



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

April 8, 2022

The Honorable Amy Klobuchar
United States Senate
425 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Klobuchar:

Thank you for your letter regarding the review process for the Rural Digital Opportunity Fund auction at the Federal Communications Commission.

I believe that it is essential that we work to close the digital divide so that 100 percent of households in the United States are connected to broadband. After all, the pandemic has proven that broadband access is essential for full participation in modern life. During this time, so many of us have relied on communications to stay working, stay healthy, stay informed, stay in school, stay in touch, and stay entertained. But as we leave this period, we need to acknowledge that the connected world we have come to rely on is not going away. High-speed internet access is no longer just nice-to-have. It is need-to-have for everyone, everywhere.

One way policies at the Commission can help achieve this goal is through the high-cost program. This program is part of the Universal Service Fund, which was developed pursuant to Section 254 of the Communications Act. It is designed to ensure that consumers in rural, insular, and high-cost areas have access to modern communications networks capable of providing voice and broadband service at rates that are reasonably comparable to those in urban areas. The RDOF auction is an outgrowth of these policies and draws on funds from the high-cost program. I support this effort but believe the program requires careful oversight to prevent waste, fraud, and abuse.

The RDOF auction concluded in November 2020. A total of 180 bidders were preliminarily awarded funding in the auction to deploy high-speed broadband. After these winning bidders were announced, they were given the opportunity to divide their bids among approved providers, allowing bidding consortia to distribute winning bids among its members. As a result, 417 providers ultimately filed long-form applications with the Commission.

However, too little data work was done to clean up agency maps in advance of the auction, resulting in a rash of initial funding decisions supporting areas where broadband is already present as well as in questionable locations like parking lots, traffic medians, and international airports. In light of this, Commission staff took a series of steps to address these problems before funding was made available to successful bidders.

First, following the filing of long-form applications, each applicant was subjected to a careful technical, financial, and legal review. This review is important because approval of an application will result in federal payment obligations for the next ten years if the applicant meets program requirements. As a result, the Commission must be assured that the bidder is actually capable of both deployment and operation and that the technology it has chosen to use will deliver the speeds promised. To make this showing, long-form applicants were required to submit confidential, detailed technology and system designs that explain how the provider will meet the relevant performance requirements, including information regarding plans to ensure service quality, coverage, voice service capability, network management, and on-going operation.

Second, in light of the preliminary commitments made for areas that do not appear in need of funding or involve questionable locations like the parking lots, traffic medians, and international airports referenced above, Commission staff sent 197 letters to bidders seeking additional due diligence on these areas. As a result of this effort, close to 5,000 census blocks were removed from the program to focus our limited funds on the areas that need it most.

Third, every bidder that won a preliminary commitment in the auction was required to secure status as an eligible telecommunications carrier in the state or states where it intends to receive support. This requirement goes beyond RDOF; it is a necessary precondition for the receipt of universal service funds from the high-cost program under Section 214 of the Communications Act. Bidders that did not diligently pursue this designation were removed from the program. However, state ETC designation proceedings can involve complicated litigation and some pending applications involve state ETC proceedings that have not yet concluded.

In addition, we have established the Rural Broadband Accountability Plan, a new effort to monitor and ensure compliance for universal service high-cost programs including the RDOF and Connect America Fund Phase II Auction. The RBAP made a number of changes and enhancements to existing audit and verification procedures, including doubling the number of audits and verifications, conducting the first on-site audits for the programs, and focusing audits and verifications on the largest winning bidders. The new plan seeks to ensure these dollars are properly invested and produce new broadband services in these areas.

Furthermore, I agree that it is important to spend federal funding efficiently, especially because, as you note, there are too many communities across the country that still lack access to high-speed service. In light of this need, the Commission has increased its efforts to work closely with our counterparts on new initiatives to help close the digital divide. On June 25, 2021, the Commission, National Telecommunications and Information Administration and Rural Utilities Service at the United States Department of Agriculture entered into an Interagency Agreement that specifically “require[s] coordination . . . for the distribution of funds for broadband deployment.” As a result, the FCC, NTIA, and RUS share information on a regular basis about our respective funding programs, including the entities seeking and receiving funding to provide service in a given area, the speed and technology funded, and the terms and conditions of the funding under the law. With respect to the RDOF, this engagement includes keeping other agencies, as well as state, local, and Tribal governments, apprised of our actions by releasing lists of census blocks that are the subject of default, as well as lists of census blocks where

