

The Honorable Ajit Pai
Commissioner
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Responses to Questions for the Record

The Honorable Greg Walden

1. I understand that Ethernet and fiber services are better, faster technologies rapidly displacing demand for special access services. A recent analyst report points out that there are many Ethernet providers, and cable companies are major competitors. Time Warner Cable, Comcast and Cox are three of the top seven Ethernet providers – and they specifically market their services as replacements for special access. Doesn't this demonstrate a healthy, competitive market?

Answer: Yes. Enterprise customers have more options than ever before to meet their needs. Traditional time-division-multiplexing-based dedicated services (DS1s and DS3s), Frame Relay service, Asynchronous Transfer Mode service, Multi-Protocol Label Switching service, Ethernet service, satellite service, and even broadband Internet access service are all options for enterprise customers.

And so it is not surprising that the majority of enterprise data services are left untouched by federal regulation. After all, incumbent local exchange carriers (LECs), competitive LECs, cable operators, and wireless providers—terrestrial or satellite-based, fixed or mobile—are all competing for a limited number of business opportunities. What is surprising is that the Commission continues to regulate one small corner of this market: the traditional special access services offered by incumbent LECs.

As the Commission completes its special access data collection, I hope that it will recognize today's marketplace reality that enterprise customers have more competitive options than ever before and update our regulations appropriately.

The Honorable Greg Walden

2. I understand that the Commission recently denied a waiver for an FM translator to be used by an AM station in Tell City, Indiana. The FCC cited a pending AM Revitalization proceeding as one of the reasons for denying the waiver; you thought that it would be better to deal with that waiver as part of the larger proceeding.

But in another and similar situation, the Commission was willing to grant Grain Management LLC a waiver of the designated entity requirements, even though the Commission had announced it would re-examine the requirements as part of a broader review of the designated entity program through rulemaking and the Chairman circulated that rulemaking to the commissioners shortly after the Commission granted the waiver. This doesn't seem consistent, and I'm not entirely sure why the one company got its waiver in the face of the large rulemaking while the other is left to wait.

What is the status of the AM Revitalization docket? Doesn't this apparent inconsistency seem like it sends mixed messages to small businesses?

Answer: In October 2013, under Acting Chairwoman Clyburn's leadership, the Commission unanimously adopted a Notice of Proposed Rulemaking addressing AM Radio Revitalization. We advanced a number of proposals designed to improve AM signal quality and reduce regulatory burdens on AM broadcasters. We also proposed opening a translator window to allow AM broadcasters to apply for FM translators, a step that would provide AM stations with badly needed short-term relief as we try to solve the AM band's long-term problems. Two months ago, Chairman Wheeler publicly indicated that "[i]n the coming weeks" he would circulate an item following through on this NPRM and adopting changes to our AM radio rules. Unfortunately, such an order has not yet circulated. I believe that the Commission should move forward in the AM Radio Revitalization proceeding as soon as possible. Every day, it gets harder for AM broadcasters to stay in business and for listeners to receive a good AM signal.

The Honorable Greg Walden

3. The January 31, 2012, Lifeline reform Order states the Commission will determine an appropriate budget for the Lifeline program within a year of order. It has been over three years since this Order was adopted and the Commission has yet to adopt a budget for the Lifeline program. When will the Commission follow through on its order and adopt an appropriate budget for the program and what will that budget be?

Answer: At the June 18 Commission meeting, we are scheduled to take up an item addressing the Lifeline program. I hope that the Commission adopts a Further Notice of Proposed Rulemaking that places the Lifeline program on a specific budget. I strongly believe that the Commission must adopt a Lifeline budget and that the current spending level (\$1.6 billion) would be a reasonable annual cap. Currently, Lifeline is the only universal service program that does not have a budget or cap, and over the last six years spending has approximately doubled. This has been a major factor in the contribution rate—essentially, the tax rate that consumers incur through their phone bills—skyrocketing by 83% over the past six years. Especially if we are going to expand the program to include broadband subsidies, it is imperative that we put Lifeline on a budget so that spending does not once again spiral out of control.

The Honorable Brett Guthrie

1. A concern has been raised with me by some of my local video distributors about the definition of the term “buying group” as it relates to program access rules. As a result of the restrictive definition, I understand that many multichannel video programming distributors are unable to avail themselves of the program access protections intended by statute since they negotiate the bulk of their programming agreements through their buying group, the National Cable Television Cooperative.

My understanding is that the Commission has been reviewing for a few years now a pending Further Notice of Proposed Rulemaking, which contained a tentative conclusion that the definition of buying group should be updated as it applies under the program access rules. Since no final decision has yet been rendered, what is the status of this rulemaking? Will the Commission take up this issue by the end of the summer?

