FCC RURAL BROADBAND EXPERIMENTS
WHAT WE KNOW TODAY & WHAT WE DON’T
FEBRUARY 14, 2014
WELCOME AND HOUSE KEEPING

- Tom Koutsky, Connected Nation’s Chief Policy Officer, will present key aspects of this funding opportunity.
- Following the presentation, Connected Nation will address any remaining questions.
- Please submit questions via the GoToMeeting link in writing.
- After the presentation the slide deck will be sent via email to all registered webinar participants.
- We will be available to answer your questions offline as well!

policy@connectednation.org
AGENDA

- The FCC’s ongoing efforts to connect rural America
- The FCC Rural Broadband Experiment
  - What?
  - Why?
  - Who?
  - Where?
- Understanding data released by the FCC to date
- Next Steps
- Ongoing Connected Nation Support
- Questions?
BACKGROUND: THE FEDERAL UNIVERSAL SERVICE FUND

E-rate
$2.2 Billion
47,000 School and Library Applicants

Rural Health Care
$155 Million
3,500 Health Care Providers

Low Income
$2.2 Billion
16 Million Low Income Households

High Cost/Connect America Fund
$4.1 Billion
105 M Lines in Rural Areas Supported

4 Programs
$8.70 Billion (2012)
Financed through apx 16% long distance service consumer fee

For information on current USF programs - www.usac.org
THE CONNECT AMERICA FUND

- In 2011, the FCC created the Connect America Fund in order to directly subsidize the provision of broadband service in areas where it was not available.

<table>
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<th>2012 High Cost Disbursement by State (Million)</th>
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<tr>
<td>Alaska</td>
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- Since 2012, $900 million in one-time subsidies has been made available to providers to upgrade fixed and mobile broadband networks -- $670 million committed to date.

- Starting in 2014, FCC will offer $1.75 billion/year over the next 5 years to larger, local telephone companies (ACS, AT&T, CenturyLink, Frontier, FairPoint, Puerto Rico Tel., Verizon, Windstream, etc.) to build out to approximately 3 million currently “unserved” locations in their service areas.

- “Competitive mechanism” for awarding subsidies envisioned in the future.
FCC opens door to high-cost Connect America Fund subsidies to providers that are not the incumbent local telephone company

Proposes to re-direct funds not spent in Connect America Fund Phase I and Mobility Funds
- Up to $230 million, likely $50-$100 million to *limited amount* of projects

Two-Part Application Process
- **March 7:** Non-Binding “Expression of Interest”
- **Summer:** Formal application after FCC rules written

Targeted at incentivizing “scalable” broadband networks in communities without ubiquitous 3 Mbps down/768 kbps up today

Applications may be filed in both price cap and rate-of-return service areas

Key details of the funding opportunity remain undefined
FCC wants “to test how tailored economic incentives can advance the deployment of next-generation networks ... in rural, high-cost areas,” with the goal of “robust, scalable, last-mile broadband networks”

**Questions to be answered**

- What would a “competitive bidding mechanism” for Connect America Fund subsidies look like? What factors could or should be weighted and how?
- Can high-capacity fiber networks be cost-effectively built in rural areas with different funding models?
- Will rural customers accept wireless broadband as a substitute for wired?
- Can community anchor institutions like libraries and schools positively affect the business case for deployment?
- What can local, Tribal, and state government do to improve economics of broadband deployment in high-cost areas?
Current Connect America Fund Approach:

Funding initially available only to incumbent local telephone companies to provide 4 Mbps down/1 Mbps up fixed broadband in locations that do not have 3 Mbps down/768 kbps up today

Critique:

- Available only to incumbent telephone companies at present
- Assumes these companies will, by and large, accept the subsidies offered
- Is the 4 Mbps down/1 Mbps up service target wise?
- Does Connect America Fund Model dis-incent scalable fiber investments?
- No consideration of value of service to community anchor institutions or community as a whole – focus is only on “unserved” pockets
- No role for state, Tribal or local community planning and engagement
WHO CAN APPLY?

- FCC: “We seek to encourage the participation in this experiment from as many different entities as possible”
  - Incumbent Providers
  - Non-Incumbent Providers (cable, fixed wireless, CLECS, etc.)
  - Public-Private Partnerships
  - Institutions
  - Communities facing Access challenges
  - ...in short, ANYONE!

