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May 26, 2006

Chairman Ron Jones  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243

Attention: Sharla Dillon

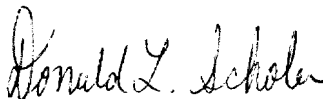
Re: Joint Filing of AT&T Inc. and BellSouth Corporation together with its  
Certificated Tennessee Subsidiaries regarding Change of Control of the Operating  
Authority of BellSouth Corporation's Tennessee Subsidiaries

Docket No. 06-00093

Dear Chairman Jones:

Please find enclosed the original and fourteen copies of the Response of Communication  
Workers of America, AFL-CIO to AT&T Inc. and BellSouth Corporation's First Set of  
Interrogatories and Requests for Production of Documents to the Communications Workers of  
America, AFL-CIO. Please mark the extra copy stamped filed and return it to me. Thank you  
for your assistance in this matter.

Sincerely yours,



DONALD L. SCHOLES

Enclosures

c: Guy Hicks  
Lisa Foshee  
Jack Robinson, Jr.  
Charles B. Welch, Jr.,  
H. LaDon Baltimore  
Susan Berlin  
Timothy Phillips  
Debbie Goldman

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
Nashville, Tennessee

In Re:

Joint Filing of AT&T Inc. and BellSouth  
Corporation together with its Certificated  
Tennessee Subsidiaries regarding Change  
of Control of the Operating Authority of  
BellSouth Corporation's Tennessee  
Subsidiaries

Docket No. 06-00093

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**COMMUNICATIONS WORKERS OF AMERICA'S RESPONSE TO BELL SOUTH'S  
AND AT&T'S INTERROGATORIES AND DOCUMENT  
REQUEST TO COMMUNICATIONS WORKERS OF AMERICA**

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Comes now Communications Workers of America ("CWA") and files this Response to the Bell South's and AT&T's First Set of Interrogatories and Document Request to Communications Workers of America in this matter.

BellSouth Corporation, and the BellSouth subsidiaries certificated to provide telecommunications services in the State of Tennessee (collectively, "BellSouth"), and AT&T, Inc. ("AT&T") hereby request Communications Workers of America ("CWA") to provide answers in response to the following discovery requests in the time established by the Procedural Schedule in this docket.

**DEFINITIONS**

1. The terms "you" and "your" refer to CWA.
2. "CWA" means Communications Workers of America and its subsidiaries, their present and former officers, employees, agents, directors, and all other persons acting or purporting to act on behalf of CWA.

3. The term "document" shall have the broadest possible meaning under applicable law. "Document" means every writing or record of every type and description that is in the possession, custody or control of CWA, including, but not limited to, correspondence, memoranda, drafts, work papers, summaries, stenographic or handwritten notes, studies, publications, books, pamphlets, reports, surveys, minutes or statistical compilations, computer and other electronic records or tapes or printouts, including, but not limited to, electronic mail files; and copies of such writings or records containing any commentary or notation whatsoever that does not appear in the original. The term "document" further includes, by way of illustration and not limitation, schedules, progress schedules, time logs, drawings, computer disks, charts, projections, time tables, summaries of other documents, minutes, surveys, work sheets, drawings, comparisons, evaluations, laboratory and testing reports, telephone call records, personal diaries, calendars, personal notebooks, personal reading files, transcripts, witness statements and indices.

4. "And" and "or" as used herein shall be construed both conjunctively and disjunctively and each shall include the other whenever such construction will serve to bring within the scope of these discovery requests any information that would otherwise not be brought within their scope.

5. The singular as used herein shall include the plural, and vice versa, and the masculine gender shall include the feminine and the neuter.

6. "AT&T" refers to AT&T Inc., which made the initial Joint Filing in this TRA Docket No. 06-00093 with BellSouth.

7. "BellSouth" refers to BellSouth Corporation, and the BellSouth subsidiaries certificated to provide telecommunications services in the State of Tennessee, which made the initial Joint Filing in this TRA Docket No. 06-00093 with AT&T.

8. "Proposed merger" refers to the proposed merger between BellSouth Corporation and AT&T, as referenced in the Joint Filing made by AT&T and BellSouth Corporation on March 31, 2006 in this TRA Docket No. 06-00093.

