

2006 SL Service Provider Conference Call Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

January 11, 2006

AGENDA

- Funding Commitments
- Internal Connections Commitments for FY2005
- Upcoming Deadlines
- USAC Website
- Electronic Newsletter
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments

We plan to continue to issue funding commitments each week for FY2005 applications. However, Wave 48 will be the last regular wave for FY2004. FY2004 waves will be run occasionally from this point forward, and will be designated by letters: 48A, 48B, 48C, and so on.

Funding Year 2005

Wave	FCDL Date	Amount
025	12/14/2005	\$19.1 M
026	12/27/2005	\$30.1 M
027	12/30/2005	\$13.1 M
028	1/6/2006	\$14.1 M
029	1/10/2006	\$7.1 M

Funding Year 2004

Wave	FCDL Date	Amount
045	12/13/2005	\$5.8 M
046	12/21/2005	\$5.1 M
047	12/29/2005	\$43 Thousand
048	1/4/2006	\$379 Thousand

2. Internal Connections Commitments for FY2005

Commitments for Internal Connections and Basic Maintenance are being issued at the 90% discount level. Once the special Katrina window has closed, USAC will have a better understanding of the impact that Katrina applications will have on FY2005 demand.

3. Upcoming Deadlines

January 19, 2006 is the last day an applicant can post an FCC Form 470 for FY2006 to the USAC website, wait 28 days, and then — on the last day of the FY2006 FCC Form 471 application filing window — evaluate bids received, choose a service provider, sign and date a contract (if applicable), and sign and submit an FCC Form 471.

January 26, 2006 is the last day that applicants directly affected by Hurricane Katrina can submit Service Substitution requests under the guidelines for Hurricane Katrina relief.

January 30, 2006 is the last day to submit invoices for Internal Connections and Basic Maintenance FRNs with a September 30, 2005 deadline for delivery and installation. (The calculated invoice deadline of January 28 falls on a Saturday.)

4. USAC Website

USAC unveiled its redesigned website in mid-December 2005. If you have any comments on the new look and feel of the website, please submit them using the Website Feedback link at the bottom of any USAC webpage.

5. Electronic Newsletter

Archived USAC News Briefs can be found on the Schools & Libraries News Briefs webpage under the Outreach and Training link.

We plan to send out a survey on the News Briefs in the near future.

6. Invoicing Update

Payments for the month of December totaled \$127,042,780 against requests for \$175M. In total, 5,238 invoices were processed for 1,145 service providers. This represented 18,470 lines in December with 82 percent being completed within 30 days. Only 7 percent of the lines paid were in process over 90 days.

Because of difficulties in gathering information during the holiday period, there are now 600 in-process lines over 90 days. With only 4,427 lines in process, those over 90 days comprise less than 14 percent of the total.

USAC is launching a new initiative to improve the invoicing process. BEAR Forms will now pass through processing without payment when minimum processing standards have not been met. For instance, if the FRN and FCC Form 471 number are not correct on a line of a BEAR Form, that line would pass zero (not be paid) and the BEAR Form would continue through processing. Previously, the BEAR Form would be held until the applicant could be contacted and

the error explained. We will provide more information on the website about any other changes as well as updated references to the invoice error codes. Invoices that are rejected for these reasons may be re-submitted after the errors have been corrected.

When you are inquiring about the status of a submitted invoice, please use the [Submit a Question](#) tool. In the “Topic Inquiry” area, choose “Invoicing – General Inquiries” and then “What is the approval status for an invoice I submitted?” so that your inquiry can go directly to our Invoicing Team.

7. Other

USAC is already processing 2006 applications, even though the window has not yet closed. The sooner we have all parts of the application — including the Item 21 Attachment — the sooner we can begin to process the application.

All written questions to be answered during a service provider call and included in the call notes should be submitted by the close of business on the Friday prior to the call. Questions sent in after that date will be held for the next service provider call.

Service providers who request new SPINs usually receive them within 2-3 weeks of submission. Applicants can contact the Client Service Bureau for help when filing an FCC Form 471 if they do not know their service provider’s SPIN or a SPIN has not yet been issued. Remember, though, that service providers must have a valid SPIN before USAC can issue a funding commitment.

When filling out an online Item 21 attachment, applicants can indicate sales tax in the line item “Other.”

8. General Questions Received by Email

Q1: Nextel does offer Blackberry plans as a bundle with cell and as an add-on to a cell plan. With the bundled plan we cannot separate out a specific charge amount for the Blackberry service so in a case when they have a bundle plan, the applicant becomes ineligible given the current guidelines. If they choose the unbundled then we can make just the cell eligible and not the price plan for the Blackberry.

Should an applicant put in 2 FRNs, one for Cell and one for Blackberry?

A reference to 'auditable system' was made on the December 7th call – what is this and how does it apply to the Blackberry's?

I have many more questions as do my customers, your applicants, and the consultants that are trying to assist in completing the FCC Form 470. Waiting for more guidance until the next call is going to be cutting it to close to the deadlines for filing correctly or revising a request and going out to bid. If possible can an update in the weekly newsletter with more in-depth information be posted?

A1: The guidance USAC has previously issued indicates that a Blackberry or other similar service is eligible only when providing internet access on eligible school or library property. An

auditable system would have to differentiate between on-site internet access (eligible) and offsite internet access (ineligible).

If applicants cannot cost allocate between eligible and ineligible uses, the entire service would be deemed ineligible.

Q2: The new online FCC Form 471 is not letting us key in a non-recurring (one time charge) if the category is maintenance. This needs to be corrected as forcing the onetime charges to be entered as monthly, recurring charges will result in big problems for service providers and SL invoicing next year. For example, Cisco Smartnet maintenance for a 2500 series router costs approximately \$275.00 per year. The Cisco reseller charges the annual maintenance (warranty) fee one time. If we have to show it as a monthly, recurring charge, we would show \$22.91/month. The service provider would then have to bill SL the school's portion each month and go through the invoicing process 12 times for the onetime charge of \$275.00. This will cause an undue burden on everyone involved. Please discuss this issue and let us know if this will be fixed for the FY 2006 filing window.

A2: The 2006 Eligible Services List description for Basic Maintenance – page 57 of the PDF version — indicates in the header that “All requests in this category will be treated as recurring services with services to be delivered within the July 1 to June 30 Funding Year.”

Costs in the category of Basic Maintenance are therefore not treated as non-recurring. An applicant can divide the annual amount by 12 and put that charge in the monthly amount, or USAC can change a non-recurring entry to the appropriate recurring entry during application review.

However, USAC does not require that invoices be submitted monthly just because a service is designated as recurring. Invoices should clearly indicate the period during which services were delivered.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

February 8, 2006

AGENDA

- Funding Commitments
- Internal Connections Commitments for FY2005
- FCC Form 471 Application Window Close
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments

We plan to continue to issue funding commitments each week for FY2005 applications.

Funding Year 2005

Wave	FCDL Date	Amount
030	1/19/2006	\$18.3 M
031	1/25/2006	\$28.2 M
032	2/01/2006	\$31.1 M
033	2/08/2006	\$35.7 M

Funding Year 2004

Wave	FCDL Date	Amount
48A	01/18/2006	\$849 Thousand
48B	01/31/2006	\$515 Thousand
48C	02/07/2006	\$654 Thousand

Funding Year 2002

Wave	FCDL Date	Amount
30T	01/24/2006	\$ 0

Appeal waves can now be accessed through the updated Data Retrieval Tool (DRT). Appeal waves are designated by the letter "A" and a two-digit number. For example, "A04" is the fourth

appeal wave run in a funding year. There is now a separate field for the appeal wave number in the DRT.

2. Internal Connections Commitments for FY2005

USAC is still making commitments at the 90 percent discount level. We hope to be able to make commitments below this level soon. Please watch the website and the Schools and Libraries News Briefs for more information.

3. FCC Form 471 Application Filing Window Close

February 16, 2006 at 11:59 PM ET

The FCC Form 471 application filing window closes next Thursday, February 16, 2006 at 11:59 PM ET. Applicants are being encouraged to do the following:

- File as early as possible.
- Certify forms online.
- Work with their service providers to prepare Item 21 Attachments, file them as soon as possible, and share the filed attachments with their service providers.
- Maintain documentation.
- Follow program rules.

More details are provided in this week's News Brief and in the various guidance documents on the website.

4. Invoicing Update

Payments for the month of January totaled \$128,478,517.12 against requests for \$172M. In total, 5,843 invoices were processed for 1,336 service providers. This represented 24,792 lines in December with 86 percent being completed within 30 days. Only 5 percent of the lines paid were in process over 90 days.

There are now 375 in-process lines over 90 days. With only 3,507 lines in process, those over 90 days comprise less than 11 percent of the total.

A new initiative was launched to improve the invoice process. BEAR Forms that feature incorrect or incomplete information now pass without payment in the same manner as SPI Forms. This initiative has resulted in the processing of over 300 invoices in process without further delay. We are happy to report that there are no BEAR Forms waiting for customer contact because of these types of issues.

We are looking for ways to reduce the decision-making time for invoices to less than 30 days. Support to document claims for reimbursement is available. Another initiative, in this regard, is to reduce the time to wait for information from the applicant and/or service provider after contact has been initiated. We look to utilize two modes of contact, such as email and fax, in our first

contact for information. If no response is received within 7 days, we will close the request and process with the available information. All contacts will clearly indicate the time to respond. Extensions for time to respond will be held to a tighter standard with clear times for delivery indicated. We do not plan on more than 14 days interaction before a decision is made with the available documentation. Any invoice denied can be re-invoiced within the normal invoice deadline period after corrections have been made.

5. Other

We will be doing a survey on the News Brief not too long after the window closes in order to find out what has been useful and what can be improved. Please feel free to comment.

6. General Questions Received by Email

Q1: We have just found out that the new FCC Form 471 online is not allowing applicants to key in a one-time (non-recurring) charge for maintenance. It forces you to enter the maintenance charges as monthly recurring. We presume that this change is in line with the new ESL which, in the introduction to the Basic Maintenance section states: "All requests in this category will be treated as recurring services with services to be delivered within July 1 to June 30 Funding Year."

