

STATEMENT OF
COMMISSIONER ROBERT M. McDOWELL

Re: In the Matter of Universal Service Reform, Mobility Fund, Notice of Proposed Rulemaking, *WT Docket No. 10-208*.

While broadband has proliferated across America faster than any other transformative modern technology, many areas remain unserved by wireline or wireless broadband. A variety of circumstances have produced these scenarios, including the economic challenges of building broadband infrastructure in extremely remote areas with hostile climates and topographies. While working on this Notice of Proposed Rulemaking, I was reminded of my trip to the North Slope of Alaska last year; 350 miles north of the Arctic Circle; in winter; where it was 55 degrees below zero. Competition and innovation have been slow to reach such parts of the country. It is appropriate, therefore, for the Commission to explore ways to connect such unserved areas. Accordingly, I support the initiation of this process.

This Notice sets forth some creative ideas – such as the use of reverse auctions, a concept that I have advocated for years. It does, however, raise some questions that require further exploration. For example:

- The Commission's administration of the proposed auction system may be challenging. And, the administration of the distribution of these funds by the Universal Service Administrative Company (USAC) may result in a significant expansion of USAC. I look forward to learning what additional resources and spending may be required for both the Commission and USAC to carry out these proposed responsibilities.
- Second, how can the Commission ensure that a new program does not result in an increase in the overall size of the universal service fund?
- How can the Commission ensure that applicants are selected in an objective manner, in keeping with Congress' intent for the overall auction process?
- In the same vein, how can the Commission ensure that the most remote parts of the country are not left behind?
- Lastly, can we remove burdensome regulatory hurdles to ensure that any entities that participate in this proposed program have a fair chance of succeeding so they can continue to provide service for years to come?

As I have mentioned many times over the years, I favor *comprehensive* reform of our universal service system. I understand that this rulemaking is the beginning of the process for one piece of the puzzle, and I invite a multitude of comments and ideas that can be considered as part of the overall reform efforts. The Chairman should be commended for creating a fair process for debating new ideas. And, I thank the staff of both the Wireless Telecommunications Bureau and the Wireline Competition Bureau for their diligence in this rulemaking, in addition to their commitment to overall reform of the universal service system.