

The Federal Universal Service Fund and Nevada

Prepared for the February 27th Meeting for the Legislative Commission's
Subcommittee to Study Telecommunications Services in Nevada (ACR-2)

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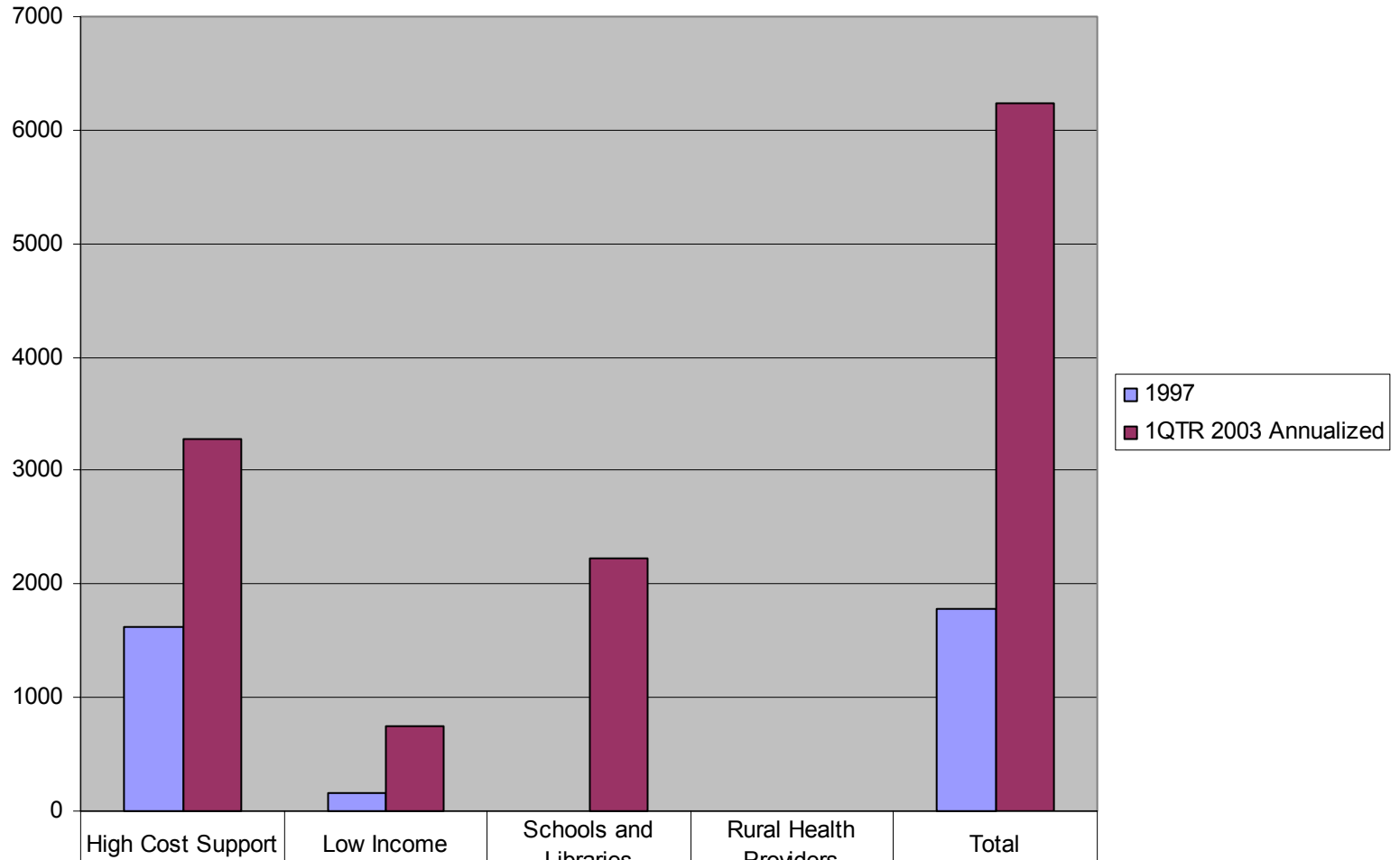
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Meeting Date: April 2, 2004