9. "Combined entity" refers to the combined AT&T and BellSouth Corporation entity after the proposed merger takes place.

### **GENERAL INSTRUCTIONS**

1. If you contend that any response to any discovery request may be withheld under the attorney-client privilege, the attorney work product doctrine or any other privilege or basis, please state the following with respect to each such response in order to explain the basis for the claim of privilege and to permit adjudication of the propriety of that claim:

- a) the privilege asserted and its basis;
- b) the nature of the information withheld; and
- c) the subject matter of the document, except to the extent that you claim it is privileged.

2. These discovery requests are to be answered with reference to all information in your possession, custody or control or reasonably available to you. These discovery requests are intended to include requests for information, which is physically within your possession, custody or control as well as in the possession, custody or control of your agents, attorneys, or other third parties from which such documents may be obtained.

3. If any discovery request cannot be answered in full, answer to the extent possible and specify the reasons for your inability to answer fully.

4. These interrogatories are continuing in nature and require supplemental responses should information unknown to you at the time you serve your responses to these interrogatories subsequently become known.

5. For each discovery request, provide the name of the company witness(es) or employee(s) responsible for compiling and providing the information contained in each answer.

6. To the extent CWA has previously provided a response to any discovery request, which prior response is responsive to any of the following Interrogatories, in Tennessee or any other state in proceedings in which BellSouth and CWA are parties, CWA need not respond to such discovery request again, but rather may respond to such discovery request by identifying the prior response to such discovery request by state, proceeding, docket number, date of response, and the number of such response. If such prior response does not respond to the discovery request contained below in its entirety, you should provide all additional information necessary to make your answers to these Interrogatories complete.

### **INTERROGATORIES**

1. Do you agree that the combined entity will have the financial capability to provide telephone service in Tennessee after the merger?

RESPONSE:

Yes, the combined entity will have the financial capability to provide telephone service in Tennessee after the merger.

Witness: Debbie Goldman

2. If your response to Request No. 1 is anything other than an unqualified yes, state with specificity each fact that supports your response.

RESPONSE:

See Response to No. 1

3. Do you agree that the combined entity will have the managerial capability to provide telephone service in Tennessee after the merger?

RESPONSE:

Yes, the combined entity will have the financial capability to provide telephone service in Tennessee after the merger.

Witness: Debbie Goldman

4. If your response to Request No. 3 is anything other than an unqualified yes, state with specificity each fact that supports your response.

RESPONSE:

See Response to No. 1.

5. Do you agree that the combined entity will have the technical capability to provide telephone service in Tennessee after the merger?

RESPONSE:

The technical capability to provide quality telephone service in Tennessee depends upon adequate staffing by skilled, career employees. The Joint Applicants have not made commitments to maintain or grow employment in

Tennessee. The Joint Applicants have not made commitments to refrain from closing any technical operations, call centers, or other facilities in Tennessee and to refrain from moving jobs out-of-state post-merger. Such developments would have a negative impact on the combined entity's technical ability to deliver quality service to Tennessee customers.

Witness: Debbie Goldman

6. If your response to Request No. 5 is anything other than an unqualified yes, state with specificity each fact that supports your response.

RESPONSE:

The Joint Applicants anticipate the loss of 10,000 jobs nationally after the merger. (BellSouth Employee FAQs related to the BellSouth-AT&T Merger, updated as of March 31, 2006, p. 2, *See attached CWA Exhibit 1*)

The Joint Applicants project that half of the \$13.9 billion in operating expense synergies will result from headcount reductions. (AT&T, BellSouth Merger: Substantial synergy Opportunities, Strengthened Growth Platforms in Wireless, business, and Integrated Services, *See attached CWA Exhibit 2*)

Witness: Debbie Goldman

7. Do you agree that the proposed merger will not change the TRA's authority to regulate the BellSouth and AT&T operating subsidiaries subject to the Authority's jurisdiction?

RESPONSE:

The opportunity to protect against service-impacting job loss is now, during the merger approval process.

