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Operational Procedures and Advisory Board Manual

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I. FORWARD

By Order issued February 10, 1994, the New York State Public Service Commission (PSC) initiated the Competition II (COMPII) proceedings, which addressed, among other things, the examination of Universal Service issues. Universal Service refers to the public policy goal of ensuring access to and availability of affordable telephone service to all consumers at reasonable rates.

In the forum presented by the COMPII proceedings, a “TAF Working Group” consisting of the telecommunications providers of New York State and PULP in conjunction with the PSC Staff has been engaged in a collaborative effort that has identified Enhanced 911 (E-911), Lifeline and the Telecommunications Relay System as “Targeted Programs” that must to be made universally available. Consequently, in Case No. 94-C-0095, by Order issued May 22, 1996 (Opinion No. 96-13), the PSC concluded that “. . . because there is broad agreement for funding programs such as Lifeline, emergency services (e.g., 911”) and the Telecommunications Relay System on an explicit, competitively neutral basis, the details for implementing such a funding mechanism should now be developed.” As such, the PSC Staff recommended a Targeted Accessibility Fund (TAF) to be established as the mechanism to ensure the proper funding of these Targeted Programs. Additionally, pursuant to the PSC Order in cases 96-C-1174, 93-C-0142, and 94-C-0095 issued September 25, 1998, the PSC added another targeted program called Public Interested Payphone (PIP) which will be limitedly funded through TAF.

The New York Intrastate Access Settlement Pool, Inc. (Administrator) will administer the TAF subject to the oversight of the PSC. An elected TAF Advisory Board oversees the TAF operations. This Board consists of telecommunication industry representatives and consumer group representatives who govern the procedures for the daily operations of the fund in accordance with established rules and regulations as set forth in this TAF Procedures Manual (Manual). The PSC in cases 28425 and 94-C-0095 (order) dated June 2, 1998 adopted in part and modified in part the recommendation presented in the TAF working group report. The following TAF manual incorporates principles adopted by the PSC to guide the operations of the TAF. Additionally, a Certificate of Incorporation for TAF was filed with and accepted by the NYS Secretary of State on April 9, 2003, thereby creating the existence of TAF as a not-for-profit corporation.

The Administrator will administer the TAF in accordance with the procedures set forth in the Manual. The Manual will only be modified by the TAF Advisory Board. Any proposed changes affecting the method of TAF funding or distribution shall be submitted to the PSC Staff for approval.

This Manual covers the procedures for the operation and governance of the TAF. The Manual is intended to comply fully with the PSC Order regarding the establishment of a mechanism to provide specific socially beneficial services on a universal basis to all residents of New York State.

II. ORGANIZATION

A. Regulatory Oversight

The PSC shall have regulatory oversight of the Targeted Accessibility Fund of New York, Inc. The Manual will not be substantively modified without the prior approval of the PSC. The PSC will ensure that the TAF is achieving the goal of providing adequate funding of the following Targeted Programs: E-911, Lifeline, Telecommunications Relay System (TRS), and the Public Interest Payphones (PIP).

The PSC Staff shall have access to review all detailed revenue and cost data collected from each TAF Participant. The PSC Staff shall assure that all proprietary company information that it reviews will be kept confidential. The PSC Staff shall provide assistance to the Administrator in obtaining data and funding from the TAF Participants, when such assistance is requested.

B. Advisory Board

The TAF Advisory Board shall be made up of ten members representing all TAF Participants and Consumers. There will be no more than one representative from any one company. The elected TAF Advisory Board will oversee the operations of the TAF in compliance with the PSC Order and the approved Manual. The TAF Advisory Board's oversight shall be limited to TAF Operations only, and shall not extend to any of the New York Intrastate Access Settlement Pool, Inc.'s other operations. Any suggested modifications, additions or deletions to the Manual must be approved by the TAF Advisory Board. Changes to the TAF Manual that significantly alter the method of funding or distribution of TAF require prior approval by the PSC. All changes shall be forwarded to PSC

Staff for informational purposes. The Administrator will provide all TAF related operational and expense reports to the TAF Advisory Board on a routine basis.

