



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

October 24, 2014

The Honorable Mark Pryor
Chairman
Subcommittee on Communications, Technology, and the Internet
Committee on Commerce, Science, and Transportation
United States Senate
255 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Pryor:

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.

As you note, the Commission *Order* adopted in April 2014 both delays until January 2015 the implementation of the 2014 rate floor, and then phases-in potential universal service support reductions associated with the rate floor. As a result, the universal service support reductions that go into effect in January of next year will be for only those lines with rates below \$16, with no further increases until July 2016. Subsequent to July 2016, any potential reductions in universal service support will be phased in gradually through 2018. Moreover, the Commission's April *Order* exempts lines serving low-income households through the Lifeline program from any universal service support reductions associated with the rate floor. We took these steps to address concerns such as those you mentioned regarding "unnecessarily excessive" rate increases and possible difficulties some carriers may experience in making rate adjustments at the state level in a short period of time.

Recipients of support are required to report semi-annually to the Commission the number of lines with rates below the rate floor, though, under the phase-in approach adopted by the Commission, no support reductions will occur for lines with rates below \$16 until July 2016. This semi-annual report affords us an opportunity to collect and analyze hard data. I agree with you that we should use the information collected from carriers to evaluate how our implementation of this rule is affecting rural consumers and the achievement of our universal service goals, including, as you recognized, ensuring that neither rural nor urban consumers are subsidizing artificially low rates for a small number of consumers in some states.

I will be particularly interested in how the data collected in January and July 2015 differs from the information we have collected in previous years. We have actually seen minimal impact on consumers since the Commission implemented this rule in 2012. The rate floor increased to \$14 in 2013 from \$10 in 2012, a 40 percent increase. However, consistent with our

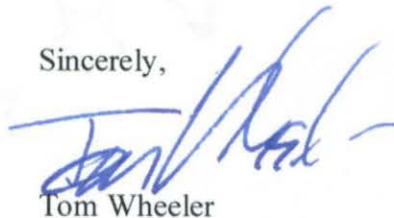
Page 2—The Honorable Mark Pryor

rules, many carriers apparently did not raise their local rates, and continue to report lines with rates well below the \$14 rate floor. Moreover, in 2014, carriers in 41 study areas in 16 states were still reporting a number of residential local service charges of \$5 or less, further confirming that individual carriers may choose not to raise rates in response to the current rate floor.

Please be assured that the Commission will take into consideration the concerns of all stakeholders as we endeavor to protect rural consumers from excessive rate hikes.

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

Sincerely,

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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

October 24, 2014

The Honorable Tammy Baldwin
United States Senate
717 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Baldwin:

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.

As you note, the Commission *Order* adopted in April 2014 both delays until January 2015 the implementation of the 2014 rate floor, and then phases-in potential universal service support reductions associated with the rate floor. As a result, the universal service support reductions that go into effect in January of next year will be for only those lines with rates below \$16, with no further increases until July 2016. Subsequent to July 2016, any potential reductions in universal service support will be phased in gradually through 2018. Moreover, the Commission's April *Order* exempts lines serving low-income households through the Lifeline program from any universal service support reductions associated with the rate floor. We took these steps to address concerns such as those you mentioned regarding "unnecessarily excessive" rate increases and possible difficulties some carriers may experience in making rate adjustments at the state level in a short period of time.

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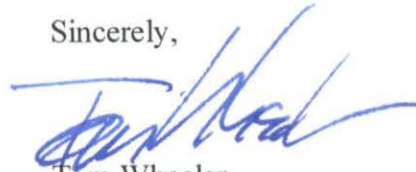
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Tom Wheeler



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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

October 24, 2014

The Honorable Roy Blunt
United States Senate
260 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Blunt:

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.

As you note, the Commission *Order* adopted in April 2014 both delays until January 2015 the implementation of the 2014 rate floor, and then phases-in potential universal service support reductions associated with the rate floor. As a result, the universal service support reductions that go into effect in January of next year will be for only those lines with rates below \$16, with no further increases until July 2016. Subsequent to July 2016, any potential reductions in universal service support will be phased in gradually through 2018. Moreover, the Commission's April *Order* exempts lines serving low-income households through the Lifeline program from any universal service support reductions associated with the rate floor. We took these steps to address concerns such as those you mentioned regarding "unnecessarily excessive" rate increases and possible difficulties some carriers may experience in making rate adjustments at the state level in a short period of time.

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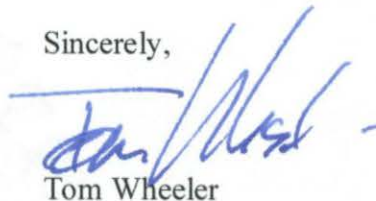
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

October 24, 2014

The Honorable John Boozman
United States Senate
320 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Boozman:

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.

