



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Tammy Baldwin
United States Senate
717 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Baldwin:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

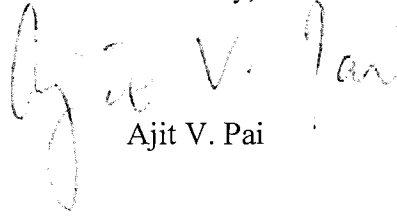
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Page 2—The Honorable Tammy Baldwin

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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Ajit V. Pai



OFFICE OF
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December 6, 2017

The Honorable John Barrasso
United States Senate
307 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Barrasso:

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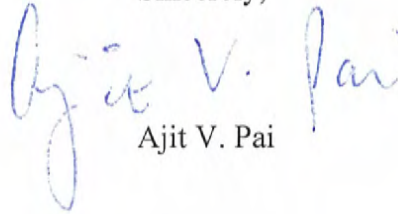
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December 6, 2017

The Honorable Michael Bennet
United States Senate
261 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Bennet:

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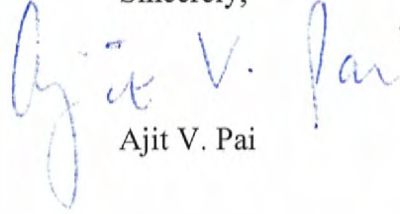
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December 6, 2017

The Honorable Roy Blunt
United States Senate
260 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Blunt:

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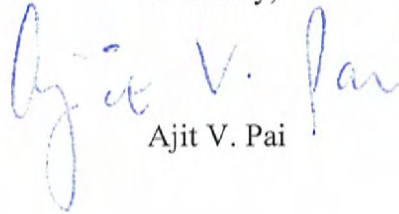
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December 6, 2017

The Honorable John Boozman
United States Senate
141 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Boozman:

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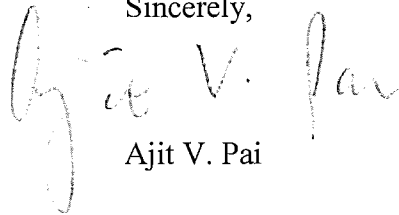
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Ajit V. Pai



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December 6, 2017

The Honorable Maria Cantwell
United States Senate
511 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cantwell:

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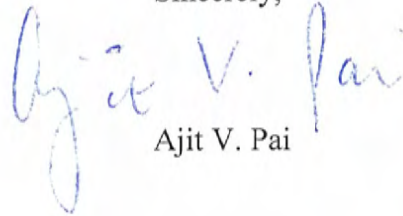
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Ajit V. Pai



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December 6, 2017

The Honorable Shelley Moore Capito
United States Senate
172 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Capito:

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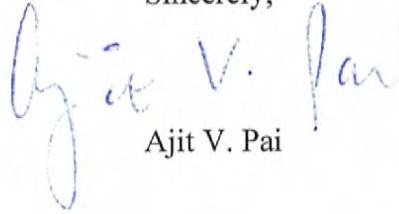
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The Honorable Bill Cassidy
United States Senate
703 Hart Senate Office Building
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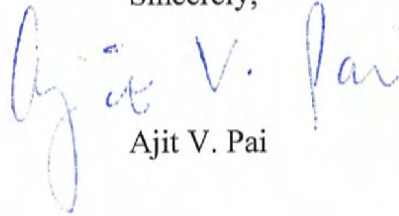
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The Honorable Susan Collins
United States Senate
413 Dirksen Senate Office Building
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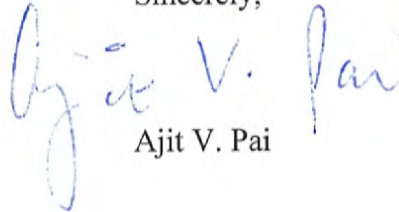
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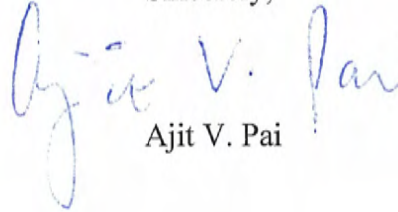
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United States Senate
B40A Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Cortez Masto:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission’s *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

