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ONE HUNDRED ELEVENTH CONGRESS

Congress of the United States
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October 14, 2009

Mr. Randall L. Stephenson
Chief Executive Officer
AT&T
208 South Akard Street
Dallas, TX 75202

Dear Mr. Stephenson:

Recent news reports have described situations in which Internet-based voice service providers are not connecting calls to certain rural areas. According to these reports, these providers are blocking calls due to the allegedly excessive terminating access charge rates required by some rural incumbent local exchange providers (ILECs).

Several Members of Congress representing rural districts recently wrote the Federal Communications Commission (FCC) to express concern about this practice and urge an FCC investigation of Google's voice offering. These members, including several members of the Committee on Energy and Commerce, expressed concern about the impact of such practices on rural carriers and rural consumers. We share this concern about the impact of this practice on rural companies and consumers.

We believe any investigation of this matter must also examine the existing access charge regime and purported abuses of that system, including so-called "traffic pumping" schemes. According to one major carrier, these "traffic pumping schemes are designed to evade core Communications Act protections…as well as protections against the exposure of children to pornographic content."[1] Just last month, the Iowa Utilities Board found that eight local exchange companies had engaged in a traffic pumping scheme in which they were providing free calling services for indecent or pornographic content.[2] According to the Iowa Board, these companies

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[1] Letter from James W. Cicconi to The Honorable Kevin J. Martin, (April 4, 2007).

[2] *Qwest Communications Corp. v. Superior Telephone Cooperative, et. al.*, Docket No. FCU-07-2 at 61 (available at https://efs.iowa.gov/efiling/groups/external/documents/docket/023026.pdf) (Sept. 21, 2009).

were attempting to increase access charge revenues by 10,000 percent. The cost of these schemes is substantial and impacts all consumers, not just those living in rural areas.

To assist the Committee on Energy and Commerce in its review of this matter, please provide answers to the following questions:

1. Is your company currently engaged in any disputes with rural ILECs or other rural carriers over the payment of terminating access charges?

    a. If so, please describe the nature and basis of such disputes and provide the Committee with the names of those companies and the total disputed dollar amount at issue in each dispute with each company.

    b. Please describe all steps your company has taken in these disputes. For example, is your company currently involved in litigation or regulatory proceedings related to the disputes?

2. Has your company withheld the payment of access charges relating to disagreements about the appropriate rate?

    a. If so, when did your company begin withholding payments, how much was withheld or is being withheld, and from whom?

3. What do you estimate the actual cost of terminating traffic to be on a per minute of use basis?

4. Do you charge other carriers to terminate traffic on your network? If so, how much do you charge for terminating access on a per minute of use basis? If you charge different rates in different areas, please provide a range of charges.

5. How much do you receive annually in terminating access charges?

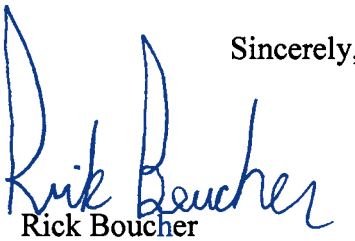
6. How much do you pay to others in terminating access charges?

Please provide written response to these questions by October 27, 2009. In addition, please inform Committee staff by October 19, 2009, as to whether you will provide the requested information voluntarily.

If you have questions regarding this request, please contact Roger Sherman or Tim Powderly of the Committee staff at (202) 226-2424.

Sincerely,

Henry A. Waxman
Chairman



Rick Boucher
Chairman
Subcommittee on Communications, Technology, and the Internet

Bart Stupak
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Joe Barton
Ranking Member

The Honorable Cliff Stearns
Ranking Member
Subcommittee on Communications, Technology, and the Internet

The Honorable Greg Walden
Ranking Member
Subcommittee on Oversight and Investigations