Since many of these charges -- including Cisco Smartnet fees -- are annual charges, what restrictions, if any, are there on invoicing? For example, if a new service is not installed until midway through the year:

- a) Can Smartnet-like fees be included in the purchase price and filed for as a part of Internal Connections (not Basic Maintenance)?
- b) If such fees must be filed for separately as Basic Maintenance, can the full year charge be invoiced that year, or must it be allocated?
- c) If allocation is required, then what happens the next year? Must the applicant allocate the remaining part of the first year and part of the next year?

A1: USAC must treat Basic Maintenance as a recurring service; that is, Basic Maintenance must be received between July 1 and June 30 of the funding year. So, if a one-year Basic Maintenance contract begins January 1, 2007 and extends through December 31, 2007, the applicant would apply for discounts on six months of service in FY2006 and six months of service in FY2007.

Filing for Basic Maintenance as a recurring service does not mean that the service must be invoiced monthly. Invoicing will look at the terms of the contract and process invoices appropriately.

Q2: We're running into a filed delimiter problem with the FCC Form 470 download report when we try to convert the downloaded file to Excel. Some of the text fields are spilling over into the adjacent fields, causing offset problems for the rest of the records. This seems to occur on FCC

Form 470 records when the applicant had included commas and/or quotation marks in the original text, most commonly in the large Item 13 fields.

Does the SL have a fix for this?

A2: We will not be able to fix this for the current application cycle, but will put it on our list of system issues to try to fix for next year. The problem, of course, is that the results are returned in comma-delimited format, so commas within fields are a signal to the system to go on to the next field.

Q3: Where do I find the column headings for each of the electronic notification files, such as the fsp, isr, 500, 486, etc.

I submitted this question through the general submit a question system, inquiry # 21-342898, 12/7/05 and have not yet received a reply. I even sent in an example of an FCC Form 500 electronic notification (1205205_05125404.500).

Can these formats be placed in the reference area?

A3: This is a great suggestion. We will review the materials we use internally and adapt them for guidance material to be posted on the website.

Q4: What is the purpose of having "submit a question" on the SL website if questions are never answered? Replies that state "we are awaiting word" or "we have not had a response", over a month after submitting questions just don't cut it!

A4: We are working on an escalation process that will identify both the person responsible for finding the answer and the person responsible for communicating the answer. In the short term, if you have waited two weeks without getting an answer, please forward the response email that contains your case number to the [ombudsman](#), and we will find out why you have not gotten an answer. Please remember, though, that some questions go outside existing guidance, and answers may not be readily available.

Q5: This is for Telecom WAN service. Today I heard a "telecom provider" at a customer bidding conference announce that his company would install 72 strands (pair) of fiber for a district and light one strand of fiber out of the 72 strands. He stated that; if he lit 1 strand, this would qualify the entire WAN for E-Rate. This is Giga-bit Ethernet speeds. The customer would light the other 71 strands/pairs of fiber, when and if they want. Is this accurate? Please explain.

A5: The statement by the service provider is incorrect. In some cases USAC can pay for the up-front capital investment costs of a service provider, but only those costs attributable to the provision of eligible services. In this case, the entire service provided by the service provider would be vastly greater than the small portion attributable to eligible services. An applicant desiring such additional ineligible service can contract for it outside of E-rate, but the costs must be paid by the applicant with no attempt to seek E-rate funding.

In addition, the FCC has indicated that USAC is not to provide funding when an arrangement between applicant and service provider "reaches essentially the same result" as a prohibited WAN purchase by applicants. See the WAN Fact Sheet for more information. The entire arrangement described here may not meet the necessary standard for funding under this provision.

The Free Services Advisory indicates that if there is an attempt to subsidize the procurement of ineligible services through E-rate funds, an entire funding request or even an entire application can be in jeopardy. The arrangement described here appears to violate the guidance in the Free Services Advisory.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

March 8, 2006

AGENDA

- Funding Commitments
- Internal Connections Commitments for FY2005
- Demand Estimate for FY2006 Applications
- Second Katrina Window
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments

We plan to continue to issue funding commitments each week for FY2005 commitments.

Funding Year 2005

Wave	FCDL Date	Amount
034	2/15/2006	\$26.2 M
035	2/23/2006	\$16.9 M
036	3/01/2006	\$9.3 M
037	3/08/2006	\$14.8 M

Appeal waves can now be accessed through the updated Data Retrieval Tool (DRT). Appeal waves are designated by the letter "A" and a two-digit number. For example, "A04" is the fourth appeal wave run in a funding year. There is now a separate field for the appeal wave number in the DRT.

2. Internal Connections Commitments for FY2005

USAC is still making commitments for Internal Connections for FY2005 at the 90 percent level. We hope to be able to make commitments below this level soon. Please watch the website and the Schools and Libraries News Briefs for more information.

3. Demand Estimate for FY2006 Applications

Although we have not completed the processing of paper applications, we currently have over 39,000 FY2006 FCC Forms 471 in our system. The processing of paper applications has in past years taken six to eight weeks, because about 80 percent of these applications have errors that

must be resolved through applicant contact. As in the past, we plan to release the Demand Estimate for FY2006 shortly after we file it with the FCC.

The new system improvements have been very successful. Over 29,000 FCC Forms 471 were certified electronically using the new PIN system, and applicants filed over 14,000 Item 21 attachments online.

We began the review of FY2006 applications several weeks ago, so applicants have already started to hear from PIA reviewers.

4. Second Katrina Window

The Katrina website is being updated with new information and guidance for the extended FY2006 window.

While the guidance is not yet final, you should be aware of the following:

- The deadline for FY2006 applications for the second Katrina window is Monday, October 2, 2006. (September 30 is a Saturday.)
- This second window is for applicants to restore their networks to pre-Katrina functionality, not to add new functionality.
- Applicants in affected areas must apply on paper (both Form 470, if needed, and FCC Form 471).

5. Invoicing Update

Payments for the month of February totaled \$133,642,793.33, against requests for \$206M. In total, 5,949 invoices were processed for 1,268 service providers. This represented 28,688 lines in February with 91 percent being completed within 30 days. Only 4 percent of the lines paid were in process over 90 days.

There are now 161 in-process lines over 90 days. With only 2,664 lines in process, those over 90 days comprise only 6 percent of the total.

Remember that requested information should be returned to the invoice reviewer as soon as possible. The procedures allowing additional time to collect information have been modified so that we may process the invoices on hand as quickly as possible. If the requested information is not complete or not returned, then we will process the payment request with as much information as we have on hand. This may result in a rejection of the request or a partial payment.

If an invoice line is rejected due to missing or incomplete information - e.g., dates entered incorrectly, wrong FRN, information requested not returned in a timely manner - you should first collect that information and then resubmit your invoice. If the deadline to submit an invoice has passed, you can file an invoice deadline extension request and provide an appropriate explanation. Please note that filing an appeal before you have exhausted these options can result in needless delays.

The Service Provider Invoice FCC Form 474 can be found through the "Required Forms" link under the Schools and Libraries Tools header on the left-hand side of the website. All program forms are listed in this area; links to the FCC Form 474 and Instructions and the online FCC Form 474 are located under the Service Provider Forms header.

USAC is beginning a project to implement an online submission process for the Billed Entity Applicant Reimbursement (BEAR) FCC Form 472. The project also envisions the online certification of those forms by the service provider using a web interface. We will keep you informed as the details for this project become available.

6. Other

USAC is working on a draft of the FY2007 Eligible Services List. (Remember that this is not a final list, but the draft that USAC must submit to the FCC by June 30 of each year.) If you have specific suggestions to clarify descriptions of eligible products and services or to make other formatting changes to improve the current document, please submit them to USAC by [email](#).

7. General Questions Received by Email

Q1: The new Data Retrieval Tool contains 3 new columns: '486 SSD', 'Orig 471 SSD', 'Cmtd 471 SSD'. It is clear that 'Orig 471 SSD' is the service start date the applicant provided for the FRN on their 471. '486 SSD' represents the Service Start Date as reported on the applicant's 486. Please clarify what 'Cmtd 471 SSD' represents, and which of these dates from the DRT is the actual/correct SSD for purposes of applying and tracking approved funds?

A1: The '486 SSD' is the date to keep in mind. If USAC has adjusted the service start date reported by the applicant on the Form 486, the date in this field will reflect that adjustment. The 'Orig' and 'Cmtd' Service Start Date fields simply reflect the data that were entered and then reviewed on the FCC Form 471.

Q2: If an applicant posts an FCC Form 470 with the intention of using it for FY2006, but the contract (multiyear) does not get signed until after the FY2006 window closes, can they use this for FY2007? If so, are there any special procedures they need to do to protect the integrity of the process?

A2: As long as the FY2006 FCC Form 470 indicated the desire for a multi-year contract, the applicant could cite that FCC Form 470 and the resulting contract on a Funding Year 2007 Form 471 funding request.

Q3: Will there be, or is there, any planned formal training for e-Rates and USAC/SL programs this year?

A3: Yes. USAC is in the process of finalizing its outreach and training plan for this year. Most likely, we will be conducting two-day trainings in a number of cities across the United States in the fall. We will announce the training schedule in an upcoming News Brief and on the website when our plans are finalized, and provide online registration.

Must a customer file an FCC Form 500 if they receive a funding commitment and then decide not to use the funding? If yes, and the customer does not file the form is there a penalty or does this affect future funding?

Applicants are not required to file the FCC Form 500 to cancel funding. However, if the funding commitment is for Internal Connections, USAC will consider the applicant to have used a year of funding under the "Two-in-Five" Rule unless the commitment is canceled with an FCC Form 500. Moreover, it is very helpful if applicants file Forms 500 once they are sure they will not use the funds, because that action releases funds that can be committed to other applicants.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

April 12, 2006

AGENDA

- Funding Commitments
- FCC Forms 470 for FY2007
- First Funding Wave for FY2006
- Internal Connections Commitments for FY2005
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments

We plan to continue to issue funding commitments each week for FY2005 commitments.

Funding Year 2005

Wave	FCDL Date	Amount
039	3/15/2006	\$25.9 M
040	3/24/2006	\$73.0 M
041	3/29/2006	\$29.6 M
042	4/05/2006	\$23.7 M
043	4/12/2006	\$22.5 M

Remember that we are continuing to issue occasional waves for FY 2004. The most recent was Wave 48F on April 11 for just under \$1.6 million.

2. FCC Forms 470 for FY2007

As of today, FCC Forms 470 can be filed online or on paper for FY2007. Applicants may need to post these forms now because they have long procurement cycles or other specific needs.

