

2003 High Cost & Low Income Committee Meetings Minutes

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 23, 2003	2
April 23, 2003	9
June 24, 2003	13
July 21, 2003	15
August 19, 2003	20
October 20, 2003	22
December 3, 2003.....	27

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING

January 23, 2003

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, NW, Washington, DC, on Wednesday, January 22, 2003. Mr. Joel Lubin, Vice Chair of the Committee, called the meeting to order at 2:10 p.m. Eastern Time. Ms. Cathy Howard, Executive Assistant to the USAC CEO, called the roll.

Seven of the nine members were present representing a quorum:	
Conn, David	Lubin, Joel - Vice Chair
Gumper, Frank	Parrino, Cheryl
Hess, Kevin	Sanford, Jo Anne
Jortner, Wayne	
Two members joined the meeting in progress:	
Buller, Karen - <i>by telephone</i>	Cornell, Diane
Other Board Members and Officers of the Corporation present:	
Campbell, Anne - USAC Board member	
Eichler, Ed - USAC Board member	
Hughes, Alison - USAC Board Member	
Jackson, Jimmy - USAC Board member	
Barash, D. Scott - Assistant Secretary; Vice President & General Counsel	
Carmichael, Mark - Assistant Treasurer; VP, Finance and Financial Operations	
Flannery, Irene - VP, High Cost and Low Income Division	
Haga, Robert - VP, Strategic Planning & USAC Operations	
Others present for the meeting:	
Name	Company
Buckly, Tom	FCC, TAPD
Davis, Ta'Nea	USAC
Delmar, Teleshia	USAC
Faunce, Donna	USAC
Gallant, Pam	USAC
Griffin-Lonon, Sandra	USAC
Howard, Cathy	USAC

Khan, Sameer	USAC
Majcher, Karen	USAC
Miller, Linda	USAC
Niebauer, Amanda	USAC
Okudaira, Nobuko	USAC
Scott, Wayne	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, October 21, 2002.
- a2. Annual Election of Committee Chair and Vice Chair.** Ms. Parrino recalled for the Committee that the USAC Board of Directors elects the Committee Chair and Vice Chair, but that the Board has requested that the Committee provide nominations.

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 **Mr. Kevin Hess** as Chair and **Mr. Joel Lubin** 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 2003 quarterly Board meeting and that shall conclude at the close of the January 2004 quarterly Board meeting.

Committee members Ms. Buller and Ms. Cornell joined the meeting during the discussion of the next item.

- a3. Acceptance of Two High Cost Beneficiary Audit Reports - Confidential & Proprietary - Executive Session.** Mr. Scott, USAC Director of Internal Audit, explained that the USAC Internal Audit Division (IAD) performed two beneficiary audits for the High Cost Support Mechanism: one was randomly picked and one was referred by the High Cost and Low Income Division. He reported that there were findings in both audits. In response to specific questions regarding the audit findings, Mr. Barash recommended that, in accordance with the approved criteria and procedure for conducting USAC Board and Committee business in **Executive Session**, discussion of the specific details of the audit findings be conducted in **Executive Session** because discussion of specific audit plans, targets, findings and/or techniques would constitute a "[d]iscussion of internal rules and procedures concerning the administration of the universal service support mechanisms where discussion of the matter in open session would result in disclosure of confidential techniques and procedures that would compromise program integrity."

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

RESOLVED, That the High Cost & Low Income Committee determines that discussion of the specific details of the audit findings of Audit Nos. HC001BE2002 and HC002BE2002 shall be conducted in **Executive Session**.

See **Executive Session** for a report of the discussion and action taken.

Ms. Parrino clarified that the Committee may either accept or reject an audit report

based on such things as whether the Committee determines that IAD staff performed the audit adequately or whether the report is complete. If the Committee accepts a report, the report then goes to the USAC Audit Committee for approval.

- a4. Acceptance of a High Cost Internal Operations Audit Report - Confidential & Proprietary - Executive Session.** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in **Executive Session**, Mr. Barash recommended that discussion of the specific details of the audit findings be conducted in **Executive Session** because discussion of specific audit plans, targets, findings, and/or techniques would constitute a "[d]iscussion of internal rules and procedures concerning the administration of the universal service support mechanisms where discussion of the matter in open session would result in disclosure of confidential techniques and procedures that would compromise program integrity."

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

RESOLVED, That the High Cost & Low Income Committee determines that discussion of the specific details of the audit findings of Audit No. HC0030P2002 shall be conducted in **Executive Session**.

See **Executive Session** for a report of the discussion and action taken.

- a5. Support Services Contract Extensions - Confidential & Proprietary - Executive Session.** In accordance with the approved criteria and procedure for conducting USAC Board and Committee meetings in **Executive Session**, Mr. Barash recommended that discussion of this item be conducted in **Executive Session** because discussion of this matter, which relates to USAC's **procurement strategy and contract negotiations**, and public disclosure of the matters discussed in this paper would compromise USAC's negotiation strategy to the detriment of the corporation and the Universal Service Support Mechanisms. Moreover, certain matters discussed in this document implicate the **attorney-client privilege** and, therefore, should not be discussed in open session.

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 details of proposed contract extensions for administrative support services related to the High Cost Support Mechanism shall be conducted in **Executive Session**.

See **Executive Session** for a report of the discussion and action taken.

