United States Senate

WASHINGTON, DC 20510

April 3, 2012

Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Genachowski:

We thank the Federal Communications Commission (FCC) for working to address complex Universal Service Fund (USF) and intercarrier compensation (ICC) reform issues. However, in implementing the FCC's October 27, 2011 Order and Further Notice of Proposed Rulemaking (Further Notice) we request that the FCC be continually mindful of the need to encourage rural communication network investment. Unintended consequences on all carriers serving in rural areas can and should be alleviated by a formal FCC clarification that the Order will not be implemented in a manner that perpetuates unintended outcomes.

Over time, rural consumers and small business owners in our states have come together to build networks that provide services in accordance with standards established by the Rural Utilities Service and in line with national policy objectives established by Congress in the Communications Act. These standards and objectives ensure that economic development, education, health care, and other opportunities created by access to robust broadband are available to all of our constituents residing in rural areas. While we support our rural carriers who are providing critical communications services to our constituents, we also seek the proper balance of decreasing overall costs in order to ensure the long-term sustainability of the fund. In order to implement USF/ICC reforms that remain consistent with these policies that promote a connected America, we request that the FCC immediately act to remedy these concerns by clarifying that:

(1) It will not implement additional reductions in USF and ICC support pursuant to the Further Notice until the implications of the reforms and reductions adopted in the recent Order can be properly evaluated and understood;
(2) Its Order will ensure that lawfully incurred investments and operating expenses are not jeopardized by retroactive rule changes;
(3) It will not deem any investments or expenses unlawful, imprudent or not "used and useful" when such investments have been made in accordance with federal agency standards and mandates;
(4) It will adopt a clear-cut and non-burdensome waiver mechanism that will allow cost recovery for carrier investments made in line with federal standards and mandates;
(5) It will adopt a sustainable and predictable broadband oriented Connect America Fund for rural areas served by smaller rural and other types of carriers as it did for those served by larger carriers.

We ask that the FCC immediately acknowledge and appropriately respond to the outline above to ensure all rural consumers are able to fully participate in the universal communications network Congress has envisioned through a long history of statutory actions in this regard.

We appreciate the Commission's willingness to address these important issues.

Sincerely,

Senator Mark Begich

Senator John Thune

Senator Tom Harkin

Senator Chuck Grassley

Senator Saxby Chambliss

Senator John Barrasso

Senator Orrin Hatch

Senator John Hoeven

Senator Kent Conrad

Senator Tim Johnson

Senator James Risch

Senator Mike Crapo

Senator Max Baucus

Senator Jon Tester

Senator Jeff Merkley

Senator Carl Levin

Senator Mike Enzi

Senator Mike Lee

Senator James Inhofe

Congress of the United States
Washington, DC 20510

October 21, 2011

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th St SW
Washington, DC 20554

Dear Mr. Chairman:

We write regarding proposals to reform the Universal Service Fund (USF) and the intercarrier compensation (ICC) system that the Federal Communications Commission (FCC) is currently considering.

In particular, we believe any reform must take into account the impact on small, rural communication providers, like those in Iowa, and their customers – our constituents. It is critical to consider the great strides that so many rural cooperatives and small commercial communications providers have made in using valuable USF and ICC resources to provide outstanding service in remote, hard-to-reach, and high-cost areas of rural America. We should embark on a policy course that builds upon and sustains this successful model rather than dismantles it. Doing anything less will do a disservice to our constituents and will make rural economic development initiatives more difficult.

There is broad agreement regarding the need to reform USF and ICC, but we need to do so in a deliberate and careful way that both promotes broadband service where it is not available today and also does not harm rural customers who already have broadband service. Without access to reasonably comparable broadband service, rural America will fall behind in terms of distance education, telemedicine, and economic development. Today, access to affordable broadband service isn't a luxury – it is fundamental to doing business, educating our children, providing medical care, and protecting our national security. As such, decisions you and your colleagues make today will have dramatic, long-term implications for the quality of life for rural communities.

Many stakeholders have weighed in on this issue, and we encourage the FCC to examine their suggestions and proposals carefully. In so doing, we urge you and your colleagues to evaluate all specific proposals with a focus on achieving the twin goals of both maintaining broadband where it is today and promoting more widespread availability. We hope the commission will reject any USF and ICC reforms that would undermine the availability and affordability of services offered by small rural providers in high-cost areas, and instead will implement reforms

that build upon and sustain the great success so many rural communications providers have had in deploying robust broadband.

Thank you for your consideration, and we look forward to hearing from you.

Sincerely,

Tom Harkin
United States Senator

Chuck Grassley
United States Senator

Leonard Boswell
Member of Congress

Steve King
Member of Congress

Bruce Braley
Member of Congress

Tom Latham
Member of Congress

Dave Loebsack
Member of Congress

cc: Commissioner Copps
Commissioner McDowell
Commissioner Clyburn

United States Senate

WASHINGTON, DC 20510

April 6, 2011

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

Dear Chairman Genachowski:

We write to you regarding the FCC's current efforts to reform the Universal Service Fund and intercarrier compensation system. We support modernizing these programs, including making them more accountable and broadband-focused to meet the goal of providing affordable and comparable communications service to all Americans. However, we also encourage the development of a support mechanism framework that does not jeopardize current or hamper future private sector and federal lending program investment.

Over the last three decades, communications carriers in rural areas have invested millions of dollars in communications networks supported not only by universal service, but also by private investment and federal telecommunications and broadband loan programs. As part of the ongoing reform effort, the FCC now proposes a number of new program restraints, benchmarks and formulas intended to make universal service more efficient and implement a new intercarrier compensation system. Telecommunication providers will be expected to adapt and manage their investments and businesses to those new standards and rules. Consequently, we believe these reform proposals must strike a balance to protect the investments that have already occurred and the need to overhaul the programs.

