



PUBLIC NOTICE

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WIRELINE COMPETITION BUREAU RELEASES ALTERNATIVE CONNECT AMERICA COST MODEL VERSION 1.1 AND ILLUSTRATIVE RESULTS FOR POTENTIAL USE IN RATE-OF-RETURN AREAS

WC Docket No. 10-90

The Wireline Competition Bureau (Bureau) announces the release of the Alternative Connect America Cost Model (A-CAM) v1.1, which updates the model to reflect FCC Form 477 broadband deployment data as of December 31, 2014.¹ This release is the first of the updates described in the Public Notice released on July 29, 2015.² The Bureau also is releasing results that illustrate how different per-location funding caps used in calculating support impact the potential support calculated for a particular study area.

In the *April 2014 Connect America Order and FNPRM*, the Commission proposed a transition framework for a voluntary election by rate-of-return carriers to receive model-based support and directed the Bureau to make the adjustments necessary to the Connect America Cost Model (CAM) so that it could be used for rate-of-return areas, including incorporating the results of the study area boundary data collection.³ The Bureau has been actively working on refining the model since December 2014.⁴ Today, the Bureau announces the availability of version 1.1 of A-CAM incorporating updated broadband

¹ The prior version of A-CAM (v1.0.1) used State Broadband Initiative/National Broadband Map (SBI/NBM) data as of June 30, 2013. FCC Form 477 data offers several advantages over the SBI/NBM data. The Form 477 data collection is mandatory, and Form 477 filers must certify to the accuracy of their data.

² *Wireline Competition Bureau Announces Upcoming Modifications to the Alternative Connect America Cost Model*, WC Docket No. 10-90, DA 15-869 (Wireline Comp. Bur. rel. July 29, 2015).

³ *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order et al., 29 FCC Rcd 7051, 7074, para. 70, 7139-40, para. 276, 7143, para. 290 (2014) (*April 2014 Connect America Order and FNPRM*).

⁴ On December 22, 2014, the Bureau announced the availability of the first version of a model that could be used for rate-of-return carriers that voluntarily elect to transition to model-based support, the Alternative Connect America Cost Model (A-CAM v1.0). *Wireline Competition Bureau Announces Availability of Version 4.2 of the Connect America Fund Phase II Cost Model and the First Version of an Alternative Cost Model Being Developed for Potential Use in Rate-of-Return Areas*, WC Docket No. 10-90, Public Notice, 29 FCC Rcd 16157 (Wireline Comp. Bur. 2014) (*A-CAM v1.0 Public Notice*). On March 6, 2015 the Bureau released v1.0.1 of the A-CAM and a report illustrating how different assumptions used in calculating support impact the potential support calculated for a particular study area. *Wireline Competition Bureau Releases Alternative Cost Connect America Cost Model Version 1.0.1 and Illustrative Results for Potential Use in Rate-of-Return Areas*, WC Docket No. 10-90, Public Notice, 30 FCC Rcd 2067 (Wireline Comp. Bur. 2015) (*A-CAM v1.0.1 Illustrative Results Public Notice*). Additional information about A-CAM is available at <http://www.fcc.gov/encyclopedia/rate-return-resources>.

coverage to reflect the most recent submission of FCC Form 477 data from unsubsidized voice and fixed broadband providers.⁵

Version 1.1 of A-CAM updates the broadband coverage table that can be used in the support module to “filter” the cost data to exclude from support calculations the particular census blocks where an unsubsidized competitor offers voice and broadband services that meet the Commission’s service obligations.⁶ In the *December 2014 Connect America Order*, the Commission adopted a new minimum speed standard of 10 Mbps downstream and 1 Mbps upstream (10/1 Mbps) for recipients of high-cost support that are subject to broadband public interest obligations.⁷ A-CAM v1.1 uses the minimum speed standard of 10/1 Mbps, as reported in the most recent Form 477 broadband deployment data, to determine the presence of a cable or fixed wireless residential broadband competitor.⁸ A-CAM v1.1 then uses the most recent Form 477 voice subscription data to identify which cable or fixed wireless broadband competitors also offer voice service; only these competitors are included in the coverage table.⁹ Finally, A-CAM v1.1 uses updated 2014 high-cost claims data to identify the subsidized cable and fixed wireless broadband competitors, and these competitors are removed from the coverage table.¹⁰