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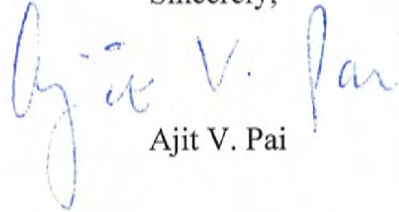
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Page 2—The Honorable Catherine Cortez Masto

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Tom Cotton
United States Senate
124 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Cotton:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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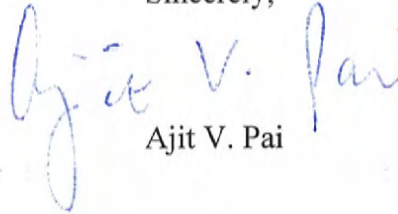
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Michael D. Crapo
United States Senate
239 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Crapo:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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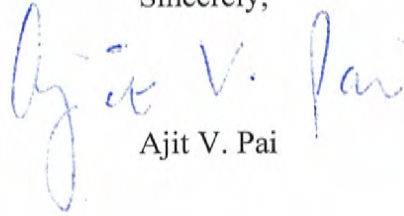
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Steve Daines
United States Senate
320 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Daines:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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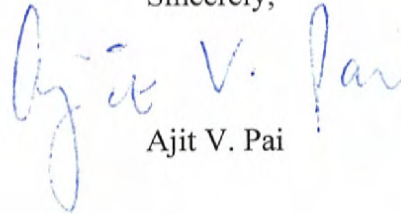
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Tammy Duckworth
United States Senate
G12 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Duckworth:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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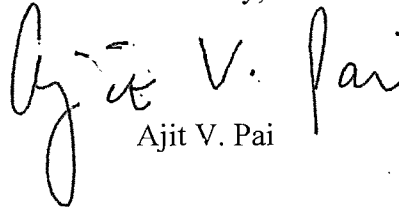
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Richard J. Durbin
United States Senate
711 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Durbin:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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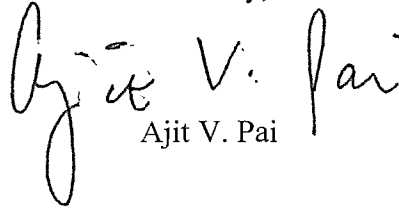
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Franken:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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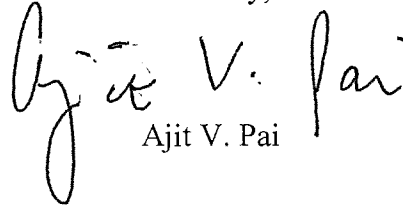
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Cory Gardner
United States Senate
354 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Gardner:

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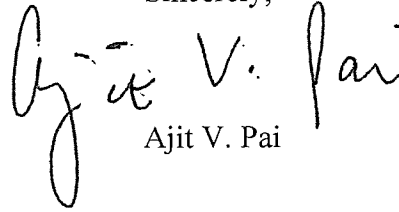
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Kirsten Gillibrand
United States Senate
478 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Gillibrand:

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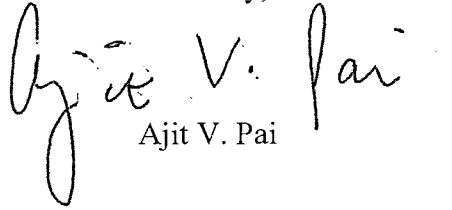
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Sincerely,

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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Charles E. Grassley
United States Senate
135 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Grassley:

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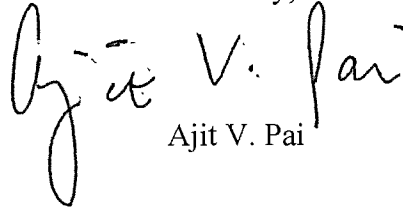
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OFFICE OF
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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Maggie Hassan
United States Senate
B85 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Hassan:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

I wish I could tell you that the FCC has fixed this problem, but we have not. Despite what was framed as an order adopting “significant reforms,” the Commission's *2016 Rate-of-Return Order* has not had its intended effect. I repeatedly hear from small carriers that offering stand-alone broadband would put them underwater, that the rates they have to charge exceed the rates for bundled services because of the different regulatory treatment. This is unfortunate but unsurprising. As I said at the time, the *Order* complicated our rate-of-return system and in many ways made it harder, not easier, for small providers to serve rural, America.

