

High Cost Support Mechanism
Revised Fund Size Projections for 1Q2012

High Cost Loop Support	\$ 314.33 M
Local Switching Support	87.73 M
Interstate Common Line Support	417.56 M
Interstate Access Support Mechanism	131.12 M
Forward-Looking High Cost Model Support	69.30 M
CAF Reserve Pursuant to FCC 11-161 ¹	104.96 M
<i>Subtotal High Cost Support Mechanism Program Demand</i>	<i>\$ 1,125.00 M</i>
Prior Period Adjustment ²	98.67 M
USAC Administrative Expenses	4.59 M
Interest Income	(2.04) M
Total High Cost Support Mechanism Contributions 1Q2012	<u><u>\$ 1,226.22 M</u></u>

Low Income Support Mechanism
Revised Fund Size Projections for 1Q2012

Lifeline Assistance	\$ 535.17 M
Link-Up	45.87 M
Toll Limitation Service	3.07 M
<i>Subtotal Low Income Support Mechanism Program Demand</i>	<i>\$ 584.11 M</i>
Prior Period Adjustment	71.16 M
USAC Administrative Expenses	2.22 M
Interest Income	(0.03) M
Total Low Income Support Mechanism Contributions 1Q2012	<u><u>\$ 657.46 M</u></u>

Rural Health Care Support Mechanism
Revised Fund Size Projections for 1Q2012

Rural Health Care Support	\$ 22.53 M
Prior Period Adjustment	0.86 M
USAC Administrative Expenses	3.46 M
Interest Income	(1.44) M
Total Rural Health Care Support Mechanism Contributions 1Q2012	<u><u>\$ 25.41 M</u></u>

Schools and Libraries Support Mechanism
Revised Fund Size Projections for 1Q2012

Schools and Libraries Support	\$ 562.50 M
Prior Period Adjustment	49.50 M
Interest Income	(3.05) M
Total Schools and Libraries Support Mechanism Contributions 1Q2012	<u><u>\$ 608.95 M</u></u>

USAC Administrative Expenses³ 20.03 M

¹ In an order released on November 18, 2011, the FCC directs USAC to forecast total high cost support universal service demand as no less than \$1.125 million, i.e., one quarter of the annual high cost budget (See FCC 11-161, para. 560). If actual contributions exceed high cost demand, the FCC directs USAC to credit excess contributions to a new Connect America Fund (CAF) reserve account.

² In FCC 11-161, the FCC amends its rules to add paragraph 54.709(b)(1) to read "The Commission may instruct USAC to treat excess contributions in a manner other than as prescribed in paragraph (b). Specifically, the FCC instructs USAC not to make prior period adjustments related to high cost support if actual contributions exceed demand (para. 548).

³ The total annual support for the Schools and Libraries Support Mechanism is limited to \$2.25 billion per funding year, which includes administrative expenses (47 C.F.R. § 54.507). Administrative expenses for the other support mechanisms are additive as those mechanisms have not reached a total funding cap.