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

News Media Information 202 / 418-0513
Internet: <http://www.fcc.gov>
TTY: 1-888-835-5322

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WIRELINE COMPETITION BUREAU ANNOUNCES AVAILABILITY OF VERSION 3.1.4 OF THE CONNECT AMERICA FUND PHASE II COST MODEL, ILLUSTRATIVE RESULTS, AND UPDATED METHODOLOGY DOCUMENTATION

WC Docket No. 10-90

Today, the Wireline Competition Bureau (Bureau) announces the availability of the next version of the Connect America Cost Model (CAM v3.1.4), which allows Commission staff and interested parties to calculate costs based on a series of inputs and assumptions for Connect America Phase II implementation.¹ The Bureau has also updated the methodology documentation for CAM v3.1.4, to assist the public in understanding the current model architecture, processing steps, and data sources.² The methodology documentation is available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2013/db0624/DOC-321774A1.pdf.

CAM v3.1.4 updates the prior version (CAM v3.1.3) in a number of respects. First, this version includes a code change to enable users to calculate costs associated with assumptions of very heavy data usage.³ CAM v3.1.4 also modifies the OCNCoSize table to change the size categorization for Fremont Telephone from Medium to Small.⁴ Further, CAM v3.1.4 modifies the

¹ 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, 17673, para. 23 (2011) (*USF/ICC Transformation Order*), *pets. for review pending sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 8, 2011). Including Version 3.1.4, the Bureau has now released seven versions of the model to date. See *Wireline Competition Bureau Announces Availability of Version One of the Connect America Fund Phase II Cost Model*, WC Docket Nos. 10-90, 05-337, Public Notice, 27 FCC Rcd 15356 (Wireline Comp. Bur. 2012); *Wireline Competition Bureau Announces Availability of Version Two of the Connect America Fund Phase II Cost Model*, WC Docket No. 10-90, Public Notice, 28 FCC Rcd 280 (Wireline Comp. Bur. 2013); *Wireline Competition Bureau Announces Availability of Version Three of the Connect America Fund Phase II Cost Model*, WC Docket No. 10-90, Public Notice, 28 FCC Rcd 2316 (Wireline Comp. Bur. 2013); *Wireline Competition Bureau Announces Availability of Version 3.1 of the Connect America Fund Phase II Cost Model*, WC Docket No. 10-90, Public Notice, 28 FCC Rcd 5707 (Wireline Comp. Bur. 2013); *Wireline Competition Bureau Announces Availability of Version 3.1.2 of the Connect America Fund Phase II Cost Model and Adds Additional Discussion Topics to Connect America Cost Model Virtual Workshop*, WC Docket No. 10-90, Public Notice, DA 13-1136 (Wireline Comp. Bur. rel. May 17, 2013); *Wireline Competition Bureau Announces Availability of Version 3.1.3 of the Connect America Fund Phase II Cost Model*, WC Docket No. 10-90, Public Notice, DA 13-1340 (Wireline Comp. Bur. rel. June 7, 2013).

² The methodology documentation has been, and will continue to be, revised to reflect any changes made in the Connect America Cost Model. This documentation replaces the version 3.1.3 methodology documentation that was posted recently. See *Wireline Competition Bureau Releases Illustrative Results from Connect America Cost Model Version 3.1.3, and Methodology Documentation for Version 3.1.3*, WC Docket No. 10-90, Public Notice, DA 13-1394 (Wireline Comp. Bur. rel. June 17, 2013).

³ See CAM v3.1.4 Methodology at section 15, available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2013/db0624/DOC-321774A1.pdf.

