



Survey of State Universal Service Funds 2012

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Executive Summary

State USF Survey 2012

The 2012 NRRI state Universal Service Funds (SUSF) survey addresses the various methods that states use to fund their state-level service programs, including both the specific high-cost funds for mitigating a carrier's costs to provide service in high-cost areas and other funds to support consumers in the state, including Lifeline, Telecommunications Relay Service, and other specialized funds. The study reviews the amounts assessed, the carriers that contribute to the funds, and the uses for the monies collected. The NRRI study categorizes these funds based on the types of support provided (for example high-cost support, telecommunications relay service, and Lifeline support among others). The survey was sent to 50 states and the District of Columbia. 49 states and the District of Columbia responded, providing a robust data base of information that states can use to analyze their own programs or to help determine whether new/revised programs are necessary. Because the state assessments support a number of different programs, this report uses the term “state USF” as shorthand for the many state funds that support service to high-cost areas and consumers in the various states.¹

Understanding the design of the state funds and the level of funding provided is particularly critical at the present time, given the changes to the Federal USF and inter-carrier compensation (ICC) structure made by the FCC's recent USF/ICC Transformation Order. In some states, this order reduces carrier support for high-cost areas, both through reductions in federal USF support and through anticipated lost revenues from intrastate ICC rate reductions, and could result in the states making up the shortfall. The changes to the Federal USF fund made by the FCC may require states to reexamine their existing funds to determine whether they are sized correctly or if changes are required. Some states that do not have funds may need to create them to ensure that service continues to be provided universally, even in remote parts of the state. The data collected by this study provides background information that may assist commissioners, staff, and legislatures in making those decisions.

The NRRI study finds that the majority of the states have some type of fund to support service in rural and high-cost areas, although fewer than half of the states have specific high-cost support funds. These state funds include combination funds that support multiple types of services; telecommunications relay-service funds that provide service to the deaf and hard of hearing; and broadband funds to support the building and adoption of high-speed data services.

- Forty-four (44) states and the District of Columbia have a combination of various universal service funds, including high-cost, lifeline, schools and libraries, and other types of funds.

¹ For example, although Michigan's Access Restructuring Fund is not specifically a state Universal Service Fund, we group it under that category here for the sake of simplicity.

- Twenty-one (21) states out of the 44 have funds specifically dedicated to high-cost support.
- Thirty-two (32) states out of the 44 and the District of Columbia have telecommunications relay service funds for the deaf and hard of hearing.
- Four (4) states out of the 44 have funds dedicated specifically to broadband service.
- Five (5) states—Alabama, Delaware, Massachusetts, , New Jersey and Tennessee—do not have any form of funds to support telecommunications service.

Proceedings to revise the rules governing state universal service funds are open in a number of states, both as a result of the FCC USF/ICC Transformation Order and new state laws (including those reducing or otherwise limiting telecommunications regulation). These states include Vermont, where the new telecommunications legislation (Act 169) creates a high-cost program; Texas, which is reviewing ways to make the Texas fund more transparent; and Maine, which is reviewing the high-cost fund in light of its new law. Arkansas is also reviewing the impact of the Federal USF/ICC Transformation Order on the Arkansas High Cost Fund. In Tennessee, a coalition of telecommunications companies is urging the Tennessee Regulatory Authority (TRA) to terminate the state Lifeline credit program for wireline service providers. And, in New York, carriers have proposed a Joint Settlement Agreement to establish a State Universal Service fund.

Other states, including California and Wyoming, are changing assessment levels.

The results of the NRRI USF survey show that there is no single path to creating a state universal service fund, nor is there a single path for determining the specific functions of such a fund. As the survey illustrates, state funds vary from encompassing only Lifeline or Telecom Relay programs to covering a wide array of programs, including high-cost support or broadband deployment. Each state fund must be designed individually to meet the specific needs of both the state's constituents and its carriers. States with largely rural populations may generally design their funds to include high-cost support for carriers providing service in difficult to reach or widely dispersed areas. States with more urban populations may not need high-cost funds, and may concentrate their efforts on supporting specific goals such as broadband deployment or Lifeline services.

Contribution amounts and strategies also vary widely, often as a result of the level of competition in the state or the political climate. Where there is competition, consumers will have more choice and policymakers may be likely to provide carriers with less support.

The NRRI study provides state regulators and legislators with a number of options for addressing universal service and responding to the effects of the FCC USF/ICC Transformation Order on consumers and carriers.

- States who have state funds may use this study to benchmark their funds against states with similar topographies and populations. They may also use the data to help their legislatures, the FCC, and others understand how their state fund compares to others.
- States that are considering implementing a state universal service fund may use the information provided here to review options for developing the fund, determining who should contribute, and studying contribution levels.
- States that do not have funds may use the data from the study as input for determining whether and under what circumstances a fund may become necessary in their state.

Universal service remains an important goal for telecommunications regulators and the industry. Continuing to study and review information on how various states meet this goal will remain an important public utility commission activity, now and in the future.

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I. Introduction

The 2012 NRRI state Universal Service Funds (SUSF) survey provides data on and analyzes the way in which states fund their state-level universal service programs, including the amounts assessed, the carriers that contribute to the funds, and the uses for the monies collected. This survey was conducted at the request of the NARUC State USF Administration Subcommittee. The subcommittee sought this information in order to collect and understand the impact on the states of the significant changes to the Federal Universal Service Fund (USF) and inter-carrier compensation ordered by the FCC in 2011 (USF/ICC Transformation Order).²

NRRI uses the term “state USF” in this study as shorthand to refer to the many state funds that support telecommunications services in the various states, including access restructuring funds, Lifeline funds, and Telecommunications Relay Service (TRS) funds, and others. An important type of fund within these state funds is the high-cost funds that provide support for providers offering service in high-cost and remote areas. Some of the state funds reviewed in this report were designed specifically to mitigate the effects of access-charge reductions on carriers and are included in the high-cost fund category where the states have designated them specifically for support to high-cost areas. Other funds that provide support for carriers reducing access charges are not specifically categorized as high-cost funds or even, in some cases, Universal Service Funds. For example, although Michigan's Access Restructuring fund is not specifically a state Universal Service Fund, we group it under that category here for the sake of simplicity. As the survey illustrates, fewer than half of the states have specific high-cost funds, although nearly all of the states provide other forms of state funding, including funding for Lifeline and the Telecommunications Relay program.

The Federal USF provides monies to wireline and wireless carriers to defray the increased cost of providing service to customers in high-cost, primarily rural, areas of the state. This fund is supplemented in many states by state funds that provide additional monies to carriers to support service in these areas. The design of the state funds and level of funding provided is particularly critical given the changes to the Federal USF and ICC structure made by the FCC's recent USF/ICC Transformation Order.³ In some states, this order reduces carrier support for high-cost areas, both through reductions in federal USF support and through anticipated lost revenues from intrastate ICC rate reductions, and could result in the states making up the shortfall.

² *In the Matter of 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 an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-162 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*).

³ Ibid.

The changes to the USF fund made by the FCC may require states to reexamine their existing funds to determine whether they are sized correctly. Some states that do not have funds may need to create them to ensure that service continues to be provided universally, even in remote parts of the state.

NRRI last surveyed the states regarding state USF funding in 2009.⁴ NRRI's 2010 paper, "State High Cost Funds: Purposes, Design, and Evaluation," published the results of this survey in order to provide state regulators with an understanding of how their counterparts in other states managed this process. The current study brings the information obtained in 2009 up to date. It examines which states have funds, reviews what services/support those funds provide, and studies the amount of funding made available to carriers. The study provides data that state regulators can use in discussions with the FCC, state legislatures, and other agencies in order to help evaluate their current and planned funds. The data provided by this study will also allow states to learn from each other and to see where they fit in the size and make-up of these funds. This study is particularly important now, since a number of states (including Texas, Arkansas, Maine, Vermont, New York, California, and others) are reviewing their state USF methodology to determine whether and how the initiatives supported by the state USF should be funded and used under the new FCC rules.

As noted above, the primary audiences for this survey are the state commissions that have been or are contemplating the development of a fund, carriers that depend on USF funding to provide services in rural areas, and state legislators charged with developing enabling legislation. The information provided in this paper may also be used by state commissions in filings with the FCC.

II. Methodology

The NRRI State USF survey was distributed to state commission staff and fund administrators in the 50 states and the District of Columbia. The authors worked with the USF subcommittee staff to follow up on the surveys to ensure that we received responses from as many states as possible. The survey consisted of 10 questions regarding the fund design, the type of funds supported by the states, the use of the monies, and the way in which companies contribute to the funds. The survey questions appear in Appendix A.

Forty-nine (49) states and the District of Columbia responded to the NRRI survey.⁵ The individual state responses appear in Appendix B. All the responses received from the survey were collated in a spreadsheet. For closed questions such as questions 1, 3, and 4, responses from each state were grouped under the options for each question, after which we took a count of the tally under each option. The same criterion was followed for open-ended questions such as questions 8, 9, and 10. Although these questions did not have direct answers or options to choose from, explanations provided in the responses were used to categorize the answers provided.

⁴ Phyllis Bernt, Peter Bluhm, and Jing Liu, "State High Cost Funds: Purposes, Design, and Evaluation." NRRI, January 19, 2010. The survey was based on data from 2006-2007.

⁵ No response was received from Nevada.

After the categorization and tallying of the data received from the respondents, we generated the charts that show these statistics. The rates assessed and amounts collected were collated into charts based on the responses received and are presented in the rest of the paper.

III. Survey Results

This section reviews the results of the survey. We first discuss the number of states that have state funds, then review the purposes of these funds and the way in which the monies are collected, including the funding bases (for example, intrastate revenues, long-distance revenues, etc.). This section also provides information on how funds are used. Finally, we review pending legislation in states that are considering revising their funds or adding new funds.

A. Types of state funds

The states responding to the NRRI survey have a combination of funds that support multiple types of services: high-cost service funds, lifeline funds, telecommunications relay-service funds, and broadband-support funds. A comprehensive list of the states that have the different combinations of funds can be found in Table 1. Generally, the results of the survey break down as follows:

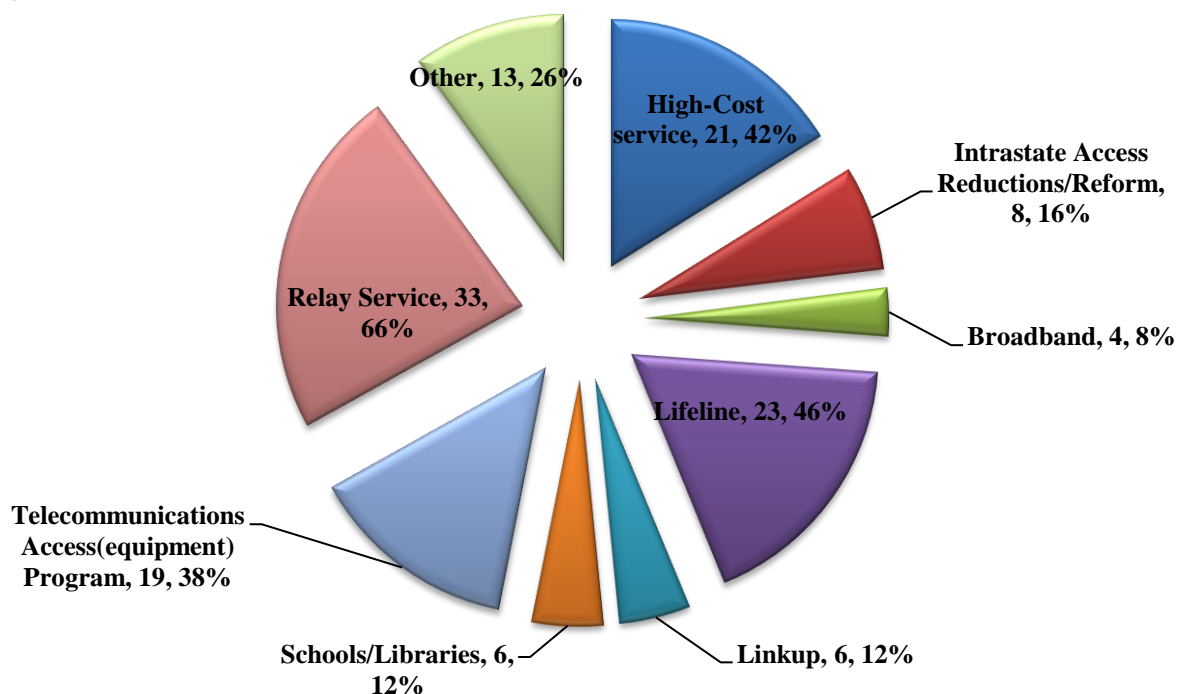
- Forty-four (44) states and the District of Columbia have a combination of funds to support various telecommunications services.
- Twenty-one states (21) out of the 44 have a fund specifically for high-cost service. This represents 42% of the number of responses received.
- Twenty-two states (22) out of the 44 and the District of Columbia have a fund specifically for Lifeline.
- Eight (8) states out of the 44 have a fund specifically for Intrastate Access Reduction/Reform.
- Thirty-two (32) states out of the 44 and the District of Columbia have telecommunications relay-service funds for the deaf and hard of hearing. This represents 66% of the total number of responses received, the largest percentage of telecommunications service that has a fund.
- Only four (4) states out of the 44 have a fund dedicated specifically to broadband service. Although this was the smallest funding segment, we believe that this number may increase as states respond to the USF/ICC Transformation Order and the FCC's Lifeline Order.⁶

⁶ See *Lifeline and Link Up, Report and Order and Further Notice of Proposed Rulemaking*, FCC 12-11 (*Lifeline Reform Order*) WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45. This order removes Link-up (telecommunications equipment) support from the federal lifeline subsidy. States may

- Five (5) states, Alabama, Delaware, Massachusetts, New Jersey and Tennessee, do not have any form of state funds to support telecommunications service.
- Vermont recently passed legislation to create a high-cost fund.

Figure Q1 below shows the distribution of the various types of funds.

Q1: State USF



In addition to the USF funds specifically listed in the survey, several states had funds in place to support other universal-service initiatives. These include:

- Wisconsin, which funds grants for nonprofits and telemedicine
- Wyoming, which directs monies to a 911 fund
- Vermont, which utilizes SUSF assessments to fund E911
- New Hampshire, which has a fund for news service for the blind
- Rhode Island, which has funds for news service for the blind
- Maine, which has a fund for public interest payphones
- Montana, which has a fund for 911
- Missouri, which uses its state USF contribution to fund Lifeline and telecommunications relay service only

respond to this decision by removing Link-Up support from their funds and redirecting the monies elsewhere.

- Alaska, which has a fund to subsidize dial equipment minute weighting and to provide Public Interest Pay Phone support (PIPT)
- Arizona, which has fund to support the medically needy fund; and
- West Virginia, which has a Wireless Tower Fund to fund construction of cell phone towers in areas where they are needed for public safety purposes, but where it would otherwise be uneconomic for private entities to construct such towers.

Table 1 lists the various types of funds by state.

Table 1: States with Funds

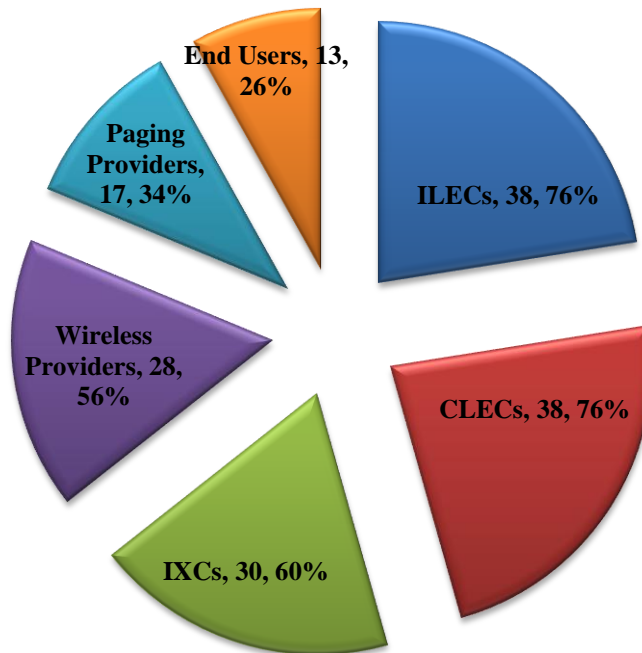
Funds	States
High-Cost Fund	Arizona, California, Colorado, Georgia, Idaho, Illinois, Indiana, Kansas, Louisiana, Maine, Nebraska, New York, Oregon, Pennsylvania, South Carolina, Texas, Utah, Vermont, Washington, Wisconsin, Wyoming
Intrastate Access Reductions/Reform	Alaska, Georgia, Kansas, Maine, Michigan, New Mexico, Oklahoma, South Carolina
Broadband	California, Maine, Nebraska, West Virginia
Lifeline	Alaska, California, Colorado, Connecticut, District of Columbia, Idaho, Kansas, Kentucky, Maine, Missouri, Minnesota, Nebraska, New Mexico, New York, North Carolina, Oklahoma, Oregon, South Carolina, Texas, Utah, Vermont, Washington, Wisconsin
Linkup	Idaho, Illinois, Maine, New York, Washington, Wisconsin
Schools/Libraries	California, Kansas, Maine, Oklahoma, Rhode Island, Wisconsin
Telecommunications Access(equipment) Program	California, Georgia, Iowa, Kansas, Kentucky, Maine, Missouri, Minnesota, Montana, Nebraska, New Hampshire, New York, Oregon, Rhode Island, South Carolina, South Dakota, Texas, Vermont, Wisconsin
Relay Service	California, Colorado, Connecticut, Georgia, District of Columbia, Illinois, Iowa, Kansas, Kentucky, Maine, Maryland, Mississippi, Missouri, Minnesota, Montana, Nebraska, New Hampshire, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming
Other	Alaska, Arizona, Maine, Nebraska, New Hampshire, New York, Oklahoma, Rhode Island, Texas, Vermont, West Virginia, Wisconsin, Wyoming

B. Who contributes to the state funds?

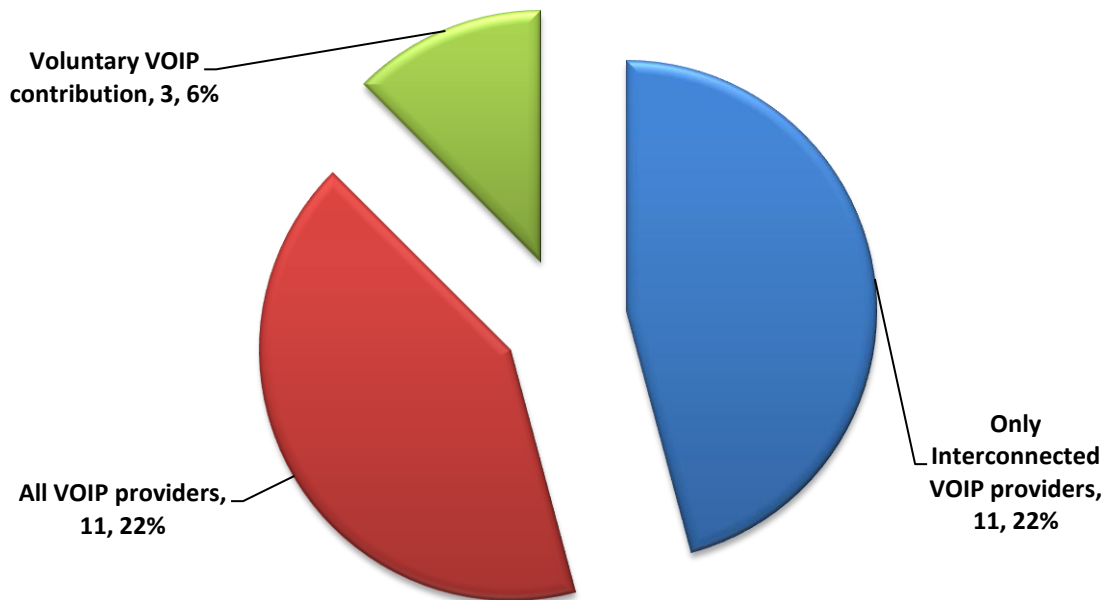
There is no unanimity across the states regarding the categories of carriers required to contribute to their state fund. All of the 45 responses that had a state fund listed ILECs, CLECs, IXCs, wireless providers, paging providers, and VoIP providers as categories of carriers that contribute, with none of them listing “others.” ILECs and CLECs remain the dominant category of carriers that contribute to USF funds in most of the states that have a fund. It is interesting to note that although VoIP providers are not required to contribute in New York, Utah, and Colorado, some VoIP providers voluntarily contribute to the funds in these states.

Figures Q2a and Q2b show the distribution of traditional carriers and VoIP carriers that contribute.

Q2a:Traditional Carriers Who Contribute by State



Q2b:VOIP Provider Contributions by State



Tables 2 and 3 list the specific states and their categories of contributors.

Table 2: States Where Traditional Carriers Contribute to Funds

ILECs	CLECs	IXCs	Wireless Providers	Paging Providers	End-users
Alaska Arizona	Alaska Arizona	Alaska Arizona	Alaska Arizona	Alaska Arizona	Arizona California
Arkansas California Colorado	Arkansas California Colorado	Arkansas California Colorado	Arkansas California Colorado	California Colorado Connecticut	Illinois Indiana Louisiana
Connecticut	Connecticut	Connecticut	Connecticut	Hawaii	Mississippi
District of Columbia Georgia	District of Columbia Georgia	Georgia Idaho	Hawaii Indiana	Indiana Kansas	Minnesota New Mexico
Hawaii Idaho	Hawaii Idaho	Illinois Indiana	Iowa Kansas	Maine Nebraska	Oregon Rhode Island
Illinois	Illinois	Iowa	Kentucky	New	South

Indiana	Indiana	Kansas	Louisiana	Mexico North Dakota Ohio	Carolina Vermont
Iowa	Iowa	Louisiana	Maine		West Virginia
Kansas	Kansas	Maine	Maryland	Oklahoma	Wyomin g
Kentucky	Kentucky	Maryland	Michigan	Texas	
Louisiana	Louisiana	Michigan	Minnesota	Utah	
Maine	Maine	Missouri	Montana	Wyoming	
Maryland	Maryland	Nebraska*	Nebraska		
Michigan	Michigan	New Mexico	New Mexico		
		New York	North Dakota		
Missouri	Missouri	Ohio	Ohio		
Minnesota	Minnesota	Oklahoma	Oklahoma		
Montana	Montana	Pennsylvan ia	Oregon		
Nebraska	Nebraska	South Carolina	South Carolina		
		Texas			
New Hampshire	New Hampshire	Texas	Texas		
		Utah	Utah		
New Mexico	New Mexico	Washingto n	Wisconsin		
New York	New York	West Virginia	Wyoming		
North Dakota	North Dakota	Wisconsin			
		Wyoming			
Ohio	Ohio				
Oklahoma	Oklahoma				
Oregon	Oregon				
Pennsylvania	Pennsylvania				
South Carolina	South Carolina				
Texas	Texas				
Utah	Utah				
Washington	Washington				
West Virginia	West Virginia				
Wisconsin	Wisconsin				
Wyoming	Wyoming				

* Nebraska: IXC's do not contribute to relay service. Only interconnected VOIP providers contribute to relay service.

Table 3: States Where VOIP Providers Contribute

States in which only interconnected VOIP providers contribute	States in which all VOIP providers contribute	States in which VOIP providers contribute voluntarily
Arizona California District of Columbia Kansas Louisiana Maine Oklahoma Oregon South Carolina West Virginia Wisconsin	Arkansas Connecticut Hawaii Maryland Missouri Montana Nebraska New Hampshire New Mexico North Dakota Ohio	New York Utah Colorado

C. Contribution percentages and fund amounts by state

Figure Q3 shows the providers that contribute to each fund by state and their contribution rates. This information is followed by a section delineating the amounts collected for each fund in each state.

Q3: Contribution rates by carriers per state

Fund		Alaska				
	High-Cost Service					
	Intrastate Access Reductions/Reform	9.50%	9.50%	9.50%	9.50%	9.50%
	Broadband					
	Lifeline	9.50%	9.50%	9.50%	9.50%	9.50%
	Linkup					
	Schools/Libraries					
	Telecom Access Equipment					
	Relay					
	Telemedicine					
	E911					
	Other	9.50%	9.50%	9.50%	9.50%	9.50%

Alaska

- ILECs, CLECs, IXC, wireless providers, and paging providers are each assessed 9.5% to support the USF funds.

