

**UNIVERSAL SERVICE**  
**MONITORING REPORT**  
**CC DOCKET NO. 98-202**  
**2011**

(Data Received Through October 2011)

Prepared by Federal and State Staff for the  
Federal-State Joint Board on Universal Service in  
CC Docket No. 96-45

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# Universal Service Monitoring Report

## CC Docket No. 98-202

### 2011

#### Introduction and Summary

This is the fifteenth report in a series of reports prepared by federal and state staff members for the Federal-State Joint Board on Universal Service in CC Docket No. 96-45 (Universal Service Joint Board).<sup>1</sup> This report is based on information available to us as of October 2011. These reports contain information designed to monitor the impact of various universal service support mechanisms, and the methods used to finance them. These mechanisms were adopted by the Federal Communications Commission (Commission), based on recommendations from the Universal Service Joint Board. These reports are part of a monitoring program created by the Commission in 1997 to replace a similar program in CC Docket No. 87-339 that resulted in a series of nineteen *Monitoring Reports*.<sup>2</sup> The current program incorporates most of the information that was collected under the previous program, and also new materials from the reports of the administrator of the universal service support mechanisms, the Universal Service Administrative Company (USAC). To enhance our monitoring ability, we have created an open docket,<sup>3</sup> which allows data, materials, comments, and studies to be submitted by any interested party at any time.

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

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

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1 The last report was released in December 2010. *Universal Service Monitoring Report*, CC Docket No. 98-202, 2010 (Data Received Through October 2010), prepared by the Federal and State Staff for the Federal-State Joint Board on Universal Service in CC Docket No. 96-45.

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

3 CC Docket No. 98-202.

This organization is a departure from the 2010 report. Section 9 on quality of service is not included in this report. The separate sections on the support mechanisms have been combined into a single section, which describes trends and changes in the support mechanisms since 2010.

Many of the tables that appeared in the 2010 report are no longer included in the published report, but instead have been placed on the FCC website at [www.fcc.gov/wcb/iatd/monitor.html](http://www.fcc.gov/wcb/iatd/monitor.html). In general, these tables are ones of such length that they are best presented as Excel files for ease of search and data manipulation. Several new tables have been added to both the published report and to the FCC website. A table at the end of this section lists the tables from the 2010 report and their status in the 2011 report. Another table lists the new tables in the report.

The following is the organization of this report: Section 1 provides an update on industry revenues and the universal service program requirements and contribution factors. Section 2 includes the latest data on the low-income, high-cost, schools and libraries, and rural health care support mechanisms. Section 3 includes the most recent Census data on subscribership from the Current Population Survey and the American Community Survey. It also includes data on telephone penetration by income by state and a discussion of the impact of Lifeline programs on penetration. Section 4 includes updated Consumer Price Index data and updated interstate access rate information. Section 5 includes the latest NECA data on interstate access minutes.

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

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

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**Status of 2010 Monitoring Report Tables and Charts in the 2011 Report**

2010	2011		
Table/Chart #	Status	Table/Chart #	Table/Chart Title
Table 1.1	Report	Table 1.1	Total Telecommunications Industry Revenues
Table 1.2	Report	Table 1.2	Telecommunications Industry Revenues by Service
Table 1.3	Report	Table 1.3	Telecommunications and Interconnected VoIP Revenues Reported by Type of Carrier
Table 1.4	Report	Table 1.4	Contribution Base Revenues By Program: 2009
Table 1.5	Report	Table 1.5	Revenues from Telecommunications and Interconnected VoIP Service Provided for Resale: 2009
Table 1.6	Report	Table 1.6	Revenues from Telecommunications and Interconnected VoIP Service Provided to End Users: 2009
Table 1.7	Report	Table 1.7	Total Revenues: 2009
Table 1.8	Report	Table 1.8	Revenues by Type of Provider: 2009
Table 1.9	Report	Table 1.9	Carrier Telecommunications Revenues Reported on FCC Form 499-Q: 2009-2011
Table 1.10	Report	Table 1.10	Universal Service Program Requirements and Contribution Factors for 2010-2011
Table 1.11	Report	Table 1.11	Universal Service Support Mechanisms: 2009 & 2010
Chart 1.1	Report	Chart 1.1	Distribution of Universal Service Payments: 2010
Table 1.12	Report	Table 1.12	Universal Service Support Mechanisms by State: 2010
Tables 1.13 - 1.18	Website		
Table 2.1	Report	Table 2.1	Lifeline Subscribers and Link Up Beneficiaries
Table 2.2	Report	Table 2.2	Low-Income Support Payments
Chart 2.1	Deleted		
Table 2.3	Report	Table 2.3	Average Lifeline Monthly Support by ILEC Status and by State (December 2010)
Table 2.4	Report	Table 2.6	Low-Income Support Payments by State: 2010 (Years 1998 - 2010 are on the website)
Tables 2.5 - 2.7	Website		
Table 2.8	Deleted		
Tables 2.9 - 2.10	Website		
Table 2.11	Deleted		
Table 2.12	Report	Table 2.4	Federal Lifeline Average Benefits by State: 2010
Table 2.12	Report	Table 2.5	Link Up Average Benefits by State: 2010
Table 3.1	Report	Table 2.10	High-Cost Support Fund Disbursement History
Chart 3.1	Report	Chart 2.3	Total High-Cost Support Fund Disbursements and Reserve
Table 3.2	Report	Table 2.11	High-Cost Support Fund Disbursement History - ILECs and CETCs
Chart 3.2	Report	Chart 2.4	Total High-Cost Support Fund Disbursements (ILECs and CETCs) and CETC Reserve
Tables 3.3 - 3.37	Website		
Table 4.1	Report	Table 2.19	Schools and Libraries Funding Commitments and Disbursements
Table 4.2	Report	Table 2.20	Schools and Libraries Funding Commitments and Disbursements by State and by Type of Applicant
Tables 4.3 - 4.5	Website		
Tables 4.6 - 4.7	Deleted		
Chart 4.1	Deleted		
Table 5.1	Report	Table 2.21	Rural Health Care Funding Disbursements by Funding Year
Table 5.2	Report	Table 2.22	Rural Health Care Funding Commitments and Disbursements by State
Tables 5.3 - 5.4	Website		
Table 6.1	Report	Table 3.1	Household Telephone Subscribership in the United States
Chart 6.1	Deleted		
Table 6.2	Report	Table 3.4	Historical Telephone Penetration Estimates
Table 6.3	Report	Table 3.5	Telephone Penetration by Demographic Characteristics
Table 6.4	Report	Table 3.6	Telephone Penetration by State, 2003-2011 (Percentage of Occupied Housing Units with Telephone Service)
Table 6.5	Report	Table 3.7	Telephone Penetration by State, Selected Years (Percentage of Households with a Telephone In Unit)
Charts 6.2 - 6.8	Deleted		
Chart 6.9	Report	Chart 3.1	Household Telephone Penetration by Income, 1997-2011
Table 6.6	Deleted		
Table 6.7	Report	Table 3.8	Comparison of Penetration Rates by Level of Lifeline Assistance
Table 6.8	Report	Table 3.9	Comparison of Penetration Rates and Level of Lifeline Assistance for States
Tables 6.9 - 6.13	Deleted		
Table 6.14	Report	Table 3.10	Household Penetration by State and Income, 2011
Tables 6.15 - 6.20	Deleted		
Table 7.1	Report	Table 4.1	Long-Term Changes for Various Price Indices
Chart 7.1	Report	Chart 4.1	CPI All Goods and Services and CPI Telephone Services, 1960-2010
Table 7.2	Report	Table 4.2	Annual Changes in CPI Telephone Service and All Items Indices
Chart 7.2	Report	Chart 4.2	Annual Changes in CPI All Goods and Services and CPI Telephone Services
Table 7.3	Deleted		
Chart 7.3	Deleted		
Table 7.4	Report	Table 4.3	Monthly Consumer Price Indices
Tables 7.5 - 7.6	Deleted		
Table 7.7	Report	Table 4.4	Interstate Per-Line Access Charges
Table 7.8	Report	Table 4.5	Interstate Per-Minute Access Charges
Table 7.9	Report	Table 4.6	Interstate Per-Line Access Charges by Carrier
Table 7.10	Report	Table 4.7	Interstate Per-Minute Access Charges by Carrier
Table 8.1	Report	Table 5.1	Interstate Switched Access Minutes of Use - Incumbent Local Exchange Carriers by Tier
Table 8.2	Deleted		
Chart 8.1	Report	Chart 5.1	Interstate Switched Access Minutes for Incumbent Local Exchange Carriers
Table 8.3	Report	Table 5.2	ILEC Interstate Access Minutes by State
Table 8.3	Website		
Table 8.4	Deleted		
Tables 9.1 - 9.5	Deleted		

## New Tables and Charts in the 2011 Monitoring Report

<b>Table/Chart #</b>	<b>Table/Chart Title</b>
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Table 2.7	Low-Income Support Received by ILECs and CETCs
Chart 2.2	Percent of Low-Income Support Received by CETCs
Table 2.8	Low-Income Support by Year-End Holding Company Structure: 2010
Table 2.9	Low-Income Support by Program and Year-End Holding Company Structure: 2010
Table 2.12	High-Cost Support Fund Disbursements - by Mechanism and State: 2010
Table 2.13	High-Cost Support Fund Disbursements by Year-End Holding Company Structure
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Table 2.15	Study Areas with the Highest Per-Line High-Cost Support Fund Disbursement: 2010
Table 2.16	High-Cost Support Fund Claims History
Chart 2.5	Total High-Cost Support Fund Claims and Reserve
Table 2.17	High-Cost Support Fund Claim History - ILECs and CETCs
Chart 2.6	Total High-Cost Support Fund Claims (ILECs and CETCs) and CETC Reserve
Table 2.18	High-Cost Support Fund Claims - by Mechanism and State: 2010
Table 3.2	Household Telephone Penetration by Income, 1997-2011
Table 3.3	Nominal Dollar Equivalent by Year
Chart 3.2	Telephone Penetration for Single-Family Households At or Below Multiples of the Federal Poverty Guidelines (FPG), 1997-2011

## 1. Industry Revenues and Contributions

This section provides a general overview of the revenues of the U.S. telecommunications industry and the contributions to the universal service support mechanisms that are based on these revenues.<sup>1</sup> Most of the data for 2009 are from filings of annual Telecommunications Reporting Worksheets (FCC Form 499-A) made with the Universal Service Administrative Company (USAC), the data collection agent for the FCC, on April 1, 2010.<sup>2,3</sup> Revenue data collected on these worksheets are used to administer contributions to the Universal Service Fund (USF), Interstate Telecommunications Relay Service (TRS), North American Numbering Plan (NANP), and local number portability (LNP) programs. Filer revenues also are used to calculate FCC Interstate Telecommunications Service Provider (ITSP) regulatory fees. Data presented for 2010 and 2011 are from FCC Form 499-Q quarterly filings.

### Revenue Information

The Commission has established several universal service mechanisms, governed by Section 254 of the Telecommunications Act of 1996, that help ensure that all Americans have access to affordable telecommunications service. In Section 254(d) of the Telecommunications Act of 1996,<sup>4</sup> Congress mandated that "[e]very telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service."<sup>5</sup> The Commission implemented this mandate in a 1997 *Report and Order*.<sup>6</sup> The Commission subsequently designated USAC as the universal service fund administrator. Telecommunications providers currently file FCC Form 499-A (due on April 1 of each year for the previous calendar year revenues) and FCC Form 499-Q (due one month after the close of each calendar quarter).

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- 1 Portions of this section are based on Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, *Telecommunications Industry Revenues* (May 2011).
  - 2 Much of the information filed on FCC Form 499-A is proprietary. Publicly available information on individual providers is available at Consumer and Governmental Affairs Bureau, Federal Communications Commission, Telecommunications Reporting Worksheet 499-A Search Form at <http://fjallfoss.fcc.gov/cgb/form499/499a.cfm>.
  - 3 Telecommunications providers filed worksheets containing calendar year 2010 revenue data on April 1, 2011. The worksheets are filed with USAC, which extensively reviews and validates data. Telecommunications providers routinely make revised filings. As a result, the data are not considered reliable enough for publication for several months after the initial filing date. Therefore, the 2010 filings were not available for use in this report, and 2010 and 2011 data were based on the more abbreviated and less reliable FCC Form 499-Q quarterly filings. April 2010 FCC Form 499-A filings containing 2009 revenues were used to compile the 2009 data. Compilation was based on a database prepared by USAC as of December 2, 2010. Therefore, revised or new 2010 FCC Form 499-A filings that were received after December 2, 2010, are not reflected herein.
  - 4 Pub. L. No. 104-104, 110 Stat. 56 *codified* at 47 U.S.C. §§ 151 *et seq.*
  - 5 47 U.S.C. § 254(d).
  - 6 *See Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776 (1997) (subsequent history omitted).

Virtually all providers of telecommunications must file FCC Form 499-A each year.<sup>7</sup> On June 21, 2006, the Commission ruled that providers of interconnected Voice over Internet Protocol (VoIP) service also must file FCC Form 499-A.<sup>8</sup> These filers first provided whole year revenue information starting with their April 2008 FCC Form 499-A filings.

FCC Form 499-A asks each filer to report total (including intrastate), interstate, and international revenues in two broad categories: those billed to universal service contributors for resale (carrier's carrier revenues); and those billed to *de minimis* and other USF-exempt telecommunications providers and end users (end-user revenues).<sup>9</sup> Filers must provide further breakdowns of local, mobile wireless, and toll services. (Local and toll services include fixed wireless.) The form also asks each filer to select up to five principal business types that best describe its operations. These principal business types include:<sup>10</sup>

- Audio Bridge Service Provider
- Competitive Access Provider (CAP) or Competitive Local Exchange Carrier (CLEC)
- Cellular, Personal Communications Service (PCS) and Specialized Mobile Radio (SMR) Wireless Telephony Service Provider
- Coaxial Cable
- Incumbent Local Exchange Carrier (ILEC)

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

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

9 Telecommunications providers are considered *de minimis* and thus are not required to contribute to universal service (or file Form 499-Q) if their annual contributions to universal service would be less than \$10,000. For universal service contribution purposes, underlying service providers treat *de minimis* providers as end users.

10 The detailed definitions of the filer categories are contained in section III.A of the *Instructions to the Telecommunications Reporting Worksheet, FCC Form 499-A* available at [www.fcc.gov/Forms/Form499-A/499a-2011.pdf](http://www.fcc.gov/Forms/Form499-A/499a-2011.pdf). The 2004 through 2006 forms included a category for “All Distance” carriers.

- Interconnected VoIP
- Interexchange Carrier (IXC)
- Local Reseller
- Operator Service Provider (OSP)
- Other Local Service Provider
- Other Mobile Service Provider
- Other Toll Service Provider
- Paging and Messaging Service Provider
- Payphone Provider
- Prepaid Calling Card Provider
- Private Service Provider
- Satellite Service Provider
- Shared-Tenant Service Provider
- Specialized Mobile Radio - Dispatch
- Toll Reseller
- Wireless Data Service Provider

The Form 499-A instructs filers to report amounts actually billed to customers. This means that filers are required to report revenues net of discounts, but without making adjustments to reflect uncollectible revenues or international settlement payments and receipts. Most filers are able to report revenues in this manner using information contained in their corporate books of account. Some service providers, however, have no business or regulatory requirements to record intrastate or international revenues separately from interstate revenues, or to use the detailed revenue categories contained in the worksheets. Mobile wireless and interconnected VoIP providers may use the interim safe harbor percentages to estimate the interstate portion of their revenues.<sup>11</sup>

Form 499-A filings sometimes contain inaccurate data. Initial examination of the data occasionally reveals provider types, revenue amounts and/or revenues reported in service categories inconsistent with the known operations of the filer. Some corrections have been made based on supplemental filer information or as a result of audits. Nonetheless, disaggregated data are likely to be less accurate than industry totals.

Table 1.1 shows the major components of telecommunications revenues for 2000 through 2010. This table was created by aggregating revenue by major service classifications, i.e. local, mobile, and toll, and separately by intrastate and interstate and international.

Tables 1.2 and 1.3 provide a look at detailed industry revenues over time. Generally, Form 499-A revenue data can be aggregated in two distinct ways: by type of service provided and by the filer's principal business activity.<sup>12</sup> Table 1.2 categorizes revenues by type of service and shows, for example, that providers

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

12 Each year, many filers erroneously report substantial amounts of switched toll revenues as other long distance revenues. The data are examined and some revenues are reclassified based on staff research. Even so, the other

reported \$118.1 billion in mobile service revenues for 2009. Note that this total includes mobile service revenues from some providers whose principal business activity is not mobile service. In contrast, Table 1.3 shows that filers whose principal business activity is mobile service reported total revenues of \$120.6 billion for 2009, and this includes some revenues for fixed local and toll services.

Table 1.4 illustrates how data from the Form 499-A are used to develop a funding base for the USF.<sup>13</sup> As noted above, providers are considered *de minimis* for USF purposes if their annual contribution is expected to be less than \$10,000.

Revenue data for individual filers are not available to the public. However, Tables 1.5 through 1.8 present detailed industry subtotals by type of service and type of business. Starting with the 2009 data, roll-up statistics are presented for the five holding companies with the most end-user telecommunications and interconnected VoIP revenues. In 2009, the top five providers were AT&T Inc., Deutsche Telekom AG, Qwest Services Corp., Sprint Nextel Corporation, and Verizon Communications, Inc. In previous reports, these tables showed detail for the Regional Bell Operating Companies (RBOCs).

Table 1.5 displays carrier's carrier revenue by detailed service type including each Form 499-A revenue line item. Table 1.6 displays similar detail for each of the revenue categories used to report telecommunications service provided to end users.<sup>14</sup> Table 1.7 combines data from Tables 1.5 and 1.6 with data on non-telecommunications revenues to obtain total industry revenues. Table 1.8 presents revenue data at a higher level of aggregation and includes detail on USF base; intrastate, interstate, international-to-international, other international; and non-telecommunications revenues.

Table 1.9 presents data from quarterly filings of Form 499-Q for 2009, 2010, and 2011. Form 499-Q is far less detailed than Form 499-A. Because Form 499-Q filings do not include a business type, filers were categorized based on the principal business activity selected on their most recent Form 499-A filings. The quarterly form asks filers to identify revenues as carrier's carrier, end user, or non-telecommunications and to indicate the interstate and international shares of each category. Unlike Form 499-A, the quarterly form does not require filers to classify revenues by types of service. Also, international-to-international revenues are included with non-telecommunications revenues rather than with end user revenues on the quarterly form.<sup>15</sup>

As noted above, the universal service rules prohibit the fund administrator from releasing company-specific information contained in Form 499-A and Form 499-Q worksheets.<sup>16</sup> Revenue data for individual filers are not available to the public.

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long distance category of Table 1.2 may contain some switched toll revenues, perhaps significant amounts in some years.

- 13 See *Telecommunications Industry Revenues (May 2011)*, available at [www.fcc.gov/wcb/iatd/lec.html](http://www.fcc.gov/wcb/iatd/lec.html) for a comparison with the funding bases used for the TRS, NANPA, and LNPA support mechanisms.
- 14 The revenue categories presented in Tables 1.5 through 1.7 are explained in the Form 499-A filing instructions.
- 15 Filers record international-to-international revenues for calls that they receive outside the United States and that they carry to points outside the United States where the filer is operating as a U.S. carrier.
- 16 47 C.F.R. §54.711(b).



## Program Requirements and Contribution Factors

Contributors make payments into the USF based on their interstate and international end user telecommunications revenues. Contributors report their revenue data to USAC, which collects the data and reports them to the Commission. The Commission reviews program requirements and the revenue data and determines the appropriate contribution factor. The Commission's Office of Managing Director releases a public notice stating the proposed contribution factor for the upcoming quarter. If, after 14 days, the Commission takes no action regarding the proposed contribution factor, the factor becomes final.<sup>17</sup>

In February 2002, the Commission issued an order that, in part, eliminated from the contribution base charges identified on customers' bills as amounts recovering contributions to the universal service support mechanisms, i.e. USF pass through surcharges. This change was intended to prevent double assessment of the pass through surcharges, a situation known as "circularity."<sup>18</sup>

Prior to these changes, providers filed historic revenue information each quarter, including revenue derived from pass through surcharges, and the Commission would use these revenue totals along with total estimated program requirements to calculate the contribution factor.<sup>19</sup> In anticipation of this double assessment, providers would frequently inflate their reported USF pass through surcharges (reported on Line 403) above the contribution factor.

The elimination of circularity was implemented in the third quarter of 2002. It reduced each provider's contribution base by the amount that the provider paid into USF during the prior quarter. The line item "Circularity Adjustment" in Table 1.10 accounts for this change. This eliminated circularity as a reason for providers to inflate pass through charges.

In December 2002, the Commission adopted an order that changed the basis for contribution assessments from historic gross-billed revenues to projected collected revenues.<sup>20</sup> This change also addressed the reason given by service providers with declining revenue for marking up their pass through charges. These service providers argued that they had to contribute based on historic amounts that were greater than their current period billings, resulting in the need to mark up their pass through charges. This change was fully implemented in the second quarter of 2003.

Having addressed circularity and changing the contribution assessment methodology to address declining revenues, the two main reasons cited by providers for marking up their pass through charges, the Commission adopted a rule requiring those contributors that recover their universal service contributions through a universal service line item to limit their recovery to the interstate portion of the customer's bill times the relevant contribution factor.<sup>21</sup>

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17 47 C.F.R. §54.709(a)(3).

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

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

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

21 47 C.F.R. §54.712.

Form 499-Q filers now file information on billed revenues for the previous quarter and both projected billed revenues and projected collected revenues for the upcoming quarter. Projected collected revenues, which are projected billed revenues less an allowance for uncollectible revenues, form the basis for USF contribution assessments. Projected collected revenues are then adjusted to eliminate circularity. Starting with the second quarter of 2003, the "Circularity Adjustment" amounts shown in Table 1.10 (discussed in more detail below) reflect expected USF contributions for the quarter rather than the industry's actual contributions from a prior quarter.

Table 1.10 shows the program funding requirements for 2010 and 2011. For each program and for each quarter, the table lists projected program demand, administrative costs, interest income, and periodic true-ups. The table also shows the revenue base and contribution factors for each quarter. As explained above, the contribution base is 1% less than reported revenues to reflect the fact that some contribution assessments may prove uncollectible.

Sprint Nextel Corporation and Cellco Partnership d/b/a Verizon Wireless, in separate transactions in 2008, each committed to surrender their high cost universal service support over five years.<sup>22</sup> The first installment of this voluntary commitment occurred in the fourth quarter of 2009.

Table 1.11 shows universal service disbursements on a mechanism-by-mechanism basis for 2009 and 2010.<sup>23</sup> Chart 1.1 shows the 2010 information graphically.

Table 1.12 shows, on a state-by-state basis, the total amount of funding disbursements for each of the universal service mechanisms, estimated contributions towards universal service, and the net estimated dollar flow (disbursements less estimated contributions) for 2010.<sup>24</sup>

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22 See Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC For Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer leasing Arrangements and Petition for Declaratory Ruling that the Transaction is Consistent with Section 310(b)(4) of the Communications Act, WT Docket No. 08-95, File Nos. 0003463892, *et al.*, ITC-T/C-20080613-00270, *et al.*, File No. ISP-PDR-20080613-00012, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd 17444 (2008); Sprint Nextel Corporation and Clearwire Corporation, Applications For Consent to Transfer Control of Licenses, Leases, and Authorizations, WT Docket No. 08-94, File Nos. 0003462540 *et al.*, Memorandum Opinion and Order, 23 FCC Rcd 17570 (2008).

23 Dollar values in Table 1.11 differ from those in Table 1.10 due to the difference between projected demand and actual disbursements. The values used in Tables 1.11 and 1.12 include disbursements that were committed over several years but paid out in the appropriate calendar year. In Section 2, values for the schools and libraries program and the rural health care program are reported based on fiscal year rather than calendar year.

24 For a discussion of the methodology used to estimate contributions per state, see the Technical Appendix at [www.fcc.gov/wcb/iatd/monitor.html](http://www.fcc.gov/wcb/iatd/monitor.html).

**Table 1.1**  
**Total Telecommunications Industry Revenues**<sup>1</sup>  
(in Millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Preliminary <sup>5</sup> 2010
<b>Carrier's Carrier Revenues</b> <sup>2</sup>											
Local Service <sup>3</sup>	\$36,621	\$40,108	\$38,412	\$37,742	\$38,546	\$39,213	\$39,392	\$38,383	\$39,200	\$38,285	\$42,363
Mobile Service	5,144	6,180	5,020	4,465	4,164	6,334	5,187	5,360	5,630	4,284	5,010
Toll Service	21,849	19,999	16,476	18,205	15,703	16,892	15,101	16,093	13,623	13,003	10,937
Intrastate	25,553	27,848	25,770	24,825	25,852	27,486	24,848	22,566	21,836	20,173	21,167
Interstate and International <sup>4</sup>	38,060	38,439	34,138	35,587	32,561	34,953	34,831	37,270	36,617	35,399	37,143
Total	63,613	66,287	59,907	60,412	58,413	62,439	59,679	59,836	58,452	55,571	58,309
<b>End User Revenues</b> <sup>2</sup>											
Local Service <sup>3</sup>	84,526	87,704	88,712	86,474	83,407	82,382	78,215	75,042	72,693	68,460	64,908
Mobile Service	56,857	68,507	76,501	85,254	94,404	100,743	110,096	115,865	118,855	113,861	110,912
Toll Service	87,767	79,302	67,222	58,983	55,511	52,358	49,278	48,709	47,365	43,159	40,702
Intrastate	147,465	155,347	154,815	150,889	153,265	154,310	157,653	158,380	157,737	149,493	144,022
Interstate and International <sup>4</sup>	81,685	80,165	77,619	79,822	80,057	81,173	79,937	81,235	81,176	75,988	72,499
Total	229,149	235,513	232,434	230,711	233,322	235,482	237,589	239,615	238,913	225,481	216,521
<b>Total Revenues</b>											
Local Service <sup>3</sup>	121,147	127,812	127,123	124,216	121,953	121,595	117,607	113,425	111,893	106,745	107,270
Mobile Service	62,000	74,687	81,521	89,718	98,568	107,076	115,283	121,225	124,485	118,145	115,921
Toll Service	109,615	99,301	83,697	77,188	71,214	69,250	64,379	64,802	60,988	56,162	51,639
Intrastate	173,018	183,195	180,585	175,714	179,117	181,796	182,501	180,946	179,573	169,666	165,189
Interstate and International <sup>4</sup>	119,745	118,605	111,756	115,409	112,617	116,125	114,768	118,505	117,793	111,387	109,642
Total	\$292,762	\$301,799	\$292,341	\$291,123	\$291,734	\$297,921	\$297,268	\$299,451	\$297,365	\$281,052	\$274,831

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

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

<sup>2</sup> Carrier's carrier revenues are reported on the FCC Form 499-A as sales to other universal service contributors for resale. This includes, for example, access services that local exchange carriers provide to toll carriers. Sales to *de minimis* resellers, end-user customers, governments, non-profits, and any other non-contributors are treated as end-user revenues. Filers contribute to the universal service funding mechanisms based on their end-user revenues. See Table 1.4 for further details on contribution bases.

<sup>3</sup> Payphone revenues are included with local service revenues in this table.

<sup>4</sup> Revenues from calls that both originate and terminate in foreign points are reported as end-user revenues, and are included in this table through 2009, but are not included in the universal service contribution base. These revenues are not included in preliminary 2010 data.

<sup>5</sup> Preliminary 2010 data are based on FCC Form 499-Q quarterly filings through February 28, 2011. Companies that do not contribute to universal service are not required to make these filings. The quarterly filings include preliminary data for the just closed quarter and projections for the coming quarter, and therefore are not as accurate as the subsequent annual filings. Also, FCC Form 499-Q filers do not separate revenue by type of service. Therefore, revenue totals by service type for 2010 are based on type of filer rather than on data filed by service.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.2**  
**Telecommunications Industry Revenues by Service**  
(in Millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Local Exchange	\$69,947	\$72,346	\$71,320	\$70,606	\$68,238	\$66,506	\$63,264	\$62,790	\$60,871	\$56,839
Pay Telephone	1,932	1,585	1,192	1,063	1,002	924	659	470	379	268
Local Private Line	16,864	21,966	23,070	22,415	23,840	25,673	25,448	24,307	26,314	27,098
Other Local	3,249	3,391	3,418	3,242	2,944	3,331	3,884	3,227	3,321	3,531
Subscriber Line Charges	11,563	12,127	12,758	12,136	11,715	11,113	10,827	10,141	9,283	8,363
Access	17,017	15,096	13,955	12,972	12,352	11,822	11,392	10,543	9,776	8,778
Universal Service Surcharges on Local Service Bills <sup>1</sup>	575	1,301	1,410	1,783	1,862	2,227	2,133	1,947	1,948	1,869
Additional Revenues from TRS Worksheets										
<b>Total Local Service and Payphone</b>	<b>121,147</b>	<b>127,812</b>	<b>127,123</b>	<b>124,216</b>	<b>121,953</b>	<b>121,595</b>	<b>117,607</b>	<b>113,425</b>	<b>111,893</b>	<b>106,745</b>
Wireless Service	61,505	74,006	80,678	88,023	96,450	104,489	112,442	117,939	120,934	114,625
Universal Service Surcharges on Local Service Bills <sup>1</sup>	495	681	842	1,696	2,118	2,587	2,841	3,286	3,551	3,520
Additional Revenues from TRS Worksheets										
<b>Total Mobile Service</b>	<b>62,000</b>	<b>74,687</b>	<b>81,521</b>	<b>89,718</b>	<b>98,568</b>	<b>107,076</b>	<b>115,283</b>	<b>121,225</b>	<b>124,485</b>	<b>118,145</b>
Operator <sup>1</sup>	11,406	10,389	7,902	6,567	6,542	6,631	5,577	5,874	5,664	4,340
Non-Operator Switched Toll	75,183	65,325	54,475	50,178	46,387	44,876	41,570	42,518	38,959	34,943
Long Distance Private Line	16,189	16,402	15,108	15,316	13,906	13,264	12,739	12,080	11,683	11,649
Other Long Distance	3,372	3,259	2,445	2,222	1,801	2,021	2,154	1,661	2,071	2,708
Universal Service Surcharges on Local Service Bills <sup>1</sup>	3,467	3,927	3,767	2,905	2,577	2,458	2,340	2,669	2,611	2,522
Additional Revenues from TRS Worksheets										
<b>Total Toll Service</b>	<b>109,615</b>	<b>99,301</b>	<b>83,697</b>	<b>77,188</b>	<b>71,214</b>	<b>69,250</b>	<b>64,379</b>	<b>64,802</b>	<b>60,988</b>	<b>56,162</b>
<b>Total Telecommunications</b>	<b>292,762</b>	<b>301,799</b>	<b>292,341</b>	<b>291,122</b>	<b>291,735</b>	<b>297,921</b>	<b>297,269</b>	<b>299,451</b>	<b>297,366</b>	<b>281,052</b>
Non-Telecommunications	42,261	48,036	60,406	65,186	71,493	86,764	101,061	131,615	151,494	158,859
<b>Total Reported Revenues</b>	<b>335,023</b>	<b>349,835</b>	<b>352,747</b>	<b>356,308</b>	<b>363,227</b>	<b>384,685</b>	<b>398,329</b>	<b>431,066</b>	<b>448,860</b>	<b>439,911</b>
Service Reported as:										
Intrastate	173,018	183,195	180,585	175,714	179,129	181,796	182,501	180,946	179,573	169,666
Interstate and International	119,745	118,605	111,756	115,409	112,605	116,125	114,768	118,505	117,793	111,387
<b>Total Telecommunications</b>	<b>\$292,762</b>	<b>\$301,799</b>	<b>\$292,341</b>	<b>\$291,123</b>	<b>\$291,734</b>	<b>\$297,921</b>	<b>\$297,268</b>	<b>\$299,451</b>	<b>\$297,365</b>	<b>\$281,052</b>

Note: Detail may not add to totals due to rounding. Some data for prior years have been revised.

<sup>1</sup> Charges on end-user bills identified as recovering state or federal universal service contributions are reported separately from local, wireless and toll revenues. Reported amounts are apportioned between local, wireless and toll service based on the proportions of local, wireless and toll intrastate and interstate revenues by type of carrier.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.3**  
**Telecommunications and Interconnected VoIP Revenues Reported by Type of Carrier**  
(in Millions)

<b>Service Provider Category <sup>1</sup></b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Incumbent Local Exchange Carriers	\$116,158	\$117,885	\$114,990	\$109,480	\$105,496	\$103,561	\$99,997	\$93,885	\$89,732	\$83,451
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	9,814	12,998	13,043	15,509	15,112	16,930	17,276	17,476	20,980	16,880
Interconnected VoIP							514	2,394	3,541	9,379
Local Resellers	879	1,393	1,538	721	1,215	630	460	594	540	461
Other Local Exchange Carriers	11	329	406	338	245	216	124	181	288	344
Private Service Providers	39	15	281	267	532	770	1,080	1,031	1,051	1,190
Shared-Tenant Service Providers	202	46	42	22	22	22	19	14	39	35
Competitors of Incumbent LECs	10,945	14,781	15,309	16,857	17,126	18,568	19,473	21,690	26,440	28,289
Fixed Local Service Providers	127,103	132,666	130,300	126,337	122,622	122,128	119,470	115,575	116,172	111,740
Payphone Providers	972	836	641	523	445	481	435	388	275	209
Mobile Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers	59,823	71,887	78,568	88,168	98,329	107,834	116,971	123,968	127,730	120,007
Paging & Messaging Service	3,102	2,197	1,473	1,007	872	579	555	607	426	361
Specialized Mobile Radio (SMR) Dispatch	191	188	206	33	46	226	48	188	40	71
Mobile Data Service Providers and Other Mobile Service Providers	164	324	220	135	218	169	178	180	119	157
Mobile Service Providers	63,280	74,596	80,467	89,342	99,465	108,809	117,752	124,943	128,314	120,597
Interexchange Carriers (IXCs)	87,311	81,272	68,146	61,246	51,589	46,856	44,083	43,701	37,358	32,780
Operator Service Providers (OSPs)	635	611	554	567	523	548	631	595	1,063	940
Prepaid Calling Card Providers	727	133	460	812	1,635	1,828	1,713	2,195	1,999	1,869
Satellite Service Providers	336	373	406	663	721	714	444	708	860	910
Toll Resellers	10,641	8,797	9,279	9,294	12,192	13,362	9,943	8,314	8,256	8,021
Audio Bridge Service Providers							42	58	273	1,185
Other Toll Carriers	1,758	2,516	2,089	2,339	2,543	3,195	2,756	2,973	2,795	2,802
Toll Service Providers	101,407	93,702	80,934	74,920	69,204	66,503	59,611	58,545	52,604	48,507
<b>Total Telecommunications Revenues</b>	<b>\$292,762</b>	<b>\$301,799</b>	<b>\$292,341</b>	<b>\$291,123</b>	<b>\$291,734</b>	<b>\$297,921</b>	<b>\$297,268</b>	<b>\$299,451</b>	<b>\$297,365</b>	<b>\$281,052</b>

<sup>1</sup> Filers are asked to select for themselves a service provider category that best describes their operations. The choices have changed over the years. For example, for 2003 through 2005, some filers identified themselves as all distance carriers. These filers have been reclassified to be consistent with prior classifications. Starting with the 2007 FCC Form 499-A filing, which reported 2006 revenue data, some filers identified themselves as interconnected VoIP providers and some filers first began reporting revenues for these services.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.4**  
**Contribution Base Revenues By Program (2009)<sup>1</sup>**  
**(in Millions)**

	<b>2009</b>
<b>Revenues subject to universal service contribution</b>	
Billed interstate and international end-user revenues [ Line 412(e) + Line 420(d) + Line 420(e) ]	\$75,988
less revenues for international-to-international services [ Line 412(e) ]	\$576
less international revenues of international-only filers and international revenues that were excluded because of the LIRE exemption <sup>2</sup>	\$3,393
less interstate and other international revenues for 1,775 filers who are <i>de minimis</i> or otherwise exempt from universal service support requirements	\$49
less uncollectible contribution base revenues [ Line 422(d) + Line 422(e) ] (Does not include uncollectible amounts associated with revenues excluded above.)	\$1,075
equals	\$70,895
<b>Revenues subject to TRS contribution</b>	
Interstate and international end-user revenues	\$75,988
less interstate and international revenues for 144 filers who identify themselves as private service providers or as shared-tenant service providers and who therefore are exempt from telecommunications relay service (TRS) contribution requirements if they provide no carrier services	445
less interstate and international revenues for services provided for resale but reported as end user because it was provided to carriers that do not contribute to universal service support mechanisms [ Line 511(b) ]	388
equals	\$75,155
<b>Revenues subject to NANPA and LNP contribution</b>	
Total telecommunications service end-user revenues (including intrastate, interstate and international)	\$225,481
less telecommunications revenues for 533 filers who identify themselves as private service providers, shared-tenant service providers or payphone service providers and who therefore are exempt from North American Numbering Plan Administration (NANPA) and local number portability administration (LNP) contribution requirements if they provide no carrier services	806
less telecommunications revenues for services provided for resale but reported as end user because it was provided to carriers that do not contribute to universal service support mechanisms [ Line 511 (a) ]	412
equals	\$224,262

<sup>1</sup> This table shows how contribution bases differ for different programs and provides relative magnitudes, but does not provide the actual amounts used for determining contributions. Amounts shown represent the amounts contained in the FCC Form 499-A database as of December 2, 2010.

The universal service administrator continues to receive additional and corrected filings. Exempt amounts were based on revenues and the filer type (i.e., principal business activity) information contained in the FCC Form 499-A filings. The fund administrators may use carrier type, revenue type, Line 603 exemption certifications, and additional information requested from filers to determine which filers are required to contribute. The universal service fund administrator bills delinquent filers based on estimated revenues and may, in some instances, include estimated revenue amounts in contribution base amounts. The universal service contribution factors are set quarterly based on FCC Form 499-Q filings. FCC Form 499-A data are used for true-up and auditing purposes. Local number portability contribution amounts are determined by region of the country rather than on a nationwide basis. As a result of these factors, actual contribution bases have been based on different amounts than those shown.

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

Source: FCC Form 499.

