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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20036-3384

202 328 8000  
Fax: 202 887 8979

October 5, 2000

*EX PARTE*

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
Room TW-A325  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: CC Docket Nos. 96-98; 99-68

Dear Ms. Salas:

On October 4, 2000, Kelsi Reeves and Don Shephard of Time Warner Telecom ("TWTC"), Don Wood, an outside consultant appearing on behalf of TWTC, Jonathan Askin of ALTS, and I, on behalf of TWTC, discussed the application of reciprocal compensation to the exchange of ISP-bound traffic with Tamara Preiss, Rodney McDonald, and Adam Candeub of the Common Carrier Bureau.

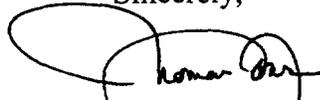
During the meeting, we reiterated arguments made in TWTC's comments and reply comments in the above-referenced dockets. In addition, Don Wood explained why call supervision initiated by the delivery of a dial-up connection to an ISP modem bank justifies the conclusion that the ISP is the "called party." We also explained why ISP-bound traffic is "sent-paid," notwithstanding the application of the special access surcharge. This is because (1) the costs associated with the transport and termination of ISP-bound calls are allocated to the intrastate jurisdiction and therefore cannot be recovered via the surcharge; (2) at the time the surcharge was created, in 1983, the FCC held that ESPs would continue to pay local business rates, just as they always had; those local rates were, and continue to be, "sent paid;" (3) the special access surcharge is not even paid to the ISP's local service provider, but rather to the provider of special access circuits (often a different firm altogether from the ISP's LEC); and (4) in any event, the surcharge was primarily designed to compensate for lost carrier common line charge ("CCLC") revenue on "leaky PBX" traffic; but for ISP-bound calls, originated primarily by residential customers, there is virtually no "foregone" CCLC revenue after the adoption of the CALLS Plan.

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Pursuant to Section 1.1206(b)(1) of the Commission's rules, 47 C.F.R. § 1.1206(b)(1), an original and one copy of this letter are being provided for inclusion in the public version of the above-referenced proceeding.

Sincerely,



Thomas Jones

Enclosure

cc: Tamara Preiss  
Rodney McDonald  
Adam Candeub