



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

August 6, 2010

The Honorable Joe Baca
U.S. House of Representatives
2245 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Baca:

Thank you for your letter regarding the Commission's April 16, 2010, *Order and Notice of Proposed Rulemaking (NPRM)* in which it declined to adopt the high-cost support mechanism proposed by the Puerto Rico Telephone Company (PRTC). I understand your concerns, and I firmly believe that ongoing improvement and lasting benefits for Puerto Rico are dependent on comprehensive universal service fund reform.

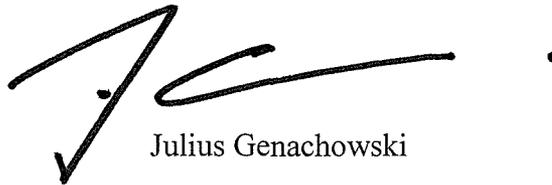
In the *Order and NPRM*, the Commission acknowledged that there may be a significant number of low-income consumers in Puerto Rico who lack access to voice telephone service because they are unable to afford line connection charges when new facilities must be built to reach them. Nevertheless, the record revealed dramatic increases in telephone subscribership in Puerto Rico, with telephone subscribership rising from 73.8 percent to 91.9 percent between 2005 and 2008. In light of these positive developments, we found that it was not necessary to provide a separate universal service high-cost support mechanism for non-rural insular carriers. Instead, the *Order and NPRM* proposed targeted changes to our rules to help eligible consumers in Puerto Rico take better advantage of existing universal service low-income support programs. The proposed rules would provide additional funding through the Link-Up Program to help offset special construction charges incurred by consumers when facilities must be built to provide them with access to voice telephone service. By removing an impediment to affordable voice telephone service, we hope to further close the gap in telephone subscribership rates between the Commonwealth and non-insular areas.

For a permanent solution, I am committed to accomplishing comprehensive reform of universal service – as recommended in the National Broadband Plan – to provide a more efficient and effective vehicle for addressing service issues in insular and high-cost areas like Puerto Rico. On April 21, 2010, the Commission began the process of transitioning legacy universal service high-cost support to a new high-cost program that would support broadband as well as voice services. The April 21st *Notice of Inquiry and NPRM* examines near- and longer-term processes to target funding toward new deployment of broadband networks in unserved areas while considering final rules to implement a new Connect America Fund (CAF) mechanism that efficiently ensures universal access to broadband and voice services. As the Commission comprehensively reforms universal service and implements the National Broadband

Plan recommendations, you have my personal assurance that we will keep in mind your concerns and the unique barriers present in Puerto Rico and other insular areas.

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

Sincerely,

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

Julius Genachowski



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

August 6, 2010

The Honorable Silvestre Reyes
U.S. House of Representatives
2433 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Reyes:

Thank you for your letter regarding the Commission's April 16, 2010, *Order and Notice of Proposed Rulemaking (NPRM)* in which it declined to adopt the high-cost support mechanism proposed by the Puerto Rico Telephone Company (PRTC). I understand your concerns, and I firmly believe that ongoing improvement and lasting benefits for Puerto Rico are dependent on comprehensive universal service fund reform.

In the *Order and NPRM*, the Commission acknowledged that there may be a significant number of low-income consumers in Puerto Rico who lack access to voice telephone service because they are unable to afford line connection charges when new facilities must be built to reach them. Nevertheless, the record revealed dramatic increases in telephone subscribership in Puerto Rico, with telephone subscribership rising from 73.8 percent to 91.9 percent between 2005 and 2008. In light of these positive developments, we found that it was not necessary to provide a separate universal service high-cost support mechanism for non-rural insular carriers. Instead, the *Order and NPRM* proposed targeted changes to our rules to help eligible consumers in Puerto Rico take better advantage of existing universal service low-income support programs. The proposed rules would provide additional funding through the Link-Up Program to help offset special construction charges incurred by consumers when facilities must be built to provide them with access to voice telephone service. By removing an impediment to affordable voice telephone service, we hope to further close the gap in telephone subscribership rates between the Commonwealth and non-insular areas.

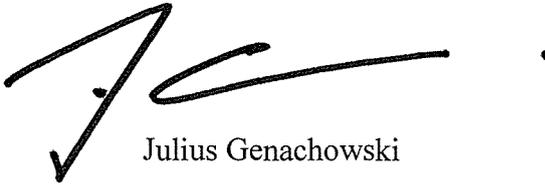
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Julius Genachowski