

# 2011 High Cost & Low Income Committee Meetings Minutes

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*Click on a date below to see the minutes. To see the entire year's minutes, click on the first date. Once open, search within the document for a particular word or phrase, using the 'Find' feature or Ctrl+f.*

## **Meeting Dates**

January 24, 2011 .....	2
April 26, 2011 .....	10
July 25, 2011 .....	17
August 31, 2011 .....	23
October 24, 2011 .....	25
December 7, 2011.....	31

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

**January 24, 2011**

**MINUTES**

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, January 24, 2011. Mr. Joel Lubin, Committee Chair, called the meeting to order at 1:31 p.m. Eastern Time, with a quorum of all eight Committee members present (there is one vacancy):

Barash, Scott – Acting CEO

Gillan, Joe – Vice Chair

Bergmann, Scott

Jacobs, Ellis

Boyle, Anne

Jortner, Wayne

Feiss, Geoff

Lubin, Joel – Chair

Other Board of Directors (Board) members and officers of the corporation present:

Abshire, Dr. Sheryl – Member of the Board

Belden, Richard – Chief Operating Officer

Campbell, Anne – Member of the Board

Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer

Capozzi, David – Acting General Counsel and Assistant Secretary

Majcher, Karen – Vice President, High Cost & Low Income Division

Scott, Wayne – Vice President of Internal Audit

Talbott, Dr. Brian – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Beard, Jay	USAC
Beaver, Tracey	USAC
Betancourt, Laura	USAC
Bilodeau, Amanda	USAC
Damarla, Anitha	USAC
Davis, Craig	USAC
Delmar, Teleshia	USAC
Desrocher, Michael	USAC
Frappier, Danielle	Davis, Wright, Tremaine, LLP
Gallant, Pamela	USAC
Gonzales, Veronica	USAC
Hopper, Melissa	USAC
Hughes, Jeff	USAC
Hughet, Pamela	USAC
Iversen, Eric	USAC
Jamison, Wesley	FCC
Lee, Jay	USAC
Miller, John	Solix
Nuzzo, Patsy	USAC
Parry, John	Solix
Pertsevio, Elizabeth	USAC
Rasmussen, Mary	USAC

<u>NAME</u>	<u>COMPANY</u>
Schrieber, Johnnay	USAC
Smith, Chris	USAC
Studstill, Michelle	ATMS
Wu, Bonnie	USAC

**ACTION ITEMS:**

- a1. **Approval of High Cost & Low Income Committee Meeting Minutes of October 25, 2010.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meetings of July 26, 2010 and October 25, 2010.
- a2. **Recommendation for Annual Election of Committee Chair and Vice Chair.** Mr. Barash nominated Mr. Lubin to Serve as Committee Chair and Mr. Gillan to serve as Committee Vice Chair.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee recommends that the USAC Board of Directors elect **Joel Lubin** as Chair and **Joe Gillan** as Vice Chair of the Committee for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee or the Board, is removed by resolution of the Board, or the Chair and/or Vice Chair's Board term expires.

- a3. **Approval of 2nd Quarter 2011 and 2011 Annual High Cost and Low Income Support Mechanisms Programmatic Budgets.** Mr. Belden presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee approves a 2nd Quarter 2011 programmatic budget for the High Cost Support Mechanism of \$1.1 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.1 million for High Cost Support Mechanism administrative expenses in the required January 31, 2011 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a 2011 annual programmatic budget for the High Cost Support Mechanism of \$8.8 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a 2nd Quarter 2011 programmatic budget for the Low Income Support Mechanism of \$1.1 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.1 million for Low Income Support Mechanism administrative expenses in the required January 31, 2011 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a 2011 annual programmatic budget for the High Cost Support Mechanism of \$3.2 million.

- a4. **Approval of 2nd Quarter 2011 High Cost and Low Income Support Mechanisms Demand Projections for the January 31, 2011 FCC Filing.** Mr. Scott presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on January 24, 2011, a summary of the 2nd Quarter 2011 High Cost and Low Income Support Mechanisms demand estimates, hereby directs USAC staff to proceed with the required January 31, 2011 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$15 million.

- a5. **Action on Two USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Mr. Scott presented this item to the Committee. Ms. Teleshia Delmar presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports labeled HC2010BE001 and HC2010BE003 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a6. **Action on Seven USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Delmar presented this item to the Committee.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution with Mr. Lubin abstaining:

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit and Limited Review Reports listed in Exhibit I to the issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a7. **Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Limited Review Report.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

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 the USAC Internal Audit Division Low Income Support Mechanism Beneficiary Limited Review Report labeled LI2009LR009 shall be conducted in *Executive Session*.

