October 29, 2026

FCC FACT SHEET*
Connect America Fund: A National Broadband Plan for our Future High-Cost Universal Support; Reforming the High-Cost Program for an All-IP Future
Report and Order – WC Docket Nos. 10-90, 26-96

Background: This Report and Order would adopt a limited two-year extension of Alternative Connect America Cost Model (A-CAM I) support through December 31, 2028. A-CAM I currently provides predictable, model-based support to rural rate-of-return carriers in exchange for defined broadband deployment obligations, but support is scheduled to end December 31, 2026. This extension prevents a loss of support for the nine carriers receiving A-CAM I support while the Commission considers broader reforms to its high-cost support mechanisms.

What the Report and Order Would Do:

- Extends existing A-CAM I support for two years, through December 31, 2028.
- Aligns the A-CAM I support term end date with the end dates for Revised A-CAM I and A-CAM II support while the Commission consider future high-cost reforms.
- A-CAM I recipients would be required to continue to maintain voice and broadband service and serve additional locations upon reasonable request during the extension period.
- The existing A-CAM I compliance framework would continue, including quarterly network testing, certifications, annual reporting, and support recovery for performance failures.
- Support received in 2027 and 2028 would be subject support recovery and performance requirements that apply to existing A-CAM I support.
- Continue existing deployment, performance, and reporting obligations already applicable to A-CAM I carriers.

* This document is being released as part of a "permit-but-disclose" proceeding. Any presentations or views on the subject expressed to the Commission or its staff, including by email, must be filed in WC Docket Nos. 10-90 and 26-96, which may be accessed via the Electronic Comment Filing System (https://www.fcc.gov/ecfs). Before filing, participants should familiarize themselves with the Commission's *ex parte* rules, including the general prohibition on presentations (written and oral) on matters listed on the Sunshine Agenda, which is typically released a week prior to the Commission's meeting. *See* 47 CFR § 1.1200 *et seq*.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Reforming the High-Cost Program for an All-IP Future	)	WC Docket No. 26-96
	)	
	)	
Connect America Fund: A National Broadband Plan for our Future High-Cost Universal Support	)	WC Docket No. 10-90
	)	
	)	
	)	

REPORT AND ORDER*

Adopted: [] **Released: []**

By the Commission:

I. INTRODUCTION

1. In this Report and Order, we extend the support term for Alternative Connect America Cost Model (A-CAM I) carriers by two years, through December 31, 2028, aligning their support term with those of Revised A-CAM I and A-CAM II carriers.[1] The extension applies to nine companies, at the holding-company level, and will result in the continued provision of approximately $8 million in annual high-cost support.[2] We find that a limited extension serves the public interest by preserving supported voice and broadband service in rural areas and facilitating an orderly transition while the Commission continues to evaluate its high-cost mechanisms.[3]

2. Specifically, we conclude that extending support through the end of 2028 aligns the terms of the three sunsetting A-CAM mechanisms so that A-CAM I, Revised A-CAM I, and A-CAM II support all conclude on December 31, 2028.[4] We further conclude that A-CAM I carriers shall continue receiving

* This document has been circulated for tentative consideration by the Commission at its November 19, 2026 open meeting. The issues referenced in this document and the Commission's ultimate resolutions of those issues remain under consideration and subject to change. This document does not constitute any official action by the Commission. However, the Chairman has determined that, in the interest of promoting the public's ability to understand the nature and scope of issues under consideration, the public interest would be served by making this document publicly available. The Commission's *ex parte* rules apply and presentations are subject to "permit-but-disclose" *ex parte* rules. *See, e.g.*, 47 CFR §§ 1.1206, 1.1200(a). Participants in this proceeding should familiarize themselves with the Commission's *ex parte* rules, including the general prohibition on presentations (written and oral) on matters listed on the Sunshine Agenda, which is typically released a week prior to the Commission's meeting. *See* 47 CFR §§ 1.1200(a), 1.1203.

[1] *Reforming the High-Cost Program for an All-IP Future; Connect America Fund: A National Broadband Plan for our Future High-Cost Universal Support*, Notice of Proposed Rulemaking, WC Docket Nos. 10-90 and 26-96, FCC 26-35, at 10, para. 28 (NPRM).

[2] *NPRM* at 5, 8, paras. 12, 19. We also note that the authorized A-CAM I service areas encompass approximately 12,000 Broadband Serviceable Locations based on the latest version of the Broadband Serviceable Location Fabric.

[3] *NPRM* at 10, para. 28; 47 CFR § 254.

[4] *NPRM* at 10, para. 28.

their previously authorized annual support amounts during the extension period. The extension preserves the existing framework on an interim basis as the Commission considers longer -term reforms.[5]

3. During the extension period, carriers will remain subject to the Commission's existing public-interest and compliance obligations, including deployment, reporting, certification, and network performance testing requirements, and support recovery provisions.[6] Applying the existing framework will promote consistent treatment among support recipients and avoid the administrative burdens of establishing separate requirements for this two-year extension.[7]

II. BACKGROUND

4. In the *USF/ICC Transformation Order*, the Commission adopted reforms to modernize the high-cost universal service program and support the deployment and maintenance of broadband-capable voice networks in high-cost areas.[8] Among other reforms, the Commission established a framework for model-based support mechanisms designed to provide carriers greater support predictability and incentives for efficient broadband deployment.[9]

5. In the *2016 Rate-of-Return Reform Order*, the Commission adopted the Alternative Connect America Cost Model (A-CAM) as a voluntary model-based support mechanism for rate-of-return carriers that created defined broadband deployment obligations.[10] Participating carriers electing A-CAM support became subject to associated public-interest obligations, including broadband deployment milestones, network performance testing requirements, annual reporting obligations, and support recovery provisions for noncompliance, with a support term ending on December 31, 2026.[11] In 2018, the Commission adopted an additional offer for A-CAM carriers, in which the term of support was extended by two years, through 2028, in exchange for increased deployment obligations. In the same 2018 order, the Commission established A-CAM II, an additional opportunity for legacy carriers to elect model-based support, for which the support term also ends on December 31, 2028.[12] There are currently nine carriers,

[5] *NPRM* at 10, para. 28; *Wireline Competition Bureau Announces Adjustment to Georgetown Telephone Company's Mississippi Alternative Connect America Cost Model I Required Location Totals*, WC Docket No. 10-90, Public Notice, DA 26-430, at 1-2 (WCB Apr. 30, 2026) (Georgetown Location Adjustment Public Notice). Georgetown Telephone Company was the only A-CAM I carrier to request a downward adjustment to its required location totals. Based on the December 2025 Broadband Serviceable Location Fabric, the Bureau reduced Georgetown's Mississippi A-CAM I required location total from 319 to 304 locations. The adjustment did not reduce Georgetown's previously authorized annual support amount of $160,938 because application of the original A-CAM costs to the current geographic distribution of Fabric locations would have resulted in a higher support amount, and the Bureau had authorized only downward adjustments to support.

