Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
Connect America Fund Phase II Auction	)	AU Docket No. 17-182

ORDER

Adopted: September 12, 2025 **Released: September 12, 2025**

By the Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. In this Order, the Wireline Competition Bureau (Bureau) denies the petition filed by CRC Communications LLC (CRC) seeking waiver of section 54.320(d) of the Federal Communications Commission's (FCC or Commission) rules "and any other applicable rules."[1] We affirm that CRC will be subject to the relevant Connect America Fund (CAF) Phase II auction non-compliance measures if it does not serve the required number of locations pursuant to its CAF Phase II auction obligations.[2] It would not serve the public interest to provide relief simply because most of the affected locations already happen to be served or will be served. CRC abdicated its responsibility to meet its obligations and has failed to demonstrate good cause to warrant the relief requested.

II. BACKGROUND

2. Otelco, Inc. (Otelco), CRC's parent company, submitted a short-form application to participate in the CAF Phase II auction pursuant to the program rules and was found qualified to bid.[3] Oteclo then bid in the auction where it identified the areas where it would like to provide service meeting the CAF Phase II auction obligations, the performance tier and level of latency at which it proposed to provide service, and the level of support it would need to offer voice and broadband service meeting the relevant performance obligations.[4]

3. Otelco successfully outbid another auction participant in certain areas in Massachusetts.[5] Otelco then assigned all of its winning bids to CRC.[6] CRC filed a long-form application seeking to be

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[1] Petition for Waiver of CRC Communications LLC, WC Docket No. 10-90 et al. (filed May 7, 2025) (CRC Petition).

[2] 47 CFR § 54.320(d).

[3] *220 Applicants Qualified to Bid in the Connect America Fund Phase II Auction (Auction 903); Bidding to Begin on July 24, 2018*, AU Docket No. 17-182 et al., Public Notice, 33 FCC Rcd 6171 (WCB/WTB 2018).

[4] *Connect America Fund Phase II Auction Scheduled for July 24, 2018; Notice and Filing Requirements and Other Procedures for Auction 903*, AU Docket No. 17-182 et al., Public Notice, 33 FCC Rcd 1428, 1493, paras. 199-202 (2018).

[5] *Connect America Fund Phase II Auction (Auction 903) Closes; Winning Bidders Announced; FCC Form 683 Due October 15, 2018*, AU Docket No. 17-182 et al., Public Notice, 33 FCC Rcd 8257, 8278, Attach. A (WCB/WTB 2018) (*Auction 903 Closing Public Notice*).

authorized to receive support for winning bids in exchange for the deployment of voice and broadband to locations covered by its assigned winning bids.[7] In October 2019, CRC was authorized to receive $921,505 over 10 years in CAF Phase II auction support to offer voice and broadband at speeds of at least 25/3 Mbps to 772 locations in Massachusetts.[8]

4. For the CAF Phase II auction, carriers must offer voice and broadband service meeting the relevant performance requirements to a set number of locations by certain interim service milestones.[9] The number of locations they are required to serve is based on the Connect America Cost Model's (CAM) estimate of how many locations are in the eligible census blocks in the carrier's service area, and compliance with service milestones is determined on a state-level basis—i.e., the Bureau will confirm a carrier is serving the required location totals across all of its eligible census blocks within a state, rather than on a census block-by-census block basis.[10] More specifically, CAF Phase II auction carriers must offer voice and broadband service meeting the relevant performance obligations to 40% of the required number of locations by December 31, 2022; 60% of the required number of locations by December 31, 2023; 80% of the required number of locations by December 31, 2024; and 100% of the required number of locations by December 31, 2025.[11] Carriers are required to report the locations where they are offering service meeting the required performance obligations in the High Cost Universal Broadband (HUBB) portal and certify the data on an annual basis.[12]

5. The Commission takes compliance with the terms and conditions of the CAF Phase II auction support program seriously and imposes non-compliance measures if the requirements are not met. If a CAF Phase II auction carrier fails to meet the interim service milestones, it will be subject to non-compliance measures that scale with the extent of non-compliance, including additional reporting requirements, withholding of future support, and recovery of support already paid.[13] For the final 100% service milestone, if a CAF Phase II auction carrier fails to serve at least 95% of its required number of locations, the Commission requires that the Bureau recover "an amount of support that is equal to 1.89 times the average amount of support per location received in the state over the six-year period for the relevant number of locations the [carrier] has failed to offer service to, plus 10 percent of the [carrier's] total [CAF] Phase II support received in the state over the six-year period for deployment."[14] Carriers

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[6] *134 Long-Form Applicants in the Connect America Fund Phase II Auction (Auction 903)*, AU Docket No. 17-182 et al., Public Notice, 33 FCC Rcd 10967 (WCB/WTB 2018).

