



PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Internet: <https://www.fcc.gov>
TTY: 1-888-835-5322

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WIRELINE COMPETITION BUREAU ANNOUNCES SUPPORT AMOUNTS OFFERED TO RATE-OF-RETURN CARRIERS TO EXPAND RURAL BROADBAND

WC Docket No. 10-90

Today, the Wireline Competition Bureau (Bureau) releases the final version of the Alternative Connect America Cost Model (A-CAM v2.3) and announces the offers of model-based Connect America support to rate-of-return carriers to fund the deployment of voice and broadband-capable networks in their service territories.¹ Carriers have until **November 1, 2016 (90 days)** to indicate, on a state-by-state basis, whether they elect to receive model-based support.

The information released today includes four reports.² Report 7.1 shows the state-level offer of model-based support for each carrier that is eligible to elect model-based support, including the amount of annual support that would be provided over the 10-year term and the total number of funded locations in census blocks that are eligible for support.

All carriers authorized to receive model-based support will be subject to defined deployment obligations that must be met over the 10-year period, with annual reporting of their progress. Report 7.2 shows the specific broadband obligations for each individual carrier, and its calculated density based on its submitted study area boundaries, land area, and Census housing unit data.³ This report shows both the number of “fully funded” locations and the number of “capped locations.” It also shows the specific number of locations where the recipient will be required to offer 25 Mbps downstream/3 Mbps upstream (25/3 Mbps), 10 Mbps downstream/1 Mbps upstream (10/1 Mbps), and 4 Mbps downstream/1 Mbps upstream (4/1 Mbps), as well as the number of remaining locations subject to the reasonable request standard.

Carriers considering this voluntary path to the model will need to evaluate on a state-level basis whether the support to be received is sufficient to meet the state-level number of residential and small

¹ As directed by the Commission, A-CAM v2.3 incorporates the results of the A-CAM challenge process. See *Connect America Fund et al.*, WC Docket No. 10-90, DA 16-842 (WCB rel. July 25, 2016).

² Available at https://transition.fcc.gov/wcb/ACAM_23_Offer_Rprt_7_0.xlsx.

³ In the *Rate-of-Return Reform Order*, the Commission concluded that the specific obligations to offer broadband would vary based on the state-level density of each carrier electing to receive model-based support. *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3097-98, paras. 25-26 (2016) (*Rate-of-Return Reform Order*). We also release revised study area density data. The housing unit, land area, and density data are posted on the Industry and Technology Analysis Division’s Study Area Boundary Data page, <https://www.fcc.gov/wireline-competition/industry-analysis-and-technology-division/general/study-area-boundary-data>, and available at <https://www.fcc.gov/file/4160/download>. See also *Wireline Competition Bureau Releases Density Data for Rate-Of-Return Carrier Study Areas*, WC Docket No. 10-90, Public Notice, 31 FCC Rcd 4344 (WCB 2016).

business locations where service must be offered at the requisite broadband speeds.⁴ For administrative ease, compliance with the broadband deployment obligations will be validated at the state-level, with locations counted toward the deployment obligation only if they are located in eligible census blocks. A carrier will be deemed in compliance with those obligations if the total number of reported locations in each required speed tier (25/3 Mbps, 10/1 Mbps, 4/1 Mbps) meets the total required number of locations for each tier in the state.⁵ The locations may be in any funded census block, regardless of whether A-CAM identifies a block as “fully funded” or “capped.”⁶

Report 7.3 shows, based on FCC Form 477 data submitted through March 30, 2016, carriers that have deployed 10/1 Mbps broadband to less than 90 percent of their eligible locations, with those carriers flagged as eligible for the offer of model-based support with a “yes.” Carriers that have reported deployment of 10/1 Mbps broadband to 90 percent or more of their eligible locations are flagged with a “no.”⁷ Carriers with no locations eligible for the offer of model-based support, based on the decisions adopted by the Commission, are flagged with “NA.” Report 7.4 shows the state, carrier, study area, and study area code for each rate-of-return carrier.

