

Congress of the United States
Washington, DC 20515

June 26, 2012

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Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Genachowski:

It is becoming increasingly clear that the FCC's implementation of its Universal Service Fund (USF)/Intercarrier Compensation (ICC) Transformation Order will have unintended consequences that will impede the deployment of rural broadband and other telecommunications services in the rural areas where our constituents reside. As a result, we are writing to request that the Commission suspend the implementation of the Order until the FCC can provide greater certainty that the rules will not jeopardize service to rural homes and communities. We are particularly concerned with the July 1, 2012 implementation of the regression methodology.

Reducing federal USF support is a difficult and complicated undertaking that will affect service and rates across rural America. A fair, transparent, and predictable process for the administration of federal support must be based on accurate data and a model that enables carriers to plan their operations and investments in an efficient manner. We are concerned that the Commission has adopted an econometric regression analysis that is unpredictable and relies on data that may not be accurate as justification for reducing federal USF support to rural telephone providers.

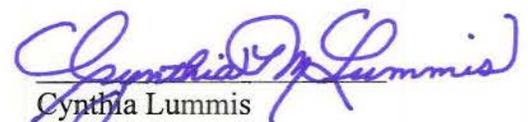
We urge the Commission to develop a model that accurately reflects providers' service territory and provides those carriers with a meaningful chance to plan for compliance with that model in undertaking future network investments and operations. The model should not unfairly penalize providers for operating in areas with difficult terrain, long periods of inclement weather, or for undertaking projects that cross public lands. Ultimately, we believe the Commission must provide clear and predictable rules by which carriers can manage their businesses moving forward.

Flawed and unpredictable rules will stifle technological innovation and investment across Wyoming and the nation at a time when our rural communities can least afford it. By implementing the proposed USF/ICC reforms without fully understanding their impact on all rural stakeholders, we are concerned that the Commission may ultimately widen, not narrow, the digital divide. We urge you to carefully consider these concerns prior to moving forward with the USF/ICC reforms and we stand ready to work with you to ensure a more vibrant, competitive, and cost-effective telecommunications landscape for all of rural America.

Sincerely,


Michael B. Enzi
United States Senator


John Barrasso, M.D.
United States Senator


Cynthia Lummis
United States Representative



FEDERAL COMMUNICATIONS COMMISSION

January 8, 2013

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable John Barrasso
United States Senate
307 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Barrasso:

Thank you for your letter regarding the FCC's Universal Service Fund reforms. I appreciate your interest in this matter and am pleased to provide the enclosed letter on this issue from the Chief of the Wireline Competition Bureau's Telecommunications Access Policy Division.

If you have any additional questions or need any further assistance, please do not hesitate to contact me.

Sincerely,

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Julius Genachowski

Enclosure



Federal Communications Commission
Washington, D.C. 20554

January 8, 2013

The Honorable John Barrasso, MD
United States Senate
307 Dirksen Senate Office Building
Washington, D.C. 20515

Dear Senator Barrasso:

Thank you for your letter expressing concerns about the effect of the Commission's Universal Service Fund (USF) reforms on rural telecommunications providers. I want to assure you that the Commission will continue to work with all stakeholders, including rural carriers, throughout the reform process.

The Commission's implementation of the *Transformation Order* continues to be guided by three key goals: expanding broadband to the millions of unserved Americans, preserving voice and broadband service in areas that would not be served absent support, increasing fiscal responsibility and accountability in USF spending to ensure the long term sustainability of the Fund, and setting forth transition periods that recognize business realities. In addition as we hear from stakeholders about concerns with implementation, we will make adjustments as appropriate. For instance, on April 25, 2012, the Commission extended the transition for originating intercarrier compensation payments, a concern raised by many smaller carriers. Likewise, in the Wireline Competition Bureau's April *Benchmarks Order*, the Bureau revised the initially proposed high-cost loop support benchmark categories to respond to a number of the concerns raised by smaller carriers. In particular, the revised methodology accounts for several additional drivers of cost in comparing spending between carriers, it takes recent investment into consideration, it extends the transition period to give carriers greater time to adjust, and it provides a streamlined process to address any concerns about the accuracy of carriers' data. The Commission also extended a number of reporting deadlines for smaller carriers.

Even as we continue to make necessary adjustments, the Chairman believes that it is important to keep moving forward with implementation of the Commission's once-in-a-generation reforms and not roll back progress that we have made. As we do, the Commission and staff will continue to run a fair, open process in which the valid concerns of stakeholders are addressed – working closely with affected carriers to ensure that residents of the nation's rural

Page 2 – The Honorable John Barrasso, MD

and high-cost areas receive the quality voice and broadband services that all Americans need. I appreciate your interest in this very important matter. Please let me know if I can be of any further assistance.

Sincerely,

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Trent B. Harkrader
Chief
Telecommunications Access Policy Division
Wireline Competition Bureau

cc: The Honorable Michael B. Enzi
The Honorable Cynthia Lummis



FEDERAL COMMUNICATIONS COMMISSION

January 8, 2013

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Mike Enzi
United States Senate
379A Russell Senate Office Building
Washington, D.C. 20510

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Trent B. Harkrader
Chief
Telecommunications Access Policy Division
Wireline Competition Bureau

cc: The Honorable John Barrasso, MD
The Honorable Cynthia Lummis



FEDERAL COMMUNICATIONS COMMISSION

January 8, 2013

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Cynthia M. Lummis
U.S. House of Representatives
113 Cannon House Office Building
Washington, D.C. 20515

Dear Congresswoman Lummis:

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Washington, D.C. 20554

January 8, 2013

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U. S. House of Representatives
113 Cannon House Office Building
Washington, D.C. 20515

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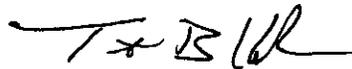
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Wireline Competition Bureau

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