

FILED

MAR 05 2008

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

**INDIANA UTILITY
REGULATORY COMMISSION**

**IN THE MATTER OF THE INVESTIGATION)
ON THE COMMISSION'S OWN MOTION, UNDER)
INDIANA CODE § 8-1-2-72, INTO ANY AND ALL)
MATTERS RELATING TO THE COMMISSION'S)
MIRRORING POLICY ARTICULATED IN)
CAUSE NO. 40785 AND THE EFFECT OF THE)
FCC'S MAG ORDER ON SUCH POLICY,)
ACCESS CHARGE REFORM, UNIVERSAL)
SERVICE REFORM, AND HIGH COST OR)
UNIVERSAL SERVICE FUNDING)
MECHANISMS RELATIVE TO TELEPHONE)
AND TELECOMMUNICATIONS SERVICES)
WITHIN THE STATE OF INDIANA)**

**CAUSE NO. 42144
(Phase 2)**

IUSF OVERSIGHT COMMITTEE REPORT TO THE COMMISSION

The Indiana Universal Service Fund ("IUSF") Oversight Committee ("OC") respectfully submits this report to update the Indiana Utility Regulatory Commission ("IURC" or "Commission") on the implementation and operation of the IUSF. Solix's response to the Commission's January 11, 2008 docket entry is included with this report.

IUSF Distribution

On January 7, 2008, the OC filed a report with the Commission expressing concern over the December 15, 2007 distribution to the carriers eligible to receive payments from the IUSF due to a shortfall in the remittances from contributing carriers. In addition, the OC developed a schedule of monthly disbursements to recipient carriers for the first year payments to advise Solix on the correct method to "catch-up" for the missed November 2007 distribution. The OC also requested the Commission direct Solix to undertake an analysis of the cause of the remittance shortfall and its expectations for future remittances.

In the Commission's January 11, 2008 docket entry, the Presiding Officers approved the OC's schedule of monthly disbursements to recipient carriers from January 2008 to October 2008. The Commission also directed Solix to undertake an analysis of the cause of the remittance shortfall in December 2007 and its expectations for future remittances within thirty days.

On January 31, 2008, Solix prepared the attached response to the Commission's January 11, 2008 docket entry. Solix analyzed the various factors that resulted in the remittance shortfall in December 2007 and determined that the three primary causes were: (1) learning curve issues; (2) non-compliant carrier response rates; and (3) underreporting of assessable revenues. Solix provided an update on the steps taken to resolve these issues.

Solix's response included an analysis of expectations for future remittances. Based on the January 2008 IUSF assessments and receipts and ongoing efforts to resolve the remittance issues, Solix indicated that it anticipates that ongoing monthly collections will be sufficient to cover the required disbursements of approximately \$1.2 million per month.

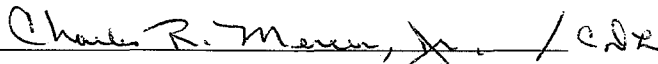
Having reviewed Solix's response to the Commission's January 11, 2008 docket entry, the OC believes that Solix has performed a thorough and completely satisfactory analysis of the cause of the remittance shortfall in December 2007. The OC also has confidence in Solix's expectations for future remittances. In addition, the OC has not been made aware of any problems with the February 15, 2008 distributions to recipient carriers. Accordingly, the OC respectfully requests that the Commission accept Solix's response as an appropriate resolution to the issues raised in our January 7, 2008 report.

Additional Information

The OC respectfully requests the Commission direct Solix to notify the OC of any future carrier reporting issues, remittance shortfalls, or other matters that could significantly affect IUSF assessments or disbursements as soon as possible.

The OC believes it would be helpful if Solix would analyze IUSF assessments and receipts and based on that analysis, make a recommendation to the OC by July 1, 2008 on the IUSF surcharge percentage that should apply to customer bills beginning in October 2008.