Also, keep in mind that applicants directly affected by Hurricane Katrina have until September 4, 2006 to post FCC Forms 470 for FY2006.

Both tools that allow access to posted FCC Forms 470 - the FCC Form 470 Search Posted and the FCC Form 470 Download Reports - now feature both FY2006 and FY2007 options.

3. First Funding Wave for FY2006

We hope to be able to issue the first funding wave for FY2006 within the next month. Here is the process we follow for a first wave or a change in discount band:

USAC performs a Funding Threshold Analysis before each wave (including a first wave). This analysis includes estimates or allowances for actions that may affect the funding amount available (for example, denials and meritorious appeals). Based on that analysis, USAC determines what services and what discount level we believe we can fund.

For the first wave of a funding year, or if the analysis changes - in other words, if we believe we can fund a lower discount than previously - USAC asks the Schools and Libraries Committee of the USAC Board for permission to fund to that level. If the Committee approves, USAC then asks the FCC for permission to fund to that level. Once the FCC issues its decision, USAC can act on that decision.

USAC has requested and received permission from the Committee to fund all approved Priority 1 requests for FY2006. USAC has made that request to the FCC and is now awaiting guidance.

4. Internal Connections Commitments for FY2005

For FY2005 Internal Connections and Basic Maintenance, USAC asked for and received permission from the Committee to fund down to the 81 percent level. USAC has requested a measured dropdown in funding levels from the FCC, and is now awaiting guidance.

5. Invoicing Update

Payments for the month of March totaled \$121,631,929.39, against requests for \$215M. In total, 7,291 invoices were processed for 1,411 service providers. This represented 35,154 lines in March with 94 percent being completed within 30 days. Only 3 percent of the lines paid were in process over 60 days.

There are now 151 in-process lines over 60 days and - as of Monday, April 10 - No lines in process over 90 days except those with specific hold reasons. With only 1,941 lines in process, those over 60 days comprise only 8% of the total.

Last month we advised that the Service Provider Invoice Form 474 can be found through the "Required Forms" link under the Schools and Libraries Tools header on the left-hand side of the website. This past month we added an additional link to this form on the Service Provider page Step 9: Invoice USAC for your convenience.

USAC designed and posted a Deadlines Tool to help you calculate deadlines for Universal Service forms and actions; this Tool can be found through the Search Tools link under the Schools and Libraries Tools header on the left-hand side of the website.

USAC is progressing on the project to implement an online submission process for the Billed Entity Applicant Reimbursement (BEAR) FCC Form 472. We will keep you informed as the details for this project become available.

6. Other

Service providers on the last two calls have requested information on the field names and descriptions for those who receive e-notifications from USAC. These files will be posted to the website and linked to the E-notification webpage in the Service Provider area (Step 6) by the end of the week.

USAC is changing its website address from www.universalservice.org to www.usac.org. Note that there are no plans to discontinue the old URL anytime soon. Also, any addresses and URLs that contain "sl.universalservice.org" or "slforms.universalservice.org" will not change.

7. General Questions Received by Email

Q1: I would like to know the exact date on which the SL provided written clarification on the contract signatures and dates rule that came out of the Fifth Report and Order. I have reviewed the training materials from 2004 and there were several references to contracts and the Fifth Report and Order, but they repeat the same language that was found in the Order. I would like to know when and where the official clarification/guidance was published to indicate that in the language in the Order (contracts need to be "signed and dated by both parties") was to be interpreted to mean that contracts need to have "2 signatures and 2 dates."

A1: On September 13, 2004, USAC posted a summary of the relevant portions of the FCC's Fifth Report and Order (FCC 04-190, released August 13, 2004) which included the following language under the document retention requirements:

Contracts – Both beneficiaries and service providers must retain executed contracts, signed and dated by both parties. All amendments and addendums to the contracts must be retained, as well as other agreements relating to E-rate between the beneficiary and service provider, such as up-front payment arrangements.

Q2: We as a service provider service multiple schools who receive E-Rate funding. When we receive payments from the USAC, there is no information regarding what invoice, school, FRN#, or any useful information for what this payment is paying for. Are there any plans to add information to payments sent so the service providers can account for payments in an effective and efficient fashion?

A2: You should review your remittance statement. If you receive a check, the remittance statement is included; if you receive electronic payments, the remittance statement comes as a separate file by email. The USAC website used to have a sample remittance statement but it is no longer there; we hope to re-post it soon together with an explanation of how to read it. The information is presented line by line, and includes SPIN, FRN, service provider bill number, amount approved, USAC invoice number, line item number, and amount requested. If you

submit the line items on a Service Provider Invoice (SPI) FCC Form 474 in a way you can track, the line item information should help you fill in details.

Q3: In the eligibility list I am unable to locate where it clearly states that non-recurring charges, such as the installation costs for the following Telecommunication Services are eligible for discounts:

- Installation charges for a T-1 connection to the internet
- Installation charges for DSL connection to the internet
- Installation charges for a Centrex system or POTS

Where in the eligibility list would it state this for the above mentioned services?

A3: Go to the Searchable Interface in the Eligible Services List and type "installation" in the keyword field. The search results return an entry for Technical Services (Miscellaneous) which includes the sentence "Please see the Special Eligibility Condition below for further information about eligibility of costs for Design & Engineering, Installation, Maintenance & Technical Support, Project Management, Training, Consulting Services, and Personnel Costs." Following the link indicated leads you to the statement below:

Installation – Services tied directly to installation and initial configuration are eligible; services for planning, architecture design, and other activities not tied directly to actual installation and initial configuration are not eligible.

This Searchable Interface is very useful for researching specific questions on eligibility.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

May 17, 2006

AGENDA

- Funding Commitments for FY2006 and FY2005
- ABC's of E-Rate Training Update
- Outreach for Selective Review and FCC Form 470 Numbers
- Online BEAR Update
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2006 and FY2005

We plan to continue to issue funding commitments each week for FY2005 commitments.

Funding Year 2006

Wave	FCDL Date	Amount
001	04/26/2006	\$126.4 M
002	05/02/2006	\$33.2 M
003	05/09/2006	\$44.0 M
004	05/16/2006	\$37.7 M

Funding Year 2005

Wave	FCDL Date	Amount
044	04/20/2006	\$6.78 M
045	04/27/2006	\$98.6 M
046	05/03/2006	\$8.1 M
047	05/10/2006	\$12.3 M

2. ABCs of E-Rate Training Update

USAC will offer six 1-1/2 day training sessions during the months of September and October 2006. For more information and to register, click on the 2006 Schools and Libraries Training link on the main page of the website.

If a training session is full and you would still like to attend, you can sign up on the waiting list.

3. Outreach for Selective Review and FCC Form 470 Numbers

USAC has prepared a set of five Special Edition News Briefs for applicants undergoing Selective Review. These News Briefs are being emailed this week and will also be available through links in the May 19 News Brief and also on the website.

Before this year, Program Integrity Assurance (PIA) review offered applicants the opportunity to correct the FCC Form 470 application number cited on a funding request. For FY2006 reviews, PIA at first did not include that question, and a number of applicants were denied for citing an incorrect FCC Form 470 application number in Waves 1-4. PIA has now returned to the practice of contacting the applicant, and will re-review the applications already denied for this reason. On Monday, May 15, USAC sent a communication by email to all contact persons and authorized persons on FY2006 FCC Forms 471 and posted the same information on the website.

4. Online BEAR Update

USAC continues to work on an online BEAR Form, with the goal of having it available for online filing and certification by this fall. More details will be provided as the project takes shape.

5. Invoicing Update

Payments for the month of February totaled \$121,654,073.15, against requests for \$178M. In total, 6,605 invoices were processed for 1,375 service providers. This represented 29,880 lines in April with 96 percent being completed within 30 days. Only 0.16 percent of the lines paid were in process over 90 days. (That is only 48 lines out of 29,880)

Only 26 in-process lines were over 90 days. With 1,389 lines in process, those over 90 days comprise only 2 percent of the total.

Remember that proper support for reimbursement requests should be maintained and readily accessible. All forms filed should have a supporting customer bill which applicants receive to pay for their non-discount share of the cost of the goods/services. This customer bill should contain enough detail to clearly demonstrate the eligibility of the goods/services for which reimbursement is sought. The amount on the Funding Commitment Decision Letter (FCDL) is not a grant but rather funding earmarked for the items requested per the Item 21 attachment filed with the FCC Form 471. The goods and services on the invoice should match those on the Item 21 to ensure efficient processing of reimbursement requests.

USAC is progressing on its project to implement the online Billed Entity Applicant Reimbursement (BEAR) FCC Form 472. USAC has noted that a large percentage of applicants who submit BEARs do not have a PIN. In the near future, we will be communicating the means by which applicants can receive a PIN.

Additionally, service providers will need to keep their E-Cert status active to be assured that BEARs can be properly reviewed and certified. The E-Cert information is part of the Online

Form 498 processing. USAC strongly recommends that you review this information on the website. This will prevent delays in the future when the E-Cert is used to log into the BEAR process.

6. General Questions Received by Email

Q1: There has recently been an incredible increase in the price of raw materials, specifically copper wiring that is certainly affecting many Service Providers participating in the E-Rate program. Considering the long timeframe between estimating pricing for these projects and when the funding commitment decision is made (for Internal Connections), are there any concessions the SL is willing to make to assist in alleviating some of the cost burden put upon us?

If we estimate these jobs at a much higher rate at the time of the e-rate application to account for price increases (that often times cannot be predicted), we may run a serious risk of not being awarded the project because of price and also not being considered "cost effective" by the SL.

Some of the projects we are dealing with now were quoted to the customer back in the fall of 2004 and just recently received funding approval (approximately 15 months later!). We are now faced with losing profitability on these projects because of the significant increase in cost.

We realize that it is not SL practice to increase a funding request after the application is submitted; but are there special circumstances in which this could be considered?

A1: Unfortunately, USAC cannot increase the amount of a funding commitment.

Q2: If a school is approved for a PDX and the school does not have internet connections, what should it do in terms of CIPA certification on the FCC Form 486? It doesn't need filtering and therefore doesn't have it but that is not one of the options.

A2: PBX services are funded as Internal Connections, and entities receiving commitments for Internal Connections must be in compliance with CIPA. These entities must be able to make the appropriate certification on FCC Form 486, Item 11 or FCC Form 479, Item 6.

