Congress of the United States
House of Representatives
Washington, DC 20515

1042

October 4, 2013

The Honorable Mignon Clyburn
Acting Chairwoman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairwoman Clyburn:

We commend the Commission for the hard work it has undertaken and the milestones it has accomplished in carrying out its Universal Service Fund (USF) reform orders. We also commend the Commission for recently making a number of changes to its 2011 order to begin the immediate deployment of broadband to unserved consumers in rural areas served by price cap companies. However, we are concerned that the reform order is undermining the ability of small rate-of-return regulated telecom carriers, serving more than 40% of the nation's land mass, to provide rural consumers with the broadband service they need to compete in today's global economy. Instead, the reform order is resulting in declining private sector investment and, thus, failing to achieve the purposes required by Congress in the Communications Act for "access to communications services reasonably comparable in price and quality to those available in urban areas."

One of the main causes of uncertainty and resultant declining investment is the reform order's "Quantile Regression Analysis" (QRA) approach to providing high-cost support for rural companies. In May 2013, several of us asked the Government Accountability Office to conduct a study on the effects the QRA on rural carrier investments, as well as broadband speeds, adoption of services, and access to broadband. A recent analysis by former FCC Chief Economist Simon Wilkie underscores the uncertainty rural carriers have faced, noting that the QRA caps and then redistributes USF support in arbitrary and unpredictable ways; fails to provide incentives for broadband deployment; and actually generates the regulatory uncertainty that is discouraging investment. While the FCC has taken some steps recently to relieve temporarily the impacts of the QRA approach, more must be done to resolve the lingering uncertainty it creates. And many of these carriers have sought waivers from the QRA for good faith investments, but their applications have languished at the Commission for long periods.

We urge the Commission to take immediate steps to re-establish predictability, sufficiency and transparency in the USF program so that these small businesses can resume critical investments in rural broadband. For example, the QRA should be reexamined and the

Commission should consider the effects on small carriers when waiver requests are left unanswered for over a year. Nonetheless, the steps the Commission takes to remedy these issues should not slow progress on implementation of Phase II of the Connect America Fund for consumers in areas served by larger carriers.

The benefits to health, education and economic development from robust broadband infrastructure will be postponed or denied for many rural Americans unless the Commission finds a way to re-establish predictability, sufficiency and transparency in the USF program through re-examination of the QRA approach and other common-sense steps that enable rural carriers to respond to consumer demand for broadband. If not addressed and recalibrated soon, consistent with the core statutory mandate from Congress to the Commission, the reform order will have profound and long-lasting ill effects on rural communities.

Thank you for your service on the Commission and for considering our views. We look forward to your response.

Sincerely,

Lee Terry
Member of Congress

Bruce Braley
Member of Congress

Bob Latta
Member of Congress

Tim Murphy
Member of Congress

John Shimkus
Member of Congress

Gregg Harper
Member of Congress

Brett Guthrie
Member of Congress

Cory Gardner
Member of Congress

Bill Cassidy
Member of Congress

Billy Long
Member of Congress

Ed Whitfield
Member of Congress

John Barrow
Member of Congress