PUBLIC NOTICE

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WIRELINE COMPETITION BUREAU ANNOUNCES ACCESS TO CONNECT AMERICA FUND COST MODELS FILED IN THE RECORD

WC Docket Nos. 10-90, 05-337

On November 18, 2011, the Federal Communications Commission (Commission) released the *USF/ICC Transformation Order*.[1] In that Order, the Commission adopted a methodology for distributing universal service support under the Connect America Fund (CAF) Phase II in areas served by price cap carriers.[2] The methodology will use a forward-looking cost model to estimate the costs of deployment of broadband-capable networks in high-cost areas and identify at a granular level the areas where support will be made available. The Commission delegated to the Wireline Competition Bureau (Bureau) "the task of selecting a specific engineering cost model and associated inputs" that meet criteria specified in the *USF/ICC Transformation Order*.[3] To begin the selection process, the Bureau released a Public Notice on December 15, 2011, inviting parties to submit forward-looking cost models with certain specific capabilities by February 1, 2012.[4]

The Bureau has received two models in response to that request, one from Alaska Communications Systems (ACS) and one from the United States Telecom Association. Interested parties may access the models and all underlying data, formulae, computations, and associated software to evaluate their suitability for use in determining support levels for CAF Phase II in price cap areas, subject to protective orders.[5]

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[1] *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GC Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*); *pets. for review pending sub nom. Direct Commc'ns Cedar Valley, LLC v. FCC*, No. 11-9581 (10th Cir. filed Dec. 8, 2011) (and consolidated cases).

[2] For purposes of CAF Phase II, the Commission concluded that it would treat as price cap carriers the rate-of-return operating companies that are affiliated with holding companies for which the majority of access lines are regulated under price caps. A "price cap territory" therefore includes a study area served by a rate-of-return operating company affiliated with price cap companies. *See USF/ICC Transformation Order* at para. 158, n.253.

[3] *Id.* para. 157.

[4] *Request for Connect America Fund Cost Models*, Public Notice, DA 11-2026, WC Docket Nos. 10-90, 05-337 (Wireline Comp. Bur.) (rel. Dec. 15, 2011).

[5] *See USF/ICC Transformation Order* at 74, para. 192; *December Public Notice* at 1, para. 4.

Directions for accessing the models filed into the record of this proceeding may be obtained at: http://www.fcc.gov/encyclopedia/access-caf-phase-ii-models. The Bureau expects to release a subsequent Public Notice later this month providing additional information on the next steps for development of the CAF Phase II cost model.

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