



Congress of the United States
House of Representatives
Washington, DC 20515

1042

October 4, 2013

The Honorable Mignon Clyburn
Acting Chairwoman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairwoman Clyburn:

We commend the Commission for the hard work it has undertaken and the milestones it has accomplished in carrying out its Universal Service Fund (USF) reform orders. We also commend the Commission for recently making a number of changes to its 2011 order to begin the immediate deployment of broadband to unserved consumers in rural areas served by price cap companies. However, we are concerned that the reform order is undermining the ability of small rate-of-return regulated telecom carriers, serving more than 40% of the nation's land mass, to provide rural consumers with the broadband service they need to compete in today's global economy. Instead, the reform order is resulting in declining private sector investment and, thus, failing to achieve the purposes required by Congress in the Communications Act for "access to communications services reasonably comparable in price and quality to those available in urban areas."

One of the main causes of uncertainty and resultant declining investment is the reform order's "Quantile Regression Analysis" (QRA) approach to providing high-cost support for rural companies. In May 2013, several of us asked the Government Accountability Office to conduct a study on the effects the QRA on rural carrier investments, as well as broadband speeds, adoption of services, and access to broadband. A recent analysis by former FCC Chief Economist Simon Wilkie underscores the uncertainty rural carriers have faced, noting that the QRA caps and then redistributes USF support in arbitrary and unpredictable ways; fails to provide incentives for broadband deployment; and actually generates the regulatory uncertainty that is discouraging investment. While the FCC has taken some steps recently to relieve temporarily the impacts of the QRA approach, more must be done to resolve the lingering uncertainty it creates. And many of these carriers have sought waivers from the QRA for good faith investments, but their applications have languished at the Commission for long periods.

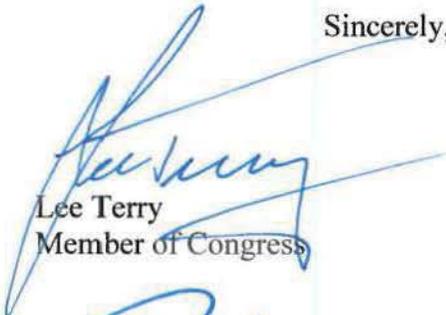
We urge the Commission to take immediate steps to re-establish predictability, sufficiency and transparency in the USF program so that these small businesses can resume critical investments in rural broadband. For example, the QRA should be reexamined and the

Commission should consider the effects on small carriers when waiver requests are left unanswered for over a year. Nonetheless, the steps the Commission takes to remedy these issues should not slow progress on implementation of Phase II of the Connect America Fund for consumers in areas served by larger carriers.

The benefits to health, education and economic development from robust broadband infrastructure will be postponed or denied for many rural Americans unless the Commission finds a way to re-establish predictability, sufficiency and transparency in the USF program through re-examination of the QRA approach and other common-sense steps that enable rural carriers to respond to consumer demand for broadband. If not addressed and recalibrated soon, consistent with the core statutory mandate from Congress to the Commission, the reform order will have profound and long-lasting ill effects on rural communities.

Thank you for your service on the Commission and for considering our views. We look forward to your response.

Sincerely,



Lee Terry
Member of Congress



Bruce Braley
Member of Congress



Bob Latta
Member of Congress



Tim Murphy
Member of Congress



John Shimkus
Member of Congress



Gregg Harper
Member of Congress



Brett Guthrie
Member of Congress



Cory Gardner
Member of Congress



Bill Cassidy
Member of Congress



Billy Long
Member of Congress



Ed Whitfield
Member of Congress



John Barrow
Member of Congress



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

November 20, 2013

The Honorable John Barrow
U.S. House of Representatives
2202 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Barrow:

Thank you for your letter to former Acting Chairwoman Clyburn expressing concern about the effect of the Commission's Quantile Regression Analysis (QRA) on rural carriers. We appreciate your views and will ensure that your letter will be included in the record of the proceeding and considered as part of the Commission's review.