Federal Universal Service Programs

- High Cost Support
- Low Income
- Schools and Libraries
- Rural Health Care

Universal Service by Program Type

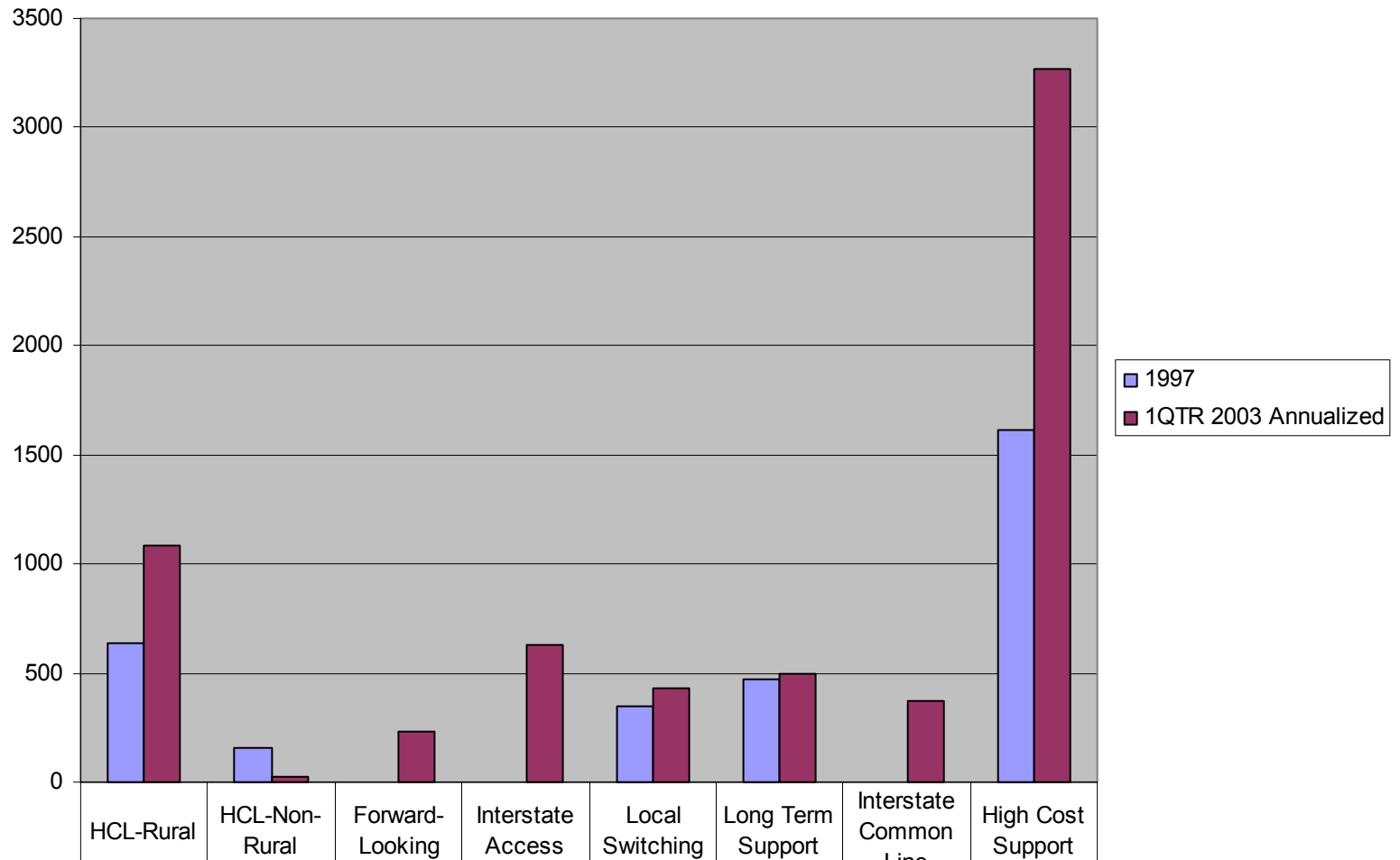


1997	1615	160	0	0	1775
1QTR 2003 Annualized	3270	740	2225	3	6238

High Cost Support Mechanisms

- High Cost Loop Support
- Local Switching Support
- Forward-Looking Support
- Interstate Access Support
- Interstate Common Line Support
- Long Term Support

Universal Service: High Cost Programs



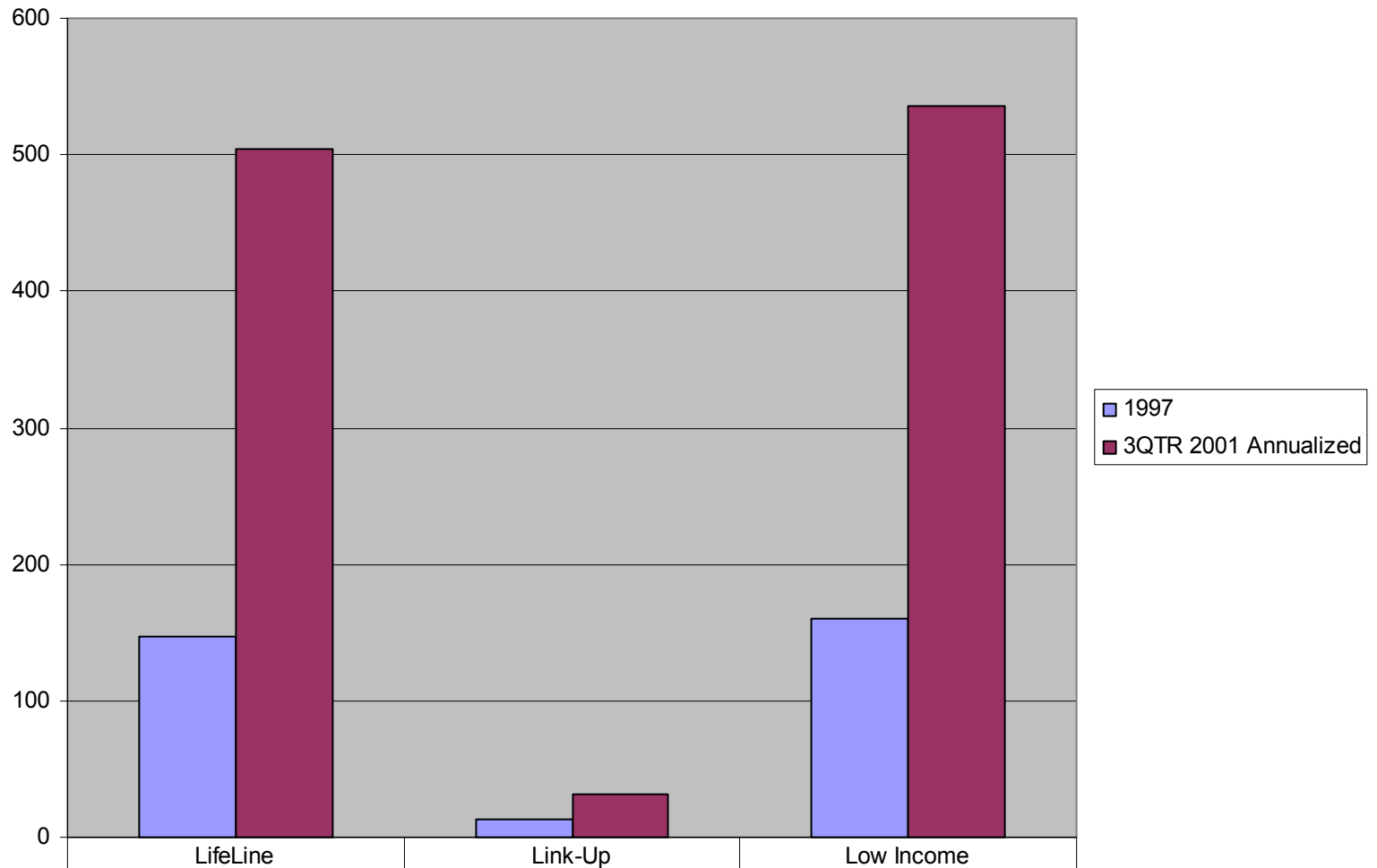
1997	634	160	0	0	351	470	0	1615
1QTR 2003 Annualized	1087	23	234	626	427	500	372	3270

