

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *Connect America Fund*, WC Docket No. 10-90; *ETC Annual Reports and Certifications*, WC Docket No. 14-58; *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135; *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92.

Today, we take a major step toward closing the digital divide. The trees are thick: We're substantially reforming the high-cost universal service support program for some of the country's smallest rural carriers, and the program's rules are complicated to say the least. But the forest is easy to see: We're helping to ensure that rural Americans can participate in the digital economy.

We're changing the system for rural carriers and consumers alike in three basic ways. Each will result in material improvements in rural connectivity.

The first involves so-called A-CAM carriers, named for the Alternative Connect America Cost Model that's used to calculate their support and that they opted into a few years ago. These carriers receive fixed amounts of support based on economic modeling of their costs of deploying and maintaining broadband in their service areas. These carriers were initially required to deploy 10/1 Mbps service to certain locations predicted to cost below \$200 per month to serve. Due to budgetary limits at the time, that \$200-per-month-per-location figure was reduced to less than \$150. Today, we're increasing the support available to these carriers back to the intended maximum of \$200 per location. But critically, this increase is now tied to requirements that those carriers deploy 25/3 Mbps service—the FCC's definition of "broadband"—to additional locations in their service areas. This will mean full digital opportunity for more than 100,000 homes and businesses.

The second set of reforms extends a new offer of model-based support to rate-of-return carriers that did not accept the first offer. However, here too we include meaningful new obligations that will benefit rural consumers. For example, carriers electing this offer will be required to deploy 25/3 Mbps broadband to *all* locations in their service areas for which the A-CAM model predicts it'll cost \$200 or less to serve. Additionally, this new offer supports deployment to rural areas that would not have been eligible for support in the 2016 offer. Carriers serving Tribal lands will also get more support, considering the challenges of building broadband networks in those areas.

The third set of reforms offers stability for those rate-of-return carriers that choose to remain on legacy, cost-based support (that is, those that declined model-based support then and will do so again). During the previous Administration, these carriers faced a serious lack of predictability in their budgets—unpredictability that delayed new deployments. Today, we ensure that sufficient funding will be available going forward. But again, like their cohorts choosing model-based support, with increased funding comes increased responsibility. These carriers too will also have to deploy 25/3 Mbps service to new locations in their service areas.

So what is the bottom line? As a result of today's Order, many more rural Americans will have access to high-speed broadband service that will enable them to fully participate in the digital economy—entrepreneurship, telemedicine, precision agriculture, online education, and more.

I'd like to extend my gratitude to the staff that worked tirelessly on this item, from the Wireline Competition Bureau, Pam Arluk, Ted Burmeister, Joseph Calascione, Talmage Cox, James Eisner, Justin Faulb, Victoria Goldberg, Athula Gunaratne, Lisa Hone, Jesse Jachman, Katie King, Sue McNeil, Alex Minard, Kris Monteith, Ryan Palmer, Eric Ralph, Steven Rosenburg, Doug Slotten, Gilbert Smith, Joe Sorresso, Craig Stroup, and Suzanne Yelen; and from the Office of General Counsel, Malena Barzilai, Ashley Boizelle, Tom Johnson, Rick Mallen, Linda Oliver, and Bill Richardson.