



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 1, 2014

The Honorable Joe Donnelly  
United States Senate  
720 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Donnelly:

Thank you for your letter requesting the Commission to consider modifications to certain aspects of Phase II of the Connect America Fund (CAF Phase II). I appreciate your views and will ensure your letter is included in the record of the proceeding and considered as part of the Commission's review.

I agree with you that high-speed broadband access is an essential component for economic growth in rural communities. 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 21<sup>st</sup> 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 America 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 Phase II of the Connect America Fund 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. The *FNPRM* also seeks comment on a proposal to allow CAF II recipients more flexibility in meeting their performance obligations, such as the ability to substitute locations in partially-served census blocks for locations in the unserved census block for which it received support. The record on these issues just closed and is under consideration by Commission staff.

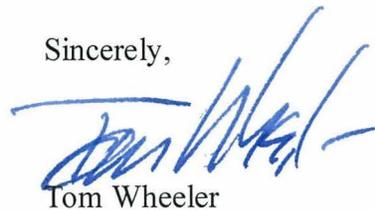
One final step in the process before we can complete CAF II, which your letter references, is that we must finalize the list of census blocks that are eligible for support. We recently initiated the CAF II challenge process and received a total of 178,335 challenges from parties challenging the served/unserved status of a census block. Commission staff is currently reviewing these challenges, and we recently released a Public Notice giving parties 45 days to comment on these challenges. We intend to make sure that a fair challenge process is conducted to ensure that all eligible unserved areas qualify for funding.

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We expect a robust record on these topics and 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,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a horizontal line extending from the end of the signature.

Tom Wheeler