U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF CHIEF COUNSEL FOR ADVOCACY

EX PARTE OR LATE FILED

April 29, 1997

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Federal Communications Commission
Office of Secretary

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, NW Suite 814
Washington, DC 20554

RE: *In re* Federal-State Joint Board on Universal Service (CC Dkt No. 96-45) and *In re* Access Charge Reform (CC Dkt Nos. 96-262, 94-1, 91-213, 96-263).

Dear Chairman Hundt:

The Office of Advocacy applauds the Commission's reconsideration of the Federal-State Joint Board on Universal Service Recommended Decision's proposal that universal service support be limited only to single-lines in rural and high cost areas.[1] Your decision to continue support for telecommunications providers that serve residents and businesses in rural and high cost areas with multiple-lines is critical to the economic and technological growth of rural America. We realize that implementing the Universal Service provisions of the Telecommunications Act of 1996 is an enormous task and that this effort involves a complex balancing of public policy and support mechanisms to meet the objectives of the statute. We appreciate your concern about the impact on small businesses, especially given the limited time frame under which the Commission is operating.

We also recognize that the immediate economic impact on small businesses in rural areas has been greatly reduced by implementing these proceedings in stages with the foundation to be established by May 8. In no uncertain terms, you have stated that costs for residential service will not increase. You have also proposed that rural teleco providers would continue to receive current levels of universal service fund (USF) support for both residential and business lines for a three year period, and a shorter transition period for high cost carriers. We commend this decision.

[1] *In re* Federal-State Joint Board on Universal Service, *Recommended Decision*, CC Dkt No. 96-45, FCC 96J-3, paras. 89-92, (released Nov. 8, 1996).

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However, we are concerned that the Commission may be considering a reduction in support for businesses in rural and high cost areas with multiple-lines during the interim stages or once the transition periods are over. For example, although you have indicated that small rural telecos should continue to receive all the assistance that they currently receive, we are concerned about press reports that allegedly quote you after your appearance before the Senate Appropriations Committee's subcommittee on Commerce, Justice, State, and the Judiciary on April 16, to the effect that you do not believe that "second lines need the exact same amount of subsidy as first residential lines - first residential lines is clearly the highest goal. . . . They [second lines] should get some [support]."[2]

This is an important issue. The impact of universal service reform on small businesses is a particular concern to the Office of Advocacy given the fact that 94.9% of all reported businesses in the United States have less than $5.0 million in annual gross receipts.[3] Also significant is the fact that 50% of small businesses in the country have zero net income or profits.[4] Therefore, any increase in telephone service could be a tremendous economic burden on small businesses and may deter technological progress in this business sector.

Currently, the universal service high cost fund subsidy is not allocated by either residential or business status - funds are distributed to telecommunications carriers equally for all lines. Therefore, anything less than the "exact same support as first residential lines" implies a reduction for multiple business lines. While we concur that first residential lines are indeed a high priority, we are very concerned about the overall significant economic impact on small business if the current level of support is reduced. Such a reduction in support, simply because of the geographic location of the business, we believe is inconsistent with the statutory mandate to ensure that in rural areas "telecommunications and information services . . . are available at rates that are reasonably comparable to rates charged for similar services in urban areas." 47 U.S.C. § 254 (b)(3).

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[2] David Kaut, *Hundt: Interstate Access Charges Should Continue to Fund Universal Service Goals,* BNA Analysis and Reports, Apr. 17, 1997, at C-6.

[3] *Ex parte* Comments of the Office of Advocacy, U.S. Small Business Administration, to the Federal-State Joint Board on Universal Service Recommended Decision in CC Dkt No. 96-45, at 11 and Appendix B (Apr. 4, 1997) (citing 1992 Economic Census, U.S. Bureau of the Census, Special Tabulation Under Contract to the U.S. Small Business Administration).

[4] 1993-94 Statistics of Income (SOI).

We have prepared Chart A which illustrates the impact of a hypothetical 25% and 50% reduction in universal service for small businesses. This chart indicates that a reduction of support could be significant on an average small business if the carrier's loss were passed on to their business customer. The methodology used for this illustration is based on NECA's October 1, 1996 Submission of USF Contribution to Loop Cost Recovery for USF Recipients in Various States[5] and the California Small Business Association national survey results showing that an average small business in the country has 8 lines.[6] We have multiplied the number of lines by the per line increase to the customer adjusted for a reduction in the USF/Loop contribution. These potential increases have been calculated for each of the selected states.

The following overview of Chart A clearly illustrates why the Commission's proposed interim approach and transition periods is the right decision:

Summary of Potential Annual Increases in the Cost Of Basic Telephone Service for Small Businesses in Rural and High Cost Areas
(Hypothetical 75% of Current Levels of USF Support)

State	Average	High	Low
Arizona	$197	$1,883	$110
Kentucky	$14	$259	$1
Louisiana	$36	$1,243	$3
Massachusetts	$72	N/A	N/A
Missouri	$80	$973	$11
Montana	$76	$1,504	$1
New York	$52	$1,570	$2
North Dakota	$167	$668	$6
South Carolina	$27	$695	$18
Texas	$75	$8,489	$7
Virginia	$28	$321	$9

This overview clearly demonstrates that although some small businesses may see a nominal increase in their telephone bill due to a hypothetical 25% reduction in universal service support - the potential increase for other small businesses may be significant, particularly those in the high percentage contribution areas.

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[5] These calculations are based on what the annual increases would be for average, high, and low percentages of USF per loop cost subsidies. It is also presumed that the telecommunications carriers serving these businesses will be unable to absorb the loss of universal support and will pass such costs on to their customers. Many of the telecommunications carriers will themselves be small businesses.

[6] *America's Small Businesses Speaks Out, 1997 Business Telephone User Poll*, California Small Business Association, Apr. 12, 1997, at 4.

If a reduction in support to multiple-line businesses is ultimately adopted by the Commission, other support mechanisms may be necessary to offset any significant increases. One such option is to provide a cap on the amount of an increase a telecommunications provider and/or customer would be subject to. For those areas that exceed a designated percentage or dollar amount, additional support from the federal fund could be provided.[7] However, as previously noted, we believe that increases of any kind are inconsistent with the intent of the Telecommunications Act. If the Commission determines otherwise, we feel that there must be a cap on any increases for small businesses in rural and high cost areas after the transition periods.

The Commission has recognized that universal service and access charge reform are inter-related. As part of the first stage of access charge reform, an increase of the Subscriber Line Charge (SLC) for businesses in the amount ranging from $1.50-$6.00 per month and/or an use fee for Internet access will be considered by the Commission.[8] The Office of Advocacy does not take issue with a *reasonable* increase of the SLC if there are no additional increases from other sources. We also acknowledge that for the May 8 statutory deadline, the Commission will address only access reform on price cap carriers, thus rural telecos are not expected to receive an increase in the SLC in this first stage. This would indeed benefit small businesses served by rural telecos. However, as stated in the *Access Charge Reform NPRM*, the Commission plans to initiate a separate proceeding later this year to undertake a "comprehensive review" of access charge reform for rate-of-return carriers.[9] It is possible, given the desire to promote increased competition in long distance services in all parts of the country, that there may be a future need to equalize the amount of the SLC for all carriers. We simply encourage the Commission in its deliberations to consider the cumulative economic impact that the completion of all stages of universal service and access charge reform will have on small businesses.