**Table 1.5**  
**Revenues from Telecommunications and Interconnected VoIP Service Provided for Resale (2009)<sup>1</sup>**  
**(in Millions)**

Data from FCC Form 499-A		Five Holding Companies With Most End-User Revenues				Incumbent Local Exchange Carriers Other than Affiliates of the Top Five			
		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>									
303	Monthly service, local calling, connection charges, vertical features, and other local exchange service including subscriber line and PICC charges to IXCs								
.1	Provided as unbundled network elements (UNEs)	\$1,596	\$95	\$0	\$1,691	\$142	\$13	*	\$155
.2	Provided under other arrangements	819	491	27	1,337	67	61	0	128
	Total Line 303	2,415	585	27	3,028	209	74	*	283
304	Per-minute charges for originating or terminating calls								
.1	Provided under state or federal access tariff	1,838	1,888	0	3,726	1,621	900	2	2,522
.2	Provided as unbundled network elements or other contract arrangement	445	330	0	775	96	8	*	104
	Total Line 304	2,283	2,218	0	4,501	1,717	908	2	2,626
305	Local private line & special access	644	12,547	*	13,191	400	1,995	*	2,395
306	Payphone compensation from toll carriers	8	12	0	19	1	3	*	3
307	Other local telecommunications service revenues	2,079	523	0	2,602	40	12	0	51
308	Universal service support revenues received from Federal or state sources	645	960	0	1,605	647	1,991	*	2,639
	Total fixed local service provided for resale	8,074	16,844	27	24,946	3,013	4,982	2	7,996
<u>Mobile service (including wireless telephony, paging &amp; messaging, and other mobile services)</u>									
309	Monthly, activation, and message charges except toll	2,321	729	0	3,050	28	31	*	59
	Total mobile service provided for resale	2,321	729	0	3,050	28	31	*	59
<u>Toll service</u>									
310	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)	4	95	2	101	*	*	0	*
311	Ordinary long distance (direct dialed MTS, customer toll-free 8xx service, "10-10 calls", associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	949	2,035	731	3,715	3	1	*	4
312	Long distance private line services	90	1,021	18	1,129	6	5	0	10
313	Satellite services	0	*	*	*	*	0	0	*
314	All other long distance services	1	48	57	105	5	*	*	5
	Total toll service provided for resale	1,044	3,199	808	5,051	13	6	*	20
315	Total service provided for resale (carrier's carrier)	\$11,439	\$20,772	\$835	\$33,047	\$3,054	\$5,019	\$3	\$8,075

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.5**  
**Revenues from Telecommunications and Interconnected VoIP Service Provided for Resale (2009)<sup>1</sup>**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-A  Line	CLECs and other Local Competitors Other than Affiliates of the Top Five				Payphone Providers Other than Affiliates of the Top Five			
	Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>								
303 Monthly service, local calling, connection charges, vertical features, and other local exchange service including subscriber line and PICC charges to IXCs								
.1 Provided as unbundled network elements (UNEs)	\$66	\$188	\$1	\$254	*	*	\$0	*
.2 Provided under other arrangements	147	48	*	195	0	0	0	0
Total Line 303	212	236	1	449	*	*	0	*
304 Per-minute charges for originating or terminating calls								
.1 Provided under state or federal access tariff	549	514	3	1,066	0	0	0	0
.2 Provided as unbundled network elements or other contract arrangement	351	123	36	509	0	0	0	0
Total Line 304	900	637	39	1,576	0	0	0	0
305 Local private line & special access	1,346	714	55	2,115	0	0	0	0
306 Payphone compensation from toll carriers	1	2	*	3	22	40	1	63
307 Other local telecommunications service revenues	26	17	*	43	*	*	*	*
308 Universal service support revenues received from Federal or state sources	46	42	*	87	*	*	*	*
Total fixed local service provided for resale	2,530	1,648	96	4,274	23	40	1	64
<u>Mobile service (including wireless telephony, paging &amp; messaging, and other mobile services)</u>								
309 Monthly, activation, and message charges except toll	13	4	0	17	0	0	0	0
Total mobile service provided for resale	13	4	0	17	0	0	0	0
<u>Toll service</u>								
310 Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)	3	1	*	3	1	1	*	1
311 Ordinary long distance (direct dialed MTS, customer toll-free 8xx service, "10-10 calls", associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	382	602	154	1,139	*	*	0	*
312 Long distance private line services	288	540	24	852	0	0	0	0
313 Satellite services	1	184	*	185	0	0	0	0
314 All other long distance services	7	6	*	12	*	*	0	*
Total toll service provided for resale	680	1,332	179	2,191	1	1	*	1
315 Total service provided for resale (carrier's carrier)	\$3,224	\$2,983	\$274	\$6,481	\$23	\$41	\$1	\$65

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).



**Table 1.5**  
**Revenues from Telecommunications and Interconnected VoIP Service Provided for Resale (2009)<sup>1</sup>**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-A  Line	Mobile Telephony Other than Affiliates of the Top Five				Other Mobile Other than Affiliates of the Top Five			
	Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>								
303 Monthly service, local calling, connection charges, vertical features, and other local exchange service including subscriber line and PICC charges to IXCs								
.1 Provided as unbundled network elements (UNEs)	\$7	\$0	*	\$8	*	\$0	\$0	*
.2 Provided under other arrangements	*	0	0	*	0	0	0	0
Total Line 303	8	0	*	8	*	0	0	*
304 Per-minute charges for originating or terminating calls								
.1 Provided under state or federal access tariff	1	2	*	3	*	*	0	*
.2 Provided as unbundled network elements or other contract arrangement	11	2	0	13	1	*	0	1
Total Line 304	11	4	*	15	1	*	0	1
305 Local private line & special access	28	1	0	29	*	20	*	20
306 Payphone compensation from toll carriers	0	0	0	0	*	*	*	*
307 Other local telecommunications service revenues	2	1	*	2	38	1	*	40
308 Universal service support revenues received from Federal or state sources	343	132	0	475	5	*	0	5
Total fixed local service provided for resale	392	137	*	530	44	22	*	66
<u>Mobile service (including wireless telephony, paging &amp; messaging, and other mobile services)</u>								
309 Monthly, activation, and message charges except toll	772	274	4	1,050	43	6	4	52
Total mobile service provided for resale	772	274	4	1,050	43	6	4	52
<u>Toll service</u>								
310 Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)	4	1	*	5	0	0	0	0
311 Ordinary long distance (direct dialed MTS, customer toll-free 8xx service, "10-10 calls", associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	66	23	*	89	0	4	2	7
312 Long distance private line services	1	*	0	1	0	0	0	0
313 Satellite services	0	0	0	0	0	0	0	0
314 All other long distance services	1	1	*	3	*	*	0	*
Total toll service provided for resale	72	25	*	98	*	4	2	7
315 Total service provided for resale (carrier's carrier)	\$1,236	\$436	\$5	\$1,677	\$87	\$32	\$6	\$125

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.5**  
**Revenues from Telecommunications and Interconnected VoIP Service Provided for Resale (2009)<sup>1</sup>**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-A  Line	Toll Carriers Other than Affiliates of the Top Five				Total All Filers Other than Affiliates of the Top Five			
	Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>								
303 Monthly service, local calling, connection charges, vertical features, and other local exchange service including subscriber line and PICC charges to IXCs								
.1 Provided as unbundled network elements (UNEs)	\$1	*	\$0	\$1	\$1,813	\$295	\$1	\$2,109
.2 Provided under other arrangements	13	8	1	21	1,045	608	28	1,681
Total Line 303	13	8	1	22	2,857	903	30	3,790
304 Per-minute charges for originating or terminating calls								
.1 Provided under state or federal access tariff	33	26	*	59	4,041	3,331	5	7,376
.2 Provided as unbundled network elements or other contract arrangement	*	*	0	*	903	462	36	1,402
Total Line 304	33	27	*	60	4,944	3,793	41	8,778
305 Local private line & special access	152	95	24	270	2,570	15,372	79	18,021
306 Payphone compensation from toll carriers	*	*	1	1	32	56	2	89
307 Other local telecommunications service revenues	13	7	*	20	2,197	561	*	2,759
308 Universal service support revenues received from Federal or state sources	27	10	0	37	1,714	3,135	*	4,849
Total fixed local service provided for resale	238	146	26	409	14,314	23,819	152	38,285
<u>Mobile service (including wireless telephony, paging &amp; messaging, and other mobile services)</u>								
309 Monthly, activation, and message charges except toll	34	18	4	56	3,210	1,061	12	4,284
Total mobile service provided for resale	34	18	4	56	3,210	1,061	12	4,284
<u>Toll service</u>								
310 Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)	12	37	414	463	23	133	417	574
311 Ordinary long distance (direct dialed MTS, customer toll-free 8xx service, "10-10 calls", associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	597	871	2,659	4,127	1,997	3,536	3,547	9,081
312 Long distance private line services	214	385	232	831	599	1,950	274	2,823
313 Satellite services	3	62	83	148	4	246	83	333
314 All other long distance services	11	19	37	67	25	74	94	193
Total toll service provided for resale	838	1,372	3,426	5,636	2,648	5,939	4,416	13,003
315 Total service provided for resale (carrier's carrier)	\$1,110	\$1,536	\$3,455	\$6,101	\$20,173	\$30,819	\$4,579	\$55,571

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.6**  
**Revenues from Telecommunications and Interconnected VoIP Service Provided to End Users: 2009**  
(in Millions)

Data from FCC Form 499-A Line	Five Holding Companies With Most End-User Revenues				Incumbent Local Exchange Carriers Other than Affiliates of the Top Five			
	Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>								
404 Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PICC charges:								
.1 & .3 Traditional Circuit Switched	\$28,584	\$17	*	\$28,601	\$6,318	\$19	\$0	\$6,336
.4 & .5 Interconnected Voice over Internet Protocol	\$244	\$161	*	\$406	*	\$1	\$0	\$2
405 Tariffed subscriber line charges and PICC charges levied by a local exchange carrier on a no-PIC customer	<u>126</u>	<u>5,547</u>	<u>0</u>	<u>5,673</u>	<u>42</u>	<u>1,540</u>	<u>*</u>	<u>1,581</u>
Total local exchange (Line 404 + Line 405)	28,954	5,725	*	34,679	6,360	1,559	*	7,919
406 Local private line and special access service	2,790	3,633	1	6,424	530	469	*	1,000
407 Payphone coin revenues (local and long distance)	61	*	*	61	14	*	*	14
408 Other local telecommunications service revenues	345	10	0	355	26	1	*	27
Line 403 surcharges on fixed local service <sup>1</sup>	156	1,060	*	1,216	26	226	0	252
Total fixed local service provided to end users	32,306	10,428	2	42,735	6,956	2,257	*	9,212
<u>Mobile service (including wireless telephony, paging &amp; messaging, and other mobile services)</u>								
409 Monthly and activation charges	64,435	19,877	184	84,496	303	55	0	359
410 Message charges including roaming, but excluding toll charges	8,480	2,601	118	11,199	29	13	*	42
Line 403 surcharges on mobile service <sup>1</sup>	462	2,673	5	3,140	2	8	0	10
Total mobile service provided to end users	73,377	25,151	307	98,835	334	76	*	410
<u>Toll service</u>								
411 Prepaid calling card (including card sales to customers and non-carrier distributors) reported at face value of cards	48	54	37	138	*	*	*	*
412 International calls that both originate and terminate in foreign points	0	0	262	262	0	0	0	0
413 Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412	150	151	86	386	4	*	*	4
414 Ordinary long distance (direct-dialed MTS, customer toll-free 8xx service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above), including long distance charges bundled with local exchange service	5,839	8,918	2,854	17,611	220	45	3	268
415 Long distance private line services	1,794	4,722	161	6,677	47	4	*	51
416 Satellite services	1	5	8	14	0	0	0	0
417 All other long distance services	93	495	18	607	2	*	0	2
Line 403 surcharges on toll service <sup>1</sup>	38	1,733	116	1,887	1	5	*	6
Total toll service provided to end users	7,963	16,078	3,540	27,581	274	54	3	332
Total telecommunications and interconnected VoIP service provided to end users	113,646	51,657	3,849	169,151	7,564	2,387	3	9,954
422 Uncollectible revenue/bad debt expense associated with end user revenues other than Line 412	2,007	684	58	2,749	136	30	*	166
423 Net universal service contribution base revenues	\$111,639	\$50,973	\$3,529	\$166,140	\$7,428	\$2,357	\$3	\$9,788

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.6**  
**Revenues from Telecommunications and Interconnected VoIP Service Provided to End Users: 2009**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-A Line	CLECs and other Local Competitors Other than Affiliates of the Top Five				Payphone Providers Other than Affiliates of the Top Five			
	Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>								
404 Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PICC charges:								
.1 & .3 Traditional Circuit Switched	\$5,150	\$167	\$8	\$5,325	*	\$0	\$0	*
.4 & .5 Interconnected Voice over Internet Protocol	\$5,300	\$1,312	\$154	\$6,765	\$0	\$0	\$0	\$0
405 Tariffed subscriber line charges and PICC charges levied by a local exchange carrier on a no-PIC customer	<u>56</u>	<u>986</u>	<u>1</u>	<u>1,043</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total local exchange (Line 404 + Line 405)	10,505	2,466	163	13,134	*	0	0	*
406 Local private line and special access service	1,054	391	10	1,455	1	*	*	1
407 Payphone coin revenues (local and long distance)	1	*	*	1	86	5	*	91
408 Other local telecommunications service revenues	318	32	1	351	*	1	*	1
Line 403 surcharges on fixed local service <sup>1</sup>	59	317	3	378	0	*	0	*
Total fixed local service provided to end users	11,937	3,206	176	15,318	87	5	*	93
<u>Mobile service (including wireless telephony, paging &amp; messaging, and other mobile services)</u>								
409 Monthly and activation charges	19	19	1	39	*	*	*	*
410 Message charges including roaming, but excluding toll charges	2	4	*	5	*	*	0	*
Line 403 surcharges on mobile service <sup>1</sup>	*	3	*	3	0	0	0	0
Total mobile service provided to end users	21	25	1	47	*	*	*	1
<u>Toll service</u>								
411 Prepaid calling card (including card sales to customers and non-carrier distributors) reported at face value of cards	3	3	7	13	*	*	*	1
412 International calls that both originate and terminate in foreign points	0	0	51	51	0	0	*	*
413 Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412	9	3	2	14	46	4	*	50
414 Ordinary long distance (direct-dialed MTS, customer toll-free 8xx service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above), including long distance charges bundled with local exchange service	1,438	1,795	349	3,582	*	*	*	*
415 Long distance private line services	336	764	59	1,159	0	0	0	0
416 Satellite services	*	7	17	24	*	*	*	*
417 All other long distance services	11	37	2	49	*	*	0	*
Line 403 surcharges on toll service <sup>1</sup>	8	290	10	308	0	0	0	0
Total toll service provided to end users	1,804	2,900	496	5,200	46	4	1	50
Total telecommunications and interconnected VoIP service provided to end users	13,762	6,131	673	20,565	134	9	1	144
422 Uncollectible revenue/bad debt expense associated with end user revenues other than Line 412	227	87	8	322	1	*	*	1
423 Net universal service contribution base revenues	\$13,535	\$6,043	\$614	\$20,192	\$133	\$9	\$1	\$143

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.6**  
**Revenues from Telecommunications and Interconnected VoIP Service Provided to End Users: 2009**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-A Line	Mobile Telephony Other than Affiliates of the Top Five				Other Mobile Other than Affiliates of the Top Five			
	Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>								
404 Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PICC charges:								
.1 & .3 Traditional Circuit Switched	\$9	*	\$0	\$9	\$11	*	\$0	\$11
.4 & .5 Interconnected Voice over Internet Protocol	\$8	\$1	\$0	\$10	\$3	\$1	*	\$4
405 Tariffed subscriber line charges and PICC charges levied by a local exchange carrier on a no-PIC customer	0	7	0	7	0	0	0	0
Total local exchange (Line 404 + Line 405)	17	9	0	26	13	1	*	14
406 Local private line and special access service	21	1	0	22	20	2	0	21
407 Payphone coin revenues (local and long distance)	0	0	0	0	*	*	*	*
408 Other local telecommunications service revenues	2	*	0	2	13	*	*	13
Line 403 surcharges on fixed local service <sup>1</sup>	*	1	0	2	*	*	0	*
Total fixed local service provided to end users	40	12	0	52	46	3	*	49
<u>Mobile service (including wireless telephony, paging &amp; messaging, and other mobile services)</u>								
409 Monthly and activation charges	8,779	2,583	15	11,377	334	40	*	374
410 Message charges including roaming, but excluding toll charges	1,706	400	17	2,123	9	1	1	11
Line 403 surcharges on mobile service <sup>1</sup>	43	310	*	354	1	4	0	5
Total mobile service provided to end users	10,528	3,293	32	13,853	344	45	1	390
<u>Toll service</u>								
411 Prepaid calling card (including card sales to customers and non-carrier distributors) reported at face value of cards	7	4	5	15	*	*	*	*
412 International calls that both originate and terminate in foreign points	0	0	6	6	0	0	0	0
413 Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412	6	*	1	7	0	0	*	*
414 Ordinary long distance (direct-dialed MTS, customer toll-free 8xx service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above), including long distance charges bundled with local exchange service	80	45	86	211	6	3	4	13
415 Long distance private line services	*	*	*	1	1	3	0	4
416 Satellite services	*	*	0	*	*	*	*	*
417 All other long distance services	*	4	2	7	*	*	0	*
Line 403 surcharges on toll service <sup>1</sup>	*	6	1	7	*	*	*	*
Total toll service provided to end users	93	59	101	253	7	7	4	18
Total telecommunications and interconnected VoIP service provided to end users	10,661	3,364	134	14,159	397	55	5	457
422 Uncollectible revenue/bad debt expense associated with end user revenues other than Line 412	553	134	2	689	4	*	*	4
423 Net universal service contribution base revenues	\$10,108	\$3,230	\$125	\$13,464	\$394	\$54	\$5	\$453

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.6**  
**Revenues from Telecommunications and Interconnected VoIP Service Provided to End Users: 2009**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-A		Toll Carriers				Total All Filers			
		Other than Affiliates of the Top Five				Intrastate	Interstate	International	Total
Line		Intrastate	Interstate	International	Total				
<u>Fixed local service</u>									
404	Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PICC charges:								
.1	& .3 Traditional Circuit Switched	\$665	\$41	*	\$706	\$40,736	\$243	\$9	\$40,987
.4	& .5 Interconnected Voice over Internet Protocol	\$15	\$12	*	\$27	\$5,571	\$1,489	\$154	\$7,213
405	Tariffed subscriber line charges and PICC charges levied by a local exchange carrier on a no-PIC customer	1	57	0	58	225	8,137	1	8,363
	Total local exchange (Line 404 + Line 405)	681	109	1	791	46,531	9,869	164	56,563
406	Local private line and special access service	64	69	21	154	4,480	4,565	32	9,077
407	Payphone coin revenues (local and long distance)	9	2	1	12	171	8	1	179
408	Other local telecommunications service revenues	17	5	1	24	721	50	2	772
	Line 403 surcharges on fixed local service <sup>1</sup>	2	17	2	21	243	1,621	5	1,869
	Total fixed local service provided to end users	774	201	25	1,001	52,146	16,112	203	68,460
<u>Mobile service (including wireless telephony, paging &amp; messaging, and other mobile services)</u>									
409	Monthly and activation charges	143	55	9	207	74,014	22,628	209	96,851
410	Message charges including roaming, but excluding toll charges	88	18	5	111	10,314	3,037	141	13,491
	Line 403 surcharges on mobile service <sup>1</sup>	1	7	*	9	509	3,005	5	3,520
	Total mobile service provided to end users	232	80	14	326	84,837	28,670	354	113,861
<u>Toll service</u>									
411	Prepaid calling card (including card sales to customers and non-carrier distributors) reported at face value of cards	107	43	1,859	2,008	164	104	1,907	2,175
412	International calls that both originate and terminate in foreign points	0	0	257	257	0	0	576	576
413	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412	373	114	69	555	587	272	157	1,016
414	Ordinary long distance (direct-dialed MTS, customer toll-free 8xx service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above), including long distance charges bundled with local exchange service	1,525	1,520	1,133	4,178	9,108	12,327	4,428	25,862
415	Long distance private line services	199	410	325	934	2,377	5,903	546	8,826
416	Satellite services	16	129	266	411	17	141	291	449
417	All other long distance services	97	848	124	1,068	203	1,384	145	1,733
	Line 403 surcharges on toll service <sup>1</sup>	7	281	26	314	55	2,314	153	2,522
	Total toll service provided to end users	2,324	3,344	4,057	9,725	12,511	22,445	8,203	43,159
	Total telecommunications and interconnected VoIP service provided to end users	3,330	3,625	4,096	11,052	149,493	67,227	8,761	225,481
422	Uncollectible revenue/bad debt expense associated with end user revenues other than Line 412	123	62	42	227	3,050	997	110	4,157
423	Net universal service contribution base revenues	\$3,207	\$3,564	\$3,798	\$10,569	\$146,443	\$66,230	\$8,075	\$220,748

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.7**  
**Total Revenues: 2009**  
(in Millions)

Data from FCC Form 499-A  Line	Five Holding Companies With Most End-User Revenues				Incumbent Local Exchange Carriers Other than Affiliates of the Top Five			
	Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
Fixed local service other than payphone [Lines 303, 304, 305, 307, 308, 404, 405, 406, 408, and a portion of 403] <sup>1</sup>	\$40,312	\$27,261	\$29	\$67,601	\$9,954	\$7,235	\$2	\$17,191
Payphone [Lines 306 and 407]	68	12	*	80	14	3	*	17
Mobile service [Lines 309, 409, 410, and a portion of 403] <sup>1</sup>	75,698	25,880	307	101,885	362	107	*	469
Toll service [Lines 310, 311, 312, 313, 314, 411, 412, 413, 414, 415, 416, 417, and a portion of 403] <sup>1</sup>	9,007	19,276	4,348	32,631	287	61	3	351
Total telecommunications and IVoIP service revenues	125,085	72,429	4,684	202,198	10,617	7,406	6	18,029
Total telecommunications and IVoIP service provided for resale (from Table 5)	11,439	20,772	835	33,047	3,054	5,019	3	8,075
Total telecommunications and IVoIP service provided to end users (from Table 6)	<u>113,646</u>	<u>51,657</u>	<u>3848.6</u>	<u>169,151</u>	<u>7,564</u>	<u>2,387</u>	<u>3</u>	<u>9,954</u>
Total telecommunications and IVoIP service revenues	125,085	72,429	4,684	202,198	10,617	7,406	6	18,029
418 Enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, and other non-telecommunications service revenues								
.1 bundled with circuit switched local exchange service	---	---	---	1,385	---	---	---	869
.2 bundled with interconnected VoIP local exchange service	---	---	---	0	---	---	---	*
.3 other	---	---	---	95,289	---	---	---	3,175
419 Gross billed revenues from all sources	---	---	---	298,871	---	---	---	22,073
421 Uncollectible revenue/bad debt expense associated with gross billed revenues				3,592				281
Total collected revenues from all sources				\$295,279				\$21,793

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.7**  
**Total Revenues: 2009**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-A		CLECs and other Local Competitors Other than Affiliates of the Top Five				Payphone Providers Other than Affiliates of the Top Five			
		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<b>Line</b>									
	Fixed local service other than payphone [Lines 303, 304, 305, 307, 308, 404, 405, 406, 408, and a portion of 403] <sup>1</sup>	\$14,465	\$4,852	\$271	\$19,588	\$2	\$1	*	\$2
	Payphone [Lines 306 and 407]	2	2	*	4	108	45	1	154
	Mobile service [Lines 309, 409, 410, and a portion of 403] <sup>1</sup>	34	28	1	63	*	*	*	1
	Toll service [Lines 310, 311, 312, 313, 314, 411, 412, 413, 414, 415, 416, 417, and a portion of 403] <sup>1</sup>	2,484	4,232	675	7,391	47	4	1	52
	Total telecommunications and IVoIP service revenues	16,985	9,114	947	27,046	157	50	2	209
	Total telecommunications and IVoIP service provided for resale (from Table 5)	3,224	2,983	274	6,481	23	41	1	65
	Total telecommunications and IVoIP service provided to end users (from Table 6)	<u>13,762</u>	<u>6,131</u>	673	<u>20,565</u>	<u>134</u>	<u>9</u>	<u>1</u>	<u>144</u>
	Total telecommunications and IVoIP service revenues	16,985	9,114	947	27,046	157	50	2	209
418	Enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, and other non-telecommunications service revenues								
	.1 bundled with circuit switched local exchange service	---	---	---	1,428	---	---	---	0
	.2 bundled with interconnected VoIP local exchange service	---	---	---	2,177	---	---	---	0
	.3 other	---	---	---	27,316	---	---	---	66
419	Gross billed revenues from all sources	---	---	---	57,968	---	---	---	275
421	Uncollectible revenue/bad debt expense associated with gross billed revenues				632				4
	Total collected revenues from all sources				\$57,336				\$271

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).



**Table 1.7**  
**Total Revenues: 2009**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-A		Mobile Telephony Other than Affiliates of the Top Five				Other Mobile Other than Affiliates of the Top Five			
		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
Line									
	Fixed local service other than payphone [Lines 303, 304, 305, 307, 308, 404, 405, 406, 408, and a portion of 403] <sup>1</sup>	\$432	\$149	*	\$582	\$90	\$25	*	\$115
	Payphone [Lines 306 and 407]	0	0	0	0	*	*	*	*
	Mobile service [Lines 309, 409, 410, and a portion of 403] <sup>1</sup>	11,300	3,567	36	14,903	387	51	4	442
	Toll service [Lines 310, 311, 312, 313, 314, 411, 412, 413, 414, 415, 416, 417, and a portion of 403] <sup>1</sup>	165	84	102	351	7	11	6	25
	Total telecommunications and IVoIP service revenues	11,897	3,800	139	15,836	484	87	11	582
	Total telecommunications and IVoIP service provided for resale (from Table 5)	1,236	436	5	1,677	87	32	\$6	125
	Total telecommunications and IVoIP service provided to end users (from Table 6)	<u>10,661</u>	<u>3,364</u>	<u>134</u>	<u>14,159</u>	<u>397</u>	<u>55</u>	<u>5</u>	<u>457</u>
	Total telecommunications and IVoIP service revenues	11,897	3,800	139	15,836	484	87	11	582
418	Enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, and other non-telecommunications service revenues								
	.1 bundled with circuit switched local exchange service	---	---	---	1,183	---	---	---	18
	.2 bundled with interconnected VoIP local exchange service	---	---	---	0	---	---	---	*
	.3 other	---	---	---	3,522	---	---	---	792
419	Gross billed revenues from all sources	---	---	---	20,540	---	---	---	1,393
421	Uncollectible revenue/bad debt expense associated with gross billed revenues				721				6
	Total collected revenues from all sources				\$19,819				\$1,387

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.7**  
**Total Revenues: 2009**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-A		Toll Carriers Other than Affiliates of the Top Five				Total All Filers			
		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
Line									
	Fixed local service other than payphone [Lines 303, 304, 305, 307, 308, 404, 405, 406, 408, and a portion of 403] <sup>1</sup>	\$1,003	\$345	\$49	\$1,397	\$66,258	\$39,867	\$352	\$106,477
	Payphone [Lines 306 and 407]	9	2	2	13	202	63	3	268
	Mobile service [Lines 309, 409, 410, and a portion of 403] <sup>1</sup>	266	98	18	382	88,047	29,732	366	118,145
	Toll service [Lines 310, 311, 312, 313, 314, 411, 412, 413, 414, 415, 416, 417, and a portion of 403] <sup>1</sup>	3,162	4,716	7,483	15,361	15,159	28,384	12,619	56,162
	Total telecommunications and IVoIP service revenues	4,440	5,161	7,552	17,153	169,666	98,047	13,340	281,052
	Total telecommunications and IVoIP service provided for resale (from Table 5)	1,110	1,536	3,455	6,101	20,173	30,819	4,579	55,571
	Total telecommunications and IVoIP service provided to end users (from Table 6)	<u>3,330</u>	<u>3,625</u>	<u>4,096</u>	<u>11,052</u>	<u>149,493</u>	<u>67,227</u>	<u>8,761</u>	<u>225,481</u>
	Total telecommunications and IVoIP service revenues	4,440	5,161	7,552	17,153	169,666	98,047	13,340	281,052
418	Enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, and other non-telecommunications service revenues								
	.1 bundled with circuit switched local exchange service	---	---	---	142	---	---	---	5,026
	.2 bundled with interconnected VoIP local exchange service	---	---	---	21	---	---	---	2,198
	.3 other	---	---	---	21,476	---	---	---	151,635
419	Gross billed revenues from all sources	---	---	---	38,792	---	---	---	439,911
421	Uncollectible revenue/bad debt expense associated with gross billed revenues				335				5,570
	Total collected revenues from all sources				\$38,458				\$434,342

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.8**  
**Revenues by Type of Provider (2009) <sup>1</sup>**  
(in Millions)

Data from FCC Form 499-A	Telecommunications and Interconnected VoIP Service Provided for Resale <sup>2</sup>				Telecommunications and Interconnected VoIP Service Provided to End Users <sup>2</sup>			
	Fixed Local	Mobile	Toll	Total	Fixed Local	Mobile	Toll	Total
Incumbent Local Exchange Carriers (ILECs) Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	31,196	112	155	31,463	48,947	455	2,586	51,988
Local Resellers	3,338	1	1,580	4,919	8,969	11	2,980	11,961
Private Service Providers	78	14	14	105	248	3	105	356
Shared-Tenant Service Providers	122	2	439	563	126	2	500	627
Coaxial Cable IVoIP Providers	*	0	*	*	27	*	8	35
Interconnected VoIP (IVoIP) Providers	682	*	62	745	5,024	*	1,416	6,441
Total IVoIP	91	0	167	258	1,640	30	265	1,935
Other Local Service Providers	774	*	229	1,003	6,665	30	1,681	8,376
Total Local Competitors	154	0	127	281	51	1	11	63
	4,465	17	2,390	6,871	16,086	47	5,285	21,417
Fixed Local Service Providers	35,661	129	2,545	38,335	65,032	502	7,871	73,405
Payphone Service Providers	64	0	1	65	93	1	50	144
Mobile Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers	791	4,047	99	4,936	90	112,636	2,346	115,071
Paging & Messaging Service Providers	3	8	4	16	3	335	8	345
Specialized Mobile Radio (SMR) Dispatch	13	*	0	14	1	53	3	57
Mobile Data and Other Mobile Service Providers	50	43	2	96	45	9	7	61
Mobile Service Providers	857	4,099	106	5,062	139	113,033	2,364	115,535
Interexchange Carriers (IXCs)	1,543	15	5,874	7,433	2,822	87	22,438	25,348
Operator Service Providers (OSPs)	*	0	34	34	9	0	897	906
Prepaid Calling Card Providers	1	0	370	371	5	129	1,363	1,498
Satellite Service Providers	0	4	291	295	2	23	590	615
Toll Resellers	80	24	1,835	1,939	285	84	5,713	6,082
VoIP Toll Providers	18	0	313	332	8	1	457	466
Audio Bridge Service Providers	7	0	168	175	40	1	969	1,010
Other Toll Carriers	52	13	1,466	1,531	25	1	447	473
Toll Service Providers	1,703	56	10,351	12,110	3,197	326	32,874	36,397
All Filers	\$38,285	\$4,284	\$13,003	\$55,571	\$68,460	\$113,861	\$43,159	\$225,481
Five Holding Companies with Highest End-User Revenue	\$24,946	\$3,050	\$5,051	\$33,047	\$42,735	\$98,835	\$27,580	\$169,151

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Revenues are classified by the primary carrier type of each reporting entity. For example, revenues reported by a LEC affiliate that identifies itself as an IXC are included in the table as IXC revenues. Many LECs provided both local and long distance services as part of package plans. Most of the revenues for the toll portion of these bundles were reported as toll revenues on FCC Form 499-A filings of LEC toll affiliates.

<sup>2</sup> Telecommunications and interconnected VoIP service provided for resale consists of service provided to other contributors to federal universal service support mechanisms for resale. Revenues from services provided to firms that are *de minimis* or exempt from federal universal service are reported as end-user revenues and are subject to contribution requirements.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.8**  
**Revenues by Type of Provider (2009) <sup>1</sup>**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-A	Universal Service  Contribution Base Revenues 2, 3	Telecommunications and Interconnected VoIP Service Revenues					Other Revenues 4	Total Billed Revenues
		Intrastate	Interstate	International to International	Other International	Total		
Incumbent Local Exchange Carriers (ILECs) Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	11,263	51,279	32,166	0	6	83,451	26,188	109,639
Local Resellers	3,984	10,217	6,292	43	329	16,880	7,843	24,723
Private Service Providers	104	291	99	*	71	461	216	677
Shared-Tenant Service Providers	430	365	726	5	94	1,190	9,567	10,757
Coaxial Cable IVoIP Providers	9	26	7	0	2	35	89	124
Interconnected VoIP (IVoIP) Providers	1,644	5,286	1,703	*	197	7,185	4,517	11,702
Total IVoIP	1,027	968	975	3	247	2,193	11,003	13,196
Other Local Service Providers	2,671	6,253	2,678	3	444	9,379	15,520	24,898
Total Local Competitors	13	189	153	0	1	344	431	775
Fixed Local Service Providers	7,210	17,341	9,955	51	941	28,289	33,666	61,954
Payphone Service Providers	18,474	68,620	42,121	51	947	111,740	59,854	171,593
Mobile Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers	10	157	50	*	2	209	66	275
Paging & Messaging Service Providers	30,306	87,746	30,703	6	1,552	120,007	65,096	185,103
Specialized Mobile Radio (SMR) Dispatch	43	310	51	0	*	361	176	537
Mobile Data and Other Mobile Service Providers	6	66	4	0	1	71	444	515
Mobile Service Providers	12	115	33	0	9	157	198	355
Interexchange Carriers (IXCs)	30,367	88,237	30,792	6	1,562	120,597	65,914	186,510
Operator Service Providers (OSPs)	17,599	9,104	19,146	269	4,261	32,780	14,787	47,568
Prepaid Calling Card Providers	159	737	192	3	8	940	172	1,112
Satellite Service Providers	1,288	213	72	21	1,563	1,869	213	2,082
Toll Resellers	405	46	228	163	472	910	3,793	4,702
VoIP Toll Providers	4,234	2,128	4,253	39	1,601	8,021	3,044	11,065
Audio Bridge Service Providers	434	149	99	2	548	798	370	1,167
Other Toll Carriers	952	44	898	16	228	1,185	9,805	10,991
Toll Service Providers	384	230	197	5	1,573	2,004	841	2,846
All Filers	25,454	12,652	25,084	519	10,253	48,507	33,026	81,533
Five Holding Companies with Highest End-User Revenue	\$74,305	\$169,666	\$98,046	\$576	\$12,764	\$281,052	\$158,859	\$439,911
	\$54,502	\$125,085	\$72,428	\$262	\$4,422	\$202,198	\$96,673	\$298,871

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

\* Denotes values greater than \$0 but less than \$500,000.

<sup>1</sup> Revenues are classified by the primary carrier type of each reporting entity. For example, revenues reported by a LEC affiliate that identifies itself as an IXC are included in the table as IXC revenues. Many LECs provided both local and long distance services as part of package plans. Most of the revenues for the toll portion of these bundles were reported as toll revenues on FCC Form 499-A filings of LEC toll affiliates.

<sup>2</sup> Telecommunications and interconnected VoIP service provided for resale consists of service provided to other contributors to federal universal service support mechanisms for resale. Revenue from services provided to firms that are *de minimis* or exempt from federal universal service are reported as end-user revenues and are subject to contribution requirements.

<sup>3</sup> Universal service contribution base revenues consist of all interstate and international end-user telecommunications revenues except for international-to-international revenues reported on Line 412. The totals include revenues from filers who are *de minimis* or otherwise exempt from contributing. This table also includes international revenues that were exempt from contribution because of the LIRE Exemption. See Table 4 for details on exempt amounts. Contribution base amounts reported as uncollectible on Line 422 have been removed.

<sup>4</sup> Carriers report non-telecommunications service revenues on Line 418. This category includes enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, internet, foreign carrier, and other non-U.S. telecommunications service revenues.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011).

**Table 1.9**  
**Carrier Telecommunications Revenues Reported on FCC Form 499-Q: 2009**  
(in Millions)

Data from FCC Form 499-Q	Projected Revenues for 2009 <sup>1</sup>			Historic Revenues Reported for 2009 <sup>1</sup>			
	Interstate and International			Intrastate, interstate and International			Interstate and International
	Billed to End Users <sup>2</sup>	Collected from End Users <sup>2 3</sup>	Implied Uncollectible Rate <sup>3</sup>	Billed to Resellers <sup>2</sup>	Billed to End Users <sup>2</sup>	Total Revenue <sup>2</sup>	Billed to End Users <sup>2</sup>
	(\$millions)	(\$millions)		(\$millions)	(\$millions)	(\$millions)	(\$millions)
Regional Bell Operating Companies <sup>4</sup>	\$9,226	\$9,128	1.0 %	\$23,362	\$42,608	\$65,970	\$9,124
Other Incumbent Local Exchange Carriers (ILECs)	<u>2,475</u>	<u>2,428</u>	1.9	<u>7,840</u>	<u>10,130</u>	<u>17,970</u>	<u>2,441</u>
Total ILECs	11,700	11,555	1.2	31,202	52,738	83,940	11,565
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	4,300	4,240	2.5	4,789	11,822	16,611	3,997
Local Resellers	90	83	8.4	79	359	437	81
Private Service Providers	448	440	2.2	4,492	605	5,097	418
Shared-Tenant Service Providers	10	10	8.9	11	38	49	10
Coaxial Cable IVoIP Providers <sup>5</sup>							
Interconnected VoIP (IVoIP) Providers <sup>5</sup>	1,364	1,340	4.2	255	3,653	3,907	1,379
Total IVoIP <sup>5</sup>							
Other Local Service Providers	<u>15</u>	<u>13</u>	2.8	<u>179</u>	<u>56</u>	<u>235</u>	<u>14</u>
Total Local Competitors	7,186	7,072	2.9	10,563	21,113	31,676	7,121
Fixed Local Service Providers	18,887	18,628	1.7	41,765	73,852	115,617	18,686
Payphone Service Providers	16	16	3.7	73	190	263	11
Mobile Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers	32,285	31,696	2.0	5,718	118,630	124,349	31,776
Paging & Messaging Service Providers	48	48	12.2	35	360	395	44
Specialized Mobile Radio (SMR) Dispatch	3	3	2.6	11	57	68	4
Mobile Data and Other Mobile Service Providers	13	13	0.3	38	75	113	11
Mobile Service Providers	32,350	31,761	2.0	5,802	119,122	124,924	31,835
Interexchange Carriers (IXCs)	18,680	18,465	1.2	8,144	24,760	32,904	17,994
Operator Service Providers (OSPs)	199	180	10.9	36	913	948	177
Prepaid Calling Card Providers	1,396	1,386	0.8	262	1,443	1,705	1,277
Satellite Service Providers	365	363	1.1	255	430	685	414
Toll Resellers	4,556	4,382	3.1	1,961	5,845	7,806	4,192
VoIP Toll Provider <sup>5</sup>	358	336	4.8	323	361	684	337
Audio Bridge Service Provider <sup>6</sup>	906	896	0.7	24	564	588	546
Other Toll Carriers	432	424	1.0	1,515	466	1,369	387
Toll Service Providers	26,891	26,431	1.6	12,520	34,783	47,302	25,324
All Filers	\$78,143	\$76,835	1.8 %	\$60,159	\$227,947	\$288,107	\$75,856
LIRE Exemption <sup>7</sup>		(\$3,331)					
Total less LIRE <sup>7</sup>		\$73,505					

See notes at end of table.

