

March 5, 2014

The Honorable Thomas Wheeler  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington, DC 20554

Dear Chairman Wheeler:

This letter is sent by the undersigned organizations and entities to urge the Federal Communications Commission (FCC) to move forward as quickly as possible to implement a Connect America Fund (CAF) mechanism for small, rural, rate-of-return-regulated carriers that will provide sufficient and predictable support for broadband-capable networks across *all* of rural America.

The organizations and entities signing below represent a wide array of consumers and businesses, but we share an overriding common interest in the well-being and prosperity of rural areas for the benefit of our nation as a whole. Our groups include representatives of agribusiness, farmers and ranchers, rural health care providers, rural educational initiatives, economic development agencies, utilities, lenders and other sectors that are indispensable to our rural and national economies. Many of us have joined together in the past to write to the FCC about various reform proposals and the need for changes to essential Universal Service Fund (USF) programs, and we are greatly appreciative of the FCC's efforts to take our comments and concerns into account. For example, many of the undersigned groups wrote to the FCC in November 2012 to express concern about the unpredictable, retroactive caps placed on the USF support that smaller carriers serving rural areas receive, and we were encouraged by your comments during a December 2013 congressional hearing that you have directed FCC staff to evaluate ways to eliminate those caps.

We recognize that USF reform involves many complex issues and difficult trade-offs. For example, nearly four years ago, a group of larger carriers that serve certain rural areas proposed a new model-based CAF mechanism for USF support. The FCC ultimately adopted this model-based support concept, but several years later, the FCC still continues to wrestle with implementation of the model for the 13 larger carriers to which that model would apply. The FCC's ongoing work includes both general refinement of the model, as well as consideration of specific changes to reflect unique operating conditions in certain rural areas such as Alaska, Hawaii, Puerto Rico and the U.S. Virgin Islands.

At the same time that these difficult questions surrounding implementation of model-based CAF support for certain rural areas served by these larger carriers remain under review, there remains a significant need to address how smaller carriers that serve rural areas can obtain broadband-focused CAF support of their own. The FCC has rightly indicated that the model under consideration for these larger carriers' rural serving areas should not apply to the operations of smaller providers, but it also has signaled that it intends to explore the voluntary use of model-based support by smaller carriers in the future.

We ask that the FCC not wait until a model-based CAF program is implemented for larger carriers before adopting and implementing a broadband-focused CAF support program for smaller carriers that serve rural areas. Given that the FCC's work on developing a model that applies to the operations of only 13 larger carriers has yet to be completed after almost four years of review, and given that the model under consideration is still being adjusted to reflect the unique conditions faced by a handful of those companies, it would seem likely that the development, refinement, testing and implementation of such a model for more than 1,000 smaller carriers—each of which serves relatively unique rural areas—will be an immense challenge indeed, if it can be achieved at all.

Our members' operations help to drive rural economies and provide essential resources for the entire nation. Our members' businesses—and their customers' businesses and well-being—depend on affordable access to robust broadband. Although there is significant value in both quality voice and broadband services, and while both services should be available to every American on an affordable basis as a matter of good public policy, no consumer or business should be compelled as a matter of federal law to purchase regulated voice service simply to obtain affordable broadband. Yet, this is precisely the case in rural areas served by smaller carriers today because there is no updated CAF mechanism in such areas. Rather than awaiting development, refinement, testing and possible implementation of a model-based CAF support mechanism for smaller carriers that would likely take years to achieve (if it can be achieved at all), and instead of perpetuating a system that compels consumers and businesses to purchase regulated voice service just to obtain affordable broadband service, the undersigned organizations and entities urge the FCC to take immediate, targeted action to update existing high-cost USF mechanisms for smaller carriers so that the availability and sufficiency of support of multiuse networks will not be affected by any given user's choice of the individual services that he/she may want. The policy justifications for such a targeted and tailored CAF program for smaller carriers are clear. For the good of all rural consumers and businesses, this issue should not wait any longer for resolution.

We thank you for the FCC's continuing interest in rural broadband, and for the agency's interest in taking into account the comments and concerns of rural stakeholders. We are hopeful that the FCC will consider a timely and targeted CAF mechanism for small rural carriers as recommended by this letter, so that these companies can continue to build and maintain robust broadband-capable networks that allow consumers and businesses across *all* of rural America to have sustainable access to a variety of affordable essential services of their choosing.

Sincerely,

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