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WIRELINE COMPETITION BUREAU ANNOUNCES ALTERNATIVE CONNECT AMERICA COST MODEL II SUPPORT AMOUNTS OFFERED TO RATE-OF-RETURN CARRIERS TO EXPAND RURAL BROADBAND

WC Docket No. 10-90

Today, the Wireline Competition Bureau (Bureau) releases a revised version of the Alternative Connect America Cost Model (A-CAM) v2.5.1 and announces the offers of model-based A-CAM II support to rate-of-return carriers that are still receiving legacy support to fund the deployment of voice and broadband-capable networks in their service territories.[1] Carriers have until **June 17, 2019** to indicate, on a state-by-state basis, whether they elect to receive model-based support.[2]

The information released today includes four reports.[3] Report 15.1 shows the state-level offer of model-based support for each carrier that is eligible to elect A-CAM II support, including the amount of annual support that would be provided over the 10-year term beginning January 1, 2019, and the total number of funded locations in census blocks that are eligible for support.[4]

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 15.2 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.[5] 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

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[1] *See Connect America Fund; ETC Annual Reports and Certifications; Establishing Just and Reasonable Rates for Local Exchange Carriers; Developing a Unified Intercarrier Compensation Regime;* WC Docket Nos. 10-90, 14-58, and 07-135, CC Docket No. 01-92; Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration, FCC 18-176, at paras. 31-69 (Dec. 12, 2018) (*December 2018 Rate-of-Return Reform Order*);

[2] Carriers that decline the A-CAM II offer will continue to receive legacy support and be subject to broadband deployment obligations.

[3] Available at https://docs.fcc.gov/public/attachments/DOC-357276A1.xlsx.

[4] Report 15.1 excludes eight companies for which the A-CAM II offer is $0 because all locations that would otherwise be eligible are served by unsubsidized competitors offering at least 25 Mbps downstream/3 Mbps upstream service, as determined by the FCC Form 477 data as of December 31, 2017 version 2.

[5] Companies must provide at least 25/3 Mbps service to a number of locations at least equal to the number of fully funded locations, and provide 4/1 Mbps service to a number of capped locations based on the state-level density of each company. *December 2018 Rate-of-Return Reform Order*, FCC 18-176, at paras. 64-65; *see also 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) (determining deployment obligations based on company-specific state-level density).

(25/3 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.

The model results and offer amounts we release today are predicated upon a monthly funding threshold of $52.50 and a funding cap per location of $200, except that eligible locations in Tribal lands are subject to a funding threshold of $39.38 and a funding cap of $213.12. Report 15.3 shows the A-CAM II support amount, total eligible locations, fully funded, and capped locations by Tribal and non-Tribal component.

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 business locations where service must be offered at the requisite broadband speeds. Report 15.4 lists the eligible census blocks. 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, 4/1 Mbps) meets the total required number of locations for each tier in the state.[6] The locations may be in any funded census block, regardless of whether A-CAM identifies a block as "fully funded" or "capped."[7]

Carriers should submit their election letters to the Bureau at ConnectAmerica@fcc.gov.[8] To elect the revised 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 the A-CAM II support amount as specified in Report 15 released today and commits to satisfy the specific service obligations associated with that amount of model support. If a carrier fails to submit any final election letter by the **June 17, 2019** deadline, it will be deemed to have declined the revised offer and will continue to receive current support amounts and be subject to Connect America Fund Broadband Loop Support deployment obligations. Carriers submitting election letters will receive an e-mail confirming that their letters have been received and reviewed for completeness and should contact the Bureau no later than 4 p.m. on **June 17, 2019** if they do not receive such confirmation. Confirmation of receipt does not constitute authorization to receive A-CAM II support pursuant to the terms of the offer. Carriers electing the A-CAM II 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.[9] Pursuant to the *Rate-of-Return BDS Order*, carriers that accept the A-CAM II offer are also eligible to move their business data services (BDS) offerings to incentive regulation next year.[10] NECA

[6] 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.

[7] 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.

[8] 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.

[9] *See 2016 Rate-of-Return Reform Order*, 31 FCC Rcd at 3159, para. 195.

[10] *Regulation of Business Data Services for Rate-of-Return Local Exchange Carriers, et al.*, WC Docket No. 17-144 et al., Report and Order, Second Further Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, FCC 18-146 at 20, para. 44 (Oct. 24, 2018) (*Rate-of-Return BDS Order*) ("Business data services rates for carriers accepting future offers of A-CAM support or otherwise transition away from legacy support mechanisms will be effective on July 1 in the year following their election.").

pool carriers that accept the A-CAM II offer of support and elect to move their BDS offerings to incentive regulation must notify NECA of their intent to remove their BDS offerings from the NECA pool by March 1, 2020.[11] In addition, all carriers that accept the A-CAM II offer and elect to move their BDS offerings to incentive regulation must notify the Bureau of their election of incentive regulation by May 1, 2020 and file revised tariffs reflecting their election of incentive regulation for their BDS offerings to be effective July 1, 2020.[12] In their notices to NECA and the FCC, each carrier should specify whether it is choosing to update its separation category relationships.[13] All carriers that accept A-CAM II offers and elect to move their BDS offerings to incentive regulation may de-tariff their packet-based and higher-capacity TDM-based BDS as of July 1, 2020 and must de-tariff such services no later than July 1, 2023.[14]

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

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[11] 47 CFR § 69.3.

[12] *Rate-of-Return BDS Order,* at 43-44, para. 119 (requiring notifications to the Bureau by May 1 of the year their incentive regulation election will be effective, or 2020).

[13] *Id*. at 44, para. 119.

[14] *Id*. at 51, para. 142.