Congress of the United States
Washington, DC 20515

465

May 7, 2014

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

Dear Chairman Wheeler:

We applaud the Federal Communications Commission (FCC) for its continued interest in modernization of the Universal Service Fund (USF), as well as for its commitment to consider and implement much-needed "course corrections" when changes like the Quantile Regression Analysis prove to be ineffective or even harmful to our nation's broadband objectives.

The Communications Act of 1934 requires the FCC to establish universal service mechanisms that are both sufficient and predictable in providing support for the deployment and operation of advanced networks. To fulfill this mandate and move forward in modernizing the USF, we are calling upon the FCC to implement a Connect America Fund (CAF) mechanism that is tailored for rural rate-of-return carriers and will support the availability and sustainability of broadband-capable networks in high-cost areas of the United States for the benefit of all Americans.

Wisconsin has the third highest number of Rural Local Exchange Carriers (RLECs) when compared to other states. These Wisconsin based RLECs, both cooperative and commercial, have significant broadband investments and maintain robust fiber networks. However, it is important that we consider the long term commitments of these rural carriers and the contributions they make to our rural communities and their customers. Wisconsin's rural economy demands and deserves the benefits of a broadband infrastructure for the long run.

As services evolve and technologies advance, many Americans are fulfilling their voice communication needs by using wireless or Voice over Internet Protocol services rather than traditional landline plain old telephone services (POTS). Unfortunately, the current rules governing USF support in areas served by smaller rural carriers do not facilitate such consumer choice. Instead, under the current rules, small rural carriers receive high-cost support only for those consumers that subscribe to POTS. This technical flaw in the rules results in many rural consumers who decline to take POTS facing significantly higher prices for the broadband services they want to keep because USF is lost for the network connections that serve them. This current set of rules, if not addressed and updated in a timely manner that is tailored for the challenges faced by smaller rural carriers, will undermine consumer choice, deter broadband adoption, and inhibit technological evolution.

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We recognize the complexity of reforming USF distribution mechanisms. The FCC has been working for several years to create a model-based support mechanism for larger carrier operations in high-cost areas, and that work continues. This effort is important for the long-term sustainability and success of the program in many rural areas served by larger carriers, and that work should be completed as soon as possible.

We are pleased that the FCC seems to be moving forward in considering how to set up a CAF program that is tailored for the challenges faced by smaller carriers in serving rural areas. But, with its pending Further Notice of Proposed Rulemaking, the FCC also has now sought comment three times over the past two-and-one-half years regarding how to establish such a CAF program. We hope that the FCC will expeditiously consider the most recent rounds of comments once they are filed and then move with all due speed to update the existing USF mechanisms and provide sufficient and predictable support for smaller carriers' networks even where consumers choose to adopt only broadband services. Prompt action by the FCC is essential to ensure that consumers in all rural areas can choose among high-quality and affordable voice and broadband services consistent with our national universal service objectives.

Sincerely,

RON KIND
Member of Congress

REID RIBBLE
Member of Congress

MARK POCAN
Member of Congress

TOM PETRI
Member of Congress

GWEN MOORE
Member of Congress

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 9, 2014

The Honorable Ron Kind
U.S. House of Representatives
1502 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Kind:

Thank you for your letter supporting the creation of a Connect America mechanism for areas served by rural rate-of-return carriers, and a method to provide support for broadband-only lines. This is one of the key issues that the Commission raised in the *Connect America Fund Further Notice of Proposed Rulemaking* that we adopted in April. Your views on this matter are very important, and will be included in the record of the proceeding and considered as part of the Commission's review.

The universal service program is one of the most important tools at our disposal to ensure that consumers and businesses in rural America have the same opportunities as their urban and suburban counterparts to be active participants in the United States of the 21st century. As you point out, the existing rate-of-return support mechanisms are tied to access lines at a time when we want to create incentives for broadband deployment, adoption, innovation, and investment. Your thoughts on how to address this issue are always welcome.

Presently, we are focused on updating the universal service program to ensure that we are delivering the best possible voice and broadband experiences to rural America within the confines of our Connect America budget, while providing increased certainty and predictability for all carriers and a climate for increased broadband expansion. To that end, in April the Commission voted to move forward with Phase II of the Connect America Fund for price-cap carriers, and took several steps to improve the climate for broadband investment in areas served by incumbent rate-of-return carriers. As you note, we eliminated the Quantile Regression Analysis benchmarks rule because it was not serving its intended purpose. In addition, in the above-mentioned *Further Notice*, the Commission proposed to adopt a stand-alone broadband funding mechanism for rate-of-return carriers and sought comment on how to support the deployment of broadband-capable networks by rate-of-return carriers within the current budget for the program. We expect a robust record on how a standalone broadband mechanism could be structured to provide support consistent with the $2 billion budget for rate-of-return territories.

I appreciate your interest in this matter, and I look forward to working with you as we continue the work of reforming and modernizing the universal service fund high-cost program –

as well as other components of the Fund – to ensure that all Americans have access to robust voice and broadband services.

Please let me know if I can be of any further assistance.

Sincerely,

Tom Wheeler

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 9, 2014

The Honorable Gwen Moore
U.S. House of Representatives
2245 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Moore:

Thank you for your letter supporting the creation of a Connect America mechanism for areas served by rural rate-of-return carriers, and a method to provide support for broadband-only lines. This is one of the key issues that the Commission raised in the *Connect America Fund Further Notice of Proposed Rulemaking* that we adopted in April. Your views on this matter are very important, and will be included in the record of the proceeding and considered as part of the Commission's review.

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Sincerely,

Tom Wheeler

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 9, 2014

The Honorable Tom Petri
U.S. House of Representatives
2462 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Petri:

Thank you for your letter supporting the creation of a Connect America mechanism for areas served by rural rate-of-return carriers, and a method to provide support for broadband-only lines. This is one of the key issues that the Commission raised in the *Connect America Fund Further Notice of Proposed Rulemaking* that we adopted in April. Your views on this matter are very important, and will be included in the record of the proceeding and considered as part of the Commission's review.

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Sincerely,

Tom Wheeler

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

July 9, 2014

The Honorable Mark Pocan
U.S. House of Representatives
313 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Pocan:

Thank you for your letter supporting the creation of a Connect America mechanism for areas served by rural rate-of-return carriers, and a method to provide support for broadband-only lines. This is one of the key issues that the Commission raised in the *Connect America Fund Further Notice of Proposed Rulemaking* that we adopted in April. Your views on this matter are very important, and 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

July 9, 2014

The Honorable Reid Ribble
U.S. House of Representatives
1513 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Ribble:

Thank you for your letter supporting the creation of a Connect America mechanism for areas served by rural rate-of-return carriers, and a method to provide support for broadband-only lines. This is one of the key issues that the Commission raised in the *Connect America Fund Further Notice of Proposed Rulemaking* that we adopted in April. Your views on this matter are very important, and will be included in the record of the proceeding and considered as part of the Commission's review.

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Tom Wheeler