The Board seats are to be distributed among the telecommunications industry segments and consumer interest groups as follows:

- One Large IXC, AT&T
- One Medium IXC, “to be determined”
- One Small IXC, “to be determined”
- One Large ILEC, Verizon
- One Medium ILEC, ” to be determined”
- One Small ILEC, “to be determined”
- One CLEC, “to be determined”
- One Cable with Telephone Operations, “to be determined”
- Two Consumer Group representatives, (CPB and PULP)

The Rules for Governance of the TAF Advisory Board are as follows:

1. Each industry segment of the TAF Participants is responsible for electing its own representative(s) to serve on the TAF Advisory Board. The election process may be conducted by each industry segment’s own trade organization or through a collaborative process by industry segment members. The Board shall be in place within 30 days from the issuance of the Order.
2. Any new TAF Participant member is represented on the TAF Advisory Board by the same individual elected to represent the industry segment to which the new TAF Participant belongs.
3. The term of service for elected TAF Advisory Board members is three years. Should a TAF Advisory Board member resign before completing the full three year term of service, the industry segment with the vacated Board seat shall elect a replacement TAF Advisory

Board member to serve the balance of the term. Withdrawal of one of the consumer group positions may be filled by the TAF Advisory Board with an organization with similar purpose and stature as the organization whose departure from the TAF Advisory Board created the vacancy.

4. An election of TAF Advisory Board officials will be held annually. The Board will elect one Chairperson, one Vice-Chairperson, one Secretary/Treasurer and such other officers as deemed necessary. Those three positions will constitute the executive committee.
 - a) The annual nomination of TAF Board officials can be accomplished via a motion by any board member or designate, nominating any board member or members to a particular position or positions.
 - b) The motion then requires a second from another board member or designate.
 - c) Once all motions are stated and seconded, the Chairperson will present each motion individually for a vote by the board.
 - d) Votes on motions addressing the election of TAF Board officials will require the approval of a simple majority of the filled TAF Advisory Board seats.
 - e) Voting on the election of officials can be accomplished by one of three methods. The method of voting to be determined by a simple majority vote of the TAF Board members present:
 1. By Voice - Yes or No
 2. By Roll Call – Each member answers Yes or No
 3. By Ballot – Writing vote on a slip of paper
 - f) The TAF Administrator and or TAF Manager will count ballot voting.
5. The Chairperson shall preside at all meetings of the TAF Advisory Board, shall be responsible for the general management of the TAF and shall ensure that all TAF related orders and resolutions of the TAF Advisory Board are implemented.
6. During the absence or disability of the Chairperson, the Vice-Chairperson shall have all the

powers and functions of the Chairperson. The Vice-Chairperson shall perform such duties, as the Board shall prescribe.

7. The Board Secretary/Treasurer shall keep the minutes of all meetings of the TAF Advisory Board and perform such other duties, as the TAF Advisory Board shall prescribe.
8. A majority of the filled TAF Advisory Board seats shall constitute a quorum for the transaction of business or of any specified item of business.
9. Each TAF Advisory Board member, or a designated substitute, present shall have one vote. A simple majority of the quorum shall determine if an issue requiring resolution is a policy issue.
 - a) For non-policy issues, the vote of the majority of the TAF Advisory Board members present at the time of the vote, if a quorum is present at such time, shall be the act of the TAF advisory Board.
 - b) Notwithstanding the above, a two-thirds vote of the filled TAF Advisory Board seats shall be necessary for passage of all policy decisions.
10. The TAF Advisory Board will meet regularly, as it shall determine to review the routine TAF operations with the first meeting to be held no later than 30 days following the issuance of the Order. The meeting of the TAF Advisory Board may be conducted either in person or via conference call.
11. The members of the TAF Advisory Board shall be reimbursed for travel and other out of pocket expenses associated with attending TAF Advisory Board meetings. Expenses for which a member seeks reimbursement must be deemed reasonable and customary and shall be accompanied by the appropriate supporting documentation (e.g. receipts, vouchers, etc). The Administrator shall include those expenses as part of the normal TAF expense reports.
12. Special meetings of the TAF Advisory Board may be called upon the request of a TAF Advisory Board member or the Administrator. Notice of the meeting shall be distributed to all members at least ten days but no more than fifty days before the scheduled date of such

meeting. Such notice shall state the date, time, place and purpose of the meeting and by whom it was called. No other business but that specified in the notice may be transacted at such special meeting without the unanimous consent of all present at such meeting.

13. Any TAF Participant or TAF Advisory Board member may appeal any decision of the Board to the PSC.

C. TAF Administration

1. General

The Administrator will administer the TAF as prescribed by the PSC and directed by the TAF Advisory Board. The operational procedures for the administration of the TAF shall be approved by the TAF Advisory Board and submitted to PSC Staff for final authorization.