- a8. **Miscellaneous.**
- a8-1. Solicit Ideas for the January 2011 Committee Agenda.** Mr. Gillan reminded Committee members that they may offer suggestions for agenda items for the January 2011 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.
- a8-2. Board Materials.** Mr. Barash requested the Committee provide feedback regarding the materials provided to the Board and committees.

**INFORMATION ITEMS:**

- i1. **High Cost and Low Income Support Mechanisms Update.** Ms. Majcher presented this item to the Committee, noting that:
- USAC staff continues to improve operational processes and reduce manual processes in High Cost Program administration. USAC information technology (IT) staff developed system enhancements that will reduce High Cost Program support uncapped payment calculation processing by approximately two hours.
  - USAC implemented Verizon Wireless and Sprint Nextel merger commitments in October 2010 support for current and prior periods and will retain reclaimed support for future use consistent with the directives of FCC 10-155. USAC reclaimed \$169 million of previously paid support from Verizon Wireless. Sprint Nextel's High Cost capped support was below its 2009 and 2010 ceiling, therefore, no support was reclaimed from Sprint Nextel.

- The Commission released an Order<sup>1</sup> on December 30, 2010 amending its rules to reclaim high cost universal service support and reduce the interim cap on CETC support for states where a CETC relinquishes ETC status. The Order ensures that dollars in the CETC interim cap baseline are not redistributed to other CETCs within the state when a CETC relinquishes its ETC status.
- As of December 7, 2010, only one Round 3 FCC Office of Inspector General (OIG) USF audit program High Cost Program beneficiary follow-up audit is outstanding.
- On November 4, the Federal-State Joint Board on Universal Service released its recommendation for addressing certain Low Income Program issues.<sup>2</sup> The Joint Board recommended changes to the verification process, including adoption of minimum verification procedures and sampling criteria; allowing states to use different verification procedures as long as the alternate procedures are at least as efficient in detecting waste, fraud and abuse; and requiring all ETCs in all states make their verification results publicly available and submit their results to the Commission, the states and USAC.
- On October 28, 2010, the Government Accountability Office (GAO) released the final report (GAO 11-11) for its year-long study of the Low Income Program, titled “Improved Management Can Enhance FCC Decision Making for the Universal Service Fund Low-Income Program.” In this report, the GAO recommended that the FCC: define program goals and measurements to determine the Low Income Program’s success; conduct a robust risk assessment; implement a systematic process to consider audit results; and conduct a needs assessment and develop implementation plans prior to implementing a broadband pilot program.
- TracFone Wireless, Inc. filed a Petition for Declaratory Ruling concerning certain Low Income Program matters with the Commission on December 1, 2010.<sup>3</sup> Specifically, TracFone requested that the Commission issue a declaratory ruling confirming the following: ETCs may not receive Link Up if they do not routinely charge their Lifeline customers a connection charge; a wireline ETC may not expand its USF-supported services to include wireless service without obtaining approval from the proper regulatory authority; and, to be designated as an ETC, a carrier must either use its own facilities to provide service within that state or obtain forbearance from the facilities requirement from the Commission.

At 4:47 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into **Executive Session** for the purpose of discussing the confidential and proprietary item noted above.

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<sup>1</sup> *In the Matter of High-Cost Universal Service Support Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Order, FCC 10-205 (rel. December 30, 2010).

<sup>2</sup> *Federal-State Joint Board on Universal Service, Lifeline and Link Up, Recommended Decision*, CC Docket No. 96-45, WC Docket No. 03-109, FCC 10J-3 (released Nov. 4, 2010).

<sup>3</sup> *In the Matter of TracFone Wireless, Inc., Petition for Declaratory Ruling*, WC Docket No. 09-197, CC Docket No. 96-45 (filed Dec. 1, 2010).



**EXECUTIVE SESSION:**

- a7. **Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Limited Review Report.** Ms. Delmar presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report labeled LI2009LR009 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

At 2:53 p.m. Eastern Time, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time, Mr. Lubin reported that the Committee in *Executive Session* took action on item a7 above. On a motion duly made and seconded, the Committee adjourned at 2:54 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**HIGH COST & LOW INCOME COMMITTEE MEETING**

**April 26, 2011**

**MINUTES**

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Tuesday, April 26, 2011. Mr. Joe Gillan, Committee Vice Chair, called the meeting to order at 1:30 p.m. Eastern Time, with six of seven Committee members present (there are two vacancies):

Barash, Scott – Acting CEO  
Bergmann, Scott  
Feiss, Geoff

Gillan, Joe – Vice Chair  
Jacobs, Ellis  
Jortner, Wayne

Members of the Committee not present:

