

**STATEMENT OF
COMMISSIONER AJIT PAI,
APPROVING IN PART AND DISSENTING IN PART**

Re: *Connect America Fund*, WC Docket No. 10-90, *ETC Annual Reports and Certifications*, WC Docket No. 14-58, *Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Obsolete ILEC Regulatory Obligations that Inhibit Deployment of Next-Generation Networks*, WC Docket No. 14-192.

Having grown up in rural Kansas, I know what it's like to wait for your hometown to catch up with urban America. In the 1980s, small towns were waiting for cable. In the 1990s, we waited for an Olive Garden. In the 2000s, we waited for good cellphone service. And today, it's all about broadband.

Three years ago, the FCC told rural Americans they could stop waiting. The Commission's *Universal Service Transformation Order* created the Connect America Fund Phase II, which we anticipated would start paying for new broadband connections to unserved areas by January 1, 2013.¹ Almost two years later, we're finally launching that project. I wish we would have done so sooner—rural families and small businesses have already waited too long—but I'm glad nonetheless that we're finally getting something done.

However, I cannot support every aspect of today's decision because I fear that we are going to leave many communities without broadband for the foreseeable future. Incentivizing wireline broadband providers to deploy service deep into the unserved countryside requires a balancing act, one that the *Universal Service Transformation Order* performed admirably.

Yet today's *Order* disrupts that balance. Specifically, it raises the speed benchmark to 10 Mbps—the right call in my book—but then largely ignores that this change roughly doubles the expected costs of deployment.² An appropriate counterweight would have been increasing the term of support from 5 years to 10, but the *Order* only increases it marginally, to 6. This imbalance needlessly risks tipping the scales against deployment, which may strand millions of Americans in broadband dead zones for years to come.

An impressive bipartisan chorus in Congress has sung this same refrain. Sixty-four Members of Congress, including almost a quarter of the Senate, have written the FCC, concerned that our implementation of the Connect America Fund won't be sufficient to ensure universal broadband deployment. Among the many examples:

- Senator Roy Blunt wrote asking us to “heed the advice of local communities and stakeholders” and to adopt a “10 year funding period to allow adequate time for construction.”³
- Senator Bill Nelson asked that we consider “extending the CAF II funding period . . . from the current 5 years to 10 years to allow adequate time for the construction of higher-capacity networks.”⁴
- Senators Maria Cantwell and Patty Murray wrote that we “must” do so.⁵

¹ *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17725, para. 157 (2011).

² Letter from Jonathan Banks, Senior Vice President, USTelecom, to Marlene Dortch, Secretary, FCC, WC Docket No. 10-90, at 4–9 (filed Nov. 13, 2014). Notably, the *Order* does not dispute this fact but responds with the irrelevant (but indeed irrefutable) point that costs “vary by carrier.” *Order* at para. 22.

³ Letter from Roy Blunt, U.S. Senator, to the Honorable Tom Wheeler, Chairman, FCC (Sept. 3, 2014).

⁴ Letter from Bill Nelson, U.S. Senator, to the Honorable Tom Wheeler, Chairman, FCC (Aug. 29, 2014).

- Senators Ron Johnson and Tammy Baldwin reminded us that “if the Commission more than doubles the speed requirements without allowing the appropriate level of flexibility in other elements of CAF II, the program’s overall mission could be endangered,” and then asked us to “extend[] the term of support up to ten years.”⁶
- The Wyoming congressional delegation wrote that “thousands of rural communities are now counting on CAF II” and asks that we take to heart the idea of “extending the term of support up to ten years.”⁷

At a time when most Americans don’t think politicians in Washington can agree on anything of significance, it’s remarkable to see a legislative consensus on broadband deployment that reflects such political and geographic diversity. But rather than heed this wise counsel from our nation’s elected representatives, the FCC goes its own way with little in the way of evidence to support its decision.

In an effort to find common ground, I offered to support a modest extension of the term of support to 8 years. There was bipartisan support for it; I thank Commissioner Rosenworcel for her backing and advocacy. But unfortunately, we fell one vote short.

In the end, I hope that I am wrong. I hope that carriers will seize upon all of the opportunities available to deploy broadband to the farthest reaches of our nation under the Connect America Fund. But because the *Order* doesn’t take the steps necessary to secure that potential, I cannot support it in full. I accordingly approve in part and dissent in part.

⁵ Letter from Maria Cantwell, U.S. Senator, Patty Murray, U.S. Senator, Adam Smith, U.S. Representative, Rick Larsen, U.S. Representative, Suzan DelBene, U.S. Representative, Denny Heck, U.S. Representative, and Derek Kilmer, U.S. Representative, to the Honorable Tom Wheeler, Chairman, FCC (Oct. 3, 2014).

⁶ Letter from Ron Johnson, U.S. Senator, and Tammy Baldwin, U.S. Senator, to the Honorable Tom Wheeler, Chairman, FCC (Nov. 13, 2014).

⁷ Letter from Michael B. Enzi, U.S. Senator, John Barrasso, M.D., U.S. Senator, Cynthia Lummis, U.S. Representative, to the Honorable Tom Wheeler, Chairman, FCC (July 31, 2014).