



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

October 24, 2014

The Honorable Jeff Merkley
United States Senate
107 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Merkley:

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 goals of the CAF II program may not be met 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 Oregon, 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.

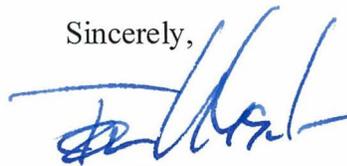
In April of this year, the Commission adopted a *Connect America Fund Phase II Report and Order* to move forward with Phase II of the Connect America Fund for price-cap carriers. In addition, in an associated *Further Notice of Proposed Rulemaking (FNPRM)*, the Commission sought comment on a number of 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. In addition, the *FNPRM* seeks comment on the approaches that you raise in your letter, including lengthening the term of support, using the new speed standard to determine whether an area is served, and permitting recipients to substitute locations in partially served census blocks for locations in the unserved census block for which they receive support. We have received a robust record on these issues, and they are under consideration by Commission staff. As you suggest, these proposals would allow CAF II recipients more flexibility in meeting their performance obligations. We must consider these proposals in the contexts of our other policy goals, such as encouraging competition and private investment, to ensure that we are fulfilling our universal service mandate.

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.

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 stylized flourish extending to the left.

Tom Wheeler