- a6. Approval of the Annual 2003 and 2nd Quarter 2003 High Cost and Low Income Programmatic Budgets.** Ms. Faunce, USAC Budget & Finance Analyst, reported that the High Cost Support Mechanism estimated 2003 annual budget is higher than the 2002 actual budget. The increase is attributable to new positions and increased vendor costs (NECA) to restructure its operations personnel to handle the increased workload created by FCC-directed changes to the High Cost Support Mechanism. The increased contractor costs also affect the 2nd Quarter 2003 High Cost Support Mechanism budget, creating an increase over actual 2nd Quarter 2002 expenditures. The Low Income Support Mechanism estimated 2003 annual budget is lower than the 2002 actual budget due to the elimination of one staff position and lower beneficiary audit costs. The 2nd Quarter 2003 Low Income Support Mechanism budget will increase, however, over 2nd Quarter 2002 due primarily to the timing of actual expenditures for the agreed upon procedures audit.

Ms. Flannery explained that the increased support services contractor costs for High Cost Support Mechanism administration are due to the increased complexity involved in supporting four components of the High Cost Support Mechanism. USAC staff indicated that it is important to provide a quality assurance function and to develop systems to process the data to provide better overall service and increased quality. The restructuring will include reorganizing and expanding the staff responsible for supporting the mechanisms; NECA also proposed upgrading the system design. Ms. Parrino explained that the majority of the proposed budget increase is due to the additional staff and that it will be an ongoing cost. The organizational restructuring will provide USAC with greater control and oversight over the operation of the High Cost Support Mechanism.

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 2003 programmatic budget for the High Cost Support Mechanism of \$3,613,400; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 2nd Quarter 2003 programmatic budget for the High Cost Support Mechanism of \$926,400; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves an annual 2003 programmatic budget for the Low Income Support Mechanism of \$952,000; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 2nd Quarter 2003 programmatic budget for the Low Income Support Mechanism of \$270,700.

- a7. Approval of 2nd Quarter 2003 High Cost and Low Income Support Mechanisms Projections and Resolution on the January 31, 2003, FCC Filing.** Ms. Flannery discussed the projected demand for High Cost and Low Income support in 2nd Quarter 2003. She distributed a revised issue paper and original copies of Attachments A, B, and C. She reviewed the revised numbers and summarized the projections for the various components of the High Cost and Low Income Support Mechanisms.

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 22, 2003, a summary of the 2nd Quarter 2003 support mechanism demand estimates, including administrative costs, as provided in Attachment A, for High Cost Loop Support, Long Term Support, Local Switching Support, Interstate Common Line Support, Interstate Access Support, the non-rural forward-looking High Cost Model support, Lifeline, Link Up, and Toll Limitation Service, hereby directs USAC staff to proceed with the required January 31, 2003, 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 and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms is equal to or less than \$15 million.

Committee member Ms. Buller briefly left the meeting and then returned during the

discussion of the next item.

a8. Miscellaneous.

- **Request for a "Primer" on the High Cost Support Mechanism.** Mr. Jackson informed the Committee that he encounters a great deal of misunderstanding in the industry as to the operation of the High Cost Support Mechanism. He said that in light of the fact that the Federal-State Joint Board on Universal Service (Joint Board) has been charged with determining if changes need to be made to the High Cost Support Mechanism, he suggested that USAC staff prepare a document or "primer" outlining how the various components of the High Cost Support Mechanism works, particularly with respect to competitive carriers, and to indicate exactly which entity-USAC or NECA-is responsible for various steps in the procedures. Mr. Jackson stated that this primer could assist the Joint Board in determining if changes need to be made to the rules, and could also be used by the Committee when answering constituents' questions. The consensus of the Committee was to **DIRECT** USAC staff to create such a document outlining the High Cost process for use by the Committee and to then have the CEO inform the Chair of the Joint Board (FCC Commissioner Kathleen Abernathy) of the document and inquire whether she thinks it would be a helpful document for the Joint Board to review. USAC staff will also discuss the usefulness of such a primer with FCC staff.

Information Items

- i1. High Cost and Low Income Support Mechanisms Update.** Ms. Flannery reported on the operations of the High Cost Support Mechanism: disaggregation in Washington state is complex and staff is working with the state Public Utilities Commission and the FCC to resolve outstanding issues; the new forms to be used for Interstate Common Line Support Mechanism are close to being approved and should be ready in time to collect the projected revenue requirement data due on March 31, 2003; the Request for Proposals for support services for the High Cost and Low Income Universal Service Support Mechanisms would be issued in late January 2003; NECA is reorganizing support staff and improving the system design that is used for supporting the High Cost Support Mechanism as discussed in budget agenda item #aHCLI06 above; as of this date, the amount owed by a carrier to USAC for overpayment of Local Switching Support is down to \$1.2 million from the original total of \$4.1 million; and Link Up support on tribal lands continues to decrease. Ms. Flannery referred the Committee to the issue paper for an explanation of possible reasons for the continuing decline in tribal lands Link Up.
- i2. USAC Internal Audit Status Report on USAC Audits.** Mr. Scott noted that the Committee has already addressed most of the audit reports under the action items above. He said that the 2003 Audit Plan proposes more High Cost and Low Income beneficiary audits by IAD.
- i3. High Cost and Low Income Support Mechanism Timeline and Key Dates.** For information only. No discussion held.
- i4. Miscellaneous.** None.

At 3:28 p.m., on a motion duly made and seconded, the Committee voted to move into **Executive Session** for purposes of discussing the confidential and proprietary items as noted above.

Executive Session

a3. Acceptance of Two High Cost Beneficiary Audit Reports - Confidential & Proprietary - Executive Session. The USAC Internal Audit Staff discussed with the Committee specific findings of the audit reports.

