



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

March 2, 2020

The Honorable Jim Himes
U.S. House of Representatives
1227 Longworth House Office Building
Washington, DC 20515

Dear Congressman Himes:

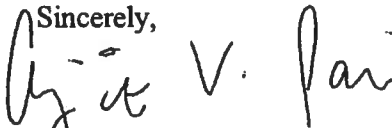
Thank you for your letter regarding the Commission's efforts to encourage high-speed, reliable, affordable broadband deployment to rural communities through the proposed Rural Digital Opportunity Fund. Closing the digital divide is my top priority. I have seen for myself what affordable high-speed Internet access can do for a community—for its families, its schools, its hospitals, its farms, its businesses—as well as the impact of its absence.

That's why, at the FCC's January meeting, we adopted a Report and Order establishing final rules for the Rural Digital Opportunity Fund. This modernized approach for connecting the hardest-to-serve areas of our country represents the biggest step yet the Commission has taken to close the digital divide. It will build on the success of the CAF Phase II auction and provide more than \$20 billion over the next decade to support up to gigabit service to millions of unserved Americans through a competitive reverse auction. We'll target support to areas that lack access to fixed voice and 25/3 Mbps broadband through a two-phase approach. Phase I will target support to wholly unserved census blocks—those areas where our existing data tell us there is no 25/3 Mbps service at all—in order to make sure that the areas most in need will get broadband service quickly. Then, Phase II will fill in the remaining coverage gaps by supporting networks that will serve partially unserved census blocks, along with areas not won in Phase I. Phase II will leverage the Commission's Digital Opportunity Data Collection, the new granular, precise broadband mapping initiative the agency adopted this past August. In short, we're proposing to connect more Americans to faster broadband networks than any other universal service program has done.

We're also making some significant changes to our CAF II approach—changes that will help ensure maximum participation and therefore maximum broadband deployment in the auction. In response to the concerns raised in your letter, we've changed the letter of credit requirement to reduce costs to carriers by up to 80% in a given year from those initially proposed while still protecting these scarce federal funds in the event of non-compliance. In short, the revised letter of credit requirement recognizes that proven performance in the Rural Digital Opportunity Fund means less risk to the federal fisc and thus that carriers who deploy early should face less of a financial burden. This will ensure that more carriers can participate in the auction while both safeguarding taxpayer funds and getting rural Americans connected as soon as possible.

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Thank you for your interest in the Rural Digital Opportunity Fund, and I look forward to continuing to collaborate with you to close the digital divide.

Sincerely,

Ajit V. Pai