

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

Monday, January 27, 2014 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>

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| a1. Approval of High Cost & Low Income Committee Meeting Minutes of October 28, 2013 and December 17, 2013 |
| a2. Recommendation for Election of Committee Chair and Vice Chair |
| a3. Approval of 2nd Quarter 2014 and 2014 Annual High Cost Support Mechanism Programmatic Budgets |
| a4. Approval of 2nd Quarter 2014 and 2014 Annual Low Income Support Mechanism Programmatic Budgets |
| a5. Approval of 2nd Quarter 2014 High Cost Support Mechanism Demand Projection for the January 31, 2014 FCC Filing |
| a6. Approval of 2nd Quarter 2014 Low Income Support Mechanism Demand Projection for the January 31, 2014 FCC Filing |
| a7. Action on Six 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 – <i>Executive Session Recommended</i> |
| a9. Miscellaneous. Solicit ideas for the April 2014 Committee meeting agenda. |

<u>INFORMATION ITEMS</u>

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| 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, April 28, 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, January 27, 2014

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 27, 2014. Mr. Joel Lubin, Committee Chair, called the meeting to order at 9:07 a.m. Eastern Time, with all nine Committee members present:

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

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

Belden, Richard – Chief Operating Officer
Capozzi, David – 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
Majcher, Karen – Vice President, High Cost & Low Income Division
Noriega, Raquel – Member of the Board
Scott, Wayne – Vice President of Internal Audit
Wein, Olivia – Member of the Board
Schell, Julie Tritt – Member of the Board
Talbot, Dr. Brian – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Betancourt, Laura	USAC
Binder, Robert	USAC
Braxton-Johnson, Kianna	USAC
Caruso, Michael	USAC
Crowe, Jennifer	USAC
Damarla, Anitha	USAC
Delmar, Teleshia	USAC

<u>NAME</u>	<u>COMPANY</u>
Desrocher, Mike	USAC
Faunce, Donna	USAC
Garrett, Erika	USAC
Gonzales, Veronica	USAC
Hughet, Pam	USAC
Iversen, Eric	USAC
Kahn, Sammy	USAC
Kimi, AJ	USAC
Lacey, Kimberly	USAC
Lee, James	USAC
Lougheed, Matthew	USAC
Murphy, Tom	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Rasmussen, Mary	USAC
Salvator, Charles	USAC
Schrieber, Johnnay	USAC
Sinkfield, David	USAC
Skadin, Andy	FCC
Smith, Chris	USAC
Spade, Gina – <i>by telephone</i>	FCC
Zahid, Farrah	USAC

ACTION ITEMS

- a1. **Approval of High Cost & Low Income Committee Meeting Minutes of October 28, 2013 and December 17, 2013** On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meetings of October 28, 2013 and December 17, 2013.
- a2. **Recommendation for Election of Committee Chair and Vice Chair.** Mr. Lubin recommended that this item be deferred until the FCC Chair makes selections to the USAC Board of Directors.
- a3. **Approval of 2nd Quarter 2014 and 2014 Annual High Cost Support Mechanism Programmatic Budgets.** 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 2nd Quarter 2014 programmatic operating budget for the High Cost Support Mechanism of \$2.7 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$2.7 million for High Cost Support Mechanism administrative costs in the required January 31, 2014 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves an annual 2014 programmatic operating budget for the High Cost Support Mechanism of \$13.2 million.

- a4. Approval of 2nd Quarter 2014 and 2014 Annual Low Income Support Mechanism Programmatic Budgets.** 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 2nd Quarter 2014 programmatic operating budget for the Low Income Support Mechanism of \$2.0 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$2.0 million for Low Income Support Mechanism administrative costs in the required January 31, 2014 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves an annual 2014 Low Income Support Mechanism operating budget of \$13.9 million.

- a5. Approval of 2nd Quarter 2014 High Cost Support Mechanism Demand Projection for the January 31, 2014 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 27, 2014, a summary of the 2nd Quarter 2014 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required January 31, 2014 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 2014 Low Income Support Mechanism Demand Projection for the January 31, 2014 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 27, 2014, a summary of the 2nd Quarter 2014 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required January 31, 2014 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 Six 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 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 LI2013BE012 shall be conducted in *Executive Session*.

- a9. Miscellaneous. Solicit Ideas for the April 2014 Committee Agenda.** Mr. Lubin reminded Committee members that they may offer suggestions for agenda items for the April 2014 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan or Ms. Majcher.

