

UNIVERSAL SERVICE
MONITORING REPORT
CC DOCKET NO. 98-202

2012

(Data Received Through October 2012)

Prepared by Federal and State Staff for the

Federal-State Joint Board on Universal Service in

CC Docket No. 96-45

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Universal Service Monitoring Report

CC Docket No. 98-202

2012

Introduction and Summary

This is the fifteenth report in a series of reports prepared by federal and state staff members for the Federal-State Joint Board on Universal Service in CC Docket No. 96-45 (Universal Service Joint Board).¹ This report is based on information available to us as of October 2012. These reports contain information designed to monitor the impact of various universal service support mechanisms, and the methods used to finance them. These reports are part of a monitoring program created by the Federal Communications Commission in 1997 to replace a similar program in CC Docket No. 87-339 that resulted in a series of nineteen *Monitoring Reports*.² To enhance our monitoring ability, we have created an open docket,³ which allows data, materials, comments, and studies to be submitted by any interested party at any time.

The monitoring program has proven to be valuable, not only as a report on the effects of the Commission's regulatory policies, but also as a complete census of all incumbent local exchange carriers (ILECs). For completeness, the *Monitoring Report* incorporates data from several sources, including the National Exchange Carrier Association (NECA) and Universal Service Administrative Company (USAC). USAC collects information from all eligible local exchange carriers (including competitive eligible telecommunications carriers, or CETCs) to administer the universal service support mechanisms. NECA, at the direction of the Commission, collects information in order to administer the access charge pools and also provides information to USAC that is utilized in administering the Universal Service Fund. The *Monitoring Report*, therefore, is the most comprehensive presentation of data on incumbent local exchange carriers, including data on such matters as the number of telephone lines, calling volumes, and certain types of costs.

This report presents data for the five subject categories selected for monitoring. The first section provides information on the contributions to the universal service support mechanisms and industry revenues, on which those contributions are based. The next section provides information on the various support mechanisms: low-income support; high-cost support; schools and libraries support; and rural health care support. The remaining three sections provide information on matters that might be affected by the support mechanisms: subscribership and penetration; price indices and access charge rates; and network usage and growth. The *Monitoring Report* is published once a year.

The following is the organization of this report: Section 1 provides an update on industry revenues and the universal service program requirements and contribution factors. Section 2 includes the latest data on the low-income, high-cost, schools and libraries, and rural health care support mechanisms. Section 3 includes the most recent Census data on subscribership from the Current Population Survey and the American Community Survey. It also includes data on telephone penetration by income by state and a discussion of the impact of Lifeline programs on penetration. Section 4 includes updated Consumer Price

1 The last report was released in December 2011. *Universal Service Monitoring Report*, CC Docket No. 98-202, 2011 (Data Received Through October 2011), prepared by the Federal and State Staff for the Federal-State Joint Board on Universal Service in CC Docket No. 96-45.

2 *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 9218, para. 869 (1997) (*Universal Service First Report and Order*). See 47 C.F.R. § 54.702(i).

3 CC Docket No. 98-202.

Index data and updated interstate access rate information. Section 5 includes the latest NECA data on interstate access minutes.

This entire report is available electronically in page image (.pdf) format through the Wireline Competition Bureau Statistical Reports Internet site, located at www.fcc.gov/wcb/iatd/monitor.html. The tables of the report are available separately as spreadsheet files in a single compressed (.zip) format file at this site also. In addition, information received well in advance of the next *Monitoring Report* will be made available on an interim basis in separate staff reports or in raw data files (such as most NECA filings used in the *Monitoring Report*) on the Wireline Competition Bureau Statistical Reports Internet site.

Supplementary material is available in a single compressed (.zip) format file at www.fcc.gov/wcb/iatd/monitor.html. The supplementary material includes tables too extensive to be practical for a printed report as well as descriptions of the universal service programs. A table listing the files available when this file is unzipped is provided at the end of this introduction. Additional data on Universal Service Fund contributions and support can be found in the Federal Communications Commission Response to United States House of Representatives Committee on Energy and Commerce Universal Service Fund Data Request of July 9, 2012 which is available at www.fcc.gov/wcb/iatd/other.html.

Several changes have been made to this year's report relative to the 2011 report. The following tables from the 2011 report do not appear in the 2012 report:

- Tables 1.3 and 1.8 on annual revenues by type of service provider were removed from the report because the current self-classification by filers according to provider type may yield inconsistent and therefore unreliable data.
- Tables 1.5 through 1.7 on annual revenues were removed from the report and made available on the website. These tables were considered too lengthy and of excessive detail for a printed report; however, since the data reported are informative, they were placed on the website to be available to those interested.
- Tables 3.8 (Comparison of Penetration Rates by Level of Lifeline Assistance) and 3.9 (Comparison of Penetration Rates and Level of Lifeline Assistance for States) were not included because the Commission implemented a flat rate Lifeline amount in 2012.
- Tables 4.4 through 4.7 on interstate access charges were not included because data for the tables were unavailable as a result of changes to access charges in the *USF/ICC Transformation Order*.

For ease of public reference, parties submitting materials for this docket should provide a duplicate copy to the FCC's Reference Information Center,⁴ where copies of all materials filed in the docket are available for public reference.

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2012 Monitoring Report Supplementary Material

This list provides the names of files provided in the 2012 Monitoring Report Supplementary Material zip file available at www.fcc.gov/wcb/iatd/monitor.html. Underlined names are folders containing those files after unzipping the file.

<u>Low Income</u>	LI Support - by State LI Support - by Study Area LI Subscribers and Beneficiaries - by State LI Adjustments - by Study Area
<u>High Cost</u>	<u>Claims</u> HC Claims - by State HC Claims - by Study Area HC ILEC Claims per Line - by State HC ILEC Claims per Line - by Study Area <u>Disbursements</u> HC Disbursements - by State HC Disbursements - by Study Area HC ILEC Disbursements per Line - by State HC ILEC Disbursements per Line - by Study Area <u>NECA Support Data</u> HC NECA ILEC Support Data - by State HC NECA ILEC Support Data - by Study Area
<u>Schools and Libraries</u>	SL Commitments and Disbursements - by Service Type and State SL Disbursements - by Service Provider Type SL Commitments and Disbursements per Student - by State
<u>Rural Health Care</u>	RHC Disbursements - by Speed and State RHC Disbursements per Person - by State RHC Pilot Commitments and Disbursements - by Speed and State
<u>End-User Revenue by State</u>	Estimating End-User Revenue by State - 2010 Technical Appendix Estimating End-User Revenue by State - 2010 Tables
<u>Program Descriptions</u>	Program Description - High Cost Support Program Description - Low Income Support Program Description - Rural Health Care Support Program Description - Schools and Libraries Support
<u>Other</u>	Changes in Local Exchange Carriers ILEC Interstate Switched Access Minutes of Use - by Study Area NECA Pool Results Revenue Details - 2010

1. Industry Revenues and Contributions

This section provides a general overview of the revenues of the U.S. telecommunications industry and the contributions to the universal service support mechanisms that are based on these revenues. The first part discusses telecommunication revenues based on data filed in FCC Form 499 to the Universal Service Administrative Company (USAC). The second part discusses contributions and provides an overview of disbursements.

Revenue Information

Most of the data for 2010 are from filings of annual Telecommunications Reporting Worksheets (FCC Form 499-A) made with USAC, the data collection agent for the FCC, on April 1, 2011.^{1,2} Revenue data collected on these worksheets are used to administer contributions to the Universal Service Fund (USF), Interstate Telecommunications Relay Service (TRS), North American Numbering Plan (NANP), and local number portability (LNP) programs. Filer revenues also are used to calculate FCC Interstate Telecommunications Service Provider (ITSP) regulatory fees. Data presented for 2011 and 2012 are from FCC Form 499-Q quarterly filings.

The Commission has established several universal service mechanisms, governed by section 254 of the Telecommunications Act of 1996, which help ensure that all Americans have access to affordable telecommunications service. In section 254(d) of the Telecommunications Act of 1996,³ Congress mandated that “[e]very telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service.”⁴ The Commission implemented this mandate in the 1997 *Universal Service First Report and Order*.⁵ The Commission subsequently designated USAC as the universal service fund (USF) administrator. Telecommunications providers currently file FCC Form 499-A (due on April 1 of each year for the previous calendar year revenues) and FCC Form 499-Q (due one month after the close of each calendar quarter).

1 Much of the information filed on FCC Form 499-A is proprietary. Publicly available information on individual providers is available at Consumer and Governmental Affairs Bureau, Federal Communications Commission, Telecommunications Reporting Worksheet 499-A Search Form at <http://fjallfoss.fcc.gov/cgb/form499/499a.cfm>.

2 Telecommunications providers filed worksheets containing calendar year 2011 revenue data on April 1, 2012. The worksheets are filed with USAC, which extensively reviews and validates data. Telecommunications providers routinely make revised filings. As a result, the data are not considered reliable enough for publication for several months after the initial filing date. Therefore, the 2011 filings were not available for use in this report, and 2011 and 2012 data were based on the more abbreviated and less reliable FCC Form 499-Q quarterly filings. April 2011 FCC Form 499-A filings containing 2010 revenues were used to compile the 2010 data. Compilation was based on a database prepared by USAC as of February 29, 2012. Therefore, revised or new 2011 FCC Form 499-A filings that were received after February 29, 2012, are not reflected herein.

3 Pub. L. No. 104-104, 110 Stat. 56 *codified* at 47 U.S.C. §§ 151 *et seq.*

4 47 U.S.C. § 254(d).

5 *See Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776 (1997) (subsequent history omitted) (*Universal Service First Report and Order*).

Virtually all providers of telecommunications must file FCC Form 499-A each year.⁶ On June 21, 2006, the Commission ruled that providers of interconnected Voice over Internet Protocol (VoIP) service also must file FCC Form 499-A.⁷ These filers first provided whole year revenue information in the April 2008 FCC Form 499-A filings.

Form 499-A instructs filers to report amounts actually billed to customers. This means that filers are required to report revenues net of discounts, but without making adjustments to reflect uncollectible revenues or international settlement payments and receipts. Most filers are able to report revenues in this manner using information contained in their corporate books of account. Some service providers, however, have no business or regulatory requirements to record intrastate or international revenues separately from interstate revenues or to use the detailed revenue categories contained in the worksheets. These providers, such as mobile wireless and interconnected VoIP providers, may use the interim safe harbor percentages to estimate the interstate portion of their revenues.⁸

Table 1.1 shows the major components of telecommunications revenues for 2000 through 2011. This table was created by aggregating revenue by major service classifications, such as local, mobile, and toll; intrastate and interstate/international; and wholesale (also referred to as “carrier’s carrier”) and retail (also referred to as “end user”).

6 There are certain exceptions. Providers that offer telecommunications for a fee exclusively on a non-common carrier basis are not required to file if their total annual contribution to universal service would be less than \$10,000. Government entities that purchase telecommunications services in bulk on their own behalf, public safety and local government entities licensed under Subpart B of Part 90 of the Commission’s rules, and entities providing interstate telecommunications exclusively to government or public safety entities are not required to file. In addition, broadcasters, non-profit schools, non-profit libraries, non-profit colleges, non-profit universities, and non-profit health care providers are not required to file. Finally, systems integrators that derive less than 5% of their systems integration revenues from the resale of telecommunications and entities that provide services only to themselves or to commonly owned affiliates need not file. However, services provided to exempt entities may be subject to contribution requirements, and therefore exempt entities may be required to pay USF pass through charges to their underlying service providers.

7 See *Universal Service Contribution Methodology; Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth-in-Billing and Billing Format*, WC Docket No. 06-122, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Report and Order and Notice of Proposed Rulemaking and Report and Order, 21 FCC Rcd 7518 (2006) (*2006 Contribution Methodology Reform Order*).

8 See *Instructions to the Telecommunications Reporting Worksheet, FCC Form 499-A Section III.C.3.*, available at www.fcc.gov/Forms/Form499-A/499a-2011.pdf. In 2001 and 2002, the interim safe harbor for mobile wireless carriers was 15%. In December 2002, the Commission raised the mobile wireless interim safe harbor to 28.5%. Mobile wireless carriers began reporting revenues based on the higher interim safe harbor percent on the FCC Form 499-Q due on February 1, 2003, and began contributing on this basis in April 2003. In the *2006 Contribution Methodology Reform Order*, the Commission raised the mobile wireless interim safe harbor to 37.1%. Mobile wireless carriers began reporting revenues based on this higher interim safe harbor percent in the FCC Form 499-Q due on August 1, 2006. The safe harbor for interconnected VoIP providers is 64.9%.

Table 1.2 provides a look at detailed industry revenues for 2000 to 2010 and categorizes revenues by type of service and shows, for example, that providers reported \$111.6 billion in mobile service revenues for 2010.⁹ Table 1.3 separates the 2010 numbers from Table 1.2 into two categories: the top five affiliated entities (combined) based on all revenues reported, and all other companies (combined).¹⁰ In the case of mobile service revenues, for example, the \$111.6 billion total for all companies is broken down to \$96.1 billion revenue for the top five and \$15.6 billion for everyone else. Thus, breaking up the data illustrates that a few companies contribute most of the revenues in the USF.

Table 1.4 looks at how much retail revenue comes from each region of the country, as well as the concentration of revenue among the five largest companies by region. These data are derived from Form 499-A data on how much of each filer's revenue comes from each state and dividing revenues from each state into revenues by the top five affiliated entities and revenues by other filers.

Table 1.5 illustrates how data from the Form 499-A are used to develop a funding base for the USF, TRS, and NANPA and LNP.¹¹ As noted above, providers are considered *de minimis* for USF purposes if their annual contribution is expected to be less than \$10,000.

Table 1.6 provides interstate and international retail revenue over time, from 2009 to the first two quarters of 2012. Data for 2009 and 2010 came from Form 499-A, and data for 2011 and 2012 came from Form 499-Q. These data are also broken up into revenues from top five affiliated entities and other filers. Since the USF contribution base is calculated based on interstate and international retail revenues, this table gives an idea of how the base has changed over time and how much of the money comes from the largest companies versus other telecommunications companies.

Table 1.7 presents data from quarterly filings of Form 499-Q for 2010 to 2012. It shows both projections of interstate and international retail revenue and the historical data later collected. Note that international-to-international revenues are included with non-telecommunications revenues rather than with end user revenues on the quarterly form.¹²

We estimate state-level end-user telecommunication revenues using information from several sources, including FCC Form 477, tariff access filings with the FCC and National Exchange Carrier Association (NECA) minutes of use data.¹³ Estimates of interstate end-user revenues by state are reported in Table 1.8.

9 Each year, many filers erroneously report substantial amounts of switched toll revenues as other long distance revenues. The data are examined and some revenues are reclassified based on staff research. Even so, the other long distance category of Table 1.2 may contain some switched toll revenues, perhaps significant amounts in some years.

10 In 2010, the top five affiliated entities were, in alphabetical order, AT&T Inc., Deutsche Telekom AG, Qwest Services Corp., Sprint Nextel Corporation, and Verizon Communications, Inc.

11 See *Telecommunications Industry Revenues (May 2011)*, available at www.fcc.gov/wcb/iatd/lec.html for a comparison with the funding bases used for the TRS, NANPA, and LNPA support mechanisms.

12 Filers record international-to-international revenues for calls that they receive outside the United States and that they carry to points outside the United States where the filer is operating as a U.S. carrier.

13 For a discussion of the methodology used to estimate revenues by state, see the Technical Appendix at

As noted above, the universal service rules prohibit the USF administrator from releasing company-specific information contained in Form 499-A and Form 499-Q worksheets.¹⁴ Detailed industry subtotals by type of service and type of business are posted at www.fcc.gov/wcb/iatd/monitor.html. Roll-up statistics are presented for the five affiliated entities with the most end-user telecommunications and all the remaining filers.

Program Requirements and Contribution Factors

Contributors make payments into the USF based on their interstate and international end user telecommunications revenues. Contributors report their revenue data to USAC, which collects the data and reports them to the Commission. The Commission reviews program requirements and the revenue data, and determines the appropriate contribution factor. The Commission's Office of Managing Director releases a public notice stating the proposed contribution factor for the upcoming quarter. If, after 14 days, the Commission takes no action regarding the proposed contribution factor, the factor becomes final.¹⁵

In February 2002, the Commission issued an order that, in part, eliminated from the contribution base charges identified on customers' bills as amounts recovering contributions to the universal service support mechanisms, i.e., USF pass through surcharges. This change was intended to prevent double assessment of the pass through surcharges, a situation known as "circularity."¹⁶

Prior to these changes, providers filed historic revenue information each quarter, including revenue derived from pass through surcharges, and the Commission would use these revenue totals along with total estimated program requirements to calculate the contribution factor.¹⁷ In anticipation of this double assessment, providers would frequently inflate their reported USF pass through surcharges (reported on Line 403) above the contribution factor.

The elimination of circularity was implemented in the third quarter of 2002. It reduced each provider's contribution base by the amount that the provider paid into USF during the prior quarter. The line item "Circularity Adjustment" in Table 1.9 accounts for this change. This eliminated circularity as a reason for providers to inflate pass through charges.

In December 2002, the Commission adopted an order that changed the basis for contribution assessments from historic gross-billed revenues to projected collected revenues.¹⁸ This change also addressed

www.fcc.gov/wcb/iatd/monitor.html.

14 47 C.F.R. §54.711(b).

15 47 C.F.R. §54.709(a)(3).

16 *See Federal-State Joint Board on Universal Service, et al*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Further Notice of Proposed Rulemaking and Report and Order, 17 FCC Rcd 3752 (2002).

17 The Commission reduces the revenue estimates by 1% to account for uncollectibles.

18 *See Federal-State Joint Board on Universal Service, et al*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Report and Order and Second Further Notice of Proposed Rulemaking, 17 FCC Rcd 24952 (2002).

the reason given by service providers with declining revenue for marking up their USF pass through charges. These service providers argued that they had to contribute based on historic amounts that were greater than their current period billings, resulting in the need to mark up their pass through charges. This change was fully implemented in the second quarter of 2003.

Having addressed circularity and changing the contribution assessment methodology to address declining revenues -- the two main reasons cited by providers for marking up their USF pass through charges -- the Commission adopted a rule requiring those contributors that recover their universal service contributions through a universal service line item to limit their recovery to the interstate portion of the customer's bill times the relevant contribution factor.¹⁹

Form 499-Q filers now file information on billed revenues for the previous quarter and both projected billed revenues and projected collected revenues for the upcoming quarter. Projected collected revenues, which are projected billed revenues less an allowance for uncollectible revenues, form the basis for USF contribution assessments. Projected collected revenues are then adjusted to eliminate circularity. Starting with the second quarter of 2003, the "Circularity Adjustment" amounts shown in Table 1.9 (discussed in more detail below) reflect expected USF contributions for the quarter rather than the industry's actual contributions from a prior quarter.

Table 1.9 shows the program funding requirements for 2012. For each program and for each quarter, the table lists projected program demand, administrative costs, interest income, and periodic true-ups. The table also shows the revenue base and contribution factors for each quarter. As explained above, the contribution base is 1% less than reported revenues to reflect the fact that some contribution assessments may prove uncollectible. Table 1.10 implements the Commission's directive in the *USF/ICC Transformation Order* and *Lifeline Reform Order* to report performance measures relating to contribution burden for the high-cost and low-income programs.²⁰ Table 1.11 shows the contribution factor by quarter since the second quarter of 2003.

Table 1.12 shows universal service disbursements on a mechanism-by-mechanism basis from 2001 and 2011. Chart 1.2 shows the 2011 information graphically.

Table 1.13 shows, on a state-by-state basis, the total amount of funding disbursements for each of the universal service mechanisms, estimated contributions towards universal service, and the net estimated dollar flow (disbursements less estimated contributions) for 2011.²¹

19 47 C.F.R. §54.712.

20 *Lifeline and Link Up Reform and Modernization, et al.*, WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656 (2012) (*Lifeline Reform Order*) and *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order and FNPRM*).

21 For a discussion of the methodology used to estimate contributions per state, see the Technical Appendix at www.fcc.gov/wcb/iatd/monitor.html.

Table 1.1
Overview of Telecommunications Industry Revenues¹
(Dollar amounts shown in millions)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Preliminary ¹⁶ 2011
Wholesale (Carrier's Carrier) Revenues²	Local Service ^{3,4}	\$36,621	\$40,108	\$38,412	\$37,742	\$38,546	\$39,213	\$39,392	\$38,383	\$39,200	\$38,285	\$37,955	\$37,277
	Mobile Service ⁵	5,144	6,180	5,020	4,465	4,164	6,334	5,187	5,360	5,630	4,284	5,006	6,111
	Toll Service ⁶	21,849	19,999	16,476	18,205	15,703	16,892	15,101	16,093	13,843	13,003	15,549	17,342
	Intrastate ⁷	25,553	27,848	25,770	24,825	25,852	27,486	24,848	22,566	21,836	20,173	22,484	23,609
	Interstate and International ^{8,9}	38,060	38,439	34,138	35,587	32,561	34,953	34,831	37,270	36,837	35,399	36,026	37,121
	Total Wholesale Revenues	\$63,613	\$66,287	\$59,907	\$60,412	\$58,413	\$62,439	\$59,679	\$59,836	\$58,672	\$55,571	\$58,510	\$60,730
Retail (End User) Revenues	Local Service ^{3,10}	\$83,951	\$86,403	\$87,302	\$84,691	\$81,545	\$80,155	\$76,082	\$73,095	\$70,598	\$66,591	\$64,892	\$58,674
	Mobile Service ¹¹	56,362	67,826	75,659	83,558	92,286	98,156	107,255	112,579	115,304	110,341	106,637	107,380
	Toll Service ¹²	84,300	75,375	63,455	56,078	52,934	49,900	46,938	46,040	44,681	40,637	34,457	39,092
	Universal Service Surcharges ¹³	4,537	5,909	6,019	6,384	6,557	7,272	7,314	7,902	8,110	7,911	8,662	-
	Intrastate ¹⁴	147,465	155,347	154,815	150,889	153,265	154,310	157,653	158,380	157,737	149,493	142,356	135,184
	Interstate and International ^{8,15}	81,685	80,165	77,619	79,822	80,057	81,173	79,937	81,235	80,956	75,988	72,292	69,963
Total Retail Revenues	\$229,149	\$235,513	\$232,434	\$230,711	\$233,322	\$235,482	\$237,589	\$239,615	\$238,693	\$225,481	\$214,648	205,146	
Total Revenues (Wholesale + Retail)	Local Service ³	\$120,572	\$126,511	\$125,713	\$122,433	\$120,091	\$119,368	\$115,474	\$111,478	\$109,798	\$104,876	\$102,847	\$95,951
	Mobile Service	61,505	74,006	80,679	88,022	96,450	104,489	112,442	117,939	120,934	114,625	111,643	113,491
	Toll Service	106,148	95,374	79,930	74,283	68,637	66,792	62,039	62,133	58,523	53,640	50,006	56,435
	Universal Service Surcharges	4,537	5,909	6,019	6,384	6,557	7,272	7,314	7,902	8,110	7,911	8,662	-
	Intrastate	173,018	183,195	180,585	175,714	179,117	181,796	182,501	180,946	179,573	169,666	164,840	158,793
	Interstate and International ⁸	119,745	118,605	111,756	115,409	112,617	116,125	114,768	118,505	117,793	111,387	108,318	107,083
	Total Telecommunications Revenues	\$292,762	\$301,799	\$292,341	\$291,123	\$291,734	\$297,921	\$297,268	\$299,451	\$297,365	\$281,052	\$273,158	265,876

Footnotes to Table 1.1

¹Data include revenues for de minimis filers as well as for other carriers that are exempt from universal service contribution requirements.

²Wholesale revenues are reported on the FCC Form 499-A as sales to other universal service contributors for resale. This includes, for example, access services that local exchange carriers provide to toll carriers. Sales to de minimis resellers, end-user customers, governments, non-profits, and any other non-contributors are treated as end-user revenues. Filers contribute to the universal service funding mechanisms based on their end-user interstate revenues. See Table 1.5 for further details on contribution bases.

³Payphone revenues are included with local service revenues in this table.

⁴Dollar amounts are calculated using the sum of Lines 303a to 308a from Form 499-A.

⁵Dollar amounts are calculated using Line 309a from Form 499-A.

⁶Dollar amounts are calculated using the sum of Lines 310a to 314a from Form 499-A.

⁷Dollar amounts are calculated using the sum of Lines 303a to 314a, minus the sum of Lines 303d to 314d, minus the sum of Lines 303e to 314e from Form 499-A.

⁸Revenues from calls that both originate and terminate in foreign points are reported as end-user revenues and are included in this table through 2010, but are not included in the universal service contribution base. These revenues are not included in preliminary 2011 data.

⁹Dollar amounts are calculated using the sum of Lines 303d to 314d, plus the sum of Lines 303e to 314e from Form 499-A.

¹⁰Dollar amounts are calculated using the sum of Lines 404a to 408a from Form 499-A.

¹¹Dollar amounts are calculated using the sum of Lines 409a and 410a from Form 499-A.

¹²Dollar amounts are calculated using the sum of Lines 411a to 417a from Form 499-A.

¹³Dollar amounts are calculated using Line 403a from Form 499-A.

¹⁴Dollar amounts are calculated using the sum of Lines 403a to 417a, minus the sum of Lines 403d to 417d, minus the sum of Lines 403e to 417e from Form 499-A.

¹⁵Dollar amounts are calculated using the sum of Lines 403d to 417d, plus the sum of Lines 403e to 417e from Form 499-A.

¹⁶Preliminary 2011 data are based on FCC Form 499-Q quarterly filings through February 2012. Companies that do not contribute to universal service are not required to make these filings. The quarterly filings include preliminary data for the just closed quarter and projections for the coming quarter and therefore are not as accurate as the subsequent annual filings. Also, FCC Form 499-Q filers do not separate revenue by type of service. Therefore, revenue totals by service type for 2011 are based on type of filer rather than on data filed by service. In addition, FCC Form 499-Q does not require filers to report universal service surcharge separately from other revenues, and therefore the surcharge is reflected in local, mobile, and toll service revenues.

Note: Detail may not add to totals due to rounding.

Source: FCC Form 499-A and Form 499-Q.

Table 1.2
Industry Revenues by Service Type: 2000-2010
(Dollar Amounts Shown in Millions)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Local Service and Payphone Revenues	Local Exchange ¹	\$69,947	\$72,346	\$71,320	\$70,606	\$68,238	\$66,506	\$63,264	\$62,790	\$60,721	\$56,839	\$56,993
	Pay Telephone ²	1,932	1,585	1,192	1,063	1,002	924	659	470	379	268	197
	Local Private Line ³	16,864	21,966	23,070	22,415	23,840	25,673	25,448	24,307	26,314	27,098	26,809
	Other Local ⁴	3,249	3,391	3,418	3,242	2,944	3,331	3,884	3,227	3,321	3,531	3,032
	Subscriber Line Charges ⁵	11,563	12,127	12,758	12,136	11,715	11,113	10,827	10,141	9,283	8,363	7,481
	Access ⁶	17,017	15,096	13,955	12,972	12,352	11,822	11,392	10,543	9,776	8,778	8,336
	Total Local Service and Payphone Revenues	120,572	126,511	125,713	122,434	120,091	119,368	115,474	111,478	109,795	104,876	102,847
Mobile Revenues	Total Mobile Service Revenues⁷	61,505	74,006	80,678	88,023	96,450	104,489	112,442	117,939	120,934	114,625	111,643
Toll Service Revenues	Operator ⁸	11,406	10,389	7,902	6,567	6,542	6,631	5,577	5,874	5,444	4,340	3,585
	Non-Operator Switched Toll ⁹	75,183	65,325	54,475	50,178	46,387	44,876	41,570	42,518	39,329	34,943	27,132
	Long Distance Private Line ¹⁰	16,189	16,402	15,108	15,316	13,906	13,264	12,739	12,080	11,683	11,649	14,344
	Other Long Distance ¹¹	3,372	3,259	2,445	2,222	1,801	2,021	2,154	1,661	2,071	2,708	4,945
	Total Toll Service Revenues	106,149	95,374	79,930	74,283	68,637	66,792	62,039	62,133	58,527	53,640	50,006
Total Service Revenues Subtotal		288,226	295,891	286,322	284,739	285,177	290,649	289,954	291,549	289,255	273,141	264,496
	Universal Service Surcharges ^{12,13}	4,537	5,908	6,019	6,383	6,557	7,273	7,314	7,902	8,110	7,911	8,662
Total Telecommunications Revenues Subtotal¹⁴		292,762	301,799	292,341	291,122	291,735	297,921	297,269	299,451	297,365	281,052	273,158
	Total Non-Telecommunications Revenues ¹⁵	42,261	48,036	60,406	65,186	71,493	86,764	101,061	131,615	151,494	158,859	173,228
Total Reported Revenues		\$335,023	\$349,835	\$352,747	\$356,308	\$363,227	\$384,685	\$398,329	\$431,066	\$448,860	\$439,911	\$446,386

Footnotes to Table 1.2

¹Dollar amounts are calculated using the sum of Lines 303a, 308a, and 404a from Form 499-A.

²Dollar amounts are calculated using the sum of Lines 306a and 407a from Form 499-A.

³Dollar amounts are calculated using the sum of Lines 305a and 406a from Form 499-A.

⁴Dollar amounts are calculated using the sum of Lines 307a and 408a from Form 499-A.

⁵Dollar amounts are calculated using Line 405a from Form 499-A.

⁶Dollar amounts are calculated using Line 304a from Form 499-A.

⁷Dollar amounts are calculated using the sum of Lines 309a, 409a, and 410a from Form 499-A.

⁸Dollar amounts are calculated using the sum of Lines 310a, 411a, 412a, and 413a from Form 499-A.

⁹Dollar amounts are calculated using the sum of Lines 311a and 414a from Form 499-A.

¹⁰Dollar amounts are calculated using the sum of Lines 312a and 415a from Form 499-A.

¹¹Dollar amounts are calculated using the sum of Lines 313a, 314a, 416a, and 417a from Form 499-A.

¹²The surcharge figure indicates only surcharges that have been explicitly reported as such in Form 499-A and does not account for implicit surcharge revenues where carriers collect the surcharge through higher prices.

¹³Dollar amounts are calculated using Line 403a from Form 499-A.

¹⁴Subtotal includes surcharge.

¹⁵Dollar amounts are calculated using Line 418a from Form 499-A.

Note: Detail may not add to totals due to rounding.

Source: FCC Form 499-A.

