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Ms. Katherine K. Mudge  
Smith, Majcher, & Mudge, L.L.P.  
Secretary/Chief Regulatory Law Judge  
816 Congress Avenue, Suite 1270  
Austin, Texas 78701

Re: Case No. TC-2003-0547

Dear Ms. Mudge:

This responds to your letter to the Missouri Public Service Commission regarding AT&T's willingness to participate in the voluntary mediation program coordinated by the Commission in the above-referenced case, as requested by SBC Missouri.

SBC Missouri is a proponent of the Commission's voluntary mediation program, and endeavors to utilize mediation to resolve disputes outside of the more contentious atmosphere of a hearing room. In past cases, the voluntary mediation process has been effective in resolving disputes between parties. In this case, SBC Missouri requested voluntary mediation of AT&T's and Birch's complaint because we felt it would be worth the parties' effort to at least discuss our differing positions, and attempt to amicably resolve them in the mediation setting.

Unfortunately, we are not in a position to agree to your demand to participate in the mediation session we already scheduled with the mediator and two other carriers for next Tuesday, July 22, in St. Louis. This mediation session was scheduled several weeks ago, and my clients do not feel comfortable adding two more parties at this stage of preparation for that mediation.

I want to make it clear that SBC Missouri is still very interested in meeting with AT&T, Birch and the mediator in a separate mediation session; in fact, SBC Missouri does not object to an additional mediation conference that would include meaningful participation by AT&T, Birch *and* other carriers, assuming the mediation proposal is practicable and the other parties are in agreement. If it would be more convenient for you and

## EXHIBIT 1

your clients, we would even be willing to participate in a mediation in Dallas. If AT&T and Birch are still interested in attempting to resolve their complaint in the context of a mediation, either alone or with other agreeable carriers, please contact Kathy Palter at (214) 464-1840 to make arrangements to do so. We do not wish to unnecessarily delay the mediation process, and will make every effort to set up this mediation within 30 days, subject to the mediator's, parties' and counsels' availability. And please understand that by discussing mediation, SBC Missouri does not intend to suggest that formal mediation is the only avenue for the parties to discuss potential resolution of this matter. If the parties believe informal discussions outside of mediation would be fruitful, we would certainly wish to pursue them.

Please let me know how you wish to proceed. As I indicated above, I believe we should at least attempt mediation as some form of settlement discussion.

Very truly yours,

  

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Anthony K. Conroy