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November 20, 2012

VIA ECFS

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

Re: Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109; Universal Service Reform – Mobility Fund, WT Docket No. 10-208; Promoting Interoperability in the 700 MHz Commercial Spectrum, WT Docket No. 12-69; Requests for Waiver and Extension of Time to Construct 700 MHz A and B Block Licenses, WT Docket No. 12-332; Reexamination of Roaming Obligations of Commercial Mobile Radio Service Providers, WT Docket No. 05-265

Dear Ms. Dortch:

On November 16, 2012, Steven Berry and Rebecca Murphy Thompson of Competitive Carriers Association (“CCA”) and the undersigned met with Jonathan Chambers, Paul Lafontaine, and Paroma Sanyal of the Office of Strategic Planning and Policy Analysis and Soumitra Das of the Wireline Competition Bureau to discuss the distribution of high-cost universal service support and the participation of wireless carriers.¹

At this meeting, we argued that the public interest would be best served by technologically and competitively neutral policies that avoid artificial restrictions on the amount of support for which wireless carriers are eligible. We further explained that, while full implementation of such pro-competitive policies depends on the outcome of pending appellate and reconsideration proceedings, the Commission has an opportunity in response to the *CAF Further Notice* at least to mitigate the competitive harms associated with the wireline preferences

¹ *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (“*CAF Order or CAF Further Notice*”).

embodied in the *CAF Order*. In particular, as CCA has argued previously, the Commission should reallocate to wireless carriers a significant portion of the funds tentatively slated for price cap incumbent local exchange carriers (“ILECs”), including both unclaimed Phase I CAF support and any Phase II support for which the ILEC declines to exercise its right of first refusal. Moreover, CCA argued that the Commission should design any wireline cost model in a manner that prevents excessive and inefficient levels of support, including by rejecting “greenfield” network designs that conflict with the rationale for giving price cap ILECs the preferential right of first refusal—namely, that such carriers’ extensive *existing* network facilities purportedly make them uniquely able to deploy broadband services to currently unserved areas.²

We also argued that, to the extent the Commission decides to award model-based support to price cap ILECs based on a *wireline* cost model, it should not permit such carriers to use such support to deploy *wireless* broadband facilities. Indeed, funding wireless networks based on wireline network costs would reinstate the very feature of the former identical support rule that the Commission deemed unacceptable.³ Allowing price cap ILECs to build out broadband wireless networks using model-based support also would exacerbate the competitive disparities associated with the *CAF Order*, as doing so would direct support to ILEC-affiliated wireless providers but not competitive carriers—the exact opposite of the approach needed to restore competitive balance to the wireless industry.

Finally, we pointed out that, if the Commission intends to use reverse auctions to distribute whatever Phase II CAF support remains after ILECs exercise their right of first refusal, it must remove existing impediments to participation by competitive wireless providers. Specifically, several factors conspire to make it extremely difficult for competitive wireless carriers to raise the financing necessary to participate in a competitive bidding process (especially against larger rivals), including: (a) the lack of interoperability in the Lower 700 MHz Band; (b) the resultant absence of a device ecosystem necessary for A Block Licensees to build out their networks in compliance with upcoming milestones; and (c) the refusal of AT&T and Verizon Wireless to enter into reasonable data roaming agreements, particularly for 4G networks. The Commission therefore should take action to ameliorate those problems not only to promote wireless competition, but in furtherance of universal service policy objectives.

Please contact the undersigned with any questions regarding these issues.

Sincerely,

/s/ Matthew A. Brill

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² *CAF Order* ¶¶ 175-177.

³ *Id.* ¶ 504.