**Table 1.9**  
**Carrier Telecommunications Revenues Reported on FCC Form 499-Q: 2010**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-Q	Projected Revenues for 2010 <sup>1</sup>			Historic Revenues Reported for 2010 <sup>1</sup>			
	Interstate and International			Intrastate, interstate and International			Interstate and International
	Billed to End Users <sup>2</sup>	Collected from End Users <sup>2 3</sup>	Implied Uncollectible Rate <sup>3</sup>	Billed to Resellers <sup>2</sup>	Billed to End Users <sup>2</sup>	Total Revenue <sup>2</sup>	Billed to End Users <sup>2</sup>
	(\$millions)	(\$millions)		(\$millions)	(\$millions)	(\$millions)	(\$millions)
Regional Bell Operating Companies <sup>4</sup>	\$8,796	\$8,716	0.9 %				
Other Incumbent Local Exchange Carriers (ILECs)	<u>2,346</u>	<u>2,307</u>	1.7				
Total ILECs	11,142	11,023	1.1	\$30,998	\$47,384	\$78,383	\$10,755
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	4,203	4,139	1.5	5,018	11,808	16,826	4,147
Local Resellers	91	86	5.2	130	353	483	102
Private Service Providers	458	450	1.7	5,105	643	5,748	435
Shared-Tenant Service Providers	10	10	2.6	10	33	43	11
Coaxial Cable IVoIP Providers <sup>5</sup>				360	2,843	3,203	774
Interconnected VoIP (IVoIP) Providers <sup>5</sup>	1,674	1,647	1.6	337	4,019	4,356	1,582
Total IVoIP <sup>5</sup>				490	4,563	5,053	1,491
Other Local Service Providers	<u>14</u>	<u>13</u>	1.7	<u>182</u>	<u>68</u>	<u>250</u>	<u>14</u>
Total Local Competitors	7,769	7,648	1.6	11,507	22,041	33,547	7,685
Fixed Local Service Providers	18,910	18,671	1.3	42,505	69,425	111,931	18,439
Payphone Service Providers	11	11	2.4	45	163	207	11
Mobile Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers	30,509	29,967	1.8	5,119	110,971	116,090	29,220
Paging & Messaging Service Providers	40	40	0.7	23	297	320	38
Specialized Mobile Radio (SMR) Dispatch	7	7	0.1	15	57	72	9
Mobile Data and Other Mobile Service Providers	14	14	0.9	53	64	117	15
Mobile Service Providers	30,570	30,028	1.8	5,210	111,388	116,598	29,282
Interexchange Carriers (IXCs)	16,593	16,402	1.2	6,667	23,178	29,846	16,326
Operator Service Providers (OSPs)	164	146	10.9	14	789	803	147
Prepaid Calling Card Providers	1,199	1,182	1.4	413	1,413	1,826	1,027
Satellite Service Providers	386	384	0.6	304	428	733	401
Toll Resellers	4,402	4,250	3.4	1,734	5,775	7,509	4,134
VoIP Toll Provider <sup>5</sup>	460	446	3.5	307	515	822	475
Audio Bridge Service Provider <sup>6</sup>	900	885	1.6	185	976	1,162	885
Other Toll Carriers	597	592	1.0	1,190	740	1,930	670
Toll Service Providers	24,700	24,287	1.7	10,815	33,815	44,630	24,064
All Filers	\$74,192	\$72,997	1.6 %	\$ 58,575	\$ 214,791	\$ 273,366	\$71,796
LIRE Exemption <sup>7</sup>		(\$3,500)					
Total less LIRE <sup>7</sup>		\$69,497					

See notes at end of table.

**Table 1.9**  
**Carrier Telecommunications Revenues Reported on FCC Form 499-Q: 2011**  
**Continued**  
**(in Millions)**

Data from FCC Form 499-Q	Projected Revenues for 2011 <sup>1</sup>			Historic Revenues Reported for First Half 2011 <sup>1</sup>			
	Interstate and International			Intrastate, Interstate and International			Interstate and International
	Billed to End Users <sup>2</sup>	Collected from End Users <sup>2,3</sup>	Implied Uncollectible Rate <sup>3</sup>	Billed to Resellers <sup>2</sup>	Billed to End Users <sup>2</sup>	Total Revenue <sup>2</sup>	Billed to End Users <sup>2</sup>
(\$millions)	(\$millions)	%	(\$millions)	(\$millions)	(\$millions)	(\$millions)	
Regional Bell Operating Companies <sup>4</sup>							
Other Incumbent Local Exchange Carriers (ILECs)							
Total ILECs	10,225	10,039	1.8	15,904	22,117	38,021	5,095
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	4,061	4,003	1.4	2,444	5,669	8,113	1,973
Local Resellers	98	94	4.3	78	156	234	49
Private Service Providers	656	476	27.3	2,536	336	2,872	225
Shared-Tenant Service Providers	9	9	3.8	0	13	13	4
Coaxial Cable IVoIP Providers <sup>5</sup>	1,750	1,732	1.0	295	3,555	3,851	925
Interconnected VoIP (IVoIP) Providers <sup>5</sup>	1,456	1,431	1.7	147	1,297	1,444	646
Total IVoIP <sup>5</sup>	3,206	3,163	1.3	443	4,852	5,295	1,570
Other Local Service Providers	<u>14</u>	<u>14</u>	0.2	<u>104</u>	<u>34</u>	<u>139</u>	<u>7</u>
Total Local Competitors	8,044	7,760	3.5	5,605	11,060	16,665	3,828
Fixed Local Service Providers	18,269	17,799	2.6	21,509	33,177	54,686	8,923
Payphone Service Providers	9	9	0.6	20	75	94	4
Mobile Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers	29,814	29,325	1.6	2,846	53,353	56,199	14,550
Paging & Messaging Service Providers	35	34	1.1	11	134	145	17
Specialized Mobile Radio (SMR) Dispatch	6	6	2.0	12	27	39	2
Mobile Data and Other Mobile Service Providers	15	15	0.5	36	30	66	6
Mobile Service Providers	29,870	29,380	1.6	2,905	53,544	56,449	14,576
Interexchange Carriers (IXCs)	15,018	14,881	0.9	3,277	11,010	14,287	7,830
Operator Service Providers (OSPs)	139	126	9.7	4	411	414	66
Prepaid Calling Card Providers	933	897	3.9	227	587	814	389
Satellite Service Providers	368	365	0.8	103	175	278	157
Toll Resellers	4,327	4,232	2.2	1,040	3,160	4,201	2,155
VoIP Toll Provider <sup>5</sup>	390	385	1.2	176	220	396	210
Audio Bridge Service Provider <sup>6</sup>	1,009	1,005	0.5	76	528	604	513
Other Toll Carriers	662	660	0.3	570	369	939	327
Toll Service Providers	22,847	22,550	1.3	5,473	16,460	21,934	11,647
All Filers	\$70,995	\$69,739	1.8 %	\$29,907	\$103,256	\$133,164	\$35,151
LIRE Exemption <sup>7</sup>		(\$3,096)					
Total less LIRE <sup>7</sup>		\$66,642					

See notes on next page.

## Notes for Table 1.9

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

- 1 Each quarter, telecommunications providers that are required to contribute to universal service support mechanisms must file an FCC Form 499-Q. The FCC Form 499-Q collects total, interstate and international billed revenues for the most recently completed calendar quarter (historic revenues) and also collects projected interstate and international -- but not total -- revenues for the upcoming calendar quarter (projected revenues.) Some telecommunications providers file the form even though they are not required to contribute. USAC estimates revenues for most non-filers.  
  
In order to avoid double assessment, the FCC Form 499-Q distinguishes between revenues for U.S telecommunications and interconnected VoIP service provided for resale, commonly called "carrier's carrier" revenues, and USF assessable contribution base revenues, commonly called "end-user revenues." Services provided for resale consist of U.S. telecommunications and interconnected VoIP service provided to another contributing filer for resale as U.S. telecommunications or interconnected VoIP service. Revenues from telecommunications and interconnected VoIP service provided to non-filers (actual customers) and to firms that are *de minimis* or otherwise exempt from federal universal service support mechanisms are reported as end-user revenue.
- 2 This table does not include revenue from "international-to-international" telephone calls, which are defined as U.S. telecom calls that traverse U.S. territory but both originate and terminate in foreign points. Such revenues are exempt from universal service contribution and therefore are not included with historical assessable end-user telecommunications revenues on Line 116 of the FCC Form 499-Q, or with projected gross billed or projected collected revenues on Line 119 or Line 120, respectively. International-to-international revenues are included with Line 117 - (all other goods and services) and Line 118 - (gross-billed revenues from all sources), but these lines are not summarized in the tables herein. International-to-international revenues are included with end-user telecommunications revenues on Line 412 of the FCC Form 499-A and are included in contribution bases for telecommunications relay service, local number portability, and number administration.
- 3 Filers contribute to USF based on the interstate and international telecommunications revenues that they collect from end users. On the FCC Form 499-Q, filers report interstate and international billed end-user historical revenues for the most recently completed quarter. Filers also project the amount of contribution base (i.e. interstate and international end-user revenue) they expect to bill in the upcoming quarter and how much of this billed amount they expect to collect. (For example, the May 2010 filings contain historic revenue data for the Q1 of 2010 and projected revenue data for Q3 of 2010.) The difference between projected billed revenues and projected collected revenues is the implied uncollectible amount. Projected collected end-user interstate and international revenues form the USF contribution base. Filers report actual billed and uncollectible amounts in their FCC Form 499-A filings. This information is used to true-up contributions.
- 4 In 1984, the Regional Bell Operating Companies (RBOCs) consisted of Ameritech, Bell Atlantic, Bell South, NYNEX, Pacific Telesis, Southwestern Bell and US West. As a result of mergers, by 2009 the RBOCs consisted of AT&T, Qwest, and Verizon. Where operations were sold to other carriers, subsequent revenues are included with ILEC revenues. Beginning in 2010, RBOC revenues are included with ILEC revenues.
- 5 The filer category Coaxial Cable was added to the 2004 FCC Form 499-A. The category interconnected Voice over Internet Protocol ("Interconnected VoIP") was added to the revised 2006 FCC Form 499-A, dated August 2006. By 2009, most firms that self identified as Coaxial Cable reported that most of their local service revenues were derived from interconnected VoIP service. Information from recent FCC Form 477 filings, FCC Form 499-A filings, and company websites have been used to reclassify companies so that interconnected VoIP providers that operate using their own coaxial cable TV facilities are classified as "Coaxial Cable." Filers that self identified as interconnected VoIP but reported only toll revenue on their FCC Form 499-A filings have been reclassified as "VoIP Toll".  
  
Note that many filers that self identified as incumbent local exchange carriers (ILECs) or competitive local exchange carriers (CLECs) also reported interconnected VoIP revenues. The quarterly revenues reported by these entities are included with ILEC and CLEC revenues, not with interconnected VoIP provider revenues in these tables. Prior to Q4 of 2008, a few audio bridging (teleconferencing) service providers reported their revenues as telecommunications. Starting with Q4 of 2008, all audio bridging service revenues must be reported as telecommunications.
- 6 Prior to the fourth quarter of 2008, a few audio bridging (teleconferencing) service providers reported their revenues as telecommunications. Starting with the fourth quarter of 2008, all audio bridging service revenues must be reported as telecommunications. See Request for Review by InterCall, Inc. of Decision of the Universal Service Administrator, CC Docket No. 96-45, Order, 23 FCC Red 10731(2008).
- 7 The amounts actually used to calculate contribution factors are shown below. These amounts total less than the total projected collected revenues shown in the table. One reason is that amounts in the table reflect all amounts shown in the FCC Form 499-Q data base, including estimated amounts for non-filers and amounts reported by filers that are *de minimis* or do not contribute because they provide only international services. In addition, filers are not required to contribute on international revenues if their interstate end-user revenues represent less than 12% of their combined interstate and international end-user revenues -- a test referred to as the Limited International Revenue Exemption (LIRE) or the "12%" rule. In addition, the totals shown above include estimated amounts for some carriers. Finally, some difference may be explained by late filings and corrections made to the data base after the Commission calculated contribution factors.

### Contribution bases used to calculate factors

	Calendar 2009 (\$millions)	Calendar 2010 (\$millions)	Calendar 2011 (\$millions)
First Quarter	\$18,871.0	\$17,254.2	\$16,674.4
Second Quarter	\$18,714.7	\$16,637.9	\$16,403.5
Third Quarter	\$18,032.8	\$17,575.6	\$16,848.7
Fourth Quarter	\$17,164.4	\$17,441.4	\$16,681.6
<u>Total Projected Collected</u>	<u>\$72,783.0</u>	<u>\$68,909.1</u>	<u>\$66,608.2</u>

Source: Data filed on FCC Forms 499-Q and 499-A Worksheets. See also: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (May 2011), available at [fcc.gov/wcb/iatd/lec.html](http://fcc.gov/wcb/iatd/lec.html).



**Table 1.10**  
**Universal Service Program Requirements and Contribution Factors for 2010**  
(in Millions)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
<b>All Support Mechanisms</b>					
Projections of demand and administrative expenses at the time the contribution factors were adopted					
<b>High Cost</b>					
High Cost Loop Support	\$358.960	\$366.880	\$372.500	\$369.780	\$1,468.120
Local Switching Support	\$96.490	\$98.220	\$99.530	\$104.220	\$398.460
Interstate Common Line Support	\$425.620	\$431.950	\$450.400	\$451.660	\$1,759.630
Interstate Access Support Mechanism	\$144.820	\$142.530	\$144.480	\$153.370	\$585.200
Forward-Looking High Cost Mechanism	\$80.420	\$79.990	\$81.380	\$81.580	\$323.370
Prior Period True-ups	\$23.660	\$90.560	\$25.000	-\$34.930	\$104.290
Administrative expenses	\$7.610	\$7.850	\$7.480	\$1.990	\$24.930
Interest income <sup>1</sup>	-\$0.260	-\$0.140	-\$0.040	-\$0.120	-\$0.560
Sprint & Verizon Wireless Phase Down Recovery <sup>2</sup>	-\$39.210	-\$39.210	-\$39.210	-\$39.210	-\$156.840
Program Total	\$1,098.110	\$1,178.630	\$1,141.520	\$1,088.340	\$4,506.600
<b>Low Income</b>					
Lifeline Assistance	\$291.410	\$332.080	\$334.920	\$336.280	\$1,294.690
Link-Up	\$15.050	\$21.630	\$18.570	\$18.240	\$73.490
Incremental Toll Limitation	\$3.510	\$4.510	\$5.720	\$7.140	\$20.880
Prior Period true-ups	\$45.230	\$26.570	-\$14.170	-\$49.750	\$7.880
Administrative expenses	\$1.100	\$1.480	\$1.700	-\$0.090	\$4.190
Interest income <sup>1</sup>	-\$0.050	-\$0.020	-\$0.030	-\$0.090	-\$0.190
Program Total	\$356.250	\$386.250	\$346.710	\$311.730	\$1,400.940
<b>Rural Health</b>					
Rural Health Care Support	\$51.760	\$52.380	\$33.080	\$15.670	\$152.890
Prior Period True-ups	\$3.170	\$0.120	-\$0.880	-\$0.950	\$1.460
Administrative expenses	\$2.590	\$2.820	\$3.590	\$2.350	\$11.350
Interest income <sup>1</sup>	-\$0.310	-\$0.330	-\$0.310	-\$0.420	-\$1.370
Program Total	\$57.210	\$54.990	\$35.480	\$16.650	\$164.330
<b>Schools &amp; Libraries</b>					
Schools and Libraries Support	\$562.500	\$562.500	\$562.500	\$562.500	\$2,250.000
Prior Period True-ups <sup>3</sup>	\$36.480	\$1.540	-\$3.350	-\$6.940	\$27.730
Administrative expenses	\$18.190	\$18.920	\$23.140	\$9.510	\$69.760
Interest income <sup>1</sup>	-\$4.010	-\$3.540	-\$3.040	-\$3.360	-\$13.950
Program Total	\$613.160	\$579.420	\$579.250	\$561.710	\$2,333.540
<b>Grand Total</b>	<b>\$2,124.730</b>	<b>\$2,199.290</b>	<b>\$2,102.960</b>	<b>\$1,978.430</b>	<b>\$8,405.410</b>
<b>Applicable interstate and international end-user revenues</b>					
Reported contribution base revenues	\$17,254.235	\$16,637.880	\$17,575.565	\$17,441.382	
<b>Circularity Adjustment</b>					
Amount carriers will contribute to USF in this quarter.	-\$2,106.540	-\$2,180.370	-\$2,079.820	-\$1,968.920	
Subtotal	\$15,147.695	\$14,457.510	\$15,495.745	\$15,472.462	
Adjustment factor for uncollectibles	1.00%	1.00%	1.00%	1.00%	
Contribution base at the time the factor was calculated	\$14,996.218	\$14,312.935	\$15,340.788	\$15,317.737	
Contribution factor	14.1%	15.3%	13.6%	12.9%	
Contribution factor times contribution base	\$2,114.467	\$2,189.879	\$2,086.347	\$1,975.988	

Source: Appendix M02 from pertinent filings as shown at <http://www.usac.org/about/governance/fcc-filings/2010/>

<sup>1</sup> Interest income is shown as negative because it is subtracted from expenses to yield the total.

<sup>2</sup> The recovery of support for Sprint and Verizon Wireless is consistent with the support phase-down discussion whereby USAC recovers 20% of CETC support over five years until such time Sprint and Verizon Wireless no longer receive any High Cost support. A discussion of the support phase-downs can be found in DA 08-258 and DA 08-259 released in November 2008. More information can be found in WC 05-337 Released September 2010.

<sup>3</sup> For the schools & libraries mechanism, periodic true-ups include applications of unused fund balance from prior periods.

**Table 1.10**  
**Universal Service Program Requirements and Contribution Factors for 2011**  
**Continued**  
**(in Millions)**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
All Support Mechanisms					
Projections of demand and administrative expenses at the time the contribution factors were adopted					
<b>High Cost</b>					
High Cost Loop Support	\$327.700	\$328.390	\$335.410	\$331.390	\$1,322.890
Local Switching Support	\$95.010	\$95.900	\$97.030	\$95.570	\$383.510
Interstate Common Line Support	\$403.690	\$400.370	\$406.360	\$414.930	\$1,625.350
Interstate Access Support Mechanism	\$137.550	\$134.020	\$131.040	\$135.950	\$538.560
Forward-Looking High Cost Mechanism	\$75.040	\$73.840	\$72.360	\$72.980	\$294.220
Prior Period True-ups	\$126.280	\$23.800	-\$13.190	-\$33.680	\$103.210
Administrative expenses	-\$0.150	-\$0.130	-\$0.390	-\$1.400	-\$2.070
Interest income <sup>1</sup>	\$4.310	\$4.460	\$4.250	\$4.270	\$17.290
CETC Reserve Pursuant to FCC 10-155 <sup>2</sup>	\$56.850	\$65.930	\$60.330	\$58.700	\$241.810
Program Total	\$1,226.280	\$1,126.580	\$1,093.200	\$1,078.710	\$4,524.770
<b>Low Income</b>					
Lifeline Assistance	\$341.030	\$358.160	\$395.600	\$488.110	\$1,582.900
Link-Up	\$23.130	\$20.270	\$23.510	\$34.050	\$100.960
Incremental Toll Limitation	\$6.560	\$5.360	\$3.900	\$2.920	\$18.740
Prior Period true-ups	-\$11.890	-\$12.390	\$3.000	\$4.480	-\$16.800
Administrative expenses	\$1.730	\$2.090	\$1.640	\$2.340	\$7.800
Interest income <sup>1</sup>	-\$0.140	-\$0.150	-\$0.110	-\$0.100	-\$0.500
Program Total	\$360.420	\$373.340	\$427.540	\$531.800	\$1,693.100
<b>Rural Health</b>					
Rural Health Care Support	\$20.520	\$20.290	\$23.790	\$19.710	\$84.310
Prior Period True-ups	\$0.040	-\$0.480	-\$1.300	-\$0.270	-\$2.010
Administrative expenses	\$3.780	\$3.670	\$3.830	\$3.700	\$14.980
Interest income <sup>1</sup>	-\$0.470	-\$0.580	-\$0.720	-\$1.280	-\$3.050
Program Total	\$23.870	\$22.900	\$25.600	\$21.860	\$94.230
<b>Schools &amp; Libraries</b>					
Schools and Libraries Support	\$562.500	\$562.500	\$562.500	\$562.500	\$2,250.000
Prior Period True-ups <sup>3</sup>	\$43.290	\$16.290	-\$2.710	\$1.410	\$58.280
Administrative expenses	\$19.190	\$19.200	\$18.640	\$18.300	\$75.330
Interest income <sup>1</sup>	-\$3.880	-\$3.970	-\$3.970	-\$3.760	-\$15.580
Program Total	\$621.100	\$594.020	\$574.460	\$578.450	\$2,368.030
<b>Grand Total</b>	<b>\$2,231.670</b>	<b>\$2,116.840</b>	<b>\$2,120.800</b>	<b>\$2,210.820</b>	<b>\$8,680.130</b>
Applicable interstate and international end-user revenues					
Reported contribution base revenues	\$16,674.393	\$16,403.461	\$16,848.724	\$16,681.649	
Circularity Adjustment					
Amount carriers will contribute to USF in this quarter.	-\$2,212.480	-\$2,097.640	-\$2,102.160	-\$2,192.520	
Subtotal	\$14,461.913	\$14,305.821	\$14,746.564	\$14,489.129	
Adjustment factor for uncollectibles	1.00%	1.00%	1.00%	1.00%	
Contribution base at the time the factor was calculated	\$14,317.294	\$14,162.763	\$14,599.098	\$14,344.238	
Contribution factor	15.5%	14.9%	14.4%	15.3%	
Contribution factor times contribution base	\$2,219.181	\$2,110.252	\$2,102.270	\$2,194.668	

Source: Appendix M02 from pertinent filings as shown at <http://www.usac.org/about/governance/fcc-filings/2011/>

<sup>1</sup> Interest income is shown as negative because it is subtracted from expenses to yield the total.

<sup>2</sup> The recovery of support for Sprint and Verizon Wireless is consistent with the support phase-down discussion whereby USAC recovers 20% of CETC support over five years until such time Sprint and Verizon Wireless no longer receive any High Cost support. A discussion of the support phase-downs can be found in DA 08-258 and DA 08-259 released in November 2008. More information can be found in WC 05-337 Released September 2010.

<sup>3</sup> For the schools & libraries mechanism, periodic true-ups include applications of unused fund balance from prior periods.

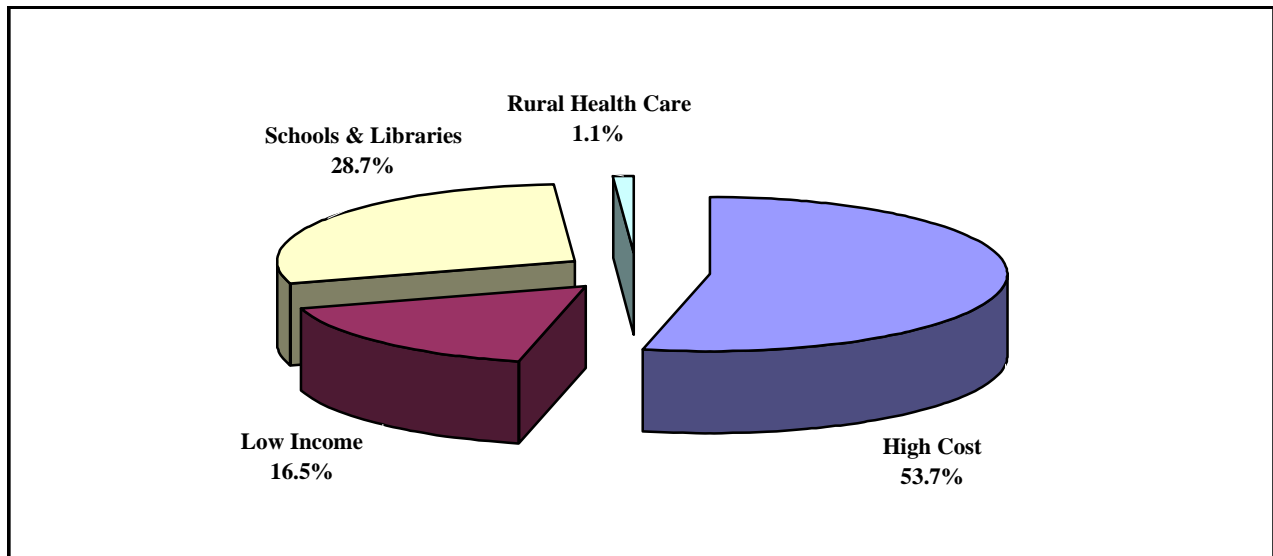
**Table 1.11**  
**Universal Service Support Mechanisms: 2009 & 2010**  
(Dollars in Millions)

Mechanism	2009		2010	
	Disbursements	Percent of Total	Disbursements	Percent of Total
<b>High-Cost Support</b>	<b>\$4,292</b>	<b>59.1 %</b>	<b>\$4,268</b>	<b>53.7 %</b>
High-Cost Loop Support	1,424	19.6	1,297	16.3
Safety Net Additive Support	53	0.7	76	1.0
Safety-Valve	5	0.1	6	0.1
High-Cost Model Support	331	4.6	310	3.9
Interstate Common Line Support	1,537	21.2	1,675	21.1
Interstate Access Support	563	7.8	545	6.9
Local Switching Support	381	5.2	359	4.5
<b>Low-Income Support</b>	<b>1,025</b>	<b>14.1</b>	<b>1,316</b>	<b>16.5</b>
<b>School and Libraries</b>	<b>1,878</b>	<b>25.9</b>	<b>2,282</b>	<b>28.7</b>
<b>Rural Health Care</b>	<b>61</b>	<b>0.8</b>	<b>86</b>	<b>1.1</b>
<b>All Universal Service Support</b>	<b>\$7,256</b>	<b>100.0 %</b>	<b>\$7,952</b>	<b>100.0 %</b>

Notes: Figures may not add due to rounding. The figures used in this table are for the calendar year and include disbursements that were committed over several years but paid out in the respective calendar year (2009 or 2010). In Section 2, figures for the Schools and Libraries program and the Rural Health Care program are reported based on fiscal year rather than calendar year.

Source: Universal Service Administration Company (USAC).

**Chart 1.1**  
**Distribution of Universal Service Payments: 2010**



**Table 1.12**  
**Universal Service Support Mechanisms by State: 2010**  
**(Annual Payments and Contributions in Thousands)**

	Payments from USF to Service Providers <sup>1</sup>					Total		Estimated Contributions <sup>2</sup>		Estimated Net Dollar Flow <sup>3</sup>
	High-Cost Support	Low-Income Support	Schools & Libraries	Rural Health Care	Total		Amount	% of Total		
					Amount	% of Total				
Alabama	\$93,551	\$41,473	\$43,944	\$354	\$179,322	2.26%	\$127,668	1.58%	\$51,653	
Alaska	218,970	26,839	22,217	49,749	317,775	4.00%	22,302	0.28%	295,473	
American Samoa	3,831	82	1,588	228	5,729	0.07%	631	0.01%	5,098	
Arizona	67,545	20,868	59,031	1,575	149,019	1.87%	155,754	1.93%	-6,735	
Arkansas	105,255	12,565	20,788	917	139,526	1.75%	74,492	0.92%	65,033	
California	91,824	174,727	348,702	1,233	616,486	7.75%	885,312	10.99%	-268,826	
Colorado	75,866	2,323	18,003	249	96,441	1.21%	144,377	1.79%	-47,935	
Connecticut	489	8,196	19,928	0	28,613	0.36%	106,098	1.32%	-77,485	
Delaware	265	1,789	2,230	0	4,284	0.05%	29,049	0.36%	-24,765	
Dist. of Columbia	0	1,945	14,842	0	16,786	0.21%	38,199	0.47%	-21,413	
Florida	67,693	88,201	107,719	226	263,839	3.32%	526,991	6.54%	-263,152	
Georgia	115,569	50,387	73,008	1,571	240,535	3.02%	262,777	3.26%	-22,242	
Guam	16,082	287	260	74	16,703	0.21%	4,369	0.05%	12,335	
Hawaii	61,772	504	2,552	102	64,930	0.82%	42,275	0.52%	22,655	
Idaho	51,785	3,445	6,746	281	62,257	0.78%	39,526	0.49%	22,732	
Illinois	71,898	35,665	64,416	1,139	173,118	2.18%	331,196	4.11%	-158,078	
Indiana	79,290	4,233	41,433	846	125,802	1.58%	154,930	1.92%	-29,128	
Iowa	129,222	3,894	12,442	613	146,172	1.84%	72,772	0.90%	73,400	
Kansas	195,307	4,569	16,958	278	217,112	2.73%	71,094	0.88%	146,018	
Kentucky	103,799	12,221	28,806	450	145,276	1.83%	104,924	1.30%	40,352	
Louisiana	136,480	35,609	61,258	44	233,390	2.94%	115,153	1.43%	118,237	
Maine	24,540	8,472	11,159	58	44,229	0.56%	35,731	0.44%	8,498	
Maryland	3,767	11,037	14,082	0	28,887	0.36%	177,736	2.21%	-148,849	
Massachusetts	2,258	25,912	31,368	130	59,668	0.75%	186,951	2.32%	-127,282	
Michigan	49,571	56,642	49,821	2,841	158,876	2.00%	228,772	2.84%	-69,896	
Minnesota	105,707	6,356	22,052	3,125	137,240	1.73%	126,964	1.58%	10,276	
Mississippi	260,553	12,392	32,993	180	306,118	3.85%	71,859	0.89%	234,259	
Missouri	107,372	11,429	41,875	571	161,247	2.03%	154,834	1.92%	6,413	
Montana	85,810	3,762	4,822	838	95,231	1.20%	26,757	0.33%	68,474	
Nebraska	88,657	1,874	10,647	1,612	102,790	1.29%	45,830	0.57%	56,960	
Nevada	24,440	3,065	3,236	58	30,800	0.39%	72,752	0.90%	-41,952	
New Hampshire	9,671	1,519	2,622	13	13,825	0.17%	39,195	0.49%	-25,370	
New Jersey	1,538	24,950	58,819	0	85,308	1.07%	272,827	3.39%	-187,519	
New Mexico	81,692	13,717	34,328	660	130,397	1.64%	50,327	0.62%	80,069	
New York	44,148	95,938	193,945	43	334,074	4.20%	531,331	6.59%	-197,257	
North Carolina	79,631	61,403	57,235	351	198,620	2.50%	248,017	3.08%	-49,397	
North Dakota	97,567	2,632	4,560	945	105,704	1.33%	17,796	0.22%	87,908	
Northern Mariana Is.	1,214	184	996	0	2,394	0.03%	1,335	0.02%	1,059	
Ohio	38,943	59,808	77,572	769	177,091	2.23%	275,361	3.42%	-98,270	
Oklahoma	148,877	79,107	50,527	797	279,308	3.51%	86,716	1.08%	192,592	
Oregon	74,972	5,967	14,686	335	95,960	1.21%	96,174	1.19%	-214	
Pennsylvania	61,902	34,697	89,139	97	185,834	2.34%	335,559	4.16%	-149,725	
Puerto Rico	208,626	39,974	23,227	0	271,828	3.42%	77,558	0.96%	194,269	
Rhode Island	35	3,003	6,618	0	9,655	0.12%	26,781	0.33%	-17,125	
South Carolina	118,547	10,776	41,287	14	170,624	2.15%	114,968	1.43%	55,656	
South Dakota	90,096	2,184	4,936	680	97,897	1.23%	19,408	0.24%	78,489	
Tennessee	60,695	41,962	56,980	350	159,986	2.01%	165,016	2.05%	-5,030	
Texas	247,395	101,728	234,544	1,691	585,358	7.36%	563,784	7.00%	21,574	
Utah	23,190	3,727	16,012	804	43,733	0.55%	59,616	0.74%	-15,883	
Vermont	20,999	2,590	2,116	59	25,764	0.32%	19,450	0.24%	6,314	
Virgin Islands	19,539	84	10,562	22	30,207	0.38%	5,701	0.07%	24,506	
Virginia	71,362	21,345	31,634	1,002	125,341	1.58%	235,958	2.93%	-110,617	
Washington	91,282	16,177	31,770	80	139,309	1.75%	167,202	2.08%	-27,893	
West Virginia	53,396	5,851	12,725	199	72,171	0.91%	53,890	0.67%	18,281	
Wisconsin	131,007	15,189	32,854	7,588	186,638	2.35%	139,941	1.74%	46,697	
Wyoming	52,256	453	3,881	113	56,703	0.71%	15,373	0.19%	41,329	
<b>Total</b>	<b>\$4,267,746</b>	<b>\$1,315,734</b>	<b>\$2,282,499</b>	<b>\$85,952</b>	<b>\$7,951,931</b>	<b>100.00%</b>	<b>\$8,057,357</b>	<b>100.00%</b>	<b>-\$105,426</b>	

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

<sup>1</sup> Data are from USAC.

<sup>2</sup> Contributions are preliminary and include administrative cost of approximately \$105 million, as shown in USAC's Annual Report.

Allocation of contributions among states is an FCC staff estimate.

<sup>3</sup> Net dollar flow is positive when payments from USF to carriers exceed contributions to USF. Total is negative because of administrative expenses.

## 2. Program Review

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

### Low-Income Support Program: Lifeline and Link Up

The Lifeline program promotes increased telephone subscribership by providing low-income households with discounts on the monthly cost of telephone service. Link Up provides qualified subscribers with a one-time discount (up to a maximum of \$30) off of the initial installation fee for one traditional, wireline phone service at the primary residence or the activation fee for one wireless phone service.

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

The low-income support programs grew substantially between 2008 and 2010. Lifeline subscribers increased 54% from 6.9 million subscribers in 2008 to 10.6 million subscribers in 2010. Table 2.1 reports Tribal and non-Tribal Lifeline subscriber and Link Up beneficiary data for years 1987 through 2010. Similarly, low-income support (the sum of Lifeline and Link Up support) increased 61% from \$822 million in 2008 to \$1.32 billion in 2010. Table 2.2 reports annual low-income support payments for years 1988 through 2010. Chart 2.1 shows the growth in low-income subscribers and beneficiaries graphically.

Table 2.3 reports federal and state Lifeline monthly support by state in December 2010, and indicates the additional contribution from the federal program to reduce local rates where states have authorized statewide or carrier-specific intrastate local rate reductions. The table indicates the average monthly non-Tribal support provided by carriers in each state for both incumbent local exchange carriers (ILECs) and competitive eligible telecommunications carriers (CETCs). In December 2010, CETCs average monthly nationwide combined federal and state support was \$12.61 as compared to \$11.95 for ILECs.

Table 2.4 reports average monthly federal Lifeline support per subscriber by state and average monthly Tribal Lifeline support by state for 2010.<sup>2</sup> Table 2.5 reports the average Link Up support per beneficiary for both Tribal and non-Tribal beneficiaries.

Table 2.6 reports low-income support payments by state for Lifeline and Link Up for 2010. American Indian and Native American Tribal Lifeline Tier 4 and Link Up data are also reported. Total

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

2 Lifeline support includes Tiers 1-3 support. Tribal support is Tier 4 support. See the program appendix for an explanation of Tiers 1-4 support.

carrier payments data include the carrier's incremental cost of providing toll-limitation services (TLS) in each state.

The growth in low-income support between 2008 and 2010 is due to competitive eligible telecommunication carriers receiving substantially more support. Support received by CETCs increased from \$147 million in 2008 to \$725 million in 2010. In contrast, incumbent local exchange carriers (ILECs) support declined from \$675 million in 2008 to \$596 million in 2010. Table 2.7 shows annual low-income support since 1998 for both ILECs and CETCs and Chart 2.2 shows the increase in CETC share of total support since 1998.

América Móvil and AT&T combined accounted for just over 50% of low-income support payments in 2010.<sup>3</sup> Table 2.8 reports low-income support by holding company for the top 10 recipients of low-income support in 2010. Table 2.9 breaks it out by Lifeline, Link Up and TLS support.

Additional data on the low-income support program have been posted at [www.fcc.gov/wcb/iatd/monitor.html](http://www.fcc.gov/wcb/iatd/monitor.html). These data include Lifeline subscribership and Link Up beneficiaries by state since 2000 and low-income support data by state and study area since 1998.

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3 América Móvil owns TracFone and Puerto Rico Telephone Company.

**Table 2.1**  
**Lifeline Subscribers and Link Up Beneficiaries**

Year	Lifeline			Link Up		
	Non-Tribal	Tribal	Total	Non-Tribal	Tribal	Total
1987			1,063,443			7,953
1988			1,828,862			105,758
1989			2,115,288			206,656
1990			2,466,513			513,155
1991			2,984,290			639,645
1992			3,440,216			743,285
1993			3,971,937			737,362
1994			4,423,119			837,964
1995			4,914,056			823,679
1996			5,233,425			808,354
1997 <sup>1</sup>			5,110,537			NA
1998			5,380,726			2,195,417
1999			5,640,094			1,834,766
2000	5,856,551	18,688	5,875,239	1,689,867	2,038	1,691,905
2001	6,087,269	56,820	6,144,089	1,670,260	23,355	1,693,615
2002	6,406,176	112,191	6,518,367	1,656,768	29,901	1,686,669
2003	6,343,411	147,203	6,490,614	1,653,301	22,289	1,675,590
2004	6,616,305	176,390	6,792,695	1,669,888	41,034	1,710,922
2005	6,883,048	236,458	7,119,506	1,653,101	86,857	1,739,958
2006	6,648,267	289,249	6,937,516	1,560,348	99,179	1,659,527
2007	6,617,969	329,386	6,947,355	1,385,440	110,495	1,495,935
2008	6,500,374	353,274	6,853,648	1,505,833	116,905	1,622,738
2009	8,168,902	387,623	8,556,525	1,826,921	109,275	1,936,196
2010	10,160,724	419,612	10,580,336	2,504,026	125,865	2,629,891

NA - Not available.

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

<sup>1</sup> Subscriber data were not collected in 1997. Lifeline subscribership data were estimated by USAC.

Source: Universal Service Administrative Company.

