

United States Senate

October 9, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

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

Dear Mr. President and Chairman Genachowski:

I write today to share my continued concerns about actions taken by the Federal Communications Commission (FCC) to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system. As I mentioned in my July 8th letter to President Obama and in my April 6th letter to Chairman Genachowski, I believe that comprehensive reform is long overdue, but I remain extremely concerned about the aggressive reforms currently being considered. That's why I encourage you to shelve the current proposal and work to promote smart telecommunications policy that won't adversely affect Rural Local Incumbent Carriers (RLEC).

The aggressive action taken by the FCC has placed regulatory uncertainty into a marketplace that wasn't there before, threatens jobs in rural America, and cuts off access to much needed capital for rural America's telecommunications carriers. The FCC's establishment of the Quantile Regression Analysis (QRA), which determines the appropriate funding for the high cost fund portion of the USF, not only threatens rural communication carriers' ability to invest in new infrastructure, but it also affects their ability to maintain current infrastructure. The QRA has already forced carriers across rural America to freeze build-out plan, cut back on jobs, and it is preventing carriers from ordering new equipment. This is unacceptable and we can do better.

The USF and the intercarrier compensation system are crucial to RLECs' ability to connect rural America's schools, libraries, rural health care clinics, low-income residents and our nation's veterans who use tele-medicine, with the rest of the country. This public-private partnership has done great things for rural America, but I remain concerned that if the FCC continues down this path, this decades-old partnership will cease to exist.

As I stated in my July 8th letter, I continue to ask that the FCC prioritize the three following items:

1. Remove uncertainly currently facing rural companies by shelving the current proposal to impose further cuts to carriers in rural America until the full impact of the Order released in November of last year can be fully understood.
2. Create a fund that is similar to the “Connect America Fund” for RLECs. This will allow companies in rural America to make the much needed investments in their communities and will allow them to continue connecting rural America.
3. Establish a meaningful waiver mechanism for companies who believe they will be negatively impacted by the Order. The current waiver system is cumbersome and will only be considered if voice service could be lost, even though this Order is supposed to bring the fund into the broadband world. And many carriers cannot afford the \$8,000 waiver, let alone the fees many of them will have to pay outside companies to prepare the paperwork for the waiver.

I, along with the rural telecommunication companies in Montana, have tried to work with the FCC, but have yet to get a meaningful response. I appreciate your attention to this matter and look forward to working with you to expand broadband in rural America.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jon Tester", is written over the typed name.

Jon Tester