All regulated telecommunication providers in New York State will be required to participate in the TAF. It is the individual responsibility of each telecommunications provider to participate with the TAF, and to comply with the approved Manual. The Administrator shall notify the PSC of any company that refuses to participate.

2. Interexchange Of Data

The mechanics involved with administering the TAF require that companies make information available to the Administrator that may be considered proprietary. However sensitive, the exchange of certain data is essential. As such the Administrator for its part shall use commercially reasonable efforts to maintain the confidentiality of information it receives

from the companies which is identifying company revenue and or cost data or is designated by the companies as proprietary and confidential.

Each TAF Participant is required to complete all appropriate data requests and submit the responses in a timely manner to the Administrator. Each company will provide the Administrator with one company contact who shall be responsible for all communications.

3. Guidelines For Publishing And Availability Of Data

The level of detail to be published is on a “need-to-know” basis only. This guideline is intended to protect the proprietary nature of individual company data. Whereas detailed cost and revenue data

must be used by the Administrator to calculate TAF Cash flow, the TAF Advisory Board shall have access only to the aggregate data to oversee the management of the fund. Therefore, the monthly reports provided to the TAF Advisory Board will be an aggregate of TAF revenue and cost data.

The Administrator shall make all TAF data request and/or settlement information available only to the PSC and to the auditors to perform an annual audit of the TAF. The Administrator will send a detailed monthly report to the PSC Staff. The Administrator will not provide any company identifying cost and / or revenue TAF data, aggregate or otherwise, to any other person except as noted above, without the consent of the company(ies) whose data is requested.

4. Retention Of Records

The Administrator shall maintain the records it receives from TAF Participants for a period of not less than six years. The records are to be securely stored so as to protect the confidentiality of any and all proprietary data. See “Interexchange” of Data above.

5. Definitions

- a) **Assessable Revenue** - Intrastate regulated revenue, net of payments made to other carriers. These “payments made to other carriers” include “Interexchange” carrier access charges, local terminating access, bottleneck billing and collection Elements, wholesale services (i.e., total service resale “TSR”), wholesale network elements and operator services when bundled with services purchased at wholesale.
- b) **Lifeline Automatic Enrollment/Removal** - A proactive plan that is designed to enroll customers who qualify for Lifeline in the Lifeline discount program. This is a program under which computer files between social service agencies, which administer participation in the public assistance programs that constitute Lifeline eligibility and TAF Participants, are exchanged.
- c) **TAF Assessment** - The ratio of the TAF Participants Assessable Revenues to the total Assessable Revenues of all TAF Participants times the total TAF Cost submitted for a given period.
- d) **TAF Cash Flow** - The Net of TAF Participants TAF Costs and TAF Assessments.
- e) **TAF Cost** - The cost recovery for which TAF Recipients are eligible. This amount is

based upon the eligible costs incurred in the provisioning of the Targeted Programs. Eligible costs include only E911, Lifeline, PIP, and TRS costs for any TAF Participants. TRS costs will be reimbursed directly to the contracted TRS provider. All costs reported to TAF are determined in accordance with the procedures approved by the PSC.

- f) **TAF Participant** - All regulated telecommunications providers in New York State, this excludes Cellular and PCS, are required to participate in the funding/distribution mechanism developed for the Targeted Accessibility Fund of New York, Inc .
- g) **TAF Recipient** - A TAF Participant that qualifies for funding from TAF for any or all of the Targeted Programs.
- h) **TAF Reserve** - A cash reserve maintained in the TAF bank account, to be used for TAF payments in the event that not all TAF Assessments are received in a timely manner. The TAF reserve will also include any amounts from accrued interest and late payment penalties. The TAF Advisory Board shall determine what level of reserve is appropriate.
- i) **TAF Requirement** - The sum of TAF Costs submitted by the TAF Participants, the TRS provider and the costs incurred in the administration of the TAF.
- j) **Targeted Programs** - The socially beneficial programs that have been targeted for funding assistance. These services are E-911, Lifeline, PIP, and the TRS.
- k) **TAF Shortfall** - The shortfall is the amount of assessments and/or cash flow that is delinquent.

D. Liability And Indemnification Of TAF Advisory Board Members

1. Definitions

As used herein, the term "Covered Person" shall mean any TAF Advisory Board Member, and the estate, trustee, executor or heir of any TAF Advisory Board Member, involved in, or made or threatened to be made a party to, any action, suit, claim or proceeding, arbitration, alternative dispute resolution mechanism, investigation, administrative or legislative hearing or any other actual, threatened, pending or completed proceeding, whether civil or criminal, or whether formal or informal, and including an action by or in the right of the TAF, and including appeals therein (any

such process being hereinafter referred to as a "Proceeding") by reason of the fact that such TAF Advisory Board Member is or was a member of the TAF Advisory Board.

