

**STATEMENT OF
COMMISSIONER MIGNON L. CLYBURN**

Re: *Connect America Fund*, WC Docket No. 10-90; *A National Broadband Plan for Our Future*, GN Docket No. 09-51; *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135; *High-Cost Universal Service Support*, WC Docket No. 05-337; *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92; *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45; *Lifeline and Link-Up*, WC Docket No. 03-109; *Mobility Fund*, WT Docket No. 10-208

We are taking a momentous step today—moving ever so close to fulfilling the goal Congress set forth for universal service in the 1996 Telecommunications Act—to ensure that *all* Americans have access to affordable voice and advanced communications services. We would not be here, but for the incredibly hard work of the FCC staff, under the direction and leadership of Chairman Genachowski and his office, as well as significant input from Congress, our State partners, industry, and consumer representatives.

I believe that we have drawn from many competing sources, to form a balanced framework that will promote significant broadband deployment, as quickly as possible, to those consumers that are currently unserved. The painful truth of the matter is that there are 18 million Americans who have not fully benefitted from our current universal service policies, and that is unacceptable. They remain the “have nots” of the broadband world who I am determined will benefit the most from our action today. As I have considered these reforms, it is those unserved consumers who are first and foremost in my mind. This plan provides for speedy broadband deployment to many of these consumers, with an injection of capital in 2012, for both fixed and mobile technologies.

In addition to these immediate needs, I carefully considered how much those consumers are being asked to shoulder, when it comes to the costs of Intercarrier Compensation reform, as well as the impact on those consumers who already have service. It also shouldn't surprise anyone that it was similarly important to me, that we give service providers and their investors time to adjust to our proposed reforms, because from day one, I made a firm commitment to no flash cuts. A reasonable transition period will help ensure that providers can navigate these reforms successfully. But for those providers who require additional time to adjust, we have in place a waiver process that is firm, predictable, yet fair. Another benefit of this waiver process is that it provides this Commission with a safety net—so that we can adjust support as needed, in order to avoid inadvertently harming the success we have already achieved through our legacy system.

Overall, I believe the Chairman's proposal, carefully balances these interests and will result in a meaningful difference for many Americans, and I want to commend him and my colleagues, for the significant progress that is reflected in this Order. Accordingly, I offer my full support for the actions we take today.

As you all know, I have a deep connection to rural America. Without comparable modern communications services enjoyed by their urban counterparts, those citizens will never adequately compete in our global economy. They need and deserve reliable fixed as well as mobile broadband in order to thrive. Without this critical broadband infrastructure, rural Americans would be forever left behind. We are aware that the financial needs to provide advanced services in these areas are significant, and yes, I appreciate the fact that setting a budget for the high-cost program will provide overall certainty and predictability. However, it is equally important that we have the flexibility to adjust, as needed, within, and between these high-cost programs. I want to thank my good friends and colleagues, for

working with me, to ensure that we have not unduly limited our ability to revisit our current estimates of the funding that's needed, for the high-cost programs in the future.

An underlying theme of today's reforms is shared sacrifice for the common good. After all, we are talking about the people's money. We are accountable to them, and I am confident that the adjustments being made to the legacy USF support, and the funding mechanisms being adopted for the new Connect America Fund, are sensible. These reforms will put both the USF and ICC regimes on a sounder footing, so we may better accomplish our goal and Congress' mandate, to serve more Americans with advanced communications networks—no matter where they live, work, or travel in this great nation.

For a number of years, the Federal-State Joint Board on Universal Service and its state and federal members, have called for this Commission, to provide for the direct funding of broadband. Early on, they recognized the importance of both broadband and mobility service. I am proud that this Commission has heeded this call and is formally adopting the principle advanced by the Joint Board last year in its Recommended Decision that “universal service support should be directed where possible to networks that provide advanced services, as well as voice services.” Moreover, upon the advice and counsel of our State Members and colleagues, we are adopting a Mobility Fund to infuse \$300 million in capital to extend 3G and 4G networks to more Americans in 2012. In addition, we are adopting a Mobility Fund II, to ensure that consumers have access to mobile broadband services by providing ongoing support to providers in hard-to-serve areas, and we are eliminating our identical support rule.