- Application must eventually include at least one “Eligible Telecommunications Carrier” (ETC) partner
  - Winning bids can obtain classification after application process
  - FCC asks for comment on how to streamline ETC requirements
ELIGIBLE GEOGRAPHIC AREAS

- **Price Cap Service Territories**
  - Areas served by large telcos - ACS, AT&T, CenturyLink, FairPoint, Frontier, Puerto Rico Tel., Verizon, Windstream, etc.
  - Applications must serve a census tract containing census blocks that, based on the National Broadband Map, do not have 3 Mbps down/768 kbps up fixed broadband service
  - FCC has released a list of *potentially* eligible census tracts covering 30-40% of U.S. population along with reference subsidy amounts for each eligible tract
  - [http://transition.fcc.gov/bureaus/wcb/ExperimentEligibleLocationsPN020514.csv](http://transition.fcc.gov/bureaus/wcb/ExperimentEligibleLocationsPN020514.csv)

- **Rate of Return Territories (served by small, rural telephone companies)**
  - Applications considered at census block level in areas without 3 Mbps down/768 kbps up broadband fixed service, according to the National Broadband Map

- “Challenges” regarding service availability in areas receiving subsidies will be entertained before final project funding commitments, but not until FCC approves initial application
UNDERSTANDING THE FCC’S ELIGIBLE AREA DATA

- **List of Eligible Census Tracts in Price Cap Areas**
  
  [http://transition.fcc.gov/bureaus/wcb/ExperimentEligibleLocationsPN020514.csv](http://transition.fcc.gov/bureaus/wcb/ExperimentEligibleLocationsPN020514.csv)

- **State, County Code, County Name**

- **Tract ID** – Unique U.S. Census Bureau identifier
  - Census tracts have population between 1,200 and 8,000 people

- **Eligible High Cost Locations** – Number of locations unserved across tract with cost below the FCC-determined “extremely high cost” threshold ($197.14 per month per location)
  - Proposal **must** demonstrate service to all these locations within a tract

- **Extremely High Cost Locations** – Number of locations unserved across tract with costs above the “extreme high cost” threshold
  - Proposal **may** include service to these locations

SERVICE REQUIREMENTS AND POTENTIAL OFFERINGS

- List of eligible tracts is not exhaustive, as it does not include rate of return service areas that are ALSO eligible
- Most census tracts listed have broadband in part of the tract – this does not disqualify an application in that tract
- Applicants encouraged to apply for funding for “robust, scalable” networks throughout the tract
- Applicant may choose to offer service at speeds higher than 4 Mbps down/1 Mbps up – including fiber or wireless services
- Applicant may also demonstrate service to selected community anchor institutions (CAI) within selected service area
SUBSIDY SUPPORT PER CENSUS TRACT

Annual support quoted by FCC for each potentially eligible census tract is...

- Meant to provide ballpark subsidy range (non-binding)
- A guidepost for funding requests by applicants
- Based on Connect America Fund Cost Models

Applicants currently not limited to an “Annual Support” subsidy approach

- Funding structure could be annual, one-time support, or mix – will be determined by FCC after seeing Expressions of Interest
- Applicants invited to propose funding levels as part of Expressions of Interest due on March 7
NEXT STEPS

- **March 7** – Expressions of Interest due
  - Neither a requirement to apply for funds once application window is open, nor a binding commitment
  - FCC wants to ascertain the level of interest and ideas at this stage
  - Focus on robust and scalable services, involvement of community, and service to community anchor institutions
  - Need only be a few pages – no more than 10 suggested

- **March 30/April 15 (apx)**
  - Comments to FCC on selection criteria, funding level, and award conditions

- **Summer 2014 (apx)**
  - FCC completes selection, funding, timeline and award rules

- **Fall 2014** (60 days after release of FCC Rules)
  - Formal applications due
EXPRESSIONS OF INTEREST SHOULD INCLUDE

- The nature of the submitting entity or entities
- Identification of the proposed service area for the experiment and census block number, with any relevant information regarding the number of locations that could be served, including schools, libraries, and other anchor institutions
- The broadband technology or technologies to be deployed
- Contemplated service offerings
- If known, expected State and/or local or Tribal governmental participation in and/or support for the project
- Whether the proposal is expected to require one-time or continuing funding and a high-level estimate of the amount of funding requested

ONGOING CONNECTED NATION SUPPORT

- **Policy Briefs (with links to FCC releases)**
  - CN will analyze FCC developments and post policy briefs at - [http://www.connectednation.org/data-center-policy](http://www.connectednation.org/data-center-policy)

- **Data and Maps**

- **Informational webinars for providers and communities as necessary**

- **For more information contact your Connected Nation state teams**
QUESTIONS?
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