B

PART 54

Subpart E - Universal Service Support for Low-Income Consumers

§ 54.403 Lifeline support amount.

(a) The federal ~~baseline~~ Lifeline support amount shall equal**:**

(1) ***Tier One.*** **The tariffed rate in effect for the primary residential end user common line charge, as determined in accordance with § 69.152(d), for the qualifying low-income consumer;** ~~**$3.50 per qualifying low-income consumer.**~~

(2) ***Tier Two.*** If the state commission approves an additional reduction of $1.75 in the amount paid by consumers, additional federal Lifeline support in the amount of $1.75 will be made available to the carrier providing Lifeline service to that consumer**; and**

(3) ***Tier Three***. Additional federal Lifeline support in an amount equal to one-half the amount of any state Lifeline support will be made available to the carrier providing Lifeline service to a qualifying low-income consumer if the state commission approves an additional reduction in the amount paid by that consumer equal to the state support multiplied by 1.5.

(b) **For the qualifying low-income consumer, the** ~~**The**~~ federal Lifeline support amount shall not exceed ~~**$7.00 per qualifying low- income consumer**~~ **the tariffed rate in effect for the primary residential end user common line charge plus $3.50**. Eligible carriers that charge federal End-User Common Line charges or equivalent federal charges shall apply the federal ~~**baseline**~~ Lifeline support to waive Lifeline consumers' federal End-User Common Line charges. Such carriers shall apply any additional federal support amount to a qualifying low-income consumer's intrastate rate, if the state has approved of such additional support. Other carriers shall apply the federal ~~**baseline**~~ Lifeline support amount, plus the additional support amount, where applicable, to reduce their lowest tariffed (or otherwise generally available) residential rate for the services enumerated in § 54.101(a)(1) through (a)(9), and charge Lifeline consumers the resulting amount.

(c) Lifeline support for providing toll limitation shall equal the eligible telecommunications carrier's incremental cost of providing either toll blocking or toll control, whichever is selected by the particular consumer.

~~**(d) In addition to the $7.00 per qualifying low-income consumer described in paragraph (a) of this section, eligible incumbent local exchange carriers that serve qualifying low-income consumers who have toll blocking shall receive federal Lifeline support in amounts equal to the presubscribed interexchange carrier charge that incumbent local exchange carriers would be permitted to recover from such low-income consumers pursuant to § 69.153(b) of this chapter. Eligible**~~

~~**incumbent local exchange carriers that serve qualifying low- income consumers who have toll blocking shall apply this support to waive qualifying low-income consumers' presubscribed interexchange carrier charges. A competitive eligible telecommunications carrier that serves qualifying low- income consumers who have toll blocking shall receive federal Lifeline support in an amount equal to the presubscribed interexchange carrier charge that the incumbent local exchange carrier in that area would be permitted to recover, if it served those consumers.**~~

Subpart H—Administration

§ 54.701 Administrator of universal service support mechanisms.

(a) The Universal Service Administrative Company is appointed the permanent Administrator of the federal universal service support mechanisms, subject to a review after one year by the Federal Communications Commission to determine that the Administrator is administering the universal service support mechanisms in an efficient, effective, and competitively neutral manner.

(b) The Schools and Libraries Corporation and the Rural Health Care Corporation shall merge into the Universal Service Administrative Company by January 1, 1999; provided, however, that the merger shall not take place until the Common Carrier Bureau, acting pursuant to delegated authority, has approved the merger documents, the amended by-laws, and the amended articles of incorporation, as set forth in paragraphs (c) and (d) of this section.

(c) By December 1, 1998, the Schools and Libraries Corporation, the Rural Health Care Corporation and the Universal Service Administrative Company shall file with the Federal Communications Commission draft copies of all documents necessary to effectuate the merger.

(d) By December 1, 1998, the Universal Service Administrative Company shall file with the Federal Communications Commission draft copies of amended by-laws and amended articles of incorporation.

(e) Upon consummation of the merger of the Schools and Libraries Corporation and the Rural Health Care Corporation into the Universal Service Administrative Company, the Schools and Libraries Corporation and the Rural Health Care Corporation shall take all steps necessary to dissolve such corporations.