**Table 2.2**  
**Low-Income Support Payments**  
**(in Thousands)**

Year	Lifeline					Link Up			Total
	General	Tribal <sup>2</sup>	TLS <sup>3</sup>	PICC <sup>4</sup>	Total	Non-Tribal	Tribal	Total	
1988	\$31,952	\$0	\$0	\$0	\$31,952	\$1,991	\$0	\$1,991	\$33,943
1989	50,878	0	0	0	50,878	4,480	0	4,480	55,358
1990	62,464	0	0	0	62,464	11,351	0	11,351	73,815
1991	79,104	0	0	0	79,104	13,705	0	13,705	92,809
1992	93,766	0	0	0	93,766	15,342	0	15,342	109,108
1993	109,083	0	0	0	109,083	17,019	0	17,019	126,102
1994	123,284	0	0	0	123,284	18,573	0	18,573	141,857
1995	137,277	0	0	0	137,277	18,392	0	18,392	155,670
1996	148,186	0	0	0	148,186	18,247	0	18,247	166,433
1997	147,579	0	0	0	147,579	13,711	0	13,711	161,290
1998 <sup>1</sup>	416,504	0	2,700	2,802	422,006	42,461	0	42,461	464,467
1999	438,578	0	3,134	4,450	446,162	33,988	0	33,988	480,150
2000	482,052	522	2,846	3,168	488,588	30,411	30	30,441	519,029
2001	548,419	6,960	3,195	0	558,574	30,314	475	30,788	589,362
2002	623,350	17,955	3,779	0	645,083	30,323	700	31,022	676,106
2003	657,095	24,167	4,425	0	685,687	30,170	515	30,686	716,373
2004	695,188	30,502	5,111	0	730,800	30,898	1,230	32,129	762,929
2005	716,133	45,124	6,215	0	767,472	31,715	2,788	34,503	801,975
2006	703,958	61,524	8,885	0	774,367	29,832	2,869	32,701	807,068
2007	710,183	73,148	8,514	0	791,846	27,816	3,575	31,391	823,237
2008	695,022	80,922	8,634	0	784,579	30,682	6,578	37,260	821,839
2009	868,134	88,088	8,959	0	965,182	40,812	7,485	48,298	1,013,479
2010	1,127,768	92,930	22,519	0	1,243,217	67,759	9,789	77,548	1,320,765

Note: Data for 1998-2009 were revised.

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

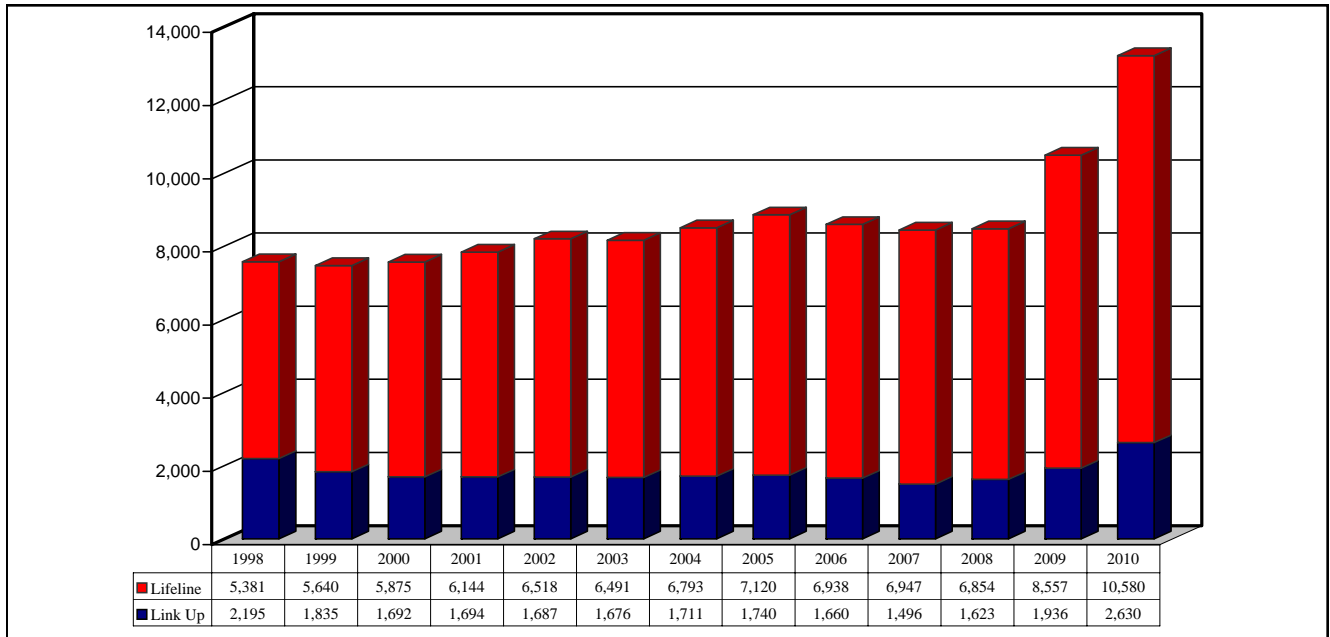
<sup>2</sup> Tribal support is Tier 4 support only. Tiers 1 to 3 support for Tribal beneficiaries is included under General.

<sup>3</sup> TLS is an abbreviation for toll limitation service.

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

Source: Universal Service Administrative Company.

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





**Table 2.3**  
**Average Lifeline Monthly Support by ILEC Status and by State**  
**(December 2010)**

	ILECs					CETCs					All Carriers				
	Basic Federal Support <sup>1</sup>	State Support <sup>2</sup>	Federal Match	Total Federal Support <sup>3</sup>	Total	Basic Federal Support <sup>1</sup>	State Support <sup>2</sup>	Federal Match	Total Federal Support <sup>3</sup>	Total	Basic Federal Support <sup>1</sup>	State Support <sup>2</sup>	Federal Match	Total Federal Support <sup>3</sup>	Total
Alabama	\$8.25	\$3.50	\$1.75	\$10.00	\$13.50	\$8.34	\$3.49	\$1.74	\$10.09	\$13.58	\$8.33	\$3.49	\$1.75	\$10.07	\$13.56
Alaska	8.25	3.50	1.75	10.00	13.50	8.25	3.46	1.73	9.98	13.43	8.25	3.46	1.73	9.98	13.45
American Samoa	8.25	0.00	0.00	8.25	8.25	8.25	3.50	1.75	10.00	13.50	8.25	0.04	0.02	8.27	8.31
Arizona	8.01	1.22	0.61	8.62	9.84	8.25	3.50	1.75	10.00	13.50	8.14	2.42	1.21	9.34	11.76
Arkansas	7.42	2.34	1.17	8.59	10.93	7.09	3.49	1.74	8.84	12.33	7.16	3.24	1.62	8.78	12.03
California	6.60	3.42	1.71	8.31	11.74	8.03	3.50	1.75	9.78	13.28	6.61	3.43	1.71	8.32	11.75
Colorado	8.21	3.49	1.75	9.96	13.46	8.25	3.50	1.75	10.00	13.50	8.21	3.49	1.75	9.96	13.46
Connecticut	7.48	1.18	0.59	8.07	9.25	7.48	3.50	1.75	9.23	12.73	7.48	2.55	1.28	8.76	11.31
Delaware	8.13	0.00	0.00	8.13	8.13	8.13	3.50	1.75	9.88	13.38	8.13	3.23	1.61	9.74	12.97
District of Columbia	5.59	3.50	1.75	7.34	10.84	5.59	3.47	1.73	7.32	10.79	5.59	3.48	1.74	7.33	10.80
Florida	8.19	3.50	1.75	9.94	13.44	8.19	3.50	1.75	9.94	13.44	8.19	3.50	1.75	9.94	13.44
Georgia	8.25	3.38	1.69	9.94	13.32	8.25	3.50	1.75	10.00	13.49	8.25	3.47	1.73	9.98	13.45
Guam	8.25	3.50	1.75	10.00	13.50	NA	NA	NA	NA	NA	8.25	3.50	1.75	10.00	13.50
Hawaii	8.25	0.00	0.00	8.25	8.25	NA	NA	NA	NA	NA	8.25	0.00	0.00	8.25	8.25
Idaho	8.16	3.47	1.74	9.90	13.37	8.25	2.93	1.46	9.71	12.64	8.17	3.42	1.71	9.88	13.30
Illinois	6.57	0.00	0.00	6.57	6.57	6.43	1.84	0.92	7.35	9.20	6.45	1.52	0.76	7.22	8.74
Indiana	7.51	0.00	0.00	7.51	7.51	7.93	3.45	1.72	9.66	13.11	7.54	0.26	0.13	7.68	7.94
Iowa	7.08	0.00	0.00	7.08	7.08	7.17	0.00	0.00	7.17	7.17	7.09	0.00	0.00	7.09	7.09
Kansas	7.25	3.50	1.75	9.00	12.50	7.05	2.24	1.12	8.17	10.41	7.16	2.93	1.46	8.62	11.55
Kentucky	8.19	3.47	1.74	9.92	13.39	8.55	3.49	1.75	10.30	13.79	8.31	3.48	1.74	10.05	13.53
Louisiana	8.25	0.00	0.00	8.25	8.25	8.30	2.37	1.19	9.49	11.86	8.29	2.16	1.08	9.38	11.54
Maine	7.99	3.50	1.75	9.74	13.24	8.02	3.50	1.75	9.77	13.28	8.00	3.50	1.75	9.75	13.25
Maryland	7.36	3.41	1.71	9.07	12.48	7.40	3.50	1.75	9.15	12.65	7.40	3.49	1.75	9.15	12.64
Massachusetts	8.10	3.50	1.75	9.85	13.35	8.10	3.50	1.75	9.85	13.35	8.10	3.50	1.75	9.85	13.35
Michigan	7.26	2.22	1.11	8.38	10.60	7.47	2.83	1.41	8.88	11.71	7.44	2.75	1.37	8.81	11.56
Minnesota	7.21	1.74	0.87	8.08	9.82	7.14	0.61	0.31	7.45	8.06	7.21	1.70	0.85	8.06	9.76
Mississippi	8.25	3.34	1.67	9.92	13.26	8.25	3.48	1.74	9.99	13.47	8.25	3.43	1.71	9.97	13.39
Missouri	7.32	3.48	1.74	9.06	12.54	7.15	2.67	1.34	8.48	11.15	7.24	3.12	1.56	8.81	11.93
Montana	8.25	2.47	1.24	9.49	11.96	8.25	3.50	1.75	10.00	13.50	8.25	2.73	1.37	9.62	12.35
Nebraska	7.09	3.35	1.67	8.76	12.11	6.65	3.50	1.75	8.40	11.90	6.98	3.39	1.69	8.67	12.06
Nevada	6.11	3.33	1.66	7.78	11.11	5.62	3.39	1.69	7.32	10.70	5.95	3.35	1.67	7.63	10.98
New Hampshire	7.95	0.00	0.00	7.95	7.95	7.92	3.50	1.75	9.67	13.17	7.93	2.60	1.30	9.23	11.83
New Jersey	7.99	3.48	1.74	9.73	13.21	8.00	3.50	1.75	9.75	13.25	7.99	3.49	1.75	9.74	13.23
New Mexico	8.25	3.23	1.61	9.86	13.09	8.25	3.50	1.75	10.00	13.50	8.25	3.30	1.65	9.90	13.20
New York	8.01	3.30	1.65	9.65	12.95	8.10	3.49	1.75	9.85	13.34	8.07	3.44	1.72	9.79	13.23
North Carolina	7.86	3.50	1.75	9.61	13.11	8.05	3.50	1.75	9.80	13.30	8.01	3.50	1.75	9.76	13.26
North Dakota	8.25	1.94	0.97	9.22	11.17	8.25	2.89	1.44	9.70	12.58	8.25	1.99	0.99	9.25	11.23
N. Mariana Islands	8.25	0.00	0.00	8.25	8.25	8.26	0.00	0.00	8.26	8.26	8.25	0.00	0.00	8.25	8.25
Ohio	7.27	3.49	1.75	9.02	12.51	7.38	3.50	1.75	9.13	12.63	7.34	3.50	1.75	9.09	12.58
Oklahoma	7.41	0.39	0.20	7.60	8.00	7.14	0.95	0.48	7.62	8.57	7.21	0.81	0.41	7.62	8.43
Oregon	8.22	3.48	1.74	9.96	13.45	8.25	3.50	1.75	10.00	13.50	8.23	3.49	1.74	9.97	13.46
Pennsylvania	7.65	0.76	0.38	8.02	8.78	7.60	3.50	1.75	9.35	12.85	7.62	2.40	1.20	8.82	11.22
Puerto Rico	8.25	3.50	1.75	10.00	13.50	8.25	3.50	1.75	10.00	13.50	8.25	3.50	1.75	10.00	13.50
Rhode Island	8.10	3.50	1.75	9.85	13.35	8.14	3.50	1.75	9.89	13.39	8.12	3.50	1.75	9.87	13.37
South Carolina	8.22	3.50	1.75	9.97	13.47	8.84	3.50	1.75	10.59	14.08	8.39	3.50	1.75	10.13	13.63
South Dakota	8.31	0.09	0.05	8.36	8.45	8.17	0.00	0.00	8.17	8.17	8.30	0.08	0.04	8.34	8.42
Tennessee	8.16	3.20	1.60	9.76	12.96	8.16	3.50	1.75	9.90	13.40	8.16	3.43	1.72	9.87	13.30
Texas	7.26	3.49	1.75	9.00	12.50	7.84	3.49	1.75	9.59	13.08	7.37	3.49	1.75	9.12	12.62
Utah	8.07	3.50	1.75	9.82	13.32	8.25	3.50	1.75	10.00	13.50	8.08	3.50	1.75	9.83	13.32
Vermont	7.98	3.50	1.75	9.73	13.23	NA	NA	NA	NA	NA	7.98	3.50	1.75	9.73	13.23
Virgin Islands	8.25	3.50	1.75	10.00	13.50	NA	NA	NA	NA	NA	8.25	3.50	1.75	10.00	13.50
Virginia	7.22	3.25	1.62	8.84	12.09	7.82	3.49	1.74	9.56	13.05	7.78	3.47	1.74	9.51	12.99
Washington	7.70	2.65	1.32	9.02	11.67	8.10	0.82	0.41	8.51	9.32	7.77	2.31	1.15	8.93	11.24
West Virginia	8.27	0.00	0.00	8.27	8.28	8.25	3.48	1.74	9.99	13.47	8.25	3.28	1.64	9.89	13.16
Wisconsin	7.39	2.42	1.21	8.60	11.02	7.00	2.65	1.33	8.33	10.98	7.14	2.57	1.28	8.42	10.99
Wyoming	8.25	3.50	1.75	10.00	13.50	8.25	3.50	1.75	10.00	13.50	8.25	3.50	1.75	10.00	13.50
<b>Total</b>	<b>\$7.33</b>	<b>\$3.08</b>	<b>\$1.54</b>	<b>\$8.87</b>	<b>\$11.95</b>	<b>\$7.83</b>	<b>\$3.19</b>	<b>\$1.59</b>	<b>\$9.42</b>	<b>\$12.61</b>	<b>\$7.61</b>	<b>\$3.14</b>	<b>\$1.57</b>	<b>\$9.18</b>	<b>\$12.32</b>

Notes: This table reflects only non-Tribal support. All averages are weighted averages. NA: Not Applicable. ILECs is an abbreviation for incumbent local exchange carriers and CETCs is an abbreviation for competitive eligible telecommunications carriers.

<sup>1</sup> Basic federal support includes both Tier 1 and Tier 2 support. See text for definitions.

<sup>2</sup> Includes only state support (Tier 3) that is matched by federal support.

<sup>3</sup> Total federal support reported in Table 2.3 is different from Table 2.4 since Lifeline subscribers are from different USAC data sources.

Source: Universal Service Administrative Company.

**Table 2.4**  
**Federal Lifeline Average Benefits by State: 2010**

State	Support in Thousands		Subscribers		Support per Month	
	General	Tribal	Non-Tribal	Tribal	General <sup>1</sup>	Tribal
Alabama	\$31,758	\$3	268,743	26	\$9.85	\$8.22
Alaska	8,651	17,885	0	100,747	\$7.16	14.79
American Samoa	66	0	660	0	8.36	-
Arizona	8,460	12,156	28,807	46,741	9.33	21.67
Arkansas	8,791	0	99,286	3	7.38	5.44
California	171,490	36	1,698,086	585	8.41	5.13
Colorado	2,306	1	19,327	5	9.94	12.73
Connecticut	8,191	0	78,054	0	8.74	-
Delaware	1,793	0	15,301	0	9.76	-
District of Columbia	1,888	0	21,347	0	7.37	-
Florida	82,790	0	740,114	2	9.32	3.13
Georgia	45,808	0	398,062	0	9.59	-
Guam	280	0	2,295	0	10.15	-
Hawaii	482	0	4,730	0	8.49	-
Idaho	3,301	172	27,158	661	9.89	21.69
Illinois	29,883	0	351,270	0	7.09	-
Indiana	4,040	0	47,821	0	7.04	-
Iowa	3,782	0	44,370	2	7.10	10.75
Kansas	3,888	2	38,091	26	8.50	6.54
Kentucky	9,261	0	79,047	0	9.76	-
Louisiana	24,287	0	250,418	0	8.08	-
Maine	8,090	65	69,766	548	9.59	9.83
Maryland	9,832	0	112,453	0	7.29	-
Massachusetts	25,938	0	218,545	0	9.89	-
Michigan	52,121	56	510,235	329	8.51	14.27
Minnesota	5,973	334	60,590	1,826	7.98	15.22
Mississippi	10,209	5	109,899	18	7.74	25.23
Missouri	9,879	2	95,534	54	8.61	2.35
Montana	1,774	1,964	7,993	7,418	9.59	22.06
Nebraska	1,741	85	16,287	466	8.66	15.14
Nevada	3,069	23	36,653	314	6.92	5.98
New Hampshire	1,506	0	13,636	0	9.20	-
New Jersey	23,245	0	222,487	0	8.71	-
New Mexico	8,059	5,528	46,168	21,770	9.89	21.16
New York	95,757	1	815,426	11	9.79	9.75
North Carolina	54,893	1	472,938	4	9.67	14.63
North Dakota	1,834	764	12,929	4,771	8.64	13.34
Northern Mariana Islands	168	0	1,699	0	8.25	-
Ohio	58,911	0	539,987	0	9.09	-
Oklahoma	20,118	48,606	6,472	210,700	7.72	19.22
Oregon	5,617	39	47,486	244	9.81	13.43
Pennsylvania	34,419	0	325,067	0	8.82	-
Puerto Rico	39,190	0	341,502	0	9.56	-
Rhode Island	3,029	0	25,666	0	9.83	-
South Carolina	7,925	7	69,671	95	9.47	6.38
South Dakota	1,199	996	7,583	6,623	7.03	12.54
Tennessee	40,182	0	342,895	0	9.77	-
Texas	93,260	71	882,414	1,136	8.80	5.19
Utah	3,439	232	28,112	949	9.86	20.36
Vermont	2,533	0	21,375	0	9.87	-
Virgin Islands	83	0	640	0	10.81	-
Virginia	21,371	0	187,599	0	9.49	-
Washington	12,486	3,617	106,309	12,452	8.76	24.21
West Virginia	5,337	0	47,936	0	9.28	-
Wisconsin	12,988	227	140,703	868	7.65	21.81
Wyoming	393	54	3,082	218	9.94	20.49
<b>Total</b>	<b>\$1,127,768</b>	<b>\$92,930</b>	<b>10,160,724</b>	<b>419,612</b>	<b>\$8.88</b>	<b>\$18.46</b>

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

<sup>1</sup> Total federal support reported in Table 2.3 is different from Table 2.4 since Lifeline subscribers are from different USAC data sources.

Source: Universal Service Administrative Company.

**Table 2.5**  
**Link Up Average Benefits by State: 2010**

State	Support in Thousands		Beneficiaries		Support per Beneficiary	
	Non-Tribal	Tribal	Non-Tribal	Tribal	Non-Tribal	Tribal
Alabama	\$5,517	\$0	185,789	0	\$29.70	-
Alaska	0	72	3	3,717	\$52.00	19.40
American Samoa	1	0	18	0	45.00	-
Arizona	70	162	4,515	7,947	15.41	20.35
Arkansas	3,185	0	107,554	0	29.61	-
California	2,970	0	143,202	5	20.74	19.20
Colorado	33	0	1,877	0	17.50	-
Connecticut	29	0	1,145	0	25.52	-
Delaware	2	0	89	0	18.00	-
District of Columbia	48	0	1,958	0	24.45	-
Florida	3,656	0	124,143	0	29.45	-
Georgia	4,063	0	155,936	0	26.06	-
Guam	10	0	554	0	17.51	-
Hawaii	3	0	114	0	22.76	-
Idaho	37	0	2,481	8	14.95	14.63
Illinois	5,494	0	187,389	0	29.32	-
Indiana	222	0	9,423	0	23.60	-
Iowa	72	0	4,109	0	17.44	-
Kansas	540	0	18,923	0	28.51	-
Kentucky	1,644	0	57,714	0	28.48	-
Louisiana	8,638	0	281,284	0	30.71	-
Maine	164	1	7,359	49	22.35	24.22
Maryland	1,402	0	47,283	0	29.66	-
Massachusetts	4	0	654	0	6.85	-
Michigan	3,886	0	132,555	23	29.32	12.22
Minnesota	63	2	5,884	123	10.72	16.05
Mississippi	3,032	0	111,060	0	27.30	-
Missouri	1,382	0	54,402	9	25.40	7.22
Montana	13	6	977	482	13.49	12.86
Nebraska	24	0	1,476	2	16.10	17.00
Nevada	66	1	3,390	40	19.37	18.10
New Hampshire	7	0	354	0	19.54	-
New Jersey	1,707	0	57,799	0	29.53	-
New Mexico	57	55	3,818	2,798	14.86	19.75
New York	88	0	3,347	0	26.30	-
North Carolina	3,701	0	125,458	0	29.50	-
North Dakota	16	7	1,026	297	15.92	24.28
Northern Mariana Islands	13	0	624	0	20.53	-
Ohio	808	0	37,124	0	21.76	-
Oklahoma	51	9,403	2,264	107,292	22.36	87.64
Oregon	68	0	7,735	12	8.73	13.33
Pennsylvania	600	0	30,017	0	19.99	-
Puerto Rico	812	0	32,271	0	25.16	-
Rhode Island	7	0	3,385	0	2.11	-
South Carolina	2,252	0	83,466	0	26.98	-
South Dakota	10	4	805	242	12.38	16.71
Tennessee	2,344	0	97,019	0	24.16	-
Texas	5,874	4	240,366	189	24.44	19.45
Utah	35	3	2,815	142	12.54	19.75
Vermont	19	0	1,325	0	14.26	-
Virgin Islands	0	0	11	0	27.45	-
Virginia	37	0	1,916	0	19.32	-
Washington	530	64	33,785	2,134	15.68	29.83
West Virginia	584	0	19,604	0	29.78	-
Wisconsin	1,864	4	64,094	342	29.08	13.08
Wyoming	6	0	338	12	17.81	20.33
<b>Total</b>	<b>\$67,759</b>	<b>\$9,789</b>	<b>2,504,026</b>	<b>125,865</b>	<b>\$27.06</b>	<b>\$77.78</b>

Source: Universal Service Administrative Company.

**Table 2.6**  
**Low-Income Support Payments by State: 2010**  
**(in Thousands)**

State or Jurisdiction	Lifeline		Link Up		TLS	Total
	General	Tribal	Non-Tribal	Tribal		
Alabama	\$31,758	\$3	\$5,517	\$0	\$4,417	\$41,695
Alaska	8,651	17,885	0	72	61	26,670
American Samoa	66	0	1	0	0	67
Arizona	8,460	12,156	70	162	50	20,896
Arkansas	8,791	0	3,185	0	517	12,493
California	171,490	36	2,970	0	136	174,632
Colorado	2,306	1	33	0	4	2,344
Connecticut	8,191	0	29	0	0	8,220
Delaware	1,793	0	2	0	0	1,794
District of Columbia	1,888	0	48	0	0	1,936
Florida	82,790	0	3,656	0	2,184	88,629
Georgia	45,808	0	4,063	0	94	49,966
Guam	280	0	10	0	0	289
Hawaii	482	0	3	0	0	485
Idaho	3,301	172	37	0	7	3,518
Illinois	29,883	0	5,494	0	378	35,755
Indiana	4,040	0	222	0	5	4,268
Iowa	3,782	0	72	0	7	3,861
Kansas	3,888	2	540	0	94	4,523
Kentucky	9,261	0	1,644	0	1,261	12,166
Louisiana	24,287	0	8,638	0	3,237	36,162
Maine	8,090	65	164	1	5	8,325
Maryland	9,832	0	1,402	0	0	11,234
Massachusetts	25,938	0	4	0	1	25,943
Michigan	52,121	56	3,886	0	491	56,555
Minnesota	5,973	334	63	2	5	6,377
Mississippi	10,209	5	3,032	0	380	13,627
Missouri	9,879	2	1,382	0	156	11,419
Montana	1,774	1,964	13	6	4	3,762
Nebraska	1,741	85	24	0	12	1,862
Nevada	3,069	23	66	1	1	3,159
New Hampshire	1,506	0	7	0	0	1,513
New Jersey	23,245	0	1,707	0	1	24,953
New Mexico	8,059	5,528	57	55	25	13,725
New York	95,757	1	88	0	7	95,854
North Carolina	54,893	1	3,701	0	2,706	61,301
North Dakota	1,834	764	16	7	2	2,623
Northern Mariana Islands	168	0	13	0	0	181
Ohio	58,911	0	808	0	228	59,947
Oklahoma	20,118	48,606	51	9,403	3,095	81,273
Oregon	5,617	39	68	0	8	5,733
Pennsylvania	34,419	0	600	0	4	35,023
Puerto Rico	39,190	0	812	0	0	40,002
Rhode Island	3,029	0	7	0	0	3,037
South Carolina	7,925	7	2,252	0	770	10,954
South Dakota	1,199	996	10	4	1	2,210
Tennessee	40,182	0	2,344	0	240	42,767
Texas	93,260	71	5,874	4	1,849	101,058
Utah	3,439	232	35	3	15	3,725
Vermont	2,533	0	19	0	1	2,553
Virgin Islands	83	0	0	0	0	83
Virginia	21,371	0	37	0	0	21,408
Washington	12,486	3,617	530	64	22	16,719
West Virginia	5,337	0	584	0	0	5,921
Wisconsin	12,988	227	1,864	4	36	15,120
Wyoming	393	54	6	0	0	454
<b>Total</b>	<b>\$1,127,768</b>	<b>\$92,930</b>	<b>\$67,759</b>	<b>\$9,789</b>	<b>\$22,519</b>	<b>\$1,320,765</b>

Notes: These dollars represent submitted claims to USAC for the time period January 2010 through December 2010, including true-ups reported through August 2011. General Lifeline support is Tier 1 to 3 support for all subscribers, including Tribal subscribers. Tribal Lifeline support is Tier 4 support only. For Lifeline, "General" payments are made to all Lifeline subscribers and "Tribal" payments are additional payments to Tribal Lifeline subscribers only. For Link Up, the payments and subscribers for the two categories of recipients are kept separate.

Source: Universal Service Administrative Company.

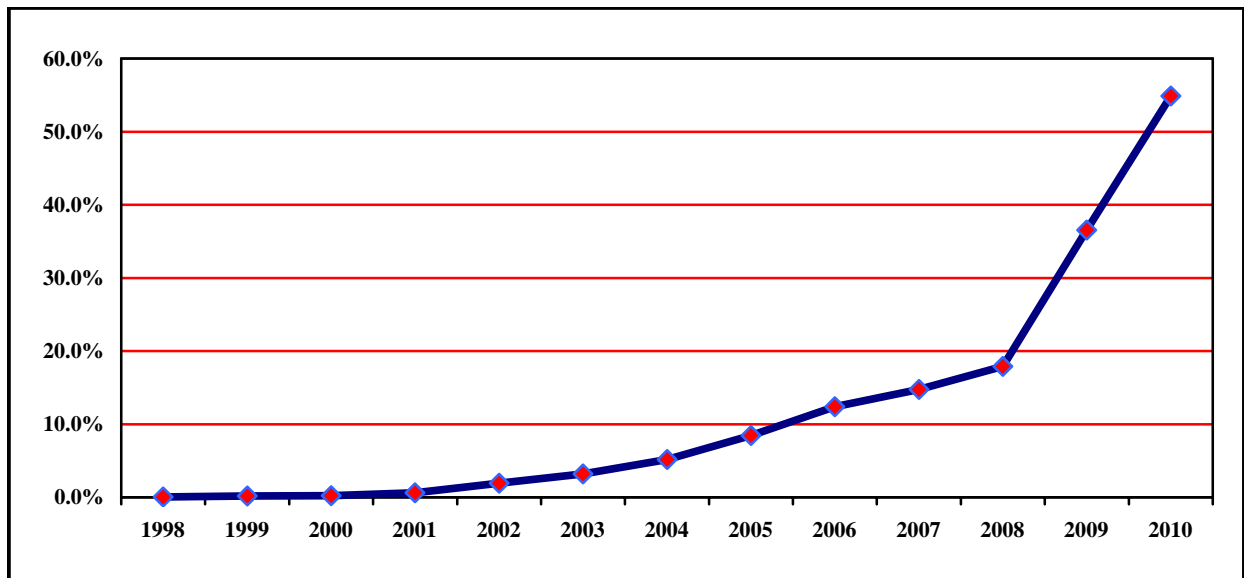
**Table 2.7**  
**Low-Income Support Received by ILECs and CETCs**  
**(in Thousands)**

	<b>ILECs</b>	<b>CETCs</b>	<b>Total</b>	<b>Percent CETCs</b>
1998	\$464,207	\$260	\$464,467	0.1 %
1999	479,353	796	480,150	0.2
2000	517,901	1,128	519,029	0.2
2001	585,790	3,572	589,362	0.6
2002	663,009	13,097	676,106	1.9
2003	693,378	22,994	716,373	3.2
2004	723,580	39,349	762,929	5.2
2005	734,344	67,631	801,975	8.4
2006	707,135	99,933	807,068	12.4
2007	701,990	121,247	823,237	14.7
2008	674,805	147,034	821,839	17.9
2009	643,220	370,259	1,013,479	36.5
2010	595,858	724,907	1,320,765	54.9

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

Source: Universal Service Administrative Company.

**Chart 2.2**  
**Percent of Low-Income Support Received by CETCs**



**Table 2.8**  
**Low-Income Support by Year-End Holding Company Structure: 2010**  
(in Thousands)

<b>Rank</b>	<b>Holding Company Name</b>	<b>Low-Income Support</b>	<b>Percent of Total</b>	<b>Cumulative Percent of Total</b>
1	América Móvil	\$362,919	27.5%	27.5%
2	AT&T Inc.	321,650	24.4	51.8
3	Verizon Communications Inc.	122,941	9.3	61.1
4	Sprint Nextel Corporation	72,342	5.5	66.6
5	Nexus Communications, Inc.	63,163	4.8	71.4
6	Associated Telecommunications Management Services, LLC	40,079	3.0	74.4
7	Qwest Communications International, Inc.	33,422	2.5	77.0
8	CenturyLink, Inc.	24,333	1.8	78.8
9	Smith Bagley, Inc.	22,874	1.7	80.5
10	Frontier Communications Corporation	20,571	1.6	82.1
	Other Carriers	236,472	17.9	100.0
	All Holding Companies	\$1,320,765	100.0%	100.0%

**Table 2.9**  
**Low-Income Support by Program and Year-End Holding Company Structure: 2010**  
(in Thousands)

<b>Rank</b>	<b>Holding Company Name</b>	<b>Lifeline Support</b>	<b>Link Up Support</b>	<b>TLS Support</b>
1	América Móvil	\$362,769	\$150	\$0
2	AT&T Inc.	309,494	11,798	358
3	Verizon Communications Inc.	121,101	1,789	51
4	Sprint Nextel Corporation	72,342	0	0
5	Nexus Communications, Inc.	45,447	17,693	23
6	Associated Telecommunications Management Services, LLC	17,751	11,250	11,078
7	Qwest Communications International, Inc.	32,629	714	79
8	CenturyLink, Inc.	24,057	276	0
9	Smith Bagley, Inc.	22,662	212	0
10	Frontier Communications Corporation	20,249	273	50
	Other Carriers	192,198	33,394	10,879
	All Holding Companies	\$1,220,697	\$77,548	\$22,519

## High-Cost Support Program

The high-cost support mechanisms enable areas with very high costs to recover some of these costs from the federal universal service fund, leaving a smaller remainder of the costs to be recovered through end-user rates or state universal service support mechanisms. In this manner, the high-cost support mechanisms are intended to hold down local rates and thereby further one of the most important goals of federal and state regulation -- the preservation and advancement of universal telephone service. This section of the report outlines the high-cost support mechanisms and provides data for these mechanisms. The high-cost support mechanisms include embedded high-cost loop support (HCLS),<sup>4</sup> safety net additive support (SNAS), safety valve support (SVS), forward-looking non-rural high-cost model support (HCMS), interstate common line support (ICLS)<sup>5</sup> for rate-of-return carriers,<sup>6</sup> interstate access support (IAS) for price-cap carriers, and local switching support (LSS) for carriers that serve 50,000 or fewer access lines.

On October 27, 2011, the Commission adopted the *USF/ICC Transformation Order*, which comprehensively reforms and modernizes the universal service and intercarrier compensation systems into a new Connect America Fund (CAF) to ensure that robust, affordable voice and broadband services are available to Americans throughout the nation.<sup>7</sup> Among other things, the Commission eliminates certain high-cost support mechanisms, modifies others, and establishes a new framework for distributing high-cost funding in the most efficient and technologically neutral manner possible, through market-based mechanisms such as competitive bidding. Some reforms take effect for support in 2012, while others will be implemented in 2013 or later. Accordingly, some data available in 2012 will reflect the effect of reforms, but data reflecting the full effect of the reforms will not be available until later years.

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4 This was formerly referred to as the Universal Service Fund, and still bears that name in the Commission rules. It is now referred to as high-cost loop support to avoid confusion with the new, more comprehensive universal service support mechanisms that the Commission developed to implement the 1996 Act. See 47 C.F.R. § 36.601. See also 47 C.F.R. Part 54.

5 Effective July 1, 2004, long term support (LTS) was merged into ICLS. Any LTS amounts reported in subsequent years are out-of-year adjustments for prior payments. Such adjustments occurred for ILECs only in 2005, but continued for some CETCs through 2008.

6 A number of mid-sized carriers have elected to convert to price-cap regulation in recent years and receive ICLS that is frozen at a per-line amount. See, e.g., *Windstream Petition for Conversion to Price Cap Regulation and for Limited Waiver Relief*, WC Docket No. 07-171, Order, 23 FCC Rcd 5294 (2008).

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

## High-Cost Disbursements

Table 2.10 summarizes the annual disbursements<sup>8</sup> for the high-cost support mechanisms from 2003 through 2011. The table values for annual disbursements for 2011 are estimates extrapolated from disbursements made from January through August 2011. The table is based on information provided by the Universal Service Administrative Company (USAC). The values in Table 2.10 are the amounts disbursed in each year. For each year, the values include prior period adjustments disbursed in that year in support of these mechanisms for prior years. Chart 2.3 plots the total annual disbursements since 2003. The table and chart show that total disbursements peaked in 2008 at \$4.5 billion. Chart 2.3 and all subsequent high-cost charts also include reserve fund dollars for 2010 and 2011; these funds are described in Table 1.10. The high-cost tables do not include these funds.

Table 2.11 compares the annual amounts of support received by ILECs and by CETCs for each support mechanism. Chart 2.4 shows the total disbursement to ILECs and CETCs since 2003.

Table 2.12 lists high-cost disbursements within each state in 2010. Mississippi received the most disbursements in 2010 (\$261 million) with over 70% in HCMS (\$188 million, the most of any state). Texas received almost as much disbursements as Mississippi (\$247 million), but its support was primarily in the HCLS mechanism (\$113 million, the most of any state). Alaska (\$219 million) and Puerto Rico (\$209 million) were third and fourth respectively in total disbursements. They were the leading recipients of disbursements for ICLS; all of Puerto Rico's disbursements were for ICLS while Alaska received disbursements of \$104 million for ICLS. Kansas had the fifth highest total disbursements among states in 2010 (\$195 million) with over half for HCLS (\$101 million). No other state or jurisdiction received more than \$150 million dollars in disbursements.

Table 2.13 lists total high-cost disbursement received from 2008 through 2010 by holding company for the top 10 recipients in 2008, 2009 or 2010. As a whole, these holding companies received 51% of disbursements in this time period. Verizon/Alltel led all holding companies in disbursements in 2008 and 2009, but a sharp drop in their disbursements in 2010 moved AT&T to the top in 2010.

Table 2.14 provides a breakdown by mechanism of disbursements to holding companies for 2010 as well as an analysis of disbursements per supported line for holding companies. As a group, these 25 holding companies accounted for 94% of all supported lines, but only 57% of all disbursements. AT&T and Verizon had the most supported lines and total disbursements in 2010; together they accounted for 57% of supported lines with only 20% of total disbursements. Disbursements per supported line are highly variable; among these 25 holding companies, they range from the thousands of dollars per line (Sandwich Isles Communications and Valley Telephone Cooperative) to less than \$10 per line (Qwest and Sprint Nextel). AT&T received the most disbursements for HCMS (\$168 million) and ICLS (\$120 million). Verizon received the most disbursements for IAS (\$135 million). CenturyLink received the most disbursements for HCLS (\$99 million).

Table 2.15 lists the 10 study areas with the highest disbursements per supported line in 2010. Sandwich Isles Communications is noteworthy for its relatively large number of supported lines in this group and consequently large disbursement in 2010.

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



## High-Cost Claims

High-cost claims<sup>9</sup> are strongly correlated with disbursements. The difference is their relation to time. Disbursement dollars are aligned with the time that funds are distributed to the recipients. Claim dollars are aligned with the time period that the funds support. While disbursement dollars for a time period do not change in subsequent reports, it is possible for claim dollars in a time period to change because of subsequent true-ups especially in more recent years. Disbursements are useful for the analysis of the flow of money in and out of the fund while claim dollars are useful for the analysis of the justification for support dollars with respect to the recipient's needs.<sup>10</sup>

Tables 2.16 through 2.18 and Charts 2.3 and 2.4 are claims versions of Tables 2.10 through 2.12 and Charts 2.5 and 2.6. In general, the differences between the claims and disbursements views are minor. Table 2.16 and Chart 2.3 show that total claims (to date) were higher in 2010 than in 2009, but are expected to be lower in 2011. Table 2.17 shows that CETC claims (to date) were higher in 2010 than in 2009, but are expected to be lower in 2011.

