



# PUBLIC NOTICE

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## WIRELINE COMPETITION BUREAU RELEASES LIST AND MAP OF ELIGIBLE CENSUS BLOCKS FOR THE CONNECT AMERICA FUND PHASE II AUCTION (AUCTION 903)

**AU Docket No. 17-182**  
**WC Docket No. 10-90**

The Wireline Competition Bureau (Bureau) announces the release of the final list of census blocks eligible for the Connect America Fund Phase II auction (Auction 903), a list of the census block groups and associated reserve prices, and a map showing the eligible blocks within the census block groups. The list of census blocks can be found at <https://www.fcc.gov/files/caf2auctionpublishblockcsv>. The list of census block groups can be found at <https://www.fcc.gov/files/caf2auctionpublishcbgcsv>. The map can be found at <https://www.fcc.gov/maps/caf2-auction-final-areas>. As directed by the Commission, the Bureau is publishing the final list of eligible census blocks, based on the most recent publicly available FCC Form 477 data (as of December 31, 2016), at least three months prior to the deadline for submission of short-form applications for the Phase II auction.<sup>1</sup>

In the *Phase II Auction Order*, the Commission finalized decisions regarding the areas that will be subject to bidding in the Phase II auction, decided to use the Connect America Cost Model (CAM) to set reserve prices, and to cap the amount of support in extremely high-cost areas.<sup>2</sup> In the *CAF II Auction Comment Public Notice*, the Commission proposed to use census block groups containing one or more eligible census blocks as the minimum geographic area for bidding in the auction, and proposed to impose a \$146.10 per-location-per month funding cap.<sup>3</sup>

As a general matter, census blocks eligible for the Phase II auction include those in price cap study areas where the price cap carriers declined the statewide offers of model-based support. They exclude census blocks where the price cap carriers accepted the statewide offers; 4 any provider provides

<sup>1</sup> See *Connect America et al.*, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 5949, 5974, paras. 73 (2016) (*Phase II Auction Order*); *FCC Releases Updated Form 477 Data on Fixed Broadband Deployment as of December 31, 2016*, WC Docket No. 11-10, Public Notice, DA 17-1115 (WCB Nov. 16, 2017).

<sup>2</sup> *Phase II Auction Order*, 31 FCC Rcd at 5968-74, paras. 51-73, 5979, para. 90.

<sup>3</sup> *Comment Sought on Competitive Bidding Procedures and Certain Program Requirements for the Connect America Phase II Auction (Auction 903)*, Public Notice, 32 FCC Rcd 6238, 6241, para. 12, 6250, para. 67 (2017) (*CAF II Auction Comment Public Notice*).

<sup>4</sup> Each price cap carrier was offered a support amount derived from the Connect America Cost Model (CAM) in exchange for a commitment to offer voice and broadband service meeting the Commission's requirements within census blocks in its service territory that, based on v4.3 of the CAM, fell within a high-cost range and that were unserved by an unsubsidized competitor offering service at speeds of less than 4/1 Mbps. The high-cost range included locations with costs above a specified funding benchmark (\$52.50 per location) but below the extremely

service with voice and broadband at speeds of 10/1 Mbps or higher based on FCC Form 477 deployment data;<sup>5</sup> or those located in rate-of-return areas. In August 2016, as directed by the Commission in the *Phase II Auction Order*, the Bureau released a preliminary list of eligible census blocks based on June 30, 2015 FCC Form 477 data, which was the most current publicly available Form 477 data at that time, and described the categories of census blocks eligible for support in the Phase II auction.<sup>6</sup> In July 2017, the Bureau released an updated list of census blocks eligible for Phase II support in states where price cap carriers accepted the statewide offers.<sup>7</sup> The Bureau also sought comment on three categories of census blocks that include some blocks that may or may not be available for inclusion in the Phase II auction: (1) blocks originally included in the Phase II offer list, but which none of the price cap carriers claim are in their service territories; (2) extremely high-cost blocks in states where price cap carriers accepted the offers of Phase II support that price cap carriers intend to serve; and (3) any blocks rate-of-return carriers identified where they do not anticipate being able to extend broadband under the reasonable request standard. The Bureau requested carriers email the Universal Service Administrative Company directly, and the corrections and additional data received regarding price cap and rate-of-return carrier areas are incorporated in the final list of eligible census blocks we release today, which also reflects updated broadband coverage based on December 31, 2016 FCC Form 477 data.