INFORMATION ITEMS

- i1. High Cost Support Mechanism Update.** Ms. Majcher presented this item for discussion, noting that:
- On October 31, 2013, the FCC authorized \$32,764,769 in Connect America Fund Phase I, Round 2 incremental support for ACS, Hawaiian Telecom and PRTC study areas. In addition, on December 5, 2013, the FCC authorized \$255,723,850 of Phase I, Round 2 incremental support for AT&T, CenturyLink, FairPoint Communications, Frontier Communications and Windstream Corporation.
 - On December 4, 2013, the FCC released Version 4.0 of the Connect America Cost Model that includes numerous updates.
 - On March 29, 2013, the FCC released Public Notice DA 12-323 announcing a reverse auction to award up to \$50 million in one-time Mobility Fund Phase I support for Tribal lands. Because of the government shutdown, this auction was rescheduled to begin on February 25, 2014 and is designated as Auction 902.
 - The FCC issued a Public Notice announcing revised filing deadlines following the resumption of FCC operations after the 16-day federal government shutdown. Filings that were due between October 7 - 16 were now due 16 days after the original filing date. This action changed the FCC Form 481 due date to October 31, 2013.
 - In 4Q2013, USAC deployed an on-line FCC Form 481 filing system enabling carriers receiving High Cost and/or Low Income Program support to file their annual reporting requirements on FCC Form 481. The online FCC Form 481 system was utilized for 93 percent of the reporting study areas.
 - USAC has developed a High Cost Program outreach plan for 2014, presenting proposed activities to educate and communicate with program audiences about how to understand and participate successfully in the High Cost Program.

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

- On December 16, 2013, the National Lifeline Accountability Database (NLAD) became available to ETCs. Carriers in the first five states (Arkansas, Louisiana, Maryland, Oklahoma and Washington) were notified to establish their NLAD accounts and begin scrubbing data.
- USAC performed the annual 2013 recertification for 149 SACs for 110,815 subscribers in 29 states, including Puerto Rico. More than half the subscribers did not respond or responded that they were no longer eligible, and, therefore, carriers were instructed to de-enroll those subscribers.
- USAC has developed a Lifeline Program outreach plan for 2014, presenting proposed activities to educate and communicate with program audiences about how to understand and participate successfully in the Lifeline Program. The outreach plan is included as Attachment A to this issue paper.
- NLAD workshops were held on October 31 and November 20. The first workshop had 567 participants and the second had 533 participants. In addition, USAC has posted 11 NLAD training videos.

In addition, the Committee determined to receive the NLAD demonstration after the Committee has dealt with all other matters on the agenda.

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 9:43 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items noted above.

EXECUTIVE SESSION

- a8. Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report.** Ms. 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 report labeled LI2013BE012 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

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

At 10:08 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 item a8 and discussed item i3 above. At 10:09 a.m. Eastern Time the Committee recessed and reconvened at 10:23 a.m. Eastern Time.

- i2. Low Income Support Mechanism Update.** Ms. Majcher led the demonstration of NLAD to the Committee.

Mr. Lubin, on behalf of the Committee, thanked Mr. Barash for his many contributions to the Committee and USAC and wished him well in his future endeavors.

On a motion duly made and seconded, the Committee adjourned at 11:00 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

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

Agenda

<p>Monday, April 28, 2014 9:00 a.m. – 11:30 a.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036</p>

ACTION ITEMS

a1. Approval of High Cost & Low Income Committee Meeting Minutes of January 27, 2014
a2. (Reserved)
a3. Approval of 3rd Quarter 2014 and Revised 2014 Annual High Cost Support Mechanism Programmatic Budgets
a4. Approval of 3rd Quarter 2014 and Revised 2014 Annual Low Income Support Mechanism Programmatic Budgets
a5. Approval of 3rd Quarter 2014 High Cost Support Mechanism Demand Projection for the May 2, 2014 FCC Filing
a6. Approval of 3rd Quarter 2014 Low Income Support Mechanism Demand Projection for the May 2, 2014 FCC Filing
a7. Action on Eight USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i>
a8. Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – <i>Confidential – Executive Session Recommended</i>
a9. Consideration of Modifications to Contract Award for Third Party Independent Verification Service for the National Lifeline Accountability Database – <i>Confidential – Executive Session Recommended</i>
a10. Miscellaneous. Solicit ideas for the July 2014 Committee meeting agenda.

INFORMATION ITEMS

i1. High Cost Support Mechanism Update
i2. Low Income Support Mechanism Update
i3. National Lifeline Accountability Database Implementation Update – <i>Confidential – Executive Session Recommended</i>
i4. Miscellaneous

Next Scheduled USAC High Cost & Low Income Committee Meeting

<p>Monday, July 28, 2014 9:00 a.m. – 11:30 a.m. Eastern Time USAC Offices, Washington, D.C.</p>
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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, April 28, 2014

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Monday, April 28, 2014. Mr. Joel Lubin, Committee Chair, called the meeting to order at 9:01 a.m. Eastern Time, with eight of the nine Committee members present:

Belden, Richard – Chief Operating Officer and Interim Chief Executive Officer	Jacobs, Ellis
Bergmann, Scott	Jones, Rochelle
Brise´ Ronald	Jortner, Wayne
Gillan, Joseph – Vice Chair – <i>by telephone</i>	Lubin, Joel – Chair

Mr. Geoff Feiss joined the meeting at 9:32 a.m. Eastern Time. He did not participate in the discussion or vote on items a1, a3, a4, a5 and a6.

