

# Introduction to High Cost Verifications

Connect America Fund Phase II Auction

Optional 20% Milestone Review



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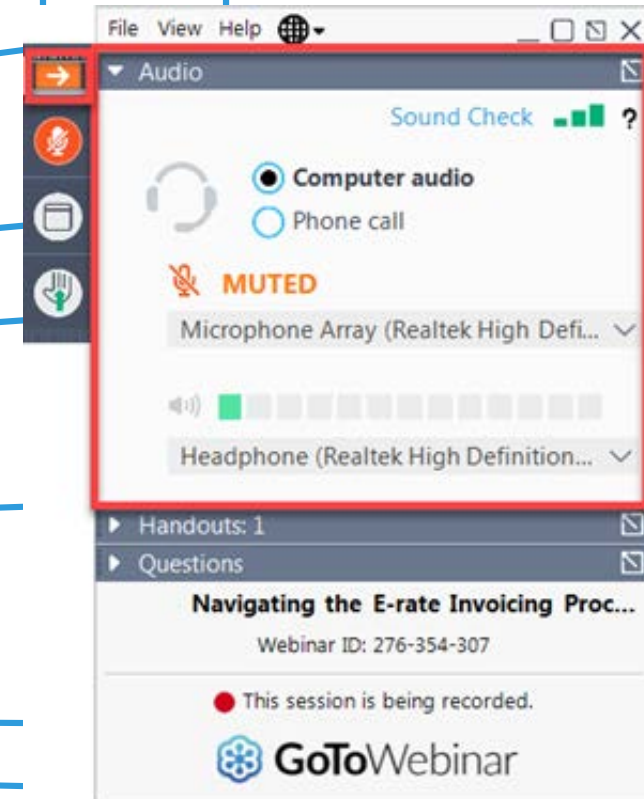


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## HOUSEKEEPING – WEBINAR PANEL

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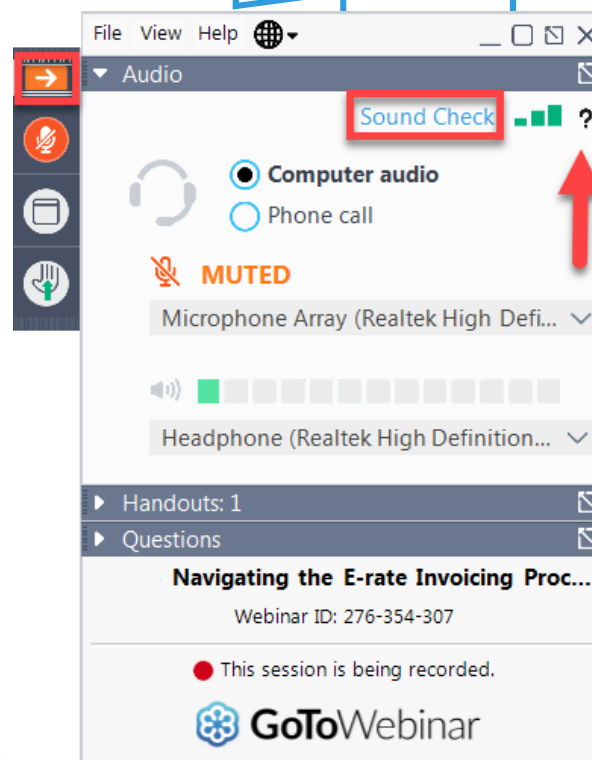