We owe a debt of gratitude to our State Members. They have been a significant resource for this Commission in our reform process. We sat through numerous workshops and meetings together, hashing out ideas and concepts. They spent countless hours drafting a proposal for our consideration, and they have been more than generous with their time and advice. I want to sincerely thank them for their good counsel in this proceeding and for their service to our nation.

The FCC has heavily relied on the suggestions in their plan. We are requiring USF recipients to meet interim broadband build out milestones, to annually report on their build out and service requirements, and to file those reports jointly at the FCC and the state utility Commissions. We also are implementing a cap on total per-line support, and other fiscally responsible measures, to eliminate waste and inefficiency in the system.

In addition, we are clarifying in our Order that we expect all carriers, to negotiate in good faith in response to requests for IP-to-IP interconnection for the exchange of voice traffic. Not only did we hear from the states about how important it is to ensure that IP interconnection occurs, we also received significant comment from competitive voice providers that the lack of IP interconnection is impeding the development of IP networks, including VoIP services. As such, the Order confirms that the duty to negotiate in good faith, does not depend upon the network technology underlying the interconnection, whether it is TDM, IP, or otherwise, and that we expect good faith negotiations to result in interconnection arrangements between IP networks for the purpose of exchanging voice traffic.

Another topic that I spent a great deal of time on with my state colleagues, was the Intercarrier Compensation regime. Today's decision sets forth a national approach for ICC reform, for both intrastate and interstate access rates. It's probably not surprising that I naturally gravitated to the proposal in our NPRM, that would have had the states reform their own intrastate access rates, and left the interstate reform to this Commission. But after much discussion and consideration, I will accept the Chairman's proposal that a federal approach is the right outcome in this instance. A multi-state process for reform would be long and arduous, costly and demanding on the states, with unpredictable and perhaps inconsistent results. In the meantime, the pressure would continue to build for us to intervene and

stabilize the ICC regime to provide the companies the predictability and certainty they need to continue to invest and innovate for the benefit of consumers.

However, I think it is only appropriate that our actions today carefully preserve and recognize the reforms that some states already have undertaken. Most importantly, we have provided for replacement funding as intrastate access rates decline as a result of our reform which relieves the financial burden that would have been on states in their own attempts at reform. To that end, we also have carefully balanced ICC revenue replacement for providers, with the important goal of not burdening consumers with significant increases in their bills or overburdening the USF which is ultimately paid for by consumers. As indicated by our staff's analysis, we believe that the overall benefits that will flow to consumers as a result of this reform will far outweigh the minimal price increases they will experience on their phone bills due to ICC reform.

I also want to be quite clear that states will continue to have an important role with respect to the arbitration of interconnection agreements and in the operation of USF. With respect to USF, states will continue to designate Eligible Telecommunications Carriers for USF purposes and will continue to protect consumers through their carrier of last resort regulations. As technology evolves, so too must the role of the regulators.

We are experiencing a significant technological evolution as networks are transitioning to Internet Protocol, and consumers are using multiple modes of communications (sometimes simultaneously). Indeed, the underlying cause of the reforms we implement today is due to the enormous technological shift that has occurred in the last ten years. One constant that I have seen, however, is that consumers expect that their state regulators will serve and protect them. Moreover, those of us at the FCC need the states' expertise and knowledge on the ground, to properly execute and operate our new universal service funding mechanisms. For instance, we need the state's assistance in identifying those areas that currently are unserved by broadband. We want to target our limited resources to those consumers who do not have any broadband provider offering them service. Likewise, we will need the states' help assessing that those providers who receive funding meet their public interest obligations to build and serve. As such, I am confident that these reforms are an opportunity for us to continue working hand-in-hand with our state colleagues, to ensure that broadband is available throughout the country, and I look forward to our continued partnership with the states in this important endeavor.

