Judy Sello
Senior Attorney

Room 3A229
One AT&T Way
Bedminster, NJ 07921
Tel: 908-532-1846
Fax: 908-532-1218
Email: jsello@att.com

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Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W., Room TW-B204
Washington, DC 20554

Re: ***Expedited Petition To Reduce or Adjust the Proposed Fourth Quarter USF Contribution Factor,* CC Docket No. 96-45**

***AT&T Corp. Petition for Declaratory Ruling Regarding Enhanced Prepaid Card Services*, WC Docket No. 03-133**

Dear Ms. Dortch:

I write on behalf of AT&T Corp. in connection with the above-referenced petition filed September 22, 2004 by WilTel Communications, LLC ("WilTel") and supported by BellSouth Corporation ("BellSouth") on September 28, 2004, asserting that the Commission should not accept the Wireline Competition Bureau's proposed 8.9 percent universal service fund ("USF") contribution factor for the fourth quarter 2004[1] because it does not include AT&T enhanced prepaid card ("EPPC") revenues. Although this request is now moot, because the factor was "deemed approved" on September 30, 2004, AT&T offers the following observations.

First, while AT&T has properly excluded EPPC revenues from universal service contributions because this service is an information service, WilTel's suggestion that AT&T is not living up to its universal service obligations is absurd. AT&T is the single largest contributor to the USF, having on average contributed more than 30% of total federal USF program costs since 1998, when the new revenue-based USF mechanism took effect. In aggregate, AT&T has paid more than $9 billion into the federal USF

[1] *See* Public Notice, DA 04-2976, CC Docket No. 96-45 (rel. Sept. 16, 2004).

since 1998. WilTel's claim is particularly ironic given that, as a wholesale carrier, it makes no USF contributions.

Second, as AT&T has previously explained, the predominant users of EPPC services are military consumers, low-income households, African American and Hispanic households, recent immigrants, students, senior citizens, and retirees on fixed incomes, who depend on cost-effective prepaid card services to meet their communications needs. EPPC is, akin to Lifeline service, enabling excluded groups to access the telecommunications network at very low rates. Requiring EPPC revenues to be included in the USF contribution base would not only be inconsistent with current rules, but would shift the USF burden from more affluent consumers to individuals who are least able to afford it. There is no public interest, universal service or other sound policy objective that would be served by this result.

Third, to the extent that WilTel and BellSouth assert that AT&T is enjoying an unfair, discriminatory competitive advantage for its EPPC services, suffice it to say that AT&T has unfailingly maintained that similarly situated parties be treated the same. That is no less true here, but that objective need not be achieved at the expense of military personel, low-income users, minorities, seniors, and others least able to pay these costs. Other providers are free to qualify their prepaid card services as information services, outside of the duty to contribute to the USF. In all events, once the Commission adopts the number-based approach to USF that AT&T has strongly advocated in USF proceedings and that is now part of the Intercarrier Compensation Forum's proposal for comprehensive intercarrier compensation and universal reform, the regulatory classification of a service as an "information service" or "telecommunications service" will no longer be determinative, because providers of both sets of services will be required to contribute to the USF based on their end-users' assigned telephone numbers.

One electronic copy of this Notice is being submitted to the Secretary of the FCC in accordance with Section 1.1206 of the Commission's rules.

Respectfully submitted,

/s/

Judy Sello

cc: Jeffrey Carlisle
Tamara Preiss
Steve Morris
Paul Moon