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[7] Arguably, additional support could be received from the states, however we do not feel that it should be a state's responsibility to compensate for the results of a federal policy that does not fully support rural and high cost areas.

[8] *See e.g.*, Mark Landler, *Rising Phone Bills are Likely Result of Deregulation,* N.Y. Times, Mar. 30, 1997 at 1.

[9] *In re* Access Charge Reform, *Notice of Proposed Rulemaking and Notice of Inquiry*, CC Dkt No. 96-262, FCC 96-488, para. 52 (released Dec. 24, 1996).

Allow me to illustrate the economic impact of a hypothetical 25% and 50% reduction in universal service high cost support coupled with a hypothetical $3.00 monthly increase in SLC for both price caps and rate-of-return carriers. As previously note, the average small business has eight (8) telephone lines.[10] Therefore, a $3.00 per line SLC increase would result in a $24.00 per month increase - $288 annually. The attached Chart B illustrates what the potential overall economic impact on an average small business would be if their telecommunications provider also received a reduction in the current level of universal service support combined with the estimated $288 annual increase in SLC charges.[11] This impact ranges from a low of $302 to a high of $485 annual increase if there was a 25% reduction for the 'Average' of USF contributions in a selected state.

Granted, our analysis does not factor in a predicted cost savings in toll/long distance charges that may result from access charge reform. This is because all small businesses may not benefit from such savings. As reported in the Office of Advocacy's ex parte filing of April 4, 1997, small businesses have a varied use of local and interstate telephone service which is dependent on the type of industry, the location of the business, and the location of their customers.[12] Not all small businesses may have a high enough volume of interstate calls, on each of their lines, to offset a substantial increase in the SLC and/or an increase in the cost of basic service. Of those businesses that do not generate a high volume of toll/long distance calls, a disproportionate number are most likely small businesses. These small businesses could be net losers of any significant SLC increase.

Furthermore, there is a great deal of uncertainty whether customers will ultimately receive any cost savings from interexchange carriers due to a reduction in access charges. These issues are not yet resolved. Therefore, we encourage the Commission to ensure that the cost of basic telephone service, independent of toll/long distance use, remains affordable for small businesses.

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[10] *See supra* note 6.

[11] USF Data Source: USF Contribution to Loop Cost Recovery for USF Recipients in Various States, NECA 10/1/96 USF Submission.

[12] *Ex parte* Comments of the Office of Advocacy, U.S. Small Business Administration, to the Federal-State Joint Board on Universal Service Recommended Decision in CC Dkt No. 96-45, at 4-5 (Apr. 4, 1997).

The Office of Advocacy is confident that the Commission will consider the cumulative economic impact of its universal service and access charge reform proceedings on small businesses in the immediate future and after the proposed transition periods. If you have any questions, please do not hesitate to contact me, or S. Jenell Trigg of my staff, at 205-6532.

Very truly yours,

Jere W. Glover
Chief Counsel

Attachments: 3

cc: Commissioner Susan Ness
Commissioner Rachelle B. Chong
Commissioner James Quello
Mr. Thomas Boasberg
Mr. James Casserly
Mr. James Colthorp
Mr. Dan Gonzalez
Ms. Regina M. Keeney
Ms. Catherine J.K. Sandoval

Office of Advocacy, U.S. Small Business Administration
Analysis of Potential Annual Increases in Basic Telephone Service

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April 29, 1997

Office of Advocacy, U.S. Small Business Administration
Analysis of Potential Annual Increases in Basic Telephone Service

METHODOLOGY

The objective of this analysis is to illustrate the economic impact on small businesses if there were a hypothetical reduction in the current level of universal service support and what the cumulative impact would be if there were also an increase in Subscriber Line Charges (SLC) by both price cap and rate-of-return carriers.

The USF data in this report was developed from the National Exchange Carriers Association (NECA) October 1, 1996 Annual Submission of USF Data to the Federal Communications Commission. For each of the states listed, the average loop cost and average amount per loop were developed using the data only for current USF recipients (i.e., all of the data associated with companies that do not receive USF were not included for the purpose of this analysis.) This analysis illustrates the potential change in the status quo for small businesses that currently receive USF support, therefore data for non-subsidized companies is irrelevant.

Data regarding the number of lines for small businesses was obtained from *America's Small Business Speaks Out, The Results of the 1997 Business Telephone User Poll*, California Small Business Association, April 12, 1997.

We have assumed, for this analysis, that any loss of universal service support by the telecommunications carrier (small rural carrier or a large telecommunications carrier serving a rural area), will be passed on to the small business customer.

LEGEND

* **LOOP COST and USF/LOOP:** The total cost and USF expense adjustment amounts for the individual recipients in each state were summed and divided by the total recipient loops in each state to determine the weighted average amounts for each state.

* **PERCENT (%) FROM USE:** The percent of revenue to support the cost of providing a subscriber loop that is subsidized by the federal high cost program (% From USF) was developed by dividing the USF/Loop amount by the total Loop Cost.

* **AVERAGE:** A weighted average of the USF/Loop per line contribution received from the high cost fund.

* **HIGH:** The highest percentage of USF/Loop contribution received in that state from the high cost fund.

* **LOW:** The lowest percentage of USF/Loop contribution received in that state from the high cost fund.

CHART A

CHART A

Office of Advocacy, U.S. Small Business Administration

Analysis of Potential Annual Increases in Basic Telephone Service for Small Businesses in Rural and High Cost Areas

(Hypothetical Reduction in USF Support Only - Does Not Include Increase in Subscriber Line Charges)

State		Average: Per Line[1] Increase	Average: 8-Line Total[2]	High: Per Line Increase	High: 8-Line Total	Low: Per Line Increase	Low: 8-Line Total
Arizona			$98.51 USF/Loop[3]		$941.49 USF/Loop		$55.15 USF/Loop
Level of Support:	100%	None	**0**	None	**0**	None	**0**
	75%	$24.63	**$197**	$235.37	**$1,883**	$13.79	**$110**
	50%	$49.26	**$394**	$470.75	**$3,766**	$27.58	**$221**
Kentucky			$7.06 USF/Loop		$129.26 USF/Loop		$0.48 USF/Loop
	100%	None	**0**	None	**0**	None	**0**
	75%	$1.77	**$14**	$32.32	**$259**	$ 0.12	**$1**
	50%	$3.53	**$28**	$64.63	**$517**	$ 0.24	**$2**
Louisiana			$17.80 USF/Loop		$621.62 USF/Loop		$1.31 USF/Loop
	100%	None	**0**	None	**0**	None	**0**
	75%	$4.45	**$36**	$155.41	**$1,243**	$0.33	**$3**
	50%	$8.90	**$71**	$310.81	**$2,486**	$0.66	**$5**

[1] The amount of increase for each line (loop) if there was a reduction in current USF contributions.
[2] Sum of "Per Line Increase" multiplied by 8, which is the national average number of lines for a small business.
[3] The per line contribution received from the USF to offset the cost per loop.

