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May 21, 2012

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 Intercarrier Compensation Regime; Federal-State Joint Board onUniversal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund, WCDocket 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 May 17th, Christi Shewman, Joel Lubin, Hank Hultquist, David Hostetter, and I, on behalf of AT&T, met with Victoria Goldberg, Randy Clarke, Dan Ball, Doug Slotten, Athula Gunaratne, Paul Hartman, John Hunter, Merry Wulf and Pam Arluk of the Pricing Policy Division. During the meeting we discussed issues related to a number of rules recently adopted by the Commission as part of comprehensive intercarrier compensation reform.

We discussed the Commission's rules for calculation of eligible revenue for implementation of access recovery charges. In particular, we described the methodology that AT&T will use for determining eligible revenue. AT&T reviewed twenty six months of switched access billings beginning February 2010, and compared billed amounts to adjustments made to switched access revenues that reflect the settlement of switched access bill disputes, and related credits provided to switched access customers. In particular, the switched access revenues were compared to the negative revenue adjustments created by service center adjustments or settlements that reduce revenue. In determining the adjustments, settlements relevant to billings for prior periods were excluded. Lastly, accrued settlements were reviewed to determine if future expected adjustments would appear that were relevant to the 26 month period. Any relevant accrued settlements were included in the final settlement balance. Thus a match between settlements and revenues was completed. This analysis produced an uncollected factor which AT&T will use to reduce fiscal year 2011 terminating switched access demand that will be used to determine its eligible revenues.

We also discussed whether, under the Commission's rules, only state E911 charges and not local E911 charges are to be included in the rate ceiling calculation.

Finally, we discussed NECA's April 25, 2012 ex parte in which it proposed to use composite rates to calculate the Step 1 intrastate access revenue reduction that is one of the inputs to the

calculation of eligible recovery. AT&T explained its position that the rate-of-return ILECs should follow the methodology described in the FCC's rules to calculate their Step 1 intrastate revenue reductions. This information, along with the other primary inputs to eligible recovery such as CMRS Net Reciprocal Compensation and Non-CMRS Net Reciprocal Compensation, would need to be provided to NECA so that it can calculate the ARC for these companies. NECA's composite methodology is inconsistent with the rules, and each rate of return carrier should be developing their individual intrastate access reduction per FCC rules and use them for their intrastate access filings.

If you have any questions or need additional information, please do not hesitate to contact me. Pursuant to section 1.1206 of the Commission's rules, this letter is being filed electronically with the Commission.

Sincerely,

/s/ Brian J. Benison

cc: Victoria Goldberg
Randy Clarke
Dan Ball
Doug Slotten
Athula Gunaratne
Paul Hartman
John Hunter
Merry Wulff
Pam Arluk