

**STATEMENT OF
COMMISSIONER MIGNON L. CLYBURN**

Re: *Connect America Fund; ETC Annual Reports and Certifications; Developing a Unified Intercarrier Compensation Regime*, WC Docket Nos. 10-90, 14-98, CC Docket No. 01-92.

Just over a year ago, the Commission took substantial steps to modernize the rate-of-return program. In doing so, we placed the high-cost fund on solid economic footing for the next decade. As part of the *Rate-of-Return Reform Order*, we welcomed ongoing input and partnership from carriers and their associations as we implemented said reforms. Today's action is a direct result of the feedback we received.

The *Order* we adopt this morning addresses an unintended consequence of those much needed reforms. When we instituted the capital investment allowance in the *Rate-of-Return Reform Order* in 2016, the goal was a noble one: to promote the efficient use of universal service funds. While this continues to be important, I never envisioned the mechanisms we put in place would harshly penalize carriers for going just one dollar over their capital investment allowance.

By amending the capital investment allowance rule to permit carriers to recoup capital expenses up to the per-location limit today, we modify a requirement that had the potential to chill broadband infrastructure investment. Carriers were inadvertently placed in the difficult position of having to exclude certain locations for broadband deployment in order to reduce the average per-location cost of all projects if they exceeded the per-location allowable cost threshold. This disallowance of all, not simply the excess of reimbursements, had the potential of leaving adjacent locations "permanently stranded" without broadband-capable service.

Today's *Order* continues not only to promote our goals under the *Rate-of-Return Reform Order*, it provides carriers with the flexibility they need to undertake broadband deployment projects in high-cost areas, enabling them to build out broadband to a greater number of locations. This represents another step forward in our efforts to advance deployment of affordable broadband services in all areas of the United States and close the broadband deployment gap, consistent with Congressional expectations. In that same vein, I hope and expect that we will also act soon to pause the imminent voice rate floor hike, coupled with action to rein in waste, fraud, and abuse in the high-cost program.

My thanks go to the staff of the Wireline Competition Bureau for their hard work on this very important item.