Key	
 ILECs	 Paging Providers
 CLECs	 VOIP Providers
 IXC	 End users
 Wireless Providers	

Fund		Arizona					
	High-Cost Service	0.3225%	0.3225%	0.3225%	\$0.095241	\$0.095241	0.3225%
Intrastate Access Reductions/Reform							
	Broadband						
	Lifeline						
	Linkup						
	Schools/Libraries						
	Telecom Access Equipment						
	Relay						
	Telemedicine						
	E911						
	Other						

Arizona

- High-cost service: ILECs, CLECs, and VOIP providers are assessed 0.3225% of intrastate toll revenues, \$0.009524 per access line and \$0.095241 per interconnecting trunk.
IXCs are assessed 0.3225% of intrastate toll revenues and \$0.095241 per interconnecting trunk
Wireless providers and Paging providers are assessed only \$0.095241 per interconnecting trunk
- Medically needy: CTL \$2M

Kev	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

Fund		Arkansas				
	High-Cost Service	2%	2%	2%	2%	2%
Intrastate Access Reductions/Reform						
	Broadband					
	Lifeline					
	Linkup					
	Schools/Libraries					
	Telecom Access Equipment					
	Relay					
	Telemedicine					
	E911					
	Other					

Arkansas

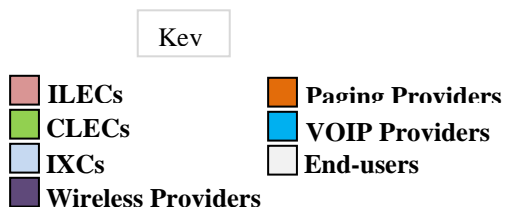
- High-cost service: ILECs, CLECs, IXC's, and VOIP providers are assessed 2%

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

Fund	California
High-Cost Service	0.30%
Intrastate Access Reductions/Reform	
Broadband	0.14%
Lifeline	1.15%
Linkup	Combined with Lifeline
Schools/Libraries	0.79%
Telecom Access Equipment	Combined with Relay
Relay	0.20%
Telemedicine	
E911	
Other	

California

- ILECs, CLECs, IXC's, Wireless providers, paging providers (2-way paging only), and VOIP providers collect surcharges from end-user customers and remit the surcharge to the CPUC. The surcharges are based on gross intrastate revenues

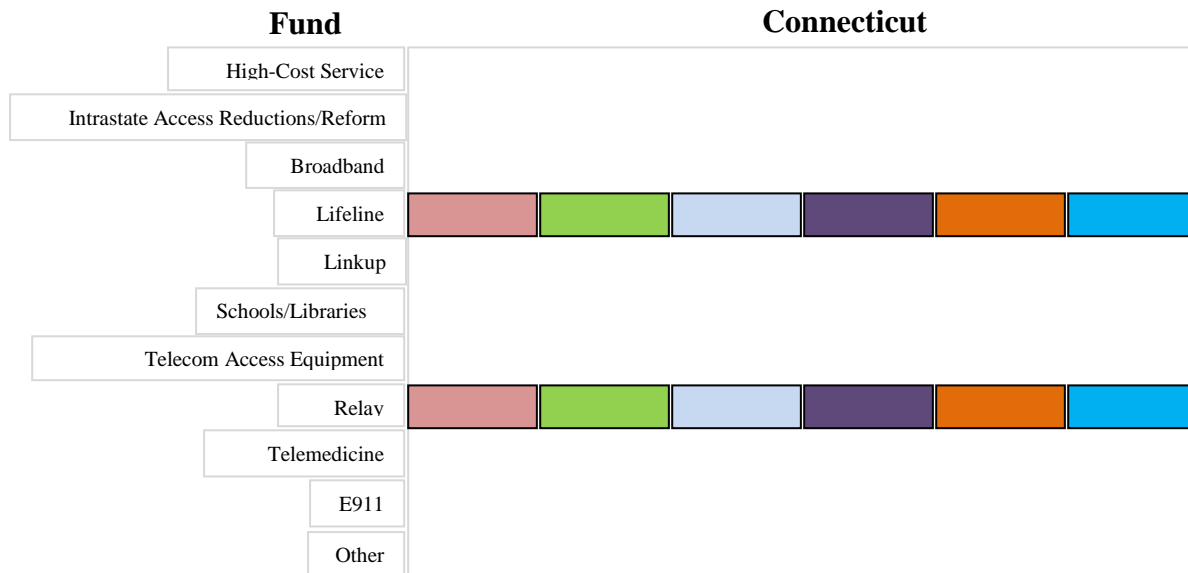


Fund		Colorado					
	High-Cost Service	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Intrastate Access Reductions/Reform							
	Broadband						
	Lifeline	\$0.07					
	Linkup						
	Schools/Libraries						
Telecom Access Equipment							
	Relay	\$0.20					
	Telemedicine						
	E911						
	Other						

Colorado

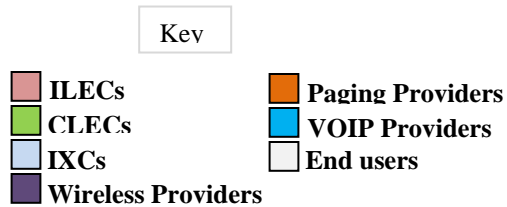
- High-cost service: 2.9% is assessed from ILECs, CLECs, IXC's, wireless providers, paging providers, VOIP providers, and end users
- Lifeline: \$0.07 is assessed from End-users per access line
- Relay Service: \$0.20 is assessed from End-users per access line

Kev	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	



Connecticut

- For TRS purposes, the assessment is based on the gross revenues of all telecommunications companies.



Fund	District of Columbia		
High-Cost Service			
Intrastate Access Reductions/Reform			
Broadband			
Lifeline	0.42%	0.42%	0.42%
Linkup			
Schools/Libraries			
Telecom Access Equipment			
Relay	0.42%	0.42%	0.42%
Telemedicine			
E911			
Other			

District of Columbia

•ILECs, CLECs, and VOIP providers are each assessed 0.42%.

The assessment rate is the same for all programs and telecommunications service providers.

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

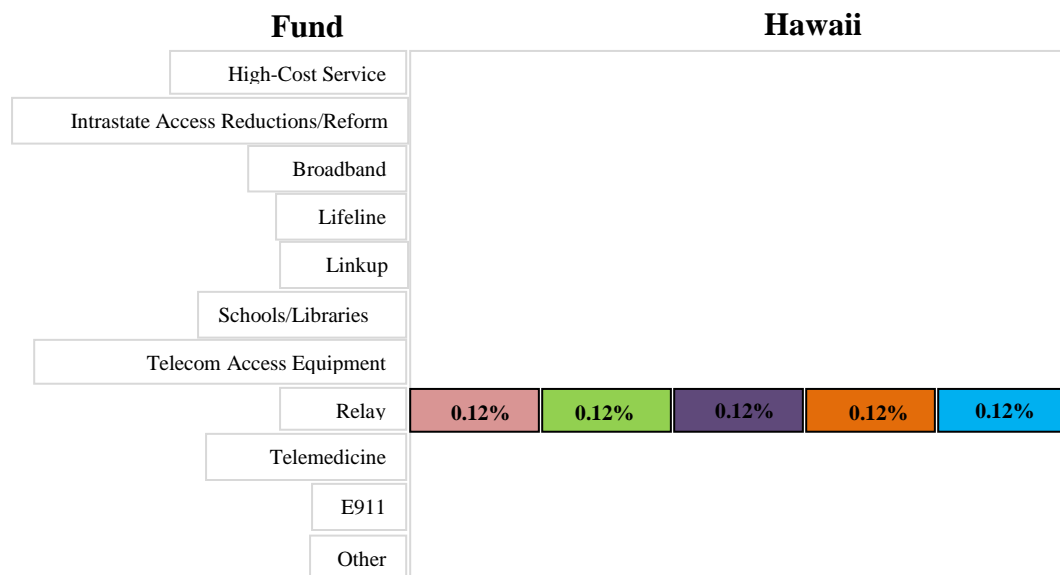
Fund		Georgia		
	High-Cost Service	1.4%	1.4%	1.4%
	Intrastate Access Reductions/Reform	1.4%	1.4%	1.4%
	Broadband			
	Lifeline			
	Linkup			
	Schools/Libraries			
	Telecom Access Equipment			
	Relay			
	Telemedicine			
	E911			
	Other			

Georgia

- High-cost service: 1.4% each from ILECs, CLECs, IXC
- Intrastate Access Reductions/Reform included in high cost

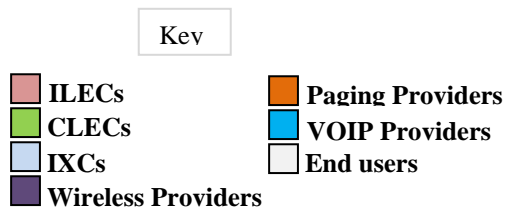
Key

ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	



Hawaii

- Relay Service: ILECs, CLECs, wireless providers, paging providers, all VOIP providers are assessed 0.12%



Fund	Idaho		
High-Cost Service	0.12%R/0.19%B	0.12%R/0.19%B	0.0035/mi
Intrastate Access Reductions/Reform			
Broadband			
Lifeline	0.07%	0.07%	0.07%
Linkup			
Schools/Libraries			
Telecom Access Equipment			
Relay			
Telemedicine			
E911			
Other			

Idaho

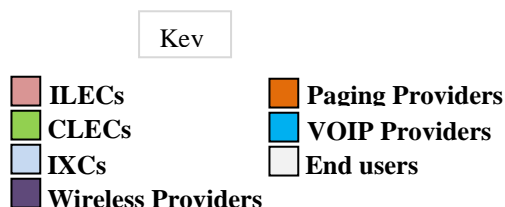
- High-cost service: 0.12% R and 0.19% B each from ILECs, CLECs, and 0.0035/mi for IXC
- Lifeline: 0.07% each for ILECs, CLECs, and wireless providers

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

Fund		Illinois			
	High-Cost Service	0.48%	0.48%	0.48%	0.48%
Intrastate Access Reductions/Reform					
	Broadband				
	Lifeline				
	Linkup				
	Schools/Libraries				
Telecom Access Equipment					
	Relay				
	Telemedicine				
	E911				
	Other				

Illinois

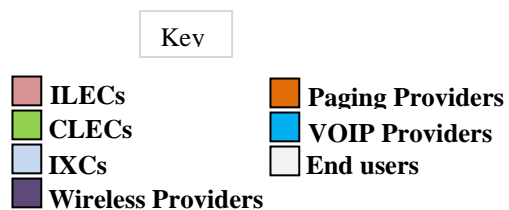
- High-cost service: 0.48% each from ILECs, CLECs, IXC's
 - Illinois does have a TRS program. That fund also provides CPE for the deaf and hard of hearing. Telephone and interconnected (fixed) VoIP providers contribute to this. The current monthly assessment is 6 cents per subscriber line for local exchange and VoIP, 1.2 cents monthly per Centrex line, and 30 cents monthly per PBX trunk.
- (Thus, interconnected VoIP does contribute to an Illinois assistance fund (although not the high-cost fund)).
- We also have an Illinois state Linkup fund – which is funded through voluntary contributions that can be made by local exchange carrier customers. This year, this voluntary fund will provide a \$15 Linkup subsidy to qualifying low-income customers.

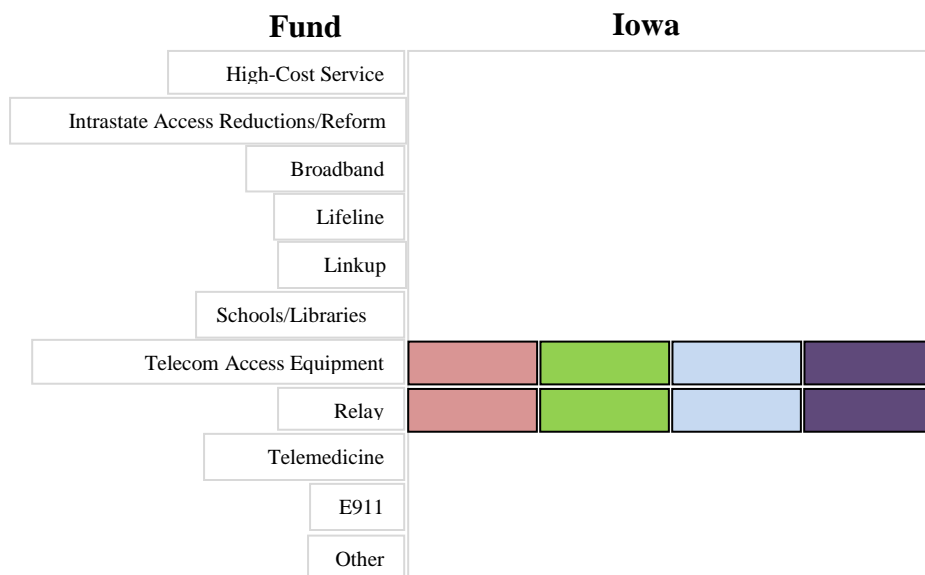


Fund		Indiana		
	High-Cost Service	0.52%	0.52%	0.52%
Intrastate Access Reductions/Reform				
	Broadband			
	Lifeline			
	Linkup			
	Schools/Libraries			
	Telecom Access Equipment			
	Relay			
	Telemedicine			
	E911			
	Other			

Indiana

- ILECs, CLECs, IXC, wireless providers, paging providers—all of the above carriers apply a surcharge of 0.52% to their end users.

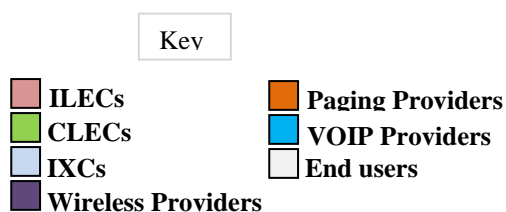




Iowa

● Funding for TRS and EDP is mandated by the Iowa legislature and is a fund specifically earmarked for those purposes (the Dual Party Relay Service Fund). The total assessment to telecommunications carriers providing service in Iowa is allocated as follows:

Wireless providers are assessed \$0.03 per month per Iowa number. The remainder of the assessment is allocated one-half to LECs and one-half to IXC, centralized equal access providers, and AOS companies.



Fund		Kansas				
	High-Cost Service	6.13%	6.13%	6.13%	6.13%	6.13%
	Intrastate Access Reductions/Reform					
	Broadband					
	Lifeline					
	Linkup					
	Schools/Libraries					
	Telecom Access Equipment					
	Relay					
	Telemedicine					
	E911					
	Other					

Kansas

- High-cost service: 6.13% for all providers (ILECs, CLECs, IXC, wireless, paging, and interconnected VoIP providers). This includes funding for all programs. (3/1/12 - 2/28/13)

Key

ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

Fund	Kentucky		
High-Cost Service			
Intrastate Access Reductions/Reform			
Broadband			
Lifeline	\$0.08	\$0.08	\$0.08
Linkup			
Schools/Libraries			
Telecom Access Equipment	\$0.02	\$0.02	\$0.02
Relay	\$0.02	\$0.02	\$0.02
Telemedicine			
E911			
Other			

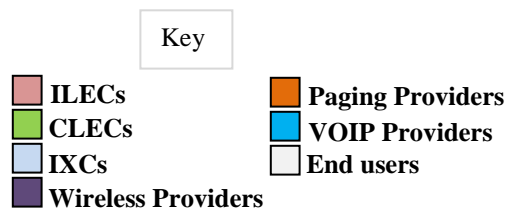
Kentucky

- Lifeline: \$0.08 for ILECs, CLEC, Wireless providers
- Telecommunications Access (equipment) program,
Relay Service: \$0.02 for ILECs, CLECs, and wireless providers

Key	
 ILECs	 Paging Providers
 CLECs	 VOIP Providers
 IXC's	 End users
 Wireless Providers	

Fund	Louisiana
High-Cost Service	
Intrastate Access Reductions/Reform	
Broadband	
Lifeline	
Linkup	
Schools/Libraries	
Telecom Access Equipment	
Relay	
Telemedicine	
E911	
Other	

Louisiana



Fund		Maine					
	High-Cost Service	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%
	Intrastate Access Reductions/Reform						
	Broadband						
	Lifeline						
	Linkup						
	Schools/Libraries	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
	Telecom Access Equipment						
	Relay						
	Telemedicine						
	E911						
	Other						

Maine

- ILECs, CLECs, IXC, wireless providers, paging providers, and VOIP providers are assessed 1.49% each for high-cost service.
- ILECs, CLECs, IXC, wireless providers, paging providers, and VOIP providers are assessed 0.3% each for schools/libraries.

MUSF support for rural ILECs is calculated on an intrastate-revenue-requirements basis, which includes high-cost services areas, intrastate access reductions, Lifeline, and Linkup. The cost of the Telecommunications Equipment Fund, Telecommunications Relay Service, and Public Interest Payphones are also paid from the MUSF,

The Maine Telecommunications Education Access Fund is the analog to the federal School & Libraries Program. It has an annual budget of about \$4 million. The ConnectME Fund supports broadband expansion in otherwise uneconomic areas. MTEAF and ConnectME are separate funds, but they are jointly administered with the MUSF.

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

Fund	Maryland				
High-Cost Service					
Intrastate Access Reductions/Reform					
Broadband					
Lifeline					
Linkup					
Schools/Libraries					
Telecom Access Equipment					
Relay	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18
Telemedicine					
E911					
Other					

Maryland

- Relay Service: \$0.18 for ILECs, IXC, CLEC, Wireless providers and VOIP providers.

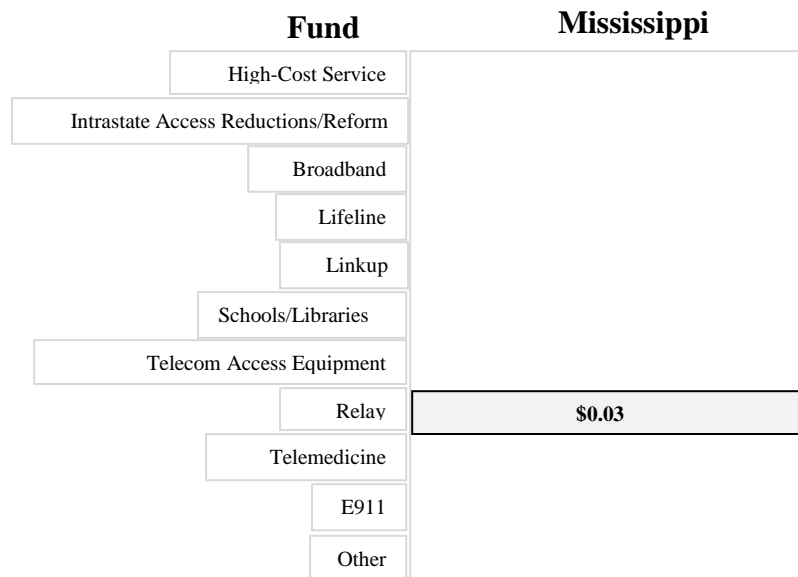
Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

Fund	Michigan			
High-Cost Service				
Intrastate Access Reductions/Reform	0.62%	0.62%	0.62%	0.62%
Broadband				
Lifeline				
Linkup				
Schools/Libraries				
Telecom Access Equipment				
Relay				
Telemedicine				
E911				
Other				

Michigan

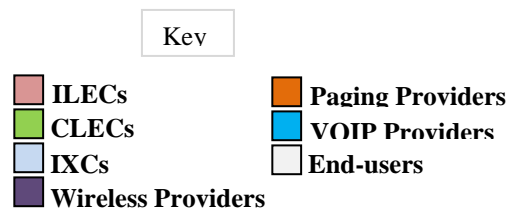
- Intrastate Access Reductions/Reform: 0.62% contributed by ILECs, CLECs, IXC, wireless providers, and paging providers.

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	



Mississippi

- End users assessed \$0.03 from Relay service



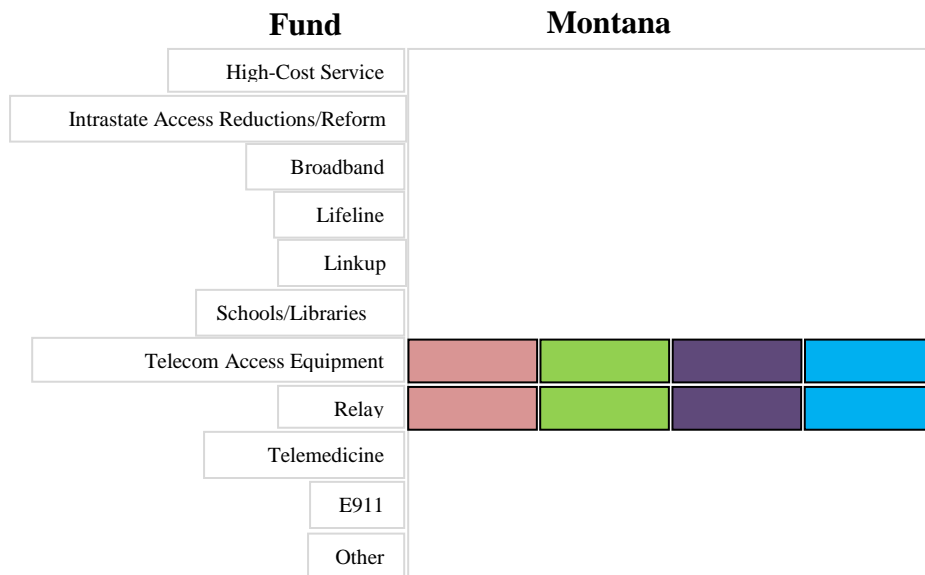
Fund	Missouri			
High-Cost Service				
Intrastate Access Reductions/Reform				
Broadband				
Lifeline	\$0.0025	\$0.0025	\$0.0025	\$0.0025
Linkup				
Schools/Libraries				
Telecom Access Equipment	\$0.11	\$0.11	\$0.11	\$0.11
Relay	\$0.11	\$0.11	\$0.11	\$0.11
Telemedicine				
E911				
Other				

Missouri

- Lifeline: \$0.0025 for ILECs, CLEC, IXC, VOIP providers, end users*
- Relay Service: \$0.11 for ILECs, CLECs, and VOIP providers

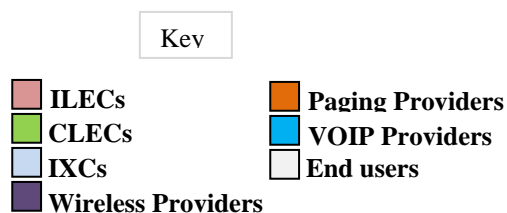
* Carriers pay an assessment to the Missouri Universal Service Fund. The charge is then passed along to the end user by the carrier.

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	



Montana

- Montana has what is called the Montana Telephone Assistance Program (MTAP) which provides both telephone access equipment to the deaf and hard of hearing and also funds relay service. MTAP is funded by a \$.10 per month charge on telecommunications service providers in Montana including wireless and VoIP

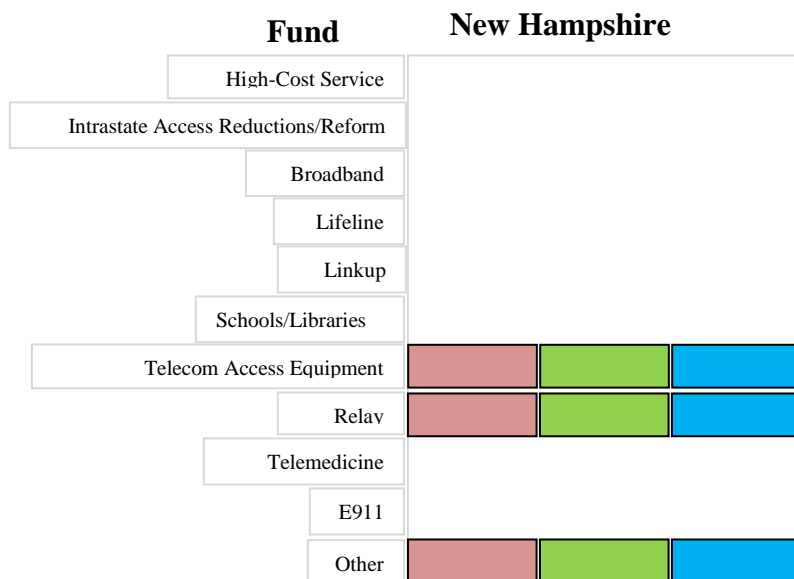


Fund		Nebraska					
	High-Cost Service	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%
Intrastate Access Reductions/Reform							
	Broadband	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%
	Lifeline	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%
	Linkup						
	Schools/Libraries						
	Telecom Access Equipment	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	
	Relay	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	
	Telemedicine						
	E911						
	Other	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%

Nebraska

- ILECs, CLECs, IXC, Wireless providers, Paging providers, All VOIP providers are assessed a rate of 6.95%, which contributes to high-cost, broadband, lifeline, telehealth, and wireless infrastructure.
- ILECs, CLECs, Wireless providers, Paging providers, Interconnected VOIP providers are assessed \$0.05 for Relay Service

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

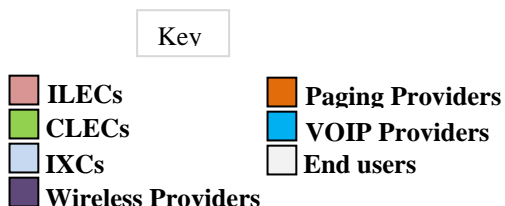


New Hampshire

- Telecommunications Access (equipment) Program: ILECs, CLECs, and Fixed VOIP providers contribute \$0.06 per access line per month for TRS

ILECs, CLECs, and Fixed VOIP providers contribute \$0.06 per access line per month for TRS, some of which pays for news line for the blind and the telecom equipment assistance fund.

In New Hampshire there is a \$0.57 per access line (up to 25 on a bill) per month surcharge on phone bills that goes to the Bureau of Emergency Communications to run 911. It is not really part of any universal service fund.



Fund		New Mexico						
	High-Cost Service							
	Intrastate Access Reductions/Reform	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
	Broadband							
	Lifeline	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
	Linkup							
	Schools/Libraries							
	Telecom Access Equipment							
	Relay							
	Telemedicine							
	E911							
	Other							

New Mexico

- New Mexico has a single rate of 3.3 % currently (adjusted annually on calendar year)

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

Fund	New York		
High-Cost Service			
Intrastate Access Reductions/Reform			
Broadband			
Lifeline			
Linkup			
Schools/Libraries			
Telecom Access Equipment			
Relay			
Telemedicine			
E911			
Other			

New York

TAF is funded through assessments on all certified telecommunications carriers operating in New York State. Assessments for each carrier are calculated based on total submitted TAF costs (costs associated with providing Lifeline, E911, TRS and Public Interest Payphones) and each carrier's assessable revenue. Assessable revenue for TAF purposes is defined as intrastate regulated revenue, net of payments made to other carriers. All carriers participating in TAF who are providing the targeted services are eligible to receive payments from the TAF as reimbursement for their costs associated with such services. TAF assessable revenues and TAF costs are reported on a monthly basis by TAF participants to the administrator. Companies with assessable revenue of less than \$25,000 annually are not required to participate in TAF for purposes of assessment and settlement. For more information regarding the TAF, please visit www.tafny.org.

