

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

Northeast Missouri Rural)	
Telephone Company)	
)	
Complainant,)	
)	Case No. IC-2008-0285
v.)	
)	
AT&T Corp.)	
)	
Respondent.)	

**AT&T CORP.'S ANSWER AND
AFFIRMATIVE DEFENSES**

AT&T Corp., pursuant to 4 CSR 240-2.070(8), respectfully submits this Answer and Affirmative Defenses to the Complaint filed by Northeast Missouri Rural Telephone Company ("Northeast").

AT&T CORP.'S ANSWER

Response to Complainant's Summary of Complaint:

AT&T Corp. admits that it provided enhanced prepaid calling card services; that it believed those services constituted an information service and not a telecommunications service; and that it had filed a petition for declaratory ruling with the Federal Communications Commission ("FCC") seeking a determination on the issue. AT&T Corp. further admits that while its Petition was pending at the FCC, AT&T Corp. treated its enhanced prepaid calling card traffic as interstate traffic and paid interstate access charges to carriers, like Northeast, that originated or terminated such traffic.

AT&T Corp. admits that the FCC denied AT&T Corp.'s Petition and ruled that its enhanced prepaid calling card service was a telecommunications service; that intrastate access

charges applied to the service when used for calls that originate and terminate within the same state; and that as a result, AT&T Corp. owed Northeast the difference between its interstate and intrastate access rates for intrastate calls made through AT&T's enhanced prepaid calling card service that originated or terminated in Northeast's exchanges.

AT&T Corp. has conducted settlement negotiations with Northeast and believes a settlement was reached on the claims underlying this Complaint.

Response to Numbered Allegations:

1. AT&T Corp. admits the allegations contained in paragraph 1 of the Complaint.
2. AT&T Corp. acknowledges and will comply with Complainant's request to direct all correspondence, pleadings and other filings to its counsel of record in this case.
3. AT&T Corp. admits the allegations contained in paragraph 3 of the Complaint.
4. AT&T Corp. admits the allegations contained in paragraph 4 of the Complaint.
5. AT&T Corp. admits the allegations contained in paragraph 5 of the Complaint.
6. AT&T Corp. does not understand the allegations contained in paragraph 6 of the Complaint and, without sufficient information to admit or deny these allegations, therefore denies them.
7. AT&T Corp. admits that it previously classified and reported enhanced prepaid calling card service traffic as interstate. AT&T Corp. denies the remaining allegations in paragraph 7 of the Complaint.
8. AT&T Corp. admits that its classification and reporting of enhanced prepaid calling card traffic as interstate resulted in Northeast's under billing AT&T Corp. for some of the traffic. AT&T Corp. denies the remaining allegations in paragraph 8 of the Complaint.
9. AT&T Corp. denies the allegations contained in paragraph 9 of the Complaint.

10. AT&T Corp. is without sufficient knowledge to admit or deny the allegations contained in paragraph 10 of the Complaint and therefore denies them.

11. AT&T Corp. admits the allegations contained in paragraph 11 of the Complaint.

12. AT&T Corp. denies the allegations contained in paragraph 12 of the Complaint.

13. AT&T Corp. states that the FCC orders and Court orders referenced in paragraphs 13-20 of the Complaint speak for themselves and that no answer is required.

14. AT&T Corp. admits that it has engaged in settlement discussions with Northeast and believes that a settlement was reached with respect to the claims underlying this Complaint. AT&T Corp. denies the remaining allegations contained in paragraph 21 of the Complaint.

15. AT&T Corp. denies the allegations contained in paragraph 22 of the Complaint.

16. AT&T Corp. admits that Northeast provides intrastate exchange access service pursuant to tariffs approved by the Commission and that the FCC ruled AT&T Corp.'s enhanced prepaid calling card traffic is subject to intrastate access charges when such calls originate and terminate within the same state. AT&T Corp. denies the remaining allegations contained in paragraph 23 of the Complaint.

17. AT&T Corp. admits the allegations contained in paragraph 24 of the Complaint.

18. AT&T Corp. denies the allegations contained in paragraph 25 of the Complaint.

To the extent AT&T Corp. has neither specifically admitted nor denied any of the allegations contained in any part of the Complaint, AT&T Corp. specifically denies them.

AT&T CORP.'S AFFIRMATIVE DEFENSES

1. Complainant has failed to state a claim upon which relief can be granted.

2. Complainant's claims are barred by accord and satisfaction, in that the parties have reached a settlement of the claims underlying the Complaint.

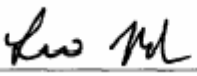
3. Complainant's claims are barred by laches in that Complainant failed to audit or question the PIU factors AT&T Corp. provided, or to revise its billing to AT&T Corp., even after AT&T Corp. publicly disclosed its treatment of prepaid calling card traffic in its petition for declaratory ruling filed with the FCC in May, 2003, which Complainant references in its Complaint.

4. Complainant's Complaint constitutes an unreasonable practice and would be discriminatory against AT&T Corp. because, on information and belief, Complainant has billed other companies on the basis of submitted PIUs and have not sought to back bill those companies for prepaid calling card traffic not previously jurisdictionalized in accordance with the FCC's orders.

5. The relief sought by Complainant is barred by the Commission's lack of authority to award damages, costs and attorney fees.

Respectfully submitted,

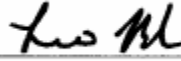
AT&T CORP.

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CERTIFICATE OF SERVICE

Copies of this document were served on the following parties by e-mail on April 2, 2008.



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