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January 11, 2013

Via ECFS

Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: American Cable Association *Ex Parte* Filing in the Virtual Workshop in Response to the Public Notice on the Connect America Cost Model, WC Docket Nos. 10-90 and 05-337

Dear Ms. Dortch:

In response to the Public Notice¹ issued by the Wireline Competition Bureau on availability of version one of the Connect America Cost Model (“CACM”), today the American Cable Association (“ACA”) filed in the virtual workshop the following recommendations on functionalities and capabilities that should be added to the CACM to facilitate (1) more detailed analysis and (2) greater modeling transparency. Should you have any questions about these recommendations, please contact me.

American Cable Association CACM Functionality and Capability Recommendations

1. Provide the ability to separate Opex/Capex expenditures in the reporting module. This could be accomplished by (1) adding a toggle to include/exclude Capex and a toggle to include/exclude Opex, or (2) showing these costs as separate reporting fields, in addition to the existing total modeled cost per geographic area. The inclusion of this information would facilitate new analysis on which portion of the costs represent ongoing operational expenditures versus capital expenditures. This type of analysis could be performed to determine whether locations require

¹ *Wireline Competition Bureau Announces Availability of Version One of the Connect America Fund Phase II Cost Model*, WC Docket Nos. 10-90, 05-337, Public Notice, DA 12-2011 (rel. Dec. 11, 2012). (“Public Notice”)

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support for (1) depreciation associated with capital expenditures, (2) the cost of maintaining service, or (3) both.

2. Provide the ability to include/exclude “Telco Served” locations with a new reporting toggle (e.g., locations that currently have “Telco” provided broadband that meets the FCC speed requirements of 4/1 Mbps). This would facilitate more detailed analysis of the cost of supporting locations that already have “Telco” broadband versus locations without existing broadband.

3. Provide the ability to exclude capital expenditures for all locations that are “Telco Served”. As discussed in the ACA’s October 23, 2012 *ex parte* filing,² one support estimation approach that should be considered is to provide capex and opex support for high cost locations that have no existing broadband, while only providing opex support for locations that have existing telco broadband. By adding functionality to exclude capital expenditures from “Telco-Served” locations in the modeling process, the required support for this type of scenario could be more accurately estimated.

4. Provide for inclusion of the existing download/upload speed data for each geographic area from the national broadband map in each of the detailed reporting module reports. This would facilitate analysis of the broadband speed improvement expected to be achieved under various policy scenarios.

5. Provide a toggle to exclude Alaska from the calculations. It is generally acknowledged that different modeling methodologies may be necessary to accurately estimate costs in the state.

6. Provide a new summary report that shows expected annual capital expenditure cash flows by asset category for each year (i.e., 0-40 years – the number of years should match the economic life of the longest-lived asset). While the current leveled costs shown in the reporting module are useful to determine the required amount of ongoing support in various a scenarios, a cash flow report would facilitate a detailed analysis of the required costs of deployment, which could be used to further assess one-time support mechanisms, such as CAF phase I.

7. Provide new fields in the support model detail report indicating which census blocks were previously eligible for USF support, and the amount (if any) of funding provided in 2011. This would help determine which locations are receiving new support (i.e., locations that have not historically been subsidized), and which locations will continue to receive support. These fields will

² *Ex Parte* Presentation of the American Cable Association, WC Docket Nos. 10-90, 05-337 (Oct. 23, 2012)

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also facilitate a comparison between historical and proposed support levels under various policy proposals.

This letter is being filed electronically pursuant to section 1.1206 of the Commission's rules.

Sincerely,



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