Data Source: NECA USF Contribution to Loop Cost Recovery for USF Recipients, 10/1/96 USF Submission

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Office of Advocacy, U.S. Small Business Administration

Analysis of Potential Annual Increases in Basic Telephone Service for Small Businesses in Rural and High Cost Areas

(Hypothetical Reduction in USF Support Only - Does Not Include Increase in Subscriber Line Charges)

State		Average: Per Line[1] Increase	Average: 8-Line Total[2]	High: Per Line Increase	High: 8-Line Total	Low: Per Line Increase	Low: 8-Line Total
Massachusetts			$35.79 USF/Loop[3]		None		None
Level of Support:	100%	None	**0**		N/A		N/A
	75%	$ 8.95	**$ 72**				
	50%	$17.90	**$143**				
Missouri			$40.25 USF/Loop		$486.62 USF/Loop		$5.67 USF/Loop
	100%	None	**0**	None	**0**	None	**0**
	75%	$10.06	**$80**	$121.66	**$ 973**	$ 1.42	**$11**
	50%	$20.12	**$160**	$243.33	**$1,946**	$ 2.84	**$23**
Montana			$38.10 USF/Loop		$751.86 USF/Loop		$0.66 USF/Loop
	100%	None	**0**	None	**0**	None	**0**
	75%	$ 9.52	**$ 76**	$187.97	**$1,504**	$0.17	**$1**
	50%	$19.05	**$152**	$375.93	**$3,007**	$0.33	**$3**

[1] The amount of increase for each line (loop) if there was a reduction in current USF contributions.
[2] Sum of "Per Line Increase" multiplied by 8, which is the national average number of lines for a small business.
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(Hypothetical Reduction in USF Support Only - Does Not Include Increase in Subscriber Line Charges)

State		Average: Per Line[1] Increase	Average: 8-Line Total[2]	High: Per Line Increase	High: 8-Line Total	Low: Per Line Increase	Low: 8-Line Total
New York			$25.81 USF/Loop[3]		$785.23 USF/Loop		$1.25 USF/Loop
Level of Support:	100%	None	0	None	0	None	0
	75%	$ 6.45	$ 52	$196.31	$1,570	$0.31	$ 2
	50%	$12.91	$103	$392.62	$3,141	$0.63	$ 5
North Dakota			$83.36 USF/Loop		$334.16 USF/Loop		$3.12 USF/Loop
	100%	None	0	None	0	None	0
	75%	$20.84	$167	$ 83.54	$ 668	$0.78	$ 6
	50%	$41.68	$333	$167.08	$1,337	$4.38	$12
South Carolina			$13.37 USF/Loop		$347.26 USF/Loop		$8.76 USF/Loop
	100%	None	0	None	0	None	0
	75%	$ 3.34	$ 27	$ 86.82	$ 695	$2.19	$18
	50%	$ 6.69	$ 54	$173.63	$1,389	$4.38	$35

[1] The amount of increase for each line (loop) if there was a reduction in current USF contributions.
[2] Sum of "Per Line Increase" multiplied by 8, which is the national average number of lines for a small business.
[3] The per line contribution received from the USF to offset the cost per loop.

Data Source: NECA USF Contribution to Loop Cost Recovery for USF Recipients, 10/1/96 USF Submission

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Analysis of Potential Annual Increases in Basic Telephone Service for Small Businesses in Rural and High Cost Areas

(Hypothetical Reduction in USF Support Only - Does Not Include Increase in Subscriber Line Charges)

State		Average: Per Line[1] Increase	Average: 8-Line Total[2]	High: Per Line Increase	High: 8-Line Total	Low: Per Line Increase	Low: 8-Line Total
Texas			$37.62 USF/Loop[3]		$4,244.37 USF/Loop		$3.31 USF/Loop
Level of Support:	100%	None	**0**	None	**0**	None	**0**
	75%	$ 9.41	$ 75	$1,061.09	**$ 8,489**	$0.83	$ 7
	50%	$18.81	**$150**	$2,122.19	**$16,978**	$1.66	**$13**
Virginia			$13.76 USF/Loop		$160.70 USF/Loop		$4.60 USF/Loop
	100%	None	**0**	None	**0**	None	**0**
	75%	$ 3.44	**$28**	$ 40.18	**$ 321**	$1.15	**$ 9**
	50%	$ 6.88	**$55**	$ 80.35	**$ 643**	$2.30	**$18**

[1] The amount of increase for each line (loop) if there was a reduction in current USF contributions.
[2] Sum of "Per Line Increase" multiplied by 8, which is the national average number of lines for a small business.
[3] The per line contribution received from the USF to offset the cost per loop.

Data Source: NECA USF Contribution to Loop Cost Recovery for USF Recipients, 10/1/96 USF Submission

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CHART B

Chart B

Office of Advocacy, U.S. Small Business Administration

Analysis of Potential Annual Increases in Basic Telephone Service for Small Businesses in Rural and High Cost Areas

State		Average: Per Line[1] Increase	Average: 8-Line Total[3] + SLC[4]		Average: Total[2] = Increase	High: Per Line Increase	High: 8-Line Total + SLC		High: Total = Increase	Low: Per Line Increase	Low: 8-Line Total + SLC		Low: Total = Increase
Arizona			$98.51 USF/Loop[5]				$941.49 USF/Loop				$55.15 USF/Loop		
Level of Support:	100%	None	0	+ 288	= **$288**	None	0	+ 288	= **$ 288**	None	0	+ 288	= **$ 288**
	75%	$24.63	$197	+ 288	= **$485**	$235.37	$1,883	+ 288	= **$2,171**	$13.79	$110	+ 288	= **$ 398**
	50%	$49.26	$394	+ 288	= **$682**	$470.75	$3,766	+ 288	= **$4,054**	$27.58	$221	+ 288	= **$ 509**
Kentucky			$7.06 USF/Loop				$129.26 USF/Loop				$0.48 USF/Loop		
	100%	None	0	+ 288	= **$288**	None	0	+ 288	= **$ 288**	None	0	+ 288	= **$288**
	75%	$1.77	$14	+ 288	= **$302**	$32.32	$259	+ 288	= **$ 547**	$ 0.12	$1	+ 288	= **$289**
	50%	$3.53	$28	+ 288	= **$316**	$64.63	$517	+ 288	= **$ 805**	$ 0.24	$2	+ 288	= **$290**
Louisiana			$17.80 USF/Loop				$621.62 USF/Loop				$1.31 USF/Loop		
	100%	None	0	+ 288	= **$288**	None	0	+ 288	= **$ 288**	None	0	+ 288	= **$288**
	75%	$4.45	$36	+ 288	= **$324**	$155.41	$1,243	+ 288	= **$1,531**	$0.33	$3	+ 288	= **$291**
	50%	$8.90	$71	+ 288	= **$359**	$310.81	$2,486	+ 288	= **$2,774**	$0.66	$5	+ 288	= **$293**

[1] The amount of increase for each line (loop) if there was a reduction in current USF contributions.

[2] Total does not include any potential savings due to a purported reduction of toll/long distance charges due to the tremendous uncertainty that any reduction in access charges will be passed on to the consumer, as well as the unlikelihood that all small businesses will benefit from such reductions due to a low volume of interstate calls in proportion with the number of lines, varied telephone use patterns for different industries, and the location of small business customers.

[3] Sum of "Per Line Increase" multiplied by 8, which is the national average number of lines for a small business.

[4] Sum of a hypothetical Subscriber Line Charge increase of $3.00 per month/per line for both price cap and rate-of-return carriers x 8 lines.

[5] The per line contribution received from the USF to offset the cost per loop.

