

Media Contact:

Mark Wigfield, (202) 418-0253
mark.wigfield@fcc.gov

For Immediate Release

FCC TAKES FURTHER STEPS TO EXPAND RURAL BROADBAND DEPLOYMENT

WASHINGTON, April 20, 2017 – Continuing its work to expand broadband access in rural areas, the Federal Communications Commission today amended its rules to help bring high-speed Internet to locations that are very costly to serve.

Closing the rural digital divide is a top priority for the FCC in an era when high-speed Internet access is essential to employment, information, education and economic opportunity in communities across the nation

The change allows carriers greater flexibility in planning deployment projects that are funded by the high-cost universal service support program. Under the current rules, high-cost carriers lose all universal support for capital expenses on a construction project if the average costs per location exceeds a company-specific threshold. This encouraged carriers to exclude certain high-cost homes from a project entirely, even if including those homes would be more efficient. The order amends the rule to only disallow expenses above the threshold.

The FCC's March 2016 *Rate-of-Return Reform Order* limited reimbursement of capital expenditures by the high-cost program. The goal was to preserve universal service funds for more efficient projects with deployment to a greater number of lower-cost locations. Construction projects that exceed the cap were denied subsidies completely.

Under the old rules, for example, if a carrier's average per location cap is \$5,000 and a project cost \$50,500 to serve 10 locations, the cost of the entire project would be disallowed. As a result, the high-cost locations might never receive broadband-capable service.

Today's change allows carriers to pay for the portion of the excess capital expenditure with their own funds, rather than disallowing support for the project altogether, while continuing to promote the efficient use of universal service.

Action by the Commission April 20, 2017 by Order on Reconsideration (FCC 17-36). Chairman Pai, Commissioners Clyburn and O'Rielly approving and issuing separate statements.

WC Docket No. 10-90; WC Docket No. 14-58; CC Docket No. 01-92

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).