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December 16, 2010

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

Re: WC Docket 02-60; In the Matter of Rural Health Care Support Mechanism

Dear Ms. Dortch,

On December 15, 2010 the undersigned, Ernie Bond and Cathy Carpino, all of AT&T, met with Greg Guice, Romanda Williams, Cindy Spiers, Divya Shenoy, Chin Yoo, and Erica Myers all of the Wireline Competition Bureau, to discuss aspects of the Commission's July 15, 2010 Notice of Proposed Rulemaking in the above named proceeding. AT&T's comments during the meeting were consistent with those it previously filed in its Comments and Reply Comments regarding the NPRM.

AT&T noted, in particular, that the proposal to provide health care participants with significant discounts for connecting their networks to a backbone provider if they select only National LambdaRail or Internet2 violates section 254(h)(2) of the Communications Act of 1934, as amended, which requires the Commission to establish competitively neutral rules. The company recommended that the Commission apply the same competitive bidding rules recently codified for the E-rate program and allow health care participants to receive discounts regardless of which backbone provider they select through a fair and open competitive bidding process.

AT&T urged the Commission to complete its Pilot Program without further delay, issue the promised Report on the Pilot Program and then issue a Further Notice of Proposed Rulemaking on the Health Infrastructure Program (HIP) before adopting final rules. That FNPRM should also include proposals for coordinating the HIP with other federal funding sources such as BTOP and BIP grants, and future Connect America Fund disbursements, to ensure that scarce Universal Service Fund dollars are prioritized for truly "unserved" areas.

In addition, AT&T noted that the proposals that would require health care providers to obtain an ownership interest in constructed facilities and to share excess capacity with ineligible entities were plainly contrary to section 254(h) and should not be adopted. In order to simplify the administration of the rural health care programs, AT&T also urged the Commission to allow USAC to reimburse health care providers directly, rather than continue the complicated and administratively inefficient present method in which service providers are required to be the conduit between health care providers and USAC in any flow of funds.

This notice is being filed pursuant to section 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me at 202-457-2041.

Sincerely,

/s/ Mary L. Henze

Mary L. Henze

cc: G. Guice
C. Yoo
C. Speirs
R. Williams
D. Senoy
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