



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

January 23, 2015

The Honorable Tom Cole  
U.S. House of Representatives  
2458 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Cole:

Thank you for your letter regarding the implementation of certain aspects of Phase II of the Connect America Fund (CAF II). In your letter, you urge the Commission to create an inclusive process where all eligible providers, including electric cooperatives, have an opportunity to compete for support. You also express support for comments filed by the National Rural Electric Cooperative Association (NRECA). NRECA requests that under the CAF II process, areas in which a proposal for a rural broadband experiment is submitted should be excluded from a price cap carrier's right of first refusal. Your views are very important and will be included in the record of the proceeding.

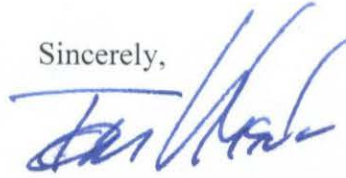
The universal service program is one of the most important tools at our disposal to ensure that consumers and businesses in rural America have the same opportunities as their urban and suburban counterparts to be active participants in the United States of the 21<sup>st</sup> century. We are focused 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.

In April, the Commission adopted a *Connect America Fund Phase II Report and Order* to move forward with Connect America for price-cap carriers. In that Order, the Commission sought to encourage a variety of providers to participate in the competitive bidding process meant to award support for service in high-cost and extremely high-cost areas. Potential bidders in the CAF II competitive bidding process will not be required to be eligible telecommunications carriers (ETCs) at the time they initially apply for funding. The Commission will permit entities to obtain ETC designation from either a state public utility commission pursuant to section 214(e)(2), or the Commission pursuant to section 214(e)(6) of the Act, even *after* the announcement of winning bidders.

This December, the Commission adopted a *CAF II Order* that adopts NRECA's proposal regarding the right of first refusal. The Commission removes the price cap carrier's right of first refusal for those areas awarded rural broadband experiments. We believe that consumers in these areas may benefit by receiving higher-quality service from a competitor at or below the offer of model-based support.

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". The signature is written in a cursive style with a prominent horizontal line across the top.

Tom Wheeler