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 accepts the report of Audit No. HC001BE2002, *as presented by the USAC Internal Audit Division, but revised to include a footnote to indicate that an audit of Low Income support received was not included in the scope of this High Cost beneficiary audit,* and Audit No. HC002BE2002, as presented by the USAC Internal Audit Division.

a4. Acceptance of a High Cost Internal Operations Audit Report - Confidential & Proprietary - Executive Session. The USAC Internal Audit Staff discussed with the Committee specific findings of the audit reports.

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

RESOLVED, That the USAC High Cost & Low Income Committee accepts the report of Audit No. HC0030P2002, as presented by the USAC Internal Audit Division.

a5. Support Services Contract Extensions - Confidential & Proprietary - Executive Session. Ms. Flannery explained that the Committee has already given USAC staff authorization to extend these support services contracts but thought it prudent to bring the details of the contract extensions before the Committee in an ongoing effort to keep them informed of the support services being performed by outside consultants for the High Cost Support Mechanism.

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

RESOLVED, That the USAC High Cost & Low Income Committee authorizes the USAC CEO to enter into an extension of the consulting agreement with Mr. David Rolka and the Rhoads & Sinon Group, LLC through December 31, 2003, with appropriate modifications, to perform administrative support services associated with High Cost support for rural and non-rural companies; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee authorizes the USAC CEO to enter into an extension of the contract with the Rhoads & Sinon Group, LLC through December 31, 2003, with appropriate modifications, to perform administrative support services associated with the Interstate Common Line Support Mechanism.

The Committee adjourned from **Executive Session** and reconvened in open session at 4:05 p.m. to report the discussions and actions of the Committee during **Executive Session**.

Mr. Lubin welcomed the Committee's newest member, Ms. Jo Anne Sanford. There being no further business, Mr. Lubin adjourned the meeting at 4:07 p.m.

Robert W. Haga
Assistant Secretary

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

April 23, 2003

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, NW, Washington, DC, on Wednesday, April 23, 2003. Mr. Kevin Hess, Chair of the Committee, called the meeting to order at 2:02 p.m. Eastern Time. Ms. Cathy Howard, Executive Assistant to the USAC CEO, called the roll.

All nine members were present representing a quorum:	
Buller, Karen	Jortner, Wayne
Cornell, Diane	Lubin, Joel – Vice Chair – <i>by telephone</i>
Conn, David	Parrino, Cheryl
Gumper, Frank	Sanford, Jo Anne – <i>by telephone</i>
Hess, Kevin – Chair	
Other Board Members and Officers of the Corporation present:	
Campbell, Anne – USAC Board member	
Eichler, Ed – USAC Board member	
Jackson, Jimmy – USAC Board member	
Talbot, Brian – USAC Board member	
Barash, D. Scott – Vice President and General Counsel	
Blackwell, Mel – VP, External Communications and Rural Health Care Division	
Carmichael, Mark – Assistant Treasurer; VP, Finance and Financial Operations	
Flannery, Irene – VP, High Cost and Low Income Division	
Haga, Robert – Assistant Secretary; VP, Strategic Planning and USAC Operations	
Others present for the meeting:	
NAME	COMPANY
Bayona, Janet	USAC
Buckly, Tom	FCC, TAPD

Others present for the meeting:	
NAME	COMPANY
Davis, Craig	USAC
Davis, Ta'Nea	USAC
Delmar, Teleshia	USAC
Faunce, Donna	USAC
Gallant, Pam	USAC
Howard, Cathy	USAC
Khan, Sammy	USAC
Lenhardt, Chris	USAC
Majcher, Karen	USAC
Miller, Linda	USAC
Niebauer, Amanda	USAC
Okudaira, Nobuko	USAC
Parry, John	NECA
Scott, Wayne	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 Wednesday, January 22, 2003.
- a2. Action on the 2002 Low Income Beneficiary Audit Report.** Ms. Gallant, USAC Director of the Low Income Program, introduced this item and responded to questions on the findings. Ms. Flannery verified that there were a higher number of substantive findings than in previous years, and that there were a smaller number of carriers reviewed compared to previous years. Ms. Flannery also verified that the carriers were not selected strictly at random.

On a motion duly made and seconded, the Committee adopted the following resolution. Mr. Hess explained that he has a potential conflict with two of the audited beneficiaries both of which have affiliations with the company for which he works, TDS Telecom, and thus he voted in favor of the motion but abstained on the reports pertaining to the two companies in question.

RESOLVED, That the USAC High Cost & Low Income Committee has reviewed the 2002 Low Income Beneficiary Audit, together with management's response thereto, and recommends to the USAC Audit Committee that the audit report be deemed final.

- a3. Approval of the 3rd Quarter 2003 High Cost and Low Income Support Mechanism Programmatic Budgets.** Ms. Faunce, USAC Budget and Finance Analyst,

introduced this item. A Committee member requested that, in the future, the charts that accompany this issue paper include actual previous year costs as soon as they are available.

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 2003 programmatic budget for the High Cost Support Mechanism of \$924,000; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 3rd Quarter 2003 programmatic budget for the Low Income Support Mechanism of \$269,500.

- a4. Approval of 3rd Quarter 2003 High Cost and Low Income Support Mechanisms Projections and Resolution on the May 2, 2003, FCC Filing.** Ms. Flannery introduced this item, reviewed the revised numbers, and summarized the projections for the various components of the High Cost and Low Income Support Mechanisms. She distributed a revised issue paper and original copies of Attachments A, B, C, and D. A Committee member requested that, in the future, staff include numbers on incumbents in Attachment D.

