

**STATEMENT OF
COMMISSIONER MICHAEL O'RIELLY**

Re: *Connect America Fund*, WC Docket No. 10-90, *Universal Service Reform – Mobility Fund*, WT Docket No. 10-208, *Connect America Fund—Alaska Plan*, WC Docket No. 16-271.

Today the Commission fulfills its commitment to advance universal service for a large segment of consumers in Alaska by adopting a plan to expand broadband deployment by rural carriers and wireless providers in the state.

Having traveled throughout much of Alaska in both my current and former capacities, I know firsthand that Alaska is unique compared to the “lower 48” states. The sheer size and uncompromising terrain leave many communities and villages isolated, without roads to connect them. Supplies must be shipped in by airplanes, helicopters, boats, or barges, and these services may be available only by charter making deliveries both infrequent and expensive. And then there are the weather challenges, which result in substantially shortened construction and repair seasons. These factors, combined with a population distribution heavily skewed towards Anchorage, make serving the sparsely populated rural and isolated areas very complicated and expensive. In fact, the costs to deploy broadband under these circumstances are substantial, and have been well-documented in the record.

In short, much of Alaska is a remote area unto itself. Indeed, it is enough of an outlier that high-cost programs adopted or proposed for the lower 48 states, such as Mobility Fund Phase II, simply will not work for most, if not all, of the carriers in Alaska, and would leave far too many consumers unserved. Moreover, the mere inclusion of Alaska in other USF programs can skew the data and outcomes so much as to undermine the entire functionality of the programs. Therefore, the order adopts an alternative Alaska-only solution that still comports with our universal service principles and policies.

Operating within an overall budget, providers have the option to obtain a fixed level of funding for a defined term in exchange for committing to deployment obligations that are tailored to each Alaska provider’s circumstances. Over the past year, and as evidenced through many ex partes, staff has sought to ensure that the companies provide the maximum possible deployment for the dollars provided. This means more broadband buildout to more Alaskans.

Further, to ensure accountability and oversight for the funding received, providers will be required to report on the locations served. They will also report how much they are spending on middle mile in order to meet their last mile build out obligations, and they will show where middle mile is being deployed. While the Commission does not operate or directly fund middle mile infrastructure builds, the plan before us will complement private efforts in the state to improve middle mile availability. In all fairness, the solution to any middle mile issue is not just one of allocating funding as past efforts have had a devastating impact on competition in the marketplace, including in Alaska.

Moreover, funding will be focused on eligible areas of Alaska that need it most. Similar to prior decisions, funding will be shifted to support broadband infrastructure in areas lacking an unsubsidized provider. In addition, “non-remote” funding that had been provided, typically in more populated areas, will be retargeted, through an auction, to remote areas that lack service, helping ensure that unserved consumers in these particularly hard to reach areas are not left behind. In short, the package of reforms is similar to structures adopted for several other parts of the high-cost program, while making certain necessary adjustments to reflect the specific challenges of serving Alaska.

I am particularly appreciative that we were able to work with the carriers and their association on a way to implement our competitive overlap policy in Alaska, especially for the wireless component of the plan, in a manner that is tough but fair. Given the number of consumers that are completely unserved, it is critical not only to maintain and upgrade networks, but also to expand them to reach new consumers. At the same time, I recognize that 4G LTE deployment in Alaska lags significantly behind the lower 48

states. The Commission's Eighteenth Mobile Wireless Competition Report shows that 99.6 percent of Americans have access to 4G LTE service and nearly that many—97.8 percent—are covered by two or more providers. In contrast, there is no 4G LTE overlap by eligible carriers in Alaska. Even under these challenging circumstances, however, we understand that overlaps could develop in some places in the future, so we need to have a plan in place to address them.

The order resolves the issue by deciding that, in five years, the Commission will take another look at where the funding is being used. In doing so, the item reaffirms the important principle that funding multiple competitors in the same area will not be permitted. In this case, if overlaps were to develop, duplicative funding in such areas will be eliminated. To ensure this happens, the Commission is issuing an FNPRM now to determine the best way to eliminate any overlap funding to the extent it develops. This is an issue where there was no immediate consensus amongst the Commissioners or the carriers, so the FNPRM seeks comment on several ideas, including those put forward by me and my colleagues. It also seeks comment on ways to comply with the Commission's policy of not providing support where there is an unsubsidized provider.

While this solution was not my preferred one and represents a significant compromise on my part, I recognize that it will provide the stability and certainty needed to promote comprehensive investment in broadband infrastructure for consumers in one of the hardest to serve states. Moreover, given the interconnectedness of the plan, we had to address both the wireline and wireless parts at the same time, and such a plan will only work if the carriers themselves support it and make it work.

I thank the Chairman and staff for considering my views and addressing my concerns to the greatest extent possible. I hope to continue to work with the Chairman and my colleagues to wrap up the other pending commitment on Alaska: adopting performance obligations for the price cap carrier in the state. More importantly, I look forward to carriers in Alaska meeting their commitments to expand broadband to reach a greater portion of its population.