Table 2.18 lists high-cost claims within each state in 2010. Mississippi had the highest claims in 2010 (\$272 million) with over 70% for HCMS (\$193 million, the most of any state). Texas had claims almost as high as Mississippi (\$259 million), but its support was primarily in the HCLS mechanism (\$117 million). Kansas had the third highest total claims among states in 2010 (\$227 million) with over half for HCLS (\$121 million, highest of any state). Alaska (\$195 million) and Puerto Rico (\$180 million) were fourth and fifth respectively in total claims. No other state or jurisdiction had more than \$150 million dollars in claims.

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

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9 A "claim" is the distribution of funds *in support of a specified time period*. These funds were distributed in that period and *possibly a later time period*. The disbursements in later time periods are the result of true-ups to resolve differences between initial payments and disbursements necessitated by revisions to supporting data made at that later date. *Claims are always positive values*. The claim data used in this report does not include true-ups except for ICLS and LSS in 2009.

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

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

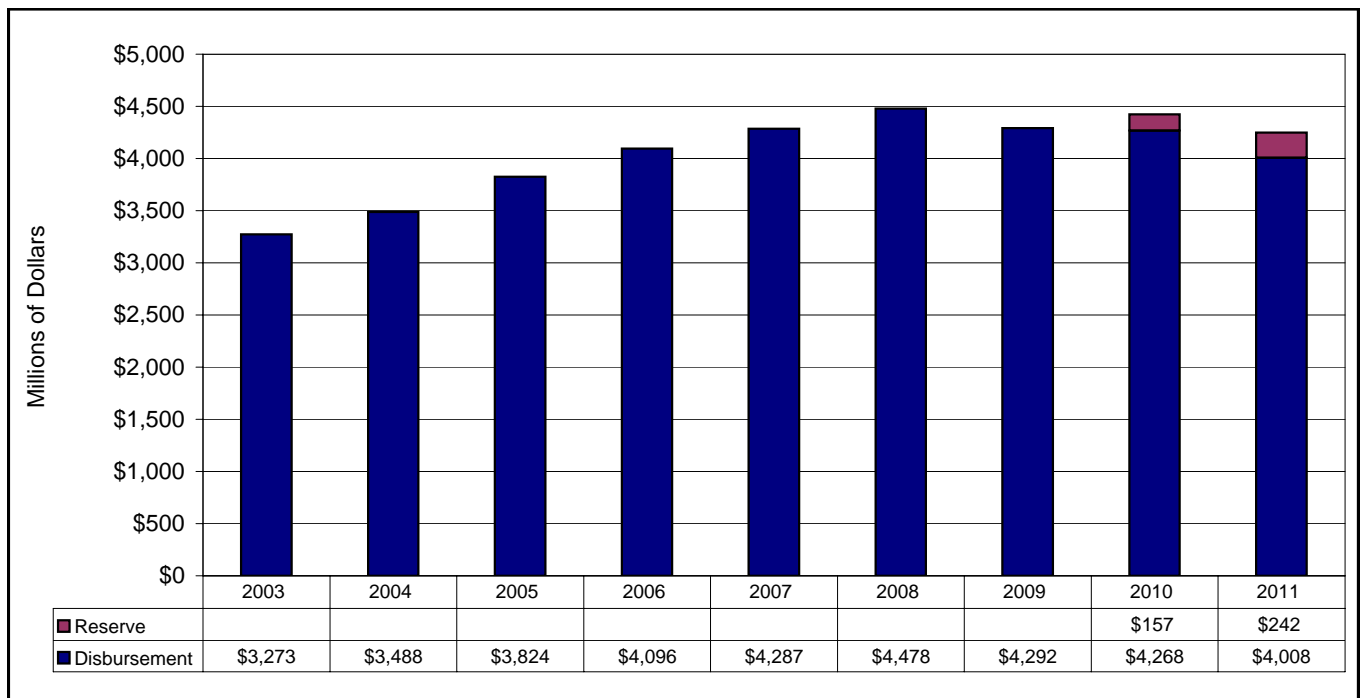
Year	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Long-Term Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Total Support
2003	\$1,085	\$9	\$0	\$234	\$504	\$399	\$622	\$420	\$3,273
2004	1,137	12	0	273	275	727	642	422	3,488
2005	1,219	15	4	292	0	1,178	691	425	3,824
2006	1,309	29	1	358	4	1,266	681	448	4,096
2007	1,402	38	3	346	0	1,392	645	460	4,287
2008	1,457	48	2	351	0	1,621	585	416	4,478
2009	1,424	53	5	331	0	1,537	563	381	4,292
2010	1,297	76	6	310	0	1,675	545	359	4,268
2011*	1,185	93	8	283	0	1,600	528	310	4,008

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

\* Estimate for 2011 extrapolated from payments through August 2011.

Source: Universal Service Administrative Company.

**Chart 2.3**  
**Total High-Cost Support Fund Disbursements and Reserve**



Note: The reserve consists of the 2010 Sprint and Verizon Wireless recovery and the 2011 CETC reserve (see Table 1.10).

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

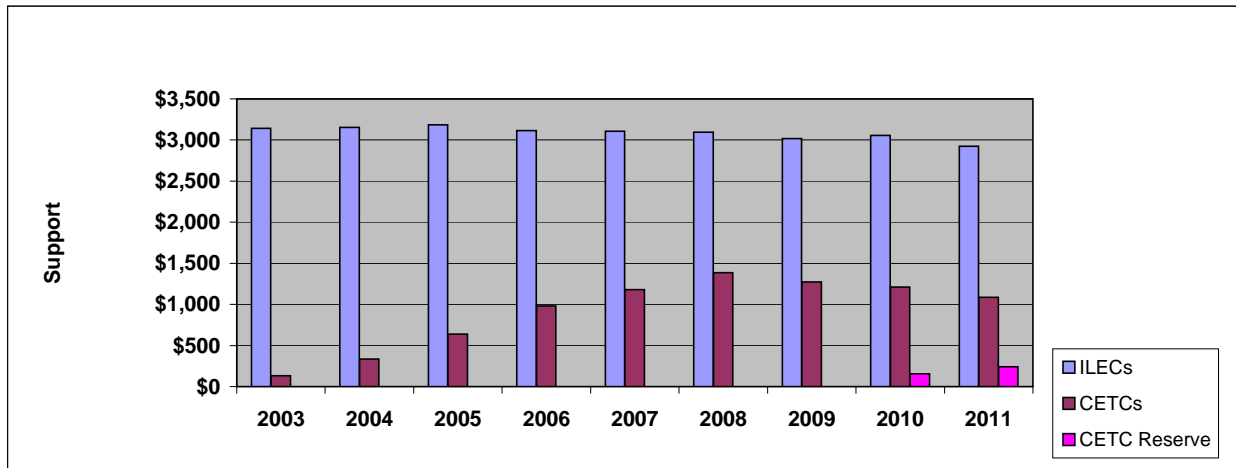
Year	Companies	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Long-Term Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Total Support
2003	ILECs	\$1,058.2	\$8.8	\$0.0	\$207.2	\$479.1	\$382.0	\$604.9	\$401.6	\$3,141.8
	CETCs	26.5	0.3	0.0	26.8	25.0	17.4	16.9	18.5	131.4
	Total	1,084.6	9.1	0.0	234.0	504.1	399.4	621.7	420.2	3,273.2
2004	ILECs	1,055.4	10.5	0.0	218.9	243.8	645.0	596.0	384.8	3,154.5
	CETCs	81.3	1.1	0.0	54.5	31.0	82.0	45.7	37.5	333.1
	Total	1,136.6	11.6	0.0	273.4	274.8	727.1	641.7	422.3	3,487.6
2005	ILECs	1,052.1	12.3	3.8	221.3	0.0	953.9	581.9	360.4	3,185.7
	CETCs	166.8	2.9	0.6	70.6	-0.2	224.4	109.1	64.4	638.5
	Total	1,218.9	15.2	4.4	291.8	-0.2	1,178.3	691.0	424.8	3,824.2
2006	ILECs	1,046.0	24.3	0.3	207.8	0.0	941.9	540.4	355.7	3,116.4
	CETCs	263.0	5.1	0.4	149.7	4.5	323.9	140.8	92.5	979.9
	Total	1,309.0	29.4	0.7	357.5	4.5	1,265.8	681.2	448.2	4,096.3
2007	ILECs	1,049.8	27.6	1.9	197.6	0.0	979.8	504.1	347.4	3,108.2
	CETCs	352.7	10.9	1.1	148.6	0.0	412.1	140.9	112.3	1,178.5
	Total	1,402.5	38.5	3.0	346.3	0.0	1,391.9	645.0	459.7	4,286.7
2008	ILECs	1,034.3	34.1	1.5	185.1	0.0	1,063.4	473.3	301.6	3,093.3
	CETCs	422.2	13.4	0.3	165.5	0.1	557.2	111.3	114.4	1,384.5
	Total	1,456.6	47.5	1.8	350.6	0.1	1,620.6	584.6	415.9	4,477.8
2009	ILECs	1,006.5	38.2	4.9	169.0	0.0	1,066.1	456.3	277.2	3,018.2
	CETCs	417.6	14.4	0.1	161.6	0.0	470.6	106.3	103.5	1,273.9
	Total	1,424.1	52.5	5.0	330.6	0.0	1,536.6	562.6	380.7	4,292.2
2010	ILECs	959.8	58.9	4.9	156.7	0.0	1,141.4	457.6	275.8	3,055.1
	CETCs	336.8	17.1	1.3	153.1	0.0	533.2	87.8	83.4	1,212.7
	Total	1,296.6	76.0	6.1	309.8	0.0	1,674.6	545.4	359.2	4,267.7
2011*	ILECs	903.4	74.8	5.4	147.0	0.0	1,118.2	437.0	237.2	2,923.1
	CETCs	282.0	18.4	2.2	136.3	0.0	482.0	91.1	72.7	1,084.6
	Total	1,185.5	93.2	7.6	283.3	0.0	1,600.2	528.2	309.8	4,007.7

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

\* Estimate for 2011 extrapolated from payments through August 2011.

Source: Universal Service Administrative Company.

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



Note: The reserve consists of the 2010 Sprint and Verizon Wireless recovery and the 2011 CETC reserve (see Table 1.10).

**Table 2.12**  
**High-Cost Support Fund Disbursements - by Mechanism and State: 2010**  
**(in Thousands)**

State	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Interstate			Total Support
					Common Line Support	Interstate Access Support	Local Switching Support	
Alabama	\$16,147	\$785	\$0	\$36,380	\$19,773	\$17,026	\$3,440	\$93,551
Alaska	88,530	1,243	0	0	103,990	0	25,206	218,970
American Samoa	3	0	0	0	2,921	0	907	3,831
Arizona	28,341	772	0	0	15,500	15,591	7,342	67,545
Arkansas	51,961	152	0	0	46,275	234	6,633	105,255
California	23,437	597	0	0	26,264	37,279	4,247	91,824
Colorado	30,330	198	0	0	22,944	17,814	4,580	75,866
Connecticut	0	0	0	0	0	489	0	489
Delaware	0	0	0	0	0	265	0	265
District of Columbia	0	0	0	0	0	0	0	0
Florida	4,969	137	0	0	11,025	48,871	2,691	67,693
Georgia	31,471	3,107	0	0	51,335	19,508	10,148	115,569
Guam	3,061	0	0	0	12,173	0	848	16,082
Hawaii	39,850	0	0	0	18,153	2,047	1,721	61,772
Idaho	20,937	97	0	0	13,168	12,171	5,412	51,785
Illinois	20,408	564	0	0	32,480	9,339	9,107	71,898
Indiana	25,644	2,136	0	0	29,032	15,646	6,832	79,290
Iowa	33,298	3,157	146	0	59,501	10,640	22,480	129,222
Kansas	101,286	1,300	5,775	0	67,409	5,863	13,673	195,307
Kentucky	32,570	2,880	0	14,728	33,272	15,048	5,300	103,799
Louisiana	76,267	1,988	0	0	41,897	11,587	4,741	136,480
Maine	3,129	412	0	1,770	13,371	52	5,805	24,540
Maryland	144	0	0	0	928	2,319	376	3,767
Massachusetts	7	41	0	0	221	1,460	529	2,258
Michigan	17,497	802	0	0	21,995	515	8,762	49,571
Minnesota	30,718	4,189	21	0	53,932	2,541	14,306	105,707
Mississippi	29,416	741	0	188,392	17,354	20,857	3,792	260,553
Missouri	50,885	1,690	0	0	39,921	10,209	4,667	107,372
Montana	32,484	183	0	13,863	32,102	756	6,422	85,810
Nebraska	27,511	598	0	7,059	32,508	5,846	15,135	88,657
Nevada	5,375	648	0	0	5,174	9,111	4,132	24,440
New Hampshire	91	414	0	0	3,872	2,275	3,019	9,671
New Jersey	0	1	0	0	354	260	924	1,538
New Mexico	33,373	564	0	0	27,747	6,988	13,020	81,692
New York	4,321	2,197	0	0	14,377	12,274	10,979	44,148
North Carolina	9,827	302	0	0	40,673	22,916	5,913	79,631
North Dakota	34,129	8,377	19	0	42,681	658	11,703	97,567
Northern Mariana Islands	0	0	0	0	0	92	1,122	1,214
Ohio	10,156	781	0	0	15,702	9,646	2,658	38,943
Oklahoma	64,015	9,641	0	0	54,697	3,367	17,158	148,877
Oregon	25,609	625	0	0	27,670	14,991	6,077	74,972
Pennsylvania	1,402	103	0	0	35,386	19,004	6,007	61,902
Puerto Rico	0	0	0	0	208,626	0	0	208,626
Rhode Island	0	0	0	0	0	35	0	35
South Carolina	32,694	8,715	0	0	59,023	9,259	8,856	118,547
South Dakota	40,132	3,274	138	2,184	36,227	122	8,018	90,096
Tennessee	13,235	4,320	0	0	28,817	8,902	5,422	60,695
Texas	112,949	2,633	0	0	78,284	35,494	18,034	247,395
Utah	5,631	94	8	0	12,097	2,063	3,296	23,190
Vermont	2,591	400	0	6,085	6,106	2,790	3,026	20,999
Virgin Islands	5,255	0	0	0	14,284	0	0	19,539
Virginia	3,083	522	0	0	9,964	54,387	3,406	71,362
Washington	22,278	196	0	0	37,235	24,556	7,018	91,282
West Virginia	2,508	6	0	28,285	3,613	17,607	1,377	53,396
Wisconsin	33,042	4,181	34	0	75,248	123	18,379	131,007
Wyoming	14,573	203	0	11,041	17,336	4,528	4,575	52,256
<b>Total</b>	<b>\$1,296,572</b>	<b>\$75,965</b>	<b>\$6,142</b>	<b>\$309,789</b>	<b>\$1,674,636</b>	<b>\$545,419</b>	<b>\$359,222</b>	<b>\$4,267,746</b>

Source: Universal Service Administrative Company.

**Table 2.13**  
**High-Cost Support Fund Disbursements by Year-End Holding Company Structure**  
**(in Thousands)**

Rank	Holding Company Name <sup>1</sup>	2008	2009	2010	Total
1	Verizon Communications Inc. <sup>2,6</sup>	\$308,584	\$679,881	\$359,758	\$1,348,223
2	AT&T Inc.	426,412	435,421	473,158	1,334,992
3	CenturyLink, Inc. <sup>3</sup>	278,575	351,860	303,992	934,427
4	Telephone and Data Systems, Inc.	231,869	236,141	235,943	703,952
5	Alltel Corporation <sup>2</sup>	413,875	-	-	413,875
6	Windstream Corporation	97,073	110,335	114,626	322,035
7	Frontier Communications Corporation <sup>4,6</sup>	81,045	70,029	155,930	307,004
8	Telapex, Inc. <sup>5</sup>	74,187	77,227	78,765	230,179
9	América Móvil	98,343	28,342	92,006	218,691
10	Qwest Communications International, Inc.	70,234	66,519	66,567	203,320
11	Sprint Nextel Corporation <sup>2</sup>	90,479	49,962	46,862	187,303
12	FairPoint Communications, Inc.	55,863	48,389	42,090	146,343
13	Alaska Communications Systems Holdings, Inc.	41,709	45,629	55,953	143,291
14	Embarq <sup>3</sup>	97,041	-	-	97,041

<sup>1</sup> Holding company name indicates common control/common ownership of carriers. Carriers appear on this list if they are in the top ten for any of the presented years.

<sup>2</sup> Verizon Communications Inc. acquired Alltel Corporation from Atlantis Holdings LLC (Atlantis) on January 9, 2009 (<http://news.vzw.com/news/2009/01/pr2009-01-09.html>, retrieved March 5, 2009). Verizon Wireless and Sprint Nextel, in separate transactions in 2008, each committed to phase down their CETC high-cost universal service support in 20 percent increments over five years, beginning in 2009. These commitments were not implemented until the Commission released an Order on August 31, 2010 providing guidance to the Universal Service Administrative Company regarding the methodology to achieve those commitments. High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Request for Review of Decision of Universal Service Administrator by Corr Wireless Communications, LLC, WC Docket No. 05-337, CC Docket No. 96-45, Order and Notice of Proposed Rulemaking, 25 FCC Rcd 12854 (2010). To the extent that Verizon Wireless received support prior to the August 31, 2010 Order that should have been surrendered under its commitment, USAC is reclaiming that support in 2010 and 2011.

<sup>3</sup> CenturyTel merged with Embarq on July 1, 2009. See [http://www.centurytelembarqmerger.com/pdf/pressreleases/News\\_Release\\_Legal\\_Close\\_06-30-09\\_FINAL.pdf](http://www.centurytelembarqmerger.com/pdf/pressreleases/News_Release_Legal_Close_06-30-09_FINAL.pdf). CenturyTel, Inc. officially changed their name to CenturyLink, Inc. on May 20, 2010. See <http://news.centurylink.com/index.php?s=43&item=2313>.

<sup>4</sup> Citizens Communications Company changed their name to Frontier Communications Corporation on July 31, 2008.

<sup>5</sup> Telapex, Inc. owns Cellular South.

<sup>6</sup> Frontier Communications purchased study areas in 14 states from Verizon Communications on July 1, 2010.

**Table 2.14**  
**High-Cost Support Fund Disbursements by Holding Company: 2010**

<b>Rank</b>	<b>Holding Company Name</b>	<b>High-Cost Loop Support</b>	<b>Safety Net Additive Support</b>	<b>Safety Valve Support</b>	<b>High-Cost Model Support</b>	<b>Interstate Common Line Support</b>	<b>Interstate Access Support</b>	<b>Local Switching Support</b>	<b>Total Support</b>	<b>Supported Lines</b>	<b>Total Support per Line</b>
<b>(in Thousands)</b>											
1	AT&T Inc.	\$59,437	\$1,671	\$4	\$167,813	\$119,979	\$114,466	\$9,788	\$473,158	37,266	\$12.70
2	Verizon Communications Inc.	86,662	6,839	118	12,173	96,747	134,966	22,252	359,758	34,894	10.31
3	CenturyLink, Inc.	99,175	691	21	10,275	92,958	84,629	16,243	303,992	7,337	41.44
4	Telephone and Data Systems, Inc.	65,945	10,557	199	4,247	110,152	14,602	30,241	235,943	3,994	59.07
5	Frontier Communications Corporation	2,390	1,907	0	18,230	19,234	99,728	14,440	155,930	5,844	26.68
6	Windstream Corporation	10,777	7,192	0	5,876	65,186	16,172	9,423	114,626	3,310	34.63
7	América Móvil	0	0	0	0	92,006	0	0	92,006	1,527	60.25
8	Telapex, Inc.	16,745	341	0	46,148	9,659	3,673	2,200	78,765	787	100.12
9	Qwest Communications International, Inc.	589	0	0	22,688	0	42,748	542	66,567	8,418	7.91
10	Alaska Communications Systems Holdings, Inc.	19,520	96	0	0	30,579	0	5,757	55,953	324	172.63
11	Sprint Nextel Corporation	7,502	120	0	5,496	15,830	15,650	2,263	46,862	10,100	4.64
12	General Communication, Inc.	15,342	130	0	0	25,425	0	5,891	46,787	226	207.25
13	FairPoint Communications, Inc.	8,575	166	0	7,325	16,595	5,076	4,353	42,090	1,432	29.40
14	Rural Telephone Service Company, Inc.	21,396	195	3,715	0	14,889	153	331	40,680	65	629.23
15	American Broadband Communications et al.	19,309	266	0	80	10,467	93	5,603	35,818	49	733.20
16	Farmers Telephone Cooperative, Inc.	15,598	1,458	0	0	14,403	0	835	32,295	79	408.46
17	Deutsche Telekom AG	244	245	0	114	27,554	1,962	204	30,323	2,341	12.95
18	Matanuska Telephone Association, Inc.	15,474	0	0	0	13,544	0	1,253	30,271	68	444.75
19	Coral Wireless, LLC	19,526	0	0	0	9,545	50	910	30,031	50	595.53
20	Consolidated Communications, Inc.	9,859	0	0	0	18,371	0	1,503	29,734	247	120.37
21	EATEL Corp., Inc.	17,553	1,018	0	0	10,804	0	269	29,644	34	871.28
22	Sandwich Isles Communications, Inc.	17,405	0	0	0	7,431	0	748	25,583	2	12,371.11
23	Valley Telephone Cooperative, Inc.	13,726	214	0	0	6,794	47	1,781	22,562	15	1,473.87
24	Pioneer Telephone Cooperative (OK)	5,622	1,839	0	0	11,231	0	2,280	20,972	77	274.00
25	Golden West Telecommunications Cooperative, Inc.	10,197	1,178	0	0	8,531	0	1,043	20,950	40	527.02
	Other Carriers	738,002	39,839	2,084	9,326	826,721	11,405	219,068	1,846,445	7,220	255.73
	<b>Total</b>	<b>1,296,572</b>	<b>75,965</b>	<b>6,142</b>	<b>309,789</b>	<b>1,674,636</b>	<b>545,419</b>	<b>359,222</b>	<b>4,267,746</b>	<b>125,745</b>	<b>33.94</b>

**Table 2.15**  
**Study Areas with the Highest Per-Line High-Cost Support Fund Disbursement: 2010**

<b>Rank</b>	<b>Incumbent ETC</b>	<b>State</b>	<b>Holding Company<sup>1</sup></b>	<b>Support<sup>2</sup></b>	<b>Supported Lines<sup>3</sup></b>	<b>Annual Support per Line</b>
1	Westgate Communications LLC d/b/a Weavtel	Washington	Westgate Communications LLC	\$375,858	16	\$23,491
2	Adak Tel Utility	Alaska	Adak Eagle Enterprises, LLC	2,784,558	165	16,876
3	Beaver Creek Telephone Company	Washington	May, Bott et al.	465,690	28	16,632
4	Border To Border	Texas	Border to Border Communications, Inc.	1,828,017	135	13,541
5	Sandwich Isles Comm.	Hawaii	Sandwich Isles Communications, Inc.	25,583,457	2,068	12,371
6	Allband Communications Cooperative	Michigan	Allband Communications Cooperative	1,030,962	96	10,739
7	Accipiter Comm.	Arizona	Accipiter Communications, Inc.	3,340,878	360	9,280
8	Terral Tel. Co.	Oklahoma	Terral Telephone Company	2,060,376	250	8,242
9	South Park Tel. Co.	Colorado	American Broadband Communications et al.	1,126,056	180	6,256
10	Dell Tel. Co-Op. - TX	Texas	Dell Telephone Cooperative, Inc.	4,480,362	769	5,826

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

<sup>2</sup> Calendar year disbursements include prior period adjustments.

<sup>3</sup> Supported lines is the number of lines in service that are receiving support, not the number of homes in the study area. The Federal Communications Commission now receives the number of supported lines at the end of each quarter. The number of lines in 2010 was based on the total number of supported lines as of June 30, 2010.

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

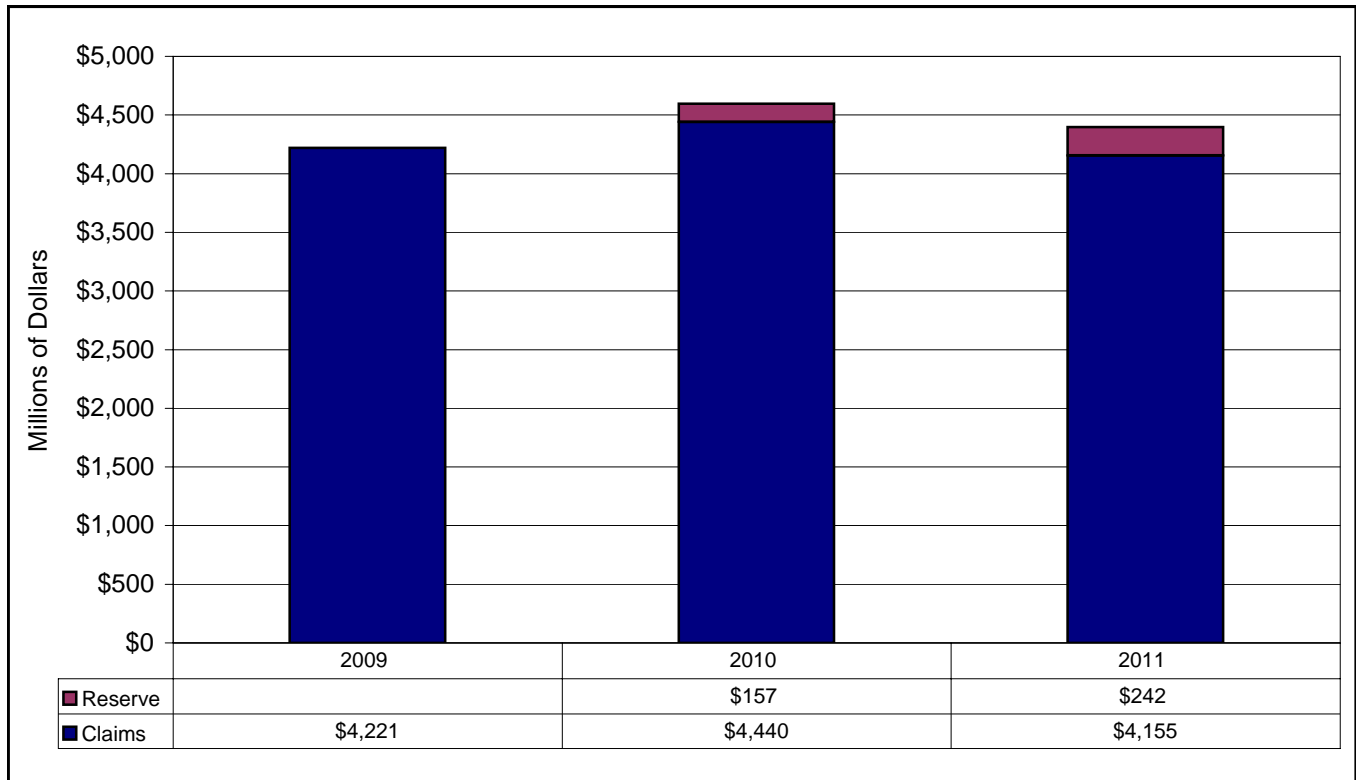
Year	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Total Support
2009	\$1,420	\$52	\$3	\$332	\$1,428	\$598	\$389	\$4,221
2010	1,360	76	6	320	1,695	577	405	4,440
2011*	1,207	94	7	294	1,637	535	380	4,155

Notes: Detail may not appear to add to totals due to rounding. Claims are initial payments except for true-ups in ICLS and LSS in 2009.

\* Estimate for 2011 extrapolated from claims through August 2011.

Source: Universal Service Administrative Company.

**Chart 2.5**  
**Total High-Cost Support Fund Claims and Reserve**



Note: The reserve consists of the 2010 Sprint and Verizon Wireless recovery and the 2011 CETC reserve (see Table 1.10).



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

Year	Companies	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Total Support
2009	ILECs	\$1,008.8	\$37.9	\$2.6	\$169.1	\$1,069.4	\$473.0	\$284.5	\$3,045.3
	CETCs	411.2	13.8	0.2	163.0	358.7	124.7	104.3	1,175.8
	Total	1,420.0	51.6	2.7	332.2	1,428.1	597.7	388.7	4,221.1
2010	ILECs	961.5	58.7	4.8	156.2	1,117.7	472.4	297.9	3,069.3
	CETCs	398.9	17.7	1.2	164.1	577.1	104.1	107.1	1,370.4
	Total	1,360.4	76.4	6.0	320.2	1,694.9	576.6	405.1	4,439.7
2011*	ILECs	901.9	74.9	4.9	147.0	1,128.4	457.6	288.5	3,003.3
	CETCs	304.9	19.0	2.1	147.3	509.0	77.8	91.2	1,151.3
	Total	1,206.8	93.9	7.0	294.3	1,637.4	535.4	379.7	4,154.6

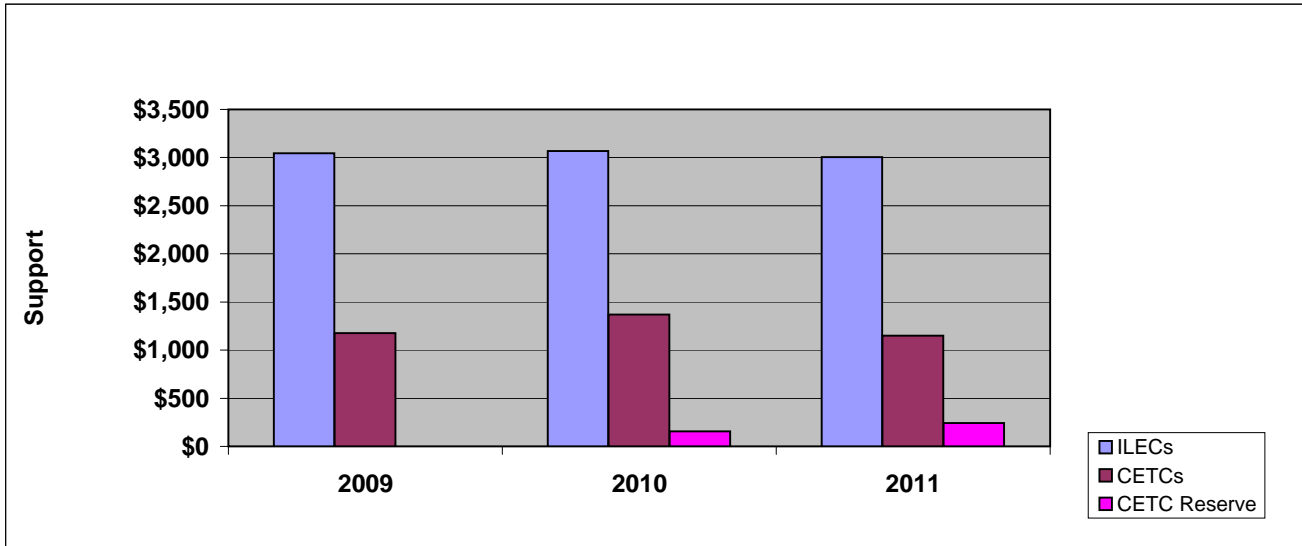
Notes: Details may not appear to add to totals due to rounding. ILECs are incumbent local exchange carriers.

CETCs are competitive eligible telecommunications carriers.

\* Estimate for 2011 extrapolated from claims through August 2011.

Source: Universal Service Administrative Company.

**Chart 2.6**  
**Total High-Cost Support Fund Claims (ILECs and CETCs) and CETC Reserve**  
(in Millions)



Note: The reserve consists of the 2010 Sprint and Verizon Wireless recovery and the 2011 CETC reserve (see Table 1.10).

**Table 2.18**  
**High-Cost Support Fund Claims - by Mechanism and State: 2010**

State	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	Interstate				Total Support
				High-Cost Model Support	Common Line Support	Interstate Access Support	Local Switching Support	
Alabama	\$16,541	\$786	\$0	\$37,878	\$20,450	\$18,225	\$4,711	\$98,591
Alaska	80,961	1,187	0	0	90,294	0	23,198	195,640
American Samoa	0	0	0	0	3,049	0	1,307	4,356
Arizona	28,387	783	0	0	15,497	16,443	8,147	69,256
Arkansas	65,160	191	0	0	60,344	300	9,277	135,272
California	26,681	587	0	0	27,574	38,725	4,614	98,181
Colorado	30,191	176	0	0	22,538	18,511	4,520	75,938
Connecticut	0	0	0	0	0	514	0	514
Delaware	0	0	0	0	0	262	0	262
District of Columbia	0	0	0	0	0	0	0	0
Florida	5,463	140	0	0	10,879	54,199	3,204	73,884
Georgia	33,129	3,109	0	0	53,755	21,296	11,530	122,819
Guam	3,618	0	0	0	12,402	0	521	16,541
Hawaii	40,175	0	0	0	19,200	2,128	2,121	63,624
Idaho	21,036	78	0	0	13,151	12,692	5,786	52,742
Illinois	20,605	563	0	0	32,384	9,648	10,805	74,004
Indiana	25,817	2,102	0	0	27,185	16,451	7,939	79,495
Iowa	35,033	3,750	137	0	64,511	9,457	24,550	137,437
Kansas	120,733	1,594	5,805	0	76,986	6,294	15,672	227,083
Kentucky	33,123	2,788	0	14,791	33,314	15,445	5,537	104,998
Louisiana	81,947	2,063	0	0	44,831	13,027	5,982	147,851
Maine	3,103	440	0	1,770	14,824	29	6,605	26,772
Maryland	142	0	0	0	899	2,410	440	3,891
Massachusetts	7	41	0	0	197	1,525	520	2,291
Michigan	20,062	860	0	0	25,889	592	10,256	57,659
Minnesota	38,674	4,436	9	0	69,578	3,170	19,198	135,065
Mississippi	30,662	809	0	193,486	20,855	21,687	4,634	272,133
Missouri	48,415	1,645	0	0	39,221	10,492	5,955	105,728
Montana	31,596	180	0	14,514	31,188	790	6,843	85,111
Nebraska	34,431	744	0	9,500	41,685	7,166	19,677	113,203
Nevada	5,733	669	0	0	6,199	9,983	5,867	28,452
New Hampshire	87	421	0	0	4,110	1,553	3,871	10,042
New Jersey	0	1	0	0	361	269	814	1,445
New Mexico	33,194	554	0	0	22,980	8,372	10,336	75,437
New York	4,578	2,228	0	0	14,330	12,767	12,917	46,819
North Carolina	10,530	332	0	0	39,721	24,784	6,164	81,531
North Dakota	33,053	8,118	19	0	42,102	688	13,996	97,976
Northern Mariana Islands	0	0	0	0	0	99	1,044	1,142
Ohio	10,130	797	0	0	14,315	10,089	3,261	38,592
Oklahoma	63,918	9,144	0	0	54,702	3,876	17,951	149,591
Oregon	25,860	514	0	0	27,204	15,575	8,510	77,664
Pennsylvania	1,382	104	0	0	34,827	19,763	5,323	61,399
Puerto Rico	0	0	0	0	180,129	0	0	180,129
Rhode Island	0	0	0	0	0	36	0	36
South Carolina	32,913	8,550	0	0	53,249	9,702	7,783	112,198
South Dakota	41,171	3,074	57	1,886	34,742	148	9,428	90,507
Tennessee	13,255	4,447	0	0	29,407	9,241	5,981	62,331
Texas	117,101	2,719	0	0	81,266	38,483	19,553	259,122
Utah	5,927	94	7	0	10,939	2,132	3,837	22,935
Vermont	2,559	418	0	6,085	6,496	1,927	2,902	20,387
Virgin Islands	5,733	0	0	0	13,266	0	0	18,999
Virginia	3,238	532	0	0	10,664	57,912	3,977	76,322
Washington	21,657	227	0	0	38,758	24,208	7,782	92,632
West Virginia	2,308	0	0	29,025	3,329	18,661	2,535	55,857
Wisconsin	35,754	4,272	0	0	82,868	148	22,093	145,136
Wyoming	14,640	177	0	11,308	16,234	4,681	5,602	52,641
<b>Total</b>	<b>\$1,360,414</b>	<b>\$76,444</b>	<b>\$6,034</b>	<b>\$320,243</b>	<b>\$1,694,880</b>	<b>\$576,573</b>	<b>\$405,076</b>	<b>\$4,439,664</b>

Source: Universal Service Administrative Company.

## Schools and Libraries (E-rate) Program

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

On September 28, 2010, the FCC released an order revising the E-rate program to maximize the utilization of broadband and eliminate rules that no longer serve their intended purpose. The revisions adopted by the FCC fall into three conceptual categories. First, the FCC enabled schools and libraries to better serve students, teachers, librarians, and their communities by providing more flexibility to select and make available the most cost-effective broadband and other communications services. Specifically, the FCC allowed applicants to lease fiber from the most cost-effective provider, including not-for-profit entities, so that applicants can choose the services that best meet their needs from a broad set of competitive options and in the most cost-effective manner available in the marketplace. The FCC also changed its rules to permit schools to allow community use of E-rate funded services outside of school hours and supports broadband connections to the residential portion of schools that serve students with special circumstances. Additionally, the FCC established a pilot program to establish best practices to support off-campus wireless connectivity for portable learning devices outside of regular school or library operating hours.<sup>11</sup> Further, the FCC indexed E-rate's funding cap of \$2.25 billion annually to inflation to preserve the purchasing power of the E-rate program. As a result, the cap for funding year 2011 was increased to \$2,290,682,250.<sup>12</sup>

Total commitments to the E-rate program dropped from \$2.9 billion in funding year 2009 to \$2.6 billion in funding year 2010. Disbursements in funding year 2009 were \$2.0 billion as compared to \$1.8 billion in funding year 2008. Table 2.19 shows commitments and disbursements by funding year since 1998. Table 2.20 summarizes commitments and disbursements by state and by type of applicant for funding years 2008 through 2010. Additional data on the E-rate program have been posted at [www.fcc.gov/wcb/iatd/monitor.html](http://www.fcc.gov/wcb/iatd/monitor.html).