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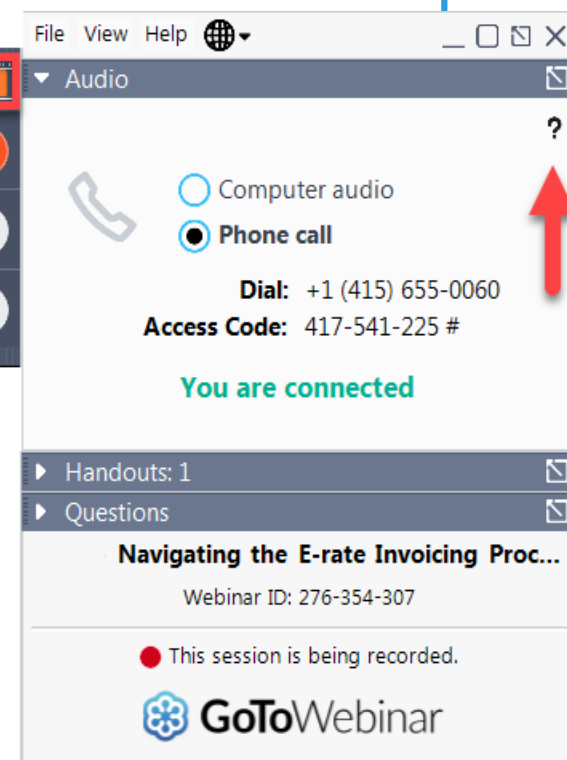


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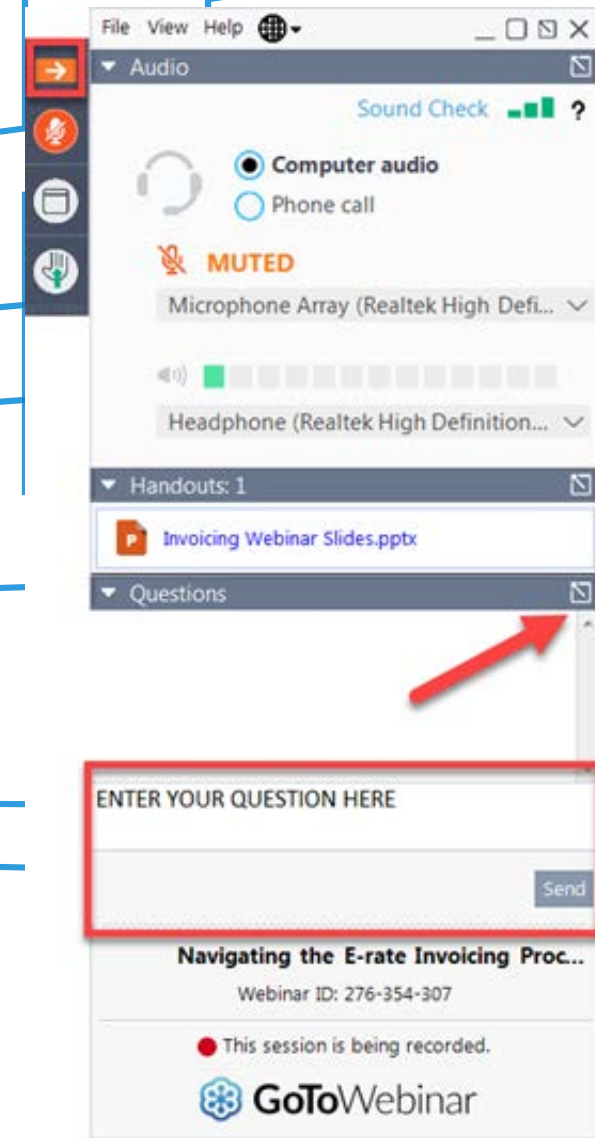
Computer Audio



Phone Call

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  - Click the box with the arrow above the questions box to expand it and see all written answers.
  - Write in full sentences.
  - Ask one question at a time.
  - Ask questions related to webinar content.



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## Today's Presenters

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# Agenda

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## CAF II Auction Program Overview

- 10-year support term (2017-2026)
  - FCC Order 16-64 released on May 26, 2016 brings support to areas that are currently unserved by broadband. This includes high-cost census blocks where price cap carriers declined support.
  - FCC Order 20-677 released on June 26, 2020; In this limited waiver FCC permitted Auction carriers to reduce Letter of Credit to one year of support once the optional 20% milestone is met.
  - Per DA 16-1363, recipients of Phase II model based support must file in the HUBB all qualifying locations to which they made broadband service available in the prior calendar year by March 1<sup>st</sup> of subsequent year. Additionally, carriers are not required to wait until the reporting window to certify deployment for the prior year and may submit milestone certifications when deployment meets or exceeds any milestone shown in the next slide.
  - Per §54.309 (a)(2) and §54.313 (a)(3), recipients of high-cost support are obligated to offer service packages at a price that does not exceed the applicable pricing benchmark established by the Commission.

