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December 14, 2011

Electronic Submission

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

Re: Ex parte

Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing a Unified Intercarrier Compensation Regime, CC Docket 01-92; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109

Dear Ms. Dortch:

On December 12th, Christopher Heimann, David Hostetter, and I, on behalf of AT&T met with the following members of the Wireline Competition Bureau: Randy Clarke, Dan Ball, Victoria Goldberg, Doug Slotten, Rebekah Goodheart, Al Lewis, Travis Litman, and Peter Trachtenberg. During the meeting, we discussed the Commission's recent order on comprehensive reform of universal service and intercarrier compensation. In particular we made the following points:

1. In basing eligible recovery on charges billed in fiscal year 2011 for which payment has been received by March 31, 2012, the Commission has adopted an approach that carrier systems may not be able to implement in a timely manner.
2. The Commission may need to revisit any pre-existing grants of relief under section 251(f)(2) that could impede the reforms adopted.
3. The intercarrier compensation transition does not indicate the appropriate level for intrastate access rates for a new entrant prior to July 1, 2013. The Commission should consider requiring new entrants to mirror interstate rates from the outset. Otherwise, a new entrant could establish excessive intrastate access rates, which, in the case of originating access, would remain in effect until the FCC completes action on the further notice of proposed rulemaking and determines whether and how to transition originating access to its new bill and keep framework.
4. The residential rate ceiling that limits ARC rates, should only be increased for rate increases associated with intrastate access reform. Otherwise, carriers with local rate flexibility may increase rates in order to receive additional recovery from the universal service fund.

5. In calculating the residential rate ceiling, state high cost universal service funds should be allocated across all lines associated with services that contribute to those funds.
6. Rule 51.705(c)(3) should be modified to avoid creating a lag between reductions in access charges and comparable non-access reciprocal compensation charges. In particular, the rule should state that effective July 1, 2013, no telecommunication carrier's non-access reciprocal compensation rates shall, at any time, exceed that carrier's tariffed interstate access rates for equivalent functionality.
7. Rule 51.705(c)(4) should be modified to make clear that the non-access reciprocal compensation rates of competitive local exchange carriers operating under the rural exemption shall be set pursuant to bill-and-keep arrangements beginning on July 1, 2018.

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

cc: Randy Clarke
Dan Ball
Victoria Goldberg
Doug Slotten
Rebekah Goodheart
Al Lewis
Travis Litman
Peter Trachtenberg