2. Personal Liability

TAF Advisory Board Members shall not be personally liable for damages or for any breach of duty in such capacity, except that such personal liability shall not be eliminated if a judgment or other final adjudication adverse to such TAF Advisory Board Member establishes that his or her acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law, or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

3. Indemnifications And Defense

- a) The TAF shall indemnify to the fullest extent now or hereafter provided for or permitted by law each Covered Person against any and all judgments, fines, penalties, amounts paid in settlement, and expenses, including attorneys' fees, actually and reasonably incurred as a result of or in connection with any Proceeding, or any appeal therein, except as provided in paragraph (b) below.
- b) No indemnification shall be made to or on behalf of any Covered Person if a judgment or other final adjudication adverse to such Covered Person establishes that such Covered Person's acts or omissions were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that such Covered Person personally gained in fact a financial profit or other advantage to which such Covered Person was not legally entitled. In addition, no indemnification shall be made with respect to any Proceeding initiated by any such Covered Person against the TAF, or a member of the TAF Advisory Board, unless such Proceeding was authorized by the TAF Advisory Board. Further, no indemnification shall be made with respect to any settlement or compromise of any Proceeding unless and until the TAF Advisory Board has consented to such settlement or compromise.
- c) Written notice of any Proceeding for which indemnification may be sought by any Covered Person shall be given to both the Chairman of the TAF Advisory Board and to the TAF administrator as soon as practicable. TAF shall then be permitted to participate

in the defense of any such proceeding or, unless conflicts of interest or position exist between such Covered Person and the TAF in the conduct of such defense, to assume such defense. In the event that the TAF assumes the defense of any such Proceeding, legal counsel selected by the TAF shall be acceptable to such Covered Person. After such an assumption, the TAF shall not be liable to such Covered Person for any legal or other expenses subsequently incurred unless such expenses have been expressly authorized by the TAF. In the event that the TAF participates in the defense of any such Proceeding, such Covered Person may select counsel to represent such Covered Person in regard to such a Proceeding; however, such Covered Person shall cooperate in good faith with any request that common counsel be utilized by the parties to any Proceeding who are similarly situated, unless to do so would be inappropriate due to actual or potential differing interests between or among such parties.

- d) In making any determination regarding any Covered Person's entitlement to indemnification hereunder, it shall be presumed that such Covered Person is entitled to indemnification, and the TAF shall have the burden of proving the contrary.

4. Advancement Of Expenses

Except in the case of a Proceeding against a member of the TAF Advisory Board approved by the TAF Advisory Board, the TAF shall, subject to the provisions herein, pay reasonable expenses actually incurred by or on behalf of a Covered Person in defending any Proceeding in advance of the final disposition of such Proceeding. Such payments shall be made promptly upon receipt by the TAF, from time to time, of a written demand of such Covered Person for such advancement, together with an undertaking by or on behalf of such Covered Person to repay any expenses so advanced to the extent that the Covered Person receiving the advancement is ultimately found not to be entitled to indemnification for part or all of such expenses.

5. Rights Not Exclusive

The rights to indemnification and advancement of expenses granted by or pursuant to this Section (i) shall not limit or exclude, but shall be in addition to, any other rights which may be granted by or pursuant to any statute, regulatory order, or other provision of law; (ii) shall be deemed to constitute contractual obligations of the TAF to any member of the TAF Advisory Board who serves in such

capacity; (iii) shall continue to exist after the repeal or modification of this provision with respect to events occurring prior thereto; and (iv) shall continue as to a Covered Person who has ceased to be a member of the TAF Advisory Board and shall inure to the benefit of the estate, spouse, heirs, executors, administrators, or assigns of such Covered Person. It is the intent of this provision to require the TAF to indemnify the Covered Persons referred to herein for the aforementioned judgments, fines, penalties, amounts paid in settlement, and expenses, including attorney's fees, in each and every circumstance in which such indemnification could lawfully be permitted, and the indemnification required by this provision shall not be limited by the absence of an express recital of such circumstances.

