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November 20, 2014

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Modernizing the E-rate Program for Schools and Libraries; WC Docket No. 13-184

Dear Ms. Dortch:

On November 18, 2014, I spoke with Trent Harkrader and Patrick Halley of the Wireline Competition Bureau regarding the above-captioned proceeding.

We discussed Verizon's Petition for Reconsideration¹ and CTIA's July 14, 2014 Application for Review² of the *Bureau Order*³ regarding cost allocation of bundled devices.

First, the Commission should grant the pending CTIA Application for Review of the *Bureau Order* with respect to discounted wireless phones. I pointed out that the *Bureau Order* was adopted before the *Modernization Order* substantially revised the eligibility rules for wireless services. Because the *Modernization Order* phases out support for wireless voice service (and imposes limits on support for wireless data services), the policy considerations underlying the *Bureau Order* are now far outweighed – in the case of wireless phones -- by the cost allocation burdens for carriers, customers, and USAC reviewers.

¹ See Verizon Petition for Reconsideration and/or Clarification, *In the Matter of Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184 (Sept. 18, 2014) ("Petition for Reconsideration").

² See CTIA Application for Review of or, in the Alternative, Request to Stay the Wireline Competition Bureau's May 23, 2014 Order, *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, GN Docket No. 09-51 (July 14, 2014) ("Application for Review").

³ See *Schools and Libraries Universal Service Support Mechanism; A National Broadband Plan for Our Future*, Order, 29 FCC Rcd 5457 (2014) ("*Bureau Order*").

Second, the Commission should phase out support for “telephone service components” on the same schedule as voice services generally. Separating out telephone service components places a significant burden on applicants and providers, when the *Modernization Order* acknowledges that “removing these services will not result in sizable cost savings for the Fund”⁴ – particularly since support for voice services generally is being phased out in the near future.

I also discussed proposals to allow schools to self-construct fiber networks. I explained that, in order to ensure “the most cost-effective use of Fund support and to deter waste, fraud, and abuse” the Commission should adopt funding limitations modeled on those adopted in the *Healthcare Connect Order*.⁵ In addition, in order to provide clear guidance to USAC, the Commission should seek further comment on the application of the cost-effectiveness test to applications for fiber self-construction in the E-rate program.

This letter is being filed electronically pursuant to Section 1.1206 of the Commission’s rules. Please contact me if you have any questions.

Sincerely,



cc: Patrick Halley
Trent Harkrader

⁴ *Modernization Order*, ¶ 148.

⁵ *Rural Healthcare Support Mechanism*, WC Docket No. 02-60, *Report and Order*, 27 FCC Rcd 16678, ¶¶ 187, 190 (2012).