Table 1.3
2010 Industry Revenues by Service Type: Top 5 Affiliated Entities vs. Other Companies
(Dollar Amounts Shown in Millions)

		Top 5 Affiliated Entities¹	Other Companies	Total
Local Service and Payphone Revenues	Local Exchange ²	\$30,838	\$21,274	\$52,112
	Pay Telephone ³	48	148	197
	Local Private Line ⁴	17,972	8,837	26,809
	Other Local ⁵	2,487	544	3,032
	Federal and State USF Support ⁶	1,439	3,441	4,880
	Subscriber Line Charges ⁷	4,668	2,813	7,481
	Access ⁸	4,029	4,307	8,336
	Total Local Service and Payphone Revenues	61,482	41,365	102,847
Mobile Revenues	Total Mobile Service Revenues⁹	96,039	15,604	111,643
Toll Service Revenues	Operator ¹⁰	851	2,734	3,585
	Non-Operator Switched Toll ¹¹	15,899	11,233	27,132
	Long Distance Private Line ¹²	7,115	7,228	14,344
	Other Long Distance ¹³	597	4,348	4,945
	Total Toll Service Revenues	24,463	25,544	50,006
Total Service Revenues		181,984	82,512	264,496
	Universal Service Surcharges ^{14,15}	6,681	1,981	8,662
Total Telecommunications Revenues		188,665	84,493	273,158
	Total Non-Telecommunications Revenues ¹⁶	107,665	65,563	173,228
Total Reported Revenues		\$296,330	\$150,056	\$446,386

¹The "Top 5 Affiliated Entities" are those with the greatest revenues as defined by Line 419a, which includes Lines 303a to 314a and Lines 403a to 418a. These companies are (in alphabetical order): AT&T Inc, Deutsche Telekom AG, Qwest Services Corp, Sprint Nextel Corporation, and Verizon Communications

²Dollar amounts are calculated using the sum of Lines 303a and 404a from Form 499-A

³Dollar amounts are calculated using the sum of Lines 306a to 407a from Form 499-A

⁴Dollar amounts are calculated using the sum of Lines 305a to 406a from Form 499-A

⁵Dollar amounts are calculated using the sum of Lines 307a to 408a from Form 499-A

⁶Dollar amounts are calculated using Line 308a from Form 499-A

⁷Dollar amounts are calculated using Line 405a from Form 499-A

⁸Dollar amounts are calculated using Line 304a from Form 499-A

⁹Dollar amounts are calculated using the sum of Lines 309a, 409a, and 410a from Form 499-A

¹⁰Dollar amounts are calculated using the sum of Lines 310a, 411a, 412a, and 413a from Form 499-A

¹¹Dollar amounts are calculated using the sum of Lines 311a and 414a from Form 499-A

¹²Dollar amounts are calculated using the sum of Lines 312a and 415a from Form 499-A

¹³Dollar amounts are calculated using the sum of Lines 313a, 314a, 416a, and 417a from Form 499-A

¹⁴The surcharge figure indicates only surcharges that have been explicitly reported as such in Form 499-A and does not account for all the surcharge revenues collected for universal service

¹⁵Dollar amounts are calculated using Line 403a from Form 499-A

¹⁶Dollar amounts are calculated using Line 418a from Form 499-A

Note: Detail may not add to totals due to rounding

Table 1.4
Estimated Retail (End-User) Telecommunications and Interconnected VoIP Service Revenues By Region^{1,2}: 2010
(Dollar Amounts Shown in Millions)

Region	States	Top 5 Affiliated Entities ³	Other Companies	Total End-User Revenue ⁴	Region as % of Total
Southeast:	Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and the U.S. Virgin Islands	\$32,595	\$14,095	\$46,690	21.8%
Western:	Alaska, Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming	19,168	7,790	26,958	12.6%
West Coast:	California, Hawaii, Nevada, American Samoa, Guam, Northern Mariana Islands, and Wake Island	23,328	5,874	29,203	13.6%
Mid-Atlantic:	Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, and West Virginia	21,723	6,261	27,984	13.0%
Mid-West:	Illinois, Indiana, Michigan, Ohio, and Wisconsin	20,829	8,936	29,765	13.9%
Northeast:	Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont	18,141	6,787	24,928	11.6%
Southwest:	Arkansas, Kansas, Missouri, Oklahoma, and Texas	21,367	6,177	27,544	12.8%
	Filers that did not provide revenue information by region ¹	15	1,562	1,577	0.7%
	Total	\$157,167	\$57,481	\$214,648	100.0%

¹Filers that are exempt from contributing to local number portability administration are not required to provide a breakout by region of the country.

²Surcharges (Line 403) and international-to-international revenues (Line 412) are included in the revenue figures.

³The "Top 5 Affiliated Entities" are those with the greatest revenues as defined by Line 419a, which is the sum of Lines 303a to 314a and Lines 403a to 418a. These companies are (in alphabetical order): AT&T Inc., Deutsche Telekom AG, Qwest Services Corp., Sprint Nextel Corporation, and Verizon Communications.

⁴Totals for each region are calculated using the sum of Lines 403a to 417a, multiplied by the percentage of the company's end-user revenues for that region, from Form 499-A.

Note: Detail may not add to totals due to rounding.

Source: FCC Form 499-A.

Table 1.5
Contribution Base Revenues By Program¹: 2010
(Dollar Amounts Shown in Millions)

		2010
Revenues subject to universal service contribution		
	Billed interstate and international end-user revenues (includes Universal Service Surcharge) [Line 403 to Line 417, parts (d) and (e)]	\$72,292
less	revenues for international - to - international services [Line 412(e)]	469
less	international revenues of international-only filers and international revenues that were excluded because of the LIRE Exemption ²	3,326
less	interstate and other international revenues for 1,775 filers who are de minimis or otherwise exempt from universal service support requirements	34
less	uncollectible contribution base revenues [Line 422(d) + Line 422(e)] (Does not include uncollectible amounts associated with revenues excluded above.)	960
equals		\$67,503
Revenues subject to TRS contribution		
	Interstate and international end-user revenues	\$72,292
less	interstate and international revenues for filers who identify themselves as private service providers or as shared-tenant service providers and who therefore are exempt from telecommunications relay service (TRS) contribution requirements if they provide no carrier services	291
less	interstate and international revenues for services provided for resale but reported as end user because it was provided to carriers that do not contribute to universal service support mechanisms [Line 511(b)]	472
equals		\$71,528
Revenues subject to NANPA and LNP contribution		
	Total telecommunications service end-user revenues (including intrastate, interstate and international)	\$214,648
less	telecommunications revenues for filers who identify themselves as private service providers, shared-tenant service providers or payphone service providers and who therefore are exempt from North American Numbering Plan Administration (NANPA) and local number portability administration (LNP) contribution requirements if they provide no carrier services	891
less	telecommunications revenues for services provided for resale but reported as end user because it was provided to carriers that do not contribute to universal service support mechanisms [Line 511 (a)]	500
equals		\$213,256

¹This table shows how contribution bases differ for different programs and provides relative magnitudes, but does not provide the actual amounts used for determining contributions. Amounts shown represent the amounts contained in the FCC Form 499-A database as of February 29, 2012. The universal service administrator continues to receive additional and corrected filings. Exempt amounts were based on revenues and the filer type (i.e., principal business activity) information contained in the FCC Form 499-A filings. The fund administrators may use carrier type, revenue type, Line 603 exemption certifications, and additional information requested from filers to determine which filers are required to contribute. The universal service fund administrator bills delinquent filers based on estimated revenues and may, in some instances, include estimated revenue amounts in contribution base amounts. The universal service contribution factors are set quarterly based on FCC Form 499-Q filings. FCC Form 499-A data are used for true-up and auditing purposes. Local number portability contribution amounts are determined by region of the country rather than on a nationwide basis. As a result of these factors, actual contribution bases have been based on different amounts than those shown.

²A provider receives the Limited International Revenue Exemption (LIRE) and its international revenues excluded from the contribution base if the total amount of interstate end-user revenues for the filing entity consolidated with all affiliates is less than 12% of the total of interstate and international end-user revenues for the filing entity consolidated with all affiliates. See 47 C.F.R. § 54.706(c). The threshold was increased from 8% to 12% in 2002. See Federal-State Joint Board on Universal Service, et al., CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-166, 98-170, Further Notice of Proposed Rulemaking and Report and Order, 17 FCC Rcd 3752, 3806, para. 125 (2002). In addition, filers that provide only international services are exempt regardless of services offered by affiliates.

Note: Detail may not add to totals due to rounding.

Table 1.6
Billed Interstate and International Retail Revenues¹ by
Top 5 Affiliated Entities vs. Other Companies
(Dollar Amounts Shown in Millions)

	2009	2010	Preliminary ³	
			2011	First Half 2012
Top 5 Affiliated Entities²	\$54,503	\$51,655	\$50,334	\$25,203
Other Companies	21,485	20,637	19,628	9,988
Total	\$75,988	\$72,292	\$69,963	\$35,191

¹Current year revenues are calculated as the sum of Lines 403d to 417d, plus the sum of Lines 403e to 417e, minus Lines 412e, 422d, and Line 422e.

²The "Top 5 Affiliated Entities" are the five affiliated entities with the greatest revenues as defined by Line 419a, which is the sum of Lines 303a to 314a and Lines 403a to 418a. In 2009 and 2010, these companies were (in alphabetical order): AT&T Inc., Deutsche Telekom AG, Qwest Services Corp., Sprint Nextel Corporation, and Verizon Communications. In 2011 and 2012, these companies were (in alphabetical order): AT&T Inc., CenturyLink, Deutsche Telekom AG, Sprint Nextel Corporation, and Verizon Communications.

³Preliminary revenues are calculated using Line 116b plus Line 116c for each quarter in FCC Form 499-Q.

Note: Detail may not add to totals due to rounding.

Source: 2009-2010 from FCC Form 499-A; 2011-2012 from FCC Form 499-Q.

Chart 1.1
Interstate and International Retail Revenues by Top 5 Affiliated Entities vs.
Other Companies

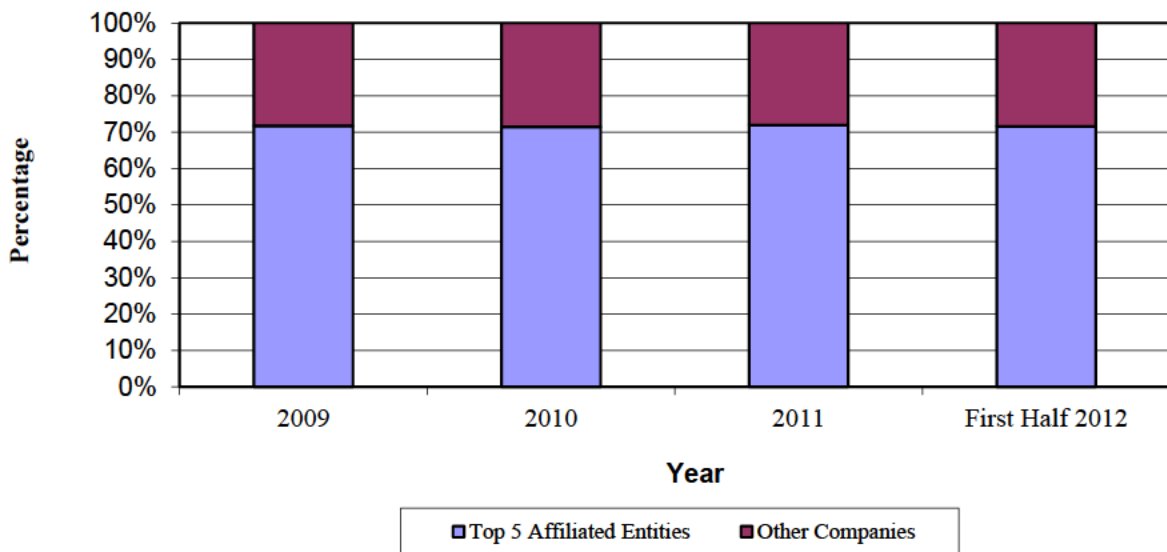


Table 1.7
Carrier Telecommunications Revenue Reported on FCC Form 499-Q: 2010-2012
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-Q			All Filers	LIRE Exemption	Total Less LIRE
Projected Revenues for 2010	Interstate and International	Billed to End Users	\$74,192		
		Collected from End Users	72,997	(3,500)	69,497
		Implied Uncollectible Rate	1.6%		
Historical Revenues Reported for 2010	Intrastate, Interstate, and International	Billed to Resellers	58,575		
		Billed to End Users	214,791		
		Total Revenue	273,366		
	Interstate and International	Billed to End Users	71,796		
Projected Revenues for 2011	Interstate and International	Billed to End Users	70,995		
		Collected from End Users	69,739	(3,096)	66,642
		Implied Uncollectible Rate	1.8%		
Historical Revenues Reported for 2011	Intrastate, Interstate, and International	Billed to Resellers	60,730		
		Billed to End Users	205,146		
		Total Revenue	265,876		
	Interstate and International	Billed to End Users	69,963		
Projected Revenues for 2012	Interstate and International	Billed to End Users ¹	70,141		
		Collected from End Users ^{2,3}	69,125	(2,892)	66,233
		Implied Uncollectible Rate	1.4%		
Historical Revenues Reported for First Half of 2012	Intrastate, Interstate, and International	Billed to Resellers ⁴	30,156		
		Billed to End Users ⁵	100,692		
		Total Revenue	130,847		
	Interstate and International	Billed to End Users ⁶	35,191		

¹Dollar amounts for projected revenues billed to end users are calculated using the sum of Lines 119b and 119c from Form 499-Q.

²Dollar amounts for projected revenues collected from end users including All Filers are calculated using the sum of Lines 120b and 120c from Form 499-Q.

³Dollar amounts for projected LIRE exempt revenues are calculated using the sum of Lines 120b and 120c from those filers who are LIRE-exempt based on Form 499-Q filings.

⁴Dollar amounts for historical revenues billed to resellers is calculated using Line 115a from Form 499-Q.

⁵Dollar amounts for historical revenues billed to end users is calculated using Line 116a from Form 499-Q.

⁶Dollar amounts for interstate and international historical revenues billed to end users is calculated using the sum of Lines 116b and 116c from Form 499-Q.

Note: Detail may not add to totals due to rounding.

Source: FCC Form 499-Q.

Table 1.8
End-User Telecommunications Revenues by State: 2010
(Dollar Amounts Shown in Millions)

	Interstate and		Total	% of Total
	Intrastate	International		
Alabama	\$2,085	\$1,146	\$3,231	1.51%
Alaska	328	190	518	0.24
American Samoa	12	6	17	0.01
Arizona	2,621	1,406	4,027	1.88
Arkansas	1,210	635	1,845	0.86
California	17,737	7,892	25,630	11.94
Colorado	2,336	1,290	3,626	1.69
Connecticut	1,742	962	2,704	1.26
Delaware	452	259	711	0.33
District of Columbia	720	352	1,072	0.50
Florida	8,740	4,681	13,421	6.25
Georgia	4,350	2,339	6,688	3.12
Guam	68	40	107	0.05
Hawaii	609	413	1,022	0.48
Idaho	639	357	996	0.46
Illinois	5,960	2,921	8,882	4.14
Indiana	2,729	1,381	4,111	1.92
Iowa	1,271	656	1,927	0.90
Kansas	1,227	621	1,848	0.86
Kentucky	1,820	960	2,780	1.30
Louisiana	1,976	1,007	2,983	1.39
Maine	598	318	915	0.43
Maryland	2,945	1,610	4,555	2.12
Massachusetts	3,336	1,700	5,036	2.35
Michigan	4,328	2,045	6,373	2.97
Minnesota	2,377	1,163	3,541	1.65
Mississippi	1,139	636	1,775	0.83
Missouri	2,659	1,382	4,041	1.88
Montana	416	241	657	0.31
Nebraska	792	416	1,208	0.56
Nevada	1,208	628	1,836	0.86
New Hampshire	615	332	947	0.44
New Jersey	4,553	2,407	6,960	3.24
New Mexico	830	455	1,285	0.60
New York	9,630	4,834	14,464	6.74
North Carolina	4,188	2,217	6,404	2.98
North Dakota	309	165	475	0.22
N. Mariana Islands	20	10	30	0.01
Ohio	5,137	2,497	7,634	3.56
Oklahoma	1,564	784	2,348	1.09
Oregon	1,637	854	2,491	1.16
Pennsylvania	5,990	3,024	9,014	4.20
Puerto Rico	1,237	740	1,977	0.92
Rhode Island	476	242	718	0.33
South Carolina	1,957	1,079	3,037	1.41
South Dakota	358	186	544	0.25
Tennessee	2,912	1,490	4,403	2.05
Texas	10,704	5,010	15,714	7.32
Utah	1,054	531	1,585	0.74
Vermont	279	171	450	0.21
Virgin Islands	62	55	118	0.05
Virginia	3,977	2,192	6,169	2.87
Washington	2,978	1,485	4,464	2.08
West Virginia	759	494	1,252	0.58
Wisconsin	2,452	1,243	3,695	1.72
Wyoming	247	142	389	0.18
Total	\$142,356	\$72,292	\$214,648	100.00%

Note: Figures may not add to totals due to rounding.

Source: FCC/WCB staff estimates. For methodology end-user revenue per state, see the the Technical Appendix at www.fcc.gov/wcb/monitor.html.

Table 1.9
Universal Service Program Requirements and Contribution Factors for 2012
(in Millions)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
All Support Mechanisms					
Projections of demand and administrative expenses at the time the contribution factors were adopted					
High Cost					
High Cost Loop Support	\$314 330	\$211 440	\$208 450	\$208 470	\$942 690
Local Switching Support ¹	\$87 730	\$57 020			\$144 750
Interstate Common Line Support	\$417 560	\$226 210	\$216 740	\$216 620	\$1,077 130
Interstate Access Support Mechanism	\$131 120				\$131 120
Forward-Looking High Cost Model Support	\$69 300				\$69 300
Frozen High Cost Support ²		\$256 550	\$258 640	\$258 560	\$773 750
Frozen Competitive ETC Support ³		\$254 650	\$220 960	\$220 880	\$696 490
Reserves Pursuant to FCC 10-155 and 11-161 ⁴	\$77 000	\$119 130	\$220 210	\$145 470	\$561 810
Connect America Fund Phase I - Incremental Support ⁵				\$75 000	\$75 000
Prior Period Adjustment	\$98 670	\$5 970	\$13 120	-\$3 070	\$114 690
Administrative Expenses	\$4 590	\$4 980	\$5 120	\$3 900	\$18 590
Interest Income ⁶	-\$2 040	-\$3 100	-\$1 240	-\$1 540	-\$7 920
Program Total	\$1,198 260	\$1,132 850	\$1,142 000	\$1,124 290	\$4,597 400
Low Income					
Lifeline Assistance	\$535 170	\$573 210	\$542 790	\$724 860	\$2,376 030
Link-Up	\$45 870	\$46 110	\$0 710	\$0 230	\$92 920
Incremental Toll Limitation	\$3 070	\$2 690	\$2 160	\$1 980	\$9 900
Prior Period true-ups	\$71 160	-\$6 120	-\$48 150	-\$63 660	-\$46 770
Administrative expenses	\$2 220	\$2 150	\$2 150	\$1 090	\$7 610
Interest Income ⁶	-\$0 030	-\$0 170	-\$0 110	-\$0 230	-\$0 540
Program Total	\$657 460	\$617 870	\$499 550	\$664 270	\$2,439 150
Rural Health					
Rural Health Care Support	\$22 530	\$35 740	\$28 390	\$31 140	\$117 800
Prior Period True-ups	\$0 860	-\$0 220	-\$0 390	-\$0 240	\$0 010
Administrative expenses	\$3 460	\$3 510	\$3 550	\$2 950	\$13 470
Interest Income ⁶	-\$1 440	-\$2 210	-\$0 690	-\$0 640	-\$4 980
Program Total	\$25 410	\$36 820	\$30 860	\$33 210	\$126 300
Schools & Libraries					
Schools and Libraries Support	\$562 500	\$562 500	\$562 500	\$562 500	\$2,250 000
Inflation adjustment ⁷		\$40 680	\$15 320	\$24 490	\$80 490
Prior Period True-ups	\$49 500	\$10 640	-\$7 560	-\$4 250	\$48 330
Administrative expenses	\$20 030	\$18 190	\$18 970	\$16 960	\$74 150
Interest Income ⁶	-\$3 050	-\$1 540	-\$4 410	-\$4 390	-\$13 390
Program Total	\$628 980	\$630 470	\$584 820	\$595 310	\$2,439 580
Grand Total	\$2,510 110	\$2,418 010	\$2,257 230	\$2,417 080	\$9,602 430
Applicable interstate and international end-user revenues					
Reported contribution base revenues	\$16,609 415	\$16,392 277	\$16,697 469	\$16,410 687	
Circularity Adjustment					
Amount carriers will contribute to USF in this quarter	-2,490 080	-2,399 820	-2,238 260	-2,400 120	
Subtotal	\$14,119 335	\$13,992 457	\$14,459 209	\$14,010 567	
Adjustment factor for uncollectibles	1 0%	1 0%	1 0%	1 0%	
Contribution base at the time the factor was calculated	\$13,978 142	\$13,852 532	\$14,314 617	\$13,870 461	
Contribution factor	17 9%	17 4%	15 7%	17 4%	
Contribution factor times contribution base	\$2,502 087	\$2,410 341	\$2,247 395	\$2,413 460	

Source: Support mechanism data are from USAC Appendix M02 from pertinent filings as shown at <http://www.usac.org/about/tools/fcc/filings/default.aspx>. Contribution factor information is available at <https://www.fcc.gov/encyclopedia/contribution-factor-quarterly-filings-universal-service-fund-usf-management-support>. Because the purpose of this table is to show the demand filings on which the contribution factors were set, figures in this table are based on the initial M02 rather than the revised one (which was filed after the *USF/ICC Transformation Order*). Any differences between the initially filed M02 and the revised one would ultimately appear as a prior period adjustment in a subsequent quarter.

¹ In the *USF/ICC Transformation Order*, the Commission froze LSS at 2011 levels for rate-of-return carriers, effective January 1, 2012, and eliminated it effective July 1, 2012. See *USF/ICC Transformation Order*, paras 253-57.

² In the *USF/ICC Transformation Order*, the Commission converted support received by Price Cap carriers and their rate-of-return affiliates, including IAS, HCMS, ICLS, LSS, and HCLS, to Frozen High Cost Carrier Support. *USF/ICC Transformation Order*, paras 128-57.

³ In the *USF/ICC Transformation Order*, the Commission froze support received by competitive ETCs, including IAS, HCMS, ICLS, LSS, and HCLS at 2011 levels, effective January 1, 2012, and began phasing the frozen support down effective July 1, 2012. *USF/ICC Transformation Order*, paras 498-32.

⁴ In the *Corr Wireless Order* (FCC 10-155), the Commission ordered USAC to reserve excess competitive ETC support for future uses. In the *USF/ICC Transformation Order* (11-161), the Commission provided instructions for utilizing the remaining funds in the reserve created by the *Corr Wireless Order*. *USF/ICC Transformation Order*, paras 564-67. At the same time, the Commission created the Connect America reserve to be used to manage fluctuations in high-cost demand. *Id.*, paras 547-56.

⁵ Incremental Support is designed to provide an immediate boost to broadband deployment in areas that are unserved by any broadband provider (See *USF/ICC Transformation Order*, para 137).

⁶ Interest income is shown as negative because it is subtracted from expenses to yield the total.

⁷ In FCC 11-161, the FCC directed USAC to include the inflation adjustments to the E-rate cap in the Schools and Library Support Mechanism demand projection.

Table 1.10
Total Universal Service Contributions Divided by Number of Households
Monthly
Inflation Adjusted (2012 Dollars)

Year	Total Contribution					Average Residential Contribution			
	High-Cost Support	Low-Income Support	Rural Health Care	Schools and Libraries	Total	Per-Household Low Estimate	Per-Household High Estimate	Per-Line Low Estimate	Per-Line High Estimate
2011	\$3.21	\$1.20	\$0.07	\$1.68	\$6.15	\$2.77	\$3.38	\$0.99	\$1.21
2012	\$3.15	\$1.67	\$0.09	\$1.67	\$6.58	\$2.96	\$3.62	\$1.02	\$1.25

Notes: Performance measures reported pursuant to the *USF/ICC Transformation Order* and *Lifeline Reform Order*. Figures do not represent the average amount individual households see on their bills because universal service contribution data do not separate business from residential contributions. The Commission does not currently collect data that would allow the residential or per-line contribution amount to be calculated accurately. FCC staff, using data from FCC Form 499 and third party reports, estimates that contributions based on services typically sold to residential users represent roughly one-half of overall contributions; the third party data sources used in creating these estimates are the 2013 Telecommunications Industry Association (TIA) Market Forecast and Review and the U.S. Census. FCC staff believe that the residential portion of the total contribution is between 45% (low estimate) and 55% (high estimate). The per-bill amount is a fraction of this per-household amount because many households have multiple phone lines. FCC staff, using TIA and U.S. Census data, estimates that on average U.S. households had 2.8 telephone lines in 2011 and 2.9 in 2012. Using the 2012 estimate for example, the average 2012 per-line contribution would be at 45% about \$1.02 and at 55% about \$1.25. Figures may not add due to rounding. Rural Health Care support includes both the primary and pilot programs.

Source: Universal service contributions in 2011 from Table 1.10 of the 2011 *Monitoring Report* and for 2012 from Table 1.9. Inflation adjusted using CPI values reported for July of each year in Table 4.3. Household data as reported in Table 3.1 were used to calculate per household amount.

Table 1.11
Universal Service Fund Contribution Factor ¹

Year	Quarter	Factor
2003	Second Quarter	9.1
	Third Quarter	9.5
	Fourth Quarter	9.2
2004	First Quarter	8.7
	Second Quarter	8.7
	Third Quarter	8.9
	Fourth Quarter	8.9
2005	First Quarter	10.7
	Second Quarter	11.1
	Third Quarter	10.2
	Fourth Quarter	10.2
2006	First Quarter	10.2
	Second Quarter	10.9
	Third Quarter	10.5
	Fourth Quarter	9.1
2007	First Quarter	9.7
	Second Quarter	11.7
	Third Quarter	11.3
	Fourth Quarter	11.0
2008	First Quarter	10.2
	Second Quarter	11.3
	Third Quarter	11.4
	Fourth Quarter	11.4
2009	First Quarter	9.5
	Second Quarter	11.3
	Third Quarter	12.9
	Fourth Quarter	12.3
2010	First Quarter	14.1
	Second Quarter	15.3
	Third Quarter	13.6
	Fourth Quarter	12.9
2011	First Quarter	15.5
	Second Quarter	14.9
	Third Quarter	14.4
	Fourth Quarter	15.3
2012	First Quarter	17.9
	Second Quarter	17.4
	Third Quarter	15.7
	Fourth Quarter	17.4

¹ Beginning with the second quarter of 2003, carriers contribute based on projected, collected, end-user interstate and international telecommunications revenues. Previously, carriers contributed on historical, gross billed revenues.

Source: Quarterly Public Notices on universal service contribution factors are in CC Docket 96-45. See <http://www.fcc.gov/omd/contribution-factor.html>.

Table 1.12
Universal Service Disbursements 2001-2011
(in Million of Dollars)

Year	High-Cost Support	Low-Income Support	Rural Health Care	Schools and Libraries	Total
2001	\$2,602	\$584	\$8	\$1,464	\$4,659
2002	2,978	673	16	1,683	5,351
2003	3,273	713	3	1,644	5,633
2004	3,488	759	1	1,076	5,324
2005	3,824	809	26	1,862	6,520
2006	4,096	820	41	1,669	6,626
2007	4,287	823	37	1,808	6,955
2008	4,478	819	49	1,760	7,106
2009	4,292	1,025	72	1,878	7,268
2010	4,268	1,316	110	2,282	7,976
2011	4,031	1,751	141	2,233	8,156

Notes: Figures may not add due to rounding. The figures used in this table are for the calendar year and include disbursements that were committed over several years but paid out in the respective calendar year. In Section 2, figures for the Schools and Libraries program and the Rural Health Care program are reported based on fiscal year rather than calendar year. Rural Health Care support includes both the primary and pilot programs.

Source: Universal Service Administration Company (USAC).

Chart 1.2
Distribution of Universal Service Payments: 2011

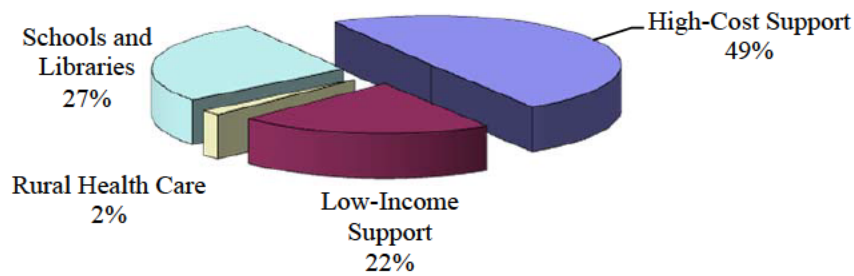


Table 1.13
Universal Service Support Mechanisms by State: 2011
(Annual Payments and Contributions in Thousands)

	Payments from USF to Service Providers ¹						Estimated Contributions ³		Estimated Net Dollar Flow ⁴
	High-Cost Support	Low-Income Support	Schools & Libraries	Rural Health Care ²	Total				
					Amount	% of Total	Amount	% of Total	
Alabama	\$90,341	\$33,263	\$58,891	\$1,416	\$183,912	2.26%	\$130,998	1.59%	\$52,914
Alaska	202,518	25,585	30,142	43,925	302,169	3.71%	21,675	0.26%	280,494
American Samoa	1,813	85	3,553	103	5,554	0.07%	659	0.01%	4,896
Arizona	71,292	23,112	60,428	1,541	156,373	1.92%	160,732	1.95%	-4,359
Arkansas	89,481	40,472	18,068	1,303	149,323	1.83%	72,615	0.88%	76,709
California	90,587	163,314	321,118	1,360	576,380	7.07%	902,067	10.92%	-325,687
Colorado	70,990	2,184	29,108	2,267	104,548	1.28%	147,494	1.79%	-42,946
Connecticut	453	11,561	21,103	0	33,116	0.41%	109,984	1.33%	-76,868
Delaware	221	3,258	2,225	0	5,706	0.07%	29,619	0.36%	-23,913
Dist. of Columbia	0	3,540	9,020	0	12,560	0.15%	40,248	0.49%	-27,688
Florida	54,708	112,350	76,928	572	244,557	3.00%	534,994	6.47%	-290,437
Georgia	111,272	78,190	91,205	3,422	284,089	3.48%	267,295	3.23%	16,794
Guam	20,037	288	188	127	20,639	0.25%	4,526	0.05%	16,113
Hawaii	60,971	485	3,557	312	65,326	0.80%	47,171	0.57%	18,154
Idaho	49,662	3,313	9,620	348	62,943	0.77%	40,844	0.49%	22,099
Illinois	65,133	67,690	92,605	7,134	232,561	2.85%	333,870	4.04%	-101,308
Indiana	78,417	9,401	34,463	1,803	124,084	1.52%	157,861	1.91%	-33,777
Iowa	129,905	5,453	12,853	6,982	155,193	1.90%	74,992	0.91%	80,202
Kansas	190,681	7,006	15,149	482	213,318	2.62%	70,926	0.86%	142,392
Kentucky	101,168	7,953	41,830	833	151,784	1.86%	109,749	1.33%	42,035
Louisiana	114,460	98,331	54,564	167	267,522	3.28%	115,048	1.39%	152,474
Maine	30,004	11,478	6,995	669	49,145	0.60%	36,294	0.44%	12,851
Maryland	3,351	42,822	23,816	2	69,991	0.86%	183,965	2.23%	-113,974
Massachusetts	2,088	29,693	26,292	129	58,203	0.71%	194,274	2.35%	-136,071
Michigan	42,111	65,634	51,144	1,542	160,432	1.97%	233,709	2.83%	-73,277
Minnesota	98,883	5,944	26,728	3,192	134,746	1.65%	132,974	1.61%	1,773
Mississippi	245,674	34,913	23,507	214	304,308	3.73%	72,677	0.88%	231,631
Missouri	98,065	26,325	40,135	747	165,273	2.03%	157,903	1.91%	7,370
Montana	88,018	3,636	3,993	2,685	98,333	1.21%	27,537	0.33%	70,796
Nebraska	90,350	1,619	9,636	15,981	117,586	1.44%	47,560	0.58%	70,027
Nevada	20,640	6,329	6,819	116	33,905	0.42%	71,752	0.87%	-37,847
New Hampshire	9,381	2,215	2,601	18	14,215	0.17%	37,958	0.46%	-23,743
New Jersey	1,501	41,176	57,174	0	99,851	1.22%	275,112	3.33%	-175,261
New Mexico	81,869	13,785	33,342	1,018	130,014	1.59%	51,967	0.63%	78,046
New York	41,715	130,928	148,954	783	322,379	3.95%	552,494	6.69%	-230,114
North Carolina	68,469	67,098	68,387	1,326	205,280	2.52%	253,340	3.07%	-48,060
North Dakota	96,987	2,134	4,226	1,327	104,675	1.28%	18,867	0.23%	85,808
Northern Mariana Is.	2,905	232	765	0	3,902	0.05%	1,179	0.01%	2,723
Ohio	32,959	77,816	67,352	13,159	191,285	2.35%	285,423	3.45%	-94,138
Oklahoma	144,443	121,524	57,561	1,054	324,582	3.98%	89,629	1.08%	234,953
Oregon	75,941	6,641	16,066	4,513	103,161	1.26%	97,596	1.18%	5,565
Pennsylvania	66,245	43,916	64,226	1,391	175,778	2.16%	345,641	4.18%	-169,863
Puerto Rico	165,376	58,904	9,317	0	233,596	2.86%	84,591	1.02%	149,004
Rhode Island	29	3,425	9,014	0	12,468	0.15%	27,646	0.33%	-15,178
South Carolina	111,731	13,736	45,553	1,788	172,808	2.12%	123,368	1.49%	49,440
South Dakota	64,856	1,268	2,293	2,359	70,776	0.87%	21,312	0.26%	49,464
Tennessee	63,407	49,262	56,249	464	169,383	2.08%	170,329	2.06%	-946
Texas	247,012	97,773	234,844	2,335	581,964	7.14%	572,609	6.93%	9,355
Utah	22,290	3,988	19,508	1,846	47,632	0.58%	60,641	0.73%	-13,009
Vermont	18,298	2,477	1,827	46	22,647	0.28%	19,567	0.24%	3,080
Virgin Islands	18,944	111	10,537	82	29,673	0.36%	6,309	0.08%	23,364
Virginia	69,503	29,207	41,004	505	140,219	1.72%	250,548	3.03%	-110,329
Washington	81,100	22,563	32,322	114	136,099	1.67%	169,777	2.05%	-33,677
West Virginia	53,037	14,260	13,436	1,314	82,047	1.01%	56,427	0.68%	25,620
Wisconsin	136,230	20,660	27,006	5,944	189,839	2.33%	142,019	1.72%	47,821
Wyoming	43,746	403	3,294	250	47,695	0.58%	16,273	0.20%	31,422
Total	\$4,031,268	\$1,750,728	\$2,232,539	\$141,013	\$8,155,548	100.00%	\$8,262,633	100.00%	-\$107,085

Notes: Figures may not add due to rounding. USF is an abbreviation for the Universal Service Fund.