Data Source: NECA USF Contribution to Loop Cost Recovery for USF Recipients, 10/1/96 USF Submission

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Chart B

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Analysis of Potential Annual Increases in Basic Telephone Service for Small Businesses in Rural and High Cost Areas

State		Average: Per Line[1] Increase	Average: 8-Line Total[3]	+ SLC[4]	= Total[2] Increase	High: Per Line Increase	High: 8-Line Total	+ SLC	= Total Increase	Low: Per Line Increase	Low: 8-Line Total	+ SLC	= Total Increase
Massachusetts			$35.79 USF/Loop[5]				None				None		
Level of Support:	100%	None	0	+ 288	= **$288**		N/A				N/A		
	75%	$ 8.95	$ 72	+ 288	= **$360**								
	50%	$17.90	$143	+ 288	= **$431**								
Missouri			$40.25 USF/Loop				$486.62 USF/Loop				$5.67 USF/Loop		
	100%	None	0	+ 288	= **$288**	None	0	+ 288	= **$ 288**	None	0	+ 288	= **$288**
	75%	$10.06	$80	+ 288	= **$368**	$121.66	$ 973	+ 288	= **$1,261**	$ 1.42	$11	+ 288	= **$299**
	50%	$20.12	$160	+ 288	= **$448**	$243.33	$1,946	+ 288	= **$2,234**	$ 2.84	$23	+ 288	= **$311**
Montana			$38.10 USF/Loop				$751.86 USF/Loop				$0.66 USF/Loop		
	100%	None	0	+ 288	= **$288**	None	0	+ 288	= **$ 288**	None	0	+ 288	= **$288**
	75%	$ 9.52	$ 76	+ 288	= **$364**	$187.97	$1,504	+ 288	= **$1,792**	$0.17	$1	+ 288	= **$289**
	50%	$19.05	$152	+ 288	= **$440**	$375.93	$3,007	+ 288	= **$3,295**	$0.33	$3	+ 288	= **$291**

[1] The amount of increase for each line (loop) if there was a reduction in current USF contributions.

[2] Total does not include any potential savings due to a purported reduction of toll/long distance charges due to the tremendous uncertainty that any reduction in access charges will be passed on to the consumer, as well as the unlikelihood that all small businesses will benefit from such reductions due to a low volume of interstate calls in proportion with the number of lines, varied telephone use patterns for different industries, and the location of small business customers.

[3] Sum of "Per Line Increase" multiplied by 8, which is the national average number of lines for a small business.

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New York			$25.81 USF/Loop[5]				$785.23 USF/Loop				$1.25 USF/Loop		
Level of Support:	100%	None	0	+ 288	= **$288**	None	0	+ 288	= **$ 288**	None	0	+ 288	= **$288**
	75%	$ 6.45	$ 52	+ 288	= **$340**	$196.31	$1,570	+ 288	= **$1,858**	$0.31	$ 2	+ 288	= **$290**
	50%	$12.91	$103	+ 288	= **$391**	$392.62	$3,141	+ 288	= **$3,429**	$0.63	$ 5	+ 288	= **$293**
North Dakota			$83.36 USF/Loop				$334.16 USF/Loop				$3.12 USF/Loop		
	100%	None	0	+ 288	= **$288**	None	0	+ 288	= **$ 288**	None	0	+ 288	= **$288**
	75%	$20.84	$167	+ 288	= **$455**	$ 83.54	$ 668	+ 288	= **$ 956**	$0.78	$ 6	+ 288	= **$294**
	50%	$41.68	$333	+ 288	= **$621**	$167.08	$1,337	+ 288	= **$1,625**	$4.38	$12	+ 288	= **$300**
South Carolina			$13.37 USF/Loop				$347.26 USF/Loop				$8.76 USF/Loop		
	100%	None	0	+ 288	= **$288**	None	0	+ 288	= **$ 288**	None	0	+ 288	= **$288**
	75%	$ 3.34	$ 27	+ 288	= **$315**	$ 86.82	$ 695	+ 288	= **$ 983**	$2.19	$18	+ 288	= **$306**
	50%	$ 6.69	$ 54	+ 288	= **$342**	$173.63	$1,389	+ 288	= **$1,677**	$4.38	$35	+ 288	= **$323**

[1] The amount of increase for each line (loop) if there was a reduction in current USF contributions.

[2] Total does not include any potential savings due to a purported reduction of toll/long distance charges due to the tremendous uncertainty that any reduction in access charges will be passed on to the consumer, as well as the unlikelihood that all small businesses will benefit from such reductions due to a low volume of interstate calls in proportion with the number of lines, varied telephone use patterns for different industries, and the location of small business customers.

[3] Sum of "Per Line Increase" multiplied by 8, which is the national average number of lines for a small business.

[4] Sum of a hypothetical Subscriber Line Charge increase of $3.00 per month/per line for both price cap and rate-of-return carriers x 8 lines.

[5] The per line contribution received from the USF to offset the cost per loop.

Data Source: NECA USF Contribution to Loop Cost Recovery for USF Recipients, 10/1/96 USF Submission

April 29, 1997

Chart B

Office of Advocacy, U.S. Small Business Administration

Analysis of Potential Annual Increases in Basic Telephone Service for Small Businesses in Rural and High Cost Areas

State		Average: Per Line[1] Increase	Average: 8-Line Total[3]	+ SLC[4]	= Total[2] Increase	High: Per Line Increase	High: 8-Line Total	+ SLC	= Total Increase	Low: Per Line Increase	Low: 8-Line Total	+ SLC	= Total Increase
Texas			$37.62 USF/Loop[5]				$4,244.37 USF/Loop				$3.31 USF/Loop		
Level of Support:	100%	None	0	+ 288	= **$288**	None	0	+ 288	= **$ 288**	None	0	+ 288	= **$288**
	75%	$ 9.41	$ 75	+ 288	= **$363**	$1,061.09	$ 8,489	+ 288	= **$ 8,777**	$0.83	$ 7	+ 288	= **$295**
	50%	$18.81	$150	+ 288	= **$438**	$2,122.19	$16,978	+ 288	= **$17,266**	$1.66	$13	+ 288	= **$301**
Virginia			$13.76 USF/Loop				$160.70 USF/Loop				$4.60 USF/Loop		
	100%	None	0	+ 288	= **$288**	None	0	+ 288	= **$ 288**	None	0	+ 288	= **$288**
	75%	$ 3.44	$28	+ 288	= **$316**	$ 40.18	$ 321	+ 288	= **$ 609**	$1.15	$ 9	+ 288	= **$297**
	50%	$ 6.88	$55	+ 288	= **$343**	$ 80.35	$ 643	+ 288	= **$ 931**	$2.30	$18	+ 288	= **$306**

[1] The amount of increase for each line (loop) if there was a reduction in current USF contributions.

[2] Total does not include any potential savings due to a purported reduction of toll/long distance charges due to the tremendous uncertainty that any reduction in access charges will be passed on to the consumer, as well as the unlikelihood that all small businesses will benefit from such reductions due to a low volume of interstate calls in proportion with the number of lines, varied telephone use patterns for different industries, and the location of small business customers.

[3] Sum of "Per Line Increase" multiplied by 8, which is the national average number of lines for a small business.

[4] Sum of a hypothetical Subscriber Line Charge increase of $3.00 per month/per line for both price cap and rate-of-return carriers x 8 lines.

