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Universal Service Administrative Company
High Cost & Low Income Committee Quarterly Meeting
Agenda

Monday, January 28, 2013 9:00 a.m. – 11:30 a.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036
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<u>ACTION ITEMS</u>
a1. Approval of High Cost & Low Income Committee Meeting Minutes of October 29, 2012 and January 4, 2013
a2. Recommendation for Annual Election of Committee Chair and Vice Chair
a3. Approval of 2nd Quarter 2013 and 2013 Annual High Cost Support Mechanism Programmatic Budget
a4. Approval of 2nd Quarter 2013 and 2013 Annual Low Income Support Mechanism Programmatic Budget
a5. Approval of 2nd Quarter 2013 High Cost Support Mechanism Demand Projection for the January 31, 2013 FCC Filing
a6. Approval of 2nd Quarter 2013 Low Income Support Mechanism Demand Projection for the January 31, 2013 FCC Filing
a7. Action on Seven USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i>
a8. Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report – Confidential & Proprietary – <i>Executive Session Recommended</i>
a9. Action on Two USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i>
a10. Consideration of Contract Award for Lifeline Duplicate Subscriber Printing and Mailing Services – Confidential & Proprietary – <i>Executive Session Recommended</i>
a11. Miscellaneous. Solicit ideas for the April 2013 Committee meeting agenda.

<u>INFORMATION ITEMS</u>
i1. High Cost Support Mechanism Update
i2. Low Income Support Mechanism Update
i3. Update on Lifeline Duplicate Identification Initiative – Confidential & Proprietary – <i>Executive Session Recommended</i>
i4. Miscellaneous

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, April 22, 2013 9:00 a.m. – 11:30 a.m. Eastern Time USAC Offices, Washington, D.C.
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C.

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, January 28, 2013

MINUTES

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, January 28, 2013. Mr. Joel Lubin, Committee Chair, called the meeting to order at 9:01 a.m. Eastern Time, with seven of the eight Committee members present (there is one vacancy):

Barash, Scott – Acting Chief Executive Officer	Feiss, Geoff
Bergmann, Scott – <i>by telephone</i>	Jortner, Wayne
Brise', Ronald	Lubin, Joel – Chair
Gillan, Joseph – Vice Chair	

Mr. Ellis Jacobs joined the meeting by telephone at 9:04 am Eastern Time. He did not vote on item a1.

Other Board of Directors (Board) members and officers of the corporation present:

Abshire, Sheryl – Member of the Board
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Davis, Craig – Vice President, Rural Health Care
Greiner, Colleen – Vice President and Chief Information Officer – *by telephone*
Majcher, Karen – Vice President, High Cost & Low Income Division
Scott, Wayne – Vice President of Internal Audit
Talbott, Dr. Brian – Board Chair

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Amalfitano, Vince – <i>by telephone</i>	FCC
Beard, Jay	USAC
Betancourt, Laura	USAC
Binder, Robert	USAC
Caruso, Michael	USAC
Davis, Craig	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC

<u>NAME</u>	<u>COMPANY</u>
Do, Jennifer	USAC
Falkowitz, Ed	USAC
Gallant, Pamela	USAC
Gonzales, Veronica	USAC
Hughes, Jeff	USAC
Hughet, Pam	USAC
Jacobs, David	USAC
Kahn, Sammy	USAC
Lee, James	USAC
Nuzzo, Patsy	USAC
Parry John	Solix
Rasmussen, Mary	USAC
Schrieber, Johnnay	USAC
Skadin, Andy	FCC

ACTION ITEMS:

- a1. Approval of High Cost & Low Income Committee Meeting Minutes of October 29, 2012 and January 4, 2013.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of October 29, 2012 and January 4, 2013.
- a2. Recommendation for Annual Election of Committee Chair and Vice Chair.** Mr. Barash indicated that the Committee will defer making recommendations for the Committee Chair and Vice Chair positions because the FCC Chair has not yet selected Board members to fill vacant Board seats and seats of existing Board members whose terms have expired but are continuing to serve until they are renominated or a replacement is selected.
- a3. Approval of 2nd Quarter 2013 and 2013 Annual High Cost Support Mechanism Programmatic Budget.** Mr. Case presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 2nd Quarter 2013 programmatic operating budget for the High Cost Support Mechanism of \$2.9 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$2.9 million for High Cost Support Mechanism administrative costs in the required January 31, 2013 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves an annual 2013 programmatic operating budget for the High Cost Support Mechanism budget of \$13.5 million.

- a4. Approval of 2nd Quarter 2013 and 2013 Annual Low Income Support Mechanism Programmatic Budget.** Mr. Case presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 2nd Quarter 2013 programmatic operating budget for the Low Income Support Mechanism of \$2.3 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 2nd Quarter 2013 capital budget for the Low Income Support Mechanism of \$2.4 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$4.7 million for Low Income Support Mechanism administrative costs in the required January 31, 2013 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves an annual 2013 Low Income Support Mechanism operating budget of \$18.3 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves an annual 2013 Low Income Support Mechanism capital budget of \$8.0 million.

