

**Remarks of FCC Commissioner Mignon L. Clyburn (as prepared for delivery)**  
**National Telecommunications Cooperative Association**  
**Executive Policy Summit**  
**Washington, DC**  
**December 13, 2016**

Good morning, and thank you Shirley, for that kind introduction. I am honored to be a part of the NTCA's Telecom Executive Policy Summit and wish to use the time you have generously allotted, to touch on a few topics I know are important to you and your members.

First and foremost, rate-of-return reform: where we started from, and where we are going. Second, rural call completion. Third, enabling technology transitions, as we continue to move from a TDM to an IP world. And, I'll finish with an issue that is both close to my heart and to yours—the interplay between Lifeline and the high-cost programs.

To be honest, rate-of-return reform was particularly difficult for me. There were challenging issues at stake to say the least, and I deeply appreciate Chairman Wheeler and Commissioner O'Rielly's willingness to dig in and negotiate with me on reforming a program that was designed for a by-gone era. A bipartisan effort resulted in a bipartisan outcome. Now I do not think anyone was completely elated at where we landed, but that is often a testament to genuine gives and takes in the regulatory process.

When it comes to our precious universal service dollars, I expect those who contribute to demand the most bang for our regulatory buck. It was difficult to balance rate-of-return carrier's need for certainty, with a desire to ensure that we are getting results for every dollar spent. So yes, I was uncomfortable spending high-cost fund dollars on a company, where an unsubsidized competitor operates. Instead, we ensured that funds will be directed to higher cost areas, where no one provides service. Nor was I comfortable with a rate-of-return which exceeded the results an average investor gets from the financial markets, which is why we re-prescribed the rate of return on the legacy side of the equation. And I could not, with good conscience, sit by while the FCC's high-cost dollars were spent on things like office artwork or corporate aircraft, which is why I support prohibiting these expenses from being included in a carrier's interstate revenue requirement.

What I did believe in, was the ability for carriers to elect into a more streamlined and results-driven approach: the A-CAM model. I am thrilled that over 200 carriers have chosen the measured and concrete buildout obligations, in return for a more administrable subsidy system. So many have chosen the model in fact, that we are oversubscribed by over \$100 million a year.

At the Commission, we are trying to solve this truly desirable problem, but let me take this opportunity to tell you where I am today. We should make available to the model electors, the additional \$50 million that the Commission contemplated in last May's Order. We also should have a condition that if carriers accept the model, and the Commission makes available more high-cost funds, that carriers will then be required to fully build out their locations. I would also like to see more carriers participate in the model program going forward. But I remain

committed to encouraging efficient spending by rate-of-return carriers, and more importantly, to ensure that American consumers everywhere, are able to reap the benefits of broadband, no matter where they live.

Now, we've talked about funding, let's talk about service to rural areas. I want to highlight an issue that remains of great concern to me – rural call completion. It is unacceptable that calls to rural areas, even after the reforms we have adopted, are still, not being, completed. This is why I made rural call completion a priority during my tenure as Acting Chair, and have continued to encourage work on this very critical issue.

We adopted an Order to tackle this unacceptable practice, by prohibiting a ringing signal unless the call is actually completed, and requiring carriers to retain and report data on call completion. We entered into consent decrees with a number of carriers, who have committed to improving their performance on these issues. I am appreciative of the work that is continuing on Capitol Hill on this issue, and am hopeful that this is a problem that we can solve once and for all, for the benefit of rural consumers.

Another issue in which your input and support has been critical, is in the technology transitions context. NTCA members have been in the vanguard for a decade, showing how a Title II regime for broadband Internet access, can work successfully. While the Open Internet battles raged over the past decade, rural carriers continued to carry-on their business of providing voice and broadband under Title II, showing that it is not an impediment to investment and operation of broadband networks. You were the example of carriers that were successful under Title II for both voice and broadband. The Open Internet Order recognized this, by permitting you to continue operating under your fulsome Title II environment, notwithstanding the tailored regime the Commission adopted for broadband providers, who were classified under Title II for the first time.

The 1996 Telecommunications Act, was carefully crafted, with the flexibility to adapt to new technologies in the network, and new market realities. This was a recognition by Congress, that while technologies may change, the Commission must maintain its statutory authority to protect consumers, and advance competition.

Our technology transitions effort, however, is far from done. As NTCA noted in its 2012 petition on the subject, there are several issues that the Commission needs to tackle, to truly incent the transition to next-generation networks. The Commission must confront difficult questions around the regulatory treatment of voice-over-IP, or VoIP. Even symmetrical treatment of VoIP for intercarrier compensation purposes is highly controversial, as we have found out during the ensuing saga over the VoIP symmetry rule, that culminated in the D.C. Circuit vacation last month.

Other tough issues, like VoIP interconnection and a rational universal service contributions mechanism, have also remained out of reach. I hope we can continue to work together on these issues in the new administration.

Finally, I promised I would address Lifeline. I know you have heard the stories time and time again, from those in your community, who share with you what it means to have voice or broadband services, and why they are so grateful for the connectivity provided by your companies. But there are no doubt others in your communities, who do not have service, not because you have not deployed in their neighborhoods, but because they cannot afford it.

Time and time again, we have seen the many benefits of connecting communities, including enhanced economic development, civic engagement, and improved access to vital services, like healthcare and education. Your participation helps many for whom a broadband dream, is a dream deferred.

To that end, I have heard your concerns about the interplay between Lifeline and our rate-of return reforms. When we adopted a requirement in the Lifeline Order, that carriers receiving high-cost support offer standalone broadband, that provision was intended to ensure that potential broadband consumers were not forced to pay more than they needed, in order to get the broadband service they truly wanted.

Because of the interplay between state and federal programs, a high-cost carrier may actually be forced to charge a customer more for standalone broadband, than it would for a voice and broadband bundle. I would support a limited waiver of the standalone broadband requirement in the Lifeline Order, to the extent it benefits consumers, and truly is temporary.

As we enter this holiday season, I think back on the sweltering summer days spent at my grandparents' house in Moncks Corner, South Carolina. Just because that house was on a dirt road, in a sparsely populated area, does not mean that they went without telephone service! In fact, one of your members — Home Telephone — served that small community where I spent most of my summers.

It is Home Telephone and you, NTCA members, that regularly provide connectivity and communications where no one else will go. As much as 40% of the U.S. landmass is served by NTCA members and other rural local exchange carriers, without the scale that makes it easier for those much larger providers. The invaluable roles you play in bringing voice and broadband to places where it is the hardest to serve economically, are why I am vigilant and mindful, of the impact the FCC's regulatory decisions may have on businesses of your size. I will continue to listen to your concerns. Your advocacy will never be ignored by me because your voices will continue to make a difference, in how I look at the world.

Thank you again for having me and I would look forward to answering any questions you may have.