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Brian Benison
Director
Federal Regulatory

AT&T Services Inc.
1120 20th Street, NW
Suite 1000
Washington, DC 20032

T: 202.457.3065
F: 202.457.3070

July 24, 2008

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

Re: Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; High-Cost Universal Service Support, WC Docket No. 05-337; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Intercarrier Compensation for ISP-Bound Traffic, WC Docket No. 99-68; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135

Dear Ms. Dortch:

On behalf of AT&T Services, Inc. Hank Hultquist, Cathy Carpino, Jack Zinman, Mary Henze and the undersigned met with Marcus Maher, Al Lewis, Randy Clarke, Victoria Goldberg, Charles Mathias, Doug Slotten, Chris Barnekov, Cody Williams, Bill Sharkey and Jay Atkinson of the Wireline Competition Bureau on July 23, 2008. At the meeting, AT&T briefly summarized its three July 17th filings concerning 1) a framework for comprehensive reform to achieve a unified terminating rate for all carriers, 2) petition for declaratory ruling and waiver regarding VoIP compensation and 3) a letter on VoIP jurisdiction. AT&T emphasized that comprehensive intercarrier compensation reform is the company's first priority and that the VoIP petition need only be addressed if the Commission fails to achieve comprehensive reform.

The goal of comprehensive reform should be unified terminating rates for all carriers and the benchmark-based framework proposed by AT&T on July 17th provides the Commission with the reform "dials" that it needs to achieve that goal. AT&T illustrated a few examples of how those dials could be set to achieve different policy outcomes, but noted that there are a number of ways to turn these dials and that the Commission must ultimately determine which combination best promotes the public interest.

AT&T is encouraged by the Commission's renewed commitment to intercarrier compensation reform and believes that a comprehensive solution is the only solution that serves the long-term interests of America's consumers. The attached presentation served as a basis for the discussion.

Sincerely,

/s/ Brian Benison

cc: Marcus Maher
Al Lewis
Randy Clarke
Victoria Goldberg
Charles Mathias
Doug Slotten
Chris Barnekov
Cody Williams
Bill Sharkey
Jay Atkinson

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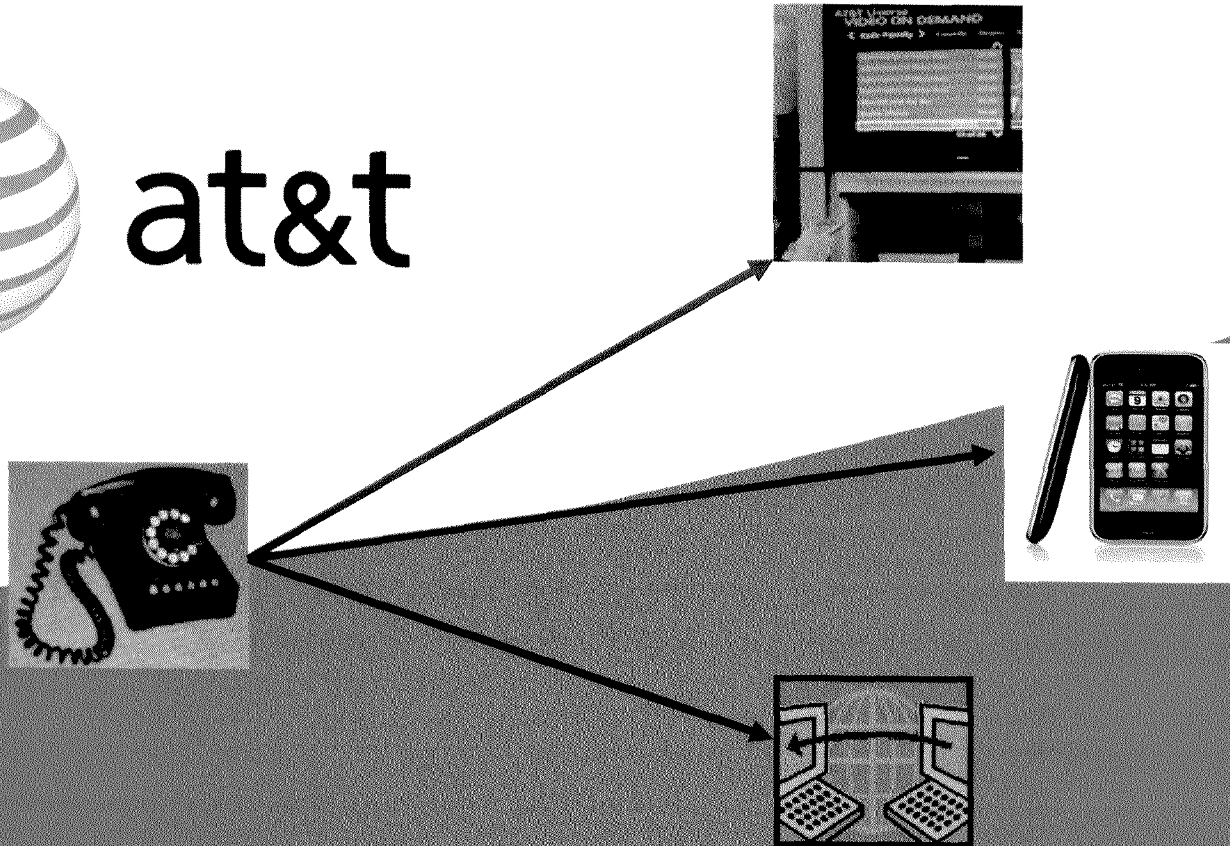

