



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 23, 2014

The Honorable John Hoeven
United States Senate
120 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Hoeven:

Thank you for your letter requesting the Commission to consider proposals from broadband providers to permit some flexibility in the implementation of Phase II of the Connect America Fund (CAF Phase II). Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

The universal service program is one of the most important tools at our disposal to ensure that consumers and businesses in rural America have the same opportunities as their urban and suburban counterparts to be active participants in the United States of the 21st century. We are focused on updating the universal service high-cost program to ensure that we are delivering the best possible voice and broadband experiences to rural areas of states within the confines of our Connect America budget, while providing increased certainty and predictability for all carriers and a climate for increased broadband expansion.

Last week, the Commission adopted a *Connect America Fund Phase II Report and Order* to move forward with Connect America for price-cap carriers. Importantly, the Order raises the minimum broadband speed from 4 Mbps to 10 Mbps, consistent with our statutory obligation to ensure that rural Americans have access to services that are reasonably comparable to those available to their urban and suburban neighbors. And in response to the concerns about flexibility that you raise in your letter, the Order extends the term of support for price cap carriers that accept the state-level commitment and gives those price cap carriers more flexibility in serving those areas.

These actions represent a critical step in our continued effort to reform and modernize the universal service high-cost program – as well as other components of the Universal Service Fund – to ensure that all Americans have access to robust voice and broadband services.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Wheeler".

Tom Wheeler