



# PUBLIC NOTICE

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## WIRELINE COMPETITION BUREAU RELEASES MAPS OF ILLUSTRATIVE RESULTS FOR CONNECT AMERICA COST MODEL VERSION 4.0

### WC Docket No. 10-90

On December 18, 2013, the Wireline Competition Bureau (Bureau) announced the release of illustrative results for version 4.0 of the Connect America Cost Model (CAM v4.0).<sup>1</sup> Today, as part of the Bureau's continuing open, transparent, and deliberative process to adopt a cost model,<sup>2</sup> the Bureau announces the release of maps that depict these illustrative results. The maps display the areas that would potentially be eligible for the Connect America Fund Phase II offer of model-based support to price cap carriers, based on the output from CAM v4.0 using alternative funding thresholds.<sup>3</sup>

The illustrative results that the Bureau released in December for CAM v4.0 were generated using two potential funding thresholds: \$48 and \$52. At that time, the Bureau also released, for each funding threshold, lists of census blocks that would be funded under that version of the model.<sup>4</sup> The maps that the Bureau releases today provide a visualization of these census blocks that potentially would be eligible

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<sup>1</sup> *Wireline Competition Bureau Releases New and Improved Illustrative Results for Connect America Cost Model Version 4.0 and Updated Methodology Documentation*, WC Docket No. 10-90, Public Notice, 28 FCC Rcd 16827 (Wireline Comp. Bur. 2013). The Bureau announced the release of CAM v4.0 on December 2, 2013 and sought comment on whether to adopt this version of the model and associated default inputs for purposes of calculating costs in price cap areas for implementing Connect America Phase II. *Wireline Competition Bureau Announces Availability of Version 4.0 of the Connect America Fund Phase II Cost Model and Seeks Comment on Adopting Current Default Inputs in Final Version of Model*, WC Docket No. 10-90, Public Notice, 28 FCC Rcd 16339 (Wireline Comp. Bur. 2013). The Bureau also released publicly the default inputs for CAM v4.0 on the Commission's website. See *Wireline Competition Bureau Releases Default Inputs for Connect America Cost Model Version 4.0*, WC Docket No. 10-90, Public Notice, 28 FCC Rcd 16440 (Wireline Comp. Bur. 2013).

<sup>2</sup> The Commission delegated to the Bureau the task of selecting a specific engineering cost model and associated inputs, consistent with the parameters set forth in the *USF/ICC Transformation Order*, to determine support amounts to be offered to price cap carriers that make a state-level commitment. 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, 17735, paras. 187 (2011) (*USF/ICC Transformation Order*), *pets. for review pending sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. argued Nov. 19, 2013).

<sup>3</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17727-29, paras. 166-71.

<sup>4</sup> CAM v4.0 calculates the cost to serve each census block on a per-location per-month basis. A \$52 funding threshold, for instance, assumes that support is provided only in census blocks where the average cost per location is \$52 or greater.

for the offer of model-based support.<sup>5</sup> The maps also display the areas below the illustrative funding threshold, the areas above the potential extremely high-cost threshold, and the areas potentially excluded from eligibility due to the presence of an unsubsidized competitor (based on State Broadband Initiative data and FCC Form 477 data).<sup>6</sup> The map generated by running CAM v4.0 using a \$48 funding threshold is available at <http://www.fcc.gov/maps/fcc-connect-america-fund-phase-ii-cam-v40-illustrative-map-funding-threshold-48>. The map generated by running CAM v4.0 using a \$52 funding threshold is available at <http://www.fcc.gov/maps/fcc-connect-america-fund-phase-ii-cam-v40-illustrative-map-funding-threshold-52>.

The Bureau is also releasing the underlying data that were used to develop each of the maps of illustrative results.<sup>7</sup> For census blocks served by price cap carriers, the data also depict whether the census block would potentially be eligible for the offer of model-based support (i.e., the cost to serve that census block falls between the illustrative funding threshold and the potential extremely high-cost threshold), or whether the census block would fall below the illustrative funding threshold or above the potential extremely high-cost threshold.<sup>8</sup> The data also show for every census block whether the census block is presumptively served by a carrier that qualifies as an unsubsidized competitor, thus potentially excluding that census block from receiving model-based support depending on the outcome of the Phase

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<sup>5</sup> The maps are best viewed using at a minimum one of the following versions of available Internet browsers (or a later version): Safari version 6, Chrome version 17, Firefox version 5, Opera version 12, or Internet Explorer version 9.