The Path to a Broadband Future - Unified Terminating Rates

Everyone Agrees Reform Is Critical

- Deteriorating access volumes are undermining both Universal Service and broadband goals of the FCC
- Current system incents carriers to cling to the traditional voice model discouraging broadband adoption
- Access disputes also absorb time and energy of FCC and carriers in a game of Whack-a-Mole

Comprehensive Reform is the Best Solution

- AT&T urges the FCC to finally complete comprehensive intercarrier compensation reform
- Compensation certainty is critical to creating environment for broadband
- Stabilizing revenue streams through explicit recovery mechanisms necessary to achieve federal policy goals
- Comprehensive reform more straightforward and effective than piecemeal actions to resolve disputes
- If the FCC achieves comprehensive reform it will resolve several outstanding petitions and can dismiss them as moot (including AT&T's VOIP Compensation petition).

Ongoing Disputes

- ISP Bound Traffic Dkt 99-68, Dkt 01-92
- VOIP Compensation Dkt 01-92, Dkt 04-36
- Traffic Pumping Dkt 07-135
- VOIP Asymmetry Dkt 01-92, Dkt 04-36
- IP in the Middle Dkt 05-276
- Interconnection Point Manipulation Dkt 07-135
- Phantom Traffic Dkt 01-92
- Feature Group IP Forbearance Dkt 07-256
- Embarq Forbearance Dkt 08-08

A Framework for Comprehensive Reform

The Goal: Unified Terminating Rates

- Single, low and unified terminating rate will eliminate arbitrage opportunities and allow transition from old POTS business model to IP world

The Framework: Benchmark-based

- Establish National Comparability Benchmark to facilitate comparability of end-user rates
  - Set the benchmark at amount that ensures equitable balance between end-user recovery and targeted explicit support for high cost areas
  - Compare carrier's rate composite against benchmark (its local rates, state and Federal SLCs, and proxy for state USF charge, if any)

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The Framework (cont'd)

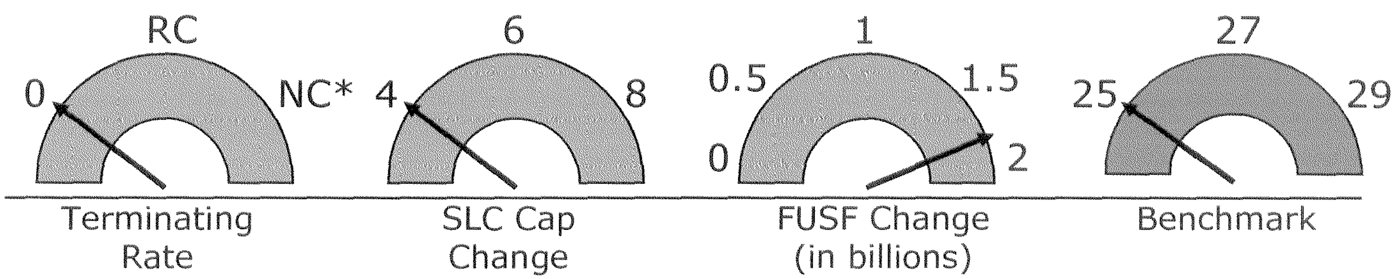
- Result of Benchmark comparison determines how much of terminating access reduction is replaced by end-user rates vs. Federal USF
- Reform "dials" can be adjusted to achieve desired policy outcomes
  - Intercarrier termination rates
  - Federal subscriber line charge
  - Universal Service support

Baseline Issues

- The following slides illustrate example of various dial settings within the framework, these are rough estimates
  - Assumptions for examples
    - Terminating rate is the same for all carriers
    - Financial impacts are based on national averages

- AT&T is proposing a framework to provide a common platform for the policy discussion