Key	
	ILECs
	CLECs
	IXCs
	Wireless Providers
	Paging Providers
	VOIP Providers
	End users

Fund	North Dakota
High-Cost Service	
Intrastate Access Reductions/Reform	
Broadband	
Lifeline	
Linkup	
Schools/Libraries	
Telecom Access Equipment	
Relay	
Telemedicine	
E911	
Other	
	\$0.04

North Dakota

- Relay Service: End users are assessed \$0.04

Kev	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

Fund	Ohio					
High-Cost Service						
Intrastate Access Reductions/Reform						
Broadband						
Lifeline						
Linkup						
Schools/Libraries						
Telecom Access Equipment						
Relay	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02
Telemedicine						
E911						
Other						

Ohio

● Relay Service: ILECs, CLECs, IXC, wireless providers, paging providers, VOIP providers (all VOIP providers)

* The assessment is allocated proportionately among the providers noted above using a competitively neutral formula established by the Ohio Commission based on the number of retail intrastate customer access lines or their equivalent. See R.C. 4984.05 (C). The current assessment is approximately \$.02 per intrastate access line per month.

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

Fund	Oklahoma					
High-Cost Service						
Intrastate Access Reductions/Reform						
Broadband						
Lifeline	3.14%	3.14%	3.14%	3.14%	3.14%	3.14%
Linkup						
Schools/Libraries	3.14%	3.14%	3.14%	3.14%	3.14%	3.14%
Telecom Access Equipment						
Relay			\$0.05	\$0.07		
Telemedicine						
E911						
Other						

Oklahoma

- High-cost service: IXC's are assessed as below
HCF Per IntraLATA Toll RBMOU 0.04652393
HCF Per InterLATA Toll RBMOU 0.03117256
- Lifeline: 3.14% are assessed from ILECs, CLECs, IXC's, Wireless providers, Paging providers and VOIP providers
- Schools/Libraries: 3.14% are assessed from ILECs, CLECs, IXC's, wireless providers, Paging providers and VOIP providers
- Relay service: 0.05 is assessed per IntraLATA access line and 0.07 is assessed per InterLATA access line.

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

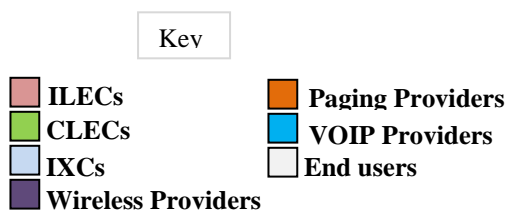
Fund		Oregon		
High-Cost Service		8.5%	8.5%	8.5%
Intrastate Access Reductions/Reform				
Broadband				
Lifeline				
Linkup				
Schools/Libraries				
Telecom Access Equipment				
Relay				
Telemedicine				
E911				
Other				

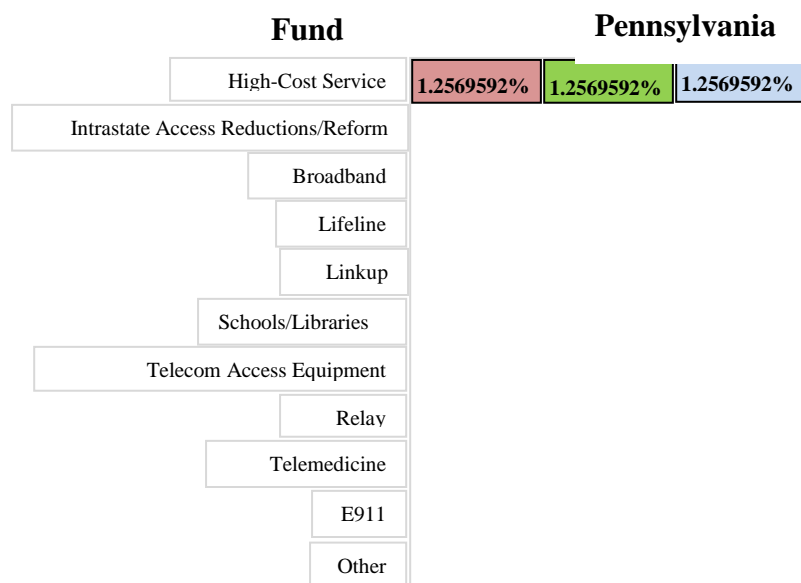
Oregon

- High-cost service: 8.5% on intrastate retail charges from ILECs, CLEC, VOIP providers supports OUSF.
- A monthly End User charge of \$0.12 is applied per line or instrument as a separate line item on their bill and collected by service provider to support Lifeline, Telecommunications Access Equipment, and Relay service.

In Oregon, the carriers contribute to the high-cost (Oregon's Universal Service) fund.

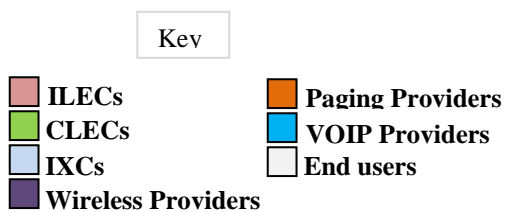
In Oregon (by law) end users contribute to the other programs listed. *The carriers perform a billing and collection service only; this is not a contribution they make.*





Pennsylvania

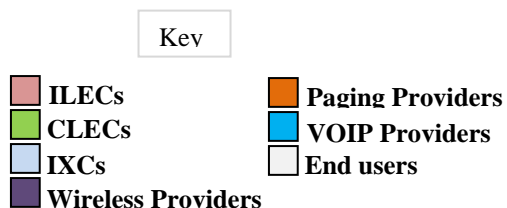
- 1.2569592% is assessed



Fund	Rhode Island
High-Cost Service	
Intrastate Access Reductions/Reform	
Broadband	
Lifeline	
Linkup	
Schools/Libraries	\$0.26
Telecom Access Equipment	Funded partially from Relay
Relay	\$0.09
Telemedicine	
E911	
Other	Funded from Relay

Rhode Island

- Schools/Libraries: End users are assessed \$0.26 per line
- Telecommunications Access (equipment) Program: This service is funded partially from the Relay Charge and partially from the RI Department of Human Services budget
- Relay Service: End users are assessed \$0.09 per line
- News service for the blind: The News for the Blind Service is funded from the Relay Charge



Fund		South Carolina				
	High-Cost Service	2.486%	2.486%	2.486%	2.486%	2.486%
	Intrastate Access Reductions/Reform	\$0.063	\$0.063			
	Broadband					
	Lifeline	2.486%	2.486%	2.486%	2.486%	2.486%
	Linkup					
	Schools/Libraries					
	Telecom Access Equipment	\$0.15	\$0.15			
	Relay	\$0.15	\$0.15			
	Telemedicine					
	E911					
	Other	\$0.15	\$0.15			

South Carolina

- High-cost service and Lifeline: 2.486% for ILECs, CLEC, IXC, Wireless providers, VOIP providers(Interconnected)
- Intrastate Access Reductions/Reform: \$0.063/MOU for ILECs and IXCs
- Telecommunications Access (equipment) program, Relay Service, Real-time closed captioning: \$0.15/line for ILECs and CLECs

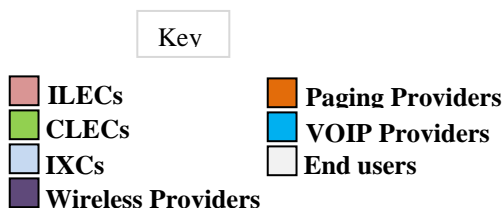
Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

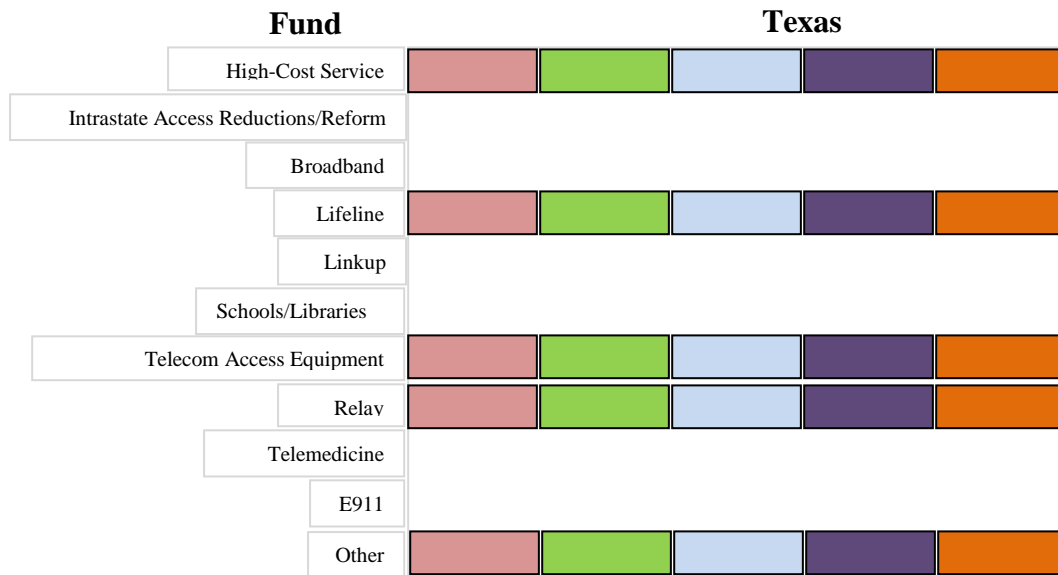
Fund	South Dakota
High-Cost Service	
Intrastate Access Reductions/Reform	
Broadband	
Lifeline	
Linkup	
Schools/Libraries	
Telecom Access Equipment	\$0.15
Relay	\$0.15
Telemedicine	
E911	
Other	

South Dakota

● Access fee imposed on local exchange service lines, cellular telephones, and radio pager devices—report of fee on monthly bills—report on and remission of fees—disposition of funds collected. There is hereby imposed an access fee of 15 cents per local exchange service line per month, 15 cents per cellular telephone per month in accordance with the provisions provided in subdivision 34-45-1(7), and 15 cents per radio pager device per month to pay for the program established in § 49-31-47*. The access fee shall be paid by each local-exchange subscriber to a local-exchange service, or by each cellular-telephone or radio-pager service subscriber to the service provider, unless the subscriber is otherwise exempt from taxation.

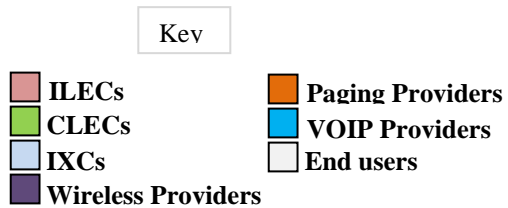
*49-31-47. Statewide program to provide telecommunications services for state residents with disabilities that prevent them from using a telephone. The Department of Human Services shall establish and administer a statewide program to purchase and distribute telecommunications devices to residents of this state who have disabilities that prevent them from using a telephone and establish a dual-party relay system making all phases of public telecommunications service available to persons who are deaf, severely hearing impaired, or speech impaired. This program may be implemented through contracts with public or private organizations that provide services to persons who are deaf or persons with other severe disabilities.

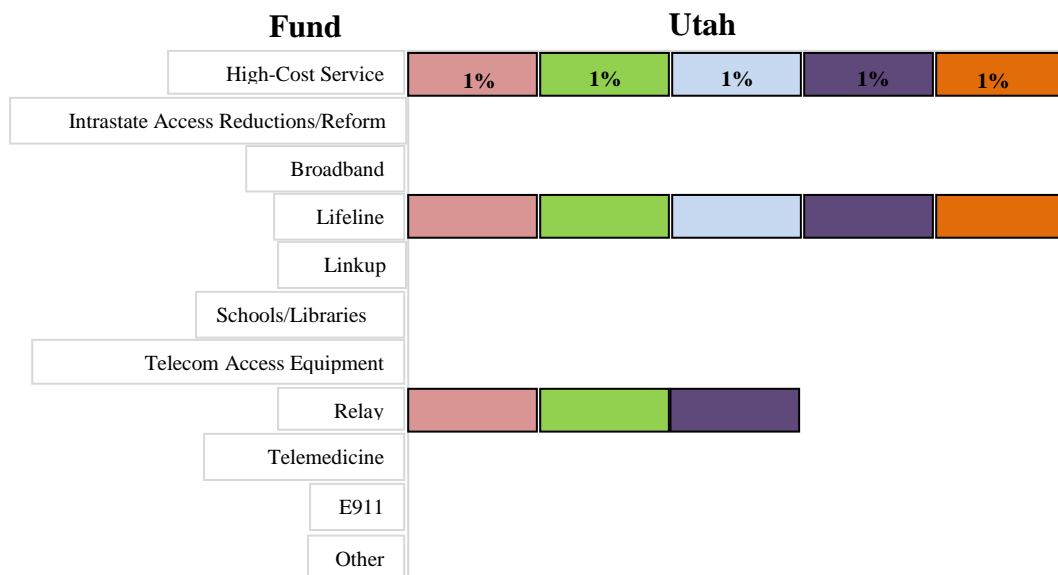




Texas

- The current rate is 4.3%, which increased from 3.4% January 2012. The assessment is not by program but assessed to Gross Intrastate Receipts.



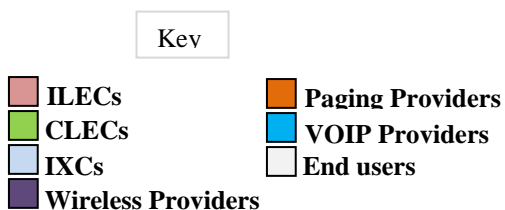


Utah

- High-cost service: ILECs, CLECs, IXC, wireless providers, and paging providers contribute 1% each

Our state has one rate, 1% of intrastate revenues, which is assessed to all Telecommunications Corporations providing service within the state.

Utah also has a hearing impaired/relay fund. It is separate from our state USF. It is funded by a \$.06/month surcharge on all telephone numbers, landline as well as wireless



Fund	Vermont
High-Cost Service	
Intrastate Access Reductions/Reform	
Broadband	
Lifeline	
Linkup	
Schools/Libraries	
Telecom Access Equipment	
Relay	
Telemedicine	
E911	
Other	

Vermont

- Vermont has a single charge of 1.6% on telecommunications services that serves all of the programs covered by the state USF (listed above). The rate is not broken out by category, although it is based upon the projected costs for each component of the program.

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

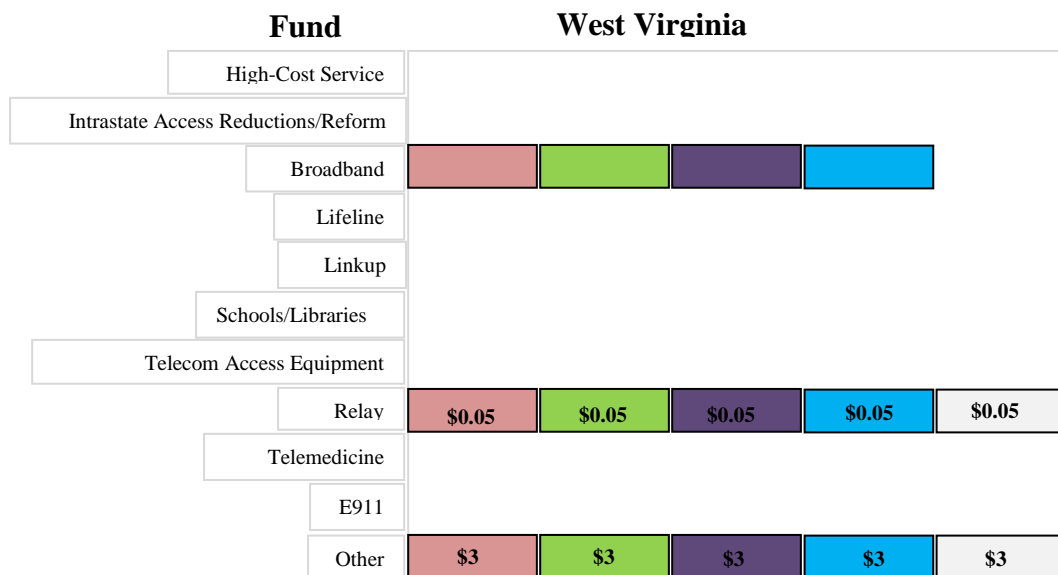
Fund		Washington					
High-Cost Service		\$0.00152	\$0.00152	\$0.00152	\$0.00152	\$0.00152	\$0.00152
Intrastate Access Reductions/Reform							
Broadband							
Lifeline		\$0.14	\$0.14	\$0.14	\$0.14	\$0.14	\$0.14
Linkup		\$0.14	\$0.14	\$0.14	\$0.14	\$0.14	\$0.14
Schools/Libraries							
Telecom Access Equipment							
Relay		\$0.19	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19
Telemedicine							
E911							
Other							

Washington

- High-cost service: ILECs, CLECs, IXC, wireless providers, paging providers, VOIP providers, and end users are assessed \$.00152 on originating and terminating access minutes
- Lifeline & Linkup: ILECs, CLECs, IXC, wireless providers, paging providers, VOIP providers, and end users are assessed 14 cents per switched access line.
- Relay Service: ILECs, CLECs, IXC, wireless providers, paging providers, VOIP providers, and end users are assessed 19 cents per switched access line.

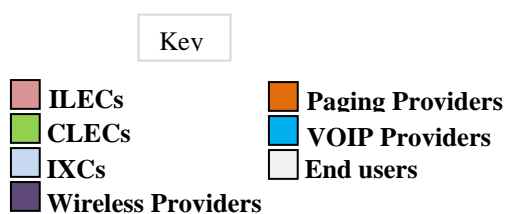
Key

ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	



West Virginia

- ILECs: All telecommunications carriers contribute to TRS fund at \$0.05/month per access line
- CLECs: All telecommunications carriers contribute to TRS fund at \$0.05/month per access line
- Wireless providers: All wireless customers pay statewide 911 fee of \$3.00/month; all telecommunications carriers contribute to TRS fund at \$0.05/month per access line
- VOIP providers (Interconnected only) contribute to TRS fund
- End users Pay TRS and 911 fees on monthly bills
- Appropriation to Broadband Deployment Council from general revenue fund



Fund		Wisconsin				
High-Cost Service		0.222%	0.222%	0.222%	0.222%	0.222%
Intrastate Access Reductions/Reform						
Broadband						
Lifeline						
Linkup						
Schools/Libraries		0.1354%	0.1354%	0.1354%	0.1354%	0.1354%
Telecom Access Equipment						
Relay						
Telemedicine						
E911						
Other						

Wisconsin

These are monthly percentages applied to annual revenues. For the whole year, a provider will be assessed for .2664% (.0222% times 12) of its annual revenues. This applies to all providers and covers high-cost, Lifeline, Linkup, Telecommunications Access, and the Nonprofit and Telemedicine Grants, as well as the administrative costs of all programs.

TRS current assessment rate is .0899465665%

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

Fund	Wyoming
High-Cost Service	1.2%
Intrastate Access Reductions/Reform	
Broadband	
Lifeline	
Linkup	
Schools/Libraries	
Telecom Access Equipment	
Relay	\$0.03
Telemedicine	
E911	
Other	

Wyoming

- High-cost service: 1.2% contributed by End users.
- Relay Service: 3 cents per line

Key	
ILECs	Paging Providers
CLECs	VOIP Providers
IXCs	End users
Wireless Providers	

D. Fund amounts

The specific amount of funding collected for each program by state is presented in detail in Figure Q4⁷ and summarized briefly below.

The two largest funds are Texas and California. In Texas, the fund collects monies as a whole and not by individual program.⁸ California has a combined total of approximately \$297.6 million, while Texas has a total of \$353.8 million. Hawaii and New Hampshire have the smallest funds for their USF programs. Hawaii had a total of \$72,000, and New Hampshire reported a combined total of \$121,000.

Virginia and Florida do not have traditional Universal Service Funds, but have other programs to support E-911, TRS, and Lifeline.⁹ Virginia has a communications sales tax, which is imposed on the charge for or sale of communications services at the rate of 5%. The tax is generally collected from consumers by their service providers and remitted to the Department of Taxation each month. In cases where a consumer purchases taxable communications services and no tax is collected from the consumer on the purchase by the service provider, the consumer is responsible for paying a communications use tax.¹⁰

Similarly to Virginia, Iowa does not have a state USF. Iowa's TRS/equipment distribution program is not funded through USF but through a separate fund mandated by the legislature. The charges do not appear on a customer's landline phone bill (the charges are very minimal, fractions of a cent). The wireless carriers show an "Iowa DPRS charge" (or similar) of \$0.03 per wireless number billed.

Florida does not have Lifeline support mechanisms to which all carriers must contribute. Rather, Florida Statute 364.10(1) (a) provides that "An eligible telecommunications carrier shall provide a Lifeline Assistance Plan to qualified residential subscribers, as defined in the eligible telecommunications carrier's published schedules." Since the recent revision in Federal USF Low-Income rules, Florida ETCs will provide a rate reduction of \$12.75 per month to Lifeline consumers, \$3.50 of which will be absorbed by the carrier.

Apart from the amounts collected for the various funds, Kansas and other states also use monies collected for other purposes. These include:

⁷ Texas was not included in the charts because it collects monies as a whole and not by individual programs. Thus if it was included on any of the charts it could be misinterpreted as monies collected for only that fund.

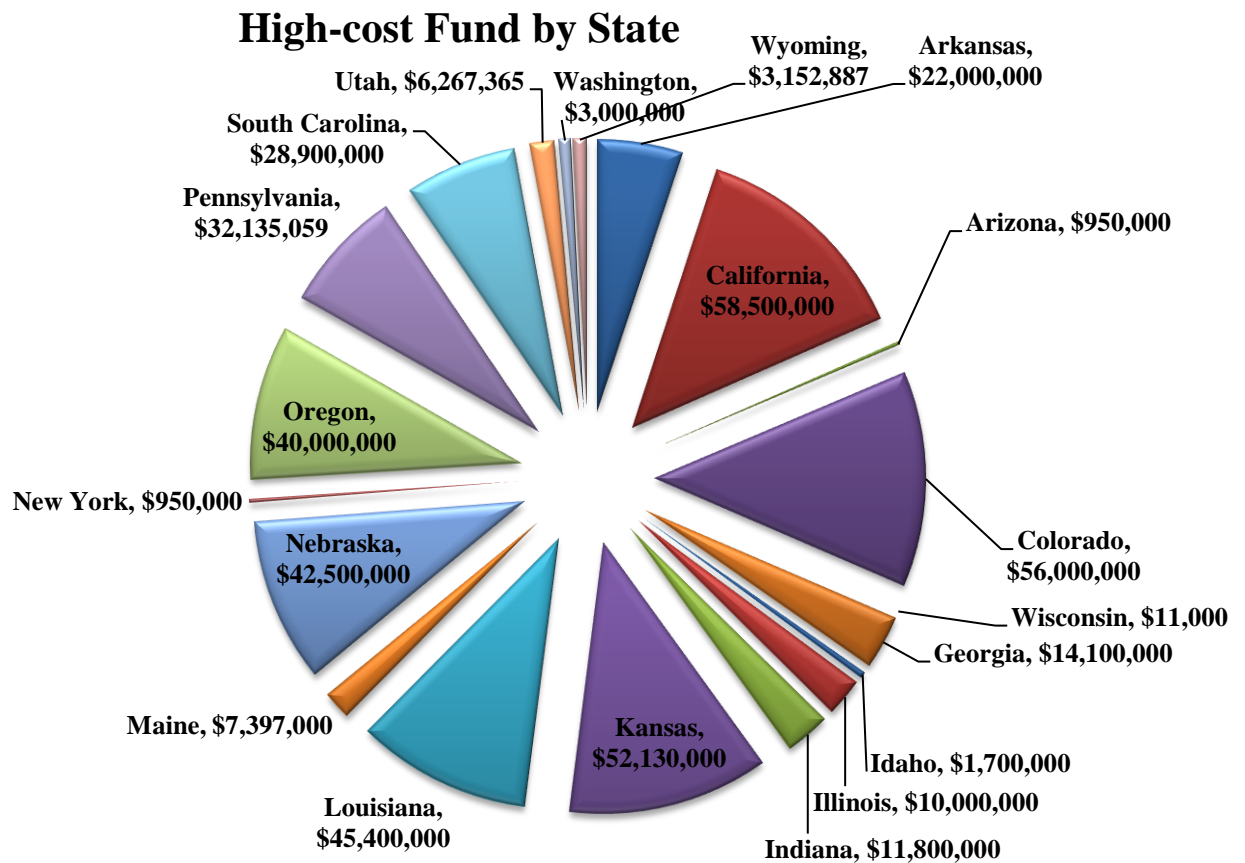
⁸ The Texas Commission is studying the makeup of the fund. See Texas Docket 40342 Rulemaking Proceeding To Amend Substantive Rule §26.403 Relating To The Texas High Cost Universal Service Plan

⁹ The Lifeline program provides discounts on monthly local exchange service charges for low-income and disadvantaged customers.