(f) The Administrator shall establish a nineteen (19) member Board of Directors, as set forth in § 54.703. The Administrator's Board of Directors shall establish three Committees of the Board of Directors, as set forth in § 54.705: (1) the Schools and Libraries Committee, which shall oversee the schools and libraries support mechanism; (2) the Rural Health Care Committee, which shall oversee the rural health care support mechanism; and (3) the High Cost and Low Income Committee, which shall oversee the high cost and low income support mechanism. The Board of Directors shall not modify substantially the power or authority of the Committees of the Board without prior approval from the Federal Communications Commission.

(g) The Administrator shall establish three divisions: (1) the Schools and Libraries Division, which shall perform duties and functions in connection with the schools and libraries support mechanism under the direction of the Schools and Libraries Committee of the Board, as set forth in § 54.705(a); (2) the Rural Health Care Division, which shall perform duties and functions in connection with the rural health care support mechanism

under the direction of the Rural Health Care Committee of the Board, as set forth in § 54.705(b); and (3) the High Cost and Low Income Division, which shall perform duties and functions in connection with the high cost and low income support mechanism, **and the Interstate Access Universal Service Fund Support mechanism described in Subpart I of this Part,** under the direction of the High Cost and Low Income Committee of the Board, as set forth in § 54.705(c). As directed by the Committees of the Board set forth in § 54.705, these divisions shall perform the duties and functions unique to their respective support mechanisms.

(h) The Administrator shall be managed by a Chief Executive Officer, as set forth in § 54.704. The Chief Executive Officer shall serve on the Committees of the Board established in § 54.705.

Sec. 54.702 Administrator's functions and responsibilities.

(a) The Administrator, and the divisions therein, shall be responsible for administering the schools and libraries support mechanism, the rural health care support mechanism, the high cost support mechanism, ~~and~~ the low income support mechanism**, and the Interstate Access Universal Service Fund Support mechanism decribed in Subpart I of this Part**.

(b) The Administrator shall be responsible for billing contributors, collecting contributions to the universal service support mechanisms, and disbursing universal service support funds.

(c) The Administrator may not make policy, interpret unclear provisions of the statute or rules, or interpret the intent of Congress. Where the Act or the Commission's rules are unclear, or do not address a particular situation, the Administrator shall seek guidance from the Commission.

(d) The Administrator may advocate positions before the Commission and its staff only on administrative matters relating to the universal service support mechanisms.

(e) The Administrator shall maintain books of account separate from those of the National Exchange Carrier Association, of which the Administrator is an independent subsidiary. The Administrator's books of account shall be maintained in accordance with generally accepted accounting principles. The Administrator may borrow start up funds from the National Exchange Carrier Association. Such funds may not be drawn from the Telecommunications Relay Services (TRS) fund or TRS administrative expense accounts.

(f) Pursuant to its responsibility for billing and collecting contributions, the Administrator shall compare periodically information collected by the administrator of the TRS Fund from TRS Fund Worksheets with information submitted by contributors on Universal Service Worksheets to verify the accuracy of information submitted on Universal Service Worksheets. When performing a comparison of contributor information as provided by this paragraph, the Administrator must undertake company-by-company comparisons for all entities filing Universal Service and TRS Fund Worksheets.

(g) The Administrator shall create and maintain a website, as defined in Sec. 54.5, on which applications for services will be posted on behalf of schools, libraries and rural health care providers.

(h) The Administrator shall file with the Commission and Congress an annual report by March 31 of each year. The report shall detail the Administrator's operations, activities, and accomplishments for the prior year, including information about participation in each of the universal service support mechanisms and administrative action intended to prevent waste, fraud, and abuse. The report also shall include an assessment of subcontractors' performance, and an itemization of monthly administrative costs that shall include all expenses, receipts, and payments associated with the administration of the universal service support programs. The Administrator shall consult each year with Commission staff to determine the scope and content of the annual report.

(i) The Administrator shall report quarterly to the Commission on the disbursement of universal service support program funds. The Administrator shall keep separate accounts for the amounts of money collected and disbursed for eligible schools and libraries, rural health care providers, low-income consumers, **interstate access USF support,** and high cost and insular areas.

(j) Information based on the Administrator's reports will be made public by the Commission at least once a year as part of a Monitoring Report.

