



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 16, 2015

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 your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

In April 2014, the Commission proposed a transition framework for a voluntary election by rate-of-return carriers to receive model-based support, and tentatively concluded that such a framework could achieve important universal service benefits by creating incentives for deployment of voice and broadband-capable infrastructure. At that time, the Commission directed the Wireline Competition Bureau (Bureau) to incorporate the results of the study area boundary data collection in the Connect America Cost Model and to make such other adjustments as appropriate for use of that model in areas served by rate-of-return carriers.

In your letter, you stress that any forward-looking cost model adopted by the Commission for small rate-of-return companies should recognize the unique characteristics of these rural companies. I could not agree more. Although the cost model was originally developed for use in price cap areas, it always has included a size adjustment factor—based on rate-of-return company data—to scale operating expenses for “small, x-small, and xx-small” companies, and has reflected cost differences based on density. The Bureau has been further refining A-CAM since the first version was released nearly a year ago and, among other things, has incorporated rate-of-return study area boundaries and central office locations submitted by rate-of-return companies. I expect the next version of A-CAM will include company-specific inputs for plant mix (the ratios of aerial, buried and underground outside plant) also based on submissions by rate-of-return companies.

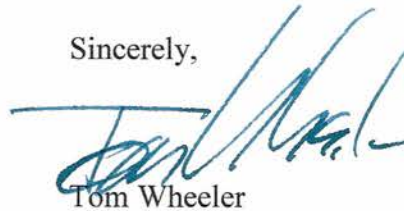
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generally have less broadband deployment than the other ten companies, and the additional support could increase access to broadband in these areas. While work on the model continues, and the final numbers may vary to some extent, these results suggest that this policy option could be beneficial to your state.

Finally, in considering additional reforms impacting carriers that remain on traditional rate-of-return support mechanisms, we are looking at reforms that will transition outdated mechanisms to support broadband networks, while accommodating the divergent interests of all the stakeholders.

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
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OFFICE OF
THE CHAIRMAN

December 16, 2015

The Honorable Denny Heck
U.S. House of Representatives
425 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Heck:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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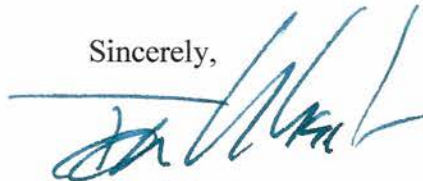
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FEDERAL COMMUNICATIONS COMMISSION
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December 16, 2015

The Honorable Derek Kilmer
U.S. House of Representatives
1429 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Kilmer:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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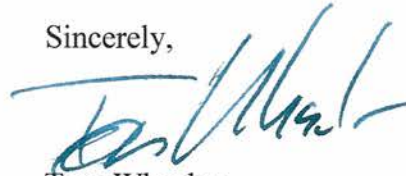
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Tom Wheeler



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December 16, 2015

The Honorable Rick Larsen
U.S. House of Representatives
2113 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Larsen:

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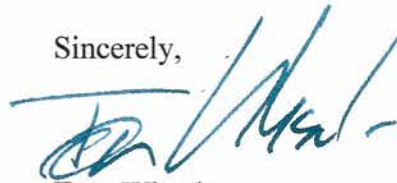
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FEDERAL COMMUNICATIONS COMMISSION
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OFFICE OF
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December 16, 2015

The Honorable Jim McDermott
U.S. House of Representatives
1035 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman McDermott:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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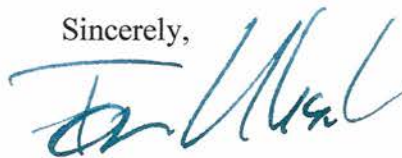
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
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December 16, 2015

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 your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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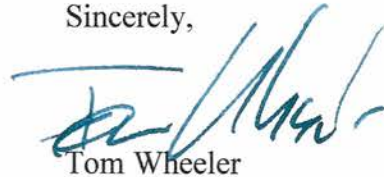
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
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December 16, 2015

