



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

April 28, 2017

The Honorable Tony Cárdenas
U.S. House of Representatives
1510 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Cárdenas:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

One of my main goals as FCC Chairman is closing the digital divide. And I recognize unaffordability as a key barrier to digital opportunity. Last September, I explained when announcing my Digital Empowerment Agenda that "[a]lthough gigabit services and mobile broadband are becoming common features of wealthier, metropolitan areas, they aren't universal." There is a real digital divide in our country, and as we seek to address this problem, going forward, I want to make it clear that broadband will remain in the Lifeline program so long as I have the privilege of serving as Chairman. And we will continue to look for ways to make the program work even better.

Regarding the *Order*, I would make several important points.

First, the *Order* affected only nine of the more than 900 carriers participating in the Lifeline program—that's less than 1%. Nor did the *Order* affect the designation of Lifeline broadband carriers by state commissions; that process proceeds apace.

Second, eight of the nine affected carriers had no Lifeline customers.

Third, with respect to your concerns that this action was taken at the bureau-level, the full Commission delegated authority to the Wireline Competition Bureau to act on LBP designations in the *Lifeline Modernization Order*. Just as the prior Administration used this delegated authority to direct the Bureau to designate these providers, the current Bureau relied upon that authority in returning these LBP applications to the queue.

Fourth, the prior Commission disregarded the well-established process for approving applications like these. The National Tribal Telecommunications Association filed a petition for reconsideration pointing out that several of the providers never complied with their obligation under our rules to coordinate their applications with Tribes. These Tribal representatives thus requested that the designations be reversed. Moreover, two providers' designations were improperly granted prior to the public comment deadline for filing comments—that is, before the public even had a full and fair chance to weigh in on the designation. This curtailed the public's ability to participate in these proceedings and limited the Commission's ability to

consider all designation criteria with a fulsome record. Whatever one thinks of the merits of these applications, that action was plainly improper.

Fifth, as we implement the Lifeline program—as with any program we administer—we must follow the law. And the law here is clear: Congress gave state governments, not the FCC, the primary responsibility for approving which companies can participate in the Lifeline program under Section 214 of the Communications Act. This is how the program worked over two decades, over three Administrations, and over eight Chairmanships.

Twelve states, from Vermont to Wisconsin, challenged the legality of the FCC’s order in the U.S. Court of Appeals for the District of Columbia Circuit. Because it would have been a waste of judicial and administrative resources to defend the FCC’s unlawful action in court, the Office of General Counsel asked the D.C. Circuit to send this case back to the Commission for further consideration. The court did so this past week.

In the meantime, we must consider the Lifeline Broadband Provider applications that are pending at the FCC. In last year’s order, the Commission delegated to the Wireline Competition Bureau the authority to address such applications. I do not believe that the Bureau should approve these applications. Here’s why:

Right now, over 3.5 million Americans are receiving subsidized broadband service through the Lifeline program from one of 259 different Eligible Telecommunications Carriers (ETCs). And according to the latest available figures, the number of customers receiving subsidized broadband service has increased by over 16 percent during my Chairmanship. Hundreds of companies have been approved to participate in the Lifeline program through a lawful process. Indeed, over 99.6 percent of Americans currently participating in the broadband portion of the program receive service from one of those companies. New companies can enter the program using this process, and I encourage them to continue to do so. Given this context, it would be irresponsible for the Bureau to allow companies to sign up customers for subsidized broadband service through an unlawful federal authorization process that will soon be withdrawn. This would force many consumers to switch broadband providers in a relatively short period of time, which wouldn’t be fair to them.

