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Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, NW
Portals II, Room TW-A325
Washington, DC 20554

Ex Parte Submission

Re: *Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; Connect America Fund, WC Docket No. 10-90; Updating the Intercarrier Compensation Regime to Eliminate Access Arbitrage, WC Docket No. 18-155.*

Dear Ms. Dortch:

Despite the Commission's best efforts, companies continue to game the intercarrier compensation system, creating irrational and inefficient economic incentives by artificially inflating switched access charge revenues. As AT&T previously stated, the most effective way to eliminate the incentive to engage in intercarrier compensation arbitrage is to complete the move of the switched access regime to default bill-and-keep. Moving these remaining access charges to bill-and-keep would be consistent with the Commission's overarching goal of discouraging arbitrage, as well as remain aligned with the finding in the *Transformation Order* that, with respect to terminating traffic, the LEC's end user is the cost causer and therefore the LEC should look first to its subscribers to recover the costs of its network.

In accordance with AT&T and industry's prior advocacy in the Access Stimulation Notice of Proposed Rulemaking (NPRM) docket, the cost causer, in this case the access stimulator, should bear sole responsibility for the expenses associated with delivery of access stimulation traffic; AT&T reiterates that adopting the NPRM's 'prong one' remains the most economically rational course of action and is most in line with the Commission's stated policy goals of placing the cost where it should reside in a properly functioning marketplace – with the access stimulator who should look to its subscribers to recover network costs.

The Commission also maintains its regulatory, policy and legal flexibility to take other steps, should it prefer to take stronger action, and has additional options available. In the 2011 *Transformation Order*, the Commission established as precedent that access stimulation is an unjust and unreasonable practice in violation of section 201 of the Telecommunications Act. The Commission could state that the practice of intentionally locating high volume services in remote areas with the prevailing purpose of abusing the switched access regime lies outside the Commission's intentions when it defined an access service and is a violation of its rules.

The Commission could also declare that routing high-volume switched access traffic to remote areas to then re-route that traffic via internet protocol networks to the state in which the traffic is actually destined is also a violation of Commission rules.

Finally, given the shambolic nature of the access stimulators' ongoing flaunting of the Commission's access charge rules, the Commission has the authority to revoke the carrier authorizations to provide interstate service from all who engage in this activity.

Sincerely,

Matt Nodine

AT&T Services Inc.

Enclosure

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