



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 17, 2015

OFFICE OF
THE CHAIRMAN

The Honorable Jerry Moran
United States Senate
345 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Moran:

Thank you for contacting me regarding your concerns about the potential impact of the reforms to the universal service program's high-cost loop support (HCLS) mechanism on those living in rural areas in rural areas of Kansas and on Tribal lands. In your letter, you also urge the Commission to engage in formal consultation with Tribal Nations regarding these important issues. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

Expanding high-speed broadband connections to all corners of the country is a top priority for the Commission. And nowhere could meeting this objective be more impactful than on Tribal lands. The universal service program is one of the most important tools at our disposal to ensure that consumers and businesses in rural America, including in Tribal lands, 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 note in your letter, in the recent *December 2014 Connect America Order*, the Commission revised the HCLS mechanism to distribute high-cost support more equitably among high-cost carriers to provide better incentives for carriers to curb waste, as it had proposed to do in April 2014. This is a near-term reform intended to help us get the most out of our USF dollars. This decision was built on an extensive record, including comments from rural carriers and their representatives on the proposal, and published Commission staff analysis of the effects of the revision.

We believe it is important to move forward with implementation of this mechanism to ensure that universal service funds are being used as cost effectively and efficiently as possible. That said, I note that the National Congress of American Indians has filed a petition for reconsideration of the *December 2014 Connect America Order*. We will give the petition full consideration. In the meantime, however, please be assured that we will closely monitor the effects of the interim HCLS mechanism on rate-of-return carriers, particularly those that serve Indian Country, and will revisit this issue in the event that it has unanticipated results.

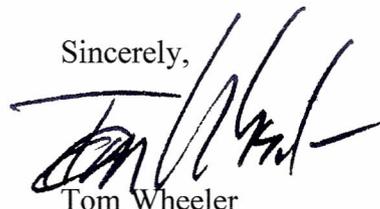
Meanwhile, I expect the Commission will continue to develop the record and act on long-term rate-of-return reform in the coming year, and I welcome consultation and dialogue with Tribal Nations and entities as we move forward to ensure that their voices are heard. The Commission's Office of Native Affairs and Policy (ONAP) is considering potential dates in 2015 when I can meet personally with the Tribally-owned rate-of-return carriers to discuss their concerns.

The Commission is strongly committed to working with Tribal Nations through meaningful and vigorous efforts on a regular basis in all regions of the country. We are also committed to ensuring that Tribal concerns are appropriately considered and addressed as part of the Commission's broader efforts to improve broadband deployment throughout the United States. At the National Congress of American Indians 2014 Executive Council Winter conference, I emphasized the importance of establishing a reinvigorated Tribal consultation process that addresses many goals, including: (1) improving access to world class broadband infrastructure; (2) access to spectrum and wireless infrastructure; and (3) ensuring a diversity of media ownership voices in Indian Country. I also stressed the need for Tribal community planners and policy representatives to build relationships with the Commission's Office of Native Affairs and Policy (ONAP). ONAP has developed and manages a comprehensive plan to strengthen the Commission's consultation and training efforts in all regions of the country. This includes Commission-hosted regional Tribal training and consultation workshops and participation in many Indian Country outreach events. In 2014, for example, ONAP hosted five regional consultation workshops.

Finally, the Commission, with ONAP's leadership, plans to build upon its ongoing consultative relationship with the Tribal Nations who own and operate rate-of-return carriers. Upon ONAP's creation in 2010, the very first meeting in which ONAP staff participated in Indian Country was the National Tribal Telecommunications Association (NTTA) conference on the Gila River Indian Community in Arizona. NTTA's primary members are the eight Tribally-owned rate-of-return carriers. In each year since 2010, ONAP has actively engaged with NTTA both in Indian Country and at the Commission. In 2015, the Commission plans to continue to engage and consult with Tribal Nations, NTTA, and others in Indian Country on long-term reform of rate-of-return support.

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 over a horizontal line.

Tom Wheeler