Nor, as I predicted in my dissent to that *Order*, have we given carriers “sufficient incentive to be prudent and efficient in their expenditures.” Due to the complexity of the budget control mechanism, carriers do not have the certainty they need to make the long-term investment decisions that will lead to greater connectivity. The statute directs that universal service support be specific, predictable, and sufficient. Yet today I worry we are not achieving that objective for many legacy rate-of-return carriers.

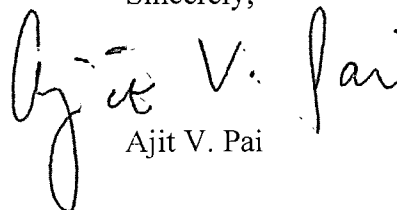
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Page 2—The Honorable Maggie Hassan

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Heidi Heitkamp
United States Senate
110 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Heitkamp:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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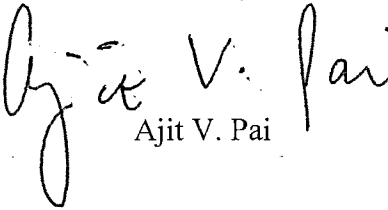
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable John Hoeven
United States Senate
338 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Hoeven:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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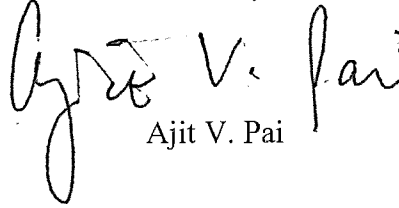
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Johnny Isakson
United States Senate
131 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Isakson:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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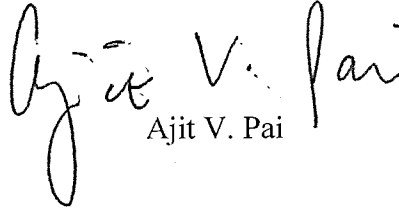
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Ron Johnson
United States Senate
328 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Johnson:

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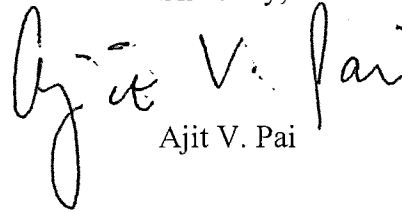
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Angus King
United States Senate
133 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator King:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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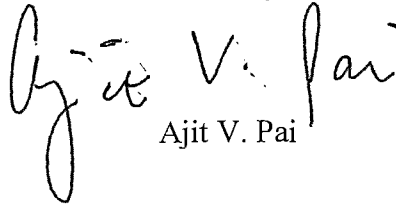
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Amy Klobuchar
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Klobuchar:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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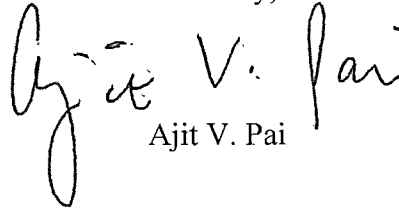
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OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable James Lankford
United States Senate
316 Hart Senate Office Building
Washington, D.C. 20510

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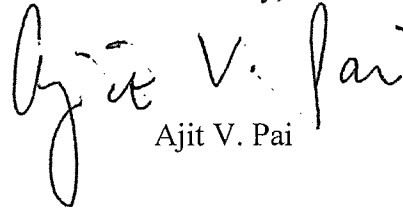
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THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Joe Manchin
United States Senate
306 Hart Senate Office Building
Washington, D.C. 20510

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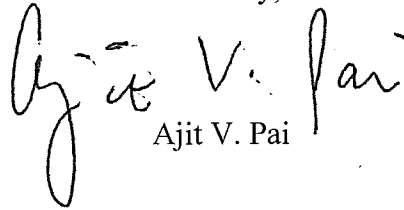
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OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Jerry Moran
United States Senate
521 Dirksen Senate Office Building
Washington, D.C. 20510

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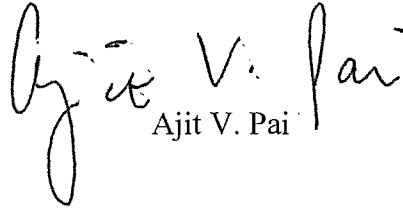
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OFFICE OF
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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Patty Murray
United States Senate
154 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Murray:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

Four years ago, I called on the Commission to tackle the issue of affordable broadband in rural America head on. The problem back then was that the Universal Service Fund predicated support on providing voice service. This meant bundled telephone/broadband offers could get support while standalone broadband could not. The perverse result was that carriers had an incentive to take universal service support and offer telephone/broadband bundles (even if consumers could not afford them) while not offering standalone broadband. The business case for stand-alone broadband didn't exist for some rural telephone companies—not because consumers didn't want it, but because our arcane rules penalized companies for offering it.

