

CONGRESS OF THE UNITED STATES

**DELEGATION OFFICE
STATE OF NEW MEXICO
HART SENATE OFFICE BUILDING
WASHINGTON, D.C. 20510
(202) 631-2322**

July 2, 2012

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Genachowski:

The Federal Communications Commission recently issued an order implementing reforms of the High-Cost portion of the universal service fund (USF) for rural telephone companies.

In our October 26, 2011 letter on USF reform, we wrote that the true measure of success “will be whether our constituents living in rural areas will benefit from reasonably comparable broadband service to those in urban areas.” We also highlighted the need for New Mexico’s broadband providers “to be able to make and sustain investments in our rural communities.”

Today we write to express concern that the Commission’s proposed “quantile regression analysis” (QRA) system to limit high-cost support could impact rural telecommunications companies’ ability to provide broadband to currently unserved and underserved areas. Many small telecommunications providers are uncertain about the future level of USF funding. This hinders their ability to invest in infrastructure improvements and expand broadband service. Increasing transparency in the implementation of the QRA system may help address these concerns.

We ask the Commission to consider providing telecommunication companies with more information about how it will calculate and apply QRA data. For example, the Commission could inform telecommunications providers which other companies comprise their peer group for determining reasonable and prudent capital and operating expenditures. This would help rural companies calculate the impact of the QRA on their future levels of USF support. More accurate information about future universal service funding could further help rural telecommunications providers make and sustain investments in broadband service.

We also ask that the Commission consider briefly extending implementation of the QRA to better resolve concerns relating to transparency, accuracy and predictability of the QRA formula.

This should not impact the USF budget and would give the Commission time to study and respond to these concerns.

Thank you for your consideration and prompt reply.

Sincerely,



Jeff Bingaman
United States Senator




Martin Heinrich
United States Representative



Tom Udall
United States Senator



Ben Ray Luján
United States Representative



Stevan Pearce
United States Representative