

FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

Adopted: August 15, 2001  
Released: August 16, 2001

Ms. Sandra L. Wagner  
Vice President, Federal Regulatory  
SBC Telecommunications, Inc.  
1401 I Street, N.W.  
Suite 1100  
Washington, DC 20005

RE: *SBC/Ameritech Merger Order*, CC Docket No. 98-141, ASD File No. 99-49

Dear Ms. Wagner:

This letter grants an extension of the deadline for filing a portion of the independent auditor's report required by the *SBC/Ameritech Merger Order*.<sup>1</sup> Specifically, SBC Communications, Inc. (SBC) requests an extension of the due date, from September 4, 2001 to November 1, 2001, for completing the audit steps related to one advanced services affiliate required under Condition 1, *Separate Affiliate for Advanced Services*. As explained below, I grant the extension of time.

To ensure on-going compliance, the Commission required SBC to obtain an independent audit of its compliance with the *Merger Conditions*, including those requirements related to the establishment of a separate affiliate for providing advanced services.<sup>2</sup> The *Merger Conditions* require SBC to submit the audit report to the Commission by September 1, 2001.<sup>3</sup> The Bureau may, however, extend the deadline.<sup>4</sup>

For the calendar year 2001 audit, SBC raised a number of questions concerning the relevant status of one affiliate, Southwestern Bell Communications Services (SBCS). Pursuant to section 272 of the Communications Act of 1934, as amended, SBC provides in-region interLATA telecommunications services through SBCS in the states of Texas, Kansas, and Oklahoma. In addition, SBCS provided a small amount of advanced services during the calendar year 2000 audit period. As a result, SBCS is subject to two separate but similar audit requirements, i.e., the section 272(d) biennial audit and the separate affiliate audit required under the *Merger Conditions*. The two audit requirements are on different schedules.<sup>5</sup> To

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<sup>1</sup> Applications of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Commission's Rules, CC Docket 98-141, *Memorandum Opinion and Order*, 14 FCC Rcd 14,712 (1999) ("*SBC/Ameritech Merger Order*").

<sup>2</sup> *Merger Order* at Appendix C, para. 66.

<sup>3</sup> *Id.* at Appendix C, para. 66(e). Because September 1, 2001 falls on the Saturday before Labor Day, the audit report for calendar year 2000 is due on September 4, 2001.

<sup>4</sup> *Id.* at Appendix C, para. 72.

<sup>5</sup> For example, the section 272(d) biennial audit calls for a different audit period and a final report due on December 16, 2001 rather than the September 4, 2001 deadline required under the *Merger Conditions*.

eliminate potentially duplicative audit work, SBC and the Bureau staff reviewed the audit procedures applicable to SBCS and coordinated the two audits. This process required a number of discussions that lasted longer than anticipated. As a result, SBC and the Bureau staff did not finalize the audit steps to be applied to SBCS in the audit required by the *Merger Conditions* until August 10, 2001.

A limited extension of time is warranted in light of the unanticipated delays resulting from discussions between SBC and the Bureau staff. The additional time will afford SBC the opportunity to complete its own internal review and to prepare the documentation needed for the independent auditor. At the same time, the limited extension will align the timelines more closely for SBCS and allow the independent auditors to rely on work performed in the section 272(d) audit. For the forgoing reasons, I grant the requested extension of the audit report deadline from September 4, 2001 to November 1, 2001. As a result, SBC will submit a supplemental audit report that addresses only SBCS no later than this date. This extension does not apply to SBC's obligation to file the audit report on all other conditions by September 4, 2001.

Please do not hesitate to contact me if I can be of further assistance. You may also contact Anthony Dale in the Common Carrier Bureau directly at (202) 418-2260 for further information on this matter.

Sincerely,

Kenneth P. Moran  
Chief, Accounting Safeguards Division, CCB