

2001 High Cost & Low Income Committee Meetings Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING

January 29, 2001

MINUTES

The quarterly meeting of the High Cost & Low Income (HCLI) Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the Westin Grand, 2350 M Street, N.W., Washington, DC, on Monday, January 29, 2001. Ms. Heather Gold, Chair of the Committee, called the meeting to order at 1:35 p.m. Eastern Time. Ms. Cathy Howard, Executive Assistant to the USAC CEO, called the roll. Eight of the nine members were present (there is one vacancy), representing a quorum:

Eight of the nine members were present, representing a quorum:	
Eichler, Ed	Lubin, Joel
Gold, Heather	Parrino, Cheryl
Gumper, Frank	Thoms, Allan
Hogerty, Martha	Wheeler, Tom
Other Board members present:	
Davis, Fr. William	Rivera, Robert
Hess, Kevin	Sanders, Dr. Jay
Jackson, Jimmy	
Officers of the Corporation present:	
Barash, Scott - Assistant Secretary	
Haga, Robert - Assistant Treasurer	
Others present for the meeting:	
Name	Company
Flannery, Irene	USAC
Guice, Greg	FCC
Howard, Cathy	USAC
Sandy, Colin	NECA

Open Session

Action Items

- a1. Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the High Cost & Low Income Committee meeting of Monday, October 23, 2000.
- a2. Annual Election of Committee Chair and Vice Chair.** Ms. Gold explained that the annual election of Chair and Vice Chair of the Committee takes place at the January

quarterly meeting. She informed the Committee that due to uncertainty surrounding potential changes at her company, she felt it best that she not seek re-election as Chair of the Committee. The Committee thanked Ms. Gold and gave Ms. Gold a round of applause for her service as Chair of the Committee since its inception. Mr. Gumper nominated Martha Hogerty as Chair, and Ms. Gold nominated Ed Eichler as Vice Chair.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee recommends that the USAC Board of Directors elect **Ms. Martha Hogerty** as Chair and **Mr. Ed Eichler** as Vice Chair of the USAC High Cost & Low Income Committee for the term of one year that shall begin at the conclusion of the January 2001 Board meeting and that shall conclude at the close of the January 2002 Board meeting.

- a3. Approval of USAC's Enforcement Compliance Plan.** Mr. Barash reminded the Committee that staff has brought drafts of the enforcement procedures previously to the Committee. The procedures currently before the Committee have been revised and expanded. Mr. Barash made a presentation concerning the proposed procedures, during which he noted that USAC's administration of the High Cost and Low Income Programs has not generated significant enforcement issues to date, and, therefore, the new procedures are not likely to be invoked frequently in these programs. As part of the enforcement reporting and compliance procedures, however, we will be instituting a "whistle-blower" hotline for the High Cost and Low Income support mechanisms. The procedures were developed with the help of USAC staff, outside counsel, and the Office of the Inspector General along with informal discussions with the Common Carrier Bureau. Ms. Parrino noted that these procedures would likely be reviewed by USAC's independent auditor as part of its annual review of USAC's operating procedures. The Committee expressed an interest in the standards that the National Exchange Carrier Association (NECA) uses when auditing beneficiaries of universal service funds.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee recommends to the USAC Board of Directors to adopt the proposed USAC Enforcement Compliance Plan.

The Committee **DIRECTED** staff to provide a report concerning NECA's standards for beneficiary audits of the high cost universal service funds.

- a4. Approval of the Annual 2001 and 2nd Quarter 2001 High Cost and Low Income Programmatic Budgets.** Ms. Parrino stated that there is still uncertainty in the High Cost and Low Income Program annual budgets due to unresolved matters before the FCC. These matters include the Rural Task Force recommendations, the new tribal lands initiative, and the question of whether USAC will be responsible for re-coding the high cost model. The programs are currently under budget due to various contingencies that remain unspent. Ms. Gold noted that the biggest overruns in the budget were caused by increased administrative costs on the part of NECA. Ms. Parrino informed the Committee that staff has discussed the necessity of accurately and promptly reporting budget information with NECA staff.