Answer: In October 2012, I voted for a proposal to change the definition of a buying group for purposes of the Commission’s program access rules. But as a Commissioner, I do not set the Commission’s agenda. I therefore do not know whether the Commission will take up this issue by the end of the summer and cannot speak to the status of the rulemaking. I can say, however, that should the Chairman choose to circulate an order to the Commission on this topic, it would receive my prompt attention.

The Honorable Mike Pompeo

1. Section 224 of the Communications Acts establishes two formulas for determining the rate carriers pay utilities to attach their lines to utility poles – the cable rate and the telecommunications rate. While the FCC’s 2011 reforms attempted to equalize the rates produced by these two formulas, under certain circumstances the telecommunications rate formula may still produce significantly higher rates. Reclassifying cable broadband services as telecommunications services will subject cable operators to these higher rates. NCTA estimated the annual cost of these increased fees could be as high as \$150-200 million. This will have a detrimental effect on deployment, especially in rural areas where there are many more poles than in urban areas, and on adoption, as the higher rates will ultimately be borne by consumers.

- **Commissioner Pai, do you agree with that assessment, and what will this change mean for my rural constituents that are cable broadband customers?**

Answer: I do agree with this assessment. The best evidence to date suggests that many Internet service providers—ranging from small-town cable operators to new entrants like Google—will face higher pole-attachment rates. The overall cost increase is estimated to be \$150–200 million per year. In the short term, ISPs are likely to pass those costs along to consumers; that’s especially true in rural areas where ISPs often have lower margins and little ability to absorb new costs. Longer term, these higher rates will deter investment in rural areas, leaving rural consumers with slower speeds and lower quality service than they otherwise would have had.

In all, these rate increases will lead to higher broadband bills and slower speeds. That’s a serious—and unnecessary—harm to American consumers.

The Honorable Anna Eshoo

1. As your recent letter to GSA Acting Administrator Roth letter highlights, I agree that the FCC should lead by example, not only within the federal government but across the country in ensuring

both accurate location information and direct 9-1-1 dialing. Do you support a proceeding to update the FCC's rules on MLTS?

Answer: Thank you for your leadership in advocating for direct access to 911. I agree that the FCC should lead by example on this issue. And I am pleased that the FCC recently updated the multi-line telephone system (MLTS) at its headquarters so that anyone in the building can reach emergency services by dialing "911" without the need for an access code. *See Joint Statement of Chairman Tom Wheeler and Commissioner Ajit Pai Regarding Direct 911 Dialing (May 4, 2015), available at https://apps.fcc.gov/edocs_public/attachmatch/DOC-333315A1.pdf.* I hope that others in the federal government, as well as state and local governments, follow suit. I also hope to hear soon from GSA about the capabilities of MLTS systems across federal agencies; with that information in hand, we then can begin to promote direct 911 dialing functionality in every federal building in the country.

As you know, the FCC's Public Safety and Homeland Security Bureau released a Public Notice in May 2012 that seeks comment on the feasibility of ensuring that MLTS calls always provide accurate location information. *See Public Safety and Homeland Security Bureau Seeks Comment on Multiline Telephone Systems Pursuant to the Next Generation 911 Advancement Act of 2012, Public Notice, 27 FCC Rcd 5329 (2012), available at https://apps.fcc.gov/edocs_public/attachmatch/DA-12-798A1_Rcd.pdf.* When someone calls 911, emergency responders need to be able to locate the caller. I would support a proceeding that seeks comment on updating the FCC's rules on MLTS.

The Honorable John Yarmuth

1. The free exchange of information is at the heart of our democracy. All of us are well aware that television and radio political advertisements have saturated the airwaves since the Citizens United, SpeechNow, and McCutcheon decisions. Our constituents deserve to have as much information about these ad buys as possible. First, I want to commend the Commission for their ongoing work to expand the online public political file.

The FCC's online political ad files have received approximately 5 million views, which shows that the public clearly has an interest in seeing who is spending money in politics. However, much of the data in the political ad files is not sortable/searchable. While projects like Political Ad Sleuth have done an effective job at making the data more accessible, I believe the FCC could significantly improve the usability of the files so that millions of Americans could more easily view the information.

- **Will you commit to improving the political ad file to ensure that its data is fully searchable and sortable so that the public knows who is trying to influence them during election season?**

Answer: I believe that the FCC should make all public data available in a manner that is easy for people to use. That includes information contained in a station's political file.