As I have made clear since the day I arrived at the Commission, one of the core elements of communications policy that must guide the work of the FCC is the critical need for all Americans to have access to high-speed broadband networks. Access denied is opportunity denied. To that end, I am a firm believer in the importance of universal service, and I agree that the Commission must make timely decisions in order to provide regulatory certainty and create incentives to further efficient investment in broadband networks.

My colleagues and predecessors at the Commission worked hard to develop the landmark Universal Service Fund (USF) reforms adopted in 2011. The work to implement the reforms to date has included the steps you note to temporarily relieve the impacts of the QRA benchmarks on small rate-of-return carriers. At the first Open Meeting that I held as Chairman last week, the Wireline and Wireless Bureaus and the Office of Native Affairs and Policy provided the Commission with a status update on USF reform implementation. I was impressed with the work they have done to get broadband to millions of people for the first time, but I know much work remains.

The Commission has unanimously adopted a vision for a broadband-focused Universal Service Fund. We must of course be open to modifications to the reforms if it is clear that particular rules are not serving their intended purpose. Commissioner Clyburn said it best, "We should remain open to pursuing course corrections where necessary." Where we are making progress we will continue moving full steam ahead. Where the reforms are not achieving their intended goals, we will make changes based on sound data.

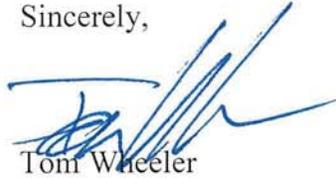
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well as other components of the Fund – and to working with stakeholders including rural carriers and consumers, to ensure that all Americans have access to robust voice and broadband services.

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

Sincerely,

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

November 20, 2013

The Honorable Bruce Braley
U.S. House of Representatives
1727 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Braley:

Thank you for your letter to former Acting Chairwoman Clyburn expressing concern about the effect of the Commission's Quantile Regression Analysis (QRA) on rural carriers. We appreciate your views and will ensure that your letter will be included in the record of the proceeding and considered as part of the Commission's review.

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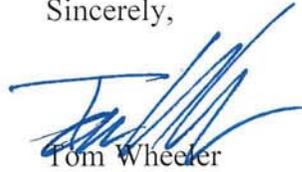
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OFFICE OF
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November 20, 2013

The Honorable Bill Cassidy
U.S. House of Representatives
1535 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Cassidy:

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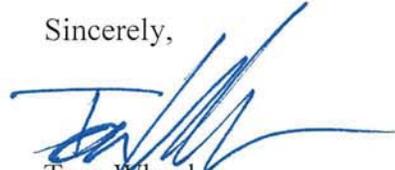
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Tom Wheeler



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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

November 20, 2013

The Honorable Cory Gardner
U.S. House of Representatives
213 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Gardner:

Thank you for your letter to former Acting Chairwoman Clyburn expressing concern about the effect of the Commission's Quantile Regression Analysis (QRA) on rural carriers. We appreciate your views and will ensure that your letter will be included in the record of the proceeding and considered as part of the Commission's review.

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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 20, 2013

The Honorable Brett Guthrie
U.S. House of Representatives
308 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Guthrie:

Thank you for your letter to former Acting Chairwoman Clyburn expressing concern about the effect of the Commission's Quantile Regression Analysis (QRA) on rural carriers. We appreciate your views and will ensure that your letter will be included in the record of the proceeding and considered as part of the Commission's review.

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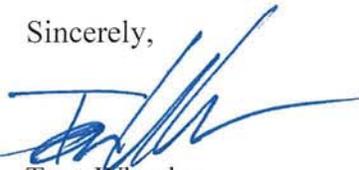
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WASHINGTON

OFFICE OF
THE CHAIRMAN

November 20, 2013

The Honorable Gregg Harper
U.S. House of Representatives
307 Cannon House Office Building
Washington, D.C. 20515

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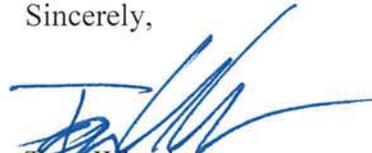
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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