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, 2003, a summary of the 3rd Quarter 2003 support mechanism estimates, including administrative costs for High Cost Loop Support, Long Term Support, Local Switching Support, Interstate Common Line Support, Interstate Access Support, the non-rural forward-looking High Cost Model support, Lifeline, Link Up, and Toll Limitation Service, hereby directs USAC staff to proceed with the required May 2, 2003, 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 and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms is equal to or less than \$15 million.

a5. Miscellaneous.

- **Solicit Ideas for July Committee Agenda.** Mr. Hess reported that Ms. Parrino and Mr. Gumper discussed the process for preparing the agendas for the quarterly meetings and decided to include this miscellaneous item on each quarterly Committee agenda. Mr. Hess said that Committee members may offer suggestions for agenda items at each quarterly meeting or by contacting him or Ms. Parrino between quarterly meetings with suggestions.

Information Items

i1. High Cost and Low Income Support Mechanisms Update. Ms. Flannery reported on the operations of the High Cost and Low Income Support Mechanisms. First, FCC Forms 508 and 509 for Interstate Common Line Support are now available online. Second, the request for proposals process for support services for the High Cost and Low Income Support Mechanisms is on schedule, with an anticipated contract award date in August. Third, NECA has restructured its vendor support operations and has redesigned certain systems it uses in its role as USAC's vendor for the High Cost and Low Income Support Mechanisms. Fourth, as of this date, the amount owed by a carrier to USAC for overpayment of Local Switching Support is down to \$438,000 from the original \$4.1 million and staff expects the balance to be paid by June 2003. The outstanding balance includes approximately \$100,000 in interest assessed pursuant to FCC directive. Fifth, staff created a High Cost primer pursuant to the Committee's request, which Ms. Flannery said she would review with the Committee at the end of the meeting. Sixth, two High Cost Assistant Managers and one Administrative Assistant have been hired in the HCLI Division. Seventh, the Spanish-language pages of the Lifeline and Link Up consumer information pages on USAC's web site have been updated consistent with the English-language pages and will continue to be updated simultaneously to ensure consistency between the two versions. Finally, Link Up support on tribal lands has increased slightly from 3Q2002 to 4Q2002, marking the first time there has been such an increase since 4Q2001. A Committee member questioned why a company in Indiana received tribal Link Up support when there are no tribal lands in Indiana. The Committee **DIRECTED** staff to investigate this matter.

i2. Status Report on High Cost and Low Income Support Mechanisms Audits.

Mr. Scott, USAC Director of Internal Audit, reported that the planned audits of High Cost and Low Income Support Mechanisms beneficiaries have begun, but that during first quarter 2003, staff resources were redirected to conduct Schools and Libraries Support Mechanism beneficiary audits.

i3. Status Report on Actions Taken on Final Audits. Mr. Scott explained that this will be a new issue paper that will provide details of follow-up actions being taken on final audits and that, once all follow-up action has been reported on an audit, the audit will be dropped from this listing.

i4. Miscellaneous. None.

At 3:00 p.m., the Chair called a recess. At the call of the Chair, the Committee reconvened at 3:10 p.m.

INFORMATION ITEMS:

i1. High Cost and Low Income Support Mechanisms Update. Ms. Flannery reviewed for the Committee the High Cost primer.

There being no further business, Mr. Hess adjourned the meeting at 3:55 p.m.

Robert W. Haga
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING

June 24, 2003

MINUTES

A meeting of the High Cost & Low Income (HCLI) Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the USAC office in Washington, DC, on Tuesday, June 24, 2003. Mr. Kevin Hess, Chair of the Committee, called the meeting to order at 3:03 p.m. Eastern Time. Ms. Cathy Howard, Executive Assistant to the USAC CEO, called the roll.

Six of the nine members were present representing a quorum:	
Conn, David – <i>by telephone</i>	Lubin, Joel – Vice Chair – <i>by telephone</i>
Hess, Kevin – Chair – <i>by telephone</i>	Parrino, Cheryl – <i>by telephone</i>
Jortner, Wayne – <i>by telephone</i>	Sanford, Jo Anne – <i>by telephone</i>
One member joined the meeting in progress:	
Cornell, Diane – <i>by telephone</i>	
Two members were absent:	
Buller, Karen	Gumper, Frank
Other Board Members and Officers of the Corporation present:	
Jackson, Jimmy – USAC Board member	
Barash, D. Scott – Vice President and General Counsel	
Flannery, Irene – VP, High Cost and Low Income Division	
Others present for the meeting:	
NAME	COMPANY
Davis, Ta'Nea	USAC
Delahunty, Steve	USAC
Howard, Cathy – <i>by telephone</i>	USAC
Majcher, Karen	USAC
Miller, Linda	USAC

Action Items

- a1. Approval of Proposed Course of Action Regarding the Proposals Received in Response to the Request for Proposals for the Performance of Services Related to the High Cost and Low Income Universal Service Support Mechanisms – Confidential & Proprietary – Executive Session.** Mr. Barash recommended that discussion of this item be conducted in **Executive Session** because discussion of this matter, which relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed in this paper would compromise USAC's negotiation strategy to the detriment of the corporation and the Universal Service Fund. In addition, Mr. Barash said that the Committee's practice has been to take such issues under **Executive Session**.

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 management's proposed course of action regarding the proposals received in response to the Request for Proposals for the Performance of Services Related to the High Cost and Low Income Universal Service Support Mechanisms shall be conducted in **Executive Session**.

The Committee then immediately voted to move into **Executive Session**. Board member Ms. Cornell joined the meeting at this point.

