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February 24, 2011

Mr. James W. Cicconi
Senior Executive Vice President, External & Legislative Affairs
AT&T Inc.
1120 20th Street NW, 10th Floor
Washington, DC 20036

RE: Interconnection Capacity

Dear Mr. Cicconi:

I read with interest your February 14 letter to Chairman Genachowski. As you know from our filings with the Commission, we disagree with AT&T on the public policy issues that are currently being debated within the industry. The purpose of this letter is to encourage you to assure that our policy disagreements don't create circumstances that lead to degraded service for our respective customers.

As you might know, Level 3 and AT&T have been exchanging Internet traffic between our networks for the past decade. Over that time, we've periodically met with AT&T representatives to discuss the future of IP interconnection, and how we might structure our relationship to create an interconnection architecture and business arrangement that is fair, equitable, robust, scalable and resilient. I was personally involved in discussions with AT&T senior management on these issues 3 years ago – discussions initiated by Level 3 in an effort to assure that our interconnection arrangement enabled both companies to continue to deliver the highest quality of service to our customers.

Over the years, as consumers' use of the Internet has changed, the nature, volume and direction of traffic exchanged between our networks has also changed. AT&T's view, expressed repeatedly to us and publicly, is that one factor – direction of traffic flow – mandates that Level 3 should become AT&T's customer for purposes of delivering traffic requested by AT&T's subscribers. While we disagree with that position, the purpose of my letter is not to debate that point. We are currently engaged in discussions with AT&T to determine whether we can find common ground on a fair and equitable traffic exchange agreement, and hope that those discussions resolve the issues in a mutually satisfactory manner.

Instead, the purpose of my letter is to ask that you act to assure that AT&T refrain from de-activating existing interconnection ports currently deployed, and that AT&T reconsider its position that it will cease augmenting interconnection unless and until Level 3 agrees to AT&T's commercial terms. I made this request directly to your business team last week, and was advised that ports would not be augmented, and in fact many ports currently in operation between Level 3 and AT&T's networks would be de-activated, unless we resolve all issues surrounding the future of our interconnection arrangement on terms dictated by AT&T. In short, your business team has said that if Level 3 does not start paying for interconnection, AT&T will disconnect existing and required interconnection capacity.

As discussed in detail below, augmentation of the interconnection capacity between our networks is sorely needed if the Internet is to function as intended. AT&T should not refuse to augment as warranted by actual and reasonably expected traffic that its own customers are requesting simply in order to create leverage and coerce Level 3 to accept AT&T's contractual demands.

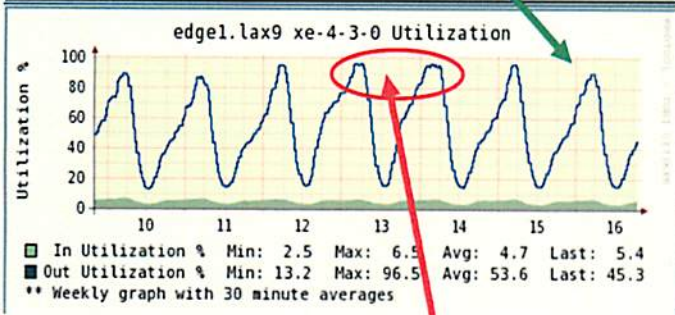
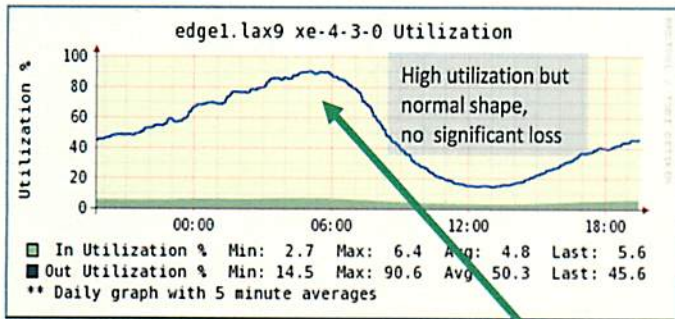
Consequences of Inadequate Interconnection Capacity.

Refusal to augment interconnection capacity even though traffic warrants it is just as damaging as refusing to interconnect at all. When interconnection between two networks is choked, packets are dropped and not delivered to end consumers. This congestion occurs on a city-by-city basis as based on the amount of available capacity to serve the traffic that is destined for the interconnection point in that city. Many people – some regulators included – mistakenly believe that when a subscriber connects to a web site, application or content on the Internet, the packets for that information exchange follow a number of different paths through the Internet.

As you know, the truth is that for any particular connection between an end subscriber and another point on the Internet, the packets between the subscriber's computer and the other endpoint in the Internet will follow the same path until there is a "hard failure" – meaning that the connection along that path is taken out of service. The routers within the Internet will not automatically route around congestion. If an interconnection point within the Internet becomes congested, the routers will continue to route packets along that same path. As the interconnection capacity congests, the routers cannot get the packets processed and delivered and the routers will delay packets or, when congestion is more severe, randomly discard packets. These delays and random "packet losses" affect all services that are passing through that congested point. Most Internet routers are not programmed to evaluate packets to determine which packets should be dropped during periods of congestion; as a result, Internet packets of all types are potentially impacted by congested interconnection, and the experience of the subscriber is degraded.

