



PUBLIC NOTICE

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**RURAL BROADBAND EXPERIMENT SUPPORT
AUTHORIZED FOR FIVE WINNING BIDS FOR FIRST STEP INTERNET, LLC AND
NORTHEAST RURAL SERVICES, INC.**

**WC Docket No. 10-90
WC Docket No. 14-259**

By this Public Notice, the Wireline Competition Bureau (Bureau) authorizes rural broadband experiment support for First Step Internet, LLC (First Step) and Northeast Rural Services, Inc. (Northeast Rural Services) for the winning bids identified in the Attachment of this Public Notice. The \$1,299,730.45 in support that we authorize today will bring new broadband to 202 census blocks in three states.

On December 5, 2014, the Commission announced the first round of provisionally selected bidders for the rural broadband experiments.¹ By specified deadlines, the provisionally selected bidders were required to submit certain technical and financial information, a letter of credit (LOC) commitment letter from a bank meeting the Commission's requirements, and documentation of their eligible telecommunications carrier (ETC) designations in all of the areas for which they will receive support, and certify that the information submitted is accurate.² After reviewing these materials, the Bureau announced on May 27, 2015 that it was ready to authorize support for 15 specific bids and set a deadline of June 10, 2015 for the provisionally selected bidders to submit a least one acceptable irrevocable stand-by LOC and Bankruptcy Code opinion letter from legal counsel.³

For each of the winning bids identified in the Attachment, the Bureau has reviewed the winning bidders' submissions, including the LOC and Bankruptcy Code opinion letter from the winning bidders' legal counsel. Based on the representations and certifications in the winning bidders' applications, the Bureau now authorizes support for the winning bids listed in the Attachment. A list of the relevant census blocks is available at <https://www.fcc.gov/encyclopedia/rural-broadband-experiments>.

Upon issuance of this Public Notice, the Universal Service Administrative Company (USAC) is directed and authorized to obligate and disburse from the Connect America reserve account the support

¹ *Wireline Competition Bureau Announces Entities Provisionally Selected for Rural Broadband Experiments; Sets Deadlines for Submission of Additional Information*, WC Docket No. 10-90, Public Notice, 29 FCC Rcd 14684 (Wireline Comp. Bur. 2014).

² *Connect America et al.*, WC Docket Nos. 10-90 and 14-58, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8769, 8787-88, paras. 52, 54 (2014) (*Rural Broadband Experiments Order*).

³ *Wireline Competition Bureau Announces Rural Broadband Experiments Support for 15 Provisionally Selected Bids is Ready to Be Authorized and Releases Updated Frequently Asked Questions*, WC Docket Nos. 10-90 and 14-259, Public Notice, 30 FCC Rcd 5038 (Wireline Comp. Bur. 2015).

amounts identified in the Attachment to the winning bidder associated with each study area specified in the Attachment. USAC shall disburse the support amounts to Northeast Rural Services in 120 equal monthly installments over the 10-year support term. First Step elected to receive 30 percent of the total support upfront in exchange for meeting accelerated deployment obligations. USAC shall disburse 30 percent of First Step's total support amount with the first monthly payment, and disburse the remaining 70 percent of its support in 120 equal monthly installments over the 10-year term.⁴ USAC will make disbursement payments to the account on file for the Service Provider Identification Number associated with the rural broadband experiment study area code (SAC).

In the *Rural Broadband Experiments Order*, the Commission adopted a requirement that recipients file an interim report on November 1, 2015, describing the status of their project (i.e., whether vendors have been hired, permits have been obtained, construction has begun) and including evidence regarding the locations (if any) that the recipients have built out to in their project areas by September 30, 2015.⁵ This interim reporting requirement is subject to approval by the Office of Management and Budget under the Paperwork Reduction Act of 1995.⁶ We will announce by public notice when approval is granted and set a deadline for submission of this interim report at that time. We also note that we previously concluded that there is good cause to waive on our own motion the general high-cost support program requirement that the relevant states file a section 54.314 certification on rural broadband experiment recipients' behalf by October 1, 2015 with respect to the use of rural broadband experiment support.⁷