Executive Session:

- a1. Approval of Proposed Course of Action Regarding the Proposals Received in Response to the Request for Proposals for the Performance of Services Related to the High Cost and Low Income Universal Service Support Mechanisms – Confidential & Proprietary – Executive Session.** Ms. Flannery explained the evaluation process used by the evaluation team to rate the proposals USAC received in response to its Request for Proposals and reviewed USAC management's proposed course of action regarding those proposals.

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

RESOLVED, That the USAC High Cost & Low Income Committee accepts the recommendations made by the High Cost and Low Income Request for Proposals evaluation team and hereby approves the course of action proposed by USAC management regarding the proposals received in response to the Request for Proposals for the Performance of Services Related to the High Cost and Low Income Universal Service Support Mechanisms.

There being no further business, Mr. Hess adjourned the meeting at 3:44 p.m.

Robert W. Haga
Assistant Secretary

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

July 21, 2003

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, NW, Washington, DC, on Monday, July 21, 2003. Mr. Hess, Chair of the Committee, called the meeting to order at 2:01 p.m. Eastern Time. Ms. Howard, Executive Assistant to the USAC CEO, called the roll.

Eight of the nine members were present representing a quorum:	
Buller, Karen	Jortner, Wayne
Cornell, Diane	Lubin, Joel - Vice Chair
Gumper, Frank	Parrino, Cheryl
Hess, Kevin - Chair	Sanford, Jo Anne
One member joined the meeting in progress:	
Conn, David	
Other Board Members and Officers of the Corporation present:	
Campbell, Anne - USAC Board member	
Eichler, Ed - USAC Board member	
Barash, D. Scott - Vice President and General Counsel	
Carmichael, Mark - Assistant Treasurer; VP, Finance and Financial Operations	
Flannery, Irene - VP, High Cost and Low Income Division	
Haga, Robert - Assistant Secretary; VP, Strategic Planning and USAC Operations	
Others present for the meeting:	
Name	Company

Bayona, Janet	USAC
Buckly, Tom	FCC, TAPD
Davis, Craig	USAC
Davis, Ta'Nea	USAC
Delmar, Teleshia	USAC
Dunn, Amanda	USAC
Faunce, Donna	USAC
Gallant, Pam	USAC
Howard, Cathy	USAC
Khan, Sammy	USAC
Lenhardt, Chris	USAC
Majcher, Karen	USAC
Miller, Linda	USAC
Okudaira, Nobuko	USAC
Scott, Wayne	USAC
Spead, Michael	USAC
Waugaman, Seth	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 Wednesday, April 23, 2003.
- a2. Action on Two Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Delmar, USAC Senior Auditor, introduced this item and responded to questions. She stated that these reports are the first set of reports resulting from a series of Low Income beneficiary audits to be performed by the USAC's Internal Audit Division. She explained that USAC decided to begin with randomly selected small companies. A Committee member noted that the dollar amounts involved in these audits were very low and questioned the wisdom of auditing such beneficiaries when compared with the audit costs. Ms. Flannery noted that, even if a company is not receiving much Low Income support, it is still important to perform an audit to verify that the company is advertising the program consistent with FCC rules.

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

RESOLVED, That the USAC High Cost & Low Income Committee has reviewed Audit Reports labeled LI2003BE002 and LI2003BE003 together with management's response thereto, and recommends to the USAC Audit Committee that each audit report be deemed final.

Committee member Mr. Conn arrived during discussion of the next agenda item.

- a3. Approval of the 4th Quarter 2003 High Cost and Low Income Support Mechanism Programmatic Budgets.** Ms. Faunce, USAC Budget and Finance Analyst, introduced this item. There were no questions or further discussion.

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 2003 programmatic budget for the High Cost Support Mechanism of \$879,200; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 4th Quarter 2003 programmatic budget for the Low Income Support Mechanism of \$204,700.

- a4. Approval of 4th Quarter 2003 High Cost and Low Income Support Mechanisms Projections and Resolution on the August 1, 2003, FCC Filing.** Ms. Flannery introduced this item and noted that the High Cost Support Mechanism projection numbers presented to the Committee are virtually identical to what was presented at the April 2003 quarterly meeting because the new data on which 4th Quarter 2003 High Cost support is based is not due until July 31, 2003. She said that the numbers would be trued-up for the 1st Quarter 2004 filing. With respect to the prior period adjustment, Mr. Carmichael explained that the estimated collection requirement for the Universal Service Fund was less than the actual amount billed to carriers primarily due to the FCC rounding the contribution factor up to the nearest tenth of a percent. As a result, USAC bills and collects more than we estimate is required. He said that the over-collection would be included in the prior period true up as a reduction for each of the support mechanisms in the 4th Quarter 2003 USAC filing with the FCC.

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 July 21, 2003, a summary of the 4th Quarter 2003 support mechanism estimates, including administrative costs for High Cost Loop Support, Long Term Support, Local Switching Support, Interstate Common Line Support, Interstate Access Support, the non-rural forward-looking High Cost Model support, Lifeline, Link Up, and Toll Limitation Service, hereby directs USAC staff to proceed with the required August 1, 2003, 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 and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms is equal to or less than \$15 million.

- a5. Approval of Procedure for Handling Appeals Concerning the High Cost and Low Income Support Mechanisms and Proposed Resolution of One Such Appeal.** Mr. Flannery introduced this item. The Committee determined to address each of the two resolutions separately. In response to questions, Ms. Flannery clarified that appeals may be made to either USAC or the FCC.

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

RESOLVED, That the USAC High Cost & Low Income Committee adopts the procedures proposed by staff for the adjudication of appeals to USAC for matters relating to the High Cost and Low Income Support Mechanisms.

