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February 4, 2008

VIA ELECTRONIC FILING

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

Re: NOTICE OF EX-PARTE COMMUNICATION

***In the Matter of High Cost Universal Support, WC Docket No. 05-337; and
In the Matter of Federal-State Joint Board on Universal Service, CC Docket
No. 96-45***

Dear Ms. Dortch:

On February 1st, Bob Quinn, Joel Lubin, Cathy Carpino, and I, all of AT&T, met with FCC Commissioner Jonathan Adelstein and his legal advisors, Scott Bergmann and Renée Crittendon. The purpose of the meeting was to discuss various issues associated with capping the high cost fund. The positions expressed by AT&T during this meeting were consistent both with the attached materials and AT&T's publicly filed documents in the above referenced proceeding.

In accordance with section 1.1206 of the Commission's rules, a copy of this notice is being filed via the Commission's Electronic Comments Filing System in each of the above referenced dockets. Should you have any questions about any of the above, please feel free to contact me directly.

Sincerely,

/s/ Henry Hultquist

Attachment

Cc: Commissioner Jonathan Adelstein
Mr. Scott Bergmann
Ms. Renée Crittendon

1. Uncapped Fund will Continue to Grow

Capping only AT&T Mobility and Alltel does not solve the problem of the USF fund growth.

Without an industry-wide cap wireless USF funding would continue to increase by approximately \$150 million/year (based on historical growth in support for existing CETCs). This means wireless CETC funding would exceed \$1.4 billion by 2009.

Capping only AT&T Mobility and Alltel leaves 51% of wireless CETC funding uncapped.

Uncapped wireless CETCs accounted for 50% of the growth in USF funding to wireless between 2006 and 2007.

2. Pending CETC Applications Promise More Growth

There are currently 90 applications for CETC status pending from 60 different companies before the FCC or state commissions.

Seventy-six of these pending applications are from uncapped carriers. Grant of these applications could add significantly to the growth in uncapped CETC funding.

3. Mississippi and Puerto Rico Highlight Need for Change

Mississippi:

In 2003, only four CETCs received USF funding in MS; in 2007, 14 CETCs received funding and there are seven CETC applications pending before the state PUC, six of which are uncapped.

In 2003, 14.3% of USF funding to MS went to CETCs; by 2007 CETCs accounted for 51.3% of USF funds in that state or \$146 million. ILECs in MS received \$136 million in 2007.

Puerto Rico:

In 2003, there were 2 CETCs receiving USF support in Puerto Rico. In 2007, there were 7 CETCs receiving USF support in Puerto Rico (only 1 capped).

In 2003, 14% of all Puerto Rico High Cost funding went to CETCs. In 2007, 75% of all Puerto Rico High Cost funding went to CETCs or \$98 million. ILECs in PR received only \$33 million in 2007.