November 20, 2013

The Honorable Robert E. Latta
U.S. House of Representatives
2448 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Latta:

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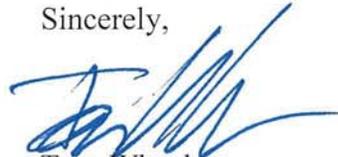
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 20, 2013

The Honorable Billy Long
U.S. House of Representatives
1541 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Long:

Thank you for your letter to former Acting Chairwoman Clyburn expressing concern about the effect of the Commission's Quantile Regression Analysis (QRA) on rural carriers. We appreciate your views and will ensure that your letter will be included in the record of the proceeding and considered as part of the Commission's review.

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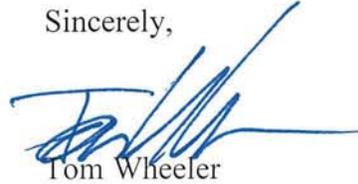
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Tom Wheeler



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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

November 20, 2013

The Honorable Tim Murphy
U.S. House of Representatives
2332 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Murphy:

Thank you for your letter to former Acting Chairwoman Clyburn expressing concern about the effect of the Commission's Quantile Regression Analysis (QRA) on rural carriers. We appreciate your views and will ensure that your letter will be included in the record of the proceeding and considered as part of the Commission's review.

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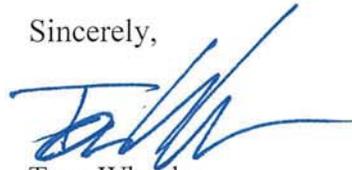
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The Honorable John M. Shimkus
U.S. House of Representatives
2452 Rayburn House Office Building
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Dear Congressman Shimkus:

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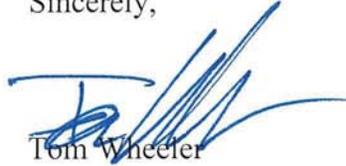
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As I have made clear since the day I arrived at the Commission, one of the core elements of communications policy that must guide the work of the FCC is the critical need for all Americans to have access to high-speed broadband networks. Access denied is opportunity denied. To that end, I am a firm believer in the importance of universal service, and I agree that the Commission must make timely decisions in order to provide regulatory certainty and create incentives to further efficient investment in broadband networks.

My colleagues and predecessors at the Commission worked hard to develop the landmark Universal Service Fund (USF) reforms adopted in 2011. The work to implement the reforms to date has included the steps you note to temporarily relieve the impacts of the QRA benchmarks on small rate-of-return carriers. At the first Open Meeting that I held as Chairman last week, the Wireline and Wireless Bureaus and the Office of Native Affairs and Policy provided the Commission with a status update on USF reform implementation. I was impressed with the work they have done to get broadband to millions of people for the first time, but I know much work remains.

The Commission has unanimously adopted a vision for a broadband-focused Universal Service Fund. We must of course be open to modifications to the reforms if it is clear that particular rules are not serving their intended purpose. Commissioner Clyburn said it best, "We should remain open to pursuing course corrections where necessary." Where we are making progress we will continue moving full steam ahead. Where the reforms are not achieving their intended goals, we will make changes based on sound data.

Assuring that the opportunities of the new network extend to all Americans is one of the principal challenges we face at the FCC. We exist at an important moment when the USF is evolving to support 21st century services. I know I speak for all my colleagues in saying we look forward to continuing the work of reforming and modernizing the USF high-cost program – as

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well as other components of the Fund – and to working with stakeholders including rural carriers and consumers, to ensure that all Americans have access to robust voice and broadband services.

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

Sincerely,



Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 20, 2013

The Honorable Ed Whitfield
U.S. House of Representatives
2368 Rayburn House Office Building
Washington, D.C. 20515

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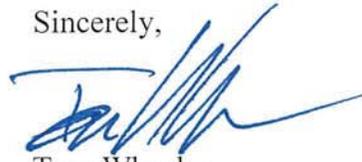
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