¹ Data are from USAC.

² Includes both the primary and pilot programs.

³ Contributions include administrative cost of approximately \$107 million, as shown in USAC's Annual Report.

Allocation of contributions among states is an FCC/WCB staff estimate.

⁴ Net dollar flow is positive when payments from USF to carriers exceed contributions to USF. Total is negative because of administrative expenses.

2. Program Review

Section 2 includes the latest data on the low-income (Lifeline and Link Up), high-cost, schools and libraries, and rural health care support programs through 2011. The data provided in this section are supplemented by additional tables at www.fcc.gov/wcb/iatd/monitor.html. This website location also provides more details on the history and operation of each of the four support programs.

Low-Income Support Program: Lifeline and Link Up

The Lifeline program promotes increased telephone subscribership by providing low-income households with discounts on the monthly cost of telephone service. Link Up provides qualified subscribers with a one-time discount off of the initial installation fee for one traditional, wireline phone service at the primary residence or the activation fee for one wireless phone service.

The Lifeline program was created in 1984, and Link Up rules were created in 1987. In June 2000, the Commission further expanded Lifeline and Link Up to address the needs of households on Tribal lands.¹

On February 6, 2012, the Commission released the *Lifeline Reform Order*, which took significant steps to reform the low-income program.² These reforms include establishing a new interim flat Lifeline support amount of \$9.25 per subscriber per-month in non-Tribal areas;³ restricting Link Up support to only Eligible Telecommunications Carriers (ETCs) receiving high cost support on Tribal lands;⁴ capping Toll Limitation Support at \$3.00 per-month and eliminating support by the end of 2013;⁵ directing USAC to continue with in-depth data validations; and requiring consumers to provide proof of eligibility, certify their eligibility at sign up and recertify eligibility on an annual basis.⁶ The *Lifeline Reform Order* also establishes a pilot program to provide broadband service to low-income consumers as well as a savings target of \$200 million as compared to what would have been spent in the absence of reform.⁷ Through these and other reforms, the Commission sought to eliminate waste and inefficiency, and increase accountability. The *Lifeline Reform Order* represents another step in the Commission's ongoing efforts to overhaul all USF programs to promote the availability of modern networks and the capability of all

¹ *Federal-State Joint Board on Universal Service; Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas*, Twelfth Report and Order, and Further Notice of Proposed Rulemaking, CC Docket No. 96-45, FCC 00-208, 15 FCC Rcd 12,208 (2000).

² *Lifeline and Link Up Reform and Modernization, et al.*, WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656 (2012) (*Lifeline Reform Order*).

³ See 47 C.F.R. § 54.403(a)(1).

⁴ See 47 C.F.R. § 54.413(a).

⁵ See 47 C.F.R. § 54.403(c).

⁶ See *Lifeline Reform Order* 27 FCC Rcd at 6747, para. 211; 47 C.F.R. § 54.410. In-depth data validations are a process through which USAC obtains subscriber lists from ETCs and directs ETCs to de-enroll duplicative subscribers.

⁷ See *Lifeline Reform Order* 27 FCC Rcd at 6794-6811, paras. 321-360.

American consumers to access and use those networks. The changes to the low-income program as a result of the 2012 *Lifeline Reform Order* are not reflected in the data in this year's report, which covers the period through 2011.

The low-income program grew between 2008 and 2011.⁸ As shown in Table 2.1, lifeline subscribers increased 104% from 6.7 million subscribers in 2008 to 13.7 million subscribers in 2011.⁹ Similarly, as shown in Table 2.2, low-income support (the sum of Lifeline and Link Up support) increased 118% from \$822 million in 2008 to \$1.79 billion in 2011.¹⁰ Chart 2.1 shows the growth in low-income subscribers and beneficiaries graphically.

Table 2.3 reports federal and state average Lifeline monthly support for incumbent local exchange carriers (ILECs) by state in December 2011, and indicates the additional contribution from the federal program to reduce local rates where states have authorized statewide or carrier-specific intrastate local rate reductions. The table indicates the average monthly non-Tribal support provided by carriers in each state for ILECs. In December 2011, average monthly nationwide combined federal and state support for ILECs was \$12.00.

Table 2.4 reports average monthly federal Lifeline support per subscriber by state and average monthly Tribal Lifeline support by state for 2011.¹¹ Table 2.5 reports the average Link Up support per beneficiary by state for both Tribal and non-Tribal beneficiaries.

Table 2.6 shows low-income support payments by state for Lifeline and Link Up for 2011. American Indian and Native American Tribal Lifeline Tier 4 and Link Up data are also reported. Total carrier payments data include the carrier's incremental cost of providing toll-limitation services (TLS) in each state.

Competitive eligible telecommunication carriers (CETCs) have received a growing share of total low-income support over the past 10 years and now receive substantially more support than ILECs. Support received by CETCs increased from \$147 million in 2008 (18% of total) to \$1.23 billion (69% of total) in 2011. In contrast, ILEC support declined from \$675 million in 2008 to \$558 million in 2011. Table 2.7 shows annual low-income support since 1998 for both ILECs and CETCs, and Chart 2.2 shows the increase in CETC share of total support since 1998.

The five largest telecommunications companies (when including their affiliated entities) combined accounted for greater than two-thirds of low-income support payments in 2011.¹² Table 2.8

⁸ Low-income information reported in this section is based on claims data submitted to USAC by carriers on FCC Form 497.

⁹ Table 2.1 reports Tribal and non-Tribal Lifeline subscriber and Link Up beneficiary data for years 1987 through 2011.

¹⁰ Table 2.2 reports annual low-income claims for years 1988 through 2011.

¹¹ Lifeline support includes Tiers 1-3 support. Tribal support is Tier 4 support. See the program appendix for an explanation of Tiers 1-4 support. The *Lifeline Reform Order* replaced Tiers 1-3 with a \$9.25 flat rate support amount.

¹² América Móvil owns TracFone and Puerto Rico Telephone Company.

reports low-income support by company for the top 10 recipients of low-income support in 2011. Table 2.9 breaks these figures out by Lifeline, Link Up, and TLS support.

Additional data on the low-income support program have been posted at www.fcc.gov/wcb/iatd/monitor.html. These data include Lifeline subscribership and Link Up beneficiaries by state since 1998, low-income support claims data by state and study area since 1998, as well as low-income adjustments by study area for 2011.

Table 2.1
Lifeline Subscribers and Link Up Beneficiaries
(in Thousands)

Year	Lifeline			Link Up		
	Non-Tribal	Tribal	Total	Non-Tribal	Tribal	Total
1987			1,063			8
1988			1,829			106
1989			2,115			207
1990			2,467			513
1991			2,984			640
1992			3,440			743
1993			3,972			737
1994			4,423			838
1995			4,914			824
1996			5,233			808
1997 ¹			5,111			NA
1998	5,376	0	5,376	2,195	0	2,195
1999	5,638	0	5,638	1,835	0	1,835
2000	5,856	4	5,861	1,690	2	1,692
2001	6,088	53	6,140	1,670	23	1,694
2002	6,393	111	6,504	1,657	30	1,687
2003	6,352	146	6,498	1,662	23	1,685
2004	6,612	176	6,788	1,670	42	1,712
2005	6,829	234	7,063	1,672	90	1,762
2006	6,634	287	6,921	1,553	101	1,654
2007	6,615	328	6,943	1,382	112	1,494
2008	6,382	350	6,732	1,510	118	1,627
2009	7,666	371	8,038	1,751	111	1,862
2010	9,892	382	10,274	2,530	126	2,657
2011	13,286	463	13,749	4,012	286	4,297

NA - Not available.

Note: The reported subscribers and beneficiaries represent USAC data for the time period January through December which include true-ups for Lifeline subscribers and Link-Up beneficiaries through March of the following year. Data for 1998-2010 were revised.

¹ Subscriber data were not collected in 1997. Lifeline subscribership data were estimated by USAC.

Source: Universal Service Administrative Company.

**Table 2.2
Low-Income Claims
(in Thousands)**

Year	Lifeline					Link Up			Total
	General	Tribal ²	TLS ³	PICC ⁴	Total	Non-Tribal	Tribal	Total	
1988	\$31,952	\$0	\$0	\$0	\$31,952	\$1,991	\$0	\$1,991	\$33,943
1989	50,878	0	0	0	50,878	4,480	0	4,480	55,358
1990	62,464	0	0	0	62,464	11,351	0	11,351	73,815
1991	79,104	0	0	0	79,104	13,705	0	13,705	92,809
1992	93,766	0	0	0	93,766	15,342	0	15,342	109,108
1993	109,083	0	0	0	109,083	17,019	0	17,019	126,102
1994	123,284	0	0	0	123,284	18,573	0	18,573	141,857
1995	137,277	0	0	0	137,277	18,392	0	18,392	155,670
1996	148,186	0	0	0	148,186	18,247	0	18,247	166,433
1997	147,579	0	0	0	147,579	13,711	0	13,711	161,290
1998 ¹	416,504	0	2,700	2,802	422,006	42,461	0	42,461	464,467
1999	438,578	0	3,134	4,450	446,162	33,988	0	33,988	480,150
2000	482,052	522	2,846	3,168	488,588	30,411	30	30,441	519,029
2001	548,419	6,960	3,195	0	558,574	30,314	475	30,788	589,362
2002	623,350	17,955	3,779	0	645,083	30,323	700	31,022	676,106
2003	657,095	24,167	4,425	0	685,687	30,170	515	30,686	716,373
2004	695,188	30,502	5,111	0	730,800	30,898	1,230	32,129	762,929
2005	716,133	45,124	6,215	0	767,472	31,715	2,788	34,503	801,975
2006	703,958	61,524	8,885	0	774,367	29,832	2,869	32,701	807,068
2007	710,180	73,145	8,514	0	791,839	27,816	3,575	31,391	823,230
2008	695,016	80,914	8,634	0	784,564	30,682	6,578	37,260	821,824
2009	868,112	88,062	8,959	0	965,133	40,812	7,485	48,297	1,013,430
2010	1,126,616	92,878	22,504	0	1,241,999	67,905	9,798	77,703	1,319,702
2011	1,526,073	118,147	11,091	0	1,655,311	113,064	21,566	134,630	1,789,941

Note: Data for 2006-2010 were revised. Beginning in 2011, some claims for 2011 and earlier years were recovered due to audits or other corrections. This amounts to \$8.1 million recovered in 2011, of which \$4.3 million came from the Lifeline program, \$3.7 million came from the Link Up program, and \$28,000 came from the TLS program.

¹ Effective in 1998, the federal Lifeline support mechanism was expanded so that a basic level of assistance would be provided in all states. Additional federal support is also provided wherever a state chooses to provide matching assistance. Prior to the expansion, states were required to match all federal support with their own state support, and if the state provided no support, then no federal support was available in that state. The basic level of federal support was also increased in 1998.

² Tribal support is Tier 4 support only. Tiers 1 to 3 support for Tribal beneficiaries is included under General.

³ TLS is an abbreviation for toll limitation service.

⁴ Carriers no longer charge a residential Presubscribed Interexchange Carrier Charge (PICC) as of July 1, 2000.

Source: Universal Service Administrative Company.

**Chart 2.1
Lifeline Subscribers and Link Up Beneficiaries
(in Thousands)**

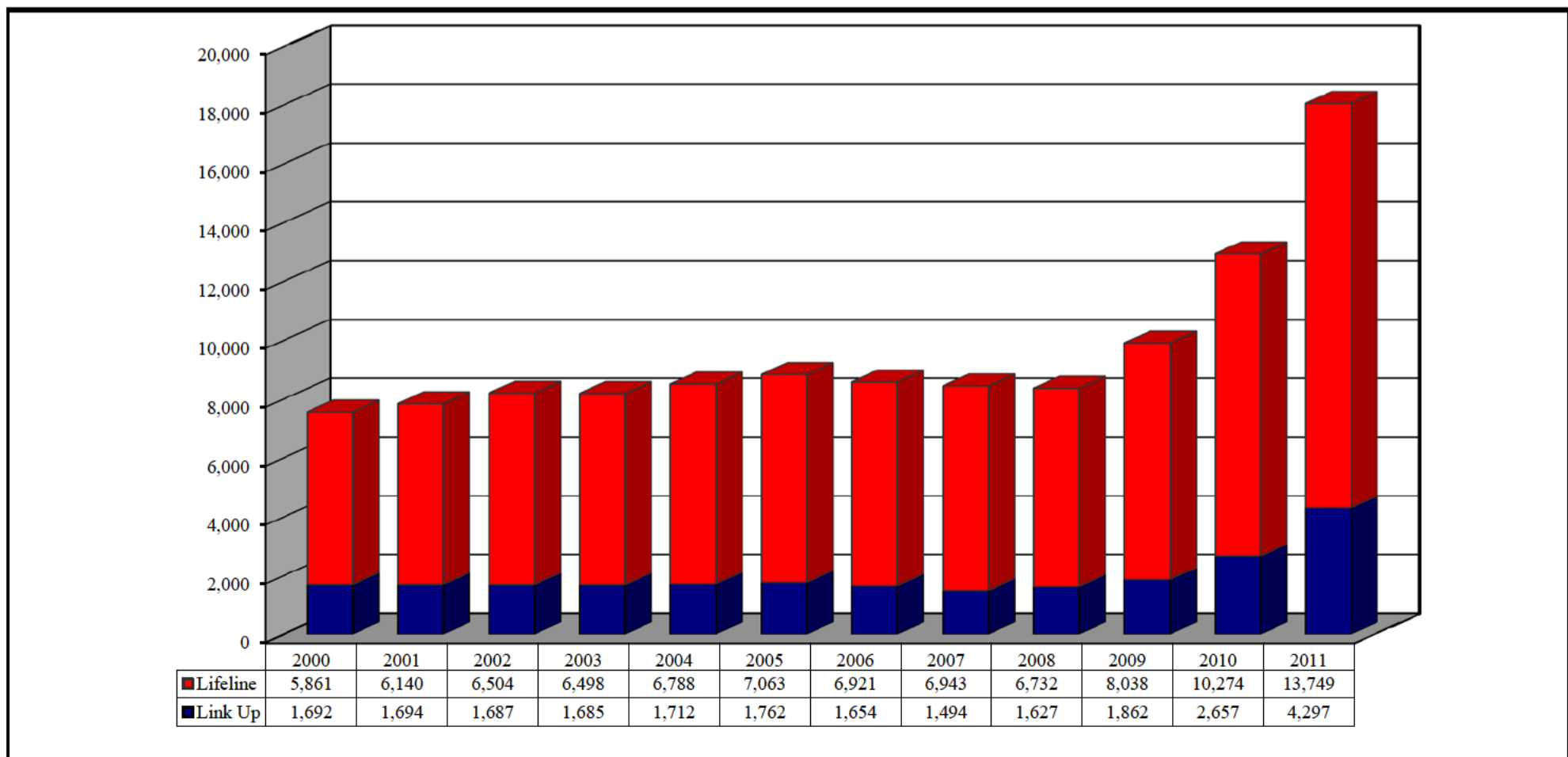


Table 2.3
Average Lifeline Monthly Claims for ILECs by State
(December 2011)

	Basic Federal Support ¹	State Support ²	Federal Match	Total Federal Support ³	Total
Alabama	\$8.23	\$3.50	\$1.75	\$9.98	\$13.48
Alaska	8.25	3.50	1.75	10.00	13.50
American Samoa	8.25	0.00	0.00	8.25	8.25
Arizona	8.01	1.23	0.61	8.62	9.85
Arkansas	7.44	1.87	0.94	8.38	10.25
California	6.60	3.50	1.75	8.35	11.85
Colorado	8.18	3.50	1.75	9.93	13.42
Connecticut	7.50	1.17	0.59	8.09	9.26
Delaware	8.15	0.00	0.00	8.15	8.15
District of Columbia	5.60	3.50	1.75	7.35	10.85
Florida	8.17	3.50	1.75	9.92	13.41
Georgia	8.23	3.38	1.69	9.92	13.30
Guam	8.25	1.70	0.85	9.10	10.81
Hawaii	8.25	0.00	0.00	8.25	8.25
Idaho	8.15	3.47	1.73	9.89	13.35
Illinois	6.58	0.00	0.00	6.58	6.58
Indiana	7.52	0.00	0.00	7.52	7.52
Iowa	7.06	0.00	0.00	7.06	7.06
Kansas	7.26	3.50	1.75	9.01	12.50
Kentucky	8.18	3.47	1.74	9.92	13.39
Louisiana	8.23	0.00	0.00	8.23	8.23
Maine	7.98	3.50	1.75	9.73	13.23
Maryland	7.38	3.41	1.71	9.08	12.50
Massachusetts	8.11	3.50	1.75	9.86	13.36
Michigan	7.28	2.24	1.12	8.40	10.64
Minnesota	7.18	1.97	0.99	8.17	10.14
Mississippi	8.23	3.32	1.66	9.89	13.21
Missouri	7.33	3.49	1.74	9.07	12.56
Montana	8.25	2.43	1.21	9.46	11.89
Nebraska	7.03	3.35	1.67	8.71	12.06
Nevada	6.12	3.34	1.67	7.79	11.14
New Hampshire	7.94	0.00	0.00	7.94	7.94
New Jersey	8.01	3.48	1.74	9.75	13.23
New Mexico	8.25	3.22	1.61	9.86	13.08
New York	8.02	3.30	1.65	9.67	12.97
North Carolina	7.85	3.50	1.75	9.60	13.10
North Dakota	8.25	1.95	0.98	9.23	11.18
Northern Mariana Islands	8.25	3.33	1.67	9.92	13.25
Ohio	7.28	3.49	1.75	9.03	12.52
Oklahoma	7.43	0.40	0.20	7.63	8.03
Oregon	8.21	3.48	1.74	9.95	13.44
Pennsylvania	7.66	0.75	0.38	8.03	8.78
Puerto Rico	8.25	3.50	1.75	10.00	13.50
Rhode Island	8.11	3.50	1.75	9.86	13.36
South Carolina	8.20	3.50	1.75	9.95	13.45
South Dakota	8.20	0.10	0.05	8.25	8.34
Tennessee	8.14	3.19	1.59	9.73	12.92
Texas	7.28	3.49	1.75	9.02	12.52
Utah	8.09	3.50	1.75	9.83	13.33
Vermont	7.97	3.50	1.75	9.72	13.22
Virgin Islands	8.25	3.49	1.74	9.99	13.48
Virginia	7.16	3.24	1.62	8.78	12.02
Washington	7.70	2.62	1.31	9.01	11.62
West Virginia	8.24	0.01	0.00	8.25	8.25
Wisconsin	7.39	2.35	1.18	8.56	10.91
Wyoming	8.25	3.50	1.75	10.00	13.50
Total	\$7.35	\$3.10	\$1.55	\$8.90	\$12.00

Notes: This table reflects only non-Tribal support. All averages are weighted averages. ILECs is an abbreviation for incumbent local exchange carriers.

¹ Basic federal support includes both Tier 1 and Tier 2 support. See the Low-Income Support Program Technical Appendix for definitions.

² Includes only state support (Tier 3) that is matched by federal support.

³ Total federal support reported in Table 2.3 is different from Table 2.4 since Table 2.3 reports a rate as of December 2011 and Table 2.4 reports an annual rate for 2011.

Source: Universal Service Administrative Company.

Table 2.4
Federal Lifeline Average Claims by State: 2011

State	Support in Thousands		Subscribers		Support per Month	
	General	Tribal	Non-Tribal	Tribal	General ¹	Tribal
Alabama	\$35,560	\$3	296,451	27	\$10.00	\$8.30
Alaska	8,179	17,391	0	67,115	10.16	21.59
American Samoa	69	0	690	0	8.33	-
Arizona	9,783	13,001	37,365	49,480	9.39	21.90
Arkansas	30,819	0	287,738	3	8.93	5.95
California	157,623	44	1,559,817	676	8.42	5.40
Colorado	2,161	1	18,155	4	9.92	14.29
Connecticut	11,535	0	107,847	0	8.91	-
Delaware	3,263	0	27,687	0	9.82	-
District of Columbia	3,491	0	39,637	0	7.34	-
Florida	111,457	1	937,538	6	9.91	9.53
Georgia	73,849	0	619,504	0	9.93	-
Guam	248	0	2,222	0	9.31	-
Hawaii	522	0	5,007	0	8.68	-
Idaho	3,072	198	25,226	737	9.86	22.37
Illinois	57,457	0	636,741	0	7.52	-
Indiana	9,283	0	88,538	0	8.74	-
Iowa	5,099	0	55,618	1	7.64	19.00
Kansas	6,032	2	59,011	23	8.52	6.71
Kentucky	8,400	0	70,973	0	9.86	-
Louisiana	79,977	0	691,658	0	9.64	-
Maine	10,723	47	91,105	481	9.76	8.11
Maryland	32,995	0	299,612	0	9.18	-
Massachusetts	29,825	0	251,932	0	9.87	-
Michigan	62,887	59	590,085	313	8.88	15.78
Minnesota	5,611	271	55,864	1,548	8.15	14.60
Mississippi	29,569	5	246,781	16	9.98	25.00
Missouri	22,629	1	213,268	33	8.84	2.85
Montana	1,675	1,938	7,265	7,341	9.56	22.00
Nebraska	1,522	82	14,258	421	8.64	16.25
Nevada	5,779	24	61,716	600	7.73	3.37
New Hampshire	2,186	0	19,442	0	9.37	-
New Jersey	40,226	0	343,997	0	9.74	-
New Mexico	7,772	5,810	43,122	22,698	9.84	21.33
New York	130,511	1	1,107,491	11	9.82	10.17
North Carolina	66,315	1	566,754	5	9.75	13.85
North Dakota	1,615	513	11,444	3,075	9.27	13.90
Northern Mariana Islands	223	0	1,871	0	9.92	-
Ohio	75,415	0	687,110	0	9.15	-
Oklahoma	28,182	74,700	3,585	292,790	7.92	21.26
Oregon	6,629	34	55,059	209	10.00	13.46
Pennsylvania	44,277	0	412,237	0	8.95	-
Puerto Rico	56,753	0	472,153	0	10.02	-
Rhode Island	3,271	0	27,599	0	9.88	-
South Carolina	12,707	9	106,459	112	9.94	6.35
South Dakota	908	354	6,892	2,325	8.21	12.71
Tennessee	48,204	0	410,012	0	9.80	-
Texas	93,731	19	850,234	324	9.18	4.79
Utah	3,753	224	30,877	915	9.84	20.42
Vermont	2,295	0	19,385	0	9.87	-
Virgin Islands	112	0	871	0	10.70	-
Virginia	29,483	0	258,178	0	9.52	-
Washington	18,838	3,158	160,069	10,805	9.19	24.36
West Virginia	12,704	0	106,232	0	9.97	-
Wisconsin	18,515	210	182,903	813	8.40	21.52
Wyoming	353	47	2,749	194	10.00	20.17
Total	\$1,526,073	\$118,147	13,286,032	463,099	\$9.25	\$21.26

Notes: General support includes Tier 1 to 3 support. Tribal Lifeline rates are just for Tier 4 payments. Tribal Lifeline subscribers also qualify for Tier 1 to 3 support, which is included in General. These calculations exclude TLS.

¹ Total federal support reported in Table 2.3 is different from Table 2.4 since Lifeline subscribers in Table 2.3 include only ILEC subscribers for December 2011 and subscribers in Table 2.4 are average 2011 subscribers.

Source: Universal Service Administrative Company.

Table 2.5
Link Up Average Claims by State: 2011

State	Support in Thousands		Beneficiaries		Support per Beneficiary	
	Non-Tribal	Tribal	Non-Tribal	Tribal	Non-Tribal	Tribal
Alabama	\$1,889	\$0	63,702	0	\$29.66	-
Alaska	0	70	2	3,613	18.50	19.26
American Samoa	1	0	21	0	30.00	-
Arizona	107	168	6,334	8,402	16.90	19.97
Arkansas	11,866	0	396,332	0	29.94	-
California	4,274	0	179,575	1	23.80	20.00
Colorado	28	0	1,627	0	17.46	-
Connecticut	20	0	741	0	26.91	-
Delaware	1	0	59	0	18.00	-
District of Columbia	62	0	2,490	0	24.97	-
Florida	929	0	29,253	0	31.77	-
Georgia	9,869	0	337,686	0	29.22	-
Guam	34	0	1,313	0	26.01	-
Hawaii	9	0	590	0	14.94	-
Idaho	27	0	1,787	13	14.84	14.31
Illinois	14,512	0	485,889	0	29.87	-
Indiana	158	0	6,693	0	23.54	-
Iowa	387	0	14,039	0	27.56	-
Kansas	1,284	0	43,214	0	29.71	-
Kentucky	471	0	18,363	0	25.66	-
Louisiana	23,298	0	778,184	0	29.94	-
Maine	436	1	16,184	53	26.95	22.70
Maryland	11,713	0	390,848	0	29.97	-
Massachusetts	3	0	491	0	6.86	-
Michigan	2,475	0	84,634	29	29.24	11.83
Minnesota	48	2	4,552	88	10.48	19.58
Mississippi	3,682	0	120,563	0	30.54	-
Missouri	7,084	0	238,008	6	29.77	7.50
Montana	10	17	731	1,084	13.46	15.33
Nebraska	16	0	971	1	15.97	17.00
Nevada	1,000	1	34,850	33	28.68	17.36
New Hampshire	4	0	181	0	19.43	-
New Jersey	1,082	0	36,754	0	29.43	-
New Mexico	131	74	7,272	3,680	17.96	20.24
New York	97	0	3,663	0	26.41	-
North Carolina	1,247	0	43,401	0	28.73	-
North Dakota	13	6	806	227	15.72	26.37
Northern Mariana Islands	14	0	584	0	23.32	-
Ohio	1,290	0	139,122	0	9.28	-
Oklahoma	35	21,176	1,703	266,759	20.65	79.38
Oregon	38	0	4,325	6	8.76	8.33
Pennsylvania	408	0	19,125	0	21.32	-
Puerto Rico	2,050	0	85,697	0	23.92	-
Rhode Island	359	0	12,655	0	28.39	-
South Carolina	760	0	27,321	0	27.84	-
South Dakota	7	1	566	92	12.42	14.67
Tennessee	948	0	35,067	0	27.02	-
Texas	3,619	1	144,017	31	25.13	19.48
Utah	26	4	2,102	172	12.60	20.35
Vermont	19	0	1,332	0	14.25	-
Virgin Islands	1	0	222	0	5.55	-
Virginia	31	0	1,485	0	21.08	-
Washington	760	43	34,983	1,428	21.71	29.91
West Virginia	2,307	0	76,967	0	29.97	-
Wisconsin	2,124	3	72,252	236	29.40	13.04
Wyoming	4	0	205	10	17.47	17.90
Total	\$113,064	\$21,566	4,011,533	285,964	\$28.18	\$75.41

Source: Universal Service Administrative Company.

Table 2.6
Low-Income Claims by State: 2011
(in Thousands)

State or Jurisdiction	Lifeline		Link Up		TLS	Total
	General	Tribal	Non-Tribal	Tribal		
Alabama	\$35,560	\$3	\$1,889	\$0	\$1,229	\$38,681
Alaska	8,179	17,391	0	70	51	25,691
American Samoa	69	0	1	0	0	70
Arizona	9,783	13,001	107	168	34	23,094
Arkansas	30,819	0	11,866	0	109	42,794
California	157,623	44	4,274	0	93	162,034
Colorado	2,161	1	28	0	4	2,194
Connecticut	11,535	0	20	0	0	11,555
Delaware	3,263	0	1	0	0	3,265
District of Columbia	3,491	0	62	0	0	3,553
Florida	111,457	1	929	0	542	112,929
Georgia	73,849	0	9,869	0	70	83,787
Guam	248	0	34	0	0	282
Hawaii	522	0	9	0	0	531
Idaho	3,072	198	27	0	6	3,302
Illinois	57,457	0	14,512	0	144	72,112
Indiana	9,283	0	158	0	4	9,444
Iowa	5,099	0	387	0	7	5,493
Kansas	6,032	2	1,284	0	63	7,381
Kentucky	8,400	0	471	0	350	9,222
Louisiana	79,977	0	23,298	0	928	104,203
Maine	10,723	47	436	1	4	11,211
Maryland	32,995	0	11,713	0	0	44,709
Massachusetts	29,825	0	3	0	0	29,829
Michigan	62,887	59	2,475	0	407	65,828
Minnesota	5,611	271	48	2	4	5,936
Mississippi	29,569	5	3,682	0	441	33,697
Missouri	22,629	1	7,084	0	100	29,814
Montana	1,675	1,938	10	17	4	3,644
Nebraska	1,522	82	16	0	8	1,627
Nevada	5,779	24	1,000	1	1	6,804
New Hampshire	2,186	0	4	0	0	2,189
New Jersey	40,226	0	1,082	0	1	41,309
New Mexico	7,772	5,810	131	74	22	13,809
New York	130,511	1	97	0	248	130,857
North Carolina	66,315	1	1,247	0	680	68,242
North Dakota	1,615	513	13	6	1	2,148
Northern Mariana Islands	223	0	14	0	0	236
Ohio	75,415	0	1,290	0	570	77,275
Oklahoma	28,182	74,700	35	21,176	3,503	127,596
Oregon	6,629	34	38	0	7	6,708
Pennsylvania	44,277	0	408	0	3	44,688
Puerto Rico	56,753	0	2,050	0	0	58,803
Rhode Island	3,271	0	359	0	0	3,630
South Carolina	12,707	9	760	0	373	13,850
South Dakota	908	354	7	1	1	1,271
Tennessee	48,204	0	948	0	191	49,343
Texas	93,731	19	3,619	1	844	98,214
Utah	3,753	224	26	4	13	4,020
Vermont	2,295	0	19	0	1	2,315
Virgin Islands	112	0	1	0	0	113
Virginia	29,483	0	31	0	0	29,514
Washington	18,838	3,158	760	43	18	22,817
West Virginia	12,704	0	2,307	0	0	15,012
Wisconsin	18,515	210	2,124	3	12	20,863
Wyoming	353	47	4	0	0	404
Total	\$1,526,073	\$118,147	\$113,064	\$21,566	\$11,091	\$1,789,941

Notes: These dollars represent submitted claims to USAC for the time period January 2011 through December 2011, including true-ups reported through August 2012. General Lifeline support is Tier 1 to 3 support for all subscribers, including Tribal subscribers. Tribal Lifeline support is Tier 4 support only. For Lifeline, "General" payments are made to all Lifeline subscribers and "Tribal" payments are additional payments to Tribal Lifeline subscribers only. For Link Up, the payments and subscribers for the two categories of recipients are kept separate.

Source: Universal Service Administrative Company.

Table 2.7
Low-Income Claims Received by ILECs and CETCs
(in Thousands)

	ILECs	CETCs	Total	Percent CETCs
1998	\$464,207	\$260	\$464,467	0.1 %
1999	479,353	796	480,150	0.2
2000	517,901	1,128	519,029	0.2
2001	585,790	3,572	589,362	0.6
2002	663,009	13,097	676,106	1.9
2003	693,378	22,994	716,373	3.2
2004	723,580	39,349	762,929	5.2
2005	734,344	67,631	801,975	8.4
2006	707,135	99,933	807,068	12.4
2007	701,990	121,240	823,230	14.7
2008	674,805	147,019	821,824	17.9
2009	643,217	370,213	1,013,430	36.5
2010	596,115	723,557	1,319,702	54.8
2011	557,815	1,232,126	1,789,941	68.8

Notes: ILECs is an abbreviation for incumbent local exchange carriers. CETCs is an abbreviation for competitive eligible telecommunications carriers. CETCs include both wireless and wireline carriers.

Source: Universal Service Administrative Company.

