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WIRELINE COMPETITION BUREAU AUTHORIZES 368 COMPANIES IN 44 STATES TO RECEIVE ENHANCED ALTERNATIVE CONNECT AMERICA COST MODEL SUPPORT TO EXPAND RURAL BROADBAND

WC Docket No. 10-90

Consistent with the Commission's *Enhanced A-CAM Order*, the Wireline Competition Bureau (Bureau) authorizes 368 rate-of-return companies that elected offers of Enhanced Alternative Connect America Cost Model (Enhanced A-CAM) support to receive model-based support.¹ Authorization Report 1, released today, shows the authorization amount and initial deployment obligations for each carrier that elected an offer.² The authorizations specify support to the electing companies for a 15-year period beginning January 1, 2024, in exchange for these companies committing to deploy broadband service of at least 100/20 Mbps service to over 700,000 unserved locations across the United States, and maintain or improve existing 100/20 Mbps service to approximately 2 million locations.

The Bureau authorizes and directs the Universal Service Administrative Company (USAC) to obligate and disburse the annual support amounts over a 15-year term, from January 1, 2024 to December 31, 2038, for each carrier that has accepted the offer of Enhanced A-CAM support in the states identified in Authorization Report 1.³ Current A-CAM I and A-CAM II recipients are authorized to receive approximately \$866.5 million per year, while current legacy support recipients will receive approximately \$385.4 million in frozen support in 2024 and transition toward the model-calculated support amounts over the term of support. The Enhanced A-CAM support authorized totals \$18,281,852,513 over the full 15-year term. The Bureau also authorizes and directs USAC to obligate and disburse the appropriate

¹ See *Connect America Fund; ETC Annual Reports and Certifications; Telecommunications Carriers Eligible to Receive Universal Service Support; Connect America Fund – Alaska Plan; Expanding Broadband Service Through the ACAM Program*, WC Docket Nos. 10-90, 14-58, 09-197, and 16-271; RM-1168, Report and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, FCC 23-60, at 42, para. 98 (July 24, 2023) (*Enhanced A-CAM Order*).

² The report is available at <https://www.fcc.gov/document/enhanced-cam-authorization-report> (Authorization Report 1). Based on this list of authorizations, current A-CAM recipients that elected Enhanced A-CAM have 646,394 “required locations” (i.e., locations to which the Enhanced A-CAM recipient must deploy at least 100/20 Mbps service because they are not currently served with 100/20 Mbps or faster service or subject to an enforceable commitment to deploy such service). Authorization Report 1, at Table 1.1. Those required locations are approximately 72% of the 893,334 required locations for all eligible companies that currently receive A-CAM I or A-CAM II. See Enhanced A-CAM Offer Report 2.0 (available at <https://docs.fcc.gov/public/attachments/DOC-397100A1.xlsx>), at Table 2.2. Accordingly, the threshold for establishing the Enhanced A-CAM program set by the Commission has been met. *Enhanced A-CAM Order* at 43, para. 101 (stating that the Enhanced A-CAM program will not proceed “if existing A-CAM participants collectively choose to accept Enhanced A-CAM offers that in total cover less than 50% of the unserved locations that are eligible for support across all the offers to current A-CAM recipients”).

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.

transition payments to those carriers eligible for such support as determined by the Commission.⁴ To the extent that companies currently receiving CAF BLS support are subject to true-ups for past year's support, those amounts will be offset against the Enhanced A-CAM and transitional support authorized here.

Consistent with the *Enhanced A-CAM Order*,⁵ we are making publicly available carriers' election letters, grouped by state, at <https://www.fcc.gov/general/rate-return-resources>. This information will facilitate coordination with other funding programs and help avoid duplicative funding.⁶ This will allow states and other entities to review all of the information regarding deployment technologies provided by Enhanced A-CAM carriers. To further aid coordination with other funding programs, we are adding Enhanced A-CAM carrier study areas to the Broadband Funding Map⁷ so that it will be clear which areas are included in this program.

All of the carriers authorized to receive model-based support are subject to defined deployment obligations, with annual reporting of their progress.⁸ Specifically, Enhanced A-CAM carriers are required to deploy 100/20 Mbps or faster service to every location in their study areas which do not currently have such service or for which there is not an existing enforceable commitment to deploy such service and to maintain service to those locations already served with speeds of at least 100/20 Mbps. As noted in the Commission's *Enhanced A-CAM Order*, although an initial estimate of the number of "required locations" to which deployment is required is included in Authorization Report 1, Table 1.2, a final list of locations an Enhanced A-CAM carrier is required to serve is subject to an adjustment process that will be completed no later than December 31, 2025.⁹ The Bureau is currently determining the best method of incorporating the use of Broadband Serviceable Location (BSLs) identifiers used in the Broadband Serviceable Location Fabric (Fabric) and the Broadband Data Collection (BDC) into the High Cost Universal Broadband (HUBB) portal. Until the Bureau announces the process for reporting BSLs into the HUBB, carriers shall continue to report locations to which they have deployed broadband service in both the HUBB under their existing support program, i.e., A-CAM I, A-CAM II, or CAF BLS, and the BDC. Similarly, Enhanced A-CAM carriers shall continue to conduct performance testing in their existing support programs until the Bureau has confirmed that the carrier is in compliance with its obligations under that program because results for performance testing conducted in 2023 are not due until July 1, 2024. Continuing reporting and testing under existing programs will allow the Bureau to determine if Enhanced A-CAM carriers are in compliance with their deployment and performance obligations under their existing programs.¹⁰

⁴ As shown in Authorization Report 1.1, transition support varies depending upon whether the carrier is already receiving transition support for A-CAM I or II, the carrier currently receives Connect America Fund Broadband Loop Support (CAF BLS) support, and the difference between the carrier's current support and its Enhanced A-CAM support. See 47 CFR § 54.311(e),(f). Transition support for current A-CAM I and A-CAM II carriers will continue to be paid from USAC's high-cost reserve account, as previously specified by the Commission. See *Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3111 n.130 (2016).