The model results and offer amounts we release today are predicated upon a monthly funding cap per location of \$200. After receiving the acceptances, the Bureau will determine whether the model support and transition payments, if any, of electing carriers exceed the overall 10-year budget for the model path set by the Commission. If the \$200 per location funding cap can be maintained within the budget established by the Commission, a carrier’s election to accept the offer is irrevocable.⁸

Carriers considering accepting the offer of model-based support should not assume that there will be a revised offer; their election by the November 1, 2016 deadline may be irrevocable. The Commission acknowledged that “other measures may be necessary” if demand for the voluntary path to the model is so great that the funding per location cap would need to be set at a low figure to remain within the available budget.⁹ Measures to prioritize among electing carriers could, for instance, include selecting among electing carriers based on their level of deployment (either their percentage of locations lacking 10/1 Mbps or the absolute number of such locations) or the average cost per location so as to ensure that the

⁴ A list of census blocks eligible for model-based support is available at https://transition.fcc.gov/wcb/ACAM23_CB_FundedList_FINAL_080316.zip. A map showing eligible areas will be available shortly at <https://www.fcc.gov/reports-research/maps/a-cam-offer-map>.

⁵ These figures reflect the floor, not a limit on what carriers may accomplish with their support. Carriers are encouraged to exceed these minimums and to offer service to more locations where feasible.

⁶ For example, a carrier may find that it can offer 25/3 Mbps to locations in some of blocks where A-CAM calculated capped support, but only 4/1 Mbps to some locations in a block that is “fully funded” in A-CAM. All of these locations would be counted towards meeting the total number of locations where broadband service must be available.

⁷ In the *Rate-of-Return Reform Order*, the Commission decided to prioritize the availability of model support to those carriers that have deployed 10/1 Mbps broadband to less than 90 percent of the eligible locations in their study area(s) in the state. *Rate-of-Return Reform Order*, 31 FCC Rcd at 3113, para. 66 (“This will preserve the benefits of the model for those companies that have more significant work to do to extend broadband to unserved consumers in high-cost areas.”).

⁸ The Commission provided that up to \$150 million annually would be available for carriers electing the model path, and the Commission may consider whether circumstances warrant an additional allocation of up to \$50 million annually. *Rate-of-Return Reform Order*, 31 FCC at 3112-13, para. 62. The Bureau recently clarified “that, for the purpose of determining whether the additional ACAM support and transitional payments exceed the \$150 million budget, the Bureau will consider the annualized amount that would be disbursed over the ten-year term.” See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, DA 16-661, para. 6 (WCB rel. June 15, 2016).

⁹ *Rate-of-Return Reform Order*, 31 FCC Rcd at 3113, para. 62 n.136.

available funding extends broadband to as many consumers as possible.¹⁰ Alternatively, the Bureau may lower the per-location funding cap to a figure below \$200 and publish revised model-based support amounts and revised deployment obligations, available only to those carriers that initially indicated they would accept the voluntary election of model-based support.¹¹ Reducing the funding cap per location would reduce the number of locations that would be subject to defined broadband deployment obligations.

Carriers should submit their election letters to the Bureau at ConnectAmerica@fcc.gov.¹² To elect the support amount for a state or states, a carrier must submit a letter signed by an officer of the company confirming that the carrier elects model-based support amount as specified in the final model results released today and commits to satisfy the specific service obligations associated with that amount of model support. A carrier may decline A-CAM funding for a given state by submitting a letter signed by an officer of the company noting it does not elect model-based support for that state. Alternatively, if a carrier fails to submit any final election letter by the November 1, 2016 deadline, it will be deemed to have declined model-based support.

Carriers electing model-based support will not begin receiving such support until the Bureau issues a public notice authorizing the Universal Service Administrative Company to disburse the appropriate amounts. We remind carriers interested in electing model-based support that they must exit the National Exchange Carrier Association common line pool before they will be authorized to receive model-based support.¹³

For additional information on this proceeding, contact Katie King (Katie.King@fcc.gov) of the Wireline Competition Bureau, Telecommunications Access Policy Division, (202) 418-7400.

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¹⁰ Because support would continue to be calculated based on a \$200 per location funding cap, there would not be a second, revised offer.

¹¹ *Rate-of-Return Reform Order*, 31 FCC Rcd at 3114, paras. 68-69 (setting forth the process for revised offers and elections, if applicable). NTCA-The Rural Broadband Association has filed a petition for reconsideration regarding one aspect of the process. See Petition for Reconsideration and/or Clarification of NTCA—The Rural Broadband Association, WC Docket No. 10-90, at 12-14 (filed May 25, 2016). The pleading cycle for petitions for reconsideration of the *Rate-of-Return Reform Order* ends on August 25, 2016. 47 CFR 1.429(g) (replies due within 10 days of oppositions).

¹² To facilitate prompt resolution of the voluntary path to the model, carriers are encouraged to submit their election letter prior to the deadline to the extent feasible.

¹³ See *Rate-of-Return Reform Order*, 31 FCC Rcd at 3159, para. 195.