Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20054

In the Matter of	)	
	)	
Request for Review by AT&T Inc. of	)	WC Docket No. 03-109
Decision of Universal Service	)	
Administrator	)	

REQUEST FOR REVIEW BY AT&T INC. OF
DECISION OF THE UNIVERSAL SERVICE ADMINISTRATOR

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April 14, 2009

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I. STATEMENT OF INTEREST AND ISSUES

Pursuant to sections 54.719(c), 54.721 and 54.722 of the Commission's rules,[1] AT&T Inc., on behalf of its wholly owned subsidiaries Nevada Bell Telephone Company ("AT&T Nevada") and Pacific Bell Telephone Company ("AT&T California") (collectively, the "Companies"), hereby seeks review of Universal Service Administrative Company ("USAC") Management Responses to the following Independent Accountant's Reports: LI-2006-201 and LI-2006-204, which, respectively, summarized audits of AT&T Nevada's and AT&T California's compliance with federal low-income requirements from September 30, 2004 through September 30, 2005.[2] The same third-party auditing firm audited both affiliates and issued an identical finding for both carriers, which AT&T is appealing herein. Thus, for ease of

[1] 47 C.F.R. §§ 54.719(c), 54.721, 54.722.

[2] *See* Appendix A (Letter to Cathy Carpino, AT&T Services, Inc., from USAC, High Cost and Low Income Division (dated February 13, 2009) (attaching LI-2006-201 and USAC Management Response)); Appendix B ((Letter to Cathy Carpino, AT&T Services, Inc., from USAC, High Cost and Low Income Division (dated February 13, 2009) (attaching LI-2006-204 and USAC Management Response). *See also* Appendix C (Letter to Steven Ellis, Nevada Bell Telephone Company, from Pamela Gallant, USAC (dated June 24, 2008)); Appendix D (Letter to Steven Ellis, Pacific Bell Telephone Company, from Pamela Gallant, USAC (dated June 24, 2008)); Appendix E (Letter to Pamela Gallant, USAC, from Cathy Carpino, AT&T Services, Inc. (dated July 28, 2008)).

administrative review and efficiency, in this request for review, AT&T is appealing several findings applicable to one or both carriers. In particular, AT&T seeks review of USAC's erroneous conclusion that (1) it should recover toll limitation service ("TLS") support from AT&T California and AT&T Nevada because both carriers requested less TLS support than permitted; (2) AT&T Nevada was required to separately identify and advertise each of the services supported under section 54.101(a) of the Commission's rules[3] in its Lifeline advertisements; and (3) AT&T Nevada was required to populate Line 9 of FCC Form 497 (Lifeline and Link-Up Worksheet) with partial or pro-rata dollars attributable to Lifeline subscribers who entered and/or left the Lifeline program during any given month, regardless of whether AT&T Nevada sought partial or pro-rata dollars from USAC.[4] For the reasons provided below, AT&T requests that the Wireline Competition Bureau ("Bureau") or Commission reverse these incorrect audit findings.[5]

[3] 47 C.F.R. § 54.101(a).

[4] AT&T has filed requests for review before on two of the three issues presented in this request (Lifeline advertising and partial month reporting). *See* Request for Review by AT&T Inc. of Decision of the Universal Service Administrator, WC Docket No. 03-109 (filed Jan. 7, 2008) (requesting review of the partial month reporting finding against AT&T Texas); Request for Review by AT&T Inc. of Decision of the Universal Service Administrator, WC Docket No. 03-109 (filed Aug. 18, 2008) (requesting review of the Lifeline advertising and partial month reporting findings against AT&T Indiana, AT&T Kansas, and/or AT&T Oklahoma). The Commission sought and received comment on these prior requests and AT&T asks that the Commission incorporate by reference the record developed in response to AT&T's earlier submissions. AT&T notes that every single commenter supported AT&T's requests for review.

[5] We note that there is no monetary value associated with two of the three audits findings. For the finding concerning TLS support, for which USAC has sought to recover TLS-related disbursements made during the audit period, the Companies sought less in TLS support than that to which they were entitled. If the Companies had used the TLS amounts contained in their state compliance filings during the audit period, they would have received over $500,000 more, combined, than they in fact did. If the Commission grants AT&T's request for review, the Companies will not seek additional TLS for those prior months; thus, granting AT&T's request for review will have no financial impact on the universal service fund.

II. STATEMENT OF FACTS

All eligible telecommunications carriers ("ETCs"), such as the Companies, are required to provide discounts on the cost of receiving telephone service to qualifying low-income consumers.[6] ETCs, in turn, are permitted to receive support from the federal low-income support mechanism for providing such discounts to such customers.[7]

Toll Limitation Service. According to the Commission's rules, ETCs are reimbursed for providing toll limitation service to qualifying low-income consumers in an amount equal to the ETC's incremental cost of providing either toll blocking or toll control, whichever is selected by the particular customer.[8] Prior to, and during, the period covered by the audits, both Companies had on file with their respective state commissions cost studies establishing their recurring and/or non-recurring unit costs of providing TLS.[9] For reasons unknown to current employees, for some period of time, both Companies sought TLS reimbursement from USAC for amounts lower than the actual TLS unit costs in their respective states.

Lifeline Advertising. The Commission's rules require ETCs to "[p]ublicize the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service."[10] There are a number of benefits associated with Lifeline service, including free toll blocking, waivers of certain taxes and fees, and waiver of the subscriber line charge ("SLC").

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[6] 47 C.F.R. § 54.405.

[7] 47 C.F.R. § 54.407.

[8] 47 C.F.R. §§ 54.403(c), 54.407(b). Toll blocking prevents the placement of all long distance calls for which the subscriber would be charged and toll control limits the toll charges a subscriber can incur during a billing period to a preset amount. *See Universal Service First Report and Order*, 12 FCC Rcd 8776, ¶ 383 (1997) (subsequent history omitted).

[9] *See* Appendix E (attaching copies of state-filed cost support).

[10] 47 C.F.R. § 54.405(b).

To date, neither the Commission's rules nor its orders detail the information that must be included when an ETC publicizes the availability of Lifeline service. The independent auditor reviewing AT&T Nevada's compliance with the federal low-income rules found that it had failed to offer toll blocking to Lifeline subscribers and to specifically identify toll blocking in its Lifeline advertising.[11] In its management response, USAC stated that ETCs "are required to advertise all services supported under 47 C.F.R. § 54.101(a)," and that it therefore concurred with the auditor's finding.[12]

Partial Month Reporting. In order to obtain reimbursement for discounts provided to Lifeline customers, ETCs are required to complete and file with USAC the Commission's monthly worksheet (FCC Form 497).[13] This form provides fields for ETCs to report the monthly number of low-income subscribers for whom federal support is claimed.[14] In addition, the instructions to this form state:

> If claiming partial or pro-rata dollars, check the box on line 9. Enter the dollar amount (if applicable) for all partial or pro-rated subscribers. Amount should be reported in whole dollars, and may be positive or negative, depending on whether there are more new subscribers being added part way through a month or more subscribers disconnecting during the reported month. DO NOT include partial or pro-rata amounts on lines 5-8.[15]

The independent auditor selected by USAC to audit AT&T Nevada's compliance with the federal low-income requirements concluded that its practice of reporting all Lifeline

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[11] Appendix A (Independent Accountant's Report for Nevada Bell, Attachment 3 at 7).

[12] *Id.*, USAC Management Response at 1.

[13] FCC Form 497 and instructions available at: http://www.universalservice.org/li/telecom/step06/form497.aspx.

[14] *See* Lines 5(a) (for Tier 1 support), 6(a) (for Tier 2 support), 7(a) (for Tier 3 support), and 8(a) (for Tier 4 support).

[15] *See* Instructions for Lifeline and Link-Up Worksheet at 4.

subscriber counts using Lines 5-8 was incorrect, and that AT&T Nevada was required to report on Line 9 any Lifeline subscribers who begin or terminate service during any given month.[16] As noted in the Independent Accountant's Report, AT&T Nevada uses its billing systems to capture the number of Lifeline subscribers at the end of each month and reports this figure in its FCC Form 497 filings. The auditor recommended that AT&T Nevada "take into account the partial (i.e., pro rata) Lifeline discounts given to subscribers who entered and left the Lifeline program when determining the amount of Lifeline support claimed on the FCC Form 497 each month."[17] In its Management Responses, USAC concurred with the auditor's recommendation and concluded that ETCs are required to use Line 9 if they gain or lose Lifeline customers mid-month.[18]

In support of its assertion that the Commission does not require ETCs to use Line 9, AT&T Nevada explained that, in September 2004, the Commission announced that it was amending FCC Form 497 to require ETCs to report the number of Lifeline subscribers receiving federal support for part of the month and the number of service days those subscribers received support.[19] The revised form was to take effect on October 15, 2004. After release of this Public Notice, many carriers, including representatives of AT&T, met with Bureau staff to express opposition to this new requirement because of their inability to track and calculate pro-rata support attributable to subscribers who obtain Lifeline service for only part of a month. In

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[16] Appendix A (Independent Auditor's Report for Nevada Bell, Attachment 3 at 8-10).

[17] *Id.*, Independent Auditor's Report for Nevada Bell, Attachment 3 at 9.

[18] *Id.*, USAC Management Response at 2.

[19] *See Wireline Competition Bureau Announces Effective Date of Revised Form 497 Used to File Low Income Claims with USAC*, WC Docket No. 03-109, Public Notice, DA 04-3016 (rel. Sept. 21, 2004). *See* Appendix F (copy of the revised instructions and form that were supposed to take effect on October 15, 2004).

response to ETC concerns about the revised form, the Commission delayed, and later suspended indefinitely, adoption of the new form.[20]

III. ARGUMENT

A. It Is Inappropriate for USAC to Recover Toll Limitation Service Reimbursements Because the Companies Requested Less Support Than Permitted and Such a Recovery Is Inconsistent with Commission Rules.

Both Companies have incremental cost studies establishing their unit costs for TLS that were on file with the relevant state commission prior to and during the audit period (i.e., September 30, 2004 to September 30, 2005). AT&T has previously provided to USAC documentation supporting these incremental costs.[21] USAC not only refuses to accept such documentation (because they establish that AT&T's incremental costs were *higher* than the costs that the Companies used in their FCC Form 497 filings) but also seeks to recover all of the TLS support payments made to the Companies during the audited months on the ground that those payments were different from the Companies' costs of providing TLS service.[22] In other words, because the Companies sought approximately $519,000 less in TLS reimbursements than they were entitled to, USAC has concluded that the Companies should be required to repay all of the approximately $490,000 in TLS support that USAC disbursed to the Companies for these months.

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[20] *Wireline Competition Bureau Announces Delayed Effective Date for Revised Form 497 Used for Low-Income Universal Service Support*, WC Docket No. 03-109, Public Notice, DA 04-3188 (rel. Oct. 4, 2004); *Wireline Competition Bureau Announces Delayed Effective Date for Revised Form 497 Used for Low-Income Universal Service Support Until Further Notice*, WC Docket No. 03-109, Public Notice, DA 05-604 (rel. Mar. 4, 2005).

[21] *See* Appendix E.

[22] *See* Appendices A & B.

Had the Companies sought *more* in TLS reimbursements than they should have, it would of course make sense for USAC to recover the difference. Indeed, recovery of funds under that circumstance is consistent with Commission precedent. In its *USAC Program Management Order*, the Commission found that recovery of funds is appropriate for all of its universal service programs under the circumstances described in its *Schools and Libraries Fifth Report and Order*.[23] One such example of a rule violation warranting recovery of funds is when an applicant fails to calculate properly its appropriate discount rate. In that instance,

> the amount disbursed in violation of this rule is the difference between the amount of support to which the beneficiary is legitimately allowed and the amount requested or provided. For instance, in a situation in which the beneficiary made a clerical error in calculating the level of participation in the school lunch program, or failed to use an approved methodology for calculating the level of school lunch participation, *the beneficiary may legitimately receive support under a recalculated discount rate. In these circumstances, the amount to recover is the difference between the incorrectly calculated amount and the amount recalculated with the appropriate discount*.[24]

The Companies' use of undocumented – and lower – TLS incremental costs during the audited months was plainly a clerical error. Under Commission precedent, the remedy for such a clerical error is to recalculate the amount of support to which the Companies are legitimately allowed. If USAC were to perform such a recalculation, the Companies would be entitled to receive significantly more in TLS reimbursements than they originally requested.[25] Moreover, even if

[23] *USAC Program Management Order*, 22 FCC Rcd 16372, ¶ 30 (2008) ("Consistent with our conclusion regarding the schools and libraries program, funds disbursed from the high-cost, low-income, and rural health care support mechanisms in violation of a Commission rule that implements the statute or a substantive program goal should be recovered" citing the *Schools and Libraries Fifth Report and Order*, 19 FCC Rcd 15808, ¶¶ 18-30 (2004) for examples of rule violations for which recovery should be sought).

[24] *Schools and Libraries Fifth Report and Order*, ¶ 27 (emphasis added).

[25] While AT&T is not requesting that USAC recalculate the amount of the Companies' TLS reimbursement in order to provide it additional TLS support, if the Commission denies AT&T's request for review, AT&T will revise its FCC Form 497 filings for the audited months to include the higher TLS incremental costs. If USAC rejects those revisions because they were made later than twelve months after the data month for which the revision applies, AT&T will appeal that decision too since that

the Companies had sought more in TLS support than allowed, which they did not, the appropriate response would have been for USAC to recover the "difference between the incorrectly calculated amount and the amount recalculated with the appropriate [TLS incremental costs]" and not all of the TLS support provided during that period of time. Simply put, nothing in the Commission's orders or rules authorizes USAC to seek recovery of *all* TLS support payments when an ETC makes such an obvious clerical error, particularly where, as here, the amount sought by the ETC was *less* than the amount to which it was entitled. USAC's erroneous finding therefore must be rejected.

B. ETCs Are Not Required to Advertise Toll Blocking and All Other Supported Services in Rule 54.101(a) When Publicizing the Availability of Lifeline Service.

The Commission should reject USAC's incorrect conclusion that ETCs are required to advertise all of Rule 54.101(a)'s supported services when publicizing the availability of Lifeline service, pursuant to Rule 54.405(b).[26] The Commission's rules do not require ETCs to advertise or otherwise publicize the availability of free toll blocking specifically, or the other services and/or functionalities that must be provided with Lifeline service (e.g., dual tone multi-frequency signaling or its functional equivalent, single-party service or its functional equivalent).[27] Rather,

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arbitrary deadline is not contained anywhere in the Commission's rules or orders and its inclusion in the instructions to the FCC Form 497 does not to appear to have been subject to prior notice and comment. In fact, the Commission and its Inspector General have issued orders and reports containing statements that contradict the existence of such a deadline. *See, e.g.*, *VCI Company Notice of Apparent Liability*, 22 FCC Rcd 15933 (2007) (directing a carrier to file revised FCC Forms 497 from August 2004 to August 2007); *Assessment of Payments Made under the Universal Service Fund's Low Income Program*, 2008 WL 5205212, Office of Inspector General Federal Communications Commission at 5-6 (rel. Dec. 12, 2008) ("Carriers may file an original and revised Form 497 for up to 25 months after the 'data month' depending on the time of year. Moreover, once filed, a claim may be revised for 15 to 25 months depending upon the time of year").

[26] Appendix A (USAC Management Response at 1).

[27] 47 C.F.R. § 54.101(a).

the rules require only that an ETC "[p]ublicize the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service."[28] It is therefore incorrect to interpret this rule as requiring an ETC to specifically enumerate and/or explain each of the benefits of Lifeline service (such as benefits relating to the SLC, toll restriction, certain taxes and fees, and additional Tier Two discounts) or explain that single-party service, among the other supported services, is included at no cost to Lifeline subscribers in media of general distribution.[29]

The Commission's rationale for establishing its Lifeline advertising rule was to increase awareness of and, therefore, participation in the Lifeline program.[30] It is appropriate to question how mentioning free single-party service, for example, would increase participation in the Lifeline program. To the contrary, one can only imagine the confusion that would ensue if ETCs had to mention in their Lifeline radio and print advertisements that a Lifeline subscriber's service includes toll blocking, and such other features as "dual tone multi-frequency signaling or its functional equivalent" and "voice grade access to the public switched network."[31] But, if USAC is correct that an ETC must identify TLS in its advertising, then it also would be required to identify those other services as well, confusing low-income customers and potentially suppressing participation in the Lifeline program.

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[28] 47 C.F.R. § 54.405(b).