[7] *Id.*

[8] *Connect America Fund Phase II Auction Support Authorized for 387 Winning Bids*, AU Docket No. 17-182 et al., Public Notice, 34 FCC Rcd 9406 (WCB/OEA 2019).

[9] 47 CFR § 54.310(a), (c); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order et al., 31 FCC Rcd 5949, 5964, para. 40 (2016) (*CAF Phase II Auction Order*); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 35 FCC Rcd 109, 112, para. 9 (2020) (*CAF Phase II Auction Deadline Alignment Order*).

[10] *CAF Phase II Auction Order*, 31 FCC Rcd at 5966, para. 46.

[11] 47 CFR § 54.310(c); *CAF Phase II Auction Order*, 31 FCC Rcd at 5964, para. 40; *CAF Phase II Auction Deadline Alignment Order*, 35 FCC Rcd at 112, para. 9.

[12] 47 CFR § 54.316.

[13] 47 CFR § 54.320(d); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, 29 FCC Rcd 15644, 15694-700, paras. 142-52 (2014) (*2014 Connect America Order*) (adopting a framework for support reductions, support recovery, and reporting obligations that are calibrated to the extent of a carrier's non-compliance with service milestones).

[14] *CAF Phase II Auction Order*, 31 FCC Rcd at 6017, para. 191. *See also* 47 CFR § 54.320(d)(2). If a CAF Phase II auction carrier serves at least 95% of its total number of required locations but less than 100%, it will be required to return support for the unserved locations that is equal to the average support per location in the state times 1.89. 47 CFR § 54.310(c)(2); *CAF Phase II Auction Order*, 31 FCC Rcd at 5966, para. 45. A CAF Phase II auction carrier

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must pay the required support recovery within six months after support recovery is initiated, or the Bureau will direct the Universal Service Administrative Company (USAC) to draw on the carrier's letter of credit.[15] CAF Phase II auction carriers are also subject to other non-compliance measures including, but not limited to, the Commission's enforcement procedures and penalties, reductions in support amounts, potential revocation of Eligible Telecommunications Carrier (ETC) designation, and suspension or debarment.[16]

6. Despite certifying in the HUBB that it had met the 40% and 60% service milestones, CRC learned in April 2024 that the wireless company it had partnered with to meet its CAF Phase II auction obligations, WiValley-MA Inc. (WiValley) had become "insolvent" and would not be meeting the terms of the agreement it had with CRC.[17] CRC "engaged a third-party consultant to evaluate the network, to confirm existing coverage, and to recommend any necessary improvements and modifications to the existing network," and it was at that time that CRC determined that "many locations" that CRC had originally certified in the HUBB portal as being served pursuant to its CAF Phase II auction obligations were not in fact being offered broadband at the CAF Phase II auction speeds.[18] CRC investigated options for potentially transferring its CAF Phase II auction support and obligations to another carrier but claims "such efforts have been unsuccessful because of the significant amount of work to be done and the impending FCC deadlines for completion of the project."[19] In January 2025, CRC notified the Bureau that it would not meet the 80% service milestone.[20]

7. *CRC's Petition.* In May 2025, CRC filed a petition seeking waiver of section 54.320(d) of the Commission's rules along with any other applicable rules and proposing to return support for all of the CBGs where it was authorized for CAF Phase II auction support without the additional 89% from the multiplier and 10% return of support.[21] Specifically, CRC claims there is good cause to waive the non-compliance measures because it "performed its due diligence in selecting" WiValley to partner in meeting its obligations, "pursu[ed] alternative options for preserving existing operations and fulfilling its [CAF Phase II auction] deployment obligations," and "could not have known at the time it was authorized" that another service provider, Spectrum Northeast, LLC (Spectrum), would be awarded Massachusetts Broadband Infrastructure (MBI) Gap Networks Grant Program funds to deploy broadband at speeds of 100/100 Mbps in CRC's CAF Phase II auction service area.[22] CRC also explains that support would be repaid more quickly if the Bureau were to grant relief, rather than waiting until the end of the deployment period to initiate support recovery once CRC misses the 100% service milestone.[23] Additionally, CRC argues that relief would be consistent with the Bureau's deduplication precedent because if relief were granted, the areas that CRC will not serve pursuant to its CAF Phase II auction obligations will not be left unserved because most of the locations are covered by Spectrum's MBI Gap Networks Grant funds or are

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has one year after the final service milestone to cure its non-compliance before we will initiate support recovery. 47 CFR § 54.320(d)(2); *CAF Phase II Auction Order*, 31 FCC Rcd at 6017, para. 191.

[15] 47 CFR § 54.315(c)(4)(i); *CAF Phase II Auction Order*, 31 FCC Rcd at 6017, para. 191.

[16] 47 CFR § 54.320(c); *CAF Phase II Auction Order*, 31 FCC Rcd at 6018, para. 194.

[17] CRC Petition at 2-3; Letter from Russell Blau and Kimberly Morning, Counsel to CRC Communications, LLC, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (June 3, 2024).

[18] CRC Petition at 3.

[19] *Id.* at 3.

[20] *Id.* at 3; Letter from Russell Blau and Kimberly Morning, Counsel to CRC Communications, LLC, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (Jan. 15, 2025).

[21] *See generally* CRC Petition.

[22] *Id.* at 8-9.

[23] *Id.* at 9-10.

otherwise served with broadband at speeds that exceed the 25/3 Mbps that CRC is required to offer pursuant to its CAF Phase II auction authorization.[24]

III. DISCUSSION

8. Generally, the Commission's rules may be waived for good cause shown.[25] Waiver of the Commission's rules is appropriate only if both: (1) special circumstances warrant a deviation from the general rule, and (2) such deviation will serve the public interest.[26]

9. We do not find good cause to grant CRC's requested waiver and waive section 54.320(d) of the Commission's rules or any additional non-compliance measures for CRC.[27] CRC has not established that special circumstances warrant a waiver. CRC's parent company bid in the auction, and CRC filed a long-form application seeking to be authorized for support fully aware of the obligations an authorized CAF Phase II auction carrier would be required to fulfill and the objective calculation the Bureau would use to recover support if CRC could not meet these obligations. Now, CRC claims that it is "unable to fulfill its duties" as an authorized CAF Phase II auction carrier because its subcontractor WiValley has become insolvent and had not actually been meeting the terms of its contract all along.[28] CRC does not explain how it failed to notice that it was not actually offering service meeting the Commission's requirements despite CRC so certifying in the HUBB for its 40% and again for its 60% milestones.[29]

10. For much of the support term, CRC appears to have abdicated its responsibility to meet the CAF Phase II auction obligations. While authorized CAF Phase II auction recipients are permitted to enter into agreements with other carriers to help meet their obligations subject to applicable restrictions like ETC requirements,[30] the Bureau was clear that the CAF Phase II auction recipient, as the ETC, has the responsibility of fulfilling the CAF Phase II auction obligations by offering the required service to consumers.[31] It is unclear how CRC could have simultaneously offered the CAF Phase II auction service

[24] *Id.* at 3-4, 9-10, Exh. A (citing *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 39 FCC Rcd 13732 (WCB 2024) (*RiverStreet Waiver Order*)).

[25] 47 CFR § 1.3.

[26] *See Northeast Cellular Tel. Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) (citing *WAIT Radio v. FCC*, 418 F.2d 1153, 1157-59 (D.C. Cir. 1969), *cert. denied*, 93 S.Ct. 461 (1972)).

[27] 47 CFR § 54.320.

[28] CRC Petition at 2-3.

[29] CRC has made corrections to its HUBB reporting and as of March 7, 2025 has certified offering service to 235 locations or approximately 30% of its required locations, although more than half are reported at speeds of 10/1 Mbps rather than the required 25/3 Mbps. Universal Service Administrative Company, Connect America Fund Broadband Map, https://data.usac.org/publicreports/caf-map/ (last visited Sept. 3, 2025). CRC previously certified enough locations in the HUBB at speeds of 25/3 Mbps to at least meet its 40% service milestone (i.e., CRC was required to offer service meeting the applicable CAF Phase II auction requirements to approximately 309 locations at a minimum) and its 60% service milestone (i.e., CRC was required to offer service meeting the applicable CAF Phase II auction requirements to approximately 464 locations at a minimum).

[30] *See, e.g.*, 47 U.S.C. § 214(e)(1)(A) (requiring a carrier to offer the supported service "using its own facilities or a combination of its own facilities and resale of another carrier's services").

[31] *Auction 903 Closing Public Notice*, 33 FCC Rcd at 8259, para. 12 ("Each entity that is assigned a winning bid through the Divide Winning Bids process is the entity that must file the long-form application portion of FCC Form 683 in its own name, be designated as the [ETC] to serve the relevant area(s), be named in the requisite letter(s) of credit and fulfill the public interest obligations associated with receiving Phase II support."). *Cf. Connect America Fund*, WC Docket No. 10-90, Report and Order, 28 FCC Rcd 7211, 7215 n.21 (WCB 2013) (explaining that a broadband provider would be considered to be providing voice service if it did so through an affiliated competitive local exchange company or through "a managed voice solution obtained from a third party vendor . . . so long as the

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to consumers while also being totally unaware that it was not offering service that met the Commission's requirements. In fact, CRC not only certified that it was offering the required service to the locations it submitted in the HUBB, it also certified that it had met the 40% and 60% service milestones, which meant it avoided the support withholding that would have been imposed if CRC had accurately reported its deployment.[32]

11. Accordingly, we are not persuaded that special circumstances exist because CRC "performed its due diligence in selecting a subcontractor," and then later "pursu[ed] alternative options for preserving existing operations and fulfilling its CAF [Phase II auction] deployment obligations" once it was clear WiValley would not perform.[33] While CRC may have conducted due diligence in its initial selection of WiValley, it then neglected its responsibility to meet its obligations for a large portion of the support term. Moreover, CRC may have had more options for meeting or transferring its obligations if it had exercised proper oversight, fulfilled its responsibility as the carrier required to offer the service, and discovered early on that WiValley was not meeting the terms of the contract rather than waiting until it was notified that WiValley was insolvent before it "engaged a third-party consultant to evaluate the network deployed by WiValley . . . ."[34] Instead, CRC is coming in late in the deployment period to seek relief, after it has received the benefit of receiving years of CAF Phase II auction support, including support that would have otherwise been withheld given CRC's noncompliance.

12. While we acknowledge CRC's claims that most of the locations in its CAF Phase II auction service area are already served with broadband at speeds that exceed 25/3 Mbps or might be served by Spectrum with state funding,[35] CRC's expected default is entirely independent of these conditions. These conditions thus do not constitute special circumstances that warrant waiver. Again, CRC explains that the reason it is unable to meet its obligations or transfer its obligations to another carrier is due to WiValley's insolvency and failure to meet the terms of the contract, and the fact that this issue was discovered too late in the CAF Phase II auction deployment term for CRC or another carrier to meet the obligations within the required timeframe.[36] We also note that to the extent CRC defaults on these areas, we will be recovering support from CRC, so there will be no duplicative support in the defaulted areas.[37]

13. For these reasons, we do not find that the Bureau's deduplication precedent cited by CRC is applicable here.[38] In RiverStreet Communications of Virginia, Inc.'s (RiverStreet) situation, RiverStreet and Cox came to an agreement that RiverStreet would relinquish certain CBGs within its Rural Digital Opportunity Fund (RDOF) area to prevent duplicative funding where the other service provider had an enforceable commitment to serve every location in the affected CBGs.[39] Such agreement

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broadband provider is the entity responsible for dealing with any customer problems, and it provides quality of service guarantees to end user customers").

[32] 47 CFR § 54.320(d)(1).

[33] CRC Petition at 8-9.

[34] *Id.* at 8.

[35] *Id.* at 3-4, 9-10, Exh. A.

[36] *Id.* at 3 (conceding its "efforts" to pursue transactions "have been unsuccessful because of the significant amount of work to be done and the impending FCC deadlines for completion of the project.").

[37] *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, DA 25-729, at 7, para. 16 (WCB Aug. 19, 2025) (*Mercury Waiver Order*).

[38] CRC Petition at 7-8 (citing *RiverStreet Waiver Order*).

[39] *RiverStreet Communications of Virginia, Inc. Request for Waiver*, WC Docket No. 10-90 et al., at 2 (filed Nov. 15, 2024).

was reached early on in the RDOF support term.[40] There was no indication that RiverStreet would not have met its obligation to serve the area but for the duplicative funding. As a result, the Bureau found it would serve the public interest to permit RiverStreet to relinquish the affected CBGs to maximize the use of public funding in the county and further the Commission's responsibility to coordinate with other agencies and deduplicate funding.[41] To ensure no Americans are left behind, we have only deduplicated funding where an entire CBG is covered by duplicative funding, except in the narrow, unique circumstance of locations on Tribal land.[42] This allows us to avoid the inefficient duplicative funding while ensuring universal service.[43]

14. In comparison, other factors led CRC to make the business decision to not fulfill its obligations and then come to us requesting relief. CRC has not sufficiently demonstrated that some of these factors were unforeseeable or preventable, and in areas where CRC is seeking relief where locations are unserved, the facts materially differ.[44] We are not convinced that it would serve the public interest to relieve CRC of some of the required support recovery simply because most of the affected locations already happen to be served or will be served.[45] Taking such action would undermine auction integrity to give CRC relief from the required support recovery due to the fact that most of the areas are coincidentally served or will be served. CRC sought authorization fully on notice of the terms of the CAF Phase II auction program, that its authorization was conditioned on meeting the terms and conditions of the program, and of the objective calculation that would be used to determine the required support recovery if it did not meet these obligations.[46] CAF Phase II auction bidders may have bid differently in the auction if they knew they could abdicate their responsibility to meet the CAF Phase II auction obligations, but then would not be subject to applicable non-compliance measures because an area was served or would be served pursuant to another funding award regardless of other factors.[47]