(k) The Administrator shall provide the Commission full access to the data collected pursuant to the administration of the universal service support programs.

(l) Pursuant to Sec. 64.903 of this chapter, the Administrator shall file with the Commission a cost allocation manual (CAM) that describes the accounts and procedures the Administrator will use to allocate the shared costs of administering the universal service support mechanisms and its other operations.

(m) The Administrator shall make available to whomever the Commission directs, free of charge, any and all intellectual property, including, but not limited to, all records and information generated by or resulting from its role in administering the support mechanisms, if its participation in administering the universal service support mechanisms ends.

(n) If its participation in administering the universal service support mechanisms ends, the Administrator shall be subject to close-out audits at the end of its term.

Sec. 54.703 and Sec. 54.704 remain unchanged.

Sec. 54.705 Committees of the Administrator's Board of Directors.

(a) Schools and Libraries Committee.--

(1) Committee functions. The Schools and Libraries Committee shall oversee the administration of the schools and libraries support mechanism by the Schools and Libraries Division. The Schools and Libraries Committee shall have the authority to make decisions concerning:

(i) How the Administrator projects demand for the schools and libraries support mechanism;

(ii) Development of applications and associated instructions as needed for the schools and libraries support mechanism;

(iii) Administration of the application process, including activities to ensure compliance with Federal Communications Commission rules and regulations;

(iv) Performance of outreach and education functions;

(v) Review of bills for services that are submitted by schools and libraries;

(vi) Monitoring demand for the purpose of determining when the $2 billion trigger has been reached;

(vii) Implementation of the rules of priority in accordance with § 54.507(g) of this chapter;

(viii) Review and certification of technology plans when a state agency has indicated that it will not be able to review such plans within a reasonable time;

(ix) The classification of schools and libraries as urban or rural and the use of the discount matrix established in § 54.505(c) of this chapter to set the discount rate to be applied to services purchased by eligible schools and libraries;

(x) Performance of audits of beneficiaries under the schools and libraries support mechanism; and

(xi) Development and implementation of other functions unique to the schools and libraries support mechanism.

(2) Committee composition. The Schools and Libraries Committee shall consist of the following members of the Administrator's Board of Directors:

(i) Three school representatives;

(ii) One library representative;

(iii) One service provider representative;

(iv) One at-large representative elected by the Administrator's Board of Directors; and

(v) The Administrator's Chief Executive Officer.

(b) Rural Health Care Committee.--

(1) Committee functions. The Rural Health Care Committee shall oversee the administration of the rural health care support mechanism by the Rural Health Care Division. The Rural Health Care Committee shall have authority to make decisions concerning:

(i) How the Administrator projects demand for the rural health care support mechanism;

(ii) Development of applications and associated instructions as needed for the rural health care support mechanism;

(iii) Administration of the application process, including activities to ensure compliance with Federal Communications Commission rules and regulations;

(iv) Calculation of support levels under § 54.609;

(v) Performance of outreach and education functions;

(vi) Review of bills for services that are submitted by rural health care providers;

(vii) Monitoring demand for the purpose of determining when the $400 million cap has been reached;

(viii) Performance of audits of beneficiaries under the rural health care support mechanism; and

(ix) Development and implementation of other functions unique to the rural health care support mechanism.

(2) Committee composition. The Rural Health Care Committee shall consist of the following members of the Administrator's Board of Directors:

(i) Two rural health care representatives;

(ii) One service provider representative;

(iii) Two at-large representatives elected by the Administrator's Board of Directors;

(iv) One State telecommunications regulator, one state consumer advocate; and

(v) The Administrator's Chief Executive Officer.

(c) High Cost and Low Income Committee.--

(1) Committee functions. The High Cost and Low Income Committee shall oversee the administration of the high cost and low income support mechanisms**, including the**

Interstate Access Universal Service Fund Support mechanism described in Subpart I of this Part, by the High Cost and Low Income Division. The High Cost and Low Income Committee shall have the authority to make decisions concerning:

(i) How the Administrator projects demand for the high cost and low income support mechanisms;

(ii) Development of applications and associated instructions as needed for the high cost and low income support mechanisms;

(iii) Administration of the application process, including activities to ensure compliance with Federal Communications Commission rules and regulations;

(iv) Performance of audits of beneficiaries under the high cost and low income support mechanisms; and

(v) Development and implementation of other functions unique to the high cost and low income support mechanisms.