Q3: This is not a question but a suggestion for those on the last service provider conference call who want to have more than one person at their company receive electronic remittance statements. If you are using Outlook, the person who receives the notifications (who is on the FCC Form 498) can set up a rule so that whenever they receive an email from "disbursements@bcd.universalservice.org", it is automatically forwarded to whomever they want to designate. Go to "Rules and Alerts" under the Outlook Tools menu. We have set it up this way so that when the general contact receives a remittance notification, there are two other people in the company who also receive the information. This is a fix until (if) the FCC Form 498 is ever modified to designate more than one person.

A3: This is a great suggestion, as USAC does not currently have a way to notify more than one person.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

June 14, 2006

AGENDA

- Funding Commitments for FY2006 and FY2005
- Updates on Two FCC Remand Orders
- ABC's of E-Rate Training Update
- Update on News Briefs
- Summer Contact Procedures in Effect
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2006 and FY2005

We plan to continue to issue funding commitments each week for both funding years. However, please note that there will not be a wave for FY2005 this week.

Funding Year 2006 – Priority 1 commitments only

Wave	FCDL Date	Amount
005	05/23/2006	\$42.6 M
006	05/31/2006	\$39.7 M
007	06/06/2006	\$21.7 M
008	06/13/2006	\$31.5 M

Funding Year 2005

Wave	FCDL Date	Amount
048	05/18/2006	\$18.8 M
049	05/24/2006	\$4.6 M
050	06/07/2006	\$5.3 M

2. Updates on Two FCC Remand Orders

Bishop Perry Order ([FCC 06-54](#)): This order provides specific relief for applicants listed in the three appendices of the order, relief for pending appeals and applications, and specific direction to USAC on certain outreach activities for FY2007. The table of applications listed in the appendices was published to the website last week. The revised 15-day deadline for information

requests will be described in this week's News Brief, and the Reference Area document Deadline for Information Requests will be updated to reflect the deadline revision. USAC is working with the FCC to clarify the relief available to pending appeals and applications, and any additional guidance will be included in future News Briefs and posted to the website as it becomes available.

Pattern Analysis Order (FCC 06-55): USAC will post a table of applications listed in the appendix to the website in the near future. Additional guidance on relief under this order will be included in future News Briefs and posted to the website as it becomes available.

3. ABCs of E-Rate Training Update

All six training sessions are now full, and waiting lists have been posted for each session. If you would like to attend a particular session, you should put your name on that session's waiting list, as cancellations do occur and the lists are being actively worked. We are looking to see if it will be possible to add a seventh session.

4. Update on News Briefs

The News Briefs for the months of June, July, and August will be shortened to include only breaking news and timely reminders. Expanded guidance topics will resume in early September as we prepare for the opening of the FY2007 FCC Form 471 application filing window.

5. Summer Contact Procedures in Effect

From May 26 through September 8, 2006, USAC must make a successful two-way contact with an applicant when requesting information in order to start counting the 15-day deadline. If USAC cannot make a successful two-way contact, the application will be put on hold until after September 8, when the 15-day deadline goes back into effect. You can encourage applicants who will be available during the summer to update their contact information if necessary so that review work on their applications can continue.

Note that Selective Review procedures and invoicing procedures have different response requirements.

6. Invoicing Update

Payments for the month of May totaled \$192,293,054.12 against requests for \$245.7M. In total, 7,444 invoices were processed for 1,408 service providers. This represented 28,720 lines in May with 96 percent being completed within 30 days. Only 0.94 percent of the lines paid were in process over 90 days. (That is only 203 lines out of a total of 28,720.)

Only 120 in-process lines are over 30 days. With only 754 lines in process, those over 30 days comprise only 16 percent of the total.

Service providers will need to have an E-Cert status that is active in order to properly review and certify BEARs when the online BEAR system becomes available. The E-Cert information is part of the Online FCC Form 498 processing and it is strongly recommended that service providers review the information in the E-File User Guide on the website.

7. General Questions Received by Email

Q1: Several applicants have received Funding Commitment Decision Letters for the 2006 funding year and have submitted the completed FCC Form 486 back to SL. When will SL start sending the FCC Form 486 notification Letters to the Service Providers?

A1: The first batch of FY2006 FCC Form 486 Notification Letters for applicants and service providers will be dated and mailed June 21. This batch should include Forms 486 certified by June 13. After this, Form 486 Notification Letter batches will be issued weekly.

If you would like to know if a FCC Form 486 has been successfully data entered, you can use the Data Retrieval Tool. If there is a date in the field “486 SSD” (the service start date reported on the FCC Form 486) for an FRN, then an FCC Form 486 has been successfully data entered and you can submit an invoice for that FRN.

Q2: If a customer does not cooperate with a carrier by providing the item 21 document or does not provide a list for the services they requested discounts for, does the carrier issue the discounts based on the customers current services, provided the carrier received an FCC Form 486?

A2: Applicants should share Item 21 attachments with their service providers. In fact, in many cases, the service provider even helps the applicant complete the Item 21 attachment. USAC is considering possible online options for a service provider to view Item 21 attachments associated with its SPIN, but it would be some time before USAC could construct and offer this feature.

In the absence of specific information from the applicant, though, it might be difficult for a service provider to determine how to calculate and issue discounts. Applicant should not expect their service providers to be able to calculate and issue discounts if they have not provided appropriate information to the service providers.

Q3: Before a service provider signs off on a BEAR Form (or submits a SPI), we are supposed to review the Block 5, Item 21 detail to verify the reimbursement amount. As some applicants resist providing the detailed information, what authority can we cite when requesting this data?

A3: There is not a specific program requirement for service providers to perform a detailed review of the information on a BEAR FCC Form 472. However, it is a good idea to review the information that the applicant has entered on the form. The service provider should not sign a BEAR Form if he or she is not comfortable doing so, as it is an official FCC form. It is reasonable for a service provider to ask for and receive information from an applicant as part of any review of a BEAR Form before signing that form.

Note on CRIS reports: USAC reviewers may ask service providers for a CRIS report. This is not a request for a copy of a bill, but for customer billing detail information. Different service providers may call this report by different names.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

July 12, 2006

AGENDA

- Funding Commitments for FY2006 and FY2005
- Update on Bishop Perry Order
- ABC's of E-Rate Training Update
- Summer Contact Procedures in Effect Through September 8
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2006 and FY2005

Funding Year 2006 – Priority 1 commitments only

Wave	FCDL Date	Amount
009	06/20/2006	\$27.3 M
010	06/27/2006	\$40.3 M
011	07/06/2006	\$24.9 M
012	07/11/2006	\$13.1 M

Funding Year 2005

Wave	FCDL Date	Amount
051	06/28/2006	\$64 Thousand
052	07/12/2006	\$37.6 M

Beginning with FY2005 Wave 52, Priority 2 funding commitments are being issued at 84% and above.

2. Update on Bishop Perry Order

Guidance on this order has been posted on the USAC website and also mailed to FY2006 applicants. USAC plans to issue additional guidance for pending applications and pending appeals at a later date.

3. ABC's of E-Rate Training Update

We expect to be able to offer a seventh training session. Please continue to watch the website for details.

4. Summer Contact Procedures in Effect Through September 8

Reminder: If a PIA reviewer is unable to make a successful two-way contact with an applicant during the summer, the application review will be put on hold until after Labor Day.

If the status of an FCC Form 471 is “Held for Contact Person” in the [FCC Form 471 Application Status tool](#), an applicant that is available to answer questions about the application can click on that link and provide contact information to PIA via email so that review of the application can proceed.

5. Invoicing Update

Payments for the month of June totaled \$141,156,528.36 against requests for \$178.5M. In total, 6,737 invoices were processed for 1,389 service providers. This represented 30,329 lines in June with 98 percent being completed within 30 days. Only 0.14 percent of the lines paid — that is, 41 lines out of 30,329 — were in process over 90 days.

At the end of June, there were only 15 in-process lines over 30 days. With only 531 lines in process, those over 30 days comprise only 3 percent of the total.

- **SPAC reminder**

All service providers participating in the Schools and Libraries program must file the Service Provider Annual Certification (SPAC) FCC Form 473 each year. Because invoices have begun to arrive for Funding Year 2006, you should verify that you have filed this form for FY2006 by reviewing your entry in the [SPIN Contact Search Tool](#). Remember that invoices for a funding year will not be paid unless USAC has a SPAC Form on file for that funding year.

- **FCC Form 500**

In general, applicants have until September 30 following the close of the funding year for delivery and installation of non-recurring services. In some cases, additional extensions of time are automatic or can be granted. However, applicants must be sure that both the length of the contract and the last date to receive service correlate with any possible service delivery extension.

To correct a Contract Expiration Date, applicants must file an FCC Form 500. The correction may be necessary because of a data entry error, or the applicant may need to extend the contract if the service delivery deadline has been extended. The Contract Expiration Date on file with USAC will be used to verify invoice payments. For example, USAC may reject an invoice if the Contract Expiration Date on file is June 30th of the funding year but the service delivery

occurred after that date but before a September 30th deadline. Please note that the applicant and the service provider must agree on any contract extension, and the extension must be allowed under the terms of the contract.

Note that service delivery extension requests are a separate issue and must follow the guidance on the website. Requesting a change of Contract Expiration Date on an FCC Form 500 does not also extend the deadline for delivery and receipt of non-recurring services.

- **BEAR Update**

Several service providers have volunteered to help with testing of the online BEAR in late August. We're still looking for a few internal connections service providers to volunteer as well. If you would like to participate, please notify USAC by [Submit a Question](#).

Once the online BEAR becomes available, service providers must have an active E-Cert status to properly review and certify BEARs online. Please review the E-File User Guide on this website for more information on E-Cert status.

All notifications about the current status of a particular online BEAR will be done by email, so having a valid email address is vital. Currently only 25 percent of the service providers who sign BEARs have email addresses recorded on their FCC Form 498. Please review the information on your FCC Form 498 and update it as appropriate.

6. General Questions Received by Email

Q1: There seems to be confusion with PIA reviewers, applicants, and consultants on the difference between Telecom and Internet Access, both under Priority 1. Internet Access is supposed to be for access to the Internet only, not data or voice between school buildings, right? Your web site discusses that IA is for basic conduit to the Internet and Telecom is for everything else. Could you clarify this on the call? Could you reinforce this with your reviewers? I've had two tell me that there is no difference between these two categories and that's not true. Thanks.

