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Received & Inspected

Dec 15 2014
Congress of the United States
House of Representatives

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December 11, 2014

Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th St., SW
Washington, DC 20554

1289

Dear Chairman Wheeler:

As each day passes without broadband in rural America, the digital divide widens between our urban and rural populations. In the 1930s, electric cooperatives brought electricity to rural America when the for-profit utilities would not. Today, that same scenario is being replayed as we deploy broadband service in rural America. Robust broadband service is no longer a luxury, but rather a necessity for full participation in our economy and society.

The Connect America Fund (CAF) Phase II represents a tremendous opportunity to fulfill the promise of ubiquitous access to high speed internet for every American. I commend the FCC's efforts to ensure that CAF funds are maximized to their best use, and recognize the complexities of this effort. I encourage the Commission to create an inclusive process where all eligible providers, including electric cooperatives, have an opportunity to compete for support by offering effective solutions to close the digital divide between rural and urban areas.

I write today to emphasize to the Commission a critical element in the comments filed by NRECA in this proceeding. Under the CAF-II process, areas in which a proposal for a rural broadband rural experiment is submitted should be removed from a price cap carrier's state-level commitment. By removing the right of first refusal, the Commission would enable a price cap carrier, the applicant submitting the formal proposal and any other eligible provider to participate in the competitive bidding process for model-based support for that area. This process should drive down costs and preserve scarce universal service funds. Competing for a chance to provide voice and broadband services in unserved and underserved locations is a *once in a generation* opportunity for entities such as electric cooperatives to close the digital divide. A more inclusive approach to solving this issue will allow for a better allocation of scarce universal serve funds at relatively higher broadband service performance levels.

Without a level playing field, open to competition, rural America may never have the chance to experience the educational opportunities, employment prospects, and advanced healthcare that broadband delivers to those lucky enough to live in low cost, high population centers. I look forward to working with the Commission to bring broadband service to our constituents in Rural America.

Sincerely,



Tom Cole
Member of Congress

CC: Commissioner Mignon Clyburn
Commissioner Jessica Rosenworcel
Commissioner Ajit Pai
Commissioner Michael O'Rielly



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

January 23, 2015

The Honorable Tom Cole
U.S. House of Representatives
2458 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Cole:

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 urge the Commission to create an inclusive process where all eligible providers, including electric cooperatives, have an opportunity to compete for support. You also express support for comments filed by the National Rural Electric Cooperative Association (NRECA). NRECA requests that under the CAF II process, areas in which a proposal for a rural broadband experiment is submitted should be excluded from a price cap carrier's right of first refusal. Your views are very important and will be included in the record of the proceeding.

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 areas of states within the confines of our Connect America budget, while providing increased certainty and predictability for all carriers and a climate for increased broadband expansion.

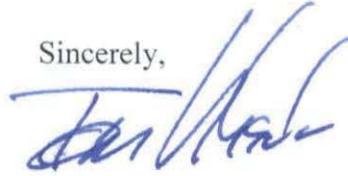
In April, the Commission adopted a *Connect America Fund Phase II Report and Order* to move forward with Connect America for price-cap carriers. In that Order, the Commission sought to encourage a variety of providers to participate in the competitive bidding process meant to award support for service in high-cost and extremely high-cost areas. Potential bidders in the CAF II competitive bidding process will not be required to be eligible telecommunications carriers (ETCs) at the time they initially apply for funding. The Commission will permit entities to obtain ETC designation from either a state public utility commission pursuant to section 214(e)(2), or the Commission pursuant to section 214(e)(6) of the Act, even *after* the announcement of winning bidders.

This December, the Commission adopted a *CAF II Order* that adopts NRECA's proposal regarding the right of first refusal. The Commission removes the price cap carrier's right of first refusal for those areas awarded rural broadband experiments. We believe that consumers in these areas may benefit by receiving higher-quality service from a competitor at or below the offer of model-based support.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", written in a cursive style.

Tom Wheeler