Lubin, Joel – Chair

Other Board of Directors (Board) members and officers of the corporation present:

Anderson, D. Michael – Member of the Board  
Belden, Richard – Chief Operating Officer  
Campbell, Anne – Member of the Board  
Capozzi, David – Acting General Counsel and Assistant Secretary  
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer  
Jimenez, Jose – Member of the Board  
Majcher, Karen – Vice President, High Cost & Low Income Division  
Ridley, Carolyn – Member of the Board  
Scott, Wayne – Vice President of Internal Audit  
Talbott, Dr. Brian – Board Chair

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Beard, Jay	USAC
Beaver, Tracey	USAC
Betancourt, Laura	USAC
Binder, Robert	USAC
Davis, Craig	USAC
Delmar, Teleshia	USAC
Falkowitz, Ed	USAC

<u>NAME</u>	<u>COMPANY</u>
Frappier, Danielle	Davis, Wright, Tremaine, LLP
Gallant, Pamela	USAC
Gonzales, Veronica	USAC
Hopper, Melissa	USAC
Hughes, Jeff	USAC
Hughet, Pamela	USAC
Iversen, Eric	USAC
Jamison, Wesley	FCC
Miller, Jack	Solix
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
Pertsevoi, Elizabeth	USAC
Rasmussen, Mary	USAC
Rock, Anil	USAC
Rodriguez, Jose	FCC
Schrieber, Johnnay	USAC
Skadin, Andy	FCC
Yee, Kim	FCC

**ACTION ITEMS:**

- a3. Approval of High Cost & Low Income Committee Meeting Minutes of January 24, 2011.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of January 24, 2011.
- a4. Approval of 3rd Quarter 2011 and Revised 2011 Annual High Cost and Low Income Support Mechanisms Programmatic Budgets.** Mr. Belden presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2011 programmatic budget for the High Cost Support Mechanism of \$1.2 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.2 million for High Cost Support Mechanism administrative expenses in the required May 2, 2011 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a revised 2011 annual programmatic budget for the High Cost Support Mechanism of \$5.3 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2011 programmatic budget for the Low Income Support Mechanism of \$0.8 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$0.0 for Low Income Support Mechanism administrative expenses in the required May 2, 2011 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a revised 2011 annual programmatic budget for the Low Income Support Mechanism of \$3.1 million.

- a3. Approval of 3rd Quarter 2011 High Cost and Low Income Support Mechanisms Demand Projections for the May 2, 2011 FCC Filing.** Ms. Majcher presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on April 26, 2011, a summary of the 3rd Quarter 2011 High Cost and Low Income Support Mechanisms demand estimates, hereby directs USAC staff to proceed with the required May 2, 2011 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$15 million.

- a4. Action on One USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report.** Ms. Teleshia Delmar, Director, Internal Audit Division, presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report labeled HC2010BE002 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

- a5. Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Limited Review Audit Report.** Ms. Delmar presented this item to the Committee. During discussion, the Committee requested staff make certain revisions to the USAC management responses in the audit report.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism Beneficiary Limited Review Report labeled LI2009LR011 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

- a6. Action on Three USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit and Limited Review Reports.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the reports relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

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 the USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit and Limited Review Reports listed in Exhibit I to this issue paper shall be conducted in *Executive Session*.

- a7. Miscellaneous. Solicit Ideas for the July 2011 Committee Agenda.** Mr. Gillan reminded Committee members that they may offer suggestions for agenda items for the July 2011 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.

### **INFORMATION ITEMS:**

- i1. High Cost and Low Income Support Mechanisms Update.** Ms. Majcher presented this item to the Committee, noting that:
- USAC staff continues to improve operational processes and reduce manual processes in High Cost Program administration. USAC information technology (IT) staff developed system enhancements that reduce High Cost Loop (HCL) payment calculations by approximately two hours.