State	Non-Rural Companies				Rural Companies			Total High Cost Annualized Projected Support
	High Cost Model Support		Interstate Access Support	ICLS	HCL, LSS, LTS, and SNA Support	Interstate Access Support	ICLS	
		Hold Harmless						
AZ	\$0	\$0	\$12,363,525	\$0	\$55,129,708	\$6,506,838	\$6,709,444	\$80,709,515
CA	\$0	\$3,759,684	\$25,550,187	\$0	\$53,248,337	\$6,063,093	\$6,566,476	\$95,187,777
CO	\$0	\$0	\$19,864,437	\$0	\$68,171,832	\$881,841	\$5,587,013	\$94,505,123
ID	\$0	\$0	\$0	\$0	\$34,526,594	\$15,888,213	\$4,689,210	\$55,104,017
MT	\$22,534,839	\$0	\$1,372,242	\$0	\$48,042,796	\$375,348	\$8,474,668	\$80,799,893
ND	\$0	\$0	\$520,005	\$0	\$47,141,521	\$215,562	\$14,138,229	\$62,015,317
NE	\$8,056,281	\$0	\$3,262,857	\$0	\$32,829,134	\$1,859,178	\$10,275,596	\$56,283,046
NM	\$0	\$0	\$4,295,316	\$0	\$41,412,010	\$5,166,831	\$4,982,263	\$55,856,420
NV	\$0	\$0	\$5,015,385	\$0	\$17,706,514	\$4,664,670	\$2,867,904	\$30,254,473
OK	\$0	\$0	\$3,842,160	\$0	\$87,604,178	\$1,059,654	\$15,339,757	\$107,845,749
OR	\$0	\$0	\$19,752,954	\$0	\$47,419,038	\$3,055,881	\$6,761,275	\$76,989,148
SD	\$2,222,709	\$0	\$116,280	\$0	\$45,879,220	\$102,909	\$13,962,944	\$62,284,063
UT	\$0	\$0	\$1,147,734	\$0	\$14,864,847	\$1,066,827	\$5,881,515	\$22,960,923
WA	\$0	\$0	\$22,004,373	\$0	\$51,427,739	\$3,004,560	\$4,710,014	\$81,146,686
WY	\$13,439,406	\$0	\$5,597,856	\$0	\$29,453,559	\$2,214,597	\$4,157,141	\$54,862,559
Total	\$277,694,331	\$122,410,527	\$433,255,452	####	\$2,119,203,464	\$213,904,128	\$451,774,204	\$3,624,113,530