[6] *NPRM* at 10-11, paras. 29-30; 47 CFR §§ 54.308, 54.313, 54.314, 54.320; A-CAM I Coalition Comments at 8-9.

[7] *NPRM* at 2, 10-11, paras. 2-3, 29-30; A-CAM I Coalition Comments at 8-9.

[8] *Connect America Fund et al*., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17667, 17672-74, paras. 1, 17, 24 (2011), aff'd sub nom. In re FCC, 753 F.3d 1015 (10th Cir. 2014) (USF/ICC Transformation Order).

[9] *USF/ICC Transformation Order*, 26 FCC Rcd at 17674, para. 24; *Connect America Fund et al., Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking*, 31 FCC Rcd 3087, 3090-91, paras. 4-5 (2016) (2016 Rate-of-Return Reform Order).

[10] *2016 Rate-of-Return Reform Order*, 31 FCC Rcd at 3091-97, paras. 4, 17-22.

[11] 47 CFR §§ 54.308, 54.313, 54.314, 54.320; *NPRM* at 5, paras. 11-12.

[12] 47 CFR § 54.311(c); *Connect America Fund et al., Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration*, 33 FCC Rcd 11893, 11898-903, paras. 14-30 (2018) (December 2018 Rate-of-Return Reform Order); *Connect America Fund, Report and Order*, 34 FCC Rcd 811, 811-12, paras. 1-5 (2019) (A-CAM II Order); *NPRM* at 5-6, paras. 12-14.

at the holding company level, still receiving A-CAM I support, with their support term set to end at the end of 2026.

6. In the *Notice of Proposed Rulemaking* (*NPRM or Notice*), the Commission sought comment on extending A-CAM I support through December 31, 2028, to align the support term applicable to A-CAM I carriers with the support terms applicable to Revised A-CAM I and A-CAM II carriers.[13] The Commission proposed that A-CAM I carriers continue receiving their previously authorized annual support amounts during the extension period.[14]

7. The Commission also sought comment on the obligations that should apply during the extension period, including broadband deployment requirements, quarterly network performance testing and certifications, annual reporting obligations, and existing support recovery provisions.[15] The NPRM further explained that carriers failing to meet their broadband deployment obligations by the end of 2026 have through the end of 2027 to cure noncompliance, and sought comment on including support received during the two-year extension in the calculation of deployment-related support recovery.[16] In addition, the Commission asked whether any modifications to the existing compliance framework would be appropriate.[17]

III. DISCUSSION

8. Based on the record in response to the *NPRM*, we conclude that extending A-CAM I support through December 31, 2028, serves the public interest. The majority of commenters addressing the proposal support extending A-CAM I support through the end of 2028.[18] Commenters generally agree that establishing a common end date for A-CAM I, Revised A-CAM I, and A-CAM II will avoid unnecessary disruption and facilitate a more orderly transition from the Commission's existing model-based support mechanisms.[19]

9. *Two-Year Extension.* We find that a two-year extension appropriately recognizes the need for continuing support and the Commission's interest in considering the future of its high-cost support mechanisms on a coordinated basis. The record indicates that allowing A-CAM I support to terminate at the end of 2026, while Revised A-CAM I and A-CAM II support continue through 2028, could create unnecessary administrative complexity and uncertainty for affected carriers and consumers.[20]

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[13] *NPRM* at 10, para. 28.

[14] *NPRM* at 10, para. 28.

[15] *NPRM* at 10-11, paras. 29-30.

[16] *NPRM* at 10, para. 29.

[17] NPRM at 10, para. 30.

[18] *See*, A-CAM I Coalition Comments at 1, 5; BroadbandMT Comments at 14; ICORE Comments at 3; Home Telecom Comments at 27; Nebraska Public Service Commission Comments at 3; Nebraska Rural Independent Companies Comments at 8; Nebraska Seven Rate-of-Return Carriers Comments at 23-24; NTCA Comments at 6; Oklahoma PUD Director Comments at 5; Pinion Comments at 15; Vantage Point Solutions Comments at 9; Washington Utilities and Transportation Commission Comments at 4; WTA Comments at 6 n.11; Fiber Broadband Association at Reply at 2; N. Albert Telecom Consultant Reply at 18; Nebraska Rural Independent Companies Reply[?]; NTCA Reply at 17-19; State Broadband and Broadband Associations Reply at 20; WISPA Reply at 2.

[19] *See* A-CAM I Coalition Comments at 4-5; BroadbandMT Comments at 14; ICORE Comments at 3; Pinion Comments at 15; Washington Utilities and Transportation Commission Comments at 4; WISPA Comments at 3; WISPA Reply at 2.

[20] *See* A-CAM I Coalition Comments at 4-7; Washington Utilities and Transportation Commission Comments at 4; WISPA Comments at 3; WISPA Reply at 2.