- Following receipt on February 8, 2011 of DA 11-243 issued by the FCC Wireline Competition Bureau Chief, USAC implemented FCC Order 10-205 in which the Commission directed USAC to reclaim High Cost Program support and reduce the interim cap on CETC support for states where CETCs relinquish ETC status subsequent to December 30, 2010. USAC information technology (IT) staff developed Cap Feeder system enhancements that enabled High Cost Program operations staff to calculate support consistent with FCC 10-205 in February 2011 disbursements.
- On February 9, 2011, the Commission released a notice of proposed rulemaking (NPRM) on Universal Service and Inter-Carrier Compensation (ICC). The NPRM states that the Commission's proposals are designed to achieve the core principles of modernizing and refocusing Universal Service and ICC to ensure all Americans have access to robust, affordable broadband, and to accelerate the transition to IP networks, fiscal responsibility, accountability, and use of market-driven and incentive based policies. The Commission proposes several specific, near-term steps that would accelerate broadband investment in unserved areas. These proposals envision a number of substantial changes to the existing High Cost Support Mechanism.
- On April 7, 2011, the Commission sent USAC a letter (DA 11-632) providing guidance on whether ETCs are required to separately list each of the nine supported service(s) enumerated in 47 C.F.R. § 54.101. The Commission stated that it found nothing in its rules that require ETCs to identify separately each supported service in its advertisements. The Commission confirmed that when an ETC advertises the availability of telephony services, it should include all the supported services. Further, the Commission stated that it continues to impose a separate duty on ETCs to publicize the availability of Lifeline services.
- As of March 18, 2011, only one Round 3 FCC Office of Inspector General (OIG) USF audit program High Cost Program beneficiary follow-up audit is outstanding.
- On January 21, the Commission sent USAC a guidance letter instructing USAC to identify duplicate Lifeline subscribers to the companies that are claiming support for the same subscriber. The duplicate guidance letter requires carriers to contact each subscriber identified as receiving more than one Lifeline subsidy and have the subscriber choose from which Lifeline provider he or she wishes to receive support. On February 25, USAC received an email directive from the Office of the Managing Director (OMD) to pause the identification of duplicate claims until more formal instructions from the Commission are provided. On March 21, USAC received another email from OMD to begin the identification of duplicate claims in Florida and Tennessee. USAC continues to work with the Commission to implement this guidance.
- On March 4, 2011, the Commission released an NPRM on Lifeline and Link Up reform and modernization (FCC 11-32). The NPRM proposes extensive revisions to the program, many of which are designed to mitigate any waste, fraud and abuse that

may exist. Most notably, the Commission clarified that only one Lifeline subsidy is available per household, which the Commission proposes would be defined as a residential address. The NPRM also seeks comment on a proposal to establish a national database of Lifeline subscribers, as well as myriad other issues related to the program.

- USAC has begun working on conducting outreach to consumers who are potentially eligible for Low Income Program benefits. In a pilot effort, USAC staff is working to reach consumers in five states that use federal program eligibility standards. USAC will collaborate with third-party organizations that serve consumers likely to be eligible for Low Income Program benefits, distributing information about the program benefits and enrollments through these organizations' existing service operations.

- i2. **Analysis of Low Income Support Mechanism Participation Rates.** Ms. Majcher presented this item to the Committee.
- i3. **Low Income Program National Database Overview.** Mr. Belden presented this item to the Committee.
- i4. **Information on Eight Round 3 FCC Office of Inspector General (OIG) USF Audit Program Audits Completed by the FCC OIG.** Mr. Scott presented this item to the Committee.
- i5. **Miscellaneous.** The Committee decided to discuss certain aspects of the CETC High Cost interim cap and recent FCC directives. Mr. Capozzi recommended that in accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, such discussion be conducted in *Executive Session* because this matter relates to USAC's *internal rules and procedures* and *pre-decisional matters before the Federal Communications Commission*.

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

**RESOLVED**, that the USAC High Cost and Low Income Committee determines that the discussion of certain aspects of the CETC High Cost interim cap and recent FCC directives shall be conducted in *Executive Session*.

At 2:39 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

**EXECUTIVE SESSION:**

- a6. **Action on Three USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit and Limited Review Reports.** Ms. Delmar presented this item to the

Committee. During discussion, the Committee requested staff make certain revisions to the USAC management responses in the audit report.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit and Limited Review Reports listed in Exhibit I to the issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- i5. Miscellaneous.** The Committee discussed certain aspects of the CETC High Cost interim cap and recent FCC directives.

At 3:28 p.m. Eastern Time, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time, Mr. Gillan reported that the Committee in *Executive Session* took action on item a6 and discussed item i5 above. On a motion duly made and seconded, the Committee adjourned at 3:28 p.m. Eastern Time.

/s/ David A. Capozzi  
Assistant Secretary



**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**HIGH COST & LOW INCOME COMMITTEE MEETING**

**July 25, 2011**

**MINUTES**

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, July 25, 2011. Mr. Joel Lubin, Committee Chair, called the meeting to order at 1:30 p.m. Eastern Time, with seven of the eight Committee members present (there is one vacancy):

Barash, Scott – Acting Chief Executive Officer	Jortner, Wayne
Bergmann, Scott	Lubin, Joel – Chair
Feiss, Geoff	Mitchell, Randy
Gillan, Joe – Vice Chair	

Mr. Ellis Jacobs joined the meeting by telephone at 1:34 p.m. Eastern Time. He did not participate in the discussion of or vote on items a1 and a2.