[29] The Commission's order establishing this rule says nothing about requiring ETCs to advertise the nine supported services in Rule 54.101(a) in order to meet their obligation to publicize the availability of Lifeline service. *See Lifeline and Link-Up Twelfth Report and Order*, 15 FCC Rcd 12208, ¶¶ 76-80 (2000). Indeed, the Commission goes out of its way to say that it is not prescribing "specific, uniform methods by which [ETCs] must publicize the availability of Lifeline and Link-Up support." *Id.* at ¶ 79.

[30] *Id.* at ¶ 76.

[31] 47 C.F.R. § 54.101(a).

C. ETCs Are Not Required to Report Partial Month Lifeline Subscribers on Line 9 of FCC Form 497.

The Commission should reject USAC's erroneous conclusion that ETCs are *required* to use Line 9 of FCC Form 497 to report the numbers of Lifeline subscribers who began and ended Lifeline service during any given month. USAC's interpretation of the Commission's instructions to the form is clearly at odds with the Commission's deliberate decision *not* to require ETCs to do just that. By suspending indefinitely the proposed revision to FCC Form 497 that would have required all ETCs to track the precise start and stop date of every Lifeline subscriber and to calculate pro-rated support for each of these subscribers, the Commission acknowledged that many, or perhaps, most ETCs simply do not have any mechanized ability to do so. Plainly, if the Commission had intended to require, rather than permit, ETCs to seek pro-rated support for Lifeline subscribers who take service for only a part of a month, it would have adopted the new form. The fact that it did not do so establishes that there currently is no requirement that carriers use Line 9 of the form to separately report and seek pro-rated support for such customers.

USAC contends that the Commission declined to adopt its new form requiring ETCs to separately state partial month Lifeline subscribers because its proposed formula was too complicated but that the Commission has always intended Line 9 to be mandatory when an ETC has a single Lifeline subscriber who begins or ends service during the month.[32] Such an assertion has no merit and is contrary to the plain reading of the Commission's instructions, which state "*If* claiming partial or pro-rata dollars, check the box on line 9."[33] Indeed, AT&T

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[32] *See* Appendix A (USAC Management Response at 1-2).

[33] Instructions for Lifeline and Link Up Worksheet at 4 (emphasis added). *See also* FCC Form 497 (directing ETCs to "[c]heck box to the right if **partials** or **pro rata amounts** are used." Emphasis in original).

Nevada (and all other ETCs) would have to ignore this sentence of the instructions, and the form itself, for USAC's interpretation to have any validity. USAC does not and cannot cite to any Commission precedent to support its view since the Commission has never discussed in any of its orders the manner in which ETCs should report such Lifeline subscribers.[34] The language of the current instructions and form has been in effect since October 2000. If the Commission were concerned about how ETCs were reporting Lifeline subscribers who began or ended service during the month, it has had over eight years within which to act. There can be no question that, for over four years, the Bureau has been aware that numerous large ETCs follow AT&T Nevada's practice of using Lines 5 through 8, and not 9, to report all of its Lifeline subscribers but has chosen not to mandate partial month reporting.

The auditor and USAC do not suggest, nor can they, that, by not using Line 9 to report subscribers obtaining partial monthly support, AT&T Nevada is somehow profiting from its participation in the Lifeline program. Based on its experience, AT&T Nevada has no reason to believe that it has more Lifeline subscriber-days associated with subscribers who drop their service during a month than Lifeline subscriber-days associated with subscribers who add Lifeline service during the month (or vice versa). AT&T Nevada counts the number of Lifeline subscribers it has in its billing systems at the end of the month (e.g., 30th or 31st). If, for example, AT&T Nevada provides service to a Lifeline customer from the first of the month through the 29th of the month, when the customer disconnects his or her service, it would not include that particular customer in its monthly FCC Form 497 filing even though it provided discounted Lifeline service to that particular subscriber for almost the entire month. In other

[34] USAC merely cites to Rule 54.407(c), which requires ETCs to maintain accurate records of the revenues they forgo in providing Lifeline service. 47 C.F.R. § 54.407(c). *See* Appendix A (USAC Management Response at 2).

words, for that customer, AT&T Nevada would have provided the Lifeline subsidy but would not have sought reimbursement from USAC for that customer. On the other hand, if it begins providing Lifeline service to a new subscriber sometime after the first of the month and continues providing service through the end of the month, it would include that customer in its monthly count and would receive the full reimbursement for that subscriber.

Obviously, AT&T Nevada has little control over when a Lifeline customer begins and terminates his or her service during the month. AT&T Nevada processes Lifeline subscriber additions and deletions throughout the month in the normal course of business and, as a result, AT&T's contention that, over time, the amount of support claimed in its FCC Form 497 filings for those partial month subscribers "comes out in the wash" is correct.

As noted above, AT&T Nevada uses its billing systems to obtain the number of subscribers receiving the Lifeline discount at the end of each month. In order for it to separately track the number of Lifeline subscribers who begin and end their service during the month, at a minimum, AT&T Nevada would have to analyze daily data from its billing systems. It would then have to calculate the pro-rated support for each subscriber, which could be a significant undertaking. Moreover, based on AT&T's experience, these numbers are not static as USAC seems to suggest.[35] Even if it were feasible to report partial month subscribers, and AT&T Nevada is not conceding that it is, such a task would be extremely burdensome and, thus, AT&T Nevada has chosen not to claim partial support by populating Line 9 on the FCC Form 497.

If the Commission decides to revisit the issue of requiring all ETCs to report partial month Lifeline subscribers, it must do so through notice and comment so that AT&T and all other interested parties may explain in detail any technical or administrative impediment to

[35] *See* Appendix A (USAC Management Response at 2) ("A company might have months in which it neither lost nor gained Lifeline customers.").

complying with such a new proposed requirement. The Bureau has no authority to impose this new requirement on AT&T alone and certainly should not do so in the context of an audit. The Commission therefore should reject USAC's conclusion in response to this issue.

IV. CONCLUSION

For the reasons provided above, AT&T respectfully requests the Commission to reject USAC's incorrect Management Responses and find that (1) the Companies' use of lower, incorrect TLS incremental costs was a clerical error for which no recovery of funds is warranted; (2) AT&T Nevada was not required to advertise or otherwise publicize the availability of free toll blocking specifically, or the other services and/or functionalities that must be provided with Lifeline service in media of general distribution; and (3) AT&T Nevada's practice of reporting all Lifeline subscribers on Lines 5 through 8 is permissible.

Respectfully Submitted,

/s/ Cathy Carpino

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April 14, 2009

Its Attorneys

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DECLARATION OF MARY JO WENCKUS

I, Mary Jo Wenckus, do hereby, under penalty of perjury, declare and state as follows:

1. My name is Mary Jo Wenckus. I am a Senior Product Marketing Manager with AT&T Operations, a wholly owned subsidiary of AT&T Inc. In that capacity, I was and am familiar with the terms by which AT&T-Nevada has completed FCC Form 497 filings, including how it has reported Lifeline subscribers on this form.

2. In accordance with Commission rules, 47 C.F.R. § 54.721(b)(2), I have reviewed the factual assertions set forth in the appeal and hereby certify that they are true and correct to the best of my knowledge.

Name

Dated: 4-14-2009

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Administrator	)	

DECLARATION OF STEPHEN W. ELLIS

I, Stephen W. Ellis, do hereby, under penalty of perjury, declare and state as follows:

1. My name is Stephen W. Ellis. I am a Lead Cost Accountant with AT&T Services, Inc., a wholly owned subsidiary of AT&T Inc. In that capacity, I was and am familiar with the terms by which AT&T-California and AT&T-Nevada have completed FCC Form 497 filings, including how they have reported Lifeline subscribers on this form.

2. In accordance with Commission rules, 47 C.F.R. § 54.721(b)(2), I have reviewed the factual assertions set forth in the appeal and hereby certify that they are true and correct to the best of my knowledge.

Stephen W. Ellis
Name

Dated: 4/10/09

APPENDIX A

USAC
Universal Service Administrative Company

High Cost & Low Income Division

Via Certified Mail Return Receipt Requested

February 13, 2009

Cathy Carpino
AT&T Services, Inc.
1120 20th Street, NW
Suite 1000
Washington, DC 20036

RE: Recovery for TLS Audit Finding for Nevada Bell Telephone Company

Dear Ms. Carpino:

As you are aware, the auditors who conducted the audit of Nevada Bell Telephone Company (SAC 555173) on behalf of the Federal Communications Commission (FCC) found an instance of non-compliance with the FCC's rules governing the Low Income universal service program. A copy of the final audit report is attached for your reference.

The auditors found that Nevada Bell did not maintain records to document the company's incremental cost of providing Toll Limitation Service (TLS) to its Lifeline customers during the months audited (October 2004 and April 2005). Specifically, the auditors found that Nevada Bell did not have documentation to support the rate of $3.56 claimed for 331 subscribers in October 2004 and for 357 subscribers in April 2005. The total amount of TLS support claimed for these months was $2,449.00.

On June 24, 2008, USAC sent a letter to Nevada Bell requesting that the company submit documentation to substantiate the rates claimed for TLS support for October 2004 and April 2005. In response, the company submitted documentation of Nevada Bell's non-recurring TLS unit cost of $6.77, which was filed in 1996 as part of a rate case with the Nevada Public Utilities Commission. USAC management has concluded that the documentation submitted by Nevada Bell does not support the TLS rates claimed by the company for the months audited. Because the company cannot provide documentation that substantiates the costs associated with the specific rates claimed during 2004 and 2005, USAC will recover the TLS support provided during October 2004 and April 2005.

In sum, USAC will recover $2,449.00 in overpayments from Nevada Bell's April 2009 low income support payment, which will be disbursed at the end of May 2009. If this amount exceeds the amount of support due to Nevada Bell, USAC will continue recovering the overpayment amount against subsequent months' support disbursements until all recoveries are complete. In the event Nevada Bell becomes no longer eligible to receive Low Income support, USAC will issue an invoice for the balance owed.

If you wish to appeal this decision to the FCC, the appeal must be filed within 60 days of the date of this letter. Additional information about the appeals process may be found on USAC's web site at www.universalservice.org/li/about/filing-appeals.

Sincerely,

USAC

Enclosure

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Independent Accountant's Report
LI-2006-201

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Attn: Internal Audit

Federal Communications Commission:
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Washington, DC 20554
Attn: Inspector General

We have examined management's assertions (Attachment 1) included in their letter dated March 3, 2007, that Nevada Bell (Study Area Code 555173) complied with the applicable program requirements of 47 C.F.R Section 54 of the Federal Communications Commission's Rules and Regulations and Related Orders identified in Attachment 2, relative to disbursements of $1,616,267.00 for Low Income Program Support services made from the Universal Service Fund during the fiscal year ended September 30, 2005. Nevada Bell's management is responsible for compliance with those requirements. Our responsibility is to express an opinion on management's assertions about Nevada Bell's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about Nevada Bell's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Nevada Bell's compliance with specified requirements.

In conducting our examination we found material deviations from program requirements of 47 C.F.R Section 54 of the Federal Communications Commission's Rules and Regulations and Related Orders. First, Nevada Bell did not have documentation supporting the incremental cost of providing toll limitation services as claimed on Form 497 for the sample months of October 2004 and April 2005, a violation of 47 C.F.R. §54.417(a) recordkeeping requirements. Second, Nevada Bell did not comply with 47 C.F.R. §54.401(a)(3), which requires that carriers offer toll limitation to all qualifying low-income consumers at the time they subscribe to Lifeline service. Third, Nevada Bell was not determining pro rata discounts for Lifeline customers who were eligible for only partial months. Detailed information relative to these instances of material noncompliance is described in Attachment 3.

In our opinion, except for the material deviations from the criteria described in the preceding paragraph, management's assertions that Nevada Bell complied with the aforementioned requirements relative to disbursements of $1,616,267.00 for low income support services made from the Universal Service Fund for the fiscal year ended September 30, 2005, are fairly stated, in all material respects.

This report is intended solely for the information and use of Nevada Bell, the Federal Communications Commission of the United States of America and the Universal Service Administrative Company and is not intended to be and should not be used by anyone other than these specified parties.

Washington, DC Thompson, Cobb, Bazilio & Associates, P.C.
April 5, 2007

Attachment 1

AT&T Assertion Letter for Study Area Codes 545170 (Pacific Bell), 445216 (Southwestern Bell – Texas), 325080 (Indiana Bell), 415213 (Southwestern Bell – Kansas), 435215 (Southwestern Bell – Oklahoma) and 555173 (Nevada Bell)

Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Section 54 of the Federal Communications Commission's Rules, Regulations and Related Orders

Management of AT&T is responsible for ensuring that the carrier is in compliance with applicable requirements of the Federal Communications Commission (FCC) rules at 47 C.F.R. §§ 54.101, 54.201 -- 54.209, and 54.400 -- 54.417 as well as related FCC Orders.

Management has performed an evaluation of the carrier's compliance with the applicable requirements of FCC rules at 47 C.F.R. §§ 54.101, 54.201 -- 54.209, and 54.400 -- 54.417, and related FCC Orders with respect to providing discounts to eligible low income consumers and seeking reimbursement from the Universal Service Fund (USF) during the year ended September 30, 2005

AT&T makes the following assertions with respect to Low Income Program reimbursements received from the USF for Study Area Codes listed above for year ended September 30, 2005:

A. Carrier Eligibility – AT&T asserts that it:

1. is an eligible telecommunications carrier (ETC) that provides the services that an eligible carrier must offer to receive federal universal service support. (See the attached documents/orders showing ETC status for each of the six states.)

2. makes available Lifeline service, as defined in 54.401, to qualifying low-income consumers.

B. Advertising Supported Services: AT&T asserts that it publicizes the availability of supported services in a manner reasonably designed to reach those likely to qualify for Lifeline and Toll Limitation Support services.

C. Rate verification – AT&T asserts that it:

1. provides discounts to qualifying subscribers for Lifeline service:

   i. Tier 1: Available to all eligible Lifeline subscribers equal to the Incumbent Local Exchange Carrier's (ILEC's) actual federal tariffed subscriber line charge.

   ii. Tier 2: $1.75 per month available to qualified low-income consumers, if the carrier received any non-federal approvals necessary to implement the required rate reduction and passes through the full amount of Tier 2 support to the qualifying low-income consumer

   iii. Tier 3: An additional amount of federal Lifeline support equal to one-half the amount of any State-mandated Lifeline support, or one half of any Lifeline support provided by the Service Provider, up to a maximum of $1.75 per month.

   iv. Tier 4: Additional federal Lifeline support of up to $25 per month to eligible residents of tribal lands, as defined in § 54.400 (e), as long as the amount does not bring the basic local residential rate below $1 per month per qualifying low-income subscriber.

2. provides discounts to qualifying subscribers for Link Up service:

Attachment 2

Federal Communications Commission's 47 C.F.R. Part 54 Rules and Related Orders with which Compliance was Examined

Carrier Eligibility:

Section 54.101 (a)

Section 54.201 (a)

Section 54.405 (a)

Advertising Supported Services:

Section 54.201 (d) (2)

Section 54.405

Rate Verification:

Section 54.101 (9)

Section 54.401 (c)

Section 54.403 (a) (1)

Section 54.403 (a) (2)

Section 54.403 (a) (3)

Section 54.403 (a) (4)

Section 54.403 (c)

Section 54.407

Section 54.411 (a) (1)

Section 54.411 (a) (3)

Section 54.417 (a)

Federal-State Board on Universal Service, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, ¶¶ 385-389 (1997))

Consumer Qualifications:

Section 54.410

Submission of FCC Form 497:

Section 54.407

General Recordkeeping:

Section 54.417 (a)

In the Matter of Lifeline and Link-Up, WC Docket No. 03-109, Report and Order and Further Notice of Proposed Rulemaking, 19 FCC Rcd 8302, ¶ 40 (2004)

Attachment 3

Comment One	**Toll Limitation Services Cost--Section 54.417(a) Noncompliance**
Condition	For this audit, Nevada Bell did not provide documentation supporting the incremental cost of providing toll limitation services (TLS) as claimed on Form 497 for the sample months of October 2004 and April 2005. A rate of \$3.56 for TLS nonrecurring costs was claimed for each of 331 subscribers for whom TLS was initiated in October 2004 (the total claimed was \$1,178) and 357 subscribers for whom TLS was initiated in April 2005 (the total claimed was \$1,271).
Criteria	Section 54.417(a) of 47 C.F.R of the Federal Communications Commission's Rules and Regulations and Related Orders requires that eligible telecommunications carriers must maintain records to document compliance with all Commission and state requirements governing the Lifeline/Link Up programs for three full preceding calendar years and provide that documentation to the Commission or USAC Administrator upon request.
Cause	According to Nevada Bell, documentation (e.g., a cost study) supporting the rate of \$3.56 for the nonrecurring costs of TLS claimed on Form 497 for October 2004 and April 2005 was not available.
Effect	We could not determine whether the total TLS dollars claimed on Form 497 for the sample months of October 2004 and April 2005 were accurate.
Recommendation	We recommend that Nevada Bell take steps to ensure that all records, including documentation supporting the incremental cost of providing TLS, needed to document compliance with all Commission and state requirements governing the Lifeline/Link Up programs are maintained for three full preceding calendar years and provided to the Commission or USAC Administrator upon request.
Beneficiary Response	The TLS rate (nonrecurring only) claimed on the Form 497 for October 2004 and April 2005 was based on previously completed cost studies, the details of which could not currently be located. In 2005, Nevada Bell updated its cost studies for the incremental cost of providing toll limitation services and began using the updated rates (both recurring and nonrecurring) on the Form 497 effective in January 2006. The new nonrecurring rate of \$6.77 is higher than the rate claimed for October 2004 and April 2005 of \$3.56 for the nonrecurring costs. Had the updated study results been used for the aforementioned months, the TLS dollars claimed would have been \$2k higher.

