**Kathleen Grillo**Senior Vice President
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Ms. Marlene H. Dortch Secretary Federal Communications Commission 445 12<sup>th</sup> Street, SW Washington, DC 20554

Re: <u>In the Matter of Connect America Fund A National Broadband Plan for Our Future High-Cost Universal Service Support, WC Docket No. 10-90</u>

Dear Ms. Dortch:

Verizon fully supports the landmark reforms of the Federal Universal Service Fund that the Commission adopted in the *USF-ICC Transformation Order* last November. These reforms will modernize the program and ensure that USF support will now be used to offset the cost of broadband deployment in rural America.

As part of those reforms, the FCC established Connect America Fund Phase I incremental support, which is designed to extend broadband to many of those few remaining households that still do not have access. Verizon has carefully considered the option of accepting the relatively small amount of CAF Phase I support (\$19.7 million) available to the Verizon incumbent local exchange carriers. However, we have determined that Verizon will decline 2012 funding for CAF Phase I.

Please contact me with any questions.

Sincerely,

Kallen Grill