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May 23, 2008

EX PARTE

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

Re: Petition of AT&T Inc. For Forbearance Under 47 U.S.C. § 160 From Enforcement of Certain of the Commission's Cost Assignment Rules, WC Docket No. 07-21; Petition of Verizon For Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain of the Commission's Recordkeeping and Reporting Requirements, WC Docket No. 07-273; Petition of Qwest Corporation for Forbearance from Enforcement of the Commission's ARMIS and 492A Reporting Requirements Pursuant to 47 U.S.C. § 160, WC Docket No. 07-204

Dear Ms. Dortch:

Yesterday, Maggie McCready, Ed Shakin, and Chris Miller, of Verizon, and Melissa Newman and Craig Brown, of Qwest, met with Matthew Berry, General Counsel of the Commission, Ajit Pai, Deputy General Counsel, and Diane Griffin Holland and Chris Killion of the Office of General Counsel. The purpose of the meeting was to discuss the Commission's order granting AT&T forbearance from the federal cost assignment rules. *Petition of AT&T Inc. For Forbearance Under 47 U.S.C. § 160 From Enforcement of Certain of the Commission's Cost Assignment Rules; Petition of BellSouth Telecommunications, Inc. For Forbearance Under 47 U.S.C. § 160 From Enforcement of Certain of the Commission's Cost Assignment Rules*, Memorandum Opinion and Order, WC Docket Nos. 07-21 and 05-342 (rel. April 24, 2008) (the "AT&T Order"). Verizon and Qwest requested that the Commission grant the same forbearance to them.

In the *AT&T Order* the Commission found "that there is no current, federal need for the Cost Assignment Rules, as they apply to AT&T," thus requiring forbearance under the section 10 criteria. *Id.* ¶ 11. The Commission determined that the cost assignment rules are not necessary to ensure just and reasonable rates because AT&T is a federal price cap carrier, and under the Commission's price cap regime there is no "direct link between regulated costs and prices." *Id.* ¶ 8. Although some state commissions claim to rely on parts of the federal cost assignment process, the Commission held "that we do not have authority under sections 2(a) and 10 of the

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Act to maintain federal regulatory requirements that meet the three-prong forbearance test with regard to interstate services in order to maintain regulatory burdens that may produce information helpful to state commissions for intrastate regulatory purposes solely.” *Id.* ¶ 32.

The Commission’s rationale in granting AT&T forbearance compels extending the same relief to Verizon and Qwest. Like AT&T, Verizon and Qwest are federal price cap carriers, and thus on the federal level there is no link between Verizon and Qwest’s costs and customer rates. Also like AT&T, Verizon and Qwest could file a compliance plan to address the forbearance conditions the Commission imposed in the *AT&T Order*.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Anne D. Burt". The signature is fluid and cursive, with a large initial "A" and "B".

cc: Matthew Berry
Ajit Pai
Diane Griffin Holland
Chris Killion