Comment Two	**Offering Toll Limitation Services--Section 54.401(a)(3) Noncompliance**
Condition	According to an AT&T official, when subscribers are enrolling in the Lifeline program, service representatives do not bring up and offer toll limitation service. The service representatives sign subscribers up for toll limitation service only if the subscribers ask. In addition, Nevada Bell's advertising provided for this audit did not mention toll limitation service.
Criteria	Section 54.401(a)(3) of 47 C.F.R of the Federal Communications Commission's Rules and Regulations and Related Orders requires that carriers offer toll limitation to all qualifying low-income consumers at the time they subscribe to Lifeline service. If the consumer elects to receive toll limitation, that service shall become part of that consumer's Lifeline service. AT&T management asserted, by letter dated March 3, 2007 that it allows eligible consumers to voluntarily subscribe to toll blocking or toll restriction at no cost.
Cause	Nevada Bell does not have a policy or procedures in place instructing service representatives to inform Lifeline applicants about the availability of toll limitation service and offer this service at the time the applicants subscribe to Lifeline.
Effect	Qualifying low-income consumers may not know that toll limitation service is available at the time they subscribe to Lifeline. Some consumers who do not receive toll limitation service may have elected to do so if they had been informed of and offered this service.
Recommendation	We recommend that Nevada Bell develop a policy and procedures instructing service representatives to inform Lifeline applicants about the availability of toll limitation service and offer this service at the time applicants subscribe to Lifeline.
Beneficiary Response	Nevada Bell service representatives understand that Lifeline customers may receive toll restriction. Nevada Bell is reviewing all disclosures and methods documents to ensure information about free toll restriction is adequately covered. Nevada Bell will review disclosure requirements with all service representatives and ensure that service representatives inform customers inquiring about Lifeline that free toll restriction is available to them. A check-off box requesting free toll restriction will be added to Lifeline applications. Nevada Bell service representatives will inform customers that the customer may check off the box requesting free toll restriction on the application they will receive or may call Nevada Bell after they have been enrolled in Lifeline and request free toll restriction.

Comment Three **Form 497 Lifeline Support—Section 54.403(a) Noncompliance**

Condition

According to AT&T officials, in determining the amount of Lifeline support claimed on the Federal Communications Commission (FCC) Form 497 each month, a count of the number of subscribers in Nevada Bell's Lifeline Program on a particular day at the end of the month was obtained from the billing system for reporting on the Form 497. The number of subscribers was multiplied by the different Lifeline Tier rates to determine the amount of Lifeline support claimed. No adjustment was made on Line 9 of Form 497 for new subscribers who joined the Lifeline Program upon approval during the month and subscribers who left the Lifeline Program during the month; although these subscribers were given partial (i.e., pro rata) discounts on their telephone bills for that month.

Criteria

According to Section 54.403(a) (2), (3), and (4) of 47 C.F.R of the FCC Rules and Regulations, Tier Two, Tier Three, and Tier Four federal Lifeline support amount will be made available to the eligible telecommunications carrier if that carrier certifies to the Universal Service Administrative Company Administrator that it will pass through the full amount of Tier Two, Tier Three, and Tier Four support to its qualifying low-income consumers. According to the instructions for completing Form 497, Line 9 on the form is for claiming the partial or pro rata amount for all partial or pro-rated subscribers. According to the instructions, this amount may be positive or negative depending on whether there are more new subscribers being added part way through a month or more subscribers disconnecting during the reported month. Page 2 of Form 497 requires the signature of an officer or employee of the company certifying that the company will pass through the full amount of all Tier Two, Tier Three, and Tier Four federal Lifeline support for which the company seeks reimbursement, as well as applicable intrastate Lifeline support, to all qualifying low-income subscribers by an equivalent reduction in the subscriber's monthly bill for local telephone service.

Cause

In determining the amount of Lifeline support claimed on the Form 497 each month, Nevada Bell did not take into account the partial (i.e., pro rata) Lifeline discounts given to subscribers who entered or left the Lifeline program some time during the month. According to AT&T officials, the approach used to determine the amount of Lifeline support claimed on the Form 497 "comes out in the wash" over time because some Lifeline subscribers come and go each month.

Effect

The amount of Lifeline support claimed on the Form 497 for each month may not equal the actual Lifeline discounts passed on to subscribers for that same month, depending on (1) whether there were more new subscribers added to the Lifeline Program part way through the month or more subscribers who left the Program during the month and (2) the days of the month that subscribers were added to and left the program, which determines their pro rata discounts.

Recommendation We recommend that Nevada Bell take into account the partial (i.e., pro rata) Lifeline discounts given to subscribers who entered and left the Lifeline program when determining the amount of Lifeline support claimed on the FCC Form 497 each month.

Beneficiary Response The Company disagrees with the auditor's premise that the Commission's existing rules and the current FCC Form 497 and instructions require an ETC seeking reimbursement for Lifeline discounts to report separately lifeline subscribers that were added to and/or dropped from the Lifeline program during any given month, rather than simply reporting the total number of current Lifeline subscribers as of a particular date at the end of the month. The Company notes in this regard that, in 2004, the Commission proposed to amend Form 497 to adopt such a requirement, but ultimately did not do so. Specifically, in September 2004, the Commission issued a public notice announcing that, beginning October 15, 2004, ETCs seeking reimbursement for Lifeline support would be required to use the revised form, which required ETCs separately to report the number of subscribers receiving such support for the whole month and the number of subscribers receiving such support for only a part of the month (as well as the total service days for such subscribers). *See Wireline Competition Bureau Announces Effective Date of Revised Form 497 Used to File Low Income Claims with USAC*, WC Docket No. 03-109, Public Notice, DA 04-3016 (rel. Sept. 21, 2004). Following this announcement, representatives of the Company and other ETCs met with Commission Staff to urge the Commission not to adopt the new form and require ETCs to break out and report separately the number of low-income subscribers receiving Lifeline support for only part of a month because those carriers did not have systems in place to separately track such subscribers and calculate pro-rated support. In response, the Commission delayed, and later suspended indefinitely, adoption of the new form. *See Wireline Competition Bureau Announces Delayed Effective Date for Revised Form 497 Used for Low-Income Universal Service Support*, WC Docket No. 03-109, Public Notice, DA 04-3188 (rel. Oct. 4, 2004) (delaying the effective date of the new form until April 15, 2005); *Wireline Competition Bureau Announces Delayed Effective Date for Revised Form 497 Used for Low-Income Universal Service Support Until Further Notice*, WC Docket No. 03-109, Public Notice, DA 05-604 (Mar. 4, 2005) (delaying the effective date until further notice). Plainly, if the Commission had intended to require, rather than permit, ETCs to seek pro-rated support for Lifeline subscribers who take service for only a part of a month, it would have adopted the new form – the fact that it did not do so establishes that there currently is no requirement that carriers separately report and seek pro-rated support for such customers.

The language of the instructions to the current form is not to the contrary. In particular, the instructions for Line 9, which the auditors cite as support for the purported requirement that ETCs separately report partial-month subscribers, state only that ETC's should use Line 9 "*if*" they are claiming partial or pro-rata dollars: "If claiming partial or pro-rata dollars, check box on line 9." Likewise, Line 9 on the actual form itself provides:

"Check box to the right *if* partials or pro rata amounts are used." (Emphasis added.) The instructions and form thus simply identify where on the form a carrier should report partial-month subscriber data if the carrier is able to and chooses to do so.

Auditor Response According to USAC, The carrier should only be claiming support equal to the amount they are passing to its subscribers and should only be giving support to subscribers for the time they are actually receiving the discount.

USAC

Universal Service Administrative Company

USAC Management Response

Date: June 28, 2007

Subject: IPIA (Improper Payment Improvement Act) Audit of the Low Income Program of Nevada Bell Telephone Company (LI-2006-201)

USAC management has reviewed the IPIA Audit of Nevada Bell Telephone Company (55173). The audit firm TCBA has issued a qualified audit report. Our response to the audit is as follows:

Condition #1 LI-2006-201:
For this audit, Nevada Bell did not provide documentation supporting the incremental cost of providing toll limitation services (TLS) as claimed on Form 497 for the sample months of October 2004 and April 2005. A rate of $3.56 for TLS nonrecurring costs was claimed for each of 331 subscribers for whom TLS was initiated in October 2004 (the total claimed was $1,178) and 357 subscribers for whom TLS was initiated in April 2005 (the total claimed was $1,271).

Management Response:
USAC concurs with the comment, effect and recommendation in the Opinion.

Condition #2 LI-2006-201:
According to an AT&T official, when subscribers are enrolling in the Lifeline program, service representatives do not bring up and offer toll limitation service. The service representatives sign subscribers up for toll limitation service only if the subscribers ask. In addition, Nevada Bell's advertising provided for this audit did not mention toll limitation service.

Management Response:
Eligible telecommunications carriers are required to advertise all services supported under 47 C.F.R. § 54.101(a)[1]. USAC concurs with the comment, effect and recommendation in the Opinion.

Condition #3 LI-2006-201:
According to AT&T officials, in determining the amount of Lifeline support claimed on the Federal Communications Commission (FCC) Form 497 each month, a count of the number of subscribers in Nevada Bell's Lifeline Program on a particular day at the end of the month was obtained from the billing system for

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[1] 47 C.F.R. § 54.201(d)(2)

reporting on the Form 497. The number of subscribers was multiplied by the different Lifeline Tier rates to determine the amount of Lifeline support claimed. No adjustment was made on Line 9 of Form 497 for new subscribers who joined the Lifeline Program upon approval during the month and subscribers who left the Lifeline Program during the month; although these subscribers were given partial (i.e., pro rata) discounts on their telephone bills for that month.

Management Response:
USAC concurs with the comment, effect and recommendation in the Management Letter. Line 9 (pro-rata support) of FCC Form 497 should be used by carriers to adjust their support claim if they lose or gain Lifeline subscribers throughout the month. A carrier is not entitled to be reimbursed for a full month of support for a subscriber that began Lifeline service mid-month[2]. The instructions to Line 9 of FCC Form 497 include the word "if" because pro-rating is not mandatory unless a company has Lifeline customers who started or terminated Lifeline support mid-month. A company might have months in which it neither lost nor gained Lifeline customers. In those instances, the company would not pro-rate Lifeline support. Accordingly, the instructions to FCC Form 497 include the permissive "if" because companies that have maintained the same number of Lifeline subscribers throughout a month will not have to pro-rate their Lifeline support.

The FCC had considered adopting a complicated formula for calculating pro-rata support, but the OMB-approved version of the form that contained this formula was not implemented. The FCC has not, however, adopted a policy that allows companies to assume that added and deleted Lifeline accounts "come out in the wash" each month; line 9 of FCC Form 497 is designed to capture pro-rated amounts. A carrier has a responsibility to maintain accurate records of the revenue it forgoes in providing the Lifeline discounts[3].

This concludes the USAC management response to the audit.

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[2] *See* 47 C.F.R § 54.407(a). Universal service support for providing Lifeline shall be provided directly to the eligible telecommunications carrier, based on the number of qualifying low-income consumers it serves, under administrative procedures determined by the Administrator.

[3] *See* 47 C.F.R § 54.407(c).

APPENDIX B

USAC
Universal Service Administrative Company

High Cost & Low Income Division

Via Certified Mail Return Receipt Requested

February 13, 2009

Cathy Carpino
AT&T Services, Inc.
1120 20th Street, NW
Suite 1000
Washington, DC 20036

RE: Recovery for TLS Audit Finding for PacBell Telephone Company

Dear Ms. Carpino:

As you are aware, the auditors who conducted the audit of PacBell Telephone Company (SAC 545170) on behalf of the Federal Communications Commission (FCC) found an instance of non-compliance with the FCC's rules governing the Low Income universal service program. A copy of the final audit report is attached for your reference.

The auditors found that PacBell did not maintain records to document the company's incremental cost of providing Toll Limitation Service (TLS) to its Lifeline customers during the months audited (February 2005 and May 2005). Specifically, the auditors found that PacBell did not have documentation to support the weighted average rate of $4.24 claimed for 59,607 subscribers in February 2005 and the weighted average rate of $4.26 for 55,350 subscribers in May 2005. The total amount of TLS support claimed for these months was $488,930.00.

On June 24, 2008, USAC sent a letter to PacBell requesting that the company submit documentation to substantiate the rates claimed for TLS support for February 2005 and May 2005. In response, the company submitted documentation of PacBell's recurring TLS unit cost of $0.40, which was part of a 1995 filing with the California Public Service Commission, and non-recurring TLS unit cost of $6.74, which was approved by the California PSC in 1997. USAC management has concluded that the documentation submitted by PacBell does not support the TLS rates claimed by the company for the months audited. Because the company cannot provide documentation that substantiates the costs associated with the specific rates claimed during 2005, USAC will recover the TLS support provided during February 2005 and May 2005.

In sum, USAC will recover $488,930.00 in overpayments from PacBell's April 2009 low income support payment, which will be disbursed at the end of May 2009. If this amount exceeds the amount of support due to PacBell, USAC will continue recovering the overpayment amount against subsequent months' support disbursements until all recoveries are complete. In the event PacBell becomes no longer eligible to receive Low Income support, USAC will issue an invoice for the balance owed.

If you wish to appeal this decision to the FCC, the appeal must be filed within 60 days of the date of this letter. Additional information about the appeals process may be found on USAC's web site at www.universalservice.org/li/about/filing-appeals.

Sincerely,

USAC

Enclosure

THOMPSON, COBB, BAZILIO & ASSOCIATES, PC
Certified Public Accountants and Management, Systems, and Financial Consultants

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Independent Accountant's Report
LI-2006-204

Pacific Bell
525 Market Street, 19th Floor #21
San Francisco, CA 94105

Universal Service Administrative Company
2000 L Street, N.W.
Suite 200
Washington, D.C. 20036
Attn: Internal Audit

Federal Communications Commission:
445 12th Street SW
Washington, DC 20554
Attn: Inspector General

We have examined management's assertions included in their letter dated March 3, 2007, (Attachment 1) that Pacific Bell (Study Area Code 545170) complied with the applicable program requirements of 47 C.F.R Section 54 of the Federal Communications Commission's Rules and Regulations and Related Orders identified in Attachment 2, relative to disbursements of $214,080,724.00 for Low Income Program Support services made from the Universal Service Fund during the fiscal year ended September 30, 2005. Pacific Bell's management is responsible for compliance with those requirements. Our responsibility is to express an opinion on management's assertions about Pacific Bell's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about Pacific Bell's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Pacific Bell's compliance with specified requirements.

In conducting our examination we found a material deviation from program requirements of 47 C.F.R Section 54 of the Federal Communications Commission's Rules and Regulations and Related Orders. We could not determine whether the total toll limitation services amounts claimed on Form 497 for the sample months of February 2005 and May 2005 were accurate because Pacific Bell did not have documentation supporting the incremental cost of providing toll limitation services. This is a violation of 47 C.F.R. §54.417(a) recordkeeping requirements. Detailed information relative to this instance of material noncompliance is described in Attachment 3.

In our opinion, except for the material deviation from the criteria described in the preceding paragraph, management's assertions that Pacific Bell complied with the aforementioned requirements relative to disbursements of $214,080,724.00 for low income support services made from the Universal Service Fund for the year ended September 30, 2005, are fairly stated, in all material respects.

