



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