Before the

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	WC Docket 08-71
Federal-State Joint Board on Universal Service	)	
	)	CC Docket No. 96-45
Advantage Cellular Systems, Inc. Supplement to Petition for Waiver of Section 54.307(c) of the Commission's Rules	)	

To: Wireline Competition Bureau

SUPPLEMENT TO ADVANTAGE CELLULAR SYSTEMS, INC.,
d/b/a DTC WIRELESS
PETITION FOR WAIVER
EXPEDITED TREATMENT REQUESTED

Advantage Cellular Systems, Inc., d/b/a DTC Wireless ("Advantage"), pursuant to Sections 1.3 and 1.925 of the Federal Communication Commission's ("FCC's" or "Commission's") rules,[1] and through its undersigned counsel, hereby supplements the Petition for Waiver filed on November 5, 2005 by other counsel.[2] Advantage petitions the Commission for an expedited ruling, including, if necessary, waiver of Section 54.307(c) of the Commission's rules regarding the Universal Service Administrative Company's ("USAC's") action with respect to Advantage's high cost line count reports dated September 30, 2004 and December 30, 2004.

Advantage seeks a Commission order requiring USAC to accept and process for payment the line count filings that Advantage timely mailed on September 24, 2004 and

[1] 47 C.F.R. § 1.3 and § 1.925. Undersigned counsel also consulted with Commission staff in advance of filing this Supplement.
[2] *See* Advantage Cellular Systems, Inc. Petition for Waiver, CC Dkt. No. 96-45, filed Nov. 2, 2005.

December 21, 2004.[3] This Supplement provides additional information in support of Advantage's initial waiver request.

USAC has taken the position that, absent Commission action directing it to do so, it will not make the USF payments linked to the Advantage line count reports for the 3rd and 4th quarters of 2004. These line count reports were mailed, but cannot be located in USAC's files. As Advantage will demonstrate herein, circumstances of hardship and equity favor grant of Advantage's waiver request. Advantage's Petition for Waiver has been pending since November 2, 2005, and is ripe for decision. Advantage seeks expeditious Commission action to direct USAC to accept the Advantage 2004 line count reports as timely filed so that Advantage can received USF support for the 2005 time period and continue to provide quality services to its rural customers.

SPECIAL CIRCUMSTANCES JUSTIFY GRANT OF THIS WAIVER REQUEST

Advantage obtained certification from this Commission on October 22, 2004 as an Eligible Telecommunications Carrier ("ETC").[4] The Advantage ETC Order acknowledges that Advantage complied with the annual certification requirements contained in Sections 54.313 and 54.314 of the Commission's rules, and orders that Advantage is eligible to receive USF support as of the date of its ETC designation.[5]

An Advantage line count report was submitted by first class mail prior to Advantage's certification, on September 24, 2004, six days before the September 30, 2004 deadline. Another report was submitted by first class mail on December 21, 2004, nine days before the December

[3] *See* High Cost Loop, Local Switching Support and Long Term Support Line Count Reports by Advantage Cellular Systems, Inc., dated 9/24/04 or 12/21/04, attached as Exhibit 2.
[4] *Order*, Advantage Cellular Systems, Inc., Petition for Designation as an Eligible Telecommunications Carrier in the State of Tennessee, FCC Dkt. No. 96-45, DA 04-3357 (Oct. 22, 2004) ("Advantage ETC Order").
[5] *Id* at para. 31.

30, 2004. These mailing intervals should have been sufficient to result in the reports reaching USAC in ample time to be received on or before the deadline. However, upon failing to receive the USF funds in 2005, Advantage immediately sought to obtain additional information from USAC, and eventually was told that it could not locate both the September and December 2004 line count reports that Advantage had mailed.

As Advantage details in its initial waiver petition, it tried to work with USAC to locate the missing reports. Ultimately, Advantage requested waiver to show that it indeed, in good faith and with diligence, had mailed the reports in a timely way. Copies of the missing reports were included in the waiver filing, and are attached hereto. Copies of these filings also have been provided to USAC. [6]

Advantage now knows that obtaining filing confirmation is important in making line count filings. However, even if Advantage had tried to obtain filing confirmation at the time it submitted its line count reports in 2004, it appears, from the experience of other carriers, that USAC/Telcordia did not have any sort of "stamp-in" or acknowledgement procedure during its first year or so of Telcordia operations. [7] Therefore, it is difficult to ascertain whether the reports were delivered by the postal service and then misplaced, or simply never received. Postal delay is a possibility, but it seems unusual that two reports in a row would meet the same fate at the hands of the U.S. Postal Service. Another more likely possibility is that the reports did not get correctly associated with a USAC file for Advantage, especially given that one of the reports was

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[6] Undersigned counsel has been working with USAC staff and provided copies of the reports and this Supplement to USAC via e-mailed electronic filing simultaneously with the electronic filing of this pleading with the FCC.