The communications marketplace has changed dramatically, and one significant reason is the explosion of mobile services in the U.S. More and more Americans are relying upon their smartphones to access the Internet, and almost 30% of Americans have cut their telephone cord when it comes to home service. I have worked closely with my colleagues, to ensure that we are providing significant support for mobile services, particularly in rural America. Certainly, rural consumers and those who travel in non-urban areas expect that they will have access to mobile services that are comparable to anywhere else in this nation. We want and expect our devices to work wherever we are. As such, I believe that a budget which reflects the growing importance of mobility to Americans is significant, and that we should offer ongoing support for those areas that would not be served otherwise. I am grateful that the fund for ongoing mobility fund support—Mobility Fund II— has been increased 25% more than what was originally proposed in the circulated draft, reflecting the fact that mobility for rural areas is a priority.

I also want to thank the Chair for agreeing with me that while the identical support should be phased out, we need to ensure that Mobility Fund II is operating and funded before the phase down is completed for wireless CETCs. The pause in the phase down I proposed, is now fully reflected so that wireless carriers can have some confidence that they won't lose more than 40% of funding before they know what support they may qualify for in Mobility Fund II.

While deployment of networks to reach individual consumers has been the paramount purpose of the high-cost program, it also has provided for service to community anchor institutions, including schools, libraries, health care facilities, and public safety agencies. In order to ensure that these vital institutions can obtain the modern services that are essential for service to their communities, we have provided them an opportunity to engage with USF recipients in the network planning stage. As such, their communications needs are fully considered by the providers. Similarly, recipients will detail in their annual reports to the FCC and the state Commissions those community anchor institutions that have received service as a result of the Fund. Accordingly, we will be able to fully account for all of the benefits that local communities' receive as a result of USF support.

Although the reforms we adopt today are extremely important for ensuring that basic and advanced communications services are physically available to all Americans, those services cannot be *truly available*, if consumers cannot afford to purchase them, the devices they need to access them are not available, or if they cannot attain the skills they need to know how to use these services. I appreciate those who have called for us to address these consumer needs today, and I agree with you that we need to do more in this area. Our broadband adoption task force is working diligently to find solutions to these issues, and I fully expect that we soon will be addressing the proposal in our Lifeline proceeding to adopt pilot projects for broadband adoption to benefit low-income Americans who qualify for the Lifeline program. I look forward to our continued work with our task force, including finishing the Lifeline proceeding before the end of the year, so that we can make more headway on this significant issue for low-income consumers.

To our Bureaus and their staffs, I thank you for your tremendous and Herculean efforts throughout this proceeding. I know you have made many personal sacrifices to help us reach this moment, and I wish to commend you for the results. You planned and conduct workshops, reviewed our record, listened to the numerous interested parties in this proceeding, balanced all concerns, crafted the Order and accompanying Further Notice, and put up with our office. Please know how much we appreciate all of you.

I wish I could say that we were at the finish line, but this, indeed, is a marathon. And like those who will compete in this Sunday's race, you have been preparing for months for this milestone that we've reached today, but we are at mile 20—we have a little further to go. I for one look forward to our continued engagement on the implementation of these reforms.

I also want to congratulate the Chairman and my fellow Commissioners on today's vote. The task before us has not been an easy one, but it is certainly one for which I am proud that this Commission has *finally* achieved. Commissioner Copps and Commissioner McDowell, I know you both have witnessed past attempts at USF and ICC reform, and you must be especially proud today. Thank you for your diligence and hard work. And Mr. Chairman, I also want to express my gratitude for your leadership, engagement, willingness to listen to and address my concerns, and your honest attempts to reach consensus.

I also want to express my sincere gratitude for my Wireline Legal Advisor, Angie Kronenberg, who led our office in this endeavor, as well as Louis Peraertz, my Wireless Legal Advisor, who provided his expertise on the mobility issues. Both ensured that the principles I care most about—that we are serving consumers—are truly reflected throughout this item. I also am appreciative for the contributions that Margaret McCarthy, from Commissioner Copps' office made to our deliberations, and to the ringleader on this significant reform today, Zac Katz. Thank you.