Establishing a common end date allows the Commission to consider future high-cost support options in a comprehensive manner.[21]

10. We are not persuaded by arguments that A-CAM I should terminate as scheduled at the end of 2026. NCTA – The Internet & Television Association (NCTA) argues that extending A-CAM I would be an inefficient use of limited high-cost resources because carriers previously had the opportunity to elect Enhanced A-CAM and some locations may be eligible for BEAD funding.[22] SpaceX similarly argues that the widespread availability of unsubsidized terrestrial and satellite broadband has substantially reduced the need for continued high-cost support.[23] The Information Technology and Innovation Foundation (ITIF) also argues that the Commission should allow A-CAM I to expire under its existing terms, and that increased availability of fixed, mobile, and low-earth-orbit satellite broadband has reduced the need for continued A-CAM I support in many areas.[24] We agree that competitive deployment, satellite broadband, and other sources of broadband funding are relevant to determining the need for future high-cost support and will be considered as part of the FCC's broader rulemaking evaluating the future of high cost support. However, we conclude that the record does not establish that those developments warrant terminating A-CAM I support at the end of 2026. Nor do those considerations outweigh the public interest benefits of aligning the end dates for A-CAM I, Revised A-CAM I, and A-CAM II, as discussed above.

11. The A-CAM I Coalition explains that its members continue to incur operating and maintenance costs in high-cost areas that exceed revenues reasonably recoverable from customers and that loss of support could result in increased rates, reduced network investment, and adverse effects on the continued provision of supported services.[25] Moreover, NCTA itself advocates a location-specific competitive analysis and recognizes that, where competitive deployment has not yet occurred, withdrawal of existing support should be coordinated with the availability of competing service.[26] We conclude these arguments are best addressed as part of the Commission's broader consideration of the future of its high-cost mechanisms, and the public interest still warrants the limited extension of A-CAM I for the reasons discussed above..[27]

12. We also decline to extend A-CAM I beyond December 31, 2028. Several commenters advocate longer-term approaches, including extending A-CAM mechanisms to 2038 or continuing support until a successor mechanism is available.[28] Those proposals raise broader questions concerning the design and obligations of future high-cost support mechanisms that we are examining on a holistic and comprehensive basis. The extension we adopt today addresses the disparity among the existing A-

[21] *See* A-CAM I Coalition Comments at 4-5; ICORE Comments at 3; Pinion Comments at 15; WISPA Comments at 3.

[22] *See* NCTA Comments at 4, 8.

[23] *See* SpaceX Comments at 1-5; SpaceX Reply at 2-3, 9-11; Letter from Joseph Bissonnette Principal, Satellite Policy, SpaceX, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 26-96, 10-90 at 1 (filed Aug. 27, 2026)

[24] *See* Information Technology and Innovation Foundation Comments at 1; Center for Regulatory Analysis and Engagement Reply at 8; International Center for Law & Economics Reply at 5.

[25] *See* A-CAM I Coalition Comments at 6-7.

[26] *See* NCTA Reply at 4, 5.

[27] *See* WISPA Comments at 3.

[28] *See* BroadbandMT Comments at 14-15; CCA Comments at 6; NTCA Comments at 34; Blooston Rural Carriers Comments at 5.

CAM support terms while we consider the appropriate structure and obligations of any successor support mechanism.

13. *Other Statutory Obligations.* We also find that the requirements of the Broadband DATA Act governing new awards of funding for broadband deployment do not apply to the extension adopted here. The Broadband DATA Act requires the Commission to use the Broadband Serviceable Location Fabric (Fabric) and the National Broadband Map "when making any new award of funding with respect to the deployment of broadband internet access service . . . ."[29] The extension of A-CAM I support does not constitute a new award of funding for broadband deployment because it continues previously authorized amounts, subject to existing public-interest obligations.[30] It also does not impose new deployment obligations or award support in exchange for new broadband deployment.[31] Consistent with the Commission's treatment of transitional support in the *Alaska Connect Fund Order*, we conclude that this limited continuation of existing A-CAM I support does not trigger the Broadband DATA Act's requirement that the Commission use the National Broadband Map when it makes a new award of funding for broadband deployment.[32]

14. *Economic Analysis.* We also find that the benefits of this limited extension justify its costs. The principal direct cost to USF is the continuation for two additional years of the approximately $8 million in annual A-CAM I support identified in the NPRM, representing approximately 0.18% of the approximately $4.5 billion in annual high-cost support and 0.5% of the $1.6 billion allocated annually to legacy rate-of-return and sunsetting A-CAM support, or approximately $16 million over the extension period before any recovery.[33] We expect little incremental cost for participating carriers because the extension does not establish a new support mechanism.[34] We find that these costs, which represent a small fraction of the Commission's annual high-cost budget and are limited to a two-year extension, are outweighed by the benefits of preserving supported voice and broadband service in high-cost areas while the Commission considers the future of the high-cost program in a comprehensive manner.

15. *Support Amounts.* Consistent with the proposal in the NPRM, A-CAM I carriers shall continue receiving their previously authorized annual support amounts through December 31, 2028.[35] Those amounts shall remain unchanged, subject to the Commission's existing rules governing payment, oversight, and recovery of universal service support.[36] We emphasize that the extension adopted today is

[29] 47 U.S.C. § 642(c)(2)(B); Broadband DATA Act, Pub. L. No. 116-130, § 802, 134 Stat. 228, 236 (2020); *see also*, 47 U.S.C. § 254(m), Rural Broadband Protection Act, Pub. L. No. 199-89, § 2, 140 Stat. 818, 818-819 (2026) (requiring the Commission to establish a vetting process for applicants for recipients of "new covered funding awards"). The Rural Broadband Protection Act does not apply because the continuation of existing A-CAM I support is not a "new covered funding award", i.e., not an award of covered funding, and regardless, is not based on an application submitted to the Commission on or after the date on which rules are promulgated under the Rural Broadband Protection Act."

[30] *Alaska Connect Fund Order*, 39 FCC Rcd at 12113-14, para. 27 (2024) (concluding that transitional support extending existing universal service support and obligations for already-authorized broadband deployment was not a new award of funding and therefore did not trigger the Broadband DATA Act); *The Uniendo a Puerto Rico Fund and the Connect USVI Fund; Connect America Fund*, WC Docket Nos. 18-143, 10-90, Report and Order and Order on Review, 38 FCC Rcd 3894, 3904, para. 30, nn.72-73 (2023) (PR/USVI Transitional Support Order).

[31] *Alaska Connect Fund Order*, 39 FCC Rcd at 12113-14, para. 27; *PR/USVI Transitional Support Order*, 38 FCC Rcd at 3904, para. 30 and nn.72-73.

