



PUBLIC NOTICE

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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.¹ A report released today shows the revised authorization amount and deployment obligations for each carrier that elected a revised offer.² These carriers are among the rate-of-return carriers nationwide that previously had been authorized to receive A-CAM support.³ 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.⁴

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

¹ See *Connect America Fund; ETC Annual Reports and Certifications; Establishing Just and Reasonable Rates for Local Exchange Carriers; Developing a Unified Inter-carrier Compensation Regime*; WC Docket Nos. 10-90, 14-58, and 07-135, CC Docket No. 01-92; Report and Order, Third Order on Reconsideration, and Notice of Proposed Rulemaking, FCC 18-29, at paras. 62-69 (rel. Mar. 23, 2018) (*2018 Rate-of-Return Reform Order*); *Wireline Competition Bureau Announces Offers of Revised A-CAM Support Amounts to 217 Authorized A-CAM Companies to Expand Rural Broadband*, WC Docket No. 10-90, Public Notice, DA 18-465 (WCB rel. May 7, 2018) (*A-CAM Second Revised Offer Public Notice*).

² The report is available at <https://docs.fcc.gov/public/attachments/DOC-352786A1.xlsx>.

³ In December 2016, the Bureau authorized 35 rate-of-return companies that elected 45 offers to receive A-CAM support pursuant to their initial elections. *Wireline Competition Bureau Authorizes 35 Rate-of-Return Companies to Receive More than \$51 Million Annually in Alternative Connect America Cost Model Support and Announces Offers of Revised A-CAM Support Amounts to 191 Rate-of-Return Companies to Expand Rural Broadband*, WC Docket No. 10-90, Public Notice, 31 FCC Rcd 13328 (WCB 2016) (*A-CAM First Authorization and Revised Offer Public Notice*). In January 2017, the Bureau authorized 182 rate-of-return companies that elected revised A-CAM offers. *Wireline Competition Bureau Authorizes 182 Rate-of-Return Companies to Receive More than \$454 Million Annually in Alternative Connect America Cost Model Support to Expand Rural Broadband*, WC Docket No. 10-90, 32 FCC Rcd 842 (WCB 2017) (*A-CAM Second Authorization Public Notice*).

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.⁵ In Public Notices issued on December 20, 2016 and January 24, 2017, the Bureau authorized model-based support for 207 rate-of-return companies.⁶

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.⁷ 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.⁸ 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.⁹

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.¹⁰ 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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⁵ *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order et al., 31 FCC 3087, 3094-3117, paras. 17-79 (2016) (*2016 Rate-of-Return Reform Order*).

⁶ *A-CAM First Authorization and Revised Offer Public Notice*, 31 FCC Rcd 13328; *A-CAM Second Authorization Public Notice*, 32 FCC Rcd 842.

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.