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June 19, 2007

EX PARTE

Marlene H. Dortch
Secretary
Federal Communications Commission
455 12th Street, SW
Washington, DC 20554

Re: In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2007, MD Docket No. 07-81

Dear Ms. Dortch:

In the above-referenced notice of proposed rulemaking, the Managing Director sought comment on using telephone numbers to assess regulatory fees on interconnected VoIP providers. Verizon has been a strong supporter of a numbers-based contribution system for universal service and agrees that this approach may make sense for other fees as well. *See, e.g.,* Letter from Kathleen Grillo, Verizon, to Marlene H. Dortch, Secretary, FCC, CC Docket No. 96-45 (March 28, 2006). However, we are concerned that adopting a piecemeal approach – using telephone numbers for VoIP providers' regulatory fees before implementing a numbers-based system for universal service contributions – will cause confusion and administrative difficulties. Instead, Verizon suggests that in this proceeding, the Managing Director assess VoIP providers regulatory fees under the current revenue system that the Commission uses for assessing federal USF contributions and consider moving to telephone numbers at the same time that the Commission adopts a numbers-based contribution system for universal service.

Moving to numbers for regulatory fees for VoIP providers is premature. Such an approach would require complex systems development and resolution of several manageable but significant issues at a time when the Commission and the industry are still working through these matters as part of USF contribution reform. Providers would need to develop the ability to separate telephone numbers used for VoIP services from telephone numbers used for other services. Changes to reporting Form 499-A would be required. At a minimum, the Commission would need to modify its instructions for line 511 of Form 499-A to allow for the exclusion of

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VoIP revenues. In addition, many VoIP providers obtain telephone numbers from other carriers, and a system to determine which telephone numbers belong to which providers may need to be put in place for numbers-based fees to be workable. There is also the risk that services would be assessed twice, given that the Director would continue to use revenues as the basis for assessing regulatory fees for non-VoIP services.

For these reasons, it makes far more sense to move to a numbers-based system for regulatory fees at the same time the Commission moves to telephone numbers for universal service.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen Grillo" followed by a diagonal slash and the initials "C.M.M." in a smaller, less cursive font.

Kathleen Grillo

cc: Rob Fream