[7] *See, e.g., Benton/Linn Wireless, LLC, et al,* CC Dkt. No. 96-45, DA 06-1629, (Wireline Comp. Bur., rel. Nov. 29, 2005) at fn. 67, where the decision notes, in part, that "It also might help if carriers could confirm when their filings were received. For example, if USAC would date-stamp filings if requested by carriers, the carriers would know in a timely manner whether their submissions were received, and can expeditiously cure the situation if they were not." *See also, Cellular South Licenses, Inc.,* CC Dkt. No. 96-45, DA 06-1629 (Wireline Comp. Bur., rel. Aug. 14, 2006, at para. 6 and fn. 24, where Cellular South raises concerns about USAC's intake process.

submitted prior to certification, and the December filing was made a couple of months after the FCC's October 22, 2004 Order granting Advantage certification as an ETC.

Adding weight to this "theory of misplaced reports" is the transition in ownership and management of USAC's contractor for processing high cost reports during the 2004-2005 time frame in question. According to USAC's annual reports for 2004 and 2005, Telcordia, a company that emerged from the former Bellcore and then was owned by SAIC, was (and is) the outside contractor for processing high cost reports, beginning its role on a transitional basis in the late 2003 time frame. During the first full year of its USAC contract, 2004, Telcordia became immersed in a major management and ownership change. As the Telcordia Press Release and other research material attached as Exhibit 3 reveals, the previous owner of Telcordia, SAIC signed an agreement in November 2004 to sell Telcordia to private equity investors Providence Equity and Warburg Pincus. Publicly available reports suggest that the agreement followed "a summer and fall of speculation about the company's future," and noted that the company was in transition.[8]

GRANT OF THIS WAIVER REQUEST IS IN THE PUBLIC INTEREST

Section 1.3 of the Commission's rules specifies that the Commission may grant a waiver of the application of any of its rules for "good cause shown." The Commission may take into account considerations of hardship, equity or more effective implementation of overall policy on an individual basis. Courts have affirmed the Commission's power to waive its rules if special circumstances warrant waiver, and grant of the waiver serves the public interest.[9]

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[8] *See* Exhibit 3. *See also USAC High Cost and Low Income Committee ("Committee"), Final Minutes,* Jan. 24, 2005, at Exhibit 3, p. 3, Information Item, i1, the sale of Telcordia Technologies was noted.
[9] *WAIT Radio v. FCC,* 418 F.2d 1153, 1159 (D.C. Cir. 1969), *cert. denied,* 409 U.S. 1027 (1972); *Northeast Cellular Telephone Co. v. FCC,* 897 F.2d 1164, 1166 (D.C. 1990).

Advantage's earlier filed waiver request expressed reservations about whether a waiver was necessary to receive its line count reports, although its request was styled as waiver petition. Given that the request has been pending for three years without action, Advantage now affirmatively requests a waiver, on an expeditious basis.

If Advantage fails to obtain the USF funds at issue here, such loss will have a negative impact on Advantage's plans to provide service to its customers. Advantage respects the deadlines established by the Commission and USAC. Advantage respectfully submits, in light of the special circumstances, and the hardship and inequity that would result if a waiver is not granted,[10] that good cause exists to grant a waiver of the Commission's rules to permit Advantage to receive the support at issue.

The total amount of funding that Advantage has not yet received from USAC represents a loss of approximately $321,948 to Advantage, funds that otherwise could be used by Advantage to improve service to its rural customers. As Advantage details in the Declaration of Advantage CEO Leslie Greer, attached hereto as Exhibit 1, the USF funds in question would be employed to build better facilities and services for its customers.

If Advantage receives the USF funds it seeks through this request, its facilities can be upgraded to improve its service. As detailed Exhibit 1, the missing funds, once restored to Advantage, can be immediately used to provide several service improvements. For example, due to weight limitations, one of the system's towers needs to be replaced with a stronger tower. To address coverage issues presentation by terrain issues, such as hills and valleys, some parts of the service territory could use new towers or relocation of existing towers to improve coverage limitations. The entire GSM system needs re-tuning to increase spectrum efficiency, and

[10] *See* Declaration of Leslie Greer, attached as Exhibit 1.

eventually, the GSM system will need to be replaced to provide broadband and related services with IP technology. As noted in Advantage's initial waiver petition, planned service improvements have been delayed due to the failure to receive anticipated USF funds.

USAC has all the information from Advantage, and is in possession of all other necessary data to make the calculations for payment. Therefore, Advantage respectfully submits that grant of this waiver will not cause undue administrative burden on the USAC or the FCC, and the great benefit to the public interest outweighs any small burdens that might result. Given the special circumstances presented in this request, waiver of the rules would not undercut the purpose of the rules, and would serve the public interest.