[5] The per line contribution received from the USF to offset the cost per loop.

Data Source: NECA USF Contribution to Loop Cost Recovery for USF Recipients, 10/1/96 USF Submission

April 29, 1997

Summary of USF Contribution to Loop Cost Recovery
and
Background Data by State for Individual USF Recipients

USF CONTRIBUTION TO LOOP COST RECOVERY
FOR USF RECIPIENTS IN VARIOUS STATES

STATE		USF LOOPS	LOOP COST	ANNUAL USF	USF/LOOP	% FROM USF
ARIZONA		**144,360**	**$428.48**	**$14,220,683.56**	**$98.51**	**22.99%**
HIGH	FORT MOJAVE TELECOMMUNICATIONS, IN	308	$1,552.61	$289,979.41	$941.49	60.64%
LOW	CITIZENS UTILITIES RURAL COMPANY INC.	76,023	$370.54	$4,192,636.14	$55.15	14.88%
KENTUCKY		**1,783,163**	**$303.52**	**$12,586,220.13**	**$7.06**	**2.33%**
HIGH	LESLIE COUNTY TEL. CO., INC.	7,693	$469.63	$994,370.83	$129.26	27.52%
LOW	SOUTH CENTRAL BELL-KY	1,113,777	$290.49	$534,111.76	$0.48	0.17%
LOUISIANA		**2,280,618**	**$320.77**	**$40,603,042.68**	**$17.80**	**5.55%**
HIGH	CENTURY TEL. CO. OF EAST LA	2,443	$1,126.11	$1,518,609.29	$621.62	55.20%
LOW	SOUTH CENTRAL BELL-LA	2,130,515	$298.77	$2,785,754.89	$1.31	0.44%
MASSACHUSETTS		**1,010**	**$340.75**	**$36,143.94**	**$35.79**	**10.50%**
ONLY	RICHMOND TEL. CO.	1,010	$340.75	$36,143.94	$35.79	10.50%
MISSOURI		**719,988**	**$403.86**	**$28,978,287.36**	**$40.25**	**9.97%**
HIGH	LE-RU TELEPHONE COMPANY	1,197	$946.12	$582,489.02	$486.62	51.43%
LOW	CHOCTAW TELEPHONE COMPANY	505	$294.42	$2,864.15	$5.67	1.93%
MONTANA		**472,113**	**$342.65**	**$17,986,029.80**	**$38.10**	**11.12%**
HIGH	INTERBEL TEL. COOPERATIVE INC.	1,409	$1,299.77	$1,059,372.96	$751.86	57.85%
LOW	MOUNTAIN BELL-MONTANA	329,560	$292.28	$217,031.74	$0.66	0.23%
NEW YORK		**476,762**	**$328.42**	**$12,306,648.55**	**$25.81**	**7.86%**
HIGH	CITIZENS TEL. CO. OF HAMMOND, NY	1,669	$1,344.26	$1,310,547.33	$785.23	58.41%
LOW	CITIZENS TELECOMM. CO. OF NY	244,705	$298.15	$304,792.31	$1.25	0.42%
NORTH DAKOTA	**CONSOLIDATED TELEPHONE COOPERATIVE**	**60525**	**$412.70**	**6045478.33**	**$63.38**	**20.20%**
HIGH	**GRIGGS COUNTY TELEPHONE COMPANY**	**3627**	**742.84**	**$1,212,013.10**	**$334.16**	**44.98%**
LOW		**1556**	**290.50**	**$4,860.28**	**$3.12**	**1.08%**
SOUTH CAROLINA		**1,702,403**	**$362.35**	**$22,758,593.76**	**$13.37**	**3.69%**
HIGH	MCCLELLANVILLE TEL. CO., INC.	1,526	$760.30	$529,917.35	$347.26	45.67%
LOW	SOUTHERN BELL-SC	1,291,819	$373.30	$11,317,044.94	$8.76	2.35%
TEXAS		**2,144,656**	**$362.73**	**$80,675,986.36**	**$37.62**	**10.37%**
HIGH	BORDER TO BORDER COMMUNICATIONS	64	$5,956.45	$271,639.78	$4,244.37	71.26%
LOW	GTE SOUTHWEST INC. - TEXAS	1,322,086	$318.76	$4,371,543.46	$3.31	1.04%
VIRGINIA		**313,174**	**$339.25**	**$4,309,712.89**	**$13.76**	**4.06%**
HIGH	BURKE'S GARDEN TEL. CO., INC.	115	$511.56	$18,480.97	$160.70	31.41%
LOW	CENTRAL TEL. CO. OF VA	262,625	$331.70	$1,208,219.44	$4.60	1.39%

USF CONTRIBUTION TO COST RECOVERY
STUDY AREA DETAIL FOR RECIPIENTS IN VARIOUS STATES

ID	ST	COMPANY NAME	USF LOOPS	LOOP COST	ANNUAL USF SUPPORT	PER LOOP USF SUPPORT	PERCENT COST RECOVERY FROM USF
452200	AZ	FORT MOJAVE TELECOMMUNICATIONS, INC.	308	1552.61	$289,979.41	$941.49	60.64%
452226	AZ	MIDVALE TELEPHONE EXCHANGE, INC.-ARIZONA	446	1043.90	$249,741.75	$559.96	53.64%
452176	AZ	VALLEY TELEPHONE COOPERATIVE INC-AZ	2420	839.87	$984,786.51	$406.94	48.45%
452179	AZ	GILA RIVER TELECOMMUNICATIONS, INC.	2217	694.70	$660,796.97	$298.06	42.90%
454449	AZ	NAVAJO COMMUNICATIONS CO INC-AZ	13581	548.79	$2,561,737.52	$188.63	34.37%
454426	AZ	CITIZENS UTILITIES CO. DBA CITIZENS-ARIZ	31542	462.70	$3,913,071.34	$124.06	26.81%
452173	AZ	TOHONO O'ODHAM UTILITY AUTHORITY	2625	450.05	$300,750.38	$114.57	25.46%
452171	AZ	ARIZONA TEL. CO.	2858	440.65	$307,296.66	$107.52	24.40%
453334	AZ	TABLE TOP TELEPHONE COMPANY, INC.	4050	382.42	$258,588.75	$63.85	16.70%
452302	AZ	CONTEL OF CALIFORNIA - ARIZONA	6856	378.01	$415,073.04	$60.54	16.02%
452175	AZ	UNIVERSAL TEL CO OF SOUTHWEST - AZ	1434	377.46	$86,225.09	$60.13	15.93%
452172	AZ	CITIZENS UTILITIES RURAL COMPANY INC.	76023	370.54	$4,192,636.14	$55.15	14.88%
			144360	428.48	$14,220,683.56	$98.51	22.99%
260411	KY	LESLIE COUNTY TEL. CO., INC.	7693	469.63	$994,370.83	$129.26	27.52%
260410	KY	CONTEL KY, INC. DBA GTE KY	85181	429.82	$8,466,912.61	$99.40	23.13%
265061	KY	CINCINNATI BELL-KY	176351	299.26	$1,554,988.17	$8.82	2.95%
260407	KY	GTE SOUTH, INC.-KY	400161	311.58	$1,035,836.76	$2.59	0.83%
265182	KY	SOUTH CENTRAL BELL-KY	1113777	290.49	$534,111.76	$0.48	0.17%
			1783163	303.52	$12,586,220.13	$7.06	2.33%
270440	LA	CENTURY TEL. CO. OF EAST LA	2443	1126.11	$1,518,609.29	$621.62	55.20%
270427	LA	CENTURY TEL. OF CHATHAM, INC.	1601	1113.45	$980,006.64	$612.12	54.98%
270442	LA	CENTURY TEL. OF SOUTHWEST LA, INC.	5107	1077.29	$2,987,603.04	$585.00	54.30%
270430	LA	ELIZABETH TEL. CO., INC.	2810	811.47	$1,083,638.78	$385.64	47.52%
270436	LA	CENTURY TEL. OF NORTH LOUISIANA, INC.	6912	775.17	$2,477,340.81	$358.41	46.24%
270435	LA	NORTHEAST LOUISIANA TEL. CO., INC.	890	756.37	$306,437.30	$344.31	45.52%
270434	LA	CENTURY TEL. OF EVANGELINE, INC.	32233	749.24	$10,925,829.03	$338.96	45.24%
270423	LA	CENTURY TEL. OF CENTRAL LA, INC.	17180	719.14	$5,435,564.31	$316.39	44.00%
270425	LA	CAMERON TEL. CO.-LA	7034	664.12	$1,935,222.74	$275.12	41.43%
270431	LA	CENTURY TEL. OF NORTHWEST LA, INC.	9236	640.16	$2,375,075.04	$257.15	40.17%
270424	LA	CENTURY TEL. OF SOUTHEAST LA, INC.	11578	571.74	$2,383,204.81	$205.84	36.00%
270441	LA	STAR TEL. CO., INC.	4836	531.01	$847,710.06	$175.29	33.01%
270433	LA	LAFOURCHE TEL. CO.	13428	488.53	$1,925,999.19	$143.43	29.36%
270429	LA	EAST ASCENSION TEL. CO.	29891	408.35	$2,489,817.92	$83.30	20.40%
270438	LA	RESERVE TEL. CO.	4924	331.07	$145,228.83	$29.49	8.91%
275183	LA	SOUTH CENTRAL BELL-LA	2130515	298.77	$2,785,754.89	$1.31	0.44%

