

United States Senate

WASHINGTON, DC 20510

May 6, 2014

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The Honorable Thomas Wheeler
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Wheeler:

We commend the Federal Communications Commission (FCC) for its ongoing efforts to modernize the Universal Service Fund (USF). As reforms move forward, the FCC must adhere to its statutory directive to provide mechanisms for universal service of advanced communications that are both sufficient and predictable. As part of these ongoing efforts, we call on the FCC to implement a mechanism for rural rate-of-return carriers allowing them to receive USF support for broadband-only subscribers in high-cost areas of the United States.

American households increasingly choose to meet their voice communication needs by abandoning their traditional landline “plain old telephone service” (POTS) options in favor of wireless and voice over Internet protocol services. These scenarios are increasingly common nationwide, in both urban and rural areas. Consumers today want the choice to fashion their own communications solutions to suit their needs, and that no longer necessarily includes POTS.


The rules governing USF support in rural areas have not kept up with this dynamic, consumer-driven market development. As you know, under current USF rules small rural carriers can receive high-cost support only for those consumers who subscribe to POTS. USF is supposed to increase broadband deployment, facilitate transition to new communications technologies, and bridge the digital divide, but the outdated paradigm may unintentionally have the opposite effect. The cycle created by the FCC’s current rules could, if not addressed in a timely manner, undermine consumer choice, deter broadband adoption, and inhibit technological evolution.

We recognize that USF reform requires difficult policy balancing. We support measures that ensure High Cost Program distributions are targeted appropriately and invested prudently. The fiscal integrity and accountability of USF provide the credibility necessary for the FCC to fulfill its statutory mandate to ensure rural communications services and prices are reasonably comparable to those in urban areas.

Given our shared commitment to rural consumers, we urge the FCC to propose rules, under authority granted by section 254 of the Communications Act, to carefully update existing USF mechanisms to provide sufficient and predictable support where consumers in areas served by

smaller rural carriers affirmatively choose to adopt only broadband services even where POTS is also available to them. While it is important that the FCC complete its implementation of Phase II of the Connect America Fund in areas served by larger carriers this year, the FCC should nonetheless address smaller carrier support mechanisms expeditiously, accounting for their unique operations. Consumers in areas served by smaller rural carriers should have the same fundamental choices among reasonably comparable services at reasonably comparable rates as consumers in other rural and urban areas.

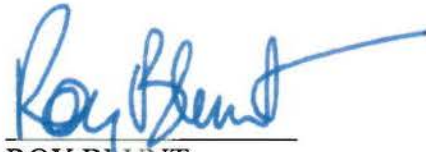
Sincerely,



JOHN THUNE
U.S. Senator



AMY KLOBUCHAR
U.S. Senator



ROY BLUNT
U.S. Senator




MARK PRYOR
U.S. Senator



KELLY AYOTTE
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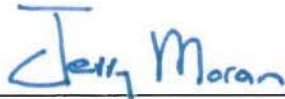

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