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VIA ELECTRONIC FILING

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

**Re: *In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45;*
*In the Matter of Universal Service Contribution Methodology, WC Docket No. 06-122.***

Dear Ms. Dortch:

Today, Mary Henze, Christopher Heimann, and I (of AT&T), met with Jennifer McKee, Greg Guice, Carol Pomponio, and Cindy Spiers of the Telecommunications Access Policy Division to discuss the ongoing contribution methodology reform proceeding as well as the proposals contained in the various appendices to the FCC's November 5th *Further Notice*. Consistent with its recent filings in this proceeding, AT&T recommended that the Commission adopt the definition of "Assessable Number" previously proposed by AT&T and Verizon, modify the implementation period, and apply the new methodology to certain other regulatory fees.

Also consistent with AT&T's previous filings, we also recommended that the FCC modify the capacity/assessment tiers from the Appendix B draft Order. Under the terms of that draft, dedicated connections over 64kbps would be assessed at a rate of \$35 per connection per month. As noted in ex parte presentations, an assessment of this magnitude would nearly equal the monthly price of the service for very common small business services. As such, on October 29th, AT&T proposed an alternative series of tiers, which are as follows:

- Tier 1: dedicated connections up to and including 25 mbps @ \$2.00 per connection per month.
- Tier 2: dedicated connections over 25 mbps up to and including 100 mbps @ \$15.00 per connection per month.
- Tier 3: dedicated connections over 100 mbps @ \$250.00 per connection per month.

In formulating the above tiers, AT&T sought to minimize the degree to which USF assessments might hamper the growth of high-speed data services. AT&T believes that the above structure will result in minimal impacts to customer purchasing decisions for such services. AT&T also departed from the customary capacity break-points (e.g. DS-0, DS-1, and DS-3) in an effort to sever the

relationship between all subsequent connections-based assessments and traditional LEC services such that they can be equally and rationally applied to all competitors in the marketplace for such services.

In accordance with Section 1.1206 of the Commission's rules, this letter will be filed in each of the above referenced dockets via the Commission's ECFS system. Should you have any questions regarding the attached, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "J. McKee". The signature is fluid and cursive, with a large initial "J" and a stylized "M" and "K".

Cc: Jennifer McKee
Greg Guice
Carol Pomponio
Cindy Spiers