DATA SOURCE: NECA 10/1/96 USF SUBMISSION

USF CONTRIBUTION TO COST RECOVERY
STUDY AREA DETAIL FOR RECIPIENTS IN VARIOUS STATES

ID	ST	COMPANY NAME	USF LOOPS	LOOP COST	ANNUAL USF SUPPORT	PER LOOP USF SUPPORT	PERCENT COST RECOVERY FROM USF
			2,280,618	$320.77	$40,603,042.68	$17.80	5.55%
110037	MA	RICHMOND TEL. CO.	1010	340.75	$36,143.94	$35.79	10.50%
421908	MO	LE-RU TELEPHONE COMPANY	1197	946.12	$582,489.02	$486.62	51.43%
421934	MO	ORCHARD FARM TELEPHONE COMPANY	704	789.12	$259,687.35	$368.87	46.74%
421929	MO	HOLWAY TELEPHONE COMPANY	571	754.37	$195,745.41	$342.81	45.44%
421949	MO	STEELVILLE TEL. EXCH. INC.	4055	662.59	$1,110,975.01	$273.98	41.35%
421951	MO	STOUTLAND TELEPHONE COMPANY	1236	630.47	$308,859.81	$249.89	39.63%
421807	MO	MOKAN DIAL, INC.- MO	729	548.91	$137,574.38	$188.72	34.38%
421885	MO	ALLTEL MISSOURI INC.	27541	548.44	$5,187,734.99	$188.36	34.35%
421901	MO	KINGDOM TELEPHONE COMPANY	4241	509.97	$676,488.59	$159.51	31.28%
421914	MO	MARK TWAIN RURAL TELEPHONE CO.	4073	506.60	$639,396.14	$156.98	30.99%
421931	MO	NORTHEAST MISSOURI RURAL TEL. CO.	4039	506.32	$633,210.49	$156.77	30.96%
421928	MO	NEW LONDON TEL. CO.	882	488.57	$126,533.11	$143.46	29.36%
421873	MO	EASTERN MISSOURI TELEPHONE CO.	2811	478.51	$382,061.49	$135.92	28.40%
421864	MO	CHARITON VALLEY TELEPHONE CO.	7939	463.71	$990,918.79	$124.82	26.92%
421964	MO	WHEELING TELEPHONE COMPANY	356	447.45	$40,093.28	$112.62	25.17%
421876	MO	FARBER TELEPHONE COMPANY	211	422.49	$19,813.23	$93.90	22.23%
421846	MO	CONTEL SYSTEMS MO DBA GTE SYSTEMS OF MO	50094	412.99	$4,346,985.75	$86.78	21.01%
421886	MO	GOODMAN TEL. CO.	1679	401.95	$131,795.75	$78.50	19.53%
421865	MO	CITIZENS TELEPHONE CO - MISSOURI	3837	398.83	$292,212.78	$76.16	19.09%
421206	MO	IAMO TELEPHONE COMPANY - MO	1098	383.88	$71,308.59	$64.94	16.92%
421890	MO	GREEN HILLS TELEPHONE CORP.	3036	383.08	$195,348.61	$64.34	16.80%
421917	MO	MID-MISSOURI TELEPHONE CO.	3417	378.50	$208,126.31	$60.91	16.09%
421874	MO	ELLINGTON TELEPHONE COMPANY	1604	361.01	$78,523.94	$48.96	13.56%
421860	MO	ALMA TELEPHONE COMPANY	340	352.48	$14,759.60	$43.41	12.32%
421882	MO	FIDELITY TELEPHONE COMPANY	12304	350.92	$521,647.46	$42.40	12.08%
421888	MO	GRAND RIVER MUTUAL TEL CORP - MO	13890	349.60	$576,970.81	$41.54	11.88%
421900	MO	KLM TEL. CO.	1440	344.09	$54,658.19	$37.96	11.03%
421936	MO	PEACE VALLEY TELEPHONE CO.	366	341.66	$13,314.19	$36.38	10.65%
421759	MO	CRAW-KAN TELEPHONE COOP INC - MO	2202	341.26	$79,530.90	$36.12	10.58%
421927	MO	NEW FLORENCE TELEPHONE CO.	403	327.53	$10,958.81	$27.19	8.30%
421922	MO	CONTEL OF MO, INC. DBA GTE MISSOURI	214777	476.52	$7,493,344.01	$34.89	7.32%
421904	MO	MISSOURI TELEPHONE COMPANY	18809	314.65	$354,005.60	$18.82	5.98%
421186	MO	GTE NORTH INC. - MISSOURI	115089	308.48	$1,704,534.27	$14.81	4.80%
421957	MO	UNITED TELEPHONE CO. OF MISSOURI	214513	357.29	$1,535,816.55	$7.16	2.00%
421893	MO	CHOCTAW TELEPHONE COMPANY	505	294.42	$2,864.15	$5.67	1.93%