Scenario 1A: Unified Terminating Rate set to Zero



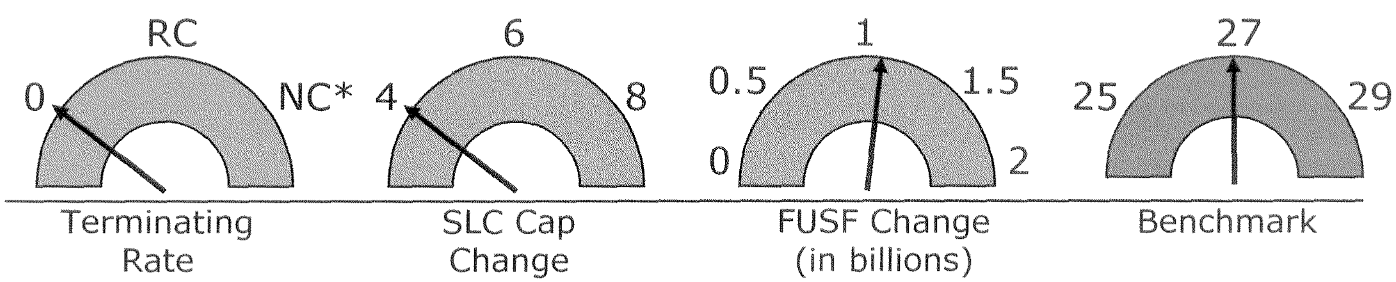
Total Access Shift = $4.3 Billion

Change in FUSF = $1.8 Billion

The dials above generally represent ranges available to the policy maker, they are not intended to be an exhaustive list of possible settings.

*NC=No Change

Scenario 1B:
Unified Terminating Rate set to Zero



Access Shift = $4.3 Billion

Change in FUSF = $1.1 Billion

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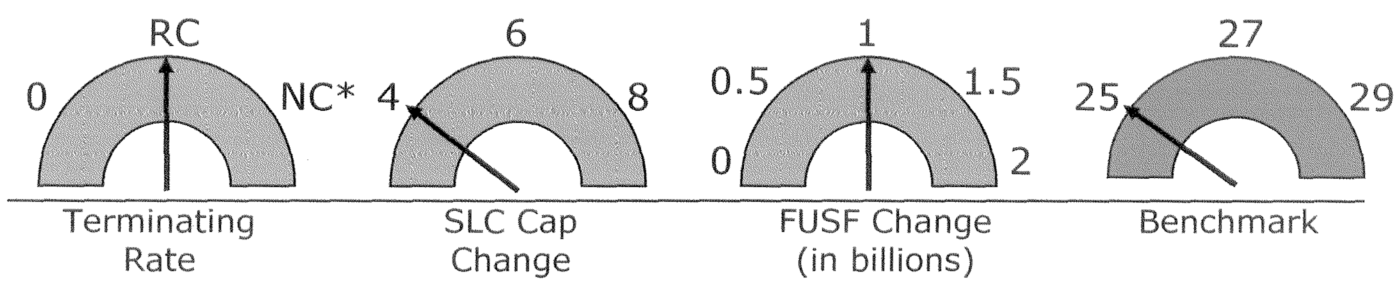
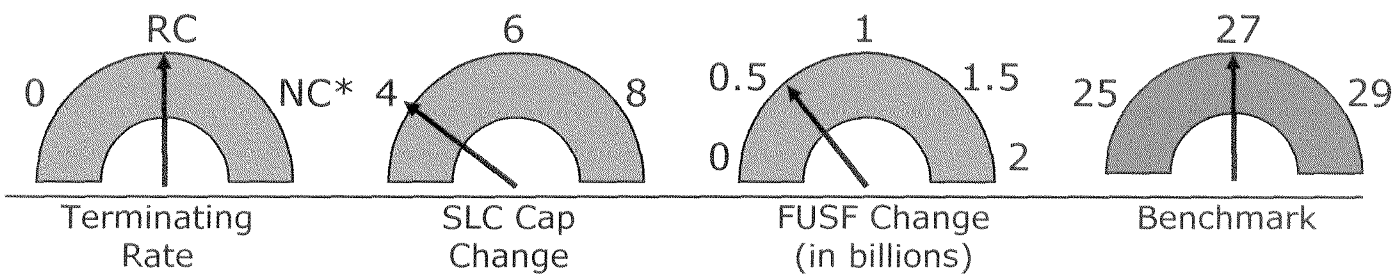
Scenario 2A:
Unified Terminating Rate set to Reciprocal Compensation



Access Shift = $2.9 Billion

Change in FUSF = $1.0 Billion

Scenario 2B:
Unified Terminating Rate set to Reciprocal Compensation



Access Shift = $2.9 Billion

Change in FUSF = $0.6 Billion