On a motion duly made and seconded, the Committee adopted the following resolutions:

RESOLVED, That the USAC High Cost & Low Income Committee approves an annual 2001 High Cost Programmatic Budget of \$3,267,500; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 2nd Quarter 2001 High Cost Programmatic Budget of \$824,400; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves an annual 2001 Low Income Programmatic Budget of \$751,900; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 2nd Quarter 2001 Low Income Programmatic Budget of \$211,700.

The Committee **DIRECTED** staff to provide a chart detailing the percentage of administrative costs to total budget on a cash basis to the Committee for each program.

- a5. Approval of 2nd Quarter 2001 High Cost and Low Income Projections and Resolution on the February 2001 FCC Filing.** Ms. Flannery reviewed the projections for the 2nd Quarter 2001 as detailed in the issue paper. The Committee amended the resolution to include Attachment A of the issue paper.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee, having reviewed at its meeting on January 29, 2001, a summary of the 2nd Quarter 2001 program estimates including administrative costs for High Cost Loop Support, Long Term Support, Local Switching Support, Interstate Access Support, and Lifeline Assistance, as detailed in Attachment A and adopted by reference, hereby directs USAC staff to proceed with the required February 6, 2001, filing to the FCC on behalf of the Committee. Staff may make adjustments in accordance with approved variance thresholds.

The Committee **DIRECTED** staff to provide the detail of the approved variance threshold in all projections resolutions going forward.

- a6. Approval of Consultant Contract Extension.** Ms. Flannery reviewed the history of Mr. David Rolka's contract with USAC to perform work for the High Cost Support Mechanism. Staff is requesting another extension to his contract at a cost that could exceed \$100,000; therefore, Committee approval is necessary. In response to an inquiry from the Committee, Ms. Parrino stated that this contract was not competitively bid due to the need to quickly implement the numerous changes to the High Cost Support Mechanism that have occurred over the past year and that Mr. Rolka is uniquely qualified to perform the necessary work. She said that staff is working hard to fill vacancies within the High Cost and Low Income Division.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee authorizes the USAC CEO to enter a contract extension with Mr. David Rolka through June 30, 2001, to perform work related to the implementation of the new High Cost Program orders.

a7. Miscellaneous.

- **Approval of USAC's Filing Comments in response to the FCC's *Notice of Proposed Rulemaking (NPRM)* in the Proceedings on the Rural Task Force Recommendation and the Multi-Association Group Plan.** Mr. Haga informed the Committee that staff is requesting to file comments with the FCC concerning High Cost Support Mechanism administration. Ms. Parrino testified on

the topic on behalf of USAC before the Federal-State Joint Board on Universal Service. Staff is requesting approval to file comments with the FCC in response to this current NPRM. The comments would include a synopsis of this testimony as well as to renew the request of the Committee for the FCC to evaluate whether USAC should have more control over the collection of high cost data.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee authorizes USAC management to file comments in the FCC's *Notice of Proposed Rulemaking* in the proceedings on the Rural Task Force Recommendation and the Multi-Association Group Plan consistent with comments previously filed or presented on High Cost Program administration.

Mr. Lubin abstained.

Information Items

- i1. High Cost and Low Income Programs Status Report.** Ms. Flannery reviewed the major points of the issue paper. There was no further discussion.

- i2. Report on the Implementation of New Initiatives for High Cost and Low Income Programs.** Ms. Flannery indicated that staff consolidated several issue papers into this one paper. She reviewed the major points of the issue paper. There was no further discussion.

- i3. Implementation of Confidentiality Procedures for Interstate Access Data.** Ms. Flannery reviewed the major points of the issue paper. There was no further discussion.

- i4. High Cost and Low Income Program Timeline and Key Dates.** For information only. No discussion held.

- i5. Miscellaneous.** None.

There being no further business to attend to, Ms. Gold adjourned the meeting at 3:02 p.m. Eastern Time.