As noted in Exhibit 1, Advantage has reviewed and revised its procedures to assure continuing compliance with the all required deadlines and USAC requirements. Thus, Advantage petitions the Commission to order USAC to accept the Advantage line count filings, and waive, if necessary, Section 54.307(c), because to do so would be equitable and in the public interest. Grant of a waiver to Advantage would benefit its rural customers. Advantage made diligent efforts to make the filings and meet all requisite USAC deadlines. Special circumstances that meet the Commission's standards for waiver exist in facts presented here.

COMMISSION POLICY SUPPORTS GRANTING THE REQUESTED WAIVER

In the *Benton/Linn* case the Wireline Competition Bureau ("Bureau") found that although the Commission's rules and policies generally require filings to be received by the requisite deadlines, that it will waive the rules when carriers act reasonably and in good faith to ensure that filings are made by the deadline.[11] Just as it was not foreseeable to the carriers in the

[11] *Supra at n. 6, at para. 18.*

Benton/Linn that they would experience unreasonable postal delay, Advantage could not have anticipated that its filings would not be received by USAC (or perhaps were misplaced or misfiled by USAC) when it took all reasonable and necessary steps to make sure that the filings were delivered to USAC. It has tried to work with USAC to find out the source of the problem, and has supplied the Commission and USAC with all the necessary reports.

The situation Advantage finds itself in can be easily distinguished from the recent case involving Cedar Valley Communications, Inc. released by the Bureau on January 8, 2008.[12] In *Cedar Valley*, a CETC sought FCC waiver of deadlines for USAC to accept line count reports after the deadline. Cedar Valley thought they had made the filings, but did not have sufficient internal records to confirm the filings, so the Bureau denied the waiver. Here, Advantage does provide specific information in its Petition that it did mail the filings in to USAC. The Bureau also faults Cedar Valley for neither promptly curing, nor offering an explanation of extenuating circumstances. In Advantage's case, it did contact USAC as soon as it did not receive a payment. As the Bureau noted in the *Northwest Dakota Cellular* case, the company had "no reason to suspect that their line count filings had not been timely filed" until several months after the filings did not make it to USAC in time.[13] Because at time USAC/Telcordia did not offer a filing confirmation option, some companies, such as Advantage, only became aware that the filings were not received when the USF funding failed to materialize several months later.

In *SouthEast Telephone, Inc.* the Bureau found that "although our rules require that line count filings must be *received (emphasis in original)* by the applicable deadline, we find here that Southeast and Pioneer acted reasonably and in good faith in their attempts to ensure that

[12] *Cedar Valley Communications, Inc.*, CC Dkt. No. 96-45, DA 08-41, Wireline Comp. Bur., rel. Jan. 8, 2008 (*"Cedar Valley"*).
[13] *Northwest Dakota Cellular of North Dakota Limited Partnership, et al,* CC Dkt. No. 96-45, DA 06-1632 Wireline Comp. Bur., rel. Aug. 14, 2006 at para. 4.

their filings were timely received by mailing the required data seven days in advance of the September 30 deadline…"[14] Advantage's filings were mailed six and nine days in advance of the deadline. Advantage subsequently implemented procedures, when e-mail filing became an option, to e-mail filings so that an electronic record documents the filing date.

In the context of the Schools and Libraries program, USAC has allowed requests for waivers when an applicant can show that the application was mailed at least three days before the deadline by regular mail, or at least a day in advance by overnight mail.[15] Although the Commission limited this relief specifically to the particular circumstances presented in that instance, and did not intend it to be a precedent for other service offerings, the approach is instructive for the facts presented here. Advantage submitted its reports to the postal service well in advance of the deadline. It was not depending on the postmark date—it intended the filings to be received by USAC in ample time. Its filings were lost somewhere along the way, outside its control, perhaps in the processing by USAC/Telcordia. Although the Commission is applying Commission rules and precedents to USAC's processing, it has acknowledged that USAC's procedures at the time were not equivalent to those established for Commission filings.

For example, as the *Benton/Linn* case points out, subsequent to the filing difficulties encountered by several carriers, USAC update its procedures to allow carriers to file by e-mail or facsimile. [16] Those procedures, to Advantage's knowledge, were not available or made known to carriers in 2004, when the filings at issue were made. During that 2004 time frame, USAC did not have in place a process for carriers to receive acknowledgement of their filings, and many

[14] *SouthEast Telephone, Inc., et al,* CC Dkt. No. 96-45, DA 06-1860, Wireline Comp. Bur., rel. Sept 12, 2006, at para. 10.
[15] *See, e.g. In the Matter of Request for Review of the Decision of the Universal Service Administrator by Hardee County School Board, et al,* DA 01-2978, rel. Dec. 21, 2001.
[16] *Supra fn. 6 at para. 20.*

did not know or expect that they would need to confirm receipt of their filings. The Office of the Secretary at the FCC routinely acknowledges receipt by e-filing, or offers "stamp and return" service to paper filings. In addition, carriers can check the status of their filings online. In 2004, USAC did not offer carriers such basic filing safeguards, yet the penalties for mislaid filings are extreme—loss of all funds for the time periods in question.

