

DONNA M. CHRISTENSEN
DELEGATE, VIRGIN ISLANDS

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MEMBER, CONGRESSIONAL CAUCUS FOR
WOMEN'S ISSUES
ASSISTANT MINORITY WHIP

Congress of the United States
House of Representatives

Washington, DC 20515-5501

December 21, 2011

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Dear Chairman Genachowski:

I am writing to express concern over the economically-damaging impact that the FCC's Universal Service Fund ("USF")-Intercarrier Compensation Reform Order ("Order") and the new rules adopted by the FCC in the Order will have on existing and future telecommunications services and infrastructure in the U.S. Virgin Islands. Providers in the U.S. Virgin Islands face telecommunications challenges that carriers serving the rural U.S. mainland do not face. It is important that the Commission take these unique challenges into account when drafting new rules. Unfortunately, neither the USF Order, nor the new rules adopted by the FCC sufficiently address the unique telecommunications challenges that carriers in the U.S. Virgin Islands face.

As you are aware from our earlier correspondence, the U.S. Virgin Islands does not enjoy the same level of telecommunications services available on the mainland. Broadband service is being deployed slowly due primarily to the costs associated with the terrain and the insular nature of the territory. In addition, there is a single provider of home telephone service, two-way cable is still in the future, and there remains little or no competition in video services.

USF support is a critically important part of bringing telecommunications infrastructure in line with 21st Century expectations and demands, especially in insular areas. As a result, I advocated for special treatment for insular areas and was joined in that effort by the other Congressional Delegates to the U.S. Territories, as well as the U.S. Department of the Interior's Office of Insular Affairs. Unfortunately, it appears that the only special treatment afforded insular areas in the Order is a fast-track process for insular area-serving carriers that elect to undertake the burdensome and uncertain path of requesting a waiver of the new rules.

In making its decision that insular areas did not deserve treatment akin to Tribal Areas and the Hawaiian Home Lands, the Commission provided no rationale nor a citation to justify its conclusion. The combined failure by the Commission to include insular areas with other historically protected entities and merely afford insular area-serving carriers an accelerated review of a petition for waiver process is insufficient to address the telecommunications needs of insular areas.

PLEASE RESPOND TO:

WASHINGTON OFFICE
1510 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-1790
FAX (202) 225-5517

DISTRICT OFFICES

SUNSHINE MALL SPACE #204-205
#1 ESTATE CANE
FREDERIKSTED, VI 00840
P.O. Box 5980
CROIX, ST. CROIX, VI 00823
(340) 778-5900
FAX (340) 778-5111

8000 NISKY CENTER, SUITE No. 207
ST. THOMAS, VIRGIN ISLANDS 00802
(340) 774-4408
FAX (340) 774-8033

#109 CONTANT-ENIGHE
CRUZ BAY, ST. JOHN
U.S. VIRGIN ISLANDS 00831
(340) 776-1212

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usf/fcc*

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Letter to Chairman Genachowski
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Despite an overwhelming need for additional high-cost support, the FCC's rules will result in an immediate and on-going reduction of millions of dollars of USF support for consumers in the U.S. Virgin Islands for years to come. Unfortunately, the Commission has elected to adopt reforms that may inhibit the provision of broadband service in the U.S. Virgin Islands.

It is my hope that the Commission will reconsider their approach with respect to USF reform as it affects the U.S. Virgin Islands and other insular areas. I encourage the Commission to take remedial action to ensure that, at least for USF purposes, insular areas are treated on par with Tribal Lands and the Hawaiian Homelands by the Commission, even if that result has to now be achieved through the grant of future waiver requests from insular area-serving carriers.

I respectfully request the opportunity to discuss this matter with you at your earliest convenience.

Sincerely,



Donna M. Christensen
Member of Congress

Cc: Chairman Greg Walden
Ranking Member Anna G. Eshoo
Commissioner Michael J. Copps
Commissioner Robert M. McDowell
Commissioner Mignon Clyburn
Sharon Gillett, Chief, Wireline Competition Bureau
Rick Kaplan, Chief, Wireless Telecommunications Bureau



FEDERAL COMMUNICATIONS COMMISSION

June 14, 2012

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Donna M. Christensen
U.S. House of Representatives
1510 Longworth House Office Building
Washington, D.C. 20515

Dear Congresswoman Christensen:

Thank you for your letter expressing concern about the effect of the Commission's Universal Service Fund (USF) reforms on rural telecommunications providers in insular areas like the U.S. Virgin Islands. I value your views and your letter will be included in the record of the proceeding and considered as the Commission implements its USF reforms.

The Commission recognizes that unique circumstances exist in insular areas. In the *USF/ICC Transformation Order*, the Commission directed its Wireline Competition Bureau to consider unique circumstances in Alaska, Hawaii, Puerto Rico, the U.S. Virgin Islands, and Northern Marianas Islands as the Bureau implements a forward-looking cost model for price-cap carriers like Virgin Island Telephone. This model will be used to make up to \$1.8 billion in annual funding available in the areas served by these carriers and bring broadband to the millions of unserved consumers who live there. As you note in your letter, the *Transformation Order* also provides an expedited waiver process for insular area in order to address individual circumstances.

On April 25, 2012, the Bureau also released a Public Notice announcing support amounts for the Connect America Fund (CAF) Phase I incremental support. Under CAF Phase I, up to \$300 million in savings recovered from USF reforms will be distributed to price cap carriers to advance broadband development. Companies that accept CAF Phase I funding – as well as the accountability measures and buildout requirements attached to it – will help deliver broadband to homes, businesses and anchor institutions in communities that currently lack access to high-speed Internet. I am pleased to report that Virgin Islands Telephone has been offered CAF Phase I support.

I appreciate your thoughtful input and continuing interest in this very important matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Julius Genachowski", written over a long horizontal line.

Julius Genachowski