(2) Committee composition. The High Cost and Low Income Committee shall consist of the following members of the Administrator's Board of Directors:

(i) One low income representative;

(ii) One state telecommunications regulator;

(iii) One state consumer advocate;

(iv) Two incumbent local exchange carrier representatives (one shall represent rural telephone companies, as that term is defined in 47 U.S.C. 153(37) and one shall represent non-rural telephone companies);

(v) One interexchange carrier representative;

(vi) One competing local exchange carrier representative;

(vii) One commercial mobile radio service representative; and

(viii) The Administrator's Chief Executive Officer.

(d) Binding Authority of Committees of the Board.

(1) Any action taken by the Committees of the Board established in paragraphs (a) through (c) of this section shall be binding on the Board of Directors of the Administrator, unless such action is presented for review to the Board by the Administrator's Chief Executive Officer and the Board disapproves of such action by a

two-thirds vote of a quorum of directors, as defined in the Administrator's by-laws.

(2) The budgets prepared by each Committee shall be subject to Board review as part of the Administrator's combined budget. The Board shall not modify the budgets prepared by the Committees of the Board unless such modification is approved by a two-thirds vote of a quorum of the Board, as defined in the Administrator's by-laws.

Secs. 54.706 – 54.714 remain unchanged.

Sec. 54.715 Administrative expenses of the Administrator.

(a) The annual administrative expenses of the Administrator should be commensurate with the administrative expenses of programs of similar size, with the exception of the salary levels for officers and employees of the Administrator described in paragraph (b) of this section. The annual administrative expenses may include, but are not limited to, salaries of officers and operations personnel, the costs of borrowing funds, equipment costs, operating expenses, directors' expenses, and costs associated with auditing contributors of support recipients.

(b) All officers and employees of the Administrator may be compensated at an annual rate of pay, including any non-regular payments, bonuses, or other compensation, in an amount not to exceed the rate of basic pay in effect for Level I of the Executive Schedule under 5 U.S.C. 5312.

(c) The Administrator shall submit to the Commission projected quarterly budgets at least sixty (60) days prior to the start of every quarter. The Commission must approve the projected quarterly budgets before the Administrator disburses funds under the federal universal service support mechanisms. The administrative expenses incurred by the Administrator in connection with the schools and libraries support mechanism, the rural health care support mechanism, the high cost support mechanism**,** ~~and~~ the low income support mechanism**, and the Interstate Access Universal Service Fund Support mechanism** shall be deducted from the annual funding of each respective support mechanism. The expenses deducted from the annual funding for each support mechanism also shall include the Administrator's joint and common costs allocated to each support mechanism pursuant to the cost allocation manual filed by the Administrator under § 64.903 of this chapter.

Sec. 54.717 remains unchanged.

Subpart I - Interstate Access Universal Service Fund Support [All New]

§ 54.800 Terms and Definitions

(a) *Average Price Cap CMT Revenue Per Line Per Month*$_{Study\ Area}$ has the same meaning as that term is defined in § 61.3(d), including exogenous changes in effect prior to the effective date of a calculation pursuant to 54.808 and exogenous changes not yet effective related to the sale or acquisition of exchanges, but excluding any other exogenous changes not yet effective.

(b) *Base Period Lines* –For purposes of calculations pursuant to this part, Base Period Lines are the number of lines for a given study area or zone as of the end of the quarter ending 6 months prior to the effective date of a calculation pursuant to 54.808.

(c) *Interstate Access USF Support Benchmark* shall mean, for residential and single line business lines, $7.00, and for multiline business lines, $9.20.

(d) *Minimum Adjustment Amount (MAA)* is defined in § 54.806(f).

(e) *MAA Phase In Percentage* is:

50% as of July 1, 2000,
75% as of July 1, 2001
100% as of July 1, 2002.

(f) *Minimum Delta (MD)* is defined in § 54.806(d).

(g) *Minimum Support Requirement (MSR)* is defined in § 54.806(g).

(h) *Nationwide Total Above Benchmark Revenues* is defined in § 54.806(b).

