

PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265

Public Meeting held May 19, 2006

Commissioners Present:

Wendell F. Holland, Chairman  
James H. Cawley, Vice Chairman  
Bill Shane  
Kim Pizzingrilli  
Terrance J. Fitzpatrick

In Re: Informal Investigation of AT&T, Inc.

Docket I-00060111

**ORDER**

**BY THE COMMISSION:**

On October 6, 2005, this Commission approved the merger of AT&T Corporation and SBC Communications, Inc.<sup>1</sup> Thereafter, the combined companies adopted "AT&T" as the name of the merged entity. In the Joint Application, it was represented to this Commission that the merger would create a much stronger job outlook for the combined organization and would have a positive impact on employment in the Commonwealth. Additionally, AT&T expressly further assured this Commission that the merger would not affect AT&T-PA's role as the TRS provider in Pennsylvania, that the merger would not adversely affect the continuity of TRS, and that the new entity would be able to meet its regulatory obligations and commitments as the TRS provider.<sup>2</sup> *See also* Joint Applicants' Statement No. 5.

Six months after the closing of the merger, AT&T announced a reduction-in-force proposal (RIF) comprising a significant RIF in its general workforce in western

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<sup>1</sup> Joint Application of SBC Communications, Inc., and AT&T Corp. at Docket Nos. A-311163, *et al.*, (October 6, 2005).

<sup>2</sup> Joint Application at p. 14.

Pennsylvania and a substantial RIF at its only Pennsylvania-based TRS call center in New Castle. Specifically, in February 2006, AT&T announced that it intended to reduce its workforce in western Pennsylvania by more than 200 employees and to close a call center. AT&T also announced that it planned to eliminate approximately 25% of the positions at the TRS call center. The total RIF would have been a total reduction of over 250 employees statewide.

In light of these concerns<sup>3</sup> over AT&T's planned RIF, this Commission, at the Public Meeting of March 16, 2006, voted to refer this matter to appropriate Commission staff for informal investigation to determine whether the facts warrant further action, particularly as they relate to TRS. We requested staff to review this matter for evaluation as to what further actions and/or remedies, if any, may be appropriate. The intention to investigate, having been adopted at public meeting, was made public and reported in the media.

On March 31, 2006, prior to an order being entered to initiate the investigation, Governor Rendell and AT&T announced in the media that AT&T had committed to forego the RIFs and call center closing and to rely instead on attrition to accomplish AT&T's goals relative to employee count in Pennsylvania.

On May 8, 2006, noting that the reported commitment by AT&T to forego RIFs would do much to temper the urgency of the matter, if in fact the news reports accurately reflected its terms, an order was entered directing the commencement of the investigation. That order noted that in the absence of any formal letter or other filing by AT&T with the Commission confirming the news reports, the Commission was precluded from taking any contrary course.

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<sup>3</sup> A public utility is obligated to provide safe and reliable service. 66 Pa. C.S. § 1501. Moreover, the Commission has the statutory authority to insure that public utilities provide reliable and safe public utility service in Pennsylvania. 66 Pa. C.S. §§ 331 & 1501. Utility RIFs may impact the safe and reliable service to the public required by law.

On May 11, 2006, AT&T filed a Response to Investigation Order in which it confirms that it has reconsidered the proposed RIFs and has rescinded its plans for involuntary work force reductions in western Pennsylvania and at the New Castle TRS call center. AT&T further suggests that continuing the investigation is unnecessary under the circumstances. AT&T specifically requests that the Commission terminate the investigation and consider the matter resolved pursuant to Section 3.113(b)(3) of our regulations, 52 Pa. Code § 3.113(b)(3). In particular, the Response states that:

Subsequent to [the March 16, 2006] public meeting, AT&T announced on March 31, 2006 that it had reconsidered the proposed employee reductions in force identified in the Chairman's motion and had rescinded plans for involuntary work force reductions at both of these two Pennsylvania locations. Thus, the facts upon which the Commission adopted the investigation order have materially changed. AT&T respectfully submits that continuing this informal investigation is unnecessary under the circumstances. AT&T respectfully requests the Commission to terminate this investigation and consider the matter resolved pursuant to . . . 52 Pa. Code § 3.113(b)(3).

In light of this documented commitment from AT&T to forego the previously announced RIFs in Pennsylvania, we find that there are no outstanding facts or questions that warrant further action, that the matter is resolved, and that the informal investigation should be terminated; **THEREFORE,**

**IT IS ORDERED THAT:**

1. That the investigation into possible AT&T, Inc. work force reductions in Pennsylvania, as authorized by Order entered at this docket on May 8, 2006, is terminated.

2. That a copy of this Opinion and Order be served upon AT&T, Inc., the Office of Trial Staff, the Office of Consumer Advocate, and the Office of Small Business Advocate.

**BY THE COMMISSION,**

James J. McNulty

(SEAL)

ORDER ADOPTED: May 19, 2006

ORDER ENTERED: May 19, 2006