

**Remarks of Michael O’Rielly, Federal Communications Commission
Representative Dave Brat (R-VA) Town Hall
Spotsylvania, Virginia
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I would like to start by thanking Congressman Brat for inviting me to this Town Hall today. I always appreciate the opportunity to travel outside of DC and hear directly from communities about the importance of broadband at home, at work, at schools, and on the go. I have had discussions around the country, in places like Sioux Falls, South Dakota; Pilot Point, Alaska; Lawrence, Kansas; Baxter, Iowa; and most recently, Bozeman, Montana. I have learned something from every visit, and I take those lessons back to the Federal Communications Commission or FCC, where I work, to promote better access to communications services.

But there is a special reason why I agreed to appear before you today. Over twenty-two years ago, I started working in Washington D.C. for former Congressman Tom Bliley, who at the time represented this community in Congress. I hope many of you have fond memories, as I do, of Congressman Bliley’s time in the House of Representatives. During my time in his personal office, I often travelled to this very part of Virginia on his behalf working on a number of policy issues, in cooperation with his state staff. If you wrote or called the Congressman’s DC office on a handful of subjects, you may have talked to me, or I may have helped prepare the first draft of a letter response that ended up in your hands. In fairness, I should admit that I moved from the Congressman’s personal office to his Committee team after one year. And it is there that I started working on communications policy issues on a full time basis and hopefully gained policy expertise that I brought with me to my current role.

For those of you that may not be familiar, the FCC was created by Congress to oversee the communications industry. That spans everything from telephone companies, broadcast stations, wireless providers, and satellite companies, to broadband deployment. The FCC is led by a Chairman, who sets the agenda for the agency, and four Commissioners. I am one of those Commissioners.

I understand that broadband access is one of your top interests, so if you will indulge me I’d like to say a few words on that topic. But I find it more valuable to hear what is on your minds and answer any questions I can, be it on broadband or other issues. So I will save the bulk of my time for that purpose.

One of the tasks that Congress charged the FCC with is to ensure that consumers in all regions of the Nation have access to communications services. Through private investment and a specific FCC-managed, consumer-supported, federal universal service fund, nearly all Americans have access to voice service.

However, when it comes to broadband, millions remain unserved, particularly in rural parts of the country. When I say unserved, I am not talking about those that can’t get the 25 Mbps speeds that the Commission has set as the minimum benchmark for broadband. I mean those that have no service at all, or service that is often so slow that they cannot even reliably send or receive emails. In looking at the maps of Virginia broadband offerings, I suspect some of you are very familiar with what I am talking about.

The relevant question some of you may have is what is the FCC doing to help these unserved Americans? Through the FCC’s universal service high-cost program, we provide financial subsidy support to broadband providers and, in return, require them to build out to nearly all of the high-cost portions of their areas. These “high-cost areas” are places where there is no business case to provide broadband, so they would remain unserved absent support. All in all, the Commission distributes over \$4

billion annually on this important function. As part of this effort, the FCC has taken steps to ensure that funding is not used in areas already served by another provider that does not receive support, such as a cable competitor, in order to target scarce funds to the places that need it the most. By way of background, the funding for this program comes from fees that consumers pay on a portion of their phone bills. As such, the Commission has the obligation to be responsible stewards of these consumer dollars.

There is a certain school of thought that the Federal government should not be involved in providing subsidies to build-out broadband nationwide. Some argue, after all, that those without broadband tend to live in more remote parts and always have the option of relocating to some place where broadband is more prevalent if they find it that important to their lives. While this may result in a lively debate, it is not my job to question the wisdom of Congressional decisions but to carry them out. More importantly, broadband is one of the unique technologies that actually can reduce distances and allow Americans to work, raise families, and experience life from nearly anywhere. Whereas the building of our national highway system may have made it easier for people to leave for our cities, broadband allows people, especially our youth, to stay in their local communities. No longer do people need to congregate in one specific place for a business to succeed. In a growing number of instances people can – and do – work anywhere their hearts desire – if they only have a broadband connection.

What does this mean for the more rural parts of Virginia and specifically this area? I understand that you fall within the territories of two large wireline companies. The FCC recently offered each of them support to provide broadband in the high-cost portions that are not already served by a competitor. Because many parts of the district are fortunate enough to have access to cable or other broadband service, the areas eligible for federal support were somewhat limited. Remember the Commission is focusing its subsidies where there are no alternative providers. One company accepted our offer of support and will be required to provide broadband to over 1,000 locations. The other company turned down the FCC's offer of support. But there is still a path forward for those residents.

In the coming months, the FCC is intending to conduct a competitive bidding process to identify and provide funding to providers that are interested in serving the more than 7,500 locations that were eligible for support. That could potentially be a wireline provider, a cable company, or a fixed wireless provider—as long as the provider is able to offer broadband that meets the FCC's speed and other performance requirements at rates that are reasonably comparable to those in urban areas. Moreover, the number of eligible locations could grow if the Commission decides to expand the areas that will be part of the competitive bidding process when it adopts final rules.

In addition to updating the universal service fund, the FCC is taking other steps to promote broadband deployment. For example, the FCC has been working to release more licensed and unlicensed spectrum into the marketplace to help meet skyrocketing demand for mobile data. In the next five years, it is expected that mobile data traffic will multiply by a factor of seven and there will be over one million mobile connected devices in this country. The FCC also needs to review its wireless buildout rules and policies, as well as other technical requirements, to ensure that they encourage, rather than hinder, network expansion. That is the policy side of the Commission's activities, which I am working hard to make happen. Part of this will require cooperation by the local governments. The simple fact is that wireless providers are going to need to install thousands of new facilities to provide service. I get the fact that not everyone likes the ascetics of towers but they are a necessity for wireless broadband. For those local governments that stall or try to block tower siting, know that you will see the Commission step in with appropriate authority to push things forward.

Additionally, we need to remove other barriers to deployment, including eliminating unnecessary regulations that divert resources away from investment. All too often, the FCC adopts new rules and reporting requirements without considering the costs they impose on providers. Moreover, once rules are

adopted, they tend to remain on the books indefinitely--outliving any value they may have had years ago in a very different regulatory and competitive landscape. So we have work to do on our side to provide greater enticement for broadband providers to take the risk to invest in less populated areas.

I appreciate your interest in these issues, which brought you out here and away from family and other commitments on a weeknight. I would be happy to answer any questions you may have.