D. Scott Barash
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING

April 23, 2001

MINUTES

The quarterly meeting of the High Cost & Low Income (HCLI) Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the Westin Grand, 2350 M Street, N.W., Washington, DC, on Monday, April 23, 2001. Ms. Martha Hogerty, Chair of the Committee, called the meeting to order at 1:31 p.m. Eastern Time. Ms. Cathy Howard, Executive Assistant to the USAC CEO, called the roll. Six of the nine members (there is one vacancy) were present representing a quorum:

Eight of the nine members were present, representing a quorum:	
Eichler, Ed	Hogerty, Martha
Gold, Heather	Lubin, Joel
Gumper, Frank	Parrino, Cheryl
One member joined the meeting in progress:	
Thoms, Allan	
One member was absent:	
Wheeler, Tom	
Other Board members present:	
Hess, Kevin - Board Member	Barash, D. Scott - Assistant Secretary
Jackson, Jimmy - Board Member	Haga, Robert - Assistant Treasurer
Rivera, Robert - Board Member	
Others present for the meeting:	
Name	Company
Blackwell, Mel	USAC
Einhorn, Eric	FCC
Faunce, Donna	USAC
Flannery, Irene	USAC
Howard, Cathy	USAC
Ricker, John	NECA
Respress, Deborah	USAC
Sandy, Colin	NECA

Open Session

Action Items

- a1. Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the High Cost & Low Income Committee meeting of Monday, January 29, 2001.
- a2. Approval of Supplemental Request to the FCC for Clarification of High Cost Issues: Customer Location for Wireless Carriers and Audit of High Cost Data.** Ms. Flannery explained that USAC is still waiting for clarification from the FCC on these remaining issues that were part of a request for clarification submitted in March 2000. Clarification of these issues is becoming critical as the uncertainty can potentially have negative impacts on the High Cost Support Mechanism. Staff is requesting approval to discuss these matters with the FCC and potentially resubmit a request for clarification to the FCC on these issues.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee, having reviewed at its meeting on April 23, 2001, a status report on two issues on which clarification has yet to be received from the FCC, hereby approves USAC staff to file a supplemental request for clarification from the Accounting Policy Division of the FCC's Common Carrier Bureau.

- a3. Acceptance of the 2001 Low Income Beneficiary Audit Plan.** Ms. Flannery reported that USAC has contracted with NECA to perform the audit again this year and the plan is consistent with last year's plan with two exceptions: (1) steps related to the Presubscribed Interexchange Carrier Charge (PICC) have been removed as that charge has been eliminated; and (2) the requirement to document the promotional efforts of carriers has been expanded to all audited carriers. USAC has received the final report from NECA on the 2000 audit. Ms. Flannery reported that, while the report was generally thorough, there were two audit steps that NECA did not complete. Work is being completed on those steps at this time and the final audit report will be presented to the Committee at the July 2001 Committee meeting.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee hereby accepts the 2001 Low Income Beneficiary Audit Plan.

- a4. Approval of 3rd Quarter 2001 High Cost and Low Income Programmatic Budgets.** Ms. Faunce stated that the High Cost Programmatic Budget for 3Q2001 is 7% higher than for 3Q2000; and the Low Income Programmatic Budget is 9% higher this quarter compared to this quarter last year. She noted that there are no changes from the budget presented to and approved by the Committee in January 2001.

On a motion duly made and seconded, the Committee adopted the following resolutions:

RESOLVED, That the USAC High Cost & Low Income Committee approves a 3rd Quarter 2001 High Cost Programmatic Budget of \$824,500; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a

3rd Quarter 2001 Low Income Programmatic Budget of \$169,400.

Mr. Thoms arrived at the meeting at this point.

- a5. Approval of 3rd Quarter 2001 High Cost and Low Income Projections and Resolution on the May 2001 FCC Filing.** Ms. Flannery reviewed the projections for the 3rd Quarter 2001 as detailed in the issue paper. A revised Attachment A was distributed.

