



PUBLIC NOTICE

Federal Communications Commission
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DA 12-1463

Release Date: September 10, 2012

WIRELINE COMPETITION BUREAU ANNOUNCES AGENDA FOR CONNECT AMERICA PHASE II COST MODEL WORKSHOP

WC Docket Nos. 10-90, 05-337

On August 20, 2012, the Wireline Competition Bureau (Bureau) announced that it would hold a Connect America Phase II cost model workshop.¹ Today, the Bureau announces the detailed agenda for the Connect America Phase II cost model workshop.

The workshop is the next step in implementing Phase II of the Connect America Fund established in the *USF/ICC Transformation Order*.² The workshop will discuss the design and mechanics of one model that estimates the cost of providing service to the entire nation, submitted into the record by the ABC Coalition,³ and also a second model, submitted into the record by Alaska Communications Systems (ACS), that estimates the cost of providing service to the state of Alaska.⁴ The workshop will occur on September 13, 2012 from 8:30 a.m. to 5:30 p.m. and September 14, 2012 from 8:30 a.m. to 12:30 p.m. The full agenda for the workshop is attached.

¹ See *Wireline Competition Bureau announces Connect America Phase II Cost Model Workshop*, WC Docket Nos. 10-90 and 05-337, Public Notice, DA 12-1313 (Wireline Comp. Bur. rel. Aug. 20, 2012). This Public Notice makes slight changes to the previously announced schedule regarding the start and ending times of the workshop.

² The *USF/ICC Transformation Order* adopted a framework for providing ongoing support to areas served by price cap carriers, including areas where broadband service is not currently provided, known as Connect America Phase II. See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (*USF/ICC Transformation Order or Order*), *pets. for review pending sub nom. In re: FCC*, No. 11-9900 (10th Cir. filed Dec. 18, 2011). The Commission will provide ongoing support to these areas through “a combination of a forward-looking cost model and competitive bidding.” *Id.*, 26 FCC Rcd at 17673, para. 23. In June 2012, the Wireline Competition Bureau sought comment on a number of cost model threshold issues. See *Wireline Competition Bureau Seeks Comment on Model Design and Data Inputs for Phase II of the Connect America Fund*, WC Docket Nos. 10-90, 05-337, Public Notice, 27 FCC Rcd 6147 (Wireline Comp. Bur. rel. June 8, 2012).

³ Letter from Jonathan Banks, USTelecom, to Marlene H. Dortch, Federal Communications Commission, filed Feb. 13, 2012 (attaching updated documentation of CQBAT model) (CQBAT letter). This submission updated the ABC Coalition’s prior proposal for a forward-looking model, which had been submitted prior to the release of the *USF/ICC Transformation Order*. Letter from Robert W. Quinn, Jr., AT&T, Steve Davis, CenturyLink, Michael T. Skrivan, FairPoint, Kathleen Q. Abernathy, Frontier, Kathleen Grillo, Verizon, and Michael D. Rhoda, Windstream, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 et al., Attach. 1 at 13 (filed July 29, 2011) (ABC Plan). The ABC Coalition model was submitted pursuant to a protective order adopted by the Bureau. See *Connect America Fund, High-Cost Universal Service Support*, WC Docket Nos. 10-90 and 05-337, Second Supplemental Protective Order, 27 FCC Rcd 1503 (2012).

⁴ Comments of Alaska Communications Systems Group, Inc., WC Docket Nos. 10-90 and 05-337 (filed Feb. 14, 2012); See *Connect America Fund, High-Cost Universal Service Support*, WC Docket Nos. 10-90 and 05-337, Second Protective Order, 27 FCC Rcd 1494, 1494 n.2 (2012).

On September 13th, the workshop will take place in the Commission Meeting Room (TW-C305), 445 12th Street, S.W., Washington, D.C. and will be streamed live at <http://www.fcc.gov/live>. On September 14th, the workshop will take place in the Commission's fourth floor South Conference Room (4B-516) and will also be accessible via WebEx and audio conference:

To Join the Online Meeting on September 13th:

1. Go to <https://fcccvents.webex.com/fcccvents/onstage/g.php?t=a&d=996621188>
2. Enter your name and email address.
3. Enter the meeting password: fcc123
4. Click "Join Now".

