



PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Internet: <https://www.fcc.gov>
TTY: 1-888-835-5322

DA 16-378

Released: April 7, 2016

**WIRELINE COMPETITION BUREAU RELEASES ALTERNATIVE CONNECT
AMERICA COST MODEL VERSION 2.2 AND ILLUSTRATIVE RESULTS
AND
COMMENCES CHALLENGE PROCESS TO COMPETITIVE COVERAGE**

WC Docket No. 10-90

CHALLENGES DUE: April 28, 2016

The Wireline Competition Bureau (Bureau) announces the release of a new version of the Alternative Connect America Cost Model (A-CAM), v2.2, which incorporates the inputs and modifications recently adopted by the Commission in the *Rate-of-Return Reform Order*.¹ Specifically, v2.2 of the A-CAM utilizes an input value of 9.75 percent for the cost of money, incorporates updated broadband coverage to reflect the publicly available June 2015 FCC Form 477 data,² and excludes from support calculations census blocks where the incumbent provider reports at least 10 Mbps downstream and 1 Mbps upstream (10/1 Mbps) using either fiber to the premises (FTTP) or cable technology.³ The Bureau also is releasing illustrative results showing the support amounts calculated in v2.2 for each carrier in a state, utilizing a per-location funding cap per-location of \$200 for locations above a funding benchmark of \$52.50.⁴ The Bureau is releasing this information to assist rate-of-return carriers that are considering whether to elect to receive model-based support. However, v2.2 of A-CAM is not the final version of the model. The final version of the model will be announced in a subsequent Public Notice, after the completion of the challenge process discussed below and final updates to the broadband coverage data in the model.⁵ The offer of model-based support will be made after the effective date of the recently adopted *Rate-of-Return Reform Order*.

Incumbent Broadband Coverage Updates. The Commission directed the Bureau to exclude from the support calculations those census blocks where the incumbent rate-of-return carrier (or its affiliate) is offering voice and broadband service that meets the Commission's minimum standards for the high-cost

¹ *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order et al., FCC 16-33 (rel. March 30, 2016) (*Rate-of-Return Reform Order*). In the *April 2014 Connect America Order*, the Commission directed the Bureau to make adjustments to A-CAM as appropriate for use of the model in areas served by rate-of-return carriers. *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order et al., 29 FCC Rcd 7051, 7074, para. 70 (2014).

² The version of the June 2015 Form 477 data currently reflected in the model was released March 16, 2016 and includes revisions made by filers before February 19, 2016. *FCC Releases Form 477 Data on Fixed Broadband Deployment as of June 30, 2015*, WC Docket No. 11-10, DA 16-279 (WCB Mar. 16, 2016).

³ *Rate-of-Return Reform Order* at 16, 21, paras. 36-37, 51.

⁴ *Id.* at 21-22, 25, paras. 52-53, 64-65.

⁵ *Id.* at 16, 25 para. 37, 64.

program using FTTP or cable technology.⁶ For purposes of implementing this directive, the Commission directed the Bureau to utilize the June FCC Form 477 data that had been submitted and certified to the Commission prior to the date of release of the *Rate-of-Return Reform Order*.⁷ In addition, the Commission concluded that it will not make the offer of model-based support to any carrier that has deployed 10/1 Mbps broadband to 90 percent or more of its eligible locations in a state, based on June 2015 FCC Form 477 data that has been submitted as of the date of release of the *Rate of Return Reform Order*.⁸ The coverage data in the final version of A-CAM will be updated to include revisions made by rate-of-return carriers between February 19, 2016 and March 30, 2016.⁹ Rate-of-return carriers that filed Form 477 changes during that time period need not notify the Bureau of those changes.

