

The FCC’s Connect America Fund has invested and will continue to invest substantial funding in unserved and underserved areas across the country over the next decade. With the Connect America Fund Phase II Auction (CAF II Auction) and the Alternative Connect America Cost Model (A-CAM) funding both currently undergoing authorizations, Michigan communities can expect to see significant investment in broadband from the FCC. Additionally, the U.S. Department of Agriculture’s (USDA) new ReConnect Program is reviewing three applications in Michigan for broadband projects. Connected Nation is following the potential impact of each of these items and how Michigan can stand to gain from the federal investments.

### CAF II Auction Authorizations

Last fall, the FCC announced 103 bidders would win \$1.488 billion in support for the CAF II Auction. Bidders were then required to complete long-form applications with FCC authorizations pending. With authorizations now finally underway, broadband infrastructure will surely increase over the next ten years. Below is the schedule of CAF II Auction funding allocation.



In Michigan, the CAF II Auction funding will invest nearly \$34 million over ten years and bring service to over 21,000 locations across the state<sup>1</sup>. The following table shows total CAF II Auction support approved back in August 2018, by county:

County	Bidder	Locations	Total Support (10 years)
Antrim	Rural Electric Cooperative Consortium	28	\$88,014.10
Berrien	Mercury Wireless	697	\$159,753.00
Cass	Mercury Wireless	115	\$15,790.50
Cass	Rural Electric Cooperative Consortium	840	\$1,291,413.20
Charlevoix	Rural Electric Cooperative Consortium	107	\$464,730.90
Cheboygan	Rural Electric Cooperative Consortium	33	\$171,869.70
Clare	Crystal Automation Systems, Inc.	951	\$1,705,786.20
Clinton	Crystal Automation Systems, Inc.	217	\$233,098.50

<sup>1</sup> <https://docs.fcc.gov/public/attachments/DA-18-887A3.pdf>

County	Bidder	Locations	Total Support (10 years)
Clinton	Tri-County Electric Cooperative	1	\$12,446.30
Eaton	Tri-County Electric Cooperative	33	\$56,435.50
Emmet	Rural Electric Cooperative Consortium	98	\$167,571.30
Ionia	Crystal Automation Systems, Inc.	1,617	\$2,324,189.60
Ionia	Crystal Automation Systems, Inc.	42	\$10,101.60
Ionia	Tri-County Electric Cooperative	72	\$48,902.30
Kalamazoo	Rural Electric Cooperative Consortium	72	\$182,384.30
Kent	Crystal Automation Systems, Inc.	686	\$638,213.60
Kent	Crystal Automation Systems, Inc.	7	\$5,439.40
Lake	Crystal Automation Systems, Inc.	2,236	\$3,509,279.20
Lenawee	Rural Electric Cooperative Consortium	982	\$2,780,828.60
Mason	Crystal Automation Systems, Inc.	22	\$76,602.40
Mecosta	Crystal Automation Systems, Inc.	1,198	\$1,957,875.20
Missaukee	Crystal Automation Systems, Inc.	367	\$593,629.50
Montcalm	Crystal Automation Systems, Inc.	2	\$24,892.60
Montcalm	Crystal Automation Systems, Inc.	1,039	\$1,501,504.90
Muskegon	Crystal Automation Systems, Inc.	1	\$2,620.80
Newaygo	Crystal Automation Systems, Inc.	2,269	\$3,747,346.80
Newaygo	Crystal Automation Systems, Inc.	3	\$2,103.40
Oceana	Crystal Automation Systems, Inc.	1,035	\$2,251,772.70
Osceola	Crystal Automation Systems, Inc.	5,687	\$8,316,975.70
Otsego	Rural Electric Cooperative Consortium	91	\$151,356.50
St. Joseph	Mercury Wireless	159	\$60,093.00
St. Joseph	Rural Electric Cooperative Consortium	372	\$700,948.00
Van Buren	Rural Electric Cooperative Consortium	120	\$215,551.20
Wexford	Crystal Automation Systems, Inc.	231	\$397,654.80
<b>Totals</b>		<b>21,447</b>	<b>\$33,881,401.20</b>

To date, authorizations have been doled out in four waves this summer which directs USAC to officially release funding to the approved entities. Nearly all the funding approved in 2018 to Michigan has been authorized this summer, starting the clock on buildout requirements. Providers are required to build out service to 40 percent of the funded locations in three years with 100 percent served by the end of the sixth year. Funding will be continued for 10 years. Commitments are based on speed with bids accepted for four service tiers and two latency tiers.

Performance Tier	Speed	Usage Allowance	Weight
Minimum	≥ 10/1 Mbps	≥ 150 GB	65
Baseline	≥ 25/3 Mbps	≥ 150 GB or U.S. median, whichever is higher	45
Above Baseline	≥ 100/20 Mbps	≥ 2 TB	15
Gigabit	≥ 1 Gbps/500 Mbps	≥ 2 TB	0

Latency	Requirement	Weight
Low Latency	≤ 100 ms	0
High Latency	≤ 750 ms & MOS <sup>2</sup> of ≥ 4	25

To further showcase support awarded, the FCC developed a [map](#) showing total CAF II Auction support recipients.

### A-CAM II Support

On August 22, 2019, the FCC authorized USAC to disperse nearly \$5 billion over ten years in A-CAM funding nationally<sup>3</sup>. The support is targeted to smaller rural carriers, traditionally known as “rate-of-return” (ROR) carriers.

In Michigan, \$62,810,523 has been authorized over the ten year period to serve over 10,000 locations across the state. In return for the support, providers are required to offer service of at least 25/3 Mbps speeds. The following table shows total A-CAM support authorized in August 2019, by carrier:

Company	Total ROR Locations Receiving Funding	Locations with Obligation to Offer 25/3	Annual Support (10 years)
Allband Communications Cooperative	305	99	\$633,928
Baraga Telephone Company	2,895	2,678*	\$2,634,019
Barry County Services Company	3,806	3,798	\$1,227,426
Chapin Communications Corporation	814	812	\$461,923
KALTELCO, Inc.	2,182	2,101	\$1,323,756
<b>Totals</b>	<b>10,002</b>	<b>9,488</b>	<b>\$6,281,052</b>

\*Additionally, there are 356 tribal locations with obligation to offer 25/3.

<sup>2</sup> Mean Opinion Score

<sup>3</sup> <https://docs.fcc.gov/public/attachments/DA-19-808A1.pdf>

### Other CAF Funding Support

In addition to the CAF II Auction support, additional FCC programs are currently underway to buildout service in other unserved/underserved Michigan communities. These include:

- **A-CAM I:** \$188,447,570 in total support over 10 years was approved, starting in 2017, to serve 26,855 locations in Michigan<sup>4</sup>. As of 2018, approximately \$40.5 million of that has been dispersed to serve 11,416 locations.

Company	Locations Deployed	Disbursements to Date
Clinton County Telephone	133	\$419,913
Hiawatha Communications	6,111	\$17,399,745
LICT Corporation	4,442	\$15,300,119
Sand Creek Communications	204	\$541,879
Telephone and Data Systems (TDS)	526	\$6,908,029
<b>Totals</b>	<b>11,416</b>	<b>\$40,569,685</b>

- **Connect America Fund Phase II:** Approximately \$363 million in total support over 6 years was approved, starting in 2015, to serve 180,377 locations in Michigan. As of 2018, approximately \$207 million has been dispersed to serve 127,758 locations.<sup>5</sup>

Company	Locations Deployed	Disbursements to Date
AT&T	67,946	\$ 89,252,028
CenturyLink	15,377	\$ 31,290,395
Frontier Communications	44,435	\$ 86,714,704
<b>Totals</b>	<b>127,758</b>	<b>\$207,257,127</b>

- **Rural Broadband Experiments:** \$211,532 in total support over 10 years was approved, starting in July 2015.<sup>6</sup> As of 2018, \$107,881 was been dispersed to served 358 locations to a single company; Midwest Energy Cooperative.

### USDA ReConnect Applications

The U.S. Department of Agriculture's [ReConnect Program](#) is also ongoing with applications received and currently under review. As stated in a previous [Connected Nation Policy Brief](#), projects can fall under one of three categories: 100% grant, 100% loan, or 50% grant/50% loan. The following applications have been submitted in Michigan and are currently under review:

<sup>4</sup> [https://apps.fcc.gov/edocs\\_public/attachmatch/DA-17-99A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/DA-17-99A1.pdf)

<sup>5</sup> [https://apps.fcc.gov/edocs\\_public/attachmatch/DOC-335269A5.pdf](https://apps.fcc.gov/edocs_public/attachmatch/DOC-335269A5.pdf)

<sup>6</sup> [https://transition.fcc.gov/wcb/RBEOverview12\\_12.xlsx](https://transition.fcc.gov/wcb/RBEOverview12_12.xlsx)

- **Baraga Telephone Company – 100% Grant:** The grant application aims to deploy broadband service to unserved communities within Keweenaw County. According to the applicant’s description, the community “is a very rural area with a population density of less than 0.5 people per square mile, rocky terrain, and a short construction period. The project will pass 1,209 full and 952 part-time locations, businesses, and critical community facilities with 84.6 miles of distribution optical fiber and 22 miles of drop optical fiber cables.” Total Project Cost: \$7,947,143.
- **Northern Michigan University – 100% Grant:** NMU’s application proposes the construction of a wireless broadband initiative in the northeast portion of Northern Lower Michigan and northern half of Beaver Island (Lake Michigan) using 2.5 Ghz licensed EBS spectrum. Total Project Cost: \$7,373,225.
- **Newaygo County Regional Educational Service Agency – 100% Grant:** The proposal aims to expand the existing NCRESA Educational Telecommunications Network with an additional 60 miles of fiber optic cable to unserved areas using FTTP technology. Total Project Cost: \$4,423,969.
- **Southwest Michigan Communications – 50% Grant/Loan:** Southwest Michigan Communications, Inc (SMC) is a rural telecommunications provider in the southwest portion of Michigan. SMC is proposing to deploy broadband services to 6 ReConnect Proposed Funded Service Areas (PFSAs) as listed below: West of Bloomingdale PFSA, Saddle Lake PFSA, Paw Paw Expansion PFSA, M40 and M43 PFSA, Mill Lake PFSA, and Sweet Lake PFSA. These ReConnect PFSAs cover portions of Van Buren and Allegan Counties in Michigan. Total Project Cost: \$10,720,272.
- **Barry County Services Company – 50% Grant/Loan:** A core focus for Barry County Services Company ("BCSC") is to continue to expand the availability of affordable, fiber-based broadband services to rural areas. BCSC is committed to expanding broadband speeds into several rural locations and exchanges that without funding will have little chance of accessing broadband speeds up to 10/1. Being awarded funding will enable BCSC to provide fiber-to-the- premises technology giving customers and business access to higher broadband speeds of up to a Gig. Total Project Cost: \$11,880,198.

For information regarding how this funding will impact rural Michigan, please reach out to Connected Nation Michigan at [efrederick@connectednation.org](mailto:efrederick@connectednation.org).

-----

For more information about broadband policy developments, please contact Connected Nation at [policy@connectednation.org](mailto:policy@connectednation.org), and [Subscribe via RSS](#) to Connected Nation’s Policy Briefs.