In addition, and in accordance with *Government Auditing Standards*, we noted an instance of immaterial noncompliance that we have reported to Pacific Bell in a separate letter dated April 5, 2007.

This report is intended solely for the information and use of Pacific Bell, the Federal Communications Commission of the United States of America and the Universal Service Administrative Company and is not intended to be and should not be used by anyone other than these specified parties.

Washington, DC Thompson, Cobb, Bazilio & Associates, P.C.
April 5, 2007

Attachment 1

AT&T Assertion Letter for Study Area Codes
545170 (Pacific Bell), 445216 (Southwestern Bell – Texas), 325080 (Indiana Bell), 415213 (Southwestern Bell – Kansas), 435215 (Southwestern Bell – Oklahoma) and 555173 (Nevada Bell)

Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Section 54 of the Federal Communications Commission's Rules, Regulations and Related Orders

Management of AT&T is responsible for ensuring that the carrier is in compliance with applicable requirements of the Federal Communications Commission (FCC) rules at 47 C.F.R. §§ 54.101, 54.201 -- 54.209, and 54.400 -- 54.417 as well as related FCC Orders.

Management has performed an evaluation of the carrier's compliance with the applicable requirements of FCC rules at 47 C.F.R. §§ 54.101, 54.201 -- 54.209, and 54.400 -- 54.417, and related FCC Orders with respect to providing discounts to eligible low income consumers and seeking reimbursement from the Universal Service Fund (USF) during the year ended September 30, 2005.

AT&T makes the following assertions with respect to Low Income Program reimbursements received from the USF for Study Area Codes listed above for year ended September 30, 2005:

A. Carrier Eligibility – AT&T asserts that it:

1. is an eligible telecommunications carrier (ETC) that provides the services that an eligible carrier must offer to receive federal universal service support (See the attached documents/orders showing ETC status for each of the six states.)

2. makes available Lifeline service, as defined in 54.401, to qualifying low-income consumers.

B. Advertising Supported Services: AT&T asserts that it publicizes the availability of supported services in a manner reasonably designed to reach those likely to qualify for Lifeline and Toll Limitation Support services.

C. Rate verification – AT&T asserts that it:

1. provides discounts to qualifying subscribers for Lifeline service:

   i. Tier 1: Available to all eligible Lifeline subscribers equal to the Incumbent Local Exchange Carrier's (ILEC's) actual federal tariffed subscriber line charge.

   ii. Tier 2: $1.75 per month available to qualified low-income consumers, if the carrier received any non-federal approvals necessary to implement the required rate reduction and passes through the full amount of Tier 2 support to the qualifying low-income consumer

   iii. Tier 3: An additional amount of federal Lifeline support equal to one-half the amount of any State-mandated Lifeline support, or one half of any Lifeline support provided by the Service Provider, up to a maximum of $1.75 per month.

   iv. Tier 4: Additional federal Lifeline support of up to $25 per month to eligible residents of tribal lands, as defined in § 54.400 (e), as long as the amount does not bring the basic local residential rate below $1 per month per qualifying low-income subscriber.

2. provides discounts to qualifying subscribers for Link Up service.

Attachment 2

Federal Communications Commission's 47 C.F.R. Part 54 Rules and Related Orders with which Compliance was Examined

Carrier Eligibility:

Section 54.101 (a)

Section 54.201 (a)

Section 54.405 (a)

Advertising Supported Services:

Section 54.201 (d) (2)

Section 54.405

Rate Verification:

Section 54.101 (9)

Section 54.401 (c)

Section 54.403 (a) (1)

Section 54.403 (a) (2)

Section 54.403 (a) (3)

Section 54.403 (a) (4)

Section 54.403 (c)

Section 54.407

Section 54.411 (a) (1)

Section 54.411 (a) (3)

Section 54.417 (a)

Federal-State Board on Universal Service, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, ¶¶ 385-389 (1997))

Consumer Qualifications:

Section 54.410

Submission of FCC Form 497:

Section 54.407

Attachment 3

Comment	**Toll Limitation Services Cost--Section 54.417(a) Noncompliance**
Condition	For this audit, Pacific Bell did not provide documentation supporting the incremental cost of providing toll limitation services (TLS) as claimed on Form 497 for the sample months of February 2005 and May 2005—rates of \$0.0356592 for recurring costs and \$4.07376 for nonrecurring costs. A weighted average rate of \$4.24 was claimed for each of 59,607 subscribers for whom TLS was initiated in February 2005 (the total claimed was \$252,892), and a weighted average rate of \$4.26 was claimed for each of 55,350 subscribers for whom TLS was initiated in April 2005 (the total claimed was \$236,038).
Criteria	Section 54.417(a) of 47 C.F.R of the Federal Communications Commission's (FCC) Rules and Regulations and Related Orders requires that eligible telecommunications carriers must maintain records to document compliance with all Commission and state requirements governing the Lifeline/Link Up programs for three full preceding calendar years and provide that documentation to the Commission or USAC Administrator upon request.
Cause	According to Pacific Bell, documentation (e.g., a cost study) supporting the rates of \$0.0356592 and \$4.07376 for recurring and nonrecurring costs of TLS claimed on Form 497 for February 2005 and May 2005 was not available.
Effect	We could not determine whether the total TLS dollars claimed on Form 497 for the sample months of February 2005 and May 2005 were accurate.
Recommendation	We recommend that Pacific Bell take steps to ensure that all records, including documentation supporting the incremental cost of providing TLS, needed to document compliance with all Commission and state requirements governing the Lifeline/Link Up programs are maintained for three full preceding calendar years and provided to the Federal Communications Commission or the Universal Service Administrative Company Administrator upon request.
Beneficiary Response	The TLS rates claimed on the Form 497 for February 2005 and May 2005 were based on previously completed cost studies, the details of which could not currently be located. In 2005, Pacific Bell updated its cost studies for the incremental cost of providing toll limitation services and began using the updated rates on the Form 497 effective in January 2006. The new rates of \$0.40 and \$6.74 are higher than the rates claimed for February 2005 and May 2005 of \$0.0356592 for recurring costs and \$4.07376 for nonrecurring costs. Had the updated study results been used for the aforementioned months, the TLS dollars claimed would have been \$517k higher.

USAC
Universal Service Administrative Company

USAC Management Response

Date: July 2, 2007

Subject: IPIA (Improper Payment Improvement Act) Audit of the Low Income Program of Pacific Bell Telephone Company (LI-2006-204)

USAC management has reviewed the IPIA Audit of Pacific Bell Telephone Company (545170). The audit firm TCBA has issued a qualified audit report and a management letter. Our response to the audit is as follows:

Condition 1 LI-2006-204 Opinion:
For this audit, Pacific Bell did not provide documentation supporting the incremental cost of providing toll limitation services (TLS) as claimed on Form 497 for the sample months of February 2005 and May 2005—rates of $0.0356592 for recurring costs and $4.07376 for nonrecurring costs. A weighted average rate of $4.24 was claimed for each of 59,607 subscribers for whom TLS was initiated in February 2005 (the total claimed was $252,892), and a weighted average rate of $4.26 was claimed for each of 55,350 subscribers for whom TLS was initiated in April 2005 (the total claimed was $236,038).

Management Response:
USAC concurs with the comment, effect and recommendation in the Opinion.

This concludes the USAC management response to the audit.

2000 L Street, N.W. Suite 200 Washington, DC 20036 Voice 202.776.0200 Fax 202.776.0080 www.usac.org

APPENDIX C

USAC
Universal Service Administrative Company

Pamela Gallant
Director, Low Income Program
High Cost & Low Income Division

Via Certified Mail Return Receipt Requested

June 24, 2008

Steven Ellis
Nevada Bell Telephone Company
2600 Camino Ramon
3S250EE
San Ramon, CA 94583

RE: Low Income Audit Results

Dear Mr. Ellis:

As you are aware, the auditors who conducted the recent audit of Nevada Bell Telephone Company (SAC 555173) on behalf of the Federal Communications Commission (FCC) found an instance of non-compliance with the FCC's rules governing the Low Income universal service program. USAC's management response to the auditors' report is attached for your reference.

The auditors found that Nevada Bell did not maintain records to document the company's incremental cost of providing Toll Limitation Service (TLS) to its Lifeline customers during the months audited (October 2004 and April 2005). Specifically, the auditors found that Nevada Bell did not have documentation to support the rate of $3.56 claimed for 331 subscribers in October 2004 and for 357 subscribers in April 2005. The total amount of TLS support claimed for these months was $2,449.00.

USAC requests that Nevada Bell submit documentation, based on its 2004 and 2005 costs, that supports the TLS support claims examined in the audit report. The documentation need not be in the form of a cost study, but it must clearly demonstrate the costs incurred by Nevada Bell in 2004 and 2005 for providing TLS at the rate noted above.

Please send this supporting documentation to my attention no later than July 28, 2008. USAC will recover the $2,449.00 in TLS support paid in October 2004 and April 2005 if the company cannot provide adequate documentation of its costs.

Sincerely,

Pamela Gallant

Enclosure

USAC
Universal Service Administrative Company

USAC Management Response

Date: June 28, 2007

Subject: IPIA (Improper Payment Improvement Act) Audit of the Low Income Program of Nevada Bell Telephone Company (LI-2006-201)

USAC management has reviewed the IPIA Audit of Nevada Bell Telephone Company (55173). The audit firm TCBA has issued a qualified audit report. Our response to the audit is as follows:

Condition #1 LI-2006-201:
For this audit, Nevada Bell did not provide documentation supporting the incremental cost of providing toll limitation services (TLS) as claimed on Form 497 for the sample months of October 2004 and April 2005. A rate of $3.56 for TLS nonrecurring costs was claimed for each of 331 subscribers for whom TLS was initiated in October 2004 (the total claimed was $1,178) and 357 subscribers for whom TLS was initiated in April 2005 (the total claimed was $1,271).

Management Response:
USAC concurs with the comment, effect and recommendation in the Opinion.

Condition #2 LI-2006-201:
According to an AT&T official, when subscribers are enrolling in the Lifeline program, service representatives do not bring up and offer toll limitation service. The service representatives sign subscribers up for toll limitation service only if the subscribers ask. In addition, Nevada Bell's advertising provided for this audit did not mention toll limitation service.

Management Response:
Eligible telecommunications carriers are required to advertise all services supported under 47 C.F.R. § 54.101(a)[1]. USAC concurs with the comment, effect and recommendation in the Opinion.

Condition #3 LI-2006-201:
According to AT&T officials, in determining the amount of Lifeline support claimed on the Federal Communications Commission (FCC) Form 497 each month, a count of the number of subscribers in Nevada Bell's Lifeline Program on a particular day at the end of the month was obtained from the billing system for

[1] 47 C.F.R. § 54.201(d)(2)

reporting on the Form 497. The number of subscribers was multiplied by the different Lifeline Tier rates to determine the amount of Lifeline support claimed. No adjustment was made on Line 9 of Form 497 for new subscribers who joined the Lifeline Program upon approval during the month and subscribers who left the Lifeline Program during the month; although these subscribers were given partial (i.e., pro rata) discounts on their telephone bills for that month.

Management Response:
USAC concurs with the comment, effect and recommendation in the Management Letter. Line 9 (pro-rata support) of FCC Form 497 should be used by carriers to adjust their support claim if they lose or gain Lifeline subscribers throughout the month. A carrier is not entitled to be reimbursed for a full month of support for a subscriber that began Lifeline service mid-month[2]. The instructions to Line 9 of FCC Form 497 include the word "if" because pro-rating is not mandatory unless a company has Lifeline customers who started or terminated Lifeline support mid-month. A company might have months in which it neither lost nor gained Lifeline customers. In those instances, the company would not pro-rate Lifeline support. Accordingly, the instructions to FCC Form 497 include the permissive "if" because companies that have maintained the same number of Lifeline subscribers throughout a month will not have to pro-rate their Lifeline support.

The FCC had considered adopting a complicated formula for calculating pro-rata support, but the OMB-approved version of the form that contained this formula was not implemented. The FCC has not, however, adopted a policy that allows companies to assume that added and deleted Lifeline accounts "come out in the wash" each month; line 9 of FCC Form 497 is designed to capture pro-rated amounts. A carrier has a responsibility to maintain accurate records of the revenue it forgoes in providing the Lifeline discounts[3].

This concludes the USAC management response to the audit.

---

[2] *See* 47 C.F.R § 54.407(a). Universal service support for providing Lifeline shall be provided directly to the eligible telecommunications carrier, based on the number of qualifying low-income consumers it serves, under administrative procedures determined by the Administrator.

[3] *See* 47 C.F.R § 54.407(c).

APPENDIX D

USAC
Universal Service Administrative Company

Pamela Gallant
Director, Low Income Program
High Cost & Low Income Division

Via Certified Mail Return Receipt Requested

June 24, 2008

Steven Ellis
Pacific Bell Telephone Company
2600 Camino Ramon
3S250EE
San Ramon, CA 94583

RE: Low Income Audit Results

Dear Mr. Ellis:

As you are aware, the auditors who conducted the recent audit of Pacific Bell Telephone Company (SAC 545170) on behalf of the Federal Communications Commission (FCC) found an instance of non-compliance with the FCC's rules governing the Low Income universal service program. USAC's management response to the auditors' report is attached for your reference.

The auditors found that Pacific Bell did not maintain records to document the company's incremental cost of providing Toll Limitation Service (TLS) to its Lifeline customers during the months audited (February 2005 and May 2005). Specifically, the auditors found that Pacific Bell did not have documentation to support the weighted average of $4.24 claimed for 59,607 subscribers in February 2005 and the weighted average of $4.26 claimed for 55,350 subscribers in May 2005 (rates of $0.0356592 for recurring costs and $4.07376 for non-recurring costs). The total amount of TLS support claimed for these months was $488,930.00.

USAC requests that Pacific Bell submit documentation, based on its 2005 costs, that supports the TLS support claims examined in the audit report. The documentation need not be in the form of a cost study, but it must clearly demonstrate the costs incurred by Pacific Bell in 2005 for providing TLS at the rates noted above.

Please send this supporting documentation to my attention no later than July 28, 2008. USAC will recover the $488,930.00 in TLS support paid in February 2005 and May 2005 if the company cannot provide adequate documentation of its costs.

Sincerely,

Pamela Gallant

Enclosure

USAC
Universal Service Administrative Company

USAC Management Response

Date: July 2, 2007

Subject: IPIA (Improper Payment Improvement Act) Audit of the Low Income Program of Pacific Bell Telephone Company (LI-2006-204)

USAC management has reviewed the IPIA Audit of Pacific Bell Telephone Company (545170). The audit firm TCBA has issued a qualified audit report and a management letter. Our response to the audit is as follows:

Condition 1 LI-2006-204 Opinion:
For this audit, Pacific Bell did not provide documentation supporting the incremental cost of providing toll limitation services (TLS) as claimed on Form 497 for the sample months of February 2005 and May 2005—rates of $0.0356592 for recurring costs and $4.07376 for nonrecurring costs. A weighted average rate of $4.24 was claimed for each of 59,607 subscribers for whom TLS was initiated in February 2005 (the total claimed was $252,892), and a weighted average rate of $4.26 was claimed for each of 55,350 subscribers for whom TLS was initiated in April 2005 (the total claimed was $236,038).

Management Response:
USAC concurs with the comment, effect and recommendation in the Opinion.

This concludes the USAC management response to the audit.

USAC
Universal Service Administrative Company

USAC Management Response

Date: July 2, 2007

Subject: IPIA (Improper Payment Improvement Act) Audit of the Low Income Program of Pacific Bell Telephone Company (LI-2006-204)

USAC management has reviewed the IPIA Audit of Pacific Bell Telephone Company (545170). The audit firm TCBA has issued a qualified audit report and a management letter. Our response to the audit is as follows:

Condition 1 LI-2006-204 Management Letter:
Pacific Bell provided electronic subscriber listings of Low Income Program subscribers for which support was claimed on Federal Communications Commission (FCC) Form 497 for our sample months of February 2005 and May 2005. While the Lifeline Tier 1, Tier 2, and Tier 3 subscriber counts on the electronic listings agree with the counts on the Forms 497 for both months, there are 183,539 subscriber records (95,224 in February 2005 and 88,315 in May 2005) with blank fields for the subscribers' names, addresses, cities, and states—the only identifier is the subscribers' telephone numbers. In addition, while the differences are small, the electronic listings do not agree with the Form 497 and supporting summary documents for the number of Tribal subscribers (Tier 4) in February 2005, and the number of subscribers for who toll limitation services (TLS) were initiated in February 2005. The electronic listings show 22 Tier 4 and 59,464 TLS subscribers, while the Form 497 and supporting summary documents show 21 Tier 4 and 59,607 TLS subscribers in February 2005.

