

SIDLEY AUSTIN BROWN & WOOD LLP

BEIJING
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DALLAS
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HONG KONG
LONDON

1501 K STREET, N.W.
WASHINGTON, D.C. 20005
TELEPHONE 202 736 8000
FACSIMILE 202 736 8711
www.sidley.com
FOUNDED 1866

LOS ANGELES
NEW YORK
SAN FRANCISCO
SHANGHAI
SINGAPORE
TOKYO
WASHINGTON, D.C.

WRITER'S DIRECT NUMBER
(202) 736-8088

WRITER'S E-MAIL ADDRESS
dlawson@sidley.com

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By Electronic Filing

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., SW
Washington, D.C. 20554

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

Dear Ms. Dortch:

Verizon and BellSouth recently filed a 64-page *ex parte* submission in the above-captioned dockets, in which they advance a variety of sweeping claims concerning their reciprocal compensation duties under 47 U.S.C. § 251(b)(5) as they relate to ISP-bound traffic. On behalf of AT&T Corp., I attach a brief outline addressing some of the more glaring errors in the Verizon/BellSouth legal analysis.

The Verizon/BellSouth *ex parte* only confirms the urgent need for the Commission to respond to the D.C. Circuit's 2002 remand of the Commission's *ISP Remand Order* by recognizing that ISP-bound traffic is "telecommunications" that falls squarely within the scope of § 251(b)(5) reciprocal compensation obligations. That is not only the right answer as a matter of law and policy; it is the only answer consistent with the public interest in an expeditious consensus solution to comprehensive intercarrier compensation reform.

As evidenced by Verizon's and BellSouth's widely reported withdrawal from industry intercarrier compensation negotiations, those carriers will have no incentive to proceed with serious intercarrier compensation reform efforts so long as the Commission continues through its inaction in these dockets to fail to respond to the D.C. Circuit remand. The Bells must be made to understand that the current intercarrier compensation regime is broken and unsustainable and that foot-dragging to preserve access charges, avoid payment of reciprocal compensation on ISP-bound traffic and maintain other non-cost based pricing schemes that favor the Bells will no longer be tolerated. And it is now clear that providing the Bells with appropriate incentives to

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join the rest of the industry in pursuit of a uniform, efficient and equitable solution to intercarrier compensation requires immediate Commission action, including a prompt ruling in these proceedings that, by its plain terms, § 251(b)(5) applies to *all* ISP-bound traffic and a prompt ruling in the ongoing VoIP rulemaking proceeding that *all* VoIP services are henceforth exempt from access charges pending the completion of comprehensive intercarrier compensation reform.

Respectfully submitted,

/s/ David L. Lawson

David L. Lawson

cc: William Maher
Jane Jackson
Tamara Preiss
Steve Morris
Chris Libertelli
Matt Brill
Jessica Rosenworcel
Dan Gonzales
Scott Bergmann