- a5. Approval of 2nd Quarter 2013 High Cost Support Mechanism Demand Projection for the January 31, 2013 FCC Filing.** Ms. Majcher presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on January 28, 2013, a summary of the 2nd Quarter 2013 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required January 31, 2013 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million.

- a6. Approval of 2nd Quarter 2013 Low Income Support Mechanism Demand Projection for the January 31, 2013 FCC Filing.** Ms. Majcher presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on January 28, 2013, a summary of the 2nd Quarter 2013 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required January 31, 2013 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million.

- a7. Action on Seven USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Pam Hughet, Manager of Internal Audit, presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit reports listed in Exhibit I to the issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a8. Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the report relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

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

RESOLVED, that the USAC High Cost & Low Income Committee determines that discussion of the USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report labeled LI2012BE013 shall be conducted in *Executive Session*.

To expedite navigation, please use the bookmarks located in the Navigation Pane.

- a9. Action on Two USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Ms. Hughet presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports listed in Exhibit I to the issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a10. Consideration of Contract Award for Lifeline Duplicate Subscriber Printing and Mailing Services.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC High Cost & Low Income Committee determines that consideration of the recommended contract award to acquire printing and mailing services shall be conducted in *Executive Session*.

- a11. Miscellaneous. Solicit Ideas for the April 2013 Committee Agenda.** Mr. Lubin reminded Committee members that they may offer suggestions for agenda items for the April 2013 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.

The Committee then recessed until 10:18 a.m. Eastern Time, at which time it reconvened in *Open Session*.

INFORMATION ITEMS:

- i1. High Cost Support Mechanism Update.** Ms. Majcher presented this item for discussion, noting that:
- On October 3, 2012, the FCC announced the completion of the Mobility Fund Phase I Auction, which resulted in the FCC authorizing \$299,998,632 in Mobility Fund Phase I support to be awarded to 33 carriers. USAC staff successfully completed system development for the Mobility Phase I mechanism.

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- On November 28, 2012, USAC and CostQuest Associates (CostQuest) entered into an agreement to develop the Connect America Cost Model (CACM) application that will be used to calculate Connect America Fund Phase II support for Price Cap carriers and their rate-of-return affiliates. CACM will be developed and released in four versions. USAC staff is working with CostQuest to develop each CACM version.
- As of October 2012, of the \$300 million available for incremental support, \$114.77 million has been accepted and \$95.64 million has been disbursed. Of the remaining \$185.23 million, \$106.15 and \$79.08 million were conditionally accepted and declined, respectively.
- The Commission's waiver of the July 2, 2012 compliance filings permitted 129 carriers (comprising 265 study areas) to resolve any non-compliance elements in their section 54.313 annual report filings. By the October 17, 2012 filing due date, USAC staff received new or revised filings from 128 carriers, which satisfied all compliance requirements.

i2. Low Income Support Mechanism Update. Ms. Majcher presented this item for discussion, noting that:

- USAC staff has made a contract award recommendation for a vendor to build the National Lifeline Accountability Database.
- USAC staff is working with Commission staff to implement the Lifeline Broadband Pilot Program, which will test various ways to provide low income subscribers with a subsidy for broadband service. USAC hosted a kick-off meeting with ETC participants on January 15, 2013.
- USAC is currently working with Commission staff and a small group of carriers to attempt to resolve Lifeline Track 2 duplicates that are identified through the IDV process. Commission staff has instructed USAC to attempt to resolve a small sample of Track 2 duplicates through two separate methods.

i3. Update on Lifeline Duplicate Identification Initiative. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to *pre-decisional matters pending before the FCC*.

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

RESOLVED, that the discussion of the Lifeline Duplicate Identification Initiative shall be conducted in *Executive Session*.

- i4. Miscellaneous. National Lifeline Accountability Database.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to *pre-decisional matters pending before the FCC*.

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

RESOLVED, that the discussion of the National Lifeline Accountability Database shall be conducted in *Executive Session*.

At 10:44 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- a8. Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report.** Ms. Hughet presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit report labeled LI2012BE013 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

- a10. Consideration of Contract Award for Lifeline Duplicate Subscriber Printing and Mailing Services.** Ms. Majcher presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management to award a fixed-unit-price contract for two years to acquire the printing and mailing services described in the issue paper from NPC Inc. for a not-to-exceed price of \$1,495,896, plus reimbursable USPS postage, for a total not-to-exceed price of \$12,709,536.

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- i3. Update on Lifeline Duplicate Identification Initiative.** Ms. Majcher presented this item for discussion.
- i4. National Lifeline Accountability Database.** Mr. Barash presented this item for discussion.