Management Response:
A carrier is required to maintain accurate records of the revenues it forgoes in providing Low Income support.[1] As the auditors note, however, the Commission's rules do not specify the specific type of records a carrier must maintain in order to substantiate its support claims. For this reason, USAC concurs with the comment, effect and recommendation in the Management Letter.

This concludes the USAC management response to the audit.

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[1] *See* 47 C.F.R § 54.407(c)

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APPENDIX E

Cathy Carpino
General Attorney

AT&T Services, Inc.
1120 20th Street, N.W.
Suite 1000
Washington, D.C. 20036

202.457.3046 Phone
202.457.3073 Fax
cathy.carpino@att.com E-mail

Via U.S. Mail and E-Mail

July 28, 2008

Pamela Gallant
Director, Low Income Program
USAC
2000 L St., NW
Suite 200
Washington, D.C. 20036

Dear Ms. Gallant:

In response to your letters dated June 24, 2008 regarding documentation supporting Pacific Bell's and Nevada Bell's incremental costs of providing Toll Limitation Service (TLS) to their Lifeline customers during the months audited (February 2005 and May 2005 for Pacific Bell, and October 2004 and April 2005 for Nevada Bell), AT&T Inc., on behalf of these two affiliates, responds as follows:

PACIFIC BELL

Attached is the documentation supporting the incremental costs for TLS underlying Pacific Bell's Form 497 filings. The recurring unit cost ($0.40) was part of a compliance filing made with the California Public Utilities Commission (California Commission) in 1995 in response to Decision No. 94-09-065, which has formed the basis for the service price floor ever since. The non-recurring unit cost ($6.74) was included in a separate compliance filing made with the California Commission and approved on March 7, 1997 in resolution #T-15996. The TLS unit costs contained in compliance filings that have been used at least since 1997 (i.e., $0.40 and $6.74 for recurring and non-recurring costs, respectively) are significantly higher than the unit costs used by Pacific Bell for its TLS claims made in February 2005 and May 2005 (i.e., $0.0356592 for recurring and $4.07376 for non-recurring). For reasons unknown to current employees, Pacific Bell had claimed less in TLS support than it should have until January 2006. Had Pacific Bell used the unit costs contained in its compliance filings prior to January 2006, it would have claimed $517,000 more in TLS support for the months of February and May 2005. Pacific Bell is not seeking additional TLS support for those prior months but it would oppose any effort to recover TLS support paid to it in February and May 2005 because Pacific Bell essentially failed to request more TLS support than it should have.

NEVADA BELL

Attached is the documentation supporting the incremental costs for TLS underlying Nevada Bell's Form 497 filings. Nevada Bell's non-recurring TLS unit cost ($6.77) was filed with the Public Utilities Commission of Nevada in 1996 as part of Nevada Bell's last rate case.

The unit cost used to establish the rates in 1996 for non-recurring TLS is significantly higher than the unit cost used by Nevada Bell for its TLS claims made in October 2004 and April 2005 (i.e., $3.56 for non-recurring). As was the case with Pacific Bell, for reasons unknown to current employees, Nevada Bell had claimed less in TLS support than it should have until January 2006. If Nevada Bell had used the higher unit cost for the aforementioned months, it would have claimed $2000 more in TLS support. While Nevada Bell is not seeking additional TLS support for those prior months, it would oppose any effort to recover TLS support paid to it in October 2004 and April 2005 because it essentially failed to request more TLS support than it should have.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Cathy Carpino

Cathy Carpino
AT&T Services, Inc.

Enclosures

CONFIDENTIAL

Toll Restriction

Recurring Costs
California
January 1995
Compliance Filing

7 CALL SELECTION [OPTIONAL]

DESCRIPTION:

The Call Selection feature will allow a Commstar II customer to have full control of which types of calls can be made from their individual Commstar II lines.

An individual Commstar II line, without this feature has unlimited calling capabilities.

There are three different options available:

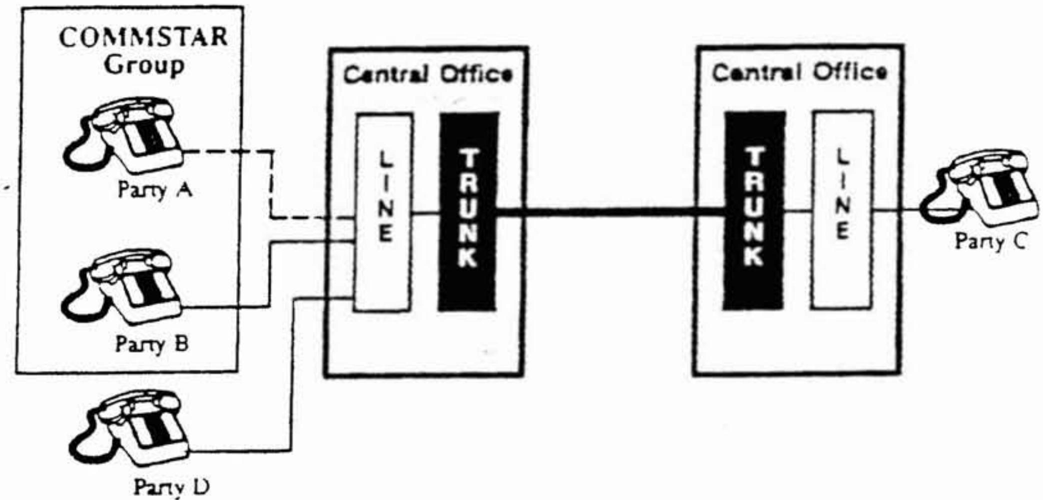
- **OPTION 1**: Allows internal and local calls only but will not allow the individual subscribing line to place any ZUM 2 and 3 calls or any 7 and 10 digit Toll calls.

- **OPTION 2**: Allows internal, local, ZUM 2 and 3 calls but will not allow any 7 and 10 digit Toll calls to be made from the individual subscribing line.

- **OPTION 3**: Allows internal, local, ZUM 2 and 3, and 7 digit Toll calls but will not allow 10 digit Toll calls made from the individual subscribing line.

NOTE 1: ***411, 611, 811, 911, AND 800 type calls will override the call selection options.***

NOTE 2: ***When a line subscribing to one of the Call Selection options, and a call is attempted that - not allowed, a recording will be provided that states the following message:***
"WE CANNOT COMPLETE THIS CALL, PLEASE HANG-UP AND TRY AGAIN."



Option 1: Party A may call Party B and D but not Party C. Option 2: Party A may call Party B C and D but can not call any 7 or 10 digit toll number. Option 3: Party A may call Party B, C, D, and any 7 digit toll number but is restricted from dialing a 10 digit toll number.

Figure 3.14
Call Selection

USOCS:

MVCS1 - Commstar II Call Selection option 1
MVCS2 - Commstar II Call Selection option 2
MVCS3 - Commstar II Call Selection option 3

COMMSTAR II, RESIDENCE - INCREMENTAL COST CALCULATION, WEIGHTED DIGITAL

(A) FEATURE	(B) USOC	(C) SCIS INVESTMENT DMS100 & 5E Note 1	(D) INCREMENTAL CAPITAL COST 0.0768	(E) INCREMENTAL DEPRECIATION 0.0500	(F) OTHER OPER. TAX 0.0088	(G) TOTAL ANNUAL CAP COST	(H) INVESTMENT RELATED EXPENSES 0.0256	(I) NON-INVST RELATED OPERATING EXPENSES 3.4276	(J) TOTAL ANNUAL UNIT FEATURE COST	(K) TOTAL MONTHLY UNIT FEATURE COST
BASIC PACKAGE	MVC - -									
1. Intercom	-	0.00	0.0000	0.0000	0.0000	0.0000	0.0000	3.4276	3.43	0.29
2. Call Hold	-	8.66	0.6648	0.4328	0.0762	1.1739	0.2215	3.4276	4.82	0.40
3. Call Pickup	-	0.89	0.0681	0.0443	0.0078	0.1202	0.0227	3.4276	3.57	0.30
4. Call Transfer	-	0.95	0.0728	0.0474	0.0083	0.1286	0.0243	3.4276	3.58	0.30
5. Three Way Calling	-	0.66	0.0506	0.0329	0.0058	0.0894	0.0169	3.4276	3.53	0.29
										1.58
OPTIONAL										
6. Call Waiting	MVCCW	2.46	0.1886	0.1228	0.0216	0.3331	0.0628	3.4276	3.82	0.32
7. Call Forwarding Variable	MVCCF	2.61	0.2005	0.1306	0.0230	0.3541	0.0668	3.4276	3.85	0.32
8. Call Forwarding Bsy/Delay	MVCAA	1.48	0.1139	0.0741	0.0130	0.2011	0.0379	3.4276	3.67	0.31
9. Speed Call 6	MVCCD	2.90	0.2224	0.1448	0.0255	0.3926	0.0741	3.4276	3.89	0.32
10. Call Restriction/Selection	MVCS -	8.16	0.6263	0.4078	0.0718	1.1058	0.2086	3.4276	4.74	$\boxed{0.40}$
11. Distinctive Ringing/CWT	MVCDR	0.43	0.0328	0.0213	0.0038	0.0579	0.0109	3.4276	3.50	0.29
12. Directed Call Pickup	MVCCP	21.40	1.6439	1.0702	0.1884	2.9025	0.5476	3.4276	6.88	0.57
13. WATS Access-Intra, Inter, Univ	MVCO -	76.58	5.8810	3.8288	0.6739	10.3837	1.9589	3.4276	15.77	1.31
14. 800 Access-Intra, Inter, Univ	MVC8 -	8.08	0.6204	0.4039	0.0711	1.0953	0.2066	3.4276	4.73	0.39

SOURCE: FEATLIST.WK4
Capital Costs: IRD Cost Factors
Invest Exp CW7-03-8 Ln 26
Non-Invest Exp CW7-03-8 Ln 23

SCIS INVESTMENTS
Col C= CW7-03-4 Col C 5ESS *.6 +
CW7-03-4 Col C DMS * .4 ea feat

Col K = Sum Lines 1+2+3+4+5

Col D=Cost Fact * Col C each feat
Col E=Cost Fact * Col C each feat
Col F=Cost Fact * Col C each feat
Col G=Col D+E+F
Col H=Cost Fact * Col C each feat
Col I=+Oper Expen each feature
Col J=Col G+H+I
Col K=Col J/12 each feature

Note : 1. 5ESS Investment * .6 + DMS100 Investment * .4 to weight by Incremental switch volume. (N11-3-84 Note 4)
2. Numbers may not calculate due to rounding.

[illegible]MSTAR II [illegible]SIDENCE - INCREM[illegible]AL COST CALCULATION, 5ESS

SOURCE: FEATLIST.WK4
Capital Costs: IRD Cost Factors
Invest Exp CW7-03-8 Ln 28
Non-Invest Exp CW7-03-8 Ln 23

FEATURE (A)	USOC (B)	(C) SCIS INVESTMENT 5ESS 1.2481 Note 1	(D) INCREMENTAL CAPITAL COST 0.0768	(E) INCREMENTAL DEPRECIATION 0.05	(F) OTHER OPER TAX 0.0088	(G) TOTAL ANNUAL CAP COST	(H) INVESTMENT RELATED EXPENSES 0.0256	(I) NON-INVST RELATED OPERATING EXPENSES 3.4276	(J) TOTAL ANNUAL UNIT FEATURE COST	(K) TOTAL MONTHLY UNIT FEATURE COST	SCIS INVESTMENTS
BASIC PACKAGE	MVC - -										
1. Intercom	-	0.00	0.0000	0.0000	0.0000	0.0000	0.0000	3.4276	3.43	0.29	Col C= CW7-03-11 * Secondary Load
2. Call Hold	-	13.88	1.0659	0.6939	0.1221	1.8820	0.3550	3.4276	5.66	0.47	Col C= CW7-03-11 * Secondary Load
3. Call Pickup	-	0.04	0.0029	0.0019	0.0003	0.0051	0.0010	3.4276	3.43	0.29	Col C= CW7-03-11 * Secondary Load
4. Call Transfer	-	1.15	0.0882	0.0574	0.0101	0.1557	0.0294	3.4276	3.61	0.30	Col C= CW7-03-11 * Secondary Load
5. Three Way Calling	-	0.95	0.0728	0.0474	0.0083	0.1286	0.0243	3.4276	3.58	0.30	Col C= CW7-03-11 * Secondary Load
OPTIONAL											
6. Call Waiting	MVCCW	4.09	0.3144	0.2047	0.0360	0.5551	0.1047	3.4276	4.09	0.34	Col C= CW7-03-11 * Secondary Load
7. Call Forwarding Variable	MVCCF	4.22	0.3240	0.2109	0.0371	0.5720	0.1079	3.4276	4.11	0.34	Col C= CW7-03-11 * Secondary Load
8. Call Forwarding Bsy/Delay	MVCAA	2.42	0.1860	0.1211	0.0213	0.3283	0.0619	3.4278	3.82	0.32	Col C= CW7-03-11 * Secondary Load
9. Speed Call 6	MVCCD	4.49	0.3451	0.2247	0.0395	0.6093	0.1149	3.4276	4.15	0.35	Col C= CW7-03-11 * Secondary Load
10. Call Restriction/Selection	MVCS -	3.11	0.2387	0.1554	0.0273	0.4214	0.0795	3.4276	3.93	0.33	Col C= CW7-03-11 * Secondary Load
11. Distinctive Ringing/CWT	MVCDR	0.89	0.0527	0.0343	0.0060	0.0931	0.0176	3.4278	3.54	0.29	Col C= CW7-03-11 * Secondary Load
12. Directed Call Pickup	MVCCP	29.32	2.2516	1.4659	0.2580	3.9755	0.7500	3.4276	8.15	0.68	Col C= CW7-03-11 * Secondary Load
13. WATS Access-Intra, Inter, Univ	MVCO -	83.24	6.3925	4.1618	0.7325	11.2868	2.1293	3.4276	16.84	1.40	Col C= CW7-03-11 * Secondary Load
14. 800 Access-Intra, Inter, Univ	MVC8 -	0.00	0.0000	0.0000	0.0000	0.0000	0.0000	3.4276	3.43	0.29	Col C= CW7-03-11 * Secondary Load

COMMSTAR II, RESIDENCE - INCREMENTAL COST CALCULATION, DMS100

SOURCE: FEATLIST.WK4
Capital Costs: IRD Cost Factors
Invest Exp CW7-03-8 Ln 28
Non-Invest Exp CW7-03-8 Ln 23

FEATURE (A)	USOC (B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	SCIS INVESTMENTS
BASIC PACKAGE	MVC - -										
15. Intercom	-	0.00	0.0000	0.0000	0.0000	0.0000	0.0000	3.4276	3.43	0.29	Col C= CW7-03-12 * Secondary Load
16. Call Hold	-	0.82	0.0633	0.0412	0.0072	0.1117	0.0211	3.4276	3.56	0.30	Col C= CW7-03-12 * Secondary Load
17. Call Pickup	-	2.16	0.1658	0.1080	0.0190	0.2928	0.0552	3.4276	3.78	0.31	Col C= CW7-03-12 * Secondary Load
18. Call Transfer	-	0.65	0.0498	0.0325	0.0057	0.0880	0.0166	3.4276	3.53	0.29	Col C= CW7-03-12 * Secondary Load
19. Three Way Calling	-	0.22	0.0173	0.0112	0.0020	0.0305	0.0057	3.4276	3.46	0.29	Col C= CW7-03-12 * Secondary Load
OPTIONAL											
20. Call Waiting	MVCCW	0.00	0.0000	0.0000	0.0000	0.0000	0.0000	3.4276	3.43	0.29	Col C= CW7-03-12 * Secondary Load
21. Call Forwarding Variable	MVCCF	0.20	0.0153	0.0100	0.0018	0.0271	0.0051	3.4278	3.46	0.29	Col C= CW7-03-12 * Secondary Load
22. Call Forwarding Bsy/Delay	MVCAA	0.07	0.0058	0.0037	0.0007	0.0102	0.0019	3.4276	3.44	0.29	Col C= CW7-03-12 * Secondary Load
23. Speed Call 6	MVCCD	0.50	0.0383	0.0250	0.0044	0.0677	0.0128	3.4276	3.51	0.29	Col C= CW7-03-12 * Secondary Load
24. Call Restriction/Selection	MVCS -	15.73	1.2078	0.7863	0.1384	2.1325	0.4023	3.4276	5.96	0.50	Col C= CW7-03-12 * Secondary Load
25. Distinctive Ringing/CWT	MVCDR	0.04	0.0029	0.0019	0.0003	0.0051	0.0010	3.4278	3.43	0.29	Col C= CW7-03-12 * Secondary Load
26. Directed Call Pickup	MVCCP	9.54	0.7323	0.4768	0.0839	1.2930	0.2439	3.4278	4.96	0.41	Col C= CW7-03-12 * Secondary Load
27. WATS Access-Intra, Inter, Univ	MVCO -	88.59	5.1138	3.3293	0.5880	9.0291	1.7034	3.4276	14.18	1.18	Col C= CW7-03-12 * Secondary Load
28. 800 Access-Intra, Inter, Univ	MVC8 -	20.19	1.5509	1.0097	0.1777	2.7383	0.5166	3.4276	8.68	0.58	Col C= CW7-03-12 * Secondary Load

Col D=Cost Fact * Col C each feat
Col E=Cost Fact * Col C each feat
Col F=Cost Fact * Col C each feat
Col G=Col D+E+F
Col H=Cost Fact * Col C each feat
Col I=+Oper Expen each feature
Col J=Col G+H+I
Col K=Col J/12 each feature

Note: 1. SCIS Investments are multiplied by Secondary Investment load (Telco labor, sales tax, Power & Common)
2. Numbers may not calculate due to rounding.

