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June 15, 2004 ***EX PARTE***

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
Room TW-A325
445 12th Street, SW
Washington, DC 20554

Re: CC Docket No. 99-68

Dear Ms. Dortch:

On June 14, 2004, Kelsi Reeves and Don Shepheard of Time Warner Telecom ("TWTC") and I met with Jane Jackson, Bill Dever, Victoria Schlesinger, Steve Morris, Rich Lerner, Margaret Dailey, Rodger Woock, Ted Burmeister and Rob Tanner of the Wireline Competition Bureau to discuss reform of the existing inter-carrier compensation regime. The attached presentation was distributed at the meeting and formed the basis of the discussion. Pursuant to Section 1.1206(b) of the Commission's rules, 47 C.F.R. § 1.1206(b), one electronic copy of this notice is being filed in the above-referenced proceeding.

Sincerely,

/s/
Thomas Jones

Attachment

cc: Jane Jackson
Bill Dever
Victoria Schlesinger
Steve Morris
Rich Lerner
Margaret Dailey
Rodger Woock
Ted Burmeister
Rob Tanner

TIME WARNER TELECOM PRESENTATION REGARDING PRAGMATIC PRINCIPLES FOR INTER-CARRIER COMPENSATION REFORM
CC Dkt. No. 99-68 (June 14, 2004)

- **STRIVE TO ELIMINATE ARBITRAGE AND ACHIEVE NETWORK EFFICIENCY BY ADOPTING A UNIFIED INTER-CARRIER COMPENSATION REGIME FOR THE EXCHANGE OF ALL TRAFFIC REGARDLESS OF TECHNOLOGY OR JURISDICTION.**

- **<u>BUT</u> OPERATE WITHIN THE AGENCY'S EXISTING LEGAL AUTHORITY.**

  - **There are significant legal risks associated with, among other things, intrastate access traffic (especially originating access), mandatory bill and keep, and recovery of costs allocated to the intrastate rate base.**

  - **Legislation is too slow and uncertain to comprise the basis for FCC decisions.**

  - **Cooperative working relationships with the states is critical to address areas outside of the FCC's authority.**

- **THE NEGATIVE CONSEQUENCES OF MANDATORY BILL & KEEP OUTWEIGH ANY BENEFITS.**

  - **Higher consumer rates.**

  - **Expansion of USF requirements add to consumer rates.**

  - **Rural carrier dependence on high USF.**

- **CARRIERS SHOULD BE COMPENSATED FOR THE USE OF THEIR NETWORKS AT A UNIFIED RATE.**

    - **Where two carriers provide service to a customer over the same facilities (e.g., where a customer purchases local and long distance service from different carriers), the two carriers should share the cost of the shared facilities.**

- **INTER-CARRIER COMPENSATION AND UNIVERSAL SERVICE REFORM SHOULD NOT RESULT IN COSTS BEING ARBITRARILY RE-ALLOCATED FROM THE BUSINESS MARKET TO THE RESIDENTIAL MARKET (THROUGH HIGHER END USER CHARGES OR USF).**

- **AVOID POLITICALLY CHARGED DRAMATIC INCREASES IN END USER RATES AND IN THE SIZE OF THE USF.**