PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Internet: https://www.fcc.gov
TTY: 1-888-835-5322

DA 19-808
Released: August 22, 2019

WIRELINE COMPETITION BUREAU AUTHORIZES 171 RATE-OF-RETURN COMPANIES TO RECEIVE $491 MILLION ANNUALLY IN ALTERNATIVE CONNECT AMERICA COST MODEL II SUPPORT TO EXPAND RURAL BROADBAND

WC Docket No. 10-90

Consistent with the Commission's *December 2018 Rate-of-Return Reform Order*, the Wireline Competition Bureau (Bureau) authorizes 171 rate-of-return companies that elected 184 offers of Alternative Connect America Cost Model (A-CAM) II support to receive model-based support.[1] Authorization Report 6.0, released today, shows the authorization amount and deployment obligations for each carrier that elected an offer.[2] The authorizations provide support to the electing companies for a ten-year period beginning January 1, 2019. Collectively, these companies are committing to provide at least 25/3 Mbps service to over 363,000 locations, including over 37,000 locations on Tribal lands.

The Bureau authorizes and directs the Universal Service Administrative Company (USAC) to obligate and disburse the annual support amounts over a 10-year term, from January 1, 2019 to December 31, 2028, for each carrier that has accepted the offer of A-CAM II support in the states identified in Authorization Report 6.0.[3] The A-CAM II support authorized totals $491,442,713.67 per year and $4,914,427,136.70 over the full 10-year term. The Bureau also authorizes and directs USAC to obligate and disburse the appropriate transition payments to 35 carriers for whom the A-CAM II support amount is less than legacy support received in 2018, as identified in Authorization Report 6.0, totaling $109,616,612.54 over the term of support.[4] To the extent that these companies have received legacy

---

[1] *See Connect America Fund; ETC Annual Reports and Certifications; Establishing Just and Reasonable Rates for Local Exchange Carriers; Developing a Unified Intercarrier Compensation Regime;* WC Docket Nos. 10-90, 14-58, and 07-135, CC Docket No. 01-92; Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration, 33 FCC Rcd 11893, 11898-11903, paras. 14-30 (2018) (*December 2018 Rate-of-Return Reform Order*); *Wireline Competition Bureau Announces Alternative Connect America Cost Model II Support Amounts Offered to Rate-of-Return Carriers to Expand Rural Broadband*, WC Docket No. 10-90, Public Notice, DA 19-372 (WCB May 2, 2019) (*A-CAM II Offer Public Notice*); *Wireline Competition Bureau Issues Corrected Connect America Model II Offers to 37 Companies, Extends the Election Deadline, and Seeks Comment on Location Adjustment Procedures*, WC Docket No. 10-90, Public Notice, DA 19-504 (WCB June 5, 2019).

[2] The report is available at https://docs.fcc.gov/public/attachments/DOC-359222A1.xlsx (Authorization Report 6.0).

[3] As noted below, disbursements may not occur until USAC has confirmed that the carrier has notified the National Exchange Carrier Association (NECA) that it is withdrawing from the Common Line pool.

[4] As shown in Authorization Report 6.0, the term of transition support varies based on the difference between A-CAM II and legacy support amounts, and the amount of transition payments vary over the terms.

support in 2019, those amounts will be offset against the A-CAM II and transitional support authorized here.

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.[5] A-CAM II recipients are required to report new broadband deployment for 2019 by March 1, 2020.[6] Pursuant to A-CAM II, any locations in eligible census blocks that already have broadband meeting the Commission's minimum standards may be reported to satisfy the carrier's deployment obligations. In recognition of the fact that some smaller companies may not already have complete lists of geocoded locations for their existing broadband infrastructure, the Commission provided A-CAM I recipients an additional year to report existing broadband deployment.[7] A-CAM II recipients will be afforded the same additional time, until March 1, 2021, for reporting locations to which the carrier deployed qualifying broadband prior to 2019. They are not required to wait until 2021 to report, however, and are encouraged to report existing broadband deployment as soon as they are able to do so.

We remind the carriers authorized to receive A-CAM II support of their requirements related to tariffs. A-CAM recipients must exit the NECA Common Line pool, although they have the option of continuing to use NECA to tariff their Common Line and CBOL charges. The carriers authorized today must coordinate with NECA on making any required tariff filings in order to ease the administrative burden associated with implementation of any changes. Once USAC confirms that a carrier has notified NECA of its intention to exit the Common Line pool, USAC may disburse A-CAM support.[8]

Pursuant to the *Rate-of-Return BDS Order*, A-CAM II recipients that have not already done so are also eligible to move their business data services (BDS) offerings to incentive regulation next year.[9] NECA pool carriers that are authorized for A-CAM II support and elect to move their BDS offerings to incentive regulation must notify NECA of their intent to remove their BDS offerings from the NECA traffic sensitive tariff and pool by March 1, 2020.[10] In addition, A-CAM II recipients that elect to move their BDS offerings to incentive regulation must notify the Bureau of their election of incentive regulation by May 1, 2020 and file revised tariffs reflecting their election of incentive regulation for their BDS offerings to be effective July 1, 2020.[11] In their notices to NECA and the FCC, each carrier should specify whether it is choosing to update its separations category relationships.[12] All A-CAM II carriers

---

[5] *See* 47 C.F.R. §§ 54.311(d), 54.320(d); *see also Wireline Competition Bureau Provides Guidance Regarding Alternative Connect America Model Final Deployment Obligations*, WC Docket No. 10-90, Public Notice, DA 19-650 (WCB July 12, 2019). These carriers must satisfy deployment obligations associated with the support amounts they accepted as set forth in the Public Notice announcing the offers of support.

[6] They are permitted to report deployment on a rolling basis prior to that date. *See Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3164-65, para. 211 (2016) (*2016 Rate-of-Return Reform Order*).

[7] *Id.* at 3165-66, para. 213.

[8] *Id*. at 3159-60, paras. 194-96.

[9] *Regulation of Business Data Services for Rate-of-Return Local Exchange Carriers, et al.*, WC Docket No. 17-144 et al., Report and Order, Second Further Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, 33 FCC Rcd 10403, 10421-22, para. 44 (2018) (*Rate-of-Return BDS Order*) ("Business data services rates for carriers accepting future offers of A-CAM support or otherwise transition away from legacy support mechanisms will be effective on July 1 in the year following their election.").

[10] 47 CFR § 69.3.

[11] *Rate-of-Return BDS Order,* 33 FCC Rcd at 10445, para. 119 (requiring notifications to the Bureau by May 1 of the year their incentive regulation election will be effective, or 2020).

[12] *Id*.

that elect to move their BDS offerings to incentive regulation in 2020 may de-tariff their BDS where it is packet-based or based on higher-capacity (above a DS3) Time Division Multiplexing (TDM), and their lower capacity TDM-based BDS in study areas deemed competitive by the Commission's competitive market test as of July 1, 2020 and must de-tariff such services no later than July 1, 2023.

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.

- FCC –