Therefore, for all the reasons stated above, respectfully requests that the Commission waive, if necessary, application of the deadline set forth in Section 54.307(c) of its rules, and accept for filing as timely for purposes of payment of USF support the September and December 2004 Advantage reports.

Respectfully submitted,

ADVANTAGE CELLULAR SYSTEMS, INC.

By its Attorney

Phyllis A. Whitten
1629 K Street, N.W.
Suite 300
Washington, D.C. 20006
(202) 550-0722

Date: November 24, 2008

CERTIFICATE OF SERVICE

I, Phyllis A. Whitten, hereby certify that on this 24th day of November 2008 copies of the foregoing Petition for Waiver were delivered by e-mail to those marked (*) and by First Class mail to the following:

* Jennifer McKee
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street
Washington, D.C. 20554

* Jennifer Prime
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street
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Karen Majcher
Vice President, High Cost Programs
USAC
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

Phyllis A. Whitten

EXHIBITS

Exhibit 1

Declaration of Leslie Greer

Exhibit 2

Advantage Line Count Reports

Exhibit 3

Telcordia Press Release and USAC Minutes

Exhibit 1

Declaration of Leslie Greer

I, Leslie Greer, do hereby declare under penalty of perjury as follows:

1. I am Chief Executive Officer ("CEO") of DTC Communications and Advantage Cellular Systems, Inc., d/b/a DTC Wireless ("Advantage").

2. This Declaration is submitted in support of Advantage's Supplement to Petition for Waiver (the "Supplement"). When Advantage's initial Petition for Waiver was filed in this matter in 2005, I was General Manager of Advantage.

3. During the time I was General Manager of Advantage, I supervised and directed the activities of the personnel responsible for regulatory compliance. Currently, as CEO I remain ultimately responsible for these activities and have re-emphasized the importance of compliance matters to the officers, managers and staff of the company.

4. During 2004 and 2005, I directed the regulatory staff to file all necessary paperwork to comply with USAC requirements, and I was under the impression that all necessary paperwork had been filed to receive 2005 USF support. However, after USF support was not received in 2005, I undertook a review of regulatory compliance efforts, and directed my staff to consult with USAC. I was informed that filings made by U.S. Mail to USAC September and December 2004 were not in USAC's possession. During the spring and summer of 2005, my staff worked with USAC to determine whether the filings could be located, and finally I was informed that USAC advised filing a Petition for Waiver with the FCC. I directed outside counsel to prepare a Petition for Waiver, and that petition was filed in November 2005. Attached to the petition were the line count reports that could not be located at USAC. It is my understanding that the petition remains pending at the FCC.

5. I have implemented new company policies that specify that all USF filings should be made by means other than U.S. first class mail. Filings are now

made by e-mail or a form of delivery that includes a tracking feature, and all filings are made in advance of required filing dates.

6. Recently I engaged another outside communications counsel to review the record in this matter, and assist us in supplementing the record.

7. Absent the requested waiver, Advantage will lose approximately $321, 948 in funds that otherwise would be used provide the wireless services in Tennessee relied on by its customers both for routine and emergency purposes.

8. Many system upgrades could be deployed if the missing funds are made available to Advantage. For example, one of the system's towers needs to be replaced with a stronger tower, and some new towers could be installed to improve coverage in areas with hilly terrain. The system needs to be re-tuned to increase spectrum efficiency, and over time improvements to the system to provide broadband and related services will be needed.

9. I declare that I have reviewed the aforementioned Supplement and that the facts stated therein are true and correct to the best of my knowledge, information and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Leslie Greer

Leslie Greer, CEO
Advantage Cellular Systems, Inc.

Date 11-20-08

Exhibit 2

Advantage Line Count Reports

High Cost Loop, Local Switching Support and Long Term Support
Line Count

Date: 9/24/04

CETC Name: Advantage Cellular Systems, Inc.
CETC Study Area Code (SAC): 299905
Contact Name: Kerry Davis
Contact Telephone Number: (615) 464-2355
Lines Reported As Of: 3/31/04
Areas are Eligible for Support

Incumbent Carrier Name	Incumbent Carrier SAC	Incumbent Disaggregation Path Selection (1,2 or 3)	Disaggregation Zone Name (if applicable)	Total Number of Lines in Service
Ben Lomand Rural Telephone	290553	1		4324
Bledose Telephone	290554	1		30
North Central Telephone	290573	1		188
Twin Lakes Telephone	290579	1		167
DeKalb Telephone dba DTC Communications	290562	1		4224

High Cost Loop, Local Switching Support and Long Term Support
Line Count

Date: 12/21/04

CETC Name: Advantage Cellular Systems, Inc.
CETC Study Area Code (SAC): 299905
Contact Name: Kerry Davis
Contact Telephone Number: (615) 464-2355
Lines Reported As Of: 6/30/04
Areas are Eligible for Support