At 11:18 a.m. Eastern Time, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time, Mr. Lubin reported that the Committee in *Executive Session* took action on items a8 and a10, and discussed items i3 and i4 above. On a motion duly made and seconded, the Committee adjourned at 11:19 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

**Universal Service Administrative Company
High Cost & Low Income Committee Quarterly Meeting
Agenda**

Monday, April 22, 2013 9:00 a.m. – 11:30 a.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036
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<u>ACTION ITEMS</u>
a1. Approval of High Cost & Low Income Committee Meeting Minutes of January 28, 2012
a2. Recommendation for Annual Election of Committee Chair and Vice Chair
a3. Approval of 3rd Quarter 2013 High Cost Support Mechanism Programmatic Budget
a4. Approval of 3rd Quarter 2013 Low Income Support Mechanism Programmatic Budget
a5. Approval of 3rd Quarter 2013 High Cost Support Mechanism Demand Projection for the May 2, 2013 FCC Filing
a6. Approval of 3rd Quarter 2013 Low Income Support Mechanism Demand Projection for the May 2, 2013 FCC Filing
a7. Action on Seven USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i>
a8. Action on One USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report – <i>Executive Session Option</i>
a9. Miscellaneous. Solicit ideas for the July 2013 Committee meeting agenda.

<u>INFORMATION ITEMS</u>
i1. High Cost Support Mechanism Update
i2. Low Income Support Mechanism Update
i3. Lifeline Duplicate Identification Project Update – Confidential & Proprietary – <i>Executive Session Recommended</i>
i4. Miscellaneous

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, July 22, 2013 9:00 a.m. – 11:30 a.m. Eastern Time USAC Offices, Washington, D.C.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C.

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, April 22, 2013

MINUTES

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, April 22, 2013. Mr. Joel Lubin, Committee Chair, called the meeting to order at 9:00 a.m. Eastern Time, with seven of the eight Committee members present (there is one vacancy):

Barash, Scott – Acting Chief Executive Officer	Jacobs, Ellis
Brise', Ronald	Jortner, Wayne
Feiss, Geoff	Lubin, Joel – Chair
Gillan, Joseph – Vice Chair	

Mr. Scott Bergmann joined the meeting by telephone at 9:03 a.m. Eastern Time. He did not participate in the discussion of or vote on items a1 or a2.

Other Board of Directors (Board) members and officers of the corporation present:

Abshire, Sheryl – Member of the Board
Belden, Richard – Chief Operation Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Davis, Craig – Vice President, Rural Health Care
Greiner, Colleen – Vice President and Chief Information Officer – *by telephone*
Majcher, Karen – Vice President, High Cost & Low Income Division
Scott, Wayne – Vice President of Internal Audit
Talbott, Dr. Brian – Board Chair

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Amalfitano, Vince – <i>by telephone</i>	FCC
Beard, Jay	USAC
Betancourt, Laura	USAC
Binder, Robert	USAC
Caruso, Michael	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC

<u>NAME</u>	<u>COMPANY</u>
Falkowitz, Ed	USAC
Gallant, Pamela	USAC
Garrett, Erika	USAC
Gonzales, Veronica	USAC
Hughet, Pam	USAC
Iversen, Eric	USAC
Jacobs, David	USAC
Kahn, Sammy	USAC
Lee, Brandon	USAC
Lee, James	USAC
Lischick, Peter	USAC
Little, Maria	USAC
Malychev, Victor	USAC
Nuzzo, Patsy	USAC
Rasmussen, Mary	USAC
Schrieber, Johnnay	USAC
Spade, Gina – <i>by telephone</i>	FCC
Wolff, Alex	USAC
Zhang, Larry	USAC

ACTION ITEMS:

- a1. Approval of High Cost & Low Income Committee Meeting Minutes of January 28, 2013.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of January 28, 2013.
- a2 Recommendation for Annual Election of Committee Chair and Vice Chair.** Mr. Lubin indicated that the Committee will defer making recommendations for the Committee Chair and Vice Chair positions because the FCC Chair has not yet selected Board members to fill vacant Board seats and seats of existing Board members whose terms have expired but are continuing to serve until they are renominated or a replacement is selected.
- a3. Approval of 3rd Quarter 2013 High Cost Support Mechanism Programmatic Budget.** Mr. Belden presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2013 programmatic operating budget for the High Cost Support Mechanism of \$3.8 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of

\$3.8 million for High Cost Support Mechanism administrative costs in the required May 2, 2013 filing to the FCC on behalf of the Committee.

a4. Approval of 3rd Quarter 2013 Low Income Support Mechanism Programmatic Budget. Mr. Belden presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2013 programmatic operating budget for the Low Income Support Mechanism of \$4.3 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2013 capital budget for the Low Income Support Mechanism of \$2.2 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.5 million for Low Income Support Mechanism administrative costs in the required May 2, 2013 filing to the FCC on behalf of the Committee.

a5. Approval of 3rd Quarter 2013 High Cost Support Mechanism Demand Projection for the May 2, 2013 FCC Filing. Ms. Majcher presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on April 22, 2013, a summary of the 3rd Quarter 2013 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required May 2, 2013 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance for is equal to or less than \$15 million.

a6. Approval of 3rd Quarter 2013 Low Income Support Mechanism Demand Projection for the May 2, 2013 FCC Filing. Ms. Majcher presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on April 22, 2013, a summary of the

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3rd Quarter 2013 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required May 2, 2013 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million.

