



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 27, 2018

The Honorable John Thune
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Thune:

Thank you for your letter on the importance of high-speed broadband access to rural Americans, including those in South Dakota. I wholeheartedly agree that closing the digital divide is our foremost mission as an agency, and I appreciate your recognition of our work thus far to foster deployment in the most remote corners of our country.

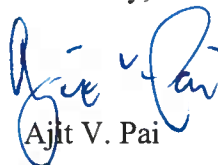
I agree with your concerns that budget limitations in the Universal Service Fund's high cost program for legacy rate-of-return providers could result in undue reductions in support for broadband deployment in South Dakota. Those cuts were the legacy of the last Administration's *2016 Rate-of-Return Reform Order* (from which I dissented in part as a Commissioner).

We started to address this problem in March, when the Commission dedicated an additional \$500 million to support small, rural carriers deploying broadband to the farthest reaches of America. And I expect that we will finish our work in December. I have now circulated to my colleagues a proposed order that would reform our high-cost program for small carriers to increase its efficiency, its sufficiency, and its predictability, all while ensuring rural Americans get the high-quality services they need and deserve.

First, we're promoting efficiency by offering rate-of-return carriers another opportunity to opt in to model-based support, which would give them a guaranteed revenue stream for a decade in exchange for meeting specified buildout requirements. *Second*, we're ensuring support is sufficient by offering additional funding to carriers that currently receive model-based support and who agree to meet increased buildout requirements. We're also increasing funding for carriers who do not receive model-based support. *Third*, we're making the program more predictable by setting a new long-term budget for rate-of-return carriers who choose not to opt in to model-based support and ending arbitrary funding cuts. And *fourth*, we're increasing the target speeds for subsidized deployments from 10/1 Mbps to 25/3 Mbps. Long story short, we're making the Universal Service Fund a more effective means of closing the digital divide.

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

Sincerely,


Ajit V. Pai

Senator, thanks a bunch for
all your and your staff's support over the past few years.
I hope you have a merry Christmas and look forward to 2019!



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 27, 2018

The Honorable Kristi Noem
U.S. House of Representatives
2457 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Noem:

Thank you for your letter on the importance of high-speed broadband access to rural Americans, including those in South Dakota. I wholeheartedly agree that closing the digital divide is our foremost mission as an agency, and I appreciate your recognition of our work thus far to foster deployment in the most remote corners of our country.

I agree with your concerns that budget limitations in the Universal Service Fund's high cost program for legacy rate-of-return providers could result in undue reductions in support for broadband deployment in South Dakota. Those cuts were the legacy of the last Administration's *2016 Rate-of-Return Reform Order* (from which I dissented in part as a Commissioner).

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Sincerely,

A handwritten signature in blue ink that reads "Ajit V. Pai".

Ajit V. Pai



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OFFICE OF
THE CHAIRMAN

November 27, 2018

The Honorable Mike Rounds
United States Senate
502 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Rounds:

Thank you for your letter on the importance of high-speed broadband access to rural Americans, including those in South Dakota. I wholeheartedly agree that closing the digital divide is our foremost mission as an agency, and I appreciate your recognition of our work thus far to foster deployment in the most remote corners of our country.

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