



# FCC RURAL BROADBAND EXPERIMENTS

**WHAT WE KNOW TODAY & WHAT WE DON'T**

**FEBRUARY 14, 2014**



ACCESS



ADOPTION



USE



# WELCOME AND HOUSE KEEPING

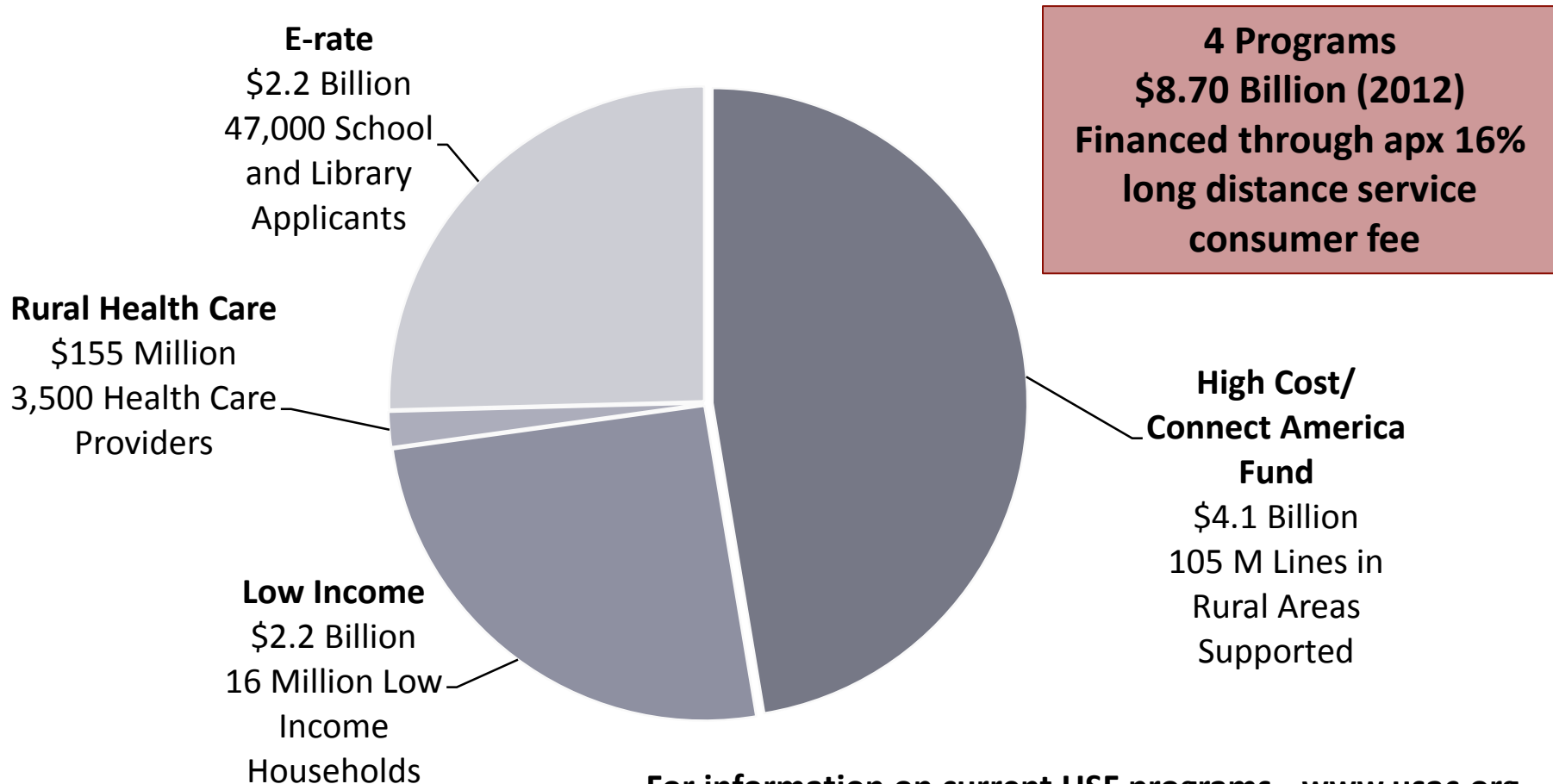
- Tom Koutsky, Connected Nation's Chief Policy Officer, will present key aspects of this funding opportunity
- Following the presentation, Connected Nation will address any remaining questions
- Please submit questions via the GoToMeeting link in writing
- After the presentation the slide deck will be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