On a motion duly made and seconded, the Committee adopted the following resolution with one amendment (in italics):

RESOLVED, That the USAC High Cost & Low Income Committee, having reviewed at its meeting on April 23, 2001, a summary of the 3rd Quarter 2001 support mechanism estimates, including administrative costs for High Cost Loop Support, Long Term Support, Local Switching Support, Interstate Access Support, and Lifeline Assistance provided in revised Attachment A, hereby directs USAC staff to proceed with the required May 2, 2001, filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms is equal to or less than \$10 million.

The Committee **DIRECTED** staff to provide the committee with historical information on projections consistent with Attachment A.

- a6. Miscellaneous.** None.

Information Items

- i1. High Cost and Low Income Support Mechanisms Status Report.** Ms. Flannery reviewed the major points of the issue paper. There was no further discussion.
- i2. Report on the Implementation of New Initiatives for High Cost and Low Income Support Mechanisms.** Ms. Flannery reviewed the major points of the issue paper. There was no further discussion.
- i3. High Cost and Low Income Support Mechanism Timeline and Key Dates.** For information only. No discussion held.
- i4. Miscellaneous.** None.

There being no further business to attend to, Ms. Hogerty adjourned the meeting at 2:09 p.m. Eastern Time.

D. Scott Barash
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING

May 31, 2001

MINUTES

A meeting of the High Cost & Low Income (HCLI) Committee of the Universal Service Administrative Company (USAC) Board of Directors was held on Thursday, May 31, 2001, at USAC, 2120 L Street, N.W., Suite 600, Washington, DC. Ms. Martha Hogerty, Chair of the Committee, called the meeting to order at 12:35 p.m. Eastern Time. Ms. Ann Simmons, Administrative Assistant for USAC, called the roll on behalf of Mr. Edwin Eichler, USAC Secretary.

Five of the nine members were present, representing a quorum:	
Eichler, Ed - <i>by telephone</i>	Lubin, Joel - <i>by telephone</i>
Gumper, Frank - <i>by telephone</i>	Wheeler, Tom - <i>by telephone</i>
Hogerty, Martha - <i>by telephone</i>	
One member joined the meeting in progress:	
Gold, Heather - <i>by telephone</i>	Parrino, Cheryl - <i>by telephone</i>
Thoms, Allan - <i>by telephone</i>	
One member was absent:	
Buller, Karen	
Other Board members present:	
Hess, Kevin - Board Member	Haga, Robert - Assistant Treasurer
Sanders, Jay - Board Member	
Others present for the meeting:	
Name	Company
Flannery, Irene	USAC
Simmons, Ann	USAC

Action Items

- a1. Authorization to File a Supplement to the 3rd Quarter 2001 Filing with the FCC in Response to the FCC Order on Rural High Cost Reform.** Ms. Flannery stated that the Federal Communications Commission (FCC) issued an order adopting, with some modifications, the rural high cost reforms recommended by the Rural Task Force and the Federal-State Joint Board on Universal Service. Because the order increases the support available for rural carriers under the high cost loop support mechanism, USAC must make a supplemental filing for 3rd Quarter 2001 so that the Commission may establish an appropriate collection factor.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee authorizes USAC staff to file a supplement to its 3rd Quarter 2001 filing, revising USAC's estimate of the universal service support requirements in compliance with the Commission's May 23, 2001, Order reforming the rural high cost support mechanism.

There being no further business to attend to, Ms. Hogerty adjourned the meeting at 2:40 p.m. Eastern Time.

D. Scott Barash
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING

July 23, 2001

MINUTES

The quarterly meeting of the High Cost & Low Income (HCLI) Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the Westin Grand, 2350 M Street, N.W., Washington, DC, on Monday, July 23, 2001. Ms. Martha Hogerty, Chair of the Committee, called the meeting to order at 1:38 p.m. Eastern Time. Ms. Cathy Howard, Executive Assistant to the USAC CEO, called the roll.

