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January 11, 2012

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**Ex Parte**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**Re: In the Matter of Connect America Fund A National Broadband Plan for Our Future High-Cost Universal Service Support, WC Docket No. 10-90; In the Matter of Federal -State Joint Board on Universal Service High-Cost Universal Service Support, WC Docket No. 05-337; Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC, for Consent to Transfer of Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements, WT Docket No. 08-95**

Dear Ms. Dortch:

On January 5, John Scott, Chris Miller, and Tamara Preiss of Verizon met with Austin Schlick, Julie Veach, Diane Griffin Holland, Marcus Maher, and Jim Bird of the Office of General Counsel and Trent Harkrader, Amy Bender, and Ted Burmeister of the Telecommunications Access Policy Division, Wireline Competition Bureau. The purpose of the meeting was to discuss the Commission's new rule phasing out legacy universal service high cost support to competitive eligible telecommunications carriers (CETCs) and application of that rule to Verizon Wireless' 2008 voluntary merger commitment to phase out its CETC support over five years.

We discussed the scope of the Verizon Wireless commitment and the Verizon Wireless-Alltel acquisition order, both of which state that a new Commission rule of general applicability implementing a reduction in support to CETCs shall apply to Verizon Wireless instead of the more specific merger commitment.<sup>1</sup> We expressed concern that the Commission's discussion in

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<sup>1</sup> See Letter to from John T. Scott, III, Verizon Wireless, to Marlene H. Dortch, FCC, WT Docket No. 08-95 (filed Nov. 3, 2008); *Applications of Cellco Partnership d/b/a Verizon Wireless & Atlantis Holdings LLC for Consent to Transfer Control of Licenses, Authorizations & Spectrum Manager & De Facto Transfer Leasing Arrangements & Petition for Declaratory Ruling That the Transaction Is Consistent with Section 310(b)(4) of the Communications*

the *USF-ICC Transformation Order*<sup>2</sup> of the interplay between the merger commitment and the new industry-wide phase-down of CETC support could be read to suggest that both phase-downs would apply simultaneously. That result might leave Verizon even worse off than it would have been under the merger commitment alone. It would be inconsistent with the merger commitment and the *Alltel Order* to subject Verizon to both phase-downs simultaneously. If that is what was intended in the *USF-ICC Transformation Order*, this aspect of the order must be reconsidered.<sup>3</sup>

More specifically, we discussed the language used by the Commission in paragraph 520 of the *USF-ICC Transformation Order* to describe how the new CETC support phase-down will apply to Verizon Wireless. We also reviewed the relevant provisions of the *Alltel Order* and the specific language used in Verizon Wireless' 2008 voluntary merger commitment letter, which make clear that the Commission's new rule phasing out legacy support to all CETCs must apply *instead of* Verizon's merger condition. This means that Verizon's CETC support should be "frozen" at the 2011 level and that remaining amount should be eliminated over a five-year period like all other CETC support. Any other approach would be inconsistent with the *Alltel Order* and Verizon's voluntary merger commitment.

In addition, we discussed the financial impact of and the scope of different approaches to CETC support for Verizon over the next few years. We addressed Verizon's expectations for support amounts applying the *Alltel Order* to the new CETC support rules, the status quo under the merger condition had the Commission never adopted the *USF-ICC Transformation Order*, and support amounts if Verizon's merger condition were actually accelerated. Finally, we also discussed practical challenges associated with the significant uncertainty regarding Verizon's CETC funding, such as network and financial planning as well as state and federal CETC reporting obligations.

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*Act*, WT Docket No. 08-95, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd 17444, 17531-32 (paras. 196-197) (2008) ("*Alltel Order*").

2 *Connect America Fund, et al.*, WC Docket No. 10-90 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (para. 520) (rel. Nov. 18, 2011) ("*USF-ICC Transformation Order*").

<sup>3</sup> See *Verizon's Petition for Clarification or, in the Alternative, for Reconsideration*, WC Docket No. 10-90 *et al.*, at 3-6 (filed Dec. 29, 2011).

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This letter is being filed electronically pursuant to Section 1.1206 of the Commission's Rules. Should you have any questions, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "James Griffin". The signature is written in a cursive, flowing style.

cc: (via e-mail)  
Austin Schlick  
Julie Veach  
Diane Griffin Holland

Marcus Maher  
Jim Bird  
Trent Harkrader

Amy Bender  
Ted Burmeister