**[policy@connectednation.org](mailto: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



For information on current USF programs - [www.usac.org](http://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

2012 High Cost Disbursement by State (Million)			
Alaska	\$204.9	Ohio	\$38.0
Iowa	\$135.0	Puerto Rico	\$158.7
Michigan	\$46.2	South Carolina	\$110.5
Minnesota	\$113.2	Tennessee	\$65.9
Nevada	\$24.9	Texas	\$241.7

- 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 RURAL BROADBAND EXPERIMENTS FUNDING OPPORTUNITY: WHAT'S NOTABLE

- 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

# PURPOSE OF THE PROGRAM

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?

# DIFFERENT APPROACH TO FUNDING

## *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>
  
- **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>
  - **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
  - **Annual Support** – FCC estimate for annual subsidies necessary to make investment to serve all locations across tract viable. Based on Connect America Fund Phase II Cost Model -  
<http://www.fcc.gov/encyclopedia/caf-phase-ii-models>

## 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...

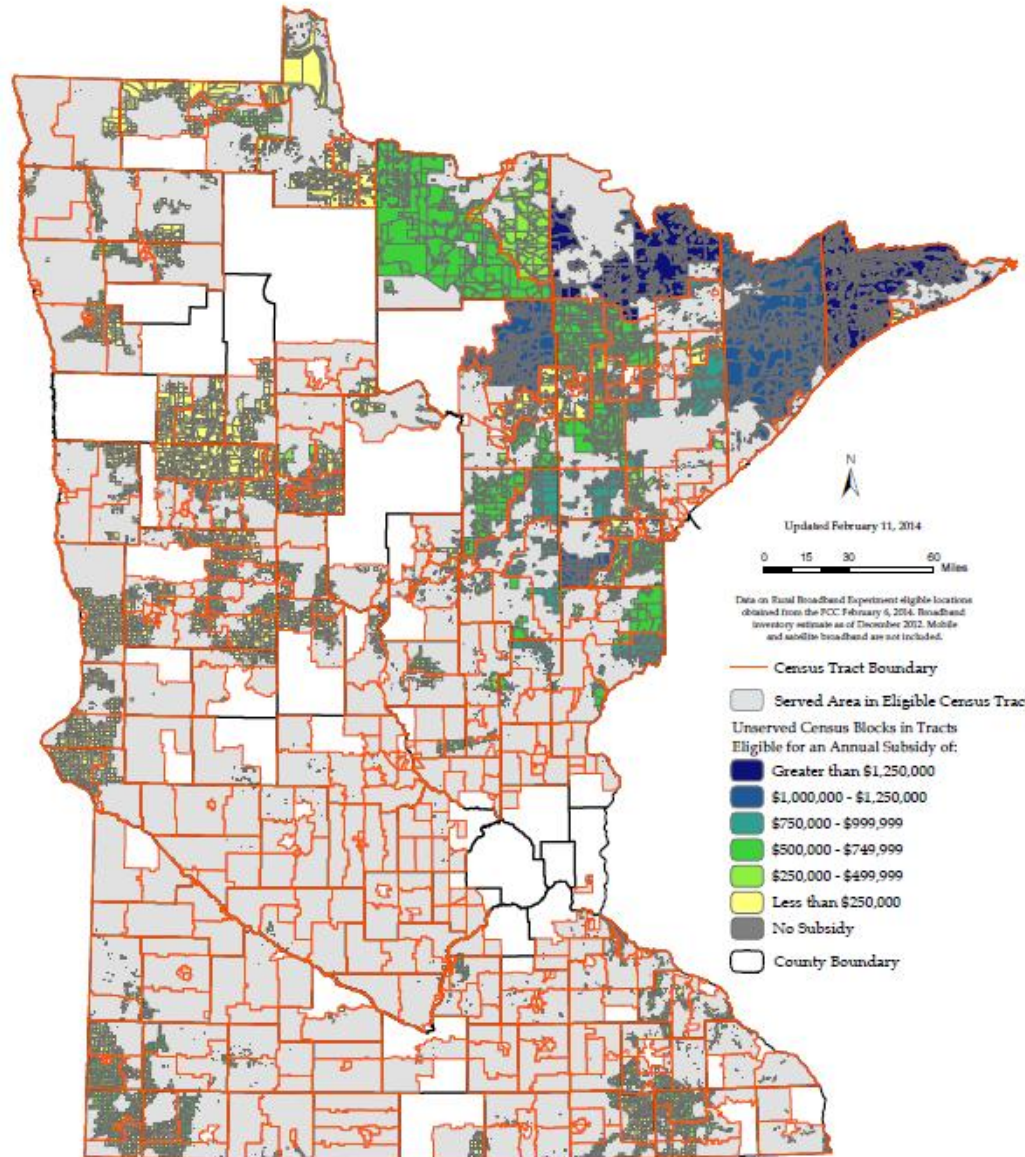
- Meant to provide ballpark subsidy range (non-binding)
- A guidepost for funding requests by applicants
- Based on Connect America Fund Cost Models