Six of the nine members (there is one vacancy) were present representing a quorum:	
Buller, Karen	Lubin, Joel
Gumper, Frank	Parrino, Cheryl
Hogerty, Martha	Thoms, Allan - <i>by telephone</i>
One member joined the meeting in progress:	
Eichler, Ed	
One member was absent:	
Wheeler, Tom	
Other Board members and Officers of the Corporation present:	
Hess, Kevin - Board Member	Haga, Robert - Assistant Treasurer
Barash, D. Scott - Assistant Secretary	
Others present for the meeting:	
Name	Company
Barrett, A. C.	The Barrett Group
Betancourt, Laura	USAC
Buckly, Tom	FCC/APD
Einhorn, Eric	FCC
Faunce, Donna	USAC
Flannery, Irene	USAC
Howard, Cathy	USAC
Khan, Sameer	USAC
Miller, Linda	USAC
Respress, Deborah	USAC
Rhyner, Rich	NECA
Sandy, Colin	NECA

Simmons, Ann	USAC
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Action Items

- a1. Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the High Cost & Low Income Committee meetings of Monday, April 23, 2001, and Thursday, May 31, 2001.

Mr. Eichler arrived at the meeting at this point.

- a2. Acceptance of USAC 2000 Financial Audits and Agreed Upon Procedures Reviews.** Ms. Parrino reported that concerning the High Cost and Low Income Support Mechanisms, the 2000 audit findings revealed minor issues.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee recommends that the USAC Board of Directors accept the USAC 2000 agreed upon procedures review as it relates to the High Cost and Low Income Support Mechanisms.

- a3. Approval of 4th Quarter 2001 High Cost and Low Income Programmatic Budgets.** Ms. Faunce noted that the 4th Quarter 2001 budget continues to include a \$900,000 contingency for the possible re-coding of the high cost model and a \$200,000 contingency for the cost of implementing the recent FCC decision concerning the Rural Task Force's changes to the High Cost Support Mechanism for rural companies. Ms. Parrino reported that USAC has not received an answer yet from the FCC if USAC is to re-code the high cost model but hopes to have an answer by the October quarterly Committee meeting. She also stated that the budgets for the High Cost and Low Income Division are in line with the budgets approved at the beginning of the year.

On a motion duly made and seconded, the Committee adopted the following resolutions:

RESOLVED, That the USAC High Cost & Low Income Committee approves a 4th Quarter 2001 budget for the High Cost Support Mechanism of \$824,100; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 4th Quarter 2001 budget for the Low Income Support Mechanism of \$169,200.

- a4. Approval of 4th Quarter 2001 High Cost and Low Income Support Mechanisms Projections and Resolution on the August 2001 FCC Filing.** Ms. Flannery reviewed the projections for the 4th Quarter 2001 as detailed in the issue paper. Revised Attachments A, B, and C were distributed.

On a motion duly made and seconded, the Committee adopted the following resolution as amended (in italics):

RESOLVED, That the USAC High Cost & Low Income Committee, having reviewed at its meeting on July 23, 2001, a summary of the 4th Quarter 2001 support mechanism estimates, including administrative costs for High Cost Loop Support, Long Term Support, Local Switching Support, Interstate Access Support, and Lifeline Assistance provided in revised Attachment A, hereby directs USAC staff to proceed with the required August 2, 2001, filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms is equal to or less than

\$10 million.

- a5. Acceptance of the 2000 Low Income Beneficiary Audit Report and Status Report on the 2001 Low Income Beneficiary Audit.** Ms. Flannery reported that the 2000 audit findings indicated a small percentage of over/under reporting and minimal mistakes due mainly to clerical errors, all of which have been corrected. She discussed the regulatory requirement for carriers to advertise the existence of the Lifeline and Link Up support mechanisms, and noted that a few carriers did not advertise. She further informed the Committee that the FCC rules do not set forth standards for what constitutes effective advertising. The staff will work with the FCC to determine the appropriate next steps for those carriers that do not advertise. She also noted that all carriers have now certified that they are providing the required services.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee supports the USAC Executive Committee determination to accept the 2000 Low Income Support Mechanism Beneficiary Audit Report.

