WILKINSON) BARKER) KNAUER) LLP

2300 N STREET, NW
SUITE 700
WASHINGTON, DC 20037
TEL 202.783.4141
FAX 202.783.5851
www.wbklaw.com
L. CHARLES KELLER
202.383.3414
ckeller@wbklaw.com

May 1, 2008

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: *Notice of ex parte presentation (WC Docket Nos. 99-68, 01-92) - Verizon Wireless*

Dear Ms. Dortch:

On April 30, 2008, Verizon Wireless had separate meetings with Scott Bergmann, legal advisor to Commissioner Jonathan Adelstein, and John Hunter, legal advisor to Commissioner Robert McDowell. Verizon Wireless was represented in both meetings by Elaine Critides, Counsel, Verizon Wireless, and the undersigned. Verizon Wireless's presentation in the meetings related to the above-referenced ISP Remand proceeding, and followed the attached talking points.

Sincerely,

WILKINSON BARKER KNAUER, LLP

By: /s/
L. Charles Keller

cc: Scott Bergmann
John Hunter

Attachment

Verizon Wireless - ISP Rate Issues

Spring 2008

Factual Background

- Wireless-ILEC interconnection agreements are not trivial to negotiate. Frequently contested terms include:
    - Land-to-mobile traffic ratios
    - Inter-MTA traffic ratio
    - Compensation rate
- The Mirroring Rule simplified wireless-ILEC interconnection negotiations tremendously. Because the relatively low rate mitigated the financial impact, Verizon Wireless (and other wireless carriers) had less need to negotiate other factors aggressively. Wireless carriers and ILECs all benefited.
- Nevertheless, implementing the rule was a considerable project. Over 100 interconnection agreements (covering 6 large ILECs with interconnection agreements in 49 states) needed to be amended and implemented. With some of these ILECs, Verizon Wireless had multiple agreements covering different regions of the states (e.g., old GTE markets of Verizon, Sprint and United markets in NC). Verizon Wireless expended considerable resources negotiating amendments to existing interconnection contracts and implementing the new rates.
- Land-to-mobile traffic volume has grown tremendously since 2001.
- Today, most of our intraMTA land-to-mobile traffic is exchanged at the ISP rate.
- Most of our traffic with smaller ILECs will not be affected, because most of them have substantially higher rates than the larger carriers, and they never elected the ISP Rates. As a result, most of our arbitrations concern establishing TELRIC rates with small and independent and ILECs who assert high rates and low mobile-to-land ratios.[1]

Elimination of the ISP Rate Would Create Substantial Burdens on Verizon Wireless, ILECs, and State Commissions

- Amending agreements: At minimum, Verizon Wireless would have to amend over 100 agreements again to reflect TELRIC rates. This would burden the ILECs as well as Verizon Wireless.
- More state arbitrations: The relatively low rate level ($0.007) has enabled wireless carriers to negotiate, rather than arbitrate, reciprocal compensation agreements with many ILECs. Higher rates, however, may force Verizon Wireless and other wireless carriers to take a more precise look at every term in ILEC interconnection agreements (particularly the relative traffic volume factors). This is likely to lead to more state arbitrations with individual ILECs. This would burden state commissions as well as the ILECs and Verizon Wireless.
- Financial burden: Verizon Wireless estimates that elimination of the ISP rate (returning to TELRIC reciprocal compensation rates) would cost the company $75 million per year in additional reciprocal compensation costs, assuming an average reciprocal compensation rate of .004 per MOU, and a 65/35 land-to-mobile ratio.
- If there were a change to the rate retroactively, the financial impact and administrative burdens associated with implementing these changes would be exacerbated.

[1] Since 2002, Verizon Wireless has arbitrated transport and termination rates pursuant to 47 U.S.C. § 252(d)(2) with multiple small ILECs in TN, KY, and MI. Verizon Wireless negotiated settlements with other consortia of small ILECs in GA, LA, MS, MT and PA. Most of Verizon Wireless's arbitrations concern establishment of cost based reciprocal compensation rates and land-to-mobile factors. The ISP rates have enabled Verizon Wireless to avoid this costly arbitration with most of the larger carriers. The exception is AT&T (f/k/a SNET) in CT, which never adopted the ISP rate. There, Verizon Wireless filed for arbitration to establish a TELRIC based rate in July of 2007 and was able to settle in late 2007.