15. In these specific circumstances, we find that on balance the public interest is served by maintaining auction integrity and applying the full extent of the applicable support recovery rules that CRC agreed to be subject to by seeking authorization. Although the CAF Phase II auction program was intended to support the deployment of service in unserved areas,[48] we also have an obligation as stewards of the public's funds to ensure that carriers seeking relief made a good faith effort to meet the requirements of the program.[49]

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[40] RiverStreet was authorized to begin receiving RDOF support in Virginia in February 2022 and its first service milestone is not until the end of this year. 47 CFR § 54.802(c)(1); *Rural Digital Opportunity Fund Support Authorized for 2,576 Winning Bids*, AU Docket No. 20-34 et al., Public Notice, 37 FCC Rcd 1617 (WCB 2022).

[41] *RiverStreet Waiver Order*, 39 FCC Rcd at 13734-35, paras. 9-10.

[42] *Id.* at 13734, para. 9 (explaining that Cox had "an enforceable buildout obligation to serve every location" in the relevant CBGs). Tribal boundaries do not neatly align with CBGs, and the Tribe typically in these scenarios has not explicitly granted consent to a carrier's network deployment on Tribal land. *See, e.g., Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 39 FCC Rcd 9751 (WCB 2024).

[43] *RiverStreet Order*, 39 FCC Rcd at 13734-35, paras. 9-10. *See also Mercury Waiver Order* at 10, para. 22.

[44] *See Mercury Waiver Order* at 10, para. 22.

[45] CRC Petition at 3-4, 9-10, Exh. A.

[46] 47 CFR §§ 54.315(c)(4); 54.320(d)(2); *CAF Phase II Auction Order*, 31 FCC Rcd at 6017, para. 191.

[47] *See Mercury Waiver Order* at 8, para. 18; *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 39 FCC Rcd 12627, 12636, para. 23 (WCB 2024).

[48] *CAF Phase II Auction Order*, 31 FCC Rcd at 5968, paras. 51-52.

[49] 47 U.S.C. § 254(e) ("A carrier that receives [universal service] support shall use that support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.").

16. We are also not persuaded that being able to recover a portion of the required support recovery "more quickly" if we were to grant relief shifts the balance so that it would be in the public interest to grant relief.[50] While we would potentially recover money sooner than waiting until the end of the deployment period plus the one year cure period if we granted CRC's requested relief,[51] this would not negate the fact that we would be recovering less support than required and would be undermining auction integrity. Moreover, it is unclear whether CRC intends to remain in the CAF Phase II auction program for the locations it has already certified serving in the HUBB. To the extent that CRC intends to fully withdraw from the CAF Phase II auction because it is unable to meet its obligations, we have permitted carriers that have fully withdrawn to default prior to the end of the deployment term so that we can initiate support recovery sooner, but have not provided any additional relief for such carriers absent a finding of good cause.[52] Additionally, carriers that default on only some CBGs within their service area have the option of petitioning the Bureau for a waiver to pay a portion of the required support recovery early if the Bureau determines there is good cause to grant the request.[53]

IV. ORDERING CLAUSES

17. Accordingly, IT IS ORDERED, pursuant to sections 1, 4(i), 5(c), and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 254, and sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 CFR §§ 0.91, 0.291, 1.3, that this Order IS ADOPTED.

18. IT IS FURTHER ORDERED that the petition for waiver of CRC Communications LLC is DENIED to the extent described herein.

19. IT IS FURTHER ORDERED that, pursuant to section 1.102(b)(1) of the Commission's rules, 47 CFR § 1.102(b)(1), this Order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Joseph S. Calascione
Chief
Wireline Competition Bureau

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[50] CRC Petition at 9-10.

[51] 47 CFR § 54.320(d)(2); *CAF Phase II Auction Order*, 31 FCC Rcd at 6017, para. 191.

[52] *See, e.g., Connect America Fund Phase II Auction Post-Authorization Defaults Announced*, AU Docket No. 17-182 et al., Public Notice, 38 FCC Rcd 2482, 2483 (WCB 2023) (instructing USAC to initiate support recovery).

[53] *See, e.g., Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 39 FCC Rcd 6522 (WCB 2024).