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USF CONTRIBUTION TO COST RECOVERY
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ID	ST	COMPANY NAME	USF LOOPS	LOOP COST	ANNUAL USF SUPPORT	PER LOOP USF SUPPORT	PERCENT COST RECOVERY FROM USF
			719,988	$403.86	$28,978,287.36	$40.25	9.97%
482242	MT	INTERBEL TEL. COOPERATIVE INC.	1409	1299.77	$1,059,372.96	$751.86	57.85%
482254	MT	SOUTHERN MONTANA TEL. CO.	891	790.93	$329,876.33	$370.23	46.81%
482251	MT	RANGE TEL. COOP INC.-MT	3805	702.00	$1,154,947.16	$303.53	43.24%
482246	MT	MID-RIVERS TEL. COOPERATIVE INC.	10159	673.11	$2,863,482.54	$281.87	41.88%
482248	MT	NORTHERN TEL. COOP INC.- MT	1362	631.86	$341,765.40	$250.93	39.71%
483310	MT	CENTRAL MONTANA COMMUNICATIONS, INC.	7526	628.23	$1,868,002.68	$248.21	39.51%
483308	MT	CLARK FORK TELECOMMUNICATIONS, INC.	7039	616.88	$1,687,206.59	$239.69	38.86%
482250	MT	PROJECT TEL. CO.	4506	615.04	$1,073,843.22	$238.31	38.75%
482247	MT	NEMONT TELEPHONE COOP.- MONTANA	12921	549.85	$2,447,516.17	$189.42	34.45%
482241	MT	HOT SPRINGS TEL. CO.	677	542.22	$124,364.27	$183.70	33.88%
482255	MT	3-RIVERS TEL. COOPERATIVE INC.	15221	504.81	$2,369,020.41	$155.64	30.83%
482235	MT	BLACKFOOT TEL. COOPERATIVE INC.	6947	473.90	$920,193.19	$132.46	27.95%
484322	MT	CITIZENS TELECOMMUNICATIONS CO. OF MONTA	8161	471.92	$1,068,879.43	$130.97	27.75%
482257	MT	TRIANGLE TEL. COOPERATIVE ASSN. INC.	9362	318.44	$199,266.19	$21.28	6.68%
482244	MT	LINCOLN TEL. CO. INC.	997	314.07	$18,388.74	$18.44	5.87%
482249	MT	NORTHWESTERN TELEPHONE SYSTEMS, INC.	51570	292.94	$242,872.78	$4.71	1.61%
485104	MT	MOUNTAIN BELL-MONTANA	329560	292.28	$217,031.74	$0.66	0.23%
			472,113	$342.65	$17,986,029.80	$38.10	11.12%
150081	NY	CITIZENS TEL. CO. OF HAMMOND, NY	1669	1344.26	$1,310,547.33	$785.23	58.41%
150085	NY	CROWN POINT TEL. CORP.	988	1187.69	$659,787.96	$667.80	56.23%
150108	NY	NICHOLVILLE TEL. CO.,INC.	2264	722.81	$722,536.53	$319.14	44.15%
150097	NY	GERMANTOWN TEL. CO., INC.	2497	685.77	$727,529.85	$291.36	42.49%
150092	NY	EDWARDS TELEPHONE CO. INC.	1932	632.06	$485,084.77	$251.08	39.72%
150118	NY	PORT BYRON TEL. CO.	3285	556.34	$638,239.61	$194.29	34.92%
150111	NY	ONEIDA COUNTY RURAL TEL. CO.	3380	484.01	$473,340.52	$140.04	28.93%
150104	NY	MARGARETVILLE TEL. CO.,INC.	3492	448.55	$396,155.44	$113.45	25.29%
154534	NY	CITIZENS TELECOMM. CO. OF NY	25605	433.23	$2,610,598.10	$101.96	23.53%
150099	NY	HANCOCK TEL. CO.-NY	1727	426.30	$167,102.92	$96.76	22.70%
150107	NY	NEWPORT TEL. CO.,INC.	3276	380.67	$204,869.82	$62.54	16.43%
150089	NY	DEPOSIT TELEPHONE CO. INC.	8365	372.86	$474,120.46	$56.68	15.20%
150079	NY	CHAZY & WESTPORT TEL. CORP.	3522	367.19	$186,567.65	$52.97	14.43%
150077	NY	CHAMPLAIN TEL. CO.	5128	367.17	$271,574.14	$52.96	14.42%
150128	NY	FRONTIER COMM. OF SYLVAN LAKE, INC.	15696	340.44	$558,535.49	$35.58	10.45%
150131	NY	TRUMANSBURG HOME TEL. CO.	6231	338.04	$212,007.13	$34.02	10.07%
150105	NY	MIDDLEBURGH TELEPHONE CO.	5966	337.66	$201,517.01	$33.78	10.00%

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ID	ST	COMPANY NAME	USF LOOPS	LOOP COST	ANNUAL USF SUPPORT	PER LOOP USF SUPPORT	PERCENT COST RECOVERY FROM USF
154533	NY	CITIZENS TELECOMM. CO. OF NY	14481	330.58	$422,491.50	$29.18	8.83%
150072	NY	FRONTIER COMM. OF AUSABLE VALLEY, INC.	6191	326.20	$163,000.21	$26.33	8.07%
150116	NY	PATTERSONVILLE TEL. CO.-NY	1314	324.94	$33,519.58	$25.51	7.85%
150093	NY	EMPIRE TELEPHONE CORP-NY	7460	319.52	$164,019.85	$21.99	6.88%
150129	NY	TOWNSHIP TEL. CO., INC.	4029	312.93	$71,325.69	$17.70	5.66%
150100	NY	FRONTIER COMM. OF NY, INC.	58096	304.27	$701,455.46	$12.07	3.97%
150114	NY	ORISKANY FALLS TEL. CORP.	713	297.08	$5,276.61	$7.40	2.49%
150106	NY	ALLTEL NEW YORK INC.-FULTON	44750	290.53	$140,652.61	$3.14	1.08%
154532	NY	CITIZENS TELECOMM. CO. OF NY	244705	298.15	$304,792.31	$1.25	0.42%
			476,762	$328.42	$12,306,648.55	$25.81	7.86%
240533	SC	MCCLELLANVILLE TEL. CO., INC.	1526	760.30	$529,917.35	$347.26	45.67%
240512	SC	BLUFFTON TEL. CO., INC.	5937	482.69	$825,549.20	$139.05	28.81%
240551	SC	WILLISTON TEL. CO.	4655	456.41	$555,535.03	$119.34	26.15%
240540	SC	RIDGE TEL. CO., INC.	1536	401.17	$119,672.18	$77.91	19.42%
240539	SC	POND BRANCH TEL. CO., INC.	11121	380.47	$693,801.10	$62.39	16.40%
240520	SC	FARMERS TEL. COOP., INC-SC	47261	356.12	$2,163,446.71	$45.78	12.85%
240517	SC	ALLTEL SOUTH CAROLINA, INC.	44771	322.64	$1,075,156.54	$24.01	7.44%
240506	SC	UNITED TEL. CO. OF THE CAROLINAS	88893	318.08	$1,871,248.76	$21.05	6.62%
240523	SC	HARGRAY TEL. CO., INC.	43092	317.44	$889,185.11	$20.63	6.50%
240479	SC	GTE SOUTH INC.-SC	161792	311.54	$2,718,036.84	$16.80	5.39%
245194	SC	SOUTHERN BELL-SC	1291819	373.30	$11,317,044.94	$8.76	2.35%
			1,702,403	$362.35	$22,758,593.76	$13.37	3.69%
442073	TX	BORDER TO BORDER COMMUNICATIONS	64	5956.45	$271,639.78	$4,244.37	71.26%
442066	TX	DELL TELEPHONE CO-OP. INC. - TX	664	2650.12	$1,171,710.39	$1,764.62	66.59%
442039	TX	BIG BEND TELEPHONE COMPANY INC.	4229	1877.67	$5,012,576.93	$1,185.29	63.13%
442090	TX	ALENCO COMMUNICATIONS, INC.	825	1685.28	$858,820.11	$1,040.99	61.77%
442170	TX	XIT RURAL TELEPHONE CO-OP. INC.	1220	1441.02	$1,046,514.87	$857.80	59.53%
442159	TX	VALLEY TELEPHONE CO-OP. INC. - TX	5414	1232.20	$3,796,210.58	$701.18	56.91%
442166	TX	WEST TEXAS RURAL TEL. CO-OP. INC.	1877	1074.75	$1,094,472.27	$583.10	54.25%
442071	TX	FIVE AREA TELEPHONE CO-OP. INC.	1500	1049.16	$845,856.11	$563.90	53.75%
442041	TX	BRAZOS TELEPHONE COOPERATIVE INC.	1181	995.48	$618,423.65	$523.64	52.60%
442150	TX	TATUM TEL. CO.	862	923.12	$404,600.45	$469.37	50.85%
442052	TX	CENTRAL TEXAS TELEPHONE CO-OP. INC.	4127	904.70	$1,880,092.30	$455.56	50.35%
442069	TX	ELECTRA TELEPHONE COMPANY, INC.	1735	862.54	$735,534.30	$423.94	49.15%
442076	TX	GANADO TELEPHONE COMPANY INC.	1430	856.15	$599,379.60	$419.15	48.96%
442135	TX	SOUTHWEST TEXAS TELEPHONE COMPANY	3557	767.44	$1,254,248.26	$352.61	45.95%