⁵ See *Enhanced A-CAM Order* at 43, para. 100.

⁶ See *id.*

⁷ The Broadband Funding Map is available at <https://www.fcc.gov/economics-analytics/funding-map>.

⁸ See 47 CFR §§ 54.311(d), 54.320(d).

⁹ *Enhanced A-CAM Order* at 16-17, 19-22, paras. 34, 40-44. The Bureau anticipates that this adjustment process will occur in multiple steps, and the Bureau will announce an anticipated schedule prior to initiating the process.

¹⁰ See *Enhanced A-CAM Order* at 23-24, 40-41, paras. 49, 92-95. Existing CAF BLS carriers that have elected Enhanced A-CAM support will be subject to support recovery under Section 54.320(d) for that program if they have not met their deployment and performance obligations because their final milestone for their existing five-year term ends on December 31, 2023.

We remind the carriers authorized to receive Enhanced A-CAM support of their requirements related to tariffs. Legacy rate-of-return carriers electing Enhanced A-CAM support must exit the National Exchange Carrier Association, Inc. (NECA) common line tariff pool before they will be authorized to receive model-based support.¹¹ These carriers, however, may continue to tariff non-pool rates for common line and consumer broadband-only loops pursuant to NECA tariffs. These carriers must coordinate with NECA to make any required tariff filings to effectuate these requirements. NECA carriers electing Enhanced A-CAM support must notify NECA by November 17, 2023 that they will no longer participate in the NECA common line tariff pool, effective January 1, 2024.¹² USAC may disburse Enhanced A-CAM support once it confirms that the electing Enhanced A-CAM carrier notified NECA that it will exit the NECA common line tariff pool.¹³

Enhanced A-CAM support recipients that have not already done so are also eligible to transition certain business data service (BDS) offerings to incentive regulation under section 61.50 of the Commission's rules.¹⁴ NECA carriers accepting Enhanced A-CAM support and electing BDS incentive regulation must notify NECA by March 1, 2024 that they will not participate in the NECA traffic-sensitive tariff pool for their BDS offerings effective July 1, 2024.¹⁵ These carriers may continue to participate in the NECA traffic sensitive pool and tariff for access services other than BDS.¹⁶ Additionally, Enhanced A-CAM carriers electing BDS incentive regulation must notify the Bureau of their BDS election by May 1, 2024 to be effective concurrent with the July 2024 annual access charge tariff filing.¹⁷ These carriers should file a letter in WC Docket No. 17-144 notifying the Bureau of their BDS election including the carrier name, study area, state, and study area code.¹⁸ In its notices to NECA and the Bureau, each carrier should specify whether it is choosing to update its separation category relationships.¹⁹ Enhanced A-CAM carriers that elect BDS incentive regulation may begin detariffing their BDS offerings after the effective date of their BDS election but must detariff their BDS offerings within 36 months after the effective date of their election of BDS incentive regulation.²⁰ Specifically, Enhanced A-CAM carriers electing BDS incentive regulation may begin de-tariffing certain BDS offerings—packet-based BDS, time division multiplexed (TDM)-based BDS above a DS3 bandwidth, and

¹¹ *Id.* at 39, para. 91 (citing *2016 Rate-of-Return Reform Order*, 31 FCC Rcd at 3159-60, paras. 194-96). NECA Tariff F.C.C. No. 5 covers the carrier common line tariff pool.

¹² See 47 CFR § 69.3(e)(9).

¹³ *Enhanced A-CAM Order* at 39, para. 91.

¹⁴ 47 CFR § 61.50; *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*).

¹⁵ See 47 CFR § 69.3(i)(1); see also *id.* § 69.3(e)(6); *Rate-of-Return BDS Order*, 33 FCC Rcd at 10445, para. 119. The NECA traffic-sensitive pool is contained in NECA F.C.C. Tariff No. 5.

¹⁶ 47 CFR § 61.50(d).

¹⁷ 47 CFR § 61.50(l)(3); *Rate-of-Return BDS Order*, 33 FCC Rcd at 10445, para. 119.

¹⁸ See *Wireline Competition Bureau Announces Rate-of-Return Carriers Electing Incentive Regulation for their Business Data Services*, WC Docket No. 17-144, Public Notice, 35 FCC Rcd 7037, 7037 (WCB 2020) (a total of 136 rate-of-return carriers serving 227 study areas in 40 states and one territory elected BDS incentive regulation).

¹⁹ *Rate-of-Return BDS Order*, 33 FCC Rcd at 10445, para. 119.

²⁰ 47 CFR § 61.50(k)(3) (“A rate-of-return carrier electing incentive regulation for its business data services must detariff: (i) All packet-based and time division multiplexed business data services above a DS3 bandwidth within thirty-six months after the effective date of its election of incentive regulation; and (ii) All time division multiplexed end user channel termination business data services at or below a DS3 bandwidth in any study area deemed competitive by the competitive market test within thirty-six months after such services shall be deemed competitive in a study area.”).

TDM-based end user channel termination BDS at or below a DS3 bandwidth in study areas deemed competitive—beginning in tariff filings effective July 1, 2024 and must de-tariff such services no later than July 1, 2027.²¹

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

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²¹ See 47 CFR § 61.50(k)(3) (BDS offerings provided by rate-of-return carriers electing BDS incentive regulation that are subject to mandatory detariffing); *id.* § 61.50(j) (competitive market test for rate-of-return carriers electing BDS incentive regulation).