There were no questions or further discussion regarding the second resolution.

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

RESOLVED, That the High Cost & Low Income Committee directs USAC staff to dispose of one pending appeal by Granby Telephone Company, a recipient of High Cost support, in accordance with the recommendation made by USAC staff.

a6. Miscellaneous.

- **Solicit Ideas for October Committee Agenda.** Mr. Hess reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting or by contacting him, Ms. Flannery, or Ms. Parrino between quarterly meetings.

Information Items

i1. High Cost and Low Income Support Mechanisms Update. Mr. Hess reported that he had discussed the progress of the contract negotiations regarding the request for proposals for the performance of services related to the High Cost and Low Income Universal Service Support Mechanisms with Ms. Flannery the previous week and negotiations are going well. He said that if the Committee wished to hear further details, the matter should be discussed in **Executive Session**.

Ms. Flannery reported on the status of the changes to the High Cost Support Mechanism information technology system currently in progress at NECA. She compared the "old" system to the "new" system, noting that the new system is intended to consist of two parts: a customer management database and a High Cost Support Mechanism payment system. She reported that the customer management database is complete and functioning. However, she said that there have been significant issues associated with the development of the High Cost Support Mechanism payment system, including significant cost overruns, limited functionality, delays in implementation, and failure to timely communicate these problems to USAC. Ms. Flannery said that the customer management database and the High Cost payment system are only incremental steps towards a more robust system, but that development of the High Cost Support Mechanism payment system nevertheless remains an important first step. Ms. Flannery explained that USAC staff was not informed of the cost overruns until after the fact, and assured the Committee that she would keep the members apprised as new developments occur.

Ms. Flannery reported that the FCC released an order making some changes to the Interstate Common Line Support (ICLS) Mechanism; most notably, the deadline for filing actual common line cost and revenue data has been changed from July 31 to December 31. Finally, with respect to the company in Indiana that was receiving tribal Link Up, she said that USAC staff investigated and discovered that the company had entered data on the wrong line of its FCC Form 497. Ms. Flannery stated that the error has been corrected and that tribal Link Up support is no longer being disbursed to the carrier.

i2. Status Report on High Cost and Low Income Support Mechanisms Audits.

Mr. Scott, USAC Director of Internal Audit, reported that USAC Internal Audit Division staff further reviewed the plans for the High Cost Support Payment audit and decided to expand the audit to cover the full High Cost Support Mechanism payment process to ensure that procedures and controls in place are adequate. In order to perform the requirements of USAC's internal audit plan, Mr. Scott recommended that USAC hire two additional auditors. Mr. Scott further reported that some of the High Cost Support Mechanism beneficiary audits would be further deferred because of the demands on audit resources. Finally, Mr. Scott reported that 5 of the 14 Low Income Support Mechanism beneficiary audits are in progress and 3 more have just commenced.

i3. Status Report on Actions Taken on Final Audits. Mr. Scott said that in response to Board member requests, USAC Internal Audit Division staff will include additional information in this report in the future to aide the Board in tracking the entity involved in the audit.

i4. High Cost and Low Income Support Mechanisms Timeline and Key Dates. For information only. No discussion held.

i5. Miscellaneous. None.

There being no further business, Mr. Hess adjourned the meeting at 2:47 p.m.

Robert W. Haga
Assistant Secretary

Date

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
HIGH COST & LOW INCOME COMMITTEE MEETING

August 19, 2003

MINUTES

A meeting of the High Cost & Low Income (HCLI) Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the USAC office in Washington, DC, on Tuesday, August 19, 2003. Mr. Hess, Chair of the Committee, called the meeting to order at 10:10 a.m. Eastern Time. Ms. Howard, Executive Assistant to the USAC CEO, called the roll.

Eight of the nine members were present, representing a quorum:	
Buller, Karen – <i>by telephone</i>	Jortner, Wayne – <i>by telephone</i>
Cornell, Diane – <i>by telephone</i>	Lubin, Joel – Vice Chair – <i>by telephone</i>
Gumper, Frank – <i>by telephone</i>	Parrino, Cheryl
Hess, Kevin – Chair – <i>by telephone</i>	Sanford, Jo Anne – <i>by telephone</i>
One member was absent:	
Conn, David	
Other Board Members and Officers of the Corporation present:	
Eichler, Ed – USAC Board member – <i>by telephone</i>	
Barash, D. Scott – Vice President and General Counsel	
Carmichael, Mark – Vice President of Finance	
Flannery, Irene – Vice President of High Cost and Low Income Division	
Haga, Robert W. – Assistant Secretary; Vice President of Strategic Planning and USAC Operations	
Others present for the meeting:	
NAME	COMPANY
Davis, Ta'Nea	USAC
Delahunty, Steve	USAC
Gallant, Pam	USAC
Howard, Cathy – <i>by telephone</i>	USAC
Majcher, Karen	USAC
Miller, Linda	USAC

Action Items

- a1. a1. Contract Award for the Performance of Services Related to the High Cost and Low Income Universal Service Support Mechanisms – Confidential & Proprietary – Executive Session.** Mr. Barash recommended that discussion of this item be conducted in **Executive Session** because discussion of this matter relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed in this paper would compromise USAC's negotiation strategy to the detriment of the corporation and the Universal Service Fund.

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 award of a contract based on USAC's Request for Proposals for the Performance of Services Related to the High Cost and Low Income Universal Service Support Mechanisms shall be conducted in **Executive Session**.

The Committee then immediately voted to move into **Executive Session**.

