



PUBLIC NOTICE

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WIRELINE COMPETITION BUREAU ANNOUNCES CONNECT AMERICA PHASE II SUPPORT AMOUNTS OFFERED TO PRICE CAP CARRIERS TO EXPAND RURAL BROADBAND

WC Docket No. 10-90

Today, the Wireline Competition Bureau (Bureau) announces the offers of model-based Phase II Connect America support to price cap carriers to fund the deployment of voice and broadband-capable networks in their service territories.¹ The total amount of the model-based offer is \$1.675 billion annually, for six calendar years (2015-2020).² The carriers have until August 27, 2015 (120 days) to decide whether to accept the offers on a state-by-state basis.

The Bureau hereby adopts the Connect America Cost Model (CAM v4.3), which incorporates the results of the Phase II challenge process and other decisions made by the Commission regarding the offer of support,³ as its final model for purposes of making the offer of

¹ The offer of model-based support is targeted to census blocks lacking unsubsidized competitors offering service at speeds of less than 4 Mbps downstream/1 Mbps upstream, where the cost of providing service exceeds \$52.50 but is less than \$198.60.

² The Bureau previously estimated the budget for the offer of model-based support would be approximately \$1.782 billion. *See Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, 29 FCC Rcd 3964, 4034-35, para. 169 (Wireline Comp. Bur. 2014) (*CAM Inputs Order*). The amount the Commission offers today does not include \$72 million in support for those non-contiguous carriers that notified the Bureau that they are interested in receiving Phase II frozen support in lieu of model-based support. *See Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order, 29 FCC Rcd 15644, 15661-15663, paras. 45-49 (2014) (*December 2014 Connect America Order*); Letter from Karen Brinkman, Counsel to Alaska Communications Systems, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed Jan. 2, 2015); Letter from Russell M. Blau, Counsel to Virgin Islands Telephone Corporation d/b/a Innovative Communications, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed Dec. 29, 2014); Letter from Thomas J. Navin, Counsel to Puerto Rico Telephone Company, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed Dec. 22, 2014). The amount also does not include the model-calculated support (\$35 million) associated with census blocks included in non-winning rural broadband experiment applications submitted in category one, which the Commission has determined will instead be eligible for the Connect America Phase II competitive bidding process. *See December 2014 Connect America Order*, 29 FCC Rcd at 15675, para. 84.

³ As directed by the Commission, the Bureau removed otherwise eligible Phase II census blocks with provisionally selected bids in the rural broadband experiments, census blocks included in non-winning rural broadband experiment applications submitted in category one, and census blocks served by subsidized providers offering service at speeds of 4 Mbps downstream/1 Mbps upstream or above. *See Connect America Fund; ETC Annual Reports and Certification*, WC Docket Nos. 10-90, 14-58, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8769, 8777, para. 18 (2014) (*Rural Broadband Experiments Order*); *December 2014 Connect America Order*, 29 FCC Rcd at 15644, para. 73.

model-based support to price cap carriers. Summary information regarding the amount offered to each carrier is provided in the Appendix to this Public Notice. The Bureau is releasing a list of eligible census blocks and the number of locations eligible for the offer of model-based support in each census block.⁴ In addition, a map showing the areas eligible for the offer of support will shortly be available on the Commission's web page.⁵

In the *USF/ICC Transformation Order*, the Commission comprehensively reformed the high-cost program within the universal service fund, creating the Connect America Fund to focus support on networks capable of providing voice and broadband services.⁶ The Commission concluded that support in price cap areas would be provided through a combination of "a new forward-looking model of the cost of constructing modern multi-purpose networks" and a competitive bidding process.⁷ In those states where the price cap carrier declines the offer of support, support recipients will be determined in the Phase II competitive bidding process.

To accept the support amount for a state, a carrier must submit a letter signed by an officer of the company declaring that the carrier accepts the support amount and commits to satisfy the service obligations for Phase II. The Commission has concluded that carriers electing Phase II support will receive the full amount of Phase II support for 2015. For carriers for whom model-based support in a given state is greater than Phase I support, the letter should also indicate whether they are electing to defer the lump sum payment for prior months until calendar year 2016.⁸

Carriers should submit letters to the email box established for this purpose: ConnectAmerica@fcc.gov. After the Bureau has reviewed the acceptances to confirm facial completeness, it will make the acceptance letters publicly available in the Commission's Electronic Comment Filing System (ECFS) and issue a Public Notice authorizing the Universal Service Administrative Company to disburse funds. A carrier may elect to decline funding for a given state by submitting a letter signed by an officer of the company noting it does not accept Phase II support for that state. Alternatively, if a carrier fails to submit any election letter by the close of the 120-day election period, it will be deemed to have declined support.

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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⁴ The final model results are available at http://www.fcc.gov/wcb/CAM_4.3_Results_Final_042915.xlsx, and a list of eligible census blocks is available at http://www.fcc.gov/wcb/CAM43_Supported_Locations.zip. See also *Connect America Fund, Connect America Phase II Challenge Process*, WC Docket Nos. 10-90, 14-93, Order, DA 15-383 (Wireline Comp. Bur. rel. Mar. 30, 2015).

⁵ Available at <http://www.fcc.gov/encyclopedia/price-cap-resources>.

⁶ See *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (*USF/ICC Transformation Order*), *aff'd sub nom.*, *In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014).

⁷ *Id.* at 17725, para. 156.

⁸ *December 2014 Connect America Order*, 29 FCC Rcd at 15678, para. 93.

APPENDIX
Model-Based Support Offers by Price Cap Carrier

Price Cap Carrier	Total Number of Price Cap Locations in Census Blocks Subject to Offer of Model-Based Phase II Funding	Offer of Annual Support to Price Cap Carrier
AT&T	1,265,036	\$493,973,534
CINCINNATI BELL	7,084	\$2,229,130
CENTURYLINK	1,190,016	\$514,334,045
CONSOLIDATED COMMUNICATIONS	24,698	\$13,922,480
FAIRPOINT COMMUNICATIONS	106,380	\$38,193,437
FRONTIER COMMUNICATIONS	659,587	\$283,401,855
HAWAIIAN TELCOM	11,081	\$4,424,319
MICRONESIAN TELECOM	11,143	\$2,627,177
VERIZON	387,470	\$143,924,996
WINDSTREAM COMMUNICATIONS	413,345	\$178,779,068