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

# FCC Rural Broadband Phase II Experiment Eligible Locations

Areas Unserved at 3 Mbps Download/768 Kbps Upload



**FCC Rural Broadband  
Phase II Experiment  
Eligible Locations**  
Areas Unserved at 3 Mbps  
Download/768 Kbps Upload

Carlton  
County  
Minnesota

Updated February 11, 2014  
Submit questions or recommended changes to  
map@connectednation.org

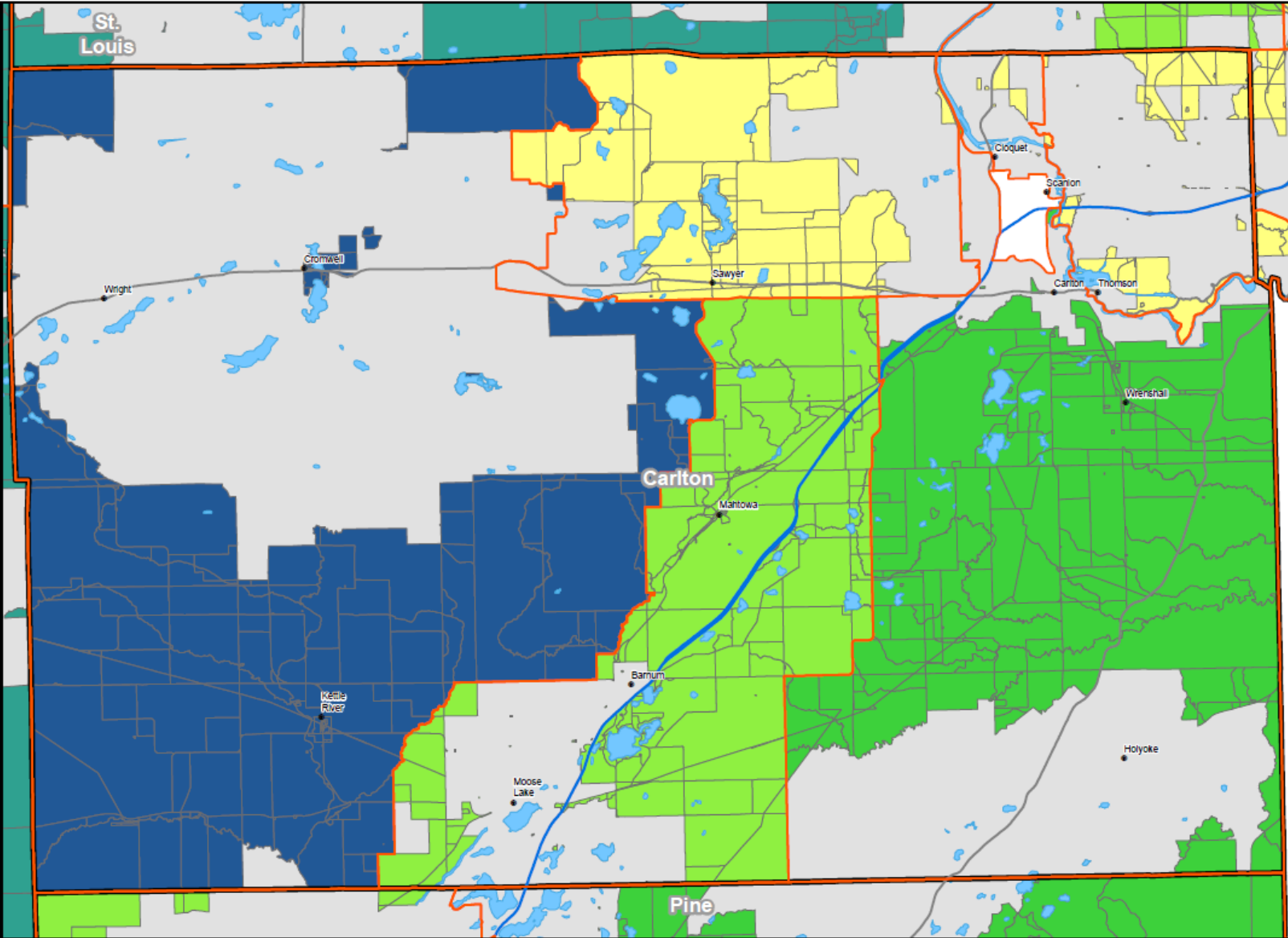


Data on Rural Broadband Experiment eligible locations  
obtained from the FCC February 6, 2014. Broadband  
inventory estimate as of December 2012. Mobile  
and satellite broadband are not included.



- Symbology**
- City
  - Census Tract Boundary
  - Interstate
  - US Road
  - County Boundary
  - Water
  - Served Area in Eligible Census Tract
  - Unserved Census Blocks in Tracts Eligible for an Annual Subsidy of:
- |             |                           |
|-------------|---------------------------|
| Dark Blue   | Greater than \$1,250,000  |
| Medium Blue | \$1,000,000 - \$1,250,000 |
| Light Blue  | \$750,000 - \$999,999     |
| Green       | \$500,000 - \$749,999     |
| Light Green | \$250,000 - \$499,999     |
| Yellow      | Less than \$250,000       |
| Grey        | No Subsidy                |

© Copyright 2014, State of Minnesota, St. Paul, MN  