Illustrative Reports. The illustrative reports the Bureau releases today include four reports.¹⁰ Report 6.1 shows the preliminary estimates in v2.2 of the state-level offer of model-based support for each carrier that is eligible to elect model-based support because it meets the condition that it has deployed 10/1 Mbps broadband to less than 90 percent of the eligible locations in its study area(s) in the state. The Commission concluded in the *Rate-of-Return Order* that the specific obligations to offer broadband would vary based on the state-level density of each carrier electing to receive model-based support.¹¹ Report 6.2 shows preliminary estimates for 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. This report shows the number of “fully funded” locations, including the specific number of locations with an obligation to offer 25/3 Mbps or 10/ Mbps, the number of capped locations, including the specific number of capped locations with an obligation to offer 4/1 Mbps, and the number of remaining locations subject to the reasonable request standard. Report 6.3 shows, based on Form 477 data submitted through February 19, 2016, carriers that have deployed 10/1 Mbps broadband to less than 90 percent of their eligible locations, which are flagged as eligible for the offer of model-based support with a “yes.” Carriers that have reported deployment of 10/1 Mbps broadband to 90 percent or more of their eligible locations are flagged with a “no.” Carriers with no locations eligible for the offer of model-based support, based on the decisions adopted by the Commission, are flagged with “NA.” Report 6.4 shows the support for each study area consistent with the format used in previously released illustrative reports.

Challenge Process for Unsubsidized Competitors. In the *Rate-of-Return Reform Order*, the Commission concluded that the broadband coverage for unsubsidized competitors based on June 2015 FCC Form 477 data will be subject to a streamlined challenge process.¹² The Commission directed the Bureau to provide a final opportunity for commenters to challenge the competitive coverage contained in the updated version of the model.¹³

⁶ *Id.* at 23-24, para. 56.

⁷ *Id.* (stating that carriers may not resubmit their previously filed data to reduce their reported FTTP or cable coverage).

⁸ *Id.* at 27, para. 66.

⁹ No FCC Form 477 revisions were submitted on March 30, 2016.

¹⁰ Available at https://transition.fcc.gov/wcb/ACAM22v2_Ill_Rprt_6_0_040716_FINAL.xlsx.

¹¹ *Rate-of-Return Reform Order*, at 11-13, paras. 25-26. These numbers may change in the final version of the model that will be released at a future date after the effective date of the Order.

¹² *Id.* at 16, 29, paras. 37, 71. The model excludes from support calculations those census blocks that are presumed to be served by an unsubsidized competitor. *See id.* at para. 59.

¹³ *Id.* at 29, para.71.

Competitors that have made any corrections to their FCC Form 477 June 2015 data since February 19, 2016 are invited now to file comments informing the Commission of such corrections.¹⁴ Similarly, competitors that have newly deployed broadband in particular census blocks since June 2015 are invited to file comments in this challenge process indicating that their certified FCC Form 477 December 2015 data reports broadband for the first time in specified census blocks.¹⁵

Parties filing comments seeking to contest the competitive coverage contained in v2.2 of the A-CAM should be aware that the Commission has stated that a comment that argues in conclusory fashion that the competitive coverage contained in the updated version of the model is overstated is unlikely to be persuasive.¹⁶

We note that the Bureau recently announced the results of the 2016 urban rate survey for fixed voice and broadband services, and the required minimum usage allowance for eligible telecommunications carriers subject to broadband public interest obligations.¹⁷ Competing providers must meet those standards for voice and broadband service in the relevant census blocks in order to be deemed an “unsubsidized competitor.”

Comments to challenge the coverage data for competitors will be **due April 28, 2016**.

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.

- FCC -

¹⁴ *Id.* at 29, para 71 n.147. Filers must follow the established process for making corrections to their FCC Form 477 data. To the extent parties are filing comments in WC Docket No. 10-90 regarding changes in their FCC Form 477 data, it would be helpful to provide the FCC Registration Number (FRN) used to make the corrected Form 477 filing, the “as of date” of the updated data, and the specific census blocks that have changed since the June 2015 filing. Absent this information, the Bureau would be unable to identify the relevant records to incorporate into the final version of the model.

¹⁵ Competitors that reported they served a particular census block in both the June 2015 and December 2015 Form 477 need not, and should not, file comments in this proceeding; the Bureau requests comments only from competitors that reported coverage in December 2015 for the first time in a particular census block.

¹⁶ *Rate-of-Return Reform Order* at 29 para. 71 n.146.

¹⁷ *Wireline Competition Bureau Announces Results of 2016 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, And Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, WC Docket No. 10-90, DA 16-362 (WCB Apr. 5, 2016).