III. REVENUE REPORTING

A. TAF Revenue Assessment

Each TAF Participant shall report its Assessable Revenue to the Administrator. Companies with Assessable Revenue less than \$25,000 annually will not be required to participate in TAF for purposes of Assessment and settlement. Such companies that choose not to participate shall not be eligible for reimbursement of TAF Costs. When a company's annualized assessable revenue exceeds \$25,000, the company shall be required to participate, and as such will remit the TAF Assessment and be eligible for reimbursement of TAF Costs. This \$25,000 threshold is designed to reduce excessive administrative expense involved in collection effort for minimal revenue.

B. Reporting Requirements

TAF Participants shall provide all requested TAF Revenue and Cost data reports on a monthly basis or as otherwise authorized by the Administrator. In addition, TAF Participants shall provide all supporting information requested by the Administrator. The Administrator shall distribute a reporting schedule for all recurring/cyclical data requests. All data request report forms shall be developed by the Administrator and distributed to all TAF Participants. The TAF Participants shall submit the completed data request forms via the method (Internet Reporting, E-mail, Fax or Mail) as approved by the Administrator.

IV. TARGETED PROGRAM COSTS

The TAF is designed to provide funding to all TAF Participants for all approved costs incurred in the provisioning of the Targeted Programs. Any TAF Participant that recovers such costs under this plan is considered to be a “TAF Recipient”, regardless of whether the company has a positive or negative cash flow with the TAF. Items A. through D. following identify each of the Targeted Programs and the associated costs approved for recovery.

A. Enhanced 911 Service (E911)

The following are the E911 related items that shall be eligible for recovery from the TAF:

1. **ALI Database** - Both initial and recurring costs of carriers for collecting, processing and submitting data to the ALI database operator shall be recoverable. The ALI database operator shall also be eligible to receive recovery for its costs related to the initial loading of data. Such costs incurred prior to the implementation of the TAF are not eligible for retroactive recovery.
2. **Trunking** - The Trunking costs from the serving central office to the E911 tandem shall be recoverable through the TAF. The underlying carrier shall bill these costs directly to the TAF where possible. In addition, the cost associated with the provisioning of up to two trunks from the E911 tandem to the Public Safety Answering Position (PSAP) shall also be recoverable from the TAF.

E911 trunks (DSO's) are used to connect a company's End Office to an E911 Access Tandem of the predominate carrier in a serving area. The number of E911 trunks deployed should be engineered by using empirical traffic data on E911 trunk groups and should be sized for PO1 (Poisson One) service, as directed by the NYS Public Service Commission and using the FCC's guideline on trunking diversity. PO1 service represents not more than 1 call in 100 will encounter blocking based on an offered load. Without empirical traffic data a reasonable approach should be used to accommodate E911 trunk group sizing until empirical traffic data for one year has been collected and then the number of E911 trunk sizing can be determined based on that usage. The amount of 911 trunking reimbursement,

from TAF, will be capped at the number of trunks required for PO1 service + 1 trunk. This cap should not be used to determine the operability, engineering, and network design issues in the amount of trunks a company feels they need to assure maximum public safety concerns and requirements. The adequacy of E911 trunking are and remains solely the responsibility of each individual carrier, and nothing in this Manual or Section shall be construed to the contrary.

3. **Trunk Connections and Port Charges** - The cost for E911 port connections shall be eligible for recovery from the TAF. Where a carrier brings its trunks from its serving central office to another carrier's tandem control center, the tandem provider shall recover the trunk connection and port costs directly through the TAF. Recovery of trunk connection and port costs for any T-Carrier shall be limited to the allocated costs for the port connection based upon the number of trunks that are dedicated or reserved for E911.
4. **Selective Routing Expense** - Tandem or control center costs associated with the routing of E911 calls to the proper PSAP are eligible for recovery. These costs shall be directly assigned where possible. Where direct assignments are not possible, allocations of costs shall be made using the PSC approved costing methodology.

Where appropriate, the underlying carrier shall submit eligible E911 related costs directly to the TAF rather than submitting a bill to the competing carrier. Such eligible costs include items such as port and trunk connection charges. If the underlying carrier does not submit E911 cost for the competing carrier it will be the competing carrier's responsibility to do so. The TAF Participants shall use the PSC approved costing methodology for all E911 costs that are not directly identifiable. TAF Participants that do not have approved cost studies, or are unable to perform these studies, may use the comparable costs of the predominant Local Exchange Carrier (LEC) in the LATA.

B. Telecommunications Relay System (TRS)

1. In accordance with the Order issued by the NYS PSC on April 19, 2002, in Case 01-C-1842, TAF assumed oversight authority and responsibility for the New York Telephone Relay System effective June 1, 2003.
2. Unless otherwise specified, the TRS costs that qualify for recovery from the TAF are

limited to the costs associated with the TRS Operating Center. The TRS provider/s shall bill the TAF Administrator directly. These costs will be included in the overall TAF Requirement.

Therefore, TAF Participants will not include the cost of TRS in their reports to the Administrator with the exception of those costs specified below:

- a) TRS Board meetings
- b) Audit of TRS provider data
- c) Auxiliary Relay Service
- d) The 800 service costs incurred in the process of completing a 311 call, such as those billed to Bell Atlantic through the New York Intrastate Access Settlement Pool (NYIASP), prior to 10/1/98.
- e) A Remote Call Forwarding Line incurred by any carrier used to translate a 311-dialed number to an 800 number for the purpose of reaching the NY State Police on a text telephone.
- f) The cost incurred for the incremental time spent to process an operator assisted TTY call, but excluding any local, toll or normal operator surcharge paid directly by the TTY customer, between two hearing impaired customers such as those billed to Bell Atlantic through the NYIASP, prior to 10/1/98.

C. Lifeline

1. In general, the recovery for Lifeline cost is defined as the difference between the retail rate and the rate charged to a Lifeline customer. Recovery will be provided for serving only eligible Lifeline customers. The cost eligible for recovery from TAF must be exclusive of any eligible Federal Lifeline support.
2. Recovery by either the incumbent LEC or a competitive facilities-based LEC (including a competitive facilities-based CLEC using its own or leased switch and/or a link from the incumbent LEC) from the TAF on a per-customer basis shall equal the difference between the applicable non-Lifeline and Lifeline rates of the incumbent LEC serving the territory.

The TAF payment shall be based on a “comparable” service offered by the incumbent LEC, where comparable is considered to be (flat rate to flat rate) and (message rate to message rate).

3. If the competitive facilities-based LEC offers a Lifeline service that is not comparable to any Lifeline service offered by the incumbent LEC serving the territory, the recovery by the competitive facilities-based LEC from the TAF shall equal that of the predominant LEC in the LATA for a comparable service.
4. A reseller shall not be entitled to recovery of Lifeline discounts from the TAF where the reseller purchases Lifeline service from the underlying carrier at the discounted Lifeline rate.
5. The wholesale Lifeline provider shall receive the TAF recovery equal to the difference between its normal rate and the lifeline rate.
6. Recovery of installation charges from the TAF on a per Lifeline customer basis shall be **equal to** the difference between the non-Lifeline and Lifeline installation rates of the incumbent LEC serving the territory. The recovery is net of any available Federal support – regardless of whether applied for.
7. In the event that different payment calculations were to be used (other than that described above), the competitive facilities-based LEC’s TAF recovery should not exceed the incumbent LEC’s level for a comparable service.
8. The cost of Automatic Enrollment/Removal for Lifeline shall be considered for reimbursement. Eligible expenses include those incurred directly by the TAF Participant or payments for the services provided by an outside vendor such as a clearinghouse.
9. Carriers providing TAF services through the use of Unbundled Network Elements (UNE) will be treated as a facilities-based provider for the purpose of eligibility for TAF funding for Lifeline services.

D. TAF Reimbursement Eligibility Requirements For Lifeline

To be eligible for reimbursement for Lifeline from the TAF, carriers must provide Lifeline in conformance with New York State Public Service Commission (PSC) directives. Lifeline eligibility requirements for incumbent LECs are addressed in their PSC-approved tariffs. Lifeline eligibility requirements for other companies seeking recovery of Lifeline costs from TAF reflect current PSC policy and are summarized below:

Lifeline service is restricted to residential subscribers for a single exchange access line at their principle residence.

10. In accordance with current PSC eligibility requirements, Lifeline service is restricted to customers who are:

a) Income eligible for benefits from any one of the following Entitlement Programs administered by the New York State Department of Social Services:

- ✓ Aid to Families with Dependent Children (AFDC)
- ✓ Food Stamps
- ✓ Home Energy Assistance Program (HEAP)
- ✓ Home Relief
- ✓ Medicaid
- ✓ Supplemental Security Income (SSI), or

b) Approved to receive either a Veterans Disability Pension (non-service related disability) or a Veterans Surviving Spouse Pension (non-service related disability).