Other Board members and officers of the corporation present:

Campbell, Anne – Member of the Board
Capozzi, David – General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant
Treasurer
Greiner, Colleen – Vice President and Chief Information Officer
Jimenez, Jose – Member of the Board
Majcher, Karen – Vice President, High Cost & Low Income Division
Noriega, Raquel – Member of the Board
Tritt Schell, Julie – Member of the Board
Scott, Wayne – Vice President of Internal Audit
Talbott, Dr. Brian – Member of the Board
Wein, Olivia – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Betancourt, Laura	USAC
Binder, Robert	USAC
Caruso, Michael	USAC
Delmar, Teleshia	USAC
Dougherty, Michael	USAC
Frappier, Danielle	Davis Wright Tremaine

<u>NAME</u>	<u>COMPANY</u>
Gonzales, Veronica	USAC
Hughes, Jeff	USAC
Hughes, Pam	USAC
Kahn, Sammy	USAC
Lacey, Kimberly	USAC
Lee, Brandon	USAC
Lee, James	USAC
Mitchev, Stephan	USAC
Nuzzo, Patsy	USAC
Schrieber, Johnnay	USAC
Shoemaker, Adam	Davis Wright Tremaine
Spade, Gina – <i>by telephone</i>	FCC
Zang, Larry	USAC
Zhoa, Hang	USAC

ACTION ITEMS

- a1. Approval of High Cost & Low Income Committee Meeting Minutes of January 27, 2014.** On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meeting of January 27, 2014.
- a2. Reserved.**
- a3. Approval of 3rd Quarter 2014 and Revised 2014 Annual High Cost Support Mechanism Programmatic Budgets.** 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 3rd Quarter 2014 programmatic operating budget for the High Cost Support Mechanism of \$2.7 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 May 2, 2014 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a revised annual 2014 programmatic operating budget for the High Cost Support Mechanism of \$9.2 million.

- a4. Approval of 3rd Quarter 2014 and Revised 2014 Annual Low Income Support Mechanism Programmatic Budgets.** 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 3rd Quarter 2014 programmatic operating budget for the Low Income Support Mechanism of \$4.8 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 May 2, 2014 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a revised 2014 annual Low Income Support Mechanism operating budget of \$13.6 million.

- a5. Approval of 3rd Quarter 2014 High Cost Support Mechanism Demand Projection for the May 2, 2014 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 28, 2014, a summary of the 3rd Quarter 2014 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required May 2, 2014 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 3rd Quarter 2014 Low Income Support Mechanism Demand Projection for the May 2, 2014 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 28, 2014, a summary of the 3rd Quarter 2014 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required May 2, 2014 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 Eight 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, with Mr. Lubin abstaining, 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 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 Reports listed in Exhibit I to this issue paper shall be conducted in *Executive Session*.

- a9. Consideration of Modifications to Contract Award for Third Party Independent Verification Service for the National Lifeline Accountability Database.** 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 modification to the third party identification verification services contract award shall be conducted in *Executive Session*.

- a10. Miscellaneous. Solicit Ideas for the July 2014 Committee Agenda.** Mr. Lubin reminded Committee members that they may offer suggestions for agenda items for the July 2014 quarterly meeting by submitting ideas to Mr. Lubin, Mr. Gillan or Ms. Majcher.

INFORMATION ITEMS

- i1. High Cost Support Mechanism Update.** Ms. Majcher presented this item for discussion, noting that:
- On January 10, 2014, the Wireline Competition Bureau (WCB) authorized approximately \$18.7 million in CAF Phase I, Round 2 Incremental Support that will be used to extend broadband-capable infrastructure in 22 states. USAC disbursed the funding to the carriers with their January payments.
 - On February 25, 2014, the FCC completed the Tribal Mobility Fund Phase I Auction. The auction designated a total of five winning bidders. The winning bidders are eligible to receive a total of up to \$49,806,874 in one-time Tribal Mobility Fund Phase I support to provide 3G or better mobile voice and broadband services in 80 areas.
 - In March 2014, USAC staff held webinars on the FCC Form 581, the annual High Cost and Low Income compliance filing, and the FCC Form 690, the new mobility fund reporting form. The FCC Form 581 and the FCC Form 690 webinars had 327 participants and 12 participants representing 94 study areas, respectively.
- i2. Low Income Support Mechanism Update.** Ms. Majcher presented this item for discussion, noting that:
- As of March 27, 2014, USAC completed the migration of all states and territories into NLAD, except for the five opt-out states (Puerto Rico, California, Oregon, Vermont, and Texas).
 - For the 2014 annual Lifeline consumer recertification, 259 study areas selected USAC to perform the annual recertification on the carrier's

behalf. Of the 259 study areas, 131 study areas are selecting USAC for the first time. USAC staff estimates that the 259 study areas represent approximately 370 thousand consumers.

