



Federal Communications Commission  
Washington, D.C. 20554

July 22, 2013

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20054

**Re: *Connect America Fund*, WC Docket No. 10-90**

Dear Ms. Dortch:

On November 18, 2011, the Federal Communications Commission (Commission) released the *USF/ICC Transformation Order*, which comprehensively reformed and modernized the universal service and intercarrier compensation systems.<sup>1</sup> In the *USF/ICC Transformation Order*, the Commission adopted a framework for providing ongoing support to areas served by price cap carriers, known as Connect America Phase II. Specifically, the Commission will provide ongoing support to these areas through a combination of a forward-looking cost model and competitive bidding. The Commission delegated to the Wireline Competition Bureau (Bureau) the task of developing the forward-looking cost model.<sup>2</sup>

In October 2012, the Bureau announced the commencement of the Connect America Cost Model (CAM) virtual workshop, to solicit input and facilitate discussion on topics related to the development and adoption of the forward-looking cost model for Connect America Phase II.<sup>3</sup> To date, parties have commented on 28 different topics in the CAM virtual workshop.<sup>4</sup>

On four occasions, the Bureau has submitted into the record comments posted by parties in the CAM virtual workshop.<sup>5</sup> These submissions reflect comments posted to the CAM virtual workshop through

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<sup>1</sup> See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (*USF/ICC Transformation Order*), *pets. for review pending sub nom.* In re: *FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 8, 2011).

<sup>2</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17737, para. 192.

<sup>3</sup> *Wireline Competition Bureau Announces Commencement of Connect America Phase II Cost Model Virtual Workshop*, WC Docket Nos. 10-90, 05-337, Public Notice, 27 FCC Rcd 11977 (Wireline Comp. Bur. 2012). See also *Wireline Competition Bureau Announces Connect America Phase II Cost Model Virtual Workshop*, WC Docket Nos. 10-90, 05-337, Public Notice, 27 FCC Rcd 11056 (Wireline Comp. Bur. 2012).

<sup>4</sup> *WCB Cost Model Virtual Workshop 2012*, <http://www.fcc.gov/blog/wcb-cost-model-virtual-workshop-2012> (last visited July 22, 2013).

<sup>5</sup> Letter from Michael Jacobs, Legal Advisor to the Chief, Wireline Competition Bureau, FCC, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed Feb. 6, 2013); Letter from Jamie Susskind, Legal Advisor to the Chief, Wireline Competition Bureau, FCC, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed Mar. 27, 2013); Letter from Michael Jacobs, Legal Advisor to the Chief, Wireline Competition Bureau, FCC, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed April 30, 2013); Letter from Michael Jacobs, Legal Advisor to the Chief, Wireline Competition Bureau, FCC, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed June 25, 2013).

June 24, 2013. With this letter, the Bureau supplements the previous record by submitting comments posted by parties in the CAM virtual workshop from June 25, 2013 through July 19, 2013.<sup>6</sup>

Also with this letter, the Bureau formally submits into the record three sets of illustrative model results for versions 3.1.2, 3.1.3 and 3.1.4 of the CAM, that it previously released publicly and published on the Commission's website.<sup>7</sup> The model results that we are submitting into the record illustrate a range of outcomes for support amounts by carrier per state, depending on final decisions on a number of issues. These reports provide the opportunity for the public to see how changes in certain input values and other decisions impact total support amounts per carrier and the number of locations eligible for support.<sup>8</sup> These illustrative results are available online on the Commission's website at the following web address:

- <http://www.fcc.gov/encyclopedia/connect-america-cost-model-illustrative-results>.

The Bureau intends to formally submit into the record additional illustrative model results as they are developed in the future. As previously indicated when the Bureau first released illustrative model results,<sup>9</sup> we encourage the public to contact Bureau staff if they would like other types of reports to be published. The Bureau has not yet finalized and adopted a cost model. Accordingly, the results submitted into the record today are not final support amounts.

We also take this opportunity to submit the following data sources into the record, relating to broadband consumer usage and pricing:

- Satellite Internet Packages – Exede Internet Pricing in Your Area, <http://www.exede.com/internet-packages-pricing>.
- Verizon Home Fusion Broadband, <http://www.verizonwireless.com/b2c/homefusion/hf/main.do>.
- FCC's Office of Engineering and Technology and Consumer and Governmental Affairs Bureau, Measuring Broadband America February 2013 Report 48, available at

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<sup>6</sup> The Bureau recently sought public comment on two questions in the virtual workshop, concerning business locations and community anchor institutions. *Wireline Competition Bureau Adds Two New Discussion Topics to Connect America Cost Model Virtual Workshop*, WC Docket No. 10-90, Public Notice, DA 13-1396 (Wireline Comp. Bur. rel. June 17, 2013). This submission to the record also includes comments entered into the virtual workshop on June 26, 2013, which address questions regarding the finalizing of inputs values and the determining of the annualized cost of capital investments.

<sup>7</sup> See *Wireline Competition Bureau Releases Illustrative Results From Connect America Cost Model Version 3.1.2, and Methodology Documentation*, WC Docket No. 10-90, Public Notice, 28 FCC Rcd 8186 (Wireline Comp. Bureau 2013) (*CAM Version 3.1.2 Results PN*); *Wireline Competition Bureau Releases Illustrative Results From Connect America Cost Model Version 3.1.3, and Methodology Documentation For Version 3.1.3*, WC Docket No. 10-90, Public Notice, DA 13-1394 (Wireline Comp. Bur. rel. June 17, 2013); *Wireline Competition Bureau Announces Availability of Version 3.1.4 of the Connect America Fund Phase II Cost Model, Illustrative Results, and Updated Methodology Documentation*, WC Docket No. 10-90, Public Notice, DA 13-1439 (Wireline Comp. Bur. rel. June 25, 2013).

<sup>8</sup> We note that the reports for versions 3.1.2 and 3.1.3 presented the total support amounts and number of eligible locations under two alternatives: (1) all carriers that serve non-contiguous states and territories have their support frozen at 2011 levels, or (2) those carriers receive model-based support. The Bureau did not post a report showing frozen support amounts for version 3.1.4 because those frozen amounts for those carriers would be the same as shown with the illustrative results posted for version 3.1.3.

<sup>9</sup> See *CAM Version 3.1.2 Results PN*, 28 FCC Rcd at 8187.

<http://transition.fcc.gov/cgb/measuringbroadbandreport/2013/Measuring-Broadband-America-feb-2013.pdf>.

- Internet Data Usage Calculator – MTS,  
<http://www.mts.ca/mts/personal/support/internet/high+speed+internet/internet+data+usage+calculator>.
- Cisco, Visual Networking Index: Forecast and Methodology, 2012-2017, 9 (2013), at [http://www.cisco.com/en/US/solutions/collateral/ns341/ns525/ns537/ns705/ns827/white\\_paper\\_c11-481360.pdf](http://www.cisco.com/en/US/solutions/collateral/ns341/ns525/ns537/ns705/ns827/white_paper_c11-481360.pdf).

As always, we welcome the input of interested parties on any matters related to the development of the CAM for Connect America Phase II implementation.

Respectfully Submitted,

\_\_\_\_\_/s/\_\_\_\_\_  
Michael J. Jacobs  
Legal Advisor to the Chief  
Wireline Competition Bureau  
Federal Communications Commission

Attachment