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Richard N. Clarke  
Division Manager

Room 3A166  
900 Route 202/206 North  
Bedminster, New Jersey 07921  
908 532-1976

October 1, 2002

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: *Ex Parte Presentation*  
Petition for Forbearance of Iowa Telecommunications Services  
CC Docket No. 01-331

Dear Ms. Dortch:

On October 1, 2002, I had a telephone conversation with Aaron Goldschmidt of the Pricing Policy Division of the Wireline Competition Bureau concerning the above-captioned petition.

I reiterated positions that AT&T has already placed into the record of this proceeding. I also noted that the recent ex parte filings of ITS have simply failed to address most of the fundamental flaws that AT&T has identified in ITS' proposed application of the Commission's Synthesis Model for universal service to develop its interstate access rates.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

*Richard N. Clarke /ra*

Richard N. Clarke

Cc: Aaron Goldschmidt

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October 1, 2002

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Marlene H. Dortch, Secretary  
Federal Communications Commission  
The Portals  
445 12 Street, S.W., TW-A325  
Washington, DC 20554

**Re: Request for Confidential Treatment of Information to Be Filed  
in Implementation of the Pay Telephone and Compensation  
Provisions of the Telecommunications Act of 1996, CC Docket  
No. 96-128**

Dear Ms. Dortch:

AT&T Corp. ("AT&T") hereby submits the enclosed attachments in connection with the *ex parte* letter being filed today on behalf of AT&T, Sprint Corporation, and WorldCom, Inc. AT&T is filing both a public and confidential version of this submission.

The enclosed attachments provide data on the payphone compensation payments made by AT&T during the Intermediate Period, and, in particular, the payments that AT&T has been unable to recover from its customers. Pursuant to section 0.457(d) and section 0.459 of the Commission's Rules, 47 C.F.R. §§ 0.457(d), 0.459, AT&T hereby requests confidential treatment of the attached material.

Pursuant to section 0.459 of the Commission's rules, persons seeking confidential treatment of information submitted to the Commission must submit a statement of reasons for the request. The following are AT&T's reasons.

Identification of the specific information for which confidential treatment is sought. AT&T seeks confidential treatment for the attached spreadsheets regarding payphone compensation for the Intermediate Period.

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Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission. AT&T understands that this information may be used to resolve issues involving true-ups between Interim and Intermediate Period payphone compensation which are pending in CC Docket No. 96-128.

Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged. AT&T's submission contains specific information about the specific payments for which AT&T was unable to surcharge its customers for payments made to payphone service providers. The specific information is highly confidential financial information. The disclosure of this information would provide the public, competitors, and customers with substantially more information about AT&T's payphone compensation system, as well as the extent and nature of its business relations with its wholesale customers than is ordinarily made public, or that is available from other similarly-situated market participants. AT&T is aware of no public source of this type of data.

Explanation of the degree to which the information concerns a service that is subject to competition. The information presented concerns surcharges AT&T includes in the bills of its wholesale customers. AT&T is subject to substantial competition for these customers. There are numerous other carriers capable of offering similar service to these customers.

Explanation of how disclosure of information could result in competitive harm. Due to the highly competitive nature of the wholesale market, AT&T has been unable to fully recover the cost of administering payphone compensation. Revealing this information publicly would weaken AT&T's negotiating position with third parties and increase the gap between its payphone administration expenses and its costs.

Identification of any measures taken by the submitting party to prevent unauthorized disclosure. The information that is provided in the attachment is highly sensitive financial data that is maintained as internal and confidential information. It is the company's practice and policy not to release such information publicly.

Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties. Information regarding the payments for calls made from payphones for which Flex ANI is not available are not publicly available. AT&T is not aware of previous disclosures to third parties.

Justification of the period during which the submitting party asserts that material should not be available for public disclosure. AT&T requests that the entire attachment be treated as confidential indefinitely. As noted above, this information is not normally disclosed in the ordinary course of business.

Any other information that the applicant seeking confidential treatment believes may be useful in assessing whether a request for confidentiality should be granted. AT&T does not object should the staff choose to make this information available to counsel of record in this proceeding pursuant to a properly-issued protective order. It is our understanding that no protective order is in place, and for that reason, we are seeking confidential treatment of this data based on sections 0.457(d) and section 0.459 of the Commission's Rules.

Based on the showing above, AT&T therefore requests confidential treatment of the attached letter pursuant to section 0.457(d) and section 0.459 of the Commission's rules.

Sincerely,

A handwritten signature in black ink, appearing to read 'Teresa Marrero', with a small '-for-' written below the signature.

Teresa Marrero

cc: M. Brill  
J. Carlisle  
J. Goldstein  
D. Gonzalez  
L. Kinney  
J. Marcus  
J. Rogovin

**AT&T - ATTACHMENT # 1**  
**AT&T Intermediate Period Under-recovery**

Quarter	Detail of Payments			Pre-True-up			Post-True-up		
	a. Per-Call Payments (1)	b. Surrogate Payments (2)	c. Non-Equal Access Payments (3)	d. Total Pre-True-up Payments (a+b+c)	e. Total Revenue (5)	AT&T Net Profit / (Loss) (e-d)	f. Revised Payments @ \$.238 per call (4)	e. Total Revenue (5)	AT&T Net Profit / (Loss) (e-f)
1997Q4	*	*	*	*	*	*	*	*	*
1998Q1	*	*	*	*	*	*	*	*	*
1998Q2	*	*	*	*	*	*	*	*	*
1998Q3	*	*	*	*	*	*	*	*	*
1998Q4	*	*	*	*	*	*	*	*	*
1999Q1	*	*	*	*	*	*	*	*	*
1999Q2	*	*	*	*	*	*	*	*	*
				*	*	*	*	*	\$ (149,259,303)

(1) Per-Call Payments - Payments made to all PSPs (including RBOCs) for calls made from payphones equipped with FLEX-ANI.  
 Quarterly Totals = Number of Calls x \$0.284 per call

(2) Surrogate Payments - Payments made to all PSPs (including RBOCs) for payphones NOT equipped with FLEX-ANI; a per-phone surrogate payment was made to PSPs.  
 Quarterly Totals = Number of Surrogate Payphones x Average Number of Calls Per FLEX-ANI Equipped Payphone x \$0.284 per call

(3) Non-equal Access Payments - compensation to all PSPs (including RBOCs) for payphones in non-equal access territories. A per-phone surrogate payment was made.

(4) Revised Payments - Total Payments adjusted down for true-up from \$.284 to \$.238 per call

(5) Total Revenue Associated With Per-Call Payments. AT&T assumes that it received full payment from end users for each and every completed call made from a payphone equipped with FLEX-ANI.

Confidential - Redacted for Public Inspection.

AT&T - ATTACHMENT # 2

INTERMEDIATE PERIOD PAYPHONES PAID BY AT&T  
By TYPE OF PAYMENT

Quarter	Payphones Paid Per-Call (1)	Payphones Paid Surrogate (2)	Percent of Payphones Paid Surrogate
1997Q4	*	*	*
1998Q1	*	*	*
1998Q2	*	*	*
1998Q3	*	*	*
1998Q4	*	*	*
1999Q1	*	*	*
1999Q2	*	*	*

**Average Percentage of Payphones NOT Equipped with FLEX-ANI -- 40%**

(1) Payphones Paid Per-Call - Number of payphones that transmitted payphone  
Flex-ANI digits and were compensated on a per-call basis

(2) Payphones Paid Surrogate - Number of payphones that did not transmit payphone  
Flex-ANI digits and were compensated on a per-phone, surrogate basis

**Confidential - Redacted for Public Inspection.**