

FEDERAL COMMUNICATIONS COMMISSION WASHINGTON

July 29, 2014

The Honorable Chris Gibson U.S. House of Representatives 1708 Longworth House Office Building Washington, D.C. 20515

Dear Congressman Gibson:

Thank you for your letter regarding the Fiber-to-the-Premises (FTTP) broadband deployment proposal that was submitted by Otsego Electric Cooperative, Inc. I appreciate your views and will ensure that your letter is included in the record of the proceeding and considered as part of the Commission's review.

The Commission took an important step forward last January when, in our unanimously adopted *Technology Transitions Order*, we authorized experiments to advance the deployment of voice and broadband-capable networks in rural areas with support from the Connect America Fund (CAF). In order to inform our policies on building next-generation networks in rural America, the Commission invited parties to submit expressions of interest to determine whether there is interest into constructing high-bandwidth networks in rural, high-cost areas, including Tribal lands. Our initial announcement of rural broadband experiments received an enthusiastic response in the form of over 1,000 expressions of interest from a wide range of entities proposing service over diverse technologies, including Otsego Electric Cooperative.

The *Order* adopted by the Commission at our July Open Meeting builds on what we authorized in January by establishing a budget of \$100 million for funding rural broadband experiments in price cap areas. The *Order* sets an objective, clear-cut methodology for selecting winning applications and outlines the conditions that participating entities must meet in order to receive support, including specific eligibility, build-out, and accountability requirements.

Now that we have clearly established the criteria for the experiments, interested entities must submit a formal application to the Commission no later than 90 days from the release of the *Order*. Applicants will compete nationwide for the funds, which will be awarded to projects that are most cost effective. We hope to have the process completed by the end of 2014, as these experiments will allow us to explore how to structure the CAF Phase II competitive bidding process in price-cap areas, anticipated to occur later in 2015, and to gather valuable information about deploying next generation networks in high-cost areas.

Importantly, this is first time the Commission will attempt to use the tool of competition to bring broadband to rural America. Competition holds the promise of better services for rural America at lower costs. Better service at lower cost is the result of broadband competition in

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other areas of the country, and it is time to use that same dynamic for the benefit of rural America.

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

Sincerely.

Tom Wheeler