

**STATEMENT OF
COMMISSIONER MIGNON L. CLYBURN
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; *Rural Broadband Experiments*, WC Docket No. 14-259.

To prevent waste and ensure that finite universal service support is used as efficiently as possible, the Commission prevented price cap providers from using federal universal service support from Connect America Fund (CAF) Phase I in the same census blocks as support for CAF Phase II. As today's Order notes, the intent of doing so was to ensure that Connect America funds are used "in the most efficient manner possible" and to "avoid providing excess support in an area."¹ Indeed, the Commission could not have been more clear when it said that "[n]o carrier should be allowed to satisfy its Phase I obligations in any census block where it receives Phase II support."² The Commission provided guidance to explain that "[i]f a carrier accepts Phase II support in a census block where it had initially planned to deploy broadband-capable networks to locations in order to meet its Phase I obligations, it must identify and deploy to the requisite number of locations in another census block for which it did not receive Phase II support."³

Today's item reverses that course and allows providers to use support from both CAF Phase I and CAF Phase II to serve the very same census block. The item concludes that it is appropriate to make this change because price cap carriers are now required to provide geocoded locations and, therefore, they cannot count the same location twice. The Order fails to explain how this change is preferable to the initial decision to require carriers to deploy to alternative census blocks. In fact, the item contains no analysis to determine: if this is the most efficient use of universal service, whether new communities could be served by the initial approach, how many census blocks have been approved for both CAF I and CAF II funding, if locations in the census blocks at issue are adjacent or are spread far apart, or if carriers are being overcompensated through CAF Phase I and Phase II by using such support to upgrade certain plant to serve multiple locations. Absent such analysis, I do not have the facts necessary to evaluate whether this is the most efficient use of universal service or whether support is excessive.

In 2015, price cap carriers accepted over \$1.5 billion in CAF II support annually, \$115 million in Phase I support and \$324 million in the second round of Phase I support. While the CAF Phase II offers of support took longer than anticipated, carriers have been on notice of this requirement since 2013 and should have planned accordingly. And, if carriers no longer want to use the funding, such support could be used to connect other unserved households, for example, on Tribal lands.

Adequate cost controls should be a hallmark in every program and I find the reversal here especially troubling given the magnitude of universal service support at issue. I therefore respectfully dissent.

¹ See *Connect America Fund*, *ETC Annual Reports and Certifications*, *Rural Broadband Experiments*, WC Docket Nos. 10-90, 14-58, 14-259, Order, para. 3.

² *Connect America Fund*, Report and Order, 28 FCC Rcd 7766, 7774, para. 21 (2013) (Phase I Round 2 Order).

³ *Id.* In addition, in footnote 46, the Commission further explained that "USAC should inform carriers within 60 days of the close of the Phase II election period regarding any overlap between a carrier's planned Phase I deployments and its Phase II election, and remind those carriers that it may not count deployments in those census blocks toward their Phase I deployment obligations."