- i3. National Lifeline Accountability Database Implementation 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 *USAC's confidential techniques and procedures* and *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 National Lifeline Accountability Database shall be conducted in *Executive Session*.

At 9:51 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items noted above. The Board then recessed until 10:00 a.m. Eastern Time, at which time it reconvened in *Executive Session*.

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, with Mr. Lubin abstaining, 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 report final.

- a9. Consideration of Modifications to Contract Award for Third Party Independent Verification Service for the National Lifeline Accountability Database.** 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

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authorizes management to increase, subject to any necessary FCC approvals, the contract for TPIV services with LexisNexis, a division of Reed Elsevier, Inc., to a total of \$2,988,000 for one base year, plus four one-year renewal options.

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

At 11:25 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 a9 and discussed item i3 above.

On a motion duly made and seconded, the Committee adjourned at 11:26 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

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

Monday, July 28, 2014 8:30 a.m. – 10:30 a.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036

<u>OPEN SESSION</u>
<i>Action Items</i>
a1. Consent Items (each available for discussion upon request): A. Approval of High Cost & Low Income Committee Meeting Minutes of April 28, 2014 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> C. Routine procurements: Deemed consideration and approval of in <i>Executive Session</i>
a2. Approval of 4th Quarter 2014 and Revised 2014 Annual High Cost Support Mechanism Programmatic Budgets
a3. Approval of 4th Quarter 2014 and Revised 2014 Annual Low Income Support Mechanism Programmatic Budgets
a4. Approval of 4th Quarter 2014 High Cost Support Mechanism Demand Projection for the August 1, 2014 FCC Filing
a5. Approval of 4th Quarter 2014 Low Income Support Mechanism Demand Projection for the August 1, 2014 FCC Filing
a6. Action on Nine USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i>
a7. Miscellaneous
<i>Information Items</i>
i1. High Cost Support Mechanism Update
i2. Low Income Support Mechanism Update
i3. Discussion of HCLI Program Operations Information Dashboard
i4. Miscellaneous. Solicit ideas for October 2014 Committee meeting agenda.
<u>EXECUTIVE SESSION</u>
<i>Action Items</i>
a8. Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report – <i>Confidential – Executive Session Recommended</i>
a9. Consideration of additional Modifications to Contract Award for Third Party Independent Verification Services for National Lifeline Accountability Database – <i>Confidential – Executive Session Recommended</i>
<i>Information Items</i>
i5. National Lifeline Accountability Database Implementation Update – <i>Confidential – Executive Session Recommended</i>

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Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, October 27, 2014
10:00 a.m. – 12:00 p.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, July 28, 2014

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Monday, July 28, 2014. Mr. Joel Lubin, Committee Chair, called the meeting to order at 8:30 a.m. Eastern Time, with eight of the nine Committee members present:

Belden, Richard – Chief Operating Officer and Interim Chief Executive Officer	Jacobs, Ellis – <i>by telephone</i>
Brise´ Ronald	Jortner, Wayne
Feiss, Geoff	Jones, Rochelle
Gillan, Joseph – Vice Chair	Lubin, Joel – Chair

Members of the Committee not present:

Bergmann, Scott

Other Board members and officers of the corporation present:

Campbell, Anne – Member of the Board
Capozzi, David – 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
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
Talbott, Dr. Brian – Member of the Board
Tritt Schell, Julie – Member of the Board
Wein, Olivia – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
Braxton, Kianna	USAC
Carpenter, Nikki-Blair	USAC
Crowe, Jennifer	USAC
Davis, Craig	USAC

<u>NAME</u>	<u>COMPANY</u>
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Dougherty, Michael	USAC
Rasmussen, Mary	USAC
Gonzales, Veronica	USAC
Hill, Bill	FCC
Hughet, Pam	USAC
Lee, Brandon	USAC
Lee, James	USAC
Nuzzo, Patsy	USAC
Schrieber, Johnnay	USAC
Skadin, Andy	FCC
Trew, Anne Marie	USAC

OPEN SESSION

Action Items

a1. Consent Items.

- A. Approval of Committee meeting minutes of April 28, 2014.
- B. Approval of moving into *Executive Session* agenda items:
 - (1) a8 – Action on one USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report. USAC management recommends this item 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.
 - (2) a9 – Consideration of modifications to the contract for Third Party Independent Verification Services for the National Lifeline Accountability Database. USAC management recommends that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.
 - (3) i5 – National Lifeline Accountability Database Implementation Update. USAC management recommends that discussion of this item be conducted in *Executive Session* because this report relates to *USAC's confidential techniques and procedures* and *pre-decisional matters pending before the FCC*.

