ROR Reform
FCC Responses to Selected Questions
Part III

A-CAM Obligations

Question: I want to elect A-CAM. Am I obligated to offer a standalone broadband service to my customers?

> Answer: No. You are required to offer a standalone voice service, but you are not required to offer a broadband-only service.

Question: Company A has 4,000 fully-funded locations in ACAM and 500 partially-funded locations. In March of 2017 Company A reports 100 new locations in the USAC geocoded location portal. In March of 2018, Company A reports 200 more new locations in the portal. In March of 2019, Company A reports 300 more new locations. In March of 2019, Company A also reports 1,000 pre-existing 10/1 locations (in the eligible census blocks) in the portal. Is Company A now compliant with the Year 4 milestone build out requirement of 40% (40% of 4,000 = 1,600)?

> Answer: Yes, Company B is offering service to 40% of the requisite number of 10/1 locations.

Question: Company B also has 4,000 fully-funded locations in ACAM and 500 partially-funded locations. In March of 2017, Company B reports 0 new locations in the USAC geocoded location portal. In March of 2018, Company B again reports 0 new locations in the portal. In March of 2019, Company B again reports 0 new locations. In March of 2019, Company B also reports 1,600 pre-existing 10/1 locations (in the eligible census blocks) in the portal. Is Company B now compliant with the Year 4 milestone build out requirement of 40% (40% of 4,000 = 1,600)?

> Answer: Yes, Company B is offering service to 40% of the requisite number of 10/1 locations.

Question: Assume Company C has 4,500 eligible locations.

- Of those 4,500 eligible locations, in A-CAM, 4,000 are fully-funded (2,000 at 25/3 and 2,000 at 10/1) and 500 are partially-funded (400 at 4/1 and 100 subject to reasonable request).

- Company C is ACAM eligible and is currently/already 85% 10/1 built out (4,500 * 85% = 3,825 10/1 locations that are at least 10/1 today).

- In March of 2017, Company C reports 25 new 25/3 locations in the USAC geocoded location portal. In March of 2018 Company C reports 25 more new 25/3 locations in the portal. In March of 2019 Company C reports 25 25/3 more new locations.

- In March of 2019 Company C also reports 1,925 pre-existing 25/3 locations and 1,900 pre-existing 10/1 locations (in the eligible census blocks) in the portal.

- This means that, as of March 2019, Company C now has 2,000 locations at 25/3 and 1,900 locations at 10/1 – or 3,900 total locations at 10/1 or higher.

- The company also, as of March 2019, has 375 locations completed at 4/1, bringing total locations installed as of that date with broadband of 4/1 or higher to 4,275.

- Is Company C now compliant with the Year 10 milestone build out requirement of 95%?

  Answer: No. In this example, the carrier has met 100% of its service obligation with respect to the required number of 25/3 locations; 95% of its service obligation with respect to the required number of 10/1 locations; and 93.75% of its service obligation with respect to the required number of 4/1 locations. It therefore has not yet fully met what is required by the Year 10 milestone. (Please note that the carrier needs to be commercially offering service to these locations; it is not sufficient to complete installation of facilities if service is not yet offered.)

Question: What are the consequences of failing to achieve full compliance with the buildout requirements in year 10 for model support?

> Answer: As specified in the rules, section 54.320(d), USAC will recover support equivalent to the compliance gap plus 10% of the support disbursed to date (namely, 10% of the support provided over the ten-year term).
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> For instance, assume a carrier is receiving $10,000 in support per year is required to serve 100 locations in a state, but only deployed to 90 locations. Given the Commission provided flexibility to carriers to meet its obligation by serving 95% of the required number of locations, in this instance the compliance gap is five locations. USAC would recover support for the five unserved locations, plus 10% of the total. Assuming the average support per location in the state were $100, the carrier would be required to refund $9,450 in support for the five locations ($100 x 5 locations x 10 years x 1.89), plus $10,000, representing 10% of the total ACAM support received in the state over the course of the ten-year term (10% of $10,000 times 10 years).

Question: Does the company specific construction limit per location apply to companies that elect A-CAM support as it relates to their reasonable request deployment obligation?

> Answer: Carriers that elect model support should evaluate requests to extend broadband in light of the direction provided by the Commission in the *April 2014 Connect America Order* (see paras. 59-72).