



FCC Identifies Potential Areas for Rural Broadband Experiments, Outlines Process for Filing “Expression of Interests” Due March 7

A Connected Nation Policy Brief

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This week, the [Federal Communications Commission](#) published a list of areas potentially eligible on an experimental basis for Connect America Fund broadband subsidies to a wide range of applicants and service providers. The FCC has also [released more information](#) on this process for parties interested in applying for funding for any such rural broadband infrastructure project.

As noted in an earlier [Connected Nation Policy Brief](#), on January 30, 2014, the FCC voted to create a “rural broadband experiment” program. The FCC hopes that this experiment will help it shape and adjust its Connect America Fund broadband subsidy program by including an application-based, competitive bidding framework. One purpose is to see whether available subsidies could provide higher levels of service, including expanded service to community anchor institutions, that exceed the current 4 Mbps download/1 Mbps upload standard for the Connect America Fund. In addition, these rural broadband experiments mark the first opportunity for providers that are not the incumbent local telephone company in a particular area to receive Connect America Fund subsidies to build and operate fixed broadband networks in those areas.

The FCC is actively and openly soliciting “expressions of interest” from providers, communities, institutions, and public-private partnerships regarding their ideas and proposals as to how they would utilize Connect America Fund subsidies to support broadband infrastructure build-out in currently unserved areas. **These initial, non-binding “expressions of interest” are due at the FCC on March 7, 2014.**

The FCC’s [Order and Further Notice of Proposed Rulemaking](#) provides a number of details on this experiment:

Application Process. There will be a two-stage application process. Interested potential applicants are invited to file electronically a non-binding “expression of interest” with the FCC by March 7, 2014. After receiving these filings and considering public comment, the FCC will then establish the formal rules for the experiments, including specifics on the overall budget for the program, whether the program should focus on one-time capital investments or recurring subsidies, and the criteria for selecting experiment projects to fund. Once those rules are established, the FCC will then set a deadline for formal applications (due likely within 60 days from publication of those rules). FCC staff has said that it expects to select the rural broadband experiment projects by the end of 2014.

Eligible Areas. The FCC made it clear in its Order that **any area** in the country that does not have access to fixed broadband at 3 Mbps download/768 kbps upload speed is potentially eligible for this experimental program. In those areas within the service territories of larger, price cap local telephone companies (ACS, AT&T, CenturyLink, FairPoint, Frontier, Puerto Rico Telephone Company, or Windstream), the FCC is looking for projects that will serve entire **census tracts** that include “unserved” census blocks. Census tracts are a collection of census blocks, and are designed by the Census Bureau to be relatively homogeneous geographic units that average approximately 4,000 inhabitants (a minimum of 1,200 and a maximum of 8,000). Census blocks, which are the geographic level at which Connected Nation and other suppliers to the [National Broadband Map](#) gather broadband availability data, are far smaller and more numerous. For example, there are 74,134 census tracts, but over 11 million census blocks across the U.S.



The FCC is also soliciting experimental applications that would support broadband infrastructure build-out in the service areas of smaller, rate-of-return carriers. However, in those areas, it will entertain applications to serve particular unserved, high-cost census blocks only. The FCC clarified in the Order that any funds awarded to support infrastructure build-out in rate-of-return carrier service areas through the experimental program would be in addition to funding that those rural carriers already receive.

Like prior awards of Connect America Fund subsidies, before making any final subsidy awards, the FCC will engage in a public “challenge” process in order to ensure that subsidies are awarded to support build-out in areas that are in fact underserved. Past challenge processes of this kind included a release by the FCC of areas where subsidies were requested, followed by a comment cycle where any party can challenge the eligibility of the areas where funding is being requested, or respond to challenges that have been filed.

Because of these complicated geographic eligibility standards, the FCC has [released a list of census blocks and tracts](#) that it believes to be potentially eligible for these rural broadband experiment filings. Connected Nation’s Policy and Mapping staff will produce maps of these areas and are also available to help communities and providers navigate that information and this process.

Provider Eligibility. The FCC is encouraging participation from a wide range of entities, including communities, public-private partnerships, competitive providers, and others. The FCC has stated that it expects to award experimental funding only to Eligible Telecommunications Carriers (“ETCs”), which are providers that accept a set of state and federal service quality obligations. However, the FCC Order clearly states that an applicant does not need to have ETC status at the time of filing the “expression of interest” and even when making a Formal Proposal – the applicant can make achievement of ETC status contingent upon funding.

Anchor Institution Focus. One of the FCC’s explicit goals of the experiments is to know “the types of services that will be offered to schools, libraries, health care providers, and other anchor institutions” as part of any proposed network infrastructure expansion. In particular, the FCC is hoping to use the experiments “to examine whether and how the business case for deployment in rural areas, including Tribal lands, can be improved by securing the participation of anchor institutions to serve as key customers” and to “identify strategies to ensure that community-based institutions in rural areas have access to next generation services.” Participants are encouraged to include community anchor institutions like schools and libraries in their application plans.

Nature and Amount of Support. At this time, the FCC project is a true experiment – the FCC is not dictating the structure of the subsidy required to build-out broadband infrastructure in these unserved areas. Applicants may request a one-time capital support, ongoing annual support up to 10 years, or a mix of the two. However, with regard to unserved tracts in price cap service areas, the FCC has stated that it will not expect to provide a subsidy greater than the subsidy it will offer price cap carriers to build-out to those same areas in Phase II of the Connect America Fund program. The maximum annual expected subsidy level for each such tract is listed in the FCC’s list of [potentially eligible census blocks and tracts](#). The nature (one-time and recurring) and amount of the support is one of the topics that the FCC hopes to learn a great deal from the March 7 “expressions of interest.”

Content of March 7 Expressions of Interest. Paragraph 105 of the FCC’s Order details what should be included in the non-binding “expressions of interest” to be filed in FCC, WC Docket No. 10-90 by March 7, 2014:

- Identity and nature of the submitting entities,
- Identification of the proposed service area, by census block and tract,
- Information on the number of community anchor institutions (schools, libraries, government buildings, etc.) that would be covered by the proposal,
- Technology to be deployed,
- Contemplated service offerings (broadband speeds, voice or video service) and likely pricing of such offerings,



- State, local, or Tribal governmental participation and/or support for the project (including expedited permitting, access to rights-of-way, matching funds), and the
- Nature (one-time, annual, or combination) and estimate of funding requested.

For more information about the Rural Broadband Experiment process and Connected Nation's Connected Community broadband expansion efforts, please contact Connected Nation at policy@connectednation.org.