### FCC Partners

- Wireline Competition Bureau
- Integral role in shaping high cost guidelines and milestones

## CAF II Auction Program Overview: Deployment Milestones and Reporting Dates by Program Year<sup>1</sup>

Year	Program Year	Deploy By	Report By	Performance Tier Speed Obligation Milestones
2021	Year 2	12/31/2021	3/1/2022	20% (Optional) <sup>2</sup>
2022	Year 3	12/31/2022	3/1/2023	40%
2023	Year 4	12/31/2023	3/1/2024	60%
2024	Year 5	12/31/2024	3/1/2025	80%
2025	Year 6	12/31/2025	3/1/2026	100% <sup>3</sup>

<sup>1</sup> 47 C.F.R § 54.316(b)(4) & § 54.310(c)

<sup>2</sup> See *Connect America Fund*; WC Docket No. 10-90 et al.; Report and Order, 35 FCC Rcd 6556, 6560 para.11 (*June 2020 Letter of Credit Waiver*)

<sup>3</sup> *CAF Phase II Auction Order*, 31 FCC Rcd 5949, 5963 para. 39. For these milestones, companies will certify that they deployed to their minimum performance tier speed obligations to the required number of locations or more, as specified in the Auction 903 [Authorization Report](#).

# Verification Process Overview

**Purpose & Objectives**

**Sharing Data Using Box**

**Preparing for Verifications**

**Testing Sampled Locations**

**Calculating Verification Results**

**Reporting Verification Results**

Please visit <https://www.usac.org/high-cost/resources/fund-verification-reviews/> for more information

# Verification Process Overview: Purpose & Objectives

## Purpose

- Uphold integrity of the CAF II Auction program by ensuring adherence to program rules and requirements.

## Objectives

- Ensure that the company has met the optional 20% deployment milestone obligation with respect to the number of locations deployed
- For each sampled location record, confirm that:
  - The structure at the location is eligible for funding
  - The reported service address accurately corresponds with the reported coordinates
  - Available upload and download speeds meeting the relevant performance speed tier or higher
  - Qualifying service was deployed in time to meet the relevant milestone date
  - The actual number of units matches the reported number of units
  - A broadband service package is available that meets or exceeds the relevant performance tier

## Verification Process Overview: Sharing Data Using Box

- Documents will be exchanged via Box, USAC's secure file sharing platform.
- USAC does not make public any documentation received from the company.
- When sharing supporting documentation, please do the following:
  - Redact Personally Identifiable Information (PII) for any customers (customer names, phone numbers, SSN, etc.)
  - Supply only what is requested and which specifically addresses the requirements of the review
  - If necessary, you may password protect files

# Verification Process Overview: Preparing for Verifications

1. By now, you have received an email from the Verification Team requesting that you complete and submit a process questionnaire and examples of supporting documentation via Box upload link.
  - This questionnaire helps the Team understand company's processes for identifying and reporting deployed locations.
  - Verification Team will also analyze the example documentation provided and work with the company to make sure documentation is sufficient for verification purposes.
2. Company contact receives an email from the Verification Team, notifying them that the Announcement Letter and a spreadsheet containing the location records selected for the statistically valid verification sample\* are available for download in a new Box folder.
3. Company contact uploads documentation supporting speed, deployment date, and number of units for each location record in the sample to the same Box folder mentioned in #2.