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Commission staff have been processing all remaining applications as quickly as possible. At times, more than 50 staff from across the agency, including engineers, attorneys, and financial specialists, have been at work on this effort. As you reference in your letter, each applicant must meet all legal, financial, and technical program requirements to ensure they are reasonably capable of deploying service to all required locations within the program timeline. To date, the Commission has announced over \$5 billion in funding in 47 states to bring broadband to over 2.8 million locations. To put this progress in context, the \$5 billion approved for funding is more than three times what was approved for the entire Connect America Fund Phase II auction, which was the largest broadband reverse auction before RDOF. Overall, the Commission has resolved 360 of the 417 long-form applications that were filed, and we will continue to resolve applications as expeditiously as circumstances permit.

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Jessica Rosenworcel



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April 8, 2022

The Honorable John Thune
United States Senate
511 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Thune:

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I believe that it is essential that we work to close the digital divide so that 100 percent of households in the United States are connected to broadband. After all, the pandemic has proven that broadband access is essential for full participation in modern life. During this time, so many of us have relied on communications to stay working, stay healthy, stay informed, stay in school, stay in touch, and stay entertained. But as we leave this period, we need to acknowledge that the connected world we have come to rely on is not going away. High-speed internet access is no longer just nice-to-have. It is need-to-have for everyone, everywhere.

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FEDERAL COMMUNICATIONS COMMISSION
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April 8, 2022

The Honorable Tina Smith
United States Senate
720 Hart Senate Office Building
Washington, DC 20510

Dear Senator Smith:

Thank you for your letter regarding the review process for the Rural Digital Opportunity Fund auction at the Federal Communications Commission.

I believe that it is essential that we work to close the digital divide so that 100 percent of households in the United States are connected to broadband. After all, the pandemic has proven that broadband access is essential for full participation in modern life. During this time, so many of us have relied on communications to stay working, stay healthy, stay informed, stay in school, stay in touch, and stay entertained. But as we leave this period, we need to acknowledge that the connected world we have come to rely on is not going away. High-speed internet access is no longer just nice-to-have. It is need-to-have for everyone, everywhere.

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April 8, 2022

The Honorable Roger Wicker
United States Senate
555 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Wicker:

Thank you for your letter regarding the review process for the Rural Digital Opportunity Fund auction at the Federal Communications Commission.

I believe that it is essential that we work to close the digital divide so that 100 percent of households in the United States are connected to broadband. After all, the pandemic has proven that broadband access is essential for full participation in modern life. During this time, so many of us have relied on communications to stay working, stay healthy, stay informed, stay in school, stay in touch, and stay entertained. But as we leave this period, we need to acknowledge that the connected world we have come to rely on is not going away. High-speed internet access is no longer just nice-to-have. It is need-to-have for everyone, everywhere.

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April 8, 2022

The Honorable Joe Manchin
United States Senate
306 Hart Senate Office Building
Washington, DC 20510

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April 8, 2022

The Honorable Shelley Moore Capito
United States Senate
172 Russell Senate Office Building
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Thank you for your letter regarding the review process for the Rural Digital Opportunity Fund auction at the Federal Communications Commission.

I believe that it is essential that we work to close the digital divide so that 100 percent of households in the United States are connected to broadband. After all, the pandemic has proven that broadband access is essential for full participation in modern life. During this time, so many of us have relied on communications to stay working, stay healthy, stay informed, stay in school, stay in touch, and stay entertained. But as we leave this period, we need to acknowledge that the connected world we have come to rely on is not going away. High-speed internet access is no longer just nice-to-have. It is need-to-have for everyone, everywhere.

One way policies at the Commission can help achieve this goal is through the high-cost program. This program is part of the Universal Service Fund, which was developed pursuant to Section 254 of the Communications Act. It is designed to ensure that consumers in rural, insular, and high-cost areas have access to modern communications networks capable of providing voice and broadband service at rates that are reasonably comparable to those in urban areas. The RDOF auction is an outgrowth of these policies and draws on funds from the high-cost program. I support this effort but believe the program requires careful oversight to prevent waste, fraud, and abuse.

The RDOF auction concluded in November 2020. A total of 180 bidders were preliminarily awarded funding in the auction to deploy high-speed broadband. After these winning bidders were announced, they were given the opportunity to divide their bids among approved providers, allowing bidding consortia to distribute winning bids among its members. As a result, 417 providers ultimately filed long-form applications with the Commission.