Other Board of Directors (Board) members and officers of the corporation present:

Abshire, Sheryl – Member of the Board  
Anderson, D. Michael – Member of the Board  
Belden, Richard – Chief Operating Officer  
Campbell, Anne – Member of the Board  
Capozzi, David – Acting General Counsel and Assistant Secretary  
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer  
Greiner, Colleen – Vice President and Chief Information Officer  
Jimenez, Jose – Member of the Board  
Majcher, Karen – Vice President, High Cost & Low Income Division  
Ridley, Carolyn – Member of the Board  
Scott, Wayne – Vice President of Internal Audit  
Talbott, Dr. Brian – Board Chair

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Amalfitano, Vince – <i>by telephone</i>	FCC
Beard, Jay	USAC
Beaver, Tracey	USAC
Binder, Robert	USAC
Bui, Brandon	USAC

<u>NAME</u>	<u>COMPANY</u>
Davis, Craig	USAC
Delmar, Teleshia	USAC
Gallant, Pamela	USAC
Gonzales, Veronica	USAC
Hopper, Melissa	USAC
Hughet, Pamela	USAC
Iversen, Eric	USAC
Kasey, Matt	USAC
Lougheed, Matt	USAC
Miller, Jack	Solix
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
Parry, John	Solix
Pertsevoi, Elizabeth	USAC
Rasmussen, Mary	USAC
Schrieber, Johnnay	USAC
Skadin, Andy	FCC

**ACTION ITEMS:**

**a5. Approval of High Cost & Low Income Committee Meeting Minutes of April 26, 2011.**

On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of April 26, 2011.

**a6. Approval of 4th Quarter 2011 and Revised 2011 Annual High Cost and Low Income Support Mechanisms Programmatic Budgets.** Mr. Belden presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee approves a 4th Quarter 2011 programmatic budget for the High Cost Support Mechanism of \$1.3 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.3 million for High Cost Support Mechanism administrative expenses in the required August 2, 2011 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a revised 2011 annual programmatic budget for the High Cost Support Mechanism of \$4.9 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low

Income Committee approves a 4th Quarter 2011 programmatic budget for the Low Income Support Mechanism of \$1.8 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.5 million for Low Income Support Mechanism administrative expenses in the required August 2, 2011 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a revised 2011 annual programmatic budget for the Low Income Support Mechanism of \$3.4 million.

- a3. Approval of 4th Quarter 2011 High Cost and Low Income Support Mechanisms Demand Projections for the August 2, 2011 FCC Filing.** Ms. Majcher presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on July 25, 2011, a summary of the 3rd Quarter 2011 High Cost and Low Income Support Mechanisms demand estimates, hereby directs USAC staff to proceed with the required August 2, 2011 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$15 million.

- a4. Action on One USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee determines that discussion of the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report labeled HC2009BE002 shall be conducted in *Executive Session*.

- a5. Action on 10 USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Delmar presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports listed in Exhibit I to the issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a6. Consideration of Contract Award for Low Income Support Mechanism Printing and Mailing Services.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee determines that consideration of the recommended contract award to acquire printing and mailing services shall be conducted in *Executive Session*.

- a7. Miscellaneous. Solicit Ideas for the October 2011 Committee Agenda.** Mr. Lubin reminded Committee members that they may offer suggestions for agenda items for the October 2011 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.

#### **INFORMATION ITEMS:**

- ii. High Cost and Low Income Support Mechanisms Update.** Ms. Majcher presented this item to the Committee, noting that:
- USAC staff anticipates a time savings of over six hours of system runtime each month in CETC support calculations with the completion of the cap feeder system integration.
  - On April 1, 2011, FCC staff sent USAC a letter (DA 11-591) providing guidance on the implementation of the interim caps on High Cost CETC support for AT&T and Alltel that were conditions of AT&T and Alltel's respective mergers in 2007. USAC recovered over \$19 million of AT&T support in April 2011 disbursements paid in May 2011. USAC did not recover Alltel support in April 2011 disbursements as Verizon Wireless filed with the FCC a petition for reconsideration of the Alltel funds recovery.
  - On June 6, 2011, FCC staff sent USAC a letter (DA 11-988) summarizing the procedures USAC should follow when a competitive eligible telecommunications carrier files revised line count reports with USAC. The letter was consistent with

USAC's historical and ongoing administrative practice of adjusting support payments under the interim cap on CETC support

