Universal Service Administrative Co.

High Cost Glossary of Terms

Use this High Cost Glossary to find commonly-used terms and definitions.

Terms	Programs	Definitions
498 COMPANY OFFICER	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	The officer of a service provider company who is authorized to certify that data set forth in the FCC Form 498 is true, accurate, and complete. The 498 Company Officer has access to certify forms through USAC's E-File system and occupies a position specified in the company's corporate by-laws (or partnership agreement): typically, president, vice president of operations, vice president of finance, CFO, comptroller, treasurer, or a comparable position. If the reporting entity is a sole proprietorship, the owner must serve as the certifier.
498 ID/SERVICE PROVIDER IDENTIFICATION NUMBER (SPIN)	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	A unique nine-digit number that USAC assigns to a service provider once that service provider has submitted the FCC Form 498 to USAC. Every service provider is required to have a 498 ID/SPIN to participate in any of the four universal service programs and receive payments from USAC. E-Rate program applicants who select the Billed Entity Applicant Reimbursement (BEAR) invoicing process also need to complete an FCC Form 498 and will receive an applicant 498 ID.

Terms	Programs	Definitions
499 COMPANY OFFICER	E-Rate, High Cost, Service Providers	The officer of a service provider company who is authorized to certify that data set forth in the FCC Forms 499-A/Q is true, accurate, and complete. The 499 Company Officer has access to certify forms through USAC's E-File system and occupies a position specified in the company's corporate by-laws (or partnership agreement): typically, president, vice president of operations, vice president of finance, CFO, comptroller, treasurer, or a comparable position. If the reporting entity is a sole proprietorship, the owner must serve as the certifier.
ACCESS RECOVERY CHARGE (ARC)	High Cost	A charge on customer bills that carriers use to recover part of the revenue lost to FCC-mandated reductions to switched access rates with reform of the intercarrier compensation system (the regulated payments among carriers to compensate each other for the origination, transport and termination of telecommunications traffic). More information is available on USAC's ICC Recovery page.
ACQUIRED EXCHANGE SUPPORT (AEX OR AES)	High Cost	The High Cost support paid to a carrier that acquires a telephone exchange eligible for funding from an unaffiliated carrier. Per-line support levels remain the same following the transfer of ownership.
APPEAL	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	A request to reconsider a USAC decision. Any party that wishes to appeal must first do so with USAC before filing an appeal with the FCC. Once USAC has made a decision on an appeal, the party may appeal USAC's decision to the FCC. Parties seeking a waiver of FCC rules should file an appeal directly with the FCC because USAC cannot waive FCC rules. For more information, visit USAC's Appeals page.

Terms	Programs	Definitions
AUDIT	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	An examination of documentation and resources that verify the state of compliance with program rules. USAC conducts audits through the Beneficiary and Contributor Audit (BCAP) and Supply Chain Audit Program (SCAP) programs in accordance with the Generally Accepted Government Auditing Standards.
AUTHORIZED USERS	E-Rate, Rural Health Care, High Cost, Service Providers	The employee(s) of a service provider company, established by the Company Officer or General Contact, authorized to enter and modify company information on FCC Forms 498 and 499 through the E-File application. For more information, visit USAC's Entitlements Guide.
AVERAGE SCHEDULE CARRIER	High Cost	The name given to NECA members that receive pool revenues or settlements for providing interstate telecommunications services. Revenues or settlements are calculated based on a series of FCC-approved statistical formulas that approximate the amounts that a similar cost company would receive.
BENEFICIARY AND CONTRIBUTOR AUDIT PROGRAM (BCAP)	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	An audit program through which USAC confirms program compliance and the amounts of recoverable funds among universal service beneficiaries and contributors. BCAP audits may be performed by USAC's internal audit staff or a firm under contract to USAC. For more details, visit USAC's BCAP webpage.
BUDGET CONTROL MECHANISM	High Cost	A budgeting procedure that ensures that High Cost legacy support remains within an annual rate of return budget by reducing payments for carriers that participate in certain legacy funds. More information available here.
CHIEF FINANCIAL OFFICER (CFO)	High Cost, Service Providers	Corporate officer responsible for financial operations. Service provider company CFOs may serve as official certifiers of the accuracy of forms submitted to USAC. See also 497 Company Officer, 498 Company Officer, and 499 Company Officer.