A1: Funding in the Internet Access category of service is limited to "basic conduit access" to the Internet. It does not include advanced functions such as direct exchange of data or video between applicant sites or the transport of point-to-point connectivity of data, video, or voice applications that are to be provided only by eligible telecommunications carriers.

For more information, please see the July 21, 2006 News Brief or the Latest News posting [SL Provides Clarification for Eligibility of Priority 1 Services \(5/15/05\)](#).

Q2: On-Premise Equipment rules--the missing link between FCC Forms 470, FCC Forms 471, and really getting paid for the service. Some of our customers choose a router, network, and maintenance as a Telecom service. They mention this in their 470 and Item 21 and are often approved. When it comes to paying us as the Service Provider (usually with FCC Form 474 but sometimes with BEAR), USAC reviewers don't seem to understand the TN Decision or that On-Premise is eligible. Should the applicant attach the "8 questions" to the Item 21? If so, can these

be attached in the new on-line Item 21? What else can the applicant (or the Service Provider) do to make this more seamless?

A2: The Item 21 Attachment should have all the information required so that a prompt funding decision can be made. USAC's Item 21 Attachment guidance has a specific example of an Item 21 Attachment for an on-premise Priority 1 funding request. The guidance also indicates what information applicants should provide.

It is possible to use the online Item 21 Attachment to provide most or all of the information needed for an on-premise Priority 1 request, although the system is better suited to basic requests. Network diagrams — which in some cases will be required by USAC reviewers — cannot be attached to an online Item 21 Attachment and must be provided separately.

For assistance with invoice payments undergoing service checks, we recommend that applicants or service providers provide helpful information that matches the original commitment. As an example, you could say, "This funding request for telecommunications services includes on-premise Priority 1 equipment that was approved by USAC as submitted."

Q3: In the Third Order, paragraphs 44-48, the FCC clarified/modified the TN Decision equipment that could be offered under Telecom. It's my understanding that it can only be a single leased router/server and maintenance with the network to be considered Priority 1. Recently several vendors are offering voice equipment (key, PBX, video equipment) as a lease with Priority 1 and they are bragging that they are getting funded. Could you review the rules and where to find this information on the SL web site for applicants who are being "led astray" by consultants? Also, what should the Item 21 look like if you have a legitimate TN Decision on-premise solution? Thanks.

A3: The FCC made these determinations in the Third Order ([FCC 03-323](#)):

- USAC may use the factors in the Tennessee decision as a processing standard for evaluating on-premise Priority 1 equipment.
- PBX's cannot be supported under this approach because they route calls within the school or library. This would also apply to key systems and other components that route calls within a school or library.
- "Basic termination equipment" can be supported as part of Priority 1 without having to necessarily meet all parts of the "Tennessee Test." Examples of basic termination equipment are cable modems, CSU/DSUs, and fiber-to-copper converters — not routers, etc.
- USAC interprets the FCC's provision for basic termination equipment to constitute a single component per site. Multiple components at a site are conceivable, but only if they meet all the requirements of the "Tennessee Test."

See the Eligible Services List (searchable interface) and the On-Premise Priority 1 Equipment website guidance for more detailed information.

If there are instances where a party is misrepresenting FCC rules or USAC guidelines — or if you believe USAC funded a request contrary to program rules — you can report this to the Whistleblower Hotline and provide enough detail for USAC to investigate. Remember, however, that USAC does not report back to the original caller on the results of its investigation.

See Question 2 above for more information about preparing Item 21 Attachments.

Q4: Can you provide a status update on the Eligible Services List for 2006-2007? Also, the FCC recently struck down the "two signature/two dates" rule. Will the SL now allow all contracts which are valid under state law? Thank you.

A4: USAC sent the draft Eligible Services List to the FCC in May. We expect it to be released for public comment shortly.

The FCC did not strike down the “two signature/two dates” requirement. USAC is reviewing the Richmond Order ([DA 06-1265](#)) but for now has not made any changes to its review procedures on contracts.

Remember that if you disagree with a USAC decision, you can appeal that decision. In general, appeals that are still pending when new guidance comes out can take advantage of relief offered in that guidance.

Q5: Both Telecom and Internet Access are priority one but they are not the same service, right? Telecom should be voice, video, data between buildings, access and connectivity. Internet Access should be only to the cloud for true Internet Access. Where can applicants learn about that? Also if I "want to be" a Telecom provider, what does it require?

A5: The first part of this question is answered under Questions 1 and 2 above. For questions about becoming a telecommunications carrier, please refer to the Form 499 Instructions or call USAC toll-free at (888) 641-8722.

Q6: If the telecommunications box is checked on the FCC Form 470 and the customer forgets to list DSL services – can they still request discounts on the item 21 for DSL services since DSL services are listed in the 2006 Eligibility list as a telecommunication service? Or are they tied down to only the detailed information that they listed on the FCC Form 470? Sometimes the person filling out the FCC Form 470 is not aware of all the services they currently have and as a result they do not list every telecommunication service on the FCC Form 470 or unaware that the service is eligible for discounts.

A6: In general, an applicant can receive DSL services even if those services were not specifically listed as part of the telecommunications services being sought under the Telecommunications Services category of service (Item 8 of the FCC Form 470). The FCC Form 470 must have enough information for interested service providers to contact applicants about their general and specific requirements. However, service providers may respond to the information on the FCC Form 470 in different ways, and the most cost effective solution chosen by the applicant is not expected to match in exact detail the FCC Form 470 information.

Q7: Can an applicant use County Contracts as available buying vehicles, in the same fashion as a State Master Contracts are used? (ie - use the county contract as one of their bids for the FCC Form 470 - competitive bidding process?)

A7: Yes, a county contract can be considered as a bid response to an FCC Form 470 posting. However, the guidance on State Replacement Contracts posted on the USAC website is only applicable to State Master Contracts.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

August 9, 2006

AGENDA

- Funding Commitments for FY2006 and FY2005
- Update on Bishop Perry Order
- 2006 Schools and Libraries Training Update
- Summer Contact Procedures in Effect Through September 8
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2006 and FY2005

Funding Year 2006 – Priority 1 commitments only

Wave	FCDL Date	Amount
013	07/18/2006	\$22.9 M
014	07/25/2006	\$18.2 M
015	08/01/2006	\$42.5 M
016	08/08/2006	\$17.0 M

Funding Year 2005

No waves since the last call. We are planning to run a wave this week, which would mean that FCDLs would go out next week. Priority 2 funding commitments are still being issued at 84 percent and above.

USAC occasionally runs waves for prior funding years. Since the last call, USAC has issued Wave 48H for FY2004 and Wave 15Y for FY2001.

2. Update on Bishop Perry Order

USAC has moved over 300 applications that were “Certified Out-of-Window” to “Certified – In Window” status following the FCC’s direction in the Bishop Perry Order ([FCC 06-54](#)). USAC will mail Receipt Acknowledgment Letters (RALs) to these applicants today. The associated service provider RALs and electronic notifications were issued on August 4.

The Client Service Bureau (CSB) will start calling applicants this week who submitted an FCC Form 471 for FY2006 online before the window closed but did not certify the form. These applicants will have an opportunity to submit a certification.

Also, CSB will start calling applicants this week who submitted a paper FCC Form 471 for FY2006 before the close of the window but the form failed Minimum Processing Standards. These applicants will have an opportunity to correct their errors and resubmit their forms.

3. 2006 Schools and Libraries Training Update

We have been able to admit everyone on the waiting lists for the fall training except in DC. If you are still waiting for the DC training and are not interested in attending any of the other trainings, please make sure your contact information is up to date by following the directions on the 2006 Training Information webpage.

4. Summer Contact Procedures in Effect Through September 8

Reminder: If a PIA reviewer is unable to make a successful two-way contact with an applicant during the summer, the application review will be put on hold until after Labor Day.

If the status of an FCC Form 471 is “Held for Contact Person” in the FCC Form 471 Application Status tool, an applicant that is available to answer questions about the application can click on that link and provide contact information to PIA via email so that review of the application can proceed.

5. Service Provider Calls for September and October

USAC staff will be conducting training in the field during September and October and will be on the road during the scheduled call dates. It may be easier to move one or both calls an hour earlier or later or change the date to the next day (Thursday); we will give notice on the agenda if the time and/or date of a call changes.

6. Invoicing Update

Payments for the month of July totaled \$124,523,893.54 against requests for \$162.3M. In total, 6,708 invoices were processed for 1,388 service providers. This represented 26,747 lines in July with 99 percent being completed within 30 days. Only 0.03 percent of the lines paid — 8 lines out of 26,747 — were in process over 90 days.

With only 716 lines in process, those over 30 days comprise only 0.28% of the total.

- **SPAC Reminder**

Service providers providing services under E-Rate for FY2006 must file a Service Provider Annual Certification (SPAC) for FY2006. USAC cannot pay invoices for a funding year unless a SPAC is on file for that year. You can use the SPIN Contact Search tool to verify that your form has been successfully processed.

- **BEAR Update**

USAC may be able to begin testing the online BEAR Form next week. In the next few days, we will be sending details for accessing the system to those who volunteered to help us do testing.

Remember, service providers will need to have an E-Cert status that is active in order to properly review and certify BEARs when the online BEAR system becomes available. The E-Cert information is part of the Online FCC Form 498 processing and it is strongly recommended that service providers review the information in the E-File User Guide on the website.

Also, please make sure that your email address is up to date on the Form 498. Email is an essential part of the notification process as all notifications between the applicant, system and service provider are exchanged by email.

A new PIN will be issued to applicants who have filed a BEAR in the last two years and who do not already have a PIN.

7. Other

Comments on the FY2007 Eligible Services List were due to the FCC by August 4. Reply comments are due by August 14. If you are interested in submitting comments, please keep these deadlines in mind.

Please note that the Invoice Hotline has been disconnected. CSB can now answer questions about invoices.

The payment program for returning funds disbursed in error has a new phone number: (973) 581-5395. This number is only for setting up a payment plan.