Witness: Debbie Goldman

8. If your response to Request No. 7 is anything other than an unqualified yes, state with specificity each fact that supports your response.

RESPONSE:

During the AT&T/SBC merger review process, the Companies provided state Commissions such as the Pennsylvania Public Utility Commission with assurance that the merger would lead to job growth. Six months after the merger, AT&T closed call centers in Pennsylvania, Massachusetts, and Arizona and laid-off employees. Pennsylvania Governor Rendell and AT&T subsequently reached agreement that AT&T would not close the Pennsylvania call center and would not lay off employees in Pennsylvania. (Pennsylvania Public Utility Commission Order, In RE: Informal Investigation of AT&T, Inc., May 19, 2006, *See attached CWA Exhibit 3*)

Witness: Debbie Goldman

9. Do you agree that the proposed merger will not change BellSouth Telecommunications, Inc.'s obligations under Section 251 of the Telecommunications Act of 1996?

RESPONSE:



Yes, the proposed merger will not change Bellsouth Telecommunications, Inc.'s obligations under Section 251 of the Telecommunications Act of 1996.

Witness: Debbie Goldman

10. If your response to Request No. 9 is anything other than an unqualified yes, state with specificity each fact that supports your response.

RESPONSE:

See Response to No. 9.

11. Do you agree that the proposed merger will not change the TRA's authority under Section 252 of the Telecommunications Act of 1996 to arbitrate and enforce interconnection agreements?

RESPONSE:

Yes, the proposed merger will not change the TRA's authority under Section 252 of the Telecommunications Act of 1996 to arbitrate and enforce interconnection agreements.

Witness: Debbie Goldman

12. If your response to Request No. 11 is anything other than an unqualified yes, state with specificity each fact that supports your response.

RESPONSE:

See Response to No. 11.

13. Do you agree that the proposed merger will not change the obligations set forth in the section 251 performance plan ordered by the Authority in Docket No. 04-00150?

RESPONSE:

To the extent that meeting the benchmarks set forth in the section 251 performance plan ordered by the Authority in Docket No. 04-00150 requires adequate staffing by career employees, the Joint Applicants have not provided a commitment to maintain employment in Tennessee and to refrain from closing technical operations, call centers, or other facilities in Tennessee and moving jobs out-of-state post-merger. The opportunity to protect against such a development is now, during the merger approval process.

Witness: Debbie Goldman

14. If your response to Request No. 13 is anything other than an unqualified yes, state with specificity each fact that supports your response.

RESPONSE:

See Response to No. 6 and No. 8.

15. Do you agree that the proposed merger will not change the TRA's jurisdiction over intrastate special access tariffs?

RESPONSE:

Yes.

16. If your response to Request No. 15 is anything other than an unqualified yes, state with specificity each fact that supports your response.

RESPONSE:

See Response to No. 15.

17. If you contend that the proposed merger is not in the public interest, state any and all factual bases for your contention.

RESPONSE:

The Commission must ensure the public interest in quality, reliable service is not impacted by the proposed merger. Employment cuts or movement of work out-of-state could impact the quality of service provided to customers. The opportunity to protect against service-impacting job loss is now, during the merger approval process.

Witness: Debbie Goldman

18. Do you contend that the proposed merger will alter or affect in any manner the collective bargaining agreements currently in effect with respect to CWA employees of BellSouth or AT&T affiliated entities?

RESPONSE:

The merger will not alter or affect in any manner the collective bargaining agreements currently in effect with respect to CWA employees of BellSouth or AT&T affiliated entities.

Witness: Debbie Goldman

19. If your response to Request No. 18 is anything other than an unqualified no, state with specificity each fact that supports your response.

RESPONSE:

See Response to No. 18.

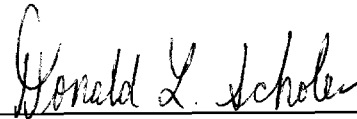
**REQUESTS FOR PRODUCTION OF DOCUMENTS**

1. Please identify and produce all documents to which you have referred or on which you have relied to answer Interrogatories 2, 4, 6, 8, 10, 12, 14, 16, 17, 18 and 19 which support your answers to such Interrogatories.

