FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

October 30, 2014

The Honorable David Vitter
United States Senate
516 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Vitter:

Thank you for your letter regarding the implementation of certain aspects of Phase II of the Connect America Fund (CAF II). In your letter, you express concerns that the overall mission of the CAF II program could be endangered if the Commission increases the current broadband speed benchmark for program recipients to 10 Mbps downstream /1 Mbps upstream without allowing flexibility in other elements of program, particularly with respect to the length of the term of support. Your views are very important and will be included in the record of the proceeding and 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 such as Louisiana, within the confines of our Connect America budget, all while providing increased certainty and predictability for all carriers, and a climate for increased broadband expansion.

In April of this year, the Commission adopted a *Connect America Fund Phase II Report and Order* to move forward with Connect America 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. As you note, the *FNPRM* also seeks comment on a proposal to allow CAF II recipients more flexibility in meeting their performance obligations, including whether we should extend the term of support to longer than five years. Many price cap carriers have argued that building networks capable of providing 10 Mbps will take more time and more funding than meeting the current 4/1 Mbps speed requirement because it will require extending fiber farther into the network and deploying additional equipment. Other commenters argue that extending the Phase II term of support beyond five years will delay a competitive bidding process for the areas served by price cap carriers. The Commission's staff is reviewing the record and giving all the arguments due consideration before we move forward with any decisions.

With respect to the points you raise on the importance of prudent use of universal service funds and targeting CAF II support to areas where broadband would not otherwise be available, the Commission has a responsibility to ensure that the funds we collect to support universal service programs are used in the most efficient and effective way possible. To that point, the *FNPRM* proposes to exclude from eligibility those areas served by any provider offering voice and broadband services that meet the Commission's service obligations, regardless of whether the provider is subsidized or unsubsidized.

You have also expressed your concern that the Commission ensure that eligible households not be excluded from CAF II funding. We take this concern very seriously. We are currently finalizing the list of census blocks that are eligible for support. To ensure that this list is as accurate as possible, we have a challenge process in place where parties can identify alleged problems with the broadband map. As part of that process, the Commission has received a total of 178,335 challenges from parties on the served/unserved status of census blocks. Commission staff is currently reviewing these challenges and seeking public comment on the challenges. We intend to make sure that a fair challenge process is conducted so that all eligible unserved areas qualify for funding.

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,

Tom Wheeler