

House Broadband Caucus
September 25, 2018
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Update on Federal Communications Commission Connect America Fund

The Connect America Fund (CAF) – also known as the Universal Service High-Cost program – is the FCC’s program to expand access to voice and broadband services for areas where they are unavailable. Through CAF Phase II, the FCC has provided funding to local telephone companies to subsidize the cost of building new network infrastructure or performing network upgrades to provide voice and broadband service in areas where it is lacking. To ensure CAF support was used efficiently, the FCC focused on areas that were clearly unserved or underserved by unsubsidized service providers.

CAF Phase II, Part I

For CAF Phase II, Part I the Commission offered support based on a forward-looking cost model to incumbent price cap carriers serving certain high-cost areas in exchange for committing to offer voice and broadband services meeting certain requirements in those areas. The offer of model-based support was targeted to census blocks lacking unsubsidized competitors offering service at speeds of less than 4 Mbps downstream/1 Mbps upstream, where the cost of providing service exceeds \$52.50 but is less than \$198.60.

The total amount of the model-based support offered to price cap carriers in Pennsylvania annually, for six calendar years (2015-2020) is as follows:

Pennsylvania State Summary

PC Carrier	Eligible Locations	Support Amount
CenturyLink	30,297	\$10,562,355
Consolidated Communications	175	\$83,898
Fairpoint Communications	467	\$155,937
Frontier Communications	11,031	\$3,891,252
<i>Verizon</i>	<i>64,620</i>	<i>\$23,270,820</i>

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Windstream Communications	34,807	\$13,001,363
Total	141,387	\$50,965,625

As mentioned above, the price cap companies that accepted CAF Phase II, Part I model-based support have six years to plan and provide broadband to consumers, although not every household is guaranteed access. The deployment schedule is determined by the service provider, not the FCC.

CAF Phase II, Part II

In the areas of the states where the incumbent price cap carrier declined model-based support, the FCC decided to award that support through a competitive bidding process. The Auction is referred to as Auction 903 and has recently concluded. Auction 903 was estimated to award up to \$198 million annually for 10 years to service providers that commit to offer voice and broadband services to fixed locations in unserved high-cost areas.

As a result of the Auction, some homes and businesses would have broadband available with download speeds of at least 100 megabits per second. Others would have gigabit service available. And lastly, the remaining locations would have at least 25 Mbps service available, which is more than twice the 10 Mbps minimum standard for the Connect America Fund program.

Verizon’s declined offer of model-based support in the amount of \$139,624,902.00 (\$23,270, 820/6 yrs) and the 64,620 locations became a part of Auction 903. Here is a summary of all the eligible locations in Pennsylvania that were a part of the Auction 903. They are broken down by County.

Row Labels	Sum of locations
Adams	41
Allegheny	371
Armstrong	102
Beaver	437
Bedford	329
Berks	660

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Row Labels	Sum of locations
Blair	437
Bradford	2206
Bucks	221
Butler	520
Cambria	1611
Cameron	258
Carbon	405
Centre	2830
Chester	249
Clarion	674
Clearfield	4202
Clinton	1947
Columbia	1554
Crawford	3521
Cumberland	96
Dauphin	197
Delaware	164
Elk	260
Erie	3572
Fayette	1845
Forest	1901
Franklin	18
Fulton	75
Greene	175
Huntingdon	1738
Indiana	4943
Jefferson	1079
Juniata	116
Lackawanna	772
Lancaster	103
Lawrence	334
Lebanon	344
Lehigh	75
Luzerne	475
Lycoming	3086
McKean	2145
Mercer	1464

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Row Labels	Sum of locations
Mifflin	970
Monroe	135
Montgomery	124
Montour	667
Northampton	10
Northumberland	1150
Perry	127
Philadelphia	191
Pike	660
Potter	4164
Schuylkill	1105
Snyder	2611
Somerset	5511
Sullivan	516
Susquehanna	1452
Tioga	2724
Union	123
Venango	2145
Warren	4726
Washington	2055
Wayne	2184
Westmoreland	1047
Wyoming	398
York	2204
Grand Total	84551

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These are the final results of Auction 903 for Pennsylvania:

Total 10-Year Support for Pennsylvania

Total Assigned Support	Winning Bidders	Locations Assigned
\$56,831,061	5	54,812

Here again are the final results broken down by bidder, total assigned and locations assigned:

Bidder	State	Total Assigned Support for 10 year period	Locations Assigned
Armstrong Telephone Company - Northern Division	PA	2,642,412.90	1,949
Tri County Rural Electric Cooperative, Inc.	PA	32,326,228.30	7,015
Velocity.Net Communications, Inc.	PA	230,016.00	39
Verizon Communications Inc.	PA	1,687,283.80	709
Viasat, Inc.	PA	19,945,119.90	45,100

Here are the final results of Auction 903 by Pennsylvania Counties and winning bidders:

Row Labels	Sum of Locations	Sum of Total Support (10 years)
Adams	26	14722.9
Viasat, Inc.	26	14722.9
Allegheny	289	443233.7
Verizon Communications Inc.	128	379702.6
Viasat, Inc.	161	63531.1
Armstrong	92	55715.5
Viasat, Inc.	92	55715.5
Beaver	152	67901.4
Viasat, Inc.	152	67901.4

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Row Labels	Sum of Locations	Sum of Total Support (10 years)
Bedford	292	221326.9
Viasat, Inc.	292	221326.9
Berks	139	54207.4
Viasat, Inc.	139	54207.4
Blair	296	152729.1
Viasat, Inc.	296	152729.1
Bradford	1933	968389.8
Tri County Rural Electric Cooperative, Inc.	38	147296.6
Viasat, Inc.	1895	821093.2
Bucks	204	317876.7
Verizon Communications Inc.	96	260442.2
Viasat, Inc.	108	57434.5
Butler	169	73614.7
Viasat, Inc.	169	73614.7
Cambria	550	232395.4
Viasat, Inc.	550	232395.4
Cameron	258	116434.1
Viasat, Inc.	258	116434.1
Carbon	115	83553.6
Viasat, Inc.	115	83553.6
Centre	1689	971746.3
Viasat, Inc.	1689	971746.3
Chester	175	281346.6
Verizon Communications Inc.	155	272859.7
Viasat, Inc.	20	8486.9
Clarion	191	96456.8
Viasat, Inc.	191	96456.8
Clearfield	3187	1921177.2
Viasat, Inc.	3187	1921177.2
Clinton	1944	1346497
Viasat, Inc.	1944	1346497
Columbia	797	316509.5
Viasat, Inc.	797	316509.5
Crawford	3521	785078.2
Armstrong Telephone Company - Northern Division	64	46799.6

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Row Labels	Sum of Locations	Sum of Total Support (10 years)
Viasat, Inc.	3457	738278.6
Cumberland	94	126717.4
Verizon Communications Inc.	32	98263.1
Viasat, Inc.	62	28454.3
Dauphin	127	85375.2
Verizon Communications Inc.	13	21605.3
Viasat, Inc.	114	63769.9
Delaware	144	251928.5
Verizon Communications Inc.	92	234403.3
Viasat, Inc.	52	17525.2
Elk	260	191882.3
Viasat, Inc.	260	191882.3
Erie	3545	3101697.9
Armstrong Telephone Company - Northern Division	1876	2586608.1
Velocity.Net Communications, Inc.	39	230016
Viasat, Inc.	1630	285073.8
Fayette	806	351302.4
Viasat, Inc.	806	351302.4
Forest	1118	410438.5
Viasat, Inc.	1118	410438.5
Franklin	18	23952.2
Viasat, Inc.	18	23952.2
Fulton	26	33170.5
Viasat, Inc.	26	33170.5
Greene	175	152002.7
Viasat, Inc.	175	152002.7
Huntingdon	1290	727083.8
Viasat, Inc.	1290	727083.8
Indiana	2164	899205
Viasat, Inc.	2164	899205
Jefferson	732	329881.1
Viasat, Inc.	732	329881.1
Juniata	116	56320.7
Viasat, Inc.	116	56320.7
Lackawanna	307	148743

