

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Ameritech Operating Companies) FRN No.: 0020572830
)
Request to Terminate Consent Decree)

ORDER

Adopted: November 2, 2012

Released: November 2, 2012

By the Chief, Enforcement Bureau

I. INTRODUCTION

1. In 1995, the Commission, the Public Utilities Commission of Ohio (Ohio Commission), the Public Service Commission of Wisconsin (Wisconsin Commission), and the Ameritech Operating Companies (AOCs) executed a Consent Decree regarding transactions between the AOCs and their wholly-owned subsidiary, Ameritech Services, Inc. (ASI).¹ In this Order, in response to a request filed by AT&T Services, Inc. (AT&T),² we terminate the AOCs' and ASI's obligations to the Commission under that Consent Decree.³

II. BACKGROUND

2. The 1995 Consent Decree resulted from a joint Commission and state public service commission audit of affiliate transactions between the AOCs and ASI. That audit sought to assess whether the AOCs had complied with the Commission's affiliate transactions rules in connection with their transactions with ASI.⁴ The joint auditors found that ASI had been unable to provide documentation substantiating the accounting and cost allocation data that ASI had provided to the AOCs in connection with certain of those transactions and that the AOCs had used in seeking to implement the Commission's accounting, cost allocation, and affiliate transactions rules.⁵ The Consent Decree addressed this substantiation problem by requiring that ASI follow a series of specific documentation and document

¹ See *Ameritech*, FCC 95-223, Consent Decree Order, 10 FCC Rcd 13846 (1995) (*Ameritech Consent Decree Order*). The AOCs are Illinois Bell Telephone Company, Indiana Bell Telephone, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company, and Wisconsin Bell, Inc. These companies are now wholly-owned subsidiaries of AT&T Inc.

² Letter from Jacquelyne Flemming, AVP-External Affairs/Federal Regulatory, AT&T Services, Inc., to P. Michele Ellison, Chief, Enforcement Bureau (dated Sept. 16, 2011) (AT&T Request).

³ Our action does not affect any obligations that AT&T may have to the Ohio Commission or the Wisconsin Commission under the 1995 Consent Decree. We note that AT&T asserts that changes in state law enacted since the execution of that Consent Decree have eliminated these state commissions' authority over the subject matter of the Decree. AT&T Request at 1-2 n.4. AT&T states further that it has notified the staff of these state commissions of its intent to seek this relief from the Commission. *Id.*

⁴ *Ameritech Consent Decree Order*, 10 FCC Rcd at 13848 (Consent Decree, paras. 2-3).

⁵ *Id.* (Consent Decree, para. 4.a).

retention requirements, as set forth in paragraph 6(a) of the Decree.⁶ The Consent Decree contains no termination date for these obligations.⁷

3. In support of its request for termination of the 1995 Consent Decree, AT&T argues that the Commission has granted AT&T forbearance from the cost allocation and affiliate transactions rules that the Consent Decree was designed to address.⁸ AT&T points out that the Commission “conclude[d] that these rules as applied to AT&T, a price cap carrier generally not subject to rate-of-return regulation, are not routinely needed to ensure that interstate charges and practices are just, reasonable, and not unjustly or unreasonably discriminatory.”⁹ AT&T contends that the Consent Decree is therefore no longer necessary, given that it requires documentation for cost allocations that the company is no longer required to make.¹⁰

III. DISCUSSION

4. In light of the fact that the cost allocation and affiliate transactions rules addressed by the 1995 Consent Decree no longer apply to the AOCs, we believe the public interest would be served by relieving the AOCs and ASI of their continuing obligations under the 1995 Consent Decree. Accordingly, AT&T’s request is hereby granted. Effective immediately, the AOCs and ASI are relieved of their obligations to the Commission under the Consent Decree. We note, however, that notwithstanding our action here, the AOCs, as Commission regulatees, are under a continuing obligation to comply with all applicable Commission rules and orders. These obligations include compliance with the Commission’s accounting rules in relation to the AOCs’ transactions with ASI and with the compliance plan AT&T filed as a condition of the *AT&T Cost Assignment Forbearance Order*.¹¹

IV. ORDERING CLAUSES

5. Accordingly, **IT IS ORDERED** that pursuant to Section 4(i) of the Communications Act of 1934, as amended,¹² and sections 0.111 and 0.311 of the Commission’s Rules,¹³ this Order **IS ADOPTED**.

6. **IT IS FURTHER ORDERED** that the obligations to the Commission imposed on the AOCs and ASI under the 1995 Consent Decree **ARE TERMINATED**.

⁶ See *id.* at 13849-50 (Consent Decree, para. 6.a)

⁷ We note that all of the AOCs’ substantive obligations under the Consent Decree, other than those in paragraph 6.a, have terminated.

⁸ AT&T Letter at 2-3 (citing *Petition of AT&T Inc. For Forbearance Under 47 U.S.C. § 160 From Enforcement of Certain of the Commission’s Cost Assignment Rules*, WC Docket Nos. 07-21, 05-342, Memorandum Opinion and Order, 23 FCC Rcd 7302 (2008) (subsequent history omitted) (*AT&T Cost Assignment Forbearance Order*). We note that the forbearance action applies to each of the AOCs. Compare *AT&T Cost Assignment Forbearance Order*, 23 FCC Rcd at 7307 n.32 (stating that the forbearance relief granted AT&T is limited to the affiliates listed in AT&T’s forbearance petitions) with *Petition of AT&T Inc. For Forbearance Under 47 U.S.C. § 160 From Enforcement of Certain of the Commission’s Cost Assignment Rules*, WC Docket Nos. 07-21, at 1 n.1 (filed Jan. 25, 2007) (seeking relief for each of the AOCs, among other AT&T affiliates).

⁹ AT&T Letter at 3 (quoting *AT&T Cost Assignment Forbearance Order*, 23 FCC Rcd at 7321, para. 32).

¹⁰ AT&T Letter at 3.

¹¹ See *Ameritech Consent Decree Order*, 10 FCC Rcd at 13849 (Consent Decree, para. 6.a(1)) (addressing the accounting for costs associated with new product trials); *Wireline Competition Bureau Approves Compliance Plans*, WC Docket Nos. 07-21, 07-204, 07-273, Public Notice, 23 FCC Rcd 18417 (Wireline Comp. Bur. 2008).

¹² 47 U.S.C. § 154(i).

¹³ 47 C.F.R. §§ 0.111, 0.311.

7. **IT IS FURTHER ORDERED** that a copy of this Order shall be sent by first class mail and certified mail, return receipt requested, to Jacquelyne Flemming, AVP – External Affairs/Federal Regulatory, AT&T Services, Inc., 1120 20th Street, N.W., Suite 1000, Washington, D.C. 20005.

FEDERAL COMMUNICATIONS COMMISSION

P. Michele Ellison
Chief
Enforcement Bureau