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September 12, 2008

Via Electronic Submission

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, Christopher Heimann, Joel Lubin, Saikat Sen and the undersigned met with Don Stockdale, Al Lewis, Marcus Maher, Randy Clarke, Doug Slotten, Tom Buckley, Jennifer McKee, Jim Lande, Ted Burmeister, Gary Seigel, Jenny Prime, Jeremy Marcus, Katie King, Ken Lynch, James Eisner, Rodger Woock, Rebekah Goodheart, Nick Degani and Jay Atkinson of the Wireline Competition Bureau and Paula Silberthau and Chris Killion of the Office of General Counsel on September 11, 2008. At the meeting, AT&T discussed issues related to intercarrier compensation reform as well as the model it is using to estimate the impact of comprehensive reform. The function of a nationwide comparability benchmark was also discussed. AT&T distributed the attached presentation at the meeting.

AT&T indicated that the model:

- primarily relies on public sources of data including the annual tariff filings of price cap and rate of return ILECs, and the annual NECA filing, as well as state filings,
- includes data from 1,430 ILEC study areas
- is designed to base line the scope of the impact resulting from a move to a unified terminating rate
- is updated as newer data becomes available.

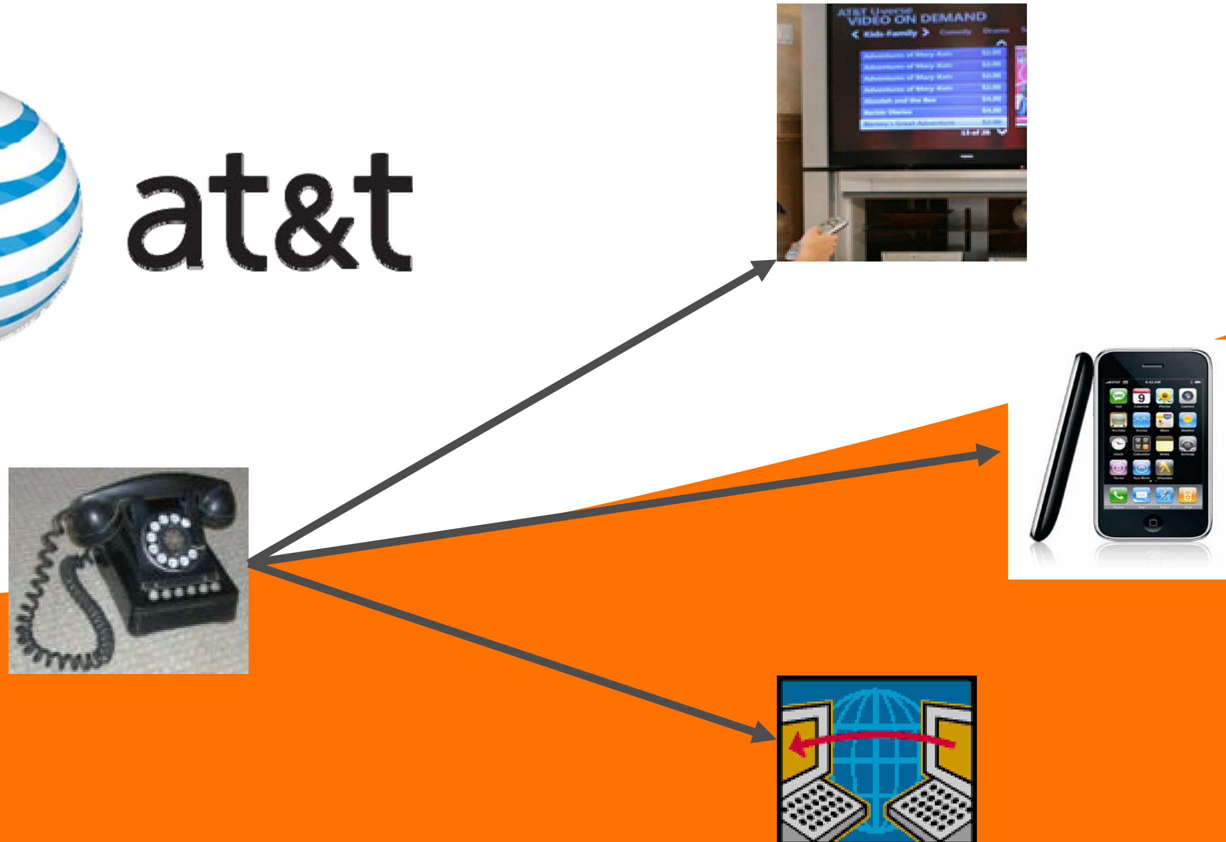
AT&T is encouraged by the Commission's renewed commitment to intercarrier compensation reform and believes that a comprehensive solution is the only solution that serves the long-term interests of America's consumers.

Pursuant to Section 1.1206 of the Commission's Rules, this letter is being filed electronically with the Commission. If you have any questions, please contact me at (202) 457-3065.