- a7. Action on Seven USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Pam Hughet, Manager of Internal Audit, presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit reports listed in Exhibit I to this issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a8. Action on One USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report.** Ms. Hughet presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Report labeled: HC2012BE009 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

- a9. Miscellaneous. Solicit Ideas for the July 2013 Committee Agenda.** Mr. Lubin reminded Committee members that they may offer suggestions for agenda items for the July 2013 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.

The Committee then recessed until 10:08 a.m. Eastern Time.

INFORMATION ITEMS:

- i1. High Cost Support Mechanism Update.** Ms. Majcher presented this item for discussion, noting that:
- On March 11, 2013, the FCC announced the release of CACM Version 3.0. This version includes updates to demand data and the latest National

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Broadband Map coverage, updated network topologies and additional topologies, system security, and TelcoMaster data. The FCC anticipates that the next step will be to adopt an order that addresses key engineering assumptions and design principles for the cost model platform

- The FCC is seeking comment on the new FCC Form 481. The form was developed by USAC staff for the purpose of collecting information associated with sections 54.313 and 54.422 of the Commission's rules. These compliance filings are due July 1 of each year. Draft copies of the form and the instructions are posted on USAC's website.

i2. Low Income Support Mechanism Update. Ms. Majcher presented this item for discussion, noting that:

- USAC staff continues to prepare for implementation of the National Lifeline Accountability Database (NLAD) by drafting several requests for proposals (RFPs) for services needed to support NLAD, including third party data validation and helpdesk services.
- ETCs have filed their 2012 annual recertification results. USAC staff has analyzed the results for Commission staff.
- The Low Income Broadband Pilot Program is underway.
- USAC is currently conducting a "Track 2 Pilot Program" that includes working with a small group of carriers to resolve Lifeline Track 2 duplicates identified through the In-Depth Data Validation (IDV) process.

i3. Lifeline Duplicate Identification Project Update. Although this item was recommended for executive session in the agenda, the Committee determined that a discussion could be held such that an executive session would not be necessary. Ms. Majcher presented this item for discussion.

On a motion duly made and seconded, the Committee adjourned at 10:58 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

**Universal Service Administrative Company
High Cost & Low Income Committee Quarterly Meeting
Agenda**

Monday, July 29, 2013 9:00 a.m. – 11:30 a.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036

ACTION ITEMS

a1. Approval of High Cost & Low Income Committee Meeting Minutes of April 22, 2013
a2. Recommendation for Election of Committee Chair and Vice Chair
a3. Approval of 4th Quarter 2013 and Revised 2013 Annual High Cost Support Mechanism Programmatic Budgets
a4. Approval of 4th Quarter 2013 and Revised 2013 Annual Low Income Support Mechanism Programmatic Budgets
a5. Approval of 4th Quarter 2013 High Cost Support Mechanism Demand Projection for the August 2, 2013 FCC Filing
a6. Approval of 4th Quarter 2013 Low Income Support Mechanism Demand Projection for the August 2, 2013 FCC Filing
a7. Action on Five USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i>
a8. Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report – <i>Executive Session Option</i>
a9. Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – Confidential – <i>Executive Session Recommended</i>
a10. Consideration of Information Technology Staffing Plan for High Cost & Low Income Program Operations Support
a11. Consideration of Contract Award for Lifeline Program Third Party Information Verification Services – Confidential – <i>Executive Session Recommended</i>
a12. Miscellaneous. Solicit ideas for the October 2013 Committee meeting agenda.

INFORMATION ITEMS

i1. High Cost Support Mechanism Update
i2. Low Income Support Mechanism Update
i3. Lifeline Duplicate Identification Project Update – Confidential – <i>Executive Session Recommended</i>
i4. Miscellaneous

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, October 28, 2013 9:00 a.m. – 11:30 a.m. Eastern Time USAC Offices, Washington, D.C.
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C.

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, July 29, 2013

MINUTES

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, July 29, 2013. Mr. Joel Lubin, Committee Chair, called the meeting to order at 9:00 a.m. Eastern Time, with eight of the nine Committee members present:

Barash, Scott – Acting Chief Executive Officer	Jacobs, Ellis
Bergmann, Scott	Jones, Rochelle
Feiss, Geoff	Jortner, Wayne
Gillan, Joseph – Vice Chair	Lubin, Joel – Chair

Members of the Committee not present:

Brise' Ronald

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Brown, Eric – Member of the Board
Campbell, Anne – Member of the Board
Capozzi, David – Acting General Counsel and Assistant Secretary
Davis, Craig – Vice President, Rural Health Care Division
Greiner, Colleen – Vice President and Chief Information Officer – *by telephone*
Jimenez, Jose – Member of the Board
Majcher, Karen – Vice President, High Cost & Low Income Division
Mason, Ken – Member of the Board
Noriega, Raquel – Member of the Board
Schell, Julie Tritt – Member of the Board
Scott, Wayne – Vice President of Internal Audit
Talbot, Dr. Brian – Board Chair
Wein, Olivia – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Amalfitano, Vince – <i>by telephone</i>	FCC
Beard, Jay	USAC