(i) *Preliminary Minimum Access USF*$_{study\ area}$ is the amount calculated pursuant to § 54.804.

(j) *Preliminary Study Area Universal Service Support (PSAUSS)* is defined in § 54.806(c).

(k) *Study Area Above Benchmark Revenues* is the sum of all Zone Above Benchmark Revenues for all zones in the study area.

(l) *Study Area Access USF Support (SAAUS)* is defined in § 54.806(i) and (j).

(m) *Total National Minimum Delta (TNMD)* is the nationwide sum of all study area Minimum Deltas.

(n) *Total National Minimum Support Requirement (TNMSR)* is the sum of the MSR for all price cap incumbent LEC study areas.

(o) *Zone Above Benchmark Revenues* is defined in § 54.805(a)(2).

(p) *Zone Average Revenue per Line.* The amount calculated as follows:
Zone Average Revenue Per Line = $(25\% * (Loop_{zone\ price} + (Port)_{price})) + U$ where,

U(Uniform revenue per line adjustment) =
[(Average Price Cap CMT Revenue Per Line Per $Month_{study\ area}$ * ILEC Base Period Lines) – (25% * Σ (ILEC Base Period $Lines_{UNE\ Zone}$ x $((Loop_{zone\ price} + Port_{Price})$ for all zones)))] ÷ ILEC Base Period $Lines_{Study\ Area(s)}$

§ 54.801 General

(a) The total amount of universal service support under this Subpart, excluding administrative expenses, for areas served by price cap incumbent LECs as of June 30, 2000, is targeted to be $650 million per year, if all price cap incumbent LECs elect to participate and if no exchanges, other than those offered for sale prior to January 1, 2000, are sold to non-price-cap LECs or purchased from non-price cap LECs by price cap LECs. Support that would be provided to areas served by price cap LECs not electing to participate in this Subpart will not be distributed nor collected.

(b) In the event that all or a portion of a study area served by a participating price cap LEC is sold to an entity other than a participating price cap LEC, and the study area or portion thereof was not offered for sale prior to January 1, 2000, then the support that would otherwise be provided under this Subpart, had such study area or portion thereof not been sold, will not be distributed or collected until support is calculated pursuant to section 54.808. Subsequent calculations will use the last reported data for the study area or portion thereof that was sold to determine the amount that will not be distributed or collected.

(c) In the event that a participating price cap LEC acquires additional exchanges, from an entity other than a price cap LEC, that acquisition should be reported to the Administrator pursuant to Section 54.802 and included in the determination of study area support pursuant to Section 54.806 for the areas served by the acquiring price cap LEC, beginning with the next support recalculation pursuant to section 54.808.

(d) In the event that a participating price cap LEC acquires additional exchanges from an entity that is also a participating price cap LEC, the acquiring price cap LEC will receive support under this Subpart at the same level as the selling price cap LEC formerly received, and both carriers will adjust their line counts accordingly beginning with the next quarterly report to the Fund Administrator. At the subsequent report to the Fund Administrator for purposes of recalculating support as required by section 54.808, the acquiring and selling price cap LECs will reflect the acquired and sold lines, and will adjust the average CMT Revenue per Line per Month for the affected study areas accordingly.

(e) The Fund Administrator for the fund created by this subpart shall be the Universal Service Administrative Corporation.

§ 54.802 Obligations of LECs and the Fund Administrator.

(a) Each Eligible Telecommunications Carrier that is providing service within an area served by a price cap LEC shall submit to the Fund Administrator, on a quarterly basis on the last business day of March, June, September, and December of each year line count data showing the number of lines it serves for the period ending three months prior to the reporting date, within each participating price cap LEC study area disaggregated by UNE Zone if UNE Zones have been established within that study area, showing residential/single line business and multiline business line counts separately. For purposes of this report, and for purposes of computing support under this Subpart, the aggregated residence/single line business class lines reported include single and non-primary residence lines, single line business lines, ISDN BRI and other related residence class lines. Similarly, the multiline business class lines reported include multiline business, centrex, ISDN PRI and other related business class lines. For purposes of this report and for purposes of computing support under this Subpart, lines served using resale of the price cap LEC's service pursuant to Section 251(c)(4) of the Communications Act of 1934, as amended, shall be considered lines served by the price cap LEC only and must be reported accordingly.

