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March 2, 2001

96-98

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, S. W. – Room TWB-204
Washington, D. C. 20554

Re: *Ex parte*, Inter-Carrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68; Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98; Request for Emergency Relief of the Minnesota CLEC Consortium and the Rural Independent Competitive Alliance, DA 00-1067; Petitions for Reconsideration and Fourth Further Notice of Proposed Rulemaking, CC Docket No. 96-98; Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Ms. Salas:

On Thursday, March 2, 2001, Frank Ianna, President-AT&T Network Services, Leonard Cali, Vice President-AT&T Federal Government Affairs, Robert Quinn, AT&T Federal Government Affairs Vice President and the undersigned met with Chairman Michael Powell and Kyle Dixon, Legal Advisor-Common Carrier Bureau. The purpose of the meeting was to discuss AT&T's position on several items pending before the FCC that address issues relating to inter-carrier compensation.

We argued that ISP-bound traffic should be treated for purposes of reciprocal compensation as any other local traffic, underscored the practical difficulties of distinguishing ISP-bound traffic from other local traffic, and raised the concern that the ILECs could misapply to other local traffic rules intended for ISP-bound traffic and thereby deny CLECs full compensation or generate unnecessary payment disputes. In this regard, we noted that the ILECs have refused to pay CLECs for amounts due and owing for the termination of local traffic to ISPs, and that any Commission order addressing this issue should minimize unwarranted payment disputes. We also noted that traffic terminated from ISPs should be treated the same as traffic terminated to ISPs, and explained that treating ISP-bound and other local traffic the same provided ILECs some incentive to reduce currently inflated UNE and interconnection rates. We also discussed AT&T's views relating to CLEC access charges, with an emphasis on the importance of prompt resolution of this matter. We also noted

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AT&T's support for prompt implementation of the Rural Task Force's proposal for access charge and universal service reform. Our statements concerning these matters are reflected in AT&T's previous written submission in the above-captioned proceedings.

Two copies of this Notice are being submitted for each referenced proceeding to the Secretary of the FCC in accordance with Section 1.1206 of the Commission's rules.

Sincerely,

cc: Hon. M. Powell, Chairman
K. Dixon