



October 28, 2008

EX PARTE NOTICE

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

Re: In the Matters of Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; High-Cost Universal Service Support, WC Docket No. 05-337; Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Ms. Dortch:

T-Mobile USA, Inc. (“T-Mobile”) supports the Commission’s efforts to craft a comprehensive solution to the complex problems plaguing the current intercarrier compensation (“ICC”) and high-cost universal service fund (“USF”) support regimes. Despite their many differences and conflicting competitive goals, a growing majority of the communications industry also has come to support immediate comprehensive reform of the ICC regime.

According to recent press reports, Chairman Martin has proposed a default reform ICC/USF plan that 1) would establish a methodology under which the states would transition all interstate and intrastate terminating rates, including reciprocal compensation rates, to a rate at or below \$0.0007 per minute, 2) subject all Internet Protocol (“IP”) traffic to exclusive federal jurisdiction, 3) permit local exchange carriers (“LECs”) to increase subscriber line charges (“SLCs”) above current SLC caps, and 4) distribute at least some high-cost USF support through a reverse auction mechanism. Moreover, all eligible telecommunications carriers (“ETCs”) would be required to make broadband available to all customers as a condition for continued high-cost support.

Although the Chairman’s plan, as reported, may not satisfy every stakeholder, it offers at least a first step toward urgently needed reform of the ICC/USF system. With certain clarifications, the proposed plan would go a long way toward achieving the universally desired goals of reducing the inefficiencies, arbitrage behavior, and disputes generated by the current ICC/USF system.

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Both CTIA¹ and AT&T² have recently indicated their support for the Chairman's plan and recommended similar modifications to better realize its goals. T-Mobile supports these commenters' requests to:

1. Reduce the proposed transition to unified cost-based termination rates from ten years to five years; and
2. Adopt a numbers and connections-based USF contribution methodology along the lines proposed by AT&T and Verizon, while limiting the category of "assessable numbers" to voice services and recognizing the need to accommodate the needs of wireless family share plan customers.³

T-Mobile agrees with CTIA and AT&T that the ten-year transition proposed in the Chairman's reported plan would maintain the current inefficiencies and archaic distinctions in the current ICC regime far too long. Because technological changes are rapidly eroding the legacy circuit-switched business model underlying the ICC regime, the transition certainly will be overtaken by events if it drags on for a decade. A five-year transition will provide the states and the industry sufficient time to adapt and will facilitate rather than delay the technological and competitive transformation of the industry. The Commission also should clarify that no termination rate, including the current \$0.0007 per minute rate governing non-access calls bound for Internet Service Providers and related "mirroring" rates, may increase as a result of the transition.⁴

T-Mobile agrees that a numbers and connections-based USF contribution methodology would be more efficient than the current revenue-based system and would better maintain the viability of

¹ Letter from Paul W. Garnett, CTIA - The Wireless Association®, to Marlene H. Dortch, Secretary, FCC, CC Docket No. 01-92 (Oct. 22, 2008) ("CTIA Letter"); letter from Paul W. Garnett, CTIA - The Wireless Association®, to Marlene H. Dortch, Secretary, FCC, CC Docket No. 01-92 (Oct. 27, 2008) ("CTIA Supplemental Letter").

² Letter from Robert W. Quinn, Jr., Senior Vice President, Federal Regulatory, AT&T Services, Inc., to Marlene H. Dortch, Secretary, FCC, CC Docket No. 01-92 (Oct. 23, 2008) ("AT&T Letter").

³ Letter from Mary L. Henze, AT&T Services, Inc., and Kathleen Grillo, Verizon, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 06-122 (Oct. 20, 2008) ("AT&T-Verizon Letter").