We also remind recipients that a winning bidder that has been authorized to receive rural broadband experiment support will default if it fails to meet its build-out obligations to offer service delivering the requisite speed, latency, usage and pricing, fails to keep open and renew its LOC, or fails to fulfill any other term or condition of rural broadband experiment support.⁸ Under the terms of the LOC, the Commission will be entitled to draw upon the LOC upon a recipient's default after the opportunity to cure.⁹ Recipients may also be subject to other sanctions for non-compliance with the terms and conditions of the rural broadband experiments or the Commission's rules.¹⁰

We note that price cap carriers that serve the census blocks where the rural broadband experiment winning bidders have been authorized to receive support no longer have a federal high-cost ETC obligation to continue to offer voice in those census blocks pursuant to the forbearance granted in the *December 2014 Connect America Order*.¹¹

⁴ *Rural Broadband Experiments Order*, 29 FCC Rcd at 8794, para. 75.

⁵ *Id.* at 8796, para. 81.

⁶ Paperwork Reduction Act of 1995, Public Law 104-13; *see* 44 U.S.C. § 3507(a).

⁷ *See Rural Broadband Experiment Support Authorized for Ten Winning Bids for Skybeam, LLC, Consolidated Communications Networks, Inc., Delta Communications LLC, and Allamakee-Clayton Electric Cooperative, Inc.*, WC Docket Nos. 10-90 and 14-259, Public Notice, DA 15-897 (Wireline Comp. rel. Aug. 7, 2015).

⁸ *Rural Broadband Experiments Order*, 29 FCC Rcd at 8799, para. 90.

⁹ *Id.* at 8799, paras. 92-93.

¹⁰ *Id.* at 8800, paras. 94, 96.

¹¹ *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order, 29 FCC Rcd at 15663-71, paras. 50-70 (2014); *see also* 47 C.F.R. § 54.201(d)(3). We will remove these census blocks from the list of census blocks where price cap carriers continue to have the federal high-cost ETC obligation to provide voice service. The "List of Census Blocks Subject to Federal High-Cost Voice Obligations" is available at <https://www.fcc.gov/encyclopedia/price-cap-resources>.

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

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Attachment
Authorized Winning Bidders and Bids

Category One¹²

Bidder Name	State	Selected Bid Project ID	Selected Bid Amount	Census Blocks Covered by Selected Bid	Number of Covered Locations	Study Area Code
Northeast Rural Services, Inc. ¹³						
	OK	1	\$246,783.00	16	88	436112
	OK	4 ¹⁴	\$194,944.45	14	117	436113
	OK	6	\$357,404.00	43	110	436114
	OK	12	\$84,744.00	13	20	436115

¹² Recipients authorized to receive support for category one projects must deploy a network capable of delivering 100 Mbps downstream/25 Mbps upstream and offer at least one service plan that provides 25 Mbps downstream/5 Mbps upstream to all eligible locations. For that service plan, recipients must provide usage that is reasonably comparable to usage available for comparable wireline offerings in urban areas, at a price that meets the Commission’s reasonable comparability benchmarks, and latency no greater than 100 milliseconds.

¹³ Northeast Rural Services was also provisionally selected for additional bids in the first and second rounds. These bids are still undergoing post-selection review.

¹⁴ The bid amount as well as the census block and location counts were adjusted to account for the one census block that was removed from this bid because it was deemed to be served by an unsubsidized competitor in the Phase II challenge process. *See Connect America Fund, Connect America Phase II Challenge Process*, WC Docket Nos. 10-90 and 14-93, Order, 30 FCC Rcd 2718 (Wireline Comp. Bur. 2015).

Category Two¹⁵

Bidder Name	State	Selected Bid Project ID	Selected Bid Amount	Census Blocks Covered by Selected Bid	Number of Covered Locations	Study Area Code
First Step Internet, LLC						
	ID, WA	1	\$415,855.00	116	453	476222

¹⁵ Recipients authorized to receive support for category two projects must offer at least one service plan that provides 10 Mbps downstream/1 Mbps upstream with at least 100 GB of usage, latency no greater than 100 milliseconds, and at a price that meets the Commission's reasonable comparability benchmarks.