8. General Questions Received by Email

Q1: It is increasingly clear that many service providers, both wire line and wireless, are going well beyond the limitations of the FCC's Eligible Service List definition of the "Internet Access" category of service by providing Wide Area Networks (WANs) that deliver services well beyond just plain old Internet Access. The FCC's Eligible Service List indicates that the Internet Access category of service is "limited to the provision of 'Basic Conduit Access' to the Internet". It further indicates that E-Rate funding under the category of "Internet Access" will not be provided for the "transport of point-to-point connectivity of data, video, or voice applications". Those telecommunication services are to be provided only by eligible telecommunications carriers. If a Wide Area Network is provided by a non-eligible telecommunications carrier and that WAN is utilized to transport any other telecommunication service other than straight Internet Access Service, than the ineligible components (i.e. data, video, or voice applications) must be cost-allocated out of the funding request.

What is being done to strictly enforce cost allocations for non-telecommunications providers that provide more than basic conduit access to the Internet?

A1: There are several steps in the application and invoice review process where USAC could catch errors like this and take appropriate action. In the application review process itself, PIA asks questions about the types of services requested and reviews the accompanying documentation to arrive at a funding decision. Services that are not eligible could be removed from the funding request (if less than 30 percent) or the funding request could be denied (if 30 percent or more). PIA performs initial and final reviews of applications, and often performs other reviews as well.

Once a funding request is approved, invoicing still reviews the services being invoiced before payment is made. Again, ineligible services can be identified during this review as well and appropriate action taken.

Site visit sites are determined by random selection of a sample of invoices from the total of invoices recently approved for payment. The site reviewers report any differences they see between the approved funding request and the services actually being used.

Audits may also uncover information on differences as well.

Remember, however, that the information provided during the application process may not define the exact nature of all services provided. If a funding request passes both application and invoice review and the applicant does not receive a site visit or an audit, USAC may not know that ineligible services are being funded.

Applicants who become aware of ineligible services can reduce their commitment amount using an FCC Form 500 and, if the funds have already been disbursed, return the funds to USAC. Applicants and service providers who become aware that others have received commitments for ineligible services can call the Whistleblower Hotline so that USAC can investigate and take appropriate action.

Q2: With the BEAR E-Certification approaching, I assume that ALL such notifications will go to the "official" contact. Currently, we have established a team of regional individuals who handle the processing and signing of BEAR forms. This is because of the time involved in handling these forms. How can I retain my team approach if all notifications are directed to me, as the contact, when I do not have the time to properly research these BEARS? If these can be forwarded or directed to my team members, does each one need to be e-certified or can they share my certification? What level of authorization do the BEARs require, automatic, *carte blanche* approval as opposed to at least some discretionary research?

A2: All notifications will go to the contact featured on the Form 498. To handle teams of staff members, you could work with your IT helpdesk staff to forward messages based on content. Also, a service provider logging into the system will have access to the entire list of BEARs awaiting certification under that SPIN.

Each staff member should have an E-Cert PIN so that proper authentication and subsequent certifications may be attributed to the correct individual.

Remember that BEAR Forms should only contain reimbursement requests for services which applicants have already paid for in full.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

September 14, 2006

AGENDA

- Funding Commitments for FY2006 and FY2005
- Update on Ministerial and Clerical Errors
- Training Update
- Summer Contact Procedures in Effect Through September 12
- Two-in-Five Tool Update
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2006 and FY2005

Funding Year 2006 – Priority 1 requests only

Wave	FCDL Date	Amount
017	8/15/2006	\$22.5 M
018	8/22/2006	\$15.1 M
019	8/29/2006	\$8.97 M
020	9/6/2006	\$9.31 M
021	9/12/2006	\$20.3 M

Funding Year 2005

Wave 57, which will be issued next week, will include Priority 2 commitments at 81 percent and above.

Wave	FCDL Date	Amount
053	8/16/2006	\$1.05 M
054	8/23/2006	\$7.99 M
055	8/30/2006	\$686 Thousand
056	9/7/2006	\$22.6 M

USAC also issues funding waves for prior funding years when funding decisions can be made. Because a number of these funding waves have been issued since the last service provider call, we are including information on those waves here:

Funding Year 2004

Wave	FCDL Date	Amount
48H	8/9/2006	\$71 Thousand
48I	9/5/2006	\$375 Thousand
48J	9/14/2006	\$123 Thousand

Funding Year 2003

Wave	FCDL Date	Amount
40H	8/28/2006	\$91 Thousand
40I	8/31/2006	\$126 Thousand
40J	9/13/2006	\$27 Thousand

Funding Year 2002

Wave	FCDL Date	Amount
30U	9/5/06	\$378 Thousand

Funding Year 2001

Wave	FCDL Date	Amount
15Z	9/11/06	\$1.18 M

2. Update on Ministerial and Clerical Errors

USAC has completed procedures for ministerial and clerical error review. This review will occur for FY2006 applications that were not approved as submitted and applications and appeals that were in-house as of May 19, 2006, the date the order was issued. Going forward, all applications will be reviewed for ministerial and clerical errors.

USAC cannot detect all ministerial and clerical errors, however, so applicants should review their applications to make sure there are no other errors to correct. The list of correctable errors is on the main page of the website. Service providers can notify applicants about FCC Form 471 errors if they notice them.

3. Training Update

The regional training sessions for Washington, D.C. and Boston have been completed. If there is a registration option or a waiting list option still showing on the website for training sessions that have not yet occurred, you should register if you would like to attend. Please understand, though, that if the deadline has passed for getting the conference room rate, that rate may no longer be available. There is contact information on the registration site if you have questions.

The negotiated rates are still available for the Houston and San Diego sessions, and registration for Houston is still open.

4. Summer Contact Procedures Ended September 12

Both Problem Resolution and Program Integrity Assurance (PIA) give applicants 15 days to submit requested information in order for USAC to complete the data entry of a form or a review of an application. During the summer and winter holidays, we must make a successful two-way contact before we can start the 15-day clock. As of September 12, the regular procedure is back in effect. For more information, please refer to Deadlines for Information Requests on this website.

5. Two-in-Five Tool Update

A prototype of the Two-in-Five tool is being demonstrated in the seven regional training sessions. This tool will allow applicants and service providers to view Two-in-Five status by entity. You will be able to request entities by FRN, Form 471 application number, Billed Entity Number, or Service Provider Identification Number. The status will be colored red (for "stop") if the entity is not eligible to receive funding, yellow (for "caution") if the entity may be eligible for funding - for example, if a funding request from another funding year is still pending, or green (for "go") if the entity is eligible. Entities directly affected by Katrina who asked for and received a waiver will be colored blue for that funding year if the waiver was granted.

We expect the tool to be available in October.

6. Invoicing Update

Payments for the month of August totaled \$53,429,401.58 against requests for \$207.4M. In total, 11,453 invoices were processed for 1,719 service providers. This represented 34,143 lines in August with 99 percent being completed within 30 days and under 40 lines over 30 days.

There are currently under 40 in-process lines over 30 days old out of 701 lines in process.

Service Extension and FCC Form 500 Update Reminder: Invoices have begun to arrive for Funding Year 2006. Applicants and service providers should verify that the contract end date is correct for FRNs featuring Internal Connections. If the contract end date is not correct, the applicant can file an FCC Form 500 to correct it. Note that changing the contract expiration date does not change the last date to receive services.

In general, September 30th is the last date to receive Internal Connections services for the funding year that ended June 30th. If the applicant meets the conditions for requesting a deadline extension, a Service Delivery Extension Request must be submitted on or before the last date to receive services in order to extend the deadline.

- **Online BEAR Forms**

Development of the Online BEAR Form continues. We are providing a demonstration of the Online BEAR Form at the regional training sessions. You can also download or view the Online BEAR presentation from this website.

Service providers will need an active E-Cert status to review and certify online BEAR Forms when the online system becomes available. Please refer to the E-file User Guide or call USAC's Customer Support Center at (888) 641-8722 if you have questions.

Currently only 25 percent of the service providers who approve BEAR Forms have email addresses recorded on their FCC Form 498. Because all notifications to the applicant and the service provider are sent by email, you should verify that your FCC Form 498 email address is correct. Again, call USAC's Customer Support Center if you have questions.

A new PIN will be issued to applicants who have filed a BEAR in the last two years. This PIN can only be used to file BEAR Forms. Applicants with PINs issued due to the filing of a FCC Forms 470, 471, or 486 can file BEARs using their existing PINs.

7. Other

We have had some problems with the [FCC Form 470 Download Reports tool](#). This is not the tool that allows you to view FCC Forms 470 individually, but the tool that allows you to download information in bulk from FCC Forms 470 and manipulate it in a spreadsheet format. As of last week, we are updating these files manually each night so that the data are available the following day. We will continue to do this until the problem has been fixed and we are again able to automate the process.

8. General Questions Received by Email

Q1: If a service provider received funding but inadvertently failed to cash the check before it became stale and the school is not willing to redo the BEAR Form, what other action(s) can a service provider take to have payment reissued? Does a school have an obligation to assist the service provider in this instance?

A1: USAC notifies the service provider if a check has not been cashed after 60 days. If no action is taken, USAC then notifies the service provider that the check will be considered stale. In general, if the service provider contacts USAC within 10 days, USAC can issue a new check.

However, once the funds have been restored to the FRN, the applicant must submit a new BEAR Form in order for USAC to issue a new check. It would be in the applicant's interest to re-file the BEAR Form, because the service provider is required to remit the reimbursement to the applicant within 20 days of receiving the funds.

Again you can call USAC's Customer Support Center to get more information on the status of a particular check. You may also use the Data Retrieval Tool to see if the funds have been restored to the FRN.

Q2: The release of FY 2006 FCDLs decreased very noticeably in August in many states. Michigan, Minnesota, North Carolina, and Vermont have received an average of 76 percent less funding in August for FY 2006 as compared to August of last year for FY 2005. In fact, South

Carolina and Montana didn't receive ANY funding for a majority of the waves this August (\$0.00 in waves 17, 18 and 19), and as a result received over 90% less funding this August as compared to last August. On the other hand, August 2006 funding in Texas, Arizona and Maine has actually outpaced their funding in August 2005 by as much as 8 percent.

Additionally, there are a number of FY 2006 applications in some of the affected states that have been classified as "Available for Quality Assurance" for over 2 months without any changes whatsoever. Without any other explanation, it would appear that the Bishop Perry order has caused a dramatic shift in human resources. When can we expect SL to compensate for this imbalance and resume the processing of funding decisions to "pre Bishop Perry order" levels in all states?

A2: We are performing additional review work to make sure that FY2006 applicants have an opportunity to correct ministerial and clerical errors. (See Update on Ministerial and Clerical Errors above for details.) This review work is progressing, and the flow of commitments should be returning to normal shortly.

