



6712-01

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 54

[WC Docket No. 10-90; DA 13-2317]

Additional Connect America Fund Phase II Issues.

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: In this document, the Wireline Competition Bureau seeks to further develop the record on several implementation issues regarding the transition from Connect America Phase I to Phase II.

DATES: Comments are due on or before January 7, 2014.

ADDRESSES: All pleadings are to reference WC Docket No. 10-90. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies, by any of the following methods:

- **Electronic Filers:** Comments may be filed electronically using the Internet by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2/>.
- **Paper Filers:** Parties who choose to file by paper must file an original and one copy of each filing.
- **People with Disabilities:** To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at (202) 418-0530 (voice), (202) 418-0432 (tty).

For detailed instructions for submitting comments and additional information on the rulemaking process, see the SUPPLEMENTARY INFORMATION section of this document.

FOR FURTHER INFORMATION CONTACT: Ted Burmeister, Wireline Competition Bureau at (202) 418-7389 or TTY (202) 418-0484.

SUPPLEMENTARY INFORMATION: This is a synopsis of the Wireline Competition Bureau's document in WC Docket No. 10-90; DA 13-2317, released December 3, 2013. The complete text of this document is available for inspection and copying during normal business hours in the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington DC 20554. The document may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone (800) 378-3160 or (202) 863-2893, facsimile (202) 863-2898, or via Internet at <http://www.bcpiweb.com>.

1. In this document, the Wireline Competition Bureau (Bureau) seeks to further develop the record on several implementation issues regarding the transition from Connect America Phase I to Phase II.

2. Timing of Phase II Support Disbursements. In the USF/ICC Transformation Order, 76 FR 73830, November 29, 2011, the Commission specified that price cap carriers electing to make a state-level commitment would receive five years of model-based support, and it established a process for transitioning support from Connect America Fund Phase I to Phase II in states where model-based support is greater than frozen support. Specifically, for a carrier accepting the state-wide commitment pursuant to Connect America Fund Phase II, "in the first year, the carrier will receive one-half the full amount the carrier will receive under CAF Phase II and one-half the amount the carrier received under CAF Phase I for the previous year (which would be the frozen amount if the carrier declines Phase I or the frozen amount plus the incremental amount if the carrier accepts Phase I); in the second year, each carrier accepting the state-wide commitment will receive the full CAF Phase II amount."

3. Several price cap carriers have raised questions regarding how to calculate the

five-year funding period in light of the language in paragraph 180 of the USF/ICC Transformation Order. We now seek to more fully develop the record on this issue. The Bureau seeks comment on several alternatives. First, the price cap carrier could receive the remaining half of one year of annual support as a lump sum on the date that is five years after the date of the initial election. Second, the remaining half could be distributed pro-rata on a monthly basis over the third through fifth years. Third, the remaining half year could be provided as a lump sum as soon as the carrier certifies that it has fully met its deployment obligations, which potentially could occur separately from the § 54.313(e)(2) annual report certification that the company is providing the required service to 100 percent of its locations. Fourth, the remaining half year of annual support could be provided as a lump sum after the carrier files its annual report pursuant to § 54.313(e)(2) regarding completion of its deployment obligations for Phase II-funded locations. The Bureau seeks comment on the relative advantages and disadvantages of each alternative. Are there any other alternatives?

4. Phase-Down in States with Support Reductions. In the USF/ICC Transformation Order, the Commission concluded that it would be “premature to specify the length of the transition” for carriers that would receive less money from Connect America Phase II than frozen high-cost support, but “there will be an appropriate multi-year transition to the lower amount” which would be addressed in conjunction with the finalization of the cost model.

5. The Bureau now seeks to further develop the record regarding the length of the “appropriate multi-year transition.” Consistent with the approach adopted by the Commission for the phase down in support for competitive eligible telecommunications carriers, should the transition for carriers in states where they will receive less funding under Phase II than frozen support occur over a five-year period, with the carrier receiving a 20 percent reduction in frozen support the first year, a 40 percent reduction in the second year, a 60 percent reduction in the third year, an 80 percent reduction in the fourth year, and the full reduction in the fifth year?

Alternatively, should the transition period be shorter, such as two or three years? The funding necessary to cover this transition could be drawn from the Connect America broadband reserve, which is designed to ensure that average annual expenditures remain within the \$4.5 billion budget over time. The Bureau seeks comment on these proposals. To the extent commenters suggest alternative approaches, they should provide a detailed description of their proposal.

I. PROCEDURAL MATTERS

A. Initial Regulatory Flexibility Act Analysis

6. The USF/ICC Transformation Order and FNPRM, 76 FR 73830, November 29, 2011 and 76 FR 78384, December 16, 2011, included an Initial Regulatory Flexibility Analysis (IRFA) pursuant to 5 U.S.C. 603, exploring the potential impact on small entities of the Commission's proposals. We invite parties to file comments on the IRFA in light of this additional notice.

B. Initial Paperwork Reduction Act of 1995 Analysis

7. This document seeks comment on a potential new or revised information collection requirement. If the Commission adopts any new or revised information collection requirement, the Commission will publish a separate notice in the Federal Register inviting the public to comment on the requirement, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3501-3520). In addition, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, 44 U.S.C. 3506(c)(4), the Commission seeks specific comment on how it might "further reduce the information collection burden for small business concerns with fewer than 25 employees."

C. Filing Requirements

8. Interested parties may file comments on or before the date indicated on the first page of this document. Comments are to reference WC Docket No. 10-90 and may be filed using

the Commission's Electronic Comment Filing System (ECFS), or by filing paper copies.

- Electronic Filers: Comments may be filed electronically using the Internet by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2/>.
- Paper Filers: Parties who choose to file by paper must file an original and one copy of each filing. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.
 - All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th St., SW, Room TW-A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.
 - Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.
 - U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW, Washington DC 20554.

9. In addition, we request that one copy of each pleading be sent to each of the following:

(1) Ted Burmeister, Telecommunications Access Policy Division, Wireline Competition Bureau, 445 12th Street, SW, Room 5-A445, Washington, D.C. 20554; e-mail:

Ted.Burmeister@fcc.gov;

(2) Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau, 445 12th Street, SW, Room 5-A452, Washington, D.C. 20554; e-mail: Charles.Tyler@fcc.gov.

10. People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

11. The proceeding this Notice initiates shall be treated as a “permit-but-disclose” proceeding in accordance with the Commission’s ex parte rules. Persons making ex parte presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral ex parte presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the ex parte presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter’s written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during ex parte meetings are deemed to be written ex parte presentations and must be filed consistent with rule § 1.1206(b). In proceedings governed by rule § 1.49(f) or for which the Commission has made available a method of electronic filing, written ex parte presentations and memoranda summarizing oral ex parte presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (e.g., .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission’s ex parte rules.

FEDERAL COMMUNICATIONS COMMISSION.

Linda Oliver,
Deputy Chief, Telecommunications Access Policy Division
Wireline Competition Bureau.

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