May 1, 2003

Via Electronic Filing

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: Notice of Ex Parte Presentation: AT&T Corp. Petition for Rulemaking To Reform Regulation Of Incumbent Local Exchange Carrier Rates For Special Access Services, RM No. 10593.

Dear Ms. Dortch;

On Wednesday, April 30, 2003, Robert Quinn Jr. and I met with Christopher Libertelli, Legal Advisor to Chairman Michael K. Powell to discuss RM No. 10593. AT&T reiterated its request for prompt action to reform price cap ILEC rates for special access services. AT&T stated that the comments and reply comments were very clear, there is indisputable proof that the large ILECs and particularly the Bells, retain market power in the provision of special access services, the ILECs are abusing that power with unjust and unreasonable rates and that the FCC’s existing rules cannot address this worsening crisis. The attached charts were referred to during the meeting.

The positions expressed by AT&T were consistent with those expressed in AT&T’s filed in its petition and reply comments.

Consistent with the Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the proceedings.

Sincerely,

[Signature]

Attachments

CC: Christopher Libertelli
Special Access Architectures

A: Stand alone DS1 w/0 Mileage (only 1 LSO)
- DS1 Tail: POP to Customer Premise
- ILEC Access
- 0 Mileage

Access Elements (red)
- CT: Channel Termination

Access Service (black)
- DS1: High Capacity 1.544 Mpps (24 DS0 channels)

ILEC Access (blue)
Special Access Architectures

B: Stand alone DS1 w/LSO to LSO Mileage

- DS1 Tail: POP to Customer Premise
- ILEC Access
- “X” Mileage

**Access Elements (red)**
- CT: Channel Termination
- CM: Channel Mileage (Fixed & per Mile)

**Access Service (black)**
- DS1: High Capacity 1.544 Mpps (24 DS0 channels)

**ILEC Access (blue)**
Special Access Architectures

C: DS3 Facilities and DS1 Tails

- DS3 Facilities: POP to LSO
- DS1 Tails: LSO to Customer Premises
- All ILEC Access
- Zero Mileage and "X" Mileage

ILEC Access (blue)

Access Elements (red)
- CT: Channel Termination
- CM: Channel Mileage (Fixed & per Mile)
- MUX: Multiplexer

Access Service (black)
- DS1: High Capacity 1.544 Mpps (24 DS0 channels)
- DS3: High Capacity 44.736 Mbps (28 DS1s, 672 DS0s)
Interstate Rate of Return on Special Access

Rate of Return

% 60.0% 50.0% 40.0% 30.0% 20.0% 10.0% 0.0%


- SBC
- BellSouth
- Qwest
- Verizon
- Verizon (excl. Nynex)
# 2001 Special Access Rates of Return

<table>
<thead>
<tr>
<th></th>
<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>BellSouth</td>
<td>49.26%</td>
</tr>
<tr>
<td>Qwest</td>
<td>46.58%</td>
</tr>
<tr>
<td>SBC</td>
<td>54.60%</td>
</tr>
<tr>
<td>Verizon</td>
<td>21.72%</td>
</tr>
<tr>
<td>Verizon (excluding NYNEX)</td>
<td>37.08%</td>
</tr>
</tbody>
</table>

These rates of return were calculated from 2001 ARMIS 43-01, Table I, Cost and Revenue Table, Column S, Rows 1910 and 1915.
## 2001 Financial Data for Interstate Special Access
($\text{thousands}$)

<table>
<thead>
<tr>
<th>LEC</th>
<th>Revenue</th>
<th>ROR</th>
<th>Rev. change for 11.25% ROR</th>
<th>11.25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ameritech</td>
<td>$1,395,500</td>
<td>68.9%</td>
<td>($1,009,333)</td>
<td>-72.3%</td>
</tr>
<tr>
<td>Nevada Bell</td>
<td>$27,628</td>
<td>82.2%</td>
<td>($19,216)</td>
<td>-69.6%</td>
</tr>
<tr>
<td>Pacific Bell</td>
<td>$1,182,468</td>
<td>56.4%</td>
<td>($666,182)</td>
<td>-56.3%</td>
</tr>
<tr>
<td>Southwest Bell</td>
<td>$1,449,880</td>
<td>41.2%</td>
<td>($714,680)</td>
<td>-49.3%</td>
</tr>
<tr>
<td>SNET</td>
<td>$238,800</td>
<td>68.7%</td>
<td>($142,263)</td>
<td>-59.6%</td>
</tr>
<tr>
<td>Total SBC</td>
<td>$4,294,276</td>
<td>54.6%</td>
<td>($2,551,675)</td>
<td>-59.4%</td>
</tr>
<tr>
<td>Verizon-South</td>
<td>$1,836,921</td>
<td>28.7%</td>
<td>($658,930)</td>
<td>-35.9%</td>
</tr>
<tr>
<td>Verizon-North</td>
<td>$1,370,425</td>
<td>3.4%</td>
<td>$343,283</td>
<td>25.0%</td>
</tr>
<tr>
<td>GTE/Contel</td>
<td>$1,145,685</td>
<td>58.7%</td>
<td>($690,882)</td>
<td>-60.3%</td>
</tr>
<tr>
<td>Total Verizon</td>
<td>$4,353,031</td>
<td>21.7%</td>
<td>($1,006,529)</td>
<td>-23.1%</td>
</tr>
<tr>
<td>BellSouth</td>
<td>$1,831,143</td>
<td>49.3%</td>
<td>($966,304)</td>
<td>-52.8%</td>
</tr>
<tr>
<td>Qwest</td>
<td>$1,528,226</td>
<td>46.6%</td>
<td>($710,428)</td>
<td>-46.5%</td>
</tr>
<tr>
<td>Sprint/United</td>
<td>$317,589</td>
<td>131.7%</td>
<td>($234,530)</td>
<td>-73.8%</td>
</tr>
<tr>
<td><strong>TOTAL LEC</strong></td>
<td><strong>$12,324,265</strong></td>
<td><strong>38.3%</strong></td>
<td><strong>($5,469,466)</strong></td>
<td><strong>-44.4%</strong></td>
</tr>
</tbody>
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