The Bureau used the final version of the price cap model, CAM 4.3, to identify census blocks in price cap areas with costs above \$52.50 averaged at the census block level.<sup>8</sup> Because the price cap model uses GeoResults study area boundaries, which in some instances may result in the inaccurate assignment of certain census blocks,<sup>9</sup> the Bureau used the Alternative Connect America Cost Model (A-CAM), which is based on the study area boundaries submitted and certified by the carriers or the states, to identify and exclude any census blocks in rate-of-return areas.<sup>10</sup>

The final list of census blocks eligible for support in the Phase II auction consists of census blocks located in price cap carrier territories that, based on December 31, 2016 Form 477 data, are not served by the incumbent price cap carrier or by an unsubsidized competitor with voice and broadband at speeds of 10/1 Mbps or higher; and based on averaged cost, are identified by the model as high-cost or extremely high-cost.

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high-cost benchmark (\$198.60 per location). See *Phase II Offer Public Notice*, 30 FCC Rcd 3905.

<sup>5</sup> *Phase II Auction Order*, 31 FCC Rcd at 5973-74, paras. 70, 72. In addition, the list of eligible blocks excludes those served by unsubsidized competitors deploying fiber to the premises (FTTP). *Id.* at 5974, n.145.

<sup>6</sup> *Phase II Auction Order*, 31 FCC Rcd at 5968-74, paras. 51-73; *Wireline Competition Bureau Releases Preliminary List and Map of Eligible Census Blocks for the Connect America Phase II Auction*, 31 FCC Rcd 8870 (WCB 2016) (*Preliminary Phase II Auction Areas Public Notice*).

<sup>7</sup> *Wireline Competition Bureau Releases Updated List of Census Blocks Eligible for the Connect America Phase II Support and Announces Deadlines for Certain Additional Updates in Price Cap and Rate-of-Return Areas*, Public Notice, 32 FCC Rcd 4775 (2017) (*Updates in Price Cap and Rate-of-Return Areas Public Notice*).

<sup>8</sup> *Phase II Auction Order*, 31 FCC Rcd at 5971-73, paras. 64-65, 72 & n.144 (directing the Bureau to average cost at the census block level and explaining that the list of census blocks eligible for support in the Phase II auction will not precisely track the census blocks declined by the price cap carriers).

<sup>9</sup> See *Connect America et al.*, Report and Order, 29 FCC Rcd 15644, 15659, para. 38 & n.88 (2014) (*December 2014 Connect America Order*).

<sup>10</sup> See A-CAM Service Area Development Process, available at <https://www.fcc.gov/web/ServiceAreaDevelopmentProcess.docx>.

Census blocks in the following categories were considered for inclusion in the final list of eligible blocks, subject to the broadband coverage and cost criteria, and other exclusions as described below:

- High-cost census blocks located in areas where price cap carriers declined the offer of Phase II model-based support, except in New York, Alaska, Puerto Rico, and the Virgin Islands;<sup>11</sup>
- Certain census blocks nationwide that were not included in the offer of Phase II model-based support:
  - Extremely high-cost census blocks, except those identified by a price cap carrier accepting the offer of model-based support as areas that it intends to serve;<sup>12</sup>
  - High-cost census blocks that were served at the time of the offer of statewide support by subsidized competitors (wireline competitive eligible telecommunications carriers) at speeds of greater than 4/1 Mbps;<sup>13</sup>
  - High-cost census blocks that were served at the time of the offer of statewide support by unsubsidized competitors at speeds of greater than 4/1 Mbps but less than 10/1 Mbps, but which do not have coverage in the latest data set (either because they have speeds 4/1 Mbps or greater but lack 10/1 Mbps service, or because the providers that reported service at the time of the offer of statewide support no longer report such coverage);<sup>14</sup>
  - High-cost census blocks that were included in non-winning rural broadband experiment applications submitted in category one and where the bidders timely filed the required financial and technical information;<sup>15</sup>

