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Ex Parte

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

Re: Connect America Fund, A National Broadband Plan for Our Future, High-Cost Universal Service Support, WC Docket No. 10-90; Universal Service Contributions, 06-122

Dear Ms. Dortch:

On July 12, Chris Miller and the undersigned of Verizon met with Nicholas Degani, Wireline Legal Advisor to Commissioner Pai. The purpose of the meeting was to discuss Verizon's views on universal service and intercarrier compensation reform priorities going forward as well as pending USF and ICC implementation matters following the *USF-ICC Transformation Order*.¹

We said that Verizon supports universal service and intercarrier compensation reform and has intervened in the pending appeal of the *Order*. With respect to limits on certain legacy universal service funding in the *Order*, including limits on rate-of-return carrier funding, we said that responsible USF budgeting has long been a priority for Verizon and that the Commission's commitment to fiscal responsibility in the *Order* is an important component of reform. Generally, we said that universal service and intercarrier compensation reforms called for in the *Order* should be implemented on schedule and that the Commission should not back-track on critical changes to the universal service and intercarrier compensation systems. We discussed broadband funding under phase one of the Connect America Fund and said that companies' decisions whether to participate in this phase the program will depend on many factors, not just the amount of per-household support available.

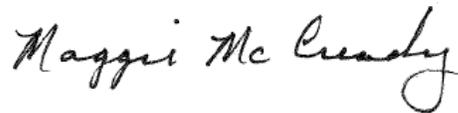
¹ *Connect America Fund, et al., WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, (Nov. 18, 2011)(“USF-ICC Transformation Order”)*.

We also discussed the recent petition filed by USTelecom and CTIA regarding ETC reporting requirements and potential use of “frozen” universal service support for broadband purposes beginning in 2013 in the event phase two of the Connect America Fund is not operational.² With respect to reporting obligations, we said the CTIA-USTelecom Petition should be addressed and that reporting obligations that may attach to frozen support – acceptance of which the *Order* envisions as mandatory – in particular should be minimized. We said the scope of the new reporting rules, particularly potential new broadband reporting obligations, is unclear but that under one interpretation of the rules carriers could be expected to report data that they do not currently collect and have no mechanism to gather. We agreed with the section of the Petition regarding use of frozen interstate access support and said that carriers cannot be expected to spend this funding both on rate reductions and for broadband purposes. We said that carriers should be afforded maximum flexibility in using frozen support for broadband operational expenses in the event the permanent Connect America Fund is delayed.

Finally, we briefly discussed universal service contribution reform. We said that Verizon recently filed comments in response to the Commission’s latest contributions NPRM and that we desired to work with the Commission to improve the contribution system for all parties. We said that in the near-term there are changes the Commission should make to the current revenue-based system such as (1) posting annual modifications to the Form 499 Worksheet Instructions for notice and comment; (2) resolve longstanding issues regarding potential contributions on Multi-Protocol Label Switching-enabled services; and (3) clean up the reseller exemption process. Likewise, we said that the Commission should not subject text messaging revenues to USF assessments for the first time. The Commission also cannot require Form 499 filers to contribute on their “total revenues” for competitive reasons.

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,



cc: Nicholas Degani

² See Petition for Clarification and Reconsideration or, in the Alternative, for Waiver of CTIA and USTelecom, WC Docket No. 10-90 *et al.* (June 25, 2012) (“Petition”).