

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 timely information.

Registration Open for High Cost/Low Income Training Sessions in Chicago, Denver, and Dallas

USAC is holding one-day training events in Chicago, Denver, and Dallas for companies that participate in the High Cost and Low Income Programs. The trainings provide guidance on program rules, audits, and support payment calculations. Training dates are: **July 22, 2008** in [Chicago, IL](#); **September 10, 2008** in [Denver, CO](#); and **November 19, 2008** in [Dallas, TX](#).

More details on who should attend, topics covered, training registration, and hotel accommodations can be found at [High Cost Training Events](#) or [Low Income Training Events](#).

High Cost Program

IAS Annual Self-Certification Due June 30, 2008

Each price-cap carrier, and CETCs serving lines in the service area of a price-cap carrier, must file an annual self-certification **by June 30, 2008** with USAC and the FCC in order to receive Interstate Access Support (IAS) for the upcoming program year (July 1, 2008 to June 30, 2009).

An IAS self-certification sample letter can be found on the [High Cost Forms](#) page and may be filed by an authorized representative for the carrier. After you file, go to the [Certification Search](#) page to see if your self-certification has been received.

See [File Certifications for IAS](#) for more information or call Customer Service at 877-877-4925.

IMPORTANT DATES AND REMINDERS

June 30—IAS Line Counts due (report as of 3/31/08)
June 30—IAS Self-Certifications due at USAC & FCC
June 30—ICLS Self-Certifications due at USAC & FCC
July 31—HCL, LSS, HCM, ICLS Line Counts due

ICLS Annual Self-Certification due June 30, 2008

Each rate-of-return carrier, and CETCs serving lines in the service area of a rate-of-return carrier, must file an annual self-certification **by June 30, 2008** with USAC and the FCC in order to receive Interstate

(Continued on page 2)

Low Income Program

Low Income Tier 3 Support Defined

The Universal Service Fund's Low Income Program reimburses eligible telecommunications carriers (ETCs) for Lifeline and Link Up discounts provided to their eligible low-income consumers.

Tier 3 support is a 50% match of a state-mandated Lifeline discount or state-approved discount provided by the eligible telephone carrier up to a maximum of \$1.75 per month in federal support. In order for a carrier to recover Tier 3 support on its FCC Form 497, it must agree to provide the full state discount and matching federal Tier 3 discount to its consumers.

(Continued on page 2)

High Cost Program

Common Line Support (ICLS) for the upcoming program year (July 1, 2008 to June 30, 2009).

An ICLS self-certification sample letter can be found on the [High Cost Forms](#) page and may be filed by an authorized representative for the carrier. You can go to the [Certification Search](#) page to see if your self-certification has been received.

See [File Certifications for ICLS](#) for more information or call Customer Service at 877-877-4925.

Price-Cap Carriers and CETCs Receiving IAS Must File Quarterly Line Counts by June 30, 2008

All price-cap carriers and CETCs serving lines in the service area of a price-cap carrier, or their agents, are required to file line counts for IAS with USAC **by June 30, 2008** for the number of lines served as of March 31, 2008.

CETCs must use the [Form 525](#), which is available to file online ([e525](#)). Lines must be reported by UNE zone and customer class. An officer or authorized employee must complete the reporting carrier certification page of Form 525. If an agent files on behalf of the company, the company must complete the top portion of the agent certification page and the agent is responsible for completing the bottom portion.

If the Form 525 is filed by fax or e-mail, the signed certifications of the authorized persons still must be received by USAC by the due date. If filings, including certifications, are not received by the due date, you will need to seek a waiver from the FCC. USAC cannot waive the filing deadline. Only an FCC waiver will permit USAC to use your filings to calculate IAS. CETCs can send Form 525 to:

Universal Service Administrative Company
444 Hoes Lane
Piscataway, NJ 08854
Fax: (866) 873-4666
E-mail: hcfilings@hcli.universalservice.org

For questions about IAS line counts, call USAC's Customer Service Center at 877-877-4925.

Low Income Program

In addition, if an ETC reduces its Lifeline customers' intrastate rates—whether state mandated or voluntarily—that carrier must pass on the Tier 3 discount to its Lifeline consumers. It may not use Tier 3 support to offset any revenues it loses because of the intrastate rate reduction.

Here are some examples.

	State or Carrier Matching Support	Tier 3 Support	Total Matching and Tier 3 Support Given to Customer*	Credit Claimed on Form 497—Line 7b
Scenario 1	\$0.00	\$0.00	\$0.00	\$0.00
Scenario 2	\$1.75	\$0.88	\$2.63	\$0.88
Scenario 3	\$3.50	\$1.75	\$5.25	\$1.75
Scenario 4	\$4.00	\$1.75	\$5.75	\$1.75

*excludes Tiers 1 & 2

Low Income Program

Audit Findings Related to the Low Income Program

USAC has identified some common errors made by ETCs in the Low Income Program that auditors have deemed to be audit findings. Over the next few months, we will highlight these common audit findings so that companies can review their practices and ensure they are in compliance with FCC rules.

Common Audit Findings

1. *Low Income Customer was assessed the federal Universal Service Fee*
2. *Low Income Customer was assessed Local Number Portability Fee*

Consistent with the FCC rules, Lifeline customers are exempt from paying a federal Universal Service Fee (USF) on the local portion of their phone bills (47 C.F.R. § 69.131 and 47 C.F.R. § 69.158). Additionally, Lifeline customers should not be assessed a Local Number Portability (LNP) fee on their monthly phone bills (47 C.F.R. § 54.401(e)).

ETCs should ensure that their Lifeline customers are not being charged for the USF or LNP fee.

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](#).

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USAC appreciates feedback on this newsletter. For any questions or comments, please contact Ed Rovetto, Program Manager, External Relations, at erovetto@usac.org.

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