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January 31, 2011

Electronic Submission

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

Re: Notice of Ex Parte Presentation

Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; High Cost Universal Service, WC Docket No. 05-337; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Lifeline and Link-Up, WC Docket No. 03-109

Dear Ms. Dortch:

On Friday, January 28th, Bob Quinn, Joel Lubin, Cathy Carpino and I, on behalf of AT&T, met with Sharon Gillett, Chief of the Wireline Competition Bureau, Zac Katz, legal advisor to Chairman Genachowski, Michael Steffen of the Office of General Counsel, and the following members of Chief Gillett's staff: Carol Matthey, Amy Bender, Victoria Goldberg, Patrick Halley, Elise Kohn and Rebekah Goodheart. The discussion was consistent with our filings in the above-referenced proceedings.

As the Commission begins comprehensive reform of universal service policies, including among other things the federal Universal Service Fund and intercarrier compensation, it should do so with a clear eye on its destination, which is no less than a regulatory transformation to match the transformation in networks and services that is already well underway in most of the country. Twentieth century voice networks were built and are maintained on a business model that has included artificially low residential rates for "basic" service, mandatory cross-subsidies (including intercarrier compensation), and several explicit subsidy mechanisms. Business models for twenty-first century broadband Internet protocol networks have departed from the legacy model in a number of respects. The Commission should begin to identify these differences in its upcoming Notice of Proposed Rulemaking.

AT&T recommends that the Commission direct its reform efforts toward a destination that includes the following attributes:

- High-cost universal service funding is available exclusively for the provision of broadband services;
- High-cost universal service funding is available only for discrete geographic areas that could not be served without such support;

- Universal service obligations are clearly defined by the Commission and limited to the discrete areas for which explicit support is provided;
- “Loop” costs are assigned entirely to the interstate jurisdiction;
- No mandatory cross-subsidies from competitive areas to areas eligible for support;
- Neither tariffs nor other regulatory mechanisms are used to re-establish a terminating monopoly;
- Regulatory barriers to the eventual sunset of legacy networks and services are removed.

Pursuant to section 1.1206 of the Commission’s Rules, this letter is being filed electronically with your office for inclusion in the public record of the above referenced proceedings.

If you have any questions, please do not hesitate to contact me at (202) 457-3821.

Sincerely,

/s/ Henry Hultquist
Vice President – Federal Regulatory

cc: Sharon Gillett
Zac Katz
Michael Steffen
Carol Matthey
Amy Bender
Victoria Goldberg
Patrick Halley
Elise Kohn
Rebekah Goodheart