

FCC Allocates Another \$485 Million in Connect America Fund Phase I Support for Price Cap LECs

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The FCC's November 18, 2011 *USF/ICC Transformation Order* established the Connect America Fund (CAF) and provided for two phases of funding for expanding broadband coverage to unserved locations. The Commission allocated \$300 million for CAF Phase I support that was offered to price cap local exchange carriers (LECs) to deploy broadband to locations unserved by fixed, terrestrial Internet access with speeds at a minimum of 768 kbps downstream and 200 kbps upstream. In July 2012 the price cap LECs accepted only \$115 million of the \$300 million allocated. On May 22, the FCC released an order offering the price cap LECs another \$300 million for 2013, as well as the \$185 million that was left on the table last year. Carrier elections are due within 75 days of the order, or by **August 5, 2013**. There are, however, a few key differences in this year's proposal:

- Price cap LECs can receive Phase I incremental support of \$550 per location to serve locations that are unserved with broadband at speeds of at least 3 Mbps/768 kbps in addition to still being eligible for \$775 per location to serve locations that are unserved at speeds of at least 768 kbps/200 kbps.
- Price cap LECs may not receive support pursuant to the expanded eligibility (i.e., areas unserved by speeds of at least 3 Mbps/768 kbps) until they have accepted funding for all projects or routes including locations unserved by the lower speeds of at least 768 kbps/200 kbps, to the extent they are able to do so using the \$775 per location plus matching private funds. The recipients must certify that they have prioritized funded routes to maximize the number of newly served locations that do not currently have 768 kbps/200 kbps speed service.
- Price cap LECs can elect to seek more than the support allocated to them, which will be funded by any support declined by the other price cap LECs or the \$185 million left from Phase I, Round I.
- Price cap LECs may not receive funding to deploy broadband to census blocks that contain a project that received funding under the Broadband Initiatives Program (BIP) or Broadband Technology Opportunities Program (BTOP).
- Each price cap LEC's election must include a list of census blocks and wire centers in which it plans to use support, and it must identify how many \$775 locations and how many \$550 locations it will serve pursuant to the served speeds shown the June 2012 National Broadband Map (NBM), or challenge the NBM's designation.

- The Commission established a challenge process to be implemented by the Wireline Competition Bureau whereby the Bureau will review the census blocks identified for support in each price cap LEC's election and publish a list of all census blocks that carriers propose to serve, which will be followed by a 30 day challenge period for unsubsidized competitors and a 30 day response period for the price cap LECs.
- Support recipients must report geocoded latitude and longitude location information at their two and three year milestone certifications and must report annually on the dollar amount of investment made in the prior calendar year.

Competitive broadband providers should be ready to challenge the published list of census blocks to be served with CAF Phase I support in the early Fall, which will include the need for documented evidence of broadband service to census blocks, such as officer certifications and properly redacted current customer billing records.