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August 24, 2007

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

Re: WC Docket 05-337, High Cost Universal Service Support

Dear Ms. Dortch,

This is to inform you that on August 23, 2007 the undersigned, Robert Quinn, and Cathy Carpino of AT&T met in separate meetings with Ian Dilner of Chairman Martin's office and Chris Moore of Commissioner Tate's office. The purpose of each meeting was to discuss AT&T's Rural Broadband Pilot and issues and proposals associated with stabilizing Universal Service Fund growth. In both meetings our comments were consistent with positions contained in previous filings in the listed docket. Material used during the meetings is attached.

In accordance with Section 1.1206, I am filing this notice electronically and request that you please place it in the record of the noted proceeding. If you have any questions please do not hesitate to contact me at 202-457-2041.

Sincerely,

A handwritten signature in cursive script that reads "Mary L. Henze".

Mary L. Henze

cc: I. Dilner
C. Moore

The AT&T Broadband Pilot

AT&T Broadband Pilot Basics

- 2 year program, \$2 billion total funding
- Federal and State collaboration
- Voluntary participation, all providers eligible to apply
- One-time funding to one entity for new capital investment in underserved areas
- Up and running in less than a year

Step 1: FCC determines program parameters

- Geographic Areas: rural census block groups/price cap areas
- Underserved: supported service not *substantially available*
- Supported Service: Broadband Internet access with Sec. 706 Advanced Telecom Capability
- Eligibility Requirements: i.e., financial

Step 2: Applications submitted to State Commissions

Applicants

- identify rural area that is “underserved”
- submit project design to deploy service
- provide budget, timeline, documentation
- proof of meeting eligibility criteria

State Commissions

- verify that identified area is underserved
- determine whether application meets FCC requirements (i.e., financial, service level)
- sends all applications deemed eligible to FCC

Step 3: FCC conducts final review

- FCC criteria and/or ranking methodology established before applications submitted
- Fund variety of projects: size, topography, technology
- Limit funding to one provider per area; but not compelled to fund

Benefits of AT&T Broadband Pilot

- Harnesses expertise of both state and federal regulators
- Streamlined and quick to implement
- Enhance understanding of how to use USF for funding broadband deployment and how much it costs

Proposals to Stabilize Fund Growth

1. Background

AT&T supports efforts to stabilize fund growth, however, none of the short-term proposals would modify today's inadequate geographic distribution of funds and thus cannot solve the issues identified by the 10th Circuit.

Fundamental long term reform will be necessary regardless of action to stabilize fund.

- Joint Board's proposed interim cap is reasonable method to control fund growth while undertaking long term reform.
- Implementing cap would have effect of eliminating identical support rule.
- Other proposals to eliminate identical support rule are highly regulatory and difficult to implement; not near-term solutions.

2. CETC Actual Costs

- Requiring use of actual or embedded costs is highly regulatory solution and would impose substantial new burdens on competitive industry
- Significant number of new rules would be required; six month post rule implementation timeline required for new accounting rules
 - Create new cost categories/accounts
 - New methodologies to calculate support
 - Identify types of CETC costs are eligible for support
 - Documentation and recordkeeping requirements
- GVNW proposal significantly underestimates time and cost of creating and implementing "Wireless Part 32"

3. Wireless Forward Looking Cost Model

- Various proposals would use new forward-looking cost model (or models, wireline and wireless) to determine USF support.
- CETCs, CLEC and wireless alike, are not currently subject to cost models for any other purpose
- Developing and launching a cost model or models equivalent to current non-rural hi-cost model would likely take considerable industry and FCC time and resources