- a6. Approval of Revised Contracting and Bidding Timetable - Confidential & Proprietary.** In accordance with the guidelines regarding Executive Session approved by the USAC Board of Directors, Mr. Barash explained the rationale behind discussing this item in Executive Session. Mr. Barash stated that discussion and public disclosure at this time of this matter, which relates to USAC's procurement strategy and contract negotiations, would compromise USAC's negotiation strategy to the detriment of the Corporation and the Universal Service Support Mechanisms.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee determines that discussion of USAC's contracting and bidding timetable shall be conducted in Executive Session.

See Executive Session.

- a7. Miscellaneous.** None.

Information Items

- i1. High Cost and Low Income Support Mechanisms Update.** Ms. Flannery reviewed the major points of the issue paper, giving special attention to the change in support available to GTE Texas due to the sale of various exchanges. She further noted that the Tribal Lands initiative has resulted in a significant increase in both Lifeline and Link Up on tribal lands in the first quarter of 2001.
- i2. Report on the Implementation of the Rural Task Force Order.** Ms. Flannery reviewed the major points of the issue paper.
- i3. High Cost and Low Income Support Mechanism Timeline and Key Dates.** For information only. No discussion held.
- i4. Miscellaneous.** None.

At 2:24 p.m., on a motion duly made and seconded, the Committee voted to move into Executive Session for of discussing the confidential and proprietary item as noted above.

Executive Session

a6. Approval of Revised Contracting and Bidding Timetable - Confidential & Proprietary. Mr. Barash discussed a proposed change to the contracting and bidding timetable concerning the High Cost and Low Income Support Mechanisms.

On a motion duly made and seconded, the Committee adopted the following resolution as *amended* (in italics):

RESOLVED, That the USAC High Cost & Low Income Committee recommends that the USAC Board of Directors approve the revised contracting and bidding timetable set forth herein for the High Cost *and Low Income* Support Mechanisms.

At 2:42 p.m., on a motion duly made and seconded, the Committee voted to move back into Open Session to report the action taken during Executive Session. There being no further business to attend to, Ms. Hogerty adjourned the meeting at 2:43 p.m.

D. Scott Barash
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**HIGH COST & LOW INCOME COMMITTEE MEETING**

October 22, 2001

MINUTES

The quarterly meeting of the High Cost & Low Income (HCLI) Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the Westin Grand, 2350 M Street, N.W., Washington, DC, on Monday, October 22, 2001. Ms. Martha Hogerty, Chair of the Committee, called the meeting to order at 1:01 p.m. Eastern Time. Ms. Cathy Howard, Executive Assistant to the USAC CEO, called the roll.

Seven of the nine members (there is one vacancy) were present, representing a quorum:	
Buller, Karen	Lubin, Joel
Eichler, Ed - <i>by telephone</i>	Parrino, Cheryl
Gumper, Frank	Wheeler, Tom
Hogerty, Martha - <i>by telephone</i>	
One member joined the meeting in progress:	
Thoms, Allan	
Other Board Members and Officers of the Corporation present:	
Jackson, Jimmy - Board member	Barash, D. Scott - Assistant Secretary
Hess, Kevin - Board member - <i>by telephone</i>	Haga, Robert - Assistant Treasurer
Others present for the meeting:	
Name	Company
Faunce, Donna	USAC
Flannery, Irene	USAC
Howard, Cathy - <i>by telephone</i>	USAC
Johnson, Eric	FCC
Miller, Linda	USAC
Ricker, John	NECA
Simmons, Ann	USAC

Action Items

- a1. Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the High Cost & Low Income Committee meeting of Monday, July 23, 2001.

- a2. Approval of 1st Quarter 2002 High Cost and Low Income Programmatic Budgets and Information on Estimated 2002 Annual Budget.** Ms. Faunce noted that staff's estimated 2002 annual programmatic budgets are 8 percent higher than the 2001 annual programmatic budgets. She reviewed the reasons for the increase as outlined in the issue paper, including the additional administrative expenses associated with implementing the FCC's *Rural Task Force Order* and the soon to be released FCC order concerning interstate access reform for rural carriers (the *MAG Order*). She also reviewed the 1st Quarter 2002 budgets for both the High Cost and Low Income Support Mechanisms as outlined in the issue paper.

