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April 7, 2008

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

**RE: Establishing Just and Reasonable Rates for Local Exchange
Carriers, WC Docket No. 07-135**

Dear Ms. Dortch:

On behalf of AT&T Services, Inc. Robert W. Quinn, Hank Hultquist, Christopher Heimann and the undersigned met with Dana Shaffer, Don Stockdale, Marcus Maher, Randy Clarke, Albert Lewis, Deena Shetler, Lynn Engledow and Jay Atkinson of the Wireline Competition Bureau on April 4, 2008. We explained that the access pumping problem is rapidly moving from ILECs to CLECs and that absent swift Commission action this arbitrage that undermines the policy goals of the access charge regime will continue to expand. All of the matters discussed during the meeting were consistent with AT&T's previous filings in this docket. The attached presentation served as the basis for the discussion.

Sincerely,

/s/ Brian Benison

cc: Dana Shaffer
Don Stockdale
Marcus Maher
Randy Clarke
Albert Lewis
Deena Shetler
Lynn Engledow
Jay Atkinson



at&t

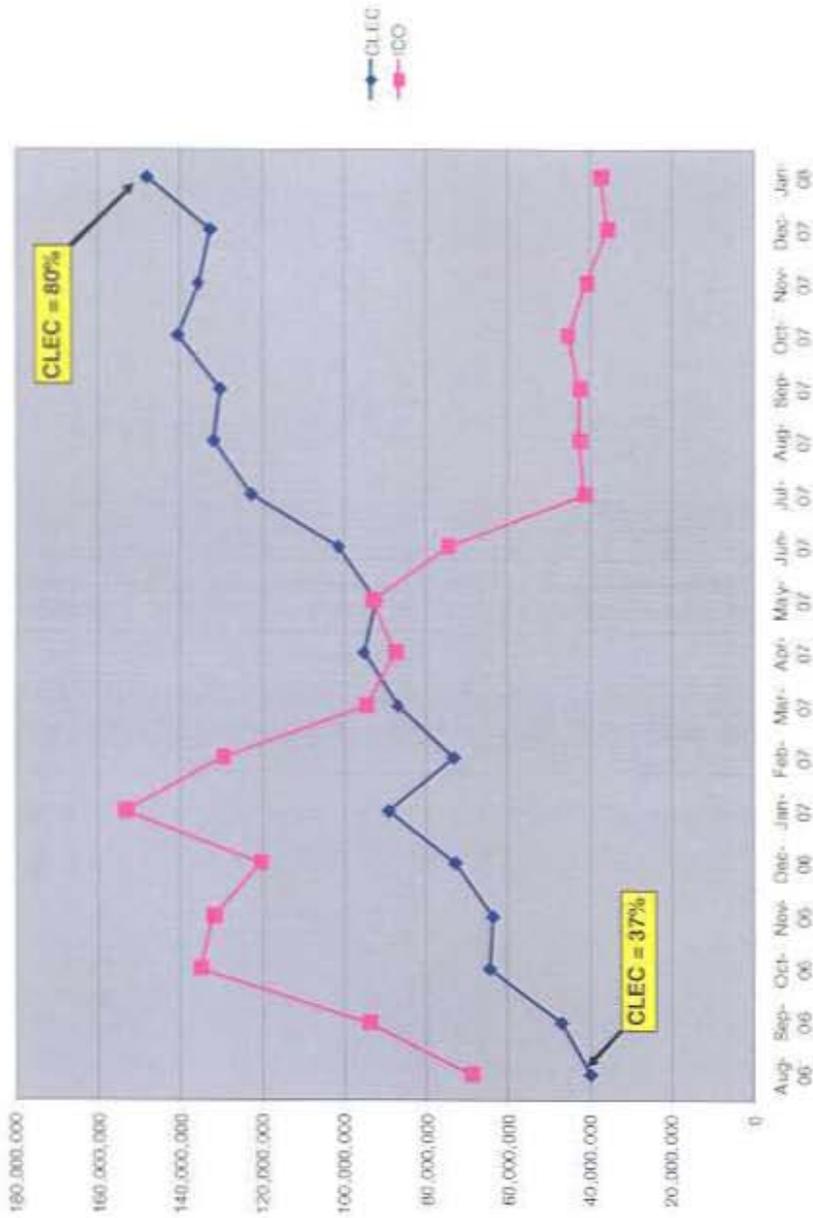
Access Pumping

Rural CLEC Growth

Overview

- Rapid Transition of traffic pumping to CLECs
- Volumes approaching peak before FCC intervention
- Solutions
 - Certifications
 - Triggers
 - Declaratory Rulings

Access Pumping Moves to the Rural CLECs



AT&T delivered traffic



Transition to CLECs

AT&T Interstate MOU to Traffic Pumpers

	Jan-07	Jan-08
Top 24 CLECs	89,385,269	148,209,474
Top 29 ILECs	153,397,679	37,553,803
Total	242,782,948	185,763,277

While last year's tariff intervention by the Commission hindered traffic pumpers, the volumes continue to grow on the CLEC networks.

Solution: Reporting and Certification

- The Commission should require ILECs filing under Rules 61.38 and 61.39 and CLECs that seek to benchmark to a rural ILEC rate or to take advantage of the rural exemption:
 - (1) to report their access traffic quarterly (and rural CLECs should also report their access lines);
 - (2) to certify upon the filing of a tariff that they will not enter into any traffic pumping arrangement (as defined below);
 - (3) to include in all tariffs a commitment to revise the tariff and reduce rates in the event traffic exceeds specified thresholds (and to make appropriate refunds to access customers injured before the reduced rates become effective).

Solution: Refiling Triggers

ILECs:

**Category of LEC by
Annual Minutes
Trigger**

**Year-Over Year
Quarterly Growth Rate**

10 million MOUs or less

100 percent

10 million MOUs to 50 million MOUs

75 percent

50 million or more MOUs

50 percent

CLECs: Monthly 2,000 access minutes per line

Solution: Declaratory Rulings

- The Commission should issue declaratory rulings that
 - (1) any LEC revenue sharing arrangement in which the LEC becomes the net payor of the customer is an unreasonable practice under Section 201(b);
 - (2) the practice of manipulating interconnection points to artificially inflate access charges is an unreasonable practice under Section 201(b);
 - (3) no small LEC may opt into the Commission's current price cap rules absent express permission from the Commission.