



Federal Communications Commission  
Washington, D.C. 20554

March 28, 2014

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**Re. 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. The Commission delegated to the Wireline Competition Bureau (Bureau) the task of implementing various aspects of Connect America Phase II.<sup>2</sup>

With this letter, the Bureau formally submits into the record the illustrative model results for the Connect America Cost Model (CAM) version 4.1 (v4.1).<sup>3</sup> The model results that we are submitting into the record illustrate model outputs from running v4.1 with a funding benchmark of \$52.50 (based on an assumed 70% subscription rate with \$75 average revenue per user). The report shows the number of locations that would newly receive broadband using that funding benchmark. The report also depicts the number and percentage of total locations in price cap areas that would fall above the extremely high-cost threshold. The report is available at <http://www.fcc.gov/encyclopedia/connect-america-cost-model-illustrative-results>. It includes explanatory notes to assist the public in understanding what is portrayed in the report's various rows and columns, and enables users to filter the results to easily see potential support amounts and number of supported locations that v4.1 calculates for each price cap carrier by study area and by state. Because the Bureau has not yet finalized and adopted a cost model, the illustrative results that we are submitting into the record are not final support amounts.

The Bureau also submits into the record the default inputs for v4.1, which are publicly available at <http://www.fcc.gov/encyclopedia/price-cap-resources>, but which do not include an inputs table that provides state-specific capital values. Users that have signed the relevant attachments of the

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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. argued Nov. 19, 2013).

<sup>2</sup> See *USF/ICC Transformation Order*, 26 FCC Rcd at 17701, 17729, paras. 103, 170.

<sup>3</sup> See *Wireline Competition Bureau Announces Availability of Version 4.1 of the Connect America Fund Phase II Cost Model*, WC Docket No. 10-90, Public Notice, DA 14-394 (Wireline Comp. Bur. rel. Mar. 21, 2014).

*Third Supplemental Protective Order*<sup>4</sup> can view these state-specific values on the “Posted Data Sets” page of the CAM website, which they are entitled to access once they execute the relevant attachments.

Finally, the Bureau submits into the record a list of census blocks eligible for support under v4.1, so that the public can determine where funding would be targeted. This list also can be found at <http://www.fcc.gov/encyclopedia/connect-america-cost-model-illustrative-results>.

Respectfully submitted,

/S/

Michael J. Jacobs  
Legal Advisor to the Chief  
Wireline Competition Bureau

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<sup>4</sup> See *Connect America Fund*, WC Docket No. 10-90, Third Supplemental Protective Order, 27 FCC Rcd 15277 (Wireline Comp. Bur. 2012) (*Third Supplemental Protective Order*).