(b) In addition to the information submitted pursuant to paragraph (a), each price cap LEC must submit to the Fund Administrator, on April 17, 2000, October 15, 2000, and April 16, 2001 and annually thereafter or as determined by the Fund Administrator according to Section 54.808:

(1) Average Price Cap CMT Revenue Per Line Per $\text{Month}_{\text{Study Area}}$ for each of its study areas;

(2) The rates established for UNE Loops and UNE Line Ports, by zone in those study areas where UNE Zones have been established as of the date of filing; and;

(3) Make available information sufficient to determine the boundaries of each UNE Zone within each of its study areas where such zones have been established.

provided, however, that after the April 17, 2000 filing, if there have been no changes since its previous filing a company may submit a statement that there have been no changes in lieu of such information, and further provided that, for study areas in which UNE Zones have been newly established since the last filing pursuant to this paragraph, the price cap LEC shall also report the information required by subparagraph (2) and (3) to the Fund Administrator on July 15, 2000, or January 15, 2001, as required.

(c) In order to participate in the support mechanism described in this Subpart for all its study areas, a price cap LEC must file a written statement of its intent to do so with the Commission by **[5 working days following release of the Report and**

Order adopting the CALLS Plan] or, in the case of a transfer of control, within the first six months of the implementation of the plan, by January 1, 2001. A price cap LEC filing such a written statement of intent is a "participating price cap LEC." A price cap LEC electing to participate in this support mechanism must also elect to participate in the interstate access charge rules contained in the applicable Subparts of Parts 61 and 69 of these rules. Nothing in this subsection alters a carrier's obligation, or the obligations of providers of interstate telecommunications, to contribute to universal service support pursuant to Subpart H of this Part.

(d) An eligible telecommunications carrier shall be eligible for support pursuant to this Subpart only after it has filed all of the information required by paragraphs (a) through (c) of this section. An eligible telecommunications carrier shall receive payment of support pursuant to this Subpart only for such months the carrier is actually providing service to the end user. The Administrator shall ensure that there is periodic reconciliation of support payments.

(e) Upon receiving the information required to be filed in paragraphs (a) and (b) of this section, the Fund Administrator shall:

(1) Perform the calculations described in sections 54.804 through 54.807 of this section;

(2) Publish the results of these calculations showing Interstate Access USF Support per line available in each participating price cap LEC study area, by UNE Zone and customer class;

(3) Collect the funds necessary to provide support pursuant to this Subpart in accordance with Subpart H; and

(4) Distribute support calculated pursuant to the rules contained in this Subpart; and

(5) Report quarterly to the Commission on the collection and distribution of funds under this Subpart as described in 54.701(g).

§ 54.803 Universal Service Zones

(a) The zones used for determining universal service shall be the same zones that would be used for EUCL deaveraging as described in §69.152(q)(2).

(b) In a price cap study area where the participating price cap LEC has not established state-approved prices for Unbundled Network Elements (UNEs) loops by zone, the fund administrator shall develop an estimate of the ILEC's Zone Above Benchmark Revenues for transitional purposes, in order to reserve a portion of the fund for that study area. This estimate will be included by the Administrator in the Nationwide Study Area Above Benchmark Revenues calculated pursuant to §54.806.

(1) For the purpose of developing this transitional estimate, the loop and port costs estimated by the FCC cost model, or other substitute method if no model is available, shall be used.

(2) For the purpose of developing this transitional estimate, the administrator shall construct three zones. Wire centers within the study area will be grouped into these zones in such a way that each zone is assigned approximately one third of ILEC base period lines in the study area, with the lowest cost wire centers assigned to Zone 1, the highest cost wire centers assigned to Zone 3, and the remainder to Zone 2.

§ 54.804 Preliminary Minimum Access $USF_{Study\ Area}$ Calculated by the Fund Administrator.