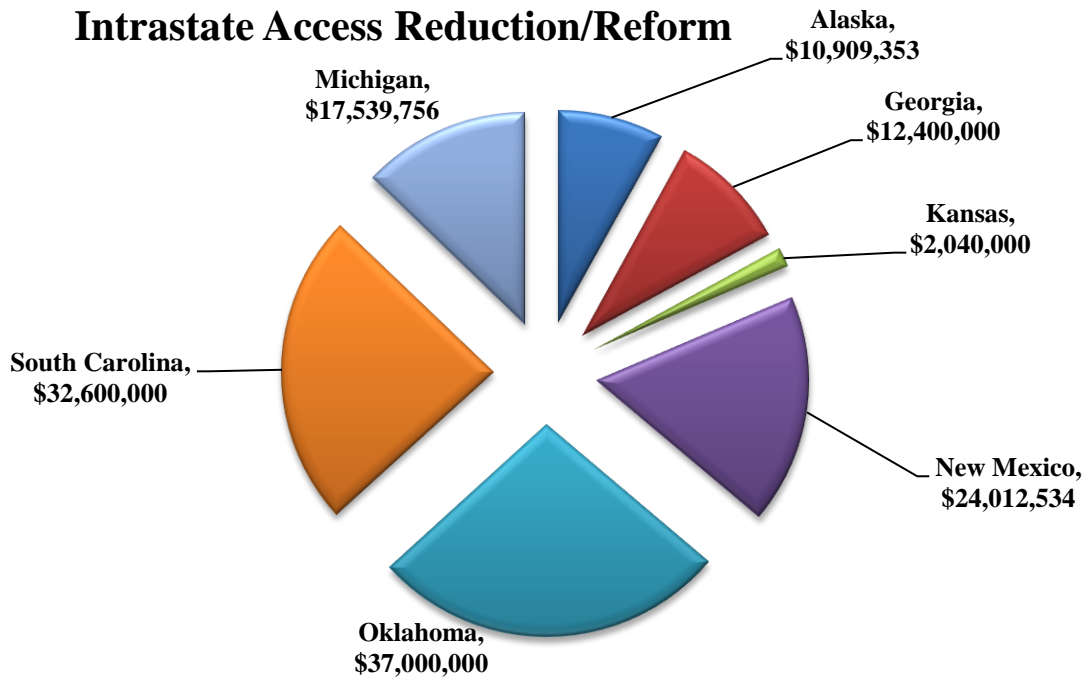
¹⁰ <http://www.tax.virginia.gov/site.cfm?alias=CommunicationsTaxes>

- Daily administration costs
- Carrier audit and annual financial/SAS 70 audit fees
- Reserve—used to reduce gross amount to collect from providers
- Funding for contingencies

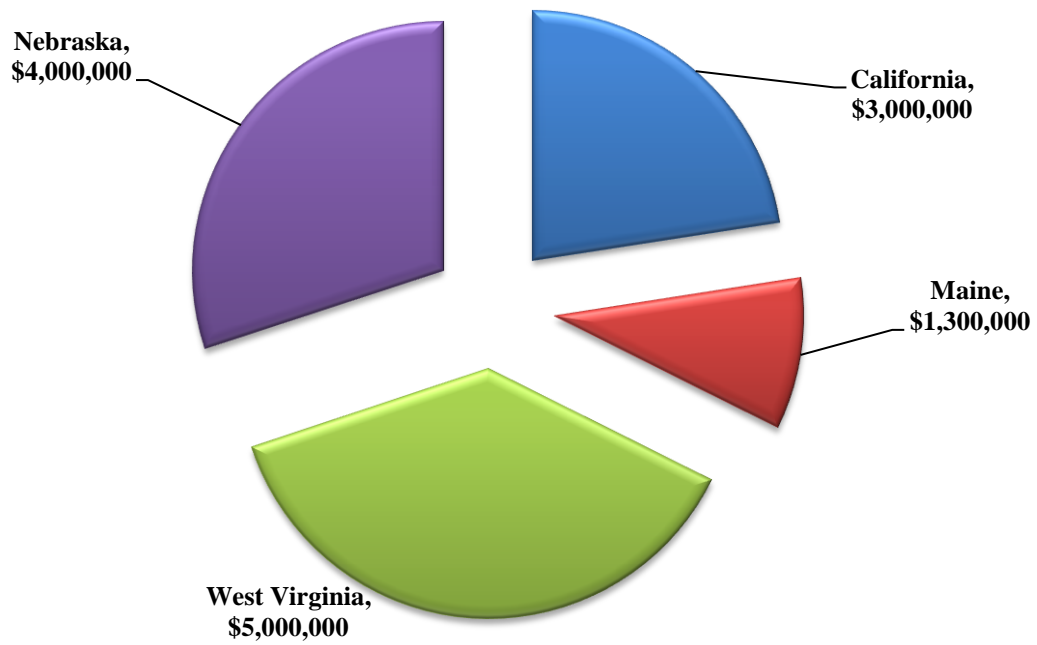
Q4: Amount of funding collected for 2011/2012 fiscal year.



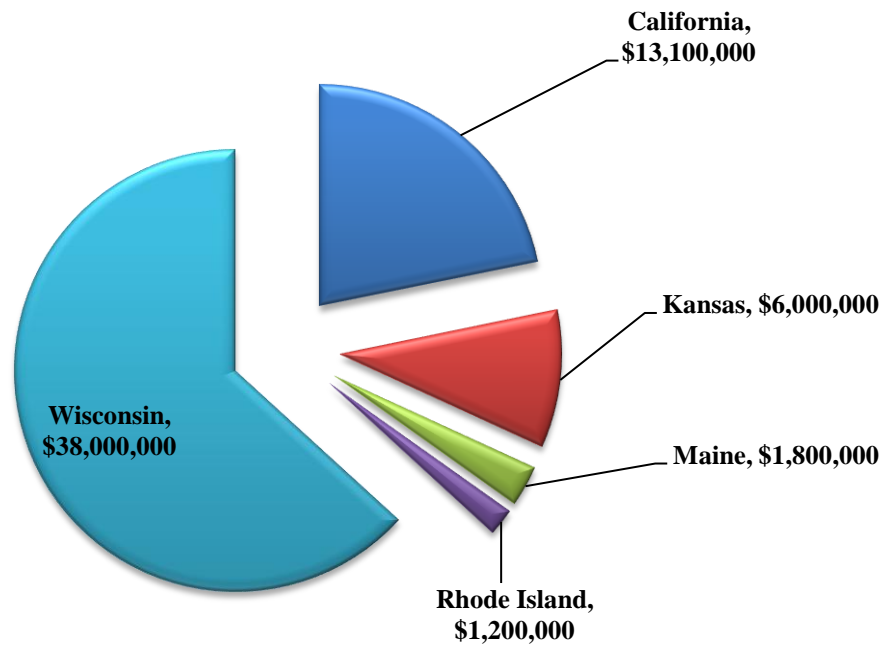
Intrastate Access Reduction/Reform



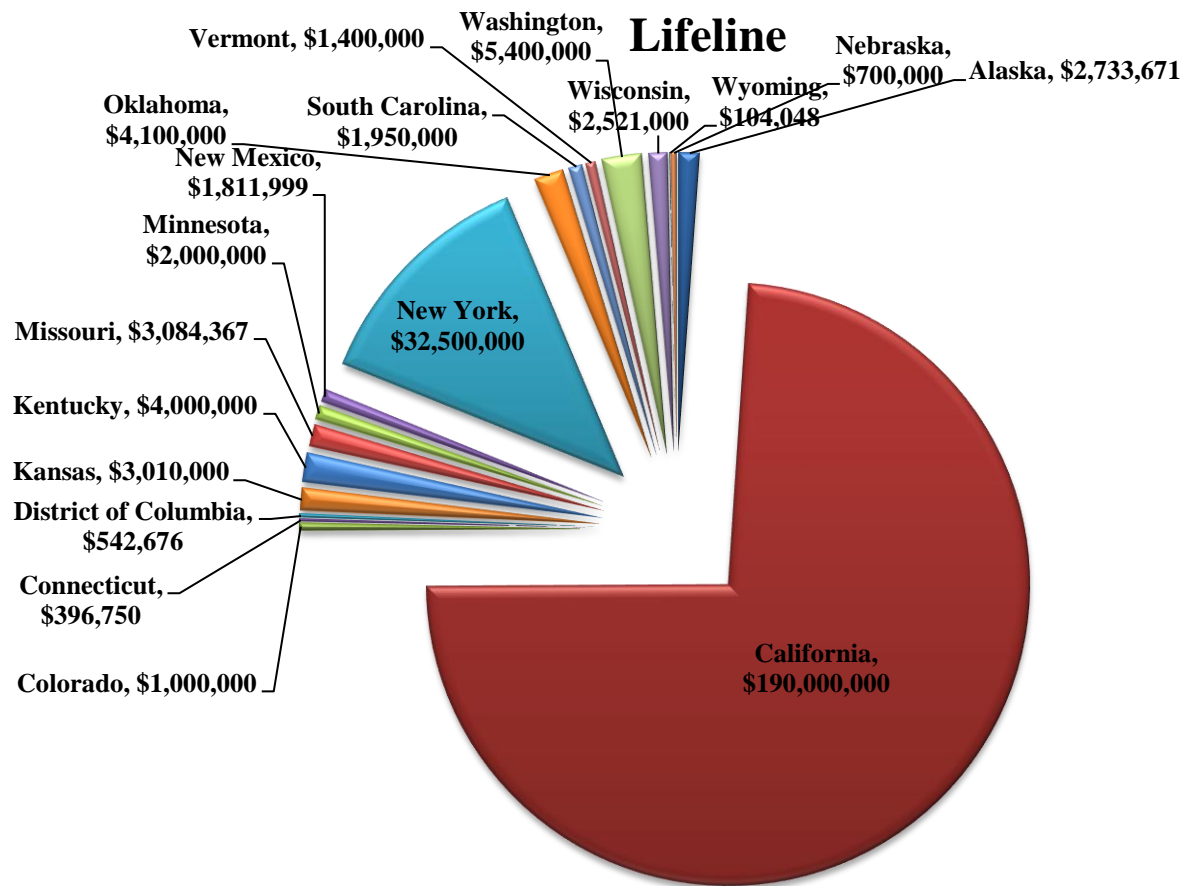
Broadband



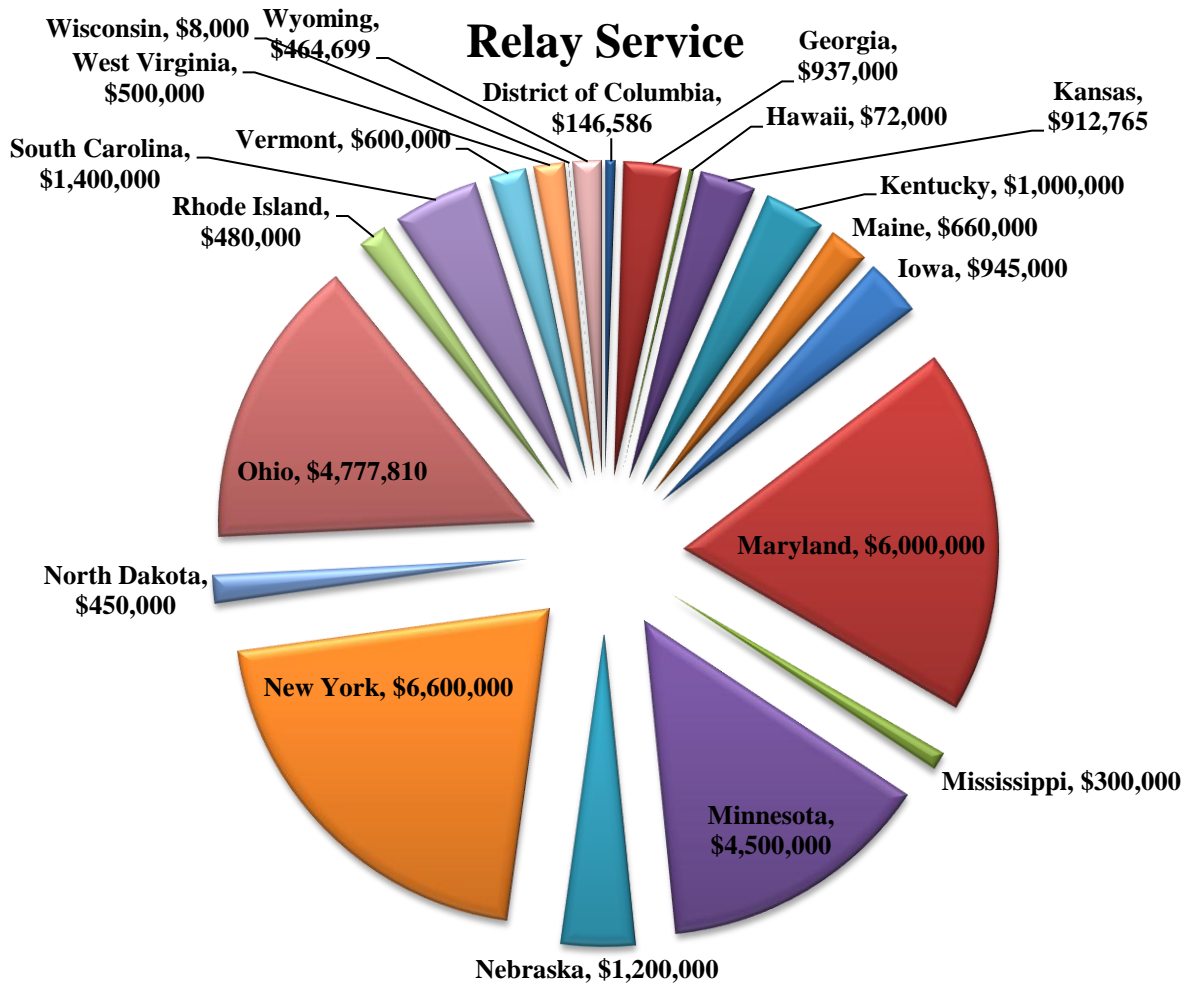
Schools/Libraries



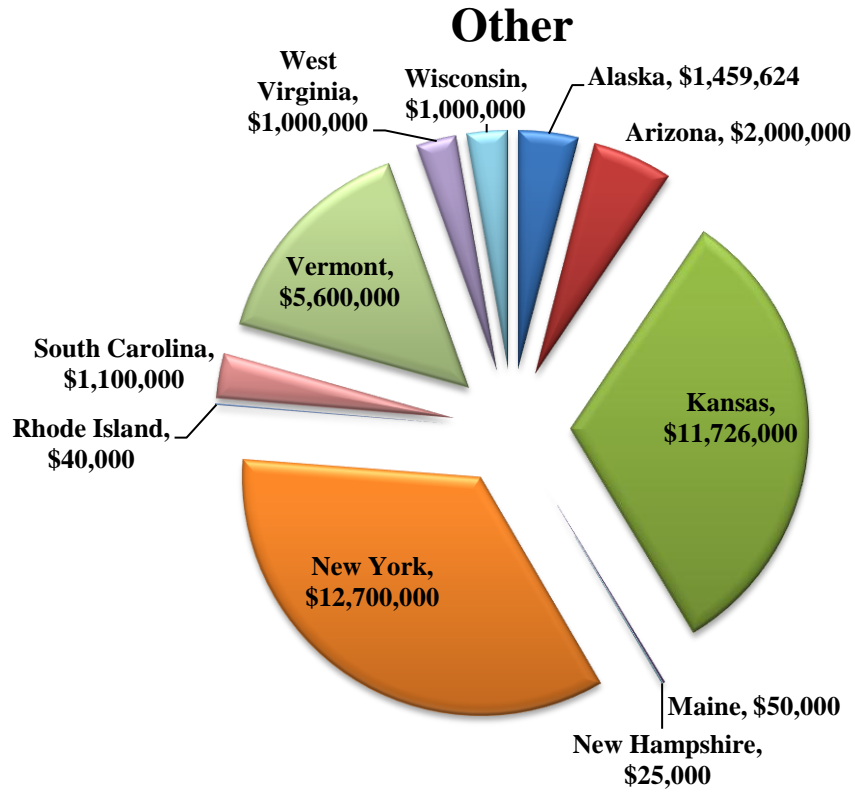
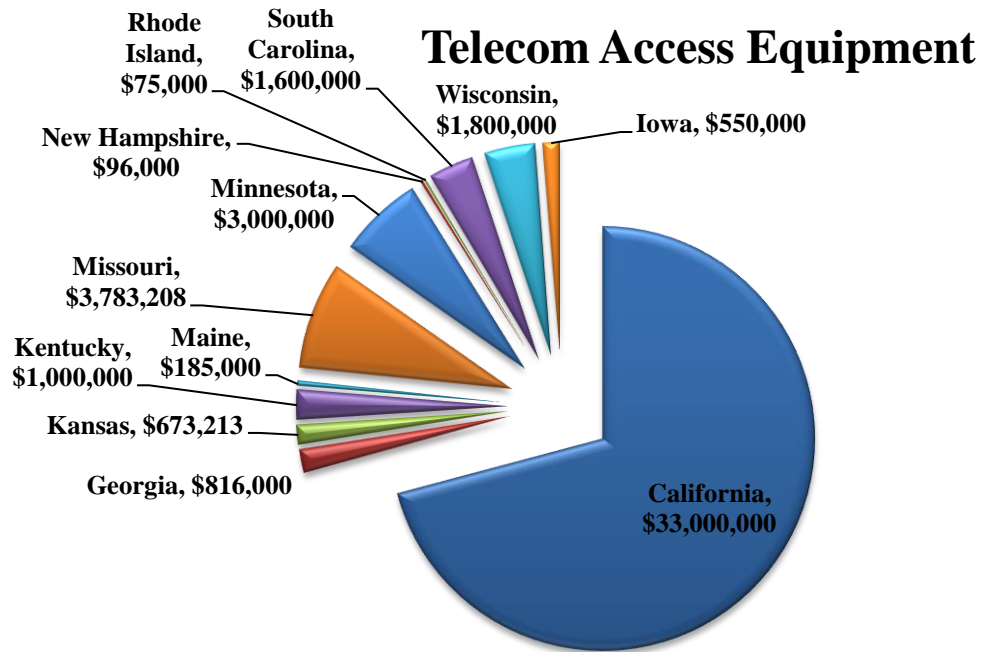
Q4 continued



Q4 Continued



Q4 Continued



E. Contribution bases

States use a variety of revenue categories upon which to base the contribution to their funds, including total gross state retail revenues, net intrastate retail revenues, and end-user revenues. With the exception of South Carolina and Missouri, each of the responding states uses a single revenue base to calculate contribution. South Carolina also has ILF (Access Reduction) Allocated/MOU.¹¹ Missouri uses Net Jurisdictional revenues.¹²

A total of twelve (12) states used total gross state retail revenues as the basis for assessing for contributions. The same number of states (12) used net intrastate retail revenues as the revenues assessed for contributions. A total of eight (8) states used end-user revenues, while no state used seller's revenues. Nine (9) states included other revenues in assessing the company's contributions. These other revenues included surcharges on customer bills, charges assessed on the number of access lines or their equivalent per customer, and debiting money collected from LECs for the provision of telecommunications relay service. In some cases (for example, in West Virginia), TRS and 911 are flat-rate monthly assessments. In Iowa, total gross state retail revenues are used for all providers except for wireless providers. Wireless remit is based on each wireless communications service number provided in Iowa, not revenues.

Figure Q5 shows the distribution of states that use one of the options listed in the survey. The options can be found in Appendix A, question 4. Table 4 provides details regarding which states use which category of revenue bases.

¹¹ The Interim LEC Fund is a Bulk Billed Access Fund that recovers switched-access revenue reductions. On an annual basis, the fund is reallocated to carriers based on each carrier's switched-access minutes of use in South Carolina for the prior year.

¹² Missouri Net Jurisdictional Revenue is defined as all revenues received from retail customers resulting from the provision of intrastate regulated telecommunications services and/or interconnected voice over Internet protocol services, but shall not include revenue from payphone operations, taxes, and uncollectibles. Revenues received from another provider of telecommunications services for the provision of switched and special exchange access services, and for the provision of unbundled network elements and resold services, shall not be considered Missouri net jurisdictional revenue.

Q5: Revenues assessed

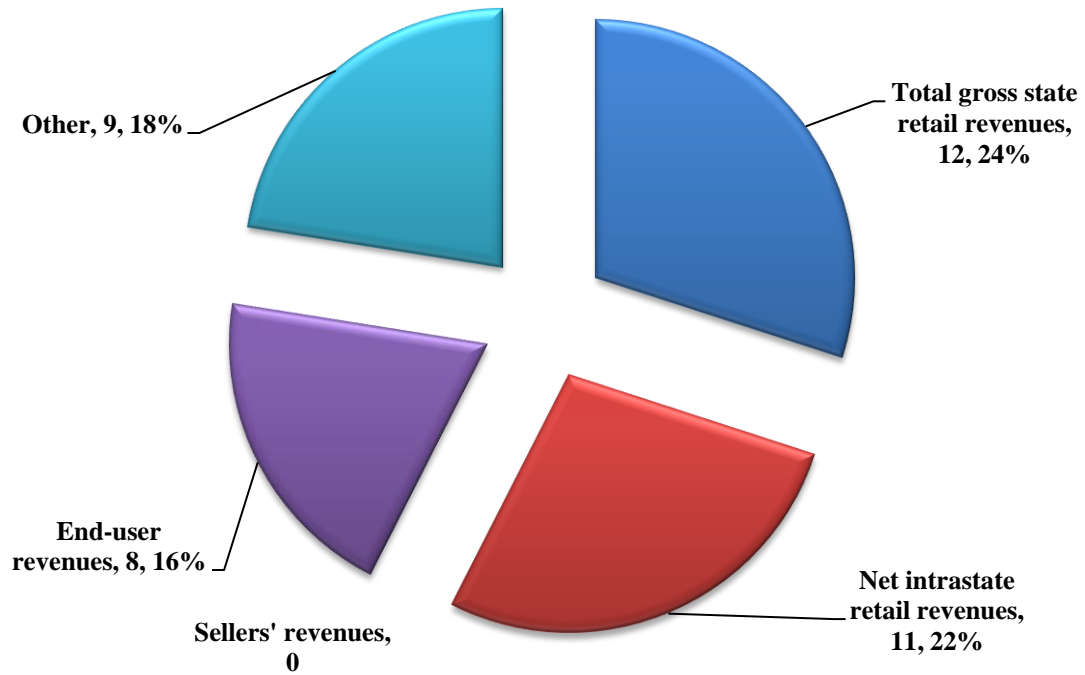


Table 4: States by Revenue Type Used for Contribution Bases

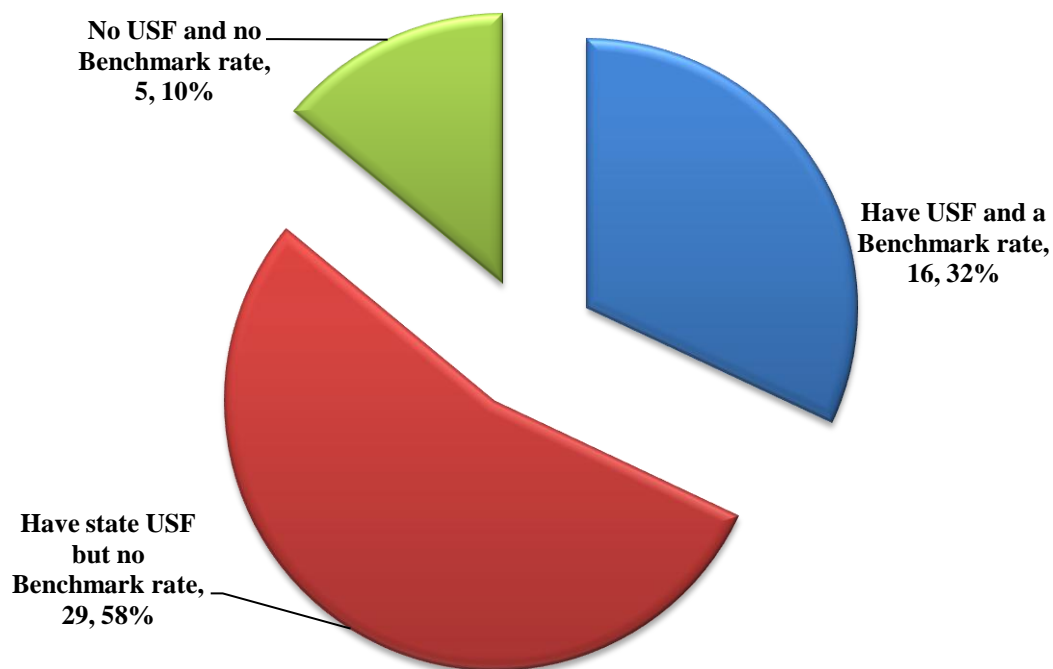
Total Gross State Retail Revenue	Net Intrastate Retail Revenue	Seller's revenues	End-user revenues	Other
California	Indiana		Alaska	Arizona
Colorado	Kansas		Mississippi	Kentucky
Connecticut	Maine		Minnesota	Maryland
District of Columbia	Michigan		Rhode Island	New Hampshire
Georgia	Missouri		South Carolina	North Dakota
Illinois	Nebraska		Vermont	Ohio
Iowa	New Mexico		Washington	South Carolina
Louisiana	New York		Wyoming	West Virginia
Oklahoma	Oregon			
Texas	Pennsylvania			
Utah	Washington			
Wisconsin				

F. Local benchmark rates

As we noted in the introduction, some states have established benchmark rates as part of the universal service programs. Service providers do not receive support for local rates falling below the established benchmarks.¹³ Sixteen (16) of the forty-nine (49) states that sent in responses have USF funds based on a benchmark rate. Twenty-nine (29) out of the forty-nine (49) states have USF funds, but they do not have any benchmark rates. A total of five (5) states have neither USF funds nor benchmark rates. As discussed previously, although Florida and Virginia use specialized mechanisms for funding universal service, for simplicity, we placed them in the category of states that have a state USF but are without a benchmark rate. The 16 states with both USF funds and benchmark rates have different benchmark rates for residential and business lines.