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CODE OF FEDERAL REGULATIONS (CFR)	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	The general and permanent rules published in the Federal Register by federal government agencies and executive branch departments. Telecommunications rules are located in Title 47 of the CFR. For specific language, see a digital version of the CFR.
COMMISSION	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	A common abbreviation for the Federal Communications Commission (FCC). See also FCC.
COMMON CARRIER	E-Rate, High Cost, Service Providers	An organization recognized by a regulatory authority (such as a state public utility commission) as providing telecommunications services to all requesting parties, or an organization that offers such services generally to the public for a fee.
COMPETITIVE ELIGIBLE TELECOMMUNICATIONS CARRIER (CETC)	High Cost	A telecommunications carrier that is certified by a state's public utility commission or the FCC as eligible to receive High Cost support, but that is not the Incumbent Local Exchange Carrier, or ILEC (i.e. not the dominant local phone company).
COMPETITIVE LOCAL EXCHANGE CARRIER (CLEC)	High Cost	A category of telecommunications provider created by the 1996 Telecommunications Act to open the telecom marketplace to new entrants that would compete with the dominant local phone companies known as Incumbent Local Exchange Carriers, or ILECs.
COST COMPANY	High Cost	A carrier participating in a High Cost legacy fund that calculates support based on carrier costs.
DETAILED AUDIT FINDING (FINDING OR DAF)	E-Rate, High Cost	A condition that shows evidence of non-compliance with the FCC rules that were in effect during the audit period. A finding or DAF provides background information and exception details following a USAC audit.
E-CERTIFICATION (E-CERT)	E-Rate, Rural Health Care, High Cost, Service Providers	A process that allows universal service support applicants to certify and submit forms online, eliminating the need for paper copies of forms (and original signatures) and facilitating simpler record-keeping.

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E-FILE	E-Rate, Rural Health Care, High Cost, Service Providers	USAC's online forms submission tool. Allows universal service support applicants, contributors, and service providers to register with USAC, submit forms, view invoices, add or remove authorized users, update account information, and more. Accessible at https://forms.universalservice.org/.
ELIGIBLE SERVICES	E-Rate, Rural Health Care, High Cost, Service Providers	Equipment and services that are eligible for universal service support. In the E-Rate program, eligible services include data transmission services and/or internet access, internal connections, the maintenance of internal connections, and managed internal broadband services. In the High Cost program, eligible services include the costs of deploying rural voice service (legacy funds) or rural broadband service (modernized funds). In the RHC program, eligible services include broadband connectivity and telecommunications services.
ELIGIBLE TELECOMMUNICATIONS CARRIER (ETC)	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	A designation given to telecommunications service providers by their state public utility commissions or the FCC, enabling them to participate in universal service programs.
FCC FORM 481 (CARRIER ANNUAL REPORTING DATA COLLECTION FORM)	High Cost	An FCC form that all ETCs in the High Cost and Lifeline programs must file annually by July 1. For High Cost carriers, the form collects outage data, request for service figures, branding information of the carrier's holding company and affiliates, documentation of the carrier's engagement with Tribal governments, certification of voice services pricing, results of network performance tests, certifications on frozen High Cost support, certifications on broadband services, and an annual report on the company's financial condition and operations. For Lifeline carriers, the form collects branding information of the carrier's holding company and its affiliates and terms and conditions of service plans offered to subscribers.

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FCC FORM 498	E-Rate, Rural Health Care, High Cost, Service Providers	The FCC form that telecommunications service providers must submit to participate in any of the universal service programs. The form collects contact, remittance, and payment information. Upon completion, the service provider is assigned a nine-digit unique identifier referred to as a 498 ID/Service Provider Identification Number (SPIN). Note: Applicants to the E-Rate program who choose the FCC Form 472 (Billed Entity Applicant Reimbursement (BEAR) Form) payment method must also have filed the FCC Form 498.
FCC FORM 498 COMPANY OFFICER	E-Rate, Rural Health Care, High Cost, Service Providers	See 498 Company Officer.
FCC FORM 498 DELEGATED USERS	E-Rate, Rural Health Care, High Cost, Service Providers	See Authorized Users.
FCC FORM 498 GENERAL CONTACT	E-Rate, Rural Health Care, High Cost, Service Providers	See General Contact.
FCC REGISTRATION NUMBER (FCC RN)	E-Rate, Rural Health Care, High Cost, Service Providers	A 10-digit number assigned by the FCC to a business or individual that registers with the commission. It is associated with an entity's Taxpayer Identification Number (TIN) and is required before filing FCC Forms 499-A/Q. Originally called CORES ID.
FEDERAL COMMUNICATIONS COMMISSION (FCC)	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	An independent agency of the U.S. government established in 1934. The FCC is charged with regulating interstate and international communications by radio, television, wire, satellite, and cable in all U.S. states and territories. In 1997, the FCC designated USAC to be the independent not-for-profit corporation to administer the universal service fund, in accordance with its rules. The Commission oversees USAC's administration of the USF.