However, too little data work was done to clean up agency maps in advance of the auction, resulting in a rash of initial funding decisions supporting areas where broadband is already present as well as in questionable locations like parking lots, traffic medians, and international airports. In light of this, Commission staff took a series of steps to address these problems before funding was made available to successful bidders.

First, following the filing of long-form applications, each applicant was subjected to a careful technical, financial, and legal review. This review is important because approval of an application will result in federal payment obligations for the next ten years if the applicant meets program requirements. As a result, the Commission must be assured that the bidder is actually capable of both deployment and operation and that the technology it has chosen to use will deliver the speeds promised. To make this showing, long-form applicants were required to submit confidential, detailed technology and system designs that explain how the provider will meet the relevant performance requirements, including information regarding plans to ensure service quality, coverage, voice service capability, network management, and on-going operation.

Second, in light of the preliminary commitments made for areas that do not appear in need of funding or involve questionable locations like the parking lots, traffic medians, and international airports referenced above, Commission staff sent 197 letters to bidders seeking additional due diligence on these areas. As a result of this effort, close to 5,000 census blocks were removed from the program to focus our limited funds on the areas that need it most.

Third, every bidder that won a preliminary commitment in the auction was required to secure status as an eligible telecommunications carrier in the state or states where it intends to receive support. This requirement goes beyond RDOF; it is a necessary precondition for the receipt of universal service funds from the high-cost program under Section 214 of the Communications Act. Bidders that did not diligently pursue this designation were removed from the program. However, state ETC designation proceedings can involve complicated litigation and some pending applications involve state ETC proceedings that have not yet concluded.

In addition, we have established the Rural Broadband Accountability Plan, a new effort to monitor and ensure compliance for universal service high-cost programs including the RDOF and Connect America Fund Phase II Auction. The RBAP made a number of changes and enhancements to existing audit and verification procedures, including doubling the number of audits and verifications, conducting the first on-site audits for the programs, and focusing audits and verifications on the largest winning bidders. The new plan seeks to ensure these dollars are properly invested and produce new broadband services in these areas.

Furthermore, I agree that it is important to spend federal funding efficiently, especially because, as you note, there are too many communities across the country that still lack access to high-speed service. In light of this need, the Commission has increased its efforts to work closely with our counterparts on new initiatives to help close the digital divide. On June 25, 2021, the Commission, National Telecommunications and Information Administration and Rural Utilities Service at the United States Department of Agriculture entered into an Interagency Agreement that specifically “require[s] coordination . . . for the distribution of funds for broadband deployment.” As a result, the FCC, NTIA, and RUS share information on a regular basis about our respective funding programs, including the entities seeking and receiving funding to provide service in a given area, the speed and technology funded, and the terms and conditions of the funding under the law. With respect to the RDOF, this engagement includes keeping other agencies, as well as state, local, and Tribal governments, apprised of our actions by releasing lists of census blocks that are the subject of default, as well as lists of census blocks where

winning bidders have designated as ready to authorize or authorized. Releasing information regarding defaulted RDOF blocks as they arise ensures that those areas are available for funding from other programs, including those created by the Infrastructure Investment and Jobs Act, as we work together to efficiently distribute funding to connect everyone. The Commission considers areas where a winning bidder's long-form application has been denied to be eligible for funding for other federal programs.

Commission staff have been processing all remaining applications as quickly as possible. At times, more than 50 staff from across the agency, including engineers, attorneys, and financial specialists, have been at work on this effort. As you reference in your letter, each applicant must meet all legal, financial, and technical program requirements to ensure they are reasonably capable of deploying service to all required locations within the program timeline. To date, the Commission has announced over \$5 billion in funding in 47 states to bring broadband to over 2.8 million locations. To put this progress in context, the \$5 billion approved for funding is more than three times what was approved for the entire Connect America Fund Phase II auction, which was the largest broadband reverse auction before RDOF. Overall, the Commission has resolved 360 of the 417 long-form applications that were filed, and we will continue to resolve applications as expeditiously as circumstances permit.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jessica Rosenworcel", with a long horizontal flourish extending to the right.

Jessica Rosenworcel



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

April 8, 2022

The Honorable Jerry Moran
United States Senate
521 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Moran:

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