Figure Q6 below summarizes these statistics, while Table 5 presents a listing of the states that fall in each category. Table 6 presents a listing of the various benchmark rates in the sixteen states with benchmark rates.

Q6: Benchmark rates



¹³ This decision is similar to the Carrier Access Fund (CAF) rules in the USF Order.

Table 5: Benchmark Rates

Have USF and a Benchmark rate	Have state USF but no Benchmark rate	No USF and no Benchmark rate
Alaska Colorado Georgia Illinois Indiana Kansas Maine Nebraska New York New Mexico Oregon Pennsylvania South Carolina Utah Wisconsin Wyoming	Arizona Arkansas California Connecticut District of Columbia Florida Hawaii Idaho Iowa Kentucky Louisiana Maryland Michigan Minnesota Mississippi Missouri Montana New Hampshire North Carolina North Dakota Ohio Oklahoma Rhode Island South Dakota Texas Vermont Virginia Washington West Virginia	Alabama Delaware Massachusetts New Jersey Tennessee

Table 6: Benchmarks by State

States	Benchmark
Alaska	<ul style="list-style-type: none"> ● Access charge reform support is reduced if the Network Access Fee (like the SLC) charged is less than the benchmark rate. The current NAF is \$3.75 and will increase over the next four years to \$5.75.
Colorado	<ul style="list-style-type: none"> ● Residential benchmark rate of \$17.00 and business of \$35.02 determined through a rulemaking.
Georgia	<ul style="list-style-type: none"> ● Rate benchmark is 125% of statewide average, adjusted annually for inflation. Year 1 Benchmark = \$18.54. Year 2 Benchmark = \$18.83.
Illinois	<ul style="list-style-type: none"> ● Commission established "affordable" rate: \$20.39
Indiana	<ul style="list-style-type: none"> ● A benchmark rate of \$17.15 for residential and \$23.60 single line business was established. They were based upon a comparison of average urban rates to rural average rural rates and an overarching goal that urban customers should not have to subsidize inordinately low rural rates
Kansas	<ul style="list-style-type: none"> ● Effective March 2011, the affordable residential rate is \$16.25 and the single-line business rate is \$19.25. ● The formula for determining the statewide affordable benchmark rate for the rural LECs is contained in K.S.A. 66-2005(e). The affordable residential service rate is the weighted arithmetic mean of local service rates determined as of October 1 and residential lines, including residential lines included with bundled services, in service as of September 30. All of a RLEC's local service lines and all of Southwestern Bell and CenturyLink's residential lines within rural rate groups 1 through 3 have been used in the calculation. The residential affordable rate calculation will no longer include Southwestern Bell's lines, effective with the calculated rate for March 1, 2013. (Substitute for Senate Bill 72) ● For single line business service, the affordable rate is the existing rate or an amount \$3 greater than the residential service affordable rate. ● Local rate increases may not exceed \$2 per year to reach the statewide affordable rate, with any remainder increases necessary applied the following year.

Maine	<ul style="list-style-type: none"> ●The rural ILECs must have basic exchange rates that are at least equal to the rates charged by the RBOC, which formerly was Verizon and is now FairPoint. FairPoint's local rates were reduced at the time of the takeover from Verizon, but the rural companies' rates have not been adjusted to the lower FairPoint rates. The rate floors were taken into account at the time the USF support amounts were set for the ILECs who qualified.
Nebraska	<ul style="list-style-type: none"> ●Nebraska has a residential benchmark of \$17.95 for urban areas and \$19.95 for rural areas. The urban benchmark is based upon the average urban rate. The Commission considers the rural benchmark rate of \$19.95, an 11 percent increase from \$17.95, to be reasonably comparable to the urban rate. Nebraska does not have separate business benchmark rates, but business rates must not be lower than the residential benchmarks. <p>In terms of support eligibility, carriers may charge rates from \$17.50 to \$19.95 without forgoing NUSF support eligibility.</p>
New Mexico	<ul style="list-style-type: none"> ●Residential benchmark \$15.28 and single business line benchmark; add a \$1.78 up to \$36.15 maximum.
New York	<ul style="list-style-type: none"> ●New York State has a residential basic service rate of \$23. The benchmark was established for Verizon and Frontier in the Commission's Comp III Order (Case 05-C-0616) and expanded to the other independent telephone companies in New York as part of the Commission's Case 07-C-0349 (Order Issued March 2008). There is currently discussion of the benchmark in the Commission's ongoing Universal Service Proceeding (Case 09-M-0527). <p>There is not a business benchmark, but the Commission requires business rates to be no lower than residential rates (See Case 07-C-0349; Order of December 2009)</p>
Oregon	<ul style="list-style-type: none"> ● OUSF: A benchmark of \$21 is used in calculating support for both rural and non-rural companies. RSPF: Not applicable
Pennsylvania	<ul style="list-style-type: none"> ●Per our July 2011 order at Docket No. I-00040105, we established a benchmark of \$23.00 for residential basic local service and a total monthly affordable bill of \$32.00 to include basic local service plus all necessary taxes, fees, and surcharges.
South Carolina	<ul style="list-style-type: none"> ●Interim LEC Fund (ILF) – Participating Carriers (All carriers except AT&T South Carolina) were allowed to increase local exchange rates to benchmark to offset the size of the switched access reductions. Residence Benchmark \$14.35/month – Business Benchmark= 2 x

Residence Benchmark/month.	
Utah	● State benchmark is \$16.50 for residential, \$26.00 for business. These were determined in negotiated settlements that were approved by the Commission
Wisconsin	● Wisconsin's High Rate Assistance Program uses a series of "benchmarks" or trigger levels to calculate support. The benchmarks are tied to median household income for the county in which the customer lives. The credits are calculated on an increasing percentage of the portion of the retail rate above each threshold, much like a progressive income tax. The credits pay for increasing portions of the retail rate as it increases, but never all of it, at any level. The goal is to ensure that the customer sees a difference in price between providers, if one exists, even after the high rate assistance credits have been applied. This ensures that market forces constrain the providers from abusing the system. It appears to work: The program has been available to all ILECs and all competitors for over 15 years, and has paid out only a relatively small amount, and only in high-cost areas.
Wyoming	● 130% of statewide average of price for POTS line minus federal high-cost support per line. As of July 1, 2012, the weighted statewide average local exchange service rate will be \$25.44. The associated 130% support benchmark is established at \$30.07.

G. Carrier funding requirements

The NRRI USF survey asked whether the states put specific requirements on carriers that receive support. Many of the states with a state USF require carriers to meet at least one of the provisions listed in our survey. The provisions were:

- Only Carriers/Providers of Last Resort receive funding based on an intrastate rate-of-return revenue requirement.
- Support is provided once a State Rate Benchmark is met. Carriers who fall below that benchmark do not receive additional compensation.
- Price-cap carriers or carriers under alternative forms of regulation receive support based on a cost model.
- All ILECs receive support based on bringing their intrastate access rates to the same level as their interstate rates as of a specific date. Competitive Eligible Telecommunications Carriers receive identical support as required in 1996 Telecommunications Act. This requirement will sunset as the USF Order takes effect.¹⁴

¹⁴ See Lifeline Reform Order, Section 1.4, p. 5, eliminating Link-up support except for recipients on tribal lands that are served by eligible telecommunications carriers (ETCs) that participate in both Lifeline and the high-cost program.

In addition to the specific provisions named in our survey, all of the states had multiple additional requirements that providers must meet in order to receive support. Providers that received support in the various states included RBOCs, Non-Rural Non-RBOC ILECs, Rural ILECs, Landline CLECs, and wireless providers. Table 7 below lists the specific requirements by state, as well as the number of carriers, by type, who are receiving support.¹⁵

Table 7: Support Requirements

State	Requirements and bases for support	Number of carriers receiving support
Alaska	<ul style="list-style-type: none"> ● Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement. (Part of access charge reform funding is only available to COLRs; ACS is now a price cap company but the support it gets for access charge reform is based on its revenue requirement when it was still rate of return regulated.) ● Carrier Common Line funding is based on frozen intrastate rate-of-return revenue requirement per line. 	<ul style="list-style-type: none"> ● Two (2) Non-Rural Non RBOC ILECs and Ten (10) Rural ILECs received support by Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement. (Part of access charge reform funding is only available to COLRs; ACS is now a price cap company, but the support it receives for access charge reform is based on its revenue requirement when it was still rate of return regulated.) ● Two (2) Non-Rural Non RBOC ILECs, twenty-three (23) Rural ILECs, and one (1) Landline CLECs receive support by Carrier Common Line funding is based on frozen intrastate rate-of-return revenue requirement per line.
Arizona	<ul style="list-style-type: none"> ● Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement. 	<ul style="list-style-type: none"> ● One (1) Rural ILEC receives support. Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement.

¹⁵ States that have enacted new laws changing either USF requirements or removing the COLR designation may need to revise these rules as those laws are implemented. *See* Sherry Lichtenberg, Ph.D., “The Year in Review: The Status of Telecommunications Deregulation in 2012,” NRRI, June 2012.

Arkansas	<ul style="list-style-type: none"> ●ILEC and Wireless carriers based on annual unseparated unlimited loop revenue requirement cost per loop of study area as developed each year by NECA and filed with USAC. (Or equivalent, if not member of NECA). 	<ul style="list-style-type: none"> ●One (1) RBOC and twenty-four (24) Rural ILECs receives support based on ILEC and Wireless carriers based on annual unseparated unlimited loop revenue requirement cost per loop of study area as developed each year by NECA and filed with USAC . (Or equivalent, if not member of NECA).
California	<ul style="list-style-type: none"> ●California High Cost Fund A – Provides subsidy to 10 of the 15 Rural ILECs regulated under rate-of-return regulation and providing service in high-cost areas. All of these companies are COLRs. The subsidy amount received by these companies is determined by using a 10% benchmark ROR and a \$20.25 per month cost of providing basic residential telephone service. Any earnings level below the 10% benchmark is made up through the CHCF-A subsidy. ●California High Cost Fund B – Provides subsidy to large carriers providing service in high-cost areas. 5 Carriers in total - 2 Large RBOCs (ATT-CA and Verizon CA), 2 mid-sized (Frontier and SureWest), and Cox (CLC). These carriers have pricing flexibility, but are not considered “price cap” companies. All of these companies are COLRs. <p>The basis for support is costs in excess of \$36.00 per access line in designated High Cost Fund B areas in California.</p> <ul style="list-style-type: none"> ●California Teleconnect Fund – To participate in this program a company must be certificated or registered by the CPUC as a telephone corporation in California. 	<ul style="list-style-type: none"> ●Two (2) RBOCs (CHCF-B), two (2) Non-rural Non-RBOC ILECs (CHCF-B), twelve (12) Rural ILECs (CHCF-A) and one (1) Landline CLEC (CHCF-B) receive support. Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement. ●Two (2) RBOCs, one (1) Non-rural Non-RBOC ILECs, one (1) Rural ILEC, four (4) Landline CLECs, two (2) IXC resellers, and three (3) entities that partnered with certified carriers to be fiscal agents receive support. Price cap or carriers under alternative forms of regulation receive support based on a cost model. ● Two (2) RBOCs, two (2) Non-rural Non-RBOC ILECs, twelve (12) Rural ILECs, two (2) Wireless Carriers, twenty-seven (27) Landline CLECs receive support based on All ILECs receive support based on matching intrastate access rates to interstate levels as of a specific

The basis for support is 50% of the price or tariffed rate for qualifying services (e.g. measured rate business service lines, high capacity circuits, and internet access), less any federal e-rate subsidies received by the customer.

- California Advanced Services Fund – To participate in this program the company must be a telephone corporation certificated by the CPUC, or an entity that has a certificated telephone corporation (ILEC, CLC or IXC) as the fiscal agent for any grant or loan received under the program.

To receive a grant or loan the company must have an application approved by the CPUC. The grants range from 60% (for underserved areas) to 70% (for unserved areas) of the cost for investment in infrastructure and do not cover any on-going operating and maintenance costs. The loan program will be implemented later this year.

- Deaf & Disabled Telecommunications Program – All local telephone companies (ILECs, Rural ILECs, and CLCs) can participate. Most of the funds are for providing relay service and equipment for free. Some phone company specialized services are provided reimbursement for discounts provided to deaf and disabled individuals (de minimus amount).

The support is that the program pays 100% of the equipment cost for qualifying customers and 100% of the relay operator costs.

- Universal Lifeline Telephone Service Program – All local telephone companies that offer residential voice grade telephone are required to offer California Universal Lifeline Telephone service.

The support amount is up to a cap of \$11.50,

	<p>which is based on the retail price for non-California Lifeline basic residential telephone service less the California Lifeline rate paid by the Lifeline customer, less any amount of federal lifeline subsidy received for the customer.</p>	
Colorado	<ul style="list-style-type: none"> ● Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement ● Competitive Eligible Telecommunications Carriers receive identical support, etc. 	<ul style="list-style-type: none"> ● Ten(10) Rural ILECs receive support based on Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement ● One (1) RBOC receive support based on Price cap or carriers under alternative forms of regulation receive support based on a cost model ● Two (2) wireless Carriers receive support based on Competitive Eligible Telecommunications Carriers receive identical support, etc.
Connecticut	<ul style="list-style-type: none"> ● All carriers are permitted to recover their respective costs associated with funding the State's TRS and low-income subsidies. 	<ul style="list-style-type: none"> ● All carriers are included: ILECs, CLECs etc
District of Columbia	<ul style="list-style-type: none"> ● Wireline ETCs are designated pursuant to the FCC requirements for designation. Wireline ETCs receive the remainder of the tariffed rate minus federal funding from the Lifeline program and the portion paid for by the Lifeline customer, up to a limit of \$6.50 for customers aged less than 65, or \$8.50 for customers 65 and over. TRS and CapTel providers are compensated pursuant to the TRS and CapTel contracts. 	<ul style="list-style-type: none"> ● The RBOC receives funding according to the rule stated. <p>Wireless ETCs receive Lifeline funding from the federal fund but are not subject to the DC PSC's jurisdiction.</p>
Georgia	<ul style="list-style-type: none"> ● Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement. ● Support is provided once a State Rate Benchmark is met 	<ul style="list-style-type: none"> ● Seventeen (17) Rural ILECs receive support; only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement.

		<ul style="list-style-type: none"> ● Thirty-two (32) Rural ILECs receive support, provided once a State Rate Benchmark is met
Idaho	<ul style="list-style-type: none"> ● Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement. 	<ul style="list-style-type: none"> ● Eight (8) Rural ILECs receive support under Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement.
Illinois	<ul style="list-style-type: none"> ● A defined set of smaller, more rural ILECs. 	<ul style="list-style-type: none"> ● Thirty-five (35) Rural ILECs receive support for Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement.
Indiana	<ul style="list-style-type: none"> ● Currently only RLECs receive support; however the Commission Order does not close the door to competitive carriers that serve high-cost areas receiving support if they petitioned the Commission to do so. No CLECs have petitioned to receive Indiana USF. 	<ul style="list-style-type: none"> ● Thirty-seven (37) Rural ILECs receive support based on Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement
Kansas	<ul style="list-style-type: none"> ● Rural incumbent LECs operating under rate-of-return regulation: receive KUSF support based on their intrastate revenue requirement. Their support is adjusted in odd-numbered years to recover intrastate access rate adjustments to match interstate rates as of July 1 of the prior year. If a company's interstate access rates decrease, resulting in a decrease in intrastate rates, a rural LEC's KUSF support is increased. Alternatively, if a rural LEC's interstate and thus, intrastate access rates increase, its KUSF support is reduced. Statewide average local and single-line business affordable rates are calculated in odd-numbered years and an RLEC's KUSF support is reduced by the imputed increased local revenue the carrier could earn, even if the carrier elects not to raise rates. ● Price Cap Companies (Southwestern Bell d/b/a AT&T Kansas and the United 	<ul style="list-style-type: none"> ● Two (2) carriers receive support under Price cap or carriers under alternative forms of regulation receive support based on a cost model ● A total of thirty-seven (37) Rural ILECs but only thirty-two (32) currently receive support based on intrastate rate-of-return revenue requirement. ● Four (4) Wireless Carriers receive KUSF support under Competitive Eligible Telecommunications Carriers receive identical support, etc. (One additional Wireless ETC has a request for support pending) ● One (1) Landline CETC receives support under the

Telephone Companies of Kansas, consolidated, d/b/a CenturyLink): Receive KUSF support based on a high-cost model. The model does not separate loop costs; therefore, Federal loop and local switching support are used to reduce the amount of KUSF support calculated per the high-cost model.

- CenturyLink also receives KUSF support, on a revenue-neutral basis, to recover intrastate access rate reductions to match its interstate access rates as of December 2009. The annual recovery amount reflects the difference between the interstate and intrastate rates, as of December 2009 and the current year's minutes of use as of September 30. The Company's KUSF support paid for the prior period of October through September is also incorporated to ensure the support paid recognizes the actual minutes of use the company experienced. See Docket No. 08-GIMT-1023-GIT.

- Competitive ETCs offering service thru purchasing an ILEC's UNEs or Local Wholesale Complete (LWC) receive KUSF support equal to the lesser of the KUSF support available to the ILEC or the CETC's LWC cost, with the RBOC receiving the difference.

- Competitive ETCs not offering service via LWC receive support, on a per line basis, identical to that paid to the ILEC.

identical support rule (a second CETC is expected to request support in the near term)

- Two (2) Landline CETCs receive support by offering service through purchasing the RBOC's UNEs or Local Wholesale Complete (LWC), with their KUSF support equal to the lesser of the KUSF support available to the ILEC or the CETC's LWC cost, with the ILEC receiving the difference.

Kentucky	<ul style="list-style-type: none"> • \$3.50 Lifeline per Customer 	<ul style="list-style-type: none"> • One (1) RBOC, two (2) Non-Rural Non RBOC ILEC, seventeen (17), ten (10) Wireless Providers, twenty (20) Landline CLECs receive support based on \$3.50 Lifeline per Customer
Louisiana	<ul style="list-style-type: none"> • Price cap or carriers under alternative forms of regulation receive support based on a cost 	<ul style="list-style-type: none"> • Nineteen (19) Rural ILECs receive support based on price cap or carriers under alternative

	model	forms of regulation receive support based on a cost model
Maine	<ul style="list-style-type: none"> ● Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement. (Only rural ILECs currently receive support.) ● Other CLECs that are ETCs may apply for support (based on a revenue requirement calculation), but no other CLECs have become ETCs. 	<ul style="list-style-type: none"> ● Fifteen (15) Rural ILECs receive support.
Maryland	<ul style="list-style-type: none"> ● All funds go to Universal Service Trust Fund which is administered by the Dept of Information and Technology 	
Michigan	<ul style="list-style-type: none"> ● All ILECs receive support based on matching intrastate access rates to interstate levels as of a specific date in time. Please provide date: September 13, 2010 	<ul style="list-style-type: none"> ● Thirty-six (36) Rural ILECs support based on matching intrastate access rates to interstate levels ● One(1)* receives support based on matching intrastate access rates to interstate levels <p>*Michigan has a carrier that serves previously unassigned areas of the state, Allband Communications Cooperative. Allband was not in existence in 1996 and does not meet a strict interpretation of the federal definition of an ILEC (the Michigan law uses this federal definition). The Michigan Public Service Commission did not originally include Allband as an eligible provider and Allband appealed this decision. The Michigan Public Service Commission Order dated October 14, 2010 explained:</p> <p>“On September 17, 2010, the Honorable Janet T. Neff issued a preliminary injunction “staying the Commission’s August 10,</p>

		<p>2010 order in MPSC Case No. U-16183 insofar as it does not list Allband Communications Cooperative as an Eligible Provider for purposes of 2009 PA 182, MCL 484.2310, and the Michigan Public Service Commission's orders in U-16183 implementing 2009 PA 182, MCL 484.2310." The Court further stated that "Allband Communications Cooperative is returned to its status as an Eligible Provider for all purposes set forth in 2009 PA 182, MCL 484.2310 as determined by the Commission in its April 13, 2010 order . . . pending further order of this Court in this case."</p> <p>Therefore, in compliance with the September 17, 2010 order of the United States District Court for the Western District of Michigan, and based solely on the direction from that Court, the Commission amends the restructuring mechanism calculation and list of eligible providers to include Allband."</p>
Mississippi	<ul style="list-style-type: none"> ●Carrier that has received the TRS Relay Contract receives support 	<ul style="list-style-type: none"> ●TRS Relay Service Contract Provider
Missouri	<ul style="list-style-type: none"> ●Carriers only receive support for Lifeline purposes. Consequently support is provided to a carrier based on the number of Missouri Lifeline subscribers served. 	<ul style="list-style-type: none"> ●One (1) RBOC, two (2) Non-Rural Non-RBOC, forty (40) Rural ILECs, and sixteen (16) Landline CLECs receive support based on Carriers only receive support for Lifeline purposes. Consequently support is provided to a carrier based on the number of Missouri Lifeline subscribers served.
Nebraska	<p>Since 2004, high-cost support from the NUSF has been an allocation based on a comparison of total cost and total revenue</p>	<ul style="list-style-type: none"> ●One (1) RBOC, one (1) Non-Rural Non-RBOC ILEC, twenty

generated per line. The Benchmark Cost Proxy Model was used to relate household density to average loop cost, the results of which were used to link measured density in each support area to expected loop cost and determine relative allocations.

To determine cost, the NPSC used the Benchmark Cost Proxy Model to model cost at the sub-wire center level and relate the resulting cost to household density using regression analysis; the result is a computed cost per line. Revenue is calculated beginning with a local benchmark rate for residential service, currently \$17.95. Once converted to total cost, other revenue amounts are added to the benchmark rate, specifically a carrier specific SLC, an imputed DSL revenue amount (the same for all carriers), an average per line amount by which a carrier's intrastate access rates exceed the state's minimum intrastate access rates, and finally converted to revenue per household. The resulting total revenue per household is compared to the total cost per household computed for that specific area. A support area is allocated support when the total cost per household is greater than the total revenue per household. Subsequent adjustments to allocated support are made; earnings exceeding a 12% rate-of-return; federal universal service support received; and a rural benchmark imputation, currently \$19.95.

Theoretically any carrier is eligible to receive aid from the high-cost fund. However, the Commission provides high-cost support to one facilities-based network in a given support area. At this point, only the networks of current ILEC carriers have been designated as state ETCs (NETCs) for the purpose of receiving high-cost support. Another carrier may petition the Commission to be designated as the eligible network provider within a given support area. Such carrier must; accept Carrier-of-Last-Resort

eight (28) Rural ILECs

The numbers provided above are for high-cost support.

Three (3) wireless carriers received support from the wireless infrastructure program for 2011.

(COLR) responsibilities; and comply with all interconnections requirements of the Telecommunications Act of 1996, all reporting requirements, and all existing ILEC Interconnection Agreements.

The wireless infrastructure program is a grant program which awards \$5 million annually. Proposed tower locations are screened to determine if they are in areas with an out-of-town household density of fewer than 4.5 households per square mile. Towers in such areas are eligible to be considered for funding. Eligible tower locations are then ranked from high to low for the towers serving the greatest number of out-of-town households to the towers serving the least number of out-of-town households. Proximity rankings are also assigned from high to low to all eligible tower locations that are furthest from existing tower locations in the state to those the closest. Together, the two rankings determine a proposed tower's funding priority. Those towers receiving higher funding priority are funded first.

The broadband program is a grant program which will award \$4 million in 2012. Seven applications for funding have been received. Funding will be awarded based upon factors included in the NUSF-77 order (attached).

The NUSF provides \$900,000 in annual support for telehealth services in the state. This funding is supplemental and secondary to rural healthcare funding from USAC, which buys down the cost of the lines to the urban to rural difference, currently set at \$240.21. The rural hospitals are then responsible for paying \$100 per month for their connectivity, with the NUSF providing funding for the difference. Funding from the NUSF also provides for certain approved equipment costs necessary to operate the network, such as routers, firewalls, and bridges, as well as lines that connect urban hub hospitals that are a necessary component

	of the statewide network yet not eligible for federal telehealth support.	
New Hampshire	●Not collected for carriers. Revenue collected, as required by statute, for Governor's commission on disability which runs both programs.	
New Mexico	<p>●*All RURAL ILECs receive support based on matching intrastate access rates to interstate levels as of a specific date in time.</p> <p>"A local exchange carriers intrastate switched access charges may not exceed the interstate switched access rates approved by the federal communications commission as of January 1, 2006."</p> <p>*Qwest (Now CenturyLink) excluded, but allowed a SLC charge to recover lost revenues.</p> <p>●ETCs Lifeline State Fund at \$3.50 State Discount per month.</p>	<p>●Fourteen (14) Rural ILECs receive support based on matching intrastate access rates to interstate levels as of a specific date in time.</p> <p>●One (1) Non Rural Non RBOC ILEC, Thirteen (13)* Rural ILECs and Two(2) wireless providers receive support by ETCs Lifeline State Fund at \$3.50 State Discount per month.</p> <p>*Two rural ILECs are currently not participating; Mescalero Apache Telecommunications and Navajo Communications</p>
New York	<p>●Support is provided once a State Rate Benchmark is met</p> <p>Carriers must file a rate case to receive funding from the New York State Transition Fund. In sum, if at the conclusion of a rate case, a company justifies a residential rate level of over the \$23 benchmark, they would be reimbursed for difference.</p>	●Three (3) Rural ILECs receive support based on meeting a State Rate Benchmark.
North Dakota	● Telcos do not receive relay funds	● Does not apply
Ohio	●The entity selected by the Ohio Commission as the provider of telecommunications relay service for Ohio as part of the Ohio Commission's intrastate relay service program certified pursuant to federal law. See R.C. 4905.84 (A)(2).	●The entity selected by the Ohio Commission pursuant to R.C. 4905.84
Oklahoma	●Intrastate Access Reductions/Reform: See below	●Oklahoma does not maintain any sort of tracking at this level

-
- Lifeline: Each qualifying end user bill is credited \$1.17 per Lifeline-supported line per month from the OLF by the ETC or CETC from which they receive their local exchange service. The ETC or CETC is then reimbursed from the OLF. of detail.

