



# PUBLIC NOTICE

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## PHASE I CHALLENGE PROCESS LIMITED TO PRICE CAP AREAS

### WC Docket No. 10-90

In the *USF/ICC Transformation Order*, the Commission established Connect America Phase I incremental support to spur immediate deployment of broadband-capable infrastructure to unserved locations in price cap territories.<sup>1</sup> Connect America Phase I incremental support provides a fixed amount of per location support in exchange for a price cap carrier's commitment to deploy broadband-capable infrastructure to a number of unserved locations within its territory.<sup>2</sup> When electing to accept Phase I incremental support, price cap carriers were required to identify the census blocks in which they intended to use Phase I incremental support, and those requests are subject to a challenge process to determine whether the census block is unserved and thus eligible for support.<sup>3</sup> As census block demarcations do not always align with study area boundaries, some census blocks may be divided among two or more incumbent local exchange carriers.

In response to inquiries,<sup>4</sup> the Bureau emphasizes that the Phase I challenge process is focused solely on areas within a price cap carrier's study area. Phase I funds may only be used to deploy infrastructure in areas within the price cap carrier's territory. We note that for divided census blocks, the challenge process is focused on whether the portion of the census block falling within the price cap carrier's study area should be deemed unserved. The price cap carrier may not deploy in the portion of the census block that is outside its study area. Therefore, there is no need for rate of return incumbent carriers to participate in the challenge process merely to confirm that they serve the portion of the census block within their study areas.

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For further information, please contact Ryan Yates, Telecommunications Access Policy Division, Wireline Competition Bureau at 202-418-7400, or at TTY (202) 418-0484.

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<sup>1</sup> See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC 17663, 17712, para. 127 (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).

<sup>2</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17720-21, paras. 146-47.

<sup>3</sup> *Id.* at 17720, para. 146; *Connect America Fund*, WC Docket No. 10-90, Report and Order, 28 FCC Rcd 7766, 7775, para. 23 (2013).

<sup>4</sup> See Letter from Michael R. Romano, Senior Vice President, NTCA – The Rural Broadband Association, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 10-90 et al. (filed Sept. 4, 2013).