Low Income Mechanisms

- Lifeline
- Link-up

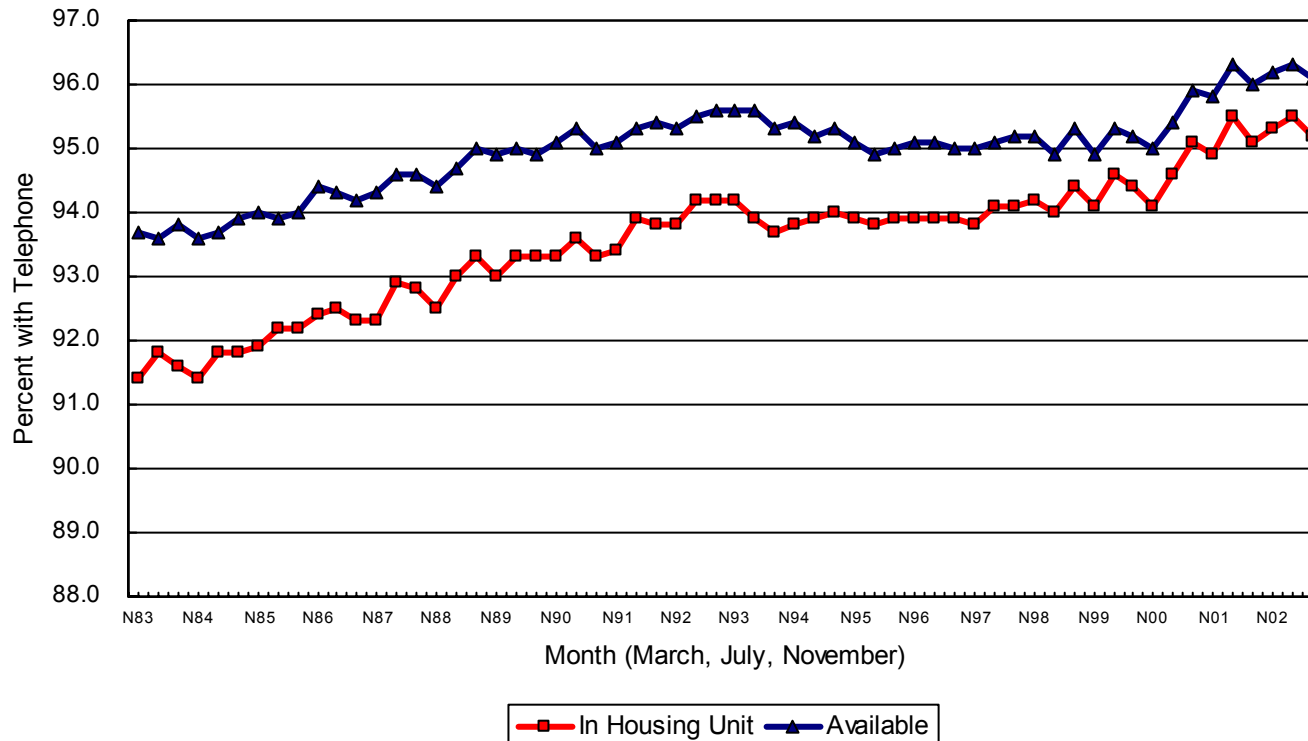
Universal Service Low Income Programs



1997	LifeLine	147	Link-Up	13	Low Income	160
3QTR 2001 Annualized	LifeLine	504	Link-Up	32	Low Income	536

Telephone Penetration

Households



Telephone Penetration by State (Percentage of Households with Telephone Service)					
State	November 1983	July 2003	Change		
Arizona	88.75	95.01	6.26	*	
California	91.74	97.59	5.85	*	
Colorado	94.39	97.3	2.91	*	
Idaho	89.47	95.77	6.3	*	
Montana	92.78	92.68	-0.1		
Nebraska	94.02	95.9	1.88		
Nevada	89.4	94.3	4.9	*	
New Mexico	85.33	90.35	5.02	*	
North Dakota	95.1	93.69	-1.41		
Oregon	91.2	96.93	5.73	*	
South Dakota	92.69	92.87	0.18		
Utah	90.27	96.91	6.64	*	
Washington	92.45	96.83	4.38	*	
Wyoming	89.73	93.77	4.04	*	
Total United States	91.4	95.2	3.8	*	
* Increase is statistically significant at the 95% confidence level.					
† Decrease is statistically significant at the 95% confidence level.					
Differences may not appear to equal changes due to rounding.					

Embedded High Cost Loop: 1986 to 1998.

- Support payments began in 1986. That year also marked the beginning of the transition from using “SPF” to allocate common line outside plant to using the 25% gross allocator.
- Starting in 1994, nationwide support increases were capped. The cap limited the support growth to the percentage growth in the total number of working loops nationwide during the previous year.
- Individual carrier support is a function of the difference between the carrier’s study area cost and the nationwide average cost.
- Cost calculations are based on the embedded loop costs of the carriers.
- For carriers with 200,00 or fewer lines, all loop costs above 150% of the national average are supported by the interstate jurisdiction. For carriers with greater than 200,000 lines, all loops costs above 250% of the national average are supported by the interstate jurisdiction. These assignments will change slightly in years when the fund cap is binding on fund support payments.

Changes to the Embedded Loop Cost Program in 1998

- Support for the program was transferred to the universal service fund. Prior to 1998 only interexchange carriers supported the program. These carriers paid a per- presubscribed line access charge.
- Support is portable. CLECs receive the same support per line as ILECs.
- Corporate Operations Expenses are limited. The limit is defined on a per-line basis. The limit on a per line basis is larger for smaller carriers. Independent of the number of lines served, each carrier is allowed to expense a minimum of \$300,000 annually.

Changes to the Embedded Loop Cost Program for Rural Carriers adopted in the 14th Report and Order, Released May 23, 2001

- The size of the fund is re-based, providing the rural carriers with an increased level of support.
- The fund is calculated separately for rural and non-rural carriers. Each fund has its own index cap and national average.
- The rural growth factor allows the rural fund to grow based on the annual changes in the Gross Domestic Product Chained Price Index and the total number of working loops of rural carriers.
- The national average used to determine support for rural carriers is frozen at \$240 per year.
- The minimum cap for corporate operations expenses is increased from \$300,000 to \$600,000.
- Establishes a safety net additive to aid carriers making large incremental investments in years when the index cap is binding.
- Establishes a safety valve that provides support for additional investment made in acquired exchanges.
- Adopts the three paths for disaggregation and targeting of universal service support proposed by the Rural Task Force.

Sample support calculation for a carrier with less than 200,000 lines						
National average	\$ 22					
carrier cost	\$ 40					
Percent of National Average Loop Cost	Gross Allocator: interstate, 25%	Gross Allocator: state: 75%	Fund allocator	Support	Final Federal Assignment	Final State Assignment
less than 115%	\$ 6.40	\$ 19.20	0%	\$ -	\$ 6.40	\$ 19.20
115%-150%	\$ 1.95	\$ 5.84	65%	\$ 5.06	\$ 7.01	\$ 0.78
greater than 150%	\$ 1.65	\$ 4.96	75%	\$ 4.96	\$ 6.61	\$ -
total	\$ 10.00	\$ 30.00		\$10.02	\$ 20.02	\$ 19.98

	High Cost Loop Support				
Study Area Name	Rural	Type	Working Loops	Annual Support Amounts	Per Loop Per Month
Filer Mutual Telephone Company - NV	R	C	687	\$0	\$0
CenturyTel of the Gem States, Inc.	R	C	518	\$69,920	\$11
RURAL TEL CO - NV	R	C	1,034	\$512,273	\$41
Beehive Telephone Co., Inc. - NV	R	C	141	\$196,302	\$116
VERIZON CALIFORNIA INC - NV	R	C	40,095	\$0	\$0
Sprint/Central Tel. Co. - Nevada	N	C	864,690	\$0	\$0
Churchill County Tel. & Tel. System	R	C	14,256	\$1,770,847	\$10
Lincoln County Telephone Sys., Inc.	R	C	2,460	\$37,338	\$1
Moapa Valley Tel. Co.	R	C	4,052	\$0	\$0
Rio Virgin Telephone Co. Inc.	R	C	8,715	\$0	\$0
Humboldt Telephone Company	R	C	1,078	\$1,207,969	\$93
CITIZENS-NV-NORTH	R	C	24,777	\$2,307,486	\$8
CITIZENS-NV-SOUTH	R	C	2,542	\$40,847	\$1
Nevada Bell	N	C	381,785	\$0	\$0
Western Wireless	R	X	15,473	\$2,264,715	\$12

