



FEDERAL COMMUNICATIONS COMMISSION

June 20, 2011

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable John F. Kerry
Chairman
Subcommittee on Communications, Technology, and the Internet
Committee on Commerce, Science, and Transportation
United States Senate
218 Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Kerry:

Thank you for your letter regarding the Universal Service Fund (USF) and your concern about the imbalance between the amount some states contribute to the fund and the amount they receive. Your letter has been included in the record of the Commission's USF reform proceeding.

I recognize that an increasing USF contribution burden works against the purposes of the universal service program, by raising costs for consumers and businesses and thereby discouraging use of communications services. That's why eliminating waste and inefficiency, ensuring accountability, and requiring fiscal responsibility are core pillars of our proposed USF reforms. Consumers should also benefit from our proposed phase down of intercarrier compensation. The intercarrier compensation system currently relies on payments from long distance consumers, including those in your states, to implicitly subsidize local phone service in rural areas.

As we move forward to complete USF and intercarrier compensation reform, the Commission intends to preserve the statutory principles of universal service, including equitable contributions and sustainability of the fund.

I appreciate your leadership and contribution to this reform process. I look forward to working with you further to ensure the sustainability and equitable nature of the Universal Service Fund.

Sincerely,



Julius Genachowski



FEDERAL COMMUNICATIONS COMMISSION

June 20, 2011

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Frank R. Lautenberg
United States Senate
324 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Lautenberg:

Thank you for your letter regarding the Universal Service Fund (USF) and your concern about the imbalance between the amount some states contribute to the fund and the amount they receive. Your letter has been included in the record of the Commission's USF reform proceeding.

I recognize that an increasing USF contribution burden works against the purposes of the universal service program, by raising costs for consumers and businesses and thereby discouraging use of communications services. That's why eliminating waste and inefficiency, ensuring accountability, and requiring fiscal responsibility are core pillars of our proposed USF reforms. Consumers should also benefit from our proposed phase down of intercarrier compensation. The intercarrier compensation system currently relies on payments from long distance consumers, including those in your states, to implicitly subsidize local phone service in rural areas.

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I appreciate your leadership and contribution to this reform process. I look forward to working with you further to ensure the sustainability and equitable nature of the Universal Service Fund.

Sincerely,

A handwritten signature in black ink, appearing to read "Julius Genachowski", written over a horizontal line.

Julius Genachowski



FEDERAL COMMUNICATIONS COMMISSION

June 20, 2011

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Bill Nelson
United States Senate
716 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Nelson:

Thank you for your letter regarding the Universal Service Fund (USF) and your concern about the imbalance between the amount some states contribute to the fund and the amount they receive. Your letter has been included in the record of the Commission's USF reform proceeding.

I recognize that an increasing USF contribution burden works against the purposes of the universal service program, by raising costs for consumers and businesses and thereby discouraging use of communications services. That's why eliminating waste and inefficiency, ensuring accountability, and requiring fiscal responsibility are core pillars of our proposed USF reforms. Consumers should also benefit from our proposed phase down of intercarrier compensation. The intercarrier compensation system currently relies on payments from long distance consumers, including those in your states, to implicitly subsidize local phone service in rural areas.

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I appreciate your leadership and contribution to this reform process. I look forward to working with you further to ensure the sustainability and equitable nature of the Universal Service Fund.

Sincerely,



Julius Genachowski