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

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

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

<b>Funding Commitments</b>								
(Dollar Amounts in Thousands)								
Year	Total Commitments	Libraries	Schools	School Districts	Other Consortia	Internal Connections	Internet Access	Telecom
1998	\$1,695,012	\$65,830	\$110,223	\$1,285,356	\$233,603	\$885,866	\$134,137	\$675,009
1999	2,147,209	66,061	180,570	1,597,896	302,682	1,364,921	148,772	633,517
2000	2,071,427	65,853	109,936	1,685,832	209,807	1,133,546	218,756	719,124
2001	2,185,325	57,824	164,419	1,748,575	214,508	1,183,555	224,800	776,970
2002	2,230,278	60,324	159,532	1,760,487	249,935	1,119,707	249,987	860,584
2003	2,698,267	63,237	200,097	2,173,434	261,499	1,514,385	276,043	907,839
2004	2,161,565	54,303	157,396	1,694,919	254,946	969,207	246,034	946,324
2005	2,106,764	54,367	150,151	1,695,026	207,220	871,833	259,084	975,846
2006	1,965,834	63,712	128,818	1,523,559	249,745	621,250	287,239	1,057,345
2007	2,437,477	60,647	173,791	1,962,667	240,372	958,351	308,637	1,170,489
2008	2,511,708	75,906	145,962	2,030,356	259,484	894,608	336,529	1,280,571
2009	2,885,700	83,880	194,027	2,336,048	271,746	1,204,238	348,851	1,332,611
2010	2,584,190	89,809	221,579	1,998,929	273,872	815,803	392,335	1,376,051

<b>Funding Disbursements</b>								
(Dollar Amounts in Thousands)								
Year	Total Disbursements	Libraries	Schools	School Districts	Other Consortia	Internal Connections	Internet Access	Telecom
1998	\$1,398,927	\$49,870	\$83,335	\$1,069,681	\$196,041	\$796,535	\$94,824	\$507,567
1999	1,653,985	47,456	140,254	1,268,763	197,512	1,105,506	95,499	452,980
2000	1,649,809	43,600	88,521	1,385,363	132,325	1,035,185	133,463	481,161
2001	1,697,981	41,940	117,157	1,400,704	138,181	1,007,845	149,542	540,594
2002	1,596,827	42,100	105,786	1,283,825	165,116	812,661	170,995	613,171
2003	1,946,264	44,327	135,759	1,594,000	172,179	1,083,404	203,699	659,161
2004	1,530,664	39,723	107,140	1,203,719	180,082	649,298	192,945	688,421
2005	1,609,147	48,603	109,910	1,274,881	175,753	624,857	214,559	769,731
2006	1,541,025	45,932	95,983	1,196,955	202,155	460,011	235,301	845,713
2007	1,897,374	47,976	134,911	1,510,610	203,877	707,412	258,103	931,860
2008	1,824,458	57,937	109,959	1,441,091	215,471	529,210	273,598	1,021,651
2009	2,014,291	66,136	142,560	1,591,671	213,924	698,395	280,871	1,035,025
2010	906,671	38,391	74,581	721,405	72,295	243,285	186,071	477,315

Note: Activity through June 30, 2011. Because of the appeals process, funding commitments and disbursements can be made after the end of the program year. Also, disbursements may continue beyond the end of the program year in the event of delayed internal connections installation. Other adjustments and corrections may also be made.

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

**Table 2.20**  
**Schools and Libraries Funding Commitments and Disbursements by State and by Type of Applicant**  
**Funding Year 2008: July 1, 2008 through June 30, 2009**

State/Territory	Library/Library Consortium		Schools		School Districts		Other Consortium		Totals	
	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed
Alabama	\$715,346	\$637,018	\$798,412	\$633,532	\$31,102,333	\$27,318,996	\$8,004,806	\$6,494,136	\$40,620,898	\$35,083,683
Alaska	137,097	113,902	290,496	259,640	25,615,191	21,163,158	0	0	26,042,784	21,536,700
American Samoa	0	0	0	0	0	0	1,593,682	1,058,945	1,593,682	1,058,945
Arizona	1,354,263	1,150,278	8,319,323	6,750,355	52,885,049	37,726,130	266,321	243,248	62,824,956	45,870,010
Arkansas	321,923	277,111	105,108	85,000	11,845,772	7,566,865	11,885,021	8,648,377	24,157,824	16,577,353
California	8,132,572	5,180,686	8,544,540	5,726,183	361,959,492	256,853,255	14,284,470	9,059,314	392,921,073	276,819,439
Colorado	837,728	588,813	908,890	505,212	18,447,823	14,102,144	532,641	1,147,911	20,727,082	16,344,081
Connecticut	178,012	148,994	1,954,986	1,417,491	15,014,749	12,347,026	9,259,558	8,315,699	26,407,305	22,229,210
Delaware	5,507	2,923	191,492	134,516	758,767	696,026	0	0	955,767	833,465
District of Columbia	859,807	439,223	1,577,428	997,355	6,729,207	5,122,392	1,421,205	195,695	10,587,648	6,754,665
Florida	3,100,569	2,546,114	5,224,096	3,735,417	67,134,106	58,994,259	13,176,627	11,748,445	88,635,398	77,024,235
Georgia	4,981,119	4,404,142	1,679,471	1,344,859	65,730,993	54,660,341	10,110,799	9,385,070	82,502,382	69,794,413
Guam	17,172	13,331	19,550	11,855	873,516	482,338	0	0	910,238	507,525
Hawaii	0	0	2,024,130	1,152,650	1,190,971	744,394	138,025	49,239	3,353,126	1,946,283
Idaho	130,474	113,462	413,053	349,695	5,245,124	4,420,749	45,943	42,787	5,834,594	4,926,692
Illinois	1,714,636	1,499,758	5,335,178	4,286,404	78,547,249	51,139,398	1,568,235	1,411,352	87,165,298	58,336,912
Indiana	2,870,343	2,470,197	1,274,053	974,845	18,916,718	15,571,695	7,413,843	6,723,856	30,474,957	25,740,593
Iowa	174,715	130,389	630,731	426,594	7,627,311	6,105,140	3,790,662	3,641,234	12,223,419	10,303,357
Kansas	716,195	635,415	392,374	341,400	14,339,015	12,133,827	1,938,036	1,802,680	17,385,620	14,913,322
Kentucky	755,163	481,818	204,938	143,652	23,280,077	18,991,116	9,360,964	9,244,464	33,601,142	28,861,051
Louisiana	4,840,552	4,008,654	3,253,036	2,965,212	30,981,909	26,357,436	4,438,315	3,218,240	43,513,811	36,549,542
Maine	84,198	78,645	797,005	647,674	4,459,102	3,712,431	3,051,415	2,866,196	8,391,719	7,304,946
Maryland	309,922	260,424	1,790,289	1,286,856	10,162,088	9,292,597	194,944	194,944	12,457,243	11,034,820
Massachusetts	1,565,297	1,452,787	3,376,492	2,741,240	25,420,004	18,667,300	649,468	600,741	31,011,261	23,462,068
Michigan	1,565,300	1,320,119	2,988,830	2,384,092	40,371,074	32,576,746	6,363,854	5,393,233	51,289,058	41,674,189
Minnesota	1,473,757	938,298	2,287,521	1,704,731	13,257,548	10,848,229	5,353,416	5,151,302	22,372,242	18,642,560
Mississippi	1,637,326	1,383,779	1,250,693	989,973	25,918,152	20,948,665	5,799,816	4,812,564	34,605,986	28,134,982
Missouri	1,835,007	1,703,037	1,425,892	756,483	21,744,361	17,192,872	8,469,478	7,647,669	33,474,739	27,300,062
Montana	63,316	48,314	417,433	348,616	5,043,919	4,266,975	9,326	7,146	5,533,994	4,671,051
Nebraska	239,279	133,489	416,733	337,471	8,119,656	7,620,733	1,342,794	1,263,899	10,118,461	9,355,592
Nevada	365,929	320,412	338,738	281,988	4,361,624	3,577,835	0	0	5,066,292	4,180,235
New Hampshire	7,901	6,477	344,809	222,646	2,404,004	1,954,208	64,206	57,380	2,820,921	2,240,711
New Jersey	1,394,704	1,194,647	5,885,616	4,565,674	47,055,975	36,073,901	1,441,972	283,855	55,778,266	42,118,076
New Mexico	180,563	162,562	3,810,845	2,508,868	28,155,327	21,343,286	616,848	550,010	32,763,583	24,564,726
New York	10,469,709	5,890,119	31,654,782	24,214,821	298,759,282	104,082,979	31,087,407	25,302,012	371,971,181	159,489,931
North Carolina	1,787,535	1,548,460	1,562,661	1,112,326	58,459,108	51,747,891	1,603,641	1,169,428	63,412,944	55,578,104
North Dakota	8,009	6,239	344,740	292,168	939,188	781,951	2,530,550	2,435,791	3,822,487	3,516,149
Northern Mariana Isl	11,636	0	13,419	13,089	906,720	893,081	0	0	931,774	906,170
Ohio	3,059,554	2,812,586	9,368,418	6,811,416	58,986,628	42,800,360	4,074,458	3,787,252	75,489,059	56,211,614
Oklahoma	2,053,907	1,532,963	2,229,480	1,694,990	37,080,968	31,264,311	118,558	103,189	41,482,913	34,595,453
Oregon	273,334	157,511	880,619	588,909	14,157,900	12,008,212	2,469,505	1,314,996	17,781,358	14,069,627
Pennsylvania	2,979,277	2,650,162	9,933,881	7,235,322	62,743,283	53,234,520	14,234,499	12,940,586	89,890,940	76,060,589
Puerto Rico	3,287,829	2,655,820	4,904,369	3,355,739	8,451,122	7,364,156	0	0	16,643,319	13,375,716
Rhode Island	94,670	87,637	614,769	552,476	3,229,875	2,904,076	2,035,484	2,004,913	5,974,798	5,549,101
South Carolina	447,532	349,102	420,268	376,171	22,717,249	16,911,152	15,876,902	15,061,518	39,461,950	32,697,944
South Dakota	6,951	5,767	1,598,914	1,349,066	3,277,028	2,613,182	2,032,697	1,858,977	6,915,591	5,826,992
Tennessee	1,009,455	881,307	901,287	842,448	54,038,215	47,559,906	4,513,317	1,975,864	60,462,274	51,259,526
Texas	3,338,718	1,866,492	8,311,801	6,565,434	241,379,223	169,028,787	7,447,665	4,825,081	260,477,407	182,285,795
Utah	223,103	123,603	141,414	101,601	5,541,011	4,455,584	14,094,840	9,267,220	20,000,369	13,948,007
Vermont	21,914	16,682	553,440	377,124	1,406,226	1,119,165	50,189	42,968	2,031,769	1,555,938
Virgin Islands	0	0	446,494	413,082	71,144	60,823	6,157,966	5,058,585	6,675,603	5,532,491
Virginia	1,556,884	1,416,678	943,163	691,147	29,468,236	26,269,071	455,241	444,940	32,423,525	28,821,836
Washington	1,590,670	1,162,068	1,088,603	915,592	28,235,722	24,535,686	4,431,459	3,873,682	35,346,454	30,487,028
West Virginia	135,857	109,701	53,449	41,037	9,897,113	7,718,061	2,910,211	2,736,217	12,996,629	10,605,017
Wisconsin	954,501	790,740	1,493,311	1,239,025	14,230,683	11,757,323	8,233,044	7,907,733	24,911,539	21,694,821
Wyoming	29,408	28,321	230,590	158,113	1,681,522	1,407,765	2,539,590	2,100,373	4,481,111	3,694,572
<b>Totals</b>	<b>\$75,906,148</b>	<b>\$57,937,172</b>	<b>\$145,962,052</b>	<b>\$109,959,275</b>	<b>\$2,030,355,653</b>	<b>\$1,441,090,506</b>	<b>\$259,483,913</b>	<b>\$215,470,956</b>	<b>\$2,511,707,765</b>	<b>\$1,824,457,910</b>

Note: Activity through June 30, 2011. Because of the appeals process, funding commitments and disbursements can be made after the end of the program year. Also, disbursements may continue beyond the end of the program year in the event of delayed internal connections installation. Other adjustments and corrections may also be made.

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

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

State/Territory	Library/Library Consortium		Schools		School Districts		Other Consortium		Totals	
	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed
Alabama	\$979,976	\$732,627	\$1,026,307	\$720,679	\$55,909,298	\$40,452,531	\$7,214,269	\$7,158,400	\$65,129,849	\$49,064,236
Alaska	178,248	140,514	263,632	216,854	24,775,165	22,012,997	0	0	25,217,046	22,370,366
American Samoa	0	0	0	0	0	0	4,967,160	2,758,238	4,967,160	2,758,238
Arizona	1,019,216	853,753	10,724,960	6,993,927	65,031,575	50,486,413	1,617,962	1,452,203	78,393,713	59,786,296
Arkansas	305,276	239,984	509,940	475,400	13,550,503	9,377,367	11,833,538	7,587,213	26,199,257	17,679,964
California	7,486,147	5,262,851	12,697,844	8,375,821	395,822,581	217,791,422	15,775,940	6,997,328	431,782,511	238,427,423
Colorado	949,976	746,226	799,291	571,184	21,954,895	15,136,086	439,883	350,556	24,144,045	16,804,051
Connecticut	170,928	146,978	1,500,024	1,049,604	14,272,010	12,573,091	6,698,373	6,113,126	22,641,335	19,882,799
Delaware	296,981	296,862	145,794	95,718	786,648	530,295	1,307,702	1,299,343	2,537,124	2,222,217
District of Columbia	554,819	413,989	1,923,691	1,137,944	1,353,825	875,301	1,596,237	318,609	5,428,572	2,745,843
Florida	2,930,786	2,689,691	17,378,836	13,884,544	95,448,183	81,989,920	2,998,486	2,613,611	118,756,290	101,177,766
Georgia	4,789,355	4,297,666	2,882,380	2,521,974	77,934,768	61,318,589	10,175,961	9,289,607	95,782,464	77,427,837
Guam	13,246	0	12,242	1,834	757,840	258,361	0	0	783,328	260,196
Hawaii	236,466	221,476	2,925,391	2,046,060	1,265,194	749,481	0	0	4,427,052	3,017,017
Idaho	165,302	143,697	153,324	131,747	6,368,243	5,593,955	4,948,222	652,911	11,635,091	6,522,310
Illinois	2,066,767	1,845,053	5,824,270	3,817,615	82,304,825	51,817,234	2,079,623	1,949,342	92,275,484	59,429,244
Indiana	3,755,124	3,425,817	2,828,381	2,437,622	21,108,448	17,197,753	9,379,372	8,143,866	37,071,325	31,205,058
Iowa	177,341	123,599	1,084,982	828,262	8,917,196	7,131,712	4,669,649	4,119,432	14,849,168	12,203,006
Kansas	918,322	716,157	553,186	444,034	14,956,827	12,549,542	3,538,919	1,965,948	19,967,254	15,675,681
Kentucky	698,695	559,605	324,303	169,764	41,756,996	29,159,960	9,978,790	8,992,671	52,758,784	38,882,001
Louisiana	4,947,146	4,250,431	2,060,226	1,653,178	50,358,710	42,277,568	1,382,405	1,139,687	58,748,487	49,320,864
Maine	73,044	66,085	957,607	768,651	5,509,997	4,323,320	3,118,623	2,966,436	9,659,272	8,124,492
Maryland	1,151,869	253,558	1,789,126	1,147,686	16,640,909	9,733,092	724,252	668,680	20,306,155	11,803,016
Massachusetts	3,888,731	3,181,947	3,448,485	2,602,644	31,958,421	25,687,653	531,423	458,024	39,827,060	31,930,267
Michigan	1,800,861	1,637,324	3,083,370	2,305,950	43,460,536	33,333,077	8,203,110	6,238,916	56,547,877	43,515,267
Minnesota	1,333,869	1,249,931	2,446,056	1,893,437	14,197,192	11,739,743	5,421,943	5,074,615	23,399,060	19,957,727
Mississippi	1,747,187	1,560,116	2,049,445	1,651,456	27,071,979	21,871,295	5,296,410	4,819,430	36,165,021	29,902,297
Missouri	1,257,721	1,188,697	1,898,240	1,129,145	28,452,145	22,401,471	9,944,940	8,337,939	41,553,046	33,057,251
Montana	50,419	38,543	226,711	188,087	4,451,413	3,613,175	16,375	8,850	4,744,918	3,848,657
Nebraska	160,496	143,705	395,457	313,294	8,672,117	7,920,829	1,628,470	1,541,309	10,856,538	9,919,138
Nevada	291,989	257,033	838,524	795,610	7,345,465	4,950,739	0	0	8,475,979	6,003,382
New Hampshire	7,047	6,847	523,869	399,227	2,263,953	1,850,844	65,097	58,713	2,859,966	2,315,631
New Jersey	2,053,621	1,386,680	9,800,571	7,944,126	62,333,048	45,430,163	562,222	315,504	74,749,462	55,076,472
New Mexico	167,573	142,516	4,252,863	2,140,895	36,514,374	24,730,175	2,601,522	559,906	43,536,332	27,573,492
New York	11,027,373	6,887,509	40,740,902	30,516,781	232,471,343	126,830,674	32,318,760	26,069,564	316,558,378	190,304,528
North Carolina	1,786,665	1,660,167	2,359,525	1,695,519	63,444,002	49,196,453	3,272,896	1,408,618	70,863,088	53,960,757
North Dakota	7,754	6,562	369,016	283,760	2,942,174	2,699,341	3,464,736	2,313,874	6,783,680	5,303,538
Northern Mariana Isl	0	0	13,377	13,228	976,888	906,975	0	0	990,265	920,203
Ohio	3,420,419	3,092,173	9,371,160	7,385,320	64,662,281	51,987,627	4,166,614	3,872,802	81,620,474	66,337,921
Oklahoma	2,389,336	2,102,477	2,667,555	2,235,450	78,381,869	48,391,736	108,763	89,251	83,547,522	52,818,913
Oregon	362,658	325,017	574,754	445,170	14,371,654	12,045,835	2,341,027	1,379,383	17,650,093	14,195,405
Pennsylvania	3,029,019	2,800,394	9,207,346	6,354,586	69,402,087	58,404,644	14,077,516	13,477,980	95,715,968	81,037,604
Puerto Rico	6,492,576	4,291,971	4,636,318	3,365,187	42,708	28,241	0	0	11,171,602	7,685,399
Rhode Island	141,544	130,362	891,909	850,070	4,956,204	4,083,881	2,563,998	2,465,999	8,553,655	7,530,313
South Carolina	541,318	418,153	3,067,402	958,616	33,032,670	21,317,588	14,599,577	13,909,410	51,240,967	36,603,767
South Dakota	5,801	4,932	1,924,619	1,097,375	2,234,452	1,743,336	1,776,969	1,704,052	5,941,841	4,549,695
Tennessee	913,517	804,670	1,359,155	875,096	60,062,986	49,382,879	3,054,545	2,269,123	65,390,203	53,331,769
Texas	2,391,095	1,574,694	9,829,459	7,684,810	325,669,375	186,794,330	9,106,090	6,622,579	346,996,019	202,676,412
Utah	234,590	153,849	154,742	102,361	7,643,286	6,002,115	15,856,283	10,790,356	23,888,901	17,048,681
Vermont	15,915	12,147	871,592	582,258	1,566,963	1,167,373	45,864	40,091	2,500,334	1,801,869
Virgin Islands	25,980	0	2,061,355	1,597,034	43,740	43,740	6,075,391	5,733,059	8,206,466	7,373,833
Virginia	2,240,287	1,802,857	1,401,581	1,173,789	33,947,848	28,708,138	389,801	376,924	37,979,518	32,061,709
Washington	1,464,413	1,197,188	2,441,065	2,196,339	27,326,301	22,391,160	4,724,619	3,920,367	35,956,397	29,705,053
West Virginia	265,169	204,269	83,091	62,822	12,004,655	9,197,217	4,159,379	2,862,180	16,512,294	12,326,488
Wisconsin	470,574	423,489	2,411,765	2,049,071	16,188,226	12,582,602	8,552,475	8,527,867	27,623,040	23,583,028
Wyoming	29,369	23,351	259,906	181,563	1,170,665	900,277	2,373,514	2,139,740	3,833,454	3,244,931
<b>Totals</b>	<b>\$83,879,914</b>	<b>\$66,136,195</b>	<b>\$194,026,920</b>	<b>\$142,560,177</b>	<b>\$2,336,047,656</b>	<b>\$1,591,671,316</b>	<b>\$271,745,693</b>	<b>\$213,923,629</b>	<b>\$2,885,700,183</b>	<b>\$2,014,291,317</b>

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State/Territory	Library/Library Consortium		Schools		School Districts		Other Consortium		Totals	
	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed
Alabama	\$927,170	\$160,300	\$835,623	\$284,462	\$44,727,465	\$16,575,555	\$10,755,848	\$377,433	\$57,246,106	\$17,397,750
Alaska	168,074	112,143	172,747	121,766	27,404,578	16,316,470	0	0	27,745,400	16,550,380
American Samoa	0	0	0	0	0	0	1,560,647	2,080	1,560,647	2,080
Arizona	1,382,208	399,287	8,424,276	3,997,263	53,028,282	17,470,446	1,130,684	125,502	63,965,450	21,992,498
Arkansas	357,837	197,507	232,953	129,796	19,261,965	5,967,569	13,200,151	214,601	33,052,906	6,509,473
California	9,335,170	3,414,886	13,957,052	6,696,390	319,515,810	109,016,123	21,120,348	5,311,512	363,928,379	124,438,911
Colorado	921,793	298,065	932,985	466,263	33,159,176	11,559,660	627,713	425,408	35,641,667	12,749,396
Connecticut	184,353	80,438	1,506,053	388,902	18,008,588	8,926,278	4,119,729	3,113,946	23,818,724	12,509,564
Delaware	301,642	267,759	202,436	40,605	947,827	26,582	1,433,214	0	2,885,119	334,947
District of Columbia	1,269,572	94,774	2,356,863	463,924	8,065,579	432,388	1,368,185	2,646	13,060,198	993,732
Florida	3,675,133	827,929	54,090,144	2,989,264	57,600,381	25,213,340	905,761	298,691	116,271,420	29,329,225
Georgia	4,376,816	3,776,102	1,758,041	953,693	68,002,545	29,304,084	10,072,862	2,481,906	84,210,265	36,515,785
Guam	25,033	0	5,179	3,819	0	0	0	0	30,212	3,819
Hawaii	90,275	0	3,083,399	293,550	3,475,072	628	0	0	6,648,746	294,177
Idaho	145,781	31,954	491,637	405,695	5,988,975	684,626	4,898,383	2,349,611	11,524,776	3,471,885
Illinois	2,128,206	833,239	4,293,499	1,023,034	98,101,177	40,542,816	5,229,702	184,830	109,752,585	42,583,920
Indiana	4,182,785	2,662,570	3,624,132	2,248,657	36,706,319	14,094,563	420,060	181,415	44,933,295	19,187,205
Iowa	163,545	102,639	832,021	467,106	8,564,879	3,801,850	4,565,942	3,484,012	14,126,388	7,855,607
Kansas	846,269	326,865	229,418	83,716	14,283,941	6,114,961	2,480,249	186,441	17,839,877	6,711,983
Kentucky	740,316	360,433	348,263	210,306	35,798,966	15,280,151	8,961	0	36,896,506	15,850,890
Louisiana	5,599,203	3,057,515	2,767,936	1,262,509	48,357,113	25,173,929	3,045,096	424,525	59,769,348	29,918,478
Maine	80,596	9,043	479,572	108,794	3,695,349	879,438	3,859,699	2,023,455	8,115,216	3,020,730
Maryland	539,165	220,615	2,073,282	423,981	24,928,617	2,934,748	1,091,892	516,068	28,632,956	4,095,412
Massachusetts	1,833,010	1,395,102	3,337,143	1,651,770	24,133,341	13,616,796	388,152	278,464	29,691,646	16,942,133
Michigan	2,275,239	843,153	2,697,421	912,824	38,698,573	9,769,805	6,696,291	3,990,723	50,367,525	15,516,505
Minnesota	1,373,582	407,089	2,627,653	1,058,673	21,883,459	3,348,077	5,304,332	3,578,980	31,189,026	8,392,819
Mississippi	1,929,032	1,002,797	1,220,503	721,312	25,332,665	10,112,551	7,415,946	457,211	35,898,146	12,293,871
Missouri	1,493,714	662,435	3,560,936	674,212	22,464,632	6,563,827	11,751,432	4,361,802	39,270,713	12,262,277
Montana	56,694	32,421	196,118	151,872	4,747,853	2,826,523	23,273	9,736	5,023,939	3,020,552
Nebraska	219,647	113,284	462,579	302,561	8,774,308	5,574,874	1,315,000	882,627	10,771,534	6,873,345
Nevada	304,318	9,393	621,859	336,443	7,034,663	771,702	0	0	7,960,841	1,117,539
New Hampshire	7,670	1,413	659,312	288,374	2,433,958	664,323	63,858	34,593	3,164,799	988,704
New Jersey	1,830,304	414,020	8,805,800	3,477,879	54,290,596	9,061,712	499,807	160,363	65,426,506	13,113,973
New Mexico	606,598	95,247	3,338,991	1,375,621	29,009,864	11,335,829	3,083,418	366,028	36,038,871	13,172,725
New York	9,389,540	3,510,837	39,218,013	16,665,659	172,578,086	38,018,356	25,042,209	2,985,950	246,227,848	61,180,802
North Carolina	2,023,181	1,106,631	2,399,952	1,432,977	74,361,942	29,309,971	3,260,922	327,986	82,045,997	32,177,565
North Dakota	9,458	6,146	440,665	215,992	1,250,193	627,266	3,528,447	2,297,693	5,228,763	3,147,097
Northern Mariana Isl	63	0	15,261	7,539	969,234	798,986	0	0	984,558	806,525
Ohio	3,508,430	561,416	9,492,526	4,802,814	63,034,107	28,617,588	3,747,001	1,419,972	79,782,063	35,401,790
Oklahoma	2,081,182	1,520,108	1,699,388	1,021,852	57,273,236	31,080,008	138,246	62,129	61,192,052	33,684,098
Oregon	331,100	72,406	785,142	532,318	13,731,001	3,365,160	1,111,946	95,146	15,959,189	4,065,030
Pennsylvania	3,405,750	1,832,372	11,202,274	3,777,864	52,697,847	17,359,177	12,539,899	7,928,351	79,845,770	30,897,764
Puerto Rico	10,536,262	4,781,443	4,107,628	3,052,516	882,486	14,952	28,813	21,000	15,555,189	7,869,911
Rhode Island	282,643	81,594	390,551	186,778	5,456,306	3,349,898	3,308,211	2,891,085	9,437,712	6,509,354
South Carolina	466,328	153,309	836,416	286,660	21,729,753	7,082,615	21,861,763	8,347,678	44,894,260	15,870,262
South Dakota	5,117	2,760	1,012,703	452,951	2,012,074	1,056,671	2,213,208	16,377	5,243,102	1,528,759
Tennessee	1,006,576	389,274	1,546,978	1,286,585	52,025,755	31,279,201	4,591,482	137,145	59,170,790	33,092,205
Texas	2,654,145	739,498	11,031,778	4,112,489	202,657,339	63,236,858	9,412,297	4,771,985	225,755,560	72,860,831
Utah	165,951	1,458	240,245	31,756	7,036,646	2,220,805	19,132,001	0	26,574,843	2,254,019
Vermont	21,196	7,285	887,336	163,829	1,857,899	451,579	43,632	22,165	2,810,063	644,857
Virgin Islands	0	0	934,424	654,624	0	0	9,690,868	2,666,948	10,625,292	3,321,571
Virginia	2,120,029	612,517	1,236,121	169,324	41,912,474	18,568,381	434,424	15,914	45,703,048	19,366,136
Washington	1,682,062	321,026	731,537	336,369	25,181,884	8,171,095	4,531,915	30,421	32,127,398	8,858,911
West Virginia	255,820	123,549	100,763	46,840	15,303,229	5,284,055	4,171,720	2,200,012	19,831,531	7,654,456
Wisconsin	465,526	348,730	2,899,859	1,257,986	16,622,950	6,349,473	14,328,196	232,287	34,316,531	8,188,475
Wyoming	28,236	8,292	143,610	70,139	1,928,303	1,200,334	2,318,435	0	4,418,583	1,278,765
<b>Totals</b>	<b>\$89,809,343</b>	<b>\$38,391,070</b>	<b>\$221,578,994</b>	<b>\$74,580,899</b>	<b>\$1,998,929,260</b>	<b>\$721,404,651</b>	<b>\$273,872,272</b>	<b>\$72,294,852</b>	<b>\$2,584,189,869</b>	<b>\$906,671,472</b>

Note: Activity through June 30, 2011. Because of the appeals process, funding commitments and disbursements can be made after the end of the program year. Also, disbursements may continue beyond the end of the program year in the event of delayed internal connections installation. Other adjustments and corrections may also be made.

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

## Rural Health Care Support

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

Table 2.21 shows rural health care disbursements by service speed for each funding year from 1998 through 2010.<sup>17</sup> Table 2.22 shows commitments and disbursements on a state-by-state basis for 2008, 2009, and 2010. The figures in these tables do not include any of the commitments or disbursements made under the rural health care pilot program discussed below. Additional rural health care data, including disbursements by speed and by state and disbursements per person in rural areas, have been posted at [www.fcc.gov/wcb/iatd/monitor.html](http://www.fcc.gov/wcb/iatd/monitor.html).

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

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13 47 U.S.C. § 254(h)(1)(A).

14 47 C.F.R. § 54.601.

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

16 47 U.S.C. § 254(h)(2)(A).

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

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

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



In 2007, the Commission selected 69 applicants covering 42 states and three U.S. territories to participate in the pilot program.<sup>20</sup> The Commission made available to these participants approximately \$139 million in rural health care support per funding year for three years.<sup>21</sup> Rural health care pilot program commitments and disbursements by speed and by state have been posted at [www.fcc.gov/wcb/iatd/monitor.html](http://www.fcc.gov/wcb/iatd/monitor.html). For more information on the pilot program, visit the pilot program website.<sup>22</sup>

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

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

22 See *Rural Health Care Pilot Program* at [www.fcc.gov/encyclopedia/rural-health-care-pilot-program](http://www.fcc.gov/encyclopedia/rural-health-care-pilot-program).

**Table 2.21**  
**Rural Health Care Funding Disbursements by Funding Year**

Funding Year	Voice Grade	Broadband			Other Service or Speed Unknown	Total
	56K to 199K	200K to 1.49Mb	1.5Mb to 3.99Mb	4.0Mb and faster		
1998	\$98,339	\$201,476	\$3,075,590	\$0	\$0	\$3,375,405
1999	178,433	778,169	3,289,825	0	58,132	4,304,559
2000	242,640	451,643	9,559,894	59,994	0	10,314,172
2001	288,619	204,066	17,964,276	98,382	0	18,555,343
2002	406,711	146,886	20,492,887	573,644	0	21,620,128
2003	440,617	760,318	23,189,835	1,473,855	7,559	25,872,184
2004	570,681	2,741,730	25,265,034	2,283,207	141,133	31,001,784
2005	874,374	3,061,965	32,608,427	3,054,174	527,767	40,126,707
2006	1,059,618	3,101,332	34,029,394	2,918,913	4,169,755	45,279,013
2007	1,247,809	3,049,342	44,555,019	5,285,465	811,323	54,948,958
2008	1,488,543	2,415,259	50,626,720	8,363,711	490,049	63,384,282
2009	1,651,030	2,461,900	50,077,883	9,435,294	2,524,360	66,150,466
2010	579,253	428,728	22,156,169	3,967,741	2,356,299	29,488,190

Note: Disbursements through June 30, 2011. Because of the appeals process, funding commitments and disbursements may be made after the program year ended. Figures do not include any commitments or disbursements made under the Rural Health care Pilot Program.

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

**Table 2.22**  
**Rural Health Care Funding Commitments and Disbursements by State**  
**Funding Year 2008: July 1, 2008 through June 30, 2009**

State	Total Funds Committed	Providers Receiving Commitments	Total Funds Disbursed	Providers Receiving Support
Alabama	\$292,149	73	\$277,619	71
Alaska	35,176,871	233	34,685,598	229
American Samoa	141,191	1	141,191	1
American Somoa	0	0	0	0
Arizona	1,351,112	68	1,147,749	63
Arkansas	625,143	68	507,342	61
California	1,027,177	117	987,959	110
Colorado	256,696	24	227,144	22
Connecticut	0	0	0	0
Delaware	350	2	350	2
District of Columbia	0	0	0	0
Florida	477,243	22	210,519	17
Georgia	1,720,183	99	1,541,901	96
Guam	87,800	2	71,528	2
Hawaii	148,487	18	148,487	18
Idaho	303,596	32	286,135	30
Illinois	1,176,600	74	1,110,897	67
Indiana	885,715	60	688,373	56
Iowa	559,794	72	544,671	71
Kansas	289,699	56	271,288	51
Kentucky	518,703	77	481,253	69
Louisiana	70,440	24	47,359	21
Maine	21,865	7	20,833	7
Maryland	0	0	0	0
Massachusetts	151,250	3	146,564	3
Michigan	1,557,579	110	1,369,115	105
Minnesota	2,723,473	200	2,502,176	196
Mississippi	179,100	24	172,861	23
Missouri	591,082	65	565,551	61
Montana	876,559	80	836,439	79
Nebraska	1,528,465	113	1,484,746	110
Nevada	91,924	14	91,924	14
New Hampshire	14,658	2	14,658	2
New Jersey	0	0	0	0
New Mexico	756,947	60	697,058	57
New York	70,059	23	55,308	17
North Carolina	335,257	53	307,078	51
North Dakota	1,235,010	103	1,119,502	103
Northern Mariana Is.	0	0	0	0
Ohio	389,297	36	323,363	33
Oklahoma	627,662	49	543,625	48
Oregon	300,256	21	284,631	17
Pennsylvania	103,740	14	67,299	13
Puerto Rico	0	0	0	0
Rhode Island	0	0	0	0
South Carolina	11,453	5	9,748	4
South Dakota	1,408,740	90	1,383,304	87
Tennessee	205,404	21	177,949	19
Texas	1,040,762	63	1,015,258	59
Utah	756,173	54	721,283	51
Vermont	108,390	22	108,195	21
Virgin Islands	46,404	10	46,404	10
Virginia	770,336	145	725,214	143
Washington	68,045	33	58,300	29
West Virginia	213,666	23	187,428	21
Wisconsin	4,977,564	292	4,882,558	285
Wyoming	113,786	14	88,550	12
<b>Totals</b>	<b>\$66,383,855</b>	<b>2,871</b>	<b>\$63,384,282</b>	<b>2,737</b>

Note: Disbursements through June 30, 2011. Because of the appeals process, funding commitments and disbursements may be made after the program year ended. Figures do not include any commitments or disbursements made under the Rural Health care Pilot Program.

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

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

State	Total Funds Committed	Providers Receiving Support	Total Funds Disbursed	Providers Receiving Support
Alabama	\$354,564	87	\$329,952	83
Alaska	38,154,146	249	37,433,784	242
American Samoa	220,158	1	220,158	1
American Somoa	0	0	0	0
Arizona	1,486,437	67	901,677	47
Arkansas	726,908	107	646,705	102
California	1,107,190	119	768,914	55
Colorado	251,624	24	209,840	17
Connecticut	0	0	0	0
Delaware	0	0	0	0
District of Columbia	0	0	0	0
Florida	356,659	23	233,356	21
Georgia	2,080,369	122	1,969,631	116
Guam	14,333	1	0	0
Hawaii	164,653	18	94,082	10
Idaho	384,794	42	194,534	32
Illinois	1,221,308	104	921,247	72
Indiana	852,294	66	734,782	62
Iowa	529,885	92	438,159	78
Kansas	346,280	65	287,134	51
Kentucky	584,345	71	467,616	63
Louisiana	58,298	24	31,481	12
Maine	67,455	9	40,634	5
Maryland	0	0	0	0
Massachusetts	130,624	2	129,848	1
Michigan	1,938,414	100	1,665,851	79
Minnesota	3,061,971	222	2,587,272	196
Mississippi	190,369	34	169,920	30
Missouri	639,828	62	591,940	55
Montana	765,072	82	679,598	71
Nebraska	1,605,238	121	1,482,696	108
Nevada	48,711	14	19,245	6
New Hampshire	15,003	6	15,003	6
New Jersey	0	0	0	0
New Mexico	803,040	53	443,469	33
New York	114,136	31	33,076	12
North Carolina	359,753	58	333,529	51
North Dakota	1,144,851	109	897,569	85
Northern Mariana Is.	0	0	0	0
Ohio	720,431	42	688,347	29
Oklahoma	767,805	69	654,202	39
Oregon	329,072	22	268,893	8
Pennsylvania	59,726	20	53,641	19
Puerto Rico	0	0	0	0
Rhode Island	0	0	0	0
South Carolina	20,717	11	20,441	10
South Dakota	1,067,265	73	822,286	58
Tennessee	398,392	45	344,123	42
Texas	1,635,426	88	1,575,810	80
Utah	851,309	55	590,969	41
Vermont	62,043	18	57,695	16
Virgin Islands	56,451	11	56,451	11
Virginia	754,069	147	439,266	47
Washington	121,818	38	56,537	15
West Virginia	210,088	25	186,948	23
Wisconsin	5,636,584	300	5,262,079	289
Wyoming	115,870	15	100,078	13
<b>Totals</b>	<b>\$72,585,778</b>	<b>3,164</b>	<b>\$66,150,466</b>	<b>2,542</b>

Note: Disbursements through June 30, 2011. Because of the appeals process, funding commitments and disbursements may be made after the program year ended. Figures do not include any commitments or disbursements made under the Rural Health care Pilot Program.

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

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

State	Total Funds Committed	Providers Receiving Support	Total Funds Disbursed	Providers Receiving Support
Alabama	\$505,851	74	\$321,609	17
Alaska	28,469,092	190	18,601,857	121
American Samoa	351,250	1	103,250	1
American Somoa	0	0	0	0
Arizona	910,225	43	457,985	36
Arkansas	614,500	63	338,354	28
California	1,161,157	87	526,401	31
Colorado	205,022	11	142,985	8
Connecticut	0	0	0	0
Delaware	0	0	0	0
District of Columbia	0	0	0	0
Florida	229,282	20	121,550	17
Georgia	1,973,003	107	1,249,589	65
Guam	0	0	0	0
Hawaii	104,360	13	0	0
Idaho	113,700	16	61,589	12
Illinois	1,256,269	64	284,702	24
Indiana	597,916	51	311,894	35
Iowa	191,718	33	16,141	6
Kansas	380,168	37	201,803	10
Kentucky	535,950	55	221,967	22
Louisiana	37,165	9	26,024	3
Maine	0	0	0	0
Maryland	0	0	0	0
Massachusetts	131,647	2	0	0
Michigan	701,331	44	176,220	27
Minnesota	1,491,747	100	480,491	41
Mississippi	62,753	11	33,775	7
Missouri	444,839	39	170,072	23
Montana	547,086	60	270,920	33
Nebraska	1,484,668	93	892,264	79
Nevada	17,642	3	0	0
New Hampshire	3,300	1	2,475	1
New Jersey	0	0	0	0
New Mexico	466,169	28	325,515	17
New York	34,564	6	8,949	4
North Carolina	233,781	32	38,959	8
North Dakota	851,287	37	517,391	20
Northern Mariana Is.	0	0	0	0
Ohio	435,038	17	90,235	7
Oklahoma	837,275	36	206,487	11
Oregon	217,190	8	99,150	4
Pennsylvania	23,084	6	17,270	5
Puerto Rico	0	0	0	0
Rhode Island	0	0	0	0
South Carolina	7,474	8	2,236	4
South Dakota	123,683	6	97,287	3
Tennessee	301,552	24	136,829	14
Texas	2,148,672	68	1,509,622	47
Utah	338,112	14	236,707	5
Vermont	39,830	15	1,545	4
Virgin Islands	66,890	12	0	0
Virginia	684,366	129	94,700	13
Washington	44,680	10	8,106	5
West Virginia	126,920	14	51,172	7
Wisconsin	3,674,055	234	993,147	118
Wyoming	158,833	10	38,965	6
<b>Totals</b>	<b>\$53,335,095</b>	<b>1,941</b>	<b>\$29,488,190</b>	<b>949</b>

Note: Disbursements through June 30, 2011. Because of the appeals process, funding commitments and disbursements may be made after the program year ended. Figures do not include any commitments or disbursements made under the Rural Health care Pilot Program.

