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USAC CONNECTION
Universal Service Administrative Company

High Cost & Low Income News

Helping Keep Americans Connected

The USAC Connection High Cost & Low Income monthly newsletter will give you information about upcoming program deadlines, tips to help you ensure timely and proper filings, and other information.

High Cost Program

All eligible telecommunications carriers (ETCs) have ongoing requirements to fulfill, usually on an annual or a quarterly basis. Below are upcoming filings.

Interstate Access Support – Required Filings

A price-cap incumbent local exchange carrier (ILEC) must file its Average Price Cap CMT Revenue per Line per month with USAC annually. Data as of December 31 each year is due ***no later than April 16 each year***.

ILECs must also submit revenue information; unbundled network element (UNE) zone rates, if UNE zones have been established; and UNE zone maps, if UNE zones have been established. ILECs must also notify USAC if no UNE changes have occurred.

IMPORTANT DATES AND REMINDERS

Feb. 8-11	NTCA EXPO 09	Visit USAC at Booth 248
March 30	HCL, HCM, LSS, ICLS, SVS, SNA	Line count as of 9/30/08
March 31	IAS	Line count as of 12/31/08
March 31	ICLS	Revenue projections for upcoming year (7/1/09-6/30/10)
April 1	All telecoms	Report revenue (Form 499-A)

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Low Income Program

ETCs Must File Form 497 Revisions for 2007 Low Income Support by March 31, 2009

March 31, 2009 is the last day to submit revisions to Form 497 (*Lifeline and Link Up Worksheet)* for 2007. USAC's administrative window for submitting revisions to Form 497 will close March 31, 2009, for all months prior to January 2008. This applies to submission of data on Form 497, including original (first-time) submissions and revisions of previously submitted data. USAC's administrative window for submitting data for the year 2006 is currently closed.

You may submit FCC Form 497 via email or via fax to 866-873-4665. You may also mail Form 497 to the following address:

USAC Low Income Program
444 Hoes Lane
Piscataway, NJ 08854

Contact the Low Income Customer Service Center at 866-873-4727 if you have questions.

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Low Income Program

Common Audit Findings and Best Practices

In 2008, the Low Income Program compiled audit findings from past beneficiary audits and IPIA audits to identify the most prevalent findings. Low Income staff summarized the findings and applicable rules in the monthly High Cost and Low Income newsletter. USAC hopes that by calling attention to the most frequent findings, ETCs can review their processes to ensure they are not violating any USF Low Income rules. Below is a reference guide to quickly find audit issues you may wish to revisit.

The Low Income Program will print a series of best practices covering a range of Lifeline, Link Up, and Toll Limitation Service (TLS) topics in 2009. We hope that the best practices, along with the common audit findings, will help reduce audit findings and serve as a valuable resource for both new and old ETCs.

Common Audit Finding	Newsletter Link
• Carrier did not pass on all appropriate support to customer	March 2008
• Low Income customer was assessed the federal Universal Service Fee • Low Income customer was assessed Local Number Portability Fee	June 2008
• Lifeline customer who elected Toll Limitation Service was charged a security deposit • Lifeline customer did not receive free Toll Limitation Service • Carrier did not claim Toll Limitation Service support properly on FCC Form 497	July 2008
• Carrier did not publicize the availability of Low Income Telephone Assistance • Carrier did not publicize the availability of Toll Limitation Service	August 2008
• ETC is not maintaining accurate records	September 2008
• Carrier is not using the correct customer eligibility criteria • Carrier's outreach material contains incorrect eligibility criteria • Carrier is accepting incomplete customer applications, certifications	October 2008
• Carrier is not filing FCC Form 497 correctly	November 2008
• ETC did not submit an annual Verification to USAC • ETC did not submit an annual Certification to USAC	December 2008

ETCs Must Notify Lifeline Customers about the Transition to Digital Television (DTV)

The FCC is requiring all ETCs that receive federal universal service funds to provide information about the television broadcasting transition from analog to digital service (the "DTV Transition") to their Lifeline and Link Up customers. See FCC 08-56, released March 3, 2008.

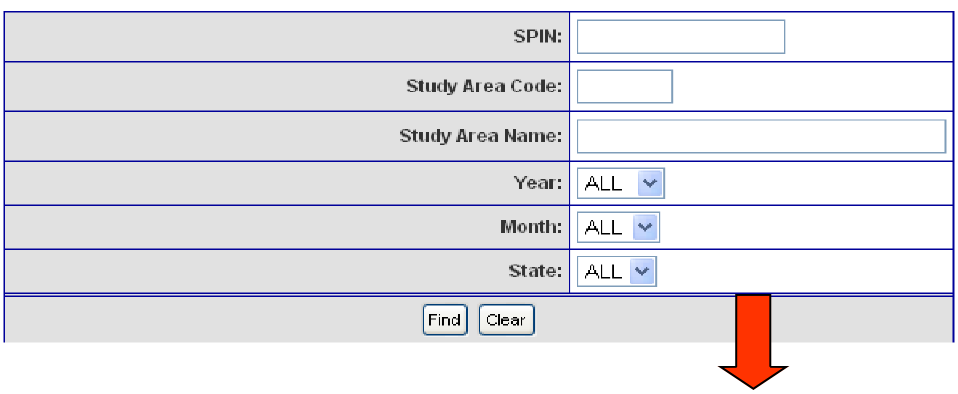
A March 28, 2008, FCC Public Notice announced that the effective date for the new rule was March 31, 2008. Accordingly, as of March 31, ETCs must begin using bill inserts or language on a monthly bill to notify their Lifeline and Link Up customers about the DTV transition. However, the FCC released a reconsideration order (FCC 08-119) April 23 that expanded its rules regarding the method in which ETCs must notify their Lifeline and Link Up customers of the February 2009 DTV transition.