Individual states are not being singled out differences from past years or from state to state are not instructive.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

October 11, 2006

AGENDA

- Funding Commitments for FY2006 and FY2005
- Update on Ministerial and Clerical Errors
- Training Update
- Update on FCC Form 486 Remand Order
- Two-in-Five Tool Update
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2006 and FY2005

Funding Year 2006

Wave	FCDL Date	Amount
022	9/19/2006	\$209.5 M
023	9/26/2006	\$28.1 M
024	10/03/2006	\$46.3 M
025	11/10/2006	\$23.5 M

Funding Year 2005

Wave	FCDL Date	Amount
057	9/20/2006	\$88.2 M
058	9/27/2006	\$2.5 M
059	10/4/2006	\$347 Thousand

2. Update on Ministerial and Clerical Errors

As part of our regular PIA review process, we are now asking applicants if they have any ministerial and clerical errors that they would like to correct. We are also informing them of potential errors we have noticed during our review of their applications. FY2006 applicants, prior-year applicants whose applications were still pending as of May 19, 2006, and appeals pending as of May 19, 2006 have an opportunity to correct these errors.

3. Training Update

The 2006 Training sessions are going very well. We are especially pleased to be able to meet many of you at the sessions who also participate on this call. Because a number of attendees have indicated an interest in training specifically for service providers, we are considering some options for providing this additional training in the spring. If you have any thoughts on what should be offered at this training, please send your suggestions through [Submit a Question](#) using the Service Provider Conference Call topic.

4. Update on FCC Form 486 Remand Order

We are working to restore funding to the applicants listed in the Alaska Gateway Order ([DA 06-1871](#)) whose funds were reduced due to the late filing of an FCC Form 486. As funds are restored, both applicants and service providers will receive a new FCC Form 486 Notification Letter. Other applicants may be affected by this guidance as well; we will post more information on the website and in the News Briefs as it becomes available.

5. Two-in-Five Tool Update

We are continuing to work on the Two-in-Five Tool. This tool will allow users to look up the status of an entity or entities under the Two-in-Five Rule for Internal Connections. Because FY2007 is the first year an applicant may be denied funding under this rule, the Two-in-Five status of an entity will be important information for FY2007 funding requests.

6. Invoicing Update

Payments for the month of September totaled \$114,348,521.75 against requests for \$164.2M. In total, 8,265 invoices were processed for 1,495 service providers. This represented 26,215 lines in September with 98 percent being completed within 30 days and 440 lines over 30 days. (Most of these 440 lines were paid within 60 days.)

There are currently under 20 in-process lines over 30 days old out of 825 lines in process.

- **Online BEAR Update**

We are completing development and working on deployment of the Online BEAR Form. The 2006 Training Online BEAR presentation has screen shots of the current version, which we expect to go live soon. Volunteers have already accessed the site and will begin reporting their results today or tomorrow. Watch this website and the weekly News Briefs for the implementation date.

Service providers will need an active E-Cert status to review and certify online BEAR Forms when the online system becomes available. Please refer to the E-file User Guide or call (888) 641-8722 if you have questions.

A PIN - good only for filing BEAR Forms - will be issued by mail to applicants who have filed a BEAR Form in the last two years. Mailers have already been created for users who filed BEARs for 2005, and are now being created for the users who filed BEARs in 2004. Applicants who already have a PIN due to the filing of a Form 470, 471, or 486 filing will not be issued new PIN; they can use their existing PINs to file a BEAR Form.

7. General Questions Received by Email

Q1: I would like some clarification on an issue that comes up frequently with respect to contracts that expire in the middle of the funding year. If an applicant files a form 470, waits for the 28 day posting period, then signs a contract for services for the next funding year and files the respective Form 471 for this service, can this contract take effect prior to the start date of the 471's funding year? If so, would this jeopardize funding for the applicant's current year?

An example might illustrate this more clearly:

Little Red School House was approved for funding for their telecom services in Year 9 for a one year contract that expires on January 1st, 2007. Can they post their FCC Form 470 for 2007, receive bids for the prescribed 28 days, then select a vendor, sign a contract and file the FCC Form 471 if the contract takes effect at the expiration date of their original contract (i.e., 1/1/07)? Would this in any way jeopardize their USF-approved funding for 2006?

In the example given, Little Red School House (LRSH) would be eligible for discounts for only the first half of the FY2006 funding year. LRSH cannot request discounts for services provided under the new contract in FY2006. However, assuming that all other program rules are followed, LRSH could file an FCC Form 470 as described, wait 28 days, sign a contract, and then file a Form 471 during the FY2007 application window requesting discounts (starting July 1, 2007) for services provided under that contract.

A1: The only exception is if the contract in question is a state replacement contract. Please refer to the State Replacement Contract guidance on this website for the specific requirements that must be met in order to apply for discounts in this situation.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

November 8, 2006

AGENDA

- Funding Commitments for FY2006 and FY2005
- Fy2007 Window
- Update on FY2007 Eligible Services List
- Update on Planning for Service Provider Training
- Two-in-Five Tool Update
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2006 and FY2005

FY2006

Wave	FCDL Date	Amount
026	10/17/2006	\$18.7 M
027	10/24/2006	\$317.8 M
028	10/31/2006	\$21.0 M
029	11/07/2006	\$23.5 M

USAC is currently funding Internal Connections and Basic Maintenance at the 90% discount level.

Funding Year 2005

Wave	FCDL Date	Amount
060	10/16/2006	\$260 Thousand
061	10/23/2006	\$296 Thousand
062	11/01/2006	\$392 Thousand
063	11/08/2006	\$131 Thousand

USAC is currently funding Internal Connections and Basic Maintenance at the 81 percent level and denying for threshold at 79 percent and below. We are working with the FCC to determine if we can fund the large number of requests at the 80 percent level.

2. FY2007 Window

The FY2007 window will open at noon EST on November 14, 2006 and close at 11:59 PM ET on February 7, 2007. This window is longer than usual to give applicants plenty of time to file the necessary forms

3. Update on FY2007 Eligible Services List

The FCC released the FY2007 Eligible Services List on October 19, 2006. This list covers products and services for the funding year starting on July 1, 2007.

The Eligible Services List page continues to feature the FY2006 Eligible Services List for reference as well as the new FY2007 Eligible Services List. The FY2007 list includes hyperlinks and other navigation aids.

In the coming weeks, USAC will be providing additional insight into particular entries in the FY2007 Eligible Services List. For now, here are some of the principal updates and clarifications for the FY2007 list:

Overall Changes – The 2007 Eligible Services List is 49 pages and includes a 19-page Glossary and a five-page Index. By comparison, the FY2006 Eligible Services List was 71 pages. Note, however, that because this reduction was achieved largely by consolidating redundant entries, there is no net loss of information in the detailed guidance on the essential eligibility of products and services.

Interconnected Voice over IP – The FCC has added interconnected Voice over Internet Protocol (Interconnected VoIP) to the FY2007 list as an eligible service. Eligibility for VoIP is limited to services that connect to the public switched telephone network, i.e., voice services. Therefore, direct connectivity between sites for video interconnectivity remains ineligible in the Internet Access category of service.

Applicants can apply for VoIP services in the Telecommunications Services or the Internet Access category of service. However, applicants that intend to request VoIP services may wish to post for both categories of service on their FCC Forms 470 (see below).

Wireless Internet access designed for portable electronic devices – USAC will fund Internet access designed for portable electronic devices, such as email services on Blackberry and cell phone devices. Wireless access services for laptop computers are also eligible. Remember the presumption that such access is provided for Educational Purposes.

Redundant components – Components that are installed in standby mode, are redundant, or are not active and in service are not eligible.

Applicants should be sure that their FCC Form 470 indicates all categories of service for which they desire services. For example, Internet access services (including email) can, in some cases, be requested in the category of Telecommunications Services. However, applicants considering

these services must specify on FCC Form 470 that they are seeking Internet Access by completing Item 9.

For those applicants that are unsure about the correct category of Priority 1 services being requested, USAC strongly recommends that they complete both Item 8 (Telecommunications Services) and Item 9 (Internet Access) on the FCC Form 470. Additionally, if a Request for Proposals (RFP) is or will be issued, that RFP should indicate the specific products and services being sought.

4. Update on Planning for Service Provider Training

Thanks to many comments during the fall training – both in person and on evaluation forms – USAC intends to offer service provider training in the spring of 2007.

We have set up a special email address – SPtraining@usac.org – for you to provide feedback to USAC. Please send in your thoughts on training for service providers by December 15 – for example, when and where to hold training, how long the training should be, what topics we should cover, and your interest in networking opportunities with other service providers.

5. Two-in-Five Tool Update

Work on the Two-in-Five tool continues. For those of you who did not see a demonstration of the tool at the fall training, it will allow you to look up the Two-in-Five status of any entity or group of entities by FCC Form 471 Application Number, Funding Request Number, Billed Entity Number, or Service Provider Identification Number. This feature will give you a means to quickly identify those entities that are (or are not) eligible for Internal Connections funding in FY2007.

6. Invoicing Update

Payments for the month of October totaled \$229,984,632.50 against requests for \$313.6M. In total, 14,020 invoices were processed for 1,938 service providers. This represented 48,056 lines in October with 99 percent being completed within 30 days and 241 lines over 30 days.

There are currently under 30 in-process lines over 30 days old out of 1,326 lines in process. This is especially significant because we just passed a major deadline (October 30 for invoicing for FY2005 recurring services).

- **BEAR Update**

Service providers, please do not send signed BEAR Forms to the Kansas address for processing.

An applicant should receive the signed fourth page of a paper BEAR Form from the service providers and then the applicant submits the complete form. When service providers also submit a copy of the same form, these duplicates result in additional processing time and slow down the review process.

- **Online BEAR**

We anticipate that the online BEAR form will go live in mid-November. The volunteers for testing the online BEAR Form are accessing the site and we are receiving their feedback. Please watch the website and the weekly News Briefs for the actual implementation date.

We are modifying the E-Cert system to allow service providers to certify BEAR Forms. This new feature will be available when the online BEAR Form goes live. Service providers will be able to create additional users if they wish to do so. This feature will remain accessible under the FCC Form 498 and FCC Forms 499-A/Q information on the website.

When users log into the system for the first time, they will be required to accept the terms and conditions of use. Please read the terms and conditions carefully.