<u>NAME</u>	<u>COMPANY</u>
Betancourt, Laura	USAC
Binder, Robert	USAC
Braxton-Johnson, Kianna	USAC
Carpenter, Nikki-Blair	USAC
Crowe, Jennifer	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Falkowitz, Ed	USAC
Gonzales, Veronica	USAC
Greene, Joseph	FCC
Hartnett, Megan	FCC
Hughet, Pam	USAC
Iversen, Eric	USAC
Hughes, Jeff	USAC
Kahn, Sammy	FCC
Kriete, Debra	South Dakota Department of Education
Lee, Brandon	USAC
Lee, James	USAC
Machcinski, Thad	FCC
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
Rasmussen, Mary	USAC
Salvator, Charles	USAC
Schrieber, Johnnay	USAC
Sinkfield, David	USAC
Skadin, Andy	FCC
Smith, Chris	USAC
Stephens, Mark	FCC
Zhao, Hang	USAC

ACTION ITEMS:

- a1. Approval of High Cost & Low Income Committee Meeting Minutes of April 22, 2013.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of April 22, 2013.
- a2 Recommendation for Annual Election of Committee Chair and Vice Chair.** Mr. Jortner presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee recommends that the USAC Board of Directors elect **Joel Lubin** as Chair and **Joseph Gillan** as Vice Chair of the Committee for a term that begins

immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee or the Board, is removed by resolution of the Board, or is no longer a member of the Board.

- a3. Approval of 4th Quarter 2013 and Revised 2013 Annual High Cost Support Mechanism Programmatic Budget.** Mr. Belden presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 4th Quarter 2013 programmatic operating budget for the High Cost Support Mechanism of \$2.6 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of negative \$2.6 million for High Cost Support Mechanism administrative costs in the required August 2, 2013 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a revised annual 2013 High Cost Support Mechanism operating budget of \$8.7 million.

- a4. Approval of 4th Quarter 2013 and Revised 2013 Annual Low Income Support Mechanism Programmatic Budget.** Mr. Belden presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 4th Quarter 2013 programmatic operating budget for the Low Income Support Mechanism of \$2.3 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 4th Quarter 2013 capital budget for the Low Income Support Mechanism of \$1.0 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.4 million for Low Income Support Mechanism administrative and capital costs in the required August 2, 2013 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a revised annual 2013 Low Income Support Mechanism operating budget of \$8.8 million.

- a5. Approval of 4th Quarter 2013 High Cost Support Mechanism Demand Projection for the August 2, 2013 FCC Filing.** Ms. Majcher presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on July 29, 2013, a summary of the 4th Quarter 2013 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required August 2, 2013 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance for is equal to or less than \$15 million.

- a6. Approval of 4th Quarter 2013 Low Income Support Mechanism Demand Projection for the August 2, 2013 FCC Filing.** Ms. Majcher presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on July 29, 2013, a summary of the 4th Quarter 2013 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required August 2, 2013 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million.

- a7. Action on Five USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Ms. Pam Hughet, Manager of Internal Audit, presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports listed in Exhibit I to the issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a8. Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report.** Ms. Hughet presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit report labeled LI2012BE021 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

- a9. Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the reports relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

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

RESOLVED, that the USAC High Cost & Low Income Committee determines that discussion of the USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports listed in Exhibit I to this issue paper shall be conducted in *Executive Session*.

The Committee then recessed until 10:36 a.m. Eastern Time.

- a10. Consideration of Information Technology Staffing Plan for High Cost & Low Income Program Operations Support.** Mr. Belden presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed USAC management's proposed staffing plan for the operations and maintenance of the National Lifeline Accountability Database, as well as ongoing information technology support of High Cost and Lifeline systems, approves the course of action recommended by USAC management.

- a11. Consideration of Contract Award for Lifeline Program Third Party Information Verification Services.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC High Cost Low Income Committee determines that consideration of the recommended third party identification verification services procurement shall be conducted in *Executive Session*.

- a12. Miscellaneous. Solicit Ideas for the October 2013 Committee Agenda.** Mr. Lubin reminded Committee members that they may offer suggestions for agenda items for the October 2013 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.

INFORMATION ITEMS:

- ii. High Cost Support Mechanism Update.** Ms. Majcher presented this item for discussion, noting that:
- On May 22, 2013, the FCC announced a second round of Connect America Phase I incremental funding in 2013 to promote expansion of broadband to consumers who lack access. As with the first round of Phase 1, the Commission allocated \$300 million for this second round of Phase I and will make available an additional \$185 million if demand exceeds \$300 million.
 - As of June 2013, USAC disbursed \$4.47 million in Mobility Fund Phase I support. In addition, the FCC announced it is ready to authorize Mobility Fund Phase I support for several additional winning bidders upon successful review of their respective letters of credit opinions of counsel.
 - On June 7, 2013, the Commission announced the availability of the next version of the Connect America Cost Model (CAM v3.1.3), which updates the coverage table used in the support module to calculate support

amounts. Additionally, the new version resolves inconsistencies with operating company numbers.

