

D. Bruce May, Jr.
850 425 5607
bruce.may@hklaw.com

December 17, 2004

VIA HAND DELIVERY

Blanca S. Bayó
Division of Commission Clerk and
Administrative Services
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

041410 - TT
041411 - TX

Re: Reorganization of SBC Long Distance, Inc. and SBC Telecom, Inc. and
Cancellation of SBC Telecom, Inc.'s IXC Certificate No. 7492 and CLEC
Certificate No. 7030

Dear Ms. Bayó:

On behalf of SBC Long Distance, Inc, formerly known as Southwestern Bell Communications Services Inc. d/b/a SBC Long Distance ("SBC Long Distance")¹ and SBC Telecom, Inc. (hereinafter "SBC Telecom")², both wholly-owned subsidiaries of SBC Communications Inc. ("SBC"), this letter is provided to notify the Commission of the corporate reorganization and consolidation of these two affiliates. Because of recent legislative changes to Chapter 364, Florida Statutes, SBC Long Distance and SBC Telecom contend that the reorganization and consolidation do not require Commission approval.³ Notice is given in order to apprise the Commission of the reorganization and to assure the Commission that the transaction will be seamless to existing customers.

¹ SBC Long Distance has been certificated by the Commission as an interexchange carrier ("IXC") and a competitive local exchange carrier ("CLEC"). See Orders Nos. PSC-97-0965-FOF-TI and PSC-00-1136-FOF-TI granting IXC Certificate No. 5210 to SBC Long Distance, and Orders Nos. PSC-04-0380-PAA-TX and PSC-04-0458-CO-TX granting CLEC Certificate No. 8452 to SBC Long Distance. An IXC tariff and a CLEC price list in the name of SBC Long Distance currently are on file with the Commission.

² SBC Telecom has been certificated by the Commission as an IXC and a CLEC. See Orders Nos. PSC-00-1146-PAA-TI and PSC-00-1294-CO-TI granting IXC Certificate No. 7492 to SBC Telecom, and Orders Nos. PSC-99-1116-PAA-TX and PSC-99-1258-CO-TI granting CLEC Certificate No. 7030 to SBC Telecom. An IXC tariff and a CLEC price list in the name of SBC Telecom currently are on file with Commission.

³ Section 364.337(2), Florida Statutes, specifically exempts CLECs from the transfer of control approval requirements of Section 364.33, Florida Statutes. Similarly, IXCs are exempt from the transfer of control approval requirements by Section 364.02(13), Florida Statutes, which exempts IXCs from the definition of telecommunications company except for purposes of filing tariffs and providing the Commission with current information needed to contact and communicate with the company.

As a result of the corporate reorganization and consolidation, the IXC and CLEC Certificates issued to SBC Telecom will no longer be necessary and thus will be cancelled once the reorganization is complete. To the extent required, SBC Telecom requests that the Commission acknowledge cancellation of its CLEC Certificate No. 7030 and IXC Certificate No. 7492.

The terms of the reorganization and consolidation are discussed in greater detail below.

Plan for Reorganization and Consolidation

The corporate reorganization and consolidation calls for all of the operations, assets and liabilities of SBC Telecom to be taken over by SBC Long Distance through the following steps:

- a. SBC Long Distance will become a wholly-owned subsidiary of SBC Telecom.
- b. SBC Long Distance will be converted from a corporation to a limited liability company – SBC Long Distance, LLC.
- c. SBC Telecom will transfer all of its assets and liabilities to SBC Long Distance, LLC, including its voice and data switches, customer contracts/service orders, real estate leases, receivables and employees.
- d. SBC will contribute the stock of SBC Telecom to SBC Teleholdings, Inc., a wholly owned SBC subsidiary;⁴
- e. With respect to CLEC services, SBC Long Distance does not currently have CLEC customers. The CLEC tariff, interconnection agreements and 911 plans currently held by SBC Telecom will be transferred to, and honored by, SBC Long Distance, such that current CLEC customers of SBC Telecom will continue to receive the same services at the same rates as provided at the time of reorganization, except that services will be provided under the name SBC Long Distance, LLC.
- f. With respect to IXC services, SBC Long Distance, LLC will continue to honor the current SBC Long Distance IXC tariff after the reorganization and SBC Telecom will cancel its IXC tariff and its IXC customers will become customers of SBC Long Distance, LLC.

⁴ At present, SBC Telecom and SBC Teleholdings are wholly owned direct subsidiaries of SBC. Following the proposed reorganization, SBC Long Distance, LLC will remain a wholly owned subsidiary of SBC, which will own SBC Long Distance, LLC through two intermediary, wholly owned subsidiaries – *i.e.*, SBC Teleholdings (wholly owned by SBC) and SBC Telecom (wholly owned by SBC Teleholdings). The direct parent of SBC Long Distance LLC following the reorganization will be SBC Telecom.

- g. The IXC and CLEC certificates granted to SBC Telecom by the Commission will be cancelled.

The above-described reorganization will consolidate SBC owned and controlled assets within its subsidiaries. The reorganization is being done to minimize the possibility of customer confusion, promote continuity of services, and offer a full range of services under the SBC Long Distance brand.