⁴ The OCNCoSize input table can be found under the Model Inputs section of the Posted Data Sets tab.

support model interface to present users with illustrative values for the Target Benchmark and Alternative Technology Cap (AltTechCap) by solution set, and modifies report headers for the model output to show the Target Benchmark and AltTechCap to six decimal places of precision. CAM v3.1.4 also removes the Override Company Size solution set toggle. Finally, CAM v3.1.4 makes several clean-up changes to the support model, model reports, input workbooks, and posted data sets.⁵ These changes are reflected in two solution sets that can be accessed by accessing CAM v3.1.4, visiting the Posted Data Sets page, and viewing the CAM314ACF8UnSubCompSBI6Voice and CAM314ACF9UnSubCompSBI6Voice solution sets under Model Outputs.

Parties should follow the same procedures to access CAM v3.1.4 as announced for previous versions. In particular, parties may access CAM v3.1.4 at <http://www.fcc.gov/encyclopedia/caf-phase-ii-models> or <https://cacm.usac.org>.⁶ Additionally, authorized users who have signed the attachments to the protective order will have access to a system evaluator package that provides a test environment populated with a sample database, allowing users to view database structures, observe the processing steps of CAM for a subset of the country, and see changes in the database.

In conjunction with the release of CAM v3.1.4, the Bureau releases illustrative model outputs from running CAM v3.1.4 using different combinations of possible model inputs and support assumptions, with an illustrative funding threshold of \$52.⁷ The reports show potential support amounts and number of supported locations, by carrier, by state, using the default input values in CAM 3.1.4. The reports are available at <http://www.fcc.gov/encyclopedia/connect-america-cost-model-illustrative-results>. The Bureau has not yet finalized and adopted a cost model.⁸ Accordingly, the illustrative results that we release today are not final support amounts.

⁵ CAM v3.1.4 removes references to previously removed report parameters from report output fields— affecting the Contribution Margins, FCC Portion, Funding Approach, and Monthly Support Funding Cap fields. Further, CAM v3.1.4 removes “Wireless” text labels, replacing them with “Fixed Wireless” text labels throughout the application, which updates the support model parameters, reports, and Census Block group detail and Census Block summary posted data sets. This version also updates the capital expenses, annual charge factors, and operating expenses input workbooks to improve readability, removes stray notes, adds informative labels, and removes inputs necessary only for fiber-to-the-DSLAM networks.

⁶ In order to access any version of the model, parties must execute the relevant acknowledgement of confidentiality, licensing, and nondisclosure documents released as attachments to a Third Supplemental Protective Order. See *Connect America Fund*, WC Docket No. 10-90, Third Supplemental Protective Order, 27 FCC Rcd 15277 (Wireline Comp. Bur. 2012).

⁷ The Bureau sought comment in the virtual workshop on setting the appropriate thresholds that will determine which census blocks lacking an unsubsidized competitor are funded. See “Support Thresholds,” *WCB Cost Model Virtual Workshop 2012*, <http://www.fcc.gov/blog/wcb-cost-model-virtual-workshop-2012-support-thresholds> (last visited June 24, 2013). The illustrative funding threshold of \$52 in CAM v3.1.4 was selected to be consistent with the default assumptions in that version of the model regarding take rate (80 percent) and assumed average revenue per user (\$65).

⁸ The Bureau released an order adopting key engineering assumptions for the Connect America Cost Model earlier this year. See *Connect America Fund; High-Cost Universal Service Support*, WC Docket Nos. 10-90, 05-337, Report and Order, 28 FCC Rcd 5301 (Wireline Comp. Bur. 2013). The Bureau currently is seeking public comment on two questions in the virtual workshop. *Wireline Competition Bureau Adds Two New Discussion Topics to Connect America Cost Model Virtual Workshop*, WC Docket No. 10-90, Public Notice, DA 13-1396 (Wireline Comp. Bur. rel. June 17, 2013). Comments are due July 15, 2013. See generally *WCB Cost Model Virtual Workshop 2012*, <http://www.fcc.gov/blog/wcb-cost-model-virtual-workshop-2012> (last visited June 24, 2013).

For further information, please contact Katie King in the Wireline Competition Bureau at (202) 418-1500, or via e-mail at katie.king@fcc.gov.

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