[32] 47 U.S.C. § 642(c)(2)(B); *Alaska Connect Fund Order*, 39 FCC Rcd at 12113-14, para. 27.

[33] *NPRM* at 4, 16, paras. 8, 48-49.

[34] 47 CFR §§ 54.308, 54.313, 54.314, 54.320; *NPRM* at 10-11, 16, paras. 29-30; 48-49.

[35] *NPRM* at 10, para. 28.

[36] 47 CFR Part 54.

transitional and limited in scope. Except as expressly provided in this Order, we do not modify the underlying terms of the A-CAM I support mechanism or the obligations applicable to participating carriers.[37]

16. *Ongoing Obligations.* As a condition of receiving support during the extension period, A-CAM I carriers shall continue to comply with all existing public-interest and high-cost program obligations.[38] Carriers shall continue to maintain voice service throughout their supported service areas, maintain the level of broadband service to locations reported in satisfaction of their A-CAM I deployment obligations, and comply with applicable reasonable request obligations.[39]

17. A-CAM I carriers also shall remain subject to the Commission's existing compliance framework, including quarterly network performance testing and certification requirements, annual reporting obligations, and all other high-cost program requirements.[40] We emphasize that while we extend the A-CAM I support term through December 31, 2028, carriers remain subject to their existing deployment milestones and deadlines, which are not modified here.[41] We decline to establish a separate compliance framework solely for the two-year extension period. Applying the existing framework instead promotes consistency across model-based support mechanisms and provides regulatory certainty during the transition.[42]

18. For similar reasons, we decline to impose any additional performance or reporting requirements during the extension period beyond those already applicable under the Commission's rules.[43] The A-CAM I Coalition supports continuing the existing service requirements, opposing additional compliance requirements for the extension.[44] The existing compliance framework provides accountability while avoiding unnecessary administrative complexity for carriers, USAC, and the Commission.[45] Because the extension neither establishes new deployment obligations nor modifies existing support amounts, we likewise find that no new HUBB reporting obligations arise from the extension.[46]

[37] *2016 Rate of Return Reform Order*, 31 FCC Rcd at 3091-97, paras. 4, 17-22.

[38] *See* 47 CFR §§ 54.308, 54.311, 54.313, 54.314, 54.320.

[39] 47 CFR Part 54; *2016 Rate of Return Reform Order*, 31 FCC Rcd at 3091-97, paras. 4, 17-22; *see* 47 CFR § 54.308(a)(1)(ii)(C) (requiring A-CAM I carriers to provide broadband service at actual speeds of at least 4 Mbps downstream/1 Mbps upstream, upon reasonable request, to capped locations not otherwise subject to specific deployment obligations); *id. at* § 54.313(f)(1)(i) (requiring A-CAM carriers to certify annually that they are meeting the applicable reasonable request standard); *see also* 47 CFR § 54.311(d).

[40] *See* 47 CFR §§ 54.308, 54.313, 54.314, 54.320; *NPRM* at 10-11, paras. 29-30.

[41] *See* 47 CFR §§ 54.308, 54.320(d); *NPRM* at 10, para. 29.

[42] *NPRM* at 10-11, para. 30.

[43] 47 CFR §§ 54.313, 54.316; *NPRM* at 10-11 para. 30.

[44] *See* A-CAM I Coalition Comments at 8-9.

[45] *See NPRM* at paras. 29-30; A-CAM I Coalition Comments at 8-9.

[46] See 47 CFR §§ 54.313, 54.316; Universal Service Administrative Company, Submit Data in the HUBB (explaining that carriers participating in high-cost programs with defined fixed broadband obligations must report and certify deployment data in the High-Cost Universal Broadband (HUBB) portal). Additionally, nothing in this Report and Order alters reporting obligations arising independently under existing Commission requirements or prior Bureau actions, including Georgetown Telephone Company's obligation to revise its HUBB data as necessary to reflect its adjusted required location totals. *See Georgetown Location Adjustment Public Notice* at 1.

19. *Noncompliance.* We also conclude that the Commission's existing support recovery and noncompliance provisions shall continue to apply during the extension period.[47] A-CAM I carriers that fail to satisfy deployment obligations, including successful performance measures testing, by December 31, 2026, will continue to have through December 31, 2027, to cure such noncompliance pursuant to section 54.320(d)(2).[48] A carrier that fails to satisfy its A-CAM I deployment obligations, including successful performance measures testing, by the end of that cure period will remain subject to the support recovery provisions in our rules.[49] We further conclude that support during the extension period shall be included in calculating "total relevant high-cost support over the support term" for purposes of any deployment-related recovery under section 54.320(d)(2).[50] Treating extension support in the same manner as support paid during the original A-CAM I term for purposes of failing to meet deployment or performance measure obligations by the end of the cure period is consistent with our determination that today's action extends the existing support term rather than establishing a separate support mechanism.[51] Extension support also remains subject to recovery where USAC or the Commission determines, through audits, verifications, or other compliance review processes, that a carrier failed to satisfy program requirements.[52]

20. Finally, we decline to adopt the NPRM's proposed separate recovery methodology tied specifically to network performance testing results during the extension period.[53] The NPRM proposed, as one possible approach, using the existing network testing compliance levels to 2028 support so that USAC would recover 25%, 50%, 75% or 100%, as the basis for recovering corresponding portions of the carrier's 2028 extension support.[54] Although those percentage tiers are drawn from the Commission's existing network performance testing framework, applying them specifically to the 2028 extension would create a separate methodology for the extension period. The A-CAM I Coalition urges the Commission to continue applying the recovery framework that currently governs A-CAM I, rather than establish a separate recovery process for the two-year extension, and we agree.[55] The existing compliance and recovery framework provides appropriate incentives for carriers to satisfy performance obligations and protects the integrity of the high-cost program. A separate recovery methodology during the two-year extension would add administrative complexity without corresponding public-interest benefits. To the extent implementation questions arise as a result of this extension, we direct the Wireline Competition Bureau to provide guidance clarifying the application of the Commission's existing compliance and recovery requirements to A-CAM I support during the extension period.

