

United States Senate

WASHINGTON, DC 20510

December 12, 2017

The Honorable Ajit Pai, Chairman
The Honorable Mignon Clyburn, Commissioner
The Honorable Jessica Rosenworcel, Commissioner
The Honorable Michael O'Rielly, Commissioner
The Honorable Brendan Carr, Commissioner
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Pai and Commissioners Clyburn, Rosenworcel, O'Rielly, and Carr:

I write to urge the Federal Communications Commission (FCC) to ensure that the Connect America Fund (CAF) Phase II Auction has sufficient safeguards to ensure a fair auction and prevent waste, fraud, and abuse.

Because AT&T declined CAF funding in Missouri, more than 112,000 locations in rural Missouri are preliminarily eligible for universal service funding through the auction. These unserved communities have been waiting years for broadband and the auction presents a unique opportunity to finally allow universal service funding to flow to these communities in Missouri.

I am concerned, however, that the Commission may fail to adopt sufficient safeguards in the auction. Absent adequate safeguards, the auction could not only fail to connect rural Missouri with broadband, but also risks introducing waste and fraud into the program. I have been vigilant in tackling fraud in the FCC's universal service programs, especially Lifeline. Lifeline fraud continues to occur because the commission failed to put safeguards and oversight requirements in place, and the agency should not make the same mistake with respect to the CAF Phase II Auction.

To protect the integrity of the program, I urge the commission to screen applicants to ensure they are both qualified to participate and have the ability to serve all unserved households in geographic areas where they are bidding with the applicable speed and capacity. Serving only a fraction of these households will fail to deliver on the promise of universal service. The commission should use the framework of the New York state auction as a model and require providers to submit propagation maps for wireless providers or network diagrams for other providers to ensure they have designed a network that can serve the area. Providing such information after the auction is over is too late. Providers should also show that they have the financial resources to deploy to ensure that the provider does not default before fulfilling its obligation.

In addition, I strongly encourage the commission to prevent technologies from bidding in speed tiers that are not commercially available today. I agree with the electric cooperatives and rural

telephone companies in Missouri that wireless and satellite internet service providers should not be able to bid in the 100 Mbps and 1 Gbps tiers. While I support technology neutrality, the commission should not use finite universal service funding on technologies that are not yet available and – indeed – may never be available.

Adopting these common sense safeguards should help ensure a fair auction and help to finally deliver on our nation's universal service promise to rural Missourians.

Thank you for your leadership adopting the final rules for the CAF Phase II Auction and committing to conduct the auction in 2018. I look forward to continuing to work together to close the digital divide in Missouri.

Sincerely,

A handwritten signature in blue ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a large, looping script, followed by "McCaskill" in a similar but slightly more compact style.

Claire McCaskill
United States Senator



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

May 10, 2018

The Honorable Claire McCaskill
United States Senate
503 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator McCaskill:

Thank you for your letter regarding the Connect America Fund (CAF) Phase II auction. In my first remarks to FCC staff as Chairman, I declared that my highest priority would be closing the digital divide—that is, making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in urban areas. That is why I am pleased the Commission is moving forward with the \$2 billion Connect America Fund Phase II auction in July. Through this auction, providers in Missouri and every other state will have a full and fair opportunity to bid for funding to build out high-speed Internet access to unserved rural Americans.

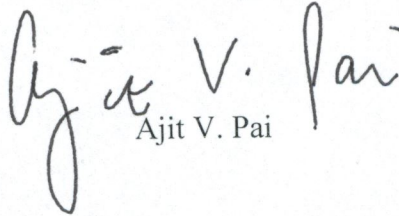
I agree that safeguards in any broadband funding program are critical to ensure success in getting Internet access to as many unserved Americans as possible and in preventing waste and fraud. That's why the Commission decided earlier this year to require applicants to establish baseline financial and technical capabilities to bid and to preclude applicants from bidding for support at speed tiers and latencies that are inconsistent with their underlying technologies. Indeed, we expressly required applicants to submit sufficient information before the auction to demonstrate they are reasonably capable of meeting the relevant obligations that would attach to a winning bid—with propagation maps being one way of proving that capability. Measures like these will give the American public confidence that the universal service dollars allocated in the CAF II auction will be money well-spent.

Additionally, we have structured the CAF II mechanism to promote competition and efficiency, which will maximize the value of the program to the American people. In particular, we have established rules to encourage a variety of eligible entrants to participate, including electric co-operatives, while requiring all applicants to undergo a rigorous review process before they are eligible to bid.

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I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Ajit V. Pai". The signature is fluid and stylized, with the first name "Ajit" being the most prominent part.

Ajit V. Pai