DATA SOURCE: NECA 10/1/96 USF SUBMISSION

USF CONTRIBUTION TO COST RECOVERY
STUDY AREA DETAIL FOR RECIPIENTS IN VARIOUS STATES

ID	ST	COMPANY NAME	USF LOOPS	LOOP COST	ANNUAL USF SUPPORT	PER LOOP USF SUPPORT	PERCENT COST RECOVERY FROM USF
442070	TX	ETEX TELEPHONE COOPERATIVE INC.	11350	758.47	$3,925,812.63	$345.89	45.60%
442134	TX	RIVIERA TELEPHONE COMPANY INC.	997	755.66	$342,747.74	$343.78	45.49%
442105	TX	LIPAN TELEPHONE COMPANY	1090	729.87	$353,635.87	$324.44	44.45%
442131	TX	POKA-LAMBRO TELEPHONE COOPERATIVE, INC.	3381	686.51	$986,969.94	$291.92	42.52%
442093	TX	INDUSTRY TELEPHONE COMPANY	1849	671.54	$518,994.10	$280.69	41.80%
442103	TX	LA WARD TELEPHONE EXCHANGE INC.	1067	664.16	$293,589.40	$275.15	41.43%
442040	TX	BRAZORIA TEL. CO.	5760	661.14	$1,571,841.07	$272.89	41.28%
442112	TX	MID-PLAINS RURAL TEL. CO-OP. INC.	2381	651.75	$632,980.70	$265.85	40.79%
442057	TX	COLEMAN COUNTY TELEPHONE CO-OP. INC.	1995	566.51	$402,823.57	$201.92	35.64%
442059	TX	COLORADO VALLEY TELEPHONE CO-OP. INC.	5675	551.35	$1,081,351.81	$190.55	34.56%
442065	TX	CUMBY TELEPHONE COOPERATIVE INC.	672	535.15	$119,882.50	$178.40	33.34%
442141	TX	SANTA ROSA TEL. COOP.,INC.	2199	534.53	$391,271.53	$177.93	33.29%
442153	TX	TEXAS-ALLTEL, INC.	23071	533.28	$4,083,430.30	$176.99	33.19%
442116	TX	MUENSTER TELEPHONE CORP. OF TEXAS	3027	532.34	$533,627.03	$176.29	33.12%
442101	TX	CENTURY TELEPHONE OF LAKE DALLAS, INC.	6428	523.72	$1,091,629.15	$169.82	32.43%
442061	TX	COMMUNITY TELEPHONE COMPANY, INC.	1632	520.38	$273,064.73	$167.32	32.15%
442084	TX	UNITED TELEPHONE CO. OF TEXAS INC.	133774	514.07	$21,749,856.48	$162.59	31.63%
442068	TX	EASTEX TELEPHONE COOPERATIVE INC.	24896	501.58	$3,814,542.09	$153.22	30.55%
442104	TX	LAKE LIVINGSTON TEL. CO.	1063	494.14	$156,940.34	$147.64	29.88%
442086	TX	HILL COUNTRY TELEPHONE CO-OP. INC.	12005	481.51	$1,658,689.73	$138.17	28.69%
442151	TX	TAYLOR TEL. CO-OP.,INC.	6140	474.30	$815,140.72	$132.76	27.99%
442168	TX	WES-TEX TELEPHONE CO-OP.	3130	448.75	$355,557.28	$113.60	25.31%
442130	TX	PEOPLES TELEPHONE COOPERATIVE - TX	9069	429.32	$898,049.34	$99.02	23.07%
442083	TX	GUADALUPE VALLEY TEL CO-OP. INC.	23300	420.35	$2,150,510.20	$92.30	21.96%
440425	TX	CAMERON TELEPHONE COMPANY - TEXAS	1171	397.70	$88,186.93	$75.31	18.94%
442117	TX	CENTURY TELEPHONE OF PORT ARANSAS, INC.	3532	375.07	$206,044.78	$58.34	15.55%
442143	TX	SOUTH PLAINS TEL. COOP.,INC.	4334	367.88	$231,524.77	$53.42	14.52%
442060	TX	COMANCHE COUNTY TEL COMPANY INC.	5276	358.12	$248,376.01	$47.08	13.15%
442109	TX	LUFKIN-CONROE TELEPHONE EXCHANGE, INC.	86652	354.89	$3,897,353.50	$44.98	12.67%
442046	TX	CAP ROCK TELEPHONE COOPERATIVE, INC.	4413	351.28	$188,128.73	$42.63	12.14%
442043	TX	NORTH TEXAS TELEPHONE COMPANY	818	325.36	$21,090.15	$25.78	7.92%
442072	TX	FORT BEND TELEPHONE COMPANY	26865	318.60	$574,604.07	$21.39	6.71%
442114	TX	CENTRAL TELEPHONE COMPANY OF TEXAS	174419	297.66	$1,356,556.85	$7.78	2.61%
442154	TX	CONTEL OF TX, INC. DBA GTE TEXAS	200454	370.48	$1,699,559.26	$8.48	2.29%
442080	TX	GTE SOUTHWEST INC. - TEXAS	1322086	318.76	$4,371,543.46	$3.31	1.04%
			2,144,656	$362.73	$80,675,986.36	$37.62	10.37%
190220	VA	BURKE'S GARDEN TEL. CO., INC.	115	511.56	$18,480.97	$160.70	31.41%
193029	VA	NEW CASTLE TEL. CO.	2106	494.36	$311,275.38	$147.80	29.90%

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