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 hereby approves the Committee meeting minutes of April 28, 2014; and discussion in *Executive Session* of one Low Income Support Mechanism Beneficiary audit report, consideration of modifications to the contract for Third Party Independent Verification Services for the National Lifeline Accountability Database, and the National Lifeline Accountability Database implementation update.

- a2. Approval of 4th Quarter 2014 and Revised 2014 Annual High Cost Support Mechanism Programmatic Budgets.** Mr. Case presented this item for consideration.

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 2014 programmatic operating budget for the High Cost Support Mechanism of \$2.8 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.8 million for High Cost Support Mechanism administrative costs in the required August 1, 2014 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a revised annual 2014 programmatic operating budget for the High Cost Support Mechanism of \$7.6 million.

- a3. Approval of 4th Quarter 2014 and Revised 2014 Annual Low Income Support Mechanism Programmatic Budgets.** Mr. Case presented this item for consideration.

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 2014 programmatic operating budget for the Low Income Support Mechanism of \$2.7 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.5 million for Low Income Support Mechanism administrative costs in the required August 1, 2014 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a revised annual 2014 Low Income Support Mechanism operating budget of \$11.8 million.

- a4. Approval of 4th Quarter 2014 High Cost Support Mechanism Demand Projection for the August 1, 2014 FCC Filing.** Ms. Majcher presented this item for consideration.

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 28, 2014, a summary of the 4th Quarter 2014 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required August 1, 2014 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 4th Quarter 2014 Low Income Support Mechanism Demand Projection for the August 1, 2014 FCC Filing.** Ms. Majcher presented this item for consideration.

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 August 1, 2014, a summary of the 4th Quarter 2014 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required August 1, 2014 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 Nine USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Pam Hughet, Manager of Internal Audit, presented this item for consideration.

On a motion duly made and seconded and after discussion, with Mr. Lubin abstaining, 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.

Information Items

- i1. High Cost Support Mechanism Update.** Ms. Majcher presented this item for discussion, noting that:
- On June 10, 2014, the FCC released a Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking (FNPRM) on the Connect America Fund program (FCC 14-54). The FCC adopted rules to award support in price cap areas where the price cap carrier declines the offer of model-based support, and addressed provider eligibility for support through the competitive bidding process and the Remote Areas Fund.
 - On May 2, 2014, the Wireline Competition Bureau sent a letter directive to USAC providing guidance on USAC's outstanding policy questions related to the High Cost Support Mechanisms (DA 14-611). The FCC's guidance addressed documentation retention requirements and treatment of income taxes attributable to S corporations for High Cost support.
 - On April 22, 2014, the FCC released a Report and Order that finalized decisions regarding the engineering assumptions contained in the Connect America Cost Model (CAM) and adopted inputs necessary for the model to calculate the cost of serving census blocks in price cap areas (DA 14-534).
- i2. Low Income Support Mechanism Update.** Ms. Majcher presented this item for discussion, noting that:
- By March 27, 51 states and territories, except for the five opt-out states (Puerto Rico, California, Oregon, Vermont, and Texas) started using NLAD on a production or business operations basis. More information will be provided in Executive Session under agenda item *iHCLI03cf 072814 – National Lifeline Accountability Database Implementation Update*.
 - For the 2014 annual Lifeline consumer recertification, 254 study areas selected USAC to perform the annual recertification on the carrier's behalf. Of the 254 study areas, 127 study areas are selecting USAC for the first time. USAC estimates that the 254 study areas represent approximately 370,000 subscribers.

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

- As of June 30, 2014, USAC had disbursed \$1.4 million to eligible ETCs participating in the Lifeline Broadband Pilot Program. To-date USAC has only disbursed 10.3 percent of available program funds. Enrollment has dropped 28 percent from its peak as the Pilot Program winds down.
- USAC conducted webinars to inform carriers about the NLAD duplicate subscriber resolution process. The webinars have been widely attended by over 400 participants.

i3. Discussion of HCLI Program Operations Information Dashboard. Ms. Majcher presented this item for discussion.

At 9:48 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of considering and discussing the confidential items noted above.

EXECUTIVE SESSION

Action Items

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

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 LI2013BE028 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

a9. Consideration of additional Modifications to the Contract Award for Third Party Independent Verification Services for the National Lifeline Accountability Database. Mr. Case presented this item for consideration.

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

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

RESOLVED, that the USAC High Cost Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management to increase, subject to any necessary FCC approvals, the contract for TPIV services with LexisNexis, a division of Reed Elsevier, Inc., to a total of \$5,092,000 for one base year, plus four one-year renewal options.