Because the reorganization only involves affiliates and will be virtually transparent to customers of SBC Telecom and SBC Long Distance, we do not believe that the carrier selection requirements in Florida Administrative Code Rule 25-4.118 apply. In the event that Rule 25-4.118 is deemed applicable, we would ask that those carrier selection requirements be waived. As indicated above, the reorganization provides for a virtually seamless transition among SBC affiliates. SBC Telecom and SBC Long Distance customers will not be subject to switching fees and will not experience any interruption of service or an increase in rates. Furthermore, SBC Telecom local exchange customers will be provided advance notice of the reorganization in substantially the form attached hereto as Exhibit "A."⁵ We would respectfully submit that requiring prior customer authorization as a condition precedent to this internal corporate reorganization could unnecessarily confuse customers, cause them to fail to respond to a request for authorization, and ultimately result in a loss of service. Accordingly, and to the extent the rule applies, we would respectfully request that the carrier selection requirements in Florida Administrative Code Rule 25-4.118 be waived. Such waiver is consistent with past Commission orders. *See, e.g., In re: Joint application for approval of asset purchase agreement and plan of reorganization whereby Norcom Acquisition, LLC, a wholly owned subsidiary of NUI Capital Corp., will purchase substantially all assets of Norcom, Inc. (holder of ALEC Certificate No. 7298 and IXC Certificate No. 4749), and immediately following closing of proposed transaction, Norcom Acquisition will merge with and into NUI Telecom, Inc. (holder of IXC Certificate 4824 and ALEC Certificate 7328), also a wholly owned subsidiary of NUI Capital Corp.; request for relief from carrier selection requirements of Rule 25-4.118, F.A.C.; and request for cancellation of Norcom, Inc.'s Certificates 7928 and 4749., 02 F.P.S.C. 7:213, Docket No. 020294-TP, Order No. PSC-02-0951-PAA-TP (July 15, 2002).*

Cancellation of SBC Telecom Certificates

As described in greater detail above, the proposed reorganization will result in the cancellation of the IXC and CLEC Certificates granted to SBC Telecom. Pursuant to Florida Administrative Code Rules 25-24.820(2) and 25-24.474, SBC Telecom will pay the Commission all regulatory assessment fees due not later than thirty days from the date of the final Commission order acknowledging cancellation of the certificates. Upon cancellation of the certificates, SBC Telecom customers will be served, and billing will be continued, by SBC Long Distance LLC. SBC Telecom has collected no customer deposits from Florida customers, thus disposition of deposits is not an issue.

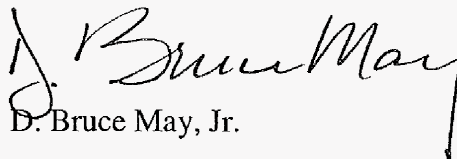
⁵ Regarding the conversion of SBC Long Distance, Inc. to SBC Long Distance, LLC, this change is simply a restructuring of the same legal entity with no change in interexchange carrier; thus, notice is not required.

Reorganization Advances the Public Interest

The reorganization does not appear to require formal Commission approval. However, to the extent that the Commission deems approval is required, we submit that the reorganization is in the public interest. This transaction involves the reorganization and consolidation of SBC Telecom and SBC Long Distance, both wholly-owned subsidiaries of SBC, a holding company whose subsidiaries and affiliates operate predominately in the communications service industry and have provided telecommunications services for over 100 years. SBC is publicly traded on the New York Stock Exchange (Symbol: SBC) with a market capitalization of approximately \$84 billion. The reorganization will be virtually transparent to existing customers who will not experience any service interruptions, rate increases or switching fees. Moreover, the reorganization will result in the consolidation of the two SBC subsidiaries into a single entity, for which the substantial financial and technical support of SBC would remain in place. To the extent approval is required, we would respectfully request the Commission to grant such approval on an expedited basis to allow for the transactions to be consummated on or around March 31, 2005.

Please acknowledge receipt of this letter and its enclosure by stamping the extra copy of this letter "filed" and returning the copy to me. Thank you for your assistance with this filing.

Respectfully submitted,


D. Bruce May, Jr.

DBM:kjg
Enclosure (Customer Notification)

cc: Tommy Williams
Norman W. Descoteaux
Steven Strickland

2452053_v1

Exhibit A

Billing Name
Billing Address
Billing City, ST Zip

Re: Service Address
Service City, State

Dear Valued (Business) Customer:

As you know, SBC Telecom, Inc. ("Telecom") has been your provider for local telephone service. Recently, Telecom announced its intention to combine business operations with its affiliate SBC Long Distance, LLC ("SBC Long Distance"). Under the terms of the agreement, effective March 31, 2005, the anticipated closing date of the transaction, SBC Long Distance will replace Telecom as your local service provider.

Please rest assured that the transition of your service to SBC Long Distance will not affect the services you currently receive from Telecom. As a customer of SBC Long Distance, you will continue to receive local services with the same rates, features, terms and conditions as you currently enjoy. You will be transferred to SBC Long Distance, unless you have selected a different carrier before the transfer date; existing preferred carrier freezes on the services(s) involved in the transfer will be lifted; and you must contact your local service provider to arrange a new freeze. Additionally, you will continue to receive top quality service with performance that meets or exceeds that which you currently receive from Telecom. This change in providers will be beneficial and virtually seamless for you. Please also be assured that you will not incur charges related to the transfer of your services to SBC Long Distance. SBC Long Distance will be responsible for handling any complaints filed or otherwise raised by you prior to or during the transfer to SBC Long Distance.

There is no action required on your part. You may, of course, choose another provider for your local telephone service, subject to any termination restrictions in your service arrangement with Telecom. Unless you choose another service provider, you will automatically become a customer of SBC Long Distance.

We in the SBC family look forward to serving you and appreciate your continued business. In the meantime, if you have specific questions about this notice, please contact us at 1-877-430-7228. (Business # is 1-877-430-7228)

Sincerely,

SBC Telecom, Inc.
SBC Long Distance, Inc.