- As of March 18, 2011, only one Round 3 FCC Office of Inspector General (OIG) USF audit program High Cost Program beneficiary follow-up audit is outstanding.
- USAC is currently working on a series of in-depth data validations (IDVs) designed to identify Lifeline subscribers that receive more than one Lifeline subsidy.
- On June 21, 2011, the FCC released a Report and Order (FCC 11-97) that codifies the limitation that an eligible low income consumer may receive only one Lifeline supported service. The Order also adopts a process for an ETC to de-enroll a Lifeline subscriber when it has been identified that the subscriber is receiving more than one subsidy.
- On June 21, 2011, FCC staff sent USAC a letter (DA 11-1082) providing guidance to USAC on the process it should follow following identifying and resolving duplicative Lifeline claims found through the IDVs conducted in specific states or at any other time USAC becomes aware of duplicative claims for Lifeline support.
- On May 13, 2011, FCC staff sent USAC a letter (DA 11-872) instructing USAC to file a plan for changing the Low Income Program payment process to pay carriers on their actual support claims rather than the current process of payments based on projections.
- USAC performed a pilot outreach effort to consumers who are potentially eligible for Low Income Program benefits. Targeted at consumers in the five states using federal program eligibility criteria with the lowest rates of participation, the outreach activity involved distributing information to consumers through third-party organizations that already work with people potentially eligible for support. The information materials consisted of a tool kit that enables service organization staff members to understand and explain to their clients Low Income Program benefits.

**i2. Information on Low Income Support Mechanism Duplicate Data Review and Remediation.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to *internal rules and procedures and matters pending before the FCC*.

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 the Low Income Support Mechanism Duplicate Data Review and Remediation shall be conducted in *Executive Session*.

At 2:22 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

**EXECUTIVE SESSION:**

- a4. Action on One USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report.** Ms. Delmar presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report labeled HC2009BE002 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

- a6. Consideration of Contract Award for Low Income Support Mechanism Printing and Mailing Services.** Mr. Belden presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract for two years to acquire the printing and mailing services described in this issue paper from SourceLink of Ohio, LLC for the total not-to-exceed price of \$170,000.00, plus reimbursable USPS postage.

- i2. Information on Low Income Support Mechanism Duplicate Data Review and Remediation.** Ms. Majcher presented this item to the Committee.

At 3:05 p.m. Eastern Time, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time, Mr. Lubin reported that the Committee in *Executive Session* took action on items a4 and a6 and discussed item i2 above as well as certain aspects of the CETC High Cost interim cap and recent FCC directives. On a motion duly made and seconded, the Committee adjourned at 3:07 p.m. Eastern Time.

/s/ David A. Capozzi  
Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**HIGH COST & LOW INCOME COMMITTEE MEETING**

**August 31, 2011**

**MINUTES**

A meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Wednesday, August 31, 2011. Mr. Joel Lubin, Committee Chair, called the meeting to order at 2:03 p.m. Eastern Time, with a quorum of seven of the eight Committee members present (there is one vacancy):

Barash, Scott – Acting Chief Executive Officer	Jortner, Wayne – <i>by telephone</i>
Bergmann, Scott – <i>by telephone</i>	Lubin, Joel – Chair – <i>by telephone</i>
Feiss, Geoff – <i>by telephone</i>	Mitchell, Randy – <i>by telephone</i>
Jacobs, Ellis – <i>by telephone</i>	

Members of the Committee not present:

Gillan, Joe – Vice Chair

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer  
Capozzi, David – Acting General Counsel and Assistant Secretary  
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer  
Majcher, Karen – Vice President, High Cost & Low Income Division

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Bright, Anne	FCC
Nuzzo, Patsy	USAC

**ACTION ITEMS:**

- a7. Approval of Revised 4th Quarter 2011 Low Income Support Mechanisms Demand Projections to be Included with the September 1, 2011 Contribution Base Filing.** Ms. Majcher presented this item to the Committee. Mr. Jortner departed the meeting at 2:28 p.m. Eastern. He participated in the discussion of, but did not vote on item a1.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on August 31, 2011, a summary of the revised 4th Quarter 2011 Low Income Support Mechanism demand estimate, hereby directs USAC staff to file with the FCC the revised projection as part of the universal service contribution base filing on September 1, 2011. Staff may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$15 million.

On a motion duly made and seconded, the Committee adjourned at 2:32 p.m. Eastern Time.

