



USAC



USAC REPORT

Universal Service Administrative Company

NARUC Summer Meetings

Salt Lake City, Utah

July 2004

USAC



Overview

- ◆ **Updates to be Provided**
 - Contributions
 - Schools & Libraries
 - High Cost
 - Low Income
 - Rural Health Care



Contributions

- ◆ **Conversion to Government Accounting**
 - Pursuant to FCC direction, USAC will implement a change from Generally Accepted Accounting Principles (GAAP) to Government Accounting Standards (GAS), effective in October 2004



Contributions

◆ Red Light Rule

- This rule requires that any entity that is delinquent in payment to any division of the FCC will be suspended from doing business with the FCC until the delinquency is paid
- With a target date of October 2004, the Red Light Rule will apply to carriers' universal service support payments
- This rule will eventually be effective across all government agencies



High Cost

◆ ETC Designation Orders

- USAC needs the states' help
- Please make your orders as specific as possible
 - List the name of each ILEC study area in which the CETC has been designated
 - Clearly indicate whether the CETC has been designated in all or part of each ILEC's study area
 - If designating a CETC below the ILEC's study area, list each wire center, including common name or CLLI code, in which the CETC has been designated
 - If designating a CETC in partial ILEC wire centers, clearly identify in which part the CETC is eligible
 - If follow-up filings or other conditions are required before the ETC designation is final, either notify USAC directly or require the CETC to notify USAC when the conditions have been fulfilled



High Cost

◆ ETC Designation Orders (continued)

- If designating a CETC below the ILEC study area, remember to go to the FCC for approval of your re-definition of the ILEC's study area, pursuant to § 54.207 of the FCC's rules

◆ October 1 Certifications

- Certifications that carriers operating in your state are using their High Cost Loop support, Local Switching Support, and High Cost Model support consistent with the FCC's rules are due to USAC and the FCC on October 1
- List ILECs and CETCs separately, including study area codes, even if the companies are affiliated

USAC



Schools & Libraries

◆ House Committee Investigation

- USAC is cooperating fully with Energy and Commerce Committee staff and participating in hearings when invited
- GAO is also conducting a review of the program and its administration at the Committee's request; USAC is providing the requested information to GAO

USAC



Schools & Libraries

- ◆ **Rollover of Unused Funds from Prior Years**
 - On June 28, the Wireline Competition Bureau released a Public Notice announcing rollover of \$150 M from funding year 2001 to funding year 2004
 - This is the first instance of the annual process that the FCC adopted in its 3d Report & Order



Low Income

◆ Revised Form 497

- The FCC Form 497, which carriers use to claim Low Income support, has been substantially revised
- Carriers will begin using the revised form in October
- A draft is available for review on the Low Income portion of the USAC web site



Low Income

◆ New Certification Procedures

- ETCs must establish certification procedures to document consumers' income-based eligibility for Lifeline and Link Up no later than June 2005
 - Carriers in states that do not have their own state programs must implement certification procedures to document eligibility for consumers that qualify under the FCC's income-based criterion
 - Carriers in states that have state programs must comply with state certification procedures to document the eligibility of consumers qualifying under an income-based criterion



Rural Health Care

◆ Internet Support

- Effective with the 2004 funding year, which began on July 1, rural health care providers are eligible for a 25% discount off their monthly Internet charges

USAC



Rural Health Care

◆ Rural For-Profit Hospital Emergency Departments

- Effective with the 2004 funding year, for-profit hospitals located in rural areas will be eligible for support for their emergency departments only
- Generally, only not-for-profit rural health care providers are eligible for support
- In many instances, however, rural emergency departments function as local clinics, which is the reason that the FCC expanded the eligible applicant base



Conclusion

- ◆ Questions?
 - Please visit USAC’s website at www.universalservice.org
 - Please feel free to call USAC’s main number at 202-776-0200