

April 3, 2012

Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Genachowski:

We thank the Federal Communications Commission (FCC) for working to address complex Universal Service Fund (USF) and intercarrier compensation (ICC) reform issues. However, in implementing the FCC's October 27, 2011 Order and Further Notice of Proposed Rulemaking (Further Notice) we request that the FCC be continually mindful of the need to encourage rural communication network investment. Unintended consequences on all carriers serving in rural areas can and should be alleviated by a formal FCC clarification that the Order will not be implemented in a manner that perpetuates unintended outcomes.

Over time, rural consumers and small business owners in our states have come together to build networks that provide services in accordance with standards established by the Rural Utilities Service and in line with national policy objectives established by Congress in the Communications Act. These standards and objectives ensure that economic development, education, health care, and other opportunities created by access to robust broadband are available to all of our constituents residing in rural areas. While we support our rural carriers who are providing critical communications services to our constituents, we also seek the proper balance of decreasing overall costs in order to ensure the long-term sustainability of the fund. In order to implement USF/ICC reforms that remain consistent with these policies that promote a connected America, we request that the FCC immediately act to remedy these concerns by clarifying that:

- (1) It will not implement additional reductions in USF and ICC support pursuant to the Further Notice until the implications of the reforms and reductions adopted in the recent Order can be properly evaluated and understood;
- (2) Its Order will ensure that lawfully incurred investments and operating expenses are not jeopardized by retroactive rule changes;
- (3) It will not deem any investments or expenses unlawful, imprudent or not "used and useful" when such investments have been made in accordance with federal agency standards and mandates;
- (4) It will adopt a clear-cut and non-burdensome waiver mechanism that will allow cost recovery for carrier investments made in line with federal standards and mandates;
- (5) It will adopt a sustainable and predictable broadband oriented Connect America Fund for rural areas served by smaller rural and other types of carriers as it did for those served by larger carriers.

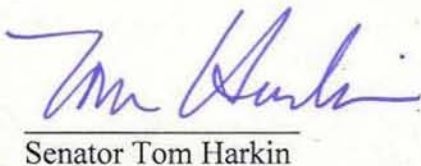
We ask that the FCC immediately acknowledge and appropriately respond to the outline above to ensure all rural consumers are able to fully participate in the universal communications network Congress has envisioned through a long history of statutory actions in this regard.

We appreciate the Commission's willingness to address these important issues.

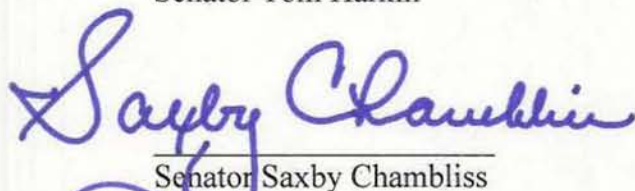
Sincerely,



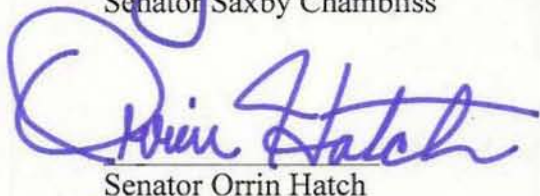
Senator Mark Begich



Senator Tom Harkin



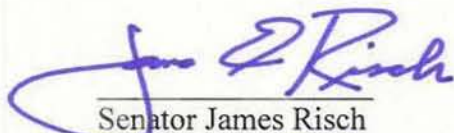
Senator Saxby Chambliss



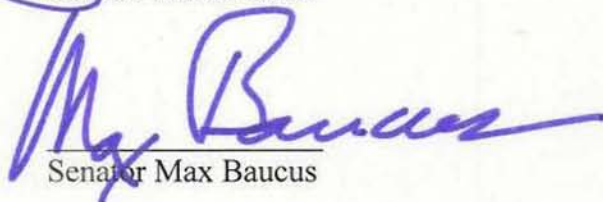
Senator Orrin Hatch



Senator Kent Conrad



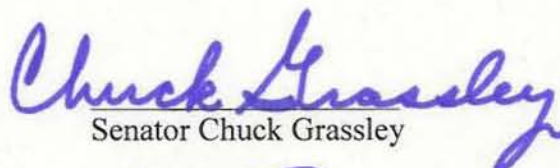
Senator James Risch



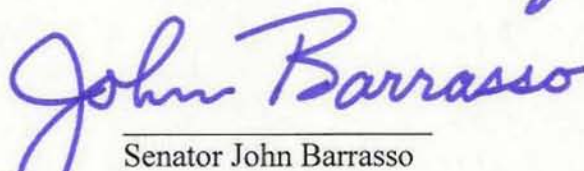
Senator Max Baucus



Senator John Thune



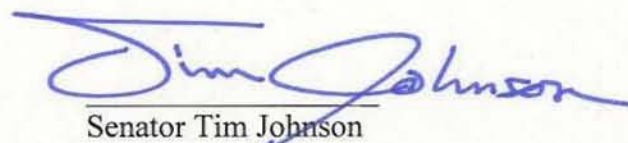
Senator Chuck Grassley



Senator John Barrasso



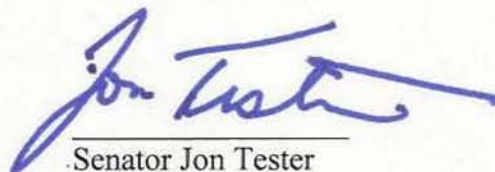
Senator John Hoeven



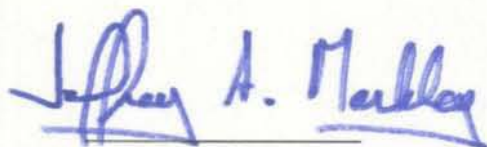
Senator Tim Johnson



Senator Mike Crapo



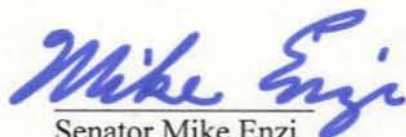
Senator Jon Tester

A handwritten signature in blue ink, appearing to read "Jeffrey A. Merkley".

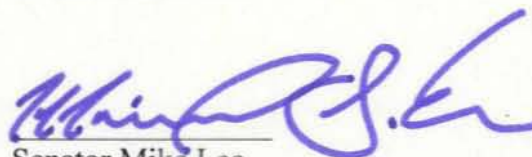
Senator Jeff Merkley

A handwritten signature in blue ink, appearing to read "Carl Levin".

Senator Carl Levin

A handwritten signature in blue ink, appearing to read "Mike Enzi".

Senator Mike Enzi

A handwritten signature in blue ink, appearing to read "Mike Lee".

Senator Mike Lee

A handwritten signature in blue ink, appearing to read "James Inhofe".

Senator James Inhofe