

**STATEMENT OF
COMMISSIONER MICHAEL O'RIELLY**

Re: *Connect America Fund Phase II Auction Scheduled for July 24, 2018; Notice and Filing Requirements and Other Procedures for Auction 903, AU Docket No. 17-182, WC Docket No. 10-90*

With these two items, the full Commission completes its remaining tasks to finalize the Connect America Fund Phase II auction. The work on this auction has been a substantial undertaking spanning multiple chairmanships. It will be the first auction of ongoing universal service support using a multiple-round, reverse auction format – a structure I have strongly advocated for years. In fact, I recall drafting amendments on behalf of members of Congress to require reverse auctions for FCC high-cost programs back in 2005. Therefore, I am pleased that this long-awaited auction will soon come to pass.

I do remain concerned about the impact of certain decisions on participation in the auction. In particular, I still believe that the weights assigned to different service tiers will tip the scale towards funding gigabit service in a few communities at enormous costs while leaving many more unserved Americans with no broadband option whatsoever for many years to come. The weighting decision was made, in part, to encourage providers of fiber-based broadband to participate in the auction, and I truly hope they do. A successful auction will depend on the broadest possible participation. But, with some of those same providers expressing concern about the complexity of the auction, criticizing the FCC for excluding areas that our data show are now served, or inappropriately criticizing Chairman Pai's commitment to rural America, we cannot take their interest for granted. At the same time, the decision to unduly penalize other technologies, especially satellite service, could have a negative impact on participation, not only in this auction but in the Remote Areas Fund auction as well. This is not the balance I hoped to achieve and, therefore, I must concur on the failure to reconsider and recalibrate the auction weights.

In general, however, I am supportive of the policy decisions and procedures set forth in these items. I am particularly encouraged by the agency's efforts to ensure that our universal service decisions are based on accurate data. For example, when commenters raised concerns, which I shared, regarding potential shortfalls in the number of locations supposedly available in eligible areas, we were able to work together to reach an appropriate solution. Support recipients will be able to provide evidence, subject to potential audit, of the actual number of locations. If the number is less than what had been estimated, there will be a proportional reduction in support.

Now, it is up to would-be participants to thoroughly examine the rules and procedures, aided by education and outreach from our good staff. With short form applications due in March and the auction commencement scheduled for July 24, potential applicants should waste no time in undertaking the necessary due diligence to determine whether, where, and to what extent they will participate in the auction.

I look forward to the auction commencement and I hope it will be successful, bringing broadband access to additional unserved Americans who would not otherwise receive service. But make no mistake, completion of this auction, like the many steps before it, will not end the Commission's efforts to bring broadband to the farthest reaches of our nation.