Local Switching Support

- This program, previously known as DEM weighting, began in 1988.
- The program was designed to mitigate the impacts of jurisdictional separations changes on study areas serving less than 50,000 lines. Currently, there are 1265 study areas, representing 88% of the incumbent LEC study areas, serving less than 50,000 lines. However, these study areas serve only 4% of the total access lines.
- Prior to 1998, the program transferred investment and investment related expenses from the state to the interstate jurisdiction. The increases in the interstate costs were recovered through switched access rates.

What is DEM and how did the weighting factor affect cost recovery prior to 1998?

- Dial Equipment Minutes, DEM, are the minutes of holding time of the originating and terminating local switching equipment. Part 36 assigns the local switching equipment to the interstate jurisdiction using a DEM factor. This factor is the ratio of interstate minutes of use to total minutes of use.
- DEM weighting increases the DEM factor by multiplying the interstate minutes by a weighting factor. The factor is 3.0 for carriers with 1 to 10,000 lines, 2.5 for carriers with 10,001 to 20,000 lines, and 2.0 for carriers with 20,001 to 50,000 lines.
- For example, a carrier with 8,000 lines has 50,000 interstate minutes of use and 200,000 total minutes of use. The carrier's unweighted DEM would be 25%, 50,000 divided by 200,000. Weighting the interstate DEM by a factor of 3 increases the interstate minutes to 150,000, and the DEM factor to 75%. This change allows the carrier to recover 75% of his local switching investment through interstate access charges. Without the weighting factor, the carrier would have been able to recover only 25% of his local switching investment through interstate access charges.
- The weighted DEM factor was capped at 85%.

Changes to the Local Switching Support Program in 1998

- Interstate costs are divided into access costs and local switching support.
- Access costs are based on the unweighted DEM and are recovered through access charges.
- Local switching support is recovered through the universal service fund.
- A carrier's local switching support is the product of the difference between the carrier's 1996 weighted and unweighted DEM, and the carrier's local switching unseparated revenue requirement. If a carrier experiences line growth such that weighting factor would be reduced, the lower factor will be used to calculate the carrier's support requirement.
- Local Switching Support is portable. CLECs receive the same support per line as ILECs.

Local Switching Support			
Study Area Name	Working Loops	Annual Support Amounts	Per Line Per Month
Filer Mutual Telephone Company - NV	687	\$58,596	\$7.11
CenturyTel of the Gem States, Inc.	518	\$33,804	\$5.44
RURAL TEL CO - NV	1,034	\$164,184	\$13.23
Beehive Telephone Co., Inc. - NV	141	\$9,600	\$5.67
VERIZON CALIFORNIA INC - NV	40,095	\$2,395,392	\$4.98
Sprint/Central Tel. Co. - Nevada	864,690	\$0	\$0.00
Churchill County Tel. & Tel. System	14,256	\$1,507,356	\$8.81
Lincoln County Telephone Sys., Inc.	2,460	\$318,180	\$10.78
Moapa Valley Tel. Co.	4,052	\$316,212	\$6.50
Rio Virgin Telephone Co. Inc.	8,715	\$377,868	\$3.61
Humboldt Telephone Company	1,078	\$189,216	\$14.63
CITIZENS-NV-NORTH	24,777	\$1,309,224	\$4.40
CITIZENS-NV-SOUTH	2,542	\$288,588	\$9.46
Nevada Bell	381,785	\$0	\$0.00
Western Wireless	15,473	\$992,397	\$5.34

Long Term Support From 1989 to 1997

- Prior to April 1989, all LECs were members of the common line pool and charged the same Carrier Common Line Charge.
- Following the adoption of the Unity 1A agreement in April 1989 by the FCC, the Bell Operating Companies and GTE left the common line pool.
- LECs leaving the pool are allowed to establish their own Carrier Common Line Charge.
- LECs leaving the pool are required to support the pool through Long Term Support Payments. These payments are recovered through their Carrier Common Line charges to interexchange carriers.
- LECs remaining in the pool recover expenses and capital costs from the pool. They charge interexchange carriers the same rate as the carriers that left the pool.

Changes to the LTS Program in 1998

- LTS is assigned to individual carriers. It is no longer the residual, equaling the difference between common line cost and common line revenue
- 1989 and 1999 LTS support increased by the growth in the national average cost per loop.
- Beginning in 2000, the support level is tied to the GDP-CPI (gross domestic product chain price index).
- LTS is portable. CLECs receive the same support per line as ILECs.
- LTS is no longer supported by ILEC contribution to the NECA common line support. Instead support is received directly from the universal service fund. Thus, support is explicit rather than implicit in rates.