Incumbent Carrier Name	Incumbent Carrier SAC	Incumbent Disaggregation Path Selection (1,2 or 3)	Disaggregation Zone Name (if applicable)	Total Number of Lines in Service
Ben Lomand Rural Telephone	290553	1		4587
Bledose Telephone	290554	1		31
North Central Telephone	290573	1		206
Twin Lakes Telephone	290579	1		184
DeKalb Telephone dba DTC Communications	290562	1		4644

Exhibit 3

Telcordia Press Release and USAC Minutes

Press Release:

SAIC SIGNS AGREEMENT TO SELL TELCORDIA TO PROVIDENCE EQUITY AND WARBURG PINCUS

Contact:
Ron Zollars, San Diego
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212/371-5999

(SAN DIEGO and PISCATAWAY, NJ) November 18, 2004 -- Science Applications International Corporation (SAIC) today announced the signing of a definitive agreement to sell its subsidiary Telcordia Technologies, Inc., a leading provider of telecommunications software and services to Providence Equity Partners (Providence) and Warburg Pincus (Warburg) for $1.35 billion in cash. Providence and Warburg are equal equity investors in the transaction. The completion of the sale is subject to customary closing conditions, including regulatory approval.

Telcordia, based in Piscataway, N.J., is the leading provider of enabling software for communications networks. The company's solutions handle the complex tasks required to develop, maintain, monitor and fix today's carrier networks carrying over 80 percent of U.S. telephony traffic.

"Telcordia consistently has proven itself a leader in the telecommunications industry and a solid contributor to SAIC," said Kenneth C. Dahlberg, chairman and chief executive officer of SAIC, which purchased the company from the Regional Bell Operating Companies in 1997. "SAIC recognized that a new owner could provide Telcordia with opportunities to expand its global footprint to benefit its customers and the industry as a whole. We look forward to continuing our work with Telcordia as a business partner on both government and commercial opportunities."

"For the past two years, Telcordia has been transforming itself to help its customers automate their business and improve their bottom line," said Matt Desch, chief executive officer, Telcordia. "Providence and Warburg, both long-term growth investors in technology, media and telecom companies, have domain expertise and excellent track records in the communications industry. Providence and Warburg have the resources available to enable us to reach our full potential, capitalize on our market-leading intellectual capital and secure a global leadership position."

IDC
Analyze the Future

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EVENT FLASH

Telcordia Sold to Warburg Pincus and Providence Equity Partners

Elisabeth Rainge

IN THIS EVENT FLASH

This IDC Flash analyzes the announcement of the agreement to sell Telcordia to private investors.

SITUATION OVERVIEW

On November 18, 2004, SAIC announced the signing of a definitive agreement to sell its subsidiary Telcordia Technologies to Warburg Pincus and Providence Equity Partners for $1.35 billion in cash.

Telcordia was founded in 1984 with divestiture from AT&T. It employs 3,200 people today, primarily at its headquarters in Piscataway, New Jersey. IDC estimates that 2004 revenue will approach $880 million. The company's products support 80% of U.S. telephony traffic, 100% of U.S. toll-free traffic, and 95% of U.S. wireless number portability transactions. Additional details can be found in *Telcordia: Up for Sale?* (IDC #31690, August 2004) and *Telcordia Buys Granite for Full Integration* (IDC #31281, May 2004).

FUTURE OUTLOOK

The agreement to sell Telcordia ends a summer and fall of speculation about the company's future. This resolution removes the uncertainty and provides the corporate stability that are essential for the continued success of Telcordia, its customers, and its partners. The new owners can capitalize on the groundwork that has been laid by the current Telcordia leadership to make the company truly dominant in the global telecommunications market.

With the backing of two firms that are experienced, known, and well regarded within the telecommunications market, Telcordia can now move on to continue reinventing itself. Telcordia as a company has long shown significant depth and experience on its home turf of telecommunications. Until a couple years ago, these assets appeared to the outside as raw materials that might or might not be aligned with market requirements. The current management team put a face and a structure on Telcordia that were sorely lacking. The Elementive branding spurred key marketing and product management efforts. Many of the formative changes were structured and put into place. As always in a change process, hurdles have popped up in the new Telcordia organization. Yet to be accomplished are the deep, thorough cultural changes and further evolution of the company — which require years rather than months to become established.

The timing of the deal is somewhat unfortunate because service providers with convergence (of networks, services, and customers) and IP multimedia services issues could benefit today from Telcordia's know-how — if Telcordia were already fully established as a "new generation" product vendor. Telcordia has just recently shed the proprietary, slow, and expensive image of its past. The 30% cuts to RBOC maintenance pricing over the past three years was a key step. The company's software and services expertise is critical to the success of next-generation services and networks. But, until recently, longtime Telcordia customers were explicitly looking elsewhere for future software and services technologies.