## Verification Process Overview: Testing Sampled Locations

- The Verification Team analyzes supporting documentation submitted by the company to verify that **speed** and **deployment date** for each location record in the sample is in compliance with program requirements. Additionally, the Verification Team will analyze company submitted documentation that supports **unit count** for location records with multiple units reported (Note: Each *unit* in a *location record* is considered a *location*).
  - If the Verification Team is unable to verify a location record, the Team will reach out to the company for an explanation or additional documentation.
- In addition, the Verification Team verifies that...
  - The reported address and coordinates for the location record correspond
  - The structure at the coordinates is eligible for support

No documentation from the company is requested for these items. If the team is unable to verify these items, the team will reach out to the company for more information.

# Verification Process Overview: Reviewing Structure Eligibility and Individual Units

## Ineligible Structures

These structures will **not** pass review and **should not** be reported in the HUBB:

- Empty parcels of land, vacant structures that are condemned or are to be demolished or open to the elements
- Boats, recreational vehicles (RVs), tents, caves, and similar types of structure that no one is using as a residence
- Wireless infrastructure sites, such as cell towers
- The location of the network's pedestal, box, or node
- Group quarters (dormitories, nursing homes, military installations, correctional facilities)
- Community anchor institutions (schools, libraries, hospitals, other medical providers, public safety entities, and community support organizations that facilitate greater use of broadband by vulnerable populations, including low-income, the unemployed, and the aged)

## Eligible Structures

These **should** be reported in the HUBB:

- Residential locations
- Business locations (that company expects would demand consumer-grade broadband service)
- Locations to which service could be provided within 10 business days

Other key reporting guidelines:

- The latitude/longitude of location should be situated somewhere on the parcel of the location.
- Buildings with multiple units, such as an apartment building, must be reported in a single location record.
  - If the units are in separate buildings, they must be reported in separate location records and thus contain unique latitude and longitude coordinates.

See [DA-16-1363](#) for more information on broadband location reporting



## Verification Process Overview: Calculating Verification Results

- If a location record does not meet minimum speed requirements, was not deployed on time, and/or the structure was found to be ineligible, then the location record is deemed ineligible for support and not credited toward the company's milestone obligation.
- If a location record's unit count was found to be incorrectly reported, the company will not receive credit for the excess reported locations.
- The Verification Team deems the ineligible and incorrectly reported units, mentioned above, as failures.
- These failing locations found in the verification sample are extrapolated to the total population of locations that are eligible for testing (Note: no location records are removed from the HUBB portal by the Verification Team), then the company's estimated passing locations are credited toward their milestone obligation. It is then determined whether or not the company is in compliance with their milestone obligation.

## Verification Process Overview: Reporting Verification Results

1. Company contact will receive email from Verification Team, notifying them that their Verification Closure Letter(s), containing the results of the verification, is available for download in the Box folder.
  - If necessary, the company can request to have a conference with the Verification Team to discuss verification results.
2. Ten business days from the date of the Verification Closure Letter, the company is required to submit a response to the letter to the Verification Team in the Box folder. This response may be a simple message to state that the company agrees with the results of the verification or the company may dispute the results of the verification. Carriers can also provide additional documentation if such was not provided during the verification process. Note: Responding to the Verification Closure Letter is NOT a formal appeal.
3. Once the Verification Team receives the company's response, the Team may provide a reply to the company's response. The company's response and the Verification Team's response will be appended to the Verification Closure Letter and shared with the company and the FCC. (Note: No additional responses will be afforded to the company after USAC provides final response).
4. Carriers that are not in compliance with their public interest obligations during this optional milestone will not be considered to be in a compliance gap tier; however, they will be unable to reduce their letter of credit.