11. Companies must confirm each Lifeline customer's eligibility by either:

- a) Obtaining proof from the customer that he or she is either certified as income eligible to receive one or more of the benefits identified above, or is receiving one of the Veterans Pensions identified above, or
- b) Obtaining information as a result of enrollment programs, including but not limited to confidential computerized matching programs, conducted by the company in

conjunction with the New York State Department of Social Services (DSS) and/or the New York City Community Development Agency (CDA).

12. TAF reimbursement is contingent upon company verification, to the satisfaction of the TAF Administrator, of each Lifeline recipient's eligibility on a periodic basis.

E. Public Interest Payphone (PIP)

1. The need for a PIP at a given location in accordance with the federal public interest payphone definition or regulation is determined by the Director, Office of Communications of the New York State Department of Public Service (PSC). The PSC will publicly post a request for bids with awards made by the PSC Director of Communications.
2. The level of funding for each PIP will be capped at an amount equal to the recurring and local usage charges for public access line service and features used to serve the PIP.
3. TAF payments will be made to the carrier providing the access line service to the PIP, which in turn will credit that amount to the PIP provider.
4. Continuation of TAF funding beyond a two-year period, after PIP is established, will be conditioned upon the PIP provider demonstrating, to PSC Staff, that the PIP continues to be needed to fulfill its original need.

V. ADMINISTRATIVE OPERATIONS AND PROCEDURES

A. Processing

1. The Administrator shall maintain schedules for TAF Participant reporting. In order to assure adequate processing time, monthly data reports are due to the Administrator no later than seven business days before the end of the month. If necessary, the Administrator will contact TAF Participants representatives when data is delinquent. Such contact may include telephone, e-mail and/or a fax notification.
2. The Administrator shall create and distribute standardized reporting forms for Monthly Data Requests, data adjustments and any additional data requests as may be deemed necessary.

3. The Administrator shall review preliminary data furnished by all TAF Participants for reasonableness and question any irregularities. However, the Administrator may not refuse to accept reasonable data furnished by any TAF Participants for preliminary TAF Assessment and reimbursement of TAF Costs, subject to possible subsequent adjustment.
4. The Administrator shall determine the TAF Cash flow on a monthly basis and issue invoices accordingly to all TAF Participants. For companies with less than \$25,000 see Section III.A. above.
5. In order to issue timely invoices, the Administrator may be required to estimate financial data for any TAF Participant that is delinquent in reporting. Should an estimate need to be used, the Administrator shall use the previous month's data. The delinquent TAF Participant shall be notified as part of the billing invoice when an estimated amount has been used. The delinquent TAF Participant is required to accept the estimated financial data for settlement purposes, as they will have the opportunity to correct the data with subsequent monthly reports.
6. Retroactive adjustments to TAF Revenues and/or TAF Costs are limited to a two-year period from the date of submission of the report for which adjustment is sought. Retroactivity is not to be used as a True-up process, but to correct errors only. Every effort must be made to provide True up of estimates on a monthly or at least quarterly basis. When an adjustment is necessitated by a PSC Order the two-year rule will be waived.
7. The Administrator shall advise the TAF Advisory Board and TAF Participants of any changes in operations (i.e., TAF Assessable Revenue, TAF Costs, etc.) reported to the Administrator, which would significantly affect TAF Assessments and/or reimbursement of TAF Costs.
8. Each month, the Administrator shall provide monthly TAF summary data to the TAF Advisory Board and the PSC Staff.
9. No later than March 31 of each subsequent year, the Administrator shall provide the TAF Cash flow Report for the prior calendar year to the PSC. The Administrator shall first

provide the annual TAF Cash flow Report to the TAF Advisory Board for review and approval.

10. The Administrator will have access to all data underlying the reported TAF Revenues and Costs submitted for recovery. The Administrator, when necessary, will perform onsite review of the Participant's Assessable Revenues and TAF Costs to ensure compliance with TAF procedures. In addition, over a two-year period beginning January 2000 and continuing each succeeding two-year period thereafter, the TAF Administrator is required to conduct at least one-review/audit of those companies which account for 80 percent of the total assessable revenue and/or 90 percent of the recoverable cost.