- On June 10, 2013, the Commission waived the July 1 filing deadline for the annual eligible telecommunication carrier (ETC) reporting requirements under sections 54.313(j) and 54.422 of the Commission's rules. ETCs will be afforded a reasonable time to file the annual report required under these sections after Office of Management and Budget's (OMB) approval of Form 481 is received.
- In 2nd Quarter 2013, USAC completed development of the Carrier Annual Reporting System (CARS). This system will enable High Cost and Low Income recipients to file the reporting requirements mandated in the new FCC Form 481 through a secure online system, which will increase the efficiency and accuracy of Form 481 administration.

i2. Low Income Support Mechanism Update. Ms. Majcher presented this item for discussion, noting that:

- USAC and Information Management Consultants, Inc. (IMC) staff (IMC is the contractor selected to assist USAC in development of the National Lifeline Accountability Database (NLAD)) completed development in June of system requirements and project plans. Meanwhile, application development teams have been formed and development started in early June. To date, IMC has met all 30 day deliverables satisfactorily. In July, procurement of technical infrastructure components was completed.
- An introduction to NLAD webinar was held on June 19 as a kickoff with the industry. The webinar had over 600 participants with USAC, FCC staff and IMC providing input. The webinar provided an overview of the project, key features, timeline and carrier participation opportunities.
- On May 22, 2013, the FCC Wireline Competition Bureau (WCB) issued public notice DA 13-1188 clarifying that all active Lifeline subscribers enrolled or recertified in a calendar year must be recertified the next calendar year and every calendar year thereafter. In addition, carriers can select USAC to conduct the annual recertification process on the carrier's behalf.
- On June 25, 2013, WCB released order DA 13-1441 reinforcing the compliance requirements ETCs must fulfill in verifying the eligibility of a customer before activating Lifeline service for the customer.

- i3. Lifeline Duplicate Identification Project Update.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this report relates to *pre-decisional matters pending before the FCC*.

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

RESOLVED, that discussion of the Lifeline Duplicate Identification Project shall be conducted in *Executive Session*.

At 11:15 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION

- a9. Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Hughet presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit reports listed in Exhibit I to this issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a11. Consideration of Contract Award for Lifeline Program Third Party Information Verification Services.** Mr. Belden presented this item for discussion.

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

RESOLVED, that the USAC High Cost Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management to procure, subject to any necessary FCC approvals, third party identification verification services from LexisNexis, a division of Reed Elsevier, Inc., for one base year plus four one-year renewal options for a total not-to-exceed amount of \$1,888,000.

To expedite navigation, please use the bookmarks located in the Navigation Pane.

- i3. Lifeline Duplicate Identification Project Update.** Ms. Majcher presented this item for discussion.

At 11:34 a.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee discussed and took action on items a9 and a11 and discussed item i3 above. On a motion duly made and seconded, the Committee adjourned at 11:36 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

**Universal Service Administrative Company
High Cost & Low Income Committee Quarterly Meeting
Agenda**

Monday, October 28, 2013 9:00 a.m. – 11:30 a.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036
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<u>ACTION ITEMS</u>
a1. Approval of High Cost & Low Income Committee Meeting Minutes of July 28, 2013
a2. Approval of 1st Quarter 2014 High Cost Support Mechanism Programmatic Budget and Information on the Estimated 2014 Annual Budget
a3. Approval of 1st Quarter 2014 Low Income Support Mechanism Programmatic Budget and Information on the Estimated 2014 Annual Budget
a4. Approval of 1st Quarter 2014 High Cost Support Mechanism Demand Projection for the November 1, 2013 FCC Filing
a5. Approval of 1st Quarter 2014 Low Income Support Mechanism Demand Projection for the November 1, 2013 FCC Filing
a6. Action on Four USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i>
a7. Action on Six USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report – <i>Executive Session Option</i>
a8. Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report – Confidential – <i>Executive Session Recommended</i>
a9. Consideration of 2014 Information Technology Temporary Staffing Plans for Support of Programmatic Information Systems
a10. Consideration of Contract Award for National Lifeline Accountability Database Help Desk Services – Confidential – <i>Executive Session Recommended</i>
a11. Miscellaneous. Solicit ideas for the January 2014 Committee meeting agenda.

<u>INFORMATION ITEMS</u>
i1. High Cost Support Mechanism Update
i2. Low Income Support Mechanism Update
i3. Lifeline Duplicate Identification Project Update – Confidential – <i>Executive Session Recommended</i>
i4. Miscellaneous

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, January 27, 2014 9:00 a.m. – 11:30 a.m. Eastern Time USAC Offices, Washington, D.C.
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C.