Today, the Bureau also releases illustrative results produced using A-CAM v1.1 under three scenarios that illustrate how different per-location funding caps used in calculating support impact the potential support calculated for each rate-of-return study area in the country.¹¹ The Bureau previously released results produced using the prior version of A-CAM to illustrate how various assumptions used in calculating support impacted the potential support calculated for particular study areas under seven different scenarios. One of those scenarios utilized a per-location funding cap to keep total calculated

⁵ The most recent submission of Form 477 is for data as of December 31, 2014. The Form 477 broadband deployment data used in A-CAM v1.1 are preliminary and subject to revision. Form 477 data as of June 30, 2015 are due September 1, 2015, but that data collection is not yet complete and quality checking would need to be completed before those data could be used in the model. We intend to update with new coverage data as they become available until the final version of the model is adopted.

⁶ A-CAM contains two modules. The first is a cost module that calculates costs for all areas of the country. The second module of A-CAM is the support module, which calculates the support for each area based on those costs.

⁷ See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, 29 FCC Rcd 15644, 15649, para. 15 (2014) (*December 2014 Connect America Order*).

⁸ The Bureau previously used 10 Mbps/768 kbps as a proxy for 10/1 Mbps in A-CAM v1.0.1 because this speed tier was used in the SBI/NBM data. Form 477 does not collect bandwidth data in pre-determined tiers as the SBI/NBM data collection did, but instead requires providers to report the maximum advertised upload and download speeds they offer in a census block; therefore, the Bureau no longer needs to use 768 kbps as a proxy for 1 Mbps in A-CAM.

⁹ The prior version of A-CAM (v1.0.1) used Form 477 voice data as of June 30, 2013.

¹⁰ The 2014 Monitoring Reports, Updated 2014 High-Cost Claims data are available at https://apps.fcc.gov/edocs_public/attachmatch/DOC-332523A1.xlsx.

¹¹ These illustrative results are produced using solution set SSACAM20150812ACAM_1_1 and are available at https://transition.fcc.gov/wcb/ACAM_11_Report_Version2_0_FINAL_082715_public.xlsx. Support model results are not available for Guam and American Samoa because middle mile, undersea and submarine costs developed for CAM have not been expanded to include these non-contiguous rate-of-return areas at this time. See *A-CAM v1.0 Public Notice* at 16158, n.9. In addition, the illustrative results published today do not show support amounts for ETS and Sandwich Isles because both companies have pending petitions for waiver of their respective study area boundaries. See *Petition of ETS Telephone Company, Inc. for waiver of the definition of the “Study Area” boundary rules codified in part 36 of the Commission’s rules*, CC Docket No. 96-45 (filed Sept. 17, 2014); *Sandwich Isles Communications, Inc. Petition for Waiver of the Definition of “Study Area” Contained in Part 36, Appendix-Glossary of the Commission’s Rules*, CC Docket No. 96-45 (filed Nov. 29, 2012).

support within the total budget for rate-of-return carriers.

The three scenarios the Bureau releases today all use a funding benchmark of \$52.50, with census blocks that are served by unsubsidized cable or fixed wireless voice and broadband providers excluded from the support calculations. Reports 2.1, 2.2, and 2.3 use per-location funding caps of \$200, \$215, and \$230, respectively.

A-CAM v1.1 calculates costs using the same inputs as the prior version of the model and changes in support amounts are entirely due to changes in broadband coverage, and to the choice of per-location funding cap. Report 2.3 uses the same funding cap used in the previously released Report 1.3—\$230; therefore all changes in support between Report 2.3 from A-CAM v1.1 and Report 1.3 from A-CAM v1.0.1 are a result of changes in broadband coverage.

Specific to each report, for each study area, Columns A through D, identify the state, carrier, study area, and study area code. Column E shows total rate-of-return locations and Column F shows the number of residential and small business locations in the census blocks for which support is calculated. Column G shows how many of those locations are not currently served with 10 /1 Mbps. Column H shows model-based support and Column I shows high-cost support, excluding CAF-ICC support, received in 2014 as reported in the 2014 Monitoring Report. Finally, the upper right corner of each report summarizes the number of the rate-of-return study areas in the country that would receive more support if they elected model-based support under each scenario, and the number of study areas for which legacy support is greater than model-based support.

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