

**Prepared Remarks of FCC Commissioner Mignon L. Clyburn
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Thank you for that kind introduction, Ron. And good morning. Though San Diego has had its weather challenges lately, it remains one of my favorite cities. So if you see me wandering around here in a few days, you know why I decided not to use my return ticket to Washington.

I appreciate the opportunity to speak with you today. The communications services that your companies provide to consumers are critical. You connect the heartland of America both to itself and to the rest of the country. And as small businesses operating in your local communities, you exemplify the hard-working, pioneering spirit of our great country. Seemingly overnight, you have gone from offering plain old telephone service to providing high-speed Internet, multichannel video service, and in some cases wireless service. I commend you for your dedication and service to your communities.

As you may know, I am quite familiar with rural telecommunications. Coming from South Carolina, that's a must. In addition, I have personal experience with the challenges of operating a small business. Prior to my service on the South Carolina Public Service Commission, I owned and operated a weekly newspaper in Charleston. There, I learned first-hand the obstacles that small businesses face.

But like you, I also enjoyed the benefits of being up close and personal with the people you serve. As a result, when I consider the issues before me at the FCC, I am fully aware of the impact our rules and policies have on small businesses like yours and the consumers you serve every day.

You may have heard that Chairman Genachowski appointed me as Chair of the Federal-State Joint Board on Universal Service. That role will allow me to work closely with my colleagues at the Commission and with my former State colleagues to ensure the viability and relevance of the Universal Service Fund. I see this as an exciting time to serve as Chair, especially in light of the ongoing work of the Commission to devise the National Broadband Plan. My passion is to ensure that broadband is truly accessible – to

all U.S. consumers – and by “accessible” I mean far more than simply “available.” And connectivity should not be based upon where a person lives or how much money they make.

Everyone agrees that the Universal Service Fund is in dire need of an overhaul. That may be the only thing that any of us agrees upon. But as part of that reform, I believe strongly that the Fund must be recalibrated to support both voice and broadband services. This especially holds true for those high-cost rural areas in the country where the prospects for broadband deployment would otherwise be bleak. It is worth noting that we estimate that millions of U.S. households do not have access to broadband services and that is unacceptable.

I also believe that broadband must be available in rural areas at comparable rates to urban and suburban areas. I have said many times – and you will hear me say it many more – that access to technology in this day and age should not depend on your address. In addition, we need to find ways to provide low-income consumers with an opportunity to be connected with voice and broadband through discounted service.

The changes necessary to accomplish these goals will not come quick, and they will not be easy. We must all bear some of the burden to accomplish these objectives. But in the end, a more connected America will benefit us all. I have a few thoughts on how best to make this happen.

First, as I noted earlier, the Commission should establish a Broadband Fund to support the availability and affordability of high-speed Internet. All broadband service providers should contribute to this fund. And those providers serving high-cost areas should have access to the funds in order to deploy and offer affordable broadband service. To use our limited resources wisely, it may be necessary for only one provider to be chosen to receive the funds in high-cost areas. In order to ensure that the American people are getting their money’s worth, the process of choosing the provider should be competitively-based and technologically-neutral. That provider should be obligated to offer broadband services to all consumers in the area, within a reasonable timeframe, and at a reasonable rate.

Second, companies currently receiving support from the legacy high-cost programs in the Universal Service Fund should be encouraged to transition to the

Broadband Fund. While I believe that this transition should occur over time, we should establish a specific timeframe for its completion. Once a provider is receiving support from the Broadband Fund, I would argue that its support from the legacy high-cost programs should cease.

Third, we should offer low-income consumers an opportunity to connect to broadband through the Lifeline program. As you know, the Lifeline program currently provides discounts on telephone service to income eligible consumers. In 2008, nearly 6.9 million subscribers paid reduced rates for local telephone service as a result of this program. I see great potential to connect low-income consumers to broadband through the Lifeline program.

As I have said before, we cannot focus only on the availability of broadband. We must also address the affordability of broadband. The second most common reason consumers cite for not purchasing broadband is expense. For low-income consumers who already qualify for the Lifeline program, broadband, quite frankly, is a luxury that they largely are doing without. But we all know that broadband has many benefits to offer those particular consumers – such as access to critical information about jobs, educational opportunities, and health enhancements. We must address this issue directly, and the Lifeline program should offer qualifying low income consumers broadband service at a discount.

Fourth, as you know, the reform of universal service is strongly tied to the reform of the intercarrier compensation system. I believe that reforming intercarrier compensation is a must if we are to migrate from an implicit support system to an explicit one through the Fund. Intercarrier compensation reform should include harmonizing interstate and intrastate interconnection rates, and those rates should be just and reasonable and reflect the actual costs to use the networks.

Finally, it is clear that our task goes even beyond making broadband available to consumers at affordable prices. We must also focus on how to convince consumers that it is important for them to be connected to broadband. Approximately one-third of U.S. consumers do not subscribe to broadband, and those numbers are much more pronounced when it comes to minority groups and seniors. Many “non-adopters,” as we call them,

feel that broadband is irrelevant. A number of others have stated, however, that they lack the skills to use broadband.

So while the National Broadband Plan will propose measures to close the gap for these consumers, I encourage you to think about ways your company can make a difference right now. Can your company offer digital literacy training to those in your community, and in what manner that assistance would be most effective? Perhaps we should even think about what partnerships may make sense in order to reach non-adopters who currently do not understand the relevance and benefits of broadband.

As I have said before, the more people who connect to broadband, the better off we all will be as a nation. This is especially true for broadband providers – after all, providers stand to further gain on the investments in their networks, if more consumers adopt broadband. In other words, more consumers adopting broadband is good for everyone. I encourage you to consider what further actions you can take today to improve adoption rates in your communities.

We all know that universal service reform is not going to be easy. In fact, it may be the most daunting challenge that the Commission faces once the National Broadband Plan is delivered to Congress in March. Nonetheless, I believe universal service reform is one of the most important things that we will undertake during my time at the Commission, and for that reason, I am very excited to face this challenge head on.

Before I take my seat, I want to assure you that the Commission's staff has been working diligently – day and night – in preparing our National Broadband Plan.

We have had 34 workshops (and there is one more tomorrow), 30 Public Notices, numerous blogs and tweets, and more ex parte meetings than I can count. There are only 51 days until the National Broadband Plan is delivered to Congress. I know you all are anxiously awaiting the Plan's completion, and I am, too. But the release of the Plan is just the beginning. Significant and important work lies ahead. So, I look forward to continuing our dialogue on the necessary actions required to ensure that all Americans have access to affordable broadband. Thank you, and again, good morning. I am happy to answer any of your questions.