Now, as service providers push forward with plans for new services and improved operating models, this deal confirms that the company is stable and visibly growth oriented. The new owners still need to push Telcordia's reforms forward. Fortunately for them, the vestiges of the old Telcordia — the "Bellcore" days, the Telecom Act of 1996, and legacy voice infrastructures — are all increasingly historic.

Telcordia is in transition at the same time as the telecommunications industry is undergoing transition. As its key customers and other large established incumbent operators work to move forward with IP networks and key services, Telcordia is challenged to make sure that it is the first choice supplier for its customers. Melding old and new represents a substantial and long-term challenge for service providers. They need a partner that knows both the old and the new operational environments. The number 1 job of its new owners has to be fueling the continued development of its new investment to anticipate and meet this requirement.

Even with the increased level of consolidation activity ongoing among OSS and billing vendors, Telcordia will remain at or near the top of the heap, based on size, influence, and growth potential. The greatest benefits to the new owners will come from execution on a telecommunications playbook that is almost written. Telcordia has the best players for the new game, and we are all hoping that Warburg and Providence bring out and support the best managers.

Filing Information: November 2004, IDC #32367, Volume: 1, Tab: Vendors

Next-Generation OSS and Billing: Event Flash

"Telcordia is a world leader in creating innovative telecommunications technologies," said Mark Pelson, managing director of Providence Equity Partners. "We look forward to working with the company to expand its domestic and foreign customer base."

"With a heritage of providing the critical software that runs the domestic telephony network, Telcordia is exceptionally well positioned in the industry to help telecommunications carriers deploy the new services their consumers want," said Larry Bettino, managing director of Warburg. "They have the scale, knowledge and experience to integrate these new services while preserving carriers' investments in legacy systems."

A global leader in operations support software and network services platforms, Telcordia offers consulting, systems integration, research and development and network planning services. Telcordia helps communications companies mesh complex networks and add new high-speed technology on their existing networks in order for them to be able to sell valuable, high-margin services. The completion of the sale is subject to customary closing conditions, including regulatory approval.

JP Morgan acted as SAIC's exclusive financial advisor in connection with this transaction and delivered a fairness opinion to its Board of Directors.

About Providence Equity
Providence Equity Partners Inc. is one of the world's leading private investment firms specializing in equity investments in media and communications companies. The principals of Providence Equity manage funds with over $9 billion in equity commitments and have invested in more than 70 companies operating in over 20 countries since the firm's inception in 1991. Current and previous areas of investment include cable television content and distribution, wireless and wireline telephony, publishing, radio and television broadcasting and other media and communications sectors. Significant investments include VoiceStream Wireless, Metro-Goldwyn-Mayer, Warner Music Group, PanAmSat, AT&T Canada, eircom, Casema, Kabel Deutschland, Language Line, F&W Publications, ProSiebenSat.1, and Bresnan Broadband Holdings. The firm has offices in Providence, New York and London. For more information please visit www.provequity.com.

About Warburg Pincus
Warburg Pincus has been a leading private equity investor since 1971. The firm currently has approximately $13 billion under management, including $3 billion available for investment in a range of industries including information and communication technology, financial services, healthcare, LBOs and special situations, media and business services, energy and real estate. Warburg Pincus also has a long history as a leading investor in the information and communication technology sectors, including investments in Avaya, BEA Systems, Bharti Tele-Ventures, Harbour Networks, NeuStar and VERITAS Software. The firm is an experienced partner to entrepreneurs seeking to create and build durable companies with sustainable value and has an active portfolio of about 115 companies spanning the entire spectrum of scale and maturity. For more information please visit www.warburgpincus.com.

About Telcordia Technologies, Inc.
Telcordia Technologies, Inc. is a leading global provider of telecommunications software and services for IP, wireline, wireless and cable. By delivering on its Elementive strategy of providing flexible, standards-based solutions that optimize complex network and business support systems, Telcordia enables customers to aggressively reduce costs and grow revenues. Telcordia is headquartered in Piscataway,N.J, with offices throughout the United States, Canada, Europe, Asia, Central and LatinAmerica. (www.telcordia.com)

About SAIC
SAIC is the nation's largest employee-owned research and engineering company, providing information technology, systems integration and eSolutions to commercial and government customers. SAIC engineers and scientists work to solve complex technical problems in national and homeland security, energy, the environment, space, telecommunications, health care, transportation and logistics. With annual revenues of nearly $7 billion, SAIC and its subsidiaries have more than 44,000 employees at offices in more than 150 cities worldwide. More information about SAIC can be found on the Internet at www.saic.com.

