

# United States Senate

WASHINGTON, DC 20510

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FCC Mail Room

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GOVERNMENTAL AFFAIRS  
SMALL BUSINESS AND  
ENTREPRENEURSHIP

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

Dear Chairman Wheeler:

I write today as a follow-up to a letter I signed earlier this week with forty-three of my Senate colleagues regarding the Federal Communications Commission (FCC) and its reforms to the Universal Service Fund (USF).

I support the policy outlined in the letter that would allow rural rate-of-return carriers to receive USF support for broadband-only subscribers in high-cost areas of the United States, provided that this policy would not result in an increase in the USF fee that consumers are charged as a line item on their telephone bills. Since the contribution factor is assessed quarterly and based on projected demand for Universal Service funding, a policy that better reflects market demand and reduces costs associated with building out and maintaining a service that consumers increasingly no longer want should not contribute to any increase in these projections.

In 2011, I was pleased to see that the FCC, for the first time, set a definitive budget for the High Cost Program. As Commissioner McDowell explained in his statement to the order, "Functionally, the budget serves as an annual cap through 2017." In encouraging the FCC to address smaller carrier support mechanisms, I fully expect the FCC to continue operating within this budget. It is my hope that such a reform will ultimately result in a *savings* to the High Cost Program rather than any increased spending.

Thank you for the opportunity to clarify this position and I appreciate your attention to this important issue.

Sincerely,



Ron Johnson  
United States Senator



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

June 27, 2014

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

Dear Senator Johnson:

Thank you for your follow-up letter supporting the implementation of a universal service mechanism to allow rural rate-of-return carriers to receive support for broadband-only lines. I understand and appreciate your concerns that this proposed policy not result in increasing the USF contribution factor that carriers pass onto their customers. Your views are very important, and will be included in the record of this proceeding and considered as part of the Commission's review.

The Commission sought comment on a proposed stand-alone broadband funding mechanism for rate-of-return carriers in the *Connect America Fund Further Notice of Proposed Rulemaking* that we adopted in April. In doing so, the Commission specifically proposed that such a mechanism be designed to remain within the existing rate-of-return budget. We expect a robust record on this topic, and I welcome a dialogue with you and other stakeholders as to how best to accomplish our shared objectives.

As you note, the landmark 2011 *USF/ICC Transformation Order and Further Notice of Proposed Rulemaking (FNPRM)* established the Connect America Fund to support the delivery of the best possible voice and broadband experiences to rural America within the confines of our Connect America budget. I look forward to continuing the work of reforming and modernizing the universal service fund high-cost program – as 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,

A handwritten signature in blue ink, appearing to read "Tom Wheeler".

Tom Wheeler