



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

April 22, 2014

The Honorable Tom Cotton
U.S. House of Representatives
415 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Cotton:

Thank you for your letter expressing concerns on the implementation of the urban rate floor. I appreciate your views and will ensure that your letter will be included in the record of the proceeding and considered as part of the Commission's review.

In the 2011 *USF/ICC Transformation Order*, the Commission unanimously adopted reforms to make universal service a fairer system for all consumers and businesses. The *Order* includes a phase-out of excessive subsidies for basic phone service, which allowed some phone companies to charge their customers as little as \$5 a month while average urban, suburban, and even some other rural consumers, were paying over three times that amount. The Commission determined it was inappropriate to use limited federal high-cost support to subsidize local rates beyond what is necessary to ensure reasonable comparability between urban and suburban rates and rural rates, as required by Congress. The reforms gradually eliminate these excessive subsidies to level the playing field for all consumers and contain the cost of the program, which is funded by universal service fees paid by consumers.

While the Commission's rules do not require carriers to raise their local rates, I recognize there are concerns over potentially sizable rate increases and the possible difficulty some carriers may experience in making any rate adjustments at state level in a short period of time. To address these concerns, as I indicated during recent House and Senate Appropriations hearings, I have proposed to my fellow Commissioners that we delay the implementation of any universal service support reductions to provide carriers with additional time to consider whether they wish to make any rate changes and to enable them to phase in any changes over a longer period of time. This will allow implementation of the Commission's statutory obligation to ensure reasonably comparable rates. These proposed recommendations are included in an Order currently on circulation for consideration for the Commission's April Open Meeting.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", written over a horizontal line.

Tom Wheeler



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April 22, 2014

The Honorable Rick Crawford
U.S. House of Representatives
1711 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Crawford:

Thank you for your letter expressing concerns on the implementation of the urban rate floor. I appreciate your views and will ensure that your letter will be included in the record of the proceeding and considered as part of the Commission's review.

In the 2011 USF/ICC Transformation Order, the Commission unanimously adopted reforms to make universal service a fairer system for all consumers and businesses. The Order includes a phase-out of excessive subsidies for basic phone service, which allowed some phone companies to charge their customers as little as \$5 a month while average urban, suburban, and even some other rural consumers, were paying over three times that amount. The Commission determined it was inappropriate to use limited federal high-cost support to subsidize local rates beyond what is necessary to ensure reasonable comparability between urban and suburban rates and rural rates, as required by Congress. The reforms gradually eliminate these excessive subsidies to level the playing field for all consumers and contain the cost of the program, which is funded by universal service fees paid by consumers.

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April 22, 2014

The Honorable Tim Griffin
U.S. House of Representatives
1232 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Griffin:

Thank you for your letter expressing concerns on the implementation of the urban rate floor. I appreciate your views and will ensure that your letter will be included in the record of the proceeding and considered as part of the Commission's review.

In the 2011 USF/ICC Transformation Order, the Commission unanimously adopted reforms to make universal service a fairer system for all consumers and businesses. The Order includes a phase-out of excessive subsidies for basic phone service, which allowed some phone companies to charge their customers as little as \$5 a month while average urban, suburban, and even some other rural consumers, were paying over three times that amount. The Commission determined it was inappropriate to use limited federal high-cost support to subsidize local rates beyond what is necessary to ensure reasonable comparability between urban and suburban rates and rural rates, as required by Congress. The reforms gradually eliminate these excessive subsidies to level the playing field for all consumers and contain the cost of the program, which is funded by universal service fees paid by consumers.

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Tom Wheeler



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OFFICE OF
THE CHAIRMAN

April 22, 2014

The Honorable Steve Womack
U.S. House of Representatives
1119 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Womack:

Thank you for your letter expressing concerns on the implementation of the urban rate floor. I appreciate your views and will ensure that your letter will be included in the record of the proceeding and considered as part of the Commission's review.

In the 2011 USF/ICC Transformation Order, the Commission unanimously adopted reforms to make universal service a fairer system for all consumers and businesses. The Order includes a phase-out of excessive subsidies for basic phone service, which allowed some phone companies to charge their customers as little as \$5 a month while average urban, suburban, and even some other rural consumers, were paying over three times that amount. The Commission determined it was inappropriate to use limited federal high-cost support to subsidize local rates beyond what is necessary to ensure reasonable comparability between urban and suburban rates and rural rates, as required by Congress. The reforms gradually eliminate these excessive subsidies to level the playing field for all consumers and contain the cost of the program, which is funded by universal service fees paid by consumers.

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