



# PUBLIC NOTICE

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## WIRELINE COMPETITION BUREAU ANNOUNCES AVAILABILITY OF VERSION 4.2 OF THE CONNECT AMERICA PHASE II COST MODEL AND THE FIRST VERSION OF AN ALTERNATIVE COST MODEL BEING DEVELOPED FOR POTENTIAL USE IN RATE-OF-RETURN AREAS

### WC Docket No. 10-90

The Wireline Competition Bureau (Bureau) announces the availability of version 4.2 of the Connect America Cost Model (CAM v4.2).<sup>1</sup> Pursuant to its delegated authority, the Bureau adopted the Phase II cost model that will be used to determine the offer of model-based support to price cap carriers.<sup>2</sup> CAM v4.2 incorporates changes to the broadband coverage used by the model to implement the Commission's decision in the *December 2014 Connect America Order* to exclude from the offer of model-based support any census block that is served by a subsidized facilities-based terrestrial competitor offering fixed residential voice and broadband services meeting or exceeding speeds of 3 Mbps/768 kbps.<sup>3</sup> Prior versions of the model removed subsidized competitors from the broadband coverage data used to calculate which census blocks presumptively will receive Phase II support.<sup>4</sup> In CAM v4.2, the filtering step used to remove competitive providers receiving high-cost support has been eliminated.<sup>5</sup>

Today, the Bureau also releases results for CAM v4.2 illustrating the number of locations that would be eligible for the offer of model-based Connect America Phase II support using the revised broadband coverage. Removing census blocks served by subsidized competitors from the offer of model-based support increases the extremely high-cost threshold increases for \$207.81 to \$209.32.<sup>6</sup> After the Bureau completes the Phase II challenge process for the offer of model-based

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<sup>1</sup> The previous version of the model, CAM v.4.1.1 was made available on April, 17, 2014. See *Wireline Competition Bureau Announces Availability of Version 4.1.1 of the Connect America Fund Phase II Cost Model*, WC Docket No. 10-90, Public Notice, 28 FCC Rcd 3884 (Wireline Comp. Bur. 2014).

<sup>2</sup> See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, 28 FCC Rcd 5301 (Wireline Comp. Bur. 2013) (*CAM Platform Order*); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, 29 FCC Rcd 3964 (Wireline Comp. Bur. 2014) (*CAM Inputs Order*).

<sup>3</sup> See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, FCC 14-190, at paras. 73-74 & n.166 (rel. Dec. 18, 2014) (*December 2014 Connect America Order*).

<sup>4</sup> See *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, 28 FCC Rcd 8339 (Wireline Comp. Bur. 2013).

<sup>5</sup> Updated documentation is available via the Model Methodology link at <http://www.fcc.gov/encyclopedia/price-cap-resources>.

<sup>6</sup> The number of locations eligible for support decreases slightly, from 4,245,611 to 4,202,295.

support and makes a final determination as to which census blocks will be eligible for the offer of model based Phase II support, the Bureau will release results and a list of eligible census blocks.<sup>7</sup>

The Bureau also announces the availability of the first version of a model that could be used for rate-of-return carriers that voluntarily elect to transition to model-based support, the Alternative Cost America Model (A-CAM v1.0). In the *April 2014 Connect America Order and FNPRM*, the Commission proposed a transition framework for a voluntary election by rate-of-return carriers to receive model-based support, and directed the Bureau to incorporate the results of the study area boundary data collection in the CAM and to make such other adjustments as appropriate for use of that model in rate-of-return territories.<sup>8</sup> This first version of A-CAM is fundamentally the same as CAM 4.2 to provide a baseline for evaluating subsequent modifications, and therefore uses the same GeoResults service area boundaries used in CAM.<sup>9</sup> The next version of A-CAM will incorporate the study area boundary data submitted by rate-of-return carriers pursuant to the Bureau's data request. The model methodology for A-CAM is available via the <http://www.fcc.gov/web/ModelMethodologyACAM10v3.pdf> link at <http://www.fcc.gov/encyclopedia/rate-return-resources>.

The CAM and A-CAM are available at <http://www.fcc.gov/encyclopedia/caf-phase-ii-models> or <https://cacm.usac.org/>. In order to access either model, parties must execute the relevant acknowledgement of confidentiality, licensing, and nondisclosure documents released as attachments to a *Third Supplemental Protective Order*.<sup>10</sup> Existing users of CAM who have signed and filed the appropriate documents can contact [CACMSupport@costquest.com](mailto:CACMSupport@costquest.com) to get a new link for login credentials for A-CAM.

For additional information on this proceeding, contact Katie King ([Katie.King@fcc.gov](mailto:Katie.King@fcc.gov)) of the Wireline Competition Bureau, Telecommunications Access Policy Division, (202) 418-7400.

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<sup>7</sup> In addition to removing from eligibility any blocks the Bureau determines are served by a qualifying competitor providing service of at least 3 Mbps/768 kbps, the Bureau also will remove census blocks included in rural broadband experiment applications of selected bidders and certain non-winning rural broadband experiment projects. See *December 2014 Connect America Order*, FCC 14-190, at paras. 79, 82-89.

<sup>8</sup> *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order et al., 29 FCC Rcd 7051, 7074, para. 70, 7139-40, para. 276, 7141-43, paras. 283-91 (2014) (*April 2014 Connect America Order and/or FNPRM*).

<sup>9</sup> Currently, A-CAM also incorporates the changes to the broadband coverage used in CAM 4.2, described above, and uses the same input values adopted for CAM. Support model results are available for rate-of-return areas, except the non-contiguous rate-of-return areas such as Guam and American Samoa. Middle mile, undersea and submarine costs developed for CAM have not been expanded to include these non-contiguous rate-of-return areas at this time.

<sup>10</sup> See *Connect America Fund*, WC Docket No. 10-90, Third Supplemental Protective Order, 27 FCC Rcd 15277 (Wireline Comp. Bur. 2012).