission and would welcome any opportunity to discuss these issues further.

Best regards,



Winslow L. Sargeant, Ph.D.
Chief Counsel

SBA Office of Advocacy
09 3rd St. SW
Washington, D.C. 20416
(202) 205-6533



Jamie Belcore Saloom
Assistant Chief Counsel for Telecommunications