The Honorable Dan Newhouse
U.S. House of Representatives
1641 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Newhouse:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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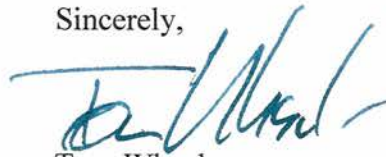
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
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December 16, 2015

The Honorable Dave Reichert
U.S. House of Representatives
1127 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Reichert:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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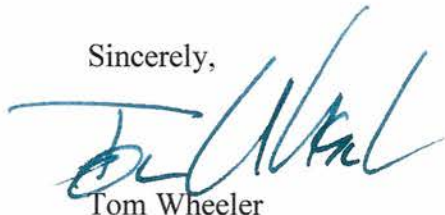
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FEDERAL COMMUNICATIONS COMMISSION
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OFFICE OF
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December 16, 2015

The Honorable Adam Smith
U.S. House of Representatives
2264 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Smith:

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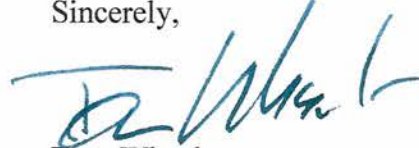
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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 16, 2015

The Honorable Suzan DelBene
U.S. House of Representatives
318 Cannon House Office Building
Washington, D.C. 20515

Dear Congresswoman DelBene:

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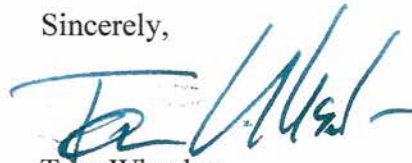
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generally have less broadband deployment than the other ten companies, and the additional support could increase access to broadband in these areas. While work on the model continues, and the final numbers may vary to some extent, these results suggest that this policy option could be beneficial to your state.

Finally, in considering additional reforms impacting carriers that remain on traditional rate-of-return support mechanisms, we are looking at reforms that will transition outdated mechanisms to support broadband networks, while accommodating the divergent interests of all the stakeholders.

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

Sincerely,



Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 16, 2015

The Honorable Jaime Herrera Beutler
U.S. House of Representatives
1130 Longworth House Office Building
Washington, D.C. 20515

Dear Congresswoman Herrera Beutler:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

In April 2014, the Commission proposed a transition framework for a voluntary election by rate-of-return carriers to receive model-based support, and tentatively concluded that such a framework could achieve important universal service benefits by creating incentives for deployment of voice and broadband-capable infrastructure. At that time, the Commission directed the Wireline Competition Bureau (Bureau) to incorporate the results of the study area boundary data collection in the Connect America Cost Model and to make such other adjustments as appropriate for use of that model in areas served by rate-of-return carriers.

In your letter, you stress that any forward-looking cost model adopted by the Commission for small rate-of-return companies should recognize the unique characteristics of these rural companies. I could not agree more. Although the cost model was originally developed for use in price cap areas, it always has included a size adjustment factor—based on rate-of-return company data—to scale operating expenses for “small, x-small, and xx-small” companies, and has reflected cost differences based on density. The Bureau has been further refining A-CAM since the first version was released nearly a year ago and, among other things, has incorporated rate-of-return study area boundaries and central office locations submitted by rate-of-return companies. I expect the next version of A-CAM will include company-specific inputs for plant mix (the ratios of aerial, buried and underground outside plant) also based on submissions by rate-of-return companies.

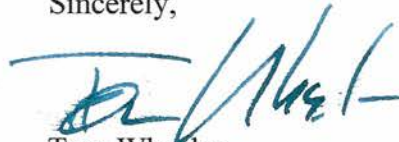
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

December 16, 2015

The Honorable Cathy McMorris Rodgers
U.S. House of Representatives
203 Cannon House Office Building
Washington, D.C. 20515

Dear Congresswoman McMorris Rodgers:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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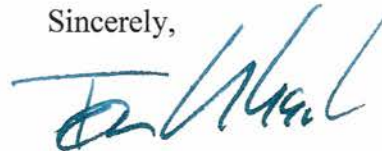
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Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a stylized flourish extending from the end.

Tom Wheeler