



FEDERAL COMMUNICATIONS COMMISSION

January 8, 2013

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Jon Tester
United States Senate
724 Hart Senate Office Building
Washington, D.C. 20510

Dear Congressman Tester:

Thank you for your letter regarding the FCC's Universal Service Fund reforms. I appreciate your interest in this matter and am pleased to provide the enclosed letter on this issue from the Chief of the Wireline Competition Bureau's Telecommunications Access Policy Division.

If you have any additional questions or need any further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Genachowski", written over the typed name.

Julius Genachowski

Enclosure



Federal Communications Commission
Washington, D.C. 20554

January 8, 2013

The Honorable Jon Tester
United States Senate
724 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Tester:

Thank you for your letter expressing concerns about the effect of the Commission's Universal Service Fund (USF) reforms on rural telecommunications providers. I want to assure you that the Commission will continue to work with all stakeholders, including rural carriers, throughout the reform process.

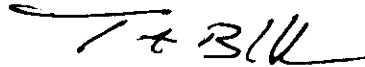
The Commission's implementation of the *Transformation Order* continues to be guided by three key goals: expanding broadband to the millions of unserved Americans, increasing fiscal responsibility and accountability in USF spending to ensure the long term sustainability of the Fund, and setting forth transition periods that recognize business realities. In addition as we hear from stakeholders about concerns with implementation, we will make adjustments as appropriate. For instance, on April 25, 2012, the Commission extended the transition for originating intercarrier compensation payments, a concern raised by many smaller carriers. Likewise, in the Wireline Competition Bureau's April *Benchmarks Order*, the Bureau revised the initially proposed high-cost loop support benchmark categories to respond to a number of the concerns raised by smaller carriers. In particular, the revised methodology accounts for several additional drivers of cost in comparing spending between carriers, it takes recent investment into consideration, it extends the transition period to give carriers greater time to adjust, and it provides a streamlined process to address any concerns about the accuracy of carriers' data. The Commission also extended a number of reporting deadlines for smaller carriers.

Even as we continue to make necessary adjustments, the Chairman believes that it is important to keep moving forward with implementation of the Commission's once-in-a-generation reforms and not roll back progress that we have made. As we do, the Commission and staff will continue to run a fair, open process in which the valid concerns of stakeholders are addressed – working closely with affected carriers to ensure that residents of the nation's rural

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and high-cost areas receive the quality voice and broadband services that all Americans need. I appreciate your interest in this very important matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "T. B. Harkrader". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Trent B. Harkrader
Chief
Telecommunications Access Policy Division
Wireline Competition Bureau