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For Immediate Release

FCC TAKES NEXT STEP TOWARD EXPANDING BROADBAND SERVICE TO OVER 713,000 RURAL HOMES AND BUSINESSES

Establishes Transition To Connect America Fund Auction Winners

WASHINGTON, February 14, 2019—The Federal Communications Commission today took the next step toward expanding broadband service to over 713,000 rural homes and businesses in 45 states supported by the successful Connect America Fund Phase II Auction.

A Report and Order adopted by the Commission sets the rules of the road for the upcoming transition between legacy Connect America Fund support in certain price cap areas, and new, auction-based support for voice and broadband. The Connect America Fund (CAF) Phase II Auction, which closed in August of 2018, allocated nearly \$1.5 billion in support for broadband in rural areas currently lacking it. The funds are targeted to areas where the incumbent provider—large carriers known as price cap carriers—declined a 2015 offer of CAF Phase II model-based support.

The Order provides clarity and certainty to providers during this transition, while ensuring that existing voice service is maintained throughout the process for customers. To ensure a seamless transition and protect program resources, the Order does the following:

- Where the price cap carrier bid in the auction and won, legacy support is converted to auction-based support when Phase II support is authorized in that area.
- In areas where a carrier other than the incumbent price cap carrier won in the auction, legacy support to the price cap carrier ceases when Phase II support for that winning bidder is authorized in that area.
- In auction-eligible areas with no winning bidder, interim legacy support for existing price cap carriers will continue until further Commission action.
- In areas that were ineligible for the auction, legacy support ceases when the first Phase II Auction support is authorized nationwide.
- In areas where a competitive provider is receiving legacy support, it will be phased down over two years.

Action by the Commission February 14, 2019 by Report and Order (FCC 19-8). Chairman Pai, Commissioners O’Rielly, Carr, Rosenworcel, and Starks approving and issuing separate statements.

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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).