

United States Senate

WASHINGTON, DC 20510

September 8, 2014

947

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20536

Dear Chairman Wheeler:

Thank you for meeting with us in July. We thoroughly appreciated the opportunity to discuss communications issues facing Montana. We look forward to continuing our dialogue on issues such as rural call blocking, E-rate modernization and high cost loop support. While each of those issues remains important, we write today to share our thoughts on Phase II of the Connect America Fund (CAF II).

The importance of reliable access to broadband Internet for rural communities continues to grow. With robust broadband service, the smallest town can compete and connect with the rest of the world. The Internet is a critical tool to build businesses, apply for jobs, enhance educational opportunities and connect friends and families. CAF II is an outstanding opportunity to continue to improve access to high-speed broadband for Montanans living in unserved areas, especially since it incentivizes broadband deployment at speeds of 10 Mbps, more than double speeds of previous rounds.

It is essential that the final details of the program live up to its promise. While more than doubling the speed requirements for CAF II is welcome news, we are concerned that the program's overall mission could be endangered if the final rules do not ensure that eligible census blocks are correctly identified, partially unserved census blocks can receive funding and an appropriate amount of time and support are granted to make sure carriers can construct high-capacity networks.

As CAF II procedures are finalized, we urge the Commission to meticulously survey census blocks to make sure that all eligible unserved areas qualify for funding. Additionally, CAF II eligibility must be updated to account for partially-served census blocks as too many households missed out on CAF 1.2 funding due to the insufficient challenge process. Finally, the Commission should continue to be open to feedback about how best to balance the need to quickly develop broadband capacity in unserved areas with the funding and time required to complete build outs.

We look forward to continuing to work with you and the Commission on efforts to deploy broadband to the most rural areas of our nation. Thank you for your consideration.

Sincerely,



Jon Tester
United States Senator



John E. Walsh
United States Senator



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 19, 2014

The Honorable John Walsh
United States Senate
511 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Walsh:

Thank you for your letter regarding the implementation of certain aspects of Phase II of the Connect America Fund (CAF II). In your letter, you express concerns that the overall mission of the CAF II program could be endangered if the Commission increases the current broadband speed benchmark for program recipients to 10 Mbps downstream /1 Mbps upstream without allowing flexibility in other elements of the program, as well as suggest several proposals to provide such flexibility. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

I agree with you that high-speed broadband access is an essential component for economic growth in rural communities. The universal service program is one of the most important tools at our disposal to ensure that consumers and businesses in rural America have the same opportunities as their urban and suburban counterparts to be active participants in the United States of the 21st century. We are focused on updating the universal service high-cost program to ensure that we are delivering the best possible voice and broadband experiences to rural America within the confines of our Connect America budget, while providing increased certainty and predictability for all carriers and a climate for increased broadband expansion.

In April, the Commission adopted a *Connect America Fund Phase II Report and Order* to move forward with Phase II of the Connect America Fund for price-cap carriers. In addition, in an associated *Further Notice of Proposed Rulemaking (FNPRM)*, the Commission sought comment on a number of the issues you raise, including revising the current broadband performance obligations to require minimum speeds of 10 Mbps downstream, and applying the same performance obligations to all recipients of Phase II support and to rate-of-return carriers. The *FNPRM* also seeks comment on a proposal to allow CAF II recipients more flexibility in meeting their performance obligations, such as the ability to substitute locations in partially-served census blocks for locations in the unserved census block for which it received support. The record on these issues just closed and is under consideration by Commission staff.

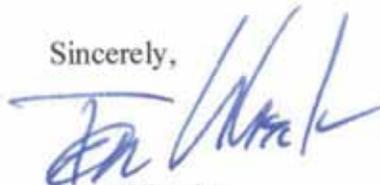
One final step in the process before we can complete CAF II, which your letter references, is that we must finalize the list of census blocks that are eligible for support. We recently initiated the CAF II challenge process and received a total of 178,335 challenges from parties challenging the served/unserved status of a census block. Commission staff is currently reviewing these challenges and will soon release a Public Notice giving parties 45 days to

comment on these challenges. We intend to make sure that a fair challenge process is conducted to ensure that all eligible unserved areas qualify for funding.

We expect a robust record on these topics and I welcome a dialogue with stakeholders about how best to accomplish our shared objectives. I look forward to working with you as we continue reforming and modernizing the universal service fund high-cost program – as well as other components of the Fund – to ensure that all Americans have access to robust voice and broadband services.

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

Sincerely,



Tom Wheeler



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WASHINGTON

OFFICE OF
THE CHAIRMAN

September 19, 2014

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

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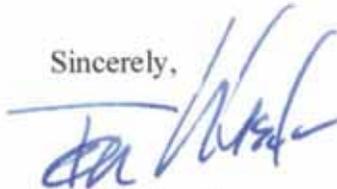
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Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", written over a horizontal line.

Tom Wheeler