To Join the Audio Conference on September 14th:

Call in number: 1-888-858-2144

Access Code: 9639001

Participants will also be able to submit questions via e-mail to the staff during both days of the workshop by sending their e-mails to livequestions@fcc.gov.

Reasonable accommodations for people with disabilities are available upon request. The request should include a detailed description of the accommodation needed and contact information. We ask that requests for accommodations be made as soon as possible in order to allow the agency to satisfy such requests whenever possible. Send an email to fcc504@fcc.gov or call the Consumer and Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (TTY).

For additional information about the workshop, please contact David Zesiger in the Wireline Competition Bureau at (202) 418-2081, or via e-mail at David.Zesiger@fcc.gov.

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**CONNECT AMERICA PHASE II MODEL WORKSHOP
SEPTEMBER 13 & 14, 2010**

AGENDA

SEPTEMBER 13, 2012,

I. INTRODUCTIONS & OPENING REMARKS: 9:00 – 9:15 AM

II. SESSION 1: 9:15 – 10:30 AM

- ❖ Overview of the CostQuest Broadband Analysis Tool (CQBAT) and its Economic Underpinnings
 - High Level Overview
 - Review of General Assumptions
 - Overall design
 - Coverage of existing broadband
 - Network design
 - Take rate
 - Classifying companies to size and type
 - Network Capability
 - Voice / data / video
 - Overview of Economic Underpinnings
 - Levelization
 - Basic financial model
- ❖ Q/A

III. SESSION 2: 11:30 – 12:30

- ❖ Overview of CQBAT and its Economic Underpinnings (continued)
 - Overview of Economic Underpinnings (continued)
 - Annualization
 - Greenfield and brownfield
 - Cost assignment
 - Capturing Company and Geographic Specific attributes
- ❖ Comparison to Prior Modeling Approaches (Specifically the High-cost Proxy Model-HCPM)
- ❖ CQBAT Platform Overview
 - Review of Data Sources
 - Logic/Structure
 - High-level review of code steps
 - Output structure
- ❖ Q/A

IV. SESSION 3: 1:30 – 3:00 PM

- ❖ CQBAT Input Review (and sources)
 - Capex
 - Opex
 - Plant Mix
 - Sharing
 - Take Rate
 - Regional Cost Adjustment (what is it applied to)

- ❖ CQBAT Network Capex Overview
 - Middle Mile
 - Network routing
 - Assumptions
 - Testing
 - Telecom Plant
 - Review network topology development
 - Fiber to the DSLAM (FTTD) vs. Fiber to the Premises (FTTP)
 - Assumptions
 - What is in the Central Office (CO)

V. SESSION 4: 3:30 – 4:30 PM

- ❖ ACS Model Introduction
- ❖ Discussion of Significant Cost Differentials In Deploying Broadband in Alaska
- ❖ Summary of ACS Proposed Model
 - Modeling Process
 - Model Results
- ❖ Q/A

VI. SESSION 5: 4:30 – 5:30 PM

- ❖ Continuation of CQBAT Network Capex Overview
 - Network Topologies within CQBAT
 - Sizing Assumptions
 - Interplay of User Inputs
 - Shared Cost Allocation
- ❖ Q/A

SEPTEMBER 14, 2012

I. SESSION 1: 9:00 – 11:00 AM

- ❖ CQBAT Opex Overview
 - Structure
 - Development of Costs and Drivers

- ❖ Treatment of Areas Outside the “Mainland”
- ❖ Online CQBAT
 - Review of Run Time Parameters
 - Overview Filter Fields
 - Reporting
 - Review Audit Reports
 - Review Data Dumps
- ❖ Q/A

II. SESSION 2: 11:30 AM – 1:00 PM

- ❖ Review of Current CQBAT Results
 - What Runs Were Filed with the FCC
 - Report Results
 - Maps
- ❖ Key Issues of a Refresh With Logic “as-is”
 - Use of 2010 Census
 - Wire Center boundaries to Use
 - Customer Data to Use
 - Extent of Existing Broadband Coverage
 - Regional Adjustment Refresh
 - Key Assumptions to Review
- ❖ Q/A