# Supporting Documentation

## Key Points to Keep in Mind

## Common Documentation Types and Examples

Please visit <https://www.usac.org/high-cost/resources/fund-verification-reviews/> for more information

## Supporting Documentation: Key Points to Keep in Mind



- USAC reminds all companies to retain all records and analysis needed to demonstrate that universal service support is being used in accordance with High Cost Program rules (see [47 CFR Section 54.320\(b\)](#)).
- To allow for unique differences between companies, USAC does not require any specific type of documentation (aka evidence) be submitted across all verifications.
  - For example, each company is not required to submit *provisioning system screenshots* specifically as part of their documentation.
- Supply only what is requested in the Announcement Letter and which specifically addresses the objectives of the review (i.e. verification of broadband **speed**, deployment **date**, and **unit count** (for location records with multiple units)).
- Companies may need to submit more than just one piece of evidence to support all objectives for a particular record in the HUBB portal.
- **Redact Personally Identifiable Information** (PII) for any customers.

## Supporting Documentation: Key Points (Continued)

- Each piece of evidence must also contain information linking the displayed speed, date, or unit count to the specific associated location record(s).
  - Linking information could include things like customer address, coordinates, CLLI code or device name, etc.
- Each location record selected in the verification sample is assigned an item # in the Company Sample spreadsheet sent along with the Announcement Letter.
- In general, if an evidence file only applies to one location record, please include the item # in the file name when uploading verification files to Box.
  - Ex. “Item 17 – Subscriber Bill.pdf”

## Supporting Documentation Examples: Subscriber Bill

- Linking information Provided:
  - Full customer address
- Verification Objectives Supported:
  - **Date** where service was available
  - Broadband **speed** at the location
  - Specific **unit** denotation (if a separate bill for each unit is provided, then together they can support the total unit count for a multi-unit location record)
- Customer PII is redacted

		Billing Date 12/22/18 <b>New Charges Due Date 1/09/19</b> Previous Balance 84.83 Payments Received Thru 12/08/18 -84.83 Balance Forward .00 New Charges 84.83 <b>TOTAL AMOUNT DUE \$84.83</b>	
<b>ACCOUNT SUMMARY</b>			
ACCOUNT NUMBER:	PIN NUMBER:		
		<b>PAYMENT STUB</b> <b>Total Amount Due \$84.83</b> New Charges Due Date 1/09/19 Account Number [REDACTED] Amount Enclosed \$ _____	
[REDACTED] <b>CUSTOMER STREET ADDRESS</b> <b>CUSTOMER UNIT NUMBER/UNIT NAME</b> <b>CUSTOMER CITY, STATE, ZIP CODE</b>		MAIL TO: ABC PHONE COMPANY PHONE COMPANY STREET ADDRESS PHONE COMPANY CITY, STATE, ZIP CODE	
<b>MONTHLY SERVICE CHARGES FROM 12/22/18 to 1/21/19</b> Digital Phone Unlimited 30.99 Broadband Service 10/1 29.99 <b>TOTAL MONTHLY SERVICE CHARGES 60.98</b>		<b>DETAIL OF TAXES AND OTHER CHARGES</b> <b>DETAIL OF FEDERAL TAXES AND CHARGES*</b> Federal Excise Tax .26 Access Recovery Charge 1.98 Primary Federal Subscriber Line Charge 6.50 Federal USF Recovery Charge 1.71 Telecom Long Distance — Federal USF Surcharge 2.61 <b>TOTAL FEDERAL TAXES AND CHARGES 13.06</b> <b>STATE TAXES AND OTHER CHARGES 6.80</b> <b>TOTAL TAXES AND OTHER CHARGES 19.86</b> <small>*INCLUDES BASIC CHARGES</small>	
<b>OTHER SERVICE CHARGES AND CREDITS</b> Carrier Cost Recovery Surcharge 3.99 <b>TOTAL OTHER SERVICE CHARGES AND CREDITS 3.99</b>			
<b>TAXES AND OTHER CHARGES</b> Federal Taxes and Charges* 13.06 State Taxes and Other Charges* 6.80 <b>TOTAL TAXES AND OTHER CHARGES 19.86</b>			
<b>TOTAL 84.83</b> <small>*INCLUDES BASIC CHARGES</small>			