/s/ David A. Capozzi  
Assistant Secretary



**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**HIGH COST & LOW INCOME COMMITTEE MEETING**

**October 24, 2011**

**MINUTES**

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, October 24, 2011. Mr. Joel Lubin, Committee Chair, called the meeting to order at 1:29 p.m. Eastern Time, with all eight Committee members present (there is one vacancy):

Barash, Scott – Acting Chief Executive Officer	Jacobs, Ellis
Bergmann, Scott	Jortner, Wayne
Feiss, Geoff	Lubin, Joel – Chair
Gillan, Joe – Vice Chair	Mitchell, Randy

Other Board of Directors (Board) members and officers of the corporation present:

Anderson, D. Michael – Member of the Board  
Belden, Richard – Chief Operating Officer  
Campbell, Anne – Member of the Board  
Capozzi, David – Acting General Counsel and Assistant Secretary  
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer  
Greiner, Colleen – Vice President and Chief Information Officer  
Majcher, Karen – Vice President, High Cost & Low Income Division  
Scott, Wayne – Vice President of Internal Audit  
Talbott, Dr. Brian – Board Chair

Others present for the meeting:

<b><u>NAME</u></b>	<b><u>COMPANY</u></b>
Bailey, Tamia	USAC
Beard, Jay	USAC
Beaver, Tracey	USAC
Binder, Robert	USAC
Cruz, Grace	USAC
Davis, Craig	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Falkowitz, Ed	USAC
Gallant, Pamela	USAC
Gonzales, Veronica	USAC

<u>NAME</u>	<u>COMPANY</u>
Hagemeyer, Jeremy	USAC
Hughes, Jeff	USAC
Hughet, Pamela	USAC
Iversen, Eric	USAC
Lee, James	USAC
Lischick, Peter	USAC
Lougheed, Matt	USAC
Meador, Shay	USAC
Nuzzo, Patsy	USAC
Pertsevoi, Elizabeth	USAC
Rasmussen, Mary	USAC
Reynolds, Daniel	USAC
Salvator, Charles	USAC
Sinkfield, David	USAC

**ACTION ITEMS:**

- a8. Approval of High Cost & Low Income Committee Meeting Minutes of July 25, 2011 and August 31, 2011.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meetings of July 25, 2011 and August 31, 2011.
- a9. Approval of 1st Quarter 2012 High Cost and Low Income Support Mechanisms Programmatic Budgets and Information on the Estimated 2012 Annual Budgets.** Mr. Belden presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2012 programmatic budget for the High Cost Support Mechanism of \$1.1 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.1 million for High Cost Support Mechanism administrative expenses in the required November 2, 2011 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2012 programmatic budget for the Low Income Support Mechanism of \$1.2 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.2 million for Low Income Support Mechanism administrative expenses in the required November 2, 2011 filing to the FCC on behalf of the Committee.

- a3. **Approval of 1st Quarter 2012 High Cost and Low Income Support Mechanisms Demand Projections for the November 2, 2011 FCC Filing.** Ms. Majcher presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on October 24, 2011, a summary of the 1st Quarter 2012 High Cost and Low Income Support Mechanisms demand estimates, hereby directs USAC staff to proceed with the required November 2, 2011 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$15 million.

- a4. **Action on One USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee determines that discussion of the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report labeled HC2009BE001 shall be conducted in *Executive Session*.

- a5. **Action on One USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report.** Ms. Delmar presented this item to the Committee, noting that this is the first High Cost Program beneficiary audit conducted under the USAC Beneficiary and Contributor Audit Program (BCAP). Ms. Delmar also noted that the audit was conducted by USAC staff at approximately one-half the cost that would have been incurred if an outside audit firm had been used.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report labeled HC2011BE001 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

**a6. Action on 14 USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Delmar presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports listed in Exhibit I to this issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

**a7. Miscellaneous.**

**a7.1 Solicit Ideas for the January 2012 Committee Agenda.** Mr. Lubin reminded Committee members that they may offer suggestions for agenda items for the January 2012 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.

**a7.2 Discussion of Administration of the High Cost Program Reform Order.** The Committee and staff discussed USAC's preliminary plans for administration of the anticipated High Cost Program reform order, which the FCC is scheduled to consider in November. The Committee requested that staff provide an in-depth briefing of its plans for administration of the new order at the January meeting.