Respectfully submitted,

 / cdx

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CERTIFICATE OF SERVICE

Cause No. 42144

The undersigned counsel hereby certifies that on the 5th day of March, 2008, an original and 5 copies of the foregoing "TUSF Oversight Committee Report to the Commission" were delivered to the Indiana Utility Regulatory Commission and a copy was served upon the following counsel either electronically or by United States Mail, first class postage prepaid:

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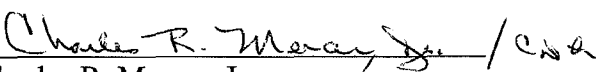
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1. The first part of the report
describes the general situation
of the country and the
state of the economy.

2. The second part of the report
describes the results of the
survey and the findings of the
research.

3. The third part of the report
describes the conclusions of the
research and the recommendations
for further action.

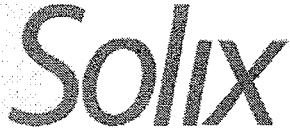
4. The fourth part of the report
describes the conclusions of the
research and the recommendations
for further action.

5. The fifth part of the report
describes the conclusions of the
research and the recommendations
for further action.

6. The sixth part of the report
describes the conclusions of the
research and the recommendations
for further action.

7. The seventh part of the report
describes the conclusions of the
research and the recommendations
for further action.

8. The eighth part of the report
describes the conclusions of the
research and the recommendations
for further action.



Brian Kickey
Manager
State Program Management

To: Indiana Universal Service Fund Oversight Committee
From: Brian Kickey, Solix
CC: Jean Snopkowski, Solix
Date: February 26, 2008
Re: INUSF Monthly Status Report to be filed with the Indiana Utility Regulatory Commission

Enclosed is the monthly status report for the Indiana Universal Service Fund for January 2007. Please be aware that the Statement of Revenues, Expenses and Fund Net Assets are based on accrual accounting and are represented in the Statement of Fund Performance, whereas the Cash Flow Analysis is based on cash accounting. Presenting information from both perspectives provides the IURC with a complete picture of the Fund's status.

Please file this monthly report with the Commission, on behalf of Solix, as an informational filing under Cause No. 42144. The requirement for filing this monthly status report comes from the Oversight Committee's submission of RFP for a Universal Service Fund Administrator filed under Cause No. 42144 on August 3, 2007.

If you have any questions regarding the enclosed materials, please contact me.

Regards,

A handwritten signature in cursive script, reading "Brian H. Kickey". The ink is dark and the signature is fluid.

Brian Kickey

Enclosures

Indiana Universal Service Fund
Statement of Fund Performance

Prepared for the Indiana Utility Regulatory Commission by Solix, Inc.

| | Activity Month Of: Jan-08 | Year to date results for FY 01/08-12/08 |
|---|------------------------------|--|
| <u>Assessments/Revenue</u> | | |
| Assessments | \$1,513,267.85 | \$1,513,267.85 |
| Late Payment Charges | \$16,783.32 | \$16,783.32 |
| Interest Income | \$2,949.77 | \$2,949.77 |
| <u>Total</u> | \$1,533,000.94 | \$1,533,000.94 |
| <u>Disbursements</u> | | |
| USF Support | \$1,178,073.00 | \$1,178,073.00 |
| IUSF Carrier B&C Administration Fee | \$30,265.38 | \$30,265.38 |
| Miscellaneous Disbursements | \$0.00 | \$0.00 |
| Audit Fees | \$0.00 | \$0.00 |
| Fund Administration | \$8,750.00 | \$8,750.00 |
| <u>Total</u> | \$1,217,088.38 | \$1,217,088.38 |
| Misc. Income | | \$0.00 |
| <u>Operating Surplus/Deficit</u> | \$315,912.56 | \$315,912.56 |

Fund Balance as of January 31, 2008

| | |
|---------------------------|----------------|
| Opening Balance | (\$246,271.43) |
| Operating Surplus/Deficit | \$315,912.56 |
| Closing Fund balance | \$69,641.13 |

Indiana USF beg.cash k \$ 173,836.47

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