Statements in this announcement other than historical data and information constitute forward-looking statements that involve risks and uncertainties. A number of factors could cause our actual results, performance, achievements or industry results to be very different from the results, performance or achievements expressed or implied by such forward-looking statements. Some of these factors include, but are not limited to, the risk factors set forth in the Company's Annual Report on Form 10-K for the period ended January 31, 2004, and such other filings that the Company makes with the SEC from time to time. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.

About IDC

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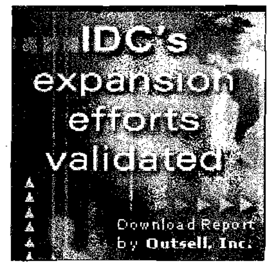

USAC
Universal Service Administrative Company

High Cost & Low Income Committee Quarterly Meeting Minutes

January 24, 2005

High Cost & Low Income - Final minutes

The quarterly meeting of the High Cost & Low Income (HCLI) Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the USAC offices, 2000 L Street, NW, Washington, DC, on Monday, January 24, 2005. Mr.Hess, Chair of the Committee, called the meeting to order at 2:32 p.m. Eastern Time. Ms. Renee Lamoureux, Executive Assistant to the USAC CEO, called the roll. All nine members were present, representing a quorum:

Buller, Karen
Banks, Jonathan
Cornell, Diane
Gumper, Frank
Hess, Kevin – Chair
Jortner, Wayne
Lubin, Joel – Vice Chair
Sanford, Jo Anne
Zaina, Lisa, CEO

Other Board Members and Officers of the Corporation present:

Campbell, Ann - USAC Board member
Duff, Bridget – USAC Board member
Eichler, Ed - USAC Board member
Hughes, Alison - USAC Board member
Talbott, Brian – USAC Board member
Barash, Scott – Vice President and General Counsel
Blackwell, Mel, VP, Rural Health Care and External Communications
Carmichael, Mark – Assistant Treasurer; VP, Finance
Flannery, Irene – VP, High Cost and Low Income Division
Haga, Robert – Assistant Secretary; VP, Strategic Planning and USAC Operations
Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:

NAME	COMPANY
Bancroft, Royce	USAC
Divak, Helen	Telcordia
Dunn, Amanda	USAC
Faunce, Donna	USAC
Gallant, Pam	USAC
Jones, Cheryl	USAC
Lamoureux, Renee	USAC
Majcher, Karen	USAC
Miller, Linda	USAC
Pertsevoi, Elizabeth	USAC
Thorsell, Dean	SAIC
Murphy, Kristin	USAC

ACTION ITEMS:

a1. Approval of High Cost & Low Income Committee Meeting Minutes of Monday, October 18, 2004. On a motion duly made and seconded, the Committee approved the minutes, as distributed.

a2. Annual Election of Committee Chair and Vice Chair. Mr. Hess introduced this item to the Committee. Ms. Cornell nominated Mr. Hess to remain Chair and Mr. Lubin to remain Vice Chair of the Committee.

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

RESOLVED, That the USAC High Cost & Low Income Committee recommends that the USAC Board of Directors elect **Mr. Kevin Hess** as Chair and **Mr. Joel Lubin** as Vice Chair of the USAC High Cost & Low Income Committee for the term of one year that shall begin at the conclusion of the January 2005 quarterly Board meeting and that shall conclude at the close of the January 2006 quarterly Board meeting.

a3. Approval of the Proposed Plan for Operational and Financial Audits of USAC for Inclusion in the 2005/2006 USAC Internal Audit Plan. Mr. Scott introduced the proposed Internal Audit Plan to the Committee. The plan contemplates a number of contributor, financial, and operational audits over a two-year period.

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

RESOLVED, That the USAC High Cost & Low Income Committee approves the proposed plan for operational and financial audits of USAC for 2005/2006 as presented by the USAC Internal Audit Division and recommends that the USAC Audit Committee include the proposed audits in the 2005/2006 USAC Internal Audit Plan.

a4. Approval of a Contract to Conduct the Design, Development, and Implementation Phase of the Consolidated High Cost and Low Income Payment Calculation System. Confidential and Proprietary – *Executive Session Recommended* - In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in *Executive Session*, Mr. Barash recommended that this matter be discussed in *Executive Session* because discussion of this matter, which relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed in this paper would compromise USAC's negotiation strategy to the detriment of the corporation.

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

RESOLVED, That the USAC High Cost & Low Income Committee determines that discussion of the proposed contract to perform the design, development, and implementation of the consolidated High Cost and Low Income payment calculation system shall be conducted in *Executive Session*.

a5. Approval of 2005 Annual and 2nd Quarter 2005 High Cost and Low Income Programmatic Budgets. Ms. Faunce, Senior Budget and Reporting Analyst, introduced this item to the Committee.