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Row Labels	Sum of Locations	Sum of Total Support (10 years)
Viasat, Inc.	307	148743
Lancaster	20	9672.7
Viasat, Inc.	20	9672.7
Lawrence	92	44210.2
Viasat, Inc.	92	44210.2
Lebanon	224	95771.8
Verizon Communications Inc.	2	1434.2
Viasat, Inc.	222	94337.6
Lehigh	15	8073.6
Viasat, Inc.	15	8073.6
Luzerne	196	116370
Viasat, Inc.	196	116370
Lycoming	1570	5775579.4
Tri County Rural Electric Cooperative, Inc.	1116	5531662.3
Viasat, Inc.	454	243917.1
McKean	1698	894227.3
Viasat, Inc.	1698	894227.3
Mercer	737	179486.5
Armstrong Telephone Company - Northern Division	9	9005.2
Viasat, Inc.	728	170481.3
Mifflin	44	30591.1
Viasat, Inc.	44	30591.1
Monroe	52	42428.2
Viasat, Inc.	52	42428.2
Montgomery	107	163391.6
Verizon Communications Inc.	39	128360
Viasat, Inc.	68	35031.6
Montour	143	52471.4
Viasat, Inc.	143	52471.4
Northampton	10	836.7
Viasat, Inc.	10	836.7
Northumberland	683	293410.6
Viasat, Inc.	683	293410.6
Perry	12	10629.7
Viasat, Inc.	12	10629.7

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Row Labels	Sum of Locations	Sum of Total Support (10 years)
Philadelphia	164	255982.6
Verizon Communications Inc.	132	245961.7
Viasat, Inc.	32	10020.9
Pike	541	249198.5
Viasat, Inc.	541	249198.5
Potter	4164	17693663.2
Tri County Rural Electric Cooperative, Inc.	3974	17608376.3
Viasat, Inc.	190	85286.9
Schuylkill	407	154346.4
Viasat, Inc.	407	154346.4
Snyder	348	132414.3
Viasat, Inc.	348	132414.3
Somerset	4072	1702555.9
Viasat, Inc.	4072	1702555.9
Sullivan	516	207750.5
Viasat, Inc.	516	207750.5
Susquehanna	814	361932.6
Viasat, Inc.	814	361932.6
Tioga	2486	9317495.9
Tri County Rural Electric Cooperative, Inc.	1887	9038893.1
Viasat, Inc.	599	278602.8
Union	117	117340.1
Viasat, Inc.	117	117340.1
Venango	1224	555315.9
Viasat, Inc.	1224	555315.9
Warren	4174	1437420.1
Viasat, Inc.	4174	1437420.1
Washington	1133	588716.2
Verizon Communications Inc.	8	20892.7
Viasat, Inc.	1125	567823.5
Wayne	895	362852.4
Viasat, Inc.	895	362852.4
Westmoreland	612	285227.2
Verizon Communications Inc.	6	12453.4
Viasat, Inc.	606	272773.8
Wyoming	322	177386.6

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Row Labels	Sum of Locations	Sum of Total Support (10 years)
Viasat, Inc.	322	177386.6
York	279	103697.7
Verizon Communications Inc.	6	10905.6
Viasat, Inc.	273	92792.1
Grand Total	54812	56831060.9

Here is the list of the remaining “unfunded” locations from Auction 903:

Row Labels	Sum of unfunded locations
PA	29739
Adams	15
Allegheny	82
Armstrong	10
Beaver	285
Bedford	37
Berks	521
Blair	141
Bradford	273
Bucks	17
Butler	351
Cambria	1061
Carbon	290
Centre	1141
Chester	74
Clarion	483
Clearfield	1015
Clinton	3
Columbia	757
Cumberland	2
Dauphin	70
Delaware	20
Erie	27
Fayette	1039

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Row Labels	Sum of unfunded locations
Forest	783
Fulton	49
Huntingdon	448
Indiana	2779
Jefferson	347
Lackawanna	465
Lancaster	83
Lawrence	242
Lebanon	120
Lehigh	60
Luzerne	279
Lycoming	1516
McKean	447
Mercer	727
Mifflin	926
Monroe	83
Montgomery	17
Montour	524
Northumberland	467
Perry	115
Philadelphia	27
Pike	119
Schuylkill	698
Snyder	2263
Somerset	1439
Susquehanna	638
Tioga	238
Union	6
Venango	921
Warren	552
Washington	922
Wayne	1289
Westmoreland	435
Wyoming	76
York	1925

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Row Labels	Sum of unfunded locations
Grand Total	29,739