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FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT 1996 (FFMIA)	High Cost, Service Providers	A law defining the financial operations and reporting requirements for government entities, including USAC.
FEDERAL GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (FEDERAL GAAP)	High Cost, Service Providers	Accounting standards issued by the Governmental Accounting Standards Board (GASB) and applicable to all U.S. government agencies. USAC, while legally organized as a not-for-profit organization, operates under the authorization and oversight of the FCC and must comply with these standards.
FREEDOM OF INFORMATION ACT (FOIA)	High Cost, Service Providers	The federal statute that requires U.S. government, state, and other public authorities to disclose previously unreleased or uncirculated information and documents upon request. As an agent of the FCC, USAC is required to respond to FOIA requests. Further information regarding FOIAs, including how to file a request, may be obtained from the FCC's FOIA page.
GENERAL CONTACT	E-Rate, High Cost, Service Providers	The service provider or applicant employee responsible for filling out the FCC Form 498. The General Contact has a unique level of permission in USAC's E-File system, with the ability to submit forms, modify data, and add or remove authorized users.
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)	High Cost, Service Providers	Uniform minimum standards of and guidelines for financial accounting and reporting in the U.S., issued by the Financial Accounting Standards Board (FASB).
GENERALLY ACCEPTED AUDITING STANDARDS (GAAS)	High Cost, Service Providers	Standards against which audits are performed for non-public companies in the U.S. GAAS are promulgated by the Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants (AICPA).
GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS)	High Cost, Service Providers	Standards for performance and financial audits of U.S. government agencies, developed by the GAO. GAGAS apply to audits of both the USF and universal support recipients.

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GOVERNMENT ACCOUNTABILITY OFFICE (GAO)	E-Rate, High Cost, Service Providers	An independent, nonpartisan government agency within the legislative branch that reports on the programs and expenditures of the federal government. As the supreme audit authority of the government, it studies how taxpayer dollars are spent, evaluates program outcomes, audits expenditures, and issues legal opinions.
HIGH COST PROGRAM	High Cost	One of the four universal service programs administered by USAC. Through legacy (voice) and modernized (broadband) funds, High Cost aims to keep rural telecommunications rates comparable to those in more densely populated, lower-cost urban areas. High Cost is USAC's single biggest program, disbursing about $4 billion each year.
IMPROPER PAYMENT	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	Any payment that should not have been made, or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Improper payments are subject to IPIA and IPERA rules. USAC calculates estimates of improper payment rates via the PQA program and provides this information to the FCC.
IMPROPER PAYMENTS ELIMINATION AND RECOVERY ACT (IPERA)	High Cost, Service Providers	A law passed in 2010 to amend IPIA and enhance the federal government's practices for measuring and recovering improper payments.
IMPROPER PAYMENTS INFORMATION ACT (IPIA)	High Cost, Service Providers	A 2002 law that requires USAC to provide the FCC with accurate, timely information about improper payments to program beneficiaries. To comply, USAC created its Payment Quality Assurance (PQA) Program, which assesses specific payments made to beneficiaries in all four programs to determine if these payments were made in accordance with FCC rules. Using results of these assessments, USAC calculates estimates of improper payment rates and provides this information to the FCC.

Terms	Programs	Definitions
INCUMBENT LOCAL EXCHANGE CARRIER (ILEC)	High Cost	A dominant local telecommunications company. This is typically the company that owns the local Public Switched Telephone Network (PSTN), including local loops, central offices, wire centers, and all wiring in between.
INTERCARRIER COMPENSATION	High Cost	The system of regulated payments among carriers to compensate each other for the origination, transport and termination of telecommunications traffic. In 2011, the FCC adopted rules requiring incumbent carriers to reduce many of these switched access rates over a multi-year period. Carriers are allowed to recover a decreasing portion of revenue lost due to reductions in switched access rates through an “Access Recovery Charge” (ARC) on customer bills. More information is available on USAC’s ICC Recovery page.
INTERNET SERVICE PROVIDER (ISP)	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	An organization that provides services for connecting to the public internet. For the purposes of universal service support, ISPs may be referred to as service providers. See also Service Provider.
LETTER OF CREDIT (LOC)	High Cost	A bank guarantee to safeguard against carrier non-compliance with USAC program rules and deployment requirements. Carriers participating in certain modernized funds must maintain LOCs equal to at least their first year of authorized High Cost support.
MEMORANDUM OPINION AND ORDER (MO&O)	High Cost, Service Providers	Order issued by the FCC to deny a petition for rulemaking, modify a decision, grant or deny a petition for reconsideration, or grant or deny an application for review of a decision. A second or third Memorandum Opinion and Order (2nd MO&O/3rd MO&O) may also be issued.

