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*Via Electronic Filing*

July 19, 2006

Ms. Beth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

Re: In The Matter Of: Joint Application For Approval Of The Indirect Transfer Of Control Relating To The Merger Of AT&T Inc. And BellSouth Corporation, Commonwealth Of Kentucky, Before The Kentucky Public Service Commission, Case No. 2006-00136

Dear Ms. O'Donnell:

The Joint Applicants hereby respectfully respond to the July 18, 2006 letter filed by the CLEC intervenors in the above-referenced docket. While the approvals without conditions in Tennessee and Louisiana speak for themselves and need not be belabored here, we wish to respond to the CLECs' suggestion that the Tunney Act proceeding being conducted in federal court is somehow relevant to this proceeding. The most concise description of the current proceeding is that it is simply the case of a federal judge doing a job delegated to him by federal law. We provide some background below.

There is nothing unique about the Tunney Act proceeding. In any merger involving a Department of Justice ("DOJ") proposed consent decree, the Tunney Act requires that the public be given a chance to comment and that a federal judge approve the decree. Under the Tunney Act, the court limits its review to answering whether the proposed remedy is adequate to cure the competitive problem identified by the DOJ.

The judge's actions in the SBC/AT&T proceeding have been expected and are routine. Judge Sullivan's July 12 hearing was prefaced at the request of the parties by a July 7 order containing a list of questions for the hearing. The hearing was designed to allow him to make decisions as to the appropriate scope of his review and the evidence that the DOJ relied on in proposing the divestitures in the SBC/AT&T and Verizon/MCI consent decrees. Currently, Judge Sullivan has the matter under advisement and thus has not decided whether further hearings are needed.

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The CLEC Intervenors argue that, like the federal court in the Tunney Act proceeding, this Commission should “not ‘rubber-stamp’” the AT&T/BellSouth merger. We agree. What is remarkable to Joint Applicants, however, is that anyone would even suggest the Commission’s decision would be a “rubber stamp” given the extensive amount of testimony filed, the thorough hearing (including cross-examination), and the extensive participation of the Commission and the Staff in that hearing.

One paper copy of this filing is provided to the Commission. The attached certification certifies that this letter was filed electronically today and served by email on parties of record. Parties of record can access the letter at the Commission’s Electronic Filing Center located at <http://psc.ky.gov/efs/efsmain.apx>.

Please contact me if you have any questions regarding this matter.

Sincerely,

/s/ \_\_\_\_\_  
Holland N. McTyeire, V

cc: Parties of Record

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CERTIFICATION FOR 2006-00136

I hereby certify that the electronic version of this filing made with the Commission this 19th day of July 2006 is a true and accurate copy of the documents filed herewith in paper form on July 19, 2006, and the electronic version of the filing has been transmitted to the Commission. An electronic copy of the Read1st document has been served electronically on parties.

/s/ \_\_\_\_\_  
Cheryl R. Winn

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