**INFORMATION ITEMS:**

**i1. High Cost and Low Income Support Mechanisms Update.** Ms. Majcher presented this item to the Committee, noting that:

- USAC staff integrated and deployed Competitive Eligible Telecommunications Carrier (CETC) interim cap functionality in the High Cost Program operation system to eliminate remaining external systems used in calculating CETC capped support. This system deployment improved calculation processing times by 35%.
- The FCC released three orders affecting High Cost Program support (FCC 11-102, DA 11-1337, DA 11-1366).
- The percentage of CETCs using the online Form 525 increased to 80.5% in the July 31, 2011 filing.
- USAC staff made presentations at five industry events during 3rd Quarter 2011.
- On June 21, 2011, the FCC released a Report and Order (FCC 11-97) establishing the limitation that an eligible low income consumer may receive only one Lifeline supported service. The Order also adopted a process for an ETC to de-enroll a

Lifeline subscriber when it has been identified that the subscriber is receiving more than one Lifeline supported service.

- On June 21, 2011, FCC staff sent USAC a directive (DA 11-1082) providing guidance on the process for identifying and resolving duplicative Lifeline claims found through the in-depth data validations (IDVs) conducted in specific states or at any other time USAC becomes aware of duplicative claims for Lifeline support.
- On September 23, 2011, the FCC Wireline Competition Bureau (WCB) issued a Public Notice seeking comment on USAC's proposal for disbursing Low Income Program support to eligible telecommunications carriers (ETCs) based upon claims for reimbursement of actual support payments made, instead of projected claims for support. Payments based on actual support payments could replace the current administrative process, under which USAC reimburses ETCs for Low Income Program support each month based on USAC's projection of payments and on a "true-up" calculated using an ETC's actual support payments.
- Two new Low Income Program appeals were received in 3Q2011.

**i2. Update on Low Income Duplicate Data Review and Remediation.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to *internal rules and procedures and matters pending before the FCC*.

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 the Low Income Support Mechanism Duplicate Data Review and Remediation effort shall be conducted in *Executive Session*.

At 2:56 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

#### **EXECUTIVE SESSION:**

**a4. Action on One USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report.** Ms. Delmar presented this item to the Committee.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report labeled HC2009BE001 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

**i2. Update on Low Income Duplicate Data Review and Remediation.** Ms. Majcher presented this item to the Committee.

At 3:27 p.m. Eastern Time, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time, Mr. Lubin reported that the Committee in *Executive Session* took action on item a4 and discussed item i2 above. On a motion duly made and seconded, the Committee adjourned at 3:33 p.m. Eastern Time.

/s/ David A. Capozzi  
Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**HIGH COST & LOW INCOME COMMITTEE MEETING**

**December 7, 2011**

**MINUTES**

A meeting of the High Cost & Low Income Committee (Committee) of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, December 7, 2011. Mr. Joel Lubin, Committee Chair, called the meeting to order at 12:02 p.m. Eastern Time, with all eight Committee members present (there is one vacancy):

Barash, Scott – Acting Chief Executive Officer	Jacobs, Ellis– <i>by telephone</i>
Bergmann, Scott – <i>by telephone</i>	Jortner, Wayne– <i>by telephone</i>
Feiss, Geoff– <i>by telephone</i>	Lubin, Joel – Chair– <i>by telephone</i>
Gillan, Joe – Vice Chair– <i>by telephone</i>	Mitchell, Randy – <i>by telephone</i>

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer  
Capozzi, David – Acting General Counsel and Assistant Secretary  
Majcher, Karen – Vice President, High Cost & Low Income Division  
Talbot, Dr. Brian – Board Chair – *by telephone*

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Amalfitano, Vince – <i>by telephone</i>	USAC
Nuzzo, Patsy	USAC

**ACTION ITEMS:**

**a10. Approval of Revised 1st Quarter 2012 High Cost Support Mechanisms Demand**

**Projections.** Ms. Majcher presented this item to the Committee, noting that in footnote 927 of the FCC's Connect America Fund Order (FCC 11-161), released on November 18, 2011, USAC was directed to file a revised High Cost Program demand projection for 1st Quarter 2012 to ensure it is forecasting demand of \$1.125 billion per quarter for the program.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on December 7, 2011, a summary of the revised 1st Quarter 2012 High Cost Support Mechanism demand estimate, hereby directs USAC staff to file it with the FCC. Staff may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$10 million, and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms combined is equal to or less than \$15 million.

- a2. Miscellaneous. Planning for January Committee Meeting Discussion Regarding the Connect America Fund (CAF) Order.** Ms. Majcher noted that the January presentation would focus on the administrative aspects of the Order, including impacts on the budget, the CAF reserve and a timeline. Mr. Lubin also requested that reminders be sent to the entire Board of Directors, reminding them of the change in meeting times and inviting them to attend the High Cost & Low Income Committee to learn about the impact of the order.

On a motion duly made and seconded, the Committee adjourned at 12:36 p.m. Eastern Time.

/s/ David A. Capozzi  
Assistant Secretary