Chart 2.2
Percent of Low-Income Claims Received by CETCs

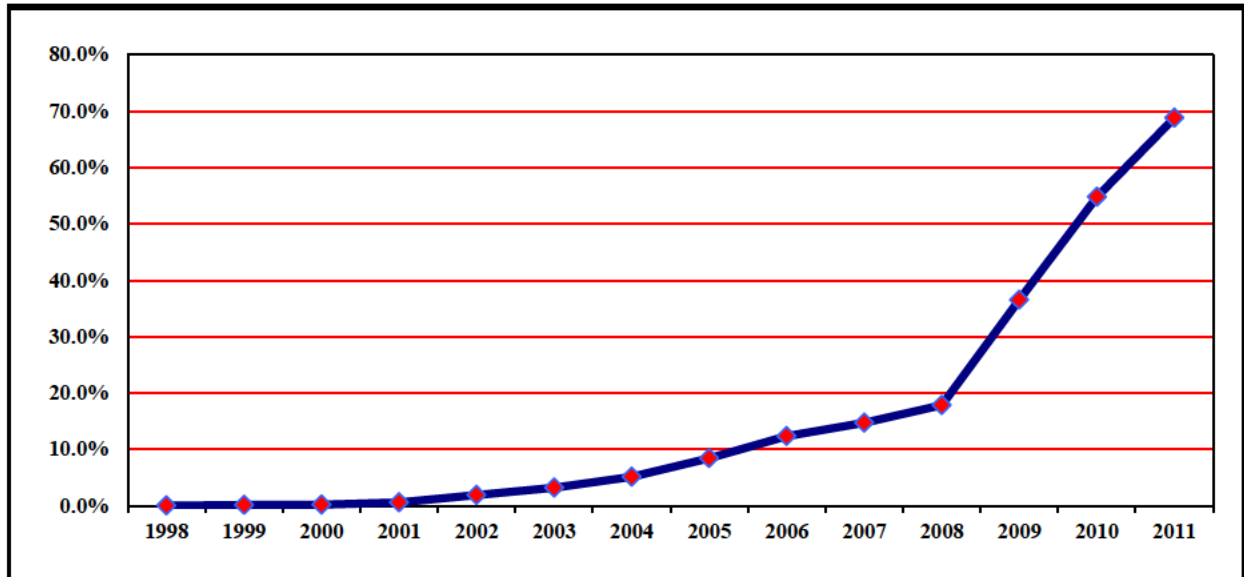


Table 2.8
Low-Income Claims by Affiliated Entities: 2011
(in Thousands)

Rank	Affiliated Entity Name¹	Low-Income Support	Percent of Total	Cumulative Percent of Total
1	América Móvil	\$451,833	25.2%	25.2%
2	AT&T Inc.	280,052	15.6	40.9
3	Sprint Nextel Corporation	273,466	15.3	56.2
4	Nexus Communications, Inc.	116,178	6.5	62.7
5	Verizon Communications Inc.	109,186	6.1	68.8
6	CenturyLink, Inc.	52,124	2.9	71.7
7	True Wireless, LLC	37,167	2.1	73.7
8	Budget Prepay Inc.	33,725	1.9	75.6
9	TerraCom, Inc.	33,558	1.9	77.5
10	Amvensys Telecom Holdings	32,652	1.8	79.3
	Other Carriers	369,999	20.7	100.0
	All Holding Companies	\$1,789,941	100.0%	100.0%

Table 2.9
Low-Income Claims by Program and by Affiliated Entities: 2011
(in Thousands)

Rank	Affiliated Entity Name¹	Lifeline Support	Link Up Support	TLS Support
1	América Móvil	\$451,704	\$130	\$0
2	AT&T Inc.	274,855	4,998	199
3	Sprint Nextel Corporation	273,466	0	0
4	Nexus Communications, Inc.	96,162	20,000	17
5	Verizon Communications Inc.	108,200	945	41
6	CenturyLink, Inc.	51,401	655	67
7	True Wireless, LLC	27,795	9,372	0
8	Budget Prepay Inc.	20,545	12,536	644
9	TerraCom, Inc.	26,857	6,175	526
10	Amvensys Telecom Holdings	23,868	7,409	1,376
	Other Carriers	289,367	72,410	8,221
	All Holding Companies	\$1,644,220	\$134,630	\$11,091

¹ Affiliated entities include all commonly-controlled or commonly-owned affiliates as of 2011.

High-Cost Support Program

The high-cost support mechanisms enable eligible telecommunications carriers (ETCs) serving areas with very high costs to recover some of these costs from the federal universal service fund, leaving a smaller remainder of the costs to be recovered through end-user rates or state universal service support mechanisms. In this manner, the high-cost support mechanisms are intended to ensure reasonably comparable local rates and thereby further one of the most important goals of federal and state regulation -- the preservation and advancement of universal telephone service. This section of the report outlines the high-cost support mechanisms and provides data for these mechanisms. Until recently, the high-cost support mechanisms included high-cost loop support (HCLS),¹³ safety net additive support (SNAS), safety valve support (SVS), interstate common line support (ICLS),¹⁴ which generally went to rate-of-return carriers,¹⁵ forward-looking non-rural high-cost model support (HCMS), interstate access support (IAS) for price-cap carriers, and local switching support (LSS) for carriers that serve study areas with 50,000 or fewer access lines.

On October 27, 2011, the Commission adopted the *USF/ICC Transformation Order*, which comprehensively reformed and modernized the universal service and intercarrier compensation systems, creating a new Connect America Fund to ensure that robust voice and broadband services are available to Americans throughout the nation.¹⁶ Among other things, the Commission eliminated certain high-cost support mechanisms, modified others, and established a new framework for distributing high-cost funding in the most efficient and technologically neutral manner possible, through market-based mechanisms such as competitive bidding. Some reforms took effect for support in 2012, while others will be implemented in 2013 or later. Accordingly, some data available in 2012 reflect the effect of reforms, but data reflecting the full effect of the reforms will not be available until later years. In January 2012, two transitional mechanisms were introduced for price cap carriers and their rate-of-return affiliates: frozen high-cost support, which replaced the existing support mechanisms for those carriers, and incremental support, which provides additional support for those carriers that elect to receive it to extend broadband-capable networks in unserved areas. In July 2012, the Connect America Fund intercarrier compensation (CAF-ICC) mechanism was introduced. Further description of these transitional mechanisms can be found in the program description of the high-cost support program at www.fcc.gov/wcb/iatd/monitor.html.

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- 13 This was formerly referred to as the Universal Service Fund, and still bears that name in the Commission rules. It is now referred to as high-cost loop support to avoid confusion with the universal service support mechanisms that the Commission developed to implement the 1996 Act. *See* 47 C.F.R. § 36.601. *See also* 47 C.F.R. Part 54.
- 14 Effective July 1, 2004, long term support (LTS) was merged into ICLS. Any LTS amounts reported in subsequent years are out-of-year adjustments for prior payments. Such adjustments occurred for ILECs only in 2005, but continued for some CETCs through 2008.
- 15 A number of mid-sized carriers elected to convert to price-cap regulation in recent years and received ICLS that was frozen at a per-line amount. *See, e.g., Windstream Petition for Conversion to Price Cap Regulation and for Limited Waiver Relief*, WC Docket No. 07-171, Order, 23 FCC Rcd 5294 (2008).
- 16 *See generally Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order and FNPRM*).

High-Cost Disbursements

Table 2.10 summarizes the annual disbursements¹⁷ for the high-cost support mechanisms from 2003 through 2012.¹⁸ The table is based on information provided by the Universal Service Administrative Company (USAC). The values in Table 2.10 are the amounts disbursed in each year. For each year, the values include prior period adjustments disbursed in that year in support of these mechanisms for prior years. Chart 2.3 plots the total annual disbursements since 2003. Chart 2.3 and all subsequent high-cost bar charts also include reserve fund dollars for 2010 through 2012; the high-cost tables do not include these reserves.¹⁹ Representing over 40% of total support in 2012, frozen high-cost support has become the largest high-cost support mechanism. The mechanisms in place prior to 2012 are estimated to show substantial percentage drops in disbursements from 2011, notably ICLS (43%), HCLS (31%), LSS (71%), and SNAS (56%). HCMS and IAS disbursements apart from true-ups stopped in 2012. Only SVS disbursements displayed an estimated increase, consistent with the trend since 2008. Incremental support represented about 3% of all disbursements. CAF-ICC represented 5% of all disbursements; CAF-ICC was initiated midway through 2012. LSS was eliminated in July 2012 as a result of its incorporation into CAF-ICC at that time, resulting in a substantial reduction of LSS disbursements in 2012.²⁰

Table 2.11 compares the annual amounts of support received by ILECs and by CETCs for each support mechanism. Chart 2.4 shows the total disbursement to ILECs and CETCs since 2003. Over 90% of CETC disbursements in 2012 are estimated to be from frozen high cost support. Historically, most CETC disbursements were in areas served by price cap carriers and their rate-of-return affiliates. Table 2.11 shows that about 65% of the total decline in HCLS and ICLS in 2012 was due to CETCs receiving frozen support instead of HCLS and ICLS. HCLS and ICLS disbursements to CETCs in 2012 were less than 10% of those in 2011. The decline in ICLS for ILECs in 2012 is due to price cap ILECs and their rate-of-return affiliates receiving frozen support instead of ICLS. Similarly, over 75% of the reduction in HCLS for ILECs in 2012 was due to price cap carriers and their rate-of-return affiliates receiving frozen support instead of HCLS.

Table 2.12 lists high-cost disbursements by mechanism within each state in 2011. Chart 2.5 is a map of total high-cost disbursements within each state for 2011. Texas received the most disbursements in 2011 (\$247 million); its support was primarily in the HCLS mechanism (\$113 million, the most of any state and more than the total support of all but eight other states). Mississippi received almost as much in

17 A “disbursement” is the distribution of funds *in a specified time period*. These funds were distributed in support of high-cost mechanisms in that period and *possibly in support of earlier time periods*. The disbursements in support of earlier time periods are the result of true-ups to resolve differences between initial payments and disbursements necessitated by revisions to supporting data. *It is possible for disbursements to be negative*, thus requiring the recipient to return dollars to the high-cost fund.

18 Disbursements for 2012 were extrapolated based on disbursements from January through August. In prior reports, this extrapolation was performed using a linear multiplier of all disbursements in those months. Because of changes in the funding process in July 2012, a different extrapolation calculation was used in this report. The table values for annual disbursements for 2012 are the sum of disbursements in the first half of 2012 added to 3 times the disbursements made in July and August 2012. The same calculation process was used for claim values in 2012.

19 The reserve funds are described in Table 1.10.

20 CETCs in Remote Alaska and Standing Rock continued to receive a deferred phase down of LSS in the second half of 2012.

disbursements as Texas (\$246 million); over 70% of the support was in HCMS (\$188 million, more than 60% of all HCMS and more than the total support of all but three other states). Alaska (\$203 million), Kansas (\$191 million), and Puerto Rico ((\$165 million) were third, fourth, and fifth respectively in total disbursements. Puerto Rico and Alaska were the leading recipients of disbursements for ICLS; all of Puerto Rico's disbursements were for ICLS while Alaska received disbursements of \$97 million for ICLS. Alaska was also the leading recipient of LSS (\$27 million). Over half of Kansas support was for HCLS (\$99 million), the most of any other state aside from Texas. No other state or jurisdiction received more than \$150 million dollars in disbursements.

Table 2.13 lists total high-cost disbursements received by the top 10 affiliated entity recipients from 2009 through 2011. As a whole, these affiliated entities received 49% of disbursements in this time period. Verizon led all affiliated entities in disbursements in 2009, but a continual drop in its disbursements has moved AT&T to the top in 2010 and 2011.

Table 2.14 provides a breakdown by mechanism of disbursements to affiliated entities for 2011 as well as an analysis of disbursements per supported line for affiliated entities. As a group, these 25 affiliated entities accounted for 94% of all supported lines, but only 54% of all disbursements. AT&T and Verizon had the most supported lines in 2011; together they accounted for 53% of supported lines with only 16% of total disbursements. Disbursements per supported line are highly variable; among these 25 affiliated entities, they range from over \$10,000 per line (Sandwich Isles Communications) to less than \$10 per line (Qwest and Sprint Nextel, Verizon Communications, and Deutsche Telekom AG). AT&T received the most disbursements for HCMS (\$153 million). Century Link received the most disbursements for IAS (\$128 million) and HCLS (\$75 million). Telephone and Data Systems received the most disbursements for ICLS (\$124 million). Table 2.15 lists the 26 study areas with monthly disbursements per supported line exceeding \$250 in 2011.

High-Cost Claims

High-cost claims²¹ are strongly correlated with disbursements. The difference is their relation to time. Disbursement dollars are aligned with the time that funds are distributed to the recipients. Claim dollars are aligned with the time period that the funds support. While disbursement dollars for a time period do not change in subsequent reports, it is possible for claim dollars in a time period to change because of subsequent true-ups especially in more recent years.²²

Tables 2.16 through 2.18 and Charts 2.6 and 2.7 are claims versions of Tables 2.10 through 2.12 and Charts 2.3 and 2.4. In general, the differences between the claims and disbursements views are minor. Table 2.16 shows a steady decrease in total claim dollars (to date) since 2009; however, Chart 2.6

21 A "claim" is the distribution of funds *in support of a specified time period*. These funds were distributed in that period and *possibly a later time period*. The disbursements in later time periods are the result of true-ups to resolve differences between initial payments and disbursements necessitated by revisions to supporting data made at that later date. *Claims are always positive values*. The claim data used in this report does not include true-ups for 2011 and 2012.

22 Example: In December 2009, D dollars were distributed to a recipient; of these D dollars, D_P dollars were distributed in support of lines in December 2009 (initial payment) and D_T dollars were distributed in support of lines in November 2009 (true-up). In January 2010, J dollars were distributed to the recipient; of these J dollars, J_P dollars were distributed in support of lines in January 2010 (initial payment) and J_T dollars were distributed in support of lines in December 2009 (true-up). Disbursement dollars for December 2009 and January 2010 were D and J dollars respectively. Claim dollars for December 2009 and January 2010 were $D_P + J_T$ and J_P dollars respectively (assuming no future true-ups for December 2009 and January 2010).

shows a steady increase from 2009 when the reserve is included. Table 2.17 and Chart 2.7 show that ILEC claim dollars (to date) are expected to increase in 2012 after staying virtually constant since 2009 while CETC claim dollars are expected to continue their decrease since 2009.

Table 2.18 lists high-cost claims within each state in 2011. Mississippi had the highest claims in 2011 (\$256 million) with over 70% for HCMS (\$181 million, the most of any state). Texas had claims almost as high as Mississippi (\$249 million), but its support was primarily in the HCLS mechanism (\$112 million, the most of any state). Alaska had the third highest total claims among states in 2011 (\$216 million) with almost half for ICLS (\$104 million). Kansas (\$198 million), Puerto Rico (\$173 million), and Oklahoma (\$152 million) were fourth fifth, and sixth respectively in total claims. No other state or jurisdiction had more than \$150 million dollars in claims.

Additional data on the high-cost program have been posted at www.fcc.gov/wcb/iatd/monitor.html. These data include 1) high-cost disbursement and claims by mechanism, study area, and state, 2) ILEC support data by study area and state, 3) changes in local exchange carriers, and 4) nationwide pool results provided by National Exchange Carrier Association, Inc. (NECA). The website also contains further details about the history and operation of the high-cost program.

Table 2.10
High-Cost Support Fund Disbursement History
(in Millions)

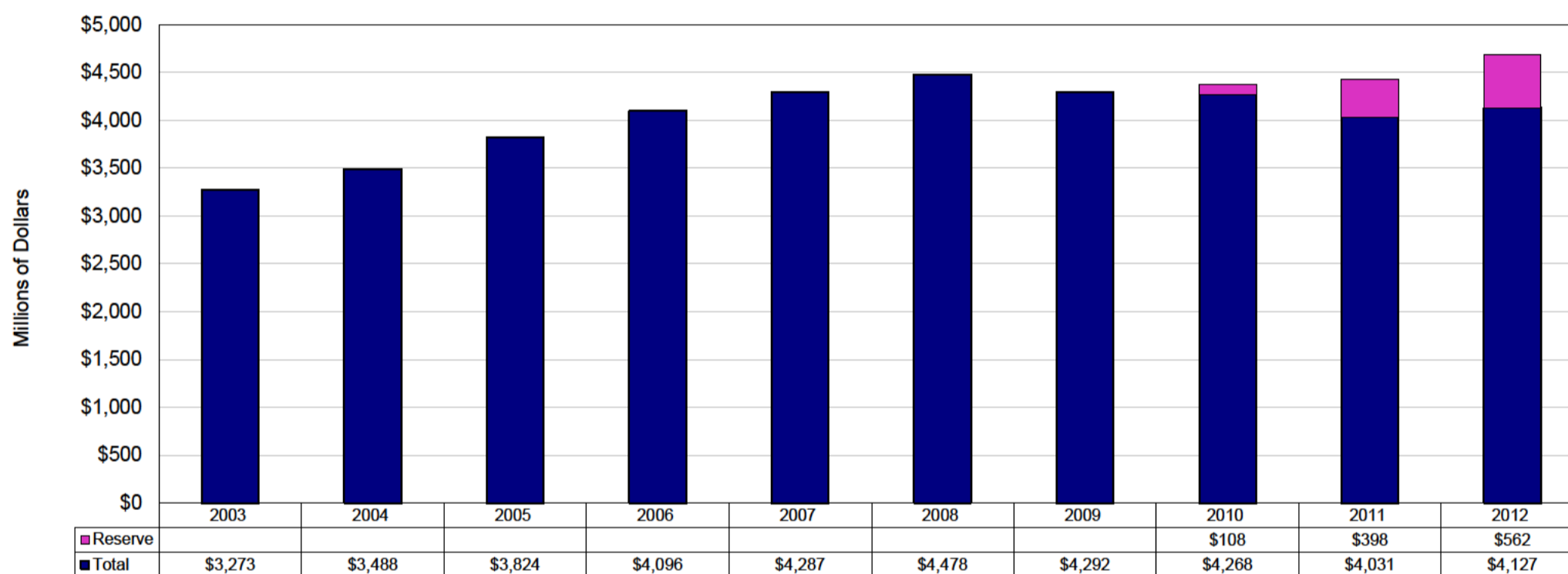
Year	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Long-Term Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Frozen High-Cost Support	Incremental Support	Connect America Fund Intercarrier Compensation	Total Support
2003	\$1,085	\$9	\$0	\$234	\$504	\$399	\$622	\$420	\$0	\$0	\$0	\$3,273
2004	1,137	12	0	273	275	727	642	422	0	0	0	3,488
2005	1,219	15	4	292	0	1,178	691	425	0	0	0	3,824
2006	1,309	29	1	358	4	1,266	681	448	0	0	0	4,096
2007	1,402	38	3	346	0	1,392	645	460	0	0	0	4,287
2008	1,457	48	2	351	0	1,621	585	416	0	0	0	4,478
2009	1,424	53	5	331	0	1,537	563	381	0	0	0	4,292
2010	1,297	76	6	310	0	1,675	545	359	0	0	0	4,268
2011	1,187	95	8	280	0	1,609	522	330	0	0	0	4,031
2012*	818	42	9	1	0	921	-8	95	1,920	115	214	4,127

Note: Detail may not appear to add to totals due to rounding.

* Estimate for 2012 extrapolated from payments through August 2012.

Source: Universal Service Administrative Company.

Chart 2.3
Total High-Cost Support Fund Disbursements and Reserve



Source: Universal Service Administrative Company.

Table 2.11
High-Cost Support Fund Disbursement History - ILECs and CETCs
(in Millions)

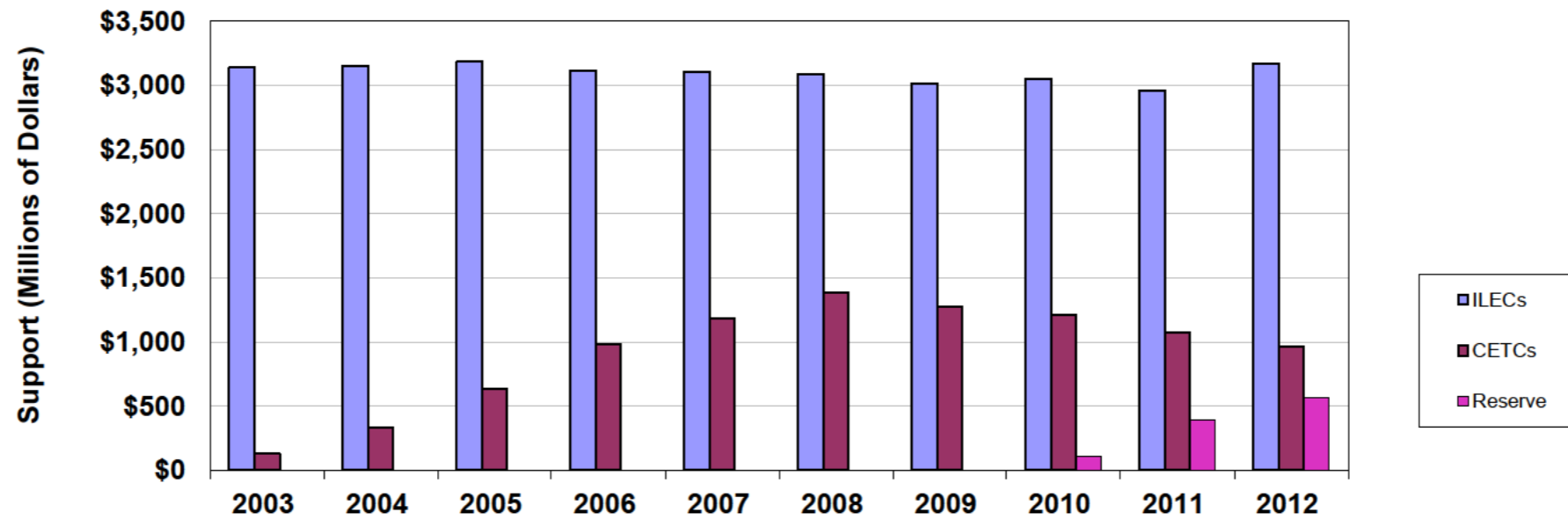
Year	Companies	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Long-Term Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Frozen High-Cost Support	Incremental Support	Connect America Fund Intercarrier Compensation	Total Support
2003	ILECs	\$1,058.2	\$8.8	\$0.0	\$207.2	\$479.1	\$382.0	\$604.9	\$401.6	\$0.0	\$0.0	\$0.0	\$3,141.8
	CETCs	26.5	0.3	0.0	26.8	25.0	17.4	16.9	18.5	0.0	0.0	0.0	131.4
	Total	1,084.6	9.1	0.0	234.0	504.1	399.4	621.7	420.2	0.0	0.0	0.0	3,273.2
2004	ILECs	1,055.4	10.5	0.0	218.9	243.8	645.0	596.0	384.8	0.0	0.0	0.0	3,154.5
	CETCs	81.3	1.1	0.0	54.5	31.0	82.0	45.7	37.5	0.0	0.0	0.0	333.1
	Total	1,136.6	11.6	0.0	273.4	274.8	727.1	641.7	422.3	0.0	0.0	0.0	3,487.6
2005	ILECs	1,052.1	12.3	3.8	221.3	0.0	953.9	581.9	360.4	0.0	0.0	0.0	3,185.7
	CETCs	166.8	2.9	0.6	70.6	-0.2	224.4	109.1	64.4	0.0	0.0	0.0	638.5
	Total	1,218.9	15.2	4.4	291.8	-0.2	1,178.3	691.0	424.8	0.0	0.0	0.0	3,824.2
2006	ILECs	1,046.0	24.3	0.3	207.8	0.0	941.9	540.4	355.7	0.0	0.0	0.0	3,116.4
	CETCs	263.0	5.1	0.4	149.7	4.5	323.9	140.8	92.5	0.0	0.0	0.0	979.9
	Total	1,309.0	29.4	0.7	357.5	4.5	1,265.8	681.2	448.2	0.0	0.0	0.0	4,096.3
2007	ILECs	1,049.8	27.6	1.9	197.6	0.0	979.8	504.1	347.4	0.0	0.0	0.0	3,108.2
	CETCs	352.7	10.9	1.1	148.6	0.0	412.1	140.9	112.3	0.0	0.0	0.0	1,178.5
	Total	1,402.5	38.5	3.0	346.3	0.0	1,391.9	645.0	459.7	0.0	0.0	0.0	4,286.7
2008	ILECs	1,034.3	34.1	1.5	185.1	0.0	1,063.4	473.3	301.6	0.0	0.0	0.0	3,093.3
	CETCs	422.2	13.4	0.3	165.5	0.1	557.2	111.3	114.4	0.0	0.0	0.0	1,384.5
	Total	1,456.6	47.5	1.8	350.6	0.1	1,620.6	584.6	415.9	0.0	0.0	0.0	4,477.8
2009	ILECs	1,006.5	38.2	4.9	169.0	0.0	1,066.1	456.3	277.2	0.0	0.0	0.0	3,018.2
	CETCs	417.6	14.4	0.1	161.6	0.0	470.6	106.3	103.5	0.0	0.0	0.0	1,273.9
	Total	1,424.1	52.5	5.0	330.6	0.0	1,536.6	562.6	380.7	0.0	0.0	0.0	4,292.2
2010	ILECs	959.8	58.9	4.9	156.7	0.0	1,141.4	457.6	275.8	0.0	0.0	0.0	3,055.1
	CETCs	336.8	17.1	1.3	153.1	0.0	533.2	87.8	83.4	0.0	0.0	0.0	1,212.7
	Total	1,296.6	76.0	6.1	309.8	0.0	1,674.6	545.4	359.2	0.0	0.0	0.0	4,267.7
2011	ILECs	909.0	75.5	5.9	144.5	0.0	1,129.4	439.6	254.5	0.0	0.0	0.0	2,958.3
	CETCs	278.1	19.8	2.3	135.5	0.0	479.7	82.2	75.3	0.0	0.0	0.0	1,072.9
	Total	1,187.2	95.3	8.1	280.0	0.0	1,609.1	521.8	329.8	0.0	0.0	0.0	4,031.3
2012*	ILECs	784.0	41.5	8.3	0.1	0.0	888.8	-8.4	90.2	1,034.4	114.8	214.3	3,168.0
	CETCs	34.3	0.7	0.4	0.8	0.0	32.2	0.6	5.1	885.2	0.0	0.0	959.3
	Total	818.3	42.2	8.7	0.8	0.0	921.0	-7.8	95.4	1,919.6	114.8	214.3	4,127.4

Note: Details may not appear to add to totals due to rounding. ILECs are incumbent local exchange carriers. CETCs are competitive eligible telecommunications carriers.

* Estimate for 2012 extrapolated from payments through August 2012.

Source: Universal Service Administrative Company.

Chart 2.4
Total High-Cost Support Fund Disbursements (ILECs and CETCs) and Reserve
(in Millions)



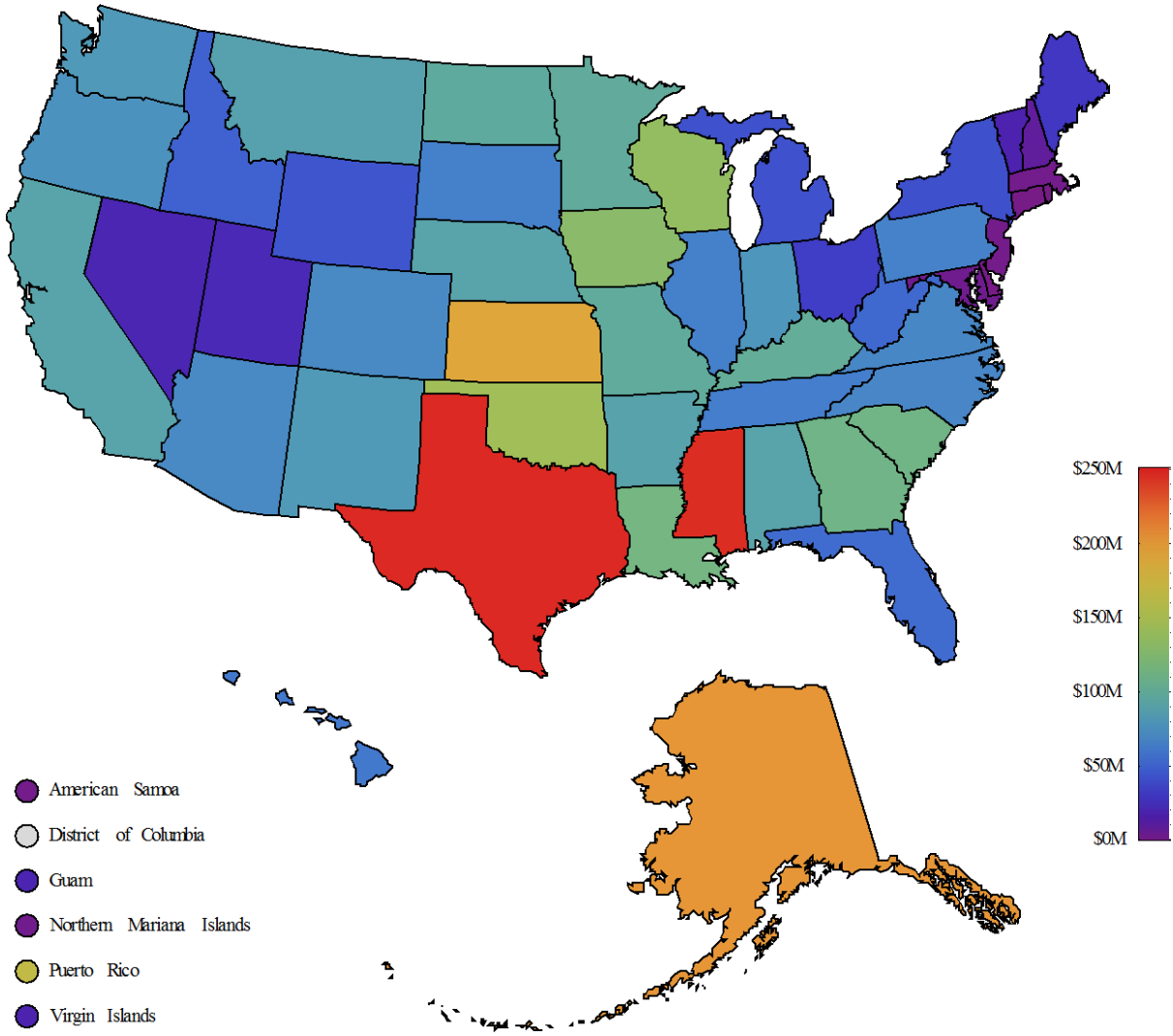
Source: Universal Service Administrative Company.

