



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

November 24, 2015

The Honorable Joe Manchin
United States Senate
306 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Manchin:

Thank you for your letter expressing concern that the Commission is not fulfilling its statutory mission to make sure all Americans have access to advanced communications services, as well as your views regarding the opportunity that the Mobility Fund provides to achieve that goal. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

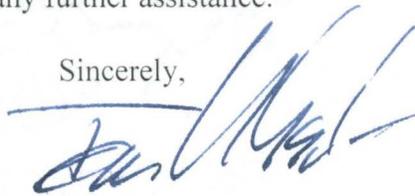
In October 2011, the Commission adopted a *Report and Order and Further Notice of Proposed Rulemaking* (FNPRM), which comprehensively reformed and modernized the universal service system to help ensure the universal availability of fixed and mobile communication networks capable of providing voice and broadband services where people live, work, and travel. The Commission's universal service reforms include a commitment to fiscal responsibility, accountability, and the use of market-based mechanisms, such as competitive bidding, to provide more targeted and efficient support than in the past. For the first time, the Commission established a universal service support mechanism dedicated exclusively to mobile services: the Mobility Fund. The Mobility Fund is the first universal service mechanism dedicated to ensuring availability of mobile broadband networks in areas where a private-sector business case is lacking.

In the Mobility Fund Phase I, the Commission set aside \$300 million in one-time support to immediately accelerate deployment of networks for mobile voice and broadband services in unserved areas. Mobility Fund Phase I support was made available through a nationwide reverse auction. The auction was designed to maximize coverage of unserved road miles within the budget, and winners are required to deploy 4G service within three years or 3G service within two years in order to accelerate the migration to 4G. The total potential support to be awarded as a result of the auction was approximately \$300 million, covering more than 80,000 road miles. As you note, however, some of the winning bidders have chosen for various reasons not to construct facilities but to default and incur the relevant penalties. I would note as well, though, that several other winning bidders in the process of constructing their networks have opted to defer interim compensation that they may be entitled to receive in favor of receiving full compensation upon completion of construction. The Commission is coordinating with USAC regarding the expeditious disbursement of funds to eligible recipients.

In 2011, the Commission also proposed to use a reverse auction to provide up to \$500 million per year in ongoing support as part of the Mobility Fund Phase II to promote mobile broadband and high-quality voice services in areas where such services cannot be sustained or extended absent federal support. In a Further NPRM issued last year, the Commission proposed to retarget Mobility Fund Phase II support to ensure the continued deployment and preservation of 4G LTE mobile broadband service and preservation of mobile voice and broadband service in areas that otherwise would not have such service through marketplace forces. The FNPRM also sought comment on the structure and operational details for Phase II, including the proper distribution methodology, eligible geographic areas and providers, and public interest obligations. No decision has been made on whether or how to retarget Mobility Fund Phase II support, but Commission staff is continuing the process of reviewing the record of the FNPRM to consider possible next steps for a Mobility Fund Phase II.

I appreciate your interest and concerns in this matter, especially as it relates to the low rates of wireless service penetration in the State of West Virginia and the impact it has on your constituents. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", is written over a horizontal line.

Tom Wheeler