



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

November 16, 2009

OFFICE OF  
THE CHAIRMAN

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 concerns raised by multiple small telecommunications companies in rural Oregon about audits of Universal Service Fund (USF) beneficiaries. The Federal Communications Commission (FCC) appreciates your perspective and the perspectives of the rural telecommunications provider community. We also share your interest in improving the USF audit process while continuing to ensure USF dollars are spent appropriately.

The Government Accountability Office (GAO), Members of Congress, and others have highlighted the need to improve oversight of the USF. The FCC has worked to ensure that there is effective oversight of the USF. The FCC shares your concerns that the audits be efficient and not unduly burdensome on telecommunications providers who are striving to adhere to the FCC's rules for the USF program.

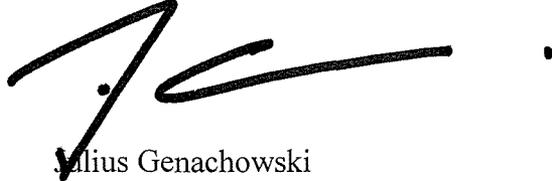
We are aware that recent audits of beneficiaries have at times been complicated by miscommunications between the auditors and the beneficiaries and that the audit findings may not have always provided meaningful results. The FCC is seeking to remedy these concerns and to establish a USF audit program that best meets the FCC's oversight needs and incorporates lessons learned from previous audits.

As you referenced in your letter, to address some of the concerns expressed by the GAO and others, the FCC issued a *Notice of Inquiry (NOI)* in September 2008, launching a "Comprehensive Review of the Universal Service Fund Management, Administration, and Oversight." The *NOI* sought comment on ways to further strengthen management, administration, and oversight of the USF, to define more clearly the goals of the USF, and to identify any additional quantifiable performance measures. The record that we have developed in this proceeding is helping to inform the FCC's approach to these oversight responsibilities going forward. Furthermore, the FCC is willing to meet with commenters, including your constituents, through its *ex parte* process to obtain additional insights about the USF audit program.

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I appreciate your interest in this important matter. Please do not hesitate to contact me if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a horizontal line that ends in a small dot.

Julius Genachowski  
Chairman