Table 2.12
High-Cost Support Fund Disbursements - by Mechanism and State: 2011
(in Thousands)

State	Interstate							Total Support
	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Common Line Support	Interstate Access Support	Local Switching Support	
Alabama	\$14,479	\$1,643	\$0	\$31,917	\$20,468	\$16,743	\$5,091	\$90,341
Alaska	77,579	1,331	0	0	96,648	0	26,959	202,518
American Samoa	4	0	0	0	1,225	0	585	1,813
Arizona	29,452	950	0	0	17,036	15,415	8,439	71,292
Arkansas	36,522	599	0	0	45,914	243	6,203	89,481
California	23,994	710	0	0	26,949	35,101	3,834	90,587
Colorado	26,605	606	0	0	22,175	17,128	4,477	70,990
Connecticut	0	0	0	0	0	453	0	453
Delaware	0	0	0	0	0	221	0	221
District of Columbia	0	0	0	0	0	0	0	0
Florida	3,806	106	0	0	9,826	38,258	2,712	54,708
Georgia	30,969	4,537	0	0	49,077	17,422	9,267	111,272
Guam	886	0	0	0	18,103	0	1,048	20,037
Hawaii	33,801	0	0	0	21,486	2,332	3,353	60,971
Idaho	19,323	158	0	0	13,700	10,843	5,637	49,662
Illinois	17,893	522	0	0	30,258	9,297	7,162	65,133
Indiana	28,622	2,980	0	0	27,655	14,331	4,828	78,417
Iowa	36,382	4,651	180	0	60,878	7,873	19,941	129,905
Kansas	99,457	1,651	7,789	0	67,838	5,634	8,311	190,681
Kentucky	28,652	4,230	0	14,350	32,654	15,858	5,423	101,168
Louisiana	60,490	1,743	0	0	36,067	12,235	3,925	114,460
Maine	3,352	756	0	1,639	17,508	18	6,731	30,004
Maryland	5	0	0	0	824	2,247	274	3,351
Massachusetts	1	40	0	0	166	1,435	446	2,088
Michigan	12,182	1,009	0	0	21,276	379	7,265	42,111
Minnesota	28,300	4,464	82	0	50,992	2,353	12,692	98,883
Mississippi	26,330	1,090	0	173,672	19,187	22,483	2,912	245,674
Missouri	44,793	1,857	0	0	36,671	10,264	4,480	98,065
Montana	35,401	1,934	0	10,447	33,562	716	5,958	88,018
Nebraska	31,300	702	0	5,906	32,499	6,146	13,796	90,350
Nevada	4,390	1,312	0	0	4,266	7,211	3,462	20,640
New Hampshire	49	380	0	0	4,447	1,429	3,076	9,381
New Jersey	0	1	0	0	428	253	819	1,501
New Mexico	36,803	1,438	0	0	26,054	9,140	8,434	81,869
New York	3,325	2,289	0	0	13,569	11,703	10,829	41,715
North Carolina	6,237	309	0	0	34,195	22,623	5,106	68,469
North Dakota	31,773	9,977	1	0	44,900	616	9,720	96,987
Northern Mariana Islands	0	0	0	0	0	259	2,646	2,905
Ohio	8,070	210	0	0	12,630	9,111	2,937	32,959
Oklahoma	59,831	9,544	0	0	56,765	3,789	14,514	144,443
Oregon	25,609	936	0	0	28,370	15,500	5,528	75,941
Pennsylvania	847	113	0	0	40,786	18,028	6,471	66,245
Puerto Rico	0	0	0	0	165,376	0	0	165,376
Rhode Island	0	0	0	0	0	29	0	29
South Carolina	34,638	9,489	0	0	51,084	8,541	7,978	111,731
South Dakota	27,981	3,199	66	1,218	27,076	69	5,248	64,856
Tennessee	12,020	5,810	0	0	32,107	8,469	5,001	63,407
Texas	112,631	4,288	0	0	81,549	35,049	13,496	247,012
Utah	5,370	294	16	0	11,394	1,975	3,242	22,290
Vermont	1,595	-2	0	5,525	5,762	1,863	3,554	18,298
Virgin Islands	3,744	0	0	0	15,200	0	0	18,944
Virginia	2,407	441	0	0	10,153	52,954	3,547	69,503
Washington	12,967	191	0	0	37,110	24,087	6,745	81,100
West Virginia	1,560	43	0	26,267	3,638	19,798	1,731	53,037
Wisconsin	33,572	6,327	-5	0	76,427	102	19,806	136,230
Wyoming	11,156	455	0	9,014	15,143	3,790	4,189	43,746
Total	\$1,187,157	\$95,315	\$8,128	\$279,956	\$1,609,072	\$521,812	\$329,828	\$4,031,268

Source: Universal Service Administrative Company.

Chart 2.5
Total High-Cost Support Fund Disbursements - by State: 2011



Note: Gray indicates a state or jurisdiction with zero or negative disbursements.
 Source: Universal Service Administrative Company.

Table 2.13
Annual High-Cost Payments by Year-End Affiliated Entity: 2009-2011

Rank	Affiliated Entity Name ¹	2009	2010	2011	Total	CETC Share of 3 -Year Total ²
1	AT&T Inc.	\$435,421,362	\$473,158,310	\$418,943,049	\$1,327,522,721	58.8%
2	Verizon Communications Inc. ^{3,4}	679,881,325	359,758,095	216,126,405	1,255,765,825	65.0
3	CenturyLink, Inc. ⁵	351,860,073	303,991,570	345,604,713	1,001,456,356	0.0
4	Telephone and Data Systems, Inc.	236,140,788	235,942,687	248,772,943	720,856,418	63.9
5	Frontier Communications Corporation ⁴	70,029,154	155,930,004	151,268,270	377,227,428	0.0
6	Windstream Corporation	110,335,446	114,626,457	94,590,699	319,552,602	0.1
7	Telapex, Inc. ⁶	77,227,146	78,765,128	83,899,889	239,892,163	91.0
8	América Móvil	28,341,587	92,006,490	80,737,851	201,085,928	53.3
9	Alaska Communications Systems Holdings, Inc.	45,629,130	55,952,788	41,929,021	143,510,939	52.9
10	Qwest Communications International, Inc. ⁵	66,519,241	66,566,906	-	133,086,147	0.0
11	FairPoint Communications, Inc.	48,389,394	42,090,134	39,988,208	130,467,736	0.0
12	Sprint Nextel Corporation ³	49,962,331	46,861,658	29,216,245	126,040,234	100.0
13	Rural Telephone Service Company, Inc.	40,236,855	40,679,869	45,049,551	125,966,275	40.6
14	General Communication, Inc.	14,984,868	46,787,378	51,432,111	113,204,357	90.1

¹ Affiliated entities include all commonly-controlled or commonly-owned affiliates. Affiliated entities appear on this list if they are in the top ten for any of the presented years.

² In the *USF/ICC Transformation Order*, the Commission eliminated the rule providing identical support to competitive ETCs, determining the rule did not provide an "appropriate level of support for the efficient deployment of mobile services in areas that do not support a private business case for mobile voice and broadband." *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17666, 17851-59, para. 502 (2011), pets. for review pending sub nom. In re: FCC 11-161, No. 11-9900 (10th Cir. Filed Dec. 8, 2011). The Commission, however, transitioned the elimination of that support over five years, beginning on July 1, 2012. See *USF/ICC Transformation Order*, 26 FCC Rcd at 17853, para. 513.

³ Verizon Wireless and Sprint Nextel, in separate transactions in 2008, each committed to phase down their CETC high-cost universal service support in 20 percent increments over five years, beginning in 2009. These commitments were not implemented until the Commission released an Order on August 31, 2010 providing guidance to the Universal Service Administrative Company regarding the methodology to achieve those commitments. *High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Request for Review of Decision of Universal Service Administrator by Corr Wireless Communications, LLC*, WC Docket No. 05-337, CC Docket No. 96-45, Order and Notice of Proposed Rulemaking, 25 FCC Rcd 12854 (2010). To the extent that Verizon Wireless received support prior to the August 31, 2010 Order that should have been surrendered under its commitment, USAC reclaimed that support in 2010 and 2011.

⁴ Frontier Communications purchased study areas in 14 states from Verizon Communications on July 1, 2010.

⁵ CenturyTel, Inc. officially changed their name to CenturyLink, Inc. on May 20, 2010. See <http://news.centurylink.com/index.php?s=43&item=2313>. CenturyLink merged with Qwest on April 1, 2011. See <http://news.centurylink.com/index.php?s=43&item=2226>.

⁶ Telapex, Inc. owns Cellular South.

Source: Universal Service Administrative Company.

Table 2.14
High-Cost Support Fund Disbursements by Affiliated Entity¹: 2011

Rank	Affiliated Entity Name	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Total Support	Supported Lines	Total Support per Line
(in Thousands)											
1	AT&T Inc.	\$41,116	\$3,520	-\$9	\$153,033	\$98,528	\$112,929	\$9,826	\$418,943	33,536	\$12.49
2	CenturyLink, Inc.	74,765	931	2	29,868	93,484	127,738	18,817	345,605	14,022	24.65
3	Telephone and Data Systems, Inc.	61,037	12,644	235	4,330	123,867	14,722	31,939	248,773	4,387	56.71
4	Verizon Communications Inc.	38,109	4,445	957	2,396	50,450	111,069	8,699	216,126	29,867	7.24
5	Frontier Communications Corporation	1,399	1,911	0	16,164	23,285	92,877	15,632	151,268	5,269	28.71
6	Windstream Corporation	5,438	7,453	0	5,852	49,124	16,738	9,986	94,591	3,050	31.01
7	Telapex, Inc.	16,701	415	0	48,228	12,262	5,009	1,286	83,900	802	104.59
8	América Móvil	0	0	0	0	80,738	0	0	80,738	1,605	50.30
9	General Communication, Inc.	16,059	172	0	0	27,269	0	7,933	51,432	279	184.43
10	Rural Telephone Service Company, Inc.	23,932	311	4,317	0	16,144	188	157	45,050	72	626.96
11	Alaska Communications Systems Holdings, Inc.	11,346	158	0	0	24,788	0	5,637	41,929	291	144.22
12	FairPoint Communications, Inc.	6,485	408	0	6,625	18,732	3,245	4,494	39,988	1,222	32.72
13	Deutsche Telekom AG	2,680	694	0	203	27,167	6,799	965	38,507	4,145	9.29
14	American Broadband Communications et al.	16,900	148	0	72	10,481	133	5,232	32,966	52	630.08
15	Sprint Nextel Corporation	3,404	80	0	3,372	10,052	11,050	1,259	29,216	12,610	2.32
16	Farmers Telephone Cooperative, Inc.	14,321	810	0	0	13,176	0	847	29,154	76	385.96
17	Coral Wireless, LLC	15,968	0	0	0	11,030	59	1,582	28,640	56	506.91
18	EATEL Corp., Inc.	16,705	706	0	0	10,763	0	421	28,595	43	662.21
19	Consolidated Communications, Inc.	6,370	0	0	0	17,772	0	1,346	25,488	229	111.11
20	Sandwich Isles Communications, Inc.	15,071	0	0	0	8,564	0	1,473	25,108	2	10,705.76
21	Smithville Holding Company, Inc.	12,068	1,517	0	0	10,401	0	300	24,286	26	933.36
22	Matanuska Telephone Association, Inc.	12,021	0	0	0	11,045	0	1,041	24,107	62	387.93
23	Valley Telephone Cooperative, Inc.	13,032	389	0	0	7,062	54	1,623	22,161	14	1,578.26
24	Big Bend Telephone Co., Inc.	13,277	118	0	0	5,557	0	1,401	20,353	6	3,622.73
25	Golden West Telecommunications Cooperative, Inc.	9,904	1,458	0	0	7,840	0	972	20,174	38	526.77
	Other Carriers	739,051	57,028	2,625	9,813	839,492	19,201	196,960	1,864,171	7,255	256.96
	Total	1,187,157	95,315	8,128	279,956	1,609,072	521,812	329,828	4,031,268	119,017	33.87

¹ Affiliated Entities include all commonly-controlled or commonly-owned affiliates.
Source: Universal Service Administrative Company.

Table 2.15
Study Areas that Received \$250 Per Month or More in Per-Line High-Cost Support : 2011

Rank	Incumbent ETC	State	Holding Company¹	Support²	Supported Lines³	Annual Support per Line
1	BEAVER CREEK TELEPHONE COMPANY	Washington	May, Bott et al.	\$537,546	29	\$18,861
2	ADAK TEL UTILITY	Alaska	Adak Eagle Enterprises, LLC	2,678,285	151	17,796
3	BORDER TO BORDER	Texas	Border to Border Communications, Inc.	1,474,885	91	16,208
4	WESTGATE COMMUNICATIONS LLC D/B/A WEAVTEL	Washington	Westgate Communications LLC	294,060	19	15,477
5	SANDWICH ISLES COMM.	Hawaii	Sandwich Isles Communications, Inc.	25,107,678	2,345	10,706
6	ALLBAND COMMUNICATIONS COOPERATIVE	Michigan	Allband Communications Cooperative	1,427,412	134	10,652
7	ACCIPITER COMM.	Arizona	Accipiter Communications, Inc.	3,374,538	406	8,312
8	TERRAL TEL CO	Oklahoma	Terral Telephone Company	1,875,222	237	7,912
9	DELL TEL. CO-OP - TX	Texas	Dell Telephone Cooperative, Inc.	5,341,676	796	6,711
10	SOUTH PARK TEL. CO.	Colorado	American Broadband Communications et al.	1,090,902	173	6,306
11	S. CENTRAL TEL - OK	Oklahoma	South Central Telephone Association, Inc.	1,576,008	295	5,342
12	PINE TEL SYSTEM INC.	Oregon	Pine Communications, LLC	4,378,464	962	4,550
13	SUMMIT TEL & TEL -AK	Alaska	Remote Control, Inc.	1,040,472	263	3,956
14	AGATE MUTUAL TEL CO	Colorado	Agate Mutual Telephone Cooperative Association	459,060	116	3,949
15	MUTUAL TEL CO	Kansas	Mutual Telephone Company (KS)	1,727,661	446	3,874
16	LA HARPE TEL CO INC	Kansas	LaHarpe Telephone Company, Inc.	1,253,121	335	3,746
17	BEEHIVE TEL CO - UT	Utah	Beehive Telephone Companies	3,416,200	919	3,717
18	BIG BEND TEL CO INC	Texas	Big Bend Telephone Co., Inc.	20,353,401	5,618	3,623
19	BEEHIVE TEL CO - NV	Nevada	Beehive Telephone Companies	450,744	129	3,494
20	NORTH STATE TEL CO.	Oregon	May, Bott et al.	1,599,962	487	3,285
21	SACRED WIND	New Mexico	Sacred Wind Communications, Inc.	7,596,588	2,385	3,185
22	ST JOHN TEL CO	Washington	St. John Telephone Company	1,908,342	601	3,175
23	BACA VALLEY TEL CO	New Mexico	Baca Valley Telephone Company, Inc.	2,155,101	682	3,160
24	MIDVALE-AZ	Arizona	Midvale Telephone Exchange	3,954,642	1,275	3,102
25	PINNACLES TEL CO	California	Bryan Family Inc.	792,990	257	3,086
26	MESCALERO APACHE	New Mexico	Mescalero Apache Telecom, Inc.	3,589,215	1,179	3,046

¹ Holding company name indicates common control/common ownership of carriers.

² Calendar year disbursements include prior period adjustments.

³ Supported lines is the number of lines in service that are receiving support, not the number of homes in the study area. Supported Lines is the average of the quarterly supported line figures.

Source: Universal Service Administrative Company.

Table 2.16
High-Cost Support Fund Claim History
(in Millions)

Year	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Frozen High-Cost Support	Incremental Support	Connect America Fund Intercarrier Compensation	Total Support
2009	\$1,398	\$51	\$5	\$329	\$1,594	\$566	\$389	\$0	\$0	\$0	\$4,332
2010	1,317	77	7	311	1,640	549	383	0	0	0	4,283
2011*	1,218	95	8	290	1,656	537	381	0	0	0	4,186
2012**	825	42	6	0	927	0	125	1,925	115	214	4,180

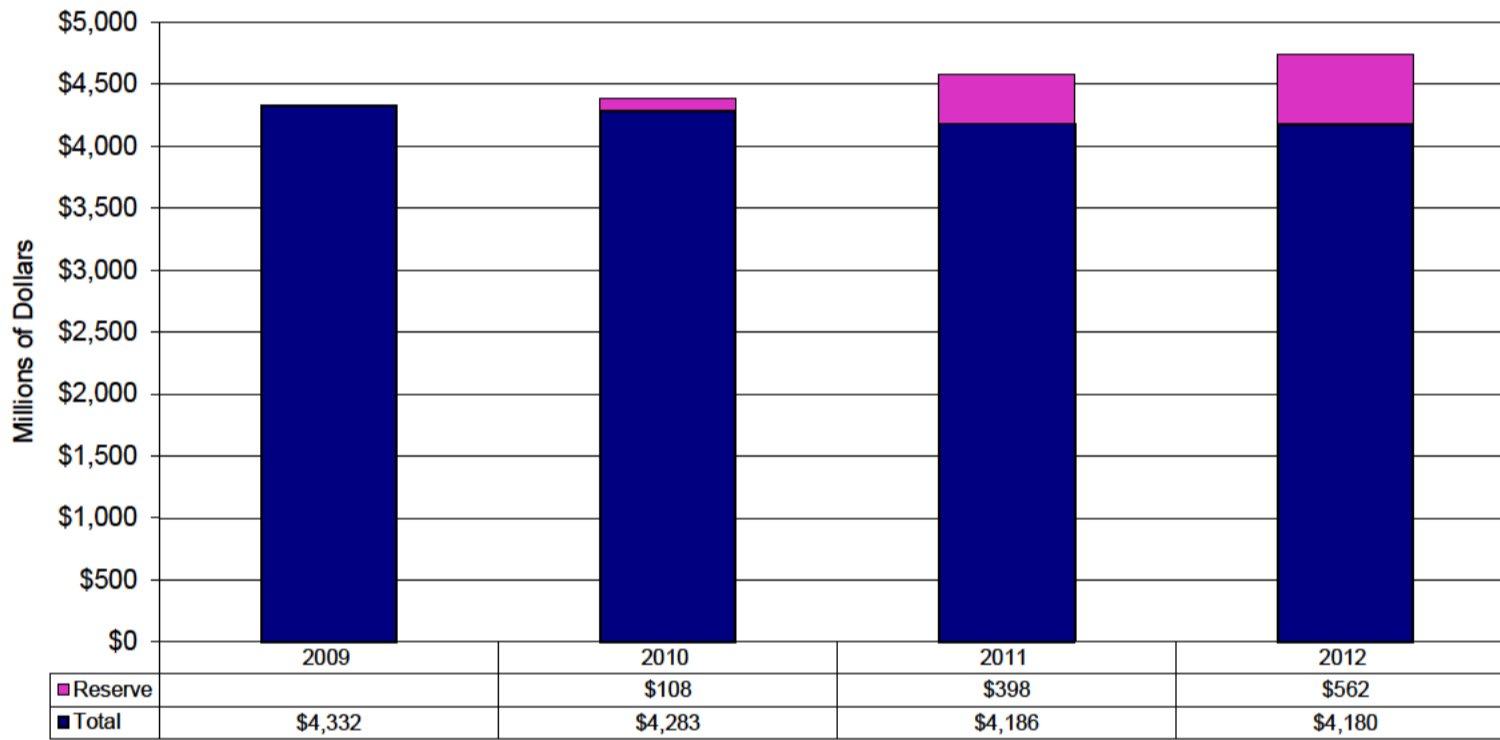
Notes: Detail may not appear to add to totals due to rounding.

* Initial claims for 2011 without true-ups.

** Estimate for 2012 extrapolated from claims through August 2012.

Source: Universal Service Administrative Company.

Chart 2.6
Total High-Cost Support Fund Claims and Reserve



Source: Universal Service Administrative Company.

Table 2.17
High-Cost Support Fund Claim History - ILECs and CETCs
(in Millions)

Year	Companies	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Frozen High-Cost Support	Incremental Support	Connect America Fund Intercarrier Compensation	Total Support
2009	ILECs	\$1,007.3	\$37.7	\$4.9	\$169.3	\$1,069.4	\$456.1	\$288.4	\$0.0	\$0.0	\$0.0	\$3,033.0
	CETCs	390.6	13.6	0.5	159.4	524.2	109.9	100.3	0.0	0.0	0.0	1,298.5
	Total	1,397.9	51.4	5.3	328.6	1,593.6	565.9	388.7	0.0	0.0	0.0	4,331.5
2010	ILECs	961.5	60.0	5.7	155.8	1,116.1	455.2	287.3	0.0	0.0	0.0	3,041.6
	CETCs	355.3	17.0	1.2	154.9	523.9	94.2	95.2	0.0	0.0	0.0	1,241.6
	Total	1,316.8	77.1	6.9	310.6	1,639.9	549.4	382.6	0.0	0.0	0.0	4,283.3
2011*	ILECs	909.1	75.1	5.5	144.5	1,137.7	457.2	289.0	0.0	0.0	0.0	3,017.9
	CETCs	309.3	20.0	2.3	146.0	518.3	79.5	92.4	0.0	0.0	0.0	1,167.9
	Total	1,218.4	95.1	7.8	290.5	1,656.0	536.7	381.4	0.0	0.0	0.0	4,185.8
2012**	ILECs	793.0	41.4	6.2	0.0	891.7	0.0	114.0	1,034.4	114.8	214.3	3,209.7
	CETCs	32.5	0.5	0.0	0.0	35.3	0.0	11.3	890.7	0.0	0.0	970.3
	Total	825.5	41.9	6.2	0.0	927.0	0.0	125.4	1,925.1	114.8	214.3	4,180.0

Notes: Details may not appear to add to totals due to rounding. ILECs are incumbent local exchange carriers.

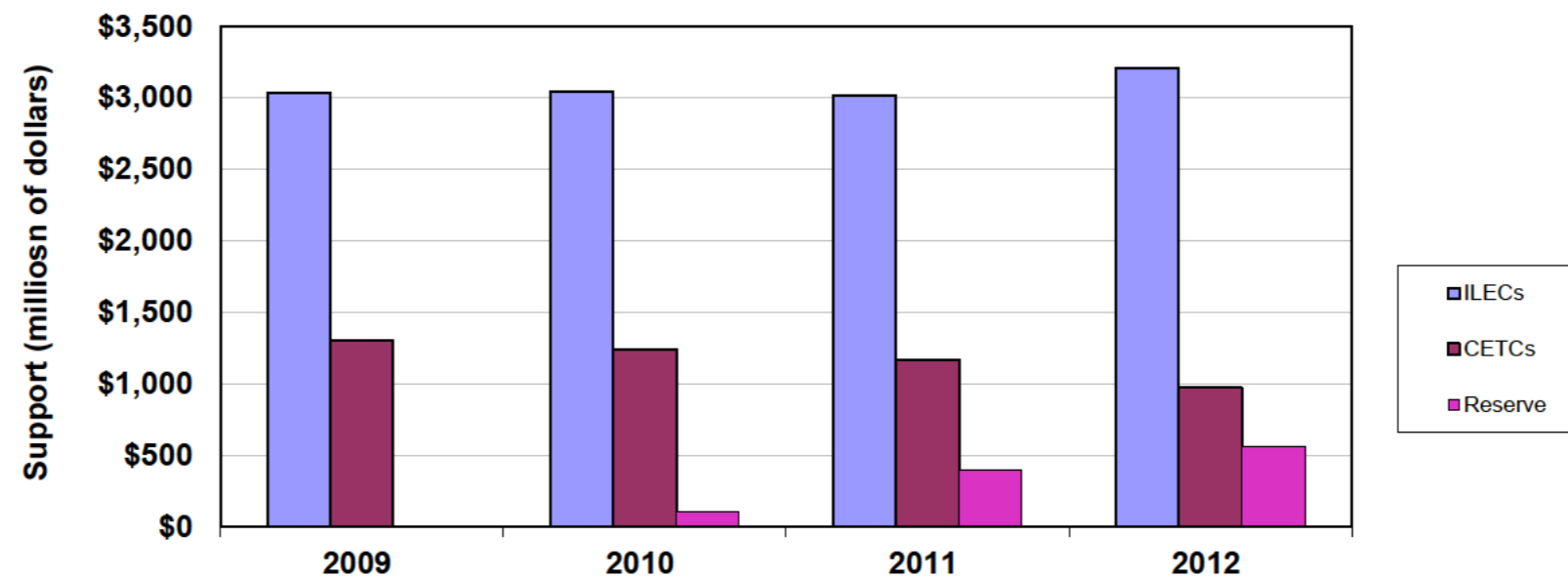
CETCs are competitive eligible telecommunications carriers.

* Initial claims for 2011 without true-ups.

** Estimate for 2012 extrapolated from claims through August 2012.

Source: Universal Service Administrative Company.

Chart 2.7
Total High-Cost Support Fund Claims (ILECs and CETCs) and Reserve



Source: Universal Service Administrative Company.

Table 2.18
High-Cost Support Fund Claims - by Mechanism and State: 2011
(Thousands of Dollars)

State	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Total Support
Alabama	\$14,501	\$1,625	\$0	\$32,822	\$19,461	\$17,108	\$5,595	\$91,113
Alaska	81,218	1,323	0	0	103,577	0	29,603	215,720
American Samoa	0	0	0	0	2,769	0	1,146	3,915
Arizona	27,395	851	0	0	16,534	14,786	9,006	68,573
Arkansas	42,144	627	0	0	49,874	254	7,239	100,138
California	23,877	695	0	0	28,216	36,583	4,374	93,744
Colorado	26,851	499	0	0	22,578	17,785	4,622	72,335
Connecticut	0	0	0	0	0	476	0	476
Delaware	0	0	0	0	0	234	0	234
District of Columbia	0	0	0	0	0	0	0	0
Florida	3,693	97	0	0	10,229	44,147	3,138	61,304
Georgia	29,265	4,176	0	0	49,593	18,442	11,293	112,770
Guam	0	0	0	0	14,120	0	934	15,054
Hawaii	35,149	0	0	0	20,309	2,322	2,980	60,760
Idaho	19,253	128	0	0	13,717	11,364	5,437	49,899
Illinois	18,152	534	0	0	31,665	9,010	9,611	68,972
Indiana	28,603	2,992	0	0	27,687	14,859	6,175	80,316
Iowa	36,867	4,530	123	0	61,203	9,534	21,992	134,249
Kansas	102,184	1,805	7,616	0	70,057	5,696	10,945	198,302
Kentucky	29,264	4,253	0	14,568	34,660	15,644	5,289	103,679
Louisiana	64,960	1,780	0	0	39,982	12,061	5,359	124,141
Maine	3,325	767	0	1,646	16,909	14	7,216	29,876
Maryland	0	0	0	0	878	2,353	438	3,669
Massachusetts	0	41	0	0	193	1,498	492	2,225
Michigan	13,165	991	0	0	23,711	430	8,691	46,987
Minnesota	29,393	5,038	0	0	56,179	2,413	14,080	107,103
Mississippi	27,148	1,089	0	181,066	20,625	21,665	4,339	255,931
Missouri	47,618	1,893	0	0	38,907	10,519	5,595	104,532
Montana	35,411	1,908	0	10,950	33,530	728	6,772	89,298
Nebraska	31,934	579	0	7,133	33,848	5,866	15,324	94,683
Nevada	4,621	1,309	0	0	5,362	8,248	4,417	23,956
New Hampshire	40	380	0	0	4,461	1,486	3,448	9,816
New Jersey	0	1	0	0	405	262	845	1,512
New Mexico	36,535	1,312	0	0	24,770	8,261	7,754	78,631
New York	3,317	2,281	0	0	14,130	12,030	13,012	44,770
North Carolina	6,106	304	0	0	35,533	22,927	5,637	70,507
North Dakota	32,763	9,882	0	0	44,577	643	11,759	99,625
Northern Mariana Islands	0	0	0	0	0	119	1,483	1,602
Ohio	8,049	254	0	0	13,455	9,498	3,414	34,670
Oklahoma	60,960	9,575	0	0	59,319	3,733	18,510	152,096
Oregon	25,728	949	0	0	28,713	15,539	7,646	78,574
Pennsylvania	825	87	0	0	39,992	18,799	6,598	66,301
Puerto Rico	0	0	0	0	173,155	0	0	173,155
Rhode Island	0	0	0	0	0	31	0	31
South Carolina	34,884	9,678	0	0	52,849	8,982	8,752	115,146
South Dakota	32,421	3,360	0	1,502	29,871	46	8,507	75,708
Tennessee	11,927	5,852	0	0	31,716	8,846	5,761	64,102
Texas	112,338	4,224	0	0	80,498	35,796	16,060	248,915
Utah	5,336	286	14	0	11,285	1,975	3,971	22,869
Vermont	1,545	26	0	5,554	6,383	1,890	3,705	19,104
Virgin Islands	3,545	0	0	0	11,897	0	0	15,442
Virginia	2,462	455	0	0	10,743	55,054	4,005	72,718
Washington	15,064	196	0	0	38,878	24,154	8,282	86,574
West Virginia	1,898	40	0	26,406	3,561	18,573	2,539	53,018
Wisconsin	34,799	5,985	0	0	77,685	112	22,185	140,766
Wyoming	11,882	440	0	8,816	15,769	3,922	5,380	46,209
Total	\$1,218,415	\$95,095	\$7,753	\$290,464	\$1,656,015	\$536,717	\$381,355	\$4,185,814

Source: Universal Service Administrative Company.

Schools and Libraries (E-rate) Program

Eligible schools, school districts, libraries, and consortia that include schools and libraries may receive discounts for eligible services under the schools and libraries universal service support mechanism, also known as the E-rate program. The discounts range from 20 percent to 90 percent. The level of the discount is based on the percentage of students in the school or school district that are eligible for the national school lunch program (or a federally approved alternative mechanism) and location in a rural area.

On September 28, 2010, the FCC released an order revising the E-rate program to maximize the utilization of broadband and eliminate rules that no longer serve their intended purpose. The revisions adopted by the FCC fall into three conceptual categories. First, the FCC enabled schools and libraries to better serve students, teachers, librarians, and their communities by providing more flexibility to select and make available the most cost-effective broadband and other communications services. Specifically, the FCC allowed applicants to lease fiber from the most cost-effective provider, including not-for-profit entities, so that applicants can choose the services that best meet their needs from a broad set of competitive options and in the most cost-effective manner available in the marketplace. The FCC also changed its rules to permit schools to allow community use of E-rate funded services outside of school hours and support broadband connections to the residential portion of schools that serve students with special circumstances. Additionally, the FCC established a pilot program to establish best practices to support off-campus wireless connectivity for portable learning devices outside of regular school or library operating hours.¹¹ Further, the FCC indexed E-rate's funding cap of \$2.25 billion annually to inflation to preserve the purchasing power of the E-rate program. As a result, the cap for funding year 2011 was increased to \$2,290,682,250.¹² For funding year 2012, the cap was increased to \$2,338,786,577.¹³

Table 2.19 shows commitments and disbursements by funding year since 1998. Table 2.20 summarizes commitments and disbursements by state and by type of applicant for funding years 2009 through 2011. Additional data on the E-rate program have been posted at www.fcc.gov/wcb/iatd/monitor.html.

11 *Schools and Libraries Universal Service Support Mechanism, A National Broadband Plan for our Future*, CC Docket No. 02-6, GN Docket No. 09-51, Sixth Report and Order, FCC 10-175 (rel. Sept. 28, 2010) (*Sixth Report and Order*).

12 *See Wireline Competition Bureau Announces E-rate Inflation-based Cap for Funding Year 2011*, CC Docket No. 02-6, Public Notice, DA 11-1345 (rel. Aug. 5, 2011), available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-11-1345A1.pdf.

13 *See Wireline Competition Bureau Announces E-rate Inflation-based Cap for Funding Year 2012*, CC Docket No. 02-6, Public Notice, DA 12-791 (rel. May 18, 2012), available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-12-791A1.pdf

Table 2.19
Schools and Libraries Funding Commitments and Disbursements
by Applicant Type and Service Type

Funding Commitments (Dollar Amounts in Thousands)								
Year	Total Commitments	Libraries	Schools	School Districts	Other Consortia	Internal Connections	Internet Access	Telecom
1998	\$1,694,765	\$65,830	\$110,223	\$1,285,108	\$233,603	\$885,852	\$134,129	\$674,784
1999	2,147,079	66,061	180,580	1,597,757	302,682	1,364,861	148,723	633,496
2000	2,071,912	65,853	110,503	1,685,749	209,807	1,134,093	218,750	719,069
2001	2,185,345	57,824	164,417	1,748,596	214,508	1,183,620	224,794	776,931
2002	2,232,022	60,324	203,552	1,718,210	249,935	1,118,441	253,107	860,473
2003	2,640,303	63,278	200,619	2,114,865	261,541	1,456,530	276,040	907,733
2004	2,193,034	54,303	158,523	1,725,261	254,946	996,431	246,244	950,360
2005	2,133,566	54,385	152,793	1,711,618	214,769	885,426	259,873	988,267
2006	1,986,309	59,790	130,255	1,535,634	260,630	623,276	290,607	1,072,426
2007	2,454,098	60,627	175,116	1,975,075	243,279	959,740	308,903	1,185,454
2008	2,536,888	75,802	148,616	2,051,264	261,205	900,440	338,086	1,298,361
2009	2,858,816	84,127	196,226	2,305,260	273,204	1,145,368	351,918	1,361,531
2010	3,057,164	92,056	211,339	2,454,718	299,051	1,201,060	402,322	1,453,782
2011	2,249,846	93,607	194,754	1,683,449	278,035	423,012	446,680	1,380,153

Funding Disbursements (Dollar Amounts in Thousands)								
Year	Total Disbursements	Libraries	Schools	School Districts	Other Consortia	Internal Connections	Internet Access	Telecom
1998	\$1,398,927	\$49,870	\$83,335	\$1,069,681	\$196,041	\$796,535	\$94,824	\$507,567
1999	1,653,987	47,456	140,257	1,268,761	197,512	1,105,502	95,499	452,985
2000	1,649,791	43,600	88,526	1,385,340	132,325	1,035,181	133,463	481,147
2001	1,698,016	41,940	117,375	1,400,521	138,181	1,007,689	149,542	540,786
2002	1,594,248	42,088	105,951	1,281,077	165,133	809,984	171,008	613,256
2003	1,937,844	44,327	135,730	1,584,889	172,899	1,074,010	203,688	660,146
2004	1,532,619	39,723	107,168	1,205,647	180,082	650,520	192,934	689,165
2005	1,616,814	48,602	110,092	1,281,073	177,047	628,916	214,505	773,393
2006	1,553,425	46,318	96,397	1,207,734	202,976	468,307	235,862	849,256
2007	1,935,734	47,968	135,870	1,543,796	208,100	732,187	258,488	945,059
2008	1,877,763	58,024	113,119	1,487,248	219,373	561,835	276,501	1,039,428
2009	2,188,274	68,151	149,716	1,746,743	223,664	815,334	285,844	1,087,097
2010	2,030,370	70,117	142,943	1,601,086	216,223	585,634	320,807	1,123,929
2011	793,274	38,188	63,990	622,906	68,191	104,853	215,870	472,551

Note: Activity through June 30, 2012. Because of the appeals process, funding commitments and disbursements can be made after the end of the program year. Also, disbursements may continue beyond the end of the program year in the event of delayed internal connections installation. Other adjustments and corrections may also be made.