B. Billing And Collection

1. The Administrator shall issue monthly invoices to all TAF Participants on the first business day of each month. Where a TAF Participant reports TAF Costs, the invoice will reflect the net TAF Cash Flow of costs and the assessment.
2. Payments due to the TAF are Payable Upon Receipt and should be remitted by the TAF Participant within twenty days from the date of the invoice. Amounts greater than \$1,000 payable to the TAF shall be issued in the form of a direct wire deposit or ACH to the specified TAF bank account established by the Administrator.
 - a) The highest interest rate (in decimal value) which may be levied by law for commercial transactions, applied to the period following the due date through and including the day payment is received, or:
 - b) 0.00059% per day for the number of days from the first date to and including the last date of the period involved.
3. Payments received after the due date will be assessed late payment charges. The penalty factor shall be the lesser of:
4. The Administrator shall take all necessary steps to contact a TAF Participant if a payment is delinquent. Such contact may be made by telephone; e-mail and/or a fax notice being sent to the TAF Participants representatives.

5. The Administrator shall inform the TAF Advisory Board when a TAF Participant is excessively delinquent in remitting payments to the TAF.
6. If a TAF shortfall arises in a given month, which is less than 2.5%, but greater than 1.0% the Administrator shall consult with the executive committee of the Board prior to the disbursement of any funds. When the TAF shortfall is greater than 2.5%, the Administrator shall convene a meeting with the entire Board.

C. Disbursements

1. The Administrator shall plan to disburse TAF funds to TAF Recipients with a positive Cash flow seven days after the payment due date to TAF.
2. If approved by the Board or the Executive Committee, the Administrator will use the TAF Reserve or other available funds to ensure timely disbursement of TAF payments in the event that TAF Participants' payments are delinquent. In addition, the Board may order the Administrator to proportionally allocate the TAF shortfall among all recipients' cash flow. Further, the Board at its option may delay the disbursement of TAF payments.
3. Each month a TAF Cash flow report will be processed. This report is for the internal use of the Administrator and the PSC Staff only. Individual TAF Participants will receive their own and aggregate TAF fund data.

D. Other Procedures

1. The Administrator shall maintain a database of all TAF Participants, their company contacts and their mailing addresses, e-mail addresses, facsimile and phone numbers.
2. The Administrator shall (a) inform the TAF Advisory Board of new TAF Participants, (b) indoctrinate the new TAF Participants concerning their requirements and obligations to the TAF, and (c) review the new TAF Participants' initial data request responses to assure compliance with the prescribed procedures and that the responses are reasonable and acceptable.
3. The Administrator shall inform the TAF Advisory Board when TAF reporting data is not

received from TAF Participants in accordance with the TAF Participant reporting schedule.

4. The Administrator shall furnish any data to the PSC Staff upon request. The Administrator shall inform the TAF Participant of such requests except where the data being submitted to PSC Staff is required on a routine basis (e.g., monthly TAF Cash flow).
5. The Administrator shall summarize forecasted TAF data submitted by TAF Participants and provide to the TAF Advisory Board the estimated annual and monthly TAF Cash flow information.
6. When a TAF Participant request interpretation of TAF procedures, the Administrator shall make a recommendation. Any TAF Participant, which disagrees with the recommendation of the Administrator, may refer the matter to the TAF Advisory Board for further clarification. If still not satisfied, the TAF Participant can take the matter to the PSC Staff.
7. Approval shall be obtained from the TAF Participant before providing its settlement data to any other individual, company or industry related organization, with the exception of the PSC and/or PSC Staff.
8. Any mergers and acquisitions that may affect the funding of the TAF shall be reported to the Administrator. The TAF Participants involved in a merger/acquisition will be responsible for coordinating the dissemination of appropriate data including the appropriate company contact for ongoing TAF operations.

E. Application Of Administrative Fees

1. Upon completion of the TAF funding mechanism planning, the Administrator shall develop a forecasted budget for the administration of the TAF on a cost basis only.
2. The expenses incurred for the administration of TAF shall be included in the TAF Requirement on a monthly basis. These expenses shall include both direct (e.g., direct labor, meetings, bank fees, audits, materials, telephone charges, etc.) and indirect (e.g., wages, rent, miscellaneous office supplies, etc.) allocation of TAF administrative expenses.
3. The Administrator shall maintain a record of direct and allocated costs incurred in

administering the TAF on a monthly basis. A report pertaining to those expenses will be submitted to the TAF Advisory Board.

F. Accounting

1. The Administrator shall maintain a separate bank account for the TAF. The Administrator shall process the receipt and disbursement of TAF transactions in unique accounts so as to maintain a readily trackable record of the TAF operation. An annual audit will be performed for TAF accounts.
2. A summary of the monthly TAF cash flow shall be provided each month to the TAF Advisory Board. Included with the summary will be a report to advise the TAF Advisory Board of any delinquent TAF payments.