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November 9, 2009

**EX PARTE**

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

**Re: In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; In the Matter of Universal Service Contribution Methodology, WC Docket No. 06-122; and A National Broadband Plan for our Future; GN Docket No. 09-51**

Dear Ms. Dortch:

On November 6, 2009, Tom Tauke and Kathleen Grillo of Verizon met with Blair Levin and Carol Matthey of the Commission's Broadband Omnibus Initiative, to discuss the Commission's National Broadband Plan proceeding.

Verizon urged the Commission to include reform of the intercarrier compensation and universal service systems in the development of the plan. Both of these regimes are increasingly untenable in their current form, and fundamental reform is critical to encourage deployment of the next-generation technologies that consumers want and need. New technologies and products continue to eat away at wireline carriers' access revenues and the lines that produce them, while today's complicated system and ambiguous rules continue to generate a variety of arbitrage schemes. Verizon stated that the Commission should fundamentally reform its existing regime, which will provide carriers and consumers alike with the regulatory certainty that will allow carriers to move forward and invest in the broadband networks of tomorrow.

Verizon also stressed that the Commission must reform the current universal service system. First, the current revenues-based contribution methodology was designed for a world where phone companies offered customers separate local and long distance services – not the “all distance” bundles offered by a variety of providers today. Under today's revenue-based system, companies that use different technologies to compete for the same customers pay into the fund in different ways, skewing the competitive landscape. Revenues-based contributions also require increasingly unworkable distinctions between interstate and intrastate services and between

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telecommunications and information services. As a result, next quarter, we expect that the industry will see the largest contribution factor in the history of the program. We also stressed the need to reform the distribution side of universal service. The current universal service high cost distribution system is unsustainable. It is designed to support a one-network, wireline world that no longer exists.

Verizon also encouraged the Commission to address the need for additional spectrum for mobile broadband. As the Commission is well aware, the market for mobile broadband services is growing at a significant rate, and this growth is expected to increase exponentially in the future. As a result of this tremendous growth, the industry will need significant allocations of additional spectrum will be needed in the future. Verizon's comments were consistent with its prior comments on this issue in this proceeding.

Please contact me directly if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Gill". The signature is written in a cursive, slightly slanted style.

cc: Blair Levin  
Carol Matthey