

October 31, 2017

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

Dear Commissioners:

We applaud the efforts of the Federal Communications Commission (FCC) to streamline and strengthen the federal High-Cost Universal Service Fund (USF). This program is critical to achieving our shared national broadband goals and closing the digital divide.

Yet, as we and many others have noted consistently in recent years, a lack of resources to meet these national goals is undermining investment and consumer access to affordable broadband across much of rural America. For this reason, we write to encourage the FCC to take the much-needed step of addressing this USF budget shortfall.

Earlier this year, approximately 160 members of Congress raised similar concerns in letters to the FCC. Since these letters were sent, many providers have continued to experience a significant reduction in support. In the ensuing months, many of us have continued to press the FCC to resolve these concerns. We believe that the FCC is best positioned to identify a solution to the budget shortfall that is limiting access to reliable and affordable broadband in rural communities.

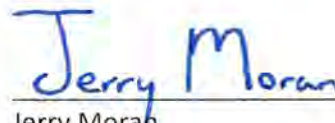
While we recognize that a thoughtful long-term solution to the budget shortfall will take time and effort to identify and assess, many of the providers that serve rural consumers and businesses in our states have already begun to feel the pain of an arbitrary budget cap on High-Cost USF support. We urge the FCC to take action as quickly as possible to ensure the High-Cost USF program provides sufficient and predictable support to help deliver affordable, high-quality broadband to rural consumers. At a minimum, we ask that you ensure that there is no reduction in funds allocated to or collected for the High-Cost program until you have reached a comprehensive solution to High-Cost funding.

Thank you for your commitment to this important program and the millions of rural consumers who benefit from it. We look forward to both quick action and a comprehensive plan that effectively responds to this crisis.

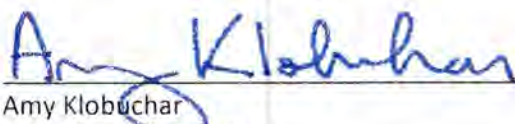
Sincerely,



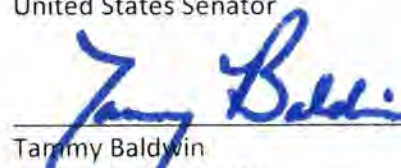
Pat Roberts
United States Senator



Jerry Moran
United States Senator



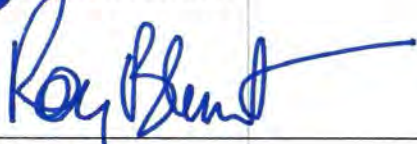
Amy Klobuchar
United States Senator



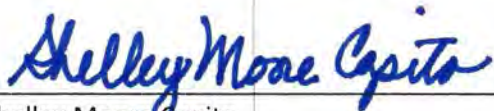
Tammy Baldwin
United States Senator



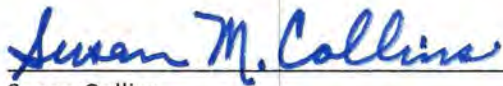
John Barrasso, M.D.
United States Senator



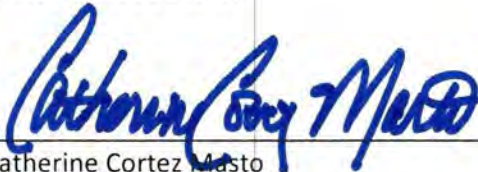
Roy Blunt
United States Senator



Shelley Moore Capito
United States Senator



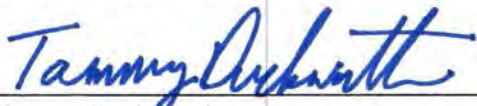
Susan Collins
United States Senator



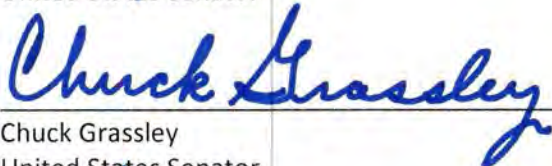
Catherine Cortez Masto
United States Senator