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MIXED MERGER	High Cost	A transaction in which a carrier receiving legacy, cost-based support acquires or is acquired by a carrier receiving fixed monthly support, such as model-based funding. Carriers that have been part of a mixed merger are subject to an FCC condition that caps the operating expenses of the carriers of the combined entity that receive cost-based support in order to prevent potential cost shifting. More information is available on USAC's Mixed Merger Requirements page.
NATIONAL AVERAGE COST PER LOOP (NACPL)	High Cost	A metric, determined monthly by NECA, that is used to calculate legacy High Cost support.
NATIONAL EXCHANGE CARRIER ASSOCIATION (NECA)	High Cost, Service Providers	A rural carrier association that collects and validates cost and revenue data for member companies, distributes revenue from access charges among pool members, and helps members file access charge tariffs with the FCC and comply with FCC rules.
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION (NTIA)	High Cost, Service Providers	Part of the Department of Commerce, the NTIA sets federal telecommunications policy and provides telecommunications grants to various entities. It differs from the FCC in two key respects: 1) the FCC is an independent agency, while the NTIA falls under the executive branch; and 2) the NTIA has jurisdiction over federal government communications, while state and local government communications are within the purview of the FCC.
NOTICE OF APPARENT LIABILITY (NAL)	High Cost, Service Providers	An order issued by the FCC advising a party that it has violated an FCC rule or procedure and proposing a penalty. The party has an opportunity to file a response, which the FCC will evaluate.
NOTICE OF INQUIRY (NOI)	High Cost, Service Providers	A request made by the FCC to the public to comment on specific questions about an issue. The public's responses help the FCC to determine if further action by the FCC is warranted.

Terms	Programs	Definitions
NOTICE OF PROPOSED RULEMAKING (NPRM)	E-Rate, Rural Health Care, High Cost, Service Providers	An FCC proposal for new rules or changes to existing rules. Following the issuance of an NPRM, the FCC will seek public comments on the proposal.
OFFICE OF INSPECTOR GENERAL (OIG)	High Cost, Service Providers	A division of the FCC that provides independent and objective audits and investigations relating to agency programs and operations. May conduct audits or investigations of universal service support recipients, contributors, or service providers.
OFFICE OF MANAGEMENT AND BUDGET (OMB)	E-Rate, High Cost, Service Providers	Part of the Executive Office of the President, OMB reviews and approves FCC forms that are used by USF contributors and universal service program participants, contributors, and service providers.
ONE PORTAL	USAC General, E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	USAC's single sign-on online dashboard for accessing systems such as EPC, the National Verifier, NLAD, LCS, and RAD, as well as the E-File forms submission tool and many invoicing functions. Certain payment processes are also handled through One Portal. Accessible at https://forms.universalservice.org/portal/login.
OPEN DATA	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	A web portal with datasets and tools available for universal service program data. Users can view, search, filter, and manipulate the data in each dataset and extract that data in a variety of formats. Users can also extract data via API calls. Accessible at https://opendata.usac.org/.
PAYMENT QUALITY ASSURANCE (PQA) PROGRAM	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	A USAC program that assesses payments made to universal service support recipients to determine if the payments were made in accordance with FCC rules. Following these assessments, USAC estimates improper payment rates and provides this information to the FCC.
PREPARER	E-Rate, High Cost, Service Providers	The employee of a telecommunications company that filed FCC Form 499-A/Q who has access to submit and modify data in USAC's E-File system.