IV. PROCEDURAL MATTERS

21. *Paperwork Reduction Act*. This document does not contain new or modified information collection requirements subject to the Paperwork Reduction Act of 1995. Accordingly, it does not contain

[47] *NPRM* at 10, paras. 29-30; 47 CFR § 54.320(d); A-CAM I Coalition Comments at 8-9.

[48] 47 CFR § 54.320(d)(2); NPRM at 10, para. 29.

[49] 47 CFR § 54.329(d); NPRM at 10, para. 29.

[50] 47 CFR 54.320(d)(2); NPRM at 10, para. 29; We note that support received or to be received during both 2027 and 2028 shall be included in that calculation. Given the timing of the year-end 2027 cure period deadline and the extension, a carrier failing to satisfy the deployment obligation may receive an invoice that includes a recovery calculation based on support that is yet to be received in the remainder of 2028.

[51] 47 CFR §§ 54.311(c), 54.320(d)(2); A-CAM I Coalition Comments at 8.

[52] 47 CFR § 54.320(d)(3).

[53] *NPRM* at 10-11, para. 30; A-CAM I Coalition Comments at 8-9.

[54] *NPRM* at 10-11, para. 30.

[55] A-CAM I Coalition Comments at 8-9.

any new or modified information collection burdens for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002.[56]

22. *Regulatory Flexibility Act*. The Regulatory Flexibility Act of 1980, as amended (RFA),[57] requires that an agency prepare a regulatory flexibility analysis for notice and comment rulemakings, unless the agency certifies that "the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities."[58] Accordingly, the Commission has prepared a Final Regulatory Flexibility Analysis (FRFA) concerning the possible impact of the rule and policy changes contained in this *Order* on small entities. The FRFA changes Report and on small entities is set forth in Appendix B.

23. *Congressional Review Act*. The Commission has determined, and the Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget, concurs, that this rule is "non-major" under the Congressional Review Act, 5 U.S.C. § 804(2). The Commission will send a copy of this Report and Order to Congress and the Government Accountability Office pursuant to the Congressional Review Act.[59]

V. ORDERING CLAUSES

24. Accordingly, IT IS ORDERED, pursuant to sections 1-4, 201-202, 206, 214, 218-220, and 251-254 of the Communications Act of 1934, as amended, and section 706 of the Telecommunications Act of 1996, 47 U.S.C. §§ 151-154, 201-202, 206, 214, 218-220, 251-254, 1302, this Report and Order IS ADOPTED.[60]

25. IT IS FURTHER ORDERED that Part 54 of the Commission's rules, 47 CFR Part 54, IS AMENDED as set forth in Appendix A, and the rule amendment SHALL BE EFFECTIVE 30 days after publication in the Federal Register.

26. IT IS FURTHER ORDERED that the Commission's Office of the Secretary SHALL SEND a copy of this Report and *Order*, including the Final Regulatory Flexibility Analysis, to the Chief Counsel for the Small Business Administration (SBA) Office of Advocacy.

27. IT IS FURTHER ORDERED that the Office of the Managing Director, Performance Program Management, SHALL SEND a copy of this Report and Order in a report to be sent to Congress and the Government Accountability Office pursuant to the Congressional Review Act.[61]

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch

[56] Paperwork Reduction Act of 1995, 44 U.S.C. §§ 3501-3521; Small Business Paperwork Relief Act of 2002, 44 U.S.C. § 3506(c)(4).

[57] 5 U.S.C. §§ 601 *et seq*., as amended by the Small Business Regulatory Enforcement and Fairness Act (SBREFA), Pub. L. No. 104-121, 110 Stat. 847 (1996).

[58] *Id.* § 605(b).

[59] 5 U.S.C. § 801(a)(1)(A).

[60] Pursuant to Executive Order 14215, 90 Fed. Reg. 10447 (Feb. 24, 2025), this regulatory action has been determined to be not significant under Executive Order 12866, 58 Fed. Reg. 51735 (Oct. 4, 1993).

[61] 5 U.S.C. § 801(a)(1)(A).

APPENDIX A
Final Rules

For the reasons discussed above, the Federal Communications Commission amends 47 CFR part 54 as follows:

PART 54- UNIVERSAL SERVICE

1. The authority citation for part 54 continues to read as follows:

Authority: 47 U.S.C. 151, 154(j), 201, 214, 254, 303(r), 403, unless otherwise noted.

2. Amend § 54.311 by revising paragraph (c) to read as follows:

§ 54.311 Alternative Connect America Cost Model Support.

* * * * *

(c) Term of support. CAF-ACAM model-based support shall be provided to A-CAM I carriers for a term that extends until December 31, 2028, to Revised A-CAM I and A-CAM II carriers for a term that extends until December 31, 2028, and to Enhanced A-CAM carriers for a term that extends from January 1, 2024, until December 31, 2038.

* * * * *

APPENDIX B

Final Regulatory Flexibility Analysis

1. As required by the Regulatory Flexibility Act of 1980, as amended (RFA),[1] the Federal Communications Commission (Commission) incorporated an Initial Regulatory Flexibility Analysis (IRFA) was incorporated in the *Reforming the High-Cost Program for an All-IP Future Notice of Proposed Rulemaking* (*NPRM*) released in May 2026.[2] The Commission sought written public comment on the proposals in the *NPRM* , including comment on the IRFA. No comments were filed addressing the IRFA. This Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA and it (or summaries thereof) will be published in the Federal Register.[3]

A. Need for, and Objectives of, the Rules

2. In the *Order*, the Commission extends support provided under the Alternative Connect America Cost Model (A-CAM I) through December 31, 2028.[4] The extension aligns the support term applicable to A-CAM I carriers with the existing support terms applicable to Revised A-CAM I and A-CAM II carriers, which also conclude at the end of 2028.[5] A-CAM I was established as a voluntary, model-based support mechanism for rate-of-return carriers under which participating carriers receive predictable support in exchange for defined broadband deployment and other public-interest obligations.[6] Nine carriers, at the holding-company level, are considered on A-CAM I support, which, absent Commission action, would terminate at the end of 2026.[7] The Commission adopts this limited extension to preserve continuity of supported voice and broadband services in rural areas, promote efficient administration of the high-cost universal service program, and permit an orderly transition while we continue to consider the future of its high-cost support mechanisms.[8]

3. During the two-year extension, A-CAM I carriers will continue to receive their previously authorized annual support amounts and generally remain subject to the existing terms and conditions of the A-CAM I mechanism.[9] In particular, carriers will remain subject to existing requirements to maintain voice and broadband service, serve additional locations upon reasonable request, comply with annual reporting and certification requirements, conduct required network performance testing, and comply with the Commission's existing noncompliance and support recovery framework.[10] We also conclude that support received during 2027 and 2028 will be included in calculating the carrier's

[1] 5 U.S.C. §§ 601 *et seq*., as amended by the Small Business Regulatory Enforcement and Fairness Act (SBREFA), Pub. L. No. 104-121, 110 Stat. 847 (1996).