Information Items

i5. National Lifeline Accountability Database Implementation Update. Ms. Majcher presented this item for discussion.

At 10:31 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 a9 and discussed item i5 above.

On a motion duly made and seconded, the Committee adjourned at 10:32 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

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

**Tuesday, September 30, 2014
4:30 p.m. – 5:00 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 Lifeline Recertification Call Center Services –
Confidential & Proprietary – *Executive Session Recommended***
- a2. Consideration of Additional Modifications to Contract Award for National Lifeline
Accountability Database Help Desk Services – Confidential & Proprietary –
*Executive Session Recommended***

Next Scheduled USAC High Cost & Low Income Committee Meeting

**Monday, October 27, 2014
10:30 a.m. – 12:30 p.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, September 30, 2014

MINUTES

A meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Tuesday, September 30, 2014. Mr. Joel Lubin, Committee Chair, called the meeting to order at 4:31 p.m. Eastern Time, with eight of the nine Committee members present:

Bergmann, Scott	Jacobs, Ellis
Brise´ Ronald	Jones, Rochelle
Feiss, Geoff	Jortner, Wayne
Henderson, Chris – Chief Executive Officer	Lubin, Joel – Chair

Members of the Committee not present:

Gillan, Joseph – Vice Chair

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Majcher, Karen – Vice President, High Cost & Low Income Division

Others present for the meeting:

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

ACTION ITEMS:

- a1. **Consideration of Contract Award for Lifeline Recertification Call Center 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*.

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

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 this procurement matter shall be conducted in *Executive Session*.

- a2. Consideration of Additional Modifications to Contract Award for National Lifeline Accountability Database Help Desk 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 this procurement matter shall be conducted in *Executive Session*.

At 4:33 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items noted above.

EXECUTIVE SESSION

- a1. Consideration of Contract Award for Lifeline Recertification Call Center Services.** Mr. Belden presented this item for consideration.

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, consistent with any necessary FCC approvals, to procure the Lifeline Program recertification call center services from Solix for a not to exceed price of \$3,700,000 inclusive of a base year, plus three one-year renewal options.

- a2. Consideration of Additional Modifications to Contract Award for National Lifeline Accountability Database Help Desk Services.** Mr. Case presented this item for discussion.

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

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management to increase, subject to any necessary FCC approvals, the contract value for customer service help desk services with ICF International, LLC to a total of \$1,241,705 for one base year, plus four one-year renewal options.

At 5:05 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 took action on items a1 and a2 above.

On a motion duly made and seconded, the Committee adjourned at 5:06 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

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

Monday, October 27, 2014 10:15 a.m. – 1:30 p.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036
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<u>OPEN SESSION</u>
<i>Action Items</i>
a1. Consent Items (each available for discussion upon request): A. Approval of High Cost & Low Income Committee Meeting Minutes of July 28, 2014 and September 30, 2014. B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> . C. Routine procurements: Deemed consideration and approval of in <i>Executive Session</i> .
a2. Approval of 1st Quarter 2015 High Cost Support Mechanism Programmatic Budget and Information on the Estimated 2015 Annual Budget
a3. Approval of 1st Quarter 2015 Low Income Support Mechanism Programmatic Budget and Information on the Estimated 2015 Annual Budget
a4. Approval of 1st Quarter 2015 High Cost Support Mechanism Demand Projection for the October 31, 2014 FCC Filing
a5. Approval of 1st Quarter 2015 Low Income Support Mechanism Demand Projection for the October 31, 2014 FCC Filing
a6. Action on 12 USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i>
a7. Miscellaneous
<i>Information Items</i>
i1. High Cost Support Mechanism Update
i2. Low Income Support Mechanism Update
i3. Discussion of High Cost and Low Income Program Operations Information Dashboard
i4. Miscellaneous. Solicit ideas for January 2015 Committee meeting agenda.

<u>EXECUTIVE SESSION</u>
<i>Information Items</i>
i5. National Lifeline Accountability Database Implementation Update – <i>Confidential – Executive Session Recommended</i>

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

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, January 26, 2015
10:00 a.m. – 12:00 p.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, October 27, 2014

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Monday, October 27, 2014. Mr. Joel Lubin, Committee Chair, called the meeting to order at 10:23 a.m. Eastern Time, with all nine Committee members present:

Bergmann, Scott	Jacobs, Ellis – <i>by telephone</i>
Brise´ Ronald	Jones, Rochelle
Feiss, Geoff	Jortner, Wayne
Gillan, Joseph – Vice Chair	Lubin, Joel – Chair
Henderson, Chris – CEO	