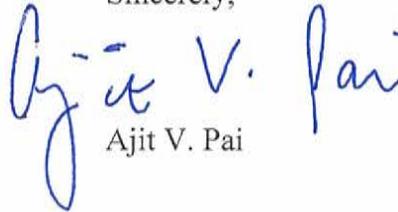
Congress established our universal service programs as a joint federal-state partnership. And through the years, many states have helped consumers and protected taxpayers by enforcing the rules of the road. As Senator Tom Udall (D-N.M.) recently observed in introducing bipartisan Lifeline legislation with Senator Deb Fischer (R-Neb.), we need to “return the role of state utility commissions in determining Lifeline eligibility. State utility commissions are key to policing against fraud and harmonizing federal and state initiatives that will help us close the digital divide.” By letting states take the lead on certification as envisioned by Congress, we will strengthen the Lifeline program and put the implementation of last year’s order on a solid legal footing. This will benefit all Americans, including those participating in the program.

Finally, every dollar that is spent on subsidizing somebody who doesn’t need the help by definition does not go to someone who does. That means that the Commission needs to make sure that there are strong safeguards against waste, fraud, and abuse before expanding the program to new providers. But our federal safeguards are insufficient: My investigation last year into these matters revealed that providers could indiscriminately override checks that are

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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

April 28, 2017

The Honorable Yvette D. Clarke
U.S. House of Representatives
2058 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Clarke:

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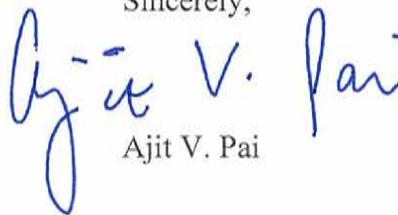
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WASHINGTON

April 28, 2017

The Honorable Diana DeGette
U.S. House of Representatives
2368 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman DeGette:

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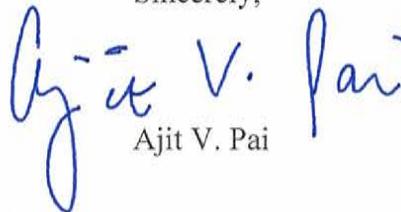
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WASHINGTON

April 28, 2017

The Honorable Debbie Dingell
U.S. House of Representatives
116 Cannon House Office Building
Washington, D.C. 20515

Dear Congresswoman Dingell:

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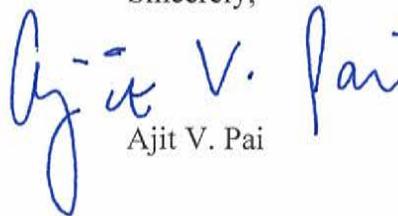
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April 28, 2017

The Honorable Mike Doyle
U.S. House of Representatives
239 Cannon House Office Building
Washington, D.C. 20515

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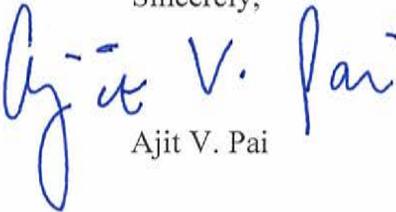
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One of my main goals as FCC Chairman is closing the digital divide. And I recognize unaffordability as a key barrier to digital opportunity. Last September, I explained when announcing my Digital Empowerment Agenda that "[a]lthough gigabit services and mobile broadband are becoming common features of wealthier, metropolitan areas, they aren't universal." There is a real digital divide in our country, and as we seek to address this problem, going forward, I want to make it clear that broadband will remain in the Lifeline program so long as I have the privilege of serving as Chairman. And we will continue to look for ways to make the program work even better.