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

### 3. Subscribership and Penetration

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

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

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

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

Although the CPS is conducted every month, not all questions are asked every month. The telephone questions are asked once every four months, in the month that a household is first

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<sup>1</sup> Penetration statistics derived from the CPS cannot be directly compared with the penetration estimates based on the responses to the long forms of the 1990 and 2000 decennial censuses or the American Community Survey (ACS). This is due to differences in sampling techniques and survey methodologies as well as differences in the context in which the questions are asked. For example, the 2010 ACS reported 97.5% of all occupied housing units in the United States had telephone service available, whereas the March 2010 CPS data showed a household penetration rate of 96.0%. This difference is statistically significant and may indicate that the CPS value is on the low side and the ACS value is on the high side, with the most probable value lying somewhere in between.

included in the sample and in the month that the household re-enters the sample a year later. Since the sample is staggered, the reported information for any given month actually reflects responses over the preceding four months. Aggregated summaries of the responses are reported to the Commission, based on the surveys conducted through March, July, and November of each year. The ACS provides annual telephone penetration statistics based on data collected monthly throughout the year.

The CPS data are based on a nationwide sample of about fifty to sixty thousand households in the 50 states and the District of Columbia. The CPS does not cover outlying areas that are not states, such as Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Northern Mariana Islands.<sup>2</sup> The ACS form is sent to approximately 250,000 addresses per month, for a total of about 3 million addresses per year. The ACS covers the states, the District of Columbia, and Puerto Rico.

### Statistical Tables and Charts

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

Table 3.2 provides national telephone penetration rates over time for each income category since 1997, the year before the current Lifeline mechanism was in place. Chart 3.1 plots this same data. Between 1997 and 2011, there was a statistically significant increase in the penetration rate for all households. There also were statistically significant increases in penetration rates in the two lowest income categories over this time period. For other income categories, the penetration rates have remained roughly flat since 1997. Note that the increases in the national telephone penetration rate for the lower income categories cannot be attributed primarily to increases in real income, because real-income increases are reflected in the movement of households between categories. Thus, penetration changes within each income category represent changes while holding real income constant. For reference, Table 3.3 shows the nominal dollar equivalents for each 1984 dollar amount used in classifying income categories.

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

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

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<sup>2</sup> Annual data for Puerto Rico have been available from the American Community Survey (ACS) starting with 2005. The latest available value for Puerto Rico from that survey is 93.5% for 2010, compared to a national average (for the 50 states and the District of Columbia) of 97.5% using the ACS.

previous form of the question by reporting phones that were not in service.

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

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

Tables 3.6 and 3.7 complement each other by reporting, for the states and District of Columbia, penetration rates using ACS (3.6) and CPS (3.7) data. Note, however, that only the ACS provides a penetration rate for Puerto Rico. In Table 3.6, rates are reported since 2003. Refer to previous monitoring reports for earlier ACS, state-level results. In Table 3.7 only selected years are shown. The Wireline Competition Bureau's *Telephone Subscribership in the United States* provides similar statistics for each year.

Table 3.8 compares penetration rates and changes based on states' total, average levels of Tier 3 Lifeline assistance. This allows one to compare the rate of change for states with different levels of low-income telephone support. In Table 3.8, a state is classified based on how much total Tier 3 support is provided:

- "Full or High Assistance" states providing at least \$3.00 of state support to get federal matching support of at least \$1.50 per line per month;
- "Intermediate Assistance" states providing between \$0.50 and \$3.00 of state support, and receiving between \$0.25 and \$1.50 federal matching support per line per month;
- "Basic or Low Assistance" states providing less than \$0.50 of state support, and receiving less than \$0.25 federal matching support per line per month.

For purposes of classification, the weighted average support across all providers is used. By state, these values are displayed in the "All Providers" column of Table 3.9.

Table 3.8 shows that for low income households, states offering "Full of High Assistance" have seen an increase of 5.1 percentage points between 1997 and 2011. "Intermediate Assistance" states have seen a 6.9 percentage point increase for the same period. A simple statistical test finds both these increases to be significant. Finally, for states with "Basic of Low Assistance," a statistically insignificant 2.9 percentage point increase occurred over the period. Also in Table 3.8, one can see how penetration changed for all households in each category.<sup>3</sup>

Table 3.10 reports for each state and the District of Columbia the most recent penetration rates by income category.

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<sup>3</sup> A similar comparison from 1984 to 1997 is contained in the *Telephone Penetration* report released May 10, 2010.

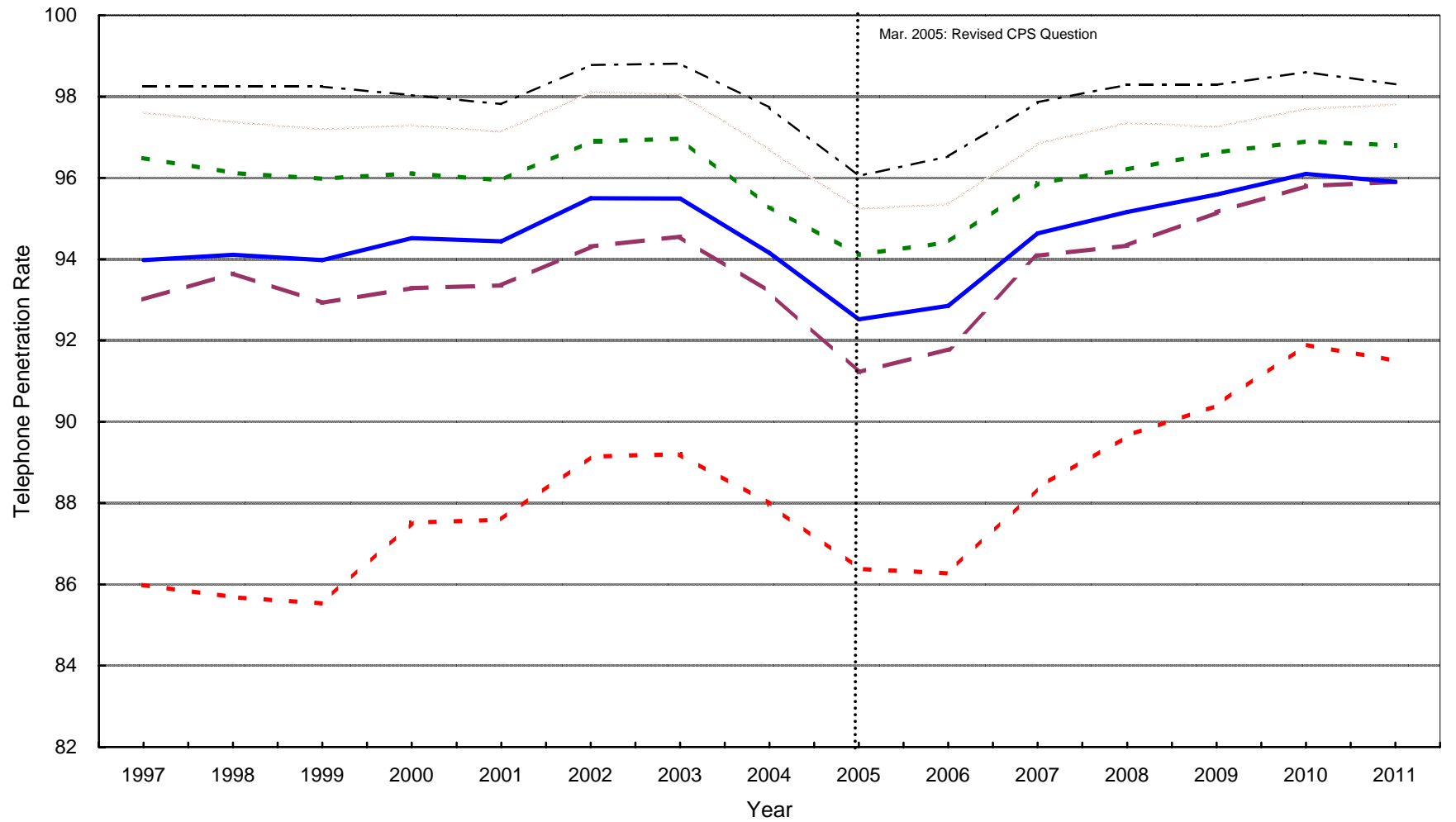


**Table 3.1**  
**Household Telephone Subscribership in the United States**

Date		Households (millions)	Households with Telephones (millions)	Percentage with Telephones	Households without Telephones (millions)	Percentage without Telephones
November	1983	85.8	78.4	91.4 %	7.4	8.6 %
November	1984	87.4	79.9	91.4	7.5	8.6
November	1985	88.8	81.6	91.9	7.2	8.1
November	1986	89.9	83.1	92.4	6.8	7.6
November	1987	91.3	84.3	92.3	7.0	7.7
November	1988	92.6	85.7	92.5	6.9	7.5
November	1989	93.9	87.3	93.0	6.6	7.0
November	1990	94.7	88.4	93.3	6.3	6.7
November	1991	95.7	89.4	93.4	6.3	6.6
November	1992	97.0	91.0	93.8	6.0	6.2
November	1993	98.8	93.0	94.2	5.8	5.8
November	1994	99.8	93.7	93.8	6.2	6.2
November	1995	100.4	94.2	93.9	6.2	6.1
November	1996	101.3	95.1	93.9	6.2	6.1
November	1997	102.8	96.5	93.8	6.3	6.2
November	1998	104.1	98.0	94.2	6.1	5.8
November	1999	105.4	99.1	94.1	6.3	5.9
March	2000	105.3	99.6	94.6	5.7	5.4
July	2000	105.8	99.8	94.4	5.9	5.6
November	2000	106.5	100.2	94.1	6.3	5.9
March	2001	107.0	101.1	94.6	5.8	5.4
July	2001	106.9	101.7	95.1	5.2	4.9
November	2001	107.7	102.2	94.9	5.5	5.1
March	2002	108.3	103.4	95.5	4.8	4.5
July	2002	108.5	103.2	95.1	5.3	4.9
November	2002	109.0	104.0	95.3	5.1	4.7
March	2003	112.1	107.1	95.5	5.0	4.5
July	2003	112.1	106.8	95.2	5.3	4.8
November	2003	113.1	107.1	94.7	6.0	5.3
March	2004	112.9	106.4	94.2	6.5	5.8
July	2004	113.5	106.5	93.8	7.1	6.2
November	2004	113.8	106.4	93.5	7.4	6.5
March	2005	114.5	105.8	92.4	8.7	7.6
July	2005	114.4	107.5	94.0	6.8	6.0
November	2005	115.2	107.0	92.9	8.2	7.1
March	2006	115.5	107.2	92.8	8.4	7.2
July	2006	116.2	109.9	94.6	6.3	5.4
November	2006	116.4	108.8	93.4	7.6	6.6
March	2007	117.1	110.8	94.6	6.4	5.4
July	2007	117.7	111.7	95.0	5.9	5.0
November	2007	118.2	112.2	94.9	6.0	5.1
March	2008	117.8	112.2	95.2	5.6	4.8
July	2008	118.0	112.6	95.4	5.5	4.6
November	2008	118.6	112.7	95.0	5.9	5.0
March	2009	118.4	113.2	95.6	5.2	4.4
July	2009	118.4	113.3	95.7	5.1	4.3
November	2009	119.2	114.0	95.7	5.1	4.3
March	2010	118.3	113.6	96.0	4.7	4.0
July	2010	118.3	113.5	96.0	4.8	4.0
November	2010	119.4	114.0	95.5	5.4	4.5
March	2011	119.8	114.9	95.9	4.9	4.1
July	2011	119.3	114.1	95.6	5.2	4.4

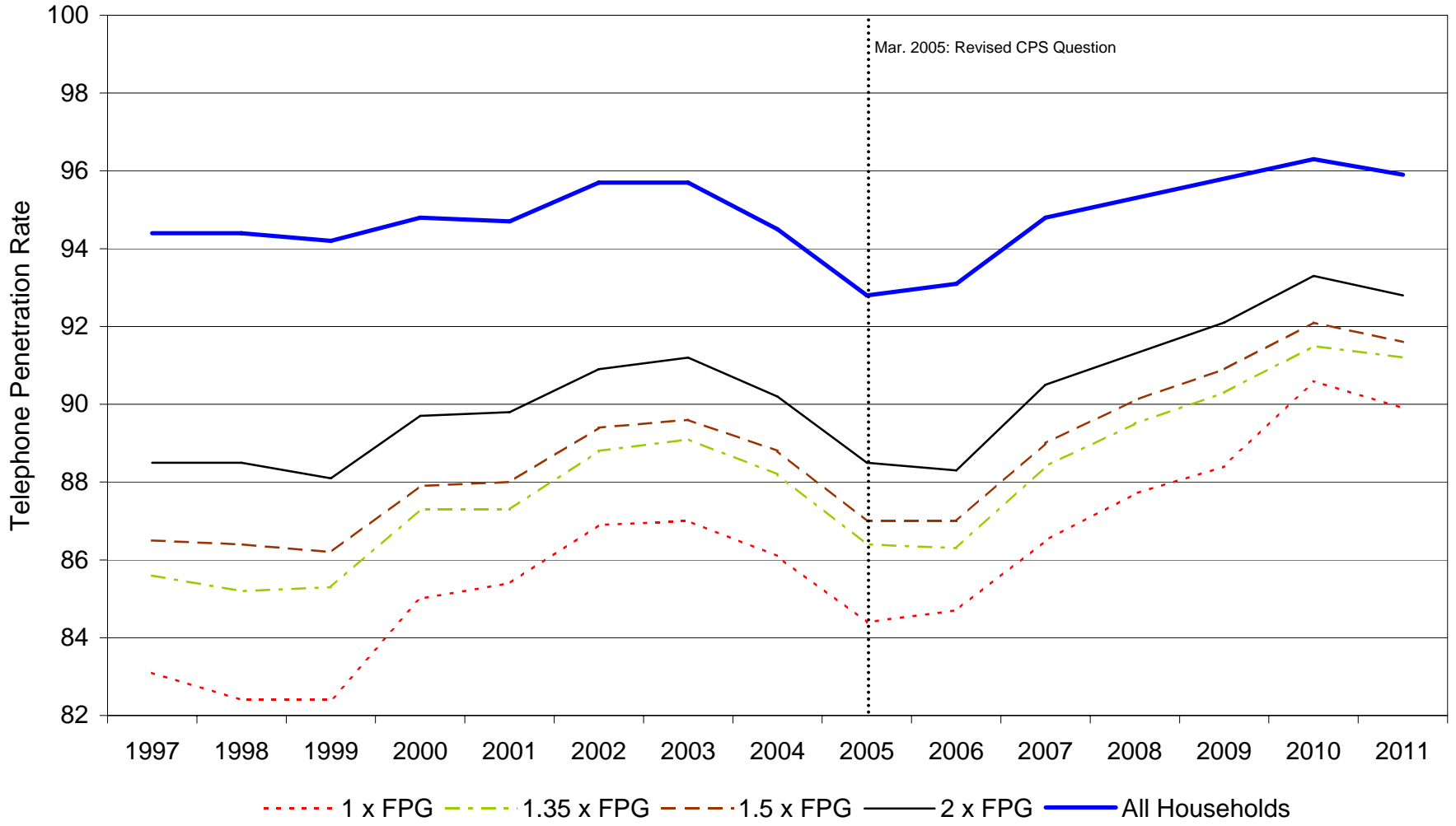
Source: U.S. Census Bureau, Current Population Survey.

Chart 3.1  
 Household Telephone Penetration by Income, 1997-2011  
 Income Groups in 1984 Dollars



- - - \$9,999 or less  
 - - - \$10,000 - \$19,999  
 - - - \$20,000 - \$29,999  
 - - - \$30,000 - \$39,999  
 - - - \$40,000 or more  
 — All Households

Chart 3.2  
 Telephone Penetration for Single-Family Households at or below Multiples of the Federal Poverty Guidelines  
 (FPG), 1997-2011



**Table 3.2**  
**Household Telephone Penetration by Income, 1997-2011**

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

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

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

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

Note: For each 1984 dollar amount, the equivalent nominal dollar amount is shown over time.

**Table 3.4**  
**Historical Telephone Penetration Estimates**

<b>Year</b>	<b>Percentage of Occupied Housing Units with Telephone Service<sup>1</sup></b>	<b>Percentage of Households with Telephone Service<sup>2</sup></b>
1920	35.0 %	
1930	40.9	
1940	36.9	
1950	61.8	
1960	78.3	
1970	90.5	
1980	92.9	
1990	94.8	93.3 %
2000	97.6	94.4
2001	96.9	94.9
2002	96.6	95.3
2003	96.2	95.1
2004	95.7	93.8
2005	94.8	93.1
2006	94.1	93.6
2007	94.6	94.8
2008 <sup>3</sup>	98.2	95.2
2009	97.7	95.7
2010	97.5	95.8
2011	NA <sup>4</sup>	95.6

<sup>1</sup> Housing Unit penetration statistics are from the U.S. Census Bureau's *Historical Statistics of the United States, Colonial Times to 1970*, Part 2, page 783 (1920 - 1970); the decennial censuses (1980 - 2000); and the Census Bureau's American Community Survey (ACS) 1-year estimates (2001 - 2010).

<sup>2</sup> Household penetration data (1990 - 2010) are annual averages from the U.S. Census based on the Current Population Survey. For 2011, July CPS data are used.

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

<sup>4</sup> At the time of publication, 2011 ACS statistics were not available.

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

<b>Characteristic</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<i>Persons in Household</i>				
1	92.8%	93.5%	93.9%	93.5%
2 - 3	96.0	96.4	96.5	96.5
4 - 5	96.6	96.9	96.6	96.5
6 +	95.2	96.1	95.8	95.5
<i>Age of Householder</i>				
15 - 24 Yrs Old	90.8	92.0	93.5	93.8
25 - 54 Yrs Old	94.8	95.2	95.5	95.3
55 - 59 Yrs Old	96.0	96.6	96.6	95.9
60 - 64 Yrs Old	96.5	97.0	96.2	96.2
65 - 69 Yrs Old	96.5	97.2	96.8	96.7
70 - 99 Yrs Old	96.6	96.9	96.7	96.4
<i>Race of Householder</i>				
White	95.9	96.3	96.4	96.1
Black	91.0	92.1	92.7	93.0
Hispanic Origin	91.7	92.6	93.1	92.6
<b>United States Total</b>	<b>95.2</b>	<b>95.7</b>	<b>95.8</b>	<b>95.6</b>

Source: U.S. Census Bureau, Current Population Survey. Note that 2008 to 2010 values are annual averages. For 2011, values are July 2011 figures since complete 2011 figures were unavailable at the time of publication.

**Table 3.6**  
**Telephone Penetration by State, 2005-2010**  
**(Percentage of Occupied Housing Units with Telephone Service)**

<b>State</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008*</b>	<b>2009</b>	<b>2010</b>
Alabama	93.3 %	92.6 %	93.9 %	98.0 %	97.5 %	97.4 %
Alaska	96.6	96.3	97.7	98.1	98.1	98.3
Arizona	93.1	93.6	93.7	97.0	96.4	97.0
Arkansas	90.9	90.3	91.3	97.6	97.1	96.9
California	97.0	96.6	96.7	98.7	98.3	97.9
Colorado	95.1	94.6	94.3	98.2	97.7	97.7
Connecticut	97.3	96.5	96.8	99.1	98.8	98.3
Delaware	97.5	97.0	95.8	98.7	98.6	98.2
District of Columbia	95.2	94.5	92.6	97.8	96.7	96.7
Florida	94.0	92.4	93.4	97.9	97.6	97.2
Georgia	92.9	90.9	92.7	97.1	97.1	96.9
Hawaii	95.6	95.7	94.9	98.1	97.6	97.5
Idaho	96.2	94.2	94.2	99.0	98.3	97.4
Illinois	94.4	93.7	94.8	98.6	97.9	97.7
Indiana	94.4	93.4	94.2	98.4	97.2	97.1
Iowa	96.0	94.9	95.3	98.9	98.2	97.4
Kansas	93.6	92.7	93.8	98.9	97.9	97.5
Kentucky	92.0	91.9	93.1	97.8	96.8	96.9
Louisiana	92.9	91.6	92.5	97.3	96.5	96.8
Maine	96.6	95.7	95.9	98.8	98.5	97.8
Maryland	95.8	95.3	95.6	99.0	98.5	97.6
Massachusetts	96.2	95.5	96.1	98.8	98.7	98.4
Michigan	93.4	92.1	93.0	98.6	97.5	97.2
Minnesota	96.7	95.8	95.4	99.2	98.6	98.2
Mississippi	89.6	88.4	91.2	96.9	97.2	96.9
Missouri	95.4	93.6	94.3	98.5	97.7	97.3
Montana	95.0	93.6	93.7	97.5	97.2	97.0
Nebraska	95.5	94.4	94.5	99.0	98.3	98.0
Nevada	95.9	94.6	94.3	97.6	97.7	97.7
New Hampshire	96.9	97.0	97.5	98.6	98.5	98.3
New Jersey	95.8	95.3	95.1	97.9	97.9	97.9
New Mexico	92.5	91.7	92.4	95.7	94.7	95.3
New York	95.5	94.8	95.0	97.9	97.4	97.2
North Carolina	93.8	93.2	93.4	98.1	97.6	97.6
North Dakota	94.7	94.7	94.8	99.2	98.0	98.4
Ohio	95.4	94.2	94.6	98.1	97.1	97.2
Oklahoma	93.1	92.9	93.2	98.0	97.8	97.8
Oregon	95.3	95.2	94.9	98.7	97.9	97.7
Pennsylvania	96.5	95.9	95.9	98.8	98.2	98.0
Rhode Island	96.4	95.6	96.0	97.8	97.9	97.2
South Carolina	92.3	92.0	93.2	97.2	96.6	97.1
South Dakota	95.3	96.0	95.3	98.6	98.2	98.0
Tennessee	92.9	92.8	93.7	98.1	97.6	97.2
Texas	92.9	92.6	93.5	98.0	97.7	97.4
Utah	96.5	96.2	96.0	99.3	98.3	97.8
Vermont	97.9	97.2	96.9	98.8	98.0	97.8
Virginia	95.6	95.2	95.2	98.3	97.6	97.4
Washington	96.5	96.2	96.3	99.0	98.1	97.8
West Virginia	94.5	93.8	93.6	96.9	96.4	96.3
Wisconsin	96.4	95.6	96.1	99.0	98.4	98.0
Wyoming	94.9	93.4	95.0	98.7	98.0	97.7
Total United States	94.8 %	94.1 %	94.6 %	98.2 %	97.7 %	97.5 %
Puerto Rico	73.8 %	73.6 %	80.6 %	91.9 %	92.4 %	93.5 %

\* See footnote 3 on Table 3.4.

Source: U.S. Census Bureau, American Community Survey.

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

State	1984	1996	2000	2005	2010
Alabama	88.4 %	92.2 %	91.9 %	91.6 %	95.2 %
Alaska	86.5	94.4	94.3	95.2	97.1
Arizona	86.9	93.1	93.9	92.9	95.2
Arkansas	86.6	86.9	88.6	87.9	93.4
California	92.5	95.0	95.8	95.4	96.4
Colorado	93.2	95.5	96.3	95.1	97.7
Connecticut	95.5	97.5	96.4	93.9	97.9
Delaware	94.3	96.1	96.3	91.5	97.4
District of Columbia	94.9	93.0	93.2	92.2	91.1
Florida	88.7	93.1	92.1	91.8	93.7
Georgia	86.2	89.7	91.1	89.8	93.0
Hawaii	93.5	94.8	94.7	94.8	95.7
Idaho	90.7	92.9	93.9	94.8	97.9
Illinois	94.2	93.0	91.5	89.6	95.2
Indiana	91.6	93.7	94.5	90.8	92.5
Iowa	96.2	96.6	96.2	95.4	97.7
Kansas	94.3	93.9	94.8	94.3	97.5
Kentucky	88.1	92.3	93.3	91.3	95.0
Louisiana	89.7	91.1	92.6	91.8	96.5
Maine	93.4	96.5	97.9	95.7	98.2
Maryland	95.7	96.7	95.0	94.0	96.2
Massachusetts	95.9	95.7	94.6	94.5	97.6
Michigan	92.8	95.0	95.0	92.6	96.8
Minnesota	95.8	97.1	97.4	96.2	98.5
Mississippi	82.4	87.5	89.2	89.5	96.0
Missouri	91.5	95.3	95.8	94.2	96.1
Montana	91.0	94.3	94.6	93.0	94.9
Nebraska	95.7	96.0	97.3	94.3	95.6
Nevada	90.4	93.5	94.0	91.2	96.6
New Hampshire	94.3	96.1	97.7	95.8	98.2
New Jersey	94.8	93.6	94.6	93.8	95.9
New Mexico	82.0	86.2	91.2	91.2	92.4
New York	91.8	93.4	95.1	92.1	94.8
North Carolina	88.3	93.5	93.9	92.8	95.5
North Dakota	94.6	96.3	95.8	96.3	98.5
Ohio	92.4	94.5	94.8	94.1	96.7
Oklahoma	90.3	91.3	91.2	89.2	95.7
Oregon	90.6	96.0	94.8	95.7	97.6
Pennsylvania	94.9	96.9	96.6	95.6	98.2
Rhode Island	93.6	95.7	94.9	95.3	97.2
South Carolina	83.7	91.3	93.2	93.1	94.3
South Dakota	93.2	93.3	94.3	95.9	97.8
Tennessee	88.5	94.0	95.5	92.3	92.2
Texas	88.4	91.0	93.5	91.1	95.2
Utah	92.5	96.7	95.9	96.9	96.7
Vermont	92.3	95.9	95.6	95.6	98.1
Virginia	93.1	94.9	95.4	93.2	95.3
Washington	93.0	94.5	94.9	96.9	98.1
West Virginia	87.7	92.9	94.0	92.6	96.2
Wisconsin	95.2	97.0	94.8	94.8	98.3
Wyoming	89.9	95.0	94.7	94.8	97.3
Total United States	91.6 %	93.9 %	94.4 %	93.1 %	95.8 %

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



**Table 3.8**  
**Comparison of Penetration Rates by Level of Lifeline Assistance**

Lifeline Category#	Num.	Low-Income Households †				All Households			
		March 1997	March 2011	Change	Change per Year	March 1997	March 2011	Change	Change per Year
Full or High Assistance	33	85.6%	90.7%	5.1% *	0.36%	93.7%	95.4%	1.8% *	0.13%
Intermediate Assistance	14	87.2	94.1	6.9 *	0.49	95.0	97.4	2.3 *	0.17
Basic or Low Assistance	4	86.2	89.1	2.9	0.21	93.9	95.1	1.2	0.08
Average All States		86.0	91.5	5.5 *	0.39	94.0	95.9	1.9 *	0.14

Note: Changes may not appear to be the same as calculated differences due to rounding.

† Households with income under \$10,000 expressed in March 1984 dollars. See Table 3.3 for current equivalents.

\* Change is statistically significant at the 95% confidence level.

# States are classified by total, average level of Tier 3 Lifeline support.

**Table 3.9**  
**Comparison of Penetration Rates and Level of Lifeline Assistance for States**

State	Year Lifeline Began	Average State Support Plus Federal Match (Tier 3) per Line (December 2010)			Low Income Households †			All Households		
		All Providers	ILECs Only	CETCs Only	March 1997	March 2011	Change, 1997-2011	March 1997	March 2011	Change, 1997-2011
Alabama	1995	\$5.24	\$5.25	\$5.23	78.0%	91.3%	13.3% *	91.3%	96.0%	4.8%
Alaska	1994	5.20	5.25	5.18	74.1	90.2	16.1	94.3	96.4	2.1
Arizona	1987	3.62	1.83	5.25	82.4	89.4	7.0	90.3	96.4	6.1
Arkansas	1986	4.87	3.51	5.23	78.8	93.2	14.4 *	88.7	96.0	7.3 *
California	1985	5.14	5.14	5.25	87.7	91.5	3.8	94.0	96.2	2.2
Colorado	1986	5.24	5.24	5.25	88.0	91.3	3.3	96.5	97.0	0.5
Connecticut	1993	3.83	1.77	5.25	85.9	94.5	8.6	95.6	97.9	2.2
Delaware	1998	4.84	0.00	5.25	94.4	92.5	-1.8	95.2	97.5	2.3
District of Columbia	1987	5.21	5.25	5.20	81.1	87.7	6.6	91.4	93.1	1.7
Florida	1994	5.25	5.25	5.25	84.4	90.2	5.8	92.1	93.5	1.4
Georgia	1991	5.20	5.07	5.24	81.6	87.4	5.7	90.4	93.3	2.9
Hawaii	1987	0.00	0.00	0.00	89.9	89.1	-0.8	94.9	95.6	0.7
Idaho	1987	5.13	5.21	4.39	87.9	90.7	2.8	95.0	96.6	1.7
Illinois	1998	2.29	0.00	2.76	83.2	92.1	8.8	93.5	95.7	2.1
Indiana	1998	0.40	0.00	5.17	91.6	85.4	-6.3	94.3	92.9	-1.3
Iowa	1998	0.00	0.00	0.01	87.7	95.4	7.6	96.1	98.3	2.2
Kansas	1998	4.39	5.25	3.36	87.0	95.6	8.6	94.9	97.9	3.1
Kentucky	1998	5.22	5.21	5.24	87.7	89.3	1.6	93.1	95.1	2.0
Louisiana	1998	3.25	0.00	3.56	81.7	95.5	13.8	91.2	97.6	6.4
Maine	1987	5.25	5.25	5.25	90.5	96.8	6.4	93.7	98.7	5.0 *
Maryland	1987	5.24	5.12	5.24	85.9	90.9	5.0	95.3	95.0	-0.3
Massachusetts	1990	5.25	5.25	5.25	91.7	97.6	6.0	95.9	98.1	2.2
Michigan	1989	4.12	3.34	4.24	86.0	95.2	9.2	94.9	97.9	3.0
Minnesota	1988	2.55	2.61	0.92	91.7	95.8	4.1	97.4	98.2	0.8
Mississippi	1991	5.14	5.01	5.22	76.6	93.2	16.6 *	89.4	96.1	6.6 *
Missouri	1987	4.69	5.22	4.01	95.2	89.8	-5.4	97.5	96.3	-1.2
Montana	1987	4.10	3.71	5.25	86.3	89.2	2.9	94.1	96.5	2.4
Nebraska	1998	5.08	5.02	5.25	92.8	94.5	1.6	97.0	97.1	0.2
Nevada	1988	5.02	4.99	5.08	90.8	90.3	-0.5	93.8	96.6	2.8
New Hampshire	1998	3.90	0.00	5.25	93.6	91.2	-2.4	97.1	97.4	0.3

Note: Changes may not appear to be the same as calculated differences due to rounding.

† Households with income under \$10,000, expressed in March 1984 dollars. See Table 3.3 for current equivalents.

\* Increase is statistically significant at the 95% confidence level.

**Table 3.9**  
**Comparison of Penetration Rates and Level of Lifeline Assistance for States**

State	Year Lifeline Began	Average State Support Plus Federal Match (Tier 3) per Line (December 2010)			Low Income Households †			All Households		
		All Providers	ILECs Only	CETCs Only	March 1997	March 2011	Change, 1997-2011	March 1997	March 2011	Change, 1997-2011
New Jersey	1998	\$5.24	\$5.22	\$5.25	88.6%	91.6%	2.9%	96.1%	95.7%	-0.4%
New Mexico	1987	4.95	4.84	5.25	69.6	87.8	18.2	86.0	92.2	6.2
New York	1985	5.16	4.95	5.24	87.5	86.9	-0.6	94.5	94.2	-0.4
North Carolina	1986	5.25	5.25	5.25	83.6	92.5	8.8	93.5	95.8	2.3
North Dakota	1990	2.98	2.91	4.33	93.6	92.8	-0.8	96.2	97.9	1.7
Ohio	1987	5.25	5.24	5.25	88.5	93.4	4.9	95.0	3.8	5.5
Oklahoma	1996	1.22	0.59	1.43	78.9	94.3	15.4	91.8	3.3	11.0
Oregon	1986	5.23	5.22	5.25	90.5	93.6	3.0	95.3	6.6	12.9
Pennsylvania	1996	3.60	1.13	5.25	93.6	95.6	2.0	97.3	5.8	5.9
Rhode Island	1987	5.25	5.25	5.25	87.6	93.4	5.8	94.6	5.7	12.4
South Carolina	1995	5.25	5.25	5.24	76.2	89.6	13.4	92.0	2.8	11.4
South Dakota	1988	0.12	0.14	0.00	90.5	96.8	6.3	94.7	8.6	10.9
Tennessee	1992	5.15	4.80	5.24	89.3	88.7	-0.6	94.1	1.6	10.9
Texas	1988	5.24	5.24	5.24	79.6	90.5	10.9	91.0	6.4	10.0
Utah	1987	5.24	5.24	5.25	98.3	90.8	-7.5	97.5	5.0	11.3
Vermont	1986	5.25	5.25	0.00	84.6	95.2	10.7	93.9	6.0	11.5
Virginia	1988	5.21	4.87	5.23	84.7	88.0	3.4	93.6	16.6	11.3
Washington	1987	3.46	3.97	1.22	89.0	97.8	8.8	96.1	-5.4	9.8
West Virginia	1986	4.91	0.00	5.22	83.8	94.3	10.5	93.6	1.6	14.2
Wisconsin	1991	3.85	3.63	3.98	87.8	93.5	5.7	96.4	2.9	11.2
Wyoming	1991	5.25	5.25	5.25	89.5	93.2	3.8	94.9	18.2	15.8

Note: Changes may not appear to be the same as calculated differences due to rounding.

† Households with income under \$10,000, expressed in March 1984 dollars. See Table 3.3 for current equivalents.

\* Increase is statistically significant at the 95% confidence level.

**Table 3.10**  
**Household Penetration by State and Income, 2011**

State	\$9,999 or Less	\$10,000 to \$19,999	\$19,999 to \$29,999	\$30,000 to \$39,999	\$40,000 or More	All Households
Alabama	91.3 %	96.2 %	97.4 %	99.2 %	99.5 %	96.0 %
Alaska	90.2	97.5	95.9	99.0	98.5	96.4
Arizona	89.4	97.5	99.4	98.4	99.5	96.4
Arkansas	93.2	96.5	96.8	96.8	98.5	96.0
California	91.5	95.7	97.4	98.0	98.4	96.2
Colorado	91.3	96.2	98.7	98.9	98.9	97.0
Connecticut	94.5	98.8	98.3	95.7	99.4	97.9
Delaware	92.5	97.2	99.5	98.3	99.6	97.5
District of Columbia	87.7	90.6	94.5	91.9	98.2	93.1
Florida	90.2	93.8	92.9	96.5	95.8	93.5
Georgia	87.4	93.2	95.3	97.2	97.2	93.3
Hawaii	89.1	96.6	97.1	96.4	97.4	95.6
Idaho	90.7	99.0	99.3	95.8	97.7	96.6
Illinois	92.1	95.6	93.6	99.3	98.5	95.7
Indiana	85.4	93.0	97.1	95.2	95.7	92.9
Iowa	95.4	98.5	99.8	97.4	99.8	98.3
Kansas	95.6	98.6	97.5	100.0	98.8	97.9
Kentucky	89.3	95.2	98.1	98.5	99.3	95.1
Louisiana	95.5	97.2	98.9	99.2	99.3	97.6
Maine	96.8	99.1	99.0	99.6	99.5	98.7
Maryland	90.9	93.0	95.7	95.3	97.5	95.0
Massachusetts	97.6	98.8	98.8	94.7	98.6	98.1
Michigan	95.2	98.8	97.6	99.2	99.2	97.9
Minnesota	95.8	97.6	98.6	99.5	99.5	98.2
Mississippi	93.2	94.8	97.2	99.3	100.0	96.1
Missouri	89.8	96.5	98.1	99.1	99.6	96.3
Montana	89.2	97.2	100.0	100.0	99.3	96.5
Nebraska	94.5	97.2	98.7	99.0	96.9	97.1
Nevada	90.3	97.4	97.4	99.0	99.0	96.6
New Hampshire	91.2	97.5	98.1	98.7	99.2	97.4
New Jersey	91.6	95.4	95.3	97.7	97.4	95.7
New Mexico	87.8	93.4	90.6	95.0	95.9	92.2
New York	86.9	94.1	96.6	97.3	97.7	94.2
North Carolina	92.5	96.4	95.9	96.4	98.5	95.8
North Dakota	92.8	100.0	98.6	97.5	100.0	97.9
Ohio	93.4	97.0	97.4	99.5	99.0	97.0
Oklahoma	94.3	97.2	96.9	96.1	96.6	96.2
Oregon	93.6	97.7	99.3	99.0	99.5	97.8
Pennsylvania	95.6	97.8	98.8	99.1	99.7	98.0
Rhode Island	93.4	97.3	97.5	97.2	99.0	96.9
South Carolina	89.6	95.0	98.4	98.0	98.2	95.2
South Dakota	96.8	99.1	98.2	99.4	100.0	98.7
Tennessee	88.7	93.0	94.6	94.2	95.5	92.6
Texas	90.5	95.6	95.8	96.6	98.4	95.3
Utah	90.8	97.9	98.4	99.0	98.6	97.3
Vermont	95.2	100.0	98.0	100.0	99.7	98.6
Virginia	88.0	93.3	95.6	96.8	98.0	94.7
Washington	97.8	97.4	98.0	100.0	99.5	98.5
West Virginia	94.3	97.0	97.0	98.6	99.2	96.8
Wisconsin	93.5	96.9	99.0	99.4	99.4	97.6
Wyoming	93.2	97.7	98.6	97.8	98.2	97.2
United States	91.5	95.9	96.8	97.8	98.3	95.9

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

## 4. Price Indices and Access Charge Rates

This section contains information on telephone price indices and access charge rates. The first part discusses the Consumer Price Index (CPI) maintained by the Bureau of Labor Statistics (BLS). The second part discusses the subscriber line charge and other access charges.