Mr. Hess disclosed that his company, TDS Telecom, has stock in a company under discussion in this information item. The Committee concluded that Mr. Hess could remain for the discussion, but should abstain from the vote. Ms. Flannery introduced the item and responded to questions from Committee members, clarifying components and costs of the proposed contract. Ms. Flannery also brought to the Committee's attention that an interim version of Attachment C, "Summary of Proposed Contract Terms and Contract Documents," was inadvertently distributed. The corrected version clarifies that the sole vendor is Telcordia and that all contractual rights and responsibilities are those of Telcordia.

On a motion duly made and seconded, the Committee adopted the following resolutions; Mr. Hess abstained:

RESOLVED, That the USAC High Cost & Low Income Committee accepts USAC management's proposal to enter into the Agreement for the Performance of Services Related to the High Cost and Low Income Universal Service Support Mechanisms with Telcordia Technologies, Inc., effective as of September 2, 2003; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to reject the proposal of NSI and Rhoads & Sinon to perform such services; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee accepts USAC management's recommendation to increase the 2003 High Cost and Low Income budgets by \$1.6 million (\$800,000 for High Cost and \$800,000 for Low Income) to cover the costs of transitioning from the current vendors to Telcordia Technologies, Inc.

There being no further business, Mr. Hess adjourned the meeting at 10:55 a.m.

Robert W. Haga
Assistant Secretary

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

October 20, 2003

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, NW, Washington, DC, on Monday, October 20, 2003. Mr. Hess, Chair of the Committee, called the meeting to order at 2:00 p.m. Eastern Time. Ms. Howard, Executive Assistant to the USAC CEO, called the roll.

Seven of the nine members were present representing a quorum (there is one vacancy):	
Buller, Karen	Lubin, Joel - Vice Chair
Gumper, Frank	Parrino, Cheryl
Hess, Kevin - Chair	Sanford, Jo Anne
Jortner, Wayne	
One member joined the meeting in progress:	
Cornell, Diane	
Other Board Members and Officers of the Corporation present:	
Campbell, Anne - USAC Board member	
Eichler, Ed - USAC Board member	
Hughes, Alison - USAC Board member	
Jackson, Jimmy - USAC Board member	
Talbot, Dr. Brian - USAC Board member	
Barash, D. Scott - Vice President and General Counsel	
Carmichael, Mark - Assistant Treasurer; VP, Finance and Financial Operations	
Flannery, Irene - VP, High Cost and Low Income Division	
Haga, Robert - Assistant Secretary; VP, Strategic Planning and USAC Operations	
Others present for the meeting:	
NAME	COMPANY
Buckly, Tom	FCC
Cullen, Kathy	Telcordia
Davis, Ta'Nea	USAC
Delmar, Teleshia	USAC

Others present for the meeting:	
NAME	COMPANY
Divak, Helen	Telcordia
Dunn, Amanda	USAC
Faunce, Donna	USAC
Howard, Cathy	USAC
Jones, Cheryl	USAC
Majcher, Karen	USAC
Miller, Linda	USAC
Murphy, Kirstin	USAC
Pritz, Michael	Telcordia
Scott, Wayne	USAC
Spead, Michael	USAC
Waugaman, Seth	USAC

Action Items

- a1. Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the revisions to the minutes of Wednesday, April 23, 2003, and Tuesday, June 24, 2003, as distributed; and approved the minutes of the High Cost & Low Income Committee meetings of Monday, July 21, 2003, and Tuesday, August 19, 2003, as distributed.
- a2. Action on Three Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Delmar, USAC Manager of Internal Audit Division, introduced this item. There were no questions or discussion.

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

RESOLVED, That the USAC High Cost & Low Income Committee has reviewed Audit Reports labeled LI2003BE004, LI2003BE005, and LI2003BE006, together with management's response thereto, and recommends to the USAC Audit Committee that each audit report be deemed final.

- a3. Action on One High Cost Support Mechanism Beneficiary Audit Report.** Ms. Delmar, USAC Manager of Internal Audit Division, introduced this item. There were no questions or discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee has reviewed Audit Report labeled HC2003BE003, together with management's response thereto, and recommends to the USAC Audit Committee that the audit report be deemed final.

- a4. Approval of 1st Quarter 2004 High Cost and Low Income Programmatic Budgets and Information on Estimated 2004 Annual Budgets.** Ms. Faunce, USAC Budget and Finance Analyst, introduced this item. There were no questions or

discussion.

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 2004 programmatic budget for the High Cost Support Mechanism of \$1,089,600; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 1st Quarter 2004 programmatic budget for the Low Income Support Mechanism of \$505,700.

Committee member Ms. Cornell arrived during discussion of the next agenda item.

a5. Approval of 1st Quarter 2004 High Cost and Low Income Support Mechanisms Projections and Resolution on the October 31, 2003, FCC Filing. Ms. Flannery introduced this item. In response to a question, Mr. Carmichael explained that while support levels have been relatively consistent quarter-to-quarter, the total projected demand is difficult to predict from quarter-to-quarter due to the annual FCC Form 499A/Q true-ups by carriers and carriers revising their past FCC Form 499 revenue reports each quarter to more accurately reflect their applicable revenues. As an example, he said that the annual true-up this year resulted in an overall \$42 million adjustment, while last year it resulted in an \$80 million adjustment. In addition, Mr. Carmichael reported that other revisions were made by carriers in the third quarter that result in first quarter 2004 adjustments. Overall, he said that prior period true-ups will always be necessary and are very difficult to predict with any consistency.

The Committee **DIRECTED** staff to revise the quarter-by-quarter summaries to break out the prior-period adjustment into a separate figure from the support mechanism demand.

