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For Immediate Release

**FCC TAKES FURTHER STEPS TO IMPROVE QUALITY, EXPAND
AVAILABILITY OF RURAL BROADBAND**

Increases Support for Small Carriers and Eliminates Burdens

WASHINGTON, December 12, 2018—Continuing its effort to close the digital divide, the Federal Communications Commission today took several steps to significantly improve the quality and expand the availability of high-speed Internet service in rural America.

Included in these steps is additional funding for the Connect America Fund, the FCC's program that helps expand broadband deployment and make broadband service more affordable in rural areas. In return for this increased funding, the FCC will require providers to expand the availability of faster service that will better meet the needs of consumers and businesses in today's online world.

Closing the digital divide is the FCC's top priority. The Connect America Fund is key to this effort, providing funding in sparsely populated rural areas where the cost of providing and deploying service can be high.

Today's action updates the Connect America Fund programs providing support for small, rural providers, known as rate-of-return carriers, to deliver faster broadband speeds and expanded coverage in rural areas. In return for additional funding, the FCC will require providers to expand availability of service offering downloads of at least 25/3 Mbps service, compared to the current 10/1 Mbps standard. Updates include:

- Offering up to \$67 million a year in additional support for carriers receiving funding through the Connect America Fund's Alternative Connect America Cost Model, or A-CAM. This revised offer alone has the potential to increase by 100,000 the number of rural homes and businesses with access to 25/3 Mbps service.
- Opening a new window for carriers receiving support through legacy mechanisms to voluntarily move to model-based support through the A-CAM II offer, which incentivizes deployment while reducing regulatory burdens. In return, these carriers would be required to provide 25/3 Mbps service to all homes and businesses whose costs are fully funded through the A-CAM cost model.
- Increasing the \$1.4 billion annual budget for carriers that continue to get support from legacy mechanisms by initiating an annual inflation adjustment, eliminating 2018 cuts mandated by budgetary rules established under the prior Administration, and setting a guaranteed floor of minimum support for each carrier. In return, legacy providers would be required to expand deployment of 25/3 Mbps service.

At the same time, the Report and Order combats waste by reducing the maximum per-line subsidy in the legacy program from the current \$250 to \$200 by July of 2021. It also

eliminates a burdensome capital expenditures allowance rule, which failed to incentivize investment by companies where it had been lacking or to rein in significant waste.

The Report and Order also determines that a market-based auction can best eliminate wasteful subsidies to legacy providers serving areas that are entirely or almost entirely overlapped by unsubsidized providers. Eliminating unnecessary support in such areas could save the Fund up to \$12 million annually. The item includes a Further Notice of Proposed Rulemaking seeking comment on how to structure such an auction, as well how to address conversions to broadband-only lines and whether to include a Tribal Broadband Factor for legacy carriers.

Action by the Commission December 12, 2018 by Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration (FCC 18-176). Chairman Pai, Commissioners O’Rielly, Carr, and Rosenworcel approving and issuing separate statements.

WC Docket Nos. 10-90, 14-58, 07-135; CC Docket No. 01-92

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