### Telephone Service Price Indices

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

A CPI for telephone services was first published in 1935.<sup>1</sup> Since then, telephone prices have tended to increase at a slower pace than most other prices. Table 4.1 shows long-term changes in the indices for all items, all services, telephone services, each of the seven major categories that currently constitute the overall CPI, and several services that are often characterized as public utilities. The price of telephone service has increased less rapidly than the prices of most of these categories when viewed over a long period of time. Chart 4.1 shows the levels of the overall CPI and the CPI for telephone services over time.

The CPI for telephone services is based on a "market basket" intended to represent the telephone-related expenditures of a typical urban household. It includes both land-line telephone service and wireless telephone service. The annual rate of change during recent years is shown in Table 4.2 for the overall CPI (which measures the impact of inflation on consumers), and the CPI for telephone services. Chart 4.2 shows the changes in the overall CPI and the CPI for telephone services since 1998.

For 2010, the nation's overall level of prices (measured by the CPI for all items) rose by 1.5% and the CPI for telephone services declined by 0.9%. The land-line telephone service index increased by 2.2% during 2010, while the wireless telephone index decreased by 3.4%. Monthly data for the CPI indices, including the land-line telephone service, are shown in Table 4.3.

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

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

### Subscriber Line and Access Charges

Long distance companies rely on the loops, switches, and transport facilities of local telephone companies for access to their customers. As a result, local telephone companies recover a portion of their costs from long distance companies accessing their networks. Both the manner in which these access charges have been assessed and the proportion of the costs they have recovered have varied considerably over time.

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

2 PPI data are available on the BLS website at [www.bls.gov/ppi/](http://www.bls.gov/ppi/)

Prior to 1984, AT&T provided almost all interstate long distance service while its local telephone companies provided about three-quarters of the nation's local telephone service. Under the regulatory oversight of the FCC and state public utilities commissions, for many years AT&T set long distance charges above cost and shared part of its revenues with Bell System and independent local companies. This system reduced pressures on the local companies to raise monthly local rates, but the high long distance rates suppressed demand for long distance calls and induced large corporations to bypass the public switched network. Moreover, while such revenue sharing arrangements were sustainable in an industry where one firm monopolized both long distance and local service, they were not compatible with a competitive long distance industry.

In mid-1984, the FCC, in cooperation with a Federal-State Joint Board comprised of both federal and state regulators, introduced sweeping changes to the way that local companies charged for their services. The historic method of sharing revenues was replaced with a new system of access charges that provided a uniform method for local telephone companies to charge for the origination and termination of interstate traffic on their local networks. In particular, monthly subscriber line charges (SLCs) were introduced to recover a portion of the fixed costs of the local telephone companies' loops directly from end users on a per-line basis. Since local telephone companies were required to reduce their charges to long distance carriers – dollar for dollar – the introduction of SLCs permitted reductions in implicit subsidies from long distance service to local service. The rebalancing of prices between local service and interstate long distance calls during the 1980s had a fundamental impact on the telephone industry as the price of long distance service fell and the volume of long distance calling surged.

In mid-1997, as part of its implementation of the 1996 Telecommunications Act, the FCC introduced further interstate access charge reform. Presubscribed interexchange carrier charges (PICCs) were created in order to allow local carriers to recover the remaining portion of their fixed loop costs from long distance carriers on a per-line, instead of a per-minute, basis. A further access charge reform was adopted on May 31, 2000, which eliminated the PICC and consolidated it with the SLC. This took effect on July 1, 2000.<sup>3</sup>

Average monthly SLCs and PICCs are shown in Table 4.4 and average per-minute rates charged to long distance carriers are shown in Table 4.5. Both tables report historical averages for all LECs that file access tariffs subject to price-cap regulation and all LECs that participate in the NECA pool, charging the NECA tariff rates. Current per-line charges and per-minute charges are reported for the two groups of carriers, and for individual carriers, in Tables 4.6 and 4.7, respectively.

The averages in Table 4.5 clearly illustrate the effectiveness of access reform in reducing the prices long distance carriers pay per minute for access to the local telephone companies' networks. The reductions in per-minute access prices over time have been a major contributing factor to reductions in long distance prices.

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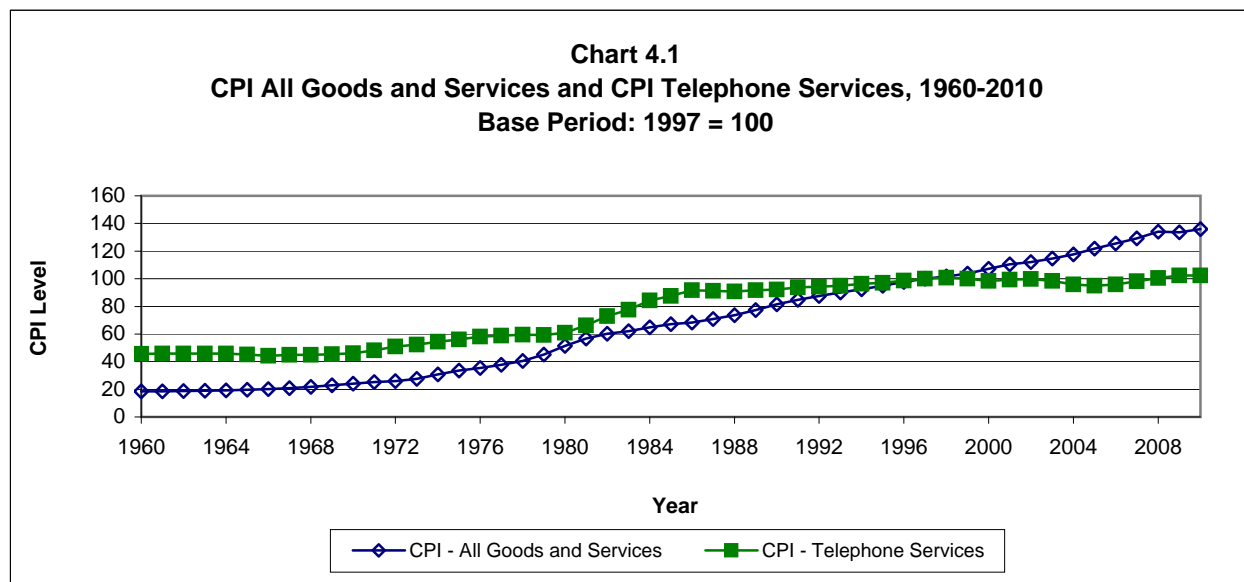
3 *Access Charge Reform*, CC Docket No. 96-262, Sixth Report and Order, 15 Rcd 12962 (*CALLS Order*).

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

	<b>1960-2010</b>	<b>2000-2010</b>
CPI All Items (SAO)	4.1 %	2.3 %
CPI All Services (SAS)	4.9	3.0
CPI Telephone Services (SEED)	1.7	0.2
<b>CPI Major Categories:</b>		
- Food & Beverages (SAF)	*	2.7
- Housing (SAH)	*	2.6
- Apparel (SAA)	2.0	-0.8
- Transportation (SAT)	3.8	2.8
- Medical Care (SAM)	5.9	4.1
- Recreation (SAR)	*	1.0
- Other Goods & Services (SAG)	*	3.6
CPI Public Transportation (SETG)	5.1	2.3
CPI Utility (Piped) Gas Service (SEHF02)	5.3	5.8
CPI Electricity (SEHF01)	3.8	4.0
CPI Water & Sewerage Maint. (SEHG01)	5.7	5.0
CPI Postage (SEEC01)	4.8	3.1

\* Series not established until after 1960.

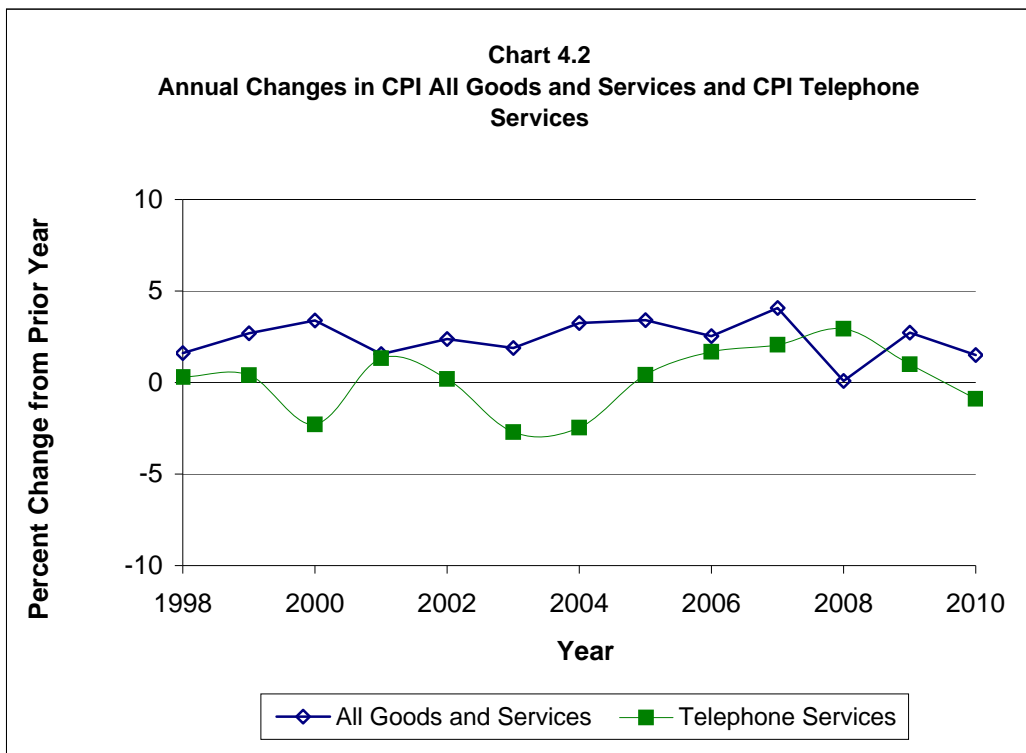
Note: The CPI Telephone Services index was revised in December of 1997. To calculate values in this table, Series MUUR0000SE270A is used for periods prior to this revision and CUUR0000SEED is used for periods after the revision. After each row, the series ID is provided and should be preceded by CUUR0000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



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

	All Goods and Services	Telephone Services
1998	1.6	0.3
1999	2.7	0.4
2000	3.4	-2.3
2001	1.6	1.3
2002	2.4	0.2
2003	1.9	-2.7
2004	3.3	-2.5
2005	3.4	0.4
2006	2.5	1.7
2007	4.1	2.1
2008	0.1	2.9
2009	2.7	1.0
2010	1.5	-0.9

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





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

	<b>All Goods and Services</b>	<b>Telephone Services</b>	<b>Land-line Telephone Services</b>	<b>Wireless Telephone Services</b>	
<b>BLS Series ID</b>	CUUR0000SA0	CUUR0000SEED	CUUR0000SEED04	CUUR0000SEED03	
2008	January	97.7	96.3	*	100.7
	February	98.0	96.2	*	100.7
	March	98.9	96.4	*	100.7
	April	99.5	96.9	*	101.0
	May	100.3	97.2	*	101.0
	June	101.3	98.0	*	101.0
	July	101.9	98.7	*	101.0
	August	101.5	98.6	*	101.0
	September	101.3	98.6	*	101.0
	October	100.3	98.7	*	101.0
	November	98.4	98.9	*	101.1
	December	97.4	99.0	*	101.2
2009	January	97.8	99.2	*	101.1
	February	98.3	99.2	*	101.2
	March	98.5	99.3	*	101.2
	April	98.7	99.4	*	101.2
	May	99.0	99.6	*	101.2
	June	99.9	99.5	*	101.2
	July	99.7	99.9	*	101.2
	August	99.9	100.0	*	101.2
	September	100.0	100.3	*	101.2
	October	100.1	100.2	*	101.2
	November	100.2	99.8	*	100.0
	December	100.0	100.0	100.0	100.0
2010	January	100.3	100.0	101.0	99.2
	February	100.4	99.6	101.1	98.3
	March	100.8	99.6	101.1	98.3
	April	101.0	99.7	101.4	98.3
	May	101.0	99.7	101.4	98.2
	June	100.9	99.6	101.4	98.1
	July	101.0	99.8	101.6	98.2
	August	101.1	99.8	101.8	98.2
	September	101.2	99.9	102.0	98.2
	October	101.3	99.8	102.1	97.8
	November	101.3	99.6	102.2	97.5
	December	101.5	99.1	102.2	96.4
2011	January	102.0	98.7	103.0	95.2
	February	102.5	98.6	103.0	95.0
	March	103.5	98.6	103.1	94.8
	April	104.1	98.5	102.9	94.9
	May	104.6	98.5	102.9	94.8
	June	104.5	98.5	103.0	94.8
	July	104.6	98.3	103.3	94.1
	August	104.9	98.3	103.4	94.1
	September	105.1	98.4	103.6	94.1
	October	104.8	98.6	103.9	94.1

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

**Table 4.4**  
**Interstate Per-Line Access Charges <sup>1</sup>**

Rates in Effect		Charged to End Users <sup>2</sup> (Subscriber Line Charges)			Charged to Long Distance Carriers <sup>3</sup> (Presubscribed Interexchange Carrier Charges)			
From	To	Residential and Single-Line Business	Non-Primary Residential	Multiline Business and Centrex	Residential and Single-Line Business	Non-Primary Residential	Multiline Business	Centrex
05/26/84	05/31/85	\$0.00		\$4.99				
06/01/85	09/30/85	1.00		4.99				
10/01/85	05/31/86	1.00		4.97				
06/01/86	12/31/86	2.00		4.97				
01/01/87	06/30/87	2.00		5.12				
07/01/87	12/31/87	2.60		5.12				
01/01/88	11/30/88	2.60		5.01				
12/01/88	03/31/89	3.20		5.01				
04/01/89	12/31/89	3.50		4.94				
01/01/90	06/30/90	3.48		4.84				
07/01/90	12/31/90	3.48		4.83				
01/01/91	06/30/91	3.48		4.77				
07/01/91	11/27/91	3.49		4.74				
11/28/91	06/30/92	3.49		4.76				
07/01/92	06/30/93	3.49		4.68				
07/01/93	06/30/94	3.50		5.37				
07/01/94	06/30/95	3.50		5.45				
07/01/95	06/30/96	3.50		5.50				
07/01/96	06/30/97	3.50		5.53				
07/01/97	12/31/97	3.50		5.68				
01/01/98	06/30/98	3.50	\$4.98	6.92	\$0.49	\$1.50	\$2.52	\$0.35
07/01/98	12/31/98	3.50	4.99	7.11	0.49	1.38	2.38	0.38
01/01/99	06/30/99	3.50	5.88	7.05	0.49	1.38	2.22	0.32
07/01/99	12/31/99	3.50	5.84	6.94	0.95	1.77	2.78	0.42
01/01/00	06/30/00	3.50	5.81	6.94	0.92	1.70	2.44	0.35
08/11/00	06/30/01 <sup>4</sup>	4.28	5.99	6.88	0.00	0.00	2.30	0.37
07/01/01	12/31/01	4.78	5.93	6.66	0.00	0.00	1.35	0.22
01/01/02	06/30/02	4.92	5.93	6.79	0.00	0.00	1.35	0.22
07/01/02	06/30/03	5.62	5.88	6.45	0.00	0.00	0.48	0.08
07/01/03	06/30/04	5.96	5.94	6.37	0.00	0.00	0.20	0.04
07/01/04	06/30/05	5.92	5.85	6.24	0.00	0.00	0.19	0.05
07/01/05	06/30/06	5.92	5.83	6.26	0.00	0.00	0.21	0.04
07/01/06	06/30/07	5.91	5.81	6.27	0.00	0.00	0.23	0.04
07/01/07	06/30/08	5.93	5.81	6.30	0.00	0.00	0.23	0.05
07/01/08	06/30/09	5.90	5.78	6.27	0.00	0.00	0.22	0.05
07/01/09	06/30/10	5.88	5.75	6.21	0.00	0.00	0.18	0.04
07/01/10	06/30/11	5.89	5.74	6.19	0.00	0.00	0.13	0.04
07/01/11	06/30/12	5.88	5.70	6.13	0.00	0.00	0.11	0.03

<sup>1</sup> This table shows average rates (weighted by access lines) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool.

<sup>2</sup> Prior to 1/01/1998, carriers did not charge separate subscriber line charge (SLC) rates for primary and non-primary residential lines. Therefore, the residential and single-line business average SLCs reported prior to 1/01/1998 include all residential SLC charges. The average residential and single-line business SLC rate as of 1/01/98 excludes non-primary residential SLCs. Non-primary SLCs are now reported separately, except for the LECs in the NECA pool, which continue to charge a single residential SLC. Under price-cap regulation, as of 7/1/2003, the caps on SLCs for primary residential and single-line business, non-primary residential, and multiline business and Centrex lines equal \$6.50, \$7.00, and \$9.20, respectively. For NECA pool companies, the residential SLC cap is \$6.50, while the multiline business and Centrex SLC cap equals \$9.20.

<sup>3</sup> On 1/01/98, price-cap carriers began to charge presubscribed interexchange carrier charges (PICCs). The reported PICCs are averages per line including both price-cap and NECA pool lines. While carriers did not charge different rates for Centrex and multiline business SLCs, they did charge different PICC rates for these lines. Therefore, the average multiline business and Centrex PICC rates are reported separately. However, multiline business line counts, used to compute average PICC rates, include Centrex lines for LECs in the NECA pool, which do not charge PICCs or distinguish in access filings between the two line types. On 7/01/2000, residential and single-line business PICCs was eliminated. Since then the PICCs cap for multiline business lines equal \$4.31 for price cap carriers. Centrex groups of 9 or fewer lines are capped at the multiline business PICC rate of \$4.31 per group. Centrex groups with more than 9 lines are capped at \$0.48 per line (1/9th the multiline business rate).

<sup>4</sup> Although the charges took effect on 7/1/2000, some companies made adjustments to the tariffs which did not take effect until 8/11/2000.

Source: Access tariff filings.

**Table 4.5**  
**Interstate Per-Minute Access Charges**  
**(National Average in Cents per Minute) <sup>1</sup>**

Rates in Effect		Interstate Charges for Switched Access Service				
From	To	Carrier Common Line per Originating Access Minute <sup>1</sup>	Carrier Common Line per Terminating Access Minute <sup>1</sup>	Traffic Sensitive per Switched Minute	Non-Traffic Sensitive per Switched Minute <sup>2</sup>	Total Charge per Conversation Minute <sup>3</sup>
05/26/84	01/14/85	5.24 ¢	5.24 ¢	3.10 ¢		17.26 ¢
01/15/85	05/31/85	5.43	5.43	3.10		17.66
06/01/85	09/30/85	4.71	4.71	3.10		16.17
10/01/85	05/31/86	4.33	4.33	3.10		15.38
06/01/86	12/31/86	3.04	4.33	3.10		14.00
01/01/87	06/30/87	1.55	4.33	3.10		12.41
07/01/87	12/31/87	0.69	4.33	3.10		11.49
01/01/88	11/30/88	0.00	4.14	3.10		10.56
12/01/88	02/14/89	0.00	3.39	3.00		9.60
02/15/89	03/31/89	0.00	3.25	3.00		9.46
04/01/89	12/31/89	1.00	1.83	3.00		9.11
01/01/90	06/30/90	1.00	1.53	2.50		7.78
07/01/90	12/31/90	1.00	1.23	2.50		7.48
01/01/91	06/30/91	1.00	1.14	2.40		7.18
07/01/91	06/30/92	0.88	1.06	2.40		6.97
07/01/92	06/30/93	0.79	0.95	2.40		6.76
07/01/93	06/30/94	0.88	1.16	2.20		6.66
07/01/94	06/30/95	0.84	1.08	2.10	0.28 ¢	6.89
07/01/95	06/30/96	0.74	0.89	1.96	0.21	6.16
07/01/96	06/30/97	0.72	0.89	1.95	0.17	6.04
07/01/97	12/31/97	0.64	0.84	1.63	0.14	5.18
01/01/98	06/30/98	0.68	0.23	1.29	0.21	4.04
07/01/98	12/31/98	0.91	0.20	0.99	0.30	3.82
01/01/99	06/30/99	0.82	0.16	0.98	0.32	3.71
07/01/99	12/31/99	0.37	0.10	0.86	0.28	2.82
01/01/00	06/30/00	0.32	0.10	0.86	0.31	2.85
08/11/00	06/31/00 <sup>4</sup>	0.23	0.07	0.52	0.26	1.91
07/01/01	12/31/01	0.15	0.07	0.48	0.24	1.71
01/01/02	06/30/02	0.15	0.07	0.47	0.24	1.69
07/01/02	06/30/03	0.02	0.01	0.48	0.22	1.46
07/01/03	06/30/04	0.00	0.00	0.48	0.22	1.44
07/01/04	06/30/05	0.00	0.00	0.50	0.25	1.53
07/01/05	06/30/06	0.00	0.00	0.52	0.25	1.59
07/01/06	06/30/07	0.01	0.00	0.54	0.25	1.63
07/01/07	06/30/08	0.01	0.00	0.56	0.26	1.71
07/01/08	06/30/09	0.01	0.00	0.63	0.24	1.80
07/01/09	06/30/10	0.00	0.00	0.64	0.26	1.85
07/01/10	06/30/11	0.00	0.00	0.67	0.27	1.92
07/01/11	06/30/12	0.00	0.00	0.68	0.28	1.98

<sup>1</sup> This table shows average rates (weighted by minutes of use) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool. The average rates reported here do not include revenues from subscriber line charges (SLCs) or primary interexchange carrier charges (PICCs), both of which are reported in Table 1.1. Effective 07/01/03, the carrier common line (CCL) rates for NECA carriers were eliminated.

<sup>2</sup> Non-traffic-sensitive charges include charges assessed on a per-month, per-unit basis. Prior to 07/01/94, these charges were included in the average traffic-sensitive rates.

<sup>3</sup> The total charge per conversation minute consists of charges on the originating end of the call, which are adjusted for dialing and call setup time, plus charges on the terminating end. Originating charges per conversation minute equal the carrier common line charge per originating access minute plus the traffic-sensitive charge per switched minute, both multiplied by 1.07 to account for dialing and call setup time, plus the non-traffic-sensitive charge per switched minute. Terminating charges per conversation minute equal carrier common line charges per terminating access minute plus both traffic-sensitive and non-traffic-sensitive charges per switched minute.

<sup>4</sup> Although the charges took effect on 7/1/2000, some companies made adjustments to the tariffs which did not take effect until 8/11/2000.

**Table 4.6**  
**Interstate Per-Line Access Charges by Carrier**  
(in Dollars per Month per Line) <sup>1</sup>

Company	Rates Effective from 07/01/11 to 06/30/12					2010 Average Monthly Access Lines <sup>3</sup> (Thousands)		
	Subscriber Line Charges			PICC <sup>2</sup>				
	Residential and Single-Line Business	Non-Primary Residential	Multiline Business and Centrex	Multiline Business	Centrex	Residential and Single-Line Business	Non-Primary Residential	Multiline Business and Centrex
ACS	\$6.50	NA	\$9.07	\$0.00	\$0.00	77	0	69
AT&T	5.48	5.17	5.31	0.00	0.00	24,284	2,404	15,238
América Móvil	6.50	6.50	9.20	0.00	0.00	582	1	154
CenturyLink	5.80	5.82	6.44	0.00	0.00	9,619	651	3,875
Cincinnati Bell	5.27	5.27	5.27	0.00	0.00	376	21	240
Consolidated	6.50	6.50	9.20	0.00	0.00	81	4	35
FairPoint	6.16	6.14	6.17	0.00	0.00	650	51	191
Frontier	6.38	6.88	9.05	1.61	0.23	3,754	163	1,290
Hawaiian Telecom	6.50	7.00	8.15	0.00	0.00	302	24	85
Innovative	6.50	NA	9.15	0.00	0.00	40	0	16
PTI Pacifica Inc.	6.50	7.00	9.20	1.14	1.14	8	0	6
Verizon	6.19	6.14	6.40	0.24	0.04	14,115	1,519	7,850
Windstream	6.33	6.55	7.99	0.26	0.20	1,786	301	669
Price Caps	5.83	5.70	6.02	0.11	0.03	55,674	5,140	29,717
NECA Pool	6.50	NA	9.20	0.00	NA	4,138	NA	1,089
Price Caps and NECA Pool	\$5.88	\$5.70	\$6.13	\$0.11	\$0.03	59,812	5,140	30,806

NA - Not Applicable.

<sup>1</sup> This table shows average rates (weighted by access lines) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool. Rates are composites of all regions and subsidiaries of each local exchange carrier. For example, non-primary residential SLCs can be less than primary residential SLCs due to weighting by access lines. Note that at the disaggregated level, non-primary rates are always greater than or equal to primary rates. The primary line rate is weighted by the number of primary residential lines and the non-primary residential rate is similarly weighted by the number of non-primary access lines. Because the weight on primary lines versus non-primary lines is not constant, the primary rate is not necessarily lower than the non-primary rate at the holding company level. No information is available for those carriers that are not in the NECA pool, but are subject to rate-of-return regulation.

<sup>2</sup> PICC is an abbreviation for Presubscribed Interexchange Carrier Charge.

<sup>3</sup> Access line counts measure lines that companies report as qualified to receive subscriber line charges (SLCs). ISDN-BRI lines, which are charged non-primary SLC and PICC rates, are included in the non-primary residential line counts. ISDN-PRI lines, which are charged rates equal to five times the multiline business SLC and PICC rates, are multiplied by five and added to multiline business counts.

Source: Access tariff filings.

**Table 4.7**  
**Interstate Per-Minute Access Charges by Carrier**  
(In Cents per Minute)<sup>1</sup>

Company	Rates Effective from July 1, 2011 to June 30, 2012					Year 2010 Local Switching Minutes of Use (Millions)
	Carrier Common Line per Originating Access Minute	Carrier Common Line per Terminating Access Minute	Switched Traffic Sensitive per Access Minute	Switched Non-Traffic Sensitive per Access Minute <sup>2</sup>	Total Charge per Conversation Minute <sup>3</sup>	
ACS	0.00 ¢	0.00 ¢	0.52 ¢	0.30 ¢	1.67 ¢	455
AT&T	0.00	0.00	0.49	0.28	1.57	110,189
América Móvil	0.00	0.00	0.62	0.16	1.61	1,813
CenturyLink	0.00	0.00	0.75	0.20	1.96	38,968
Cincinnati Bell	0.00	0.00	0.71	0.66	2.80	1,759
Consolidated	0.00	0.00	0.35	0.18	1.09	215
FairPoint	0.00	0.00	0.55	0.29	1.72	3,172
Frontier	0.06	0.00	0.57	0.39	2.02	12,957
Hawaiian Telecom	0.00	0.00	0.72	0.36	2.20	724
Innovative	0.00	0.00	0.69	0.20	1.84	223
PTI Pacifica Inc.	0.00	0.00	0.46	0.17	1.30	37
Verizon	0.00	0.00	0.56	0.27	1.71	58,916
Windstream	0.00	0.00	0.60	0.32	1.87	5,860
Price Caps	0.00	0.00	0.56	0.27	1.71	235,286
NECA Pool	0.00	0.00	3.57	0.53	8.46	9,468
Price Caps and NECA Pool	0.00	0.00	0.68	0.28	1.98	244,754

<sup>1</sup> This table shows average rates (weighted by minutes of use) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool. Rates are composites of all regions and subsidiaries of each local exchange carrier. No information is available for those carriers that are not in the NECA pool, but are subject to rate-of-return regulation. The average rates reported here do not include the average revenue per minute from subscriber line charges (SLCs) or primary interexchange carrier charges (PICCs), both of which are reported in Table 1.1.

<sup>2</sup> Non-traffic sensitive charges include charges assessed on a per-month, per-unit basis.

<sup>3</sup> The total charge per conversation minute consists of charges on the originating end of the call, which are adjusted for dialing and call setup time, plus charges on the terminating end. Originating charges per conversation minute equal the carrier common line charge per originating access minute plus the traffic-sensitive charge per switched minute, both multiplied by 1.07 to account for dialing and call setup time, plus the non-traffic-sensitive charge per switched minute. Terminating charges per conversation minute equal carrier common line charges per terminating access minute plus both traffic-sensitive and non-traffic-sensitive charges per switched minute.

Source: Access tariff filings.

## 5. Network Usage

To monitor use of the public switched telephone network, the National Exchange Carrier Association (NECA) provides quarterly reports to the Commission on the volume of interstate access minutes of use (MOU) passing through the local switches. The data reported in this section include new annual data for 2010 as well as revisions of the data that were contained in our previous reports.<sup>1</sup> The minutes reported here are those minutes that pass through the incumbent local exchange carriers' switches.

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

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

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

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

Table 5.2 presents interstate access minutes of use data by state from 2006-2010. Annual study area data for the years 2006 through 2010 are posted at [www.fcc.gov/wcb/iatd/monitor.html](http://www.fcc.gov/wcb/iatd/monitor.html).

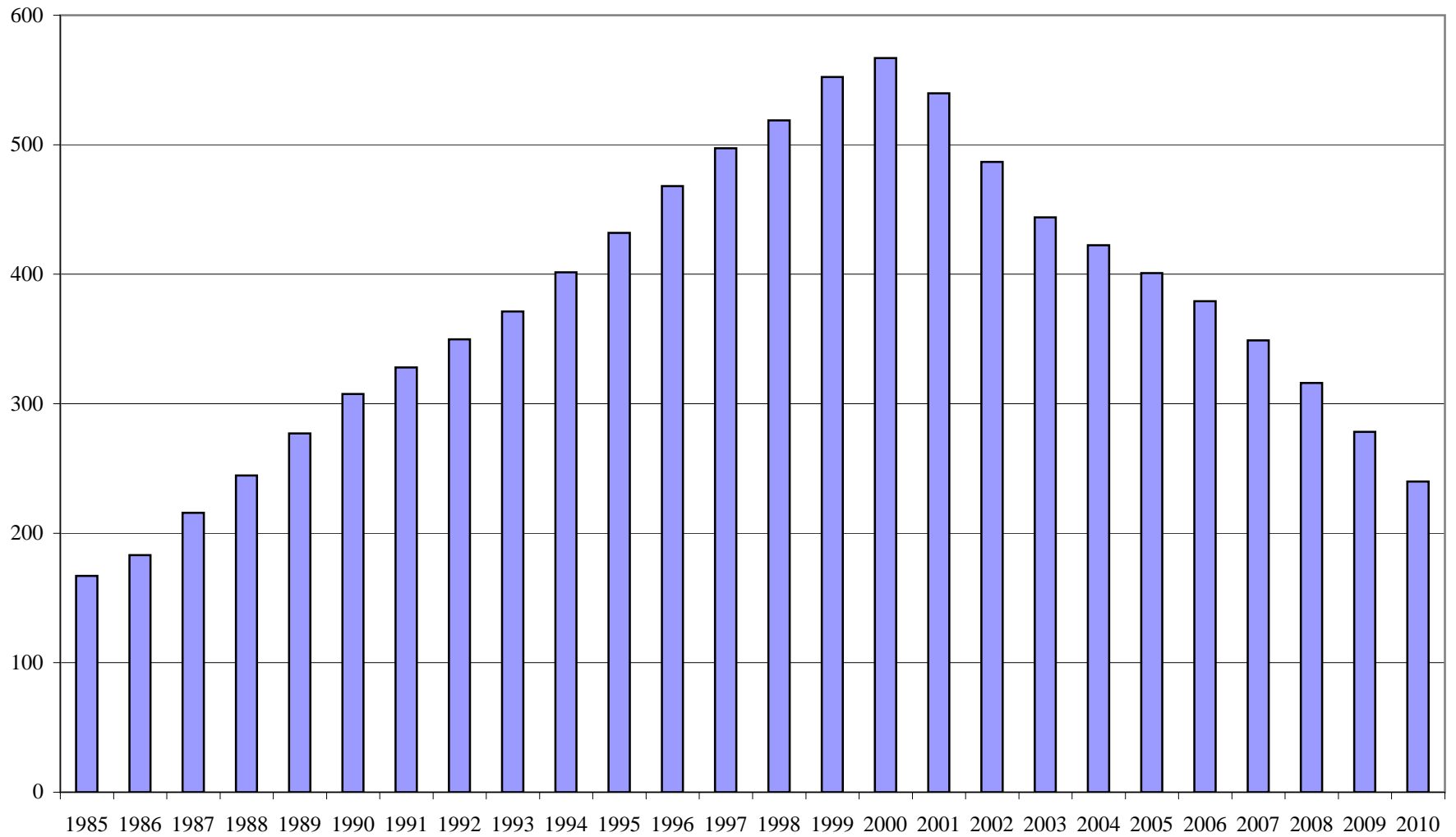
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1 The FCC routinely posts quarterly MOU data at [www.fcc.gov/wcb/iatd/neca.html](http://www.fcc.gov/wcb/iatd/neca.html).

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

3 Tier 1 carriers are non-NECA pool incumbent local exchange carriers with annual operating revenues of \$144 million or more in 2010.

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



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

	<b>Tier 1</b>	<b>Non Tier 1</b>	<b>Industry</b>
<b>Year</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
1987	203,204	12,508	215,712
1988	230,398	14,211	244,609
1989	259,529	17,530	277,058
1990	287,442	20,006	307,448
1991	306,376	21,661	328,036
1992	327,172	22,577	349,749
1993	347,021	24,220	371,240
1994	374,173	27,230	401,403
1995	401,536	30,389	431,925
1996	434,718	33,378	468,097
1997	461,461	35,837	497,299
1998	481,078	37,749	518,828
1999	512,729	39,585	552,314
2000	523,928	42,990	566,917
2001	495,491	44,200	539,691
2002	442,684	43,958	486,642
2003	399,579	44,384	443,963
2004	377,832	44,531	422,363
2005	356,992	43,953	400,945
2006	335,651	43,560	379,211
2007	308,924	39,937	348,861
2008	280,110	35,857	315,968
2009	246,226	32,132	278,358
2010	212,214	27,804	240,019

Source: National Exchange Carrier Association, various filings.



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

<b>State</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Alabama	5,962	5,699	5,562	4,971	4,255
Alaska	1,237	1,135	1,344	958	722
American Samoa	19	19	19	18	19
Arizona	7,121	6,573	6,059	5,286	4,629
Arkansas	3,871	3,434	3,099	2,791	2,346
California	37,936	35,521	31,441	27,664	23,587
Colorado	7,248	6,695	6,116	5,371	4,563
Connecticut	5,986	5,425	4,795	4,178	3,718
Delaware	1,565	1,487	1,392	1,216	1,010
District of Columbia	2,057	1,857	1,720	1,616	1,444
Florida	27,599	24,812	22,234	19,039	15,891
Georgia	12,383	11,757	10,992	9,671	8,269
Guam	257	262	221	162	143
Hawaii	1,571	1,594	1,927	1,887	1,999
Idaho	2,214	2,050	1,860	1,629	1,401
Illinois	15,580	14,860	13,699	11,931	10,083
Indiana	7,610	6,968	6,459	5,535	4,756
Iowa	4,655	4,200	3,120	2,729	2,386
Kansas	3,592	3,264	2,816	2,431	2,016
Kentucky	4,864	4,555	4,092	3,644	3,303
Louisiana	5,311	4,654	4,250	3,714	3,224
Maine	1,866	1,573	1,394	1,336	1,133
Maryland	9,371	8,615	7,729	7,043	6,296
Massachusetts	8,737	7,356	6,514	5,726	5,044
Michigan	9,752	8,855	7,930	6,758	5,735
Minnesota	5,672	5,039	4,624	4,031	3,538
Mississippi	3,786	3,500	3,230	2,860	2,521
Missouri	7,882	7,293	6,674	5,904	5,169
Montana	1,499	1,362	1,244	1,119	953
Nebraska	2,107	1,929	1,796	1,614	1,436
Nevada	4,729	4,130	3,475	2,907	2,301
New Hampshire	2,157	1,916	1,649	1,462	1,051
New Jersey	13,303	12,478	10,742	9,856	8,007
New Mexico	2,809	2,571	2,297	1,972	1,712
New York	20,566	19,369	17,185	15,361	13,542
North Carolina	11,881	10,900	10,090	8,738	7,732
North Dakota	828	728	685	609	548
Northern Mariana Islands	56	52	48	47	37
Ohio	12,524	11,632	10,549	9,104	7,889
Oklahoma	4,225	3,579	3,185	2,901	2,539
Oregon	4,759	4,277	3,786	3,270	2,721
Pennsylvania	15,325	13,896	12,686	11,172	9,697
Puerto Rico	3,492	3,419	3,426	3,214	3,177
Rhode Island	994	896	814	734	660
South Carolina	6,016	5,603	5,143	4,518	3,986
South Dakota	979	1,119	848	639	554
Tennessee	7,652	7,075	6,453	5,630	4,829
Texas	23,427	21,985	20,184	17,607	15,176
Utah	2,848	2,548	2,323	1,915	1,618
Vermont	1,283	1,167	1,028	960	789
Virgin Islands	478	379	372	354	332
Virginia	11,347	10,456	9,560	9,111	8,030
Washington	7,854	6,905	6,174	5,383	4,446
West Virginia	3,078	2,903	2,760	2,490	2,271
Wisconsin	6,295	5,662	5,407	4,950	4,242
Wyoming	997	875	746	625	543
<b>Total</b>	<b>379,211</b>	<b>348,861</b>	<b>315,968</b>	<b>278,358</b>	<b>240,019</b>

## Customer Response

Publication: 2011 Universal Service Monitoring Report

You can help us provide the best possible information to the public by completing this form and returning it to the Industry Analysis and Technology Division of the FCC's Wireline Competition Bureau.

1. Please check the category that best describes you:

- press
- current telecommunications carrier
- potential telecommunications carrier
- business customer evaluating vendors/service options
- consultant, law firm, lobbyist
- other business customer
- academic/student
- residential customer
- FCC employee
- other federal government employee
- state or local government employee
- Other (please specify)

2. Please rate the report:      Excellent      Good      Satisfactory      Poor      No opinion

- |                      |                              |                              |                              |                              |                              |
|----------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Data accuracy        | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) |
| Data presentation    | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) |
| Timeliness of data   | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) |
| Completeness of data | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) |
| Text clarity         | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) |
| Completeness of text | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) |

3. Overall, how do you rate this report?      Excellent      Good      Satisfactory      Poor      No opinion

- |  |                              |                              |                              |                              |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|  | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) | ( <input type="checkbox"/> ) |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|

4. How can this report be improved?

5. May we contact you to discuss possible improvements?

Name:

Telephone #:

To discuss the information in this report contact:		
Industry Analysis and Technology Division at 202-418-0940.		
Fax this response to	or	Mail this response to
202-418-0520		FCC/WCB/IATD 445 12 <sup>th</sup> St. SW Washington, DC 20554