Used and Displayed by Connect Minnesota, LLC  
and Connected Nation, Inc. under license agreement



## 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**
- Submit to FCC via Electronic Comment Filing System in WC Docket No. 10-90 - [http://apps.fcc.gov/ecfs/comment\\_search/input?z=shygi](http://apps.fcc.gov/ecfs/comment_search/input?z=shygi)

# 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>
  - Feb. 7 - FCC Identifies Potential Areas for Rural Broadband Experiments, Outlines Process for Filing “Expression of Interests” Due March 7: A Connected Nation Policy Brief
  - Jan. 30 - FCC Invites Rural Broadband Infrastructure Funding Proposals: A Connected Nation Policy Brief
- **Data and Maps**
  - Statewide maps available at <http://www.connectednation.org/data-center-mapping>
- **Informational webinars for providers and communities as necessary**
- **For more information contact your Connected Nation state teams**

# QUESTIONS?

**For further information:**

**Tom Koutsky**

**Chief Policy Counsel**

**[tkoutsky@connectednation.org](mailto:tkoutsky@connectednation.org)**

**Raquel Noriega**

**Vice President, Public Policy**

**[rnoriega@connectednation.org](mailto:rnoriega@connectednation.org)**

**[policy@connectednation.org](mailto:policy@connectednation.org)**