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December 4, 2002

VIA ELECTRONIC FILING

Ms. Marlene Dortch
Secretary
Federal Communications Commission
The Portals
445 12th Street SW
Washington DC 20554

Re: CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 98-170, 02-33, 95-20, 98-10 and NSD File No. L-00-72.

Dear Ms. Dortch:

On December 3, 2002, Whit Jordan (of BellSouth) and Don Cain, Jeff Brueggeman, and myself (of SBC Communications, Inc.) met with Commissioner Kevin J. Martin and Emily Wolleford, Special Assistant for Legislative and Public Affairs to Commissioner Martin, and separately with Jordan Goldstein, Senior Legal Advisor to Commissioner Copps. In each of these meetings, SBC and BellSouth discussed interim proposals to reform the universal service contribution mechanism that may be under consideration in the Commission's open proceedings in the above referenced dockets.

In both discussions, SBC and BellSouth once again urged the Commission to immediately address the competitive disparity that currently exists between directly competing providers of broadband Internet access. SBC and BellSouth believe that immediate action is warranted because there are no assurances as to when this proceeding or the Commission's *Wireline Broadband* Proceeding will be resolved.¹ Unless immediate action is taken, the current contribution mechanism will continue to discriminate against providers of DSL services and their customers, a plain violation of Commission precedent and the requirements of section 254(d) of the Act.

As pointed out in SBC's November 15th ex-parte notice, this disparity can be eliminated via consistent application of existing Commission precedent in the *Bulk Services Order*.² Revenues generated from DSL services sold to ISPs should be treated as wholesale revenues, which are not subject to contribution obligations. Such an action can be taken without predetermining any

¹ See *Appropriate Framework for Broadband Access to the Internet over Wireline Facilities*, CC Docket Nos. 02-33, 95-20, 98-10, *Notice of Proposed Rulemaking*, FCC 02-42 (rel. February 15, 2002) (*Wireline Broadband Proceeding*).

² *In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket 98-147, *Second Report and Order*, 19 FCC Rcd 19237, 19244-45, at ¶¶ 15, 17 (1999) (*Bulk Services Order*).

specific outcomes currently under consideration in the Commission's *Wireline Broadband* Proceeding.

In accordance with Section 1.1206 of the Commission's rules, this notice is being filed in each of the above referenced dockets via the Commission's ECFS system. Should you have any questions regarding the attached, please do not hesitate to contact me by whatever means are most convenient for you.

Sincerely,

A handwritten signature in black ink, appearing to read "J. M. F." with a stylized flourish at the end.