## Supporting Documentation Examples: Provisioning System Screenshot

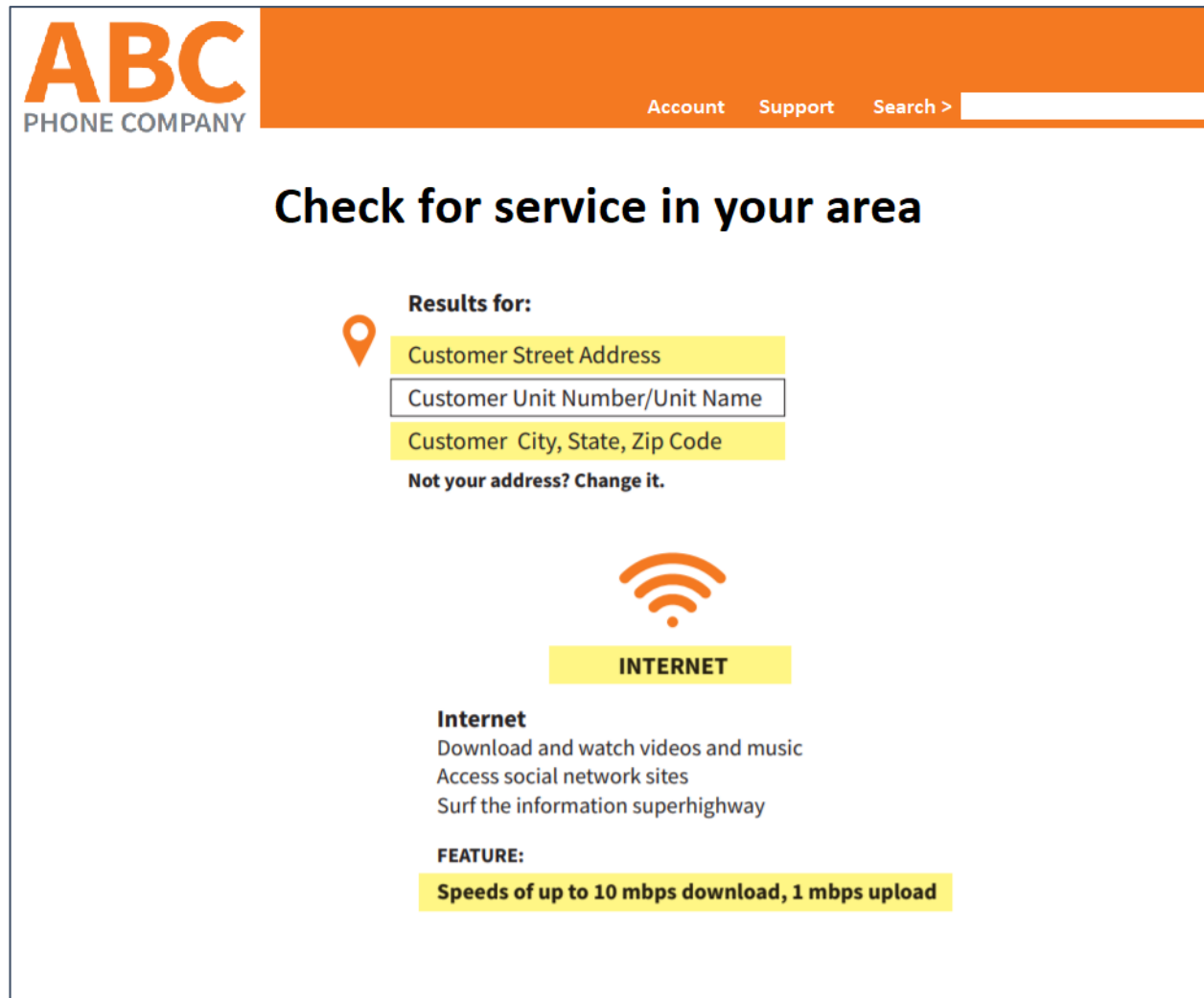
- Linking information Provided:
  - Full customer address
  - Coordinates
  - DSLAM CLI Code
- Verification Objectives Supported:
  - Broadband **speed** at the location
  - Specific **unit** denotation (if a separate screenshot for each unit is provided, then together they can support the total unit count for a multi-unit location record)