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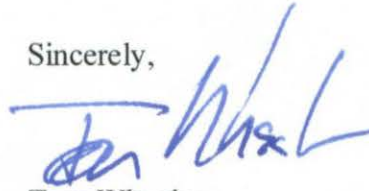
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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

October 24, 2014

The Honorable Maria Cantwell
United States Senate
311 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cantwell:

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.

As you note, the Commission *Order* adopted in April 2014 both delays until January 2015 the implementation of the 2014 rate floor, and then phases-in potential universal service support reductions associated with the rate floor. As a result, the universal service support reductions that go into effect in January of next year will be for only those lines with rates below \$16, with no further increases until July 2016. Subsequent to July 2016, any potential reductions in universal service support will be phased in gradually through 2018. Moreover, the Commission's April *Order* exempts lines serving low-income households through the Lifeline program from any universal service support reductions associated with the rate floor. We took these steps to address concerns such as those you mentioned regarding "unnecessarily excessive" rate increases and possible difficulties some carriers may experience in making rate adjustments at the state level in a short period of time.

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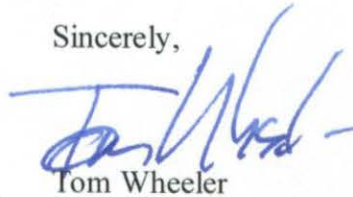
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Tom Wheeler





FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

October 24, 2014

The Honorable Dan Coats
United States Senate
493 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Coats:

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.

As you note, the Commission *Order* adopted in April 2014 both delays until January 2015 the implementation of the 2014 rate floor, and then phases-in potential universal service support reductions associated with the rate floor. As a result, the universal service support reductions that go into effect in January of next year will be for only those lines with rates below \$16, with no further increases until July 2016. Subsequent to July 2016, any potential reductions in universal service support will be phased in gradually through 2018. Moreover, the Commission's April *Order* exempts lines serving low-income households through the Lifeline program from any universal service support reductions associated with the rate floor. We took these steps to address concerns such as those you mentioned regarding "unnecessarily excessive" rate increases and possible difficulties some carriers may experience in making rate adjustments at the state level in a short period of time.

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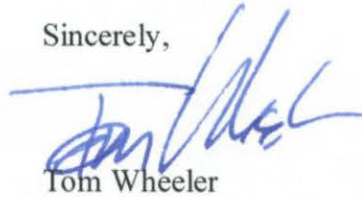
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

October 24, 2014

The Honorable Susan Collins
United States Senate
413 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Collins:

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.

As you note, the Commission *Order* adopted in April 2014 both delays until January 2015 the implementation of the 2014 rate floor, and then phases-in potential universal service support reductions associated with the rate floor. As a result, the universal service support reductions that go into effect in January of next year will be for only those lines with rates below \$16, with no further increases until July 2016. Subsequent to July 2016, any potential reductions in universal service support will be phased in gradually through 2018. Moreover, the Commission's April *Order* exempts lines serving low-income households through the Lifeline program from any universal service support reductions associated with the rate floor. We took these steps to address concerns such as those you mentioned regarding "unnecessarily excessive" rate increases and possible difficulties some carriers may experience in making rate adjustments at the state level in a short period of time.

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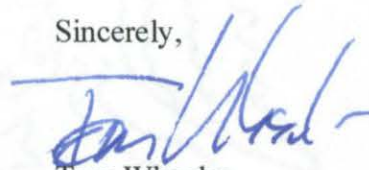
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Tom Wheeler



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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

October 24, 2014

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Franken:

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.

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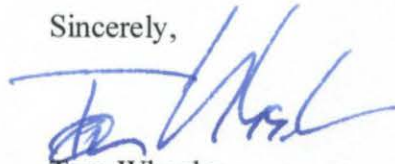
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
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OFFICE OF
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October 24, 2014

The Honorable Charles Grassley
United States Senate
135 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Grassley:

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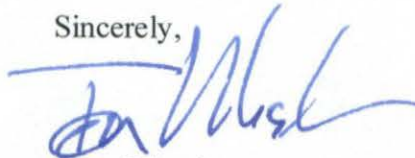
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October 24, 2014

The Honorable Tom Harkin
United States Senate
731 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Harkin:

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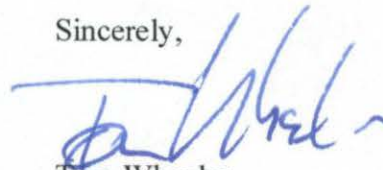
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October 24, 2014

The Honorable James Inhofe
United States Senate
453 Russell Senate Office Building
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Dear Senator Inhofe:

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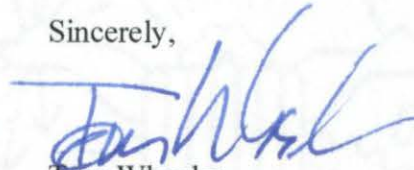
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were still reporting a number of residential local service charges of \$5 or less, further confirming that individual carriers may choose not to raise rates in response to the current rate floor.

