



# PUBLIC NOTICE

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DA 13-70

Released: January 17, 2013

## WIRELINE COMPETITION BUREAU ANNOUNCES AVAILABILITY OF VERSION TWO OF THE CONNECT AMERICA FUND PHASE II COST MODEL

WC Docket No. 10-90

Comment Date: February 15, 2013

Today, the Wireline Competition Bureau (Bureau) announces the availability of version two of the Connect America Cost Model that allows Commission staff and interested parties to further calculate costs based on a series of inputs and assumptions for Connect America Phase II implementation. The version of the model ultimately adopted by the Bureau will determine support amounts to be offered to price cap carriers in Connect America Phase II.

Connect America Fund Phase II will provide ongoing support for voice services and the extension of broadband-capable networks to millions of unserved locations using “a combination of a forward-looking cost model and competitive bidding.”<sup>1</sup> On December 11, 2012, the Bureau announced the release of version one of the Connect America Cost Model, which allowed it and interested parties to examine various options for different network deployments to serve funded locations and different assumptions about the amount of existing facilities assumed to exist and unit costs for capital and operating expenses.<sup>2</sup>

Version two of the Connect America Cost Model builds on version one in a number of key areas, specifically with regard to input data sets. For example, version two incorporates 2010 census boundaries and December 2011 National Broadband Map data, as well as the latest available version of GeoResults wire center boundaries. Version two also incorporates updated consumer location and business location counts.

Parties should follow the same procedures to access version two of the model as previously announced for version one. In particular, parties may access version two of the cost model at <http://www.fcc.gov/encyclopedia/caf-phase-ii-models>.<sup>3</sup>

<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 Rcd 17663, 17673, para. 23 (2011) (*USF/ICC Transformation Order and FNPRM*), *pets. for review pending sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 8, 2011).

<sup>2</sup> *Wireline Competition Bureau Announces Availability of Version One of the Connect America Fund Phase II Cost Model*, WC Docket Nos. 10-90 and 05-337, Public Notice, DA 12-2011 (Wireline Comp. Bur. rel. Dec. 11, 2012).

<sup>3</sup> Version two and subsequent versions will be hosted by the Universal Service Administrative Company (USAC). Please note that it may take up to two days for the new IP address to be cascaded to all DNS. In addition, user access may be limited on Saturday, January 19<sup>th</sup> by regularly scheduled USAC system maintenance. 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 Protective Order, DA 12-1995 (Wireline Comp. Bur. rel. Dec. 11, 2012).

The Bureau emphasizes that this is not the final version of the Connect America Cost Model, and the modifications in version two do not represent a preliminary finding about the approach that the Bureau will ultimately adopt in this proceeding. The Bureau will continue to develop the cost model platform and inputs before adopting a forward-looking cost model for Connect America Phase II as directed in the *USF/ICC Transformation Order and FNPRM*.

The Bureau previously sought input, in a virtual workshop, on whether additional functionalities or capabilities should be added to the Connect America Cost Model platform, with those comments due on January 11, 2013.<sup>4</sup> We now invite parties to update the record on whether other functionalities, capabilities or data sets should be incorporated into the model, in light of version two.<sup>5</sup> Comments on this topic should be submitted in the virtual workshop no later than **February 15, 2013**.

After an opportunity for further public comment on additional issues, the Bureau will adopt an order at a subsequent date in 2013 that adopts a final version of the Connect America Cost Model that will be used for purposes of estimating support amounts in price cap areas. The Bureau encourages interested parties to access the Connect America Cost Model to provide input on whether it provides reasonable estimates of forward-looking efficient costs and what adjustments, if any, should be made before the Bureau finalizes and adopts the Connect America Cost Model.

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](mailto:katie.king@fcc.gov).

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<sup>4</sup> *Wireline Competition Bureau Announces Commencement of Connect America Phase II Cost Model Virtual Workshop*, WC Docket Nos. 10-90 and 05-337, Public Notice, 27 FCC Rcd 11977 (Wireline Comp. Bur. 2012).

<sup>5</sup> Parties are not expected to resubmit previously filed comments.