



Federal Communications Commission
Washington, D.C. 20554

June 6, 2011

DA 11-988
WC Docket No. 05-337

Mr. Scott Barash
Acting Chief Executive Officer
Universal Service Administrative Company
2000 L St., N.W., Suite 200
Washington, DC 20036

Dear Mr. Barash:

With this letter, the Commission provides explanation to the Universal Service Administrative Company (USAC) concerning procedures to be followed when a competitive Eligible Telecommunications Carrier (ETC) files revised line count reports with USAC.¹

Under the Commission's *Interim Cap Order*,² with exceptions not relevant here, competitive ETC support for each state is capped at the amount competitive ETCs were eligible to receive in March 2008, on an annualized basis. This cap is implemented by applying a reduction factor calculated by dividing the capped amount for the state by the total uncapped demand for competitive ETC support. When a competitive ETC files a line count revision that results in a reduction of its high-cost support for a prior reporting period, USAC recalculates the reduction factor in the applicable state for the affected quarter to reflect the revised line count. USAC recalculates support to all competitive ETCs in the state consistent with the revised calculation of the interim cap, and trues-up support to other competitive ETCs consistent with the revised calculations.

The voluntary phase-down of high-cost support agreed to by Verizon Wireless and Sprint as merger conditions, as implemented in the *Corr Wireless Order*,³ does not change the process for redistributing support following a restatement of lines by one of those carriers, nor does it affect the amount of support redistributed to other competitive ETCs in such a situation. For example, if Verizon Wireless or its ETC-designated subsidiary were to submit a revised line count report for a particular state that would result in a \$10,000 reduction in uncapped support pursuant to section 54.307 of the Commission's rules, USAC would recalculate the state's interim cap reduction factor – and accordingly the capped support amount for each competitive ETC serving

¹ USAC's administrative practices regarding amended line count filings by a competitive ETC allow the submission of Form 525 line count revisions, without a waiver, no later than 24 months after the initial line count filings. <http://www.usac.org/hc/tools/latest-news/news-archive/2006.aspx>.

² *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Order, FCC Rcd 8834 (2008) (*Interim Cap Order*).

³ See *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).

the state – consistent with the *Interim Cap Order* and the \$10,000 reduction in total demand for uncapped support. Any phase-down of support based on Verizon Wireless's merger commitments would be applied only to its revised capped support amounts.

If you have any questions regarding this letter, please contact me at 202-418-1500.

Sincerely,

Sharon Gillett, Chief
Wireline Competition Bureau

cc: Richard A. Belden, Chief Operating Officer
Karen Majcher, Vice President
David Capozzi, Acting General Counsel