7

LONG TERM INCREMENTAL INVESTMENT

CENTRAL OFFICE BASED SERVICES

PRODUCT	PRG NUMBER	77C GROSS INVSMT	DMS100 EF&I	#5ESS EF&I	377C WEIGHTED EF&I	377C GROSS INVSMT
			0.70	0.30		1.2637
COMMSTAR FEATURES RESIDENCE	15.1	$0.00	$1.89	$3.40	$2.34	$2.96
COMMSTAR FEATURES BUSINESS	15.2	$0.00	$3.99	$3.72	$3.91	$4.94
COMMSTAR I RESIDENCE	90.1	$0.00	$3.84	$4.26	$3.96	$5.01
COMMSTAR I BUSINESS	90.2	$0.00	$3.91	$4.31	$4.03	$5.09
COMMSTAR II RESIDENCE	18.1	$0.00	$2.61	$3.48	$2.87	$3.63
COMMSTAR II BUSINESS	18.2	$0.00	$2.72	$3.85	$3.06	$3.86
DIRECT CONNECTION RESIDENCE	5.1	$0.00	$1.51	$0.00	$1.06	$1.34
DIRECT CONNECTION BUSINESS	5.2	$0.00	$1.51	$0.00	$1.06	$1.34
TOUCH-TONE RESIDENCE	14.1	$0.00	$0.00	$0.00	$0.00	$0.00
TOUCH-TONE BUSINESS	14.2	$0.00	$0.00	$0.00	$0.00	$0.00
REMOTE CALL FORWARD RES	17.1	$0.00	$0.08	$0.09	$0.08	$0.10
REMOTE CALL FORWARD BUS	17.2	$0.00	$0.08	$0.09	$0.08	$0.10

	UNIT INVESTMENT	PROCESSOR COSTS	#5 ESS INCREMENTAL INVESTMENT	E O Y INSERVICE	SHORT TERM WEIGHTED INVSMT	LONG TERM WEIGHTED INVSMT
COMMSTAR II RESIDENCE						
Basic Package						
Intercom	$0.00	$0.00	$0.00	81930	$0.0000	$0.00
Call Hold	$11.12	$0.00	$11.12	81930	$1.8063	$1.81
Call Pick-up	$5.30	$5.27	$0.03	81930	$0.0049	$0.86
Call Transfer	$1.34	$0.42	$0.92	81930	$0.1494	$0.22
3-Way Calling	$2.82	$2.06	$0.76	81930	$0.1235	$0.46
Touchtone	$0.00	$0.00	$0.00	81930	$0.0000	$0.00
Call Waiting	$3.28	$0.00	$3.28	7174	$0.0467	$0.05
Call Forwarding Variable	$4.16	$0.78	$3.38	2921	$0.0196	$0.02
Call Forwarding Bsy/Delay	$5.16	$3.22	$1.94	1181	$0.0045	$0.01
Speed Call 10	$3.60	$0.00	$3.60	1248	$0.0089	$0.01
Call Restriction/Selection	$3.45	$0.96	$2.49	95	$0.0005	$0.00
Distinctive Ringing/CW	$0.55	$0.00	$0.55	96	$0.0001	$0.00
Directed Call Pickup	$50.62	$27.13	$23.49	1	$0.0000	$0.00
WATS Access-Intra,Inter,Univ	$350.89	$284.20	$66.69	68	$0.0090	$0.05
800 Access -Intra,Inter,Univ	$0.00	$0.00	$0.00	19	$0.0000	$0.00
				504383	$2.1733	$3.48

CW7-03-011

7

LONG TERM INCREMENTAL INVESTMENT

CENTRAL OFFICE BASED SERVICES

PRODUCT	PRG NUMBER	77C GROSS INVSMT	DMS100 EF&I	#5ESS EF&I	377C WEIGHTED EF&I	377C GROSS INVSMT
			0.70	0.30		1.2637
COMMSTAR FEATURES RESIDENCE	15.1	$0.00	$1.89	$3.40	$2.34	$2.96
COMMSTAR FEATURES BUSINESS	15.2	$0.00	$3.99	$3.72	$3.91	$4.94
COMMSTAR I RESIDENCE	90.1	$0.00	$3.84	$4.26	$3.96	$5.01
COMMSTAR I BUSINESS	90.2	$0.00	$3.91	$4.31	$4.03	$5.09
COMMSTAR II RESIDENCE	18.1	$0.00	$2.61	$3.48	$2.87	$3.63
COMMSTAR II BUSINESS	18.2	$0.00	$2.72	$3.85	$3.06	$3.86
DIRECT CONNECTION RESIDENCE	5.1	$0.00	$1.51	$0.00	$1.06	$1.34
DIRECT CONNECTION BUSINESS	5.2	$0.00	$1.51	$0.00	$1.06	$1.34
TOUCH-TONE RESIDENCE	14.1	$0.00	$0.00	$0.00	$0.00	$0.00
TOUCH-TONE BUSINESS	14.2	$0.00	$0.00	$0.00	$0.00	$0.00
REMOTE CALL FORWARD RES	17.1	$0.00	$0.08	$0.09	$0.08	$0.10
REMOTE CALL FORWARD BUS	17.2	$0.00	$0.08	$0.09	$0.08	$0.10

	UNIT INVESTMEN	DMS 100 PROCESSO COSTS	DMS 100 INCREMENTAL INVESTMENT	E O Y INSERVICE	SHORT TERM WEIGHTED INVSMT	LONG TERM WEIGHTED INVSMT
COMMSTAR II RESIDENCE						
Basic Package						
Intercom	$0.00	$0.00	$0.00	81930	$0.0000	$0.00
Call Hold	$9.85	$9.19	$0.66	81930	$0.1072	$1.60
Call Pick-up	$4.62	$2.89	$1.73	81930	$0.2810	$0.75
Call Transfer	$0.76	$0.24	$0.52	81930	$0.0845	$0.12
3-Way Calling	$0.19	$0.01	$0.18	81930	$0.0292	$0.03
Touchtone	$0.00	$0.00	$0.00	81930	$0.0000	$0.00
Call Waiting	$0.44	$0.44	$0.00	7174	$0.0000	$0.01
Call Forwarding Variable	$8.28	$8.12	$0.16	2921	$0.0009	$0.05
Call Forwarding Bsy/Delay	$12.43	$12.37	$0.06	1181	$0.0001	$0.03
Speed Call 10	$4.24	$3.84	$0.40	1248	$0.0010	$0.01
Call Restriction/Selection	$12.80	$0.20	$12.60	95	$0.0024	$0.00
Distinctive Ringing/CW	$2.92	$2.89	$0.03	96	$0.0000	$0.00
Directed Call Pickup	$24.88	$17.24	$7.64	1	$0.0000	$0.00
WATS Access-Intra,Inter,Univ	$64.92	$11.57	$53.35	68	$0.0072	$0.01
800 Access -Intra,Inter,Univ	$27.75	$11.57	$16.18	19	$0.0006	$0.00
				504383	$0.4070	$2.61

Toll Restriction

NRC
California
AL 18434

Toll Restriction
NRC
California
AL 18434
Notes

The non-recurring cost approved by the CPUC from Advice Letter 18434 for Custom Calling Services – Residential – Change was $6.74. This is composed of two pieces, $4.34 for the Service Order (Column C of Exhibit Actual, Page 12) and $2.40 for the Channel Connect (Column G of Exhibit Actual, Page 12).

There are three supporting Work Papers. However, the numbers on those Work Papers sum to $7.31 - $4.71 for the Service Order and $2.60 for the Channel Connect. Work Paper Page 1 shows the Total Product Cost of a Change being $7.31. Work Paper Page 2 shows the development of the Service Order Change at $4.71. Work Paper Page 3 shows the development of the Channel Connect Change at $2.60.

The difference between the Work Papers and the Exhibit Actual is that a productivity factor was ordered to be applied by the CPUC. That productivity factor was 0.922. If one takes the results in the Work Papers and multiplies them by the productivity factor, one gets the results shown on the Exhibit Actual.

Service Order Change
$4.71 * 0.922 = $4.34

Channel Connect Change
$2.60 * 0.922 = $2.40

Feature Products

PRODUCTIVITY FACTOR * 0.922	SERVICE ORDER				CHANNEL CONNECT				TOTAL NEW SERVICE	TOTAL DISC. SERVICE	TOTAL NEW & DISC.
Product Description	New (A)	Disc. (B)	Change (C)	Record (D)	New (E)	Disc. (F)	Change (G)	Record (H)	= (A + E) (I)	= (B + F) (J)	= (I + J) (K)
CUSTOM CALLING SERVICES - RES	$0.53	$0.64	$4.34	$3.73	$1.18	$0.64	$2.40	$0.00	$1.71	$1.28	$2.99

* The factor taken from CPUC Interim Order D9608021 CRDs was multiplied by all costs as reflected in the OANAD Phase 2 Cost Studies Filed 1/31/96, Vol. 2, Tab 6, Feature Products Exhibit Actual pg.1.

May not add due to rounding.

Product: **Custom Calling Services - Residence**

15.1

WORK GROUPS	Bottoms Up Incremental Unit Cost			
	New	**Disc.**	**Change**	**Record**
Service Order				
A. Service Representative	$0.58	$0.70	$4.71	$4.05
Total Service Order Cost	**$0.58**	**$0.70**	**$4.71**	**$4.05**
Channel Connect				
A. RCMA (RCMA Administrator)	$1.28	$0.69	$2.60	$0.00
Total Channel Connect Cost	**$1.28**	**$0.69**	**$2.60**	**$0.00**
Total Product Cost	**$1.86**	**$1.39**	**$7.31**	**$4.05**

NOTE: May not add due to rounding.
Custom Calling Services Bus - Average number of features per order(1.06)

Work Group: Business Office
Job Function: 2E70 Service Representative WS10
Product: Residence Custom Calling Service

Order Type	Activity	Task Time	Task Occurrence	Ave. Work Time	WGOF	Activity Time Mins.	Incrmntl Labor Rate Per Min	Activity Cost
Service Order New	Direct Product Time	0.90	100.00%	0.90	100.00%	0.90	$0.64	$0.58
Total		0.90		0.90		0.90		$0.58
Service Order Disconnect	Direct Product Time	1.09	100.00%	1.09	100.00%	1.09	$0.64	$0.70
Total		1.09		1.09		1.09		$0.70
Service Order Change	Direct Product Time	2.86	100.00%	2.86	100.00%	2.86	$0.64	$1.83
	Billing Related Discussion	2.84	100.00%	2.84	100.00%	2.84	$0.64	$1.81
	Contact Common	1.66	100.00%	1.66	100.00%	1.66	$0.64	$1.06
Total		7.36		7.36		7.36		$4.71
Service Order Record	Direct Product Time	2.36	100.00%	2.36	100.00%	2.36	$0.64	$1.51
	Billing Related Discussion	2.65	100.00%	2.65	100.00%	2.65	$0.64	$1.69
	Contact Common	1.32	100.00%	1.32	100.00%	1.32	$0.64	$0.84
Total		6.33		6.33		6.33		$4.05

NOTE: May not add due to rounding.

Work Group: RCMA
Job Function: 4360 RCMA Administrator WS8
Product: Residence Custom Calling Service

Order Type	Activity	Task Time	Task Occurrence	Ave. Work Time	WGOF	Activity Time Mins.	Incrmntl Labor Rate Per Min	Activity Cost
Channel Connection New	Correct MARCH/PBVC errors	29.65	100.00%	29.65	6.00%	1.78	$0.72	$1.28
Channel Connection Disconnect	Correct MARCH/PBVC errors	16.08	100.00%	16.08	6.00%	0.96	$0.72	$0.69
Channel Connection Change	Correct MARCH/PBVC errors	60.09	100.00%	60.09	6.00%	3.61	$0.72	$2.60

NOTE: May not add due to rounding.

Toll Restriction

NRC
Nevada
PUCN # 96-3002/3

NEVADA BELL
NON-RECURRING COST WORKPAPER FOR THE RESIDENTIAL CALL RESTRICTION PRODUCT
FOR THE YEAR ENDED JUNE 30, 1995

LINE #				A	B	C	D	E	F
					NEW	DISC	CHG	FREQ	
	SERVICE ORDERING CHARGE:	ACTIVITY	WS/SB	AWT LR	TIME	TIME	TIME	OCUR %	COST #
1	ADD CALL RESTRICT:	SVC REP	WS-10	$43.09	0.00	0.00	8.00	100%	$5.75
2		RCMAC	WS-8	$58.67	0.00	0.00	2.00	17%	$0.34
3								TOTAL:	$6.09
4									
5					NEW	DISC	CHG	FREQ	
6	CONNECTION CHARGE PER LINE:	ACTIVITY	WS/SB	AWT LR	TIME	TIME	TIME	OCUR %	COST #
7	CENTRAL OFFICE:	RCMAC	WS-8	$58.67	2.00	2.00	0.00	17%	$0.68
8								TOTAL:	$0.68
9									

LINE #		DMS-10 TECH	OTHER TECH	STATEWIDE
10				
11				
12	CALL RESTRICTION (RESIDENCE)	5,150	24,489	29,639
13	TOTAL IN-SERVICE	5,150	24,489	29,639
14				
15	PERCENT TOTAL (COL. E)	17%	83%	100%
16				

17 DMS-10 TECHNOLOGY REQUIRES RCMAC LABOR TIME
18 SOURCE: MIS QUERY
19
20 # FORMULA FOR COST: F = ((A/60*(B+C+D))*E)
21
22 TIME SOURCES & FREQUENCY OF OCCURRENCE SOURCES: SUBJECT MATTER EXPERTS. SEE TIME DATA SECTION.
23
24 LABOR RATE SOURCE: 1992-97 SERVICE COST LABOR RATE BINDER. ALL LABOR RATES HAVE BEEN ADJUSTED FOR ACTUAL WORK TIME (AWT).
25 SEE LABOR RATE SECTION.
26
27 COSTS APPLY TO RESIDENTIAL CALL RESTRICTION - TARIFF REF: A5.4.8 (A3.1.1 FOR NRC)

APPENDIX F

Lifeline and Link-Up Worksheet, FCC Form 497

Instructions for Completing the Lifeline and Link-Up Worksheet, FCC Form 497

* * * * *

NOTICE: To implement Section 254 of the Communications Act of 1934, as amended, the Federal Communications Commission adopted changes to the federal low-income programs.
The Commission expanded the availability of these programs and the level of funding for discounts to low-income customers.

The following Worksheet provides the means by which eligible telecommunications carriers will be reimbursed by the Universal Service Administrative Company (USAC) for their participation in these programs. Failing to collect the information, or collecting it less frequently, would prevent the Commission from implementing sections 214 and 254 of the Act, would thwart Congress' goals of providing affordable service and access to advanced services throughout the nation, and would result in eligible telecommunications carriers not receiving universal service support reimbursements in a timely fashion.

