

February 6, 2007

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Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
12th Street Lobby, TW-A325
Washington, DC 20554

Re: ***Ex Parte Communication***
Federal-State Joint Board on Universal Service; WC Docket No. 05-337;
CC Docket No. 96-45

Dear Ms. Dortch:

On February 5, 2007, Christopher Guttman-McCabe, Vice-President, Regulatory Affairs, Paul Garnett, Assistant Vice-President, Regulatory Affairs, and Brian Josef, Director, Regulatory Affairs, CTIA-The Wireless Association®, met with Scott Deutchman, Legal Advisor to Commissioner Michael Copps, to discuss proposed reforms to the high-cost universal service mechanisms. At the meeting, CTIA explained its support for consumer-oriented universal service reforms that will minimize demand for universal service, while ensuring that support is available to both incumbent and competitive eligible telecommunications carriers (ETCs) on a non-discriminatory basis.

CTIA specifically described its support for competitively-neutral reverse auctions to determine high-cost universal service support amounts. If implemented in a competitively- and technology-neutral manner, reverse auctions hold the potential to drive down the cost of universal service while providing incentives for efficient investment in mobile and other technologies that consumers in high-cost areas clearly desire.¹ As explained in a paper attached to CTIA's recent reply comments, if all competitors are placed on an even playing field, reverse auctions can serve as an effective way to bring the concept of universal service in line with evolving consumer demand.²

¹ As CTIA has noted, there are now considerably more wireless customers than wireline customers. As of the second quarter of 2006, there were 219 million wireless subscribers and 197 million wireline switched access lines. Moreover, the FCC recently reported that in the first half of 2006, the number of mobile wireless high-speed "lines" increased more than 250 percent and accounted for more than 59 percent of all new high-speed lines. See Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of June 30, 2006, at 5 tbl.1 (2007).

² See James Stegeman et al., *Controlling Universal Service Funding and Promoting Competition Through Reverse Auctions*, attached to CTIA-The Wireless Association® Reply Comments, WC Docket No. 05-337, filed November 8, 2006.

At the same time that the Federal-State Joint Board on Universal Service (“Joint Board”) considers the reverse auction concept, CTIA expressed its continued support for other incremental reforms to the high-cost universal service mechanisms that will encourage and reward efficiency, better target support to high-cost areas, and simplify administration.³ Those reforms are listed on page seven of the attached presentation. CTIA also has supported proposals to ensure that both incumbent and competitive ETCs are accountable for the funds they receive. CTIA looks forward to a continuing dialogue with the Joint Board on these important issues.

A copy of this letter along with the presentation made at the meeting is being filed via ECFS with your office. Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

/s/ Paul Garnett

Paul Garnett

Enclosure

cc: Scott Deutchman

³ See Comments of CTIA – The Wireless Association, CC Docket No. 96-45 (filed Oct. 15, 2004).