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February 4, 2013

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> Street SW  
Washington DC 20554

**Re: Connect America Fund, WC Docket No. 10-90; Developing a  
Unified Intercarrier Compensation Regime, CC Docket No. 01-92**

Dear Ms. Dortch:

At the request of staff, AT&T provides the attached data showing potential changes to subscriber line charges (SLCs) in 2013 should AT&T's ILECs be required to apply one-third of their Interstate Access Support (IAS) towards building and operating broadband networks.

USTelecom and a number of price cap carriers, including AT&T, met with Wireline Competition Bureau staff on December 17<sup>th</sup> to discuss the conflict in the *USF/ICC Transformation Order* language and rules which appears to require ILECs to use IAS funding in two ways.<sup>1</sup> As pointed out during the meeting and reiterated in a USTelecom January 31 ex parte filing, redirecting IAS from its original purpose would result in increases to SLC rates. The attached data shows how much AT&T SLC rates would rise, by region and type of customer, if one-third of IAS is redirected to broadband deployment.

Please do not hesitate to contact me at 202-457-2041 should you have any questions on this material.

Sincerely,

*Mary L. Henze*

Mary L. Henze

cc: Carol Matthey  
Deena Shetler

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<sup>1</sup> AT&T discussed this conflict with staff almost one year ago. See Letter from Mary L. Henze, AT&T, to Marlene Dortch, FCC, WC Docket No. 10-90 (filed March 21, 2012).

**Effect on AT&T ILEC Subscriber Line Charges if IAS Funding is Reduced by One Third**

Filing Entity	# of States	Primary Residential & SLB			Non Primary Residential			Multi-Line Business		
		Current	New	Change	Current	New	Change	Current	New	Change
<b>Bell South</b>	9	\$ 6.44	\$ 6.50	\$ 0.06	\$ 6.44	\$ 6.87	\$ 0.43	\$ 6.44	\$ 6.87	\$ 0.43
<b>Pacific Bell (California)</b>	1	\$ 4.40	\$ 4.42	\$ 0.02	\$ 4.40	\$ 4.42	\$ 0.02	\$ 4.40	\$ 4.42	\$ 0.02
<b>SNET (Connecticut)</b>	1	\$ 5.77	\$ 5.79	\$ 0.02	\$ 5.77	\$ 5.79	\$ 0.02	\$ 5.77	\$ 5.79	\$ 0.02
<b>Nevada Bell (Nevada)</b>	1	\$ 4.52	\$ 5.06	\$ 0.54	\$ 4.52	\$ 5.06	\$ 0.54	\$ 4.52	\$ 5.06	\$ 0.54
<b>SWBT</b>	5	\$ 5.30	\$ 5.32	\$ 0.02	\$ 5.30	\$ 5.32	\$ 0.02	\$ 5.30	\$ 5.32	\$ 0.02

**Note:** None of AT&T's ILECs in its Midwest region receives legacy IAS.