RESPONSE:

See Exhibits attached to this Response.

Respectfully submitted this 26<sup>th</sup> day of May, 2006.



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*Counsel for Communications Workers of America*  
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I hereby certify that on May 26, 2006, a copy of the foregoing document was served on the following, via U.S. Mail:

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Joelle Phillips  
BellSouth Telecommunications, Inc.  
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Nashville, TN 37201-3300

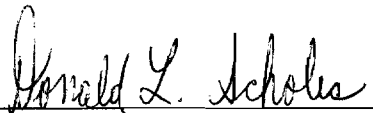
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Donald L. Scholes

# **CWA Exhibit 1**

*Updated as of March 31, 2006***Employee FAQs related to the BellSouth-AT&T merger****Background and Terms of the Merger****Q: Why is AT&T acquiring BellSouth?**

A: Communications services are in a state of continuing change. In the past few years, we have seen the value of consolidation as it has provided new opportunities for growth and innovation. The merger of Cingular and AT&T Wireless, for example, has resulted in customer growth, increased investment and innovation of new products and services. We have also seen tremendous progress with the convergence of wireline and wireless technologies. We believe the merger of AT&T and BellSouth will result in further progress and advances in communication services. The combined company's strong financial position means the ability to invest in next-generation products, services and technology. We will be better able to meet customer demands and compete successfully.

This combination is good for shareholders. Our shareholders will receive a 17.9% premium over the closing price on March 3, which is the trading day before the merger agreement was signed. In addition, after the merger closes, we expect our shareholders to benefit from AT&T's higher annual dividend. Based on the exchange ratio, AT&T's annual dividend of \$1.33 is the equivalent of \$1.76 for each outstanding BellSouth share, representing a 52% increase to BellSouth's current dividend.

It also provides our employees the opportunity to work for the most respected telecommunications company in the U.S. and one of the most respected companies in the world. Both companies are known for their customer service and network excellence. And both companies value diversity and inclusion.

**Q: What are the terms of the deal?**

A: BellSouth shareholders will receive 1.325 shares of AT&T common stock for each BellSouth share that they hold. Based on AT&T's stock price at the close of trading on March 3, 2006, the trading day before the merger agreement was signed, this exchange ratio equals \$37.08 per share. The transaction is expected to be tax-free to BellSouth shareholders.

**Q: AT&T announced that the net present value of expected synergies is estimated to be approximately \$18 billion. Where will the cost savings come from?**

A: Almost all of the efficiencies are expected to come from reduced costs over and above expected cost improvements from the ongoing productivity initiatives of BellSouth, AT&T and Cingular.

- The largest savings are expected to come from backbone network operations and IT, as facilities and operations are consolidated, and from increased capital efficiencies.
- Substantial savings will come from eliminating duplicate corporate functions.
- Additional savings will come from overlapping customer sales and service operations.

**Q: Why was the acquisition deal announced publicly before it was announced to BellSouth employees? Why weren't we told first?**

A: Because BellSouth is a publicly held corporation, we are required to make material information, such as announcements of pending mergers and acquisitions, accessible to the general public at the same time that we inform our employees.

**Impact on compensation and benefits**

**Q: Will the pending merger affect BellSouth's compensation and benefits prior to the closing and how soon after the closing might benefits be changed?**

**A:** The merger agreement does not require BellSouth to terminate or reduce any of its overall benefits and compensation programs. BellSouth's benefits plans and compensation programs in general will remain in effect and will continue to be administered in accordance with their terms until closing (although BellSouth continues to reserve the right to modify these programs in any way and in accordance with the needs of the business). In other words, the current compensation and benefits structures will continue "business as usual" through the closing. After closing, all decisions regarding benefits and compensation will be made by AT&T. However, under the merger agreement, AT&T has agreed that, for a period of time after the merger, BellSouth management employees will have compensation and benefit plans and programs that are no less favorable in the aggregate than they have at BellSouth. This commitment will continue for 12 months from the closing or until Dec. 31, 2007, whichever is later. Eventually, BellSouth employees will migrate to the benefit plans and programs of the AT&T companies.