On a motion duly made and seconded, the Committee adopted the following resolutions:

RESOLVED, That the USAC High Cost & Low Income Committee approves a 1st Quarter 2002 budget for the High Cost Support Mechanism of \$857,100; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 1st Quarter 2002 budget for the Low Income Support Mechanism of \$176,000.

- a3. Approval of 1st Quarter 2002 High Cost and Low Income Support Mechanisms Projections and Resolution on the November 2, 2001 FCC Filing.** Ms. Flannery distributed a copy of revised Attachment A and a copy of Attachment C. She reviewed the projections for the 1st Quarter 2002 as outlined in the issue paper.

On a motion duly made and seconded, the Committee adopted the following resolution as *amended* (in *italics*):

RESOLVED, That the USAC High Cost & Low Income Committee, having reviewed at its meeting on October 22, 2001, a summary of the 1st Quarter 2002 support mechanism estimates, including administrative costs for High Cost Loop Support, Long Term Support, Local Switching Support, Interstate Access Support, and Lifeline Assistance provided in *revised* Attachment A, hereby directs USAC staff to proceed with the required November 2, 2001, filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms is equal to or less than \$10 million.

- a4. Miscellaneous.** None.

Information Items

- i1. High Cost and Low Income Support Mechanisms Update.** Ms. Flannery noted five recent actions by the FCC that may be of interest to the Committee and distributed documents concerning the following issues: (1) average schedule support calculation; (2) *Moultrie Order*; (3) *Pine Ridge Jurisdiction Order*; (4) *Pine Ridge Waiver Order*; and (5) Joint Board Public Notice regarding the Low Income Support Mechanism.

Ms. Flannery reported that the *MAG Order* adopted by the FCC on October 11, 2001, would soon be released. USAC staff will then work with the FCC to implement the new support mechanism. An updated line count order to be used to calculate 2002 forward-looking high cost support will also be issued soon. She said that the GTE hold harmless issue is still pending at the FCC. She referred to the *Moultrie Order* that was distributed and stated that on October 5, 2001, the FCC denied the petition in whole; therefore, *Moultrie* must submit revised cost studies. *Moultrie* is currently only receiving Long Term Support pursuant to a previous resolution of the Committee. Ms. Flannery discussed the *Pine Ridge Orders* in which the FCC granted Western Wireless eligible

telecommunications carrier (ETC) status for the purpose of serving tribal customers on the Pine Ridge Reservation. She also called the Committee's attention to the Joint Board Public Notice regarding the Low Income Support Mechanism, in which the Joint Board sought comments on changes to the Low Income Support Mechanism. In response to an inquiry from a Committee member, she said that the study of statewide participation in the Lifeline mechanism is near completion. She also said that USAC hopes to submit the study as part of its comments on the Joint Board Low Income Public Notice.

i2. High Cost and Low Income Support Mechanism Timeline and Key Dates. For information only. No discussion held.

i3. Miscellaneous. None.

Board member Mr. Thoms joined the meeting at this point.

Ms. Hogerty informed the Committee that her term on the USAC Board of Directors ends this year; therefore, this is her last meeting with the Committee. She thanked the Committee members and USAC staff for all their support and excellent work during her tenure.

There being no further business to attend to, Ms. Hogerty adjourned the meeting at 1:21 p.m

D. Scott Barash
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**HIGH COST & LOW INCOME COMMITTEE MEETING**

November 8, 2001

MINUTES

A meeting of the High Cost & Low Income (HCLI) Committee of the Universal Service Administrative Company (USAC) Board of Directors was held on Thursday, November 8, 2001, at USAC, 2120 L Street, N.W., Suite 600, Washington, DC. Mr. Ed Eichler, Vice Chair of the Committee, called the meeting to order at 2:32 p.m. Eastern Time. Ms. Cathy Howard, Executive Assistant to the CEO, called the roll on behalf of Mr. Edwin Eichler, USAC Secretary.