Source: Raw data provided by the Universal Service Administrative Company, rollups performed by Industry Analysis and Technology Division, Wireline Competition Bureau, FCC.

Table 2.20
Schools and Libraries Funding Commitments and Disbursements by State and by Type of Applicant
Funding Year 2009: July 1, 2009 through June 30, 2010

State/Territory	Library/Library Consortium		Schools		School Districts		Other Consortium		Totals	
	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed
Alabama	\$979,976	\$732,627	\$1,026,307	\$720,819	\$54,959,677	\$46,704,260	\$7,214,269	\$7,158,400	\$64,180,229	\$55,316,105
Alaska	178,248	140,514	263,632	220,213	26,598,879	23,499,161	0	0	27,040,760	23,859,889
American Samoa	0	0	0	0	0	0	4,967,160	4,287,290	4,967,160	4,287,290
Arizona	1,019,216	853,753	10,294,361	7,158,243	67,049,037	54,166,311	1,617,962	1,452,203	79,980,576	63,630,510
Arkansas	305,276	244,911	509,940	474,860	13,665,231	9,513,275	11,833,538	7,989,260	26,313,984	18,222,306
California	7,486,147	5,363,527	12,732,093	8,717,768	392,047,301	263,915,802	16,666,240	10,661,898	428,931,780	288,658,995
Colorado	949,976	746,226	796,303	589,841	20,825,715	15,976,829	1,124,991	1,035,534	23,696,984	18,348,430
Connecticut	170,928	146,978	1,553,261	1,110,739	14,378,282	12,754,186	6,698,373	6,204,111	22,800,844	20,216,015
Delaware	296,981	296,862	170,590	141,211	786,648	710,287	1,307,702	1,299,343	2,561,921	2,447,703
District of Columbia	554,819	413,989	1,901,709	1,451,602	6,575,610	921,756	1,596,237	358,037	10,628,374	3,145,384
Florida	2,930,786	2,709,006	17,784,787	15,593,649	95,413,887	85,580,344	2,998,486	2,723,950	119,127,946	106,606,948
Georgia	4,789,355	4,297,666	2,882,380	2,521,974	90,915,559	69,697,912	10,175,961	9,289,607	108,763,255	85,807,160
Guam	13,246	0	12,242	1,834	757,840	258,361	0	0	783,328	260,196
Hawaii	236,466	221,476	2,922,949	2,081,681	1,280,314	1,186,392	0	0	4,439,730	3,489,549
Idaho	165,302	147,511	153,324	131,747	6,349,095	5,652,237	4,948,222	652,911	11,615,943	6,584,406
Illinois	2,066,212	1,822,880	5,680,810	3,978,421	84,130,935	59,530,329	2,079,623	1,949,342	93,957,580	67,280,972
Indiana	3,754,178	3,425,615	2,828,381	2,462,529	21,108,448	17,165,386	9,379,372	8,143,866	37,070,379	31,197,396
Iowa	177,341	123,599	1,084,982	891,166	8,916,416	7,134,898	4,669,649	4,119,432	14,848,388	12,269,096
Kansas	918,322	716,157	551,566	444,034	15,080,732	12,743,654	2,007,271	1,965,948	18,557,891	15,869,793
Kentucky	698,695	574,090	295,134	169,764	41,675,089	32,408,446	9,978,790	8,992,671	52,647,708	42,144,971
Louisiana	4,946,714	4,310,878	2,065,394	1,660,141	51,344,734	44,282,618	1,382,405	1,139,687	59,739,247	51,393,323
Maine	73,044	66,085	957,607	768,651	5,508,168	4,429,699	3,118,623	2,966,436	9,657,442	8,230,871
Maryland	1,076,909	253,558	1,759,194	1,154,751	22,413,288	18,229,216	724,252	668,680	25,973,642	20,306,205
Massachusetts	3,888,731	3,181,947	3,473,496	2,757,020	30,763,446	26,573,767	531,423	458,024	38,657,095	32,970,758
Michigan	1,800,861	1,635,395	3,057,955	2,413,256	43,560,997	34,456,645	8,031,848	6,425,767	56,451,661	44,931,063
Minnesota	1,333,869	1,249,931	2,446,056	1,901,250	14,053,940	11,861,098	6,276,710	5,855,579	24,110,576	20,867,859
Mississippi	1,747,187	1,560,116	2,006,333	1,834,152	26,389,710	21,846,837	5,296,410	4,819,430	35,439,640	30,060,535
Missouri	1,257,721	1,188,697	1,740,604	1,138,505	28,449,542	22,908,118	9,944,940	8,342,767	41,392,807	33,578,087
Montana	50,419	40,093	227,328	191,507	4,451,413	3,700,485	16,375	12,638	4,745,535	3,944,724
Nebraska	160,496	143,705	395,457	313,294	8,672,117	7,922,803	1,628,470	1,541,309	10,856,538	9,921,112
Nevada	291,989	257,033	838,524	795,610	7,345,465	5,860,405	0	0	8,475,979	6,913,048
New Hampshire	7,047	6,847	523,869	399,227	2,214,118	1,855,208	65,097	58,713	2,810,131	2,319,996
New Jersey	2,081,461	1,459,997	10,253,994	8,250,117	63,400,906	49,849,248	633,442	398,786	76,369,802	59,958,148
New Mexico	167,573	142,516	4,631,645	2,306,757	37,972,263	28,796,068	949,722	642,366	43,721,203	31,887,708
New York	11,078,328	8,283,259	42,056,878	32,518,315	232,323,445	128,795,374	32,808,124	26,703,243	318,266,776	196,300,190
North Carolina	1,786,665	1,660,167	2,359,165	1,714,840	63,025,859	51,369,351	3,272,896	1,408,618	70,444,584	56,152,976
North Dakota	7,754	6,562	364,279	298,233	2,942,174	2,699,341	2,461,943	2,313,874	5,776,150	5,318,011
Northern Mariana Isl	0	0	13,377	13,228	976,888	906,975	0	0	990,265	920,203
Ohio	3,420,419	3,100,277	9,710,412	7,426,560	64,483,322	54,481,677	4,166,614	3,872,802	81,780,768	68,881,315
Oklahoma	2,389,336	2,117,769	2,667,490	2,236,374	77,712,730	64,313,677	108,763	89,251	82,878,319	68,757,070
Oregon	362,658	325,017	574,754	445,170	14,549,825	12,399,149	2,341,027	1,379,383	17,828,264	14,548,718
Pennsylvania	3,164,019	2,935,394	9,920,319	6,870,892	69,463,650	58,615,965	14,261,301	13,582,894	96,809,290	82,005,145
Puerto Rico	6,484,476	4,308,189	4,636,318	3,365,187	42,708	28,241	0	0	11,163,502	7,701,617
Rhode Island	141,544	130,362	891,909	850,070	4,956,204	4,233,460	2,563,998	2,465,999	8,553,655	7,679,891
South Carolina	541,318	421,751	2,148,370	1,300,334	32,914,534	24,362,540	14,599,577	13,909,410	50,203,799	39,994,035
South Dakota	5,801	4,932	1,924,619	1,098,512	2,233,908	1,743,336	1,776,969	1,704,052	5,941,296	4,550,831
Tennessee	913,517	804,670	1,359,155	876,046	59,605,247	50,551,764	3,054,545	2,548,440	64,932,464	54,780,920
Texas	2,509,208	1,667,248	10,091,261	7,975,858	269,425,141	206,002,148	11,751,189	7,475,356	293,776,800	223,120,610
Utah	234,590	153,849	154,742	102,361	7,643,286	6,662,735	15,856,283	10,785,447	23,888,901	17,704,392
Vermont	15,915	12,147	871,592	582,662	1,566,963	1,167,811	45,864	40,091	2,500,334	1,802,710
Virgin Islands	25,980	0	2,061,355	1,597,034	43,740	43,740	6,075,391	5,733,059	8,206,466	7,373,833
Virginia	2,240,287	1,896,957	1,401,581	1,181,589	33,864,338	28,822,432	389,801	376,924	37,896,007	32,277,902
Washington	1,464,413	1,197,188	2,441,065	2,196,339	29,095,449	24,002,687	4,724,619	3,920,367	37,725,545	31,316,580
West Virginia	265,169	204,269	83,091	62,822	11,976,445	9,505,415	4,155,912	3,073,481	16,480,618	12,845,987
Wisconsin	470,574	423,135	2,411,765	2,075,527	16,188,226	13,026,069	8,552,475	8,527,867	27,623,040	24,052,598
Wyoming	29,369	23,351	259,906	181,563	1,170,665	917,178	2,373,514	2,139,740	3,833,454	3,261,832
Totals	\$84,126,830	\$68,150,682	\$196,225,609	\$149,715,850	\$2,305,259,549	\$1,746,743,105	\$273,204,366	\$223,664,279	\$2,858,816,354	\$2,188,273,916

Note: Activity through June 30, 2012. Because of the appeals process, funding commitments and disbursements can be made after the end of the program year. Also, disbursements may continue beyond the end of the program year in the event of delayed internal connections installation. Other adjustments and corrections may also be made.

Source: Raw data provided by the Universal Service Administrative Company, rollups performed by Industry Analysis and Technology Division, Wireline Competition Bureau, FCC.

Table 2.20
Schools and Libraries Funding Commitments and Disbursements by State and by Type of Applicant
Funding Year 2010: July 1, 2010 through June 30, 2011

State/Territory	Library/Library Consortium		Schools		School Districts		Other Consortium		Totals	
	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed
Alabama	\$926,057	\$786,461	\$1,199,446	\$719,442	\$57,890,535	\$41,811,428	\$10,755,848	\$6,397,459	\$70,771,887	\$49,714,789
Alaska	168,074	154,111	172,747	139,691	31,393,483	28,149,189	0	0	31,734,305	28,442,991
American Samoa	0	0	0	0	0	0	1,560,647	725,942	1,560,647	725,942
Arizona	1,286,831	1,033,608	11,258,536	7,114,462	65,686,030	45,237,091	1,413,156	672,552	79,644,553	54,057,713
Arkansas	357,837	286,616	335,333	182,697	20,606,927	14,349,247	13,423,261	7,480,164	34,723,358	22,298,723
California	8,831,496	6,326,566	15,122,098	10,196,275	362,729,645	224,968,412	22,142,737	9,538,561	408,825,976	251,029,813
Colorado	956,963	765,728	979,849	706,777	44,483,034	28,194,204	1,451,357	1,261,308	47,871,203	30,928,017
Connecticut	184,353	165,825	1,703,173	1,200,080	22,112,377	15,436,794	4,236,397	3,729,171	28,236,301	20,531,871
Delaware	301,642	298,276	176,708	124,522	1,426,274	1,012,212	1,433,214	856,917	3,337,838	2,291,928
District of Columbia	1,475,380	404,921	2,651,136	1,454,226	8,177,024	2,130,957	1,368,185	229,486	13,671,725	4,219,591
Florida	3,698,612	3,136,483	6,585,920	4,783,731	75,890,645	60,247,072	909,407	717,787	87,084,583	68,885,073
Georgia	4,408,218	4,312,235	2,597,244	1,871,992	86,876,479	63,287,043	10,072,862	9,928,811	103,954,803	79,400,080
Guam	25,033	0	21,561	15,919	0	0	0	0	46,594	15,919
Hawaii	90,275	76,430	3,382,111	1,522,771	3,563,072	614,152	0	0	7,035,458	2,213,352
Idaho	145,781	132,006	608,444	525,811	8,115,516	5,912,510	4,898,383	2,645,575	13,768,124	9,215,902
Illinois	2,125,477	1,869,764	5,221,834	3,435,972	105,832,223	79,055,625	5,550,744	4,948,135	118,730,278	89,309,496
Indiana	4,185,998	3,557,725	4,662,004	3,464,104	33,492,362	27,485,131	535,959	393,257	42,876,323	34,900,217
Iowa	163,545	117,628	1,081,229	681,759	10,291,855	7,451,767	4,398,154	4,299,442	15,934,782	12,550,596
Kansas	840,850	745,278	602,785	372,156	17,192,634	13,262,000	2,480,249	937,570	21,116,518	15,317,004
Kentucky	721,533	611,246	490,690	272,682	48,914,460	35,004,255	9,623,107	8,832,566	59,749,791	44,720,749
Louisiana	5,633,534	4,668,769	2,927,699	2,233,012	51,257,896	42,526,250	2,922,711	2,054,436	62,741,840	51,482,466
Maine	80,596	56,514	499,098	334,298	6,111,409	3,025,368	3,859,699	3,256,077	10,550,802	6,672,257
Maryland	535,117	448,111	2,164,876	1,197,953	35,165,810	19,545,537	762,860	717,233	38,628,663	21,908,834
Massachusetts	1,831,271	1,637,452	4,149,913	2,707,299	26,278,871	19,284,824	388,152	373,706	32,648,208	24,003,281
Michigan	2,259,110	1,581,665	3,216,049	2,010,542	49,487,619	34,282,909	8,680,285	6,506,379	63,643,062	44,381,494
Minnesota	1,373,582	1,318,572	2,764,136	2,024,103	24,455,560	19,171,598	6,291,936	5,213,504	34,885,214	27,727,776
Mississippi	1,939,579	1,679,339	1,229,150	1,063,750	25,447,085	21,607,598	7,415,946	1,823,121	36,031,760	26,173,808
Missouri	1,418,472	1,332,820	4,977,827	1,304,797	24,778,970	18,897,342	11,368,530	8,873,857	42,543,799	30,408,816
Montana	56,694	51,049	201,979	181,708	4,848,301	4,091,711	23,273	18,265	5,130,247	4,342,732
Nebraska	223,439	201,230	462,579	407,590	8,868,708	8,228,103	1,518,843	1,483,359	11,073,570	10,320,282
Nevada	304,318	242,765	621,859	527,933	7,348,630	5,509,018	0	0	8,274,807	6,279,716
New Hampshire	7,670	5,720	825,329	566,305	2,603,709	2,107,957	63,858	60,989	3,500,566	2,740,971
New Jersey	1,864,178	1,043,270	9,887,995	6,809,982	67,527,356	43,377,739	499,807	355,920	79,779,335	51,586,911
New Mexico	980,089	302,384	4,427,813	2,407,899	38,700,056	26,354,568	3,199,403	1,409,650	47,307,360	30,474,501
New York	9,712,481	6,881,791	47,368,882	36,299,468	201,816,114	68,177,893	33,148,723	26,203,931	292,046,200	137,563,083
North Carolina	2,053,176	1,829,111	3,325,133	2,210,882	80,385,254	61,242,779	3,260,922	1,663,890	89,024,485	66,946,662
North Dakota	9,458	8,169	440,906	325,585	1,167,502	919,408	2,399,623	2,379,140	4,017,489	3,632,301
Northern Mariana Isl	63	0	15,261	15,082	969,234	910,753	0	0	984,558	925,834
Ohio	3,572,994	3,267,908	10,293,951	7,337,581	74,493,975	57,564,488	3,807,132	2,767,795	92,168,051	70,937,772
Oklahoma	2,140,058	1,917,708	1,859,326	1,288,612	69,704,742	47,682,806	138,246	119,606	73,842,373	51,008,733
Oregon	338,897	288,849	1,148,484	792,564	19,408,230	14,144,602	1,598,964	1,373,696	22,494,575	16,599,711
Pennsylvania	3,322,399	2,946,219	14,849,255	8,673,746	55,173,882	41,273,175	14,641,853	13,031,267	87,987,389	65,924,406
Puerto Rico	11,698,723	6,474,464	5,361,621	4,128,504	30,272	18,697	90,763	28,813	17,181,380	10,650,479
Rhode Island	137,434	104,828	638,260	350,753	7,322,340	4,806,376	3,308,211	3,011,797	11,406,246	8,273,754
South Carolina	527,781	376,010	1,825,915	852,594	36,052,862	22,862,156	16,861,763	15,577,701	55,268,322	39,668,460
South Dakota	5,117	3,694	1,876,937	1,168,161	2,153,116	1,743,310	2,143,763	1,083,333	6,178,933	3,998,498
Tennessee	1,017,045	899,819	2,780,491	2,193,337	59,626,879	43,181,194	4,427,034	3,677,614	67,851,450	49,951,963
Texas	3,506,776	1,884,773	13,598,692	9,129,060	340,205,472	181,085,957	12,499,042	8,960,618	369,809,982	201,060,408
Utah	165,951	120,387	677,023	270,764	7,899,592	5,913,781	19,499,501	11,552,557	28,242,068	17,857,488
Vermont	21,196	14,664	916,613	539,582	1,946,211	1,346,505	43,632	42,167	2,927,651	1,942,918
Virgin Islands	0	0	1,161,341	782,370	0	0	9,690,868	6,998,209	10,852,209	7,780,578
Virginia	2,100,764	1,786,244	1,242,280	1,055,288	47,603,654	36,952,331	434,424	411,582	51,381,123	40,205,443
Washington	1,577,759	1,300,562	1,033,766	685,669	29,598,296	22,217,310	4,531,915	4,104,647	36,741,736	28,308,188
West Virginia	255,509	216,710	105,292	81,651	19,118,039	10,880,451	6,594,190	2,910,629	26,073,029	14,089,440
Wisconsin	462,826	421,750	3,405,970	2,119,769	19,602,322	14,328,996	14,361,059	12,393,363	37,832,177	29,263,877
Wyoming	28,236	22,852	204,011	80,000	2,885,420	2,213,755	2,320,439	2,189,667	5,438,105	4,506,273
Totals	\$92,056,247	\$70,117,075	\$211,338,561	\$142,943,258	\$2,454,717,964	\$1,601,086,333	\$299,051,038	\$216,223,220	\$3,057,163,810	\$2,030,369,886

Note: Activity through June 30, 2012. Because of the appeals process, funding commitments and disbursements can be made after the end of the program year. Also, disbursements may continue beyond the end of the program year in the event of delayed internal connections installation. Other adjustments and corrections may also be made.

Source: Raw data provided by the Universal Service Administrative Company, rollups performed by Industry Analysis and Technology Division, Wireline Competition Bureau, FCC.

Table 2.20
Schools and Libraries Funding Commitments and Disbursements by State and by Type of Applicant
Funding Year 2011: July 1, 2011 through June 30, 2012

State/Territory	Library/Library Consortium		Schools		School Districts		Other Consortium		Totals	
	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed
Alabama	\$948,238	\$293,385	\$997,922	\$336,338	\$34,265,834	\$16,455,528	\$8,172,933	\$2,927,639	\$44,384,927	\$20,012,889
Alaska	736,717	110,612	248,848	198,362	25,086,132	17,253,700	0	0	26,071,697	17,562,674
American Samoa	0	0	0	0	0	0	1,623,983	0	1,623,983	0
Arizona	1,911,801	377,374	7,719,094	2,695,338	44,279,986	14,097,895	1,507,187	148,945	55,418,068	17,319,552
Arkansas	445,288	258,126	416,662	81,688	16,309,863	6,223,471	209,777	113,932	17,381,590	6,677,217
California	10,011,774	3,810,603	16,309,547	6,196,328	336,565,099	106,257,492	17,618,703	3,363,361	380,505,124	119,627,784
Colorado	968,060	223,504	1,439,832	529,866	20,089,048	6,372,274	503,056	161,049	22,999,996	7,286,693
Connecticut	233,642	34,851	2,159,135	681,903	15,309,971	7,812,673	2,073,297	1,126,680	19,776,045	9,656,107
Delaware	310,770	220,306	302,013	57,048	1,039,246	53,146	1,323,342	0	2,975,371	330,500
District of Columbia	836,129	0	1,685,202	295,526	5,461,041	1,395,946	2,646	2,646	7,985,017	1,694,117
Florida	4,388,129	1,067,436	8,091,981	4,138,488	63,951,396	24,700,309	918,830	159,800	77,350,336	30,066,032
Georgia	5,000,010	4,206,141	2,069,651	381,779	65,578,280	31,155,960	10,148,845	3,148,199	82,796,787	38,892,079
Guam	0	0	18,027	15,976	603,417	460,024	0	0	621,444	476,000
Hawaii	188,592	27,751	2,598,503	455,926	3,610,734	339,661	0	0	6,397,829	823,339
Idaho	576,499	415,444	236,771	137,911	7,218,770	1,405,244	6,292,800	4,967,543	14,324,839	6,926,142
Illinois	2,394,236	550,981	5,239,347	1,363,401	100,120,828	38,499,941	1,366,564	577,605	109,120,975	40,991,928
Indiana	4,502,950	2,830,214	3,060,933	1,319,981	33,107,347	17,151,133	353,975	230,215	41,025,206	21,531,542
Iowa	152,768	104,106	681,272	384,325	10,544,004	5,790,479	5,852,946	4,070,663	17,230,990	10,349,573
Kansas	824,500	258,130	449,522	153,894	15,474,660	6,930,278	2,410,223	196,900	19,158,905	7,539,201
Kentucky	850,728	409,389	385,909	236,677	27,927,738	8,354,924	9,989,991	0	39,154,366	9,000,990
Louisiana	5,182,614	3,072,482	2,516,255	1,187,630	39,186,720	20,884,189	10,129,547	496,428	57,015,135	25,640,728
Maine	71,864	7,913	332,903	71,470	3,561,561	668,441	4,219,679	3,174,279	8,186,008	3,922,103
Maryland	881,992	297,140	2,173,614	436,889	23,424,982	5,531,891	718,337	330,640	27,198,924	6,596,560
Massachusetts	906,542	538,662	2,908,131	974,638	19,036,532	7,407,040	254,984	83,805	23,106,189	9,004,145
Michigan	2,421,795	897,669	3,967,156	1,055,910	35,933,923	15,483,479	7,650,336	4,102,806	49,973,210	21,539,865
Minnesota	1,320,141	489,603	2,438,371	874,723	14,533,317	2,767,009	7,042,674	4,323,377	25,334,502	8,454,711
Mississippi	2,083,418	1,088,023	383,748	75,634	27,439,649	10,731,879	742,883	149,489	30,649,698	12,045,025
Missouri	1,480,179	571,711	3,749,438	727,375	22,501,325	6,799,150	13,771,502	4,672,605	41,502,443	12,770,841
Montana	56,005	30,998	181,160	109,119	4,816,591	2,835,408	26,179	14,188	5,079,935	2,989,713
Nebraska	168,160	108,100	387,129	254,628	9,339,784	6,202,216	1,320,737	855,043	11,215,810	7,419,987
Nevada	325,898	2,519	507,309	321,167	8,013,728	792,408	0	0	8,846,935	1,116,094
New Hampshire	7,197	1,416	480,391	74,809	2,623,524	491,801	104,966	35,295	3,216,078	603,321
New Jersey	1,788,027	543,851	10,824,492	2,225,629	50,441,377	9,318,065	389,638	263,897	63,443,535	12,351,442
New Mexico	336,434	114,009	3,626,418	746,105	16,936,798	3,452,335	4,479,237	1,811,203	25,378,887	6,123,652
New York	10,204,457	3,599,936	45,914,838	14,834,829	42,673,854	9,484,254	28,003,495	3,776,306	126,796,645	31,695,325
North Carolina	2,116,916	1,052,685	2,620,414	857,008	56,169,523	22,656,169	4,683,719	3,962	65,590,572	24,569,824
North Dakota	9,126	4,655	375,220	167,173	1,070,754	552,463	3,695,418	2,412,564	5,150,518	3,136,855
Northern Mariana Isl	36,248	2,647	17,111	12,401	639,797	537,136	0	0	693,156	552,183
Ohio	3,614,880	766,919	14,992,620	4,735,349	62,948,882	27,304,323	3,100,674	1,391,620	84,657,057	34,198,211
Oklahoma	2,292,256	1,162,146	1,831,719	819,435	53,217,002	25,069,730	154,683	95,584	57,495,661	27,146,895
Oregon	293,284	29,801	589,145	205,854	13,885,639	4,746,307	1,451,874	85,803	16,219,942	5,067,765
Pennsylvania	3,803,356	1,501,574	14,216,908	3,683,650	45,031,434	14,373,095	10,983,561	4,542,495	74,035,260	24,100,813
Puerto Rico	8,624,770	4,284,722	4,897,558	3,021,731	22,731	20,559	32,617	0	13,577,675	7,327,012
Rhode Island	315,129	143,371	965,478	235,160	3,383,318	1,377,947	0	0	4,663,924	1,756,477
South Carolina	595,039	181,756	677,258	139,168	17,015,754	4,183,312	20,090,762	0	38,378,815	4,504,236
South Dakota	9,029	3,888	1,248,935	401,236	2,341,640	1,099,141	2,298,947	15,063	5,898,551	1,519,329
Tennessee	1,516,750	526,129	863,194	519,375	51,917,706	31,126,756	3,646,514	2,496,282	57,944,163	34,668,542
Texas	2,493,907	855,964	8,875,707	3,119,638	134,119,754	43,308,715	11,539,766	5,858,232	157,029,134	53,142,548
Utah	61,491	28,189	219,255	34,321	5,006,235	388,610	22,546,906	0	27,833,887	451,120
Vermont	51,270	7,084	861,475	284,509	2,110,181	647,558	50,371	21,146	3,073,297	960,297
Virgin Islands	0	0	2,254,211	330,294	0	0	5,190,133	2,583,128	7,444,344	2,913,422
Virginia	2,176,488	557,315	1,044,647	299,257	32,325,949	13,106,612	500,634	34,145	36,047,718	13,997,330
Washington	1,988,751	368,649	830,169	388,868	24,527,565	7,742,716	5,655,216	0	33,001,701	8,500,234
West Virginia	206,901	79,472	102,247	46,075	12,281,959	3,262,572	7,387,802	3,217,362	19,978,910	6,605,481
Wisconsin	860,762	61,993	2,394,892	881,923	16,991,681	7,439,181	23,023,038	148,823	43,270,373	8,531,919
Wyoming	25,480	6,636	374,294	176,018	1,434,721	403,410	2,779,341	0	4,613,837	586,064
Totals	\$93,607,387	\$38,187,979	\$194,753,984	\$63,989,752	\$1,683,449,282	\$622,905,956	\$278,035,271	\$68,190,746	\$2,249,845,923	\$793,274,434

Note: Activity through June 30, 2012. Because of the appeals process, funding commitments and disbursements can be made after the end of the program year. Also, disbursements may continue beyond the end of the program year in the event of delayed internal connections installation. Other adjustments and corrections may also be made.

Source: Raw data provided by the Universal Service Administrative Company, rollups performed by Industry Analysis and Technology Division, Wireline Competition Bureau, FCC.

Rural Health Care Support

The portion of the 1996 Telecommunications Act that covers universal service support for rural health care providers states that “[a] telecommunications carrier shall . . . provide telecommunications services . . . to any public or non-profit health care provider . . . at rates that are reasonably comparable to rates charged for similar services in urban areas in that state.”¹³ The Commission's universal service rules permit eligible health care providers to receive support for any telecommunications service.^{14, 15} Additionally, the 1996 Act directs the Commission to establish competitively neutral rules – to enhance, to the extent technically feasible and economically reasonable, access to advanced telecommunications and information services for all public and nonprofit . . . health care providers.¹⁶

Table 2.21 shows rural health care disbursements by service speed for each funding year from 1998 through 2011.¹⁷ Table 2.22 shows commitments and disbursements on a state-by-state basis for 2009, 2010, and 2011. The figures in these tables do not include any of the commitments or disbursements made under the rural health care pilot program discussed below. Additional rural health care data, including disbursements by speed and by state and disbursements per person in rural areas, have been posted at www.fcc.gov/wcb/iatd/monitor.html.

In September 2006, the FCC established the rural health care pilot program to provide funding to stimulate deployment of the broadband infrastructure necessary to support innovative telehealth and telemedicine services to those areas of the country where the need for these benefits is most acute.¹⁸ Specifically, the pilot program provides funding to support the design and construction of state or regional broadband networks dedicated to health care and the advanced services provided over those networks, as well as connecting those networks to Internet2, National LambdaRail, Inc. (both dedicated nationwide backbones), or the public Internet.¹⁹

13 47 U.S.C. § 254(h)(1)(A).

14 47 C.F.R. § 54.601.

15 A 1.544 Mbps (T1) maximum bandwidth cap was employed in Funding Years 1 and 2. *See Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 9101-04 (1997), paras. 620-624. The Commission removed the bandwidth cap for year three and beyond. *See Federal-State Joint Board on Universal Service*, CC Docket Nos. 97-21 and 96-45, Sixth Order on Reconsideration in CC Docket No. 97-21, Fifteenth Order on Reconsideration in CC Docket No. 96-45, 14 FCC Rcd 18756, 18767-72, paras. 17 – 24 (1999) (*Fifteenth Order on Reconsideration*).

16 47 U.S.C. § 254(h)(2)(A).

17 Because of the appeals process, funding commitments and disbursements may be made after the funding year ended.

18 *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Order, 21 FCC Rcd 11111 (2006) (*Rural Health Care Pilot Program Order*).

19 *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Order, 22 FCC Rcd 20360, 20361 (2007) (*Rural Health Care Pilot Program Selection Order*).

In 2007, the Commission selected 69 applicants covering 42 states and three U.S. territories to participate in the pilot program.²⁰ The Commission made available to these participants approximately \$139 million in rural health care support per funding year for three years.²¹ Rural health care pilot program commitments and disbursements by speed and by state have been posted at www.fcc.gov/wcb/iatd/monitor.html.

In 2012, the FCC released a staff report on the rural health care pilot program summarizing key observations from the Pilot Program. It is available at <http://www.fcc.gov/document/rural-health-care-pilot-program-evaluation-staff-report>. For more information on the pilot program, visit the pilot program website.²²

In December 2012, the Commission released a Report and Order that created the Healthcare Connect Fund to reform, expand, and modernize the Rural Health Care Program. The Healthcare Connect Fund, which will be implemented in 2013, will provide support for high-capacity broadband connectivity to eligible health care providers (HCPs).²³

20 *Rural Health Care Pilot Program Selection Order*. Following mergers, there are now 61 projects in the pilot program. See www.fcc.gov/encyclopedia/rural-health-care-pilot-program.

21 See *RHCPP Selection Order* at 20372-73, paras. 32-33. USAC did not issue a pilot program funding commitment for the first funding year (Funding Year 2007 of the existing rural health care program). Unused pilot program support, however, was carried over to the next pilot program funding year. See Letter from Dana Shaffer, FCC, to Scott Barash, USAC, CC Docket No. 02-60 (Jan. 17, 2008). USAC reported that it rolled forward the Funding Year 2007 demand estimate and commitment cap of \$139.26 million to Funding Year 2008, except for \$0.53 million, which was committed and invoiced for Funding Year 2007. Universal Service Administrative Company, *Federal Universal Service Support Mechanisms Fund Size Projections for the Fourth Quarter 2009* at 21.

22 See *Rural Health Care Pilot Program* at www.fcc.gov/encyclopedia/rural-health-care-pilot-program.

23 *Rural Health Care Support Mechanism*, WC Docket No. 02-60, FCC 12-150, Report and Order (rel. Dec. 21, 2012).