[2] *Reforming the High-Cost Program for an All-IP Future; Connect America Fund: A National Broadband Plan for our Future High-Cost Universal Support*, WC Docket Nos. 10-90 and 26-96, Notice of Proposed Rulemaking, FCC 26-35, at para. 60 & Appx. A (May 21, 2026) (*NPRM*).

[3] 5 U.S.C. § 604.

[4] *NPRM* at para. 28.

[5] *Id*.

[6] *Connect America Fund et al*., WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3091-97, paras. 4, 17-22 (2016) (*2016 Rate-of-Return Reform Order*).

[7] *NPRM* at para. 12.

[8] 47 U.S.C. § 254(b), (e); *NPRM* at paras. 19-28; A-CAM I Coalition Comments at 4-7.

[9] *NPRM* at paras. 28-30.

[10] 47 CFR §§ 54.308, 54.313, 54.314, 54.320; *NPRM* at paras. 29-30.

relevant high-cost support over the support term for purposes of deployment-related recovery under section 54.320(d)(2) of the Commission's rules.[11]

4. The Commission declines to establish additional reporting requirements or a separate compliance regime applicable solely during the two-year extension.[12] We also decline to adopt the separate graduated support recovery methodology proposed in the *NPRM* for failures to satisfy network performance testing requirements during the extension period.[13] Instead, we continue to rely on the existing compliance and recovery framework applicable to A-CAM I recipients.[14] This approach minimizes incremental administrative and compliance burdens, including burdens on small entities, while preserving accountability for the use of universal service support.[15]

B. Summary of Significant Issues Raised by Public Comments in Response to the IRFA

5. No comments were filed specifically in response to the IRFA. Several commenters nevertheless addressed the economic, operational, and regulatory consequences of extending or terminating high-cost support, including consequences for rural rate-of-return carriers that may qualify as small entities.[16] The Commission considered those arguments in adopting the limited extension and in determining what reporting, compliance, and recovery requirements should apply during the extension period.

6. In particular, commenters supporting the extension contend that terminating A-CAM I support at the end of 2026 could create uncertainty for small and other rural carriers, impair network planning and investment, and place upward pressure on rates in high-cost areas.[17] The A-CAM I Coalition further states that it does not seek additional support, relaxed deployment obligations, or reduced accountability, but instead supports continuing the existing A-CAM I framework for two additional years.[18] The Coalition supports continuing the existing service, testing, reporting, and support recovery requirements during the extension period and opposes creation of additional or separate compliance requirements.[19]

7. Other commenters argue that A-CAM I should terminate according to its existing terms because changes in the broadband marketplace have reduced the need for continued support.[20] The Commission addresses those arguments in the *Order* and concludes that the limited two-year extension appropriately addresses the immediate transitional disparity among A-CAM I, Revised A-CAM I, and A-CAM II without determining the appropriate structure of longer-term high-cost support.

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[11] 47 CFR § 54.320(d)(2); *NPRM* para. 29; A-CAM I Coalition Comments at 8.

[12] *NPRM* at para. 30; A-CAM I Coalition Comments at 8-9.

[13] *NPRM* at para. 30; A-CAM I Coalition Comments at 8-9.

[14] 47 CFR § 54.320; A-CAM I Coalition Comments at 8-9.

[15] *NPRM* at Appx. A, paras. 9-12; A-CAM I Coalition Comments at 8-9.

[16] *See*, A-CAM I Coalition Comments at 5-7; NTCA Comments at 34; Washington Utilities and Transportation Commission Comments at 4; NCTA Comments at 4, 8.

[17] A-CAM I Coalition Comments at 6-7.

[18] A-CAM I Coalition Comments at 7.

[19] A-CAM I Coalition Comments at 7-9.

[20] NCTA Comments at 4, 8; ITIF Comments at 1 (stating that the Commission should allow A-CAM programs to sunset as scheduled).

C. Response to Comments by the Chief Counsel for the Small Business Administration Office of Advocacy

8. Pursuant to the Small Business Jobs Act of 2010, which amended the RFA,[21] the Commission is required to respond to any comments filed by the Chief Counsel for the Small Business Administration (SBA) Office of Advocacy, and also provide a detailed statement of any change made to the proposed rules as a result of those comments.[22] The Chief Counsel did not file any comments in response to the proposed rules in this proceeding.

D. Description and Estimate of the Number of Small Entities to Which the Rules Will Apply

9. The RFA directs agencies to provide a description of, and where feasible, an estimate of the number of small entities that may be affected by the adopted rules.[23] The RFA generally defines the term "small entity" as having the same meaning as the terms "small business," "small organization," and "small governmental jurisdiction."[24] In addition, the term "small business" has the same meaning as the term "small business concern" under the Small Business Act.[25] A "small business concern" is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.[26] The SBA establishes small business size standards that agencies are required to use when promulgating regulations relating to small businesses; agencies may establish alternative size standards for use in such programs, but must consult and obtain approval from SBA before doing so.[27]

10. Our actions, over time, may affect small entities that are not easily categorized at present. We therefore describe three broad groups of small entities that could be directly affected by our actions.[28] In general, a small business is an independent business having fewer than 500 employees.[29] These types of small businesses represent 99.9% of all businesses in the United States, which translates to 34.75 million businesses.[30] Next, "small organizations" are not-for-profit enterprises that are independently owned and operated and are not dominant in their field.[31] While we do not have data regarding the number of non-profits that meet that criteria, over 99 percent of nonprofits have fewer than 500

[21] Small Business Jobs Act of 2010, Pub. L. No. 111-240, 124 Stat. 2504 (2010).

