

**STATEMENT OF
CHAIRMAN TOM WHEELER**

Re: *Connect America Fund*, WC Docket No. 10-90, *ETC Annual Reports and Certifications*, WC Docket No. 14-58, *Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Obsolete ILEC Regulatory Obligations that Inhibit Deployment of Next-Generation Networks*, WC Docket No. 14-192.

Universal service has been at the core of the FCC's mission since this agency was established 80 years ago. But in the 21st century, our nation needs universal broadband networks to continue to compete on the world stage. The Commission's 2011 *Transformation Order* was a key milestone in updating the Commission's work for the Internet age. The Commission took an outdated program designed to deliver voice service to rural America and replaced it with the Connect America Fund, a program designed to help support the deployment of state-of-the-art voice and broadband networks throughout the United States.

Already, Phase I of the Connect America Fund has helped support the deployment of broadband to 1.6 million previously unserved Americans. The long-term success of the Connect America Fund will be measured not just by the number of newly-served Americans, but by the quality of the networks that are being deployed.

Today's Order put us on the path to potentially bring broadband networks and services to over 5 million rural Americans. In particular, the Order will increase the minimum speed required as a condition of high-cost support to 10 Mbps/1 Mbps. The framework adopted by the Commission in 2011 established 4 Mbps download speeds as the standard for support, but expressly anticipated that a higher minimum speed standard would be necessary in the future to provide an evolving level of universal service. Just three years later, that standard already needs an upgrade. Four megabits per second isn't adequate when a single HD video delivered to a home or classroom requires 5 Mbps of capacity.

In addition, we have a statutory responsibility to ensure that the baseline for urban connectivity and rural connectivity is reasonably comparable. According to recent data, 99% of Americans living in urban areas have access to fixed broadband speeds of 10 Mbps/1 Mbps, and 52% of Americans have adopted broadband with speeds of at least 10 Mbps/1 Mbps. We can't connect millions in rural America who have been bypassed by the Internet revolution for too long and then offer them a second-rate online experience.

Given that we are requiring broadband providers to build networks capable of higher speeds, the Order makes modest adjustments to other aspects of the program. For example, we increase the duration of support for "price-cap" carriers accepting model-based support from five to six years, with the option for a seventh year of support as we transition to Phase III when all support in price-cap territories will be awarded through competitive bidding. And we are providing increased flexibility in the build-out requirement. The net result of these adjustments is strong, enforceable obligations to deploy robust broadband for any price cap carrier that accepts model-based support.

Finally, we are also modifying the rate-of-return funding mechanism as a short-term measure to replace the benchmarks the Commission eliminated earlier this year. The changes adopted today will distribute traditional universal service support for small carriers more equitably and curb waste, as we work to develop a long-term, forward-looking reform plan.

Bottom line, today's Order takes significant steps towards ensuring that our Connect America Fund program connects the millions of rural Americans to 21st century broadband networks. It's time to move forward with Phase II.