

**STATEMENT OF  
COMMISSIONER AJIT PAI**

Re: *Connect America Fund*, WC Docket No. 10-90, *ETC Annual Reports and Certifications*, WC Docket No. 14-58.

It's been almost three years since a bipartisan FCC refocused the Universal Service Fund on next-generation broadband rather than legacy telephone services. After many more orders and much litigation, we are finally beginning to see the light at the end of the tunnel.

Just last month, a unanimous Commission proposed rules for the competitive bidding process for the second phase of the Connect America Fund. And today, we all agree that a test run of that process is in order. By taking this step, we heed the sage proverb first used by Giovanni Florio in 1591: "Measure twice, cut once."

As we measure, I am grateful to my colleagues for adopting several of my proposals. *First*, we structure the rural broadband experiment as a reverse auction where "winning bidders will be selected solely on their numerical score,"<sup>1</sup> rather than through a more discretionary and subjective process. *Second*, we recognize that effective rural investments require long-term commitments and offer support for a ten-year term, in line with the term of support we adopted in April's *Seventh Recon Order*.<sup>2</sup> Concurrently, we adopt a strong enforcement framework so that applicants will follow through with those commitments. *Third*, we adopt a bidding credit for anyone willing to provide service on Tribal lands, which we hope will induce many applicants to step forward and deliver high-quality broadband to these underserved consumers. *And fourth*, we make clear that moving forward with these experiments will not slow down our review of rate-of-return universal service policies, such as adopting a stand-alone broadband funding mechanism.

That is not to say that I agree with everything in this order. I would have preferred to structure the auction in a multi-round format so that bidders could evaluate their competition and adjust their bids accordingly. Instead, we will have a single-round auction, which places the onus on bidders to estimate beforehand how much competition there will be and what to bid. We saw in the Mobility Fund Phase I auction the problems that a single-round auction can bring, with some winning bids garnering ten times more support than others. I hope we do not repeat that outcome here. Besides, the Commission proposed a multi-round auction in the *Seventh Recon Order*, and holding one here would be much more useful in evaluating that proposal.<sup>3</sup> Nevertheless, the perfect is not the enemy of the good, and overall, the item has my support.

We could not have gotten here without the help of dedicated Commission staff. They reviewed over one thousand expressions of interest in rural broadband experiments and incorporated the lessons from that review into today's order. Thank you, Nick Alexander, Allison Baker, Geoffrey Blackwell, Craig Bomberger, Jonathan Chambers, Rita Cookmeyer, Talmage Cox, Neil Dellar, Rebekah Douglas, Jack Erb, Irene Flannery, Ian Forbes, Jeffery Goldthorp, Diane Griffin Holland, Audra Hale-Maddox, Sherille Ismail, Clete Johnson, Paul LaFontaine, Lisa Fowlkes, Katie King, Douglas Klein, Lauren Kravetz, Heidi Lankau, Jonathan Levy, Eliot Maenner, Marcus Maher, Carol Matthey, Maureen McLaughlin, Gary Michaels, Alexander Minard, Omar Nayeem, Vickie Robinson, Steven Rosenberg, Jim Schlichting, Jay Schwarz, Dana Shaffer, David Simpson, Gilbert Smith, Joseph Sorresso, Gina Spade,

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<sup>1</sup> *Order* at para. 49.

<sup>2</sup> *Connect America Fund, Universal Service Reform – Mobility Fund, ETC Annual Reports and Certifications, Establishing Just and Reasonable Rates for Local Exchange Carriers, Developing an Unified Intercarrier Compensation Regime*, WC Docket Nos. 10-90, 10-208, 14-58, 07-135, CC Docket No. 01-92, Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54, para. 35 (June 10, 2014).

<sup>3</sup> *Id.* at para. 230.

Mark Stephens, David Valdez, Mark Walker, Margaret Wiener, and Chin Yoo for all your work on this item. The American public is lucky to have such dedicated public servants at the helm of this ship.