



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

October 20, 2014

The Honorable Donald Payne
U.S. House of Representatives
103 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Payne:

Thank you for your letter regarding the implementation of certain aspects of Phase II of the Connect America Fund (Connect America Phase II). In your letter, you express concerns that the overall mission of the CAF II program could be endangered if the Commission increases the current broadband speed benchmark for program recipients to 10 Mbps downstream /1 Mbps upstream without allowing flexibility in other elements of program, particularly with respect to the length of the term of support. Your views 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. We are focused on updating the universal service high-cost program to ensure that we are delivering the best possible voice and broadband experiences to rural areas of states within the confines of our Connect America budget, while providing increased certainty and predictability for all carriers and a climate for increased broadband expansion.

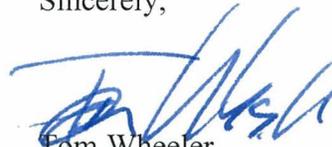
In April, the Commission adopted a *Connect America Fund Phase II Report and Order* to move forward with Connect America for price-cap carriers. In addition, in an associated *Further Notice of Proposed Rulemaking (FNPRM)*, the Commission sought comment on a number of the issues you raise, including revising the current broadband performance obligations to require minimum speeds of 10 Mbps downstream and applying the same performance obligations to all recipients of Phase II support and to rate-of-return carriers. As you noted, the *FNPRM* also seeks comment on a proposal to allow Connect America Phase II recipients more flexibility in meeting their performance obligations, including whether we should extend the term of support to longer than five years. Many price cap carriers have argued that building networks capable of providing 10 Mbps will take more time and more funding than meeting the current 4/1 Mbps speed requirement because it will require extending fiber farther into the network and deploying additional equipment. Other commenters argue that extending the Phase II term of support beyond five years will delay a competitive bidding process for the areas served by price cap carriers. The Commission's staff is reviewing the record and giving all the arguments due consideration before we move forward with any decisions.

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I welcome a dialogue with stakeholders as to how best to accomplish our shared objectives. I look forward to working with you as we continue reforming and modernizing the universal service fund high-cost program – as well as other components of the Universal Service Fund – 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