Terms	Programs	Definitions
PRICE CAP CARRIER	High Cost	A category of telecommunications carrier participating in the High Cost program. Typically large incumbent providers, price cap carriers are allowed to charge a maximum price and then manage costs within that revenue structure.
PUBLIC NOTICE (PN)	E-Rate, High Cost, Service Providers	A notice issued by the FCC alerting the public of an action taken, a change made, or an upcoming event. PNs are used to announce NOIs, NPRMs, and FNPRMs (Further Notices of Proposed Rulemaking).
RATE OF RETURN CARRIER	High Cost	A category of telecommunications carrier participating in the High Cost program. Typically small rural providers, rate of return carriers set prices based on embedded costs that incorporate a return on equity.
RED LIGHT RULE	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	A requirement that the FCC withhold action on a universal service support application, payment, and/or other requests for benefits when the universal service program participant is delinquent in non-tax debts owed to the FCC or other federal agencies. This rule requires that USAC suspend support to any entity that shares a Tax Identification Number with a company that has a delinquent debt. See also Red Light Status.
RED LIGHT STATUS	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	The status of an entity deemed to have violated the Red Light Rule. USAC will not make any disbursements until the entity’s delinquency is satisfied, payment arrangements are made, or the Red Light Status is otherwise resolved. See also Red Light Rule.

Terms	Programs	Definitions
SERVICE PROVIDER	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	A telecommunications company that participates in at least one of the four universal service programs and provides voice or internet services, equipment, hardware, or software. Types of companies include but are not limited to: competitive access/competitive local exchange carriers (cellular, personal communications, or specialized mobile radio providers), incumbent local exchange carriers, interexchange carriers, internet service providers, interconnected VoIP providers, local resellers (coaxial cable, non-traditional, operator, paging, messaging, payphone, prepaid card, private, and satellite service providers), shared-tenant service providers or building local exchange carriers, SMR (dispatch), toll resellers, or wireless data providers.
SERVICE PROVIDER IDENTIFICATION NUMBER (SPIN)	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	See 498 ID/Service Provider Identification Number (SPIN).
STUDY AREA AVERAGE COST PER LOOP (SACPL)	High Cost	A cost metric, determined monthly by NECA, that is used to calculate High Cost support.
STUDY AREA CODE (SAC)	Lifeline, High Cost, Service Providers	A unique number that USAC assigns to ETCs identifying the company by its service area. Companies must have at least one SAC per state in which they operate, but can have more than one SAC within a state if they have more than one service area.
SUBSCRIBER LINE CHARGE (SLC)	High Cost	The amount carriers charge customers for telecommunications service.
TELECOMMUNICATIONS	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	The transmission, between or among points specified by the user, of information of the user’s choosing, without change in the form or content of the information as sent and received.
TELECOMMUNICATIONS CARRIER	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	See Common Carrier.

Terms	Programs	Definitions
TELECOMMUNICATIONS PLANT IN SERVICE (TPIS)	High Cost	The cost of the property, plant, and equipment in a carrier's operation.
UNIVERSAL SERVICE	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	The principle that all people in the United States should have access to telecommunications (voice and internet) services at reasonable rates. The USF, and later USAC, were established by the FCC to achieve this objective.
UNIVERSAL SERVICE ADMINISTRATIVE COMPANY (USAC)	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	The independent not-for-profit organization designated by the FCC as the neutral, third-party administrator of the USF and its four programs. Collectively, the fund disbursed more than $8.5 billion in universal service support in 2024.
UNIVERSAL SERVICE FUND (USF)	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	Money collected from telecommunications companies and allocated to the objective of achieving universal service, per the 1996 Telecommunications Act. All interstate and international voice carriers operating in the U.S. must make contributions to the USF equal to a percentage of their interstate end-user revenues. The FCC updates this percentage, known as the contribution factor, quarterly. USAC's role is to collect and disburse the USF.
VOICE OVER INTERNET PROTOCOL (VOIP)	High Cost, Service Providers	A technology that digitizes analog voice signals and transmits them over the internet. VoIP calls may be placed between VoIP users or sent over the public switched telephone network (PSTN) to dial conventional phone numbers.
WHISTLEBLOWER ALERT	E-Rate, Rural Health Care, Lifeline, High Cost, Service Providers	A hotline allowing members of the public to anonymously report suspected violations of universal service program rules to USAC. These reports can be made anonymously via the USAC Whistleblower Alert Form, by emailing WhistleblowerReports@usac.org, by calling (888) 203-8100, or by U.S. mail to: Attn: Fraud Risk GroupUniversal Service Administrative Co.700 12th Street, NW, Suite 900 Washington, DC 20005