We have estimated that each response to this collection of information will take, on average, three and a half hours for each respondent. Our estimate includes the time to read this data request, review existing records, gather and maintain required data, and complete and review the response. If you have any comments on this estimate, or on how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PERM, Washington, D.C. 20554, Paperwork Reduction Project (3060-0819). We will also accept your comments on the burden estimate via the Internet if you send them to jboley@fcc.gov. Please DO NOT SEND the data requested to this e-mail address.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The FCC is authorized under the Communications Act of 1934, as amended, to collect the information we request in this form. If we believe there may be a violation or a potential violation of a FCC statute, regulation, rule or order, your Worksheet may be referred to the Federal, state or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation or order. In certain cases, the information in your Worksheets may be disclosed to the Department of Justice or a court or adjudicative body when (a) the FCC; or (b) any employee of the FCC; or (c) the United States Government is a party of a proceeding before the body or has an interest in the proceeding.

If you do not provide the information we request on the Worksheet, the FCC may delay processing of your Worksheet or may return your Worksheet without action.

The foregoing Notice is required by the Paperwork Reduction Act of 1995, Pub. L. No. 104-13, 44 U.S.C. § 3501, et seq.

Filing Schedule

Completed Worksheets should be e-mailed to USAC by the 15th of the month after the end of each quarter. Submission by fax or regular mail is also acceptable. If the 15th falls on a federal holiday or weekend, the Worksheet is due the next business day. (See schedule listed below). You should submit three separate Worksheets per quarter, i.e., one Worksheet for each month within the quarter.

Email: lifilings@hcli.universalservice.org

USAC Low-Income Program
444 Hoes Lane
RRC 4A1060
Piscataway, NJ 08854

Fax: 866-873-4665

Data Months	**Due Dates of Forms Sent to USAC**
January, February, March	April 15th
April, May, June	July 15th
July, August, September	October 15th
October, November, December	January 15th

Introduction

Pursuant to 47 C.F.R. § 54.405, all eligible telecommunications carriers (ETCs)[1] are required to provide Lifeline service. In turn, these ETCs are permitted under section 54.407 (Lifeline) and section 54.413 (Link-Up) to receive support for offering Lifeline service to qualifying low-income customers or reduced service-connection charges through Link-Up. Pursuant to section 54.403(c), carriers providing toll-limitation services (TLS) for qualifying low-income subscribers will be compensated from universal service mechanisms for the incremental cost of providing TLS. FCC Form 497 is to be used to request reimbursement for participating in the low-income program.

Block 1: Identification

Line (1) -- *Legal name of carrier*
Provide the legal name of reporting carrier as it appears on articles of incorporation, articles of formation, or other legal documents.

Line (2) -- *USAC Service Provider Identification Number*
Provide the carrier's 9-digit USAC Service Provider Identification Number. If you are having difficulty finding this number, call USAC at (866)-873-4727.

Line (3) -- *Study Area Code*
Provide the carrier's 6-digit Study Area Code.

Line (4) -- *Filer 499 ID*
Provide the same ID that this carrier provided on FCC Form 499. This code is assigned by the Commission's Data collection Agent after a company files its first FCC Form 499-A. Filer 499 IDs for current filers can be found at http://gullfoss2.fcc.gov/cib/form499/499a.cfm or in the FCC report *Telecommunications Provider Locator*, which is available on the Commission's web site at http://www.fcc.gov/wcb/iatd/stats.html. If you are having difficulty finding this ID, call USAC at (866)-873-4727.

Line (5) -- *Person who completed this Worksheet*
Provide the name of the person who completed this Worksheet so that person may be contacted in the event we have inquiries regarding this carrier's submission.

Line (6) -- *Mailing address of this person*
Provide the mailing address of the person who completed this Worksheet.

Line (7) -- *Telephone number of this person*
Provide the telephone number of the person who completed this Worksheet.

Line (8) -- *Fax number of this person*
Provide the fax number of the person who completed this Worksheet.

[1] *See* 47 C.F.R. § 54.201.

Line (9) -- *E-mail address of this person*
Provide the e-mail address of the person who completed this Worksheet.

Line (10) -- *Year for which information is provided*
Provide the year for which the carrier is reporting data.

Line (11) -- *Month for which information is provided*
Provide the month for which the carrier is reporting data. Submit one Worksheet per month for each study area served, on a quarterly basis.

Block 2: Study Area Code / Exchange

Line (12) -- *State*
If the study area covers more than one state, list the state with the most Lifeline connections, even though this form will contain data for all Lifeline subscribers in the study area.

Provide the state in which the study area is located. Carriers that provide Lifeline service in a study area that covers more than one state should report the state that has the most Lifeline connections served. Note that a carrier must file separate Form 497s for each study area for which it is claiming support.

Line (13) -- *Competitive Eligible Telecommunications Carriers (ETCs) should list the names of the incumbent ETCs' study areas and exchanges (if applicable) in which they are claiming support.*
Only carriers that are competitive ETCs should fill out this line. Competitive carriers are sometimes designated as ETCs only in particular areas of a state served by one or more incumbent carriers. A competitive ETC should list the name of the incumbent ETC or ETCs that also serve in the study area in which it is claiming support. Competitive ETCs that provide Lifeline in more than two incumbent ETCs' study areas should attach additional sheets. Additional sheets should contain line number at the top of each sheet.
(a) -- *Incumbent ETC Name*
Competitive ETCs should provide the name of each incumbent ETC that also serves the competitive ETC's study area. Attach additional sheets if necessary.
(b) -- *Incumbent ETC Study Area Code*
Competitive ETCs should provide the study area code of the incumbent ETC that also serves in the competitive ETC's study area. If the competitive ETC's study area covers more than one study area of the same incumbent LEC, list each study area separately on lines (i)-(ii) and attach additional sheets if necessary.
(c) -- *Incumbent ETC Exchange (if applicable)*
A competitive ETC that has been designated in some, but not all, exchanges of an incumbent ETC should list the names of the exchanges in the incumbent's study area in which it has been designated as an ETC. Use additional sheets if necessary to list all exchanges.

Block 3: Lifeline

Description of Lifeline program:

The federal Lifeline program benefits eligible low-income subscribers by reducing their monthly local phone charge. There are four tiers of support. Tier 1 support, available to all eligible subscribers, is equal to the incumbent ETC's actual federal tariffed subscriber line charge (SLC). This information can be found in the publicly filed tariff of the incumbent ETC. Note that the SLC is the same as the end-user common line charge (EUCL). Carriers should keep in mind that the interstate SLC rates contained in the interstate access tariffs may be revised at any time, so it is important to confirm that the carrier is reporting the most current data. Tier 2 support, an additional $1.75 of federal support, is available if the carrier certifies that it will pass through the full amount of Tier 2 support to its qualifying low-income consumers and the carrier has received any non-federal regulatory approvals necessary to implement the required rate reduction. Tier 3 support is an additional amount of federal support equal to one-half the amount of any state-mandated Lifeline support, or one-half of any Lifeline support provided by the carrier, up to a maximum of $1.75 per month. Customers can receive Tier 3 support provided that the carrier has received any non-federal regulatory approvals and will pass through the full amount of Tier 3 support to its qualifying low-income consumers. Tier 4 support is additional federal Lifeline support of up to $25 per month available to eligible residents of tribal lands, as defined in 47 C.F.R. § 54.400(e), as long as that amount does not bring the basic local residential rate below $1 per month per qualifying low-income subscriber.

Lines (14)-(17) -- *Tier 1, Tier 2, Tier 3, Tier 4*
(a) -- *Number of subscribers receiving federal Lifeline support for whole month*
Provide the number of Lifeline subscribers that received that Tier of support for the whole month. DO NOT include the partial amounts reported on lines (18) - (21).
(b) -- *Lifeline support claimed per subscriber* (Use weighted average if more than one applicable rate.)
The weighted average of observed data is the result of dividing (a) the sum of the products of each observed value and the number of times it occurs; by (b) the total number of observations. So, for lines (14) through (17), each observed value would correspond to each rate that would apply to one or more Lifeline subscribers. The number of times each rate occurs would correspond to the number of subscribers who received that specific amount of Lifeline support for the entire month. The total number of observations would equal the total number of Lifeline subscribers receiving support for the entire month under each rate. For example, if a LEC had a SLC of $6.00 in one part of the study area and $6.50 in the other part, and if in these two areas there were 10 and 15 Lifeline subscribers, respectively, the weighted average would be calculated as [($6.00 x 10) + ($6.50 x 15)] / (10 + 15). The weighted average in this example would be $6.30.
Provide the dollar amount of Lifeline support claimed per subscriber receiving that Tier of support for the whole month, using a weighted average if there is more than one applicable rate. If a weighted average is used for listing Tier 1 support, complete line (23). Amount should be reported in dollars and cents.

(d) -- *Total federal Lifeline support claimed* (d) = (a) x (b)
Provide the total dollar amount of Lifeline support claimed for subscribers that received that Tier of support by multiplying the number of subscribers in column (a) with the dollar amount claimed per subscriber in column (b). Amount should be reported in whole dollars (round up or down to the nearest dollar).

Lines (18)-(21) -- *Tier 1, Tier 2, Tier 3, Tier 4*
A carrier may have added new Lifeline subscribers during the month, or lost Lifeline subscribers at any point during the month. **Only carriers that had subscribers receiving federal Lifeline support for part of the month should fill out this section.**
(a) -- *Number of subscribers receiving federal Lifeline support for part of month*
Provide the number of Lifeline subscribers (if applicable) that received that Tier of support for part of the month.
(b) -- *Lifeline support claimed per subscriber* (Use weighted average if more than one applicable rate.)
Provide the dollar amount of Lifeline support claimed per subscriber receiving that Tier of support for part of the month, using a weighted average if there is more than one applicable rate. If a weighted average is used for listing Tier 1 support, complete line (23). Amount should be reported in dollars and cents. DO NOT include the whole month amounts reported on lines (14)-(17).
(c) -- *Total service days for subscribers receiving Lifeline support for part of month*
Provide the total number of days that all partial or pro-rata subscribers received federal Lifeline support. For example, assume the reporting carrier serves 2 Lifeline subscribers in January. The first subscriber was served for 20 days of the month because the subscriber discontinued service on the 20th day of the month (Jan.1-20). The second subscriber was served for 16 days of the month because the subscriber signed up for service on the 16th day of the month (Jan. 16-31). The total service days for those subscribers receiving federal Lifeline support for part of the month would be 36 days.
(d) -- *Total federal Lifeline support claimed* (d) = (b) x (c) / 30
Provide the total dollar amount of Lifeline support claimed for partial or pro-rata subscribers that received that Tier of support by multiplying the dollar amount claimed per subscriber in column (b) with the total service days in column (c), then divide by 30 (approximate number of days in a given month). Amount should be reported in whole dollars (round up or down to the nearest dollar).

Line (22) -- *Total federal Lifeline support claimed* [sum of lines (14d) through (21d)]
Provide the total amount of Lifeline support the carrier is claiming for the month. This amount should be equal to the sum of lines (14)-(17) and (18)-(21) (if applicable) in column (d). This sum should be reported in whole dollars (round up or down to the nearest dollar).

Line (23) -- *Subscriber Line Charge (SLC) data for ETCs that used a weighted average on lines (14b) and/or (18b).*
Only ETCs that used a weighted average rate on lines (14b) and/or (18b) should fill out this line.

Carriers claiming Tier 1 support in lines (14b) and/or (18b) using more than one subscriber line charge (SLC) for the Tier 1 discount should fill out this line. Reporting carriers may have used a weighted average of multiple SLCs for one of several reasons:

- Incumbent carriers may have deaveraged their SLC by zone pursuant to 47 C.F.R. § 69.152(q). These companies should identify the zone name where there is more than one SLC in a study area.
- Competitive carriers may use multiple SLCs because their study area covers the study areas of more than one incumbent carrier, and these carriers have different SLC rates. Competitive carriers should provide the SLC for each incumbent carrier listed on line (13i). SLCs can be found in publicly filed tariffs.
- Competitive carriers may serve in the study area of only one incumbent carrier, but that carrier may have deaveraged its SLC.

If more than one SLC rate is listed, provide these rates on an additional sheet and indicate the incumbent ETC's name. Additional sheets should contain line number at the top of each sheet.
(a) -- *Zone Name (if applicable)*
If applicable, provide the zone name when the SLC has been deaveraged by zone.
(b) -- *SLC*
Provide the amount, in dollars and cents, of each SLC.
(c) -- *Number of subscribers receiving Tier 1 support for whole month*
Provide the number of subscribers receiving Tier 1 support for the whole month for each SLC. The total of all entries for this column should add up to the number of subscribers reported on line (14a) receiving Tier 1 support.
(d) **--** *Total service days for subscribers receiving Tier 1 support for part of month*
Provide the total number of service days subscribers received Tier 1 support for part of the month for each SLC. The total for all entries for this column should add up to the total number of service days for subscribers receiving federal Lifeline support for part of month reported on line (18c) for Tier 1 support.
(e) -- *Total Tier 1 support claimed* (e) = (b) x [(c) + (d)/30]
Provide the total amount of Tier 1 support claimed for each SLC by multiplying the SLC in column (b) by the sum of the number of subscribers receiving Tier 1 support in column (c) plus the quantity derived by dividing by 30 the number of subscribers receiving Tier 1 support for each SLC in column (d).

Line (24) -- *If claiming Tier 4 support, list tribal lands served.*
Only carriers claiming Tier 4 support should fill out this line. Carriers claiming Tier 4 support for subscribers living on more than two federally recognized tribal lands should attach additional sheets. Additional sheets should contain line number at the top of each sheet.
(a) -- *Name of federally recognized tribal land*
Provide the name of the federally recognized tribal land.
(b) -- *Number of Tier 4 subscribers*
Provide the number of Tier 4 subscribers served for the month.

Line (25) -- *Legal name of carrier* [line (1)]
Provide the legal name of reporting carrier from line (1).

Line (26) -- *USAC Service Provider Identification Number* [line (2)]

Provide the carrier's 9-digit USAC Service Provider Identification Number from line (2).

Line (27) -- *Study Area Code* [line (3)]
Provide the 6-digit Study Area Code for which the carrier is claiming reimbursement from line (3).

Line (28) -- *Year for which information is provided* [line (10)]

Line (29) -- *Month for which information is provided* [line (11)]

Line (30) -- *Total Lifeline and Resold Lifeline Connections*
Only ETCs that sold Lifeline connections to Reselling Telecommunications Carriers should fill out lines (30) and (31).
Provide the total number of subscribers that received one or more Tiers of support for the month.
(a) -- *Number of Lifeline connections provided directly to end-users*
Provide the total number of Lifeline-discounted connections the carrier provided directly to end users. This number should represent the total number of your company's own Lifeline customers. DO NOT include connections provided via an unbundled network element platform (UNE-P) to carriers that have been designated as ETCs.
(b) -- *Number of Lifeline connections sold to reselling carriers*
Provide the total number of Lifeline-discounted connections that were provided to resellers. DO NOT include connections provided via an unbundled network element platform to carriers that have been designated as ETCs.
(c) -- *Total Lifeline connections* (c) = (a) + (b)
Provide the total number of Lifeline connections provided, either to subscribers served directly by your company or Lifeline-discounted connections that your company sold to resellers. This amount should be equal to the sum of columns (a) and (b). Carriers that sell Lifeline connections to resellers must also complete line (31).

Line (31) – *Information about Reselling Telecommunications Carriers*
(Note: Total of amounts reported on lines (31b, i and ii) should equal the amount reported on line (30b).
Only ETCs that sold Lifeline connections to Reselling Telecommunications Carriers should fill out lines (30) and (31). Attach additional sheets if connections were sold to more than two resellers within the study area reported on this form. Additional sheets should contain line number at the top of each sheet.
(a) -- *Name of reselling carrier*
Provide the name of the reseller to whom the carrier sold Lifeline-discounted connections.
(b) -- *Number of Lifeline connections sold to this reselling carrier*
Provide the number of Lifeline-discounted connections that the carrier sold to each reseller.

Block 4: Link-Up

Description of Link-Up program:

The Link-Up program reduces eligible low-income subscribers' charges for initiating telephone service by one-half of the telephone company's charge, or $30.00, whichever is less, for subscribers residing on non-tribal lands. For subscribers residing on tribal lands, the reduction is up to $70 or 100% of the charges between $60 and $130, in addition to the $30 available to non-tribal subscribers. The Link-Up program also offers a deferred payment plan for charges assessed for starting service, for which eligible subscribers do not have to pay interest. Eligible subscribers are relieved of the requirement to pay interest charges of up to $200 for a period not to exceed one year.

