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Connect America Fund Phase I: Providers Stake Claims to Build-Out Funding

A Connected Nation Policy Brief

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On August 20, 2013, larger (“price cap”) local telephone companies began making commitments to the FCC to build out fixed broadband service to thousands of homes and businesses that do not have access to broadband service today. These commitments are further implementation of Phase I of the FCC’s Connect America Fund (CAF), which offers one-time, per-location payments to these providers to upgrade their networks. All told, more than 600,000 homes and businesses could see broadband network upgrades as a result of this program.

Earlier this year, the FCC allocated \$485 million of these one-time payments among these providers, which include AT&T, ACS, CenturyLink, Cincinnati Bell, FairPoint, Frontier, PRTC, and Windstream. As part of these commitments, the providers are to represent that they would at least match the Connect America Fund payment with their own private investment and complete the network upgrades in the next three years. Participation in this CAF Phase I is optional.

Over the next few days, the FCC will review this information, compare it to the availability data on the [National Broadband Map](#), confirm the allocation of the available funds, and release a comprehensive list of potentially-eligible areas for this funding. That release will trigger a public comment period in which the public may review the submissions and challenge whether the areas do not have access to broadband at 3 Mbps download/768 kbps upload.

Proposed Build-Out Commitments, Connect America Fund Phase I, 2013

The following table summarizes the filings as of August 21 from these providers, to the extent they have been made public.

PROVIDER	MINIMUM FUNDING AVAILABLE BY FCC ALLOCATION	ACCEPTED SUBSIDY AMOUNT	APX. NUMBER OF LOCATIONS FOR BROADBAND UPGRADE
Alaska Communications Systems (ACS)	\$4,185,103	\$173,800	316
AT&T	\$47,857,148	\$100,000,000	129,000
CenturyLink	\$89,904,599	\$54,125,800	92,617
Cincinnati Bell	\$0	--	--
Consolidated Communications	\$421,247	--	--
Fairpoint Communications	\$4,856,858	\$3,311,150	5,495
Frontier Communications	\$71,979,104	\$71,852,575	118,984
Hawaiian Telecom	\$402,171	\$1,020,621	1,317
Virgin Islands Telephone Co.	\$255,231	\$0	0
Micronesia Telecommunications	\$0	--	--
Puerto Rico Telephone Company (PRTC)	\$0	\$31,589,912	40,761
Verizon	\$19,734,224	\$0	0
Windstream Communications	\$60,404,310	\$123,943,275	217,638
Total	\$299,999,995	\$386,017,133	606,128



The first \$300 million in this funding round was allocated between the providers as shown in the Table above. The FCC gave providers the flexibility to request funding beyond that initial allocation. AT&T, Windstream, and Puerto Rico Telephone Company asked for funding beyond their initial allocation. Verizon and Virgin Islands Telephone Company did not accept any of the funds that the FCC made available to them. Consolidated, Micronesian Telecommunications, and Cincinnati Bell were also able to propose claims to the FCC, but as of this writing none had been publicly released.

These proposed commitments are based on analysis of broadband availability based on the June 2012 version of the National Broadband Map. Areas that do not have access to 768 kbps download/200 kbps upload fixed broadband that are in the service territories of these providers are eligible for a one-time subsidy of \$775 per location (e.g., home or business establishment). Areas that have access to basic broadband but not 3 Mbps download/768 kbps upload fixed broadband are eligible for a one-time subsidy of \$550 per location to be upgraded. Areas that have received a Broadband Technology Opportunities Program (BTOP) or Broadband Initiatives Program (BIP) grant are ineligible to receive funding under this program.

If these proposed commitments are accepted by the FCC, the provider will have three years to build-out and upgrade broadband to these locations. All told, more than 600,000 homes and businesses could see these broadband network upgrades by 2017.

Upcoming Eligible Areas Challenge Process

Over the next several days, the FCC will review the filings and release a comprehensive, public list of the areas proposed to receive this Phase I round of funding. This release will mark the start to a “challenge” process in which the FCC will receive and resolve disputes from the public as to whether these areas are, in fact, unserved or underserved. Parties will be able to challenge eligibility of the subsidy if, for example, they believe they can prove that a given area already has access to broadband at the requisite speed. Parties will have 30 days to file any such “challenges” at the FCC, and another 30 days is reserved for responses.

At the core of this challenge process will be the underlying data of the National Broadband Map. According to the FCC’s order, this challenge process will “focus solely on speed of broadband service” and not include questions such as latency, capacity, price, and availability of voice service. The FCC has stated that data found on more-recent versions of the National Broadband Map will be considered as evidence in any challenge process. The FCC specifically requires that “all filings in the challenge process, whether from price cap or another provider, must be supported by some form of documented evidence,” and the FCC will not accept “conclusory assertions without supporting evidence.”

Connected Nation will work with any provider or member of the public that seeks insight or clarification into this challenge process and the National Broadband Map data. As an NTIA State Broadband Initiative grantee or mapping contractor in Alaska, Iowa, Michigan, Minnesota, Nevada, Ohio, Puerto Rico, South Carolina, Tennessee, and Texas, Connected Nation regularly and routinely performs independent validation and verification of the broadband availability data it maps and submits to the National Broadband Map. A summary of those validation procedures can be found at [this link](#). Connected Nation takes this responsibility seriously and stands ready to assist those who have any questions or concerns about this data and the upcoming FCC challenge process.

For more information, please contact Connected Nation at policy@connectednation.org.