Sincerely,

/s/ Brian Benison

cc:	Don Stockdale	Al Lewis	Marcus Maher
	Randy Clarke	Doug Slotten	Tom Buckley
	Jennifer McKee	Jim Lande	Ted Bermeister
	Gary Seigel	Jenny Prime	Jeremy Marcus
	Katie King	Ken Lynch	James Eisner
	Rodger Woock	Rebekah Goodheart	Nick Degani
	Jay Atkinson	Paula Silberthau	Chris Killion



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)

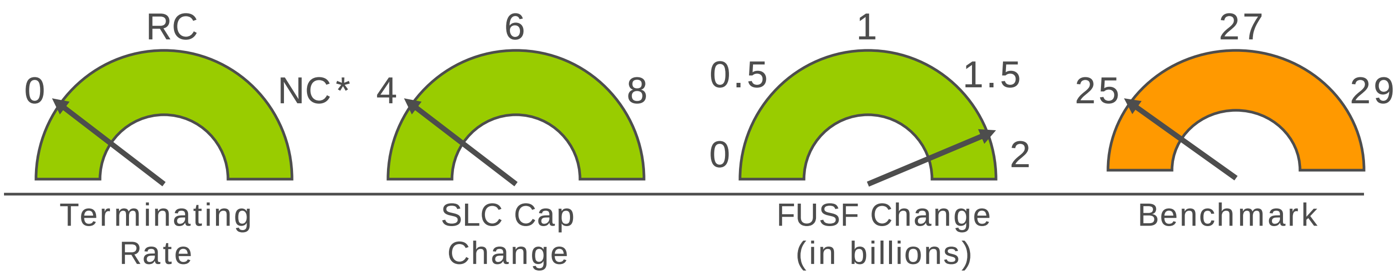
The Framework (cont'd)

- 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



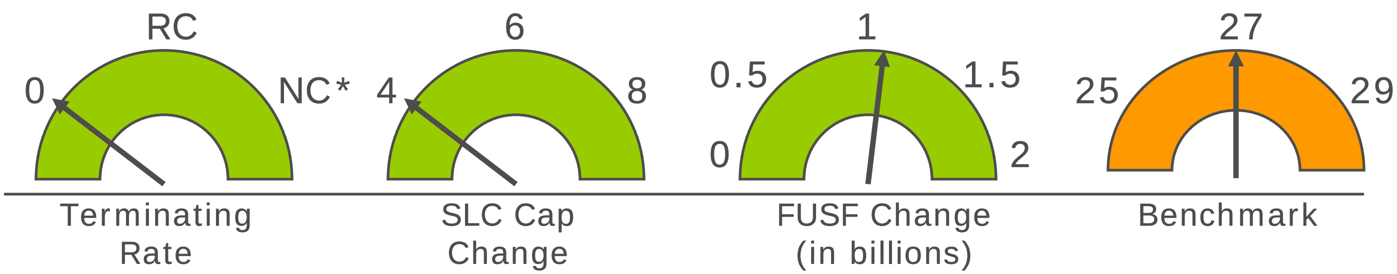
Total Access Shift = $4.3 Billion

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

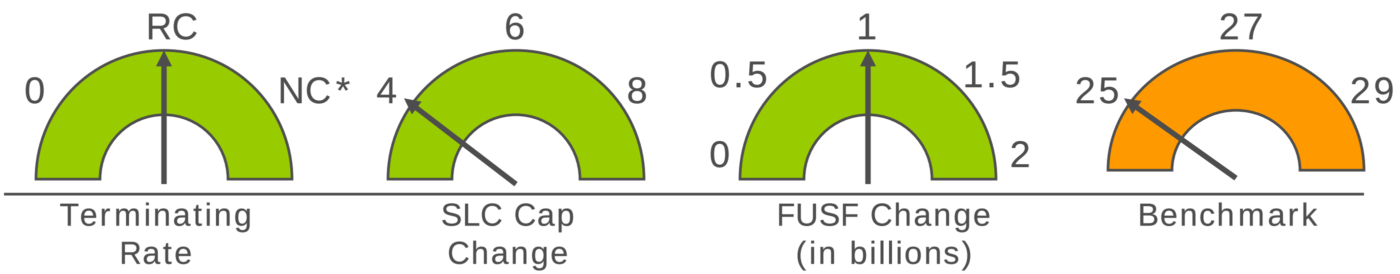
Scenario 1B:
Unified Terminating Rate set to Zero



Access Shift = $4.3 Billion

Change in FUSF = $1.1 Billion

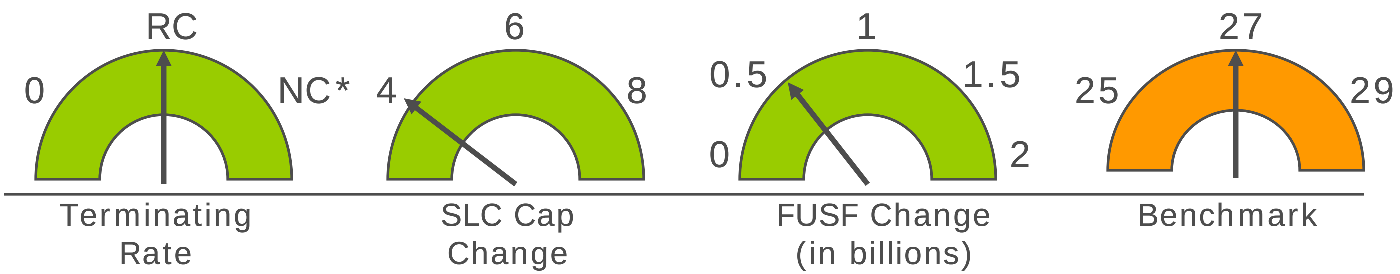
Scenario 2A:
Unified Terminating Rate set to Reciprocal Compensation



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