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Congress of the United States
Washington, DC 20515

May 25, 2017

The Honorable Ajit Pai
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Dear Chairman Pai:

We write to call to your attention a matter of importance to the Commonwealth of Pennsylvania, which will soon be considered by the Federal Communication Commission (FCC). As you may know, on April 19, the Pennsylvania Public Utility Commission (PaPUC) and the Pennsylvania Department of Community and Economic Development (PaDCED), jointly filed a petition requesting the FCC modify its recently announced Connect America Fund Phase II (CAF II) auction formula.

The FCC's decision will determine whether approximately \$140 million in funding originally designated for Pennsylvania will be spent in the state to help expand broadband access and services to underserved rural and high cost communities or whether the funding will be redistributed elsewhere. The PaPUC - PaDCED Joint Petition from April 19 requests that the FCC reconsider certain aspects of its Connect America Fund Phase II auction rules and narrowly modify or waive rules to ensure the effectiveness, efficiency, and fairness of the auction rules for Pennsylvania. We write to have these essential funds remain in Pennsylvania.

The funding provided through the Connect America Fund is crucial to Pennsylvania, which has long committed to the deployment of broadband access networks and services. Approximately 25 percent of Pennsylvania residents throughout 17 of our 67 counties do not have access to high-speed broadband capability. While Pennsylvania is committed to the improved deployment of broadband access networks and services, this level of disconnect is unacceptable as connectivity is an increasingly essential aspect to education, employment, and the economic development of our residents. In addition, Pennsylvania consumers have long been a major net contributor to Federal Universal Service Fund (USF) programs, consistently ranking fifth in the United States in terms of net USF payments. The FCC's Universal Service Monitoring Report notes that, during the period of 2005 to 2016, Pennsylvania's net contribution to the federal USF totaled in excess of \$1.7 billion dollars.

Without action, Pennsylvania consumers stand to lose substantial federal funding as a result of CAF II money being declined by the Verizon incumbent local exchange carriers operating in Pennsylvania. The declined amount equals approximately \$23 million annually over a six-year period, which accounts for 46% of the total CAF II allotment to the state. In the absence of an FCC decision to the contrary, these funds may potentially be reallocated to a different state.

Losing almost half of the CAF II funding would create an unfair hardship on Pennsylvania residents in rural and high-costs areas, and would be contrary to the FCC's goal of ensuring broadband access for all. We are asking that the FCC take into consideration the gravity and

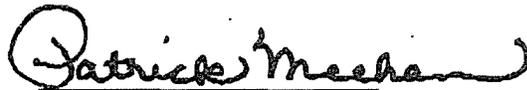
importance of this issue to Pennsylvania, and the sizeable impact losing this CAF II funding would have on our more rural and underserved areas of the commonwealth.

Thank you for your attention to this matter.

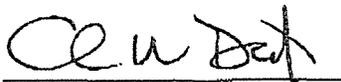
Sincerely,



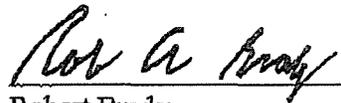
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Member of Congress



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