Link to 17 O.S. § 139.105:

<http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=66510>

- Schools/Libraries: Please refer to 17 O.S. § 139.106.

<http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=66511>

- Relay Service: There is no charge to users of relay service in Oklahoma. Providers of the service are reimbursed from the Telecommunications Relay Service funds described above.

- Telemedicine Access Line: Please refer to 17 O.S. § 139.106.

<http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=66511>

Oregon	<ul style="list-style-type: none"> ● OUSF High Cost Fund: Support per line is developed by two methods. For the non-rural companies, this was done on a modeled basis at the wire center level and has not be updated since the initial study. For the rural companies the support is updated every three years and is standard for each wire center in the company. <p>To be eligible to receive funds from the OUSF a company has to be an ETC and meet the fourteen conditions established in Order No. 00-312. The level of support per line that a company receives is based on the one of the two studies mentioned above. An eligible CLEC receives support based on the ILEC wire center that would have served the customer. The CLEC receives the full support amount if it provides the facilities; it receives a portion of the support if it is purchasing UNEs to provide the service.</p> <p>RSPF: Not applicable</p>	<ul style="list-style-type: none"> ● Two (2) Non-rural, Non RBOC ILECs ● Twenty-three (23) Rural ILECs ● One (1) Landline CLECs <p>RSPF: Not applicable</p>
Pennsylvania	<ul style="list-style-type: none"> ● All ILECS, with exceptions of Verizon PA & Verizon North LLC 	<ul style="list-style-type: none"> ● Thirty-two (32) Rural ILECS
Rhode Island	<ul style="list-style-type: none"> ● The Relay Service is provided by Hamilton Relay pursuant to a competitively bid RFP. ● The Schools & Libraries carrier is chosen through a statewide RFP issued by the Rhode Island Department of Education ● The adaptive telephone equipment loan program and news service for the blind program are administered by the RI Department of Human Services. 	

South Carolina	<ul style="list-style-type: none"> ●Carrier of Last Resort Designation ●Revenue Neutrality ●Statutory requirement ●Cost Model 	<ul style="list-style-type: none"> ●One(1) RBOC ● One(1) Non-rural, Non-RBOC ILEC ●Twenty-three (23) Rural ILECs <p>Receive support under Carrier of Last Resort Designation, Revenue Neutrality, Statutory requirement, Cost Model</p>
Texas	<ul style="list-style-type: none"> ●ETP's receive State support for programs as approved in their ETP order by the State. 	<ul style="list-style-type: none"> ●One (1) RBOC, three (3) Non-Rural Non-RBOC ILEC, fifty-four (54) Rural ILECs, ten (10) Wireless Carriers, and Nineteen (19) landline CLECs receive support based on ETPs receive State support for programs as approved in their ETP order by the State.
Utah	<ul style="list-style-type: none"> ●Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement. ● Price cap or carriers under alternative forms of regulation receive support based on a cost model 	<ul style="list-style-type: none"> ●Eleven (11) Rural ILECs receive support under Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement. <p>Note: Our state uses total company (interstate + intrastate) revenue requirement for the above.</p>
Washington	<ul style="list-style-type: none"> ●Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement. (This only applies to high-cost USF support). ● For state Lifeline and Link Up fund, WTAP, 26 ILECs and two grandfathered cable companies receive support. ● For Relay Service, 26 ILECs receive support. 	<ul style="list-style-type: none"> ●Twenty-four (24) Rural ILECs Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement. (This only applies to high-cost USF support). ●Twenty-six (26) Rural ILECs for state Lifeline and Link Up fund, WTAP, 26 ILECs and two grandfathered cable companies receive support. ●Twenty-six (26) Rural ILECs For Relay Service, 26 ILECs receive support.
West Virginia	<ul style="list-style-type: none"> ●Not applicable. Only relay service providers receive funding under TRS. Only PSAPs and Wireless Tower Fund receive funding under 911. 	

Wisconsin	<ul style="list-style-type: none"> ●Most ETCs, including all ILECs, are eligible for support from the state USF. Some wireless providers are designated as ETCs under a special statute that exempts them from both state funding and state-specific requirements. <p>In the past, all voice providers, including non-ETCs, were required to provide lifeline service, and the state reimbursed for the costs of lifeline for those providers. The Commission is changing that requirement. If approved, the new rules would still allow participation by non-ETCs, with Commission approval. All ETCs, except those exempted wireless providers, would be required to provide Lifeline, and be eligible for state support for any amounts not covered by the federal reimbursement.</p> <p>Wisconsin also has a high-cost support program. That program is NOT tied to costs or past spending. It compares retail prices in a county to the median household income in that county. It requires providers to issue credits for a portion of the amount by which the rate for voice service, including some toll service and mandatory charges like the EUCLC, but excluding optional services like Caller ID and broadband services, exceeds 1.5% of median household income. The credits, and reimbursement for those credits, are available to all providers (and have been for almost 15 years.) However, because the credits are tied to retail rates, and issued only to actual customers taking service at those rates, competition has kept the cost of this program in check. Currently, only a small portion of ILECs are receiving reimbursement under this program, and for only a small portion of their customer base. No CLECs have requested reimbursement.</p>	<ul style="list-style-type: none"> ●Wisconsin currently has 76 providers that receive reimbursement for Lifeline. 17 providers receive reimbursement for our relay program (for 2nd line costs) and currently only 1 provider received High Rate Assistance.
Wyoming	<ul style="list-style-type: none"> ●Support is provided once a State Rate Benchmark is met ●All lines provided by LECs priced above benchmark receive support 	<ul style="list-style-type: none"> ●One (1) RBOC receives Support once a State Rate Benchmark is met ●Ten (10) Rural ILECs receive Support once a State Rate Benchmark is met.

IV. State Fund Implications of Recent FCC Orders

A. States planning USF changes

Our survey asked whether states planned to make changes to their state funds or revise their rules or regulations as a result of recent FCC activity. Responses were categorized into four groups. The groups include:

- States with No USF and not considering changes as a result of FCC order (**No USF & No Change**) ; there were five (5) states in this category.
- States with USF and not considering changes as a result of FCC order (**USF & No Change**); there were twenty-five (25) states in this category.
- States with USF and considering changes as a result of FCC order (**USF & Change**); there were twenty (20) states in this category.
- States with no USF but considering changes as a result of FCC order (**No USF & Change**). No state fell into this category.

Figure Q7 below organizes the states into the above categories. Table 8 identifies the specific states that fall into each of the categories. Although the FCC order was the predominant motivator for changes in state programs, Ohio was already considering changes prior to the FCC reforms. Iowa will likely initiate a rulemaking to address changes to the annual ETC filings and changes to intrastate access tariffs.

Of the 20 states that are in the category of **USF & Change**, Vermont has already passed legislation to create a high-cost fund. As of July 2012, Vermont bill SB 180 seeks to elicit “proper compensation” for the competitive and incumbent carriers that are required to provide basic service throughout their service areas. North Carolina has a docket pending that will consider setting up a state USF due to reductions in intrastate access charges. Due to the FCC’s order, the status of the docket is uncertain at the present time. In Georgia, HB 1115 passed both houses of the legislature in 2012. This bill would eliminate AT&T’s state COLR obligations.¹⁶ HB 855 passed the House, but not the Senate, in 2012. This bill would have eliminated the state’s high-cost Universal Access Fund in three years. It will likely reemerge in 2013.

Out of the 25 states that are in the category of **USF & No Change**, VoIP carriers in Maryland are assessed for the Telephone Relay program beginning in 2012 as a result of the

¹⁶ HB 1115 is pending signature as of this writing.

passage of HB 1087 during the spring 2012 session of the legislature. New York State currently has a proceeding underway addressing universal service. (Case 09-M-0527).

Q7: Changes as a result of FCC order

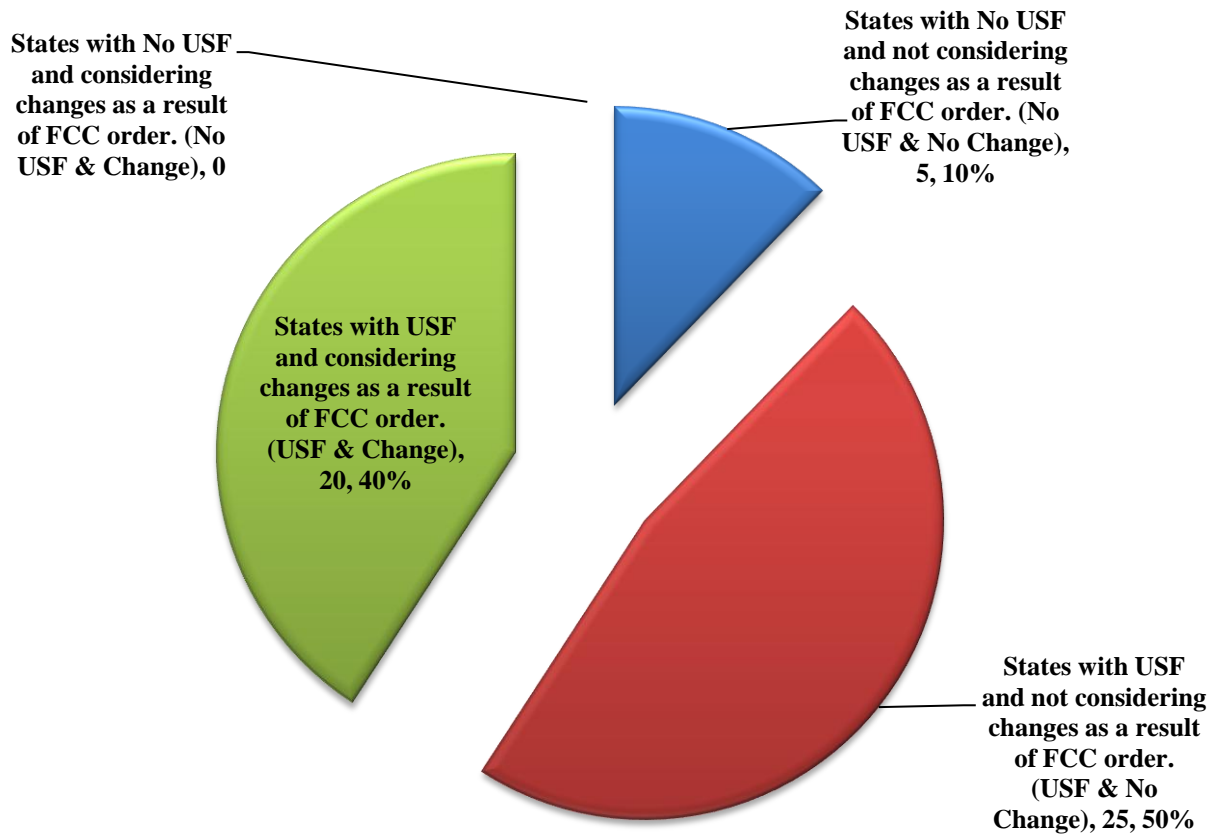


Table 8: States Planning USF Changes

(No USF & No Change)	(USF & No Change)	(USF & Change)	(No USF & Change)
Alabama Delaware Massachusetts New Jersey Tennessee	Alaska Arizona Arkansas California Connecticut Florida Hawaii Illinois Indiana Kentucky Minnesota Michigan Maryland Missouri Montana Nebraska New Hampshire New Mexico North Dakota Oregon South Dakota Utah Virginia West Virginia Wyoming	Colorado District of Columbia Georgia Idaho Iowa Kansas Louisiana Maine Mississippi North Carolina Ohio Oklahoma Pennsylvania Rhode Island South Carolina Texas Vermont Washington Wisconsin	

B. Current proceedings

Proceedings to revise the rules governing state universal service funds are open in many states, as a result of both the FCC USF/ICC Transformation order and new state laws (including those reducing or otherwise limiting telecommunications regulation). This section reviews a few of those proceedings.

Vermont, which did not have a high-cost fund at the time of the survey, has since passed legislation to create a one year high-cost program and open a rule making to determine the funding required for supporting basic service. Vermont Act 169, *An act relating to the universal service fund and establishment of a high-cost program*, became law in July 2012. The Act establishes

a new regulatory model under which ILECS can continue their costly responsibilities over wide areas and still have an opportunity to cover their costs, even in the presence of competition." proper compensation" for the competitive and incumbent carriers that are required to provide basic service throughout their service areas.¹⁷

The Vermont Act creates a high-cost program that will compensate the ILECs for reducing the cost of basic local service in areas where the cost of providing such service would otherwise be prohibitive. The funding for this program will be based upon the cost of serving any customer in the service area who may request basic local exchange service, including the costs of building and maintaining the entire network.¹⁸ The law instructs the Public Service Board to open a proceeding to determine the level of subsidy required.

Maine will determine how to amend its high-cost fund in light of the requirements of the 2012 Maine Act to Reform Telecommunications Regulation.¹⁹

In Texas, the commission has opened a proceeding (Project 39939) to propose new rules governing the Texas Universal Service Fund (TUSF). The purpose of the new rule is to "further ensure reasonable transparency and accountability" in the administration of the fund.²⁰ The proposed changes to the rule are in response to amendments to the Public Utility Regulatory Act passed by the legislature in 2011 (Senate Bill 980, 82nd Texas Legislature, Regular Session). The new rule would require companies receiving subsidies from the TUSF to produce annual reports to the Commission regarding the costs and services they provide using TUSF funding. In addition to requiring reports from fund recipients, the rule would require the Commission to publish quarterly reports detailing the deposits and disbursements from the TUSF from on its public website, starting in July, 2013. An additional proceeding, Project 40342, will provide a framework for determining the level of support required by providers of last resort (POLRs) in Texas.²¹

In Tennessee, a coalition of telecommunications companies consisting of AT&T Tennessee, CenturyLink, Frontier Communications Co. of Tennessee, TDS Telecom, Tennessee Telephone Association, Level 3 Communications, and TW Telecom of Tennessee are urging the Tennessee Regulatory Authority (TRA) to reduce the state Lifeline assessment by terminating the Lifeline credit program for wireline service providers. In a petition filed with the TRA on May 1, 2012, the providers allege that the state Lifeline program is outdated and unnecessary

¹⁷ Vermont Act No. 169. *An Act Relating To The Universal Service Fund And Establishment Of A High-Cost Program*, Sec.1.b

¹⁸ *Id.* Sec.3.b

¹⁹ Maine Act To Reform Telecommunications Regulation

²⁰ Rulemaking Proceeding to Amend Chapter 26, Subchapter P, Relating to Administration of the Texas Universal Service Fund (TUSF), Project 39939.

²¹ Texas Docket 40342 Rulemaking Proceeding To Amend Substantive Rule §26.403 Relating To The Texas High Cost Universal Service Plan,

given the FCC Lifeline order setting a single, flat \$9.25 federal credit for Lifeline. The coalition's filing reflects their opinion that the adoption of the FCC's Lifeline reform order makes it unnecessary to have a separate provider-funded state credit in order to assure that all Tennessee consumers who choose traditional wireline telecommunications will receive the maximum federal Lifeline credit.²²

Arkansas has opened Docket 12-013-U to solicit comments on the impact to Arkansas High Cost Fund as a result of the FCC USF/ICC Transformation Order.²³

In New York, carriers have proposed a Joint Settlement Agreement in Case 09-M-0527, "Proceeding to Examine Issues Related to a Universal Service Fund."²⁴ The Settlement Agreement establishes a State Universal Service fund to provide support to carriers that prove the requirements for such support via a rate case. Only wireline companies providing intrastate service will contribute to the fund. Wireless and VoIP companies will not be assessed. Fund contributors will be allowed to recoup their contributions through rate increases.

Other states are considering increasing their assessments or changing the way in which monies are distributed. For example, California increased the California High Cost Fund-A surcharge from 0.0% to 0.40%, effective July 1, 2012. The surcharge was increased as a result of increases in fund expenses, a declining cash balance, and refunds to certain small incumbent local exchange carriers for overpayments to the Rural Telephone Bank. Telecommunications carriers will assess the new charge on end-user intrastate telecommunications service revenues.²⁵

In Wyoming, the Public Service Commission reduced the state USF requirement and assessment factor for the July 2012 to June 2013 fiscal year. For the 12-month period beginning July 1, 2012, the weighted statewide average local exchange service rate will be \$25.44, the Commission ruled, compared to the current weighted statewide average of \$25.74. The associated 130% support benchmark is established at \$30.07, compared to the current benchmark of \$33.46. The monthly WUSF requirement will therefore be \$212,384.96 per month. There are currently 10 carriers in the state eligible to receive WUSF funding.²⁶

²² Petition of the Industry Coalition to Eliminate State Lifeline Credit, TRA Docket 12-00035, June 14, 2012.

²³ Arkansas Docket No. 12-013-U, In the Matter of A Docket to Receive Comments on the FCC Order on Comprehensive Reform to the Universal Service Fund and Inter-carrier Compensation.

²⁴ State of New York Public Utility Commission Case 09-M-0527, Proceeding to Examine Issues Related to a Universal Service Fund

²⁵ Resolution T-17357 Approval of the California High Cost Fund-A Administrative Committee Fund Surcharge Rate of 0.40% Effective July 1, 2012, issued June 7, 2012.

²⁶ Order Establishing the Wyoming Universal Service Fund Assessment Level and Related Fund Parameters. Docket No. 90072-37-XO-12, May 15, 2012.

V. Conclusions and Recommendations

The results of the NRRI USF survey show that there is no single path to creating a state universal service fund, nor is there a single path for determining the specific functions of such a fund. As the survey illustrates, state funds vary from encompassing only Lifeline or Telecom Relay programs to covering a wide array of programs, including high-cost support or broadband deployment. Each state fund must be designed individually to meet the specific needs of both the state's constituents and its carriers. States with largely rural populations may generally design their funds to include high-cost support for carriers providing service in difficult to reach or widely dispersed areas. States with more urban populations may not need high-cost funds, and may concentrate their efforts on supporting specific goals such as broadband deployment or Lifeline services.

Contribution amounts and strategies also vary widely, often as a result of the level of competition in the state or the political climate. Where there is competition, consumers will have more choice and policymakers may be likely to provide carriers with less support.

The NRRI study provides state regulators and legislators with a number of options for addressing universal service and responding to the effects of the FCC USR/ICC Transformation Order on consumers and carriers.

- States who have state funds may use this study to benchmark their funds against states with similar topographies and populations. They may also use the data to help their legislatures, the FCC, and others understand how their state fund compares to others.
- States that are considering implementing a state universal service fund may use the information provided here to review options for developing the fund, determining who should contribute, and studying contribution levels.
- States that do not have funds may use the data from the study as input for determining whether and under what circumstances a fund may become necessary in their state.

Universal service remains an important goal for telecommunications regulators and the industry. Continuing to study and review information on how various states meet this goal will remain an important public utility commission activity, now and in the future.

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Appendix A

National Regulatory Research Institute
Survey of State Universal Service Funding Mechanism
April 2012

Respondent Information:

Name: _____

Title: _____

State: _____

Contact Information:

Email: _____

Telephone: _____

1. Does your state have a state fund to support (check all that apply):

- a. ☐ High-cost service
- b. ☐ Intrastate Access Reductions/Reform
- c. ☐ Broadband
- d. ☐ Lifeline
- e. ☐ Link-up
- f. ☐ Schools/Libraries
- g. ☐ Telecommunications Access (equipment) Program
- h. ☐ Relay Service
- i. ☐ Other (please describe) _____
- j. ☐ None of the above

(If you answered None of the above, please move on to question 9)

2. What is the current amount of funding collected for each program? Please identify the period on which the data is based (e.g. March 2012-Feb. 2013, January – December 2011, etc.).

Amount	Period
a. _____	High-cost service _____
b. _____	Intrastate Access Reductions/Reform _____
c. _____	Broadband _____
d. _____	Lifeline _____
e. _____	Link-up _____
f. _____	Schools/Libraries _____

- g. _____ Telecommunications Access (equipment) Program _____
- h. _____ Relay Service _____
- i. _____ Other _____

3. List each carrier category required to contribute to your fund? (landline, wireless, VoIP, etc., please check all that apply)
- a. _____ ILECs
 - b. _____ CLECs
 - c. _____ IXC's
 - d. _____ Wireless providers
 - e. _____ Paging providers
 - f. _____ VOIP providers (includes all categories of VOIP providers)
 - g. _____ End users
 - h. _____ Others (please describe) _____
4. What revenues are assessed for contributions? (e.g. total gross state retail revenues, net intrastate retail revenues, seller's revenues, end-users revenues, check those that apply)
- a. _____ Total gross state retail revenues
 - b. _____ Net intrastate retail revenues
 - c. _____ Seller's revenues
 - d. _____ End-users revenues
 - e. _____ Other (Please describe) _____
5. What is the contribution rate assessed to carriers or end-users for each program? If your state assessment includes one or more programs and only has one rate, please so state. For example, a state may have a 5% assessment rate that includes monies for high-cost, lifeline, Link-Up, and Relay services. Another state may assess 1% for high-cost, .05% for access reform, .75% for Lifeline, etc.

State Fund	ILECs	CLECs	IXCs	Wireless providers	Paging providers	VOIP providers	End users	Others
a. High-cost service								
b. Intrastate Access Reductions/Reform								
c. Broadband								
d. Lifeline								
e. Link-up								

f. Schools/Libraries								
g. Telecommunications Access (equipment) Program								
h. Relay Service								
i. Other								

6. What are the requirements for carriers to receive support and what is the basis for that support? For example, only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement; support is provided once a State Rate Benchmark is met, price cap or carriers under alternative forms of regulation receive support based on a cost model, all ILECs receive support based on matching 2000 intrastate access rates to interstate levels, competitive Eligible Telecommunications Carriers receive identical support, etc. (please check those that apply)

- a. ☐ Only Carriers/Providers of Last Resort receive funding based on intrastate rate-of-return revenue requirement.
- b. ☐ Support is provided once a State Rate Benchmark is met
- c. ☐ Price cap or carriers under alternative forms of regulation receive support based on a cost model
- d. ☐ All ILECs receive support based on matching intrastate access rates to interstate levels as of a specific date in time. Please provide date: _____
- e. ☐ Competitive Eligible Telecommunications Carriers receive identical support, etc.
- f. ☐ Other (Please describe) _____

7. How many carriers receive support under each of the methodologies listed in number 6 above? For example, 5 rural LECs receive funding based on intrastate revenue requirement, 1 price cap carrier receives support based on a cost model, and 3 competitive ETCs receive support identical to that paid to the ILEC. Please note that, alphabets in the Items column represents the answer choices in question 6 respectively.

Items	RBOCs	Non-rural, Non-RBOC ILECs	Rural ILECs	Wireless Carriers	Landline CLECs	Others*
a						
b						
c						
d						
e						
f						

*If you gave a figure for Others please explain which category of carriers constitute Others here _____

8. If your state has Rate Benchmarks, please explain what those Benchmarks are and how they are determined. For example, a State may have a rural residential benchmark of \$10 and an urban residential benchmark of \$13 based on the average statewide rural rate, based on calculating the average statewide average rural rate and a requirement for the urban rate to be \$3.00 higher, or a statewide residential benchmark of \$15 and a single-line business benchmark of \$20, based on legislation, etc.
9. If your state does not have a fund, is it considering the creation of a fund in light of the FCC's USF/ICC reforms? If yes, please provide a docket reference and a general description of it.
10. Is your state considering changes to your state's telephone legislation, rules or regulations as a result of the FCC's USF/ICC reforms? (For example, would your state need to modify statutes, rules, or regulations regarding Carrier or Provider of Last Resort obligations?) If yes, what changes are being considered?