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<sup>11</sup> The Commission conditionally waived the Phase II auction program rules to allocate Connect America Phase II support in Connect America-eligible areas in New York in coordination with New York's New NY Broadband Program. *See Connect America Fund; ETC Annual Reports and Certifications*, WC Docket Nos. 10-90, 14-58, Order, 32 FCC Rcd 968 (2017) (*New York Auction Order*). The census blocks that are served by price cap carriers that serve non-contiguous areas and elected to receive frozen support in lieu of model-based support for Phase II are not eligible for the Phase II auction. Alaska Communications Systems, Virgin Islands Telephone Corporation, and Puerto Rico Telephone Company elected to receive frozen support in lieu of model-based support for Phase II. *See Phase II Auction Order*, 31 FCC Rcd at 5968, n. 109.

<sup>12</sup> *Connect America, et al.*, Report and Order et al., 29 FCC Rcd 7051, 7060-61, paras. 30-32 (2014) (*April 2014 Connect America Order*) (making extremely high-cost census blocks eligible for the Phase II auction). Although extremely high-cost census blocks were not included in the Phase II offer of support, a price cap carrier is permitted to choose to serve locations in extremely high-cost census blocks in order to meet its obligation to serve a specific number of locations in a state. *Id.* at 7061, para. 32 & n.39. Extremely high-cost census blocks are those census blocks that the CAM determined have an average cost-per-location that exceeds the extremely high-cost benchmark of \$198.60 per location. *See also Updates in Price Cap and Rate-of-Return Areas Public Notice*, 32 FCC Rcd 4775.

<sup>13</sup> *Phase II Offer Public Notice*, 30 FCC Rcd at 3905 n.3; *December 2014 Connect America Order*, Report and Order, 29 FCC Rcd at 15672, paras. 74-75 (2014) (excluding census blocks served by subsidized competitors providing speeds of 4/1 Mbps or greater from the offer of model-based support and including those areas in the Phase II auction).

<sup>14</sup> *Phase II Offer Public Notice*, 30 FCC Rcd at 3905 n.1; *December 2014 Connect America Order*, 29 FCC Rcd at 15673-74, paras. 77-80 (excluding from the offer of model-based support areas that are served by 4/1 Mbps and determining that areas lacking 10/1 Mbps service from an unsubsidized competitor would be eligible for the auction).

<sup>15</sup> *Phase II Offer Public Notice*, 30 FCC Rcd at 3905 n.3; *December 2014 Connect America Order*, 29 FCC Rcd at 15674-77, paras. 83- 89 (excluding from the offer of model-based support certain census blocks that were included in non-winning rural broadband experiment applications that were submitted in category one and making those

- High-cost census blocks that were included in winning rural broadband experiment provisionally selected bids that subsequently defaulted and that were not included in the offer of model-based support;<sup>16</sup>
- Census blocks that are now classified as high-cost as a result of the Commission’s decision to average costs at the census block level, except those that included extremely high-cost locations where the price cap carrier accepted the offer of model-based support;<sup>17</sup>
- High-cost census blocks that were originally identified as served by rate-of-return carriers but were later determined to be located in price cap carriers’ service territories; and
- Census blocks that were eligible for the Phase II offer of model-based support but the price cap carrier accepting that support identified by December 31, 2015 that they would not serve.<sup>18</sup>

In addition, the list of eligible blocks excludes the following categories of blocks:

- Census blocks in rate-of-return areas based on A-CAM study area boundaries and additional data submitted by carriers;<sup>19</sup>
- Split census blocks where at least one price cap carrier accepted Phase II support, and census blocks that are split between a price cap carrier and a rate-of-return carrier;<sup>20</sup>
- Census blocks that are served by price cap carriers at speeds of at least 10/1 Mbps;<sup>21</sup> and
- Census blocks lacking 10/1 Mbps service where the price cap carrier accepted and has deployed service using Connect America Phase I supplemental support.<sup>22</sup>

The list of eligible blocks also incorporates the updates to the census blocks eligible for Phase II support in states where price cap carriers accepted the statewide offers of model-based support, and the data received in response to the *Updates in Price Cap and Rate-of-Return Areas Public Notice*.<sup>23</sup>

**Census Block Group Table.** As discussed above, the Commission proposed to use census block groups containing one or more eligible census blocks as the minimum geographic area for bidding in the

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eligible for the Phase II auction).

<sup>16</sup> See, e.g., *Connect America Fund, Rural Broadband Experiments*, Order, 31 FCC Rcd 853 (WCB 2016) (removing a provisionally selected bidder from further consideration for the rural broadband experiments after the offer of model-based support had been made).

<sup>17</sup> *Phase II Auction Order*, 31 FCC Rcd at 5971-72, paras. 64-65. For example, a census block that contains low-cost and extremely high-cost locations was not included in the offer of model-based support, but may—when those costs are averaged—become a high-cost census block. See also *id.* at 5972, para. 67 (clarifying that extremely high-cost locations located in census blocks where the price cap carrier has accepted Phase II support will not be eligible for Phase II auction support).

<sup>18</sup> *December 2014 Connect America Order*, 29 FCC Rcd at 15659-60, para. 39.

<sup>19</sup> See *Updates in Price Cap and Rate-of-Return Areas Public Notice*, 32 FCC Rcd 4775. In addition, a rate-of-carrier identified some census blocks where it did not anticipate being able to deploy service under the reasonable request standard, so these census blocks are included in the auction. See *id.* at 4778.

<sup>20</sup> *Phase II Auction Order*, 31 FCC Rcd at 5972, paras. 66 & n.133.

<sup>21</sup> *Id.* at 5973, para. 70.

<sup>22</sup> See *id.* at 5968, n. 111.

<sup>23</sup> See *Updates in Price Cap and Rate-of-Return Areas Public Notice*, 32 FCC Rcd 4775.

Phase II auction. Table 1 lists the census block groups eligible for bidding in the Phase II auction under this proposal. For each census block group, the table shows the census block group identification number (12-digit FIPS code),<sup>24</sup> the relevant state abbreviation, the county name, the number of locations that are eligible for Phase II support, and the reserve price rounded to the nearest dollar. The reserve price is the sum of the support amounts calculated for all locations within each eligible census block in the census block group, subject to the cap on extremely high-cost locations.<sup>25</sup>

**Census Block Table.** Table 2 lists the eligible census blocks within the census block groups that are eligible for bidding in the Phase II auction. For each census block, the table shows the census block identification number (15-digit FIPS code), the relevant state abbreviation, the county name, and the census block group identification number. Winning bidders may count towards their deployment obligation only locations within these census blocks.

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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<sup>24</sup> The Federal Information Processing Series (FIPS) codes are maintained and assigned by the Census Bureau to identify geographic areas. The 15-digit census block code consists of its 2-digit state code, 3-digit county code, 6-digit tract code, and 4-digit block code (with the first digit identifying the block group). For additional information about census blocks see: [https://transition.fcc.gov/form477/Geo/more\\_about\\_census\\_blocks.pdf](https://transition.fcc.gov/form477/Geo/more_about_census_blocks.pdf).

<sup>25</sup> See *CAF II Auction Comment Public Notice*, 32 FCC Rcd at 6258-59, paras. 65-68. For high-cost census blocks, the list identifies the total amount of support that the CAM calculates for the census block (i.e., the cost-per-location for all locations in the census block minus the funding threshold of \$52.50 per location). For extremely high-cost census blocks, the list identifies the amount of support the model would calculate for the census block if the support-per-location was capped at the proposed per location funding cap (i.e. \$146.10).