Long Term Support			
Study Area Name	working loops	Annual Support	Per Line Per Month
Filer Mutual Telephone Company - NV	687	\$0	-
CenturyTel of the Gem States, Inc.	518	\$10,632	1.71
RURAL TEL CO - NV	1,034	\$144,996	11.69
Beehive Telephone Co., Inc. - NV	141	\$4,116	2.43
VERIZON CALIFORNIA INC - NV	40,095	\$0	-
Sprint/Central Tel. Co. - Nevada	864,690	\$0	-
Churchill County Tel. & Tel. System	14,256	\$540,660	3.16
Lincoln County Telephone Sys., Inc.	2,460	\$53,940	1.83
Moapa Valley Tel. Co.	4,052	\$0	-
Rio Virgin Telephone Co. Inc.	8,715	\$0	-
Humboldt Telephone Company	1,078	\$230,388	17.81
CITIZENS-NV-NORTH	24,777	\$0	-
CITIZENS-NV-SOUTH	2,542	\$0	-
Nevada Bell	381,785	\$0	-
Western Wireless	15,473	\$111,639	0.60

Support for Non-Rural Carriers using the forward-looking cost model

- Beginning January 2000, non-rural carriers support is determined by using a forward-looking economic cost model.
- There are 87 non-rural incumbent local exchange carriers. In general, non-rural carriers have more than 100,000 lines. However, there are carriers with more than 100,000 that are classified as rural carriers.
- Support is provided to carriers in states where the statewide forward-looking economic cost exceeds the national benchmark. State support equals the difference between the statewide cost and the national benchmark times 76% times the number of lines in non-rural carrier study areas. Seven states receive support.
- State support is allocated to the wire centers on the basis of the ratio of the above benchmark cost in the wire center to the sum of the above benchmark cost of all wire centers in the state.
- Wire center support divided by the total lines serving the wire center determines the per-line support provided to CLEC.

Universal Service: Interstate Access Support 1

- Total support is capped at \$650 million annually.
- Support is available only to Price Cap carriers and CLECs operating in Price Cap Carriers' study areas.
- The support replaces, in part, the alleged implicit subsidy recovered through interstate access charges.
- The support reduces the multi-line business PICC and any remaining carrier common line charge.

Universal Service: Interstate Access Support 2

- Study area support is a function of the difference between Zone Average Revenue per line and the benchmark.
- The benchmarks are \$7.00 for residential and single line business lines and \$9.20 for multi-line business lines.
- Zone Average Revenue per line equals 25% times {Loop une zone rate plus Port une zone rate} + U.
- Where U (the uniform adjustment factor) is the difference between CMT revenues and 25% of une loop and port revenue divided by lines.
- If total above benchmark support is greater than \$650 million, then each study area receives its pro rata share of \$650 million, with the exception that very high cost study areas receive more than their pro rata share.

Interstate Access Support			
Study Area	working loops	Annual Support	Per Line Per Month
Filer Mutual Telephone Company - NV	687	\$0	\$ -
CenturyTel of the Gem States, Inc.	518	\$0	\$ -
RURAL TEL CO - NV	1,034	\$0	\$ -
Beehive Telephone Co., Inc. - NV	141	\$0	\$ -
VERIZON CALIFORNIA INC - NV	40,095	\$2,939,547	\$ 6.11
Sprint/Central Tel. Co. - Nevada	864,690	\$1,408,947	\$ 0.14
Churchill County Tel. & Tel. System	14,256	\$0	\$ -
Lincoln County Telephone Sys., Inc.	2,460	\$0	\$ -
Moapa Valley Tel. Co.	4,052	\$0	\$ -
Rio Virgin Telephone Co. Inc.	8,715	\$0	\$ -
Humboldt Telephone Company	1,078	\$0	\$ -
CITIZENS-NV-NORTH	24,777	\$658,548	\$ 2.21
CITIZENS-NV-SOUTH	2,542	\$152,406	\$ 5.00
Nevada Bell	381,785	\$3,606,438	\$ 0.79
Western Wireless	15,473	\$851,496	\$ 4.59

Interstate Access Support Per Line By Zone								
Study Area Name	Zone 1		Zone 2		Zone 3		Zone 4	
	Res & Single Line Business	Multi-line Business	Res & Single Line Business	Multi-line Business	Res & Single Line Business	Multi-line Business	Res & Single Line Business	Multi-line Business
VERIZON CALIFORNIA INC - NV	\$ 6.70	\$ 4.49	\$ 6.70	\$ 4.49	\$ 6.70	\$ 4.49	\$ 6.70	\$ 4.49
Sprint/Central Tel. Co. - Nevada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46.63	\$ 46.63
CITIZENS-NV-NORTH	\$ 2.44	\$ 1.98	\$ 2.44	\$ 1.98	\$ 2.44	\$ 1.98	\$ 2.44	\$ 1.98
CITIZENS-NV-SOUTH	\$ 5.85	\$ 3.64	\$ 5.85	\$ 3.64	\$ 5.85	\$ 3.64	\$ 5.85	\$ 3.64
Nevada Bell	\$ -	\$ -	\$ -	\$ -	\$ 6.36	\$ 6.36	\$ -	\$ -
Verizon-West Virginia Inc.	\$ -	\$ -	\$ -	\$ -	\$ 3.60	\$ 2.35	\$ 5.72	\$ 4.47
SPRINT / UTC OF THE WEST-WY	\$ 2.94	\$ 1.19	\$ 8.48	\$ 6.73	\$ 19.16	\$ 16.95	\$ 31.57	\$ 29.36
QWEST CORP - WY	\$ 1.62	\$ 0.24	\$ 3.39	\$ 2.01	\$ 5.01	\$ 2.80	\$ 7.74	\$ 5.53

Interstate Common Line Support

- Is available to Rate of Return Carriers
- Provides the Difference between interstate common line revenue requirement and interstate common line revenues
- Replaces revenue previously generated by the carrier common line charge
- Supports the Subscriber Line Charge Caps

Interstate Common Line Support			
Study Area Name	Working Loops	Annual Support	Per Line Per Month
FILER MUTUAL TEL -NV	673	\$47,665	\$ 5.90
CENTURY-GEM STATE-NV	512	\$27,443	\$ 4.47
RURAL TEL CO - NV	1,018	\$254,158	\$20.81
BEEHIVE TEL CO - NV	140	\$128,979	\$76.77
CHURCHILL-CC COMM.	13,886	\$827,059	\$ 4.96
LINCOLN CTY TEL SYS	2,444	\$104,569	\$ 3.57
MOAPA VALLEY TEL CO.	4,022	\$159,234	\$ 3.30
RIO VIRGIN TEL CO	9,051	\$163,566	\$ 1.51
HUMBOLDT TEL CO	1,027	\$402,963	\$32.70
WESTERN WIRELESS	3,086	\$752,268	\$20.31