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 October 20, 2003, a summary of the 1st Quarter 2004 support mechanism estimates, including administrative costs for High Cost Loop Support, Long Term Support, Local Switching Support, Interstate Common Line Support, Interstate Access Support, the non-rural forward-looking High Cost Model support, Lifeline, Link Up, and Toll Limitation Service, hereby directs USAC management to proceed with the required October 31, 2003, 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 and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms is equal to or less than \$15 million.

a6. Miscellaneous.

- **Solicit Ideas for January 2004 Committee Agenda.** Mr. Hess reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting or by contacting him, Ms. Flannery, or Ms. Parrino between quarterly meetings.

Information Items

i1. High Cost and Low Income Support Mechanisms Update. Ms. Flannery reported on three issues. First, she informed the Committee that the FCC issued a press release on October 16, 2003, regarding the FCC's order in response to a remand by the U.S. Court of Appeals of the Tenth Circuit, in which the FCC revised the High Cost Support Mechanism for non-rural carriers (HCM). Ms. Flannery stated that the order has not been released yet but that, according to the press release, the FCC revised the cost benchmark used to determine HCM support from 135 percent to two standard deviations above the average national cost per line (or approximately 132 percent). She further explained that the amount of High Cost support for each state is determined by comparing the statewide average cost per line, estimated by the FCC's forward-looking cost model, to a nationwide cost benchmark. She said that this revision to the mechanism would likely not significantly change the level of support for non-rural carriers.

Second, Ms. Flannery reported that the FCC had resolved the hold harmless issue involving four Verizon study areas from 3rd Quarter 2001. The FCC determined that Verizon's claim of hold harmless support due to the sales of exchanges was consistent with the FCC's phase-down rules, but that Verizon's proposed hold harmless support increase due to revisions in its accounting entries is ineligible. Ms. Flannery stated that adjustments for Verizon as a result of these determinations would be made once NECA, pursuant to its responsibilities under Part 36 of the FCC's rules, has fully reviewed Verizon's data.

Finally, Ms. Flannery reported that the revisions to FCC Form 497, which is the form eligible telecommunications carriers (ETCs) use to submit claims for Low Income support, is in the OMB review process and that she expects the revised form to be approved before the end of the year. She said that the revised form would require ETCs to submit significantly more detailed information than with the current form, which will help USAC better determine carrier eligibility and demand for Low Income support.

In response to a Committee member's request, the Committee **DIRECTED** USAC staff to provide a chart going forward that would indicate the percentage of funds that go to competitive eligible telecommunications carriers (CETCs).

i2. Status of HCLI Vendor Transition. Ms. Flannery reviewed the status of the transition of program support services related to the High Cost and Low Income Support Mechanisms from NECA and Rhoads & Sinon to Telcordia Technologies, Inc. (Telcordia). She explained that Telcordia is using a phased and systematic approach to the transition, which she said is going well. Ms. Flannery introduced Ms. Jones, USAC's new project director for this transition. She then introduced three members of the Telcordia transition team - Ms. Helen Divak, Program manager; Ms. Kathy Cullen, Operations Manager; and Mr. Michael Pritz, Information Technology Manager. Directly before the end of the meeting, the Telcordia team made a presentation to the Committee on Telcordia's transition plan.

i3. Status Report on High Cost and Low Income Support Mechanisms Audits. Mr. Scott, USAC Director of Internal Audit, reported that the USAC auditors are making progress in all the audits for the High Cost and Low Income Support Mechanisms. He said that the USAC auditors have also been providing feedback to the USAC and Telcordia staff as they transition the support services from NECA and Rhoads & Sinon to Telcordia.

- i4. Status Report on Actions Taken on Final Audits.** Mr. Scott, USAC Director of Internal Audit, updated the Committee on actions taken on one Low Income beneficiary audit and the collection efforts for two High Cost beneficiary audits.
- i5. Miscellaneous.** None.

There being no further business, Mr. Hess adjourned the meeting at 2:59 p.m.

Robert W. Haga
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

HIGH COST & LOW INCOME COMMITTEE MEETING

December 3, 2003

MINUTES

The High Cost & Low Income Committee of the Board of Directors of the Universal Service Administrative Company (USAC) took action on the following resolutions by signed ballots as sent by electronic mail by Ms. Irene Flannery, Vice President of the USAC High Cost and Low Income Division. The signed ballots are included as an attachment to these minutes.

- a1. Ratification of Variance between 1st Quarter 2004 High Cost and Low Income Support Mechanisms Projections Approved by the Committee and 1st Quarter 2004 High Cost and Low Income Fund Size Projections Filing.** The USAC High Cost & Low Income Committee approved the following resolutions through means of signed ballots:

RESOLVED, That the USAC High Cost & Low Income Committee ratifies the High Cost Support Mechanism projection of \$805.815 million that was submitted to the FCC in USAC's October 31, 2003 filing for the 1Q2004, which is \$17.568 million greater than the projection that was approved at its October 20, 2003, meeting; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee directs USAC staff to project an amount of High Cost support for competitive carriers that have not yet been designated as ETCs but that have filed line count information with USAC based on a rolling average of the previous four quarters in all future projections presented to the Committee for approval.

Five of the nine members of the Committee submitted signed ballots (there is one vacancy), representing a quorum. The vote count was as follows: YES = 5 (Mr. Gumper, Mr. Hess, Mr. Jortner, Mr. Lubin, and Ms. Parrino); NO = 0. Ms. Buller, Ms. Cornell, and Ms. Sanford did not submit a ballot.

Robert W. Haga
Assistant Secretary