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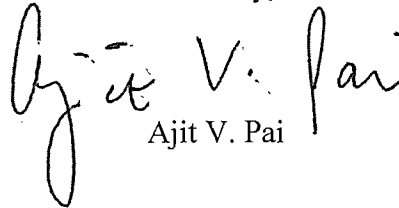
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Page 2—The Honorable Patty Murray

support to ease the unpredictability and allow reasonable capital planning—while being mindful of mitigating incentives to operate inefficiently.

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

Sincerely,

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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Jim Risch
United States Senate
483 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Risch:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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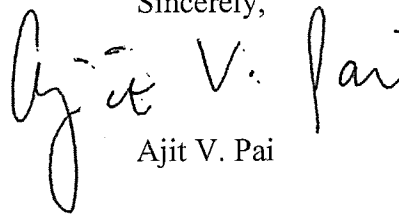
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Pat Roberts
United States Senate
109 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Roberts:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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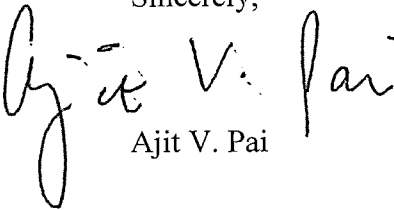
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Page 2—The Honorable Pat Roberts

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Sincerely,

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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Michael Rounds
United States Senate
502 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Rounds:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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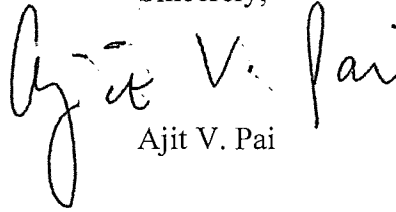
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Tim Scott
United States Senate
520 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Scott:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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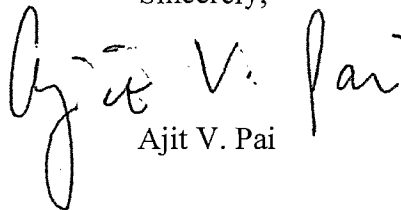
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Jeanne Shaheen
United States Senate
506 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Shaheen:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

In my first remarks to FCC staff as Chairman earlier this year, I declared that my highest priority would be making sure every American who wants high-speed Internet access can get it. Rural Americans deserve the same digital access as those living in more urban areas.

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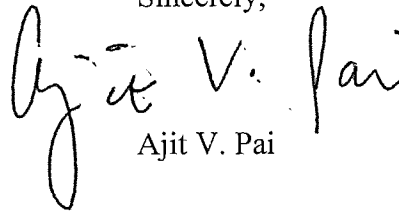
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Luther Strange
United States Senate
326 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Strange:

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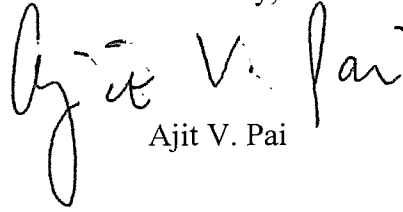
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Ajit V. Pai



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Jon Tester
United States Senate
311 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Tester:

Thank you for your letter regarding the importance of delivering affordable access to high-speed Internet to all Americans—including those in high-cost rural areas. Your views are very important and will be entered into the record of the proceeding.

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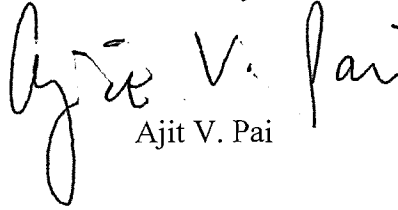
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OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

December 6, 2017

The Honorable Thom Tillis
United States Senate
185 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Tillis:

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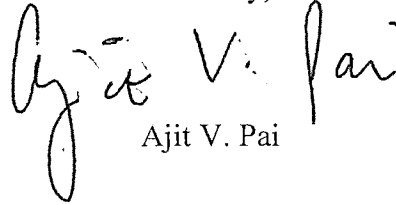
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