The Honorable Tammy Baldwin  
United States Senate  
717 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Baldwin:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn’t exist for some rural telephone companies—not because consumers didn’t want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission's 2016 Rate-of-Return Order has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the Order complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that Order, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of
support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

Ajit V. Pai
Dear Senator Barrasso:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Ajit V. Pai
Dear Senator Bennet:

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Sincerely,

Ajit V. Pai

Ajit V. Pai
TheHonorableRoyBlunt
UnitedStatesSenate
260RussellSenateOfficeBuilding
Washington,D.C.20510

DearSenatorBlunt:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai
The Honorable John Boozman  
United States Senate  
141 Hart Senate Office Building  
Washington, D.C. 20510  

Dear Senator Boozman:  

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Sincerely,

Ajit V. Pai
The Honorable Maria Cantwell  
United States Senate  
511 Hart Senate Office Building  
Washington, D.C. 20510  

Dear Senator Cantwell:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai
The Honorable Shelley Moore Capito  
United States Senate  
172 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Capito:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai
December 6, 2017

The Honorable Bill Cassidy
United States Senate
703 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cassidy:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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Sincerely,

Ajit V. Pai
Dear Senator Collins:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai

Ajit V. Pai
The Honorable John Cornyn  
United States Senate  
517 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Cornyn:

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Sincerely,

Ajit V. Pai
The Honorable Catherine Cortez Masto  
United States Senate  
B40A Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Senator Cortez Masto:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai

Ajit V. Pai
The Honorable Tom Cotton  
United States Senate  
124 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Cotton:

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Sincerely,

Ajit V. Pai
The Honorable Michael D. Crapo  
United States Senate  
239 Dirksen Senate Office Building  
Washington, D.C. 20510  

Dear Senator Crapo:

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

Sincerely,

Ajit V. Pai
The Honorable Steve Daines  
United States Senate  
320 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Daines:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn’t exist for some rural telephone companies—not because consumers didn’t want it, but because our arcane rules penalized companies for offering it.

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Sincerely,

Ajit V. Pai
The Honorable Tammy Duckworth  
United States Senate  
G12 Dirksen Senate Office Building  
Washington, D.C. 20510  

Dear Senator Duckworth:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai
The Honorable Richard J. Durbin  
United States Senate  
711 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Durbin:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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Sincerely,

Ajit V. Pai
The Honorable Al Franken  
United States Senate  
309 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Franken:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai
The Honorable Cory Gardner  
United States Senate  
354 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Gardner:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai

Ajit V. Pai
The Honorable Kirsten Gillibrand  
United States Senate  
478 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Gillibrand:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

[Signature]

Ajit V. Pai
The Honorable Charles E. Grassley  
United States Senate  
135 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Grassley:

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Sincerely,

Ajit V. Pai
The Honorable Maggie Hassan  
United States Senate  
B85 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Hassan:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai
The Honorable Heidi Heitkamp  
United States Senate  
110 Hart Senate Office Building  
Washington, D.C. 20510  

Dear Senator Heitkamp:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

[Signature]
Ajit V. Pai
The Honorable John Hoeven  
United States Senate  
338 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Hoeven:

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Ajit V. Pai
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Sincerely,

Ajit V. Pai
The Honorable Ron Johnson  
United States Senate  
328 Hart Senate Office Building  
Washington, D.C. 20510  

Dear Senator Johnson:

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Ajit V. Pai
Dear Senator King:

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support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

Ajit V. Pai
The Honorable Amy Klobuchar  
United States Senate  
302 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Klobuchar:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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Sincerely,

Ajit V. Pai
The Honorable James Lankford  
United States Senate  
316 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Lankford:

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Sincerely,

Ajit V. Pai

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

Dear Senator Manchin:

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Sincerely,

Ajit V. Pai
The Honorable Jerry Moran
United States Senate
521 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Moran:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai
The Honorable Patty Murray  
United States Senate  
154 Russell Senate Office Building  
Washington, D.C. 20510  

Dear Senator Murray:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai
The Honorable Jim Risch  
United States Senate  
483 Russell Senate Office Building  
Washington, D.C. 20510  

Dear Senator Risch:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Ajit V. Pai
The Honorable Pat Roberts  
United States Senate  
109 Hart Senate Office Building  
Washington, D.C. 20510  

Dear Senator Roberts:

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Ajit V. Pai
The Honorable Michael Rounds  
United States Senate  
502 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Rounds:

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Sincerely,

Ajit V. Pai
The Honorable Jeanne Shaheen  
United States Senate  
506 Hart Senate Office Building  
Washington, D.C. 20510  

Dear Senator Shaheen:

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Sincerely,

Ajit V. Pai
The Honorable Jon Tester  
United States Senate  
311 Hart Senate Office Building  
Washington, D.C. 20510  

Dear Senator Tester:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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Sincerely,

Ajit V. Pai
December 6, 2017

The Honorable Thom Tillis
United States Senate
185 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Tillis:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting "significant reforms," the Commission's 2016 Rate-of-Return Order has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the Order complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that Order, have we given carriers "sufficient incentive to be prudent and efficient in their expenditures." Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

For those carriers that continue to receive support from the legacy rate-of-return system, I am committed to exploring in the near term how this situation can be changed and to determine the appropriate budget levels. The Commission should address the uncertainty caused by the current budget control mechanism—such as guaranteeing at least some minimum level of
support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

Ajit V. Pai