BellSouth's 2005 bonus payments and CAD increases will proceed as planned, on schedule and unchanged as a result of this agreement. Bonuses will be paid on March 15. Management salary increases will be effective May 1. Bonuses for 2006 will be paid as earned in March 2007.

**Q: What will happen to medical premiums for employees after the merger closes?**

**A:** Any decisions regarding medical premiums after closing would be made by AT&T and, for represented employees, would be subject to the collective bargaining process.

**Q: Will there be job consolidation after the closing occurs?**

**A:** It is anticipated that the majority of BellSouth positions will be unaffected by the merger. However, headquarters staff, support functions and overlapping operations will be consolidated.

**Q: Can any clarification be given around the 10,000 job reduction amongst the three companies that has recently been reported by the media? Are there any indications on how many of the 10,000 will be BellSouth employees?**

**A:** No further information is available at this time.

**Q: Will there be a severance package offered to employees who leave the combined company?**

**A:** Employees who leave the combined company under certain circumstances will be provided benefits under a separation plan. The severance plan will be maintained for two years after closing for employees who separate after closing and who separate for reasons other than for cause (as defined under the enhanced separation plan). The general terms of the enhanced separation plan will be (1) a severance pay formula equal to 7% of base pay per year of service (minimum of 50% and maximum of 150%), (2) a pro-rated bonus payment, (3) rule of 65 for retiree medical (and 6 months paid COBRA for others), (4) rule of 65 for telephone concession, and (5) outplacement services.

**Q: Do these severance terms apply to craft employees?**

**A:** No, these severance terms and benefits apply to management employees only.



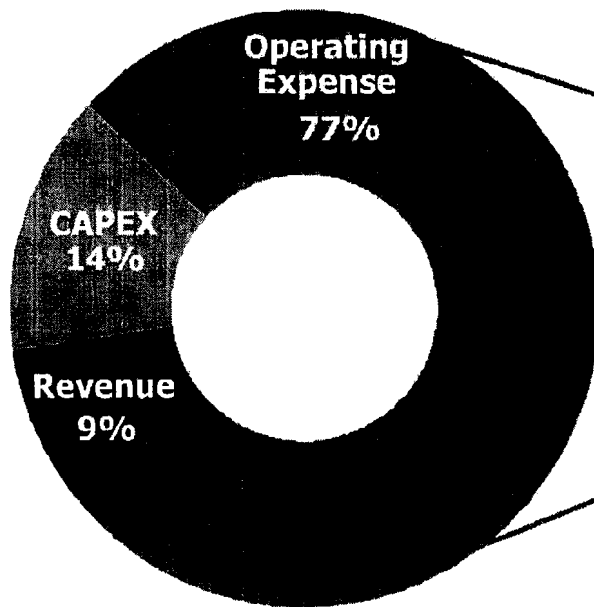
# **CWA Exhibit 2**



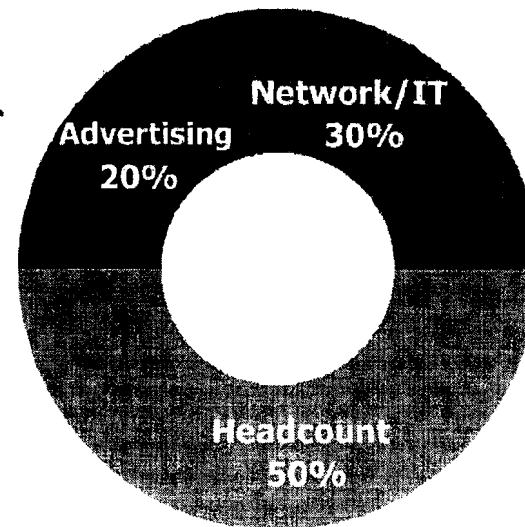
Substantial Synergy Opportunities,  
Strengthened Growth Platforms in Wireless,  
Business and Integrated Services

# Breakdown of Expected Synergies

Percentage Breakdown  
\$18 Billion of Net Synergies



Percentage Breakdown  
Operating Expense Synergies



# **CWA Exhibit 3**

**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