Line (32) -- *Number of subscribers for whom connection fees waived*
(a) -- *Non-tribal connections*
Provide the monthly count of Link-Up subscribers not residing on tribal lands for whom connection charges were waived.
(b) -- *Tribal connections*
Provide the monthly count of Link-Up subscribers residing on tribal lands designated as such by the Bureau of Indian Affairs, for whom connection charges were waived.
(c) -- *Total connections waived* (c) = (a) + (b)
Provide the total number of Link-Up connection charges waived by adding the number of non-tribal connections in column (a) to the number of tribal connection charges waived in column (b).

Line (33) -- *Charges waived per connection* (Use weighted average if more than one applicable rate.)
Provide the dollar amount of reduction per subscriber. For multiple rates, use a weighted averaged amount. All amounts should be reported in dollars and cents.
(a) -- *Non-tribal connections*
The reduction should be one-half of the service providers' charge or $30.00, whichever is less.
(b) -- *Tribal connections*
The reduction should not exceed $100.00 per connection.

Line (34) -- *Total connection charges waived* [line (32) x line (33)]
These totals should be reported in whole dollars (round up or down to the nearest dollar).
(a) -- *Non-tribal connections*
Provide the dollar amount of non-tribal connection charges waived by multiplying lines (32a) and (33a).
(b) -- *Tribal connections*
Provide the dollar amount of tribal connection charges waived by multiplying lines (32b) and (33b).
(c) -- *Total connections waived* (c) = (a) + (b)
Provide the total dollar amount of connection charges waived by adding the number of non-tribal connections charges waived in column (a) to the number of tribal connection charges waived in column (b).

Line (35) -- *Deferred interest*
Only ETCs that provided subscribers with a deferred interest payment plan for costs of initiating telephone service remaining after the Link-Up discount should fill out this line. These amounts should be reported in whole dollars (round up or down to the nearest dollar).
(a) -- *Non-tribal connections*
Provide the dollar amount of deferred interest to Non-tribal connections.
(b) -- *Tribal connections*
Provide the dollar amount of deferred interest to tribal connections.
(c) -- *Total connections waived* (c) = (a) + (b)
Provide the total deferred interest to non-Tribal and Tribal connections by adding the dollar amount of deferred interest to non-tribal connections in column (a) to the dollar amount of deferred interest to tribal connections in column (b).

Line (36) -- *Total Link-Up support claimed* [line (34) + line (35)]
Provide the dollar amount of total Link-Up support claimed for the reported month. These amounts should be reported in whole dollars (round up or down to the nearest dollar).
(a) -- *Non-tribal connections*
Provide the dollar amount of total Link-Up support claimed for non-tribal connections only by adding lines (34a) and (35a).
(b) -- *Tribal connections*
Provide the dollar amount of total Link-Up support claimed for tribal connections only by adding lines (34b) and (35b).
(c) -- *Total connections waived* (c) = (a) + (b)
Provide the dollar amount of total Link-Up support for both non-tribal and tribal connections by adding columns (a) and (b).

Block 5: Toll Limitation Services (TLS)

Description of Toll Limitation Services (TLS):

TLS is a service that carriers must offer to eligible low-income subscribers at no charge in order to be eligible to receive universal service support. Qualifying low-income consumers' acceptance of TLS is voluntary. This service includes toll blocking, which allows subscribers to block outgoing toll calls, and also toll control, which allows subscribers to limit in advance their toll usage per month or billing cycle. Carriers are required to provide at least one type of toll-limitation service. If your company is not currently offering TLS because your state commission has provided your company with additional time to complete the network upgrades needed to provide TLS, complete this Worksheet, but leave Block 5 blank.

Support will be provided for the incremental cost of providing TLS. These costs include the costs that carriers otherwise would not incur if they did not provide TLS to a given customer. The incremental cost of TLS does not include the full retail charge for TLS that the carrier would charge other consumers. Moreover, joint and common costs associated with TLS (*e.g.* overhead and the cost of facilities used for both TLS and non-TLS purposes) are not supported by the low-income support mechanism. Low-income support is available only for incremental costs that are associated exclusively with toll-limitation service. For instance, the low-income support mechanism will reimburse carriers for a switch upgrade only if it is necessary exclusively for the provision of TLS. A switch upgrade that will be used for the performance of functions other than providing TLS is not reimbursable by the low-income support mechanism and should not be included in initial or recurring incremental costs. Carriers may be asked for supporting documentation justifying the incremental costs of providing TLS claimed on this Worksheet.

Line (37) -- *Lifeline subscribers adding TLS during month*
(a) -- *Number*
Provide the number of Lifeline subscribers that added TLS at some point during the month for which data is reported on this Worksheet. The amount must be equal to or less than number of all Lifeline subscribers provided TLS during the reported month, *i.e.*, amount in line (38a).
(b) -- *Incremental cost*
Provide the dollar amount for the incremental cost associated with adding TLS for Lifeline subscribers during the reported month. Only the initial non-recurring incremental cost your company incurred to set up each new Lifeline subscriber with TLS should be reported. These costs would include, for example, the installation or changing of central office connections required to begin providing a Lifeline subscriber with TLS. Report incremental cost by using up to six decimal points (*e.g.*, $0.008982), if necessary.
(c) -- *Total cost* (c) = (a) x (b)
Provide the total initial non-recurring incremental costs for new Lifeline subscribers adding TLS during the reported month by multiplying column (a) times column (b). This amount should be reported in dollars and cents (that is, round the total to two decimal points).

Line (38) -- *All Lifeline subscribers taking TLS during month*
(a) -- *Number*
Provide the number of all Lifeline subscribers taking TLS during the reported month. This number includes both new Lifeline subscribers with TLS added during month and Lifeline subscribers that continued to receive TLS during reported month.
(b) -- *Incremental cost*
Provide the dollar amount for the incremental cost of providing TLS to all Lifeline subscribers during the reported month. This amount represents the recurring incremental cost, if any, your company incurred to provide TLS to each Lifeline subscriber. These costs would include, for example, a portion of switch upgrade costs necessary exclusively for TLS. Report incremental cost by using up to six decimal points (*e.g.*, $0.008982), if necessary.
(c) -- *Total cost* (c) = (a) x (b)
Provide the total recurring incremental costs for all Lifeline subscribers taking TLS during the reported month by multiplying column (a) times column (b). This amount should be reported in dollars and cents (that is, round the total to two decimal points).

Line (39) -- *Total TLS support claimed* [line (37c) + line (38c)]
Provide the dollar amount of total TLS dollars claimed by adding lines (37c) and (38c). This amount should be reported in whole dollars (round up or down to the nearest dollar).

Block 6: Total Support Claimed

These amounts should be reported in whole dollars (round up or down to the nearest dollar).

Line (40) -- *Total federal Lifeline support claimed* [line (22)]
Provide the total federal Lifeline support claimed from line (22).

Line (41) -- *Total Link-Up support claimed* [line (36)]
Provide the total Link-Up support claimed from line (36).

Line (42) -- *Total TLS support claimed* [line (39)]
Provide the total TLS support claimed from line (39).

Line (43) -- *Total ETC support claimed* [sum of lines (40) through (42)]
This is the total Low-Income Support amount claimed for the reported month. Provide the total ETC support claimed by adding together lines (40) through (42).

Block 7: Certification and Signature

Line (44) -- *Regulatory status*
Check the appropriate box to indicate whether the carrier is or is not subject to state regulation.

Line (45) -- *Signature of officer*
An officer is a person who occupies a position specified in the corporate by-laws (or partnership agreement), and would typically be president, vice president for operations, vice president for finance, comptroller, treasurer, or a comparable position. If the reporting carrier is a sole proprietorship, the owner must sign the certification. The signature on this line must be in ink unless filed on-line, as available. This line requires the signature of an officer of the company certifying that the following statements are correct (as applicable):

I certify:

> that my company will publicize the availability of Lifeline and Link-Up services in a manner reasonably designed to reach those likely to qualify for those services.
> *See* 47 C.F.R. § 54.405(b).
>
> that my company will pass through the full amount of all Tier One, Tier Two, Tier Three, and Tier Four federal Lifeline support for which they seek reimbursement, as well as all applicable intrastate Lifeline support, to all qualifying low-income subscribers by an equivalent reduction in the subscriber's monthly bill for local telephone service.
> *See* 47 C.F.R. §§ 54.403(a)(2)-(4).
>
> that my company has received any non-federal regulatory approvals necessary to implement the required rate reduction(s).
> *See Federal-State Joint Board on Universal Service: Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas,* CC Docket No. 96-45, Twelfth Report and Order, Memorandum Opinion and Order, and Further Notice of Proposed Rulemaking, FCC 00-208, paras. 43, 85 (rel. June 30, 2000).

> that I am an officer of the above-named reporting entity, that I have examined the foregoing report and to the best of my knowledge, information and belief, all statements of fact contained in this Worksheet are true, and that said Worksheet is an accurate and complete statement of the affairs of the above-named company for the period indicated above;

and I acknowledge the Fund Administrator's authority to request additional supporting information as may be necessary.

Line (46) -- *Printed name of officer*
Print the name of the officer. This should be the same name as the signature in line (43).

Line (47) -- *Position with reporting entity*
Provide the position you hold with the carrier.

Line (48) -- *Date*
Provide the date this Worksheet was completed and signed.

Line (49) -- *Type of filing*
Check the appropriate box to indicate whether this Worksheet is an original or revised filing. Check "Original filing" box if your company is reporting this data for the first time. Check "Revised filing" box if this is a revision to the data originally submitted. March 31 is the administrative deadline for filing revisions for two years prior. For example, revisions for any month in 2002 will be accepted until March 31, 2004. Using this example, after March 31, 2004, revisions may be submitted only for months in 2003 and 2004. Report originals and revisions on separate forms. For revisions, all line items should be reported as positive numbers reflecting the actual amounts that should have been claimed for the month.

FCC Form 497 | **LIFELINE AND LINK-UP WORKSHEET** | **Approved by OMB 3060-0819**

December 2003

If you have any questions, please call USAC at (866) 873-4727.

Avg. Burden Est. per Respondent: 3.5 Hrs.

Block 1: Identification

(1)	Legal name of carrier	
(2)	USAC Service Provider Identification Number	
(3)	Study Area Code	
(4)	Filer 499 ID	
(5)	Person who completed this Worksheet	
(6)	Mailing address of this person	
(7)	Telephone number of this person	
(8)	Fax number of this person	
(9)	E-mail address of this person	
(10)	Year for which information is provided	
(11)	Month for which information is provided	

Block 2: Study Area Code / Exchange

(12)	State			
(13)	Competitive Eligible Telecommunications Carriers (ETCs) should list the names of the incumbent ETCs' study areas and exchanges (if applicable) in which they are claiming support.	Incumbent ETC Name (a)	Incumbent ETC Study Area Code (b)	Incumbent ETC Exchange (if applicable) (c)
	(i) First incumbent ETC			
	(ii) Second incumbent ETC			

Attach additional sheet to report additional incumbent ETCs' study areas and exchanges. Check box if additional sheet attached. ☐

Block 3: Lifeline

		Number of subscribers receiving federal Lifeline support for whole month (a)	Lifeline support claimed per subscriber (Use weighted average if more than one applicable rate.) (b)		Total federal Lifeline support claimed (d) = (a) x (b)
(14)	Tier 1		$		$
(15)	Tier 2		$		$
(16)	Tier 3		$		$
(17)	Tier 4		$		$

		Number of subscribers receiving federal Lifeline support for part of month (a)	Lifeline support claimed per subscriber (Use weighted average if more than one applicable rate.) (b)	Total service days for subscribers receiving federal Lifeline support for part of month (c)	Total federal Lifeline support claimed (d) = (b) x (c) / 30
(18)	Tier 1		$		$
(19)	Tier 2		$		$
(20)	Tier 3		$		$
(21)	Tier 4		$		$
(22)	Total federal Lifeline support claimed [sum of lines (14d) through (21d)]				$

		Zone name (if applicable) (a)	SLC (b)	Number of subscribers receiving Tier 1 support for whole month (c)	Total service days for subscribers receiving Tier 1 support for part of month (d)	Total Tier 1 support claimed (e) = (b) x { (c) + [(d) / 30] }
(23)	Subscriber Line Charge (SLC) data for ETCs that used a weighted average on lines (14b) and/or (18b).					
	(i) First rate		$			$
	(ii) Second rate		$			$

Attach additional sheet to report additional SLCs. Competitive ETCs use the above for the incumbent ETC shown on line (13i) and additional sheet for additional incumbent ETCs. Check box if additional sheet attached. ☐

		Name of federally recognized tribal land (a)	Number of Tier 4 subscribers (b)
(24)	If claiming Tier 4 support, list tribal lands served.		
	(i) First tribal land		
	(ii) Second tribal land		

Attach additional sheet to report additional tribal lands served. Check box if additional sheet attached. ☐

PERSONS WILLFULLY MAKING FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. §1001

FCC Form 497 — LIFELINE AND LINK-UP WORKSHEET

December 2003

(25) Legal name of carrier [line (1)]	
(26) USAC Service Provider Identification Number [line (2)]	
(27) Study Area Code [line (3)]	
(28) Year for which information is provided [line (10)]	
(29) Month for which information is provided [line (11)]	

	Number of Lifeline connections provided directly to end-users (a)	Number of Lifeline connections sold to reselling carriers (b)	Total Lifeline Connections (c) = (a) + (b)
(30) Total Lifeline and Resold Lifeline Connections (Only ETCs that sold Lifeline connections to Reselling Telecommunications Carriers should fill out lines (30) and (31).)			

(31) Information about Reselling Telecommunications Carriers (Note: Total of amounts reported on line (31b) should equal the amount reported on line (30b).)	Name of reselling carrier (a)	Number of Lifeline connections sold to this reselling carrier (b)
(i) First reselling carrier		
(ii) Second reselling carrier		

Attach additional sheet to report additional reselling carriers. Check box if additional sheet attached. ☐

Block 4: Link-Up

	Non-tribal connections (a)	Tribal connections (b)	Total connections waived (c) = (a) + (b)
(32) Number of subscribers for whom connection fees waived			
(33) Charges waived per connection (Use weighted average if more than one applicable rate.)	$ ($30 max)	$ ($100 max)	
(34) Total connection charges waived [line (32) x line (33)]	$	$	$
(35) Deferred interest	$	$	$
(36) Total Link-Up support claimed [line (34) + line (35)]	$	$	$

Block 5: Toll Limitation Services (TLS)

	Number (a)	Incremental cost (b)	Total cost (c) = (a) x (b)
(37) Lifeline subscribers adding TLS during month			$
(38) All Lifeline subscribers taking TLS during month			$
(39) Total TLS support claimed [line (37c) + line (38c)]			$

Block 6: Total Support Claimed

(40) Total federal Lifeline support claimed [line (22)]	$
(41) Total Link-Up support claimed [line (36c)]	$
(42) Total TLS support claimed [line (39c)]	$
(43) Total ETC support claimed [sum of lines (40) through (42)]	$

Block 7: Certification and Signature

(44) Regulatory status (check one) ☐ subject to state regulation ☐ not subject to state regulation

I certify:

that my company will publicize the availability of Lifeline and Link-Up services in a manner reasonably designed to reach those likely to qualify for those services;

that my company will pass through the full amount of all Tier One, Tier Two, Tier Three, and Tier Four federal Lifeline support for which my company seeks reimbursement, as well as all applicable intrastate Lifeline support, to all qualifying low-income subscribers by an equivalent reduction in the subscriber's monthly bill for local telephone service;

that my company has received any non-federal regulatory approvals necessary to implement the required rate reduction(s);

that I am an officer of the above-named reporting entity, that I have examined the foregoing report and to the best of my knowledge, information and belief, all statements of fact contained in this Worksheet are true, and that said Worksheet is an accurate and complete statement of the affairs of the above-named company for the period indicated above;

and I acknowledge the Fund Administrator's authority to request additional supporting information as may be necessary.

(45) Signature of officer	
(46) Printed name of officer	
(47) Position with reporting entity	
(48) Date	

(49) This filing is an ☐ Original filing ☐ Revised filing

PERSONS WILLFULLY MAKING FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. §1001

Email completed forms to lifilings@hcli.universalservice.org; or fax to (866) 873-4665; or mail to USAC Low Income Program, 444 Hoes Lane, RRC 4A1060, Piscataway, NJ 08854.

CERTIFICATE OF SERVICE

I, Otis Robison, hereby certify that on this 14th day of April 2009, I caused a copy of the foregoing Request for Review of Decision of the Universal Service Administrator by AT&T Inc. in WC Docket No. 03-109 to be sent via US Mail to:

Universal Service Administrative Company
Attn: David Capozzi, Acting General Counsel
2000 L Street, NW
Suite 200
Washington, DC 20036

/s/ Otis Robinson