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**VIA ELECTRONIC FILING**

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Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**Re: Notice of *Ex Parte* Communication, Docket Nos. 06-122**

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Dear Ms. Dortch:

Boston  
Hartford  
London  
Los Angeles  
New York  
Orange County  
San Francisco  
Silicon Valley  
Tokyo  
Walnut Creek  
Washington

On December 12, 2006, Ely Tendler, Chief Legal Officer of IDT Corporation (“IDT”), Diane Clark, Counsel to IDT, and the undersigned met separately with Michelle Carey, Legal Advisor to Chairman Martin; Scott Bergmann, Legal Advisor to Commissioner Adelstein; Scott Deutchman, Legal Advisor to Commissioner Copps; Ian Dillner, Legal Advisor to Commissioner Tate; and John Hunter, Legal Advisor to Commissioner McDowell (together the “Legal Advisors”).

The purpose of these meetings was to discuss the Commission’s pending reforms to the USF contribution methodology, including IDT’s endorsement of a numbers based contribution methodology. IDT discussed the fact that revenue-based assessments have a disproportionate and regressive impact on low income consumers who rely on standard, pay-as-you-go, undiscounted wireline calling products or prepaid telecommunications products, including prepaid wireless, and that these consumers as a class would be less burdened by a numbers-based assessment. IDT cited the examples raised in its Comments, filed in the above-referenced dockets on August 9, 2006, that show the regressive impact of the current revenue-based methodology on specific customer segments.

IDT also noted that a numbers-based assessment would also be preferable to customers of bundled local and long distance products, citing the fact that customers of IDT’s bundled local/long distance service currently pay approximately \$1.80 in USF fees (using an average assessment rate of 10% for 2006) versus the estimated \$1.00 to \$1.20 that they would pay under a numbers-based methodology. To show that this result is not limited to IDT’s particular local and long distance product, IDT also pointed the Commission to the sample bills attached to the Missoula Plan, which show that the average wireline-urban-low volume user currently pays \$1.17 in USF fees and the average wireline-rural-low volume user currently pays \$1.22 in USF fees. Again, this example shows that consumers would pay roughly the same or less under a numbers-based USF assessment given current estimates of the per number fee.

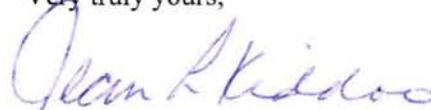
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IDT also provided the attached chart to the Legal Advisors. The chart compares the USF contribution base to USF program costs and the growth in telephone numbers and shows that the growth of telephone numbers has in large measure tracked the growth of USF program costs. As such, had the assessment methodology been based on numbers historically, consumers would likely be paying the same or very close to the same USF per-number fee today that they paid in 2000. This is in sharp contrast to the jump in the USF contribution factor under the revenue-based methodology, which during the same time period has risen from less than 6% in first quarter 2000 to just over 11% in second quarter 2005.<sup>1</sup>

Finally, IDT encouraged the Commission to streamline reporting obligations by making a numbers-based methodology applicable to all support mechanisms and regulatory fees that operate off of the current Form 499-A.<sup>2</sup>

Very truly yours,



Jean L. Kiddoo  
Tamar E. Finn

Enclosure

cc (by e-mail): Legal Advisors

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<sup>1</sup> IDT noted that the current USF contribution rate of 9.1% is somewhat depressed by a number of factors, including VoIP double-counting and a large one-time payment that has been spread over two quarters, and is expected to rise in 2007.

<sup>2</sup> Such fees include Telecommunications Relay Service ("TRS"), North American Numbering Plan Administration ("NANPA"), Local Number Portability ("LNP") and portions of the FCC's Regulatory Fees.

Trends - Indexed at 1q00