⁴ T-Mobile identified the features of any comprehensive proposal that would be necessary to accomplish ICC/USF reform goals in its recent filing commenting on Verizon's ICC reform plan. See letter from Kathleen O'Brien Ham, Federal Regulatory Affairs, T-Mobile USA, Inc., to Marlene H. Dortch, Secretary, FCC, CC Docket No. 01-92 (Oct. 3, 2008). T-Mobile stressed that: interconnection rules should not force competitive carriers to incur substantial network redesign costs; any necessary protocol conversion should be included in the uniform termination rate; transport rates should be reduced to cost-based levels; reduced uniform termination rates should be viewed as an interim transitional step toward a bill-and-keep system; and any access replacement mechanism should be as limited as possible and not used to support low end user rates. *Id.*

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the USF. The implementation of a new regime should ensure that all providers contribute on an equitable, nondiscriminatory and technologically-neutral basis. Specifically, the contribution obligations of wireless family share plans should be structured to avoid market distortions. Accordingly, all lines in a family share plan other than the primary line should continue to be assessed at 50 percent of the standard number fee, similar to the discount reportedly proposed for wireless prepaid numbers.⁵ The category of “assessable number” in the AT&T-Verizon proposal also should be clarified to exclude numbers used for non-voice services. Covering only voice services would ensure that contributions are made by providers of voice over IP (“VoIP”) services but would exclude the types of “machine-to-machine” connections that generate very little revenue and could become uneconomic if a numbers-based fee is assessed. These connections also are unrelated to the services that are at the core of the Commission’s universal service goals.

In addition, T-Mobile reiterates its support for the petitions filed by TracFone Wireless, Inc. (“TracFone”) and the Computer and Communications Industry Association (“CCIA”), which urge the Commission to establish a Broadband Lifeline/Link Up service to eligible low-income households.⁶ As T-Mobile noted earlier this month, the Commission should act quickly on the TracFone and CCIA petitions in order to bring the benefits of broadband to low-income consumers across the nation, rather than rush to adopt M2Z Networks, Inc.’s free broadband proposal for the AWS-3 band, which does not target consumers in need of government assistance and, contrary to its stated intent, would bring neither “free” nor “broadband” services to the wireless users in that one spectrum band.⁷

T-Mobile commends the Commission and Chairman Martin for their efforts in finally resolving these complex and seemingly intractable issues. With the suggested modifications and clarifications, the reported draft plan offers a way forward that will benefit consumers and facilitate the inevitable transition to an intermodal convergent IP-based packet switched network.

⁵ AT&T and Verizon recommend a discount for family share plans, which T-Mobile believes should be maintained for an indefinite period. *See* AT&T-Verizon Letter at 5.

⁶ TracFone Wireless, Inc. Petition to Establish a Trial Broadband Lifeline/Link Up Program, *Lifeline and Link-Up, Federal-State Joint Board on Universal Service*, WC Docket No. 03-09, CC Docket No. 96-45 (filed Oct. 9, 2008) (“TracFone Petition”) (suggesting a trial program of 500,000-1,000,000 low-income households in selected markets); Petition for Rulemaking of Computer & Communications Industry Association (CTIA), *Petition for Rulemaking to Enable Low-Income Consumers to Access Broadband Through the Universal Service Lifeline and Link-Up Programs*, WC Docket No. 08- __ (filed Oct. 7, 2008) (“CCIA Petition”).

⁷ Letter from Thomas J. Sugrue, Vice President, Government Affairs, T-Mobile USA, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 03-109, CC Docket No. 96-45, WT Docket Nos. 07-195 and 04-356 (Oct. 17, 2008).

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T-Mobile is eager to work with the Commission and other service providers to ensure that the plan that is ultimately adopted serves the public interest and accommodates all technologies.

In accordance with Section 1.1206 of the Commission's rules, this letter is filed with your office for inclusion in the public record of the above referenced proceeding. If you have any questions regarding this *ex parte* notice, please contact the undersigned.

Sincerely,

/s/ Kathleen O'Brien Ham
Kathleen O'Brien Ham
Vice President
Federal Regulatory Affairs
T-Mobile USA, Inc.

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