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer and Interim Chief Executive Officer
Campbell, Anne – Member of the Board
Capozzi, David – 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
Jimenez, Jose – Member of the Board
Majcher, Karen – Vice President, High Cost & Low Income Division
Noriega, Raquel – Member of the Board
Scott, Wayne – Vice President of Internal Audit
Talbot, Dr. Brian – Member of the Board
Tritt Schell, Julie – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
Braxton-Johnson, Kianna	USAC
Crowe, Jennifer	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Dougherty, Michael	USAC
Gonzales, Veronica	USAC
Hughet, Pam	USAC
Hutchinson, Kyle	USAC
Khan, Sammy	USAC
King, Sola	USAC
Lee, James	USAC

<u>NAME</u>	<u>COMPANY</u>
Lougheed, Matthew	USAC
Morning, Kim	USAC
Nuzzo, Patsy	USAC
Rasmussen, Mary	USAC
Schrieber, Johnnay	USAC
Shoemaker, Adam	Davis, Wright, Tremaine
Siekierka, Tim	FCC
Trew, Anne Marie	USAC
Wheeler, Chairman Tom	FCC
Wilkins, Jon	FCC

OPEN SESSION

Action Items

a1. Consent Items.

- A. Approval of Committee meeting minutes of July 28, 2014 and September 30, 2014.
- B. Approval of moving into *Executive Session* agenda item:
 - (1) i5 – National Lifeline Accountability Database Implementation Update. USAC management recommended that discussion of this item be conducted in *Executive Session* because this report relates to *USAC's confidential techniques and procedures* and *pre-decisional matters pending before the FCC*.

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 hereby approves the Committee meeting minutes of July 28, 2014 and September 30, 2014, and discussion of the National Lifeline Accountability Database implementation update in *Executive Session*.

a2. Approval of 1st Quarter 2015 High Cost Support Mechanism Programmatic Budget and Information on the Estimated 2015 Annual Budget. Mr. Case presented this item for consideration.

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 2015 programmatic operating budget for the High Cost Support Mechanism of \$3.4 million; and

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

requirement of \$3.4 million for High Cost Support Mechanism administrative costs in the required October 31, 2014 filing to the FCC on behalf of the Committee.

- a3. Approval of 1st Quarter 2015 Low Income Support Mechanism Programmatic Budget and Information on the Estimated 2015 Annual Budget.** Mr. Case presented this item for consideration.

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 2015 programmatic operating budget for the Low Income Support Mechanism of \$1.8 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.8 million for Low Income Support Mechanism administrative costs in the required October 31, 2014 filing to the FCC on behalf of the Committee.

- a4. Approval of 1st Quarter 2015 High Cost Support Mechanism Demand Projection for the October 31, 2014 FCC Filing.** Ms. Majcher presented this item for consideration.

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 27, 2014, a summary of the 1st Quarter 2015 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required October 31, 2014 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 2015 Low Income Support Mechanism Demand Projection for the October 31, 2014 FCC Filing.** Ms. Majcher presented this item for consideration.

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 27, 2014, a summary of the 1st Quarter 2015 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required October 31, 2014 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 12 USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Pam Hughet, Manager of Internal Audit, presented this item for consideration.

On a motion duly made and seconded and after discussion, with Mr. Lubin abstaining, 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 briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

Information Items

- i1. High Cost Support Mechanism Update.** Ms. Majcher presented this item for discussion, noting that:

- On July 22, 2014, the United States Government Accountability Office (GAO) released a report (GAO-14-587) on the High Cost Program titled "FCC Should Improve the Accountability and Transparency of the High-Cost Program Funding." GAO was requested by Congress to provide information on the FCC's reform efforts for the High Cost Program.
- On July 14, 2014, the FCC released Order FCC 14-98 establishing a \$100 million budget and a methodology for selecting winning applications for the Connect America rural broadband experiments. The experiments will be divided into three groups: (i) \$75 million to test construction of networks offering service plans providing 25 Mbps downloads and 5 Mbps uploads for the same or lower amounts of support than will be offered to carriers in CAF Phase II; (ii) \$15 million to test interest in delivering service at 10/1 speeds in high cost areas; and (iii) \$10 million for 10/1 service in areas that are extremely costly to serve. Final applications for the experiments were due September 5, with selections expected by the end of 2014.
- On August 7, 2014, the FCC released Order FCC 14-121 granting in part, subject to certain conditions, Petitions for Waiver of certain Intercarrier Compensation (ICC) recovery rules filed that would allow listed ILECs to include in their 2011 ICC Base Period Revenue (BPR) amounts reflecting intrastate access service provided to Halo during 2011 and billed to, but not collected, from Halo. Based upon a showing of good cause, the

carriers are permitted to include compensation that was terminated in 2011 in their recovery calculations.

