



ADVOCATE

NAVIGATE

EVALUATE

# Alexicon *insider*

JULY 27, 2017

## SPECIAL BULLETIN

### CAF Phase II Auction *Draft Public Notice*

The FCC, in its efforts at full transparency in the deliberative process, released a [draft public notice](#) regarding the upcoming CAF Phase II competitive auction (see June 8, 2017 *Alexicon Insider* Special Bulletin for additional information). This public notice will be addressed at the Commission's August 3, 2017 [open meeting](#).

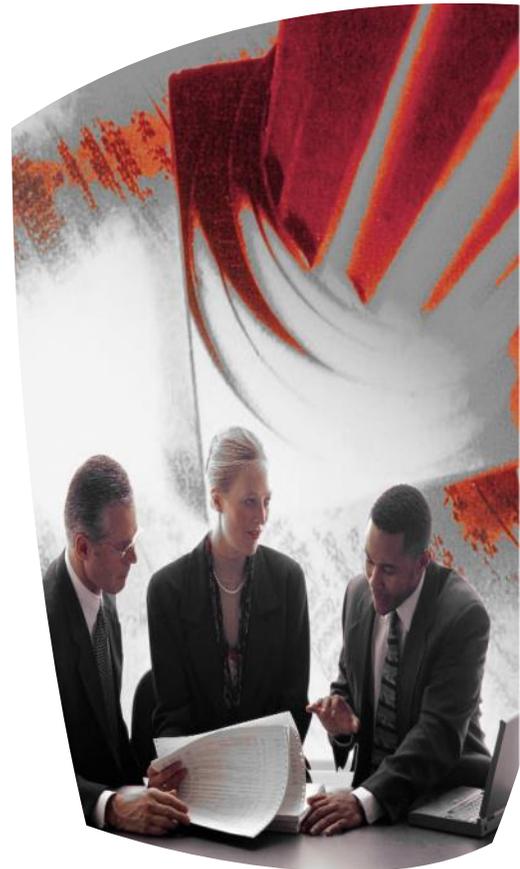
The *Public Notice*, if and once adopted by the FCC, will commence the pre-auction process and consists mainly of additional proposals by which the CAF Phase II auction will be administered. The auction, dubbed Auction 903, will likely begin in early 2018.

The draft *Public Notice* requests comment on a number of issues, including (1) the minimum geographic area for bidding, (2) changes to the short form application, (3) procedures for the long-form application, (4) establishment of reserve prices, and (5) bidding procedures. Some of the more interesting details are as follows:

**Minimum geographic area for bidding.** The FCC proposes to use Census Block Groups (CBG) as the minimum area available for bidding. As a result, the reserve price for each CBG will be the sum of CAM-generated amounts assigned to supported census blocks in that CBG, recognizing the cap on extremely high cost locations.

**Eligibility to bid for performance tiers and latency combinations.** The FCC proposes to require applicants, on the short form, to answer a series of questions as to the ability to meet the performance and latency commitments. This could add significantly to the short form preparation time.

**Financial Qualifications.** The Commission notes that, in the CAF Phase II Auction [Order](#), applicants are required to submit audited financial statements. For applicants without an audit performed in the ordinary course of business, the FCC requires audited financial statements to be generated and provided in conjunction



Alexicon

Questions? Comments?

Contact Chris Barron

[chris@alexicon.net](mailto:chris@alexicon.net)



ADVOCATE

NAVIGATE

EVALUATE

# Alexicon *insider*

JULY 27, 2017

with the long-form application process. This, of course, could cause problems for existing ETCs that do not have annual audited financial statements generated (as recognized in the FCC's Form 481 rules).

**Bidding Procedures.** A “descending clock auction” is proposed to administer the auction and award support. The Bureaus are to release a guide to assist applicants in navigating the final auction rules.

*There is obviously much to unpack in this draft notice for those interesting in the CAF Phase II auction. Once the Public Notice is adopted, the FCC will gather comment and then issue the final Auction Procedures Public Notice (mostly as a result of and based on record gathered from the Public Notice discussed above) that should officially kick off the CAF Phase II auction. Also pending are (1) decisions on two petitions for reconsideration that, if granted, would change the bidding formula, and (2) a final list of eligible census blocks that the Wireline Bureau will issue based on (a) updated Form 477 data, and (b) recent data gathered as to certain eligible census blocks about which there were questions.*

Please let us know if you have any questions.



Alexicon

Questions? Comments?

Contact Chris Barron

[chris@alexicon.net](mailto:chris@alexicon.net)