Lifeline: Prior to 1998

- Lifeline reduces recurring end-user charges for eligible low-income households.
- Under plan 1, adopted in December 1984, the federal support is $\frac{1}{2}$ of the subscriber line charge. The state matches the federal support by reducing local monthly recurring charges. Plan 1 requires that subscribers' qualification be subject to verification.
- Under plan 2, adopted in December 1985, the federal support is equal to the subscriber line charge. The state matches the federal support by reducing the local monthly recurring charges. Plan 2 requires the verification of participating subscribers' qualifications.
- States and carriers are not required to participate in the program.

Changes in the Lifeline program in 1998

- Three tiers of support were established. The first tier was equal to \$3.50. This support is available to all eligible low-income households. The second tier is \$1.75. Every eligible low-income household will receive this amount if the state commission agrees to pass it through to the customer in the form of a monthly rate reduction. The third provides an addition \$1.75 of support only if the state matches the federal support.
- All eligible telecommunications carriers must offer a lifeline program.
- Lifeline support is available in all states.
- To qualify for Lifeline service in states that provide Lifeline service support, a consumer must meet the criteria established by the state commission.
- To qualify for Lifeline service in states that do not provide Lifeline service support, a consumer must meet the criteria established by the FCC.
- Customers can elect to receive toll limitation service. Eligible telecommunications carriers may not collect a service deposit in order to initiate lifeline service if the customer elects toll blocking.
- Carriers are reimbursed by the universal service fund.

Lifeline Tiers

- Tier One: The tariffed rate in effect for the primary residential End User Common Line Charge (SLC).
- Tier Two: \$1.75 per month if the carrier passes the amount through to the low-income consumer
- Tier Three: $\frac{1}{2}$ half of any state support up to a maximum of \$1.75 per month
- Tier Four: Up to \$25 per month for an eligible resident on Tribal lands as long as the basic service does not fall below \$1 per month.

Lifeline Monthly Support by State or Jurisdiction
(As of December 31, 2002)

State or Jurisdiction	Basic Federal Support ¹			Additional State Support			Federal Match			Total Federal Support		
	Min.	Max.	Avg.	Min.	Max.	Avg.	Min.	Max.	Avg.	Min.	Max.	Avg.
Arizona	7.28	7.75	7.55	0.00	3.50	2.62	0.00	1.75	1.31	7.28	9.50	8.86
Arkansas	7.02	7.75	7.25	0.00	3.50	0.00	0.00	1.75	0.46	7.02	9.50	7.71
California	5.25	7.75	6.55	2.16	3.50	2.43	1.08	1.75	1.22	6.33	9.50	7.76
Colorado	7.75	7.75	7.75	0.00	3.50	3.49	0.00	1.75	1.75	7.75	9.50	9.50
Idaho	6.75	7.75	7.75	0.00	3.50	3.48	0.00	1.75	1.74	6.75	9.50	9.49
Montana	7.75	7.75	7.75	0.00	3.50	3.09	0.00	1.75	1.54	7.75	9.50	9.29
Nebraska	6.61	7.75	7.08	0.00	3.50	3.48	0.00	1.75	1.74	6.61	9.50	8.82
Nevada	5.25	7.75	6.39	0.00	3.50	3.03	0.00	1.75	1.51	5.25	9.50	7.91
New Mexico	5.25	7.75	7.68	0.00	3.50	3.33	0.00	1.75	1.66	5.25	9.50	9.35
South Dakota	5.25	7.75	7.03	0.00	0.00	0.00	0.00	0.00	0.00	5.25	7.75	7.03
Utah	7.75	7.75	7.75	3.50	3.50	3.50	1.75	1.75	1.75	9.50	9.50	9.50
Washington	6.75	7.75	7.75	0.00	3.50	3.30	0.00	1.75	1.65	6.75	9.50	9.40
Wyoming	7.75	7.75	7.75	0.00	3.50	3.50	0.00	1.75	1.75	7.75	9.50	9.50
Nationwide	\$5.25	\$7.75	\$7.02	\$0.00	\$6.00	\$2.58	\$0.00	\$1.75	\$1.26	\$5.25	\$9.50	\$8.28

Lifeline Support			
	Non-Tribal		Tribal
Study Area Name	2002		2002
NEVADA	3,339,606		7,420
FILER MUTUAL TELEPHONE COMPANY - NV	1,838		0
CENTURYTEL OF THE GEM STATES, INC.	4,045		515
BEEHIVE TELEPHONE COMPANY, INC., NV	57		42
VERIZON - CALIFORNIA - NEVADA	19,841		382
SPRINT / CENTRAL TELEPHONE COMPANY - NEVADA	2,203,227		48
CHURCHILL CO. TEL. & TEL. SYSTEM	38,531		1,728
LINCOLN COUNTY TELEPHONE SYSTEM INC.	11,573		0
MOAPA VALLEY TELEPHONE COMPANY	11,524		977
RIO VIRGIN TELEPHONE COMPANY	13,720		0
HUMBOLDT TELEPHONE COMPANY	5,398		2,129
CITIZENS TELECOMMUNICATIONS OF NEVADA - NORTH	33,174		551
CITIZENS TELECOMMUNICATIONS OF NEVADA - SOUTH	3,207		0
NEVADA BELL	991,070		1,048
WESTERN WIRELESS CORP d/b/a WWC LICENSE LLC	2,401		0

Link-up program

- Beginning in 1987, Link-up supported either half of the charge for commencing service up to a maximum of \$30, or interest charges associated with a deferred payment schedule and not collected from the consumer up to maximum of \$200.
- Beginning in 1998, a consumer can receive Link-up support for a second or subsequent time in one year at an address that is different from the consumer's original address. Support reimbursement is transferred to the universal service fund, and any eligible telecommunications carrier can receive reimbursement for participating in the Link-up program.
- For an eligible resident of Tribal lands, Link-up provides an additional reduction of up to \$70. This reduction will be applied to connection charges that are greater than \$60 and up to \$130. This additional amount can be used to pay for not only normal connection charges but also for line extension charges. 12th Order in CC Docket 96-45.

