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For Immediate Release

FCC TAKES NEXT STEPS IN EXPANDING RURAL BROADBAND ACCESS

Establishes Rules of the Road for Allocating Over \$2 Billion in Connect America Fund Phase II Support Through Competitive Bidding

WASHINGTON, May 25, 2016 – Continuing its push to expand access to broadband in rural areas, the Federal Communications Commission today took important steps toward investing an additional \$2 billion in rural networks over the next decade.

The item adopted by the Commission today establishes rules of the road for an auction that will harness market forces to expand broadband in targeted rural areas. The item also seeks comment on a number of issues surrounding the auction so that it can deliver support to unserved communities as equitably and efficiently as possible.

The item builds on the substantial progress the FCC has made in recent years connecting rural America to broadband. Last year, the nation’s largest carriers – known as “price cap” carriers – accepted \$9 billion over six years from Phase II of the Connect America Fund to expand broadband in their rural service areas. And in March, the FCC reformed its broadband support for the nation’s smallest carriers, providing \$20 billion over the next decade.

The auction seeks to expand service to census blocks unserved by broadband delivering speeds of 10 Mbps downloads/1 Mbps uploads in 20 states where the price cap carriers declined last year’s Connect America Fund offer. Also included in the auction are locations across the country with extremely high deployment costs.

The Order portion of the item today sets key requirements for successful bids in the auction, including:

- Four technology-neutral service standards, with bidder flexibility to designate either low or high latency for each
 - A minimum performance tier that requires bidders to commit to provide broadband speeds of at least 10 Mbps downstream and 1 Mbps upstream (10/1 Mbps) and offer at least 150 gigabytes (GB) of monthly usage.
 - A baseline performance tier that requires bidders to commit to provide at least 25 Mbps downstream and 3 Mbps upstream (25/3 Mbps) and offer a minimum usage allowance of 150 GB per month, or that reflects the average

usage of a majority of fixed broadband customers nationwide, using Measuring Broadband America data or a similar data source, whichever is higher.

- An above-baseline performance tier that requires bidders commit to provide at least 100 Mbps downstream and 20 Mbps upstream (100/20 Mbps) and offer an unlimited monthly usage allowance.
 - A Gigabit performance tier that requires bidders commit to provide at least 1 Gigabit per second (Gbps) downstream and 500 Mbps upstream and offer an unlimited monthly usage allowance.
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- A \$215 million budget for support annually
 - Network build-out requirements: 40% three years after authorization, 60% after four years, 80% after five years, and 100% by six years
 - An application process for auction participants, designed to encourage broad participation from a range of providers
 - Reporting requirements that will enable the Commission to monitor the progress of deployment
 - A framework for a Remote Areas Fund auction to address those areas that receive no winning bids in this auction

A Further Notice of Proposed Rulemaking seeks comment on several specific procedures for the Phase II auction, including how to apply weights to the different levels of performance adopted in the Order, measures to achieve the public interest objective of ensuring appropriate support for all of the states, and measures to achieve the public interest objective of expanding broadband on Tribal lands. A forthcoming *Auction Comment PN* will seek comment on other auction procedures that must be resolved in order to conduct the auction.

Action by the Commission May 25, 2016 by Report and Order and Further Notice of Proposed Rulemaking (FCC 16- 64). Chairman Wheeler, Commissioners Clyburn, and Rosenworcel approving. Commissioner Pai approving in part and concurring in part. Commissioner O’Rielly approving in part and dissenting in part. Chairman Wheeler, Commissioners Clyburn, Rosenworcel, Pai and O’Rielly issuing separate statements.

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