Table 2.21
Rural Health Care Funding Disbursements by Funding Year

Funding Year	Voice Grade	Broadband			Other Service or Speed Unknown	Total
	56K to 199K	200K to 1.49Mb	1.5Mb to 3.99Mb	4.0Mb and faster		
1998	\$98,339	\$201,476	\$3,075,590	\$0	\$0	\$3,375,405
1999	178,433	778,169	3,289,825	0	58,132	4,304,559
2000	242,640	451,643	9,559,894	59,994	0	10,314,172
2001	288,619	204,066	17,964,276	98,382	0	18,555,343
2002	406,711	146,886	20,492,887	573,644	0	21,620,128
2003	440,617	760,318	23,189,835	1,473,855	7,559	25,872,184
2004	570,681	2,741,730	25,265,034	2,283,207	141,133	31,001,784
2005	874,374	3,061,965	32,608,427	3,054,174	527,767	40,126,707
2006	1,059,618	3,101,332	34,029,394	2,918,913	4,169,755	45,279,013
2007	1,247,809	3,052,342	44,555,019	5,301,065	811,323	54,967,558
2008	1,509,074	2,690,625	51,456,004	8,995,383	513,589	65,164,676
2009	1,700,058	2,776,906	52,989,821	10,975,804	3,006,421	71,449,009
2010	2,711,143	5,981,325	46,433,595	12,341,770	13,867,317	81,335,150
2011	458,700	524,703	7,965,895	4,167,180	8,684,740	21,801,218

Note: Disbursements through June 30, 2012. Because of the appeals process, funding commitments and disbursements may be made after the program year ended. Figures do not include any commitments or disbursements made under the Rural Health care Pilot Program.

Source: USAC data. Rollups performed by the Industry Analysis and Technology Division, Wireline Competition Bureau, FCC.

Table 2.22
Rural Health Care Funding Commitments and Disbursements by State
Funding Year 2009: July 1, 2009 through June 30, 2010

State	Total Funds Committed	Providers Receiving Commitments	Total Funds Disbursed	Providers Receiving Support
Alabama	\$354,564	87	\$340,713	86
Alaska	38,244,709	248	37,895,141	248
American Samoa	220,158	1	220,158	1
Arizona	1,486,437	67	1,456,336	67
Arkansas	726,908	107	718,715	107
California	1,106,803	118	1,053,070	116
Colorado	251,624	24	251,624	24
Connecticut	0	0	0	0
Delaware	0	0	0	0
District of Columbia	0	0	0	0
Florida	356,659	23	356,659	23
Georgia	2,073,247	121	2,032,856	121
Guam	14,333	1	14,333	1
Hawaii	164,653	18	164,653	18
Idaho	384,794	42	378,873	42
Illinois	1,147,085	99	1,124,074	97
Indiana	852,010	65	821,151	65
Iowa	529,885	92	521,198	92
Kansas	341,380	63	330,119	60
Kentucky	586,051	71	571,638	71
Louisiana	58,298	24	58,298	24
Maine	66,039	9	60,995	9
Maryland	0	0	0	0
Massachusetts	130,624	2	130,624	2
Michigan	1,960,705	101	1,936,875	100
Minnesota	3,067,618	222	2,969,689	221
Mississippi	190,369	34	189,050	34
Missouri	616,711	60	612,134	60
Montana	765,072	82	758,862	82
Nebraska	1,594,238	120	1,560,708	119
Nevada	48,711	14	48,711	14
New Hampshire	15,003	6	15,003	6
New Jersey	0	0	0	0
New Mexico	795,514	52	774,757	52
New York	114,136	31	111,736	29
North Carolina	359,753	58	357,503	58
North Dakota	1,042,275	108	1,031,992	108
Northern Mariana Is.	0	0	0	0
Ohio	720,431	42	720,431	42
Oklahoma	767,805	69	746,444	68
Oregon	329,072	22	329,072	22
Pennsylvania	59,726	20	56,126	19
Puerto Rico	0	0	0	0
Rhode Island	0	0	0	0
South Carolina	20,717	11	20,717	11
South Dakota	1,067,265	73	978,165	73
Tennessee	396,636	44	385,547	44
Texas	1,635,426	88	1,601,486	86
Utah	851,084	54	846,526	54
Vermont	62,043	18	60,777	16
Virgin Islands	56,451	11	56,451	11
Virginia	743,676	146	743,676	146
Washington	107,816	37	103,199	37
West Virginia	210,088	25	210,068	25
Wisconsin	5,651,474	302	5,617,893	302
Wyoming	115,870	15	104,183	14
Totals	\$72,461,949	3,147	\$71,449,009	3,127

Note: Disbursements through June 30, 2012. Because of the appeals process, funding commitments and disbursements may be made after the program year ended. Figures do not include any commitments or disbursements made under the Rural Health care Pilot Program.

Source: USAC data. Rollups performed by the Industry Analysis and Technology Division, Wireline Competition Bureau, FCC.

Table 2.22
Rural Health Care Funding Commitments and Disbursements by State
Funding Year 2010: July 1, 2010 through June 30, 2011

State	Total Funds Committed	Providers Receiving Support	Total Funds Disbursed	Providers Receiving Support
Alabama	\$612,147	85	\$452,940	31
Alaska	46,489,267	247	43,133,451	247
American Samoa	351,250	1	262,500	1
Arizona	1,779,930	70	988,321	51
Arkansas	889,401	121	756,583	99
California	4,780,883	160	4,114,365	104
Colorado	301,043	29	251,197	24
Connecticut	0	0	0	0
Delaware	0	0	0	0
District of Columbia	0	0	0	0
Florida	302,503	24	279,709	24
Georgia	2,269,933	127	2,181,726	118
Guam	147,141	2	145,870	2
Hawaii	105,629	17	85,042	14
Idaho	513,650	44	265,781	33
Illinois	1,982,724	132	1,712,448	116
Indiana	923,893	68	835,270	66
Iowa	654,041	96	546,327	84
Kansas	481,863	69	453,108	55
Kentucky	759,664	117	729,578	106
Louisiana	95,040	36	85,482	30
Maine	48,752	6	42,186	3
Maryland	7,845	4	7,689	4
Massachusetts	131,647	2	128,502	1
Michigan	2,124,179	122	1,835,062	115
Minnesota	3,370,975	206	3,056,687	192
Mississippi	220,275	41	189,830	37
Missouri	785,382	86	582,562	62
Montana	772,421	87	682,736	71
Nebraska	1,618,393	122	1,561,419	118
Nevada	52,676	17	25,085	9
New Hampshire	15,037	2	15,037	2
New Jersey	0	0	0	0
New Mexico	789,298	51	565,450	37
New York	81,807	15	56,042	12
North Carolina	485,696	69	447,793	65
North Dakota	1,361,744	110	1,049,157	101
Northern Mariana Is.	0	0	0	0
Ohio	920,942	65	823,988	49
Oklahoma	1,242,418	80	1,082,248	48
Oregon	343,638	25	235,057	14
Pennsylvania	135,118	35	125,968	34
Puerto Rico	0	0	0	0
Rhode Island	0	0	0	0
South Carolina	50,691	25	25,985	18
South Dakota	628,750	50	579,699	43
Tennessee	444,269	40	422,882	38
Texas	2,682,959	140	2,450,312	137
Utah	916,585	47	463,433	32
Vermont	55,531	17	50,784	15
Virgin Islands	66,890	12	66,890	12
Virginia	1,657,145	159	660,112	64
Washington	145,957	32	73,601	11
West Virginia	165,959	21	147,347	20
Wisconsin	6,823,736	340	6,393,063	336
Wyoming	221,699	18	208,845	17
Totals	\$91,808,417	3,491	\$81,335,150	2,922

Note: Disbursements through June 30, 2012. Because of the appeals process, funding commitments and disbursements may be made after the program year ended. Figures do not include any commitments or disbursements made under the Rural Health care Pilot Program.

Source: USAC data. Rollups performed by the Industry Analysis and Technology Division, Wireline Competition Bureau, FCC.

Table 2.22
Rural Health Care Funding Commitments and Disbursements by State
Funding Year 2011: July 1, 2011 through June 30, 2012

State	Total Funds Committed	Providers Receiving Support	Total Funds Disbursed	Providers Receiving Support
Alabama	\$499,905	23	\$442,157	17
Alaska	29,361,908	156	10,799,635	74
American Samoa	310,200	1	310,200	1
Arizona	464,172	36	181,161	19
Arkansas	1,164,182	61	771,487	32
California	5,050,497	87	864,181	24
Colorado	227,943	15	82,338	4
Connecticut	0	0	0	0
Delaware	0	0	0	0
District of Columbia	0	0	0	0
Florida	263,423	18	171,513	9
Georgia	2,219,164	91	1,034,285	38
Guam	18,000	1	0	0
Hawaii	0	0	0	0
Idaho	80,572	13	42,892	8
Illinois	1,355,345	63	412,709	24
Indiana	553,413	39	180,878	23
Iowa	248,864	24	24,887	8
Kansas	428,742	30	280,875	14
Kentucky	732,512	73	147,346	14
Louisiana	123,194	19	96,429	8
Maine	0	0	0	0
Maryland	0	0	0	0
Massachusetts	99,817	1	0	0
Michigan	606,117	29	61,130	9
Minnesota	1,237,198	73	264,672	22
Mississippi	252,670	28	168,742	19
Missouri	389,330	46	141,760	19
Montana	548,311	56	77,090	11
Nebraska	1,429,083	90	787,477	65
Nevada	10,347	2	9,524	1
New Hampshire	0	0	0	0
New Jersey	0	0	0	0
New Mexico	574,886	28	391,416	9
New York	37,137	10	29,983	5
North Carolina	182,256	22	129,592	10
North Dakota	716,529	32	453,318	24
Northern Mariana Is.	0	0	0	0
Ohio	145,665	12	77,295	2
Oklahoma	816,706	38	289,330	17
Oregon	240,281	7	179,995	7
Pennsylvania	25,907	6	18,819	2
Puerto Rico	0	0	0	0
Rhode Island	0	0	0	0
South Carolina	4,602	7	1,227	1
South Dakota	299,285	17	237,618	16
Tennessee	425,331	30	185,254	18
Texas	2,669,136	90	1,529,906	55
Utah	289,438	12	235,634	8
Vermont	30,166	5	0	0
Virgin Islands	47,943	12	36,555	12
Virginia	811,510	124	38,953	4
Washington	70,695	10	10,734	5
West Virginia	137,697	19	51,762	12
Wisconsin	2,055,715	133	247,807	27
Wyoming	363,048	12	302,654	4
Totals	\$57,618,843	1,701	\$21,801,218	701

Note: Disbursements through June 30, 2012. Because of the appeals process, funding commitments and disbursements may be made after the program year ended. Figures do not include any commitments or disbursements made under the Rural Health care Pilot Program.

Source: USAC data. Rollups performed by the Industry Analysis and Technology Division, Wireline Competition Bureau, FCC.

3. Subscribership and Penetration

Sources of Data

Continuing analysis of telephone penetration statistics allows one to examine the aggregate effects of Commission actions and industry evolution on households' decisions to maintain, acquire or drop telephone service. This chapter presents comprehensive data on telephone penetration statistics collected by the Bureau of the Census primarily through the American Community Survey (ACS) and the Current Population Survey (CPS). Along with telephone penetration statistics for the nation and each of the states, data are provided on penetration for various demographic characteristics. In particular, attention is given to penetration rates for lower income households given the Commission's various low income programs such as Lifeline.

To provide regular, high-quality data on telephone penetration, the Commission requested that the Census Bureau include questions on telephone availability as part of its CPS, which monitors demographic trends between decennial censuses. The CPS is a staggered panel survey in which the people residing at particular addresses are included in the survey for four consecutive months in one year and the same four months in the following year. Use of the CPS has several advantages: it is conducted every month by an independent and expert agency, the sample is large, and the questions are consistent. Thus, changes in the results can be compared over time with a reasonable degree of confidence.

In addition to the CPS, the ACS also provides data for calculating a measure of telephone penetration. The ACS has replaced the decennial census long form and thus also provides a wealth of data and large sample sizes, though on a less frequent basis than the CPS. Whereas the CPS reports *household* penetration, the ACS follows the design of past decennial censuses and reports telephone penetration for *occupied housing units*. In this chapter, penetration measures from the CPS, the ACS, and decennial censuses (prior to the ACS) are reported as complements to each other.¹

The specific questions regarding telephone availability asked in the CPS are: "Does this house, apartment, or mobile home have telephone service from which you can both make and receive calls? Please include cell phones, regular phones, and any other type of telephone." And, if the answer to the first question is "no," this is followed up with: "Is there a telephone elsewhere on which people in this household can be called?" If the answer to the first question is "yes," the household is counted as having a telephone "in unit." If the answer to either the first or second question is "yes," the household is counted as having a telephone "available." In contrast to the CPS, the ACS simply asks: "Does this house, apartment, or mobile home have telephone service from which you can both make and receive calls? *Include cell phones.*" Thus, the ACS question is most similar to the CPS's "in unit" rather than "available" penetration rate.

Although the CPS is conducted every month, not all questions are asked every month. The telephone questions are asked once every four months, in the month that a household is first included in the sample and in the month that the household re-enters the sample a year later. Since the sample is

1 Penetration statistics derived from the CPS cannot be directly compared with the penetration estimates based on the responses to the long forms of the 1990 and 2000 decennial censuses or the ACS. This is due to differences in sampling techniques and survey methodologies as well as differences in the context in which the questions are asked. For example, the 2011 ACS reported 97.4% of all occupied housing units in the United States had telephone service available, whereas the March 2011 CPS data showed a household penetration rate of 96.0%. This difference is statistically significant and may indicate that the CPS value is on the low side and the ACS value is on the high side, with the most probable value lying somewhere in between.

staggered, the reported information for any given month actually reflects responses over the preceding four months. Aggregated summaries of the responses are reported to the Commission, based on the surveys conducted through March, July, and November of each year. The ACS provides annual telephone penetration statistics based on data collected monthly throughout the year.

The CPS data are based on a nationwide sample of about 50 to 60 thousand households in the 50 states and the District of Columbia. The CPS does not cover outlying areas that are not states, such as Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Northern Mariana Islands.² The ACS form is sent to approximately 250 thousand addresses per month, for a total of about 3 million addresses per year. The ACS covers the states, the District of Columbia, and Puerto Rico.

Statistical Tables and Charts

Table 3.1 provides a general overview of the national penetration rate since November 1983 using March, July, and November CPS statistics. The national penetration rate has tended to increase and the absolute number of households without a telephone available has declined.

Table 3.2 provides national telephone penetration rates over time for each income category since 1997, the year before the current Lifeline mechanism was in place. Chart 3.1 plots these same data. Between 1997 and 2012, there was a statistically significant increase in the penetration rate for all households. There also were statistically significant increases in penetration rates in the two lowest income categories over this time period. For other income categories, the penetration rates have remained roughly flat since 1997. Note that the increases in the national telephone penetration rate for the lower income categories cannot be attributed primarily to increases in real income, because real-income increases are reflected in the movement of households between categories. Thus, penetration changes within each income category represent changes while holding real income constant. For reference, Table 3.3 shows the nominal dollar equivalents for each 1984 dollar amount used in classifying income categories.

Chart 3.2 provides an alternative look at lower income telephone penetration. Here, penetration rates are plotted for households at or below various multiples of the Federal Poverty Guidelines (FPG). Not surprisingly, penetration rates are higher as households below higher multiples of the FPGs are included. Similarly to Chart 3.1, low income household telephone penetration has tended to increase over time.

Note that in both Charts 3.1 and 3.2, a change in the CPS question is noted for March 2005. Through November 2004, this question had been worded: "Is there a telephone in this house/apartment?" Because of the increasing number of households that have wireless only, there was some concern that some of these households may not think of their mobile phones when asked if they have a telephone. Consequently, beginning in December 2004, CPS changed its telephone question to the current wording, discussed above. The values since March 2005 reflect the new question. While there is an apparent drop in the penetration rate between November 2004 and March 2005, at least some of this drop may be attributable to households that responded to the previous form of the question by reporting phones that were not in service.

2 Annual data for Puerto Rico have been available from the ACS starting with 2005. The latest available value for Puerto Rico from that survey is 93.8% for 2011, compared to a national average (for the 50 states and the District of Columbia) of 97.4% using the ACS.

Table 3.4 combines several data sources to show longer-term telephone penetration rates as far back as 1920. In this table, ACS (using occupied housing units) and CPS (using households) results are compared for more recent years.

Table 3.5 uses CPS data to show penetration rates for households with various demographic characteristics such as the number of persons in the household, the age of the householder, and the race of the householder.

Tables 3.6 and 3.7 complement each other by reporting, for the states and District of Columbia, penetration rates using ACS (3.6) and CPS (3.7) data. Note, however, that only the ACS provides a penetration rate for Puerto Rico. In Table 3.6, rates are reported since 2006. Refer to previous monitoring reports for earlier state-level ACS results. In Table 3.7, only selected years are shown. The Wireline Competition Bureau's *Telephone Subscribership in the United States* provides similar statistics for each year.

Table 3.8 reports for each state and the District of Columbia the most recent penetration rates by income category.

Table 3.1
Household Telephone Subscribership in the United States

Date		Households (millions)	Households with Telephones (millions)	Percentage with Telephones	Households without Telephones (millions)	Percentage without Telephones
November	1983	85.8	78.4	91.4 %	7.4	8.6 %
November	1984	87.4	79.9	91.4	7.5	8.6
November	1985	88.8	81.6	91.9	7.2	8.1
November	1986	89.9	83.1	92.4	6.8	7.6
November	1987	91.3	84.3	92.3	7.0	7.7
November	1988	92.6	85.7	92.5	6.9	7.5
November	1989	93.9	87.3	93.0	6.6	7.0
November	1990	94.7	88.4	93.3	6.3	6.7
November	1991	95.7	89.4	93.4	6.3	6.6
November	1992	97.0	91.0	93.8	6.0	6.2
November	1993	98.8	93.0	94.2	5.8	5.8
November	1994	99.8	93.7	93.8	6.2	6.2
November	1995	100.4	94.2	93.9	6.2	6.1
November	1996	101.3	95.1	93.9	6.2	6.1
November	1997	102.8	96.5	93.8	6.3	6.2
November	1998	104.1	98.0	94.2	6.1	5.8
November	1999	105.4	99.1	94.1	6.3	5.9
November	2000	106.5	100.2	94.1	6.3	5.9
November	2001	107.7	102.2	94.9	5.5	5.1
March	2002	108.3	103.4	95.5	4.8	4.5
July	2002	108.5	103.2	95.1	5.3	4.9
November	2002	109.0	104.0	95.3	5.1	4.7
March	2003	112.1	107.1	95.5	5.0	4.5
July	2003	112.1	106.8	95.2	5.3	4.8
November	2003	113.1	107.1	94.7	6.0	5.3
March	2004	112.9	106.4	94.2	6.5	5.8
July	2004	113.5	106.5	93.8	7.1	6.2
November	2004	113.8	106.4	93.5	7.4	6.5
March	2005	114.5	105.8	92.4	8.7	7.6
July	2005	114.4	107.5	94.0	6.8	6.0
November	2005	115.2	107.0	92.9	8.2	7.1
March	2006	115.5	107.2	92.8	8.4	7.2
July	2006	116.2	109.9	94.6	6.3	5.4
November	2006	116.4	108.8	93.4	7.6	6.6
March	2007	117.1	110.8	94.6	6.4	5.4
July	2007	117.7	111.7	95.0	5.9	5.0
November	2007	118.2	112.2	94.9	6.0	5.1
March	2008	117.8	112.2	95.2	5.6	4.8
July	2008	118.0	112.6	95.4	5.5	4.6
November	2008	118.6	112.7	95.0	5.9	5.0
March	2009	118.4	113.2	95.6	5.2	4.4
July	2009	118.4	113.3	95.7	5.1	4.3
November	2009	119.2	114.0	95.7	5.1	4.3
March	2010	118.3	113.6	96.0	4.7	4.0
July	2010	118.3	113.5	96.0	4.8	4.0
November	2010	119.4	114.0	95.5	5.4	4.5
March	2011	119.8	114.9	95.9	4.9	4.1
July	2011	119.3	114.1	95.6	5.2	4.4
November	2011	119.7	114.4	95.6	5.3	4.4
March	2012	121.9	117.0	96.0	4.9	4.0
July	2012	121.7	117.0	96.1	4.7	3.9

Source: U.S. Census Bureau, Current Population Survey.

Chart 3.1
 Household Telephone Penetration by Income, 1997-2012
 Income Groups in 1984 Dollars

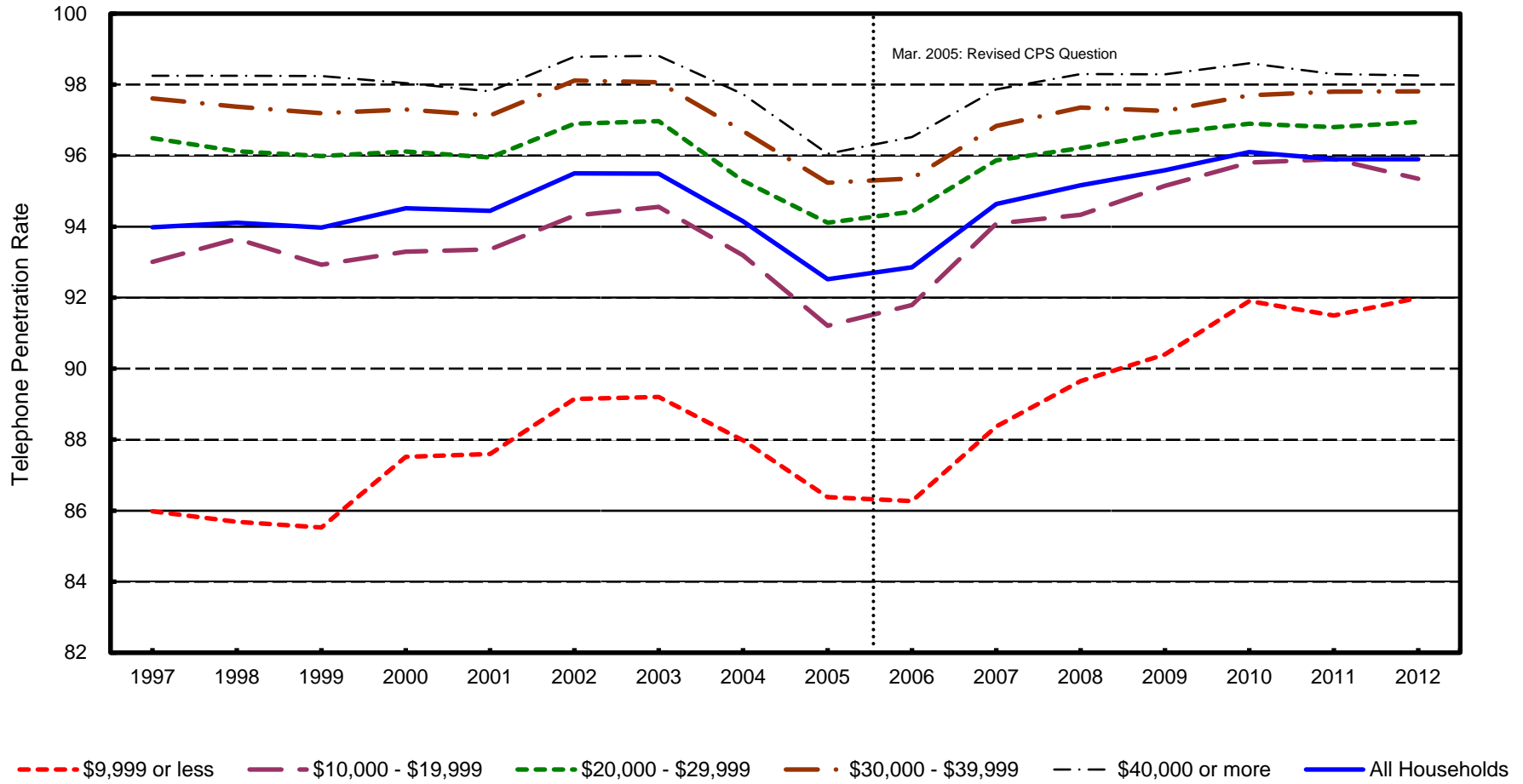


Chart 3.2
 Telephone Penetration for Single-Family Households at or below Multiples of the Federal Poverty
 Guidelines (FPG), 1996-2012

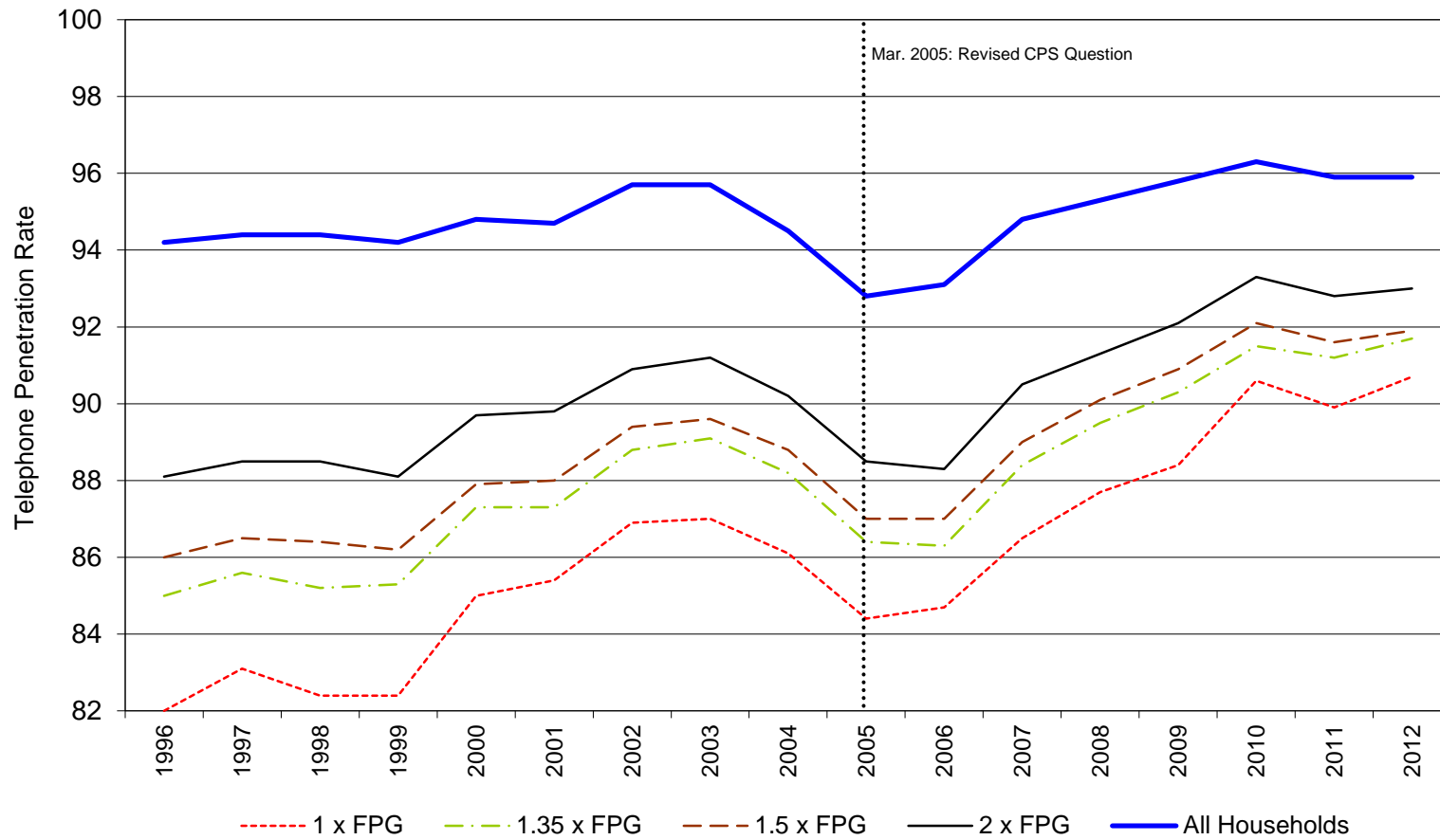


Table 3.2
Household Telephone Penetration by Income, 1997-2012

Year	\$9,999 or Less	\$10,000 - \$19,000	\$20,000 - \$29,999	\$30,000 - \$39,999	\$40,000 or Greater	All Households
1997	86.0%	93.0%	96.5%	97.6%	98.2%	94.0%
1998	85.7	93.7	96.1	97.4	98.2	94.1
1999	85.5	92.9	96.0	97.2	98.2	94.0
2000	87.5	93.3	96.1	97.3	98.0	94.5
2001	87.6	93.4	95.9	97.1	97.8	94.4
2002	89.1	94.3	96.9	98.1	98.8	95.5
2003	89.2	94.6	97.0	98.1	98.8	95.5
2004	88.0	93.2	95.3	96.7	97.7	94.2
2005	86.4	91.2	94.1	95.2	96.0	92.5
2006	86.3	91.8	94.4	95.4	96.5	92.9
2007	88.4	94.1	95.9	96.8	97.9	94.6
2008	89.7	94.3	96.2	97.4	98.3	95.2
2009	90.4	95.2	96.6	97.3	98.3	95.6
2010	91.9	95.8	96.9	97.7	98.6	96.1
2011	91.5	95.9	96.8	97.8	98.3	95.9
2012	92.0	95.3	96.9	97.8	98.3	95.9

Source: U.S. Census Bureau, Current Population Survey (March CPS Supplement).
Note: Income groups classified by 1984 dollars. Total penetration rates may differ slightly from those in Table 3.1 due to sampling differences between the March CPS and the March CPS Supplement.

Table 3.3
Nominal Dollar Equivalent by Year
(in 1984 Dollars)

Year	\$10,000	\$20,000	\$30,000	\$40,000
1997	\$15,595	\$31,190	\$46,785	\$62,380
1998	15,809	31,618	47,427	63,236
1999	16,082	32,164	48,246	64,328
2000	16,686	33,372	50,058	66,744
2001	17,173	34,346	51,519	68,692
2002	17,427	34,854	52,281	69,708
2003	17,953	35,906	53,859	71,812
2004	18,265	36,530	54,795	73,060
2005	18,840	37,680	56,520	75,360
2006	19,474	38,948	58,422	77,896
2007	20,015	40,030	60,045	80,060
2008	20,812	41,624	62,436	83,248
2009	20,732	41,464	62,196	82,928
2010	21,212	42,423	63,635	84,846
2011	21,780	43,561	65,341	87,122
2012	22,358	44,716	67,074	89,432

Note: All numbers based on CPI non-adjusted series, March 1984 base of 102.6

**Table 3.4
Historical Telephone Penetration Estimates**

Year	Percentage of Occupied Housing Units with Telephone Service¹	Percentage of Households with Telephone Service²
1920	35.0 %	
1930	40.9	
1940	36.9	
1950	61.8	
1960	78.3	
1970	90.5	
1980	92.9	
1990	94.8	93.3 %
2000	97.6	94.4
2001	96.9	94.9
2002	96.6	95.3
2003	96.2	95.1
2004	95.7	93.8
2005	94.8	93.1
2006	94.1	93.6
2007	94.6	94.8
2008 ³	98.2	95.2
2009	97.7	95.7
2010	97.5	95.8
2011	97.4	95.7
2012	NA ⁴	96.1

¹ Housing Unit penetration statistics are from the U.S. Census Bureau's *Historical Statistics of the United States, Colonial Times to 1970*, Part 2, page 783 (1920 - 1970); the decennial censuses (1980 - 2000); and the Census Bureau's American Community Survey (ACS) 1-year estimates (2001 - 2012).

² Household penetration data (1990 - 2012) are annual averages from the U.S. Census based on the Current Population Survey. For 2012, July CPS data are used.

³ Errata #53: released April 12, 2010, regarding 2008 ACS 1-year and 2006-2008 ACS 3-year estimates for household kitchen facilities and telephone service. Two errors were found affecting the 2008 ACS 1-year data and the 2006-2008 ACS 3-year data for telephone service. The errors involve the last two items in Question 8 on the housing section of the 2008 ACS questionnaire which asks whether the housing unit has telephone service (including cell phones). The error involved the incorrect capture of the responses to those items. It affected the estimates of householders who reported no telephone service, resulting in an underestimate of "no" responses and an increased imputation rate for both items. At the national level, the percent of households reporting no telephone service in 2008 was 1.8 percent; however, after correcting the data capture error, the percent reporting no telephone service is approximately 2.8 percent.

⁴ At the time of publication, 2012 ACS statistics were not available.

Table 3.5
Telephone Penetration by Selected Demographic Characteristics
(Percentage of Households with Telephone Service)

Characteristic	2009	2010	2011	2012
<i>Persons in Household</i>				
1	93.5%	93.9%	93.7%	94.0%
2 - 3	96.4	96.5	96.5	96.8
4 - 5	96.9	96.6	96.7	97.0
6 +	96.1	95.8	95.6	96.2
<i>Age of Householder</i>				
15 - 24 Yrs Old	92.0	93.5	93.4	94.3
25 - 54 Yrs Old	95.2	95.5	95.5	95.9
55 - 59 Yrs Old	96.6	96.6	95.9	96.3
60 - 64 Yrs Old	97.0	96.2	96.4	96.4
65 - 69 Yrs Old	97.2	96.8	96.6	96.7
70 - 99 Yrs Old	96.9	96.7	96.5	96.6
<i>Race of Householder</i>				
White	96.3	96.4	96.3	96.6
Black	92.1	92.7	92.5	93.2
Hispanic Origin	92.6	93.1	92.7	93.1
United States Total	95.7	95.8	95.7	96.1

Source: U.S. Census Bureau, Current Population Survey. Note that 2009 to 2011 values are annual averages. For 2012, values are July 2012 figures since complete 2012 figures were unavailable at the time of publication.

