

**Connect America Fund
Implementation Report
November 14, 2013**

Agenda

- Connect America Fund for Price Cap Areas
 - Connect America Phase I
 - Connect America Phase II
- Reforms for Rate of Return Areas
- Other Improvements to FCC Data
- Tribal Mobility Fund Phase I
- Tribal Engagement
- Key Activities Ahead

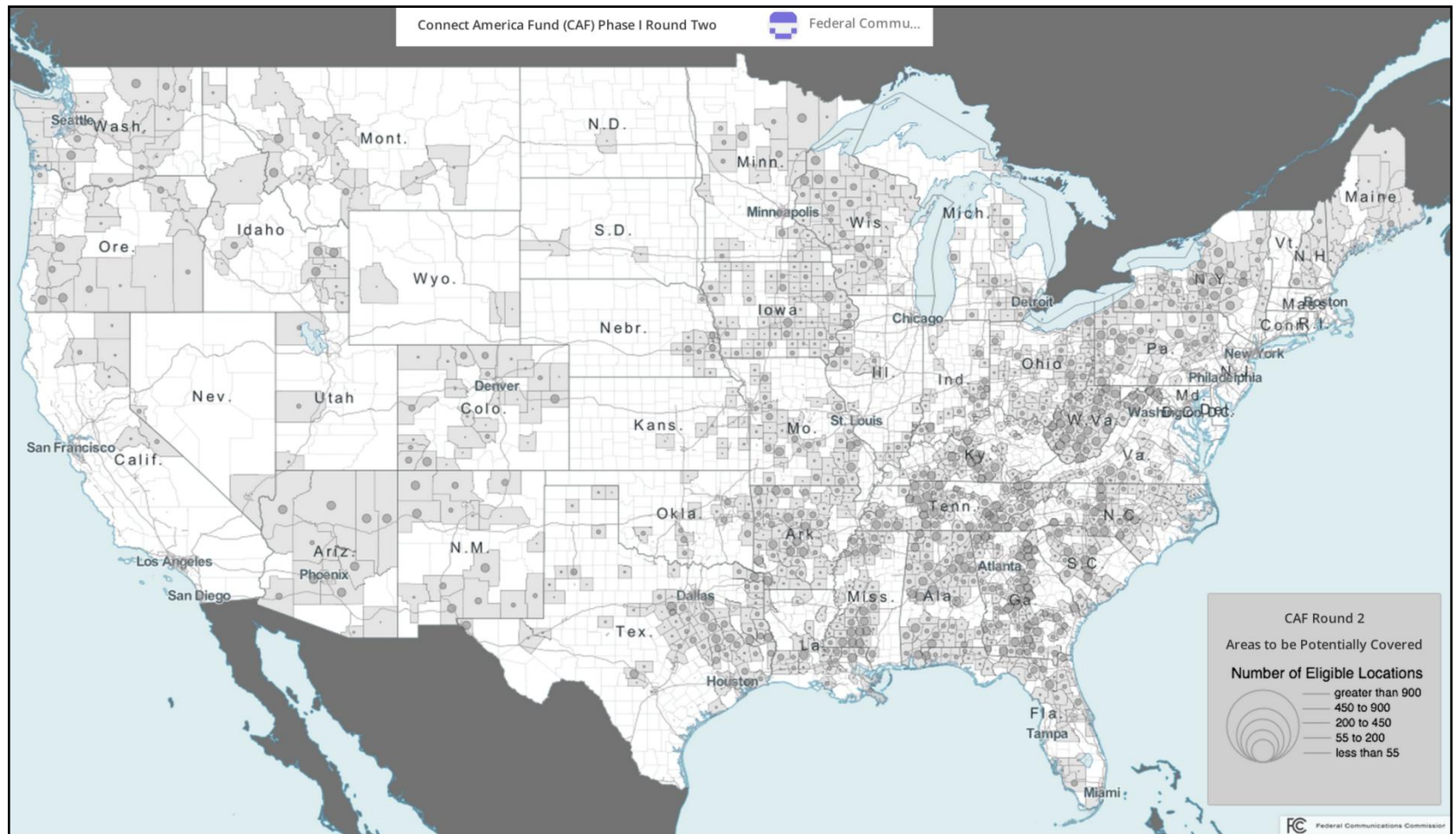
Connect America Phase I Round 2

- Phase I incremental support intended to quickly expand broadband while Commission works on Phase II implementation
- In August, price cap carriers submitted elections for build-out areas, requesting over \$385 million to deliver new broadband service to over 600,000 locations

Round Two Authorizations to Date



Round Two Elections



<http://www.fcc.gov/maps/connect-america-fund-phase-i-round-two>

Progress on Phase II Implementation

- **Forward-Looking Cost Model**
 - Current version of the model released in August
 - Illustrative model results posted on fcc.gov
 - Working on inputs for non-contiguous United States
 - Targeting release of next version in near future
- **Phase II Webinars**
 - In September, conducted three separate webinars for NARUC members and their staffs, presenting an in-depth overview of Phase II implementation, the cost model, and the challenge process
 - All three staff presentations available on FCC website, and audio recordings available on USAC's website

Phase II Service Obligations for Price Cap Carriers Making State-Level Commitment

- Bureau Order released October 31, 2013
 - Specifies how price cap carriers can demonstrate they meet requirements for “reasonably comparable” pricing of voice and broadband
 - Adopts 100 GB initial minimum usage allowance, to the extent carrier chooses to set usage allowances
 - Adopts round trip latency requirement of 100 ms or less and provides two options for how such latency can be demonstrated
 - Addresses how these metrics will be applied to determine what areas we will consider served by an unsubsidized competitor

Other Reforms

- July 2013 Bureau High Cost Loop Benchmarks Order
 - Maintained existing formula for 2014
 - Waived application of rule in Alaska for remainder of 2013 and 2014
 - Deferred further phase-down of support for those carriers subject to limits
- Study Area Boundary Data Collection
 - Data collected in May and June from incumbent carriers and states
 - Since June, have been working to process the files submitted and compile information into a consolidated map
 - Next step: publish online study area boundary map to facilitate boundary reconciliation

Other Improvements to FCC Data

- Survey of Urban Rates
 - Recently received OMB approval to conduct urban rate survey, which will be used to establish benchmarks for reasonably comparable voice and broadband rates
 - Will be conducting survey in near future
- Annual Reporting
 - In October, eligible telecommunications carriers (ETCs) filed new annual reports
 - Bureau staff reviewing; state certifications due next month

Mobility Fund Phase I

- Mobility Fund Phase I (Auction 901)
 - Substantial progress made in reviewing long-form applications received from the 33 winning bidders
 - Initial disbursements made to 27 winning bidders authorized to receive up to \$219 million in winning bids
- Tribal Mobility Fund Phase I (Auction 902)
 - Scheduled for Feb. 25, 2014
 - Public Notice released on Aug. 7, 2013, announcing auction procedures
 - Filing window for applications to participate: Nov. 18 – Dec. 5, 2013

Tribal Government Engagement

- ETCs required to demonstrate on an annual basis that they have meaningfully engaged with Tribal governments in their universal service supported areas
- ETCs reported on Tribal engagement for first time in annual reports filed in October
- In 2014, ONAP plans to take affirmative steps to facilitate field meetings on engagement and best practices between Tribal governments and ETCs

Key Activities Ahead

- Complete authorizations of funding for Connect America Phase I Round 2
- Adopt Connect America Phase II cost model
- Complete study area boundary reconciliation
- Conduct rate survey
- Tribal Mobility Fund I Auction