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, October 28, 2013

MINUTES

The quarterly meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, October 28, 2013. Mr. Joel Lubin, Committee Chair, called the meeting to order at 9:00 a.m. Eastern Time, with eight of the nine Committee members present:

Barash, Scott – Acting Chief Executive Officer	Gillan, Joseph – Vice Chair
Bergmann, Scott	Jacobs, Ellis
Brise' Ronald	Jortner, Wayne
Feiss, Geoff	Lubin, Joel – Chair

Members of the Committee not present:

Jones, Rochelle

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Brown, Eric – Member of the Board
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Davis, Craig – Vice President, Rural Health Care Division
Greiner, Colleen – Vice President and Chief Information Officer – *by telephone*
Jimenez, Jose – Member of the Board
Majcher, Karen – Vice President, High Cost & Low Income Division
Mason, Ken – Member of the Board
Noriega, Raquel – Member of the Board
Scott, Wayne – Vice President of Internal Audit
Wein, Olivia – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Beaver, Tracey	USAC
Betancourt, Laura	USAC
Binder, Rob	USAC

<u>NAME</u>	<u>COMPANY</u>
Caruso, Michael	USAC
Crowe, Jennifer	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Gonzales, Veronica	USAC
Hughes, Jeff	USAC
Hughet, Pam	USAC
Iversen, Eric	USAC
Jarvis, Monica	USAC
Kahn, Sammy	USAC
Lee, Brandon	USAC
Lee, James	USAC
Malychev, Victor	USAC
Mann, Connie	USAC
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
Salvator, Charles	USAC
Schrieber, Johnnay	USAC
Spade, Gina – <i>by telephone</i>	FCC
Zhao, Hang	USAC

ACTION ITEMS:

- a1. Approval of High Cost & Low Income Committee Meeting Minutes of July 28, 2013.** On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meeting of July 28, 2013.
- a2 Approval of 1st Quarter 2014 High Cost Support Mechanism Programmatic Budget and Information on the Estimated 2014 Annual Budget.** Mr. Belden presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2014 programmatic operating budget for the High Cost Support Mechanism of \$2.1 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$2.1 million for High Cost Support Mechanism administrative costs in the required November 1, 2013 filing to the FCC on behalf of the Committee.

- a3. Approval of 1st Quarter 2014 Low Income Support Mechanism Programmatic Budget and Information on the Estimated 2014 Annual Budget.** Mr. Belden presented this item for discussion.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions:

RESOLVED, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2014 programmatic operating budget for the Low Income Support Mechanism of \$3.9 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$3.9 million for Low Income Support Mechanism administrative costs in the required November 1, 2013 filing to the FCC on behalf of the Committee.

- a4. Approval of 1st Quarter 2014 High Cost Support Mechanism Demand Projection for the November 1, 2013 FCC Filing.** Ms. Majcher presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on October 28, 2013, a summary of the 1st Quarter 2014 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required November 1, 2013 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million.

- a5. Approval of 1st Quarter 2014 Low Income Support Mechanism Demand Projection for the November 1, 2013 FCC Filing.** Ms. Majcher presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on October 28, 2013, a summary of the 1st Quarter 2014 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required November 1, 2013 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million.

- a6. Action on Four USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Ms. Pam Hughet, Manager of Internal Audit, presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports listed in Exhibit I to the issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a7. Action on Six USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Hughet presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit reports listed in Exhibit I to this issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a8. Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the reports relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

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

RESOLVED, that the USAC High Cost & Low Income Committee determines that discussion of the USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports listed in Exhibit I to this issue paper shall be conducted in *Executive Session*.

- a9. Consideration of 2014 Information Technology Temporary Staffing Plans for Support of Programmatic Information Systems.** Mr. Belden presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management to spend up to \$1,140,000 to acquire temporary IT staff for a period of up to one year and to award competitively bid task orders to IT services firms previously or to be selected via a competitive procurement.

- a10. Consideration of Contract Award for National Lifeline Accountability Database Help Desk Services.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC High Cost & Low Income Committee determines that consideration of the recommended contract award to purchase NLAD Help Desk Services shall be conducted in *Executive Session*.

- a11. Miscellaneous. Solicit Ideas for the January 2014 Committee Agenda.** Mr. Lubin reminded Committee members that they may offer suggestions for agenda items for the January 2014 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan, Mr. Barash or Ms. Majcher.

INFORMATION ITEMS:

- i1. High Cost Support Mechanism Update.** Ms. Majcher presented this item for discussion, noting that:
- On August 21, 2013, the FCC announced the results of the second round of CAF Phase I elections. Providers in 44 states and Puerto Rico requested over \$385 million from the incremental support program. The requests are subject to FCC review and possible challenges from other providers, which could lead to lower levels of funding in some areas.
 - On August 29, 2013, the FCC announced the release of Version 3.2 of the Connect America Cost Model.
 - On September 13, 2013, USAC published the FCC Form 690 which will be used by wireless carriers receiving Mobility Fund support to report their Section 54.1009 annual reporting requirements.

To expedite navigation, please use the bookmarks located in the Navigation Pane.