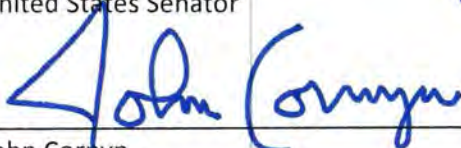
Mike Crapo
United States Senator



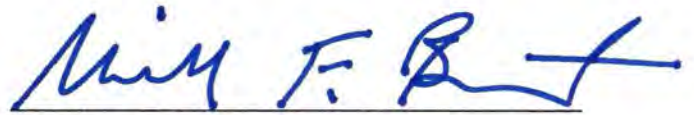
Tammy Duckworth
United States Senator



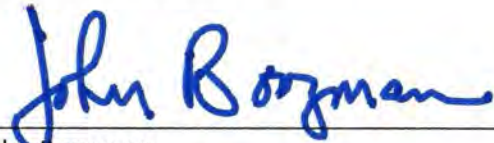
Chuck Grassley
United States Senator



John Cornyn
United States Senator



Michael F. Bennet
United States Senator



John Boozman
United States Senator



Maria Cantwell
United States Senator



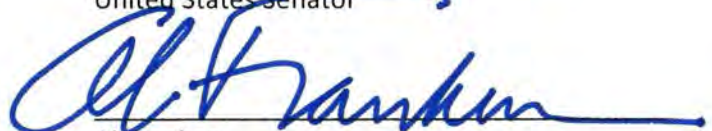
Bill Cassidy, M.D.
United States Senator



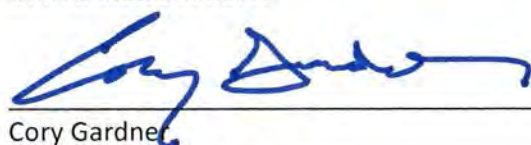
Tom Cotton
United States Senator



Steve Daines
United States Senator



Al Franken
United States Senator



Cory Gardner
United States Senator



Richard Durbin
United States Senator



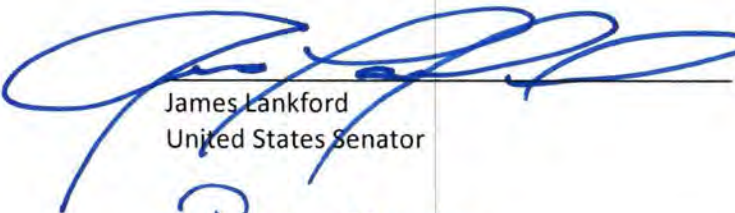
Kirsten Gillibrand
United States Senator



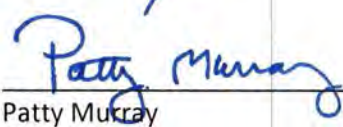
Heidi Heitkamp
United States Senator



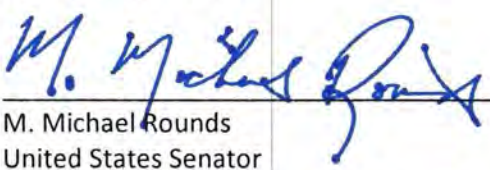
Johnny Isakson
United States Senator



James Lankford
United States Senator



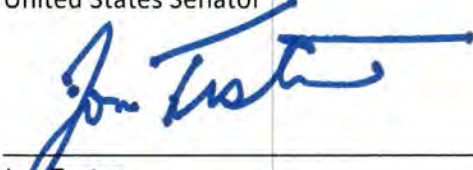
Patty Murray
United States Senator



M. Michael Rounds
United States Senator



Jeanne Shaheen
United States Senator



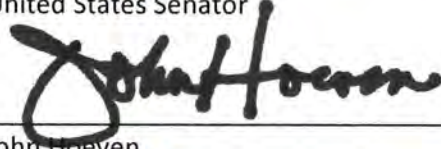
Jon Tester
United States Senator



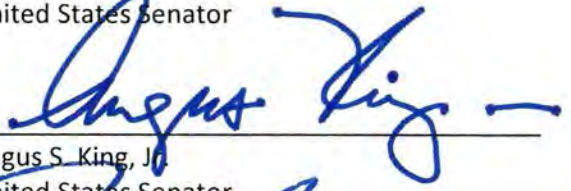
Ron Johnson
United States Senator



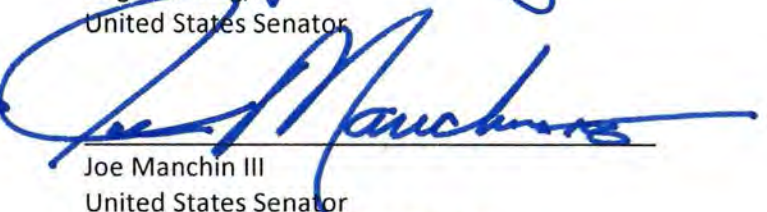
Margaret Wood Hassan
United States Senator



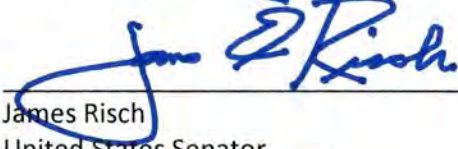
John Hoeven
United States Senator



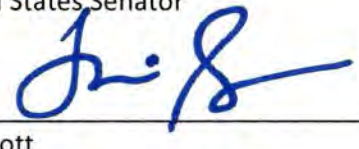
Angus S. King, Jr.
United States Senator



Joe Manchin III
United States Senator



James Risch
United States Senator



Tim Scott
United States Senator



Luther Strange
United States Senator



Thom Tillis
United States Senator



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Tammy Baldwin
United States Senate
717 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Baldwin:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

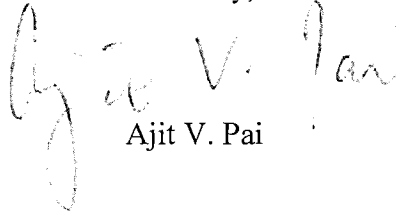
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Tammy Baldwin

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable John Barrasso
United States Senate
307 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Barrasso:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

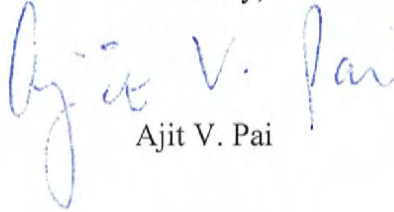
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable John Barrasso

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Michael Bennet
United States Senate
261 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Bennet:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

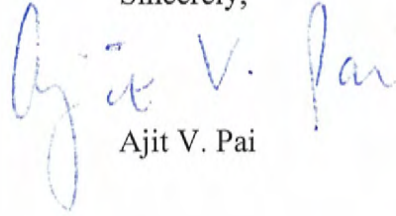
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Michael Bennet

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Roy Blunt
United States Senate
260 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Blunt:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

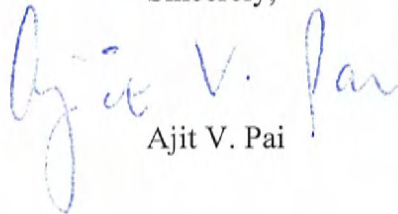
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Roy Blunt

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is written in a cursive style with a large, looping initial "A".

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable John Boozman
United States Senate
141 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Boozman:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

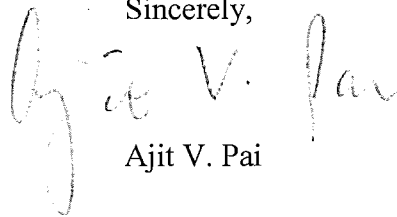
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable John Boozman

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "Ajit V. Pai". The signature is written in a cursive, flowing style with some loops and flourishes.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Maria Cantwell
United States Senate
511 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cantwell:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

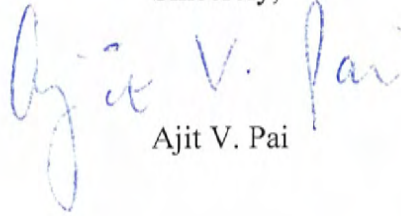
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Maria Cantwell

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Shelley Moore Capito
United States Senate
172 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Capito:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

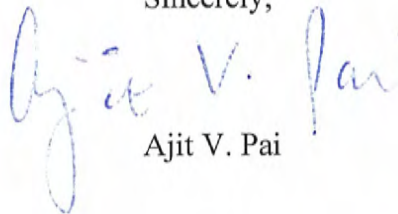
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Shelley Moore Capito

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Bill Cassidy
United States Senate
703 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cassidy:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

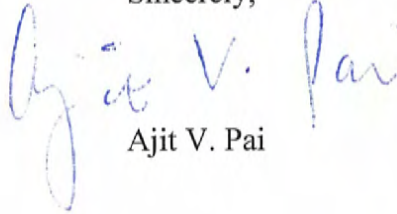
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Bill Cassidy

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is written in a cursive style with a large initial "A" and a long, sweeping underline.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Susan Collins
United States Senate
413 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Collins:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

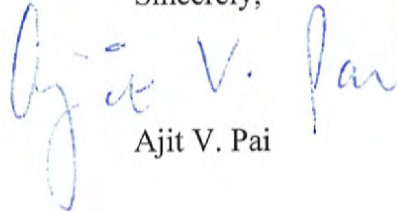
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Susan Collins

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A'. The middle initial "V." is written with a small 'V' followed by a period. The last name "Pai" is written with a large, looped 'P'.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable John Cornyn
United States Senate
517 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cornyn:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

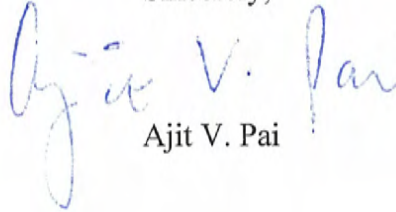
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable John Cornyn

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Catherine Cortez Masto
United States Senate
B40A Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Cortez Masto:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

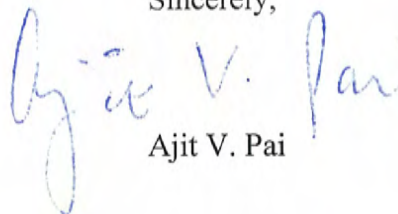
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Catherine Cortez Masto

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Tom Cotton
United States Senate
124 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Cotton:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

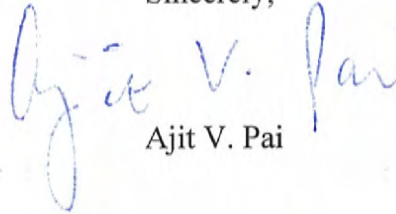
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Tom Cotton

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Michael D. Crapo
United States Senate
239 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Crapo:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

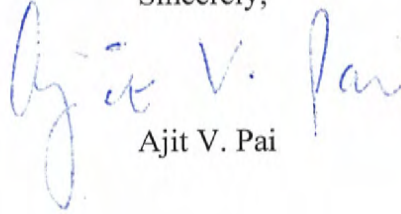
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Michael D. Crapo

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Steve Daines
United States Senate
320 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Daines:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

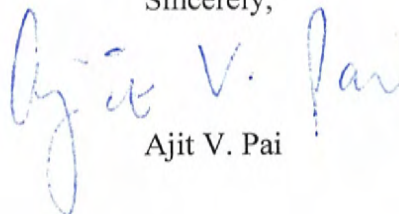
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Steve Daines

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Tammy Duckworth
United States Senate
G12 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Duckworth:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

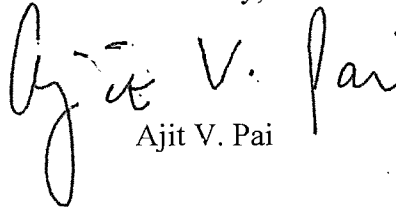
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Tammy Duckworth

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A'. The middle initial "V." is written with a small 'V' followed by a period. The last name "Pai" is written with a large, looped 'P'.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Richard J. Durbin
United States Senate
711 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Durbin:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

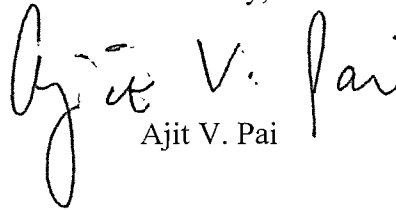
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Richard J. Durbin

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Franken:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

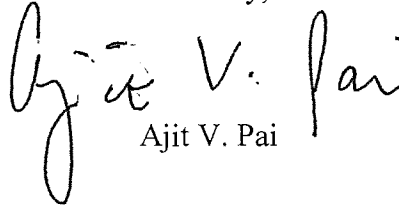
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Al Franken

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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 and last names being more prominent than the middle initial.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Cory Gardner
United States Senate
354 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Gardner:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

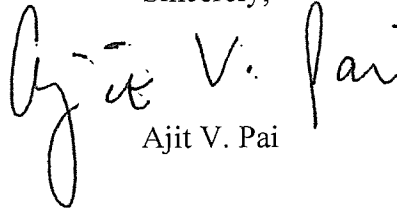
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Cory Gardner

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Kirsten Gillibrand
United States Senate
478 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Gillibrand:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

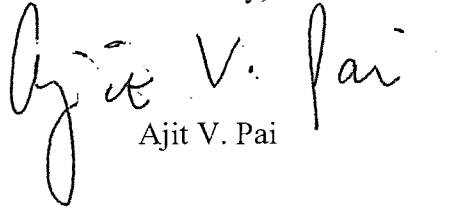
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Kirsten Gillibrand

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Charles E. Grassley
United States Senate
135 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Grassley:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

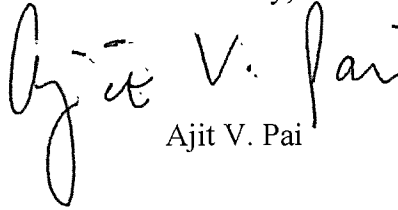
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Charles E. Grassley

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A' and a trailing 't'. The middle initial "V." is written with a large, looped 'V' and a period. The last name "Pai" is written with a large, looped 'P' and a trailing 'i'. The signature is positioned to the left of the printed name "Ajit V. Pai".

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Maggie Hassan
United States Senate
B85 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Hassan:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

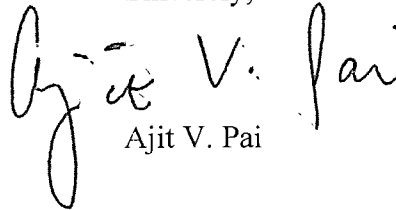
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Maggie Hassan

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part, followed by "V." and "Pai".

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Heidi Heitkamp
United States Senate
110 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Heitkamp:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

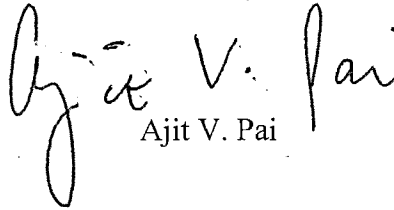
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Heidi Heitkamp

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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 written in dark ink and is positioned to the left of the printed name.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable John Hoeven
United States Senate
338 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Hoeven:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

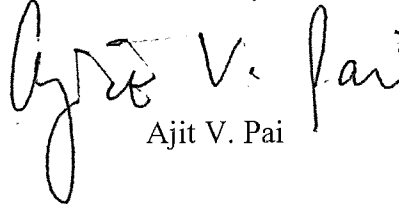
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable John Hoeven

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being more prominent and stylized than the last name "Pai".