We believe strongly robust broadband networks will lead to increased adoption, job creation and economic opportunity. However, as the regulatory reform effort moves forward, we must also ensure new rules and regulations do not have unintended consequences and hamper our investment in our rural communities. Thus, we request that you seriously consider these concerns.

We look forward to working with you to address these matters.

Sincerely,

Senator Mark Begich

Senator John Thune

Senator Jim Johnson

Senator Orrin G. Hatch

Senator Daniel K. Inouye

Senator Amy Klobuchar

Senator Al Franken

Senator Jeffrey A. Merkley

Senator Mark Udall

Senator Kent Conrad

Senator Max Baucus

Senator Carl Levin

Senator Lisa Murkowski

Senator Benjamin L. Cardin

Senator Tom Harkin

Senator Jon Tester

John Barrasso

Mike Crapo

Mark Rounds

John Hoeven

Roy Blunt

Saxby Chambliss

Carl Levin

John Boozman

Jerry Moran

Jim Risch

Mike Enzi

Mike Johanns

Chuck Grassley

REPLY TO:

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WASHINGTON, DC 20510-1501
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e-mail: grassley.senate.gov/contact.cfm

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(515) 288-1145

150 1ST AVENUE NE
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CEDAR RAPIDS, IA 52401
(319) 363-6832

United States Senate

CHARLES E. GRASSLEY

WASHINGTON, DC 20510-1501

REPLY TO:

103 FEDERAL COURTHOUSE BUILDING
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210 WATERLOO BUILDING
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(319) 232-6657

131 WEST 3RD STREET
SUITE 180
DAVENPORT, IA 52801-1419
(563) 322-4331

307 FEDERAL BUILDING
8 SOUTH 6TH STREET
COUNCIL BLUFFS, IA 51501-4204
(712) 322-7103

September 9, 2009

Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Genachowski:

Thank you for your prompt response to my questions presented to you during your confirmation before the Senate Commerce Committee. I look forward to continuing to work with you on providing Iowans with broadband services comparable to those services available in urban areas.

I continue to be concerned about the Universal Service Fund (USF) program. The 2008 Government Accountability Office (GAO) reported the current structure contributes to inconsistent distribution of support and availability of services across the United States. Consequently, the availability of broadband services to rural customers is largely determined by the type of carrier servicing them, and not necessarily where they are located.

This GAO finding raises concerns. With the current USF structure, a telecommunication provider in my state is ineligible for high-cost USF loop support due to the distribution model assigned to it. From the GAO report, and the experience of carriers in Iowa, it appears that access to broadband service for many communities in Iowa is largely dependent on whether their service provider has been placed into the proper USF distribution classification.

It was a pleasure meeting with you in my office on April 22. During our meeting, we talked about many things, one of which was the need for the Federal Communications Commission (FCC) to act in a timely manner on petitions and rulings. You expressed your concerns as well with the premise that timely decisions do need to be made to ensure that those with vested interests before the FCC - telecommunication providers and consumers – need to have certainty and finality on those interests important to them. I ask for your commitment to ruling in a swift – yet thoughtful – manner on petitions.

I would like to understand more about your schedule on rulings and petitions before the FCC, and I look forward to your timely response to this important matter. Should you have any questions regarding this matter, please contact my Chief of Staff, David Young, at (202) 224-0472.

Sincerely,

Chuck Grassley

Charles E. Grassley
United States Senator

cc: FCC Commissioners

RANKING MEMBER,
FINANCE

Committee Assignments:

BUDGET
JUDICIARY
AGRICULTURE

CO-CHAIRMAN,
INTERNATIONAL NARCOTICS
CONTROL CAUCUS

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United States Senate

WASHINGTON, DC 20510

October 27, 2008

The Honorable Kevin J. Martin, Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554-0005

Dear Chairman Martin:

We are writing to express concerns with the intercarrier compensation and Universal Service Fund (USF) proposal currently before the Federal Communications Commission (FCC). Today, with the telecommunications industry's operational environment more uncertain than ever, it is critical that the federal government not undermine or otherwise frustrate the ability of rural America to expand their communications networks. We are concerned that emerging proposals may have the potential to do just that.

Therefore, we are expressing concerns with a draft order you circulated among your colleagues on October 15, 2008, regarding intercarrier compensation and USF reform for action on November 4. This proposal goes beyond addressing the Internet Service Provider (ISP) Remand Order by attempting to set the stage for the FCC to simultaneously adopt far-reaching intercarrier compensation and USF reform, while putting the fate of terminating and originating access fees in question.

While your stated goal is to encourage broadband deployment, we are concerned your proposal may actually hinder this process. While our home states and other states with large rural areas continue to make strides in expanding their wireless and broadband capabilities, there are still areas having no service or unreliable service. Agreeing to this intercarrier rate proposal at this time could curtail rural America's ability to continue to make those strides. Instead of rushing a proposal through which has not been open for public review, great care needs to be taken to craft a policy which is comprehensive in nature and mindful of rural telecommunications customers when dealing with intercarrier compensation and USF reform.

We are, therefore, requesting you postpone moving forward with this proposal until more steps have been taken to weigh the potential disadvantages to rural customers. We further request that the proposal be published in the *Federal Register*, and the FCC seek public comment on these very important issues. We appreciate your consideration and look forward to hearing your prompt response.

Sincerely,

Ben Nelson

Jon Tester

Kit Bond

Ron Wyden

Norm Coleman

Max Baucus

Tim Hutchinson

Chuck Grassley

cc: The Honorable Jonathan S. Adelstein
The Honorable Michael J. Copps
The Honorable Robert M. McDowell
The Honorable Deborah Taylor Tate