Link-up Support			
	Non-Tribal		Tribal
Study Area Name	2002		2002
NEVADA	102,023	0	304
FILER MUTUAL TELEPHONE COMPANY - NV	0		0
CENTURYTEL OF THE GEM STATES, INC.	101		0
BEEHIVE TELEPHONE COMPANY, INC., NV	0		120
VERIZON - CALIFORNIA - NEVADA	960		0
SPRINT / CENTRAL TELEPHONE COMPANY - NEVADA	2,298		0
CHURCHILL CO. TEL. & TEL. SYSTEM	686		0
LINCOLN COUNTY TELEPHONE SYSTEM INC.	13		0
MOAPA VALLEY TELEPHONE COMPANY	355		101
RIO VIRGIN TELEPHONE COMPANY	319		0
HUMBOLDT TELEPHONE COMPANY	146		83
CITIZENS TELECOMMUNICATIONS OF NEVADA - NORTH	935		0
CITIZENS TELECOMMUNICATIONS OF NEVADA - SOUTH	11		0
NEVADA BELL	96,199		0
WESTERN WIRELESS CORP d/b/a WWC LICENSE LLC	0		0

Schools and Libraries

- The annual support for the Schools and Libraries program is \$2.25 billion
- Schools and Libraries can purchase from telecommunications providers whatever package of commercially available telecommunications services that they believe will meet their telecommunications needs.
- Schools and Libraries can receive discounts for the purchase of basic conduits to the Internet, where this information may include data transmission, address translation, protocol conversion, billing management, introductory information content and navigation systems that enable users to access information services.
- Schools and Libraries may secure support for installation and maintenance of internal connections.
- The discount received by schools and libraries will be between 20 and 90 percent of the best price that the school or library could obtain for the service. The rural discount will be higher than the urban discount. The discount increases as the percentage of students eligible for national school lunch program increases.

Schools and Libraries Funds committed July 2002- June 2003					
State/territory	Library	Schools	School Districts	Other	Total
California	2,817,923	15,882,244	217,394,396	7,941,855	244,036,418
Colorado	437,235	1,208,608	21,584,329	875,077	24,105,249
Idaho	104,693	952,011	3,539,039	42,053	4,637,795
Montana	126,604	356,728	3,502,724	45,729	4,031,785
Nebraska	228,814	492,524	3,967,017	3,070,898	7,759,254
Nevada	87,849	315,870	5,139,733	0	5,543,452
New Mexico	180,472	1,602,207	21,219,538	1,927,622	24,929,838
North Dakota	12,504	770,241	1,542,085	3,257,199	5,582,029
Oregon	281,154	642,095	8,448,217	4,756,225	14,127,690
South Dakota	102,362	593,392	1,871,145	178,560	2,745,459
Utah	235,190	43,652	4,625,343	3,212,933	8,117,118
Washington	1,076,931	630,663	12,595,941	3,836,179	18,139,715
Wyoming	51,087	200,846	632,512	2,400,180	3,284,625
Totals	63,146,817	146,560,278	1,749,364,798	223,239,740	2,182,311,633

Support for Rural Health Care Providers

- The provider must be a public or non-profit health care provider that serves persons who reside in rural areas.
- The support will equal the difference between the urban and rural rate.
- A rural area is either any non-metropolitan county as defined by OMB or any census block or tract within a metropolitan county identified in the Goldsmith Modification
- Bandwidths with information transmission speeds above 1.544 Mbps will not be supported.

Disbursements per Person for Rural Health Care Support Mechanism, by State
Values in Thousands, Except Disbursements per Person in Rural Counties

Funding Year 2000: July 1, 2000 Through June 30, 2001

State or Jurisdiction	USAC Disbursements on Behalf of Rural Health Care Providers	Population in Rural Counties ¹	Disbursements Per Person in Rural Counties
Arizona	344	5,131	0.067
California	139	24,596	0.006
Colorado	89	2,265	0.039
Idaho	54	862	0.063
Montana	355	1,034	0.343
Nebraska	413	811	0.509
Nevada	5	2,007	0.002
New Mexico	137	1,244	0.110
North Dakota	255	519	0.491
Oregon	53	1,762	0.030
South Dakota	154	582	0.265
Utah	0	531	0.000
Washington	77	4,337	0.018
Wyoming	24	427	0.056
Totals	\$2,098	46,107	\$0.046

Note: Disbursements through April 30, 2003. Because of the appeals process, funding commitments and disbursements may be made after the program year ended.

¹ Population in rural counties provided by USAC. Some commitments were allowed in non-rural counties in areas affected by the Goldsmith Modification. See 47 C.F.R. § 54.5.

State Commission Responsibilities under the Federal Universal Service Programs

- Determine whether a carrier will be granted eligible telecommunications carrier status, including public interest determinations in rural carrier study areas.
- Certify that federal high cost support provided to carriers in their states is used only for the provision, maintenance, and upgrading of facilities and services for which the supported was intended. The filing deadline is October 1 for support for the succeeding year.
- Approve rural carrier path 2 support zone disaggregate and targeting plans.
- Review rural carrier path 3 support zone disaggregate and targeting plans.