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Johnny Isakson
United States Senate
131 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Isakson:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

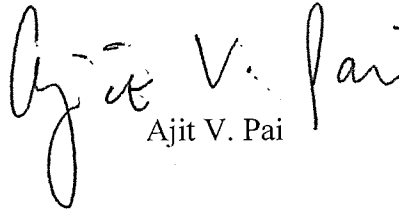
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Johnny Isakson

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, reading "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part, followed by "V." and "Pai".

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Ron Johnson
United States Senate
328 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Johnson:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

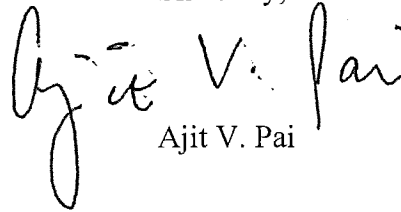
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Ron Johnson

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Angus King
United States Senate
133 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator King:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

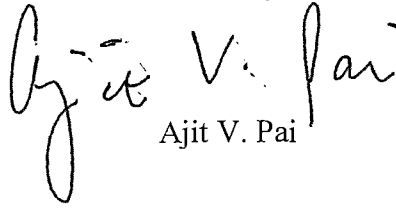
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Angus King

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being more prominent and the last name "Pai" written in a similar style. The middle initial "V." is smaller and less distinct.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Amy Klobuchar
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Klobuchar:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

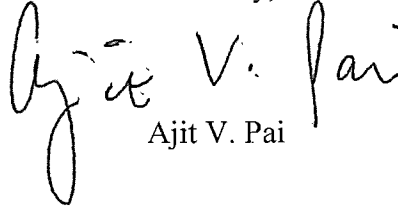
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Amy Klobuchar

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, reading "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A'. The middle initial "V." is written with a small 'V' followed by a period. The last name "Pai" is written with a large, looped 'P'.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable James Lankford
United States Senate
316 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Lankford:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

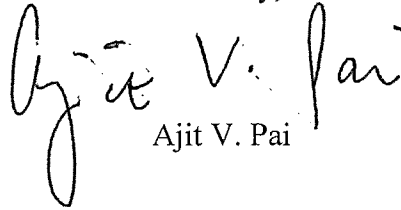
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable James Lankford

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part, followed by "V." and "Pai".

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Joe Manchin
United States Senate
306 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Manchin:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

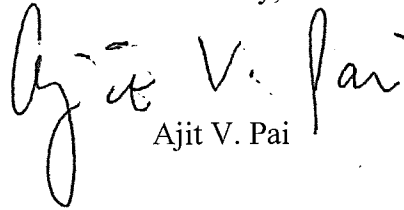
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Joe Manchin

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

OFFICE OF
THE CHAIRMAN

The Honorable Jerry Moran
United States Senate
521 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Moran:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

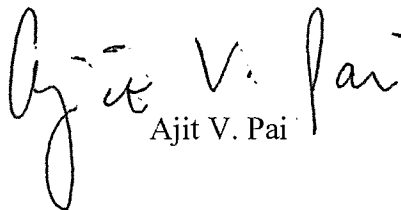
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Jerry Moran

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent part, followed by "V." and "Pai".

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Patty Murray
United States Senate
154 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Murray:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

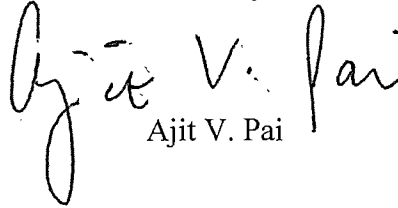
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Patty Murray

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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 and last names being more prominent than the middle initial.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Jim Risch
United States Senate
483 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Risch:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

