

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *Connect America Fund*, WC Docket No. 10-90; *Universal Service Reform – Mobility Fund*, WT Docket No. 10-208

Last October, I found myself on the road from Wichita, Kansas to Des Moines, Iowa. I'm from that part of the world, but even I had never been through some of the small towns we drove through, like Allen, Kansas, Bethany, Missouri, and Osceola, Iowa. More often than I would have liked, I found that the signal on my mobile phone was either weak or nonexistent. And that was even on relatively major roads such as Interstate 35.

That experience brought home to me the need to expand the availability of mobile broadband in rural areas. And it underscored the importance of a key part of the Digital Empowerment Agenda I had proposed one month before. Specifically, in September 2016, I called for moving forward quickly with Phase II of the Mobility Fund (MF-II). For far too long now, the Commission has not kept its promise to rural America to hold an MF-II auction. While urban and suburban America continue to see improvements in mobile service, many rural areas continue to be dead zones. We cannot leave these areas behind. From precision agriculture to the sharing economy, mobile broadband is critical to rural America.

With this order, the Commission begins to deliver for this part of the country. First, we make available \$4.53 billion in new funding over ten years for building mobile networks where the market would not otherwise do so. Second, where the market already provides LTE service without a subsidy, we re-direct legacy subsidies to areas that need the help. Simply put, we are going to spend money in the areas that are most in need so that 4G LTE coverage knows no geographic limitations in our nation.

A few key features of MF-II warrant mention. *First*, we will use a reverse auction to ensure funds are distributed efficiently. This will help see that taxpayers get the most bang for their universal service buck. *Second*, we will use geographic area as the bidding unit. We do this because mobile networks are increasingly important for services like precision agriculture or remote monitoring which don't necessarily take place along roadways or in population centers. *Third*, we seek public comment on establishing a robust challenge process for determining the set of areas eligible for bidding. This will allow parties to help ensure that our data about what's covered and what's not is accurate so we can target funding to the areas that lack service. I appreciate the stakeholders who have come forward in recent days with specific and constructive suggestions for how we should structure the challenge process. And I look forward to reviewing the record that will be compiled in response to those proposals. *Fourth*, we follow through on the Commission's commitment to conduct Tribal Mobility Fund Phase II, in order to advance wireless service on tribal lands. *Fifth*, whenever possible we align MF-II with the Connect America Fund Phase II (CAF-II) framework which the Commission unanimously adopted last year. In this way, both MF-II and CAF-II will have considerable similarities in terms of their support terms, compliance rules, and buildout requirements.

In conclusion, let me thank the staffs of both the Wireless Telecommunications Bureau and the Wireline Competition Bureau. Thank you, specifically, to Rita Cookmeyer, Melvin Del Rosario, Judith Dempsey, Charles Eberle, Ben Freeman, Nese Guendelsberger, Audra Hale-Maddox, Katie King, Angela Kung, Heidi Lankau, Eliot Maenner, Carol Matthey, Sue McNeil, Aalok Mehta, Gary Michaels, Chris Miller, Alex Minard, Mark Montano, Kris Monteith, Murtaza Nasafi, Ryan Palmer, Kelly Quinn, Alex Ryback, Paroma Sanyal, Jim Schlichting, Patrick Sun, Tom Tran, Margie Wiener, and Joseph Wyer. (It would have been quicker to list everyone who didn't work on it.) I am keenly aware of the incredible amount of work you have done on this issue in the last month. And I know we'll be asking you to do

even more as we seek to move to an auction as quickly as possible. Your efforts are essential in the battle to close the digital divide, and I'm grateful that you're on the front lines.