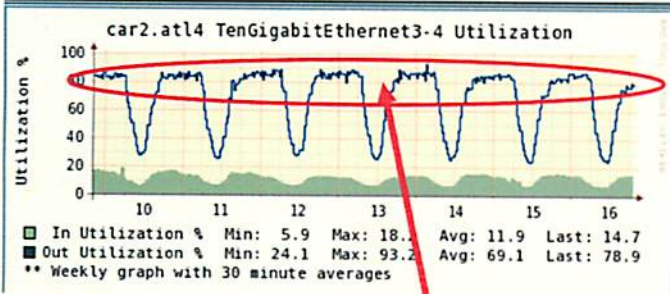
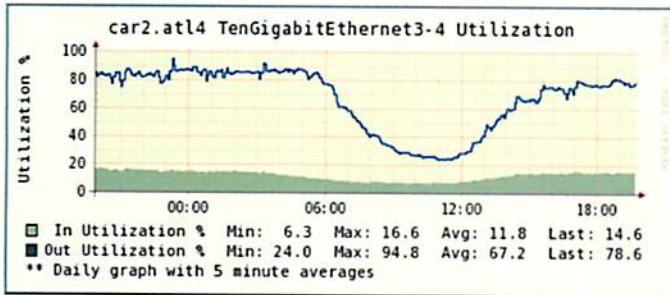
Because AT&T has refused to augment its side of the interconnection capacity between our networks, delays and likely packet loss are already happening between our networks. And if AT&T proceeds to decommission interconnection ports between our networks, the congestion will dramatically worsen.

The two figures below show two different AT&T /SBC links where congestion is occurring. The first graph shows the percent utilization on a 10 Gbps interconnection port between Level 3's and the AT&T SBC networks in Los Angeles. The figure includes the utilization chart for 20:00 GMT on 2/15/11 through 20:00 GMT on 2/16/11, as well as a chart that shows a full week of data. The daily graph shows a high level of utilization on the port, but the utilization does not reach the level where significant packet loss occurs. The flattened peaks in the weekly graph show that the port was reaching its maximum throughput and congestion was clearly occurring on February 12th and 13th



During highest consumer utilization times the ports are congesting and dropping traffic.

The second figure shows a different port between Level 3 and AT&T in Atlanta for the same time period. This port shows severe congestion on every day of the week. The port is congested throughout most of each day.



Severely congested port in Atlanta

Packet loss can have significant impact on the end user's experience. The impact on each subscriber's experience will vary depending on the type of Internet application or content they are attempting to access and the level of congestion along the Internet path that they are using for that function.

The services that are most quickly affected by packet loss are those services that rely on real time interaction between the two endpoints. The most common example of this type of service is voice. When congestion occurs on an interconnection port carrying voice traffic, a number of negative service impacts result. Packets used to "set up" the voice call can be dropped – with a resulting call failure. Even if the call is connected, the quality of the voice transmission and playback can be severely impacted, making the voice signals unintelligible or even disconnecting calls due to severe congestion and packet loss. Interconnection congestion and packet loss can even impact a subscriber's ability to make a 911 call over a VoIP phone, threatening health and public safety.

Interactive web browsing by subscribers is also adversely affected by congested interconnection. Subscribers and businesses using the Internet to complete banking transactions, access medical records, cast a vote, visit social networking sites or to work at home and accessing their employer's data will find that their applications are running slowly, and in cases of extreme congestion (like the congestion currently occurring in Atlanta), browsing sessions may fail – sending the subscriber or business an error message indicating that the function that they have attempted to use cannot be loaded. In many instances these interrupted sessions may cause subscribers uncertainty about whether the Internet transactions that they attempted to complete – such as online purchases or banking – have in fact been concluded.

Access to video over the Internet and downloading of software over the Internet are also degraded by congestion of interconnection points. Some of these services are delivered over "content delivery networks" (or CDNs) like those operated by both AT&T and Level 3. Most CDNs have "load distribution" intelligence that allows the CDN to work around some congested links. The system is capable of choosing the server that is best suited to deliver the content by evaluating the performance of the Internet path between the subscriber and the servers that are capable of delivering the content. As a result the CDN can select a server that has the highest performance to the subscriber thereby avoiding one congested link. But when all or most of the connections between the networks are becoming congested (as will be the case between AT&T and Level 3 if AT&T elects to decommission existing ports), the available uncongested paths become scarce or nonexistent, resulting in degraded quality and inability to download content that subscribers want to see.

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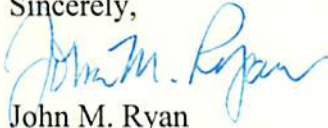
These are not hypothetical concerns. Congestion is happening now and, I fear, will worsen unless AT&T changes course. Neither Level 3 nor AT&T should accept that outcome from a customer service perspective.

While we can continue our debate over whether Level 3 and other backbone providers should pay to deliver content requested by an ISP's subscribers, AT&T must not hold critical interconnection capacity hostage as leverage to force acceptance of AT&T's commercial terms. If AT&T persists in its position, Level 3 will have no choice but to raise these issues publicly and with appropriate government officials.

I remain confident that, by working together and in a manner that is consistent with our customers' best interests, Level 3 and AT&T can achieve our common goal of establishing a future interconnection architecture and business arrangement that is fair, equitable, scalable and resilient. Our customers deserve nothing less.

Please contact me if you would like to discuss further.

Sincerely,



John M. Ryan
Chief Legal Officer

cc: Thomas E. Grace, Esq. (via email)