- On August 16, 2013, USAC deployed a system that enables High Cost Program beneficiaries to file their FCC Form 481 annual reporting requirements on USAC's website via a secure web-based system.
- USAC staff conducted webinars on August 14th (617 attendees) and September 19th (565 attendees) to instruct carriers on how to utilize the online FCC Form 481 to address section 54.313 and 54.422 annual reporting requirements.

i2. Low Income Support Mechanism Update. Ms. Majcher presented this item for discussion, noting that:

- In 3rd Quarter 2013, USAC, with assistance from Information Management Consultants, Inc. (IMC) staff (IMC is the contractor selected to assist USAC in developing the National Lifeline Accountability Database (NLAD)), published application programming interface (API) specifications to enable carriers to begin development of automated interfaces from their systems to NLAD.
- NLAD workshops were held on August 27 and September 18. The first workshop had 24 in-person and 568 online participants. The second had 14 in-person and 459 online participants.
- USAC will perform the Lifeline 2013 annual recertification on the carriers' behalf if they notified USAC by June 21, 2013. As of September 2013, USAC was scheduled to perform annual 2013 recertifications for 149 SACs for 110,815 subscribers in 29 states and Puerto Rico.
- On September 11, 2013, the FCC issued a letter (DA 13-1881)¹ directing USAC to work with a group of select ETCs in Michigan to determine the best process for resolving inter-company household Lifeline duplicates. The Commission provided guidance on how to resolve the identified duplicates scenarios.

i3. Lifeline Duplicate Identification Project Update. In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this report relates to *pre-decisional matters pending before the FCC*.

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

¹ Letter to D. Scott Barash, USAC Acting Chief Executive Officer, from Julie Veach, Chief, Wireline Competition Bureau, DA 13-1881, dated Sept. 11, 2013.

RESOLVED, that discussion of the Lifeline Duplicate Identification Project shall be conducted in *Executive Session*.

At 10:36 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session*. The Committee then recessed until 10:45 a.m. Eastern Time, at which time it reconvened in *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION

- a8. Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Hughet presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit reports listed in Exhibit I to this issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a10. Consideration of Contract Award for National Lifeline Accountability Database Help Desk Services.** Mr. Belden presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract to purchase NLAD Help Desk Services from ICF International, LLC for a not to exceed price of \$959,700, inclusive of all option years.

- i3. Lifeline Duplicate Identification Project Update.** Ms. Majcher presented this item for discussion.

At 11:05 a.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee discussed and took action on items a8 and a10 and discussed item i3 above. On a motion duly made and seconded, the Committee adjourned at 11:07 a.m. Eastern Time.

/s/ David A. Capozzi

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Assistant Secretary

To expedite navigation, please use the bookmarks located in the Navigation Pane.

**Universal Service Administrative Company
High Cost & Low Income Committee Meeting
Agenda**

**Tuesday, December 17, 2013
3:30 p.m. – 4:00 p.m. Eastern Time
USAC Offices
2000 L Street, N.W., Suite 200
Washington, D.C. 20036**

ACTION ITEMS

- a1.** Consideration of Contract Award for the National Lifeline Accountability Database Duplication Resolution Call Center Support– **Confidential & Proprietary** – *Executive Session Recommended*

Next Scheduled USAC High Cost & Low Income Committee Meeting

**Monday, January 27, 2013
9:00 a.m. – 11:30 a.m. Eastern Time
USAC Offices, Washington, D.C.**

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C.

HIGH COST & LOW INCOME COMMITTEE MEETING
Tuesday, December 17, 2013

MINUTES

A meeting of the High Cost & Low Income Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Tuesday, December 17, 2013. Mr. Joel Lubin, Committee Chair, called the meeting to order at 3:31 p.m. Eastern Time, with seven of the nine Committee members present:

Barash, Scott – Acting Chief Executive Officer	Jacobs, Ellis – <i>by telephone</i>
Bergmann, Scott – <i>by telephone</i>	Jortner, Wayne – <i>by telephone</i>
Feiss, Geoff – <i>by telephone</i>	Lubin, Joel – Chair – <i>by telephone</i>
Gillan, Joseph – Vice Chair – <i>by telephone</i>	

Members of the Committee not present:

Brisé, Ronald
Jones, Rochelle

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
Majcher, Karen – Vice President, High Cost & Low Income Division
Talbot, Brian – Board Chair
Wein, Olivia – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Lee, James	USAC
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. **Consideration of Contract Award for the National Lifeline Accountability Database Duplication Resolution Call Center Support.** In accordance with the approved criteria and procedures for conducting USAC Board of Directors (Board) and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session*

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because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC High Cost and Low Income Committee determines that consideration of the recommended contract award to purchase NLAD duplicate resolution call center services shall be conducted in *Executive Session*.

At 3:33 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- a1. Consideration of Contract Award for the National Lifeline Accountability Database Duplication Resolution Call Center Support.** Mr. Belden presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management to award a fixed-unit price, IDIQ task order contract to purchase NLAD Duplicate Resolution Call Center Services from Group O for a not-to-exceed amount of \$2,459,340, subject to any necessary FCC approval.

At 3:51 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee discussed and took action on item a1 above. On a motion duly made and seconded, the Committee adjourned at 3:55 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary