



PUBLIC NOTICE

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WIRELINE COMPETITION BUREAU AUTHORIZES 186 RATE-OF-RETURN COMPANIES TO RECEIVE AN ADDITIONAL \$65.7 MILLION ANNUALLY IN ALTERNATIVE CONNECT AMERICA COST MODEL 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 186 rate-of-return companies that elected 242 revised offers to receive additional Alternative Connect America Cost Model (A-CAM) 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 The revised 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 106,000 locations in addition to those locations for which they were previously obligated. Eligible companies elected more than 92% of the revised offers.

A summary report, also 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

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, Further Notice of Proposed Rulemaking, and Order on Reconsideration, FCC 18-176, at paras. 14-30 (Dec. 12, 2018) (*December 2018 Rate-of-Return Reform Order*); *Wireline Competition Bureau Announces Offers of Revised A-CAM Support Amounts and Deployment Obligations Authorized A-CAM Companies to Expand Rural Broadband*, WC Docket No. 10-90, Public Notice, DA 19-115 (WCB rel. Feb. 25, 2019) (*A-CAM Third Revised Offer Public Notice*).

² The report is available at <https://docs.fcc.gov/public/attachments/DOC-357212A1.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, January 2017, and July 2018 is available at

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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 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 *March 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 In a Public Notice issued on July 20, 2018, the Bureau authorized support at the revised amounts for companies that accepted the revised offer.⁸

In the *December 2018 Rate-of-Return Reform Order*, the Commission directed the Bureau to offer additional support up to \$200 per-location to all previously authorized carriers.⁹ Under this revised offer, all locations with costs above \$52.50 will be funded up to a per-location funding cap of \$200. The Commission also adopted additional obligations to provide 25/3 Mbps service and extended the term of the revised offer by two years.¹⁰ On February 25, 2019, the Bureau released a public notice announcing the revised model-based support amounts and corresponding deployment obligations and providing the carriers with 30 days to accept the revised offer.¹¹ In response, 186 rate-of-return companies submitted letters electing 242 separate revised offers in 43 states.

We authorize and direct the Universal Service Administrative Company (USAC) to obligate and disburse the annual support amounts over a 10-year term, beginning January 1, 2019, for each carrier that has accepted the revised offer of A-CAM support in the states identified in the attachment. All 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.¹²

Collectively, the net increase in annualized support compared to the previously-elected A-CAM support is approximately \$65.7 million. This increase will be partially offset, however, by transition payments already disbursed that will be reduced or eliminated going forward due to the per-location cap's increase. 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

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<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.

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 *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 para. 66 (rel. Mar. 23, 2018) (*March 2018 Rate-of-Return Reform Order*).

⁸ *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, Public Notice, 33 FCC Rcd 6800 (WCB 2018).

⁹ *December 2018 Rate-of-Return Reform Order*, at 6-11, paras. 14-30.

¹⁰ *Id.* The buildout obligations associated with the revised offers are in addition to the buildout obligations to which A-CAM carriers are subject pursuant to their prior elections.

¹¹ *A-CAM Third Revised Offer Public Notice*.

¹² 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. *Third Revised Offer Public Notice*. We note that the new interim deployment milestones are in addition to those to which these carriers were committed pursuant to earlier authorizations.

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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