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December 11, 2015

The Honorable Thomas Wheeler
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Wheeler:

On May 12, 2015, I wrote you a letter that was signed by 114 of my colleagues in the House, calling on the FCC to implement standalone broadband reform for rate-of-return carriers receiving USF disbursements.

Access to broadband technology is critical to the growth and development of our rural communities. Unfortunately, out-of-date USF mechanisms continue to penalize rate-of-return carriers whose customers demand standalone broadband plans. Solving the standalone broadband challenge is an important goal which enjoys bipartisan support in Congress. For this reason, I was heartened when you responded to my letter with a promise that a standalone broadband fix would be completed by the end of this year.

Unfortunately, as we approach year's end, the FCC appears unlikely to meet this goal. I want to reiterate the immediacy of the standalone broadband challenge and the necessity for timely FCC action to promote broader consumer choice in rural America through standalone broadband reform.

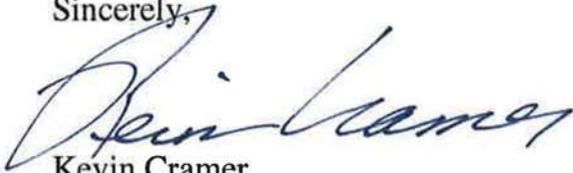
At the same time, it is important that any changes to USF mechanisms be thoroughly considered and thoughtfully weighed by the FCC and its stakeholders. Throughout this year, the FCC staff has diligently worked with rural stakeholders to develop a two-path approach to broader USF reform for rate-of-return carriers. Notable progress has been made on these reforms, including a proposed fix to the standalone broadband issue. But significant policy questions remain unresolved, particularly in relation to the FCC's bifurcated approach to the USF support mechanism.

Due to the importance of a strong USF system for rural America, I caution against rushed decision-making on these difficult questions. Better a tardy decision which gets these

details right the first time, than a poor decision immediately which harms our rural carriers and their customers moving forward. However, should the FCC and rate-of-return stakeholders fail to reach a consensus on broader USF rate-of-return reform questions; I urge the FCC to fulfill its commitment to standalone broadband reform.

Thank you for your work to improve broadband access throughout America. I look forward to hearing from you regarding the standalone broadband challenge and more comprehensive USF reform.

Sincerely,



Kevin Cramer
U.S. Congressman



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



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 21, 2016

The Honorable Kevin Cramer
U.S. House of Representatives
1032 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Cramer:

Thank you for your letter regarding the need for support for standalone broadband in rate of return areas. 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 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. To that end, in February, I circulated to my fellow Commissioners an Order to modernize and reform the USF high-cost support program for rate-of-return carriers, including a straightforward support mechanism for standalone broadband. That Order is the result of months of bi-partisan efforts by Commissioners Clyburn, O'Rielly, and me to find the best approach. While this took longer than any of us anticipated, we appreciate that you recognized the importance of taking some additional time to make sure we got this right. Our efforts were aided by the rate-of-return carriers themselves. Working through their trade associations, they engaged with the three of us in a productive manner and I am pleased that NTCA and USTA have supported the result.

The proposed Order now on circulation sets forth a package of reforms to address rate-of-return issues that are fundamentally intertwined—the need to modernize the program to provide support for stand-alone broadband service; the need to improve incentives for broadband investment to connect unserved rural Americans; and the need to strengthen the rate-of-return system to provide certainty and stability for years to come. The proposed Order will help to ensure that federal universal service funds are spent wisely, for their intended purpose, and takes concrete steps to bring broadband to the millions of rural Americans who remain unserved today.

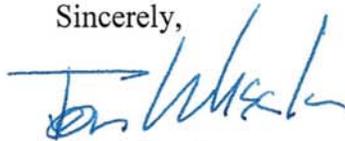
The proposed Order would create an *entirely voluntary* path for rate-of-return carriers that prefer the predictability of defined support amounts over a ten-year term. Similar to the approach that has successfully spurred deployment by larger "price-cap" carriers, this model-based support comes with defined milestones for efficient, accountable deployment. Moreover, this model-based option has been actively sought by some rate-of-return carriers, and reflects significant updates and carrier-submitted data from the rate-of-return community.

For carriers who choose to continue receiving support based on traditional rate-of-return principles, the proposed Order would provide more certainty for carriers, increase fiscally

responsible management of the fund, and ensure that a reasonable portion of support is spent on new buildout to connect those that remain unserved. Notably, the proposed Order reflects the shared principle embodied in the “Walden Rule,” that we should limit the use of ratepayer funds to support service in an area that is served by an unsubsidized Internet provider. And the proposed Order would lower the authorized rate of return for incumbent carriers to better reflect current financial market conditions. Finally, a Further Notice included with the Order would seek comment on additional reforms that would further guard against waste.

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". The signature is stylized with a large initial "T" and a long horizontal stroke.

Tom Wheeler