[22] 5 U.S.C. § 604(a)(3).

[23] *Id*. § 604.

[24] *Id*. § 601(6).

[25] *Id*. § 601(3) (incorporating by reference the definition of "small-business concern" in the Small Business Act, 15 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies "unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register."

[26] 15 U.S.C. § 632.

[27] 13 CFR § 121.903.

[28] 5 U.S.C. § 601(3)-(6).

[29] *See* SBA, Office of Advocacy, *Frequently Asked Questions About Small Business* (July 23, 2024), https://advocacy.sba.gov/wp-content/uploads/2024/12/Frequently-Asked-Questions-About-Small-Business_2024-508.pdf.

[30] *Id*.

[31] 5 U.S.C. § 601(4).

employees.[32] Finally, "small governmental jurisdictions" are defined as cities, counties, towns, townships, villages, school districts, or special districts with populations of less than fifty thousand.[33] Based on the 2022 U.S. Census of Governments data, we estimate that at least 48,724 out of 90,835 local government jurisdictions have a population of less than 50,000.[34]

11. The rules adopted in the *Order* will apply to small entities in the industries identified in the chart below by their six-digit North American Industry Classification System (NAICS)[35] codes and corresponding SBA size standard.[36] Where available, we also provide additional information regarding the number of potentially affected entities in the identified industries below.[37]

Table 1. 2022 U.S. Census Bureau Data by NAICS Code

Regulated Industry (Footnotes specify potentially affected entities within a regulated industry where applicable)	NAICS Code	SBA Size Standard	Total Firms[38]	Total Small Firms[39]	% Small Firms
Wired Telecommunications Carriers[40]	517111	1,500 employees	3,403	3,027	88.95%

[32] *See* SBA, Office of Advocacy, *Small Business Facts, Spotlight on Nonprofits* (July 2019), https://advocacy.sba.gov/2019/07/25/small-business-facts-spotlight-on-nonprofits/.

[33] 5 U.S.C. § 601(5).

[34] *See* U.S. Census Bureau, 2022 Census of Governments –Organization, https://www.census.gov/data/tables/2022/econ/gus/2022-governments.html, tables 1-11.

[35] The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. *See* www.census.gov/NAICS for further details regarding the NAICS codes identified in this chart.

[36] The size standards in this chart are set forth in 13 CFR § 121.201, by six digit NAICS code.

[37] The rules adopted in the *Order* directly apply to the nine carriers, at the holding-company level, that continue to receive A-CAM I support. *NPRM* at para. 12. Those carriers are rate-of-return incumbent local exchange carriers participating in a model-based high-cost support mechanism. *NPRM* at paras. 8, 11-12; *2016 Rate-of-Return Reform Order*, 31 FCC Rcd at 3091-97, paras. 4, 17-22. As the final rule only applies to these carriers, we do not expect the rule to have a significant economic impact on the broader range of small entity telecommunications providers identified in the IRFA that do not receive A-CAM I support. *NPRM* paras. 12, 28-30.

[38] *U.S. Census Bureau*, "*Selected Sectors: Employment Size of Firms for the U.S.: 2022*." Economic Census, ECN Core Statistics Economic Census: Establishment and Firm Size Statistics for the U.S., Table EC2200SIZEEMPFIRM, 2025.

[39] *Id.*

[40] Affected Entities in this industry include Incumbent Local Exchange Carriers (Incumbent LECs).

Table 2. Telecommunications Service Provider Data

2025 Universal Service Monitoring Report Telecommunications Service Provider Data [41] (Data as of December 2024)	SBA Size Standard (1500 Employees)		
Affected Entity	**Total # FCC Form 499A Filers**	**Small Firms**	**% Small Entities**
Incumbent Local Exchange Carriers (Incumbent LECs)	1,175	920	78.30
Wired Telecommunications Carriers	4,971	4,531	91.15

E. Description of Economic Impact and Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities

12. The RFA directs agencies to describe the economic impact of adopted rules on small entities, as well as projected reporting, recordkeeping and other compliance requirements, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record.[42]

13. The *Order* does not impose significant new reporting, recordkeeping, or other compliance requirements on small carriers receiving A-CAM I support through December 31, 2028.[43] Rather, small and other A-CAM I carriers receiving support during the extension period will continue to comply with reporting, certification, network performance testing, recordkeeping, audit, and other compliance requirements already applicable to them under the Commission's high-cost rules.[44] The IRFA recognized that A-CAM I recipients are already familiar with existing high-cost reporting, recordkeeping, and program obligations.[45]

14. In addition, A-CAM I recipients must continue to maintain voice and broadband service in their supported service areas and serve additional locations upon reasonable request during the extension period.[46] They will also continue to be subject to network performance testing and certification requirements and annual reporting requirements.[47] These requirements are a continuation of obligations already applicable to participating carriers rather than new requirements specific to the extension.[48]

15. Further, A-CAM I recipients will also remain subject to the Commission's existing support recovery and noncompliance provisions.[49] Support received during 2027 and 2028 will be

[41] Federal-State Joint Board on Universal Service, Universal Service Monitoring Report at 25, Table 1.12 (2025), https://docs.fcc.gov/public/attachments/DOC-418505A1.pdf.

[42] 5 U.S.C. § 604(a)(5).

[43] *NPRM* paras. 29-30; A-CAM I Coalition Comments at 8-9.

[44] 47 CFR §§ 54.308, 54.313, 54.314, 54.320; *NPRM* paras. 29-30.

[45] *NPRM* at Appx. A, para. 10.

[46] *NPRM* at para. 29; A-CAM I Coalition Comments at 7-8.

[47] *NPRM* at para. 30; 47 CFR §§ 54.313, 54.314; A-CAM I Coalition Comments at 8.

[48] *NPRM* paras. 29-30; A-CAM I Coalition Comments at 7-9.