Appendix B

Question 1 Responses

States	Response
Alaska	<ul style="list-style-type: none"> ● Intrastate Access Reductions/Reform (1. Intrastate Access Reductions/Reform:COLR 2. Intrastate Access Reductions/Reform: Carrier Common Line) ●Lifeline ●Public interest payphones ●Dial equipment minute weighting (for intrastate switching costs)
Arizona	<ul style="list-style-type: none"> ●High-cost service ● Medically Needy
Arkansas	<ul style="list-style-type: none"> ●High-cost service
California	<ul style="list-style-type: none"> ●High-cost service,(California High Cost Funds A &B) ● Broadband (California Advanced Services Fund – CASF) ● Lifeline (NOTE: Lifeline & Link-up are handled through the same program – the California Lifeline Program) ● Linkup ● Schools /Libraries (California Teleconnect Fund – CTF) Also includes Community Based Organizations and Government Health Care entities) ● Telecommunications Access(equipment) Program, (NOTE: The equipment and the Relay Service are handled through the same program – The Deaf & Disabled Telecommunications Program – DDTP)

	<ul style="list-style-type: none"> ● Relay Service,
Colorado	<ul style="list-style-type: none"> ● High-cost service ● Lifeline ● Relay Service
Connecticut	<ul style="list-style-type: none"> ● Lifeline ● Relay Service
District of Columbia	<ul style="list-style-type: none"> ● Lifeline ● Relay Service
Florida	<p>Florida does not have Lifeline support mechanisms to which all carriers must contribute. Rather, Florida Statute 364.10(1)(a) provides that “An eligible telecommunications carrier shall provide a Lifeline Assistance Plan to qualified residential subscribers, as defined in the eligible telecommunications carrier’s published schedules.” Since the recent revision in Federal USF Low-Income rules, Florida ETCs will provide a rate reduction of \$12.75 per month to Lifeline consumers, \$3.50 of which is absorbed by the carrier.</p>

Georgia	<ul style="list-style-type: none"> ● High-cost service, ● Intrastate Access Reductions/Reform ● Telecommunications Access(equipment) Program, ● Relay Service,
Hawaii	<ul style="list-style-type: none"> ● Relay Service
Idaho	<ul style="list-style-type: none"> ● High-cost service, ● Lifeline ● Link-up
Illinois	<ul style="list-style-type: none"> ● High-cost service
Indiana	<ul style="list-style-type: none"> ● High-cost service
Iowa	<ul style="list-style-type: none"> ● Telecommunications Access(equipment) Program, ● Relay Service,
Kansas	<ul style="list-style-type: none"> ● High-cost service, ● Intrastate Access Reductions/Reform, ● Lifeline, ● Schools /Libraries ● Telecommunications Access(equipment) Program, ● Relay Service,
Kentucky	<ul style="list-style-type: none"> ● Lifeline ● Telecommunications Access(equipment) Program, ● Relay Service,
Louisiana	<ul style="list-style-type: none"> ● High-cost service
Maine	<ul style="list-style-type: none"> ● High-cost service, ● Intrastate Access Reductions/Reform, ● Broadband (ConnectME fund, separate from

	<p>MUSF)</p> <ul style="list-style-type: none"> ● Lifeline(included in revenue requirements calculation) <p>Link-up(included in revenue requirements calculation)</p> <ul style="list-style-type: none"> ● Schools/Libraries(Maine Telecommunications Education Access Fund, which is separate from MUSF) ● Telecommunications Access(equipment) Program, ● Relay Service, ● Public Interest payphones
Maryland	<ul style="list-style-type: none"> ● Relay Service
Michigan	<ul style="list-style-type: none"> ● Intrastate Access Reductions/Reform
Minnesota	<ul style="list-style-type: none"> ● Lifeline ● Telecommunications Access(equipment) Program ● Relay Service
Mississippi	<ul style="list-style-type: none"> ● Relay Service,
Missouri	<ul style="list-style-type: none"> ● Lifeline(Missouri Universal Service Fund) ● Telecommunications Access(equipment) Program(Missouri Relay Fund) ● Relay Service(Missouri Relay Fund)
Nebraska	<ul style="list-style-type: none"> ● High-cost service ● Broadband ● Lifeline ● Telecommunications Access(equipment) Program ● Relay Service ● Telehealth, Wireless infrastructure

New Hampshire	<ul style="list-style-type: none"> ● Telecommunications Access(equipment) Program ● Newline for the blind
New Mexico	<ul style="list-style-type: none"> ● Intrastate Access Reductions/Reform ● Lifeline
New York	<ul style="list-style-type: none"> ● High-cost service ● Lifeline ● Link-up(Currently Looking To Terminate any State Link-Up Funding) ● Telecommunications Access(equipment) Program(CapTel) ● Relay Service ● E911
North Carolina	<ul style="list-style-type: none"> ● Lifeline(tax credit but no state fund) ● Relay Service(surcharge placed on customers' bills)
North Dakota	<ul style="list-style-type: none"> ● Relay Service
Ohio	<ul style="list-style-type: none"> ● Relay Service
Oklahoma	<ul style="list-style-type: none"> ● Intrastate Access Reductions/Reform(Note: Referred to as a high-cost fund, but dedicated to access charge control in rural areas) ● Lifeline ● Schools/Libraries ● Relay Service ● Telemedicine Access Line
Oregon	<ul style="list-style-type: none"> ● High-cost service ● Lifeline ● Telecommunications Access(equipment) Program, ● Relay Service,

Pennsylvania	<ul style="list-style-type: none"> ● High-cost service
Rhode Island	<ul style="list-style-type: none"> ● Schools/Libraries ● Telecommunications Access(equipment) Program ● Relay Service ● News service for the blind
South Carolina	<ul style="list-style-type: none"> ● High-cost service, ● Intrastate Access Reductions/Reform, ● Lifeline, ● Telecommunications Access(equipment) Program, ● Relay Service, ● Real-time closed captioning of news and legislature
South Dakota	
Texas	<ul style="list-style-type: none"> ● High-cost service ● Lifeline ● Telecommunications Access(equipment) Program ● Relay Service ● Intralata Services, Audio Newspaper
Utah	<ul style="list-style-type: none"> ● High-cost service, ● Intrastate Access Reductions/Reform ● Lifeline
Vermont	<ul style="list-style-type: none"> ● Lifeline ● Telecommunications Access(equipment) Program, ● Relay Service ● E911

Virginia	<p>See Virginia Communication Sales Tax. http://www.tax.virginia.gov/ct This 5 percent communications tax is collected by service providers on a monthly basis and remitted to the Virginia Department of Taxation.</p> <p>Impact on previous taxes and fees: The communications sales tax replaced the following state and local taxes and fees on communications services:</p> <ul style="list-style-type: none"> • Local consumer utility tax on landline and wireless telephone service • Local E-911 tax on landline telephone service • Virginia Relay Center assessment on landline telephone service • A portion of the local Business, Professional and Occupational License tax assessed on public service companies by certain localities that impose the tax at a rate higher than 0.5% • Local video programming excise tax on cable television services • Local consumer utility tax on cable television services
Washington	<ul style="list-style-type: none"> ● High-cost service ● Lifeline ● Linkup ● Relay Service
West Virginia	<ul style="list-style-type: none"> ● Broadband ● Relay Service ● Wireless Tower Fund to fund construction of cell phone towers in areas where they are needed for public safety purposes, but it is otherwise uneconomic for private entities to construct such towers.
Wisconsin	<ul style="list-style-type: none"> ● High-cost service

	<ul style="list-style-type: none"> ● Lifeline <p>Link-up(Commission has suspended, reviewing)</p> <ul style="list-style-type: none"> ● Schools/Libraries ● Telecommunications Access(equipment) Program, ● Relay Service ● Non-profit Grant and Telemedicine
Wyoming	<ul style="list-style-type: none"> ● High-cost service ● Lifeline ● Relay Service ● 911

Question 2 responses

States	Response
Alaska	<ul style="list-style-type: none"> ● Intrastate Access Reductions/Reform: <ol style="list-style-type: none"> 1. \$1,544,229.95 Intrastate Access Reductions/Reform : COLR August-December 2011 2. \$9,365,124.79 Intrastate Access Reductions/Reform : Carrier Common Line August– December 2011 ● Lifeline: \$2,733,671.50 January-December 2011 ● Public interest payphones: \$110,511.53 January-December 2011 ● Dial equipment minute weighting: \$1,349,113.00 January-December 2011

Arizona	<ul style="list-style-type: none"> ●\$950,000 High-cost service Annually ●\$2M Medically Needy Annually
Arkansas	<ul style="list-style-type: none"> ●\$22M High-cost service January 1 - December 31 2011
California	<ul style="list-style-type: none"> ●High-cost service: \$58.5M January 1 – December 31, 2011 ● Broadband: \$3M January 1 – December 31, 2011 ● Lifeline: \$190M January 1 – December 31, 2011 ● Linkup: Combined in Lifeline ● Schools /Libraries: \$13.1M January 1 – December 31, 2011 ● Telecommunications Access(equipment) Program: \$33M January 1 – December 31, 2011 ●Relay Service: Combined in Telecommunications Access (Equipment) Program
Colorado	<ul style="list-style-type: none"> ● High-cost service: \$ 56 million 2011 calendar year ● Lifeline: approx. \$1 million for 2011 ●Relay Service
Connecticut	<ul style="list-style-type: none"> ● Lifeline: The Southern New England Telephone Company (SNET) estimates a gross approximation to be \$396,770 per year. ●Relay Service
District of Columbia	<ul style="list-style-type: none"> ●Lifeline : \$542,676.05 January 2011 through December 2011 ●Relay Service : \$146,586.28. For traditional TRS and CapTel (January 2011 through December
Georgia	<ul style="list-style-type: none"> ● \$14.1M High-cost service July 1, 2010 - June 30, 2011

	<ul style="list-style-type: none"> ● \$12.4M Intrastate Access Reductions/Reform January - December 2011 ● \$0* Telecommunications Access(equipment) Program January - December 2011 ● \$0* Relay Service January - December 2011 <p>*NOTE: Because the State TRS fund has a current balance of approximately \$14M, the contribution to the fund was temporarily halted. Relay Service = \$937k/ year. Equipment program = \$816k/ year.</p>
Hawaii	●\$72,000 Relay Service last nine month average
Idaho	●\$1.7M High-cost service for 10/1/2010 - 09/30/2011
Illinois	●\$10million for High-cost service annually
Indiana	● High-cost service: \$11.8M
Iowa	<ul style="list-style-type: none"> ●\$550,000 Telecommunications Access(equipment) Program July '12 – June '13 ●\$945,000 Relay Service (Includes TRS and CTRS) July '12 – June '13
Kansas	<ul style="list-style-type: none"> ●\$52.13M High-cost service 3/1/12 - 2/28/13 ●\$2.04M Intrastate Access Reductions/Reform 3/1/12 - 2/28/13 ●\$3.01M Lifeline 3/1/12 - 2/28/13 ●\$6.0M Schools/Libraries 3/1/12 - 2/28/13 ●\$673,213 Telecommunications Access(equipment) Program 3/1/12 - 2/28/13 ●\$912,765 Relay Service 3/1/12 - 2/28/13 ●\$190,000 Daily Administration Costs ●\$266,000 Carrier audit and Annual Financial/SAS 70 audit fees ●\$6.89M Reserve - used to reduce gross amount

	to collect from providers
	●\$4.38M Funding for contingencies
Kentucky	<ul style="list-style-type: none"> ● \$4M Lifeline January 2011 - December 2011 ● \$1M Telecommunications Access(equipment) Program January 2011 - December 2011 ●\$1M Relay Service January 2011 - December 2011
Louisiana	

<div data-bbox="178 191 792 241">Maine</div> <div data-bbox="178 1770 792 1837">Maryland</div> <div data-bbox="178 1837 792 1894">Michigan</div>	<div data-bbox="792 191 1437 241"> Period: July 2011 - June 2012 </div> <div data-bbox="792 241 1437 976"> <ul style="list-style-type: none"> ● \$7.397M High-cost service ● Intrastate Access Reductions/Reform* ● Broadband(ConnectME collects about \$1.3M annually) ● Lifeline* ● Link-up* ● Schools/Libraries(MTEAF collects about \$1.8M this fiscal year) ● \$185,000 Telecommunications Access(equipment) Program ● \$660,000 Relay Service \$50,000 Public Interest Payphones </div> <div data-bbox="792 976 1437 1396"> <p>*Note: MUSF support for rural ILECs is calculated on an intrastate revenue requirements basis, which includes high-cost services areas, intrastate access reductions, Lifeline and Linkup. The cost of the Telecommunications Equipment Fund, Telecommunications Relay Service and Public Interest Payphones are also paid from the MUSF</p> </div> <div data-bbox="792 1396 1437 1770"> <p>The Maine Telecommunications Education Access Fund is the analog to the federal School & Libraries Program. It has an annual budget of about \$4 million. The ConnectME Fund supports broadband expansion in otherwise uneconomic areas. MTEAF and ConnectME are separate funds, but they are jointly administered with the MUSF.</p> </div>
Maryland	<ul style="list-style-type: none"> ● Relay Service: \$6 million annually
Michigan	

Minnesota	<ul style="list-style-type: none"> ● \$2M Lifeline April 2011 - March 2012 ● \$3M Telecommunications Access(equipment) Program July 2010 - June 2011 ● \$4.5M Relay Service July 2010 - June 2011
Mississippi	<ul style="list-style-type: none"> ● Approximately \$300,000 for Relay Service July 1 - June 30
Missouri	<ul style="list-style-type: none"> ● \$3,084,367 Lifeline January 2011 - December 2011 ● \$3,783,208 Telecommunications Access(equipment) Program and Relay Service January 2011 - December 2011
Nebraska	<ul style="list-style-type: none"> ● \$53.3 million for Jan.-Dec. 2011_Other This amount includes high-cost, broadband, lifeline, telehealth and wireless infrastructure. There is one surcharge and the funding goes to all of these programs. ● \$1.2million Relay Service. Annually July 1, 2011 – June 30, 2012. Also funds the NSTEP program (Nebraska Specialized Telecommunications Equipment Program.)
New Hampshire	<ul style="list-style-type: none"> ● \$96,000 Telecommunications Access(equipment) Program annually ● \$25,000 Newsline for the blind annually
New Mexico	<ul style="list-style-type: none"> ● Intrastate Access Reductions/Reform: 24,012,534 ● Lifeline : 1,811,999
New York	<ul style="list-style-type: none"> ● High-cost service: \$950,000 (See 09-M-0527) anticipated fund exhaust is approximately 12/2012. ● Lifeline: \$32.5 million Lifeline (January – December 2011) ● Link-up: \$242,000 Link-up (January – December 2011) ● Relay Service: \$6.6 million (January –

	December 2011)
	●E911: \$12.7 million (January-December 2011)
North Carolina	
North Dakota	● Relay Service: \$450,000
Ohio	● Relay Service: \$4,777,809.54 7/1/12 – 6/30/13

Assessments are currently being sent to appropriate service providers and are due by 7/1/12 for FY '13.

Oklahoma	<ul style="list-style-type: none"> ●Intrastate Access Reductions/Reform: \$37M, March 2011 to February 2012 ● Lifeline: \$4.1M, July 1 2012 to June 30 2013* ●Schools/Libraries: \$9.1M, July 1 2012 to June 30 2013* ●Relay Service: See below ●Telemedicine Access Line: \$27.9M, July 1 2012 to June 30 2013* <p>\$3.6M Primary Universal Service, CALEA, LNP, LSS, etc.*</p> <p>*Amounts are projected for FY 2013</p> <p>Relay Service</p> <p>There are two separate funds for providing TRS service. One provides access to facilities required to provide TRS. The other subsidizes the TRS services.</p> <p>1. Oklahoma State Statute 63-2417 directs the Oklahoma State Department of Rehabilitation Services to be responsible for the availability, distribution and maintenance of telecommunications relay service devices. In accordance with Oklahoma State Statute 63-2418, a \$0.05 per local exchange access line per month is to be remitted quarterly to the</p>
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	<p>Oklahoma Tax Commission no later than fifteen (15) days following the end of each quarter. The payments are to be made payable to the Oklahoma Tax Commission and mailed to the address on the report form. See the attached Oklahoma Tax Commission Form (OTC-TRS Form).</p> <p>2. The Oklahoma Corporation Commission issued Order 377145 on October 13, 1993 in Cause No. PUD 930001568 authorizing the recovery of the charge of the TRS provider by assessing a fee in accordance with the tariff approved by the Commission. The current fee, which became effective May 1, 2011, is \$0.07 per access line per month to be remitted quarterly to the Oklahoma Telephone Association no later than fifteen (15) days following the end of each quarter. The payments are to be made payable to the OTA-TRS and mailed to the address on the report form. See the attached OTA-TRS Form and the current tariff.</p> <p>The above is from the Oklahoma Telephone Associations website as of April 10, 2012.</p>
Oregon	<ul style="list-style-type: none"> ● \$40M High-cost service per year ● \$0.12 per ln/inst Lifeline Monthly ● \$0.12 per ln/inst Link-up Monthly ● \$0.12 per ln/inst Telecommunications Access(equipment) Program Monthly
Pennsylvania	<ul style="list-style-type: none"> ● High-cost service: \$32,135,059 , January 2012 to December 2012
Rhode Island	<ul style="list-style-type: none"> ● Schools/Libraries: approx. \$1.2 million FY2012 ● Telecommunications Access(equipment) Program: approx. \$75,000 comprised of \$10,000 from the relay service charge and \$65,000 from RI Dept. of Human Services Budget ● Relay Service: \$480,000 FY2012 ● News service for the blind: \$40,000 funds

	come from the relay charge
South Carolina	<ul style="list-style-type: none"> ●\$28.9M High-cost service (December 2011-November 2012) ●\$32.6M Intrastate Access Reductions/Reform (May 2012- April 2013) ●\$ 1.95M Lifeline (December 2011-November 2012) ●\$1.6M Telecommunications Access (equipment) Program (July 2011- June 2012) ●\$1.4 M Relay Service (July 2011- June 2012) ● \$1.1 M Closed Captioning____(July 2011- June 2012)
South Dakota	
Texas	<ul style="list-style-type: none"> ●\$353.8m The fund collects as a whole and not by individual program. Sept10-Aug11
Utah	<ul style="list-style-type: none"> ● \$6,267,365 High-cost service March 2011 - February 2012 <p>\$10.7 million projected for 2012. Increase needed to cover recent increases in high-cost support.</p> <p>Note: This amount covers all programs</p>
Vermont	<ul style="list-style-type: none"> ● \$1.4M Lifeline ● \$600,000 Relay Service (includes equipment) ● \$5.6M E911
Virginia	
Washington	<ul style="list-style-type: none"> ● High-cost service:\$3M January - December 2011 ● Lifeline: \$5.4 million (including Linkup). 2008 is the most current data.Provided by Dept of Social and Health Services Lifeline ● Linkup ●Relay Service:Provided by Washington State Office of Deaf and Hard of Hearing –No

	Information available
West Virginia	<ul style="list-style-type: none"> ● Broadband: \$5 million One-time appropriation from legislature to Broadband Deployment Council ● Relay Service: \$0.5 million/yr Funded by \$0.05/month assessment on all access lines ● Wireless Tower Fund: \$1 million/yr. Wireless Tower Fund allocated a portion of \$3/month statewide wireless 911 fee
Wisconsin	<ul style="list-style-type: none"> ● High-cost service: \$11,000 FY12 (July 2011-June 2012) ● Lifeline: \$2,521,000 FY12 (July 2011-June 2012) Link-up: \$300,000 FY12 (July 2011-June 2012) ● Schools/Libraries: \$38,000,000 FY12 (July 2011-June 2012) ● Telecommunications Access(equipment) Program: \$1,800,000 FY12 (July 2011-June 2012) ● Relay Service: \$8,000 FY12 (July 2011-June 2012) ● Non-profit Grant and Telemedicine:\$1,000,000 FY12 (July 2011-June 2012)
Wyoming	<ul style="list-style-type: none"> ● \$3,152,887 High-cost service July 1, 2010 - June 30, 2011 ● \$104,048 Lifeline 2009 ● \$464,699 Relay service 2009

Question 3 responses

States	Response
Alaska	<ul style="list-style-type: none">● ILECs● CLECs●IXCs● Wireless providers● Paging providers
Arizona	<ul style="list-style-type: none">● ILECs● CLECs●IXCs● Wireless providers● Paging providers● VOIP providers(interconnected providers only)● End users
Arkansas	<ul style="list-style-type: none">● ILECs● CLECs●IXCs● Wireless providers● VOIP providers(all providers)
California	<ul style="list-style-type: none">● ILECs● CLECs●IXCs● Wireless providers● VOIP providers(interconnected VoIP only)● 2-way paging providers● End users

NOTE: All of the Carriers listed above collect surcharges from end user customers and remit the surcharge to the CPUC. The surcharges are based on gross intrastate revenues.

Colorado

- ILECs
- CLECs
- IXC's
- Wireless providers
- Paging providers

Connecticut

- ILECs
- CLECs
- IXC's
- Wireless providers
- Paging providers
- VOIP providers(all providers)

District of Columbia

- ILECs
- CLECs
- VOIP providers(Interconnected providers only)

Georgia	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC
Hawaii	<ul style="list-style-type: none"> ● ILECs ● CLECs ● Wireless providers ● Paging providers ● All VOIP providers
Idaho	<ul style="list-style-type: none"> ● CLECs ● IXC
Illinois	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● End users
Indiana	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● Wireless providers ● Paging providers ● End users(all the above carriers apply a surcharge to their end users)
Iowa	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● Wireless providers ● Other(AOS companies, centralized equal access providers)

Kansas	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● Wireless providers ● Interconnected VOIP providers ● Paging providers
Kentucky	<ul style="list-style-type: none"> ● ILECs ● CLECs ● Wireless providers
Louisiana	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● Wireless providers ● VOIP providers(interconnected providers only) ● End users¹ <p>¹ Carriers have the option to bill their respective end users for the carrier's SUSF contributions. Thus, end users contribute in that manner.</p>
Maine	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● Wireless providers(ONLY designated ETCs) ● VOIP providers(interconnected providers only) ● Paging providers

	<p>Carriers are permitted to pass on their contributions to the MUSF, MTEAF and ConnectME funds through an explicit surcharge on customer bills. The surcharge rate, which is applied to intrastate retail revenues, cannot exceed the rate set for each fund by the Commission or by statute.</p>
Maryland	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC's ● Wireless providers ● VOIP providers
Michigan	<p>To the extent the provider is providing retail intrastate telecommunications services</p> <ul style="list-style-type: none"> ● ILECS ● CLECs ● IXC's ● Wireless providers ● Paging providers ● All providers of retail intrastate telecommunications services are required to contribute.
Minnesota	<ul style="list-style-type: none"> ● ILECs ● CLECs ● Wireless providers ● End users
Mississippi	<ul style="list-style-type: none"> ● End users of ILECs and CLECs are assessed .03 for each business and residential local exchange line for which the Federal End User Line Charge is applicable (Docket 90-UA-156)
Missouri	<ul style="list-style-type: none"> ● ILECs

	<ul style="list-style-type: none"> ● CLECs ● IXC ● VOIP providers
Nebraska	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● Wireless providers ● Paging providers ● All VOIP providers <p>IXCs do not contribute to Relay Service. Only interconnected VOIP providers contribute to Relay service</p>
New Hampshire	<ul style="list-style-type: none"> ● ILECs ● CLECs ● VOIP providers(FIXED providers only)
New Mexico	<ul style="list-style-type: none"> ● ILECs ● CLECs ●IXCs ● Wireless providers ● VOIP providers(All providers) ● Paging providers ● End users
New York	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC <p>VoIP providers are not required to contribute, however, in NYS, one VoIP Provider voluntarily contributes to the Targeted</p>

Accessibility Fund of New York, Inc. (TAF).	
North Carolina	
North Dakota	<ul style="list-style-type: none"> ● ILECs ● CLECs ● Wireless providers ● Paging providers ● VOIP providers(all VOIP providers)
Ohio	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● Wireless providers ● Paging providers ● VOIP providers(all VOIP providers) <p>Service providers paying the relay assessment may recover the cost of the assessment through an end user surcharge. (R.C. 4905.84 (C))</p>
Oklahoma	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXCs ● Wireless providers ● Paging providers ● VOIP providers(interconnected VOIP providers only) <p>17 O.S.§ 139.109 requires all telecommunications carriers to contribute to the Oklahoma Universal Service Fund (OUSF), however the Commission has not yet made the determination that VoIP providers are included under our regulatory umbrella. Some VoIP providers contribute voluntarily.</p>

	<p>All contributions can be passed through to end-users.</p>
Oregon	<ul style="list-style-type: none"> ● ILECs ● CLECs ● Wireless providers* ● VOIP providers(interconnected providers only)** ● End users*** <p>*Wireless providers contribute to the RSPF but not to the OUSF.</p> <p>**Some VOIP providers contribute, others do not. We have requested a legal opinion re RSPF applicability to VOIP, or if needed will pursue legislative proposal to clarify. This is true for both the RSPF and the OUSF.</p> <p>***End users pay the RSPF and OUSF surcharge to their carrier, who collects and remits the amounts monthly for RSPF and quarterly for the OUSF to the respective funds.</p>
Pennsylvania	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● CAP
Rhode Island	<ul style="list-style-type: none"> ● End users <p>For each of the programs, the carriers are required to collect the per line surcharges from end users and submit the funds to the</p>

	<p>appropriate agency.</p> <p>Schools and Libraries applies to all landline customers with a bill pending in the General Assembly to include wireless and VOIP providers. Governmental entities are excluded from the charge.</p> <p>The Relay charge applies to all landline customers.</p>
South Carolina	<ul style="list-style-type: none"> ● ILECs ● CLECs ●IXCs ● Wireless providers(ONLY designated ETCs) ● VOIP providers(interconnected providers only) ● End users
South Dakota	
Texas	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● Wireless providers ● Paging providers
Utah	<ul style="list-style-type: none"> ● ILECs ● CLECs ●IXCs ● Wireless providers ● Paging providers <p>Note: Some interconnected VOIP providers pay</p>

	into the fund on a voluntary basis. Some do not pay into the fund
Vermont	<ul style="list-style-type: none"> ● End users <p>Charges are collected by carriers, but paid by end users</p>
Washington	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC
West Virginia	<ul style="list-style-type: none"> ● ILECs ● CLECs ● Wireless providers ● VOIP providers(Interconnected only) ● End users
Wisconsin	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● Wireless providers ● VOIP providers(interconnected VOIP providers only)
Wyoming	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● Wireless providers ● Paging providers <p>contribute to WUSF</p> <p>End users contribute to TRS</p>

Question 4 responses

States	Response
Alaska	● End-users revenues (end -user revenues billed for intrastate telecommunications services)
Arizona	● Intrastate toll revenues and per access line
Arkansas	● Total gross state retail revenues
California	● Gross intrastate revenues collected from end users.
Colorado	● Total gross state retail revenues
Connecticut	● Total gross state retail revenues
District of Columbia	● Total gross state retail revenues
Georgia	● Total gross state retail revenues
Hawaii	● Gross operating revenues from retail intrastate telecom services
Idaho	
Illinois	● Total gross state retail revenues
Indiana	● Net intrastate retail revenues
Iowa	● Total gross state retail revenues(for all but wireless) Wireless remit based on each wireless communications service number provided in Iowa, not revenues.
Kansas	● Net intrastate retail revenues
Kentucky	● Surcharge on bill
Louisiana	● Total gross state retail revenues
Maine	● Net intrastate retail revenues
Maryland	● Assessment rate set at \$0.18 per account per month
Michigan	● Net intrastate retail revenues
Minnesota	● In Minnesota, enduser monthly line surcharges are used to fund state lifeline, equipment, and relay funds.
Mississippi	
Missouri	● Net intrastate retail revenues (Net jurisdictional revenues are assessed for

the Missouri Universal Service Fund)*

- The relay/equipment distribution fund is assessed at the rate of \$.11 per line.