ETCs are now permitted to mail customers monthly stand-alone outreach materials (brochures, postcards, etc.) instead of including the notice as a monthly bill insert. The language that must be included on the mailer has not changed.
ETCs are still required to include DTV transition information on all Lifeline and Link Up outreach materials. These revised rules will be effective May 30, 2008. However, carriers may still use stand-alone mailers for the April 30 deadline.

The National Telecommunications and Information Administration (NTIA) has a number of outreach materials relating to the DTV transition, particularly the coupon program, available on its website at www.dtv2009.gov. Please contact NTIA directly to discuss co-branding printed materials or outreach methodology. For more information on these requirements, please see USAC's March 19 DTV Important Notice or the March 2008 High Cost & Low Income News.

Did You Know?

The Low Income Disbursement Tool allows you to search and view disbursements, and to see how a particular disbursement was calculated. You can also view a company's support projection, actual support claim, and true-up amount, which permits a company to reconcile its Low Income disbursement against the amount of support claimed on FCC Form 497.



$2,490.00 $39.00 ($226.00) $2,303.00 Aug/2008

Entered	Applies	Type	Lifeline	Linkup	TLS	TOTAL
07-2008	02-2008	True-Up	$0.00	$0.00	($89.00)	($89.00)
07-2008	03-2008	True-Up	$0.00	$0.00	($95.00)	($95.00)
07-2008	04-2008	True-Up	($94.00)	($19.00)	($8.00)	($121.00)
07-2008	05-2008	True-Up	($107.00)	$1.00	($17.00)	($123.00)
07-2008	06-2008	True-Up	($82.00)	$3.00	($17.00)	($96.00)
07-2008	07-2008	Projection	$2,773.00	$54.00	$0.00	$2,827.00

High Cost Program

Interstate Common Line Support (ICLS) – Revenue Requirement Information for ILECs

All rate-of-return ILECs have **until March 31** to submit their projected revenue requirement data on Form 508 *(ICLS Projected Annual Common Line Revenue Requirement)* for the ICLS upcoming program year beginning July 1, 2009 to June 30, 2010. Revisions to projected revenue data filed March 31 may be submitted **April 1 through June 30**. Revisions to projected data for the ending ICLS program year (July 1, 2008 to June 30, 2009) are due by **June 30**. If the National Exchange Carrier Association (NECA) acts as your agent, NECA will file this data on your behalf.

Submitting Line Counts

Rural ILECs with competition in their study areas must submit line count information quarterly at the study area level or consistent with their Disaggregation Plan. Rural ILECs without competition in their study areas may voluntarily submit updated quarterly information. Non-rural ILECs are required to submit updated line count data at the wire center level on a quarterly basis. Part 36 of the FCC rules outlines the filing requirements for ILECs. ILECs must report line counts as of 9/30/08 by **March 31** for HCL, HCM, LSS, ICLS, SNA, and SVS.

Line count information for competitive carriers

Competitive ETCs (CETCs) must file line count data quarterly in the same manner as the ILEC in whose service area the CETC competes. CETCs can use the online Form 525 (*Competitive Carrier Line Count Report*) to submit line count data to USAC. CETCs must report line counts as of 9/30/08 by **March 31** for HCL, HCM, LSS, ICLS, SNA, and SVS.

IAS line count information

Price-cap local exchange carriers must file the number of lines served as of 12/31/08 within each study area in which it serves **by March 31, 2009**.

ICLS line count information

ILECs with competition in their study areas must file line count information quarterly on Form 507 (*Interstate Common Line Support Mechanism Line Count Report*) for each study area by customer class (residential/ single-line business and multi-line business) as of 9/30/08 **by March 31, 2009**. Carriers must file disaggregated line count data if such zones have been established within the study area. If NECA acts as your agent, NECA will file this data on your behalf.

The Part 54 data filings (Forms 507, 508, 525, IAS line counts & CMT Revenue data) can be sent by mail, email, or fax to:

Universal Service Administrative Company
444 Hoes Lane
Piscataway, NJ 08854
Fax: (866) 873-4695
E-Mail: hcfilings@hcli.universalservice.org

Call the Customer Service Center at 877-877-4925 if you have any questions about filings.

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