Table 3.6
Telephone Penetration by State, 2006-2011
(Percentage of Occupied Housing Units with Telephone Service)

State	2006	2007	2008*	2009	2010	2011
Alabama	92.6 %	93.9 %	98.0 %	97.5 %	97.4 %	97.2 %
Alaska	96.3	97.7	98.1	98.1	98.3	98.1
Arizona	93.6	93.7	97.0	96.4	97.0	97.0
Arkansas	90.3	91.3	97.6	97.1	96.9	96.6
California	96.6	96.7	98.7	98.3	97.9	97.9
Colorado	94.6	94.3	98.2	97.7	97.7	97.5
Connecticut	96.5	96.8	99.1	98.8	98.3	98.5
Delaware	97.0	95.8	98.7	98.6	98.2	98.2
District of Columbia	94.5	92.6	97.8	96.7	96.7	96.7
Florida	92.4	93.4	97.9	97.6	97.2	96.6
Georgia	90.9	92.7	97.1	97.1	96.9	96.4
Hawaii	95.7	94.9	98.1	97.6	97.5	97.4
Idaho	94.2	94.2	99.0	98.3	97.4	96.5
Illinois	93.7	94.8	98.6	97.9	97.7	97.7
Indiana	93.4	94.2	98.4	97.2	97.1	96.6
Iowa	94.9	95.3	98.9	98.2	97.4	96.9
Kansas	92.7	93.8	98.9	97.9	97.5	97.6
Kentucky	91.9	93.1	97.8	96.8	96.9	96.9
Louisiana	91.6	92.5	97.3	96.5	96.8	97.2
Maine	95.7	95.9	98.8	98.5	97.8	98.2
Maryland	95.3	95.6	99.0	98.5	97.6	97.5
Massachusetts	95.5	96.1	98.8	98.7	98.4	98.3
Michigan	92.1	93.0	98.6	97.5	97.2	97.0
Minnesota	95.8	95.4	99.2	98.6	98.2	98.0
Mississippi	88.4	91.2	96.9	97.2	96.9	96.9
Missouri	93.6	94.3	98.5	97.7	97.3	97.3
Montana	93.6	93.7	97.5	97.2	97.0	97.1
Nebraska	94.4	94.5	99.0	98.3	98.0	97.8
Nevada	94.6	94.3	97.6	97.7	97.7	97.8
New Hampshire	97.0	97.5	98.6	98.5	98.3	98.2
New Jersey	95.3	95.1	97.9	97.9	97.9	97.6
New Mexico	91.7	92.4	95.7	94.7	95.3	94.9
New York	94.8	95.0	97.9	97.4	97.2	97.2
North Carolina	93.2	93.4	98.1	97.6	97.6	97.5
North Dakota	94.7	94.8	99.2	98.0	98.4	98.1
Ohio	94.2	94.6	98.1	97.1	97.2	97.1
Oklahoma	92.9	93.2	98.0	97.8	97.8	97.5
Oregon	95.2	94.9	98.7	97.9	97.7	97.2
Pennsylvania	95.9	95.9	98.8	98.2	98.0	97.8
Rhode Island	95.6	96.0	97.8	97.9	97.2	97.5
South Carolina	92.0	93.2	97.2	96.6	97.1	97.2
South Dakota	96.0	95.3	98.6	98.2	98.0	97.3
Tennessee	92.8	93.7	98.1	97.6	97.2	97.1
Texas	92.6	93.5	98.0	97.7	97.4	97.2
Utah	96.2	96.0	99.3	98.3	97.8	97.6
Vermont	97.2	96.9	98.8	98.0	97.8	98.2
Virginia	95.2	95.2	98.3	97.6	97.4	97.5
Washington	96.2	96.3	99.0	98.1	97.8	97.9
West Virginia	93.8	93.6	96.9	96.4	96.3	96.0
Wisconsin	95.6	96.1	99.0	98.4	98.0	97.7
Wyoming	93.4	95.0	98.7	98.0	97.7	97.8
Total United States	94.1 %	94.6 %	98.2 %	97.7 %	97.5 %	97.4 %
Puerto Rico	73.6 %	80.6 %	91.9 %	92.4 %	93.5 %	93.8 %

* See footnote 3 on Table 3.4.

Source: U.S. Census Bureau, American Community Survey. US Total does not include Puerto Rico.

Table 3.7
Telephone Penetration by State, Selected Years
(Percentage of Households with a Telephone in Unit)

State	1984	1996	2000	2006	2011
Alabama	88.4 %	92.2 %	91.9 %	90.4 %	96.2 %
Alaska	86.5	94.4	94.3	95.7	96.2
Arizona	86.9	93.1	93.9	92.5	95.6
Arkansas	86.6	86.9	88.6	90.0	95.2
California	92.5	95.0	95.8	95.6	95.7
Colorado	93.2	95.5	96.3	94.7	97.3
Connecticut	95.5	97.5	96.4	95.2	97.8
Delaware	94.3	96.1	96.3	93.5	97.2
District of Columbia	94.9	93.0	93.2	91.2	93.1
Florida	88.7	93.1	92.1	92.7	93.2
Georgia	86.2	89.7	91.1	90.5	93.5
Hawaii	93.5	94.8	94.7	95.5	94.9
Idaho	90.7	92.9	93.9	95.5	95.9
Illinois	94.2	93.0	91.5	90.8	95.3
Indiana	91.6	93.7	94.5	89.3	92.5
Iowa	96.2	96.6	96.2	96.1	98.2
Kansas	94.3	93.9	94.8	94.3	97.9
Kentucky	88.1	92.3	93.3	91.3	94.8
Louisiana	89.7	91.1	92.6	93.9	97.9
Maine	93.4	96.5	97.9	96.3	98.2
Maryland	95.7	96.7	95.0	95.4	95.8
Massachusetts	95.9	95.7	94.6	95.3	97.5
Michigan	92.8	95.0	95.0	94.2	97.2
Minnesota	95.8	97.1	97.4	97.6	97.8
Mississippi	82.4	87.5	89.2	90.5	95.6
Missouri	91.5	95.3	95.8	94.9	96.4
Montana	91.0	94.3	94.6	93.3	95.5
Nebraska	95.7	96.0	97.3	93.5	97.5
Nevada	90.4	93.5	94.0	93.0	97.3
New Hampshire	94.3	96.1	97.7	96.4	98.1
New Jersey	94.8	93.6	94.6	94.9	95.4
New Mexico	82.0	86.2	91.2	88.5	92.9
New York	91.8	93.4	95.1	91.6	94.1
North Carolina	88.3	93.5	93.9	93.3	96.0
North Dakota	94.6	96.3	95.8	96.5	98.2
Ohio	92.4	94.5	94.8	94.7	96.6
Oklahoma	90.3	91.3	91.2	92.2	95.8
Oregon	90.6	96.0	94.8	96.7	97.8
Pennsylvania	94.9	96.9	96.6	96.3	97.8
Rhode Island	93.6	95.7	94.9	94.4	97.4
South Carolina	83.7	91.3	93.2	92.5	95.4
South Dakota	93.2	93.3	94.3	96.4	97.7
Tennessee	88.5	94.0	95.5	92.5	92.8
Texas	88.4	91.0	93.5	91.5	95.1
Utah	92.5	96.7	95.9	96.6	97.1
Vermont	92.3	95.9	95.6	96.0	98.1
Virginia	93.1	94.9	95.4	94.1	95.4
Washington	93.0	94.5	94.9	96.9	98.4
West Virginia	87.7	92.9	94.0	93.0	95.9
Wisconsin	95.2	97.0	94.8	95.6	97.1
Wyoming	89.9	95.0	94.7	96.1	97.7
Total United States	91.6 %	93.9 %	94.4 %	93.6 %	95.7 %

Source: U.S. Census Bureau, Current Population Survey.

Table 3.8
Household Penetration by State and Income, 2012

State	\$9,999 or Less	\$10,000 to \$19,999	\$19,999 to \$29,999	\$30,000 to \$39,999	\$40,000 or More	All Households
Alabama	92.4 %	95.1 %	96.4 %	99.2 %	99.3 %	95.9 %
Alaska	93.7	94.3	97.5	99.2	98.0	96.5
Arizona	85.5	96.6	99.3	98.9	99.8	95.6
Arkansas	91.2	97.0	97.7	96.3	97.5	95.5
California	92.5	94.6	96.9	96.9	98.4	95.9
Colorado	94.6	96.9	98.1	99.5	99.8	97.9
Connecticut	95.2	99.5	97.6	98.2	99.6	98.3
Delaware	97.1	96.5	97.7	98.5	98.5	97.6
District of Columbia	92.1	96.7	97.7	96.0	96.0	95.4
Florida	90.9	93.9	94.7	97.5	93.8	93.7
Georgia	89.3	92.4	93.7	99.5	97.4	93.7
Hawaii	92.1	91.5	97.4	94.5	99.3	95.4
Idaho	93.9	96.3	98.1	97.1	99.7	97.0
Illinois	91.0	94.1	94.7	96.4	97.7	94.7
Indiana	89.2	91.0	94.2	95.6	97.1	92.9
Iowa	95.5	97.1	98.2	99.6	98.7	97.7
Kansas	92.9	97.1	99.3	98.2	99.7	97.2
Kentucky	90.2	95.6	96.7	98.0	99.2	95.2
Louisiana	93.4	97.3	98.4	98.3	97.7	96.5
Maine	97.4	98.6	99.1	97.9	99.1	98.5
Maryland	93.3	96.3	93.8	99.0	99.1	96.9
Massachusetts	93.7	97.1	99.6	100.0	98.8	97.8
Michigan	93.5	96.2	98.9	100.0	98.8	97.1
Minnesota	92.4	97.0	98.7	99.1	100.0	97.6
Mississippi	94.5	97.0	97.4	96.0	99.4	96.7
Missouri	93.0	97.2	98.6	98.4	98.9	96.8
Montana	91.5	93.3	97.4	96.0	98.2	94.7
Nebraska	96.1	97.5	97.7	99.2	98.3	97.7
Nevada	94.3	94.9	98.8	97.4	98.5	96.5
New Hampshire	93.9	96.4	97.9	99.6	99.7	97.9
New Jersey	93.0	96.1	97.8	96.5	98.8	96.9
New Mexico	91.3	90.2	91.9	97.0	98.5	93.2
New York	89.1	92.0	94.8	97.0	96.9	93.6
North Carolina	94.0	97.2	98.9	98.9	99.8	97.5
North Dakota	94.9	97.7	98.3	100.0	98.1	97.7
Ohio	92.0	96.3	97.4	97.4	99.4	96.2
Oklahoma	97.9	96.6	95.9	96.0	97.4	96.9
Oregon	97.1	98.6	99.3	100.0	99.5	98.9
Pennsylvania	96.9	98.7	99.4	98.5	99.6	98.6
Rhode Island	92.2	96.7	97.2	99.5	98.5	96.4
South Carolina	90.5	95.8	97.7	96.2	98.9	95.2
South Dakota	93.9	97.6	98.9	99.6	99.4	97.6
Tennessee	84.6	93.0	92.6	91.1	94.9	90.8
Texas	92.0	95.5	97.0	97.6	97.8	95.8
Utah	98.4	97.3	98.4	99.4	97.9	98.1
Vermont	94.9	97.1	99.7	98.3	98.9	97.8
Virginia	89.1	95.0	99.0	99.2	99.2	96.6
Washington	95.6	95.9	98.5	98.9	99.2	97.7
West Virginia	91.6	93.9	95.4	98.0	96.1	94.4
Wisconsin	90.5	94.3	99.0	98.8	98.6	96.1
Wyoming	95.2	98.2	97.7	100.0	100.0	98.2
United States	92.0 %	95.3 %	96.9 %	97.8 %	98.3 %	95.9 %

Source: U.S. Census Bureau, Current Population Survey (March CPS Supplement).

4. Price Indices

This section contains information on telephone price indices using data from the Consumer Price Index (CPI) maintained by the Bureau of Labor Statistics (BLS).

The BLS collects information on telephone service as part of the CPI. Monthly CPI data can be found on the Internet at www.bls.gov/cpi/. The monthly price indices represent prices sampled in the middle of the month.

A CPI for telephone services was first published in 1935.¹ Since then, telephone prices have tended to increase at a slower pace than most other prices. Table 4.1 shows long-term changes in the indices for all items, all services, telephone services, each of the seven major categories that currently constitute the overall CPI, and several services that are often characterized as public utilities. The price of telephone service has increased less rapidly than the prices of most of these categories when viewed over a long period of time. Chart 4.1 shows the levels of the overall CPI and the CPI for telephone services over time.

The CPI for telephone services is based on a "market basket" intended to represent the telephone-related expenditures of a typical urban household. It includes both land-line telephone service and wireless telephone service. The annual rate of change during recent years is shown in Table 4.2 for the overall CPI (which measures the impact of inflation on consumers), and the CPI for telephone services. Chart 4.2 shows the changes in the overall CPI and the CPI for telephone services since 1999.

For 2011, the nation's overall level of prices (measured by the CPI for all items) rose by 3.0% and the CPI for telephone services declined by 0.3%. The land-line telephone service index increased by 1.9% during 2011, while the wireless telephone index decreased by 2.3%. Monthly data for these indices are shown in Table 4.3.

In January 2010, BLS discontinued collecting four land-line telephone indices, including local charges, long distance charges, interstate toll calls, and intrastate toll calls. These four indices were combined into a single land-line telephone service index, which began in December 2009.

The Producer Price Index (PPI), also published by BLS, continues to release sub-indices for telephone services. We no longer include them in this report because they have become less meaningful as the bundling of telephone services has become more common in the land-line telephone industry.²

1 BLS publishes two sets of Consumer Price Indices. The CPI-U, used herein, is based on expenditures of all urban consumers. The CPI-W series is based on expenditures of urban wage earners and clerical workers.

2 PPI data are available on the BLS website at www.bls.gov/ppi/.

Table 4.1
Long-Term Changes for Various Price Indices
(Average Annual Rates of Change)

	1961-2011	2001-2011
CPI All Items (SA0)	4.1 %	2.4 %
CPI All Services (SAS)	4.9	2.8
CPI Telephone Services (SEED)	1.6	0.3
CPI Major Categories:		
- Food & Beverages (SAF)	*	2.8
- Housing (SAH)	*	2.4
- Apparel (SAA)	2.0	-0.5
- Transportation (SAT)	4.0	3.1
- Medical Care (SAM)	5.9	4.0
- Recreation (SAR)	*	0.9
- Other Goods & Services (SAG)	*	3.5
CPI Public Transportation (SETG)	5.1	2.4
CPI Utility (Piped) Gas Service (SEHF02)	5.1	4.0
CPI Electricity (SEHF01)	3.9	4.0
CPI Water & Sewerage Maint. (SEHG01)	5.7	5.3
CPI Postage (SEEC01)	4.8	3.4

* Series not established until after 1960.

Note: The CPI Telephone Services index was revised in December of 1997. To calculate values in this table, Series MUUR0000SE270A is used for periods prior to this revision and CUUR0000SEED is used for periods after the revision. After each row, the series ID is provided and should be preceded by CUUR0000 when referencing the series. Source: Bureau of Labor Statistics.

Chart 4.1
CPI All Goods and Services and CPI Telephone Services, 1961-2011
Base Period: 1997 = 100

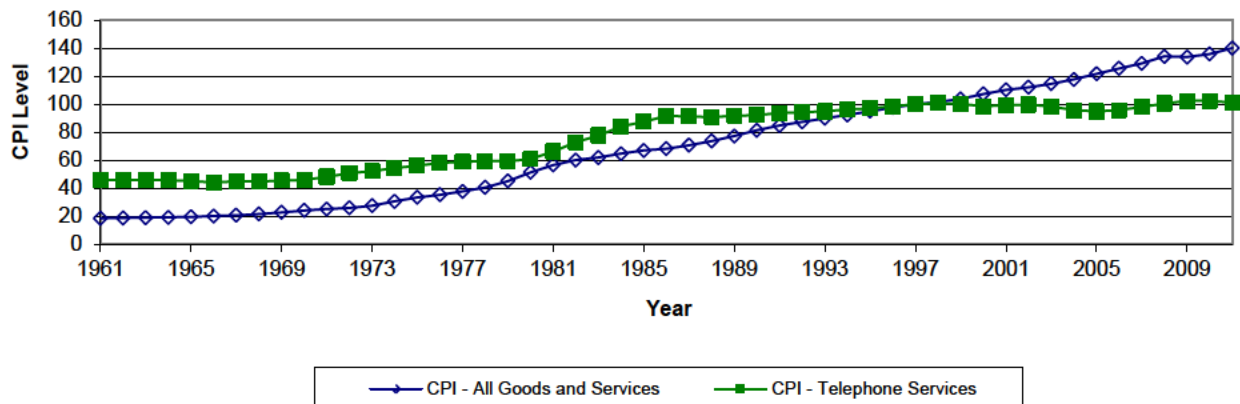


Table 4.2
Annual Changes in CPI Telephone Services and All Items Indices

	All Goods and Services	Telephone Services
1999	2.7	0.4
2000	3.4	-2.3
2001	1.6	1.3
2002	2.4	0.2
2003	1.9	-2.7
2004	3.3	-2.5
2005	3.4	0.4
2006	2.5	1.7
2007	4.1	2.1
2008	0.1	2.9
2009	2.7	1.0
2010	1.5	-0.9
2011	3.0	-0.3

Note: Values report the percent change from December of the previous year through December of the year shown. Sources: Bureau of Labor Statistics and Bureau of Economic Analysis.

Chart 4.2
Annual Changes in CPI All Goods and Services and CPI Telephone Services

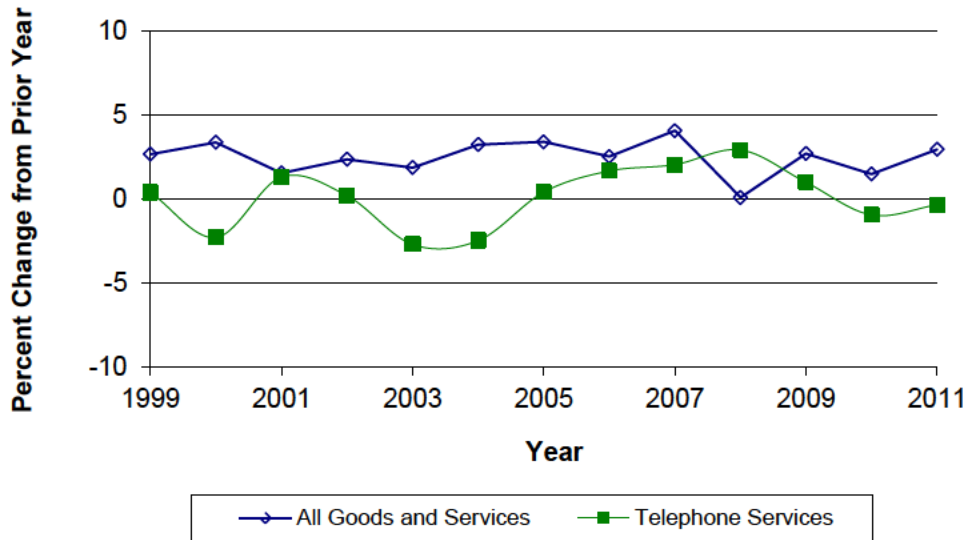


Table 4.3
Monthly Consumer Price Indices
(December 2009 = 100)

	All Goods and Services	Telephone Services	Land-line Telephone Services	Wireless Telephone Services
BLS Series ID	CUUR0000SA0	CUUR0000SEED	CUUR0000SEED04	CUUR0000SEED03
2009 January	97.8	99.2	*	101.1
February	98.3	99.2	*	101.2
March	98.5	99.3	*	101.2
April	98.7	99.4	*	101.2
May	99.0	99.6	*	101.2
June	99.9	99.5	*	101.2
July	99.7	99.9	*	101.2
August	99.9	100.0	*	101.2
September	100.0	100.3	*	101.2
October	100.1	100.2	*	101.2
November	100.2	99.8	*	100.0
December	100.0	100.0	100.0	100.0
2010 January	100.3	100.0	101.0	99.2
February	100.4	99.6	101.1	98.3
March	100.8	99.6	101.1	98.3
April	101.0	99.7	101.4	98.3
May	101.0	99.7	101.4	98.2
June	100.9	99.6	101.4	98.1
July	101.0	99.8	101.6	98.2
August	101.1	99.8	101.8	98.2
September	101.2	99.9	102.0	98.2
October	101.3	99.8	102.1	97.8
November	101.3	99.6	102.2	97.5
December	101.5	99.1	102.2	96.4
2011 January	102.0	98.7	103.0	95.2
February	102.5	98.6	103.0	95.0
March	103.5	98.6	103.1	94.8
April	104.1	98.5	102.9	94.9
May	104.6	98.5	102.9	94.8
June	104.5	98.5	103.0	94.8
July	104.6	98.3	103.3	94.1
August	104.9	98.3	103.4	94.1
September	105.1	98.4	103.6	94.1
October	104.8	98.6	103.9	94.1
November	104.8	98.6	103.9	94.1
December	104.5	98.7	104.1	94.2
2012 January	105.0	99.0	104.9	94.2
February	105.4	99.0	105.0	94.2
March	106.2	99.1	105.2	94.2
April	106.5	99.2	105.4	94.2
May	106.4	99.3	105.5	94.3
June	106.3	99.4	105.7	94.3
July	106.1	98.9	105.6	93.6

Notes: Series values for All Goods and Services are converted from the 1982-1984 base index series reported by the Bureau of Labor Statistics (BLS). Series values for Telephone Services and Wireless Telephone Services are converted from the December 1997 base index series reported by BLS. Land-line Telephone Services index began in December 2009. Series are not seasonally adjusted. Series may be referenced via the BLS website with the Series ID listed at the top of each column.

5. Network Usage

To monitor use of the public switched telephone network, the National Exchange Carrier Association (NECA) provides quarterly reports to the Commission on the volume of interstate access minutes of use (MOU) passing through the local switches. The data reported in this section include new annual data for 2011 as well as revisions of the data that were contained in our previous reports.¹ The minutes reported here are those minutes that pass through the incumbent local exchange carriers' switches.

The following descriptions of minutes of use measures are based on information provided by NECA:

Access MOU are "earned MOU" which are derived by dividing the earned revenues by the corresponding rate. Access minutes of use generating revenues have been discounted, which can produce distortions in revenue amounts. Further, revenues are normalized to account for differences in terminating/originating and percent interstate use factors, billing adjustments, and the imputations of access charges (where applicable). Revenues are also calendarized, which will change derived minutes.

Access MOU include only the domestic portion of international calls. Similarly, WATS and toll-free (800/888/877/866) calls are counted only on one end of the call.² Finally, minutes include time for incomplete calls and setup time.

Chart 5.1 and Table 5.1 present NECA information on local access minutes for interstate traffic that pass through the incumbent LECs' switches. In Table 5.1, data are shown for totals of the tier 1 carriers, the non-tier 1 carriers, and the industry.³ These figures do not include the minutes from the closed end of WATS or toll-free calls.

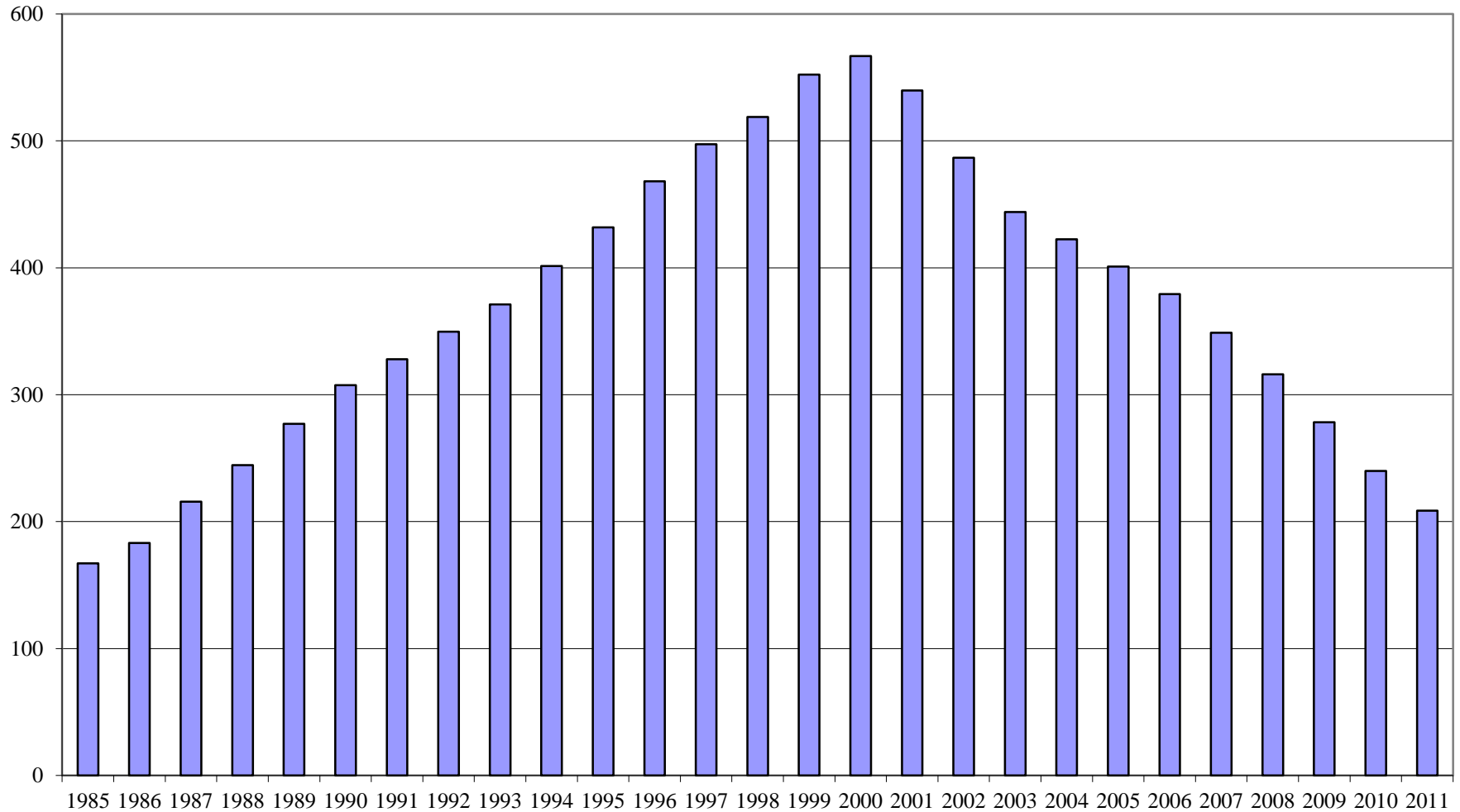
Table 5.2 presents interstate access minutes of use data by state from 2007-2011. Annual study area data for the years 2007 through 2011 are posted at www.fcc.gov/wcb/iatd/monitor.html.

1 The FCC routinely posts quarterly MOU data at www.fcc.gov/wcb/iatd/neca.html.

2 WATS calls usually generate access minutes only at the terminating end of the call and toll-free calls usually generate access minutes only at the originating end of the call; both types of minutes are counted in the terminating minutes.

3 Tier 1 carriers are non-NECA pool incumbent local exchange carriers with annual operating revenues of \$148 million or more in 2011.

Chart 5.1
Interstate Switched Access Minutes of Use for Incumbent Local Exchange Carriers
(in Billions)



Source: National Exchange Carrier Association, various filings.

Table 5.1
Interstate Switched Access Minutes of Use
Incumbent Local Exchange Carriers by Tier
(in Millions)

Year	Tier 1 Total	Non Tier 1 Total	Industry Total
1987	203,204	12,508	215,712
1988	230,398	14,211	244,609
1989	259,529	17,530	277,058
1990	287,442	20,006	307,448
1991	306,376	21,661	328,036
1992	327,172	22,577	349,749
1993	347,021	24,220	371,240
1994	374,173	27,230	401,403
1995	401,536	30,389	431,925
1996	434,718	33,378	468,097
1997	461,461	35,837	497,299
1998	481,078	37,749	518,828
1999	512,729	39,585	552,314
2000	523,928	42,990	566,917
2001	495,491	44,200	539,691
2002	442,684	43,958	486,642
2003	399,579	44,384	443,963
2004	377,832	44,531	422,363
2005	356,992	43,953	400,945
2006	335,651	43,560	379,211
2007	308,924	39,937	348,861
2008	280,110	35,857	315,968
2009	246,226	32,081	278,307
2010	212,214	27,760	239,974
2011	183,874	24,668	208,542

Source: National Exchange Carrier Association, various filings.

Table 5.2
ILEC Interstate Switched Access Minutes of Use by State
(in Millions)

State	2007	2008	2009	2010	2011
Alabama	5,699	5,562	4,971	4,256	3,612
Alaska	1,135	1,344	958	723	604
American Samoa	19	19	18	19	19
Arizona	6,573	6,059	5,286	4,629	4,013
Arkansas	3,434	3,099	2,791	2,346	1,988
California	35,521	31,441	27,664	23,588	20,212
Colorado	6,695	6,116	5,371	4,563	4,086
Connecticut	5,425	4,795	4,178	3,718	3,133
Delaware	1,487	1,392	1,216	1,010	911
District of Columbia	1,857	1,720	1,616	1,444	1,343
Florida	24,812	22,234	19,039	15,892	13,351
Georgia	11,757	10,992	9,672	8,270	7,133
Guam	262	221	166	149	134
Hawaii	1,594	1,927	1,887	1,999	1,628
Idaho	2,050	1,860	1,629	1,402	1,247
Illinois	14,860	13,699	11,931	10,083	8,205
Indiana	6,968	6,459	5,477	4,694	3,941
Iowa	4,200	3,120	2,729	2,386	2,126
Kansas	3,264	2,816	2,431	2,016	1,790
Kentucky	4,555	4,092	3,645	3,303	2,893
Louisiana	4,654	4,250	3,714	3,224	2,687
Maine	1,573	1,394	1,336	1,133	1,003
Maryland	8,615	7,729	7,043	6,296	5,583
Massachusetts	7,356	6,514	5,726	5,044	4,646
Michigan	8,855	7,930	6,758	5,735	4,662
Minnesota	5,039	4,624	4,031	3,539	3,183
Mississippi	3,500	3,230	2,860	2,521	2,106
Missouri	7,293	6,674	5,904	5,169	4,594
Montana	1,362	1,244	1,119	953	860
Nebraska	1,929	1,796	1,614	1,437	1,397
Nevada	4,130	3,475	2,907	2,301	1,902
New Hampshire	1,916	1,649	1,462	1,052	940
New Jersey	12,478	10,742	9,856	8,007	7,058
New Mexico	2,571	2,297	1,972	1,712	1,517
New York	19,369	17,185	15,360	13,540	12,277
North Carolina	10,900	10,090	8,738	7,733	6,874
North Dakota	728	685	609	549	548
Northern Mariana Islands	52	48	47	37	32
Ohio	11,632	10,549	9,104	7,889	6,617
Oklahoma	3,579	3,185	2,901	2,539	2,169
Oregon	4,277	3,786	3,270	2,721	2,329
Pennsylvania	13,896	12,686	11,172	9,698	8,825
Puerto Rico	3,419	3,426	3,214	3,177	3,131
Rhode Island	896	814	734	660	604
South Carolina	5,603	5,143	4,518	3,983	3,470
South Dakota	1,119	848	639	555	496
Tennessee	7,075	6,453	5,630	4,834	3,985
Texas	21,985	20,184	17,607	15,169	13,119
Utah	2,548	2,323	1,915	1,619	1,503
Vermont	1,167	1,028	960	789	663
Virgin Islands	379	372	354	332	297
Virginia	10,456	9,560	9,111	8,031	7,294
Washington	6,905	6,174	5,382	4,447	3,832
West Virginia	2,903	2,760	2,490	2,272	1,860
Wisconsin	5,662	5,407	4,951	4,245	3,635
Wyoming	875	746	626	543	477
Total	348,861	315,968	278,307	239,974	208,542

Source: National Exchange Carrier Association, March 2012 filing

Customer Response

Publication: 2012 Universal Service Monitoring Report

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