The screenshot displays a web-based provisioning system interface. At the top, there is a menu bar with options: File, Edit, View, Tools, Session, Options, and Help. Below the menu is a toolbar with various icons for file operations and navigation. The main content area is titled "QUALIFY ADDRESS FOR BROADBAND SERVICE". It contains several fields and labels:

- ADR:** CUSTOMER STREET ADDRESS (highlighted in yellow)
- CUSTOMER UNIT NUMBER/UNIT NAME (text input field)
- CUSTOMER CITY, STATE, ZIP CODE (highlighted in yellow)
- LAT/LONG: 38.8977° N 77.0365° W (highlighted in yellow)
- CLASS OF SERVICE: (text label)
- TELEPHONE: (text label)
- UPSTREAM BANDWIDTH: 1M (highlighted in yellow)
- DOWNSTREAM BANDWIDTH: 10M (highlighted in yellow)
- TECHNOLOGY: COMBO (text label)
- MINIMUM TECHNOLOGY: DSL (text label)
- SERVING TERMINAL: X-123/4 (text label)
- DSLAM: NYNYNYXE1 (highlighted in yellow)
- ACPT: X-123/4 (text label)
- GENERIC CARD TYPE: COMBO (text label)
- RELIABLE DSL AID: (text label)
- ENTER NEXT TASK CODE: (text label)

## Supporting Documentation Examples: Public Facing Service Availability Tool Screenshot

- Linking information Provided:
  - Full customer address
- Verification Objectives Supported:
  - Broadband **speed** at the location
  - Specific **unit** denotation (if a separate screenshot for each unit is provided, then together they can support the total unit count for a multi-unit location record)



The screenshot shows the ABC Phone Company website's service availability tool. The header includes the ABC logo and navigation links for Account, Support, and a search bar. The main heading is "Check for service in your area". Below this, a location pin icon is followed by a "Results for:" section with three input fields: "Customer Street Address", "Customer Unit Number/Unit Name", and "Customer City, State, Zip Code". A link "Not your address? Change it." is provided. The results section features a Wi-Fi icon, a yellow "INTERNET" label, and a list of services: "Internet", "Download and watch videos and music", "Access social network sites", and "Surf the information superhighway". A "FEATURE:" section highlights "Speeds of up to 10 mbps download, 1 mbps upload".



## Supporting Documentation Examples: Engineer Certification

- Linking information Provided:
  - Device name
    - (would also need supplementary documentation showing which locations were associated with “123 exchange”)
  - Full license # and state where licensed
- Verification Objective Supported:
  - Broadband **speed** at the location
  - **Date** when service was available (should include month, day, and year)

**XYZ**  
ENGINEERING

ENGINEERING FIRM STREET ADDRESS  
ENGINEERING FIRM CITY, STATE, ZIP CODE

April 18, 2018

Re: Engineering Certification of Gigabit Technology and Coverage

Dear USAC Representative,

XYZ Engineering Company has reviewed the maps, designs and equipment specifications for the ABC Phone Company fiber network build-out in the 123 exchange of Anytown, USA.

I certify that they meet or exceed the CAF II performance requirements and have the capability of providing gigabit speeds for any CAF II eligible locations within these exchanges. All locations within Anytown, USA are covered by 123 exchange and the 100% fiber network capable of delivering up to 1 gig service. The fiber in this location was live and in effect by December 31, 2017.

If you have any questions or need additional information, please let us know.

