



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

February 27, 2015

The Honorable John Delaney
U.S. House of Representatives
1632 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Delaney:

Thank you for your letter regarding the implementation of certain aspects of Phase II of the Connect America Fund (CAF Phase II). In your letter, you express concerns that the Commission has proposed technology requirements for industry participation that limit competition. Specifically, you are concerned that the 100 millisecond latency requirement disqualifies satellite companies from participating in CAF Phase II. Your letter raises an important issue, and it will both be included in the record of the proceeding and be 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.

As you know, the Commission is moving forward as quickly as possible with the implementation of CAF Phase II. One of the next steps that we will take in this regard is to complete the process of adopting the rules and requirements that will apply to the competitive bidding process we will implement as part of CAF Phase II. And one of our primary policy goals for this competitive bidding process is to ensure that we have widespread participation from all providers that can deliver a high-quality service because more providers means that we will be able to use our limited USF dollars efficiently to deliver the best possible solutions.

Last July, the Commission adopted a *Rural Broadband Experiments Order* that established a limited auction of CAF funds to gather information about how to effectuate this policy goal. The specific requirement you raise was adopted by the Commission as part of that Rural Broadband Experiments Order for two of the three categories of funding. The Commission adopted a Mean Opinion Score (MOS) instead of a latency standard for voice communication in the third category of funding. The Commission believes that latency is an important consideration because it is critical to the proper functioning of real-time over-the-top applications like two-way voice and video. However, I believe the Commission should remain open to other means to addressing this concern. For example, ViaSat, Inc. (ViaSat), a satellite provider, submitted a waiver proposal as part of its bids in the rural broadband experiments that it argued

Page 2—The Honorable John Delaney

would enable the company to meet the needs of consumers in the most effective and efficient manner possible, without necessarily meeting the latency standard. While that waiver request was denied for purposes of the experiments, we remain interested in considering ViaSat's request in the docket as we move forward with consideration of the CAF Phase II competitive bidding process.

I strongly encourage satellite companies and other potential providers to enter their comments and proposals into the public record and engage with Commission staff on this issue. We do not want to leave some providers out of the competitive bidding process merely because a creative solution did not come to our attention in a timely manner and interested stakeholders did not have the opportunity to weigh in on what standards should be applied to potential bidders. The Commission's staff will review the record and give all the arguments due consideration before we move forward with any decisions.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Wheeler", written in a cursive style.

Tom Wheeler