Please be assured that the Commission will take into consideration the concerns of all stakeholders as we endeavor to protect rural consumers from excessive rate hikes.

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

Sincerely,



Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

October 24, 2014

The Honorable Tim Johnson
United States Senate
136 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Johnson:

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.

As you note, the Commission *Order* adopted in April 2014 both delays until January 2015 the implementation of the 2014 rate floor, and then phases-in potential universal service support reductions associated with the rate floor. As a result, the universal service support reductions that go into effect in January of next year will be for only those lines with rates below \$16, with no further increases until July 2016. Subsequent to July 2016, any potential reductions in universal service support will be phased in gradually through 2018. Moreover, the Commission's April *Order* exempts lines serving low-income households through the Lifeline program from any universal service support reductions associated with the rate floor. We took these steps to address concerns such as those you mentioned regarding "unnecessarily excessive" rate increases and possible difficulties some carriers may experience in making rate adjustments at the state level in a short period of time.

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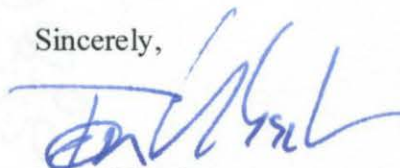
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I appreciate your interest in this matter. Please let me know if I can be of any further assistance

Sincerely,

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

October 24, 2014

The Honorable Amy Klobuchar
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Klobuchar:

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.

As you note, the Commission *Order* adopted in April 2014 both delays until January 2015 the implementation of the 2014 rate floor, and then phases-in potential universal service support reductions associated with the rate floor. As a result, the universal service support reductions that go into effect in January of next year will be for only those lines with rates below \$16, with no further increases until July 2016. Subsequent to July 2016, any potential reductions in universal service support will be phased in gradually through 2018. Moreover, the Commission's April *Order* exempts lines serving low-income households through the Lifeline program from any universal service support reductions associated with the rate floor. We took these steps to address concerns such as those you mentioned regarding "unnecessarily excessive" rate increases and possible difficulties some carriers may experience in making rate adjustments at the state level in a short period of time.

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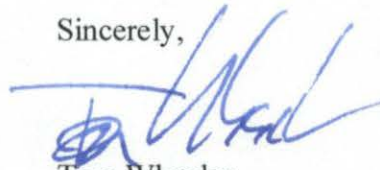
Page 2—The Honorable Amy Klobuchar

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Sincerely,



Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

October 24, 2014

The Honorable Jerry Moran
United States Senate
345 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Moran:

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.

As you note, the Commission *Order* adopted in April 2014 both delays until January 2015 the implementation of the 2014 rate floor, and then phases-in potential universal service support reductions associated with the rate floor. As a result, the universal service support reductions that go into effect in January of next year will be for only those lines with rates below \$16, with no further increases until July 2016. Subsequent to July 2016, any potential reductions in universal service support will be phased in gradually through 2018. Moreover, the Commission's April *Order* exempts lines serving low-income households through the Lifeline program from any universal service support reductions associated with the rate floor. We took these steps to address concerns such as those you mentioned regarding "unnecessarily excessive" rate increases and possible difficulties some carriers may experience in making rate adjustments at the state level in a short period of time.

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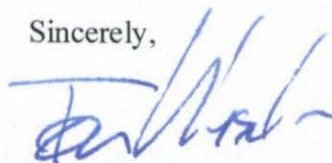
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Sincerely,

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Tom Wheeler





OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

October 24, 2014

The Honorable Patty Murray
United States Senate
173 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Murray:

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.

As you note, the Commission *Order* adopted in April 2014 both delays until January 2015 the implementation of the 2014 rate floor, and then phases-in potential universal service support reductions associated with the rate floor. As a result, the universal service support reductions that go into effect in January of next year will be for only those lines with rates below \$16, with no further increases until July 2016. Subsequent to July 2016, any potential reductions in universal service support will be phased in gradually through 2018. Moreover, the Commission's April *Order* exempts lines serving low-income households through the Lifeline program from any universal service support reductions associated with the rate floor. We took these steps to address concerns such as those you mentioned regarding "unnecessarily excessive" rate increases and possible difficulties some carriers may experience in making rate adjustments at the state level in a short period of time.

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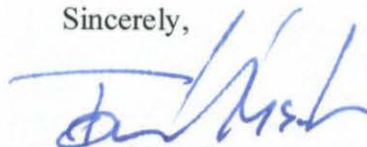
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Tom Wheeler





OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

October 24, 2014

The Honorable Pat Roberts
United States Senate
109 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Roberts:

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.

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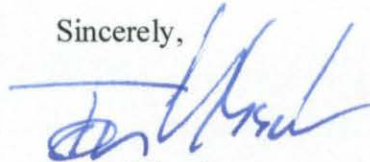
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Tom Wheeler