Best regards,  
*Signature*  
Firstname Lastname  
Title  
XYZ Engineering Company  
123.456.7891  
name@email.com  
License #456789  
State Licensed: VA

# Supporting Documentation Examples:

## Construction Completion Sign-off Sheet / Acceptance Test

- Linking information Provided:
  - DSLAM CLLI Code
    - (would also need supplementary documentation showing which locations were associated with this DSLAM)
- Verification Objective Supported:
  - **Date** when service was available
    - (include completion date, signature, and sign-off date)

ACCEPTANCE TEST						
Facility: Any City, USA		WBS No.: 000-0000		COM acceptance to be done by: XYZ		
Location: Anytown, USA		Engineer:				
Spec issue date:						
Install start date:				Install completion date: 4/14/2016		
ITEM	INSPECTION CHECKLIST	Task to be done by:	DateShop	COM	Completed by (name[s]):	ACCEPTED by COM Initials Date
0	Review spec & drawing					4/15/2016
1	Inventory Material			<input checked="" type="checkbox"/>	First Name, Last Name	FNLN 4/15/2016
2	Provision & tum up system			<input checked="" type="checkbox"/>	First Name, Last Name	FNLN 4/15/2016
3	Complete redlines, leave copies with COs & copy in job folder					
4	Notify engineer when equipment is accepted & ready for traffic			<input checked="" type="checkbox"/>	First Name, Last Name	FNLN 4/15/2016
5	DSLAM name or CLLI code: NYNYNYXE1					
<b>CO Installer verification</b> CO Installation tasks are complete and ready for inspection by COM.						
Signature of CO Installer:		Signature			Date: 4/15/2016	
<b>COM Maintenance Acceptance</b>				<input type="checkbox"/> Partial Acceptance <input checked="" type="checkbox"/> Final Acceptance		
If partial acceptance, what exceptions remain?						
Remarks:						
Final acceptance by CO Foreman						
Signature of CO Foreman or designee:					Date: 4/15/2016	

## Supporting Documentation Examples: Released for Sales Email

- Linking information Provided:
  - DSLAM CLLI Code
    - (would also need supplementary documentation showing which locations were associated with this DSLAM)
- Verification Objective Supported:
  - **Date** when service was available



Wed 6/21/2017 9:48 am

Doe, John

Re: Released for Sale

To: Richard Roe, Sales

**DSLAM**

**NYNYNYXE1**

is built and ready for release.

**John Doe**

Specialist, Network Engineer

Company Communications

123-456-7890

**website.url**

## Supporting Documentation Examples: Evidence of Multiple Units

- Screenshots of a mapping software street view or satellite view that provide evidence of the number of units
  - Ex. Images showing two separate front entrances or two separate driveways (see images to the right)
- Screenshots from an apartment complex website, property tax website or real estate website (such as Realtor.com, Xome, Trulia, Redfin, etc.) showing the number of units
- Geotagged photos or video clips (taken using a mobile phone or camera with geotagging turned on) that provide evidence of the number of units
  - Ex. Images of separate electric meters or separate mailboxes
  - Please also include a screenshot of the file properties page for each picture or video that displays the associated latitude/longitude coordinates



### Street Level Photo

- Shows two units — two entrances and two mail boxes.



### High Altitude Photo

- Shows two units — two separate driveways and walkways that lead to two separate entrances.

# Verification Timeline and Next Steps

Event	Date/Time Frame
<b>Company submits completed process questionnaire and example supporting documentation to Box</b>	Two weeks after delivery of process questionnaire
Verification Team sends Announcement Letter and Company Sample to Company	One week from submission of process questionnaire and example evidence
Company submits documentation supporting broadband <b>speed</b> , deployment <b>date</b> , and <b>unit count</b> for each location record in sample to Box	Two to six weeks after delivery of announcement package
Verifications Team sends Verification Closure Letter to Company	30 days after receiving supporting documentation
Verification Team sends Verification Feedback Survey to Company	Shortly after delivery of Verification Closure Letter

**Carriers are required to maintain their LOC until the verification is complete and the Commission approves verification results.**

**Verification timelines and due dates vary depending on the company's sample size. Exact due dates for documentation submissions will be listed in the Announcement Letter.**

# Questions?

**THANK YOU**



**Universal Service  
Administrative Co.**