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SPECIAL BULLETIN

Broadband Deployment Data Released

The FCC’s Wireline Competition Bureau [released](#) yesterday a summary of national and company-specific [broadband deployment data](#). This data, which presents the number of housing units located in census blocks reported as having 10/1 mbps service available, will be used for two items related to the FCC’s March 2016 Rate-of-Return Carrier USF Reform Order: (1) to adjust a factor included in the capital expense recovery allowance that will be applied to HCLS and CAF BLS, and (2) to determine if a specific carrier is subject to broadband buildout obligations as a condition of receiving CAF BLS.

Capex Allowance

The release of broadband deployment data is one of many steps necessary to determine the exact carrier-by-carrier impact, if any, of the capex allowance on HCLS and CAF BLS. For each carrier, the national average broadband deployment percentage, which is 74% according to the release (i.e., the “target availability”), will be compared to the carrier’s study area-specific deployment percentage. Then, the carrier’s annual allowable loop plant investment (AALPI—a key component of the capex limit calculation) will be adjusted upwards or downwards based on that difference. For each percentage point that the carrier’s actual deployment differs from the target, the AALPI will be increased or decreased by the same percentage (i.e., if the study area deployment percentage is 70%, then the AALPI will be *increased* by 6%).

There are still several steps that have to be accomplished by NECA and USAC before the capex allowance impacts can be finalized. The allowance is expected to affect HCLS disbursements beginning in 2019 and CAF BLS disbursements on January 1, 2017. We will distribute more information once additional data has been released.

Broadband Deployment Obligations

Under the revised legacy mechanism adopted in the RoR USF Order, carriers with less than 80% broadband deployment will be subject to certain broadband buildout obligations as a condition of receiving CAF BLS. The data released yesterday provides each RoR study area with the percent of housing units in census blocks with 10/1 broadband service available (per June 2015 Form 477 data). Thus, those carriers showing less than 80%, and who choose the legacy path,



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Questions? Comments?

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must meet the following buildout obligations in regards to the receipt of CAF BLS:

A percentage of forecast CAF BLS will be required to be used to deploy 10/1 mbps broadband to unserved locations. The deployment obligation will be determined based on the CAF BLS divided by a cost per location metric (there will be two options for the metric).

Carrier-Specific 10/1 Deployment	Percentage of CAF-BLS Support
Less than 20%	35%
20 to < 40%	25%
40 to < 80%	20%

In addition, wireline broadband will not be required where the per location deployment cost would exceed \$250 per month or a \$10,000 per location, per project limit.

As stated above, NECA and USAC have several future data releases to do in order for companies to have the complete picture as to the impact of the capex allowance on HCLS and CAF BLS.

Please let us know if you have any questions.



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