A PIN will be issued to applicants who do not already have a PIN and who have filed a BEAR in the last year. These BEAR-only PINs will be issued by mail in the same manner as regular PINs. The mailer will clearly identify these PINs as BEAR-only.

7. General Questions Received by Email

Q1: Please clarify some confusion surrounding contracts and tariffed items....We have received conflicting info between site, SP training and other inquiries...

For tariffed items, if the service is a multiple year order (i.e. - 3 year PRI which for time commitment usually receives a reduced monthly rate), - is a contract required? The general understanding that was for anything other than month to month a contract (per SL guidelines) is required. Could you please clarify?

A1: Services provided under tariff or a month-to-month arrangement must be re-bid every year. That is, the applicant must file an FCC Form 470 every year. A contract is not required.

Services provided under a multi-year contract — which can include tariffed services — do not have to be re-bid every year of the contract, as long as the applicant indicated the desire for a multi-year contract on the FCC Form 470 or RFP. The applicant can reference the establishing FCC Form 470 in subsequent years on the FCC Form 471 for the life of the contract.

Q2: We have two 2006 schools that were recently put in the category “Held for Policy Guidance”. We can’t offer any optimism about this situation as we have a 2004 applicant that has been sitting in that pile for over two years. Whenever this latter school has asked what the problem is it’s basically been told that no information is available – or it’s none of its business. Two questions:

Shouldn’t there be some statute of limitations on remaining in limbo forever? Some schools have applications that fall into black holes and no information is ever forthcoming.

If a school is reapplying, wouldn't it be helpful for them to know where they're making an error, in advance of a new application?

A2: There are many reasons why an application can be held for policy guidance. In some situations, we can provide limited additional information; in others, we cannot provide any information. We understand and regret that in some cases the lack of information makes it difficult for applicants to make decisions on the application process for subsequent years.

Q3: A school is approved for Dell (Windows) equipment. It puts in a request to change to the equivalent Apple equipment and is approved. Then they realize they should go with Dell. Do they have to apply for another change or will the first approval stand?

A3: We do not save old approvals to be revived if needed. Therefore, an applicant that wants to request a second service substitution back to the originally requested service will have to submit a second service substitution request. However, the applicant will probably get a speedier decision by indicating that the second request is actually similar to or the same as the original approved request.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

December 13, 2006

AGENDA

- Funding Commitments for FY2006 and FY2005
- FY2007 Window Update
- Update on Service Provider Training
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2006 and FY2005

Funding Year 2006

We are issuing funding decisions on Priority 2 requests (Internal Connections and Basic Maintenance) at 88% and above.

Wave	FCDL Date	Amount
031	11/21/2006	\$68.0 M
032	11/29/2006	\$19.3 M
033	12/05/2006	\$59.6 M
034	12/12/2006	\$32.1 M

Funding Year 2005

We are issuing funding decisions on Priority 2 requests (Internal Connections and Basic Maintenance) at 81 percent and denying at 79 percent. We still don't know how soon we will be able to issue funding decisions at 80 percent, but we are actively working with the FCC on this issue.

Wave	FCDL Date	Amount
064	11/22/2006	\$10.6 M

2. FY2007 Window Update

Each week we are including in the Friday News Brief the number of FCC Forms 470 and 471 posted to date. We have also added a warning on the Schools and Libraries main page that January 10, 2007 is the last day an applicant can post an FCC Form 470 to the website and still

be able to post an FCC Form 471 after the required 28-day waiting period but within the window. February 7, 2007 is the last day to post an FCC Form 471 within the window.

3. Update on Service Provider Training

We are planning to offer two or three sessions of service provider training in March or April 2007. We have gotten some good feedback on issues to consider. If you have any more feedback, please send it to SPTraining@usac.org as soon as you can, preferably by the end of this week.

4. Invoicing Update

Payments for the month of November totaled \$156,728,403.04 against requests for \$212.3M. In total, 12,595 invoices were processed for 1,855 service providers. This represented 41,472 lines in November with 99 percent being completed within 30 days and 357 lines over 30 days.

There are currently just over 60 in-process lines over 30 days old out of 735 lines in process.

The recurring services invoice deadline for FY2005 has been extended to January 29, 2007. USAC sent email notifications of this extension to everyone who had FRNs with funds remaining. If you have already invoiced USAC for all eligible funds for an FRN, do not file a new invoice.

- **Online BEAR Update**

The online BEAR form is now live. We have received 476 BEAR Forms online with over 1,000 lines submitted by 251 applicants for certification by 202 service providers. This represents 48 percent of the BEARs filed in this period and over \$4 million in reimbursement requests.

Here are some points to keep in mind:

Please log into the E-Cert system to see if you have any BEAR Forms awaiting your approval. You can access the E-Cert system by following the “FCC Form 498” or “FCC Form 499-A” links on the USAC Forms page or the “Certify BEAR Online” link on the Required Forms page. If you are having difficulty with the E-Cert system, please contact our customer service group at (888) 641-8722.

Although USAC is sending email notifications, some service providers may not be receiving the notifications due to firewall or spam filter issues. If you would like, you can add no-reply@saic.com to your safe senders list. You can also route the notifications internally by using the routing features of your email program.

Please note that this system requires that you approve – either individually or in total – the lines for the invoices you review by checking the appropriate box(es). If you simply click the “Certify” button at the bottom of the BEAR Form without checking the boxes to the right of each line, the system will consider you to have rejected the lines.

Do not submit paper copies of any BEAR Forms you certify online. If you wish, you can print and retain paper copies of the forms you review, but it is not necessary to do so. You can always

use the Certify BEAR or Bulk Download feature of the online BEAR Form to retrieve historical copies.

To access help with the online BEAR Form, click on the Need Help selection at the top of each page. This feature also includes a pictorial diagram of the Online BEAR process.

5. Other

We now have an index of News Briefs by topic. This list should allow you to find information in past News Briefs more easily. You can access a separate list sorted by date by clicking on the "By Date" tab.

6. General Questions Received by Email

Q1: In a Midwestern state, the regional education consortium (which belongs under the state umbrella) has suggested working with a wireless provider to offer Internet. The school district would provide tower placement on top of their school buildings in exchange for the cost of the E-Rate contribution – meaning that the district or consortium would file for E-Rate, get USAC funds at ~60-70 percent, and then be subsidized the remaining 30-40 percent for the rent cost of tower space. The school district/consortium would pay nothing for this arrangement. Also this wireless vendor seems to be advertising for reduced consumer rates in the area, due to this "special" school deal.

While I know that this can be filed as a Code 9, it's a state-run consortium that is encouraging these applicants. Can you review the "Free Services Advisory" and how it would fit here?
Thanks.

A1: In general, if you have a concern about a situation, using the Whistleblower or Code 9 process is really the best vehicle to relay information to us about a situation you feel that we should investigate. Remember that (1) we may have additional questions – so if you want to remain anonymous we may not be able to contact you about those questions and that may limit our investigation – and (2) we do not report back to individual callers on anything we find.

Q2: Some state networks are asking for Video over IP on the FCC Form 470 as a Telecom or Internet Access Service. Is that eligible? Can you explain why or why not? Could you give all of us more information about the VoIP decisions?

A2: Video over Internet Protocol is not eligible under the Internet Access category of service. However, it can be provided by a telecommunications carrier under the Telecommunications Services category of service.

Here is the definition of Interconnected Voice over Internet Protocol from the FY2007 Eligible Services List:

- Interconnected VoIP is defined as a service that (1) enables real-time, two-way voice communications; (2) requires a broadband connection from the user's location; (3) requires Internet protocol-compatible customer premises equipment (CPE); and (4) permits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network.

- Eligibility for interconnected VoIP is limited to services that connect to the public switched telephone network (i.e., voice services). Therefore, direct connectivity between sites for video interconnectivity remains ineligible in the Internet Access category of service.

Q3: We have data circuit service we provide to schools via AT&T and are having our customers sign an early termination agreement that states if they disconnect the circuit prior to 15 months there will be an early termination charge of \$1500. This is an AT&T policy and charge. Would this be considered a contract for the FCC Form 470 application purposes?

A3: Generally, contracts have Terms and Conditions, prices, and descriptions of services. However, state contract laws vary from state to state, and we would look to the definition of a contract in that particular state if we had to review the document in question.

Q4: There has been some confusion regarding the proper time line that an applicant should follow in preparing their technology plan.

It is my understanding that when an applicant is using their technology plan as the basis for their FCC Form 470, then that technology plan must be complete (that is cover all five required criteria) and include the services requested on the FCC Form 470 (above and beyond basic phone service). It is also my understanding that minor changes may be made to the technology plan after the FCC Form 470 is submitted.

Does the SL require that this technology plan, used as a basis for the applicant's FCC Form 470 be approved by any entity (state education agency or school board) before the FCC Form 470 is posted? If the applicant had the plan notarized before the FCC Form 470 was posted would this provide enough documentation to prove the plan was written and complete at the time the FCC Form 470 was filed?

A4: The technology plan must be written (created) before the FCC Form 470 is filed. There is no approval requirement at that point from USAC, although applicants should follow any locally mandated approval procedures. We suggest that applicants keep a copy of the plan with the creation date somewhere on the document, so that they can demonstrate if requested that the plan was created at the appropriate time. There can certainly be minor changes to the plan after it is created; major changes may affect the service requests.

The plan must be approved by a USAC-certified Technology Plan Approver before the FCC Form 486 is filed or services start, whichever is earlier.

Q5: Can an applicant refer to an FCC Form 470/associated contract of another city/county/jurisdiction (other than state) instead of posting their own FCC Form 470? For example, if county procurement allows School District A to buy off of School District B's contracts; can School District B forgo issuing an FCC Form 470 and rather just contract and submit an FCC Form 471 based on the FCC Form 470 issues/contracted by School District A?

A5: The FCC Form 470 asks for a description of both the entities receiving service and a list of the Billed Entities (Items 16 and 17). If School District A is not authorized to open a procurement on behalf of School District B, School District B should file its own FCC Form 470 and then consider the contract signed by School District A as a bid which it can evaluate, if it is allowed to do so. If, however, School District A is the consortium leader for all school districts in the area (or otherwise authorized to open and run a procurement for other entities) and School District A includes School District B in Items 16 and 17 on its FCC Form 470, School District B can cite School District A's FCC Form 470 on its FCC Form 471 funding request.