

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *Rural Digital Opportunity Fund Phase I Auction Scheduled for October 29, 2020; Notice and Filing Requirements for Auction 904, AU Docket No. 20-34; WC Docket Nos. 19-126, 10-90.*

In my three-plus years as Chairman of the FCC, closing the digital divide—the gap between Americans with access to broadband and those without it—has consistently been my top priority. And the results speak for themselves: The number of Americans lacking access to 25/3 Mbps fixed broadband fell 30% in my first two years as Chairman, while the number of Americans lacking access to 250/25 Mbps broadband plummeted nearly 75% during that period. But more work remains. And events in 2020 have driven home just how critical having a broadband connection is so that Americans can telework, participate in distance learning, visit a doctor virtually, stay informed, keep in touch with loved ones, and civically engage with their fellow Americans.

To help ensure that all Americans can enjoy those benefits of broadband, today we adopt final procedures for Phase I of the Rural Digital Opportunity Fund auction. This reverse auction will distribute up to \$16 billion over the next decade to deploy broadband to rural areas that everyone agrees lack broadband service, prioritizing gigabit-speed networks that will ensure networks serve consumers well into the future. In March, Commission staff released a preliminary list of areas eligible for the Phase I auction, where staff estimate more than 11.7 million unserved Americans live and work. That list includes millions of Americans who we know are on the wrong side of the digital divide. And that’s why calls to delay the Phase I auction miss the mark. These Americans deserve access to broadband as soon as possible. They cannot afford to wait—and neither can we as a country—while we work to develop the new, more granular broadband coverage maps that will serve as the basis for the Phase II auction. Digital opportunity delayed is digital opportunity denied.

Today’s Public Notice contains more than one hundred pages of detailed procedures for October’s auction. And it’s weedy for good reason: It reflects many lessons learned from 2018’s successful Connect America Phase II auction. We address key factors that will affect competition in the auction like the right size for biddable areas, reserve prices, details of bid processing, and pre- and post-auction eligibility requirements. These factors are important to potential bidders in the auction, who will have to decide over the next couple months whether and where to bid.

I’m reminded of another recent American milestone; a little more than a week ago two NASA astronauts launched from Cape Canaveral Air Force Station to the International Space Station—the first such launch from American soil in nearly a decade. A rocket launch is a carefully choreographed sequence of events that must unfold precisely, with little room for guesswork or last-minute tinkering in order to achieve its goal. Today’s Public Notice is the next step in our own carefully planned effort that began last August. It will trigger several more behind-the-scenes actions, like collecting and processing applications to bid in the auction, determining the final list of eligible areas, and finalizing the software platform that bidders will use to compete for support. All of this work will come together in October, when we launch bidding in the auction, and will culminate with support beginning to flow to winning bidders next year.

One last point. We’ve focused on maintaining technological neutrality and maximizing competition in our USF programs. And here, we do that by opening the door to new types of technologies to apply for different tiers in the auction. For example, we allow fixed wireless and DSL providers for the first time to apply to bid in the gigabit tier. But Commission staff will conduct a careful, case-by-case review of applications to ensure that bidders will be able to meet required performance obligations.

And, at the request of one of my fellow commissioners, we also don't entirely close the door on low earth orbit satellite providers bidding in the low-latency tier. However, it is also important to keep in mind the following point: The purpose of the Rural Digital Opportunity Fund is to ensure that Americans have access to broadband, no matter where they live. It is not a technology incubator to fund untested technologies. And we will not allow taxpayer funding to be wasted. A new technology may sound good in theory and look great on paper. But this multi-billion-dollar broadband program will require "t's to be crossed—not fingers. So any such application will be given very close scrutiny.

I would like to express my gratitude to the Commission staff that contributed to this item, including: Craig Bomberger, Jonathan Campbell, Rita Cookmeyer, Daniel Habif, Amanda Hilfiger, Bill Huber, Shabnam Javid, Steve Kauffman, Alec MacDonell, Giulia McHenry, Eliot Maenner, Gary Michaels, Mark Montano, Steve Rosenberg, Linda Sanderson, Debbie Smith, Martha Stancill, Sue Sterner, and Margy Wiener from the Office of Economics and Analytics; Kirk Burgee, Nathan Eagan, Michael Janson, and Jonathan McCormack from the Rural Broadband Auctions Task Force; Talmage Cox, Lauren Garry, Trent Harkrader, Katie King, Heidi Lankau, Alex Minard, Kris Monteith, Ryan Palmer, Gilbert Smith, and Joe Sorresso from the Wireline Competition Bureau; Stephen Buenzow, Ziad Sleem, and Thuy Tran from the Wireless Telecommunications Bureau; Sylvia Lam, Kerry Murray, and Robert Nelson from the International Bureau; Barbara Esbin from the Office of Native Affairs and Policy; Maura McGowan from the Office of Communications Business Opportunities; and Malena Barzilai, Richard Mallen, and William Richardson from the Office of General Counsel.