

**STATEMENT OF
COMMISSIONER MIGNON L. CLYBURN**

Re: *Connect America Fund*, WC Docket No. 10-90, *High-Cost Universal Service Support*, WC Docket No. 05-337.

The *USF/ICC Transformation Order* was an historic overhaul of the high-cost Universal Service Fund (the “Fund”). The main purpose for this bold reorientation of the Fund was to bring robust broadband networks to consumers living in high-cost geographic areas, where the private sector business case has yet to support such service. In addition, the unanimously approved bipartisan effort determined that certain reforms were needed to ensure that carriers were incentivized not only to invest in broadband networks, but to do so efficiently and effectively. The FCC’s determination to modify the high-cost loop support mechanism for rate-of-return carriers was an important step, and I fully supported the benchmarking rule that was adopted and implemented by the Wireline Competition Bureau.

As we explained in the *USF/ICC Transformation Order* and again in today’s *Sixth Reconsideration Order*, the lack of the right incentives under the Commission’s old rule was problematic and unsustainable. The essential modifications we make today to the benchmarks not only will provide more flexibility, but will continue to operate as a moderating tool—a checks and balances, if you will—which will encourage efficient investment and operational expenses by rate-of-return carriers as intended by the *USF/ICC Transformation Order*. Our focus has been providing the appropriate financial incentives for carriers to invest in broadband networks, balanced with the overall impact on our objective to reach as many consumers as possible with our limited high-cost budget. In doing so, the issue of predictability has been raised, and while our initial analysis indicates that carriers could predict their funding under the current benchmarks, we are directing the Bureau’s implementation of limited adjustments to ensure that predictability continues. I support the Commission’s efforts to modify reforms as needed, while staying true to our overall objectives in the *USF/ICC Transformation Order*—to ensure that the Fund is being used to deploy broadband in the most efficient and effective manner, reaching as many consumers as possible, in order to provide truly universal voice and broadband service.