- On August 11, 2014, the FCC released Order DA 14-1145 denying a request by Aventure Communication Technology LLC (Aventure) for review of USAC's decision to recover \$6,454,952 in High Cost Program support. The FCC agreed with USAC's decision that the lines in question were not eligible for support under Section 54.307 of the Commission's rules.
- The FCC Form 481 collects financial and operational data from High Cost Program support recipients in accordance with 47 C.F.R. § 54.313 and from Lifeline recipients in accordance with 47 C.F.R. § 54.422. ETCs are required to submit the form by July 1 to USAC, the FCC, state commissions, tribal authorities and other relevant authorities. A total of 2,396 forms have been certified online by both High Cost Program and Lifeline beneficiaries. Excluding Lifeline only beneficiaries, a total of 1,763 forms have been certified of which 320 were competitive eligible telecommunications carrier (CETC) filings, 329 were price cap carrier filings, and 1,114 were rate-of-return filings. Only six High Cost Program beneficiaries did not submit the filing by the due date.

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

- NLAD continues to serve as a tool to help prevent carriers from claiming duplicate Lifeline support for the same subscriber whether within the same carrier or between carrier. More information will be provided in *Executive Session* under agenda item *iHCLI03cf 102714 – National Lifeline Accountability Database Implementation Update*.
- On August 25, 2014, the FCC Wireline Competition Bureau (WCB) issued Public Notice (PN) DA 14-1234 announcing the process for eligible telecommunications carriers (ETCs) to use to resolve inter-company household duplicates identified during the NLAD subscriber migration process.
- For the 2014 annual Lifeline consumer recertification, 254 study areas selected USAC to perform the annual recertification on the carrier's behalf. Of the 254 study areas, 127 study areas are selecting USAC for the first time. USAC staff estimates that the 254 study areas represent approximately 370,000 subscribers.
- As of August 30, 2014, USAC had disbursed \$1.6 million to eligible ETCs participating in the Lifeline Broadband Pilot Program. To-date USAC has disbursed 11.5 percent of available program funds. Enrollment has dropped 28 percent from its peak as the Pilot Program winds down.

i3. Discussion of HCLI Program Operations Information Dashboard. Mr. Brise' introduced this item for discussion.

i4. Miscellaneous. Solicit ideas for January 2015 Committee meeting agenda.

At 12:09 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential item noted above. The Committee then recessed until 12:40 p.m. Eastern Time, at which time it reconvened in *Executive Session*.

EXECUTIVE SESSION

FCC Chairman Wheeler and Managing Director Jon Wilkins joined the Committee for a discussion immediately after it reconvened. The discussion was held as part of the *Executive Session* to enable the Committee to discuss pre-decisional matters pending before the FCC. Following completion of this discussion, the Committee continued with discussion of its regular agenda items.

i5. National Lifeline Accountability Database Implementation Update. This report was provided for informational purposes. No discussion was held.

At 1:40 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 met with Chairman Wheeler and Jon Wilkins.

On a motion duly made and seconded, the Committee adjourned at 1:45 p.m. Eastern Time.

/s/ David A. Capozzi
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**

**Monday, December 8, 2014
4:30 p.m. – 5:00 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 Mobility Fund Disbursement Request
Verification Services – Confidential & Proprietary – Executive Session
*Recommended***

Next Scheduled USAC High Cost & Low Income Committee Meeting

**Monday, January 26, 2015
10:00 a.m. – 12:00 p.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
Thursday, December 8, 2014

MINUTES

A meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Thursday, December 8, 2014. Mr. Joel Lubin, Committee Chair, called the meeting to order at 4:33 p.m. Eastern Time, with seven of the nine Committee members present:

Bergmann, Scott – <i>by telephone</i>	Jones, Rochelle – <i>by telephone</i>
Brise´ Ronald – <i>by telephone</i>	Jortner, Wayne – <i>by telephone</i>
Henderson, Chris – Chief Executive Officer	Lubin, Joel – Chair – <i>by telephone</i>
Jacobs, Ellis – <i>by telephone</i>	

Members of the Committee not present:

Feiss, Geoff
Gillan, Joseph – Vice Chair

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Majcher, Karen – Vice President, High Cost & Low Income Division

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Khan, Sammy	USAC
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. **Consideration of Contract Award for Mobility Fund Disbursement Request 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*.

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

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 this procurement matter shall be conducted in *Executive Session*.

At 4:35 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items noted above.

EXECUTIVE SESSION

- a1. Consideration of Contract Award for Mobility Fund Disbursement Request Verification Services.** Mr. Belden presented this item for consideration.

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, consistent with any necessary FCC approvals, to procure Connect America Fund Program Mobility Fund disbursement request verification services from Connected Nation for a not-to-exceed price of \$1,461,553 inclusive of a base year, plus two one-year renewal options.

At 4:59 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 took action on item a1 above.

On a motion duly made and seconded, the Committee adjourned at 4:59 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary