



Henry Hultquist
Vice President
Federal Regulatory

AT&T Services, Inc. T: 202.457.3821
1120 20th Street, NW F: 202.457.3072
Suite 1000
Washington, DC 20036

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Electronic Submission

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

Re: Ex parte

***Connect America Fund; A National Broadband Plan for Our Future;
Establishing Just and reasonable Rates for Local Exchange Carriers; High-
Cost Universal Service Support; Developing a Unified Inter-carrier
Compensation Regime; Federal-State Joint Board on Universal Service;
Lifeline and Link-Up; Universal Service Reform – Mobility Fund, WC Docket
Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket
No. 09-51, WT Docket No. 10-208***

Dear Ms. Dortch:

On Monday, May 7th, Joel Lubin, David Hostetter, Saikat Sen, and I spoke by telephone with Deena Shetler, Randy Clarke, Doug Sloten, Rhonda Lien, John Hunter, Dan Ball, and Richard Kwiatkowski of the Wireline Competition Bureau. We discussed AT&T's experience thus far as an incumbent local exchange carrier with implementation of the step one rate reductions associated with inter-carrier compensation reform.

We explained that in six states – IL, MI, OH, IN, WI, and TX – AT&T had previously adopted the interstate rates and structure for its intrastate switched access services. AT&T's preliminary analysis has found that pursuant to the rules established by the Commission, it will not require any step one intrastate rate reductions in six additional states – MS, TN, KY, KS, GA, and NV.

For the remaining ten states where AT&T operates as incumbent local exchange carrier – CA, AR, MO, OK, AL, FL, LA, NC, CT, and SC – AT&T has varying intrastate rate structures. In some states, AT&T's intrastate rate structure is largely similar to the interstate structure. In others, such as MO, it is quite different. In both types of situation, AT&T has found so far that the step one rate reductions can be implemented more easily than some prior reforms, such as the interstate local transport restructure. For example, AT&T has generally been able to map intrastate rates into buckets or categories that largely correspond to the interstate rate structure. In addition, AT&T already tracks originating and terminating local switching and tandem switching usage separately. That capability can be used to divide other elements within those buckets.

AT&T also identified some anomalous situations, such as intrastate access rate structures that include intrastate common line charges assessed on a per-line basis that are causing debate within the industry over the appropriate application of the Commission's rules. Another example of an issue that may impact intrastate tariff filings is whether ILECs, e.g., NECA as well as non-pooling rate of return ILECs, have calculated their Step 1 revenue reductions in accordance with the Commission's rules. These issues highlight the importance of Commission leadership and state commission involvement.

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 or need additional information, please do not hesitate to contact me at (202) 457-3821.

Sincerely,

/s/ Henry Hultquist

cc: Deena Shetler
Randy Clarke
Doug Slotten
Rhonda Lien
John Hunter
Dan Ball
Richard Kwiatkowski