On a motion duly made and seconded, the Committee adopted the following resolution (Ms. Diane Cornell abstained from voting):

RESOLVED, That the USAC High Cost & Low Income Committee approves a 2nd Quarter 2005 programmatic budget for the High Cost Support Mechanism of $6,786,600; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 2005 annual programmatic budget for the High Cost Support Mechanism of $27,134,800; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 2nd Quarter 2005 programmatic budget for the Low Income Support Mechanism of $1,452,100; and

RESOLVED FURTHER, That the USAC High Cost & Low Income Committee approves a 2005 annual programmatic budget for the Low Income Support Mechanism of $5,801,700.

a6. Approval of 2nd Quarter 2005 High Cost and Low Income Support Mechanisms Projections for the January 31, 2005, FCC Filing. Ms. Karen Majcher, Acting Division Head, High Cost & Low Income, introduced this item to the Committee. The Committee discussed the issue of the Interstate Access Support mechanism being targeted rather than capped at $650 million annually and directed staff to seek further clarification from the Commission.

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

RESOLVED, That the USAC High Cost & Low Income Committee, having reviewed at its meeting on January 24, 2005, a summary of the 2nd Quarter 2005 support mechanism estimates, including administrative costs for High Cost Loop Support, Local Switching Support, Interstate Common Line Support, Interstate Access Support, the non-rural forward-looking High Cost Model support, Lifeline, Link Up, and Toll Limitation Service, hereby directs USAC management to proceed with the required January 31, 2005, filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for both support mechanisms is equal to or less than $10million and, with approval of the Committee Chair, may make adjustments if the total variance for both support mechanisms is equal to or less than $15 million.

a7. Action on One High Cost Support Mechanism Beneficiary Audit Report – Confidential and Proprietary – *Executive Session Recommended.* In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in *Executive Session*, Mr. Barash recommended that discussion of this item be conducted in *Executive Session* because discussion of specific audit plans, internal controls, and/or confidential company data would constitute a discussion of internal rules and procedures concerning the administration of the universal service support mechanisms where discussion of the matter in open session would result in disclosure of confidential techniques and procedures that would compromise program integrity.

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

RESOLVED, That the USAC High Cost & Low Income Committee determines that discussion of High Cost Support Mechanism beneficiary audit report shall be conducted in ***Executive Session***.

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

a8. Action on Two Low Income Support Mechanism Beneficiary Audit Reports – Confidential & Proprietary – *Executive Session Option.* Ms. Kristin Murphy, Staff Internal Auditor, presented the audit reports to the Committee for approval.

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

RESOLVED, That the USAC High Cost & Low Income Committee, having reviewed the two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports labeled LI2004BE005 and LI2004BE006, together with management's response thereto, recommends to the USAC Audit Committee that each audit report be deemed final.

a9. Miscellaneous.

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

INFORMATION ITEMS:

i1. High Cost and Low Income Support Mechanisms Update. Ms. Majcher provided the Committee with a program update, including the status of recovery of funds related to the over-the-cap issue, the sale of Telcordia Technologies, Inc., and the Qwest consent decree.

i2. Annual Report on Telcordia's Performance Under the High Cost and Low Income Contract. Ms. Helen Divak, Telcordia Program Manager, provided the Committee with an overview of Telcordia's performance in 2004, as well as plans for 2005.

At 3:30 p.m., on a motion duly made and seconded, the Committee voted to move into ***Executive Session*** for purposes of discussing the confidential and proprietary items as noted above.

EXECUTIVE SESSION :

a4. Approval of a Contract to Conduct the Design, Development, and Implementation Phase of the Consolidated High Cost and Low Income Payment Calculation System. Confidential and Proprietary – ***Executive Session Recommended.*** The Committee requested representatives from Telcordia and SAIC to remain in the meeting. Ms. Flannery introduced this item to the Committee. Dean Thorsell, SAIC IT Managing Director, provided the Committee with an overview of the proposed centralized and integrated system. The Telcordia and SAIC representatives departed the meeting. Committee members then discussed extensively the merits of the proposal and the anticipated terms and conditions.

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

RESOLVED, That the USAC High Cost & Low Income Committee accepts the recommendations made by USAC management and hereby approves the course of action proposed regarding the proposal to design, develop, and implement a consolidated payment calculation system for administration of the High Cost and Low Income Support Mechanisms.

a7. Action on One High Cost Support Mechanism Beneficiary Audit Reports – Confidential and Proprietary – ***Executive Session Recommended.*** Ms. Flannery introduced this item to the Committee indicating that USAC would seek further guidance from the Commission on the matter of carrier records retention.

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

RESOLVED, That the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report labeled HC2004BE005, together with management's response thereto, recommends to the USAC Audit Committee that the audit report be deemed final.

The Committee adjourned from ***Executive Session*** and reconvened in open session at 4:52p.m. to report the discussions and actions of the Committee during ***Executive Session***.

There being no further business, Mr. Hess adjourned the meeting at 4:55p.m.

_____/s/ Robert W. Haga______________
Robert W. Haga
Assistant Secretary

_____04/18/05____________________
Date

Last modified on 11/2/2006