[49] 47 CFR § 54.320; *NPRM* at paras. 29-30.

included in calculating the carrier's total relevant high-cost support over the support term for purposes of deployment-related recovery under section 54.320(d)(2) of the Commission's rules.[50] Support received during the extension period also remains subject to recovery where USAC or the Commission determines through audits, verification, or other compliance review that a recipient failed to demonstrate compliance with program requirements.[51]

16. Lastly, the Commission declines to adopt additional reporting requirements solely as a consequence of the two-year extension.[52] We also decline to create a separate compliance regime or a separate graduated network-performance-testing recovery methodology applicable solely during the extension period.[53] Because participating carriers will continue to operate under existing requirements with which they are already familiar, we expect the extension to impose minimal incremental compliance burden on small entities and do not expect the extension itself to require participating carriers to hire additional personnel or outside professionals to satisfy newly created reporting or recordkeeping obligations.[54]

F. Discussion of Steps Taken to Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered

17. The RFA requires an agency to provide "a description of the steps the agency has taken to minimize the significant economic impact on small entities…including a statement of the factual, policy, and legal reasons for selecting the alternative adopted in the final rule and why each one of the other significant alternatives to the rule considered by the agency which affect the impact on small entities was rejected."[55]

18. The Commission considered alternatives that will likely minimize the incremental economic impact of the rules on small entities while maintaining appropriate accountability for the use of universal service funding.[56] The principal effect of the adopted rule is to continue an existing source of support for two additional years while maintaining familiar regulatory requirements, rather than imposing a new mechanism or substantial new compliance burdens on participating carriers.[57]

19. First, the Commission considered allowing A-CAM I support to terminate at the end of 2026 according to its existing term.[58] We declined to adopt that alternative because allowing A-CAM I support to end two years before Revised A-CAM I and A-CAM II would create a separate transition timetable for the limited number of remaining A-CAM I recipients and could create unnecessary uncertainty for affected carriers and consumers while the Commission continues to consider the appropriate future of high-cost support.[59] Extending the existing mechanism through December 31, 2028

[50] 47 CFR § 54.320(d)(2); NPRM at para. 29; A-CAM I Coalition Comments at 8.

[51] 47 CFR § 54.320(a)-(d); NPRM para. 29.

[52] *NPRM* at para. 30; A-CAM I Coalition Comments at 9.

[53] *NPRM* at para. 30; A-CAM I Coalition Comments at 8-9.

[54] *NPRM* at Appx. A, paras. 9-10; A-CAM I Coalition Comments at 8-9.

[55] 5 U.S.C. § 604(a)(6).

[56] *NPRM* at Appx. A, paras. 9-12; Order paras. 15-20.

[57] *NPRM* at paras. 28-30; A-CAM I Coalition Comments at 7-9.

[58] NCTA Comments at 4, 8; ITIF Comments at 1.

[59] A-CAM I Coalition Comments at 4-7; Washington Utilities and Transportation Commission Comments at 4; WISPA Comments at 3.

instead provides participating carriers, including small entities, greater predictability without creating a new mechanism or materially altering their existing compliance obligations.[60]

20. Second, the Commission considered proposals to extend A-CAM support beyond December 31, 2028 or continue support until a successor mechanism is established.[61] We decline to adopt those alternatives in this limited action because they raise broader questions concerning the design, duration, amount, eligibility criteria, and public-interest obligations of future high-cost support mechanisms.[62] The two-year extension is a narrower transitional measure that addresses the immediate disparity among the three sunsetting A-CAM mechanisms while preserving our ability to consider longer-term support based on the broader record.[63]

21. Third, the Commission considered whether additional performance, reporting, or compliance obligations should apply during the extension period.[64] We decline to impose additional extension-specific reporting requirements because doing so would create additional administrative burdens for a limited two-year period without a corresponding program benefit.[65] Continuing the existing reporting, certification, and testing requirements instead allows small entities to rely on established processes with which they are already familiar.[66]

22. Fourth, the Commission considered adopting a separate graduated support recovery methodology tied to network performance testing during the extension period.[67] We decline to adopt this alternative and instead continue to apply the existing compliance and support recovery framework.[68] Continuing the existing framework avoids requiring participating entities, including small carriers, to implement a separate recovery methodology that would apply only during the limited extension period, while continuing to preserve incentives to satisfy performance requirements and protect the integrity of the Universal Service Fund.[69]

23. Finally, the Commission considered whether small entities should be exempt from the obligations applicable during the extension period or receive different compliance requirements.[70] We decline to create a separate exemption for small A-CAM I recipients because the obligations continued by the *Order* already apply to participating carriers and are directly connected to their receipt of high-cost universal service support.[71] The record does not demonstrate that small A-CAM I carriers require

[60] *NPRM* at paras. 28-30; A-CAM I Coalition Comments at 7-9.

[61] BroadbandMT Comments at 14-15; CCA Comments at 6; NTCA Comments at 34; Blooston Rural Carriers Comments at 5.

[62] *NPRM* at paras. 21-27.

[63] *NPRM* para. 28; Order para. 13.

[64] *NPRM* at para. 30.

[65] A-CAM I Coalition Comments at 8-9; Order at paras. 17-18.

[66] *NPRM* at Appx. A, para. 10; A-CAM I Coalition Comments at 8-9.

[67] *NPRM* at para. 30.

[68] 47 CFR § 54.320; A-CAM I Coalition Comments at 8-9.

[69] A-CAM I Coalition Comments at 8-9.

[70] 5 U.S.C. § 603(c)(1), (4); *NPRM*, Appx. A, paras. 11-12.

[71] 47 U.S.C. § 254(e); 47 CFR §§ 54.308, 54.313, 54.314, 54.320.

different reporting or compliance requirements during the extension, and the A-CAM I Coalition itself supports maintaining the existing requirements without modification.[72]

G. Report to Congress

24. The Commission will send a copy of the *Order*, including this Final Regulatory Flexibility Analysis, in a report to Congress pursuant to the Congressional Review Act.[73] In addition, the Commission will send a copy of the *Order*, including this Final Regulatory Flexibility Analysis, to the Chief Counsel for the SBA Office of Advocacy and will publish a copy of the *Order*, and this Final Regulatory Flexibility Analysis (or summaries thereof) in the Federal Register.[74]

[72] A-CAM I Coalition Comments at 7-9.

[73] 5 U.S.C. § 801(a)(1)(A).

[74] *Id.* § 604(b).