

Congress of the United States
Washington, DC 20515

June 25, 2012

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

Dear Chairman Genachowski:

We write to express concerns with potential flaws in the regression methodology utilized to implement the Universal Service Fund (USF)/Intercarrier Compensation (ICC) Transformation Order.

Specifically, we are concerned that the Order was finalized without providing affected stakeholders adequate time to examine the data used by the Commission to formulate the model, understand the effects of the model on their particular businesses, or allow proper time for the Commission receive and respond to stakeholder input. As such, we respectfully request that the following questions be addressed before implementation of components of the Order pertaining to the regression methodology:

- Given the ever-evolving nature of technology and constant need within the industry for modernization, did the regression analysis employed effectively take into account the cyclical nature of spending for small telecommunications providers?
- Was appropriate consideration made for companies operating in disaster-prone areas? Such companies undoubtedly face unique structural and logistical challenges in preparation for, reaction to, and recovery from these events, and the regression model should certainly reflect these special circumstances.
- In formulating the input data for the regression model, were the inherent differences in taxation structures between cooperatives and commercial companies taken into account? When attempting to equitably compare the relevant operating expenses of these differing entities, correction should certainly be made for the vastly disparate amounts of taxes paid before placing this data into any regression model. Otherwise, the model will disproportionately disadvantage the commercial companies vis-à-vis the cooperatives.

Given the short time remaining before the Order's implementation date of July 1, 2012, we look forward to your prompt attention to these issues. Thank you for your consideration of our requests.

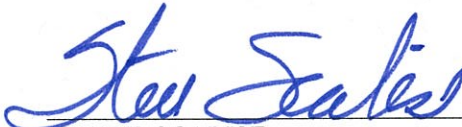
Respectfully,



DAVID VITTER
United States Senator



JEFF LANDRY
Member of Congress



STEVE SCALISE
Member of Congress



JOHN FLEMING
Member of Congress



BILL CASSIDY
Member of Congress

Congress of the United States

Washington, DC 20510

June 22, 2012

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
Room 8-C445
Washington, DC 20554

Dear Chairman Genachowski:

We write to you regarding the efforts of the Federal Communications Commission (FCC) to reform the Universal Service Fund (USF) and Inter-carrier compensation (ICC) system. Like you, 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 are concerned that reform rules outlined in the recent Transformation Order may hamper both current and future investment in rural communities in Louisiana. We are also concerned that the upcoming July 1, 2012 implementation date is fast approaching but there are still lingering questions over the impact these rules will have on services provided by rural rate-of-return carriers. Many of these lingering questions have been filed with the FCC for some time, including issues related to the removal of the Safety Net Additive.

As you well know, there continues to be a need for wireless and other advanced communications services in rural areas of our country. We realize that this is due in part to many factors, including the increased cost of deploying technology to these areas, but would like, where possible, to assist companies looking to build out services in rural areas. 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 incentive programs. Recent plans for implementation at the FCC include new program restraints, benchmarks and formulas intended to make universal service more efficient and implement a new Inter-carrier compensation system. We believe that any reforms must protect existing investments, provide predictable support systems for small rural carriers, and promote broadband adoption in rural areas.

In closing, we note that the Telecommunications Act of 1996 mandates that Federal and State governments must work to advance the availability of advanced telecommunications services to all consumers, including those in rural areas, at rates which are comparable to rates charged in urban areas. The USF was established by the FCC to attain these goals promised by the Act. While we strongly support your effort to

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achieve broadband availability nationwide, USF and ICC reform must not jeopardize current investments or discourage future investments from the private sector or Federal incentive programs.

Thank you for your consideration of this request. We look forward to working with you to provide opportunities for telecommunications providers, including small rural carriers, to continue service to rural areas throughout our country.

Sincerely,



Mary L. Landrieu
United States Senator

Cedric Richmond
Member of Congress