

1 [Urging the CPUC to impose the mitigation measures necessary to ensure that the proposed  
2 merger of SBC and AT&T is beneficial to the City and its residents and businesses.]

3 **Resolution urging the California Public Utilities Commission (CPUC) to impose the**  
4 **mitigation measures necessary to prevent adverse consequences from the proposed**  
5 **merger of SBC and AT&T and to ensure that the merger is beneficial to the City of San**  
6 **Francisco and the State of California and their respective residents and businesses.**  
7

8 WHEREAS, SBC and AT&T, the two largest wireline telecommunications carriers in  
9 San Francisco, have entered into a merger agreement; and

10 WHEREAS, SBC provides local telephone service to the overwhelming majority of  
11 residential and small business customers in San Francisco, with a market share throughout  
12 SBC's service territory in excess of 90%; and,

13 WHEREAS, among the minority of San Francisco's residential and small business  
14 customers who are not served by SBC, AT&T is currently a leading alternative provider of  
15 local telephone service; and,

16 WHEREAS, SBC and AT&T are the two largest wireline providers of long distance  
17 service in California, and;

18 WHEREAS, SBC and AT&T are the two leading providers of telecommunications  
19 services to medium and large businesses and governments in California, and;

20 WHEREAS, the merger of SBC and AT&T would eliminate AT&T as a competitor to  
21 SBC; and,

22 WHEREAS, the reduced competition resulting from the merger threatens to lead to  
23 reduced choice and higher prices for essential telecommunications services; and,  
24  
25

1           WHEREAS, the 1997 merger of Pacific Bell into SBC was followed by several years of  
2 decline in the timeliness of repair service, which led the California Public Utilities Commission  
3 (CPUC) to find SBC in violation of laws governing service quality; and,

4           WHEREAS, the proposed merger of SBC and AT&T is expected to result in layoffs  
5 and will require the integration of complex customer service systems, which could once again  
6 lead to declines in the quality of service provided to customers; and,

7           WHEREAS, under California law, the CPUC must approve the merger before it may go  
8 into effect in California; and,

9           WHEREAS, in order to gain the CPUC's approval, SBC and AT&T must show, among  
10 other things, that:: (1) the merger will not adversely affect competition, (2) the merger will  
11 provide economic benefits, at least half of which will be shared with ratepayers, (3) the merger  
12 will maintain or improve service quality, (4) the merger will be beneficial on an overall basis to  
13 state and local economies and to communities served by the merged companies, and (5) the  
14 merger proposal includes mitigation measures to prevent any significant adverse  
15 consequences from the merger; and,

16           WHEREAS, the CPUC has opened a docket to review the proposed merger, has  
17 scheduled public hearings throughout the state in June 2005, has invited interested parties to  
18 submit written testimony by June 24<sup>th</sup>, and will hold evidentiary hearings in August 2005; now,  
19 therefore, be it

20           RESOLVED, That the Board of Supervisors urges the CPUC to impose the necessary  
21 mitigation measures that will prevent any significant adverse consequences from the merger  
22 and that will ensure that the merger is beneficial on an overall basis to the City and County of  
23 San Francisco and the State of California and their respective residents and businesses.

24  
25