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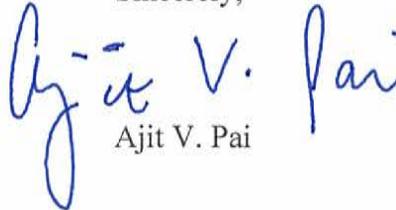
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

April 28, 2017

The Honorable Gene Green
U.S. House of Representatives
2470 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Green:

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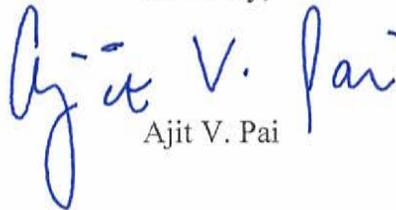
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

April 28, 2017

The Honorable Ben Ray Luján
U.S. House of Representatives
2231 Rayburn House Office Building
Washington, D.C. 20515

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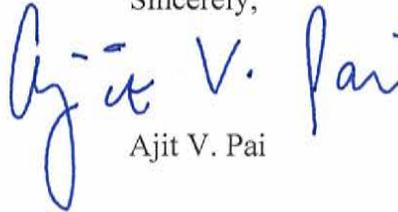
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OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

April 28, 2017

The Honorable Doris Matsui
U.S. House of Representatives
2311 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Matsui:

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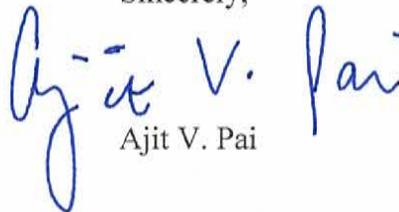
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OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

April 28, 2017

The Honorable Jerry McNerney
U.S. House of Representatives
2265 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman McNerney:

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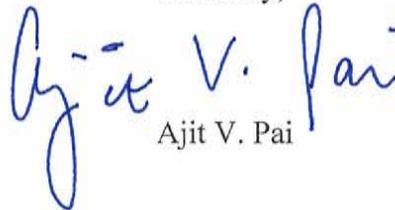
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April 28, 2017

The Honorable Frank Pallone
U.S. House of Representatives
237 Cannon House Office Building
Washington, D.C. 20515

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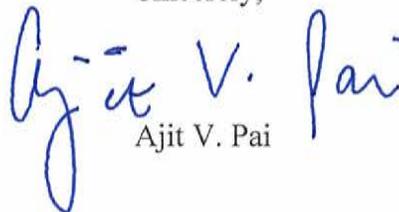
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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

April 28, 2017

The Honorable John Sarbanes
U.S. House of Representatives
2444 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Sarbanes:

Thank you for your letter regarding the Wireline Competition Bureau's *Order on Reconsideration*, which affected nine companies' participation in the Lifeline program. I appreciate your views, which will be entered into the record of the proceeding.

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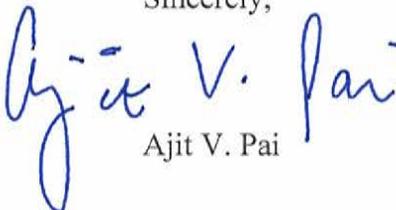
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OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

April 28, 2017

The Honorable Jan Schakowsky
U.S. House of Representatives
2367 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Schakowsky:

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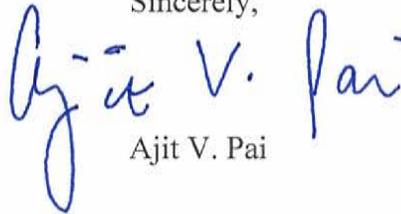
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April 28, 2017

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U.S. House of Representatives
2463 Rayburn House Office Building
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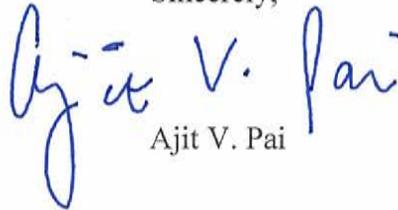
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April 28, 2017

The Honorable Peter Welch
U.S. House of Representatives
2303 Rayburn House Office Building
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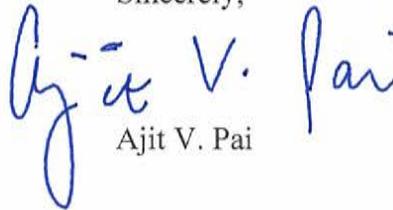
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