<sup>6</sup> See *Connect America Fund*, WC Docket No. 10-90, Report and Order, 28 FCC Rcd 7211, 7212-13, paras. 4-5 (Wireline Comp. Bur. 2013) (*Phase II Challenge Process Order*). The eligibility of specific census blocks will also be subject to a challenge process. See *id.*

<sup>7</sup> CAM v4.0 calculates costs for the entire country, including areas where the incumbent is a rate-of-return carrier. Only price cap areas are eligible for the offer of model-based support. *USF/ICC Transformation Order*, 26 FCC Rcd at 17729, para. 171. Each census block is classified as either price cap or rate-of-return so that the rate-of-return areas can be filtered out. Rate-of-Return census blocks are identified with the flag “ROR” in the “CostCategory” column of the data files.

<sup>8</sup> Price cap census blocks that fall below the illustrative funding threshold are identified with the flag “LT” (less than the funding threshold) in the “CostCategory” column of the data files, while price cap census blocks that fall above the potential extremely high-cost threshold are identified with the flag “GT” (greater than the extremely-high cost threshold). Price cap census blocks that fall between the two thresholds, and thus are potentially eligible for the offer of model-based support under this version of the model, are identified with the flag “BTW” (between the funding threshold and extremely high-cost threshold). If a price cap census block has at least one location that falls between the illustrative funding threshold and the potential extremely high-cost threshold, that census block is identified as potentially eligible for the offer of model-based support. In instances where a census block does not have any potentially eligible locations and is served by two price cap carriers, one of which has locations below the illustrative funding threshold and one of which has locations above the potential extremely high-cost threshold, that census block is classified by whichever carrier is serving the majority of the locations within the census block (i.e., if the price cap carrier that serves more locations within a census block served by two price cap carriers has locations that fall below the illustrative funding threshold, the census block is classified as below the illustrative funding threshold). In the instances where two price cap carriers are serving an equal number of locations within a census block, but one price cap carrier has locations below the illustrative funding threshold and one price cap carrier has locations above the potential extremely high-cost threshold, the census block is classified as above the potential extremely high-cost threshold.

II challenge process.<sup>9</sup> The data files are available at <http://www.fcc.gov/encyclopedia/connect-america-cost-model-illustrative-results>.

The Bureau is releasing these maps and their underlying data to further assist the public to see at a granular level the potential geographic areas in which price cap carriers will be offered Connect America model-based support. The maps and underlying data will also further assist parties that potentially would want to challenge the eligibility of specific census blocks when the Bureau commences the challenge process at a future date.<sup>10</sup>

Because the Bureau has not yet finalized and adopted a cost model or funding threshold, the maps that we release today should not be viewed as a decision on which price cap census blocks will be subject to the offer of model-based support.<sup>11</sup> If the Bureau makes further changes to CAM v4.0, the areas that would be eligible for the offer of model-based support to price cap carriers, as well as the areas above the extremely high-cost threshold and below the funding threshold, would change.

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<sup>9</sup> Census blocks that are presumed to be served by an unsubsidized provider are identified with the flag “S” (served) in the “BBServed” column of the data files, while census blocks that are not presumed to be served by an unsubsidized provider are identified with the flag “U” (unserved). A census block is presumed to be served by an unsubsidized competitor if the area is shown on the National Broadband Map as served by a provider with broadband service at a minimum speed of 3 Mbps up and 768 kbps down, and if the provider is shown in Form 477 data as providing voice service in the relevant state. *Phase II Challenge Process Order*, 28 FCC Rcd at 7216, para. 11.

<sup>10</sup> The Bureau adopted a framework for the Phase II challenge process in May 2013. *Id.* at 7212-20, paras. 4-22.

<sup>11</sup> The Bureau has not yet selected input values or the funding thresholds for purposes of calculating the offer of support to price cap carriers.