

STATEMENT OF CHAIRMAN AJIT PAI

Re: *Connect America Fund, ETC Annual Reports and Certifications, Rural Broadband Experiments, Connect America Fund Phase II Auction*, WC Docket Nos. 10-90, 14-58, 14-259, AU Docket No. 17-182, Order on Reconsideration.

The details are as dense as the impact will be profound: We're taking the final Commission-level steps necessary to kickstart the \$2 billion program to deliver fixed broadband to rural America—known as the Connect America Phase II (CAF II) auction.

And it's about time. Believe it or not, way back in 2011, the FCC said it expected CAF II competitive bidding disbursements to “ramp up in 2013.”¹ And all the while, rural America has waited. But pushing things off is no longer an option. In August, I said we'd hold an auction in mid-2018. And we're keeping that promise.

The acute need to close the digital divide is why we got to work on the CAF II auction immediately once I became Chairman. You'll recall in February 2017—only 30 days into my chairmanship—the FCC made several key decisions about the auction's framework. And last August, we adopted the *CAF II Comment Public Notice*. With our decisions today, we jump the last big hurdle before holding a first-of-its-kind universal service reverse auction.

I hope that the CAF II auction will attract a wide variety of providers. We need and want everyone to participate: rural telcos, electric co-operatives, cable operators, price-cap carriers, satellite companies, and fixed wireless providers. Of course, the most cost-effective technology for a particular area will vary. So regardless of how you deliver connectivity, please take a hard look at the CAF II auction.

To this end, we've done a lot to make sure the auction is accessible to everyone. We've simplified the bidding options and balanced the design to accommodate both those seeking to extend their networks and those planning larger projects. We've reviewed the financial-qualification and letter-of-credit requirements to enable bidding by smaller companies. We've created flexibility in our model so that bidders won't have to identify every location they plan to serve before the auction even starts. And our staff is working hard to make sure that the bidding interfaces are user-friendly. We'll also be holding several events to give bidders a chance to learn how things work and get questions answered.

Now, I understand that some didn't get exactly what they wanted in the auction rules and procedures. There are well-intentioned differences on how to best make sure communities get connected. That's understandable—these calls aren't easy. But at the end of the day, the perfect can't be the enemy of the good—especially when there's no agreement in this context on what “perfect” is. And I'll remind everyone that CAF II is only the beginning. In 2019, we will move on to the Remote Areas Fund for those areas still without high-speed broadband. Rural America has waited long enough.

The work from staff on these items has been top-notch. I want to highlight the work of the Rural Broadband Auctions Task Force, led by Chelsea Fallon along with Kirk Burgee, Michael Janson, and Thom Parisi, as well as its newest member, Nathan Eagan. And many thanks to Allison Baker, Mikelle Bonan, Cheryl Callahan, Talmage Cox, Katie King, Heidi Lankau, Ken Lynch, Alec MacDonnell, Sue McNeil, Suzanne Mendez, Alexander Minard, Kris Monteith, Ryan Palmer, Michael Qin, Steve Rosenberg, Gilbert Smith, Rodger Woock, and Cathy Zima from the Wireline Competition Bureau; Valerie Barrish, Craig Bomberger, Stephen Buenzow, Rita Cookmeyer, Bill Huber, Sasha Javid, Shabnam Javid, Angela Kung, Scott Mackoul, Eliot Maenner, Aalok Mehta, Charlie Meisch, Gary

¹ See *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17674, para. 25 (2011).

Michaels, Mark Montano, Erik Salovaara, Linda Sanderson, Paroma Sanyal, Blaise Scinto, Dana Shaffer, Ziad Sleem, Debbie Smith, Martha Stancill, Don Stockdale, Tom Tran, and Margie Wiener from the Wireless Telecommunications Bureau; Jose Albuquerque, Chip Fleming, Kerry Murray, and Kathryn O'Brien and the International Bureau; Paul Murray from the Office of Engineering and Technology; Evan Kwerel and Paul Lafontaine from the Office of Strategic Planning and Policy; Bill Dever, Doug Klein, Billy Layton, and Rick Mallen from the Office of General Counsel; and Laura Dean and Cathy Williams from the Office of the Managing Director.