



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

August 2, 2012

Electronic Submission

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

Re: Notice of Ex Parte Presentation
*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 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 Tuesday, July 31st, Bob Quinn, Joel Lubin, and I, on behalf of AT&T, met with Nicholas Degani, legal advisor to Commissioner Pai. In the meeting we discussed AT&T's views on a number of issues related to universal service. In particular, we emphasized the importance of reforming the Commission's ETC rules so as to limit ETC obligations to areas for which service providers voluntarily agree to meet those obligations as a condition of receiving subsidies. Moreover, ETC obligations and the associated funding should have a pre-defined end date. The Commission's efforts to facilitate the transition to all-IP networks will fail unless this fundamental reform is accomplished.

We discussed the continued growth in the Lifeline fund. If current trends continue, that growth will soon cause the overall Universal Service Fund to exceed well over \$9 billion annually. As a consequence of this growth, the contribution factor, which has already reached levels that would have been unthinkable when the fund was launched, will be even higher.

We discussed the importance of completing reform of the contribution mechanism. We pointed out that given the diversity of business models that have arisen in the industry and the decline of traditional telecommunications services, the current revenue-based contribution mechanism is no longer viable. We urged the Commission to move to a mechanism based on inputs to communications, such as connections, telephone numbers, or data usage.

We discussed the Connect America Fund (CAF) and the sea change that it has begun. We urged the Commission to stay on track for moving to phase 2 of the CAF.

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: Nicholas Degani