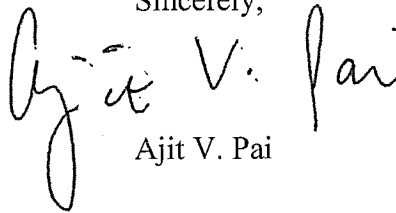
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Jim Risch

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink that reads "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A'. The middle initial "V." is written with a simple 'V' followed by a period. The last name "Pai" is written with a large, looped 'P'.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Pat Roberts
United States Senate
109 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Roberts:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

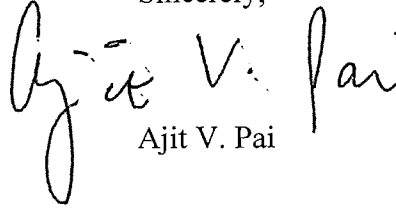
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Pat Roberts

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, reading "Ajit V. Pai". The signature is written in a cursive, flowing style. The first name "Ajit" is written with a large, looped 'A'. The middle initial "V." is written with a small 'V' followed by a period. The last name "Pai" is written with a large, looped 'P'.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Michael Rounds
United States Senate
502 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Rounds:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

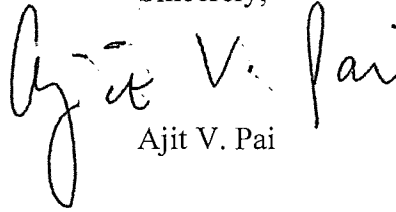
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Michael Rounds

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being more prominent and the last name "Pai" written in a similar style. The middle initial "V." is smaller and less distinct.

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Tim Scott
United States Senate
520 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Scott:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

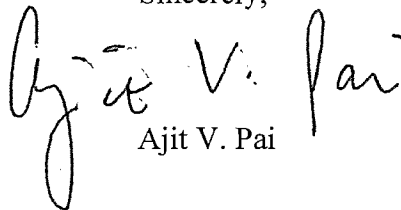
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Tim Scott

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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 written in dark ink and is positioned above the printed name.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Jeanne Shaheen
United States Senate
506 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Shaheen:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

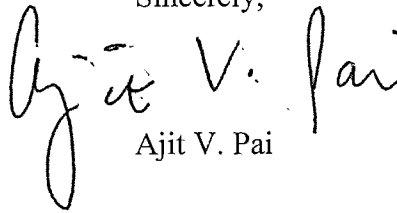
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Jeanne Shaheen

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Luther Strange
United States Senate
326 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Strange:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

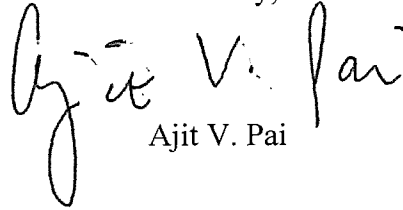
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Luther Strange

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being more prominent and the last name "Pai" written in a similar style. The middle initial "V." is smaller and less distinct.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 6, 2017

The Honorable Jon Tester
United States Senate
311 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Tester:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

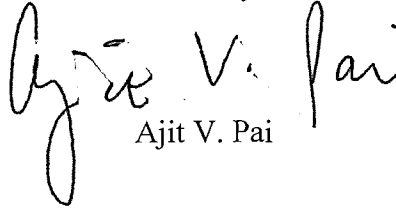
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Jon Tester

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being more prominent and stylized, followed by "V." and "Pai".

Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Thom Tillis
United States Senate
185 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Tillis:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

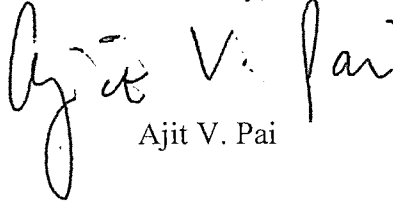
For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of

Page 2—The Honorable Thom Tillis

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

A handwritten signature in black ink, reading "Ajit V. Pai". The signature is fluid and cursive, with the first name "Ajit" being the most prominent.

Ajit V. Pai