FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

May 29, 2015

The Honorable Heidi Heitkamp
United States Senate
G55 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Heitkamp:

Thank you for your letter urging the Commission to reform our Universal Service Fund ("USF") mechanisms to support broadband deployment in rural America. 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 21st century economy. I share your goal of ensuring that the universal service program better reflects today's marketplace and technology in areas served by rate-of-return carriers.

As I explained at the Senate Commerce Committee's FCC Oversight Hearing earlier this year, resolving this issue will require all the stakeholders to work together and make hard decisions to reach consensus on the best path forward. Everybody agrees that the goal of any changes should be supporting broadband in rural areas, but so long as the recipients of USF funding remain divided, achieving those goals remains problematic. Those rate-of-return carriers who provide rural service must coalesce around changes that create the proper incentives to deploy and maintain robust broadband networks. The lack of such a plan will prevent policy makers from making informed decisions about the best way to serve both the rural Americans who use those networks and the ratepayers who contribute that support.

With that in mind, I directed my staff and staff members from the Commission's Wireline Bureau to meet with stakeholders in the rate-of-return community. In that meeting, which was joined by Commissioner O'Rielly, his staff, and Commissioner Clyburn's staff, we gave stakeholders thirty days to work together to develop an approach that both has the widespread support of the rate-of-return community and meets the principles unanimously outlined by the Commission in our April 2014 *Further Notice of Proposed Rulemaking*.

On May 20, at a meeting with Wireline Bureau staff, the stakeholders asked for additional time to continue to work on a solution. We agreed to an additional two weeks, but if we are going to get this done this year, there is not only a need for consensus, but also time for public comment on any new proposals and for the Commission to evaluate the proposals in light of the comments received. The search for consensus cannot drag on.

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I look forward to working with you to make continued progress on the deployment of broadband to consumers throughout rural areas a reality.

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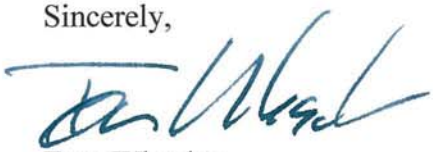

Tom Wheeler

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OFFICE OF
THE CHAIRMAN

May 29, 2015

The Honorable Dean Heller
United States Senate
361-A Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Heller:

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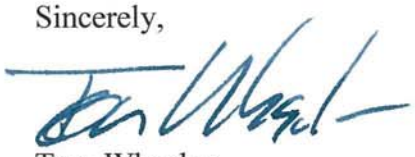

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OFFICE OF
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May 29, 2015

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

Dear Senator Hoeven:

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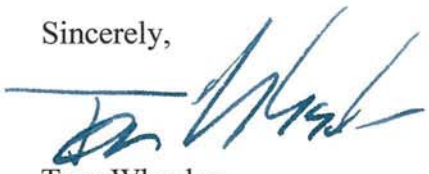

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FEDERAL COMMUNICATIONS COMMISSION
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OFFICE OF
THE CHAIRMAN

May 29, 2015

The Honorable James M. Inhofe
United States Senate
453 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Inhofe:

Thank you for your letter urging the Commission to reform our Universal Service Fund ("USF") mechanisms to support broadband deployment in rural America. 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 21st century economy. I share your goal of ensuring that the universal service program better reflects today's marketplace and technology in areas served by rate-of-return carriers.

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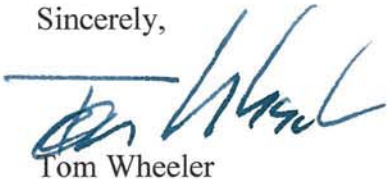

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FEDERAL COMMUNICATIONS COMMISSION
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OFFICE OF
THE CHAIRMAN

May 29, 2015

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

Dear Senator Isakson:

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May 29, 2015

The Honorable Ron Johnson
United States Senate
386 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Johnson:

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While it is encouraging the stakeholders appear to have come to consensus on the notion of a "two-path" approach to reforming the program that is comprised of both a model-based path and updates to the existing mechanisms, agreement as to structure is a long way from agreement as to substance. Specifically, while the parties agree on the importance of broadband support, the parties have stated that, "consensus has not yet been reached regarding such a broadband-only support mechanism."

I share your concern about rural broadband and I recognize that different rate-of-return carriers have different equities. Since this is a program designed to help rate-of-return carriers bring service to rural consumers, and we all agree on the need to reform the program to support the deployment of broadband, it is a matter of significant concern that the rate-of-return parties in interest have not reached agreement on an approach that will allocate funding in a way that results in additional rural deployment of broadband in the future.

I recognize the substantial time, effort, and resources that have been invested in this effort to date by stakeholders in the rate-of-return community. And I am committed to finding a path forward by the end of the year. But it is important to have a solution – or set of solutions – that creates the right incentives to deploy modern networks throughout rural America, meets the Commission's overarching policy objectives, and has the widespread support of the rate-of-return carrier community. Stakeholders have not presented us with that solution yet, but I remain hopeful that the parties will use the extra time they have to address the outstanding issues. Without the support of the nation's rate-of-return providers of rural service, it is difficult to see how any reform of these universal service programs could successfully deliver on our shared goal of more robust broadband throughout rural America.

I look forward to working with you to make continued progress on the deployment of broadband to consumers throughout rural areas a reality.

Sincerely,

Tom Wheeler

cc: The Honorable Lamar Alexander
The Honorable Kelly Ayotte
The Honorable Tammy Baldwin
The Honorable John Barrasso
The Honorable Michael Bennet
The Honorable Roy Blunt
The Honorable John Boozman
The Honorable Richard M. Burr
The Honorable Maria Cantwell
The Honorable Shelley Moore Capito
The Honorable Bill Cassidy
The Honorable Dan Coats
The Honorable Susan Collins
The Honorable Bob Corker
The Honorable John Cornyn
The Honorable Tom Cotton
The Honorable Michael D. Crapo
The Honorable Steve Daines
The Honorable Joe Donnelly
The Honorable Richard J. Durbin
The Honorable Michael B. Enzi
The Honorable Joni Ernst
The Honorable Deb Fischer
The Honorable Al Franken
The Honorable Cory Gardner
The Honorable Kirsten Gillibrand
The Honorable Lindsey Graham
The Honorable Charles E. Grassley
The Honorable Orrin G. Hatch
The Honorable Heidi Heitkamp
The Honorable Dean Heller
The Honorable John Hoeven
The Honorable James M. Inhofe
The Honorable Johnny Isakson
The Honorable Tim Kaine
The Honorable Angus King
The Honorable Amy Klobuchar
The Honorable Joe Manchin
The Honorable Claire McCaskill
The Honorable Mitch McConnell
The Honorable Jeff Merkley
The Honorable Jerry Moran
The Honorable Lisa Murkowski
The Honorable Patty Murray