WIRELINE COMPETITION BUREAU AUTHORIZES 175 RATE-OF-RETURN COMPANIES TO RECEIVE AN ADDITIONAL $36 MILLION ANNUALLY IN ALTERNATIVE CONNECT AMERICA COST MODEL SUPPORT TO EXPAND RURAL BROADBAND

WC Docket No. 10-90

Consistent with the Commission’s 2018 Rate-of-Return Reform Order, the Wireline Competition Bureau (Bureau) authorizes 175 rate-of-return companies that elected 210 revised offers of Alternative Connect America Cost Model (A-CAM) support to receive additional model-based support in exchange for extending broadband service to additional locations. A report released today shows the revised authorization amount and deployment obligations for each carrier that elected a revised offer. These carriers are among the rate-of-return carriers nationwide that previously had been authorized to receive A-CAM support. In addition, a summary report released today shows the state-level amounts of model-based support and associated deployment obligations for all carriers that have been authorized to receive model-based support.

In 2016, the Commission adopted a voluntary path for rate-of-return carriers to elect to receive model-based support for a 10-year term in exchange for extending broadband service to a pre-determined

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4 The summary report for all carriers authorized to receive A-CAM support, including those subject to prior authorizations in December 2016 and January 2017, is available at https://docs.fcc.gov/public/attachments/DOC-352788A1.xlsx. The summary report includes a list of funded census blocks, but we note that there are no changes to that list from prior authorizations.
number of eligible locations. In Public Notices issued on December 20, 2016 and January 24, 2017, the Bureau authorized model-based support for 207 rate-of-return companies.

In the 2018 Rate-of-Return Reform Order, the Commission directed the Bureau to offer additional support to all carriers that accepted the first revised offers of model-based support. Under this second revised offer, all locations with costs above $52.50 will be funded up to a per-location fund cap of $146.10, with adjusted deployment obligations. On May 7, 2018, the Bureau released a public notice announcing the revised model-based support amounts and corresponding deployment obligations and providing the carriers with 45 days to accept the revised offer. In response, 175 rate-of-return companies submitted letters electing 210 separate revised offers of A-CAM support in 39 states.

We authorize and direct the Universal Service Administrative Company (USAC) to obligate and disburse the annual support amounts over a 10-year term for each carrier that has accepted the revised offer of A-CAM support in the states identified in the attachment. All of the carriers authorized to receive model-based support are subject to defined deployment obligations that must be met over the 10-year period, with annual reporting of their progress.

Collectively, the net increase in annualized support compared to the previously-elected A-CAM amounts is approximately $36 million. However, this increase will be partially offset by transition payments already disbursed that will be reduced or eliminated going forward due to the per-location cap’s increase. The Commission previously directed USAC to make a one-time lump sum payment from excess cash in its high-cost account to true-up support that would have been disbursed in 2017 and 2018 at the $146.10 per-location support amounts. We direct USAC to calculate both the adjustment to transition payments and the necessary true-up. We also direct USAC to adjust the amount of cash it retains in the high-cost account to fund A-CAM to reflect today’s revised authorizations.

For additional information on this proceeding, contact Ted Burmeister (Theodore.Burmeister@fcc.gov) of the Wireline Competition Bureau, Telecommunications Access Policy Division, (202) 418-7400.

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7 2018 Rate-of-Return Reform Order, at para. 66.

8 Id. at para. 68; A-CAM Second Revised Offer Public Notice.

9 These carriers must satisfy deployment obligations associated with the support amounts they accepted as set forth in the Public Notice announcing the revised offers of support. Second Revised Offer Public Notice. We note that the interim milestones did not change, only the number of locations or required speed tiers.

10 2018 Rate-of-Return Reform Order, at para. 68.