



United States Department of Agriculture
Rural Development

OPEN LETTER FROM THE ASSISTANT ADMINISTRATOR

February 3, 2012

To all Telecommunications Borrowers and Potential Loan Applicants:

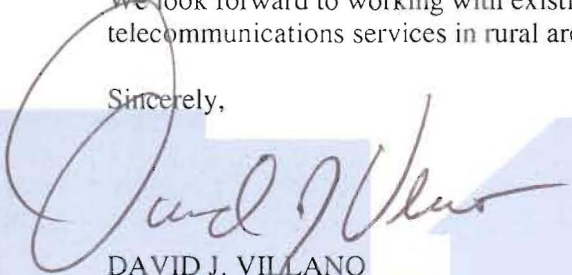
As you are aware, the FCC released its Universal Service Fund and Intercarrier Compensation Reform Order and Further Notice of Proposed Rulemaking on November 18th, 2011 (the "Reform Order"). The Rural Utilities Service (RUS) recognizes that this may have an impact on the projected revenues for applicants applying under the Telecommunications Infrastructure Loan Program. In order to consider applications for this fiscal year, RUS requests that loan applicants submit full 5-year pro-forma financial statements (income statements, balance sheets, and statements of cash flow) along with supporting schedules covering network access revenue, debt, and plant deployment and depreciation, in addition to the non-operating and non-regulated revenue and expenses. Detailed line-by-line explanations for how the projections were developed should be provided so that the projections can be evaluated and to expedite review. Pro-forma statements should be in the same format as in the RUS Operating Report for Telecommunications Borrowers and include both an electronic format and hard-copy to further expedite review. Sample pro-forma statements and supplemental schedules are available to assist you online at:

http://www.rurdev.usda.gov/utp_infrastructure.html

In order to address the impact of the Reform Order, particular attention should be given to the schedule of projected network access revenue, which should be supplemented by a narrative detailing your assumptions. If you are, or propose becoming, a "Cost Company" for interstate purposes, the schedule should be prepared and signed by a Cost Consultant, in order to expedite RUS review and the determination of feasibility. Likewise, if you are an "Average Schedule Company" and intend to remain so, the qualifications of the preparer of the schedule should be provided.

We look forward to working with existing borrowers and loan applicants in providing new and improved telecommunications services in rural areas.

Sincerely,



DAVID J. VILLANO
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Telecommunications Program
Rural Utilities Service

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Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination, write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).