(a) If Average Price Cap CMT Revenue Per Line Per $Month_{Study\ Area}$ is greater than $9.20 then: Preliminary Minimum Access $USF_{study\ area}$ = (Average Price Cap CMT Revenue Per Line Per $Month_{study\ area}$ x ILEC Base Period Lines x 12) - (($7.00 X ILEC Base Period Residential & Single Line Business $Lines_{study\ area}$ X 12) + ($9.20 X ILEC Base Period Multiline Business $Lines_{study\ area}$ X 12))

(b) If Average Price Cap CMT Revenue Per Line Per $Month_{Study\ Area}$ is greater than $7.00 but less than $9.20 then: Preliminary Minimum Access $USF_{study\ area}$ = (Average Price Cap CMT Revenue Per Line Per $Month_{Study\ Area}$ - $7.00) X (ILEC Base Period Residential & Single Line Business $Lines_{study\ area}$ X 12)

(c) If Average Price Cap CMT Revenue Per Line Per $Month_{Study\ Area}$ is less than $7.00 then the Preliminary Minimum Access $USF_{study\ area}$ is zero.

§54.805 Zone and Study Area Above Benchmark Revenues Calculated by the Fund Administrator.

(a) The following steps shall be performed by the Fund Administrator to determine Zone Above Benchmark Revenues for each price cap LEC, whether or not the price cap LEC is a participating price cap LEC.

(1) Calculate Zone Average Revenue Per Line.

(2) Calculate Zone Above Benchmark Revenues. Zone Above Benchmark Revenues is the sum of Zone Above Benchmark $Revenues_{Residence\&SingleLineBusiness}$ and Zone Above Benchmark Revenues $_{MultilineBusiness.}$ Zone Above Benchmark Revenues $_{Residence\&SingleLineBusiness}$ is, within each zone, the product of Zone Average Revenue Per Line minus $7.00 multiplied by all eligible telecommunications carrier Base Period Line $_{Residence\ and\ Single\ Line\ Business}$ times 12. If negative, the Zone Above Benchmark Revenues $_{Residence\&SingleLineBusiness}$ for the zone is zero. Zone Above Benchmark Revenues $_{MultilineBusiness}$ is, within each zone, the product of Zone

Average Revenue Per Line minus $9.20 multiplied by all eligible telecommunications carrier zone Base Period Lines times 12. If negative, the Zone Above Benchmark Revenues $_{MultilineBusiness}$ for the zone is zero.

(b) Study Area Above Benchmark Revenues is the sum of Zone Above Benchmark Revenues for all zones in the study area.

§ 54.806 Calculation by the Fund Administrator of Interstate Access USF Support for Areas Served by Participating Price Cap LECs

(a) The Fund Administrator, based on the calculations performed in sections 54.804 and 54.805, shall calculate the Interstate Access USF Support for areas served by participating Price Cap LECs according to the following methodology:

(b) Calculate Nationwide Total Above Benchmark Revenues. Nationwide Total Above Benchmark Revenues is the sum of all Study Area Above Benchmark Revenues for all study areas served by price cap ILECs, whether or not participating.

(c) Calculate Preliminary Study Area Universal Service Support (PSUASS).

(1) If the Nationwide Total Above Benchmark Revenues is greater than $650 million, then the Preliminary Study Area Universal Service Support (PSAUSS) equals the Study Area Above Benchmark Revenues multiplied by the ratio of $650 million to Nationwide Total Above Benchmark Revenues (i.e. Preliminary Study Area Universal Service Support = Study Area Above Benchmark Revenues X ($650 Million / Nationwide Total Above Benchmark Revenues).

(2) If the Nationwide Total Above Benchmark Revenues is not greater than $650 million, PSAUSS equals the Study Area Above Benchmark Revenues.

(d) Calculate the Minimum Delta (MD) by study area. Within each study area the Minimum Delta will be equal to the Preliminary Minimum Access $USF_{Study\ Area}$ less the PSAUSS, if the difference is greater than zero. If the difference is less than or equal to zero, the MD is equal to zero.

(e) Calculate the Total National Minimum Delta (TNMD) by summing all study are Minimum Deltas nationwide.

(f) Calculate the Minimum Adjustment Amount.

(1) If the TNMD is greater than $75 million, then the Minimum Adjustment Amount (MAA) equals the product of the MAA Phase In Percentage times the MD by study area times the ratio of $75 million to TNMD Or:

Minimum Adjustment Amount = (MAA Phase In Percentage) X (Minimum Delta) X ($75 million / Total National Minimum Delta).