*Missouri Net Jurisdictional Revenue is defined as all revenues received from retail customers resulting from the provision of intrastate regulated telecommunications services and/or interconnected voice over Internet protocol services, but shall not include revenue from payphone operations, taxes and uncollectibles. Revenues received from another provider of telecommunications services for the provision of switched and special exchange access services and for the provision of unbundled network elements and resold services, shall not be considered Missouri net jurisdictional revenue.

Nebraska	● Net intrastate retail revenues
New Hampshire	● Both are funded by debiting money collected from LECs for the provision of telecommunications relay service.
New Mexico	● Net intrastate retail revenues
New York	● Net intrastate retail revenues
North Carolina	
North Dakota	● Assessed per subscriber line
Ohio	● Per intrastate customer access line or their equivalent (R.C. 4905.84 (C))
Oklahoma	<p>● Total gross state retail revenues (Intrastate retail-billed revenues on regulated and unregulated revenues) Please refer to 17 O.S. § 139.106 and 139.107. Links are below.</p> <p>http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=66502</p> <p>http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=66512</p>
Oregon	Intrastate retail revenues
Pennsylvania	● Net intrastate retail revenues(End user)
Rhode Island	<p>● End users revenues</p> <p>Relay Charge and Schools & Libraries Charge is on each residence and business telephone access line or trunk in the state, including PBX trunks and centrex equivalent trunks and each service line or trunk, and upon each user interface number or extension number or similarly identifiable line, trunk or</p>

	path to or from a digital network.
South Carolina	<ul style="list-style-type: none"> ● End-users revenues(Retail) ● Relay: Fee/Access Line ● ILF: (Access Reduction) Allocated/MOU
South Dakota	
Texas	<ul style="list-style-type: none"> ● Gross IntraState receipts
Utah	<ul style="list-style-type: none"> ● Total gross state retail revenues
Vermont	<ul style="list-style-type: none"> ● End-users revenues
Washington	<ul style="list-style-type: none"> ● WTAP surcharge is assessed on End user switched access line. High Cost USF is assessed on IXC Intrastate access minutes.
West Virginia	<ul style="list-style-type: none"> ● Revenues not assessed. TRS and 911 are flat-rate monthly assessments.
Wisconsin	<ul style="list-style-type: none"> ● Total gross state retail revenues* <p>*assessments are on voice revenues (not data or information services) derived from gross intrastate retail telecommunications revenues</p>
Wyoming	

Question 5 responses

States	Response
Alaska	<ul style="list-style-type: none"> • ILECs,CLECs,IXCs, Wireless providers, Paging providers are each assessed 9.5% to support the USF funds
Arizona	<ul style="list-style-type: none"> • High-cost service: ILECs,CLECs and VOIP providers are assessed 0.3225% of intrastate toll revenues, \$0.009524 per access line and \$0.095241 per interconnecting trunk. <p>IXCs are assessed 0.3225% of intrastate toll revenues and \$0.095241 per interconnecting trunk</p> <p>Wireless providers and Paging providers are assessed only \$0.095241 per interconnecting trunk</p> <ul style="list-style-type: none"> • Medically Needy: CTL \$2M
Arkansas	<ul style="list-style-type: none"> • High-cost service: ILECs,CLECs,IXCs and VOIP providers are assessed 2%
California	<ul style="list-style-type: none"> • High-cost service: 0.30% is assessed from End-users. This includes 2 separate Funds (A & B) • Broadband (California Advanced Services Fund – CASF): 0.14% is assessed from End-users • Lifeline (NOTE: Lifeline & Link-up are handled through the same program – the California Lifeline Program): 1.15% is assessed from End-users • Linkup: Combined with Lifeline • Schools /Libraries (California Teleconnect Fund – CTF) Also includes Community Based Organizations and Government Health Care entities): 0.079% is assessed from End-users • Telecommunications Access(equipment) Program, (NOTE: The equipment and the Relay Service are handled through the same program – The Deaf & Disabled Telecommunications

	<p>Program – DDTP) : 0.20% is assessed from End-users this is combined with Relay Service</p> <ul style="list-style-type: none"> ●Relay Service,
Colorado	<ul style="list-style-type: none"> ● High-cost service: 2.9% is assessed from ILECs, CLECs,IXCs, Wireless providers, Paging providers, VOIP providers and End-users ● Lifeline: \$0.07 is assessed from End-users per access line ●Relay Service: \$0.20 is assessed from End-users per access line
Connecticut	<ul style="list-style-type: none"> ● For TRS purposes, the assessment is based on gross revenues of all telecommunications companies.
District of Columbia	<ul style="list-style-type: none"> ● ILECs, CLECs, and VOIP providers are each assessed 0.42%. <p>The assessment rate is the same for all programs and telecommunications service providers.</p>
Georgia	<ul style="list-style-type: none"> ● High-cost service: 1.4% each from ILECs, CLECs, IXCs ● Intrastate Access Reductions/Reform included in high cost
Hawaii	<ul style="list-style-type: none"> ● Relay Service: ILECs, CLECs, Wireless providers, Paging providers, All VOIP providers are assessed 0.12%

Idaho	<ul style="list-style-type: none"> ● High-cost service: 0.12% R and 0.19% B each from ILECs, CLECs, and 0.0035/mi for IXC ● Lifeline: 0.07% each for ILECs, CLECs and Wireless providers
Illinois	<ul style="list-style-type: none"> ● High-cost service: 0.48% each from ILECs, CLECs, IXCs
Indiana	<ul style="list-style-type: none"> ● ILECs ● CLECs ● IXC ● Wireless providers ● Paging providers <p>All the above carriers apply a surcharge of 0.52% to their end users.</p>
Iowa	<ul style="list-style-type: none"> ● Funding for TRS and EDP is mandated by the Iowa legislature and is a fund specifically earmarked for those purposes (the Dual Party Relay Service Fund). The total assessment to telecommunications carriers providing service in Iowa is allocated as follows: Wireless providers are assessed \$0.03 per month per Iowa number. The remainder of the assessment is allocated one-half to LECs and one-half to IXCs, centralized equal access providers, and AOS companies.
Kansas	<ul style="list-style-type: none"> ● Hig-cost service: 6.13% for all providers (ILECs, CLECs, IXCs, Wireless providers, Paging providers). This includes funding for all programs.(3/1/12 - 2/28/13
Kentucky	<ul style="list-style-type: none"> ● Lifeline: \$0.08 for ILECs, CLEC, Wireless providers ● Telecommunications Access(equipment) program, Relay Service: \$0.02 for ILECs CLECs and Wireless providers
Louisiana	

Maine	<ul style="list-style-type: none"> ● ILECs,CLECs,IXCs, Wireless providers, Paging providers, VOIP providers are assessed 1.49% each for High-cost service ● ILECs,CLECs,IXCs, Wireless providers, Paging providers, VOIP providers are assessed 0.3% each for Schools/Libraries
Maryland	<ul style="list-style-type: none"> ● Relay Service: \$0.18 for ILECs,IXCs, CLEC, Wireless providers and VOIP providers.
Michigan	<ul style="list-style-type: none"> ● Intrastate Access Reductions/Reform: 0.62% contributed by ILECs, CLECs, IXCs, Wireless providers, Paging providers each.
Minnesota	<ul style="list-style-type: none"> ● Lifeline: ILECs & CLECs collect 6 cents per line, per month, from customers and remit to state lifeline fund ● Telecommunications equipment program:ILECs, CLECs and Wireless providers collect 2 cents per line, per month, from customers and remit to state equipment fund ● Relay Service: ILECs, CLECs and Wireless providers collect 4 cents per line, per month, from customers and remit to state relay fund
Mississippi	<ul style="list-style-type: none"> ●End users assessed 0.03 fro Relay service
Missouri	<ul style="list-style-type: none"> ● Lifeline: \$0.0025 for ILECs, CLEC, IXCs,VOIP providers, End-users* ● Relay Service: \$0.11 for ILECs, CLECs and VOIP providers <p>*Carriers pay an assessment to the Missouri Universal Service Fund. The charge is then passed along to the end user by the carrier.</p>
Nebraska	<ul style="list-style-type: none"> ● ILECs, CLECs, IXC, Wireless providers, Paging providers,All VOIP providers are assessed a rate of 6.95% which contributes to high-cost, broadband, lifeline, telehealth, and wireless

	<p>infrastructure.</p> <ul style="list-style-type: none"> • ILECs, CLECs, Wireless providers, Paging providers, Interconnected VOIP providers are assessed \$0.05 for Relay Service
New Hampshire	<ul style="list-style-type: none"> • Telecommunications Access(equipment) Program: ILECs, CLECs, and Fixed VOIP providers contribute \$0.06 per access line per month for TRS • Newline for the blind: <p>ILECs, CLECs, and Fixed VOIP providers contribute \$0.06 per access line per month for TRS</p>
New Mexico	<ul style="list-style-type: none"> • New Mexico has a single rate of 3.3 % currently (adjusted annually on calendar year)
New York	<p>TAF is funded through assessments on all certified telecommunications carriers operating in New York State. Assessments for each carrier are calculated based on total submitted TAF costs (costs associated with providing Lifeline, E911, TRS and Public Interest Payphones) and each carrier's assessable revenue. Assessable revenue for TAF purposes is defined as intrastate regulated revenue, net of payments made to other carriers. All carriers participating in TAF who are providing the targeted services are eligible to receive payments from the TAF as reimbursement for their costs associated with such services. TAF assessable revenues and TAF costs are reported on a monthly basis by TAF participants to the Administrator. Companies with assessable revenue less than \$25,000 annually are not required to participate in TAF for purposes of assessment and settlement. For more information regarding the TAF, please visit www.tafny.org.</p>
North Carolina	
North Dakota	<ul style="list-style-type: none"> • Relay Service: End users are assessed \$0.04
Ohio	<ul style="list-style-type: none"> • Relay Service: ILECs, CLECs, IXC, Wireless providers, Paging providers, VOIP providers(all

	<p>VOIP providers)</p> <p>* The assessment is allocated proportionately among the providers noted above using a competitively neutral formula established by the Ohio Commission based on the number of retail intrastate customer access lines or their equivalent. See R.C. 4984.05 (C). The current assessment is approximately \$.02 per intrastate access line per month.</p>
Oklahoma	<ul style="list-style-type: none"> • High-cost service: IXC's are assessed as below <p>HCF Per IntraLATA Toll RBMOU 0.04652393</p> <p>HCF Per InterLATA Toll RBMOU 0.03117256</p> <ul style="list-style-type: none"> • Lifeline: 3.14% are assessed from ILECs ,CLECs, IXC's, Wireless providers, Paging providers and VOIP providers • Schools/Libraries: 3.14% are assessed from ILECs, CLECs, IXC's,Wireless providers, Paging providers and VOIP providers • Relay service: 0.05 is assessed per IntraLATA access line and 0.07 is assessed per InterLATA access line.
Oregon	<ul style="list-style-type: none"> • High-cost service: 6.55% on intrastate retail charges from ILECs, CLEC, VOIP providers and End-users for OUSF • Lifeline: \$0.12per instrument per month from ILECs,CLEC,Wireless providers,VOIP providers, and End-users for RSPF •Telecommunications Access(equipment) program, and Relay Service: \$0.12per instrument per month from ILECs,CLEC,Wireless providers,VOIP providers, and End-users for RSPF
Pennsylvania	<ul style="list-style-type: none"> • 1.2569592% is assessed
Rhode Island	<ul style="list-style-type: none"> • Schools/Libraries: End users are assessed \$0.26 per line • Telecommunications Access(equipment) Program : This service is funded partially from

	<p>the Relay Charge and partially from RI Department of Human Services Budget</p> <ul style="list-style-type: none"> ● Relay Service : End users are assessed \$0.09 per line ● News service for the blind: The News for the Blind Service is funded from the Relay Charge
South Carolina	<ul style="list-style-type: none"> ● High-cost service and Lifeline: 2.486% for ILECs, CLEC, IXC, Wireless providers, VOIP providers(Interconnected) ● Intrastate Access Reductions/Reform: \$0.063/MOU for ILECs and IXCs ● Telecommunications Access(equipment) program, Relay Service, Real-time closed captioning: \$0.15/line for ILECs and CLECs
South Dakota	
Texas	<p>The current rate is 4.3% which increased from 3.4% January 2012. The assessment is not by program but assessed to Gross Intrastate Receipts.</p>
Utah	<ul style="list-style-type: none"> ● High-cost service: ILECs, CLECs, IXCs, Wireless providers, and Paging providers contribut 1% each <p>Our state has one rate, 1% of intrastate revenues, which is assessed to all Telecommunications Corporations providing service within the state.</p>
Vermont	<p>Vermont has a single charge of 1.6% on telecommunications services that serves all of the programs covered by the state USF (listed above). The rate is not broken out by category, although it is based upon the projected costs for each component of the program.</p>
Washington	<ul style="list-style-type: none"> ● High-cost service: ILECs, CLECs, IXCs, Wireless providers, Paging providers, VOIP providers and End users are assessed \$.00152 on originating and terminating access minutes ● Lifeline & Linkup: ILECs, CLECs, IXCs, Wireless providers, Paging providers, VOIP providers and End users are assessed 14 cents per

	<p>switched access line.</p> <ul style="list-style-type: none"> ● Relay Service: ILECs, CLECs, IXC's, Wireless providers, Paging providers, VOIP providers and End users are assessed 19 cents per switched access line
West Virginia	<ul style="list-style-type: none"> ● ILECs: all telecommunications carriers contribute to TRS fund at \$0.05/month per access line ● CLECs: all telecommunications carriers contribute to TRS fund at \$0.05/month per access line ● Wireless providers: all wireless customers pay statewide 911 fee of \$3.00/month; all telecommunications carriers contribute to TRS fund at \$0.05/month per access line ● VOIP providers (Interconnected only) contribute to TRS fund ● End users Pay TRS and 911 fees on monthly bills ● Appropriation to Broadband Deployment Council from general revenue fund
Wisconsin	<p>These are monthly percentages applied to annual revenues. For the whole year, a provider will be assessed for .2664% (.0222% times 12) of its annual revenues. This applies to all providers and covers High Cost, Lifeline, LinkUp, Telecommunications Access, Relay, the Nonprofit and Telemedicine Grants as well as the administrative costs of all programs.</p>
Wyoming	<ul style="list-style-type: none"> ● High-cost service: 1.2% contributed by End users. ● Lifeline: 3 cents per line ● Link-up: Up to 25 cents per line ● Relay Service: 3 cents per line

Responses to Question 6 and Question 7 can be found in Table 7 of this paper

Responses to Question 8 can be found in Table 6 of this paper

Question 9 responses

States	Response
Alabama	NO
Alaska	Nothing at this time.
Arizona	●N/A
Arkansas	●N/A
California	
Colorado	
Connecticut	The Connecticut PURA is currently reviewing its options but has not made a decision as of this date as to how it will proceed.
Delaware	No, the State of Delaware has no such fund nor is implementing one under consideration at this time.
District of Columbia	The District of Columbia already has a fund.
Florida	No
Georgia	
Hawaii	No
Idaho	
Illinois	
Iowa	We have not opened docket at this time.
Indiana	N/A
Kansas	
Kentucky	● No

Louisiana	
Maine	
Maryland	<ul style="list-style-type: none"> ● Maryland does not have a universal service “fund,” but does have a Lifeline/Link “program” which is funded by credits against carriers’ state corporate income tax liabilities.
Michigan	
Massachusetts	No state fund; no action taken
Minnesota	<ul style="list-style-type: none"> ● No, not at this time.
Mississippi	Legislation for this is being considered currently under HB825.
Missouri	No. The State of Missouri is not considering the creation of any new funds as a result of the FCC’s USF/ICC reforms.
Montana	We have not opened docket at this time
Nebraska	
New Hampshire	Not at this time.
New Mexico	
New York	New York State currently has a proceeding underway addressing universal service. (Case 09-M-0527).
North Carolina	We have a pending docket to consider setting up a state USF due to reductions in intrastate access charges. Docket No. P-100, Sub 167. Due to the FCC’s Order, the status of the docket is uncertain at the present time.
North Dakota	<ul style="list-style-type: none"> ● No
Ohio	Ohio does not have a state high-cost fund and is not considering a high-cost fund. An access recovery fund was included as part of a staff proposed state access reform plan in case no. 10-2387-TP-COI. The Ohio Commission has not yet issued an order regarding the proposed fund or any other funding mechanism.

Oklahoma	●N/A. Oklahoma has a state fund
Oregon	
Pennsylvania	
Rhode Island	Nothing pending at this time resulting from the FCC's reforms. The only pending bill is the one mentioned above adding the assessment of certain charges to wireless and VOIP customers.
South Carolina	Currently, South Carolina has three (3)telecommunications funds. No further fund development is contemplated by the General Assembly.
South Dakota	We do not have any dockets regarding this issue
Tennessee	Not at this time.
Texas	Texas has an established fund
Utah	
Vermont	Vermont is contemplating amending the USF program to add a high-cost component. Legislation now under consideration would require the Department of Public Service, with assistance from the Public Service Board, to evaluate the need for such a program and make recommendations. This is expected to pass.
Virginia	There have been no discussions regarding the establishment of a fund.
Washington	In UT-100562 the WUTC is evaluating earnings (total company regulated and unregulated) to determine the extent to which a small company state USF may be necessary. The earnings review follows the release of a report to certain members of the Washington Legislature requesting the WUTC to study the issue. We anticipate a workshop later this year to work with stakeholders on various aspects of the mechanics of a fund if it is determined necessary.

West Virginia	No proceeding at this time.
Wisconsin	N/A
Wyoming	N/A, Wyoming has a state fund

Question 10 responses

States	Response
Alabama	Probably, but undecided at this time
Alaska	Nothing at this time.
Arizona	●NO
Arkansas	●Not at this time but may for the next legislative session which begins in January, 2012.
California	Not at this time.
Colorado	Legislation has been introduced but it is unknown whether it will be enacted this session
Connecticut	At this time, no changes are being considered
Delaware	No
District of Columbia	Since there are no high-cost universal service areas in DC, the DC PSC will not be making any changes pursuant to the USF/ICC Order. The DC PSC will be amending its Lifeline regulations pursuant to the FCC's Lifeline Modernization Order. Some of the changes may include: changing the definition of "voice service;" changing the requirements to be deemed an ETC; and changing customer eligibility criteria.
Florida	It is unclear at this time what specific issues the Legislature may address. However, Florida Statutes still include language relating to the discontinued federal Link-Up program in Section 364.10(2), Florida Statutes. It is possible that these references will be eliminated in the future. State carrier-of-last-resort

	obligations ended on January 1, 2009 and it does not appear to be an issue addressed by the Legislature at this time.
Georgia	<p>HB 1115 passed both houses of the legislature in 2012. This bill would eliminate AT&T's state COLR obligations. It has not been signed by the Governor yet.</p> <p>HB 855 passed the House, but not the Senate, in 2012. This bill would have eliminated the State high-cost Universal Access Fund in three years. It will likely reemerge in 2013.</p>
Hawaii	No
Idaho	<p>● Yes. Changes need to be made but as to what they may be, it too early to tell.</p> <p>Notes: Idaho has a high-cost fund which is distributed to eight ROR rural LECs. It is a residual revenue requirement fund that totals approx. \$1.7M per year. It is funded by a monthly surcharge on residence lines (\$.12 per month), business lines (\$.19 per month), and IXC (\$0.0035 per MTS minute)</p> <p>Idaho's Lifeline fund (aka ITSAP) is funded by a monthly surcharge of \$.07 on all residence, business, and wireless lines.</p> <p>Idaho's Relay service is funded by an assessment on all wireline customers at a rate of (\$.002 per month) and on IXC providers at the rate of \$(.0002 per intrastate billed minutes). This is an assessment and not a surcharge.</p>
Illinois	
Indiana	The IURC and interested parties are still determining the impact of the order on the IUSF.
Iowa	The IUB will likely initiate a rulemaking to address changes to the annual ETC filings and changes to intrastate access tariffs.
Kansas	<ul style="list-style-type: none"> ● On September 13, 2011, the Commission

	<p>opened Docket No. 12-GIMT-170-GIT to examine the impacts that the FCC's USF/ICC Reforms may have on the KUSF and Kansas providers and consumers. On March 2, 2012, parties to the docket submitted comments to identify issues that the Commission should address through legal briefs, comments, and testimony/hearings. The parties also proposed procedural schedules. Reply comments are due April 2, 2012.</p> <ul style="list-style-type: none"> ● On March 21, 2012, the Commission requested parties to the docket to submit legal briefs regarding the interplay between the FCC's USF/ICC Order and KUSF-related statutes. Briefs are due April 16, 2012
Kentucky	No
Louisiana	<ul style="list-style-type: none"> ● We are currently monitoring the appeals of the Connect America Fund and will modify our existing Commission Orders when necessary.
Maine	<p>Legislation that is expected to pass and become law shortly will drastically change telephone regulation in Maine. Under the new law, only Provider of Last Resort (POLR) service will be regulated by the PUC. A stakeholder group will be convened to determine how costs and support for POLR service will be determined. The group is supposed to provide recommendations to the legislature for additional statutory changes by the end of 2012. It is quite likely that modifications to the MUSF rules will be necessary, and that new MUSF amounts will need to be established for POLR service providers.</p>
Maryland	<ul style="list-style-type: none"> ● No. <p>VoIP carriers are assessed for the Telephone Relay program beginning in 2012 as a result of the passage of HB 1087 during the spring 2012 session of the legislature.</p>
Massachusetts	No action taken
Michigan	Michigan is still reviewing whether the Michigan Telecommunications Act, rules or

	regulations need to be changed. The Michigan Public Service currently has two dockets open taking comments on these issues: U-16943, focusing on intrastate access reform and the Michigan Intrastate Switched Toll Access Restructuring Mechanism; and U-16949, focusing on eligible telecommunications carrier certifications.
Minnesota	No not at this time
Mississippi	A committee to study this is being proposed in HB825.
Missouri	No. The State of Missouri is not considering any change to telephone legislation, rules or regulations as a result of the FCC's USF/ICC reforms.
Montana	The Montana legislature does not convene again until January, 2013. However, legislation would be required to give the MPSC the authority to operate a state fund that would support not only voice, but also broadband. In addition, there are numerous rules changes required regarding ETC certification and reporting. Montana supports TRS.
Nebraska	No changes are being considered at this time.
New Hampshire	Not as a result of FCC reform order, but NH legislature is considering a bill to deregulate telecom entirely, but preserve a carrier of last resort.
New Mexico	
New York	
North Carolina	We are unsure of the impact of the FCC's Order at this time.
North Dakota	●Has not been discussed
Ohio	Although not a result of the FCC's USF/ICC reforms, S.B. 271 has been introduced, which would eliminate the COLR obligation in fully competitive exchanges.

Oklahoma	<p>1) 17 OS 139.109</p> <p>2) 17 OS 139.110 Prohibition on high speed internet access</p> <p>3) OAC 165:55 Provider of last resort obligations</p> <p>4) OAC 165:59</p>
Oregon	
Pennsylvania	The Commission is considering how potential federal decisions regarding inter carrier compensation regimes may impact the PaUSF
Rhode Island	While there are no bills pending in the General Assembly, the Commission will be involved in a Rulemaking this summer to address the FCC's USF/ICC reforms. The Commission will need to amend its certification and verification rules and the eligibility criteria. There may be other areas that will be addressed as they arise during the rulemaking process, particularly in the area of duplication of benefits until such time as USAC's duplicates database is up and running.
South Carolina	Currently, Universal Service Fund is associated with the provision of voice services. If the state USF is to be used for broadband deployment, legislative change would be required. Currently, \$3.50 Lifeline matching is primarily funded through Universal Service Fund. If the Lifeline support is to continue Commission USF guidelines may need changes.
South Dakota	No decisions have been made yet regarding any possible changes to our state laws or rules
Tennessee	Not at this time.
Texas	Yes, we are still discussing
Utah	Changes to the current law would need to be addressed by the Legislature. I do not know if anything is being considered at this point
Vermont	Beyond the high-cost program changes discussed above, no further legislative changes

	are contemplated. The Board will adjust orders, rules, etc. as necessary to comply with the FCC's order, but has no specific plans at this time.
Virginia	At the present time, there have been limited discussions.
Washington	Yes, potential legislation may address implementation of a state USF, relaxation of carrier of last resort, competitive classification, and access reform.
West Virginia	No changes at this time.
Wisconsin	The PSCW has an open rulemaking on universal service. To the extent consistent with the scoping statement, the Commission will address the FCC changes.
Wyoming	Not at this time.