Six of the nine members of the Committee were present (there are two vacancies), representing a quorum:	
Buller, Karen - <i>by telephone</i>	Lubin, Joel - <i>by telephone</i>
Eichler, Ed - <i>by telephone</i>	Parrino, Cheryl - <i>by telephone</i>
Gumper, Frank- <i>by telephone</i>	Wheeler, Tom - <i>by telephone</i>
One member joined the meeting in progress:	
Hogerty, Martha - <i>by telephone</i>	
Other Board members and Officers of the Corporation present:	
Hess, Kevin - Board Member - <i>by telephone</i>	Haga, Robert - Assistant Treasurer
Barash, D. Scott - Assistant Secretary	
Others present for the meeting:	
Name	Company
Flannery, Irene	USAC
Howard, Cathy - <i>by telephone</i>	USAC
Miller, Linda	USAC

Action Items**a1. Approval of Disbursement Process for High Cost and Low Income Support.**

Committee Chair Ms. Hogerty joined the meeting during this discussion. Ms. Parrino reviewed the history of NECA's involvement in the disbursement of High Cost and Low Income Support Mechanism payments. Ms. Parrino also discussed USAC staff's recommendation to begin disbursing the support payments directly to all eligible carriers. Mr. Haga noted that USAC staff's goal would be to implement the new process starting with November payments disbursed at the end of December, but that it may take additional time to make sure adequate communication has occurred and systems are fully checked and tested. USAC staff will keep the Committee and interested Board

members apprised of the implementation schedule.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC High Cost & Low Income Committee authorizes staff to implement procedures to disburse High Cost and Low Income Universal Service Support payments directly to all eligible carriers.

Information Items

- i1. Release of *MAG Order* by the FCC.** Ms. Flannery announced that the FCC released the *MAG Order* on this date. A copy will be forwarded to each Committee member.

There being no further business to attend to, Ms. Hogerty adjourned the meeting at 2:50 p.m.

D. Scott Barash
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**HIGH COST & LOW INCOME COMMITTEE MEETING**

December 27, 2001

MINUTES

A meeting of the High Cost & Low Income (HCLI) Committee of the Universal Service Administrative Company (USAC) Board of Directors was held on Thursday, December 27, 2001, at USAC, 2120 L Street, N.W., Suite 600, Washington, DC. Mr. Ed Eichler, Vice Chair of the Committee, called the meeting to order at 11:32 a.m. Eastern Time. Ms. Cathy Howard, Executive Assistant to the CEO, called the roll on behalf of Mr. Eichler, USAC Secretary.

Seven of the nine members were present, representing a quorum:	
Buller, Karen - by telephone	Parrino, Cheryl - by telephone
Eichler, Ed - by telephone	Swanson-Hull, Camie - by telephone
Gonzalez, Dan - by telephone	Wheeler, Tom - by telephone
Gumper, Frank- by telephone	
Two members were absent:	
Hogerty, Martha	Lubin, Joel
Other Board members and Officers of the Corporation present:	
Hess, Kevin - Board Member - by telephone	Haga, Robert - Assistant Treasurer
Others present for the meeting:	
Name	Company
Flannery, Irene	USAC
Howard, Cathy -by telephone	USAC
Miller, Linda	USAC

Action Items

- a1. Authorization for USAC Staff to File Comments with the Federal-State Joint Board on Universal Service Regarding Lifeline and Link Up Support Services for Low-Income Consumers.** Ms. Flannery noted that the due date for the comments as listed in the issue paper is incorrect-the comments are due December 31, 2001. She also noted that Attachment 3 is not referenced in the issue paper; however, it is referenced in a footnote in the comments. Ms. Flannery then summarized the format and content of the comments. Mr. Gonzalez suggested an amendment to the resolution, which was accepted, clarifying that USAC's comments are solely administrative in nature.

On a motion duly made and seconded, the Committee adopted the following resolution as amended (in italics):

RESOLVED, That the USAC High Cost & Low Income Committee authorizes staff to file comments with the Federal-State Joint Board on Universal Service to provide information that is solely administrative in nature regarding Lifeline and Link Up support services for low-income consumers.

There being no further business to attend to, Mr. Eichler adjourned the meeting at 11:43 a.m.

D. Scott Barash
Assistant Secretary