(2) If the TNMD is less than $75 million, then the MAA equals the product of the MAA Phase In Percentage and the MD by study area.

(g) Calculate the Minimum Support Requirement (MSR). The Minimum Support Requirement for a study area equals the PSAUSS plus the MAA.

(h) Calculate the Total National Minimum Support Requirement (TNMSR), which equals the sum of the MSR for all study areas in which the Preliminary Minimum Access USF is greater than or equal to the PSAUSS.

(i) Calculate Study Area Access USF Support (SAAUS) for a study area in which the participating price cap incumbent LEC has geographically deaveraged state-approved rates for UNE loops:

(1) For study areas in which the Preliminary Minimum Access USF is greater than PSAUSS, and within which the participating price cap incumbent LEC has established geographically deaveraged state-approved rates for UNE loops, the SAAUS for that study area is the MSR.

(2) For study areas in which the Preliminary Minimum Access USF is less than PSAUSS, and within which the participating price cap incumbent LEC has established geographically deaveraged state-approved rates for UNE loops, the SAAUS for that study area is equal to:

Preliminary Study Area Universal Service Support x ($650 million – TNMSR) ÷ (the sum of PSAUSS of study areas where the Preliminary Minimum Access USF is less than PSAUSS).

(*j*) Calculate Study Area Access USF Support (SAAUS) for a participating price cap incumbent LEC that has not established geographically deaveraged state-approved rates for UNE loops. In such study areas, the SAAUS shall be the lesser of the study area support calculated in accordance with 54.806(i) or the Preliminary Minimum Access USF.

§ 54.807 Interstate Access USF Support

(a) Each Eligible Telecommunication Carrier (ETC) that provides supported service within the study area of a participating price cap LEC shall receive Interstate Access USF Support for each line that it serves within that study area.

(b) In any study area within which the incumbent LEC has not established state approved geographically deaveraged rates for UNE loops, the Fund Administrator shall calculate the Interstate Access USF Support Per Line by dividing Study Area Access USF Support by twelve times all eligible telecommunications carriers' base period lines in that study area adjusted for growth during the relevant support period based on the average nationwide annual growth in eligible lines during the three previous years.

(c) In any study area within which the incumbent LEC has established state approved geographically deaveraged rates for UNE loops, the Fund Administrator shall calculate the Interstate Access USF Support Per Line for each customer class and zone using all eligible telecommunications carriers' base period lines by customer class and zone adjusted for growth during the relevant support period based on the average nationwide annual growth in eligible lines during the three previous years. Support shall be allocated to lines in the highest cost UNE zone first, and will "cascade" to lines in lower cost UNE zones to the extent that sufficient funding is available. Beginning with the zone with the highest Zone Average Revenue Per Line, support will be applied in the following order of priority:

(1) To all lines in the highest zone, to eliminate the amount per line by which Zone Average Revenue Per Line exceeds the higher of $9.20 or the Average Revenue Per Line in the next highest zone;

(2) If the Zone Average Revenue Per Line in the next highest zone is greater than $9.20, then to all lines in both zones to eliminate the amount per line by which Zone Average Revenue per Line exceeds $9.20;

(3) To all residential and single line business lines in the highest zone, to eliminate the amount per line that Zone Average Revenue Per Line for these lines exceeds the higher of $7.00 or Average Revenue Per Line in the next highest zone;

(4) If the Zone Average Revenue per Line in the next highest zone is greater than $7.00, then to all residential and single line business lines in both zones to eliminate the amount per line by which Zone Average Revenue Per Line exceeds $7.00.

This "cascade" process will continue until all of the available funding has been assigned to lines by zone and by customer class; it may extend in similar fashion to additional zones, to the extent that their Zone Average Revenue per Line exceeds the $9.20 and $7.00, and available funding permits.

(d) The per-line support amount determined within each zone by applicable customer class under paragraph (b) or (c) above is portable among all eligible telecommunications carriers providing service within that zone.

§ 54.808 Transition Provisions and Periodic Calculation.

Study Area Access USF Support amounts for the area served by each participating price cap incumbent LEC will be calculated as of July 1, 2000, January 1, 2001, July 1, 2001 and thereafter as determined by the Administrator, but at least annually.