Schools and Libraries Service Provider Conference Call – September 11, 2013

AGENDA

1. Funding Commitments for FY2013, FY2012, FY2011, and FY2010
2. Update on FCC Form 498
3. Update on Online Invoices
4. Invoicing Update
5. Other
6. General Questions Received by Email

MINUTES

1. **Funding Commitments for FY2013, FY2012, FY2011, and FY2010**

   For FY2013, USAC is funding approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. Here is a list of the regular funding waves issued since the last call:

Wave	FCDL Date	Amount
013	8/14/2013	$35.5 M
014	8/21/2013	$41.1 M
015	8/28/2013	$45.2 M
016	9/5/2013	$48.5 M
017	9/11/2013	$44.5 M

   For FY2012, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) requests at 90 percent and denying for cap at 89 percent and below. Here is a list of the regular funding waves issued since the last call:

Wave	FCDL Date	Amount
054	8/7/2013	$21.7 M
055	8/15/2013	$16.3 M
056	8/22/2013	$ 7.2 M
057	8/29/2013	$ 7.0 M
058	9/6/2013	$ 8.7 M

For FY2011, USAC is funding approved Priority 2 requests at 88 percent and above and denying for cap at 87 percent and below. Here is a list of the regular funding waves issued since the last call:

Wave	FCDL Date	Amount
099	8/7/2013	$ 2.0 M
100	8/20/2013	$ 3.2 M
101	8/27/2013	$11.2 M

For FY2010, USAC is funding approved Priority 2 requests at all discount levels. Here is a list of the regular funding waves issued since the last call:

Wave	FCDL Date	Amount
116	9/5/2013	$48 T

2. **Update on FCC Form 498**

The FCC Form 498 was revised in August 2013. On the revised form, a telecommunications company can request that its Schools and Libraries disbursement payments be offset against their Federal universal service contribution obligations (Block 16, Item 124).

If you are interested in this option and have questions, you can call USAC Customer Operations at 1-888-641-8722 and select the FCC Form 498 option.

3. **Update on Online Invoices**

The revised FCC Form 472 (BEAR Form) is now available online. If applicants prefer to file BEAR Forms on paper, they must use the revised (July 2013) version of the form posted on our website.

- Note that you must sign page 4 of the NEW version of the form and return it to the applicant. Applicants who submit page 4 of the April 2007 (or earlier) version of the form will be required to correct their submission.
- Applicants now provide remittance information for BEAR reimbursements in the online BEAR or on page 4 of the paper form. Please make a note of the information they provide, especially if you have not already made arrangements for BEAR reimbursements.

As noted previously, all submission methods (paper, online, electronic) for FCC Form 474, Service Provider Invoice (SPI) Form, are available for your use.

4. **Invoicing Update**

Payments for the month of August totaled $157,240,520.12 against requests for $213.8M. In total, 9,310 invoices were processed for 1,520 service providers. This represented 30,617 lines in August with 96 percent being completed within 30 days.

There were 2,160 lines in process as of September 9.

Invoice rejections

In the past month, the most common reasons for invoices being rejected were:

- The entire commitment amount was already paid.
- Payments cannot be released due to an issue with the service provider's FCC Form 498.
- There is no FCC Form 486 on file.
- The billed date was outside the funding year.
- This FCC Form 471/FRN combination is not in our database.

Invoice reminders

FY2012 recurring services. June 30, 2013 was the last date to deliver recurring services for FY2012. We strongly encourage you to complete the invoicing process for these services by October 28, 2013.

FY2012 non-recurring services. September 30, 2013 is the last date to deliver and install non-recurring services for FY2012. In some cases this deadline is automatically extended; in other cases, you or the applicant must request an extension. If you need additional time to deliver and install these services and USAC did not grant an automatic extension, you or the applicant must file a service delivery extension request on or before September 30. If you and the applicant must also extend the contract, the applicant must also file an FCC Form 500 to inform USAC of the new contract expiration date after the contract has been extended.

5. **Other**

Registration for applicant training sessions has closed.

6. **General Questions Received by Email**

Q1. We have had recent rate reductions for services which allows for pass on to clients. What ERATE rules/guidelines prevent a client from upgrading bandwidth to a higher rate if there is no impact to the original funding amount for the year, contract allows for change. Example: Client pays 100.00 monthly for 10 Mb and has been funded for this amount. During the funded year a new rate for 10 Mb goes down to 50.00 and a 20 Mb is now 100.00 monthly. Assuming

state/local contracts allow, and in this case they do, what ERATE rules would prevent a mid-stream change to the 20 Mb service if no impact to the original funded amount?

A1. In order for USAC to allow mid-stream changes to upgrade the bandwidth as described, two conditions must be met:

- First, the FCC Form 470 which supported the competitive bidding process that resulted in the contract must have been posted for the higher bandwidth (e.g., if the FCC Form 470 specified "Internet access at a speed of up to 20 Mbps" rather than "Internet access at a speed not to exceed 10 Mbps").
- Second, the original contract must allow for the increase in bandwidth.

If both conditions are not met, USAC would be unable to fund the increase in bandwidth. The applicant would be limited to receiving the service at 10Mbps for $50.00 until a new FCC Form 470 is posted and the desired increase in bandwidth is competitively bid as part of the regular application cycle.

Q2. When we are using the Download 470 Information tool on the USAC website we are noticing that the column labeled "Contact Area Code" (column 40) in the CSV file is blank on all of the records within the file. There is an area code listed in Item 6c on the 470, however, this data seems to be missing from the download files.

A2. Thank you for bringing this to our attention. We are working on this issue but do not yet have an estimate on when it will be fixed. Meanwhile this information can be obtained from the individual forms using the View a 470 tool, or you can use the email or fax options provided for the contact person.

Q3. Is USAC going to be updating the "Form 472 (BEAR) Notification Letter" to include the "Applicant Remittance Information," aka Item 27 on Block 4 on the revised Form 472 (BEAR)? The "Form 472 (BEAR) Notification Letter" currently lists the applicant's Contact Address that is designated on their Form 486.

A3. We will take a look at the feasibility of adding this information to the letter.

Q4. We were selected for a Priority 2 project in 2010 which has been implemented and paid for. The customer is now hosting a fund raising event and approached us for a possible sponsorship. If they are not filing for Priority 2 services this year, can we stay within program rules if we donate a piece of used equipment for their raffle?

A4. The gift rules apply per funding year, so FY2010 would not be affected. However, you should read the gift rules carefully to verify that (1) this is a donation and (2) it is not provided for the specific purpose of influencing the E-rate competitive bidding process. If it does not meet the definition of a charitable donation, it would be considered a gift and therefore subject to the gift limits.

Q5. What is the status on funding for priority 2 year 2013?

A5. We do not yet have any information on Priority 2 funding for FY2013. When we have information, we will put it up on our website and in the weekly SL News Brief.

REMINDER: Please send your questions for the next Service Provider Conference Call by following the instructions outlined on the Conference Call webpage of the USAC website.

Also, please watch the USAC website for other program updates.